



# Cimpress plc

## Directors' Report and Financial Statements For the Financial Year Ended June 30, 2023

This Directors' Report and Financial Statements of Cimpress plc for the financial year ended June 30, 2023 was prepared in accordance with Irish law, and therefore, the financial statements in this report are different from Cimpress plc's financial statements contained in our Annual Report on Form 10-K for the year ended June 30, 2023 (as filed with the United States Securities and Exchange Commission), which were prepared in accordance with United States generally accepted accounting principles. As an Irish company, we are required by Irish law to send this report to our registered shareholders.

**CIMPRESS PLC**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**For the Financial Year Ended June 30, 2023**

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**CIMPRESS PLC**  
**DIRECTORS' REPORT**  
**For the Financial Year Ended June 30, 2023**

**PRINCIPAL BUSINESS**

**Overview & Strategy**

Cimpress is a strategically focused group of more than ten businesses that specialize in mass customization of printing and related products, via which we deliver large volumes of individually small-sized customized orders. Our products and services include a broad range of marketing materials, business cards, signage, promotional products, logo apparel, packaging, books and magazines, wall decor, photo merchandise, invitations and announcements, design and digital marketing services, and other categories. Mass customization is a core element of the business model of each Cimpress business and is a competitive strategy which seeks to produce goods and services to meet individual customer needs with near mass production efficiency. We discuss mass customization in more detail further below.

We have grown substantially over our history, from \$0 in 1995 to \$0.2 billion of revenue in fiscal year 2006, the year when we became a publicly traded company, then to \$3.1 billion of revenue in fiscal year 2023. As we have grown we have achieved important benefits of scale. Our strategy is to invest in and build customer-focused, entrepreneurial print 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.

We believe this decentralized structure is beneficial in many ways as it enables our businesses to be more customer focused, to make better decisions faster, to manage a holistic cross-functional value chain required to serve customers well, to be more agile, to be held more accountable for driving investment returns, and to understand where we are successful and where we are not. This structure delegates responsibility, authority and resources to the CEOs and managing directors of our various businesses. We believe this approach has provided great value in periods of increased market volatility, enabling our businesses to respond quickly to changes in customer needs, while also providing our leaders an environment to share best practices and insights across the group.

The select few shared strategic capabilities into which we invest include our (1) mass customization platform ("MCP"), (2) talent infrastructure in India, (3) central procurement of large-scale capital equipment, shipping services, major categories of our raw materials and other categories of spend, and (4) peer-to-peer knowledge sharing among our businesses. We encourage each of our businesses to leverage these capabilities, but each business is free to choose the extent to which they use these services. This optionality, we believe, creates healthy pressure on the central teams who provide such services to deliver compelling value to our businesses.

We limit all other central activities to only those that must be performed centrally. Out of more than 15,000 employees, we have fewer than 100 who work in central activities that fall into this category, which includes tax, treasury, internal audit, legal, sustainability, corporate communications, remote first enablement, consolidated reporting and compliance, investor relations, capital allocation, and the functions of our CEO and CFO. We have developed guardrails and accountability mechanisms in key areas of governance including cultural aspects such as a focus on customers and being socially responsible, as well as operational aspects such as the processes by which we set strategy and financial budgets and review performance, and the policies by which we ensure compliance with applicable laws.

**Our Uppermost Financial Objective**

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

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

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

## Mass Customization

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



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

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

Mass customization in print-related markets delivers a breakthrough in customer value particularly well in markets in which the worth of a physical product is inherently tied to a specific, unique use or application. For instance, there is limited value to a sign that is the same as is used by many other companies: the business owner needs to describe what is unique about their business. Likewise, customized packaging is a way for a business to add their brand identity to what is oftentimes the first physical touchpoint with a customer for online purchases. Before mass customization, producing a high-quality custom product required high per-order setup costs, so it simply was not economical to produce a customized product in low quantities.

There are three ingredients to mass customization applied to print applications: (1) web-to-print or e-commerce stores that offer a wide variety of customizable products, a replacement of more expensive and harder-to-scale physical stores with limited geographic reach; (2) software-driven order aggregation, which enables significantly reduced costs on low-volume orders; and (3) democratized design that combines intuitive design software with a large scale of human designers that are typically located in low-cost locations to deliver high-quality, or lower-cost, highly scalable alternatives to traditional graphic design services.

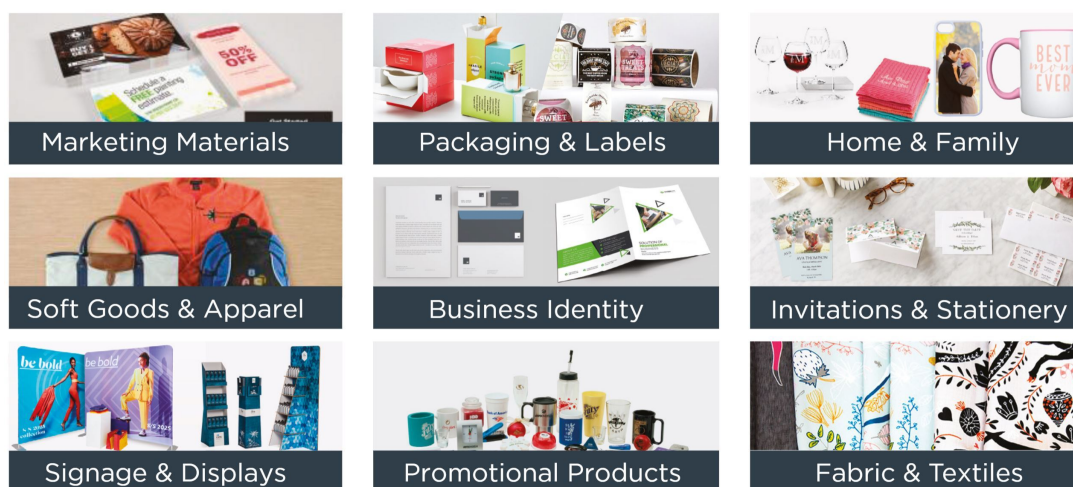
We believe that the business cards sold by our Vista business provide a concrete example of the potential of our mass customization business model to deliver significant customer value and to develop strong profit franchises in large markets that were previously low growth and commoditized. Millions of very small customers (for example, home-based businesses) rely on Vista to design and procure aesthetically pleasing, high-quality, quickly delivered, and low-priced business cards. The Vista production operations for a typical order of 250 standard business cards in Europe and North America require less than 14 seconds of labor for all of pre-press, printing, cutting and packaging, versus an hour or more for traditional printers. Combined with advantages of scale

in graphic design support services, purchasing of materials, our self-service online ordering, pre-press automation, auto-scheduling and automated manufacturing processes, we allow customers to design, configure, and procure business cards at a fraction of the cost of typical traditional printers with very consistent quality and delivery reliability. Customers have very extensive, easily configurable, customization options such as rounded corners, different shapes, specialty papers, “spot varnish”, reflective foil, folded cards, or different paper thicknesses. Achieving this type of product variety while also being very cost efficient took us almost two decades and requires massive volume, significant engineering investments, and significant capital. For example, business cards is a mature market that, at the overall market level, has experienced continual declines over the past two decades. Yet, for Vista, this has remained a growing category that is highly profitable. We currently produce many other product categories (such as flyers, brochures, signage, drinkware, pens, t-shirts, hats, embroidered soft goods, rubber stamps, labels, packaging, stickers, books, catalogs, magazines, calendars, holiday cards, invitations, photobooks, and canvas prints) via similar analogous methods. While these product categories are not as automated as business cards, each is well along the spectrum of mass customization relative to traditional suppliers and thus provide great customer value and a strong, profitable, and growing revenue stream.

## Market and Industry Background

### *Print's Mass Customization Opportunity*

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



### *Large traditional print markets undergoing disruptive innovation*

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

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

Cimpress' current revenue represents a very small fraction of this market opportunity. We believe that Cimpress and competitors who have built their businesses around a mass customization model are “disruptive innovators” to these large markets because we enable small-volume production of personalized, high-quality products at an affordable price. Disruptive innovation, a term coined by Harvard Business School professor Clayton Christensen, describes a process by which a product or service takes root initially in simple applications at the

bottom of a market (such as free business cards for the most price sensitive of micro-businesses or low-quality white t-shirts) and then moves up market, eventually displacing established competitors (such as those in the markets mentioned above).

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

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

As we continue to evolve and grow Cimpres, our understanding of these markets and their relative attractiveness is also evolving. Our expansion of product breadth and depth as well as new geographic markets has significantly increased the size of our addressable market opportunity. Our businesses conduct market research on an ongoing basis and through those studies, we remain confident in the overall market opportunity; however, our estimates are only approximate. Despite the imprecise nature of our estimates, we believe that our understanding is directionally correct and that we operate in a vast aggregate market with significant opportunity for Cimpres to grow as we continue delivering a differentiated and attractive value proposition to customers.

#### *Print Market Opportunity*

Today, we believe that the revenue opportunity for low-to-medium order quantities (i.e., still within our focus of small-sized individual orders) in the four product categories below is over \$100 billion annually in North America, Europe and Australia, and significantly higher if you include other geographies and custom consumer products. These product categories are listed in order of market penetration by mass customization models. The market for small format marketing materials is the most mature in this penetration, though there is still a significant portion served by thousands of small traditional suppliers. The market for packaging products is the least mature in terms of penetration by mass customization models, but this transition has begun. The estimates of annual market opportunity in each of the four product categories below are based on research conducted for Cimpres by third-party research firm Keypoint Intelligence in August 2022 to estimate the value of print shipments to small and medium businesses in Australia, France, Germany, Italy, UK and the U.S. Cimpres extrapolated the findings of the study to estimate the market size of the remaining countries in North America and Europe in which we sell products based on the relative number of small and medium businesses in those other markets.

- Small format marketing materials such as business cards, flyers, leaflets, inserts, brochures, and magazines. Businesses of all sizes are the main end users of short-and-medium run lengths (per order quantities below 2,500 units for business cards and below 20,000 units for other materials). This opportunity is estimated to be more than \$25 billion per year.
- Large format products such as banners, signs, tradeshow displays, and point-of-sale displays. Businesses of all sizes are the main end users of short-and-medium run lengths (less than 1,000 units). This opportunity is estimated to be more than \$35 billion per year.
- Promotional products, apparel, and gifts including decorated apparel, bags, and textiles, and hard goods such as pens, USB sticks, and drinkware. The end users of short-and-medium runs of these products range from businesses to teams, associations and groups, as well as individual consumers. This opportunity is estimated to be more than \$25 billion per year.
- Packaging products, such as corrugated board packaging, folded cartons, bags, and labels. Businesses of all sizes are the primary end users for short-and-medium runs (below 10,000 units). This opportunity is estimated to be more than \$15 billion per year.

#### *Design Market Opportunity*

Vista was an early pioneer of the concept of web-based do-it-yourself design for printed products as a fundamental part of its original customer value proposition for designs for relatively simple 2D product formats. We

believe that there is an ongoing revolution in graphic design for small business marketing, one in which a combination of technology tools, artificial intelligence and machine learning, and convenient access via two-sided marketplace platforms to professional freelance design talent (including from low-cost countries) will continue a multi-decade democratization of design that has been central to print mass customization, and is likely to continue to be a key enabler to bringing ever-more-complex product formats and marketing channels into the mass customization paradigm (for example, packaging, large format signage, and catalogs). Vista has continued to invest in its design capabilities, both organically and through acquisition, to be a leader in this market shift. For example, Vista has acquired a network of 150,000 freelance designers who work with customer-specific design projects and a business with more than 100,000 freelance contributors of photos, videos, music, and other content. Vista is building a design system that combines graphic templates created by thousands of freelancers with algorithmically generated variations across many different print and digital products of customers' adaptation of those templates.

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

### *Digital Market Opportunity*

Over the past decade, small businesses have complemented the physical products they use to market their businesses with digital marketing channels like websites and social media marketing. Though the digital marketing channels themselves are not areas that we believe we should allocate significant capital to develop our own offerings, design is a common component to both physical and digital marketing for small businesses, and our small business customers look for ideas and advice when it comes to ensuring cohesive brand expression and successful campaigns across these channels. In our Vista business we recently acquired a business to accelerate our offering for do-it-yourself social media design that, combined with partnership opportunities with leading digital presence businesses like Wix, has extended our total addressable market into an adjacency where we believe we have an opportunity to deliver integrated marketing solutions to small business customers using a best-in-class partnership approach. The total market for digital marketing applications is massive, but our ambition here is focused on enhancing the customer experience of millions of Vista customers, where the amount that businesses spend annually on digital marketing solutions is roughly the same amount as is spent on design services and print products. We believe investing in digital design capabilities and offering digital solutions via partnership will enable Vista to capture a portion of this opportunity by attracting new customers and increasing the lifetime value and retention of existing customers.

### **Our Businesses**

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

Our businesses serve markets primarily in North America, Western Europe, Australia, and New Zealand. We also have small but fast growing businesses in India and Brazil. Their websites typically offer a broad assortment of tools and features allowing customers to create a product design or upload their own complete design and place an order, either on a completely self-service basis or with varying levels of assistance. The combined product assortment across our businesses is extensive, including offerings in the following product categories: business cards, marketing materials such as flyers and postcards, digital and marketing services, writing instruments, signage, canvas-print wall décor, decorated apparel, promotional products and gifts, packaging, design services, textiles, and magazines and catalogs.

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

strategy of systematizing our service and production systems enables us to deliver value to customers much more effectively than traditional competitors.

Our businesses operate production facilities throughout the geographies listed above, with over 3 million square feet of production space in the aggregate across our owned and operated facilities. We also work extensively with hundreds of external fulfillers across the globe. We believe that the improvements we have made and the future improvements we intend to make in software technologies that support the design, sortation, scheduling, production, and delivery processes provide us with significant competitive advantage. In many cases our businesses can produce and ship an order the same day they receive it. Our supply chain systems and processes seek to reduce inventory and working capital and improve delivery speeds to customers relative to traditional suppliers. In certain of our company-owned manufacturing facilities, software schedules the near-simultaneous production of different customized products that have been ordered by the same customer, allowing us to produce and deliver multi-part orders quickly and efficiently.

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

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

**1. Vista:**



Consists of the operations of our VistaPrint branded websites in North America, Western Europe, Australia, New Zealand, India, and Singapore. This business also includes our 99designs by Vista business, which provides graphic design services, VistaCreate for do-it-yourself (DIY) design, our Vista x Wix partnership for small business websites, and our Vista Corporate Solutions business, which serves medium-sized businesses and large corporations.

Our Vista business helps more than 11 million small businesses annually to create attractive, professional-quality marketing products at affordable prices and at low volumes. With Vista, small businesses are able to create and customize their marketing with easy-to-use digital tools and design-templates, or by receiving expert graphic design support. In October 2020, Vista acquired 99designs to expand its design offering via a worldwide community of more than 150,000 talented designers to make it easy for designers and clients to work together to create designs they love. In October 2021, Vista acquired Depositphotos and its business now known as VistaCreate to expand the content available for our customers and to introduce VistaCreate, which is a versatile, intuitive design software, which leverages templates from freelance contributors.



Several signature services including "VistaPrint", "VistaCreate", "99designs by Vista", "Vista Corporate Solutions," and "Vista x Wix" operate within the "Vista" brand architecture. This broadens our customers' understanding of our value proposition to allow us to serve a larger set of their needs across a wide range of products and solutions that include design, social media, and web presence as well as print.

VistaPrint represents the vast majority of the revenue in this segment where average order value is more than \$80 and customers spend, on average, a bit more than \$170 per year; gross margins are about 54% and advertising spend as a percent of revenue is about 16%. Vista has had strong free cash flow conversion as its e-commerce model typically leads to collections from customers prior to the production and shipment of customer orders.

## Upload & Print:

Our Upload & Print businesses are organized in two reportable segments: PrintBrothers and The Print Group, both of which focus on serving graphic professionals such as local printers, print resellers, graphic artists, advertising agencies, and other customers with professional desktop publishing skill sets. Upload and Print businesses have an average order value of about €115 and annual per customer revenue of over €650. Gross margins vary by business but average about 30% due to wholesale-like pricing and the wide variety of products produced both in owned facilities as well as via third-party fulfillers. Advertising spend as a percent of revenue is about 5%.

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



WIRmachenDRUCK.de

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



4. **National Pen:**



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

National Pen serves more than a million small businesses annually across geographies including North America, Europe, and Australia. Marketing methods are typically direct mail and telesales, as well as a

growing e-commerce site. National Pen operates several brands focused on customized writing instruments and promotional products, apparel, and gifts for small- and medium-sized businesses. National Pen's average order value is about \$200 - \$250, and annual revenue per customer is about \$300. Gross margins are about 52% with highly seasonal profits driven in the December quarter. Advertising spend as a percent of revenue is about 21%. Significant inventory and customer invoicing requirements in this business drive different working capital needs compared to our other businesses.

## 5. All Other Businesses:

A collection of businesses combined into one reportable segment based on materiality, including BuildASign, a larger and profitable business, with strong profitability and cash flow, and Printi, a small early-stage business operating at a relatively modest operating loss. We exited our YSD business, which was included in this reportable segment, during fiscal year 2023.



BuildASign is an e-commerce provider of canvas-print wall décor, business signage, and other large-format printed products.



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

## Central Procurement

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

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

In light of recent disruptions in global supply chains, which impacted many industries, including ours, having this central procurement team that worked together with the procurement teams in each of our businesses benefited us, and we believe it has enabled us to operate more effectively, mitigating supply and cost risks relative to smaller competitors.

## Technology

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

We are building and using our Mass Customization Platform (MCP), which is a cloud-based collection of software services, APIs, web applications, and related technology that can be leveraged independently or together by our businesses and third parties to perform common tasks that are important to mass customization. Cimpres businesses, and increasingly third-party fulfillers to our various businesses, leverage different combinations of MCP services, depending on what capabilities they need to complement their business-specific technology. The capabilities that are available in the MCP today include customer-facing technologies, such as ecommerce or those that enable customers to visualize their designs on various products, as well as manufacturing, supply chain, and logistics technologies that automate various stages of the production and delivery of a product to a customer. The benefits of the MCP include improved speed to market for new product introduction, reduction in fulfillment costs, improvement of product delivery or geographic expansion, improved site experience, automating manual tasks, and

avoidance of certain redundant costs. We believe the MCP can generate significant customer and shareholder value from increased specialization of production facilities, aggregated scale from multiple businesses, increased product offerings, and shared technology development costs.

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

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

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

## **Information Privacy and Security**

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

## **Shared Talent Infrastructure**

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

## **Competition**

The markets for the products our businesses produce and sell are intensely competitive, highly fragmented, and geographically dispersed, with many existing and potential competitors. Though Cimpres is the largest business in our space, we still represent a small fraction of the overall market, and believe there is significant room for growth over the long-term future. Within this highly competitive context, our businesses compete on the basis of breadth and depth of product offerings; price; convenience; quality; technology; design content, tools, and assistance; customer service; ease of use; and production and delivery speed. It is our intention to offer a broad selection of high-quality products as well as related services at competitive price points and, in doing so, offer our customers an attractive value proposition. As described above, in Vista in recent years we expanded both our value proposition and addressable market to include design and digital marketing services.

Our current competition includes a combination of the following:

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

Today's market has evolved to be more competitive. This evolution, which has been ongoing for over 20 years, has led to major benefits for customers in terms of lower prices, faster lead times, and easier customer experience. Cimpress and its businesses have proactively driven, and benefited from, this dynamic. The mass customization business model first took off with small format products like business cards, post cards and flyers, and consumer products, like holiday cards. As the model has become better understood and more prevalent, and online advertising approaches more common, the competition has become more intense. These types of small format products are growing and we continue to derive significant profits from these small format products. Additionally, there are other product areas that have only more recently begun to benefit from mass customization, such as books, catalogs, magazines, textiles, and packaging.

## Social and Environmental Responsibility

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

- **Climate change:** We strive to achieve net zero carbon emissions by fiscal year 2040 across our entire value chain and to achieve a 53% reduction in emissions by fiscal year 2030 as compared to our fiscal year 2019 baseline. The majority of these baseline emissions are from our value chain (Scope 3). Through investments in energy-efficient infrastructure and equipment, as well as renewable energy, we have achieved significant reductions in our direct emissions (Scope 1) and indirect emissions from purchased electricity or other forms of energy (Scope 2), and expect further reductions in the future. We have begun to examine our Scope 3 emissions, including substrate and logistics choices, for further opportunities to reduce total emissions. We are focused on engaging our suppliers to refine our Scope 3 data, while enhancing our internal data management capabilities to improve our decision making and reporting capabilities. Our targets have been informed by a science-based approach and are in alignment with a 1.5°C pathway.
- **Responsible forestry:** We have converted the vast majority of the paper we print on in our Cimpress-owned production facilities to FSC-certified paper (FSC® C143124, FSC® C125299), a leading certification of responsible forestry practices. This certification confirms that the paper we print on comes from responsibly managed forests that meet high environmental and social standards. Currently 83% of the paper that we print on in our facilities is FSC-certified, and we seek to move that to 100% over time. We have expanded beyond our original product goal to also include packaging, where we target 95% of our packaging to be either FSC-certified corrugate or containing recycled content from post-consumer sources.

We have also begun to engage our third-party suppliers to materially expand their use of responsibly forested paper for the products that they customize on our behalf.

- **Plastics transition:** We are committed to improving the profile of our plastic-based packaging and products in line with the targets set by the New Plastics Economy Global Commitment, co-sponsored by the United Nations Environment Programme. Our goal is focused on our product and packaging profile, and by fiscal year 2025 we aim to eliminate 100% of problematic plastic usage (PVC and polystyrene), transition 100% of non-reusable packaging to recyclable and/or compostable materials, decrease virgin plastic content in our packaging by 20%, and increase the recycled content in our plastic products by 20%. These goals are compared to our fiscal year 2020 baseline.
- **Fair labor practices:** We require recruiting, retention, and other performance management related decisions to be made based solely on merit and organizational needs and considerations, such as an individual's ability to do their job with excellence and in alignment with the company's strategic and operational objectives. We do not tolerate discrimination on any basis protected by human rights laws or anti-discrimination regulations, and we strive to do more in this regard than the law requires. We are committed to a work environment where team members are treated with respect and fairness, and have invested in education and awareness programs for team members to make further improvements in this area. We value individual differences, unique perspectives, and the distinct contributions that each one of us can make to the company.
- **Team member health and safety:** We require safe working conditions at all times to ensure our team members and other parties are protected, and require legal compliance at a minimum at all times. We require training on – and compliance with – safe work practices and procedures at all manufacturing facilities to ensure the safety of team members and visitors to our plant floors.
- **Ethical supply chain:** It is important to us that our supply chain reflects our commitment to doing business with the highest standards of ethics and integrity. We expect our suppliers to act in full compliance with applicable laws, rules, and regulations. Our code of business conduct and supplier code of conduct lay out our expectations regarding human rights, environmental standards, and safe working conditions. Each Cimpres business is responsible to closely monitor its supply chain for unacceptable practices such as environmental crimes, child labor, slavery, or unsafe working conditions.

More information can be found at [www.cimpres.com](http://www.cimpres.com) in our Corporate Social Responsibility section, including links to reports and documents such as our inaugural environmental, social, and governance (ESG) report published on December 20, 2022, supplier code of conduct, and compliance with the UK anti-slavery act. We are monitoring developments in the ESG reporting regulatory landscape and are building the necessary processes and capabilities to remain in compliance as relevant regulations evolve.

## Intellectual Property

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

## Seasonality

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

## Human Capital

As of June 30, 2023, we had approximately 15,000 full-time and approximately 1,000 temporary employees worldwide.

## Corporate Information

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

## REVIEW OF PERFORMANCE

Cimpress is a strategically focused group of more than ten businesses that specialize in mass customization of printing and related products, via which we deliver large volumes of individually small-sized customized orders. Our products and services include a broad range of marketing materials, business cards, signage, promotional products, logo apparel, packaging, books and magazines, wall decor, photo merchandise, invitations and announcements, design and digital marketing services, and other categories. Mass customization is a core element of the business model of each Cimpress business and is a competitive strategy which seeks to produce goods and services to meet individual customer needs with near mass production efficiency. We discuss mass customization further in the Business section of this Report.

As of June 30, 2023, we have numerous operating segments under our management reporting structure that are reported in the following five reportable segments: Vista, PrintBrothers, The Print Group, National Pen, and All Other Businesses. Refer to Note 3 in our accompanying consolidated financial statements for additional information relating to our reportable segments and our segment financial measures.

We announced plans on March 23, 2023 to reduce costs within our Vista business and our central teams and implement organizational changes to support expanded profitability, reduced leverage and increased speed, focus, and accountability. These plans resulted in a restructuring charge of \$30.2 million during fiscal year 2023. Excluding this restructuring charge, this restructuring action provided a cost savings benefit of approximately \$24 million during the current fiscal year due to the timing of the action, and we expect this action to deliver approximately \$100 million of annualized pre-tax cost savings in total.

## 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; however, in evaluating the financial condition and operating performance of our business, management considers a number of metrics including revenue growth, organic constant-currency revenue growth, operating income, adjusted EBITDA, cash flow from operations, and adjusted free cash flow. Reconciliations of our non-GAAP financial measures are included within the "Consolidated Results of Operations" and "Additional Non-GAAP Financial Measures" sections of Management's Discussion and Analysis. A summary of these key financial metrics for the year ended June 30, 2023 as compared to the year ended June 30, 2022 follows:

### Fiscal Year 2023

- Revenue increased by 7% to \$3,079.6 million.
- Constant-currency revenue increased 11% when excluding the revenue of acquired companies for the first twelve months after acquisition (a non-GAAP financial measure).
- Operating income increased by \$10.0 million to \$57.3 million.
- Adjusted EBITDA (a non-GAAP financial measure) increased by \$58.8 million to \$339.8 million.
- Diluted net loss per share attributable to Cimpress plc increased to \$7.08 from \$2.08 in the prior fiscal year.
- Cash provided by operating activities decreased by \$89.2 million to \$130.3 million.
- Adjusted free cash flow (a non-GAAP financial measure) decreased by \$81.5 million to \$18.7 million.

For the year ended June 30, 2023, the increase in reported revenue was primarily due to growth across all businesses and markets through increased pricing and customer demand. Revenue growth in our Vista business was driven by increases in new customer count as well as new and repeat customer bookings across most major markets. Promotional products, apparel, and gifts (PPAG) was our fastest-growing product category, with business cards, marketing materials, packaging and labels, and signage all showing strong year-over-year growth; however, constant-currency revenue from consumer products has declined from the prior year. Pricing changes made during the past year across all reportable segments improved our revenue on a year-over-year basis, as these actions were one tool we used to mitigate inflationary cost pressures that have arisen from ongoing supply chain challenges. Currency exchange fluctuations had a negative effect on revenue growth during the current fiscal year.

The increase to operating income during the year ended June 30, 2023 was driven by gross profit growth as we benefited from higher volumes and the reduced net impact of cost inflation including through improved pricing. We also realized cost efficiencies in advertising spend during the current year. These items were partially offset by an increase in restructuring charges of \$30.2 million, primarily related to actions taken in March 2023 to reduce costs in the Vista business and in our central teams. These restructuring charges were offset in part by a partial year of savings from the related actions.

Adjusted EBITDA increased for the year ended June 30, 2023, primarily driven by the gross profit growth described above, as well the \$13.7 million net benefit of currency on consolidated adjusted EBITDA year over year. Adjusted EBITDA excludes restructuring charges, share-based compensation expense, certain impairments, and non-cash gains on the sale of assets, and includes the realized gains or losses on our currency derivatives intended to hedge adjusted EBITDA.

Diluted net loss per share attributable to Cimpres plc increased for the year ended June 30, 2023, primarily due to an increase in income tax expense of \$95.6 million, driven by our conclusion that Swiss deferred tax assets' recognition was no longer supported, which caused the recognition of a valuation allowance against these assets during the second quarter of the current fiscal year; higher interest expense driven by an increased weighted-average interest rate; and the effects of lower unrealized currency gains caused by exchange rate volatility. Partially offsetting these items was the increase to operating income as described above, as well as a \$6.8 million gain on the repurchase of a portion of our senior unsecured notes during the fourth quarter of the current fiscal year. Refer to Note 17 of our accompanying consolidated financial statements for additional details.

During the year ended June 30, 2023, cash from operations decreased \$89.2 million year over year due primarily to \$113.3 million of lower working capital inflows, which was largely influenced by the timing impacts of payables. In addition, the decrease was also driven by higher restructuring payments of \$36.9 million, due to actions taken to reduce costs over the past year, as well as higher net cash interest payments of \$7.6 million.

Adjusted free cash flow decreased year over year by \$81.5 million for the year ended June 30, 2023, due to the operating cash flow decrease described above, partially offset by lower capitalized software and capitalized expenditures.

