cimpress

Annual Letter to Investors

August 1, 2018

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Dear Investor,

I write you this annual letter to convey how Cimpress thinks about capital allocation, methodologies that we find useful in estimating our intrinsic value per share, and a transparent view into the successes and failures that we have had on our continuing journey to build a transformational and enduring business.

Our strategy remains the same as that which I described in my letter to you last year: Cimpress invests in and builds customer-focused, entrepreneurial, mass customization businesses for the long term, which we manage in a decentralized, autonomous manner. We drive competitive advantage across Cimpress through a select few shared strategic capabilities that have the greatest potential to create Cimpress-wide value. We limit all other central activities to only those which absolutely must be performed centrally. Our uppermost financial objective is to maximize our intrinsic value per share.

Previously, in addition to our uppermost financial objective, we also described an uppermost strategic objective to be the world leader in mass customization. Stan Davis, in his 1987 strategy manifesto "Future Perfect" coined the term mass customization to describe "generating an infinite variety of goods and services, uniquely tailored to customers". In 2001, Tseng & Jiao defined mass customization as "producing goods and services to meet individual customers' needs with near mass production efficiency". Mass customization remains a fundamental element of the business model by which Cimpress delivers better value to customers than traditional competitors. However, we have dropped "world leader in mass customization" from our strategic articulation given that mass customization is not a market per se, but rather a competitive operational strategy which can be applied across many markets.

Over the past year we have successfully implemented three significant changes to how we run Cimpress, plans for which I articulated to you in my last annual investor letter. These were (i) to decentralize, (ii) to align our financial management systems around unlevered free cash flow, and (iii) to narrow the focus of our mass customization platform. Let's review our progress on each of these objectives in turn.

First, Cimpress is now largely decentralized. This is proving to be beneficial in many ways: we are making decisions better and faster, we are more entrepreneurial, and we have clearer lines of accountability for driving both improvements to customer value and investment returns. Financially speaking, relative to costs we would have incurred without the restructuring activities related to or prompted by our decentralization, we increased our unlevered free cash flow by almost $60 million in fiscal year 2018 and we expect this benefit to be about $75 million in fiscal year 2019. Decentralization has also made us less top heavy: we reduced the number of vice presidents, senior vice presidents and executive vice presidents across all Cimpress businesses and central teams from 61 at the end of fiscal year 2016 to 45 as of the end of fiscal year 2018, even as our revenues increased by 45% over those two years.

Second, our financial management systems now align internal management reporting with our decentralized organizational structure, a return-on-invested-capital mindset and our capital allocation process. We have established per-business balance sheet and cash flow statements, and unlevered free cash flow ("UFCF")[1] is now

[1] We define unlevered free cash flow as free cash flow plus cash interest expense related to borrowing.

the primary financial metric by which we set quarterly and annual budgets both for individual businesses and Cimpress-wide. UFCF aligns our management teams with one of the core components in our formula by which we estimate our intrinsic value per share. Please don't misinterpret the fact that UFCF is our primary annual performance metric for our management budgets to mean that we pursue increases to UFCF at the expense of value-creating investments. We actively seek to deploy capital in projects that exceed our hurdle rates, even if doing so reduces our near-term UFCF.

Third, we have narrowed the focus of our mass customization platform ("MCP") so that it consists only of shared standards and technology services. The MCP mandate no longer includes manufacturing operations, product managers, graphic service operations or other resources that have been redeployed into our businesses where they are closer to customers, or whose roles were eliminated because they were no longer necessary after decentralization. In order to ensure that the MCP delivers tangible customer and business value, our businesses are actively involved in defining and evaluating the functionality of new or improved MCP technology services. We make these services available to any Cimpress business, not just the original sponsor.

Thanks to the progress we made in fiscal year 2018, Cimpress now operates as a strategically focused group of more than a dozen businesses, each operating in a largely autonomous manner other than as it relates to the select few shared strategic and corporate activities that we maintain centrally in line with the above-articulated strategy.

Our fiscal year 2018 progress took place in the context of the series of major changes to our company that we began implementing seven years ago, at the start of fiscal year 2012, to improve Vistaprint and to move into new markets. The changes have not always worked, and even those that worked well were typically painful in the short term. But on balance the effort has set up our company for a future in which we continue our history of strong value creation over the long term.

"Long term" is one of the fundamental attributes of how we think about our business, and without a long term perspective we would not have been able to transform ourselves as we have. In service of this objective, Cimpress expects long-term thinking in four ways:

1. **Decision-making:** We describe to all our team members a simple way to think long term, which is to act as if they are the sole owner of Cimpress (or of the Cimpress business where they work) and that they will still be the sole owner twenty years from now. Our share-based compensation program is long term as well: payout dates fall six to ten years after each grant date and are contingent upon achieving certain compounded annual increases to the 3-year moving average of our share price.

