UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2019

or

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

For the transition period from to

Commission file number 000-51539

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.)**

Building D, Xerox Technology Park A91 H9N9,
Dundalk, Co. Louth
Ireland
(Address of Principal Executive Offices)
Registrant's telephone number, including area code: 353 42 938 8500
Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	**Trading Symbol(s)**	**Name of Exchange on Which Registered**
Ordinary Shares, par value of €0.01	CMPR	NASDAQ Global Select Market

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

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 every Interactive Data File required to be submitted 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 such files). Yes ☑ No o

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	☐	Non-accelerated filer	☐
		Smaller reporting company	☐		
		Emerging growth company	☐		

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 ☐ No ☑

As of October 25, 2019, there were 27,898,571 Cimpress N.V. ordinary shares outstanding.

CIMPRESS N.V.
QUARTERLY REPORT ON FORM 10-Q
For the Three Months Ended September 30, 2019

TABLE OF CONTENTS

	Page
PART I FINANCIAL INFORMATION	
Item 1. Financial Statements (unaudited)	1
Consolidated Balance Sheets as of September 30, 2019 and June 30, 2019	1
Consolidated Statements of Operations for the three months ended September 30, 2019 and 2018	2
Consolidated Statements of Comprehensive Income (Loss) for the three months ended September 30, 2019 and 2018	3
Consolidated Statements of Shareholders' Equity for the three months ended September 30, 2019 and 2018	4
Consolidated Statements of Cash Flows for the three months ended September 30, 2019 and 2018	5
Notes to Consolidated Financial Statements	6
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	29
Item 3. Quantitative and Qualitative Disclosures About Market Risk	43
Item 4. Controls and Procedures	44
PART II OTHER INFORMATION	
Item 1A. Risk Factors	44
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	44
Item 6. Exhibits	45
Signatures	46

PART I. FINANCIAL INFORMATION

Item 1. ***Financial Statements***

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

	September 30, 2019	June 30, 2019
Assets		
Current assets:		
Cash and cash equivalents	$ 31,234	$ 35,279
Accounts receivable, net of allowances of $8,781 and $7,313, respectively	68,518	60,646
Inventory	82,282	66,310
Prepaid expenses and other current assets	87,161	78,065
Total current assets	269,195	240,300
Property, plant and equipment, net	362,045	490,755
Operating lease assets, net	176,677	—
Software and website development costs, net	70,090	69,840
Deferred tax assets	57,527	59,906
Goodwill	711,670	718,880
Intangible assets, net	245,514	262,701
Other assets	46,751	25,994
Total assets	$ 1,939,469	$ 1,868,376
Liabilities, noncontrolling interests and shareholders’ equity		
Current liabilities:		
Accounts payable	$ 182,858	$ 185,096
Accrued expenses	216,000	194,715
Deferred revenue	35,533	31,780
Short-term debt	63,136	81,277
Operating lease liabilities, current	36,274	—
Other current liabilities	12,714	27,881
Total current liabilities	546,515	520,749
Deferred tax liabilities	37,967	44,531
Long-term debt	1,164,696	942,290
Lease financing obligation	—	112,096
Operating lease liabilities, non-current	146,678	—
Other liabilities	53,708	53,716
Total liabilities	1,949,564	1,673,382
Commitments and contingencies (Note 14)		
Redeemable noncontrolling interests	65,507	63,182
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 28,483,314 and 30,445,669 shares outstanding, respectively	615	615
Treasury shares, at cost, 15,597,313 and 13,634,958 shares, respectively	(969,833)	(737,447)
Additional paid-in capital	415,984	411,079
Retained earnings	560,596	537,422
Accumulated other comprehensive loss	(82,964)	(79,857)
Total shareholders' equity	(75,602)	131,812
Total liabilities, noncontrolling interests and shareholders’ equity	$ 1,939,469	$ 1,868,376

See accompanying notes.

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

	Three Months Ended September 30,	
	2019	2018
Revenue	$ 633,959	$ 588,981
Cost of revenue (1)	325,665	302,471
Technology and development expense (1)	63,167	57,063
Marketing and selling expense (1)	160,917	182,788
General and administrative expense (1)	43,623	41,176
Amortization of acquired intangible assets	13,018	11,301
Restructuring expense (1)	2,190	170
Income (loss) from operations	25,379	(5,988)
Other income, net	15,674	10,252
Interest expense, net	(15,087)	(13,777)
Income (loss) before income taxes	25,966	(9,513)
Income tax expense	6,115	5,481
Net income (loss)	19,851	(14,994)
Add: Net loss attributable to noncontrolling interest	180	355
Net income (loss) attributable to Cimpress N.V.	$ 20,031	$ (14,639)
Basic net income (loss) per share attributable to Cimpress N.V.	$ 0.67	$ (0.47)
Diluted net income (loss) per share attributable to Cimpress N.V.	$ 0.66	$ (0.47)
Weighted average shares outstanding — basic	29,747,035	30,883,617
Weighted average shares outstanding — diluted	30,529,472	30,883,617

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

	Three Months Ended September 30,	
	2019	2018
Cost of revenue	$ 88	$ 115
Technology and development expense	1,734	2,208
Marketing and selling expense	(1,311)	1,363
General and administrative expense	4,239	5,230
Restructuring expense	664	—

See accompanying notes.

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

	Three Months Ended September 30,	
	2019	**2018**
Net income (loss)	$ 19,851	$ (14,994)
Other comprehensive income (loss), net of tax:		
Foreign currency translation losses, net of hedges	(1,560)	(2,545)
Net unrealized (losses) gains on derivative instruments designated and qualifying as cash flow hedges	(7,188)	610
Amounts reclassified from accumulated other comprehensive loss to net income (loss) on derivative instruments	4,151	803
Comprehensive income (loss)	15,254	(16,126)
Add: Comprehensive loss attributable to noncontrolling interests	1,670	715
Total comprehensive income (loss) attributable to Cimpress N.V.	$ 16,924	$ (15,411)

See accompanying notes.

CIMPRESS N.V.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(unaudited 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, 2018	44,080	$ 615	(13,206)	$ (685,577)	$ 395,682	$ 452,756	$ (69,814)	$ 93,662
Restricted share units vested, net of shares withheld for taxes	—	—	20	64	(1,533)	—	—	(1,469)
Grant of restricted share awards	—	—	(2)	(288)	—	—	—	(288)
Share-based compensation expense	—	—	—	—	8,856	—	—	8,856
Net loss attributable to Cimpress N.V.	—	—	—	—	—	(14,639)	—	(14,639)
Adoption of new accounting standard	—	—	—	—	—	(3,246)	—	(3,246)
Net unrealized gain on derivative instruments designated and qualifying as cash flow hedges	—	—	—	—	—	—	1,413	1,413
Foreign currency translation, net of hedges	—	—	—	—	—	—	(2,185)	(2,185)
Balance at September 30, 2018	44,080	$ 615	(13,188)	$ (685,801)	$ 403,005	$ 434,871	$ (70,586)	$ 82,104
Balance at June 30, 2019	44,080	$ 615	(13,635)	$ (737,447)	$ 411,079	$ 537,422	$ (79,857)	$ 131,812
Restricted share units vested, net of shares withheld for taxes	—	—	4	87	(259)	—	—	(172)
Grant of restricted share awards	—	—	(2)	(187)	—	—	—	(187)
Share-based compensation expense	—	—	—	—	5,164	—	—	5,164
Purchase of ordinary shares	—	—	(1,964)	(232,286)	—	—	—	(232,286)
Net income attributable to Cimpress N.V.	—	—	—	—	—	20,031	—	20,031
Adoption of new accounting standards	—	—	—	—	—	3,143	—	3,143
Net unrealized loss on derivative instruments designated and qualifying as cash flow hedges	—	—	—	—	—	—	(3,037)	(3,037)
Foreign currency translation, net of hedges	—	—	—	—	—	—	(70)	(70)
Balance at September 30, 2019	44,080	$ 615	(15,597)	$ (969,833)	$ 415,984	$ 560,596	$ (82,964)	$ (75,602)

See accompanying notes.

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

	Three Months Ended September 30,	
	2019	2018
Operating activities		
Net income (loss)	$ 19,851	$ (14,994)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	42,535	40,718
Share-based compensation expense	5,414	8,916
Deferred taxes	(960)	(3,963)
Unrealized gain on derivatives not designated as hedging instruments included in net income (loss)	(14,527)	(5,766)
Effect of exchange rate changes on monetary assets and liabilities denominated in non-functional currency	5,028	(2,856)
Other non-cash items	1,365	745
Changes in operating assets and liabilities:		
Accounts receivable	(6,595)	(7,291)
Inventory	(6,410)	(11,316)
Prepaid expenses and other assets	737	783
Accounts payable	(11,038)	1,586
Accrued expenses and other liabilities	27,505	15,658
Net cash provided by operating activities	62,905	22,220
Investing activities		
Purchases of property, plant and equipment	(14,193)	(21,026)
Business acquisitions, net of cash acquired	(4,272)	(18,000)
Purchases of intangible assets	—	(22)
Capitalization of software and website development costs	(12,471)	(11,233)
Proceeds from the sale of assets	670	318
Other investing activities	903	395
Net cash used in investing activities	(29,363)	(49,568)
Financing activities		
Proceeds from borrowings of debt	277,785	245,096
Payments of debt	(74,392)	(206,692)
Payments of debt issuance costs	—	(1,458)
Payments of withholding taxes in connection with equity awards	(359)	(1,766)
Payments of finance lease obligations	(2,719)	(4,182)
Purchase of ordinary shares	(231,883)	—
Other financing activities	(1,437)	645
Net cash (used in) provided by financing activities	(33,005)	31,643
Effect of exchange rate changes on cash	(4,582)	(454)
Net (decrease) increase in cash and cash equivalents	(4,045)	3,841
Cash and cash equivalents at beginning of period	35,279	44,227
Cash and cash equivalents at end of period	$ 31,234	$ 48,068
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	$ 9,384	$ 7,549
Income taxes	4,472	5,449
Non-cash investing and financing activities:		
Capitalization of construction costs related to financing lease obligation	—	2,825
Property and equipment acquired under finance leases	—	3,565
Amounts accrued related to business acquisitions	2,645	5,832

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, writing instruments, packaging, apparel and other categories. We invest in and build customer-focused, entrepreneurial mass customization businesses for the long term, which we manage in a decentralized, autonomous manner. Mass customization is a core element of the business model of each Cimpress business. We drive competitive advantage across Cimpress through a select few shared strategic capabilities that have the greatest potential to create Cimpress-wide value. We limit all other central activities to only those which absolutely must be performed centrally.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) for interim financial information and, accordingly, do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments, consisting primarily of normal recurring accruals, considered necessary for fair presentation of the results of operations for the interim periods reported and of our financial condition as of the date of the interim balance sheet have been included. Operating results for the three months ended September 30, 2019 are not necessarily indicative of the results that may be expected for the year ending June 30, 2020 or for any other period.

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.

Significant Accounting Policies

Our significant accounting policies are described in Note 2 in our consolidated financial statements included in the Form 10-K for our year ended June 30, 2019. There have been no material changes to our significant accounting policies during the three months ended September 30, 2019, except the adoption of the new lease accounting standard, as discussed below.

Share-based Compensation

Total share-based compensation expense was $5,414 and $8,916 for the three months ended September 30, 2019 and 2018, respectively.

During fiscal 2018, we issued supplemental performance share units ("supplemental PSUs") to certain members of management (excluding Robert Keane, our Chairman and CEO) that were incremental to our typical long-term incentive awards. The supplemental PSUs are subject to a three-year cumulative financial performance condition intended to provide a stretch goal for participants in addition to service vesting and share price performance conditions. During the three months ended September 30, 2018 we recognized $1,894 of share-based compensation expense related to supplemental PSUs and we subsequently reversed this expense in the second quarter of fiscal 2019, as we concluded the achievement of the three-year performance condition was no longer probable. As of September 30, 2019 we continue to believe the awards are not probable of achievement. If, in a future period, we determine that it is probable that the financial performance condition will be achieved based on our financial performance, we will cumulatively catch up the expense in that period.

Other Income, Net

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

	2019	2018
Gains on derivatives not designated as hedging instruments (1)	$ 19,357	$ 7,373
Currency-related (losses) gains, net (2)	(3,412)	2,097
Other (losses) gains	(271)	782
Total other income, net	$ 15,674	$ 10,252

(1) Primarily relates to both realized and unrealized gains (losses) 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 (losses) gains, net for the three months ended September 30, 2019 and 2018 are primarily driven by this intercompany activity. In addition, we have certain cross-currency swaps designated as cash flow hedges, which hedge the remeasurement of certain intercompany loans, both presented in the same component above. The unrealized gain related to cross-currency swaps was $4,678 for the three months ended September 30, 2019 while we had an unrealized loss of $837 for the three months ended September 30, 2018.