## **Consolidated Results of Operations**

### ***Consolidated Revenue***

Our businesses generate revenue primarily from the sale and shipment of customized products. We also generate revenue, to a much lesser extent (and primarily in our Vista business), from digital services, graphic design services, website design and hosting, and email marketing services, as well as 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 year ended June 30, 2023 and 2022 are shown in the following table:

<i>In thousands</i>	Year Ended June 30,		% Change	Currency Impact:	Constant-Currency	Impact of Acquisitions/Divestitures:	Constant-Currency Revenue Growth
	2023	2022		(Favorable)/Unfavorable	Revenue Growth (1)	(Favorable)/Unfavorable	Excluding Acquisitions/Divestitures (2)
Vista .....	\$ 1,613,887	\$ 1,514,909	7%	2%	9%	—%	9%
PrintBrothers .....	578,431	526,952	10%	8%	18%	(1)%	17%
The Print Group .....	346,949	329,590	5%	8%	13%	—%	13%
National Pen .....	366,294	341,832	7%	5%	12%	—%	12%
All Other Businesses .....	213,455	205,862	4%	—%	4%	—%	4%
Inter-segment eliminations	(39,389)	(31,590)					
Total revenue .....	\$ 3,079,627	\$ 2,887,555	7%	4%	11%	—%	11%

(1) Constant-currency revenue growth, a non-GAAP financial measure, represents the change in total revenue between current and prior year periods at constant-currency exchange rates by translating all non-U.S. dollar denominated revenue generated in the current period using the prior year period's average exchange rate for each currency to the U.S. dollar. Our reportable segments-related growth is inclusive of inter-segment revenues, which are eliminated in our consolidated results.

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

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 and design costs, costs of free products, and other related costs of products our businesses sell.

<i>In thousands</i>	Year Ended June 30,	
	2023	2022
Cost of revenue .....	\$ 1,640,625	\$ 1,492,726
% of revenue .....	53.3 %	51.7 %

For the year ended June 30, 2023, cost of revenue increased by \$147.9 million as compared to the prior year, primarily due to additional variable cost increases driven by the constant-currency revenue growth described above, as well as continued effects of global supply chain challenges that resulted in increased costs for product substrates like paper, production materials like aluminum plates, freight and shipping charges, and energy costs. Although input costs were higher year over year, we started to see some easing across many product substrates during the second half of the current fiscal year, and we began to pass the anniversary of input cost increases, so the year-over-year impact lessened.

Compensation costs were also higher due to the combination of a more competitive labor market and the inflationary environment in many jurisdictions where we operate. The compensation cost increases were partially offset by savings for a portion of the year that resulted from the March 2023 cost reduction actions.



## Consolidated Operating Expenses

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

*In thousands*

	Year Ended June 30,	
	2023	2022
<b>Technology and development expense</b>	\$ 302,257	\$ 292,845
% of revenue	9.8 %	10.1 %
<b>Marketing and selling expense</b>	\$ 773,970	\$ 789,241
% of revenue	25.1 %	27.3 %
<b>General and administrative expense</b>	\$ 209,246	\$ 197,345
% of revenue	6.8 %	6.8 %
<b>Amortization of acquired intangible assets (1)</b>	\$ 46,854	\$ 54,497
% of revenue	1.5 %	1.9 %
<b>Restructuring expense</b>	\$ 43,757	\$ 13,603
% of revenue	1.4 %	0.5 %
<b>Impairment of Goodwill (2)</b>	\$ 5,609	\$ —
% of revenue	0.2 %	— %

(1) Refer to Note 12 in our accompanying consolidated financial statements for additional details relating to the amortization of acquired intangible assets.

(2) During the fourth quarter of fiscal 2023, we recognized a goodwill impairment charge of \$5.6 million, which related to one of our small businesses that is a part of our All Other Businesses reportable segment. Refer to Note 12 in the accompanying consolidated financial statements for additional details.

### *Technology and development expense*

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

Technology and development expenses increased by \$9.4 million for the year ended June 30, 2023 as compared to the prior year. This increase is primarily driven by higher volume-related third-party technology costs due in part to increased customer demand. In addition, amortization expense from capitalized software increased \$3.6 million, driven by the higher capitalized asset base, as well as other operating cost increases due to higher travel and training costs. These increases were partially offset by lower compensation costs year-over-year of \$0.8 million, due to cost savings resulting from recent restructuring actions that reduced headcount, which more than offset increases from our inflation-adjusted annual merit cycle and market adjustments. We also benefited from lower building costs, driven by actions taken over the past year to further optimize our real estate footprint for many of our team members operating under a remote-first model.

### *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 Vista, National Pen, and BuildASign businesses have higher marketing and selling costs as a percentage of revenue as compared to our PrintBrothers and The Print Group businesses due to differences in the customers that they serve.

For the year ended June 30, 2023, marketing and selling expenses decreased by \$15.3 million as compared to the prior year. The decreased expense was due to lower compensation costs of \$13.4 million due in part to recent cost reduction actions. Other cost decreases include lower third-party consulting spend, mainly in our Vista business, and less building costs driven by actions taken over the past year to further optimize our real estate footprint for many of our team members operating under a remote-first model. These cost decreases were partially offset by higher advertising spend of \$9.3 million across Cimpres, including increases in mid- and upper-funnel spend, partially offset by lower performance advertising in Vista.

### *General and administrative expense*

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

For the year ended June 30, 2023, general and administrative expenses increased by \$11.9 million as compared to the prior year. Compensation costs increased year over year from higher headcount and the impacts of our inflation-adjusted annual merit cycle, partially offset by savings from recent cost reduction actions. Other cost increases included higher travel and training costs and consulting spend. We also recognized an additional \$2.2 million of expense related to the termination of one of our leased office locations as we continue to optimize our office footprint with many of our team members operating under a remote-first model. This incremental expense was partially offset by lower building costs due to the termination. The increases were partially offset by lower share-based compensation expense due to forfeitures from our recent restructuring actions, as well as favorability due to different timing of expense from our granting of restricted share units, or RSUs, and share options for most employees during the current year, as compared to performance share units, or PSUs, in prior years.

### *Restructuring expense*

Restructuring costs include employee termination benefits, acceleration of share-based compensation, write-off of assets, costs to exit loss-making operations, and other related costs including third-party professional and outplacement services. All restructuring costs are excluded from segment and adjusted EBITDA.

For the year ended June 30, 2023, restructuring expenses increased by \$30.2 million as compared to the prior year. This increase is largely driven by \$30.2 million of costs related to the previously described action taken in our Vista business and central teams during March 2023 that were intended to reduce costs and support expanded profitability, reduced leverage, and increased speed, focus, and accountability. The remaining increase relates to other actions announced in the fourth quarter of fiscal year 2022 to prioritize our investments and exit the Japanese and Chinese markets. Refer to Note 5 in the accompanying consolidated financial statements for additional details.

### **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 execute certain currency derivative contracts that do not qualify for hedge accounting.

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

<i>In thousands</i>	Year Ended June 30,	
	2023	2022
Gains (losses) on derivatives not designated as hedging instruments	\$ 3,311	\$ 58,148
Currency-related gains, net	16,350	244
Other (losses) gains	(1,163)	3,071
Total other income (expense), net	<u>\$ 18,498</u>	<u>\$ 61,463</u>

The decrease in other income (expense), net was primarily due to the currency exchange rate volatility impacting our derivatives that are not designated as hedging instruments, of which our Euro and British Pound contracts are the most significant exposures that we economically hedge. We expect volatility to continue in future periods, as we do not apply hedge accounting for most of our derivative currency contracts.

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

of certain non-functional currency intercompany relationships.

#### *Interest expense, net*

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

Interest expense, net increased by \$13.4 million during the year ended June 30, 2023 as compared to the prior year, primarily due to a higher weighted-average interest rate (net of interest rate swaps) and partially offset by an increase in interest income earned on our cash and marketable securities of \$7.7 million. In addition, we recognized expense related to accretion adjustments of \$2.3 million during the year ended June 30, 2023 for our mandatorily redeemable noncontrolling interests, which did not occur in the prior year.

#### *Income tax expense*

*In thousands*

	Year Ended June 30,	
	2023	2022
Income tax expense .....	\$ 155,493	\$ 59,901
Effective tax rate .....	(514.5)%	642.0 %

Income tax expense increased for the year ended June 30, 2023 versus the prior comparable period primarily due to recording a full valuation allowance during the year ended June 30, 2023 of \$116.7 million on Swiss deferred tax assets related to Swiss Tax Reform benefits recognized in fiscal year 2020 and tax loss carryforwards, partially offset by a partial valuation allowance on Swiss deferred tax assets of \$29.6 million recorded during the year ended June 30, 2022. Management concluded in the second quarter of this fiscal year that based on current period results at that time, that objective and verifiable negative evidence of recent losses in Switzerland outweighed more subjective positive evidence of anticipated future income.

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

### **Reportable Segment Results**

Our segment financial performance is measured based on segment EBITDA, which is defined as operating income plus depreciation and amortization; plus proceeds from insurance; plus share-based compensation expense related to investment consideration; plus earn-out related charges; plus certain impairments; plus restructuring related charges; less gain on purchase or sale of subsidiaries. The effects of currency exchange rate fluctuations impact segment EBITDA and we do not allocate to segment EBITDA any gains or losses that are realized by our currency hedging program.

#### **Vista**

*In thousands*

	Year Ended June 30,		
	2023	2022	2023 vs. 2022
Reported Revenue .....	\$ 1,613,887	\$ 1,514,909	7%
Segment EBITDA .....	224,081	195,321	15%
% of revenue .....	14 %	13 %	

#### *Segment Revenue*

Vista's reported revenue growth for the year ended June 30, 2023 was negatively affected by a currency impact of 2%, and organic constant-currency revenue growth was 9%. Constant-currency revenue growth was driven by new customer count and new customer bookings growth across all major markets, as well as increased

repeat customer bookings and higher average order values. From a product perspective, the strongest growth was in the promotional products, apparel, and gifts (PPAG) category, as well as business cards, marketing materials, packaging, and signage. Revenue from consumer oriented products that include holiday cards, invitations, and announcements declined, particularly in the U.S. market, which had a more pronounced impact during our seasonally significant second quarter. For the year ended June 30, 2023, revenue growth described above was partially offset by a decline in face mask sales of \$10.3 million as well as lower revenue year over year of \$7.2 million due to our exit from the Japanese market.

### *Segment Profitability*

For the year ended June 30, 2023, segment EBITDA increased by \$28.8 million, due in part to gross profit growth as a result of the revenue growth described above. Cost inflation had a negative impact on gross profit year over year, but the impacts were more pronounced during the first half of fiscal year 2023, as input costs have started to stabilize and further price increases have been implemented throughout the current fiscal year. Product mix weighed on Vista's gross margins during the current fiscal year, since the fastest growth was in product categories like PPAG that have lower gross margins despite higher average order values. Vista's advertising expense decreased by \$1.1 million year over year, driven by reductions to performance advertising spend during the second half of the fiscal year, which were offset in part by higher mid- and upper funnel advertising spend, mainly during the first half of fiscal year 2023. Operating expenses also decreased \$13.8 million, largely due to a partial year of cost savings of approximately \$20.0 million that resulted from cost reduction actions implemented in March 2023. Changes in currency exchange rates had a negative impact year over year.

### **PrintBrothers**

*In thousands*

	Year Ended June 30,		2023 vs. 2022
	2023	2022	
Reported Revenue	\$ 578,431	\$ 526,952	10%
Segment EBITDA	70,866	66,774	6%
% of revenue	12 %	13 %	

### *Segment Revenue*

PrintBrothers' reported revenue growth for the year ended June 30, 2023 was negatively affected by currency impacts of 8%. When excluding the benefit from a small recent acquisition, organic constant-currency revenue growth was 17%. This strong performance was driven by growth in order volumes and price increases implemented to address inflationary cost increases.

### *Segment Profitability*

Despite a challenging supply chain and inflationary environment, PrintBrothers' segment EBITDA for the year ended June 30, 2023 grew year over year, driven by the constant-currency revenue growth described above, as well as profit contribution from a business acquired in the last twelve months. Currency exchange fluctuations negatively impacted segment EBITDA year over year by \$3.8 million. We continue to focus on key areas within these businesses to exploit scale advantages and improve their cost competitiveness. These businesses also continue to adopt technologies that are part of our mass customization platform, which we believe will further improve customer value and the efficiency of each business over the long term.

### **The Print Group**

*In thousands*

	Year Ended June 30,		2023 vs. 2022
	2023	2022	
Reported Revenue	\$ 346,949	\$ 329,590	5%
Segment EBITDA	60,089	58,664	2%
% of revenue	17 %	18 %	

### Segment Revenue

The Print Group's reported revenue for the year ended June 30, 2023 was negatively affected by a currency impact of 8%, resulting in an increase to revenue on a constant-currency basis of 13%. Constant-currency revenue growth was largely driven by price increases that have been implemented over the past year to address inflationary cost increases, as well as volume growth and increased order fulfillment for other Cimpress businesses.

### Segment Profitability

The increase in The Print Group's segment EBITDA during the year ended June 30, 2023 as compared to the prior year was largely due to the revenue growth described above, despite higher input costs that are impacted by supply chain disruptions and higher shipping and energy costs, which had a larger impact during the first half of fiscal year 2023. Currency exchange fluctuations negatively impacted segment EBITDA year over year by \$3.9 million.

### National Pen

*In thousands*

	Year Ended June 30,		2023 vs. 2022
	2023	2022	
Reported Revenue	\$ 366,294	\$ 341,832	7%
Segment EBITDA	23,714	26,845	(12)%
% of revenue	6 %	8 %	

### Segment Revenue

For the year ended June 30, 2023, National Pen's revenue growth was negatively affected by currency impacts of 5%, resulting in constant-currency revenue growth of 12%. Constant-currency revenue growth was driven by price increases that have been implemented over the past year to address inflationary cost increases, as well as volume growth in new product categories that include bags and drinkware. Year-over-year revenue growth was negatively impacted by our exit from the Japanese market by approximately \$11.7 million as well as the decline in face mask sales of approximately \$9.2 million.

### Segment Profitability

The decrease in National Pen's segment EBITDA for the year ended June 30, 2023 was driven by currency exchange fluctuations that negatively impacted segment EBITDA year over year by \$8.1 million. Excluding the effect of currency, segment EBITDA grew, as a result of contribution profit growth that was due to the revenue growth described above. During the current fiscal year, duplicative costs from the migration of European manufacturing from Ireland to the Czech Republic lessened contribution profit growth versus the prior year. Additionally, operating expenses increased year over year due to higher tech spend and customer service costs driven by higher sales volumes, which partially offset the contribution profit growth described above.

### All Other Businesses

*In thousands*

	Year Ended June 30,		2023 vs. 2022
	2023	2022	
Reported Revenue	\$ 213,455	\$ 205,862	4%
Segment EBITDA	25,215	23,227	9%
% of revenue	12 %	11 %	

This segment includes BuildASign, which is a larger and profitable business, and Printi, an early-stage business that we have managed at a relatively modest operating loss as previously described and planned. This segment also included results from our YSD business in China that was divested during the third quarter of fiscal year 2023.

## *Segment Revenue*

All Other Businesses' constant-currency revenue growth was 4% during the year ended June 30, 2023. BuildASign generates the majority of revenue in this segment, and grew year over year with mixed performance by product line. Printi delivered strong revenue growth across product lines and channels supported by price increases implemented over the past year.

## *Segment Profitability*

The increase in segment EBITDA for the year ended June 30, 2023, as compared to the prior year, was primarily due to the recent divestiture of our small, loss making business in China (YSD), which we completed during the third quarter of fiscal year 2023. Segment EBITDA for our BuildASign business declined due to lower gross margins driven by higher input costs, including increased labor and marketing costs, which had a larger impact on BuildASign's home decor products.

## **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 security; administrative costs of our Cimpres India offices where numerous Cimpres businesses have dedicated business-specific team members; and corporate functions including our tax, treasury, internal audit, legal, sustainability, corporate communications, remote first enablement, consolidated reporting and compliance, investor relations, and the functions of our CEO and CFO. These costs also include certain unallocated share-based compensation costs.

Central and corporate costs decreased by \$10.4 million during the year ended June 30, 2023 as compared to the prior year, driven by favorability from unallocated share-based compensation due to changes in the mix of equity instruments granted and forfeitures from recent cost reduction actions. In addition, compensation costs decreased due to savings from recent cost reduction actions, which more than offset the effect of our inflation-adjusted annual merit cycle and higher volume-related technology costs.

## **Standalone Entity Investment in Subsidiaries Impairment Assessment**

### *Fiscal Year 2023*

During fiscal year 2023, no triggering events affecting our investment in subsidiaries balance were identified. While several of the factors that triggered the impairment in fiscal year 2022 persisted for a portion of the current fiscal year, the lingering effects of the pandemic and the net impact of cost inflation started to diminish during the second half of fiscal year 2023. We also implemented cost reduction measures during March 2023, including the reduction of investment levels, which, when combined with the diminishing pandemic and inflationary effects, supported strong profitability expansion during the second half of the current fiscal year. We expect these positive impacts to profitability to continue in fiscal year 2024 as the cost reductions, in particular, impact our financial results for a full year. These factors coupled with reduced net leverage from a balance sheet perspective have a positive impact on our equity value. We concluded that no triggering events exist, but we also concluded that sufficient time has not yet passed with these positive factors to conclude that there has been a recovery of our prior year impairment. We will continue to evaluate this and, if our financial results continue to improve in line with our plans, we believe a portion or all of the prior impairment may be recovered at that time.

### *Fiscal Year 2022*

During fiscal year 2022, we considered several factors to identify a triggering event affecting our investment in subsidiaries balance. Despite strong performance across most of our businesses, our consolidated results were impacted by lingering effects that softened demand, inflationary cost pressures, supply chain constraints, and increased energy costs in parts of Europe affected by the war in Ukraine. Additionally, we considered downward pressure on our share price that was driven in part by overall volatility in financial markets and the profitability decline from the aforementioned items as well as significant investments in our Vista business that weigh on near-term profitability but for which we expect will deliver accelerated growth and positive financial returns in future periods.

We used the income approach, specifically the discounted cash flow method, to derive the fair value of each subsidiary. The cash flow projections in the fair value analysis are considered Level 3 inputs, and consist of

management's estimates of revenue growth rates and operating margins, taking into consideration historical results as well as industry and market conditions. The discount rate used in the fair value analysis is based on a weighted average cost of capital ("WACC"), which represents the average rate a business must pay its providers of debt and equity, plus a risk premium. The respective WACC percentages used for each subsidiary were derived from a group of comparable companies and adjusted for the risk premium associated with each subsidiary, ranging from 12% to 23%.

The combined fair value of our subsidiaries was compared to the carrying value of our investment in subsidiaries, which resulted in an impairment charge of \$973,535 for the year ended June 30, 2022. The WACC percentages discussed above are a significant judgment in calculating the fair value, and therefore, the impairment charge. A hypothetical 100 basis point change in our WACC estimates would result in a change to the impairment charge of approximately \$300,000. If the long-term growth rate changed from management's estimate by 100 basis points, the impairment charge would change by approximately \$111,000.

### **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 plus share-based compensation expense plus proceeds from insurance not already included in operating income plus earn-out related charges plus certain impairments plus restructuring related charges plus realized gains or losses on currency derivatives less the gain or loss on purchase or sale of subsidiaries as well as the disposal of assets.

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, for acquisitions, 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 and adjusted EBITDA for the year ended June 30, 2023 and 2022:

*In thousands*

	Year Ended June 30,	
	2023	2022
GAAP operating income	\$ 57,309	\$ 47,298
Exclude expense (benefit) impact of:		
Depreciation and amortization	162,428	175,681
Share-based compensation expense	39,682	49,766
Certain impairments and other adjustments	6,932	(9,709)
Restructuring-related charges	43,757	13,603
Realized gains (losses) on currency derivatives not included in operating income (1)	29,724	4,424
Adjusted EBITDA	\$ 339,832	\$ 281,063

(1) These realized gains (losses) include only the impacts of certain currency derivative contracts that are intended to hedge our adjusted EBITDA exposure to foreign currencies for which we do not apply hedge accounting. See Note 10 in our accompanying consolidated financial statements for further information.

The table below sets forth net cash provided by operating activities and adjusted free cash flow for the year ended June 30, 2023 and 2022:

*In thousands*

	Year Ended June 30,	
	2023	2022
Net cash provided by operating activities	\$ 130,289	\$ 219,536
Purchases of property, plant and equipment	(53,772)	(54,040)
Capitalization of software and website development costs	(57,787)	(65,297)
Adjusted free cash flow	\$ 18,730	\$ 100,199

## Critical Accounting Policies and Estimates

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

**Revenue Recognition.** We generate revenue primarily from the sale and shipment of customized manufactured products. To a much lesser extent (and only in our Vista business) we provide digital services, website design and hosting, and email marketing services, as well as a small percentage from order referral fees and other third-party offerings. Revenues are recognized when control of the promised products or services is transferred to the customer in an amount that reflects the consideration we expect to be entitled to in exchange for those products or services.

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

We have elected to recognize shipping and handling activities that occur after transfer of control of the products as fulfillment activities and not as a separate performance obligation. Accordingly, we recognize revenue



for our single performance obligation upon the transfer of control of the fulfilled orders, which generally occurs upon delivery to the shipping carrier. If revenue is recognized prior to completion of the shipping and handling activities, we accrue the costs of those activities. We do have some arrangements whereby the transfer of control, and thus revenue recognition, occurs upon delivery to the customer. If multiple products are ordered together, each product is considered a separate performance obligation, and the transaction price is allocated to each performance obligation based on the standalone selling price. Revenue is recognized upon satisfaction of each performance obligation. We generally determine the standalone selling prices based on the prices charged to our customers.

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

We record deferred revenue when cash payments are received in advance of our satisfaction of the related performance obligation. The satisfaction of performance obligations generally occur shortly after cash payment and we expect to recognize the majority of our deferred revenue balance as revenue within three months subsequent to June 30, 2023.

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

We have elected to apply the practical expedient under ASC 340-40-25-4 to expense incremental direct costs as incurred, which primarily includes sales commissions, since our contract periods generally are less than one year and the related performance obligations are satisfied within a short period of time.

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

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

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

We establish reserves for tax-related uncertainties based on estimates of whether, and the extent to which, additional taxes will be due. These reserves are established when we believe that certain positions might be challenged despite our belief that our tax return positions are in accordance with applicable tax laws. We adjust these reserves in light of changing facts and circumstances, such as the closing of a tax audit, new tax legislation,

or the change of an estimate based on new information. To the extent that the final outcome of these matters is different than the amounts recorded, such differences will affect the provision for income taxes in the period in which such determination is made. Interest and, if applicable, penalties related to unrecognized tax benefits are recorded in the provision for income taxes.

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

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

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

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

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

If the results of the qualitative analysis were to indicate that the fair value of a reporting unit is less than its carrying value, the quantitative test is required. Under the quantitative approach, we estimate the fair values of our reporting units using a discounted cash flow methodology and in certain circumstances a market-based approach. This analysis requires significant judgment and is based on our strategic plans and estimation of future cash flows, which is dependent on internal forecasts. Our annual analysis also requires significant judgment including the

identification and aggregation of reporting units, as well as the determination of our discount rate and perpetual growth rate assumptions. We are required to compare the fair value of the reporting unit with its carrying value and recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. For the year ended June 30, 2023, we recognized a goodwill impairment charge of \$5,609. The charge is a partial impairment of the goodwill for one of our small reporting units within our All Other Businesses reportable segment. There were no impairments identified for any other reporting units.

We are required to evaluate the estimated useful lives and recoverability of definite lived long-lived assets (for example, customer relationships, developed technology, property, and equipment) on an ongoing basis when indicators of impairment are present. For purposes of the recoverability test, long-lived assets are grouped with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. The test for recoverability compares the undiscounted future cash flows of the long-lived asset group to its carrying value. If the carrying values of the long-lived asset group exceed the undiscounted future cash flows, the assets are considered to be potentially impaired. The next step in the impairment measurement process is to determine the fair value of the individual net assets within the long-lived asset group. If the aggregate fair values of the individual net assets of the group are less than the carrying values, an impairment charge is recorded equal to the excess of the aggregate carrying value of the group over the aggregate fair value. The loss is allocated to each long-lived asset within the group based on their relative carrying values, with no asset reduced below its fair value. The identification and evaluation of a potential impairment requires judgment and is subject to change if events or circumstances pertaining to our business change. We evaluated our long-lived assets for impairment during the year ended June 30, 2023, and we recognized no impairments.

#### **Recently Issued or Adopted Accounting Pronouncements**

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

## LIQUIDITY AND CAPITAL RESOURCES

### Consolidated Statements of Cash Flows Data

In thousands

	Year Ended June 30,	
	2023	2022
Net cash provided by operating activities	\$ 130,289	\$ 219,536
Net cash used in investing activities	(103,725)	(3,997)
Net cash used in financing activities	(177,106)	(106,572)

The cash flows during the year ended June 30, 2023 related primarily to the following items:

#### Cash inflows:

- Adjustments for non-cash items of \$353.9 million primarily related to adjustments for depreciation and amortization of \$162.4 million, deferred taxes of \$114.9 million, share-based compensation costs of \$42.1 million, and unrealized currency-related losses of \$22.4 million
- Proceeds from the maturity of held-to-maturity securities of \$8.1 million, net of purchases

#### Cash outflows:

- Net loss of \$185.7 million
- Exercise of PrintBrothers and BuildASign minority equity interest holders' put options for \$95.6 million; refer to Note 21 in the accompanying consolidated financial statements for additional details
- Internal and external costs of \$57.8 million for software and website development that we have capitalized
- Capital expenditures of \$53.8 million, of which the majority related to the purchase of manufacturing and automation equipment for our production facilities
- Repurchases of a portion of our 7.0% Senior Notes due 2026 (the "2026 Notes") of \$45.0 million. Refer to Note 17 in the accompanying consolidated financial statements for additional details.
- Total outflow from net working capital of \$37.9 million, primarily due to timing impacts from unfavorable changes to accounts payable and accrued expenses.
- Repayments of debt, net of proceeds from borrowings, of \$13.0 million
- Payments for finance lease arrangements of \$8.3 million
- \$6.9 million for the payment of purchase consideration included in the Depositphotos acquisition's fair value
- Payment of withholding taxes in connection with share awards of \$4.4 million
- \$3.7 million of distributions to noncontrolling interest holders

*Additional Liquidity and Capital Resources Information.* At June 30, 2023, we had \$130.3 million of cash and cash equivalents, \$43.0 million of marketable securities, and \$1,654.0 million of debt, excluding debt issuance costs and debt premiums and discounts. During the year ended June 30, 2023, we financed our operations and strategic investments through internally generated cash flows from operations and cash on hand. We expect to finance our future operations through our cash, investments, operating cash flow, and borrowings under our debt arrangements.

In light of our recently implemented cost savings measures and our expectation of continued profitability expansion and cash flow generation, we expect our liquidity to increase in fiscal year 2024. We have historically used excess cash and cash equivalents for organic investments, share repurchases, acquisitions and equity investments, and debt reduction. During the fourth quarter of fiscal year 2023, we allocated \$45.0 million of capital

toward the repurchase of a portion of our 2026 Notes. We expect to continue reducing our net leverage through fiscal year 2024. Beyond fiscal year 2024, we expect to have the flexibility to opportunistically deploy capital that enhances our intrinsic value per share even while maintaining leverage similar to or below our pre-pandemic levels.

**Indefinitely Reinvested Earnings.** As of June 30, 2023, a portion of our cash and cash equivalents were held by our subsidiaries, and undistributed earnings of our subsidiaries that are considered to be indefinitely reinvested were \$56.3 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.

## Contractual Obligations

Contractual obligations at June 30, 2023 are as follows:

*In thousands*

	Payments Due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Operating leases, net of subleases (1)	\$ 83,137	\$ 22,907	\$ 30,313	\$ 12,927	\$ 16,990
Purchase commitments	222,860	140,527	56,375	14,958	11,000
2026 Notes and interest payments	663,443	38,381	625,062	—	—
Senior secured credit facility and interest payments (2)	1,493,444	95,483	188,515	1,209,446	—
Other debt	7,076	2,853	3,783	440	—
Finance leases, net of subleases (1)	38,379	9,727	9,606	5,736	13,310
<b>Total (3)</b>	<b>\$ 2,508,339</b>	<b>\$ 309,878</b>	<b>\$ 913,654</b>	<b>\$ 1,243,507</b>	<b>\$ 41,300</b>

- (1) Operating and finance lease payments above include only amounts which are fixed under lease agreements. Our leases may also incur variable expenses which are not reflected in the contractual obligations above.
- (2) Senior secured credit facility and interest payments include the effects of interest rate swaps, whether they are expected to be payments or receipts of cash.
- (3) We may be required to make cash outlays related to our uncertain tax positions. However, due to the uncertainty of the timing of future cash flows associated with our uncertain tax positions, we are unable to make reasonably reliable estimates of the period of cash settlement, if any, with the respective taxing authorities. Accordingly, uncertain tax positions of \$10.1 million as of June 30, 2023 have been excluded from the contractual obligations table above. See Note 7 in our accompanying consolidated financial statements for further information on uncertain tax positions.

**Operating Leases.** We rent manufacturing facilities and office space under operating leases expiring on various dates through 2037. The terms of certain lease agreements require security deposits in the form of bank guarantees and letters of credit, with \$1.5 million in the aggregate outstanding as of June 30, 2023.

**Purchase Commitments.** At June 30, 2023, we had unrecorded commitments under contract of \$222.9 million. Purchase commitments consisted of third-party fulfillment and digital services of \$100.3 million; third-party cloud services of \$74.9 million; software of \$13.7 million; advertising of \$10.1 million; commitments for professional and consulting fees of \$6.2 million; production and computer equipment purchases of \$3.9 million, and other commitments of \$13.8 million.