2. **Protect against short-termism:** As shareholders ourselves, we protect Cimpress businesses from short-termism that is common with venture capital, private equity and public shareholders. This enables our teams to focus on improving customer satisfaction, building highly competitive value chains, and aligning and engaging our team members.

3. **Investors:** We seek investors who embrace our long-term perspective. We are privileged that many thoughtful investors with multi-year (and sometimes multi-decade) investment horizons have entrusted us with their capital. Over the years I invited two of them to join our supervisory board so over 40% of our equity is represented on our supervisory and management boards.

4. **Capital allocation:** We evaluate multi-year investments in terms of their risk, reward, and the timing of the reward, and analyze them using discounted cash flow analysis and risk-adjusted hurdle rates. When given a choice of either more near-term cash flow or the anticipation of a higher present value of long-term cash flow, we'll take the latter. Much of this letter focuses on our approach to capital allocation.

We work to regularly improve our ability to increase the value of each share of our company at a long-term compounded annual rate that very comfortably exceeds our cost of capital. We are proud of the value we have delivered so far but think we could have done better. That is one reason why I hope that these letters are increasingly clear about where we have created and where we have destroyed value. An unvarnished analysis of the past helps us evaluate future decisions with a sharper mind and, hopefully, a future in which we get better at what we do.

Capital Allocation Approach

I spend a major amount of my time on activities related to capital allocation and consider it a critical responsibility. While we expect to continually improve over time, I think that we've built a fairly solid process.

We group our corporate-level capital allocation and our sources of capital into the following broad categories. We can deploy capital via organic investments, share repurchases, acquisitions and equity investments, debt reduction, and the payment of dividends. Please note however, that we do not intend to pay dividends for the foreseeable future. Our sources of capital are the cash we generate from our businesses, the issuance of debt, the issuance of equity, and the divestiture of assets. We consider capital to be fungible across all of these categories. In other words, we do not favor one over the other, but rather seek to grow our intrinsic value per share by allocating across these categories in function of the relative returns of current and expected future opportunities.

We define corporate-level deployment of capital as any investment of money that we expect to require more than twelve months to return 100% or more of the investment. You should assume this definition for all of our references to capital allocation. We delegate to our businesses and central teams (and do not centrally seek to limit or optimize) capital allocation decisions which our operational executives expect to pay back in less than twelve months. We then hold each operating unit accountable for delivering an aggregate level of unlevered free cash flow that (a) takes into account the negative cash flow from corporate-level capital allocation, and (b) is net of any sub-12-month-payback investments they chose to make on a decentralized basis.

We evaluate our intrinsic value per share in U.S. dollars so we hold ourselves responsible for a long-term, consolidated ROIC in U.S. dollars. That being said, we hold our individual businesses accountable to financial results in the currencies that are most relevant to those businesses. We believe that, over the long term, most currencies will fluctuate both up and down relative to the the U.S. dollar and that, on average and over the long term, those fluctuations will neutralize most of the impact of shorter-term currency volatility. We seek to reduce short- and medium-term currency volatility at an aggregate level either naturally or with our hedging program so that we have time to react to significant changes for our debt covenants.

We currently estimate our weighted average cost of capital ("WACC") to be 8.5%. We seek to have a weighted average return on our portfolio of deployed capital, net of failures, that is materially above our WACC. In support of this objective, we vary hurdle rates in function of our judgment of the risks to various types of investment. For example, we require only 10% for highly predictable organic investments located in Europe, North America or Australia such as the replacement or expansion of capital equipment for profitable and growing businesses, 15% for M&A of established, growing, profitable companies, and 25% for risky investments such as our investments in our portfolio of nascent businesses which constitute our "All Other Businesses" reporting segment. At the time that we make any given investment we expect to deliver a return that is above its relevant hurdle rate, preferably well above.

As much as we would like to operate in a hypothetical world in which we didn't make capital allocation errors, we believe that innovation and risk taking are critical to value creation so we do not seek to avoid investment risk nor are we able to prevent failure at the level of individual investment projects. We report to you our failures as well as our successes so that you can evaluate our performance in light of our overall weighted average portfolio of investments.

We recognize that a portfolio of investments that exceeds WACC does not necessarily mean, by itself, that we have made good capital allocation decisions. We need to compare our returns against the opportunity cost of potentially higher returns that might have come from deploying the same capital into even higher-returning opportunities of a similar risk level. This more stringent measure of performance clarifies the cost of mistakes. An example we've used in the past that painfully demonstrates this point is that, for much of fiscal year 2012 and fiscal year 2013, our share price was trading under $40 per share. With the benefit of hindsight we recognize that, for the capital we used for our Namex, Webs and Albumprinter acquisitions, we could have generated vastly better returns if we had instead repurchased our own shares. Also as we have noted in the past, we can make mistakes when we raise capital. For instance, in 2005 we issued 5.5 million shares for just $11 per share as part of our initial public offering even though we did not need the money at the time and, even if we had, could have raised the same amount of capital via debt instruments. Our improved understanding of the true cost of equity issuance is a central reason why the performance mechanisms of our share-based compensation vehicles now directly link potential payout and its associated dilution to the equity returns that Cimpress delivers to long-term shareholders after such dilution.

