

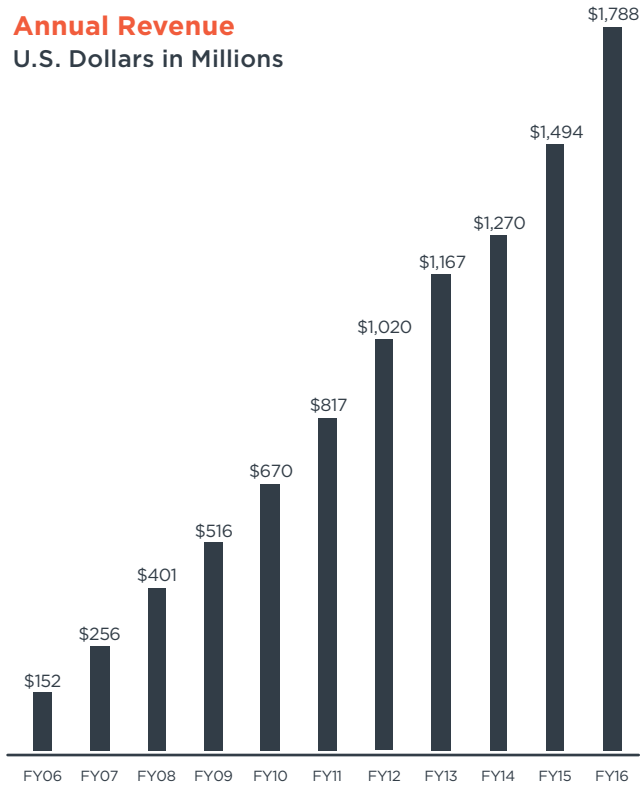
# 2016 Annual Report

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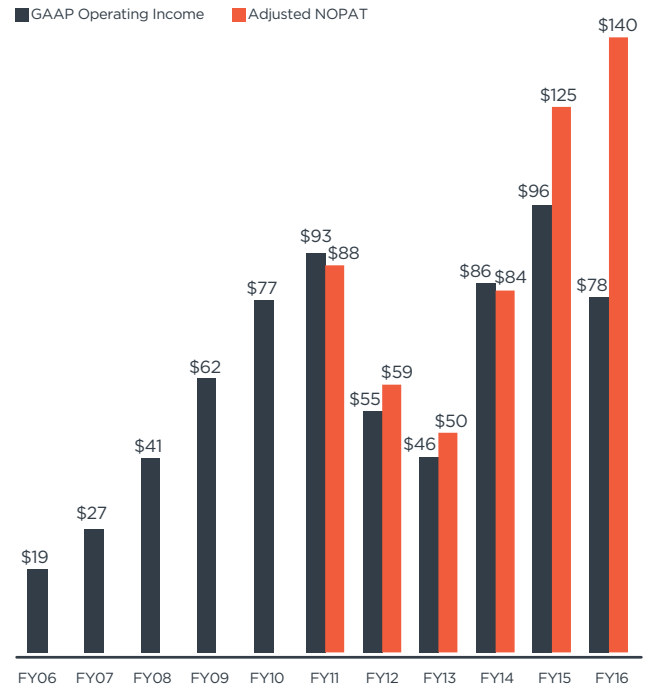
Notice of Annual General Meeting of  
Shareholders | Proxy Statement



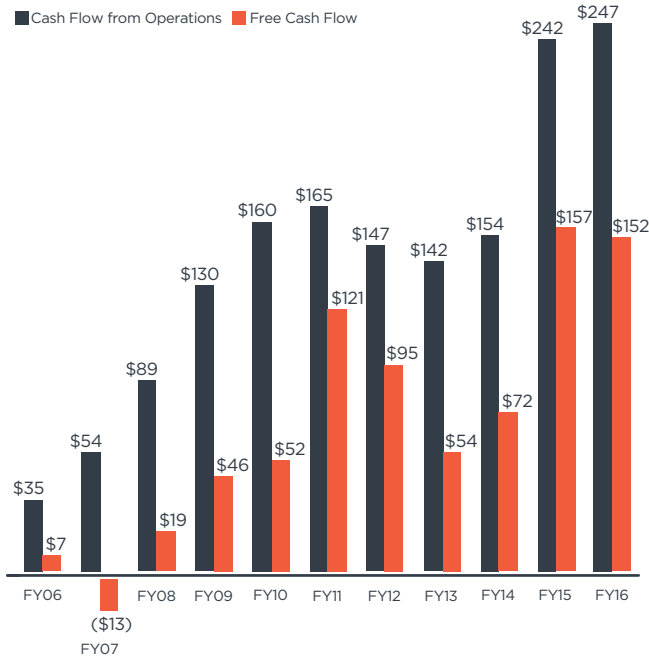
**Annual Revenue**  
U.S. Dollars in Millions



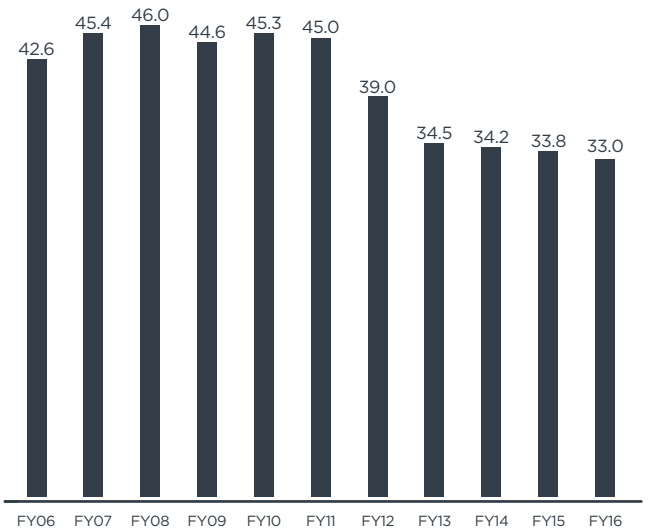
**Selected Profit Measures\***  
U.S. Dollars in Millions



**Cash Flow Measures\***  
U.S. Dollars in Millions



**GAAP Weighted Average Diluted Shares Outstanding**  
In Millions



\* Please see non-GAAP reconciliation at the end of this Annual Report and proxy statement.

July 27, 2016

Dear Investor,

Cimpress continues to see an enormous potential opportunity for future value creation. At our upcoming investor day on August 10, 2016 we will provide an in-depth review of what we are doing, strategically and operationally, to capitalize on it.

As a complement to the investor day and our quarterly earnings release, I write you this annual letter to highlight Cimpress' capital allocation philosophy, the financial characteristics of our investments past and future, and our views as to the underlying ("steady state") cash generation capabilities of our company.

The structure of this letter is as follows:

- Our Objectives & Incentive Compensation Plan
- Organic Growth Performance & Expectations
- Capital Allocation Philosophy & Categories
- FY17 Organic Investment Plans
- Steady State Free Cash Flow
- Summary & Conclusion
- Non-GAAP Reconciliations

By reading this letter and attending our investor day, we hope you will achieve a clear understanding of Cimpress' goals and a transparent view into the successes and failures that we have had on our continuing journey to build a transformational and enduring business.

### **Our Objectives and Incentive Compensation Plan**

Our uppermost strategic and financial objectives, to which we subordinate all other strategic and financial objectives, are as follows:

- To be the world leader in mass customization
  - By mass customization, we mean producing, with the reliability, quality and affordability of mass production, small individual orders where each and every one embodies the personal relevance inherent to customized physical products.
- To maximize intrinsic value per share ("IVPS")
  - We define intrinsic value per share as (a) the unlevered free cash flow per share that, in our best judgment, will occur between now and the long-term future, appropriately discounted to reflect our cost of capital, minus (b) net debt per share.

Our strategy to achieve these objectives is to:

- Build a software-based mass customization platform that enables a broad and deep selection of mass customized products and product attributes, improves conformance to our performance specifications and reduces unit costs.
- Bring our platform capabilities to market via a portfolio of focused brands.

Since announcing the mass customization platform strategy two years ago we have gained significant momentum in terms of implementing our plans. We plan to continue forward in this strategic direction for the foreseeable future.

Over the past year we spent considerable time to create a new equity-based incentive compensation plan that aligns financial incentives for our executives and other team members with a pragmatic proxy of future changes to our intrinsic value per share. The resulting performance share units ("PSUs") will pay Cimpres team members handsomely if long term shareholders do well, and extremely well assuming truly excellent long-term performance levels. On the other hand, if Cimpres fails to efficiently deploy the capital that our shareholders entrust to us, the cash value of PSUs will rapidly decline or become null. Thank you for your support of this program: shareholders overwhelmingly approved the plan at our extraordinary meeting of shareholders on May 27, 2016, with 84% of shares voted in favor of the plan.

I am also happy to report that the PSU program has also been embraced by our leaders and other team members. Our new long term incentive ("LTI") program consists of a combination of PSUs and time-vested cash awards. 100% of my personal LTI awards this year were in PSUs, as will be 100% going forward. For other team members that receive LTI grants, various minimum PSU percentages apply: the higher the executive level, the higher his or her minimum level of PSUs. The bullet points below summarize the grants and election options made by our team members for this initial grant:

- 192 out of 197 of our senior-most team members besides myself have been awarded LTI for fiscal year 2017; 155 of them opted to convert an optional portion of their LTI cash to PSUs.
- An additional 627 team members deeper in our organization also received LTI, with 386 of them electing to take an optional portion of PSUs over cash LTI.
- The average election across all LTI recipients other than myself, weighted by LTI amount, was 65% versus a minimum election requirement of 26%.
- Including my election of 100%, the average election was 70% versus a minimum requirement of 36%.

The degree of annual LTI cash election as PSUs will vary in future years depending upon the future PSU election choices made by our team members, but we are very happy that our leadership corps is now strongly aligned with the value creation interests of our long term shareholders.

## **Organic Growth Performance & Expectations**

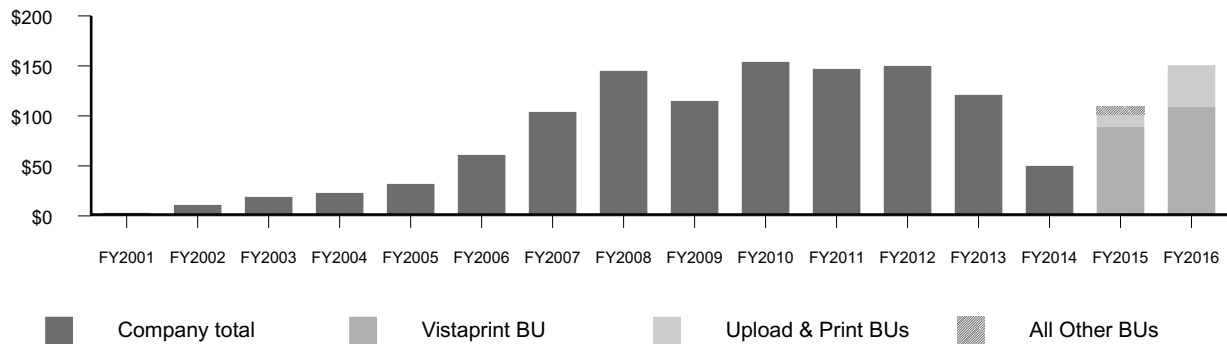
We believe that relative scale is the single biggest driver of competitive advantage for our business and an enormous opportunity exists for very large markets to shift to a mass customization paradigm. Therefore, we plan to continue to make significant value-enhancing growth investments. Of course we do not pursue, and have never pursued, growth for growth's sake. We fully understand that if growth were to derive from investments that return below our cost of capital then that growth would destroy value.

Given our belief that we can make attractive returns by growing the business with organic investment, and given our very substantial investments to do so, our organic growth rate is an important indicator of our performance. Starting in fiscal year 2012 we ended what we consider, in retrospect, to have been a multi-year period of underinvestment in our business. We embarked on a multi-year increase to investment levels in order to revitalize organic revenue growth. While the time required to revitalize growth has been longer than our original aspirations, we are starting to see positive results.

The chart below illustrates the history of our organic growth. The values from fiscal year 2012 through 2016 are expressed using currency exchange rates stated in the Non-GAAP Reconciliations section of this letter. We exclude from this calculation acquisitions which we have held for less than four full quarters. In fiscal year 2016, for the first time in four years this annual incremental organic growth reached approximately \$150 million and we grew by the largest absolute annual amount since fiscal year 2010. In terms of percentage growth rate, Cimpres posted an 11% organic constant currency growth

rate for fiscal year 2016,<sup>1</sup> the highest annual growth rate since 2013.<sup>2</sup> Both our Vistaprint business unit and the Upload and Print business units that we have owned for more than a year contributed to our improving organic growth.

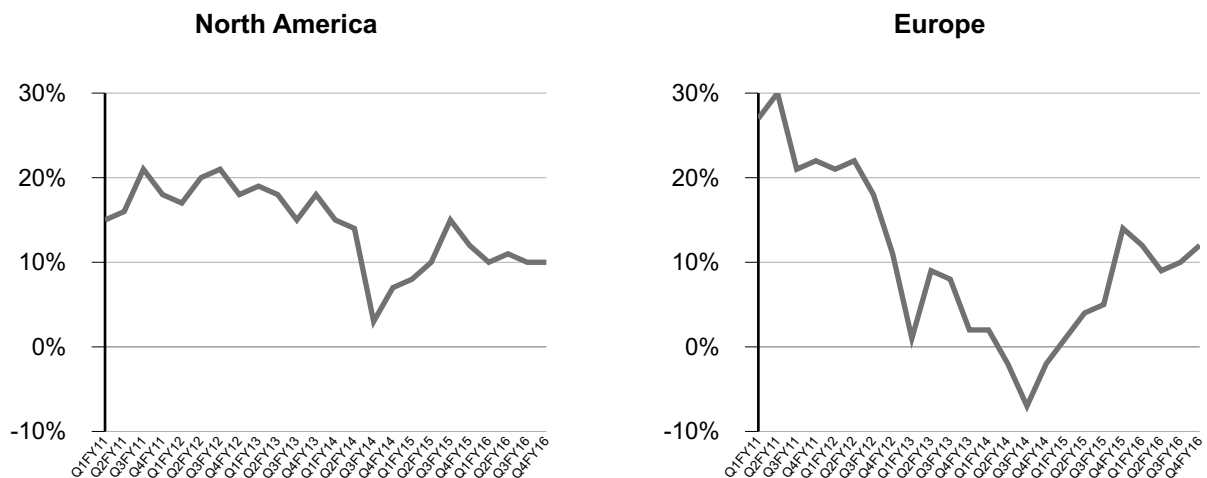
**Incremental Organic Revenue (Annual)**  
**FY 2001 - FY2011, USD millions; FY 2012 - FY2016 use stated currency exchange rates**



Geographically speaking, annual organic constant currency revenue growth in fiscal year 2016 was 10% in Europe versus 6% in fiscal year 2015; 10% in North America versus 11% in fiscal year 2015; and 19% for the total of our other markets (Brazil, India, Japan, Australia and New Zealand) versus 13% in the prior year. The charts below illustrate our year-over-year quarterly organic constant currency growth in Europe and North America.

**Organic Constant-Currency Revenue Growth Rate**

Each data point excludes any acquisition that was not owned during the prior-year comparable quarter



In the Non-GAAP Reconciliations section of this letter you will find similar charts that illustrate the year-over-year reported revenue growth for the same periods (i.e., in U.S.dollars, inclusive of the acquisitions and joint ventures as of each transaction's close date).

<sup>1</sup> Fiscal year 2016 reported revenue growth was 20% in USD, including acquisitions as of their respective transaction dates.  
<sup>2</sup> Our reported revenue growth has recently exceeded our organic revenue growth as acquisitions significantly boost reported growth rates in the first year of ownership. Please see reconciliations of non-GAAP measures at the end of this letter.

Looking to the future, we are not targeting any specific revenue growth rates for any particular quarter or year, but our general view as of today regarding potential organic constant-currency revenue growth is as follows:

- Our Vistaprint business unit grew by 10% for fiscal year 2016 on an organic constant-currency basis,<sup>3</sup> an acceleration from single-digit growth in the prior two fiscal years. We are increasingly confident in our eventual ability to consistently grow this business unit at low double-digit rates in the future, which was the case for the two most recent quarters. However, for the near-term we believe Vistaprint organic constant-currency growth will be constrained by our previously discussed plans to reduce shipping prices, which we expect to offset otherwise positive revenue growth trends by about 100 basis points in fiscal year 2017, net of estimated benefits of improved customer satisfaction related to the changes.
- For our Upload and Print reporting segment, constant-currency revenue growth was 27% in fiscal year 2016 on an organic basis.<sup>4</sup> The organic growth rates of the various business units within this segment vary significantly. We expect the growth of some of the faster-growing businesses to moderate over time and in fiscal year 2017 organic growth will begin to include other acquired businesses in this portfolio, some of which have slower growth rates. As such, we do not expect the constant-currency growth of this segment to stay at fiscal year 2016 levels but we remain confident of continued double-digit growth for these business units for the foreseeable future.
- The All Other business units segment growth rates are expected to be suppressed in the near-term as significant partner contracts in both our Albumprinter and Corporate Solutions business units ended in fiscal year 2016 and our fast-growing MoW business units remain relatively small. Longer-term, we believe we have the potential for significant growth in this segment.

### **Capital Allocation Philosophy & Categories**

As CEO, founder and a significant shareholder, I spend a major amount of my time on activities related to capital allocation and consider it a critical responsibility. I am greatly assisted in this effort by our chief financial officer, Sean Quinn, and our chief strategy officer, Ashley Hubka. Furthermore, we have created a steering committee that consists of these three executives (CEO, CFO and CSO) plus two supervisory board members. In addition, our entire supervisory board reviews and approves our capital allocation and strategic plans for each fiscal year. Our philosophy and approach to allocating capital remains consistent with last year. Over the past year we have evolved our approach to tracking investments, resulting in the enhanced information and analysis detailed below as well as information that will be presented at our upcoming investor day in August. We hope to continuously improve our capital allocation and performance tracking abilities.

We see multiple opportunities to invest in our business in ways that support our strategic and financial objectives. A major portion of our estimate of intrinsic value per share derives from our belief that i) we have a large set of attractive investment opportunities into which we can deploy capital that will generate aggregate returns materially above our weighted average cost of capital (“WACC”); and ii) our significant steady state after tax-free cash flow (discussed below) and borrowing capacity provide us with substantial streams of capital with which we can make such investments. We estimate our WACC to be 8.5% for fiscal years 2016 and 2017.

We define corporate-level allocation of capital as any use of cash that we expect to require more than 12 months to return the invested capital. As such, all references in this letter to capital allocation, including

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<sup>3</sup> Vistaprint business unit growth was 6% in USD for fiscal year 2016.

<sup>4</sup> Upload and Print business unit growth was 120% in USD for fiscal year 2016, inclusive of all acquisitions as of their transaction dates. Please see reconciliation of non-GAAP measures at the end of this letter.

all figures in the tables and graphs that are part of this letter, should be interpreted as referring only to corporate-level capital allocation as so defined. We delegate to our operating units (and do not seek to manage centrally) capital allocation decisions which our operational executives expect to payback in less than 12 months. We then hold each operating unit accountable for delivering an aggregate level of cash flow, net of any short-term payback investments they chose to make.

We group our corporate-level capital allocation into the following broad categories and consider our capital to be fungible across all of them: organic investments, share repurchases, M&A and equity investments, reduction of debt, and the payment of dividends. Please note, however, that we do not intend to pay dividends for the foreseeable future. At the time of any given capital allocation decision, we expect every investment of capital to deliver a return that is above the hurdle rate we set for that investment (often well above). We then optimize capital deployment in light of two important constraints: 1) the execution bandwidth of our teams; and 2) our debt covenants.

We have made and expect to continue to make good investments. However, we have also made and expect to continue to make mistakes. We believe that innovation and risk taking are critical to value creation so we do not seek to avoid investment risk nor are we able to prevent failure at the level of individual investment projects. Instead, we seek to earn a return on a portfolio of invested capital that, as a weighted average, earns well above our corporate cost of capital. In support of this objective, we vary hurdle rates based on our judgment of the risks to various types of investment.

### Major Organic Investments

These are large, discrete, internally developed projects that we believe can, over the longer term, provide us with materially important competitive capabilities and/or market positions. These investments typically have a relatively high degree of risk but also the potential for strong future returns if successful. The investments typically take the form of operating expenses, start-up losses and capital expenditures. The following are the Major Organic Investments we had for fiscal year 2016, with commentary on changes for fiscal year 2017:

Major Organic Investments			
Investment Area	Description	FY16 OI/ Adjusted NOP Net Impact	FY16 Free Cash Flow Net Investment
<b>Mass Customization Platform</b>	The core of our corporate strategy is to connect "fulfillers" (i.e. our production facilities and third-party production suppliers) with "merchants" (i.e. our business units and market-facing partners) across a shared platform. We refer to the software, service operations and other supporting capabilities that enable this linkage into an integrated platform as the Mass Customization Platform, or the MCP.	\$24M	\$27M
<b>Columbus</b>	"Columbus" is the name of a multi-year project to expand our capabilities and thus our business unit revenues in the market for decorated apparel, soft goods, promotional products and similar items.	\$35M	\$36M
<b>Most of World (MoW)</b>	This category represents the cost of our expansion into Japan, China, Brazil, India and, possibly in the future, to other parts of the world other than North America, Europe or Australia/NZ. Equity investments that we have made in MoW are also discussed below under the category of "M&A and Similar Equity Investments".	\$30M	\$38M
<b>Post-Merger Integration</b>	Over the past few years we have spent large amounts of capital on M&A. This category combines the various operational and administrative costs of integrating acquired companies into Cimpres.	\$9M	\$9M

In fiscal year 2017, Post-Merger Integration will no longer be large enough to fall into our Major Organic Investments category so it will be categorized, starting for fiscal year 2017, in the Diverse Other Organic Investments discussed below. We have added a new category for fiscal year 2017 in our Major Organic

Investments called Corporate Solutions. The objective of our Corporate Solutions team is to serve third-party merchants and mid- and large-size businesses. We expect to invest in Corporate Solutions technology, business development, sales, marketing and customer support teams in order to lay foundations for significant value and revenue growth over the coming years. In fiscal year 2016, our investment in Corporate Solutions was about \$4 million on an operating income, adjusted NOP and free cash flow basis. This investment does not include the year-over-year profit reduction that results from the previously described wind-down of our partnership with Staples even though the Corporate Solutions team manages that partnership.

For fiscal year 2017, we expect to roughly double our investment in our mass customization platform relative to 2016 levels. 2017 will be a critical year in the advancement of the platform; we expect to significantly enhance our capabilities and product selection and anticipate exiting the year with the majority of transactions among our business units, factories and third-party fulfillers occurring via the platform. The level of investment that we intend to make in the MCP in fiscal year 2017 is broadly in line with our initial expectations when we announced, in November 2014, our strategy to build the platform.

#### *Diverse Other Organic Investments*

This category consists of a wide variety of other capital allocation intended to maintain or improve our competitive position and to support growth. Each subsidiary group in this category itself combines together many investment choices that are individually relatively small in nature but large in aggregate. Compared to major organic investments and M&A, generally speaking these are less risky investments because they are individually smaller in size and based on more “knowable” forecasts and, often, shorter payback time horizons.

<b>Diverse Other Organic Investments</b>			
<b>Investment Area</b>	<b>Description</b>	<b>FY16 OI/ Adjusted NOP Net Impact</b>	<b>FY16 Free Cash Flow Net Investment</b>
<b>Selection</b>	We consistently develop new products and we expand the selection of product attributes (such as formats, substrates, finishing options, delivery speeds, available quantities, etc.).	\$4M	\$8M
<b>Expansion of Production and IT Capacity</b>	This comprises capital expenditures and similar upfront costs we invest to expand or improve our capacity for established products with relatively knowable demand expectations. It does not include capacity for our Major Organic LT Investments, which is instead included directly in those categories.	\$22M	\$42M
<b>LTV-based Advertising for our Vistaprint Business Unit</b>	Based on analysis of the cash flow characteristics of cohorts of acquired customers, we regularly invest in customer acquisition costs that require more than twelve months to pay back. We also include here a portion of our internal marketing costs that support these activities.	\$51M	\$49M
<b>Technology for our Vistaprint Business Unit</b>	Vistaprint differentiates itself in the market by an extensive set of technologies, such as but not limited to browser-based design, cross-selling, customer service systems, design-assistance, merchandising and analytics, and we regularly upgrade that technology. Note that technology for the manufacturing and supply chain capabilities that serve the Vistaprint unit are not part of this category: they are instead included in other relevant categories.	\$22M	\$26M
<b>Other</b>	This category includes headcount and related costs to enable scalability and to improve performance, as well as miscellaneous small investments. We consistently seek to “hire ahead of the curve” the talent that works in our technology, manufacturing, service, marketing, finance, legal and other functions. In other words, we employ people and build systems that we need to grow the business further, but which we would not need if we were to stay in a steady-state mode.	\$44M	\$48M



In fiscal year 2017, there will be several changes to how we categorize Diverse Other Organic Investments:

- Last year we categorized 100% of our replacement capital expenditures as a corporate-level allocation of capital. However, in recognition of our belief that our replacement capex generally pays back in less than 12 months, we have removed this category of investment to simplify our presentation.
- These categories will include, in addition to Vistaprint, the advertising and technology capital allocation for all business units other than MoW and Corporate Solutions (which are included in those respective lines of Major Organic Investments). We will group these investments with the relevant sub-categories that in fiscal years 2015 and 2016 existed for Vistaprint only. This reflects the growing mix of Upload and Print businesses within Cimpress, as well as our opportunity to invest to grow these businesses after an initial post-acquisition period in which we focused more on operational integration. These business units, as well as the Vistaprint business unit, plan to make investments in advertising and customer-facing technology to connect to our mass customization platform, to expand product offerings and to otherwise improve their ability to serve customer needs. We continue to expect that Upload and Print business units will spend significantly less on advertising as a percent of revenue than the Vistaprint business unit.
- We will add a new investment area for Vistaprint shipping price reductions. As we have described previously, we are currently in the process of lowering shipping pricing across all major geographies that the Vistaprint business unit serves. This will reduce near-term revenue and profit, but we expect it will increase customer loyalty and longer-term cash flows per customer. In fiscal year 2016, the tests and limited roll-outs in this area impacted operating income, adjusted NOP and free cash flow by roughly \$3 million.

#### Share Repurchase or Issuance

We consider share repurchases to be an important category of capital allocation. We make our share repurchase decisions by comparing the increase to intrinsic value per share that we believe we would gain from a share repurchase against the increase we believe we would gain from deploying the same amount of capital to other uses.

Over the past eight years we allocated \$672 million of capital to repurchase 18.8 million shares at an average price per share of \$35.68. That eight-year total includes, for fiscal year 2016, \$153,467.0 million of capital with which we repurchased 2.2 million shares at an average share price of \$71.06.

We have and may also in the future issue shares for other purposes such as, but not limited to, the compensation and retention of our team members or for M&A. We are willing to issue shares at prices that are at or below our estimate of our intrinsic value per share if we believe the return for the use of the equity will be higher than any loss of value by issuing shares below their intrinsic value.

Our choice to repurchase or issue shares is guided by the above principles and by a variety of other debt covenant, securities and legal subjects. Because of the complexity of these criteria, periods in which we issue or buy back shares, or in which we do not do so, may not be considered as an indication of our views on our intrinsic value per share relative to the share price.

#### M&A and Equity Investments

In connection with our multi-decade outlook, we believe acquisitions will play a significant role in the value creation we seek. Acquisitions represent a high-risk investment, but can produce strong returns on large amounts of capital and fortify our competitive position.

Looking back at the last five years of M&A, we have learned a lot and have used those insights to develop more rigorous deal screening, negotiation, due diligence and integration processes which we

believe will improve our odds of success. For each acquisition we seek to earn a projected return at the time of the deal at least equal to our cost of capital using reasonable assumptions of the stand-alone business. In addition, we expect to extract revenue and cost synergies such that our ultimate returns per deal equal or exceed a 15% return on capital hurdle. For acquisitions, equity investments and joint ventures outside of Europe, North America and Australia, we use a 25% return on capital hurdle to reflect the materially higher risk typically associated with those markets.

Below are highlights of our M&A activity in fiscal year 2016:

- We completed the largest acquisition we have made to date: WIRmachenDRUCK, a German upload and print company, for €148 million plus earn-out potential of up to €40 million in fiscal 2018. WIRmachenDRUCK brings a strong capability in managing third-party fulfillers to provide customers a vast selection of mass-customized print products at low prices. We expect, over time, to connect this supply chain capability to merchants other than WIRmachenDRUCK via the Cimpress mass customization platform. We are pleased with this acquisition so far, as well as two smaller acquisitions completed during the year (details in the table below).
- As previously announced, in the third quarter of fiscal year 2016 we recorded a partial impairment of \$31 million on our fiscal year 2015 acquisition of Exagroup. We took this charge in light of market pressures which have led to slower growth and reduced prices than what we expected at the time of the acquisition. Our loss here is a clear example of failure on our part to achieve our expectations for a large outlay of our capital; we paid too much. Today, we own 70% of this business and have reciprocal put and call options with the sellers to acquire the remaining 30% at a fixed price in 2019. Despite our mistake, we believe the value of this business is now appropriately reflected on our balance sheet, inclusive of the anticipated 2019 transaction for the remaining 30%. Exagroup is a strong company with a clear and differentiated value proposition and solid future prospects. Note that the lowered valuation net of our impairment did not take into account future upside synergies that we anticipate from connecting Exagroup to our mass customization platform because, at the time of the impairment, we did not have financial models to support this assumption.
- We continue to expect that the aggregate investment in acquisitions which we made prior to fiscal year 2016 for our Upload and Print segment, inclusive of Exagroup, will return above our previously described hurdle rate for M&A. We believe the same is true for our 2016 M&A deals.

The following table summarizes all acquisitions and equity investments that we have completed since 2012:

FY	Acquisition/Valuation	Assessment
2016	<b>WIRmachenDRUCK</b> €148 million (Euros; cash plus shares), plus earn-out potential of up to €40 million in FY2018	A leading German competitor in "Upload and Print", a market which we describe in detail in other shareholder communications. WMD brings a strong capability in managing third-party fulfillers to provide customers a vast selection of mass-customized print products at low prices and a strong market position in Germany. To date we are happy with this acquisition.
	<b>Tradeprint and Alcione</b> \$35 million (USD) in aggregate, inclusive of restricted share awards	<b>Tradeprint</b> is a relatively small upload and print firm with a loyal customer base in the UK. Growth post acquisition is accelerating due to an expansion of product selection. To date we are happy with this acquisition.  <b>Alcione</b> is a small supplier with specialized production capabilities and capacity. To date we are happy with this acquisition.

FY	Acquisition/Valuation	Assessment
2015	<b>Exagroup, druck.at, Easyflyer.fr</b> Acquired 100% of druck.at and FL Print (Easyflyer) and 70% of Exagroup for €124 million (Euros), inclusive of certain deferred payments	Each are clearly focused players in the European upload and print market, and we believe these firms have brought strong capabilities and brands to Cimpress. We expect to make future equity investments in these acquisitions as payment of performance-based earn-outs and to bring us to 100% ownership.  druck.at and Easyflyer are performing well. Exagroup is a strong business but, relative to our plans at the time of the deal, we overpaid given subsequent changes to Exagroup's revenue and profit outlook. We took a \$31 million impairment charge in fiscal year 2016 as a result.
	<b>Printi</b> \$18 million (USD) for a total of a 49.99% share	We are pleased with the progress of this Brazilian-focused Upload and Print business, its high growth rate and its trajectory toward profitability. We anticipate increasing our equity to a majority position in fiscal year 2019 in accordance with a call option that we entered into at the time of our original investment.
	<b>Fotoknudsen</b> €14 million (Euros)	This was a small tuck in acquisition that helped solidify Albumprinter's market position in the Nordic markets for photo books and other photo merchandise. We are very happy with progress to date, including the very recent migration of Fotoknudsen production to our Albumprinter facility in the Netherlands, which drives manufacturing efficiencies.
2014	<b>Pixartprinting and Printdeal</b> €152 million (Euros), including an FY 2016 deferred payment, plus follow on performance-based payments of approximately €25 million (Euros) in FY 2015 and FY 2016	Via these two acquisitions we purchased two national leaders with the "upload and print" business model. We continue to be very happy with both Pixartprinting and Printdeal.
	<b>Cimpress Japan</b> \$14 million (USD) total: \$10 million in FY 2014 for 51% share including a FY 2014 equity investment in our JV partner, Plaza Create, then \$4 million in FY 2015	We are pleased with the progress of this business and its trajectory toward becoming a growing and profitable business. In fiscal year 2016, we launched a new manufacturing plant in Japan, along with many other investments aimed at improving our customer value proposition.
2013	<b>Namex</b> \$18 million (USD) over two years for 45% share	This investment was clearly a failure that resulted in a total loss when we disposed of our equity interest after discussions with Namex management identified very different visions for the execution of the long-term strategic direction of the entity. We continue to believe in the Chinese market as a long-term opportunity, but we intend to use the hard lessons we learned to take a very different future approach to entering this country.
2012	<b>Webs</b> \$142 million (USD), inclusive of tax costs of transfer of intellectual property	The technology and team that we acquired via Webs remains central to and comprises the majority of the technology and talent that drives our Vistaprint Digital Marketing product line. This is a strongly profitable revenue stream that generated approximately \$63 million in revenues in fiscal year 2016 that is highly cash flow generative. According to typical P&L accounting this is a healthy and attractive business. However, from the perspective of capital allocation and with the benefit of four years of hindsight, we now believe that the acquisition of Webs was a poor financial investment and use of capital in that we overpaid relative to the DCF of the incremental cash flows that Webs brought us in comparison to alternative paths such as investing heavily in organic development of our digital capabilities.
	<b>Albumprinter:</b> €57 million (Euros)	This acquisition brought us into the photo book market and today Albumprinter is a growing, solidly profitable business that is the photo book market leader in the Netherlands and Scandinavia.
2012 & 2013	<b>Foregone Share Repurchases</b>	For much of fiscal year 2012 and fiscal year 2013, our share price was trading under \$40 per share. With the benefit of hindsight we recognize that, for the capital we used for our Namex, Webs and Albumprinter acquisitions, we could have generated very strong returns if we had instead repurchased our own shares.

### Reduction of Debt

We view debt as a valuable source of capital that, when maintained at manageable levels, helps us maximize intrinsic value per share. Given our fluctuating needs for capital in any one year, we often choose to allocate capital to the reduction of debt.

We greatly value our debt investors and believe that Cimpress represents a compelling issuer for bonds and a strong customer for banks. In March 2015 we issued \$275 million of senior unsecured notes for which we pay 7.0% interest. We also have a senior secured credit facility that includes a \$690 million revolver and \$140 million Term Loan A, both of which bear interest at a rate of LIBOR plus 1.5% to 2.25% depending on our leverage. As of June 30, 2016 we had \$678.5 million of outstanding debt on our balance sheet, net of issuance costs.

Our debt covenants give proforma effect for acquired businesses that closed within the trailing twelve month period ending June 30, 2016. Based on our debt covenant definitions, our total leverage ratio (which is debt to trailing twelve month EBITDA) was 2.50 as of June 30, 2016, and our senior secured leverage ratio (which is senior secured debt to trailing twelve month EBITDA) was 1.49.

We believe that calculated entrepreneurial risk taking inherent in our investments is fully compatible with our commitment to maintain conservative levels of debt because each individual investment we make is small relative to our overall financial performance. We intend to maintain a conservative leverage profile for the foreseeable future, typically at or below three times trailing twelve month EBITDA as defined by our debt covenants, albeit with possible temporary step-ups beyond three times in order to pursue what we believe to be strongly value-creating acquisitions or other investments.

### FY17 Organic Investment Plans

Over the coming fiscal year we estimate our investment in the “Major Organic” investment categories will be similar to the level of fiscal year 2016 investment. We plan to significantly increase investment in the “Diverse Other Organic” investment areas in fiscal year 2017.

We make capital allocation decisions based on our forecasts of net present value and related discounted cash flow projections. However, to help investors understand our capital allocation in terms that may be important to them, we provide supplementary perspectives by also expressing our investments as reductions to operating income and adjusted net operating profit ('NOP'). The table below lays out our estimate of the amounts of capital that we allocated to organic investment in fiscal year 2016 and the approximate amount we plan to invest during fiscal year 2017. Many of our investments begin to return cash in the same fiscal year as their initial investment so, where practical from an accounting perspective, the investment figures provided below represent our net investment, not the gross investment. Because we can not precisely estimate the rate of investment or the returning cash flows of most of our investments, and because we may make changes to our plans during the course of the future fiscal year based on new information we may receive, both actual and plan numbers should be considered only as directional and approximate. Note that the numbers in the tables below are rounded estimates, and are not tax effected.

**Approximate Impact of Organic Investments  
(Millions of USD)**

**Major Organic Investments<sup>5</sup>**

Impact on	FY16 Actual	FY17 Rounded Estimate	Increase/ (Decrease) (\$)	Increase/ (Decrease) (%)
Operating Income and Adjusted NOP	\$102	\$100	(\$2)	Not Meaningful
Free Cash Flow <sup>6</sup>	\$114	\$110	(\$4)	Not Meaningful

**Diverse Other Organic Investments**

Impact on	FY16 Actual	FY17 Rounded Estimate	Increase (\$)	Increase (%)
Operating Income and Adjusted NOP	\$146	\$215	\$69	47% +/-
Free Cash Flow <sup>6</sup>	\$176	\$250	\$74	42% +/-

**Total Organic Investments<sup>5</sup>**

Impact on	FY16 Actual	FY17 Rounded Estimate	Increase (\$)	Increase (%)
Operating Income and Adjusted NOP	\$248	\$315	\$67	27% +/-
Free Cash Flow <sup>6</sup>	\$290	\$360	\$70	24% +/-

The tables below provide additional details on our capital allocation plans for fiscal year 2017 and approximate historical expenditures for the prior two years using our categorization for fiscal year 2017.

<b>Net Impact to Operating Income and Adjusted NOP (\$M USD)</b>		<b>FY15</b>	<b>FY16</b>	<b>FY17 Est.</b>
Major	Mass Customization Platform	\$15	\$24	\$50
	Columbus	25	35	15
	Most of World	22	30	25
	Post-Merger Integration	6	9	Not Meaningful
	Corporate Solutions	—	4	10
	<b>Total Major Organic</b>	<b>\$68</b>	<b>\$102</b>	<b>\$100</b>
Diverse Other	Selection (new products & attributes)	\$—	\$4	\$15
	Advertising:			
	For Vistaprint business unit	69	51	Included in next row
	For all business units (ex. MoW and Corp Solutions)	—	—	65
	Technology:			
	For Vistaprint business unit	36	22	Included in next row
	For all business units (ex. MoW and Corp Solutions)	—	—	30
	Expansion of production & IT capacity	6	22	35
	Replacement capital expenditures	9	—	—
	Vistaprint shipping price reductions	—	3	20
	Other	29	44	50
	<b>Total Diverse Other</b>	<b>\$149</b>	<b>\$146</b>	<b>\$215</b>
<b>Total</b>	<b>Net Impact to OI and Adjusted NOP</b>	<b>\$217</b>	<b>\$248</b>	<b>\$315</b>

<sup>5</sup> Figures consolidate 100% of investments in Japan and Brazil, although we own only 51% and 49.99% respectively.

<sup>6</sup> Please see definitions of non-GAAP financial measures at the end of this letter.

Net FCF Investment (\$M USD)		FY15	FY16	FY17 Est.
Major	Mass Customization Platform	\$14	\$27	\$55
	Columbus	34	36	20
	Most of World	26	38	25
	Post-Merger Integration	6	9	Not Meaningful
	Corporate Solutions	—	4	10
	<b>Total Major Organic</b>	<b>\$80</b>	<b>\$114</b>	<b>\$110</b>
Diverse Other	Selection (new products & attributes)	\$14	\$8	\$20
	Advertising:			
	For Vistaprint business unit	65	49	Included in next row
	For all business units (ex. MoW and Corp Solutions)	—	—	61
	Technology:			
	For Vistaprint business unit	40	26	Included in next row
	For all business units (ex. MoW and Corp Solutions)	—	—	40
	Expansion of production & IT capacity	27	42	55
	Replacement capital expenditures	8	—	—
	Vistaprint shipping price reductions	—	3	20
	Other	21	48	54
	<b>Total Diverse Other</b>	<b>\$175</b>	<b>\$176</b>	<b>\$250</b>
<b>Total</b>	<b>Net Free Cash Flow Investment</b>	<b>\$255</b>	<b>\$290</b>	<b>\$360</b>

### **Steady State Free Cash Flow ("SSFCF")**

We use a concept we refer to as steady state after-tax free cash flow. We define steady state as having a sustainable and defensible business over the long term capable of growing after-tax free cash flow per share at the rate of United States inflation. Steady state free cash flow is an estimate that is inherently based on many subjective business judgments and approximations, so you should consider our statements about this concept to be directional, definitely not specific.

Despite its approximate nature, our SSFCF is important for us and shareholders to understand because the difference between our actual free cash flow and our range estimates of steady state free cash flow represents our range estimate of the capital which we allocate to organic investments in anticipation of growing the value of our business. We see SSFCF analysis as a helpful input for determining the intrinsic value of our business (as discussed below) as well as a tool to hold us accountable over time to driving returns on our portfolio of past investments. Some investors have asked if this method implies that growth investments should be "ignored". Our answer is no; we ask investors to understand our investments and to then make their own assessment of their value.

It is also important to understand that the maintenance of steady state is not something we protect or favor in our capital allocation processes. As with all capital allocation choices, we seek to make such investments only if we believe that they will both meet or exceed relevant hurdle rates and will be the best choice relative to alternative uses of that capital. We would rather accept that such a portion of our business is mature and declining and use the cash flows that are generated from it to invest elsewhere. The fact that we currently invest large amounts of capital into the maintenance of steady state reflects our belief in the strong returns available to us in our current business.

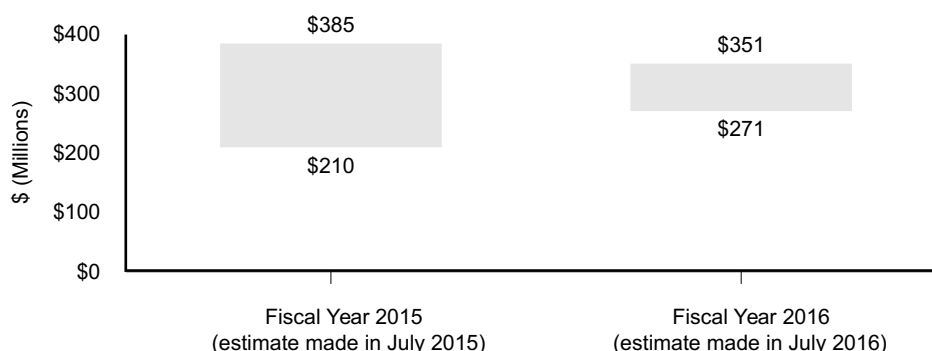
Over the past year we have improved our understanding of, and confidence in, estimates of the Diverse Other Organic Investments necessary for maintaining steady state. Our fiscal year 2015 analysis provided a range for steady state free cash flow that equaled the entire amount of Diverse Other Investments. The range we have estimated for fiscal year 2016 is narrower than it was for our fiscal year

2015 analysis and we expect to continue to refine this analysis over time. We have not tried to retroactively change or narrow the range from our fiscal year 2015 analysis.<sup>7</sup>

Our calculation of the high and low ends of our current estimate of the range of SSFCF for fiscal year 2016 is provided in the table below and illustrated alongside our fiscal year 2015 range estimate in the chart that follows the table.

Million USD	FY16
<b>Free Cash Flow<sup>8</sup></b>	<b>\$152</b>
Add back cash interest expense	\$31
<b>Unlevered Free Cash Flow</b>	<b>\$183</b>
Adjustments for pro-forma of recent M&A and non-steady state working capital change	\$(20)
Adjustment for fiscal year 2017 incremental impact of loss of certain partner profits	\$(17)
Adjustment for fiscal year 2017 incremental impact of Vistaprint shipping price reductions	\$(17)
Adjustment for income tax refund received in fiscal year 2016 related to U.S. taxes in prior periods	\$(8)
<b>Pro-forma Unlevered Free Cash Flow normalized for the above items</b>	<b>\$121</b>
Add back Major Organic investments	\$114
<b>Free Cash Flow without Major Organic investments</b>	<b>\$235</b>
Add back all Diverse Other Investments	\$176
<b>Free Cash Flow without all organic investments</b>	<b>\$411</b>
Subtract low estimate of diverse other investments needed to maintain steady state	\$(60)
<b>High estimate of Steady State Free Cash Flow</b>	<b>\$351</b>
Subtract increment from low to high estimate needed to maintain steady state	\$(80)
<b>Low estimate of Steady State Free Cash Flow</b>	<b>\$271</b>

**Annual Range Estimates of Steady State Free Cash Flow**



Our weighted average of diluted shares outstanding was 33,816,498 for the year ending June 30, 2015 and 33,049,454 for the year ending June 30, 2016.

<sup>7</sup> Since estimating our SSFCF in fiscal year 2015, we have made two changes that would have increased the basis for our SSFCF estimate at that time. The first is that we adopted the new share-based compensation accounting standard, ASU 2016-09, which effectively increases our presentation of cash flow from operations and free cash flow. The second is that we add back cash interest expense to arrive at unlevered free cash flow. We have not updated the fiscal year 2015 estimated SSFCF range in the chart or on the following page to reflect these changes.

<sup>8</sup> Cash flow from operations for fiscal years 2015 and 2016 was \$242 million and \$247 million, respectively. Please see reconciliations of non-GAAP measures at the end of this letter.

Assuming our investments are successful, our steady state free cash flow per share should grow over time at an average annual rate which is higher than our cost of capital, and thus is one means by which we can evaluate our track record over time. That being said, we do not believe that we are ready to draw conclusions from the implied trend of the ranges of SSFCF per share values that might be calculated from the above data. This is because SSFCF remains a relatively new concept for us. It depends on tracking systems, assumptions and judgment which we are internally creating, learning about, and debating about how to improve. We expect that over time we will improve our ability to differentiate between, and measure, growth and maintenance investments. This would allow us to narrow the range of our estimates, whether higher or lower.

As the business (or our understanding of the business) changes, our estimates may change from one year to the next. For example, as described earlier in this letter, the loss of significant partner contracts will decrease our cash flow in fiscal year 2017 by roughly \$17 million relative to fiscal year 2016. Additionally, in fiscal year 2017 we plan to invest an estimated incremental \$17 million in shipping price reductions in our Vistaprint business that we believe are needed in light of market standards for e-commerce shipping practices. Finally, in fiscal year 2016 we received an \$8 million income tax refund related to U.S. taxes in prior periods, which we do not expect to repeat. The table on the prior page therefore removes these items from our steady state cash flow estimate for fiscal year 2016. One could easily argue that the first two of these adjustments should also be reflected in our estimates of SSFCF for fiscal year 2015 now that we know about them; however, we do not plan on recasting our prior SSFCF estimates. Rather we seek to be transparent, explicit and approximate: transparent about where these changes to our estimates occur; explicit about the lack of precision inherent in any calculation of SSFCF; and approximate by providing only range estimates, not specific SSFCF estimates.

A fair question for a shareholder to ask is why is there such a difference between actual free cash flow and our range estimate of steady state free cash flow? The answer is that we are organically reinvesting the difference in anticipation of returns that we believe will comfortably exceed our WACC. We make these investments, even though doing so results in a major reduction in our free cash flow net of the investments, because we believe that investing at portfolio-level aggregate returns above (preferably well above) our WACC will increase our IVPS.

As noted near the beginning of this letter, we define IVPS as (a) the unlevered free cash flow per share that, in our best judgment, will occur between now and the long-term future, appropriately discounted to reflect our cost of capital, minus (b) net debt per share. In order to estimate component (a) of that definition we use two methods: long-term discounted cash flow models, and a calculation based on our SSFCF analysis. For the calculation based on our SSFCF analysis, we estimate the pre-debt value of a single share of Cimpress to be equal to:

- (i) unlevered steady state free cash flow per share divided by our WACC;
- plus
- (ii) the per share net present value of future capital allocation that we expect to make.

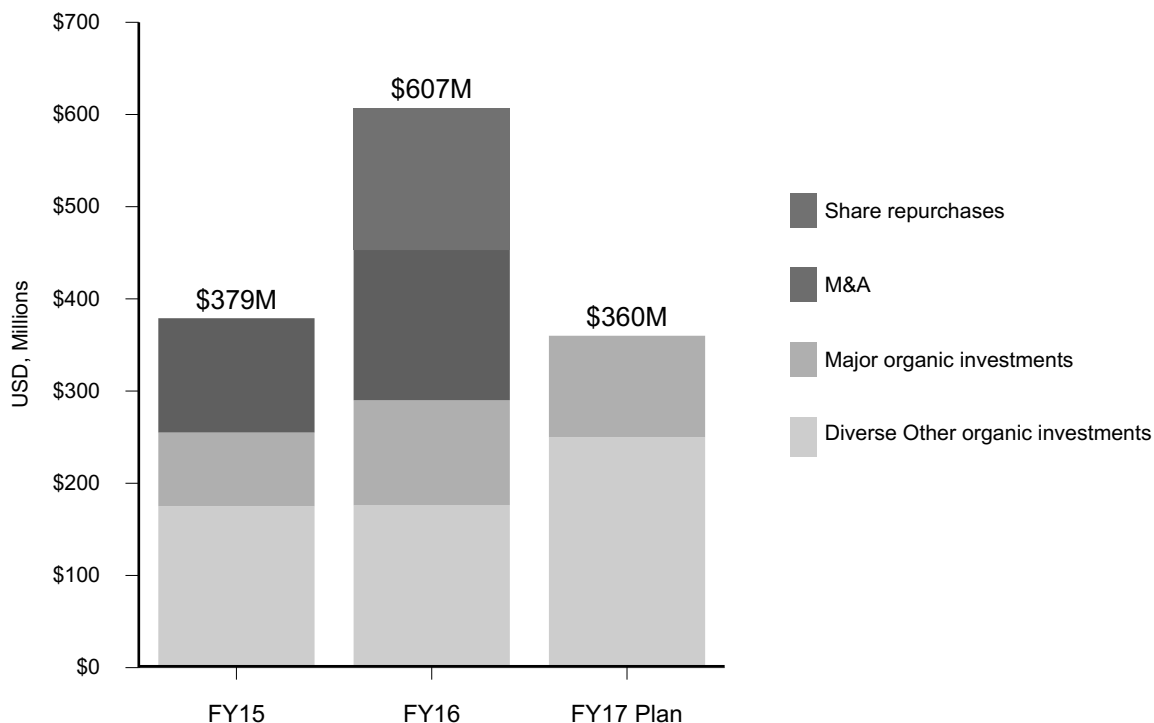
## **Summary & Conclusion**

The chart below and the supporting table which follows summarize the capital allocation that we have made over the past two fiscal years and the approximate plans we have to deploy capital into organic investments in fiscal year 2017. We may or may not deploy capital to M&A and/or share repurchases over the coming year; should we do so then we will report those investments as we have done in the past.



With more than \$1.3 billion of anticipated capital deployment over the three-year period from fiscal years 2015 to 2017, clearly we are bullish on Cimpress' future and are investing accordingly.

## Capital Allocation Summary



Allocated Capital (\$M)	FY15	FY16	FY17 Plan	3-Year Total	Percent of Total
Diverse Other organic investments	\$175	\$176	\$250	\$601	45%
Major organic investments	\$80	\$114	\$110	\$304	23%
M&A	\$124	\$163	—	\$287	21%
Share repurchases	—	\$154	—	\$154	12%
<b>Total capital deployed</b>	<b>\$379</b>	<b>\$607</b>	<b>\$360</b>	<b>\$1,346</b>	<b>100%</b>

This letter has intentionally focused on financially oriented views of Cimpress' investment philosophy, past and future investments, and the steady state cash generation capabilities of our company. We reiterate that many of these figures in this letter are estimates for which we necessarily make judgment-based approximations. Despite its inexact nature, we share this information with you to provide you with data with which you can make your own assessment of the value of Cimpress.

Beyond this letter and our GAAP financial results, we believe that an important complementary piece of information for investors is an understanding of the more qualitative aspects of our business. So at our upcoming investor day on August 10, 2016 we will try to impart a transparent view of those qualitative aspects in addition to discussing the subjects covered in this letter.

Should you attend our investor day, in person or via web cast, I hope you will come to share our view that, as we enter fiscal year 2017, Cimpress is in a position of strength in terms of our technology, our manufacturing and supply chain operations, our operations, our international reach, the reputations and value propositions of our brands and the talent of our team members. Very importantly, we are also in a

position of strength due to the clarity of our strategic and financial objectives, which strongly aligns our supervisory and management boards, our executive leaders and our team members as we make decisions about the many subsidiary strategies and tactics required to achieve our top-level priorities.

Thank you for the time you have invested to read this letter, and for your attention and consideration. Our Supervisory Board, our executive team and I all take very seriously our responsibility as stewards of our investors' capital. We believe that this explicit enumeration of our business philosophies, priorities and investment frameworks is the best way to empower each investor to decide if Cimpress is an attractive company with whom to entrust his or her money.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Keane', with a stylized flourish extending to the right.

Robert Keane  
President & CEO  
Cimpress N.V.

July 27, 2016

## About non-GAAP financial measures

To supplement Cimpress' consolidated financial statements presented in accordance with U.S. generally accepted accounting principles, or GAAP, Cimpress has used the following measures defined as non-GAAP financial measures by Securities and Exchange Commission, or SEC, rules: free cash flow, constant-currency revenue growth excluding revenue from acquisitions in the first year of ownership, and incremental annual organic revenue. We also use a GAAP measure, adjusted Net Operating Profit (NOP), our segment profitability measure, and in this letter describe the impact of our investments on that measure.

- Free cash flow is defined as net cash provided by operating activities less purchases of property, plant and equipment, purchases of intangible assets not related to acquisitions, and capitalization of software and website development costs, plus payment of contingent consideration in excess of acquisition-date fair value.
- Adjusted NOP is defined as GAAP Operating Income with the following adjustments: exclude the impact of M&A related items including amortization of acquisition-related intangibles, the change in fair value of contingent consideration, and expense for deferred payments or equity awards that are treated as compensation expense; exclude the impact of unusual items such as discontinued operations, restructuring charges, and impairments; and include realized gains or losses from currency forward contracts that are not included in operating income as we do not apply hedge accounting.
- Constant-currency revenue growth is estimated 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 and excludes the impact of gains and losses on effective currency hedges recognized in revenue in the prior year periods.
- Constant-currency revenue growth excluding revenue from acquisitions and joint ventures during the first year of ownership excludes the impact of currency as defined above and revenue from:
  - Albumprinter for the period from Q2 fiscal 2012 through Q3 fiscal 2013;
  - Webs for the period from Q3 fiscal 2012 through Q3 fiscal 2013;
  - Digipri from the period from Q3 fiscal 2014 through Q3 fiscal 2015;
  - Printdeal and Pixartprinting from the period from Q4 fiscal 2014 through Q3 fiscal 2015;
  - FotoKnudsen from the period from Q1 fiscal 2015 through Q4 fiscal 2015;
  - Printi from the period from Q2 fiscal 2015 through Q1 fiscal 2016;
  - Easyflyer (FL Print), Exagroup, and druck.at from the Q4 fiscal 2015 period;
  - Tradeprint from Q1 fiscal 2016;
  - Alcione from Q1 fiscal 2016; and
  - WIRmachenDRUCK from Q3 fiscal 2016.
- Incremental annual organic revenue removes the revenue from acquired businesses and joint ventures as listed directly above. For the periods from fiscal years 2001 through 2011, the incremental revenue is stated in U.S. dollars. For the periods from fiscal years 2012 through 2016, non-U.S. revenue has been converted at exchange rates determined as part of management's budgeting process in June 2015, in order to eliminate the impact of currency movements. The exchange rates for the currencies with the greatest influence on revenue are listed in the reconciliation below.

The presentation of non-GAAP financial information is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with GAAP. For more information on these non-GAAP financial measures, please see the tables captioned "Reconciliations of Non-GAAP Financial Measures" in this release. The tables have more details on the GAAP financial measures that are most directly comparable to non-GAAP financial measures and the related reconciliation between these financial measures.

Cimpress' management believes that these non-GAAP financial measures provide meaningful supplemental information in assessing our performance and liquidity by excluding certain items that may not be indicative of our recurring core business operating results, which could be non-cash charges or benefits or discrete cash charges or benefits that are infrequent in nature. These non-GAAP financial measures also have facilitated management's internal comparisons to Cimpress' historical performance and our competitors' operating results.

## Reconciliation of Non-GAAP Financial Measures

### Free Cash Flow<sup>1</sup>

Annual, in \$ thousands

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
Net cash provided by operating activities	\$165,149	\$146,749	\$141,808	\$153,739	\$242,022	\$247,356
Purchases of property, plant and equipment	(\$37,405)	(\$46,420)	(\$78,999)	(\$72,122)	(\$75,813)	(\$80,435)
Purchases of intangible assets not related to acquisitions	(\$205)	(\$239)	(\$750)	(\$253)	(\$250)	(\$476)
Capitalization of software and website development costs	(\$6,290)	(\$5,463)	(\$7,667)	(\$9,749)	(\$17,323)	(\$26,324)
Payment of contingent consideration in excess of acquisition-date fair value	\$0	\$0	\$0	\$0	\$8,055	\$8,613
Proceeds from insurance related to investing activities	\$0	\$0	\$0	\$0	\$0	\$3,624
<b>Free cash flow</b>	<b>\$121,249</b>	<b>\$94,627</b>	<b>\$54,392</b>	<b>\$71,615</b>	<b>\$156,691</b>	<b>\$152,358</b>

<sup>1</sup> During fiscal 2016, we adopted the new share-based compensation accounting standard, ASU 2016-09 and elected to apply the amendment related to the presentation of excess tax benefits on the consolidated statements of cash flows on a retrospective basis. We have updated our previously filed consolidated statements of cash flows for all prior presented periods. This change is reflected in the free cash flow reconciliation above.

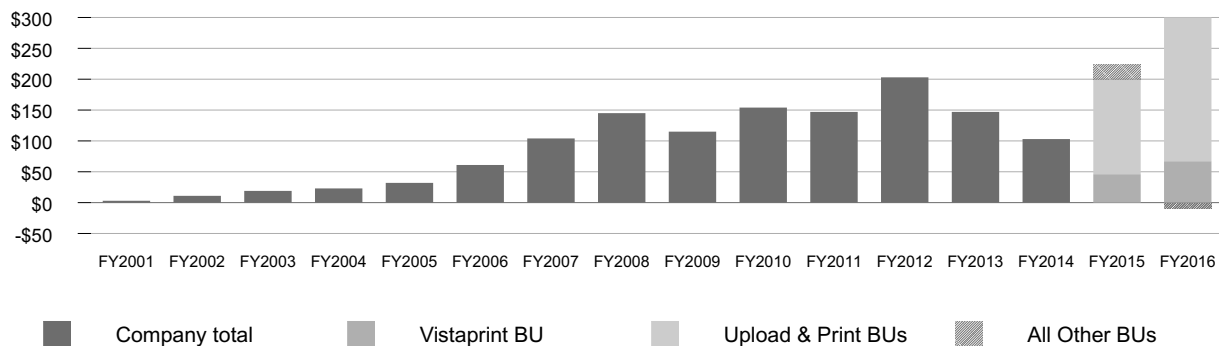
### Revenue growth reconciliation by reportable segment

Annual, in \$ thousands

	FY2016	FY2015	Year-over-year Growth	Currency Impact	Constant-Currency Revenue Growth	Impact of Acquisitions	Constant-currency revenue growth excluding acquisitions
Vistaprint business unit	\$ 1,217,162	\$ 1,149,706	6%	4%	10%	—%	10%
Upload and Print business units	432,638	197,075	120%	7%	127%	(100)%	27%
All Other business units	138,244	147,425	(6)%	8%	2%	—%	2%
<b>Total revenue</b>	<b>\$ 1,788,044</b>	<b>\$ 1,494,206</b>	<b>20%</b>	<b>4%</b>	<b>24%</b>	<b>(13)%</b>	<b>11%</b>

### Incremental revenue, reported

#### Total Incremental Revenue (Annual) FY 2001 - FY 2016, USD millions



## Reconciliation of Non-GAAP Financial Measures (continued)

### Incremental organic revenue

Annual, in \$ thousands

For the periods from fiscal years 2001 through 2011 the incremental revenue is stated in U.S. dollars and total company revenue is considered organic as we did not make any acquisitions during this time.

