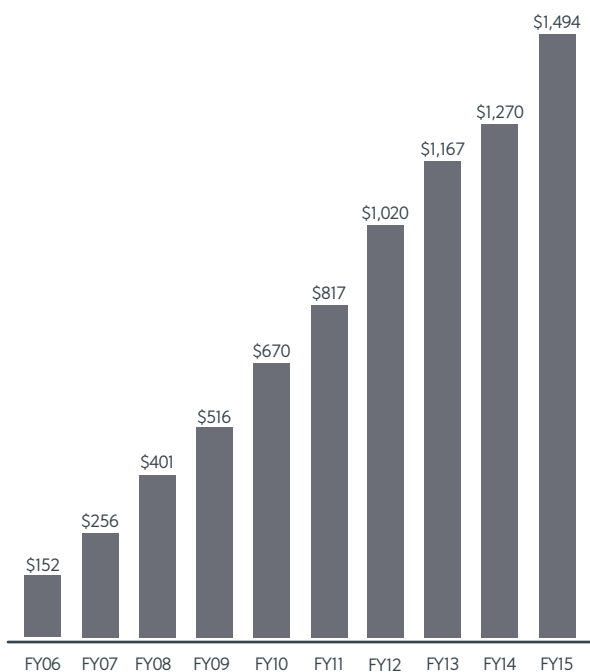




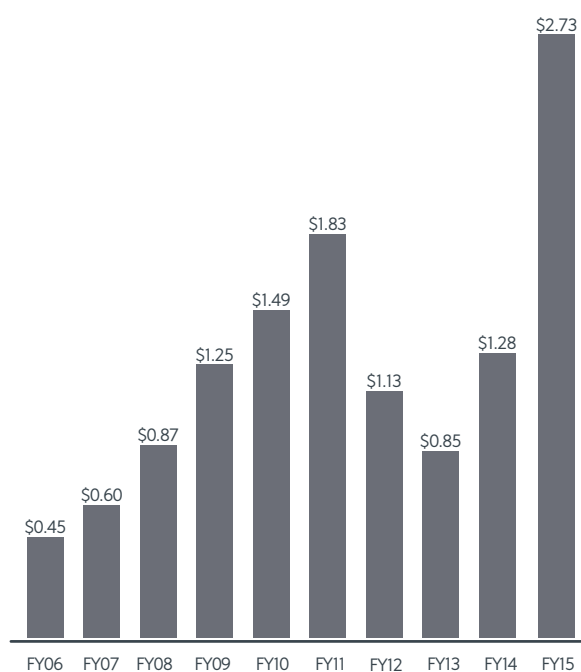
## 2015 Annual Report

Notice of Annual General Meeting of  
Shareholders | Proxy Statement

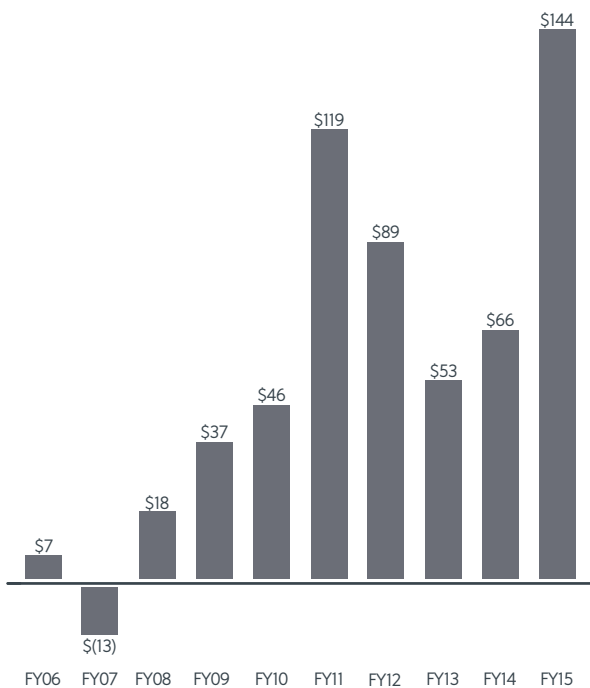
**Annual Revenue**  
U.S. Dollars in Millions



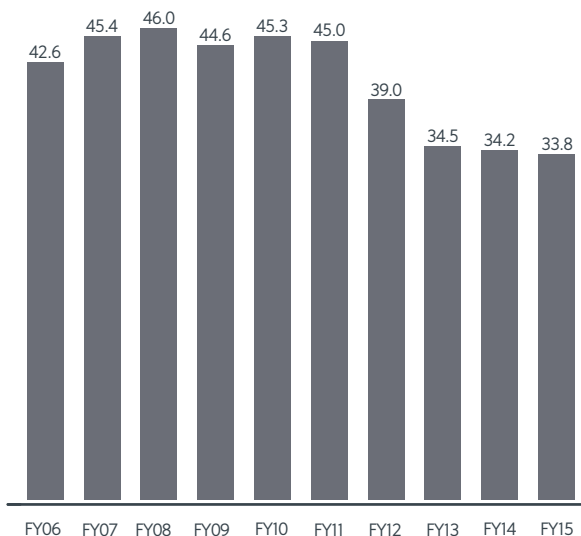
**Diluted Earnings Per Share**  
U.S. Dollars



**Free Cash Flow\***  
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.

Dear Fellow Investor:

This year, we celebrated the 20<sup>th</sup> anniversary of our company's founding. We have much to be proud of, much to be excited about, and much still to learn as we strive to build an enduring and transformational business that serves the mutual interests of our customers, our team members, our society and our long-term shareholders. We seek to do this through two objectives:

- Strategically, 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.
- Financially, to maximize intrinsic value per share  
This is our uppermost financial objective, to which we subordinate all other financial objectives. 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.

This annual report and its associated proxy statement are important documents: they provide extensive detail and information about our company. But if you are considering investing your capital with us I encourage you to also study my letter to investors of July 29, 2015 and the documents from our annual investor day held on August 5, 2015. Those documents explain and illustrate, qualitatively and quantitatively, how we think about our business. Below, I summarize some important parts of these more detailed documents, which are available at [ir.cimpres.com](http://ir.cimpres.com).

A central objective of our strategy since the inception of the company has been the pursuit of greater scale because we believe that it is the single biggest driver of competitive advantage for our business model and that the market opportunity for mass customization remains enormous.

Looking back at the past several years, our execution against the goals we outlined in 2011 has been mixed. Our successes and our failures during the past four years taught us a great deal about how to operate as a larger company, what we do well, how we believe we can win, the competitive landscape beyond our traditional business model, where we want to play and what capabilities we need to build and/or acquire.

As we enter fiscal 2016, Cimpres is in a position of strength in terms of our technology, our manufacturing and supply chain operations, our international operations, the reputation of our brands, a pipeline of strategically attractive and reasonably-priced M&A targets, 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: this drives strong alignment of our supervisory and management boards, our executive leaders and our team members as we make decisions and about the many subsidiary strategies and tactics to achieve our top-level priorities.

In addition to operating and growing our business, a significant portion of our long-term intrinsic value per share will come from intelligent capital allocation. With our significant steady state after tax-free cash flow discussed below and our borrowing capacity, we have substantial capital at our disposal. We endeavor to invest large amounts of capital into a portfolio of investments that we believe will generate returns that are, on average, well above our weighted average cost of capital which, for fiscal 2016, we

estimate to be 8.5%. 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.

Our capital allocation can be grouped into several broad categories: organic long-term investments (which we also refer to as discretionary growth spending), share repurchases, M&A, and repayment of debt. We consider our capital to be fungible across all of these categories. Because of the attractiveness of these categories we do not intend to pay dividends for the foreseeable future.

Given the significant investments and acquisitions that we need and expect to make as we execute on our multi-decade opportunity, over the past year we've spent significant time thinking about a concept we refer to as our steady state after-tax free cash flow per share. 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 inflation.

We believe our steady state free cash flow for fiscal year 2015 lay somewhere between \$210 million and \$385 million<sup>1</sup>. Note that we had 33.8 million weighted average diluted shares outstanding for the year ended June 30, 2015. Since our uppermost financial objective is per-share based, we evaluate our steady state free cash flow at a per-share level. Our analysis of the steady state concept is relatively new and is inherently subjective but, over time, we will seek to become more precise about our public estimates of the prior fiscal year's steady state free cash flow. Importantly, in my July 29, 2015 letter to investors and in our August 5, 2015 investor day presentation we provided significant amount of detail that we believe enables an investor to make his or her own judgments of a narrower range of steady state free cash flow per share.

Estimates of steady state are important for us and shareholders to understand because the difference between the actual after-tax free cash flow and an estimate of steady state after-tax free cash flow represents an estimate of discretionary growth spending that we invest in the anticipation of earning a return above our cost of capital. We look to the future with optimism because we see the opportunity to make large amounts of such value-creating investments for years to come.

I would like to thank each of our team members for their hard work and dedication last year. As of June 30, 2015, we employed over 6,500 team members in more than 20 different locations across 19 countries. Without their talents we could never have grown into this company, and we could never achieve the objectives set out above.

Sincerely,

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

Robert S. Keane  
Chairman of the Management Board, President and CEO

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<sup>1</sup> Please see reconciliation of non-GAAP financial measures at the end of this letter.

### Special Note Regarding Forward-Looking Statements

The statements in this letter concerning our expectations for the future growth and development of our business and anticipated effects of our strategy and investments constitute forward-looking statements for purposes of the safe harbor provisions under the Private Securities Litigation Reform Act of 1995. 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 those contained in the Risk Factors section of this Annual Report.

### About Non-GAAP 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 Securities and Exchange Commission, or SEC, rules: free cash flow and steady-state free cash flow.

- 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.
- Steady-state free cash flow is defined as free cash flow as defined above, adjusted for the pro-forma inclusion of recent M&A activity and non-steady state working capital change, minus our estimated range of discretionary growth spending that we invest in the anticipation of earning a return above our cost of capital.

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.

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.

### Non-GAAP Reconciliation of Estimated Steady State Free Cash Flow

*Steady State Free Cash Flow  
in \$USD millions*

	FY2015
<b>Free Cash Flow as reported (reconciliation below)</b>	<b>\$144</b>
Adjustments for pro-forma of recent M&A and non-steady state working capital change	(14)
<b>Pro forma Free Cash Flow normalized for M&amp;A and WC through June 2015</b>	<b>\$130</b>
Add back Major Long Term Investments	80
<b>Free Cash Flow without Major LT Investments</b>	<b>\$210</b>
Add back Diverse Other LT Investments	175
<b>Free Cash Flow with neither Major nor Diverse Other Investments</b>	<b>\$385</b>

*Free Cash Flow  
in \$USD millions*

	FY2015
<b>Net cash provided by operating activities</b>	<b>\$229</b>
Purchases of property, plant and equipment	(76)
Purchases of intangible assets not related to acquisitions	(0)
Capitalization of software and website development costs	(17)
Payment of contingent consideration in excess of acquisition-date fair value	8
<b>Free cash flow</b>	<b>\$144</b>



**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, 2015
- 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 \$2.31 billion on December 31, 2014 (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 7, 2015, there were 32,449,801 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, 2015. 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, 2015**

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## PART I

### Item 1. *Business*

#### Overview

We are a technology and manufacturing-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 produce those orders in highly automated, capital and technology intensive production facilities in a manner that we believe makes our production techniques significantly more competitive than those of traditional suppliers. We bring our products to market through a portfolio of focused brands serving the needs of small and medium businesses 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

Extending our history of success into our third decade, and beyond, is important to us. To that end we work to optimize our business according to two priorities:

1. **Strategic Objective:** To be the world leader in mass customization.
2. **Financial Objective:** 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

Cimpres' 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 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, mass customization creates value in many ways, not just lower cost. Other advantages can include faster production, more 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 no value to a small business brochure that is the same brochure as is used by many other companies: the business owner needs to describe what is unique about their business. Likewise, a photo mug is only relevant if it shows pictures of

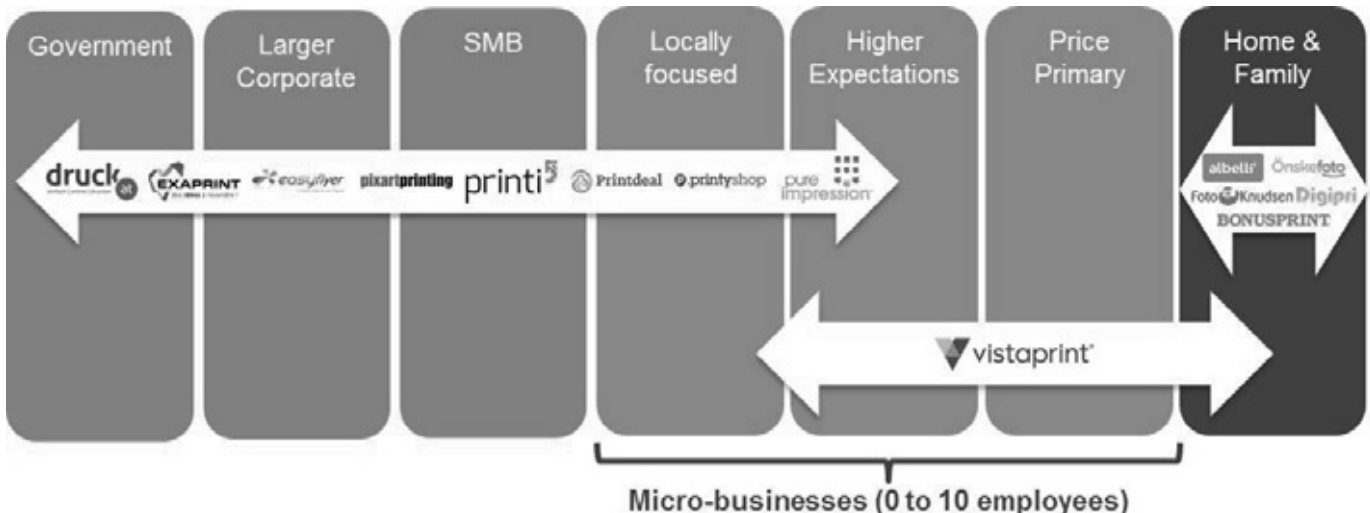
someone's own friends and family. Before mass customization, producing a high quality custom product required a high per-order setup cost, so it simply was not economical to produce a customized product in low quantities.

## Our Focus Areas

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)** - Computer integrated manufacturing (CIM) 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 all aspects of our manufacturing process. Throughout our history, a differentiating capability of Cimpress has been our ability to develop software systems to integrate every step of the value chain, from browser-based design creation and ordering through to shipment. This greatly reduces the marginal cost of processing information related to each individual, customized order. Low-volume custom products traditionally have a very high per-unit cost of production because, in the absence of computer integration, there are significant fixed costs related to conveying information that is required to process each order.
- **Large Scale in Small Quantities (what drives our economic engine)** - The third aspect of the Cimpress focus on mass customization is an understanding of how we generate economic value. Mass customization enables the production of small quantities, but large scale is the most important driver of competitive advantage in the Cimpress business model. When we have increased the volume of orders that we process and produce we have seen material improvement to quality, product selection, speed and cost. In fiscal 2015, we processed over 46 million unique ordered items, and during peak production weeks we produced well over 1 million orders per week.

## Market and Industry Background



### Large traditional markets undergoing disruptive innovation

There is a wide diversity of product applications to which mass customization applies, including marketing materials, soft goods and apparel, signage and displays, promotional products, packaging and labels, photo products, invitations and announcements, and gifts and keepsakes. High quality, customized products in these categories are valued by many different types of customers around the world, including:

- Businesses (micro, small, medium and large)

- Hobbyists and consumers (home and family)
- Teams, associations and groups (TAG)
- Administration and governmental bodies
- Educational institutions
- Low-volume producers using mass customization products as an input to their own product
- Resellers and advisors who serve customers in the above groups

The product categories and customers listed above represent a large market opportunity that is highly fragmented. Though we believe Cimpress is the largest single player in this market, and there are many other sizeable companies who are pursuing mass customization via an e-commerce approach, we believe that a vast majority of the markets to which mass customization applies are still served by traditional business models that force customers to produce in large quantities per order, or to pay a very high price per unit.

Cimpress 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 there is a shift taking place in the large and fragmented printing market, with printing jobs moving away from small traditional printers that fulfill a relatively small number of customer orders as they are placed, toward companies with an online presence, such as ourselves, that use the reach of the Internet to aggregate a relatively large number of orders and fulfill them in large, centralized and automated production facilities, such as those we describe above. According to a 2012 PRIMIR market research study conducted by InfoTrends, the dollar value of product shipments of North American online printing companies are growing against a backdrop of a decline in the number of North American printing companies. We believe this trend is also taking place in Europe.

We believe this opportunity to disrupt very large traditional industries can translate into tremendous future opportunity for growth for the companies who execute this model well over a long period of time. To date, we have primarily focused on a narrow set of customers within the list above (micro businesses, hobbyists and consumers). With recent acquisitions, we have extended our ability to serve these microbusiness, hobbyists and consumers, and have also added an ability to serve low-volume producers and resellers, who in turn serve micro, small and medium businesses.

As we continue to evolve as a business, our understanding of these markets and their relative attractiveness will also evolve. Below are descriptions of the marketplaces in which we have traditionally competed.

#### *The marketplace for micro business marketing products and services*

The primary market for our Vistaprint brand is the micro business market, generally businesses or organizations with fewer than 10 employees and usually 2 or fewer. We believe that there are approximately 60 million businesses with fewer than 10 employees in the United States, Canada, and the European Union and that these micro businesses undergo frequent changes with many forming and dissolving each year, creating a large market for business identity and marketing products and services. We estimate that these micro businesses spend approximately \$30 billion per year on marketing products and services. We also believe that, in response to the growth of the Internet and the emergence of digital production technologies, many micro businesses are shifting from traditional suppliers of customized marketing products and media toward online alternatives.

Through customer research, we have analyzed the market opportunity related to micro businesses with fewer than 10 employees into three conceptual market segments:

- **Price Primary Market Segment:** This part of the market has a sizable number of small businesses but the lowest per-customer annual spend. These businesses choose a customized product primarily based on the price of the product offered, and are often incentivized to purchase through a promotional discounted direct marketing approach and cross-selling of products. The Vistaprint brand has historically gained the most traction in this segment, and we believe our biggest competition in this space is either non-consumption or printing from a desktop or photocopier. It remains an important part of our business as we are able to aggregate millions of orders from customers in this segment, enabling scale advantages in our business.
- **Higher Expectations Market Segment:** This part of the market is made up of a similar number of small businesses as the Price Primary segment, but with higher per-customer annual spend. We believe the segment is highly fragmented in terms of suppliers and several times the total revenue opportunity of the Price Primary market segment, as these customers typically purchase a broader spectrum of marketing and promotional products from multiple vendors. These customers have more sophisticated marketing needs and choose their marketing providers not solely on price, but on a blend of value, supplier reputation, product quality and selection, customer service and overall experience. We believe this segment represents the most significant growth opportunity for our Vistaprint brand over the long term.
- **Locally Focused Market Segment:** We believe the third market segment is the largest and most fragmented among the micro businesses. The customers in this segment often choose to work with local graphic designers, agencies, resellers and local, offline print shops to meet their marketing needs as their primary purchase consideration is personal service. Many of these graphic designers and resellers, or the customers themselves, have a level of graphic design sophistication that enables these customers to create and manipulate images in professional publishing and design programs, rather than rely on design templates. They also typically require a broader selection of specifications. Our Vistaprint brand serves very few of these customers in comparison with the Price Primary and Higher Expectations market segments. However, we are now serving this segment through brands that are managed by our druck.at, Easyflyer, Exagroup, Pixartprinting and Printdeal business units.

### *The Marketplace for Customized Products and Services for the Home and Family*

While the market focus of our Vistaprint brand is primarily on micro business marketing products and services, many of our product formats are also purchased by consumers seeking customized announcements, greeting cards, calendars, stationery, apparel, personalized gifts, photo books and related photo products. In the past, many such products were supplied by an industry comprising print manufacturing wholesalers and local retailers, such as stationery stores. Compared with today's Internet-based alternatives, traditional offerings were relatively limited, prices were significantly higher, and delivery often required long lead times. Graphic designs were limited and it was rarely possible to incorporate full color photography into the design. We serve the home and family market through the Vistaprint brand, as well as through our Albumprinter business unit, which in turn operates through the Albelli, Bonusprint, Allfoto, Onskefoto, and FotoKnudsen brands.

### **Our Brands**

We are increasingly adopting a multi-brand/multi-merchant 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 will allow for greater customer responsiveness, greater focus, and more innovation than if we were to manage our customer value proposition centrally.

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, nationally or regionally-specific content or product formats, creation methods for graphic designs, website user experience, quality attributes, delivery speed, price, service, quantity focus, product breadth and depth, advertising levels and methods, and merchandising.

We have many localized websites serving countries in North America, Europe, Asia Pacific and South America. We recognize that our customers have differing needs, skills, and expertise, and we offer a corresponding range of products, price points and customer service options. Our websites offer a full complement 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.

### **Brands that target small and micro businesses**

Our brands like Vistaprint, druck.at, and Easyflyer help small and micro businesses create beautiful, professional quality marketing products at affordable prices and at low volumes. Today, small businesses make up a large part of our business. To help our customers market in the digital world, our Pagemodo and Webs brands engineer 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 for advice and design services in order to create great looking, customized products like 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 & 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.



### **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 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 catalogues. Currently, each brand offers a subset of the total assortment, but over time we expect to be able to combine the full assortment into a single product catalogue, to enable us to offer any product through any brand.



## Our Mass Customization Platform

We believe that we can generate significant customer value by building a mass customization platform that combines the strengths of the production technologies and processes from all of our business units into a shared platform we can leverage across all of our brands. This shared platform is under construction, and is being designed to enable us to aggregate orders from multiple brands to improve our ability to achieve further scale benefits in the future. Until then, we are operating a set of individual mass customization platforms, the largest of which was created for our Vistaprint brand.

Our high-volume, standardized, scalable mass customization processes are driven by sophisticated proprietary software. Our 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 time period, the more efficiently aggregations, or gangs, of similar jobs can be assembled and moved to the printing system, thereby maximizing the efficient use of the production capacity and increasing overall system throughput. We believe that our strategy of seeking to automate and systematize our service and production systems enables us to reach and serve small-scale customers more effectively than our competitors.

With the improvements we have made in automating the design and production process and with the global scale of our production facilities, located in Canada, the Netherlands, Austria, Australia, France, Italy, Norway, and India, we can produce and ship an order the same day we receive it, which results in minimal inventory levels and reduced working capital requirements. In most of our manufacturing facilities, technology facilitates the production of complementary customized products in a highly synchronized manner, allowing us to produce and deliver multi-part orders quickly and efficiently.

As orders are received, we automatically route production jobs to the type and location of the production system that is most appropriate and cost efficient for the type of product ordered. Our proprietary software and sophisticated automation solutions combined with software from our suppliers allow us to integrate and automate the manufacturing process from pre-production through fulfillment. Requiring as little as 14 seconds of pre-press, printing, cutting and boxing labor for a typical order of 250 business cards, versus an hour or more for traditional printers, our manufacturing processes enable us to print high quality customized orders using a fraction of the labor of typical traditional printers. Our quality assurance systems are designed to ensure that we consistently deliver quality products on time through a variety of principles of world-class manufacturing, such as Lean and Kaizen™.

### *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 and improve efficiency and reduce costs.

### **Our Proprietary Technology**

We rely on our advanced proprietary technology to market to, attract and retain our customers, enable customers to create graphic designs and place orders on our websites, and aggregate and produce multiple orders from all over the world. This technology includes:

#### *Design and Document Creation Technologies*

Our design creation technologies, primarily deployed through our Vistaprint-branded websites, enable customers, by themselves or together with the assistance of our design support staff, to design and create high quality marketing materials from their homes or offices.

- Our document model architecture and technology employs Internet-compatible data structures to define, process and store product designs as a set of separately searchable, combinable and modifiable component elements and allows us to generate customized initial and later matching product design options automatically in real time. This browser-based software provides immediate client-side editing capabilities plus extensive system scalability. A wide variety of layouts, color schemes and fonts are provided and an extensive selection of high quality photographs and illustrations are currently available for use by customers in product design. Customers can also upload their own images and logos for incorporation into their product designs.



- Our dynamic image preview technology allows customers to 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. The above image shows such a dynamically generated business card that, although it has not yet been produced, appears as if it is part of a photograph or video in which it is being held by a human hand.
- Our auto-matching design software 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.

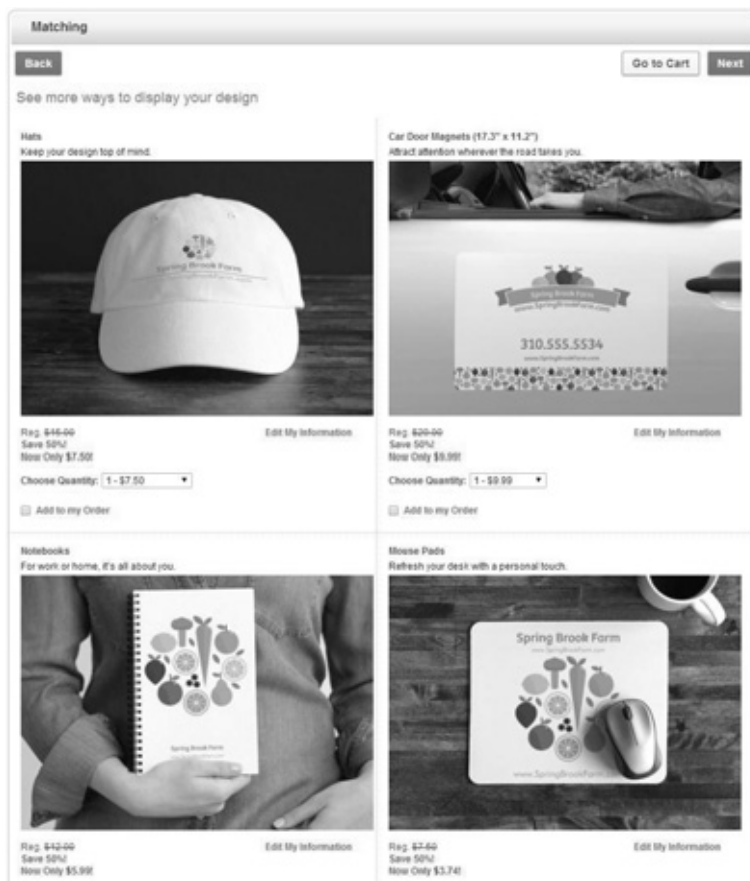
#### *Pre-Press and Print Production Technologies*

Across our multiple brands, 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 Internet orders every day. Automated workflows help lower production cost but still ensure on-time delivery to our customers.