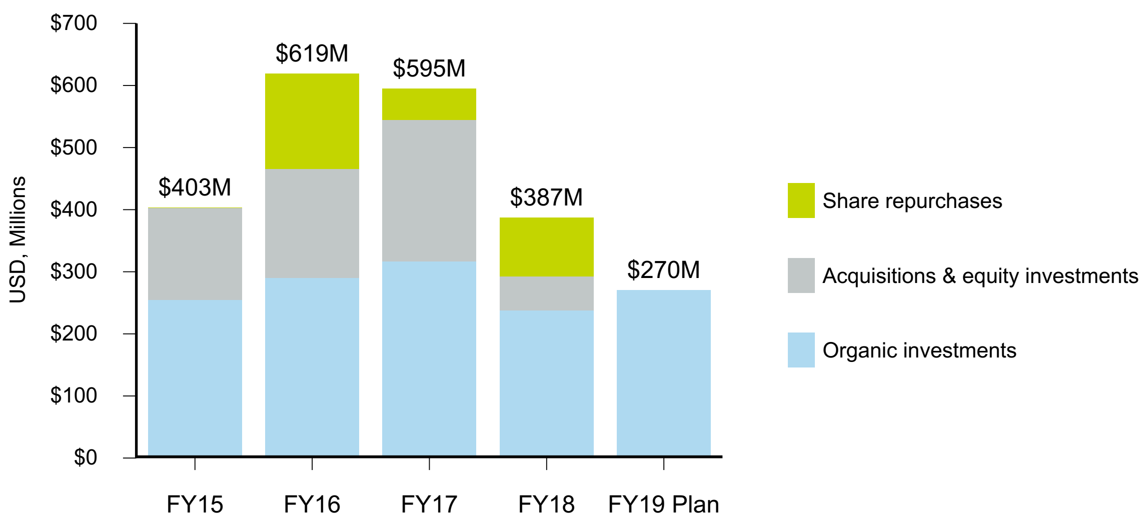
I believe our recent decentralization has boosted our performance related to all aspects of capital allocation. Decentralization has freed up time for Sean, our CFO, and me to focus on capital allocation, it has created a much stronger ownership mentality among our various businesses for generating returns on the capital we invest, and it makes it easier to track those returns and hold our teams and ourselves accountable.

The chart below and its supporting table summarize the capital allocation, other than debt repayment, that we have made over the past four fiscal years and the approximate total amount we expect to deploy into organic investments in fiscal year 2019. We do not forecast our potential fiscal year 2019 M&A and share repurchases in this letter since those potential decisions would depend on many conditions that are outside of our control and are not predictable. This absence of comment should not be read as an indication of intent in any given direction. For example, we have already made an equity investment in early fiscal year 2019, which you can read about later in this letter. We also include in the supporting table the capital we have raised via divestitures or partial-equity sales of businesses in each year, if any.

With $2 billion of capital deployment over the past four years, and plans for $270 million of organic investment in fiscal year 2019, clearly we are bullish on Cimpress' future and are investing accordingly.

Capital Allocation Summary

Recent History and Near-Term Plans



Allocated Capital ($M)	FY15	FY16	FY17	FY18	4-Year Total	Percent of 4-yr Total	FY19 Plan	5-Year Total
Organic investments (UFCF impact)	$255	$290	$317	$238	$1,100	55%	$270	$1,370
M&A	$148	$176	$228	$54	$606	30%	TBD	TBD
Share repurchases	$—	$153	$50	$95	$298	15%	TBD	TBD
Total capital deployed	**$403**	**$619**	**$595**	**$387**	**$2,004**	**100%**	**TBD**	**TBD**

Capital raised via divestitures or partial-equity sales	**$—**	**$—**	**$—**	**$129**	**$129**	**100%**	**TBD**	**TBD**

How We Think About Value

Before I provide my thoughts on how we have done with our past capital allocation, let me first describe how we think about value, and about how we can create value.

As referenced above, our uppermost financial objective is to maximize our intrinsic value per share, or IVPS. We do not publicly disclose our internal IVPS range estimates because of their judgment-based nature and because we assume that shareholders who take a long-term perspective will each make their own estimates of the value of a share of Cimpress. However, I would like to explain the process by which we internally establish an IVPS range estimate so you understand how we, as the stewards of the capital you entrust to us, think about this very important subject.

We define IVPS as (a) the unlevered free cash flow per diluted share that, in our best judgment, will occur between now and the long-term future, appropriately discounted to reflect our cost of capital, minus (b) net debt per diluted share.

