Cimpress plc

Directors' Report and Financial Statements

For the Financial Year Ended June 30, 2020

CIMPRESS PLC
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
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DIRECTORS' REPORT
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BACKGROUND

On December 3, 2019, Cimpress moved its place of incorporation from the Netherlands to Ireland through a cross-border merger in which Cimpress N.V., a Dutch public limited company, merged with and into Cimpress plc, an Irish public limited company, with Cimpress plc surviving the Irish Merger. As a result of the Irish 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 existing rights and obligations.

The Irish Merger was accounted for as a merger between entities under common control. The historical financial statements of Cimpress N.V. for periods prior to the Irish Merger are considered to be the historical financial statements of Cimpress plc. The Irish Merger has not had and is not expected to have a material impact on how Cimpress conducts its day-to-day operations, its financial position, consolidated effective tax rate, results of operations or cash flows.

The following discussion of the financial condition and results of operations of Cimpress plc and its subsidiaries (“we,” “us”, “Cimpress” or the "Company") is provided to assist readers in understanding our financial performance during the financial year ended June 30, 2020. This information should be considered with our consolidated financial statements and related notes included in this Annual Report. The directors have elected to prepare the consolidated financial statements in accordance with Section 279 of the Companies Act ("Companies Act"), which provides that a true and fair view of the assets and liabilities, financial position and profit or loss may be given by preparing the financial statements in accordance with U.S. accounting standards ("U.S. GAAP"), as defined in that section to the extent that the use of those principles in the preparation of the financial statements does not contravene any provision of Part 6 of the Companies Act.

PRINCIPAL BUSINESS

Overview & Strategy

Cimpress is a strategically focused group of more than a dozen businesses that specialize in mass customization, via which we deliver large volumes of individually small-sized customized orders for a broad spectrum of print, signage, photo merchandise, invitations and announcements, writing instruments, packaging, apparel and other categories. Mass customization is a core element of the business model of each Cimpress business. Stan Davis, in his 1987 strategy manifesto “Future Perfect” coined the term mass customization to describe “generating an infinite variety of goods and services, uniquely tailored to customers”. In 2001, Tseng & Jiao defined mass customization as “producing goods and services to meet individual customers’ needs with near mass production efficiency”. We discuss mass customization in more detail further below.

We have grown substantially over the past decade, from $0.7 billion of revenue in fiscal year 2010 to $2.5 billion of revenue in fiscal year 2020, and as we have grown we have achieved important benefits of scale. However, we also believe it is critical for us to “stay small as we get big”. By this we mean that we need to serve customers and act and compete with focus, nimbleness and speed that is typical of smaller, entrepreneurial firms but often not typical of larger firms. This is because we face intense competition across all our businesses, and we must constantly and rapidly improve the value we deliver to customers. To stay small as we get big, our strategy calls for us to pursue a deeply decentralized organizational structure which delegates responsibility, authority and resources to the CEOs and managing directors of our various businesses.

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

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

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

We limit all other central activities to only those which must be performed centrally. Out of more than 12,900 employees we have fewer than 70 who work in central activities that fall into this category, which includes tax, treasury, internal audit, general counsel, corporate communications, consolidated reporting and compliance, investor relations, capital allocation and the functions of our CEO and CFO. We seek to avoid bureaucratic behavior in the corporate center; however we have developed, through experience, guardrails and accountability mechanisms in key areas of governance including cultural aspects such as a focus on customers or being socially responsible, as well as operational aspects such as the processes by which we set strategy and financial budgets and review performance, or the policies by which we ensure compliance with information privacy laws.

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

Our Uppermost Financial Objective

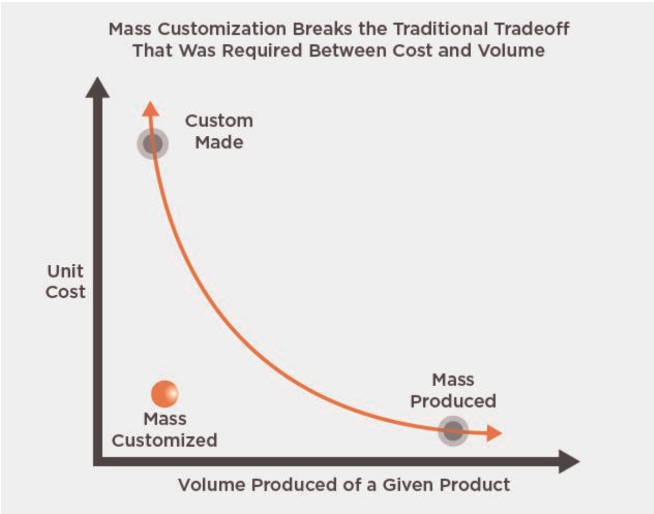
Our uppermost financial objective is to maximize our intrinsic value per share. We define intrinsic value per share as (a) the unlevered free cash flow per diluted share that, in our best judgment, will occur between now and the long-term future, appropriately discounted to reflect our cost of capital,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

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

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

Mass Customization

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



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

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

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

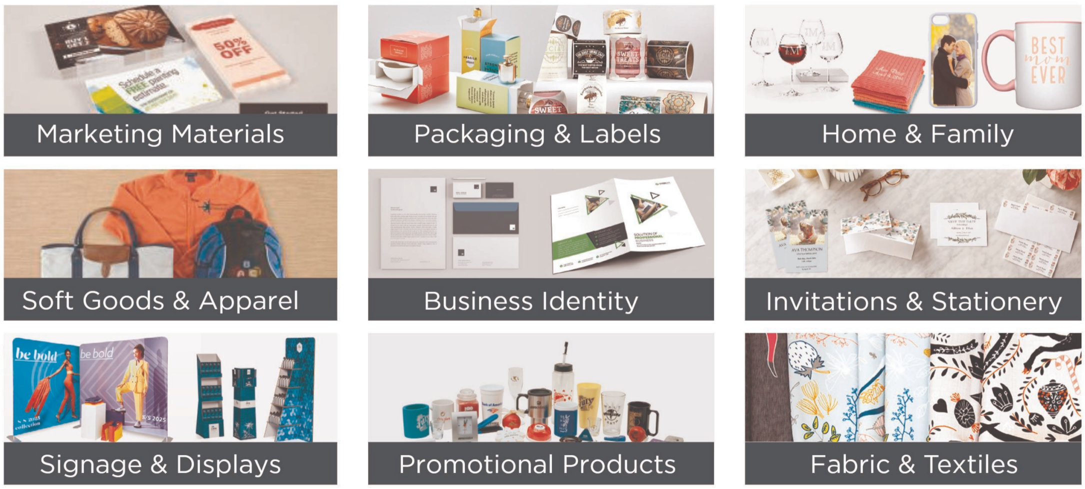
We believe that the business cards sold by our Vistaprint business provide a concrete example of the potential of our mass customization business model to deliver significant customer value and to develop strong profit franchises in large markets that were previously low growth and commoditized. Millions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

In response to the pandemic, our mass customization capabilities allowed us to pivot our manufacturing to focus on and produce products that are more relevant to the current environment. We began producing products such as masks, face shields, and social distancing signage and introduced relevant product templates. We were able to do this without risk of inventory obsolescence on traditional products since our products are made to order. In addition, during periods in which our manufacturing plants needed to be temporarily closed, our mass customization platform allowed us to reroute orders to other manufacturing locations to ensure they were fulfilled timely.

Market and Industry Background

Mass Customization Opportunity

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



Large traditional markets undergoing disruptive innovation

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

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

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

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

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

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

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

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

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

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

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

Our Businesses

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

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

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

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

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

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

1. **Vistaprint**:

Consists of the operations of our Vistaprint-branded websites in North America, Europe, Australia, New Zealand, India and Japan. This business also includes our Webs business, which is managed with the Vistaprint Digital business, and our Vistaprint Corporate Solutions business which serves medium-sized businesses and large corporations, as well as a legacy revenue stream with retail partners and franchise businesses.

Our Vistaprint business helps more than 15 million micro businesses (companies with fewer than 10 employees) create attractive, professional-quality marketing products at affordable prices and at low volumes.

Upload & Print:

In order to increase customer focus, nimbleness and competitiveness, in fiscal year 2019 we eliminated a management oversight layer and created two sub-groups of upload and print businesses. We refer to these reportable segments as PrintBrothers and The Print Group, each of which focus on serving graphic professionals: local printers, print resellers, graphic artists, advertising agencies and other customers with professional desktop publishing skill sets.

2. **PrintBrothers:** Consists of our druck.at, Printdeal, and WIRmachenDRUCK businesses.

3. **The Print Group:** Consists of our Easyflyer, Exaprint, Pixartprinting, and Tradeprint businesses.

4. **National Pen**:

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

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

5. **All Other Businesses**:

With the exception of BuildASign, which is a larger and profitable business, this segment consists of small, early-stage businesses by which Cimpress is expanding to new markets. These businesses have been combined into one reportable segment based on materiality. The early-stage businesses in this segment are subject to high degrees of risk, and we expect that each of their business models will rapidly evolve in function of future trials and entrepreneurial pivoting. Our All Other Businesses reportable segment includes the following:

BuildASign is an internet-based provider of canvas-print wall décor, business signage and other large-format printed products, based in Austin, Texas.

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

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

Central Procurement

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

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

As mentioned, the central procurement team played a crucial role when impacts of the pandemic became prevalent in March 2020. The team partnered with Cimpress suppliers to delay more than $30 million of supplier and lease payments previously due before June 30, 2020. These delays were important given our typical working capital trends, as we would have otherwise experienced cash outflows from working capital in the fourth quarter as revenue declined relative to the last fiscal year.

Technology

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

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

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

Each of our businesses uses a mix of proprietary and third-party technology that supports the specific needs of that business. Their technology intensity ranges from significant to light, depending on their specific needs. Over the past few years, an increasing number of our businesses have begun to modernize and modularize their business-specific technology to enable them to launch more new products faster, provide a better customer experience, more easily connect to our MCP technologies, and leverage third-party technologies where we do not need to bear the cost of developing and maintaining proprietary technologies. For example, our businesses are increasingly using third-party software for capabilities such as shopping carts or customer reviews, which are areas that we can benefit from providing a standard e-commerce experience, and are better leveraging engineering resources to focus on technology development from which we derive competitive advantage.

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

Information Privacy and Security

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

Shared Talent Infrastructure

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

Competition

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

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

- providers of digital marketing such as social media and local search directories

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

We anticipate that the overall competitive landscape described above will change as a result of the pandemic. We believe that the shift from traditional to mass customized models may accelerate, and that some of the online competitors that offer a more limited product portfolio or lack scale advantages will have less flexibility to navigate changing customer demand levels. Our businesses have done well during past economic recessions, because we serve our customers with a fundamentally more competitive business model than the highly fragmented, sub-scale traditional competitors. Shelter-at-home experiences are making e-commerce and service-at-a-distance experiences like ours more mainstream. As we have done in past economic downturns, we also have an opportunity to serve millions of individuals who take up self-employment or freelance roles because of our ability to serve the needs of those customers.

Intellectual Property

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

Seasonality

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

In fiscal 2020, operating income for our second quarter was greater than our operating income for the entire year, due in part to impairments recognized during our third quarter as well as negative impacts from the COVID-19 pandemic and related restrictions. Operating income during the second fiscal quarter represented 55% of annual operating income in the year ended June 30, 2019.

Customers

We have no customer that accounted for more than 10% of our consolidated revenue in 2020 or 2019. No material part of our business is dependent upon a single customer or a small group of customers; therefore, the loss of any one customer would not have a material adverse effect on our results of operations or cash flows.

Employees

As of June 30, 2020, we had approximately 12,000 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 completed the Irish Merger pursuant to which Cimpress N.V. merged with and into Cimpress plc, with Cimpress plc surviving the merger and becoming the publicly traded parent company of the Cimpress group of entities. Cimpress N.V., the predecessor company to Cimpress plc, was incorporated under the laws of the Netherlands on June 5, 2009. The registered office of Cimpress plc is at Building D, Xerox Technology Park, Dundalk, Co. Louth, Ireland, and its telephone number at the registered office is +353-42-938-8500.

REVIEW OF PERFORMANCE

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

As of June 30, 2020, we have numerous operating segments under our management reporting structure that are reported in the following five reportable segments: Vistaprint, PrintBrothers, The Print Group, National Pen, and All Other Businesses. Refer to Note 3 in our accompanying consolidated financial statements for additional information relating to our reportable segments and our segment financial measures.

COVID-19

Through the end of February 2020, Cimpress' year-to-date revenue and adjusted EBITDA grew over the prior year. However, the COVID-19 pandemic and related restrictions are impacting our small business customers around the world, which led to materially reduced demand for our products starting in March 2020, but month-over-month demand has been improving through June 2020, as consolidated bookings were down 19% in June, compared to a decline in consolidated bookings of 51% in April.

Our decentralized organizational structure has helped our pandemic response by allowing our decentralized businesses to move quickly to respond to local situations, whether that be related to the health and safety of our team members, reacting to government restrictions and guidelines, or serving our customers' needs. At the same time, our leaders have shared best practices and approaches to pull on the strength of the collective whole. Central teams have provided support, guidance, and a structure for coordination, and our businesses have focused on execution and innovation.

Cimpress moved quickly to respond along several dimensions, including team member health and safety, resiliency in continuing to serve our customers, financial flexibility to weather the effects of the pandemic, and innovation to provide customers and our communities the products they need during this pandemic. All team members who have the ability to do so have been working from home and are doing so productively. In cases where it is not possible for team members to work from home, such as in manufacturing or some customer service roles, Cimpress businesses are ensuring compliance with relevant laws and health guidelines and best practices, such as social distancing, temperature checks, mandatory face masks or face shields, and frequent deep cleaning of facilities. While there have been improvements and some reductions to government restrictions in certain countries, the ultimate duration and scope of the pandemic remains unknown, so we have taken a series of decisive and proactive measures starting in March 2020 including the following:

- Entered into an amendment to our senior secured credit agreement to provide a temporary suspension of prior maintenance covenants and raised new capital to provide a partial pay down to senior secured credit facility lenders;
- Enacted significant cost-reduction and cash-preservation measures;
- Maintained operational continuity to the greatest extent feasible while prioritizing the health and safety of our team members; and

- Protected key investments in technology, data infrastructure and customer value improvements.

We believe the actions we have taken or identified will create the time and financial flexibility to enable us to focus on execution through this pandemic, even if its negative effects were to be deeper and more prolonged than we currently anticipate.

Our near-term outlook has changed significantly in light of the COVID-19 pandemic and the impact it has had on our customers, and therefore, our results. The timing of the initial impact on demand in March differed by business, with those having significant European exposure impacted earliest, while all segments realized improvements sequentially for the months of May and June 2020. The improvements are the result of the start in many geographies of relaxed government restrictions that has driven more economic activity, in addition to our shift in focus to products and product templates that our customers need in the current environment.

Cost Reductions

We have reduced variable and semi-variable costs generally in line with the reduction in demand. As demand fluctuates, the reduction happens naturally for many of these costs such as shipping costs, payment processing fees, and part of our performance advertising where costs are based on keyword searches and clicks. For other of these costs, reduction requires us to take actions, such as temporarily reducing direct labor in production facilities or service locations or changing payback guidelines on advertising.

In addition, we have taken actions to reduce fixed costs, including, but not limited to, strict hiring limitations across all Cimpress businesses, elimination of discretionary spend such as travel, training and events, reduced work schedules where possible, deferral of all non-essential consulting projects, elimination of non-essential contractors and replacement of cash compensation during the fourth quarter with restricted share units (RSUs) for some team members. Our goal with the fixed cost reductions made to date is to protect key growth investments and as much full-time employment as possible so that when demand begins to recover, we are well positioned to regain momentum. We anticipate that many of these lowered fixed costs will come back into the business when and if activity necessitates such costs including travel or hiring or as the recovery path becomes more certain such that team member benefits can be restored. In fact, we have already resumed hiring in select areas like technology, data science and analytics. While we believe it was appropriate to constrain costs in certain areas, we will continue to be disciplined in adding cost back where it makes sense to do so since we can't be certain of the shape and timing of demand recovery.

The primary financial metric by which we set quarterly and annual budgets both for individual businesses and Cimpress wide is our adjusted free cash flow before cash interest expense related to borrowing; however, in evaluating the financial condition and operating performance of our business, management considers a number of metrics including revenue growth, constant-currency revenue growth, operating income, adjusted EBITDA, cash flow from operations and adjusted free cash flow. A summary of these key financial metrics for the year ended June 30, 2020 as compared to the year ended June 30, 2019 follows:

Fiscal Year 2020

- Revenue decreased by 10% to $2,481.4 million.
- Consolidated constant-currency revenue decreased by 9% and decreased by 11% when excluding acquisitions and divestitures completed in the last four quarters.
- Operating income decreased by $107.6 million to $56.0 million.
- Adjusted EBITDA (a non-GAAP financial measure) increased by $13.2 million to $399.8 million.
- Cash provided by operating activities increased by $7.3 million to $338.4 million.
- Adjusted free cash flow (a non-GAAP financial measure) increased by $32.2 million to $244.0 million.

For fiscal year 2020, the decrease in reported revenue is primarily due to a significant decline in order volumes starting in March, driven by the economic disruption associated with the COVID-19 pandemic lock downs and related restrictions. Our year-to-date revenue results through February 2020, grew on a reported basis; however we experienced a significant decline in demand starting in March 2020, which worsened in April 2020 before starting to recover in the last two months of fiscal 2020. Currency exchange rate fluctuations negatively impacted revenue during the current fiscal year.

For the year ended June 30, 2020, operating income decreased by $107.6 million, due to the year over year increase in goodwill impairment charges of $93.3 million, as well as a decline in performance starting in March 2020 driven by the aforementioned impacts of COVID-19, which resulted in a decline in profitability for most of our businesses. While we are not back to pre-pandemic levels of demand, we are steadily recovering, as consolidated bookings were down 19% in June, compared to a decline in consolidated bookings of 51% in April. Prior to March 2020, profitability increased as a result of planned reductions in advertising spend for our Vistaprint and National Pen businesses combined with operational improvements in several of our businesses. Our BuildASign business continued to grow and drive profit improvements even when the pandemic hit the U.S. market as their home decor and pandemic-related signage products showed growth and resiliency, while net investments in our early-stage businesses decreased primarily due to pre-pandemic actions we have taken to improve the efficiency and focus of our Printi business compared to the prior year.

Adjusted EBITDA increased as compared to the year ended June 30, 2019, due to the pre-pandemic performance discussed above, but partially offset by the decline in profitability starting in March 2020 due to the impacts from the pandemic. Adjusted EBITDA excludes the impact of the goodwill impairment discussed above, and includes the realized gains or losses on our currency derivatives intended to hedge adjusted EBITDA, and the net year-over-year impact of currency on consolidated adjusted EBITDA was not significant.

Consolidated Review of Performance

Consolidated Revenue

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

Total revenue and revenue growth by reportable segment for the years ended June 30, 2020 and 2019 are shown in the following table:

In thousands

	Year Ended June 30,			Currency Impact:	Constant-Currency	Impact of Acquisitions/ Divestitures:	Constant-Currency Revenue Growth
	2020	2019	% Change	(Favorable)/ Unfavorable	Revenue Growth (1)	(Favorable)/ Unfavorable	Excluding Acquisitions/ Divestitures (2)
Vistaprint	$ 1,337,291	$ 1,508,322	(11)%	1%	(10)%	—%	(10)%
PrintBrothers	417,921	443,987	(6)%	3%	(3)%	(2)%	(5)%
The Print Group	275,214	325,872	(16)%	3%	(13)%	—%	(13)%
National Pen	299,474	348,409	(14)%	1%	(13)%	—%	(13)%
All Other Businesses (3)	173,789	136,202	28%	1%	29%	(25)%	4%
Inter-segment eliminations	(22,331)	(11,716)					
Total revenue	$ 2,481,358	$ 2,751,076	(10)%	1%	(9)%	(2)%	(11)%

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(1) Constant-currency revenue growth, a non-GAAP financial measure, represents the change in total revenue between current and prior year periods at constant-currency exchange rates by translating all non-U.S. dollar denominated revenue generated in the current period using the prior year period's average exchange rate for each currency to the U.S. dollar.

(2) Constant-currency revenue growth excluding acquisitions, a non-GAAP financial measure, excludes revenue results for businesses in the period in which there is no comparable year-over-year revenue.

(3) The All Other Businesses segment includes the revenue of the Albumprinter business until the sale completion date of August 31, 2017, VIDA revenue from its acquisition date of July 2, 2018, and BuildASign revenue from its acquisition date of October 1, 2018. Constant-currency revenue growth excluding acquisitions/divestitures, excludes the revenue results for VIDA and BuildASign since their acquisition dates and Albumprinter through the divestiture date.

We have provided these non-GAAP financial measures because we believe they provide meaningful information regarding our results on a consistent and comparable basis for the periods presented. Management uses these non-GAAP financial measures, in addition to U.S. 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 U.S. GAAP.

Consolidated Cost of Sales

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

In thousands	Year Ended June 30,	
	2020	2019
Cost of sales	$ 1,248,871	$ 1,401,344
% of revenue	*50.3%*	*50.9%*

For the year ended June 30, 2020, consolidated cost of sales decreased by $152.5 million, primarily due to demand-dependent cost of sales including third-party fulfillment, material, and shipping costs that have decreased across several of our segments that have been more significantly impacted by the COVID-19 pandemic lock downs and related restrictions. Additionally, we realized approximately $11.6 million of wage offset benefit from government incentives in the fourth quarter. This was partially offset by an increase in the cost of sales from our BuildASign business, which was acquired on October 1, 2018 and is therefore not included for part of the comparable period, as well as an increase of costs for the remainder of the year, driven by BuildASign's continued revenue growth and resiliency through the pandemic. A majority of our cost of sales is variable with revenue demand, which contributed to flat year-over-year gross margins for the fourth quarter of fiscal 2020 despite pandemic-driven reductions in order volumes.