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:

	Three Months Ended September 30,	
	2019	2018
Weighted average shares outstanding, basic	29,747,035	30,883,617
Weighted average shares issuable upon exercise/vesting of outstanding share options/RSUs/RSAs	782,437	—
Shares used in computing diluted net income (loss) per share attributable to Cimpress N.V.	30,529,472	30,883,617
Weighted average anti-dilutive shares excluded from diluted net income (loss) per share attributable to Cimpress N.V. (1)	—	1,222,905

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

Lease Accounting

Lease accounting - adoption of ASC 842

On July 1, 2019, we adopted ASC 842, Leases, using a modified retrospective transition approach. Under the modified retrospective approach, we recognized any cumulative impacts as of the adoption date within retained earnings on our consolidated balance sheet. We did not adjust the prior comparable period. Additionally, as part of our transition, we elected several practical expedients that streamlined the transition to the new guidance whereby we did not reassess the following:

- whether a lease under the prior standard continues to meet the definition of a lease under the new standard;
- whether the application of the new standard would have an impact on the classification of our existing leases, with the exception of our build-to-suit leases; and
- the existence of any initial direct costs associated with our leases.

We also elected the practical expedient to account for our lease components as a single lease component rather than separating them into lease and nonlease components, which would have resulted in recognizing only the lease components in the measurement of our lease assets and liabilities.

We elected the short-term lease exception policy, permitting us to not apply the recognition requirements of ASC 842 to short-term leases, which are defined as leases with a term of twelve months or less. Short-term leases are not recorded on our consolidated balance sheet and are expensed on a straight-line basis over the lease term in our consolidated statement of operations. We determine the lease term by including the exercise of renewal options that are considered reasonably certain at lease inception.

The following table summarizes the cumulative effect of adopting the new lease standard as of the adoption date of July 1, 2019:

Consolidated Balance Sheet	**As reported at June 30, 2019**	**ASC 842 adjustments**	**Adjusted balance at July 1, 2019**
Assets			
Prepaid expenses and other current assets	$ 78,065	$ (59)	$ 78,006
Property, plant and equipment, net	490,755	(121,254)	369,501
Operating lease assets, net	—	169,668	169,668
Deferred tax assets	59,906	(817)	59,089
Liabilities and Shareholders' Equity			
Operating lease liabilities, current	$ —	$ 37,342	$ 37,342
Other current liabilities	27,881	(12,569)	15,312
Lease financing obligation	112,096	(112,096)	—
Operating lease liabilities, non-current	—	139,041	139,041
Other liabilities	53,716	(7,169)	46,547
Retained earnings	537,422	2,989	540,411

The new standard impacted the classification of our build-to-suit leases for our Waltham, Massachusetts and Dallas, Texas building leases, which under the new standard resulted in a change of their classification to operating leases. On July 1, 2019, we de-recognized the existing lease assets included within property, plant and equipment, net of $121,254, the related lease financing obligations of $124,665, and associated deferred rent of $418. This change resulted in an $817 decrease to deferred tax assets and a net increase to retained earnings of $2,989. In addition, on July 1, 2019, we recognized operating lease assets of $169,668 and operating lease liabilities of $176,383, inclusive of our Waltham, Massachusetts lease which commenced prior to the transition date. The difference between the operating lease assets and liabilities resulted from the reclassification of deferred rent and tenant allowance balances presented in other financial statement lines of the consolidated balance sheet, which are now included in the operating lease assets.

For the first quarter of fiscal year 2020, the change in lease classification for our build-to-suit leases resulted in a reduction to operating income within our consolidated statement of operations of $1,860, with a corresponding decrease to interest expense, net. In our consolidated statement of cash flows, the change in classification resulted in a decrease to cash from operating activities and increase to cash from financing activities of $989. Other than the impact from our build-to-suit leases, the new standard did not have a material impact on our consolidated statement of operations and consolidated statement of cash flows. Refer to Note 13 for additional lease disclosure.

Lease accounting policy

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

Lease right-of-use ("ROU") assets and liabilities for operating and finance leases are recognized based on the present value of the future lease payments over the lease term at lease commencement date. As most of our leases do not provide an implicit interest rate, we use our incremental borrowing rate based on the information

available at the lease commencement date. Our incremental borrowing rate approximates the interest rate on a collateralized basis with similar terms and payments, and in economic environments where the leased asset is located. ROU assets also include any lease payments made at or before the lease commencement, as well as any initial direct costs incurred. Lease incentives received from the lessor are recognized as a reduction to the ROU asset. Variable lease payments are excluded from the operating lease assets and lease liabilities and recognized in the period in which the obligation for those payments is incurred.

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

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

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

Recently Issued or Adopted Accounting Pronouncements

New Accounting Standards Adopted

In August 2018, the FASB issued Accounting Standards Update No. 2018-15 "Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40)" (ASU 2018-15), which requires a customer in a cloud computing arrangement that is a service contract to follow the internal use software guidance in ASC 350-40 to determine which implementation costs to capitalize as assets or expense as incurred. The standard would be effective on July 1, 2020 and we early adopted new standard on July 1, 2019. The standard did not have a material impact on our consolidated financial statements.

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. We adopted the amendment on its effective date of July 1, 2019. The standard requires a modified retrospective transition approach, and we recognized the cumulative effect of the change within shareholders' equity as of the date of adoption.

Upon transitioning to the new standard on July 1, 2019, we reversed the cumulative effect of expense previously recognized in earnings for the ineffective portion of our interest rate swap contracts, which resulted in an adjustment to retained earnings and accumulated other comprehensive loss within our consolidated balance sheet of $153, net of tax. We will prospectively recognize any ineffectiveness associated with any effective and designated cash flow hedges within accumulated other comprehensive loss, rather than in earnings. These changes did not 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. We adopted the standard on its effective date of July 1, 2019. Refer to the information above for additional details of the adoption.

Issued Accounting Standards to be Adopted

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

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:

	September 30, 2019			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Cross-currency swap contracts	$ 5,924	$ —	$ 5,924	$ —
Currency forward contracts	36,072	—	36,072	—
Currency option contracts	8,665	—	8,665	—
Total assets recorded at fair value	$ 50,661	$ —	$ 50,661	$ —
Liabilities				
Interest rate swap contracts	$ (18,390)	$ —	$ (18,390)	$ —
Total liabilities recorded at fair value	$ (18,390)	$ —	$ (18,390)	$ —

	June 30, 2019			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Interest rate swap contracts	$ 144	$ —	$ 144	$ —
Currency forward contracts	15,268	—	15,268	—
Currency option contracts	4,765	—	4,765	—
Total assets recorded at fair value	$ 20,177	$ —	$ 20,177	$ —
Liabilities				
Interest rate swap contracts	$ (12,895)	$ —	$ (12,895)	$ —
Cross-currency swap contracts	(915)	—	(915)	—
Currency forward contracts	(2,486)	—	(2,486)	—
Currency option contracts	(42)	—	(42)	—
Total liabilities recorded at fair value	$ (16,338)	$ —	$ (16,338)	$ —

During the quarter ended September 30, 2019 and year ended June 30, 2019, 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 September 30, 2019, we have assessed the significance of the impact of the credit valuation adjustments on the overall valuation of our derivative positions and have determined that the credit valuation adjustments are not significant to the overall valuation of our derivatives. As a result, we have determined that our derivative valuations in their entirety are classified in Level 2 in the fair value hierarchy.

As of September 30, 2019 and June 30, 2019, the carrying amounts of our cash and cash equivalents, accounts receivable, accounts payable, and other current liabilities approximated their estimated fair values. As of September 30, 2019 and June 30, 2019 the carrying value of our debt, excluding debt issuance costs and debt discounts, was $1,239,222 and $1,035,585, respectively, and the fair value was $1,256,305 and $1,045,334, respectively. Our debt at September 30, 2019 includes variable-rate debt instruments indexed to LIBOR that resets periodically, as well as fixed-rate debt instruments. The estimated fair value of our debt was determined using available market information based on recent trades or activity of debt instruments with substantially similar risks, terms and maturities, which fall within Level 2 under the fair value hierarchy. 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 change 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. On July 1, 2019, we adopted the new hedge accounting standard, in which we no longer recognize the ineffective portion of an effective hedge within earnings, rather any ineffectiveness associated with any effective and designated hedge is recognized within accumulated other comprehensive loss. Refer to Note 2 for additional details.

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

Hedges of Interest Rate Risk

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

Amounts reported in accumulated other comprehensive loss related to interest rate swap contracts will be reclassified to interest expense, net as interest payments are accrued or made on our variable-rate debt. As of September 30, 2019, we estimate that $2,887 will be reclassified from accumulated other comprehensive loss to interest expense during the twelve months ending September 30, 2020. As of September 30, 2019, 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 September 30, 2019	$ 500,000
Contracts with a future start date	—
Total	$ 500,000

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 September 30, 2019, we had two outstanding cross-currency swap contracts designated as cash flow hedges with a total notional amount of $124,808, both maturing during June 2024. We entered into the two cross-currency swap contracts to hedge the risk of changes in one Euro-denominated intercompany loan entered into with one of our consolidated subsidiaries that has the Euro as its functional currency.

Amounts reported in accumulated other comprehensive loss will be reclassified to other income, net as interest payments are accrued or paid and upon remeasuring the intercompany loan. As of September 30, 2019, we estimate that $3,332 of income will be reclassified from accumulated other comprehensive loss to interest expense, net during the twelve months ending September 30, 2020.

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 September 30, 2019, we had nine currency forward contracts designated as net investment hedges with a total notional amount of $294,991, maturing during various dates through April 2024. We entered into these contracts to hedge the risk of changes in the U.S. Dollar equivalent value of a portion of our net investment in two consolidated subsidiaries that have Euro as their functional currency. Amounts reported in accumulated other comprehensive loss are recognized as a component of our cumulative translation adjustment.

We have elected to not apply hedge accounting for all other currency forward and option contracts. During the three months ended September 30, 2019 and 2018, we have experienced volatility within other 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 September 30, 2019, we had the following outstanding currency derivative contracts that were not designated for hedge accounting and were used to hedge fluctuations in the U.S. Dollar value of forecasted transactions or balances 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
$660,880	November 2017 through September 2019	Various dates through October 2024	653	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 September 30, 2019 and June 30, 2019. Our derivative asset and liability balances will fluctuate with interest rate and currency exchange rate volatility.

	September 30, 2019							
	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	$ —	$ —	$ —	Other current liabilities / other liabilities	$ (18,390)	$ —	$ (18,390)
Cross-currency swaps	Other current assets	5,924	—	5,924	Other current liabilities	—	—	—
Derivatives in net investment hedging relationships								
Currency forward contracts	Other non-current assets	14,835	—	14,835	Other current liabilities / other liabilities	—	—	—
Total derivatives designated as hedging instruments		$ 20,759	$ —	$ 20,759		$ (18,390)	$ —	$ (18,390)
Derivatives not designated as hedging instruments								
Currency forward contracts	Other current assets / other assets	$ 22,412	$ (1,175)	$ 21,237	Other current liabilities / other liabilities	$ —	$ —	$ —
Currency option contracts	Other current assets / other assets	8,666	(1)	8,665	Other current liabilities / other liabilities	—	—	—
Total derivatives not designated as hedging instruments		$ 31,078	$ (1,176)	$ 29,902		$ —	$ —	$ —

Derivatives designated as hedging instruments	June 30, 2019							
	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	$ 144	$ —	$ 144	Other current liabilities / other liabilities	$ (12,895)	$ —	$ (12,895)
Cross-currency swaps	Other non-current assets	—	—	—	Other liabilities	(915)	—	(915)
Derivatives in net investment hedging relationships								
Currency forward contracts	Other non-current assets	4,514	—	4,514	Other liabilities	(2,397)	—	(2,397)
Total derivatives designated as hedging instruments		$ 4,658	$ —	$ 4,658		$ (16,207)	$ —	$ (16,207)
Derivatives not designated as hedging instruments								
Currency forward contracts	Other current assets / other assets	$ 11,865	$ (1,111)	$ 10,754	Other current liabilities / other liabilities	$ (127)	$ 38	$ (89)
Currency option contracts	Other current assets / other assets	4,793	(28)	4,765	Other current liabilities / other liabilities	(42)	—	(42)
Total derivatives not designated as hedging instruments		$ 16,658	$ (1,139)	$ 15,519		$ (169)	$ 38	$ (131)

The following table presents the effect of our derivative financial instruments designated as hedging instruments and their classification within comprehensive income (loss) for the three months ended September 30, 2019 and 2018:

	Amount of Gain (Loss) Recognized in Comprehensive Income (Loss) on Derivatives	
	Three Months Ended September 30,	
	2019	2018
Derivatives in cash flow hedging relationships		
Interest rate swaps (1)	$ (4,590)	$ 872
Cross-currency swaps	(2,598)	(262)
Derivatives in net investment hedging relationships		
Cross-currency swaps	—	1,790
Currency forward contracts	12,718	1,886
Total	$ 5,530	$ 4,286

(1) Upon transitioning to the new hedge accounting standard on July 1, 2019, we reversed the cumulative effect of expense recognized for the ineffective portion of our interest rate swap contracts, which resulted in an adjustment to accumulated other comprehensive loss of $153, net of tax, which is included within the interest rate swap loss recognized for the three months ended September 30, 2019.