Total Company	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011
Reported Revenue (USD) [A]	\$6,100	\$16,851	\$35,431	\$58,784	\$90,885	\$152,149	\$255,933	\$400,657	\$515,826	\$670,035	\$817,009
Prior-Year Comparable	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Reported Revenue (USD) [B]	\$2,700	\$6,100	\$16,851	\$35,431	\$58,784	\$90,885	\$152,149	\$255,933	\$400,657	\$515,826	\$670,035
<b>Total organic year-over-year incremental revenue [A] - [B]</b>	<b>\$3,400</b>	<b>\$10,800</b>	<b>\$18,531</b>	<b>\$23,353</b>	<b>\$32,075</b>	<b>\$61,290</b>	<b>\$103,784</b>	<b>\$144,724</b>	<b>\$115,170</b>	<b>\$154,208</b>	<b>\$149,632</b>

### Incremental organic revenue

Annual, in \$ thousands

The tables below show the longer-term incremental revenue for fiscal years 2012 - 2016. Non-U.S. revenue for all periods presented has been converted at exchange rates determined as part of management's budgeting process in June 2015, in order to eliminate the impact of currency movements. The exchange rates for the currencies with the greatest influence on revenue are listed below.

Currency	Exchange rate (USD per currency)
Euro	1.115
Great British Pound	1.546
Australian Dollar	0.777
Swiss Franc	1.072
Canadian Dollar	0.815

Currency	Exchange rate (USD per currency)
Norwegian Krone	0.129
Swedish Krona	0.120
Danish Krone	0.149
Japanese Yen	0.008
New Zealand Dollar	0.703

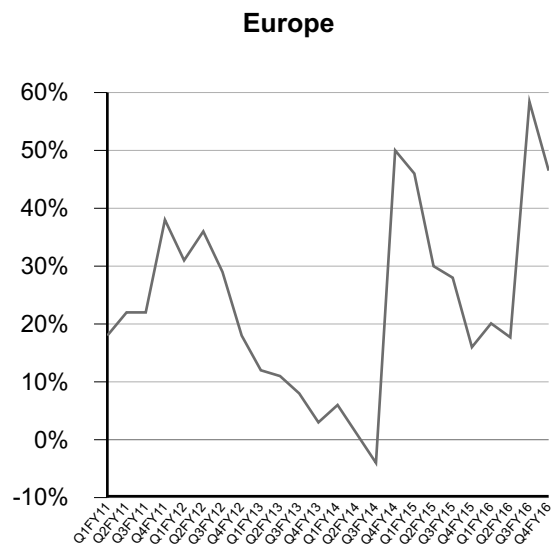
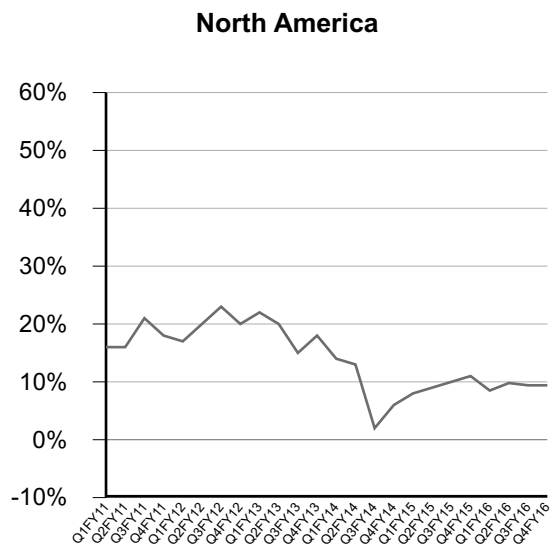
Total Company	FY2012	FY2013	FY2014	FY2015	FY2016
Reported Revenue (USD)	\$1,020,269	\$1,167,478	\$1,270,236	\$1,494,206	\$1,788,044
Impact of TTM Acquisitions	(\$45,123)	(\$43,644)	(\$44,219)	(\$175,191)	(\$235,344)
<b>Organic revenue excl TTM acquisitions</b>	<b>\$975,146</b>	<b>\$1,123,834</b>	<b>\$1,226,017</b>	<b>\$1,319,015</b>	<b>\$1,552,700</b>
Impact of Currency	(\$68,196)	(\$70,250)	(\$83,398)	(\$31,796)	\$18,744
<b>Organic revenue excluding impact of currency and TTM Acquisitions [A]</b>	<b>\$906,950</b>	<b>\$1,053,584</b>	<b>\$1,142,619</b>	<b>\$1,287,219</b>	<b>\$1,571,444</b>
Prior-Year Comparable	FY2011	FY2012	FY2013	FY2014	FY2015
Reported Revenue (USD)	\$817,009	\$1,020,269	\$1,167,478	\$1,270,236	\$1,494,206
Impact of TTM Acquisitions	\$0	(\$15,739)	\$0	\$0	(\$28,693)
<b>Organic revenue excl TTM acquisitions</b>	<b>\$817,009</b>	<b>\$1,004,561</b>	<b>\$1,167,478</b>	<b>\$1,270,236</b>	<b>\$1,465,513</b>
Impact of Currency	(\$59,691)	(\$71,623)	(\$75,165)	(\$91,363)	(\$44,992)
<b>Organic revenue excluding impact of currency and TTM Acquisitions [B]</b>	<b>\$757,318</b>	<b>\$932,939</b>	<b>\$1,092,313</b>	<b>\$1,178,873</b>	<b>\$1,420,521</b>
<b>Total organic year-over-year incremental revenue excluding the impact of currency</b>	<b>\$149,632</b>	<b>\$120,645</b>	<b>\$50,306</b>	<b>\$108,346</b>	<b>\$150,923</b>

**Reconciliation of Non-GAAP Financial Measures (continued)**
*Incremental organic revenue*
*Annual, in \$ thousands*

<b>Vistaprint business unit</b>	<b>FY2015</b>	<b>FY2016</b>
Reported revenue (USD)	\$1,149,706	\$1,217,162
Currency Impact	(\$26,516)	\$15,111
Revenue excluding the impact of currency [A]	\$1,123,190	\$1,232,273
<b>Prior-Year Comparable</b>	<b>FY2014</b>	<b>FY2015</b>
Reported revenue (USD)	\$1,103,217	\$1,149,706
Currency Impact	(\$69,102)	(\$26,516)
Revenue excluding the impact of currency [B]	<b>\$1,034,115</b>	<b>\$1,123,190</b>
<b>Organic year-over-year incremental revenue excluding the impact of currency [A] - [B]</b>	<b>\$89,075</b>	<b>\$109,083</b>
<b>Upload and Print business units</b>	<b>FY2015</b>	<b>FY2016</b>
Reported revenue (USD)	\$197,075	\$432,638
Impact of TTM Acquisitions	(\$150,074)	(\$234,083)
<b>Organic revenue excl TTM acquisitions</b>	\$47,001	\$198,555
Impact of Currency	\$370	\$601
<b>Revenue excluding the impact of currency and TTM Acquisitions [A]</b>	\$47,371	\$199,156
<b>Prior-Year Comparable</b>	<b>FY2014</b>	<b>FY2015</b>
Reported revenue (USD)	\$43,590	\$197,075
Impact of TTM Acquisitions	\$0	(\$28,693)
<b>Organic revenue excl TTM acquisitions</b>	\$43,590	\$168,382
Impact of Currency	(\$7,856)	(\$10,721)
<b>Revenue excluding the impact of currency and TTM Acquisitions [B]</b>	\$35,734	\$157,661
<b>Organic year-over-year incremental revenue excluding the impact of currency [A] - [B]</b>	<b>\$11,637</b>	<b>\$41,495</b>
<b>All Other business units</b>	<b>FY2015</b>	<b>FY2016</b>
Reported revenue (USD)	\$147,425	\$138,244
Impact of TTM Acquisitions	(\$25,117)	(\$1,261)
<b>Organic revenue excl TTM acquisitions</b>	\$122,308	\$136,983
Impact of Currency	(\$5,650)	\$3,032
<b>Revenue excluding the impact of currency and TTM Acquisitions [A]</b>	\$116,658	\$140,015
<b>Prior-Year Comparable</b>	<b>FY2014</b>	<b>FY2015</b>
Reported revenue (USD)	\$123,429	\$147,425
Impact of TTM Acquisitions	\$0	\$0
<b>Organic revenue excl TTM acquisitions</b>	\$123,429	\$147,425
Impact of Currency	(\$14,405)	(\$7,755)
<b>Revenue excluding the impact of currency and TTM Acquisitions [B]</b>	\$109,024	\$139,670
<b>Organic year-over-year incremental revenue excluding the impact of currency [A] - [B]</b>	<b>\$7,634</b>	<b>\$345</b>
<b>Total organic year-over-year incremental revenue excluding the impact of currency</b>	<b>\$108,346</b>	<b>\$150,923</b>

**Reconciliation of Non-GAAP Financial Measures (continued)**

Revenue Growth Rate by Geography: Reported (USD), inclusive of acquisitions and joint ventures from the date of transaction close



**Revenue by Geography**

Constant-currency revenue growth excluding revenue from acquisitions and joint ventures during the first year of ownership

	North America		Europe		Other	
	FY2015	FY2016	FY2015	FY2016	FY2015	FY2016
Reported revenue growth	11%	9%	28%	34%	12%	4%
Currency impact	—%	1%	11%	8%	11%	15%
Revenue growth in constant currency	11%	10%	39%	42%	23%	19%
Impact of acquisitions and joint ventures in the first year of ownership	—%	—%	(33)%	(31)%	(10)%	—%
Revenue growth in constant currency ex. acquisitions and joint ventures in the first year of ownership	11%	10%	6%	10%	13%	19%

**Reconciliation of Non-GAAP Financial Measures (continued)**

	North America					Europe				
	Reported revenue growth	Currency impact	Revenue growth in constant currency	Impact of acquisitions and joint ventures in the first year of ownership	Revenue growth in constant currency ex. acquisitions and joint ventures in the first year of ownership	Reported revenue growth	Currency impact	Revenue growth in constant currency	Impact of acquisitions and joint ventures in the first year of ownership	Revenue growth in constant currency ex. acquisitions and joint ventures in the first year of ownership
Q1 FY2011	16%	(1)%	15%	—	15%	18 %	9 %	27 %	—	27 %
Q2 FY2011	16%	—	16%	—	16%	22 %	8 %	30 %	—	30 %
Q3 FY2011	21%	—	21%	—	21%	22 %	(1)%	21 %	—	21 %
Q4 FY2011	18%	—	18%	—	18%	38 %	(16)%	22 %	—	22 %
Q1 FY2012	17%	—	17%	—	17%	31 %	(10)%	21 %	—	21 %
Q2 FY2012	20%	—	20%	—	20%	36 %	1 %	37 %	(15)%	22 %
Q3 FY2012	23%	—	23%	(2)%	21%	29 %	5 %	34 %	(16)%	18 %
Q4 FY2012	20%	1 %	21%	(3)%	18%	18 %	12 %	30 %	(19)%	11 %
Q1 FY2013	22%	—	22%	(3)%	19%	12 %	11 %	23 %	(22)%	1 %
Q2 FY2013	20%	—	20%	(2)%	18%	11 %	3 %	14 %	(5)%	9 %
Q3 FY2013	15%	—	15%	—	15%	8 %	—	8 %	—	8 %
Q4 FY2013	18%	—	18%	—	18%	3 %	(1)%	2 %	—	2 %
Q1 FY2014	14%	1 %	15%	—	15%	6 %	(4)%	2 %	—	2 %
Q2 FY2014	13%	1 %	14%	—	14%	1 %	(3)%	(2)%	—	(2)%
Q3 FY2014	2%	1 %	3%	—	3%	(4)%	(3)%	(7)%	—	(7)%
Q4 FY2014	6%	1 %	7%	—	7%	50 %	(7)%	43 %	(45)%	(2)%
Q1 FY2015	8%	—	8%	—	8%	46 %	(1)%	45 %	(44)%	1 %
Q2 FY2015	9%	1 %	10%	—	10%	30 %	11 %	41 %	(37)%	4 %
Q3 FY2015	14%	1 %	15%	—	15%	28 %	16 %	44 %	(39)%	5 %
Q4 FY2015	11%	1 %	12%	—	12%	16 %	19 %	35 %	(21)%	14 %
Q1 FY2016	9%	1 %	10%	—	10%	20 %	16 %	36 %	(24)%	12 %
Q2 FY2016	10%	1 %	11%	—	11%	18 %	12 %	30 %	(21)%	9 %
Q3 FY2016	9%	1 %	10%	—	10%	58 %	4 %	62 %	(52)%	10 %
Q4 FY2016	9%	1 %	10%	—	10%	46 %	— %	46 %	(34)%	12 %



## **About Cimpress**

Cimpress N.V. (Nasdaq: CMPR) is the world leader in mass customization. For more than 20 years, the company has been producing, with the reliability, quality and affordability of mass production, small individual orders where each and every one embodies the personal relevance inherent to customized physical products. The company produces more than 46 million uniquely designed items a year. Cimpress' portfolio of brands includes Vistaprint, Albelli, Drukwerkdeal, Pixartprinting, Exaprint and others. That portfolio serves multiple customer segments across many applications for mass customization. To learn more, visit [www.cimpress.com](http://www.cimpress.com).

Cimpress and the Cimpress logo are trademarks of Cimpress N.V. or its subsidiaries. All other brand and product names appearing on this announcement may be trademarks or registered trademarks of their respective holders.

## **Risks Related to Our Business**

This investor letter contains statements about our future expectations, plans, and prospects of our business that constitute forward-looking statements for purposes of the safe harbor provisions under the Private Securities Litigation Reform Act of 1995, including but not limited to our expectations for the growth and development of our business, financial results, and acquired companies, our intrinsic value per share and returns to our shareholders, the development and success of our mass customization platform, our estimates and plans for future investments in our business, and the anticipated results of our past and future investments and acquisitions, including but not limited to our discussion under the heading "FY17 Organic Investment Plans." Forward-looking projections and expectations are inherently uncertain, are based on assumptions and judgments by management, and may turn out to be wrong. Our actual results may differ materially from those indicated by these forward-looking statements as a result of various important factors, including but not limited to flaws in the assumptions and judgments upon which our forecasts are based; our failure to execute our strategy; our inability to make the investments in our business that we plan to make or the failure of those investments to have the effects that we expect; our failure to manage the growth and complexity of our business and expand our operations; our failure to promote and strengthen our brands; our failure to complete the development of our mass customization platform or to realize the anticipated benefits of such a platform; our failure to acquire new customers and enter new markets, retain our current customers, and sell more products to current and new customers; costs and disruptions caused by acquisitions and strategic investments; the failure of the businesses we acquire or invest in to perform as expected; the willingness of purchasers of customized products and services to shop online; unanticipated changes in our markets, customers, or business; competitive pressures; our failure to maintain compliance with the covenants in our revolving credit facility and senior notes or to pay our debts when due; changes in the laws and regulations or in the interpretations of laws or regulations to which we are subject, including tax laws, or the institution of new laws or regulations that affect our business; general economic conditions; and other factors described in our Form 10-Q for the fiscal quarter ended March 31, 2016 and the other documents we periodically file with the U.S. Securities and Exchange Commission.

In addition, the statements and projections in this press release represent our expectations and beliefs as of the date of this press release, and subsequent events and developments may cause these expectations, beliefs, and projections to change. We specifically disclaim any obligation to update any forward-looking statements. These forward-looking statements should not be relied upon as representing our expectations or beliefs as of any date subsequent to the date of this press release.



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

**Form 10-K**

(Mark One)

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the fiscal year ended June 30, 2016
- or
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 000-51539

**Cimpres N.V.**

(Exact Name of Registrant as Specified in Its Charter)

The Netherlands  
(State or Other Jurisdiction of  
Incorporation or Organization)

98-0417483  
(I.R.S. Employer  
Identification No.)

Hudsonweg 8  
5928 LW Venlo  
The Netherlands  
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: 31-77-850-7700  
Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class  
Ordinary Shares, €0.01 par value

Name of Exchange on Which Registered  
NASDAQ Global Select Market

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

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

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company (as defined in Exchange Act Rule 12b-2).

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

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

The aggregate market value of the ordinary shares held by non-affiliates of the registrant was approximately \$2.38 billion on December 31, 2015 (the last business day of the registrant's most recently completed second fiscal quarter) based on the last reported sale price of the registrant's ordinary shares on the NASDAQ Global Select Market.

As of August 5, 2016, there were 31,593,022 of Cimpres N.V. ordinary shares, par value €0.01 per share, outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

The registrant intends to file a definitive proxy statement pursuant to Regulation 14A within 120 days of the end of the fiscal year ended June 30, 2016. Portions of such proxy statement are incorporated by reference into Items 10, 11, 12, 13, and 14 of Part III of this Annual Report on Form 10-K

**CIMPRESS N.V.**  
**ANNUAL REPORT ON FORM 10-K**  
**For the Fiscal Year Ended June 30, 2016**

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## PART I

### Item 1. *Business*

#### Overview

We are a technology driven company that aggregates, via the Internet, large volumes of small, individually customized orders for a broad spectrum of print, signage, apparel and similar products. We fulfill those orders with manufacturing capabilities that include Cimpress owned and operated manufacturing facilities and a network of third-party fulfillers to create customized products for customers on-demand. We bring our products to market through a portfolio of focused brands serving the needs of micro, small and medium sized businesses, resellers and consumers. These brands include Vistaprint, our global brand for micro business marketing products and services, as well as brands that we have acquired that serve the needs of various market segments, including resellers, small and medium businesses with differentiated service needs, and consumers purchasing products for themselves and their families.

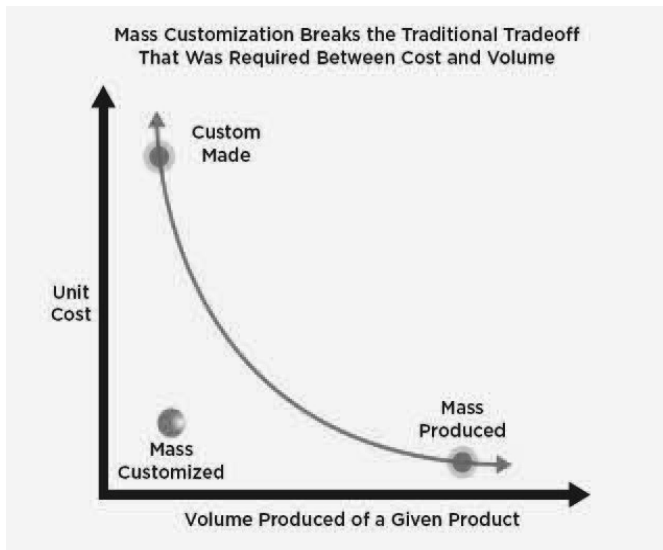
#### Our Priorities

We manage our business according to two uppermost objectives:

1. **Strategic:** To be the world leader in mass customization.
2. **Financial:** To maximize intrinsic value per share, defined as (a) the unlevered free cash flow per share that, in our best judgment, will occur between now and the long-term future, appropriately discounted to reflect our cost of capital, minus (b) net debt per share.

#### World Leader in Mass Customization

Cimpress' strategic objective is to defend and extend our position as the world leader in mass customization. Mass customization is a business model that allows companies to deliver major improvements to customer value across a wide variety of printed product categories. Companies that master mass customization are able to produce, with the reliability, quality and affordability of mass production, small individual orders where each one embodies the personal relevance inherent to customized products.



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 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 marketing brochure that is the same brochure as is used by many other companies: the business owner needs to describe what is unique about his or her endeavor. 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.

Cimpress' focus on mass customization lies at the intersection of three overlapping areas:

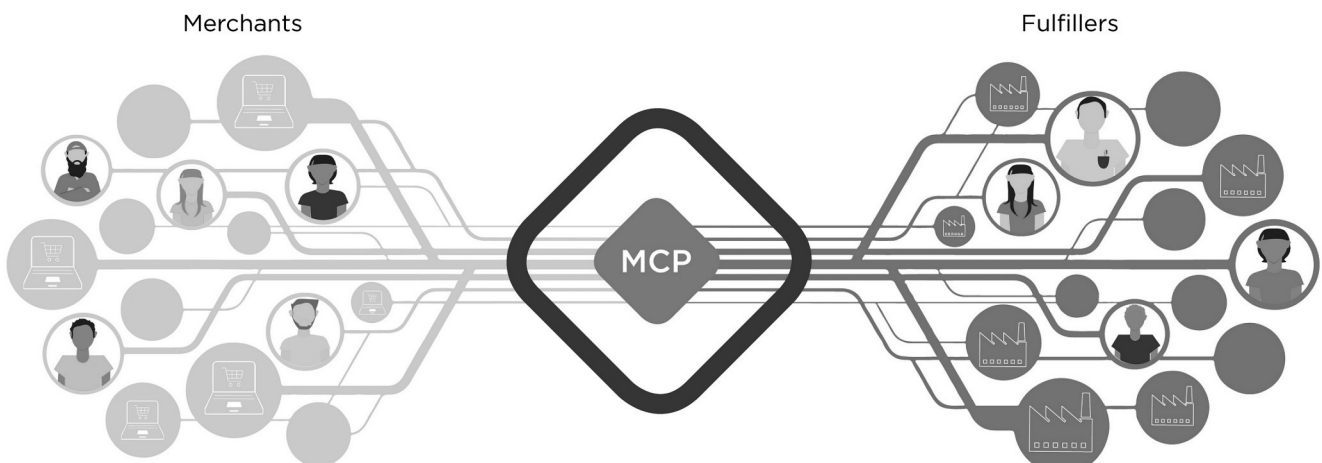
- **Empowering People to Make an Impression (what we are passionate about)** - Cimpress empowers people to make an impression through individually meaningful physical products. In other words, we make it easy and affordable for our customers to convey, in tangible and enduring media, the thoughts, design aesthetics, messages and/or sentiments that are important to them, their customers, their organization or their loved ones.
- **Computer Integrated Manufacturing (where we can be the best in the world)** - Low-volume custom products traditionally have a very high per-unit cost because of significant fixed costs related to conveying and using information that is required to process each order. Throughout our history, a differentiating capability of Cimpress has been our ability to develop systems to integrate every step of the value chain, from design creation to delivery. This greatly reduces the marginal cost of processing information related to each individual, customized order. We use computer integrated manufacturing, which harnesses the power of software and IT networks to automate the flow of information, allowing individual processes to exchange information with each other, to schedule activities, to initiate actions, and to route and control a broad range of activities related to the specification and production of physical goods.
- **Large Scale in Small Quantities (what drives our economic engine)** - By large scale we mean a large volume of orders; by small quantities we mean small individual orders. Large scale is an important driver of our competitive advantage because increasingly larger volumes of orders allow us to sort and then produce those orders in increasingly focused processes. This allows us to generate economic value by capturing a portion of the per-unit cost difference that exists between relatively high-volume, specialized processes and low volume (job shop) processes. When we have increased the volume of orders that we process and produce we have seen material improvements in quality, product selection, speed and cost. In fiscal 2016, we processed over 46 million uniquely customized items.

## Our Corporate Strategy

A key corporate strategy is to build a mass customization platform (MCP) and a related ecosystem of owned and third party merchants and fulfillers. We are designing the Cimpress platform to consist of a robust collection of software micro services that enables mass customization that provides:

- Merchants with tools and services such as pre-press document processing and production capabilities.
- Fulfillers with tools and opportunities to expand their business.

By “merchants” we mean organizations that sell mass customized products to customers, including both our Cimpress-owned business units and third parties. By “fulfillers” we mean organizations that produce mass-customized products; these include both our own production facilities and those of third parties.



As of July 2016, the Cimpres MCP is currently still under development and functioning only in small initial increments. However, we anticipate that, in the future when the MCP is more established, we can create significant value via the platform. As more fulfillers join the platform, merchants would be able to get access to more products, more delivery options, more finishing options and lower cost. As new merchants join, fulfillers would be able to gain access to markets and production volume that would have otherwise been inaccessible to them. Both fulfillers and merchants would get access to a robust set of software services that they can assemble into solutions according to their needs. We are designing the mass customization platform to sort individual orders from many different merchants into homogeneous streams of production workflow that are routed to specialized production lines.

**Market and Industry Background**

*Mass Customization Opportunity*

<b>Product:</b>	<b>Geography:</b>	<b>Customer:</b>
- Small format	- North America	- Businesses (micro, small, medium, large)
- Large format	- Europe	- Graphic designers, resellers, and print providers
- Promotional products, apparel and gifts	- Australia/New Zealand	- Teams, associations and groups
- Packaging	- Other	- Consumers (home and family)
- Photo products, invitations and announcements		

*Large traditional markets undergoing disruptive innovation*

We believe that our mass customization business model can deliver great customer value across a diverse set of product applications, including marketing materials such as business cards, brochures, catalogs and flyers; signage and displays; promotional products; decorated apparel and bags; fabrics and textiles; keepsakes and gifts, packaging, photo products, invitations and announcements. Many different customers appreciate access to affordable, high quality, customized products in these categories, including businesses of all sizes, teams, associations and groups, consumers, and resellers and designers who serve customers in these groups.

The product categories and customers listed above constitute a large market opportunity that is highly fragmented. We believe that a vast majority of the markets to which mass customization could apply is 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 companies such as Cimpres that aggregate a relatively large number of orders and fulfill them via 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 to mass customization.

Cimpres' current revenue represents a very small fraction of this market opportunity. Even though we believe Cimpres is the largest single player in this market, there are many other companies who are pursuing mass customization and/or business models that incorporate many of the tenets of mass customization. These non-traditional suppliers include both large firms and hundreds of focused smaller firms. We believe that Cimpres and other 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 of art 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) and then moves up market, eventually displacing established competitors (such as the markets mentioned above).

We believe this opportunity to deliver substantially better customer value and to therefore disrupt very large traditional industries can translate into tremendous future opportunity for Cimpres if we execute well and constantly improve our business model over a long period of time. Until recently, we focused primarily on a narrow set of customers within the list above (micro businesses and consumers) with a very limited product offering. With acquisitions and via internal investments over the last several years, we have extended our ability to serve our

traditional customers and have also gained a capability to serve larger businesses as well as resellers who, in turn, serve many different types of customers.

As we continue to evolve as a business, our understanding of these markets and their relative attractiveness will also evolve. Our expansion into the “upload and print” space via acquisition, promotional products, apparel, packaging and gifts, as well as new geographic markets has significantly increased the size of our addressable market opportunity. We base our market size and inherent profitability estimates upon considerable research and analysis; however we consider our estimates to be only approximate. Despite the imprecise nature of our estimates, we are confident that our understanding is directionally correct and that we operate in an enormous aggregate market with significant opportunity for Cimpress to grow should we be successful in delivering a differentiated and attractive value proposition to customers.

Today, we believe that the global 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. The addition of other geographies and the consumer products space adds at least 50% to this number:

- 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 Business**

Today's Cimpress includes 12 previously independent companies which we have acquired plus Vistaprint, which we grew organically. Prior to their acquisitions, each of our acquired entities pursued business models which 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 would produce via relatively standardized, homogeneous production processes either internally and/or at sub-contractors.

At the largest of our constituent brands, which include Vistaprint, Pixartprinting, Albumprinter, WIRmachenDRUCK and Exaprint, our business is driven by sophisticated, standardized processes and software. These technologies are designed 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 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.

We operate internal production facilities in Canada, the Netherlands, Australia, Austria, France, Italy, the UK, Japan, India, Brazil and China. Importantly, we also work with a network of 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 we can produce and ship an order the same day we receive it. Our systems and processes seek to drive reduced inventory and working capital requirements as well as faster delivery to customers. In certain of our company-owned manufacturing facilities, software schedules the near-simultaneous production of 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 standard business cards sold by our Vistaprint business unit 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. The current Cimpress operations for a typical order of 250 business cards in Europe and North America require less than 14 seconds of human labor for all of pre-press, printing, cutting and packaging, versus an hour or more for traditional printers. Combined with advantages of scale in purchasing of materials, our self-service ordering, pre-press automation, auto-scheduling and automated manufacturing processes enable us to produce standard business cards at a fraction of the cost of typical traditional printers with very consistent quality and delivery reliability. Achieving this type of efficiency took us more than a decade and required massive volume, significant engineering investments and significant capital. Standard Vistaprint business cards (which account for approximately 29% of the Vistaprint business unit total bookings for fiscal 2016) represent a mature, highly refined, and highly profitable 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 multiple other product categories (such as flyers, brochures, signage, mugs, calendars, 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.

We believe that the potential for scale-based advantages are not limited to large, automated production lines. Other advantages include the ability to systematically and automatically sort through large volumes of diverse orders for the “long tail” (i.e. those formats and process requirements that are relatively uncommon), to group these diverse orders 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 these four brands are measured in the tens of thousands, versus just a few hundred at Vistaprint traditionally. This deep and broad product offering is important to many customers.

#### *Our products*

Customers visiting our websites can select the type of product they wish to design from our broad range of available products and services for the business, reseller and home and family markets. The combined product assortment across our brands is extensive, including offerings in the following product categories: business cards, marketing materials such as flyers and postcards, digital and marketing services, signage, decorated apparel, promotional products and gifts, packaging, textiles and magazines and catalogs.



## *Supply chain management*

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. We believe investing in a strategic supply chain management capability that is tightly integrated with our other manufacturing teams helps us benefit from our large scale, improve efficiency and reduce costs, and increase the sustainability of our business.

As part of our corporate social responsibility program, we regularly evaluate ways to minimize the impact of our operations on the environment. Past efforts have substantially reduced the energy consumption of our operations. In fiscal 2017, we will be initiating a program to convert a substantial portion of the paper we use in our Cimpres owned production facilities to FSC (Forest Stewardship Council) certified paper. FSC is an international non-profit organization committed to promoting the practice of sustainable forestry worldwide. FSC certification confirms that the paper comes from responsibly managed forests that meet FSC's environmental and social standards.

## **Our Proprietary Technology**

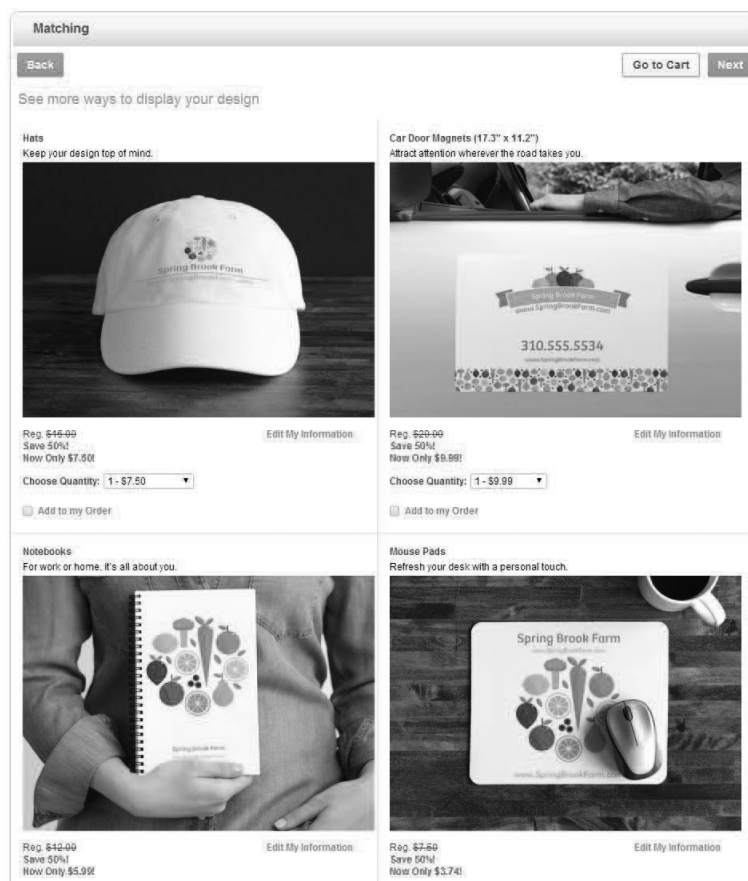
We rely on our advanced proprietary technology to market to, attract and retain our customers, to enable customers to create graphic designs and place orders on our websites, and to aggregate and produce multiple orders from all over the world. We separate our software teams into teams that focus on customer-facing brands (merchant technologies) and teams that focus on manufacturing, supply chain and logistics technologies (fulfiller technologies).

### *Merchant Technologies*

Each of our customer-facing brands sells via an e-commerce model and uses a mix of proprietary and third-party software to support the marketing and sale of its offerings. Since our upload and print businesses require the upload of press-ready files from their customers, there is less proprietary technology for upload and print merchants than there is for our Vistaprint and Albumprinter business units, which target a broader base of smaller customers and offer those customers the ability to create or modify designs within their web browser via functionality that is intuitive to customers who are not skilled in more sophisticated graphic design software.

Our proprietary merchant technology includes:

- **Design and Document Creation Technologies** - Our design creation technologies, primarily deployed through our Albumprinter business unit and our Vistaprint-branded websites, enable customers, by themselves or together with the assistance of our design support staff, to design and create high quality customized products in a "do it yourself" (DIY) manner. We also have proprietary technologies to help customers see their designs in on-screen simulations of real-world settings in real time in order to gain an appreciation for what the finished product will look like, as well as software that algorithmically generates customized product designs in real time based on key-word searches, enabling professional-looking graphic layouts to be easily and quickly created by customers without the need for graphic arts training.
- **Cross-Selling and Content Management Technologies** - On our Vistaprint-branded websites, we combine the aforementioned proprietary document creation technologies with proprietary cross-selling technologies to automatically generate and display additional products incorporating the customer's initial design, facilitating the cross-sale of related products and services. In addition, through a global content management system, we ensure that changes and updates to our site experience are reflected across our network of localized Vistaprint websites in multiple languages and currencies. Our Vistaprint software automatically generates and displays one or more additional customized product designs based upon a customer's existing design.



*Fulfiller Technologies*

Across our company, our pre-production and production technologies efficiently process and aggregate customer orders, prepare orders for high-quality production and manage production, addressing and shipment of these orders. These technologies allow us to efficiently store, process and aggregate tens of thousands of orders every day. Automated workflows help lower production cost while ensuring quality conformance and on-time delivery to our customers.

*Technology Development*

We intend to continue developing and enhancing our merchant and fulfiller technologies and our manufacturing processes. We have designed our website technologies and infrastructure to accommodate future geographic expansion and growth in the number of customer visits, orders, and product and service offerings. This architecture makes our applications highly scalable and offers our customers fast system responsiveness. In addition, our production technologies for aggregating jobs in preparation for manufacturing are designed to readily scale as we grow. We have engineering and research and development centers in Winterthur, Switzerland and Quarto d'Altino, Italy that are constantly seeking to strengthen our manufacturing and supply chain capabilities through engineering disciplines such as automation, manufacturing, choice of equipment, product manufacturability, materials science, process control and color control. We also have software engineering teams located around the world. Our technology and development expenses were approximately \$221 million (12% of total revenues), \$194 million (13% of total revenues) and \$176 million (14% of total revenues) in the fiscal years ended June 30, 2016, 2015, and 2014, respectively.

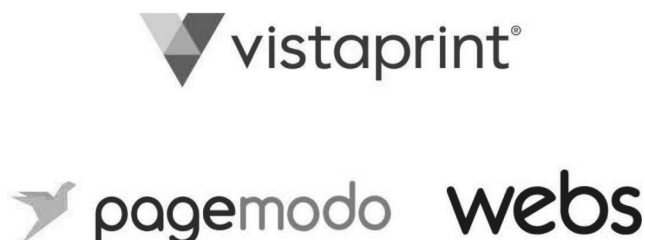
**Our Brands**

We have adopted a multi-brand approach, which we believe will help us effectively develop value propositions that resonate strongly with very different parts of our large and heterogeneous addressable market for mass customization. As such, we have structured our organization to provide significant autonomy and decentralization for the individual business units who manage our brands. We believe that this autonomy allows for greater customer responsiveness, increased focus, and more innovation than if we were to manage our customer value proposition centrally.

We have many localized websites serving countries in North America, Europe, Asia Pacific and South America. Our websites 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 on a completely self-service basis or with varying levels of assistance. There are many types of customer needs that can be addressed differentially. Some examples of where we expect differential approaches by our various business units and brands are customer targets, advertising levels and methods, website user experience, nationally or regionally-specific content or product formats, product breadth and depth, merchandising, creation methods for graphic designs, price, quantity focus, quality attributes, delivery speed and service.

**Brands that target micro businesses**

Our Vistaprint brand helps micro businesses create beautiful, professional quality marketing products at affordable prices and at low volumes. Today, micro businesses make up a large part of our customers. To help our customers market in the digital world, the teams at our Pagemodo and Webs brands develop intuitive DIY solutions that are brought to market via their own brands as well as via the Vistaprint brand.



**Brands that target graphic professionals**

Businesses regularly turn to trusted graphic professionals (either internal to their firm or at third parties) for advice and design services in order to create great looking, customized products like magazines, brochures, flyers, catalogs, packaging, posters, presentation folders, signs, banners, logo apparel, business cards, labels, corporate gifts and more. These Cimpress brands focus on serving graphic professionals: local printers, print resellers, graphic artists, advertising agencies and other customers with professional desktop publishing skillsets.



**Brands that target consumers (home and family)**

Our photo and consumer product brands help preserve and share memories of friends and loved ones, commemorate important life events, and more. Each brand goes to market in a specific country or set of countries. But together, these brands constitute one of the world's leading suppliers of photo merchandise such as photo books, wall décor, photo gifts, calendars, invitations, announcements, Christmas cards, New Year cards and other seasonal greeting cards.



Many of our brands that target graphic professionals also market their product and service offerings to a wider customer base which includes small and micro businesses. In addition to these brands, our Corporate Solutions business unit is focused on developing products and solutions for the needs of small and medium sized businesses as well as larger enterprises through partnership relationships with a value proposition that differs from the traditional Vistaprint brand.

## Plans for our Mass Customization Platform

By “mass customization platform” we mean a constellation of software services and application programming interfaces, plus related technology, services and management operations, which matches fulfiller capabilities and capacity (our manufacturing and supply chain network) with demand from our merchants (our brands). As of July 2016, this shared platform is still under development: we expect to shift a significant portion of our activity to the platform by the end of fiscal 2017. That being said, we expect that we will continue to improve and further develop the mass customization platform for years to come.

Once the mass customization platform is in use, we plan to route production jobs to the production node in the fulfiller network that is best suited and cost efficient for the type of product ordered, inclusive of delivery. We believe that we can generate significant future customer and shareholder value from increased specialization of production facilities, aggregated scale from multiple brands, increased product offerings and shared technology development costs.

## Competition

The markets for the products we produce and sell are intensely competitive, highly fragmented and geographically dispersed, with many existing and potential competitors. We 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:

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

As we expand our geographic reach, product and service portfolio and customer base, our competition increases. Our geographic expansion creates competition with companies that have a multi-national presence as well as experienced local vendors. Product offerings such as photo products, websites, email marketing, signage, apparel and promotional products have resulted in new competition as we entered those markets. We encounter competition from large retailers offering a wide breadth of products and highly focused companies specializing in a subset of our customers or product offerings. Given the state of maturity of the online mass customization market, we believe our biggest competition is still offline providers.

Barriers to entry have been lowered in many of our markets, and new players have entered the mass customization space, enabled by asset-light models, software-driven print-fulfillment platforms, innovation in

production technology, and/or benefits of an intense focus on a niche product or geographic market. We believe that the long-term leaders in mass customization will be the companies that are innovative and agile, but also bring significant scale-based advantages to drive value to customers in the form of product selection, quality and cost, as well as service.

## **Intellectual Property**

We seek to protect our proprietary rights through a combination of patents, copyrights, trade secrets, and 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.

As of June 30, 2016, we held 263 issued patents worldwide, and we continue to file new patent applications around the world. Subject to our continued payment of required patent maintenance fees, our currently issued patents will expire between December 2017 and May 2034. We hold 73 trademark registrations in various jurisdictions globally.

## **Business Segment and Geographic Information**

As of June 30, 2016, our reportable operating segments consisted of the (a) Vistaprint business unit, (b) Upload and Print business units, which includes our druck.at, Exagroup, Easyflyer, Printdeal, Pixartprinting, Tradeprint, and WIRmachenDRUCK branded businesses, and (c) All Other business units, which includes our Albumprinter business unit, our Most of World business units and our newly formed Corporate Solutions business unit. Our Most of World business unit operates in India and in Brazil and Japan (via partial equity ownerships), and we have nascent fully owned operations in China. For more segment and geographic information about our revenues, adjusted net operating profit and long-lived assets, see Item 8 of Part II, "Financial Statements and Supplementary Data — Note 17 — Segment Information" and Item 7 of Part II, "Management's Discussion and Analysis of Financial Condition and Results of Operations." The descriptions of our business, products, and markets in this section apply to all of our operating segments.

## **Seasonality**

Our profitability has historically been highly seasonal. Our second fiscal quarter, ending December 31, includes the majority of the holiday shopping season and has become our strongest quarter for sales of our consumer-oriented products, such as holiday cards, calendars, photo books, and personalized gifts. Operating income during the second fiscal quarter represented 86%, 62%, and 61% of annual operating income in the years ended June 30, 2016, 2015, and 2014, respectively. The increase in operating income seasonality for fiscal 2016 was impacted by a goodwill impairment charge recognized during the third quarter of the current period. When excluding the impact of the goodwill impairment charge, operating income seasonality is consistent with prior periods.

## **Employees**

As of June 30, 2016, we had approximately 7,500 full-time and approximately 500 temporary employees worldwide.

## **Corporate Information**

Cimpress N.V. (formerly named Vistaprint N.V.) was incorporated under the laws of the Netherlands on June 5, 2009 and on August 30, 2009 became the publicly traded parent company of the Cimpress group of entities. We maintain our registered office at Hudsonweg 8, 5928 LW Venlo, the Netherlands. Our telephone number in the Netherlands is +31-77-850-7700. As a result of our change of domicile from Bermuda to the Netherlands on August 30, 2009, the common shareholders of Vistaprint Limited became ordinary shareholders of Vistaprint N.V. and Vistaprint N.V. became the publicly traded parent company of the Vistaprint group of entities. Vistaprint Limited, the immediate predecessor corporation to Vistaprint N.V., was incorporated under the laws of Bermuda in April 2002.

## **Available Information**

We are registered as a reporting company under the U.S. Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act. Accordingly, we file or furnish with the U.S. Securities and Exchange Commission, or the SEC, annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and proxy statements as required by the Exchange Act and the rules and regulations of the SEC. The public may

read and copy our reports, proxy statements and other materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. Information on the operation of the Public Reference Room is available by calling 1-800-SEC-0330. In addition, the SEC maintains an Internet website that contains reports, proxy and information statements and other information regarding issuers, such as Cimpres N.V, that file electronically with the SEC. The address of this website is [www.sec.gov](http://www.sec.gov). We make available, free of charge through our United States website, the reports, proxy statements, amendments and other materials we file with or furnish to the SEC as soon as reasonably practicable after we electronically file or furnish such materials with or to the SEC. The address of our United States website is [www.cimpres.com](http://www.cimpres.com). We are not including the information contained on our website, or information that can be accessed by links contained on our website, as a part of, or incorporating it by reference into, this Annual Report on Form 10-K.

## **Item 1A. Risk Factors**

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

### **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 the objectives of our long-term investment and financial strategy, 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, among others:

- our failure to adequately execute our operational strategy or anticipate and overcome obstacles to achieving our strategic goals;
- our failure to develop our mass customization platform or the failure of the platform to drive the efficiencies and competitive advantage we expect;
- our failure to manage the growth, complexity, and pace of change of our business and expand our operations;
- our failure to acquire, at a value-accretive price or at all, businesses that enhance the growth and development of our business or to effectively integrate the businesses we do acquire into our business;
- our inability to purchase or develop technologies and other key assets 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 identify and address the causes of our revenue weakness in some 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; and
- general economic conditions.

If our strategy is not successful, or if there is a market perception that our strategy is not successful, then our revenue, earnings, and value may not grow as anticipated or may decline, we may not be profitable, our reputation and brands may be damaged, and the price of our shares may decline. In addition, we may change our strategy from time to time, which can cause fluctuations in our financial results and volatility in our share price.

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

Although we increasingly sell our products and services via reseller channels, our interface to those channels is almost exclusively through the Internet. The online market for most of our products and services is not mature, and 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 as an online retailer include:

- concerns about buying customized products without face-to-face interaction with design or sales personnel;
- the inability to physically handle and examine product samples;
- delivery time associated with Internet orders;
- concerns about the security of online transactions and the privacy of personal information;
- delayed shipments or shipments of incorrect or damaged products;
- limited access to the Internet; and
- 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 tablet computing devices and that our website visits using traditional desktop computers may be declining. Designing and purchasing custom designed products on a smart phone, tablet, or other mobile device is more difficult than doing so with a traditional computer due to limited screen sizes and bandwidth constraints. If our customers and potential customers have difficulty accessing and using our websites and technologies, then our revenue could decline.

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

A primary component of our business strategy is to promote and strengthen our brands to attract new and repeat customers to our websites, 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. Providing a high-quality customer experience requires us to invest substantial amounts of resources in our website development, design and technology, graphic design operations, production operations, and customer service operations. Our ability to provide a high-quality customer experience is also dependent on external factors over which we may have little or no control, including the reliability and performance of our suppliers, 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 will often fluctuate, which may lead to volatility in our share price.**

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

- investments in our business in the current period intended to generate longer-term returns, where the shorter-term costs will not be offset by revenue or cost savings until future periods, if at all;
- seasonality-driven or other variations in the demand for our products and services, in particular during our second fiscal quarter;
- currency and interest rate fluctuations, which affect our revenues, costs, and fair value of our assets and liabilities;
- our hedging activity;
- our ability to attract visitors to our websites and convert those visitors into customers;
- our ability to retain customers and generate repeat purchases;
- shifts in revenue mix toward less profitable products and brands;
- the commencement or termination of agreements with our strategic partners, suppliers, and others;
- our ability to manage our production, fulfillment, and support operations;
- costs to produce and deliver our products and provide our services, including the effects of inflation;
- our pricing and marketing strategies and those of our competitors;
- expenses and charges related to our compensation arrangements with our executives and employees, including expenses and charges relating to the new long-term incentive compensation program we launched at the beginning of fiscal year 2017;
- costs and charges resulting from litigation;
- significant increases in credits, beyond our estimated allowances, for customers who are not satisfied with our products;
- changes in our income tax rate;
- costs to acquire businesses or integrate our acquired businesses;
- impairments of our tangible and intangible assets including goodwill; and
- the results of our minority investments and joint ventures.

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

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

A key component of our strategy is the development of a mass customization platform that acts as an interface between fulfillers (owned and third party production facilities) and our merchants (business units and brands). The process of developing new technology is complex, costly, and uncertain, and the development effort could be disruptive to our business and existing systems. We must make long-term investments, develop or obtain appropriate intellectual property, and commit significant resources before knowing whether our mass customization platform will be successful and make us more effective and competitive. As a result, there can be no assurance that we will successfully complete the development of the platform or that we will realize expected returns on the capital expended to develop the platform.

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

**Our global operations 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 multiple countries across six continents. We expect to establish operations, acquire or invest in businesses, and sell our products and services in additional geographic regions, including emerging markets, where we may have limited or no experience. We may not be successful in all regions 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 and expansion, including, among others:

- difficulty managing operations in, and communications among, multiple 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 expand our financial and operational controls to manage our business and comply with our legal obligations;
- local regulations that may restrict or impair our ability to conduct our business as planned;
- protectionist laws and business practices that favor local producers and service providers;
- our inexperience in marketing and selling our products and services within unfamiliar countries and cultures;
- challenges of working with local business partners;
- our failure to properly understand and develop graphic design content and product formats and attributes appropriate for local tastes;
- disruptions caused by political and social instability that may occur in some countries;
- corrupt business practices, such as bribery or the willful infringement of intellectual property rights, that may be common in some countries;
- difficulty expatriating 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;
- the challenge of complying with disparate laws in multiple countries;

- restrictions imposed by local labor practices and laws on our business and operations; and
- failure of local laws to provide a sufficient degree of protection against infringement of our intellectual property.

There is considerable uncertainty about the economic and regulatory effects of the June 23, 2016 referendum in which United Kingdom voters approved an exit from the European Union (commonly referred to as "Brexit"). The UK is one of our largest markets in Europe, but we currently ship products to UK customers primarily from continental Europe. If the Brexit results in greater restrictions on imports and exports between the UK and the EU or increased regulatory complexity, then our operations and financial results could be negatively impacted.

In addition, we are exposed to fluctuations in currency exchange rates that may impact items such as the translation of our revenues and expenses, remeasurement of our intercompany balances, and the value of our cash and cash equivalents and other assets and liabilities denominated in currencies other than the U.S. dollar, our reporting currency. While we engage in hedging activities to mitigate some of the net impact of currency exchange rate fluctuations, our financial results may differ materially from expectations as a result of such fluctuations. For example, the Brexit vote has caused significant currency volatility that was mitigated in the near term by our currency hedging programs but that could potentially hurt our financial results in the future.

### **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 to 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 or investment may fail to achieve our goals and expectations for a number of reasons including the following:

- The business we acquired or invested in may not perform as well as we expected.
- We may overpay for acquired businesses, which can, among other things, negatively affect our intrinsic value per share.
- We may fail to integrate acquired businesses, technologies, services, or internal systems effectively, or the integration may be more expensive or take more time than we anticipated.
- The management of our minority investments 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 unexpected 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 Cimpres, 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 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, which can be difficult to forecast. We accrue liabilities for estimated future contingent earn-out payments based on an evaluation of the likelihood of achievement of the contractual conditions underlying the earn-out and weighted probability assumptions of the required outcomes. If in the future our assumptions change and we determine that higher levels of achievement are likely under our earn-outs, 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. In addition, earn-out provisions can lead to disputes with the sellers about the achievement of the earn-out performance targets, and earn-out performance targets can sometimes create inadvertent incentives for the acquired company's management to take short-term actions designed to maximize the earn-out instead of benefiting the business.

**If we are unable to attract visitors to our websites and convert those visitors to customers, our business and results of operations could be harmed.**

Our success depends on our ability to attract new and repeat customers in a cost-effective manner. We rely on a variety of methods to draw visitors to our websites and promote our products and services, such as purchased search results from online search engines such as Google and Yahoo!, email, direct mail, advertising banners and other online links, broadcast media, and word-of-mouth customer referrals. If the search engines on which we rely modify their algorithms, terminate their relationships with us, or increase the prices at which we may purchase listings, our costs could increase, and fewer customers may click through to our websites. If we are not effective at reaching new and repeat customers, if fewer customers click through to our websites, or if the costs of attracting customers using our current methods significantly increase, then traffic to our websites 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. Our operating income during the second fiscal quarter represented 86%, 62%, and 61% of annual operating income in the years ended June 30, 2016, 2015, and 2014, respectively. In anticipation of increased sales activity during our second fiscal quarter holiday season, we typically incur significant additional capacity related expenses each year to meet our seasonal needs, including facility expansions, equipment purchases and leases, and increases in the number of temporary and permanent employees. Lower than expected sales during the second quarter would likely have a disproportionately large impact on our operating results and financial condition for the full fiscal year. In addition, if our manufacturing and other operations are unable to keep up with the high volume of orders during our second fiscal quarter, 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 and cash flows.**

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 non-GAAP financial metrics, which could result in increased volatility in our GAAP results.

**We face risks related to interruption of our operations and lack of redundancy.**

Our 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 we 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 operations or systems are, among others:

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

Any interruptions to our systems or operations could result in lost revenue, increased costs, negative publicity, damage to our reputation 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 our business increases with no assurance that our revenues will increase.

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

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

- traditional offline suppliers and graphic design providers;
- online printing and graphic design companies, many of which provide products and services similar to ours;
- office superstores, drug store chains, food retailers and other major retailers targeting small business and consumer markets;
- wholesale printers;
- self-service desktop design and publishing using personal computer software;
- email marketing services companies;
- website design and hosting companies;

- suppliers of customized apparel, promotional products and gifts;
- online photo product companies;
- Internet firms and retailers;
- online providers of custom printing services that outsource production to third party printers; and
- providers of other digital marketing such as social media, local search directories and other providers.

Many of our current and potential competitors have advantages over us, including longer operating histories, greater brand recognition or loyalty, more focus on a given subset of our business, or significantly greater financial, marketing, and other resources. Many of our competitors currently work together, and additional competitors may do so in the future through strategic business agreements or acquisitions. Competitors may also develop new or enhanced products, technologies or capabilities that could render many of the products, services and content we offer obsolete or less competitive, which could harm our business and financial results.

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, such as through a retail in-store or web-based collaborative offering. 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 brands, and changes in our pricing strategies have had a significant impact on the numbers of customers and orders in some regions, which in turn affects our revenues and results of operations. Many factors can significantly impact our pricing and marketing strategies, including the costs of running our business, our competitors' pricing and marketing strategies, and the effects of inflation. If we fail to meet our customers' price expectations, our business and results of operations may suffer.

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

Businesses like ours are increasingly becoming targets for cyber attacks and other thefts of data. 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. Any compromise or breach of our network, websites, offices, or retail locations, our employee personal data, or our customer transaction data, including credit and debit card information, could, among other things:

- damage our reputation and brands;
- expose us to losses, litigation, and possible liability;
- result in a failure to comply with legal and industry privacy regulations and standards;
- lead to the misappropriation of our and our customers' proprietary or personal information; or
- cause interruptions in our operations.

In addition, some of our vendors collect and maintain personal data about our employees, and some of our partners collect information from transactions with our customers. We may be liable or our reputation may be harmed if our vendors or partners fail to protect this information or use it in a manner that is inconsistent with legal and industry privacy regulations or our practices.

**If we fail to address risks associated with payment fraud, our reputation and brands could be damaged, and our business and results of operations could be harmed.**

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

**We rely heavily on email to market to and communicate with customers, and email communications are subject to regulatory and reputation risks.**

Various private entities attempt to regulate the use of commercial email solicitation by blacklisting companies that the entities believe do not meet their standards, which results in those companies' emails being blocked from some Internet domains and addresses. Although we believe that our commercial email solicitations comply with all applicable laws, from time to time some of our Internet protocol addresses appear on some of these blacklists, which can interfere with our ability to market our products and services, communicate with our customers, and operate and manage our websites and corporate email accounts. In addition, as a result of being blacklisted, we have had disputes with, or concerns raised by, various service providers who perform services for us, including co-location and hosting services, Internet service providers and electronic mail distribution services.

Further, we have contractual relationships with partners that market our products and services on our behalf, and some of our marketing partners engage third-party email marketers with which we do not have any contractual or other relationship. Although we believe we comply with all applicable laws relating to email solicitations and our contracts with our partners require that they do the same, we do not always have control over the third-party email marketers that our partners engage. If such a third party were to send emails marketing our products and services in violation of applicable anti-spam or other laws, then our reputation could be harmed and we could potentially be liable for their actions.

**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 to 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. The costs of this added SHE effort are often substantial and could grow over time.

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

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

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

Our senior secured credit facility, which we refer to as our credit facility, and the indenture that governs our 7.0% senior unsecured notes due 2022, which we refer to as our senior notes, contain a number of restrictive covenants that impose significant operating and financial restrictions on us and may limit our ability to engage in acts that may be in our best interest, including restrictions on our ability to:

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

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

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

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

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

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

As of June 30, 2016, our total debt was \$685.9 million, made up of \$275.0 million of senior notes, \$400.8 million of loan obligations under our credit facility and \$10.1 million of other debt. We had unused commitments of \$427.5 million under our credit facility (after giving effect to letter of credit obligations).



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

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

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

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

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

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

Borrowings under our credit facility are at variable rates of interest and expose us to interest rate risk. 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, 2016, 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 \$3.1 million over the next 12 months. Although we generally enter into interest rate swaps that involve the exchange of floating for fixed rate interest payments in order to reduce interest rate volatility, we might not maintain interest rate swaps with respect to all of our variable rate indebtedness, and any swaps we enter into may not fully mitigate our interest rate risk.

**Border controls and duties and restrictions on cross-border commerce may impede our shipments across**

## **country borders.**

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. For example, we produce substantially all physical products for our United States customers at our facility in Ontario, Canada and have occasionally experienced delays shipping from Canada into the United States. If we experience difficulty or delays shipping products into the United States or other key markets, or are prevented from doing so, or if our costs and expenses materially increased, our business and results of operations could be harmed.

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

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

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

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

Due to our dependence on the Internet for our sales, laws specifically governing the Internet, e-commerce, and email marketing may have a greater impact on our operations than other more traditional businesses. Existing and future laws, such as laws covering pricing, customs, privacy, consumer protection, or commercial email, may impede the growth of e-commerce and our ability to compete with traditional "bricks and mortar" retailers. Existing and future laws or unfavorable changes or interpretations of these laws could substantially harm our business and financial results.

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

We source the raw materials for the products we sell from an expanding number of suppliers in an increasing number of jurisdictions worldwide, and we contract with third-party manufacturers to fulfill customer orders. Although we require our suppliers and fulfillers to operate in compliance with all applicable laws, including those regarding corruption, working conditions, employment practices, safety and health, and environmental compliance, we cannot control their business practices, and we may not be able to adequately vet, monitor, and audit our many suppliers and fulfillers (or their suppliers) throughout the world. If any of them violates labor, environmental, or other laws or implements business practices that are regarded as unethical, our reputation could

be severely damaged, and our supply chain and order fulfillment process could be interrupted, which could harm our sales and results of operations.

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

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

**We are subject to customer payment-related risks.**

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

As we offer new payment options to our customers, we may be subject to additional regulations, compliance requirements and fraud risk. For some payment methods, including credit and debit cards, we pay interchange and other fees, which may increase over time and raise our operating costs and lower our profit margins or require that we charge our customers more for our products. We are also subject to payment card association and similar operating rules and requirements, which could change or be reinterpreted to make it difficult or impossible for us to comply. If we fail to comply with these rules and requirements, we may be subject to fines and higher transaction fees and lose our ability to accept credit and debit card payments from our customers or facilitate other types of online payments, and our business and operating results could be materially adversely affected.

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

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

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

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

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

In some of the jurisdictions where we sell products and services, we do not collect or have imposed upon us sales, value added or other consumption taxes, which we refer to as indirect taxes. The application of indirect

taxes to e-commerce businesses such as Cimpres 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. For example, some state governments in the United States have imposed or are seeking to impose indirect taxes on Internet sales. A successful assertion by one or more governments in jurisdictions where we are not currently collecting sales or value added taxes that we should be, or should have been, collecting indirect taxes on the sale of our products could result in substantial tax liabilities for past sales.

**If we are unable to retain security authentication certificates, which are supplied by a limited number of third party providers over which we exercise little or no control, our business could be harmed.**

We are dependent on a limited number of third party providers of website security authentication certificates that are necessary for conducting secure transactions over the Internet. Despite any contractual protections we may have, these third party providers can disable or revoke, and in the past have disabled or revoked, our security certificates without our consent, which would render our websites inaccessible to some of our customers and could discourage other customers from accessing our sites. Any interruption in our customers' ability or willingness to access our websites if we do not have adequate security certificates could result in a material loss of revenue and profits and damage to our brands.

### **Risks Related to Our Corporate Structure**

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

We are a Dutch limited liability company that operates through various subsidiaries in a number of countries throughout the world. Consequently, we are subject to tax laws, treaties and regulations in the countries in which we operate, and these laws and treaties are subject to interpretation. From time to time, we are subject to tax audits, and the tax authorities in these countries could claim that a greater portion of the income of the Cimpres N.V. group should be subject to income or other tax in their respective jurisdictions, which could result in an increase to our effective tax rate and adversely affect our results of operations. For more information about audits to which we are currently subject refer to Note 14 "Income Taxes" in the accompanying notes to the consolidated financial statements included in Item 8 of Part II of this Report.

**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. We continue to assess the impact of various international tax reform proposals and modifications to existing tax treaties in all jurisdictions where we have operations that could result in a material impact on our income taxes. We cannot predict whether any specific legislation will be enacted or the terms of any such legislation. However, if such proposals were enacted, or if modifications were to be made to certain existing treaties, the consequences could have a materially adverse impact on us, including increasing our tax burden, increasing costs of our tax compliance or otherwise adversely affecting our financial condition, results of operations and cash flows.

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

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

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

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

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

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

Dutch law requires shareholder approval for the issuance of shares and grants preemptive rights to existing shareholders to subscribe for new issuances of shares. Our shareholders have granted our supervisory board and management board authority to issue ordinary shares without obtaining specific shareholder approval for each issuance, and to limit or exclude shareholders' preemptive rights, but this authorization expires in May 2017. Although we plan to seek renewal of this authority from our shareholders from time to time in the future, we may not succeed in obtaining future renewals. In addition, subject to specified exceptions, Dutch law requires shareholder approval for many corporate actions, such as the approval of dividends, authorization to purchase outstanding shares, and corporate acquisitions of a certain size. Situations may arise where the flexibility to issue shares, pay dividends, purchase shares, acquire other companies, or take other corporate actions without a shareholder vote would be beneficial to us, but is not available under Dutch law.

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

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

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

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

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

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

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

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

We believe that we were not a PFIC for the tax year ended June 30, 2016 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 acquires 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 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,” for an uninterrupted period of 30 days or more during a taxable year, 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 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 for an uninterrupted period of 30 days or more, each of our 10% U.S. Shareholders will be required to include in its gross income for United States federal income tax purposes its pro rata share of our “subpart F income”, even if the subpart F income is not distributed by us. 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.