Consolidated Operating Expenses

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

In thousands

	Year Ended June 30,	
	2020	2019
Technology and development expense	$ 253,252	$ 236,797
% of revenue	*10.2%*	*8.6%*
Marketing and selling expense	$ 574,041	$ 713,863
% of revenue	*23.1%*	*25.9%*
General and administrative expense	$ 183,054	$ 162,652
% of revenue	*7.4%*	*5.9%*
Amortization of acquired intangible assets	$ 51,786	$ 53,256
% of revenue	*2.1%*	*0.4%*
Restructuring expense	$ 13,543	$ 12,054
% of revenue	*0.5%*	*0.4%*
Impairment of goodwill and acquired intangible assets	$ 100,842	$ 7,503
% of revenue	*4.1%*	*0.3%*

Technology and development expense

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

During the year ended June 30, 2020, technology and development expenses increased by $16.5 million, as compared to the prior year. This was mainly driven by increased costs of $11.3 million in our central technology teams, primarily due to an increase in headcount, as these teams continue to develop new technologies that are intended to support our businesses, combined with higher operating costs driven by our businesses' increased adoption and usage of our central technology capabilities, which was partially offset by a reduction in travel and training expenses during the fourth quarter of fiscal 2020. Additionally, we had a $2.8 million increase of expense in our Vistaprint business, primarily related to the ongoing rebuild of its technology infrastructure. The increase during the year ended June 30, 2020, was also partially due to $5.2 million in the non-recurring reversal of share-based compensation expense for our supplemental PSUs in the comparative period.

Marketing and selling expense

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

Our marketing and selling expenses decreased by $139.8 million during the year ended June 30, 2020, as compared to the prior year. The decrease from the prior comparative period is primarily due to the reduction of advertising spend in our Vistaprint business of $104.3 million, which was driven by two factors. The first was our reduction in advertising spend throughout the year as we continued our initiative to work to eliminate spend that does not meet our return thresholds. This was combined with our response to the decline in order volumes that started in March 2020, whereby we further reduced our advertising spend by eliminating spend in certain marketing channels, while also tightening our required return thresholds. We also recognized a decrease in marketing costs in our National Pen business of $28.8 million, primarily due to a planned reduction in direct mail prospecting activity as compared to last year's elevated levels, as well as pandemic-related initiatives to lower costs, which included the delay of direct mail marketing campaigns, lower online advertising spend and cost savings initiatives to reduce costs in service centers.

General and administrative expense

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

For the year ended June 30, 2020, general and administrative expenses increased by $20.4 million, as compared to the prior period, primarily due to an increase in consulting costs associated with strategic projects in our Vistaprint business, costs incurred centrally related to the cross-border Irish Merger, and professional fees and costs associated with our May 2020 financing activities. Also included in the $20.4 million increase is additional share-based compensation expense of $8.1 million, primarily due to the reversal of supplemental PSU expense in the comparative period as well as a loss of $1.5 million associated with the sale of our VIDA business on April 10, 2020. During the year ended June 30, 2020, we incurred additional costs from our BuildASign business as that business was only included for nine months of the comparable period.

Amortization of acquired intangible assets

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

Amortization of acquired intangible assets decreased by $1.5 million for the year ended June 30, 2020, as compared to the year ended June 30, 2019. The reduction during the year ended June 30, 2020 is due to amortization within our PrintBrothers and The Print Group reportable segments as certain intangible assets became fully amortized during the prior fiscal year, partially offset by additional amortization for our BuildASign business caused by the prior year timing of the acquisition.

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

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

In thousands	Year Ended June 30,	
	2020	2019
Gains on derivatives not designated as hedging instruments	$ 20,564	$ 23,494
Currency-related gains, net	2,309	2,506
Other gains	1	476
Total other income, net	$ 22,874	$ 26,476

The decrease in other income, net is primarily due to the currency exchange rate volatility impacting our derivatives that are not designated as hedging instruments, in which our Euro and British Pound contracts are the most significant 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 also experienced currency-related 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 and realized gains (losses) on effective interest rate swap contracts and certain cross-currency swap contracts. As part of interest expense, net, we also recognize changes to the estimated future redemption value of our mandatorily redeemable noncontrolling interests.

Interest expense, net increased by $12.7 million during the year ended June 30, 2020, as compared to the prior comparable period. This is due to additional interest expense associated with our senior secured credit facility as a result of our higher debt borrowing levels throughout the year, combined with the additional $200.0 million offering of our 7% senior unsecured notes in February 2020 and issuance of our $300.0 million 12% second lien notes in May 2020. We expect interest expense to increase next fiscal year from the full year impact of the financing transactions described above. Please refer to Note 17 in the accompanying consolidated financial statements for further detail.

Partially offsetting the increase in interest expense for the year ended June 30, 2020, is a decrease in interest expense of $7.4 million related to the change in classification of our Waltham, Massachusetts lease upon adoption of ASC 842 in the first quarter of fiscal 2020. Refer to Note 2 in the accompanying consolidated financial statements for additional details.

Income tax (benefit) expense

In thousands	Year Ended June 30,	
	2020	2019
Income tax (benefit) expense	$ (80,731)	$ 33,432
Effective tax rate	*(2,688.3)%*	*26.3%*

Income tax (benefit) expense for the year ended June 30, 2020 decreased as compared to the prior year primarily due to Swiss Tax Reform, as discussed in more detail below. Also, in addition to a more favorable mix of earnings year-over-year, we recognized tax benefits of $15.7 million related to excess tax benefits from share based compensation, as compared to $1.5 million in fiscal 2019, and $11.2 million for the re-measurement of U.S. tax losses that will be carried back to tax years with higher U.S. federal tax rates under the U.S. Coronavirus Aid, Relief, and Economic Security Act ("US CARES Act"). We also recognized tax expense of $41.9 million to record a full valuation allowance against our U.S. deferred tax assets and a portion for our Irish deferred tax assets.

On October 25, 2019, the canton of Zurich enacted tax law changes by publishing the results of its referendum to adopt the Federal Act on Tax Reform and AHV Financing (TRAF), which we refer to as Swiss Tax Reform. Swiss Tax Reform was effective as of January 1, 2020 and included the abolishment of various favorable federal and cantonal tax regimes. Swiss Tax Reform provided transitional relief measures for companies that lost the tax benefit of a ruling, including a "step-up" for amortizable goodwill, equal to the amount of future tax benefit they would have received under their existing ruling, subject to certain limitations. We recognized a tax benefit of $113.5 million to establish new Swiss deferred tax assets related to transitional relief measures and to remeasure our existing Swiss deferred tax assets and liabilities. We don't expect to realize the majority of this benefit until fiscal 2025 through fiscal 2030.

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 (excluding depreciation and amortization related to our Waltham, Massachusetts office lease for prior periods presented); plus share-based compensation expense related to investment consideration; plus earn-out related charges; plus certain impairments; plus restructuring related charges; less interest expense related to our Waltham, Massachusetts office lease for prior periods presented; less gain on purchase or sale of subsidiaries.

Vistaprint

In thousands	Year Ended June 30,		
	2020	2019	2020 vs. 2019
Reported revenue	$ 1,337,291	$ 1,508,322	(11)%
Segment EBITDA	366,334	349,697	5%
% of revenue	*27%*	*23%*	

Segment Revenue

Vistaprint's reported revenue decline for the year ended June 30, 2020 was negatively affected by a currency impact of 1% for the year ended June 30, 2020, resulting in constant-currency revenue decline of 10%. The revenue decline was primarily driven by the pandemic, resulting in reduced demand starting in March 2020, which worsened in April, but started to recover during the months of May and June. The improvements in May and June are the result of our shift in focus to products and product templates that our customers need in the current environment, but also the start in many geographies of relaxed government restrictions that has driven more economic activity. While we have experienced improved demand in the last two months of the fiscal year, we expect there to be volatility in future demand, as social distancing measures and other restrictions continue to evolve and impact commerce for small businesses. Additionally, prior to March 2020, reductions in advertising spend resulted in declines in revenue from new customers as a result of our targeted elimination of inefficient advertising spend, although we still experienced growth in repeat customer revenue.

Segment Profitability

For the year ended June 30, 2020, the increase to Vistaprint's segment EBITDA was primarily due to a reduction to, and improved efficiency of, advertising spend. Vistaprint also drove improvements to segment EBITDA through new offers, reduced discounting and other operational improvements. Starting in March segment EBITDA was negatively impacted by lower gross profit driven by decreased demand offset by further reductions to advertising spend as well as other operating cost reduction measures. Segment EBITDA for fiscal 2020 was also impacted by increases in technology investments to rebuild Vistaprint's technology infrastructure and consulting projects related to Vistaprint's transformation efforts. Vistaprint's segment EBITDA was also negatively impacted by currency movements during the year.

PrintBrothers

In thousands	Year Ended June 30,		
	2020	2019	2020 vs. 2019
Reported revenue	$ 417,921	$ 443,987	(6)%
Segment EBITDA	39,373	43,474	(9)%
% of revenue	*9%*	*10%*	

Segment Revenue

PrintBrothers' reported revenue decline for the year ended June 30, 2020 was negatively affected by a currency impact of 3%, resulting in constant-currency revenue decline, excluding the impact of acquisitions, of 5% for the year ended June 30, 2020. The revenue decline was due to impacts from COVID-19 lock downs and related restrictions, which varied by country. For each business in the group, revenue improved sequentially in May and June as economic activity started to reemerge in many European countries.

Segment Profitability

PrintBrothers' segment EBITDA decreased during the year ended June 30, 2020 as compared to the prior comparative period, due primarily to the revenue declines as described above. The decrease was also impacted by increased investments in technology intended to improve the customer value proposition of each business and negative impacts from currency movements, partially offset by operating expense efficiencies earlier in the year as well as the vertical integration of a former supplier in one of our businesses during the first quarter of fiscal year 2020.

The Print Group

In thousands	Year Ended June 30,		
	2020	2019	2020 vs. 2019
Reported revenue	$ 275,214	$ 325,872	(16)%
Segment EBITDA	51,606	63,997	(19)%
% of revenue	*19%*	*20%*	

Segment Revenue

The Print Group's reported revenue decline for the year ended June 30, 2020 was negatively affected by a currency impact of 3%, resulting in a decrease in revenue on a constant-currency basis of 13%. The constant-currency revenue decrease was driven by a significant decline in order volumes during the fourth quarter, and in particular our Pixartprinting business that was more significantly impacted by tighter government restrictions in Italy and Spain, where the business has meaningful revenue. For each business in the group, revenue improved sequentially in May and June as economic activity started to resume in many European countries. While we have experienced improved demand in the last two months of the fiscal year, we expect there to be volatility in future demand, as social distancing measures and other restrictions continue to reduce commerce.

Segment Profitability

The Print Group's segment EBITDA decreased during the year ended June 30, 2020, as compared to the prior period, primarily driven by the revenue decline described above, as well as investments in technology and unfavorable currency impacts, partially offset by efficiency gains from better leveraging the assets of the group through the mass customization platform (MCP).

National Pen

In thousands	Year Ended June 30,		
	2020	2019	2020 vs. 2019
Reported revenue	$ 299,474	$ 348,409	(14)%
Segment EBITDA	7,605	17,299	(56)%
% of revenue	*3%*	*5%*	

Segment Revenue

National Pen's reported revenue decrease for the year ended June 30, 2020 was negatively affected by a currency impact of 1% as compared to the prior year, resulting in constant-currency revenue decline of 13% for the year ended June 30, 2020. Revenue was negatively impacted starting in March by the pandemic lock downs and related restrictions, as well as actions taken to defer direct mail advertising campaigns until economic activity improves. Prior to the pandemic, the decline in revenue was also driven by lower direct mail volumes which were expected due to our reductions to our prospecting activity spend targeted at reducing inefficient mail order advertising.

Segment Profitability

The decrease in National Pen's segment EBITDA for the year ended June 30, 2020, was due to the top-line revenue decline described above. A portion of the revenue decline was mitigated by proactive measures to quickly remove variable costs as well as some fixed costs, while protecting key multi-year investments in technology. In addition, we have realized operational improvements, which included the initial steps of migrating our European mail fulfillment from Mexico to Europe to reduce disruptions that occurred in transit during the prior year period. Currency had a negative impact on segment EBITDA for the year ended June 30, 2020.

All Other Businesses

In thousands	Year Ended June 30,		
	2020	2019	2020 vs. 2019
Reported revenue (1)	$ 173,789	$ 136,202	28%
Segment EBITDA	17,474	(6,317)	377%
% of revenue	*10%*	*(5)%*	

(1) Our All Other Businesses segment includes the results of our fiscal 2019 acquisition, BuildASign, from October 1, 2018, and our VIDA acquisition from July 2, 2018 through the divestiture date of April 10, 2020.

With the exception of BuildASign which is a larger and profitable business, this segment consists of multiple small, rapidly evolving early-stage businesses through which Cimpress is expanding to new markets. These businesses are subject to high degrees of risk and we expect that each of their business models will rapidly evolve in function of future trials and entrepreneurial pivoting. These early-stage businesses continue to have operating losses as previously described and as planned.

Segment Revenue

Organic constant-currency revenue, excluding the year-over-year impact of the BuildASign acquisition during the first quarter of fiscal year 2020 during which there was no comparative revenue in the year-ago period, increased by 4% for the year ended June 30, 2020. This was primarily driven by growth throughout the year at BuildASign, even during the pandemic with strength in home decor and pandemic-related signage products. All Other Businesses revenue was negatively impacted by a decrease in revenue in our Printi business as compared to the prior year period, primarily due to actions we have taken to improve the efficiency and focus of the business, which included foregoing certain revenue channels that we believe did not have a high probability of earning sufficient returns on the capital and focus they consumed.

Segment Profitability

The improvement in the All Other Businesses segment EBITDA for the year ended June 30, 2020, as compared to the prior period, was primarily due to growth in EBITDA of BuildASign primarily driven by the revenue growth described above and the timing of the acquisition. Additionally, we significantly reduced the losses of our Printi business, due to the fiscal 2019 restructuring of our Printi business, which included clarifying its focus and operating model.

Central and Corporate Costs

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

Central and corporate costs increased by $23.1 million during the year ended June 30, 2020 as compared to the prior year, driven by increases to share-based compensation of $13.2 million. The increase to share-based compensation is driven by the prior year benefit recognized for the reversal of expense associated our supplemental PSUs, that did not recur in the current period. We also recognized an increase in professional fees of $2.9 million, primarily due to the December 2019 Irish Merger and April 2020 financing activities, an additional $1.2 million of payroll taxes for option exercises, as well as an increase in central technology investments and operating costs driven by our businesses' increased adoption and usage of our central technology capabilities.

LIQUIDITY AND CAPITAL RESOURCES

Consolidated Statements of Cash Flows Data:

In thousands

	Year Ended June 30,	
	2020	2019
Net cash provided by operating activities	$ 338,444	$ 331,095
Net cash used in investing activities	(66,864)	(420,166)
Net cash (used in) provided by financing activities	(258,255)	81,989

At June 30, 2020, we had $45.0 million of cash and cash equivalents and $1,482.2 million of debt, excluding debt issuance costs, and debt premiums and discounts. Under the terms of our April 28, 2020 credit facility amendment, we are required to use cash balances in excess of $100.0 million, if any, to repay the revolving loans under our senior secured credit facility.

The cash flows during the year ended June 30, 2020 related primarily to the following items:

Cash inflows:

- Net income of $83.7 million
- Adjustments for non-cash items of $215.2 million primarily related to positive adjustments for depreciation and amortization of $167.9 million, goodwill impairment of $100.8 million, share-based compensation costs of $34.9 million and unrealized currency-related losses of $6.9 million, partially offset by non-cash tax related items of $106.6 million
- Proceeds of debt and warrants of $426.1 million, net of repayments and debt issuance costs
- Proceeds from the settlement of net investment hedges of $29.8 million
- The change in operating assets and liabilities were a source of cash during the period, driven by actions taken in response to the pandemic, which included partnering with suppliers and leaseholders to defer payments, as well as receiving timing relief for indirect taxes and employer taxes in certain jurisdictions.

Cash outflows:

- Purchases of our ordinary shares for $627.1 million
- Capital expenditures of $50.5 million of which the majority related to the purchase of manufacturing and automation equipment for our production facilities and computer and office equipment
- Internal costs for software and website development that we have capitalized of $44.0 million
- Payment of withholding taxes in connection with share awards of $41.7 million
- Payments for finance lease arrangements of $9.5 million
- Payments for acquisitions of $4.3 million, net of cash acquired

Additional Liquidity and Capital Resources Information. During the year ended June 30, 2020, we financed our operations and strategic investments through internally generated cash flows from operations and debt financing. As of June 30, 2020, 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 $36.6 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.

Due to the uncertainty created by the COVID-19 pandemic, we took proactive measures to maintain our financial strength and flexibility by raising $300.0 million of capital on May 1, 2020 by issuing second lien notes and warrants. The net proceeds of this capital raise were used to pay down a portion of the term loans under our senior secured credit facility in order to secure the suspension of our quarterly maintenance covenants related to our leverage and interest coverage ratios until the quarter ending December 31, 2021. Refer to Note 17 in our accompanying consolidated financial statements for additional details. In response to the pandemic-related decrease in revenue, we have taken actions to reduce cash costs while protecting key investments we were making prior to the pandemic. We have historically allocated a material amount of capital to purchases of our ordinary shares and corporate acquisitions. The April 2020 amendment to our credit facility prohibits us from repurchasing our shares and substantially limits acquisitions for the period in which the financial maintenance covenants associated with our senior secured credit facility are suspended.

We evaluated our liquidity position as of the date of the issuance of our consolidated financial statements and we conclude our financial position, net cash provided by operations combined with our cash and cash equivalents, borrowing availability under our revolving credit facility, and the May 2020 temporary maintenance covenant suspension and capital raise as described in Note 17 will be sufficient to fund our current obligations, capital spending, debt service requirements and working capital requirements over at least the next twelve months.

Debt. As of June 30, 2020, we had aggregate loan commitments from our senior secured credit facility totaling $998.1 million. The loan commitments consisted of revolving loan borrowings of $422.4 million and term loans of $148.1 million. We have other financial obligations that constitute additional indebtedness based on the definitions within the credit facility. As of June 30, 2020, the amount available for borrowing under our senior secured credit facility was as follows:

In thousands

	June 30, 2020
Maximum aggregate available for borrowing	$ 998,125
Outstanding borrowings of senior secured credit facilities	(570,483)
Remaining amount	427,642
Limitations to borrowing due to debt covenants and other obligations (1)	(3,974)
Amount available for borrowing as of June 30, 2020 (2)	$ 423,668

(1) As of June 30, 2020, our pre-existing financial maintenance covenants are suspended and we are in compliance with the new restrictions in place, with the primary maintenance covenant during the suspension period that we must maintain liquidity above $50.0 million. Refer to Note 17 in our accompanying consolidated financial statements for further description of the restrictions in place during the covenant suspension period.

(2) Share purchases, dividend payments, and corporate acquisitions are subject to more restrictive covenants, and therefore we may not be able to use the full amount available for borrowing for these purposes.

Debt Covenants. As part of the April 2020 amendment to our senior secured facility, we have suspended our pre-existing maintenance covenants, including the total and senior secured leverage covenants and interest coverage ratio covenant through December 31, 2021. Refer to Note 17 in our accompanying consolidated financial statements for additional information. As of June 30, 2020, we are in compliance with the applicable restrictions under our credit agreement, senior unsecured notes indenture, and second lien notes indenture in place during the covenant suspension period.

Other Debt. Other debt primarily consists of term loans acquired through our various acquisitions or used to fund certain capital investments. As of June 30, 2020, we had $11.7 million outstanding for other debt payable through March 2025.

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, 2020, our cash and cash equivalents consisted of standard depository accounts which are held for working capital purposes. We do not believe we have a material exposure to interest rate fluctuations related to our cash and cash equivalents.

As of June 30, 2020, we had $570.5 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, 2020, a hypothetical 100 basis point increase in rates, inclusive of our outstanding interest rate swaps, would result in an increase to interest expense of approximately $0.3 million over the next 12 months.

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

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

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

  In addition, we elect to execute currency derivatives contracts that do not qualify for hedge accounting. As a result, we may experience volatility in our consolidated statements of operations due to (i) the impact of unrealized gains and losses reported in other income (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. A hypothetical 10% change in currency exchange rates was applied to total net monetary assets denominated in currencies other than the functional currencies at the balance sheet dates to compute the impact these changes would have had on our income before taxes in the near term. The balances are inclusive of the notional value of any cross-currency swaps designated as cash flow hedges. A hypothetical decrease in exchange rates of 10% against the functional currency of our subsidiaries would have resulted in an increase of $15.8 million and $33.3 million on our income before income taxes for the years ended June 30, 2020 and 2019, respectively.

Details of the price risk we face are disclosed in the Principal Risks and Uncertainties section of this Directors' Report. Credit risk disclosures are included in Note 26 in this report's accompanying consolidated financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

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

Risks Related to Our Business

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

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

- our failure to adequately execute our strategy or anticipate and overcome obstacles to achieving our strategic goals
- our failure to develop or deploy our mass customization platform or the failure of the platform to drive the efficiencies and competitive advantage we expect
- our failure to manage the growth, complexity, and pace of change of our business and expand our operations
- our failure to address and mitigate the impacts of the COVID-19 pandemic on our business
- our failure to acquire, at a value-accretive price or at all, businesses that enhance the growth and development of our business or to effectively integrate the businesses we do acquire into our business
- our inability to purchase or develop technologies and other key assets and capabilities to increase our efficiency, enhance our competitive advantage, and scale our operations
- the failure of our current supply chain to provide the resources we need at the standards we require and our inability to develop new or enhanced supply chains
- our failure to acquire new customers and enter new markets, retain our current customers, and sell more products to current and new customers
- our failure to address performance issues in some of our businesses and markets
- our failure to sustain growth in relatively mature markets
- our failure to promote, strengthen, and protect our brands
- our failure to effectively manage competition and overlap within our brand portfolio
- the failure of our current and new marketing channels to attract customers
- our failure to realize expected returns on our capital allocation decisions
- unanticipated changes in our business, current and anticipated markets, industry, or competitive landscape
- our failure to attract and retain skilled talent needed to execute our strategy and sustain our growth
- general economic conditions

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

The COVID-19 pandemic has had a major adverse impact, and is expected to continue to have a major adverse impact, on our operations, financial results, customers, markets, and employees.

The COVID-19 pandemic has negatively impacted our business in a number of material ways, and we expect these impacts to continue. These impacts include, but are not limited to, the following:

- material declines in demand for our products and services, leading to major adverse effects on our revenue, earnings, cash flows, and other financial results

- disruptions in our operations, with many of our employees subject to shelter-in-place orders and other safety measures restricting them from leaving their homes

- large investments of time and resources as our management team focuses on mitigating the effects of the pandemic on our business operations while protecting the health of our employees

Depending on the duration and development of the pandemic, including the possibility of future "waves" of increased infection rates, we could see additional impacts in the future. For example, although our supply chain has not been materially impacted to date, in the future we could experience supply chain disruptions due to restrictions on the operations of our suppliers and travel restrictions including border closures in some jurisdictions. In addition, although we have amended our senior secured credit facility to suspend our financial maintenance covenants for a period of time, if the adverse effects on our financial results continue beyond the suspension period, we could have difficulty complying with our credit facility covenants, which could have a number of negative effects on our business and operations, ranging from limitations on our ability to borrow under the facility to causing us to default under our indebtedness.

