UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

(Mark One)

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended June 30, 2018

or

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission file number 000-51539

Cimpress N.V.
(Exact Name of Registrant as Specified in Its Charter)

The Netherlands	**98-0417483**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**

Hudsonweg 8
5928 LW Venlo
The Netherlands
(Address of Principal Executive Offices) (Zip Code)
Registrant's telephone number, including area code: 31-77-850-7700
Securities Registered Pursuant to Section 12(b) of the Act:

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

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

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

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

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

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

The aggregate market value of the ordinary shares held by non-affiliates of the registrant was approximately $3.21 billion on December 31, 2017 (the last business day of the registrant's most recently completed second fiscal quarter) based on the last reported sale price of the registrant's ordinary shares on the NASDAQ Global Select Market.

As of August 6, 2018, there were 30,885,642 Cimpress N.V. ordinary shares, par value **€**0.01 per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The registrant intends to file a definitive proxy statement pursuant to Regulation 14A within 120 days of the end of the fiscal year ended June 30, 2018. Portions of such proxy statement are incorporated by reference into Items 10, 11, 12, 13, and 14 of Part III of this Annual Report on Form 10-K.

CIMPRESS N.V.
ANNUAL REPORT ON FORM 10-K
For the Fiscal Year Ended June 30, 2018

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PART I

Item 1. *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, packaging, apparel and other categories. Mass customization is a core element of the business model of each Cimpress business. Stan Davis, in his 1987 strategy manifesto “Future Perfect” coined the term mass customization to describe “generating an infinite variety of goods and services, uniquely tailored to customers”. In 2001, Tseng & Jiao defined mass customization as “producing goods and services to meet individual customers’ needs with near mass production efficiency”. We discuss mass customization in more detail further below.

We have grown substantially over the past decade, from $0.4 billion in fiscal year 2008 revenue to $2.6 billion in fiscal year 2018 revenue, 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, 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. In addition to these operational benefits, our decentralization has also enabled us to take significant complexity and cost out of our business in comparison to our previous centralized structure.

The select few shared strategic capabilities into which we invest include our (1) mass customization platform, (2) talent infrastructure in India, (3) central procurement of large-scale capital equipment, shipping services and major categories of our raw materials, and (4) peer-to-peer knowledge sharing between 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 than12,000 employees we have fewer than 80 that work in central activities that fall into this category, which includes tax, treasury, audit, general counsel, corporate communications, compliance, information security, investor relations, capital allocation and the functions of our CEO and CFO. We seek to avoid bureaucratic behavior in the corporate center.

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 share that, in our best judgment, will occur between now and the long-term future, appropriately discounted to reflect our cost of capital, minus (b) net debt per share. 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 operating income, net income, EPS, Adjusted Net Operating Profit (Adjusted NOP), Adjusted EBITDA, and cash flow.

Mass Customization

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

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

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

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

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

we do currently produce many other product categories (such as flyers, brochures, signage, mugs, calendars, pens, t-shirts, hats, embroidered soft goods, rubber stamps, photobooks, labels and holiday cards) via analogous methods whose volume and processes are well along the spectrum of mass customization relative to traditional suppliers and thus provide great customer value and a strong, profitable and growing revenue stream.

Market and Industry Background

Mass Customization Opportunity

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

Product:	**Geography:**	**Customer:**
- Small format printing	- North America	- Businesses (micro, small, medium, large)
- Large format printing	- Europe	- Graphic designers, resellers, printers
- Promotional products and gifts	- Australia/New Zealand	- Traditional providers who choose to outsource these products
- Decorated apparel	- South America	- Teams, associations and groups
- Packaging	- Asia Pacific	- Consumers (home and family)
- Photo merchandise		
- Invitations and announcements		

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 a significant scale-based competitive advantage for Cimpress.

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

As we continue to evolve and grow Cimpress, our understanding of these markets and their relative attractiveness is also evolving. Our expansion of product breadth and depth as well as new geographic markets has

significantly increased the size of our addressable market opportunity. We base our market size and attractiveness estimates upon considerable research and analysis; however, our estimates are only approximate. Despite the imprecise nature of our estimates, we believe that our understanding is directionally correct and that we operate in an enormous aggregate market with significant opportunity for Cimpress to grow should we be successful in delivering a differentiated and attractive value proposition to customers.

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

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

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

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

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

Our Businesses

Cimpress businesses include those we developed organically (Vistaprint, Vistaprint Corporate Solutions, Vistaprint India) 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, decorated apparel, promotional products and gifts, packaging, textiles and magazines and catalogs.

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

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

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

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

1. **Vistaprint**:

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

Our Vistaprint business helps more than 17 million micro businesses (companies with fewer than 10 employees) create attractive, professional-quality marketing products at affordable prices and at low volumes.

2. **Upload and Print**:

Consists of our druck.at, Easyflyer, Exagroup, Pixartprinting, Printdeal, Tradeprint, and WIRmachenDRUCK businesses.

These Cimpress businesses focus on serving graphic professionals: local printers, print resellers, graphic artists, advertising agencies and other customers with professional desktop publishing skill sets.

3. **National Pen**:

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

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

4. **All Other Businesses**:
Consists of multiple small, rapidly evolving early-stage businesses by which Cimpress is expanding to new markets. These businesses have been combined into one reportable segment based on materiality, the fact that they are early-stage businesses subject to high degrees of risk, and our expectation that each of their business models will rapidly evolve in function of future trials and entrepreneurial pivoting. Although not a comprehensive list, our All Other Businesses reportable segment includes the following:

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

As the online printing leader in Brazil, Printi offers a superior customer experience with transparent and attractive pricing, reliable service and quality. Printi is also expanding into the U.S. market.

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

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

Central Procurement

Given the scale of purchasing that happens across Cimpress' businesses, there is significant value to coordinating our negotiations and purchasing to gain the benefit of scale. Our central procurement team negotiates and manages Cimpress-wide contracts for large-scale capital equipment, shipping services and major categories of raw materials (e.g., paper, plates, ink, etc.).

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

Technology

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

We are building and using our mass customization platform ("MCP") which is a cloud-based collection of software services, APIs, web applications and related technology offerings that can be leveraged independently or together by our businesses and third parties to perform common tasks that are important to mass customization. Cimpress businesses, and increasingly third-party fulfillers to our various businesses, can leverage different combinations of MCP services, depending on what capabilities they need to complement their business-specific technology. MCP is a multi-year investment that remains in its early stages, however many of our businesses are leveraging some of the technologies that have already been developed and/or shared by other businesses. The capabilities that are available in the mass customization platform 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 mass customization platform include improved speed to market for new product introduction, reduction in fulfillment costs, and improvement of product delivery or geographic expansion. 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, typically at our offices in Switzerland, India, the Netherlands, the Czech Republic and the United States.

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 mass customization platform technologies, and to leverage third-party technologies where we do not need to bear the cost of developing and maintaining proprietary technologies. For example, our businesses are increasingly using third-party software for capabilities such as a shopping cart or customer reviews, which are areas that we can benefit from providing a more e-commerce standard experience, and better leverage engineering resources to focus on technologies from which we derive competitive advantage.

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

Competition

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

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

As we expand our geographic reach, product and service portfolio and customer base, our competition increases. Our geographic expansion creates competition with companies that have a multi-national presence as well as experienced local firms that have an excellent understanding of customer needs specific to each country. Product offerings such as photo products, packaging, websites, email marketing, signage, apparel and promotional products have resulted in new competition as we entered those markets. We encounter competition from large retailers offering

a wide breadth of products and highly focused companies specializing in a subset of our customers or product offerings. Given the state of maturity of the online mass customization market, we believe that in aggregate, offline providers remain our biggest competition.

Barriers to entry have been lowered in many of our markets, and new players have entered the mass customization space, enabled by asset-light models, software-driven print-fulfillment platforms, innovation in production technology, and/or benefits of an intense focus on a niche product or geographic market. We believe that the long-term leaders in terms of transforming these markets via mass customization will be the companies that are innovative and agile, but also bring significant scale-based advantages to drive value to customers in the form of product selection, quality and cost, as well as service.

Social and Environmental Responsibility

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

- **Environmental** - We regularly evaluate ways to minimize the impact of our operations on the environment. In terms of combating CO2 pollution, we have established and centrally fund a company-wide carbon emissions reduction program to lower emissions at a rate in line with - or better than - science-based targets established in 2015 at the United Nations Global Change Conference (COP21 “Paris Climate Accord”). Our plan includes investments in energy-reducing infrastructure and equipment and renewable energy sourcing. In 2017 we reduced our carbon intensity per million USD of revenue by 12% and we seek to make further improvements each year going forward for the foreseeable future.

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

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

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

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

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

Intellectual Property

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

Additional information regarding the risks associated with our intellectual property is contained in “Item 1A. Risk Factors” of this Form 10-K.

Business Segment and Geographic Information

For information about our reporting segments and geographic information about our revenues, segment profit and long-lived assets, see Item 8 of Part II, “Financial Statements and Supplementary Data — Note 16 — Segment Information” and Item 7 of Part II, “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” The descriptions of our business, products, and markets in this section apply to all of our operating segments.

Seasonality

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

Operating income during the second fiscal quarter represented 46% and 86% of annual operating income in the years ended June 30, 2018 and 2016, respectively. During the year ended June 30, 2017, in a period we recognized a loss from operations, the second quarter was the only profitable quarter during the year. Our National Pen business, which we acquired on December 30, 2017, is highly seasonal and we expect their second quarter to include the majority of the profits generated in the fiscal year.

Employees

As of June 30, 2018, we had approximately 10,800 full-time and approximately 1,200 temporary employees worldwide.

Corporate Information

Cimpress N.V. (formerly named Vistaprint N.V.) was incorporated under the laws of the Netherlands on June 5, 2009 and on August 30, 2009 became the publicly traded parent company of the Cimpress group of entities. We maintain our registered office at Hudsonweg 8, 5928 LW Venlo, the Netherlands. Our telephone number in the Netherlands is +31-77-850-7700.

Available Information

We make available, free of charge through our United States website, the reports, proxy statements, amendments and other materials we file with or furnish to the SEC as soon as reasonably practicable after we electronically file or furnish such materials with or to the SEC. The address of our United States website is www.cimpress.com. We are not including the information contained on our website, or information that can be accessed by links contained on our website, as a part of, or incorporating it by reference into, this Annual Report on Form 10-K.

Item 1A. *Risk Factors*

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

Risks Related to Our Business

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

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

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

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

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

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

- concerns about buying customized products without face-to-face interaction with design or sales personnel
- the inability to physically handle and examine product samples before making a purchase
- delivery time associated with Internet orders

- concerns about the security of online transactions and the privacy of personal information
- delayed or lost shipments or shipments of incorrect or damaged products
- a desire to support and buy from local businesses
- limited access to the Internet
- the inconvenience associated with returning or exchanging purchased items

In addition, our internal research shows that an increasing number of current and potential customers access our websites using smart phones or tablets and that our website visits using traditional computers may decline. Designing and purchasing custom designed products on a smart phone, tablet, or other mobile device is more difficult than doing so with a traditional computer due to limited screen sizes and bandwidth constraints. If our customers and potential customers have difficulty accessing and using our websites and technologies, then our revenue could decline.

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

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

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

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

- investments in our business in the current period intended to generate longer-term returns, where the costs in the near term will not be offset by revenue or cost savings until future periods, if at all;
- seasonality-driven or other variations in the demand for our products and services, in particular during our second fiscal quarter;
- currency and interest rate fluctuations, which affect our revenues, costs, and fair value of our assets 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;
- our pricing and marketing strategies and those of our competitors;
- expenses and charges related to our compensation arrangements with our executives and employees;
- costs and charges resulting from litigation;
- significant increases in credits, beyond our estimated allowances, for customers who are not satisfied with our products;
- changes in our income tax rate;
- costs to acquire businesses or integrate our acquired businesses;
- financing costs;
- impairments of our tangible and intangible assets including goodwill; and
- the results of our minority investments and joint ventures.

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

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

A key component of our strategy is the development of a mass customization platform. The process of developing new technology is complex, costly, and uncertain, and the development effort could be disruptive to our business and existing systems. We must make long-term investments, develop or obtain appropriate intellectual property, and commit significant resources before knowing whether our mass customization platform will be successful and make us more effective and competitive. As a result, there can be no assurance that we will successfully complete the development of the platform, that our diverse businesses will realize value from the platform, or that we will realize expected returns on the capital expended to develop the platform.

In addition, we are aware that other companies are developing platforms that could compete with ours. If a competitor were to develop and reach scale with a platform before we do, our competitive position could be harmed.

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

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

- difficulty managing operations in, and communications among, multiple businesses, locations, and time zones;

- difficulty complying with multiple tax laws, treaties, and regulations and limiting our exposure to onerous or unanticipated taxes, duties, and other costs;

- our failure to improve and adapt our financial and operational controls to manage our decentralized business and comply with our legal obligations;

- the challenge of complying with disparate laws in multiple countries, such as local regulations that may impair our ability to conduct our business as planned, protectionist laws that favor local businesses, and restrictions imposed by local labor laws;

- our inexperience in marketing and selling our products and services within unfamiliar countries and cultures;

- challenges of working with local business partners;

- our failure to properly understand and develop graphic design content and product formats and attributes appropriate for local tastes;

- disruptions caused by political and social instability that may occur in some countries;

- corrupt business practices, such as bribery or the willful infringement of intellectual property rights, that may be common in some countries or in some sales channels and markets;

- 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; and

- failure of local laws to provide a sufficient degree of protection against infringement of our intellectual property.

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

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

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

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

expend significant resources to protect against security breaches and thefts of data or to address problems caused by breaches or thefts, and we may not be able to anticipate cyber attacks or implement adequate preventative measures. Any compromise or breach of our information systems or the information systems of third parties with which we share information could, among other things:

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

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

Acquisitions and strategic investments may be disruptive to our business.

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

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

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

- The business we acquired or invested in may not perform as well as we expected.
- We may overpay for acquired businesses, which can, among other things, negatively affect our intrinsic value per share.
- We may fail to integrate acquired businesses, technologies, services, or internal systems effectively, or the integration may be more expensive or take more time than we anticipated.
- The management of our minority investments and joint ventures may be more expensive or may take more resources than we expected.
- We may not realize the anticipated benefits of integrating acquired businesses into our mass customization platform.

- We may encounter cultural or language challenges in integrating an acquired business or managing our minority investment in a business.

- We may not be able to retain customers and key employees of the acquired businesses, and we and the businesses we acquire or invest in may not be able to cross sell products and services to each other's customers.

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

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

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

In addition, the accounting for our acquisitions and minority investments requires us to make significant estimates, judgments, and assumptions that can change from period to period, based in part on factors outside of our control, which can create volatility in our financial results. For example, we often pay a portion of the purchase price for our acquisitions in the form of an earn out based on performance targets for the acquired companies or enter into obligations or options to purchase non-controlling interests in our 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, earn-out provisions can lead to disputes with the sellers about the achievement of the earn-out performance targets, earn-out performance targets can sometimes create inadvertent incentives for the acquired company's management to take short-term actions designed to maximize the earn out instead of benefiting the business, and strong performance of the underlying business could result in material payments pursuant to earn-out provisions or future purchase obligations that may or may not reflect the fair market value of the asset at that time.

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

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

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

Our profitability has historically been highly seasonal. Our second fiscal quarter includes the majority of the holiday shopping season and accounts for a disproportionately high portion of our earnings for the year, primarily due to higher sales of home and family products such as holiday cards, calendars, photo books, and personalized gifts. In addition, the National Pen business we acquired in December 2016 has historically generated nearly all of its profits during the December quarter. Our operating income during the second fiscal quarter represented 46% and 86% of annual operating income in the years ended June 30, 2018 and 2016, respectively, and during the year

ended June 30, 2017, in a period we recognized a loss from operations, the second quarter was the only profitable quarter. In anticipation of increased sales activity during our second fiscal quarter holiday season, we typically incur significant additional capacity related expenses each year to meet our seasonal needs, including facility expansions, equipment purchases and leases, and increases in the number of temporary and permanent employees. Lower than expected sales during the second quarter would likely have a disproportionately large impact on our operating results and financial condition for the full fiscal year. In addition, if our manufacturing and other operations are unable to keep up with the high volume of orders during our second fiscal quarter or we experience inefficiencies in our production, then our costs may be significantly higher, and we and our customers can experience delays in order fulfillment and delivery and other disruptions. If we are unable to accurately forecast and respond to seasonality in our business, our business and results of operations may be materially harmed.

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

We have entered into derivatives to manage our exposure to interest rate and currency movements. If we do not accurately forecast our results of operations, execute contracts that do not effectively mitigate our economic exposure to interest rates and currency rates, elect to not apply hedge accounting, or fail to comply with the complex accounting requirements for hedging, our results of operations and cash flows could be volatile, as well as negatively impacted. Also, our hedging objectives may be targeted at improving our non-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. This could result in our having to borrow to settle a loss on a derivative without an offsetting cash inflow, potentially causing volatility in our cash or debt balances and therefore our leverage.

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

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

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

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

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

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

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

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

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

Demand for our products and services is sensitive to price for almost all of our businesses, and changes in our pricing strategies, including shipping pricing, have had a significant impact on the numbers of customers and orders in some regions, which in turn affects our revenues, profitability, and results of operations. Many factors can significantly impact our pricing and marketing strategies, including the costs of running our business, our competitors' pricing and marketing strategies, and the effects of inflation. 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 loss of key personnel or an inability to attract and retain additional personnel could affect our ability to successfully grow our business.

We are highly dependent upon the continued service and performance of our senior management and key technical, marketing, and production personnel, any of whom may cease their employment with us at any time with minimal advance notice. We face intense competition for qualified individuals from many other companies in diverse industries. The loss of one or more of our key employees may significantly delay or prevent the achievement of our business objectives, and our failure to attract and retain suitably qualified individuals or to adequately plan for succession could have an adverse effect on our ability to implement our business plan.

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

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

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

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

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

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

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

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

As of June 30, 2018, our total debt was $839.4 million, made up of $400.0 million of senior notes, $432.4 million of loan obligations under our credit facility and $7.0 million of other debt. We had unused commitments of $689.7 million under our credit facility (after giving effect to letter of credit obligations).

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

- making it more difficult for us to satisfy our obligations with respect to our debt;
- limiting our ability to obtain additional financing to fund future working capital, capital expenditures, acquisitions, or other general corporate requirements;
- requiring a substantial portion of our cash flows to be dedicated to debt service payments instead of other purposes, thereby reducing the amount of cash flows available for working capital, capital expenditures, acquisitions, and other general corporate purposes;
- increasing our vulnerability to general adverse economic and industry conditions;
- exposing us to the risk of increased interest rates as some of our borrowings, including borrowings under our credit facility, are at variable rates of interest;
- limiting our flexibility in planning for and reacting to changes in the industry and marketplaces in which we compete;
- placing us at a disadvantage compared to other, less leveraged competitors; and
- increasing our cost of borrowing.

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

Our ability to make scheduled payments on or refinance our debt obligations depends on our financial condition and operating performance, which are subject to economic and competitive conditions and to various financial, business, legislative, regulatory, and other factors beyond our control. We may be unable to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest

on our indebtedness. If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional debt or equity capital, or restructure or refinance our indebtedness. We may not be able to effect any such alternative measures, if necessary, on commercially reasonable terms or at all.

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

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

Borrowings under our credit facility are at variable rates of interest and expose us to interest rate risk, and any interest rate swaps we enter into in order to reduce interest rate volatility may not fully mitigate our interest rate risk. If interest rates were to increase, our debt service obligations on the variable rate indebtedness would increase even if the amount borrowed remained the same, and our net income and cash flows, including cash available for servicing our indebtedness, will correspondingly decrease. As of June 30, 2018, 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 $2.4 million over the next 12 months.

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

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

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

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

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

From time to time, we receive claims from third parties that we infringe their intellectual property rights, that we are required to enter into patent licenses covering aspects of the technology we use in our business, or that we improperly obtained or used their confidential or proprietary information. Any litigation, settlement, license, or other proceeding relating to intellectual property rights, even if we settle it or it is resolved in our favor, could be costly, divert our management's efforts from managing and growing our business, and create uncertainties that may make

it more difficult to run our operations. If any parties successfully claim that we infringe their intellectual property rights, we might be forced to pay significant damages and attorney's fees, and we could be restricted from using certain technologies important to the operation of our business.

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

Due to our dependence on the Internet for most of 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.

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

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

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

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

We are subject to customer payment-related risks.

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

As we offer new payment options to our customers, we may be subject to additional regulations, compliance requirements and fraud risk. For some payment methods, including credit and debit cards, we pay interchange and other fees, which may increase over time and raise our operating costs and lower our profit margins or require that we charge our customers more for our products. We are also subject to payment card association and similar operating rules and requirements, which could change or be reinterpreted to make it difficult

or impossible for us to comply. If we fail to comply with these rules and requirements, we may be subject to fines and higher transaction fees and lose our ability to accept credit and debit card payments from our customers or facilitate other types of online payments, and our business and operating results could be materially adversely affected.

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

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

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

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

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

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

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

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

Risks Related to Our Corporate Structure

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

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

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

A change in tax laws, treaties or regulations, or their interpretation, of any country in which we operate could result in a higher tax rate on our earnings, which could result in a significant negative impact on our earnings and cash flow from operations. In addition to the passage of the Tax Cuts and Jobs Act in the United States, there are currently multiple initiatives for comprehensive tax reform underway in other key jurisdictions where we have operations. We continue to assess the impact of the U.S. Tax Cuts and Jobs Act as well as various international tax reform proposals and modifications to existing tax treaties in all jurisdictions where we have operations that could result in a material impact on our income taxes. We cannot predict whether any other specific legislation will be enacted or the terms of any such legislation. However, if such proposals were enacted, or if modifications were to be made to certain existing treaties, the consequences could have a materially adverse impact on us, including increasing our tax burden, increasing costs of our tax compliance or otherwise adversely affecting our financial condition, results of operations and cash flows.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Item 1B. ***Unresolved Staff Comments***

None.

Item 2. ***Properties***

We own real property including the following manufacturing operations that provide support across our businesses:

- A 582,000 square foot facility located near Windsor, Ontario, Canada that primarily services our Vistaprint business.
- A 492,000 square foot facility located in Shelbyville, Tennessee, USA, that primarily services our National Pen business.
- A 362,000 square foot facility located in Venlo, the Netherlands that primarily services our Vistaprint business.
- A 130,000 square foot facility located in Kisarazu, Japan that primarily services our Vistaprint and National Pen businesses in the Japanese market.

- A 124,000 square foot facility located in Deer Park, Australia that primarily services our Vistaprint business.
- A 97,000 square feet, located near Montpellier, France that primarily services our Upload and Print businesses.

As of June 30, 2018, a summary of our currently occupied leased spaces is as follows:

Business Segment (1)	Square Feet	Type	Lease Expirations
Vistaprint	674,459	Technology development, marketing, customer service, manufacturing and administrative	December 2018 - November 2026
Upload and Print	713,595	Technology development, marketing, customer service, manufacturing and administrative	February 2019 - December 2025
National Pen	314,533	Marketing, customer service, manufacturing and administrative	April 2021 - April 2027
All Other Businesses	329,773	Technology development, marketing, customer service, manufacturing and administrative	December 2019 - August 2023
Other (2)	86,908	Corporate strategy and technology development	July 2020 - June 2023

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(1) Many of our leased properties are utilized by multiple business segments, but each have been assigned to the segment that occupies the majority of our leased space.
(2) Includes locations that are exclusively corporate or central functions.

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

Item 3. *Legal Proceedings*

The information required by this item is incorporated by reference to the information set forth in Item 8 of Part II, “Financial Statements and Supplementary Data — Note 17 — Commitments and Contingencies,” in the accompanying notes to the consolidated financial statements included in this Report.

Item 4. *Mine Safety Disclosures*

None.

PART II

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

The ordinary shares of Cimpress N.V. are traded on the NASDAQ Global Select Market (the "NASDAQ") under the symbol “CMPR.” As of July 31, 2018, there were approximately 12 holders of record of our ordinary shares, although there is a much larger number of beneficial owners. The following table sets forth, for the periods indicated, the high and low sale price per share of our ordinary shares on the NASDAQ:

	High	Low
Fiscal 2017:		
First Quarter	$ 104.18	$ 88.31
Second Quarter	$ 102.95	$ 80.47
Third Quarter	$ 99.99	$ 79.15
Fourth Quarter	$ 94.47	$ 78.80
Fiscal 2018:		
First Quarter	$ 99.99	$ 80.61
Second Quarter	$ 123.95	$ 98.00
Third Quarter	$ 171.76	$ 119.52
Fourth Quarter	$ 163.94	$ 133.77

Dividends

We have never paid or declared any cash dividends on our ordinary shares, and we do not anticipate paying any cash dividends in the foreseeable future. We currently intend to retain all future earnings to finance the growth and operations of our business, investment in or acquisition of other businesses, purchase of our ordinary shares, or pay down of our debt. Under Dutch law, we may pay dividends only out of profits shown on our annual accounts prepared in accordance with Dutch law and adopted by our shareholders rather than the financial statements regularly filed with the SEC, and only to the extent our equity exceeds the sum of the paid and called up portion of our ordinary share capital and the reserves that must be maintained in accordance with provisions of Dutch law and our articles of association. In addition, the terms of our outstanding indebtedness restrict our ability to pay dividends, as further described in Item 8 of Part II, "Financial Statements and Supplementary Data - Note 10 - Debt," and in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" section of this Report.

Issuer Purchases of Equity Securities

On November 14, 2017, our Supervisory Board authorized the repurchase of up to 6,300,000 of our issued and outstanding ordinary shares on the open market (including block trades that satisfy the safe harbor provisions of Rule 10b-18 pursuant to the U.S. Securities Exchange Act of 1934), through privately negotiated transactions, or in one or more self-tender offers. This share repurchase authorization expires on May 14, 2019, and we may suspend or discontinue our share repurchases at any time.

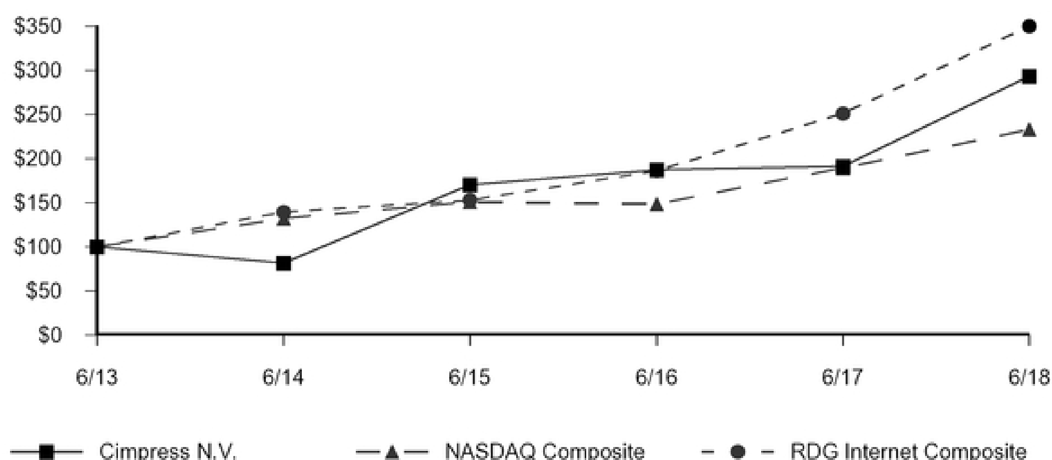
We did not repurchase any shares during the three months ended June 30, 2018, and 5,857,443 shares remain available for repurchase under this program, subject to certain limitations imposed by our debt covenants.

Performance Graph

The following graph compares the cumulative total return to shareholders of Cimpress N.V. ordinary shares relative to the cumulative total returns of the NASDAQ Composite index and the Research Data Group (RDG) Internet Composite index. An investment of $100 (with reinvestment of all dividends) is assumed to have been made in our ordinary shares and in each of the indexes on June 30, 2013 and the relative performance of each investment is tracked through June 30, 2018.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN

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



	Year Ended June 30,					
	2013	2014	2015	2016	2017	2018
Cimpress N.V.	$ 100.00	$ 81.95	$ 170.47	$ 187.32	$ 191.47	$ 293.62
NASDAQ Composite	100.00	132.45	151.00	148.88	189.66	233.12
RDG Internet Composite	100.00	139.66	153.13	186.25	251.39	350.12

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

Item 6. *Selected Financial Data*

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

	Year Ended June 30,				
	2018 (a)	2017 (b)	2016 (c)	2015 (d)	2014 (e)
	(In thousands, except share and per share data)				
Consolidated Statements of Operations Data:					
Revenue	$ 2,592,541	$ 2,135,405	$ 1,788,044	$ 1,494,206	$ 1,270,236
Net income (loss) attributable to Cimpress N.V.	43,733	(71,711)	54,349	92,212	43,696
Net income (loss) per share attributable to Cimpress N.V.:					
Basic	$ 1.41	$ (2.29)	$ 1.72	$ 2.82	$ 1.33
Diluted (f)	$ 1.36	$ (2.29)	$ 1.64	$ 2.73	$ 1.28
Shares used in computing net income (loss) per share attributable to Cimpress N.V.:					
Basic	30,948,081	31,291,581	31,656,234	32,644,870	32,873,234
Diluted (f)	32,220,401	31,291,581	33,049,454	33,816,498	34,239,909

	Year Ended June 30,				
	2018 (a)	2017 (b)	2016 (c)	2015 (d)	2014 (e)
	(In thousands)				
Consolidated Statements of Cash Flows Data:					
Net cash provided by operating activities	$ 192,332	$ 156,736	$ 247,358	$ 242,022	$ 153,739
Purchases of property, plant and equipment	(60,930)	(74,157)	(80,435)	(75,813)	(72,122)
Purchases of ordinary shares	(94,710)	(50,008)	(153,467)	—	(42,016)
Business acquisitions, net of cash acquired	(110)	(204,875)	(164,412)	(123,804)	(216,384)
Proceeds from the sale of subsidiaries, net of transaction costs and cash divested	93,779	—	—	—	—
Net (payments) proceeds of debt and debt issuance costs	(54,415)	196,933	167,316	54,207	207,946

	Year Ended June 30,				
	2018 (a)	2017 (b)	2016 (c)	2015 (d)	2014 (e)
	(In thousands)				
Consolidated Balance Sheet Data:					
Cash, cash equivalents and marketable securities	$ 44,227	$ 25,697	$ 85,319	$ 110,494	$ 76,365
Net current liabilities (g)	(241,728)	(203,482)	(135,095)	(89,580)	(83,560)
Total assets	1,652,217	1,679,869	1,463,869	1,299,794	985,495
Total long-term debt, excluding current portion (h)	767,585	847,730	656,794	493,039	408,150
Total shareholders' equity	93,947	75,212	166,076	249,419	232,457

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(a) Includes the Albumprinter results through the divestiture date of August 31, 2017. See Note 7 in our accompanying financial statements in this Report for a discussion of this divestiture.

(b) Includes the impact of the acquisition of National Pen on December 30, 2016. See Note 7 in our accompanying financial statements in this Report for a discussion of this acquisition. During December 2016, we purchased the remaining noncontrolling interest of our Japan business from our joint business partner, Plaza Create Co. Ltd.

(c) Includes the impact of the acquisitions of Litotipografia Alcione S.r.l. on July 29, 2015, Tradeprint Distribution Limited on July 31, 2015, and WIRmachenDRUCK GmbH on February 1, 2016. See Note 7 in our accompanying financial statements in this Report for a discussion of these acquisitions.

During fiscal 2016, we adopted Accounting Standards Update (ASU) 2016-09 requiring the recognition of excess tax benefits as a component of income tax expense; these benefits were historically recognized in equity. As the standard required a prospective method of adoption, our fiscal 2018, 2017 and 2016 net income includes $12.8 million, $8.0 million and $3.5 million of income tax benefits, respectively, due to the adoption that did not occur in the prior comparable periods presented above.

(d) Includes the impact of the acquisitions of FotoKnudsen AS on July 1, 2014, FL Print SAS on April 9, 2015, Exagroup SAS on April 15, 2015 and druck.at Druck-und Handelsgesellschäft mbH on April 17, 2015, as well as our investment in Printi LLC on August 7, 2014.