The following table presents reclassifications out of accumulated other comprehensive loss for the three months ended September 30, 2019 and 2018:

	Amount of Net Gain (Loss) Reclassified from Accumulated Other Comprehensive Loss into Income		Affected line item in the Statement of Operations
	Three Months Ended September 30,		
	2019	2018	
Derivatives in cash flow hedging relationships			
Interest rate swaps	$ (30)	$ (169)	Interest expense, net
Cross-currency swaps	5,564	1,240	Other income, net
Total before income tax	5,534	1,071	Income before income taxes
Income tax	(1,383)	(268)	Income tax expense
Total	$ 4,151	$ 803	

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 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)		Affected line item in the Statement of Operations
	Three Months Ended September 30,		
	2019	2018	
Currency contracts	$ 19,357	$ 7,373	Other income, net
Interest rate swaps (1)	—	204	Other income, net
Total	$ 19,357	$ 7,577	

(1) Upon our adoption of the new hedge accounting standard on July 1, 2019, we prospectively recognize any ineffectiveness associated with any effective and designated hedges within accumulated other comprehensive loss, rather than in earnings.

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 $1,929 for the three months ended September 30, 2019:

	Gains (losses) on cash flow hedges (1)	Gains (losses) on pension benefit obligation	Translation adjustments, net of hedges (2)	Total
Balance as of June 30, 2019	$ (11,282)	$ (204)	$ (68,371)	$ (79,857)
Other comprehensive loss before reclassifications	(7,188)	—	(70)	(7,258)
Amounts reclassified from accumulated other comprehensive loss to net income (loss)	4,151	—	—	4,151
Net current period other comprehensive loss	(3,037)	—	(70)	(3,107)
Balance as of September 30, 2019	$ (14,319)	$ (204)	$ (68,441)	$ (82,964)

(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 September 30, 2019 and June 30, 2019, the translation adjustment is inclusive of the effects of our net investment hedges, of which, unrealized gains of $11,987 and unrealized losses of $731, respectively, net of tax, have been included in accumulated other comprehensive loss.

6. Goodwill

The carrying amount of goodwill by reportable segment as of September 30, 2019 and June 30, 2019 was as follows:

	Vistaprint	PrintBrothers	The Print Group	National Pen	All Other Businesses	Total
Balance as of June 30, 2019	$ 145,961	$ 124,089	$ 198,363	$ 34,434	$ 216,033	$ 718,880
Acquisitions (1)	—	6,879	—	—	—	6,879
Adjustments (2)	3,919	—	—	—	(3,919)	—
Effect of currency translation adjustments (3)	(1,962)	(4,667)	(7,460)	—	—	(14,089)
Balance as of September 30, 2019	$ 147,918	$ 126,301	$ 190,903	$ 34,434	$ 212,114	$ 711,670

____

(1) During the first quarter of fiscal 2020, we recognized goodwill related to an immaterial acquisition within our PrintBrothers reportable segment.

(2) Due to changes in the composition of our reportable segments during the first quarter of fiscal 2020, we reclassified the goodwill associated with our Vistaprint Corporate Solutions reporting unit from All Other Businesses to our Vistaprint reportable segment. Refer to Note 12 for additional details on the changes in our reportable segments.

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

7. Other Balance Sheet Components

Accrued expenses included the following:

	September 30, 2019	June 30, 2019
Compensation costs	$ 55,448	$ 58,864
Income and indirect taxes	44,660	40,102
Advertising costs	33,134	22,289
Shipping costs	11,035	7,275
Interest payable	9,073	2,271
Production costs	8,649	9,261
Sales returns	5,879	5,413
Purchases of property, plant and equipment	2,430	2,358
Professional fees	2,363	2,786
Other	43,329	44,096
Total accrued expenses	$ 216,000	$ 194,715

Other current liabilities included the following:

	September 30, 2019	June 30, 2019
Current portion of finance lease obligations	$ 10,255	$ 10,668
Current portion of lease financing obligation (1)	—	12,569
Short-term derivative liabilities	1,161	1,628
Other	1,298	3,016
Total other current liabilities	$ 12,714	$ 27,881

____

(1) Due to our adoption of the new leasing standard on July 1, 2019, our Waltham, Massachusetts lease, which was previously classified as build-to-suit, is now classified as an operating lease and therefore the lease financing obligation has been de-recognized. Refer to Note 2 for additional details.

Other liabilities included the following:

	September 30, 2019	June 30, 2019
Long-term finance lease obligations	$ 21,006	$ 16,036
Long-term derivative liabilities	18,400	15,886
Other	14,302	21,794
Total other liabilities	$ 53,708	$ 53,716

8. Debt

	September 30, 2019	June 30, 2019
Senior secured credit facility	$ 822,681	$ 621,224
7.0% Senior unsecured notes due 2026	400,000	400,000
Other	16,541	14,361
Debt issuance costs and debt discounts	(11,390)	(12,018)
Total debt outstanding, net	1,227,832	1,023,567
Less: short-term debt (1)	63,136	81,277
Long-term debt	$ 1,164,696	$ 942,290

(1) Balances as of September 30, 2019 and June 30, 2019 are inclusive of short-term debt issuance costs and debt discounts of $2,419 for both periods presented.

Our Debt

Our various debt arrangements described below contain customary representations, warranties and events of default. As of September 30, 2019, we were in compliance with all financial and other covenants related to our debt.

Senior Secured Credit Facility

As of September 30, 2019, we had a committed credit facility of $1,578,662 as follows:

- Revolving loans of $1,087,257 with a maturity date of June 14, 2023
- Term loans of $491,405 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 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 September 30, 2019, the weighted-average interest rate on outstanding borrowings was 3.51%, 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 a number of our subsidiaries as collateral for our outstanding debt as of September 30, 2019.

Indenture and Senior Unsecured Notes

On June 15, 2018, we completed a private placement of $400,000 in aggregate principal amount of 7.0% senior unsecured notes due 2026 (the “2026 Notes”). We issued the 2026 Notes pursuant to a senior notes indenture dated as of June 15, 2018, among Cimpress N.V., our subsidiary guarantors, and MUFG Union Bank, N.A., as trustee. We used the net proceeds from the 2026 Notes during fiscal 2018 to redeem all of the outstanding 7.0% senior unsecured notes due 2022, 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.

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, 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.

Other Debt

Other debt consists primarily of term loans acquired through our various acquisitions or used to fund certain capital investments. As of September 30, 2019 and June 30, 2019 we had $16,541 and $14,361, respectively, outstanding for those obligations that are payable through March 2025.

9. Income Taxes

Our income tax expense was $6,115 and $5,481 for the three months ended September 30, 2019 and 2018, respectively. The increase in tax expense is primarily attributable to increased pre-tax income for the three months ended September 30, 2019 as compared to the same prior year period. In addition, during the three months ended September 30, 2018, we recognized a decrease in deferred tax assets of $5,574 related to Notice 2018-68 issued by the United States Internal Revenue Service, which provided guidance regarding amendments to Section 162(m) of the Internal Revenue Code contained in the Tax Cuts and Jobs Act. Excluding the effect of discrete tax adjustments, our estimated annual effective tax rate is lower for fiscal 2020 as compared to fiscal 2019 primarily due to an expectation of a more favorable geographical mix of consolidated earnings. Our effective tax rate continues to be negatively impacted by losses in certain jurisdictions where we are unable to recognize a tax benefit in the current period.

On May 19, 2019, Swiss voters approved the Federal Act on Tax Reform and AHV Financing (TRAF), which will be effective as of January 1, 2020. The TRAF legislation provides a framework for the cantons of Switzerland to modify their existing tax laws. Changes in cantonal tax law will be applicable to taxpayers only at the conclusion of both the federal and cantonal legislative processes, despite the fact that the federal framework law sets forth required changes to cantonal law. On September 1, 2019, voters in the canton of Zurich approved the cantonal implementation of TRAF. However, the official results of the Zurich referendum had not been published as of September 30, 2019. As such, TRAF is not considered enacted as of September 30, 2019.

TRAF requires the abolishment of various favorable federal and cantonal tax regimes. TRAF also provides transitional relief measures, various tax benefits such as a patent box regime, and discretionary cantonal statutory tax rate reductions. While TRAF provides a variety of transitional measures and potential tax incentives to taxpayers, TRAF imposes a limitation whereby taxpayers can only eliminate up to 70% of their cantonal tax liability. We expect TRAF to be enacted in the quarter ending December 31, 2019, at which point we will remeasure our existing Swiss deferred tax assets and liabilities and establish new Swiss deferred tax assets related to transitional relief measures. We expect this will result in a material tax benefit in the quarter of enactment, but are unable to quantify the benefit at this time.

As of September 30, 2019, we had unrecognized tax benefits of $5,300, including accrued interest and penalties of $498. We recognize interest and, if applicable, penalties related to unrecognized tax benefits in the provision for income taxes. If recognized, the entire amount of unrecognized tax benefits would reduce our tax expense. It is reasonably possible that a reduction in unrecognized tax benefits may occur within the next twelve

months in the range of $400 to $800 related to 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 2016 through 2019 remain open for examination by the IRS and the years 2013 through 2019 remain open for examination in the various states and non-US tax jurisdictions in which we file tax returns. We believe that our income tax reserves are adequately maintained taking into consideration both the technical merits of our tax return positions and ongoing developments in our income tax audits. However, the final determination of our tax return positions, if audited, is uncertain, and there is a possibility that final resolution of these matters could have a material impact on our results of operations or cash flows.

10. Noncontrolling Interests

For some of our subsidiaries, we own a controlling equity stake, and a third party or key member of the business' management team owns a minority portion of the equity. The balance sheet and operating activity of these entities are included in our consolidated financial statements and we adjust the net income (loss) in our consolidated statement of operations to exclude the noncontrolling interests' proportionate share of results. We present the proportionate share of equity attributable to the redeemable noncontrolling interests as temporary equity within our consolidated balance sheet and the proportionate share of noncontrolling interests not subject to a redemption provision that is outside of our control as equity. We recognize redeemable noncontrolling interests at fair value on the sale or acquisition date and adjust to the redemption value on a periodic basis, if that amount exceeds the fair value. If the formulaic redemption value exceeds the fair value of the noncontrolling interest, then the accretion to redemption value is offset to the net (income) loss attributable to noncontrolling interest in our consolidated statement of operations.

Redeemable Noncontrolling Interests

PrintBrothers

During the fourth quarter of fiscal 2019, we sold a minority equity interest in each of the three businesses within our PrintBrothers reportable segment to members of the management team. We received proceeds of €50,173 ($57,046 based on the exchange rate on the date we received the proceeds) in exchange for an equity interest in each of the businesses ranging from 12% to 13%. As of June 30, 2019, we recognized the redeemable noncontrolling interest at fair value of $57,046. The put options associated with the redeemable noncontrolling interest are exercisable beginning in 2021, while the associated call options become exercisable in 2026. As of September 30, 2019, the redemption value was less than the carrying value, and therefore no adjustment was required.

All Other Businesses

On October 1, 2018, we acquired approximately 99% of the outstanding equity interests of Build A Sign LLC. The remaining 1% is considered a redeemable noncontrolling equity interest, as it is redeemable for cash based on future financial results through put and call rights and not solely within our control. On the acquisition date, we recognized the redeemable noncontrolling interest at fair value of $3,356. As of September 30, 2019, the redemption value was less than the carrying value, and therefore no adjustment was required.

On July 2, 2018, we acquired approximately 73% of the shares of VIDA Group Co. The remaining 27% is considered a redeemable noncontrolling equity interest, as it is redeemable in the future not solely within our control. The shares we hold include certain liquidation preferences to all other share classes, and therefore the noncontrolling interest will bear any losses until the recoverable value of our investment declines below the stated redemption value. As of September 30, 2019, the redemption value is less than the carrying value and therefore no adjustment has been made.

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

	Redeemable noncontrolling interests
Balance as of June 30, 2019	$ 63,182
Acquisition of noncontrolling interest (1)	3,995
Net loss attributable to noncontrolling interest	(180)
Foreign currency translation	(1,490)
Balance as of September 30, 2019	$ 65,507

____

(1) During the first quarter of fiscal 2020, we acquired majority equity interests related to two immaterial businesses within our PrintBrothers reportable segment.

11. Variable Interest Entity ("VIE")

Investment in Printi LLC

As of September 30, 2019, we have a 53.7% equity interest in Printi LLC, which operates in Brazil, and the shareholders of Printi share profits and voting control on a pro-rata basis. We agreed to acquire all of the remaining equity interests in Printi through a reciprocal put and call structure, contractually exercisable from April 1, 2021 through a mandatory redemption date of July 31, 2023. This contractual obligation is presented as a liability on our consolidated balance sheet and we 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. As of September 30, 2019 and June 30, 2019, the carrying value of these liabilities is zero, based on their estimated redemption values.