We cannot predict how the COVID-19 pandemic will develop, how long it and its impacts on economic activity and our business, operations, and markets will continue, or whether the pandemic will lead to a prolonged economic downturn. Although we expect the pandemic to continue to materially adversely impact customers, and therefore our financial results, and prolonged impacts could begin to materially impact suppliers and employees, the extent of the impacts will depend on future developments that are highly uncertain and impossible to predict.

If UPS caps the number of packages it will ship for us, then shipments of products to our customers may be delayed or canceled, which could substantially harm our business and results of operations.

We use UPS to ship most of our products to customers in North America, and UPS has notified us that it intends to impose a cap on the number of packages we may ship with UPS. According to our projections, we may exceed the cap during the holiday period, in which case some of our customers may experience significant delays in receiving products they have ordered or their orders may be canceled entirely, which could harm our revenue, reputation, and customer satisfaction. In addition, we expect that we will be subject to peak surcharges for shipping during the holiday season, which will increase our costs.
We are currently negotiating with UPS, but there is no assurance that our negotiations will be successful in avoiding the shipping cap. We do not currently have alternative shipping options, as we understand that other shipping companies such as FedEx are imposing similar caps.

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

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

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

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

- investments in our business in the current period intended to generate longer-term returns, where the costs in the near term will not be offset by revenue or cost savings until future periods, if at all
- the effects of the COVID-19 pandemic on our customers, suppliers, business, and operations
- variations in the demand for our products and services, in particular during our second fiscal quarter, which may be driven by seasonality, performance issues in some of our businesses and markets, or other factors
- currency and interest rate fluctuations, which affect our revenue, costs, and fair value of our assets and liabilities
- our hedging activity
- our ability to attract and retain customers and generate purchases
- shifts in revenue mix toward less profitable products and brands
- the commencement or termination of agreements with our strategic partners, suppliers, and others
- our ability to manage our production, fulfillment, and support operations
- costs to produce and deliver our products and provide our services, including the effects of inflation and the rising costs of raw materials such as paper
- our pricing and marketing strategies and those of our competitors
- expenses and charges related to our compensation arrangements with our executives and employees
- costs and charges resulting from litigation
- significant increases in credits, beyond our estimated allowances, for customers who are not satisfied with our products or delivery
- changes in our effective income tax rate
- costs to acquire businesses or integrate our acquired businesses
- financing costs
- impairments of our tangible and intangible assets including goodwill
- the results of our minority investments and joint ventures

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

We may not be successful in developing and deploying our mass customization platform or in realizing 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.

In addition, we are aware that other companies are developing platforms that could compete with ours. If a competitor were to create a more attractive or easier to adopt platform that has the potential to drive more scale advantage than ours does, our competitive position could be harmed.

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

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

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

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

- our failure to improve and adapt our financial and operational controls 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

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

- challenges of working with local business partners

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

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

- 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

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

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

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

Our business involves the receipt, storage, and transmission of customers' personal and payment information, as well as confidential information about our business, employees, suppliers, and business partners, some of which is entrusted to third-party service providers, partners, and vendors. Our information systems and those of third parties with which we share information are vulnerable to an increasing threat of cyber security risks, including physical and electronic break-ins, computer viruses, and phishing and other social engineering scams, among other risks, and these vulnerabilities may be heightened during the COVID-19 pandemic when many of our employees are working from home and a number of our offices are largely empty. As security threats evolve and become more sophisticated and more difficult to detect and defend against, a hacker or thief may defeat our security measures, or those of our third-party service provider, partner, or vendor, and obtain confidential or personal information. We or the third party may not discover the security breach and theft of information for a significant period of time after the breach occurs. We may need to expend significant resources to protect against security breaches and thefts of data or to address problems caused by breaches or thefts, and we may not be able to anticipate cyber attacks or implement adequate preventative measures. Any compromise or breach of our information systems or the information systems of third parties with which we share information could, among other things:

- damage our reputation and brands
- expose us to losses, remediation costs, litigation, enforcement actions, and possible liability
- result in a failure to comply with legal and industry privacy regulations and standards
- lead to the misuse of our and our customers' 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, any of which could have an adverse effect on our business. In addition, the regulatory landscape is constantly changing, as various regulatory bodies throughout the world enact new laws concerning privacy, data retention, data transfer and data protection, such as the California Consumer Privacy Act that recently became effective. Complying with these varying and changing requirements could cause us to incur substantial costs or require us to change our business practices in a manner adverse to our business and operating results.

Acquisitions and strategic investments may be disruptive to our business.

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

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

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

- The business we acquired or invested in may not perform as well as we expected.
- We may overpay for acquired businesses, which can, among other things, negatively affect our intrinsic value per share.
- We may fail to integrate acquired businesses, technologies, services, or internal systems effectively, or the integration may be more expensive or take more time than we anticipated.
- The management of our acquired businesses, minority investments, and joint ventures may be more expensive or may take more resources than we expected.
- We may not realize the anticipated benefits of integrating acquired businesses into our mass customization platform.
- We may encounter cultural or language challenges in integrating an acquired business or managing our minority investment in a business.
- We may not be able to retain customers and key employees of the acquired businesses, and we and the businesses we acquire or invest in may not be able to cross sell products and services to each other's customers.

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

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

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

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

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

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

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

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

Our profitability has historically been highly seasonal. Our second fiscal quarter includes the majority of the holiday shopping season and accounts for a disproportionately high portion of our earnings for the year, primarily due to higher sales of home and family products such as holiday cards, calendars, photo books, and personalized gifts. In addition, our National Pen business has historically generated nearly all of its profits during the December quarter. Our operating income during the second fiscal quarter represented 217%, 55%, and 46% of annual operating income in the years ended June 30, 2020, 2019, and 2018. In anticipation of increased sales activity during our second fiscal quarter holiday season, we typically incur significant additional capacity related expenses each year to meet our seasonal needs, including facility expansions, equipment purchases and leases, and increases in the number of temporary and permanent employees. Lower than expected sales during the second quarter have a disproportionately large impact on our operating results and financial condition for the full fiscal year. In addition, if our manufacturing and other operations are unable to keep up with the high volume of orders during our second fiscal quarter or we experience inefficiencies in our production, then our costs may be significantly higher, and we and our customers can experience delays in order fulfillment and delivery and other disruptions. If we are unable to accurately forecast and respond to seasonality in our business, our business and results of operations may be materially harmed.

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

We have entered into derivatives to manage our exposure to interest rate and currency movements. If we do not accurately forecast our results of operations, execute contracts that do not effectively mitigate our economic exposure to interest rates and currency rates, elect to not apply hedge accounting, or fail to comply with the complex accounting requirements for hedging, our results of operations and cash flows could be volatile, as well as negatively impacted. Also, our hedging objectives may be targeted at improving our non-GAAP financial metrics, which could result in increased volatility in our GAAP results. Since some of our hedging activity addresses long-term exposures, such as our net investment in our subsidiaries, the gains or losses on those hedges could be recognized before the offsetting exposure materializes to offset them. This could result in our having to borrow to settle a loss on a derivative without an offsetting cash inflow, potentially causing volatility in our cash or debt balances and therefore our leverage.

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

Our businesses' production facilities, websites, infrastructure, supply chain, customer service centers, and operations may be vulnerable to interruptions, and 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 the implementation and maintenance of certain aspects of our communications and production systems, we may not be able to remedy interruptions to these systems in a timely manner or at all due to factors outside of our control. Some of the events that could cause interruptions in our businesses' operations or systems are the following, among others:

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

Any interruptions to our 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, in some cases before the volume of their business increases with no assurance that their revenue will increase.

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 like Amazon enter the mass customization market, and traditional “brick and mortar” businesses establish an online presence. Competition may result in price pressure, increased advertising expense, reduced profit margins, and loss of market share and brand recognition, any of which could substantially harm our business and financial results.

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

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

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

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

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

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

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

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

The loss of key personnel or an inability to attract and retain additional personnel could affect our ability to successfully grow our business.

We are highly dependent upon the continued service and performance of our senior management and key technical, marketing, and production personnel, any of whom may cease their employment with us at any time with minimal advance notice. We face intense competition for qualified individuals from many other companies in diverse industries. The loss of key employees places a strain on members of our management team, who in some cases need to step in and support an additional business or function, and may significantly delay or prevent the achievement of our business objectives. Our failure to recruit, attract, and retain suitably qualified individuals to fill open roles or to adequately plan for succession could have an adverse effect on our ability to implement our business plan.

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, the indenture that governs our 7.0% senior unsecured notes due 2026, and the indenture that governs our 12.0% senior secured notes due 2025, 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 our ability to engage in acts that may be in our best interest, including restrictions on our ability to:

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

In May 2020, we amended our credit facility to suspend our financial maintenance covenants under the credit agreement for a period of time ending no later than the date on which we publish our financial results for the quarter ending December 31, 2021 (the Covenant Suspension Period), and during the Covenant Suspension Period there are more restrictive limitations on certain of our activities and actions, including the incurrence of additional indebtedness and liens, the consummation of certain investments including acquisitions, the making of restricted payments including purchasing our ordinary shares, and the incurrence of capital expenditures.

As a result of these restrictions, we may be limited in how we conduct our business, grow in accordance with our strategy, compete effectively, or take advantage of new business opportunities. In addition, when the financial maintenance covenants in our credit agreement are reinstated after the Covenant Suspension Period ends, we will be required to maintain specified financial ratios and satisfy other financial condition tests. Our ability to meet those financial ratios and tests can be affected by events beyond our control, and we may be unable to meet them.

A default under 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 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, 2020, our total debt was $1,482.2 million.

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

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

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

Our ability to make scheduled payments on or refinance our debt obligations depends on our financial condition and operating performance, which are subject to economic and competitive conditions and to various financial, business, legislative, regulatory, and other factors beyond our control. We may be unable to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness. If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional debt or equity capital, or restructure or refinance our indebtedness. We may not be able to effect any such alternative measures, if necessary, on commercially reasonable terms or at all.

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

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

Borrowings under our credit facility are at variable rates of interest and expose us to interest rate risk, and any interest rate swaps we enter into in order to reduce interest rate volatility may not fully mitigate our interest rate risk. If interest rates were to increase, our debt service obligations on the variable rate indebtedness would increase even if the amount borrowed remained the same, and our net income and cash flows, including cash available for servicing our indebtedness, will correspondingly decrease. As of June 30, 2020, 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 $0.3 million over the next 12 months.

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

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

- concerns about buying customized products without face-to-face interaction with design or sales personnel
- the inability to physically handle and examine product samples before making a purchase
- delivery time associated with Internet orders
- concerns about the security of online transactions and the privacy of personal information
- delayed or lost shipments or shipments of incorrect or damaged products
- a desire to support and buy from local businesses
- limited access to the Internet
- the inconvenience associated with returning or exchanging purchased items

In addition, our internal research shows that an increasing number of current and potential customers access our websites using smart phones or tablets and that our website visits using traditional computers may decline. Designing and purchasing custom designed products on a smart phone, tablet, or other mobile device is more difficult than doing so with a traditional computer due to limited screen sizes and bandwidth constraints, and we are seeing that customers' increased use of mobile devices to access and use our websites and technologies is having a negative impact on conversion rates, especially in our Vistaprint business, which can lead to a decline in revenue.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Increased focus on environmental sustainability could adversely affect our business, operations, and financial results.

We face risks arising from the increased public focus, including by governmental and nongovernmental organizations, on climate change and environmental sustainability matters, such as packaging and waste, deforestation, and land use. We may face increased pressure to make commitments, set targets, or establish additional goals and take actions to meet them beyond our current plans or be required to comply with new laws and requirements that may require significant expenditures.

Risks Related to Our Corporate Structure

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

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

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

A change in tax laws, treaties or regulations, or their interpretation, of any country in which we operate could result in a higher tax rate on our earnings, which could result in a significant negative impact on our earnings and cash flow from operations. In addition to the passage of the CARES Act in the United States, 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. However, if such legislation were enacted, or if modifications were to be made to certain existing treaties, the consequences could have a materially adverse impact on us, including increasing our tax burden, increasing costs of our tax compliance or otherwise adversely affecting our financial condition, results of operations and cash flows.

An example of these changes in tax laws would include the U.S. Tax Cuts and Jobs Act (TCJA) which was signed into law on December 22, 2017, significantly altering the US Internal Revenue Code. Guidance continues to be issued clarifying the application of this new legislation. We cannot predict the overall impact that the additional guidance may have on our business, but we continue to analyze how the TCJA, and any regulations or other governmental action with respect thereto, may impact our business and results of operations. It is reasonable to expect that global taxing authorities will be reviewing current legislation for potential modifications in reaction to the implementation of the TCJA. We also continue to assess the impact of the U.S. CARES Act.

Changes in the tax laws of other jurisdictions could arise, including as a result of the base erosion and profit shifting (BEPS) project undertaken by the Organization for Economic Cooperation and Development (OECD). The OECD, which represents a coalition of member countries, has issued recommendations that, in some cases, would make substantial changes to numerous long-standing tax positions and principles. These contemplated changes, to the extent adopted by OECD members and/or other countries, could increase tax uncertainty and may adversely impact our provision for income taxes.

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

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

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

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

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

Before becoming an Irish tax resident company, Cimpress' publicly traded parent company was subject to Dutch tax laws, including the 15% Dutch withholding tax that may be levied on dividends and similar distributions made by Cimpress to its shareholders, and during that time we purchased a number of our ordinary shares. Under our Dutch Advanced Tax Ruling, a purchase of shares should not result in any Dutch withholding tax if we hold the purchased shares in treasury for the purpose of issuing shares pursuant to employee share awards or for the funding of acquisitions. However, if the shares cannot be used for these purposes, or the Dutch tax authorities successfully challenge the use of the shares for these purposes, such a purchase of shares may be treated as a partial liquidation subject to the 15% Dutch withholding tax to be levied on the difference between our average paid in capital per share for Dutch tax purposes and the redemption price per share, if higher.

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

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

We believe that we were not a PFIC for the tax year ended June 30, 2020 and we expect that we will not become a PFIC in the foreseeable future. However, whether we are treated as a PFIC depends on questions of fact as to our assets and revenues that can only be determined at the end of each tax year. Accordingly, we cannot be certain that we will not be treated as a PFIC in future years.

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

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

Shareholders together own more than 50% of the voting power or value of the corporation on any day during the taxable year of the corporation. "Subpart F income" consists of, among other things, certain types of dividends, interest, rents, royalties, gains, and certain types of income from services and personal property sales.

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

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

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

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

DIRECTORS' INTERESTS IN SHARES

No director or any member of their immediate families had any interest in shares or debentures of any subsidiary. The interests of the directors and secretary who were in office at June 30, 2020 in the ordinary share capital of Cimpress plc at June 30, 2020 and 2019 were as follows:

	As of June 30, 2020 (1)			As of June 30, 2019 (1)		
Directors and Secretary	**Shares**	**Options (2)**	**Other Share Units (3)**	**Shares**	**Options (2)**	**Other Share Units (3)**
Robert S. Keane (4)	2,245,616	105,240	279,932	1,814,794	1,426,502	205,583
Sophie A. Gasperment	—	—	6,969	—	—	4,511
John J. Gavin, Jr. (4)	32,029	—	6,455	32,029	—	3,997
Zachary S. Sternberg (5)	2,374,247	—	5,076	2,374,246	—	2,886
Scott J. Vassalluzzo (6)	71,023	5,298	6,187	71,023	5,298	3,997
Matthew F. Walsh	875	—	6,423	667	—	1,983

(1) All interests declared as of June 30, 2020 are in the ordinary shares of €0.01 par value of Cimpress plc. All interests declared as of June 30, 2019 are in the ordinary shares of €0.01 par value of Cimpress N.V., the predecessor of Cimpress plc as disclosed in the Background section of this report.
(2) Amounts include vested and outstanding options.
(3) Amounts include outstanding restricted share units and performance share units (PSUs). As of June 30, 2020 and 2019, 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 769,224 and 557,395 shares, respectively.
(4) These ordinary shares are held indirectly by the director.
(5) Of these ordinary shares, 15,343 are held directly by the director. The remaining ordinary shares are held indirectly.
(6) Of these ordinary shares, 68,849 are held directly by the director. The remaining ordinary shares are held indirectly.

SUBSIDIARY COMPANIES AND BRANCHES

Information regarding our subsidiaries in provided in Note 28, *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, 2020, 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 28, 2020, the date this report was approved by the Board of Directors. See Note 32 to the consolidated financial statements, included in this Irish Annual Report, for additional information.

DIRECTORS AND SECRETARY

Directors	Date Appointed	Date Resigned
Robert S. Keane	August 13, 2019	Not applicable
Sophie A. Gasperment	December 3, 2019	Not applicable
John J. Gavin, Jr.	December 3, 2019	Not applicable
Zachary S. Sternberg	December 3, 2019	Not applicable
Scott J. Vassalluzzo	December 3, 2019	Not applicable
Matthew F. Walsh	August 13, 2019	December 3, 2019
Kathryn L. Leach	August 13, 2019	December 3, 2019
George Brady	December 6, 2017	August 13, 2019

Secretary		
Matthew F. Walsh	November 21, 2019	Not applicable

ACQUISITION OR DISPOSAL OF OWN SHARES

Own shares held by the Company (par value €0.01 per share) (1)	**Number**	**Value**
Value in thousands		
Balance as of June 30, 2019	—	$ —
Transferred from subsidiary	17,875,596	1,275,074
Repurchase of shares	758,653	89,483
Movements associated with long-term incentive programs	(439,297)	11,939
Balance as of June 30, 2020	18,194,952	$ 1,376,496

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(1) The shares presented here are held by Cimpress plc. Before the merger with Cimpress N.V. discussed in the Background section of this Director's Report, Cimpress plc held no shares of the Cimpress group.

The shares acquired during the year were received for the transfer of shares from a subsidiary in which no consideration was paid, repurchases of our ordinary shares, the exercise of employee-held share options and vesting of employee-held restricted share units. The shares held by Cimpress remain in treasury as of June 30, 2020. We held 18,194,952 of our own shares as of June 30, 2020, representing 70% of our outstanding called up share capital as of that date.

DIVIDENDS

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

ACCOUNTING RECORDS

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

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.

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, 2020 and 2019.

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, 2020 and 2019 was $49,201 and $40,976, respectively.

NON-FINANCIAL STATEMENT

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

A description of our business model can be found under "Business Overview" beginning on page 5 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 25-40 of this Directors' Report. The following is a summary of our key policies, actions, and key performance indicators for environmental matters; social and employee matters; human rights; health and safety; supply chain matters; and anti-bribery and anti-corruption. These policies and actions aim to ensure that we manage risk in these areas and achieve our environmental, social and governmental goals.

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

Social and Environmental Responsibility

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

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

  The table below reflects our Scope 1 and Scope 2 energy usage and carbon emissions for the year ended June 30, 2019.

	For the Year Ended June 30, 2019			
Key Performance Indicator	**Consumption**	**Units**	**Emissions (Scope 1&2)**	**Units**
Energy Source				
Natural Gas	27,360,608	kWh	5,527	tCO2e
Diesel	34	cubic meter	91	tCO2e
Electricity	120,705,460	kWh	23,158	tCO2e

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

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

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

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

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

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

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

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

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

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

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

On behalf of the board

/s/ Robert S. Keane

Robert S. Keane
Director

/s/ John J. Gavin, Jr.

John J. Gavin, Jr.
Director

October 28, 2020

Independent auditors' report to the members of Cimpress plc

Report on the audit of the financial statements

Opinion

In our opinion:

- Cimpress plc's consolidated financial statements and company financial statements (the "financial statements") give a true and fair view of the group's and the company's assets, liabilities and financial position as at June 30, 2020 and of the group's profit and cash flows for the year then ended;
- the consolidated financial statements have been properly prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"), as defined in Section 279 of the Companies Act 2014, to the extent that the use of those principles in the preparation of consolidated financial statements does not contravene any provision of Part 6 of the Companies Act 2014;
- the company financial statements have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland") and Irish law; and
- the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

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

- the Consolidated Balance Sheet as at June 30, 2020;
- the Company Balance Sheet as at June 30, 2020;
- the Consolidated Profit and Loss Account and Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated Statement of Cash Flows for the year then ended;
- the Consolidated Statement of Changes in Equity for the year then ended;
- the Company Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Our audit approach

Overview

Materiality

- $13 million - Consolidated financial statements. This represents circa 0.5% of revenue.
- $30 million - Company financial statements. This represents 1% of net assets of the Company. Financial statement line items that do not eliminate on consolidation have been audited to overall materiality for the consolidated financial statements.

Audit scope

- 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 4 components was performed, an audit of specific balances was performed at 3 components and specified procedures were performed at the remaining 4 components.
- In aggregate, the audit work performed on reporting components accounted for c.86% of group revenues, c.74% of group expenses and c.79% of group total assets.

Key audit matters

- Goodwill - Impairment Assessment - Exaprint and National Pen Reporting Units.

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*
Goodwill - Impairment Assessment - Exaprint and National Pen Reporting Units 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 $621.9 million as of June 30, 2020. During March 2020, all of the Company’s businesses experienced varying levels of decline in revenue due to the disruptions associated with the COVID-19 pandemic. Although the Directors expect the impact to be temporary, the negative effects of the pandemic on revenue and profitability triggered an assessment of goodwill, as management expected some of its businesses to achieve materially lower financial results than previously expected. The March 31, 2020 goodwill impairment test resulted in impairment charges to the Exaprint reporting unit of $40.4 million, included within The Print Group reportable segment, and impairment charges of $34.4 million in the National Pen reporting segment. Management used the income approach, specifically the discounted cash flow method, to derive the fair value. Under this approach fair value is determined by estimating the after-tax cash flows attributable to a reporting unit and then discounting the after-tax cash flows to a present value using a risk-adjusted discount rate. The cash flow projections in the fair value analysis are considered Level 3 inputs, and 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, which represents the average rate a business must pay its providers of debt and equity, plus a risk premium. We determined this to be a key audit matter due to the significant judgement exercised by management in selecting the appropriate assumptions to use for revenue growth rates, operating margins and discount rates in developing the fair value of the reporting units.	We tested the effectiveness of controls relating to management’s goodwill impairment assessment including controls over the significant assumptions used in the valuation of the Exaprint reporting unit and National Pen reporting units. We evaluated the appropriateness of the discounted cash flow model, tested the completeness, accuracy and relevance 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 rates. We evaluated the reasonableness of management’s significant assumptions related to the revenue growth rates and operating margins by considering the current and past performance of the reporting units and the consistency of the assumptions with external market and industry data. We also considered whether those assumptions were consistent with evidence obtained in other areas of the audit. We used PwC professionals with specialised skill and knowledge to assist in the evaluation of the reporting units’ discounted cash flow model and the reasonableness of the discount rates. We also assessed the appropriateness of the related disclosures within the financial statements and consider the disclosures included in Note 12 to be reasonable.