(e) Includes the impact of the acquisitions of Printdeal B.V. on April 1, 2014 and Pixartprinting S.p.A. on April 3, 2014, as well as our investment in a joint business arrangement with Plaza Create Co. Ltd. in February 2014.

(f) In the periods we report a net loss, the impact of share options, RSUs, and RSAs is not included as they are anti-dilutive.

(g) Our net current liabilities (current assets minus current liabilities) have increased over recent years as we have made long-term investments that seek to drive shareholder value through acquisitions, ordinary share purchases, and other strategic initiatives. We have financed these investments through a mix of cash on hand, cash flows generated from operations and external debt financing. Additionally, many of our businesses have a cash conversion cycle that results in current liabilities being higher than current assets.

(h) On June 15, 2018, we completed a private placement of $400.0 million of 7.0% senior unsecured notes due 2026. The proceeds from the sales of the notes were used to repay our existing $275.0 million senior unsecured notes that were due 2022, a portion of our indebtedness outstanding under our senior secured credit facility and other related transaction fees. See Note 10 in our accompanying financial statements in this Report for additional discussion. Increases in long-term debt during the periods presented have largely been driven by the funding of acquisitions outlined including those outlined in Note 7 and share repurchases.

Item 7. *Management’s Discussion and Analysis of Financial Condition and Results of Operations*

This Report contains forward-looking statements that involve risks and uncertainties. The statements contained in this Report that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including but not limited to our statements about anticipated revenue growth rates, planned investments in our business and the expected effects of those investments, seasonality of certain of our businesses, the impacts of changes in accounting standards, the impact of the U.S. Tax Cuts and Jobs Act, the sufficiency of our tax reserves, sufficiency of our cash, legal proceedings, expected operating losses at newer businesses, expected allocations of capital, the anticipated competitive position of certain of our businesses, and the impact of exchange rate and currency volatility. Without limiting the foregoing, the words “may,” “should,” “could,” “expect,” “plan,” “intend,” “anticipate,” “believe,” “estimate,” “predict,” “designed,” “potential,” “continue,” “target,” “seek” and similar expressions are intended to identify forward-looking statements. All forward-looking statements included in this Report are based on information available to us up to, and including the date of this document, and we disclaim any obligation to update any such forward-looking statements. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain important factors, including those set forth in this “Management's Discussion and Analysis of Financial Condition and Results of Operations” and “Risk Factors” and elsewhere in this Report. You should carefully review those factors and also carefully review the risks outlined in other documents that we file from time to time with the United States Securities and Exchange Commission.

Executive Overview

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, 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, 2018, we have numerous operating segments under our management reporting structure that are reported in the following four reportable segments: Vistaprint, Upload and Print, National Pen, and All Other Businesses. Vistaprint represents our Vistaprint websites focused on the North America, Europe, Australia and New Zealand markets, and our Webs business, which is managed with the Vistaprint digital business. Upload and Print includes the druck.at, Easyflyer, Exagroup, Pixartprinting, Printdeal, Tradeprint, and WIRmachenDRUCK businesses. National Pen includes the global operations of our National Pen business. All Other Businesses segment includes the operations of our Printi, Vistaprint India, Vistaprint Japan and Vistaprint Corporate Solutions businesses, and the Albumprinter business, through its divestiture on August 31, 2017.

During the first quarter of fiscal 2018, we began presenting inter-segment fulfillment activity as revenue for the fulfilling business for purposes of measuring and reporting our segment financial performance. This change in presentation was driven by our recent transition to a decentralized organizational structure, and this presentation aligns with our internal reporting and the way in which our business' performance is evaluated. We have revised historical results to reflect the consistent application of our current accounting methodology. In addition, we adjusted our historical segment profitability for the allocation of certain IT costs that are allocated to each of our businesses in fiscal 2018, to better reflect where those resources are consumed. Refer to Note 16 of the accompanying consolidated financial statements for additional details of these changes.

Financial Summary

The primary financial metric by which we set quarterly and annual budgets both for individual businesses and Cimpress-wide is our free cash flow prior to cash interest costs; however, in evaluating the financial condition and operating performance of our business, management considers a number of metrics including revenue growth, constant-currency revenue growth, operating income, adjusted net operating profit, cash flow from operations and free cash flow. A summary of these key financial metrics for the year ended June 30, 2018 as compared to the year ended June 30, 2017 follows:

Fiscal year 2018

- Revenue increased by 21% to $2,592.5 million.
- Consolidated constant-currency revenue (a non-GAAP financial measure) increased by 17% and, excluding acquisitions and divestitures completed in the last four quarters, increased by 11%.
- Operating income (loss) increased by $203.5 million to $157.8 million.
- Adjusted net operating profit (a non-GAAP financial measure which we refer to as adjusted NOP) increased by $69.8 million to $165.5 million.
- Cash provided by operating activities increased by $35.6 million to $192.3 million.
- Free cash flow (a non-GAAP financial measure) increased by $94.4 million to $139.5 million.

For our fiscal year 2018, the increase in reported revenue includes the impact of a full year of National Pen revenue as compared to a portion of the prior year due to timing of the acquisition, continued growth in our various businesses, as well as positive impacts from currency exchange rate fluctuations. This was partially offset by the loss of Albumprinter revenue as we divested this business as of August 31, 2017. Our constant-currency revenue growth excluding acquisitions and divestitures was driven primarily by continued growth in our Vistaprint and Upload and Print businesses.

In addition to incremental profits generated from the revenue growth described above, the following items positively impacted our operating income for the year ended June 30, 2018, leading to the increase in operating income as compared to the prior period:

- Significant year-over-year operating expense savings of approximately $55 million related to the restructuring actions announced in January and November 2017, as well as a reduction of restructuring charges of $11.5 million.
- Recognized gain on the sale of subsidiaries of $47.5 million, related to the August 2017 sale of Albumprinter.
- Decrease of acquisition-related expenses of $46.6 million, due to the following:
    - Reduction to earn-out related charges of $40.7 million, related primarily to the WIRmachenDRUCK contingent earn-out arrangement that was paid in fiscal year 2018.
    - Impairment charges of $9.6 million recognized during the prior period, which did not recur during the current period.
    - Increased amortization of acquired intangible assets of $3.7 million, due to the timing of our fiscal year 2017 acquisition of National Pen, which partially offset the above decreases.

- Increase in National Pen segment profit of $24.4 million, primarily due to the timing of the acquisition in fiscal year 2017.
- Decreased impact of organic investments in fiscal year 2018 as compared to fiscal year 2017, due to reduced net investments in various areas including "Columbus" which was the name of a project to organically build our business in promotional products and logo apparel, new product introduction, and the businesses within our All Other Businesses segment.

Adjusted NOP increased significantly year over year primarily due to the same reasons as operating income mentioned above, although adjusted NOP excludes the impact of the gain from the purchase or sale of subsidiaries, restructuring charges and acquisition-related charges, and includes realized gains or losses on our currency hedges. The net year-over-year impact of currency on adjusted NOP was negative for the year ended June 30, 2018.

Consolidated Results of Operations

Revenue

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

For the year ended June 30, 2018, our reported revenue increased as compared to the prior comparable period. This includes the full year revenue benefit of the National Pen business as results were included for only a portion of the prior period. We also delivered continued growth in our Vistaprint and Upload and Print businesses. Our reported revenue was negatively impacted by the divestiture of our Albumprinter business, which was completed during the first quarter of fiscal year 2018. The remaining businesses within our All Other Businesses segment continue to grow strongly off small bases. Currency fluctuations positively impacted our fiscal 2018 reported revenue as compared to the prior year.

For the year ended June 30, 2017, our reported revenue increased primarily due to the addition of revenue from our WIRmachenDRUCK business acquired on February 1, 2016 and our National Pen business acquired on December 30, 2016. The increase in reported revenue other than the impact of acquisitions for which there is no comparable prior period was driven by continued growth in our Vistaprint business, as well as growth in our other Upload and Print businesses, which was partially offset by declines from the termination of two partner contracts within our Albumprinter and Vistaprint Corporate Solutions businesses. Currency fluctuations negatively impacted our fiscal year 2017 reported revenue as compared to the prior year.

Total revenue and revenue growth by reportable segment for the years ended June 30, 2018, 2017 and 2016 are shown in the following tables:

In thousands	Year Ended June 30,			Currency Impact:	Constant-Currency	Impact of Acquisitions/Divestitures:	Constant- Currency Revenue Growth
	2018	2017	% Change	(Favorable)/Unfavorable	Revenue Growth (1)	(Favorable)/Unfavorable	Excluding Acquisitions/Divestitures (2)
Vistaprint	$ 1,462,686	$ 1,310,975	12%	(3)%	9%	—%	9%
Upload and Print	730,010	588,613	24%	(11)%	13%	—%	13%
National Pen	333,266	112,712	196%	(6)%	190%	(165)%	25%
All Other Businesses (3)	87,583	128,795	(32)%	—%	(32)%	72%	40%
Inter-segment eliminations	(21,004)	(5,690)					
Total revenue	$ 2,592,541	$ 2,135,405	21%	(4)%	17%	(6)%	11%

In thousands	Year Ended June 30,			Currency Impact:	Constant-Currency	Impact of Acquisitions/Divestitures:	Constant- Currency Revenue Growth
	2017	2016	% Change	(Favorable)/Unfavorable	Revenue Growth (1)	(Favorable)/Unfavorable	Excluding Acquisitions/Divestitures (2)
Vistaprint	$ 1,310,975	$ 1,220,751	7%	2%	9%	—%	9%
Upload and Print	588,613	432,638	36%	3%	39%	(26)%	13%
National Pen	112,712	—	100%	—%	100%	(100)%	—%
All Other Businesses (3)	128,795	138,244	(7)%	—%	(7)%	—%	(7)%
Inter-segment eliminations	(5,690)	(3,589)					
Total revenue	$ 2,135,405	$ 1,788,044	19%	2%	21%	(13)%	8%

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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. Revenue from our fiscal year 2017 acquisitions is excluded from fiscal year 2018 revenue growth for quarters with no comparable year-over-year revenue. For example, revenue from National Pen, which we acquired on December 30, 2016 in Q2 2017, is excluded from revenue growth in Q1 and Q2 of fiscal year 2018 since there are no full quarter results in the comparable periods, but revenue is included in revenue growth for Q3 and Q4 of fiscal year 2018. Our reportable segments-related growth is inclusive of inter-segment revenues, which are eliminated in our consolidated results.

(3) The All Other Businesses segment includes the revenue of the Albumprinter business until the sale completion date of August 31, 2017. Constant-currency revenue growth excluding acquisitions/divestitures, excludes the revenue results for Albumprinter through the divestiture date.

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.

Cost of Revenue

Cost of revenue includes materials used by our businesses to manufacture their products, payroll and related expenses for production and design services personnel, depreciation of assets used in the production process and in support of digital marketing service offerings, shipping, handling and processing costs, third-party production costs, costs of free products and other related costs of products our businesses sell. Cost of revenue as a percent of revenue increased during the year ended June 30, 2018, compared to the prior year, primarily due to the divestiture of our Albumprinter business which had a higher gross margin than our consolidated gross margin percentage, as well as the increased weight of our Upload and Print portfolio, which has higher cost of revenue as a percentage of revenue than our Vistaprint and National Pen businesses.

In thousands	Year Ended June 30,		
	2018	2017	2016
Cost of revenue	$ 1,279,799	$ 1,036,975	$ 773,640
% of revenue	*49.4%*	*48.6%*	*43.3%*

For the year ended June 30, 2018, cost of revenue for our Upload and Print businesses increased by $103.6 million primarily driven by revenue growth in our Exagroup, Pixartprinting, Printdeal and WIRmachenDRUCK businesses, as well as unfavorable currency impacts. We also recognized an additional $91.6 million of costs primarily due to the timing of our National Pen acquisition and the inclusion of operating results for only part of the prior comparable period. In our Vistaprint business, cost of revenue increased by $71.5 million primarily due to increased production volume, as well as unfavorable currency impacts. These increases were partially offset by a decrease in cost of revenue of $29.2 million resulting from the divestiture of our Albumprinter business on August 31, 2017.

For the year ended June 30, 2017, our cost of revenue increased due to $123.6 million of additional costs from our Upload and Print businesses, primarily due to the impact of our fiscal year 2016 WIRmachenDRUCK acquisition which only partially contributed to the prior comparable period. In addition, the costs from our Vistaprint

business increased by $91.1 million, primarily due to increased production volume; product mix; and planned investments including expanded design services, new product introduction, and shipping price reductions that also result in higher shipping costs. Vistaprint also recognized higher costs from production inefficiencies in the second fiscal quarter of 2017 resulting from higher temporary labor costs at our Canadian production facility. We recognized an additional $48.6 million of costs from our National Pen business, which was acquired on December 30, 2016 and was therefore not included in the comparable period.

Consolidated Operating Expenses

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

In thousands	Year Ended June 30,		
	2018	2017	2016
Technology and development expense	$ 245,758	$ 243,230	$ 210,080
% of revenue	*9.5 %*	*11.4%*	*11.7%*
Marketing and selling expense	$ 714,654	$ 610,932	$ 508,502
% of revenue	*27.6 %*	*28.6%*	*28.3%*
General and administrative expense	$ 176,958	$ 207,569	$ 145,844
% of revenue	*6.8 %*	*9.7%*	*8.2%*
Amortization of acquired intangible assets	$ 49,881	$ 46,145	$ 40,563
% of revenue	*1.9 %*	*2.2%*	*2.3%*
Restructuring expense	$ 15,236	$ 26,700	$ 381
% of revenue	*0.6 %*	*1.3%*	*—%*
(Gain) on sale of subsidiaries	$ (47,545)	$ —	$ —
% of revenue	*(1.8)%*	*—%*	*—%*
Impairment of goodwill and acquired intangible assets	$ —	$ 9,556	$ 30,841
% of revenue	*— %*	*0.4%*	*1.7%*

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, legal settlements in connection with patent-related claims, and other technology infrastructure-related costs. Depreciation expense for information technology equipment that directly supports the delivery of our digital marketing services products is included in cost of revenue.

During the year ended June 30, 2018, technology and development expenses increased by $2.5 million as compared to the prior year, primarily due to our fiscal year 2017 acquisition of National Pen, which resulted in $7.3 million of additional expense in fiscal 2018 due to the timing of the acquisition in fiscal 2017. We also recognized additional costs related to technology enhancements intended to enable rapid product introduction and improved connection points to the mass customization platform, as well as increased depreciation expense related to past investments in infrastructure-related assets. These increases were partially offset by a decrease in costs of $9.4 million, resulting from the divestiture of our Albumprinter business on August 31, 2017, as well as cost savings realized as a result of our recent restructuring initiatives.

The growth in our technology and development expenses of $33.2 million for the year ended June 30, 2017 as compared to the prior comparative period was primarily due to increased headcount-related expenses in our technology development and information technology support organizations of $15.8 million. The increase in headcount supported the continued development of our software-based mass customization platform as well as investments to enhance capabilities and address each of our businesses' specific needs. This increase was partially offset by headcount reductions as a result of the third quarter fiscal 2017 restructuring initiative. All employee severance related charges were reflected separately in restructuring expense. Additionally, the acquisition of National Pen resulted in increased technology and development expenses of $5.9 million for the year ended June 30, 2017, without costs in the prior comparable period. Other increases in technology and development expense

included technology infrastructure-related costs, primarily due to increased IT cloud service costs, as well as software maintenance and licensing costs.

Marketing and selling expense

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

Our marketing and selling expenses increased by $103.7 million during the year ended June 30, 2018 as compared to the prior year. We recognized an additional $84.3 million of costs for our National Pen business, primarily due to the timing of the acquisition in fiscal 2017. For the year ended June 30, 2018, advertising expenses for the remaining businesses increased by $35.1 million primarily as a result of additional advertising spend in the Vistaprint business to support continued growth. These increases were partially offset by a decrease in costs of $21.7 million due to the sale of our Albumprinter business on August 31, 2017. In addition, internal marketing and customer service costs within the Vistaprint business decreased by $3.7 million as a result of realized cost savings from our recent restructuring initiatives.

Our marketing and selling expenses increased by $102.4 million during the year ended June 30, 2017 as compared to the prior comparative period, largely due to the addition of National Pen which incurred $47.9 million of marketing and selling expense for direct-mail advertising and telesales costs that were not in the prior comparable period. In addition, advertising expense increased by $31.8 million, which was primarily a result of additional advertising spend in the Vistaprint business. Other increases included payroll and employee-related costs, inclusive of share-based compensation, as we expanded our marketing, customer service and sales support organization through our recent acquisitions and continued investment in the Vistaprint business customer service resources in order to provide higher value services to our customers.

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, 2018, general and administrative expenses decreased by $30.6 million primarily due to a decline in acquisition-related charges of $40.7 million, as compared to the prior year. The decrease in acquisition-related charges is due to significant expense in the prior comparable period for the WIRmachenDRUCK contingent earn-out arrangement, which was paid during fiscal 2018. We also recognized cost savings from our recent restructuring actions, which were partially offset by an additional $13.0 million of expense from our fiscal 2017 acquisition of National Pen as the prior year did not include a full year of results.

During the year ended June 30, 2017, general and administrative expenses increased by $61.7 million, as compared to the prior comparative period, driven by $37.3 million of incremental expense for the WIRmachenDRUCK earn-out due to strong performance during fiscal 2017 and our expectation that a maximum payout would be achieved. Payroll, share-based compensation and facility-related costs increased by $12.0 million due to additional expense recognized for the acceleration of vesting terms of certain restricted share awards associated with our investment in Printi and acquisition of Tradeprint, as well as an increase in share-based compensation resulting from our new long-term incentive program. These increases were partially offset by the decrease in compensation expense due to headcount reductions as a result of the third quarter fiscal 2017 restructuring initiative. Fiscal 2017 also included $12.4 million of expense for National Pen's partial year results.

Amortization of acquired intangible assets

Amortization of acquired intangible assets consists of amortization expense associated with separately identifiable intangible assets capitalized as part of our acquisitions, including customer relationships, trade names, developed technologies, print networks, and customer and referral networks.

Amortization of acquired intangible assets increased by $3.7 million during the year ended June 30, 2018, as compared to the prior comparable period, due to a full year of amortization expense for the December 30, 2016

acquisition of National Pen that was not included in our results for the entire prior comparable period. Amortization of acquired intangible assets increased by $5.6 million during the year ended June 30, 2017, as compared to the year ended June 30, 2016, due to amortization for our fiscal 2017 acquisition of National Pen and fiscal 2016 acquisition of WIRmachenDRUCK.

Restructuring expense

Restructuring expense consists of costs directly incurred as a result of restructuring initiatives, including employee-related termination costs, third party professional fees, facility exit costs and write-off of abandoned assets.

During the year ended June 30, 2018, we recognized restructuring expense of $15.2 million for employee-related termination benefits. The restructuring expense during the current period relates primarily to the reorganization of our Vistaprint business that we announced in November 2017, which resulted in a reduction in headcount and other operating costs. Refer to Note 18 in the accompanying consolidated financial statements for additional details regarding the reorganization.

The restructuring costs of $26.7 million recognized in the year ended June 30, 2017 were primarily related to our January 2017 restructuring initiative.

Gain on sale of subsidiaries

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

Impairment of goodwill and acquired intangible assets

There were no impairment charges related to goodwill or acquired intangible assets during the year ended June 30, 2018. For the years ended June 30, 2017 and 2016, we recognized an impairment charge of $9.6 million for our Tradeprint reporting unit and $30.8 million for our Exagroup reporting unit, respectively. These impairments were a result of their under performance during the impairment period, combined with lower cash flow outlooks when compared to the initial deal model upon which we based our purchase accounting. Refer to Note 8 in the accompanying consolidated financial statements for additional information relating to the impairments.

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 program and ability to qualify for hedge accounting in light of our legal entity cash flows, we considered the benefits of hedge accounting relative to the additional economic cost of trade execution and administrative burden. Based on this analysis, we decided to execute certain currency derivative contracts that do not qualify for hedge accounting.

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

In thousands	Year Ended June 30,		
	2018	2017	2016
(Losses) gains on derivatives not designated as hedging instruments	$ (2,687)	$ 936	$ 14,026
Currency-related (losses) gains, net	(19,500)	5,577	6,864
Other gains	1,155	3,849	5,208
Total other (expense) income, net	$ (21,032)	$ 10,362	$ 26,098

During the year ended June 30, 2018, we recognized a net loss of $21.0 million as compared to net gains during the prior comparable periods. The decrease in other (expense) income, net is primarily due to the currency exchange rate volatility impacting our derivatives that are not designated as hedging instruments. We expect volatility to continue in future periods as we do not apply hedge accounting for most of our derivative currency contracts. We also experienced currency-related losses due to currency exchange rate volatility on our non-functional currency intercompany relationships, which we alter from time to time. The impact of certain cross-currency swap contracts designated as cash flow hedges is included in our currency-related (losses) gains, net, offsetting the impact of certain non-functional currency intercompany relationships.

In addition, during the years ended June 30, 2018 and 2016, we recognized other gains related to insurance recoveries. During fiscal year 2017, other gains were primarily related to the sale of marketable securities.

Interest expense, net

Interest expense, net primarily consists of interest paid on outstanding debt balances, amortization of debt issuance costs, interest related to capital lease obligations and realized gains (losses) on effective interest rate swap contracts and certain cross-currency swap contracts. As part of interest expense, net, we also recognize adjustments to our mandatorily redeemable noncontrolling interests, which reflects changes to the estimated future redemption value.

Interest expense, net was $53.0 million, $44.0 million, and $38.2 million for the years ended June 30, 2018, 2017 and 2016, respectively. Interest expense was higher this year relative to historical trends primarily as a result of higher interest rates. Refer to Note 10 in the accompanying consolidated financial statements for additional details regarding our debt arrangements. During the year ended June 30, 2018, we recognized $2.2 million of interest expense for adjustments to our Printi noncontrolling interest, which reflects an increase to the estimated future redemption value. We recognized no expense during the prior comparable periods.

Loss on early extinguishment of debt

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

Income tax expense

In thousands	Year Ended June 30,		
	2018	2017	2016
Income tax expense (benefit)	$ 19,578	$ (7,118)	$ 15,684
Effective tax rate	*29.5%*	*9.0%*	*23.7%*

Income tax expense for the year ended June 30, 2018 was higher than the prior year primarily due to pre-tax income in the current period as compared to pre-tax losses in the prior period. In fiscal 2018, we adopted ASU 2016-16, "Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory." If we had not adopted ASU 2016-16 in fiscal year 2018, tax expense would have been lower by $8.4 million. Additionally, we recognized tax expense of $5.8 million related to U.S. tax reform in the year ended June 30, 2018, primarily due to the impact of the reduction in the federal tax rate on our U.S. deferred tax assets. We also recognized a reduction to our deferred tax assets of $4.9 million related to expected changes to our U.S. state apportionment. These impacts were offset by increased share based compensation tax benefits of $12.8 million as compared to $8.0 million in fiscal 2017.

A tax benefit was recognized for the year ended June 30, 2017 primarily due to pre-tax losses as compared to pre-tax income for the year ended June 30, 2016. Additionally, the effective tax rate was higher in fiscal 2016 as compared to fiscal 2017 due to a large nondeductible goodwill impairment charge in fiscal 2016.

On December 22, 2017, H.R. 1, originally known as the Tax Cuts and Jobs Act, ("The Act") was signed into

law, resulting in significant changes to U.S. federal tax law for corporations. Among these changes is the immediate reduction in the federal statutory tax rate from 35% to 21%. As discussed in Note 13 in our accompanying consolidated financial statements, the impact of The Act was unfavorable to our fiscal 2018 tax provision mainly due to a one-time reduction to our existing U.S. deferred tax assets. The reduction in our net deferred tax assets reduces the future cash tax benefit on existing timing differences as of the date of enactment; however, we will also benefit from a reduced tax rate that will apply to future taxable earnings. Overall, we expect our future U.S. cash taxes to be lower based solely on the reduction in the U.S. federal tax rate to 21%. For context, going forward we expect the annualized impact of the U.S. federal tax rate reduction alone on our cash taxes (excluding the impact of other tax reform items) to be approximately $2 million. Our tax balances were adjusted for the year ended June 30, 2018 based upon our interpretation of The Act, although the final impact on our tax balances may change due to the issuance of additional guidance, changes in our interpretation of The Act, changes in assumptions, and actions we may take as a result of The Act. We will continue to review and assess the potential impact of any new information on our financial statement positions.

We expect certain other aspects of the The Act will impact Cimpress beyond fiscal 2018, including the beneficial impact of immediate expensing of certain qualified capital expenditures in the U.S., unfavorable changes to, and limitations on, the deductibility of meals and entertainment expense, limitations on the deductibility of interest expense, and unfavorable changes to the deductibility of executive compensation. Most notably, we expect changes in the deductibility of “performance based” executive compensation to impact Cimpress negatively in the longer term. Historically, certain compensation awards issued to our top executives, such as stock options, were considered "performance based" as defined under Section 162(m) of the Internal Revenue Code and, therefore, were not subject to the annual $1 million deduction limitation per individual, as defined under prior law. The new law eliminates the "performance-based" exception for these types of awards to the extent they are not "grandfathered" in and granted under a written binding agreement in effect on November 2, 2017. Prior to this change, Cimpress had not been limited on the deductibility of “performance based” awards, which resulted in sizable cash and GAAP tax benefits in past years. We believe that most of the share-based compensation awards to date meet the "grandfather" requirement and will not be subject to the annual $1 million deduction limitation. However, future equity awards to our named executive officers may no longer be fully deductible upon vest or exercise over the long term. This will negatively impact our GAAP and cash taxes in the year of vest or exercise. As an example, performance share units (PSUs) granted to named executive officers under our current PSU plan that are subject to this limitation will vest no earlier than fiscal 2024 and may be subject to limited deductibility for U.S. tax purposes in that year.

Our cash paid for income taxes for fiscal 2018 and 2017 was higher than our income tax expense primarily as a result of non-cash tax benefits recognized in our income tax expense relating to timing differences for which the cash benefit is expected to occur in a future period.

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. See Note 13 in our accompanying consolidated financial statements for additional discussion.

Reportable Segment Results

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

Vistaprint

In thousands	Year Ended June 30,				
	2018	2017	2016	2018 vs. 2017	2017 vs. 2016
Reported Revenue	$ 1,462,686	$ 1,310,975	$ 1,220,751	12%	7%
Segment Profit	241,479	167,687	214,947	44%	(22)%
% of revenue	*17%*	*13%*	*18%*		

Segment Revenue

Vistaprint's reported revenue growth for the year ended June 30, 2018 was positively affected by currency impacts of 3%, resulting in constant-currency growth of 9%. The Vistaprint constant-currency growth was due to continued growth in repeat customer bookings and was positively impacted by strategic initiatives, including new product and service introductions.

Vistaprint's reported revenue growth for the year ended June 30, 2017 of 7% was negatively affected by currency impacts of 2%, resulting in constant-currency growth of 9%. The Vistaprint constant-currency growth was due to growth in both repeat customers and new customer bookings. Performance continued to be stronger in the North America and Australian markets with improving results in certain European markets. In addition, some of our customer value proposition efforts, including our continued roll-out of shipping price reductions, created revenue headwinds in certain markets, including France, Germany, the Netherlands, United Kingdom and the United States, but we expect these investments will attract higher-value customers and improve customer loyalty in future periods.

Segment Profitability

Vistaprint's segment profit increased for the year ended June 30, 2018 as compared to the prior period, driven primarily by operating expense savings as a result of recent reorganization initiatives and incremental profit from revenue growth. In the current period, Vistaprint's segment profit was positively impacted by currency movements. Our investments in new products and services positively impacted revenue but have had a more limited benefit to segment profit as we continue to scale and optimize these new offerings.

Vistaprint's segment profit decreased for the year ended June 30, 2017 as compared to the prior period, primarily due to the roll-out of planned investments including shipping price reductions, expanded design services and new product production that had negatively impacted gross profit. While these investments reduced profitability in fiscal 2017, we expect these investments will attract higher-value customers and improve customer loyalty in future periods. The increases in planned investments were partially offset by operating expense efficiencies and incremental profits from revenue growth.

Upload and Print

In thousands	Year Ended June 30,				
	2018	2017	2016	2018 vs. 2017	2017 vs. 2016
Reported Revenue	$ 730,010	$ 588,613	$ 432,638	24%	36%
Segment Profit	79,310	63,189	58,207	26%	9%
% of revenue	*11%*	*11%*	*13%*		

Segment Revenue

Upload and Print's reported revenue growth for the year ended June 30, 2018 was positively affected by currency impacts of 11%, resulting in constant-currency growth of 13%. During fiscal 2018, we owned all of our Upload and Print businesses for the full comparable period, so all businesses are included in the constant-currency growth rate. The Upload and Print constant-currency revenue growth was primarily driven by continued growth from our Exagroup, Pixartprinting, Printdeal and WIRmachenDRUCK businesses. During the fourth quarter of fiscal 2018, some of our businesses experienced increased price-focused competition in certain markets and products. We believe that we are well positioned for long-term success in the European market and that our geographic diversity, profitability and scale would enable us to reduce prices in the near term, if and when appropriate, to address any price-focused competition. Any such price reductions could create fluctuations in growth and, sometimes, profit; however we believe we remain poised to outperform and outlast these competitors in the long term.

Upload and Print's reported revenue growth for the year ended June 30, 2017 of 36% was primarily due to the addition of revenue from our fiscal 2016 acquisition of WIRmachenDRUCK. The reported revenue growth was negatively impacted by currency impacts of 3%. The segment's constant-currency revenue growth excluding revenue from businesses acquired in fiscal 2017 was 13%, primarily driven by continued growth from our Pixartprinting, Printdeal and Exagroup businesses. Our growth in constant currency revenue excluding recent acquisitions moderated as we passed the acquisition anniversary of some of the slower-growing acquisitions, and we also saw moderation in the growth rates of businesses acquired during prior years.

Segment Profitability

Upload and Print's segment profit for the year ended June 30, 2018 increased compared to the prior year primarily due to incremental gross profits driven by the revenue growth described above and operating expense efficiencies in several businesses. Segment profit was also influenced by lower investments due in part to prior year investments related to certain technology enhancements and improved connection points to the mass customization platform. Upload and Print segment profit was positively impacted by currency movements.

Upload and Print segment profitability for the year ended June 30, 2017 increased compared to the prior year primarily due our acquisition of WIRmachenDRUCK, which did not have a full comparable fiscal year in 2016. This increase was partially offset by a decline in the profitability of our Tradeprint business, as well as continued investments in oversight, technology and marketing.

National Pen

In thousands	Year Ended June 30,				
	2018	2017	2016	2018 vs. 2017	2017 vs. 2016
Reported Revenue	$ 333,266	$ 112,712	n/a	196%	n/a
Segment Profit (Loss)	22,165	(2,225)	n/a	1,096%	n/a
% of revenue	*7%*	*(2)%*	*n/a*		

Segment Revenue

National Pen's reported revenue growth for the year ended June 30, 2018 was positively affected by currency impacts of 6%, resulting in constant-currency revenue growth of 190%. Fiscal 2017 included only a partial year of National Pen results due to the timing of the acquisition. The constant-currency revenue growth, excluding the impacts of quarters with no comparable results, was 25% and driven by increases across channels and geographies, as we have seen improved marketing performance, increased marketing and prospecting activities, and increased sales to other Cimpress businesses. We expect revenue growth in future periods will moderate from the recent high-growth trend, which was influenced by easier comparisons versus the year-ago period during which National Pen had reduced marketing investments and therefore had lower revenue.

For the year ended June 30, 2017, our reported revenue was $112.7 million. As we acquired National Pen on December 30, 2016, there are no comparative operating results presented for fiscal 2016.

Segment Profitability

Segment profit increased $24.4 million for the year ended June 30, 2018 as fiscal 2017 included only a partial period of results, as well as the revenue growth described above and cost savings from post-acquisition synergies. These increases were partially offset by increased customer prospecting activities, as well as planned technology investments. Due to our adoption of the new revenue standard on July 1, 2018, we will no longer capitalize and amortize direct-response advertising costs, which is expected to create volatility in our profitability results as costs will be expensed earlier, as incurred.