**Senior Secured Credit Facility and Interest Payments.** As of June 30, 2023, we have borrowings under our amended and restated senior secured credit agreement ("Restated Credit Agreement") of \$1,098.6 million, consisting of the Term Loan B, which amortizes over the loan period, with a final maturity date of May 17, 2028. Our \$250.0 million senior secured revolving credit facility with a maturity date of May 17, 2026 (the "Revolving Credit Facility") under our Restated Credit Agreement has \$244.2 million unused as of June 30, 2023. There are no drawn amounts on the Revolving Credit Facility, but our outstanding letters of credit reduce our unused balance. Our unused balance can be drawn at any time so long as we are in compliance with our debt covenants and if any loans made under the Revolving Credit Facility are outstanding on the last day of any fiscal quarter, then we are subject to a financial maintenance covenant that the First Lien Leverage Ratio (as defined in the Restated Credit Agreement) calculated as of the last day of such quarter shall not exceed 3.25 to 1.00. Any amounts drawn under the Revolving

Credit Facility will be due on May 17, 2026. Interest payable included in the above table is based on the interest rate as of June 30, 2023 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. The LIBOR sunset occurred on June 30, 2023, and, under the terms of our Restated Credit Agreement, our benchmark rate transitioned to Term SOFR in July 2023.

*2026 Notes and Interest Payments.* Our \$548.3 million 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.

*Debt Covenants.* The Restated Credit Agreement and the indenture that governs our 2026 Notes contain covenants that restrict or limit certain activities and transactions by Cimpres and our subsidiaries. As of June 30, 2023, we were in compliance with all covenants under our Restated Credit Agreement and the indenture governing our 2026 Notes. Refer to Note 17 in our accompanying consolidated financial statements for additional information.

*Other Debt.* In addition, we have other debt which consists primarily of term loans acquired through our various acquisitions or used to fund certain capital investments. As of June 30, 2023, we had \$7.1 million outstanding for those obligations that have repayments due on various dates through September 2027.

*Finance Leases.* We lease certain facilities, machinery, and plant equipment under finance lease agreements that expire at various dates through 2028. The aggregate carrying value of the leased equipment under finance leases included in property, plant and equipment, net in our consolidated balance sheet at June 30, 2023 is \$30.6 million, net of accumulated depreciation of \$36.5 million. The present value of lease installments not yet due included in other current liabilities and other liabilities in our consolidated balance sheet at June 30, 2023 amounts to \$39.8 million.

*Other Obligations.* During fiscal year 2023, we made a \$6.9 million deferred payment for our Depositphotos acquisition, and there were no outstanding acquisition-related deferred liabilities as of June 30, 2023.

## **FINANCIAL RISK MANAGEMENT**

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

As of June 30, 2023, our cash and cash equivalents consisted of standard depository accounts, which are held for working capital purposes, money market funds, and marketable securities with an original maturity of less than 90 days. We do not believe we have a material exposure to interest rate fluctuations related to our cash and cash equivalents.

As of June 30, 2023, we had \$1,098.6 million of variable-rate debt. As a result, we have exposure to market risk for changes in interest rates related to these obligations. In order to mitigate our exposure to interest rate changes related to our variable-rate debt, we execute interest rate swap contracts to fix the interest rate on a portion of our outstanding or forecasted long-term debt with varying maturities. As of June 30, 2023, a hypothetical 100 basis point increase in rates, inclusive of the impact of our outstanding interest rate swaps that are accruing interest as of June 30, 2023, would result in a \$8.7 million impact to interest expense over the next 12 months. This does not include any yield from cash and marketable securities.

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

- *Translation of our non-U.S. dollar revenues and expenses:* Revenue and related expenses generated in currencies other than the U.S. dollar could result in higher or lower net loss 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 loss and non-GAAP financial metrics, such as adjusted EBITDA.

Our currency hedging objectives are targeted at reducing volatility in our forecasted U.S. dollar-equivalent adjusted EBITDA in order to maintain stability on our incurrence-based debt covenants. Since adjusted EBITDA excludes non-cash items such as depreciation and amortization that are included in net loss, 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 (expense), net, on the mark-to-market of outstanding contracts and (ii) realized gains and losses recognized in other income (expense), net, whereas the offsetting economic gains and losses are reported in the line item of the underlying 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 (expense), 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 (expense), net. We expect these impacts may be volatile in the future, although our largest intercompany loans do not have a U.S. dollar cash impact for the consolidated group because they are either: 1) U.S. dollar loans or 2) we elect to hedge certain non-U.S. dollar loans with cross-currency swaps and forward contracts. A hypothetical 10% change in currency exchange rates was applied to total net monetary assets denominated in currencies other than the functional currencies at the balance sheet dates to compute the impact these changes would have had on our (loss) income before income 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 a change of \$8.4 million on our (loss) income before income taxes for the year ended June 30, 2023.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

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

### **Risks Related to Our Business and Operations**

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

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

- investments in our business in the current period intended to generate longer-term returns, where the costs in the near term will not be offset by revenue or cost savings until future periods, if at all
- costs to produce and deliver our products and provide our services, including the effects of inflation, the rising costs of raw materials such as paper, and rising energy costs
- supply chain challenges
- a potential recession or other economic downturn in some or all of our markets
- our pricing and marketing strategies and those of our competitors
- variations in the demand for our products and services, in particular during our second fiscal quarter, which may be driven by seasonality, performance issues in some of our businesses and markets, or other factors
- currency and interest rate fluctuations, which affect our revenue, costs, and fair value of our assets and liabilities
- our hedging activity
- our ability to attract and retain customers and generate purchases
- shifts in revenue mix toward less profitable products and brands
- the commencement or termination of agreements with our strategic partners, suppliers, and others
- our ability to manage our production, fulfillment, and support operations
- expenses and charges related to our compensation arrangements with our executives and employees
- costs and charges resulting from litigation
- changes in our effective income tax rate or tax-related benefits or costs
- costs to acquire businesses or integrate our acquired businesses
- financing costs
- impairments of our tangible and intangible assets including goodwill
- the results of our minority investments and joint ventures

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

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

The Vista business is undertaking a multi-year transformation to be the expert design and marketing partner for small businesses. In the third quarter of fiscal year 2023, we implemented organizational changes to support expanded profitability and improve the speed and quality of our execution, and we have been investing heavily to rebuild Vista's technology infrastructure, improve our customer experience and product quality, and optimize Vista's marketing mix. If our investments do not have the effects we expect, the new technology infrastructure does not perform well or is not as transformational as we expect, we fail to execute well on the evolution of our customer value proposition and brand, or the transformation is otherwise unsuccessful, then the number of new and repeat



customers we attract may not grow or could decline, Vista's reputation and brand could be damaged, and our revenue and earnings could fail to grow or could decline.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Acquisitions and minority investments can be costly and can result in increased expenses including impairments of goodwill and intangible assets if financial goals are not achieved, assumptions of contingent or unanticipated liabilities, amortization of certain acquired assets, and increased tax costs. In addition, we may overpay for acquired businesses.
- The management of our acquired businesses, minority investments, and joint ventures may be more expensive or may take more resources than we expected. In addition, continuing to devote resources to a struggling business can take resources away from other investment areas and priorities.
- We may not be able to retain customers and key employees of the acquired businesses. In particular, it can be challenging to motivate the founders who built a business to continue to lead the business after they sell it to us.

The accounting for our acquisitions and minority investments requires us to make significant estimates, judgments, and assumptions that can change from period to period, based in part on factors outside of our control, which can create volatility in our financial results. For example, we often pay a portion of the purchase price for our acquisitions in the form of an earn out based on performance targets for the acquired companies or enter into obligations or options to purchase noncontrolling interests in our acquired companies or minority investments, which can be difficult to forecast and can lead to larger than expected payouts that can adversely impact our results of operations.

Furthermore, provisions for future payments to sellers based on the performance or valuation of the acquired businesses, such as earn outs and options to purchase noncontrolling interests, can lead to disputes with the sellers about the achievement of the performance targets or valuation or create inadvertent incentives for the acquired company's management to take short-term actions designed to maximize the payments they receive instead of benefiting the business.

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

Our various businesses rely on a variety of marketing methods to attract new and repeat customers. These methods include promoting our products and services through paid channels such as online search, display, and television, as well as leveraging our owned and operated channels such as email, direct mail, our social media accounts, and telesales. If the costs of these channels significantly increase or the effectiveness of these channels significantly declines, then our ability to efficiently attract new and repeat customers would be reduced, our revenue and net income could decline, and our business and results of operations would be harmed.

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

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

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

Our profitability has historically been highly seasonal. Our second fiscal quarter, which ends on December 31, includes the majority of the holiday shopping season and typically accounts for a disproportionately high portion of our earnings for the year, primarily due to higher sales of home and family products such as holiday cards, calendars, photo books, and personalized gifts. In addition, our National Pen business has historically generated nearly all of its profits during the second fiscal quarter. Lower than expected sales during the second quarter have a disproportionately large impact on our operating results and financial condition for the full fiscal year. In addition, if our manufacturing and other operations are unable to keep up with the high volume of orders during our second

fiscal quarter or we experience inefficiencies in our production or disruptions of our supply chains, then our costs may be significantly higher, and we and our customers can experience delays in order fulfillment and delivery and other disruptions.

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

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

- fire, natural disaster, or extreme weather, which could be exacerbated by climate change
- pandemic or other public health crisis
- ransomware and other cyber security attacks
- labor strike, work stoppage, or other issues with our workforce
- political instability or acts of terrorism or war
- power loss or telecommunication failure
- attacks on our external websites or internal network by hackers or other malicious parties
- inadequate capacity in our systems and infrastructure to cope with periods of high volume and demand

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

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

Demand for our products and services is sensitive to price for almost all of our businesses, and changes in our pricing strategies have had a significant impact on the numbers of customers and orders in some regions, which in turn affects our revenue, profitability, and results of operations. Many factors can significantly impact our pricing and marketing strategies, including the costs of running our business, the costs of raw materials, our competitors' pricing and marketing strategies, and the effects of inflation. We may not be able to mitigate increases in our costs by increasing the prices of our products and services. If we fail to meet our customers' price expectations, our business and results of operations may suffer.

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

We are subject to a variety of safety, health and environmental, or SHE, laws and regulations in each of the jurisdictions in which we operate. SHE laws and regulations frequently change and evolve, including the addition of new SHE regulations, especially with respect to climate change. These laws and regulations govern, among other things, air emissions, wastewater discharges, the storage, handling and disposal of hazardous and other regulated substances and wastes, soil and groundwater contamination, and employee health and safety. We use regulated substances such as inks and solvents, and generate air emissions and other discharges at our manufacturing facilities, and some of our facilities are required to hold environmental permits. If we fail to comply with existing or new SHE requirements, we may be subject to monetary fines, civil or criminal sanctions, third-party claims, or the limitation or suspension of our operations. In addition, if we are found to be responsible for hazardous substances at

any location (including, for example, offsite waste disposal facilities or facilities at which we formerly operated), we may be responsible for the cost of cleaning up contamination, regardless of fault, as well as for claims for harm to health or property or for natural resource damages arising out of contamination or exposure to hazardous substances.

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

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

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

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

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

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

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

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

Because most of our businesses depend primarily on the Internet for our sales, laws specifically governing the Internet, e-commerce, and email marketing may have a greater impact on our operations than other more traditional businesses. Existing and future laws, such as laws covering pricing, customs, privacy, consumer protection, or commercial email, may impede the growth of e-commerce and our ability to compete with traditional

“bricks and mortar” retailers. Existing and future laws or unfavorable changes or interpretations of these laws could substantially harm our business and financial results.

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

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

### **Risks Related to Our Industry and Macroeconomic Conditions**

**Rising costs could negatively affect our business and financial results.**

During the last two fiscal years, we have experienced material cost increases in a number of areas, including energy, product substrates like paper, production materials like aluminum plates, freight and shipping charges, and employee compensation due to a more competitive labor market. We cannot predict whether costs will further increase in the future or by how much. We have not been able to fully mitigate our cost increases through price increases. If our costs remain elevated or continue to increase, there could be further negative impacts to our financial results, and increasing our prices in response to increased costs could negatively affect demand for our products and services.

**Supply chain disruptions could impair our ability to source raw materials.**

A number of factors have impacted, and could in the future impact, the availability of materials we use in our business, including the residual effects of the COVID-19 pandemic, rising energy prices and other inflationary pressures, rationing measures, labor shortages, civil unrest and war, and climate change. Our inability to source sufficient materials for our business in a timely manner, or at all, would significantly impair our ability to fulfill customer orders and sell our products, which would reduce our revenue and harm our financial results.

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

If we are unable to recruit, retain, develop, and motivate our employees in senior management and key roles such as technology, marketing, data science, and production, then we may not be able to execute on our strategy and grow our business as planned. We are seeing increased competition for talent that makes it more difficult for us to retain the employees we have and to recruit new employees, and our current management and employees may cease their employment with us at any time with minimal advance notice. This retention risk is particularly heightened with respect to the leaders of certain of our businesses who have in the past or may in the future receive substantial payouts from their redeemable non-controlling interests in those businesses, as it may be challenging to retain and motivate them to continue running their businesses. Although we believe our remote-first way of working, which allows team members to work remotely with no expectation that they will commute to a company facility, is a competitive advantage, it can be more challenging to engage, motivate, and develop team members in a remote work environment, and our success depends on an engaged and motivated workforce and on developing the skills and talents of our workforce.

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

The markets for our products and services are intensely competitive, highly fragmented, and geographically dispersed. The competitive landscape for e-commerce companies and the mass customization market continues to change as new e-commerce businesses are introduced, established e-commerce businesses enter the mass customization and print markets, and traditional “brick and mortar” businesses establish an online presence. With

Vista's increased focus on design services, we now also face competition from companies in the design space, some of which may be more established, experienced, or innovative than we are. Competition may result in price pressure, increased advertising expense, reduced profit margins, and loss of market share and brand recognition, any of which could substantially harm our business and financial results. Some of our current and potential competitors have advantages over us, including longer operating histories, greater brand recognition or loyalty, more focus on a given subset of our business, significantly greater financial, marketing, and other resources, or willingness to operate at a loss while building market share.

**A major economic downturn could negatively affect our business and financial results.**

It is possible that some or all of our markets could enter a recession or other sustained economic downturn, which could negatively impact demand for our products and services. Although the economic downturns we experienced in the past often precipitated increases in the number of small businesses, which in turn increased demand for our products, an inflation-fueled downturn and/or tightening credit conditions could result in potential customers not being able to afford our products and rely more on free social media channels to market themselves instead of the products and services we offer. If demand for our products and services decreases, our business and financial results could be harmed.

**Meeting our ESG goals will be costly, and our ESG policies and positions could expose us to reputational harm.**

We face risks arising from the increased focus by our customers, investors, and regulators on environmental, social, and governance criteria, including with respect to climate change, labor practices, the diversity of our management and directors, and the composition of our Board. Meeting the ESG goals we have set and publicly disclosed will require significant resources and expenditures, and we may face pressure to make commitments, establish additional goals, and take actions to meet them beyond our current plans. If customers and potential customers are dissatisfied with our ESG goals or our progress towards meeting them, then they may choose not to buy our products and services, which could lead to reduced revenue, and our reputation could be harmed. In addition, with anti-ESG sentiment gaining momentum in some of our markets, we could experience reduced revenue and reputational harm if we are targeted by groups or influential individuals who disagree with our public positions on social or environmental issues.

**Risks Related to Our Corporate and Capital Structures**

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

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

- incur additional indebtedness, guarantee indebtedness, and incur liens
- pay dividends or make other distributions or repurchase or redeem capital stock
- prepay, redeem, or repurchase subordinated debt
- issue certain preferred stock or similar redeemable equity securities
- make loans and investments
- sell assets
- enter into transactions with affiliates
- alter the businesses we conduct

- enter into agreements restricting our subsidiaries' ability to pay dividends
- consolidate, merge, or sell all or substantially all of our assets

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

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

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

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

As of June 30, 2023, our total debt was \$1,654.0 million. Our level of debt could have important consequences, including the following:

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

Subject to the limits contained in our debt documents, we may be able to incur substantial additional debt from time to time, and if we do so, the risks related to our level of debt could intensify.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional debt or equity capital, or restructure or refinance our indebtedness. Refinancing our debt may be particularly challenging in the current environment of capital market disruptions and rising interest rates. We may not be able to effect any such alternative measures, if necessary, on commercially reasonable terms or at all, and if we cannot make scheduled payments on our debt, we will be in default.



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

Borrowings under our credit facility are at variable rates of interest and expose us to interest rate risk, and any interest rate swaps we enter into in order to reduce interest rate volatility may not fully mitigate our interest rate risk. If interest rates continue to increase, our debt service obligations on the variable rate indebtedness will increase even if the amount borrowed remains the same, and our net income and cash flows, including cash available for servicing our indebtedness, will correspondingly decrease. As of June 30, 2023, a hypothetical 100 basis point increase in rates, inclusive of our outstanding interest rate swaps, would result in an increase of interest expense of approximately \$8.7 million over the next 12 months, not including any yield from our cash and marketable securities.

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

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

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

A change in tax laws, treaties or regulations, or their interpretation, of any country in which we operate could have a materially adverse impact on us, including increasing our tax burden, increasing costs of our tax compliance, or otherwise adversely affecting our financial condition, results of operations, and cash flows. There are currently multiple initiatives for comprehensive tax reform underway in key jurisdictions where we have operations, and we cannot predict whether any other specific legislation will be enacted or the terms of any such legislation. In addition, the application of sales, value added, or other consumption taxes to e-commerce businesses, such as Cimpres is a complex and evolving issue. If a government entity claims that we should have been collecting such taxes on the sale of our products in a jurisdiction where we have not been doing so, then we could incur substantial tax liabilities for past sales.

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

We operate pursuant to written transfer pricing agreements among Cimpres plc and its subsidiaries, which establish transfer prices for various services performed by our subsidiaries for other Cimpres group companies. If two or more affiliated companies are located in different countries, the tax laws or regulations of each country generally will require that transfer prices be consistent with those between unrelated companies dealing at arm's length. With the exception of certain jurisdictions where we have obtained rulings or advance pricing agreements, our transfer pricing arrangements are not binding on applicable tax authorities. If tax authorities in any country were successful in challenging our transfer prices as not reflecting arm's length transactions, they could require us to adjust our transfer prices and thereby reallocate our income to reflect these revised transfer prices. A reallocation of taxable income from a lower tax jurisdiction to a higher tax jurisdiction would result in a higher tax liability to us. In addition, if the country from which the income is reallocated does not agree with the reallocation, both countries could tax the same income, resulting in double taxation.

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

We are incorporated under the laws of Ireland. There can be no assurance that the courts of Ireland would recognize or enforce judgments of U.S. courts obtained against us or our directors or officers based on the civil liabilities provisions of the U.S. federal or state securities laws or that the courts of Ireland would hear actions against us or those persons based on those laws. There is currently no treaty between the U.S. and Ireland providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters, and Irish common law rules govern the process by which a U.S. judgment will be enforced in Ireland. Therefore, a final judgment for the payment of money rendered by any U.S. federal or state court based on civil liability, whether or

not based solely on U.S. federal or state securities laws, would not automatically or necessarily be enforceable in Ireland.

In addition, because most of our assets are located outside of the United States and some of our directors and management reside outside of the United States, it could be difficult for investors to place a lien on our assets or those of our directors and officers in connection with a claim of liability under U.S. laws. As a result, it may be difficult for investors to enforce U.S. court judgments or rights predicated upon U.S. laws against us or our management team outside of the United States.

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

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

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

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

We believe that we were not a PFIC for the tax year ended June 30, 2023 and we expect that we will not become a PFIC in the foreseeable future. However, whether we are treated as a PFIC depends on questions of fact as to our assets and revenues that can only be determined at the end of each tax year. Accordingly, we cannot be certain that we will not be treated as a PFIC in future years.

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

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

The rules for determining ownership for purposes of determining 10% U.S. Shareholder and CFC status are complicated, depend on the particular facts relating to each investor, and are not necessarily the same as the rules for determining beneficial ownership for SEC reporting purposes. For taxable years in which we are a CFC, each of our 10% U.S. Shareholders will be required to include in its gross income for United States federal income tax (and possibly state income tax) purposes its pro rata share of our "subpart F income," even if the subpart F income is not

distributed by us, and might also be required to include its pro rata share of other income of ours, even if not distributed by us, under the GILTI provisions of the U.S. tax law. We currently do not believe we are a CFC. However, whether we are treated as a CFC can be affected by, among other things, facts as to our share ownership that may change. Accordingly, we cannot be certain that we will not be treated as a CFC in future years.

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

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

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

**DIRECTORS' INTERESTS IN SHARES**

No director or any member of their immediate families had any interest in shares or debentures of any subsidiary. The interests of the directors and secretary who were in office at June 30, 2023 in the ordinary share capital of Cimpress plc at June 30, 2023 and 2022 were as follows:

Directors and Secretary	As of June 30, 2023 (1)			As of June 30, 2022 (1)		
	Shares	Options (2)	Other Share Units (3)	Shares	Options (2)	Other Share Units (3)
Robert S. Keane (4)	2,173,244	—	504,419	2,235,644	—	429,419
Sophie A. Gasperment	878	—	12,317	696	—	8,157
Zachary S. Sternberg (5)	2,374,985	—	10,692	2,374,803	—	6,532
Dessislava Temperley	460	—	6,870	—	—	3,146
Scott J. Vassalluzzo (6)	71,545	5,298	11,803	71,579	5,298	7,643
Matthew F. Walsh	—	9,165	26,465	100	—	20,965

(1) All interests declared are in the ordinary shares of €0.01 nominal value per share of Cimpress plc.

(2) Amounts consist of outstanding options.

(3) Amounts consist of outstanding restricted share units (RSUs) and/or performance share units (PSUs). The number of shares subject to PSUs included in the table above assumes the issuance of one share for each PSU but based on actual performance the amount delivered can range from zero shares to a maximum of 2.5 times the number of shares, respectively.

(4) Of the ordinary shares at June 30, 2023 and 2022, 800 shares on both dates are held directly by the director. The remaining ordinary shares are held indirectly.

(5) Of the ordinary shares, 16,081 at June 30, 2023 and 15,899 at June 30, 2022 are held directly by the director. The remaining ordinary shares are held indirectly.

(6) Of the ordinary shares, 69,587 at June 30, 2023 and 69,405 shares at June 30, 2022 are held directly by the director. The remaining ordinary shares are held indirectly.

**SUBSIDIARY COMPANIES AND BRANCHES**

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

**DIRECTORS' COMPLIANCE STATEMENT**

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

The directors further confirm that a compliance policy statement has been drawn up and that appropriate arrangements and structures have been put in place which, in the directors' opinion, are designed to secure material compliance with the Company's Relevant Obligations. For the year ended June 30, 2023, the Company has conducted a review of the arrangements and structures in place. In discharging their responsibilities under Section 225 of the Companies Act, the directors relied on advice of persons who the directors believe have the requisite knowledge and experience to advise the Company on compliance with its Relevant Obligations.

## **SIGNIFICANT EVENTS SINCE YEAR END**

Subsequent events have been evaluated through October 27, 2023, the date this report was approved by the Board of Directors. See Note 31 to the consolidated financial statements, included in this Irish Annual Report, for additional information.

## **DIRECTORS AND SECRETARY**

<b>Directors</b>	<b>Date Appointed</b>	<b>Date Resigned</b>
Robert S. Keane	August 13, 2019	Not applicable
Sophie A. Gasperment	December 3, 2019	Not applicable
Zachary S. Sternberg	December 3, 2019	Not applicable
Dessislava Temperley	September 15, 2021	Not applicable
Scott J. Vassalluzzo	December 3, 2019	Not applicable
<b>Secretary</b>		
Matthew F. Walsh	November 21, 2019	Not applicable

## **ACQUISITION OR DISPOSAL OF OWN SHARES**

<b>Own shares held by the Company (par value €0.01 per share) (1)</b>	<b>Number</b>	<b>Value</b>
<i>Value in thousands</i>		
Balance as of June 30, 2021	18,044,717	1,368,595
Movements associated with long-term incentive programs	(73,470)	(5,045)
Balance as of June 30, 2022 and 2023	17,971,247	1,363,550

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

The movements in shares during prior years were due to the exercise of share options and vesting of restricted share units held by employees and directors. During the current year, we issued new shares for the exercise of options and vesting of restricted share units. The shares held by Cimpres remain in treasury as of June 30, 2023. We held 17,971,247 of our own shares as of June 30, 2023, representing 3% of our outstanding called up share capital as of that date.

## **DIVIDENDS**

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

## **ACCOUNTING RECORDS**

The directors are responsible for ensuring that Cimpres plc keeps accounting records and appropriate accounting systems. To achieve this, the directors have appointed a Chief Financial Officer who makes regular reports to the Board of Directors and ensures compliance with the requirements of Section 281 to 285 of the Companies Act. The measures taken by the directors to secure compliance with the Company's obligation to keep

accounting records are the use of appropriate systems and procedures and the employment of competent persons. The accounting records are kept at the registered office of the Company, which is First Floor Building 3, Finnabair Business and Technology Park, Dundalk, Co. Louth, Ireland. The company also has a location in the United States at 275 Wyman Street, Waltham MA, 02541.

## **AUDIT COMMITTEE**

In accordance with Section 167 of the Companies Act, the Company has an established Audit Committee which makes regular reports to the Board of Directors. The Audit Committee oversees financial reporting and related matters. As of June 30, 2023, the non-executive directors that make up our Audit Committee are Dessislava Temperley (Chairperson), Zachary S. Sternberg, and Scott J. Vassalluzzo.

## **DISCLOSURE OF INFORMATION TO THE AUDITOR**

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

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

## **AUDITOR**

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

## **POLITICAL DONATIONS**

No political contributions that require disclosure under Irish law were made during the years ended June 30, 2023 and 2022.

## **RESEARCH AND DEVELOPMENT COSTS**

Research and development costs are expensed as incurred and consist of costs related to enhancing our manufacturing engineering and technology capabilities. Research and development expense for the years ended June 30, 2023 and 2022 was \$58,819 and \$56,996, respectively. Capitalized software amounted to \$57,787 and \$65,297 for the years ended June 30, 2023 and 2022.

## **NON-FINANCIAL STATEMENT**

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

A description of our business model can be found under "Principal Business" beginning on page 1 of this Directors' Report and a description of our risk factors, including those related to environmental, social and governance issues can be found under "Principal Risks" on pages [29](#) to [41](#) of this Directors' Report. The following is a summary of our key policies, actions, and key performance indicators for environmental matters; social and employee matters; human rights; health and safety; supply chain matters; and anti-bribery and anti-corruption. These policies and actions aim to ensure that we manage risk in these areas and achieve our environmental, social and governmental goals.

## Social and Environmental Responsibility

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

- **Climate change:** We strive to achieve net zero carbon emissions by 2040 across our entire value chain and to achieve a 53% reduction in emissions by 2030 (compared to a 2019 baseline). Our targets have been informed by a science-based approach and are in alignment with a 1.5°C pathway. This includes the emissions from our supply chain (Scope 3). Through investments in energy-efficient infrastructure and equipment, as well as renewable energy, we have achieved significant reductions in our Scope 1 and 2 emissions, and expect further reductions in the future. We have begun to examine our Scope 3 emissions, including substrate and logistics choices, for further opportunities to reduce total emissions. We are focused on engaging our suppliers to refine our Scope 3 data, while building internal systems and processes to enhance our data management capabilities and improve our decision making.

The table below reflects our Scope 1 and Scope 2 energy usage and carbon emissions for the year ended June 30, 2022.

Emissions	Year Ended June 30,		Units
	2023	2022	
Energy Source			
Scope 1	6,131	5,856	tCO2e
Scope 2: Location-based	27,429	26,925	tCO2e
Scope 2: Market-based	17,461	14,421	tCO2e

- **Responsible forestry:** We have converted the vast majority of the paper we print on in our Cimpres-owned production facilities to FSC-certified paper (FSC® C143124, FSC® C125299), the leading certification of responsible forestry practices. This certification confirms that the paper we print on comes from responsibly managed forests that meet high environmental and social standards. Currently over 85% of the paper that we print on in our facilities is FSC-certified, and we seek to move that to 100% over time. We have expanded beyond our original product goal to also include packaging, where we target 95% of our packaging to be either FSC-certified corrugate or containing recycled content from post-consumer sources. We have also begun to engage our third-party suppliers to materially expand their use of responsibly forested paper for the products that they customize on our behalf.
- **Plastics transition:** We are committed to improving the profile of our plastic-based packaging and products in line with the targets set by the New Plastics Economy Global Commitment, co-sponsored by the United Nations Environment Programme. This includes a focus on reducing plastic usage, eliminating problematic plastic, increasing recyclability, and supporting products and packaging that contain recycled materials.
- **Fair labor practices:** We make recruiting, retention, and other performance management related decisions based solely on merit and organizational needs and considerations, such as an individual's ability to do their job with excellence and in alignment with the company's strategic and operational objectives. We do not tolerate discrimination on any basis protected by human rights laws or anti-discrimination regulations, and we strive to do more in this regard than the law requires. We are committed to a work environment where team members are treated with respect and fairness, and have invested in education and awareness programs for team members to make further improvements in this area. We value individual differences, unique perspectives and the distinct contributions that each one of us can make to the company.
- **Team member health and safety:** We require safe working conditions at all times to ensure our team members and other parties are protected, and require legal compliance at a minimum at all times. We require training on – and compliance with – safe work practices and procedures at all manufacturing facilities to ensure the safety of team members and visitors to our plant floors. Given the ongoing impacts of the COVID-19 pandemic, we continue to prioritize team member health and safety, and have implemented measures such as remote working for members who are able to and increased safety measures at our manufacturing and customer service centers including additional cleaning and sanitary protocols.