#### *Cross-Selling and Content Management Technologies*

On our Vistaprint-branded websites, we combine the above-discussed 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.



## Technology Development

We intend to continue developing and enhancing our proprietary and licensed software programs and our manufacturing processes. We have designed our website technologies and infrastructure to scale to accommodate future geographic expansion and growth in the number of customer visits, orders, and product and service offerings. This Internet-based 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 an engineering and research and development center in Winterthur, Switzerland that is constantly seeking to strengthen our manufacturing and supply chain capabilities through engineering disciplines such as automation, manufacturing, facilities and new product design, materials science, process control and color control. We also have software engineering teams located around the world. Our technology and development expenses were approximately \$194 million (13% of total revenues), \$176 million (14% of total revenues) and \$165 million (14% of total revenues) in the years ended June 30, 2015, 2014, and 2013, respectively.

## Intellectual Property

We seek to protect our proprietary rights through a combination of patents, copyrights, trade secrets, and trademarks and contractual restrictions, such as confidentiality agreements and proprietary rights agreements. 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, 2015 we held 224 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 January 2033. We hold 61 trademark registrations in various jurisdictions globally.

## Competition

The markets for micro, small and medium business customized marketing products and services, and home and family customized products, including the printing and graphic design market, 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; design content, tools, and assistance; customer service; ease of use; and production and delivery speed. It is our intention to offer high-quality design, production and marketing services at low price points and in doing so, offer our customers an attractive value proposition. Our current competition includes one or a combination of the following:

- traditional offline printers and graphic design providers;
- online printing and graphic design companies, many of which provide printed 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 with a laser or inkjet printer and specialty paper;
- 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.

As we expand our geographic reach, product and service portfolio and customer base, our competition increases. Our geographic expansion creates competition with competitors with a multi-national presence as well as experienced local vendors. Product offerings such as signage, websites, email marketing, apparel, promotional products and photo products have resulted in new competition as a result of us entering those markets. We encounter competition from large retailers offering a wide breadth of products and highly focused companies concentrated on 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.

## Business Segment and Geographic Information

As of June 30, 2015, our reportable operating segments consisted of the Vistaprint Business Unit and All Other Business Unit, which includes the operations of our Albumprinter, druck.at, Exagroup, Easyflyer, Printdeal, Pixartprinting, and Most of World business units. Our Most of World business unit is focused on our emerging market portfolio, including operations in Brazil, India and Japan. For more segment and geographic information about our revenues, operating income 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 62%, 61%, and 72% of annual operating income in the years ended June 30, 2015, 2014, and 2013, respectively.

## Government Regulation

We are currently subject to the regulations that are applicable to businesses generally and to online commerce specifically. The adoption or modification of laws or regulations relating to the Internet, consumer protection, or other areas of our business could limit or otherwise adversely affect the manner in which we currently conduct our business.

## Employees

As of June 30, 2015, we had approximately 6,200 full-time and approximately 400 temporary employees worldwide.

## Corporate Information

Cimpres 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 Cimpres 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 or if our financial projections relating to the effects of our strategy turn out to be incorrect, our business and financial results could be harmed.**

We may not achieve the objectives of our long-term investment and financial strategy, our financial projections relating to the growth and development of our business may turn out to be incorrect, 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 make our intended investments because the investments are more costly than we expected or because we are unable to devote the necessary operational and financial resources;
- our inability to purchase or develop technologies and production platforms 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 manage the growth, complexity, and pace of change of our business and expand our operations;
- our failure to acquire businesses that enhance the growth and development of our business or to effectively integrate the businesses we do acquire into our business;
- 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;
- 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.

In addition, projections are inherently uncertain and are based on assumptions and judgments by management that may be flawed or based on information about our business and markets that may change in the future in ways that may be beyond our control. Our actual results may differ materially from our projections due to various factors, including the factors listed immediately above and in the risk factor below entitled "Our quarterly financial results will often fluctuate," which is also applicable to longer-term results.

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 brand 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.

**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.

**Purchasers of micro business marketing products and services, including graphic design and customized printing, may not choose to shop online, which would prevent us from acquiring new customers that are necessary to the success of our business.**

The online market for micro business marketing products and services is less developed than the online market for other business and home and family products, 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 graphic design services and marketing products without face-to-face interaction with 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 financial results, especially our GAAP results, will often fluctuate, which may lead to volatility in our share price.**

Our revenues and operating results often vary significantly from quarter to quarter due to a number of factors, and as a result comparing our financial results on a period-to-period basis may not be meaningful. 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. Additionally, we prioritize longer-term results over shorter-term results and generally do not manage our business to maximize current period GAAP profitability metrics. Some of the specific factors that could cause our operating results to fluctuate include among others:

- 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;
- 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 product mix toward less profitable products;
- 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;
- investments in our business in the current period intended to generate or support revenues and operations in future periods;
- expenses and charges related to our compensation agreements with our executives and employees;
- costs and charges resulting from litigation;
- significant increases in credits, beyond our estimated allowances, for customers who are not satisfied with our products;
- 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 quarter. 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.

**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;
- 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 in some regions, such as Japan and Brazil;
- our failure to properly understand and develop graphic design content and product formats 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.

To manage our operations and anticipated growth, we must continue to refine our operational, financial, and management controls, human resource policies, reporting systems, and procedures in the locations in which we operate. If we are unable to implement improvements to these systems and controls in an efficient or timely manner or if we discover deficiencies in our existing systems and controls, then our ability to manage our business and provide a high-quality customer experience could be harmed, which would damage our reputation and brands and substantially harm our business and financial results.

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.

**Acquisitions and strategic investments may be disruptive to our business and may fail to achieve our goals.**

An important component of our strategy is to selectively pursue acquisitions of businesses, technologies, or services and invest 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.

Integrating newly acquired businesses, technologies, and services and monitoring and managing our investments and joint ventures are complex, expensive, time consuming, and subject to many risks, including the following:

- 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.
- An acquisition or investment may fail to achieve our goals and expectations for a number of reasons including the following: 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 investments may be more expensive or may take more resources than we expected. We may encounter unexpected cultural or language challenges in integrating an acquired business or managing our investment in a business. The business we acquired or invested in may not perform as well as we expected.
- In some cases, our acquisitions and investments are dilutive for a period of time, 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, or increased tax costs.
- 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 as a larger, publicly traded company like Cimpress, and if we fail to implement adequate training, controls, and monitoring of the acquired companies, we could also be liable for post-acquisition legal violations.

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, and 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 actions designed to maximize the earn-out instead of benefiting the business.

**We may not be successful in developing our mass customization platform or in realizing the anticipated benefits of a mass customization platform, once it has been developed.**

A key component of our strategy is the development of a mass customization platform that combines the strengths of the production technologies and processes from all of our subsidiaries into a shared platform we can leverage across all of our 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 develop the platform nor that we will realize expected returns on the capital expended to develop the platform.

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

Our profitability has historically been highly seasonal. Our second fiscal quarter 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 62%, 61%, and 72% of annual operating income in the years ended June 30, 2015, 2014, and 2013, 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 - for example, the computer hardware for our websites is located in Bermuda, and our largest customer service center is located in Jamaica, both of which locations are subject to the risk of hurricanes
- 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 brand, 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 printers and graphic design providers;
- online printing and graphic design companies, many of which provide printed 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, in particular in the Price Primary Market Segment where we have historically generated most of our business, is sensitive to price, and changes in our pricing strategies have a significant impact on 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. For example, recent changes to our pricing and marketing strategies in our Vistaprint brand have adversely affected our revenue growth and the numbers of customers and orders in some regions. If we fail to meet our customers' price expectations, our business and results of operations will suffer.

**Failure to protect our networks and the confidential information of our customers, employees, and business partners against security breaches 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 or to address problems caused by breaches. Any compromise or breach of our network, websites, 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 brand;
- 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 partners also collect information from transactions with our customers, and we may be liable or our reputation may be harmed if our partners fail to protect our customers' 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.

**Our customers create products that incorporate images, illustrations and fonts that we license from third parties, and any loss of the right to use these licensed materials may substantially harm our business and results of operations.**

Many of the images, illustrations, and fonts incorporated in the design products and services we offer are the copyrighted property of other parties that we use under license agreements. If one or more of our licenses covering a significant amount of content were terminated, the amount and variety of content available on our websites would be significantly reduced, and we may not be able to find, license, and introduce substitute content in a timely manner, on acceptable terms, or at all.

**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 team 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 breach of the covenants or restrictions under the indenture that governs our senior notes or under the credit facility could result in an event of default under the applicable indebtedness. Such a default may allow the creditors to accelerate the related debt and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. In addition, an event of default under our credit facility would permit the lenders under the credit facility to terminate all commitments to extend further credit under that facility. Furthermore, if we were unable to repay the amounts due and payable under our credit facility, those lenders could proceed against the collateral granted to them to secure that indebtedness. If our lenders or senior noteholders accelerate the repayment of our borrowings, we and our subsidiaries may not have sufficient assets to repay that indebtedness. In addition, our financial results, our substantial indebtedness, and our credit ratings could adversely affect the availability and terms of our financing.

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

As of June 30, 2015, our total debt was \$522.5 million, made up of \$275 million of senior unsecured notes, \$231.5 million of loan obligations under our credit facility and \$16.0 million of other debt. We had unused commitments of \$610.4 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 unsecured 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 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, and, even if successful, those alternative actions may not allow us to meet our scheduled debt service obligations. The credit facility and the indenture that governs our senior notes restrict our ability to dispose of assets and use the proceeds from those dispositions and may also restrict our ability to raise debt or equity capital to be used to repay other indebtedness when it becomes due. We may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations then due.

In addition, we conduct a substantial portion of our operations through our subsidiaries, which may not be able to make distributions to enable us to make payments in respect of our indebtedness because of legal restrictions in some cases. If we do not receive distributions from our subsidiaries, we may be unable to make required principal and interest payments on our indebtedness.

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.

If we cannot make scheduled payments on our debt, we will be in default and our lenders could declare all outstanding principal and interest to be due and payable, the lenders under our credit facility could terminate their commitments to loan money, our secured lenders could foreclose against the assets securing their borrowings, and we could be forced into bankruptcy or liquidation.

**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, 2015, a hypothetical 100 basis point increase in rates, inclusive of our outstanding interest rate swaps, would result in an increase of interest expense of approximately \$0.9 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, where we have historically derived more than half of our annual revenue. 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. For example, some of our competitors purchase the term “Vistaprint” and other terms incorporating our proprietary trademarks from Google and other search engines as part of their search listing advertising, and courts do not always side with the trademark owners in cases involving search engines. 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. It is not always clear how existing laws governing these and other issues apply to the Internet and e-commerce, as the vast majority of applicable laws were adopted before the advent of the Internet and do not contemplate or address the unique issues raised by the Internet or e-commerce. Those laws that do reference the Internet, such as the Bermuda Electronic Transactions Act 1999, the U.S. Digital Millennium Copyright Act, and the U.S. CAN SPAM Act of 2003, are only beginning to be interpreted by the courts, and their applicability and reach are therefore uncertain. Those current and future laws and regulations or unfavorable resolution of these issues may substantially harm our business and financial results.

**Our suppliers' failure 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 require our suppliers to operate in compliance with all applicable laws, including those regarding corruption, working conditions, employment practices, safety and health, and environmental compliance. However, we cannot control our suppliers' business practices, and we may not be able to adequately monitor and audit our many suppliers throughout the world. If any of our suppliers 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 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 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 acquire 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.**

From time to time we have difficulty obtaining a domain name using Cimpress, Vistaprint, or our other trademarks in a particular country or region, and we may not be able to prevent third parties from acquiring domain names that infringe or otherwise decrease the value of our trademarks and other proprietary rights. If we are unable to use a domain name in a particular country, 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 Cimpress is a complex and evolving issue, and in many cases, it is not clear how existing tax statutes apply to the Internet or e-commerce. 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 Cimpress 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 intercompany service and related agreements, which we also refer to as transfer pricing agreements, among Cimpress N.V. and its subsidiaries. These agreements establish transfer prices for production, marketing, management, technology development and other services performed by these subsidiaries for other group companies. Transfer prices are prices that one company in a group of related companies charges to another member of the group for goods, services or the use of property. 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 your 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. In November 2011, our shareholders granted our supervisory board and management board the authority to issue ordinary shares as the boards determine appropriate, without obtaining specific shareholder approval for each issuance, and to limit or exclude shareholders' preemptive rights. However, this authorization expires in November 2016. Although we plan to seek re-approval from our shareholders from time to time in the future, we may not succeed in obtaining future re-approvals. 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 Cimpres 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, 2015 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 for our current tax year or for any subsequent year.

**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, each U.S. person who owns (or is deemed to own) at least 10% of the voting power of a non-U.S. corporation, “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 for our current tax year or any subsequent tax year.

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 would 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 for the following manufacturing operations:

- A 582,000 square foot facility located near Windsor, Ontario, Canada primarily services our Vistaprint Business Unit in the North American market.
- A 362,000 square foot facility located in Venlo, the Netherlands services our Vistaprint Business Unit and All Other Business Units in the European market.
- A 124,000 square foot facility located in Deer Park, Australia primarily services our Vistaprint Business Unit in the Asia-Pacific markets.
- Two facilities, a total of 125,000 square feet, located near Montpellier, France primarily service our All Other Business Units throughout the French market.

As of June 30, 2015, a summary of our currently occupied leased spaces is as follows:

Business Segment	Square Feet	Type	Lease Expirations
Vistaprint Business Unit (1)	493,281	Technology development, marketing, customer service and administrative	December 2015 - June 2024
All Other Business Units	512,660	Technology development, marketing, customer service, manufacturing and administrative	October 2015 - July 2024
Other (2)	77,720	Corporate strategy, technology development and prototyping laboratory	January 2018 - June 2023

(1) Includes our current lease of a 202,000 square foot facility in Lexington, Massachusetts, which contains technology development, marketing and administrative employees and is included in the Vistaprint Business Unit, although also used by Corporate and Global Functions. In the first quarter of fiscal 2016 we will commence an eleven year lease and will move our Lexington operations to a new 302,000 square foot facility in Waltham, Massachusetts. See Note 6 in our accompanying financial statements in this Report for a discussion of this transaction.

(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 Cimpress N.V. are traded on the NASDAQ Global Select Market (the "NASDAQ") under the symbol "CMPR." As of July 31, 2015, there were approximately 15 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:

	High	Low
<b>Fiscal 2014:</b>		
First Quarter	\$ 56.78	\$ 48.37
Second Quarter	\$ 57.66	\$ 51.92
Third Quarter	\$ 55.20	\$ 46.95
Fourth Quarter	\$ 53.42	\$ 38.58
<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

#### *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.

#### *Issuer Purchases of Equity Securities*

On December 11, 2014, 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 Supervisory Board authorized the repurchase of up to 6,400,000 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 authorization expires on May 12, 2016, and we may suspend or discontinue the repurchase program at any time. Our Supervisory Board approved this repurchase program pursuant to the authorization we received from our shareholders in November 2014.

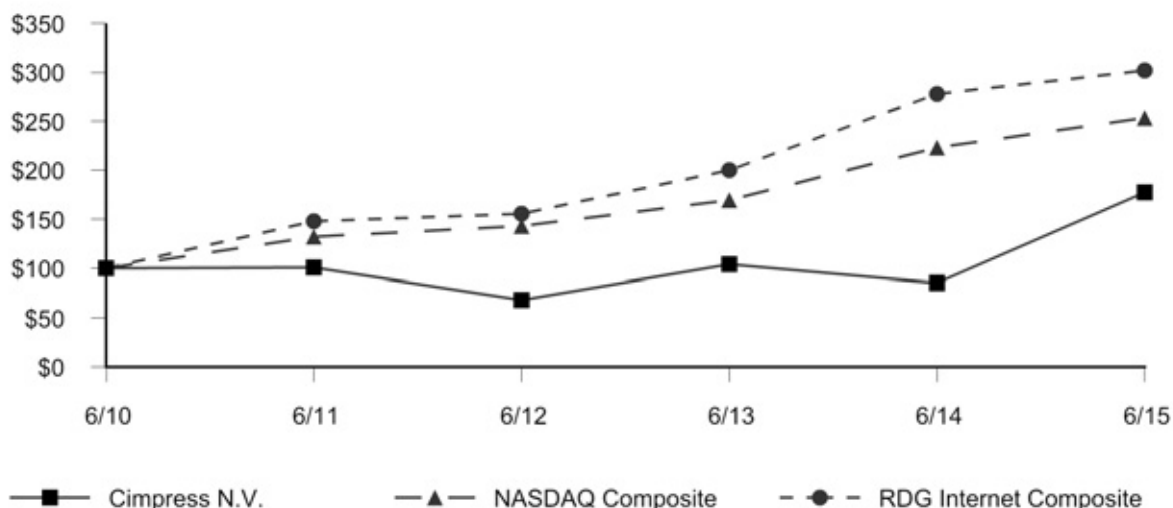
We did not repurchase any shares during the three months ended June 30, 2015, and 6,400,000 shares remain available for repurchase under this program, subject to certain limitations imposed by our debt covenants.

Performance Graph

The following graph compares the cumulative total return to shareholders of Cimpres 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, 2010 and the relative performance of each investment is tracked through June 30, 2015.

**COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN**

Among Cimpres N.V., the NASDAQ Composite Index and the RDG Internet Composite Index



	Year Ended June 30,					
	2010	2011	2012	2013	2014	2015
Cimpres N.V.	\$ 100.00	\$ 100.76	\$ 68.01	\$ 103.96	\$ 85.20	\$ 177.22
NASDAQ Composite	100.00	132.14	142.90	169.55	223.20	253.21
RDG Internet Composite	100.00	147.84	155.42	199.93	277.95	301.80

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,				
	2015 (a)	2014 (b)(c)	2013 (c)	2012 (d)	2011
	(In thousands, except share and per share data)				
<b>Consolidated Statements of Operations Data:</b>					
Revenue	\$ 1,494,206	\$ 1,270,236	\$ 1,167,478	\$ 1,020,269	\$ 817,009
Net income attributable to Cimpress N.V.	92,212	43,696	29,435	43,994	82,109
Net income per share attributable to Cimpress N.V.:					
Basic	\$ 2.82	\$ 1.33	\$ 0.89	\$ 1.16	\$ 1.89
Diluted	\$ 2.73	\$ 1.28	\$ 0.85	\$ 1.13	\$ 1.83
Shares used in computing net income per share attributable to Cimpress N.V.:					
Basic	32,644,870	32,873,234	33,209,172	37,813,504	43,431,326
Diluted	33,816,498	34,239,909	34,472,004	38,953,179	44,951,199

	Year Ended June 30,				
	2015 (a)	2014 (b)(c)	2013 (c)	2012 (d)	2011
	(In thousands)				
<b>Consolidated Statements of Cash Flows Data:</b>					
Net cash provided by operating activities	\$ 228,876	\$ 148,580	\$ 140,012	\$ 140,641	\$ 162,633
Purchases of property, plant and equipment	(75,813)	(72,122)	(78,999)	(46,420)	(37,405)
Purchases of ordinary shares	—	(42,016)	(64,351)	(309,701)	(56,935)
Business acquisitions, net of cash acquired	(123,804)	(216,384)	—	(180,675)	—
Net proceeds (payments) of debt	54,207	207,946	8,051	227,181	(5,222)

	As of June 30,				
	2015 (a)	2014 (b)(c)	2013 (c)	2012 (d)	2011
	(In thousands)				
<b>Consolidated Balance Sheet Data:</b>					
Cash, cash equivalents and marketable securities (e)	\$ 110,494	\$ 76,365	\$ 50,065	\$ 62,203	\$ 237,081
Working capital (e)	(89,580)	(83,560)	(54,795)	(26,381)	178,485
Total assets	1,308,242	988,985	601,567	592,429	555,900
Total long-term debt, excluding current portion (f)	499,941	410,484	230,000	229,000	—
Total shareholders’ equity	249,419	232,457	189,561	189,287	450,093

(a) 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.

(b) Includes the impact of the acquisitions of Printdeal B.V. (formerly known as People & Print Group 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.

(c) 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.

(d) Includes the impact of the acquisitions of Albumprinter Holding B.V. on October 31, 2011 and Webs, Inc. on December 28, 2011. See Note 8 in our accompanying financial statements in this Report for a discussion of these acquisitions.

(e) We define working capital as current assets less current liabilities. Our working capital profile has evolved since fiscal 2011 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.

(f) 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.

**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**

On November 14, 2014, pursuant to our shareholders' approval, we amended our articles of association to change our name to Cimpress N.V. and began trading on The Nasdaq Stock Market under the "CMPR" ticker symbol shortly afterward. Cimpress, the world leader in mass customization, is a technology and manufacturing-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 produce those orders in highly automated, capital and technology intensive production facilities in a manner that we believe makes our production techniques significantly more competitive than those of traditional suppliers. We bring our products to market through a portfolio of focused brands serving the needs of small and medium businesses 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.

In July 2014, we changed our internal management reporting structure from geographic-based segments to brand-based segments, resulting in the Vistaprint Business Unit and the All Other Business Units reportable segments. The Vistaprint Business Unit represents our core Vistaprint brand 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 All Other Business Unit is an aggregation of the smaller businesses in our portfolio - Albumprinter, Printdeal (formerly known as People & Print Group), Pixartprinting and the Most of World business units, as well as the operations of our fiscal 2015 acquisitions of FotoKnudsen AS, FL Print SAS (referred to as Easyflyer), Exagroup SAS and druck.at Druck-und Handelsgesellschaft mbH (referred to as druck.at).

For the fiscal year ended June 30, 2015, we reported consolidated revenue of \$1,494 million representing 18% reported revenue growth over the prior year and 23% growth in constant-currency terms. During fiscal 2015 we made several strategic acquisitions to help us reach differentiated customers through distinct brands and give us access to a broader product offering over time. Consolidated constant-currency revenue growth, excluding the revenue of businesses and brands that do not have a comparable revenue in the prior twelve months, was 9% for the year ended June 30, 2015.

Diluted earnings per share for the year ended June 30, 2015 increased 113% to \$2.73 as compared to the prior year. This increase was driven by the improved operating performance of our Vistaprint brand as well as the results of our other brands acquired in fiscal 2014 and 2015. These improvements were partially offset by continued investments in product quality and software development in our core business, as well as investments in markets in which we seek to develop a long-term presence such as India, Japan and Brazil. We believe investments such as these, as well as our other key initiatives, will collectively enable us to scale and strengthen our competitive position and enhance long-term shareholder value. In addition, we recognized \$14.9 million of expense during the year ended June 30, 2015 for changes in the contingent consideration liabilities associated with our acquisitions of Printdeal and Pixartprinting, \$11.5 million of additional acquisition related amortization expense, as well as \$9.0

million of incremental interest expense primarily due to our increased borrowing levels under our credit facility and the issuance of our senior unsecured notes in March 2015. We also recognized significant gains from currency movements in fiscal 2015, as compared to losses in fiscal 2014, principally as a result of changes in the fair value of our derivative instruments for which we have not elected hedge accounting and currency gains on non-functional currency activity, principally from intercompany transactional and financing relationships. During fiscal 2014 we recognized a \$12.7 million loss on the sale of our investment in Namex Limited that did not occur in fiscal 2015.

### **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. Prior to the fourth quarter of fiscal 2015, we did not have sufficient historical redemption data to reasonably estimate breakage and, therefore, did not recognize any breakage revenue. During the fourth quarter of fiscal 2015, we concluded that we have now 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 quarter as a result of this change in estimate. We will apply this approach prospectively for future unredeemed voucher activity.

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, including estimated forfeitures, 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, future operating performance, and a forfeiture rate assessment. 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. In determining the amount of expense to be recorded, we also estimate forfeiture rates for all awards based on historical experience to reflect the probability that employees will complete the required service period. Employee retention patterns could vary in the future and result in a change to our estimated forfeiture rate which would directly impact share-based compensation expense. As a measure of sensitivity, a 100 basis point change in our forfeiture rate estimate would have resulted in an immaterial impact on our consolidated statement of operations for all periods.

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 estimate 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. 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 fiscal 2014 and 2015 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. For our annual impairment test as of January 1, 2015, we evaluated each of our five reporting units with goodwill individually. We considered 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. Our qualitative assessment for fiscal 2015 determined that there was no indication that the carrying value of any of our reporting units exceeded its fair value. In addition, there have been no indications of impairment that would require an updated analysis as of June 30, 2015. 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. The discounted cash flows are based on our strategic plans and best estimates of revenue growth and operating profit by each reporting unit. Our annual analysis requires significant judgment, including the identification and aggregation of reporting units, discount rate and perpetual growth rate assumptions, and the amount and timing of expected future cash flows. While we believe our assumptions are reasonable, actual results could differ from our projections.