For the year ended June 30, 2017, our adjusted net operating loss was $2.2 million. As we acquired National Pen on December 30, 2016, there are no comparative operating results presented for fiscal 2016.

All Other Businesses

In thousands	Year Ended June 30,				
	2018	2017	2016	2018 vs. 2017	2017 vs. 2016
Reported Revenue	$ 87,583	$ 128,795	$ 138,244	(32)%	(7)%
Segment Loss	(34,620)	(31,307)	(9,328)	(11)%	(236)%
% of revenue	*(40)%*	*(24)%*	*(7)%*		

This segment consists of multiple small, rapidly evolving early-stage businesses by which Cimpress is expanding to new markets. These businesses are subject to high degrees of risk and we expect that each of their business models will rapidly evolve in function of future trials and entrepreneurial pivoting. Therefore, in all of these

businesses we continue to operate at a significant operating loss as previously described and as planned, and we expect to continue to do so in the next several years. Our All Other Businesses segment also includes Albumprinter results through the divestiture date of August 31, 2017.

Segment Revenue

The All Other Businesses segment revenue decline was caused by the divestiture of our Albumprinter business, which was completed on August 31, 2017. Constant-currency growth, excluding the impact of the Albumprinter business, was 40% for the year ended June 30, 2018 driven by continued growth in the remaining businesses in the segment.

The All Other Businesses revenue decline for the year ended June 30, 2017 was due to the termination of certain partner contracts in both our Vistaprint Corporate Solutions and Albumprinter businesses. These declines were partially offset by growth in Albumprinter's direct to consumer business and Vistaprint Corporate Solutions' new lines of business, as well as growth in our remaining businesses in the segment that continued to grow off a relatively small base.

Segment Profitability

The segment loss increased by $3.3 million for the year ended June 30, 2018, as compared to the prior period, primarily due to our first quarter fiscal 2018 divestiture of our Albumprinter business, as well as additional investments in our Vistaprint Corporate Solutions business. The increase to segment loss was offset by volume absorption and advertising spend efficiencies in the other businesses in this segment.

The increase in segment loss for the year ended June 30, 2017 as compared to the prior period is primarily due to the reduction in partner related profits of $17.8 million, as well as increased investment in each of our businesses, partially offset by growth in the direct to consumer part of the Albumprinter business.

Liquidity and Capital Resources

Consolidated Statements of Cash Flows Data:

In thousands	Year Ended June 30,		
	2018	2017	2016
Net cash provided by operating activities	$ 192,332	$ 156,736	$ 247,358
Net cash used in investing activities	(10,594)	(301,789)	(265,538)
Net cash (used in) provided by financing activities	(177,757)	104,578	(5,338)

At June 30, 2018, we had $44.2 million of cash and cash equivalents and $839.4 million of debt, excluding debt issuance costs and debt discounts. We expect cash and cash equivalents and debt levels to fluctuate over time depending on our working capital needs, our organic investment levels, share repurchases and acquisition activity. The cash flows during the year ended June 30, 2018 related primarily to the following items:

Cash inflows:

- Net income of $46.8 million
- Adjustments for non-cash items of $168.2 million primarily related to positive adjustments for depreciation and amortization of $169.0 million, share-based compensation costs of $50.5 million, unrealized currency-related losses of $3.9 million, and the change of our contingent earn-out liability of $1.8 million partially offset by negative adjustments for our gain on the sale of our Albumprinter business of $47.5 million and non-cash tax related items of $14.0 million
- Proceeds from the sale of our Albumprinter business of $93.8 million, net of transaction costs
- Proceeds from the sale of a noncontrolling interest related to our WIRmachenDRUCK business of $35.4 million

- Proceeds from the issuance of ordinary shares from the exercise of share options of $12.0 million
- Excluding the impact of the earn-out and restructuring payments described in the cash outflows section below, the changes in operating assets and liabilities were a source of cash during the period.

Cash outflows:

- Purchases of our ordinary shares of $94.7 million
- Capital expenditures of $60.9 million of which the majority of these assets were related to the purchase of manufacturing and automation equipment for our production facilities, and computer and office equipment
- Payments of acquisition-related earn-outs of $51.3 million, primarily for our WIRmachenDRUCK acquisition. The portion of the earn-out payment contingent upon employment, as well as the contingent consideration payment in excess of acquisition date fair value, is $49.2 million and presented within operating activities. The remaining $2.1 million cash outflow representing the purchase consideration included in the acquisition date fair value is a financing activity.
- Payments of debt and debt issuance costs of $54.4 million, net of proceeds
- Internal costs for software and website development that we have capitalized of $40.8 million
- Issuance of loans of $21.0 million to two equity holders of our Printi business (refer to Note 15 in the accompanying consolidated financial statements for additional details)
- Payments of withholding taxes in connection with share awards of $19.7 million
- Payments for capital lease arrangements of $17.6 million
- Payments related to our recent restructuring actions was $17.3 million
- Payment of an early redemption premium of $14.4 million, related to the refinancing of our senior unsecured notes

Additional Liquidity and Capital Resources Information. During the year ended June 30, 2018, we financed our operations and strategic investments through internally generated cash flows from operations and debt financing. As of June 30, 2018, a significant 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 $29.4 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. On June 15, 2018, we completed a debt offering of $400.0 million in aggregate principal amount of 7.0% senior notes due 2026. We used a portion of the net proceeds of this offering to redeem the $275.0 million of senior notes due 2022 and fund the satisfaction of the indenture governing those notes. We used the remaining portion of the net proceeds to repay indebtedness outstanding under the credit facility and fund the payment of all related fees and expenses. Refer to Note 10 in the accompanying consolidated financial statements for additional details.

In conjunction with the senior notes offering described above, we executed an amendment to our senior secured credit facility that expanded the total capacity from $1,045.0 million to $1,128.2 million. The amendment made changes to the senior secured credit agreement, including:

- The aggregate revolving loan commitments under the agreement were increased from $745.0 million to $839.4 million. The capacity of term loans remained unchanged, of which $285.0 million remained outstanding as of June 30, 2018.

- The amendment extended the maturity date of all loans under the agreement from July 13, 2022 to June 14, 2023.

- The interest rate at which LIBOR borrowings bear interest was lowered from LIBOR plus 1.50% to 2.25% to LIBOR plus 1.375% to 2.0%, depending on our leverage ratio, which is the ratio of our consolidated total indebtedness to our consolidated trailing twelve-month EBITDA.

- Our maximum leverage ratio under the agreement was increased from 4.50 to 4.75, and we may increase our leverage ratio to up to 5.00 (4.75 allowed before the amendment) for up to four consecutive fiscal quarters after certain corporate acquisitions as defined within the agreement.

- The amendment decreased the maximum commitment fee paid on unused balances from 0.40% to 0.35%, depending upon our leverage ratio.

We expect to use our expanded credit facility to fund investments and working capital needs. Refer to Note 10 in the accompanying consolidated financial statements for additional details.

As of June 30, 2018, we had aggregate loan commitments from our senior secured credit facility totaling $1,124.4 million. The loan commitments consisted of revolving loans of $839.4 million and term loans of $285.0 million. We have other financial obligations that constitute additional indebtedness based on the definitions within the credit facility. As of June 30, 2018, the amount available for borrowing under our senior secured credit facility was as follows:

In thousands	June 30, 2018
Maximum aggregate available for borrowing	$ 1,124,422
Outstanding borrowings of senior secured credit facilities	(432,414)
Remaining amount	692,008
Limitations to borrowing due to debt covenants and other obligations (1)	(124,467)
Amount available for borrowing as of June 30, 2018 (2)	$ 567,541

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

Debt Covenants. Our credit agreement and senior unsecured notes indenture contain financial and other covenants as well as customary representations, warranties and events of default, which are detailed in Note 10 of the accompanying consolidated financial statements. As of June 30, 2018, we were in compliance with all financial and other covenants under the credit agreement and senior unsecured notes indenture.

Other debt. Other debt primarily consists of term loans acquired through our various acquisitions. As of June 30, 2018 we had $7.0 million outstanding for other debt payable through September 2024.

Our expectations for fiscal year 2019. We believe that our available cash, cash flows generated from operations, and cash available under our committed debt financing will be sufficient to satisfy our liabilities and planned investments to support our long-term growth strategy. We endeavor to invest large amounts of capital that we believe will generate returns that are above, or well above, our weighted average cost of capital. We consider any use of cash that we expect to require more than twelve months to return our invested capital to be an allocation of capital. For fiscal 2019, we expect to have opportunities to allocate capital to the following broad categories and consider our capital to be fungible across all of these categories:

- Organic investments will continue to be made across a wide spectrum of activities. These range from large, discrete projects that we believe can provide us with materially important competitive capabilities and/or market positions over the longer term to smaller investments intended to maintain or improve our competitive position and support value-creating revenue growth.

- Purchases of our ordinary shares

- Corporate acquisitions and similar investments
- Reduction of debt

Contractual Obligations

Contractual obligations at June 30, 2018 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	$ 76,838	$ 22,623	$ 31,705	$ 14,808	$ 7,702
Build-to-suit lease	96,680	12,569	25,138	23,357	35,616
Purchase commitments	57,291	29,161	28,130	—	—
Senior unsecured notes and interest payments	624,000	29,167	56,000	56,000	482,833
Other debt and interest payments	550,068	78,522	101,724	368,540	1,282
Capital leases	27,596	10,850	11,563	2,895	2,288
Other	5,559	2,761	2,473	325	—
Total (1)	$ 1,438,032	$ 185,653	$ 256,733	$ 465,925	$ 529,721

(1) We may be required to make cash outlays related to our uncertain tax positions. However, due to the uncertainty of the timing of future cash flows associated with our uncertain tax positions, we are unable to make reasonably reliable estimates of the period of cash settlement, if any, with the respective taxing authorities. Accordingly, uncertain tax positions of $4.9 million as of June 30, 2018 have been excluded from the contractual obligations table above. For further information on uncertain tax positions, see Note 13 to the accompanying consolidated financial statements.

Operating Leases. We rent office space under operating leases expiring on various dates through 2026. Future minimum rental payments required under our leases are an aggregate of approximately $76.8 million. The terms of certain lease agreements require security deposits in the form of bank guarantees and letters of credit in the amount of $2.6 million.

Build-to-suit lease. Represents the cash payments for our leased facility in Waltham, Massachusetts, USA. Please refer to Note 2 in the accompanying consolidated financial statements for additional details.

Purchase Commitments. At June 30, 2018, we had unrecorded commitments under contract of $57.3 million. Purchase commitments consisted of third-party web services of $21.0 million, inventory purchase commitments of $8.4 million, production and computer equipment purchases of approximately $8.2 million, commitments for professional and consulting fees of $3.6 million, commitments for advertising campaigns of $2.2 million, and other unrecorded purchase commitments of $14.0 million.

Senior unsecured notes and interest payments. Our 7.0% senior unsecured notes due 2026 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.

Other debt and interest payments. At June 30, 2018, the term loans of $285.0 million outstanding under our credit agreement have repayments due on various dates through June 14, 2023, with the revolving loans outstanding of $147.4 million due on June 14, 2023. Interest payable included in this table is based on the interest rate as of June 30, 2018 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 and all Prime rate based revolving loan amounts will be paid within a year. Interest payable includes the estimated impact of our interest rate swap agreements.

In addition, we have other debt which consists primarily of debt assumed as part of certain of our fiscal 2015 acquisitions, and as of June 30, 2018 we had $7.0 million outstanding for those obligations that have repayments due on various dates through September 2024.

Capital leases. We lease certain machinery and plant equipment under capital lease agreements that expire at various dates through 2022. The aggregate carrying value of the leased equipment under capital leases included in property, plant and equipment, net in our consolidated balance sheet at June 30, 2018, is $31.0 million, net of accumulated depreciation of $36.7 million. The present value of lease installments not yet due included in other current liabilities and other liabilities in our consolidated balance sheet at June 30, 2018 amounts to $27.6 million.

Other Obligations. Other obligations include deferred payments related to previous acquisitions of $3.5 million in the aggregate. We also have an installment obligation of $2.1 million related to the fiscal 2012 intra-entity transfer of the intellectual property of our subsidiary Webs, Inc., which resulted in tax being paid over a 7.5 year term and has been classified as a deferred tax liability in our consolidated balance sheet as of June 30, 2018.

Additional Non-GAAP Financial Measures

Adjusted net operating profit (NOP) and free cash flow presented below, and constant-currency revenue growth and constant-currency revenue growth excluding acquisitions/divestitures presented on page 7 above, are supplemental measures of our performance that are not required by, or presented in accordance with, GAAP. Adjusted NOP is defined as GAAP operating income excluding certain items such as acquisition-related amortization and depreciation, expense recognized for earn-out related charges, including the change 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, restructuring charges, and the gain on purchase or sale of subsidiaries. The interest expense associated with our Waltham lease, as well as realized gains (losses) on currency forward contracts that do not qualify for hedge accounting, are included in Adjusted NOP.

Adjusted NOP is the primary profitability metric by which we measure our consolidated financial performance and is provided to enhance investors' understanding of our current operating results from the underlying and ongoing business for the same reasons it is used by management. For example, as we have become more acquisitive over recent years we believe excluding the costs related to the purchase of a business (such as amortization of acquired intangible assets, contingent consideration, or impairment of goodwill) provides further insight into the performance of the underlying acquired business in addition to that provided by our GAAP operating income. As another example, as we do not apply hedge accounting for our currency forward contracts, we believe inclusion of realized gains and losses on these contracts that are intended to be matched against operational currency fluctuations provides further insight into our operating performance in addition to that provided by our GAAP operating income. We do not, nor do we suggest that investors should, consider such non-GAAP financial measures in isolation from, or as a substitute for, financial information prepared in accordance with GAAP.

Free cash flow is used by management to assess the cash flow generation of the company. Free cash flow is defined as net cash provided by operating activities less purchases of property, plant and equipment, purchases of intangible assets not related to acquisitions, and capitalization of software and website development costs, plus payment of contingent consideration in excess of acquisition-date fair value and gains on proceeds from insurance, if any. The primary financial metric by which we set quarterly and annual budgets both for individual businesses and Cimpress-wide is our free cash flow prior to cash interest costs.

The table below sets forth operating income and adjusted net operating profit for the years ended June 30, 2018, 2017 and 2016:

In thousands	Year Ended June 30,		
	2018	2017	2016
GAAP operating income (loss)	$ 157,800	$ (45,702)	$ 78,193
Exclude expense (benefit) impact of:			
Acquisition-related amortization and depreciation	50,149	46,402	40,834
Earn-out related charges (1)	2,391	40,384	6,378
Share-based compensation related to investment consideration	6,792	9,638	4,835
Certain impairments (2)	—	9,556	41,820
Restructuring related charges	15,236	26,700	381
Less: Interest expense associated with Waltham, MA lease	(7,489)	(7,727)	(6,287)
Less: Gains on the purchase or sale of subsidiaries (3)	(47,945)	—	—
Include: Realized (losses) gains on certain currency derivatives not included in operating income (loss)	(11,445)	16,474	5,863
Adjusted NOP	$ 165,489	$ 95,725	$ 172,017

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(1) Includes expense recognized for the change in fair value of contingent consideration and compensation expense related to cash-based earn-out mechanisms dependent upon continued employment.

(2) Includes the impact of certain impairments of goodwill and other long-lived assets as defined by ASC 350 - "Intangibles - Goodwill and Other".

(3) Includes the impact of the gain on the sale of Albumprinter, as well as a bargain purchase gain as defined by ASC 805-30 - "Goodwill or Gain from Bargain Purchase" for an acquisition in which the identifiable assets acquired and liabilities assumed are greater than the consideration transferred, that was recognized in general and administrative expense in our consolidated statement of operations during the year ended June 30, 2018.

The table below sets forth net cash provided by operating activities and free cash flow for the years ended June 30, 2018, 2017 and 2016:

In thousands	Year Ended June 30,		
	2018	2017	2016
Net cash provided by operating activities	$ 192,332	$ 156,736	$ 247,358
Purchases of property, plant and equipment	(60,930)	(74,157)	(80,435)
Purchases of intangible assets not related to acquisitions	(308)	(197)	(476)
Capitalization of software and website development costs	(40,847)	(37,307)	(26,324)
Payment of contingent consideration in excess of acquisition-date fair value (1)	49,241	—	8,613
Proceeds from insurance related to investing activities	—	—	3,624
Free cash flow	$ 139,488	$ 45,075	$ 152,360

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(1) Includes a portion of the earn-out payment that is presented within net cash provided by operating activities as part of the change in accrued expenses and other liabilities. This portion of the earn-out was deemed to be a compensation arrangement since it included an employment-related contingency.

Critical Accounting Policies and Estimates

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

conjunction with Note 2, "Summary of Significant Accounting Policies," of our audited consolidated financial statements included elsewhere in this Report.

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

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

Share-Based Compensation. We measure share-based compensation costs at fair value, and recognize the expense over the period that the recipient is required to provide service in exchange for the award, which generally is the vesting period. We recognize the impact of forfeitures as they occur.

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

The compensation expense for these awards is estimated at fair value using a Monte Carlo simulation valuation model and compensation costs are recorded only if it is probable that the performance condition will be achieved.

In addition to service vesting and market condition requirements, we have certain PSUs that contain an additional performance condition, based on a multi-year performance target. The compensation expense for these awards is estimated at fair value using a Monte Carlo simulation valuation model and compensation costs are recorded only if it is probable that the performance condition will be achieved. If we determine the awards are not probable at some point during the performance vesting period we would reverse any expense recognized to date. During fiscal 2018, we issued PSUs that contain a performance condition that we deemed probable of achievement and recognized $13,503 of expense. If the performance condition is determined to not be probable in a future period, we will reverse this expense in the period they are no longer considered probable.

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

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

Software and Website Development Costs. We capitalize eligible salaries and payroll-related costs of employees who devote time to the development of our websites and internal-use computer software. Capitalization begins when the preliminary project stage is complete, management with the relevant authority authorizes and commits to the funding of the software project, and it is probable that the project will be completed and the software will be used to perform the function intended. These costs are amortized on a straight-line basis over the estimated useful life of the software, which is three years. Our judgment is required in determining whether a project provides new or additional functionality, the point at which various projects enter the stages at which costs may be capitalized, assessing the ongoing value and impairment of the capitalized costs, and determining the estimated useful lives over which the costs are amortized. Historically we have not had any significant impairments of our capitalized software and website development costs.

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

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

Goodwill, Indefinite-Lived Intangible Assets, and Other Definite Lived Long-Lived Assets. We evaluate goodwill and indefinite-lived intangible assets for impairment annually or more frequently when an event occurs or circumstances change that indicate that the carrying value may not be recoverable. We have the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. We consider the timing of our most recent fair value assessment and associated headroom, the actual operating results as compared to the cash flow forecasts used in those fair value assessments, the current long-term forecasts for each reporting unit, and the general market and economic environment of each reporting unit. In addition to the specific factors mentioned above, we assess the following individual factors on an ongoing basis such as:

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

If the results of the qualitative analysis were to indicate that the fair value of a reporting unit is less than its carrying value, the quantitative test is required. Under the quantitative approach, we estimate the fair values of our reporting units using a discounted cash flow methodology. This analysis requires significant judgment and is based on our strategic plans and estimation of future cash flows, which is dependent on internal forecasts. Our annual analysis also requires significant judgment including the identification and aggregation of reporting units, as well as the determination of our discount rate and perpetual growth rate assumptions.

We are required to compare the fair value of the reporting unit with its carrying value and recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value.

We are required to evaluate the estimated useful lives and recoverability of definite lived long-lived assets (for example, customer relationships, developed technology, property, and equipment) on an ongoing basis when indicators of impairment are present. For purposes of the recoverability test, long-lived assets are grouped with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. The test for recoverability compares the undiscounted future cash flows of the long-lived asset group to its carrying value. If the carrying values of the long-lived asset group exceed the undiscounted future cash flows, the assets are considered to be potentially impaired. The next step in the impairment measurement process is to determine the fair value of the individual net assets within the long-lived asset group. If the aggregate fair values of the individual net assets of the group are less than the carrying values, an impairment charge is recorded equal to the excess of the aggregate carrying value of the group over the aggregate fair value. The loss is allocated to each long-lived asset within the group based on their relative carrying values, with no asset reduced below its fair value. The identification and evaluation of a potential impairment requires judgment and is subject to change if events or circumstances pertaining to our business change. We evaluated our long-lived assets for impairment and during the year ended June 30, 2018, we recognized no impairments.

Recently Issued or Adopted Accounting Pronouncements

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

Item 7A. ***Quantitative and Qualitative Disclosures About Market Risk***

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

As of June 30, 2018, our cash and cash equivalents consisted of standard depository accounts which are held for working capital purposes. We do not believe we have a material exposure to interest rate fluctuations related to our cash and cash equivalents.

As of June 30, 2018, we had $432.4 million of variable-rate debt and $2.1 million of variable rate installment obligation related to the fiscal 2012 intra-entity transfer of Webs' intellectual property. As a result, we have exposure to market risk for changes in interest rates related to these obligations. In order to mitigate our exposure to interest rate changes related to our variable rate debt, we execute interest rate swap contracts to fix the interest rate on a portion of our outstanding or forecasted long-term debt with varying maturities. As of June 30, 2018, a hypothetical 100 basis point increase in rates, inclusive of our outstanding interest rate swaps, would result in an increase to interest expense of approximately $2.4 million over the next 12 months.

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

- *Translation of our non-U.S. dollar revenues and expenses:* Revenue and related expenses generated in currencies other than the U.S. dollar could result in higher or lower net income when, upon consolidation, those transactions are translated to U.S. dollars. When the value or timing of revenue and expenses in a given currency are materially different, we may be exposed to significant impacts on our net income and non-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 protect our debt covenants. Since adjusted EBITDA excludes non-cash items such as depreciation and amortization that are included in net income, we may experience increased, not decreased, volatility in our 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. 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 $51.1 million, $61.3 million and $21.3 million on our income before income taxes for the years ended June 30, 2018, 2017 and 2016, respectively.

Item 8. ***Financial Statements and Supplementary Data***

CIMPRESS N.V.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Cimpress N.V. and its subsidiaries as of June 30, 2018 and June 30, 2017, and the related consolidated statements of operations, consolidated statements of comprehensive income (loss), consolidated statements of shareholders' equity, and consolidated statements of cash flows for each of the three years in the period ended June 30, 2018, including the related notes and financial statement schedules listed in the accompanying index (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of June 30, 2018, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of June 30, 2018 and June 30, 2017**,** and the results of their operations and their cash flows for each of the three years in the period ended June 30, 2018 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 30, 2018, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide

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

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

/s/ PricewaterhouseCoopers LLP

Boston, Massachusetts
August 10, 2018

We have served as the Company's auditor since 2014.

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

	June 30, 2018	June 30, 2017
Assets		
Current assets:		
Cash and cash equivalents	$ 44,227	$ 25,697
Accounts receivable, net of allowances of $6,898 and $3,590, respectively	55,621	48,630
Inventory	60,602	46,563
Prepaid expenses and other current assets	78,846	78,835
Assets held for sale	—	46,276
Total current assets	239,296	246,001
Property, plant and equipment, net	483,664	511,947
Software and website development costs, net	56,199	48,470
Deferred tax assets	67,087	48,004
Goodwill	520,843	514,963
Intangible assets, net	230,201	275,924
Other assets	54,927	34,560
Total assets	$ 1,652,217	$ 1,679,869
Liabilities, noncontrolling interests and shareholders' equity		
Current liabilities:		
Accounts payable	$ 152,436	$ 127,386
Accrued expenses	186,661	175,567
Deferred revenue	27,697	30,372
Short-term debt	59,259	28,926
Other current liabilities	54,971	78,435
Liabilities held for sale	—	8,797
Total current liabilities	481,024	449,483
Deferred tax liabilities	51,243	60,743
Lease financing obligation	102,743	106,606
Long-term debt	767,585	847,730
Other liabilities	69,524	94,683
Total liabilities	1,472,119	1,559,245
Commitments and contingencies (Note 17)		
Redeemable noncontrolling interests	86,151	45,412
Shareholders' equity:		
Preferred shares, par value €0.01 per share, 100,000,000 shares authorized; none issued and outstanding	—	—
Ordinary shares, par value €0.01 per share, 100,000,000 shares authorized; 44,080,627 shares issued; and 30,876,193 and 31,415,503 shares outstanding, respectively	615	615
Treasury shares, at cost, 13,204,434 and 12,665,124 shares, respectively	(685,577)	(588,365)
Additional paid-in capital	395,682	361,376
Retained earnings	452,756	414,771
Accumulated other comprehensive loss	(69,814)	(113,398)
Total shareholders' equity attributable to Cimpress N.V.	93,662	74,999
Noncontrolling interests (Note 14)	285	213
Total shareholders' equity	93,947	75,212
Total liabilities, noncontrolling interests and shareholders' equity	$ 1,652,217	$ 1,679,869

See accompanying notes.

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

	Year Ended June 30,		
	2018	2017	2016
Revenue	$ 2,592,541	$ 2,135,405	$ 1,788,044
Cost of revenue (1)	1,279,799	1,036,975	773,640
Technology and development expense (1)	245,758	243,230	210,080
Marketing and selling expense (1)	714,654	610,932	508,502
General and administrative expense (1)	176,958	207,569	145,844
Amortization of acquired intangible assets	49,881	46,145	40,563
Restructuring expense (1)	15,236	26,700	381
(Gain) on sale of subsidiaries	(47,545)	—	—
Impairment of goodwill and acquired intangible assets	—	9,556	30,841
Income (loss) from operations	157,800	(45,702)	78,193
Other (expense) income, net	(21,032)	10,362	26,098
Interest expense, net	(53,043)	(43,977)	(38,196)
Loss on early extinguishment of debt	(17,359)	—	—
Income (loss) before income taxes	66,366	(79,317)	66,095
Income tax expense (benefit)	19,578	(7,118)	15,684
Net income (loss)	46,788	(72,199)	50,411
Add: Net (income) loss attributable to noncontrolling interest	(3,055)	488	3,938
Net income (loss) attributable to Cimpress N.V.	$ 43,733	$ (71,711)	$ 54,349
Basic net income (loss) per share attributable to Cimpress N.V.	$ 1.41	$ (2.29)	$ 1.72
Diluted net income (loss) per share attributable to Cimpress N.V.	$ 1.36	$ (2.29)	$ 1.64
Weighted average shares outstanding — basic	30,948,081	31,291,581	31,656,234
Weighted average shares outstanding — diluted	32,220,401	31,291,581	33,049,454

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

	Year Ended June 30,		
	2018	2017	2016
Cost of revenue	$ 361	$ 289	$ 72
Technology and development expense	10,580	8,724	5,892
Marketing and selling expense	6,683	4,857	1,591
General and administrative expense	31,515	28,500	16,273
Restructuring expense	1,327	6,257	—

See accompanying notes.

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

	Year Ended June 30,		
	2018	**2017**	**2016**
Net income (loss)	$ 46,788	$ (72,199)	$ 50,411
Other comprehensive income (loss), net of tax:			
Foreign currency translation gains (losses), net of hedges	35,148	(4,681)	(7,537)
Net unrealized gain (loss) on derivative instruments designated and qualifying as cash flow hedges	11,521	(1,297)	(2,504)
Amounts reclassified from accumulated other comprehensive loss to net income (loss) on derivative instruments	(960)	1,369	1,587
Unrealized (loss) gain on available-for-sale-securities	—	(5,756)	517
Amounts reclassified from accumulated other comprehensive loss to net income (loss) for realized gains on available-for-sale securities	—	2,268	—
Gain on pension benefit obligation, net	357	2,194	561
Comprehensive income (loss)	92,854	(78,102)	43,035
Add: Comprehensive (income) loss attributable to noncontrolling interests	(5,421)	1,008	2,208
Total comprehensive income (loss) attributable to Cimpress N.V.	$ 87,433	$ (77,094)	$ 45,243

See accompanying notes.

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

	Ordinary Shares		Treasury Shares					
	Number of Shares Issued	Amount	Number of Shares	Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance at June 30, 2015	44,080	$ 615	(10,878)	$ (412,132)	$ 324,281	$ 435,052	$ (98,909)	$ 248,907
Cumulative effect adjustment related to adoption of share-based compensation standard (ASU 2016-09)					546	2,000		2,546
Issuance of ordinary shares due to share option exercises, net of shares withheld for taxes			120	5,199	(493)			4,706
Issuance of ordinary shares in conjunction with WIRmachenDRUCK acquisition			112	4,900	3,910			8,810
Restricted share units vested, net of shares withheld for taxes			180	3,857	(11,326)			(7,469)
Grant of restricted share awards			82	3,094	(3,094)			—
Share-based compensation expense					21,368			21,368
Purchase of ordinary shares			(2,160)	(153,467)				(153,467)
Redeemable noncontrolling interest accretion to redemption value						(4,919)		(4,919)
Net income attributable to Cimpress N.V.						54,349		54,349
Net unrealized loss on derivative instruments designated and qualifying as cash flow hedges							(917)	(917)
Unrealized gain on marketable securities							517	517
Foreign currency translation, net of hedges							(9,267)	(9,267)
Unrealized gain on pension benefit obligation, net of tax							561	561
Balance at June 30, 2016	44,080	$ 615	(12,544)	$ (548,549)	$ 335,192	$ 486,482	$ (108,015)	$ 165,725
Issuance of ordinary shares due to share option exercises, net of shares withheld for taxes			319	6,949	(3,455)			3,494
Restricted share units vested, net of shares withheld for taxes			154	3,243	(10,576)			(7,333)
Share-based compensation expense					43,504			43,504
Purchase of ordinary shares			(594)	(50,008)				(50,008)
Net loss attributable to Cimpress N.V.						(71,711)		(71,711)
Redeemable noncontrolling interest accretion to redemption value					68			68
Reclassification of mandatorily redeemable noncontrolling interest					(3,357)			(3,357)
Net unrealized gain on derivative instruments designated and qualifying as cash flow hedges							72	72
Unrealized loss on marketable securities							(5,756)	(5,756)
Realized gain on sale of marketable securities							2,268	2,268
Foreign currency translation, net of hedges							(4,161)	(4,161)
Unrealized gain on pension benefit obligation, net of tax							2,194	2,194
Balance at June 30, 2017	44,080	$ 615	(12,665)	$ (588,365)	$ 361,376	$ 414,771	$ (113,398)	$ 74,999

See accompanying notes.

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

	Ordinary Shares		Treasury Shares					
	Number of Shares Issued	Amount	Number of Shares	Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Cumulative effect adjustment related to adoption of income tax standard (ASU 2016-16)						(5,864)		(5,864)
Issuance of ordinary shares due to share option exercises, net of shares withheld for taxes			293	(3,174)	(4,999)			(8,173)
Restricted share units vested, net of shares withheld for taxes			63	840	(4,784)			(3,944)
Grant of restricted share awards			(2)	(168)				(168)
Share-based compensation expense					44,089			44,089
Purchase of ordinary shares			(895)	(94,710)				(94,710)
Net income attributable to Cimpress N.V.						43,733		43,733
Net unrealized gain on derivative instruments designated and qualifying as cash flow hedges							10,561	10,561
Foreign currency translation, net of hedges							32,782	32,782
Unrealized gain on pension benefit obligation, net of tax							357	357
Balance at June 30, 2018	44,080	$ 615	(13,206)	$ (685,577)	$ 395,682	$ 452,756	$ (69,814)	$ 93,662

See accompanying notes.