How we tailored the audit scope

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

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

We conducted audit work in 11 reporting components. We paid particular attention to these components due to their size or characteristics and to ensure appropriate audit coverage. An audit on the full financial information of 4 components was performed, an audit of specific balances was performed at 3 components and specified procedures were performed at the remaining 4 components. In aggregate, through the full scope audit of 4 of the group’s reporting components, an audit of specific balances at 3 reporting components and specified procedures performed at the remaining 4 components, the audit work performed on reporting components accounted for c.86% of group revenues, c.74% of group expenses and c.79% of group total assets.

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

Materiality

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

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

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

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $1.0 million (group audit) and $1.0 million (company audit) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Reporting on other information

The other information comprises all of the information in the 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 June 30, 2020 is consistent with the financial statements and has been prepared in accordance with the applicable legal requirements.
- Based on our knowledge and understanding of the group and company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report (excluding the information included in the "Non Financial Statement" on which we are not required to report).

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 48, 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.

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

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

This description forms part of our auditors' report.

Use of this report

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

Other required reporting

Companies Act 2014 opinions on other matters

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

Other exception reporting

Directors' remuneration and transactions

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

/s/ Damian Byrne

Damian Byrne

for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin
28 October 2020

Cimpress plc

2020 FINANCIAL STATEMENTS

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

CIMPRESS PLC
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Consolidated Financial Statements

Company Financial Statements

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

	Note	Year Ended June 30, 2020	Year Ended June 30, 2019
Revenue		$ 2,481,358	$ 2,751,076
Cost of sales		1,248,871	1,401,344
Gross profit		1,232,487	1,349,732
Technology and development expense		253,252	236,797
Marketing and selling expense		574,041	713,863
General and administrative expense		183,054	162,652
Amortization of acquired intangible assets		51,786	53,256
Restructuring expense		13,543	12,054
Impairment of goodwill and acquired intangible assets		100,842	7,503
Income from operations		55,969	163,607
Other income, net	6	22,874	26,476
Interest payable and similar expense, net	6	(75,840)	(63,171)
Income before income taxes		3,003	126,912
Income tax (benefit) expense	7	(80,731)	33,432
Net income		83,734	93,480
Add: Net (income) loss attributable to noncontrolling interest		(630)	1,572
Net income attributable to Cimpress plc		$ 83,104	$ 95,052
Basic net income per share	8	$ 3.07	$ 3.09
Diluted net income per share	8	$ 3.00	$ 3.00

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

CIMPRESS PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(in thousands)

	Year Ended June 30,	
	2020	2019
Net income	$ 83,734	$ 93,480
Other comprehensive income (loss):		
Foreign currency translation gain, net of hedges	10,933	6,667
Net unrealized loss on derivative instruments designated and qualifying as cash flow hedges	(33,213)	(23,409)
Gains from shareholders' equity (deficit) to net income on derivative instruments	5,774	3,932
Unrealized loss on pension benefit obligation	(1,195)	(204)
Total recognized income for the year	66,033	80,466
Add: Recognized (income) expense attributable to non-controlling interests	(391)	4,537
Total recognized income for the year attributable to Cimpress plc	$ 65,642	$ 85,003

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

CIMPRESS PLC
CONSOLIDATED BALANCE SHEET

(in thousands)

	Note	June 30, 2020	June 30, 2019
Assets			
Non-current assets			
Intangible assets:			
Capitalized software		$ 71,465	$ 69,840
Goodwill	12	621,904	718,880
Other intangible assets	12	209,228	262,701
Tangible assets:			
Property, plant and equipment (1)	11	338,659	490,755
Operating lease assets (1)	23	156,258	—
Other assets:			
Deferred tax assets	7	143,471	59,906
Other assets, including derivatives	13	25,506	25,907
Total non-current assets		1,566,491	1,627,989
Current assets			
Inventory	2	80,179	66,310
Investments, including derivatives	13	10,500	15,230
Debtors:			
Trade receivables	14	34,596	60,646
Prepaid expenses and other current assets	15	78,109	62,835
Cash at bank and in-hand		45,021	35,279
Restricted cash		86	87
Total current assets		248,491	240,387
Total assets		1,814,982	1,868,376
Creditors (amounts falling due within a year)			
Accounts payable		163,891	185,096
Accrued expenses	16	199,579	186,090
Deferred revenue		39,130	31,780
Current portion of long-term debt	17	17,933	81,277
Current operating leases liabilities (1)	23	41,772	—
Other current liabilities	16	15,474	27,881
Total current liabilities		477,779	512,124
Net current liabilities		(229,288)	(271,737)
Total assets less current liabilities		1,337,203	1,356,252
Creditors (amounts falling due after more than one year)			
Long-term debt	17	1,415,657	942,290
Lease financing obligation (1)	16	—	112,096
Long-term operating lease liabilities (1)	23	128,963	—
Other non-current liabilities	16	94,143	51,391
Total non-current liabilities		1,638,763	1,105,777
Total liabilities		2,116,542	1,617,901
Provisions for liabilities	16	45,715	55,481
Net (liabilities) assets		$ (347,275)	$ 194,994

(1) Due to our adoption of the new leasing standard on July 1, 2019, we recognized operating lease assets and liabilities. Additionally, all costs previously capitalized for our build-to-suit leases included in property, plant and equipment, net and lease financing obligation have been de-recognized and are now classified as operating leases. Refer to Note 2 for additional details.

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

	Note	June 30, 2020	June 30, 2019
Capital and reserves			
Called up share capital presented as equity	18	$ 544	$ —
Share premium account	19	9,578	—
Other reserves	19	(4,234,477)	(405,610)
Profit and loss account		3,807,974	537,422
Equity (deficit) attributable to owners of Cimpress plc		(416,381)	131,812
Redeemable noncontrolling interests	21	69,106	63,182
Total shareholders' (deficit) funds		$ (347,275)	$ 194,994

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 28, 2020.

/s/ Robert S. Keane

Robert S. Keane
Director

/s/ John J. Gavin, Jr.

John J. Gavin, Jr.
Director

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

		Attributable to owners of the Company								
				Other Reserves					
	Note	Called up share capital	Share premium account	Other	Accumulated Other Comprehensive Loss	Profit and loss account	Total	Redeemable Noncontrolling Interest	Total equity
Balance as of June 30, 2018		$ —	$ —	$ (289,280)	$ (69,814)	$ 452,756	$ 93,662	$ 86,151	$ 179,813
Issuance of ordinary shares due to share option exercises, net of shares withheld for taxes	19	—	—	(6)	—	—	(6)	—	(6)
Restricted share units vested, net of shares withheld for taxes	19	—	—	(2,293)	—	—	(2,293)	—	(2,293)
Grant of restricted share awards	19	—	—	24	—	—	24	—	24
Share based compensation expense	19	—	—	18,064	—	—	18,064	—	18,064
Purchase of ordinary shares	18	—	—	(55,567)	—	—	(55,567)	—	(55,567)
Net income		—	—	—	—	95,052	95,052	(1,566)	93,486
Adoption of new accounting standard	2	—	—	—	—	(3,246)	(3,246)	—	(3,246)
Noncontrolling interest accretion to redemption value	21	—	—	—	—	(7,140)	(7,140)	7,133	(7)
Net unrealized loss on derivative instruments designated and qualifying as cash flow hedges	10	—	—	—	(19,477)	—	(19,477)	—	(19,477)
Foreign currency translation, net of hedges		—	—	—	9,638	—	9,638	(2,971)	6,667
Unrealized loss on pension benefit obligation, net of tax		—	—	—	(204)	—	(204)	—	(204)
Adjustment for purchase of noncontrolling interest	21	—	—	2,714	—	—	2,714	(88,234)	(85,520)
Sale of noncontrolling interest	21	—	—	—	—	—	—	57,046	57,046
Distribution to noncontrolling interest	21	—	—	—	—	—	—	(3,375)	(3,375)
Acquisition of noncontrolling interest	21	—	—	—	—	—	—	9,061	9,061
Adjustment to noncontrolling interest for share forfeiture	21	—	—	591	—	—	591	(591)	—
Other noncontrolling interest adjustments	21	—	—	—	—	—	—	528	528
Balance as of June 30, 2019		$ —	$ —	$ (325,753)	$ (79,857)	$ 537,422	$ 131,812	$ 63,182	$ 194,994

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

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

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

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

CIMPRESS PLC
CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousands)

	Year Ended June 30,	
	2020	**2019**
Operating activities		
Net income	$ 83,734	$ 93,480
Adjustments for:		
Depreciation and amortization	167,943	173,771
Impairment of goodwill (Note 12)	100,842	7,503
Share-based compensation expense (Note 19)	34,874	21,716
Deferred taxes (Note 7)	(106,603)	6,838
Change in contingent earn-out liability	(54)	—
Unrealized gain (loss) on derivatives not designated as hedging instruments included in net income	7,731	(5,358)
Effect of exchange rate changes on monetary assets and liabilities denominated in non-functional currency	(802)	(4,364)
Other non-cash items	11,283	9,209
Changes in working capital, excluding the effect of acquisitions:		
Accounts receivable	26,659	(4,186)
Inventory	(18,328)	(3,627)
Prepaid expenses and other assets	11,946	4,475
Accounts payable	(17,547)	19,835
Accrued expenses and other liabilities	36,766	11,803
Net cash provided by operating activities	338,444	331,095
Investing activities		
Purchases of property, plant and equipment	(50,467)	(70,563)
Proceeds from the sale of subsidiaries, net of transaction costs and cash divested	(1,124)	—
Business acquisition, net of cash acquired (Note 4)	(4,272)	(289,920)
Purchases of intangible assets	—	(64)
Software and website development expenditures	(43,992)	(48,652)
Proceeds from sale of assets	1,644	640
Proceeds from (payments for) settlement of derivatives designated as hedging instruments	29,791	(12,016)
Other investing activities	1,556	409
Net cash used in investing activities	(66,864)	(420,166)
Financing activities		
Proceeds from borrowings of long-term debt (Note 17)	1,281,490	1,140,607
Proceeds from issuance of senior notes (Note 17)	210,500	—
Proceeds from issuance of second lien notes (Note 17)	271,568	—
Proceeds from issuance of warrants (Note 17)	22,432	—
Payments of debt (Note 17)	(1,337,334)	(947,696)
Payments of debt issuance costs (Note 17)	(22,570)	(2,729)
Payments of purchase consideration included in acquisition-date fair value	—	(3,282)
Payments of withholding taxes in connection with equity awards	(41,709)	(5,979)
Payments of finance lease obligations	(9,511)	(17,063)

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

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

	Year Ended June 30,	
	2020	**2019**
Financing activities (continued)		
Purchase of noncontrolling interests (Note 21)	—	(85,520)
Proceeds from sale of non-controlling interest (Note 21)	—	57,046
Distribution to noncontrolling interest (Note 21)	(3,955)	(3,375)
Purchase of ordinary shares	(627,056)	(55,567)
Proceeds from issuance of shares	6	3,403
Other financing activities	(2,116)	2,144
Net cash (used in) provided by financing activities	(258,255)	81,989
Effect of exchange rate changes on cash	(3,583)	(1,866)
Net increase (decrease) in cash and cash equivalents	9,742	(8,948)
Cash and cash equivalents at beginning of period	35,279	44,227
Cash and cash equivalents at end of period	$ 45,021	$ 35,279

Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	$ 72,906	$ 63,940
Income taxes	13,520	26,369
Non-cash investing and financing activities:		
Capitalization of construction costs related to financing lease obligation (1)	—	13,448
Property and equipment acquired under financial leases	1,605	11,871
Amounts accrued related to business acquisitions	2,289	5,564

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(1) Due to our adoption of the new leasing standard on July 1, 2019, any costs previously capitalized for a build-to-suit lease and included in the financing lease obligation are now classified as an operating lease and the lease financing obligation has been de-recognized. Refer to Note 2 for additional details.

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

CIMPRESS PLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended June 30, 2020
(in thousands, except share and per share data)

1. Description of the Business

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

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

2. Summary of Significant Accounting Policies

Basis of Preparation

The consolidated financial statements include the accounts of Cimpress plc, its wholly owned subsidiaries, entities in which we maintain a controlling financial interest, and those entities in which we have a variable interest and are the primary beneficiary. Intercompany balances and transactions have been eliminated. Investments in entities in which we cannot exercise significant influence, and the related equity securities do not have a readily determinable fair value, are accounted for using the cost method and are included in other assets on the consolidated balance sheets.

The consolidated financial statements have been prepared 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.

Given the current and expected impact of the COVID-19 pandemic on our business we evaluated our liquidity position as of the date of the issuance of these consolidated financial statements. Based on this evaluation, management believes, despite the ongoing impact of COVID-19 on our business, that our financial position, net cash provided by operations combined with our cash and cash equivalents, borrowing availability under our revolving credit facility, and the April 2020 temporary maintenance covenant suspension and capital raise as described in Note 17, will be sufficient to fund our current obligations, capital spending, debt service requirements and working capital requirements over at least the next twelve months.

Use of Estimates

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

Due to the COVID-19 pandemic, there has been uncertainty and disruption in the global economy and financial markets. Subsequent to June 30, 2020, we are not aware of any specific event or circumstance that would require an update to our estimates or judgments or a revision of the carrying value of our assets or liabilities as of October 28, 2020, the date of issuance of this Annual Report. These estimates may change as new events occur and additional information is obtained. Actual results could differ materially from these estimates under different assumptions or conditions.

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.

Due to the uncertainty created by the COVID-19 pandemic, we took proactive measures to maintain our financial strength and flexibility by raising $300,000 of capital on May 1, 2020 by issuing second lien notes and warrants. In response to the pandemic-related decrease in revenue, we have taken actions to reduce cash costs while protecting key investments we were making prior to the pandemic. We have historically allocated a material amount of capital to purchases of our ordinary shares and corporate acquisitions. The April 2020 amendment to our credit facility prohibits us from repurchasing our shares and substantially limits acquisitions for the period in which the financial maintenance covenants associated with our senior secured credit facility are suspended.

We evaluated our liquidity position as of the date of the issuance of these consolidated financial statements. Based on this evaluation, we believe, despite the ongoing impact of COVID-19 on our business, that our financial position, net cash provided by operations combined with our cash and cash equivalents, borrowing availability under our revolving credit facility and the April 2020 temporary maintenance covenant suspension and capital raise as described in Note 17, will be sufficient to fund our current obligations, capital spending, debt service requirements and working capital requirements over at least the next twelve months.

Cash and Cash Equivalents

We consider all highly liquid investments purchased with an original maturity of three months or less to be the equivalent of cash for the purpose of balance sheet and statement of cash flows presentation. Cash equivalents consist of depository accounts and money market funds. Cash and cash equivalents restricted for use were $86 and $87 as of June 30, 2020 and 2019, respectively.

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. As of June 30, 2020, we reclassified $3,768 to short-term debt within our consolidated balance sheets and presented the overdraw within financing activities in our consolidated statement of cash flows. We did not have a bank overdraw in the prior period. As of June 30, 2020, we did not record a book overdraft, however as of June 30, 2019, we reclassified a book overdraft of $2,144 to other current liabilities.

Accounts Receivable

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

Inventories

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

Property, Plant and Equipment

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

Software and Web Site Development Costs

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

Amortization of previously capitalized amounts in the years ended June 30, 2020 and 2019 was $40,753 and $35,068, respectively, resulting in accumulated amortization of $180,993 and $136,721 at June 30, 2020 and 2019, respectively.

Intangible Assets

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

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

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

Long-Lived Assets

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

Business Combinations

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

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

Goodwill

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

We have the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. If the results of this analysis indicate that the fair value of a reporting unit is less than its carrying value, the quantitative impairment test is required; otherwise, no further assessment is necessary. To perform the quantitative approach, we estimate the fair value of our reporting units using a discounted cash flow methodology. If the carrying value of a reporting unit’s goodwill exceeds its implied fair value, then we record an impairment loss equal to the difference. Refer to Note 12 for additional information.

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.

Debt Issuance Costs

Costs associated with the issuance of debt instruments are capitalized and amortized over the term of the respective financing arrangement on a straight-line basis through the maturity date of the related debt instrument. We evaluate all changes to our debt arrangements, to determine whether the changes represent a modification or extinguishment to the old debt arrangement. If a debt instrument is deemed to be modified, we capitalize all new lenders fees and expense all third-party fees. If we determine that an extinguishment of one of our debt instruments has occurred, the unamortized financing fees associated with the extinguished instrument are expensed. For the revolving loans associated with our senior secured credit facility, all lender and third-party fees are capitalized, and in the event the 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) income remains in accumulated other comprehensive (loss) income until the forecasted transaction is recognized in earnings. For derivatives designated as cash flow hedges, we present the settlement amount of these contracts within cash from investing activities in our consolidated statement of cash flows, if the hedged item continues after contract settlement.

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

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

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

Mandatorily Redeemable Noncontrolling Interest

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

Shareholders' (Deficit) Equity

Comprehensive Income (Loss)

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

Treasury Shares

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

Warrants

During the fourth quarter of 2020, we issued warrants in conjunction with the issuance of second lien debt. The warrants are legally detachable from the debt and settleable only in our shares. We account for the warrants in accordance with ASC 470-20, Debt with Conversion and Other Options, which requires us to bifurcate and separately account for the 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 17 for additional details related to the refinancing.

Revenue Recognition

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

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

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

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

We record deferred revenue when cash payments are received in advance of our satisfaction of the related performance obligation. The satisfaction of performance obligations generally occurs shortly after cash payment and we expect to recognize our deferred revenue balance as revenue within three months subsequent to June 30, 2020.

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. Additional revenue disaggregation disclosure requirements resulting from the adoption of ASC 606 are included in Note 3.

Restructuring

Restructuring costs are recorded in connection with initiatives designed to improve efficiency or enhance competitiveness. Restructuring initiatives require us to make estimates in several areas, including expenses for severance and other employee separation costs and our ability to generate sublease income to enable us to terminate lease obligations at the estimated amounts. One-time termination benefits are expensed at the date we notify the employee, unless the employee must provide future service beyond the statutory minimum retention period, in which case the benefits are expensed ratably over the future service period. Liabilities for costs associated with a facility exit or disposal activity are recognized when the liability is incurred, as opposed to when management commits to an exit plan, and are measured at fair value. Restructuring costs are presented as a separate financial statement line within our consolidated statement of operations.

For jurisdictions in which there are statutorily required minimum benefits for involuntary terminations, or severance benefits documented in an employee manual or labor contract, we evaluate these benefits under ASC 712 as ongoing benefit arrangements. We recognize the liability for these arrangements when it is probable that the employee would be entitled to the benefits and the amounts can be reasonably estimated.

Advertising Expense

Our advertising costs are primarily expensed as incurred and included in marketing and selling expense. Advertising expense for the years ended June 30, 2020 and 2019 was $302,449 and $427,673, 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, 2020 and 2019 was $49,201 and $40,976, respectively, which consisted of costs related to enhancing our manufacturing engineering and technology capabilities.

Income Taxes

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

We recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by the taxing authorities, based on the technical merits of the tax position. The tax benefits recognized in our financial statements from such positions are measured as the largest benefit that has a greater than 50% likelihood of being realized upon ultimate resolution. The unrecognized tax benefits will reduce our effective tax rate if recognized. Interest and, if applicable, penalties related to unrecognized tax benefits are recorded in the provision for income taxes.

Foreign Currency Translation

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

Compensation Expense

Share-based Compensation

Compensation expense for all share-based awards is measured at fair value on the date of grant and recognized over the requisite service period. We recognize the impact of forfeitures as they occur. The fair value of share options is determined using the Black-Scholes valuation model, or lattice model for share options with a market condition or subsidiary share options. The fair value of RSUs and RSAs is determined based on the quoted price of our ordinary shares on the date of the grant. Such value is recognized ratably as expense over the requisite service period, or on an accelerated method for awards with a performance or market condition. For awards that are ultimately settleable in cash, we treat 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 performance share units, or PSUs, which are estimated at fair value on the date of grant, which is fixed throughout the vesting period. The fair value is determined using a Monte Carlo simulation valuation model. As the PSUs include both a service and market condition the related expense is recognized using the accelerated expense attribution method over the requisite service period for each separately vesting portion of the award. For PSUs that meet the service vesting condition, the expense recognized over the requisite service period will not be reversed if the market condition is not achieved.

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

Total share-based compensation expense was $34,874 and $21,716 for the years ended June 30, 2020 and 2019, respectively.

Sabbatical Leave

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

Lease Accounting

Lease accounting - adoption of ASC 842

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

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

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

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

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

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

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

For the year ended June 30, 2020, the change in lease classification for our build-to-suit leases resulted in a reduction to operating income within our consolidated statement of operations of $7,440, with a corresponding decrease to interest expense, net. In our consolidated statement of cash flows, the change in classification resulted in a decrease to cash from operating activities and increase to cash from financing activities of $4,117 during the year ended June 30, 2020. Other than the impact from our build-to-suit leases, the new standard did not have a material impact on our consolidated statement of operations and consolidated statement of cash flows. Refer to Note 23 for additional lease disclosure.

Lease accounting policy

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

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

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.

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.

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

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

Recently Issued or Adopted Accounting Pronouncements

New Accounting Standards Adopted

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

In August 2017, the FASB issued Accounting Standards Update No. 2017-12, "Derivatives and Hedging: Targeted Improvements to Accounting for Hedging Activities (Topic 815)," (ASU 2017-12), which better aligns a company’s financial reporting for hedging activities with the economic objectives of those activities. We adopted the amendment on its effective date of July 1, 2019. The standard requires a modified retrospective transition approach, and we recognized the cumulative effect of the change within shareholders' equity as of the date of adoption. Upon transitioning to the new standard on July 1, 2019, we reversed the cumulative effect of expense previously recognized in earnings for the ineffective portion of our interest rate swap contracts, which resulted in an adjustment to retained earnings and accumulated other comprehensive loss within our consolidated balance sheet of $153, net of tax. We will prospectively recognize any ineffectiveness associated with our effective and designated cash flow hedges within accumulated other comprehensive loss, rather than in earnings. These changes did not have a material impact on our consolidated financial statements.

In March 2016, the FASB issued Accounting Standards Update No. 2016-02, "Leases (Topic 842)" (ASU 2016-02), which requires the recognition of lease assets and lease liabilities by lessees for those leases currently classified as operating leases. The standard also retains a distinction between finance leases and operating leases. We adopted the standard on its effective date of July 1, 2019. Refer to the information above for additional details of the adoption.