**We will pay taxes even if we are not profitable on a consolidated basis, which could harm our results of operations.**

The intercompany service and related agreements among Cimpres N.V. and its direct and indirect subsidiaries ensure that many of the subsidiaries realize profits based on their operating expenses. As a result, if the Cimpres group is less profitable, or even not profitable on a consolidated basis, many of our subsidiaries will be profitable and incur income taxes in their respective jurisdictions.

**Item 1B. Unresolved Staff Comments**

None.

**Item 2. Properties**

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

- A 582,000 square foot facility located near Windsor, Ontario, Canada primarily services our North American market.
- A 362,000 square foot facility located in Venlo, the Netherlands primarily services our European market.
- A 130,000 square foot facility located in Kisarazu, Japan primarily services our Japanese market.
- A 124,000 square foot facility located in Deer Park, Australia primarily services our Asia-Pacific markets.
- Two facilities, a total of 125,000 square feet, located near Montpellier, France primarily service our French market.

As of June 30, 2016, a summary of our currently occupied leased spaces is as follows:

Business Segment (1)	Square Feet	Type	Lease Expirations
Vistaprint business unit	617,248	Technology development, marketing, customer service and administrative	June 2017 - November 2026
Upload & Print business units	608,475	Technology development, marketing, customer service, manufacturing and administrative	August 2016 - December 2025
All Other business units	346,873	Technology development, marketing, customer service, manufacturing and administrative	September 2016 - August 2023
Other (2)	83,135	Corporate strategy, technology development and prototyping laboratory	July 2020 - June 2023

(1) Many of our leased properties are utilized by multiple business segments, but each have been assigned to the segment that occupies the majority of our leased space.

(2) Includes locations that are exclusively corporate or global functions.

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

**Item 3. Legal Proceedings**

The information required by this item is incorporated by reference to the information set forth in Item 8 of Part II, "Financial Statements and Supplementary Data — Note 18 — Commitments and Contingencies," in the accompanying notes to the consolidated financial statements included in this Report.

**Item 4. Mine Safety Disclosures**

None.

**PART II**

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

The ordinary shares of Cimpres N.V. are traded on the NASDAQ Global Select Market (the "NASDAQ") under the symbol "CMPR." As of July 29, 2016, there were approximately 18 holders of record of our ordinary

shares, although there is a much larger number of beneficial owners. The following table sets forth, for the periods indicated, the high and low sale price per share of our ordinary shares on the NASDAQ:

	<u>High</u>	<u>Low</u>
<b>Fiscal 2015:</b>		
First Quarter .....	\$ 55.06	\$ 37.05
Second Quarter .....	\$ 76.68	\$ 52.13
Third Quarter .....	\$ 86.78	\$ 67.41
Fourth Quarter .....	\$ 91.75	\$ 79.81
<b>Fiscal 2016:</b>		
First Quarter .....	\$ 86.95	\$ 63.15
Second Quarter .....	\$ 94.57	\$ 74.57
Third Quarter .....	\$ 91.84	\$ 67.89
Fourth Quarter .....	\$ 101.77	\$ 86.93

#### *Dividends*

We have never paid or declared any cash dividends on our ordinary shares, and we do not anticipate paying any cash dividends in the foreseeable future. We currently intend to retain all future earnings to finance the growth and operations of our business, purchase our ordinary shares, or pay down our debt. Under Dutch law, we may pay dividends only out of profits shown on our annual accounts prepared in accordance with Dutch generally accepted accounting principles and adopted by our shareholders, and only to the extent our equity exceeds the sum of the paid and called up portion of our ordinary share capital and the reserves that must be maintained in accordance with provisions of Dutch law and our articles of association. In addition, the terms of our outstanding indebtedness restrict our ability to pay dividends.

#### *Issuer Purchases of Equity Securities*

On February 22, 2016, in order to provide us with flexibility to repurchase our ordinary shares at times when our management believes it may be beneficial for our business, our Supervisor Board authorized the repurchase of up to 6,300,000 of our issued and outstanding ordinary shares on the open market (including block trades that satisfy the safe harbor provisions of Rule 10b-18 pursuant to the U.S. Securities Exchange Act of 1934), through privately negotiated transactions, or in one or more self-tender offers. This share repurchase program expires on May 17, 2017, and we may suspend or discontinue the repurchase program at any time.

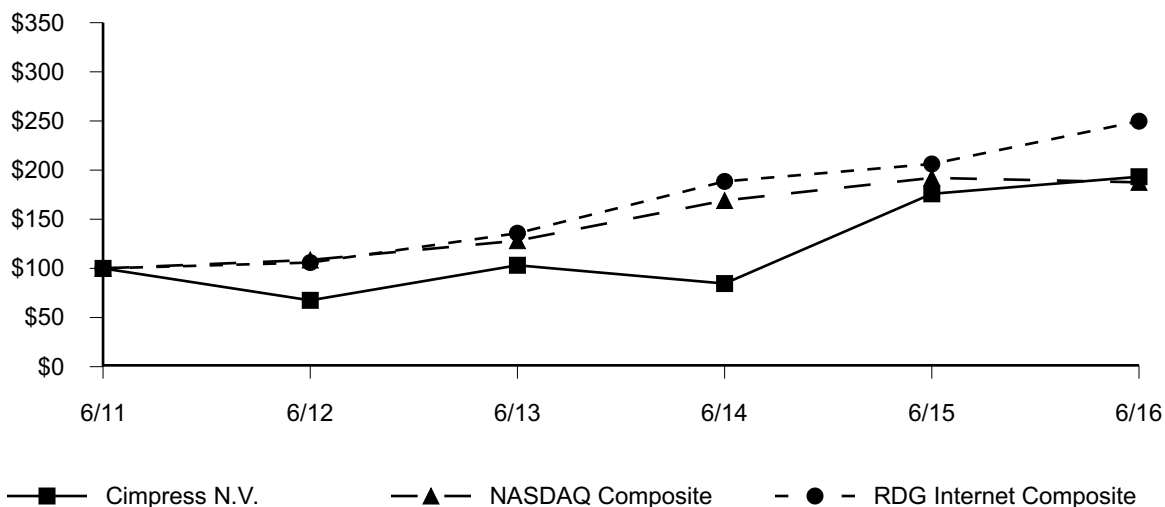
We did not repurchase any shares under this February 2016 program during the three months ended June 30, 2016, and 6,300,000 shares remain available for repurchase under this program, subject to certain limitations imposed by our debt covenants.



Performance Graph

The following graph compares the cumulative total return to shareholders of Cimpress N.V. ordinary shares relative to the cumulative total returns of the NASDAQ Composite index and the RDG Internet Composite index. An investment of \$100 (with reinvestment of all dividends) is assumed to have been made in our ordinary shares and in each of the indexes on June 30, 2011 and the relative performance of each investment is tracked through June 30, 2016.

**COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN**  
Among Cimpress N.V., the NASDAQ Composite Index  
and the RDG Internet Composite Index



	Year Ended June 30,					
	2011	2012	2013	2014	2015	2016
Cimpress N.V.	\$ 100.00	\$ 67.50	\$ 103.18	\$ 84.56	\$ 175.88	\$ 193.27
NASDAQ Composite	100.00	108.58	128.19	169.08	192.10	187.57
RDG Internet Composite	100.00	105.91	135.80	188.50	206.24	249.77

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

## Item 6. Selected Financial Data

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

	Year Ended June 30,				
	2016 (a)	2015 (b)	2014 (c)	2013 (d)	2012 (e)
	(In thousands, except share and per share data)				
<b>Consolidated Statements of Operations Data:</b>					
Revenue	\$ 1,788,044	\$ 1,494,206	\$ 1,270,236	\$ 1,167,478	\$ 1,020,269
Net income attributable to Cimpress N.V.	54,349	92,212	43,696	29,435	43,994
Net income per share attributable to Cimpress N.V.:					
Basic	\$ 1.72	\$ 2.82	\$ 1.33	\$ 0.89	\$ 1.16
Diluted	\$ 1.64	\$ 2.73	\$ 1.28	\$ 0.85	\$ 1.13
Shares used in computing net income per share attributable to Cimpress N.V.:					
Basic	31,656,234	32,644,870	32,873,234	33,209,172	37,813,504
Diluted	33,049,454	33,816,498	34,239,909	34,472,004	38,953,179

	Year Ended June 30,				
	2016 (a)	2015 (b)	2014 (c)	2013 (d)	2012 (e)
	(In thousands)				
<b>Consolidated Statements of Cash Flows Data:</b>					
Net cash provided by operating activities (f)	\$ 247,358	\$ 242,022	\$ 153,739	\$ 141,808	\$ 146,749
Purchases of property, plant and equipment	(80,435)	(75,813)	(72,122)	(78,999)	(46,420)
Purchases of ordinary shares	(153,467)	—	(42,016)	(64,351)	(309,701)
Business acquisitions, net of cash acquired	(164,412)	(123,804)	(216,384)	—	(180,675)
Net proceeds of debt	167,316	54,207	207,946	8,051	227,181

	As of June 30,				
	2016 (a)	2015 (b)	2014 (c)	2013 (d)	2012 (e)
	(In thousands)				
<b>Consolidated Balance Sheet Data:</b>					
Cash, cash equivalents and marketable securities (g)	\$ 85,319	\$ 110,494	\$ 76,365	\$ 50,065	\$ 62,203
Working capital (g)	(135,095)	(89,580)	(83,560)	(54,795)	(26,762)
Total assets (i)	1,463,869	1,299,794	985,495	598,632	590,785
Total long-term debt, excluding current portion (h)(i)	656,794	493,039	408,150	227,700	227,356
Total shareholders’ equity	166,076	249,419	232,457	189,561	189,287

(a) Includes the impact of the acquisitions of Litotipografia Alcione S.r.l. on July 29, 2015, Tradeprint Distribution Limited on July 31, 2015, and WIRmachenDRUCK GmbH on February 1, 2016. See Note 8 in our accompanying financial statements in this Report for a discussion of these acquisitions.

During fiscal 2016, we adopted Accounting Standards Update (ASU) 2016-09 requiring the recognition of excess tax benefits as a component of income tax expense, these benefits were historically recognized in equity. As the standard required a prospective method of adoption, our fiscal 2016 net income includes a \$3.7M income tax benefit due to the adoption that did not occur in the comparable periods presented above. In addition, the standard updates the method of calculating diluted shares resulting in the inclusion of 205,000 additional shares in our diluted EPS calculation that is not comparable to the other periods presented. Refer to Note 2 for further discussion of this new accounting standard.

(b) Includes the impact of the acquisitions of FotoKnudsen AS on July 1, 2014, FL Print SAS on April 9, 2015, Exagroup SAS on April 15, 2015 and druck.at Druck-und Handelsgesellschaft mbH on April 17, 2015, as well as our investment in Printi LLC on August 7, 2014. See Notes 8, 15 and 16 in our accompanying financial statements in this Report for a discussion of these transactions.

(c) Includes the impact of the acquisitions of Printdeal B.V. on April 1, 2014 and Pixartprinting S.p.A. on April 3, 2014, as well as our investment in a joint business arrangement with Plaza Create Co. Ltd. in February 2014. See Notes 8 and 15 in our accompanying financial statements in this Report for a discussion of these transactions.

(d) Includes the impact of our July 10, 2012 equity investment in Namex Limited. During the fourth quarter of fiscal 2014 we disposed of this investment and recognized a loss on the sale of \$12.7 million. See Note 16 in our accompanying financial statements in this Report for a discussion of this investment.

- (e) Includes the impact of the acquisitions of Albumprinter Holding B.V. on October 31, 2011 and Webs, Inc. on December 28, 2011.
- (f) During fiscal 2016, we early adopted the new share-based compensation accounting standard. In addition to impacts disclosed in (a) above, the standard requires excess tax benefits, previously presented as financing activity, to be classified as operating activities. As retroactive adoption for this component of the standard was allowable, we have adjusted all periods presented to reflect this change in classification.
- (g) We define working capital as current assets less current liabilities. Our working capital profile has evolved since fiscal 2012 as we have made long-term investments that seek to drive shareholder value through acquisitions, ordinary share purchases, and other strategic initiatives. We have financed these investments through a mix of cash on hand, cash flows generated from operations and external debt financing.
- (h) On March 24, 2015, we completed a private placement of \$275.0 million of 7.0% senior unsecured notes due 2022. The proceeds from the sales of the notes were used to repay existing outstanding indebtedness under our unsecured line of credit, the indebtedness outstanding under our senior secured credit facility and for general corporate purposes. See Note 11 in our accompanying financial statements in this Report for additional discussion.
- (i) During fiscal 2016, we early adopted a new accounting standard to present capitalized debt issuance costs net of the related debt obligation. Previously, these capitalized costs were classified as current and long-term assets. As required by the standard, we applied this change retrospectively for all periods presented.

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

*This Report contains forward-looking statements that involve risks and uncertainties. The statements contained in this Report that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including but not limited to our statements about anticipated income and revenue growth rates, future profitability and market share, new and expanded products and services, geographic expansion and planned capital expenditures. Without limiting the foregoing, the words "may," "should," "could," "expect," "plan," "intend," "anticipate," "believe," "estimate," "predict," "designed," "potential," "continue," "target," "seek" and similar expressions are intended to identify forward-looking statements. All forward-looking statements included in this Report are based on information available to us up to, and including the date of this document, and we disclaim any obligation to update any such forward-looking statements. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain important factors, including those set forth in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors" and elsewhere in this Report. You should carefully review those factors and also carefully review the risks outlined in other documents that we file from time to time with the United States Securities and Exchange Commission.*

### **Executive Overview**

Cimpress, the world leader in mass customization, is a technology driven company that aggregates, via the Internet, large volumes of small, individually customized orders for a broad spectrum of print, signage, apparel and similar products. We fulfill those orders with manufacturing capabilities which include Cimpress owned and operated manufacturing facilities and a network of third-party fulfillers to create customized products for customers on-demand. We bring our products to market through a portfolio of focused brands serving the needs of micro, small and medium sized businesses, resellers and consumers. These brands include Vistaprint, our global brand for micro business marketing products and services, as well as brands that we have acquired that serve the needs of various market segments, including resellers, small and medium businesses with differentiated service needs, and consumers purchasing products for themselves and their families.

During the first quarter of fiscal 2016, we modified our internal organizational and reporting structure, resulting in the Vistaprint business unit, the Upload and Print business units, and the All Other business units constituting our reportable segments. The Vistaprint business unit represents our Vistaprint-branded websites focused on the North America, Europe, Australia and New Zealand markets, and our Webs-branded business, which is managed with the Vistaprint-branded digital business. The Upload and Print business units segment includes the druck.at, Exagroup, Easyflyer, Printdeal, Pixartprinting, Tradeprint, and WIRmachenDRUCK branded businesses. The All Other business units segment includes the operations of our Albumprinter and Most of World business units and newly formed Corporate Solutions business unit, which historically was part of the Vistaprint business unit and is focused on delivering volume and revenue via partnerships.

In evaluating the financial condition and operating performance of our business, management focuses on revenue growth, constant-currency revenue growth, operating income, adjusted net operating profit after tax (NOPAT) and cash flow from operations. A summary of these key financial metrics for the fiscal year ended June 30, 2016, as compared to the fiscal year ended June 30, 2015 are as follows:

## Fiscal Year 2016

- Reported revenue increased by 20% to \$1,788.0 million.
- Consolidated constant-currency revenue increased by 24% and excluding acquisitions increased by 11%.
- Operating income decreased \$18.1 million to \$78.2 million.
- Adjusted NOPAT increased \$14.7 million to \$139.8 million.
- Cash provided by operating activities increased \$5.3 million to \$247.4 million.

For our fiscal year 2016 results, reported revenue growth was primarily due to the addition of the revenue of our recently acquired WIRmachenDRUCK, Exagroup and druck.at brands, as well as continued growth in the Vistaprint business unit and Upload and Print businesses acquired in fiscal 2014. The decrease in operating income was primarily due to a goodwill impairment loss during the third quarter of fiscal 2016 related to our Exagroup business, as well as losses recognized for the abandonment of production equipment during fiscal 2016, partially offset by increased profits in the Vistaprint business unit and Upload and Print business units. Adjusted NOPAT, which excludes several non-operational items including the impairment related charges, increased versus the comparative period a year ago. The increases in adjusted NOPAT are primarily due to increased profits in the Vistaprint business unit and Upload and Print business units, partially offset by planned increased investments in our Most of World businesses, product expansion, and the mass customization platform.

## Critical Accounting Policies and Estimates

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

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

For promotions through discount voucher websites, we recognize revenue on a gross basis, as we are the primary obligor, when redeemed items are shipped. As the vouchers do not expire, any unredeemed vouchers are recorded as deferred revenue. We recognize revenue on the portion of unredeemed vouchers when the likelihood of redemption becomes remote (referred to as "breakage") and we determine there is no legal obligation to remit the value of the unredeemed coupons to government agencies. We estimate the breakage rate based upon the pattern of historical redemptions. During fiscal 2015, we accumulated sufficient historical data from a large pool of homogeneous transactions to allow us to reasonably and objectively determine a pattern of historical redemptions in accordance with our accounting policy. Accordingly, we recognized \$4.0 million of breakage revenue during the fourth quarter of fiscal 2015 as a result of this change in estimate. We continue to apply this approach for our unredeemed voucher activity but the impact of the breakage estimate is immaterial to our current annual results.

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

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

We use the Black-Scholes option pricing model to measure the fair value of most of our share options and use a lattice model to measure the fair value of share options with a market condition, as well as the subsidiary share option liability award granted in conjunction with the Pixartprinting acquisition. The Black-Scholes model requires significant estimates related to the award's expected life and future share price volatility of the underlying equity security. The lattice model considers market condition attributes in its valuation assessment where relevant and simulates various sources of uncertainty in order to determine an average value based on the range of resultant outcomes. The lattice model requires estimation of inputs such as future share price volatility and future operating performance. The fair value of restricted share units and restricted share awards is determined based on the number of shares granted and the quoted price of our ordinary shares on the date of the grant. During fiscal 2016, we adopted the new share-based compensation accounting standard and elected to prospectively recognize the impact of forfeitures as they occur.

For awards with a performance condition vesting feature, when achievement of the performance condition is deemed probable, we recognize compensation cost on a graded-vesting basis over the awards' expected vesting periods. Management continually monitors the probability of vesting that is impacted by the achievement of certain business targets and milestones. Independent factors such as market acceptance, technological feasibility or economic market volatility could impact the achievement of such awards and contribute to variability in management's estimate and the recognition of the underlying share-based compensation expense. As the recognition of the compensation expense is reliant upon management's estimate of the likelihood of achievement of the award, if the probability increases during any given period, the compensation cost associated with that award would be accelerated in order to match the estimated outcome. These changes in estimate could result in expense volatility.

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

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

*Software and Website Development Costs.* We capitalize eligible salaries and payroll-related costs of employees who devote time to the development of our websites and internal-use computer software. Capitalization begins when the preliminary project stage is complete, management with the relevant authority authorizes and commits to the funding of the software project, and it is probable that the project will be completed and the software

will be used to perform the function intended. These costs are amortized on a straight-line basis over the estimated useful life of the software, which is three years. Our judgment is required in determining whether a project provides new or additional functionality, the point at which various projects enter the stages at which costs may be capitalized, assessing the ongoing value and impairment of the capitalized costs, and determining the estimated useful lives over which the costs are amortized. Historically we have not had any significant impairments of our capitalized software and website development costs.

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

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

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

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

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

During the third quarter of fiscal 2016, we recognized a partial impairment loss of \$30.8 million associated with the goodwill of our Exagroup reporting unit. Estimating the fair value of a reporting unit requires the use of estimates and significant judgments that are based on a number of factors including actual operating results and forecasts. It is reasonably possible that the judgments and estimates described above could change in future periods. Changes in these estimates and assumptions could materially affect the determination of fair value and goodwill impairment for each reporting unit. For example, a 1% variation in the discount rate utilized in our Exagroup impairment analysis results in a reduction (or increase) of the estimated fair value of the reporting unit of

approximately \$7.0 million. Since our third quarter analysis, there have been no indications that additional impairment exists in any of our reporting units of June 30, 2016.

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

### Recently Issued or Adopted Accounting Pronouncements

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

### Results of Operations

The following table presents our operating results for the periods indicated as a percentage of revenue:

	Year Ended June 30,		
	2016	2015	2014
<b>As a percentage of revenue:</b>			
Revenue	100.0 %	100.0 %	100.0 %
Cost of revenue	43.3 %	38.1 %	35.5 %
Technology and development expense	12.4 %	13.0 %	13.9 %
Marketing and selling expense	30.1 %	32.8 %	34.6 %
General and administrative expense	8.1 %	9.7 %	9.2 %
Impairment of goodwill	1.7 %	— %	— %
Income from operations	4.4 %	6.4 %	6.8 %
Other income (expense), net	1.4 %	1.3 %	(1.7)%
Interest expense, net	(2.1)%	(1.1)%	(0.6)%
Income before income taxes and loss in equity interests	3.7 %	6.6 %	4.5 %
Income tax provision	0.9 %	0.6 %	0.8 %
Loss in equity interests	— %	— %	0.2 %
Net income	2.8 %	6.0 %	3.5 %
Add: Net loss attributable to noncontrolling interest	0.2 %	0.2 %	— %
Net income attributable to Cimpress N.V.	3.0 %	6.2 %	3.5 %

*In thousands*

	Year Ended June 30,			Year Ended June 30,	
	2016	2015	2014	2016 vs. 2015	2015 vs. 2014
Revenue	\$ 1,788,044	\$ 1,494,206	\$ 1,270,236	20%	18%

## Revenue

We generate revenue primarily from the sale and shipping of customized manufactured products, and by providing 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.

Total revenue by reportable segment for the fiscal years ended June 30, 2016, 2015 and 2014 is shown in the following tables. Fiscal 2016 includes the impact of Tradeprint, Alcione and WIRmachenDRUCK from their respective acquisition dates in our Upload and Print business units segment. Fiscal 2015 includes from their respective acquisitions dates, the impact of FotoKnudsen which is part of our All Other business units, as well as Easyflyer, Exagroup and druck.at which are part of our Upload and Print business units segment:

### In thousands

	Year Ended June 30		% Change	Currency Impact:	Constant-Currency	Impact of Acquisitions:	Constant-Currency Revenue Growth
	2016	2015		(Favorable)/ Unfavorable	Revenue Growth (1)	(Favorable)/ Unfavorable	Excluding Acquisitions (2)
Vistaprint business unit . . . .	\$ 1,217,162	\$ 1,149,706	6%	4%	10%	—%	10%
Upload and Print business units (3) . . . . .	432,638	197,075	120%	7%	127%	(100)%	27%
All Other business units . . . .	138,244	147,425	(6)%	8%	2%	—%	2%
Total revenue . . . . .	<u>\$ 1,788,044</u>	<u>\$ 1,494,206</u>	20%	4%	24%	(13)%	11%

Fiscal 2014 includes the impact of Printdeal and Pixartprinting from their respective acquisition dates in our Upload and Print business units segment:

### In thousands

	Year Ended June 30,		% Change	Currency Impact:	Constant-Currency	Impact of Acquisitions:	Constant-Currency Revenue Growth
	2015	2014		(Favorable)/ Unfavorable	Revenue Growth (1)	(Favorable)/ Unfavorable	Excluding Acquisitions (2)
Vistaprint business unit . . . .	\$ 1,149,706	\$ 1,103,217	4%	5%	9%	—%	9%
Upload and Print business units (3) . . . . .	197,075	43,590	352%	26%	378%	(344)%	34%
All Other business units . . . .	147,425	123,429	19%	9%	28%	(17)%	11%
Total revenue . . . . .	<u>\$ 1,494,206</u>	<u>\$ 1,270,236</u>	18%	5%	23%	(14)%	9%

(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 and brands in the period in which there is no comparable year over year revenue. Revenue from our fourth quarter fiscal 2015 and fiscal 2016 acquisitions is excluded from fiscal 2016 revenue growth. For example, revenue from Easyflyer, Exagroup and druck.at, which we acquired in Q4 2015, is excluded from Q1, Q2, and Q3 2016 revenue growth but included in Q4 2016 revenue growth.

We have provided these non-GAAP financial measures because we believe they provide meaningful information regarding our results on a consistent and comparable basis for the periods presented. Management uses these non-GAAP financial measures, in addition to GAAP financial measures, to evaluate our operating results. These non-GAAP financial measures should be considered supplemental to and not a substitute for our reported financial results prepared in accordance with GAAP.

(3) The Upload and Print business units include the impact of our fiscal 2016 and 2015 acquisitions from their respective acquisition dates.

### Vistaprint business unit

Reported revenue for the year ended June 30, 2016 increased 6% to \$1,217.2 million, as compared to the year ended June 30, 2015. Our reported revenue growth was negatively affected by currency impacts during the year ended June 30, 2016 of 4%. The Vistaprint business unit constant-currency growth of 10% was primarily due to repeat customer bookings growth, with improving growth in new customer bookings. We experienced strong revenue growth in our focus product categories which include signage, marketing materials and promotional products and apparel. Performance continues to be stronger in North American and Australian markets than most markets in Europe where we have more substantial customer value proposition changes to make in order to appeal more broadly to higher expectations customers. Some of these customer value proposition efforts continue to create



revenue headwinds in certain markets including recent changes and tests we have implemented in a limited number of markets to reduce shipping pricing which are expected to have a greater impact in future periods. However, we are realizing benefits from these investments in fiscal 2016 through improved customer retention rates and positive results in our current period Net Promoter Score™ (which polls our customers on their willingness to recommend us to friends and colleagues based on a score of 0 to 10) in markets around the world.

Reported revenue for the year ended June 30, 2015 increased 4% to \$1,149.7 million as compared to the year ended June 30, 2014 as the Vistaprint business unit experienced growth from the higher expectations market segment, increased average order value and improved activity from our repeat customer base. During the year we delivered improved revenue growth trends in the U.S., U.K., French and German markets where we made major pricing and channel marketing changes in fiscal 2014. Our reported revenue growth was negatively affected by currency impacts of 5% during the year ended June 30, 2015 resulting in constant-currency revenue growth of 9%. Our constant-currency revenue growth for the Vistaprint business unit more than doubled from fiscal 2014 to fiscal 2015. In addition we have seen year over year improvement in our customer Net Promoter Score™.

#### *Upload and Print business units*

Reported revenue for the year ended June 30, 2016 increased 120% to \$432.6 million from \$197.1 million in the prior comparable period. Our reported revenue growth includes the addition of aggregate revenue of \$205.4 million for the year ended June 30, 2016, from the brands we acquired in fiscal 2016 and fiscal 2015 for quarters with no comparable revenue. The Upload and Print business units constant-currency revenue growth excluding revenue from businesses acquired in the past twelve months was 27% for the year ended June 30, 2016, due to continued strong performance from our Pixartprinting and Printdeal brands, which we acquired in fiscal 2014.

Reported revenue for the year ended June 30, 2015 increased 352% to \$197.1 million from \$43.6 million, in the prior comparable period due to the addition of aggregate revenue from the brands we acquired in fiscal 2015 and fiscal 2014 for quarters with no comparable revenue. The Upload and Print business units constant-currency revenue growth excluding revenue from businesses acquired in the prior twelve months of 34%, represents revenue growth from our Pixartprinting and Printdeal brands acquired in fourth quarter of fiscal 2014 with comparable revenue for the fourth quarter of the prior fiscal year.

#### *All Other business units*

Reported revenue for the year ended June 30, 2016 decreased 6% to \$138.2 million, as compared to the prior comparable period. Our reported revenue growth was negatively affected by currency impacts during the year ended June 30, 2016 of 8%. The All Other business units constant-currency revenue growth of 2% for the year ended June 30, 2016 was primarily due to strong growth in our Most of World business units, as well as the direct to consumer portion of our Albumprinter brand partially offset by the decline in partner revenue in both our Corporate Solutions and Albumprinter businesses of \$10.1 million. The Most of World portfolio continues to grow faster than other parts of this segment, but is small relative to the size of the other components.

Reported revenue for the year ended June 30, 2015 increased 19% to \$147.4 million, as compared to the year ended June 30, 2014. Our reported revenue included the addition of aggregate revenue of \$20.7 million from the brands we acquired in fiscal 2015. The All Other business units constant-currency revenue growth excluding revenue from businesses acquired in the prior twelve months was 11%, primarily driven by continued growth in our Albumprinter brand, as well as in our smaller markets in our Most of World business.

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

*In thousands*

	Year Ended June 30,			2016 vs. 2015	2015 vs. 2014
	2016	2015	2014		
<b>Cost of revenue</b> .....	\$ 775,005	\$ 568,599	\$ 451,093	36%	26%
<i>% of revenue</i> .....	43.3%	38.1%	35.5%		
<b>Technology and development expense</b> .....	\$ 220,981	\$ 194,360	\$ 176,344	14%	10%
<i>% of revenue</i> .....	12.4%	13.0%	13.9%		
<b>Marketing and selling expense</b> .....	\$ 537,664	\$ 489,743	\$ 440,311	10%	11%
<i>% of revenue</i> .....	30.1%	32.8%	34.6%		
<b>General and administrative expense</b> .....	\$ 145,360	\$ 145,180	\$ 116,574	—%	25%
<i>% of revenue</i> .....	8.1%	9.7%	9.2%		

#### *Cost of revenue*

Cost of revenue includes materials used to manufacture our products, payroll and related expenses for production 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 sold by us. Cost of revenue as a percent of revenue increased during the year ended June 30, 2016, as the operations within the Upload and Print business units have, as a percent of revenue, higher cost of revenue than our traditional business and are growing faster; however, these companies also have lower marketing and selling costs as a percent of revenue.

The Vistaprint business unit cost of revenue increased to \$399.5 million for the year ended June 30, 2016 from \$367.6 million in the prior year period. The increase was primarily due to increased costs associated with production volume and product mix of \$38.6 million and was partially offset by the aggregate benefits of currency, productivity and efficiency gains of \$6.7 million.

The Vistaprint business unit cost of revenue increased to \$367.6 million for the year ended June 30, 2015 from \$364.5 million for the year ended June 30, 2014, due to increased costs associated with production volume and product mix of \$33.9 million. This increase was partially offset by currency related benefits, reductions in raw material pricing, shipping costs and other productivity and efficiency gains of \$30.8 million.

The Upload and Print business units cost of revenue increased to \$295.0 million for the year ended June 30, 2016 from \$136.4 million in the prior comparable period primarily due to incremental manufacturing costs of \$149.3 million for the operations acquired in the fourth quarter of fiscal 2015 and fiscal 2016. The remaining increase is due to increased manufacturing volume from our Pixartprinting and Printdeal brands. For the year ended June 30, 2015 cost of revenue increased to \$136.4 million from \$30.3 million in the prior comparable period due to incremental manufacturing costs for the operations acquired in the fourth quarter of fiscal 2014 and fiscal 2015.

The All Other business units cost of revenue increased to \$65.2 million for the year ended June 30, 2016 from \$62.0 million for the year ended June 30, 2015, primarily due to increased manufacturing costs. For the year ended June 30, 2015 cost of revenue increased to \$62.0 million from \$48.5 million in the prior comparable period primarily due to \$11.8 million of incremental manufacturing costs for the operations acquired in fiscal 2015, as well as \$4.7 million for growth in our Most of World business units.

During the years ended June 30, 2016, 2015 and 2014 we had cost of revenue that was not allocated to our business units for management reporting of \$15.3 million, \$2.5 million and \$7.8 million, respectively. These costs for the year ended June 30, 2016 include \$11.0 million of losses for the abandonment of various proprietary production technologies and other print production equipment. The remaining costs for each of the periods primarily relate to certain start-up costs related to new product introductions and manufacturing technologies.

### *Technology and development expense*

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

The growth in our technology and development expenses of \$26.6 million for the year ended June 30, 2016 as compared to the prior comparative period was due to increased payroll, share-based compensation and facility-related costs of \$14.7 million, as a result of increased headcount in our technology development and information technology support organizations. The increase in headcount is partly due to increases in software and manufacturing engineering resources related to one of our core corporate strategies to build a software-based mass customization platform as well as expand product offerings, and partly due to headcount from acquired businesses. Depreciation and amortization expense increased by \$5.5 million, primarily due to expense related to our fiscal 2015 fourth quarter and fiscal 2016 acquisitions. Technology infrastructure-related costs increased by \$8.8 million, primarily due to increased software maintenance and licensing costs, as well as increased IT cloud service costs. The increase was partially offset by a decrease in other technology and development expense of \$1.4 million primarily due to decreased third party services. Also during the year ended June 30, 2016, we had higher net capitalization of software costs of \$1.0 million, due to an increase in costs that qualified for capitalization during the fiscal year.

The growth in our technology and development expenses of \$18.0 million for the year ended June 30, 2015 as compared to the year ended June 30, 2014 was primarily due to increased payroll and facility-related costs of \$13.9 million as a result of increased headcount in our technology development and information technology support organizations. The increase in headcount is partly due to hiring in this strategic investment area, and partly due to headcount from acquired businesses. Amortization expense increased by \$1.6 million primarily due to a full year of expense related to our fiscal 2014 acquisitions, as well as the fourth quarter impact of Exagroup and druck.at. Other technology expense increased \$9.3 million primarily due to increased consulting fees and severance related expenses. These expenses were partially offset by a decline in share-based compensation expense of \$2.9 million for the year ended June 30, 2015, as the restricted share awards granted as part of our fiscal 2012 Webs acquisition were fully vested as of December 31, 2013. Also during the year ended June 30, 2015, we had higher net capitalization of software costs of \$3.9 million due to an increase in costs that qualified for capitalization during the fiscal 2015 as compared to fiscal 2014.

### *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; amortization of certain acquired intangible assets, including customer relationships and trade names; and third-party payment processing fees. Our Upload and Print business units have a lower marketing and selling cost structure compared to the Vistaprint business unit.

Our marketing and selling expenses increased by \$47.9 million during the year ended June 30, 2016 as compared to the prior comparative period primarily due to increased advertising expense of \$19.6 million as a result of product-focused television ad investments in both the U.S. and Canada during the first quarter of fiscal 2016 as well as strategic investments in certain European markets which included increased paid search and television ad spend during the fourth quarter of fiscal 2016 for the Vistaprint business unit. In addition, increased activity from our recently acquired brands also contributed to the increase in advertising expense. Amortization expense increased by \$11.0 million, as a result of the customer and trademark related intangible assets related to our fourth quarter fiscal 2015 acquisitions and fiscal 2016 acquisitions. Our payroll and facility-related costs, inclusive of share-based compensation, increased \$8.6 million, as we expanded our marketing and customer service, sales and design support organization through our recent acquisitions and continued investment in the Vistaprint business unit customer service resources in order to provide higher value services to our customers. Payment processing and third-party services were \$5.7 million higher than the prior period, primarily due to increased order volumes. Other marketing and selling costs increased by \$2.9 million, primarily due to increased travel and training costs.

The increase in our marketing and selling expenses of \$49.4 million during the year ended June 30, 2015, as compared to the year ended June 30, 2014, was partially due to increased advertising costs of \$18.5 million. Our advertising cost increase was primarily due to the Vistaprint business unit as it launched its first brand-orientated television ad in both the U.S. and UK, as well as increased activity from our acquired operations. Our payroll and facility-related costs increased by \$13.9 million, as we expanded our marketing and customer service, sales and design support organization through our recent acquisitions and continued investment in Vistaprint business unit customer service resources in order to provide higher value services to our customers. Amortization expense increased by \$10.1 million for the year ended June 30, 2015 as a result of the customer and trademark related intangible assets related to our 2014 and 2015 acquisitions. Other marketing and selling expenses also increased by \$10.0 million due to increased payment processing fees, depreciation costs, employee travel, training, and recruitment costs. The increase in marketing and selling expense was partially offset by decreased share-based compensation expense of \$3.1 million during the year ended June 30, 2015 influenced by the restricted share awards granted as part of our fiscal 2012 Webs acquisition that were fully vested at December 31, 2013.

#### *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, and human resources.

During the year ended June 30, 2016 our general and administrative expenses increased by \$0.2 million, as compared to the prior comparative period. The increase in fiscal 2016 was partially driven by increased payroll and facility-related costs of \$4.5 million, as compared to the prior comparative period. We incurred additional expense of \$6.0 million during the year ended June 30, 2016, related to contingent compensation arrangements from our WIRmachenDRUCK and Easyflyer acquisitions. In addition, our employee travel, training, and recruitment costs and third-party professional fees increased by \$3.8 million, as compared to the prior comparative period. Other general and administrative costs increased by \$0.8 million, which primarily related to third-party consulting fees. The increase was partially offset by the recognition of \$14.9 million of expense during the year ended June 30, 2015, to remeasure the contingent consideration liabilities related to the Printdeal and Pixartprinting acquisitions which did not recur in the current period. Due to an amendment to the terms of the WIRmachenDRUCK contingent compensation arrangement, as discussed in Note 8, we will recognize approximately \$7.0 million (based on the June 30, 2016 fair value) of general and administrative expenses in the first quarter of fiscal 2017.

During the year ended June 30, 2015 our general and administrative expenses increased as compared to fiscal 2014 by \$28.6 million primarily due to an increase of \$14.9 million attributable to the increase in the fair value of the contingent consideration liabilities for Printdeal and Pixartprinting since June 30, 2014. Payroll and share-based compensation expense increased by \$10.7 million and \$2.5 million, respectively during the year ended June 30, 2015 as compared to the prior year. Other general and administrative expenses also increased by \$2.9 million due to increased employee travel, training, and recruitment costs. The increase in general and administrative expense was partially offset by decreased professional fees of \$2.4 million during fiscal 2015, as fiscal 2014 included more expenses incurred primarily for certain strategic initiatives.

#### *Impairment of goodwill*

During the year ended June 30, 2016, we recognized a \$30.8 million goodwill impairment loss related to our Exagroup business. As we began our annual capital allocation and budgeting process, we determined that the revenue and profit outlook for this business was lower than the initial deal model upon which we based our purchase accounting. This is due in part to Exagroup's need to, and plans to, react to heightened competition in its target market, which led to a reduction in our expectations for long-term margins in this business. We performed a quantitative goodwill analysis which concluded that the fair value of our goodwill was less than the carrying amount, resulting in an impairment loss. No goodwill impairment losses were recognized for the years ended June 30, 2015 and 2014.

*Other income (expense), net*

Other income (expense), 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 achieve 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 forward contracts that do not qualify for hedge accounting. The following table summarizes the components of other income (expense), net:

	Year Ended June 30,		
	2016	2015	2014
Gains (losses) on derivatives not designated as hedging instruments	\$ 14,026	\$ 9,317	\$ (7,473)
Currency related gains (losses), net	6,864	10,245	(1,764)
Loss on disposal of Namex	—	—	(12,681)
Other gains	5,208	572	288
<b>Total other income (expense), net</b>	<b>\$ 26,098</b>	<b>\$ 20,134</b>	<b>\$ (21,630)</b>

During fiscal 2016 and 2015, we recognized net gains of \$26.1 million and \$20.1 million, respectively and net losses of \$21.6 million during fiscal 2014. The increase in other income (expense), net for the year ended June 30, 2016 was primarily driven by higher net gains on our currency forward contracts not designated as hedging instruments of \$14.0 million as compared to \$9.3 million during the prior comparable period. During the year ended June 30, 2014 we recognized net losses of \$7.5 million on our currency forward contracts not designated as hedging instruments. We expect this volatility to continue in future periods as we do not currently apply hedge accounting for most of our currency forward contracts.

The remaining currency related gains of \$6.9 million recognized during fiscal 2016 were lower than fiscal 2015 due to the currency exchange rate volatility on our non-functional currency intercompany relationships. These lower net gains are partially offset by the impact of certain cross-currency swap contracts designated as cash flow hedges executed during fiscal 2016. During the year ended June 30, 2014, we recognized a net loss of \$1.8 million.

Other gains primarily consists of \$3.9 million for the year ended June 30, 2016, related to insurance proceeds received for damaged equipment and business interruption lost profits which resulted from a fire at our Venlo, Netherlands production facility.

In addition, in fiscal 2014 we recognized a loss of \$12.7 million on the sale of our equity investment in Namex Limited which did not occur in fiscal 2016 or 2015.

*Interest expense, net*

Interest expense, net was \$38.2 million, \$16.7 million and \$7.7 million for the years ended June 30, 2016, 2015 and 2014, respectively. Interest expense, net primarily consists of interest paid on outstanding debt balances, amortization of debt issuance costs, interest related to capital lease obligations and realized gains (losses) on effective interest rate swap contracts and certain cross-currency swaps. The increase in interest expense, net is primarily a result of the issuance of our senior unsecured notes in March 2015, as well as increased interest expense associated with our Waltham lease arrangement. We expect interest expense to increase in future periods relative to historical trends as a result of our senior unsecured notes, our Waltham lease arrangement, and increased capital lease obligations for machinery and equipment.

*Income tax provision*

	Year Ended June 30,		
	2016	2015	2014
Income tax provision	\$ 15,684	\$ 10,441	\$ 10,590
<i>Effective tax rate</i>	23.7%	10.5%	18.7%

Income tax expense was \$15.7 million, \$10.4 million and \$10.6 million for the years ended June 30, 2016, 2015 and 2014, respectively. The increase in income tax expense for the year ended June 30, 2016 as compared to

the same period ended in 2015 is primarily attributable to an increase in tax on earnings of newly acquired companies and a decrease in tax benefits related to tax losses in certain jurisdictions in fiscal 2016 as compared to fiscal 2015. Our annual effective tax rate in fiscal 2016 is higher than fiscal 2015 due to the Exagroup goodwill impairment charge (discussed in Note 9), which is non-deductible for tax purposes, greater losses recognized in fiscal 2016 as compared to fiscal 2015 in certain jurisdictions where we are unable to recognize a tax benefit, and an increased deferred tax liability on unremitted earnings. In addition, fiscal 2016 had a decrease in consolidated pre-tax income and a less favorable geographical mix of earnings as compared to fiscal 2015. These impacts to the fiscal 2016 effective tax rate are partially offset by share-based compensation tax benefits as a result of the adoption of ASU 2016-09, deferred tax benefits due to future tax rate decreases in various jurisdictions, and a current tax benefit related to the extension of the U.S. federal research and development credit.

Our cash paid for income taxes for fiscal 2016 is higher than our income tax expense primarily as a result of non-cash tax benefits relating to tax losses for which the cash benefit is expected to occur in a future period.

We believe that our income tax reserves are adequately maintained taking into consideration both the technical merits of our tax return positions and ongoing developments in our income tax audits. However, the final determination of our tax return positions, if audited, is uncertain, and there is a possibility that final resolution of these matters could have a material impact on our results of operations or cash flows. See Note 14 in our accompanying consolidated financial statements for additional discussion.

### *Segment profitability*

Our primary metric used to measure segment financial performance is adjusted net operating profit which excludes certain non-operational items including acquisition-related expenses, certain impairments and restructuring charges. For the year ended June 30, 2016, the Vistaprint business unit adjusted net operating profit increased by \$26.9 million, as compared to the prior comparative period primarily due to \$35.6 million in additional gross profit as a result of revenue growth, partially offset by an increase in planned advertising spend. The Upload and Print business units adjusted net operating profit increased by \$34.4 million primarily due to the addition of aggregate adjusted net operating profit of \$21.4 million from the brands we acquired during the fourth quarter of fiscal 2015 and fiscal 2016. In addition, both the Pixartprinting and Printdeal brands have increased their contribution to our consolidated adjusted net operating profit due to growth in revenue and improvements in gross margin. Our All Other business units adjusted net operating profit decreased by \$18.1 million as we continued to invest in our Most of World portfolio and experienced a decline in partner related profits of \$5.7 million.

For the year ended June 30, 2015, the Vistaprint business unit adjusted net operating profit increased by \$31.0 million, as compared to the prior comparative period primarily due to \$43.4 million in additional gross profit as a result of revenue growth, partially offset by an increase in advertising spend. The Upload and Print business units adjusted net operating profit increased by \$20.6 million due to the addition of aggregate adjusted net operating profit from the brands we acquired during the fourth quarter of fiscal 2014 and fiscal 2015. Our All Other business units adjusted net operating profit increased by \$0.6 million as we continued to invest in our Most of World portfolio and experienced a decline in partner related revenue and profits.

### **Liquidity and Capital Resources**

#### ***Consolidated Statements of Cash Flows Data:***

*In thousands*

	Year Ended June 30,		
	2016	2015	2014
Net cash provided by operating activities .....	\$ 247,358	\$ 242,022	\$ 153,739
Net cash used in investing activities .....	(265,538)	(217,190)	(306,984)
Net cash (used in) provided by financing activities .....	(5,338)	25,166	164,449

At June 30, 2016, we had \$77.4 million of cash and cash equivalents and \$685.9 million of outstanding debt, excluding debt issuance costs and debt discounts. Cash and cash equivalents decreased by \$26.2 million during the year ended June 30, 2016. We expect cash and cash equivalents to fluctuate over time depending on our working capital needs, as well as our organic investment, share repurchase and acquisition activity. The cash flows during the year ended June 30, 2016 related primarily to the following items:

*Cash inflows:*

- Net income of \$50.4 million;
- Adjustments for non-cash items of \$170.0 million primarily related to positive adjustments for depreciation and amortization of \$131.9 million, goodwill impairment of \$30.8 million, share-based compensation costs of \$23.8 million and abandonment of long-lived assets of \$11.0 million, offset by negative adjustments for non-cash tax related items of \$15.9 million and unrealized currency-related gains of \$17.4 million;
- Proceeds of debt of \$167.3 million, net of payments;
- Changes in working capital balances of \$38.7 million primarily driven by improved management of accounts payable and accrued expenses and the cash receipt of a tax refund of \$8.5 million;
- Proceeds from a completed insurance claim settlement of \$11.9 million, of which \$8.3 million is presented as cash from operations and \$3.6 million is presented as cash from investing activities; and
- A capital contribution from a noncontrolling interest of \$5.1 million.

*Cash outflows:*

- Payments for acquisitions, net of cash acquired, of \$164.4 million;
- Purchases of our ordinary shares of \$153.5 million;
- Capital expenditures of \$80.4 million of which \$31.0 million were related to the purchase of manufacturing and automation equipment for our production facilities, \$23.4 million were related to the purchase of land, facilities and leasehold improvements, and \$26.0 million were related to purchases of other capital assets, including facility improvements and office equipment;
- Internal costs for software and website development that we have capitalized of \$26.3 million;
- Payments of acquisition-related contingent consideration arrangements of \$15.9 million
- Payments for capital lease arrangements of \$13.9 million; and
- Payments of withholding taxes in connection with share awards of \$7.5 million.

*Additional Liquidity and Capital Resources Information.* During the year ended June 30, 2016, we financed our operations and strategic investments through internally generated cash flows from operations and debt financing. As of June 30, 2016, approximately \$76.9 million of our cash and cash equivalents was held by our subsidiaries, and undistributed earnings of our subsidiaries that are considered to be indefinitely reinvested were \$23.3 million. We do not intend to repatriate such 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. During fiscal 2016, our indefinitely reinvested earnings decreased due to our determination that the undistributed earnings of one of our subsidiaries can no longer be considered indefinitely reinvested. Refer to Note 14 for additional discussion.

*Debt.* On March 24, 2015, we completed a private placement of \$275.0 million of 7.0% senior unsecured notes due 2022. The proceeds from the sales of the notes were used to repay existing outstanding indebtedness under our unsecured line of credit and senior secured credit facility and for general corporate purposes. As of June 30, 2016, we have aggregate loan commitments from our senior secured credit facility totaling \$830.0 million. The loan commitments consist of revolving loans of \$690.0 million and the remaining term loans of \$140.0 million.

We have other financial obligations that constitute additional indebtedness based on the definitions within the credit facility. As of June 30, 2016, the amount available for borrowing under our senior secured credit facility was as follows:

In thousands

	June 30, 2016
Maximum aggregate available for borrowing	\$ 830,000
Outstanding borrowings of senior secured credit facilities	(400,914)
Remaining amount	429,086
Limitations to borrowing due to debt covenants and other obligations (1)	(1,636)
Amount available for borrowing as of June 30, 2016 (2)	\$ 427,450

(1) Our borrowing ability under our senior secured credit facility can be limited by our debt covenants each quarter. These covenants may limit our borrowing capacity depending on our leverage, other indebtedness, such as notes, capital leases, letters of credit, and any other debt, as well as other factors that are outlined in the credit agreement.

(2) The use of available borrowings for share purchases, dividend payments, or corporate acquisitions is subject to more restrictive covenants that can lower available borrowings for such purposes relative to the general availability described in the above table.

*Debt Covenants.* Our credit agreement contains financial and other covenants, including but not limited to the following:

(1) The credit agreement contains financial covenants calculated on a trailing twelve month, or TTM, basis that:

- our total leverage ratio, which is the ratio of our consolidated total indebtedness (\*) to our TTM consolidated EBITDA (\*), will not exceed 4.50 to 1.00.
- our senior secured leverage ratio, which is the ratio of our consolidated senior secured indebtedness (\*) to our TTM consolidated EBITDA (\*), will not exceed 3.25 to 1.00.
- our interest coverage ratio, which is the ratio of our consolidated EBITDA to our consolidated interest expense, will be at least 3.00 to 1.00.

(2) Purchases of our ordinary shares, payments of dividends, and corporate acquisitions and dispositions are subject to more restrictive consolidated leverage ratio thresholds than those listed above when calculated on a proforma basis in certain scenarios. Also, regardless of our leverage ratio, the credit agreement limits the amount of purchases of our ordinary shares, payments of dividends, corporate acquisitions and dispositions, investments in joint ventures or minority interests, and consolidated capital expenditures that we may make. These limitations can include annual limits that vary from year-to-year and aggregate limits over the term of the credit facility. Therefore, our ability to make desired investments may be limited during the term of our senior secured credit facility.

(3) The credit agreement also places limitations on additional indebtedness and liens that we may incur, as well as on certain intercompany activities.

(\*) The definitions of EBITDA, consolidated total indebtedness, and consolidated senior secured indebtedness are maintained in our credit agreement included as an exhibit to our Form 8-K filed on February 13, 2013, as amended by amendments no. 1 and no. 2 to the credit agreement included as exhibits to our Forms 8-K filed on January 22, 2014 and September 25, 2014.

The indenture under which our 7.0% senior unsecured notes due 2022 are issued contains various covenants, including covenants that, subject to certain exceptions, limit our and our restricted subsidiaries' ability to incur and/or guarantee additional debt; pay dividends, repurchase shares or make certain other restricted payments; enter into agreements limiting dividends and certain other restricted payments; prepay, redeem or repurchase subordinated debt; grant liens on assets; enter into sale and leaseback transactions; merge, consolidate or transfer or dispose of substantially all of our consolidated assets; sell, transfer or otherwise dispose of property and assets; and engage in transactions with affiliates.

Our credit agreement and senior unsecured notes indenture also contain customary representations, warranties and events of default. As of June 30, 2016, we were in compliance with all financial and other covenants under the credit agreement and senior unsecured notes indenture.



*Other debt.* Other debt primarily consists of term loans acquired as part of our fiscal 2015 acquisition of Exagroup SAS. As of June 30, 2016 we had \$10.1 million outstanding for those obligations that are payable through September 2024.

*Our expectations for fiscal year 2017.* Our current liabilities continue to exceed our current assets; however, we believe that our available cash, cash flows generated from operations, and cash available under our committed debt financing will be sufficient to satisfy our liabilities and planned investments to support our long-term growth strategy for the foreseeable future. We endeavor to invest large amounts of capital that we believe will generate returns that are above our weighted average cost of capital. We consider any use of cash that we expect to require more than 12 months to return our invested capital to be an allocation of capital. For fiscal 2017 we expect to allocate capital to the following broad categories and consider our capital to be fungible across all of these categories:

- Large, discrete, internally developed projects that we believe can, over the longer term, provide us with materially important competitive capabilities and/or positions in new markets, such as investments in our software, service operations and other supporting capabilities for our integrated platform, new business units such as Corporate Solutions and expansion into new geographic markets
- Other organic investments intended to maintain or improve our competitive position or support growth, such as costs to develop new products and expand product attributes, production and IT capacity expansion, merchant related advertising costs and continued investment in our employees
- Purchases of ordinary shares
- Corporate acquisitions and similar investments
- Reduction of debt

## Contractual Obligations

Contractual obligations at June 30, 2016 are as follows:

<i>In thousands</i>	Payments Due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Operating leases, net of subleases . . . . .	\$ 90,246	\$ 14,713	\$ 26,217	\$ 24,542	\$ 24,774
Build-to-suit lease . . . . .	121,294	12,569	25,139	25,139	58,447
Purchase commitments . . . . .	55,328	37,828	17,500	—	—
Senior unsecured notes and interest payments . . . . .	390,500	19,250	38,500	38,500	294,250
Other debt and interest payments . . . . .	444,296	34,941	124,007	283,572	1,776
Capital leases . . . . .	29,893	10,648	14,340	4,603	302
Other . . . . .	13,543	3,315	10,228	—	—
Total (1) . . . . .	<u>\$ 1,145,100</u>	<u>\$ 133,264</u>	<u>\$ 255,931</u>	<u>\$ 376,356</u>	<u>\$ 379,549</u>

(1) We may be required to make cash outlays related to our uncertain tax positions. However, due to the uncertainty of the timing of future cash flows associated with our uncertain tax positions, we are unable to make reasonably reliable estimates of the period of cash settlement, if any, with the respective taxing authorities. Accordingly, uncertain tax positions of \$4.2 million as of June 30, 2016 have been excluded from the contractual obligations table above. For further information on uncertain tax positions, see Note 14 to the accompanying consolidated financial statements.

*Operating Leases.* We rent office space under operating leases expiring on various dates through 2024. Future minimum rental payments required under our leases are an aggregate of approximately \$90.2 million. The terms of certain lease agreements require security deposits in the form of bank guarantees and a letter of credit in the amount of \$4.5 million.

*Build-to-suit lease.* Represents the cash payments for our leased facility in Waltham, Massachusetts, USA. Please refer to Note 6 in the accompanying consolidated financial statements for additional details.

*Purchase Commitments.* At June 30, 2016, we had unrecorded commitments under contract of \$55.3 million, which were primarily composed of commitments for production and computer equipment purchases of approximately \$35.4 million. Production and computer equipment purchases relates primarily to a two year

purchase commitment for equipment with one of our suppliers. In addition, we had purchase commitments for third-party web services of \$9.5 million, professional and consulting fees of approximately \$3.4 million, inventory purchase commitments of \$1.7 million, commitments for advertising campaigns of \$0.8 million, and other unrecorded purchase commitments of \$4.5 million.

*Senior unsecured notes and interest payments.* Our 7.0% senior unsecured notes due 2022 bear interest at a rate of 7.0% per annum and mature on April 1, 2022. Interest on the notes is payable semi-annually on April 1 and October 1 of each year and has been included in the table above.

*Other debt and interest payments.* The term loans of \$140.0 million outstanding under our credit agreement have repayments due on various dates through September 23, 2019, with the revolving loans outstanding of \$260.8 million due on September 23, 2019. Interest payable included in this table is based on the interest rate as of June 30, 2016 and assumes all revolving loan amounts outstanding will not be paid until maturity, but that the term loan amortization payments will be made according to our defined schedule. Interest payable includes the estimated impact of our interest rate swap agreements. In addition, we assumed term loan debt as part of certain of our fiscal 2015 acquisitions, and as of June 30, 2016 we had \$10.1 million outstanding for those obligations that have repayments due on various dates through September 2024.

*Capital leases.* We lease certain machinery and plant equipment under capital lease agreements that expire at various dates through 2022. The aggregate carrying value of the leased equipment under capital leases included in property, plant and equipment, net in our consolidated balance sheet at June 30, 2016, is \$29.4 million, net of accumulated depreciation of \$17.1 million. The present value of lease installments not yet due included in other current liabilities and other liabilities in our consolidated balance sheet at June 30, 2016 amounts to \$29.3 million.

*Other Obligations.* Other obligations include an installment obligation of \$9.6 million related to the fiscal 2012 intra-entity transfer of the intellectual property of our subsidiary Webs, Inc., which resulted in tax being paid over a 7.5 year term and has been classified as a deferred tax liability in our consolidated balance sheet as of June 30, 2016. Other obligations also includes the fair value of the contingent earn-out payment related to the WIRmachenDRUCK acquisition of \$1.2 million. The WIRmachenDRUCK earn-out is payable at our option in cash or ordinary shares, based on the achievement of a cumulative gross margin target for calendar years 2016 and 2017. In addition, we have deferred payments related to our fiscal 2015 and 2016 acquisitions of \$2.7 million, in aggregate.

## **Non-GAAP Financial Measure**

Adjusted net operating profit after tax (NOPAT) presented below is a supplemental measure of our performance that is not required by, or presented in, accordance with GAAP. This metric is the primary metric by which we measure our consolidated financial performance and is intended to supplement investors' understanding of our operating results. Adjusted NOPAT is defined as GAAP operating income excluding certain items such as acquisition-related amortization and depreciation, expense recognized for earn-out related charges, including the change in fair value of contingent consideration and compensation expense related to cash-based earn-out mechanisms dependent upon continued employment, share-based compensation related to investment consideration, certain impairment expense and restructuring charges. The interest expense associated with our Waltham lease, as well as realized gains (losses) on currency forward contracts that do not qualify for hedge accounting, are included in adjusted NOPAT. We do not, nor do we suggest that investors should, consider such non-GAAP financial measures in isolation from, or as a substitute for, financial information prepared in accordance with GAAP.

The table below sets forth operating income and adjusted net operating profit after tax for each of the years ended June 30, 2016, 2015 and 2014:

	Year Ended June 30,		
	2016	2015	2014
GAAP operating income	\$ 78,193	\$ 96,324	\$ 85,914
Less: Cash taxes attributable to current period (see below)	(32,236)	(24,986)	(20,123)
Exclude expense (benefit) impact of:			
Acquisition-related amortization and depreciation	40,834	24,264	12,723
Earn-out related charges (1)	6,378	15,275	2,192
Share-based compensation related to investment consideration	4,835	3,570	4,363
Certain impairments (2)	41,820	—	—
Restructuring costs	381	3,202	5,980
Less: Interest expense associated with Waltham lease	(6,287)	—	—
Include: Realized gains on currency forward contracts not included in operating income	5,863	7,450	(7,048)
Adjusted NOPAT (3)	<u>\$ 139,781</u>	<u>\$ 125,099</u>	<u>\$ 84,001</u>
Cash taxes paid in the current period (4)	\$ 19,750	\$ 14,284	\$ 18,485
Less: cash taxes (paid) received and related to prior periods (4)	934	(5,477)	(6,521)
Plus: cash taxes attributable to the current period but not yet paid	9,298	6,667	6,036
Plus: cash impact of excess tax benefit on equity awards attributable to current period	5,574	12,932	5,551
Less: installment payment related to the transfer of intellectual property in a prior year	(3,320)	(3,420)	(3,428)
Cash taxes attributable to current period	<u>\$ 32,236</u>	<u>\$ 24,986</u>	<u>\$ 20,123</u>

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

(2) Includes the impact of impairments or abandonments of goodwill and other long-lived assets as defined by ASC 350 - "Intangibles - Goodwill and Other" or ASC 360 - "Property, plant, and equipment."

(3) Adjusted NOPAT will include the impact of discontinued operations as defined by ASC 205-20 in periods in which they occur.

(4) For the year ended June 30, 2016, cash taxes paid in the current period includes a cash tax refund of \$8,479, which is subsequently eliminated from cash taxes attributable to the current period as it relates to a refund of a prior years' taxes generated as a result of a prior year excess share-based compensation deduction. Therefore, the impact is not included in adjusted NOPAT for the current period.

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

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

As of June 30, 2016, 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, 2016, we had \$400.8 million of variable rate debt and \$9.6 million of variable rate installment obligation related to the fiscal 2012 intra-entity transfer of Webs' intellectual property. As a result, we have exposure to market risk for changes in interest rates related to these obligations. In order to mitigate our exposure to interest rate changes related to our variable rate debt, we execute interest rate swap contracts to fix the interest rate on a portion of our outstanding long-term debt with varying maturities. As of June 30, 2016, 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 \$3.1 million over the next 12 months.

**Currency Exchange Rate Risk.** We conduct business in multiple currencies through our worldwide operations but report our financial results in U.S. dollars. We manage these risks through normal operating activities and, when deemed appropriate, through the use of derivative financial instruments. We have policies governing the use of derivative instruments and do not enter into financial instruments for trading or speculative purposes. The

use of derivatives is intended to reduce, but do 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 EBITDA.

Our most significant net currency exposures by volume are in the British Pound, Canadian Dollar, Euro and Swiss Franc, although our exposures to these and other currencies fluctuate, particularly in our fiscal second quarter. Beginning in the fourth quarter of fiscal 2015, our currency hedging objectives are targeted at reducing volatility in our forecasted U.S. dollar-equivalent EBITDA in order to protect our debt covenants. Since 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.