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

	Year Ended June 30,		
	2018	2017	2016
Operating activities			
Net income (loss)	$ 46,788	$ (72,199)	$ 50,411
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	169,005	158,400	131,918
Impairment of goodwill and acquired intangible assets	—	9,556	30,841
Share-based compensation expense	50,466	48,627	23,772
Deferred taxes	(14,039)	(41,358)	(15,922)
Abandonment of long-lived assets	—	2,408	10,979
Gain on sale of subsidiaries	(47,545)	—	—
Loss on early extinguishment of debt	17,359	—	—
Change in contingent earn-out liability	1,774	39,377	—
Gain on sale of available-for-sale securities	—	(2,268)	—
Unrealized (gain) loss on derivatives not designated as hedging instruments included in net income (loss)	(15,540)	15,813	(8,163)
Payments of contingent consideration in excess of acquisition date fair value	(4,639)	—	(8,613)
Effect of exchange rate changes on monetary assets and liabilities denominated in non-functional currency	19,460	(5,690)	(9,199)
Other non-cash items	4,668	2,886	5,784
Gain on proceeds from insurance	—	—	(3,136)
Changes in operating assets and liabilities:			
Accounts receivable	(5,123)	4,701	6,766
Inventory	(7,068)	(8,699)	(11)
Prepaid expenses and other assets	(2,472)	521	(7,668)
Accounts payable	21,782	25,332	25,670
Accrued expenses and other liabilities	(42,544)	(20,671)	13,929
Net cash provided by operating activities	192,332	156,736	247,358
Investing activities			
Purchases of property, plant and equipment	(60,930)	(74,157)	(80,435)
Proceeds from the sale of subsidiaries, net of transaction costs and cash divested	93,779	—	—
Business acquisitions, net of cash acquired	(110)	(204,875)	(164,412)
Purchases of intangible assets	(308)	(197)	(476)
Capitalization of software and website development costs	(40,847)	(37,307)	(26,324)
Proceeds from the sale of assets	886	4,513	—
Proceeds from insurance related to investing activities	—	—	3,624
Proceeds from sale of available-for-sale securities	—	6,346	—
Other investing activities	(3,064)	3,888	2,485
Net cash (used in) provided by investing activities	(10,594)	(301,789)	(265,538)
Financing activities			
Proceeds from borrowings of debt	805,995	737,075	598,008
Proceeds from issuance of senior notes	400,000	—	—
Payments of debt	(974,781)	(539,913)	(430,622)
Payments for early redemption of senior notes	(275,000)	—	—
Payments of early redemption fees for senior notes	(14,438)	—	—
Payments of debt issuance costs	(10,629)	(229)	(70)
Payments of purchase consideration included in acquisition-date fair value	(2,105)	(539)	(7,330)

See accompanying notes.

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

	Year Ended June 30,		
	2018	2017	2016
Financing activities (continued)			
Payments of withholding taxes in connection with equity awards	(19,698)	(14,568)	(7,467)
Payments of capital lease obligations	(17,618)	(15,887)	(13,933)
Purchase of ordinary shares	(94,710)	(50,008)	(153,467)
Purchase of noncontrolling interests	(1,144)	(20,230)	—
Proceeds from issuance of ordinary shares	11,981	6,192	4,705
Issuance of loans	(21,000)	—	—
Proceeds from sale of noncontrolling interest	35,390	—	—
Capital contribution from noncontrolling interest	—	1,404	5,141
Other financing activities	—	1,281	(303)
Net cash (used in) provided by financing activities	(177,757)	104,578	(5,338)
Effect of exchange rate changes on cash	2,507	788	(2,640)
Change in cash held for sale	12,042	(12,042)	—
Net increase (decrease) in cash and cash equivalents	18,530	(51,729)	(26,158)
Cash and cash equivalents at beginning of period	25,697	77,426	103,584
Cash and cash equivalents at end of period	$ 44,227	$ 25,697	$ 77,426
Supplemental disclosures of cash flow information:			
Cash paid during the period for:			
Interest	$ 56,614	$ 45,275	$ 37,623
Income taxes	32,278	49,342	19,750
Non-cash investing and financing activities:			
Capitalization of construction costs related to financing lease obligation	—	—	19,264
Property and equipment acquired under capital leases	531	14,422	7,535
Amounts accrued related to business acquisitions	3,457	46,124	5,868

See accompanying notes.

1. Description of the Business

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, 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 N.V., its wholly owned subsidiaries, entities in which we maintain a controlling financial interest, and those entities in which we have a variable interest and are the primary beneficiary. Intercompany balances and transactions have been eliminated. Investments in entities in which we 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 GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We believe our most significant estimates are associated with the ongoing evaluation of the recoverability of our long-lived assets and goodwill, estimated useful lives of assets, share-based compensation, accounting for business combinations, and income taxes and related valuation allowances, among others. By their nature, estimates are subject to an inherent degree of uncertainty. Actual results could differ from those estimates.

Cash and Cash Equivalents

We consider all highly liquid investments purchased with an original maturity of three months or less to be the equivalent of cash for the purpose of balance sheet and statement of cash flows presentation. Cash equivalents consist of depository accounts and money market funds. Cash and cash equivalents restricted for use were $90 and $520 as of June 30, 2018 and 2017, respectively, and are included in other assets in the accompanying consolidated balance sheets.

Marketable Securities

We determine the appropriate classification of marketable securities at the date of purchase and reevaluate the classification at each balance sheet date. Our marketable securities are classified as "available-for-sale" and carried at fair value, with the unrealized gains and losses, net of taxes if applicable, reported as a separate component of accumulated other comprehensive loss. On December 22, 2016, we sold all of our Plaza Create Co. Ltd. common shares, which were classified as held for sale. We recognized a net gain of $2,268 as part of other (expense) income, net on our statement of operations for the year ended June 30, 2017. We did not sell marketable securities during the years ended June 30, 2018 or 2016.

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 free products are included in cost of revenues as incurred.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and amortization. Additions and improvements that substantially extend the useful life of a particular asset are capitalized while repairs and maintenance costs are expensed as incurred. Assets that qualify for the capitalization of interest cost during their construction period are evaluated on a per project basis and, if material, the costs are capitalized. No interest costs associated with our construction projects were capitalized in fiscal 2018 or 2017 as the amounts were not material. Depreciation of plant and equipment is recorded on a straight-line basis over the estimated useful lives of the assets.

Software and Web Site Development Costs

We capitalize eligible salaries and payroll-related costs of employees who devote time to the development of websites and internal-use computer software. Capitalization begins when the preliminary project stage is complete, management with the relevant authority authorizes and commits to the funding of the software project, and it is probable that the project will be completed and the software will be used to perform the function intended. These costs are amortized on a straight-line basis over the estimated useful life of the software, 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, 2018, 2017 and 2016 was $31,332, $24,571 and $14,355, respectively, resulting in accumulated amortization of $84,279 and $59,554 at June 30, 2018 and 2017, respectively.

Leases

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

Capital leases are accounted for as an acquisition of an asset and incurrence of an obligation. Assets held under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the leased asset at the inception of the lease, and amortized over the useful life of the asset. The corresponding capital lease obligation is recorded at the present value of the minimum lease payments at inception of the lease.

For lease arrangements where we are deemed to be involved in the construction of structural improvements prior to the commencement of the lease or take some level of construction risk, we are considered the owner of the assets during the construction period. Accordingly, as the lessor incurs the construction project costs, the assets and corresponding financial obligation are recorded in our consolidated balance sheet. Once the construction is completed, if the lease meets certain “sale-leaseback” criteria, we will remove the asset and related financial obligation from the balance sheet and treat the building lease as either an operating or capital lease based on our assessment of the guidance. If, upon completion of construction, the project does not meet the “sale-leaseback” criteria, the lease will be treated as a financing obligation and we will depreciate the asset over its estimated useful life for financial reporting purposes.

Insurance Recoveries

Insurance proceeds related to incurred losses are recognized when recovery is probable, while business interruption recoveries follow the gain contingency model and are recognized when realized or realizable and earned. During the years ended June 30, 2018, 2017 and 2016, we received insurance proceeds of $327, $829 and $11,943, respectively, which were used to offset any incurred losses, relating to the write-off of the net book value of damaged machinery, equipment and inventory and property-related cleanup costs, as well as claim preparation costs. We also recognized net gains within other (expense) income, net of $675, $807 and $3,947, respectively, which includes the recovery of business interruption lost profits and the recovery of the replacement value of damaged machinery and equipment in excess of carrying value. As of June 30, 2018, all of these claims are closed.

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. During the year ended June 30, 2017, we recognized a partial impairment charge for the acquired intangible assets of our Tradeprint reporting unit of $3,211. Refer to Note 8 for additional information. We recognized no impairment charges for acquired intangible assets in the other periods presented.

During the years ended June 30, 2017 and 2016 we committed to plans to abandon certain manufacturing equipment and recognized losses of $2,408 and $10,979, respectively. The related loss during the year ended June 30, 2017 was recognized in cost of revenue, technology and development expense, and restructuring expense for $1,119, $678, and $611, respectively, while the entire loss for the previous year was allocated to cost of revenue. We did not recognize any abandonment charges during the fiscal year ended June 30, 2018.

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. We estimate the fair value of contingent consideration obligations through valuation models that incorporate probability adjusted assumptions related to the achievement of the milestones and thus likelihood of making related payments or by using a Monte Carlo simulation model. We revalue these contingent consideration obligations each reporting period. Changes in the fair value of our contingent consideration obligations are recognized within general and administrative expense in our consolidated statements of operations.

Goodwill

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

We have the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. If the results of this analysis indicate that the fair value of a reporting unit is less than its carrying value, the quantitative impairment test is required; otherwise, no further assessment is necessary. To perform the quantitative approach, we estimate the fair value of our reporting units using a discounted cash flow methodology. If the carrying value of the net assets assigned to the reporting unit exceeds the fair value of the reporting unit, then a second step of the impairment test is performed in order to determine the implied fair value of our reporting unit’s goodwill. If the carrying value of a reporting unit’s goodwill exceeds its implied fair value, then we record an impairment loss equal to the difference. Refer to Note 8 for additional information.

Debt Issuance Costs

Expenses associated with the issuance of debt instruments are capitalized and are amortized over the terms of the respective financing arrangement on a straight-line basis through the maturity date of the related debt instrument. During the years ended June 30, 2018 and 2017, we capitalized debt issuance costs related to the refinancing of our senior secured credit facility and senior unsecured notes of $11,666 and $229, respectively. Amortization expense and the write-off of costs related to debt modifications are included in interest expense, net in the consolidated statements of operations and amounted to $1,821, $1,578, and $1,588, for the years ended June 30, 2018, 2017 and 2016, respectively. During the year ended June 30, 2018, we also expensed $2,921 of unamortized costs related to the extinguishment of our senior unsecured notes, which has been presented separately in the consolidated statements of operations as part of loss on early extinguishment of debt. Refer to Note 10 for additional information.

Unamortized debt issuance costs were $12,585 and $5,661 as of June 30, 2018 and 2017, respectively. When we make changes to our financing arrangements, we re-evaluate the capitalization of these costs which could result in the immediate recognition of any unamortized debt issuance costs in our statement of operations.

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 portion of the change

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

Derivatives designated and qualifying as hedges of currency exposure of a net investment in a foreign operation are considered net investment hedges which could include cross-currency swap and currency forward contracts. In hedging the currency exposure of a net investment in a foreign operation, the effective portion of gains and losses on the hedging instruments is recognized in accumulated other comprehensive (loss) income as part of currency translation adjustment, while any ineffective portion is recognized directly in earnings, as a component of other (expense) income, net. 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.

Mandatorily Redeemable Noncontrolling Interest

Noncontrolling interests held by third parties in consolidated subsidiaries are considered mandatorily redeemable when they are subject to an unconditional obligation to be redeemed by both parties. The redeemable noncontrolling interest must be required to be repurchased on a specified date or on the occurrence of a specified event that is certain to occur and are to be redeemed via the transfer of assets. Mandatorily redeemable noncontrolling interests are presented as liability-based financial instruments and are re-measured on a recurring basis to the expected redemption value. During the year ended June 30, 2017, the terms of our arrangement with the shareholders of Printi LLC were amended, resulting in the inclusion of a mandatory redemption feature as part of the amended arrangement. Refer to Note 15 for additional details.

Shareholders’ Equity

Comprehensive Income (loss)

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

Treasury Shares

Treasury shares are accounted for using the cost method and are included as a component of shareholders' equity. We reissue treasury shares as part of our share-based compensation programs and as consideration for some of our acquisition transactions. Upon issuance of treasury shares we determine the cost using the average cost method.

Revenue Recognition

Our businesses generate revenue primarily from the sale and shipping of customized manufactured products, as well as providing digital services, website design and hosting, email marketing services, order referral fees and other third party offerings. We recognize revenue arising from sales of products and services when we have persuasive evidence of an arrangement, the product has been shipped or service rendered with no significant post-delivery obligations on our part, the net sales price is fixed or determinable and collectability is reasonably

assured. For subscription services we recognize revenue for the fees charged to customers ratably over the term of the service arrangement. Revenue is recognized net of discounts we offer to our customers as part of advertising campaigns. Revenue from sales of prepaid orders on our websites are deferred until shipment of fulfilled orders or until the prepaid service has been rendered.

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

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

For promotions through discount voucher websites, we recognize revenue on a gross basis, as we are the primary obligor, when redeemed items are shipped. As the vouchers do not expire, any unredeemed vouchers are recorded as deferred revenue. We recognize revenue on the portion of unredeemed vouchers when the likelihood of redemption becomes remote (referred to as "breakage"), and we determine there is no legal obligation to remit the value of the unredeemed coupons to government agencies. We estimate the breakage rate based upon the pattern of historical redemptions.

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.

Advertising Expense

Our advertising costs are primarily expensed as incurred and included in marketing and selling expense. We capitalize direct response advertising, which consists of customized product sample mailings, and amortize over the expected future revenue stream. Amortization of capitalized advertising costs is determined using historical revenue data. The capitalized costs of direct response advertising are amortized, commencing with the date the product samples are mailed. Capitalized direct response advertising costs included in prepaid expenses and other current assets as of June 30, 2018 and June 30, 2017 was $4,220 and $4,861, respectively. These capitalized costs relate to direct response marketing initiatives of our National Pen business. As part of our adoption of Accounting Standards Update No. 2014-09, "Revenue from Contracts with Customers" (ASU 2014-09) in the first quarter of fiscal 2019, these costs will no longer be capitalized as direct response advertising costs, and will be expensed as incurred. Refer below to the recently issued or adopted accounting pronouncements section for additional details relating to the new standard.

Advertising expense for the years ended June 30, 2018, 2017 and 2016 was $432,546, $363,936, and $305,701, 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, 2018, 2017 and 2016 was $41,451,

$51,811, and $35,449, 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.

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.

Other (expense) income, net

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

	Year Ended June 30,		
	2018	2017	2016
(Losses) gains on derivatives not designated as hedging instruments (1)	$ (2,687)	$ 936	$ 14,026
Currency-related (losses) gains, net (2)	(19,500)	5,577	6,864
Other gains (3)	1,155	3,849	5,208
Total other (expense) income, net	$ (21,032)	$ 10,362	$ 26,098

(1) Primarily relates to both realized and unrealized (losses) gains on derivative currency forward and option contracts not designated as hedging instruments.

(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 gains (losses), net for the years ended June 30, 2018 and 2017 are primarily driven by this intercompany activity. In addition, we have certain cross-currency swaps designated as cash flow hedges, which hedge the remeasurement of certain intercompany loans, both presented in the same component above. Unrealized losses related to cross-currency swaps were $2,722, $3,737 and $1,991 for the years ended June 30, 2018, 2017 and 2016, respectively.

(3) The gains recognized during the years ended June 30, 2018 and 2016, were primarily related to insurance recoveries of $675 and $3,947, respectively. During the year ended June 30, 2017, we recognized a gain of $2,268 related to the sale of Plaza Create Co. Ltd. available for sale securities.

Net Income (Loss) Per Share Attributable to Cimpress N.V.

Basic net income (loss) per share attributable to Cimpress N.V. is computed by dividing net income (loss) attributable to Cimpress N.V. by the weighted-average number of ordinary shares outstanding for the respective period. Diluted net income (loss) per share attributable to Cimpress N.V. gives effect to all potentially dilutive

securities, including share options, restricted share units (“RSUs”), restricted share awards ("RSAs") 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,		
	2018	2017	2016
Weighted average shares outstanding, basic	30,948,081	31,291,581	31,656,234
Weighted average shares issuable upon exercise/vesting of outstanding share options/RSUs/RSAs (1)	1,272,320	—	1,393,220
Shares used in computing diluted net income (loss) per share attributable to Cimpress N.V.	32,220,401	31,291,581	33,049,454
Weighted average anti-dilutive shares excluded from diluted net income (loss) per share attributable to Cimpress N.V.	2,291	21,978	35,725

(1) In the periods we report a net loss, the impact of share options, RSUs, and RSAs is not included as they are anti-dilutive.

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 and RSAs 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 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.

In addition to a service vesting and market condition (based on the three year moving average of the Cimpress share price) contained in our standard performance share units, we also issue awards that contain financial performance conditions. These awards with a discretionary performance condition are subject to mark-to-market accounting throughout the performance vesting period. The compensation expense for these awards is estimated at fair value using a Monte Carlo simulation valuation model and compensation costs are recorded only if it is probable that the performance condition will be achieved. We are required to reassess the probability each reporting period. If we determine the awards are not probable at some point during the performance vesting period we would reverse any expense recognized to date.

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, 2018 and 2017. We do not have any customers that accounted for greater than 10% of our revenue for the years ended June 30, 2018, 2017 and 2016.

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.

Waltham Lease Arrangement

In July 2013, we executed a lease agreement to move our Lexington, Massachusetts, USA operations to a then yet to be constructed facility in Waltham, Massachusetts, USA. During the first quarter of fiscal 2016, the building was completed and we commenced lease payments in September 2015 and will make lease payments through September 2026.

For accounting purposes, we were deemed to be the owner of the Waltham building during the construction period, and accordingly we recorded the construction project costs incurred by the landlord as an asset with a corresponding financing obligation on our balance sheet. We evaluated the Waltham lease in the first quarter of fiscal 2016 and determined that the transaction did not meet the criteria for "sale-leaseback" treatment due to our planned subleasing activity over the term of the lease. Accordingly, we began depreciating the asset and incurring interest expense related to the financing obligation recorded on our consolidated balance sheet. We bifurcate the lease payments pursuant to the Waltham lease into (i) a portion that is allocated to the building and (ii) a portion that is allocated to the land on which the building was constructed. The portion of the lease obligations allocated to the land is treated as an operating lease that commenced in fiscal 2014.

Property, plant and equipment, net, included $111,926 and $116,045 as of June 30, 2018 and June 30, 2017, respectively, related to the building. The financing lease obligation and deferred rent credit related to the building on our consolidated balance sheets was $115,312 and $119,176 as of June 30, 2018 and June 30, 2017, respectively.

Recently Issued or Adopted Accounting Pronouncements

New Accounting Standards Adopted

In October 2016, the FASB issued Accounting Standards Update No. 2016-16, "Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory" (ASU 2016-16), which requires the recognition for income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. We elected to early adopt the new standard during the first quarter of fiscal 2018, and recognized a reduction to prepaid and other current assets of $24,573, an increase in deferred tax assets of $18,710 and a cumulative-effect adjustment to retained earnings of $5,863. If we had not early adopted, the fiscal 2018 tax expense would be lower by $8,363.

In February 2018, the FASB issued Accounting Standards Update No. 2018-02, "Income Statement - Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income" (ASU 2018-02), which allows a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the U.S. Tax Cuts and Jobs Act. We elected to early adopt the new standard during the fourth quarter of fiscal 2018, and reclassified the income tax effects from accumulated other comprehensive income to retained earnings in the amount of $116. We do not expect any additional impacts from the new standard.

Issued Accounting Standards to be Adopted

In August 2017, the FASB issued Accounting Standards Update No. 2017-12, "Derivatives and Hedging: Targeted Improvements to Accounting for Hedging Activities (Topic 815)," (ASU 2017-12), which better aligns a company’s financial reporting for hedging activities with the economic objectives of those activities. The amendment is effective for us on July 1, 2019 and permits early adoption, including adoption in an interim period. The standard requires a modified retrospective transition approach, in which the Company will recognize the cumulative effect of the change on the opening balance of each affected component of equity in the statement of financial position as of the date of adoption. We do not expect this standard to have material impact on our consolidated financial statements.

In May 2017, the FASB issued Accounting Standards Update No. 2017-09, "Compensation - Stock Compensation (Topic 718)," (ASU 2017-09), which clarifies the application of Topic 718 when accounting for changes in the terms and conditions of a share-based payment award. The new standard requires changes to the terms or conditions of a share-based payment award to be accounted for under modification accounting unless there is no change to the fair value, vesting conditions and classification of the award after modification. The amendment is effective for us and will be adopted on July 1, 2018. The amendment is to be applied prospectively, and we do not expect it to have a material impact on our consolidated financial statements.

In November 2016, the FASB issued Accounting Standards Update No. 2016-18, "Statement of Cash Flows (Topic 230) Restricted Cash" (ASU 2016-18), which requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendment is effective for us and will be adopted on July 1, 2018. This amendment will affect the presentation of our statement of cash flows once adopted, and we do not expect it to have material impact on our consolidated financial statements.

In March 2016, the FASB issued Accounting Standards Update No. 2016-04, "Liabilities - Extinguishment of Liabilities (Subtopic 405-20): Recognition of Breakage for Certain Prepaid Stored-Value Products" (ASU 2016-04), which requires an entity to recognize breakage for a liability resulting from the sale of a prepaid stored-value product in proportion to the pattern of rights expected to be exercised by the product holder only to the extent that it is probable that a significant reversal of the recognized breakage amount will not subsequently occur. The new standard is effective for us on July 1, 2018. The standard permits early adoption and should be applied either retrospectively to each period presented or by means of a cumulative adjustment to retained earnings as of the beginning of the fiscal year adopted. We do not expect the effect of ASU 2016-04 to have a material impact on our consolidated financial statements.

In March 2016, the FASB issued Accounting Standards Update No. 2016-02, "Leases (Topic 842)" (ASU 2016-02), which requires the recognition of lease assets and lease liabilities by lessees for those leases currently classified as operating leases. The standard also retains a distinction between finance leases and operating leases. The new standard is effective for us on July 1, 2019 and we expect to adopt the new standard using the modified retrospective approach. We also plan to use the transition relief package, in which we will not reassess the classification of our existing leases, whether any expired or existing contracts contain leases and if our existing leases have any initial direct costs. We are currently evaluating the requirements of the standard and we have not yet determined the impact of adoption on our consolidated financial statements.

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, "Revenue from Contracts with Customers" (ASU 2014-09), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. This guidance will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The new standard is effective for fiscal years beginning after December 15, 2017, which would result in an effective date for us of July 1, 2018. The standard permits the use of either the retrospective or modified retrospective method. We will adopt the new standard in the first quarter of fiscal 2019, and we will apply the modified retrospective approach.

We have completed our impact assessment of the new standard, which was performed on a business by business basis through a review of contract terms and material revenue streams. We have identified an impact related to direct-response advertising costs, which are costs currently capitalized and expensed based on the guidance outlined in ASC 340 - "Other Assets and Deferred Assets". The guidance included in ASC 340 has been eliminated, and under the new revenue standard these costs will be expensed as incurred because they do not meet the requirements for capitalization since they are not direct and incremental to obtaining a contract. We expect this change to impact the timing for a portion of advertising expenses within our National Pen business, but we do not expect it to have a material impact on our consolidated results. By applying the modified retrospective approach for implementing the standard, we expect to adjust approximately $3,800 of capitalized costs as of June 30, 2018 to retained earnings during the first quarter of fiscal 2019.

We have also identified an impact related to customer loyalty programs that are offered by several of our businesses. Under the new revenue standard, the rewards associated with these programs will be recognized as an additional performance obligation, resulting in an allocation of the transaction price and deferral of revenue until the subsequent reward redemption. We do not expect this change to have a material impact on our consolidated results.

We are continuing to make changes to certain processes and internal controls, in order to address the impacts of the new standard, which we expect to finalize during the first quarter of fiscal 2019. Lastly, we are continuing to evaluate the disclosure requirements of the new standard.

3. 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, 2018			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Interest rate swap contracts	$ 13,370	$ —	$ 13,370	$ —
Currency forward contracts	9,202	—	9,202	—
Currency option contracts	1,782	—	1,782	—
Total assets recorded at fair value	$ 24,354	$ —	$ 24,354	$ —
Liabilities				
Cross-currency swap contracts	$ (25,348)	$ —	$ (25,348)	$ —
Currency forward contracts	(14,201)	—	(14,201)	—
Currency option contracts	(85)	—	(85)	—
Total liabilities recorded at fair value	$ (39,634)	$ —	$ (39,634)	$ —

	June 30, 2017			
	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	$ 1,717	$ —	$ 1,717	$ —
Total assets recorded at fair value	$ 1,717	$ —	$ 1,717	$ —
Liabilities				
Interest rate swap contracts	$ (483)	$ —	$ (483)	$ —
Cross-currency swap contracts	(19,760)	—	(19,760)	—
Currency forward contracts	(14,700)	—	(14,700)	—
Currency option contracts	(651)	—	(651)	—
Contingent consideration	(5,453)	—	—	(5,453)
Total liabilities recorded at fair value	$ (41,047)	$ —	$ (35,594)	$ (5,453)

During the years ended June 30, 2018 and 2017, 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, 2018, 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.

Contingent consideration obligations are measured at fair value and are based on significant inputs not observable in the market, which represents a Level 3 measurement within the fair value hierarchy. The valuation of contingent consideration uses assumptions and estimates to forecast a range of outcomes and probabilities for the contingent consideration. Certain contingent consideration obligations are valued using a Monte Carlo simulation model. We assess these assumptions and estimates on a quarterly basis as additional data impacting the assumptions is obtained. Any changes in the fair value of contingent consideration related to updated assumptions and estimates will be recognized within general and administrative expenses in the consolidated statements of operations during the period in which the change occurs.

Our acquisition of WIRmachenDRUCK on February 1, 2016 included a variable contingent payment up to €40,000 based on the achievement of a cumulative gross profit target for calendar years 2016 and 2017. During the fourth quarter of fiscal 2017, we determined it was reasonably certain, based on recent performance, that the maximum earn-out would be achieved. On January 2, 2018, we paid the maximum amount of €40,000 ($48,069 based on the exchange rate on the day of payment) and $5,951 of the amount paid is considered contingent consideration and included in the table below.

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

	Total Contingent Consideration
Balance at June 30, 2016 (1)	$ 1,212
Fair value adjustment	4,030
Foreign currency impact	211
Balance at June 30, 2017 (1)	$ 5,453
Fair value adjustment	220
Cash payments	(5,951)
Foreign currency impact	278
Balance at June 30, 2018 (1)	$ —

(1) The contingent consideration relates to the WIRmachenDUCK earn-out arrangement, which was paid on January 2, 2018. As of June 30, 2017, contingent consideration was classified as a current liability on the consolidated balance sheet. As of June 30, 2016 the liability was classified as a long-term liability on the consolidated balance sheet.

As of June 30, 2018 and June 30, 2017, 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, 2018 and June 30, 2017 the carrying value of our debt, excluding debt issuance costs and debt discounts, was $839,429 and $882,578, respectively, and the fair value was $847,520 and $906,744, respectively. Our debt at June 30, 2018 includes variable rate debt instruments indexed to LIBOR that resets periodically and fixed rate debt instruments. The estimated fair value of our debt was determined using available market information based on recent trades or activity of debt instruments with substantially similar risks, terms and maturities, which fall within Level 2 under the fair value hierarchy. The estimated fair value of assets and liabilities disclosed above may not be representative of actual values that could have been or will be realized in the future.

4. 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 effective portion of changes in the fair value of the derivative is recorded in accumulated other comprehensive loss and is subsequently reclassified into earnings in the period the hedged forecasted transaction affects earnings. If a derivative is deemed to be ineffective, then the ineffective portion of the change in fair value of the derivative is recognized directly in earnings. The change in the fair value of derivatives not designated as hedges is recognized directly in earnings, as a component of other (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. A portion of six of our interest rate swap contracts was deemed to be ineffective during the year ended June 30, 2018 and during the year ended June 30, 2017 a portion of two of our interest rate swap contracts was deemed to be ineffective.

Amounts reported in accumulated other comprehensive loss related to interest rate swap contracts will be reclassified to interest expense as interest payments are accrued or made on our variable-rate debt. As of June 30, 2018, we estimate that $730 of income will be reclassified from accumulated other comprehensive loss to interest expense during the twelve months ending June 30, 2019. As of June 30, 2018, we had nine outstanding interest rate swap contracts indexed to USD LIBOR. These instruments were designated as cash flow hedges of interest rate risk and have varying start dates and maturity dates through December 2025.

Interest rate swap contracts outstanding:		Notional Amounts
Contracts accruing interest as of June 30, 2018	$	115,000
Contracts with a future start date		300,000
Total	$	415,000

Hedges of Currency Risk

Cross-Currency Swap Contracts

From time to time, we execute cross-currency swap contracts designated as cash flow hedges 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, 2018, we had two outstanding cross-currency swap contracts designated as cash flow hedges with a total notional amount of $120,011, both maturing during June 2019. 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, 2018, we estimate that $1,387 of income will be reclassified from accumulated other comprehensive loss to interest expense, net during the twelve months ending June 30, 2019.

Cross-currency swap contracts designated as net investment hedges are executed to mitigate our currency exposure of net investments in subsidiaries that have reporting currencies other than the U.S. Dollar. As of June 30, 2018, we had two outstanding cross-currency swap contracts designated as net investment hedges with a total notional amount of $122,969, both maturing during April 2019. We entered into the two cross-currency swap contracts to hedge the risk of changes in the U.S. Dollar equivalent value of a portion of our net investment in a consolidated subsidiary that has the Euro as its functional currency. Amounts reported in accumulated other comprehensive loss are recognized as a component of our cumulative translation adjustment.

We did not hold any ineffective cross-currency swaps during the years ended June 30, 2018, 2017 and 2016.

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, 2018, we had six currency forward contracts designated as net investment hedges with a total notional amount of $175,262, maturing during various dates through October 2022. We entered into these contracts to hedge the risk of changes in the U.S. Dollar equivalent value of a portion of our net investment in two consolidated subsidiaries that have Euro as their functional currency. Amounts reported in accumulated other comprehensive loss are recognized as a component of our cumulative translation adjustment.

We have elected to not apply hedge accounting for all other currency forward and option contracts. During the years ended June 30, 2018, 2017 and 2016, 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, 2018, we had the following outstanding currency derivative contracts that were not designated for hedge accounting and were used to hedge fluctuations in the U.S. Dollar value of forecasted transactions denominated in Australian Dollar, British Pound, Canadian Dollar, Danish Krone, Euro, Indian Rupee, Mexican Peso, New Zealand Dollar, Norwegian Krone, Philippine Peso and Swedish Krona:

Notional Amount	Effective Date	Maturity Date	Number of Instruments	Index
$606,461	March 2017 through June 2018	Various dates through June 2020	518	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, 2018 and June 30, 2017. Our derivative asset and liability balances will fluctuate with interest rate and currency exchange rate volatility.