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,		
	2015	2014	2013
<b>As a percentage of revenue:</b>			
Revenue	100.0 %	100.0 %	100.0 %
Cost of revenue	38.1 %	35.5 %	34.3 %
Technology and development expense	13.0 %	13.9 %	14.1 %
Marketing and selling expense	32.8 %	34.6 %	38.2 %
General and administrative expense	9.7 %	9.2 %	9.4 %
Income from operations	6.4 %	6.8 %	4.0 %
Other income (expense), net	1.3 %	(1.7)%	— %
Interest expense, net	(1.1)%	(0.6)%	(0.5)%
Income before income taxes and loss in equity interests	6.6 %	4.5 %	3.5 %
Income tax provision	0.6 %	0.8 %	0.8 %
Loss in equity interests	— %	0.2 %	0.2 %
Net income	6.0 %	3.5 %	2.5 %
Add: Net loss attributable to noncontrolling interests	0.2 %	— %	— %
Net income attributable to Cimpres N.V.	6.2 %	3.5 %	2.5 %

*In thousands*

	Year Ended June 30,			Year Ended June 30,	
	2015	2014	2013	2015 vs. 2014	2014 vs. 2013
<b>Revenue</b>	\$ 1,494,206	\$ 1,270,236	\$ 1,167,478	18%	9%

### Revenue

We generate revenue primarily from the sale and shipping of customized manufactured products, and by providing digital services, website design and hosting, 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, 2015, 2014 and 2013 are shown in the following table. Fiscal 2015 includes the impact of FotoKnudsen, Easyflyer, Exagroup and druck.at from their respective acquisition dates in our All Other Business Units segment. Fiscal 2014 includes the impact of Printdeal and Pixartprinting from their respective acquisition dates in our All Other 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 . . . .	\$ 1,194,393	\$ 1,144,030	4%	5%	9%	—%	9%
All Other Business Units . . . .	299,813	126,206	138%	17%	155%	(139)%	16%
Total revenue . . . . .	<u>\$ 1,494,206</u>	<u>\$ 1,270,236</u>	18%	5%	23%	(14)%	9%

*In thousands*

	Year Ended June 30,		% Change	Currency Impact:	Constant-Currency	Impact of Acquisitions:	Constant-Currency Revenue Growth
	2014	2013		(Favorable)/ Unfavorable	Revenue Growth (1)	(Favorable)/ Unfavorable	Excluding Acquisitions (2)
Vistaprint Business Unit . . . .	\$ 1,144,030	\$ 1,091,900	5%	(1)%	4%	—%	4%
All Other Business Units . . . .	126,206	75,578	67%	(4)%	63%	(56)%	7%
Total revenue . . . . .	<u>\$ 1,270,236</u>	<u>\$ 1,167,478</u>	9%	(1)%	8%	(4)%	4%

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

(2) Constant-Currency Revenue Growth Excluding Acquisitions excludes revenue results for businesses and brands in the period in which there is no comparable year over year revenue. For example, revenue from Pixartprinting and Printdeal, which we acquired in Q4 2014, is excluded from Q1, Q2, and Q3 2015 revenue growth but included in Q4 2015 revenue growth. Similarly, since we acquired Fotoknudsens, Easyflyer, Exagroup, and druck.at in fiscal 2015, revenues from these businesses are excluded from both fiscal 2014 and 2015 revenue growth, and revenues from Pixartprinting and Printdeal are excluded from fiscal 2014 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.

### *Vistaprint Business Unit*

Reported revenue for the year ended June 30, 2015 increased 4% to \$1,194.4 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™ (which polls our customers on their willingness to recommend us to friends and colleagues based on a score of 0 to 10).

We are starting to see net reductions in fiscal 2015 of the major headwinds caused by our transformation efforts of our customer value proposition in our largest business, the Vistaprint brand. This multi-year transformation began in 2011 and is intended over time to improve customer loyalty and long-term returns through improvements to pricing consistency and transparency, site experience, customer communications, product selection, product quality, merchandising, marketing messaging and customer service. Although some of these efforts continue to create revenue headwinds in certain markets we have started to realize benefits from these investments in fiscal 2015 through improved customer retention rates and our increased Net Promoter Score.

Revenue for the year ended June 30, 2014 increased 5% to \$1,144.0 million compared to the year ended June 30, 2013 due to increases in sales across our product and service offerings. During the third quarter of 2014, we rolled out significant pricing changes in two of our top markets: the U.S. and Germany. These changes were designed to help us improve customer lifetime value and loyalty over time, but created near-term revenue headwinds in the Vistaprint Business Unit for the second half of fiscal 2014, particularly in our third fiscal quarter. The Vistaprint Business Unit delivered annual reported and constant-currency revenue growth of 4% during the fiscal year ended June 30, 2014, as successful programs to drive customer value that we started two years ago helped to offset the negative impact of the pricing changes.

### All Other Business Units

Revenue for the year ended June 30, 2015 increased to \$299.8 million from \$126.2 million in the year ended June 30, 2014, primarily due to the addition of aggregate revenues of \$171.2 million from the companies we acquired in fiscal 2014 and 2015. We also delivered continued growth in our Albumprinter brand, as well as in our smaller markets in our Most of World business.

Revenue for the year ended June 30, 2014 increased to \$126.2 million from \$75.6 million in the prior comparable period, primarily due to the addition of revenue from Printdeal and Pixartprinting, which we acquired in the our fourth quarter fiscal 2014. The 67% increase in the reported revenue of our other business units was primarily due to the addition of revenue from the companies we acquired in fiscal 2014.

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

*In thousands*

	Year Ended June 30,			2015 vs. 2014	2014 vs. 2013
	2015	2014	2013		
<b>Cost of revenue</b> .....	\$ 568,599	\$ 451,093	\$ 400,293	26%	13%
<i>% of revenue</i> .....	38.1%	35.5%	34.3%		
<b>Technology and development expense</b> .....	\$ 194,360	\$ 176,344	\$ 164,859	10%	7%
<i>% of revenue</i> .....	13.0%	13.9%	14.1%		
<b>Marketing and selling expense</b> .....	\$ 489,743	\$ 440,311	\$ 446,116	11%	(1)%
<i>% of revenue</i> .....	32.8%	34.6%	38.2%		
<b>General and administrative expense</b> .....	\$ 145,180	\$ 116,574	\$ 110,086	25%	6%
<i>% of revenue</i> .....	9.7%	9.2%	9.4%		

### 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, 2015, as the operations we acquired in fiscal 2014 and 2015 have a lower gross margin profile than our traditional business; however, these companies have lower marketing and selling costs.

The Vistaprint Business Unit cost of revenue increased to \$381.0 million for the year ended June 30, 2015 from \$377.4 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 \$30.3 million.

The remaining increase in cost of revenue for the year ended June 30, 2015 as compared to the year ended June 30, 2014 was primarily due to incremental manufacturing costs of \$115.4 million for the operations acquired in fiscal 2014 and 2015.

The Vistaprint Business Unit cost of revenue increased to \$377.4 million for the year ended June 30, 2014 from \$364.1 million in the prior period, as we produced more revenue volume during fiscal 2014 as compared to the same period in fiscal 2013. We incurred incremental shipping and overhead related costs in fiscal 2014 of \$3.6 million and \$9.7 million, respectively. These expense increases were offset by a decline in materials related costs of \$1.1 million and other productivity and efficiency gains. In addition, the fiscal 2013 period included a benefit from a non-cash gain of \$1.4 million related to a free piece of equipment in our European operations that did not occur in fiscal 2014.

The remaining increase in cost of revenue for the year ended June 30, 2014 as compared to the year ended June 30, 2013 was primarily due to additional manufacturing costs of \$29.7 million for the acquired Printdeal and Pixartprinting operations.

### *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 \$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. At June 30, 2015, we employed 1,008 employees in these organizations, inclusive of employees of the businesses we acquired in 2015, compared to 887 employees at June 30, 2014. 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 and development 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.

The growth in our technology and development expenses of \$11.5 million for the year ended June 30, 2014 as compared to the year ended June 30, 2013 was primarily due to increased payroll and facility-related costs of \$9.5 million as a result of an increase in headcount in our technology development and information technology support organizations. At June 30, 2014, we employed 887 employees in these organizations compared to 786 employees at June 30, 2013. Other technology and development expenses increased \$4.0 million in fiscal 2014 as compared to the fiscal 2013 primarily due to restructuring charges of \$1.3 million as well as increased recruitment, hosting services and other costs related to continued investment in our infrastructure. In addition, amortization expense increased by \$1.1 million as a result of the Printdeal and Pixartprinting acquisitions. These expense increases were partially offset during fiscal 2014 by a decline in share-based compensation expense of \$2.1 million as the restricted share awards granted as part of our fiscal 2012 Webs acquisition were fully vested as of December 31, 2013. Also during fiscal 2014, we had higher net capitalization of software costs of \$1.0 million due to an increase in current costs that qualified for capitalization during the fiscal year.

### *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.

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. At June 30, 2015, we employed 2,429 employees in these organizations, inclusive of employees of the businesses we acquired in 2015, compared to 2,038 employees at June 30, 2014. 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.

The decrease in our marketing and selling expenses of \$5.8 million for the year ended June 30, 2014, as compared to the year ended June 30, 2013, was primarily due to decreased advertising costs of \$19.5 million as we executed more strategically focused spend during the year, particularly in Europe. Additionally, share-based compensation expense decreased during fiscal 2014 by \$1.3 million as the restricted share awards granted as part of our fiscal 2012 Webs acquisition were fully vested at December 31, 2013. This reduction in expense was partially offset by increased payroll and facility-related costs of \$6.9 million as we continued to expand our marketing organization and our customer service, sales and design support centers. At June 30, 2014, we employed 2,038 employees in these organizations compared to 1,672 employees at June 30, 2013. In addition, other marketing and selling expenses increased by \$6.1 million, inclusive of \$1.3 million of restructuring related expenses, as well as increased outside service costs, payment processing fees, and other marketing costs. Fiscal 2014 also includes \$2.0 million of additional amortization expense for the customer and trademark related intangible assets acquired with the Printdeal and Pixartprinting businesses.

#### *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, 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. At June 30, 2015 we employed 451 employees in these organizations compared to 416 employees at June 30, 2014. 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.

During the year ended June 30, 2014 our general and administrative expenses increased as compared to the year ended June 30, 2013 by \$6.5 million, primarily due to an increase of \$5.9 million in professional fees for costs incurred related to our acquisitions and strategic investments during the year, as well as \$3.2 million of employee and facility related restructuring costs. In addition, we recognized \$2.2 million of expense for the increase in the fair value of the earn-out liability for both Printdeal and Pixartprinting since the dates of acquisition. These increases were partially offset by a net decrease of \$4.8 million primarily related to reduced share-based compensation, recruiting costs, and other corporate charges. At June 30, 2014 we employed 416 employees in these organizations compared to 400 employees at June 30, 2013.

#### *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 our derivative instruments for which we do not apply hedge accounting. 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 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,		
	2015	2014	2013
Gains (losses) on derivative instruments	\$ 9,317	\$ (7,473)	\$ 29
Currency related gains (losses), net	10,245	(1,764)	(92)
Loss on disposal of Namex	—	(12,681)	—
Other gains (losses)	572	288	—
Total other income (expense), net	<u>\$ 20,134</u>	<u>\$ (21,630)</u>	<u>\$ (63)</u>

During fiscal 2015, we recognized \$20.1 million of other income as compared to \$21.6 million of losses during fiscal 2014. The increase in other income (expense), net is due in part to net gains of \$9.3 million recognized on our currency forward contracts, of which \$1.9 million is unrealized, as compared to net losses of \$7.5 million that were recognized during fiscal 2014. We expect this volatility to continue in future periods as we do not currently apply hedge accounting for our currency forward contracts. In fiscal 2013 we elected hedge accounting for all of our currency forward contracts and therefore did not have similar results.

Changes in our corporate entity operating structure, effective on October 1, 2013, required us to alter our intercompany transactional and financing activities in fiscal 2014. As a result, we have significant non-functional currency intercompany relationships subject to currency exchange rate volatility that resulted in a gain of \$10.2 million during fiscal 2015, as compared to \$1.8 million loss during fiscal 2014.

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 2015 or fiscal 2013.

#### *Interest expense, net*

Interest expense, net was \$16.7 million, \$7.7 million and \$5.3 million for the years ended June 30, 2015, 2014 and 2013, respectively. Interest expense, net primarily consists of interest paid on outstanding debt balances and amortization of debt issuance costs. The increase in interest expense, net from fiscal 2014 to 2015 is primarily a result of increased borrowing levels under our credit facility and the issuance of our senior unsecured notes in March 2015. The increase in interest expense, net from fiscal 2013 to 2014 is a result of increased borrowing levels under our credit facility. We expect interest expense, net to increase in future periods relative to historical trends as a result of our senior unsecured notes.

#### *Income tax provision*

	Year Ended June 30,		
	2015	2014	2013
<b>Income tax provision</b>	<b>\$ 10,441</b>	<b>\$ 10,590</b>	<b>\$ 9,387</b>
<i>Effective tax rate</i>	10.5%	18.7%	23.0%

For the year ended June 30, 2015, our effective tax rate is 10.5% as compared to the prior year effective tax rate of 18.7%. The main causes for this decrease are higher tax benefits in fiscal 2015 related to changes to our corporate entity operating structure as described in further detail in Note 14, combined with an increase in our consolidated pre-tax income and a more favorable geographical mix of earnings as compared to fiscal 2014. These benefits to the fiscal 2015 tax rate were offset by greater losses incurred in fiscal 2015 as compared to fiscal 2014 in certain jurisdictions where we are unable to recognize a tax benefit. For the year ended June 30, 2014, we recognized a loss on our investment in Namex for which there was no tax benefit and this adversely impacted the effective tax rate for fiscal 2014.

Our cash paid for income taxes for fiscal 2015 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. This was partially offset by cash tax benefits from stock-based compensation deductions that are recorded in shareholder's equity.

We are currently under income tax audits in various jurisdictions. We believe that our income tax reserves associated with these matters are adequate as the positions reported on our tax returns will be sustained on their



technical merits. However, final resolution is uncertain and there is a possibility that it could have a material impact on our financial condition, results of operations or cash flows. See Note 14 in our accompanying consolidated financial statements for additional discussion.

## Liquidity and Capital Resources

### Consolidated Statements of Cash Flows Data:

In thousands

	Year Ended June 30,		
	2015	2014	2013
Net cash provided by operating activities	\$ 228,876	\$ 148,580	\$ 140,012
Net cash used in investing activities	(217,190)	(306,984)	(98,931)
Net cash provided by (used in) financing activities	38,312	169,608	(53,255)

At June 30, 2015, we had \$103.6 million of cash and cash equivalents and \$522.5 million of outstanding debt. Cash and cash equivalents increased by \$41.1 million during the year ended June 30, 2015. This increase is primarily attributable to the cash held by the businesses we acquired during fiscal 2015 and the timing of funding for certain intercompany cash requirements. We expect cash and cash equivalents to fluctuate over time depending on our working capital needs and acquisition activity. The cash flows during the year ended June 30, 2015 related primarily to the following items:

#### Cash inflows:

- Net income of \$89.3 million;
- Adjustments for non-cash items of \$104.2 million primarily related to positive adjustments for depreciation and amortization of \$97.5 million, share-based compensation costs of \$24.1 million, and the change in the fair value of contingent consideration liabilities of \$14.9 million, offset by negative adjustments for non-cash tax items of \$28.1 million and unrealized currency-related gains of \$6.5 million;
- Proceeds of debt of \$54.2 million, net of payments;
- Changes in working capital balances of \$43.4 million primarily driven by improved management of prepaid expenses and accrued expenses; and
- Proceeds from the issuance of shares in connection with the exercise of outstanding equity awards of \$13.1 million.

#### Cash outflows:

- Capital expenditures of \$75.8 million of which \$33.7 million were related to the purchase of manufacturing and automation equipment for our production facilities, \$18.3 million were related to the purchase of land, facilities and leasehold improvements, and \$23.8 million were related to purchases of other capital assets, including facility improvements and office equipment;
- Payments for our acquisition and minority investment activity, net of cash acquired, of \$123.8 million;
- Payments of withholding taxes in connection with share awards of \$29.4 million;
- Payment of contingent consideration obligation of \$19.2 million;
- Internal costs for software and website development that we have capitalized of \$17.3 million; and
- Payments for capital lease arrangements of \$5.8 million.

**Additional Liquidity and Capital Resources Information.** During the year ended June 30, 2015, we financed our operations and strategic investments through internally generated cash flows from operations and debt financing. As of June 30, 2015, approximately \$102.9 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 \$59.0 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. See Note 14 in our accompanying consolidated financial statements 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, 2015, we have aggregate loan commitments from our senior secured credit facility totaling \$844.0 million. The loan commitments consist of revolving loans of \$690.0 million and the remaining term loans of \$154.0 million.

We have other financial obligations that constitute additional indebtedness based on the definitions within the credit facility. As of June 30, 2015, the amount available for borrowing under our senior secured credit facility was as follows:

*In thousands*

	<u>June 30, 2015</u>
Maximum aggregate available for borrowing . . . . .	\$ 844,000
Outstanding borrowings of senior secured credit facilities . . . . .	(232,000)
Remaining amount . . . . .	612,000
Limitations to borrowing due to debt covenants and other obligations (1) . . . . .	(22,403)
Amount available for borrowing as of June 30, 2015 (2) . . . . .	<u>\$ 589,597</u>

- (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, 2015, we were in compliance with all financial and other covenants under the credit agreement and senior unsecured notes indenture.

*Other debt.* During the fourth quarter of fiscal 2015 we assumed term loans as part of the druck.at, Exagroup and Easyflyer acquisitions. As of June 30, 2015 we had \$11.5 million outstanding for those obligations that are payable through September 2024.

In addition, we have an uncommitted line of credit with Santander Bank, N.A., and under the terms of the agreement we may borrow up to \$25.0 million at any time, with a maturity date of up to 90 days from the loan origination date. Under the terms of our uncommitted line of credit, borrowings bear interest at a variable rate of interest that may change from time to time. As of June 30, 2015 we had \$4.5 million outstanding borrowings under this line of credit.

*Our expectations for fiscal year 2016.* Our current liabilities continue to exceed our current assets; however, we believe that our available cash, cash flows generated from operations, and our debt financing capacity 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 2016 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, costs incurred for post-merger integration efforts 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, VBU related advertising costs and the continued investment in our employees.
- Share purchases
- Corporate acquisitions and similar Investments
- Reduction of debt

## Contractual Obligations

Contractual obligations at June 30, 2015 are as follows:

In thousands	Payments Due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Operating leases, net of subleases . . . . .	\$ 39,227	\$ 7,697	\$ 10,469	\$ 8,120	\$ 12,941
Build-to-suit lease . . . . .	131,769	10,475	25,138	25,138	71,018
Purchase commitments . . . . .	27,052	27,052	—	—	—
Senior unsecured notes and interest payments . . . . .	410,178	19,678	38,500	38,500	313,500
Other debt and interest payments . . . . .	269,852	28,964	52,382	186,615	1,891
Capital leases . . . . .	24,103	9,150	11,937	2,981	35
Other . . . . .	24,195	11,102	9,694	3,399	—
Total (1) . . . . .	<u>\$ 926,376</u>	<u>\$ 114,118</u>	<u>\$ 148,120</u>	<u>\$ 264,753</u>	<u>\$ 399,385</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 \$5.7 million as of June 30, 2015 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 \$39.2 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 \$1.7 million and \$0.6 million, respectively.

**Build-to-suit lease.** In July 2013, we executed a lease for an eleven-year term to move our Lexington, Massachusetts, USA operations to a new facility in Waltham, Massachusetts, USA, that will commence in the first quarter of fiscal 2016. Please refer to Note 6 in the accompanying consolidated financial statements for additional details.

**Purchase Commitments.** At June 30, 2015, we had unrecorded commitments under contract of \$27.1 million, which were composed of inventory purchase commitments of approximately \$1.9 million, production and computer equipment purchases of approximately \$14.5 million, and other unrecorded purchase commitments of \$10.6 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 will be payable semi-annually on April 1 and October 1 of each year, commencing on October 1, 2015 and has been included in the table above.

**Other debt and interest payments.** The term loans of \$154.0 million outstanding under our credit agreement have repayments due on various dates through September 23, 2019, with the revolving loans outstanding of \$77.5 million due on September 23, 2019. Interest payable included in this table is based on the interest rate as of June 30, 2015 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, 2015 we had \$11.5 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 2020. 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, 2015, is \$27.7 million, net of accumulated depreciation of \$4.7 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, 2015 amounts to \$23.6 million.

*Other Obligations.* Other obligations include an installment obligation of \$13.3 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, 2015. Other obligations also include the fair value of the contingent consideration payments related to our fiscal 2014 acquisition of Printdeal of \$7.8 million and the deferred payment for our fiscal 2015 acquisition of druck.at of \$3.0 million. Please refer to Note 3 and 8 in the accompanying consolidated financial statements for additional details.

**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, 2015, 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, 2015, we had \$232.0 million of variable rate debt and \$13.3 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, 2015, a hypothetical 100 basis point increase in rates, inclusive of our outstanding interest rate swaps, would result in an increase of interest expense of approximately \$0.9 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.

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 (expense), net on the mark-to-market of outstanding contracts and (ii) realized gains and losses recognized in other income (expense), net, whereas the offsetting economic gains and losses are reported in the line item of the underlying 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 (expense), net on the consolidated statements of operations. Certain of our subsidiaries hold intercompany loans with another group company, which may be different from the functional currency of one of the subsidiary loan parties. Due to the significance of these balances, the revaluation of intercompany loans can have a material impact on other income (expense), net. We expect these impacts may be volatile in the future, although they do not have a U.S. dollar cash impact for the consolidated group and therefore have currently elected not to hedge this exposure. 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. A hypothetical decrease in exchange rates of 10% against the functional currency of our subsidiaries would have resulted in an increase of \$18.8 million, \$10.1 million, and \$2.5 million on our income before taxes for the fiscal years ended June 30, 2015, 2014 and 2013, respectively.

Item 8. *Financial Statements and Supplementary Data*

CIMPRESS N.V.

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

In our opinion, the accompanying consolidated balance sheet as of June 30, 2015 and the related consolidated statements of operations, of comprehensive income (loss), of shareholders' equity and of cash flows for the year then ended present fairly, in all material respects, the financial position of Cimpres N.V. and its subsidiaries at June 30, 2015, and the results of their operations and their cash flows for the year 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, 2015, 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 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 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 and whether effective internal control over financial reporting was maintained in all material respects. Our audit 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 audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides 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 FotoKnudsen AS ("FotoKnudsen"), Exagroup SAS and its subsidiaries ("Exagroup") and druck.at Druck-und Handelsgesellschaft mbH ("druck.at") from its assessment of internal control over financial reporting as of June 30, 2015 because they were acquired by the Company in purchase business combinations during fiscal 2015. We have also excluded FotoKnudsen, Exagroup and druck.at from our audit of internal control over financial reporting. FotoKnudsen and druck.at are wholly-owned subsidiaries and Exagroup is a 70% owned subsidiary, whose aggregated total assets and total revenues represent approximately \$74.3 million and \$44.1 million, respectively, of the related consolidated financial statement amounts as of and for the year ended June 30, 2015.

/s/ PricewaterhouseCoopers LLP

Boston, Massachusetts  
August 14, 2015



## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Supervisory Board and Shareholders of  
Cimpress N.V.

We have audited the accompanying consolidated balance sheet of Cimpress N.V. (formerly known as Vistaprint N.V.) as of June 30, 2014, and the related consolidated statements of operations, comprehensive income, shareholders' equity and cash flows for each of the two years in the period 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 audits.

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 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Cimpress N.V. at June 30, 2014, and the consolidated results of its operations and its cash flows for each of the two years in the period 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 14, 2015

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

	June 30, 2015	June 30, 2014
<b>Assets</b>		
Current assets:		
Cash and cash equivalents . . . . .	\$ 103,584	\$ 62,508
Marketable securities . . . . .	6,910	13,857
Accounts receivable, net of allowances of \$372 and \$212, respectively . . . . .	32,145	23,515
Inventory . . . . .	18,356	12,138
Prepaid expenses and other current assets . . . . .	56,648	45,923
Total current assets . . . . .	217,643	157,941
Property, plant and equipment, net . . . . .	467,511	352,221
Software and web site development costs, net . . . . .	22,109	14,016
Deferred tax assets . . . . .	17,172	8,762
Goodwill . . . . .	400,629	317,187
Intangible assets, net . . . . .	151,063	110,214
Other assets . . . . .	32,115	28,644
Total assets . . . . .	<u>\$ 1,308,242</u>	<u>\$ 988,985</u>
<b>Liabilities, noncontrolling interests and shareholders' equity</b>		
Current liabilities:		
Accounts payable . . . . .	\$ 65,875	\$ 52,770
Accrued expenses . . . . .	172,826	121,177
Deferred revenue . . . . .	23,407	26,913
Deferred tax liabilities . . . . .	1,043	2,178
Short-term debt . . . . .	22,602	37,575
Other current liabilities . . . . .	21,470	888
Total current liabilities . . . . .	307,223	241,501
Deferred tax liabilities . . . . .	48,007	30,846
Lease financing obligation . . . . .	93,841	18,117
Long-term debt . . . . .	499,941	410,484
Other liabilities . . . . .	52,073	44,420
Total liabilities . . . . .	<u>1,001,085</u>	<u>745,368</u>
Commitments and contingencies (Note 18)		
Redeemable noncontrolling interests . . . . .	57,738	11,160
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 33,203,065 and 32,329,244 shares outstanding, respectively . . . . .	615	615
Treasury shares, at cost, 10,877,562 and 11,751,383 shares, respectively . . . . .	(412,132)	(423,101)
Additional paid-in capital . . . . .	324,281	309,990
Retained earnings . . . . .	435,052	342,840
Accumulated other comprehensive (loss) income . . . . .	(98,909)	2,113
Total shareholders' equity attributable to Cimpress N.V. . . . .	248,907	232,457
Noncontrolling interest . . . . .	512	—
Total shareholders' equity . . . . .	<u>249,419</u>	<u>232,457</u>
Total liabilities, noncontrolling interests and shareholders' equity . . . . .	<u>\$ 1,308,242</u>	<u>\$ 988,985</u>

See accompanying notes.