Issued Accounting Standards to be Adopted

In December 2019, the FASB issued Accounting Standards Update No. 2019-12 "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes" (ASU 2019-12), which modifies certain aspects of income tax accounting. The standard is effective for us on July 1, 2020. We do not expect the effect of ASU 2019-12 to have a material impact on our consolidated financial statements.

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

3. 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.

During the first quarter of fiscal 2020, we revised our internal organizational and reporting structure leading to changes in our Vistaprint and All Other Businesses reportable segments. Our Vistaprint Corporate Solutions, Vistaprint India, and Vistaprint Japan businesses, which were previously aggregated based on materiality in our All Other Businesses, are now directly managed within the Vistaprint business. These businesses are close derivatives or adjacencies of the Vistaprint business and leverage the Vistaprint brand, customers, technology, and/or other assets. This change in reporting structure positions them closer to the Vistaprint operations, capabilities, and resources. Additionally, during the fourth quarter of fiscal 2020, we reorganized technology teams that previously existed within our Vistaprint business and our central teams. The reorganization resulted in some team member reductions in both organizations, and the net transfer of 177 team members from Vistaprint to our central Cimpress technology team. This change is intended to free up resources to make more Vistaprint technologies available to other Cimpress businesses in the future, to accelerate Vistaprint's re-platforming efforts, and to reduce costs where no longer necessary. We have revised our presentation of all prior periods presented to reflect our revised segment reporting for the two changes made during fiscal 2020.

As of June 30, 2020, we have numerous operating segments under our management reporting structure which are reported in the following five reportable segments:

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

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

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

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

- *All Other Businesses* - Includes a collection of businesses grouped together based on materiality:
    - BuildASign is an internet-based provider of canvas-print wall décor, business signage and other large-format printed products, based in Austin, Texas.
    - Printi is an online printing leader in Brazil, which offers a superior customer experience with transparent and attractive pricing, reliable service and quality.
    - VIDA was part All Other Businesses segment through April 10, 2020, the date on which we sold our shares in the business.
    - YSD is a startup operation that provides end-to-end mass customization solutions to brands and intellectual property owners in China, supporting multiple channels including retail stores, websites,

WeChat and e-commerce platforms to enhance brand awareness and competitiveness and develop new markets.

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

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

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

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

Our definition of segment EBITDA is GAAP operating income excluding certain items, such as depreciation and amortization (with the exception of depreciation expense associated with our Waltham, Massachusetts lease for periods prior to our adoption of the new leasing standard on July 1, 2019), expense recognized for contingent earn-out related charges including the changes in fair value of contingent consideration and compensation expense related to cash-based earn-out mechanisms dependent upon continued employment, share-based compensation related to investment consideration, certain impairment expense, and restructuring charges. For historical periods presented, a portion of the interest expense associated with our Waltham, Massachusetts lease is included as expense in segment EBITDA and allocated based on headcount to the appropriate business or corporate and global function. The interest expense represents a portion of the cash rent payment and is considered an operating expense for purposes of measuring our segment performance. Beginning in fiscal 2020, as part of our adoption of the new leasing standard, the accounting treatment for our Waltham, Massachusetts lease has changed to an operating lease, so the expense associated with this lease is reflected in operating income and no longer requires an adjustment to segment EBITDA. We do not allocate non-operating income, including realized gains and losses on currency hedges, to our segment results.

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

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

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

	Year Ended June 30,	
	2020	2019
Revenue:		
Vistaprint (1)	$ 1,337,291	$ 1,508,322
PrintBrothers (2)	417,921	443,987
The Print Group (3)	275,214	325,872
National Pen (4)	299,474	348,409
All Other Businesses (5)	173,789	136,202
Total segment revenue	2,503,689	2,762,792
Inter-segment eliminations	(22,331)	(11,716)
Total consolidated revenue	$ 2,481,358	$ 2,751,076

(1) Vistaprint segment revenue includes inter-segment revenue of $6,180 and $5,851 for the years ended June 30, 2020 and 2019.
(2) PrintBrothers segment revenue includes inter-segment revenue of $934 and $1,227 for the years ended June 30, 2020 and 2019.
(3) The Print Group segment revenue includes inter-segment revenue of $5,994 and $796 for the years ended June 30, 2020 and 2019.
(4) National Pen segment revenue includes inter-segment revenue of $7,806 and $3,729 for the years ended June 30, 2020 and 2019.
(5) All Other Businesses segment revenue includes inter-segment revenue of $1,417 and $113 for the years ended June 30, 2020 and 2019.

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

	Year Ended June 30, 2019					
	Vistaprint	PrintBrothers	The Print Group	National Pen	All Other	Total
Revenue by Geography:						
North America	$1,040,928	$ —	$ —	$ 179,425	$ 112,216	$1,332,569
Europe	373,768	442,760	325,076	134,381	—	1,275,985
Other	87,775	—	—	30,874	23,873	142,522
Inter-segment	5,851	1,227	796	3,729	113	11,716
Total segment revenue	1,508,322	443,987	325,872	348,409	136,202	2,762,792
Less: inter-segment elimination	(5,851)	(1,227)	(796)	(3,729)	(113)	(11,716)
Total external revenue	$1,502,471	$ 442,760	$ 325,076	$ 344,680	$ 136,089	$2,751,076

	Year Ended June 30,	
	2020	2019
Segment EBITDA (loss):		
Vistaprint	$ 366,334	$ 349,697
PrintBrothers	39,373	43,474
The Print Group	51,606	63,997
National Pen	7,605	17,299
All Other Businesses	17,474	(6,317)
Total segment EBITDA	482,392	468,150
Central and corporate costs	(140,398)	(117,295)
Depreciation and amortization	(167,943)	(172,957)
Waltham, MA lease depreciation adjustment (1)	—	4,120
Earn-out related charges	54	—
Share-based compensation related to investment consideration	—	(2,893)
Certain impairments and other adjustments (2)	(104,593)	(10,700)
Restructuring-related charges	(13,543)	(12,054)
Interest expense for Waltham, MA lease (1)	—	7,236
Total income from operations	55,969	163,607
Other income, net	22,874	26,476
Interest expense, net	(75,840)	(63,171)
Income before income taxes	$ 3,003	$ 126,912

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(1) Upon the adoption of the new leasing standard on July 1, 2019, our Waltham, MA lease, which was previously classified as build-to-suit, is now classified as an operating lease under the new standard. Therefore, the Waltham depreciation and interest expense adjustments that were made in comparative periods will no longer be made beginning in the first fiscal quarter of 2020, as any impact from the Waltham lease will be reflected in operating income. Refer to Note 2 for additional details.
(2) Includes impairments of goodwill defined by ASC 350 - "Intangibles - Goodwill and Other" of $100,842, as well as losses of $1,520 recognized for fair value adjustments to the disposal group related to our VIDA sale during the year ended June 30, 2020. During fiscal year 2019 we recognized reserves for loans as defined by ASC 326 - "Financial Instruments - Credit Losses".

	Year Ended June 30,	
	2020	2019
Depreciation and amortization:		
Vistaprint	$ 59,029	$ 67,317
PrintBrothers	21,010	22,108
The Print Group	24,769	29,437
National Pen	23,654	21,642
All Other Businesses	23,755	17,068
Corporate and global functions	15,726	16,199
Total depreciation and amortization	$ 167,943	$ 173,771

	Year Ended June 30,	
	2020	2019
Purchases of property, plant and equipment:		
Vistaprint	$ 15,986	$ 32,820
PrintBrothers	4,315	3,521
The Print Group	17,136	7,908
National Pen	5,016	8,346
All Other Businesses	4,242	16,996
Central and corporate costs	3,772	972
Total purchases of property, plant and equipment	$ 50,467	$ 70,563

	Year Ended June 30,	
	2020	2019
Capitalization of software and website development costs:		
Vistaprint	$ 18,381	$ 23,369
PrintBrothers	990	1,787
The Print Group	1,484	2,327
National Pen	3,290	3,624
All Other Businesses	3,684	2,948
Central and corporate costs	16,163	14,597
Total capitalization of software and website development costs	$ 43,992	$ 48,652

Enterprise Wide Disclosures:

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

	Year Ended June 30,	
	2020	2019
Revenue:		
United States	$ 1,251,531	$ 1,361,438
Germany (1)	351,348	367,375
Other (2)	878,479	1,022,263
Total revenue	$ 2,481,358	$ 2,751,076

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(1) During the fiscal years ended June 30, 2020 and 2019, our revenue within the German market exceeded 10% of our total consolidated revenue. Therefore we have presented Germany as a significant geographic area.

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

	Year Ended June 30,	
	2020	2019
Revenue:		
Physical printed products and other (3)	$ 2,431,367	$ 2,700,167
Digital products/services	49,991	50,909
Total revenue	$ 2,481,358	$ 2,751,076

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

	June 30,	
	2020	2019
Long-lived assets (1):		
United States	$ 161,853	$ 57,118
Netherlands	82,897	73,601
Canada	67,367	73,447
Switzerland	58,013	57,488
Italy	46,317	43,203
Jamaica	21,563	21,267
Australia	19,695	20,749
France	23,917	18,533
Japan	15,430	17,768
Other	94,922	79,006
Total	$ 591,974	$ 462,180

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(1) Excludes goodwill of $621,904 and $718,880, intangible assets, net of $209,228 and $262,701, and deferred tax assets of $143,496 and $59,906 as of June 30, 2020 and June 30, 2019, respectively. Build-to-suit lease assets of $124,408 are excluded for the year ended June

30, 2019, and upon our adoption of ASC 842 on July 1, 2019, our Waltham, MA and Dallas, TX build-to-suit lease asset balances were de-recognized.

As of June 30, 2020, all operating lease assets are recognized within the balances above. Refer to Note 2 for additional details.

4. Acquisitions

Fiscal 2019 Acquisitions

Acquisition of Build A Sign LLC

On October 1, 2018, we completed the acquisition of Build A Sign LLC ("BuildASign"), a vertically integrated U.S. web-to-print canvas wall dècor and signage company. We acquired approximately 99% of the outstanding equity interests of BuildASign for a purchase price of $275,079 in cash, which includes a post-closing adjustment paid during the second quarter of fiscal 2019 and was based on BuildASign's cash, debt and working capital position as of the acquisition date.

The acquisition supports our strategy of investing in and building customer-focused, entrepreneurial, mass customization businesses for the long term, which we manage in a decentralized and autonomous manner. BuildASign brings strong talent, a customer-centric culture, low-cost production operations and strong e-commerce capabilities that work seamlessly together to serve customers with market-leading prices, fast delivery and great customer service.

Noncontrolling Interest

At the closing, Build A Sign Management Pool, LLC (the "Management Pool"), one of the sellers, retained approximately 1% of the outstanding equity interests of BuildASign for the benefit of certain BuildASign employees who hold equity interests in the Management Pool. We entered into a put and call option agreement with respect to the retained BuildASign equity interests, which provides the holders of the Management Pool the right to sell to us all or any portion of their shares, beginning with our fiscal year ending June 30, 2022 and for each fiscal year thereafter. We have the right to buy all (but not less than all) of the retained equity interest of any holder that is no longer an active employee of the company, beginning with our fiscal year ending June 30, 2022. The put and call purchase price is based on BuildASign's revenue growth and EBITDA for the fiscal year in which the option is exercised. Due to the presence of the put arrangement, the non-controlling interest is presented as redeemable non-controlling interest as redemption is not solely within our control. We initially recognized the non-controlling interest at fair value of $3,356 and will adjust the balance for the pro rata impact of the BuildASign earnings or loss, as well as adjustments to increase the balance to the redemption value, if necessary.

The excess purchase price over the fair value of BuildASign's net assets was recorded as goodwill, which is primarily attributable to the value of its workforce, its manufacturing and marketing processes and know-how, as well as synergies which include leveraging Cimpress' scale-based sourcing channels. Goodwill is deductible for tax purposes and has been attributed to the All Other Businesses reportable segment.

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

		Amount	Weighted Average Useful Life in Years
Tangible assets acquired and liabilities assumed:			
Cash and cash equivalents	$	4,093	n/a
Accounts receivable, net		510	n/a
Inventory		1,107	n/a
Other current assets (1)		6,937	n/a
Property, plant and equipment, net		12,080	n/a
Accounts payable		(3,369)	n/a
Accrued expenses (1)		(11,334)	n/a
Other current liabilities		(2,658)	n/a
Long-term liabilities		(3,949)	n/a
Identifiable intangible assets:			
Trade name		47,600	15 years
Developed technology		28,900	3 - 7 years
Customer relationships		12,430	2 - 5 years
Non-controlling interest		(3,356)	n/a
Goodwill		186,088	n/a
Total purchase price	$	275,079	

(1) In connection with the BuildASign acquisition, we recorded an indemnification asset of $5,433, which represents the seller's obligation under the merger agreement to indemnify us for a portion of their potential contingent liabilities related to certain tax matters. We also recognized a contingent liability of $8,925, which represents our estimate based on guidance within ASC 450 - "Contingencies," as of the acquisition date.

BuildASign Pro Forma Financial Information

BuildASign has been included in our consolidated financial statements starting on its acquisition date. The following unaudited pro forma financial information presents our results as if the BuildASign acquisition had occurred on July 1, 2017. The pro forma financial information for all periods presented adjusts for the effects of material business combination items, including estimated amortization of acquired intangible assets, interest associated with debt used to finance the acquisition, and transaction related costs.

		Year Ended June 30,
		2019
Pro forma revenue	$	2,783,205
Pro forma net income attributable to Cimpress plc		93,399

We utilized proceeds from our credit facility in order to finance the acquisition. In connection with the acquisition, we incurred $1,140 in general and administrative expenses during the year ended June 30, 2019, primarily related to legal, financial, and other professional services.

5. Restructuring Charges

Restructuring costs include one-time employee termination benefits, acceleration of share-based compensation, write-off of assets and other related costs including third-party professional and outplacement services. The restructuring charges included in our consolidated statement of operations for the years ended June 30, 2020 and 2019 were $13,543 and $12,054, respectively.

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

During the year ended June 30, 2019, we recognized restructuring charges of $12,054, which included $8,467 related to our Vistaprint reorganization for changes to the leadership team, as well as other reductions in headcount and associated costs. We also incurred individually immaterial restructuring charges in The Print Group and All Other Businesses reportable segments, and Central and Corporate cost center of $2,223, $1,197, and $167, respectively.

The following table summarizes the restructuring activity during the years ended June 30, 2020 and 2019:

	Severance and Related Benefits	Other Restructuring Costs	Total
Accrued restructuring liability as of June 30, 2018	$ 1,385	$ 2	$ 1,387
Restructuring charges	11,057	997	12,054
Cash payments	(5,976)	(56)	(6,032)
Non-cash charges (1)	(3,421)	(776)	(4,197)
Accrued restructuring liability as of June 30, 2019	3,045	167	3,212
Restructuring charges	13,193	350	13,543
Cash payments	(8,647)	(440)	(9,087)
Non-cash charges (1)	(1,622)	—	(1,622)
Accrued restructuring liability as of June 30, 2020	$ 5,969	$ 77	$ 6,046

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

6. Other Income, Net and Interest Expense, Net

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

	Year Ended June 30,	
	2020	2019
Gains (losses) on derivatives not designated as hedging instruments (1)	$ 20,564	$ 23,494
Currency-related gains (losses), net (2)	2,309	2,506
Other gains	1	476
Total other income, net	$ 22,874	$ 26,476

(1) Primarily relates to both realized and unrealized gains on derivative currency forward and option contracts not designated as hedging instruments, as well as certain interest rate swap contracts that have been de-designated from hedge accounting due to their ineffectiveness.

(2) We have significant non-functional currency intercompany financing relationships that we may change at times and are subject to currency exchange rate volatility. The currency-related (losses) gains, net for the years ended June 30, 2020 and 2019 are primarily driven by this intercompany activity. In addition, we have certain cross-currency swaps designated as cash flow hedges, which hedge the remeasurement of certain intercompany loans, both presented in the same component above. Unrealized gain related to cross-currency swaps was $929 for the year ended June 30, 2020, as compared to an unrealized loss of $3,484 for the year ended June 30, 2019.

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

	Year Ended June 30,	
	2020	2019
Interest payable and similar expenses	$ 78,611	$ 67,149
Less: interest receivable and similar income	(2,771)	(3,978)
Interest payable and similar expense, net	$ 75,840	$ 63,171

7. Income Taxes

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

	Year Ended June 30, 2020	2019
U.S.	$ (58,765)	$ (10,879)
Non-U.S.	61,768	137,791
Total	$ 3,003	$ 126,912

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

	Year Ended June 30, 2020	2019
Current:		
U.S. Federal	$ (16,269)	$ 84
U.S. State	213	1,130
Non-U.S.	22,622	26,862
Total current	6,566	28,076
Deferred:		
U.S. Federal	12,980	(1,347)
U.S. State	3,213	(183)
Non-U.S.	(103,490)	6,886
Total deferred	(87,297)	5,356
Total	$ (80,731)	$ 33,432

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

	Year Ended June 30,	
	2020	2019
U.S. federal statutory income tax rate	21.0 %	21.0%
State taxes, net of federal effect	(130.1)	(1.0)
Tax rate differential on non-U.S. earnings	(408.4)	(7.2)
Swiss tax reform	(3,779.0)	—
Compensation related items	(420.7)	0.7
U.S. tax reform	(372.6)	3.7
Goodwill impairment	759.1	2.0
Change in valuation allowance	1,277.5	(1.7)
Irish foreign tax credit	262.3	(19.1)
Tax on repatriated earnings	154.1	8.0
Gain/loss on sale of subsidiary	(189.2)	—
Notional interest deduction (Italy)	(47.9)	(0.8)
Patent box (Italy)	(24.2)	(3.4)
Tax credits and incentives	(88.3)	(3.6)
Non-US tax rate changes	81.7	0.1
Business and withholding taxes	28.7	0.8
Uncertain tax positions	28.8	(0.1)
Nondeductible interest expense	157.4	1.3
Other nondeductible expenses	47.5	1.5
Tax on unremitted earnings	31.4	8.0
Change in tax residence	—	20.5
Nondeductible acquisition-related payments	—	0.6
Changes to variable interest entities	—	(2.5)
Changes to derivative instruments	—	4.5
Other	(77.4)	(7.0)
Effective income tax rate	(2,688.3)%	26.3%

For the year ended June 30, 2020, our effective tax rate was significantly impacted by Swiss Tax Reform, as discussed in more detail below. Without the Swiss Tax Reform benefit, our effective tax rate for the year was above our U.S. federal statutory tax rate primarily due to non-deductible goodwill impairments 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, Austria, Canada, France, Germany, Ireland, Italy, Mexico, the Netherlands, Spain and Switzerland. The applicable tax rates in these jurisdictions range from 10% to 32%. The total tax rate benefit from operating in non-U.S. jurisdictions is included in the line “Tax rate differential on non-U.S. earnings” in the above tax rate reconciliation table.

For the year ended June 30, 2020, our effective tax rate was (2,688.3)% as compared to the prior year effective tax rate of 26.3%. The decrease in our effective tax rate as compared to the prior year is primarily due to Swiss Tax Reform. Also, in addition to a more favorable mix of earnings year-over-year, we recognized tax benefits of $15,705 related to excess tax benefits from share based compensation, as compared to $1,539 in fiscal 2019, and $11,188 for the re-measurement of U.S. tax losses that will be carried back to tax years with higher U.S. federal tax rates under the US CARES Act. We also recognized tax expense of $41,900 to record a full valuation allowance against our U.S. deferred tax assets and a portion for our Irish deferred tax assets. The change in judgment to no longer recognize the deferred tax assets was driven by decreased profits due to impacts of the COVID-19 pandemic and goodwill impairments. During fiscal 2020 we recognized "Patent Box" tax benefits granted to our Pixartprinting business in Italy of $728, as compared to $4,260 in fiscal 2019 representing three years' worth of benefits.

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

Significant components of our deferred income tax assets and liabilities consisted of the following at June 30, 2020 and 2019:

	Year Ended June 30,	
	2020	2019
Deferred tax assets:		
Swiss tax reform amortizable goodwill	$ 127,965	$ —
Net operating loss carryforwards	62,374	80,832
Capital leases	33,078	31,010
Depreciation and amortization	4,308	3,315
Accrued expenses	6,253	6,441
Share-based compensation	9,482	11,241
Credit and other carryforwards	29,216	24,714
Derivative financial instruments	8,992	2,924
Other	7,551	3,167
Subtotal	289,219	163,644
Valuation allowance	(93,828)	(59,410)
Total deferred tax assets	195,391	104,234
Deferred tax liabilities:		
Depreciation and amortization	(41,017)	(50,091)
Capital leases	(30,433)	(27,694)
Investment in flow-through entity	(3,550)	(3,078)
Tax on unremitted earnings	(6,203)	(5,145)
Other	(4,502)	(2,851)
Total deferred tax liabilities	(85,705)	(88,859)
Net deferred tax assets	$ 109,686	$ 15,375

In assessing the realizability of deferred tax assets, we consider whether it is more likely than not that some or all of the deferred tax assets will not be realized. The increase in the valuation allowance from the prior year relates primarily to losses in certain jurisdictions (mainly the United States, Ireland, Brazil, China, Japan, and the United Kingdom) for which management has determined we cannot recognize the related deferred tax assets based on trailing three-year pre-tax profit or loss adjusted for permanent book versus tax differences. In addition, losses on certain of our derivative financial instruments grew, resulting in an additional increase to the valuation allowance. Also, Cimpress plc generated $2,442 of Irish foreign tax credit carryforwards which do not expire, but for which management has determined it is more likely than not that these will not be utilized upon future repatriation. Offsetting the overall increase in the valuation allowance, we wrote-off deferred tax assets of $14,240 and the corresponding valuation allowance related to Cimpress N.V.'s Irish foreign tax credit carryforwards as these do not transfer to Cimpress plc subsequent to the Irish Merger.

We have recorded a full valuation allowance against $8,992 of deferred tax asset related to derivatives for which management has determined that it is more likely than not that the deferred tax asset will not be recognized in the foreseeable future. The impact of this deferred tax asset and associated valuation allowance of $7,466 has been recorded in Accumulated Other Comprehensive Loss on the balance sheet. The remaining valuation allowance of $1,526 was recorded to continuing operations. Additionally, we have recorded valuation allowances of

$22,180 and $4,114 against deferred tax assets related to U.S. research and development credits and U.S. capital loss carryforwards, respectively, for which management has determined that it is more likely than not that these will not be utilized within the applicable carryforward periods available under local law.

