



## VistaPrint Update for Cimpress Investors

Transcript of Investor Video

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### Presenters:

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**Sean Quinn, EVP & CFO, Cimpress; CFO, VistaPrint**

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#### [Slide 1: Intro]

Hi, I'm Robert Keane, founder Chairman and CEO of Cimpress, and CEO of VistaPrint. Additionally, Sean Quinn, who is CFO of Cimpress and VistaPrint will be joining me in a few moments.

#### [Slide 2: VistaPrint update for Cimpress investors]

I'm very excited to be sharing this update to describe two important investments in Cimpress' largest business, which is VistaPrint. The first investment is a brand expansion. And the second is the launch of an entirely new product line based on the rebranding of a company which we acquired on October 1. In addition, I'll share some other recent progress we've made in implementing the strategy that we laid out at our August investor day.

Today, we also published our overall Cimpress Q1 FY22 earnings document, so I really hope you take the time to review that as well.

#### [Slide 3: Safe harbor statement]

Before we go further, please note that in this presentation, we will be discussing our thoughts about the future. Our actual results may differ materially from these statements due to risk factors that are outlined in detail on our SEC filings, and on this slide. We invite you to read them.

#### [Slide 4: VistaPrint's transformation journey]

In order to provide you with strategic context for the investments I'll be talking about, let's begin by reviewing some of the key content from our August 2021 investor day and from multiple other investor communications we provided prior to that.

For more than two and a half years, VistaPrint has been on a journey to transform itself, first by rebuilding foundational basics that drive strong execution, and by then developing jaw-dropping customer value propositions. The pandemic forced us to slow down the pace of that transformation. But today we are fully back on track and gaining momentum.

#### [Slide 5: From VistaPrint presentation at August 2021 investor day]

At our August investor day, we presented VistaPrint's customer centric, strategic North Star to become the expert design and marketing partner for the world's small businesses. Doing so requires us to deliver solutions that help small businesses look and feel legitimate and credible.

We believe that success and achieving that vision will help drive growth in highly, highly profitable print-based revenue from VistaPrint's proven traditional business model. But importantly, that vision requires us to do much more than print.

Extensive customer research, both quantitative and qualitative, that we've conducted over the past two and a half years, has driven us to this strategy by identifying that customers like and they trust us and give us permission to extend beyond print to serve their holistic design and marketing needs.

However, that customer research also confirmed that the term "print" within the brand of VistaPrint has historically tied us very tightly to print. So much so that even our most loyal customers don't fully grasp the scope of what we offer today beyond business cards or marketing materials.

And that's why today we've announced our move beyond a single VistaPrint brand to a broader parent-based architecture that will allow us to grow well beyond print into new markets. But we'll do that with a brand architecture which also preserves and expands the existing awareness and loyalty to VistaPrint, while removing its limitations.

#### **[Slide 6: Introducing Vista]**

That new parent brand is Vista. Sub brands such as 99designs by Vista will operate within the overall brand architecture.

I want to state very, very clearly that despite this brand expansion VistaPrint will remain as a signature service within Vista's broader customer value proposition. We will continue to invest to return VistaPrint to sustainable growth and we expect the expansion of our value to Vista overall will help accelerate that VistaPrint growth, and we certainly expect VistaPrint to drive significant future increases to shareholder value.

Our move to a brand architecture, which is built around the parent brand Vista will help us communicate to our customers that we can serve a broader set of their needs across a wide range of products and solutions that include design, social media, web presence, as well as print. As one small business owner said in a recent customer focus group, "the word "Vista" is reminiscent of a horizon and of broad prospects."

You'll start seeing us use Vista in many places immediately, including at [vista.com](http://vista.com), but we expect that the full brand architecture transition will take several quarters.

Now I'd like to hand over the presentation to Sean, for some additional exciting investments we are announcing to support this growth strategy for Vista.

#### **[Slide 7: Investor day: From items to solutions to relationships]**

Thanks, Robert. I'm going to share more on recent progress as well as an acquisition we made earlier this month. But before I do that, I also wanted to go back to content that we shared at our August investor day to be sure it's clear how these things all connect to what we've already shared in the past.

The slide here is a composition of four other slides that we presented in August. And collectively, they speak to the importance of evolving from selling items, to solutions to relationships that are built around design and marketing, including products that are compelling for small businesses in today's increasingly digital world.

Each of these initiatives complement our existing print business where we have a long history of serving the print needs of small businesses, and also delivering significant profitability and cash flow. They support our journey to deliver holistic design and marketing solutions to small businesses at all stages of their journey and help us to drive value that translates, financially speaking, to higher cash flow for customer cohorts.