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

	Year Ended June 30,		
	2015	2014	2013
Revenue .....	\$ 1,494,206	\$ 1,270,236	\$ 1,167,478
Cost of revenue (1) .....	568,599	451,093	400,293
Technology and development expense (1) .....	194,360	176,344	164,859
Marketing and selling expense (1) .....	489,743	440,311	446,116
General and administrative expense (1) .....	145,180	116,574	110,086
Income from operations .....	96,324	85,914	46,124
Other income (expense), net .....	20,134	(21,630)	(63)
Interest expense, net .....	(16,705)	(7,674)	(5,329)
Income before income taxes and loss in equity interests .....	99,753	56,610	40,732
Income tax provision .....	10,441	10,590	9,387
Loss in equity interests .....	—	2,704	1,910
Net income .....	89,312	43,316	29,435
Add: Net loss attributable to noncontrolling interests .....	2,900	380	—
Net income attributable to Cimpres N.V. ....	<u>\$ 92,212</u>	<u>\$ 43,696</u>	<u>\$ 29,435</u>
Basic net income per share attributable to Cimpres N.V. ....	<u>\$ 2.82</u>	<u>\$ 1.33</u>	<u>\$ 0.89</u>
Diluted net income per share attributable to Cimpres N.V. ....	<u>\$ 2.73</u>	<u>\$ 1.28</u>	<u>\$ 0.85</u>
Weighted average shares outstanding — basic .....	<u>32,644,870</u>	<u>32,873,234</u>	<u>33,209,172</u>
Weighted average shares outstanding — diluted .....	<u>33,816,498</u>	<u>34,239,909</u>	<u>34,472,004</u>

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

	Year Ended June 30,		
	2015	2014	2013
Cost of revenue .....	\$ 78	\$ 251	\$ 398
Technology and development expense .....	4,139	7,041	9,209
Marketing and selling expense .....	1,952	5,082	6,354
General and administrative expense .....	17,906	15,412	16,967

See accompanying notes.

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

	Year Ended June 30,		
	2015	2014	2013
Net income .....	\$ 89,312	\$ 43,316	\$ 29,435
Other comprehensive income (loss), net of tax:			
Foreign currency translation gain (loss), net of hedges .....	(93,627)	8,019	(910)
Net unrealized loss on derivative instruments designated and qualifying as cash flow hedges .....	(1,417)	(1,285)	483
Amounts reclassified from accumulated other comprehensive income to net income on derivative instruments .....	815	396	(397)
Unrealized gain (loss) on available-for-sale-securities .....	(6,275)	9,246	—
Unrealized gain (loss) on pension benefit obligation .....	(388)	(2,724)	—
Comprehensive income (loss) .....	<u>(11,580)</u>	<u>56,968</u>	<u>28,611</u>
Add: Comprehensive loss attributable to noncontrolling interests .....	2,770	397	—
Total comprehensive income (loss) attributable to Cimpres N.V. ....	<u>\$ (8,810)</u>	<u>\$ 57,365</u>	<u>\$ 28,611</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, 2012	49,950	\$ 699	(15,831)	\$(378,941)	\$ 285,633	\$ 292,628	\$ (10,732)	\$ 189,287
Issuance of ordinary shares due to share option exercises			281	8,715	(3,910)			4,805
Cancellation of treasury shares	(5,870)	(84)	5,870	30,262	(7,259)	(22,919)		—
Restricted share units vested, net of shares withheld for taxes			242	6,014	(9,570)			(3,556)
Excess tax benefits from share-based compensation					1,796			1,796
Share-based compensation expense					32,969			32,969
Purchase of ordinary shares			(1,851)	(64,351)				(64,351)
Net income attributable to Cimpress N.V.						29,435		29,435
Net unrealized gain on derivative instruments designated and qualifying as cash flow hedges							86	86
Foreign currency translation							(910)	(910)
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 Cimpress 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 Cimpress 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

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

	Year Ended June 30,		
	2015	2014	2013
<b>Operating activities</b>			
Net income	\$ 89,312	\$ 43,316	\$ 29,435
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	97,500	72,282	64,325
Share-based compensation expense	24,075	27,786	32,928
Excess tax benefits derived from share-based compensation awards	(13,146)	(5,159)	(1,796)
Deferred taxes	(14,940)	(12,807)	(8,626)
Loss on sale of equity method investment	—	12,681	—
Loss in equity interests	—	2,704	1,910
Non-cash gain on equipment	—	—	(1,414)
Abandonment of long-lived assets	—	7	1,529
Unrealized (gain) loss on derivative instruments included in net income	(1,868)	425	—
Change in fair value of contingent consideration	14,890	2,192	(588)
Payment of contingent consideration in excess of acquisition-date fair value	(8,055)	—	—
Effect of exchange rate changes on monetary assets and liabilities denominated in non-functional currency	(6,455)	748	29
Other non-cash items	4,130	1,328	1,329
Changes in operating assets and liabilities excluding the effect of business acquisitions:			
Accounts receivable	2,057	4,008	(1,532)
Inventory	(4,491)	(1,055)	(525)
Prepaid expenses and other assets	8,597	(15,336)	10,791
Accounts payable	(4,026)	14,945	557
Accrued expenses and other liabilities	41,296	515	11,660
Net cash provided by operating activities	<u>228,876</u>	<u>148,580</u>	<u>140,012</u>
<b>Investing activities</b>			
Purchases of property, plant and equipment	(75,813)	(72,122)	(78,999)
Business acquisitions, net of cash acquired	(123,804)	(216,384)	—
(Purchases of) proceeds from the sale of intangible assets, net	(250)	(116)	1,000
Purchase of available-for-sale securities	—	(4,629)	—
Capitalization of software and website development costs	(17,323)	(9,749)	(7,667)
Investment in equity interests	—	(4,994)	(12,753)
Other investing activities	—	1,010	(512)
Net cash used in investing activities	<u>(217,190)</u>	<u>(306,984)</u>	<u>(98,931)</u>
<b>Financing activities</b>			
Proceeds from borrowings of debt	367,500	482,800	113,712
Proceeds from issuance of senior notes	275,000	—	—
Payments of debt	(581,920)	(273,491)	(104,125)
Payments of debt issuance costs	(6,373)	(1,363)	(1,536)
Payment of contingent consideration included in acquisition-date fair value	(11,105)	—	—
Payments of withholding taxes in connection with equity awards	(29,351)	(9,430)	(3,556)
Payments of capital lease obligations	(5,750)	(1,297)	—
Excess tax benefits derived from share-based compensation awards	13,146	5,159	1,796
Purchase of ordinary shares	—	(42,016)	(64,351)
Proceeds from issuance of ordinary shares	13,123	4,425	4,805
Capital contribution from noncontrolling interest	4,160	4,821	—
Issuance of dividend to noncontrolling interest	(118)	—	—
Net cash provided by (used in) financing activities	<u>38,312</u>	<u>169,608</u>	<u>(53,255)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(8,922)</u>	<u>1,239</u>	<u>36</u>
Net increase (decrease) in cash and cash equivalents	41,076	12,443	(12,138)
Cash and cash equivalents at beginning of period	62,508	50,065	62,203
Cash and cash equivalents at end of period	<u>\$ 103,584</u>	<u>\$ 62,508</u>	<u>\$ 50,065</u>

See accompanying notes.

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

Year Ended June 30,  


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2015                      2014                      2013  


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**Supplemental disclosures of cash flow information:**

Cash paid during the period for: .....			
Interest .....	\$ 8,520	\$ 6,446	\$ 4,762
Income taxes .....	14,284	18,485	13,656

**Supplemental schedule of non-cash investing and financing activities:**

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

See accompanying notes.

**CIMPRESS N.V.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**Years Ended June 30, 2015, 2014 and 2013**  
**(in thousands, except share and per share data)**

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

We are a technology and manufacturing-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 produce those orders in highly automated, capital and technology intensive production facilities in a manner that we believe makes our production techniques significantly more competitive than those of traditional suppliers. We bring our products to market through a portfolio of focused brands serving the needs of small and medium businesses and consumers. These brands include Vistaprint, our global brand for micro business marketing products and services, as well as brands 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.

On November 14, 2014, pursuant to our shareholders' approval, we amended our articles of association to change our name to Cimpres N.V. and began trading on The Nasdaq Stock Market under the "CMPR" ticker symbol shortly afterward.

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

### **Basis of Presentation**

The consolidated financial statements include the accounts of Cimpres 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 \$543 and \$823 as of June 30, 2015 and 2014, 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 and partners. 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 2015 or 2014 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, 2015, 2014 and 2013 was \$8,666, \$4,985 and \$3,118, respectively, resulting in accumulated amortization of \$21,608 and \$13,538 at June 30, 2015 and 2014, 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 further information on our outstanding capital lease assets and obligations please refer to Note 18 Commitments and Contingencies.

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.

## **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.

For long-lived assets used in operations, impairment losses are only recorded if the asset’s carrying amount is not recoverable through its undiscounted, probability-weighted future cash flows. We measure the impairment loss based on the difference between the carrying amount and estimated fair value. Long-lived assets are considered held for sale when certain criteria are met, including when management has committed to a plan to sell the asset, the asset is available for sale in its immediate condition, and the sale is probable within one year of the reporting date. Assets held for sale are reported at the lower of cost or fair value less costs to sell. At June 30, 2015, we had a building with a carrying value of \$1,913 that met the asset held for sale criteria and as such we have classified the asset in other current assets in the consolidated balance sheet. We did not have any assets held for sale as of June 30, 2014.

No material impairment charges were recorded for the years ended June 30, 2015, 2014 or 2013.

## **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 for a market participant. Assets recorded from the perspective of a market participant 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. 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 during the fiscal third quarter 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 would record an impairment loss equal to the difference.

For our annual impairment test as of January 1, 2015, we evaluated each of our five reporting units with goodwill individually. We considered 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. Our qualitative assessment for fiscal 2015 determined that there was no indication that the carrying value of any of our reporting units exceeded its fair value. There have been no indications of impairment that would require an updated analysis as of June 30, 2015.

## 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, 2015 and 2014, we capitalized debt issuance costs related to our senior secured credit facility and senior unsecured notes of \$6,229 and \$1,319, respectively. Amortization and write-off of these costs is included in interest expense, net in the consolidated statements of operations and amounted to \$1,272, \$765 and \$556, for the years ended June 30, 2015, 2014 and 2013, respectively. Unamortized debt issuance costs were \$8,447 and \$3,490 as of June 30, 2015 and 2014, 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). 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 \$3,202 and \$5,980 in restructuring related expenses for the years ended June 30, 2015 and 2014, respectively. There were no such charges during the year ended June 30, 2013.

## **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. Effective January 28, 2013, 5,869,662 of our ordinary shares issued and held in our treasury account were canceled and have become authorized but unissued ordinary shares, as authorized by our shareholders on November 8, 2012. These canceled shares represent the remaining balance as of November 8, 2012 of the ordinary shares that were held in treasury at the date of the

redomiciliation of our publicly traded parent company from Bermuda to the Netherlands in August 2009. The cancellation of the treasury shares resulted in a reduction of additional paid in capital and retained earnings for the year ended June 30, 2013.

## 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 have now 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 the quarter as a result of this change in estimate and our basic and diluted earnings per share for fiscal 2015 increased by \$0.12. We will apply this approach prospectively for future unredeemed voucher activity.

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, 2015, 2014 and 2013 was \$286,132, \$267,655 and \$287,167, 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, 2015, 2014 and 2013 was \$30,849, \$26,423 and \$24,690, 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 estimate our income taxes in each of the jurisdictions in which we operate. This process involves estimating our current tax expense and deferred tax expense based on assessing temporary and permanent differences resulting from differing treatment of items for tax and financial reporting purposes. We recognize deferred tax assets and liabilities for the temporary differences using the enacted tax rates and laws that will be in effect when we expect temporary differences to reverse. We assess the ability to realize our deferred tax assets based upon the weight of available evidence both positive and negative. To the extent we believe that it is more likely than not that some portion or all of the deferred tax assets will not be realized, we establish a valuation allowance. In the event that actual results differ from our estimates or we adjust our estimates in the future, we may need to increase or decrease income tax expense, which could have a material impact on our financial position and results of operations.

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

## Foreign Currency Translation

Our non-U.S. dollar functional currency subsidiaries translate their assets and liabilities denominated in their functional currency to U.S. dollars at current rates of exchange in effect at the balance sheet date, and revenues and expenses are translated at average rates prevailing throughout the period. The resulting gains and losses from translation are included as a component of accumulated other comprehensive (loss) income. 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,		
	2015	2014	2013
Gains (losses) on derivative instruments (1) . . . . .	\$ 9,317	\$ (7,473)	\$ 29
Currency related gains (losses), net (2) . . . . .	10,245	(1,764)	(92)
Loss on disposal of Namex . . . . .	—	(12,681)	—
Other gains (losses) . . . . .	572	288	—
Total other income (expense), net. . . . .	<u>\$ 20,134</u>	<u>\$ (21,630)</u>	<u>\$ (63)</u>

(1) Includes both realized and unrealized gains (losses) on derivative instruments.

(2) We have significant non-functional currency intercompany financing relationships subject to currency exchange rate volatility primarily due to changes in our corporate entity operating structure, effective October 1, 2013, which required us to alter our intercompany transactional and financing activities. The net currency related gains for the year ended June 30, 2015 are partially driven by this intercompany activity.

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

Basic net income per share attributable to Cimpress N.V. is computed by dividing net income attributable to Cimpress N.V. by the weighted-average number of ordinary shares outstanding for the respective period. Diluted net income per share attributable to Cimpress 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,		
	2015	2014	2013
Weighted average shares outstanding, basic . . . . .	32,644,870	32,873,234	33,209,172
Weighted average shares issuable upon exercise/vesting of outstanding share options/RSSUs/RSSAs . . . . .	1,171,628	1,366,675	1,262,832
Shares used in computing diluted net income per share attributable to Cimpress N.V. . . . .	33,816,498	34,239,909	34,472,004
Weighted average anti-dilutive shares excluded from diluted net income per share attributable to Cimpress N.V. . . . .	289,356	953,100	1,740,542

## Compensation Expense

### Share-Based Compensation

Compensation expense for all share-based awards expected to vest 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, and the fair value of RSUs and RSAs is determined based on the number of shares granted and 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, net of estimated forfeitures. 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. The estimation of share awards that will ultimately vest requires judgment, and to the extent actual results or updated estimates differ from our current estimates, such amounts will be recorded as a cumulative adjustment in the period estimates are revised. We consider many factors when estimating expected forfeitures, including types of awards, employee class, and historical experience. For awards with a performance condition vesting feature, compensation cost is recorded if it is probable that the performance condition will be achieved.

### Sabbatical Leave

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

### Concentrations of Credit Risk

We monitor the creditworthiness of our customers to which we grant credit terms in the normal course of business. We had one channel partner that represented 13% and 24% of our total accounts receivable as of June 30, 2015 and 2014, respectively. We do not have any customers that accounted for greater than 10% of our revenue for the years ended June 30, 2015, 2014 or 2013.

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

In April 2015, the Financial Accounting Standards Board 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. The standard requires the application on a retrospective basis, wherein the balance sheet of each individual period presented should be adjusted to reflect the period-specific effects of the standard. We do not expect it to have a material impact on our consolidated financial statements.

In February 2015, the Financial Accounting Standards Board 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. We are currently evaluating the effect ASU 2015-02 will have on our consolidated financial statements but do not expect it to have a material impact.

In May 2014, the Financial Accounting Standards Board 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 to 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 and effect that ASU 2014-09 will have on our consolidated financial statements but do not expect it to have a material impact.

### 3. Fair Value Measurements

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

	June 30, 2015		
	Amortized Cost Basis	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>
	June 30, 2014		
	Amortized Cost Basis	Unrealized gain	Estimated Fair Value
<b>Available-for-sale securities</b>			
Plaza Create Co. Ltd. common shares (1) . . . . .	\$ 4,611	\$ 9,246	\$ 13,857
Total investments in available-for-sale securities . . . . .	<u>\$ 4,611</u>	<u>\$ 9,246</u>	<u>\$ 13,857</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.

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, 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>

June 30, 2014

	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	\$ 13,857	\$ 13,857	\$ —	\$ —
Currency forward contracts	382	—	382	—
Total assets recorded at fair value	<u>\$ 14,239</u>	<u>\$ 13,857</u>	<u>\$ 382</u>	<u>\$ —</u>
<b>Liabilities</b>				
Interest rate swap contracts	\$ (745)	\$ —	\$ (745)	\$ —
Currency forward contracts	(806)	—	(806)	—
Contingent consideration	(16,072)	—	—	(16,072)
Total liabilities recorded at fair value	<u>\$ (17,623)</u>	<u>\$ —</u>	<u>\$ (1,551)</u>	<u>\$ (16,072)</u>

During the years ended June 30, 2015 and 2014, 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 counterparty's 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, 2015, 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.

During the fiscal year ended June 30, 2015, we amended the terms of our contingent consideration arrangement related to our fiscal 2014 acquisition of Printdeal (formerly known as People & Print Group). The original terms provided for contingent consideration payable based upon the achievement of an initial calendar year 2014 earnings before interest, taxes, depreciation and amortization (EBITDA) margin threshold but ultimately payable based on revenue and EBITDA performance for calendar year 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 (\$7,833 based on the exchange rate as of June 30, 2015) is payable during the fourth quarter of fiscal 2016.

Our fiscal 2014 acquisition of Pixartprinting provided for contingent consideration payable based on the achievement of revenue and EBITDA performance metrics for calendar year 2014. 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 the fourth quarter of fiscal 2015.

The 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. 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. As the Printdeal contingent liability is no longer variable, we do not expect any additional adjustments to fair value prior to payment.

The following table represents the changes in fair value of Level 3 contingent consideration:

	Total contingent consideration
Balance at June 30, 2013 .....	\$ —
Fair value at acquisition date .....	14,006
Fair value adjustment .....	2,192
Foreign currency impact .....	(126)
Balance at June 30, 2014 (1) .....	\$ 16,072
Fair value adjustment .....	14,890
Cash payments .....	(19,160)
Foreign currency impact .....	(3,969)
Balance at June 30, 2015 (1) .....	\$ 7,833

(1) Of the total contingent consideration outstanding as of June 30, 2015 and 2014, \$7,833 and \$6,276 was classified as a current liability, respectively. As of June 30, 2014, \$9,796 was classified as a long-term liability.

As of June 30, 2015 and 2014, 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, 2015 and 2014 the carrying value of our debt was \$522,543 and \$448,059, respectively, and the fair value was \$539,752 and \$460,098, respectively. Our debt at June 30, 2015 includes a variable rate debt instrument indexed to LIBOR that resets periodically and a 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

### 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 our debt. Our objective in using interest rate derivatives 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 derivative 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, 2015, two interest rate derivative instruments were de-designated as they became ineffective and one was subsequently re-designated during the period. As of June 30, 2015, the amount of unrecognized loss included in accumulated other comprehensive (loss) income for de-designated cash flow hedge instruments is \$123. During the year ended June 30, 2014 we did not hold any interest rate derivative instruments that were determined to be ineffective.

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, 2015, we estimate that \$816 will be reclassified from accumulated other comprehensive (loss) income to interest income during the twelve months ending June 30, 2016. As of June 30, 2015, we had eight outstanding interest rate swap contracts indexed to one-month LIBOR. These instruments include seven interest rate swap contracts that were designated and one interest rate swap contract that was de-designated as a cash flow hedge of interest rate risk and have varying start dates and maturity dates from July 2015 through June 2019. Since the start date of certain contracts has not yet commenced and contracts have been de-designated, the notional amount of our outstanding contracts is in excess of the variable-rate debt being hedged as of the balance sheet date.

Interest rate swap contracts outstanding:	Notional Amounts	
Contracts accruing interest as of June 30, 2015 .....	\$	240,000
Contracts with a future start date .....		65,000
Total .....	\$	305,000

### Hedges of Currency Risk

#### *Cross-Currency Swap Contracts*

From time to time, we execute cross-currency swap contracts in order to mitigate our currency exposure of net investments in subsidiaries that have reporting currencies other than U.S. dollar. Cross-currency swaps designated as net investment hedges 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 derivative contract. At maturity, the final exchange involves the receipt of our reporting currency in exchange for the notional amount in the hedged currency.

During the year ended June 30, 2015, we entered into two cross-currency swap contracts that were designated for hedge accounting and were used to hedge the risk of changes in the U.S. Dollar equivalent value of a portion of our net investment in a consolidated Euro functional subsidiary. As of June 30, 2015, we had two outstanding cross-currency swap contracts with a total notional amount of \$122,969, both maturing during April 2019. During the year ended June 30, 2015, we recorded unrealized losses, net of tax in accumulated other comprehensive (loss) income as a component of cumulative translation adjustment in the amount \$7,779.

#### *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. We do not elect hedge accounting for our current currency forward contract activity; however, we may elect to apply hedge accounting in future scenarios. The change in the fair value of currency forward contracts is recognized directly in earnings, as a component of other

income (expense), net. During the years ended June 30, 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, 2015, 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
\$285,770	September 2014 through June 2015	Various dates through December 2016	436	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, 2015 and 2014:

		June 30, 2015							
		Asset Derivatives				Liability Derivatives			
Derivatives designated as hedging instruments	Balance Sheet line item	Gross amounts of recognized assets	Gross amount offset in consolidated balance sheet	Net amount	Balance Sheet line item	Gross amounts of recognized liabilities	Gross amount offset in consolidated balance sheet	Net amount	
Interest rate swaps . . . .	Other non-current assets	\$ —	\$ —	\$ —	Other current liabilities / other liabilities	\$ (1,087)	\$ —	\$ (1,087)	
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 / other assets	3,256	(1,354)	1,902	Other current liabilities / other 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>	

June 30, 2014

Derivatives designated as hedging instruments	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
Interest rate swaps . . . . .	Other non-current assets	\$ —	\$ —	\$ —	Other current liabilities / other liabilities	\$ (771)	\$ 26	\$ (745)
Total derivatives designated as hedging instruments . . . . .		\$ —	\$ —	\$ —		\$ (771)	\$ 26	\$ (745)
<b>Derivatives not designated as hedging instruments</b>								
Currency forward contracts . . . . .	Other current assets	\$ 410	\$ (28)	\$ 382	Other current liabilities	\$ (1,058)	\$ 252	\$ (806)
Total derivatives not designated as hedging instruments . . . . .		\$ 410	\$ (28)	\$ 382		\$ (1,058)	\$ 252	\$ (806)

The following table presents the effect of our derivative financial instruments designated as hedging instruments and their classification within comprehensive income (loss) for the years ended June 30, 2015, 2014 and 2013:

Derivatives in Hedging Relationships	Amount of Gain (Loss) Recognized in Comprehensive (Loss) Income on Derivatives (Effective Portion)		
	Year Ended June 30,		
	2015	2014	2013
<b>In thousands</b>			
Currency contracts that hedge revenue . . . . .	—	(107)	280
Currency contracts that hedge cost of revenue . . . . .	—	59	(263)
Currency contracts that hedge technology and development expense . . . . .	—	70	80
Currency contracts that hedge general and administrative expense . . . . .	—	12	(1)
Interest rate swaps . . . . .	(1,417)	(1,319)	387
Cross-currency swaps . . . . .	(7,779)	—	—
	<u>\$ (9,196)</u>	<u>\$ (1,285)</u>	<u>\$ 483</u>

The following table presents reclassifications out of accumulated other comprehensive (loss) income for the years ended June 30, 2015, 2014 and 2013:

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,			
	2015	2014	2013	
<b>In thousands</b>				
Currency contracts that hedge revenue . . . . .	\$ —	\$ (120)	\$ 293	Revenue
Currency contracts that hedge cost of revenue . . . . .	—	(112)	(92)	Cost of revenue
Currency contracts that hedge technology and development expense . . . . .	—	122	27	Technology and development expense
Currency contracts that hedge general and administrative expense . . . . .	—	11	1	General and administrative expense
Interest rate swaps . . . . .	(1,087)	(372)	189	Interest expense, net
Total before income tax	(1,087)	(471)	418	Income (loss) before income taxes and loss in equity interests
Income tax	272	75	(21)	Income tax provision
Total	<u>\$ (815)</u>	<u>\$ (396)</u>	<u>\$ 397</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,			
	2015	2014	2013	
In thousands				
Currency contracts	\$ 9,370	\$ (7,473)	\$ 29	Other income (expense), net
Interest rate swaps	(53)	—	—	Other income (expense), net
	<u>\$ 9,317</u>	<u>\$ (7,473)</u>	<u>\$ 29</u>	

## 5. Accumulated Other Comprehensive (Loss) Income

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

	Gains (losses) on cash flow hedges	Gains (losses) on available for sale securities	Losses on pension benefit obligation	Translation adjustments, net of hedges (1)	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	<u>\$ (1,405)</u>	<u>\$ 2,971</u>	<u>\$ (3,112)</u>	<u>\$ (97,363)</u>	<u>\$ (98,909)</u>

(1) Translation adjustment is inclusive of the effects of our net investment hedges, of which, unrealized losses, net of tax of \$7,779 have been included in other comprehensive (loss) income for the year ended June 30, 2015. There was no effect for the year ended June 30, 2014.

## 6. Waltham and Lexington Lease Arrangements

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. The Waltham lease will commence upon completion of the building, scheduled for the first quarter of fiscal 2016, and will extend eleven years from the commencement date. We expect to pay approximately \$131,769 in cash ratably over the initial 11-year term of the lease, starting in September 2015.