In May 2017, we entered into an arrangement with two Printi equity holders to provide loans, which represent prepayments for our future purchase of their equity interests. The loans are payable on the date the put or call option is exercised and the loan proceeds will be used to offset our purchase of their remaining outstanding equity interest, which also serves as collateral. As of September 30, 2019 and June 30, 2019 the net loan receivable including accrued interest was zero, since the collateral value of the related liabilities is estimated to have no value.

12. Segment Information

Reportable Segment Change

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

During the first quarter of fiscal 2020, we revised our internal organizational and reporting structure leading to changes in our Vistaprint and All Other Businesses reportable segments. Our Vistaprint Corporate Solutions, Vistaprint India, and Vistaprint Japan businesses, which were previously aggregated based on materiality in our All Other Businesses, are now directly managed within the Vistaprint business. These businesses are close derivatives or adjacencies of the Vistaprint business and leverage the Vistaprint brand, customers, technology, and/or other assets. This change in reporting structure will position them closer to the Vistaprint operations, capabilities, and resources. We have revised our presentation of all prior periods presented to reflect our revised segment reporting.

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

- *Vistaprint* - Includes the operations of our global Vistaprint websites and our Webs-branded business, which is managed with the Vistaprint-branded digital business in the previously listed geographies. Also included is our Vistaprint Corporate Solutions business which serves medium-sized businesses and large corporations, as well as a legacy revenue stream with retail partners and franchise businesses.

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

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

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

- *All Other Businesses* - Includes a collection of businesses grouped together based on materiality:
    - BuildASign is an internet-based provider of canvas-print wall décor, business signage and other large-format printed products, based in Austin, Texas.
    - Printi is an online printing leader in Brazil, which offers a superior customer experience with transparent and attractive pricing, reliable service and quality.
    - VIDA is an innovative startup that brings manufacturing access and an e-commerce marketplace to artists, thereby enabling artists to convert ideas into beautiful, original products for customers, ranging from custom fashion, jewelry and accessories to home accent pieces.
    - YSD is a startup operation that provides end-to-end mass customization solutions to brands and IP owners in China, supporting multiple channels including retail stores, websites, WeChat and e-commerce platforms to enhance brand awareness and competitiveness, and develop new markets.

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

Segment Profit Change

During the first quarter of fiscal 2020, we changed our segment profitability measure to an adjusted EBITDA metric. The financial metric that we use to hold our businesses accountable on an annual basis is unlevered free cash flow. Historically, we have reported segment profit based on adjusted net operating profit; however, this is not a direct input to unlevered free cash flow. We believe this change simplifies both our internal and external reporting, while also increasing the focus on a profitability metric that is a direct input into our internal operating measure, to our steady-state free cash flow analysis that we report annually and to our estimates of intrinsic value per share.

The primary difference between the segment profit we previously reported and the revised metric is depreciation and amortization. The prior adjusted NOP-based metric only removed amortization of acquired intangibles, and the new segment EBITDA metric removes all depreciation and amortization, except for depreciation expense related to our Waltham, Massachusetts lease, which we treat in our historical results as operating expense. The new segment EBITDA metric does include the cost of long-term incentive programs, including share-based compensation, just as the prior adjusted NOP-based metric.

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

Our definition of segment EBITDA is GAAP operating income excluding certain items, such as depreciation and amortization (with the exception of depreciation expense associated with our Waltham, Massachusetts lease for periods prior to our adoption of the new leasing standard on July 1, 2019), 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. For historical periods presented, a portion of the interest expense associated with our Waltham, Massachusetts lease is included as expense in segment EBITDA 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. Beginning in fiscal 2020, as part of our adoption of

the new leasing standard, the accounting treatment for our Waltham, Massachusetts lease has changed to an operating lease, so the expense associated with this lease is reflected in operating income and no longer requires an adjustment to segment EBITDA. We do not allocate non-operating income, including realized gains and losses on currency hedges, to our segment results.

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

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

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

	Three Months Ended September 30,	
	2019	2018
Revenue:		
Vistaprint (1)	$ 343,171	$ 345,320
PrintBrothers (2)	109,290	101,389
The Print Group (3)	72,258	71,000
National Pen (4)	70,163	65,971
All Other Businesses (5)	42,276	7,715
Total segment revenue	637,158	591,395
Inter-segment eliminations	(3,199)	(2,414)
Total consolidated revenue	$ 633,959	$ 588,981

(1) Vistaprint segment revenues include inter-segment revenue of $1,328 and $1,249 for the three months ended September 30, 2019 and 2018, respectively.
(2) PrintBrothers segment revenues include inter-segment revenue of $243 and $359 for the three months ended September 30, 2019 and 2018, respectively.
(3) The Print Group segment revenues include inter-segment revenue of $432 and $56 for the three months ended September 30, 2019 and 2018, respectively.
(4) National Pen segment revenues include inter-segment revenue of $981 and $750 for the three months ended September 30, 2019 and 2018 respectively.
(5) All Other Businesses segment revenues include inter-segment revenue of $215 for the three months ended September 30, 2019. There was no inter-segment revenue for the three months ended September 30, 2018. Our All Other Businesses segment includes the revenue from our BuildASign acquisition from October 1, 2018.

	Three Months Ended September 30, 2019					
	Vistaprint	PrintBrothers	The Print Group	National Pen	All Other	Total
North America	$ 247,085	$ —	$ —	$ 41,542	$ 35,406	$ 324,033
Europe	74,458	109,047	71,826	22,313	—	277,644
Other	20,300	—	—	5,327	6,655	32,282
Inter-segment	1,328	243	432	981	215	3,199
Total segment revenue	343,171	109,290	72,258	70,163	42,276	637,158
Less: inter-segment elimination	(1,328)	(243)	(432)	(981)	(215)	(3,199)
Total external revenue	$ 341,843	$ 109,047	$ 71,826	$ 69,182	$ 42,061	$ 633,959

	Three Months Ended September 30, 2018					
	Vistaprint	PrintBrothers	The Print Group	National Pen	All Other	Total
North America	$ 246,121	$ —	$ —	$ 38,558	$ 1,727	$ 286,406
Europe	76,671	101,030	70,944	21,036	—	269,681
Other	21,279	—	—	5,627	5,988	32,894
Inter-segment	1,249	359	56	750	—	2,414
Total segment revenue	345,320	101,389	71,000	65,971	7,715	591,395
Less: inter-segment elimination	(1,249)	(359)	(56)	(750)	—	(2,414)
Total external revenue	$ 344,071	$ 101,030	$ 70,944	$ 65,221	$ 7,715	$ 588,981

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

	Three Months Ended September 30,	
	2019	2018
Segment EBITDA:		
Vistaprint	$ 80,580	$ 59,994
PrintBrothers	10,777	10,571
The Print Group	13,634	11,846
National Pen	(9,850)	(16,468)
All Other Businesses	1,717	(4,722)
Total segment EBITDA	96,858	61,221
Central and corporate costs	(26,930)	(29,287)
Depreciation and amortization	(42,535)	(40,718)
Waltham, MA lease depreciation adjustment (1)	—	1,030
Certain impairments and other adjustments	176	87
Restructuring-related charges	(2,190)	(170)
Interest expense for Waltham, MA lease (1)	—	1,849
Total income (loss) from operations	25,379	(5,988)
Other income, net	15,674	10,252
Interest expense, net	(15,087)	(13,777)
Income (loss) before income taxes	$ 25,966	$ (9,513)

____

(1) Upon the adoption of the new leasing standard on July 1, 2019, our Waltham, Massachusetts lease, which was previously classified as build-to-suit, is now classified as an operating lease under the new standard. Therefore, the Waltham depreciation and interest expense adjustments that were made in comparative periods will no longer be made beginning in the first fiscal quarter of 2020, as any impact from the Waltham lease will be reflected in operating income. Refer to Note 2 for additional details.

	Three Months Ended September 30,	
	2019	2018
Depreciation and amortization:		
Vistaprint	$ 16,275	$ 17,321
PrintBrothers	5,255	6,413
The Print Group	6,233	7,731
National Pen	5,581	5,124
All Other Businesses	5,973	583
Central and corporate costs	3,218	3,546
Total depreciation and amortization	$ 42,535	$ 40,718

	Three Months Ended September 30,	
	2019	2018
Purchases of property, plant and equipment:		
Vistaprint	$ 4,505	$ 12,056
PrintBrothers	331	1,729
The Print Group	4,105	1,996
National Pen	2,016	4,727
All Other Businesses	1,775	285
Central and corporate costs	1,461	233
Total purchases of property, plant and equipment	$ 14,193	$ 21,026

	Three Months Ended September 30,	
	2019	2018
Capitalization of software and website development costs:		
Vistaprint	$ 6,665	$ 7,258
PrintBrothers	331	287
The Print Group	451	495
National Pen	836	900
All Other Businesses	963	90
Central and corporate costs	3,225	2,203
Total capitalization of software and website development costs	$ 12,471	$ 11,233

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

	September 30, 2019	June 30, 2019
Long-lived assets (1):		
United States	$ 170,978	$ 57,118
Netherlands	105,812	73,601
Canada	78,672	73,447
Switzerland	65,353	57,488
Italy	44,613	43,203
Jamaica	21,253	21,267
Australia	21,111	20,749
France	21,624	18,533
Japan	16,937	17,768
Other	109,211	79,006
Total	$ 655,564	$ 462,180

(1) Excludes goodwill of $711,670 and $718,880, intangible assets, net of $245,514 and $262,701, and deferred tax assets of $57,527 and $59,906 as of September 30, 2019 and June 30, 2019, respectively. Build-to-suit lease assets of $124,408 are excluded for the year ended June 30, 2019, and upon our adoption of ASC 842 on July 1, 2019, our Waltham, MA build-to-suit lease has been reclassified as an operating lease and the build-to-suit lease balance is zero.

As of September 30, 2019, all operating lease assets are recognized within the balances above. Refer to Note 2 for additional details.

13. Leases

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

The following table presents the classification of right-of-use assets and lease liabilities as of September 30, 2019:

Leases	Consolidated Balance Sheet Classification	September 30, 2019
Assets:		
Operating right-of-use assets	Operating lease assets, net	$ 176,677
Finance right-of-use assets	Property, plant, and equipment, net	25,928
Total lease assets		$ 202,605
Liabilities:		
Current		
Operating lease liabilities	Operating lease liabilities, current	$ 36,274
Finance lease liabilities	Other current liabilities	10,255
Non-current		
Operating lease liabilities	Operating lease liabilities, non-current	146,678
Finance lease liabilities	Other liabilities	21,006
Total lease liabilities		$ 214,213

The following table represents the lease expenses for the three months ended September 30, 2019:

	Three Months Ended September 30, 2019
Operating lease expense	$ 10,881
Finance lease expense:	
Amortization of finance lease assets	1,655
Interest on lease liabilities	177
Variable lease expense	2,894
Less: sublease income	(1,102)
Net lease cost	$ 14,505

Future minimum lease payments under non-cancelable leases as of September 30, 2019 were as follows:

	Operating lease obligations	Finance lease obligations	Total lease obligations
2020	$ 31,732	$ 12,866	$ 44,598
2021	37,162	7,943	45,105
2022	31,966	5,223	37,189
2023	26,177	3,462	29,639
2024	22,303	1,844	24,147
Thereafter	55,259	2,672	57,931
Total	204,599	34,010	238,609
Less: present value discount	(21,647)	(2,749)	(24,396)
Lease liability	$ 182,952	$ 31,261	$ 214,213

As previously disclosed in our 2019 Annual Report on Form 10-K and under the previous lease accounting standard, the following is a summary of future minimum lease payments under non-cancelable leases and build-to suit arrangements as of June 30, 2019:

	Operating lease obligations	Build-to-suit lease obligations (1)	Finance lease obligations	Total lease obligations
2020	$ 30,269	$ 13,482	$ 11,468	$ 55,219
2021	22,849	13,836	6,414	43,099
2022	16,592	13,877	3,724	34,193
2023	12,553	12,426	2,544	27,523
2024	9,032	12,163	1,565	22,760
Thereafter	8,338	40,656	2,403	51,397
Total	$ 99,633	$ 106,440	$ 28,118	$ 234,191

____

(1) Build-to-suit minimum payments at June 30, 2019 related to our Waltham, Massachusetts and Dallas, Texas leases, refer to Note 2 for additional details.

Other information about leases is as follows:

Lease Term and Discount Rate	September 30, 2019
Weighted-average remaining lease term (years)	
Operating leases	6.63
Finance leases	4.10
Weighted-average discount rate	
Operating leases	3.22%
Finance leases	3.21%

Our leases have remaining lease terms of 1 year to 15 years, inclusive of renewal or termination options that we are reasonably certain to exercise.