	June 30, 2018							
	Asset Derivatives				Liability Derivatives			
Derivatives designated as hedging instruments	**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 in cash flow hedging relationships								
Interest rate swaps	Other current assets / other assets	$ 13,374	$ (4)	$ 13,370	Other current liabilities / other liabilities	$ —	$ —	$ —
Cross-currency swaps	Other current assets	—	—	—	Other current liabilities	(10,659)	—	(10,659)
Derivatives in net investment hedging relationships								
Cross-currency swaps	Other current assets	—	—	—	Other current liabilities	(14,689)	—	(14,689)
Currency forward contracts	Other non-current assets	—	—	—	Other current liabilities / other liabilities	(13,387)	—	(13,387)
Total derivatives designated as hedging instruments		$ 13,374	$ (4)	$ 13,370		$ (38,735)	$ —	$ (38,735)
Derivatives not designated as hedging instruments								
Currency forward contracts	Other current assets / other assets	$ 10,433	$ (1,231)	$ 9,202	Other current liabilities / other liabilities	$ (1,080)	$ 266	$ (814)
Currency option contracts	Other current assets / other assets	1,782	—	1,782	Other current liabilities / other liabilities	(85)	—	(85)
Total derivatives not designated as hedging instruments		$ 12,215	$ (1,231)	$ 10,984		$ (1,165)	$ 266	$ (899)

Derivatives designated as hedging instruments	June 30, 2017							
	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 in cash flow hedging relationships								
Interest rate swaps	Other non-current assets	$ 2,072	$ (355)	$ 1,717	Other current liabilities / other liabilities	$ (483)	$ —	$ (483)
Cross-currency swaps	Other non-current assets	—	—	—	Other liabilities	(7,640)	—	(7,640)
Derivatives in net investment hedging relationships								
Cross-currency swaps	Other non-current assets	—	—	—	Other liabilities	(12,120)	—	(12,120)
Currency forward contracts	Other non-current assets	—	—	—	Other liabilities	(9,896)	—	(9,896)
Total derivatives designated as hedging instruments		$ 2,072	$ (355)	$ 1,717		$ (30,139)	$ —	$ (30,139)
Derivatives not designated as hedging instruments								
Currency forward contracts	Other current assets / other assets	$ —	$ —	$ —	Other current liabilities / other liabilities	$ (8,033)	$ 3,229	$ (4,804)
Currency option contracts	Other current assets / other assets	—	—	—	Other current liabilities / other liabilities	(651)	—	(651)
Total derivatives not designated as hedging instruments		$ —	$ —	$ —		$ (8,684)	$ 3,229	$ (5,455)

The following table presents the effect of the effective portion of our derivative financial instruments designated as hedging instruments and their classification within comprehensive income (loss) for the years ended June 30, 2018, 2017 and 2016:

Derivatives in Hedging Relationships	Amount of Gain (Loss) Recognized in Comprehensive Income (Loss) on Derivatives		
	Year Ended June 30,		
	2018	2017	2016
Derivatives in cash flow hedging relationships			
Interest rate swaps	$ 8,545	$ 2,287	$ (1,736)
Cross-currency swaps	2,976	(3,584)	(769)
Derivatives in net investment hedging relationships			
Cross-currency swaps	(1,476)	(3,721)	2,951
Currency forward contracts	(3,490)	(8,362)	(81)
	$ 6,555	$ (13,380)	$ 365

The following table presents reclassifications out of accumulated other comprehensive loss for the years ended June 30, 2018, 2017 and 2016:

Details about Accumulated Other Comprehensive Loss Components	Amount of Net Gain (Loss) Reclassified from Accumulated Other Comprehensive Income (Loss) into Income			Affected line item in the Statement of Operations
	Year Ended June 30,			
	2018	2017	2016	
Derivatives in cash flow hedging relationships				
Interest rate swaps	$ 70	$ (205)	$ (947)	Interest expense, net
Cross-currency swaps	(1,379)	(1,621)	(1,171)	Other (expense) income, net
Total before income tax	(1,309)	(1,826)	(2,118)	Income (loss) before income taxes
Income tax	349	457	531	Income tax expense
Total	$ (960)	$ (1,369)	$ (1,587)	

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

	Amount of Gain (Loss) Recognized in Net Income (Loss)			Location of Gain (Loss) Recognized in Income (Ineffective Portion)
	Year Ended June 30,			
	2018	2017	2016	
Derivatives not designated as hedging instruments				
Currency contracts	$ (2,942)	$ 663	$ 14,037	Other (expense) income, net
Interest rate swaps	255	273	(11)	Other (expense) income, net
	$ (2,687)	$ 936	$ 14,026	

5. Accumulated Other Comprehensive Loss

The following table presents a roll forward of amounts recognized in accumulated other comprehensive loss by component, net of tax of $1,371, $(710), and $293 for the years ended June 30, 2018, 2017 and 2016:

	Gains (losses) on cash flow hedges (1)	Gains (losses) on available for sale securities	Gains (losses) on pension benefit obligation	Translation adjustments, net of hedges (2)	Total
Balance as of June 30, 2015	$ (1,405)	$ 2,971	$ (3,112)	$ (97,363)	$ (98,909)
Other comprehensive income (loss) before reclassifications	(2,504)	517	561	(9,267)	(10,693)
Amounts reclassified from accumulated other comprehensive loss to net income (loss)	1,587	—	—	—	1,587
Net current period other comprehensive income (loss)	(917)	517	561	(9,267)	(9,106)
Balance as of June 30, 2016	(2,322)	3,488	(2,551)	(106,630)	(108,015)
Other comprehensive income (loss) before reclassifications	(1,297)	(5,756)	2,194	(4,161)	(9,020)
Amounts reclassified from accumulated other comprehensive loss to net income (loss)	1,369	2,268	—	—	3,637
Net current period other comprehensive income (loss)	72	(3,488)	2,194	(4,161)	(5,383)
Balance as of June 30, 2017	(2,250)	—	(357)	(110,791)	(113,398)
Amounts reclassified from accumulated other comprehensive loss to retained earnings	(116)	—	—	—	(116)
Other comprehensive income (loss) before reclassifications	11,521	—	59	32,782	44,362
Amounts reclassified from accumulated other comprehensive loss to net income (loss)	(960)	—	298	—	(662)
Net current period other comprehensive income (loss)	10,561	—	357	32,782	43,700
Balance as of June 30, 2018	$ 8,195	$ —	$ —	$ (78,009)	$ (69,814)

(1) Gains (losses) on cash flow hedges include our interest rate swap and cross-currency swap contracts designated in cash flow hedging relationships.
(2) As of June 30, 2018, 2017 and 2016, the translation adjustment is inclusive of the effects of our net investment hedges, of which, unrealized losses of $22,014, $17,048, and $4,965 respectively, net of tax, have been included in accumulated other comprehensive loss.

6. Property, Plant, and Equipment, Net

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

	Estimated useful lives	June 30, 2018	June 30, 2017
Land improvements	10 years	$ 3,440	$ 2,235
Building and building improvements	10 - 30 years	310,947	319,822
Machinery and production equipment	4 - 10 years	299,760	274,813
Machinery and production equipment under capital lease	4 - 10 years	67,702	54,673
Computer software and equipment	3 - 5 years	166,523	165,812
Furniture, fixtures and office equipment	5 - 7 years	43,010	41,612
Leasehold improvements	Shorter of lease term or expected life of the asset	53,753	51,582
Construction in progress		11,734	12,240
		956,869	922,789
Less accumulated depreciation, inclusive of assets under capital lease		(505,803)	(443,273)
		451,066	479,516
Land		32,598	32,431
Property, plant, and equipment, net		$ 483,664	$ 511,947

Depreciation expense, inclusive of assets under capital leases, totaled $87,956, $87,145, and $76,435 for the years ended June 30, 2018, 2017 and 2016, respectively.

7. Business Combinations and Divestitures

Fiscal 2018 divestiture

Divestiture of Albumprinter

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

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

Fiscal 2017 acquisition

Acquisition of National Pen Co. LLC

On December 30, 2016, we acquired 100% of the equity interests of National Pen Co. LLC, a manufacturer and marketer of custom writing instruments for small- and medium-sized businesses. At closing, we paid $214,573 in cash, subject to post closing adjustments based on acquired cash, debt and working capital balances. During the third quarter of fiscal 2017, we finalized and received payment for the post closing adjustment, which reduced the purchase price by $1,941. The acquisition supports our strategy to build competitively differentiated supply chain capabilities that we can make available via our mass customization platform, which we bring to market through a portfolio of focused brands. We expect National Pen will also complement our organic investments in technology and supply chain capabilities for promotional products, apparel and gift offerings.

The table below details the consideration transferred to acquire National Pen:

Cash consideration	$ 214,573
Final post closing adjustment	(1,941)
Total purchase price	$ 212,632

The excess purchase price over the fair value of National Pen's net assets was recorded as goodwill, which is primarily attributable to the value of its workforce, its manufacturing and marketing process and know-how, as well as synergies which include leveraging National Pen's scale-based sourcing channels, integrating into our mass customization platform, and supporting the development of its e-commerce platform. We attributed $34,520 of goodwill to the National Pen reportable segment, and allocated $23,200 of goodwill to the Vistaprint segment for certain synergies that are expected to be realized by the Vistaprint segment as a result of the acquisition. The amount of goodwill that is deductible for tax purposes is approximately $19,000.

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

	Amount	Weighted Average Useful Life in Years
Tangible assets acquired and liabilities assumed (1):		
Cash and cash equivalents	$ 8,337	n/a
Accounts receivable, net	20,921	n/a
Inventory	19,854	n/a
Other current assets	11,281	n/a
Property, plant and equipment, net	29,472	n/a
Other non-current assets	1,270	n/a
Accounts payable	(12,590)	n/a
Accrued expenses	(17,805)	n/a
Other current liabilities	(908)	n/a
Deferred tax liabilities	(3,255)	n/a
Long-term liabilities	(9,665)	n/a
Identifiable intangible assets:		
Developed Technology	19,000	6
Trade Name	33,000	11
Customer Relationships	56,000	7
Goodwill	57,720	n/a
Total purchase price	$ 212,632	

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(1) National Pen has materially impacted our working capital balances post-acquisition, resulting in increased accounts receivable, inventory, accounts payable and accrued expenses balances in our consolidated balance sheet.

National Pen Pro Forma Financial Information

National Pen has been included in our consolidated financial statements starting on its acquisition date. The following unaudited pro forma financial information presents our results as if the National Pen acquisition had occurred on July 1, 2015. The pro forma financial information for all periods presented adjusts for the effects of material business combination items, including estimated amortization of acquired intangible assets and transaction related costs. The unaudited pro forma results are not necessarily indicative of what actually would have occurred had the acquisition been in effect for the periods presented as the pre-acquisition results include revenue and profit related to certain operations that are no longer active:

	Year Ended June 30,	
	2017	2016
Pro forma revenue	$ 2,294,347	$ 2,060,426
Pro forma net (loss) income attributable to Cimpress N.V.	(71,084)	41,370

We utilized proceeds from our credit facility in order to finance the acquisition. In connection with the acquisition, we incurred $2,005 in general and administrative expenses during the year ended June 30, 2017, primarily related to legal, financial, and other professional services.

Fiscal 2016 acquisitions

Acquisition of WIRmachenDRUCK GmbH

On February 1, 2016, we acquired 100% of the outstanding shares of WIRmachenDRUCK GmbH, a web-to-print business focused primarily on the German market. At closing, we paid €138,383 ($150,128 based on the exchange rate as of the date of acquisition) in cash and transferred €8,121 ($8,810 based on the exchange rate as of the date of acquisition) in ordinary shares of Cimpress N.V. We paid €1,850 in cash ($2,082 based on the exchange rate on the date of payment) during the fourth quarter of fiscal 2016 as a post-closing adjustment based on WIRmachenDRUCK's net cash and working capital position as of the acquisition date.

In addition, we agreed to a sliding scale earn-out of up to €40,000 ($43,395 based on the exchange rate as of the date of acquisition) based on the achievement of a cumulative gross profit target for calendar years 2016 and 2017. The maximum earn-out was paid in cash during the third quarter of 2018. Refer to Note 9 for additional discussion relating to the earn-out arrangement.

The acquisition supports our strategy to invest in and build customer-focused entrepreneurial, mass customization businesses for the long-term, which we manage in a decentralized and autonomous manner and complements similar previous investments in Europe. WIRmachenDRUCK brings internet-based capabilities that aggregate and route large numbers of small orders to a network of specialized production partners. Their outsourced supply chain model allows them to compete across a vast selection of product types, formats, sizes, finishing options and delivery choices.

Our consolidated financial statements include WIRmachenDRUCK from February 1, 2016, the date of acquisition. WIRmachenDRUCK's revenue included in our consolidated revenues for the year ended June 30, 2016 was $72,620. WIRmachenDRUCK's net income included in our consolidated net income attributable to Cimpress N.V. for the year ended June 30, 2016 was $3,420, inclusive of amortization of identifiable intangible assets but exclusive of earn-out related compensation expense and corporate level interest expense.

The table below details the consideration transferred to acquire WIRmachenDRUCK:

Cash consideration	$ 152,100
Cimpress N.V. shares transferred	8,810
Fair value of contingent consideration	1,185
Total consideration	$ 162,095

The excess of the purchase price paid over the fair value of WIRmachenDRUCK's net assets was recorded as goodwill, which is primarily attributed to expected expansion of the customer base and value of the workforce of WIRmachenDRUCK. Goodwill is not expected to be deductible for tax purposes, and has been attributed to our Upload and Print reportable segment. 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	$ 15,220	n/a
Other current assets	5,231	n/a
Other non-current assets	1,259	n/a
Accounts payable and other current liabilities	(17,566)	n/a
Deferred tax liability	(26,863)	n/a
Identifiable intangible assets:		
Customer relationships	24,952	7
Trade name	24,952	15
Print network	23,867	9
Referral network	10,849	7
Developed technology	8,679	3
Goodwill	91,515	n/a
Total purchase price	$ 162,095	

Other fiscal 2016 acquisitions

During fiscal 2016, we acquired two businesses that were not material to our results either individually or in the aggregate. Complementing our Upload and Print segment, we acquired all of the outstanding capital stock of Tradeprint Distribution Limited (formerly known as Fairprint Distribution Limited) and Litotipografia Alcione S.r.l. on July 31, 2015 and July 29, 2015, respectively. The aggregate consideration for these two acquisitions was $25,547, net of cash acquired. The consideration was allocated to the fair value of the assets acquired and liabilities assumed based on estimated fair values as of the respective acquisition dates. The aggregate allocation to goodwill, intangible assets, and net tangible assets was $9,571, $14,359 and $1,617, respectively. During the third quarter of fiscal 2017 we recognized a charge for the full impairment of goodwill and a portion of the intangible assets related to the Tradeprint reporting unit. Refer to our discussion in Note 8 for additional details of the impairment loss.

Goodwill is calculated as the excess of the consideration over the fair value of the net assets, including intangible assets, and is primarily related to expected synergies from the transactions. The goodwill for these two acquisitions is not deductible for tax purposes, and has been attributed to our Upload and Print reportable segment. The results of these acquisitions have been included in the consolidated financial statements from the date of purchase and were not material for the year ended June 30, 2016. We utilized proceeds from our credit facility to finance our fiscal 2016 acquisitions. In connection with these acquisitions, we incurred transaction costs related to investment banking, legal, financial, and other professional services of $1,289 during the year ended June 30, 2016. We have not presented pro forma results of the operations of the companies we acquired in fiscal 2016 because the effects of the acquired companies are not material to our consolidated financial statements.

8. Goodwill and Acquired Intangible Assets

Goodwill

The carrying amount of goodwill by reportable segment as of June 30, 2018 and June 30, 2017 is as follows:

	Vistaprint	Upload and Print	National Pen	All Other Businesses	Total
Balance as of June 30, 2016	$ 121,752	$ 319,373	$ —	$ 24,880	$ 466,005
Acquisitions (1)	—	—	57,720	—	57,720
Impairments (2)	—	(6,345)	—	—	(6,345)
Adjustments (3)(4)	23,200	(228)	(23,200)	(13,540)	(13,768)
Effect of currency translation adjustments (5)	2,255	9,005	—	91	11,351
Balance as of June 30, 2017	147,207	321,805	34,520	11,431	514,963
Adjustments	(58)	—	(86)	—	(144)
Effect of currency translation adjustments (5)	(942)	6,966	—	—	6,024
Balance as of June 30, 2018	$ 146,207	$ 328,771	$ 34,434	$ 11,431	$ 520,843

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(1) Refer to Note 7 for additional details related to our acquisitions.

(2) In fiscal 2017 we recorded an impairment charge of $6,345 related to our Tradeprint reporting unit. See below for additional details.

(3) We allocated $23,200 of goodwill to the Vistaprint segment for certain synergies that are expected to be realized by the Vistaprint segment as a result of the National Pen acquisition. Refer to Note 7 for additional details.

(4) Our Albumprinter business, part of our All Other Businesses reportable segment, was reclassified as held for sale on the consolidated balance sheet at June 30, 2017. The Albumprinter business was sold during the first quarter of fiscal 2018. Refer to Note 7 for additional details.

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

Impairment Review

Fiscal 2018

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

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

Fiscal 2017

During the third quarter fiscal 2017, we changed the composition of our Tradeprint reporting unit (a part of our Upload and Print reportable segment). This change, when combined with an updated profit outlook that was lower than originally forecasted as of the acquisition date, indicated that it was more likely than not that the fair value of the reporting unit was below the carrying amount.

As required, prior to performing the quantitative goodwill impairment test, we first evaluated the recoverability of the Tradeprint long-lived assets as the change in expected long-term cash flows was indicative of a potential impairment. We performed the recoverability test using undiscounted cash flows for our Tradeprint asset group and concluded that an impairment of long-lived assets existed. We proceeded to estimate the fair value the assets, using an income and cost approach based on market participant assumptions and recognized a partial impairment charge for our acquired intangible assets of $3,211.

Subsequent to performing the long-lived asset impairment test, we performed our goodwill impairment test which resulted in an additional impairment charge of the total goodwill of the Tradeprint reporting unit of $6,345. In order to execute the quantitative goodwill impairment test, we compared the fair value of the Tradeprint reporting unit to its carrying value. 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 believed the income approach most appropriately measured our income producing assets. We considered using the market approach but concluded it was not appropriate in valuing this particular reporting unit given the lack of relevant market comparisons available for application of the market approach. The cash flow projections in the Tradeprint fair value analysis are based on 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 is based on a weighted average cost of capital (“WACC”), which represented the average rate a business must pay its providers of debt and equity, plus a risk premium. The WACC of 11.5% used to test the Tradeprint goodwill was derived from a group of comparable companies.

Acquired Intangible Assets

	June 30, 2018			June 30, 2017		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trade name	$ 99,102	$ (23,821)	$ 75,281	$ 97,728	$ (14,839)	$ 82,889
Developed technology	55,460	(39,218)	16,242	55,423	(28,943)	26,480
Customer relationships	182,545	(70,655)	111,890	179,715	(44,475)	135,240
Customer network and other	16,289	(8,312)	7,977	16,291	(6,185)	10,106
Print network	25,716	(6,905)	18,811	25,171	(3,962)	21,209
Total intangible assets	$ 379,112	$ (148,911)	$ 230,201	$ 374,328	$ (98,404)	$ 275,924

Acquired intangible assets amortization expense for the years ended June 30, 2018, 2017 and 2016 was$49,881, $46,145 and $40,563. During the year ended June 30, 2018, the increase in acquired intangible asset amortization is primarily related to our fiscal 2017 acquisition of National Pen. Estimated intangible assets amortization expense for each of the five succeeding fiscal years is as follows:

2019	$ 42,582
2020	37,967
2021	37,859
2022	36,297
2023	28,386
	$ 183,091

9. Other Balance Sheet Components

Accrued expenses included the following:

	June 30, 2018		June 30, 2017	
Compensation costs	$	57,024	$	54,487
Income and indirect taxes		33,557		34,469
Advertising costs		28,140		26,641
Production costs		8,903		7,472
Shipping costs		5,241		6,651
Sales returns		5,076		4,474
Purchases of property, plant and equipment		4,489		3,786
Professional fees		3,802		3,021
Interest payable		1,653		5,263
Other		38,776		29,303
Total accrued expenses	$	186,661	$	175,567

Other current liabilities included the following:

	June 30, 2018		June 30, 2017	
Short-term derivative liabilities	$	31,054	$	7,243
Current portion of lease financing obligation		12,569		12,569
Current portion of capital lease obligations		10,747		11,573
Contingent earn-out liability (1)		—		44,049
Mandatorily redeemable noncontrolling interest (2)		—		901
Other		601		2,100
Total other current liabilities	$	54,971	$	78,435

Other liabilities included the following:

	June 30, 2018		June 30, 2017	
Long-term capital lease obligations	$	16,883	$	28,306
Long-term derivative liabilities		10,080		31,936
Mandatorily redeemable noncontrolling interest (2)		4,366		2,456
Other (3)		38,195		31,985
Total other liabilities	$	69,524	$	94,683

(1) On January 2, 2018, we paid the WIRmachenDRUCK contingent earn-out liability, refer to the summary below for additional details.
(2) Relates to the mandatorily redeemable noncontrolling interest of Printi LLC. The short-term liability as of June 30, 2017 was redeemed during the fourth quarter of fiscal 2018. Refer to Note 15 for additional details.
(3) As of June 30, 2018 and 2017, other liabilities includes $15,464 and $8,713, respectively, related to share-based compensation awards associated with our investment in Printi LLC. Refer to Note 15 for additional details.

Contingent earn-out liability

Under the original terms of the WIRmachenDRUCK earn-out arrangement, a portion of the earn-out attributed to the minority selling shareholders was included as a component of purchase consideration as of the acquisition date, with any subsequent changes to fair value recognized within general and administrative expense. This earn-out was previously calculated on a sliding scale, based on the achievement of cumulative gross profit against a predetermined target. The liability represented the present value of the agreed payment amount as of the respective date. We recognized $1,774, $32,550 and $1,961 of expense during the years ended June 30, 2018, 2017 and 2016, respectively, as part of general and administrative expense. We paid the maximum amount on January 2, 2018. Refer to Note 3 of the consolidated financial statements for additional details of this payment.

10. Debt

	June 30, 2018	June 30, 2017
Senior secured credit facility	$ 432,414	$ 600,037
7.0% Senior unsecured notes due 2026 (1)	400,000	—
7.0% Senior unsecured notes due 2022 (1)	—	275,000
Other	7,015	7,541
Debt issuance costs and debt discounts (2)	(12,585)	(5,922)
Total debt outstanding, net	826,844	876,656
Less: short-term debt (3)	59,259	28,926
Long-term debt	$ 767,585	$ 847,730

(1) On June 15, 2018, we completed a debt offering of $400,000 in aggregate principal amount of 7.0% senior notes due 2026. We used a portion of the net proceeds of this offering to extinguish the $275,000 of senior notes due 2022 and fund the satisfaction of the indenture governing those notes.

(2) During the year ended June 30, 2018, we capitalized $11,666 in debt issuance costs, which related to the private placement of our 7.0% senior unsecured notes due 2026, as well as the amendment to our senior secured credit facility. We wrote-off $3,164 of unamortized costs related to the redemption of our 7.0% Senior unsecured notes due 2022 and amendment to our senior unsecured credit facility. Refer below for additional details.

(3) Balances as of June 30, 2018 and June 30, 2017 are inclusive of short-term debt issuance costs and debt discounts of $2,012 and $1,693, respectively.

Our Debt

Our various debt arrangements described below contain customary representations, warranties and events of default. As of June 30, 2018, we were in compliance with all financial and other covenants related to our debt.

Indenture and Senior Unsecured Notes

On June 15, 2018, we completed a private placement of $400,000 in aggregate principal amount of 7.0% senior unsecured notes due 2026 (the “2026 Notes”). We issued the 2026 Notes pursuant to a senior notes indenture dated as of June 15, 2018, among Cimpress N.V., our subsidiary guarantors, and MUFG Union Bank, N.A., as trustee (the "Indenture"). We used a portion of the net proceeds from the 2026 Notes to redeem all of the outstanding 7.0% senior unsecured notes due 2022 at a redemption price equal to 105.25% of the principal amount and all accrued unpaid interest. As a result of the redemption, we incurred a loss on the extinguishment of debt of $17,359, which included the early redemption premium of $14,438 and the write-off of unamortized debt issuance costs of $2,921. The remaining proceeds were used to repay a portion of the indebtedness outstanding under our revolving credit facility and pay all related fees and expenses.

The 2026 Notes bear interest at a rate of 7.0% per annum and mature on June 15, 2026. Interest on the Notes is payable semi-annually on June 15 and December 15 of each year, commencing on December 15, 2018, to the holders of record of the 2026 Notes at the close of business on June 1 and December 1, respectively, preceding such interest payment date.

The 2026 Notes are senior unsecured obligations and rank equally in right of payment to all our existing and future senior unsecured debt and senior in right of payment to all of our existing and future subordinated debt. The Notes are effectively subordinated to any of our existing and future secured debt to the extent of the value of the assets securing such debt. Subject to certain exceptions, each of our existing and future subsidiaries that is a borrower under or guarantees our senior secured credit facilities will guarantee the 2026 Notes.

The indenture under which the 2026 Notes are issued contains various covenants, including covenants that, subject to certain exceptions, limit our and our restricted subsidiaries’ ability to incur and/or guarantee additional debt; pay dividends, repurchase shares or make certain other restricted payments; enter into agreements limiting dividends and certain other restricted payments; prepay, redeem or repurchase subordinated debt; grant liens on assets; enter into sale and leaseback transactions; merge, consolidate or transfer or dispose of substantially all of our consolidated assets; sell, transfer or otherwise dispose of property and assets; and engage in transactions with affiliates.

We have the right to redeem, at any time prior to June 15, 2021, some or all of the 2026 Notes at a redemption price equal to 100% of the principal amount redeemed, plus a make-whole amount as set forth in the Indenture, plus, in each case, accrued and unpaid interest to, but not including, the redemption date. In addition, we have the right to redeem, at any time prior to June 15, 2021, up to 40% of the aggregate outstanding principal amount of the 2026 Notes at a redemption price equal to 107% of the principal amount thereof, plus accrued and unpaid interest to, but not including, the redemption date, with the net proceeds of certain equity offerings by Cimpress. At any time on or after June 15, 2021, we may redeem some or all of the Notes at the redemption prices specified in the Indenture, plus accrued and unpaid interest to, but not including, the redemption date.

Senior Secured Credit Facility

On June 14, 2018, we entered into an amendment to our senior secured credit facility resulting in an increase to aggregate loan commitments under the credit agreement to a total of $1,128,172. The amendment also extended the tenor of our borrowings to a maturity date of June 14, 2023 and changed some additional terms.

As of June 30, 2018, we have a committed credit facility of $1,124,422 as follows:

- Revolving loans of $839,422 with a maturity date of June 14, 2023
- Term loan of $285,000 amortizing over the loan period, with a final maturity date of June 14, 2023

Under the terms of our credit agreement, borrowings bear interest at a variable rate of interest based on LIBOR plus 1.375% to 2.0%. Interest rates prior to and after the amendment depend on our leverage ratio, which is the ratio of our consolidated total indebtedness to our consolidated EBITDA, as defined by the credit agreement. As of June 30, 2018, the weighted-average interest rate on outstanding borrowings was 3.77%, inclusive of interest rate swap rates. We are also required to pay a commitment fee on unused balances of 0.225% to 0.35% depending on our leverage ratio. We have pledged the assets and/or share capital of several of our subsidiaries as collateral for our outstanding debt as of June 30, 2018.

Our credit agreement contains financial and other covenants, including but not limited to limitations on (1) our incurrence of additional indebtedness and liens, (2) the consummation of certain fundamental organizational changes or intercompany activities, for example acquisitions, (3) investments and restricted payments including the amount of purchases of our ordinary shares or payments of dividends, and (4) the amount of consolidated capital expenditures that we may make in each of our fiscal years through June 30, 2023. The credit agreement also contains financial covenants calculated on a trailing twelve month, or TTM, basis that:

- our consolidated leverage ratio, which is the ratio of our consolidated indebtedness (*) to our TTM consolidated EBITDA (*), will not exceed 4.75, but may, on no more than three occasions during the term of the Credit Agreement, be increased to 5.00 for four consecutive quarters for certain permitted acquisitions;
- our senior secured leverage ratio, which is the ratio of our consolidated senior secured indebtedness (*) to our TTM consolidated EBITDA (*), will not exceed 3.25 to 1.00, but may, on no more than three occasions during the term of the Credit Agreement, be increased to 3.50 for four consecutive quarters for certain permitted acquisitions.
- our interest coverage ratio, which is the ratio of our consolidated EBITDA (*) to our consolidated interest expense, will be at least 3.00.

(*) The definitions of EBITDA and consolidated indebtedness are maintained in our credit agreement included as an exhibit to our Form 8-K filed on June 18, 2018.

Other debt

Other debt consists primarily of term loans acquired through our various acquisitions. As of June 30, 2018 and June 30, 2017 we had $7,015 and $7,541, respectively, outstanding for those obligations that are payable through September 2024.

11. Shareholders’ Equity

Treasury shares

On March 22, 2017, we announced that our Supervisory Board authorized the purchase of up to 6,300,000 of our ordinary shares and during the year ended June 30, 2018, we purchased 452,820 shares under this authorization for a cost of $40,674. On November 14, 2017, our Supervisory Board authorized the repurchase of up to 6,300,000 of our ordinary shares, which replaced the previous authorization. During the year ended June 30, 2018, we purchased 442,557 shares under this authorization for a cost of $54,036.

Share-based awards

The 2016 Performance Equity Plan (the "2016 Plan") became effective upon shareholder approval on May 27, 2016 and allows us to grant PSUs, entitling the recipient to receive Cimpress ordinary shares based upon continued service to Cimpress and the achievement of objective, predetermined appreciation of Cimpress' three-year moving average share price. We may grant PSUs under the 2016 Plan to our employees, officers, directors (including members of the Management and Supervisory Boards), consultants, and advisors. Subject to adjustment in the event of stock splits, stock dividends and other similar events, we may make awards under the 2016 Plan for up to 8,000,000 of our ordinary shares.

The 2011 Equity Incentive Plan (the “2011 Plan”) became effective upon shareholder approval on June 30, 2011 and allows us to grant share options, share appreciation rights, restricted shares, restricted share units and other awards based on our ordinary shares to our employees, officers, non-employee directors, consultants and advisors. Among other terms, the 2011 Plan requires that the exercise price of any share option or share appreciation right granted under the 2011 Plan be at least 100% of the fair market value of the ordinary shares on the date of grant; limits the term of any share option or share appreciation right to a maximum period of 10 years; provides that shares underlying outstanding awards under the Amended and Restated 2005 Equity Incentive Plan that are canceled, forfeited, expired or otherwise terminated without having been issued in full will become available for the grant of new awards under the 2011 Plan; and prohibits the repricing of any share options or share appreciation rights without shareholder approval. In addition, the 2011 Plan provides that the number of ordinary shares available for issuance under the plan will be reduced by (i) 1.56 ordinary shares for each share subject to a restricted share or other share-based award with a per share or per unit purchase price lower than 100% of the fair market value of the ordinary shares on the date of grant and (ii) one ordinary share for each share subject to any other award under the 2011 Plan.

Our 2005 Non-Employee Directors’ Share Option Plan allows us to grant share options to our non-employee directors upon initial appointment as a director and annually thereafter in connection with our annual general meeting of shareholders if they are continuing to serve as a director at such time. We also have two additional plans with outstanding awards from which we will not grant any additional awards.

An aggregate of 8,771,434 ordinary shares were available for future awards under all of our share-based award plans as of June 30, 2018. For PSUs under our 2016 Plan, we assumed that we would issue ordinary shares equal to 250% of the outstanding PSUs, which is the maximum potential share issuance. A combination of new shares and treasury shares has historically been used in fulfillment of our share based awards.

Share options

We have 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 vest over 3 years for non-employee supervisory 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 2018 or 2017. Weighted-average values used for option awards in fiscal 2016 were as follows:

	Year Ended June 30,
	2016
Risk-free interest rate	1.84%
Expected dividend yield	—%
Expected term (years)	6.00
Expected volatility	47%
Weighted average fair value of options granted	$ 38.18

A summary of our share option activity and related information for the year ended June 30, 2018 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	2,138,426	$ 46.68	2.6	
Granted	—	—		
Exercised	(485,323)	39.63		
Forfeited/expired	(1,795)	57.67		
Outstanding at the end of the period	1,651,308	$ 48.74	1.9	$ 158,887
Exercisable at the end of the period	1,563,489	$ 48.64	1.9	$ 150,589

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, 2018. The total intrinsic value of options exercised during the fiscal years ended June 30, 2018, 2017 and 2016 was $46,853, $25,566, and $5,494, respectively.

Performance share units - 2016 Performance Equity Plan

We began granting PSUs under our 2016 Plan during the first quarter of fiscal 2017. The PSU awards entitle the recipient to receive Cimpress ordinary shares between 0% and 250% of the number of units, based upon continued service to Cimpress and the achievement of a compounded annual growth rate target based on Cimpress' three-year moving average share price that will be assessed annually in years 6 - 10 following the grant date. The fair value of the PSUs is based on a Monte Carlo simulation, and the resulting expense is recognized on an accelerated basis over the requisite service period.