Concurrent with the Waltham lease negotiations, we amended our current Lexington lease, as both leases are held with the same landlord. The amendment to the Lexington lease contained a contingent feature to shorten the current term of the lease to coincide with the rent commencement date of the Waltham lease, and a second contingent feature to adjust the remaining annual rental amounts. Both of the arrangements were contingent upon the lessor obtaining certain building permits for the Waltham lease. During the quarter ended March 31, 2014, the lessor obtained all of the requisite building permits for the Waltham building construction.

For accounting purposes, we are deemed to be the owner of the Waltham building during the construction period and, accordingly, as of June 30, 2015 and 2014 we have recorded \$104,315 and \$18,117 of construction project costs incurred by the landlord as an asset with a corresponding financing obligation, respectively. The asset is included as construction in progress in property, plant and equipment, net in the consolidated balance sheet. We

do not believe that the Waltham lease will meet the criteria for "sale-leaseback" treatment. We will finalize our assessment once the construction is completed in the first quarter of fiscal 2016 and accordingly depreciate the asset and incur interest expense related to the financing obligation recorded on our consolidated balance sheet.

Although we will not begin making cash lease payments until the lease commencement date, a portion of the Waltham lease obligation attributable to the land is treated for accounting purposes as an operating lease that commenced during the second quarter of fiscal 2014. We bifurcated our future lease payments pursuant to the 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 is being constructed, which will be recorded as rental expense during the construction period. We recognized non-cash rent expense of \$1,197 and \$875 in our consolidated statements of operations for the land operating lease during the years ended June 30, 2015 and 2014, respectively.

## 7. Property, Plant and Equipment, Net

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

	Estimated useful lives	June 30,	
		2015	2014
Land improvements . . . . .	10 years	\$ 2,146	\$ 2,382
Building and building improvements . . . . .	10 - 30 years	162,468	144,658
Machinery and production equipment . . . . .	4 - 10 years	251,366	229,927
Machinery and production equipment under capital lease . . . . .	4 - 10 years	27,693	13,513
Computer software and equipment . . . . .	3 - 5 years	125,520	112,815
Furniture, fixtures and office equipment . . . . .	5 - 7 years	22,957	21,780
Leasehold improvements . . . . .	Shorter of lease term or expected life of the asset	36,747	28,327
Construction in progress . . . . .		138,582	59,627
		<u>767,479</u>	<u>613,029</u>
Less accumulated depreciation, inclusive of assets under capital lease . . . . .		(331,209)	(293,145)
		<u>436,270</u>	<u>319,884</u>
Land . . . . .		31,241	32,337
Property, plant, and equipment, net. . . . .		<u>\$ 467,511</u>	<u>\$ 352,221</u>

Depreciation expense, inclusive of assets under capital leases, totaled \$62,970, \$54,060 and \$50,602 for the years ended June 30, 2015, 2014 and 2013, respectively.

## 8. Business Combinations

### *Fiscal 2015 Acquisitions*

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

On April 15, 2015, we completed our acquisition of 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 an estimated post-closing adjustment of €4,549 (\$4,832 based on the exchange rate as of the date of acquisition) based on Exagroup's working capital and debt to be paid during the first quarter of fiscal 2016. All shareholders of Exagroup sold the entirety of their Exagroup holdings to us at the closing, 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 Cimpress 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 €8,000 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. As this potential additional payment is contingent upon the Remaining Shareholders' post-acquisition employment it will be recognized as compensation expense over the vesting period (through December 31, 2017). We estimate the value of the potential payment as of June 30, 2015 to be \$1,243, which will be accrued over the vesting period. We have recognized an immaterial amount in general and administrative expense for the year ended June 30, 2015.

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 All Other 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	88,804	n/a
Total purchase price	<u>\$ 101,844</u>	

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



## 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 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 \$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 since the acquisition date are not material for the year ended June 30, 2015.

### *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 All Other Business Units reportable segment. The revenue and earnings included in our consolidated financial statements since the acquisition date are not material for the year ended June 30, 2015.

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.

### *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 we will pay a fixed deferred payment of €3,300 (\$3,554 based on the exchange rate as of the date of acquisition) in cash or ordinary shares of Cimpress N.V., at our option. The deferred payment is payable in July 2017 if the seller continues to be employed by druck.at through the payable date or in April 2019 if the sellers are no longer employed by druck.at. As the timing of the deferred payment is contingent upon the sellers post-acquisition employment, an immaterial portion of the deferred payment is not included as part of the acquisition consideration but will be recognized as compensation expense over the required employment period. The fair value of the deferred payment of \$2,980 was included as a component of the purchase price utilizing a present value model and excluding the compensation component of \$233.

We have 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 All Other Business Units reportable segment. The revenue and earnings included in our consolidated financial statements since the acquisition date are not material for the year ended June 30, 2015.

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 year 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 are 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 the fourth quarter of 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 will 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.

### ***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 will be 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, 2015 is \$2,616 and we have recognized \$2,177 and \$439 in general and administrative expense for the year ended June 30, 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>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 All Other 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), is payable in Cimpress shares in January 2016 subject to warranties and claims made by the seller. 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 the third quarter of 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 (\$7,833 based on the exchange rate as of June 30, 2015) is payable during the fourth quarter of fiscal 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 All Other 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 segment as of June 30, 2014 and June 30, 2015 is as follows:

	Vistaprint Business Unit	All Other Business Units	Total
Balance as of June 30, 2013 (1) . . . . .	\$ 135,122	\$ 5,771	\$ 140,893
Acquisitions (2) . . . . .	—	174,887	174,887
Effect of currency translation adjustments (3) . . . . .	2,885	(1,478)	1,407
Balance as of June 30, 2014 (1) . . . . .	138,007	179,180	317,187
Acquisitions (2) . . . . .	—	122,319	122,319
Adjustments . . . . .	—	(113)	(113)
Effect of currency translation adjustments (3) . . . . .	(9,353)	(29,411)	(38,764)
Balance as of June 30, 2015 . . . . .	<u>\$ 128,654</u>	<u>\$ 271,975</u>	<u>\$ 400,629</u>

(1) Our segment reporting has been revised as of July 1, 2014 and, as such, we have re-allocated our goodwill by segment for the periods ended June 30, 2014 and 2013. See Note 17 for additional details.

(2) See Notes 8 and 16 for additional details.

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

## Acquired Intangible Assets

	June 30, 2015			June 30, 2014		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trade Name	\$ 45,743	\$ (7,581)	\$ 38,162	\$ 32,092	\$ (4,495)	\$ 27,597
Developed Technology	33,270	(15,466)	17,804	27,205	(13,404)	13,801
Customer Relationships	114,616	(21,966)	92,650	77,774	(12,164)	65,610
Customer Network	4,829	(2,382)	2,447	4,876	(1,670)	3,206
Total Intangible Assets	<u>\$ 198,458</u>	<u>\$ (47,395)</u>	<u>\$ 151,063</u>	<u>\$ 141,947</u>	<u>\$ (31,733)</u>	<u>\$ 110,214</u>

Acquired intangible assets amortization expense for the years ended June 30, 2015, 2014 and 2013 was \$24,264, \$12,723 and \$10,778, respectively. Estimated intangible assets amortization expense for each of the five succeeding fiscal years is as follows:

2016	\$	33,351
2017		25,329
2018		21,680
2019		16,469
2020		13,471
	<u>\$</u>	<u>110,300</u>

## 10. Other Balance Sheet Components

Accrued expenses included the following:

	June 30, 2015	June 30, 2014
Compensation costs (1)	\$ 62,759	\$ 46,375
Income and indirect taxes	25,495	23,190
Advertising costs	20,275	19,299
Acquisition-related consideration payable (2)	17,400	6,276
Interest	5,731	375
Shipping costs	2,471	4,104
Purchases of property, plant and equipment	3,030	3,687
Professional costs	2,396	2,224
Other (3)	33,269	15,647
Total accrued expenses	<u>\$ 172,826</u>	<u>\$ 121,177</u>

(1) The increase in compensation costs is primarily due to an increase in accrued bonus and long-term incentive payments of \$10,097, as well as an increase of \$4,282 due to the operations we acquired in fiscal 2015.

(2) The increase is due to the reclassification of the contingent consideration liability of \$7,833 and deferred consideration payable in shares of \$4,477 to short-term as of June 30, 2015, as well as the working capital and net debt adjustment relating to our Exagroup acquisition of \$5,090, partially offset by a contingent consideration payment during the period.

(3) The increase is primarily due to the vesting of certain liability based equity awards, as well as an increase in miscellaneous accruals from the operations we acquired in fiscal 2015.

Other current liabilities included the following:

	June 30, 2015	June 30, 2014
Short-term portion of lease financing obligation	\$ 10,475	\$ —
Short-term capital lease obligations	7,497	—
Other	3,498	888
Total other current liabilities	<u>\$ 21,470</u>	<u>\$ 888</u>

Other liabilities included the following:

	June 30, 2015	June 30, 2014
Long-term capital lease obligations	\$ 18,304	\$ 8,875
Long-term derivative liabilities	9,816	665
Other	23,953	34,880
Total other liabilities	<u>\$ 52,073</u>	<u>\$ 44,420</u>

## 11. Debt

	June 30, 2015	June 30, 2014
7.0% Senior unsecured notes due 2022	\$ 275,000	\$ —
Senior secured credit facility (1)	231,507	426,859
Other (2)	11,536	—
Uncommitted credit facility	4,500	21,200
Total debt outstanding	<u>522,543</u>	<u>448,059</u>
Less short-term debt (1)	<u>22,602</u>	<u>37,575</u>
Long-term debt	<u>\$ 499,941</u>	<u>\$ 410,484</u>

(1) Balances as of June 30, 2015 are inclusive of short-term and long-term debt discounts of \$116 and \$377, respectively.

(2) Balance as of June 30, 2015 represents various term loans assumed in conjunction with certain fiscal 2015 acquisitions.

### *Our Debt*

Our various debt arrangements described below contain customary representations, warranties and events of default. As of June 30, 2015, 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 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, 2015, we have a senior secured credit facility of \$844,000 as follows:

- Revolving loans of \$690,000 with a maturity date of September 23, 2019
- Term loan of \$154,000 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, 2015, the weighted-average interest rate on outstanding borrowings was 2.43%, 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, 2015.

Our credit agreement contains financial and other covenants, including but not limited to limitations on (1) our incurrence of additional indebtedness and liens, (2) the consummation of intercompany activities or certain fundamental organizational changes, for example acquisitions, (3) investments and restricted payments including the amount of purchases of our ordinary shares or payments of dividends, and (4) the amount of consolidated capital expenditures that we may make in each of our fiscal years through June 30, 2019. The credit agreement also 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.

### *Additional line of credit*

We have an uncommitted line of credit with Santander Bank, N.A, and under the terms of the agreement we may borrow up to \$25,000 at any time, with a maturity date of up to 90 days from the loan origination date. Under the terms of our uncommitted line of credit, borrowings bear interest at a variable rate of interest that may change from time to time. As of June 30, 2015 the weighted-average interest rate on outstanding borrowings of \$4,500 was 1.35%.

## **12. Shareholders' Equity**

### ***Share purchases***

On December 11, 2014, we announced that our Supervisory Board authorized the purchase of up to 6,400,000 of our ordinary shares. We have not repurchased any shares under this program through June 30, 2015.

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

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 one additional plan with options outstanding from which we will not grant any additional awards. An aggregate of 2,387,435 ordinary shares are available for future awards under all of our share-based award plans as of June 30, 2015. A combination of new shares and treasury shares has historically been used in fulfillment of option exercises and issuance of shares upon RSU award vesting.

**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 quarterly over 3 years for non-employee directors and 25% after one year and quarterly for 12 quarters thereafter 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, net of estimated forfeitures based on historical experience. 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 2015, 2014 and 2013 were as follows:

	Year Ended June 30,		
	2015	2014	2013
Risk-free interest rate . . . . .	1.67%	1.56%	0.81%
Expected dividend yield . . . . .	—%	—%	—%
Expected term (years) . . . . .	6.00	5.75	6.00
Expected volatility . . . . .	50%	56%	58%
Weighted average fair value of options granted . . . . . \$	35.84	\$ 28.14	\$ 17.23



A summary of our share option activity and related information for the year ended June 30, 2015 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 . . . . .	3,959,353	\$ 38.43	5.1	
Granted . . . . .	18,135	73.28		
Exercised . . . . .	(1,057,015)	20.58		
Forfeited/cancelled . . . . .	(7,081)	51.84		
Outstanding at the end of the period . . . . .	<u>2,913,392</u>	\$ 45.09	4.3	\$ 113,840
Vested or expected to vest at the end of the period . . . . .	<u>2,811,830</u>	\$ 44.90	4.3	\$ 110,396
Exercisable at the end of the period . . . . .	1,686,223	\$ 41.34	3.8	\$ 72,207

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, 2015. The total intrinsic value of options exercised during the fiscal years ended June 30, 2015, 2014 and 2013 was \$61,531, \$14,860, and \$6,648, 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, net of estimated forfeitures based on historical experience. RSUs generally vest quarterly for two to three years for non-employee directors and 25% after one year and quarterly for 12 quarters thereafter 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, 2015, we had 210,000 RSUs outstanding that vest based on the achievement of various performance targets through fiscal 2022. The performance criteria for 180,000 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 \$7,169.

A summary of our unvested RSU activity and related information for the fiscal year ended June 30, 2015 is as follows:

	RSUs	Weighted-Average Grant Date Fair Value	Aggregate Intrinsic Value
Unvested at the beginning of the period . . . . .	837,131	\$ 42.10	
Granted . . . . .	310,255	63.28	
Vested and distributed . . . . .	(297,054)	42.72	
Forfeited . . . . .	(83,052)	44.20	
Unvested at the end of the period . . . . .	<u>767,280</u>	\$ 50.19	\$ 64,574

The weighted average fair value of RSUs granted during the fiscal years ended June 30, 2015, 2014 and 2013 was \$63.28, \$48.06 and \$39.72, respectively. The total intrinsic value of RSUs vested during the fiscal years ended June 30, 2014, 2013 and 2012 was \$19,846, \$20,629 and \$12,397, respectively.

### **Restricted share awards**

In conjunction with the December 2011 acquisition of Webs, we granted RSAs to the founding shareholders of Webs that vested 50% on December 28, 2012 and 50% on December 28, 2013, subject to continued employment on each vesting date with possible accelerated vesting or forfeiture under certain circumstances. The fair value of the RSAs of \$15,843 was determined based on our share price on the date of acquisition and was recognized as share-based compensation expense over the two year vesting period.

### Share-based compensation

Total share-based compensation costs were \$24,075, \$27,786 and \$32,928 for the years ended June 30, 2015, 2014 and 2013, respectively. See footnotes 8 and 17 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 \$477, \$254 and \$130 for the years ended June 30, 2015, 2014 and 2013, respectively.

As of June 30, 2015, there was \$40,272 of total unrecognized compensation cost related to non-vested, share-based compensation arrangements, net of estimated forfeitures. This cost is expected to be recognized over a weighted average period of 2.7 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 \$8,619, \$8,178 and \$7,158 for our government mandated and defined contribution plans in the years ended June 30, 2015, 2014 and 2013, respectively. Our expenses from these plans have increased during the year ended June 30, 2015 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, 2015 and 2014, the plan had an unfunded net pension obligation of approximately \$4,252 and \$3,338, respectively and plan assets which totaled approximately \$9,596 and \$11,602, respectively. For the years ended June 30, 2015, 2014 and 2013 we recognized expense totaling \$2,043, \$1,921, and \$1,417, respectively, related to our Swiss plan. During fiscal 2015, a component of the total expense relates to a settlement loss of \$456 as a result of headcount reductions in our Switzerland office.

### 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,		
	2015	2014	2013
U.S. ....	\$ 21,567	\$ 14,382	\$ 8,730
Non-U.S. ....	78,186	42,228	32,002
Total .....	<u>\$ 99,753</u>	<u>\$ 56,610</u>	<u>\$ 40,732</u>

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

	Year Ended June 30,		
	2015	2014	2013
Current:			
U.S. Federal	\$ 12,680	\$ 10,438	\$ 6,816
U.S. State	2,313	3,880	1,762
Non-U.S.	12,496	8,273	3,477
Total current	27,489	22,591	12,055
Deferred:			
U.S. Federal	(4,505)	(3,754)	(274)
U.S. State	(1,070)	(897)	(163)
Non-U.S.	(11,473)	(7,350)	(2,231)
Total deferred	(17,048)	(12,001)	(2,668)
Total	\$ 10,441	\$ 10,590	\$ 9,387

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

	Year Ended June 30,		
	2015	2014	2013
U.S. federal statutory income tax rate	35.0%	35.0%	35.0%
State taxes, net of federal effect	0.8	3.4	2.6
Tax rate differential on non-U.S. earnings	(24.0)	(19.3)	(23.8)
Compensation related items	1.1	4.3	6.5
Increase in valuation allowance	8.0	4.8	5.0
Nondeductible (taxable) acquisition-related payments	3.7	0.3	(0.3)
Notional interest deduction (Italy)	(2.5)	(0.1)	—
Net tax (benefit) expense on intellectual property transfer	(12.2)	(16.4)	3.2
Tax benefit from Canadian tax currency election	—	—	(4.7)
Nondeductible loss on investment in Namex	—	3.8	—
Other	0.6	2.9	(0.5)
Effective income tax rate	10.5%	18.7%	23.0%

For the year ended June 30, 2015, our effective tax rate is 10.5% as compared to the prior year effective tax rate of 18.7%. The main causes for this decrease are higher tax benefits in fiscal 2015 related to the transfer of intellectual property described in further detail below, combined with an increase in our consolidated pre-tax income and a more favorable geographical mix of earnings as compared to fiscal 2014. These benefits to the fiscal 2015 tax rate were partially offset by greater losses incurred in fiscal 2015 as compared to fiscal 2014 in certain jurisdictions where we are unable to recognize a tax benefit. For the year ended June 30, 2014, we recognized a loss on our investment in Namex for which there was no tax benefit and this adversely impacted the effective tax rate for fiscal 2014.

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. However, the recipient entity will receive a tax benefit associated with the future amortization of the fair market value of the intellectual property received, which for tax purposes will occur over a period of five years in accordance with the applicable tax laws.

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, 2015 and 2014:

	Year Ended June 30,	
	2015	2014
Deferred tax assets:		
Net operating loss carryforwards . . . . .	\$ 31,547	\$ 15,066
Depreciation and amortization . . . . .	836	373
Accrued expenses . . . . .	4,691	5,112
Share-based compensation . . . . .	15,580	14,712
Credit and other carryforwards . . . . .	114	146
Derivative financial instruments . . . . .	2,396	142
Other . . . . .	1,598	1,227
Subtotal . . . . .	<u>56,762</u>	<u>36,778</u>
Valuation allowance . . . . .	<u>(16,612)</u>	<u>(6,890)</u>
Total deferred tax assets . . . . .	<u>40,150</u>	<u>29,888</u>
Deferred tax liabilities:		
Depreciation and amortization . . . . .	(55,026)	(35,639)
IP installment obligation . . . . .	(13,325)	(16,557)
Capital Leases . . . . .	(1,345)	(1,162)
Other . . . . .	(772)	(75)
Total deferred tax liabilities . . . . .	<u>(70,468)</u>	<u>(53,433)</u>
Net deferred tax liabilities	<u>\$ (30,318)</u>	<u>\$ (23,545)</u>

The current portion of the net deferred taxes at June 30, 2015 and 2014 consisted of an asset of \$1,559 and \$717, respectively, included in prepaid expenses and other current assets and a liability of \$1,043 and \$2,178, respectively, which is included in current liabilities in the accompanying consolidated balance sheet.

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, 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 \$10,578 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 \$2,396 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 \$15,580 deferred tax asset associated with share-based compensation charges at June 30, 2015. 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, 2015, 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, 2015 is as follows:

Balance at June 30, 2014	\$	6,890
Charges to earnings (1)		7,940
Charges to other accounts (2)		1,782
Balance at June 30, 2015	<u>\$</u>	<u>16,612</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 non-U.S. net operating losses recorded in purchase accounting, partially offset by a decrease in deferred tax assets on non-U.S. net operating losses due to currency exchange rate changes.

The deferred tax liabilities increased by \$28,010 in fiscal 2015 as a result of intangible and other assets from our fiscal 2015 acquisitions.

As of June 30, 2015, we had gross U.S. federal and state net operating losses of approximately \$1,850 that expire on various dates from fiscal 2030 through fiscal 2034. We had gross non-U.S. net operating loss and other carryforwards of \$180,263, a significant amount of which expire in fiscal 2021, with the remaining amounts expiring on various dates from fiscal 2019 through fiscal 2031. The benefits of these carryforwards are dependent upon the generation of taxable income in the jurisdictions where they arose. During fiscal 2015, we recognized excess tax deductions related to share-based compensation resulting in a net operating loss that can be carried back to reclaim prior year taxes paid. Accordingly, we have recorded a receivable of \$7,617 in prepaid expenses and other current assets and recognized the benefit through shareholders' equity. In addition, we have \$28,777 of state net operating losses and \$1,031 of federal and state R&D credit carryforwards as a result of excess tax deductions related to share-based compensation. We will realize the benefit of these excess tax deductions through increases to shareholders' equity in the periods in which these carryforward losses are utilized to reduce cash tax payments.

As of June 30, 2015, no tax provision has been made for \$59,010 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 \$7,000 to \$8,000 at that time. A deferred tax liability of \$361 has been recorded attributable to undistributed earnings of recently-acquired subsidiaries that we have deemed are not indefinitely reinvested. The remaining undistributed earnings of our subsidiaries are not deemed to be indefinitely reinvested and can be repatriated 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, 2013	\$ 5,682
Additions based on tax positions related to the current tax year	152
Additions based on tax positions related to prior tax years	1,244
Reductions due to audit settlements	(334)
Balance at June 30, 2014	<u>\$ 6,744</u>
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><u>\$ 5,710</u></u>

For the years ended June 30, 2015 and 2014, the amount of unrecognized tax benefits (exclusive of interest) that, if recognized, would impact the effective tax rate is \$2,383 and \$3,061, 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, 2015 and 2014 were \$110 and \$298, respectively.

It is reasonably possible that a further change in unrecognized tax benefits may occur within the next twelve months related to the settlement of one or more audits or the lapse of applicable statutes of limitations. However, an estimated range of the impact on the unrecognized tax benefits cannot be quantified at this time. 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 2012 through 2014 remain open for examination by the United States Internal Revenue Service ("IRS") and the years 2006 through 2014 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, Vistaprint Limited, had recently been under income tax audit and subsequent administrative appeal by the IRS for the 2007 to 2009 tax years. In November 2014, we received Form 870-AD from the IRS Office of Appeals that presented a finding of no additional tax owed by Vistaprint Limited. Accordingly, this audit is now closed with no tax adjustments. Additionally, Cimpress USA Incorporated (formerly known as Vistaprint USA, Incorporated) was under audit by the IRS for the 2012 and 2013 tax years. This audit was concluded in March 2015 with no material tax adjustments to the financial statements.

Cimpress USA Incorporated is also currently under income tax audit by the Massachusetts Department of Revenue ("DOR"). Cimpress USA Incorporated received Notices of Assessment from the DOR for the tax years 2006-2008 and 2010-2011. The Notices contain adjustments to taxable income for these years. The issue in dispute is whether the DOR has the right to impute royalty income to Cimpress USA Incorporated in the years at issue associated with the use of certain intangible property by Vistaprint Limited, even though that intangible property was transferred for a lump-sum payment to Vistaprint Limited in an earlier year that is closed to adjustment by virtue of the governing statute of limitations. In July 2014, we filed an Application for Abatement with the DOR Office of Appeals to appeal the DOR's findings; however, our appeal was denied. In August 2014, we filed a petition to have our case heard by the Massachusetts Appellate Tax Board. The hearing for our case is set to begin in December 2015. We continue to believe that the DOR's position has no merit, and we intend to contest these assessments to the fullest extent possible.

We continuously evaluate our income tax reserves in light of recent developments in our income tax audits and believe that the positions reported on our tax returns will be sustained on their technical merits. However, final resolution is uncertain and there is a possibility that the final resolution could have a material impact on our financial condition, 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 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, if that amount exceeds its fair value. As of June 30, 2015, the redemption value is less than the carrying value and therefore no adjustment has been made. For additional details please refer to Note 8 Business Combinations.

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, if that amount exceeds its fair value. As of June 30, 2015, the redemption value is less than carrying value and therefore no adjustment has been made. For additional details please refer to Note 8 Business Combinations.

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 fiscal 2014, we contributed \$4,891 in cash and \$1,100 in assets, and Plaza Create made an initial capital contribution of \$4,818 in cash and \$955 in assets. 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, 2015, 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 net income (loss) of the operations allocated to the noncontrolling interest considers our stated liquidation preference in applying the income or loss to each party.

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

	Redeemable noncontrolling interests	Noncontrolling interest
Balance as of June 30, 2013	\$ —	\$ —
Capital contribution from noncontrolling interest	5,773	—
Adjustment to noncontrolling interest	56	—
Acquisition of noncontrolling interest	5,728	—
Net loss attributable to noncontrolling interest	(380)	—
Foreign currency translation	(17)	—
Balance as of June 30, 2014	\$ 11,160	\$ —
Capital contribution from noncontrolling interest	4,160	—
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>

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

### *VIE of which we are the Primary Beneficiary*

#### *Investment in Printi LLC*

On August 7, 2014, we made a capital investment in Printi LLC, which operates in Brazil. This investment provides us access to a new market and the opportunity to drive longer-term growth in Brazil. We paid \$5,360 in cash for preferred shares and made a \$2,850 capital contribution in exchange for a 41.6% equity interest in Printi with call options to increase our ownership incrementally over a 9-year period by purchasing equity interests either directly from Printi or from certain employee shareholders. We exercised the first contingent call option in the fourth quarter of fiscal 2015 to acquire newly issued preferred shares which increased our ownership to 49.99% as of June 30, 2015.