#### **[Slide 8: Great progress since investor day]**

We've been focused on execution across all the areas we highlighted at investor day, and the team's making strong progress.

First, as we previously disclosed, in August, we signed a major partnership with Wix to provide amazing digital products to our customers. We're working on connecting Wix's products to our design capabilities, and also preparing to migrate our existing website customers to a co-branded website product. Our mutual teams have

been working together for several months now and customers will start to see the integrations in the coming months with expansion over the course of the next calendar year. We're still in the early days of that Vista x Wix partnership, but there's a lot of attention and energy here because if we execute that well, both companies should drive material financial benefit with new subscription revenue streams and design-related bundles.

Next, we continue to test, learn and further develop our new technology platform in the nine countries where we've already launched our new e-commerce platform. Australia's revenue was back on par with pre-pandemic revenue this past quarter, but with higher gross profit, despite some continued pandemic restrictions. There we're benefiting from new product introduction and experience improvements that had not been possible until after the platform migration. In the UK, we continue to iterate on customer improvements. And we launched the platform in Canada this past quarter with results that were in line with our expectations.

Currently, we're preparing for the U.S. launch during our Q3, and we hope to migrate all countries by roughly the end of our fiscal 2022. As we've said many times, each new country launch is the start of something bigger and better in terms of a more personalized customer experience. And with each new product and service introduction, that new technology stack and personalization capability becomes more critical to ensure that our customers can find what they need when they need it.

A third area of progress since our investor day has been the initial integration of 99designs into our product flows starting in Australia. 99designs complements the template design assistance that we provide through our service centers already with a network of freelance designers. 99designs is a more sophisticated service that serves a relatively small number of customers compared to Vista overall, but these customers are very high value often with complex design requirements for physical products, or for websites or for packaging. Beyond what's visible on the Australian site today, our product development teams are working steadily on underlying capabilities that will enable us to scale these services across Vista in the future.

Beyond 99designs' initial integration and product development steps, we've also continued to run our "99 Days of Design" upper-funnel marketing programs. We intend these to help customers associate Vista with great business-changing design, and we've had placement on high-profile media properties like Complex, Refinery29, Claima Stories, 100 Thieves, StartOut, and Huck. The whole of the 99 Days of Design program represents a total commitment of nearly \$2 million to the small business community, including direct financial assistance and design services. We worked closely with internal and external partners to identify 99 businesses that represent a diverse group of small business owners across a variety of industries with demonstrated need for financial and creative assistance.

And finally, we've launched a beta product called VistaConnect that links together the physical and digital worlds via QR codes and simple landing pages for small businesses. Currently, VistaConnect is limited to use on business cards and it's only live in Ireland in a beta test, but over the coming months we'll continue to expand the capabilities and the geographic reach of this innovative product line.

#### **[Slide 9: Our next step toward our North Star]**

For the next step in our journey towards Vista's North Star, today we announced that we've acquired Depositphotos, effective as of October 1. Depositphotos is a marketplace for high-quality royalty-free images, videos, vectors, illustrations and music. Its subsidiary, Crello, is an online graphic design platform where anyone can create visuals for professional and personal needs really in no time, design skills optional. Crello draws heavily on content elements from Depositphotos such as stock photos, videos, illustrations and music tracks. We've already rebranded Crello to become VistaCreate. And so let's dive deeper into the acquisition and why we're excited about integrating it into our offering.

#### **[Slide 10: About Depositphotos & VistaCreate (formerly Crello)]**

We acquired Depositphotos and its subsidiary Crello for \$85 million in cash. Revenue for the last 12 months was approximately \$30 million. And the cash flows of the combined businesses are relatively immaterial, and not the reason why we bought the company. Rather, like the 99designs acquisition that we did last year, this is a design-based capability that is important to the strategy we've laid out previously, and which Robert summarized just a few minutes ago.

Depositphotos has over 200 million stock photos, graphics, video and music files that it sources from a network of almost 100,000 contributors. Depositphotos has free imagery and free trials to introduce new customers to its product. And then it generates revenue from customers who pay either on a per-file or a subscription-plan basis for access to the full set of content. It's a global, business-oriented customer base. And historically that part of the business has been strongly EBITDA and cash flow positive.

VistaCreate, which is formerly Crello, is an online editor to create DIY designs for social media and web with millions of users globally, adding thousands of templates each month, and with over 1 million projects created each month as well. Most customers today are from South America and Eastern Europe. We're not acquiring that business for those customers per se, but rather Crello has allowed us to rapidly launch the VistaCreate product capability to the customers in Vista's current geographic markets. Though of course, we're excited to continue to serve the Depositphotos and Crello customer base through continued investment in these offerings.