During the first quarter of fiscal 2018, we issued supplemental performance share unit awards to certain members of management. In addition to a service vesting and market condition (based on the three year moving average of the Cimpress share price) contained in our PSUs, these supplemental awards also contain a multi-year financial performance condition. The evaluation of achievement of the performance condition is at the discretion of the Compensation Committee and, therefore, the awards are subject to mark-to-market accounting throughout the three year performance vesting period. As of June 30, 2018, we concluded that the achievement of the performance condition is probable.

A summary of our PSU activity and related information for the fiscal year ended June 30, 2018 is as follows:

	PSUs	Weighted-Average Grant Date Fair Value	Aggregate Intrinsic Value
Outstanding at the beginning of the period	375,038	$ 123.06	
Granted	361,582	115.02	
Vested and distributed	—	—	
Forfeited	(55,857)	120.04	
Outstanding at the end of the period	680,763	$ 119.04	$ 98,683

The weighted average fair value of PSUs granted during the fiscal years ended June 30, 2018 and 2017, was $115.02 and $123.51, respectively. The total intrinsic value of PSUs outstanding at the fiscal years ended June 30, 2018 and 2017, was $98,683 and $35,452, respectively. As of June 30, 2018, 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 1,701,908 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 2 years for non-employee directors and over 4 years for employees. For awards with a performance condition, we recognize compensation cost on an accelerated basis over the requisite service period when achievement of the performance condition is deemed probable. As of June 30, 2018, we had 156,000 RSUs outstanding that were subject to various performance conditions. In July 2018, 140,000 of these RSUs were forfeited and the remaining shares vested during that period.

A summary of our RSU activity and related information for the fiscal year ended June 30, 2018 is as follows:

	RSUs	Weighted-Average Grant Date Fair Value	Aggregate Intrinsic Value
Unvested at the beginning of the period	334,370	$ 74.57	
Granted	—	—	
Vested and distributed	(98,039)	69.03	
Forfeited	(26,463)	78.39	
Unvested at the end of the period	209,868	$ 76.67	$ 30,422

The weighted average fair value of RSUs granted during the fiscal years ended June 30, 2017 and 2016 was $97.25 and $75.63, respectively. We did not grant any RSUs during the fiscal year ended June 30, 2018. The total intrinsic value of RSUs vested during the fiscal years ended June 30, 2018, 2017 and 2016 was $11,581, $21,130 and $21,810, respectively.

Restricted share awards

As part of our acquisition of Tradeprint during the first quarter of fiscal 2016, we issued 65,050 restricted ordinary shares. The fair value of the RSAs was determined based on our share price on the date of grant and is recognized as share-based compensation expense over the applicable service period. These awards generally vest over a 2 to 4 year period.

A summary of our RSA activity and related information for the fiscal year ended June 30, 2018 is as follows:

	RSAs	Weighted-Average Grant Date Fair Value	Aggregate Intrinsic Value
Unvested at the beginning of the period	12,437	$ 64.53	
Granted	—	—	
Vested and distributed	(4,146)	64.53	
Forfeited	—	—	
Unvested at the end of the period	8,291	$ 64.53	$ 1,202

Share-based compensation

Total share-based compensation costs were $50,466, $48,627 and $23,828 for the years ended June 30, 2018, 2017 and 2016, respectively, and we elected to recognize the impact of forfeitures as they occur. During the year ended June 30, 2018, we recognized $13,503 of share-based compensation expense related to the supplemental performance units issued during fiscal 2018.

From time to time we issue awards that are considered liability-based awards as they are settleable in cash. As of June 30, 2018, we have a liability-based award associated with our Printi LLC investment, accrued as part of other liabilities in the amount of $15,464. Refer to Note 15 for additional details.

Share-based compensation costs capitalized as part of software and website development costs were $1,607, $1,546 and $832 for the years ended June 30, 2018, 2017 and 2016, respectively.

As of June 30, 2018, there was $36,213 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 1.6 years.

12. 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.

We expensed $11,723, $11,691 and $9,073 for our government-mandated and defined contribution plans in the years ended June 30, 2018, 2017 and 2016, 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, 2018 and 2017, the plan had an unfunded net pension obligation of approximately $1,268 and $1,658, respectively, and plan assets which totaled approximately $3,050 and $3,920, respectively. For the years ended June 30, 2018, 2017 and 2016 we recognized expense totaling $55, $1,191, and $1,820, respectively, related to our Swiss plan.

13. Income Taxes

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

	Year Ended June 30,		
	2018	2017	2016
U.S.	$ 9,183	$ 13,390	$ 23,057
Non-U.S.	57,183	(92,707)	43,038
Total	$ 66,366	$ (79,317)	$ 66,095

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

	Year Ended June 30,		
	2018	2017	2016
Current:			
U.S. Federal	$ 446	$ (1,144)	$ 7,915
U.S. State	(117)	1,344	116
Non-U.S.	33,065	26,191	23,164
Total current	33,394	26,391	31,195
Deferred:			
U.S. Federal	(6,673)	(1,999)	(2,353)
U.S. State	2,306	(1,497)	13
Non-U.S.	(9,449)	(30,013)	(13,171)
Total deferred	(13,816)	(33,509)	(15,511)
Total	$ 19,578	$ (7,118)	$ 15,684

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

	Year Ended June 30,		
	2018	2017	2016
U.S. federal statutory income tax rate	28.0 %	35.0 %	35.0 %
State taxes, net of federal effect	(2.4)	(0.1)	0.1
Tax rate differential on non-U.S. earnings	(1.3)	(15.5)	(35.7)
Goodwill impairment	—	(1.6)	16.1
Gain on sale of subsidiary	4.0	0.4	—
Compensation related items	(15.1)	7.4	(2.2)
Change in valuation allowance	6.7	(21.9)	26.9
Nondeductible acquisition-related payments	3.6	(18.0)	4.0
U.S. tax reform	10.4	—	—
Notional interest deduction (Italy)	(1.9)	5.0	(5.3)
Net tax benefit on intellectual property transfer	—	13.8	(17.7)
Bonus depreciation	(1.9)	0.5	—
Tax on unremitted earnings	0.7	(1.6)	4.6
Nondeductible interest expense	2.9	(1.3)	0.2
Tax credits and incentives	(4.8)	7.1	(4.0)
Other	0.6	(0.2)	1.7
Effective income tax rate	29.5 %	9.0 %	23.7 %

For the year ended June 30, 2018, our U.S. federal statutory tax rate was reduced from 35% to 28% as a result of the passage of U.S. tax reform during our second quarter of fiscal year 2018. Our effective tax rate for the year was slightly above our U.S. federal statutory tax rate primarily as a result of one-time tax adjustments described below. Excluding these adjustments, our effective tax rate would have been lower than the U.S. federal statutory tax rate primarily due to the majority of our pretax income being earned in jurisdictions outside the U.S. where the applicable tax rates are lower than the U.S. federal statutory tax rate. The jurisdictions that have the most significant impact to our non-U.S. tax provision include Australia, Canada, France, Germany, Ireland, Italy, the Netherlands, Spain and Switzerland. The applicable tax rates in these jurisdictions range from 10% - 34%. 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, 2018, our effective tax rate was 29.5% as compared to the prior year effective tax rate of 9.0%. The increase in our effective tax rate as compared to the prior year is primarily due to a less favorable geographic mix on increased profits, the unfavorable impact to our deferred tax assets as a result of U.S. tax reform, and the adoption of ASU 2016-16 that is described further below. If we had not adopted ASU 2016-16 in fiscal year 2018, tax expense would have been lower by $8,363. In addition, we recognized a reduction to our deferred tax assets of $4,908 related to expected future changes to our U.S. state apportionment. These impacts were offset by increased share based compensation tax benefits of $12,802 as compared to $8,003 in fiscal 2017. Our fiscal year 2017 effective tax rate was lower than fiscal year 2016 due primarily to a consolidated loss and more favorable geographical mix of earnings in fiscal 2017 as compared to fiscal 2016. In addition, we recorded a larger goodwill impairment charge in fiscal year 2016 as compared to fiscal year 2017, which is non-deductible for tax purposes. This was offset by increased nondeductible acquisition-related charges in fiscal year 2017 as compared to fiscal year 2016.

On December 22, 2017, H.R.1, originally known as the Tax Cuts and Jobs Act, ("The Act"), was signed into law, resulting in significant changes to U.S. federal tax law for corporations. Among these changes was the immediate reduction in the federal statutory tax rate from 35% to 21%. The impact of The Act to our fiscal 2018 tax provision was $5,752 of additional tax expense, primarily due to a one-time reduction to our existing U.S. deferred tax assets. In addition, we expect some impact on our future taxes as it relates to certain other aspects of The Act, including limitations on the deductibility of executive share-based compensation awards, U.S. interest expense and meals and entertainment expenses as well as immediate expensing of certain fixed assets. Due to our current operating structure, we expect many of the international aspects of The Act will have little to no effect on our tax

balances in the future including, but not limited to, the mandatory one-time deemed repatriation tax on accumulated non-U.S. earnings ("Transition Tax") and the base-erosion anti-avoidance tax on excessive payments to non-U.S. related parties ("BEAT").

In response to The Act, the Securities and Exchange Commission issued Staff Accounting Bulletin 118 ("SAB 118"), to address the application of U.S. GAAP in situations where a company does not have the necessary information available, prepared, or analyzed (including computations) in reasonable detail to complete the accounting for certain income tax effects of The Act. SAB 118 allows us to record provisional amounts during a measurement period not to extend beyond one year of the enactment date. Our tax balances have been adjusted based upon our interpretation of The Act, although the final impact on our tax balances may change due to the issuance of additional guidance, changes in our interpretation of The Act, changes in assumptions made by Cimpress, and actions Cimpress may take as a result of The Act. There have been no material changes to our tax balances as of June 30, 2018 as a result of changes to our interpretation of nor the issuance of new guidance on The Act. We will continue to review and assess the potential impact of any new information on our financial statement positions.

In the first quarter of fiscal year 2018, we elected to early adopt ASU 2016-16, "Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory," which requires the immediate recognition for income tax consequences of an intra-entity transfer of assets other than inventory when the transfer occurs. Under the prior accounting rules, any resulting gain or loss and immediate tax impact on an intra-entity transfer is eliminated and not recognized in the consolidated financial statements. Instead, the tax effects are deferred and recognized over the economic lives of the transferred assets. The adoption of ASU 2016-16 has a significant impact to our tax balances, primarily as it relates to transfers of intellectual property from subsidiaries within the Cimpress group to our subsidiary based in Switzerland. Our subsidiary based in Switzerland is entitled to amortize the fair market value of the intellectual property received over five years for Swiss tax purposes. Following the adoption of ASU 2016-16, we eliminated $24,573 of tax assets associated with the deferred tax costs of the transferor entities and recorded $18,710 of deferred tax asset for the unamortized value of intellectual property of our subsidiary in Switzerland, with a cumulative-effect adjustment to retained earnings of $5,863. The intellectual property amortization will reduce our deferred tax asset and will no longer impact our effective tax rate in fiscal 2018 and beyond. The net tax benefit recognized under the prior accounting associated with the amortization of the intellectual property was $12,926 and $12,764 in fiscal years 2017 and 2016, respectively and is included in the line "Net tax benefit on intellectual property transfer" in the above tax rate reconciliation table.

In fiscal 2016 we adopted ASU No. 2016-09, "Compensation - Stock Compensation (Topic 718): Improvement to Employee Share-Based Payment Accounting." This resulted in tax benefits of $12,802, $8,003 and $3,456 recognized in income tax expense (benefit) in the consolidated statement of operations for the years ended June 30, 2018, 2017 and 2016, respectively, which previously would have been recognized in additional paid-in capital in the consolidated balance sheet.

In fiscal 2012, one of our subsidiaries purchased certain intellectual property and intangible assets of Webs, Inc. We elected to fund the transfer of these assets using an installment obligation payable over a 7.5-year period, and accordingly we recorded a deferred tax liability for the entire tax liability owed but not yet paid as of the date of the transaction. Refer to Note 17 for additional information regarding this obligation.

Significant components of our deferred income tax assets and liabilities consisted of the following at June 30, 2018 and 2017:

	Year Ended June 30,	
	2018	2017
Deferred tax assets:		
Net operating loss carryforwards	$ 94,925	$ 85,728
Depreciation and amortization	3,211	2,331
Accrued expenses	6,023	6,478
Share-based compensation	17,194	20,999
Credit and other carryforwards	6,649	2,688
Derivative financial instruments	7,552	7,121
Other	3,206	3,060
Subtotal	138,760	128,405
Valuation allowance	(58,716)	(56,953)
Total deferred tax assets	80,044	71,452
Deferred tax liabilities:		
Depreciation and amortization	(54,102)	(71,477)
IP installment obligation	(2,103)	(6,460)
Tax on unremitted earnings	(4,592)	(4,374)
Derivative financial instruments	(1,034)	—
Other	(2,369)	(1,880)
Total deferred tax liabilities	(64,200)	(84,191)
Net deferred tax assets (liabilities)	$ 15,844	$ (12,739)

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 incurred in certain jurisdictions (mainly Brazil, China, India, and Japan) for which management has determined, based on current profitability projections, that it is more likely than not that these losses will not be utilized within the applicable carryforward periods available under local law. In addition, we recognized a decrease in our valuation allowance related to the utilization of Dutch net operating losses against the taxable gain from the sale of our Albumprinter business.

We have not recorded a valuation allowance against $44,092 of deferred tax asset associated with current and prior year tax losses generated in Switzerland. Management believes there is sufficient positive evidence in the form of historical and future projected profitability to conclude that it is more likely than not that all of the losses in Switzerland will be utilized against future taxable profits within the available carryforward period. Our assessment is reliant on the attainment of our future operating profit goals. Failure to achieve these operating profit goals may change our assessment of this deferred tax asset, and such change would result in an additional valuation allowance and an increase in income tax expense to be recorded in the period of the change in assessment. We will continue to review our forecasts and profitability trends on a quarterly basis.

We have recorded a full valuation allowance against $7,552 of deferred tax asset related to an interest rate derivative instrument for which management has determined, based on current profitability projections, that it is more likely than not that 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 a partial valuation allowance of $2,311 against a deferred tax asset related to U.S. state research and development credits for which management has determined that it is more likely than not that these credits will not be utilized within the applicable carryforward periods available under local law.

No valuation allowance has been recorded against the $17,194 deferred tax asset associated with share-based compensation charges at June 30, 2018. However, in the future, if the underlying awards expire, are

released or are exercised with an intrinsic value less than the fair value of the awards on the date of grant, some or all of the benefit may not be realizable.

Based on the weight of available evidence at June 30, 2018, 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, 2018 is as follows:

Balance at June 30, 2017	$	56,953
Charges to earnings (1)		3,171
Charges to other accounts (2)		(1,408)
Balance at June 30, 2018	$	58,716

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(1) Amount is primarily related to U.S. state research and development credits and non-U.S. net operating losses.

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

The increase in net deferred tax assets during fiscal 2018 is primarily attributable to the adoption of ASU 2016-16 and increased tax losses in Switzerland, offset by the impact of U.S. tax reform.

As of June 30, 2018, we had gross U.S. federal and state net operating losses of approximately $2,348 that expire on various dates from fiscal 2030 through fiscal 2038. We had gross non-U.S. net operating loss and other carryforwards of $621,297, a significant amount of which begin to expire in fiscal 2021, with the remaining amounts expiring on various dates from fiscal 2019 through fiscal 2038 or with unlimited carryforward. In addition, we have $6,649 of tax credit carryforwards primarily related to U.S. federal and state research and development credits expiring on various dates beginning in fiscal 2030. The benefits of these carryforwards are dependent upon the generation of taxable income in the jurisdictions where they arose.

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; and (ii) the tax consequences of any decision to reinvest earnings of any subsidiary. As of June 30, 2018, no tax provision has been made for $29,406 of undistributed earnings of certain of our subsidiaries as these earnings are considered indefinitely reinvested. If, in the future, we decide to repatriate the undistributed earnings from these subsidiaries in the form of dividends or otherwise, we could be subject to withholding taxes payable in the range of $7,000 to $8,000 at that time. A cumulative deferred tax liability of $4,592 has been recorded attributable to undistributed earnings that we have deemed are no longer indefinitely reinvested. The remaining undistributed earnings of our subsidiaries are not deemed to be indefinitely reinvested and can be repatriated at no tax cost. Accordingly, there has been no provision for income or withholding taxes on these earnings.

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

Balance June 30, 2015	$	5,710
Additions based on tax positions related to the current tax year		328
Additions based on tax positions related to prior tax years		132
Reductions based on tax positions related to prior tax years		(363)
Reductions due to audit settlements		(1,129)
Reductions due to lapse of statute of limitations		(429)
Balance June 30, 2016		4,249
Additions based on tax positions related to the current tax year		632
Additions based on tax positions related to prior tax years		1,580
Reductions based on tax positions related to prior tax years		(30)
Reductions due to audit settlements		(1,048)
Balance June 30, 2017		5,383
Additions based on tax positions related to the current tax year		612
Additions based on tax positions related to prior tax years		93
Reductions based on tax positions related to prior tax years		(261)
Reductions due to audit settlements		(31)
Reductions due to lapse of statute of limitations		(1,105)
Cumulative translation adjustment		14
Balance June 30, 2018	$	4,705

For the year ended June 30, 2018, the amount of unrecognized tax benefits (exclusive of interest) that, if recognized, would impact the effective tax rate is $4,442. 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, 2018, 2017 and 2016 were $448, $384 and $142, respectively. It is reasonably possible that a further change in unrecognized tax benefits in the range of $700 to $900 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 2015 through 2017 remain open for examination by the United States Internal Revenue Service (“IRS”) and the years 2012 through 2017 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.

14. Noncontrolling Interests

In certain of our strategic investments we own a controlling equity stake, but a third party 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.

Redeemable noncontrolling interests

On April 15, 2015, we acquired 70% of the outstanding shares of Exagroup SAS. The remaining 30% is considered a redeemable noncontrolling equity interest, as it is redeemable in the future and not solely within our

control. The Exagroup noncontrolling interest, redeemable at a fixed amount of €39,000, was recorded at its fair value as of the acquisition date and will be adjusted to its redemption value on a periodic basis, if that amount exceeds its carrying value. As of June 30, 2018, the redemption value was less than the carrying value, and therefore no adjustment was required.

On August 23, 2017, we sold approximately 12% of the outstanding shares of our WIRmachenDRUCK subsidiary for a total of €30,000 ($35,390 based on the exchange rate on the date we received the proceeds). The minority equity interest is considered a redeemable noncontrolling interest, as it is redeemable for cash based on future financial results through put and call rights and not solely within our control. The noncontrolling interest was recorded at its fair value as of the sale date and will be adjusted to its redemption value on a periodic basis, with an offset to retained earnings, if that amount exceeds its carrying value. If the formulaic redemption value exceeds the fair value of the noncontrolling interest, then the accretion to redemption value will be offset to the net (income) loss attributable to noncontrolling interest in our consolidated statement of operations. As of June 30, 2018, the redemption value was less than the carrying value, and therefore no adjustment was required.

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

	Redeemable noncontrolling interests	Noncontrolling interest
Balance as of June 30, 2016	$ 65,301	$ 351
Capital contribution from noncontrolling interest	1,404	—
Accretion to redemption value recognized in net loss attributable to noncontrolling interest (1)	372	—
Net (loss) income attributable to noncontrolling interest	(864)	4
Purchase of noncontrolling interests (2)	(20,299)	—
Sale of noncontrolling interest	—	(90)
Foreign currency translation	(502)	(52)
Balance as of June 30, 2017	45,412	213
Net income attributable to noncontrolling interest	2,983	72
Proceeds from sale of noncontrolling interest	35,390	—
Foreign currency translation	2,366	—
Balance as of June 30, 2018	$ 86,151	$ 285

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(1) Accretion to redemption value recognized in net loss attributable to noncontrolling interest is the result of the redemption amount estimated to be greater than both the carrying value and fair value of the noncontrolling interest.
(2) During fiscal 2017, we purchased the Pixartprinting and Japanese joint venture noncontrolling interests for $10,947 and $9,352, respectively.

15. Variable Interest Entity ("VIE")

On August 7, 2014, we made a capital investment in Printi LLC, which operates in Brazil. This investment provided us access to a new market and the opportunity to drive longer-term growth in Brazil and other geographies as Printi expands internationally in the future. The shareholders of Printi share profits and voting control on a pro-rata basis. While we do not manage the day-to-day operations of Printi, we do have the unilateral ability to exercise participating voting rights for specific transactions, and as such no one shareholder is considered to be the primary beneficiary. Based upon the level of equity investment at risk, Printi is considered a variable interest entity. Due to certain unilateral participating voting rights for certain transactions and the presence of a de facto agency relationship, we concluded that we were most exposed to the variability of the economics and therefore considered the primary beneficiary.

During fiscal 2018, we purchased an additional 3.7% economic interest for $1,144, resulting in a 53.69% equity interest as of June 30, 2018. In addition, we will acquire the remaining equity interest in Printi through a reciprocal put and call structure, exercisable from March 31, 2021 through a mandatory redemption date of July 31, 2023. As the remaining equity interests are mandatorily redeemable by all parties no later than a specified future date, the noncontrolling interest is within the scope of ASC 480 - "Distinguishing Liabilities from Equity" and is required to be presented as a liability on our consolidated balance sheet. As of June 30, 2018 and 2017, we adjusted the liability to fair value of $4,366 and $3,357, respectively, using an option pricing model. The offsetting adjustments were recognized within interest expense, net during the year ended June 30, 2018 and additional paid in capital during the year ended June 30, 2017. During the year ended June 30, 2018, we recognized $2,153 within interest expense, net. We will continue to adjust the liability to its estimated redemption value each reporting period and recognize any changes within interest expense, net in our consolidated statement of operations.

We also have liability-based awards for Printi restricted stock held by Printi employees that are fully vested and marked to fair value each reporting period until cash settlement. As of June 30, 2018, through the use of an option pricing model, we estimated the current fair value of the restricted stock to be $15,464 and we have recognized $6,792, $5,803 and $1,517 in general and administrative expense for the years ended June 30, 2018, 2017 and 2016.

We also have an arrangement to lend two Printi equity holders up to $24,000 that is payable on the date the put or call option is exercised, which will occur no later than July 31, 2023. As of June 30, 2018, the long-term loan receivable, including accrued interest, is $22,234 and classified within other assets in our consolidated balance sheets. We did not have a long-term loan receivable as of June 30, 2017. The loans carry 8.5% annual interest, and are not contingent upon continued employment. We expect that the loan proceeds will be used to offset our purchase of the remaining noncontrolling interest in the future.

16. 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, 2018, we have numerous operating segments under our management reporting structure which are reported in the following four reportable segments:

- *Vistaprint* - Includes the operations of our Vistaprint websites focused on the North America, Europe, Australia and New Zealand markets, and our Webs-branded business, which is managed with the Vistaprint-branded digital business in the previously listed geographies.
- *Upload and Print* - Includes the results of our druck.at, Easyflyer, Exagroup, Pixartprinting, Printdeal, Tradeprint, and WIRmachenDRUCK businesses.
- *National Pen* - Includes the global operations of our National Pen businesses, which manufacture and market custom writing instruments and promotional products, apparel and gifts.
- *All Other Businesses* - Includes the operations of our Printi, Vistaprint India, Vistaprint Japan and Corporate Solutions businesses. Printi is an online print business that operates primarily in the Brazil market, but is also expanding into the U.S. market. In Japan and India, we primarily operate under close derivatives of the Vistaprint business model and technology, albeit with decentralized, locally managed cross-functional operations in each country, and with product, content and service offerings which we tailor to the Japanese and Indian markets. Our Vistaprint Corporate Solutions business serves medium-sized businesses and larger corporations, as well as our legacy business with retail partners and franchise businesses, primarily through the "Vistaprint Corporate" brand. Our All Other Businesses segment also includes Albumprinter results through the divestiture date of August 31, 2017.

Central and corporate consists 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 Supervisory Board, 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.

During the first quarter of fiscal 2018, we began presenting inter-segment fulfillment activity as revenue for the fulfilling business for purposes of measuring and reporting our segment financial performance. Any historical inter-segment fulfillment transactions were previously recognized as cost relief for the fulfilling business unit in our presentation to the CODM. We now recognize these transactions as inter-segment revenue for presentation to the CODM; for example, a third-party customer order received by our Corporate Solutions business that is fulfilled at one of our Vistaprint production facilities is recognized as inter-segment revenue for our Vistaprint business based on pricing and terms agreed upon between segment management. Inter-segment revenues are recognized only for transactions between our reportable segments and do not include any transactions between businesses within a reportable segment, which are eliminated within each reportable segment. Intercompany revenues are eliminated in our consolidated results.

As part of these changes, we also recast historical segment results to ensure the consistent application of our current inter-segment revenue presentation. For the years ended June 30, 2017 and 2016, we increased revenue for our Vistaprint business by $5,690 and $3,589, respectively, with a corresponding increase to inter-segment eliminations. We also recast historical segment profitability for the allocation of certain IT costs, which previously burdened our Vistaprint business, but have now been allocated to each of our businesses. For the year ended June 30, 2017, the cost allocation change resulted in an increase to Vistaprint segment profit of $2,494, with a corresponding decrease to segment profit for Upload and Print of $644, and All Other Businesses of $560, and an increase to our Central and corporate cost center of $1,290. For the year ended June 30, 2016, the cost allocation change increased Vistaprint segment profit by $1,919, decreased Upload and Print segment profit by $436, and decreased All Other Businesses segment profit by $402. The Central and corporate cost center absorbed an additional $1,080 of costs for the year ended June 30, 2016 as a result of the cost allocation change.

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

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

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

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

Revenue by segment is based on the business-specific websites or sales channel through which the customer’s order was transacted. The following tables set forth revenue, segment profit (loss), total income from operations and total income before income taxes.

	Year Ended June 30,		
	2018	2017	2016
Revenue:			
Vistaprint (1)	$ 1,462,686	$ 1,310,975	$ 1,220,751
Upload and Print (2)	730,010	588,613	432,638
National Pen (3)	333,266	112,712	—
All Other Businesses (4)	87,583	128,795	138,244
Total segment revenue	2,613,545	2,141,095	1,791,633
Inter-segment eliminations	(21,004)	(5,690)	(3,589)
Total consolidated revenue	$ 2,592,541	$ 2,135,405	$ 1,788,044

(1) Vistaprint segment revenues include inter-segment revenue of $10,542, $5,690 and $3,589 for the years ended June 30, 2018, 2017 and 2016.
(2) Upload and Print segment revenues include inter-segment revenue of $1,521 for the year ended June 30, 2018. No inter-segment revenue was recognized in the prior comparable periods.
(3) National Pen segment revenues include inter-segment revenue of $2,956 for the year ended June 30, 2018. No inter-segment revenue was recognized in the prior comparable periods.
(4) All Other Businesses segment revenues include inter-segment revenue of $5,985 for the year ended June 30, 2018. No inter-segment revenue was recognized in the prior comparable periods.

	Year Ended June 30,		
	2018	2017	2016
Segment profit (loss):			
Vistaprint	$ 241,479	$ 167,687	$ 214,947
Upload and Print	79,310	63,189	58,207
National Pen	22,165	(2,225)	—
All Other Businesses	(34,620)	(31,307)	(9,328)
Total segment profit	308,334	197,344	263,826
Central and corporate costs	(131,400)	(118,093)	(97,672)
Acquisition-related amortization and depreciation	(50,149)	(46,402)	(40,834)
Earn-out related charges (1)	(2,391)	(40,384)	(6,378)
Share-based compensation related to investment consideration	(6,792)	(9,638)	(4,835)
Certain impairments (2)	—	(9,556)	(41,820)
Restructuring-related charges	(15,236)	(26,700)	(381)
Interest expense for Waltham, MA lease	7,489	7,727	6,287
Gain on the purchase or sale of subsidiaries (3)	47,945	—	—
Total income (loss) from operations	157,800	(45,702)	78,193
Other (expense) income, net	(21,032)	10,362	26,098
Interest expense, net	(53,043)	(43,977)	(38,196)
Loss on early extinguishment of debt	(17,359)	—	—
Income (loss) before income taxes	$ 66,366	$ (79,317)	$ 66,095

(1) Includes expense recognized for the change in fair value of contingent consideration and compensation expense related to cash-based earn-out mechanisms dependent upon continued employment.
(2) Includes the impact for certain impairments or abandonments of goodwill and other long-lived assets as defined by ASC 350 - "Intangibles - Goodwill and Other" or ASC 360 - "Property, Plant, and Equipment."

(3) Includes the impact of the gain on the sale of Albumprinter, as well as a bargain purchase gain as defined by ASC 805-30 - "Goodwill or Gain from Bargain Purchase" for an acquisition in which the identifiable assets acquired and liabilities assumed are greater than the consideration transferred, that was recognized in general and administrative expense in our consolidated statement of operations during the year ended June 30, 2018.

	Year Ended June 30,		
	2018	2017	2016
Depreciation and amortization:			
Vistaprint	$ 65,311	$ 63,923	$ 40,686
Upload and Print	59,599	56,073	47,696
National Pen	21,546	10,269	—
All Other Businesses	9,609	15,074	18,111
Central and corporate costs	12,940	13,061	25,425
Total depreciation and amortization	$ 169,005	$ 158,400	$ 131,918

	Year Ended June 30,		
	2018	2017	2016
Purchases of property, plant and equipment:			
Vistaprint	$ 35,265	$ 38,434	$ 32,028
Upload and Print	16,212	14,875	15,652
National Pen	6,565	3,714	—
All Other Businesses	1,680	12,735	19,160
Central and corporate costs	1,208	4,399	13,595
Total purchases of property, plant and equipment	$ 60,930	$ 74,157	$ 80,435

	Year Ended June 30,		
	2018	2017	2016
Capitalization of software and website development costs:			
Vistaprint	$ 24,794	$ 23,624	$ 11,390
Upload and Print	4,010	4,173	3,000
National Pen	1,482	—	—
All Other Businesses	2,336	1,568	2,032
Central and corporate costs	8,225	7,942	9,902
Total capitalization of software and website development costs	$ 40,847	$ 37,307	$ 26,324

Enterprise Wide Disclosures:

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

	Year Ended June 30,		
	2018	2017	2016
United States	$ 1,078,544	$ 901,061	$ 781,335
Germany (1)	340,881	256,069	125,356
Other (2)	1,173,116	978,275	881,353
Total revenue	$ 2,592,541	$ 2,135,405	$ 1,788,044

	Year Ended June 30,		
	2018	2017	2016
Physical printed products and other (3)	$ 2,537,201	$ 2,076,564	$ 1,724,676
Digital products/services	55,340	58,841	63,368
Total revenue	$ 2,592,541	$ 2,135,405	$ 1,788,044

(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 the Netherlands, our country of domicile.
(3) Other revenue includes miscellaneous items which account for less than 1% of revenue.

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

	June 30, 2018	June 30, 2017
Long-lived assets (1):		
Netherlands	$ 109,556	$ 83,223
Canada	81,334	85,926
Switzerland	52,523	49,017
United States	45,709	64,034
Italy	42,514	44,423
Australia	22,418	22,961
Jamaica	21,720	21,492
France	20,131	22,794
Japan	19,117	20,686
Other	67,842	64,377
Total	$ 482,864	$ 478,933

(1) Excludes goodwill of $520,843 and $514,963, intangible assets, net of $230,201 and $275,924, the Waltham lease asset of $111,926 and $116,045, and deferred tax assets of $67,087 and $48,004 as of June 30, 2018 and June 30, 2017, respectively.

17. Commitments and Contingencies

Lease Commitments

We have commitments under operating leases for our facilities that expire on various dates through 2026, including the Waltham lease arrangement discussed in Note 2. Total lease expense, net of sublease income, for the years ended June 30, 2018, 2017 and 2016 was $14,231, $13,959 and $12,943, respectively.

We lease certain machinery and plant equipment, as well as buildings, under both capital and operating lease agreements that expire at various dates through 2027. The aggregate carrying value of the leased buildings and equipment under capital leases included in property, plant and equipment, net in our consolidated balance sheet at June 30, 2018, is $31,032, net of accumulated depreciation of $36,670; 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, 2018 amounts to $27,630.