Based upon the level of equity investment at risk, Printi is considered a variable interest entity. The shareholders 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.

As we are the primary beneficiary, our consolidated financial statements include the accounts of Printi from August 7, 2014. The results are immaterial to our consolidated statements of operations for the year ended June 30, 2015. We have recognized the assets and liabilities on the basis of their fair values at the date of our investment, 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 \$5,360, \$7,469 was allocated to goodwill, \$2,465 to noncontrolling interests, \$697 to acquired intangible assets and \$341 to net liabilities.

We have call options to increase our ownership in Printi incrementally over a nine-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, 2015, we utilized a lattice model with a Monte Carlo simulation. The current fair value of the award is \$6,066 and we have recognized \$1,405 in general and administrative expense for the year ended June 30, 2015.

### *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 years ended June 30, 2014 and 2013 we recorded a loss of \$2,704 and \$1,910 respectively, attributable to Namex in our consolidated statement of operations.

## 17. Segment Information

During the first quarter of fiscal 2015 we revised our internal management organizational and reporting structure to better align to our strategy of delivering mass customized products to multiple customer segments via various brands. Our operating segments are based upon our internal organization structure, 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. The CODM measures and evaluates the performance of our operating segments based on revenue and income (loss) from operations. We have identified several operating segments under our new management reporting structure which are reported in the following two reportable segments:

- *Vistaprint Business Unit* - Aggregates the operations of our core Vistaprint-branded business in 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.
- *All Other Business Units* - Includes the operations of our Albumprinter, druck.at, Exagroup, Easyflyer, Printdeal, Pixartprinting, and Most of World business units. Our Most of World business unit is focused on our emerging market portfolio, including operations in Brazil, India and Japan. 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, and the global component of our IT operations functions 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.

During the fourth quarter of fiscal 2015, we transferred a group of software and manufacturing engineers from the corporate and global functions cost center to the Vistaprint Business Unit due to changes in our internal organizational structure. We have revised our presentation of all prior periods presented to reflect our revised segment reporting.

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 income from operations by segment:

- We do not allocate support costs across operating segments or corporate and global functions.
- Some of our recently acquired business units 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. It also includes amortization of intangible assets resulting from our various acquisitions.

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 and income from operations by reportable segment.

	Year Ended June 30,		
	2015	2014	2013
Revenue:			
Vistaprint Business Unit	\$ 1,194,393	\$ 1,144,030	\$ 1,091,900
All Other Business Units	299,813	126,206	75,578
Total revenue	<u>\$ 1,494,206</u>	<u>\$ 1,270,236</u>	<u>\$ 1,167,478</u>

	Year Ended June 30,		
	2015	2014	2013
Income (loss) from operations:			
Vistaprint Business Unit	\$ 346,161	\$ 314,255	\$ 246,863
All Other Business Units	(12,379)	(17,930)	(14,921)
Corporate and global functions	(237,458)	(210,411)	(185,818)
Total income from operations	<u>\$ 96,324</u>	<u>\$ 85,914</u>	<u>\$ 46,124</u>

	Year Ended June 30,		
	2015	2014	2013
Depreciation and amortization:			
Vistaprint Business Unit	\$ 40,075	\$ 34,782	\$ 34,789
All Other Business Units	39,797	19,154	12,460
Corporate and global functions	17,628	18,346	17,076
Total depreciation and amortization	<u>\$ 97,500</u>	<u>\$ 72,282</u>	<u>\$ 64,325</u>

#### Enterprise Wide Disclosures:

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

	Year Ended June 30,		
	2015	2014	2013
United States	\$ 718,072	\$ 653,216	\$ 606,246
Non-United States (1)	776,134	617,020	561,232
Total revenue	<u>\$ 1,494,206</u>	<u>\$ 1,270,236</u>	<u>\$ 1,167,478</u>

	Year Ended June 30,		
	2015	2014	2013
Physical printed products and other (2)	\$ 1,423,110	\$ 1,189,905	\$ 1,084,698
Digital products/services	71,096	80,331	82,780
Total revenue	<u>\$ 1,494,206</u>	<u>\$ 1,270,236</u>	<u>\$ 1,167,478</u>

(1) 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.

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

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

	June 30, 2015	June 30, 2014
Long-lived assets (3):		
Canada .....	\$ 99,474	\$ 100,369
Netherlands .....	98,288	106,918
Switzerland .....	41,357	31,201
United States .....	31,417	30,920
Italy .....	28,548	20,356
Australia .....	26,908	35,367
Jamaica .....	23,814	25,431
France .....	21,449	—
Japan .....	16,219	—
Other .....	29,946	26,202
Total .....	<u>\$ 417,420</u>	<u>\$ 376,764</u>

(3) Excludes goodwill of \$400,629 and \$317,187, intangible assets, net of \$151,063 and \$110,214, project construction costs of \$104,315 and \$18,117 related to our Waltham lease, and deferred tax assets of \$17,172 and \$8,762 as of June 30, 2015 and 2014, 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, 2015, 2014 and 2013 was \$16,926, \$14,151 and \$11,720, respectively.

We also lease certain machinery and plant equipment under both capital and operating lease agreements that expire at various dates through 2020. 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, 2015, is \$27,693, net of accumulated depreciation of \$4,681; 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, 2015 amounts to \$23,633.

Future minimum payments required for our lease obligations for the next five fiscal years and thereafter are as follows at June 30, 2015:

	Operating lease obligations	Build-to-suit lease obligations (1)	Capital lease obligations
2016 .....	\$ 7,697	\$ 10,475	\$ 9,150
2017 .....	6,169	12,569	7,083
2018 .....	4,300	12,569	4,854
2019 .....	3,775	12,569	2,419
2020 .....	4,345	12,569	562
Thereafter .....	12,941	71,018	35
Total .....	<u>\$ 39,227</u>	<u>\$ 131,769</u>	<u>\$ 24,103</u>

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

### *Purchase Obligations*

At June 30, 2015, we had unrecorded commitments under contract of \$27,052, which were principally composed of inventory purchase commitments of approximately \$1,924, production and computer equipment purchases of approximately \$14,519, and other unrecorded purchase commitments of \$10,609.

## Debt

The required principal payments due during the next five years and thereafter under our outstanding long-term debt obligations (excluding our short-term uncommitted credit facility) at June 30, 2015 are as follows:

2016	\$	18,217
2017		17,995
2018		23,585
2019		78,995
2020		102,819
Thereafter		276,925
Total	<u>\$</u>	<u>518,536</u>

## Other Obligations

We have an outstanding installment obligation of \$13,325 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, 2015. Other obligations also include the remaining fixed contingent consideration payment related to our fiscal 2014 acquisition of Printdeal of \$7,833 payable during the fourth quarter of fiscal 2016 and the deferred payment for our fiscal 2015 acquisition of druck.at of \$2,980.

## 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)

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 (loss)	23,417	62,862	7,925	(4,892)
Net income (loss) attributable to Cimpress N.V.	23,694	63,609	8,611	(3,702)
Net income (loss) 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)

Year Ended June 30, 2014	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenue	\$ 275,089	\$ 370,807	\$ 286,185	\$ 338,155
Cost of revenue	95,790	120,789	100,903	133,611
Net income	412	40,875	1,341	688
Net income attributable to Cimpress N.V.	412	40,875	1,375	1,034
Net income per share attributable to Cimpress N.V.:				
Basic	\$ 0.01	\$ 1.24	\$ 0.04	\$ 0.03
Diluted	\$ 0.01	\$ 1.18	\$ 0.04	\$ 0.03

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.

## **20. Subsequent Event**

Pursuant to the share repurchase authorization approved on December 11, 2014 we have purchased 1,027,625 of our ordinary shares subsequent to June 30, 2015 and through August 13, 2015 for a total cost of \$69,751, inclusive of transaction costs.

## **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, 2015. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its chief executive officer and chief financial officer, 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, 2015, 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 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 quarter ended June 30, 2015 that have materially affected, 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, 2015 excluded an assessment of the internal control over financial reporting of FotoKnudsen AS, Exagroup SAS and its subsidiaries, and druck.at Druck-und Handelsgesellschaft mbH, which we acquired during fiscal 2015. The results of these acquired companies are included in our 2015 consolidated financial statements and represent approximately \$74.3 million and \$17.3 million of consolidated total assets and net assets, respectively, as of June 30, 2015 and \$44.1 million and \$0.9 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, 2015. 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, 2015, 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, 2015, as stated in their report included on page 48.

**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 2015 Annual General Meeting of Shareholders, which we refer to as our 2015 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, 2015. 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 2015 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 2015 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 2015 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 2015 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 47 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.





## 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
10.9*	2015 Inducement Share Plan
10.10*	Form of Restricted Share Award Agreement under 2015 Inducement Share Plan
10.11*	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
10.12*	Form of Annual Award Agreement for fiscal year 2015 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, 2014
10.13*	Form of Four-Year Award Agreement for fiscal years 2012-2015 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, 2011
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 S. 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 Ernst Teunissen dated as of March 1, 2011 is incorporated by reference to our Annual Report on Form 10-K for the fiscal year ended June 30, 2011
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 S. 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 S. 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 S. 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 S. 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 S. 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 Cimpress USA Incorporated and Robert S. 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\* Memorandum clarifying relative precedence of agreements between Cimpress N.V. and Robert S. 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)
- 10.25\* Employment Agreement between Cimpress USA Incorporated and Ernst Teunissen effective July 1, 2011 is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2011
- 10.26\* Amendment No. 1 to Employment Agreement between Cimpress USA Incorporated and Ernst Teunissen dated July 24, 2012 is incorporated by reference to our Annual Report on Form 10-K for the fiscal year ended June 30, 2012
- 10.27\* Amendment No. 2 to Employment Agreement between Cimpress USA Incorporated and Ernst Teunissen dated September 1, 2013 is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2013
- 10.28\* Amendment No. 3 to Employment Agreement between Cimpress USA Incorporated and Ernst Teunissen dated September 30, 2014 is incorporated by reference to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2014
- 10.29\* Form of Invention and Non-Disclosure Agreement between Cimpress and each of Robert Keane, Katryn Blake, and Donald Nelson is incorporated by reference to our Registration Statement on Form S-1, as amended (File No. 333-125470)
- 10.30\* Form of Confidential Information and Non-Competition Agreement between Cimpress and each of Robert S. Keane, Katryn Blake, and Donald Nelson is incorporated by reference to our Registration Statement on Form S-1, as amended (File No. 333-125470)
- 10.31\* 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
- 10.32 Amendment and Restatement Agreement dated as of February 8, 2013 among Cimpress N.V., Vistaprint Limited, Cimpress Schweiz GmbH (formerly Vistaprint Schweiz GmbH), Vistaprint B.V., and Cimpress 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
- 10.33 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 Cimpress N.V., Vistaprint Limited, Cimpress Schweiz GmbH, Vistaprint B.V., and Cimpress 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
- 10.34 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 Cimpress N.V., Vistaprint Limited, Cimpress Schweiz GmbH, Vistaprint B.V., and Cimpress 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
- 10.35 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 Cimpress N.V., Vistaprint Limited, Cimpress Schweiz GmbH, Vistaprint B.V., and Cimpress 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
- 10.36 Form of Pledge and Security Agreement dated as of February 8, 2013 between each of Cimpress 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
- 10.37 Call Option Agreement between Cimpress N.V. and Stichting Continuïteit Cimpress (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)
- 21.1 Subsidiaries of Cimpress 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**  
**2015**



# CIMPRESS N.V.

Hudsonweg 8  
5928 LW Venlo  
The Netherlands

## NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

### Cimpress N.V. will hold its 2015 Annual General Meeting of Shareholders:

on Tuesday, November 17, 2015  
at 7:00 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 Eric C. Olsen to our Supervisory Board to serve for a term of four years ending on the date of our annual general meeting of shareholders in 2019;

(2) Reappoint Katryn S. Blake to our Management Board to serve for a term of four years ending on the date of our annual general meeting of shareholders in 2019;

(3) Reappoint Donald R. Nelson to our Management Board to serve for a term of four years ending on the date of our annual general meeting of shareholders in 2019;

(4) Following a discussion on the application of the remuneration policy over the fiscal year ended June 30, 2015, 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, 2015;

(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, 2015;

(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, 2015;

(8) Authorize our Management Board, acting with the approval of our Supervisory Board, to repurchase up to 6,500,000 of our issued and outstanding ordinary shares (which represents approximately 20% of our 33.2 million shares outstanding as of June 30, 2015) until May 17, 2017 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) Authorize our Management Board, acting with the approval of our Supervisory Board, until May 17, 2017 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 17, 2017 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, 2016; and

(12) 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 20, 2015 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, sign, date, and promptly return the enclosed proxy card in the envelope 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,

A handwritten signature in black ink, appearing to be 'R. J. J. J.', written over a horizontal line.

*Chairman of the Management Board, President and  
Chief Executive Officer*  
October 26, 2015



# CIMPRESS N.V.

Hudsonweg 8  
5928 LW Venlo  
The Netherlands

## PROXY STATEMENT FOR ANNUAL GENERAL MEETING OF SHAREHOLDERS

to be held on November 17, 2015

This proxy statement contains information about the 2015 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 17, 2015 at the offices of Cimpress N.V. at Hudsonweg 8, 5928 LW Venlo, the Netherlands. The meeting will begin at 7:00 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, 2015 on or about October 26, 2015.

**Important Notice Regarding the Availability of Proxy Materials for the 2015 Annual General Meeting of Shareholders:**

This Proxy Statement and the 2015 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 and our Management 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, 2015, as filed with the United States Securities and Exchange Commission, or SEC, to any shareholder who requests it in 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 11 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 Cimpres at the close of business on October 20, 2015, which is the record date for the annual meeting. Shareholders of record at the close of business on October 20, 2015 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 31,402,943.

### How many votes do I have?

Each ordinary share of Cimpres 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 your shares are held in street name by a bank or brokerage firm, then you will need to follow the directions your bank or brokerage firm provides to you in order to vote your shares. 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** Proposals 1 - 11.

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, then you must follow the instructions below under "How do I attend the meeting and vote in person?" if you wish to attend the meeting or vote in person.

### Can I change my vote 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 Cimpress 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.

### **Can I vote if my shares are held in “street name”?**

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. If you hold your shares in street name, then you must follow the instructions below under “How do I attend the meeting and vote in person?” if you wish to attend the meeting or vote in person.

### **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 Cimpress USA Incorporated, 275 Wyman Street, Waltham, MA 02451 USA no later than November 12, 2015. 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 proxy card 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 and Management Board):* In accordance with our articles of association, our Supervisory Board adopted unanimous resolutions to make binding nominations of the candidates for Supervisory Board and Management 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:* 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 2016 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 2016 annual general meeting or if you wish to submit another kind of proposal for consideration by shareholders at our 2016 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 2016 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 2016 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 2016 proxy statement, we must receive your proposal at our registered offices in Venlo, the Netherlands as set forth below no later than June 29, 2016.

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 \$9,000 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 at the following address or telephone number: Investor Relations, Cimpress, 275 Wyman Street, Waltham, MA 02451 USA, 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 at the above address or telephone number 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 3, 2015 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 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>
Brave Warrior Advisors, LLC(4)..... 12 East 49th Street, 14th Floor New York, NY 10017 USA	3,790,361	11.7%
FMR LLC(5) ..... 245 Summer Street Boston, MA 02210 USA	3,260,364	10.1
Janus Capital Management LLC(6)..... 151 Detroit Street Denver, CO 80206 USA	2,381,048	7.4
Prescott General Partners LLC(7)..... 2200 Butts Road, Suite 320 Boca Raton, FL 33431 USA	4,316,300	13.4
Spruce House Investment Management LLC(8) ..... 6 East 43rd Street, 23rd Floor New York, NY 10017 USA	2,100,000	6.5
<i>Executive Officers, Supervisory Board members, and Nominees for Supervisory Board</i>		
Robert S. Keane(9)(10).....	3,203,875	9.5
Katryn S. Blake(10).....	50,052	*
Paolo De Cesare(10).....	13,669	*
John J. Gavin, Jr.(10)(11).....	64,969	*
Peter Gyenes(10)(12).....	31,374	*
Donald R. Nelson(10).....	137,048	*
Eric C. Olsen(10).....	16,169	*
Sean E. Quinn.....	346	*
Richard T. Riley(10).....	67,133	*
Nadia Shouraboura(10).....	664	*
Ernst J. Teunissen(10)(13).....	43,923	*
Mark T. Thomas(10)(14).....	37,324	*
Scott Vassalluzzo(10)(15).....	211,404	*

All current executive officers and Supervisory Board members as a group (12 persons) (10).....	3,834,027	11.3%
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\* Less than 1%

- (1) Unless otherwise indicated, the address of each executive officer, Supervisory Board member, and nominee for Supervisory Board listed 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 3, 2015 (i.e., November 2, 2015), including through the exercise of share options or through 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 3, 2015 is calculated by dividing (1) the total number of shares beneficially owned by the shareholder by (2) 32,311,666, the number of ordinary shares outstanding on September 3, 2015, plus any shares issuable to the shareholder within 60 days after September 3, 2015 (i.e., November 2, 2015), including restricted share units that vest and share options that are exercisable on or before November 2, 2015.
- (4) This information is based solely upon a Schedule 13G/A that the shareholder filed with the SEC on August 10, 2015.
- (5) This information is based solely upon a Schedule 13G that the shareholder filed with the SEC on February 13, 2015.
- (6) This information is based solely upon a Schedule 13G/A that the shareholder filed with the SEC on February 18, 2015.
- (7) This information is based solely upon a Schedule 13D that the shareholder filed with the SEC on January 22, 2015.
- (8) This information is based solely upon a Schedule 13G that the shareholder filed with the SEC on August 7, 2015.
- (9) Includes an aggregate of (i) 1,648,072 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) 84,181 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.
- (10) 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 2, 2015:
  - Mr. Keane: 1,471,622 shares, held by the Trusts
  - Ms. Blake: 35,904 shares
  - Mr. De Cesare: 7,489 shares
  - Mr. Gavin: 38,120 shares
  - Mr. Gyenes: 18,749 shares
  - Mr. Nelson: 99,480 shares
  - Mr. Olsen: 7,489 shares
  - Mr. Riley: 26,102 shares
  - Dr. Shouraboura: 664 shares
  - Mr. Teunissen: 12,822 shares
  - Mr. Thomas: 12,289 shares
  - Mr. Vassalluzzo: 664 shares
  - All current executive officers and supervisory directors in the aggregate: 1,718,572 shares
- (11) Includes 25,334 shares owned by a trust that Mr. Gavin and his wife own.
- (12) Includes 10,353 shares owned by a trust of which Mr. Gyenes is the sole trustee.
- (13) Mr. Teunissen resigned as Chief Financial Officer in October 2015.
- (14) 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.

- (15) Mr. Vassalluzzo has the sole power to vote or to direct the vote of and to dispose or to direct the disposition of 1,958 shares. In his capacity as investment manager for certain managed accounts, Mr. Vassalluzzo may be deemed to have the shared power to vote or to direct the vote of 138,566 shares and to dispose or to direct the disposition of 208,782 shares. Voting and investment authority over managed accounts established for the benefit of certain family members and friends of Mr. Vassalluzzo is subject to each beneficiary's right, if so provided, to terminate or otherwise direct the disposition of the managed account.

### **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, 2015.



## PROPOSAL 1 - REAPPOINT ERIC C. OLSEN TO OUR SUPERVISORY BOARD

The eight current members of our Supervisory Board serve for rotating terms of up to four years:

- The terms of Peter Gyenes and Eric C. Olsen expire at this 2015 annual general meeting, and we are asking our shareholders to reappoint Mr. Olsen.
- The terms of Paolo De Cesare and Mark T. Thomas expire at our 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 term of Nadia Shouraboura expires at our 2019 annual general meeting.

None of the members of our Supervisory Board is an employee 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 a binding nomination of Eric C. Olsen to serve as a Supervisory Board member for a term of four years ending on the date of our annual general meeting of shareholders in 2019.

The Supervisory Board recommends that shareholders vote for the reappointment of Mr. Olsen because of his varied executive experience in international business, including his recent appointment as Chief Executive Officer of LafargeHolcim, his strong background in executive talent development and executive compensation, and his expertise in finance within an international business context. Mr. Olsen serves on the Compensation Committee of the Supervisory Board.

The persons named in the enclosed proxy card will vote to reappoint Mr. Olsen as a member of our Supervisory Board unless you withhold authority to vote for the reappointment by marking the proxy card to that effect. Mr. Olsen has indicated his willingness to serve if appointed. You can find more information about Mr. Olsen 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 reappointment of Mr. Olsen as a member of our Supervisory Board.***

## PROPOSALS 2 AND 3 - REAPPOINT TWO MEMBERS OF OUR MANAGEMENT BOARD

As a Dutch company, we have a two-tiered board structure consisting of a Supervisory Board, composed of independent, non-employee directors, and a Management Board, composed of members of our senior management team. The principal responsibility of the Management Board is to manage Cimpress, which means, among other things, that it is responsible for implementing Cimpress' goals and strategy, managing Cimpress' associated risk profile, operating Cimpress' business on a day-to-day basis, and addressing corporate social responsibility issues that are relevant to Cimpress. The Management Board is accountable to the Supervisory Board and to our shareholders.

Our Management Board consists of five members of our senior management team who serve on the Management Board for four-year terms:

- The term of Robert S. Keane, our President, Chief Executive Officer, and Chairman of the Management Board, expires at our 2017 annual general meeting.
- The terms of the following members of our Management Board expire at this 2015 annual general meeting, and we are asking our shareholders to reappoint them:
  - Katryn S. Blake, our Executive Vice President and President, Vistaprint Business Unit
  - Donald R. Nelson, our Executive Vice President and Chief Operating Officer
- The term of Wilhelm G.A. Jacobs, our Senior Vice President and Chief Supply Chain Officer, expires at our 2018 annual general meeting.
- Ernst J. Teunissen, our former Executive Vice President and Chief Financial Officer, is resigning from the Management Board effective November 4, 2015.

Under Dutch law and our articles of association, our Supervisory Board has the right to make binding nominations for open positions on the Management 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. Blake and Mr. Nelson to serve on the Management Board for terms of four years ending on the date of our annual general meeting of shareholders in 2019.

The persons named in the enclosed proxy card will vote to reappoint Ms. Blake and Mr. Nelson as members of our Management Board unless you withhold authority to vote for any or all of the reappointments by marking the proxy card to that effect. Each nominee has indicated his or her willingness to serve if appointed. You can find more information about Ms. Blake and Mr. Nelson and the other members of our Management 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 reappointments of Ms. Blake and Mr. Nelson as members of our Management 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. Our executive compensation program has not changed significantly since fiscal 2012.

- We pay our executive officers based on Cimpress' performance. For our fiscal year ended June 30, 2015, 93% of our Chief Executive Officer's total compensation was at risk including an annualized portion of his multi-year, premium-priced share options described below.
- For fiscal 2015, our Compensation Committee did not increase the annual cash compensation (base salary and target amount for annual cash incentive award) of our Chief Executive Officer or any of our other executive officers over their fiscal 2014 levels as part of our efforts to keep our costs within our budget and also because our Compensation Committee believed that the executives' compensation was competitive at current levels.
- Each year, we reach out to our major shareholders to solicit their feedback on our executive compensation design. We believe this collaborative process has helped foster a better understanding and input into our executive compensation program by our shareholders.
- In 2012, based in part on feedback from our shareholders during the outreach process described above, our Compensation Committee redesigned the long-term incentive compensation of our executive officers to increase the emphasis on Cimpress' long-term performance and our growth strategy using share price as the primary performance metric. As a result of this redesign, we granted to our executive officers multi-year, premium-priced share options with 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. 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. Our Supervisory Board passed resolutions that, until fiscal 2016 at the earliest, we will not grant any additional long-term incentive award in any form to Mr. Keane or any additional share options to our other current executive officers.
- As a result of our shareholders' feedback in our 2011 "say on pay" vote, our Compensation Committee decided that we would 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.

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.cimpress.com](http://www.cimpress.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, 2015. 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, 2015, 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, 2015 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> or by sending a written request to:

Investor Relations  
c/o Cimpress 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, 2015. If our shareholders approve this discharge of liability, then our Management Board and Supervisory Board members will not be liable to Cimpress for actions that they took on behalf of the company in the exercise of their duties during fiscal 2015. 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 12, 2014, we received authorization from our shareholders to repurchase up to 6,400,000 of our issued and outstanding ordinary shares on the open market, through privately negotiated transactions, or in one or more self-tender offers at prices per share between an amount equal to € 0.01 (or the U.S. dollar equivalent) and an amount equal to 120% of the market price of our ordinary shares on Nasdaq. As of August 31, 2015, we have repurchased 1,028,690 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 6,500,000 of our issued and outstanding ordinary shares (which represents approximately 20% of the 33.2 million shares outstanding as of June 30, 2015) 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 17, 2017.

An authorization to repurchase up to 6,500,000 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 12, 2014 annual general meeting, which will expire on May 12, 2016. If our shareholders do approve this proposal, then the repurchase authorization described in this proposal will replace the November 2014 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 3, 2011, we received authorization from our shareholders to issue ordinary shares, or grant rights to subscribe for ordinary shares, up to a maximum of our authorized share capital at the time of issue, which is currently 100 million ordinary shares, €0.01 par value per share. This existing authorization expires on November 3, 2016, and it is common practice for Dutch companies to seek to renew the authorization to issue shares periodically on a rolling basis.