In addition, we elect to execute currency forward contracts that do not qualify for hedge accounting. As a result, we may experience volatility in our consolidated statements of operations due to (i) the impact of unrealized gains and losses reported in other income, net on the mark-to-market of outstanding contracts and (ii) realized gains and losses recognized in other income, net, whereas the offsetting economic gains and losses are reported in the line item of the underlying cash flow, 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) income 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 cross-currency swap contracts to mitigate the impact of currency rate changes on certain net investments.

- *Remeasurement of monetary assets and liabilities:* Transaction gains and losses generated from remeasurement of monetary assets and liabilities denominated in currencies other than the functional currency of a subsidiary are included in other income, net on the consolidated statements of operations. Certain of our subsidiaries hold intercompany loans denominated in a currency other than their functional currency. Due to the significance of these balances, the revaluation of intercompany loans can have a material impact on other income, net. We expect these impacts may be volatile in the future, although our largest intercompany loans do not have a U.S. dollar cash impact for the consolidated group because they are either 1) U.S. dollar loans or 2) we elect to hedge certain non-U.S. dollar loans with cross currency swaps. A hypothetical 10% change in currency exchange rates was applied to total net monetary assets denominated in currencies other than the functional currencies at the balance sheet dates to compute the impact these changes would have had on our income before taxes in the near term. The balances are inclusive of the notional value of any cross currency swaps designated as cash flow hedges. A hypothetical decrease in exchange rates of 10% against the functional currency of our subsidiaries would have resulted in an increase of \$21.3 million, \$18.8 million and \$10.1 million on our income before taxes for the years ended June 30, 2016, 2015 and 2014, respectively.

Item 8. *Financial Statements and Supplementary Data*

**CIMPRESS N.V.**

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**Form 10-K**

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

In our opinion, the accompanying consolidated balance sheets as of June 30, 2016 and 2015 and the related consolidated statements of operations, of comprehensive income, of shareholders' equity and of cash flows present fairly, in all material respects, the financial position of Cimpress N.V. and its subsidiaries at June 30, 2016 and 2015, and the results of their operations and their cash flows for each of the two years then ended in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 30, 2016, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audit. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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

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

As described in Management's Report on Internal Control Over Financial Reporting appearing under Item 9A, management has excluded Tradeprint Distribution Limited (formerly known as Fairprint Distribution Limited), Litotipographia Alcione S.r.l. and WIRmachenDRUCK GmbH (the "Acquired Companies") from its assessment of internal control over financial reporting as of June 30, 2016 because they were acquired by the Company in purchase business combinations during fiscal 2016. We have also excluded these Acquired Companies from our audit of internal control over financial reporting. The aggregated total assets and total revenues of these wholly-owned Acquired Companies represent approximately \$35.6 million and \$93.4 million, respectively, of the related consolidated financial statement amounts as of and for the year ended June 30, 2016.

/s/ PricewaterhouseCoopers LLP

Boston, Massachusetts  
August 12, 2016

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Supervisory Board and Shareholders of  
Cimpress N.V.

We have audited the accompanying consolidated statement of operations, comprehensive income (loss), shareholders' equity and cash flows of Cimpress N.V. (formerly known as Vistaprint N.V.) for the year ended June 30, 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated results of the operations and cash flows of Cimpress N.V. for the year ended June 30, 2014, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Boston, Massachusetts  
August 15, 2014

Except for Notes 9 and 17, as to which the date is

August 12, 2016

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

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 77,426	\$ 103,584
Marketable securities	7,893	6,910
Accounts receivable, net of allowances of \$490 and \$372, respectively	32,327	32,145
Inventory	18,125	18,356
Prepaid expenses and other current assets	64,997	55,103
Total current assets	200,768	216,098
Property, plant and equipment, net	493,163	467,511
Software and web site development costs, net	35,212	22,109
Deferred tax assets	26,093	17,172
Goodwill	466,005	400,629
Intangible assets, net	216,970	151,063
Other assets	25,658	25,213
Total assets	\$ 1,463,869	\$ 1,299,795
<b>Liabilities, noncontrolling interests and shareholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 86,682	\$ 65,875
Accrued expenses	178,987	172,826
Deferred revenue	25,842	23,407
Deferred tax liabilities	—	1,043
Short-term debt	21,717	21,057
Other current liabilities	22,635	21,470
Total current liabilities	335,863	305,678
Deferred tax liabilities	69,430	48,007
Lease financing obligation	110,232	93,841
Long-term debt	656,794	493,039
Other liabilities	60,173	52,073
Total liabilities	1,232,492	992,638
Commitments and contingencies (Note 18)		
Redeemable noncontrolling interests	65,301	57,738
Shareholders' equity:		
Preferred shares, par value €0.01 per share, 100,000,000 shares authorized; none issued and outstanding	—	—
Ordinary shares, par value €0.01 per share, 100,000,000 shares authorized; 44,080,627 shares issued; and 31,536,732 and 33,203,065 shares outstanding, respectively	615	615
Treasury shares, at cost, 12,543,895 and 10,877,562 shares, respectively	(548,549)	(412,132)
Additional paid-in capital	335,192	324,281
Retained earnings	486,482	435,052
Accumulated other comprehensive loss	(108,015)	(98,909)
Total shareholders' equity attributable to Cimpress N.V.	165,725	248,907
Noncontrolling interest	351	512
Total shareholders' equity	166,076	249,419
Total liabilities, noncontrolling interests and shareholders' equity	\$ 1,463,869	\$ 1,299,795

See accompanying notes.



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

	Year Ended June 30,		
	2016	2015	2014
Revenue	\$ 1,788,044	\$ 1,494,206	\$ 1,270,236
Cost of revenue (1)	775,005	568,599	451,093
Technology and development expense (1)	220,981	194,360	176,344
Marketing and selling expense (1)	537,664	489,743	440,311
General and administrative expense (1)	145,360	145,180	116,574
Impairment of goodwill	30,841	—	—
Income from operations	78,193	96,324	85,914
Other income (expense), net	26,098	20,134	(21,630)
Interest expense, net	(38,196)	(16,705)	(7,674)
Income before income taxes and loss in equity interests	66,095	99,753	56,610
Income tax provision	15,684	10,441	10,590
Loss in equity interests	—	—	2,704
Net income	50,411	89,312	43,316
Add: Net loss attributable to noncontrolling interest	3,938	2,900	380
Net income attributable to Cimpres N.V.	<u>\$ 54,349</u>	<u>\$ 92,212</u>	<u>\$ 43,696</u>
Basic net income per share attributable to Cimpres N.V.	<u>\$ 1.72</u>	<u>\$ 2.82</u>	<u>\$ 1.33</u>
Diluted net income per share attributable to Cimpres N.V.	<u>\$ 1.64</u>	<u>\$ 2.73</u>	<u>\$ 1.28</u>
Weighted average shares outstanding — basic	<u>31,656,234</u>	<u>32,644,870</u>	<u>32,873,234</u>
Weighted average shares outstanding — diluted	<u>33,049,454</u>	<u>33,816,498</u>	<u>34,239,909</u>

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

	Year Ended June 30,		
	2016	2015	2014
Cost of revenue	\$ 72	\$ 78	\$ 251
Technology and development expense	5,892	4,139	7,041
Marketing and selling expense	1,591	1,952	5,082
General and administrative expense	16,273	17,906	15,412

See accompanying notes.

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

	Year Ended June 30,		
	2016	2015	2014
Net income .....	\$ 50,411	\$ 89,312	\$ 43,316
Other comprehensive income (loss), net of tax:			
Foreign currency translation (loss) gain, net of hedges .....	(7,537)	(93,627)	8,019
Net unrealized loss on derivative instruments designated and qualifying as cash flow hedges .....	(2,504)	(1,417)	(1,285)
Amounts reclassified from accumulated other comprehensive income to net income on derivative instruments .....	1,587	815	396
Unrealized gain (loss) on available-for-sale-securities .....	517	(6,275)	9,246
Gain (loss) on pension benefit obligation, net .....	561	(388)	(2,724)
Comprehensive income (loss) .....	43,035	(11,580)	56,968
Add: Comprehensive loss attributable to noncontrolling interests .....	2,208	2,770	397
Total comprehensive income (loss) attributable to Cimpres N.V. ....	<u>\$ 45,243</u>	<u>\$ (8,810)</u>	<u>\$ 57,365</u>

See accompanying notes.

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

	Ordinary Shares		Treasury Shares		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
	Number of Shares Issued	Amount	Number of Shares	Amount				
Balance at June 30, 2013	44,080	\$ 615	(11,289)	\$(398,301)	\$ 299,659	\$ 299,144	\$ (11,556)	\$ 189,561
Issuance of ordinary shares due to share option exercises, net of shares withheld for taxes			297	9,011	(8,001)			1,010
Restricted share units vested, net of shares withheld for taxes			285	8,205	(14,220)			(6,015)
Excess tax benefits from share-based compensation					5,159			5,159
Share-based compensation expense					27,449			27,449
Purchase of ordinary shares			(1,044)	(42,016)				(42,016)
Net income attributable to Cimpres N.V.						43,696		43,696
Net unrealized loss on derivative instruments designated and qualifying as cash flow hedges							(889)	(889)
Adjustment to contributed capital of noncontrolling interest					(56)			(56)
Unrealized gain on marketable securities							9,246	9,246
Foreign currency translation							8,036	8,036
Unrealized loss on pension benefit obligation, net of tax							(2,724)	(2,724)
Balance at June 30, 2014	44,080	\$ 615	(11,751)	\$(423,101)	\$ 309,990	\$ 342,840	\$ 2,113	\$ 232,457
Issuance of ordinary shares due to share option exercises, net of shares withheld for taxes			672	6,689	(16,468)			(9,779)
Restricted share units vested, net of shares withheld for taxes			201	4,280	(10,728)			(6,448)
Excess tax benefits from share-based compensation					20,763			20,763
Share-based compensation expense					20,724			20,724
Net income attributable to Cimpres N.V.						92,212		92,212
Net unrealized loss on derivative instruments designated and qualifying as cash flow hedges							(602)	(602)
Unrealized gain on marketable securities							(6,275)	(6,275)
Foreign currency translation, net of hedges							(93,757)	(93,757)
Unrealized loss on pension benefit obligation, net of tax							(388)	(388)
Balance at June 30, 2015	44,080	\$ 615	(10,878)	\$(412,132)	\$ 324,281	\$ 435,052	\$ (98,909)	\$ 248,907
Cumulative effect adjustment related to adoption of share-based compensation standard (ASU 2016-09)					546	2,000		2,546
Issuance of ordinary shares due to share option exercises, net of shares withheld for taxes			120	5,199	(493)			4,706
Issuance of ordinary shares in conjunction with WIRmachenDRUCK acquisition			112	4,900	3,910			8,810
Restricted share units vested, net of shares withheld for taxes			180	3,857	(11,326)			(7,469)
Grant of restricted share awards			82	3,094	(3,094)			—
Excess tax benefits from share-based compensation					—			—
Share-based compensation expense					21,368			21,368
Purchase of ordinary shares			(2,160)	(153,467)				(153,467)

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

Net income attributable to Cimpress N.V. ....						54,349			54,349
Redeemable noncontrolling interest accretion to redemption value .....						(4,919)			(4,919)
Net unrealized loss on derivative instruments designated and qualifying as cash flow hedges .....							(917)		(917)
Unrealized gain on marketable securities .....							517		517
Foreign currency translation, net of hedges .....							(9,267)		(9,267)
Unrealized gain on pension benefit obligation, net of tax .....							561		561
Balance at June 30, 2016 .....	<u>44,080</u>	<u>\$ 615</u>	<u>(12,544)</u>	<u>\$(548,549)</u>	<u>\$ 335,192</u>	<u>\$ 486,482</u>	<u>\$ (108,015)</u>	<u>\$</u>	<u>165,725</u>

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

	Year Ended June,		
	2016	2015	2014
<b>Operating activities</b>			
Net income	\$ 50,411	\$ 89,312	\$ 43,316
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	131,918	97,500	72,282
Impairment of goodwill	30,841	—	—
Share-based compensation expense	23,772	24,075	27,786
Deferred taxes	(15,922)	(14,940)	(12,807)
Abandonment of long-lived assets	10,979	—	—
Loss on sale of equity method investment	—	—	12,681
Loss in equity interests	—	—	2,704
Unrealized (gain) loss on derivatives not designated as hedging instruments included in net income	(8,163)	(1,868)	425
Change in fair value of contingent consideration	—	14,890	2,192
Payment of contingent consideration in excess of acquisition date fair value	(8,613)	(8,055)	—
Effect of exchange rate changes on monetary assets and liabilities denominated in non-functional currency	(9,199)	(6,455)	748
Other non-cash items	5,784	4,130	1,335
Gain on proceeds from insurance	(3,136)	—	—
Changes in operating assets and liabilities:			
Accounts receivable	6,766	2,057	4,008
Inventory	(11)	(4,491)	(1,055)
Prepaid expenses and other assets	(7,668)	8,597	(15,336)
Accounts payable	25,670	(4,026)	14,945
Accrued expenses and other liabilities	13,929	41,296	515
Net cash provided by operating activities	<u>247,358</u>	<u>242,022</u>	<u>153,739</u>
<b>Investing activities</b>			
Purchases of property, plant and equipment	(80,435)	(75,813)	(72,122)
Business acquisitions, net of cash acquired	(164,412)	(123,804)	(216,384)
Purchases of intangible assets	(476)	(250)	(116)
Capitalization of software and website development costs	(26,324)	(17,323)	(9,749)
Purchase of available-for-sale securities	—	—	(4,629)
Investment in equity interests	—	—	(4,994)
Proceeds from insurance related to investing activities	3,624	—	—
Other investing activities	2,485	—	1,010
Net cash used in investing activities	<u>(265,538)</u>	<u>(217,190)</u>	<u>(306,984)</u>
<b>Financing activities</b>			
Proceeds from borrowings of debt	598,008	367,500	482,800
Proceeds from issuance of senior notes	—	275,000	—
Payments of debt and debt issuance costs	(430,692)	(588,293)	(274,854)
Payment of purchase consideration included in acquisition-date fair value	(7,330)	(11,105)	—
Payments of withholding taxes in connection with equity awards	(7,467)	(29,351)	(9,430)
Payments of capital lease obligations	(13,933)	(5,750)	(1,297)
Purchase of ordinary shares	(153,467)	—	(42,016)
Proceeds from issuance of ordinary shares	4,705	13,123	4,425

See accompanying notes.

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

	Year Ended June,		
	2016	2015	2014
<b>Financing activities (continued)</b>			
Capital contribution from noncontrolling interest . . . . .	5,141	4,160	4,821
Other financing activities . . . . .	(303)	(118)	—
Net cash (used in) provided by financing activities . . . . .	(5,338)	25,166	164,449
Effect of exchange rate changes on cash . . . . .	(2,640)	(8,922)	1,239
Net (decrease) increase in cash and cash equivalents . . . . .	(26,158)	41,076	12,443
Cash and cash equivalents at beginning of period . . . . .	103,584	62,508	50,065
Cash and cash equivalents at end of period . . . . .	\$ 77,426	\$ 103,584	\$ 62,508

**Supplemental disclosures of cash flow information:**

Cash paid during the period for:

Interest . . . . .	\$ 37,623	\$ 8,520	\$ 6,446
Income taxes . . . . .	19,750	14,284	18,485

**Non-cash investing and financing activities:**

Capitalization of construction costs related to financing lease obligation . . . . .	\$ 19,264	\$ 86,198	\$ 18,117
Property and equipment acquired under capital leases . . . . .	7,535	13,194	—
Amounts due for acquisitions of businesses . . . . .	5,868	20,122	21,582

See accompanying notes.

**CIMPRESS N.V.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**Years Ended June 30, 2016, 2015 and 2014**  
**(in thousands, except share and per share data)**

**1. Description of the Business**

We are a technology driven company that aggregates, via the Internet, large volumes of small, individually customized orders for a broad spectrum of print, signage, apparel and similar products. We fulfill those orders with manufacturing capabilities that include Cimpress owned and operated manufacturing facilities and a network of third-party fulfillers to create customized products for customers on-demand. We bring our products to market through a portfolio of focused brands serving the needs of micro, small and medium sized businesses, resellers and consumers. These brands include Vistaprint, our global brand for micro business marketing products and services, as well as brands that we have acquired that serve the needs of various market segments, including resellers, small and medium businesses with differentiated service needs, and consumers purchasing products for themselves and their families.

**2. Summary of Significant Accounting Policies**

**Basis of Presentation**

The consolidated financial statements include the accounts of Cimpress N.V., its wholly owned subsidiaries, entities in which we maintain a controlling financial interest, and those entities in which we have a variable interest and are the primary beneficiary. Intercompany balances and transactions have been eliminated. Investments in entities in which we can exercise significant influence, but do not own a majority equity interest or otherwise control, are accounted for using the equity method and are included as investments in equity interests on the consolidated balance sheets.

**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.

**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 \$409 and \$543 as of June 30, 2016 and 2015, respectively, and are included in other assets in the accompanying consolidated balance sheets.

**Marketable Securities**

We determine the appropriate classification of marketable securities at the date of purchase and reevaluate the classification at each balance sheet date. Our marketable securities are classified as "available-for-sale" and carried at fair value, with the unrealized gains and losses, net of taxes if applicable, reported as a separate component of accumulated other comprehensive (loss) income. We review our investments for other-than-temporary impairment whenever the fair value of the investment is less than the amortized cost and evidence indicates that the investment's carrying amount is not recoverable within a reasonable period of time. Any decline in value that is determined to be other than temporary is recognized as expense in our consolidated statement of operations in the period the impairment is identified.

## **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 market value using the first-in, first-out method. Costs to produce free products are included in cost of revenues as incurred.

## **Property, Plant and Equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and amortization. Additions and improvements that substantially extend the useful life of a particular asset are capitalized while repairs and maintenance costs are expensed as incurred. Assets that qualify for the capitalization of interest cost during their construction period are evaluated on a per project basis and, if material, the costs are capitalized. No interest costs associated with our construction projects were capitalized in fiscal 2016 or 2015 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. 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, 2016, 2015 and 2014 was \$14,355, \$8,666 and \$4,985, respectively, resulting in accumulated amortization of \$34,737 and \$21,608 at June 30, 2016 and 2015, respectively.

## **Leases**

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

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

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



## Insurance Recoveries

During the year ended June 30, 2016, we received \$11,943 in cash for payments from an insurance settlement related to a fire that occurred at our Venlo, Netherlands production facility during the first quarter of fiscal 2016. Insurance proceeds related to incurred losses are recognized when recovery is probable, while business interruption recoveries follow the gain contingency model and are recognized when realized or realizable and earned. The insurance proceeds were used to offset incurred losses, including the write-off of the net book value of damaged machinery, equipment and inventory and property-related cleanup costs, as well as claim preparation costs. We also received insurance proceeds for business interruption losses for increased shipping and outsourcing costs recognized as a reduction to cost of revenue and lost profits recognized as a gain within other income (expense), net.

During the year ended June 30, 2016, we recognized \$7,996 as a reduction of expenses, including \$2,634 relating to business interruption recoveries recognized as a reduction to cost of revenue. We recognized a net gain of \$3,947 as a component of other income (expense), net in our consolidated statement of operations, including \$811 for business interruption lost profits, with the remainder related the recovery of the replacement value of damaged machinery and equipment in excess of carrying value. As of June 30, 2016, this insurance claim is closed, and we do not anticipate any additional recoveries relating to this claim.

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

## Long-Lived Assets

Long-lived assets with a finite life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets might not be recoverable. Conditions that would necessitate an impairment assessment include a significant decline in the observable market value of an asset, a significant change in the extent or manner in which an asset is used, or any other significant adverse change that would indicate that the carrying amount of an asset or group of assets may not be recoverable. During the year ended June 30, 2016 we committed to plans to abandon certain manufacturing equipment and recognized a loss of \$10,979 in cost of revenue during the period. We did not recognize any abandonment charges during the fiscal years ended June 30, 2015 and 2014.

## Business Combinations

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

The consideration for our acquisitions often includes future payments that are contingent upon the occurrence of a particular event. For acquisitions that qualify as business combinations, we record an obligation for such contingent payments at fair value on the acquisition date. We estimate the fair value of contingent consideration obligations through valuation models that incorporate probability adjusted assumptions related to the

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

## **Goodwill**

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

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

During the fourth quarter of fiscal 2016, we changed our annual impairment test date from January 1 to May 31 to better align with our annual budget and capital allocation cycle. This change did not result in the delay, acceleration or avoidance of an impairment charge. We elected to reestablish a baseline fair value for each reporting unit and performed a quantitative analysis as of May 31, 2016, and there were no indications of impairment. There have been no indications of impairment that would require an updated analysis as of June 30, 2016.

## **Debt Issuance Costs**

Expenses associated with the issuance of debt instruments are capitalized and are amortized over the terms of the respective financing arrangement using the effective interest method, or on a straight-line basis through the maturity date for our revolving credit facility. During the years ended June 30, 2016 and 2015, we capitalized debt issuance costs related to our senior secured credit facility and senior unsecured notes of \$151 and \$6,229, respectively. Amortization and write-off of these costs is included in interest expense, net in the consolidated statements of operations and amounted to \$1,588, \$1,272 and \$765, for the years ended June 30, 2016, 2015 and 2014, respectively. Unamortized debt issuance costs were \$7,010 and \$8,447 as of June 30, 2016 and 2015, respectively. When we make changes to our financing arrangements, we re-evaluate the capitalization of these costs which could result in the immediate recognition of any unamortized debt issuance costs in our statement of operations.

## **Investments in Equity Interests**

We record our share of the results of investments in equity interests and any related amortization, within loss in equity interests on the consolidated statements of operations. We review our investments for other-than-temporary impairment whenever events or changes in business circumstances indicate that the carrying value of the investment may not be fully recoverable. Investments identified as having an indication of impairment are subject to further analysis to determine if the impairment is other-than-temporary and this analysis requires estimating the fair value of the investment, which involves considering factors such as comparable valuations of public companies similar to the entity in which we have an equity investment, current economic and market conditions, the operating performance of the entities including current earnings trends and forecasted cash flows, and other entity and industry specific information.

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

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

## 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 included as a component of each related operating expense within our consolidated statement of operations. We recognized \$381, \$3,202 and \$5,980 in restructuring related expenses for the years ended June 30, 2016, 2015 and 2014, respectively.

## Shareholders' Equity

### *Comprehensive Income (loss)*

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

## **Treasury Shares**

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

## **Revenue Recognition**

We generate revenue primarily from the sale and shipping of customized manufactured products, as well as providing digital services, website design and hosting, email marketing services, order referral fees and other third party offerings. We recognize revenue arising from sales of products and services when we have persuasive evidence of an arrangement, the product has been shipped or service rendered with no significant post-delivery obligations on our part, the net sales price is fixed or determinable and collectability is reasonably assured. For subscription services we recognize revenue for the fees charged to customers ratably over the term of the service arrangement. Revenue is recognized net of discounts we offer to our customers as part of advertising campaigns. Revenue from sales of prepaid orders on our websites are deferred until shipment of fulfilled orders or until the prepaid service has been rendered.

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

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

For promotions through discount voucher websites, we recognize revenue on a gross basis, as we are the primary obligor, when redeemed items are shipped. As the vouchers do not expire, any unredeemed vouchers are recorded as deferred revenue. We recognize revenue on the portion of unredeemed vouchers when the likelihood of redemption becomes remote (referred to as "breakage") and we determine there is no legal obligation to remit the value of the unredeemed coupons to government agencies. We estimate the breakage rate based upon the pattern of historical redemptions. Prior to the fourth quarter of fiscal 2015, we did not have sufficient historical data to reasonably estimate breakage and, therefore, did not recognize any breakage revenue. During the fourth quarter of fiscal 2015, we concluded that we had accumulated sufficient historical data from a large pool of homogeneous transactions to allow us to reasonably and objectively determine an estimated pattern of historical redemptions in accordance with our accounting policy. Accordingly, we recognized \$3,997 of breakage revenue during fiscal 2015 as a result of this change in estimate, and our basic and diluted earnings per share for fiscal 2015 increased by \$0.12. We recognized an immaterial amount of breakage revenue in fiscal 2016 and we do not expect this accounting estimate to have a material impact in future periods.

A reserve for sales returns or replacements and allowances is recorded based on historical experience or specific identification of an event necessitating a reserve.

## **Advertising Expense**

Advertising costs are expensed as incurred and included in marketing and selling expense. Advertising expense for the years ended June 30, 2016, 2015 and 2014 was \$305,701, \$286,132 and \$267,655, 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, 2016, 2015 and 2014 was \$35,449,

\$30,849 and \$26,423, 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. During fiscal 2016, we adopted the new share-based compensation accounting standard, which results in the recognition of excess tax benefits as part of our income tax provision within the consolidated statements of operations, previously recognized within shareholders' equity.

## 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.

## Other income (expense), net

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

	Year Ended June 30,		
	2016	2015	2014
Gains (losses) on derivatives not designated as hedging instruments (1)	\$ 14,026	\$ 9,317	\$ (7,473)
Currency related gains (losses), net (2)	6,864	10,245	(1,764)
Loss on disposal of Namex	—	—	(12,681)
Other gains (3)	5,208	572	288
Total other income (expense), net	\$ 26,098	\$ 20,134	\$ (21,630)

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

(2) We have significant non-functional currency intercompany financing relationships subject to currency exchange rate volatility and the net currency related gains (losses) for the years ended June 30, 2016, 2015 and 2014 are primarily driven by this intercompany activity. Includes unrealized losses of \$1,991 for the fiscal year ended June 30, 2016 related to certain cross-currency swaps designated as cash flow hedges which offset unrealized gains on the remeasurement of certain intercompany loans.

(3) Primarily relates to a gain of \$3,947 for the fiscal year ended June 30, 2016, related to insurance proceeds received for an insurance claim resulting from a fire at our Venlo, Netherlands production facility.

## Net Income Per Share Attributable to Cimpres N.V.

Basic net income per share attributable to Cimpres N.V. is computed by dividing net income attributable to Cimpres N.V. by the weighted-average number of ordinary shares outstanding for the respective period. Diluted

net income per share attributable to Cimpres N.V. gives effect to all potentially dilutive securities, including share options, restricted share units ("RSUs") and restricted share awards ("RSAs"), 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,		
	2016 (1)	2015	2014
Weighted average shares outstanding, basic	31,656,234	32,644,870	32,873,234
Weighted average shares issuable upon exercise/vesting of outstanding share options/RSUs/RSAs	1,393,220	1,171,628	1,366,675
Shares used in computing diluted net income per share attributable to Cimpres N.V.	33,049,454	33,816,498	34,239,909
Weighted average anti-dilutive shares excluded from diluted net income per share attributable to Cimpres N.V.	35,725	289,356	953,100

(1) During fiscal 2016, we adopted the new share-based compensation accounting standard which updates the treasury stock method for calculating dilutive shares by excluding any assumed proceeds for excess tax benefits, which resulted in an increase of our weighted average diluted shares of 205,000. As the standard required the prospective adoption of this component of the the standard, we have not revised any of the prior periods presented.

## 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. The fair value of share options is determined using the Black-Scholes valuation model, or lattice model for share options with a market condition or subsidiary share options. The fair value of RSUs and RSAs is determined based on the quoted price of our ordinary shares on the date of the grant. Such value is recognized ratably as expense over the requisite service period, or on an accelerated method for awards with a performance or market condition. For awards that are ultimately settleable in cash, we treat as liability awards and mark the award to market each reporting period recognizing any gain or loss in our statements of operations. For awards with a performance condition vesting feature, compensation cost is recorded if it is probable that the performance condition will be achieved. During fiscal 2016, we adopted the new share-based compensation accounting standard and elected to recognize the impact of forfeitures as they occur.

### *Sabbatical Leave*

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

## Concentrations of Credit Risk

We monitor the creditworthiness of our customers to which we grant credit terms in the normal course of business. We do not have any customers that account for greater than 10% of our accounts receivable as of June 30, 2016 and we had one channel partner that represented 13% of our total accounts receivable as of June 30, 2015. We do not have any customers that accounted for greater than 10% of our revenue for the years ended June 30, 2016, 2015 and 2014.

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.

## Recently Issued or Adopted Accounting Pronouncements

### *New Accounting Standards Adopted*

In March 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2016-09, "Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting," (ASU 2016-09), which requires all excess tax benefits and deficiencies on share-based payment awards to be recognized as income tax expense or benefit in the statement of operations. In addition, the tax effects of exercised or vested awards should be treated as discrete items in the reporting period in which they occur and excess tax benefits should be classified with other income tax cash flows as an operating activity. The standard permits early adoption in any annual or interim period and will be applied by means of a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption.

We elected to early adopt this guidance for fiscal year 2016 which requires us to reflect any adjustments to the statement of operations as of the beginning of our annual period, July 1, 2015. The adoption of this standard resulted in a tax benefit of \$3,456, which previously would have been recognized in additional paid-in capital. We also recognized the cumulative effect of certain off-balance sheet attributes within shareholders' equity of \$2,334, as part of retained earnings. In addition, when applying the treasury stock method for calculating dilutive shares, we excluded any assumed proceeds for excess tax benefits, which resulted in an increase of our weighted average diluted shares of 205,000. We elected to account for forfeitures as they occur, rather than estimate expected forfeitures which resulted in an immaterial increase in stock-based compensation for the year ended June 30, 2016 and a cumulative-effect adjustment to retained earnings as of the beginning of the current period of \$555. For the year ended June 30, 2016, our adoption of the standard resulted in a \$0.11 and \$0.09 increase in basic and diluted net income per share, respectively.

We elected to apply the change related to the presentation of excess tax benefits on the consolidated statement of cash flows on a retrospective basis, which has resulted in a \$13,146 and \$5,159 increase to net cash provided by operating activities and a corresponding decrease to net cash provided by financing activities in the consolidated statement of cash flows for the years ended June 30, 2015 and 2014, respectively.

In November 2015, the FASB issued Accounting Standards Update No. 2015-17, "Balance Sheet Classification of Deferred Taxes," (ASU 2015-17), which requires an entity to present deferred tax assets and liabilities, along with any related valuation allowance, as noncurrent on the balance sheet. The new standard is effective for us on July 1, 2017, with early adoption permitted. We elected to early adopt this guidance for the second quarter of fiscal year 2016 on a prospective basis and therefore have not retrospectively adjusted any prior reporting periods. The adoption of this standard did not have a material effect on our consolidated financial statements.

In April 2015, the FASB issued Accounting Standards Update No. 2015-03, "Interest- Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs," (ASU 2015-03), which requires an entity to present debt issuance costs related to recognized debt liability in the balance sheet as a direct deduction from the carrying amount of that debt liability. The new standard is effective for us on July 1, 2016 and early adoption is permitted. We elected to early adopt this new guidance effective for the first quarter of fiscal year 2016 and we have applied the changes retrospectively to all periods presented. The adoption of this standard did not have a material effect on our consolidated financial statements.

#### *Issued Accounting Standards to be Adopted*

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

In March 2016, the FASB issued Accounting Standards Update No. 2016-02, "Leases (Topic 842)," (ASU 2016-02), which requires the recognition of lease assets and lease liabilities by lessees for those leases currently classified as operating lease. The standard also retains a distinction between finance leases and operating leases. The new standard is effective for us on July 1, 2019. The standard permits early adoption. We are still evaluating the effect that ASU 2016-02 will have on our consolidated financial statements but expect the standard to have a

material impact on our assets and liabilities for the addition of right-of-use assets and lease liabilities, but we currently do not expect it to have a material impact on our results from operations or liquidity.

In January 2016, the FASB issued Accounting Standards Update No. 2016-01, "Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities," (ASU 2016-01) which requires an entity to recognize the fair value change of equity securities with readily determinable fair values in net income which was previously recognized within other comprehensive income. The new standard is effective for us on July 1, 2018. The standard does not permit early adoption and should be applied by means of a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption. The impact of ASU 2016-01 will result in the recognition of fair value changes for our available-for-sale securities within earnings. While we do not believe the impact will be material based on our current investments, it could create volatility in our consolidated statement of operations.

In September 2015, the FASB issued Accounting Standards Update No. 2015-16, "Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments," (ASU 2015-16) which requires that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. The new standard is effective for us on July 1, 2016 and we do not expect the adoption of this standard to have a material impact on our consolidated financial statements.

In July 2015, FASB issued Accounting Standards Update No. 2015-11, "Simplifying the Measurement of Inventory," (ASU 2015-11) which requires an entity to measure inventory at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The new standard is effective for us on July 1, 2017 and will be applied prospectively as of the interim or annual period of adoption. We do not expect the effect of ASU 2015-11 to have a material impact on our consolidated financial statements.

In February 2015, the FASB issued Accounting Standards Update No. 2015-02, "Consolidation (Topic 810): Amendments to the Consolidation Analysis," (ASU 2015-02) which places more emphasis in the consolidation evaluation on variable interests other than fee arrangements such as principal investment risk (for example, debt or equity interests), guarantees of the value of the assets or liabilities of the VIE, written put options on the assets of the VIE, or similar obligations. The new standard is effective for us on July 1, 2016. The standard permits early adoption and the use of a modified retrospective approach by recording a cumulative-effect adjustment to equity as of the beginning of the fiscal year of adoption or by applying it retrospectively. We do not expect the effect of ASU 2015-02 to have a material impact on our consolidated financial statements.

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, "Revenue from Contracts with Customers," (ASU 2014-09) which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. This guidance will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The FASB has elected to defer the effective date to fiscal years beginning after December 15, 2017, which would result in an effective date for us of July 1, 2018, with early application permitted one year earlier. The standard permits the use of either the retrospective or cumulative catch-up transition method. We are currently evaluating the adoption method for ASU 2014-09 but do not expect it to have a material impact on our consolidated financial statements.

### 3. Fair Value Measurements

The following table summarizes our investments in available-for-sale securities:

	June 30, 2016		
	Amortized Cost Basis (2)	Unrealized gain	Estimated Fair Value
<b>Available-for-sale securities</b>			
Plaza Create Co. Ltd. common shares (1) .....	\$ 4,405	\$ 3,488	\$ 7,893
Total investments in available-for-sale securities .....	<u>\$ 4,405</u>	<u>\$ 3,488</u>	<u>\$ 7,893</u>



	June 30, 2015		
	Amortized Cost Basis (2)	Unrealized gain	Estimated Fair Value
<b>Available-for-sale securities</b>			
Plaza Create Co. Ltd. common shares (1) .....	\$ 3,939	\$ 2,971	\$ 6,910
Total investments in available-for-sale securities .....	<u>\$ 3,939</u>	<u>\$ 2,971</u>	<u>\$ 6,910</u>

(1) On February 28, 2014, we purchased shares in our publicly traded Japanese joint venture partner. Refer to Note 15 for further discussion of the separate joint business arrangement.

(2) Amortized cost basis represents our initial investment adjusted for currency translation.

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, 2016			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets</b>				
Available-for-sale securities .....	\$ 7,893	\$ 7,893	\$ —	\$ —
Currency forward contracts .....	9,821	—	9,821	—
Total assets recorded at fair value .....	<u>\$ 17,714</u>	<u>\$ 7,893</u>	<u>\$ 9,821</u>	<u>\$ —</u>
<b>Liabilities</b>				
Interest rate swap contracts .....	\$ (2,180)	\$ —	\$ (2,180)	\$ —
Cross-currency swap contracts .....	(8,850)	—	(8,850)	—
Currency forward contracts .....	(315)	—	(315)	—
Contingent consideration .....	(1,212)	—	—	(1,212)
Total liabilities recorded at fair value .....	<u>\$ (12,557)</u>	<u>\$ —</u>	<u>\$ (11,345)</u>	<u>\$ (1,212)</u>

June 30, 2015

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets</b>				
Available-for-sale securities .....	\$ 6,910	\$ 6,910	\$ —	\$ —
Currency forward contracts .....	1,902	—	1,902	—
Total assets recorded at fair value .....	<u>\$ 8,812</u>	<u>\$ 6,910</u>	<u>\$ 1,902</u>	<u>\$ —</u>
<b>Liabilities</b>				
Interest rate swap contracts .....	\$ (1,150)	\$ —	\$ (1,150)	\$ —
Cross-currency swap contracts .....	(8,433)	—	(8,433)	—
Currency forward contracts .....	(407)	—	(407)	—
Contingent consideration .....	(7,833)	—	—	(7,833)
Total liabilities recorded at fair value .....	<u>\$ (17,823)</u>	<u>\$ —</u>	<u>\$ (9,990)</u>	<u>\$ (7,833)</u>

During the years ended June 30, 2016 and 2015, 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, 2016, we have assessed the significance of the impact of the credit valuation adjustments on the overall valuation of our derivative positions and have determined that the credit valuation adjustments are not significant to the overall valuation of our derivatives. As a result, we have determined that our derivative valuations in their entirety are classified in Level 2 in the fair value hierarchy.

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

Our contingent consideration liability as of June 30, 2016 is related to the acquisition of WIRmachenDRUCK on February 1, 2016 which included a contingent payment based on the achievement of a cumulative gross profit target for calendar years 2016 and 2017. The fair value of the contingent consideration is \$1,212 and it is payable during the third quarter of fiscal 2018. See Note 8 for additional details related to the transaction.

During the years ended June 30, 2016 and 2015, the following table represents the changes in fair value of Level 3 contingent consideration:

	Total contingent consideration
Balance at June 30, 2014 (1)	\$ 16,072
Fair value adjustment	14,890
Cash payments (4)	(19,160)
Foreign currency impact	(3,969)
Balance at June 30, 2015 (2)	\$ 7,833
Fair value at acquisition date	1,185
Fair value adjustment	—
Cash payments (4)	(7,819)
Foreign currency impact	13
Balance at June 30, 2016 (3)	\$ 1,212

(1) Of the total contingent consideration outstanding as of June 30, 2014, \$6,276 was classified as a current liability and \$9,796 was classified as a long-term liability.

(2) Of the total contingent consideration outstanding as of June 30, 2015, \$7,833 was classified as a current liability.

(3) Of the total contingent consideration outstanding as of June 30, 2016, \$1,212 was classified as a long-term liability.

(4) Contingent consideration payments during the year ended June 30, 2015, included \$8,270 for the Printdeal earn-out arrangement and \$10,890 for the Pixartprinting earn-out arrangement. Payments during the year ended June 30, 2016, included \$7,819 for the Printdeal earn-out arrangement. For additional discussion relating to these earn-out arrangements refer to Note 8.

As of June 30, 2016 and June 30, 2015, the carrying amounts of our cash and cash equivalents, accounts receivables, accounts payable, and other current liabilities approximated their estimated fair values. As of June 30, 2016 and 2015 the carrying value of our debt, excluding debt issuance costs and debt discounts was \$685,897 and \$523,036, respectively, and the fair value was \$686,409 and \$539,752, respectively. Our debt at June 30, 2016 includes a variable rate debt instrument indexed to LIBOR that resets periodically and fixed rate debt instruments. The estimated fair value of our debt was determined using available market information based on recent trades or activity of debt instruments with substantially similar risks, terms and maturities, which fall within Level 2 under the fair value hierarchy. The estimated fair value of assets and liabilities disclosed above may not be representative of actual values that could have been or will be realized in the future.

#### 4. Derivative Financial Instruments

We use derivative financial instruments, such as interest rate swap contracts, cross-currency swap contracts, and currency forward 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, the effective portion of changes in the fair value of the derivative is recorded in accumulated other comprehensive (loss) income and is subsequently reclassified into earnings in the period the hedged forecasted transaction affects earnings. If a derivative is deemed to be ineffective, the ineffective portion of the change in fair value of the derivative is recognized directly in earnings. The change in the fair value of derivatives not designated as hedges is recognized directly in earnings, as a component of other 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.

During the year ended June 30, 2016, we held one interest rate swap instrument that was determined to be ineffective. We did not hold any interest rate swaps that were determined to be ineffective during the year ended June 30, 2015.

Amounts reported in accumulated other comprehensive (loss) income related to interest rate swap contracts will be reclassified to interest expense as interest payments are accrued or made on our variable-rate

debt. As of June 30, 2016, we estimate that \$621 will be reclassified from accumulated other comprehensive (loss) income to interest expense during the twelve months ending June 30, 2017. As of June 30, 2016, we had five outstanding interest rate swap contracts indexed to one-month LIBOR. These instruments were designated as cash flow hedges of interest rate risk and have varying start dates and maturity dates through June 2019.

<b>Interest rate swap contracts outstanding:</b>	<b>Notional Amounts</b>
Contracts accruing interest as of June 30, 2016 .....	\$ 115,000
Contracts with a future start date .....	65,000
Total .....	<u>\$ 180,000</u>

## **Hedges of Currency Risk**

### *Cross-Currency Swap Contracts*

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

Cross-currency swap contracts designated as cash flow hedges are executed to mitigate our currency exposure to the interest receipts as well as the principal remeasurement and repayment associated with certain intercompany loans denominated in a currency other than our reporting currency, the U.S. Dollar. As of June 30, 2016, we had two outstanding cross-currency swap contracts designated as cash flow hedges with a total notional amount of \$120,011, both maturing during June 2019. We entered into the two cross-currency swap contracts to hedge the risk of changes in one Euro denominated intercompany loan entered into with one of our consolidated subsidiaries that has the Euro as its functional currency.

During the year ended June 30, 2016, we recorded unrealized losses, net of tax, in accumulated other comprehensive (loss) income in the amount \$769. Amounts reported in accumulated other comprehensive (loss) income 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, 2016, we estimate that \$1,921 will be reclassified from accumulated other comprehensive (loss) income to other income, net during the twelve months ending June 30, 2017.

Cross-currency swap contracts designated as net investment hedges are executed to mitigate our currency exposure of net investments in subsidiaries that have reporting currencies other than U.S. Dollar. As of June 30, 2016, we had two outstanding cross-currency swap contracts designated as net investment hedges with a total notional amount of \$122,969, both maturing during April 2019. We entered into the two cross-currency swap contracts to hedge the risk of changes in the U.S. Dollar equivalent value of a portion of our net investment in a consolidated subsidiary that has the Euro as its functional currency. During the year ended June 30, 2016, we recorded unrealized gains, net of tax, in accumulated other comprehensive (loss) income as a component of our cumulative translation adjustment in the amount of \$2,951.

We did not hold any cross-currency swap contracts that were determined to be ineffective during the year ended June 30, 2016.

### *Currency Forward Contracts*

We execute currency forward contracts in order to mitigate our exposure to fluctuations in various currencies against our reporting currency, the U.S. Dollar. As of June 30, 2016, we had one currency forward contract designated as a net investment hedge with a total notional amount of \$31,727, maturing during June 2019. We entered into the currency forward contract designated as a net investment hedge to hedge the risk of changes in the U.S. Dollar equivalent value of a portion of our net investment in a consolidated subsidiary that has the Euro as its functional currency.

We have elected not to apply hedge accounting for all other currency forward contracts. During the years ended June 30, 2016, 2015 and 2014, 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 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, 2016, we had the following outstanding currency forward contracts that were not designated for hedge accounting and were used to hedge fluctuations in the U.S. Dollar value of forecasted transactions denominated in Australian Dollar, Canadian Dollar, Danish Krone, Euro, Great British Pound, Indian Rupee, New Zealand Dollar, Norwegian Krone, Swedish Krona, and Swiss Franc:

Notional Amount	Effective Date	Maturity Date	Number of Instruments	Index
\$323,239	March 2015 through June 2016	Various dates through December 2017	455	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, 2016 and 2015:

	June 30, 2016							
	Asset Derivatives				Liability Derivatives			
	Balance Sheet line item	Gross amounts of recognized assets	Gross amount offset in consolidated balance sheet	Net amount	Balance Sheet line item	Gross amounts of recognized liabilities	Gross amount offset in consolidated balance sheet	Net amount
<b>Derivatives designated as hedging instruments</b>								
<b>Derivatives in Cash Flow Hedging Relationships</b>								
Interest rate swaps	Other non-current assets	\$ —	\$ —	\$ —	Other current liabilities / other liabilities	\$ (2,180)	\$ —	\$ (2,180)
Cross-currency swaps	Other non-current assets	—	—	—	Other liabilities	(2,080)	—	(2,080)
<b>Derivatives in Net Investment Hedging Relationships</b>								
Cross-currency swaps	Other non-current assets	—	—	—	Other liabilities	(6,770)	—	(6,770)
Currency forward contracts	Other non-current assets	—	—	—	Other liabilities	(165)	—	(165)
Total derivatives designated as hedging instruments		\$ —	\$ —	\$ —		\$ (11,195)	\$ —	\$ (11,195)
<b>Derivatives not designated as hedging instruments</b>								
Currency forward contracts	Other current assets / other assets	\$ 10,748	\$ (927)	\$ 9,821	Other current liabilities / other liabilities	\$ (508)	\$ 358	\$ (150)
Total derivatives not designated as hedging instruments		\$ 10,748	\$ (927)	\$ 9,821		\$ (508)	\$ 358	\$ (150)

June 30, 2015

	Asset Derivatives				Liability Derivatives			
	Balance Sheet line item	Gross amounts of recognized assets	Gross amount offset in consolidated balance sheet	Net amount	Balance Sheet line item	Gross amounts of recognized liabilities	Gross amount offset in consolidated balance sheet	Net amount
<b>Derivatives designated as hedging instruments</b>								
<b>Derivatives in Cash Flow Hedging Relationships</b>								
Interest rate swaps	Other non-current assets	\$ —	\$ —	\$ —	Other current liabilities / other liabilities	\$ (1,087)	\$ —	\$ (1,087)
<b>Derivatives in Net Investment Hedging Relationships</b>								
Cross-currency swaps	Other non-current assets	—	—	—	Other liabilities	(8,433)	—	(8,433)
Total derivatives designated as hedging instruments		<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>		<u>\$ (9,520)</u>	<u>\$ —</u>	<u>\$ (9,520)</u>
<b>Derivatives not designated as hedging instruments</b>								
Interest rate swaps	Other non-current assets	\$ —	\$ —	\$ —	Other liabilities	\$ (63)	\$ —	\$ (63)
Currency forward contracts	Other current assets	3,256	(1,354)	1,902	Other current liabilities	(1,792)	1,385	(407)
Total derivatives not designated as hedging instruments		<u>\$ 3,256</u>	<u>\$ (1,354)</u>	<u>\$ 1,902</u>		<u>\$ (1,855)</u>	<u>\$ 1,385</u>	<u>\$ (470)</u>

The following table presents the effect of our derivative financial instruments designated as hedging instruments and their classification within comprehensive (loss) income for the years ended June 30, 2016, 2015 and 2014:

Derivatives in Hedging Relationships	Amount of Gain (Loss) Recognized in Comprehensive (Loss) Income on Derivatives (Effective Portion)		
	Year Ended June 30,		
	2016	2015	2014
In thousands			
<b>Derivatives in Cash Flow Hedging Relationships</b>			
Currency contracts that hedge revenue	\$ —	\$ —	\$ (107)
Currency contracts that hedge cost of revenue	—	—	59
Currency contracts that hedge technology and development expense	—	—	70
Currency contracts that hedge general and administrative expense	—	—	12
Interest rate swaps	(1,736)	(1,417)	(1,319)
Cross-currency swaps	(769)	(7,779)	—
<b>Derivatives in Net Investment Hedging Relationships</b>			
Cross-currency swaps	2,951	—	—
Currency forward contracts	(81)	—	—
	<u>\$ 365</u>	<u>\$ (9,196)</u>	<u>\$ (1,285)</u>

The following table presents reclassifications out of accumulated other comprehensive (loss) income for the years ended June 30, 2016, 2015 and 2014:

Details about Accumulated Other Comprehensive (Loss) Income Components	Amount Reclassified from Accumulated Other Comprehensive (Loss) Income to Net Income Gain (Loss)			Affected line item in the Statement of Operations
	Year Ended June 30,			
	2016	2015	2014	
<b>In thousands</b>				
<b>Derivatives in Cash Flow Hedging Relationships</b>				
Currency contracts that hedge revenue	\$ —	\$ —	\$ (120)	Revenue
Currency contracts that hedge cost of revenue	—	—	(112)	Cost of revenue
Currency contracts that hedge technology and development expense	—	—	122	Technology and development expense
Currency contracts that hedge general and administrative expense	—	—	11	General and administrative expense
Interest rate swaps	(947)	(1,087)	(372)	Interest expense, net
Cross-currency swaps	(1,171)	—	—	Other income (expense), net
Total before income tax	(2,118)	(1,087)	(471)	Income (loss) before income taxes
Income tax	531	272	75	Income tax provision
Total	<u>\$ (1,587)</u>	<u>\$ (815)</u>	<u>\$ (396)</u>	

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 our de-designated derivative financial instruments that no longer qualify as hedging instruments in the period:

Derivatives not classified as hedging instruments	Amount of Gain (Loss) Recognized in Income			Location of Gain (Loss) Recognized in Income (Ineffective Portion)
	Year Ended June 30,			
	2016	2015	2014	
<b>In thousands</b>				
Currency contracts	\$ 14,037	\$ 9,370	\$ (7,473)	Other income (expense), net
Interest rate swaps	(11)	(53)	—	Other income (expense), net
Total	<u>\$ 14,026</u>	<u>\$ 9,317</u>	<u>\$ (7,473)</u>	

## 5. Accumulated Other Comprehensive Loss

The following table presents a roll forward of amounts recognized in accumulated other comprehensive loss by component, net of tax of \$293, \$195 and \$218, for the years ended June 30, 2016, 2015 and 2014:

	Gains (losses) on cash flow hedges (1)	Gains (losses) on available for sale securities	Gains (losses) on pension benefit obligation	Translation adjustments, net of hedges (2)	Total
Balance as of June 30, 2013	\$ 86	\$ —	\$ —	\$ (11,642)	\$ (11,556)
Other comprehensive (loss) income before reclassifications	(1,285)	9,246	(2,724)	8,036	13,273
Amounts reclassified from accumulated other comprehensive (loss) income to net income	396	—	—	—	396
Net current period other comprehensive (loss) income	(889)	9,246	(2,724)	8,036	13,669
Balance as of June 30, 2014	(803)	9,246	(2,724)	(3,606)	2,113
Other comprehensive (loss) income before reclassifications	(1,417)	(6,275)	(388)	(93,757)	(101,837)
Amounts reclassified from accumulated other comprehensive (loss) income to net income	815	—	—	—	815
Net current period other comprehensive (loss) income	(602)	(6,275)	(388)	(93,757)	(101,022)
Balance as of June 30, 2015	(1,405)	2,971	(3,112)	(97,363)	(98,909)
Other comprehensive (loss) income before reclassifications	(2,504)	517	561	(9,267)	(10,693)
Amounts reclassified from accumulated other comprehensive (loss) income to net income	1,587	—	—	—	1,587
Net current period other comprehensive (loss) income	(917)	517	561	(9,267)	(9,106)
Balance as of June 30, 2016	\$ (2,322)	\$ 3,488	\$ (2,551)	\$ (106,630)	\$ (108,015)

(1) Gains (losses) on cash flow hedges include our interest rates swap and cross-currency swap contracts designated in cash flow hedging relationships.

(2) Translation adjustment is inclusive of the effects of our net investment hedges, of which, unrealized losses, net of tax of \$4,965 and \$7,779 have been included in accumulated other comprehensive loss as of June 30, 2016 and 2015, respectively.

## 6. Waltham Lease Arrangement

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

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

Property, plant and equipment, net, included \$120,168 and \$104,315 as of June 30, 2016 and 2015, respectively, related to the building. The financing lease obligation and deferred rent credit related to the building on our consolidated balance sheets was \$122,801 and \$104,315, respectively, as of June 30, 2016 and 2015.



## 7. Property, Plant and Equipment, Net

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

	Estimated useful lives	June 30,	
		2016	2015
Land improvements	10 years	2,137	2,146
Building and building improvements	10 - 30 years	300,558	162,468
Machinery and production equipment	4 - 10 years	270,835	251,366
Machinery and production equipment under capital lease	4 - 10 years	46,498	27,693
Computer software and equipment	3 - 5 years	148,853	125,520
Furniture, fixtures and office equipment	5 - 7 years	25,574	22,957
Leasehold improvements	Shorter of lease term or expected life of the asset	40,203	36,747
Construction in progress		5,910	138,582
		<u>840,568</u>	<u>767,479</u>
Less accumulated depreciation, inclusive of assets under capital lease		<u>(379,077)</u>	<u>(331,209)</u>
		461,491	436,270
Land		31,672	31,241
Property, plant, and equipment, net		<u>493,163</u>	<u>467,511</u>

Depreciation expense, inclusive of assets under capital leases, totaled \$76,435, \$62,970 and \$54,060 for the years ended June 30, 2016, 2015 and 2014, respectively.

## 8. Business Combinations

### *Fiscal 2016 Acquisitions*

#### **Acquisition of WIRmachenDRUCK GmbH**

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

In addition, we agreed to a sliding scale earn-out of up to €40,000 (\$43,395 based on the exchange rate as of the date of acquisition) based on the achievement of a cumulative gross profit target for calendar years 2016 and 2017 and is payable at our option in cash or ordinary shares. The estimated fair value of the earn-out as of the acquisition date was \$9,872, based on a Monte Carlo Simulation valuation model. We will re-evaluate the fair value of the earn-out on a quarterly basis and recognize any change in estimate in general and administrative expense. As of June 30, 2016 there has been no change in our fair value estimate of the earn-out as of the acquisition date.

As a portion of the earn-out attributed to the two majority selling shareholders is contingent upon their post-acquisition employment, \$8,687 is not included as part of the purchase consideration but will be recognized as compensation expense through the required employment period ending in December 2017. The remaining earn-out of \$1,185 not contingent upon post-acquisition employment is included as a component of purchase consideration. On July 15, 2016, as a result of a statutory tax notice we amended the terms of our contingent consideration arrangement with the two majority selling shareholders to remove the post-acquisition employment requirement. As the arrangement is no longer contingent upon continued employment, we will accelerate the remaining unrecognized compensation expense and adjust the existing liability to fair value. The amendment is considered a Type II subsequent event, and we will recognize approximately \$6,957 (based on the June 30, 2016 fair value) in general and administrative expense during the first quarter of fiscal 2017 in which period the arrangement was amended.

The acquisition supports our strategy to build a mass customization platform via focused brands and complements similar previous investments in Europe. WIRmachenDRUCK brings internet-based capabilities that aggregate and route large numbers of small orders to a network of specialized production partners. Their outsourced supply chain model allows them to compete across a vast selection of product types, formats, sizes, finishing options and delivery choices.

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

The table below details the consideration transferred to acquire WIRmachenDRUCK:

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

The excess of the purchase price paid over the fair value of WIRmachenDRUCK's net assets was recorded as goodwill, which is primarily attributed to expected expansion of the customer base and value of the workforce of WIRmachenDRUCK. Goodwill is not expected to be deductible for tax purposes, and has been attributed to our Upload and Print business units reportable segment. The fair value of the assets acquired and liabilities assumed was:

	<u>Amount</u>	<u>Weighted Average Useful Life in Years</u>
Tangible assets acquired and liabilities assumed		
Cash and cash equivalents	\$ 15,220	n/a
Other current assets	5,231	n/a
Other non-current assets	1,259	n/a
Accounts payable and other current liabilities	(17,566)	n/a
Deferred tax liability (1)	(26,863)	n/a
Identifiable intangible assets:		
Customer relationships	24,952	7
Trade name	24,952	15
Print network	23,867	9
Referral network	10,849	7
Developed technology	8,679	3
Goodwill (1)	91,515	n/a
Total purchase price	<u>\$ 162,095</u>	

(1) As we finalized our purchase accounting during the fourth quarter of fiscal 2016, a measurement period adjustment was identified resulting in a \$474 adjustment between goodwill and deferred tax liabilities.

### **Other fiscal 2016 acquisitions**

During the first quarter of fiscal 2016, we acquired two businesses that were not material to our results either individually or in the aggregate. Complementing our Upload and Print business units segment, we acquired all of the outstanding capital stock of Tradeprint Distribution Limited (formerly known as Fairprint Distribution Limited) and Litotipografia Alcione S.r.l. on July 31, 2015 and July 29, 2015, respectively. The aggregate consideration for these two acquisitions was \$25,547, net of cash acquired. The consideration was allocated to the fair value of the assets acquired and liabilities assumed based on estimated fair values as of the respective acquisition dates. The aggregate allocation to goodwill, intangible assets, and net tangible assets was \$9,571, \$14,359 and \$1,617, respectively.

Goodwill is calculated as the excess of the consideration over the fair value of the net assets, including intangible assets, and is primarily related to expected synergies from the transactions. The goodwill for these two acquisitions is not deductible for tax purposes, and has been attributed to our Upload and Print business units. The results of these acquisitions have been included in the consolidated financial statements from the date of purchase and are not material for the year ended June 30, 2016.

We utilized proceeds from our credit facility to finance our fiscal 2016 acquisitions. In connection with these acquisitions, we incurred transaction costs related to investment banking, legal, financial, and other professional services of \$1,289 during the year ended June 30, 2016. We have not presented pro forma results of the operations of the companies we acquired in fiscal 2016 because the effects of the acquired companies are not material to our consolidated financial statements.

### ***Fiscal 2015 Acquisitions***

#### **Acquisition of Exagroup SAS**

On April 15, 2015, we acquired 70% of the shares of Exagroup SAS, a French simplified joint stock company, for a purchase price of €91,305 (\$97,012 based on the exchange rate as of the date of acquisition), plus the post-closing adjustment of €4,575 (\$4,862 based on the exchange rate as of the date of payment) based on Exagroup's working capital and debt, of which €3,261 (\$3,678 based on the exchange rate on the payment date) was paid during fiscal 2016 and the remaining €1,314 is expected to be paid in fiscal 2019. All shareholders of Exagroup sold the entirety of their Exagroup holdings, with the exception of Nicolas Dematté and Marise Dematté (the "Remaining Shareholders"), who each retained a 15% ownership interest in Exagroup. We utilized proceeds from our credit facility to finance the acquisition. The acquisition supports our strategy of building a software-enabled operational platform that aggregates and optimizes the supply chain and production of mass customized products such as signage, printing, apparel and promotional products. Exagroup brings a large variety of high quality products and a sophisticated network of outsourcing partners that we expect, over time, to significantly expand the breadth and depth of the selection available on our mass customization platform.

Our consolidated financial statements include Exagroup from April 15, 2015, the date of acquisition. Exagroup's revenue included in our consolidated revenues for the year ended June 30, 2015 was \$18,155. Exagroup's net income included in our consolidated net income attributable to Cimpres N.V. for the year ended June 30, 2015 was \$563, inclusive of amortization of identifiable intangible assets.

#### ***Noncontrolling Interest***

At the closing, we entered into reciprocal put and call options with the Remaining Shareholders with respect to the 30% of Exagroup shares held by the Remaining Shareholders, pursuant to which each of the Remaining Shareholders has the right to put his or her Exagroup shares to us for a period of 30 days beginning on April 15, 2019. If one or both of the Remaining Shareholders does not exercise his or her put option, then we have the right to exercise our call option on such Remaining Shareholder's Exagroup shares for a period of 30 days beginning on January 10, 2020. If the put or call options are exercised, the aggregate purchase and sale price for such shares will be €39,000. We may pay an additional contingent payment that is dependent on Exagroup's achievement of certain revenue targets for calendar year 2017, as well as the continued employment of the Remaining Shareholders. This potential additional payment is contingent upon the Remaining Shareholders' post-acquisition employment and is recognized as compensation expense over the vesting period (through December 31, 2017). As of June 30, 2016, the maximum remaining contingent payment is €4,000 as one of the Remaining Shareholders ceased to be an employee during the period. We estimate the value of the potential payment based on the achievement targets to be zero as of June 30, 2016.

The table below details the consideration transferred to acquire Exagroup:

Cash paid . . . . .	\$	97,012
Working capital and debt adjustment . . . . .		4,832
Total consideration . . . . .	<u>\$</u>	<u>101,844</u>

The excess of the purchase price paid over the fair value of Exagroup's net assets was recorded as goodwill, which is primarily attributable to cost synergies expected from manufacturing and tax efficiency

opportunities, as well as the value of the workforce of Exagroup. Goodwill is not expected to be deductible for tax purposes, and has been attributed to our Upload and Print business units reportable segment. The fair value of the assets acquired and liabilities assumed was:

	Amount	Weighted Average Useful Life in Years
Tangible assets acquired and liabilities assumed:		
Cash and cash equivalents	\$ 18,991	n/a
Other current assets (1)	14,318	n/a
Non-current assets	18,711	n/a
Accounts payable and other current liabilities	(21,008)	n/a
Deferred tax liability	(21,655)	n/a
Other long term liabilities	(9,966)	n/a
Identifiable intangible assets:		
Customer relationships	35,434	7-9
Trade name	11,900	10-14
Developed technology	9,669	3
Noncontrolling interest	(43,354)	
Goodwill (2)	88,804	n/a
Total purchase price	<u>\$ 101,844</u>	

(1) Includes real estate assets classified as held for sale of \$1,971.

(2) Refer to Note 9 for discussion of the goodwill impairment loss recognized for the Exagroup reporting unit during the year ended June 30, 2016 of \$30,841.