- **Ethical supply chain:** It is important to us that our supply chain reflects our commitment to doing business with the highest standards of ethics and integrity. We expect our suppliers to act in full compliance with applicable laws, rules, and regulations. Our code of business conduct and supplier code of conduct lay out our expectations regarding human rights, environmental standards, and safe working conditions. Each Cimpress business is responsible to ensure its supply chain does not allow for unacceptable practices such as environmental crimes, child labor, slavery or unsafe working conditions.

We are monitoring developments in the ESG reporting regulatory landscape and are building the necessary processes and capabilities to remain in compliance as relevant regulations evolve.

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Irish law requires the directors to prepare financial statements for each financial year that give a true and fair view of the Group's and Company's assets, liabilities and financial position as at the end of the financial year and of the profit or loss of the Group for the financial year. Under that law, the directors have prepared the consolidated financial statements in accordance with U.S. accounting standards, as defined in Section 279(1) of the Companies Act 2014, to the extent that the use of those principles in the preparation of the financial statements does not contravene any provision of the Companies Act, or of any regulations made thereunder, and the Company financial statements in accordance with Irish Generally Accepted Accounting Practice (accounting standards issued by the UK Financial Reporting Council, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* and Irish law).

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state that the consolidated financial statements of the Group comply with accounting principles generally accepted in the United States of America (U.S.) (U.S. GAAP) to the extent that it does not contravene Irish Company Law, and
- that the Company financial statements comply with accounting standards issued by the UK Financial Reporting Council and Irish Law; and
- prepare the Group and Company financial statements on a going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

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

- correctly record and explain the transactions of the Company;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy; and
- enable the directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

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

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

## **GOING CONCERN**

The financial statements included herein have been prepared on a going concern basis. We evaluated our liquidity position as of the date of the issuance of these consolidated financial statements. As of June 30, 2023, we remain in compliance with all covenants applicable to our outstanding debt. Based on this evaluation, management believes that our financial position, net cash provided by forecast operations combined with our cash and cash equivalents, marketable securities and borrowing availability under our revolving credit facility, will be sufficient to fund our current obligations, capital spending, debt service requirements and working capital requirements over at least the next twelve months from the issuance date of this report.

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

At June 30, 2023, we had \$130.3 million of cash and cash equivalents, \$43.0 million of current and non-current marketable securities, net current liabilities of \$189.7 million and \$1,654.0 million of debt, excluding debt issuance costs and debt premiums and discounts. During the year ended June 30, 2023, we financed our operations and strategic investments through internally generated cash flows from operations and the cash, cash equivalents and marketable securities on hand. We expect to finance our future operations through our cash, investments, operating cash flow and borrowings under our debt arrangements.

### **On behalf of the board**

/s/ Robert S. Keane

Robert S. Keane  
Director

/s/ Dessislava Temperley

Dessislava Temperley  
Director

October 27, 2023





## ***Independent auditors' report to the members of Cimpres plc***

### **Report on the audit of the financial statements**

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#### **Opinion**

In our opinion:

- Cimpres plc's consolidated financial statements and company financial statements (the "financial statements") give a true and fair view of the group's and the company's assets, liabilities and financial position as at 30 June 2023 and of the group's loss and cash flows for the year then ended;
- the consolidated financial statements have been properly prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"), as defined in Section 279 of the Companies Act 2014, to the extent that the use of those principles in the preparation of group financial statements does not contravene any provision of Part 6 of the Companies Act 2014;
- the company financial statements have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Irish law); and
- the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

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

- the Consolidated Balance Sheet as at 30 June 2023;
- the Company Balance Sheet as at 30 June 2023;
- the Consolidated Profit and Loss Account and Consolidated Statement of Comprehensive Loss for the year then ended;
- the Consolidated Statement of Cash Flows for the year then ended;
- the Consolidated Statement of Changes in Equity for the year then ended;
- the Company Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a description of the significant accounting policies.

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#### **Basis for opinion**

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

#### **Independence**

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

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## Our audit approach

### Overview

	<p>Overall materiality</p> <ul style="list-style-type: none"> <li>· \$15 million (2022: \$14 million) - Consolidated financial statements</li> <li>· Based on circa 0.5% of revenue.</li> <li>· \$20 million (2022: \$20 million) - Company financial statements</li> <li>· Based on circa 1% of net assets.</li> </ul> <p>Performance materiality</p> <ul style="list-style-type: none"> <li>· \$11.3 million (2022: \$10.5 million) - Consolidated financial statements.</li> <li>· \$15 million (2022: \$15 million) - Company financial statements.</li> </ul>
	<p>Audit scope</p> <ul style="list-style-type: none"> <li>· We conducted audit work in 11 reporting components. We paid particular attention to these components due to their size or characteristics and to ensure appropriate audit coverage. An audit on the full financial information of 3 components was performed, an audit of specific balances was performed at 4 components and specified procedures were performed at the remaining 4 components. The audit work performed on reporting components accounted for in excess of 85% of group revenues, 75% of group expenses and 67% of group total assets.</li> </ul>
	<p>Key audit matters</p> <ul style="list-style-type: none"> <li>· Goodwill - Impairment Assessment.</li> </ul>

### The scope of our audit

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



### Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
<p><b>Goodwill - Impairment Assessment</b></p> <p>As described in Note 2 'Summary of Significant Accounting Policies' and Note 12 'Goodwill and Acquired Intangible Assets' to the consolidated financial statements, the goodwill balance was \$782 million as of June 30, 2023, of which a portion relates to the Exaprint reporting unit ("the reporting unit").</p> <p>Management performed a quantitative impairment assessment of the reporting unit as of the annual goodwill impairment test date of May 31 2023. As set out in Note 12, the estimated fair value of the reporting unit exceeded the related carrying value and management concluded that no impairment existed. Management used the income approach, specifically the discounted cash flow method, to derive the fair value of the reporting unit. This approach calculates fair value by estimating the after-tax cash flows attributable to the reporting unit and then discounting the after-tax cashflows to a present value using a risk-adjusted discount rate.</p> <p>The cash flow projections in the fair value analysis are considered Level 3 inputs, and management's key assumptions include revenue growth rates and operating margins. The discount rate used in the fair value analysis is based on a weighted average cost of capital ("WACC"), plus a risk premium.</p> <p>Significant judgement is exercised by management in selecting the appropriate assumptions to use for revenue growth rates, operating margins and discount rates in developing the fair value of the reporting unit.</p> <p>We determined the goodwill impairment assessment for Exaprint reporting unit to be a key audit matter as we assessed management's conclusions in respect of impairment of this reporting unit to be the most sensitive to a change in assumptions.</p>	<p>We tested the controls relating to management's goodwill impairment assessment including controls over the significant assumptions used in assessing the fair value of the reporting unit.</p> <p>We evaluated the appropriateness of the discounted cashflow model, tested the completeness and accuracy of underlying data used in the model and evaluated the reasonableness of management's significant assumptions related to the revenue growth rates, operating margins and discount rate.</p> <p>In assessing the reasonableness of management's significant assumptions related to the revenue growth rates and operating margins we considered the current and past performance of the reporting unit and the consistency of the assumptions with external market and industry data.</p> <p>We also considered whether those assumptions were consistent with evidence obtained in other areas of the audit.</p> <p>We evaluated the discount rates used by management, with the assistance of PwC valuation experts.</p> <p>We also assessed the appropriateness of the related disclosures within the financial statements.</p>



### *How we tailored the audit scope*

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

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

We conducted audit work in 11 reporting components. We paid particular attention to these components due to their size or characteristics and to ensure appropriate audit coverage. An audit of the full financial information of 3 components was performed, an audit of specific balances was performed at 4 components and specified procedures were performed at the remaining 4 components. The audit work performed on reporting components accounted for in excess of 85% of group revenues, 75% of group expenses and 65% of group total assets.

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

### *Materiality*

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

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

	<i><b>Consolidated financial statements</b></i>	<i><b>Company financial statements</b></i>
<i><b>Overall materiality</b></i>	\$15 million (2022: \$14 million)	\$20 million (2022: \$20 million)
<i><b>How we determined it</b></i>	circa 0.5% of revenue	circa 1% of net assets
<i><b>Rationale for benchmark applied</b></i>	We considered this benchmark to be the most appropriate given the volatility of earnings. We also considered the reasonableness of the amount of overall materiality calculated by reference to materiality levels calculated applying alternative benchmarks.	We applied this benchmark as the Company's main activity is the management of investments in subsidiaries.  Financial statement line items that do not eliminate on consolidation have been audited based on overall materiality for the consolidated financial statements.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to \$11.3 million (group audit) and \$15 million (company audit).



In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above \$1.1 million (group audit) (2022: \$1 million) and \$1.1 million (company audit) (2022: \$1 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

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### **Conclusions relating to going concern**

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

- Obtaining management's going concern assessment for the going concern period of twelve months from the date on which the financial statements are authorised for issue, including review of management's cash flow forecasts.
- Assessing the key assumptions underpinning management's forecasts.
- Evaluating the group and company's historic performance against key assumptions within management's forecasts.
- Assessing the group and company balance sheet at June 30, 2023, including the net current liability position of the group.
- Considering the group's current financial and liquidity position including the debt and credit facilities in place, covenant requirements, and debt and credit maturity dates as disclosed in note 17 to the consolidated financial statements.
- Performing our own independent sensitivity analysis to assess further downside scenarios.
- Assessing the appropriateness of the related disclosures in note 2 to the financial statements.

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

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

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

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

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### **Reporting on other information**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.



With respect to the Directors' Report, we also considered whether the disclosures required by the Companies Act 2014 (excluding the information included in the "Non Financial Statement" as defined by that Act on which we are not required to report) have been included.

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

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report (excluding the information included in the "Non Financial Statement" on which we are not required to report) for the year ended 30 June 2023 is consistent with the financial statements and has been prepared in accordance with the applicable legal requirements.
- Based on our knowledge and understanding of the group and company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report (excluding the information included in the "Non Financial Statement" on which we are not required to report).

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## **Responsibilities for the financial statements and the audit**

### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of Directors' Responsibilities set out on page 45, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

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

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

### *Auditors' responsibilities for the audit of the financial statements*

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of environment regulations and health and safety regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2014 and relevant tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and potential management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with the Audit Committee, senior management including in house legal general counsel, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Review of meeting minutes of the Board and Audit Committee;
- Discussions with PwC US as the component team, review of their work papers and consideration of their reporting relating to compliance with applicable laws and regulations and procedures performed to address assessed fraud risk;
- Assessing the design and testing operating effectiveness of key controls addressing assessed fraud risk;
- Evaluating whether there was evidence of management bias that represents a risk of material misstatement due to fraud by challenging assumptions made by management in its significant accounting estimates, particularly in relation to the key audit matter;



- Identifying and testing manual journal entries, including non standard revenue entries based on our risk assessment; and
- Designing audit procedures to incorporate elements of unpredictability around the nature and extent of audit procedures performed.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

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

[https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description\\_of\\_auditors\\_responsibilities\\_for\\_audit.pdf](https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf)

This description forms part of our auditors' report.

#### *Use of this report*

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

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## **Other required reporting**

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### **Companies Act 2014 opinions on other matters**

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



### **Other exception reporting**

#### *Directors' remuneration and transactions*

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

#### *Prior financial year Non Financial Statement*

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

A handwritten signature in black ink that reads 'Damian Byrne'.

Damian Byrne

for and on behalf of PricewaterhouseCoopers  
Chartered Accountants and Statutory Audit Firm  
Dublin  
27 October 2023





# Cimpress plc

## 2023 FINANCIAL STATEMENTS

Registered Office:	Dundalk, Ireland
Address:	First Floor Building 3, Finnabair Technology Park, Dundalk, Ireland

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

	Note	Year Ended June 30,	
		2023	2022
Revenue .....	3	\$ 3,079,627	\$ 2,887,555
Cost of sales .....		1,640,625	1,492,726
Gross profit .....		1,439,002	1,394,829
Technology and development expense .....		302,257	292,845
Marketing and selling expense .....		773,970	789,241
General and administrative expense .....		209,246	197,345
Amortization of acquired intangible assets .....	12	46,854	54,497
Restructuring expense .....	5	43,757	13,603
Impairment of goodwill .....	12	5,609	—
Income from operations .....		57,309	47,298
Other income, net .....	6	18,498	61,463
Interest payable and similar expense, net .....	17	(112,793)	(99,430)
Gain (loss) on early extinguishment of debt .....	17	6,764	—
(Loss) income before income taxes .....		(30,222)	9,331
Income tax expense .....	7	155,493	59,901
Net loss .....		(185,715)	(50,570)
Less: Net income attributable to noncontrolling interests .....	21	(263)	(3,761)
Net loss attributable to Cimpres plc .....		\$ (185,978)	\$ (54,331)
Basic and diluted net loss per share attributable to Cimpres plc .....	8	\$ (7.08)	\$ (2.08)

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

**CIMPRESS PLC**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS**  
(in thousands)

	Year Ended June 30,	
	2023	2022
Net loss	\$ (185,715)	\$ (50,570)
Other comprehensive loss, net of tax:		
Foreign currency translation gains (losses), net of hedges	498	(9,990)
Net unrealized gains on derivative instruments designated and qualifying as cash flow hedges	9,991	2,813
Amounts reclassified from accumulated other comprehensive loss to net loss for derivative instruments	(2,873)	26,197
(Loss) gain on pension benefit obligation, net	(270)	1,649
Comprehensive loss	(178,369)	(29,901)
Add: Comprehensive loss (income) attributable to noncontrolling interests	4,459	(76)
Total comprehensive loss attributable to Cimpres plc	<u>\$ (173,910)</u>	<u>\$ (29,977)</u>

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

**CIMPRESS PLC**  
**CONSOLIDATED BALANCE SHEET**  
(in thousands, except share and per share data)

	Note	June 30, 2023	June 30, 2022
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets:			
Capitalized software		\$ 95,315	\$ 90,474
Goodwill	12	781,541	766,600
Other intangible assets	12	109,196	154,730
Tangible assets:			
Property, plant and equipment, net	11	287,574	286,826
Operating lease assets	22	76,776	80,694
Other assets:			
Deferred tax assets	7	12,740	113,088
Marketable securities, non-current	2	4,497	—
Other assets, including derivative assets	13	45,635	48,402
<b>Total non-current assets</b>		<u>1,413,274</u>	<u>1,540,814</u>
<b>Current Assets</b>			
Inventory	2	107,835	126,728
Marketable securities, current	2	38,540	49,952
Derivative assets, current	13	6,164	29,676
Debtors:			
Trade receivables	14	67,353	63,885
Prepaid expenses and other current assets	15	90,821	79,021
Cash at bank and in-hand		130,313	277,053
Restricted cash		558	543
<b>Total current assets</b>		<u>441,584</u>	<u>626,858</u>
<b>Total assets</b>		<u><u>1,854,858</u></u>	<u><u>2,167,672</u></u>
<b>Creditors (amounts falling due within a year)</b>			
Accounts payable		\$ 285,784	\$ 313,710
Accrued expenses	16	243,098	234,104
Deferred revenue		44,698	58,861
Current portion of long-term debt	17	10,713	10,386
Current operating lease liabilities	22	22,559	27,706
Other current liabilities	16	24,469	28,035
<b>Total current liabilities</b>		<u>631,321</u>	<u>672,802</u>
<b>Net current liabilities</b>		<u>(189,737)</u>	<u>(45,944)</u>
<b>Total assets less current liabilities</b>		<u>1,223,537</u>	<u>1,494,870</u>
<b>Creditors (amounts falling due after more than one year)</b>			
Long-term debt	17	1,627,243	1,675,562
Long-term operating lease liabilities	22	56,668	57,474
Other non-current liabilities	16	90,058	64,395
<b>Total non-current liabilities</b>		<u>1,773,969</u>	<u>1,797,431</u>
<b>Total liabilities</b>		<u>2,405,290</u>	<u>2,470,233</u>
Provisions for liabilities	16	61,359	60,877
<b>Net liabilities</b>		<u><u>\$ (611,791)</u></u>	<u><u>\$ (363,438)</u></u>

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

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

	Note	June 30, 2023	June 30, 2022
<b>Capital and reserves</b>			
Called up share capital presented as equity .....	18	\$ 518	\$ 516
Share premium account .....	19	37,306	10,038
Other reserves .....	19	(4,086,161)	(4,109,411)
Profit and loss account .....		3,425,194	3,603,936
<b>Deficit attributable to owners of Cimpres plc .....</b>		<b>(623,143)</b>	<b>(494,921)</b>
Redeemable noncontrolling interests .....	21	10,893	131,483
Noncontrolling interests .....	21	459	—
<b>Total shareholders' deficit .....</b>		<b>\$ (611,791)</b>	<b>\$ (363,438)</b>

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

Approved by the Board of Directors and signed on its behalf on October 27, 2023.

/s/ Robert S. Keane

Robert S. Keane  
Director

/s/ Dessislava Temperley

Dessislava Temperley  
Director

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

	Attributable to owners of the Company						Total	Redeemable Noncontrolling Interest	Noncontrolling Interest	Total equity
	Note	Called up share capital	Share premium account	Other Reserves		Profit and loss account				
				Other	Accumulated Other Comprehensive Loss					
Balance as of June 30, 2021		\$ 544	\$ 9,578	\$ (4,107,969)	\$ (71,482)	\$ 3,719,957	\$ (449,372)	\$ 71,120	\$ —	\$ (378,252)
Purchase and cancellation of deferred ordinary shares		(28)	—	—	—	—	(28)	—	—	(28)
Issuance of ordinary shares due to restricted share units vesting		—	460	(460)	—	—	—	—	—	—
Shares withheld to settle taxes associated with vesting of restricted share units	19	—	—	(3,268)	—	—	(3,268)	—	—	(3,268)
Share based compensation expense	19	—	—	49,686	—	—	49,686	—	—	49,686
Net (loss) income		—	—	—	—	(54,331)	(54,331)	3,761	—	(50,570)
Noncontrolling interest accretion to redemption value	21	—	—	—	—	(61,690)	(61,690)	61,690	—	—
Decrease in noncontrolling interest due to share purchase		—	—	(272)	—	—	(272)	272	—	—
Net unrealized gain on derivative instruments designated and qualifying as cash flow hedges	10	—	—	—	29,010	—	29,010	—	—	29,010
Foreign currency translation, net of hedges		—	—	—	(6,305)	—	(6,305)	(3,685)	—	(9,990)
Unrealized gain on pension benefit obligation, net of tax		—	—	—	1,649	—	1,649	—	—	1,649
Distribution to noncontrolling interest	21	—	—	—	—	—	—	(3,963)	—	(3,963)
Acquisition of noncontrolling interest	21	—	—	—	—	—	—	4,453	—	4,453
Purchase of noncontrolling interest	21	—	—	—	—	—	—	(2,165)	—	(2,165)
Balance as of June 30, 2022		\$ 516	\$ 10,038	\$ (4,062,283)	\$ (47,128)	\$ 3,603,936	\$ (494,921)	\$ 131,483	\$ —	\$ (363,438)

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

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

	Attributable to owners of the Company						Total	Redeemable Noncontrolling Interests	Noncontrolling Interests	Total equity
	Note	Called up share capital	Share premium account	Other Reserves		Profit and loss account				
				Other	Accumulated Other Comprehensive Loss					
Balance as of June 30, 2022		\$ 516	\$ 10,038	\$(4,062,283)	\$ (47,128)	\$ 3,603,936	\$ (494,921)	\$ 131,483	\$ —	\$ (363,438)
Issuance of ordinary shares due to share option exercises and restricted share units vesting	19	2	27,268	(26,943)	—	—	327	—		327
Shares withheld to settle taxes associated with vesting of restricted share units	19	—	—	—	(4,828)	—	(4,828)	—	—	(4,828)
Share based compensation expense	19	—	—	42,953	—	—	42,953	—	—	42,953
Net (loss) income		—	—	—	—	(185,978)	(185,978)	180	83	(185,715)
Noncontrolling interest accretion to redemption value	21	—	—	—	—	7,236	7,236	(7,236)	—	—
Net unrealized gain on derivative instruments designated and qualifying as cash flow hedges	10	—	—	—	7,118	—	7,118	—	—	7,118
Foreign currency translation, net of hedges		—	—	—	5,220	—	5,220	(4,733)	11	498
Unrealized gain on pension benefit obligation, net of tax		—	—	—	(270)	—	(270)	—	—	(270)
Distribution to noncontrolling interest	21	—	—	—	—	—	—	(3,652)	—	(3,652)
Acquisition of noncontrolling interest	21	—	—	—	—	—	—	—	365	365
Purchase of noncontrolling interest	21	—	—	—	—	—	—	(95,567)	—	(95,567)
Reclassification to mandatorily redeemable noncontrolling interest	21	—	—	—	—	—	—	(9,582)	—	(9,582)
Balance as of June 30, 2023		\$ 518	\$ 37,306	\$(4,046,273)	\$ (39,888)	\$ 3,425,194	\$ (623,143)	\$ 10,893	\$ 459	\$ (611,791)

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



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

	Year Ended June 30,	
	2023	2022
<b>Operating activities</b>		
Net loss	\$ (185,715)	\$ (50,570)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation and amortization	162,428	175,681
Share-based compensation expense (Note 19)	42,122	49,766
Impairment of goodwill (Note 12)	5,609	—
Deferred taxes (Note 7)	114,912	22,879
(Gain) loss on early extinguishment of debt	(6,764)	—
Unrealized loss (gain) on derivatives not designated as hedging instruments included in net loss	34,393	(40,408)
Effect of exchange rate changes on monetary assets and liabilities denominated in non-functional currency	(11,988)	537
Other non-cash items	13,235	(13,704)
Changes in operating assets and liabilities, net of effects of businesses acquired:		
Accounts receivable	(4,243)	(18,119)
Inventory	11,352	(44,089)
Prepaid expenses and other assets	1,768	(5,989)
Accounts payable	(28,872)	109,977
Accrued expenses and other liabilities	(17,948)	33,575
Net cash provided by operating activities	130,289	219,536
<b>Investing activities</b>		
Purchases of property, plant and equipment	(53,772)	(54,040)
Proceeds from the sale of subsidiaries, net of transaction costs and cash divested	(4,130)	—
Business acquisitions, net of cash acquired (Note 4)	(498)	(75,258)
Capitalization of software and website development costs	(57,787)	(65,297)
Proceeds from the sale of assets	4,659	37,771
Purchases of marketable securities	(84,030)	—
Proceeds from maturity of held-to-maturity investments	92,110	151,200
Proceeds from the settlement of derivatives designated as hedging instruments	—	2,244
Other investing activities	(277)	(617)
Net cash used in investing activities	(103,725)	(3,997)
<b>Financing activities</b>		
Proceeds from borrowings of debt (Note 17)	48,264	—
Payments of debt (Note 17)	(61,310)	(14,510)
Payments for early redemption of 7% Senior Notes due 2026 (Note 17)	(44,994)	—
Payments of debt issuance costs (Note 17)	(51)	(1,444)
Payments of purchase consideration included in acquisition-date fair value	(7,100)	(43,647)
Payments of withholding taxes in connection with equity awards	(4,448)	(3,219)
Payments of finance lease obligations	(8,290)	(37,512)
Purchase of noncontrolling interests	(95,567)	(2,165)
Proceeds (payments) from issuance of ordinary shares	327	—
Distribution to noncontrolling interest (Note 21)	(3,652)	(3,963)
Other financing activities	(285)	(112)
Net cash used in financing activities	(177,106)	(106,572)
Effect of exchange rate changes on cash	3,802	(14,937)
Net (decrease) increase in cash and cash equivalents	(146,740)	94,030
Cash and cash equivalents at beginning of period	277,053	183,023
Cash and cash equivalents at end of period	\$ 130,313	\$ 277,053

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

**CIMPRESS PLC**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**  
(in thousands)

		<b>Year Ended June 30,</b>	
		<b>2023</b>	<b>2022</b>
<b>Supplemental disclosures of cash flow information</b>			
Cash paid during the period for:			
Interest .....	\$	113,952	\$ 98,099
Income taxes .....		31,184	32,987
Cash received during the period for:			
Interest .....		11,451	3,230
<b>Non-cash investing and financing activities</b>			
Property and equipment acquired under finance leases .....		20,303	7,033
Amounts accrued related to property, plant and equipment .....		9,403	12,810
Amounts accrued related to capitalized software development costs .....		185	124
Amounts accrued related to business acquisitions .....		—	8,425

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

**CIMPRESS PLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(in thousands, except share and per share data)**

## **1. Description of the Business**

Cimpress plc is a public limited company incorporated in Ireland with registration number 607465, and its registered office is First Floor Building 3, Finnabair Business and Technology Park, Dundalk, Co. Louth, Ireland. These consolidated financial statements comprise Cimpress plc and its subsidiaries (hereafter interchangeably referred to as “we”, “us”, “Cimpress”). Ordinary shares of Cimpress plc trade on The Nasdaq Stock Market under the “CMPR” ticker symbol.

Cimpress is a strategically focused group of more than a dozen businesses that specialize in mass customization of printing and related products, via which we deliver large volumes of individually small-sized customized orders. Our products and services include a broad range of marketing materials, business cards, signage, promotional products, logo apparel, packaging, books and magazines, wall decor, photo merchandise, invitations and announcements, design and digital marketing services, and other categories. Mass customization is a core element of the business model of each Cimpress business and is a competitive strategy which seeks to produce goods and services to meet individual customer needs with near mass production efficiency.

## **2. Summary of Significant Accounting Policies**

### **Basis of Presentation**

The consolidated financial statements include the accounts of Cimpress plc, its wholly owned subsidiaries, entities in which we maintain a controlling financial interest, and those entities in which we have a variable interest and are the primary beneficiary. The preparation of financial statements is in conformity with U.S. generally accepted accounting principles (“GAAP”) to the extent that the use of such principles does not contravene Irish Company Law. Intercompany balances and transactions have been eliminated. Investments in entities in which we cannot exercise significant influence, and for which the related equity securities do not have a readily determinable fair value, are included in other assets on the consolidated balance sheets; otherwise the investments are recognized by applying equity method accounting. Our equity method investments are included in other assets on the consolidated balance sheets. All amounts within these statements are presented in thousands, except share and per share data.

### **Use of Estimates**

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

### **Going Concern**

We evaluated our liquidity position as of the date of the issuance of these consolidated financial statements. As of June 30, 2023, we remain in compliance with all covenants applicable to our outstanding debt, which is outlined in additional detail in Note 17. Based on this evaluation, management believes that our financial position, net cash provided by forecast operations combined with our cash and cash equivalents, marketable securities and borrowing availability under our revolving credit facility, will be sufficient to fund our current obligations, capital spending, debt service requirements and working capital requirements over at least the next twelve months from the issuance date of this report.

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

At June 30, 2023, we had \$130,313 of cash and cash equivalents, \$43,037 of current and non-current marketable securities, net current liabilities of \$189,737 and \$1,653,989 of debt, excluding debt issuance costs and debt premiums and discounts. During the year ended June 30, 2023, we financed our operations and strategic

investments through internally generated cash flows from operations and the cash, cash equivalents and marketable securities on hand. We expect to finance our future operations through our cash, investments, operating cash flow and borrowings under our debt arrangements.

### Cash at bank and in-hand

We consider all highly liquid investments purchased with an original maturity of three months or less to be the equivalent of cash for the purpose of balance sheet and statement of cash flows presentation. Cash equivalents consist of depository accounts and money market funds. Cash and cash equivalents restricted for use were \$558 and \$543 as of June 30, 2023 and 2022, respectively, and are included in other assets in the accompanying consolidated balance sheets.

For bank accounts that are overdrawn at the end of a reporting period, including any net negative balance in our notional cash pool, we reclassify these overdrafts to short-term debt on our consolidated balance sheets. Book overdrafts that result from outstanding checks in excess of our bank balance are reclassified to other current liabilities. We did not have a bank or book overdraft for any of the periods presented.

### Marketable Securities

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

We will continue to assess our securities for impairment when the fair value is less than amortized cost to determine if any risk of credit loss exists. As our intent is to hold the securities to maturity, we must assess whether any credit losses related to our investments are recoverable and determine if it is more likely than not that we will be required to sell the security before recovery of its amortized cost basis. We did not record an allowance for credit losses and we recognized no impairments for these marketable securities during the years ended June 30, 2023 and 2022.

The following is a summary of the net carrying amount, unrealized gains, unrealized losses, and fair value of held-to-maturity securities by type and contractual maturity as of June 30, 2023 and 2022.