Any estimate of part (a) is inherently subjective and based on forward-looking projections. That is why we say that our definition of IVPS is based on our best judgment. Please note my use of many qualifying terms throughout this letter such as "estimated", "range", "approximate" and "judgment". The future is inherently unknowable so our commentary should be understood in the context of these qualifying terms.

We use two methods to estimate part (a) of our IVPS equation. We establish multiple scenarios, so each of these approaches generates a range based on several present values. We try to be prudent and realistic in our forecasts. We then look at the range of all the outputs across the two methods, discuss and debate the merits and weaknesses of each output, and then make a range-based judgment call.

The first of these two methods is a classic discounted cash flow ("DCF") financial model. We forecast key line items in our income statement and cash flow statements based on past trends, and our beliefs about how those trends will progress in the future. We typically project these ten fiscal years into the future, and in the last year establish a terminal value by dividing that year's projected UFCF by our WACC. We then discount all of this back to today at our WACC, then divide by the number of diluted shares.

The second method is based on steady state unlevered free cash flow ("SSFCF"). We define "steady state" as having a sustainable and defensible business over the long term that is capable of growing after-tax free cash flow at the rate of United States inflation. SSFCF is an estimate that is inherently based on many subjective business judgments and approximations, so you should consider our statements about this concept to be directional range estimates that are definitely not specific or precise. This approach is not traditional but we believe it to be useful and informative. In our experience, we typically find that our estimates of IVPS are lower using the SSFCF method than the DCF method. For the SSFCF method, our process is to establish:

i. An estimated range of what value exists in Cimpress today assuming no more of our past investments turn cash generative (or negative) and assuming we were to stop investing for growth. We establish this estimated range by dividing the upper and lower bounds of our range estimate of SSFCF by our WACC to derive a high and low enterprise value prior to accounting for future returns on capital which we have deployed or will deploy which are not yet contributing to our SSFCF.

ii. An estimated range of future returns from our past and future capital allocation (other than organic investments required to maintain steady state) whose returns do not yet show up in our SSFCF. We discount those to their present value using our WACC. This second component addresses our view that a major portion of our estimate of intrinsic value per share derives from us having a large set of attractive investment opportunities for the foreseeable future and that we can fund such investments thanks to our significant SSFCF combined with our financing capacity.

iii. Add the results from "i." and "ii." together to estimate a range of values, which we divide by the number of diluted shares.

In addition to acting as an input for estimating the intrinsic value of our company, SSFCF also is an input to the way we hold ourselves accountable for value creation. Over long periods of time, if we create value then we should grow the result of the following equation at a compounded annual growth rate that is higher than our cost of capital:

([SSFCF divided by our WACC] - net debt) / diluted shares outstanding

Throughout this letter I will describe the inputs to this equation, and at the end of the letter, I will share our thoughts on our past progress and our thoughts on IVPS. But first, let me turn to a review of our capital allocation: organic investments, acquisitions and early-stage investments, share repurchases, and debt issuance and repayment.

Organic Investment

The organic capital that we have allocated, and which we plan to continue to allocate, directly reduces our unlevered free cash flow. We nonetheless organically deploy significant amounts of capital because we believe that we can deliver weighted average returns on this investment portfolio that are above (preferably well above) our WACC. Doing so would, in turn, increase our IVPS. The tables below convey the components of capital that we allocated to organic investment in the last three fiscal years and the approximate amount we plan to invest during fiscal year 2019.

Many of our investments begin to return cash in the same fiscal year as their initial investment so, where practical from a tracking perspective, the investment estimates provided below represent our net investment, not the gross investment. All numbers in the tables below are rounded estimates. Because we cannot precisely estimate the rate of investment or precisely isolate the returning cash flows of most of our investments, and because we may make changes to our plans during the course of the future fiscal year based on new information we may receive, both historical and planned fiscal year 2019 numbers should be considered only as directional and approximate.

To avoid complexity in the presentation and reconciliation of figures which we include in public documents, we describe these investments as a reduction to UFCF before tax effects and prior to working capital changes. However, internally, we endeavor to evaluate investment decisions based on our forecasts of discounted unlevered free cash flow, i.e., after both tax and changes to working capital. To help investors understand our capital allocation in terms that may be important to them, in this letter we also express our investments as reductions to operating income and Adjusted Net Operating Profit ("NOP").

These investments reflect 100% of investments even for businesses in which we have only partial ownership. For example, we own 53.7% of Printi in Brazil, but we reflect 100% of the investments below within the data we present for our All Other Businesses segment. We do this because we reflect the entirety of their cash movements in our results.

Fiscal Year 2018 Organic Investments

Over the past year we continued to invest across a wide spectrum of activities within our existing businesses. In total we allocated approximately $238 million of our capital organically, of which about two-thirds we allocated to Vistaprint. The following tables summarize this investment, grouped by reportable segment.