## Other fiscal 2015 acquisitions

### *FotoKnudsen AS*

On July 1, 2014, we acquired 100% of the outstanding shares of FotoKnudsen AS, a Norwegian photo product company focused primarily on the Norwegian markets. This acquisition expands our presence in the European home and family market. At closing, we paid €14,045 (\$19,224 based on the exchange rate as of the date of acquisition) in cash, subject to certain post-acquisition escrow adjustments. We recognized the assets and liabilities on the basis of their fair values at the date of our acquisition, with any excess of the purchase price paid over the fair value of the net assets recorded as goodwill. Of the total purchase price of \$19,224, \$11,754 was allocated to goodwill, \$9,218 to acquired intangible assets and \$1,748 to net liabilities. Goodwill is not expected to be deductible for tax purposes, and has been attributed to our All Other Business Units reportable segment. The revenue and earnings included in our consolidated financial statements for the year ended June 30, 2015 was not material.

### *FL Print SAS*

On April 9, 2015, we acquired 100% of the outstanding shares of FL Print SAS (which we refer to as Easyflyer), a French web-to-print business focused primarily on large format products. At closing, we paid €4,800 (\$5,174 based on the exchange rate as of the date of acquisition) in cash, subject to certain post-acquisition escrow adjustments. We have recognized the assets and liabilities on the basis of their fair values at the date of our acquisition, with any excess of the purchase price paid over the fair value of the net assets recorded as goodwill. Of the total purchase price of \$5,174, \$3,592 was allocated to goodwill, \$2,003 to acquired intangible assets and \$421 to net liabilities. Goodwill is not expected to be deductible for tax purposes, and has been attributed to our Upload and Print business units reportable segment. The revenue and earnings included in our consolidated financial statements for the year ended June 30, 2015 was not material.

In addition, we agreed to two additional payments based on Easyflyer's calendar year 2015 and 2018 revenue and EBITDA targets. As these additional payments are contingent upon the sellers' post-acquisition employment, they are not included as part of the consideration but will be recognized as compensation expense over the required employment period. During the fiscal year ended June 30, 2016, we amended the terms of the arrangement resulting in the acceleration of one payment of \$3,397 and we recognized \$3,113 of additional expense in general and administrative expense during the period. In addition, we modified the performance targets for the second additional payment, which includes calendar year 2017 revenue targets and remains contingent upon the seller's post-acquisition employment. We estimate the value of the potential payment as of June 30, 2016 to be \$2,220, which will be accrued over the vesting period. We recognized an immaterial amount in general and administrative expense for the year ended June 30, 2016.

*druck.at Druck-und Handelsgesellschaft mbH*

On April 17, 2015, we acquired 100% of the outstanding shares of druck.at Druck-und Handelsgesellschaft mbH (which we refer to as druck.at), a web-to-print business focused primarily on the Austrian market. This acquisition supports our strategy to leverage a common platform across multiple brands like druck.at, which offers a wide variety of high quality printed products. We paid €20,000 (\$21,537 based on the exchange rate as of the date of acquisition) in cash at closing, and paid a fixed deferred payment of €3,300 (\$3,663 based on the exchange rate as of the date of payment) in cash during the fourth quarter of fiscal 2016. We amended the terms of the deferred payment to accelerate the payment to June 30, 2016. The payment was originally due in July 2017 if the seller continued to be employed by druck.at or in April 2019. As the timing of the deferred payment was contingent upon the sellers post-acquisition employment, an immaterial portion of the deferred payment was recognized as compensation in general and administrative expense upon acceleration.

We recognized the assets and liabilities on the basis of their fair values at the date of the acquisition, with any excess of the purchase price paid over the fair value of the net assets recorded as goodwill. Of the total purchase price of \$24,517, \$10,877 was allocated to goodwill, \$12,491 to acquired intangible assets and \$1,149 to net assets. Goodwill is not expected to be deductible for tax purposes, and has been attributed to our Upload and Print business units reportable segment. The revenue and earnings included in our consolidated financial statements for the year ended June 30, 2015 was not material.

We utilized proceeds from various debt sources to finance our fiscal 2015 acquisitions. In connection with these acquisitions, we incurred transaction costs related to investment banking, legal, financial, and other professional services of \$2,576 and \$394 which were recorded during the years ended June 30, 2015 and 2014, respectively, in general and administrative expenses. Pro forma results of the operations have not been presented because the effects of the fiscal 2015 acquisitions were not material to the consolidated financial statements.

***Fiscal 2014 Acquisitions***

**Acquisition of Pixartprinting S.p.A.**

On April 3, 2014, we acquired 97% of the outstanding corporate capital of Pixartprinting S.p.A., a joint stock corporation incorporated under the laws of Italy, as follows;

- We acquired all of the Pixartprinting corporate capital held by Alcedo III, a close-ended investment fund, representing 72.75% of Pixartprinting's outstanding corporate capital.
- We acquired a portion of the Pixartprinting corporate capital held by Cap2 S.r.l., a company controlled by Pixartprinting's founder, representing 21.25% of Pixartprinting's outstanding corporate capital, and Cap2 retained 3% of Pixartprinting's outstanding corporate capital (the "Cap2 Retained Equity").
- We acquired all of the Pixartprinting corporate capital held by Alessandro Tenderini, Pixartprinting's Chief Executive Officer, at closing representing 3% of Pixartprinting's outstanding corporate capital. Mr. Tenderini had the right to purchase 1% of the corporate capital of Pixartprinting from Cimpress (the "CEO Retained Equity") for an aggregate purchase price of €10 during the 10 business days after April 3, 2015, so long as Mr. Tenderini remained a Cimpress Italy employee on that date, and Mr. Tenderini exercised this purchase right in April 2015.

Cimpress agreed to pay an aggregate base purchase price of €127,850 (\$175,896 based on the exchange rate as of the date of acquisition) in cash, subject to working capital and other adjustments, and a sliding-scale earn-out of up to €9,600 (\$13,208 based on the exchange rate as of the date of acquisition) in cash on or after December 31, 2014 based upon the acquired business achieving certain revenue and EBITDA targets for calendar year 2014. The estimated fair value of the earn-out payment of \$4,953 was included as a component of the purchase price based on an evaluation of the likelihood of achievement of the contractual conditions and weighted probability assumptions of these outcomes. Based on Pixartprinting's 2014 results, we paid the maximum amount achievable of €9,600 (\$10,890 based on the exchange rate as of the date of payment) during fiscal 2015.

Our consolidated financial statements include the accounts of Pixartprinting from April 3, 2014, the date of acquisition. Pixartprinting's revenue included in our consolidated revenues for the year ended June 30, 2014 was \$27,208. Pixartprinting's net income included in our consolidated net income attributable to Cimpress N.V. for the year ended June 30, 2014 was \$2,687, inclusive of amortization of identifiable intangible assets.

#### *Noncontrolling Interest*

We entered into a Put and Call Option Agreement with Cap2, with respect to the Cap2 Retained Equity. Pursuant to the Put and Call Option Agreement, Cap2 has the right to sell to us all (but not less than all) of the Cap2 Retained Equity at the end of Pixartprinting's fiscal years ending June 30, 2015, 2016 and 2017 for a purchase price based on Pixartprinting's EBITDA and net financial position (as reflected in its annual financial statements) for the fiscal year as to which the put option is exercised. We have the right to buy from Cap2 all (but not less than all) of the Cap2 Retained Equity at the end of Pixartprinting's fiscal years ending June 30, 2017 and 2018 for a purchase price based on Pixartprinting's EBITDA and net financial position (as reflected in its annual financial statements) for the fiscal year as to which the call option is exercised. The parties' put and call rights are also triggered by certain other events and are exercisable during 30-day periods following the determination of the option purchase price for the relevant fiscal year. Due to the presence of the put arrangement, the noncontrolling interest is presented as temporary equity in our consolidated balance sheet. Upon acquisition, we recognized the noncontrolling interest at fair value of \$5,728 and adjust the balance for the pro rata impact of the Pixartprinting earnings or loss, as well as adjustments to increase the balance to the redemption value, if necessary. Refer to Note 15 for additional details.

#### *CEO Retained Equity*

We entered into a Put and Call Option Agreement with Mr. Tenderini with respect to the CEO Retained Equity. Because this purchase right is contingent upon Mr. Tenderini's post-acquisition employment, it is not included as part of the consideration but will be recognized as share-based compensation over the vesting period. The award is considered a liability award and is marked to fair value each reporting period. In order to estimate the fair value of the award we utilize a lattice model with a Monte Carlo simulation. Pursuant to the Put and Call Option Agreement, Mr. Tenderini has the right to sell to us all (but not less than all) of the CEO Retained Equity at the end of Pixartprinting's fiscal years ending June 30, 2015, 2016 and 2017 for a purchase price based on Pixartprinting's EBITDA and net financial position (as reflected in its annual financial statements) for the fiscal year as to which the put option is exercised. We have the right to buy from Mr. Tenderini all (but not less than all) of the CEO Retained Equity at the end of Pixartprinting's fiscal years ending June 30, 2017 and 2018 for a purchase price based on Pixartprinting's EBITDA and net financial position (as reflected in its annual financial statements) for the fiscal year as to which the call option is exercised. The parties' put and call rights are also triggered by certain other events and are exercisable during 30-day periods following the determination of the option purchase price for the relevant fiscal year. The total fair value of the award as of June 30, 2016 is \$3,650 and we have recognized \$1,211, \$2,177 and \$439 in general and administrative expense for the years ended June 30, 2016, 2015 and 2014, respectively.

The table below details the consideration transferred to acquire Pixartprinting:

Cash paid .....	\$	175,896
Shareholder loans assumed .....		20,227
Fair value of contingent consideration .....		4,953
Total consideration .....	<u>\$</u>	<u>201,076</u>

The excess of the purchase price paid over the fair value of Pixartprinting's net assets was recorded as goodwill, which is primarily attributable to expected synergies and the value of the workforce of Pixartprinting. Goodwill is not expected to be deductible for tax purposes, and has been attributed to our Upload and Print business units reportable segment. The fair value of the assets acquired and liabilities assumed was:

	Amount	Weighted Average Useful Life in Years
Tangible assets acquired and liabilities assumed:		
Cash and cash equivalents	\$ 6,913	n/a
Other current assets	5,601	n/a
Non-current assets	20,582	n/a
Accounts payable and other current liabilities	(17,681)	n/a
Deferred tax liability	(20,640)	n/a
Other long-term liabilities	(9,943)	n/a
Identifiable intangible assets:		
Customer relationships	42,375	6
Trade name	16,372	10
Developed technology	8,943	3
Noncontrolling interest	(5,728)	
Goodwill	154,282	n/a
Total purchase price	<u>\$ 201,076</u>	

#### Acquisition of Printdeal B.V. (formerly known as People & Print Group B.V.)

On April 1, 2014, we acquired 100% of the outstanding shares of Printdeal B.V. (formerly known as People & Print Group B.V.), an online Dutch printing company focused primarily on the Dutch and Belgian markets. At the closing, we paid €20,545 (\$28,300 based on the exchange rate as of the date of acquisition) in cash, subject to working capital and other adjustments, and an additional €4,000 (\$5,509 based on the exchange rate as of the date of acquisition), which was paid in cash during the third quarter of fiscal 2016. In addition to the initial purchase consideration, we agreed to a sliding scale earn-out that is based on calendar year 2015 revenue and EBITDA targets. The estimated acquisition date fair value of the earn-out payment of \$9,053 was included as a component of the purchase price based on an evaluation of the likelihood of achievement of the contractual conditions and weighted probability assumptions of these outcomes. During fiscal 2015, we amended the terms to pay a fixed amount of €15,000, of which €8,000 was paid in March 2015 (\$8,270 based on the exchange rate as of the date of payment) and the remaining €7,000 (\$7,819 based on the exchange rate as of the date of payment) was paid in June 2016.

We recognized the assets and liabilities on the basis of their fair values at the date of our the acquisition, with any excess of the purchase price paid over the fair value of the net assets recorded as goodwill. Of the total purchase price of \$42,862, \$20,605 was allocated to goodwill, \$23,968 to acquired intangible assets and \$1,711 to net liabilities. Goodwill is not expected to be deductible for tax purposes, and has been attributed to our Upload and Print business units reportable segment. The revenue and earnings included in our fiscal 2014 consolidated financial statements since the acquisition date are not material.

We utilized proceeds from our credit facility to finance our fiscal 2014 acquisitions. In connection with these acquisitions, we incurred transaction costs related to investment banking, legal, financial, and other professional services of approximately \$4,530 in the year ended June 30, 2014, which were recorded in general and administrative expenses.

#### Identifiable Intangible Assets

We used the income approach to value the trade names, customer relationships and customer network and a replacement cost approach to value developed technology. 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.

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 amortize acquired intangible assets over their economic useful lives using either a method that is based on estimated future cash flows or a straight-line basis over the periods benefited.

## 9. Goodwill and Acquired Intangible Assets

### Goodwill

The carrying amount of goodwill by reportable segment as of June 30, 2015 and 2016 is as follows:

	Vistaprint business unit	Upload and Print business units	All Other business units	Total
Balance as of June 30, 2014 (1) . . . . .	133,696	173,419	10,072	317,187
Acquisitions (2) . . . . .	—	103,273	19,046	122,319
Adjustments . . . . .	—	(334)	221	(113)
Effect of currency translation adjustments (3) . . .	(9,060)	(25,871)	(3,833)	(38,764)
Balance as of June 30, 2015 (1) . . . . .	124,636	250,487	25,506	400,629
Acquisitions (2) . . . . .	—	101,379	—	101,379
Impairments (3) . . . . .	—	(30,841)	—	(30,841)
Adjustments . . . . .	—	(720)	—	(720)
Effect of currency translation adjustments (4) . . .	(2,884)	(932)	(626)	(4,442)
Balance as of June 30, 2016 . . . . .	121,752	319,373	24,880	466,005

(1) Our segment reporting was revised during the first quarter of fiscal 2016 and, as such, we have re-allocated our goodwill by segment for the periods ended June 30, 2015 and 2014. In connection with our change in operating segments, there was an immaterial re-allocation of historical goodwill in the period. See Note 17 for additional details.

(2) See Note 8 for additional details.

(3) During fiscal 2016 we recorded an impairment of \$30,841 related to our Exagroup reporting unit. See below for additional details.

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

### Impairment Review

During our annual goodwill impairment review as of January 1, 2016, our qualitative assessment determined that there was no indication that the carrying value for ten of our reporting units exceeded their fair value. We concluded that the goodwill of our Exagroup reporting unit, which is part of our Upload and Print business units reportable segment, may not be fully recoverable as the reporting unit is forecasting lower projected revenue and profitability levels than originally estimated as of the acquisition date. This change is due in part to Exagroup's need to, and plans to react to heightened competition in its target market, as well as reduction in our expectations for long-term margins in this business. As a result of the decline in the expected long-term cash flows, we performed the quantitative two-step goodwill impairment test for this reporting unit.

Prior to performing the quantitative goodwill impairment test, we first evaluated the recoverability of the Exagroup long-lived assets as the change in expected long-term cash flows is indicative of a potential impairment. Long-lived and intangible assets are required to be reviewed whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The related estimated future undiscounted cash flows expected to result from the use of the asset group are compared to the asset group's carrying amount, and an impairment charge is recorded for the amount by which the carrying amount exceeds the fair value of the asset. We performed the recoverability test using undiscounted cash flows for our Exagroup asset group and concluded that no impairment of long-lived assets exists.

In order to execute the quantitative goodwill impairment test, we first compared the fair value of the Exagroup reporting unit to its carrying value. We used the income approach, specifically the discounted cash flow (DCF) method, to derive the fair value of the Exagroup reporting unit. 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 this particular reporting unit given the lack of relevant market comparisons available for application of the market approach. The cash flow projections in the Exagroup fair value analysis are based on management's estimates of revenue growth rates and operating margins, taking into consideration industry and market conditions. The discount rate 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 WACC of 13% used to test the Exagroup goodwill was derived from a group of comparable companies. The calculated fair value of the Exagroup reporting unit was determined to be less than the carrying value as of January 1, 2016 and, as such, we concluded that the second step of the goodwill analysis was required to measure the impairment loss.

We performed step two of the goodwill impairment test and measured the fair value of all assets and liabilities of the reporting unit, including any unrecognized intangible assets, in a hypothetical analysis that calculated the implied fair value of goodwill in the same manner as if the reporting unit was being acquired in a business combination. The carrying amount of the goodwill as of January 1, 2016 was compared to the implied fair value of the goodwill, resulting in a partial impairment loss of \$30,841 during the quarter ended March 31, 2016. A portion of the impairment loss has been attributed to the noncontrolling interest based on its third-party shareholders' 30% ownership interest.

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 an updated analysis for any of our reporting units as of June 30, 2016.

*Acquired Intangible Assets*

	June 30, 2016			June 30, 2015		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trade Name	72,806	(13,391)	59,415	45,743	(7,581)	38,162
Developed Technology	44,694	(25,490)	19,204	33,270	(15,466)	17,804
Customer Relationships	146,506	(43,525)	102,981	114,616	(21,966)	92,650
Customer & Referral Networks	15,974	(3,896)	12,078	4,829	(2,382)	2,447
Print Network	24,423	(1,131)	23,292	—	—	—
Total Intangible Assets	<u>304,403</u>	<u>(87,433)</u>	<u>216,970</u>	<u>198,458</u>	<u>(47,395)</u>	<u>151,063</u>

Acquired intangible assets amortization expense for the years ended June 30, 2016, 2015 and 2014 was \$40,563, \$24,264 and \$12,723, respectively. Amortization expense has increased in the year ended June 30, 2016 primarily due to our acquisitions of WIRmachenDRUCK, Exagroup, druck.at, and Tradeprint. Estimated intangible assets amortization expense for each of the five succeeding fiscal years is as follows:

2017	\$	39,842
2018		36,239
2019		29,009
2020		24,228
2021		23,092
	<u>\$</u>	<u>152,410</u>

## 10. Other Balance Sheet Components

Accrued expenses included the following:

	June 30, 2016	June 30, 2015
Compensation costs	\$ 59,207	\$ 62,759
Income and indirect taxes (1)	39,802	25,495
Advertising costs	26,372	20,275
Acquisition-related consideration payable (2)	—	17,400
Shipping costs	6,843	2,471
Interest payable	5,172	5,731
Purchases of property, plant and equipment	4,614	3,030
Production costs	3,251	3,348
Sales returns	2,882	3,489
Professional costs	1,543	2,396
Other	29,301	26,432
<b>Total accrued expenses</b>	<b>\$ 178,987</b>	<b>\$ 172,826</b>

(1) The increase in income and indirect taxes is primarily due to additional VAT and tax payable balances from our fiscal 2016 acquisitions.

(2) The decrease in acquisition-related consideration payable is due to payments during fiscal 2016 for contingent consideration and deferred payment arrangements related to our Printdeal acquisition, as well as a payment related to the working capital and net debt adjustment from our Exagroup acquisition.

Other current liabilities included the following:

	June 30, 2016	June 30, 2015
Current portion of lease financing obligation	\$ 12,569	\$ 10,475
Current portion of capital lease obligations	8,011	7,497
Other	2,055	3,498
<b>Total other current liabilities</b>	<b>\$ 22,635</b>	<b>\$ 21,470</b>

Other liabilities included the following:

	June 30, 2016	June 30, 2015
Long-term capital lease obligations	\$ 21,318	\$ 18,304
Long-term derivative liabilities	10,949	9,816
Other	27,906	23,953
<b>Total other liabilities</b>	<b>\$ 60,173</b>	<b>\$ 52,073</b>

## 11. Debt

	June 30, 2016	June 30, 2015
7.0% Senior unsecured notes due 2022	\$ 275,000	\$ 275,000
Senior secured credit facility	400,809	232,000
Other	10,088	11,536
Uncommitted credit facility	—	4,500
Debt issuance costs and debt discounts	(7,386)	(8,940)
<b>Total debt outstanding, net</b>	<b>678,511</b>	<b>514,096</b>
Less short-term debt (1)	21,717	21,057
<b>Long-term debt</b>	<b>\$ 656,794</b>	<b>\$ 493,039</b>

(1) Balances as of June 30, 2016 and 2015 are inclusive of short-term debt issuance costs and debt discounts of \$1,693 and \$1,662, respectively.

## *Our Debt*

Our various debt arrangements described below contain customary representations, warranties and events of default. As of June 30, 2016, we were in compliance with all financial and other covenants related to our debt.

### *Indenture and Senior Unsecured Notes due 2022*

On March 24, 2015, we completed a private placement of \$275,000 in aggregate principal amount of 7.0% senior unsecured notes due 2022 (the "Notes"). We issued the Notes pursuant to a senior notes indenture dated as of March 24, 2015 among Cimpress N.V., our subsidiary guarantors, and MUFG Union Bank, N.A., as trustee (the "Indenture"). We used the proceeds from the Notes to pay outstanding indebtedness under our unsecured line of credit and our senior secured credit facility and for general corporate purposes.

The Notes bear interest at a rate of 7.0% per annum and mature on April 1, 2022. Interest on the Notes is payable semi-annually on April 1 and October 1 of each year, commencing on October 1, 2015, to the holders of record of the Notes at the close of business on March 15 and September 15, respectively, preceding such interest payment date.

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

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

At any time prior to April 1, 2018, we may redeem some or all of the Notes at a redemption price equal to 100% of the principal amount redeemed, plus a make-whole amount as set forth in the Indenture, plus, in each case, accrued and unpaid interest to, but not including, the redemption date. In addition, at any time prior to April 1, 2018, we may redeem up to 35% of the aggregate outstanding principal amount of the Notes at a redemption price equal to 107.0% 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 April 1, 2018, we may redeem some or all of the Notes at the redemption prices specified in the Indenture, plus accrued and unpaid interest to, but not including, the redemption date.

### *Senior Secured Credit Facility*

As of June 30, 2016, we have a senior secured credit facility of \$830,000 as follows:

- Revolving loans of \$690,000 with a maturity date of September 23, 2019
- Term loan of \$140,000 amortizing over the loan period, with a final maturity date of September 23, 2019

Under the terms of our credit agreement, borrowings bear interest at a variable rate of interest based on LIBOR plus 1.50% to 2.25% depending on our leverage ratio, which is the ratio of our consolidated total indebtedness to our consolidated EBITDA, as defined by the credit agreement. As of June 30, 2016, the weighted-average interest rate on outstanding borrowings was 2.40%, inclusive of interest rate swap rates. We must also pay a commitment fee on unused balances of 0.225% to 0.400% depending on our leverage ratio. We have pledged the assets and/or share capital of several of our subsidiaries as collateral for our outstanding debt as of June 30, 2016.

### *Other debt*

Other debt consists of term loans acquired primarily as part of our fiscal 2015 acquisition of Exagroup SAS. As of June 30, 2016 we had \$10,088 outstanding for those obligations that are payable through September 2024.

## **12. Shareholders' Equity**

### ***Treasury shares***

On December 11, 2014 we announced that our Supervisory Board authorized the purchase of up to 6,400,000 of our ordinary shares and during the year ended June 30, 2016 we purchased 2,159,613 shares under this program for a cost of \$153,467. The authorization for the remaining shares under this program has expired and no shares remain available for purchase under this program as of June 30, 2016. On February 22, 2016, we announced that our Supervisory Board authorized the purchase of up to 6,300,000 of our ordinary shares. We have not repurchased any shares under this program through June 30, 2016.

During the third quarter of fiscal 2016, we issued 112,364 of our ordinary shares from our treasury account as part of the acquisition of WIRmachenDRUCK. Refer to Note 8 for additional details of the acquisition.

### ***Share-based awards***

The 2016 Performance Equity Plan became effective upon shareholder approval on May 27, 2016 and allows us to grant performance-based share units, or PSUs, entitling the recipient to receive Cimpres ordinary shares based upon continued service to Cimpres and the achievement of objective, predetermined levels of Cimpres' three-year moving average share price. We may grant PSUs under the plan to our employees, officers, directors (including members of the Management Board and Supervisory Board), consultants, and advisors. Subject to adjustment in the event of stock splits, stock dividends and other similar events, we may make awards under the plan for up to 8,000,000 of our ordinary shares. No awards have been issued under this plan at June 30, 2016.

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 provides for non-employee directors to receive share option grants upon initial appointment as a director and annually thereafter in connection with our annual general meeting of shareholders if they are continuing to serve as a director at such time. We also have two additional plans with outstanding awards from which we will not grant any additional awards.

An aggregate of 10,356,264 ordinary shares are available for future awards under all of our share-based award plans as of June 30, 2016. A combination of new shares and treasury shares has historically been used in fulfillment of our share based awards.

### ***Share options***

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

Weighted-average values used for option grants in fiscal 2016, 2015 and 2014 were as follows:

	Year Ended June 30,		
	2016	2015	2014
Risk-free interest rate	1.84%	1.67%	1.56%
Expected dividend yield	—%	—%	—%
Expected term (years)	6.00	6.00	5.75
Expected volatility	47%	50%	56%
Weighted average fair value of options granted	\$ 38.18	\$ 35.84	\$ 28.14

A summary of our share option activity and related information for the year ended June 30, 2016 is as follows:

	Shares Pursuant to Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
Outstanding at the beginning of the period	2,913,392	\$ 45.09	4.3	
Granted	9,163	81.52		
Exercised	(120,353)	39.09		
Forfeited/cancelled	(142,211)	50.14		
Outstanding at the end of the period	<u>2,659,991</u>	\$ 45.21	3.3	\$ 125,734
Vested or expected to vest at the end of the period	<u>2,659,991</u>	\$ 45.21	3.3	\$ 125,734
Exercisable at the end of the period	2,018,383	\$ 43.47	3.1	\$ 98,929

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, 2016. The total intrinsic value of options exercised during the fiscal years ended June 30, 2016, 2015 and 2014 was \$5,494, \$61,531, and \$14,860, respectively.

### **Restricted share units**

The fair value of RSU grants is equal to the fair market value of our ordinary shares on the date of grant and is recognized as expense on a straight-line basis over the requisite service period, RSUs generally vest over 2 years for non-employee supervisory board directors and over 4 years for employees. For awards with a performance condition, we recognize compensation cost on an accelerated basis over the requisite service period when achievement of the performance condition is deemed probable. As of June 30, 2016, we had 187,000 RSUs outstanding that vest based on the achievement of various performance targets through fiscal 2020. The performance criteria for 140,000 of these RSUs are currently deemed not probable of achievement. Future changes in our probability conclusions could result in volatility of our share-based compensation expense as the awards have a maximum compensation of \$10,584.

A summary of our unvested RSU activity and related information for the fiscal year ended June 30, 2016 is as follows:

	RSUs	Weighted-Average Grant Date Fair Value	Aggregate Intrinsic Value
Unvested at the beginning of the period	767,280	\$ 50.19	
Granted	367,520	75.63	
Vested and distributed	(272,470)	50.51	
Forfeited	(262,255)	45.28	
Unvested at the end of the period	600,075	\$ 67.77	\$ 55,495

The weighted average fair value of RSUs granted during the fiscal years ended June 30, 2016, 2015 and 2014 was \$75.63, \$63.28 and \$48.06, respectively. The total intrinsic value of RSUs vested during the fiscal years ended June 30, 2016, 2015 and 2014 was \$21,810, \$19,846 and \$20,629, respectively.

### **Restricted share awards**

As part of our acquisition of Tradeprint during the first quarter of fiscal 2016, we issued 65,050 of restricted ordinary shares. Subject to continued employment with the company on each vesting date, 25% will vest on August 1, 2016 and 75% will vest on August 1, 2017. Cimpress also awarded an aggregate of 18,557 restricted shares to several members of Tradeprint's senior management team. Subject to the recipient's continued employment with the company on each vesting date, 25% of such recipient's shares will vest on each of August 1, 2016, August 1, 2017, August 1, 2018 and August 1, 2019. The fair value of the RSAs was determined based on our share price on the date of grant and will be recognized as share-based compensation expense over the applicable vesting period.

A summary of our RSA activity and related information for the fiscal year ended June 30, 2016 is as follows:

	RSAs	Weighted-Average Grant Date Fair Value	Aggregate Intrinsic Value
Unvested at the beginning of the period	—	\$ —	
Granted	83,607	68.32	
Vested and distributed	—	—	
Forfeited	(1,974)	64.53	
Unvested at the end of the period	81,633	\$ 68.41	\$ 7,549

### **Share-based compensation**

Total share-based compensation costs were \$23,828, \$24,075 and \$27,786 for the years ended June 30, 2016, 2015 and 2014, respectively. During fiscal 2016, we adopted a new accounting standard and elected to recognize the impact of forfeitures as they occur, which were previously estimated and recognized as reduction to share-based compensation. Refer to Note 2 for additional discussion relating to our adoption of the new standard. See Notes 8 and 16 for information related to liability-based awards issued in conjunction with our acquisition of Pixartprinting and our capital investment in our variable interest entity Printi LLC. Share-based compensation costs capitalized as part of software and website development costs were \$832, \$477 and \$254 for the years ended June 30, 2016, 2015 and 2014, respectively.

As of June 30, 2016, there was \$36,724 of total unrecognized compensation cost related to non-vested, share-based compensation arrangements. This cost is expected to be recognized over a weighted average period of 2.2 years.

## **13. Employees' Savings Plans**

### *Defined contribution plans*

We maintain certain government mandated and defined contribution plans throughout the world. The most significant is our defined contribution retirement plan in the U.S. (the "Plan") that complies with Section 401(k) of the Internal Revenue Code. Substantially all employees in the U.S. are eligible to participate in the Plan. Under the provisions of the Plan, employees may voluntarily contribute up to 80% of eligible compensation, subject to IRS

limitations. We match 50% of each participant's voluntary contributions, subject to a maximum company contribution of 3% of the participant's eligible compensation. Employee contributions are fully vested when contributed. Company matching contributions vest over 4 years.

We expensed \$9,073, \$8,619 and \$8,178 for our government mandated and defined contribution plans in the years ended June 30, 2016, 2015 and 2014, respectively. Our expenses from these plans have increased during the year ended June 30, 2016 due to increased headcount, as well as the full year impact of our business acquisitions during the prior period.

#### 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, 2016 and 2015, the plan had an unfunded net pension obligation of approximately \$4,007 and \$4,252, respectively and plan assets which totaled approximately \$7,080 and \$9,596, respectively. For the years ended June 30, 2016, 2015 and 2014 we recognized expense totaling \$1,820, \$2,043, and \$1,921, respectively, related to our Swiss plan. During fiscal 2016 and 2015, a component of the total expense relates to a settlement loss of \$506 and \$456, respectively as a result of headcount reductions in our Switzerland office in each period.

## 14. Income Taxes

The following is a summary of our income before income taxes and loss in equity interests by geography:

	Year Ended June 30,		
	2016	2015	2014
U.S. ....	23,057	21,567	14,382
Non-U.S. ....	43,038	78,186	42,228
Total .....	<u>66,095</u>	<u>99,753</u>	<u>56,610</u>

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

	Year Ended June 30,		
	2016	2015	2014
Current:			
U.S. Federal .....	7,915	12,680	10,438
U.S. State .....	116	2,313	3,880
Non-U.S. ....	23,164	12,496	8,273
Total current .....	<u>31,195</u>	<u>27,489</u>	<u>22,591</u>
Deferred:			
U.S. Federal .....	(2,353)	(4,505)	(3,754)
U.S. State .....	13	(1,070)	(897)
Non-U.S. ....	(13,171)	(11,473)	(7,350)
Total deferred .....	<u>(15,511)</u>	<u>(17,048)</u>	<u>(12,001)</u>
Total .....	<u>15,684</u>	<u>10,441</u>	<u>10,590</u>

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

	Year Ended June 30,		
	2016	2015	2014
U.S. federal statutory income tax rate . . . . .	35.0%	35.0%	35.0%
State taxes, net of federal effect . . . . .	0.1	0.8	3.4
Tax rate differential on non-U.S. earnings . . . . .	(35.7)	(23.8)	(19.3)
Impact of goodwill impairment charge . . . . .	16.1	—	—
Compensation related items . . . . .	(1.6)	1.1	4.3
Increase in valuation allowance . . . . .	26.9	8.0	4.8
Nondeductible acquisition-related payments . . . . .	3.4	3.7	0.3
Notional interest deduction (Italy) . . . . .	(5.3)	(2.5)	(0.1)
Net tax benefit on intellectual property transfer . . . . .	(17.7)	(12.2)	(16.4)
Nondeductible loss on investment in Namex . . . . .	—	—	3.8
Tax on unremitted earnings . . . . .	4.3	0.2	—
Tax credits and incentives . . . . .	(4.0)	(1.7)	(1.4)
Other . . . . .	2.2	1.9	4.3
Effective income tax rate . . . . .	<u>23.7%</u>	<u>10.5%</u>	<u>18.7%</u>

Our effective tax rate for all periods presented is below the U.S. federal statutory rate of 35% primarily as a result of the majority of our pretax income being earned in jurisdictions outside the U.S. where the applicable tax rates are lower than the U.S. federal statutory rate. The jurisdictions that have the most significant impact to our non-U.S. tax provision include Australia, Canada, France, Germany, Italy, the Netherlands, Spain and Switzerland. The applicable tax rates in these jurisdictions range from 10% - 34%. The total tax rate benefit from operating in non-U.S. jurisdictions is included in the line "Tax rate differential on non-U.S. earnings" in the above tax rate reconciliation table.

For the year ended June 30, 2016, our effective tax rate is 23.7% as compared to the prior year effective tax rate of 10.5%. The main causes for this increase are the goodwill impairment charge (discussed in Note 9), which is non-deductible for tax purposes, greater losses incurred in fiscal 2016 as compared to fiscal 2015 in certain jurisdictions where we are unable to recognize a tax benefit, and an increased deferred tax liability on unremitted earnings. In addition, fiscal 2016 had a decrease in consolidated pre-tax income and a less favorable geographical mix of earnings as compared to fiscal 2015. These impacts to the fiscal 2016 effective tax rate are partially offset by share-based compensation tax benefits as a result of the adoption of ASU 2016-09, deferred tax benefits due to future tax rate decreases in various jurisdictions, and a current tax benefit related to the extension of the U.S. federal research and development credit. Additionally, income tax expense in fiscal 2015 was reduced due to a reduction in our net liability for unrecognized tax benefits.

In fiscal year 2016 we adopted a new share-based compensation accounting standard, which resulted in a tax benefit of \$3,456 recognized as income tax expense in the consolidated statement of operations, which previously would have been recognized in additional paid-in capital in the balance sheet. Refer to Note 2 for additional discussion relating to the new accounting standard.

On October 1, 2013, we made changes to our corporate entity operating structure, including transferring our intellectual property among certain of our subsidiaries, primarily to align our corporate entities with our evolving operations and business model. The transfer of assets occurred between wholly owned legal entities within the Cimpres group that are based in different tax jurisdictions. As the impact of the transfer was the result of an intra-entity transaction, any resulting gain or loss and immediate tax impact on the transfer is eliminated and not recognized in the consolidated financial statements under U.S. GAAP. The transferor entity recognized a gain on the transfer of assets that was not subject to income tax in its local jurisdiction. Our subsidiary based in Switzerland was the recipient of the intellectual property. In accordance with Swiss tax law, we are entitled to amortize the fair market value of the intellectual property received at the date of transfer over five years for tax purposes. The tax benefit associated with the amortization of the intellectual property was \$12,764 and \$13,426 in fiscal years 2016 and 2015, respectively. The impact of this tax benefit to our effective tax rate is included in the line "Net tax (benefit) expense on intellectual property transfer" in the above tax rate reconciliation table.



In the year ended June 30, 2012, one of our subsidiaries purchased certain intellectual property and intangible assets of Webs, Inc., and we recognize the tax expense associated with the intra-entity transfer of these assets over a period equal to the expected economic lives of the assets. We elected to fund the transfer of these assets using an installment obligation payable over a 7.5-year period, and accordingly we recorded a deferred tax liability for the entire tax liability owed but not yet paid as of the date of the transaction with a corresponding asset in "Other Assets" to reflect the deferred tax charge to be recognized over the expected remaining lives of the assets.

Significant components of our deferred income tax assets and liabilities consist of the following at June 30, 2016 and 2015:

	Year Ended June 30,	
	2016	2015
Deferred tax assets:		
Net operating loss carryforwards	\$ 52,469	\$ 31,547
Depreciation and amortization	413	836
Accrued expenses	4,387	4,691
Share-based compensation	17,017	15,580
Credit and other carryforwards	953	114
Derivative financial instruments	2,799	2,396
Other	2,923	1,598
Subtotal	<u>80,961</u>	<u>56,762</u>
Valuation allowance	<u>(35,429)</u>	<u>(16,612)</u>
Total deferred tax assets	<u>45,532</u>	<u>40,150</u>
Deferred tax liabilities:		
Depreciation and amortization	(74,804)	(54,966)
IP installment obligation	(9,608)	(13,325)
Capital Leases	(30)	(1,345)
Tax on unremitted earnings	(3,233)	(361)
Other	(1,193)	(471)
Total deferred tax liabilities	<u>(88,868)</u>	<u>(70,468)</u>
Net deferred tax liabilities	<u>\$ (43,336)</u>	<u>\$ (30,318)</u>

In assessing the realizability of deferred tax assets, we consider whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The increase in the valuation allowance from the prior year relates primarily to losses incurred in certain jurisdictions (mainly Brazil, China, India, Japan and the Netherlands) for which management has determined, based on current profitability projections, that it is more likely than not that these losses will not be utilized within the applicable carryforward periods available under local law. We have not recorded a valuation allowance against \$15,816 of deferred tax asset associated with current and prior year tax losses generated in Switzerland. Management believes there is sufficient positive evidence in the form of historical and future projected profitability to conclude that it is more likely than not that all of the losses in Switzerland will be utilized against future taxable profits within the available carryforward period. Our assessment is reliant on the attainment of our future operating profit goals. Failure to achieve these operating profit goals may change our assessment of this deferred tax asset, and such change would result in an additional valuation allowance and an increase in income tax expense to be recorded in the period of the change in assessment. We will continue to review our forecasts and profitability trends on a quarterly basis.

Additionally, we have recorded a full valuation allowance against the \$2,799 deferred tax asset related to an interest rate derivative instrument for which management has determined, based on current profitability projections, that it is more likely than not that it will not be recognized in the foreseeable future. The impact of this deferred tax asset and associated valuation allowance has been recorded in accumulated other comprehensive (loss) income on the balance sheet.

No valuation allowance has been recorded against the \$17,017 deferred tax asset associated with share-based compensation charges at June 30, 2016. However, in the future, if the underlying awards expire, are

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

Based on the weight of available evidence at June 30, 2016, 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.

A reconciliation of the beginning and ending amount of the valuation allowance for the year ended June 30, 2016 is as follows:

Balance at June 30, 2015 .....	\$ 16,612
Charges to earnings (1) .....	17,830
Charges to other accounts (2) .....	987
Balance at June 30, 2016 .....	<u>\$ 35,429</u>

(1) Amount is primarily related to non-U.S. net operating losses.

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

The increase in deferred tax liabilities is primarily attributable to deferred tax liabilities of \$26,863 related to intangible and other assets from our fiscal 2016 acquisition of WIRmachenDRUCK.

As of June 30, 2016, we had gross U.S. federal and state net operating losses of approximately \$8,176 that expire on various dates from fiscal 2030 through fiscal 2035. We had gross non-U.S. net operating loss and other carryforwards of \$289,359, a significant amount of which expire in fiscal 2021, with the remaining amounts expiring on various dates from fiscal 2019 through fiscal 2025. The benefits of these carryforwards are dependent upon the generation of taxable income in the jurisdictions where they arose.

As of June 30, 2015, we had \$28,777 of gross state net operating loss carryforwards and \$1,031 of federal and state R&D credit carryforwards as a result of excess tax deductions related to share-based compensation that were tracked off-balance sheet. The tax effect of these carryforwards was \$2,334. In fiscal year 2016 we adopted ASU 2016-09, which requires all net operating loss and credit carryforwards generated as a result of excess tax deductions to be recognized on the balance sheet, regardless of when they reduce income taxes payable. We are required to reflect any prior period off-balance sheet adjustments to the balance sheet as of the beginning of our annual period, July 1, 2015, resulting in a cumulative-effect adjustment to retained earnings of \$2,334.

We consider the following factors, among others, in evaluating our plans for indefinite reinvestment of our subsidiaries' earnings: (i) the forecasts, budgets and financial requirements of both our parent company and its subsidiaries, both for the long term and for the short term; and (ii) the tax consequences of any decision to reinvest earnings of any subsidiary. As of June 30, 2016, no tax provision has been made for \$23,330 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 \$6,000 to \$7,000 at that time. During the fourth quarter of fiscal 2016, we determined that the undistributed earnings of one of our Canadian subsidiaries can no longer be considered indefinitely reinvested. This change in assertion was made after review of the future funding needs for local capital as compared to the overall capital and operational funding needs of the entire Cimpres organization. A cumulative deferred tax liability of \$3,233 has been recorded attributable to undistributed earnings that we have deemed are no longer indefinitely reinvested. The remaining undistributed earnings of our subsidiaries are not deemed to be indefinitely reinvested and can be repatriated at no tax cost. Accordingly, there has been no provision for income or withholding taxes on these earnings.

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

Balance at June 30, 2014	\$ 6,744
Additions based on tax positions related to the current tax year	208
Additions based on tax positions related to prior tax years	73
Reductions based on tax positions related to prior tax years	(1,240)
Reductions due to audit settlements	(75)
Balance at June 30, 2015	<u>\$ 5,710</u>
Additions based on tax positions related to the current tax year	328
Additions based on tax positions related to prior tax years	132
Reductions based on tax positions related to prior tax years	(363)
Reductions due to audit settlements	(1,129)
Reductions due to lapse of statute of limitations	(429)
Balance at June 30, 2016	<u><u>\$ 4,249</u></u>

For the years ended June 30, 2016 and 2015, the amount of unrecognized tax benefits (exclusive of interest) that, if recognized, would impact the effective tax rate is \$1,893 and \$2,383, respectively. 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, 2016 and 2015 were \$142 and \$110, respectively. It is reasonably possible that a further change in unrecognized tax benefits in the range of \$400 to \$500 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 2013 through 2015 remain open for examination by the United States Internal Revenue Service ("IRS") and the years 2011 through 2015 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 various jurisdictions globally. One of our subsidiaries, Cimpress USA Incorporated, had been under income tax audit by the Massachusetts Department of Revenue ("DOR") and subsequent administrative review by the DOR Office of Appeals for the tax years 2006-2008 and 2010-2011. The matter was formally settled in December 2015, and our accounts were updated, accordingly, to reflect this result.

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

## 15. Noncontrolling Interests

In certain of our strategic investments we have purchased a controlling equity stake, but there remains a minority portion of the equity that is owned by a third party. The balance sheet and operating activity of these entities are included in our consolidated financial statements and we adjust the net income in our consolidated statement of operations to exclude the noncontrolling interests' proportionate share of results. We present the proportionate share of equity attributable to the redeemable noncontrolling interests as temporary equity within our consolidated balance sheet and the proportionate share of noncontrolling interests not subject to a redemption provision that is outside of our control as equity.

### *Redeemable noncontrolling interests*

On April 15, 2015, we acquired 70% of the outstanding shares of Exagroup. The remaining 30% is considered a redeemable noncontrolling equity interest, as it is redeemable in the future and not solely within our control. The Exagroup noncontrolling interest, redeemable at a fixed amount of €39,000, was recorded at its fair value as of the acquisition date and will be adjusted to its redemption value on a periodic basis, if that amount exceeds its carrying value. During the year ended ended June 30, 2016, the losses attributable to the noncontrolling interest, primarily due to the goodwill impairment loss as discussed in Note 9, reduced the carrying value below the fixed redemption amount. We recorded an adjustment of \$7,025 to increase the carrying value to the fixed

redemption amount, which offset the net loss attributable to noncontrolling interest during the year ended June 30, 2016.

On April 3, 2014, we acquired 97% of the outstanding corporate capital of Pixartprinting S.p.A. The remaining 3% is considered a redeemable noncontrolling equity interest, as it is redeemable for cash based on future financial results and not solely within our control. The redeemable noncontrolling interest was recorded at its fair value as of the acquisition date and will be adjusted to its redemption value on a periodic basis, with an offset to retained earnings, if that amount exceeds its carrying value. During year ended June 30, 2016, we increased the carrying amount of the redeemable noncontrolling interest by \$5,879 to reflect the estimated redemption value as of June 30, 2016. As the formulaic redemption value exceeded the fair value of noncontrolling interest as of June 30, 2016, \$960 of the accretion was recorded as an offset to the net loss attributable to noncontrolling interest with the remaining accretion of \$4,919 recorded to retained earnings.

We own a 51% controlling interest in a joint business arrangement with Plaza Create Co. Ltd., a leading Japanese retailer of photo products, to expand our market presence in Japan. During the year ended June 30, 2016, we contributed an additional \$5,350 in cash and Plaza Create made a capital contribution of \$5,141 in cash to the joint business. We have a call option to acquire the remaining 49% of the business if Plaza Create materially breaches any of its contracts with us. If we materially breach any of our contracts with Plaza Create, Plaza Create has an option to put its shares to us. As the exercise of this put option is not solely within our control, the noncontrolling equity interest in the business is presented as temporary equity in our consolidated balance sheet. As of June 30, 2016, it is not probable that the noncontrolling interest will be redeemable.

#### *Noncontrolling interest*

On August 7, 2014, we made a capital investment in Printi LLC as described in Note 16. The noncontrolling interest was recorded at its estimated fair value as of the investment date. The allocation of the net loss of the operations to the noncontrolling interest considers our stated liquidation preference in applying the loss to each party.

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

	<u>Redeemable noncontrolling interests</u>	<u>Noncontrolling interest</u>
Balance as of June 30, 2014	\$ 11,160	\$ —
Capital contribution from noncontrolling interest	4,160	—
Adjustment to noncontrolling interest	—	—
Acquisition of noncontrolling interest	42,951	2,867
Dividend paid to noncontrolling interest	(118)	—
Net loss attributable to noncontrolling interest	(700)	(2,200)
Foreign currency translation	285	(155)
Balance as of June 30, 2015	<u>\$ 57,738</u>	<u>\$ 512</u>
Capital contribution from noncontrolling interest	5,141	—
Accretion to redemption value recognized in retained earnings (1)	4,919	—
Accretion to redemption value recognized in net loss attributable to noncontrolling interest (2)	7,985	—
Net loss attributable to noncontrolling interest	(11,840)	(83)
Dividend to noncontrolling interest	(368)	—
Adjustment to noncontrolling interest	—	(74)
Foreign currency translation	1,726	(4)
Balance as of June 30, 2016	<u><u>\$ 65,301</u></u>	<u><u>\$ 351</u></u>

(1) 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.

(2) Accretion to redemption value recognized in net loss attributable to noncontrolling interest is the result of the redemption amount estimated to be greater than both the carrying value and fair value of the noncontrolling interest. During the year ended June 30, 2016, the redemption amount of two redeemable noncontrolling interests were estimated at an amount greater than carrying value and fair value.

## 16. Variable Interest Entity ("VIE")

On August 7, 2014, we made a capital investment in Printi LLC, which operates in Brazil. This investment provides us access to a newer market and the opportunity to drive longer-term growth in Brazil. As of June 30, 2016, we have a 49.99% equity interest in Printi. Based upon the level of equity investment at risk, Printi is considered a variable interest entity. The shareholders of Printi share profits and voting control on a pro-rata basis. While we do not manage the day to day operations of Printi, we do have the unilateral ability to exercise participating voting rights for specific transactions and as such no one shareholder is considered to be the primary beneficiary. However, certain significant shareholders cannot transfer their equity interests without our approval and as a result are considered de facto agents on our behalf in accordance with ASC 810-10-25-43.

In aggregating our rights, as well as those of our de facto agents, the group as a whole has both the power to direct the activities that most significantly impact the entity's economic performance and the obligation to absorb losses and the right to receive benefits from the entity. In situations where a de facto agency relationship is present, one party is required to be identified as the primary beneficiary and the evaluation requires significant judgment. The factors considered include the presence of a principal/agent relationship, the relationship and significance of activities to the reporting entity, the variability associated with the VIE's anticipated economics and the design of the VIE. The analysis is qualitative in nature and is based on weighting the relative importance of each of the factors in relation to the specifics of the VIE arrangement. Upon our investment we performed an analysis and concluded that we are the party that is most closely associated with Printi, as we are most exposed to the variability of the economics and therefore considered the primary beneficiary.

We have call options to increase our ownership in Printi incrementally over an eight-year period with certain employee shareholders. As the employees' restricted stock in Printi is contingent on post-acquisition employment, share-based compensation will be recognized over the four-year vesting period. The awards are considered liability awards and will be marked to fair value each reporting period. In order to estimate the fair value of the award as of June 30, 2016, we utilized a lattice model with a Monte Carlo simulation. The current fair value of the award is \$5,979 and we have recognized \$1,517 and \$1,405 in general and administrative expense for the years ended June 30, 2016 and 2015, respectively.

### *VIE of Which We are Not the Primary Beneficiary*

#### *Namex Limited*

In the fourth quarter of fiscal 2014, we disposed of our investment in Namex Limited and its related companies, as discussions with management identified different visions in the execution of the long-term strategic direction of the business. We sold all of our Namex shares to Namex's majority shareholder and recognized a loss of \$12,681, in other income (expense), net in our consolidated statement of operations for the year ended June 30, 2014. Prior to the sale, our investment was accounted for using the equity method, as the investment was considered a VIE and we were not the primary beneficiary. We recorded in net income a proportionate share of the earnings or losses of Namex, as well as related amortization, with a corresponding increase or decrease in the carrying value of the investment. For the year ended June 30, 2014 we recorded a loss of \$2,704, attributable to Namex in our consolidated statement of operations.

## 17. Segment Information

During the first quarter of fiscal 2016, we revised our internal organizational and reporting structure resulting in changes to our reportable segments. Our operating segments are based upon the manner in which our operations are managed and the availability of separate financial information reported internally to the Chief Executive Officer, who is our Chief Operating Decision Maker ("CODM") for purposes of making decisions about how to allocate resources and assess performance. As of June 30, 2016 we have several operating segments under our management reporting structure which are reported in the following three reportable segments:

- *Vistaprint business unit* - Includes the operations of our Vistaprint-branded websites focused on the North America, Europe, Australia and New Zealand markets, and our Webs-branded business, which is managed with the Vistaprint-branded digital business in the previously listed geographies.
- *Upload and Print business units* - This operating segment includes the results of our druck.at, Exagroup, Easyflyer, Printdeal, Pixartprinting, Tradeprint, and WIRmachenDRUCK branded businesses.

- *All Other business units* - Includes the operations of our Albumprinter and Most of World business units and newly formed Corporate Solutions business unit. Our Most of World business unit is focused on our emerging market portfolio, including operations in Brazil, China, India and Japan. The results of the newly formed Corporate Solutions business unit were previously part of the Vistaprint business unit, and the Corporate Solutions business unit will focus on delivering volume and revenue via partnerships. These business units have been combined into one reportable segment based on materiality.

Consistent with our historical reporting, the cost of our global legal, human resource, finance, facilities management, software and manufacturing engineering, the global component of our IT operations functions, and certain start-up costs related to new product introductions and manufacturing technologies are generally not allocated to the reporting segments and are instead reported and disclosed under the caption "Corporate and global functions." Corporate and global functions is a cost center and does not meet the definition of an operating segment. We have revised our presentation of all prior periods presented to reflect our revised segment reporting.

In addition, during the first quarter of fiscal 2016 we introduced adjusted net operating profit as the primary metric by which our CODM measures segment financial performance. Certain items are excluded from segment adjusted net operating profit, such as acquisition-related amortization and depreciation, expense recognized for earn-out related charges, including the changes in fair value of contingent consideration and compensation expense related to cash-based earn-out mechanisms dependent upon continued employment, share-based compensation related to investment consideration, certain impairment expense and restructuring charges. A portion of the interest expense associated with our Waltham lease is included as expense in adjusted net operating profit and allocated based on headcount to the appropriate business unit 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. There are no internal revenue transactions between our operating segments, and we do not allocate non-operating income to our segment results. All intersegment transfers are recorded at cost for presentation to the CODM, for example, we allocate costs related to products manufactured by our global network of production facilities to the applicable operating segment. There is no intercompany profit or loss recognized on these transactions.

The following factors, among others, may limit the comparability of adjusted net operating profit by segment:

- We do not allocate global support costs across operating segments or corporate and global functions.
- Some of our acquired operations in our Upload and Print business units and All Other business units segments are burdened by the costs of their local finance, HR, and other administrative support functions, whereas other business units leverage our global functions and do not receive an allocation for these services.
- Our All Other business units reporting segment includes our Most of World business unit, which has operating losses as it is in its early stage of investment relative to the scale of the underlying business.

Our balance sheet information is not presented to the CODM on an allocated basis, and therefore we do not present asset information by segment.

Revenue by segment is based on the business unit-specific websites through which the customer's order was transacted. The following tables set forth revenue, adjusted net operating profit by reportable segment, total income from operations and total income before taxes.

	Year Ended June 30,		
	2016	2015	2014
Revenue:			
Vistaprint business unit . . . . .	\$ 1,217,162	\$ 1,149,706	\$ 1,103,217
Upload and Print business units . . . . .	432,638	197,075	43,590
All Other business units . . . . .	138,244	147,425	123,429
Total revenue . . . . .	<u>\$ 1,788,044</u>	<u>\$ 1,494,206</u>	<u>\$ 1,270,236</u>

	Year Ended June 30,		
	2016	2015	2014
Adjusted net operating profit by segment:			
Vistaprint business unit	\$ 350,486	\$ 323,542	\$ 292,547
Upload and Print business units	59,654	25,267	4,664
All Other business units	(8,801)	9,346	8,773
Total adjusted net operating profit by segment	401,339	358,155	305,984
Corporate and global functions	(235,185)	(215,519)	(194,812)
Acquisition-related amortization and depreciation	(40,834)	(24,265)	(12,723)
Earn-out related charges (1)	(6,378)	(15,276)	(2,192)
Share-based compensation related to investment consideration	(4,835)	(3,569)	(4,363)
Certain impairments (2)	(41,820)	—	—
Restructuring charges	(381)	(3,202)	(5,980)
Interest expense for Waltham lease	6,287	—	—
Total income from operations	78,193	96,324	85,914
Other income, net	26,098	20,134	(21,630)
Interest expense, net	(38,196)	(16,705)	(7,674)
Income before income taxes and loss in equity interest	\$ 66,095	\$ 99,753	\$ 56,610

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

(2) Includes the impact of impairments or abandonments of goodwill and other long-lived assets as defined by ASC 350 - "Intangibles - Goodwill and Other" or ASC 360 - "Property, plant, and equipment."

	Year Ended June 30,		
	2016	2015	2014
Depreciation and amortization:			
Vistaprint business unit	\$ 40,686	\$ 40,075	\$ 34,782
Upload and Print business units	47,696	24,539	5,367
All Other business units	18,111	15,258	13,787
Corporate and global functions	25,425	17,628	18,346
Total depreciation and amortization	\$ 131,918	\$ 97,500	\$ 72,282

#### Enterprise Wide Disclosures:

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

	Year Ended June 30,		
	2016	2015	2014
United States	\$ 781,335	\$ 718,072	\$ 653,216
Non-United States (3)	1,006,709	776,134	617,020
Total revenue	\$ 1,788,044	\$ 1,494,206	\$ 1,270,236

	Year Ended June 30,		
	2016	2015	2014
Physical printed products and other (4)	\$ 1,724,676	\$ 1,423,110	\$ 1,189,905
Digital products/services	63,368	71,096	80,331
Total revenue	\$ 1,788,044	\$ 1,494,206	\$ 1,270,236

(3) Our non-United States revenue includes the Netherlands, our country of domicile. Revenue earned in any other individual country other than the United States was not greater than 10% of consolidated revenue for the periods presented.

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

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

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Long-lived assets (5):		
Netherlands . . . . .	\$ 91,053	\$ 98,288
Canada . . . . .	89,888	99,474
Switzerland . . . . .	38,501	41,357
Italy . . . . .	34,086	28,548
United States . . . . .	32,977	31,417
France . . . . .	24,561	21,449
Australia . . . . .	24,358	26,908
Japan . . . . .	23,213	16,219
Jamaica . . . . .	22,604	23,814
Other . . . . .	53,059	29,946
Total . . . . .	<u>\$ 434,300</u>	<u>\$ 417,420</u>

(5) Excludes goodwill of \$466,005 and \$400,629, intangible assets, net of \$216,970 and \$151,063, the Waltham lease asset of \$120,168 and \$104,315, and deferred tax assets of \$26,093 and \$17,172 as of June 30, 2016 and June 30, 2015, respectively.

## 18. Commitments and Contingencies

### *Lease Commitments*

We have commitments under operating leases for our facilities that expire on various dates through 2026, including the Waltham lease arrangement discussed in Note 6. Total lease expense, net of sublease income for the years ended June 30, 2016, 2015 and 2014 was \$12,943, \$16,926 and \$14,151, respectively. The decrease in total lease expense during fiscal 2016 as compared to the prior comparable periods is due to the move to our Waltham, Massachusetts facility during the first quarter of fiscal 2016 and the treatment of the related lease similar to a capital lease, with cash payments allocated to depreciation expense and interest expense.

We also lease certain machinery and plant equipment under both capital and operating lease agreements that expire at various dates through 2022. The aggregate carrying value of the leased equipment under capital leases included in property, plant and equipment, net in our consolidated balance sheet at June 30, 2016, is \$29,443, net of accumulated depreciation of \$17,055; the present value of lease installments not yet due included in other current liabilities and other liabilities in our consolidated balance sheet at June 30, 2016 amounts to \$29,329.



Future minimum payments required for our lease obligations for the next five fiscal years and thereafter are as follows at June 30, 2016:

	Operating lease obligations	Build-to-suit lease obligations (1)	Capital lease obligations	Total lease obligations
2017	\$ 14,713	\$ 12,569	\$ 10,648	\$ 37,930
2018	13,257	12,569	8,360	34,186
2019	12,960	12,569	5,979	31,508
2020	12,604	12,569	3,585	28,758
2021	11,938	12,569	1,019	25,526
Thereafter	24,774	58,449	302	83,525
<b>Total</b>	<b>\$ 90,246</b>	<b>\$ 121,294</b>	<b>\$ 29,893</b>	<b>\$ 241,433</b>

(1) Minimum payments relate to our Waltham lease obligation, refer to Note 6 for additional details.

*Purchase Obligations*

At June 30, 2016, we had unrecorded commitments under contract of \$55,328, which were primarily composed of commitments for production and computer equipment purchases of approximately \$35,373. Production and computer equipment purchases relates primarily to a two year purchase commitment for equipment with one of our suppliers. In addition, we had purchase commitments for third-party web services of \$9,500, professional and consulting fees of approximately \$3,385, inventory purchase commitments of \$1,739, commitments for advertising campaigns of \$818, and other unrecorded purchase commitments of \$4,513.

*Debt*

The required principal payments due during the next five years and thereafter under our outstanding long-term debt obligations at June 30, 2016 are as follows:

2017	\$ 23,969
2018	23,994
2019	79,409
2020	280,544
2021	1,152
Thereafter	276,829
<b>Total</b>	<b>\$ 685,897</b>

*Other Obligations*

We have an outstanding installment obligation of \$9,608 related to the fiscal 2012 intra-entity transfer of the intellectual property of our subsidiary Webs, Inc., which results in tax being paid over a 7.5 year term and has been classified as a deferred tax liability in our consolidated balance sheet as of June 30, 2016. Other obligations also include a variable contingent consideration payment for our recent WIRmachenDRUCK acquisition, based on the achievement of certain financial targets, payable at our option in cash or ordinary shares in fiscal 2018 of \$1,212. In addition, we have deferred payments related to fiscal 2015 and 2016 acquisitions of \$2,723 in aggregate.

*Legal Proceedings*

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

## 19. Quarterly Financial Data (unaudited)

Fiscal 2016 quarterly financial data has been recast due to our adoption of a new share-based compensation accounting standard. Refer to Note 2 for further information relating to our adoption of the standard.

Year Ended June 30, 2016	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenue	\$ 375,748	\$ 496,274	\$ 436,817	\$ 479,205
Cost of revenue	157,283	197,571	197,365	222,786
Net income (loss)	10,022	58,991	(35,771)	17,169
Net income (loss) attributable to Cimpress N.V.	10,771	59,319	(32,671)	16,930
Net income (loss) per share attributable to Cimpress N.V.:				
Basic	\$ 0.33	\$ 1.89	\$ (1.04)	\$ 0.54
Diluted	\$ 0.32	\$ 1.81	\$ (1.04)	\$ 0.51

Year Ended June 30, 2015	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenue	\$ 333,932	\$ 439,905	\$ 339,901	\$ 380,468
Cost of revenue	130,221	156,620	125,540	156,218
Net income	23,417	62,862	7,925	(4,892)
Net income attributable to Cimpress N.V.	23,694	63,609	8,611	(3,702)
Net income per share attributable to Cimpress N.V.:				
Basic	\$ 0.73	\$ 1.96	\$ 0.26	\$ (0.11)
Diluted	\$ 0.71	\$ 1.89	\$ 0.25	\$ (0.11)

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

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

None.