	June 30, 2023		
	Amortized cost	Unrealized losses	Fair value
<b>Due within one year or less:</b>			
Commercial paper .....	\$ 15,982	\$ (10)	\$ 15,972
Corporate debt securities .....	16,298	(190)	16,108
U.S. government securities .....	6,260	(69)	6,191
<b>Total due within one year or less .....</b>	<b>38,540</b>	<b>(269)</b>	<b>38,271</b>
<b>Due between one and two years:</b>			
Corporate debt securities .....	1,498	(35)	1,463
U.S. government securities .....	2,999	(66)	2,933
<b>Total due between one and two years .....</b>	<b>4,497</b>	<b>(101)</b>	<b>4,396</b>
<b>Total held-to-maturity securities .....</b>	<b>\$ 43,037</b>	<b>\$ (370)</b>	<b>\$ 42,667</b>
	June 30, 2022		
	Amortized cost	Unrealized losses	Fair value
<b>Due within one year or less:</b>			
Corporate debt securities .....	\$ 49,952	\$ (546)	\$ 49,406
<b>Total held-to-maturity securities .....</b>	<b>\$ 49,952</b>	<b>\$ (546)</b>	<b>\$ 49,406</b>

## **Accounts Receivable**

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

## **Inventories**

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

## **Property, Plant and Equipment**

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

## **Software and Website Development Costs**

We capitalize eligible salaries and payroll-related costs of employees and third-party consultants who devote time to the development of websites and internal-use computer software. Capitalization begins when the preliminary project stage is complete, management with the relevant authority authorizes and commits to the funding of the software project, and it is probable that the project will be completed and the software will be used to perform the function intended. These costs are amortized on a straight-line basis over the estimated useful life of the software, which is generally over a three year period. Costs associated with preliminary stage software development, repair, maintenance, or the development of website content are expensed as incurred.

Amortization of previously capitalized amounts in the years ended years ended June 30, 2023 and 2022 was \$57,086 and \$54,646, respectively, resulting in accumulated amortization of \$279,490 and \$273,629, at June 30, 2023 and 2022, respectively.

## **Intangible Assets**

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

We record acquired intangible assets at fair value on the date of acquisition using the income approach to value the trade names, customer relationships, and customer network and a replacement cost approach to value developed technology and our print network. The income approach calculates fair value by discounting the forecasted after-tax cash flows back to a present value using an appropriate discount rate. The baseline data for this analysis is the cash flow estimates used to price the transaction. We amortize such assets using the straight-line method over the expected useful life of the asset, unless another amortization method is deemed to be more appropriate. In estimating the useful life of the acquired assets, we reviewed the expected use of the assets acquired, factors that may limit the useful life of an acquired asset or may enable the extension of the useful life of an acquired asset without substantial cost, the effects of obsolescence, demand, competition and other economic factors, and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

We evaluate the remaining useful life of intangible assets on a periodic basis to determine whether events and circumstances warrant a revision to the remaining useful life. If the estimate of an intangible asset's remaining useful life is changed, we amortize the remaining carrying value of the intangible asset prospectively over the revised remaining useful life.

## **Long-Lived Assets**

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

## **Business Combinations**

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

The consideration for our acquisitions often includes future payments that are contingent upon the occurrence of a particular event. For acquisitions that qualify as business combinations, we record an obligation for such contingent payments at fair value on the acquisition date.

## **Goodwill**

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

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

For the year ended June 30, 2023, we recognized a goodwill impairment charge of \$5,609. The charge is a partial impairment of the goodwill for one of our small reporting units within our All Other Businesses reportable segment. There were no impairments identified for any other reporting units. We recognized no goodwill impairment charges during the year ended June 30, 2022. Refer to Note 12 for additional details regarding the annual goodwill impairment test.

## **Mandatorily Redeemable Noncontrolling Interests**

Noncontrolling interests held by third parties in consolidated subsidiaries are considered mandatorily redeemable when they are subject to an unconditional obligation to be redeemed by both parties. The redeemable noncontrolling interest must be required to be repurchased on a specified date or on the occurrence of a specified event that is certain to occur and is to be redeemed via the transfer of assets. Mandatorily redeemable noncontrolling interests are presented as liability-based financial instruments and are re-measured on a recurring basis to the expected redemption value.

During the second quarter of fiscal 2023, the exercise of put options by the minority shareholders of three PrintBrothers businesses to redeem a portion of their equity interests triggered a mandatory redemption feature for the remaining minority interests after exercise. As such, we reclassified the remaining minority equity interests from

redeemable noncontrolling interest to mandatorily redeemable noncontrolling interest, which is presented as part of other liabilities on the consolidated balance sheets. Refer to Note 21 for additional details.

## **Debt Issuance Costs**

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

## **Derivative Financial Instruments**

We record all derivatives on the consolidated balance sheet at fair value. We apply hedge accounting to arrangements that qualify and are designated for hedge accounting treatment, which includes cash flow and net investment hedges. Hedge accounting is discontinued prospectively if the hedging relationship ceases to be effective or the hedging or hedged items cease to exist as a result of maturity, sale, termination, or cancellation.

Derivatives designated and qualifying as hedges of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges, which could include interest rate swap contracts and cross-currency swap contracts. In a cash flow hedging relationship, the effective and ineffective portion of the change in the fair value of the hedging derivative is initially recorded in accumulated other comprehensive loss. The portion of gain or loss on the derivative instrument previously recorded in accumulated other comprehensive loss remains in accumulated other comprehensive loss until the forecasted transaction is recognized in earnings. For derivatives designated as cash flow hedges, we present the settlement amount of these contracts within cash from operating activities in our consolidated statement of cash flows, if the hedged item continues after contract settlement.

Derivatives designated and qualifying as hedges of currency exposure of a net investment in a foreign operation are considered net investment hedges, which could include cross-currency swap and currency forward contracts as well as intercompany loans. In hedging the currency exposure of a net investment in a foreign operation, the effective and ineffective portion of gains and losses on the hedging instruments is recognized in accumulated other comprehensive loss as part of currency translation adjustment. The portion of gain or loss on the derivative instrument previously recorded in accumulated other comprehensive (loss) income remains in accumulated other comprehensive loss until we reduce our investment in the hedged foreign operation through a sale or substantial liquidation.

We also enter into derivative contracts that are intended to economically hedge certain of our risks, even though we may not elect to apply hedge accounting or the instrument may not qualify for hedge accounting. When hedge accounting is not applied, the changes in the fair value of the derivatives are recorded directly in earnings as a component of other (expense) income, net.

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

## **Shareholders' Deficit**

### ***Comprehensive Loss***

Comprehensive loss is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. Comprehensive loss is composed of net loss, unrealized gains and losses on derivatives, unrealized gains and losses on pension benefit obligation, and

cumulative foreign currency translation adjustments, which are included in the accompanying consolidated statements of comprehensive loss.

### ***Treasury Shares***

Treasury shares are accounted for using the cost method and are included as a component of shareholders' equity. Prior to June 2022, we reissued treasury shares as part of our share-based compensation programs and as consideration for some of our acquisition transactions. Upon issuance of treasury shares we determined the cost using the average cost method.

### ***Warrants***

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

### **Revenue Recognition**

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

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

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

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

We record deferred revenue when cash payments are received in advance of our satisfaction of the related performance obligation. The satisfaction of performance obligations generally occurs shortly after cash payment and we expect to recognize the majority of our deferred revenue balance as revenue within three months subsequent to June 30, 2023.

We periodically provide marketing materials and promotional offers to new customers and existing customers that are intended to improve customer retention. These incentive offers are generally available to all



customers, and therefore do not represent a performance obligation as customers are not required to enter into a contractual commitment to receive the offer. These discounts are recognized as a reduction to the transaction price when used by the customer. Costs related to free products are included within cost of revenue and sample products are included within marketing and selling expense.

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

## **Restructuring**

Restructuring costs are recorded in connection with initiatives designed to improve efficiency or enhance competitiveness. Restructuring initiatives require us to make estimates in several areas, including expenses for severance and other employee separation costs and our ability to generate sublease income to enable us to terminate lease obligations at the estimated amounts.

For jurisdictions in which there are statutorily required minimum benefits for involuntary terminations, severance benefits are documented in an employee manual or labor contract, or are consistent with prior restructuring plan benefits, we evaluate these benefits as ongoing benefit arrangements. We recognize the liability for these arrangements when it is probable that the employee would be entitled to the benefits and the amounts can be reasonably estimated. The expense timing generally occurs when management has committed to and approved the restructuring plan.

Involuntary termination benefits that are in excess of statutory minimum requirements and prior restructuring plan benefits are recognized as termination benefits and expensed at the date we notify the employee, unless the employee must provide future service beyond the statutory minimum retention period, in which case the benefits are expensed ratably over the future service period. Liabilities for costs associated with a facility exit or disposal activity are recognized when the liability is incurred, as opposed to when management commits to an exit plan, and are measured at fair value. Restructuring costs are presented as a separate financial statement line within our consolidated statement of operations.

## **Advertising Expense**

Our advertising costs are primarily expensed as incurred and included in marketing and selling expense. Advertising expense for the years ended June 30, 2023 and 2022 was \$417,886 and \$408,566, respectively, which consisted of external costs related to customer acquisition and retention marketing campaigns.

## **Research and Development Expense**

Research and development costs are expensed as incurred and included in technology and development expense. Research and development expense for the years ended June 30, 2023 and 2022 was \$58,819 and \$56,996, respectively, which consisted of costs related to enhancing our manufacturing engineering and technology capabilities.

## **Income Taxes**

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

We recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by the taxing authorities, based on the technical merits of the tax

position. The tax benefits recognized in our financial statements from such positions are measured as the largest benefit that has a greater than 50% likelihood of being realized upon ultimate resolution. The unrecognized tax benefits may reduce our effective tax rate if recognized. Interest and, if applicable, penalties related to unrecognized tax benefits are recorded in the provision for income taxes. Stranded income tax effects in accumulated other comprehensive loss are released on an item-by-item basis based on when the applicable derivative is recognized in earnings.

### **Foreign Currency Translation**

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

### **Share-based Compensation**

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

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

### **Sabbatical Leave**

Compensation expense associated with a sabbatical leave, or other similar benefit arrangements, is accrued over the requisite service period during which an employee earns the benefit, net of estimated forfeitures, and is included in other liabilities on our consolidated balance sheets.

### **Lease Accounting**

We determine if an arrangement contains a lease at contract inception. We consider an arrangement to be a lease if it conveys the right to control an identifiable asset for a period of time. Costs for operating leases that include incentives such as payment escalations or rent abatement are recognized on a straight-line basis over the term of the lease. Additionally, inducements received are treated as a reduction of our costs over the term of the agreement. Leasehold improvements are capitalized at cost and amortized over the shorter of their expected useful life or the lease term, excluding renewal periods.

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

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

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

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

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

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

## **Recently Issued or Adopted Accounting Pronouncements**

### *Adopted Accounting Standards*

In May 2021, the FASB issued Accounting Standards Update No. 2021-04 "Earnings Per Share (Topic 260), Debt—Modifications and Extinguishments (Subtopic 470-50), Compensation—Stock Compensation (Topic 718), and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40)" (ASU 2021-04), which provides authoritative guidance for the prospective treatment of modifications or exchanges of freestanding equity-classified written call options that are not in the scope of another Topic. The standard is effective for us in fiscal year 2023. There were no such transactions in the year of adoption; therefore, ASU 2021-04 had no effect on our consolidated financial statements.

In August 2020, the FASB issued Accounting Standards Update No. 2020-06 "Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in an Entity's Own Equity (Subtopic 815-40)" (ASU 2020-06), which provides authoritative guidance for the accounting treatment of contracts in an entity's own equity when calculating earnings per share. We adopted this standard in fiscal year 2023 and it had no impact on our consolidated financial statements as our free-standing warrants are equity classified.

The FASB issued Accounting Standards Updates related to reference rate reform that include No. 2020-04 "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting" (ASU 2020-04), No. 2021-01 "Reference Rate Reform (Topic 848): Scope", and No. 2022-06 "Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848 (ASU 2022-06)". If certain criteria are met, ASU 848 provides optional expedients and exceptions for applying U.S. GAAP on contract modifications, hedge accounting, and other transactions which reference LIBOR or another rate expected to be discontinued because of reference rate reform. We have elected the optional expedients for certain existing and new interest rate swaps that are designated as cash flow hedges, for which we have modified the critical terms and there is a variable rate

mismatch between the hedging instrument and hedged item. The adoption of these standards did not have a material impact on our consolidated financial statements.

### *Issued Accounting Standards to be Adopted*

In September 2022, the FASB issued Accounting Standards Update No. 2022-04, "Liabilities - Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations". This guidance requires annual and interim disclosures for entities that use supplier finance programs in connection with the purchase of goods and services. All interim period disclosure requirements will be effective starting with the quarter ending September 30, 2023, followed by annual requirements that include the rollforward of program activity, which will be effective for our fiscal year ending June 30, 2025. As the standard updates disclosure information only, we do not expect its adoption to have a material impact on our consolidated financial statements.

### **3. Segment Information**

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

As of June 30, 2023, we have numerous operating segments under our management reporting structure, which are reported in the following five reportable segments:

- *Vista* - Vista is the parent brand of multiple offerings including VistaPrint, VistaCreate, Depositphotos, 99designs by Vista, and Vista Corporate Solutions, which together represent a full-service design, digital and print solution, elevating small businesses' presence in physical and digital spaces and empowering them to achieve success.
- *PrintBrothers* - Consists of three of our Upload & Print businesses, which includes druck.at, Printdeal, and WIRmachenDRUCK that primarily serve customers in Austria, Belgium, Germany, the Netherlands, and Switzerland.
- *The Print Group* - Includes our Easyflyer, Exaprint, Pixartprinting, and Tradeprint businesses, which are Upload & Print businesses that primarily serve customers in France, Italy, Spain, and the United Kingdom.
- *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. In addition to BuildASign, which is a larger and profitable business, the All Other Businesses reportable segment includes one smaller business that we continue to manage at a relatively modest operating loss and a recently acquired company that provides production expertise and sells into a growing product category.
  - BuildASign is an internet-based provider of canvas-print wall décor, business signage, and other large-format printed products, based in Austin, Texas.
  - Printi is an online printing leader in Brazil, which offers a superior customer experience with transparent and attractive pricing, reliable service and quality.
  - We exited our YSD business, which was included in this reportable segment, during fiscal year 2023.

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 tax, treasury, internal audit, legal, sustainability, corporate communications, remote first enablement, consolidated reporting and compliance, investor relations, capital allocation, and the functions of our CEO and CFO. These costs also include certain unallocated share-based compensation costs.

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

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

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

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

	Year Ended June 30,	
	2023	2022
Revenue:		
Vista	\$ 1,613,887	\$ 1,514,909
PrintBrothers	578,431	526,952
The Print Group	346,949	329,590
National Pen	366,294	341,832
All Other Businesses	213,455	205,862
Total segment revenue	3,119,016	2,919,145
Inter-segment eliminations (1)	(39,389)	(31,590)
Total consolidated revenue	<u>\$ 3,079,627</u>	<u>\$ 2,887,555</u>

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

	Year Ended June 30, 2023					
	Vista	PrintBrothers	The Print Group	National Pen	All Other	Total
Revenue by Geographic Region:						
North America	\$ 1,155,000	\$ —	\$ —	\$ 216,690	\$ 181,145	\$1,552,835
Europe	366,244	576,719	337,012	122,007	—	1,401,982
Other	91,066	—	—	7,772	25,972	124,810
Inter-segment	1,577	1,712	9,937	19,825	6,338	39,389
Total segment revenue	1,613,887	578,431	346,949	366,294	213,455	3,119,016
Less: inter-segment elimination	(1,577)	(1,712)	(9,937)	(19,825)	(6,338)	(39,389)
Total external revenue	<u>\$ 1,612,310</u>	<u>\$ 576,719</u>	<u>\$ 337,012</u>	<u>\$ 346,469</u>	<u>\$ 207,117</u>	<u>\$3,079,627</u>

	Year Ended June 30, 2022					
	Vista (1)	PrintBrothers	The Print Group	National Pen	All Other	Total
Revenue by Geographic Region:						
North America	\$ 1,063,390	\$ —	\$ —	\$ 193,056	\$ 177,868	\$1,402,222
Europe	353,275	525,224	322,315	113,820	—	1,304,175
Other	94,874	—	—	20,058	23,675	181,158
Inter-segment	3,370	1,728	7,275	14,898	4,319	31,590
Total segment revenue	1,514,909	526,952	329,590	341,832	205,862	2,919,145
Less: inter-segment elimination	(3,370)	(1,728)	(7,275)	(14,898)	(4,319)	(31,590)
Total external revenue	\$ 1,511,539	\$ 525,224	\$ 322,315	\$ 326,934	\$ 201,543	\$2,887,555

(1) During the fourth quarter of fiscal year 2023, we identified an immaterial error in our previously disclosed revenue by geographic area for our Vista reportable segment for the fiscal year ended June 30, 2022, which understated revenue in North America and Europe, with an offsetting overstatement in the Other geographies. We have corrected the disclosed figures as included herein.

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

	Year Ended June 30,	
	2023	2022
Segment EBITDA:		
Vista	\$ 224,081	\$ 195,321
PrintBrothers	70,866	66,774
The Print Group	60,089	58,664
National Pen	23,714	26,845
All Other Businesses	25,215	23,227
Total segment EBITDA	403,965	370,831
Central and corporate costs	(133,539)	(143,958)
Depreciation and amortization	(162,428)	(175,681)
Certain impairments and other adjustments	(6,932)	9,709
Restructuring-related charges	(43,757)	(13,603)
Total income from operations	57,309	47,298
Other income (expense), net	18,498	61,463
Interest expense, net	(112,793)	(99,430)
Gain (loss) on early extinguishment of debt	6,764	—
(Loss) income before income taxes	<u>\$ (30,222)</u>	<u>\$ 9,331</u>

	Year Ended June 30,	
	2023	2022
Depreciation and amortization:		
Vista	\$ 58,464	\$ 65,489
PrintBrothers	18,135	20,790
The Print Group	22,810	25,657
National Pen	21,366	24,261
All Other Businesses	17,694	18,536
Central and corporate costs	23,959	20,948
Total depreciation and amortization	<u>\$ 162,428</u>	<u>\$ 175,681</u>

	Year Ended June 30,	
	2023	2022
<b>Purchases of property, plant, and equipment:</b>		
Vista	\$ 17,604	\$ 17,198
PrintBrothers	4,422	3,788
The Print Group	19,683	19,877
National Pen	6,003	4,332
All Other Businesses	4,793	7,027
Central and corporate costs	1,267	1,818
Total purchases of property, plant and equipment	<u>\$ 53,772</u>	<u>\$ 54,040</u>

	Year Ended June 30,	
	2023	2022
<b>Capitalization of software and website development costs:</b>		
Vista	\$ 22,559	\$ 30,994
PrintBrothers	2,010	1,139
The Print Group	2,997	2,419
National Pen	2,913	3,390
All Other Businesses	4,299	4,097
Central and corporate costs	23,009	23,258
Total capitalization of software and website development costs	<u>\$ 57,787</u>	<u>\$ 65,297</u>

#### Enterprise Wide Disclosures:

The following table sets forth revenues by significant geographic area:

	Year Ended June 30,	
	2023	2022 (1)
United States	\$ 1,407,691	\$ 1,320,347
Germany	460,516	420,041
Other (2)	1,211,420	1,147,167
Total revenue	<u>\$ 3,079,627</u>	<u>\$ 2,887,555</u>

(1) During the fourth quarter of fiscal year 2023, we identified an immaterial error in our previously disclosed revenue by geographic area for the fiscal year ended June 30, 2022, which understated revenue in the United States and Germany, with an offsetting overstatement in the Other geographies. We have corrected the disclosed figures as included herein.

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

The following table sets forth revenues by groups of similar products and services:

	Year Ended June 30,	
	2023	2022
Physical printed products and other (1)	\$ 2,990,041	\$ 2,789,600
Digital products and services	89,586	97,955
Total revenue	<u>\$ 3,079,627</u>	<u>\$ 2,887,555</u>

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

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

	June 30, 2023	June 30, 2022
Long-lived assets (1):		
United States (2) .....	\$ 83,956	\$ 95,589
Netherlands .....	65,547	67,240
Canada .....	57,328	58,498
Switzerland .....	73,857	72,394
Italy .....	42,377	48,262
France .....	29,302	25,383
Jamaica .....	17,834	18,744
Australia .....	19,664	17,751
Japan (3) .....	—	11,392
Other .....	114,503	90,677
<b>Total</b> .....	<b>\$ 504,368</b>	<b>\$ 505,930</b>

(1) Excludes goodwill of \$781,541 and \$766,600, intangible assets, net of \$109,196 and \$154,730, deferred tax assets of \$12,740 and \$113,088, and marketable securities, non-current of \$4,497 and zero as of June 30, 2023 and 2022, respectively.

(2) The decrease of the United States long-lived assets is primarily driven by the termination of our Waltham, MA lease in August 2022 that resulted in a reduction to the operating lease asset and related leasehold improvements.

(3) The decrease in Japan's long-lived assets is due to the planned sale of the land and building, which resulted in the classification of the carrying value as prepaid expenses and other current assets because it meets held-for-sale criteria as of June 30, 2023. Refer to Note 5 for additional details.

#### 4. Acquisitions and Divestitures

##### *Fiscal Year 2023 Acquisitions*

On December 12, 2022, we completed an investment in a European company that is intended to support certain strategic initiatives within our PrintBrothers reportable segment. After giving effect to this investment, we have acquired approximately 58% of the company's shares for total cash consideration of \$498. The purchase consideration also includes the effective settlement of the company's existing liabilities to a Cimpress business. We recognized the assets, liabilities, and noncontrolling interest on the basis of their fair values at the date of the acquisition, resulting in goodwill of \$4,724, which is not deductible for tax purposes. The net assets recognized upon acquisition, as well as the revenue and earnings included in our consolidated financial statements for the year ended June 30, 2023, are not material. We utilized our available cash to fund the acquisition.

##### *Fiscal Year 2022 Acquisitions*

##### **Acquisition of Depositphotos Inc.**

On October 1, 2021, we acquired Depositphotos Inc. and its subsidiaries ("Depositphotos"), a global creative platform for digital design. We acquired all outstanding shares of the company for a purchase price of \$84,900, which included a post-closing adjustment based on acquired cash, debt, and working capital as of the closing date. We paid \$76,119 in cash at closing, and the remaining purchase consideration, including the post-closing adjustment but net of any indemnifiable losses recoverable against the deferred amount. The deferred payments were made in two installments, including the payment of \$609 during fiscal year 2022 and a final deferred payment of \$6,875 during fiscal year 2023.

Depositphotos is managed within our Vista business and includes VistaCreate (formerly Crello), a rapidly growing leader in do-it-yourself (DIY) digital design, and the separately branded Depositphotos business, a platform for creators that includes images, videos, and music that are developed by a large group of content contributors. We expect synergies to provide significant benefits to our Vista business as this represents another integral step toward providing a compelling, full-spectrum design offering to our customers, and also provides another vehicle for the acquisition of new customers, to whom we plan to cross-sell our other products and services.



The table below details the consideration transferred to acquire Depositphotos:

Cash consideration (paid at closing) .....	\$	76,119
Deferred payment .....		8,781
Total purchase price .....	\$	<u>84,900</u>

We recognized the assets and liabilities on the basis of their fair values at the date of the acquisition with any excess of the purchase price paid over the fair value of the net assets recorded as goodwill, which is primarily attributable to the synergies that we expect to achieve through the acquisition. The goodwill balance has been attributed to the Vista reporting unit and none of the goodwill balance is deductible for tax purposes. Additionally, we identified and valued Depositphotos intangible assets, which include its trade name, customer relationships, owned content, and developed technology.

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

	Amount	Weighted Average Useful Life in Years
Tangible assets acquired and liabilities assumed:		
Cash and cash equivalents	\$ 7,173	n/a
Accounts receivable, net	329	n/a
Prepaid expenses and other current assets	448	n/a
Property, plant and equipment, net	611	n/a
Operating lease assets, net	383	n/a
Other assets	324	n/a
Accounts payable	(843)	n/a
Accrued expenses	(5,009)	n/a
Deferred revenue	(10,999)	n/a
Operating lease liabilities, current	(152)	n/a
Deferred tax liabilities	(4,402)	n/a
Operating lease liabilities, non-current	(231)	n/a
Identifiable intangible assets:		
Customer relationships	11,600	4 years
Trade name	2,500	10 years
Developed technology	2,300	2 years
Owned content	7,700	10 years
Goodwill	73,168	n/a
Total purchase price	<u>\$ 84,900</u>	n/a

Depositphotos has been included in our consolidated financial statements starting on its acquisition date. The revenue and earnings of Depositphotos included in our consolidated financial statements for the year ended June 30, 2022 are not material, and therefore no proforma financial information is presented. We used our cash on hand to fund the acquisition. In connection with the acquisition, we incurred \$887 in general and administrative expenses, as part of our central and corporate costs during the year ended June 30, 2022, primarily related to legal, financial, and other professional services.

## Other Acquisition

On January 21, 2022, we completed an investment in a European company that is intended to support certain strategic initiatives within our PrintBrothers reportable segment. After giving effect to this investment, we have acquired approximately 75% of the company's shares for total cash and noncash consideration of \$11,218. We recognized the assets, liabilities and noncontrolling interest on the basis of their fair values at the date of the acquisition, resulting in goodwill of \$10,484, which is not deductible for tax purposes. The net assets recognized largely consist of the cash and deferred tax liability balances acquired. The revenue and earnings included in our consolidated financial statements for the year ended June 30, 2022 are not material. We utilized our available cash balance to finance the acquisition.

## 5. Restructuring Charges

Restructuring costs include employee termination benefits, acceleration of share-based compensation, write-off of assets, costs to exit loss-making operations, and other related costs, including third-party professional and outplacement services. All restructuring costs are excluded from segment and adjusted EBITDA. During the years ended June 30, 2023 and 2022, we recognized restructuring charges of \$43,757 and \$13,603, respectively.

## Fiscal Year 2023

During the year ended June 30, 2023, we recognized restructuring charges of \$43,757. The majority of these costs related to actions taken in our Vista business and central teams during March 2023 that were intended to reduce costs and support expanded profitability, reduced leverage, and increased speed, focus, and accountability. For the year ended June 30, 2023, we recognized restructuring charges of \$28,840 and \$9,645 in our Vista business and central and corporate costs, respectively, which collectively included \$30,175 from the March action described above. The remaining restructuring charges relate to prior actions taken to prioritize our investments, including our exit from the Japanese market. Most of these costs related to employee termination benefits, and, to a lesser extent, share-based compensation expense for the accelerated vesting of equity awards as well as third-party consulting costs. A portion of the restructuring charge in our Vista business included the impairment of assets from our exit of the Japanese market of \$5,397.

We also recognized restructuring charges of \$1,715 in our National Pen business for the year ended June 30, 2023, which included employee termination benefits for previously announced actions to exit the Japanese market and to migrate our European production operations from Ireland to the Czech Republic. Additionally, we recognized restructuring costs of \$3,556 for the year ended June 30, 2023 in our All Other Businesses reportable segment for our previously announced exit from the Chinese market, which included employee termination benefits and the write-off of certain assets.

We do not expect any additional material charges for these restructuring actions.

## Fiscal Year 2022

During the year ended June 30, 2022, we recognized restructuring charges of \$13,603, primarily due to decisions to reduce costs in certain areas including exiting operations in Japan and China, while also taking additional headcount actions in our Vista business and in our central technology team. During the year ended June 30, 2022, we recognized restructuring expense related to these actions of \$7,492 in our Vista reportable segment, \$1,093 in our All Other Businesses reportable segment, and \$854 in our central and corporate costs. Additionally, our National Pen business recognized restructuring expense of \$4,178 during the year ended June 30, 2022, incurred for both the decision to move its European production operations from Ireland to the Czech Republic and the decision to exit the Japan market.

The following table summarizes the restructuring activity during the years ended June 30, 2023 and 2022.

	Severance and Related Benefits	Other Restructuring Costs	Accrued restructuring liability
Balance as of June 30, 2021	\$ 402	\$ —	\$ 402
Restructuring charges	13,312	291	13,603
Cash payments	(265)	—	(265)
Non-cash charges	—	(291)	(291)
Balance as of June 30, 2022	13,449	—	13,449
Restructuring charges	33,694	10,063	43,757
Cash payments	(37,147)	—	(37,147)
Non-cash charges (1)	(2,429)	(10,063)	(12,492)
Balance as of June 30, 2023	\$ 7,567	\$ —	\$ 7,567

(1) During the fiscal year ended June 30, 2023, non-cash restructuring charges primarily includes the loss recorded on assets for our Japan and China exits, and share-based compensation expense upon modification to accelerate the vesting of share-based compensation awards for the actions described above.

## 6. Other Income, Net

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

	Year Ended June 30,	
	2023	2022
Gains on derivatives not designated as hedging instruments (1)	\$ 3,311	\$ 58,148
Currency-related gains, net (2)	16,350	244
Other (losses) gains	(1,163)	3,071
Total other income, net	<u>\$ 18,498</u>	<u>\$ 61,463</u>

- (1) Includes realized and unrealized gains and losses on derivative currency forward and option contracts not designated as hedging instruments, as well as the ineffective portion of certain interest rate swap contracts that have been de-designated from hedge accounting. For contracts not designated as hedging instruments, we realized gains of \$39,133 and \$9,955, respectively, for the years ended June 30, 2023 and 2022. Refer to Note 10 for additional details relating to our derivative contracts.
- (2) Currency-related gains, net primarily relates to significant non-functional currency intercompany financing relationships that we may change at times and are subject to currency exchange rate volatility. In addition, we have certain cross-currency swaps designated as cash flow hedges, which hedge the remeasurement of certain intercompany loans; refer to Note 10 for additional details relating to these cash flow hedges.