Supplemental Cash Flow Information	Three Months Ended September 30, 2019
Cash paid for amounts included in measurement of lease liabilities:	
Operating cash flows from operating leases	$ 10,981
Operating cash flows from finance leases	177
Financing cash flows from finance leases	2,719

14. Commitments and Contingencies

Purchase Obligations

At September 30, 2019, we had unrecorded commitments under contract of $142,015, including third-party web services of $75,965 and inventory and third-party fulfillment purchase commitments of $38,215. In addition, we had purchase commitments for professional and consulting fees of $3,959, production and computer equipment purchases of $3,821, commitments for advertising campaigns of $796, and other unrecorded purchase commitments of $19,259.

Other Obligations

We deferred payments for several of our acquisitions resulting in the recognition of a liability of $2,645 in aggregate for the three months ended September 30, 2019.

Legal Proceedings

We are not currently party to any material legal proceedings. Although we cannot predict with certainty the results of litigation and claims to which we may be subject from time to time, we do not expect the resolution of any of our current matters to have a material adverse impact on our consolidated results of operations, cash flows or financial position. For all legal matters, at each reporting period, we evaluate whether or not a potential loss amount

or a potential range of loss is probable and reasonably estimable under the provisions of the authoritative guidance that addresses accounting for contingencies. We expense the costs relating to our legal proceedings as those costs are incurred.

15. Restructuring Charges

Restructuring costs include one-time employee termination benefits, acceleration of share-based compensation, write-off of assets and other related costs including third-party professional and outplacement services. During the three months ended September 30, 2019, we recognized restructuring charges of $2,190 primarily related to charges of $1,660 within our Vistaprint reportable segment as we continue to evolve our organizational structure, in addition to immaterial actions within our All Other Businesses reportable segment totaling $530 due to reorganization initiatives.

The following table summarizes the restructuring activity during the three months ended September 30, 2019:

	Severance and Related Benefits	Other Restructuring Costs	Total
Accrued restructuring liability as of June 30, 2019	$ 3,045	$ 167	$ 3,212
Restructuring charges	1,884	306	2,190
Cash payments	(1,967)	(295)	(2,262)
Non-cash charges (1)	(664)	—	(664)
Accrued restructuring liability as of September 30, 2019	$ 2,298	$ 178	$ 2,476

____

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

16. Subsequent Events

Subsequent to the quarter ended September 30, 2019, and through October 25, 2019, we have repurchased 585,106 of our outstanding ordinary shares for an amount of $75,558.

Item 2. ***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 the anticipated growth, development and profitability of certain of our businesses, sufficiency of our cash, legal proceedings, expected currency volatility, the anticipated competitive position of certain of our businesses in Europe, the development and anticipated benefits to our businesses of our mass customization platform, and the expected timing and impacts of Swiss tax reform. 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 various important factors, including but not limited to flaws in the assumptions and judgments upon which our forecasts and estimates are based; our failure to execute our strategy; our inability to make the investments in our business that we plan to make or the failure of those investments to achieve the results we expect; our failure to address performance issues in some of our businesses; the failure of the businesses we acquire or invest in to perform as expected; our failure to develop and deploy our mass customization platform or the failure of the platform to drive the performance, efficiencies, and competitive advantage we expect; loss of key personnel or our inability to recruit talented personnel to drive performance of our businesses; unanticipated changes in our markets, customers, or businesses; changes in the laws and regulations, or in the interpretation of laws and regulations, that affect our businesses, including changes in the timing of or regulations included in Swiss tax reform; our failure to attract new customers and retain our current customers; our failure to manage the growth and complexity of our business and expand our operations; the willingness of purchasers of customized products and services to shop online; our failure to maintain compliance with the covenants in our senior secured revolving credit facility and senior unsecured notes or to pay our debts when due; competitive pressures; general economic conditions; and other factors described in our Form 10-K for the fiscal year ended June 30, 2019 and the other documents we periodically file with the SEC..

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

During the first quarter of fiscal 2020, we revised our internal organizational and reporting structure leading to changes in our Vistaprint and All Other Businesses reportable segments. Our Vistaprint Corporate Solutions, Vistaprint India, and Vistaprint Japan businesses, which were previously aggregated based on materiality in our All Other Businesses, are now directly managed within the Vistaprint business. These businesses are close derivatives or adjacencies of the Vistaprint business and leverage the Vistaprint brand, customers, technology, and/or other assets. This change in reporting structure will position them closer to the Vistaprint operations, capabilities, and resources. We have revised our presentation of all prior periods presented to reflect our revised segment reporting.

In addition, we changed our segment profitability measure to an adjusted EBITDA metric. The financial metric that we use to hold our businesses accountable on an annual basis is unlevered free cash flow. Historically, we have reported segment profit based on adjusted net operating profit; however, this is not a direct input to unlevered free cash flow. We believe this change simplifies both our internal and external reporting, while also increasing the focus on a profitability metric that is a direct input into our internal operating measure, to our steady-state free cash flow analysis that we report annually and to our estimates of intrinsic value per share. The most significant change, when compared to our prior segment profit metric, is the exclusion of all depreciation and amortization expense, versus our prior profitability metric which only excluded amortization expense associated with

our acquired intangible assets. Refer to Note 12 for additional information relating to the definition of segment EBITDA. We also include below adjusted EBITDA, at a consolidated level, which is the most comparable measure to our definition of segment EBITDA. Refer below for our definitions of non-GAAP measures.

As of September 30, 2019, we have numerous operating segments under our management reporting structure that are reported in the following five reportable segments: Vistaprint, PrintBrothers, The Print Group, National Pen, and All Other Businesses. Refer to Note 12 in our accompanying consolidated financial statements for additional information relating to our reportable segments and our segment financial measures.

Financial Summary

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

- Revenue increased by 8% to $634.0 million.
- Consolidated constant-currency revenue increased by 10% and, excluding acquisitions completed in the last four quarters, increased by 4%.
- Operating income increased by $31.4 million to $25.4 million.
- Adjusted EBITDA (a non-GAAP financial measure) increased by $37.1 million to $79.5 million.
- Cash provided by operating activities increased by $40.7 million to $62.9 million.
- Adjusted free cash flow (a non-GAAP financial measure) increased by $46.3 million to $36.2 million.

For the first quarter of fiscal 2020, the increase in reported revenue is primarily due to the addition of the revenue from our BuildASign business acquired on October 1, 2018, as well as growth in our PrintBrothers, National Pen and The Print Group reportable segments. Currency exchange rate fluctuations negatively impacted revenue during the current quarter. For our Vistaprint business, revenue was impacted by significant reductions in our advertising spend, however revenue grew slightly on a constant-currency basis.

For the three months ended September 30, 2019, operating income increased as compared to the prior comparative period, due to profitability improvements across most of our businesses, including from planned reductions in advertising spend for our Vistaprint and National Pen businesses. The increase was also influenced by a reduction in share-based compensation expense, primarily due to our prior year recognition of expense associated with our supplemental PSUs, with no expense recognized in the current period since we no longer believe the performance condition is probable of being met. These increases were partially offset by increased investments in technology and other related areas, as well as additional restructuring charges and amortization of acquired intangibles.

For the three months ended September 30, 2019, adjusted EBITDA increased year-over-year primarily due to the same reasons as operating income mentioned above, as well as the addition of the profit from our BuildASign business acquired on October 1, 2018, which positively influenced adjusted EBITDA to a greater degree than operating income because adjusted EBITDA excludes depreciation and amortization expense. Adjusted EBITDA excludes depreciation and amortization but, in the comparative period, includes the impact of our Waltham, MA lease depreciation and interest expense as we have always viewed that as a cash operating cost. Adjusted EBITDA also includes the realized gains or losses on our currency derivatives intended to hedge EBITDA. The net year-over-year impact of currency on consolidated adjusted EBITDA was positive for the three months ended September 30, 2019, due to realized gains on currency derivatives more than offsetting the related currency impact.

Consolidated Results of Operations

Consolidated Revenue

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

Total revenue and revenue growth by reportable segment for the three months ended September 30, 2019 and 2018 are shown in the following table:

In thousands	Three Months Ended September 30,			Currency Impact:	Constant-Currency	Impact of Acquisitions/Divestitures:	Constant- Currency Revenue Growth
	2019	2018	% Change	(Favorable)/Unfavorable	Revenue Growth (1)	(Favorable)/Unfavorable	Excluding Acquisitions/Divestitures (2)
Vistaprint	$ 343,171	$ 345,320	(1)%	2%	1%	—%	1%
PrintBrothers	109,290	101,389	8%	5%	13%	—%	13%
The Print Group	72,258	71,000	2%	5%	7%	—%	7%
National Pen	70,163	65,971	6%	2%	8%	—%	8%
All Other Businesses (3)	42,276	7,715	448%	1%	449%	(453)%	(4)%
Inter-segment eliminations	(3,199)	(2,414)					
Total revenue	$ 633,959	$ 588,981	8%	2%	10%	(6)%	4%

___

(1) Constant-currency revenue growth, a non-GAAP financial measure, represents the change in total revenue between current and prior year periods at constant-currency exchange rates by translating all non-U.S. dollar denominated revenue generated in the current period using the prior year period's average exchange rate for each currency to the U.S. dollar. 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 2019 acquisitions is excluded from fiscal year 2020 revenue growth for quarters with no comparable year-over-year revenue. For example, revenue from BuildASign, which we acquired on October 1, 2018 in Q2 2019, is excluded from revenue growth in Q1 of fiscal year 2019 since there are no full quarter results in the comparable periods, but revenue will be included in revenue growth for Q2, Q3 and Q4 of fiscal year 2020. 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 BuildASign business from its acquisition date of October 1, 2018. Constant-currency revenue growth excluding acquisitions/divestitures, excludes the revenue results for BuildASign since their acquisition 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.

Consolidated Cost of Revenue

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

In thousands	Three Months Ended September 30,	
	2019	2018
Cost of revenue	$ 325,665	$ 302,471
% of revenue	*51.4%*	*51.4%*

For the three months ended September 30, 2019, consolidated cost of revenue increased by $23.2 million partially due to the addition of cost of revenue of $18.9 million from our BuildASign business, which was acquired on

October 1, 2018 and is therefore not included in the comparable period. The cost of revenue for our PrintBrothers businesses increased by $6.7 million primarily driven by revenue growth in our WIRmachenDRUCK business. We also recognized an increase of $1.5 million of costs within our National Pen business primarily due to increased volume. These increases were partially offset by a decrease in Vistaprint's cost of revenue, primarily due to a decrease in volume, as well as more effective management of shipping costs and improved plant efficiencies.

Consolidated Operating Expenses

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

In thousands	Three Months Ended September 30,		
	2019	2018	2019 vs. 2018
Technology and development expense	$ 63,167	$ 57,063	11 %
% of revenue	*10.0%*	*9.7%*	
Marketing and selling expense	$ 160,917	$ 182,788	(12)%
% of revenue	*25.4%*	*31.0%*	
General and administrative expense	$ 43,623	$ 41,176	6 %
% of revenue	*6.9%*	*7.0%*	
Amortization of acquired intangible assets	$ 13,018	$ 11,301	15 %
% of revenue	*2.1%*	*1.9%*	
Restructuring expense	$ 2,190	$ 170	1,188 %
% of revenue	*0.3%*	*0.0%*	

Technology and development expense

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

During the three months ended September 30, 2019, technology and development expenses increased by $6.1 million as compared to the prior year. The increase was partially due to a $2.3 million increase of expense in our Vistaprint business, primarily related to the ongoing rebuild of its technology infrastructure. In addition, we recognized increased costs in our central technology teams, primarily due to an increase in headcount, as these teams continue to develop new technologies that are intended to support our businesses. We also incurred costs from our BuildASign business, which was not included in the comparable period.

Marketing and selling expense

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

Our marketing and selling expenses decreased by $21.9 million during the three months ended September 30, 2019, as compared to the prior year, primarily due to the reduction of advertising spend in our Vistaprint business of $21.6 million as we continue to work to eliminate spend that does not meet our return thresholds. We also recognized a decrease in marketing costs in our National Pen business of $3.5 million, primarily due to a planned reduction in direct mail prospecting activity as compared to last year's elevated levels. The decrease was partially offset by the addition of $10.5 million of advertising and customer care costs in our BuildASign business during the three months ended September 30, 2019.

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 three months ended September 30, 2019, general and administrative expenses increased by $2.4 million as compared to the prior period, primarily due to an increase in consulting costs associated with strategic projects in our Vistaprint business, as well as higher recruiting costs related to the hiring of key members of the Vistaprint management team including the new executive team members. We also incurred costs from our BuildASign business which is not included in the comparable period. These increases were partially offset by a decrease in share-based compensation due to the prior period recognition of expense associated with our supplemental PSUs, with no expense recognized in the current period since we no longer believe the performance condition is probable of being met.

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 $1.7 million during the three months ended September 30, 2019, as compared to the three months ended September 30, 2018, due to the addition of amortization for our acquisition of BuildASign. This increase is partially offset by a reduction of amortization within our PrintBrothers and The Print Group reportable segments due to certain intangible assets becoming fully amortized during the prior fiscal year.