### Item 9A. *Controls and Procedures*

#### Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2016. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, or Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of June 30, 2016, our chief executive officer and chief financial officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

#### Changes in Internal Control Over Financial Reporting

There were no significant changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended June 30, 2016 that materially affect, or are reasonably likely to materially affect, our internal control over financial reporting.

## Management's Report on Internal Control Over Financial Reporting

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

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

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

The scope of management's assessment of the effectiveness of internal control over financial reporting as of June 30, 2016 excluded an assessment of the internal control over financial reporting of Tradeprint Distribution Limited (formerly known as Fairprint Distribution Limited), Litotipografia Alcione S.r.l., and WIRMachenDRUCK GmbH, which we acquired during fiscal 2016. The results of these acquired companies are included in our 2016 consolidated financial statements and represent approximately \$35.6 million and \$7.7 million of consolidated total assets and net assets, respectively, as of June 30, 2016 and \$93.4 million and \$3.9 million of consolidated revenue and net income attributable to Cimpress N.V., respectively, for the year then ended.

Our management assessed the effectiveness of our internal control over financial reporting as of June 30, 2016. In making this assessment, our management used the criteria set forth in the *Internal Control — Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Based on our assessment, management concluded that, as of June 30, 2016, our internal control over financial reporting is effective based on criteria in *Internal Control - Integrated Framework* (2013) issued by the COSO.

PricewaterhouseCoopers LLP, our independent registered public accounting firm, has audited the effectiveness of our internal control over financial reporting as of June 30, 2016, as stated in their report included on page 51.

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

None.

## PART III

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

The information required by this item is incorporated by reference to the information in the sections captioned "Information about our Supervisory Board members and Executive Officers," "Corporate Governance" and "Section 16(a) Beneficial Ownership Reporting Compliance" contained in our definitive proxy statement for our 2016 Annual General Meeting of Shareholders, which we refer to as our 2016 Proxy Statement.

We have adopted a written code of business conduct and ethics that applies to all of our employees, including our principal executive officer, principal financial officer and principal accounting officer, and is available on our website at [www.cimpress.com](http://www.cimpress.com). We did not waive any provisions of this code during the fiscal year ended June 30, 2016. If we amend, or grant a waiver under, our code of business conduct and ethics that applies to our principal executive, financial or accounting officers, or persons performing similar functions, we will post information about such amendment or waiver on our website at [www.cimpress.com](http://www.cimpress.com).

**Item 11.        *Executive Compensation***

The information required by this item is incorporated by reference to the information contained in the sections of our 2016 Proxy Statement captioned “Executive Compensation,” “Compensation of Supervisory Board Members” and “Compensation Committee Interlocks and Insider Participation.”

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

The information required by this item is incorporated by reference to the information contained in the sections of our 2016 Proxy Statement captioned “Security Ownership of Certain Beneficial Owners and Management” and “Securities Authorized for Issuance Under Equity Compensation Plans.”

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

The information required by this item is incorporated by reference to the information contained in the sections of our 2016 Proxy Statement captioned “Certain Relationships and Related Transactions” and “Corporate Governance.”

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

The information required by this item is incorporated by reference to the information contained in the section of our 2016 Proxy Statement captioned “Independent Registered Public Accounting Firm Fees and Other Matters.”

**PART IV**

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

(a) Consolidated Financial Statements.

For a list of the consolidated financial information included herein, see Index to the Consolidated Financial Statements on page 50 of this Report.

(b) List of Exhibits.

See the Exhibit Index attached to this Report.

(c) Financial Statement Schedules.

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

## SIGNATURES

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

August 12, 2016

Cimpress N.V.

By:   /s/ Robert S. Keane  

**Robert S. Keane**

**Chief Executive Officer**

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

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Robert S. Keane</u> Robert S. Keane	President and Chief Executive Officer (Principal executive officer)	August 12, 2016
<u>/s/ Sean E. Quinn</u> Sean E. Quinn	Chief Financial Officer (Principal financial and accounting officer)	August 12, 2016
<u>/s/ Paolo De Cesare</u> Paolo De Cesare	Member, Supervisory Board	August 12, 2016
<u>/s/ John J. Gavin Jr.</u> John J. Gavin Jr.	Member, Supervisory Board	August 12, 2016
<u>/s/ Eric C. Olsen</u> Eric C. Olsen	Member, Supervisory Board	August 12, 2016
<u>/s/ Richard T. Riley</u> Richard T. Riley	Chairman, Supervisory Board	August 12, 2016
<u>/s/ Nadia Shouraboura</u> Nadia Shouraboura	Member, Supervisory Board	August 12, 2016
<u>/s/ Mark T. Thomas</u> Mark T. Thomas	Member, Supervisory Board	August 12, 2016
<u>/s/ Scott Vassalluzzo</u> Scott Vassalluzzo	Member, Supervisory Board	August 12, 2016

Form 10-K

## EXHIBIT INDEX

Exhibit No.	Description
3.1	Articles of Association of Cimpress N.V., as amended, is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2014
4.1	Senior Notes Indenture (including Form of Notes), dated as of March 24, 2015, between Cimpress N.V., certain subsidiaries of Cimpress N.V. as guarantors thereto, and MUFG Union Bank, N.A., as trustee, is incorporated by reference to our Current Report on Form 8-K filed with the SEC on March 24, 2015
10.1*	2005 Non-Employee Directors' Share Option Plan, as amended, is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2010 (File No. 000-51539)
10.2*	Form of Nonqualified Share Option Agreement under our 2005 Non-Employee Directors' Share Option Plan is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2009 (File No. 000-51539)
10.3*	Amended and Restated 2005 Equity Incentive Plan, as amended, is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2010 (File No. 000-51539)
10.4*	Form of Nonqualified Share Option Agreement under our Amended and Restated 2005 Equity Incentive Plan is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2009 (File No. 000-51539)
10.5*	2011 Equity Incentive Plan is incorporated by reference to Appendix A to our Definitive Proxy Statement on Schedule 14A dated and filed with the SEC on June 8, 2011
10.6*	Form of Nonqualified Share Option Agreement under our 2011 Equity Incentive Plan is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2011
10.7*	Form of Restricted Share Unit Agreement for employees and executives under our 2011 Equity Incentive Plan is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2011
10.8*	Form of Restricted Share Unit Agreement for Supervisory Board members under our 2011 Equity Incentive Plan is incorporated by reference to our Annual Report on Form 10-K for the fiscal year ended June 30, 2015
10.9*	2016 Performance Equity Plan is incorporated by reference to our Current Report on Form 8-K filed with the SEC on June 1, 2016
10.10*	2015 Inducement Share Plan is incorporated by reference to our Annual Report on Form 10-K for the fiscal year ended June 30, 2015
10.11*	Form of Restricted Share Award Agreement under 2015 Inducement Share Plan is incorporated by reference to our Annual Report on Form 10-K for the fiscal year ended June 30, 2015
10.12*	Amended and Restated Performance Incentive Plan for Covered Employees is incorporated by reference to Appendix A to our Definitive Proxy Statement on Schedule 14A dated and filed with the SEC on October 16, 2013
10.13*	Form of Annual Award Agreement for fiscal year 2016 under our Performance Incentive Plan for Covered Employees is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2015
10.14*	Form of Indemnification Agreement between Cimpress N.V. and each of our executive officers and members of our Supervisory Board and Management Board is incorporated by reference to our Current Report on Form 8-K filed with the SEC on August 31, 2009 (File No. 000-51539)
10.15*	Amended and Restated Executive Retention Agreement between Cimpress N.V. (formerly Vistaprint N.V.) and Robert Keane dated as of October 23, 2009 is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2009 (File No. 000-51539)
10.16*	Executive Retention Agreement between Cimpress N.V. and Sean Quinn dated as of February 16, 2016 is incorporated by reference to our Current Report on Form 8-K filed with the SEC on February 18, 2016
10.17*	Form of Executive Retention Agreement between Cimpress N.V. and each of Katryn Blake and Donald Nelson is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2009 (File No. 000-51539)
10.18*	Employment Agreement between Cimpress USA Incorporated (formerly Vistaprint USA, Incorporated) and Robert Keane effective September 1, 2009 is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2010 (File No. 000-51539)
10.19*	Amendment No. 1 to Employment Agreement between Cimpress USA Incorporated and Robert Keane dated June 14, 2010 is incorporated by reference to our Annual Report on Form 10-K for the fiscal year ended June 30, 2010 (File No. 000-51539)
10.20*	Amendment No. 2 to Employment Agreement between Cimpress USA Incorporated and Robert Keane dated September 28, 2011 is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2011
10.21*	Amendment No. 3 to Employment Agreement between Cimpress USA Incorporated and Robert Keane dated July 25, 2012 is incorporated by reference to our Annual Report on Form 10-K for the fiscal year ended June 30, 2012
10.22*	Amendment No. 4 to Employment Agreement between Cimpress USA Incorporated and Robert Keane dated September 1, 2013 is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2013

- 10.23\* Amendment No. 5 to Employment Agreement between Cimpres USA Incorporated and Robert Keane dated September 30, 2014 is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2014
- 10.24 Amendment No. 6 to Employment Agreement between Cimpres USA Incorporated and Robert Keane dated September 30, 2015 is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2015
- 10.25\* Memorandum clarifying relative precedence of agreements between Cimpres N.V. and Robert Keane dated May 6, 2010 is incorporated by reference to our Annual Report on Form 10-K for the fiscal year ended June 30, 2010 (File No. 000-51539)
- 10.26\* Form of Invention and Non-Disclosure Agreement between Cimpres and each of Robert Keane, Katryn Blake, Donald Nelson, and Sean Quinn is incorporated by reference to our Registration Statement on Form S-1, as amended (File No. 333-125470)
- 10.27\* Form of Confidential Information and Non-Competition Agreement between Cimpres and each of Robert Keane, Katryn Blake, Donald Nelson, and Sean Quinn is incorporated by reference to our Registration Statement on Form S-1, as amended (File No. 333-125470)
- 10.28\* Summary of Compensatory Arrangements with Members of the Supervisory Board is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2013
- 10.29\* Agreement Limiting PSU Awards dated May 13, 2016 between Cimpres N.V. and Robert Keane is incorporated by reference to our Current Report on Form 8-K filed with the SEC on May 17, 2016
- 10.30 Amendment and Restatement Agreement dated as of February 8, 2013 among Cimpres N.V., Vistaprint Limited, Cimpres Schweiz GmbH (formerly Vistaprint Schweiz GmbH), Vistaprint B.V., and Cimpres USA Incorporated (formerly Vistaprint USA, Incorporated), as borrowers (the "Borrowers"); the lenders named therein as lenders (the "Lenders"); and JPMorgan Chase Bank N.A., as administrative agent for the Lenders (the "Administrative Agent"), which amends and restates the senior Credit Agreement dated as of October 21, 2011, as amended, among the Borrowers, the Lenders, and the Administrative Agent is incorporated by reference to our Current Report on Form 8-K filed with the SEC on February 13, 2013
- 10.31 Amendment No. 1 dated as of January 17, 2014 to Credit Agreement dated as of October 21, 2011, as amended and restated as of February 8, 2013, among Cimpres N.V., Vistaprint Limited, Cimpres Schweiz GmbH, Vistaprint B.V., and Cimpres USA Incorporated, as borrowers; the lenders named therein as lenders; and JPMorgan Chase Bank N.A., as administrative agent for the lenders is incorporated by reference to our Current Report on Form 8-K filed with the SEC on January 22, 2014
- 10.32 Amendment No. 2 dated as of September 23, 2014 to Credit Agreement dated as of October 21, 2011, as amended and restated as of February 8, 2013, among Cimpres N.V., Vistaprint Limited, Cimpres Schweiz GmbH, Vistaprint B.V., and Cimpres USA Incorporated, as borrowers; the lenders named therein as lenders; and JPMorgan Chase Bank N.A., as administrative agent for the lenders, is incorporated by reference to our Current Report on Form 8-K filed with the SEC on September 25, 2014
- 10.33 Amendment No. 3 dated as of March 10, 2015 to Credit Agreement dated as of October 21, 2011, as amended and restated as of February 8, 2013, among Cimpres N.V., Vistaprint Limited, Cimpres Schweiz GmbH, Vistaprint B.V., and Cimpres USA Incorporated, as borrowers; the lenders named therein as lenders; and JPMorgan Chase Bank N.A., as administrative agent for the lenders, is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2015
- 10.34 Form of Pledge and Security Agreement dated as of February 8, 2013 between each of Cimpres USA Incorporated and Webs, Inc. and the Administrative Agent is incorporated by reference to our Current Report on Form 8-K filed with the SEC on February 13, 2013
- 10.35 Call Option Agreement between Cimpres N.V. and Stichting Continuïteit Cimpres (formerly Stichting Continuïteit Vistaprint) dated November 16, 2009 is incorporated by reference to our Current Report on Form 8-K filed with the SEC on November 19, 2009 (File No. 000-51539)
- 10.36 Share Purchase Agreement dated December 18, 2015 among Cimpres Deutschland GmbH, Cimpres N.V., WIRMachenDRUCK GmbH, Samuel Voetter, Johannes Voetter, Aart Izelaar-Buchholz, V<sup>2</sup> Holding GmbH, and Markus Trautwein is incorporated by reference to our Current Report on Form 8-K filed with the SEC on December 22, 2015
- 21.1 Subsidiaries of Cimpres N.V.
- 23.1 Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm
- 23.2 Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm
- 31.1 Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, Rule 13a-14(a)/15d-14(a), by Chief Executive Officer
- 31.2 Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, Rule 13a-14(a)/15d-14(a), by Chief Financial Officer
- 32.1 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, by Chief Executive Officer and Chief Financial Officer
- 101 The following materials from this Annual Report on Form 10-K, formatted in Extensible Business Reporting Language (XBRL): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations, (iii) Condensed Consolidated Statements of Cash Flows, and (iv) Notes to Condensed Consolidated Financial Statements.

\* Management contract or compensatory plan or arrangement





**Cimpress**  
**NOTICE AND PROXY STATEMENT**  
**2016**



# CIMPRESS N.V.

Hudsonweg 8  
5928 LW Venlo  
The Netherlands

## NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

**Cimpress N.V. will hold its 2016 Annual General Meeting of Shareholders:**

on Tuesday, November 15, 2016  
at 7:15 p.m. Central European Time  
at the offices of Cimpress N.V.  
Hudsonweg 8  
5928 LW Venlo  
The Netherlands

### MATTERS TO BE ACTED UPON AT THE ANNUAL GENERAL MEETING:

- (1) Reappoint Paolo De Cesare to our Supervisory Board to serve for a term of four years ending on the date of our annual general meeting of shareholders in 2020;
- (2) Reappoint Mark T. Thomas to our Supervisory Board to serve for a term of four years ending on the date of our annual general meeting of shareholders in 2020;
- (3) Appoint Sophie A. Gasperment to our Supervisory Board to serve for a term of four years ending on the date of our annual general meeting of shareholders in 2020;
- (4) Following a discussion on the application of the remuneration policy over the fiscal year ended June 30, 2016, hold a non-binding, advisory “say on pay” vote regarding the compensation of our named executive officers, as described in the Compensation Discussion and Analysis, executive compensation tables, and accompanying narrative disclosures in this proxy statement;
- (5) Adopt our statutory annual accounts, as prepared in accordance with Dutch law, for the fiscal year ended June 30, 2016;
- (6) Discharge the members of our Management Board from liability with respect to the exercise of their duties during the fiscal year ended June 30, 2016;
- (7) Discharge the members of our Supervisory Board from liability with respect to the exercise of their duties during the fiscal year ended June 30, 2016;
- (8) Authorize our Management Board, acting with the approval of our Supervisory Board, to repurchase up to 6,300,000 of our issued and outstanding ordinary shares (which represents approximately 20% of our 31.5 million shares outstanding as of June 30, 2016) until May 15, 2018 on the open market (including block trades that satisfy the safe harbor provisions of Rule 10b-18 pursuant to the United States Securities Exchange Act of 1934, or the Exchange Act), through privately negotiated transactions, or in one or more self-tender offers at prices per share between an amount equal to €0.01 and an amount equal to 120% of the market price of our ordinary shares on the Nasdaq Global Select Market, or Nasdaq, or any other securities exchange where our shares are then traded (the market price being deemed to be the average of the closing price on each of the consecutive days of trading during a period no shorter than one trading day and no longer than 10 trading days immediately preceding the date of repurchase, as reasonably determined by the Management Board);
- (9) Renew the authorization of our Management Board, acting with the approval of our Supervisory Board, until May 15, 2018 to issue ordinary shares or grant rights to subscribe for ordinary shares up to a maximum of (i) 10% of our outstanding share capital at the time of issue for general corporate purposes including but not limited to equity compensation, acquisitions, and financings, and (ii) an additional 10% of our outstanding share capital at the time of issue in connection with our acquisition of all or a majority of the equity or assets of another entity;

(10) Renew the authorization of our Management Board, acting with the approval of our Supervisory Board, until May 15, 2018 to resolve to exclude or restrict our shareholders' preemptive rights under Dutch law with respect to ordinary shares and rights to subscribe for ordinary shares that the Management Board may issue or grant pursuant to any authorization of our shareholders;

(11) Appoint PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending June 30, 2017;

(12) Approve the new compensation program for our Supervisory Board described in this proxy statement;

(13) Approve the amendment to our 2016 Performance Equity Plan described in this proxy statement; and

(14) Transact other business, if any, that may properly come before the meeting or any adjournment of the meeting.

Our Management Board and Supervisory Board have no knowledge of any other business to be transacted at the annual general meeting.

Shareholders of record at the close of business on October 18, 2016 are entitled to vote at the annual general meeting. Your vote is important regardless of the number of shares you own. Whether or not you expect to attend the meeting, please complete and promptly return the enclosed proxy card in accordance with the instructions that we or your bank or brokerage firm have provided. Your prompt response will ensure that your shares are represented at the annual general meeting. You can change your vote and revoke your proxy by following the procedures described in this proxy statement.

All shareholders are cordially invited to attend the annual general meeting.

By order of the Management Board,



*Chairman of the Management Board, President and  
Chief Executive Officer*

October 24, 2016

# CIMPRESS N.V.

Hudsonweg 8  
5928 LW Venlo  
The Netherlands

## PROXY STATEMENT FOR ANNUAL GENERAL MEETING OF SHAREHOLDERS

to be held on November 15, 2016

This proxy statement contains information about the 2016 Annual General Meeting of Shareholders of Cimpress N.V., which we refer to in this proxy statement as the annual meeting or the meeting. We will hold the annual meeting on Tuesday, November 15, 2016 at the offices of Cimpress N.V. at Hudsonweg 8, 5928 LW Venlo, the Netherlands. The meeting will begin at 7:15 p.m. Central European Time.

We are furnishing this proxy statement to you in connection with the solicitation of proxies by the Management Board of Cimpress N.V. (which is also referred to as we, us, or Cimpress in this proxy statement) for use at the annual meeting and at any adjournment of the annual meeting.

We are first mailing the Notice of Annual General Meeting, this proxy statement, and our Annual Report to Shareholders for the fiscal year ended June 30, 2016 on or about October 24, 2016.

### **Important Notice Regarding the Availability of Proxy Materials for the 2016 Annual General Meeting of Shareholders:**

This Proxy Statement and the 2016 Annual Report to Shareholders are available for viewing, printing and downloading at <http://proxy.ir.CIMPRESS.com>. In addition, our statutory annual accounts and accompanying annual report, as prepared in accordance with Dutch law and including biographical information about the candidates nominated for appointment as members of our Supervisory Board, are available at our offices at the address above and for viewing, printing, and downloading at <http://proxy.ir.CIMPRESS.com>.

We will furnish without charge a copy of this proxy statement and our Annual Report on Form 10-K for the fiscal year ended June 30, 2016, as filed with the United States Securities and Exchange Commission, or SEC, to any shareholder who requests it by emailing [IR@cimpress.com](mailto:IR@cimpress.com) or writing to Cimpress N.V., c/o Cimpress USA Incorporated, Attention: Investor Relations, 275 Wyman Street, Waltham, MA 02451, USA. This proxy statement and our Annual Report on Form 10-K are also available on the SEC's web site at [www.sec.gov](http://www.sec.gov).

## INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

### What is the purpose of the annual meeting?

At the annual meeting, our shareholders will consider and act upon the 13 proposals listed in the Notice of Annual General Meeting of Shareholders that appears on the first two pages of this proxy statement. Our Management Board and Supervisory Board are not aware of any other business to be transacted at the annual meeting.

### Who can vote?

To be able to vote on the matters listed in the Notice of Annual General Meeting of Shareholders on the first two pages of this proxy statement, you must have held ordinary shares of Cimpress at the close of business on October 18, 2016, which is the record date for the annual meeting. Shareholders of record at the close of business on October 18, 2016 are entitled to vote on each proposal at the meeting. The number of outstanding ordinary shares entitled to vote on each proposal at the meeting is 31,650,435.

### How many votes do I have?

Each ordinary share of Cimpress that you owned on the record date entitles you to one vote on each matter that is voted on at the annual meeting.

### Is my vote important?

Your vote is important regardless of how many ordinary shares you own. Please take a moment to read the instructions below, vote your shares, and submit your proxy as soon as possible to ensure that your shares are represented and voted at the annual meeting.

### How do I vote?

If you are a holder of record and your shares are not held in “street name” by a bank or brokerage firm, you may vote by completing and signing the proxy card that accompanies this proxy statement and promptly mailing it in the enclosed postage-prepaid envelope. For your vote to be counted at the meeting, our transfer agent, Computershare Trust Company, Inc., must receive your proxy no later than 4:00 p.m. Eastern Standard Time on the last business day before the meeting.

If the shares you own are held in street name by a bank or brokerage firm, then your bank or brokerage firm, as the record holder of your shares, is required to vote your shares according to your instructions. In order to vote your shares, you will need to follow the directions your bank or brokerage firm provides to you. Many banks and brokerage firms offer the option of voting by mail, over the Internet, or by telephone, which will be explained in the voting instruction form you receive from your bank or brokerage firm.

The shares you own will be voted according to the instructions you return to Computershare Trust Company or your bank or brokerage firm. If you are a holder of record and sign and return the proxy card, but do not give any instructions on a particular matter to be voted on as described in this proxy statement, then the shares you own will be voted in accordance with the recommendations of our Management Board and Supervisory Board. The Management Board and Supervisory Board recommend that you vote **FOR** all of the proposals listed in the Notice of Annual General Meeting of Shareholders on the first two pages of this proxy statement.

If you are a record holder and attend the annual meeting in person, then you may also vote in person. If you hold your shares in street name and wish to attend the meeting or vote in person, then you must follow the instructions below under “How do I attend the meeting and vote in person?”

### Can I change my vote or revoke my proxy after I have mailed my proxy card?

Yes. If your shares are held in street name by a bank or brokerage firm and you wish to revoke or change your voting instructions, then you must follow the directions you receive from your bank or brokerage firm. If you are a

holder of record and your shares are not held in street name, then you can revoke your proxy and change your vote by doing any one of the following things:

- signing another proxy card with a later date and delivering the new proxy card to our Chief Legal Officer at the offices of our subsidiary Cimpres USA Incorporated, 275 Wyman Street, Waltham, MA 02451 USA no later than 4:00 p.m. Eastern Standard Time on the last business day before the meeting;
- delivering to our Chief Legal Officer written notice no later than 4:00 p.m. Eastern Standard Time on the last business day before the meeting that you want to revoke your proxy; or
- voting in person at the meeting.

Your attendance at the meeting alone will not revoke your proxy.

### How do I attend the meeting and vote in person?

If you wish to attend our annual meeting in Venlo, the Netherlands in person, please send our Chief Legal Officer written notice at the offices of our subsidiary Cimpres USA Incorporated, 275 Wyman Street, Waltham, MA 02451 USA no later than November 10, 2016. If you need directions to the meeting, please call Investor Relations at +1 781-652-6480.

If you wish to attend the meeting and your shares are held in street name by a bank or brokerage firm, then you must provide the written notice referenced above and also bring with you to the meeting an account statement or letter from your bank or brokerage firm showing that you are the beneficial owner of the shares as of the record date in order to be admitted to the meeting. To be able to vote your shares held in street name at the meeting, you will need to obtain a legal proxy from the holder of record, i.e., your bank or brokerage firm.

### What vote is required?

Under our articles of association, holders of at least one third of our outstanding ordinary shares must be represented at the annual meeting to constitute a quorum, and the following vote is required to approve each of the proposals described in this proxy statement:

- *Proposals 1 through 3 (appointments of members of our Supervisory Board)*: In accordance with our articles of association, our Supervisory Board adopted unanimous resolutions to make binding nominations of the candidates for Supervisory Board. Our shareholders may set aside any of these binding nominations only by a vote of at least two thirds of the votes cast at a meeting representing more than half of our share capital.
- *Proposal 4 (advisory “say on pay”)*: This proposal requires the approval of a majority of votes cast at a meeting at which a quorum is present. This vote is non-binding and advisory in nature, but our Compensation Committee will take into account the outcome of the vote when considering future executive compensation arrangements.
- *Proposal 10 (authority to exclude or restrict pre-emptive rights)*: This proposal requires the approval of a majority of votes cast at a meeting at which a quorum is present, unless less than half of our issued capital is present or represented at the meeting, in which case this proposal requires a vote of at least two thirds of the votes cast.
- *Proposals 5 through 9 and 11 through 13*: These proposals require the approval of a majority of votes cast at a meeting at which a quorum is present.

For all proposals, Dutch law and our articles of association provide that ordinary shares represented at the meeting and abstaining from voting will count as shares present at the annual meeting but will not count for the purpose of determining the number of votes cast. Broker non-votes will not count as shares present at the annual meeting or for the purpose of determining the number of votes cast. “Broker non-votes” are shares that are held in street name by a bank or brokerage firm that indicates on its proxy that it does not have discretionary authority to vote on a particular matter.

## **How will votes be counted?**

Each ordinary share will be counted as one vote according to the instructions contained on a properly completed proxy or on a ballot voted in person at the annual meeting. Shares will not be voted in favor of a proposal if either the shareholder abstains from voting on a particular matter or the shares are broker non-votes.

## **Who will count the votes?**

Computershare Trust Company, Inc., our transfer agent, will count, tabulate, and certify the votes.

## **How do the Management Board and Supervisory Board recommend that I vote on the proposals?**

The Management Board and Supervisory Board recommend that you vote FOR all of the proposals listed in the Notice of Annual General Meeting of Shareholders on the first two pages of this proxy statement.

## **Will any other business be conducted at the meeting or will other matters be voted on?**

Our Management Board and Supervisory Board do not know of any other matters that may come before the meeting. If any other matter properly comes before the meeting, then, to the extent permitted by applicable law, the persons named in the proxy card that accompanies this proxy statement may exercise their judgment in deciding how to vote, or otherwise act, at the meeting with respect to that matter or proposal.

## **Where can I find the voting results?**

Within four business days after the annual meeting, we will report the voting results on a Current Report on Form 8-K that we will file with the SEC.

## **How and when may I submit a shareholder proposal, including a shareholder nomination for a Supervisory Board position, for the 2017 annual general meeting?**

Because we are a Dutch limited company whose shares are traded on a U.S. securities exchange, both U.S. and Dutch rules and timeframes apply if you wish to submit a candidate to be considered for election to our Supervisory Board at our 2017 annual general meeting or if you wish to submit another kind of proposal for consideration by shareholders at our 2017 annual general meeting.

Under our articles of association, if you are interested in submitting a proposal, you must fulfill the requirements set forth in our articles of association, including satisfying both of the following criteria:

- We must receive your proposal at our registered offices in Venlo, the Netherlands as set forth below no later than 60 days before the 2017 annual general meeting, and
- The number of ordinary shares you hold must equal at least 3% of our issued share capital.

Under our articles of association, shareholders do not have the right to nominate or appoint their own candidates for positions on our Supervisory Board directly, but if you submit information about a potential candidate for the Supervisory Board to our Nominating and Corporate Governance Committee, as described in the section of this proxy statement entitled "Supervisory Board Nomination Process," then our Nominating and Corporate Governance Committee will consider whether he or she is appropriate for nomination to our Supervisory Board.

Under U.S. securities laws, if you wish to have a proposal included in our proxy statement for the 2017 annual general meeting, then in addition to the above requirements, you also need to follow the procedures outlined in Rule 14a-8 of the Exchange Act, and the deadline for submitting your proposal to us is earlier than the deadline specified above: For your proposal to be eligible for inclusion in our proxy statement for the 2017 annual general meeting, we must receive your proposal at our registered offices in Venlo, the Netherlands as set forth below no later than June 26, 2017.



Any proposals, nominations or notices under our articles of association or pursuant to Rule 14a-8 should be sent to:

Secretary, Cimpress N.V.  
Hudsonweg 8  
5928 LW Venlo  
The Netherlands

With a copy to:  
Chief Legal Officer  
Cimpress USA Incorporated  
275 Wyman Street  
Waltham, MA 02451  
USA

### **What are the costs of soliciting these proxies?**

We will bear the costs of solicitation of proxies. We have retained Alliance Advisors for a fee of \$10,000 plus expenses to assist us in soliciting proxies from our shareholders and to verify certain records relating to the solicitation. We and our Supervisory Board members, officers, and selected other employees may also solicit proxies by mail, telephone, e-mail, or other means of communication. Supervisory Board members, officers, and employees who help us in soliciting proxies will not be specially compensated for those services, but they may be reimbursed for their reasonable out-of-pocket expenses incurred in connection with their solicitation. We will request brokers, custodians, and fiduciaries to forward proxy soliciting material to the owners of our ordinary shares that they hold in their names and will reimburse these entities for their out-of-pocket expenses incurred in connection with the distribution of our proxy materials.

### **Householding of Annual Meeting Materials**

Some banks, brokers, and other nominee record holders may participate in the practice of “householding” proxy statements and annual reports. This means that only one copy of our proxy statement and annual report to shareholders may be sent to multiple shareholders in your household. We will promptly deliver a separate copy of either document to you if you contact us by emailing [IR@cimpress.com](mailto:IR@cimpress.com), writing us at Investor Relations, Cimpress, 275 Wyman Street, Waltham, MA 02451 USA, or calling us at telephone no. +1 781-652-6480. If you want to receive separate copies of the proxy statement or annual report to shareholders in the future, or if you are receiving multiple copies and would like to receive only one copy per household, you should contact your bank, broker, or other nominee record holder if you hold your shares in street name, or you may contact us per the above if you are a holder of record.

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table contains information regarding the beneficial ownership of our ordinary shares as of September 7, 2016 by:

- each shareholder we know to own beneficially more than 5% of our outstanding ordinary shares;
- each member of, and nominee for appointment to, our Supervisory Board;
- our named executive officers who are listed in the Summary Compensation Table in this proxy statement; and
- all of our current Supervisory Board members and executive officers as a group.

<u>Name and Address of Beneficial Owner(1)</u>	<u>Number of Ordinary Shares Beneficially Owned(2)</u>	<u>Percent of Ordinary Shares Beneficially Owned(3)</u>
Arlington Value Capital, LLC(4) 222 South Main Street, Suite 1750 Salt Lake City, UT 84101 USA	2,364,205	7.5%
Brave Warrior Advisors, LLC(5) 12 East 49 <sup>th</sup> Street, 14 <sup>th</sup> Floor New York, NY 10017 USA	2,233,496	7.1
FMR LLC(6) 245 Summer Street Boston, MA 02210 USA	2,755,650	8.7
Janus Capital Management LLC(7) 151 Detroit Street Denver, CO 80206 USA	1,733,643	5.5
Prescott General Partners LLC(8) 2200 Butts Road, Suite 320 Boca Raton, FL 33431 USA	4,656,492	14.7
Spruce House Investment Management LLC(9) 435 Hudson Street, 8th Floor New York, NY 10014 USA	2,200,000	7.0
<i>Named Executive Officers, Supervisory Board members, and Nominees for Supervisory Board</i>		
Robert S. Keane(10)(11)	3,356,179	10.1
Katryn S. Blake(11)	75,714	*
Paolo De Cesare(11)	18,061	*
Sophie A. Gasperment	—	—
John J. Gavin, Jr.(11)(12)	53,562	*
Donald R. Nelson(11)	156,744	*
Eric C. Olsen(11)	20,561	*
Sean E. Quinn(11)	574	*
Richard T. Riley(11)	70,669	*
Nadia Shouraboura(11)	3,160	*

Mark T. Thomas(11)(13)	35,378	*
Scott Vassalluzzo(11)(14)	72,834	*
Ernst J. Teunissen(15)	3,102	*
All current executive officers and Supervisory Board members as a group (11 persons) (11)	3,863,436	11.5%

\* Less than 1%

- (1) Unless otherwise indicated, the address of each executive officer and Supervisory Board member is c/o Cimpress N.V., Hudsonweg 8, 5928 LW Venlo, the Netherlands.
- (2) For each person or entity in the table above, the "Number of Shares Beneficially Owned" column may include ordinary shares attributable to the person or entity because of that holder's voting or investment power or other relationship, as determined under SEC rules. Under these rules, a person or entity is deemed to have "beneficial ownership" of any shares over which that person or entity has or shares voting or investment power, plus any shares that the person or entity may acquire within 60 days of September 7, 2016 (i.e., November 6, 2016), including through the exercise of share options or the vesting of restricted share units. Unless otherwise indicated, each person or entity referenced in the table has sole voting and investment power over the shares listed or shares such power with his or her spouse. The inclusion in the table of any shares, however, does not constitute an admission of beneficial ownership of those shares by the named shareholder.
- (3) The percentage ownership for each shareholder on September 7, 2016 is calculated by dividing (1) the total number of shares beneficially owned by the shareholder by (2) 31,628,994, the number of ordinary shares outstanding on September 7, 2016, plus any shares issuable to the shareholder within 60 days after September 7, 2016 (i.e., November 6, 2016), including restricted share units that vest and share options that are exercisable on or before November 6, 2016.
- (4) This information is based solely upon a Schedule 13G that the shareholder filed with the SEC on February 16, 2016.
- (5) This information is based solely upon a Schedule 13G/A that the shareholder filed with the SEC on August 10, 2016.
- (6) This information is based solely upon a Schedule 13G/A that the shareholder filed with the SEC on February 12, 2016.
- (7) This information is based solely upon a Schedule 13G/A that the shareholder filed with the SEC on February 16, 2016.
- (8) This information is based solely upon a Schedule 13D/A that the shareholder filed with the SEC on February 17, 2016.
- (9) This information is based solely upon a Schedule 13G/A that the shareholder filed with the SEC on February 16, 2016.
- (10) Includes an aggregate of (i) 1,576,912 shares held by irrevocable discretionary trusts and other entities established for the benefit of Mr. Keane or members of his immediate family, or the Trusts, and (ii) 74,181 shares held by a charitable entity established by Mr. Keane and his spouse. Trustees who are independent of Mr. Keane or his spouse hold exclusive voting and investment power with respect to the ordinary shares owned by the Trusts and the ordinary shares issuable pursuant to share options and restricted share units held by the Trusts; Mr. Keane and his spouse do not hold such power with respect to the Trusts. Mr. Keane and his spouse share voting and investment power with respect to the shares held by the charitable entity. Mr. Keane and his spouse disclaim beneficial ownership of the shares, share options and restricted share units held by the Trusts and the charitable entity except to the extent of their pecuniary interest therein.
- (11) Includes the number of shares listed below that each executive officer and supervisory director has the right to acquire under share options and restricted share units that vest on or before November 6, 2016:
  - Mr. Keane: 1,705,086 shares, held by the Trusts
  - Ms. Blake: 62,757 shares
  - Mr. De Cesare: 9,805 shares
  - Mr. Gavin: 24,845 shares
  - Mr. Nelson: 145,500 shares
  - Mr. Olsen: 9,805 shares
  - Mr. Quinn: 0 shares
  - Mr. Riley: 24,845 shares
  - Dr. Shouraboura: 2,653 shares
  - Mr. Thomas: 11,002 shares
  - Mr. Vassalluzzo: 2,653 shares
  - All current executive officers and supervisory directors in the aggregate: 1,998,951 shares
- (12) Includes 27,977 shares owned by a trust of which Mr. Gavin and his wife are trustees.
- (13) Includes 1,800 shares owned by a family limited liability company of which Mr. Thomas is a manager. Mr. Thomas disclaims beneficial ownership of these shares except to the extent of his pecuniary interest therein.
- (14) Includes 2,174 shares owned directly by investment accounts established for the benefit of certain family members, with respect to which Mr. Vassalluzzo disclaims beneficial ownership except to the extent of his pecuniary interest therein.

(15) Mr. Teunissen resigned as Chief Financial Officer in October 2015.

### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires our Supervisory Board members, executive officers, and the holders of more than 10% of our ordinary shares, referred to as reporting persons, to file reports with the SEC disclosing their ownership of and transactions in our ordinary shares and other equity securities. SEC regulations also require these reporting persons to furnish us with copies of all such reports that they file.

Based on written representations from the reporting persons and our review of the reports they filed, we believe that all reporting persons complied with all Section 16(a) filing requirements during our fiscal year ended June 30, 2016.

## PROPOSALS 1 THROUGH 3 - APPOINT THREE MEMBERS TO OUR SUPERVISORY BOARD

The seven current members of our Supervisory Board serve for rotating terms of up to four years:

- The terms of Paolo De Cesare and Mark T. Thomas expire at this 2016 annual general meeting.
- The term of John J. Gavin, Jr. expires at our 2017 annual general meeting.
- The terms of Richard T. Riley and Scott Vassalluzzo expire at our 2018 annual general meeting.
- The terms of Eric C. Olsen and Nadia Shouraboura expire at our 2019 annual general meeting.

We are asking our shareholders to appoint Sophie A. Gasperment as a new member of our Supervisory Board and to reappoint Paolo De Cesare and Mark T. Thomas. None of the current members of our Supervisory Board or Ms. Gasperment are employees of Cimpress.

Under Dutch law and our articles of association, our Supervisory Board has the right to make binding nominations for open positions on the Supervisory Board. In accordance with the recommendation of the Nominating and Corporate Governance Committee of the Supervisory Board and pursuant to the invitation of our Management Board, the Supervisory Board has adopted unanimous resolutions to make binding nominations of Ms. Gasperment and Messrs. De Cesare and Thomas to serve as Supervisory Board members for a term of four years ending on the date of our annual general meeting of shareholders in 2020.

The Supervisory Board recommends that shareholders vote for the appointment of Ms. Gasperment because of her leadership skills and perspective, international brand-building experience, expertise in managing a portfolio of branded go-to-market businesses, and acumen in both consumer goods and retail, as well as her broader business experience in multi-cultural environments. Our Nominating and Corporate Governance Committee engaged MWM Consulting, an international recruiting firm, to assist the Committee in identifying and recruiting Ms. Gasperment for nomination to the Board.

The Supervisory Board recommends that shareholders vote for the reappointment of Mr. De Cesare because of his strong knowledge of brand and marketing strategy, his international business experience and perspective, and his operational, executive, and board experience in a variety of roles worldwide. Mr. De Cesare serves on the Nominating and Corporate Governance Committee of the Supervisory Board.

The Supervisory Board recommends that shareholders vote for the reappointment of Mr. Thomas because of his extensive strategy, investment, and international experience, which includes more than 30 years of building companies, serving on boards, and providing advice to top executives on strategic matters. Mr. Thomas chairs the Nominating and Corporate Governance Committee of the Supervisory Board and serves on the Audit and Compensation Committees.

You can find more information about Ms. Gasperment, Messrs. De Cesare and Thomas, and the other members of our Supervisory Board in the section of this proxy statement entitled "INFORMATION ABOUT OUR SUPERVISORY BOARD MEMBERS AND EXECUTIVE OFFICERS."

***The Management Board and Supervisory Board recommend that you vote FOR the appointments of Ms. Gasperment and Messrs. De Cesare and Thomas as members of our Supervisory Board.***

## PROPOSAL 4 - ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION

At the annual meeting, we are asking our shareholders to approve the compensation of our named executive officers, as described in the Compensation Discussion and Analysis, or CD&A, executive compensation tables, and accompanying narrative disclosures in this proxy statement. This is an advisory vote, meaning that this proposal is not binding on us, but our Compensation Committee values the opinions expressed by our shareholders and will carefully consider the outcome of the shareholder vote when making future compensation decisions for our named executive officers.

Please carefully read the CD&A section of this proxy statement. As you cast your vote on this proposal, we would like you to consider the following compensation program highlights, which are described in more detail in CD&A.

- The total compensation package for our executive officers is weighted heavily toward compensation based on Cimpres's performance. Cimpres performed well in our fiscal year ended June 30, 2016, and our executive officers' pay reflects that performance.
- In fiscal year 2016, under the leadership of our Compensation Committee and with input from our shareholders, we significantly redesigned our compensation program for executives and employees. Beginning with the fiscal year ending June 30, 2017, our long-term incentive compensation program will consist of performance share units granted under our new 2016 Performance Equity Plan, which are based upon performance conditions relating to the compound annual growth rate of the three-year moving average of the daily closing share price of Cimpres's ordinary shares over a 6- to 10-year period, and cash retention bonus awards paid over several years.
- Each year, we reach out to our major shareholders to solicit their feedback on our executive compensation design. During fiscal year 2016, we engaged our major, long-term shareholders in the design and approval phases of the new compensation program for executives and employees for fiscal years 2017 and beyond and took shareholders' feedback into account throughout the process.
- In 2012, we granted to our executive officers multi-year, premium-priced share options designed to emphasize Cimpres's long-term performance and our growth strategy using share price as the primary performance metric. These options have an exercise price of \$50.00 per share, which was significantly higher than the fair market value of our ordinary shares on the grant dates, and in addition, Robert Keane, our Chief Executive Officer, may not exercise these options unless our share price on Nasdaq is at least \$75.00 on the exercise date. The Compensation Committee believes that the premium-priced share options provide strong alignment of performance-based compensation with long-term shareholder value creation, significant downside risk for the executives if Cimpres performs poorly, and significant upside potential if Cimpres performs well.
- We no longer include excess parachute payment tax gross-up provisions in any executive retention agreements we enter into with new executives after August 1, 2012, and accordingly Sean Quinn, who was promoted to the position of Chief Financial Officer in October 2015, does not have such a provision in his executive retention agreement.

As required by Dutch law, we have a shareholder-approved Remuneration Policy that applies to our Management Board members, which you can find on the Corporate Governance page in the Investor Relations section of [www.cimpres.com](http://www.cimpres.com), and the compensation of our named executive officers is in accordance with the Remuneration Policy. This proposal provides, pursuant to Section 2:135(5a) of the Dutch Civil Code, for a discussion regarding the implementation of the remuneration policy for the Management Board. The discussion takes place on the basis of the information referred to in Section 2:383c up to and including Section 2:383e of the Dutch Civil Code, as included in the explanatory notes to the financial statements included in our Dutch statutory annual accounts for the fiscal year ended June 30, 2016. This advisory vote on executive compensation does not amend the Remuneration Policy in any way.

In 2011, a majority of our shareholders voted to hold the advisory vote to approve our executive compensation on an annual basis. Therefore, we intend to put forth at each annual general meeting of shareholders an advisory vote on the compensation of our named executive officers for the immediately preceding fiscal year.

***Our Management Board and Supervisory Board recommend that you vote FOR the approval of the compensation of our named executive officers, as described in this proxy statement.***

#### **PROPOSAL 5 - ADOPT OUR ANNUAL ACCOUNTS**

At the annual meeting, we are asking you to confirm and adopt our Dutch statutory annual accounts, or Annual Accounts, for the fiscal year ended June 30, 2016, which are our audited consolidated financial statements prepared in accordance with Dutch law. As a Dutch company, we are required by Dutch law and our articles of association to prepare the Annual Accounts and submit them to our shareholders for confirmation and adoption. Our Annual Accounts are different from our audited financial statements contained in our Annual Report on Form 10-K

for the year ended June 30, 2016 that were prepared in accordance with United States generally accepted accounting principles, or U.S. GAAP, as required by United States law and Nasdaq listing standards for companies with securities listed on U.S. stock markets.

The Annual Accounts contain some disclosures that are not required under U.S. GAAP. In addition, the report of our Management Board that accompanies the Annual Accounts contains information included in this proxy statement and our Annual Report on Form 10-K, as well as other information required by Dutch law.

It is important that our shareholders adopt our Annual Accounts because it is a Dutch law requirement and also because we are not permitted under Dutch law to take certain corporate actions unless our Annual Accounts are adopted.

You can access a copy of the Annual Accounts through our website at <http://proxy.ir.CIMPRESS.com>, by emailing us at [IR@cimpres.com](mailto:IR@cimpres.com), or by sending a written request to Investor Relations, c/o Cimpres USA Incorporated, 275 Wyman Street, Waltham, MA 02451 USA.

***Our Management Board and Supervisory Board recommend that you vote FOR the confirmation and adoption of the Annual Accounts.***

#### **PROPOSALS 6 AND 7 - DISCHARGE OUR MANAGEMENT BOARD AND SUPERVISORY BOARD FROM CERTAIN LIABILITY**

At the annual meeting, as permitted under Dutch law and customary for Dutch companies, we are asking you to discharge the members of our Management Board and Supervisory Board from liability with respect to the exercise of their management and supervisory duties during our fiscal year ended June 30, 2016. If our shareholders approve this discharge of liability, then our Management Board and Supervisory Board members will not be liable to Cimpres for actions that they took on behalf of the company in the exercise of their duties during fiscal 2016. However, the discharge does not apply to matters that are not disclosed to our shareholders, and it does not affect the liability, if any, of our Management Board and Supervisory Board to our shareholders. The discharge is also subject to the provisions of Dutch laws relating to liability upon bankruptcy.

***Our Management Board and Supervisory Board recommend that you vote FOR the discharge of the members of our Management Board and Supervisory Board from liability as described above.***

#### **PROPOSAL 8 - RENEW OUR AUTHORIZATION TO REPURCHASE SHARES**

Under Dutch law and our articles of association, our shareholders may authorize our Management Board, with the approval of our Supervisory Board and subject to certain Dutch statutory provisions, to repurchase outstanding shares on our behalf in an amount, at prices, and in the manner authorized by the shareholders. This authorization will give us the flexibility to repurchase our ordinary shares without the expense of calling further general meetings of shareholders. Under Dutch law and our articles of association, a shareholder authorization to repurchase shares may not continue for more than 18 months, but may be given on a rolling basis. On November 17, 2015, we received authorization from our shareholders to repurchase up to 6,500,000 of our issued and outstanding ordinary shares, and as of August 31, 2016, we have repurchased 156,778 ordinary shares under this authority. We are now seeking a renewal of our authorization to repurchase our ordinary shares.

Our Management Board believes that we would benefit from a renewal of the grant of authority to repurchase our ordinary shares. If the Management Board believes that our shares may be undervalued at the market levels at which they are then trading, repurchases of our share capital may represent an attractive investment for us and our shareholders. Our Management Board, with the prior approval of our Supervisory Board and within the parameters described in this proposal, would determine the number of shares repurchased, if any, and the timing and manner of any repurchases in light of prevailing market conditions, our available resources, and other factors that we cannot now predict. The repurchased shares could be used for any valid corporate purpose, including the issuance of shares under our equity compensation plans or for acquisitions, mergers or similar transactions. The reduction in our issued and outstanding shares resulting from any repurchases would increase the proportionate interest of the remaining shareholders in whatever future profits we may earn. Under Dutch law, the number of our ordinary shares that we or our subsidiaries hold may never exceed 50% of the total number of our issued and outstanding shares.

In order to provide us with maximum flexibility, we propose that our shareholders grant the Management Board, acting with the approval of our Supervisory Board, authority to repurchase up to 6,300,000 of our issued and outstanding ordinary shares (which represents approximately 20% of the 31.5 million shares outstanding as of June 30, 2016) on the open market (including block trades that satisfy the safe harbor provisions of Rule 10b-18 pursuant to the Exchange Act), through privately negotiated transactions, or in one or more self-tender offers at prices per share between an amount equal to €0.01 and an amount equal to 120% of the market price of our ordinary shares on Nasdaq or any other securities exchange where our shares are then traded (the market price being deemed to be the average of the closing price on each of the consecutive days of trading during a period no shorter than one trading day and no longer than 10 trading days immediately preceding the date of repurchase, as reasonably determined by the Management Board). This authority would begin on the date of the annual meeting and extend for 18 months until May 15, 2018.

An authorization to repurchase up to 6,300,000 of our issued and outstanding ordinary shares would not necessarily mean that we will repurchase this amount over the authorization period. We may choose to repurchase fewer than all of the shares authorized or none at all, and we are seeking this authorization to have the flexibility to make repurchases if we believe doing so would be in the best interests of Cimpres and our shareholders. Our Supervisory Board and Management Board will analyze many factors relating to a repurchase decision, including share price relative to our anticipated future cash flows, our ability to use operating cash flow or debt to repurchase the shares while taking into account our debt covenants and other uses for our cash or debt capacity, general shareholder concentration, and liquidity concerns, as well as other items.

If our shareholders do not approve this proposal, then we intend to continue to make share repurchases, if any, under the previous authorization that our shareholders approved at our November 17, 2015 annual general meeting, which will expire on May 17, 2017. If our shareholders do approve this proposal, then the repurchase authorization described in this proposal will replace the November 17, 2015 repurchase authorization, and we will make any future share repurchases pursuant to this new authorization.

***Our Management Board and Supervisory Board recommend that you vote FOR the authorization of the Management Board and Supervisory Board to repurchase our issued and outstanding ordinary shares as described above.***

#### **PROPOSAL 9 - RENEW OUR AUTHORIZATION TO ISSUE ORDINARY SHARES**

Dutch law and our articles of association require us to seek the approval of our shareholders each time we wish to issue new shares from our authorized share capital, unless our shareholders have previously authorized our Management Board, with the approval of our Supervisory Board, to issue shares. This authorization may not continue for more than five years, but may be given on a rolling basis. On November 17, 2015, our shareholders authorized our Management Board, with the approval of our Supervisory Board to issue ordinary shares, or grant rights to subscribe for ordinary shares, up to a maximum of 10% of our outstanding share capital at the time of issue for general corporate purposes (including but not limited to equity compensation, acquisitions, and financings) and an additional 10% of our outstanding share capital at the time of issue in connection with our acquisition of all or a majority of the equity or assets of another entity. We refer to this existing authorization as the "2015 general authorization."

In addition to and separate from the 2015 general authorization, on May 27, 2016 our shareholders authorized our Management Board, with the approval of our Supervisory Board, until May 27, 2021 to issue ordinary shares, or grant rights to subscribe for ordinary shares, pursuant to our 2016 Performance Equity Plan, up to a maximum of the number of ordinary shares issuable under that plan. We refer to this existing authorization as the "Performance Equity Plan authorization."

It is common practice for Dutch companies to seek to renew the general authorization to issue shares periodically on a rolling basis, and at this annual meeting, we are asking our shareholders, separate from and in addition to the Performance Equity Plan authorization described above, to renew the general authorization of our Management Board, with the approval of our Supervisory Board, until May 15, 2018 to issue ordinary shares, or grant rights to subscribe for ordinary shares, up to a maximum of:

- 10% of our outstanding share capital at the time of issue for general corporate purposes including but not limited to equity compensation, acquisitions, and financings; and
- an additional 10% of our outstanding share capital at the time of issue in connection with our acquisition of all or a majority of the equity or assets of another entity.



Although we currently issue ordinary shares from our treasury account and have no plans to issue any new ordinary shares from our authorized share capital, we are seeking this authorization to maintain our flexibility to issue, or grant rights to subscribe for, 10% of our outstanding share capital at times when we believe doing so would be in Cimpress' best interests, including for equity compensation purposes, in connection with acquisitions, financings, and other transactions, and for other general corporate purposes. In addition, because an important component of our strategy is to selectively pursue acquisitions of businesses that complement or enhance our current business and operations, we are also seeking authorization to issue, or grant rights to subscribe for, up to an additional 10% of our outstanding share capital in connection with the acquisition of other entities or their assets. We believe it is important to our continued growth to retain the flexibility to issue securities in a timely manner without the delay and uncertainty of obtaining specific shareholder approval for each issuance. We are seeking authorization to issue a limited number of shares for a limited time (18 months) to balance our need for flexibility to issue new shares against the potential dilution of our shareholders. Furthermore, because our ordinary shares are listed on Nasdaq, our issuance of additional shares will remain subject to Nasdaq rules, which require, among other things, shareholder approval for the issuance of shares in excess of 20% of our shares outstanding (with several exceptions).

If our shareholders do not renew the Management Board's authority, then the 2015 general authorization would remain in place, and we could continue to issue ordinary shares pursuant to the 2015 general authorization until it expires on May 17, 2017. If our shareholders do approve this proposal, then the authorization to issue ordinary shares described in this proposal will replace the 2015 general authorization. In any case, the Performance Equity Plan authorization will remain in place whether or not our shareholders approve this new authorization at the meeting; the new authorization to issue ordinary shares described above is separate from, and does not replace, the Performance Equity Plan authorization.

***Our Management Board and Supervisory Board recommend that you vote FOR the renewal of our authorization to issue ordinary shares and grant rights to subscribe for ordinary shares as described above.***

#### **PROPOSAL 10 - RENEW OUR AUTHORIZATION TO EXCLUDE OR RESTRICT SHAREHOLDERS' PREEMPTIVE RIGHTS**

Under Dutch law, holders of our ordinary shares (other than our employees who receive ordinary shares under our equity compensation plans) would generally have a pro rata preemptive right of subscription with respect to any new ordinary shares we issue for cash or any grant of rights to subscribe for ordinary shares. A preemptive right of subscription is the right of our current shareholders to maintain their percentage ownership of Cimpress' shares by buying a proportional number of any new shares that Cimpress issues. However, Dutch law and our articles of association permit our shareholders to authorize our Management Board, with the approval of our Supervisory Board, to exclude or restrict these preemptive rights. This authorization may not continue for more than five years, but may be given on a rolling basis. We received such authorization at our last annual general meeting of shareholders on November 17, 2015, which authorization expires on May 17, 2017, and it is common practice for Dutch companies to seek to renew this authorization periodically on a rolling basis.

At the annual meeting, we are asking our shareholders to renew the authority of our Management Board, with the approval of our Supervisory Board, until May 15, 2018 to exclude or restrict preemptive rights with respect to issuances of ordinary shares or grants of rights to subscribe for ordinary shares pursuant to any authorization of our shareholders. **Preemptive rights are uncommon for public companies domiciled in the United States.** We believe that if we are not granted the authority to limit preemptive rights, our ability to raise capital through sales of our securities would be significantly affected because shareholders' exercise of their preemptive rights would cause delays in a transaction and may dissuade potential buyers of our securities from entering into a transaction with us. Any limits or waivers of preemptive rights would apply equally to all holders of our ordinary shares.

If our shareholders do not renew the Management Board's authority, then our previous authorization would remain in place, and we could continue to exclude or restrict preemptive rights pursuant to that authorization until it expires on May 17, 2017. If our shareholders do approve this proposal, then the authorization to exclude or restrict preemptive rights described in this proposal will replace the November 17, 2015 authorization.

***Our Management Board and Supervisory Board recommend that you vote FOR the renewal of our authorization to exclude or restrict our shareholders' preemptive rights.***

**PROPOSAL 11 - APPOINT OUR  
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Our Audit Committee has selected PricewaterhouseCoopers LLP, or PwC, as our independent registered public accounting firm for the fiscal year ending June 30, 2017 with respect to our consolidated financial statements prepared in accordance with U.S. generally accepted accounting principles, and we are asking our shareholders to appoint PwC as our statutory auditor of Cimpress N.V. We do not expect that PwC will attend the annual meeting or be available to answer questions.

During the summer of 2014, we engaged in a rigorous request for proposal process with the participation of several auditing firms, including PwC and Ernst & Young, which had served as our independent registered public accounting firm for our fiscal year ended June 30, 2014 and previous fiscal years. Upon reviewing the proposals we received in this process, our Audit Committee selected PwC as our independent registered accounting firm for our fiscal year ended June 30, 2015 and dismissed Ernst & Young. The report of Ernst & Young as of and for our consolidated financial statements for the year ended June 30, 2014 did not contain an adverse opinion or a disclaimer of opinion, and was not qualified or modified as to uncertainty, audit scope or accounting principles. During the year ended June 30, 2014, and through August 15, 2014, there were no (a) disagreements with Ernst & Young on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to Ernst & Young's satisfaction, would have caused Ernst & Young to make reference to the subject matter thereof in connection with its reports for such year; or (b) reportable events, as described under Item 304(a)(1)(v) of Regulation S-K.

***Our Management Board and Supervisory Board recommend that you vote FOR the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending June 30, 2017.***

**Independent Registered Public Accounting Firm Fees and Other Matters**

The following table presents the aggregate fees and expenses billed for services rendered by PwC for the fiscal years ended June 30, 2015 and June 30, 2016. The amounts reported for each fiscal year represent the fees and expenses for services rendered during the applicable fiscal year, regardless of when the fees and expenses were billed.

	<u>Fiscal 2016</u>	<u>Fiscal 2015</u>
Audit Fees(1)	\$ 1,928,000	\$ 1,933,510
Audit-Related Fees(2)	168,000	317,500
Tax Fees(3)	1,382,400	883,950
All Other Fees(4)	33,000	4,600
Total Fees	<u>\$ 3,511,400</u>	<u>\$ 3,139,560</u>

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- (1) Audit fees and expenses consisted of fees and expenses billed for the audit of our consolidated financial statements, statutory audits of Cimpress N.V. and certain of our subsidiaries, quarterly reviews of our financial statements, and the audit of the effectiveness of internal control over financial reporting as promulgated by Section 404 of the U.S. Sarbanes-Oxley Act.
- (2) Audit-related fees and expenses consisted of fees and expenses for services that are reasonably related to the performance of the audit and the review of our financial statements and that are not reported under "Audit Fees." These services relate principally to consultations regarding financial accounting and reporting matters and financial due diligence assistance with acquisitions.
- (3) Tax fees and expenses consisted of fees and expenses for tax compliance (including tax return preparation), tax advice, tax planning and consultation services. Tax compliance services (assistance with tax returns, tax audits and appeals) accounted for \$142,000 of the total tax fees billed in fiscal 2016 and \$172,680 of the total tax fees billed in fiscal 2015.
- (4) \$4,600 of this amount for fiscal years 2015 and 2016 represents subscription fees for PwC's accounting research tool. The remaining \$28,400 for fiscal 2016 represents fees for global mobility immigration services.

## ***Audit Committee's Pre-approval Policy and Procedures***

Our Audit Committee has adopted policies and procedures for the pre-approval of audit and non-audit services for the purpose of maintaining the independence of our registered public accounting firm. We may not engage the independent registered public accounting firm to render any audit or non-audit service unless either the service is approved in advance by the Audit Committee or the engagement to render the service is entered into pursuant to the Audit Committee's pre-approval policies and procedures. From time to time, the Audit Committee pre-approves services that are expected to be provided to Cimpress by the independent registered public accounting firm during the following 12 months. Any such pre-approval is detailed as to the particular service or type of services to be provided and is also subject to a maximum dollar amount. At regularly scheduled meetings of the Audit Committee, management or the independent registered public accounting firm report to the Audit Committee regarding services actually provided to Cimpress.

During our fiscal year ended June 30, 2016, PwC did not provide any services to Cimpress other than in accordance with the pre-approval policies and procedures described above.

### **PROPOSAL 12 - APPROVE COMPENSATION PROGRAM FOR OUR SUPERVISORY BOARD**

Our Compensation Committee periodically reviews the compensation of our Supervisory Board to ensure that it is competitive and appropriate in light of the time and effort associated with serving on our Supervisory Board and the caliber of directors we seek to attract and retain. Our Supervisory Board compensation package is an important tool for helping us attract and retain talented directors who demonstrate integrity, business acumen, experience, diversity, and knowledge of our business and industry. If our Supervisory Board compensation is not market competitive, then we may have more difficulty recruiting and retaining highly qualified directors. None of our Supervisory Board members receives any other compensation from us besides the Supervisory Board compensation, and under Dutch law, no Supervisory Board member may be an employee of Cimpress.

During the spring and summer of 2016, our Compensation Committee reviewed our Supervisory Board compensation program against published surveys of compensation market data for public company boards of directors and, based on this review, redesigned the compensation of our Supervisory Board to reflect three primary goals: (1) simplify the program, (2) align the Supervisory Board's equity awards with the equity awards granted to Cimpress' executives and employees, which emphasize the long term, and (3) maintain the competitiveness of the program. Under Dutch law and our articles of association, our shareholders determine the compensation of each member of our Supervisory Board for their service as directors, and accordingly we are asking our shareholders to approve the redesigned compensation program for our Supervisory Board effective as of July 1, 2016, the beginning of our 2017 fiscal year. If approved by our shareholders, the compensation program described below will replace the current compensation program described in the section of this proxy statement entitled "Compensation of Supervisory Board Members."

#### ***Cash Compensation***

In keeping with the goal of simplicity, we would no longer pay our directors fees for attending meetings; instead, the cash component of our Supervisory Board's compensation would consist solely of the annual retainer fees described below. While these retainer fees are higher than the retainer fees we currently pay to the members of our Supervisory Board, when considered together with the elimination of the meeting fees, the new compensation program represents a modest increase over the fees we currently pay to our directors and is intended to help maintain the competitiveness of the compensation program.