## 7. Income Taxes

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

	Year Ended June 30,	
	2023	2022
U.S.	\$ (35,508)	\$ (7,299)
Non-U.S.	5,286	16,630
Total	<u>\$ (30,222)</u>	<u>\$ 9,331</u>

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

	Year Ended June 30,	
	2023	2022
Current:		
U.S. Federal	\$ 1,634	\$ 526
U.S. State	769	568
Non-U.S.	39,792	36,932
Total current	<u>42,195</u>	<u>38,026</u>
Deferred:		
U.S. Federal	3,522	(3,566)
U.S. State	465	12
Non-U.S.	109,311	25,429
Total deferred	<u>113,298</u>	<u>21,875</u>
Total	<u>\$ 155,493</u>	<u>\$ 59,901</u>

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

	Year Ended June 30,	
	2023	2022
U.S. federal statutory income tax rate	21.0 %	21.0 %
State taxes, net of federal effect	3.7	(11.1)
Tax rate differential on non-U.S. earnings	(52.5)	97.1
Change in valuation allowance	(457.2)	363.7
Nondeductible interest expense	(30.2)	52.7
Change in entity status	4.0	—
Compensation related items	(13.7)	21.9
Goodwill impairment	(4.1)	—
Irish foreign tax credit	21.4	(46.8)
Tax on repatriated earnings	(15.0)	39.2
Gain on the extinguishment of debt	2.8	—
Notional interest deduction (Italy)	2.6	(8.8)
Patent box (Italy)	(1.5)	(12.0)
Tax credits and incentives	24.1	(23.7)
Non-U.S. tax rate changes	(1.1)	57.6
Irish tax restructuring	—	(13.4)
U.S. global intangible low-taxed income (GILTI)	—	10.2
U.S. foreign-derived intangible income (FDII)	2.7	(6.8)
U.S. base erosion and anti-abuse tax (BEAT)	(2.1)	—
Net tax benefit on intellectual property transfer	1.0	(10.4)
Tax loss carryforward expirations	(5.1)	4.8
Business and withholding taxes	(1.2)	5.1
Uncertain tax positions	(10.5)	35.9
Other non-deductible expenses	(6.0)	7.1
Tax on unremitted earnings	(1.6)	0.1
Changes to derivative instruments	3.1	73.5
Other	0.9	(14.9)
Effective income tax rate	<u>(514.5)%</u>	<u>642.0 %</u>

For the year ended June 30, 2023, our effective tax rate was below our U.S. federal statutory tax rate primarily due to establishing a full valuation allowance on Swiss deferred tax assets of \$116,694 related to Swiss tax reform benefits recognized in fiscal year 2020 and Swiss tax loss carryforwards. Management concluded in the second quarter of this fiscal year that based on current period results at that time, objective and verifiable negative evidence of recent losses in Switzerland outweighed more subjective positive evidence of anticipated future income. In addition, we had non-deductible interest expense and losses in certain jurisdictions for which we cannot recognize a tax benefit. The jurisdictions that have the most significant impact to our non-U.S. tax provision include Australia, Canada, France, Germany, India, Ireland, Italy, the Netherlands, Spain, and Switzerland. The applicable tax rates in these jurisdictions range from 11% to 30%. The total tax rate impact from operating in non-U.S. jurisdictions is included in the line “Tax rate differential on non-U.S. earnings” in the above tax rate reconciliation table.

For the year ended June 30, 2023, our effective tax rate was (514.5)% as compared to the prior year effective tax rate of 642.0%. The decrease in our effective tax rate as compared to the prior year is primarily due a pre-tax loss for the year ended June 30, 2023 as compared to pre-tax income in the year ended June 30, 2022. During the year ended June 30, 2023 we recognized tax expense of \$116,694 to establish a full valuation allowance in Switzerland as compared to tax expense of \$29,600 in the year ended June 30, 2022 to establish a partial valuation allowance in Switzerland. The decrease in our effective tax rate as compared to the prior year is primarily due a pre-tax loss for the year ended June 30, 2023 as compared to pre-tax income in the year ended June 30, 2022.

As of June 30, 2023, we recorded a deferred tax asset of \$131,472 related to Swiss tax-amortizable goodwill, which we can benefit from during fiscal year 2025 through fiscal year 2030 under our Swiss tax ruling. During the year ended June 30, 2023, the Swiss tax-amortizable goodwill deferred tax asset increased \$7,579 due to currency exchange rate changes.

Significant components of our deferred income tax assets and liabilities consisted of the following at June 30, 2023 and 2022:

	June 30, 2023	June 30, 2022
<b>Deferred tax assets:</b>		
Swiss tax-amortizable goodwill	\$ 131,472	\$ 123,893
Net operating loss carryforwards	75,643	71,820
Leases	30,364	24,952
Depreciation and amortization	8,289	3,736
Accrued expenses	15,335	12,244
Share-based compensation	16,920	16,090
Credit and other carryforwards	58,790	47,405
Other	4,469	1,120
Subtotal	341,282	301,260
Valuation allowance	(277,976)	(134,660)
Total deferred tax assets	63,306	166,600
<b>Deferred tax liabilities:</b>		
Depreciation and amortization	(37,572)	(32,595)
Leases	(27,392)	(21,049)
Investment in flow-through entity	—	(7,031)
Tax on unremitted earnings	(7,221)	(6,692)
Derivative financial instruments	(17,091)	(19,703)
Other	(8,641)	(7,584)
Total deferred tax liabilities	(97,917)	(94,654)
Net deferred tax assets	\$ (34,611)	\$ 71,946

In assessing the realizability of deferred tax assets, we consider whether it is more likely than not that some or all of the deferred tax assets will not be realized. The increase in the valuation allowance from the prior year relates primarily to the Swiss full valuation allowance and losses in certain jurisdictions (mainly Brazil, Japan, the Netherlands, Ireland, and the United Kingdom) for which management has determined we cannot recognize the related deferred tax assets. Also, we generated \$4,202 of Irish foreign tax credit carryforwards and increased tax effected interest limitation carryforwards of \$7,365 in various jurisdictions, neither of which expire, but for which management has determined it is more likely than not that these will not be utilized. The increase in valuation allowance was offset by the release of valuation allowances related to the exit of our YSD business of \$3,224.

We have recorded a full valuation allowance against deferred tax assets of \$22,583 and \$131,472 related to Swiss tax losses and the Swiss tax-amortizable goodwill, respectively. In addition, we have recorded valuation allowances of \$28,744, \$5,123, and \$14,768 against deferred tax assets related to U.S. research and development credits, U.S. capital loss carryforwards, and U.S. share-based compensation, respectively, for which management has determined that it is more likely than not that these will not be realized.

Based on the weight of available evidence at June 30, 2023, management believes that it is more likely than not that all other net deferred tax assets will be realized in the foreseeable future. We will continue to assess the realization of the deferred tax assets based on operating results on a quarterly basis.

A reconciliation of the beginning and ending amount of the valuation allowance for the year ended June 30, 2023 is as follows:

Balance at June 30, 2022 .....	\$ 134,660
Charges to earnings (1) .....	138,143
Charges to other accounts (2) .....	5,173
Balance at June 30, 2023 .....	<u>\$ 277,976</u>

(1) Amount is primarily related to full Swiss valuation allowance, increased non-U.S. net operating losses, increased Irish foreign tax credits, and increased interest limitation carryforwards.

(2) Amount is primarily related to increased Swiss tax-amortizable goodwill deferred tax asset and deferred tax assets on non-U.S. net operating losses due to currency exchange rate changes offset by unrealized gains on derivative financial instruments included in accumulated other comprehensive loss.

As of June 30, 2023, we had gross U.S. federal and apportioned state net operating losses of \$2,348 and \$30,281, respectively, that expire on various dates from fiscal year 2024 through fiscal year 2043 or with unlimited carryforward. We also had gross non-U.S. net operating loss carryforwards of \$564,818, a significant amount of which begin to expire in fiscal year 2024, with the remaining amounts expiring on various dates from fiscal year 2024 through fiscal year 2032 or having unlimited carryforward. In addition, we had \$33,854 of tax credit carryforwards primarily related to U.S. federal and state research and development credits, which expire on various dates beginning in fiscal year 2030 or having unlimited carryforward. We also had \$22,778, \$6,130, and \$1,048 of U.S. federal, apportioned U.S. state, and non-U.S. capital loss carryforwards, respectively. The U.S. capital losses expire in fiscal years 2025 through 2027 and the non-U.S. capital losses have unlimited carryforward. Lastly, we had \$12,535 of Irish foreign tax credits with unlimited carryforward. The benefits of these carryforwards are dependent upon the generation of taxable income in the jurisdictions in which they arose.

We consider the following factors, among others, in evaluating our plans for indefinite reinvestment of our subsidiaries' earnings: (i) the forecasts, budgets, and financial requirements of both our parent company and its subsidiaries, both for the long term and for the short term; (ii) the ability of Cimpres plc to fund its operations and obligations with earnings from other businesses within the global group without incurring substantial tax costs; and (iii) the tax consequences of any decision to reinvest earnings of any subsidiary. As of June 30, 2023, no tax provision has been made for \$56,294 of undistributed earnings of certain of our subsidiaries as these earnings are considered indefinitely reinvested. If, in the future, we decide to repatriate the undistributed earnings from these subsidiaries in the form of dividends or otherwise, we could be subject to withholding taxes payable in the range of \$13,000 to \$14,000 at that time. A cumulative deferred tax liability of \$7,221 has been recorded attributable to undistributed earnings that we have deemed are not indefinitely reinvested. The remaining undistributed earnings of our subsidiaries are not deemed to be indefinitely reinvested and can be repatriated with no tax cost. Accordingly, there has been no provision for income or withholding taxes on these earnings.

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

Balance June 30, 2021	\$ 13,399
Additions based on tax positions related to the current tax year	448
Additions based on tax positions related to prior tax years	2,958
Reductions based on tax positions related to prior tax years	(23)
Reductions due to audit settlements	(2,958)
Reductions due to lapse of statute of limitations	(799)
Cumulative translation adjustment	(29)
Balance June 30, 2022	12,996
Additions based on tax positions related to the current tax year	2,167
Additions based on tax positions related to prior tax years	770
Reductions based on tax positions related to prior tax years	(62)
Reductions due to audit settlements	—
Reductions due to lapse of statute of limitations	(225)
Cumulative translation adjustment	(22)
Balance June 30, 2023	\$ 15,624

For the year ended June 30, 2023, the amount of unrecognized tax benefits (exclusive of interest) that, if recognized, would impact the effective tax rate is \$8,518. We recognize interest and, if applicable, penalties related to unrecognized tax benefits in income tax expense. The interest and penalties recognized as of years ended June 30, 2023 and 2022 were \$1,924 and \$1,383, respectively. It is reasonably possible that a further change in unrecognized tax benefits in the range of \$910 to \$960 may occur within the next twelve months related to the settlement of one or more audits or the lapse of applicable statutes of limitations. We believe we have appropriately provided for all tax uncertainties.

We conduct business in a number of tax jurisdictions and, as such, are required to file income tax returns in multiple jurisdictions globally. The years 2016 through 2023 remain open for examination by the United States Internal Revenue Service ("IRS") and the years 2015 through 2023 remain open for examination in the various states and non-U.S. tax jurisdictions in which we file tax returns.

We are currently under income tax audit in certain jurisdictions globally. We believe that our income tax reserves are adequately maintained taking into consideration both the technical merits of our tax return positions and ongoing developments in our income tax audits. However, the final determination of our tax return positions, if audited, is uncertain, and therefore there is a possibility that final resolution of these matters could have a material impact on our results of operations or cash flows.

## 8. Earnings Per Share

### Net Loss Per Share Attributable to Cimpres plc

Basic net loss per share attributable to Cimpres plc is computed by dividing net loss attributable to Cimpres plc by the weighted-average number of ordinary shares outstanding for the respective period. Diluted net loss per share attributable to Cimpres plc gives effect to all potentially dilutive securities, including share options, restricted share units ("RSUs"), warrants, and performance share units ("PSUs"), if the effect of the securities is dilutive using the treasury stock method. Awards with performance or market conditions are included using the treasury stock method only if the conditions would have been met as of the end of the reporting period and their effect is dilutive.



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

	Year Ended June 30,	
	2023	2022
Weighted average shares outstanding, basic and diluted	26,252,860	26,094,842
Weighted average anti-dilutive shares excluded from diluted net loss per share attributable to Cimpress plc (1)(2)	2,834,351	762,086

- (1) In the periods in which a net loss is recognized, the impact of share options, RSUs, restricted share awards, and warrants are anti-dilutive. For the year ended June 30, 2023 and 2022, the weighted average dilutive shares for these securities, in the aggregate, would have been 83,275 and 233,244, respectively, had we not recognized a net loss.
- (2) On May 1, 2020, we entered into a financing arrangement with Apollo Global Management, Inc., which included 7-year warrants to purchase 1,055,377 of our ordinary shares with a strike price of \$60 that have a potentially dilutive impact on our weighted average shares outstanding. For the year ended June 30, 2022, the average market price was higher than the strike price for at least a portion of the year, as such the weighted average dilutive effect of the warrants that were included in the anti-dilutive share count due to the net loss in the period was 138,088 shares. For the year ended June 30, 2023, the average share price was below the strike price for the full fiscal year; therefore, the total outstanding warrants were considered anti-dilutive

## 9. Fair Value Measurements

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

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

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The following tables summarize our assets and liabilities that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy:

	June 30, 2023			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets</b>				
Interest rate swap contracts	\$ 19,218	\$ —	\$ 19,218	\$ —
Currency forward contracts	2,301	—	2,301	—
Currency option contracts	990	—	990	—
Total assets recorded at fair value	<u>\$ 22,509</u>	<u>\$ —</u>	<u>\$ 22,509</u>	<u>\$ —</u>
<b>Liabilities</b>				
Cross-currency swap contracts	\$ (1,777)	\$ —	\$ (1,777)	\$ —
Currency forward contracts	(4,485)	—	(4,485)	—
Currency option contracts	(3,055)	—	(3,055)	—
Total liabilities recorded at fair value	<u>\$ (9,317)</u>	<u>\$ —</u>	<u>\$ (9,317)</u>	<u>\$ —</u>

June 30, 2022				
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets</b>				
Interest rate swap contracts .....	\$ 14,336	\$ —	\$ 14,336	\$ —
Currency forward contracts .....	20,638	—	20,638	—
Currency option contracts .....	10,611	—	10,611	—
Total assets recorded at fair value .....	<u>\$ 45,585</u>	<u>\$ —</u>	<u>\$ 45,585</u>	<u>\$ —</u>
<b>Liabilities</b>				
Cross-currency swap contracts .....	\$ (446)	\$ —	\$ (446)	\$ —
Currency forward contracts .....	(505)	—	(505)	—
Currency option contracts .....	(9)	—	(9)	—
Total liabilities recorded at fair value .....	<u>\$ (960)</u>	<u>\$ —</u>	<u>\$ (960)</u>	<u>\$ —</u>

During the years ended June 30, 2023 and 2022, there were no significant transfers in or out of Level 1, Level 2, and Level 3 classifications.

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

Although we have determined that the majority of the inputs used to value our derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with our derivatives utilize Level 3 inputs, such as estimates of current credit spreads, to appropriately reflect both our own nonperformance risk and the respective counterparties' nonperformance risk in the fair value measurement. However, as of June 30, 2023, we have assessed the significance of the impact of the credit valuation adjustments on the overall valuation of our derivative positions and have determined that the credit valuation adjustments are not significant to the overall valuation of our derivatives. As a result, we have determined that our derivative valuations in their entirety are classified in Level 2 in the fair value hierarchy.

As of June 30, 2023 and 2022, the carrying amounts of our cash and cash equivalents, accounts receivable, accounts payable, and other current liabilities approximated their estimated fair values. As of June 30, 2023 and 2022, the carrying value of our debt, excluding debt issuance costs and debt premiums and discounts, was \$1,653,989 and \$1,705,365, respectively, and the fair value was \$1,604,190 and \$1,600,627, respectively. Our debt at June 30, 2023 includes variable-rate debt instruments indexed to LIBOR and Euribor that resets periodically, as well as fixed-rate debt instruments. The estimated fair value of our debt was determined using available market information based on recent trades or activity of debt instruments with substantially similar risks, terms and maturities, which fall within Level 2 under the fair value hierarchy.

As of June 30, 2023 and 2022, our held-to-maturity marketable securities were held at an amortized cost of \$43,037 and \$49,952, respectively, while the fair value was \$42,667 and \$49,406, respectively. The securities were valued using quoted prices for identical assets in active markets, which fall into Level 1 under the fair value hierarchy.

The estimated fair value of assets and liabilities disclosed above may not be representative of actual values that could have been or will be realized in the future.

## 10. Derivative Financial Instruments

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

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

### Hedges of Interest Rate Risk

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

As of June 30, 2023, we estimate that \$7,279 of income will be reclassified from accumulated other comprehensive loss to interest expense, net during the twelve months ending June 30, 2024. As of June 30, 2023, we had eleven effective outstanding interest rate swap contracts with aggregate notional amounts of \$475,000, \$140,000, and \$60,000 that were indexed to USD LIBOR, Term SOFR, and Daily SOFR, respectively. The transition relief guidance from ASC 848 was applied to designate the SOFR swap contracts for hedge accounting despite the benchmark rate mismatch. After USD LIBOR sunsets on June 30, 2023, all contracts indexed to USD LIBOR will convert to either Term or Daily SOFR with effective dates in July 2023.

Our interest rate swap contracts have varying start and maturity dates through April 2028.

Interest rate swap contracts outstanding:	Notional Amounts	
Contracts accruing interest as of June 30, 2023 (1)	\$	245,000
Contracts with a future start date		430,000
Total	\$	675,000

(1) Based on contracts outstanding as of June 30, 2023, the notional value of our contracted interest rate swaps accruing interest will fluctuate between \$215,000 and \$380,000 through April 2028 based on layered start dates and maturities.

### Hedges of Currency Risk

#### Cross-Currency Swap Contracts

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 hedged currency in exchange for our reporting currency based on a contracted exchange rate. Subsequently, we receive fixed rate payments in our reporting currency in exchange for fixed rate payments in the hedged currency over the life of the contract. At maturity, the final exchange involves the receipt of our reporting currency in exchange for the notional amount in the hedged currency.

Cross-currency swap contracts designated as cash flow hedges are executed to mitigate our currency exposure to the interest receipts as well as the principal remeasurement and repayment associated with certain intercompany loans denominated in a currency other than our reporting currency, the U.S. dollar. As of June 30,

2023, we had one outstanding cross-currency swap contract designated as a cash flow hedge with a total notional amount of \$58,478, maturing during June 2024. We entered into the cross-currency swap contract 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 (expense), net as interest payments are accrued or paid, and upon remeasuring the intercompany loan. As of June 30, 2023, we estimate that \$839 of income will be reclassified from accumulated other comprehensive loss to interest expense, net during the twelve months ending June 30, 2024.

#### *Other Currency Hedges*

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. These contracts or intercompany loans may be designated as hedges to mitigate the risk of changes in the U.S. dollar equivalent value of a portion of our net investment in consolidated subsidiaries that have the Euro as their functional currency. Amounts reported in accumulated other comprehensive loss are recognized as a component of our cumulative translation adjustment.

As of June 30, 2023, we have one intercompany loan designated as a net investment hedge with a total notional amount of \$319,513 that matures in May 2028.

We have elected to not apply hedge accounting for all other currency forward and option contracts. During the years ended June 30, 2023 and 2022, we experienced volatility within other income (expense), net, in our consolidated statements of operations from unrealized gains and losses on the mark-to-market of outstanding currency forward 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.

In most cases, we enter into these currency derivative contracts, which do not apply hedge accounting, in order to address the risk for certain currencies where we have a net exposure to adjusted EBITDA, a non-GAAP financial metric. Adjusted EBITDA exposures are our focus for the majority of our mark-to-market currency forward and option contracts because a similar metric is referenced within the debt covenants of our amended and restated senior secured credit agreement (refer to Note 17 for additional information about this agreement). Our most significant net currency exposures by volume are the Euro and the British Pound (GBP). Our adjusted EBITDA hedging approach results in addressing nearly all of our forecasted Euro and GBP net exposures for the upcoming twelve months, with a declining hedged percentage out to twenty-four months. For certain other currencies with a smaller net impact, we hedge nearly all of our forecasted net exposures for the upcoming six months, with a declining hedge percentage out to fifteen months.

As of June 30, 2023, we had the following outstanding currency derivative contracts that were not designated for hedge accounting and were primarily used to hedge fluctuations in the U.S. dollar value of forecasted transactions or balances denominated in Australian Dollar, GBP, Canadian Dollar, Czech Koruna, Danish Krone, Euro, Indian Rupee, Mexican Peso, New Zealand Dollar, Norwegian Krone, Philippine Peso, Swiss Franc and Swedish Krona:

Notional Amount	Effective Date	Maturity Date	Number of Instruments	Index
\$658,341	September 2021 through June 2023	Various dates through June 2025	588	Various

#### **Financial Instrument Presentation**

The table below presents the fair value of our derivative financial instruments as well as their classification on the balance sheet as of June 30, 2023 and June 30, 2022. Our derivative asset and liability balances fluctuate with interest rate and currency exchange rate volatility.

June 30, 2023

	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
<b>Derivatives designated as hedging instruments</b>								
<b>Derivatives in cash flow hedging relationships</b>								
Interest rate swaps	Other assets	\$ 19,341	\$ (123)	\$ 19,218	Other liabilities	\$ —	\$ —	\$ —
Cross-currency swaps	Other assets	—	—	—	Other current liabilities	(1,777)	—	(1,777)
Total derivatives designated as hedging instruments		<u>\$ 19,341</u>	<u>\$ (123)</u>	<u>\$ 19,218</u>		<u>\$ (1,777)</u>	<u>\$ —</u>	<u>\$ (1,777)</u>
<b>Derivatives not designated as hedging instruments</b>								
Currency forward contracts	Other current assets / other assets	\$ 2,873	\$ (572)	\$ 2,301	Other current liabilities / other liabilities	\$ (6,074)	\$ 1,589	\$ (4,485)
Currency option contracts	Other current assets / other assets	990	—	990	Other current liabilities / other liabilities	(3,055)	—	(3,055)
Total derivatives not designated as hedging instruments		<u>\$ 3,863</u>	<u>\$ (572)</u>	<u>\$ 3,291</u>		<u>\$ (9,129)</u>	<u>\$ 1,589</u>	<u>\$ (7,540)</u>

June 30, 2022

	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
<b>Derivatives designated as hedging instruments</b>								
<b>Derivatives in cash flow hedging relationships</b>								
Interest rate swaps	Other current assets / other assets	\$ 14,336	\$ —	\$ 14,336	Other current liabilities / other liabilities	\$ —	\$ —	\$ —
Cross-currency swaps	Other assets	—	—	—	Other liabilities	(446)	—	\$ (446)
Total derivatives designated as hedging instruments		<u>\$ 14,336</u>	<u>\$ —</u>	<u>\$ 14,336</u>		<u>\$ (446)</u>	<u>\$ —</u>	<u>\$ (446)</u>
<b>Derivatives not designated as hedging instruments</b>								
Currency forward contracts	Other current assets / other assets	\$ 24,440	\$ (3,802)	\$ 20,638	Other current liabilities / other liabilities	\$ (505)	\$ —	\$ (505)
Currency option contracts	Other current assets / other assets	10,612	(1)	10,611	Other current liabilities / other liabilities	(9)	—	(9)
Total derivatives not designated as hedging instruments		<u>\$ 35,052</u>	<u>\$ (3,803)</u>	<u>\$ 31,249</u>		<u>\$ (514)</u>	<u>\$ —</u>	<u>\$ (514)</u>

The following table presents the effect of our derivative financial instruments designated as hedging instruments and their classification within comprehensive loss, net of tax, for the years ended June 30, 2023 and 2022:

	Year Ended June 30,	
	2023	2022
<b>Derivatives in cash flow hedging relationships</b>		
Interest rate swaps	\$ 11,151	\$ 25,511
Cross-currency swaps	(1,160)	(22,698)
<b>Derivatives in net investment hedging relationships</b>		
Intercompany loan	(8,384)	49,225
Currency forward contracts	—	13,622
Total	<u>\$ 1,607</u>	<u>\$ 65,660</u>

The following table presents reclassifications out of accumulated other comprehensive loss for the years ended June 30, 2023 and 2022:

	Amount of Net Gain (Loss) Reclassified from Accumulated Other Comprehensive Loss into Income		Affected line item in the Statement of Operations
	Year Ended June 30,		
	2023	2022	
Derivatives in cash flow hedging relationships			
Interest rate swaps .....	\$ (4,851)	\$ 9,998	Interest payable and similar expense, net
Cross-currency swaps .....	903	18,286	Other income (expense), net
Total before income tax .....	(3,948)	28,284	(Loss) income before income taxes
Income tax .....	1,075	(2,087)	Income tax expense
Total .....	\$ (2,873)	\$ 26,197	

The following table presents the adjustment to fair value recorded within the consolidated statements of operations for the years ended June 30, 2023 and 2022 for derivative instruments for which we did not elect hedge accounting and de-designated derivative financial instruments that did not qualify as hedging instruments.

	Amount of Gain (Loss) Recognized in Net Loss		Affected line item in the Statement of Operations
	Year Ended June 30,		
	2023	2022	
Currency contracts	\$ 3,311	\$ 51,784	Other income (expense), net
Interest rate swaps	—	6,364	Other income (expense), net
Total	\$ 3,311	\$ 58,148	

## 11. Property, Plant, and Equipment, Net

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

Cost basis:	Land and buildings	Machinery and production equipment	Computer software and equipment	Furniture, fixtures and office equipment	Construction in progress	Total
Balance at June 30, 2022 . . .	\$ 265,915	\$ 424,315	\$ 103,615	\$ 35,682	\$ 13,116	\$ 842,643
Additions . . . . .	1,437	30,468	5,678	1,051	32,672	71,306
Acquisitions . . . . .	382	9,446	—	540	26	10,394
Disposals . . . . .	(3,747)	(23,145)	(20,476)	(1,284)	(238)	(48,890)
Other movements (1) . . . . .	(14,244)	(14,092)	(1,080)	(846)	(244)	(30,506)
Transfers to (from) CIP . . . . .	4,729	21,452	3,888	649	(30,718)	—
Exchange differences . . . . .	3,110	8,209	1,798	254	374	13,745
Balance at June 30, 2023 . . .	257,582	456,653	93,423	36,046	14,988	858,692
<b>Accumulated depreciation:</b>						
Balance at June 30, 2022 . . .	(129,724)	(308,435)	(90,121)	(27,537)	—	(555,817)
Depreciation . . . . .	(13,026)	(35,920)	(8,210)	(2,363)	—	(59,519)
Acquisitions . . . . .	(290)	(2,899)	—	(316)	—	(3,505)
Disposals . . . . .	2,935	20,650	20,272	1,205	—	45,062
Other movement . . . . .	3,517	5,698	888	1,191	—	11,294
Exchange differences . . . . .	(1,691)	(5,133)	(1,504)	(305)	—	(8,633)
Balance at June 30, 2023 . . .	(138,279)	(326,039)	(78,675)	(28,125)	—	(571,118)
<b>Property, plant and equipment, net, at June 30, 2023 . . . . .</b>	<b>\$ 119,303</b>	<b>\$ 130,614</b>	<b>\$ 14,748</b>	<b>\$ 7,921</b>	<b>\$ 14,988</b>	<b>\$ 287,574</b>

(1) During the fiscal year ended June 30, 2023, the "Other movements" in Property, plant, and equipment are largely due to the planned sale of the Japan land and building, which resulted in the classification of the carrying value to prepaid expenses and other current assets since it met held-for-sale criteria as of June 30, 2023. Refer to Note 5 for additional details.



Cost basis:	Land and buildings	Machinery and production equipment	Computer software and equipment	Furniture, fixtures and office equipment	Construction in progress	Total
Balance at June 30, 2021	\$ 293,756	\$ 453,334	\$ 119,741	\$ 38,358	\$ 7,242	\$ 912,431
Additions	1,850	10,941	6,646	622	48,462	68,521
Acquisitions	24	—	141	546	—	711
Disposals	(12,366)	(24,548)	(18,999)	(3,478)	(1)	(59,392)
Impairments	—	—	—	—	—	—
Other movements (1)	(166)	(20,390)	114	29	(383)	(20,796)
Transfers to (from) CIP	1,934	34,563	2,847	1,583	(41,444)	(517)
Exchange differences	(19,117)	(29,585)	(6,875)	(1,978)	(760)	(58,315)
Balance at June 30, 2022	265,915	424,315	103,615	35,682	13,116	842,643
<b>Accumulated depreciation:</b>						
Balance at June 30, 2021	(129,716)	(317,475)	(106,938)	(29,623)	—	(583,752)
Depreciation	(18,148)	(39,967)	(7,748)	(2,811)	—	(68,674)
Acquisitions	—	—	—	—	—	—
Disposals	8,658	25,837	18,963	3,460	—	56,918
Impairments	—	—	—	—	—	—
Other movements (1)	1,212	3,307	(260)	(156)	—	4,103
Exchange differences	8,270	19,863	5,862	1,593	—	35,588
Balance at June 30, 2022	(129,724)	(308,435)	(90,121)	(27,537)	—	(555,817)
<b>Property, plant and equipment, net, at June 30, 2022</b>	<b>\$ 136,191</b>	<b>\$ 115,880</b>	<b>\$ 13,494</b>	<b>\$ 8,145</b>	<b>\$ 13,116</b>	<b>\$ 286,826</b>

(1) Other movements primarily includes the decrease caused by the exercise of a purchase option for a previously leased facility which we immediately sold to a third party during the year ended June 30, 2022. Refer to Note 22 for additional details.