VISTAPRINT			
Investment Area	**Description**	**FY2018 Unlevered Free Cash Flow Net Investment**	**FY2018 OI/ Adjusted NOP Net Impact**
LTV-based Advertising & Marketing Infrastructure	Based on analysis of the cash flow characteristics of prior cohorts of acquired customers, we regularly invest in customer acquisition costs that require more than twelve months to pay back. Note that this net investment reflects mix shifts in our product and service offering to ensure we appropriately capture in-period returns that net against advertising costs in this calculation. We also include a portion of our internal marketing costs that support LTV-based advertising activities, as well as investments in customer service and design services.	$70M	$78M
Technology	Vistaprint differentiates itself in the market by an extensive set of technologies, such as but not limited to browser-based design, cross-selling, customer service systems, design-assistance, merchandising and analytics. We regularly upgrade that technology.	$47M	$42M
Shipping Price Reductions	The net impact of reducing the prices we charge our customers for shipping and processing. Our goal is to get to and stay at pricing that is in line with e-commerce norms. We have presented this as an investment in each year (net of small but increasing benefits) to reflect the ongoing foregone profits of this decision. However, for fiscal year 2019 and beyond, we will no longer include this in the list of investments in this letter. This will have no impact on the analysis of our steady state free cash flow, since we view this as a maintenance investment that reduces our steady state free cash flow.	$18M	$18M
Expansion of Production & IT Capacity	Capital expenditures and similar upfront investments to expand or improve our capacity for established products with relatively knowable demand patterns. Starting in fiscal year 2018, it also includes the capital expenditures related to the introduction of new products and expansion of our selection of product attributes, such as formats, substrates, finishing options, delivery speeds, available quantities, etc.	$8M	—
Other	Headcount and related costs to enable scalability and to improve performance, as well as miscellaneous small investments. This category also included, for fiscal year 2015 only, replacement capital expenditures, which we subsequently determined were investments that generally pay back in less than 12 months, so were excluded from fiscal year 2016 forward.	$15M	$16M
TOTAL		**$158M**	**$154M**

OTHER ORGANIC INVESTMENTS			
Investment Area	**Description**	**FY2018 Unlevered Free Cash Flow Net Investment**	**FY2018 OI/ Adjusted NOP Net Impact**
Upload and Print	A wide array of technology, advertising, product selection and production capacity investments. We are making technology investments, both business-specific and shared, to modernize and modularize our software systems. Anticipated benefits include enabling more rapid new product introduction and connecting to and leveraging the mass customization platform. This also includes our investment in a team of professionals to find and manage shared opportunities across our Upload and Print businesses.	$20M	$11M
National Pen	A wide array of investments, including investments in e-commerce technology, capital equipment and other investments.	$4M	—
All Other Businesses	The total negative impact from our "All Other Businesses" reporting segment, all of which we consider to be discretionary growth investment. Although these businesses vary considerably from each other in many ways they are all, to varying degrees, early stage, high-growth businesses with a higher degree of risk than our more established businesses. The businesses in this reporting segment include: – Vistaprint Corporate Solutions ("VCS") – Miscellaneous businesses managed by our VCS team, including the Cimpress Open initiative which we started in March 2016 and ended in September 2017 – YSD.com, based in China – Printi.com, based in Brazil, but also expanding to the U.S. – Vistaprint India – Vistaprint Japan – Starting in July 2018, VIDA & Co., a business in which we recently took a majority ownership position. In order to limit the disclosure to competitors, and in light of the relatively small size of each component relative to our overall capital allocation, we do not provide details of our financial investments in the sub-components of the All Other Businesses reportable segment.	$29M	$36M
Mass Customization Platform ("MCP")	This category represents the software engineering and related costs to expand the functionality of our Mass Customization Platform, a growing set of software services and standards that deliver business and customer functionality to our businesses. Unlike many of the other investments in this letter that are presented net of their related returns, we present the MCP investment as the gross cost because the cash flow generated by MCP appears in the accounts of our decentralized businesses. Note that when viewing the longer-term trend in this investment, many costs that had been part of this category in fiscal years 2015 and 2016 have been allocated to the Vistaprint business starting in fiscal year 2017.	$22M	$24M
Other Centrally Managed Investments	Includes headcount and operating expense for certain corporate and administrative functions, compliance, and centrally funded environmental, corporate social responsibility, and governance programs. Starting in fiscal year 2018, this also includes expense related to supplemental performance share units (SPSUs), which require mark-to-market accounting treatment and are by definition a long-term investment.	$5M	$19M
TOTAL		**$80M**	**$90M**