Restructuring expense

Restructuring expense consists of costs directly incurred as a result of restructuring initiatives, and includes employee-related termination costs, third party professional fees and facility exit costs. During the three months ended September 30, 2019 and 2018, we recognized restructuring expense of $2.2 million and $0.2 million, respectively.

Other Consolidated Results

Other income, net

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

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

In thousands	Three Months Ended September 30,	
	2019	2018
Gains on derivatives not designated as hedging instruments	$ 19,357	$ 7,373
Currency-related (losses) gains, net	(3,412)	2,097
Other (losses) gains	(271)	782
Total other income, net	$ 15,674	$ 10,252

The increase in other income, net is primarily due to the currency exchange rate volatility impacting our derivatives that are not designated as hedging instruments, in which our Euro and British Pound contracts are the most significant exposure that we economically hedge. We expect volatility to continue in future periods, as we do

not apply hedge accounting for most of our derivative currency contracts.

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

Interest expense, net

Interest expense, net primarily consists of interest paid on outstanding debt balances, amortization of debt issuance costs, interest related to finance 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 changes to the estimated future redemption value of our mandatorily redeemable noncontrolling interests.

Interest expense, net was $15.1 million and $13.8 million for the three months ended September 30, 2019 and 2018, respectively. Interest expense was higher in fiscal 2020 relative to historical trends primarily as a result of higher debt levels, primarily due to the prior year acquisition of BuildASign and share repurchases during the current quarter.

Income tax expense

In thousands	Three Months Ended September 30,	
	2019	2018
Income tax expense	$ 6,115	$ 5,481
Effective tax rate	*23.6%*	*(57.6)%*

Income tax expense for the three months ended September 30, 2019 was higher than the prior year primarily due to increased pre-tax earnings. In addition, during the three months ended September 30, 2018, we recognized a decrease in deferred tax assets of $5.6 million related to Notice 2018-68 issued by the United States Internal Revenue Service, which provided guidance regarding amendments to Section 162(m) of the Internal Revenue Code contained in the Tax Cuts and Jobs Act. Excluding the effect of discrete tax adjustments, our estimated annual effective tax rate is lower for fiscal 2020 as compared to fiscal 2019 primarily due to an expectation of a more favorable geographical mix of consolidated earnings. Our effective tax rate continues to be negatively impacted by losses in certain jurisdictions where we are unable to recognize a tax benefit in the current period.

On May 19, 2019, Swiss voters approved the Federal Act on Tax Reform and AHV Financing (TRAF), which will be effective as of January 1, 2020. The TRAF legislation provides a framework for the cantons of Switzerland to modify their existing tax laws. Changes in cantonal tax law will be applicable to taxpayers only at the conclusion of both the federal and cantonal legislative processes, despite the fact that the federal framework law sets forth required changes to cantonal law. On September 1, 2019, voters in the canton of Zurich approved the cantonal implementation of TRAF. However, the official results of the Zurich referendum had not been published as of September 30, 2019. As such, TRAF is not considered enacted as of September 30, 2019.

TRAF requires the abolishment of various favorable federal and cantonal tax regimes. TRAF also provides transitional relief measures, various tax benefits such as a patent box regime, and discretionary cantonal statutory tax rate reductions. While TRAF provides a variety of transitional measures and potential tax incentives to taxpayers, TRAF imposes a limitation whereby taxpayers can only eliminate up to 70% of their cantonal tax liability. We expect TRAF will be enacted in the quarter ending December 31, 2019, at which point we will remeasure our existing Swiss deferred tax assets and liabilities and establish new Swiss deferred tax assets related to transitional relief measures. We expect this will result in a material tax benefit in the quarter of enactment, but are unable to quantify the benefit at this time.

We believe that our income tax reserves are adequately maintained by taking into consideration both the technical merits of our tax return positions and ongoing developments in our income tax audits. However, the final determination of our tax return positions, if audited, is uncertain and therefore there is a possibility that final

resolution of these matters could have a material impact on our results of operations or cash flows. Refer to Note 9 in our accompanying consolidated financial statements for additional discussion.

Reportable Segment Results

Our segment financial performance is measured based on segment EBITDA, which is an adjusted EBITDA metric and is defined as operating income plus depreciation and amortization (excluding depreciation and amortization related to our Waltham, Massachusetts office lease for prior periods presented); plus share-based compensation expense related to investment consideration; plus earn-out related charges; plus certain impairments; plus restructuring related charges; less interest expense related to our Waltham, Massachusetts office lease for prior periods presented; less gain on purchase or sale of subsidiaries.

Vistaprint

In thousands	Three Months Ended September 30,		
	2019	2018	2019 vs. 2018
Reported Revenue	$ 343,171	$ 345,320	(1)%
Segment EBITDA	80,580	59,994	34%
% of revenue	*23%*	*17%*	

Segment Revenue

Vistaprint's reported revenue growth for the three months ended September 30, 2019 was negatively affected by currency impacts of 2%, resulting in constant-currency growth of 1%. During the three months ended September 30, 2019, revenue growth continues to be impacted by significant reductions in advertising spend, which is intended to eliminate advertising spend that does not meet our return criteria. The reductions in advertising spend lowered revenue growth but drove a significant improvement to profitability. Constant-currency revenue growth was positively impacted by a number of small changes across areas that have improved customer value and helped to optimize our efficiency and performance.

Segment Profitability

Vistaprint's segment EBITDA increased for the three months ended September 30, 2019 as compared to the prior period, driven primarily by a reduction to advertising spend of $21.6 million, as well as increased gross margin. The improvements to gross margin were influenced by reduced shipping costs, improved plant efficiencies, and benefits from improved pricing and promotion. These increases were partially offset by increases in technology investments and consulting projects related to Vistaprint's focus on foundational basics. Vistaprint's segment EBITDA was also negatively impacted by currency movements during the quarter.

PrintBrothers

In thousands	Three Months Ended September 30,		
	2019	2018	2019 vs. 2018
Reported Revenue	$ 109,290	$ 101,389	8%
Segment EBITDA	10,777	10,571	2%
% of revenue	*10%*	*10%*	

Segment Revenue

PrintBrothers' reported revenue growth for the three months ended September 30, 2019 was negatively affected by currency impacts of 5%, resulting in constant-currency growth of 13%. The constant-currency revenue growth was primarily driven by continued growth in each of the businesses. We continue to see very aggressive price and online search competition in the upload and print space in Europe. This negatively impacts our revenue and profit but we intend to maintain this defensive stance indefinitely because we believe that, over the long term, our cost structure should allow us to outlast the competition. Our upload and print businesses are working more closely together than in the past to exploit scale advantages and improve their competitiveness. These businesses also continue to invest in modernized e-commerce technologies and increasingly adopt our mass customization platform (MCP) microservices, which we believe will improve customer value and the efficiency of each business over the long term.

Segment Profitability

PrintBrothers' segment EBITDA increased slightly during the three months ended September 30, 2019 as compared to the prior period, due to increased gross profit driven by revenue growth discussed above, partially offset by increased investments in technology intended to improve the customer value proposition of each business in increasingly competitive markets, pricing reductions in certain products offered by certain businesses, increased marketing costs due to higher paid search costs, and negative impacts from currency movements.

The Print Group

In thousands	Three Months Ended September 30,		
	2019	2018	2019 vs. 2018
Reported Revenue	$ 72,258	$ 71,000	2%
Segment EBITDA	13,634	11,846	15%
% of revenue	*19%*	*17%*	

Segment Revenue

The Print Group's reported revenue growth for the three months ended September 30, 2019 was negatively affected by currency impacts of 5%, resulting in an increase in revenue on a constant-currency basis of 7%. The constant-currency revenue growth was primarily driven by continued growth from our Pixartprinting business. As described above, aggressive price competition continues in the European upload and print market, but we believe we are positioned to outlast our competition. These businesses continue to invest in modernized e-commerce technologies and increasingly adopt MCP microservices, which we believe will improve customer value and the efficiency of each business over the long term.

Segment Profitability

The Print Group's segment EBITDA increased during the three months ended September 30, 2019, as compared to the prior period, driven by production and operating expense efficiencies, partially offset by investments in technology, unfavorable currency impacts, and the year-over-year impact of previously described price reductions in response to competition.

National Pen

In thousands	Three Months Ended September 30,		
	2019	2018	2019 vs. 2018
Reported Revenue	$ 70,163	$ 65,971	6%
Segment EBITDA	(9,850)	(16,468)	40%
% of revenue	*(14)%*	*(25)%*	

Segment Revenue

National Pen's reported revenue growth for the three months ended September 30, 2019 was negatively affected by currency impacts of 2%, resulting in constant-currency revenue growth of 8%. Revenue growth was primarily driven by increases across channels and geographies, as we have seen improved marketing performance, even with planned reductions to our external marketing spend.

Segment Profitability

The improvement in National Pen's segment EBITDA loss for the three months ended September 30, 2019, compared to the prior period, is primarily due to advertising spend reductions and operational improvements, partially offset by accelerated investment in e-commerce technology. Currency had a negative year-over-year impact on segment EBITDA loss.

All Other Businesses

In thousands	Three Months Ended September 30,		
	2019	2018	2019 vs. 2018
Reported Revenue (1)	$ 42,276	$ 7,715	448%
Segment EBITDA (1)	1,717	(4,722)	136%
% of revenue	*4%*	*(61)%*	

(1) Our All Other Businesses segment includes the results of our fiscal 2019 acquisition, BuildASign, from October 1, 2018.

With the exception of BuildASign which is a larger and profitable business, this segment consists of multiple small, rapidly evolving early-stage businesses through 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 early-stage businesses we continue to have operating losses as previously described and as planned.

Segment Revenue

The All Other Businesses segment revenue increase was due to the inclusion of the results of BuildASign since the acquisition date of October 1, 2018. Organic constant-currency revenue, excluding the impact of the BuildASign business, decreased by 4% for the three months ended September 30, 2019, driven by a decrease in revenue in our Printi business as compared to the prior period, primarily due to recent actions we have taken to improve the efficiency and focus of the business, which included foregoing certain revenue channels that we do not believe had a high probability of sufficient returns.

Segment Profitability

The improvement in the All Other Businesses segment EBITDA for the three months ended September 30, 2019, as compared to the prior period, was primarily due to the addition of BuildASign, which we acquired on October 1, 2018 and contributed $4.7 million of segment EBITDA for the three months ended September 30, 2019. Additionally, the work to improve the efficiency and focus of Printi drove a year-over-year benefit to segment EBITDA as well. Based on recent initiatives in cost reduction and a focus on profitable growth, we expect Printi's EBITDA losses in fiscal 2020 to be lower than in the prior year.

Central and Corporate Costs

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

Central and corporate costs decreased by $2.4 million during the three months ended September 30, 2019, as compared to the prior year, driven by $3.8 million of lower share-based compensation costs primarily associated with our supplemental PSUs and related supplemental performance cash awards, for which we continue to believe the performance condition will not be met. Additionally, our share-based compensation is lower due to the changes we made in November 2018 to reduce the size of our Board of Directors. This decrease was partially offset by an increase in central technology investments.

Liquidity and Capital Resources

Consolidated Statements of Cash Flows Data

In thousands	Three Months Ended September 30,	
	2019	2018
Net cash provided by operating activities	$ 62,905	$ 22,220
Net cash used in investing activities	(29,363)	(49,568)
Net cash (used in) provided by financing activities	(33,005)	31,643

At September 30, 2019, we had $31.2 million of cash and cash equivalents and $1,239.2 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 three months ended September 30, 2019 related primarily to the following items:

Cash inflows:

- Net income of $19.9 million
- Adjustments for non-cash items of $38.9 million primarily related to positive adjustments for depreciation and amortization of $42.5 million, share-based compensation costs of $5.4 million, partially offset by unrealized currency-related gains of $9.5 million and non-cash tax related items of $1.0 million
- Proceeds of debt of $203.4 million, net of payments
- The changes in operating assets and liabilities, excluding the impact of restructuring-related payments, were a source of cash during the period, driven by increases in accrued expenses

Cash outflows:

- Purchases of our ordinary shares for $231.9 million
- Capital expenditures of $14.2 million of which the majority related to the purchase of manufacturing and automation equipment for our production facilities and computer and office equipment
- Internal costs for software and website development that we have capitalized of $12.5 million
- Payments for acquisitions of $4.3 million, net of cash acquired
- Payments for finance lease arrangements of $2.7 million

Additional Liquidity and Capital Resources Information. During the three months ended September 30, 2019, we financed our operations and strategic investments through internally generated cash flows from operations and debt financing. As of September 30, 2019, 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 $32.7 million. We do not intend to repatriate these funds as the cash and cash equivalent balances are generally used and available, without legal restrictions, to fund ordinary business operations and investments of the respective subsidiaries. If there is a change in the future, the repatriation of undistributed earnings from certain

subsidiaries, in the form of dividends or otherwise, could have tax consequences that could result in material cash outflows.