	Operating lease obligations	Build-to-suit lease obligation (1)	Capital lease obligation	Total lease obligations
2019	$ 22,623	$ 12,569	$ 10,850	$ 46,042
2020	18,562	12,569	7,527	38,658
2021	13,143	12,569	4,037	29,749
2022	8,282	12,569	1,869	22,720
2023	6,526	10,788	1,026	18,340
Thereafter	7,702	35,616	2,287	45,605
Total	$ 76,838	$ 96,680	$ 27,596	$ 201,114

(1) Minimum payments relate to our Waltham lease obligation, refer to Note 2 for additional details.

Purchase Obligations

At June 30, 2018, we had unrecorded commitments under contract of $57,291 including commitments for third-party web services of $21,000. In addition, we had purchase commitments for production and computer equipment purchases of approximately $8,231, inventory and third-party fulfillment purchase commitments of $8,361, commitments for advertising campaigns of $2,153, professional and consulting fees of $3,559, and other unrecorded purchase commitments of $13,987.

Debt

The required principal payments due during the next five fiscal years and thereafter under our outstanding long-term debt obligations at June 30, 2018 are as follows:

2019	$ 61,225
2020	31,405
2021	38,713
2022	45,902
2023	261,775
Thereafter	400,409
Total	$ 839,429

On June 14, 2018, we executed an amendment to our senior secured credit facility, and we expanded the total capacity to $1,128,172, which included $839,422 of revolving loans and $288,750 of term loans. The amendment also extended the maturity date of the senior secured credit facility to June 14, 2023. Refer to Note 10 for additional details related to the amendment.

Other Obligations

We have an outstanding installment obligation of $2,103 related to the fiscal 2012 intra-entity transfer of the intellectual property of our subsidiary Webs, Inc., which results in tax being paid over a 7.5 year term and has been classified as a deferred tax liability in our consolidated balance sheet as of June 30, 2018. In addition, we have deferred payments related to our other acquisitions of $3,457 in aggregate.

Legal Proceedings

We are not currently party to any material legal proceedings. Although we cannot predict with certainty the results of litigation and claims to which we may be subject from time to time, we do not expect the resolution of any of our current matters to have a material adverse impact on our consolidated results of operations, cash flows or financial position. In all cases, at each reporting period, we evaluate whether or not a potential loss amount or a potential range of loss is probable and reasonably estimable under the provisions of the authoritative guidance that addresses accounting for contingencies. We expense the costs relating to our legal proceedings as those costs are incurred.

18. Restructuring Charges

Restructuring costs include one-time employee termination benefits, acceleration of share-based compensation, 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, 2018, 2017 and 2016 were $15,236, $26,700 and $381, respectively.

During the year ended June 30, 2018, we recognized restructuring charges of $15,236, which included $12,112 related to our Vistaprint reorganization for reductions in headcount and other operating costs. These changes simplified operations and more closely aligned functions to increase the speed of execution. We also recognized $2,249 of restructuring charges within the central and corporate group, as well as $819 of expense for an initiative within our All Other Businesses reportable segment. During the year ended June 30, 2018, we recognized changes in estimates of $56 from our January 2017 restructuring initiative. 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, 2017, the Supervisory Board of Cimpress N.V. approved a plan to restructure the company and implement organizational changes that decentralized the company’s operations in order to improve accountability for customer satisfaction and capital returns, simplify decision-making, and improve the speed of execution. This restructuring event resulted in additional costs, within our corporate and global functions cost center of $25,584 for the year ended June 30, 2017. In addition, for the year ended June 30, 2017 we recognized $1,116 of restructuring costs within our National Pen business related to a separate initiative. These restructuring initiatives were completed during fiscal 2017.

The following table summarizes the restructuring activity during the years ended June 30, 2018 and 2017:

	Severance and Related Benefits	Other Restructuring Costs	Total
Accrued restructuring liability as of June 30, 2016	$ —	$ —	$ —
Restructuring charges	24,020	2,680	26,700
Cash payments	(13,161)	(1,861)	(15,022)
Non-cash charges (1)	(6,257)	(611)	(6,868)
Accrued restructuring liability as of June 30, 2017 (1)	4,602	208	4,810
Restructuring charges	15,236	—	15,236
Cash payments	(17,136)	(206)	(17,342)
Non-cash charges (1)	(1,317)	—	(1,317)
Accrued restructuring liability as of June 30, 2018	$ 1,385	$ 2	$ 1,387

(1) Non-cash charges include acceleration of share-based compensation expenses.

19. Quarterly Financial Data (unaudited)

Year Ended June 30, 2018	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenue	$ 563,284	$ 762,054	$ 636,069	$ 631,134
Cost of revenue	283,755	360,285	319,209	316,550
Net income (loss)	23,406	30,623	(1,602)	(5,639)
Net income (loss) attributable to Cimpress N.V.	23,363	29,935	(2,265)	(7,300)
Net income (loss) per share attributable to Cimpress N.V.:				
Basic	$ 0.75	$ 0.96	$ (0.07)	$ (0.24)
Diluted	$ 0.72	$ 0.93	$ (0.07)	$ (0.24)

Year Ended June 30, 2017	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenue	$ 443,713	$ 576,851	$ 550,585	$ 564,256
Cost of revenue	213,050	276,366	268,482	279,077
Net income (loss)	(30,030)	35,022	(42,678)	(34,513)
Net income (loss) attributable to Cimpress N.V.	(29,103)	35,028	(42,934)	(34,702)
Net income (loss) per share attributable to Cimpress N.V.:				
Basic	$ (0.92)	$ 1.12	$ (1.38)	$ (1.11)
Diluted	$ (0.92)	$ 1.07	$ (1.38)	$ (1.11)

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

20. Subsequent Events

On July 2, 2018, we invested $29,000 in exchange for approximately 74% in VIDA Group Co., a rapidly growing startup that brings manufacturing access and an e-commerce marketplace to artists, thereby enabling artists to convert ideas into beautiful, original products for customers, ranging from custom fashion, jewelry and accessories to home accent pieces.

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

None.

Item 9A. *Controls and Procedures*

Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2018. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, or the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of June 30, 2018, our chief executive officer and chief financial officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There were no significant changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended June 30, 2018 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for the company. Internal control over financial reporting is defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act as a process designed by, or under the supervision of, the company’s chief executive officer and chief financial officer and effected by the company’s supervisory board, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

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

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

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

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

Our management assessed the effectiveness of our internal control over financial reporting as of June 30, 2018. In making this assessment, our management used the criteria set forth in the Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on our assessment, management concluded that, as of June 30, 2018, our internal control over financial reporting is effective based on criteria in Internal Control - Integrated Framework (2013) issued by the COSO. PricewaterhouseCoopers LLP, our independent registered public accounting firm, has audited the effectiveness of our internal control over financial reporting as of June 30, 2018, as stated in their report included on pages 53 - 54.

Item 9B. ***Other Information***

None.

PART III

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

The information required by this item is incorporated by reference to the information in the sections captioned “Information about our Supervisory Board members and Executive Officers,” “Corporate Governance” and “Section 16(a) Beneficial Ownership Reporting Compliance” contained in our definitive proxy statement for our 2018 Annual General Meeting of Shareholders, which we refer to as our 2018 Proxy Statement.

We have adopted a written code of business conduct and ethics that applies to all of our employees, including our principal executive officer and principal financial and accounting officer, and is available on our website at www.cimpress.com. We did not waive any provisions of this code during the fiscal year ended June 30, 2018. If we amend, or grant a waiver under, our code of business conduct and ethics that applies to our principal executive, financial or accounting officers, or persons performing similar functions, we will post information about such amendment or waiver on our website at www.cimpress.com.

Item 11. ***Executive Compensation***

The information required by this item is incorporated by reference to the information contained in the sections of our 2018 Proxy Statement captioned “Compensation Discussion and Analysis," "Summary Compensation Tables", “Compensation of Supervisory Board Members” and “Compensation Committee Interlocks and Insider Participation.”

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

The information required by this item is incorporated by reference to the information contained in the sections of our 2018 Proxy Statement captioned “Security Ownership of Certain Beneficial Owners and Management” and “Securities Authorized for Issuance Under Equity Compensation Plans.”

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

The information required by this item is incorporated by reference to the information contained in the sections of our 2018 Proxy Statement captioned “Certain Relationships and Related Transactions” and “Corporate Governance.”

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

The information required by this item is incorporated by reference to the information contained in the section of our 2018 Proxy Statement captioned “Independent Registered Public Accounting Firm Fees and Other Matters.”

PART IV

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

(a) Consolidated Financial Statements.

For a list of the consolidated financial information included herein, see Index to the Consolidated Financial Statements on page 52 of this Report.

(b) Exhibits.

Exhibit No.	Description
3.1	Articles of Association of Cimpress N.V., as amended
4.1	Senior Notes Indenture (including form of Notes), dated as of June 15, 2018, between Cimpress N.V., certain subsidiaries of Cimpress N.V. as guarantors thereto, and MUFG Union Bank, N.A., as trustee, is incorporated by reference to our Current Report on Form 8-K filed with the SEC on June 18, 2018
10.1*	2005 Non-Employee Directors' Share Option Plan, as amended, is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2010
10.2*	Form of Nonqualified Share Option Agreement under our 2005 Non-Employee Directors' Share Option Plan is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2009
10.3*	Amended and Restated 2005 Equity Incentive Plan, as amended, is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2010
10.4*	Form of Nonqualified Share Option Agreement under our Amended and Restated 2005 Equity Incentive Plan is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2009
10.5*	2011 Equity Incentive Plan is incorporated by reference to Appendix A to our Definitive Proxy Statement on Schedule 14A dated and filed with the SEC on June 8, 2011
10.6*	Form of Nonqualified Share Option Agreement under our 2011 Equity Incentive Plan is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2011
10.7*	Form of Restricted Share Unit Agreement for employees and executives under our 2011 Equity Incentive Plan is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2011
10.8*	2016 Performance Equity Plan, as amended, is incorporated by reference to our Current Report on Form 8-K filed with the SEC on November 16, 2016
10.9*	Form of Performance Share Unit Agreement for employees and executives under our 2016 Performance Equity Incentive Plan is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2016
10.10*	Form of Performance Share Unit Agreement for our Chief Executive Officer under our 2016 Performance Equity Incentive Plan is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2016
10.11*	Form of Performance Share Unit Agreement for Supervisory Board members under our 2016 Performance Equity Incentive Plan is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2016
10.12*	Form of Supplemental Performance Share Unit Agreement for employees and executives under our 2016 Performance Equity Incentive Plan is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2017
10.13*	2015 Inducement Share Plan is incorporated by reference to our Annual Report on Form 10-K for the fiscal year ended June 30, 2015
10.14*	Form of Restricted Share Award Agreement under 2015 Inducement Share Plan is incorporated by reference to our Annual Report on Form 10-K for the fiscal year ended June 30, 2015
10.15*	Form of Indemnification Agreement between Cimpress N.V. and each of our executive officers and members of our Supervisory Board and Management Board is incorporated by reference to our Current Report on Form 8-K filed with the SEC on August 31, 2009
10.16*	Amended and Restated Executive Retention Agreement between Cimpress N.V. and Robert Keane dated as of October 23, 2009 is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2009
10.17*	Form of Amended and Restated Executive Retention Agreement between Cimpress N.V. and Katryn Blake is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2009 (File No. 000-51539)
10.18*	Form of Executive Retention Agreement between Cimpress N.V. and each of Donald LeBlanc and Sean Quinn is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2016
10.19*	Employment Agreement between Cimpress USA Incorporated and Robert Keane effective September 1, 2009 is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2010

10.20*	Amendment No. 1 to Employment Agreement between Cimpress USA Incorporated and Robert Keane dated June 14, 2010 is incorporated by reference to our Annual Report on Form 10-K for the fiscal year ended June 30, 2010
10.21*	Amendment No. 2 to Employment Agreement between Cimpress USA Incorporated and Robert Keane dated September 28, 2011 is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2011
10.22*	Amendment No. 3 to Employment Agreement between Cimpress USA Incorporated and Robert Keane dated July 25, 2012 is incorporated by reference to our Annual Report on Form 10-K for the fiscal year ended June 30, 2012
10.23*	Amendment No. 4 to Employment Agreement between Cimpress USA Incorporated and Robert Keane dated September 1, 2013 is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2013
10.24*	Amendment No. 5 to Employment Agreement between Cimpress USA Incorporated and Robert Keane dated September 30, 2014 is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2014
10.25*	Amendment No. 6 to Employment Agreement between Cimpress USA Incorporated and Robert Keane dated September 30, 2015 is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2015
10.26*	Amendment No. 7 to Employment Agreement between Cimpress USA Incorporated and Robert Keane dated August 23, 2016 is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2016
10.27*	Amendment No. 8 to Employment Agreement between Cimpress USA Incorporated and Robert Keane dated September 30, 2017 is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2017
10.28*	Amendment No. 9 to Employment Agreement between Cimpress USA Incorporated and Robert Keane dated July 31, 2018
10.29*	Memorandum clarifying relative precedence of agreements between Cimpress N.V. and Robert Keane dated May 6, 2010 is incorporated by reference to our Annual Report on Form 10-K for the fiscal year ended June 30, 2010
10.30*	Agreement Limiting PSU Awards dated May 13, 2016 between Cimpress N.V. and Robert Keane is incorporated by reference to our Current Report on Form 8-K filed with the SEC on May 17, 2016
10.31*	Employment Agreement between Cimpress N.V. and Cornelis David Arends dated November 1, 2015 is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2016
10.32*	Amendment to Employment Agreement between Cimpress N.V. and Cornelis David Arends dated December 18, 2017 is incorporated by reference to our Current Report on Form 8-K filed with the SEC on December 20, 2017
10.33*	Long Term International Assignment Agreement between Cimpress N.V. and Cornelis David Arends dated December 9, 2015 is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2016
10.34*	Amendment to Long Term Assignment Agreement between Cimpress N.V. and Cornelis David Arends dated December 18, 2017 is incorporated by reference to our Current Report on Form 8-K filed with the SEC on December 20, 2017
10.35*	Form of Invention and Non-Disclosure Agreement between Cimpress and each of Robert Keane, Katryn Blake, Donald LeBlanc, and Sean Quinn is incorporated by reference to our Registration Statement on Form S-1, as amended
10.36*	Form of Non-Competition and Non-Solicitation Agreement between Cimpress and each of Robert Keane, Katryn Blake, Donald LeBlanc, and Sean Quinn is incorporated by reference to our Registration Statement on Form S-1, as amended
10.37*	Summary of Compensatory Arrangements with Members of the Supervisory Board is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2016
10.38	Call Option Agreement between Cimpress N.V. and Stichting Continuïteit Cimpress (formerly Stichting Continuïteit Vistaprint) dated November 16, 2009 is incorporated by reference to our Current Report on Form 8-K filed with the SEC on November 19, 2009
10.39	Amendment and Restatement Agreement dated as of July 13, 2017 among Cimpress N.V., Vistaprint Limited, Cimpress Schweiz GmbH, Vistaprint B.V., and Cimpress USA Incorporated, as borrowers (the “Borrowers”); the lenders named therein as lenders; and JPMorgan Chase Bank N.A., as administrative agent for the lenders (the “Administrative Agent”), which amends and restates the senior Credit Agreement dated as of October 21, 2011, as amended and restated as of February 8, 2013, among the Borrowers, the lenders named therein, and the Administrative Agent, is incorporated by reference to our Current Report on Form 8-K filed with the SEC on July 14, 2017
10.40	Amendment No. 1, dated as of June 14, 2018, among Cimpress N.V., Vistaprint Limited, Cimpress Schweiz GmbH, Vistaprint B.V., and Cimpress USA Incorporated, as borrowers (the “Borrowers”); the lenders named therein as lenders; and JPMorgan Chase Bank N.A., as administrative agent for the lenders (the “Administrative Agent”), to the senior Credit Agreement dated as of October 21, 2011, as amended and restated as of February 8, 2013, and as further amended and restated as of July 13, 2017, among the Borrowers, the lenders named therein, and the Administrative Agent, is incorporated by reference to our Current Report on Form 8-K filed with the SEC on June 18, 2018

10.41	Second Amended and Restated Guaranty dated as of July 13, 2017 between Cimpress' subsidiary guarantors named therein as guarantors (the "Subsidiary Guarantors") and the Administrative Agent, which amends and restates the Amended and Restated Guaranty dated as of February 8, 2013 between the Subsidiary Guarantors and the Administrative Agent, is incorporated by reference to our Current Report on Form 8-K filed with the SEC on July 14, 2017
10.42	Amended and Restated Pledge and Security Agreement dated as of July 13, 2017 between Cimpress USA Incorporated, Vistaprint Limited, Cimpress Schweiz GmbH, and Vistaprint B.V., as Borrowers, and Cimpress USA Manufacturing Incorporated, National Pen Co. LLC, National Pen Tennessee LLC, NP Corporate Services LLC, Pixartprinting USA Incorporated, Vistaprint Corporate Solutions Incorporated, and Webs, Inc., as Subsidiary Guarantors, on one hand, and the Administrative Agent, on the other hand, which amends and restates the Pledge and Security Agreement dated as of February 8, 2013, between such Borrowers and Subsidiary Guarantors and the Administrative Agent, is incorporated by reference to our Current Report on Form 8-K filed with the SEC on July 14, 2017
21.1	Subsidiaries of Cimpress N.V.
23.1	Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm
31.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, Rule 13a-14(a)/15d-14(a), by Chief Executive Officer
31.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, Rule 13a-14(a)/15d-14(a), by Chief Financial Officer
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, by Chief Executive Officer and Chief Financial Officer
101	The following materials from this Annual Report on Form 10-K, formatted in Extensible Business Reporting Language (XBRL): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations, (iii) Condensed Statements of Shareholder's Equity, (iv) Condensed Consolidated Statements of Cash Flows and (v) Notes to Condensed Consolidated Financial Statements.

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* Management contract or compensatory plan or arrangement

(c) Financial Statement Schedules.

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

SIGNATURES

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

August 10, 2018 Cimpress N.V.

By: /s/ Robert S. Keane

Robert S. Keane

Founder & Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Robert S. Keane Robert S. Keane	Founder & Chief Executive Officer (Principal executive officer)	August 10, 2018
/s/ Sean E. Quinn Sean E. Quinn	Chief Financial Officer (Principal financial and accounting officer)	August 10, 2018
/s/ Paolo De Cesare Paolo De Cesare	Member, Supervisory Board	August 10, 2018
/s/ Sophie A. Gasperment Sophie A. Gasperment	Member, Supervisory Board	August 10, 2018
/s/ John J. Gavin Jr. John J. Gavin Jr.	Member, Supervisory Board	August 10, 2018
/s/ Richard T. Riley Richard T. Riley	Chairman, Supervisory Board	August 10, 2018
/s/ Nadia Shouraboura Nadia Shouraboura	Member, Supervisory Board	August 10, 2018
/s/ Zachary Sternberg Zachary Sternberg	Member, Supervisory Board	August 10, 2018
/s/ Mark T. Thomas Mark T. Thomas	Member, Supervisory Board	August 10, 2018
/s/ Scott Vassalluzzo Scott Vassalluzzo	Member, Supervisory Board	August 10, 2018

ARTICLES OF ASSOCIATION OF
CIMPRESS N.V.
(informal translation)

having its seat in Venlo, as these read after the execution of the deed of amendment of the articles of association executed on 26 June 2018 before M.A.J. Cremers, civil-law notary in Amsterdam.
The company is registered in the trade register under number 14117527.

Definitions
Article 1.

The following definitions shall apply in these articles of association:

a. general meeting: the body consisting of the shareholders entitled to vote and other persons entitled to vote as well as the meeting of shareholders and other persons entitled to attend meetings;

b. subsidiary: has the meaning as referred to in article 2:24a Dutch Civil Code;

c. group: has the meaning as referred to in article 2:24b Dutch Civil Code;

d. group company: a legal entity or company with which the company is affiliated in a group;

e. dependent company: has the meaning as referred to in article 2:152 Dutch Civil Code;

f. persons with voting rights: holders of shares with voting rights as well as holders of a right of usufruct on shares with the right to vote and holders of a right of pledge with a right to vote;

g. persons with meeting rights: persons with voting rights as well as shareholders who do not have the right to vote;

h. Management Board: management board of the company;

i. Supervisory Board: supervisory board of the company;

j. written/in writing: with respect to the provision of these articles of association the requirement of being in writing shall also be complied with if the notification, announcement, statement, acknowledgement, decision-making, power of attorney, vote or request, have been laid down electronically.

Name and seat
Article 2.

1. The name of the company is: Cimpress N.V.

2. The company has its seat in Venlo.

3. The company may have branch offices and branch establishments in other jurisdictions.

Objects
Article 3.

The objects of the company are:

- to participate in, to finance, to collaborate with, to conduct the management of companies and other enterprises and provide advice and other services, including in relation to the conduct of online commerce;

- to acquire, use and/or assign industrial and intellectual property rights and real property;

- to invest funds;

- the borrowing, lending and raising funds, including the issuance of bonds, promissory notes or other securities or evidence of indebtedness as well as entering into agreements in connection with these activities;

- to provide security for the obligations of legal persons or of other companies with which the company is affiliated in a group or for the obligations of third parties, including by means of issuing guarantees and pledging collateral;

- to undertake all that which is connected to the foregoing or in furtherance thereof,

all in the broadest sense of the words.

Capital and shares
Article 4.

1. The company's authorized capital amounts to two million euros (EUR 2,000,000) and is divided into one hundred million (100,000,000) ordinary shares and one hundred million (100,000,000) preferred shares, each share with a par value of one euro cent (EUR 0.01).

2. Wherever the term 'shares' or 'shareholders' is used in the present articles of association this shall be construed to mean the classes of shares mentioned in paragraph 1 or the respective holders of those classes of shares, unless the contrary has been stated explicitly or appears from the context.

3. All shares shall be registered shares.

   The shares shall be numbered in such a manner that they can be distinguished from each other at any time.

4. The company cannot cooperate with the issue of depositary receipts issued for shares in its own capital.

The issue of shares
Article 5.

1. Shares shall be issued pursuant to a resolution of the general meeting, or pursuant to such resolution of the Management Board if designated thereto by the general meeting for a period not exceeding five years.

   At the designation, the number and class of shares that may be issued by the Management Board should be determined.

   The designation may be prolonged each time for a period not exceeding five years. Unless it has been determined differently at the designation, it cannot be revoked.

   The resolution to issue shares contains the price and further terms of issue.

2. The resolution of the general meeting to issue shares and the resolution to designate the Management Board can only be adopted pursuant to a proposal thereto by the Management Board which proposal has been approved by the Supervisory Board.

   If the Management Board has been designated as authorized to resolve on the issue of shares, the resolution of the Management Board to issue shares is subject to the prior approval of the Supervisory Board.

3. Within eight days after a resolution of the general meeting to issue shares or to designate the Management Board to issue shares, as referred to above, the Management Board shall deposit a complete text thereof at the Trade Register.

   Within eight days after the end of each quarter of the year, the Management Board shall submit a statement of each issue of shares in that quarter of the year to the Trade Register, stating the class and number.

4. If preferred shares are issued a general meeting will be convened to be held not later than twenty-four months after the day on which for the first time preferred shares were issued.

   At that general meeting purchase or withdrawal of the preferred shares will be considered.

   If the general meeting will not resolve to purchase or to withdraw the preferred shares, each twelve months after the latter general meeting, a general meeting will be convened and held at which meetings purchase or withdrawal of the preferred shares will be considered, such until no preferred shares will be outstanding.

   The provisions above in this paragraph 4 will not apply to preferred shares issued pursuant to a resolution of the general meeting.

5. The previous provisions of this article shall apply *mutatis mutandis* to granting rights to acquire shares, but do not apply to the issue of shares to a party exercising a previously obtained right to acquire shares.

6. Issue of shares shall never be below par, without prejudice to the provisions of article 2:80 paragraph 2 Dutch Civil Code.

7. Ordinary shares shall be issued against payment of at least the nominal value; preferred shares may be issued against partial payment, provided that at least one fourth of the nominal value must be paid upon the issuance.

8. Payment on shares must be made in cash to the extent that no other contribution has been agreed, subject to the provisions of article 2:80b Dutch Civil Code.

   Payment in foreign currency may only be made with the permission of the company and also subject to the provisions of article 2:80a paragraph 3 Dutch Civil Code.

9. The Management Board may at any desired time determine the day on which further payments on non-fully paid-up preferred shares must be made, and in what amount.

   The Management Board shall give the holders of the preferred shares immediate notice of such resolution; there must be at least thirty days between that notification and the day on which the payment must have occurred.

10. The Management Board is authorized, without any prior approval of the general meeting, to perform legal acts within the meaning of article 2:94 paragraph 1 Dutch Civil Code.

Pre-emptive rights
Article 6.

1. Without prejudice to the applicable legal provisions, upon the issue of ordinary shares, each holder of ordinary shares has a pre-emptive right in proportion to the aggregate amount of ordinary shares held by him.

2. Upon the issue of preferred shares, every holder of preferred shares has a pre-emptive right in proportion to the aggregate amount of preferred shares held by him.

3. Holders of preferred shares have no pre-emptive right to ordinary shares to be issued. Holders of ordinary shares have no pre-emptive right to preferred shares to be issued.

4. A shareholder shall have no pre-emptive right in respect of shares:

   - issued for a non-cash contribution;
   - issued to employees of the company or of a group company; and
   - that are issued to a party exercising a previously obtained right to acquire shares.

5. The Management Board shall announce an issue with pre-emptive rights and the time frame within which the pre-emptive rights may be exercised in the Government Gazette (*Staatscourant*), in the official price list, and in a national daily distributed newspaper and in such other manner as may be required to comply with applicable stock exchange regulations, if any, unless the announcement to all holders of shares is made in writing and sent to the address stated by them.

6. The pre-emptive right may be exercised at least two weeks after the day of the announcement in the Government Gazette or, if the announcement is made in writing, at least two weeks after the day of the mailing of the announcement.

7. The pre-emptive right may be restricted or excluded by resolution of the general meeting or by the Management Board if designated thereto by the general meeting, for a period not exceeding five years, and also authorized to issue shares during that period.

   Unless it has been determined otherwise at the designation, the right of the Management Board to restrict or to exclude the pre-emptive right cannot be revoked.

   The designation may be renewed at any general meeting for a period not exceeding five years.

   Unless the Management Board is designated to restrict or to exclude the pre-emptive right, a resolution to restrict or exclude the pre-emptive right will be passed on proposal of the Management Board.

   A resolution by the general meeting or by the Management Board to restrict or exclude the pre-emptive right is subject to the prior approval of the Supervisory Board.

   In the proposal in respect thereof, the reasons for the proposal shall be explained in writing.

8. A resolution of the general meeting to restrict or exclude the pre-emptive right or to designate the Management Board as referred to in

paragraph 7 requires a majority of at least two-thirds of the votes cast, if less than half of the issued capital is represented at the meeting.

Within eight days after said resolution, the Management Board shall deposit a complete text thereof at the Trade Register.

9. In granting rights to acquire ordinary or preferred shares, the holders of ordinary shares or preferred shares, respectively, have a pre-emptive right; the above provisions of this article shall apply.

Own shares, right of pledge on own shares

Article 7.

1. The company cannot subscribe for shares in its own capital.

2. Any acquisition by the company of shares in its own capital that are not fully paid-up shall be null and void.

3. In accordance with the provisions of article 2:98 Dutch Civil Code, the company may acquire fully paid-up shares in its own capital if:

   a. the shareholders' equity less the acquisition price is not less than the sum of the paid in and called up part of its capital and the reserves that it is required to maintain by law;

   b. the nominal value of the shares to be acquired in its capital, which the company itself holds or holds in pledge, or which are held by a subsidiary is not more than half of the issued capital; and

   c. the acquisition is authorized by the general meeting.

   The authorization shall be valid for a maximum of eighteen months.

   The general meeting shall determine in the authorization the number and class of shares that may be acquired, how they may be acquired and the price range.

   The authorization is not required for the acquisition of shares on a stock market in order to transfer them to employees of the company or of a group company pursuant to a scheme applicable to such employees.

4. For the purposes of subparagraph a of paragraph 3, the amount of the shareholders' equity according to the last adopted balance sheet shall be reduced by the acquisition price of shares in the capital of the company, the amount of loans as described in article 2:98c paragraph 2 Dutch Civil Code and distributions to others from profits or reserves which may have become due by the company and its subsidiaries after the balance sheet date. If more than six months have elapsed since the commencement of the financial year, and no annual accounts have been adopted, then an acquisition in accordance with paragraph 3 above shall not be permitted.

5. The company may only take its own shares in pledge in accordance with the applicable statutory provisions.

6. The company is not entitled to any distributions from shares in its own capital.

   In the calculation of the distribution of profits, the shares referred to in the previous sentence are not counted unless there is a right of usufruct or right of pledge on such shares, and if the pledgee is entitled to the distributions on the shares for the benefit of a party other than the company.

7. At the general meeting no vote may be cast for shares held by the company or a subsidiary.

   Usufructuaries of shares that belong to the company or a subsidiary are, however, not excluded from exercising their right to vote if the right of usufruct was created before the share belonged to the company or a subsidiary.

   The company or a subsidiary cannot cast a vote for a share on which it has a right of usufruct.

   In determining the extent to which the shareholders vote, are present or represented, or the extent to which the share capital is provided or represented, the shares on which, by law, no vote may be cast shall not be taken into account.

8. A subsidiary may not subscribe shares in the capital of the company for its own account or have such shares issued to it.

9. The preceding paragraphs shall not apply to shares which the company acquires

   - for no consideration; or

   - by universal succession of title (*verkrijging onder algemene titel*).

10. The term 'shares' as used in this article shall include depositary receipts issued for shares.

Article 8.

1. The company may not provide collateral, guarantee the price, otherwise guarantee or bind itself jointly or severally with or for third parties, for the purpose of the subscription or acquisition by third parties of shares in its capital.

   This prohibition shall also extend to any subsidiaries.

2. The company and its subsidiaries may not provide loans for the purpose of the subscription or acquisition by third parties of shares in the capital of the company, unless the Management Board resolves to do so and the requirements described in article 2:98 Dutch Civil Code are met.

3. Paragraphs 1 and 2 shall not apply if shares or depositary receipts of shares are subscribed or acquired by or for employees of the company or a group company.

Reduction of capital
Article 9.

1. The general meeting may decide to reduce the issued capital upon proposal by the Management Board, which has been approved by the Supervisory Board and subject to the provisions of article 2:99 Dutch Civil Code, by cancellation of shares or by reducing the amount of the shares by amendment of these articles of association.

   This resolution must designate the shares to which the resolution pertains and must provide for the implementation of the resolution.

   A resolution for cancellation of shares may only relate to:

   - shares held by the company itself or of which it holds the depositary receipts;

   - preferred shares with repayment of the nominal amount paid on the preferred shares, increased by (i) any deficit in the payment of dividend as referred to in article 21 paragraph 2 and (ii) an amount equal to the percentage referred to in article 21 paragraph 2 on the compulsory amount paid on the preferred shares, calculated over the period starting on the first day of the last full financial year prior to the cancellation and ending on the day of the payment on preferred shares as referred to in this article, with due observance of the fact that any and all dividends and/or other distributions paid on the preferred shares relating to such period shall be deducted from the payment as referred to in this subparagraph.

2. Partial repayment on shares or discharge of the obligation to pay, as referred to in article 2:99 Dutch Civil Code, may also be effected exclusively with respect to a separate class of shares.

   A partial repayment or discharge must be effected in proportion to all shares involved. From this requirement may be deviated from with the consent of all shareholders concerned.

3. For a resolution to reduce the capital, a majority of at least two-thirds of the votes cast shall be required if less than half of the issued capital is represented at the meeting.

   A resolution to reduce capital requires prior or simultaneous approval of the meeting of each group of holders of shares of the same class whose rights are prejudiced.

   The above referred to approval of the meeting of each group of holders of shares of the same class whose rights are prejudiced requires a majority of at least two-thirds of the votes cast if less than half of the issued capital of the relevant class of shareholders is represented at such meeting.