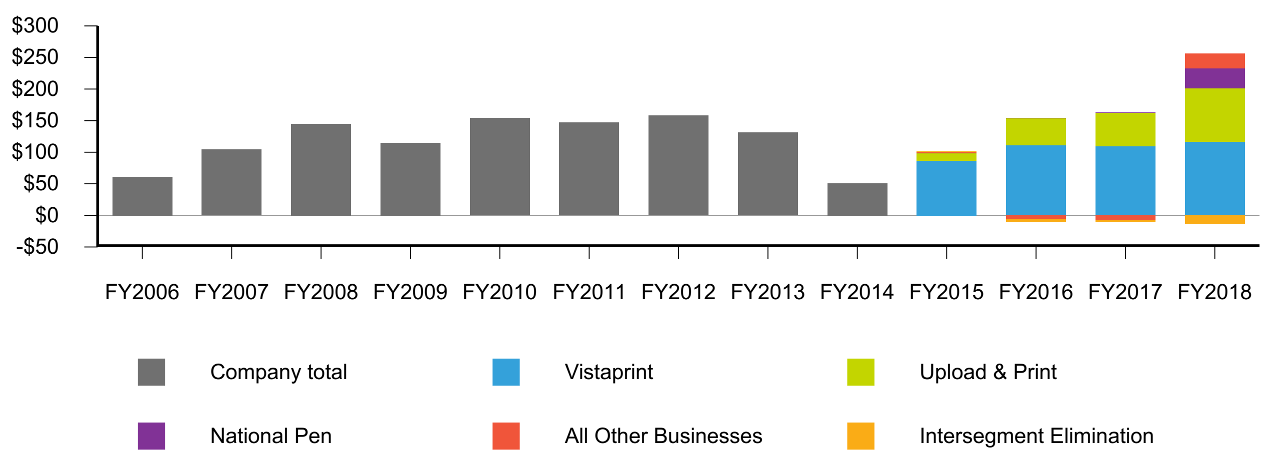
Overall Organic Growth

We believe we can make attractive returns on organic growth investments because we perceive a large opportunity for markets to continue to shift to a mass customization paradigm and to be attractive to us given our strong experience and differentiated competitive capabilities. In light of this we have made, and we plan to continue to make, the significant organic growth investments described in this letter. We believe organic revenue growth is an important indicator of our performance relative to this organically deployed capital. We do not pursue organic growth for its own sake; growth from investments that return below our cost of capital destroy value.

The graph below illustrates our incremental organic revenue growth across a multi-year time period. A few notes about the graph:

- In order to remove the impact of volatility in currency markets, we present each fiscal year 2015 through 2018 using currency exchange rates as of June 30, 2018, which we provide for your reference in the 'Non-GAAP Reconciliations' section of this letter.
- We also exclude from this graph the growth impact of acquisitions that we have held for less than four full quarters in each fiscal year presented in the graph.
- The graph excludes (for all years) Albumprinter, which we divested in the first quarter of fiscal year 2018.

Incremental Organic Revenue (Annual, USD millions)
FY2015 - FY2018 results stated at currency exchange rates from June 30, 2018;
Prior results at reported currency rates



The graph illustrates that our growth slowed considerably in fiscal years 2013 and 2014. We believe this was a result of underinvestment during the previous five or so years combined with significant growth "headwinds" as we moved Vistaprint away from a customer value proposition which was largely characterized by free offers that we combined with aggressive up-selling and cross-selling. More recently, as the benefits of its repositioning started to take hold, Vistaprint has begun a slow-but-steady, multi-year return to stronger year-over-year increases of incremental revenue. In addition, the newer parts of Cimpress, especially our Upload and Print reportable segment, have contributed materially to our consolidated organic growth in the past several fiscal years.

In fiscal year 2018 our total annual incremental organic constant-currency growth across all segments (excluding Albumprinter and including inter-segment elimination) was approximately $243 million.[3] In terms of percentage growth rate, Cimpress posted an 11% organic constant-currency growth rate for fiscal year 2018, versus 8% for fiscal year 2017.[4]

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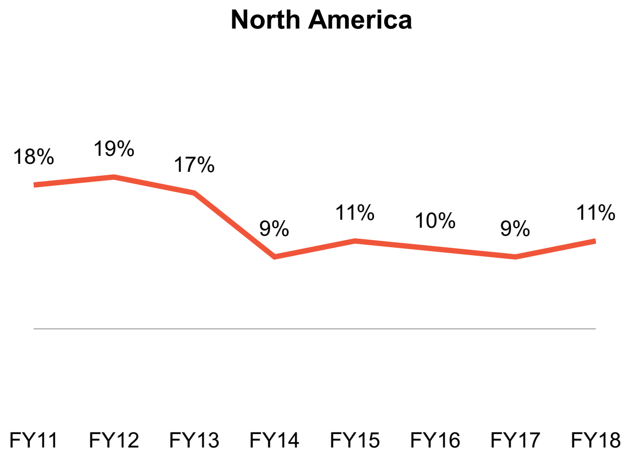
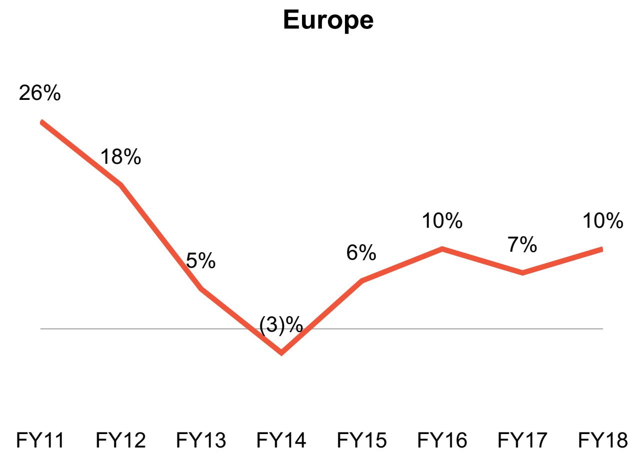
[3] Fiscal year 2018 reported incremental revenue in USD was $457 million, including acquisitions as of their respective acquisition dates and including Albumprinter until its divestiture in August 2017.
[4] Cimpress reported revenue in USD grew 21% in fiscal year 2018 and 19% in fiscal year 2017. Please see reconciliation of non-GAAP measures at the end of this letter.