At the annual meeting, we are asking our shareholders to authorize our Management Board, with the approval of our Supervisory Board, until May 17, 2017 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 Cimpres's 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. Although our existing authorization allows us to issue up to our maximum share capital, at this annual meeting we are seeking the authorization to issue a more 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 previous authorization would remain in place, and we could continue to issue ordinary shares pursuant to that authorization until it expires on November 3, 2016. If our shareholders do approve this proposal, then the authorization to issue ordinary shares described in this proposal will replace the November 2011 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 Cimpres's shares by buying a proportional number of any new shares that Cimpres 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. On November 3, 2011, we received authorization from our shareholders to exclude or restrict these preemptive rights, which authorization expires on November 3, 2016, 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 17, 2017 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 November 3, 2016. If our shareholders do approve this proposal, then the authorization to exclude or restrict preemptive rights described in this proposal will replace the November 2011 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, 2016 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 reports of Ernst & Young as of and for our consolidated financial statements for the years ended June 30, 2014 and 2013 did not contain an adverse opinion or a disclaimer of opinion, and were not qualified or modified as to uncertainty, audit scope or accounting principles. During the years ended June 30, 2014 and 2013, 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 years; 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, 2016.***

#### **Independent Registered Public Accounting Firm Fees and Other Matters**

The following table presents the aggregate fees and expenses billed for services rendered by Ernst & Young LLP, our independent registered public accounting firm for the fiscal year ended June 30, 2014, and by PwC, our independent registered public accounting firm for the fiscal year ended June 30, 2015. 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.

	Fiscal 2015	Fiscal 2014
Audit Fees(1).....	\$ 1,933,510	\$ 2,196,600
Audit-Related Fees(2).....	317,500	31,300
Tax Fees(3).....	883,950	373,300
All Other Fees.....	4,600	—
<b>Total Fees</b> .....	<b>\$ 3,139,560</b>	<b>\$ 2,601,200</b>

- (1) Audit fees and expenses consisted of fees and expenses billed by PwC for the year ended June 30, 2015 and fees and expenses billed by Ernst & Young for the year ended June 30, 2014 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 \$172,680 of the total tax fees billed by PwC in fiscal 2015 and \$210,725 of the total tax fees billed by Ernst & Young in fiscal 2014.

***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, 2015, PwC did not provide any services to Cimpress other than in accordance with the pre-approval policies and procedures described above.

**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 eight independent, non-employee directors.

### **Nominee for Member of our Supervisory Board whose term expires at this 2015 Annual General Meeting:**

#### **ERIC C. OLSEN, *Director since March 2013***

Mr. Olsen, age 51, has served since August 1999 in various executive capacities at LafargeHolcim (previously Lafarge), a world leader in building materials. He has been Chairman, Chief Executive Officer, and Director of Lafarge SA since July 2015 and 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.

### **Member of our Supervisory Board whose term expires at this 2015 Annual General Meeting:**

#### **PETER GYENES, *Director since February 2009***

Mr. Gyenes, age 70, has served as the Chairman of Sophos Plc, a global security software company, from May 2006 to September 2012 and again from July 2015 to the present, and as its Lead Independent Director from September 2012 to July 2015. Mr. Gyenes served as Chairman and Chief Executive Officer of Ascential Software and its predecessor companies VMark Software, Ardent Software and Informix from 1996 until it was acquired by IBM in April 2005. Mr. Gyenes also currently serves on the boards of Carbonite, Inc., a provider of cloud and hybrid business continuity solutions; Intralinks Holdings, Inc., a provider of shared document and information exchanges; Pegasystems Inc., a provider of business process management software and services; and RealPage, Inc., a provider of property management software solutions for the multifamily industry. Mr. Gyenes previously served on the boards of, among other companies, EnerNoc Inc., a provider of energy management solutions, from April 2013 to May 2015; Netezza Corporation, a provider of data warehouse appliances, from February 2008 to November 2010 when it was acquired by IBM; and Lawson Software, Inc., a provider of software and service solutions in the manufacturing, distribution, maintenance and service sector industries, from May 2006 to July 2011 when it was acquired by GGC Software Holdings, Inc. He is a trustee emeritus of the Massachusetts Technology Leadership Council. Mr. Gyenes brings to the Supervisory Board his broad experience in leading companies as chief executive officer and board member and his deep expertise on executive compensation matters through his service on several compensation committees.

### **Members of our Supervisory Board whose terms will expire at our 2016 annual general meeting:**

#### **PAOLO DE CESARE, *Director since March 2013***

Mr. De Cesare, age 55, 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 61, 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 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 60, serves on the boards of BroadSoft, Inc., a global provider of residential and business Voice over IP applications; Qlik Technologies Inc., a provider of business intelligence solutions; and Varonis Systems, Inc., a provider of data governance solutions for unstructured data. 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; as Chief Financial Officer of Navisite, Inc., a provider of information technology hosting, outsourcing and professional services, from April 2004 through December 2006; and as the Senior Vice President and Chief Financial Officer of Cambridge Technology Partners, a consulting firm, from February 2000 through December 2001. 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 59, 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. 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. 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. 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 approximately 13% 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 and his experience on the boards and compensation committees of other publicly traded companies.

**Member of our Supervisory Board whose term will expire at our 2019 annual general meeting:**

**NADIA SHOURABOURA, *Director since January 2015***

Dr. Shouraboura, age 45, 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 consists of four of our executive officers and one senior member of management who is not an executive officer of Cimpress.

**ROBERT S. KEANE, *President, Chief Executive Officer, and Chairman of the Management Board (executive officer)***

Mr. Keane, age 52, has served as our President and Chief Executive Officer since he founded Cimpress (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 (executive officer)***

Ms. Blake, age 41, 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 Cimpress in March 2004 as Director, Marketing. Before joining Cimpress, she served as a director and senior manager for PreVision Marketing from 1996 to March 2004. Ms. Blake holds a Bachelor of Arts in psychology from Cornell University and a Masters of Business Administration degree from Columbia Business School. Ms. Blake's term as a member of our Management Board expires at this 2015 annual general meeting, and we are asking our shareholders to reappoint her.

**DONALD R. NELSON, *Executive Vice President and Chief Operating Officer (executive officer)***

Mr. Nelson, age 47, has served as our Executive Vice President since July 2012 and as Chief Operating Officer since November 2014. Mr. Nelson previously served as our President, Mass Customization Platform from June 2014 to November 2014, 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 Cimpress, 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 expires at this 2015 annual general meeting, and we are asking our shareholders to reappoint him.

**WILHELM ("WILL") G.A. JACOBS, Senior Vice President and Chief Supply Chain Officer (not an executive officer)**

Mr. Jacobs, age 50, has served as our Chief Supply Chain Officer since September 2015 and as a Senior Vice President since July 2012. 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.

**ERNST J. TEUNISSEN, Former Executive Vice President and Chief Financial Officer (former executive officer)**

Ernst Teunissen resigned as executive officer in October 2015, and he is leaving Cimpres and resigning as a Management Board member on November 4, 2015. Mr. Teunissen, age 49, served as our Executive Vice President and Chief Financial Officer from March 2011 to October 2015 and as our Vice President of Strategy from October 2009 through February 2011. Before joining Cimpres, Mr. Teunissen was a founder and director of two corporate finance and management consulting firms: Manifold Partners from May 2007 through September 2009 and ThreeStone Ventures Limited from June 2003 through September 2009. From August 1999 to February 2003, Mr. Teunissen served as an executive director in Morgan Stanley's Investment Banking Division in London. Mr. Teunissen holds a Master of Business Administration degree from the University of Oregon and a Bachelor of Business Administration from Nijenrode University, The Netherlands School of Business.

**Additional Executive Officer:**

**SEAN E. QUINN, Senior Vice President and Chief Financial Officer (executive officer)**

Mr. Quinn, age 36, has served as our Senior Vice President and Chief Financial Officer since October 2015. Mr. Quinn previously served 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 B.S. degree in accounting from Saint Joseph's University. Mr. Quinn is not a member of our Management Board.

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, which means, among other things, that it is responsible for implementing Cimpress' goals and strategy, managing Cimpress' associated risk profile, operating Cimpress' business on a day-to-day basis, and addressing corporate social responsibility issues that are relevant to the enterprise. 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 by writing to:

Investor Relations  
c/o Cimpres USA Incorporated  
275 Wyman Street  
Waltham, MA 02451  
USA  
Email: [ir@cimpres.com](mailto:ir@cimpres.com)

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 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, 2015 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 Cimpress' 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 2015, 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, Cimpress 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, 2015, our Supervisory Board met four times, and each of the members of our Supervisory Board, other than Nadia Shouraboura, attended at least 85% 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. Dr. Shouraboura was appointed to our Supervisory Board in January 2015 and missed one of the two meetings of the Supervisory Board that occurred during fiscal 2015 after her appointment. 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. All seven of the directors then serving on our Supervisory Board attended our 2014 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 eight times during fiscal 2015. 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), Gyenes, Olsen, and Thomas, and all four Compensation Committee members meet Nasdaq's independence criteria for compensation committee members. The Compensation Committee met three times during fiscal 2015. 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, Gyenes, and Riley. The Nominating and Corporate Governance Committee met three times during fiscal 2015. 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 Cimpress' audited consolidated financial statements for the fiscal year ended June 30, 2015 and has discussed these financial statements with Cimpress' management and PricewaterhouseCoopers LLP, our independent registered public accounting firm for fiscal 2015.

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 Cimpress' fiscal year 2015.

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 Cimpress. 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 Cimpress' Annual Report on Form 10-K for the fiscal year ended June 30, 2015.

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 Cimpress 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 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 2015, there was one related person transaction, as defined under SEC rules: Katryn Blake's brother-in-law has been an employee of Cimpres since 2007, and he received cash compensation of \$174,739 for fiscal 2015. 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 Cimpres' 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 Cimpres 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  
Cimpres N.V.  
Hudsonweg 8  
5928 LW Venlo  
The Netherlands

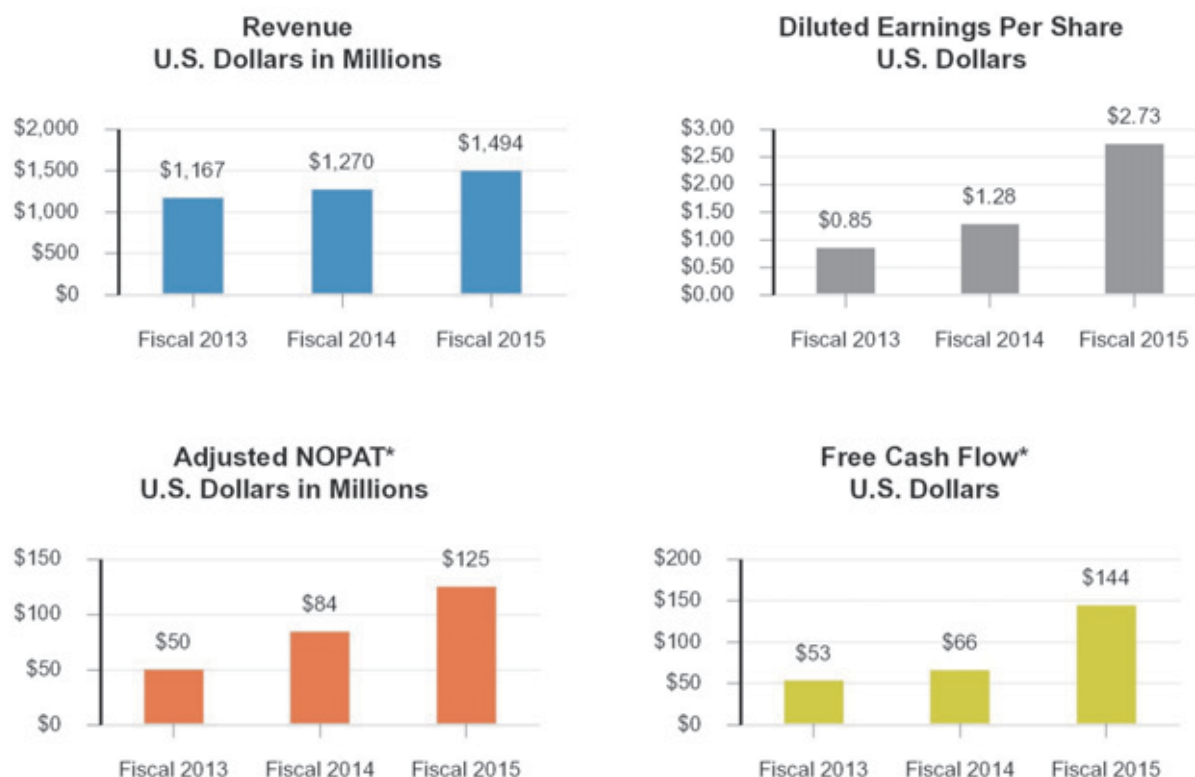
## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

#### Executive Overview

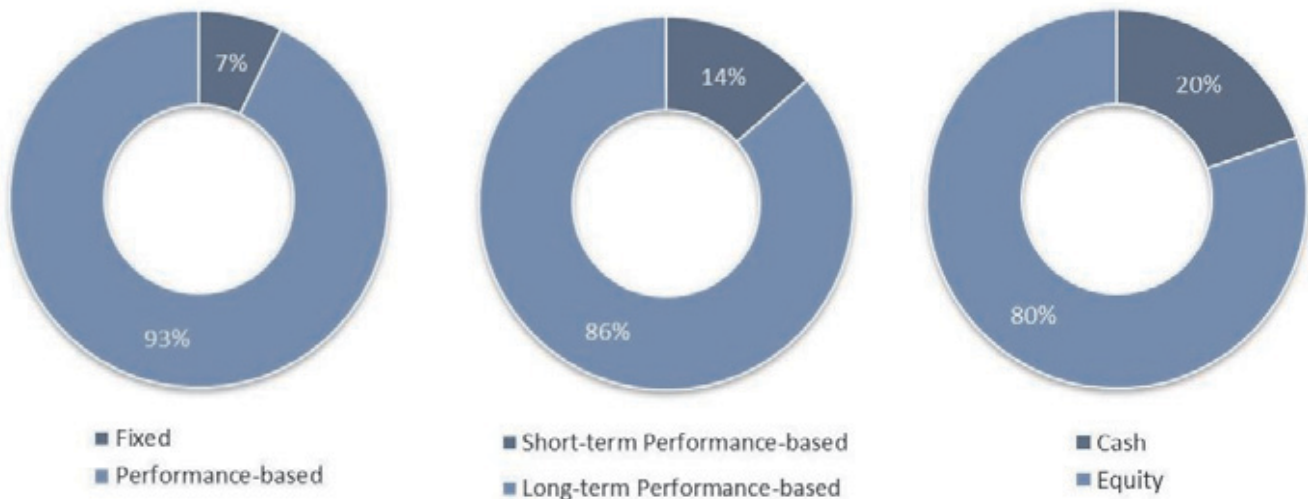
Our success depends on our ability to attract and retain top talent in a competitive marketplace, and to motivate that talent to achieve outstanding performance. In determining the compensation of our executive officers, our Compensation Committee begins with an analysis of the competitiveness of our 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.

*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, 2015, 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

The components of our executive officers' compensation that are at risk based on Cimpres' performance are the annual and long-term cash incentives and equity compensation. Our annual and long-term cash incentive programs are dependent on Cimpres' revenue and earnings per share performance, while our equity incentive programs are dependent on the performance of our share price. Attainment of the annual and long-term cash incentives are based on financial goals that the Compensation Committee believes are highly challenging, but achievable. The charts below show the breakdown of the fiscal 2015 compensation of Robert Keane, our Chief Executive Officer, by type, length, and form:



**No pay increase for our named executive officers.** For our fiscal year ended June 30, 2015, the Compensation Committee did not increase the annual cash compensation (base salary and target amount for annual cash incentive award) of our Chief Executive Officer or any of our other named executive officers over their levels for our fiscal year ended June 30, 2014 as part of our efforts to keep our costs within our budget and also because our Compensation Committee believed that the executives' compensation was competitive at current levels.

**Shareholder engagement.** At each of our last three annual general meetings of shareholders, our executive compensation program received more than 97% approval from our shareholders. We believe that two major contributing factors to our strong shareholder approval levels were the collaborative process in which we reach out to our major shareholders on an annual basis to solicit their feedback on our executive compensation design and our emphasis on long-term, performance-based compensation.

**Redesign of our long-term compensation program.** In late fiscal 2012, based in part on our shareholders' feedback from the outreach process described above, our Compensation Committee redesigned the long-term incentive component of our executive compensation program to increase the emphasis on Cimpress' long-term performance and our growth strategy using share price as the primary performance metric. The Committee believes that the 2012 design has been working well and has not made any significant changes to our executive compensation program since then, other than progressively increasing the emphasis on Cimpress' profitability over revenue during the last two fiscal years. As a result of the 2012 redesign, we granted to our executive officers 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, through the following features:

- 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.
- Robert Keane, our Chief Executive Officer, has an additional share price hurdle before he can realize any returns from his premium-priced options, which is that, in addition to the vesting schedule described below, 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.
- To emphasize long-term performance, the options vest over seven years. They have an eight-year term.
- Our Supervisory Board has passed resolutions that, until fiscal 2016 at the earliest, Cimpress shall not grant any additional long-term incentive award in any form (including equity or long-term cash awards) to Mr. Keane or any additional share options to our other current executive officers.

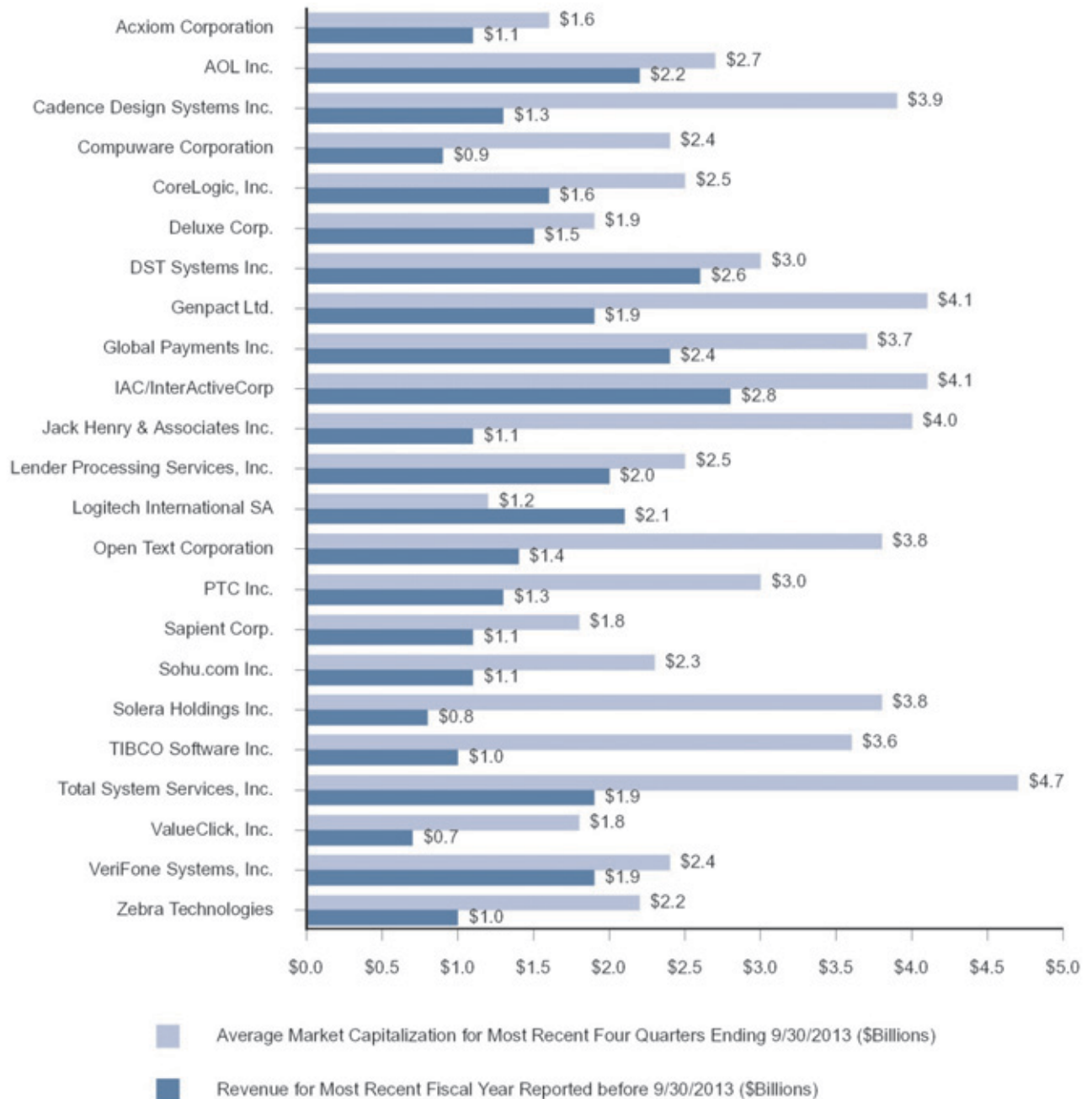
**Discontinuation of certain pay practices.** Some of our major shareholders consider the inclusion of excess parachute payment tax gross-up provisions in our executive retention agreements with our executives to be a

problematic pay practice. Accordingly, our Compensation Committee decided that we would no longer include such tax gross-up provisions in any executive retention agreements we enter into with new executives after August 1, 2012.

### ***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 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 Towers Watson to update its comparison peer group consisting of publicly traded companies that have characteristics that are currently comparable to Cimpress or comparable to where Cimpress 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 2015 compensation, the financial criteria included annual revenue in the range of \$1.1 billion to \$3.0 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 Cimpress. For fiscal 2015, the peer group consisted of the 23 companies listed below. Because the Compensation Committee determined the peer group in November 2013, before the beginning of our fiscal year 2015, 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 2015, 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 employees who are not executive officers;
- Competitive analysis and recommendations to our Compensation Committee with respect to the compensation of members of our Supervisory Board;

- Detailed equity utilization analysis comparing the number of shares that Cimpress grants per year pursuant to equity compensation awards and the number of shares subject to outstanding equity compensation awards and available for grant under our equity compensation plans with our peer group, to assist the Compensation Committee in setting our practices of granting equity to our employees; and
- Follow-up assistance for a job leveling solution, including job evaluation technology and supporting tools.

The Compensation Committee took into account the above services as well as the fees paid to Towers Watson when assessing the firm's independence and determined that Towers Watson was independent during fiscal 2015.

### ***Compensation Components for Executives***

The principal elements of our compensation program for our executive officers are the following:

- Base salary
- Annual cash incentive awards, which reward executives based on Cimpress' achievement of financial performance goals for the current fiscal year
- Long-term incentive awards, which may include long-term cash incentives, share options, and restricted share units, which reward executives based on Cimpress' 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 Cimpress does not perform well and significantly above the median for Cimpress' 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 2015, the Compensation Committee did not increase the cash compensation, consisting of base salary and target amount of annual cash incentive awards, of Mr. Keane or any of our other named executive officers over their fiscal 2014 levels as part of our efforts to keep our costs within our budget for fiscal 2015 and also because the Committee believes that the executives' compensation is competitive at the current levels.

### ***Annual Cash Incentive Awards***

The Compensation Committee grants annual cash incentive awards to our executive officers to provide an incentive to executives to achieve financial goals that are tied to the current fiscal year. In particular, the Compensation Committee has progressively revised the annual cash awards over the last two fiscal years to encourage our executives to focus on Cimpress' profitability: For our fiscal year ended June 30, 2015, the annual cash incentive awards were based 60% on Cimpress' achievement of a full-year adjusted EPS goal and 40% on Cimpress' achievement of a full-year constant currency revenue goal determined by the Compensation Committee based on our annual budget approved by the Supervisory Board. The awards for our fiscal year ended June 30,

2014, by contrast, were based 30% on EPS and 70% on revenue, while the fiscal 2013 awards were based 10% on EPS and 90% on revenue. For purposes of calculating these annual incentives, the Compensation Committee defines “constant currency revenue” as consolidated net revenue for Cimpres and its subsidiaries for the fiscal year, adjusted to exclude gains and losses in revenue generated from Cimpres' hedges of currency fluctuations and to use the same currency exchange rates as set forth in Cimpres' budget for the fiscal year. “Adjusted earnings per share” is defined as EPS on a diluted basis for the results of Cimpres' operations on a consolidated basis for the fiscal year, calculated in accordance with U.S. GAAP with some exclusions for income or expenses relating to certain specific events that the Committee believes would introduce inaccurate reflections of management-driven performance.

The fiscal 2015 performance goals set by the Compensation Committee for our executive officers' annual cash incentive awards were adjusted EPS of \$2.53 - \$2.77 (calculated using \$2.65 as the target) and constant currency revenue of \$1,572,100,000. The Compensation Committee believed that the fiscal 2015 goals were highly challenging but achievable. As set forth in the fiscal 2015 annual award agreements with our executive officers, the actual amount payable for the annual cash incentives was a percentage of the fiscal 2015 target award for each executive, listed in the table below, where the payout percentage equals the greater of:

- (x)  $-4.0000 + (2.0000 \times \text{Revenue Percentage}) + (3.0000 \times \text{EPS Percentage})$ ; or  
 (y)  $-6.1429 + (2.8571 \times \text{Revenue Percentage}) + (4.2857 \times \text{EPS Percentage})$

The Revenue Percentage and EPS Percentage were calculated by dividing the actual amounts for the fiscal year by the constant currency revenue and adjusted EPS goals described above. If either (1) Cimpres' actual constant currency revenue for fiscal 2015 were less than 92.5% of the goal, or (2) actual adjusted EPS for fiscal 2015 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 2015 payout percentage was capped at a maximum of 200%.