Each year since its inception about four years ago, Crello's subscriber growth for both its free and its paid plan options has been greater than 100%. And its subscription-based business model serves a growing customer need that helps move Vista to relationships rather than just transactions, which Robert touched upon earlier.

#### **[Slide 11: Why we chose to “buy and build further” rather than “build from scratch”]**

VistaCreate is core to our ability to deliver holistic design and marketing solutions for small businesses at all stages of their journey. And if we didn't acquire Depositphotos and Crello, we would have had to build VistaCreate ourselves. So let's talk about why we decided to buy it and to further invest on that base rather than build from scratch.

First, the acquisition gives us a speed-to-market advantage versus building it ourselves and doesn't divert the focus of our teams currently working on other parts of Vista's strategy. The DIY digital design capability in Crello and now VistaCreate is great today, and we'll accelerate the delivery of expanded capabilities post acquisition.

Next, with Depositphotos we've acquired a network of about 100,000 independent photographers, videographers and others who contribute content elements that are key to VistaCreate's media-rich value proposition. Owning the stock content network drives lower costs than licensing it by an amount that we estimate is multi-million dollars annually. This also will help us to drive additional value to our customers in the form of content when they need it. And we can build on that by connecting to the templates and to the content that we already have on the print side of Vista as well as through the vast creator network that we have with 99designs.

Finally, the talent benefit is an important one. We've gained access to a highly skilled talent pool and infrastructure in a new cost competitive market in Kyiv, Ukraine. This will help us to continue to scale our investments in engineering, data and content and product teams, and adds to our existing competitive advantages and financial benefits of Cimpress' talent pools and infrastructure in high-talent/low-cost markets like India, Tunisia, Jamaica, Philippines, and now, Ukraine.

#### **[Slide 12: Vectors for financial value creation]**

We see two important vectors to create financial value via this acquisition and the launch of VistaCreate.

Specifically, the graphic images on this slide are taken directly from Robert's presentation at our August investor day and help to illustrate how VistaCreate ties into our financial plans.

Let's start with our customer acquisition funnel. Even though we still acquire a large number of new customers each quarter with physical products, we recognize that we need to complement that with products that are based on social media, given how critical that has become to the online presence and the marketing of small businesses. Because VistaCreate has a highly compelling starter subscription package that's free of charge, it should help us to introduce millions of new customers to Vista. The marginal cost of serving starter customers is very low, so the free plan can act as a highly effective engine for new customer acquisition.

Importantly, younger customers are also increasingly beginning their businesses on social media and Crello, now VistaCreate, is successful with that important demographic. Having an offering for DIY design for digital channels

will augment this ability to acquire new customers and do so after business formation, especially for the online and creative businesses that have bloomed during this last year. These businesses are being formed by entrepreneurs who are digitally savvy, and who also use physical marketing materials, packaging and merchandise to promote their business.

Equally important VistaCreate should help us with our financial [customer] value pyramid for several reasons.

Out of the large base of users of the free subscription plan, a small portion upgrade to the paid plan, in a classic “freemium” business model. The LTV of these paid-plan subscribers is already significantly higher than the average VistaPrint customer today.

We also believe that adding VistaCreate to our full spectrum of design capabilities and improving our digital relevance will help increase the LTV of Vista’s existing customer base. Digital media and in particular, social media, drives more frequent content generation than physical media. This in turn leads to more frequent customer interactions, which should drive better customer insights to drive better personalized and compelling experiences for our customers. And whether that is for social media, print, design, or web presence, it also gives us more options to capture relationships for the marketing we do, no matter the life stage, and design or marketing need of that small business.

As I mentioned earlier, our multi-year vision is to have a personalized experience that seamlessly combines all design capabilities, including from our existing print DIY, our customer care do-it-with-help capabilities, or 99designs. And now the new VistaCreate product and stock content from Depositphotos. Add to that print, signage, apparel and packaging from VistaPrint, and web presence from the Vista x Wix combination, and Vista will soon begin to have an offering that feels like a single source of expert design and marketing solutions for small businesses.

We’re uniquely positioned to combine these capabilities at scale. And importantly - this is really important - to monetize design-based capabilities via ownership and leadership in Cimpress’ proven source of cash flow, which is mass customization of physical, small business marketing products. The competitive advantages that we’ve built in that space over the years makes the current Vista vision possible. We have a more diversified set of customer value components, and therefore revenue and cash flow, than any other company in our space today.