In terms of geographic markets, annual organic constant-currency revenue growth in fiscal year 2018 was 11% in North America and 10% in Europe, versus 9% and 7% respectively in fiscal year 2017. For the total of other geographies (primarily Brazil, India, Japan, Australia and New Zealand) this metric was 16% in 2018 versus 19% in 2017.[5] The charts below illustrate our year-over-year annual organic constant currency growth in Europe and North America.

Organic Constant-Currency Revenue Growth Rate

Each data point excludes acquisitions in the first year of Cimpress ownership or divestiture in the last year of ownership.





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

Vistaprint Investments

Vistaprint is a great business. Organic growth over the past two decades has led to fiscal year 2018 revenues just under $1.5 billion, more than 15 times the revenues in the fiscal year just prior to our September 2005 IPO[6] and 79% larger than the $817 million of revenues in fiscal year 2011. The unlevered free cash flow from Vistaprint was approximately $242 million in fiscal year 2018, which compares to $8 million in fiscal year 2006 and $121 million in fiscal year 2011.[7] The UFCF in fiscal year 2018 was net of growth investments that reduced UFCF by a range of $20 million to $55 million, so steady state free cash flow was higher.

Given that we deploy lots of capital to Vistaprint (about $766 million in the four years from fiscal years 2015 to 2018) it is not surprising we frequently receive questions about how to think about Vistaprint's investment returns on this very large amount of capital.

The largest component is what we consider to be "steady state maintenance" capital allocation: it is an integral part of the unique Vistaprint business model that allows us to serve micro-business owners so well. Maintenance has accounted for about 60% to 70% of our capital deployment to Vistaprint. We need this level of maintenance investment because of the dynamics of the Vistaprint micro business focus: the vast majority of customers have two or fewer employees and more than half have either one employee or their business is a part-time vocation. Many are “casual” businesses that don't endure beyond a certain period, such as college bands or soccer parent/ coaches, and of the bona fide businesses the failure rate is very high. This in turn means that we need to constantly "refill the funnel" by bringing in new customers of which only a minority will become long-term repeat customers. We also need to constantly upgrade our technology and keep things like shipping prices competitive. All just to keep the

[5] Fiscal year 2018 revenue growth in USD in North America, Europe and other markets was 21%, 20%, and 35%, respectively. This includes acquisitions as of their respective acquisition dates.

[6] Vistaprint reported revenue in fiscal year 2018 was $1,463 million. Fiscal year 2005 consolidated revenue was $91 million.

[7] Vistaprint segment profit, our GAAP profit measure for segment reporting, was $241 million in fiscal year 2018. Consolidated operating cash flow was $35 million in fiscal year 2006, and $165 million in fiscal year 2011 (periods in which the entire business was Vistaprint). Please see reconciliation of non-GAAP measures at the end of this letter.

Vistaprint business in steady state. At first blush, this need for large amounts of capital each year may seem to be a weakness, but we think it is a strength for multiple reasons. First, the ROIC on these investments is predictable and comfortably above our cost of capital. Second, these high investment requirements serve as an important part of the moat around the Vistaprint business model. Third, and very importantly, the attractive cash flow Vistaprint generates is *after* making these investments.

The remainder of the capital that we allocate to Vistaprint, which was very roughly 30% of what we invested in fiscal year 2018, is invested to either expand our addressable market (new products, for example) or to create capabilities that improve our value proposition. This is what we consider the "growth investments" - they are what allow us to grow Vistaprint beyond its steady state.