   The convocation for a meeting at which a resolution referred to in this article will be passed shall state the purpose of the capital reduction and how it is to be implemented; article 27 paragraph 2 shall apply accordingly.

Register of shareholders
Article 10.

1. The Management Board shall keep a register in which the names and addresses of all holders of shares are recorded, indicating the date on which they acquired the shares, the date of the acknowledgement or service as well as the amount paid-up on each share. If also an electronic address is disclosed by a shareholder for the purpose of entry into the register, such disclosure is deemed to entail the consent to receive all notifications and announcements for a meeting via electronic means.

2. The Management Board shall be authorized to keep a part of the register outside the Netherlands.

   The Management Board may authorize an agent to keep the register for the purposes as meant in this article.

3. The Management Board shall determine the form and contents of the register with due observance of the provisions of paragraphs 1 and 2 hereof.

4. Upon request the Management Board shall provide shareholders and those who have a right of usufruct or pledge in respect of such shares free of charge with an extract from the register in respect of their rights to a share.

5. The Management Board shall be authorized to provide the authorities with information and data contained in the register of shareholders or have the same inspected to the extent that this is requested to comply with applicable foreign legislation or rules of the stock exchange where the company's shares are listed.

Transfer of shares, usufruct, pledge

Article 11.

1. A transfer of a share or a right in rem (*beperkt recht*) thereto requires a deed of transfer and, except in the event the company itself is party to that legal act, acknowledgement in writing by the company of the transfer.

   The acknowledgement shall be given in the deed, or by a dated statement embodying such acknowledgement on the deed or on a copy or extract thereof duly authenticated by a civil-law notary or by the transferor.

   Service of the deed of transfer, copy or extract on the company shall be deemed to be equal to acknowledgement.

2. The provisions of paragraph 1 shall apply *mutatis mutandis* to the creation or release of a right of usufruct and a right of pledge.

   A pledge may also be established on a share without acknowledgement by or service on the company.

   In such cases, article 3:239 Dutch Civil Code shall be equally applicable, whereby the notification by a shareholder as referred to in paragraph 3 of that article, shall be replaced by acknowledgement by or service on the company.

Restriction on the transfer of preferred shares

Article 12.

1. Each transfer of preferred shares requires the approval of the Management Board, which resolution of the Management Board requires the prior approval of the Supervisory Board.

   The transfer must be effected within three months after the referred approval has been granted.

2. The approval of the Management Board shall be applied for by means of a letter directed to the company, setting out the number of preferred shares for which a decision is sought and the name of the person to whom the applicant wishes to make the transfer.

3. Approval of the Management Board shall be deemed to have been granted, if no decision on the application for approval has been made within one month.

   Approval of the Management Board shall also be deemed to have been granted, if the Management Board fails to inform the applicant of one or more interested parties which are willing and able to purchase all shares to which the application pertains at the same time as denying the requested approval.

4. The price to be paid for the shares with respect to which a request has been made shall be determined by mutual agreement of the applicant and the Management Board.

   If they fail to reach agreement, the price shall be established by the registered accountant or a firm of registered accountants as referred to in article 20 paragraph 3.

5. The applicant is authorized to withdraw within one month after being definitively informed of the price.

6. The company may only be designated as an interested party with the applicant's approval.

7. If, within one month after being informed of the definite price, the applicant has not withdrawn the request to transfer, the preferred shares, to which the application pertained, must be transferred to the interested party (parties) against payment within one month after the aforementioned period elapses.

   If the seller remains in default as to transferring the preferred shares within this period, the company shall be irrevocably authorized to proceed to deliver the preferred shares, subject to the obligation of paying the purchase price to the seller.

8. If a legal person, which holds preferred shares, is dissolved, if a holder of preferred shares is declared bankrupt or has been granted suspension of payments and in the event of a transfer of preferred shares under universal title, the holder of preferred shares, or its

successors in title is/are obliged to transfer the preferred shares to one or more persons designated by the Management Board in accordance with the provisions of this article.

If the Management Board remains in default as to designating one or more persons, who are willing and able to purchase all preferred shares the holder, respectively, his successor(s) in title is/are allowed to keep these shares.

In the event of non-compliance with this obligation within three months after the obligation has arisen, the company shall be irrevocably authorized to effect the transfer, provided that it involves all shares, on behalf of the holder of the preferred shares in default, or its successor(s) in title, in accordance with the provisions of this article.

Management Board

Article 13.

1. The company shall have a Management Board consisting of one or more members.

   The number of members of the Management Board shall be determined by the Supervisory Board.

2. Each member of the Management Board shall be appointed for a maximum period of four years.

   Except if such member of the Management Board has resigned at an earlier date, his term of office shall lapse on the day of the general meeting, to be held in the fourth year after the year of his appointment.

   A member of the Management Board may be re-appointed with due observance of the preceding sentence.

3. The Management Board shall appoint from its members a Chief Executive Officer and a Chief Financial Officer.

4. Members of the Management Board shall be appointed by the general meeting from a binding nomination to be drawn up by the Supervisory Board in accordance with article 2:133 Dutch Civil Code.

   With due observance of the provisions in paragraph 1, the number of members of the Management Board shall be determined by the Supervisory Board.

5. The Management Board shall invite the Supervisory Board to make a binding nomination.

   If the Supervisory Board fails to make use of its right to submit a binding nomination, the general meeting shall be free in its choice.

   In such case, the resolution for the appointment of a member of the Management Board by the general meeting shall require a majority of at least two-thirds of the votes cast representing more than half of the company's issued capital.

6. Notwithstanding the foregoing, the general meeting may at all times, by a resolution passed with a two-third majority of the votes cast, representing more than one-half of the issued capital, resolve that such a nomination shall not be binding.

   In such case, a new meeting is called at which the resolution for the appointment of a member of the Management Board shall require a majority of at least two-thirds of the votes cast representing more than half of the company's issued capital.

7. At a general meeting, votes in respect of the appointment of a member of the Management Board, can only be cast for candidates named in the agenda of the meeting or explanatory notes thereto.

8. Members of the Management Board may be suspended or dismissed by the general meeting at any time.

   A resolution of the general meeting to suspend or dismiss a member of the Management Board pursuant to a proposal by the Supervisory Board shall be passed with an absolute majority of the votes cast.

   A resolution of the general meeting to suspend or dismiss a member of the Management Board other than pursuant to a proposal by the Supervisory Board shall require a two-third majority of the votes cast representing more than half of the company's issued capital.

   With respect to the resolution of the general meeting referred to in the previous sentence, the provision included in article 2:120 paragraph 3 Dutch Civil Code is not applicable.

9. Members of the Management Board may be suspended by the Supervisory Board at any time.

10. A suspension may last no longer than three months in total.

11. The company has a policy governing the remuneration of the Management Board.

    The policy will be adopted by the general meeting.

The remuneration of each member of the Board of Management will be determined by the Supervisory Board with due observance of the remuneration policy.

Article 14.

1. With due observance of the limitations set out by these articles of association, the Management Board is charged with the management of the company.

2. The Management Board shall draw up a set of regulations, including provisions in respect of, among other things, the manner of convocation of its meetings, the supplying of information to the Supervisory Board, and concerning a conflict of interest between the company and a member of the Management Board.

   The resolution of the Management Board to establish such rules is subject to the approval of the Supervisory Board.

3. The Management Board may adopt an internal allocation of duties for each member of the Management Board individually.

   The internal allocation of duties can be implemented in the rules as referred to in the previous paragraph.

   The resolution of the Management Board to establish such allocation of duties is subject to the approval of the Supervisory Board.

   Without prejudice to its own responsibility, the Management Board is authorized to appoint persons with such authority to represent the company and, by granting of a power of attorney, conferring such titles and powers as shall be determined by the Management Board.

4. With due observance of the provisions of these articles of association, the Management Board resolutions relating to any of the following matters shall be subject to the approval of the Supervisory Board:

   a. issue and acquisition of shares of the company and debt instruments issued by the company or of debt instruments issued by a limited partnership or general partnership of which the company is a fully liable partner;

   b. application or the withdrawal for quotation of the securities referred to under a. in the listing of any stock exchange;

   c. participation for a value of at least one fourth of the amount of the issued capital with the reserves according to the most recently adopted balance sheet with explanatory notes of the company by the company or by a dependent company in the capital of another company, as well as to a significant increase or reduction of such a participation;

   d. investments involving an amount equal to at least the sum of one-quarter of the company's issued capital plus the reserves of the company as shown in its balance sheet and explanatory notes;

   e. a proposal to amend the articles of association;

   f. a proposal to dissolve (*ontbinden*) the company;

   g. a proposal to conclude a legal merger (*juridische fusie*) or a demerger (*splitsing*);

   h. application for bankruptcy and for suspension of payments (*surseance van betaling*);

   i. a proposal to reduce the issued share capital.

   j. undertaking any such legal acts as shall be determined and clearly defined by the Supervisory Board and notified to the Management Board in writing.

5. Without prejudice to the provisions above, decisions of the Management Board involving a major change in the company's identity or character are subject to the approval of the general meeting and the Supervisory Board, including:

   a. the transfer of the enterprise or practically the whole enterprise to third parties;

   b. to enter or to terminate longstanding joint ventures of the company or a subsidiary with another legal entity or company or as fully liable partner in a limited partnership or a general partnership if this joint venture or termination of such a joint venture is of a major significance to the company;

   c. to acquire or dispose of a participation in the capital of a company worth at least one third of the amount of the assets according to the balance sheet with explanatory notes thereto, or if the company prepares a consolidated balance sheet according to such consolidated balance sheet with explanatory notes according to the last adopted annual account of the company, by the company or a subsidiary.

6. Failure to obtain the approval defined in paragraphs 4 and 5 of this article shall not affect the authority of the Management Board or the members of the Management Board to represent the company.

Article 15.

In the event that one or more members of the Management Board are absent or prevented from acting, the remaining members of the Management Board or the sole remaining member of the Management Board shall be entrusted with the management of the company.

In the event that all the members of the Management Board or the sole member of the Management Board is absent or prevented from acting, a person to be appointed for that purpose by the Supervisory Board, whether or not from among its members, shall be temporarily entrusted with the management of the company.

Representation

Article 16.

1. The company shall be represented by the Management Board.

   In addition, the authority to represent the company is vested in each member of the Management Board acting solely.

2. In all events of the company having a conflict of interest with one or more members of the Management Board within the meaning of article 2:146 Dutch Civil Code, the company shall continue to be represented in the manner described in the second sentence of paragraph 1 above without prejudice to mandatory provisions of Book 2 Dutch Civil Code.

   In all events in which the company has a conflict of interest with a member of the Management Board in his private capacity, the board resolution regarding that relevant legal act requires the approval of the Supervisory Board.

   Failure to obtain the approval defined in the previous sentence shall not affect the Management Board or the members of the Management Board's authority to represent the company.

3. A member of the Management Board shall not take part in decision making on a subject or transaction in relation to which he has a conflict of interest with the company.

Supervisory Board

Article 17.

1. The company shall have a Supervisory Board consisting of three or more natural persons.

   If there are less than three Supervisory Board members, the Board shall proceed without delay to supplement the number of its members.

2. With due observance of the provisions in paragraph 1, the number of members of the Supervisory Board shall be determined by the Supervisory Board.

   The Supervisory Board shall prepare a profile of its size and composition, taking account of the nature of the business, its activities and the desired expertise and background of the members of the Supervisory Board.

3. Each member of the Supervisory Board shall be appointed by the general meeting, for a maximum of four years.

   Except if such member of the Supervisory Board has resigned at an earlier date, his term of office shall lapse on the day, of the first annual meeting, to be held when four years after his last appointment have lapsed.

   The members of the Supervisory Board shall retire periodically in accordance with a rotation schedule.

4. The provisions of paragraphs 4, 5, 6, 7 and 8 of article 13 will apply similarly to the appointment, suspension and dismissal of members of the Supervisory Board.

5. A suspension of members of the Supervisory Board may last no longer than three months in total, even after having been extended one or more times.

6. The duties of the Supervisory Board shall be the supervision of the conduct of management by the company's Management Board and of the general course of affairs of the company and of any affiliated enterprise.

   The Supervisory Board shall assist the Management Board by rendering advice.

   In performing their duties, the members of the Supervisory Board shall be guided by the interests of the company and of any enterprise affiliated therewith.

7. The division of duties within the Supervisory Board and its decision making process and working methods shall be laid down in a set of regulations, including among other things, a paragraph dealing with its relations with the Management Board and the general meeting.

8. Each financial year the Supervisory Board shall make a report, which report shall be included in the annual report of the company.

9. The Management Board shall provide the Supervisory Board with the information necessary for the performance of its duties, in a timely manner.

10. The Management Board shall inform the Supervisory Board at least once each year in writing of the strategy generally, the general and financial risks and the management and control systems of the company.

11. The general meeting shall determine the remuneration of each member of the Supervisory Board.

Article 18.

1. The Supervisory Board shall appoint a chairman from among its members.

   The Supervisory Board may be assisted by the company secretary.

   The company secretary shall, either on the recommendation of the Supervisory Board or otherwise, be appointed and dismissed by the Management Board, after the approval of the Supervisory Board has been obtained.

2. In the absence of the chairman in a meeting, the meeting shall appoint a chairman from among those present.

3. The Supervisory Board shall appoint from among its members an audit committee, a remuneration committee and a nomination and corporate governance committee.

4. The Supervisory Board shall hold meetings as often as one or more of its members shall desire, as often as the Management Board shall request, or as often as necessary in pursuance of the provisions of these articles of association.

Indemnification of members of the Management Board and members of the Supervisory Board

Article 19.

1. The company shall indemnify any person who is a member of the Management Board or the Supervisory Board (each of them an '**indemnified person**') and who was or is in his capacity as member of the Management Board or the Supervisory Board a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal or administrative or any action, suit or proceeding in order to obtain information (other than an action, suit or proceeding instituted by or on behalf of the company), against any and all liabilities including all expenses (including attorneys' fees), judgments, fines, amounts paid in settlement and other financial losses, actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the company.

   The termination of any action, suit or proceeding by a judgment, order, settlement, conviction, or the failure to put up a defense or its equivalent, shall not, in and of itself, create a presumption that the person did not act in good faith and not in a manner which he reasonably could believe to be in or not opposed to the best interests of the company. The indemnified person is obliged to inform the company as soon as practically possible about any claim or any circumstance that could lead to a claim.

2. No indemnification pursuant to paragraph 1 of this article shall be made in respect of any claim, issue or matter:

   - as to which such person shall have been adjudged in a final and non-appealable judgment by a Dutch judge to be liable for gross negligence or willful misconduct in the performance of his duty to the company, unless and only to the extent that the judge before whom such action or proceeding was brought or any other Dutch judge having appropriate jurisdiction shall determine upon application that, despite the adjudication of liability but in view of all of the circumstances of the case, such person is fairly and reasonably entitled to a compensation which the judge before whom such action or proceeding was brought or such other judge having appropriate jurisdiction shall deem proper; or

   - insofar costs and losses have been insured under any insurance and the insurance company has reimbursed to him the costs and losses.

3. Expenses (including attorneys' fees) incurred by an indemnified person in defending a civil or criminal action, suit or proceeding shall be paid by the company in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of an indemnified person to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the company as authorized in this article.

4. The indemnification provided for by this article shall not be deemed exclusive of any other right to which a person seeking indemnification or advancement of expenses may be entitled under the laws of the Netherlands as from time to time amended or under any by-laws,

agreement, resolution of the general meeting or of the members of the Management Board or Supervisory Board who are not an interested party in this matter or otherwise, both as to actions in his official capacity and as to actions in another capacity while holding such position, and shall continue as to a person who has ceased to be a member of the Management Board or the Supervisory Board, but was a member of the Management Board or Supervisory Board at any time after the execution of this deed of amendment and shall also inure to the benefit of the heirs, executors and administrators of the estate of such person.

5. The company may purchase and maintain insurance on behalf of any indemnified person, whether or not the company would have the power to indemnify him against such liability under the provisions of this article.

6. No amendment or repeal of this article shall adversely affect any right to protection of any person entitled to indemnification or advancement of expenses under this article prior to such amendment or repeal.

   By the amendment or repeal of this article an amendment can be made in the protection of any persons that have been (re-)appointed as member of the Management Board or Supervisory Board after the amendment or repeal of this article.

Financial year, annual accounts, annual report
Article 20.

1. The company's financial year shall begin on the first day of July and end on the thirtieth day of June of the following year.

2. The Management Board shall prepare the annual accounts within the period prescribed by law.

   The annual accounts shall be signed by all members of the Management Board and all members of the Supervisory Board.

   If the signature of one or more of them is lacking, this fact and the reason therefore shall be indicated.

   The Management Board shall also, within the period mentioned above, prepare an annual report.

3. The general meeting shall instruct a registered accountant or a firm of registered accountants, as defined in article 2:393 paragraph 1 Dutch Civil Code, to audit the annual accounts and the annual report by the Management Board, to report thereon, and to issue an auditor's certificate with respect thereto.

4. If the general meeting fails to issue such instructions, the Supervisory Board shall be authorized to do so, and if the latter fails to do so, the Management Board.

5. The company shall ensure that, as of the day on which a general meeting at which they are to be considered, is called, the annual accounts, the annual report and the additional information to be provided pursuant to article 2:392 paragraph 1 Dutch Civil Code are available for examination by those entitled to attend meetings.

   The company shall make copies of the documents referred to in the previous sentence available free of charge to those entitled to attend meetings.

   If these documents are amended, this obligation shall also extend to the amended documents.

6. The annual accounts shall be adopted by the general meeting.

7. The annual accounts shall not be adopted if the general meeting is unable to take cognizance of the certificate as referred to in paragraph 3 of this article, unless, together with the remaining information as referred to in article 2:392 Dutch Civil Code, a legitimate ground is given why the certificate is lacking.

   After the proposal to adopt the annual accounts has been dealt with, the proposal will be made to the general meeting to discharge the members of the Management Board in respect of their conduct of management and the members of the Supervisory Board for their supervision thereon during the relevant financial year insofar this appears from the annual accounts.

8. The company shall be obliged to make its annual accounts publicly available at the Trade Register.

Allocations of profit
Article 21.

1. The company may make distributions to the shareholders and other persons entitled to the distributable profits only to the extent that the company's shareholders' equity exceeds the sum of the paid-in capital and the reserves which it is required by law to maintain.

2. From the profits as they appear from the annual accounts:

   - first of all, on the preferred shares a dividend will be distributed to the amount of a percentage on the amount paid on those shares,

which equals twelve months 'EURIBOR', as published by De Nederlandsche Bank N.V. - calculated according to the number of days the rate applied - during the financial year to which the distribution relates, increased by a premium to be determined by the Management Board with the approval of the Supervisory Board in line with market conditions per the date of the first issue of the preferred shares with a maximum of five hundred basis points.

If and to the extent that the profit is not sufficient to fully make a distribution meant afore in this paragraph, the deficit shall be paid from the reserves.

In case of cancellation with repayment of preferred shares, on the day of repayment a distribution shall be made on the cancelled preferred shares, which distribution shall be calculated to the extent possible in accordance with the provision referred to above and with regard to the current financial year to be calculated time wise over the period from the first day of the current financial year, or if the preferred shares have been issued after such day, as from the day of issue, until the day of repayment without prejudice to the provisions of article 2:105 paragraph 4 Dutch Civil Code.

In the event that in a financial year the profit or the distributable reserves (as the case may be) are not sufficient to make the distributions meant above in this article, the provisions above shall apply over the following financial years until the deficit has been cleared;

- Secondly, the Management Board shall determine, subject to prior approval of the Supervisory Board, which part of the profits remaining after application of the first bullet shall be reserved.

  The part of the profits not reserved, shall be at the disposal of the general meeting.

3. After the approval of the Supervisory Board, the Management Board may make interim distributions only to the extent that the requirements set forth in paragraph 1 above are satisfied as apparent from an (interim) financial statement drawn up in accordance with the law.

4. After the approval of the Supervisory Board, the Management Board may decide that a distribution on shares is not made entirely or partly in cash, but rather in shares in the company.

5. On proposal of the Management Board which has been approved by the Supervisory Board, the general meeting may decide to make payments to holders of shares from the distributable part of the shareholders' equity.

6. Any claim a shareholder may have to a distribution shall lapse after five years, to be computed from the day on which such a distribution becomes payable.

General meetings

Article 22.

1. The annual general meeting shall be held every year within six months of the end of the financial year, in which shall, in any event, be considered:

   - the consideration of the annual report;
   - the adoption of the annual accounts;
   - any other matters put forward by the Supervisory Board or Management Board and announced pursuant to this article.

   In the event the period preparing the annual accounts as set forth in article 20 paragraph 2 of these articles of association is extended in conformity with applicable law, the matters indicated in the previous sentence will be dealt with in a general meeting to be held no later than one month after the extension.

2. General meetings will be held in Amsterdam, Baarlo, Venlo, The Hague, Rotterdam, Haarlemmermeer (Schiphol) or in Deventer.

3. General meetings shall be convened by the Supervisory Board or the Management Board in the manner and with reference to the applicable provisions of the legislation and applicable stock exchange regulations and with consideration of the applicable terms.

4. The convocation states:

   a. the subjects to be discussed;

   b. the place and time of the general meeting;

   c. the procedure for participation in the general meeting and the exercise of voting rights in person or by proxy.

5. Extraordinary general meetings shall be held as often as the Management Board or the Supervisory Board deems this necessary.

6. An item proposed by one or more shareholders having the right thereto according to applicable law, will be included in the convocation or announced in the same manner, provided the company receives such substantiated request or a proposal for a resolution in writing no later than the sixtieth day prior to the day of the meeting.

Article 23.

1. The general meetings will be chaired by the chairman of the Supervisory Board, or, in his absence, by a member of the Supervisory Board appointed by the Supervisory Board; if the chairman of the Supervisory Board is absent and no other member of the Supervisory Board has been appointed in his place, the general meeting shall appoint the chairman.

2. Minutes shall be kept of the items dealt with at the general meeting.

   The minutes shall be adopted by the chairman and the company secretary and shall be signed by them in witness thereof.

3. The chairman of the meeting as well as any member of the Management Board may at all times commission the drawing up of a notarial record of the meeting at the company's expense.

4. The chairman shall decide on all disputes with regard to voting, admitting people and, in general the procedure at the meeting, insofar as this is not provided for by law or the articles of association.

Article 24.

1. Each shareholder, as well as each other person with voting rights and/or meeting rights, is entitled, in person or through an attorney authorized in writing for the specific meeting, or by proxy, to attend the general meeting, to address the meeting and, in the event the shareholder is entitled to the voting rights, to exercise the voting rights.

2. The Management Board may resolve that for the application of the provision in paragraph 1, persons with voting rights and/or meeting rights are considered to be those persons who (i) on a date determined by the Management Board (the '**record date**') are persons with voting rights and/or meeting rights with respect to a share, and (ii) are registered in (a) register(s) determined by the Management Board (the '**register**'), provided that (iii) that person with voting rights and/or meeting rights gave notice to the company of his intention to attend the general meeting, irrespective of who at the time of the general meeting is a person with voting rights and/or meeting rights.

   The notice must state the name and the number of shares for which the person is entitled to vote and/or to attend the general meeting.

   The provisions regarding the notice apply *mutatis mutandis* to a holder of a proxy of a person with voting rights and/or meeting rights.

3. In case the Management Board does not use the authority referred to in paragraph 2, persons with voting rights and/or meeting rights with respect to shares, must give written notice to the Management Board of their intention to exercise the rights referred to in paragraph 1 at the general meeting, at such places and at such date as the Management Board will give notice of in the notice for the general meeting.

4. Insofar applicable, the convocation notice shall state the record date as well as where and how the registration as referred to in paragraph 2 is to take place, and, in so far as votes can be cast electronically, the way in which the rights of the person entitled to vote and to attend a meeting can be exercised.

5. A person entitled to vote and/or attend meetings, who wants to be represented in the general meeting by an attorney authorized in writing or proxy, must hand in their power of attorney or duly executed proxy at the office of the company or at another place to be designated by the company within the period laid down on the convocation notice; or inform the company about the power of attorney by electronic means.

   The Board of Management may decide that the proxies from those entitled to vote are attached to the attendance list.

6. The attendance list must be signed by each person with voting rights and/or meeting rights or his representative.

7. The members of the Management Board and the Supervisory Board shall have the right to attend the general meeting.

8. The Management Board may decide that every shareholder is entitled to participate in, to address and to vote in the general meeting by way of an electronic means of communication, in person or by proxy, provided the shareholder may by the electronic means of communication be identified, directly take notice of the discussion in the meeting and participate in the deliberations.

   The Management Board may adopt a resolution containing conditions for the use of electronic means of communication in writing.

   If the Management Board has made such regulation, such conditions will be disclosed with the notice convening the meeting.

9. In the event a record date issued as referred to in paragraph 2, the Management Board may stipulate that votes cast prior to the general meeting by electronic means are equated with votes cast during the meeting.

   These votes, in order to be valid, must be cast by a holder of voting rights on the record date and may not be cast earlier than on the record date.

Article 25.

1. Each share shall confer the right to cast one vote.

2. Insofar as the law or these articles of association do not prescribe a larger majority, resolutions shall be passed by a simple majority of votes cast in a meeting where at least one third of the outstanding shares are represented.

3. The chairman of the meeting determines the method of voting, which includes oral, written or electronic voting.

   In the event of the election of persons, anyone entitled to vote may demand that voting shall take place by written ballot.

   Voting by written ballot shall take place by means of sealed, unsigned ballot papers.

4. In the event the votes tie, the issue shall be decided by drawing lots, if it involves a proposal pertaining to individuals.

   If it concerns matters, the proposal shall be rejected in the event the votes tie.

5. Blank votes and invalid votes shall be considered as not having been cast.

Meetings of holders of preferred shares

Article 26.

Meetings of holders of preferred shares are held as frequently as a resolution is required by the meeting in question and as frequently as is deemed desirable by either the Management Board or the Supervisory Board, or by one or more holder(s) of preferred shares.

The provision of articles 22 through 25 apply *mutatis mutandis*, this with the exceptions that (i) the convocation shall be effected no later than the eighth day preceding the meeting, (ii) the meeting arranges the chairmanship shall not apply and (iii) the convocation will be affected by means of a notice of the meeting at the addresses of the holders of preferred shares listed in the shareholders' register or to the extent the holder of preferred shares consents thereto, he/she may be notified by a legible message sent electronically to the address that he/she has given to the company for this purpose.

Amendments to the articles of association, legal merger, demerger, dissolution and liquidation

Article 27.

1. On proposal of the Management Board which has been approved by the Supervisory Board, the general meeting may resolve to amend the company's articles, to conclude a legal merger (*juridische fusie*) or a demerger (*splitsing*), or to dissolve the company.

2. The full proposal shall be available at the offices of the company from the day of the convocation to the general meeting until the close of same for inspection by those who are entitled to attend meetings; the copies of this proposal shall be made available free of charge to those who are entitled to attend meetings.

   This shall be stated in the convocation advertisement.

3. Upon dissolution, the liquidation of the company shall be effected by the Management Board, unless the general meeting has designated other liquidators.

4. The remainder of the company's assets after payment of all debts and the costs of the liquidation shall be distributed as follows:

   a. first, the holders of the preferred shares shall be paid the nominal amount paid on their preferred shares, increased by (i) any deficit in the payment of dividend as referred to in article 21 paragraph 2 and (ii) an amount equal to the percentage referred to in article 21 paragraph 2 on the compulsory amount paid on the preferred shares, calculated over the period starting on the first day of the last full financial year prior to the liquidation and ending on the day of the payment on preferred shares as referred to in this article, with due observance of the fact that any and all dividends and/or other distributions paid on the preferred shares relating to such period shall be deducted from the payment as referred to in this subparagraph;

   b. the remainder shall be paid to the holders of ordinary shares, in proportion to the number of ordinary shares that each party owns.

5. During the liquidation, the provisions of the articles of association shall remain in force in as much as possible.

//v (1)

AMENDMENT NO. 9 TO
EMPLOYMENT AGREEMENT

This Amendment No. 9 to Employment Agreement is entered into on July 31, 2018 by Cimpress USA Incorporated (formerly known as Vistaprint USA, Incorporated) (the "Company") and Robert S. Keane (the "Employee"). The Company and the Employee previously entered into an Employment Agreement dated September 1, 2009, as amended (the "Agreement"), and now wish to amend the Agreement further to reflect the Employee's compensation for the Company's 2019 fiscal year.

The parties agree as follows:

1. Compensation and Benefits.

1.1 Salary. The Company shall pay the Employee, in accordance with the Company's regular payroll practices, an annualized base salary of $1,298,850 for the one-year period commencing on July 1, 2018.

1.2 FY 2019 Incentive Compensation. The Employee is entitled to receive performance share units under the Cimpress N.V. 2016 Performance Equity Plan with a value of $6,037,500.

1.3 Withholding. All salary, equity, and other compensation payable to the Employee is subject to applicable withholding taxes.

2. No Other Modification. Except as specifically modified by this Amendment, the Agreement remains unchanged and in full force and effect.

The parties have executed this Amendment as of the date set forth above.

CIMPRESS USA INCORPORATED

By: /s/Sean E. Quinn
Title: Chief Financial Officer

EMPLOYEE

/s/Robert S. Keane
Robert S. Keane

EXHIBIT 21.1

SUBSIDIARIES OF CIMPRESS N.V.

Subsidiary	Jurisdiction of Incorporation
Araprint B.V.	The Netherlands
Cimpress Australia Pty Limited	Australia
Cimpress Detroit Incorporated	Delaware, USA
Cimpress France SARL	France
Cimpress India Private Limited	India
Cimpress Investments B.V.	The Netherlands
Cimpress Jamaica Limited	Jamaica
Cimpress Schweiz GmbH	Switzerland
Cimpress UK Limited	England and Wales
Cimpress USA Incorporated	Delaware, USA
Cimpress Windsor Corporation	Nova Scotia, Canada
Del Camino SCI	France
Druck.at Druck- und Handelsgesellschaft GmbH	Austria
Drukwerkdeal.nl B.V.	The Netherlands
Drukwerkdeal.nl Productie B.V.	The Netherlands
E-Factory SAS	France
Exagroup SAS	France
FL Print SAS	France
FM Impressos Personalizados Ltda	Brazil
Grafica Editora Aquarela S.A.	Brazil
La Mougère SCI	France
Litotipografia Alcione S.r.l.	Italy
Pixartprinting S.p.A.	Italy
Printdeal B.V.	The Netherlands
Printi LLC	Delaware, USA
Pure Services SARL	France
Shanghai Cimpress Technology Company Limited	China
Vistaprint B.V.	The Netherlands
Vistaprint España, S.L.	Spain
Vistaprint Italy S.R.L.	Italy
Vistaprint Japan Co., Ltd	Japan
Vistaprint Limited	Bermuda
Vistaprint Netherlands B.V.	The Netherlands
Vistaprint Technologies Private Limited	India
Vistaprint Tunisie SARL	Tunisia
Webs, Inc.	Delaware, USA

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-129912, 333-133797, 333-147753, 333-176421, and 333-211743) of Cimpress N.V. of our report dated August 10, 2018 relating to the consolidated financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Boston, MA
August 10, 2018

Exhibit 31.1

CERTIFICATION

I, Robert S. Keane, certify that:

1. I have reviewed this Annual Report on Form 10-K of Cimpress N.V.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrants fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2018

/s/ Robert S. Keane

Robert S. Keane
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Sean E. Quinn, certify that:

1. I have reviewed this Annual Report on Form 10-K of Cimpress N.V.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrants fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2018

/s/ Sean E. Quinn

Sean E. Quinn
Chief Financial Officer

Exhibit 32.1

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

In connection with the Annual Report on Form 10-K of Cimpress N.V. (the “Company”) for the fiscal year ended June 30, 2018 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, Robert S. Keane, Chief Executive Officer, and Sean E. Quinn, Chief Financial Officer, of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, that, to his knowledge on the date hereof:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 10, 2018	/s/ Robert S. Keane
	Robert S. Keane
	Chief Executive Officer
Date: August 10, 2018	/s/ Sean E. Quinn
	Sean E. Quinn
	Chief Financial Officer