Debt. As of September 30, 2019, we had aggregate loan commitments from our senior secured credit facility totaling $1,578.7 million. The loan commitments consisted of revolving loans of $1,087.3 million and term loans of $491.4 million. We have other financial obligations that constitute additional indebtedness based on the definitions within the credit facility. As of September 30, 2019, the amount available for borrowing under our senior secured credit facility was as follows:

In thousands

	September 30, 2019
Maximum aggregate available for borrowing	$ 1,578,662
Outstanding borrowings of senior secured credit facility	(822,681)
Remaining amount	755,981
Limitations to borrowing due to debt covenants and other obligations (1)	(234,467)
Amount available for borrowing as of September 30, 2019 (2)	$ 521,514

____

(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, finance 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 8 of the accompanying consolidated financial statements. As of September 30, 2019, we were in compliance with all financial and other covenants under the credit agreement and senior unsecured notes indenture.

Other Debt. Other debt primarily consists of term loans acquired through our various acquisitions or used to fund certain capital investments. As of September 30, 2019 we had $16.5 million outstanding for other debt payable through March 2025.

Our expectations for fiscal year 2020. We believe that our available cash, cash flows generated from operations, and cash available under our committed debt financing will be sufficient to satisfy our liabilities and planned investments to support our long-term growth strategy. We endeavor to invest capital that we believe will generate returns that are above, or well above, our weighted average cost of capital. We consider any use of cash that we expect to require more than twelve months to return our invested capital to be an allocation of capital. For fiscal 2020, we expect to continue to evaluate opportunities to allocate capital across a spectrum of organic investments, purchases of our ordinary shares, corporate acquisitions and similar investments, and reductions of debt, although we do not expect to complete a material acquisition in this time period. We have targeted a capital structure that we believe balances both efficiency and flexibility. We do not have a specific financial leverage target, but rather will be guided by the availability of attractive opportunities while not putting at risk our ability to comfortably meet our quarterly maintenance covenants on our debt.

Share repurchase availability. Share repurchases have formed a material component of our capital allocation over the last decade and we expect that could continue dependent on our share price, liquidity, obligations under our equity compensation plans, and other capital allocation opportunities. In addition to these dependencies and our adherence to certain regulatory requirements, there are generally three restrictions for our share repurchases: (1) shareholder and Board approval which is described in Part II, Item 2 of this report, (2) compliance with our debt covenants for share repurchases which include limitations based on our financial leverage, and (3) distributable reserves as provided in the statutory financial statements of our parent company.

Contractual Obligations

Contractual obligations at September 30, 2019 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	$ 179,453	$ 27,867	$ 57,952	$ 40,900	$ 52,734
Purchase commitments	142,015	85,011	28,921	28,083	—
Senior unsecured notes and interest payments	596,000	28,000	56,000	56,000	456,000
Other debt and interest payments (1)	937,484	95,792	205,591	635,691	410
Finance leases, net of subleases	28,577	11,944	11,322	3,462	1,849
Other	2,645	1,272	1,373	—	—
Total (2)	$ 1,886,174	$ 249,886	$ 361,159	$ 764,136	$ 510,993

____

(1) Other debt and interest payments include the effects of interest rate swaps, whether they are expected to be payments or receipts of cash. We have excluded the effect of interest rate swaps of $0.5 million within the more than five years category above as that period extends beyond the term of our debt and the interest rate swaps do not yet offset contractual interest payments.

(2) 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 $4.8 million as of September 30, 2019 have been excluded from the contractual obligations table above. For further information on uncertain tax positions, see Note 9 to the accompanying consolidated financial statements.

Purchase Commitments. At September 30, 2019, we had unrecorded commitments under contract of $142.0 million. Purchase commitments consisted of third-party web services of $76.0 million, inventory purchase commitments of $38.2 million, commitments for professional and consulting fees of $4.0 million, production and computer equipment purchases of approximately $3.8 million, commitments for advertising campaigns of $0.8 million, and other unrecorded purchase commitments of $19.3 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 September 30, 2019, the term loans of $491.4 million outstanding under our credit agreement have repayments due on various dates through June 14, 2023, with the revolving loans outstanding under our $1,087.3 million revolving credit facility due on June 14, 2023. Interest payable included in this table is based on the interest rate as of September 30, 2019, 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 term loans acquired through our various acquisitions or used to fund certain capital investments, and as of September 30, 2019 we had $16.5 million outstanding for those obligations that have repayments due on various dates through March 2025.

Finance Leases. We lease certain machinery and plant equipment under finance lease agreements that expire at various dates through 2022. The aggregate carrying value of the leased equipment under finance leases included in property, plant and equipment, net in our consolidated balance sheet at September 30, 2019, is $25.9 million, net of accumulated depreciation of $40.5 million. The present value of lease installments not yet due included in other current liabilities and other liabilities in our consolidated balance sheet at September 30, 2019 amounts to $31.3 million.

Other Obligations. Other obligations include deferred payments related to previous acquisitions of $2.6 million in the aggregate.

Additional Non-GAAP Financial Measures

Adjusted EBITDA and adjusted free cash flow presented below, and constant-currency revenue growth and constant-currency revenue growth excluding acquisitions/divestitures presented in the consolidated results of operations section above, are supplemental measures of our performance that are not required by, or presented in accordance with, GAAP. Adjusted EBITDA is defined as GAAP operating income plus depreciation and amortization (excluding depreciation and amortization related to our Waltham, Massachusetts office lease) plus share-based compensation expense plus proceeds from insurance plus earn-out related charges plus certain impairments plus restructuring related charges plus realized gains or losses on currency derivatives less interest expense related to our Waltham, Massachusetts office lease less gain on purchase or sale of subsidiaries. We note that with the adoption of ASC 842, the Waltham, Massachusetts office lease has been reclassified from a build-to-suit lease to an operating lease, and therefore the depreciation and interest expense adjustments that were made in comparative periods will no longer be made beginning in the first fiscal quarter of 2020, as any impact from the Waltham lease will be reflected in operating income. Refer to Note 2 for additional details.

Adjusted EBITDA 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 certain derivative 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.

Adjusted free cash flow is the primary financial metric by which we set quarterly and annual budgets both for individual businesses and Cimpress-wide. Adjusted 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 that are included in net cash used in investing activities, plus the payment of contingent consideration in excess of acquisition-date fair value and gains on proceeds from insurance that are included in net cash provided by operating activities, if any. We use this cash flow metric because we believe that this methodology can provide useful supplemental information to help investors better understand our ability to generate cash flow after considering certain investments required to maintain or grow our business, as well as eliminate the impact of certain cash flow items presented as operating cash flows that we do not believe reflect the cash flow generated by the underlying business.

Our adjusted free cash flow measure has limitations as it may omit certain components of the overall cash flow statement and does not represent the residual cash flow available for discretionary expenditures. For example, adjusted free cash flow does not incorporate our cash payments to reduce the principal portion of our debt or cash payments for business acquisitions. Additionally, the mix of property, plant and equipment purchases that we choose to finance may change over time. We believe it is important to view our adjusted free cash flow measure only as a complement to our entire consolidated statement of cash flows.

The table below sets forth operating income (loss) and adjusted EBITDA for the three months ended September 30, 2019 and 2018:

In thousands	Three Months Ended September 30,	
	2019	2018
GAAP operating income (loss)	$ 25,379	$ (5,988)
Exclude expense (benefit) impact of:		
Depreciation and amortization	42,535	40,718
Waltham, MA lease depreciation adjustment (1)	—	(1,030)
Share-based compensation expense (2)	4,750	8,916
Certain impairments and other adjustments	(176)	(87)
Restructuring-related charges	2,190	170
Interest expense for Waltham, MA lease (1)	—	(1,849)
Realized gains on currency derivatives not included in operating income (loss)	4,838	1,607
Adjusted EBITDA	$ 79,516	$ 42,457

(1) Upon the adoption of the new leasing standard on July 1, 2019, our Waltham, Massachusetts lease, which was previously classified as build-to-suit, is now classified as an operating lease under the new standard. Therefore, the Waltham depreciation and interest expense adjustments that were made in comparative periods are no longer adjusted beginning in the first fiscal quarter of 2020, as any impact from the Waltham lease will be reflected in operating income. Refer to Note 2 for additional details.

(2) The adjustment for share-based compensation expense excludes the portion of share-based compensation expense included in restructuring related charges, if any, to avoid double counting.

The table below sets forth net cash provided by operating activities and adjusted free cash flow for the three months ended September 30, 2019 and 2018:

In thousands	Three Months Ended September 30,	
	2019	2018
Net cash provided by operating activities	$ 62,905	$ 22,220
Purchases of property, plant and equipment	(14,193)	(21,026)
Purchases of intangible assets not related to acquisitions	—	(22)
Capitalization of software and website development costs	(12,471)	(11,233)
Adjusted free cash flow	$ 36,241	$ (10,061)

Item 3. ***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 September 30, 2019, our cash and cash equivalents consisted of standard depository accounts which are held for working capital purposes. We do not believe we have a material exposure to interest rate fluctuations related to our cash and cash equivalents.

As of September 30, 2019, we had $822.7 million of variable-rate debt. As a result, we have exposure to market risk for changes in interest rates related to these obligations. In order to mitigate our exposure to interest rate changes related to our variable rate debt, we execute interest rate swap contracts to fix the interest rate on a portion of our outstanding or forecasted long-term debt with varying maturities. As of September 30, 2019, 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 $3.1 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 income, net on the mark-to-market of outstanding contracts and (ii) realized gains and losses recognized in other income, net, whereas the offsetting economic gains and losses are reported in the line item of the underlying activity, for example, revenue.

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

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

- *Remeasurement of monetary assets and liabilities:* Transaction gains and losses generated from remeasurement of monetary assets and liabilities denominated in currencies other than the functional currency of a subsidiary are included in other income, net on the consolidated statements of operations. Certain of our subsidiaries hold intercompany loans denominated in a currency other than their functional currency. Due to the significance of these balances, the revaluation of intercompany loans can have a material impact on other income, 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 $35.5 million and $32.3 million on our income (loss) before income taxes for the three months ended September 30, 2019 and 2018, respectively.

Item 4. *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 September 30, 2019. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, or the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of September 30, 2019, our chief executive officer and chief financial officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

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

PART II. OTHER INFORMATION

Item 1A. Risk Factors

There have been no material changes with respect to the risk factors disclosed in our Form 10-K for the fiscal year ended June 30, 2019.

Item 2. *Unregistered Sales of Equity Securities and Use of Proceeds*

On February 12, 2019, we announced that our Board had authorized us to repurchase up to 5,500,000 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 program expires on May 13, 2020, and we may suspend or discontinue our share repurchases at any time.

We continue to have sufficient statutory distributable reserves in our parent company to execute share repurchases, despite having negative shareholders' equity in our consolidated US GAAP financial statements included herein. The following table outlines the purchase of our ordinary shares during the three months ended September 30, 2019 under the program described above:

	Total Number of Shares Purchased	Average Price Paid Per Share (1)	Total Number of Shares Purchased as Part of a Publicly Announced Program	Approximate Number of Shares that May Yet be Purchased Under the Program
July 1, 2019 through July 31, 2019	—	$ —	—	5,145,979
August 1, 2019 through August 31, 2019	1,182,411	115.75	1,182,411	3,963,568
September 1, 2019 through September 30, 2019	781,218	122.15	781,218	3,182,350
Total	1,963,629	$ 118.29	1,963,629	3,182,350

(1) Average price paid per share includes commissions paid.

Item 6. *Exhibits*

Exhibit No.	Description
2.1	Common Draft Terms of Merger dated September 17, 2019 between Cimpress Limited and Cimpress N.V. is incorporated by reference to our Current Report on Form 8-K filed with the SEC on September 19, 2019
3.1	Articles of Association of Cimpress N.V., as amended
10.1	Separation Agreement dated August 12, 2019 between Cimpress USA Incorporated and Donald LeBlanc is incorporated by reference to our Current Report on Form 8-K filed with the SEC on August 13, 2019
10.2	Cimpress N.V. 2019 Long Term Incentive Plan is incorporated by reference to our Current Report on Form 8-K filed with the SEC on October 17, 2019
10.3	Award Agreement with Peter Kelly, dated October 11, 2019, under 2019 Long Term Incentive Plan is incorporated by reference to our Current Report on Form 8-K filed with the SEC on October 17, 2019
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-Q, formatted in Extensible Business Reporting Language (XBRL): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Statements of Shareholder's Equity, (iv) Consolidated Statements of Cash Flows and (v) Notes to Condensed Consolidated Financial Statements.

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.

October 31, 2019 Cimpress N.V.

By: /s/ Sean E. Quinn

Sean E. Quinn
Chief Financial Officer
(Principal Financial and Accounting Officer)

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

having its seat in Venlo, as these read after the execution of the deed of amendment of the articles of association executed on 25 October 2019 before a legal substitute for M.A.J. Cremers, civil-law notary in Amsterdam.
The company is registered in the Dutch trade register under number 14117527.

Definitions
Article 1.