We have recorded a partial valuation allowance of $1,149 related to the Swiss Tax Reform amortizable goodwill deferred tax asset as our current projections indicate we may not be able to utilize the full benefit. We have not recorded a valuation allowance against $20,036 of deferred tax asset associated with prior year tax losses generated in Switzerland. Management believes there is sufficient positive evidence in the form of historical and future projected profitability to conclude that it is more likely than not that all of the losses in Switzerland will be utilized against future taxable profits within the available carryforward period. Our assessments are reliant on the attainment of our future operating profit goals. Failure to achieve these operating profit goals may change our assessment of these deferred tax assets, and such change would result in additional valuation allowance and an increase in income tax expense to be recorded in the period of the change in assessment. We will continue to review our forecasts and profitability trends on a quarterly basis.

Based on the weight of available evidence at June 30, 2020, 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, 2020 is as follows:

Balance at June 30, 2019	$	59,410
Charges to earnings (1)		38,363
Charges to other accounts (2)		(3,945)
Balance at June 30, 2020	$	93,828

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(1) Amount is primarily related to U.S. research and development credits and capital loss carryforwards, U.S. and non-U.S. net operating losses, Irish foreign tax credits and Swiss tax reform amortizable goodwill.

(2) Amount is primarily related to decrease in deferred tax assets on non-U.S. net operating losses due to currency exchange rate changes and sale of VIDA, offset by unrealized losses on derivatives included in Accumulated Other Comprehensive Loss.

As of June 30, 2020, we had gross U.S. federal and apportioned state net operating losses of approximately $41,107 that expire on various dates from fiscal 2036 through fiscal 2040 or with unlimited carryforward. We also had gross non-U.S. net operating loss carryforwards of $426,027, a significant amount of which begin to expire in fiscal 2023, with the remaining amounts expiring on various dates from fiscal 2021 through fiscal 2029 or with unlimited carryforward. In addition, we had $26,814 of tax credit carryforwards primarily related to U.S. federal and state research and development credits, which expire on various dates beginning in fiscal 2031 or with unlimited carryforward. Lastly, we had $18,164 and $5,662 of U.S. federal and apportioned state capital loss carryforwards, respectively, which expire in fiscal 2025. The benefits of these carryforwards are dependent upon the generation of taxable income in the jurisdictions where they arose.

We consider the following factors, among others, in evaluating our plans for indefinite reinvestment of our subsidiaries' earnings: (i) the forecasts, budgets and financial requirements of both our parent company and its subsidiaries, both for the long term and for the short term; (ii) the ability of Cimpress plc to fund its operations and obligations with earnings from other businesses within the global group without incurring substantial tax costs; and (iii) the tax consequences of any decision to reinvest earnings of any subsidiary. As of June 30, 2020, no tax provision has been made for $36,584 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 $9,000 to $10,000 at that time. A cumulative deferred tax liability of $6,203 has been recorded attributable to undistributed earnings that we have deemed are not indefinitely reinvested. The remaining undistributed earnings of our subsidiaries are not deemed to be indefinitely reinvested and can be repatriated with no tax cost. Accordingly, there has been no provision for income or withholding taxes on these earnings.

We currently benefit from various income tax holidays in certain jurisdictions. The tax holidays expire on various dates from October 2020 through August 2022. When the tax holidays expire, we will be subject to tax at rates ranging from 10% to 30%. As a result of the tax holidays, our net income was higher by $457 for fiscal 2020.

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

Balance June 30, 2018	$ 4,705
Additions based on tax positions related to the current tax year	702
Additions based on tax positions related to prior tax years	201
Reductions based on tax positions related to prior tax years	(117)
Reductions due to lapse of statute of limitations	(763)
Cumulative translation adjustment	(7)
Balance June 30, 2019	4,721
Additions based on tax positions related to the current tax year	7,147
Additions based on tax positions related to prior tax years	769
Reductions based on tax positions related to prior tax years	(102)
Reductions due to audit settlements	(52)
Reductions due to lapse of statute of limitations	(71)
Cumulative translation adjustment	(4)
Balance June 30, 2020	$ 12,408

For the year ended June 30, 2020, the amount of unrecognized tax benefits (exclusive of interest) that, if recognized, would impact the effective tax rate is $7,473. We recognize interest and, if applicable, penalties related to unrecognized tax benefits in income tax expense. The accrued interest and penalties recognized as of June 30, 2020 and 2019 were $470 and $515, respectively. It is reasonably possible that a further change in unrecognized tax benefits in the range of $165 to $450 may occur within the next twelve months related to the settlement of one or more audits or the lapse of applicable statutes of limitations. We believe we have appropriately provided for all tax uncertainties.

We conduct business in a number of tax jurisdictions and, as such, are required to file income tax returns in multiple jurisdictions globally. The years 2014 through 2019 remain open for examination by the United States Internal Revenue Service (“IRS”) and the years 2014 through 2019 remain open for examination in the various states and non-US tax jurisdictions in which we file tax returns.

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

8. Earnings Per Share

Net Income Per Share Attributable to Cimpress plc

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

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

	Year Ended June 30,	
	2020	2019
Weighted average shares outstanding, basic	27,180,744	30,786,349
Weighted average shares issuable upon exercise/vesting of outstanding share options/RSUs/RSAs/warrants (1)	592,542	876,356
Shares used in computing diluted net income (loss) per share attributable to Cimpress plc	27,773,286	31,662,705
Weighted average anti-dilutive shares excluded from diluted net income (loss) per share attributable to Cimpress plc	1,325	—

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

9. Fair Value Measurements

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

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

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

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

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

During the years ended June 30, 2020 and 2019, there were no significant transfers in or out of Level 1, Level 2 and Level 3 classifications.

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

Although we have determined that the majority of the inputs used to value our derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with our derivatives utilize Level 3 inputs, such as estimates of current credit spreads, to appropriately reflect both our own nonperformance risk and the respective counterparties' nonperformance risk in the fair value measurement. However, as of June 30, 2020, 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, 2020 and June 30, 2019, the carrying amounts of our cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximated their estimated fair values. As of June 30, 2020 and June 30, 2019, the carrying value of our debt, excluding debt issuance costs and debt premiums and discounts, was $1,482,177 and $1,035,585, respectively, and the fair value was $1,450,719 and $1,045,334, respectively. Our debt at June 30, 2020 includes variable-rate debt instruments indexed to LIBOR that resets periodically, as well as fixed-rate debt instruments. The estimated fair value of our debt was determined using available market information based on recent trades or activity of debt instruments with substantially similar risks, terms and maturities, which fall within Level 2 under the fair value hierarchy. The estimated fair value of assets and liabilities disclosed above may not be representative of actual values that could have been or will be realized in the future.

10. Derivative Financial Instruments

We use derivative financial instruments, such as interest rate swap contracts, cross-currency swap contracts, and currency forward and option contracts, to manage interest rate and foreign currency exposures. Derivatives are recorded in the consolidated balance sheets at fair value. If the derivative is designated as a cash flow hedge or net investment hedge, then the effective portion of changes in the fair value of the derivative is recorded in accumulated other comprehensive loss and is subsequently reclassified into earnings in the period the hedged forecasted transaction affects earnings. On July 1, 2019, we adopted the new hedge accounting standard, in which we no longer recognize the ineffective portion of an effective hedge within earnings, rather any ineffectiveness associated with any effective and designated hedge is recognized within accumulated other comprehensive loss. Refer to Note 2 for additional details.

The change in the fair value of derivatives not designated as hedges is recognized directly in earnings, as a component of other income (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, 2020, we estimate that $10,364 will be reclassified from accumulated other comprehensive loss to interest expense during the twelve months ending June 30, 2021. As of June 30, 2020, we had ten outstanding interest rate swap contracts indexed to USD LIBOR, of which seven of these instruments were designated as cash flow hedges of interest rate risk and have varying start dates and maturity dates through December 2025. During the fourth quarter of fiscal 2020, we de-designated three contracts from hedge accounting due to an increased floor to our LIBOR borrowing costs related to the April 2020 amendment to our senior secured credit facility. As a result of this change in the underlying debt being hedged, these three forward starting hedges were no longer highly effective. These de-designated hedges have varying start dates and maturity dates through December 2026.

Interest rate swap contracts outstanding:	**Notional Amounts**
Contracts accruing interest as of June 30, 2020	$ 500,000
Contracts with a future start date	50,000
Total	$ 550,000

Hedges of Currency Risk

Cross-Currency Swap Contracts

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

Cross-currency swap contracts designated as cash flow hedges are executed to mitigate our currency exposure to the interest receipts as well as the principal remeasurement and repayment associated with certain intercompany loans denominated in a currency other than our reporting currency, the U.S. dollar. During the year ended June 30, 2020, we terminated one of our cross-currency swaps, resulting in cash proceeds of $9,177 which were recognized within cash provided by operating activities in our consolidated statement of cash flows. As of June 30, 2020, we had two outstanding cross-currency swap contracts designated as cash flow hedges with a total notional amount of $120,874, both maturing during June 2024. We entered into the two cross-currency swap contracts to hedge the risk of changes in one Euro-denominated intercompany loan entered into with one of our consolidated subsidiaries that has the Euro as its functional currency.

Amounts reported in accumulated other comprehensive loss will be reclassified to other income (expense), net as interest payments are accrued or paid and upon remeasuring the intercompany loan. As of June 30, 2020, we estimate that $2,994 of income will be reclassified from accumulated other comprehensive loss to interest expense, net during the twelve months ending June 30, 2021.

Other Currency Contracts

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

During the year ended June 30, 2020, we terminated nine forward contracts designated as net investment hedges, resulting in cash proceeds of $29,791 which continues to be recognized in accumulated other comprehensive income (loss). The cash proceeds were recognized as cash provided by investing activities within our consolidated statement of cash flow. As of June 30, 2020, we had five currency forward contracts designated as net investment hedges with a total notional amount of $149,604, maturing during various dates through April 2023. We entered into these contracts to hedge the risk of changes in the U.S. dollar equivalent value of a portion of our net investment in two consolidated subsidiaries that have the Euro as their functional currency. Amounts reported in accumulated other comprehensive loss are recognized as a component of our cumulative translation adjustment.

We have elected to not apply hedge accounting for all other currency forward and option contracts. During the years ended June 30, 2020 and 2019, we have 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.

As of June 30, 2020, we had the following outstanding currency derivative contracts that were not designated for hedge accounting and were used to hedge fluctuations in the U.S. dollar value of forecasted transactions or balances denominated in Australian Dollar, British Pound, Canadian Dollar, Danish Krone, Euro, Indian Rupee, Mexican Peso, New Zealand Dollar, Norwegian Krone, Philippine Peso and Swedish Krona:

Notional Amount	Effective Date	Maturity Date	Number of Instruments	Index
$587,993	September 2018 through June 2020	Various dates through October 2024	574	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, 2020 and June 30, 2019. Our derivative asset and liability balances will fluctuate with interest rate and currency exchange rate volatility.

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

	June 30, 2019							
	Asset Derivatives				Liability Derivatives			
Derivatives designated as hedging instruments	**Balance Sheet line item**	**Gross amounts of recognized assets**	**Gross amount offset in Consolidated Balance Sheet**	**Net amount**	**Balance Sheet line item**	**Gross amounts of recognized liabilities**	**Gross amount offset in Consolidated Balance Sheet**	**Net amount**
Derivatives in cash flow hedging relationships								
Interest rate swaps	Other assets	$ 144	$ —	$ 144	Other current liabilities / other liabilities	$ (12,895)	$ —	$ (12,895)
Cross-currency swaps	Other assets	—	—	—	Other liabilities	(915)	—	(915)
Derivatives in net investment hedging relationships								
Currency forward contracts	Other assets	4,514	—	4,514	Other liabilities	(2,397)	—	(2,397)
Total derivatives designated as hedging instruments		$ 4,658	$ —	$ 4,658		$ (16,207)	$ —	$ (16,207)
Derivatives not designated as hedging instruments								
Currency forward contracts	Other current assets / other assets	$ 11,865	$ (1,111)	$ 10,754	Other current liabilities / other liabilities	$ (127)	$ 38	$ (89)
Currency option contracts	Other current assets / other assets	4,793	(28)	4,765	Other current liabilities / other liabilities	(42)	—	(42)
Total derivatives not designated as hedging instruments		$ 16,658	$ (1,139)	$ 15,519		$ (169)	$ 38	$ (131)

The following table presents the effect of the effective portion of our derivative financial instruments designated as hedging instruments and their classification within comprehensive income (loss) for the years ended June 30, 2020 and 2019:

	Amount of Gain (Loss) Recognized in Comprehensive Income (Loss) on Derivatives (Effective Portion)	
	Year Ended June 30,	
	2020	2019
Derivatives in cash flow hedging relationships		
Interest rate swaps (1)	$ (28,259)	$ (20,400)
Cross-currency swaps	3,689	(3,009)
Derivatives in net investment hedging relationships		
Cross-currency swaps	—	6,557
Currency forward contracts	21,240	14,726
Total	$ (3,330)	$ (2,126)

(1) Upon transitioning to the new hedge accounting standard on July 1, 2019, we reversed the cumulative effect of expense recognized for the ineffective portion of our interest rate swap contracts, which resulted in an adjustment to accumulated other comprehensive loss of $153, net of tax, which is included within the interest rate swap gain (loss) recognized for the year ended June 30, 2020.

The following table presents reclassifications out of accumulated other comprehensive loss for the years ended June 30, 2020 and 2019:

	Amount of Net Gain (Loss) Reclassified from Accumulated Other Comprehensive Income (Loss) into Income		Affected line item in the Statement of Operations
	Year Ended June 30,		
	2020	2019	
Derivatives in cash flow hedging relationships			
Interest rate swaps	$ 3,041	$ 144	Interest expense, net
Cross-currency swaps	4,583	5,098	Other income, net
Total before income tax	7,624	5,242	Income before income taxes
Income tax	(1,850)	(1,310)	Income tax (benefit) expense
Total	$ 5,774	$ 3,932	

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

	Amount of Gain (Loss) Recognized in Net Income		Affected line item in the Statement of Operations
	Year Ended June 30,		
	2020	2019	
Currency contracts	$ 20,882	$ 24,215	Other income, net
Interest rate swaps (1)	(318)	(721)	Other income, net
Total	$ 20,564	$ 23,494	

(1) Upon our adoption of the new hedge accounting standard on July 1, 2019, we prospectively recognize any ineffectiveness associated with effective and designated hedges within accumulated other comprehensive loss, rather than in earnings. In the fourth quarter of fiscal 2020, we de-designated three of our interest rate swaps and therefore no longer apply hedge accounting. Subsequent to their de-designation, we recognize any fair value adjustments to those instruments in other income (expense), net, as included in the table above.

11. Property, Plant and Equipment

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

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

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, 2018	$ 400,738	$ 366,877	$ 165,653	$ 43,726	$ 11,736	$ 988,730
Additions	14,497	25,745	4,963	1,690	45,043	91,938
Acquisitions (1)	1,313	17,838	1,322	211	2,209	22,893
Disposals	(1,605)	(15,502)	(2,408)	(1,800)	(1,207)	(22,522)
Adjustments	(362)	2,657	(16,294)	541	(60)	(13,518)
Transfers to (from) CIP	13,261	25,242	4,778	2,369	(45,650)	—
Exchange differences	(3,372)	(5,596)	208	(500)	(101)	(9,361)
Balance at June 30, 2019	424,470	417,261	158,222	46,237	11,970	1,058,160
Accumulated depreciation:						
Balance at June 30, 2018	(97,054)	(235,890)	(141,048)	(31,073)	—	(505,065)
Depreciation	(22,749)	(42,859)	(14,181)	(4,769)	—	(84,558)
Acquisitions (1)	(1,056)	(8,759)	(842)	(156)	—	(10,813)
Disposals	1,486	14,324	2,369	1,390	—	19,569
Adjustments	208	(5,548)	13,949	(23)	—	8,586
Exchange differences	1,800	3,604	(939)	411	—	4,876
Balance at June 30, 2019	(117,365)	(275,128)	(140,692)	(34,220)	—	(567,405)
Property, plant and equipment, net, at June 30, 2019	$ 307,105	$ 142,133	$ 17,530	$ 12,017	$ 11,970	$ 490,755

(1) During the first quarter of fiscal 2020, we recognized goodwill related to immaterial acquisitions within our PrintBrothers reportable segment. In fiscal year 2019 we acquired the BuildASign and VIDA businesses as well as an immaterial supplier of one of our businesses within The Print Group reportable segment.

(2) Due to our adoption of the new leasing standard on July 1, 2019, we de-recognized all costs previously capitalized for our build-to-suit leases included in the land and buildings classification of property, plant and equipment, net. The buildings are now presented as operating lease assets on our consolidated balance sheet. Refer to Note 2 for additional details.

Depreciation expense, inclusive of assets under finance leases, totaled $74,665 and $84,558 for the years ended June 30, 2020 and 2019, respectively.

12. Goodwill and Acquired Intangible Assets

Goodwill

The carrying amount of goodwill by reportable segment as of June 30, 2020 and June 30, 2019 was as follows:

	Vistaprint	PrintBrothers	The Print Group	National Pen	All Other Businesses	Total
Balance as of June 30, 2018	$ 146,207	$ 127,571	$ 201,200	$ 34,434	$ 11,431	$ 520,843
Acquisitions (1)	—	—	2,686	—	212,286	214,972
Impairment (2)	—	—	—	—	(7,503)	(7,503)
Adjustments	—	—	—	—	(181)	(181)
Effect of currency translation adjustments (3)	(246)	(3,482)	(5,523)	—	—	(9,251)
Balance as of June 30, 2019	145,961	124,089	198,363	34,434	216,033	718,880
Acquisitions (1)	—	6,879	—	—	—	6,879
Impairment (2)	—	—	(40,391)	(34,434)	(26,017)	(100,842)
Adjustments (4)	3,919	—	—	—	(3,919)	—
Effect of currency translation adjustments (3)	966	(1,204)	(2,775)	—	—	(3,013)
Balance as of June 30, 2020	$ 150,846	$ 129,764	$ 155,197	$ —	$ 186,097	$ 621,904

(1) During the first quarter of fiscal 2020, we recognized goodwill related to an immaterial acquisition within our PrintBrothers reportable segment. In fiscal year 2019 we acquired the BuildASign and VIDA businesses as well as an immaterial supplier of one of our businesses within The Print Group reportable segment.

(2) During the third quarter of fiscal 2020, we identified triggering events in response to the COVID-19 pandemic, resulting in the recognition of impairment to goodwill, please refer below for further detail. The charge recorded to The Print Group reportable segment is for the partial impairment of the Exaprint reporting unit. Additionally, during the fourth quarter of fiscal 2020, we divested our VIDA business and recognized a loss of $1,520 in addition to the goodwill impairment recognized. In fiscal year 2019 we recorded an impairment charge for the goodwill of our Printi reporting unit. Refer below for additional details.

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

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

Impairment Review

Fiscal 2020 Impairment Test

Our goodwill accounting policy establishes an annual goodwill impairment test, or more frequently if there are indications that goodwill may be impaired.

COVID-19 Triggering Event

During March 2020, all of our businesses experienced varying levels of decline in revenue due to the disruptions associated with the COVID-19 pandemic. Although we expect the impacts to be temporary, the negative effects of the pandemic on revenue and profitability triggered an assessment of goodwill, as we expected some of our businesses to achieve materially lower financial results than previously expected. A triggering event existed for all ten reporting units with goodwill, which required us to perform an impairment test.

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

As of our March 31, 2020 test date, seven of our ten reporting units had a significant level of headroom between the estimated fair value and carrying value of the reporting units, and significant headroom remained after considering the deterioration in cash flow due to COVID-19, resulting in no indication of impairment. We identified triggering events that extended beyond the near-term impacts of the pandemic for three of our reporting units, which resulted in reductions to the long-term profitability outlooks for our Exaprint, National Pen and VIDA reporting units. The triggering events in these specific reporting units were due to a combination of the near-term disruptions related to COVID-19, along with reductions to the long-term profitability expected from each business, as compared to prior expectations. In light of our decision to exit the VIDA business, which was completed on April 10, 2020, the negotiated sale price was the primary input in our goodwill analysis.

Our goodwill impairment test resulted in impairment charges to our Exaprint reporting unit, included within The Print Group reportable segment, the National Pen reporting unit, and our VIDA reporting unit, included within our All Other Business reportable segment. In order to execute the quantitative goodwill impairment test, we compared the fair value of each reporting unit to its carrying value. We used the income approach, specifically the discounted cash flow method, to derive the fair value. This approach calculates fair value by estimating the after-tax cash flows attributable to a reporting unit and then discounting the after-tax cash flows to a present value using a risk-adjusted discount rate. We selected this method as being the most meaningful in preparing our goodwill assessment as we 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. The respective WACC percentages used for each reporting unit within our goodwill impairment test were derived from a group of comparable companies for each respective reporting unit and adjusted for the risk premium associated with each reporting unit.

Based on the goodwill impairment test that was triggered by the impact of COVID-19, we recognized the following impairment charges during fiscal 2020:

- A partial impairment of the goodwill of our Exaprint reporting unit of $40,391, using a WACC of 14.5%, resulting in $23,767 of goodwill that remains after the impairment as of June 30, 2020
- A full impairment of the goodwill of our National Pen reporting unit of $34,434, using a WACC of 13.0%
- A full impairment of the goodwill of our VIDA reporting unit of $26,017, based upon our negotiated sale price

We performed our annual impairment assessment subsequent to the impairment test triggered by the impact of the COVID-19 pandemic. For our annual impairment assessment, we performed a qualitative test for all eight reporting units with goodwill at May 31, 2020, which focused on comparing key performance indicators between the pandemic-related financial models used in our quantitative test during the third quarter triggering event assessment, to the actual performance through our annual test date. For each of our reporting units, we are experiencing a better than previously expected recovery when comparing our revenue and EBITDA results for April and May 2020. In addition, we considered our current forecasts for the beginning of fiscal 2021, which again anticipates a better recovery as compared to the financial models that were used for our March 31, 2020 quantitative tests. Lastly, we also considered macroeconomic factors, as well as the headroom between our estimated fair value and carrying value from our impairment analysis. We continue to believe that the impacts of the pandemic are temporary, so the better than expected results, combined with an improved near-term outlook were key inputs into our annual impairment analysis, in which we concluded that no impairment exists.

Our goodwill analysis requires significant judgment, including the identification of reporting units and the amount and timing of expected future cash flows. While we believe our assumptions are reasonable, actual results could differ from our projections. There have been no indications of impairment that would require analysis for any of our other reporting units as of June 30, 2020.