As calculated under the fiscal 2015 annual cash incentive awards, Cimpres' adjusted EPS was \$3.07, which was an overachievement of the adjusted EPS goal of \$2.53 - \$2.77 described above, and its constant currency revenue was \$1,551,300,000, which was below the constant currency revenue goal of \$1,572,100,000 described above. The adjusted EPS was \$0.34 higher than our U.S. GAAP EPS for fiscal 2015 of \$2.73, calculated in accordance with the annual cash incentive awards by:

- Subtracting from our U.S. GAAP EPS \$0.37 for non-operational currency gains including unrealized gains on our hedging programs and the related tax effects and \$0.15 for the tax benefit of certain net operating losses that were not assumed when we established our EPS goal; and
- Adding back to our U.S. GAAP EPS \$0.73 relating to the impact of acquisition-related costs and \$0.13 relating to incremental interest relative to our EPS goal from our financing that closed during fiscal 2015.

Based on the 60/40 weighting of our adjusted EPS and constant currency revenue goals and in accordance with the formula set forth above, this level of achievement yielded a payout percentage of 162.5% of the executives' targets, which is the same as the payout percentage we used for our non-executive employees' fiscal 2015 annual cash incentive awards.

The Compensation Committee set Mr. Keane's fiscal 2015 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 2015 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.

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 2015.

<u>Name</u>	<u>Target Annual Incentive</u>	<u>Actual Annual Incentive Paid</u>
Robert S. Keane .....	€ 756,000	€ 1,228,500
Katryn S. Blake .....	\$ 335,000	\$ 544,375
Donald R. Nelson .....	\$ 220,000	\$ 357,500
Ernst J. Teunissen .....	€ 265,000	€ 430,625

### ***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 three long-term incentive vehicles - which may include share options, restricted share units, and long-term cash incentives - for our executives and employees.

#### ***Share Options and Restricted Share Units for Executives***

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. Our share options and restricted share units 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.

As part of the Compensation Committee's redesign of our long-term executive compensation program in fiscal 2012, which involved the grant to our executive officers of multi-year, premium-priced share option awards, our Supervisory Board adopted resolutions that, until fiscal 2016 at the earliest, we will not grant any additional long-term incentive award in any form to Mr. Keane or any additional share options to our other current executive officers. Accordingly, in fiscal 2015 we did not grant any new share options to any of our executive officers, and we did not grant any restricted share units to Mr. Keane. Our executive officers other than Mr. Keane received restricted share units that vest over four years. Each unit that vests is automatically converted into an ordinary share of Cimpress on a one-to-one basis.

In general, we grant equity awards to our executive officers annually at the regularly scheduled meeting of the Compensation Committee held in the fourth quarter of each fiscal year. Accordingly, grants made in fiscal 2015 were approved at the May 2015 Compensation Committee meeting. We typically grant equity awards to employees who are not executive officers during our first fiscal quarter after the conclusion of our annual performance review cycle.

#### ***Long-Term Cash Incentive Compensation***

The Compensation Committee did not grant any new long-term cash incentive awards to our executive officers in fiscal 2015, in keeping with the 2012 redesign of our long-term incentive program to emphasize premium-priced share options.

For several fiscal years before 2013, the Compensation Committee had granted long-term cash incentive awards 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. The last of these long-term cash incentive awards held by our executive officers were originally granted in fiscal year 2012 with a performance cycle of four fiscal years, payable 25% for each of our fiscal years ending June 30, 2012, 2013, 2014, and 2015 based on Cimpress' achievement of adjusted EPS targets developed by the Compensation Committee for each of the four fiscal years. Adjusted EPS for the 2012-2015 cash incentive awards has the same definition as adjusted EPS 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. As set forth in the 2012-2015 award agreements with our executive officers, our adjusted EPS goals for fiscal 2015 were as follows:

- Our lowest (minimum) EPS goal for fiscal 2015 was \$2.67, which would have resulted in a payout of 50% of the named executive officers' targets for the year;
- Our medium EPS goal was \$3.56, which would have resulted in a payout of 100% of the named executive officers' targets for the year; and
- Our highest (stretch) EPS goal was \$4.45, which would have resulted in a payout of 250% of the named executive officers' targets for the year.

If Cimpress' adjusted EPS were less than the lowest (minimum) goal for the fiscal year, then our executive officers would receive no payout for that performance period. If Cimpress' adjusted EPS were equal to or higher than the highest (stretch) EPS goal, then our executives would receive the percentage payout for achievement of the highest EPS goal. If Cimpress' adjusted EPS were greater than or equal to the lowest EPS goal but less than the EPS highest goal, then the percentage payout for the fiscal year would be equal to:

- the payout threshold percentage for the highest EPS target achieved with respect to the fiscal year, plus
- a number calculated as follows: (A) a percentage equal to a fraction, the numerator of which equals the amount by which adjusted EPS exceeded such applicable EPS goal and the denominator of which equals the difference between the next highest EPS goal that was not achieved and the highest EPS goal achieved, multiplied by (B) the difference between the payout threshold percentage for the next highest EPS goal that was not achieved and the payout threshold percentage for the highest EPS goal achieved.

Our adjusted EPS for fiscal 2015 was \$3.07, calculated in the same way as our adjusted EPS for the annual cash incentive awards as described above. This adjusted EPS was above the lowest EPS goal and below the medium EPS goal under these 2012-2015 awards, so we paid 72.5% of target levels to our named executive officers based on the formula set forth in their agreements, as follows:

<u>Name</u>	<u>Target Fiscal 2015 Incentive (\$)</u>	<u>Actual Fiscal 2015 Incentive Paid (\$)</u>
Robert S. Keane .....	\$ 142,500	\$ 103,313
Katryn S. Blake.....	93,750	67,969
Donald R. Nelson .....	75,000	54,375
Ernst J. Teunissen .....	93,750	67,969

**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 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 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. If an executive 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. Our Compensation Committee has decided that we would no longer include such excise tax gross-up provisions in any executive retention agreements we enter into with new executives after August 1, 2012.

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, 2015.

<u>Name</u>	<u>Cash Payment (\$)(1)</u>	<u>Accelerated Vesting of Share Options (\$)(2)</u>	<u>Accelerated Vesting of Restricted Share Units (\$)(3)</u>	<u>Welfare Benefits (\$)(4)</u>	<u>Tax Gross-Up Payment (\$)(5)</u>	<u>Total (\$)</u>
<b>Robert S. Keane</b>						
Termination Without Cause or With						
• Good Reason .....	2,653,871	—	—	55,824	—	2,709,695
• Change in Control .....	—	26,142,238	—	—	—	26,142,238
Change in Control w/ Termination						
• Without Cause or With Good Reason .....	2,653,871	26,142,238	—	55,824	—	28,851,933
<b>Katryn S. Blake</b>						
Termination Without Cause or With						
• Good Reason .....	700,000	—	—	22,665	—	722,665
• Change in Control .....	—	3,175,924	4,266,155	—	—	7,442,079
Change in Control w/ Termination						
• Without Cause or With Good Reason .....	700,000	3,175,924	4,266,155	22,665	—	8,164,744
<b>Donald R. Nelson</b>						
Termination Without Cause or With						
• Good Reason .....	560,000	—	—	22,381	—	582,381
• Change in Control .....	—	4,124,581	2,922,204	—	—	7,046,785
Change in Control w/ Termination						
• Without Cause or With Good Reason .....	560,000	4,124,581	2,922,204	22,381	—	7,629,166
<b>Ernst J. Teunissen(6)</b>						
Termination Without Cause or With						
• Good Reason .....	594,485	—	—	3,941	—	598,426
• Change in Control .....	—	4,811,948	3,083,622	—	—	7,895,570
Change in Control w/ Termination						
• Without Cause or With Good Reason .....	594,485	4,811,948	3,083,622	3,941	—	8,493,996

- (1) Amounts in this column represent severance amounts payable under the executive retention agreements. Some of the amounts would be payable to Messrs. Keane and Teunissen in Euros. For purposes of this table, we converted these executive officers' payments from Euros to U.S. dollars at a currency exchange rate of 1.12167 based on the 30-day average currency exchange rate for June 1-30, 2015, which was the end of our most recent fiscal year.
- (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 \$84.16 per share, which was the closing price of our ordinary shares on Nasdaq on June 30, 2015, the last trading day of our fiscal year 2015.
- (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 \$84.16 per share, which was the closing price of our ordinary shares on Nasdaq on June 30, 2015, the last trading day of our fiscal year 2015.
- (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.
- (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.
- (6) Mr. Teunissen resigned as an executive officer in October 2015.

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 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, 2015, 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.

## **Report of the Compensation Committee**

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  
Peter Gyenes  
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 as of June 30, 2015, the end of our most recent fiscal year, and
- (iii) our other two executive officers.

Throughout this proxy statement, we refer to the individuals listed in (i) through (iii) above as our named executive officers.

Name and Principal Position	Year	Salary (\$)	Share Awards \$(1)	Option Awards \$(1)	Non-Equity Incentive Plan Compensation \$(2)	All Other Compensation (\$)	Total (\$)
Robert S. Keane(3) .....	2015	494,804	—	—	1,481,285	6,200(4)	1,982,289
<i>President and Chief Executive Officer</i>	2014	581,430	—	—	1,161,505	3,109	1,746,044
	2013	559,907	—	3,450,821	1,127,579	3,192	5,141,499
Katryn S. Blake .....	2015	365,000	1,205,954	—	612,344	1,104,617(5)	3,287,915
<i>Executive Vice President and President, Vistaprint Business Unit</i>	2014	364,231	937,986	—	428,814	546,535	2,277,566
	2013	344,712	1,004,972	—	425,415	510,294	2,285,393
Donald R. Nelson .....	2015	340,000	799,930	—	411,875	7,800(6)	1,559,605
<i>Executive Vice President and Chief Operating Officer</i>	2014	339,808	699,981	—	295,915	7,800	1,343,504
	2013	329,808	649,963	—	309,630	7,650	1,297,051
Ernst J. Teunissen(3)(8) .....	2015	310,683	799,930	—	550,988	35,067(7)	1,696,668
<i>Executive Vice President and Chief Financial Officer</i>	2014	360,706	699,981	—	453,788	40,804	1,555,279
	2013	320,023	749,996	—	441,530	39,532	1,551,081

- (1) The amounts reported in these columns 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, 2015. Our Supervisory Board has passed resolutions that, until fiscal 2016 at the earliest, Cimpress will not grant any additional long-term incentive award in any form (including equity or long-term cash awards) to Mr. Keane or any additional share options to Ms. Blake or Messrs. Nelson or Teunissen.
- (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 2015 to each executive officer under his or her annual and long-term cash incentive awards in the Compensation Discussion and Analysis section of this Supervisory Board Report.
- (3) We paid the amounts under "Salary," "Non-Equity Incentive Plan Compensation," and "All Other Compensation" to Messrs. Keane and Teunissen in whole or in part in Euros. For purposes of this table, we converted these amounts from Euros to U.S. dollars at a currency exchange rate of 1.12167 based on the 30-day average currency exchange rate for June 1-30, 2015, which was the end of our most recent fiscal year.

- (4) \$4,783 of 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, and \$1,417 of this amount represents the payment of wire transfer fees for amounts being deposited in European accounts. 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.
- (5) \$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.
- (6) This amount represents our matching contributions under Cimpress USA's 401(k) deferred savings retirement plan.
- (7) \$33,650 of this amount represents payments of school tuition for Mr. Teunissen's children, and \$1,417 of this amount represents the payment of wire transfer fees for amounts being deposited in European accounts.
- (8) Mr. Teunissen resigned as an executive officer in October 2015.

### Grants of Plan-Based Awards in the Fiscal Year Ended June 30, 2015

The following table contains information about plan-based awards granted to each of our named executive officers during the fiscal year ended June 30, 2015.

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards			All Other Share Awards: Number of Shares or Share Units (#)(4)	Grant Date Fair Value of Share Awards \$(5)
		Threshold \$(1)	Target \$(2)	Maximum \$(3)		
Robert S. Keane .....	9/28/2014(6)	—	847,983	1,695,966	—	—
Katryn S. Blake .....	9/28/2014	—	335,000	670,000	—	—
	5/19/2015				14,331	1,205,954
Donald R. Nelson .....	9/28/2014	—	220,000	440,000	—	—
	5/19/2015				9,506	799,930
Ernst J. Teunissen(7) .....	9/28/2014(6)	—	297,243	594,486	—	—
	5/19/2015				9,506	799,930

- (1) The amounts reported in this column represent the amounts that would have been payable under our named executive officers' annual cash incentive awards if we did not achieve our minimum constant currency revenue and adjusted EPS goals.
- (2) These amounts represent payments that our named executive officers would have received under their fiscal 2015 annual cash incentive awards for 100% achievement of our adjusted EPS and constant currency revenue goals for fiscal 2015. You can find more information on the amounts actually paid to our executive officers under their fiscal 2015 annual cash incentive awards above in the Compensation Discussion and Analysis section of this Supervisory Board Report.
- (3) 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, 2015. 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 2015, our executive officers received payments that were less than these amounts. 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 Supervisory Board Report.
- (4) 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.
- (5) The amounts reported in this column represent the grant date fair value for each executive officer'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, 2015.

- (6) The estimated amounts in this row would be payable to Messrs. Keane and Teunissen in Euros. For purposes of this table, we converted these estimated incentive payments from Euros to U.S. dollars at a currency exchange rate of 1.12167 based on the 30-day average currency exchange rate for June 1-30, 2015, which was the end of our most recent fiscal year.
- (7) Mr. Teunissen resigned as an executive officer in October 2015.

### Outstanding Equity Awards at June 30, 2015

The following table contains information about unexercised share options and unvested restricted share units as of June 30, 2015 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		
	459,174	765,288(5)	50.00(6)	5/4/2020(6)	—	—
Katryn S. Blake.....	1,039	—	54.02	5/5/2021		
	27,892	92,972	50.00(6)	5/4/2020(6)	50,691	4,266,155
Donald R. Nelson .....	11,333	—	33.47	8/6/2017		
	6,646	—	54.02	5/5/2021		
	72,446	120,743	50.00(6)	5/4/2020(6)	34,722	2,922,204
Ernst J. Teunissen(7).....	1,218	—	48.89	3/1/2021		
	1,039	—	54.02	5/5/2021		
	—	140,865	50.00(6)	5/4/2020(6)	36,640	3,083,622

- (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 becomes exercisable, so long as the named executive officer continues to be employed with us, as to 25% of the shares subject to the option after one year and 6.25% per quarter thereafter. 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 \$84.16 per share, which was the closing price of our ordinary shares on Nasdaq on June 30, 2015, the last trading day of our fiscal year 2015.
- (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, 2015

The following table contains information about option exercises and vesting of restricted share units on an aggregated basis during fiscal 2015 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 .....	700,000	48,797,000	10,552	744,839
Katryn S. Blake.....	82,152	1,960,283	26,382	1,880,532
Donald R. Nelson .....	18,000	603,229	17,579	1,259,980
Ernst J. Teunissen(3).....	110,056	3,582,681	21,350	1,547,915

- (1) Represents the net amount realized from all option exercises during fiscal 2015. 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.

Our Compensation Committee reviewed the current compensation of our Supervisory Board in fiscal 2015 and decided not to recommend any changes to the compensation program because the Committee believes that our Supervisory Board's compensation is competitive.

### **Fees**

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. Restricted share units granted to members of our Supervisory Board after July 1, 2013 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 2015, 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, 2015:

Name	Fees Earned or Paid in Cash (\$)	Share Awards \$(1)	Option Awards \$(1)	Total (\$)
Paolo De Cesare .....	53,000	109,955	49,995	212,950
John J. Gavin, Jr. ....	71,000	109,955	49,995	230,950
Peter Gyenes .....	66,000	109,955	49,995	225,950
Eric C. Olsen .....	61,300	109,955	49,995	221,250
Richard T. Riley .....	81,000	109,955	49,995	240,950
Mark T. Thomas .....	77,200	109,955	49,995	237,150
Nadia Shouraboura .....	18,980	—	149,962	168,942
Scott Vassalluzzo .....	27,030	—	149,962	176,992
George M. Overholser(2) .....	48,680	109,955	49,995	208,630

(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, 2015. 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. Overholser resigned as a director effective February 2015.

## Outstanding Equity Awards Held by Supervisory Board members at June 30, 2015

The following table contains information about unexercised share options and unvested restricted share units as of June 30, 2015 for each member of our Supervisory Board.

Name	Option Awards				Share Awards	
	Number of Securities Underlying Unexercised Options		Option Exercise Price \$(1)	Option Expiration Date	Number of Shares or Share Units That Have Not Vested (2)(#)	Market Value of Shares or Share Units That Have Not Vested (3)(\$)
	(#) Exercisable	(#) Unexercisable				
Paolo De Cesare .....	4,669	2,335	40.80	4/30/2023		
	888	888	54.08	11/7/2023		
	241	1210	68.38	11/12/2024		
					2,735	230,178
John J. Gavin, Jr. ....	12,018	—	24.32	8/21/2016		
	2,925	—	33.24	11/14/2016		
	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		
	2,645	530	30.30	11/8/2022		
	888	888	54.08	11/7/2023		
	241	1,210	68.38	11/12/2024		
					2,319	195,167

Peter Gyenes.....	7,389	—	24.33	2/5/2019		
	1,919	—	54.46	11/17/2019		
	2,443	—	40.99	11/12/2020		
	2,690	—	35.77	11/3/2021		
	2,645	530	30.30	11/8/2022		
	888	888	54.08	11/7/2023		
	241	1210	68.38	11/12/2024		
					2,319	195,167
Eric C. Olsen .....	4,669	2,335	40.80	4/30/2023		
	888	888	54.08	11/7/2023		
	241	1210	68.38	11/12/2024		
					2,735	230,178
Richard T. Riley.....	2,925	—	33.24	11/14/2016		
	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		
	2,645	530	30.30	11/8/2022		
	888	888	54.08	11/7/2023		
	241	1,210	68.38	11/12/2024		
					2,319	195,167
Nadia Shouraboura.....	332	3,657	79.52	2/3/2025		
Mark T. Thomas .....	5,758	—	54.46	11/17/2019		
	2,443	—	40.99	11/12/2020		
	2,690	—	35.77	11/3/2021		
	2,645	530	30.30	11/8/2022		
	888	888	54.08	11/7/2023		
	241	1210	68.38	11/12/2024		
					2,319	195,167
Scott Vassalluzzo.....	332	3,657	79.52	2/3/2025		

- 
- (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. Restricted share units issued to Supervisory Board members before July 1, 2013 vest as to 8.33% of the shares subject to the unit per quarter over a period of three years, so long as the director continues to serve as a director on each such vesting date. Restricted share units issued to Supervisory Board members after July 1, 2013 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 \$84.16 per share, which was the closing price of our ordinary shares on Nasdaq on June 30, 2015, the last trading day of our fiscal year 2015.

## Compensation Committee Interlocks and Insider Participation

During fiscal 2015, Messrs. Gyenes, Olsen, Overholser, Thomas, and Vassalluzzo served at various times as members of our Compensation Committee. During fiscal 2015, 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 2015, 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, 2015 about the securities issued or authorized for future issuance under our equity compensation plans.

### Equity Compensation Plan Information

<u>Plan Category</u>	<u>(a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights(1)</u>	<u>(b) Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights</u>	<u>(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column(a))</u>
Equity compensation plans approved by shareholders(1) .	2,913,392	\$45.09	2,387,435(2)
Equity compensation plans not approved by shareholders.....	—	—	—
Total.....	2,913,392	\$45.09	2,387,435(2)

(1) Consists of our Amended and Restated 2005 Equity Incentive Plan, 2005 Non-Employee Directors' Share Option Plan, and 2011 Equity Incentive Plan. This column does not include an aggregate of 767,280 shares underlying restricted share units that were unvested as of June 30, 2015.

(2) Includes 2,329,411 shares available for future awards under our 2011 Equity Incentive Plan and 58,024 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: free cash flow and adjusted NOPAT.

- 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 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.

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' 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' historical performance and our competitors' operating results.

## Reconciliation of Non-GAAP Financial Measures

### Free Cash Flow

Annual, in \$ thousands

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Net cash provided by operating activities	\$140,012	\$148,580	\$228,876
Purchase of property, plant, and equipment	(78,999)	(72,122)	(75,813)
Purchases of intangible assets not related to acquisitions	(750)	(253)	(250)
Capitalization of software and website development costs	(7,667)	(9,749)	(17,323)
Payment of contingent consideration in excess of acquisition-date fair value	0	0	8,055
Free Cash Flow	<u>\$52,596</u>	<u>\$66,456</u>	<u>\$143,545</u>

## Reconciliation of Non-GAAP Financial Measures (cont.)

Adjusted NOPAT  
Annual, in \$ millions

	2013	2014	2015
<b>GAAP operating income</b>	<b>\$46.1</b>	<b>\$85.9</b>	<b>\$96.3</b>
<u>Less: Cash taxes attributable to current period (see separate reconciliation below)</u>	\$(14.0)	\$(20.1)	\$(25.0)
<u>Exclude expense (benefit) impact of:</u>			
Amortization of acquisition-related intangible assets	10.9	12.6	24.3
Earn-out related charges 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.	(0.6)	2.2	15.3
Share-based compensation related to investment consideration	7.9	4.4	3.6
Restructuring charges	-	6.0	3.2
<u>Include: Realized gain (loss) on currency forward contracts not included in operating income</u>	-	(7)	7.4
<b>Adjusted NOPAT</b>	<b>\$50.3</b>	<b>\$84.0</b>	<b>\$125.1</b>

Cash taxes attributable to current period (used in NOPAT)  
Annual, in \$ millions

	2013	2014	2015
Cash taxes paid in the current period	\$13.7	\$18.5	\$14.3
<u>Less: cash taxes related to prior periods</u>	(0.5)	(6.5)	(5.5)
<u>Plus: cash taxes attributable to the current period but not yet paid</u>	2.9	6.0	6.7
<u>Plus: cash impact of excess tax benefit on equity awards attributable to current period</u>	\$1.4	\$5.6	12.9
<u>Less: installment payment related to the transfer of IP in a prior year</u>	\$(3.4)	\$(3.4)	(3.4)
Cash taxes attributable to current period	\$14.0	\$20.1	\$25.0

# CORPORATE INFORMATION

## Management Board

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**Robert Keane**  
President & Chief Executive Officer  
Chairman, Management Board  
(Executive Officer)

**Will Jacobs**  
Senior Vice President &  
Chief Supply Chain Officer  
(Non-executive Officer)

**Don Nelson**  
Executive Vice President &  
Chief Operating Officer  
(Executive Officer)

**Trynka Shineman Blake**  
Executive Vice President &  
President, Vistaprint Business Unit  
(Executive Officer)

## Other Executive Officer

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**Sean Quinn**  
Senior Vice President &  
Chief Financial Officer  
(Executive Officer)

## Supervisory Board

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**Richard T. Riley**  
Chairman, Supervisory Board

**Paolo De Cesare**

**John J. Gavin, Jr.**

**Peter Gyenes**

**Eric C. Olsen**

**Dr. Nadia Shouraboura**

**Mark T. Thomas**

**Scott Vassalluzzo**

## Independent Registered Public Accounting Firm

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**PricewaterhouseCoopers LLP**  
125 High Street  
Boston, MA 02110  
USA  
Phone: +1-617-530-5000

## Corporate Counsel

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**Stibbe**  
Stibbetoren  
Strawinskylaan 2001  
1077 ZZ 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, 2015, as filed with the Securities and Exchange Commission, please visit [ir.cimpres.com](http://ir.cimpres.com), call our investor relations line at +1-781-652-6480 or send an email to [ir@cimpres.com](mailto:ir@cimpres.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@cimpres.com](mailto:mediarelations@cimpres.com)

## Annual General Meeting of Shareholders

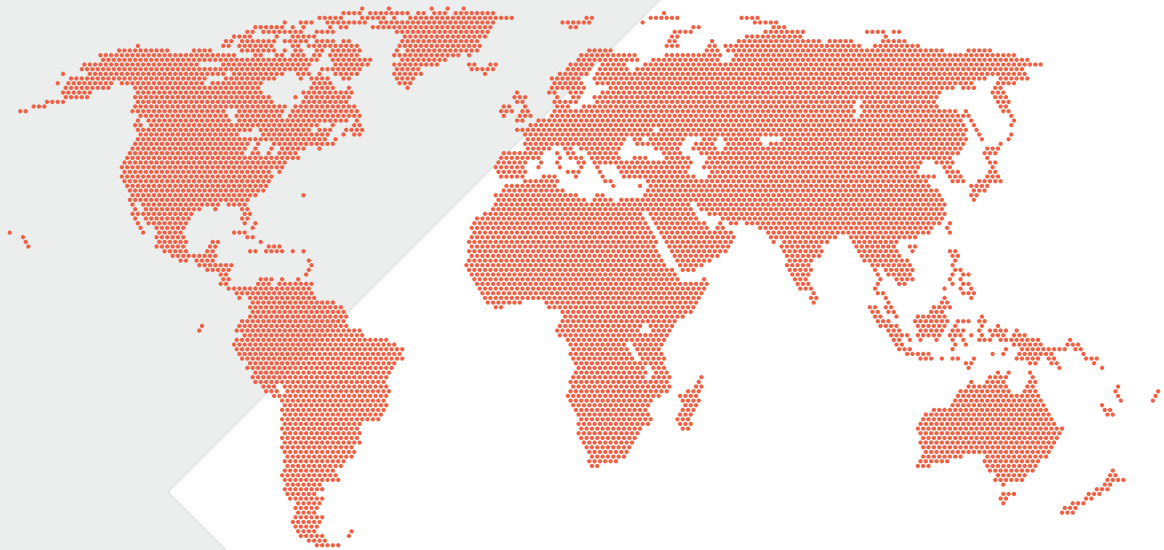
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**November 17, 2015**  
Hudsonweg 8  
5928 LW Venlo  
The Netherlands

## Address

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5928 LW Venlo  
The Netherlands



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