All members of the Supervisory Board	\$112,500 retainer per fiscal year
Chairman of the Supervisory Board	Additional \$22,500 retainer per fiscal year
Audit Committee	<ul style="list-style-type: none"> <li>• \$15,000 retainer per fiscal year for all committee members (including the committee chairman)</li> <li>• Additional \$22,500 retainer per fiscal year for the committee chairman</li> </ul>
Compensation Committee	<ul style="list-style-type: none"> <li>• \$10,000 retainer per fiscal year for all committee members (including the committee chairman)</li> <li>• Additional \$15,000 retainer per fiscal year for the committee chairman</li> </ul>
Nominating and Corporate Governance Committee	<ul style="list-style-type: none"> <li>• \$10,000 retainer per fiscal year for all committee members (including the committee chairman)</li> <li>• Additional \$12,500 retainer per fiscal year for the committee chairman</li> </ul>

We would continue to reimburse our Supervisory Board for reasonable travel and other expenses incurred in connection with attending meetings of our Supervisory Board and its committees, and to pay for their tax preparation fees and filings for their Dutch income tax returns.

### **Performance Share Units**

In keeping with the goals of aligning the Supervisory Board's equity awards with the equity awards received by Cimpres' executives and employees and maintaining the competitiveness of the compensation program, we would grant to our Supervisory Board members performance share units, or PSUs, under our 2016 Performance Equity Plan, or 2016 Plan. Under this new compensation program, Supervisory Board members would no longer receive any share options or restricted share units. PSUs granted to our Supervisory Board would have the same terms as the PSUs granted to our executives and employees, except that, if our shareholders approve the amendment to the 2016 Plan described in Proposal 13, the Supervisory Board PSUs would have the same higher performance threshold in the tenth year of the award as PSU awards granted to our Chief Executive Officer. The 2016 Plan sets forth a more challenging performance threshold in the final year of the award for PSUs granted to Robert Keane, our Chief Executive Officer, than for other participants in the 2016 Plan, and as described below and in Proposal 13, we are asking our shareholders to approve an amendment to the 2016 Plan to apply this higher performance threshold to the Supervisory Board as well.

Each incumbent Supervisory Board member would receive \$112,500 of PSUs annually in connection with our annual general meeting of shareholders so long as he or she remains a director following that annual general meeting. Each new director would receive \$150,000 of PSUs in connection with his or her initial appointment to the Supervisory Board. Cimpres would determine the number of PSUs to be granted to each director by dividing the applicable dollar amounts described in this paragraph by the three-year moving average of the daily closing share price of Cimpres' ordinary shares, or 3YMA, as of the following date, which we refer to as a baseline date:

- For incumbent directors, the baseline date is November 15 of each year, beginning with November 15, 2016 if our shareholders approve this compensation program.
- For newly appointed directors, the baseline date is based on the date of the general meeting of shareholders at which the director is appointed:

<i>General meeting in the months of:</i>	<i>Baseline date is the nearest:</i>
June, July, or August	August 15
September, October, or November	November 15
December, January, or February	February 15
March, April, or May	May 15

PSU awards granted to our Supervisory Board would have the same terms as PSU awards granted to our executives and employees, where each PSU would represent a right to receive between 0 and 2.5 ordinary shares

of Cimpres N.V. upon the satisfaction of both service-based vesting over time and performance conditions relating to the compound annual growth rate, or CAGR, of the 3YMA over a 6- to 10-year period, in accordance with the 2016 Plan. We refer to the issuance of Cimpres ordinary shares pursuant to a PSU upon satisfaction of both conditions as the Performance Dependent Issuance.

*First condition to a Performance Dependent Issuance: Service-based Vesting*

PSUs granted to members of our Supervisory Board would vest as to 25% of the original number of PSUs per year over the four years following the applicable annual general meeting (for PSU awards granted to incumbent directors) or the general meeting at which the Supervisory Board member was first appointed (for PSU awards granted to newly appointed directors), in each case so long as the director continues to serve on our Supervisory Board. If a director ceases to serve on the Supervisory Board, other than for cause, he or she would retain all PSUs that have satisfied the service-based vesting condition as of his or her termination date. If Cimpres achieves the performance thresholds described below, the former director would receive Cimpres ordinary shares upon settlement of the PSUs, even though he or she is no longer a member of our Supervisory Board.

*Second condition to a Performance Dependent Issuance: 3YMA Performance*

The performance conditions set forth in the 2016 Plan and described in more detail in Proposal 13 below would apply to the PSU awards granted to Supervisory Board members. In summary, beginning on the sixth anniversary of the baseline date for each PSU award, and on each anniversary thereafter through the tenth anniversary, we would calculate the 3YMA as of such date, which we refer to as a measurement date. On the first such measurement date that the 3YMA equals or exceeds a CAGR of 11% (or 7% on the tenth anniversary if our shareholders do not approve the amendment to the 2016 Plan described in Proposal 13 below), the 3YMA performance condition would be satisfied, and we would issue to the director the number of Cimpres ordinary shares determined by multiplying the number of vested PSUs subject to the award by the applicable performance-based multiplier set forth in the 2016 Plan. If none of the CAGR performance goals set forth in the 2016 Plan are achieved by the tenth anniversary of the baseline measurement date for the PSU award, then the PSU award would be terminated and no Cimpres ordinary shares would be issued with respect to the award.

If our shareholders do not approve the proposed new Supervisory Board compensation program, then the current Supervisory Board compensation program would remain in place, and we would continue to compensate the members of our Supervisory Board as described in the section of this proxy statement entitled "Compensation of Supervisory Board Members."

***Our Management Board and Supervisory Board recommend that you vote FOR the proposed compensation of our Supervisory Board.***

### **PROPOSAL 13 - AMEND OUR 2016 PERFORMANCE EQUITY PLAN**

As described in Proposal 12 above, we are seeking shareholder approval of a new compensation program for our Supervisory Board that includes the grant of PSU awards under our 2016 Plan. In conjunction with this new compensation program, we are also asking our shareholders to approve an amendment to the 2016 Plan that would impose a higher performance threshold on PSU awards granted to Supervisory Board members than the performance threshold for PSU awards granted to Cimpres' employees other than our Chief Executive Officer.

Under each PSU award, one unit represents a right to receive between 0 and 2.5 ordinary shares of Cimpres N.V. upon the satisfaction of both service-based vesting over time and performance conditions relating to the CAGR of our 3YMA over a 6- to 10-year period, as described in more detail below. Under the 2016 Plan, the minimum performance threshold that triggers the issuance of ordinary shares pursuant to PSU awards is an 11% 3YMA CAGR in years six through nine of each award and a 7% 3YMA CAGR in year ten of the award. However, PSU awards granted to Robert Keane have a higher performance threshold: The performance condition for Mr. Keane's PSU awards is the achievement of an 11% 3YMA CAGR in all years six through ten; unlike PSUs granted to other participants in the 2016 Plan, Mr. Keane's minimum performance threshold is not reduced in year ten.

We believe it is appropriate for PSU awards granted to our Supervisory Board members, in their supervision role over our Chief Executive Officer, to have higher performance thresholds aligned with our Chief Executive Officer's PSU awards. Accordingly, our Management Board, with the approval of our Supervisory Board and subject to shareholder approval, has adopted an amendment to our 2016 Plan that all PSU awards granted to members of our

Supervisory Board have a minimum performance threshold of an 11% 3YMA CAGR at the tenth anniversary of the baseline measurement date, instead of the 7% 3YMA CAGR threshold on the tenth anniversary that applies to other participants' PSUs.

A redlined version of the 2016 Plan showing the proposed amendment is attached as Appendix A to the electronic copy of this proxy statement filed with the SEC. You may access the 2016 Plan by viewing our proxy statement on the SEC's web site at [www.sec.gov](http://www.sec.gov), or you may obtain a copy by sending a written request to Cimpres N.V., c/o Cimpres USA Incorporated, Attention: Investor Relations, 275 Wyman Street, Waltham, MA 02451, USA.

If our shareholders do not approve the proposed amendment to our 2016 Plan, then the current version of the 2016 Plan would remain in place, and we would continue to grant PSU awards in accordance with the 2016 Plan. If our shareholders do not approve the amendment to our 2016 Plan but do approve the new compensation program for Supervisory Board members described in Proposal 12 above, then PSU awards granted to Supervisory Board members would have a minimum performance threshold of an 7% 3YMA CAGR on the tenth anniversary of the baseline date, and Table 2 in Schedule 1 of the 2016 Plan, which is described below, would apply to Supervisory Board PSU awards as set forth in the 2016 Plan.

### **Description of our 2016 Plan, as amended**

The following summary of the 2016 Plan, as amended as described in this Proposal 13, is qualified in its entirety by reference to the full copy of the amended 2016 Plan attached as Appendix A to the electronic copy of this proxy statement filed with the SEC. For purposes of this summary, when we refer to our Board, we mean our Supervisory Board or our Management Board, as permitted by applicable law in any particular instance.

#### *Type and Terms of Awards*

The 2016 Plan provides for the grant of performance-based share units, or PSUs, where each unit represents a right to receive between 0 and 2.5 ordinary shares of Cimpres N.V. upon the satisfaction of both service-based vesting over time and performance conditions relating to the 3YMA CAGR over a 6- to 10-year period. We refer to the issuance of Cimpres ordinary shares pursuant to a PSU upon satisfaction of both conditions as the Performance Dependent Issuance.

#### *First condition to a Performance Dependent Issuance: Service-based Vesting*

PSUs granted to employees vest no faster than 25% per year over four years so long as the employee remains employed by Cimpres, and as described in Proposal 12 above, PSUs granted to Supervisory Board members would vest 25% per year over four years if our shareholders approve such proposal. However, service-based vesting is not sufficient for payout; PSU service-based vesting events are the dates after which the participant gains the future right to a Performance Dependent Issuance with respect to his or her then-vested PSUs, subject to achievement of the relevant performance conditions.

If a participant resigns or is terminated other than for cause, he or she would retain all PSUs that have satisfied the service-based vesting condition as of his or her resignation or termination date. If Cimpres achieves the performance thresholds described below, the former participant would receive Cimpres ordinary shares upon settlement of the PSUs, even though he or she no longer has an employment, director, or other service relationship with Cimpres.

#### *Second condition to a Performance Dependent Issuance: 3YMA Performance*

For each PSU award, we will calculate a baseline 3YMA as of a specified date at the time of grant for two purposes: to establish the number of units to be granted and to establish the baseline for future performance measurement. Beginning on the sixth anniversary of such baseline measurement date, and on each anniversary thereafter through year nine, we will calculate the 3YMA as of such date. On the first such measurement date that the 3YMA equals or exceeds a CAGR of 11%, the 3YMA performance condition would be satisfied, and we would issue to the participant the number of Cimpres ordinary shares determined by multiplying the number of PSUs subject to the award by the applicable performance-based multiplier set forth in Table 1 below.

TABLE 1:

3YMA CAGR	Multiplier to the number of PSUs subject to the award
11 to 11.99%	125.0%
12 to 12.99%	137.5%
13 to 13.99%	150.0%
14 to 14.99%	162.5%
15 to 15.99%	175.0%
16 to 16.99%	187.5%
17 to 17.99%	200.0%
18 to 18.99%	212.5%
19 to 19.99%	225.0%
20% to 25.8925%	250.0%
Above 25.8925%	Variable Cap (defined below)

If the 3YMA has not reached at least 11% on any of the sixth through ninth anniversaries of the baseline measurement date for the PSU award and thus a Performance Dependent Issuance has not yet occurred, then the threshold CAGR level for 3YMA performance at the tenth anniversary of the baseline measurement date is lowered to a 7% CAGR for participants other than Robert Keane and, if shareholders approve this amendment to our 2016 Plan, members of the Supervisory Board. If the 3YMA performance meets or exceeds a 7% CAGR on the tenth anniversary, recipients other than Mr. Keane and Supervisory Board members would still receive Cimpres ordinary shares, but at a significantly declining multiple, as set forth in Table 2 below. Table 2 does not apply to PSUs granted to Mr. Keane or, if shareholders approve this amendment to our 2016 Plan, members of the Supervisory Board, and we will use Table 1 for all measurement dates for PSUs granted to Mr. Keane and the Supervisory Board members.

TABLE 2:

3YMA CAGR	Multiplier to the number of PSUs subject to the award
11% & higher	Same as Table 1 above
10 to 10.99%	112.5%
9 to 9.99%	100.0%
8 to 8.99%	87.5%
7 to 7.99%	75.0%
Less than 7%	0%

If none of the CAGR performance goals are achieved by the tenth anniversary of the baseline measurement date for the PSU award, then the PSU award would be terminated and no Cimpres ordinary shares would be issued with respect to the award.

The 2016 Plan limits the 3YMA value of the share issuance (defined as the number of Cimpres ordinary shares to be issued multiplied by the 3YMA at the measurement date on which the Performance Dependent Issuance is triggered) to a maximum of ten times the 3YMA grant value of the PSU award (defined as the number of PSUs granted multiplied by the baseline 3YMA used for the initial grant). Therefore, in cases of a 3YMA CAGR above 25.8925%, a "Variable Cap," which is less than 250.0%, will be applied in order to achieve the fixed ten times maximum 3YMA value of the share issuance. The actual closing price of the Cimpres shares issued upon the Performance Dependent Issuance may be higher or lower than the 3YMA used to calculate the number of shares issued at such time.

PSU award holders are not entitled to voting rights with respect to their PSUs or to receive dividends or other distributions to shareholders with respect to their PSUs. Each PSU award will be evidenced in such form (written,

electronic or otherwise) as the Board determines and each PSU award may contain terms and conditions in addition to those set forth in the 2016 Plan.

#### *Authorized Number of Ordinary Shares and Share Counting*

Subject to adjustment in the event of stock splits, stock dividends and other similar events, we may make awards under the 2016 Plan for up to 8,000,000 of our ordinary shares. If a PSU award terminates, expires, or is canceled, or otherwise results in ordinary shares not being issued, the unused shares covered by the PSU award are returned to the 2016 Plan and become available for the grant of future awards under the 2016 Plan. However, we will not add back to the number of ordinary shares available for the grant of awards under the 2016 Plan any ordinary shares that a participant in the plan delivers to Cimpres to satisfy tax withholding obligations, including shares retained from the award creating the tax obligation. Ordinary shares issued under the 2016 Plan may consist in whole or in part of authorized but unissued shares or treasury shares. If the Board determines that a PSU is to be settled by the issuance of authorized but unissued shares, then the Board may decide that the shares so issued will be charged at the expense of Cimpres' freely distributable reserves.

Subject to adjustment in the event of stock splits, stock dividends and other similar events, the maximum number of ordinary shares with respect which to we may grant awards to any participant (including the members of the Management Board and the members of the Supervisory Board) under the 2016 Plan is 3,000,000 shares per fiscal year.

#### *Section 162(m) of the U.S. Internal Revenue Code.*

We may grant PSU awards under the 2016 Plan that are subject to the achievement of specified performance goals designed to qualify for deduction under Section 162(m) of the U.S. Internal Revenue Code of 1986, as amended, or the Internal Revenue Code. Only our Supervisory Board may make grants of performance awards to "covered employees" as defined under Section 162(m), or if our Supervisory Board contains any directors who are not outside directors as defined by Section 162(m), then a committee of our Supervisory Board solely composed of at least two outside directors may make grants of performance awards of covered employees. The performance criteria for each performance award will be based on share price in accordance with the terms described in more detail above.

With respect to any award that is intended to qualify as performance-based compensation under Section 162(m), the Supervisory Board or a committee thereof may adjust downwards, but not upwards, the number of shares payable pursuant to the award, and the Supervisory Board or committee may not waive the achievement of the applicable performance measures except in the case of the death or disability of the participant or a change in control of Cimpres, as defined in the 2016 Plan.

#### *Eligibility to Receive Awards*

Employees, officers, directors (including members of the Management Board and Supervisory Board), consultants, and advisors of Cimpres and its subsidiaries and of other business ventures in which Cimpres has a controlling interest are eligible to be granted awards under the 2016 Plan. However, an individual's eligibility to receive an award under the 2016 Plan does not mean that he or she will receive an award in any given fiscal year, or at all.

As of June 30, 2016, approximately 1,700 people were eligible to receive awards under the 2016 Plan, including our executive officers and the non-employee directors who serve on our Supervisory Board. The granting of awards under the 2016 Plan is discretionary, and we cannot now determine the number or type of awards to be granted in the future to any particular person or group.

#### *Transferability of Awards*

Except as the Board may otherwise determine in its sole discretion but in compliance with all then-applicable laws and regulations, including without limitation Section 409A of the Internal Revenue Code, a person who is granted an award under the 2016 Plan may not sell, assign, transfer, pledge or otherwise encumber such award, either voluntarily or by operation of law, except by will, the laws of descent and distribution, or pursuant to a qualified domestic relations order.



## *Administration of the 2016 Plan*

The Board administers the 2016 Plan and has the authority to grant awards and adopt, amend and repeal such administrative rules, guidelines and practices relating to the plan as it deems advisable and takes all actions and makes all decisions with respect to the 2016 Plan and any awards in its discretion. The Board may delegate its powers under the 2016 Plan to one or more committees or subcommittees of the Board, and the Board may also delegate to one or more of our officers the power to grant awards to persons eligible to receive awards under the 2016 Plan and to exercise such other powers under the 2016 Plan as the Board may determine, in each case subject to applicable law and the limitations in the 2016 Plan.

Subject to the terms of the 2016 Plan, our Board, or any committee, employee, or officer to whom our Board delegates authority, as the case may be, selects the recipients of awards, the dates upon which such awards become issuable or otherwise vest, and the terms and conditions of such awards in accordance with the terms described in more detail above, including the conditions for vesting, payout, and forfeiture. The terms of each award need not be identical, and our Board need not treat participants uniformly.

### *Adjustments for Changes in our Ordinary Shares and Certain Other Events*

We are required to make appropriate and proportionate adjustments, in the manner determined by our Board, to the following to reflect stock splits, stock dividends, recapitalizations, spin-offs and other similar changes in our capitalization: (i) the number and class of securities available under the 2016 Plan, (ii) the ordinary share counting rules and sublimit set forth in the 2016 Plan, (iii) the number and class of securities subject to each outstanding award, and (iv) the performance measures to which outstanding awards are subject. Except as specifically provided otherwise in an award agreement, for any merger, consolidation, share exchange, reincorporation, or other similar transaction that is not a change in control (as defined in the 2016 Plan), the acquiring or succeeding corporation will assume all awards or substitute substantially equivalent awards.

### *Change in Control*

A change in control, as defined in the 2016 Plan, will trigger a Performance Dependent Issuance. Upon such a change in control, the PSUs that have satisfied the applicable service-based vesting conditions will be settled for the number of Cimpres ordinary shares determined per the above tables setting forth the performance-based multipliers to the number of PSUs in each award. The date of the change in control will become the measurement date for each award, even if the change in control occurs less than six years after the date of the award, and the actual price paid per share to holders of Cimpres' ordinary shares in connection with the change in control, as reasonably determined by the Board, (not the 3YMA at the date of the change in control) will be used to calculate the CAGR as of the date of the change in control relative to the baseline 3YMA for each PSU award. The percentage of the PSUs that has not satisfied the applicable service-based vesting conditions as of the change in control will be canceled in connection with the change in control in exchange for no consideration, and the participant will have no further rights with respect thereto.

### *Amendment and Termination*

We may not grant any awards under the 2016 Plan after the expiration of 10 years from the date of shareholder approval of the plan, but previously granted awards may extend beyond that date. The Board may amend, suspend, or terminate the 2016 Plan or any portion thereof at any time, subject to shareholder approval of certain amendments. Specifically, we must obtain the approval of our shareholders for any amendment to the 2016 Plan to the extent required by Section 162(m) of the Internal Revenue Code for amendments that will affect awards that are intended to comply with Section 162(m) or if required under the rules of the Nasdaq Stock Market.

***Our Management Board and Supervisory Board recommend that you vote FOR the amendment of our 2016 Performance Equity Plan.***

## **OTHER MATTERS**

Our Management Board and Supervisory Board do not know of any other matters that may come before the annual meeting. However, if any other matters are properly presented to the annual meeting, then, to the extent permitted by applicable law, the persons named as proxies may vote, or otherwise act, in accordance with their judgment on such matters.

## INFORMATION ABOUT OUR SUPERVISORY BOARD MEMBERS AND EXECUTIVE OFFICERS

### Our Supervisory Board:

Our Supervisory Board currently consists of seven independent, non-employee directors, and we are asking our shareholders to appoint an eighth independent, non-employee director.

### **Nominee for New Member of our Supervisory Board:**

#### **SOPHIE A. GASPERMENT**

Ms. Gasperment, age 52, has served as Group General Manager, Financial Communication and Strategic Prospective of L'Oréal, the world's leading beauty company, since January 2014. She has held multiple marketing and general management positions at L'Oréal since joining the company in September 1986, including Chief Executive Officer and Executive Chairman of The Body Shop International, the iconic British retailer spanning 60 countries and ca. 20,000 people strong, from July 2008 to October 2013, as well as Managing Director, L'Oréal UK and Ireland, from January 2004 to January 2008. Since June 2010, Ms. Gasperment has also served on the board of AccorHotels, a publicly traded company and a world leader in hospitality, and is currently Chair of that board's Appointments and Compensation Committee and a member of the Audit Committee. If appointed, Ms. Gasperment will bring to the Supervisory Board her leadership skills and perspective, international brand-building experience, expertise in managing a portfolio of branded go-to-market businesses, and acumen in both consumer goods and retail, as well as her broader business experience in multi-cultural environments.

### **Nominees for Members of our Supervisory Board whose terms expire at this annual meeting:**

#### **PAOLO DE CESARE, *Director since March 2013***

Mr. De Cesare, age 56, has served as Chief Executive Officer of Printemps Department Store Paris, a retailer dedicated to fashion and luxury brands with department stores in France, since September 2007. Previously, Mr. De Cesare served in various executive capacities at Procter & Gamble from 1983 to 2007, most recently as President of Procter & Gamble Global Skin Care and, prior to that, as Vice President of Procter & Gamble Far East and President Max Factor KK, the Cosmetic division of Procter in Japan. Mr. De Cesare also served on the board of Indesit Company, a publicly traded company and leading European manufacturer and distributor of domestic appliances, from 2009 until 2013. Mr. De Cesare brings to the Supervisory Board his strong knowledge of brand and marketing strategy, his international business experience and perspective, and his operational, executive, and board experience in a variety of roles worldwide.

#### **MARK T. THOMAS, *Director since November 2009***

Mr. Thomas, age 62, has served as a Founder and Partner of Monitor Clipper Partners, a middle market private equity firm, since December 1997 and also serves as a member of Monitor Clipper Partners' Investment Committee and as a director of several of its portfolio companies. In addition, Mr. Thomas was a co-founder of Monitor Company Group LP, a global strategy and marketing consulting firm, where he served in various leadership positions from 1983 to November 2012. In November 2012, Monitor Company Group LP entered into a Section 363 process under Chapter 11 of the U.S. Bankruptcy Code to sell its assets to Deloitte Consulting. The transaction was consummated in January 2013. In addition to serving on the Supervisory Board of Cimpress N.V., Mr. Thomas also serves on the supervisory board of Vistaprint B.V., a wholly owned Dutch subsidiary of Cimpress. Mr. Thomas brings to the Supervisory Board his extensive strategy, investment, and international experience, which includes more than 30 years of building companies, serving on boards, and providing advice to top executives on strategic matters.

### **Member of our Supervisory Board whose term will expire at our 2017 annual general meeting:**

#### **JOHN J. GAVIN, Jr., *Director since August 2006***

Mr. Gavin, age 61, serves on the boards of BroadSoft, Inc., a global provider of residential and business Voice over IP applications, and Varonis Systems, Inc., a provider of data governance solutions for unstructured data, and previously served on the board of Qlik Technologies Inc., a provider of business intelligence solutions, from February 2010 until the sale of the company in August 2016. Mr. Gavin previously served as Chief Financial Officer

of BladeLogic, Inc., a provider of data center automation software, from January 2007 through June 2008, when it was acquired by BMC Software, and as Chief Financial Officer of Navisite, Inc., a provider of information technology hosting, outsourcing and professional services, from April 2004 through December 2006. Mr. Gavin also spent ten years at Price Waterhouse LLP, an accounting firm, in various accounting and audit positions including as Senior Manager in charge of multi-national audits. In addition to serving on the Supervisory Board of Cimpress N.V., Mr. Gavin also serves on the supervisory board of Vistaprint B.V., a wholly owned Dutch subsidiary of Cimpress. Mr. Gavin brings to the Supervisory Board his extensive experience as chief financial officer of several growing companies, as well as ten years as an independent auditor. Mr. Gavin is a certified public accountant.

**Members of our Supervisory Board whose terms will expire at our 2018 annual general meeting:**

***RICHARD T. RILEY, Director since February 2005 and Chairman of the Supervisory Board since August 2009***

Mr. Riley, age 60, served in various capacities at LoJack Corporation, a publicly traded provider of tracking and recovery systems, during the period from 2005 until 2013, including Chairman of the Board of Directors from November 2006 to May 2012; Chief Executive Officer from November 2006 to February 2008 and again from May 2010 to November 2011; and President, Chief Operating Officer and a director from February 2005 through November 2006 and again from May 2010 to November 2011. From 1997 through 2004, Mr. Riley held a variety of positions with New England Business Service, Inc., a publicly traded provider of products and services to small businesses, most recently serving as Chief Executive Officer, President, Chief Operating Officer and director. Mr. Riley also serves on the boards of Dorman Products, Inc., a supplier of original equipment automotive replacement parts, and Tupperware Brands Corporation, a direct-to-consumer marketer of various products across a range of brands and categories worldwide. In addition to serving on the Supervisory Board of Cimpress N.V., Mr. Riley also serves on the supervisory board of Vistaprint B.V., a wholly owned Dutch subsidiary of Cimpress. Mr. Riley brings to the Supervisory Board his extensive experience of leading companies as a chief executive officer and board member.

***SCOTT VASSALLUZZO, Director since January 2015***

Mr. Vassalluzzo, age 44, is a Managing Member of Prescott General Partners LLC ("PGP"), an investment adviser registered with the U.S. Securities and Exchange Commission that holds 14.7% of Cimpress' outstanding shares. PGP serves as the general partner of three private investment limited partnerships, including Prescott Associates L.P. (together, the "Prescott Partnerships"). Mr. Vassalluzzo joined the Prescott organization in 1998 as an equity analyst, became a general partner of the Prescott Partnerships in 2000, and transitioned to Managing Member of PGP following Prescott's reorganization in January 2012. Prior to 1998, Mr. Vassalluzzo worked in public accounting at Coopers & Lybrand (now PricewaterhouseCoopers LLP). Mr. Vassalluzzo serves on the boards of directors of Credit Acceptance Corporation, an auto finance company providing automobile loans and other related financial products, and World Acceptance Corporation, a personal installment loan company. Mr. Vassalluzzo brings to the board his advocacy for the priorities of long-termism and intrinsic value per share, his appreciation and understanding of the perspectives of our other long-term shareholders, and his experience on the boards and compensation committees of other publicly traded companies.

**Members of our Supervisory Board whose terms will expire at our 2019 annual general meeting:**

***ERIC C. OLSEN, Director since March 2013***

Mr. Olsen, age 52, has served in various roles since August 1999 at LafargeHolcim (previously Lafarge), a world leader in building materials. His current role is Chief Executive Officer of LafargeHolcim since July 2015, and he is also the chairman and Chief Executive Officer of Lafarge SA since July 2015. Immediately prior, he served as Executive Vice President, Operations from September 2013 to July 2015. Mr. Olsen was previously Executive Vice President, Organization and Human Resources, Chief Executive Officer and Executive Vice President of Lafarge North America in the United States (formerly NYSE LAF), and President, Northeast Cement Region and Senior Vice President, Purchasing of Lafarge North America in Canada. Mr. Olsen also currently serves on the boards of Ambuja Cements Ltd., one of India's leading cement manufacturers, and ACC Limited, India's foremost manufacturer of cement and ready mixed concrete. A certified public accountant, he started his career as a senior accountant at Deloitte & Touche in New York. Mr. Olsen brings to the Supervisory Board his varied executive experience in international business, his strong background in executive talent development and executive compensation, and his expertise in finance within an international business context.

**NADIA SHOURABOURA, Director since January 2015**

Dr. Shouraboura, age 46, has served as the Founder and Chief Executive Officer of Hointer, Inc., a technology company that brings together the best features of virtual shopping with in-store shopping, since August 2012. Before founding Hointer, Dr. Shouraboura served on the senior management team responsible for overall direction and operations at Amazon.com, Inc. from April 2004 to August 2012, including as Technology Vice President, Global Supply Chain and Fulfillment Platform from 2008 to August 2012. Before joining Amazon.com, Dr. Shouraboura served in technology and leadership roles at Diamond Technology Partners, Mobilicity, and Exelon Corporation. Dr. Shouraboura brings to the board her strong advocacy and experience with building customer-centric company cultures and her experience in operations and technology.

**Our Management Board and Executive Officers:**

**Our Management Board:** The Management Board of Cimpres N.V. consists of four of our executive officers.

**ROBERT S. KEANE, President, Chief Executive Officer, and Chairman of the Management Board**

Mr. Keane, age 53, has served as our President and Chief Executive Officer since he founded Cimpres (then Vistaprint) in January 1995. Mr. Keane served as the Chairman of our Board of Directors from January 1995 to August 2009 and was appointed Chairman of the Management Board in September 2009. From 1988 to 1994, Mr. Keane was an executive at Flex-Key Corporation, an OEM manufacturer of keyboards, displays and retail kiosks used for desktop publishing. Mr. Keane holds a Bachelor of Arts in economics from Harvard College and a Masters of Business Administration from INSEAD in Fontainebleau, France. Mr. Keane's term as a member of our Management Board will expire at our 2017 annual general meeting.

**KATRYN "TRYNKA" S. BLAKE (née Shineman), Executive Vice President and President, Vistaprint Business Unit**

Ms. Blake, age 42, has served as Executive Vice President and President, Vistaprint Business Unit since July 2014. Ms. Blake previously served as our Executive Vice President, Global Marketing from July 2012 to June 2014, Chief Customer Officer from June 2011 to June 2014, President of Vistaprint's North American business unit from November 2010 to June 2012, Chief Marketing Officer of Vistaprint's North American business unit from April 2008 to November 2010, and in a variety of marketing positions since joining Cimpres in March 2004 as Director, Marketing. Before joining Cimpres, she served as a director and senior manager for PreVision Marketing from 1996 to March 2004. Ms. Blake also serves on the board of directors of UBM plc, a world-leading B2B event organiser traded on the London Stock Exchange. Ms. Blake holds a Bachelor of Arts in psychology from Cornell University and a Masters of Business Administration from Columbia Business School. Ms. Blake's term as a member of our Management Board will expire at our 2019 annual general meeting.

**DONALD R. NELSON, Executive Vice President and President, Mass Customization Platform**

Mr. Nelson, age 48, has served as our President, Mass Customization Platform since July 2016 and as Executive Vice President since July 2012. Mr. Nelson previously served as our Chief Operating Officer from November 2014 to July 2016, Executive Vice President, Capabilities from July 2012 to June 2014, Chief Information Officer from May 2008 to June 2014, and Senior Vice President of Capabilities Development from July 2006 to May 2008. Before joining Cimpres, Mr. Nelson served as Chief Information Officer at Sapient, where he started in 1993 as a software engineer, then later as vice president before assuming the role of Chief Information Officer in 2001. Mr. Nelson received a Bachelor of Science in computer science from Gordon College. Mr. Nelson's term as a member of our Management Board will expire at our 2019 annual general meeting.

**WILHELM ("WILL") G.A. JACOBS, Executive Vice President and Chief Supply Chain Officer**

Mr. Jacobs, age 51, has served as our Chief Supply Chain Officer since September 2015 and as Executive Vice President since July 2016. Mr. Jacobs previously served as our Senior Vice President, Manufacturing & Supply Chain from June 2014 to September 2015; as General Manager of Columbus, a major engineering and product development program, from July 2013 to June 2014; as Senior Vice President, Manufacturing Supply Chain Operations from July 2012 to June 2013; and as Vice President, Plant Director from May 2011 to December 2012. Before joining Cimpres, Mr. Jacobs served as Vice President, Operations Industrial Adhesives EMEA of Henkel

from January 2008 to April 2011. Mr. Jacobs received an Executive MBA at Henley College in the UK, an MSc IT at de Montfort University in the UK, and Bachelor ICT at Hogeschool Breda in the Netherlands. Mr. Jacobs' term as a member of our Management Board will expire at our 2018 annual general meeting.

**Other Executive Officers:** We have five additional executive officers who do not serve on our Management Board.

**CORNELIS DAVID ("KEES") ARENDS, *Executive Vice President and President, Upload and Print Business Units***

Mr. Arends, age 56, has served as our Executive Vice President and President, Upload and Print Business Units since July 2016. Mr. Arends previously served as our President, European Business Units from November 2015 to July 2016. Before joining Cimpres, Mr. Arends was an entrepreneur and founder of various companies. His relationship with Cimpres goes back to 2011 when he was Chief Executive Officer and one of the shareholders of AlbumPrinter B.V. which was sold to Cimpres in October of that year. Before joining Cimpres' executive team he served as interim Chief Executive Officer of Drukwerkdeal.nl B.V., a Cimpres company, from March 2015 to January 2016. Mr. Arends also serves on the boards of directors of several group companies of BNP Paribas Cardif, a publicly traded global insurer. Mr. Arends studied at Nijenrode Business School in Breukelen, the Netherlands.

**LAWRENCE A. GOLD, *Executive Vice President and Chief Legal, Talent and Sustainability Officer***

Mr. Gold, age 48, has served as our Executive Vice President and Chief Legal, Talent and Sustainability Officer since July 2016. Mr. Gold previously served as our Senior Vice President and Chief Legal Officer from September 2006 to July 2016. Before joining Cimpres, Mr. Gold was in private legal practice for 14 years, most recently as a founding member of the Boston corporate department of DLA Piper. Prior to that, Mr. Gold was a partner in the corporate department of Testa, Hurwitz & Thibault in Boston. Mr. Gold holds a Bachelor of Arts in history from the University of Pennsylvania and a Juris Doctor from the University of Chicago Law School.

**ASHLEY A. HUBKA, *Executive Vice President and Chief Strategy Officer***

Ms. Hubka, age 43, has served as our Chief Strategy Officer since November 2015 and as Executive Vice President since July 2016. Ms. Hubka previously served as Senior Vice President, Portfolio Management and PMI from July 2015 to October 2015, Vice President, Portfolio Management and PMI from May 2014 to June 2015, and Vice President, Corporate Strategy from May 2011 to April 2014. Before joining Cimpres in 2011, Ms. Hubka was a Partner at Oliver Wyman. She previously held consulting roles at Mercer Management Consulting and The World Bank and was a director of the U.S.-India Business Council. Ms. Hubka also serves on the board of directors of Hogg Robinson Group plc, a global corporate services provider traded on the London Stock Exchange. Ms. Hubka holds a Bachelor of Arts in philosophy from Harvard University and a Master of Arts in international relations from Johns Hopkins University.

**DONALD LEBLANC, *Executive Vice President and President, Vistaprint Corporate Solutions***

Mr. LeBlanc, age 48, has served as our President, Vistaprint Corporate Solutions since October 2015 and as Executive Vice President since July 2016. Mr. LeBlanc previously served as our Chief Marketing Officer for the Vistaprint brand from May 2011 to October 2015. Before joining Cimpres, Mr. LeBlanc held various senior roles at Staples, including Senior Vice President of Retail Marketing and Vice President of Strategy. Mr. LeBlanc holds a Bachelor of Science from Worcester Polytechnic Institute and a Masters of Business Administration from the Tuck School at Dartmouth College.

**SEAN E. QUINN, *Executive Vice President and Chief Financial Officer***

Mr. Quinn, age 37, has served as our Chief Financial Officer since October 2015 and as Executive Vice President since July 2016. Mr. Quinn previously served as Senior Vice President from October 2015 to July 2016, as Chief Accounting Officer from November 2014 to October 2015, as Vice President, Corporate Finance from January 2014 to October 2015, as Global Controller from April 2012 to November 2014, as Director, External Reporting & Accounting from July 2010 to April 2012, and as Senior Manager, External Reporting & Accounting from October 2009 to July 2010. Before joining Cimpres, Mr. Quinn was a Certified Public Accountant with KPMG LLP from September 2001 to October 2009 in the firm's Philadelphia, London, and Boston offices, most recently as an Audit Senior Manager. Mr. Quinn holds a Bachelor of Science in accounting from Saint Joseph's University.

There are no family relationships among any of the Supervisory Board members and executive officers of Cimpres. No arrangements or understandings exist between any Supervisory Board member or any person nominated for appointment as a Supervisory Board member and any other person pursuant to which such person is to be selected as a Supervisory Board member or nominee for appointment to the Supervisory Board.

## CORPORATE GOVERNANCE

### Board Structure

We have a two-tiered board structure consisting of a Supervisory Board and a separate Management Board. The Supervisory Board consists of our independent, non-employee directors, and the Management Board consists of members of our senior management team. The principal responsibility of the Supervisory Board is to oversee the Management Board and its management of Cimpress and, in so doing, serve the best interests of Cimpress and its stakeholders. The Supervisory Board is accountable to our shareholders. The principal responsibility of the Management Board is to manage Cimpress' operations, business, and strategy. The Management Board is accountable to both the Supervisory Board and our shareholders.

Each of our Supervisory Board and Management Board has its own chairman. The Chairman of our Supervisory Board is Mr. Riley, an independent, non-employee director, and the Chairman of our Management Board is Mr. Keane, who is also our Chief Executive Officer and President.

### Governance Guidelines

We believe that good corporate governance is important to ensure that Cimpress is managed for the long-term benefit of our stakeholders, including but not limited to our shareholders. The Management Board and Supervisory Board have adopted Rules to assist each Board in the exercise of its duties and responsibilities and to serve the best interests of Cimpress and our stakeholders. The Rules for each Board provide a framework for the conduct of each Board's business.

Among other things, the Rules for the Supervisory Board provide that:

- a majority of the members of the Supervisory Board must be independent directors, except as permitted by Nasdaq rules;
- the Supervisory Board must meet at least twice a year in executive session;
- the Supervisory Board has full and free access to management and employees and, as necessary and appropriate, to hire and consult with independent advisors;
- all members of the Supervisory Board are expected to participate in a mandatory orientation program and continuing director education on an ongoing basis; and
- at least annually the Nominating and Corporate Governance Committee is required to oversee a self-evaluation of the Supervisory Board to determine whether the Supervisory Board and its committees are functioning effectively.

Among other things, the Rules for the Management Board provide that:

- the Management Board is responsible for managing Cimpress, including implementing Cimpress' goals and strategy, managing risks, operating the business on a day-to-day basis, and addressing corporate social responsibility issues that are relevant to the enterprise;
- the Management Board is responsible for determining that effective systems are in place for the periodic and timely reporting to the Supervisory Board on important matters concerning Cimpress and its subsidiaries; and
- at least annually the Supervisory Board is required to conduct an evaluation of the Management Board to determine whether the Management Board is functioning effectively.

You can find our Rules for the Supervisory Board, our Rules for the Management Board, our Code of Business Conduct, our current articles of association, and the current charters for our Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee on the Corporate Governance Page in the Investor Relations section of [www.cimpress.com](http://www.cimpress.com), or you can request copies of these documents by emailing us at [IR@cimpress.com](mailto:IR@cimpress.com) or writing to Investor Relations, c/o Cimpress USA Incorporated, 275 Wyman Street, Waltham, MA 02451 USA.



In addition, the Dutch Corporate Governance Code, or Dutch Code, applies to Cimpres. The Dutch Code emphasizes the principles of integrity, transparency, and accountability as the primary means of achieving good corporate governance. The Dutch Code includes certain principles of good corporate governance, supported by “best practice” provisions, and our Management Board and Supervisory Board agree with the fundamental principles of the Dutch Code. However, as a company whose ordinary shares are traded on Nasdaq, we are also subject to the corporate governance rules of the Nasdaq Stock Market and U.S. securities laws, and we may also choose to follow certain market practices that are common for Nasdaq-traded companies. Some of the U.S. corporate governance rules and market practices that we are required to or choose to follow conflict, in whole or in part, with the best practice provisions of the Dutch Code. As a result, we do not apply some of the Dutch best practice provisions. In accordance with the Dutch Code’s compliance principle of “apply or explain,” which permits Dutch companies to be fully compliant with the Dutch Code either by applying the Dutch best practices or by explaining why the company has chosen not to apply certain of the best practices, we are disclosing in our Dutch annual report that accompanies our Annual Accounts to what extent we do not apply provisions of the Dutch Code, together with the reasons for those deviations.

### **Code of Business Conduct**

We have adopted a written code of business conduct that applies to our Supervisory Board, officers, and employees, a current copy of which is posted on the Corporate Governance Page in the Investor Relations section of our website, [www.cimpres.com](http://www.cimpres.com). In addition, we intend to post on our website all disclosures that are required by law or Nasdaq stock market listing standards concerning any amendments to, or waivers from, any provision of the code.

### **Determination of Independence**

Under Nasdaq rules, members of our Supervisory Board qualify as “independent directors” only if, in the opinion of our Supervisory Board, they do not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The Supervisory Board has determined that none of its members or Ms. Gasperment has a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that all of its members during our fiscal year ended June 30, 2016, and Ms. Gasperment if our shareholders appoint her to the Supervisory Board, are “independent directors” as defined under Nasdaq’s Marketplace Rules.

In addition, all members of our Supervisory Board satisfy the criteria for independence under the Dutch Code, other than Scott Vassalluzzo, who is a Managing Member of Prescott General Partners LLC, a major shareholder of Cimpres.

### **Oversight of Risk**

Under the Rules for the Supervisory Board, our Supervisory Board is responsible for reviewing the integrity of our internal control and management information systems, the main risks of our business, and the design and effectiveness of our internal risk management and control systems. As set forth in its charter, our Audit Committee assists the Supervisory Board in its review and oversight of risk by reviewing our policies with respect to risk assessment and risk management, including the guidelines and policies that govern the process by which our exposure to risk is handled. The Supervisory Board and Audit Committee regularly discuss with management our major risk exposures, their potential impact on Cimpres, and the steps we take to manage them.

In addition, based on an internal risk assessment, we believe that any risks arising from our compensation programs for our employees are not reasonably likely to have a material adverse effect on Cimpres.

### **Supervisory Board Nomination Process**

The process that our Nominating and Corporate Governance Committee follows to identify and evaluate candidates for members of our Supervisory Board includes requests to its members and others for recommendations, meetings from time to time to evaluate biographical information and background material relating to potential candidates, and interviews of selected candidates by members of the Committee and the Supervisory Board.

In considering whether to recommend any particular candidate for inclusion in the Supervisory Board's slate of nominees, the Nominating and Corporate Governance Committee applies, among other things, the criteria for Supervisory Board members set forth as an attachment to the Rules for the Supervisory Board. These criteria include among others the candidate's integrity, business acumen, knowledge of our business and industry, experience, diligence, absence of any conflicts of interest, and ability to act in the interests of all of Cimpres's stakeholders. In addition, the Rules for the Supervisory Board specify that nominees shall not be discriminated against on the basis of race, religion, national origin, sex, sexual orientation, disability, or any other basis proscribed by law and that the Nominating and Corporate Governance Committee and Supervisory Board should consider the value of diversity on the Supervisory Board. The Committee does not assign specific weights to particular criteria, and no particular criterion other than integrity and good character is a prerequisite for each prospective nominee.

We believe that the backgrounds and qualifications of the members of our Supervisory Board, considered as a group, should provide a composite mix of experience, knowledge and abilities that will allow the Supervisory Board to fulfill its responsibilities. Accordingly, the Nominating and Corporate Governance Committee seeks nominees with a broad diversity of experience, professions, skills and backgrounds. During fiscal 2016, the Committee engaged MWM Consulting, an international recruiting firm, to assist the Committee in identifying, evaluating, and reaching out to potential candidates for the Supervisory Board.

Shareholders may recommend individuals to the Nominating and Corporate Governance Committee for consideration as potential candidates for the Supervisory Board by submitting their names, together with appropriate biographical information and background materials and a statement as to whether the shareholder or group of shareholders making the recommendation has beneficially owned more than 5% of our ordinary shares for at least a year as of the date such recommendation is made, to Nominating and Corporate Governance Committee, c/o Chief Legal Officer, Cimpres USA Incorporated, 275 Wyman Street, Waltham, MA 02451 USA. If appropriate biographical and background material has been provided on a timely basis, the Nominating and Corporate Governance Committee will evaluate shareholder-recommended candidates by following substantially the same process, and applying substantially the same criteria, as it follows for candidates submitted by others.

If the Supervisory Board does not submit a binding nomination for a Supervisory Board position, then the shareholders represented at the general meeting may select a nominee. The shareholders may appoint such a nominee as a member of the Supervisory Board by the vote of at least two thirds of the votes cast at the meeting representing more than half of our share capital.

### **Supervisory Board Meetings and Committees**

During our fiscal year ended June 30, 2016, our Supervisory Board met four times, and each of the members of our Supervisory Board attended at least 94% of the total number of meetings of the Supervisory Board and the committees of which such director was a member during the period of time he or she served on such committee. In addition, it is our policy that one or more of the members of our Supervisory Board should attend annual general meetings of shareholders to the extent practicable. Seven of the eight directors then serving on our Supervisory Board attended our 2015 annual general meeting of shareholders.

The Supervisory Board has standing Audit, Compensation, and Nominating and Corporate Governance Committees. Each committee has a charter that has been approved by the Supervisory Board, and each committee must review the appropriateness of its charter at least annually. All members of all committees are non-employee directors, and the Supervisory Board has determined that all of the members of our three standing committees are independent as defined under Nasdaq's Marketplace Rules.

#### ***Audit Committee***

The current members of our Audit Committee are Messrs. Gavin (Chair), Riley, and Thomas. Our Supervisory Board has determined that Mr. Gavin qualifies as an "audit committee financial expert" under SEC rules, and all three Audit Committee members meet the SEC's independence criteria for audit committee members. The Audit Committee met seven times during fiscal 2016. The Audit Committee's responsibilities include:

- retaining our independent registered public accounting firm, subject to shareholder ratification and approval;
- approving the compensation of, and assessing (or recommending that the Supervisory Board assess) the independence of, our registered public accounting firm;

- overseeing the work of our independent registered public accounting firm, including the receipt and consideration of certain reports from the firm;
- coordinating the Supervisory Board's oversight of our internal control over financial reporting and disclosure controls and procedures;
- overseeing our internal audit function;
- establishing procedures for the receipt, retention, and treatment of accounting-related complaints and concerns;
- reviewing and approving any related person transactions;
- meeting independently with our independent registered public accounting firm and management; and
- preparing the Audit Committee report included in this proxy statement.

### ***Compensation Committee***

The current members of the Compensation Committee are Messrs. Vassalluzzo (Chair), Olsen, and Thomas, and all three Compensation Committee members meet Nasdaq's independence criteria for compensation committee members. The Compensation Committee met four times during fiscal 2016. The Compensation Committee's responsibilities include:

- reviewing and approving, or making recommendations to the Supervisory Board with respect to, the compensation of our Chief Executive Officer and our other executive officers;
- overseeing and administering our cash and equity incentive plans;
- reviewing and making recommendations to the Supervisory Board with respect to Supervisory Board compensation;
- reviewing and discussing with management the Compensation Discussion and Analysis section of the proxy statement and considering whether to recommend to the Supervisory Board that the Compensation Discussion and Analysis be included in the proxy statement; and
- preparing the Compensation Committee report included in this proxy statement.

### ***Nominating and Corporate Governance Committee***

The current members of the Nominating and Corporate Governance Committee are Messrs. Thomas (Chair), De Cesare, and Riley and Ms. Shouraboura. The Nominating and Corporate Governance Committee met twice during fiscal 2016. The responsibilities of the Nominating and Corporate Governance Committee include:

- identifying individuals qualified to become Supervisory Board members;
- recommending to the Supervisory Board the persons to be nominated for appointment as members of the Supervisory Board and the Management Board and to each of the Supervisory Board's committees;
- overseeing an annual evaluation of the Supervisory Board, the Management Board and all committees of the Supervisory Board to determine whether each is functioning effectively;
- overseeing succession planning for the Supervisory Board; and
- reviewing and assessing the adequacy of the Rules of the Supervisory Board and of the Management Board.

## Report of the Audit Committee

The Audit Committee has reviewed Cimpres's audited consolidated financial statements for the fiscal year ended June 30, 2016 and has discussed these financial statements with Cimpres's management and PricewaterhouseCoopers LLP, our independent registered public accounting firm for fiscal 2016.

The Audit Committee has also received from, and discussed with, PwC various communications that PwC is required to provide to the Audit Committee, including the matters required to be discussed by Public Company Accounting Oversight Board Auditing Standard No. 16, Communications with Audit Committees, as in effect for Cimpres's fiscal year 2016.

PwC also provided the Audit Committee with the written disclosures and the letter required by PCAOB Rule 3526 (Communicating with Audit Committees Concerning Independence), as modified or supplemented. The Audit Committee has discussed with the independent registered public accounting firm its independence from Cimpres. The Audit Committee also considered whether the provision of other, non-audit related services referred to under the heading "Independent Registered Public Accounting Firm Fees and Other Matters" under Proposal 11 is compatible with maintaining the independence of our registered public accounting firm.

Based on its discussions with, and its review of the representations and information provided by, management and PwC, the Audit Committee recommended to the Supervisory Board that the audited financial statements be included in Cimpres's Annual Report on Form 10-K for the fiscal year ended June 30, 2016.

This Audit Committee Report is not incorporated by reference into any of our previous or future filings with the SEC, unless any such filing explicitly incorporates this Report.

*Audit Committee of the Supervisory Board*  
John J. Gavin, Jr., *Chairman*  
Richard T. Riley  
Mark T. Thomas

## Certain Relationships and Related Transactions

### ***Policies and Procedures for Related Person Transactions***

We have a written related person transaction policy that sets forth the policies and procedures for the review and approval or ratification of related person transactions. This policy covers any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships in which we are a participant, the amount involved exceeds \$25,000, and a related person has a direct or indirect material interest, including, without limitation, purchases of goods or services by or from the related person or entities in which the related person has a material interest, indebtedness, guarantees of indebtedness, and employment by us of a related person. A related person is any person who is or was a Cimpres executive officer or member of our Management Board or Supervisory Board at any time since the beginning of our most recently completed fiscal year, the beneficial holder of more than 5% of any class of our voting securities, or an immediate family member of anyone described in this sentence.

All potential related person transactions that we propose to enter into must be reported to our Chief Legal Officer (CLO) or Chief Accounting Officer (CAO, who is currently our Chief Financial Officer), who will determine whether each reported transaction qualifies as a related person transaction. If so, then the CLO and CAO will submit the transaction for review and approval by our Audit Committee. If our CLO and CAO determine that advance approval of a related person transaction by the full Audit Committee is not practicable under the circumstances, then they will submit the transaction to the Audit Committee chair for review and approval, and the full Audit Committee will review and ratify the related person transaction at the next Committee meeting.

In addition, the Audit Committee will review annually any previously approved or otherwise already existing related person transaction that is ongoing in nature to ensure that such related person transaction has been conducted in accordance with the Audit Committee's previous approval, if any, and that all required disclosures regarding the related person transaction are made.

When considering a proposed related person transaction, the Audit Committee will review and consider, to the extent appropriate for the circumstances:

- the related person's interest in the related person transaction;
- the approximate dollar value of the amount involved in the related person transaction;
- the approximate dollar value of the amount of the related person's interest in the transaction without regard to the amount of any profit or loss;
- whether the transaction was undertaken in the ordinary course of business;
- whether the transaction with the related person is entered into on terms no less favorable to us than terms that could have been reached with an unrelated third party;
- the purpose of, and the potential benefits to us of, the transaction; and
- any other information regarding the related person transaction or the related person that would be material to investors in light of the circumstances of the particular transaction.

The Audit Committee will review all relevant information available to it about the related person transaction. The Audit Committee may approve or ratify the related person transaction only if the Committee determines that, under all of the circumstances, the transaction is in or is not inconsistent with our best interests. The Committee may, in its sole discretion, impose conditions as it deems appropriate on us or the related person in connection with approval of the related person transaction.

In addition, under Dutch law, any member of our Supervisory Board or Management Board who has a conflict of interest is required to disclose that conflict to the Chairman of the Supervisory Board and to abstain from voting on any resolution involving, or participating in any board discussion of, the conflict.

### ***Related Person Transaction***

During fiscal 2016, there was one related person transaction, as defined under SEC rules: Katryn Blake's brother-in-law has been an employee of Cimpress since 2007, and he received cash compensation of \$185,426 for fiscal 2016. The Audit Committee has reviewed this relationship and concluded that it is consistent with our best interests and does not constitute a conflict of interest.

### **Communicating with the Supervisory Board**

Our Supervisory Board will give appropriate attention to written communications that are submitted by shareholders, and will respond if and as appropriate. The chair of the Nominating and Corporate Governance Committee, with the assistance of Cimpress' Chief Legal Officer, is primarily responsible for monitoring communications from shareholders and for providing copies or summaries to the other directors as its members consider appropriate.

The chair of the Nominating and Corporate Governance Committee will forward communications to the full Supervisory Board if the communications relate to substantive matters and include suggestions or comments that he considers to be important for the directors to know. In general, the chair is more likely to forward communications relating to corporate governance and corporate strategy than communications relating to ordinary business affairs, personal grievances, and matters as to which Cimpress may receive repetitive or duplicative communications.

Shareholders who wish to send communications on any topic to our Supervisory Board should address such communications to:

Supervisory Board  
c/o Corporate Secretary, Cimpress N.V.  
Hudsonweg 8  
5928 LW Venlo  
The Netherlands

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

#### Executive Overview

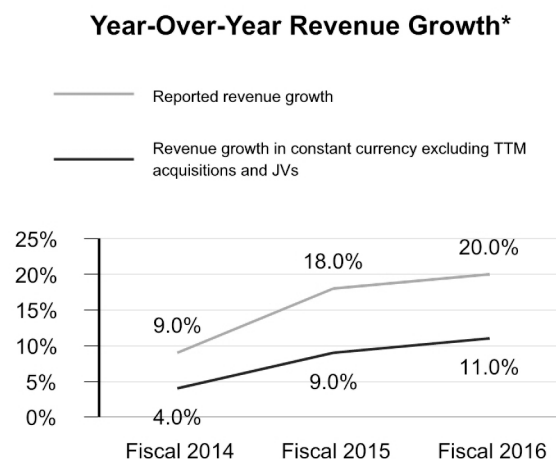
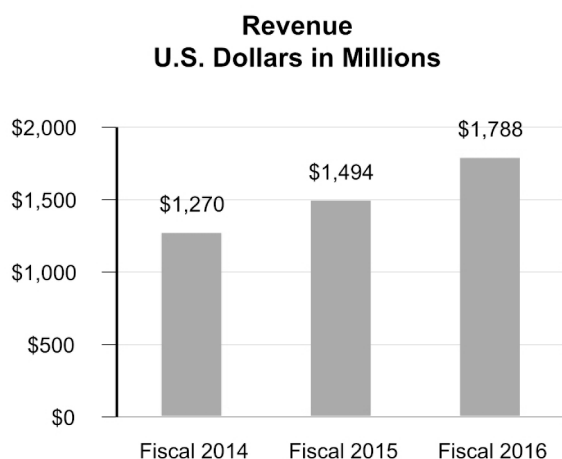
Our success depends on our ability to attract and retain top talent in a competitive marketplace, and to motivate that talent to achieve outstanding performance. In determining the compensation of our executive officers, our Compensation Committee begins with an analysis of the competitiveness of our executive compensation program and, as a starting point, seeks to pay our executives total compensation (including base salary, annual cash incentive, and long-term incentive awards) at the 75th percentile of our peer group for extraordinary performance by Cimpres. The Compensation Committee then applies its own discretion to take into account any other factors it may deem relevant in any given fiscal year, such as general economic conditions, the internal equity of compensation among our executives, each executive's experience and role, and individual performance. The Committee does not assign specific weights to particular factors but considers them together in determining compensation.

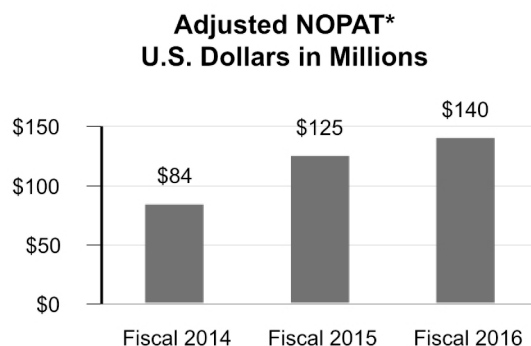
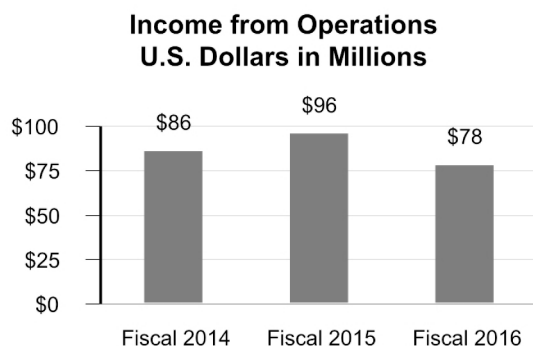
*Incentive compensation redesign.* In fiscal year 2016, under the leadership of our Compensation Committee and with input from our shareholders, we significantly redesigned our compensation program for executives and employees. Beginning with fiscal year 2017, we will use the following two new long-term incentive compensation vehicles:

1. Performance share units, or PSUs, granted under our new 2016 Performance Equity Plan approved by our shareholders in May 2016. Each PSU represents a right to receive between 0 and 2.5 ordinary shares of Cimpres N.V. upon the satisfaction of both service-based vesting over time and performance conditions relating to the compound annual growth rate of the three-year moving average of the daily closing share price of Cimpres' ordinary shares over a 6- to 10-year period.
2. Cash retention bonus awards for employees other than Robert Keane, who will receive 100% of his long-term incentive compensation in the form of PSUs. These bonus awards are focused on retention and will pay the employee a fixed amount in equal payments over several years (typically four years) so long as Cimpres continues to employ the recipient.

In addition, beginning in fiscal year 2017, we are incorporating the annual bonus component of our current compensation program into base salary for our executive officers and broader employee population, in order to shift employees' focus away from short-term goals and support a culture of long-termism.

*Pay for performance.* The total compensation package for our executive officers is weighted heavily toward compensation based on Cimpres' operating and share price performance. Cimpres performed well in our fiscal year ended June 30, 2016, and accordingly our executive officers earned above-market compensation for the year. Below are some highlights of our performance over the last three fiscal years.





\* Please see the non-GAAP reconciliations at the end of this proxy statement

Our fiscal year 2016 operating income declined due to the negative impact of non-cash impairment charges that were excluded from our adjusted net operating profit after tax (NOPAT), which is the measure we use to evaluate our performance for executive compensation purposes.

**Shareholder engagement.** We believe that our collaboration with shareholders on executive compensation design and our emphasis on long-term, performance-based compensation are major contributors to our executive compensation program's receiving more than 97% approval from our shareholders at each of our last four annual general meetings of shareholders. When our Compensation Committee redesigned our compensation program for executives and employees during fiscal year 2016, we reached out to our major shareholders during the planning phase, and the Compensation Committee took shareholders' feedback into account in the design process. When we sought shareholder approval of our new 2016 Performance Equity Plan that is the lynchpin of the redesigned compensation program, we listened to the constructive feedback of our major, long-term shareholders and made several changes to the compensation program to address shareholders' concerns, which we believe contributed to our shareholders' voting to approve the plan at our Extraordinary General Meeting of Shareholders on May 27, 2016.