Fiscal 2019

During fiscal 2019, we identified triggering events associated with our Printi reporting unit, which indicated that it was more likely than not that the fair value of the reporting unit is below the carrying amount. Printi is the leader in Brazil's online printing industry and has grown quickly since its founding. That said, investment in capacity and other fixed costs was far too high in fiscal year 2019 relative to the scale of the business and the mid-term outlook. As a result, we implemented restructuring activities and aligned future operating plans during the fourth quarter of fiscal 2019 that negatively impacted our cash flow forecasts for this business. Based upon these changes to the business, we determined that it was more likely than not that the fair value of the reporting unity was below the carrying amount. We concluded that the fair value of the reporting unit indicated a full impairment of the Printi goodwill, resulting in an impairment charge of $7,503.

Intangible Assets

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

Cost basis:	Balance as of June 30, 2018	Acquisitions	Effect of Currency Translation Adjustments	Balance as of June 30, 2019
Trade name	$ 99,102	$ 47,600	$ (794)	$ 145,908
Developed technology	55,460	28,900	620	84,980
Customer relationships	182,545	12,430	(3,256)	191,719
Customer network and other	16,289	—	(319)	15,970
Print network	25,716	—	(702)	25,014
Total intangible assets at cost	$ 379,112	$ 88,930	$ (4,451)	$ 463,591
Accumulated amortization:	**Balance as of June 30, 2018**	**Amortization**	**Effect of Currency Translation Adjustments**	**Balance as of June 30, 2019**
Trade name	$ (23,821)	$ (11,492)	$ 114	$ (35,199)
Developed technology	(39,218)	(9,783)	348	(48,653)
Customer relationships	(70,655)	(27,370)	633	(97,392)
Customer network and other	(8,312)	(1,895)	57	(10,150)
Print network	(6,905)	(2,716)	125	(9,496)
Total intangible assets accumulated amortization	$ (148,911)	$ (53,256)	$ 1,277	$ (200,890)
Net intangible assets	$ 230,201			$ 262,701

Acquired intangible assets amortization expense for the years ended June 30, 2020 and 2019 was $51,786 and $53,256, respectively. Estimated intangible assets amortization expense for each of the five succeeding fiscal years and thereafter is as follows:

2021	$ 47,583
2022	42,534
2023	34,166
2024	23,935
2025	13,701
Thereafter	47,309
	$ 209,228

13. Other Assets, Including Derivatives

Other non-current assets are summarized as follows:

	June 30,	
	2020	2019
Deposits	$ 4,416	$ 4,802
Derivatives designated as hedging instruments	5,838	6,124
Non-current prepaid expenses	671	1,492
Other assets	14,581	13,489
Total non-current investments, including derivatives	$ 25,506	$ 25,907

Other current assets consist of derivatives not designated as hedging instruments. As of June 30, 2020 and 2019, the balance of derivatives not designated as hedging instruments was $10,500 and $15,230, respectively.

14. Debtors

	June 30,	
	2020	2019
Trade debtors	$ 44,247	$ 67,959
Allowance for doubtful accounts	(9,651)	(7,313)
Total trade and other receivables, net	$ 34,596	$ 60,646

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,	
	2020	2019
Prepaid expenses	$ 41,609	$ 27,318
VAT and other indirect taxes	13,883	18,412
Other current assets	22,617	17,105
Total other current assets	$ 78,109	$ 62,835

16. Provisions and Creditors

The components of Provisions as of June 30, 2020 and 2019 were as follows:

	June 30,	
Provisions for liabilities:	**2020**	**2019**
Deferred tax liabilities	$ 33,811	$ 44,531
Restructuring provision	6,046	3,212
Sales return reserve	5,166	5,413
Intellectual property tax reserve	692	2,325
Total provisions	$ 45,715	$ 55,481

The following table summarizes the deferred tax liabilities activity during the years ended June 30, 2020 and 2019:

Deferred tax liabilities as of June 30, 2018	$ 51,243
Additions to the provision	2,356
Use of the provision	(7,969)
Effect of currency translation adjustments	(1,099)
Deferred tax liabilities as of June 30, 2019	44,531
Additions to the provision	2,254
Netting with deferred tax asset	(5,315)
Use of the provision	(6,592)
Impact of currency exchange rates	(1,067)
Deferred tax liabilities as of June 30, 2020	$ 33,811

The following table summarizes the sales return reserve activity during the years ended June 30, 2020 and 2019:

Sales return reserve as of June 30, 2018	$ 5,076
Sales returns	(63,471)
Additions to the provision	63,808
Sales return reserve as of June 30, 2019	5,413
Sales returns	(50,471)
Additions to the provision	50,224
Sales return reserve as of June 30, 2020	$ 5,166

Refer to Note 5 for the presentation of our restructuring provision activity for the years ended June 30, 2020 and 2019.

The components of Creditors as of June 30, 2020 and 2019 were as follows:

Creditors:	**June 30, 2020**	**June 30, 2019**
Amounts falling due within one year:		
Accrued expenses	$ 127,171	$ 134,717
Deferred revenue	39,130	31,780
Social security payable	8,109	7,898
Income tax payable	10,837	2,933
Value added tax payable	34,933	23,369
Other tax payable	20,761	17,172
Current portion of long-term debt	17,933	81,277
Current portion of lease financing obligation	—	12,569
Current operating lease liabilities	41,772	—
Current portion of finance lease obligations	8,055	10,668
Short-term derivative liabilities	3,521	1,628
Other	1,666	3,017
	$ 313,888	$ 327,028
Amounts falling due after more than one year:		
Long-term debt	$ 1,415,657	$ 942,290
Lease financing obligation	—	112,096
Long-term operating lease liabilities	128,963	—
Long-term finance lease obligations	18,617	16,036
Long-term derivative liabilities	671	2,912
Other tax payable	58,447	15,886
Other	16,407	16,557
	$ 1,638,762	$ 1,105,777

Accrued expenses included the following:

	June 30, 2020	**June 30, 2019**
Compensation costs	$ 67,307	$ 58,864
Advertising costs	14,746	22,289
Production costs	7,012	9,261
Shipping costs	5,080	7,275
Purchases of property, plant and equipment	1,685	2,358
Professional costs	3,452	2,786
Interest payable	8,359	2,271
Other	19,530	29,613
Total accrued expenses	$ 127,171	$ 134,717

17. Debt

	June 30, 2020	June 30, 2019
7.0% Senior unsecured notes due 2026	$ 600,000	$ 400,000
Senior secured credit facility	570,483	621,224
12.0% Second lien notes due 2025	300,000	—
Other (1)	11,694	14,361
Debt issuance costs and debt discounts	(48,587)	(12,018)
Total debt outstanding	1,433,590	1,023,567
Less: short-term debt (2)	17,933	81,277
Long-term debt	$ 1,415,657	$ 942,290

(1) The debt premium (discount) balance as of June 30, 2020 includes $22,432 of a discount due to the fair value allocation of warrants in conjunction with the issuance of the second lien notes in May 2020. Refer below for further detail of the transaction.

(2) Balances as of June 30, 2020 and June 30, 2019 are inclusive of short-term debt issuance costs, debt premiums and discounts of $10,362 and $2,419, respectively.

Our Debt

Our various debt arrangements described below contain customary representations, warranties and events of default. As of June 30, 2020, the pre-existing financial maintenance covenants under our senior secured credit facility covenants are suspended, and we were in compliance with all financial and other covenants under the credit agreement as amended, senior unsecured notes indenture, and second lien indenture.

Senior Secured Credit Facility

On April 28, 2020, we entered into an amendment to our senior secured credit agreement to suspend pre-existing maintenance covenants, including the total and senior secured leverage covenants and interest coverage ratio covenant, until the publication of our results for the quarter ending December 31, 2021, for which quarter the pre-amendment maintenance covenants will be reinstated. The covenant suspension period could end earlier at our election if we have total leverage equal to or lower than 4.75x annualized EBITDA for each of two consecutive quarters and are compliant with pre-amendment maintenance covenants.

During the suspension period, we are required to comply with new maintenance covenants requiring minimum liquidity (defined in the credit agreement as unrestricted cash plus unused revolver) of $50,000 and EBITDA above zero in each of the quarters ending June 30, 2021 and September 30, 2021. The amendment increased pricing to LIBOR plus 3.25% during the covenant suspension period and to LIBOR plus 2.50% to 3.25% after the covenant suspension period, depending on our total leverage ratio, including a 0.75% floor for LIBOR borrowings. Additionally, as part of the amendment, the maturity date was changed from February 2025 to November 2024. The amendment to the senior secured credit agreement also reduced the credit facility from $1,551,419 to $1,000,000, made up of an $850,000 revolver and $150,000 term loan.

During the covenant suspension period, we have more restrictive limitations on certain activities and actions, including but not limited to:

- the incurrence of additional indebtedness and liens,
- the consummation of certain investments, including acquisitions,
- the making of restricted payments, including the purchases of our ordinary shares and payment of dividends.

As of June 30, 2020, we have drawn commitments under the credit facility of $570,483 as follows:

- Revolving loans of $422,358 with a maturity date of November 15, 2024
- Term loans of $148,125 amortizing over the loan period, with a final maturity date of November 15, 2024

As of June 30, 2020, the weighted-average interest rate on outstanding borrowings was 5.4%, inclusive of interest rate swap rates. We are also required to pay a commitment fee on unused balances of 0.35% to 0.5% depending on our total leverage ratio, and 0.5% during the covenant suspension period . We have pledged the assets and/or share capital of a number of our subsidiaries as collateral for our outstanding debt as of June 30, 2020.

Indenture and Second Lien Notes

On May 1, 2020, we issued second lien notes and warrants to raise $300,000 from funds managed by affiliates of Apollo Global Management, Inc. (the "Apollo Funds") via a private placement. These notes and warrants were issued at a discount of $6,000, resulting in net proceeds of $294,000. We used the proceeds to pay down a portion of the term loans under our senior secured credit facility and to pay fees and expenses incurred in connection with the financing and the above-described amendment.

The investment by the Apollo Funds is structured as 5-year second lien notes with a 12% coupon, of which up to 50% can be paid-in-kind at our option. We may prepay these notes in whole or in part after the first anniversary with a 3% premium, after the second anniversary with a 1% premium, and after the third anniversary with no premium with proceeds from certain debt financings. The Apollo Funds also received 7-year warrants to purchase 1,055,377 ordinary shares of Cimpress, representing approximately 3.875% of our outstanding diluted ordinary shares. Based on the terms of the agreement, the two instruments exist separately and should be treated as separate securities; therefore the warrants are considered to be detachable.

The warrants have an exercise price of $60 per share, representing an approximately 17% premium to the 10-day volume weighted average price of our shares as of April 28, 2020. The warrants are classified as equity as they are strictly redeemable in our own shares, and they 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 warrants are accounted for in accordance with ASC No. 470-20, Debt with Conversion and Other Options, which requires us to bifurcate and separately account for the detachable warrant as a separated instrument. The values were assigned to detachable warrants based on a relative fair allocation between the second lien notes and the warrants. The fair value used for the warrants in this allocation was calculated using the Monte Carlo valuation model. The inputs to the fair value analysis are considered Level 3 inputs, and consist of estimates of the expected volatility over the contract term of the warrants, taking into consideration the historical stock volatility, as well as industry and market conditions. Based upon the terms of the note and warrant agreement, the warrants were determined to be equity-based instruments.

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, will also be included as a discount to the second lien notes, in addition to the $6,000 discount at which they were issued. The full discount will be amortized over the life of the notes.

Indenture and Senior Unsecured Notes

On February 13, 2020, we completed an additional offering of $200,000 in aggregate principal of 7.0% notes under the senior notes indenture between Cimpress plc and U.S. Bank National Association (as successor trustee to MUFG Union Bank, N.A.) at a premium of 105.25%. These notes were issued in addition to the existing principal balance under the indenture of $400,000, and are collectively referred to as the 2026 Notes. All terms and covenants of the senior notes indenture remain unchanged. The net proceeds from this add-on offering were used to repay a portion of the indebtedness outstanding under our senior secured credit facility and related transaction fees and expenses.

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

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

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

Other Debt

Other debt consists primarily of term loans acquired through our various acquisitions or used to fund certain capital investments. As of June 30, 2020 and June 30, 2019, we had $11,694 and $14,361, respectively, outstanding for those obligations that are payable through March 2025.

Debt Issuance Costs

During the years ended June 30, 2020 and 2019, we capitalized debt issuance costs related to the refinancing of our senior secured credit facility, and issuance of additional senior unsecured notes, and issuance of the second lien notes of $23,208 and $1,800, respectively.

Amortization expense and the write-off of costs related to debt amendments and modifications are included in interest expense, net in the consolidated statements of operations. For the years ended June 30, 2020 and 2019, we amortized $3,240 and $2,367, respectively. As part of the April 2020 amendment to our senior secured credit facility, we also expensed $568 of third-party fees associated with the modification of the term loans and wrote-off $1,438 of unamortized fees associated with the revolving loans, due to the reduction in loan commitments.

Unamortized debt issuance costs and debt premiums (discounts) were $48,587 and $12,018 as of June 30, 2020 and 2019, respectively.

18. Called Up Share Capital

Authorised

100,000,000 preferred shares, nominal value €0.01 each, 100,000,000 ordinary shares, nominal value of €0.01 each, and 25,000 deferred ordinary shares, nominal value of €1.00 each as of June 30, 2020.

	June 30, 2020	June 30, 2019
Allotted and fully paid - presented as equity:		
Preferred shares, nominal value €0.01 each, none issued and outstanding	$ —	$ —
Ordinary shares, nominal value €0.01 per share, 44,080,627 shares issued and 25,885,675 and 30,445,669 shares outstanding, respectively	516	—
Deferred ordinary shares, nominal value €1.00 per share, 25,000 shares issued and outstanding on June 30, 2020	28	—
Total	$ 544	$ —

19. Shareholders' (Deficit) Equity

Treasury Shares

On February 12, 2019, we announced that our Board authorized the repurchase of up to 5,500,000 of our ordinary shares, on the open market (including block trades), through privately negotiated transactions, or in one or more self-tender offers. During the year ended June 30, 2020, we purchased 4,119,965 shares under this authorization for a cost of $521,168. The February Repurchase Program terminated on November 25, 2019 when we announced the new November Repurchase Program described immediately below.

On November 25, 2019, we announced that our Board had approved a new share repurchase program that replaced the February Repurchase Program described immediately above. Under this new program, we may repurchase up to 5,500,000 of our issued and outstanding ordinary shares on the open market (including block trades), through privately negotiated transactions, or in one or more self-tender offers. This repurchase program expires on May 22, 2021, and we may suspend or discontinue our share repurchases at any time. During the year ended June 30, 2020, we purchased 882,053 shares under this share repurchase program for a cost of $105,888.

On November 5, 2019, we repurchased 750,000 of our outstanding ordinary shares, par value €0.01 per share, from two private investment partnerships affiliated with Prescott General Partners LLC ("PGP") at a price of $135.00 per share, representing a discount of $1.05 to the closing price of our ordinary shares on November 5, 2019 (the "Transaction").

PGP remained our largest shareholder, beneficially owning 3,906,492 of our ordinary shares immediately following the Transaction. In addition, Scott J. Vassalluzzo, a Managing Member of PGP, serves as a member of our Board of Directors. In light of the foregoing, the disinterested members of our Audit Committee reviewed the Transaction under our related person transaction policy and considered, amount other things, Mr. Vassalluzzo's and PGP's interest in the Transaction, the approximated dollar value of the Transaction, that the shares were being repurchased at a discount to the closing price, and the purpose and the potential benefits to Cimpress of entering into the Transaction. Based on these considerations, the disinterested members of the Audit Committee concluded that the Transaction was in our best interest. The Transaction was effected pursuant to the share repurchase program approved by our Board of Directors and announced on February 12, 2019.

On April 28, 2020, we entered into an amendment to our senior secured credit agreement, which suspended our financial maintenance covenants in addition to prohibiting us from repurchasing shares during the suspension period. Refer to Note 17 for additional information.

As of June 30, 2020 and 2019, we held 18,194,952 and 13,634,958 treasury shares, respectively, with a nominal value of €0.01 each.

Warrants

In conjunction with our issuance of the second lien notes, as described in Note 17, we also issued 7-year warrants, to purchase 1,055,377 ordinary shares of Cimpress, representing approximately 3.875% of our outstanding diluted ordinary shares. The warrants are accounted for as equity, as they are redeemable only in our own shares, with an exercise price of $60 per share. The warrants may be exercised by cash payment or through cashless exercise by the surrender of warrant shares having a value equal to the exercise price of the portion of the warrant being exercised.

The carrying value was assigned to detachable warrants based on a relative fair allocation between the second lien notes and the warrants, as described in Note 17. 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, will also be included as a discount to the second lien notes.

Share-based awards

The 2016 Performance Equity Plan (the "2016 Plan") became effective upon shareholder approval on May 27, 2016 and allows us to grant PSUs, entitling the recipient to receive Cimpress ordinary shares based upon continued service to Cimpress and the achievement of objective, predetermined appreciation of Cimpress' three-year moving average share price. We may grant PSUs under the 2016 Plan to our employees, officers, non-employee directors, consultants, and advisors. Subject to adjustment in the event of stock splits, stock dividends and other similar events, we may make awards under the 2016 Plan for up to 6,000,000 of our ordinary shares.

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

Our 2005 Non-Employee Directors' Share Option Plan allows us to grant share options to our non-employee directors upon initial appointment as a director and annually thereafter in connection with our annual general meeting of shareholders if they are continuing to serve as a director at such time.

An aggregate of 5,815,482 ordinary shares were available for future awards under all of our share-based award plans as of June 30, 2020. For PSUs under our 2016 Plan, we assumed that we would issue ordinary shares equal to 250% of the outstanding PSUs, which is the maximum potential share issuance. Treasury shares have historically been used in fulfillment of our share-based awards.

Share options

We have previously granted options to purchase ordinary shares at prices that are at least equal to the fair market value of the shares on the date the option is granted and have a contractual term of approximately eight to ten years. Options generally vested over 3 years for non-employee directors and over 4 years for employees.

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

We did not grant any share options in fiscal 2020. A summary of our share option activity and related information for the year ended June 30, 2020 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	1,431,914	$ 50.27	0.9	
Granted	—	—		
Exercised	(1,321,376)	49.85		
Forfeited/expired	—	—		
Outstanding at the end of the period	110,538	$ 55.27	1.0	$ 2,348,957
Exercisable at the end of the period	110,538	$ 55.27	1.0	$ 2,348,957

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, 2020. The total intrinsic value of options exercised during the fiscal years ended June 30, 2020 and 2019 was $92,582 and $12,498 respectively.

Performance share units - 2016 Performance Equity Plan

The PSU awards entitle the recipient to receive Cimpress ordinary shares between 0% and 250% of the number of units, based upon continued service to Cimpress and the achievement of a compounded annual growth rate target based on Cimpress' three-year moving average share price. Awards with a grant date prior to fiscal 2020 will be assessed annually in years 6 - 10 following the grant date and awards with a grant date in fiscal 2020 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.

During fiscal 2018, we issued supplemental performance share units ("supplemental PSUs") to certain members of management (excluding Robert Keane, our Chairman and CEO) that were incremental to our typical long-term incentive awards. The supplemental PSUs were subject to a three-year cumulative financial performance condition and as of June 30, 2020 the performance condition was not achieved. In fiscal 2018 we concluded that the achievement of the three-year cumulative performance condition was probable and recognized expense of $15,397, which we subsequently reversed in fiscal 2019 when we concluded that the achievement was no longer probable.

A summary of our PSU activity and related information for the fiscal year ended June 30, 2020 is as follows:

	PSUs	Weighted-Average Grant Date Fair Value	Aggregate Intrinsic Value
Outstanding at the beginning of the period	821,745	$ 132.55	
Granted	295,239	142.90	
Vested and distributed	—	—	
Forfeited	(82,787)	152.71	
Outstanding at the end of the period	1,034,197	$ 133.89	$ 78,951

The weighted average fair value of PSUs granted during the fiscal years ended June 30, 2020 and 2019 was $142.90 and $176.16, respectively. The total intrinsic value of PSUs outstanding at the fiscal year ended June 30, 2020 and 2019 was $78,951 and $74,688, respectively. As of June 30, 2020, the number of shares subject to PSUs included in the table above assumes the issuance of one share for each PSU, but based on actual performance that amount delivered can range from zero shares to a maximum of 2,585,493 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, however, during the fourth quarter of fiscal 2020, we replaced a portion of some employees' salaries with RSU awards that generally vest after 4.5 months. We granted 193,365 RSUs during the fourth quarter of fiscal 2020. This program was put in place, as one of several measures taken to improve liquidity during the pandemic. As of July 1, 2020, we suspended the program but will consider providing future grants in lieu of cash compensation if necessary.

A summary of our RSU activity and related information for the fiscal year ended June 30, 2020 is as follows:

	RSUs	Weighted-Average Grant Date Fair Value	Aggregate Intrinsic Value
Unvested at the beginning of the period	10,196	$ 86.37	
Granted	193,365	46.94	
Vested and distributed	(19,177)	65.01	
Forfeited	(7,151)	51.49	
Unvested at the end of the period	177,233	$ 47.06	$ 13,530

We did not grant any RSUs during the fiscal years ended June 30, 2019. The total intrinsic value of RSUs vested during the fiscal years ended June 30, 2020 and 2019 was $1,905 and $6,749, respectively.

Restricted share awards

As part of our acquisition of Tradeprint during the first quarter of fiscal 2016, we issued 65,050 restricted ordinary shares. The fair value of the RSAs was determined based on our share price on the date of grant and was recognized as share-based compensation expense over the applicable service period. These awards vested over a 2 to 4 year period. The remaining 4,145 unvested shares vested during the year ended June 30, 2020, with a weighted average grant date value of $64.53.

Share-based compensation

Total share-based compensation costs were $34,874 and $21,716 for the years ended June 30, 2020 and 2019, respectively, and we elected to recognize the impact of forfeitures as they occur.

From time to time we issue awards that are considered liability-based awards as they are settleable in cash. We previously had a liability-based award associated with our Printi LLC investment and we had fully reserved for the loan receivable in fiscal 2019 and throughout fiscal 2020 since the collateral value of the related liability was estimated to have no value. This agreement was settled in the fourth quarter of fiscal 2020, refer to Note 22 for additional details.

Share-based compensation costs capitalized as part of software and website development costs were $1,157 and $1,141 for the years ended June 30, 2020 and 2019, respectively.

As of June 30, 2020, there was $29,165 of total unrecognized compensation cost related to non-vested, share-based compensation arrangements. This cost is expected to be recognized over a weighted average period of 1.5 years.