We recognize that this will take continued strong execution alongside the other investments we continue to make in Vista. And we do not anticipate additional near-term acquisitions to fuel this vision.

So there's a lot to be excited about including continued progress in our print business, as you can see in the results we've reported today. I will turn things back to Robert now to give you a bit more on VistaCreate.

### **[Slide 13: Great design quickly and easily, design skills optional]**

Thanks, Sean. The image on the right of this screen is a copy of another slide that we shared at investor day in August. And you can see how the acquisition of Depositphotos and our launch of VistaCreate, the rebranded Crello, supports a significant number of the objectives that we presented as part of that slide in August, and in other investor presentations throughout that day.

First, you see in the upper left, the importance of templates. And Crello brings to us and the network of Depositphotos brings to us a massive, constantly updated selection of great templates for Instagram, Facebook, Tik, Tok, YouTube, Twitter, and many other social media outlets. It also brings us this highly scalable network for template creation and for content creation via contributors from around the world.

In the lower left, you'll see brand kits - we often, from a technical term, refer to as a digital asset manager. The customer facing version of the digital asset manager is a brand kit, which helps a small business manage their fonts, their colors, their logo for a unified look across all their designs.

In the middle upper part of this slide we showed in August you see logo design. And with VistaCreate we'll have logo designs made easy with customizable professional templates, including animated logos for social media and

other video-based applications. Those logo capabilities will merge with what we already have at 99designs and internally developed logo makers which are under development already.

Finally, in the middle of that slide, you see the do it yourself, in inVistaPrint, we would refer that editor as "studio". This idea of an easy-to-use, click, drag and drop editor with a rapidly expanding set of capabilities and content is very much something that VistaCreate brings to us.

#### **[Slide 14: Introducing VistaCreate]**

Let me introduce you to VistaCreate with two short videos, and then I'll wrap things up.

*[VistaCreate demo video plays]*

That first video really illustrates the ease and the versatility of what is now the VistaCreate creative design platform. As we move to close this presentation, I'd like to bring in the second video to step up one level in terms of the change in the brand. This next video, which is just under a minute in length, shows how VistaCreate will fit into that broader Vista value proposition, which I spoke about alongside VistaPrint and 99designs by Vista.

*[Vista brand video plays]*

So I hope you really enjoyed both of those videos. And I hope you share the excitement that we have in Cimpress and at Vista for the vision we've laid out in the investor day that we've been working on for the last two and a half years.

#### **[Slide 15: Brand evolution & launch of VistaCreate demonstrate strong continued progress in transformation journey]**

Certainly, the pandemic slowed down the transformation journey that we set out on two and a half years ago. But we are very excited about the future. As I said in the beginning of this video, we're gaining momentum, we have made progress against our multi-year transformation journey objectives, and in turn in delivering that progress in executing on this vision that we really believe will continue to build the intrinsic value per share of Cimpress.

#### **[Slide 16: Summary of key points: VistaCreate & Vista]**

With that, I'll start to wrap up by leaving you with some key takeaway points:

We pioneered browser-based do-it-yourself design tools and templates for print products over 20 years ago, and we understand how important it is for small businesses to look and feel professional. Today's announcement extends that do-it-yourself part of our offering to digital applications like social media and video creation.

Our acquisition of Depositphotos and our launch of VistaCreate is exciting because we expect it to accelerate the execution of this vision, the former Vistaprint vision, to be the expert marketing and design partner for the world's small businesses. Depositphotos and VistaCreate's capabilities are complementary to VistaPrint and complementary to 99designs by Vista. Together, they'll bring a broad offering for print and digital needs of small businesses that doesn't exist from any other company today. We expect this acquisition to improve our ability to acquire new customers and to increase the lifetime value of existing customers. Importantly, we're introducing a new product that is highly valuable in the digital lives of our customers, and which from a financial perspective, is a recurring revenue subscription model that helps us move as we've described in past investor conversations, from transactions to solutions to relationships.

Along with other strategic moves to help expand our offering, Vista is moving to a brand architecture built around that brand Vista itself, which will enable us to grow beyond the still very important, profitable, and we believe in the future, growing again, part of our business, VistaPrint. But also to present a seamless, integrated and amazing customer experience across a wide set of marketing products and design capabilities, whether online or offline.

**[Slide 17: Vista]**

Thank you for spending time with us today to hear about recent progress, including this acquisition and this evolution of the Vista brand.

As I mentioned at the beginning of the presentation, we also released Cimpress' first quarter fiscal year 2022 earnings document today, so please be sure to check that out as well.

We look forward to updating you on additional progress towards our strategic and financial goals in the coming quarters. Thanks again for your time.