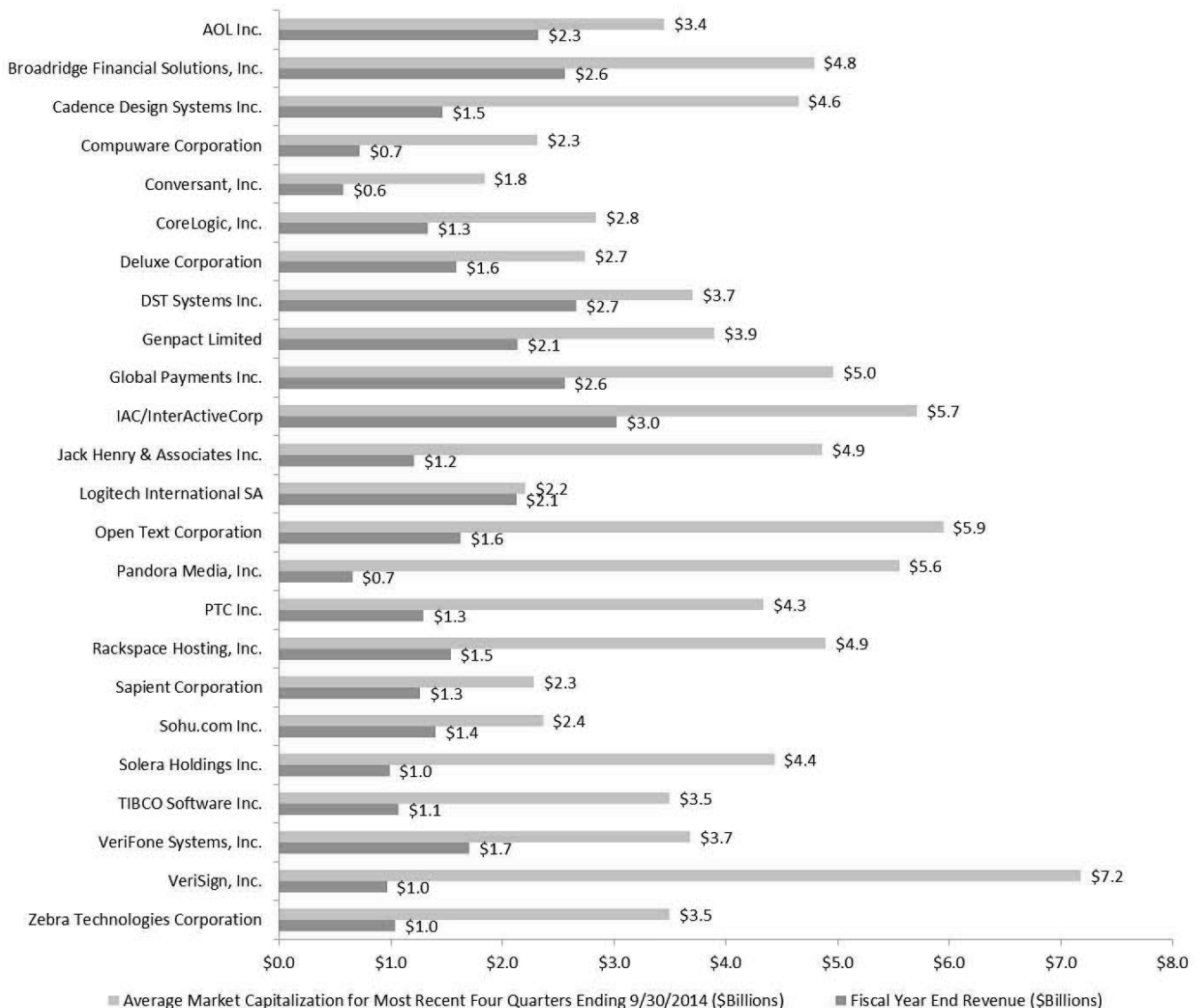
**Premium-priced share options.** Fiscal year 2016 was the final year of the long-term incentive compensation program our Compensation Committee instituted in 2012, and beginning with fiscal year 2017, our executive officers will receive PSUs and cash retention awards as described above and in the proxy statement and proxy solicitation materials we filed with the SEC in connection with our May 27, 2016 Extraordinary General Meeting of Shareholders. As part of the 2012 design of our long-term incentive compensation program, we granted to our executive officers in 2012 multi-year, premium-priced share options designed to emphasize Cimpress' long-term performance and our growth strategy using share price as the primary performance metric. The Compensation Committee believes that the premium-priced share options provide strong alignment of performance-based compensation with long-term shareholder value creation, significant downside risk for the executives if Cimpress performs poorly, and significant upside potential if Cimpress performs well. The options have an exercise price of \$50.00 per share, which was at least 33% higher than the closing price of Cimpress' ordinary shares on Nasdaq on the grant dates. The options granted to Robert Keane, our Chief Executive Officer, have an additional share price hurdle before he can realize any returns from his premium-priced options, which is that he can exercise his options only on dates when the high price per share of Cimpress' ordinary shares on Nasdaq is at least \$75.00, which was nearly double the closing price of Cimpress' ordinary shares on the grant dates. In addition, to emphasize long-term performance, the options vest over seven years and have an eight-year term.

**Discontinuation of certain pay practices.** We no longer include excess parachute payment tax gross-up provisions in any executive retention agreements we enter into with new executives after August 1, 2012, and accordingly Sean Quinn, who was promoted to the position of Chief Financial Officer in October 2015, does not have such a provision in his executive retention agreement.

## Compensation Committee Approach

In determining the competitiveness of our executive compensation program, our Compensation Committee takes into account the analysis and recommendations of the Committee's independent compensation consultant (currently Willis Towers Watson), data from the comparison peer group described below, published compensation survey data, and detailed tally sheets summarizing our executive officers' current and historical compensation.

Each year, our Compensation Committee works with Willis Towers Watson to update its comparison peer group consisting of publicly traded companies that have characteristics that are currently comparable to Cimpres or comparable to where Cimpres expects to be in the near future. Through a multi-step process, the Committee considers a robust number of companies for inclusion in our peer group, including the consideration of, among other attributes, each company's ownership structure, industry groupings (including Global Industry Classification Standards), annual revenue, and other financial metrics, as well as comparable companies identified on the Dow Jones and Institutional Shareholder Services lists. For the comparison peer group our Compensation Committee used in determining our executive officers' fiscal 2016 compensation, the financial criteria included annual revenue in the range of \$1.3 billion to \$3.5 billion and market capitalization between \$1.5 billion and \$4.0 billion. The Compensation Committee also considered companies with high growth and in the same general industry as Cimpres. For fiscal 2016, the peer group consisted of the 24 companies listed below. Because the Compensation Committee determined the peer group in November 2014, before the beginning of our fiscal year 2016, the Committee used the most recent information that was available at that time for each peer group company.





The Compensation Committee engages an independent compensation consultant and manages the relationship with that firm. During fiscal 2016, Willis Towers Watson, the Committee's compensation consultant, provided the following services to Cimpres and the Compensation Committee:

- Competitive analysis and recommendations to the Compensation Committee with respect to the compensation of our executive officers;
- Competitive analysis and recommendations to our Compensation Committee and Chief Executive Officer with respect to the compensation of some of our senior employees who are not executive officers;
- Review of and feedback on our proposed long-term incentive compensation design featuring PSUs; and
- Detailed pay-for-performance assessment which reviewed the pay-for-performance relationship among our executive officers.

The Compensation Committee took into account the above services as well as the fees paid to Willis Towers Watson when assessing the firm's independence and determined that Willis Towers Watson was independent during fiscal 2016.

### ***Compensation Components for Executives***

For fiscal year 2016, the principal elements of our compensation program for our executive officers were the following:

- Base salary
- Annual cash incentive awards, which rewarded executives based on Cimpres' achievement of financial performance goals for fiscal year 2016
- Long-term incentive awards, which may include long-term cash incentives, share options, and restricted share units, which reward executives based on Cimpres' achievement of longer term financial objectives and the creation of value for our shareholders as reflected in our share price
- Standard health and welfare benefits that are applicable to all of our employees in each executive's geographic location

In addition, we have severance and change in control arrangements with our executives, and from time to time we provide expatriate benefits for executives who are assigned to work in geographic locations outside of their home countries.

Under our pay-for-performance philosophy, the compensation of our executives and other employees at higher levels in the organization is more heavily weighted towards variable compensation based on our performance, and base salary generally accounts for a smaller portion of these employees' total compensation packages. The percentiles below are designed to ensure that our executive officers will receive compensation significantly below the median of our peer group if Cimpres does not perform well and significantly above the median for Cimpres' extraordinary performance. In accordance with this philosophy, the Compensation Committee initially allocates the compensation of our executive officers within the percentiles listed below, and then may use its discretion to adjust each executive officer's compensation to reflect other factors such as general economic conditions, the internal equity of compensation among our executives, and the executive's experience, role, and performance.

- Base salary of Mr. Keane, our Chief Executive Officer, at the 25th percentile of our peer group
- Base salaries of our other executive officers at the 35th percentile of our peer group and published compensation surveys
- Annual cash compensation (base salary and annual cash incentive) of all executive officers including Mr. Keane at the 50th percentile of our peer group and published compensation surveys
- Total compensation (base salary, annual cash incentive, and long-term incentive awards) of all executive officers including Mr. Keane at the 75th percentile of our peer group and published compensation surveys

### ***Base Salary***

For fiscal 2016, the Compensation Committee increased the base salaries of Messrs. Keane and Nelson and Ms. Blake by 3 to 4% to maintain their salaries at the percentiles described above and also to reflect each executive's

performance and internal equity with other Cimpressexecutives. We paid Mr. Keane's salary in Euros in fiscal years 2014 and 2015, and in fiscal 2016, we changed his compensation to US dollars; therefore, his compensation in the Summary Compensation Table of this proxy statement, which is reported in US dollars, is not directly comparable year-over-year because of currency fluctuations. Mr. Quinn's salary increased by 14% in connection with his promotion to Chief Financial Officer in October 2015.

### **Annual Cash Incentive Awards**

In fiscal year 2016, the Compensation Committee granted annual cash incentive awards to our executive officers to provide an incentive to achieve financial goals that were tied to the current fiscal year. For our fiscal year ended June 30, 2016, the annual cash incentive awards were based 50% on Cimpressexecutives' achievement of a full-year constant currency adjusted NOPAT goal and 50% on Cimpressexecutives' achievement of a full-year constant currency revenue goal determined by the Compensation Committee based on our annual budget approved by the Supervisory Board. For purposes of calculating these annual incentives, the Compensation Committee defines "constant currency revenue" as consolidated net revenue for Cimpressexecutives and its subsidiaries for the fiscal year, adjusted to use the same currency exchange rates as set forth in Cimpressexecutives' budget for the fiscal year. "Constant currency adjusted net operating profit after tax," or adjusted NOPAT, is defined as, in constant currency, GAAP operating income less cash taxes attributable to the applicable period and excluding amounts for the following to the extent included in GAAP operating income:

- the impact of contingent consideration and option arrangements from acquisitions
- transition and integration costs from acquisitions including compensation expense from earn outs or other deal consideration
- amortization of acquired intangible assets
- the results of acquired businesses if such acquisition was not included in arriving at the fiscal year 2016 NOPAT goal
- non-recurring or unusual items such as discontinued operations, restructurings meeting the GAAP definition of restructuring costs, and certain asset impairments
- any variance between actual and target for major organic long-term investments and realized gains or losses on currency hedging contracts

The fiscal 2016 performance goals set by the Compensation Committee for our executive officers' annual cash incentive awards were adjusted NOPAT of \$112,191,000 and constant currency revenue of \$1,757,835,000. The Compensation Committee believed that the fiscal 2016 goals were highly challenging but achievable. As set forth in the fiscal 2016 annual award agreements with our executive officers, the actual amount payable for the annual cash incentives was a percentage of the fiscal 2016 target award for each executive, listed in the table below, where the payout percentage equals the greater of:

- (x)  $-4.4545 + (2.7273 \times \text{Revenue Percentage}) + (2.7273 \times \text{Adjusted NOPAT Percentage})$ ; or
- (y)  $-7.0000 + (4.0000 \times \text{Revenue Percentage}) + (4.0000 \times \text{Adjusted NOPAT Percentage})$

The Revenue Percentage and Adjusted NOPAT Percentage were calculated by dividing the actual amounts for the fiscal year by the constant currency revenue and adjusted NOPAT goals described above. If either (1) Cimpressexecutives' actual constant currency revenue for fiscal 2016 were less than 92.5% of the goal, or (2) actual adjusted NOPAT for fiscal 2016 were less than 80% of the goal, then the total annual cash incentive payout would be zero even if the other goal were achieved. The fiscal 2016 payout percentage was capped at a maximum of 200%.

As calculated in accordance with the fiscal 2016 annual cash incentive awards, Cimpressexecutives' adjusted NOPAT was \$139,900,000. The Compensation Committee then used negative discretion to reduce the adjusted NOPAT used for calculating the annual incentive payouts by subtracting the following amounts because the Committee believed that the executives should not benefit from the following items:

- \$11,300,000 to remove NOPAT adjustments relating to impairments
- \$6,100,000 to exclude the impact of the acquisition and operations of WIRmachenDRUCK, which we acquired during fiscal 2016
- \$4,100,000 to remove budget errors or overlays
- \$1,500,000 to remove the benefit of certain headcount reductions

As reduced by the Compensation Committee, the adjusted NOPAT used for calculating the annual incentive payouts was \$116,900,000, which was an overachievement of the fiscal 2016 adjusted NOPAT goal of \$112,191,000.

As calculated in accordance with the fiscal 2016 annual cash incentive awards, Cimpres's constant currency revenue was \$1,807,900,000, and the Compensation Committee used negative discretion to reduce the constant currency revenue to eliminate the benefit of revenue from WIRMachenDRUCK GmbH, which Cimpres acquired in February 2016, because the Committee believed that the executives should not benefit from revenue acquired during the fiscal year. As reduced by the Compensation Committee, the constant currency revenue used for calculating the annual incentive payouts was \$1,735,700,000, which was below the fiscal 2016 constant currency revenue goal of \$1,757,835,000.

Based on the 50/50 weighting of our adjusted NOPAT and constant currency revenue goals and in accordance with the formula set forth above, this level of achievement yielded a payout percentage of 111.8% of the executives' targets, which is the same as the payout percentage we used for our non-executive employees' fiscal 2016 annual cash incentive awards.

The Compensation Committee set Mr. Keane's fiscal 2016 target annual incentive at a level to maintain his annual cash compensation (base salary plus annual cash incentive) at the 50th percentile of our peer group. For our other executive officers, the Compensation Committee initially determined the fiscal 2016 target annual incentives that would maintain their annual cash compensation at the 50th percentile of our peer group and published compensation surveys and then applied its own discretion to reflect each executive's performance and internal equity with other Cimpres executives. As a result of this process, the Compensation Committee increased the 2016 target annual incentives of Messrs. Keane and Nelson and Ms. Blake by 11% on average over their 2015 target annual incentives. We increased Mr. Quinn's 2016 target annual incentive from \$90,000 to \$250,000 in October 2015 due to his promotion to Chief Financial Officer.

The following table sets forth the target annual cash incentive awards for our named executive officers and the actual payouts on those awards for fiscal 2016. Mr. Quinn's target annual incentive reflects a weighted average target bonus pre and post his promotion to Chief Financial Officer.

<u>Name</u>	<u>Target Annual Incentive</u>	<u>Actual Annual Incentive Paid</u>
Robert S. Keane	\$ 1,034,000	\$ 1,156,012
Katryn S. Blake	\$ 390,000	\$ 436,020
Donald R. Nelson	\$ 250,000	\$ 279,500
Sean E. Quinn	\$ 198,852	\$ 222,317
Ernst J. Teunissen(1)	\$ 362,500	\$ —

(1) Because Mr. Teunissen resigned as an executive officer in October 2015, he was not eligible receive any payout on his annual incentive award.

### ***Long-Term Incentive Program***

Our long-term incentive program is designed to focus our executives and employees on long-term performance and value creation for the company and our shareholders. The Compensation Committee, with recommendations from our independent compensation consultant, determines the mix among our long-term incentive vehicles for our executives and employees. During fiscal year 2016, the Compensation Committee redesigned our long-term executive compensation program for fiscal 2017 and beyond, and accordingly, we did not grant any long-term incentive awards to our executive officers other than Sean Quinn, who became an executive officer in October 2015. Beginning with fiscal year 2017, the Compensation Committee will grant PSUs and cash retention awards as described in the Executive Overview above and in the proxy statement and proxy solicitation materials we filed with the SEC in connection with our May 27, 2016 Extraordinary General Meeting of Shareholders.

The Compensation Committee believes that granting equity awards is an effective way to motivate our executives to manage the company in a manner that is consistent with the long-term interests of both the company and our shareholders, with equity awards generating greater returns for our executives and employees as our share

price increases. The share options and restricted share units we have granted in the past also provide us with an important retention tool, as the equity grants vest over a multiple-year period only if the executive continues to be employed by us on each vest date. In the past, we generally granted equity awards to our executive officers annually at the regularly scheduled meetings of the Compensation Committee and Supervisory Board held in the fourth quarter of each fiscal year. Going forward under the new long-term incentive program, we will grant PSU awards to our executive officers at the same time that we grant awards to our non-executive employees, which is during our first fiscal quarter after the conclusion of our annual performance review cycle.

Because Sean Quinn was promoted to Chief Financial Officer in October 2015 and was not an executive officer at the beginning of fiscal year 2016, he participated in our long-term incentive program for non-executive employees. Under this program, Mr. Quinn received restricted share units and a four-year cash incentive award in fiscal year 2016 and also received payouts under the four-year cash incentive awards he received in previous fiscal years. For fiscal years 2016 and before, we granted long-term cash incentive awards to our non-executive employees to reflect our pay-for-performance culture and philosophy, enhance our ability to manage the number of shares available under our equity compensation plans, and balance the focus on share price appreciation created through equity awards with cash awards based on the achievement of financial metrics that drive long-term company and shareholder value creation. Each long-term cash incentive award has a performance cycle of four fiscal years, and each employee is eligible to receive 25% of his or her total award for each fiscal year in the performance cycle based on Cimpress' achievement of adjusted NOPAT performance goals. We use the same definition of adjusted NOPAT for purposes of the long-term cash incentive awards as we do for the annual cash incentive awards described above. We measure performance on an annual basis and make payments for each fiscal year in the performance cycle based on the level of goal achievement for that fiscal year.

Under the long-term cash incentive awards granted to our non-executive employees, our adjusted NOPAT for fiscal 2016 was \$116,900,000, calculated in the same way as our adjusted NOPAT for the annual cash incentive awards as described above. This adjusted NOPAT was above the lower threshold NOPAT goal of \$95,362,350 for fiscal 2016 and below the upper threshold NOPAT goal of \$129,019,650 for fiscal 2016, so we paid 107.9% of target levels for the fiscal 2014 - 2017 long-term cash awards, 106.0% of target levels for the fiscal 2015 - 2018 long-term cash awards, and 103.0% of target levels for the fiscal 2016 - 2019 long-term cash awards to our employees who participated in this long-term cash incentive plan, including Mr. Quinn, based on the formula for each four-year period set forth in the plan.

### ***Benefit Programs***

The Compensation Committee believes that all employees based in the same geographic location should have access to similar levels of health and welfare benefits, and therefore our executive officers receive the same health and welfare benefits, including medical, dental, vision, and disability plans, group life and accidental death and disability insurance and other benefit plans, as those offered to other employees in their location. We do, however, from time to time enter into arrangements with some of our named executive officers to reimburse them for living and relocation expenses relating to their work outside of their home countries.

U.S. based employees may participate in a 401(k) plan that provides a company match of up to 50% on the first 6% of the participant's eligible compensation that is contributed, subject to certain limits under the United States Internal Revenue Code of 1986, or US Tax Code, with company matching contributions vesting over a four-year period. We also provide customary pension plans to our European employees.

### ***Perquisites***

In general, executives are not entitled to benefits that are not otherwise available to all other employees who work in the same geographic location.

### **Executive Retention and Other Agreements**

We have entered into executive retention agreements with all of our executive officers. Under the executive retention agreements, if we terminate an executive officer's employment without cause (as defined in the agreements) or the executive terminates his or her employment for good reason (as defined in the agreements) before a change in control of Cimpress or within one year after a change in control (as defined in the agreements), then the executive is entitled to receive:

- A lump sum severance payment equal to two years' salary and bonus, in the case of Mr. Keane, or one year's salary and bonus, in the case of the other executive officers. These severance payments are based on the executive's then current base salary plus the greater of (1) the target bonus for the then current fiscal year, or (2) the target bonus for the then current fiscal year multiplied by the average actual bonus payout percentage for the previous three fiscal years.
- With respect to any outstanding annual cash incentive award under our Performance Incentive Plan, a pro rata portion, based on the number of days from the beginning of the then current fiscal year until the date of termination, of his or her target incentive for the fiscal year multiplied by the average actual payout percentage for the previous two fiscal years. If there is no change in control of Cimpress during the fiscal year, this pro rata portion is capped at the actual amount of annual cash incentive that the executive would have received had he or she remained employed by Cimpress through the end of the fiscal year.
- With respect to any outstanding multi-year cash incentive award under our Performance Incentive Plan, a pro rata portion, based on the number of days from the beginning of the then current performance period until the date of termination, of his or her mid-range target incentive for the then current performance period multiplied by the average actual payout percentage for the previous two fiscal years. If there is no change in control of Cimpress during the applicable performance period, this pro rata portion is capped at the actual amount of cash incentive for the performance period that the executive would have received had he or she remained employed by Cimpress through the end of the performance period.
- The continuation of all other employment-related health and welfare benefits for two years after the termination in the case of Mr. Keane, or one year after the termination in the case of our other executive officers.

The executive retention agreements also provide that, upon a change in control of Cimpress, all equity awards (other than performance share units granted under our new 2016 Performance Equity Plan) granted to each executive officer will accelerate and become fully vested; each executive's multi-year cash incentive awards under our Performance Incentive Plan will accelerate such that the executive will receive the mid-range target bonus for the then current performance period and each performance period after the change in control; and each executive will receive a pro rata portion, based on the number of days in the fiscal year before the change in control, of his or her target annual cash incentive award for that fiscal year. In addition, if after a change in control Cimpress' successor terminates the executive without cause, or the executive terminates his or her employment for good reason (as defined in the agreements), then each of the executive's equity awards remains exercisable until the earlier of one year after termination or the original expiration date of the award.

Our Compensation Committee decided that we would no longer include any excise tax gross-up provisions in any executive retention agreements we enter into with new executives after August 1, 2012, and accordingly, Sean Quinn's agreement does not have an excise tax gross-up provision. If an executive other than Mr. Quinn is required to pay any excise tax pursuant to Section 280G of the US Tax Code as a result of compensation payments made to him or her, or benefits obtained by him or her (including the acceleration of equity awards), resulting from a termination or change in ownership or control of Cimpress, we are required to pay the executive an amount, referred to as a gross-up payment, equal to the amount of such excise tax plus any additional taxes attributable to such gross-up payment. However, if reducing the executive's compensation payments by up to \$50,000 would eliminate the requirement to pay an excise tax under Section 280G of the US Tax Code, then Cimpress has the right to reduce the payment by up to \$50,000 to avoid triggering the excise tax and thus avoid providing gross-up payments to the executive.

The following table sets forth information on the potential payments to named executive officers upon their termination or a change in control of Cimpress, assuming that a termination or change in control took place on June 30, 2016, except for Ernst Teunissen, who resigned as Chief Financial Officer in October 2015 and did not receive any compensation in connection with his resignation.

<b>Name</b>	<b>Cash Payment \$(1)</b>	<b>Accelerated Vesting of Share Options \$(2)</b>	<b>Accelerated Vesting of Restricted Share Units \$(3)</b>	<b>Welfare Benefits \$(4)</b>	<b>Tax Gross-Up Payment \$(5)</b>	<b>Total (\$)</b>
<b>Robert S. Keane</b>						
• Termination Without Cause or With Good Reason	3,581,560	—	—	57,991	—	3,639,551
• Change in Control	—	19,505,712	—	—	—	19,505,712
• Change in Control w/ Termination Without Cause or With Good Reason	3,581,560	19,505,712	—	57,991	—	23,145,263
<b>Katryn S. Blake</b>						
• Termination Without Cause or With Good Reason	836,300	—	—	23,748	—	860,048
• Change in Control	—	2,369,662	2,587,775	—	—	4,957,437
• Change in Control w/ Termination Without Cause or With Good Reason	836,300	2,369,662	2,587,775	23,748	—	5,817,485
<b>Donald R. Nelson</b>						
• Termination Without Cause or With Good Reason	642,500	—	—	23,474	—	665,974
• Change in Control	—	3,077,506	1,798,274	—	—	4,875,780
• Change in Control w/ Termination Without Cause or With Good Reason	642,500	3,077,506	1,798,274	23,474	—	5,541,754
<b>Sean E. Quinn</b>						
• Termination Without Cause or With Good Reason	612,500	—	—	19,730	—	632,230
• Change in Control	141,000	—	1,427,059	—	—	1,568,059
• Change in Control w/ Termination Without Cause or With Good Reason	753,500	—	1,427,059	19,730	—	2,200,289

(1) Amounts in this column represent severance amounts payable under the executive retention agreements. For Mr. Quinn, the amounts in this column for Change in Control and Change in Control with Termination include the acceleration of his long-term cash incentive awards.

(2) Amounts in this column represent the value of unvested, in-the-money share options that would vest upon the triggering event described in the first column. The value of share options is based on the difference between the exercise price of the options and \$92.48 per share, which was the closing price of our ordinary shares on Nasdaq on June 30, 2016, the last trading day of our fiscal year 2016.

(3) Amounts in this column represent the value of unvested restricted share units that would vest upon the triggering event described in the first column, based on \$92.48 per share, which was the closing price of our ordinary shares on Nasdaq on June 30, 2016, the last trading day of our fiscal year 2016.

(4) Amounts reported in this column represent the estimated cost of providing employment related benefits (such as insurance for medical, dental, and vision) during the period the named executive officer is eligible to receive those benefits under the executive retention agreements, which is two years for Mr. Keane and one year for the other named executive officers. Some of the amounts would be payable to Mr. Keane in Euros. For purposes of this table, we converted these payments from Euros to U.S. dollars at a currency exchange rate of 1.12394 based on the 30-day average currency exchange rate for June 1-30, 2016, which was the end of our most recent fiscal year.

(5) Amounts in this column are estimates based on a number of assumptions and do not necessarily reflect the actual amounts of tax gross-up payments that the named executive officers would receive. Our Compensation Committee decided that we would no longer include such tax gross-up provisions in the executive retention agreements we enter into with new executives after August 1, 2012. Mr. Quinn's executive retention agreement does not have a tax gross-up provision.

We have also entered into indemnification agreements with our executive officers that provide the executives with indemnification for actions they take in good faith as members of our management team.

## The Role of Company Executives in the Compensation Process

Although the Compensation Committee manages and makes decisions about the compensation process, the Committee also takes into account the views of our Chief Executive Officer, who makes initial recommendations with respect to executive officers other than himself. Other employees of Cimpress also participate in the preparation of materials presented to or requested by the Compensation Committee for use and consideration at Compensation Committee meetings.

### Share Ownership Guidelines

We have share ownership guidelines for all of our executive officers and members of our Supervisory Board. The guidelines require our executive officers and Supervisory Board members to hold Cimpress equity, including ordinary shares they hold directly or indirectly, unvested restricted share units, vested and unvested performance share units, and vested, unexercised, in-the-money share options, with a value, based on the two-year trailing average of the closing prices of Cimpress' ordinary shares on Nasdaq, equal to or greater than a multiple of the executive officer's annual base salary or the Supervisory Board member's annual retainer, as follows:

- Chief Executive Officer: 5 times annual base salary
- Other executive officers: 3 times annual base salary
- Supervisory Board: 5 times Supervisory Board annual cash retainer

We give each executive officer and Supervisory Board member four years from his or her initial appointment as a Cimpress officer or director to comply with the share ownership guidelines. As of June 30, 2016, all executive officers and Supervisory Board members had satisfied their ownership guideline requirement, other than Dr. Shouraboura who has until January 2019 to increase her share ownership to the level described above.

### Section 162(m)

The United States Internal Revenue Service, pursuant to Section 162(m) of the US Tax Code, generally disallows a tax deduction for compensation in excess of \$1.0 million paid to our Chief Executive Officer and to each other named executive officer (other than the Chief Financial Officer) whose compensation is required to be reported to our shareholders pursuant to SEC rules by reason of being among our three most highly paid executive officers. This deduction limitation can apply to compensation paid by U.S. subsidiaries of Cimpress. Qualifying performance-based compensation is not subject to the deduction limitation if certain requirements are met.

The Compensation Committee reserves the right to use its judgment to authorize compensation payments that may be subject to the Section 162(m) limitation when it believes that such payments are appropriate and in the best interests of Cimpress and its shareholders, after taking into account business conditions or the officer's performance. Although the Compensation Committee considers the impact of Section 162(m) when administering Cimpress' compensation plans, it does not make decisions regarding executive compensation based solely on the expected tax treatment of such compensation. As a result, the Compensation Committee has deemed it appropriate at times to forego awarding compensation that may qualify as performance-based compensation under Section 162 (m) in favor of awards that may not be fully tax-deductible by Cimpress' subsidiaries.

### Compensation Committee Report

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis contained in this proxy statement. Based on the Compensation Committee's review and discussions with management, the Compensation Committee recommended to the Supervisory Board that the Compensation Discussion and Analysis be included in this proxy statement.

*Compensation Committee of the  
Supervisory Board*  
Scott Vassalluzzo, Chair  
Eric C. Olsen  
Mark T. Thomas

## SUMMARY COMPENSATION TABLES

### Summary Compensation Table

The following table summarizes the compensation earned in each of the last three fiscal years by:

- (i) our principal executive officer,
- (ii) our principal financial officer,
- (iii) our other two executive officers as of June 30, 2016, and
- (iv) our former principal financial officer who served in that position during a portion of our fiscal year 2016.

Throughout this proxy statement, we refer to the individuals listed in (i) through (iv) above as our named executive officers.

<u>Name and Principal Position</u>	<u>Year</u>	<u>Salary (\$)</u>	<u>Share Awards \$(1)</u>	<u>Non-Equity Incentive Plan Compensation \$(2)</u>	<u>All Other Compensation (\$)</u>	<u>Total (\$)</u>
Robert S. Keane	2016	579,735	—	1,156,012	10,766(3)	1,746,513
<i>President and Chief Executive Officer</i>	2015	494,804	—	1,481,285	6,200	1,982,289
	2014	581,430	—	1,161,505	3,109	1,746,044
Katryn S. Blake	2016	379,596	—	436,020	973,985(4)	1,789,601
<i>Executive Vice President and President, Vistaprint Business Unit</i>	2015	365,000	1,205,954	612,344	1,104,617(4)	3,287,915
	2014	364,231	937,986	428,814	546,535	2,277,566
Donald R. Nelson	2016	349,731	—	279,500	7,713(5)	636,944
<i>Executive Vice President and President, Mass Customization Platform</i>	2015	340,000	799,930	411,875	7,800	1,559,605
	2014	339,808	699,981	295,915	7,800	1,343,504
Sean E. Quinn(6)	2016	305,885	924,917	284,900	6,924(5)	1,522,626
<i>Executive Vice President and Chief Financial Officer</i>						
Ernst J. Teunissen(7)	2016	122,697	—	—	—	122,697
<i>Former Executive Vice President and Chief Financial Officer</i>	2015	310,683	799,930	550,988	35,067	1,696,668
	2014	360,706	699,981	453,788	40,804	1,555,279

- 
- (1) The amounts reported in this column represent a dollar amount equal to the grant date fair value of the share awards as computed in accordance with FASB ASC Topic 718. You can find the assumptions we used in the calculations for these amounts in Note 12 to our audited financial statements included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2016.
- (2) The amounts reported in this column represent the aggregate amounts earned for each such fiscal year under each named executive officer's annual cash incentive award for that fiscal year and the component of each officer's long-term cash incentive award that is attributable to that fiscal year. You can find more information about the amounts paid for fiscal 2016 to each executive officer under his or her annual and long-term cash incentive awards in the Compensation Discussion and Analysis section of this proxy statement.



- (3) This amount represents the reimbursement of business travel expenses for Mr. Keane's attendance at meetings of Cimpress' Management Board, tax preparation fees, and associated tax gross-up payments. Although the reimbursement of business travel expenses would not be taxable to Mr. Keane in the United States and although Mr. Keane is not a resident of the Netherlands, under his ruling with the Dutch tax authorities, this reimbursement is considered taxable income to Mr. Keane. Because Mr. Keane should not be financially penalized as a result of taxation by the country in which Cimpress is incorporated, we gross up the reimbursement payments to offset the increased tax liability to him.
- (4) For fiscal year 2016, \$621,325 of this amount represents tax payments for 2014 and 2015 and associated tax gross-up amounts relating to Ms. Blake's expatriate payments for her assignment in Paris, \$344,554 of this amount represents French taxes paid and associated tax-gross up amounts relating to the vesting of restricted share units and exercise of share options attributable to Ms. Blake's assignment in Paris, and \$8,106 of this amount represents our matching contributions under Cimpress USA's 401(k) deferred savings plan. For fiscal year 2015, \$860,604 of this amount represents a lump sum payment of taxes for 2013 and 2014 and associated tax gross-up amounts relating to Ms. Blake's expatriate payments for her assignment in Paris, \$236,213 of this amount represents French taxes paid relating to the vesting of restricted share units during Ms. Blake's assignment in Paris, and \$7,800 of this amount represents our matching contributions under Cimpress USA's 401(k) deferred savings plan.
- (5) This amount represents our matching contributions under Cimpress USA's 401(k) deferred savings retirement plan.
- (6) Mr. Quinn was appointed an executive officer in October 2015.
- (7) Mr. Teunissen resigned as an executive officer in October 2015.

### Grants of Plan-Based Awards in the Fiscal Year Ended June 30, 2016

The following table contains information about plan-based awards granted to each of our named executive officers during the fiscal year ended June 30, 2016.

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards			All Other Share Awards: Number of Shares or Share Units (#)(2)	Grant Date Fair Value of Share Awards \$(3)
		Threshold \$(1)	Target (\$)	Maximum (\$)		
Robert S. Keane	9/28/2015	—	1,034,000(4)	2,068,000(5)	—	—
Katryn S. Blake	9/28/2015	—	390,000(4)	780,000(5)	—	—
Donald R. Nelson	9/28/2015	—	250,000(4)	500,000(5)	—	—
Sean E. Quinn	7/1/2015	—	198,852(4)	397,704(5)	—	—
	7/1/2015	—	125,000(6)	209,375(7)	—	—
	8/14/2015				1,773	124,961
	11/17/2015				9,813	799,956
Ernst J. Teunissen(8)	9/28/2015	—	362,500(4)	725,000(5)	—	—

- (1) The amounts reported in this column represent the amounts that would have been payable under our named executive officers' annual cash incentive awards, and under Mr. Quinn's long-term cash incentive award, if we did not achieve our minimum constant currency revenue and adjusted NOPAT goals.
- (2) The amounts reported in this column represent restricted share units granted under our 2011 Equity Incentive Plan that vest over a period of four years: 25% one year after they are granted and 6.25% per quarter thereafter. As the restricted share units vest, we automatically issue the vested shares to the employee; the employee does not need to exercise them or pay any amount to us for the purchase of the shares.
- (3) The amounts reported in this column represent the grant date fair value for Mr. Quinn's share-based awards computed in accordance with FASB ASC Topic 718. You can find the assumptions we used in the calculations for these amounts in Note 12 to our audited financial statements included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2016.
- (4) These amounts represent payments that our named executive officers would have received under their fiscal 2016 annual cash incentive awards for 100% achievement of our constant currency revenue and adjusted NOPAT goals for fiscal 2016. You can find more information on the amounts actually paid to our executive officers under their fiscal 2016 annual cash incentive awards above in the Compensation Discussion and Analysis section of this proxy statement.

- (5) These amounts represent the maximum amounts that would have been payable under our named executive officers' annual cash incentive awards for our fiscal year ended June 30, 2016. The payout under each executive officer's annual cash incentive is capped at 200% of the executive officer's target amount. In fact, based on our achievement of our goals for fiscal 2016, our executive officers received payments that were less than these amounts, and Mr. Teunissen did not receive any payment under his award due to his resignation as an executive officer in October 2015. You can find more information on the amounts actually paid to our executive officers under their annual cash incentive awards above in the Compensation Discussion and Analysis section of this proxy statement.
- (6) Because Mr. Quinn was not an executive officer at the beginning of fiscal year 2016, he participated in our long-term incentive program for non-executive employees and received a long-term cash incentive award. Mr. Quinn is eligible to receive 25% of his total award for each of our fiscal years ending June 30, 2016, 2017, 2018 and 2019 based on our achievement of adjusted NOPAT targets for each fiscal year. The adjusted NOPAT targets are expressed as dollar values in the low, medium and upper ranges. This amount represents the potential aggregate payments that Mr. Quinn would be eligible to receive over four years under this long-term performance award if we were to achieve the medium range of our adjusted NOPAT targets in each of the four fiscal years covered by the award.
- (7) This amount represents the maximum amount payable under Mr. Quinn's long-term cash incentive award. This amount represents potential aggregate payments that Mr. Quinn would be eligible to receive over four years under this award if we were to achieve the upper range of our adjusted NOPAT target in each of the four fiscal years covered by the award.
- (8) Mr. Teunissen resigned as an executive officer in October 2015.

### Outstanding Equity Awards at June 30, 2016

The following table contains information about unexercised share options and unvested restricted share units as of June 30, 2016 for each of our named executive officers.

Name	Option Awards				Share Awards	
	Number of Securities Underlying Unexercised Options		Option Exercise Price	Option Expiration Date	Number of Shares or Share Units That Have Not Vested	Market Value of Shares or Share Units That Have Not Vested
	(#) Exercisable	(#) Unexercisable	(\$)(1)		(#)(2)	(\$)(3)
Robert S. Keane(4)	130,050	—	23.31	8/4/2016		
	143,618	—	37.51	5/15/2017		
	333,318	—	34.87	5/2/2018		
	146,028	—	34.25	5/7/2019		
	96,800	—	47.91	5/6/2020		
	105,240	—	54.02	5/5/2021		
	765,288	459,174(5)	50.00(6)	5/4/2020(6)		
					—	—
Katryn S. Blake	48,811	55,783	50.00(6)	5/4/2020(6)	27,982	2,587,775
Donald R. Nelson	6,646	—	54.02	5/5/2021		
	120,743	72,446	50.00(6)	5/4/2020(6)	19,445	1,798,274
Sean E. Quinn	—	—	—	—	15,431	1,427,059
Ernst J. Teunissen(7)	—	—	—	—	—	—

- (1) Except as set forth in footnote 6 below, each share option has an exercise price equal to the fair market value of our ordinary shares on the date of grant and is fully exercisable as of June 30, 2016. Except as set forth in footnote 6, each share option expires 10 years after the date on which it was granted.
- (2) So long as the named executive officer continues to be employed with us, each restricted share unit vests, and the vested shares are issued to the named executive officer, over a period of four years: 25% of the shares subject to the unit after one year and 6.25% per quarter thereafter.
- (3) The market value of the restricted share units is determined by multiplying the number of restricted share units by \$92.48 per share, which was the closing price of our ordinary shares on Nasdaq on June 30, 2016, the last trading day of our fiscal year 2016.
- (4) All of Mr. Keane's awards are held by his Trusts.
- (5) Mr. Keane may not exercise his premium-priced options unless our share price on Nasdaq is at least \$75.00 on the exercise date.
- (6) These awards are premium-priced share options with an exercise price that is significantly higher than the closing price of Cimpress' ordinary shares on Nasdaq on the grant dates. The Compensation Committee chose this exercise price in part because it is higher than the highest of the three-, six-, and twelve-month trailing averages of Cimpress' share price on Nasdaq as of the July 28, 2011 public announcement of our growth strategy. The premium-priced share options vest over seven years and have an eight-year term.
- (7) Mr. Teunissen resigned as an executive officer in October 2015.

### Option Exercises and Shares Vested in the Fiscal Year Ended June 30, 2016

The following table contains information about option exercises and vesting of restricted share units on an aggregated basis during fiscal 2016 for each of our named executive officers.

Name	Option Awards		Share Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)(1)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)(2)
Robert S. Keane	—	—	—	—
Katryn S. Blake	17,309	861,273	22,709	1,901,599
Donald R. Nelson	11,333	547,596	15,277	1,278,269
Sean E. Quinn	—	—	2,496	200,235
Ernst J. Teunissen(3)	23,387	699,365	5,018	361,870

- (1) Represents the net amount realized from all option exercises during fiscal 2016. In cases involving an exercise and immediate sale, the value was calculated on the basis of the actual sale price. In cases involving an exercise without immediate sale, the value was calculated on the basis of our closing sale price of our ordinary shares on Nasdaq on the date of exercise.
- (2) The value realized on vesting of restricted share units is determined by multiplying the number of shares that vested by the closing sale price of our ordinary shares on Nasdaq on the vesting date.
- (3) Mr. Teunissen resigned as an executive officer in October 2015.

## COMPENSATION OF SUPERVISORY BOARD MEMBERS

We use a combination of cash and share-based incentive compensation to attract and retain qualified candidates to serve on our Supervisory Board. When considering the compensation of our Supervisory Board, our Compensation Committee considers the significant amount of time that directors expend in fulfilling their duties to Cimpres, the skill level that we require of members of our Supervisory Board, and competitive compensation data from our peer group.

As described in Proposal 12 of this proxy statement, we are asking our shareholders to approve a new Supervisory Board compensation program to replace the compensation program described below. If our shareholders do not approve the proposed compensation, then the compensation program described below will remain in place.

### **Fees**

Under the current compensation program, we pay the members of our Supervisory Board the following fees for their service on our Supervisory Board:

All members of the Supervisory Board	<ul style="list-style-type: none"> <li>• \$34,000 retainer per fiscal year</li> <li>• \$10,000 retainer per fiscal year for each committee of the Supervisory Board on which the director serves</li> <li>• \$3,000 for each regularly scheduled Supervisory Board meeting that the director physically attends</li> </ul>
Chairman of the Supervisory Board	\$15,000 retainer per fiscal year
Chairman of our Audit Committee	\$15,000 retainer per fiscal year
Chairmen of our Compensation Committee and Nominating and Corporate Governance Committee	\$10,000 retainer per fiscal year

We also reimburse our Supervisory Board for reasonable travel and other expenses incurred in connection with attending meetings of our Supervisory Board and its committees, and we pay for their tax preparation fees and filings for their Dutch income tax returns.

### **Equity Grants**

*Share Options.* Upon his or her initial appointment to the Supervisory Board, each director receives a share option to purchase a number of ordinary shares having a fair value equal to \$150,000, up to a maximum of 50,000 shares. On the date of each annual general meeting, each incumbent Supervisory Board member receives a share option to purchase a number of ordinary shares having a fair value equal to \$50,000, up to a maximum of 12,500 shares. We grant options to our Supervisory Board under our 2005 Non-Employee Directors' Share Option Plan, as amended, with an exercise price equal to the fair market value of our ordinary shares on the date of grant. The Supervisory Board's options vest at a rate of 8.33% per quarter over a period of three years from the date of grant, so long as the director continues to serve as a director on each such vesting date, and expire upon the earlier of ten years from the date of grant or 90 days after the director ceases to serve as a director.

*Restricted Share Units.* On the date of each annual general meeting, in addition to the share option described above, each incumbent Supervisory Board member receives restricted share units having a fair value equal to \$110,000 granted under our 2011 Equity Incentive Plan. The Supervisory Board's restricted share units vest at a rate of 12.5% per quarter over a period of two years from the date of grant, so long as the director continues to serve as a director on each such vesting date.

For the purposes of determining the number of share options and restricted share units to be granted, we use the fair value of each share option and restricted share unit using a generally accepted equity pricing valuation methodology, such as the Black-Scholes model or binomial method for share options, with such modifications as it

may deem appropriate to reflect the fair market value of the equity awards. In fiscal 2016, we used the Black-Scholes model to determine fair market value of share options.

## Summary Compensation Table

The following contains information with respect to the compensation earned by our Supervisory Board members in the fiscal year ended June 30, 2016:

<u>Name</u>	<u>Fees Earned or Paid in Cash (\$)</u>	<u>Share Awards \$(1)</u>	<u>Option Awards \$(1)</u>	<u>Total (\$)</u>
Paolo De Cesare	56,000	109,970	49,984	215,954
John J. Gavin, Jr.	71,000	109,970	49,984	230,954
Eric C. Olsen	56,000	109,970	49,984	215,954
Richard T. Riley	81,000	109,970	49,984	240,954
Nadia Shouraboura	51,000	109,970	49,984	210,954
Mark T. Thomas	86,000	109,970	49,984	245,954
Scott Vassalluzzo	66,000	109,970	49,984	225,954
Peter Gyenes(2)	26,520	—	—	26,520

(1) The value of the share awards equals their grant date fair value as computed in accordance with FASB ASC Topic 718. You can find the assumptions we used in the calculations for these amounts in Note 12 to our audited financial statements included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2016. All share options referenced in this table were granted with an exercise price equal to the closing price of our ordinary shares on Nasdaq on the date of grant.

(2) Mr. Gyenes' term as a director expired in November 2015.

## Outstanding Equity Awards Held by Supervisory Board members at June 30, 2016

The following table contains information about unexercised share options and unvested restricted share units as of June 30, 2016 for each member of our Supervisory Board.

<u>Name</u>	<u>Option Awards</u>				<u>Share Awards</u>	
	<u>Number of Securities Underlying Unexercised Options</u>		<u>Option Exercise Price (\$)(1)</u>	<u>Option Expiration Date</u>	<u>Number of Shares or Share Units That Have Not Vested (2)(#)</u>	<u>Market Value of Shares or Share Units That Have Not Vested (3)(\$)</u>
	<u>(#) Exercisable</u>	<u>(#) Unexercisable</u>				
Paolo De Cesare	7,004	—	40.80	4/30/2023	1,413	130,674
	1,480	296	54.08	11/7/2023		
	725	726	68.38	11/12/2024		
	218	1,091	81.52	11/17/2025		
John J. Gavin, Jr.	2,269	—	46.18	11/2/2017		
	9,548	—	15.94	11/7/2018		
	1,919	—	54.46	11/17/2019		
	2,443	—	40.99	11/12/2020		
	2,690	—	35.77	11/3/2021		
	3,175	—	30.30	11/8/2022		

	1,480	296	54.08	11/7/2023		
	725	726	68.38	11/12/2024		
	218	1,091	81.52	11/17/2025		
					1,413	130,674
Eric C. Olsen	7,004	—	40.80	4/30/2023		
	1,480	296	54.08	11/7/2023		
	725	726	68.38	11/12/2024		
	218	1,091	81.52	11/17/2025		
					1,413	130,674
Richard T. Riley	2,269	—	46.18	11/2/2017		
	9,548	—	15.94	11/7/2018		
	1,919	—	54.46	11/17/2019		
	2,443	—	40.99	11/12/2020		
	2,690	—	35.77	11/3/2021		
	3,175	—	30.30	11/8/2022		
	1,480	296	54.08	11/7/2023		
	725	726	68.38	11/12/2024		
	218	1,091	81.52	11/17/2025		
					1,413	130,674
Nadia Shouraboura	1,662	2,327	79.52	2/3/2025		
	218	1,091	81.52	11/17/2025		
					1,011	93,497
Mark T. Thomas	5,758	—	54.46	11/17/2019		
	2,443	—	40.99	11/12/2020		
	1,480	296	54.08	11/7/2023		
	725	726	68.38	11/12/2024		
	218	1,091	81.52	11/17/2025		
					1,413	130,674
Scott Vassalluzzo	1,662	2,327	79.52	2/3/2025		
	218	1,091	81.52	11/17/2025		
					1,011	93,497

- 
- (1) Each share option has an exercise price equal to the fair market value of our ordinary shares on the date of grant and becomes exercisable at a rate of 8.33% per quarter over a period of three years from the date of grant, so long as the Supervisory Board member continues to serve as a director on each such vesting date. Each share option expires 10 years after the date on which it was granted.
  - (2) Upon the vesting of each restricted share unit, shares are issued to the director on a one-to-one basis. The restricted share units vest as to 12.5% of the shares subject to the unit per quarter over a period of two years, so long as the director continues to serve as a director on each such vesting date.
  - (3) The market value of the restricted share units is determined by multiplying the number of restricted share units by \$92.48 per share, which was the closing price of our ordinary shares on Nasdaq on June 30, 2016, the last trading day of our fiscal year 2016.

## Compensation Committee Interlocks and Insider Participation

During fiscal 2016, Messrs. Gyenes, Olsen, Thomas, and Vassalluzzo served at various times as members of our Compensation Committee. During fiscal 2016, no member of our Compensation Committee was an officer or employee of Cimpres or of our subsidiaries or had any relationship with us requiring disclosure under SEC rules.

During fiscal 2016, none of our executive officers served as a member of the board of directors or compensation committee (or other committee serving an equivalent function) of any entity that had one or more executive officers serving as a member of our Supervisory Board or Compensation Committee.

## Securities Authorized for Issuance Under Equity Compensation Plans

The following table provides information as of June 30, 2016 about the securities issued or authorized for future issuance under our equity compensation plans.

### Equity Compensation Plan Information

<u>Plan Category</u>	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights(1)	(b) Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column(a))
Equity compensation plans approved by shareholders(1)	3,260,066	\$36.89	10,356,264(2)
Equity compensation plans not approved by shareholders	—	—	—
<b>Total</b>	<b>3,260,066</b>	<b>\$36.89</b>	<b>10,356,264(2)</b>

- (1) Consists of our Amended and Restated 2005 Equity Incentive Plan, 2005 Non-Employee Directors' Share Option Plan, 2011 Equity Incentive Plan, and 2016 Performance Equity Plan. This column includes an aggregate of 600,075 shares underlying restricted share units that were unvested as of June 30, 2016. These restricted share units do not have an exercise price, and the weighted-average exercise price in column (b) excluding these restricted share units is \$45.21.
- (2) Includes 8,000,000 shares available for future awards under our 2016 Performance Equity Plan, 2,305,843 shares available for future awards under our 2011 Equity Incentive Plan, and 50,421 shares available for future awards under our 2005 Non-Employee Directors' Share Option Plan, as amended. No shares are available for future award under our Amended and Restated 2005 Equity Incentive Plan.

## About Non-GAAP Financial Measures

To supplement Cimpres's consolidated financial statements presented in accordance with U.S. generally accepted accounting principles, or GAAP, Cimpres has used the following measures defined as non-GAAP financial measures by SEC rules: constant currency revenue growth excluding acquisitions and joint ventures from the trailing twelve month period and adjusted NOPAT.

- Constant-currency revenue growth excluding revenue from trailing twelve month acquisitions is estimated 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, and also excludes revenue from acquisitions and joint ventures for quarters during which there is no full quarter year-over-year comparison.
- Adjusted NOPAT is defined as GAAP Operating Income minus cash taxes attributable to the current period (see definition below), with the following adjustments: exclude the impact of M&A related items including amortization of acquisition-related intangibles, the change in fair value of contingent consideration, and expense for deferred payments or equity awards that are treated as compensation expense; exclude the impact of unusual items such as discontinued operations, restructuring charges, and impairments; and include realized gains or losses from currency forward contracts that are not included in operating income as we do not apply hedge accounting.
- As part of our calculation of Adjusted NOPAT, we subtract the cash taxes attributable to the current period operations, which we define as the actual cash taxes paid or to be paid adjusted for any non-operational items and excluding the excess tax benefit from equity awards.
- Free cash flow is defined as net cash provided by operating activities less purchases of property, plant and equipment, purchases of intangible assets not related to acquisitions, and capitalization of software and website development costs, plus payment of contingent consideration in excess of acquisition-date fair value.

The presentation of non-GAAP financial information is not intended to be considered in isolation or as a substitute for our financial information prepared and presented in accordance with GAAP. For more information on these non-GAAP financial measures, please see the tables captioned "Reconciliations of Non-GAAP Financial Measures" below. The tables have more details on the GAAP financial measures that are most directly comparable to non-GAAP financial measures and the related reconciliation between these financial measures.

Cimpres's management believes that these non-GAAP financial measures provide meaningful supplemental information in assessing our performance and liquidity by excluding certain items that may not be indicative of our recurring core business operating results, which could be non-cash charges or discrete cash charges that are infrequent in nature. These non-GAAP financial measures also have facilitated management's internal comparisons to Cimpres's historical performance and our competitors' operating results.

## Reconciliation of Non-GAAP Financial Measures

### *Year-Over-Year Constant Currency Revenue Growth Excluding TTM Acquisitions and Joint Ventures*

	<u>2014</u>	<u>2015</u>	<u>2016</u>
<i>Reported Revenue Growth</i>	9 %	18 %	20 %
<i>Currency Impact</i>	(1)%	5 %	4 %
<i>Revenue Growth in Constant Currency</i>	8 %	23 %	24 %
<i>Impact of TTM Acquisitions &amp; JVs</i>	(4)%	(14)%	(13)%
<i>Revenue growth in constant currency ex. TTM acquisitions &amp; JVs</i>	4 %	9 %	11 %



## Reconciliation of Non-GAAP Financial Measures (cont.)

### Adjusted NOPAT

Annual, in \$ millions

	2011	2012	2013	2014	2015	2016
GAAP operating income	\$93.1	\$55.2	\$46.1	\$ 85.9	\$ 96.3	\$78.2
Less: Cash taxes attributable to current period (see below)	(5.3)	(6.8)	(14.0)	(20.1)	(25.0)	(32.2)
Exclude expense (benefit) impact of:						
Acquisition-related amortization and depreciation	0.4	6.2	10.8	12.7	24.3	40.8
Earn-out related charges <sup>1</sup>	0	0	(0.6)	2.2	15.3	6.4
Share-based compensation related to investment consideration	0	4.0	7.9	4.4	3.6	4.8
Certain impairments <sup>2</sup>	0	0	0	0	0	41.8
Restructuring costs	0	0	0	6.0	3.2	0.4
Less: Interest expense associated with Waltham lease	0	0	0	0	0	(6.3)
Include: Realized gains on currency forward contracts not included in operating income	0	0	0	(7)	7.5	5.9
<b>Adjusted NOPAT</b>	<b>\$88.2</b>	<b>\$58.6</b>	<b>\$50.3</b>	<b>\$ 84.0</b>	<b>\$125.1</b>	<b>\$139.8</b>

### Cash taxes attributable to current period (used in NOPAT)

Annual, in \$ millions

Cash taxes paid in the current period <sup>3</sup>	\$4.3	\$7.1	\$13.7	\$18.5	\$14.3	\$19.8
Timing differences <sup>4</sup>	(1.7)	2.0	2.3	0	0	0
Less: cash taxes (paid) received and related to prior periods <sup>3,4</sup>	0	0	0	(6.5)	(5.5)	0.9
Plus: cash taxes attributable to the current period but not yet paid <sup>4</sup>	0	0	0	6.0	6.7	9.3
Plus: cash impact of excess tax benefit on equity awards attributable to current period	2.7	0.2	1.4	5.6	12.9	5.6
Less: installment payment related to the transfer of IP in a prior year	0	(2.5)	(3.4)	(3.4)	(3.4)	(3.3)
<b>Cash taxes attributable to current period</b>	<b>\$5.3</b>	<b>\$6.8</b>	<b>\$14.0</b>	<b>\$20.1</b>	<b>\$25.0</b>	<b>\$32.2</b>

<sup>1</sup>Includes expense recognized for the change in fair value of contingent consideration and compensation expense related to earn-out mechanisms dependent upon continued employment.

<sup>2</sup>Includes the impact of impairments or abandonments of goodwill and other long-lived assets as defined by ASC 350 - "Intangibles - Goodwill and Other" or ASC 360 - "Property, plant, and equipment."

<sup>3</sup>For the fiscal year ended June 30, 2016, cash taxes paid in the current period includes a cash tax refund of \$8,479, which is subsequently eliminated from cash taxes attributable to the current period as it relates to a refund of a prior years' taxes generated as a result of a prior year excess share-based compensation deduction. Therefore, the impact is not included in adjusted NOPAT for the full fiscal year.

<sup>4</sup>Prior to 2014, we show the net impact of cash taxes received and related to prior periods and cash taxes attributable to the current period but not yet paid in one line, "Timing differences".

*Free Cash Flow*  
*Annual, in \$ thousands*

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<i>Net cash provided by operating activities</i>	\$34,637	\$54,240	\$ 89,032	\$129,654	\$159,973	\$165,149	\$146,749	\$141,808	\$153,739	\$242,022	\$247,356
<i>Purchase of property, plant, and equipment</i>	(24,929)	(62,845)	(62,740)	(76,286)	(101,326)	(37,405)	(46,420)	(78,999)	(72,122)	(75,813)	(80,435)
<i>Purchases of intangible assets not related to acquisitions</i>	0	0	(1,250)	0	0	(205)	(239)	(750)	(253)	(250)	(476)
<i>Capitalization of software and website development costs</i>	(2,656)	(4,189)	(5,696)	(7,168)	(6,516)	(6,290)	(5,463)	(7,667)	(9,749)	(17,323)	(26,324)
<i>Payment of contingent consideration in excess of acquisition-date fair value</i>	0	0	0	0	0	0	0	0	0	8,055	8,613
<i>Proceeds from insurance related to investing activities</i>	0	0	0	0	0	0	0	0	0	0	3,624
<i>Free Cash Flow</i>	\$7,052	(\$12,794)	\$ 19,346	\$ 46,200	\$ 52,131	\$121,249	\$ 94,627	\$54,392	\$71,615	\$156,691	\$152,358

# CORPORATE INFORMATION

## Management Board

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### Robert Keane

President & Chief Executive Officer  
Chairman, Management Board

### Will Jacobs

Executive Vice President &  
Chief Supply Chain Officer

### Don Nelson

Executive Vice President &  
President, Mass Customization Platform

### Trynka Shineman Blake

Executive Vice President &  
President, Vistaprint Business Unit

## Other Executive Officers

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### Kees Arends

Executive Vice President &  
President, Upload and Print Business  
Units

### Lawrence Gold

Executive Vice President &  
Chief Legal, Talent and Sustainability  
Officer

### Ashley Hubka

Executive Vice President &  
Chief Strategy Officer

### Don LeBlanc

Executive Vice President &  
President, Vistaprint Corporate  
Solutions

### Sean Quinn

Executive Vice President &  
Chief Financial Officer

## Supervisory Board

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### Richard T. Riley

Chairman, Supervisory Board

### Paolo De Cesare

### John J. Gavin, Jr.

### Eric C. Olsen

### Dr. Nadia Shouraboura

### Mark T. Thomas

### Scott Vassalluzzo

## Independent Registered Public Accounting Firm

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### PricewaterhouseCoopers LLP

101 Seaport Boulevard  
Boston, MA 02110  
USA  
Phone: +1-617-530-5000

## Corporate Counsel

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### Stibbe N.V.

Beethovenplein 10  
1077 WM Amsterdam  
The Netherlands  
Phone: +31-20-546-06-06

### WilmerHale

60 State Street  
Boston, MA 02109  
USA  
Phone: +1-617-526-6000

## Transfer Agent

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### Computershare Trust Company, N.A.

250 Royall Street  
Canton, MA 02021  
USA  
Phone: +1-800-962-4284

## Financial Information

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To request financial documents such as our 10-K for the fiscal year ended June 30, 2016, as filed with the Securities and Exchange Commission, please visit [ir.cimpress.com](http://ir.cimpress.com), call our investor relations line at +1-781-652-6480 or send an email to [ir@cimpress.com](mailto:ir@cimpress.com).

## General Information

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Members of the media or others seeking information on the company should contact the public relations department at [mediarelations@cimpress.com](mailto:mediarelations@cimpress.com)

## Annual General Meeting of Shareholders

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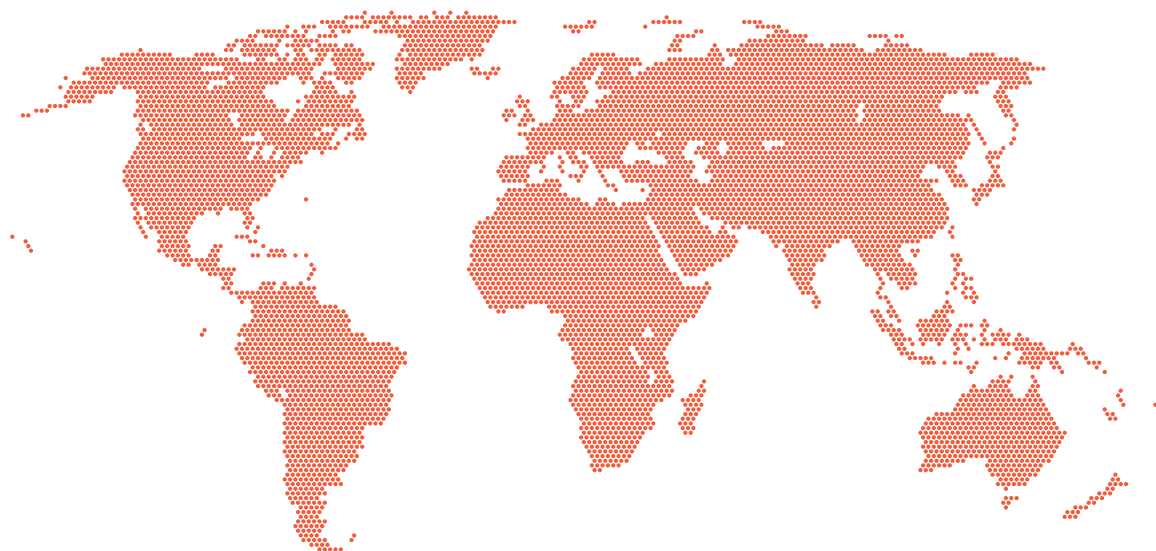
### November 15, 2016

Hudsonweg 8  
5928 LW Venlo  
The Netherlands

## Address

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The Netherlands



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