The following definitions shall apply in these articles of association:

a. Board of Directors: the board of directors of the company;

b. Director: a member of the Board of Directors;

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

d. 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;

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

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

g. 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;

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

i. Lead Non-Executive Director: means the chairman (*voorzitter*) of the Board of Directors as referred to in article 2:129a Dutch Civil Code;

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

k. 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 (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 nominal value of one eurocent (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 a resolution of the Board of Directors 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 Board of Directors 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 Board of Directors can only be adopted pursuant to a proposal thereto by the Board of Directors.

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

   Within eight days after the end of each quarter of the year, the Board of Directors 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 cancellation of the preferred shares will be considered.

   If the general meeting will not resolve to purchase or to cancel the preferred shares, each twelve months after the latter general meeting, a general meeting will be convened and held at which meetings the purchase or cancellation of the preferred shares will be considered, such until no preferred shares are 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 Board of Directors 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 Board of Directors 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 Board of Directors 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 Board of Directors 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 Board of Directors if designated thereto by the general meeting, for a period not exceeding five years, and if the Board of Directors is also authorized to issue shares during that period.

   Unless it has been determined otherwise at the designation, the right of the Board of Directors 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 Board of Directors is designated to restrict or to exclude the pre-emptive right, a resolution to restrict or exclude the pre-emptive right will be adopted on proposal of the Board of Directors.

   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 Board of Directors as competent body 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 Board of Directors 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 or pledgees 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 or right of pledge 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. 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*).

9. 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 Board of Directors resolves to do so and the requirements described in article 2:98c 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 Board of Directors 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 22 paragraph 2 and (ii) an amount equal to the percentage referred to in article 22 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 28 paragraph 2 shall apply accordingly.

Register of shareholders
Article 10.

1. The Board of Directors 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 Board of Directors shall be authorized to keep a part of the register outside the Netherlands.

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

3. The Board of Directors 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 Board of Directors 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 Board of Directors 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 Board of Directors.

   The transfer must be effected within three months after the referred approval has been granted.

2. The approval of the Board of Directors 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 Board of Directors shall be deemed to have been granted, if no decision on the application for approval has been made within one month.

   Approval of the Board of Directors shall also be deemed to have been granted, if the Board of Directors 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 Board of Directors.

   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 21 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 Board of Directors in accordance with the provisions of this article.

   If the Board of Directors 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.

Board of Directors

Article 13.

1. The company shall have a Board of Directors consisting of at least one executive director and at least two non-executive directors. Only individuals (*natuurlijke personen*) may be appointed as member of the Board of Directors

   The Board of Directors shall determine the number of executive directors and the number of non-executive directors consistent with this article 13 paragraph 1.

   In the event of a vacancy on the Board of Directors, the Board of Directors shall continue to be validly constituted by the remaining Directors.

2. Executive directors and non-executive directors shall be appointed by the general meeting from a binding nomination to be drawn up by the Board of Directors in accordance with article 2:133 of the Dutch Civil Code, which nomination shall specify whether the Director is nominated as executive director or non-executive director.

   The resolution of the general meeting shall specify whether a member of the Board of Directors is appointed as executive director or as non-executive director.

3. If the appointment of a Director occurs pursuant to and in accordance with a binding nomination prepared by the Board of Directors, and the list of candidates contains one candidate for each vacancy to be filled, the proposed candidate shall be appointed in accordance with article 2:133 paragraph 3 of the Dutch Civil Code, unless the binding nature of the nomination was overruled by the general meeting in accordance with article 13 paragraph 5.

   If the binding nature of the nomination is overruled, the Board of Directors shall draw up a new binding nomination to be voted upon at the next general meeting.

4. In the event the Board of Directors exercises its right to prepare a binding nomination, the general meeting may overrule the binding nature of such nomination by a resolution of the general meeting adopted with a majority of two thirds of the votes cast, representing more than half of the issued share capital. No second meeting as referred to in article 2:120 paragraph 3 of the Dutch Civil Code can be convened.

5. At a general meeting, votes in respect of the appointment of a Director can only be cast for candidates named in the agenda of the meeting or explanatory notes thereto.

6. If the Board of Directors fails to make use of its right to submit a binding nomination for a Director or fails to do so in due time, the general meeting shall be unrestricted in its nomination and appointment of such Director.

7. In each case in which the general meeting is unrestricted in its nomination and appointment of a Director, the resolution for the appointment of a Director by the general meeting shall require a majority of two thirds of the votes cast, representing more than half of the issued share capital. No second meeting as referred to in article 2:120 paragraph 3 of the Dutch Civil Code can be convened.

8. Each Director shall be appointed for a maximum term of four years, provided, however, that unless such Director resigns or is suspended or dismissed at an earlier date, his term of office shall lapse immediately after the general meeting held four years after his last appointment.

   A Director may be re-appointed with due observance of the preceding sentence.

   The Board of Directors may establish a rotation schedule.

9. Directors may be suspended or dismissed by the general meeting at any time. A resolution of the general meeting to suspend or dismiss a Director pursuant to and in accordance with a proposal by the Board of Directors shall be passed with an absolute majority of the votes cast.

   A resolution of the general meeting to suspend or dismiss a Director other than pursuant to and in accordance with a proposal by the Board of Directors shall require a majority of two thirds of the votes cast, representing more than half of the issued share capital.

   With respect to the resolution of the general meeting referred to in the previous sentence, no second meeting as referred to in article 2:120 paragraph 3 of the Dutch Civil Code can be convened.

10. An executive director may also be suspended by the Board of Directors at any time. A suspension by the Board of Directors may at any time be discontinued by the general meeting and automatically lapses if the general meeting does not resolve to dismiss such Director within three months from the date of such suspension.

Remuneration Board of Directors

Article 14.

1. The company shall have a policy governing the remuneration of the Board of Directors.

   The remuneration policy will be adopted by the general meeting pursuant to and in accordance with a proposal thereto by the Board of Directors.

2. The remuneration of each individual executive director and non-executive director will be determined by the Board of Directors with due observance of the remuneration policy referred to in article 14 paragraph 1.

   An executive director may not participate in the deliberation and the decision-making process of the Board of Directors if it concerns the remuneration of an executive director.

Lead Non-Executive Director, Chief Executive Officer and Secretary

Article 15.

1. The Board of Directors may appoint a Director as chief executive officer for such period as the Board of Directors may decide. In addition, the Board of Directors may grant other titles to a Director.

2. The Board of Directors shall appoint a non-executive director chairman (*voorzitter*) of the Board of Directors as referred to in article 2:129a Dutch Civil Code who will hold the title of Lead Non-Executive Director for such a period as the Board of Directors may decide.

3. The Board of Directors may appoint a secretary who does not need to be a member of the Board of Directors. The secretary may be removed from office at any time by the Board of Directors.

Board of Directors; Duties and Decision-Making Process

Article 16.

1. With due observance of the limitations set forth in these articles of association and subject to the allocation of duties referred to in article 16 paragraph 4, the Board of Directors is vested with the management of the company.

2. Without prejudice to its own responsibility, the Board of Directors is authorized to appoint persons with authority to represent the company and, by granting of a power of attorney, conferring such titles and powers as shall be determined by the Board of Directors.

3. The Board of Directors may adopt, in writing, an internal allocation of duties for each Director individually, provided that the duty to supervise the performance of the executive directors cannot be taken away from the non-executive directors, and preparing nominations for the appointment of Directors and the determination of the remuneration of executive directors cannot be allocated to an executive director.

   The internal allocation of duties can be implemented in the rules referred to in article 16 paragraph 4.

4. In addition to the relevant provisions of these articles of association, the Board of Directors may adopt internal rules regulating its decision-making process and working methods, including rules in the event of conflicts of interest.

   The internal rules can furthermore provide that one or more members of the Board of Directors shall be duly authorized to resolve on matters which belong to their respective range of duties.

5. The Board of Directors shall adopt resolutions by an absolute majority of the total number of votes cast by the Directors, unless the second sentence of article 16 paragraph 4 applies.

6. Blank votes shall be considered null and void.

7. At meetings of the Board of Directors, each Director shall be entitled to cast one vote.

8. A Director may not participate in the deliberation and the decision-making process of the Board of Directors if it concerns a subject in which such Director has a direct or indirect personal interest which conflicts with the interest of the company and its business enterprise.

   In such event, the other Directors shall be authorized to adopt the relevant resolution. If all Directors have a conflict of interest as indicated above, the resolution may nonetheless be adopted by the Board of Directors.

9. Decisions of the Board of Directors involving a substantial (*belangrijke*) change in the company’s identity or character are subject to the approval of the general meeting, including decisions involving:

   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.

10. Failure to obtain the approval as referred to in article 16 paragraph 9 shall not affect the authority of the Board of Directors or the Directors to represent the company in connection with such transaction.

Committees
Article 17.

1. The Board of Directors may establish such committees as it may deem necessary, which committees may consist of one or more Directors or of other persons.

2. The Board of Directors shall determine the duties and powers of the committees referred to in article 17 paragraph 1.

Board of Directors; absence of directors
Article 18.

1. In the event that one or more Directors are absent or not able to act, the powers of the Board of Directors shall continue unaffected.

2. In the event of the absence or inability to act of all executive directors, the non-executive directors shall be authorized to temporarily entrust the task and duties of the executive directors to other persons. In the event of the absence or inability to act of all non-executive directors or all of the Directors, a person to be appointed for that purpose by the general meeting, whether or not from among its members, shall be temporarily entrusted with the management of the Company.

Representation
Article 19.

1. The company shall be represented by the Board of Directors.

2. In addition, the authority to represent the company is vested in each executive director.

Indemnification of members of the Board of Directors
Article 20.

1. The company shall indemnify any person who is a member of the Board of Directors (each of them an '**indemnified person**') and who was or is in his capacity as member of the Board of Directors 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 Board of Directors 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 Board of Directors, but was a member of the Board of Directors 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 Board of Directors after the amendment or repeal of this article.

Financial year, annual accounts, annual report

Article 21.

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 Board of Directors shall prepare the annual accounts within the period prescribed by law.

   The annual accounts shall be signed by all members of the Board of Directors.

   If the signature of one or more of them is lacking, this fact and the reason therefore shall be indicated.

   The Board of Directors 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 Board of Directors, to report thereon, and to issue an auditor's certificate with respect thereto.

4. If the general meeting fails to issue such instructions, the Board of Directors shall be authorized to do so.

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 Board of Directors in respect of their conduct of management and 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 22.

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 Board of Directors 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 Board of Directors shall determine 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. The Board of Directors 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. The Board of Directors 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 Board of Directors 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 23.

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 Board of Directors and announced pursuant to this article.

   In the event the period preparing the annual accounts as set forth in article 21 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 Board of Directors 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 Board of Directors 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 24.

1. The general meetings will be chaired by the Lead Non-Executive Director, or, in his absence, by a non-executive director appointed by the Board of Directors; if the Lead Non-Executive Director is absent and no other non-executive director of the Board of Directors has been appointed in his place, an executive director of the Board of Directors may chair the meeting, and if no executive director of the Board Directors is present, 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 Board of Directors 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 25.

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 Board of Directors 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 Board of Directors (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 Board of Directors (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 Board of Directors 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 Board of Directors 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 Board of Directors 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 Directors 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 Directors shall have the right to attend the general meeting.

8. The Board of Directors 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 Board of Directors may adopt a resolution containing conditions for the use of electronic means of communication in writing.

If the Board of Directors 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 Board of Directors 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 26.

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 27.

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 the Board of Directors, or by one or more holder(s) of preferred shares.

The provision of articles 23 through 26 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 28.

1. On proposal of the Board of Directors, 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 Board of Directors, 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 22 paragraph 2 and (ii) an amount equal to the percentage referred to in article 22 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.

Cash compensation right

Article 29.

If the company enters into a merger with Cimpress plc, a public limited company incorporated under the laws of Ireland (**“Cimpress plc”**) in accordance with the joint merger proposal dated 17 September, 2019 prepared by the Board of Directors of the company and the board of directors of Cimpress plc, which merger proposal includes an exchange ratio of one share in the share capital of Cimpress plc in exchange for one (1) share in the share capital of the company (the **“Exchange Ratio”**), the cash compensation for each share which may be requested by each shareholder who votes against the intended merger in the general meeting (the **“General Meeting”**) due to article 2:333h Dutch Civil Code, is equal to the price of the shares on the Nasdaq Global Stock Market on the first trading date immediately after the expiration of a one month period, which period starts the day after the date of the General Meeting.

(1)

Exhibit 31.1

CERTIFICATION

I, Robert S. Keane, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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 quarterly 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: October 31, 2019

/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 Quarterly Report on Form 10-Q 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 quarterly 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: October 31, 2019

/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 Quarterly Report on Form 10-Q of Cimpress N.V. (the “Company”) for the quarter ended September 30, 2019 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: October 31, 2019

/s/ Robert S. Keane

Robert S. Keane
Chief Executive Officer

Date: October 31, 2019

/s/ Sean E. Quinn

Sean E. Quinn
Chief Financial Officer