Depreciation expense, inclusive of assets under finance leases, totaled \$59,841 and \$67,513 for the years ended June 30, 2023 and 2022, respectively. Our range of estimated useful lives applied to each asset class is presented in the following table.

	Estimated useful lives
Land improvements	10 years
Building and building improvements	10 - 30 years
Machinery and production equipment	4 - 10 years
Machinery and production equipment under finance lease	4 - 10 years
Computer software and equipment	3 - 5 years
Furniture, fixtures and office equipment	5 - 7 years
Leasehold improvements	Shorter of lease term or expected life of the asset

## 12. Goodwill and Acquired Intangible Assets

The carrying amount of goodwill by reportable segment as of June 30, 2023 and 2022 was as follows:

	Vista	PrintBrothers	The Print Group	All Other Businesses	Total
Balance as of June 30, 2021	\$ 225,147	\$ 137,307	\$ 164,220	\$ 200,305	\$ 726,979
Acquisitions (1)	73,168	10,484	—	—	83,652
Adjustments	(821)	—	—	—	(821)
Effect of currency translation adjustments (2)	(5,996)	(16,963)	(20,251)	—	(43,210)
Balance as of June 30, 2022	291,498	130,828	143,969	200,305	766,600
Acquisitions (1)	—	4,724	—	—	4,724
Impairment (3)	—	—	—	(5,609)	(5,609)
Adjustments	—	—	—	225	225
Effect of currency translation adjustments (2)	4,233	5,540	5,828	—	15,601
Balance as of June 30, 2023	\$ 295,731	\$ 141,092	\$ 149,797	\$ 194,921	\$ 781,541

(1) In fiscal year 2023, we acquired a small business that is included in our PrintBrothers reportable segment, which included cash consideration of \$498 and the recognition of goodwill of \$4,724. The consideration for this purchase included the effective settlement of the company's existing liabilities to a Cimpress business.

In fiscal year 2022, we acquired Depositphotos Inc., which is included in our Vista reportable segment and recognized goodwill related to an immaterial acquisition within our PrintBrothers reportable segment. Refer to Note 4 for additional details.

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

(3) During the fourth quarter of fiscal year 2023, we recorded an impairment charge of \$5,609, related to one of our small reporting units acquired in fiscal year 2021 that is part of our All Other Businesses reportable segment. See below for additional details.

### Annual Impairment Review

Our goodwill accounting policy establishes an annual goodwill impairment test date of May 31. We identified ten reporting units with goodwill individually. We considered the timing of our most recent fiscal year 2022 fair value assessments, associated headroom, actual operating results as compared to the forecasts used to assess fair value, the current long-term forecasts for each reporting unit, and the general economic environment of each reporting unit. After performing this qualitative assessment, we determined that there was no indication the carrying values for seven of these reporting units exceeded their respective fair values.

For each of the three remaining reporting units, we performed a quantitative goodwill impairment test that compared the estimated fair value to carrying value. We used the income approach, specifically the discounted cash flow method, to derive the fair value. This approach calculates fair value by estimating the after-tax cash flows attributable to a reporting unit and then discounting the after-tax cash flows to a present value using a risk-adjusted discount rate. We selected this method as being the most meaningful in preparing our goodwill assessment as we believe the income approach most appropriately measures our income-producing assets. We considered using the market approach, but concluded it was not appropriate in valuing these particular reporting units given the lack of relevant market comparisons available. The cash flow projections in the fair value analysis are considered Level 3 inputs, and consist of management's estimates of revenue growth rates and operating margins, taking into consideration historical results, as well as industry and market conditions. The discount rate used in the fair value analysis is based on a weighted average cost of capital ("WACC"), which represents the average rate a business must pay its providers of debt and equity, plus a risk premium. As required, prior to performing the quantitative goodwill impairment test for the three reporting units mentioned above, we first evaluated the recoverability of long-lived assets and concluded that no impairment of long-lived assets existed.

The quantitative tests were performed for Exaprint, which is part of The Print Group reportable segment, one small reporting unit that is part of our The Print Group reportable segment, as well as a small reporting unit that was acquired by our BuildASign business and included in the All Other Businesses reportable segment. For the Exaprint reporting unit and the small reporting unit that is part of The Print Group reportable segment, we concluded that substantial headroom between the estimated fair value and carrying value existed and that no goodwill impairment was identified. For the one remaining reporting unit, which is a small reporting unit included in our All Other Businesses reportable segment, we concluded that an impairment existed, driven in part by recent declines in revenue growth rates and lower near-term cash flow forecasts. We recognized an impairment charge of \$5,609, using a WACC of 17.0%, resulting in a post-impairment goodwill balance of \$8,824 at June 30, 2023.

## Intangible Assets

	Balance as of June 30, 2022	Acquisitions	Other	Effect of Currency Translation Adjustments	Balance as of June 30, 2023
Cost basis:					
Trade name	\$ 144,916	\$ —	\$ —	\$ 2,180	\$ 147,096
Developed technology	96,119	—	—	1,197	97,316
Customer relationships	195,767	—	—	4,165	199,932
Customer network and other	23,946	—	—	422	24,368
Print network	22,982	—	—	927	23,909
Total intangible assets at cost	483,730	—	—	8,891	492,621
Accumulated amortization:					
	Balance as of June 30, 2022	Amortization	Other	Effect of Currency Translation Adjustments	Balance as of June 30, 2023
Trade name	(65,203)	(10,872)	—	(1,425)	(77,500)
Developed technology	(75,585)	(13,620)	—	1,333	(87,872)
Customer relationships	(160,247)	(17,328)	—	(6,305)	(183,880)
Customer network and other	(11,580)	(2,472)	—	(418)	(14,470)
Print network	(16,385)	(2,562)	—	(756)	(19,703)
Total intangible assets accumulated amortization	(329,000)	(46,854)	—	(7,571)	(383,425)
<b>Net intangible assets</b>	<b>\$ 154,730</b>				<b>\$ 109,196</b>

	Balance as of June 30, 2021	Acquisitions	Other (1)	Effect of Currency Translation Adjustments	Balance as of June 30, 2022
Cost basis:					
Trade name	\$ 152,347	\$ 2,500	\$ (300)	\$ (9,631)	\$ 144,916
Developed technology	99,905	4,744	(3,000)	(5,530)	96,119
Customer relationships	199,294	14,748	—	(18,275)	195,767
Customer network and other	22,301	7,700	(4,600)	(1,455)	23,946
Print network	26,181	—	—	(3,199)	22,982
Total intangible assets at cost	500,028	29,692	(7,900)	(38,090)	483,730
Accumulated amortization:					
	Balance as of June 30, 2021	Amortization	Other (1)	Effect of Currency Translation Adjustments	Balance as of June 30, 2022
Trade name	(59,432)	(12,130)	300	6,059	(65,203)
Developed technology	(71,255)	(12,943)	3,000	5,613	(75,585)
Customer relationships	(152,410)	(23,866)	—	16,029	(160,247)
Customer network and other	(14,430)	(2,955)	4,600	1,205	(11,580)
Print network	(15,757)	(2,603)	—	1,975	(16,385)
Total intangible assets accumulated amortization	(313,284)	(54,497)	7,900	30,881	(329,000)
<b>Net intangible assets</b>	<b>\$ 186,744</b>				<b>\$ 154,730</b>

(1) The cost basis and accumulated amortization for fully amortized intangible assets were removed from the gross basis presentation above as there was no remaining net book value for these assets as of June 30, 2022.

Acquired intangible assets amortization expense for the years ended June 30, 2023 and 2022 was \$46,854 and \$54,497, respectively. Estimated intangible assets amortization expense for each of the five succeeding fiscal years and thereafter is as follows:

2024	\$	32,424
2025		19,049
2026		12,333
2027		10,842
2028		8,721
Thereafter		25,827
	\$	<u>109,196</u>

### 13. Other Assets, Including Derivatives

Other non-current assets are summarized as follows:

	June 30,	
	2023	2022
Deposits	\$ 5,465	\$ 4,972
Derivative assets	18,631	19,713
Other assets	21,539	23,717
Total non-current investments, including derivatives	<u>\$ 45,635</u>	<u>\$ 48,402</u>

### 14. Debtors

Debtors are summarized as follows:

	June 30,	
	2023	2022
Trade debtors	\$ 73,983	\$ 70,025
Allowance for doubtful accounts	(6,630)	(6,140)
Total trade and other receivables, net	<u>\$ 67,353</u>	<u>\$ 63,885</u>

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

### 15. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets are summarized as follows:

	June 30,	
	2023	2022
Prepaid expenses	\$ 37,979	\$ 35,573
VAT and other indirect taxes	28,159	24,812
Other current assets	24,683	18,636
Total other current assets	<u>\$ 90,821</u>	<u>\$ 79,021</u>

### 16. Provisions and Creditors

The components of Provisions as of June 30, 2023 and 2022 were as follows:

Provisions for liabilities:	June 30,	
	2023	2022
Deferred tax liabilities	\$ 47,351	\$ 41,142
Restructuring provision	7,567	13,449
Sales return reserve	6,441	6,286
Total provisions	<u>\$ 61,359</u>	<u>\$ 60,877</u>

The following table summarizes the deferred tax liabilities activity during the years ended June 30, 2023 and 2022:

Deferred tax liabilities as of June 30, 2021	27,430
Additions to the provision	24,170
Netting with deferred tax asset	(3,427)
Use of the provision	(5,180)
Impact of currency exchange rates	(1,851)
Deferred tax liabilities as of June 30, 2022	41,142
Additions to the provision	13,444
Netting with deferred tax asset	1,987
Use of the provision	(9,995)
Impact of currency exchange rates	773
Deferred tax liabilities as of June 30, 2023 (1)	<u>\$ 47,351</u>

(1) The deferred tax liability balance is included in the other non-current liabilities line in our consolidated balance sheet as of June 30, 2023 and 2022.

The following table summarizes the sales return reserve activity during the years ended June 30, 2023 and 2022:

Sales return reserve as of June 30, 2021	5,636
Sales returns	(61,299)
Additions to the provision	61,949
Sales return reserve as of June 30, 2022	6,286
Sales returns	(63,253)
Additions to the provision	63,408
Sales return reserve as of June 30, 2023	<u>\$ 6,441</u>

Refer to Note 5 for the presentation of our restructuring provision activity for the years ended June 30, 2023 and 2022.

The components of Creditors as of June 30, 2023 and 2022 were as follows:

<b>Creditors:</b>	<b>June 30,</b>	
	<b>2023</b>	<b>2022</b>
<i>Amounts falling due within one year:</i>		
Accounts payable .....	\$ 285,784	\$ 313,710
Accrued expenses .....	171,064	184,581
Deferred revenue .....	44,698	58,861
Social security payable .....	9,355	7,638
Income tax payable .....	17,627	9,254
Value added tax payable .....	35,639	32,632
Current portion of long-term debt .....	10,713	10,386
Current operating lease liabilities .....	22,559	27,706
Current portion of finance lease obligations .....	9,938	6,684
Short-term derivative liabilities .....	9,865	4,299
Variable compensation incentives .....	9,413	—
Other (1) .....	4,666	17,051
Total creditors falling due within one year .....	<u>\$ 631,321</u>	<u>\$ 672,802</u>

(1) The decrease in other current creditor balances is due in part to the payment of an acquisition-related liability associated with our Depositphotos acquisition of \$6,875 that occurred during the third quarter of fiscal year 2023. Refer to Note 4 for additional details.

	<b>June 30,</b>	
	<b>2023</b>	<b>2022</b>
<i>Amounts falling due after more than one year:</i>		
Long-term debt .....	\$ 1,627,243	\$ 1,675,562
Long-term operating lease liabilities .....	56,668	57,474
Long-term finance lease obligations (1) .....	29,822	14,699
Long-term derivative liabilities .....	1,737	463
Long-term compensation incentives .....	22,286	19,934
Mandatorily redeemable noncontrolling interests (2) .....	12,018	—
Other tax payable .....	10,096	9,198
Other .....	14,099	20,101
Total creditors falling due after more than one year .....	<u>\$ 1,773,969</u>	<u>\$ 1,797,431</u>

(1) The increase in long-term finance lease obligations compared to the prior year was largely due to the extension of various lease contracts across our reportable segments as well as the inclusion of finance lease obligations from the acquisition of a small business within our PrintBrothers reportable segment during fiscal year 2023.

(2) During the second quarter of fiscal year 2023, we reclassified the noncontrolling interest for three businesses in the PrintBrothers reportable segment to other liabilities, due to the exercise of a put option for a portion of the minority equity interests, which triggered a mandatory redemption feature for the remaining minority equity interest. Refer to Note 21 for additional details.

Accrued expenses included the following:

	June 30,	
	2023	2022
Compensation costs	\$ 74,879	\$ 78,521
Advertising costs	16,548	25,925
Third party manufacturing and digital content costs	17,380	15,790
Shipping costs	11,146	10,228
Restructuring costs	7,567	13,449
Professional costs	2,743	2,394
Interest payable	2,847	2,477
Other	37,954	35,797
Total accrued expenses	<u>\$ 171,064</u>	<u>\$ 184,581</u>

## 17. Debt

	June 30,	
	2023	2022
7.0% Senior Notes due 2026 (1)	\$ 548,300	\$ 600,000
Senior secured credit facility	1,098,613	1,097,302
Other	7,076	8,063
Debt issuance costs and debt premiums (discounts)	(16,033)	(19,417)
Total debt outstanding, net	<u>1,637,956</u>	<u>1,685,948</u>
Less: short-term debt (2)	<u>10,713</u>	<u>10,386</u>
Long-term debt	<u>\$ 1,627,243</u>	<u>\$ 1,675,562</u>

(1) During the fourth quarter of fiscal 2023, we repurchased an aggregate principal amount of \$51,700 of our 7.0% Senior Notes due 2026. Refer below for additional details.

(2) Balances as of June 30, 2023 and June 30, 2022 are inclusive of short-term debt issuance costs, debt premiums and discounts of \$3,526 and \$3,498, respectively.

Our various debt arrangements described below contain customary representations, warranties, and events of default. As of June 30, 2023, we were in compliance with all covenants in our debt contracts, including those under our amended and restated senior secured credit agreement ("Restated Credit Agreement") and the indenture governing our 2026 Notes.

### Senior Secured Credit Facility

On May 17, 2021, we entered into a Restated Credit Agreement consisting of the following:

- A senior secured Term Loan B with a maturity date of May 17, 2028 (the "Term Loan B"), consisting of:
  - a \$795,000 tranche that bears interest at LIBOR (with a LIBOR floor of 0.50%) plus 3.50%, and
  - a €300,000 tranche that bears interest at EURIBOR (with a EURIBOR floor of 0%) plus 3.50%; and
- A \$250,000 senior secured revolving credit facility with a maturity date of May 17, 2026 (the "Revolving Credit Facility"). Borrowings under the Revolving Credit Facility bear interest at LIBOR (with a LIBOR floor of 0%) plus 2.50% to 3.00% depending on the Company's First Lien Leverage Ratio, a net leverage calculation, as defined in the Restated Credit Agreement.

The LIBOR sunset occurred on June 30, 2023, and under the terms of our Restated Credit Agreement, our benchmark rate transitioned to Term SOFR in July 2023.

The Restated Credit Agreement contains covenants that restrict or limit certain activities and transactions by Cimpres and our subsidiaries, including, but not limited to, the incurrence of additional indebtedness and liens; certain fundamental organizational changes; asset sales; certain intercompany activities; and certain investments and restricted payments, including purchases of Cimpres plc's ordinary shares and payment of dividends. In

addition, if any loans made under the Revolving Credit Facility are outstanding on the last day of any fiscal quarter, then we are subject to a financial maintenance covenant that the First Lien Leverage Ratio calculated as of the last day of such quarter does not exceed 3.25 to 1.00.

As of June 30, 2023, we have borrowings under the Restated Credit Agreement of \$1,098,613 consisting of the Term Loan B, which amortizes over the loan period, with a final maturity date of May 17, 2028. We have no outstanding borrowings under our Revolving Credit Facility as of June 30, 2023.

As of June 30, 2023, the weighted-average interest rate on outstanding borrowings under the Restated Credit Agreement was 7.69%, inclusive of interest rate swap rates. We are also required to pay a commitment fee for our Revolving Credit Facility on unused balances of 0.35% to 0.45% depending on our First Lien Leverage Ratio. We have pledged the assets and/or share capital of a number of our subsidiaries as collateral for our debt as of June 30, 2023.

#### *Senior Unsecured Notes*

As of June 30, 2023, we have \$548,300 in aggregate principal outstanding of our 2026 Notes, which are unsecured. We can redeem some or all of the 2026 Notes at the redemption prices specified in the indenture that governs the 2026 Notes, plus accrued and unpaid interest to, but not including, the redemption date. During the fourth quarter of fiscal year 2023, we repurchased an aggregate principal amount of \$51,700, for a repurchase price of \$44,994, as well as the related settlement of unpaid interest. We recognized a gain on the extinguishment of debt of \$6,764, which included an immaterial write-off of unamortized debt issuance costs and debt premiums.

#### *Other Debt*

Other debt consists primarily of term loans acquired through our various acquisitions or used to fund certain capital investments. As of June 30, 2023 and 2022, we had \$7,076 and \$8,063, respectively, outstanding for those obligations that are payable through September 2027.

### **18. Called Up Share Capital**

#### ***Authorised***

100 ordinary shares, nominal value of €1.00 each at June 30, 2019. Increased to 100,000,000 ordinary shares, nominal value of €0.01 each and 100,000,000 preferred shares, nominal value of €0.01 each as of June 30, 2023 and 2022.

	June 30, 2023	June 30, 2022
Allotted and fully paid - presented as equity:		
Ordinary shares, par €1 each, 100 issued and outstanding on June 30, 2019	\$ —	\$ —
Ordinary shares, nominal value €0.01 per share, 100,000,000 shares authorized; 44,315,855 and 44,083,569 shares issued, respectively; 26,344,608 and 26,112,322 shares outstanding, respectively	518	516
Total	<u>\$ 518</u>	<u>\$ 516</u>

### **19. Shareholders' Deficit**

#### *Warrants*

In conjunction with our issuance of our 12% Senior Secured Notes due 2025 in fiscal year 2020, which we subsequently redeemed in fiscal year 2021, we also issued 7-year warrants to purchase 1,055,377 ordinary shares of Cimpress, representing approximately 3.875% of our outstanding diluted ordinary shares at the time of issuance. The warrants, which currently remain outstanding, are accounted for as equity, as they are redeemable only in our own shares, with an exercise price of \$60 per share. The warrants may be exercised by cash payment or through cashless exercise by the surrender of warrant shares having a value equal to the exercise price of the portion of the warrant being exercised.

The fair value used for the warrants in this allocation was calculated using the Monte Carlo valuation model. The valuation of the notes and warrants resulted in a carrying value allocated to the warrants of \$22,432, which, in



addition to be being accounted for as an equity instrument recorded in additional paid in capital, was included as a discount to the 12% Senior Secured Notes.

### *Share-based awards*

On November 25, 2020, our shareholders approved our 2020 Equity Incentive Plan, or the 2020 Plan. Upon approval, we ceased granting any new awards under any of our prior equity plans that had shares available for future grant, consisting of our 2016 Performance Equity Plan, 2011 Equity Incentive Plan, and 2005 Non-Employee Directors' Share Option Plan, and we now grant all equity awards under the 2020 Plan. The maximum number of ordinary shares to be issued under the 2020 Plan is 5,500,000 plus an additional number of ordinary shares equal to the number of PSUs currently outstanding under the 2016 Performance Equity Plan that expire, terminate or are otherwise surrendered, canceled, or forfeited. The 2020 Plan allows us to grant share options, share appreciation rights, restricted shares, restricted share units, other share-based awards, and dividend equivalent rights to our employees, officers, non-employee directors, consultants, and advisors.

Our 2016 Performance Equity Plan previously allowed us to grant PSUs to our employees, officers, non-employee directors, consultants, and advisors. The 2011 Equity Incentive Plan previously allowed us to grant share options, share appreciation rights, restricted shares, restricted share units and other awards based on our ordinary shares to our employees, officers, non-employee directors, consultants, and advisors. Our 2005 Non-Employee Directors' Share Option Plan previously allowed us to grant share options to our non-employee directors upon initial appointment as a director and annually thereafter in connection with our annual general meeting of shareholders if they continued to serve as a director at such time.

As of June 30, 2023, 2,201,615 ordinary shares were available for future awards under our 2020 Plan. For PSUs, we assumed that we would issue ordinary shares equal to 250% of the outstanding PSUs, which is the maximum potential share issuance. Treasury shares and newly issued shares have both historically been used in fulfillment of our share-based awards.

### *Performance share units*

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

A summary of our PSU activity and related information for the fiscal year ended June 30, 2023 is as follows:

	PSUs	Weighted-Average Grant Date Fair Value	Aggregate Intrinsic Value
Outstanding at the beginning of the period	1,359,242	\$130.61	
Granted	75,000	17.61	
Vested and distributed	—	—	
Forfeited	(32,498)	134.95	
Outstanding at the end of the period	1,401,744	\$124.46	\$ 83,376

The weighted average fair value of PSUs granted during the fiscal years ended years ended June 30, 2023 and 2022 was \$17.61 and \$110.28, respectively. The total intrinsic value of PSUs outstanding as of years ended June 30, 2023 and 2022 was \$83,376 and \$52,875, respectively. The total intrinsic value of PSUs assumes that the performance condition is met; however, it is possible that a portion or all of these PSUs will not achieve the associated performance condition. As of June 30, 2023, the number of shares subject to PSUs included in the table above assumes the issuance of one share for each PSU, but based on actual performance that amount delivered can range from zero shares to a maximum of 3,504,360 shares.

### Restricted share units

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

A summary of our RSU activity and related information for the fiscal year ended June 30, 2023 is as follows:

	RSUs	Weighted-Average Grant Date Fair Value	Aggregate Intrinsic Value
Unvested at the beginning of the period	1,038,234	\$ 83.66	
Granted	1,120,951	44.25	
Vested and distributed	(334,971)	79.94	
Forfeited	(353,921)	63.69	
Unvested at the end of the period	<u>1,470,293</u>	\$ 59.27	\$ 87,453

The weighted average fair value of RSUs granted during the fiscal years ended years ended June 30, 2023 and 2022 was \$44.25 and \$80.26, respectively. The total intrinsic value of RSUs vested during the fiscal years ended years ended June 30, 2023 and 2022 was \$13,544 and \$10,123, respectively.

### Share options

We have granted options to purchase ordinary shares at prices that are at least equal to the fair market value of the shares on the date the option is granted and that generally vest over 4 years with a contractual term of ten years.

The fair value of each option award subject only to service period vesting is estimated on the date of grant using the Black-Scholes option pricing model and recognized as expense on a straight-line basis over the requisite service period. Use of a valuation model requires management to make certain assumptions with respect to inputs. The expected volatility assumption is based upon historical volatility of our share price. The expected term assumption is based on the contractual and vesting term of the option and historical experience. The risk-free interest rate is based on the U.S. Treasury yield curve with a maturity equal to the expected life assumed at the grant date. We value share options with a market condition using a lattice model with compensation expense recorded on an accelerated basis over the requisite service period.

During fiscal year 2023, we granted 436,211 options, and in fiscal year 2022, we did not grant any share options. Weighted-average values used for option awards in fiscal year 2023 were as follows:

	Year Ended June 30, 2023
Risk-free interest rate	3.06 %
Expected dividend yield	— %
Expected term (years)	4.01
Expected volatility	61.99 %
Weighted average fair value of options granted	\$ 22.83

A summary of our share option activity and related information for the year ended June 30, 2023 is as follows:

	Shares Pursuant to Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
Outstanding at the beginning of the period	5,298	\$ 80.01	2.8	
Granted	436,211	45.94		
Exercised	(7,073)	46.20		
Forfeited/expired	(46,989)	46.20		
Outstanding at the end of the period	387,447	46.37	9.0	\$ 5,189
Exercisable at the end of the period	98,591	\$ 48.02	8.6	\$ 1,239

The intrinsic value in the table above represents the total pre-tax amount, net of exercise price, which would have been received if all option holders exercised in-the-money options on June 30, 2023. The total intrinsic value of options exercised during the fiscal year ended June 30, 2023 was \$41, while no options were exercised during the fiscal year ended June 30, 2022.

#### *Share-based compensation*

Total share-based compensation costs were \$42,122 and \$49,766, for the years ended years ended June 30, 2023 and 2022, respectively, and we recognize the impact of forfeitures as they occur. Share-based compensation costs capitalized as part of software and website development costs were \$1,879 and \$1,221, for the years ended years ended June 30, 2023 and 2022, respectively. As of June 30, 2023, there was \$77,410 of total unrecognized compensation cost related to non-vested, share-based compensation arrangements. This cost is expected to be recognized over a weighted average period of 2.6 years.

## **20. Employees' Savings Plans**

#### *Defined contribution plans*

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

We expensed \$16,061 and \$16,157, for our government-mandated and defined contribution plans in the years ended years ended June 30, 2023 and 2022, respectively.

#### *Defined benefit plan*

We currently have a defined benefit plan that covers substantially all of our employees in Switzerland. Our Swiss plan is a government-mandated retirement fund with benefits generally earned based on years of service and compensation during active employment; however, the level of benefits varies within the plan. Eligibility is determined in accordance with local statutory requirements. Under this plan, both we and certain employees with annual earnings in excess of government determined amounts are required to make contributions into a fund managed by an independent investment fiduciary. Employer contributions must be in an amount at least equal to the employee's contribution. Minimum employee contributions are based on the respective employee's age, salary, and gender. As of June 30, 2023 and 2022, the plan had an unfunded net pension obligation of approximately \$1,134 and \$1,173, respectively, and plan assets, which totaled approximately \$5,497 and \$4,754, respectively. For the years ended years ended June 30, 2023 and 2022 we recognized expense totaling \$282 and \$537, respectively, related to our Swiss plan.

## 21. Noncontrolling Interests

### Redeemable Noncontrolling Interests

For some of our subsidiaries, we own a controlling equity stake, and a third party or key members of the business management team own a minority portion of the equity. The put options for several of our noncontrolling interests were exercised during the second quarter of fiscal year 2023 as summarized below. In addition to the noncontrolling interests described below, we also have several less significant minority interests that span multiple businesses and reportable segments.

#### PrintBrothers

Members of the PrintBrothers management team hold minority equity interests in several businesses within the reportable segment. During the second quarter of fiscal year 2023, put options were exercised by the minority interest holders for a portion of their equity interests that required us to purchase 10% to 11% in three of the respective businesses for a total of \$90,841. The exercise of the put options triggered a mandatory redemption feature for the remaining minority equity interests, which requires the purchase of the remaining 1% equity interests on the third anniversary of the put option exercise, absent the earlier exercise of a call option on the first or second anniversaries by Cimpress. The remaining noncontrolling interests are mandatorily redeemable, which required the reclassification of the remaining equity interests to a liability, which has been presented in other liabilities within our consolidated balance sheet.

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

	Redeemable Noncontrolling Interest	Noncontrolling Interest
Balance as of June 30, 2021	\$ 71,120	\$ —
Acquisition of noncontrolling interest (1)	4,453	—
Accretion to redemption value (2)	61,962	—
Net income attributable to noncontrolling interests	3,761	—
Distribution to noncontrolling interests (3)	(3,963)	—
Purchase of noncontrolling interest (4)	(2,165)	—
Foreign currency translation	(3,685)	—
Balance as of June 30, 2022	131,483	—
Acquisition of noncontrolling interest (1)	—	365
Accretion to redemption value (2)	(7,236)	—
Net income attributable to noncontrolling interests	180	83
Distribution to noncontrolling interests (3)	(3,652)	—
Purchase of noncontrolling interest (4)	(95,567)	—
Reclassification to mandatorily redeemable noncontrolling interest (5)	(9,582)	—
Foreign currency translation	(4,733)	11
Balance as of June 30, 2023	\$ 10,893	\$ 459

- (1) During fiscal years 2023 and 2022, we acquired the majority equity interests in two separate immaterial businesses within our PrintBrothers reportable segment.
- (2) Accretion of redeemable noncontrolling interests to redemption value recognized in retained earnings is the result of changes in the estimated redemption amount to the extent increases do not exceed the estimated fair value.
- (3) Distributions to noncontrolling interests include contractually required profit sharing payments made annually to the minority interest holders in one of the PrintBrothers businesses.
- (4) As discussed above, we purchased an additional 10% to 11% of the equity interests in three PrintBrothers businesses during the second quarter of fiscal year 2023, as well as the 1% minority interest in our BuildASign business. In fiscal year 2022, we paid the final redemption amount to one minority equity interest holder in our PrintBrothers businesses, which we agreed to purchase in fiscal year 2021.
- (5) During the second quarter of fiscal year 2023, the minority equity interest holders of three PrintBrothers businesses exercised a put option that triggered a mandatory redemption feature for the remaining minority equity interests. The remaining minority equity interests were reclassified to mandatorily redeemable noncontrolling interests, as part of other liabilities within the consolidated balance sheets. Refer above for additional information regarding the transaction.