20. Employees' Savings Plans

Defined contribution plans

We maintain certain government-mandated and defined contribution plans throughout the world. Our most significant defined contribution retirement plans are in the U.S. and comply with Section 401(k) of the Internal Revenue Code. We offer eligible employees in the U.S. the opportunity to participate in one of these plans and match most employees' eligible contributions at various rates subject to service vesting as specified in each of the related plan documents.

We expensed $10,710 and $11,401 for our government-mandated and defined contribution plans in the years ended June 30, 2020 and 2019, respectively.

Defined benefit plan

We currently have a defined benefit plan that covers substantially all of our employees in Switzerland. Our Swiss plan is a government-mandated retirement fund with benefits generally earned based on years of service and compensation during active employment; however, the level of benefits varies within the plan. Eligibility is determined in accordance with local statutory requirements. Under this plan, both we and certain of our employees with annual earnings in excess of government determined amounts are required to make contributions into a fund managed by an independent investment fiduciary. Employer contributions must be in an amount at least equal to the employee's contribution. Minimum employee contributions are based on the respective employee's age, salary, and gender. As of June 30, 2020 and 2019, the plan had an unfunded net pension obligation of approximately $2,743 and $1,525, respectively, and plan assets which totaled approximately $3,403 and $2,849, respectively. For the years ended June 30, 2020 and 2019 we recognized expense totaling $399 and $424, respectively, related to our Swiss plan.

21. Noncontrolling Interests

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

Redeemable Noncontrolling Interests

PrintBrothers

During the fourth quarter of fiscal 2019, we sold a minority equity interest in each of the three businesses within our PrintBrothers reportable segment to members of the management team. We received proceeds of €50,173 ($57,046 based on the exchange rate on the date we received the proceeds) in exchange for an equity interest in each of the businesses ranging from 12% to 13%. As of June 30, 2019, we recognized the redeemable noncontrolling interest at fair value of $57,046. The put options associated with the redeemable noncontrolling interest are exercisable beginning in 2021, while the associated call options become exercisable in 2026. During the second quarter of fiscal 2020, we recorded an adjustment of $5,493 to increase the carrying value to the estimated redemption amounts, with the offset recognized in retained earnings in the consolidated balance sheet, since the estimated redemption amounts were less than the fair value. As of June 30, 2020, the redemption value was less than the carrying value, due in part to the decline in performance driven by the COVID-19 pandemic, and therefore no adjustment was required.

All Other Businesses

On October 1, 2018, we acquired approximately 99% of the outstanding equity interests of Build A Sign LLC. The remaining 1% is considered a redeemable noncontrolling equity interest, as it is redeemable for cash based on future financial results through put and call rights and not solely within our control. On the acquisition date, we recognized the redeemable noncontrolling interest at fair value of $3,356. As of June 30, 2020, the redemption value was less than the carrying value, and therefore no adjustment was required.

On July 2, 2018, we acquired approximately 73% of the shares of VIDA Group Co. and on April 10, 2020, we sold all of the shares we held in the VIDA business. Prior to the sale, the carrying value of the VIDA redeemable noncontrolling equity interest was zero.

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

	Redeemable noncontrolling interests	Noncontrolling interests
Balance as of June 30, 2018	$ 86,151	$ 285
Proceeds from the sale of noncontrolling interest (1)	57,046	—
Acquisition of noncontrolling interest (2)	9,061	—
Accretion to redemption value recognized in retained earnings (3)	7,133	—
Net loss attributable to noncontrolling interest	(1,566)	(6)
Distribution to noncontrolling interest	(3,375)	—
Purchase of noncontrolling interests (4)	(85,520)	—
Adjustment to additional-paid in capital for purchase of noncontrolling interest (4)	(2,714)	—
Other adjustments (5)	(40)	(308)
Foreign currency translation	(2,994)	29
Balance as of June 30, 2019	63,182	—
Acquisition of noncontrolling interest (2)	3,995	—
Accretion to redemption value recognized in retained earnings (3)	5,493	—
Net income attributable to noncontrolling interest	630	—
Distribution to noncontrolling interest	(3,955)	—
Foreign currency translation	(239)	—
Balance as of June 30, 2020	$ 69,106	$ —

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(1) During the fourth quarter of fiscal 2019, we sold a minority equity interest in each of the three businesses within the PrintBrothers reportable segment to members of the management team.

(2) During the first quarter of fiscal 2020, we acquired majority equity interests related to two immaterial businesses within our PrintBrothers reportable segment. Includes the noncontrolling interests related to our VIDA and BuildASign acquisitions in fiscal 2019. Refer to Note 4 for additional details.

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

(4) During the second quarter of fiscal 2019, we purchased the WIRmachenDRUCK noncontrolling interest for $41,177, of which a similar equity interest was sold during the fourth quarter of fiscal 2019 to the management team of our PrintBrothers reportable segment, as described above. During the fourth quarter of fiscal 2019, we also purchased the remaining noncontrolling interest of our Exagroup business for $44,343. We recognized the difference between the carrying value of the noncontrolling interest and the amount paid, as part of additional paid-in capital, of $2,714.

(5) During the first quarter of fiscal 2019, we amended our agreement with one noncontrolling interest holder and agreed to put and call options related to their existing noncontrolling interest. As such, we reclassified the noncontrolling interest to redeemable noncontrolling interest since the exercise is not solely within our control.

22. Variable Interest Entity ("VIE")

Investment in Printi LLC

As of June 30, 2020, we have a 96.3% equity interest in Printi LLC, which owns an operating company in Brazil, and the shareholders of Printi share profits and voting control on a pro-rata basis. During the fourth quarter of fiscal 2020, we entered into an agreement to purchase an additional 42.6% economic interest in Printi. In exchange for acquiring the additional equity interest, we did not make any additional outlays of cash; rather we forgave loans provided to two previous Printi equity holders, which previously represented prepayments for our purchase of their equity interests. Prior to purchasing the additional equity interest, the carrying value of the related loans were zero as we fully reserved for the loan receivable in fiscal year 2019 when we determined the collateral was estimated to have no value.

For the remaining minority equity interest, we previously agreed to acquire the remaining shares in Printi through a reciprocal put and call structure, contractually exercisable from April 1, 2021 through a mandatory redemption date of July 31, 2023. This contractual obligation is presented as a liability on our consolidated balance sheet and we adjust the liability to its estimated redemption value each reporting period and recognize any changes within interest expense, net in our consolidated statement of operations. As of June 30, 2020 and 2019, the carrying value of this liability is zero, based on its estimated redemption value.

23. Leases

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

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

Leases	Consolidated Balance Sheet Classification		June 30, 2020
Assets:			
Operating right-of-use assets	Operating lease assets, net	$	156,258
Finance right-of-use assets	Property, plant, and equipment, net		20,842
Total lease assets		$	177,100
Liabilities:			
Current			
Operating lease liabilities	Operating lease liabilities, current	$	41,772
Finance lease liabilities	Other current liabilities		8,055
Non-current			
Operating lease liabilities	Operating lease liabilities, non-current		128,963
Finance lease liabilities	Other liabilities		18,617
Total lease liabilities		$	197,407

The following table represents the lease expenses for the year ended June 30, 2020:

		Year Ended June 30, 2020
Operating lease expense	$	43,058
Finance lease expense:		
Amortization of finance lease assets		5,766
Interest on lease liabilities		698
Variable lease expense		10,775
Less: sublease income		(3,545)
Net operating and finance lease costs	$	56,752

Future minimum lease payments under non-cancelable leases as of June 30, 2020 were as follows:

		Operating lease obligations		Finance lease obligations		Total lease obligations
2020	$	42,320	$	8,031	$	50,351
2021		34,306		7,606		41,912
2022		27,663		5,142		32,805
2023		22,606		3,277		25,883
2024		16,511		1,921		18,432
Thereafter		43,089		1,796		44,885
Total		186,495		27,773		214,268
Less: present value discount		(15,760)		(1,101)		(16,861)
Lease liability	$	170,735	$	26,672	$	197,407

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

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

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

Other information about leases is as follows:

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

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

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

(1) During the fourth quarter of fiscal 2020, we negotiated rent payment holidays with several leasing counterparties for both operating and finance leases as a lease concession in response to the COVID-19 pandemic. Our cash flows from operating and finance leases in fiscal 2020 were higher by $6,385 and $1,833, respectively, due to these deferrals of lease payments.

24. Commitments and Contingencies

Purchase Obligations

At June 30, 2020, we had unrecorded commitments under contract of $109,728, including third-party web services of $61,721 and inventory and third-party fulfillment purchase commitments of $21,817. In addition, we had purchase commitments for professional and consulting fees of $3,787, production and computer equipment purchases of $859, commitments for advertising campaigns of $999, and other unrecorded purchase commitments of $20,545.

Debt

The required principal payments due during the next five fiscal years and thereafter under our outstanding long-term debt obligations at June 30, 2020 are as follows:

2021	$	28,295
2022		15,618
2023		18,696
2024		20,567
2025		799,001
Thereafter		600,000
Total	$	1,482,177

On April 28, 2020, we executed an amendment to our senior secured credit facility, and we reduced the credit facility from $1,551,419 to $1,000,000, made up of an $850,000 revolver and $150,000 term loan. The amendment also changed the maturity date of the senior secured credit facility from February 2025 to November 2024. Refer to Note 17 for additional details.

Other Obligations

We deferred payments for several of our acquisitions resulting in the recognition of a liability of $2,289 in aggregate for the year ended June 30, 2020.

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.

25. Capital Expenditure Commitments

There are no contractually committed capital expenditures authorized by the directors of the Company as of June 30, 2020.

26. 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, 2020 and 2019. We do not have any customers that accounted for greater than 10% of our revenue for the years ended June 30, 2020 and 2019.

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.

27. Employees

Employee costs, including those costs for temporary positions, included in profit and loss during the years ended June 30, 2020 and 2019 consisted of the following:

	Year Ended June 30, 2020	Year Ended June 30, 2019
Wages and salaries	$ 529,118	$ 565,780
Social security costs	31,454	30,040
Retirement benefits	10,222	11,029
Other benefits	29,674	30,052
Total employee benefit expenses (1)	$ 600,468	$ 636,901

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

During the years ended June 30, 2020 and 2019, we capitalized $43,992 and $48,652, respectively, of employee costs for the development of software.

The average number of personnel employed during the years ended June 30, 2020 and 2019, including those filling temporary positions, was:

	Year Ended June 30, 2020	Year Ended June 30, 2019
Production	5,637	5,545
Technology and development	1,473	1,202
Marketing and selling	4,992	4,862
General and administrative	1,479	2,198
Average number of personnel employed	13,581	13,807

28. List of Subsidiaries

The following is a list of the subsidiaries principally affecting the Group's statutory financial statements as of June 30, 2020.

Subsidiary	Ownership Percentage in Subsidiary	Jurisdiction of Incorporation
Araprint B.V. (1)	88%	The Netherlands
Build A Sign LLC	99%	Delaware, USA
Cimpress Australia Pty Limited	100%	Australia
Cimpress Detroit Incorporated	100%	Delaware, USA
Cimpress Deutschland GmbH (2)	100%	Germany
Cimpress España, S.L.	100%	Spain
Cimpress France SARL	100%	France
Cimpress India Private Limited	100%	India
Cimpress Investments B.V. (1)	100%	The Netherlands
Cimpress Ireland Limited	100%	Ireland
Cimpress Italy S.r.l.	100%	Italy
Cimpress Jamaica Limited	100%	Jamaica
Cimpress Japan Co., Ltd.	100%	Japan
Cimpress Philippines Incorporated	100%	Philippines
Cimpress Schweiz GmbH	100%	Switzerland
Cimpress Security Israel Ltd.	100%	Israel
Cimpress Technologies GmbH (2)	100%	Germany
Cimpress Technologies Private Limited	100%	India
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
Del Camino SCI	100%	France
Druck.at Druck- und Handelsgesellschaft GmbH	88%	Austria
Drukwerkdeal.nl B.V. (1)	88%	The Netherlands
Drukwerkdeal.nl Productie B.V. (1)	88%	The Netherlands
E-Factory SAS	100%	France
Exagroup SAS	100%	France
FL Print SAS	100%	France
FM Impressos Personalizados Ltda	54%	Brazil
La Mougère SCI	100%	France
Litotipografia Alcione S.r.l.	100%	Italy
National Pen Co. LLC	100%	Delaware, USA
National Pen GmbH (2)	100%	Germany

Listing of principal subsidiaries, continued:

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

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

(2) These German subsidiaries availed of disclosure exemptions pursuant to § 264(3) of the German Commercial Code (HGB) and are therefore exempted from the preparation of notes (Anhang), preparation of the management reporting (Lagebericht), auditing and publishing of individual financial statements in the Federal German Gazette (Bundesanzeiger).

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

As discussed in Note 1, these consolidated financial statements are prepared using US GAAP to the extent that the use of such principles does not contravene Irish Company Law. We also prepare consolidated financial statements using US GAAP which are included in our Annual Report on Form 10-K as filed with the SEC on August 7, 2020 ("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.

30. Directors' Remuneration

Remuneration for the years ended June 30, 2020 and 2019 is set forth in the table below.

	Year Ended June 30,	
	2020	**2019**
Emoluments (1)	$ 286	$ 1,398
Gains by the directors on the exercise of share options (2)	92,572	9,830
Share awards (3)	10,317	12,046
Emoluments to former directors (4)	—	210
Share awards to former directors (3) (4)	—	677
Total	$ 103,175	$ 24,161

(1) Emoluments include salaries, fees, bonuses 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, 2020 and 2019.

(2) During the years ended June 30, 2020 and 2019 the options exercised were indirectly held by Robert S. Keane.

(3) The share awards reported here represent a dollar amount equal to the grant date fair value of the PSUs granted to our current directors and ordinary share awards granted to our former directors, as computed in accordance with FASB ASC Topic 718 assuming the probable outcome of the performance conditions. The assumptions used in the calculations for these amounts are detailed in Note 19. The value of the PSUs granted in fiscal year 2020 and 2019, assuming the maximum achievement of the performance conditions, which we estimated by multiplying the maximum number of shares issuable pursuant to each PSU award by the closing price of our ordinary shares on the applicable grant date, is $1,570,124 and $1,405,332, respectively.

(4) Three former directors resigned from the Board, and one director's term expired in November 2018.

The aggregate intrinsic value resulting from the exercise of share options by the directors during the years ended June 30, 2020 and 2019 was $2,349 and $58,167, respectively. The intrinsic value 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, 2020 or 2019.

31. Auditors' Remuneration

The aggregate fees and expenses billed for services rendered by Cimpress plc's independent auditor Pricewaterhousecoopers, Ireland ("PwC") for the fiscal years ended June 30, 2020 and 2019 to the Group were approved by the Audit Committee of the Board of Directors and are as follows:

	Year Ended June 30,	
	2020	**2019**
Audit of the group financial statements	$ 242	$ —
Audit of the financial statements of subsidiary companies	128	163
Tax advisory services	66	193
Other non-audit services	53	4
Total Fees (1)	$ 489	$ 360

(1) Additional fees to affiliates of PricewaterhouseCoopers, Ireland of $4,036 and $4,149 were incurred during the years ended June 30, 2020 and 2019. These amounts reflect fees for professional services, including audit fees payable to Pricewaterhouse Coopers LLP in the U.S. for the audit of our consolidated financial statements.

32. Subsequent Events

On October 1, 2020, under the terms of the Agreement and Plan of Merger dated as of September 28, 2020 among Cimpress USA Incorporated, a Delaware corporation ("Parent"), Cactus Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of Parent, 99designs, Inc., a Delaware corporation ("99designs"), and

Shareholders Representative Services, as the security holders' representative, Cimpress acquired 99designs for $90,000, subject to post-closing adjustment based on acquired cash, debt, and working capital as of the closing date. $45,000 was paid at closing and the remainder will be paid on February 15, 2022. Cimpress used its existing credit facility to fund the transaction. 99designs provides a global platform that connects designers and clients, and the acquisition will make it easier for small businesses to access both professional design services and great marketing products in one place.

33. Approval of Financial Statements

The financial statements were approved by the directors on October 28, 2020.

CIMPRESS PLC
COMPANY BALANCE SHEET
(in thousands)

	Notes	June 30, 2020	June 30, 2019
Fixed assets			
Financial assets	4	$ 3,771,608	$ —
Debtors	5	454,327	
Tangible assets - furniture and fixtures		63	—
		4,225,998	—
Current assets			
Debtors	5	54,306	—
Total current assets		54,306	—
Creditors (amounts falling due within one year)	6	(80,975)	—
Net current liabilities		(26,669)	—
Total assets less current liabilities		4,199,329	—
Creditors (amounts falling due after more than one year)	6	(1,186,271)	—
Net assets		$ 3,013,058	$ —
Capital and reserves			
Called up share capital presented as equity	7	$ 544	$ —
Share premium account	8	9,578	—
Share-based compensation reserve		24,384	—
Other reserves		(121,037)	—
Profit and loss account	9	3,099,589	—
Shareholders' funds		$ 3,013,058	$ —

The Company's net loss for the years ended June 30, 2020 and June 30, 2019 was $90,209 and $0, respectively. The accompanying notes are an integral part of these company financial statements.

Approved by the Board of Directors' and signed on its behalf on October 28, 2020.

/s/ Robert S. Keane

Robert S. Keane
Director

/s/ John J. Gavin, Jr.

John J. Gavin, Jr.
Director

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

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

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

CIMPRESS PLC
NOTES TO COMPANY FINANCIAL STATEMENTS
For the Year Ended June 30, 2020
(in thousands, except share and per share data)

1. General Information

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

2. Basis of Preparation

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

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

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

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

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

Disclosure Exemptions for Qualifying Entities Under FRS 102

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

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

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

The Company has also availed of an exemption to 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.

Due to the uncertainty created by the COVID-19 pandemic, we took proactive measures to maintain our financial strength and flexibility by raising $300,000 of capital on May 1, 2020 by issuing second lien notes and warrants. In response to the pandemic-related decrease in revenue, we have taken actions to reduce cash costs while protecting key investments we were making prior to the pandemic. We have historically allocated a material amount of capital to purchases of our ordinary shares and corporate acquisitions. The April 2020 amendment to our credit facility prohibits us from repurchasing our shares and substantially limits acquisitions for the period in which the financial maintenance covenants associated with our senior secured credit facility are suspended.

We evaluated our liquidity position as of the date of the issuance of these consolidated financial statements. Based on this evaluation, we believe, despite the ongoing impact of COVID-19 on our business, that our financial position, net cash provided by operations combined with our cash and cash equivalents, borrowing availability under our revolving credit facility and the April 2020 temporary maintenance covenant suspension and capital raise as described in Note 17 to the consolidated financial statements, will be sufficient to fund our current obligations, capital spending, debt service requirements and working capital requirements over at least the next twelve months.

3. Summary of Significant Accounting Policies

Investment in Subsidiaries

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

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

Derivative Financial Instruments

We record all derivatives on the consolidated balance sheet at fair value. We apply hedge accounting to 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) income remains in accumulated other comprehensive (loss) income until the forecasted transaction is recognized in earnings. For derivatives designated as cash flow hedges, we present the settlement amount of these contracts within cash from investing activities in our consolidated statement of cash flows, if the hedged item continues after contract settlement.

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

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

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

Foreign currency

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

Contingencies

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

Taxation

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

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

Share-Based Compensation

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

Called up share capital presented as equity and Share premium

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

4. Financial Assets

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

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

The full list of our primary subsidiaries is presented in Note 28 of the consolidated financial statements.

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

During March 2020, all of our businesses experienced varying levels of decline in revenue due to the disruptions associated with the COVID-19 pandemic. Although we expect the impacts to be temporary, the negative effects of the pandemic on revenue and profitability triggered an assessment of investment in subsidiaries, as we expected some of our businesses to achieve materially lower financial results than previously expected. The impairment charge above is the result of our test.

The components of financial assets as of June 30, 2020 and 2019 are presented in the following table.

Financial Assets	June 30, 2020	June 30, 2019
Investment in subsidiaries	$ 3,767,070	$ —
Derivative instruments	4,462	—
Other assets	76	—
Total	$ 3,771,608	$ —

5. Debtors

	June 30, 2020	June 30, 2019
Amounts falling due within one year:		
Loans advanced to group companies	$ 52,512	$ —
Prepaid assets	1,637	—
Other assets	157	
Total amounts falling due within one year	$ 54,306	$ —
Amounts falling due after one year:		
Loans advanced to group companies	$ 454,327	$ —
Total amounts falling due after one year	$ 454,327	$ —

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

6. Creditors

	June 30, 2020	June 30, 2019
Amounts falling due within one year:		
Financing arrangements	$ 6,406	$ —
Trade payables and accrued liabilities	74,569	—
Total amounts falling due within one year	$ 80,975	$ —
Amounts falling due after one year:		
Financing arrangements	$ 965,365	$ —
Amounts due to group companies	183,186	—
Other liabilities	37,720	—
Total amounts falling due after one year	$ 1,186,271	$ —

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

Senior Secured Credit Facility - As of January 28, 2020, we had a committed credit facility that includes revolving loans with a maturity date of June 14, 2023 and term loans amortizing over the loan period, with a final maturity date of June 14, 2023. Under the terms of our credit agreement, borrowings bear interest at a variable rate of interest based on US LIBOR plus 1.375% to 2.0%. Interest rates depend on our leverage ratio, which is the ratio of our consolidated total indebtedness to our consolidated EBITDA, as defined by the credit agreement.

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.

The long-term related party loan payable is primarily due to Cimpress Windsor Corporation, an indirectly wholly owned subsidiary of Cimpress plc, and Cimpress Italy S.r.l. and Cimpress Investments B.V., wholly owned subsidiaries of Cimpress plc. These loans are payable on demand, with maturity dates from September 2020 through June 2024, bearing interest in the range of 1.93% and 5.94%.

7. Called Up Share Capital Presented as Equity

Authorised

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

	June 30, 2020	June 30, 2019
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, 44,080,627 shares issued and 25,885,675 shares outstanding on June 30, 2020	516	—
Deferred ordinary shares, nominal value €1.00 per share, 25,000 shares issued and outstanding on June 30, 2020	28	—
Total	$ 544	$ —

As of June 30, 2020, we held 18,194,952 treasury shares with a nominal value of €0.01 each. No treasury shares were held as of June 30, 2019. During the year ended June 30, 2020, we received a distribution from our subsidiary of 17,875,280 of our own ordinary shares. This distribution was accounted for as a distribution from a subsidiary with a corresponding charge to other reserves.

8. Share Premium Account

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

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

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

9. Profit and Loss Account

The profit and loss account is comprised 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, 2020, there was no payable recorded for the statutory audit of the parent financial statements to our auditors, 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 32 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 28, 2020.