## 22. Leases

We lease certain machinery and plant equipment, office space, and production and warehouse facilities under non-cancelable operating leases that expire on various dates through 2037. Our finance leases primarily relate to machinery and plant equipment. Over the past three years, we continually assessed our leased real estate

footprint as a facet of our evolving remote-first operating model for many of our employees, which resulted in a decrease to our leased real estate portfolio over this period of time.

The following table presents the classification of right-of-use assets and lease liabilities as of June 30, 2023 and 2022:

Leases	Consolidated Balance Sheet Classification	June 30, 2023	June 30, 2022
<b>Assets:</b>			
Operating right-of-use assets	Operating lease assets, net	\$ 76,776	\$ 80,694
Finance right-of-use assets	Property, plant, and equipment, net	30,616	19,181
Total lease assets		<u>\$ 107,392</u>	<u>\$ 99,875</u>
<b>Liabilities:</b>			
Current:			
Operating lease liabilities	Operating lease liabilities, current	\$ 22,559	\$ 27,706
Finance lease liabilities	Other current liabilities	9,938	6,684
Non-current:			
Operating lease liabilities	Operating lease liabilities, non-current	56,668	57,474
Finance lease liabilities	Other liabilities	29,822	14,699
Total lease liabilities		<u>\$ 118,987</u>	<u>\$ 106,563</u>

The following table represents the lease expenses for the years ended June 30, 2023 and 2022:

	Year Ended	
	June 30, 2023	June 30, 2022
Operating lease expense	\$ 30,240	\$ 26,975
Finance lease expense:		
Amortization of finance lease assets	4,565	5,892
Interest on lease liabilities	205	305
Variable lease expense	6,821	7,550
Less: sublease income	(833)	(86)
Net operating and finance lease cost	<u>\$ 40,998</u>	<u>\$ 40,636</u>

Future minimum lease payments under non-cancelable leases as of June 30, 2023 were as follows:

Payments Due by Period	Operating lease obligations	Finance lease obligations	Total lease obligations
Less than 1 year	\$ 24,159	\$ 10,904	\$ 35,063
2 years	19,464	6,080	25,544
3 years	13,466	6,072	19,538
4 years	8,998	4,364	13,362
5 years	5,991	2,482	8,473
Thereafter	16,990	13,310	30,300
Total	89,068	43,212	132,280
Less: present value discount	(9,841)	(3,452)	(13,293)
Lease liability	<u>\$ 79,227</u>	<u>\$ 39,760</u>	<u>\$ 118,987</u>

Other information about leases is as follows:

<b>Lease Term and Discount Rate</b>	<b>June 30, 2023</b>	<b>June 30, 2022</b>
Weighted-average remaining lease term (years):		
Operating leases	5.74	4.32
Finance leases	8.69	3.89
Weighted-average discount rate:		
Operating leases	5.20 %	3.71 %
Finance leases	6.23 %	2.79 %

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.

<b>Supplemental Cash Flow Information</b>	<b>Year Ended</b>	
	<b>June 30, 2023</b>	<b>June 30, 2022</b>
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 31,161	\$ 26,641
Operating cash flows from finance leases	205	305
Financing cash flows from finance leases (1)	8,290	37,512

(1) The decrease in financing cash flows from finance leases is driven by the non-recurring purchase option exercise for a leased facility in fiscal year 2022, with the purchased facility being subsequently sold. Refer to additional details below.

### *Purchase and Sale of a Leased Facility*

During fiscal year 2022, we paid \$27,885 to exercise the purchase option available for one of our leased facilities, immediately sold the facility to a separate third party for \$23,226, and recognized a \$3,324 gain on the sale within general and administrative expense on our consolidated statement of operations. The purchase option exercise was presented as a financing activity on our consolidated statement of cash flows while the sale of the facility was presented as an investing activity.

## **23. Commitments and Contingencies**

### *Debt*

The required principal payments due during the next five fiscal years and thereafter under our outstanding long-term debt obligations at June 30, 2023 are as follows:

2024	\$	14,063
2025		14,187
2026		560,317
2027		11,613
2028		1,053,809
Total	\$	<u>1,653,989</u>

### *Purchase Obligations*

At June 30, 2023, we had unrecorded commitments under contract of \$222,860. These commitments consist of inventory, third-party fulfillment, and digital services of \$100,327; third-party cloud services of \$74,912; software of \$13,678; advertising of \$10,070; professional and consulting fees of \$6,245; production and computer equipment purchases of \$3,853; and other commitments of \$13,775.

### *Lease Arrangements*

We lease certain assets, including manufacturing facilities, machinery and plant equipment, and office space under lease agreements. Refer to Note 22 for additional details.

### *Other Obligations*

In February 2023, we made a \$6,875 deferred payment for our Depositphotos acquisition, resulting in no outstanding acquisition-related deferred liabilities as of June 30, 2023.

### *Legal Proceedings*

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

## **24. Capital Expenditure Commitments**

We had \$3,853 and \$7,092 in contractually committed capital expenditures authorized by the directors of the Company as of June 30, 2023 and 2022, respectively.

## 25. Concentrations of Credit Risk

We monitor the creditworthiness of our customers to which we grant credit terms in the normal course of business. We do not have any customers that accounted for greater than 10% of our accounts receivable as of June 30, 2023 and 2022. We do not have any customers that accounted for greater than 10% of our revenue for the years ended June 30, 2023 and 2022.

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

## 26. Employees

Employee costs, including those costs for temporary positions, included in profit and loss during the years ended June 30, 2023 and 2022 consisted of the following:

	Year Ended June 30,	
	2023	2022
Wages and salaries .....	\$ 587,792	\$ 587,703
Social security costs .....	46,971	41,373
Retirement benefits .....	19,578	21,009
Other benefits .....	93,364	91,175
Total employee benefit expenses (1) .....	<u>\$ 747,705</u>	<u>\$ 741,260</u>

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

During the years ended June 30, 2023 and 2022, we capitalized \$57,078 and \$58,399, respectively, of employee costs for the development of software.

The average number of personnel employed during the years ended June 30, 2023 and 2022, including those filling temporary positions, was:

	Year Ended June 30,	
	2023	2022
Production .....	7,224	7,447
Technology and development .....	2,255	2,129
Marketing and selling .....	5,295	5,200
General and administrative .....	1,400	1,431
Average number of personnel employed .....	<u>16,174</u>	<u>16,207</u>



## 27. List of Subsidiaries

The following is a list of the subsidiaries principally affecting the Group's statutory financial statements as of June 30, 2023.

Subsidiary	Ownership Percentage in Subsidiary	Jurisdiction of Incorporation
99designs GmbH (1)	100%	Germany
99Designs Pty Ltd	100%	Australia
Araprint B.V. (2)	99%	The Netherlands
Build A Sign LLC	100%	Delaware, USA
Cimpress Australia Pty Limited	100%	Australia
Cimpress Deutschland GmbH (1)	100%	Germany
Cimpress España, S.L.	100%	Spain
Cimpress France SARL	100%	France
Cimpress India Private Limited	100%	India
Cimpress Investments B.V. (2)	100%	The Netherlands
Cimpress Ireland Limited	100%	Ireland
Cimpress Italy S.r.l.	100%	Italy
Cimpress Jamaica Limited	100%	Jamaica
Cimpress Philippines Incorporated	100%	Philippines
Cimpress Schweiz GmbH	100%	Switzerland
Cimpress Technology Czech Republic s.r.o.	100%	Czechia
Cimpress Tunisie SARL	100%	Tunisia
Cimpress UK Limited	100%	England and Wales
Cimpress USA Incorporated	100%	Delaware, USA
Cimpress USA Manufacturing Incorporated	100%	Delaware, USA
Cimpress Windsor Corporation	100%	Nova Scotia, Canada
Crello Limited	100%	Cyprus
Depositphotos EU Limited	100%	Cyprus
Depositphotos Inc.	100%	Delaware, USA
Druck.at Druck- und Handelsgesellschaft GmbH	99%	Austria
Drukwerkdeal.nl B.V. (2)	99%	The Netherlands
Drukwerkdeal.nl Productie B.V. (2)	99%	The Netherlands
Exaprint SAS	100%	France
FL Print SAS	100%	France
FM Impressos Personalizados Ltda	96%	Brazil
La Mougère SCI	100%	France
Litotipografia Alcione S.r.l.	100%	Italy
National Pen Co. LLC	100%	Delaware, USA

Listing of principal subsidiaries, continued:

Subsidiary	Ownership Percentage in Subsidiary	Jurisdiction of Incorporation
National Pen Promotional Products Limited	100%	Ireland
National Pen Tennessee LLC	100%	Delaware, USA
National Pen Tunisia SARL	100%	Tunisia
NP Corporate Services LLC	100%	Delaware, USA
Pixartprinting S.p.A.	100%	Italy
Printdeal B.V. (2)	99%	The Netherlands
Printi LLC	96%	Delaware, USA
Tradeprint Distribution Limited	100%	England and Wales
Vistaprint B.V. (2)	100%	The Netherlands
Vistaprint Canada Corporation	100%	Canada
Vistaprint Corporate Solutions Incorporated	100%	Delaware, USA
Vistaprint Limited	100%	Bermuda
Vistaprint Manufacturing Texas LLC	100%	Delaware, USA
Vistaprint Netherlands B.V. (2)	100%	The Netherlands
WIRmachenDRUCK GmbH (1)	99%	Germany

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

(2) These Dutch subsidiaries availed of disclosure exemptions pursuant to Article 2:403 of the Dutch Civil Code and are therefore exempted from the obligation to prepare and disclose audited financial statements.

## 28. Reconciliation of Amounts to 10-K

As discussed in Note 1, these consolidated financial statements are prepared using US GAAP to the extent that the use of such principles does not contravene Irish Company Law. We also prepare consolidated financial statements using US GAAP which are included in our Annual Report on Form 10-K as filed with the SEC on August 4, 2023 ("Form 10-K"). The primary differences between these statutory financial statements and our consolidated financial statements included in our Form 10-K are the presentational format of the profit and loss and balance sheet, terminology used, and the inclusion of certain additional disclosures.

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

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

Irish Company Law requires goodwill to be amortized. However, we do not believe this gives a true and fair view, as not all goodwill declines in value. In addition, since goodwill that does decline in value rarely does so on a

straight-line basis, straight-line amortization of goodwill over an arbitrary period does not reflect the economic reality. We therefore do not amortize goodwill.

## 29. Directors' Remuneration

Remuneration for the years ended June 30, 2023 and 2022 is set forth in the table below.

	Year Ended June 30,	
	2023	2022
Emoluments (1) .....	\$ 2,181	\$ 1,273
Share awards (2) .....	4,485	8,738
Total .....	<u>\$ 6,666</u>	<u>\$ 10,011</u>

(1) Emoluments include salaries, fees, bonuses, retirement benefit contributions, and any income taxes paid on behalf of the directors. No retirement benefit plan contributions were made on behalf of any directors during the years ended June 30, 2023 and June 30, 2022.

(2) Includes share-based compensation expense associated with RSUs and PSUs that are granted to our directors. Remuneration includes Robert S. Keane's compensation for his role as the Chief Executive Officer of the company. Refer to Note 2 for additional information relating to our share-based compensation expense accounting policy.

## 30. Auditors' Remuneration

The aggregate fees and expenses billed for services rendered by Cimpres plc's independent auditor PricewaterhouseCoopers, Ireland ("PwC") for the fiscal years ended June 30, 2023 and 2022 to the Group were approved by the Audit Committee of the Board of Directors and are as follows:

	Year Ended June 30,	
	2023	2022
Audit of the group financial statements .....	\$ 234	\$ 260
Audit of the financial statements of subsidiary companies .....	78	78
Tax advisory services .....	152	32
Total Fees (1) .....	<u>\$ 464</u>	<u>\$ 370</u>

(1) Additional fees to affiliates of PricewaterhouseCoopers, Ireland of \$4,322 and \$4,288 were incurred during the years ended June 30, 2023 and 2022. These amounts reflect fees for professional services, including audit fees payable to PricewaterhouseCoopers LLP in the U.S. for the audit of our consolidated financial statements.

## 31. Subsequent Events

During the first quarter of fiscal year 2024, we repurchased an aggregate principal amount of \$21,165 of our 2026 Notes, for a repurchase price of \$19,815, as well as the related settlement of unpaid interest. We recognized a gain on the extinguishment of debt of \$1,372, which included an immaterial write-off of unamortized debt issuance costs and debt premiums.

## 32. Approval of financial statements

The financial statements were approved by the directors on October 27, 2023.

**CIMPRESS PLC**  
**COMPANY BALANCE SHEET**  
*(in thousands)*

	Note	June 30, 2023	June 30, 2022
<b>Non-current assets</b>			
Financial assets .....	4	\$ 2,836,757	\$ 2,862,380
Tangible assets - furniture and fixtures .....		1	1
Other assets			
Debtors .....	5	541,636	313,631
<b>Total non-current assets</b> .....		3,378,394	3,176,012
<b>Current assets</b>			
Debtors .....	5	115,549	228,128
<b>Total current assets</b> .....		115,549	228,128
Creditors (amounts falling due within one year) .....	6	(200,069)	(151,653)
<b>Net current assets</b> .....		(84,520)	76,475
<b>Total assets less current liabilities</b> .....		3,293,874	3,252,487
Creditors (amounts falling due after more than one year) .....	6	(1,287,556)	(1,248,062)
<b>Net assets</b> .....		<u>\$ 2,006,318</u>	<u>\$ 2,004,425</u>
<b>Capital and reserves</b>			
Called up share capital presented as equity .....	7	\$ 518	\$ 516
Share premium account .....	8	37,306	10,038
Share-based compensation reserve .....		126,835	110,825
Other reserves .....		(114,259)	(114,170)
Profit and loss account .....	9	1,955,918	1,997,216
<b>Shareholders' funds</b> .....		<u>\$ 2,006,318</u>	<u>\$ 2,004,425</u>

The Company's net loss for the years ended June 30, 2023 and 2022 was \$41,298 and \$986,149, respectively. During the year ended June 30, 2022, we recognized an impairment charge associated with our investment in subsidiaries of \$973,535 as described in Note 4 to these company financial statements.

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

Approved by the Board of Directors' and signed on its behalf on October 27, 2023.

/s/ Robert S. Keane  
Robert S. Keane  
Director

/s/ Dessislava Temperley  
Dessislava Temperley  
Director

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

	Share capital	Share premium account	Share-based compensation reserve	Other reserves	Profit and loss account	Total
<b>Balance, June 30, 2021</b> .....	\$ 544	\$ 9,578	\$ 61,542	\$ (124,973)	\$ 2,983,365	\$ 2,930,056
Net loss for the year .....	—	—	—	—	(986,149)	(986,149)
Share based compensation .....	—	—	49,743	—	—	49,743
Purchase and cancellation of deferred ordinary shares .....	(28)	—	—	—	—	(28)
Shares withheld to settle taxes associated with vesting of restricted share units .....	—	—	—	3,268	—	3,268
Issuance of ordinary shares due to share option exercises and restricted share units vesting .....	—	460	(460)	—	—	—
Other comprehensive loss .....	—	—	—	7,535	—	7,535
<b>Balance, June 30, 2022</b> .....	516	10,038	110,825	(114,170)	1,997,216	2,004,425
Net loss for the year .....	—	—	—	—	(41,298)	(41,298)
Share based compensation .....	—	—	42,953	—	—	42,953
Shares withheld to settle taxes associated with vesting of restricted share units .....	—	—	—	(4,828)	—	(4,828)
Issuance of ordinary shares due to share option exercises and restricted share units vesting .....	2	27,268	(26,943)	—	—	327
Other comprehensive loss .....	—	—	—	4,739	—	4,739
<b>Balance, June 30, 2023</b> .....	<u>\$ 518</u>	<u>\$ 37,306</u>	<u>\$ 126,835</u>	<u>\$ (114,259)</u>	<u>\$ 1,955,918</u>	<u>\$ 2,006,318</u>

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

## 1. General Information

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

## 2. Basis of Preparation

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

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

The preparation of these financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. We believe our most significant estimates are associated with the ongoing evaluation of the recoverability of investment in subsidiaries, share-based compensation, and income taxes and related valuation allowances, among others. By their nature, estimates are subject to an inherent degree of uncertainty. Actual results could differ from those estimates.

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

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

### *Disclosure Exemptions for Qualifying Entities Under FRS 102*

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

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

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

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

## Going Concern

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

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

## 3. Summary of Significant Accounting Policies

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

We have elected to account for our investment in subsidiaries balance at cost less impairment. Our investment in subsidiaries is increased by capital contributions to those subsidiaries, including share-based compensation expense incurred on the subsidiaries' behalf. The balance is decreased by returns of share premium and any impairments of underlying businesses. We test for impairment whenever events or changes in circumstances indicate that the carrying amount of an investment might not be recoverable. Conditions that would necessitate an impairment assessment include a significant decline in the observable market value of the subsidiary's underlying business or any other significant adverse change that would indicate that the carrying amount of an investment may not be recoverable. Where we determine the carrying amount of an investment is not considered recoverable under present conditions, we record a provision for the diminution in value. If the reasons for which any prior provision was made have ceased to apply to any extent, the provision is written back to the extent it is no longer necessary.

## Derivative Financial Instruments

We record all derivatives on the consolidated balance sheet at fair value. We apply hedge accounting to cash flow hedges that qualify and are designated for hedge accounting treatment. Hedge accounting is discontinued prospectively if the hedging relationship ceases to be effective or the hedging or hedged items cease to exist as a result of maturity, sale, termination or cancellation.

Derivatives designated and qualifying as hedges of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges which could include interest rate swap contracts and cross-currency swap contracts. In a cash flow hedging relationship, the effective and ineffective portion of the change in the fair value of the hedging derivative is initially recorded in accumulated other comprehensive loss. The portion of gain or loss on the derivative instrument previously recorded in accumulated other comprehensive (loss) income remains in accumulated other comprehensive (loss) income until the forecasted transaction is recognized in earnings. For derivatives designated as cash flow hedges, we present the settlement amount of these contracts within cash from investing activities in our consolidated statement of cash flows, if the hedged item continues after contract settlement.

We also enter into derivative contracts that are intended to economically hedge certain of our risks, even though we may not elect to apply hedge accounting or the instrument may not qualify for hedge accounting. When hedge accounting is not applied, the changes in the fair value of the derivatives are recorded directly in earnings.

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

## Foreign currency

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

## Contingencies

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

## Taxation

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

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

## Share-Based Compensation

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

## Called up share capital presented as equity and Share premium

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

## 4. Financial Assets

The components of financial assets as of June 30, 2023 and 2022 are presented in the following table.

Financial Assets	June 30, 2023	June 30, 2022
Investment in subsidiaries	\$ 2,829,687	\$ 2,856,032
Derivative instruments	7,070	6,105
Other assets	—	243
Total	<u>\$ 2,836,757</u>	<u>\$ 2,862,380</u>



## Investment in Subsidiaries

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

Name	Country of Incorporation and Principal Place of Business	Proportion of Ownership Interest at June 30, 2023
Cimpres Investments B.V.	The Netherlands	100%
Cimpres Ireland Limited	Ireland	100%
Cimpres Italy S.r.l.	Italy	100%
Cimpres Technologies Private limited	India	100%
Cimpres Technology Czech Republic s.r.o.	Czechia	100%
Cimpres UK Limited	England and Wales	100%
PrintBrothers B.V. (1)	The Netherlands	91%
Printdeal B.V. (1)	The Netherlands	99%
Vistaprint B.V.	The Netherlands	100%
Vistaprint Limited	Bermuda	100%
Vistaprint Netherlands B.V.	The Netherlands	100%

(1) The remaining 11% interest in Printdeal B.V. is owned by PrintBrothers B.V., in which Cimpres plc directly owns 91%. Cimpres plc's combined directly and indirectly owned interests in Printdeal B.V. total 99%.

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

### Company's investment in subsidiaries

At June 30, 2021	\$	3,802,314
Additions during the period		12,182
Share-based compensation		15,071
Impairment		(973,535)
At June 30, 2022		2,856,032
Return of capital from subsidiaries		(44,427)
Additions during the period		9,010
Share-based compensation		9,072
At June 30, 2023	\$	2,829,687

### Fiscal Year 2023 Impairment Assessment

During fiscal year 2023, no triggering events affecting our investment in subsidiaries balance were identified. While several of the factors that triggered the impairment in fiscal year 2022 persisted for a portion of the current fiscal year, the lingering effects of the pandemic and the net impact of cost inflation started to diminish during the second half of fiscal year 2023. We also implemented cost reduction measures during March 2023, including the reduction of investment levels, which, when combined with the diminishing pandemic and inflationary effects, supported strong profitability expansion during the second half of the current fiscal year. We expect these positive impacts to profitability to continue in fiscal year 2024 as the cost reductions, in particular, impact our financial results for a full year. These factors coupled with reduced net leverage from a balance sheet perspective have a positive impact on our equity value. We concluded that no triggering events exist, but we also concluded that sufficient time has not yet passed with these positive factors to conclude that there has been a recovery of our prior year impairment. We will continue to evaluate this and, if our financial results continue to improve in line with our plans, we believe a portion or all of the prior impairment may be recovered at that time.

### Fiscal Year 2022 Impairment Assessment

During fiscal year 2022, we considered several factors to identify potential triggering events affecting our investment in subsidiaries. Despite strong performance across most of our businesses, our consolidated results were impacted by lingering pandemic effects that softened demand (mainly during the third fiscal quarter), inflationary cost pressures both in our cost of goods sold and compensation, supply chain constraints due in part to the pandemic, and increased energy costs particularly in parts of Europe impacted by the war in Ukraine. In

addition, we considered recent and sustained downward pressure on our share price that has been driven in part by overall volatility in financial markets, as well as the decline in profitability from the aforementioned items as well as the significant investments in our Vista business that weigh on near-term profitability but for which we expect will deliver accelerated growth and positive financial returns in future periods. The combination of these factors caused us to conclude that a triggering event occurred. As such, we further evaluated our Investment in subsidiary balance for impairment as discussed below.

We used the income approach, specifically the discounted cash flow method, to derive the fair value of each subsidiary. This approach calculates fair value by estimating the after-tax cash flows attributable to a reporting unit and then discounting the after-tax cash flows to a present value using a risk-adjusted discount rate. We selected this method as being the most meaningful in preparing our investment assessment as we believe the income approach most appropriately measures our income-producing assets. The cash flow projections in the fair value analysis are considered Level 3 inputs, and consist of management's estimates of revenue growth rates and operating margins, taking into consideration historical results, as well as industry and market conditions. The discount rate used in the fair value analysis is based on a weighted average cost of capital ("WACC"), which represents the average rate a business must pay its providers of debt and equity, plus a risk premium. The respective WACC percentages used for each subsidiary were derived from a group of comparable companies and adjusted for the risk premium associated with each subsidiary, ranging from 12% to 23%.

The combined fair value of our subsidiaries was compared to the carrying value of our investment in subsidiaries, which resulted in an impairment charge of \$973,535 for the year ended June 30, 2022. The initial carrying value of our investment in subsidiaries was based on our market capitalization upon the Merger on December 3, 2019. The extent of the impairment charge is driven in part by the subsequent decline in the market capitalization, which has been impacted by the items described above, as well as other macroeconomic factors.

The WACC percentages discussed above are a significant judgment in calculating the fair value and, therefore, the impairment charge. A hypothetical 100 basis point change in our WACC estimates would result in a change to the impairment charge of approximately \$300,000. If the long-term growth rate increased or decreased from management's estimate by 100 basis points, the impairment of the Investment in subsidiaries balance would have changed by approximately \$111,000.

## 5. Debtors

	June 30, 2023	June 30, 2022
<b>Amounts falling due within one year:</b>		
Loans advanced to group companies	\$ 113,115	\$ 225,228
Prepaid assets	1,729	2,282
Other assets	705	618
Total amounts falling due within one year	<u>\$ 115,549</u>	<u>\$ 228,128</u>
<b>Amounts falling due after one year:</b>		
Loans advanced to group companies	\$ 541,636	\$ 313,631
Total amounts falling due after one year	<u>\$ 541,636</u>	<u>\$ 313,631</u>

The long-term related party loan receivable is primarily due from Cimpress Schweiz GmbH, Cimpress Deutschland, GmbH, indirectly wholly owned subsidiaries of Cimpress plc, Cimpress Investments B.V., a directly wholly owned subsidiary of Cimpress plc, and Printi LLC, an indirect, majority-owned subsidiary of Cimpress plc. The Cimpress Schweiz GmbH loan bears a variable interest rate based on LIBOR and is payable over a period of 10 years. The Cimpress Deutschland GmbH loan bears interest of 7.00% and is payable over a period of 7 years. The Cimpress Investments B.V. loan bears interest of 7.54% and is payable over a period of 7 years. The Printi LLC loans bear a variable interest rate based on Euribor and are payable over a weighted-average period of 4 years.

During fiscal year 2022, we made decisions which resulted in reduced costs in certain areas including exiting our operations in Japan and China. As a result, we fully reserved for the \$20,947 loan advanced to our indirectly owned Chinese subsidiary, Shanghai Cimpress Technology Company Limited during the prior year period. We completed the exit from our China operations during fiscal year 2023.

Following our decision to exit our operations in Japan, we agreed to terms to sell our Vista Japan facility during fiscal year 2023. During the current fiscal year, we recognized a reserve against a portion of the outstanding receivable of \$15,330, based on the outstanding receivable balance less any available cash and assumed net proceeds from the pending asset sale which closed during the first quarter of fiscal year 2024.

## 6. Creditors

	June 30, 2023	June 30, 2022
<b>Amounts falling due within one year:</b>		
Trade payables and accrued liabilities	\$ 200,069	\$ 151,653
<b>Total amounts falling due within one year</b>	<b>\$ 200,069</b>	<b>\$ 151,653</b>
<b>Amounts falling due after one year:</b>		
Financing arrangements	\$ 545,555	\$ 596,553
Amounts due to group companies	719,386	626,063
Other liabilities	22,615	25,446
<b>Total amounts falling due after one year</b>	<b>\$ 1,287,556</b>	<b>\$ 1,248,062</b>

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

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

As of June 30, 2023, we have \$548,300 in aggregate principal outstanding of our 2026 Notes, which are unsecured. We can redeem some or all of the 2026 Notes at the redemption prices specified in the indenture that governs the 2026 Notes, plus accrued and unpaid interest to, but not including, the redemption date. During the fourth quarter of fiscal year 2023, we repurchased an aggregate principal amount of \$51,700, for a repurchase price of \$44,994, as well as the related settlement of unpaid interest. We recognized a gain on the extinguishment of debt of \$6,764, which included an immaterial write-off of unamortized debt issuance costs and debt premiums.

The long-term related party loan payable is primarily due to Cimpress Investments B.V. and Vistaprint Netherlands B.V., wholly owned subsidiaries of Cimpress plc. These loans are payable on demand, with maturity dates from June 2025 through May 2028, bearing variable interest based on LIBOR and Euribor, respectively.

## 7. Called Up Share Capital Presented as Equity

### Authorised

100 ordinary shares, par value of €1.00 each at June 30, 2019. Increased to 100,000,000 ordinary shares, nominal value of €0.01 each, nominal value of €1.00 each, and 100,000,000 preferred shares, nominal value of €0.01 each as of June 30, 2023 and 2022.

	June 30, 2023	June 30, 2022
<b>Allotted and fully paid - presented as equity:</b>		
Ordinary shares, par €1 each, 100 issued and outstanding on June 30, 2019	\$ —	\$ —
Ordinary shares, nominal value €0.01 per share, 100,000,000 shares authorized; 44,315,855 and 44,083,569 shares issued, respectively; 26,344,608 and 26,112,322 shares outstanding, respectively	518	516
<b>Total</b>	<b>\$ 518</b>	<b>\$ 516</b>

As of June 30, 2023, and 2022 we held 17,971,247 treasury shares with a nominal value of €0.01 each, for both periods.

## **8. Share Premium Account**

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

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

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

## **9. Profit and Loss Account**

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

## **10. Auditors' Remuneration**

As of June 30, 2023, there was \$299 accrued for the statutory audit of the parent financial statements to our auditors, PricewaterhouseCoopers, Ireland. The aggregate fees and expenses for the audit of the group financial statements amounted to \$234 and \$260 for the years ended June 30, 2023 and 2022, respectively. Refer to Note 30 in the consolidated financial statements for details of fees and expenses billed for services rendered by Cimpress plc's independent auditor PricewaterhouseCoopers, Ireland.

## **11. Related Parties**

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

## **12. Subsequent Events**

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

## **13. Approval of Financial Statements**

The financial statements were approved by the directors on October 27, 2023.