The Columbus project is one example of these growth investments. Between fiscal years 2015 and 2017 we invested nearly $100 million to develop a line of logo apparel, promotional products and corporate gifts. These are all customized marketing products highly relevant to small business marketing, but the core software, SKU-proliferation, supply chain and customization technologies are all very different from what we had ever done before. Today, this is a strongly growing, break-even business that delivered more than $50 million in revenues in fiscal year 2018. We made plenty of mistakes on this project. For example, we started it as a segregated skunk works in order to go fast, but we took too long to integrate it into Vistaprint's core order flow and when we did do so, it proved very difficult for a whole host of technical and organizational reasons. Columbus is no longer classified as an investment because it has reached break even, but it currently weighs down the returns within Vistaprint, because year over year, there is meaningful incremental revenue with little incremental profit. In order for Columbus to create value, we need to grow this into a $150 million to $250 million, significantly cash-flow positive business over the coming five years. We are trying to do just that, and think we can do so, but it is too early to say for sure if we will succeed.

We have made a lot of other growth investments in Vistaprint over the past seven years, other than the Columbus project. In total, these were hundreds of millions of dollars, consisting of both the development of new capabilities and the cash flows we chose to forego by turning away from past marketing practices that were cash generative but not customer centric. Because of the unknowable nature of the question, "what would have occurred if we didn't change?" it is not feasible to precisely calculate how much we have invested in these improvements, much less the returns. Estimating the mutually exclusive returns for individual investments of this type within Vistaprint is challenging as well because we often make simultaneous investments, each designed to in some way improve customer satisfaction, conversion rates, customer loyalty, share of wallet, or other drivers of value.

So we instead look to the big picture, asking ourselves about key metrics such as net promoter score or repeat customer value. We have said many times that it took us more money and more time to achieve the results we wanted, but that we are making solid progress and our foundation is stronger than ever. Many key metrics are trending the right way over long periods of time. Trynka Shineman, Vistaprint's CEO, will speak in more detail about this at our investor day, but in summary we continue to see progress in terms of customer loyalty and higher-value customer cohorts. Thanks to these investments, we believe that Vistaprint is positioned for a healthy future of continued growth, customer satisfaction, and strong cash flow generation. We are happy to have made these substantial investments and expect to continue to do so.

Central Investments

Mass Customization Platform: From 2015 until 2018 we invested about $87 million in reduced unlevered free cash flow to build the MCP. As we have discussed extensively in the past, about 18 months ago we radically narrowed the focus of the MCP to consist only of a collection of standards and multi-tenant software micro services. Functions that had previously been in the MCP organization were either moved to Vistaprint or ceased to operate. The "breaking up of the software monolith" work we did early on, prior to this narrowing of the MCP focus, remains a foundation of our ability to deliver value through the MCP today.

Fiscal year 2018 was an important year both organizationally and financially in terms of demonstrating business value via the MCP. For the portion of the MCP that we report quarterly as part of our central operating costs, we are comfortable that we are generating cash savings versus what we would spend if we decentralized these activities, and also that we are providing more robust and scalable capabilities than many of our businesses would achieve on their own. We are also confident that the MCP capabilities that we engineered and deployed in fiscal year 2018, and those which we expect to develop in fiscal year 2019, are yielding increases to our unlevered free cash flow by an an amount that exceeds 20% of the cost of developing those services and which we expect to grow in the future. Although it is not certain, we also believe that as the benefits of the MCP grow over time, in the future we should be able to report that the entire investment we have made in the MCP (i.e., the $87 million dollars to date, plus all future investments) would have created value that comfortably exceeds our hurdle rates.

Other Centrally Managed Investments: Prior to our decentralization, we had fairly large central teams that worked on a broad spectrum of activities ranging from strategy, human resources, accounting and corporate development to centrally led research and development for equipment technologies. Most of these activities were eliminated, substantially reduced, and/or moved to Vistaprint. Measuring our precise losses or returns on these past investments is difficult; however, the fact that we have so severely reduced the investment over the past 18 months clearly communicates that we now believe that the now-ended investments were value destructive. In making these reductions, we were very intentional about the areas we should continue to invest in. I am comfortable that we have focused this investment to either activities that add the most value to Cimpress in terms of shared strategic capabilities (specifically our shared talent infrastructure in India and our central procurement team), or are activities which must be done centrally. It is also clear that the additional unlevered free cash flow from the reductions we have made in this area have a meaningful positive impact on our overall returns.

Acquisitions & Early-Stage Investments

Acquisitions of Established Businesses

In our view, acquisitions and equity investments are risky investments that, if successful, can produce attractive returns on large amounts of capital and/or fortify the competitive position of our existing businesses. We also believe that transactions in which we acquire less than 100% of a business can be attractive under the right circumstances since such structures may help us to align, motivate and retain co-owners and/or partners who are important to driving strong performance for Cimpress. For most acquisitions or equity investments of established, profitable businesses, at the time we make that investment we typically apply a 15% hurdle rate.

We may also divest and/or sell all or a portion of the equity of a given business when we believe we could deploy our capital more productively elsewhere, or when we believe that doing so will bring important benefits in terms of our relationship with third parties who are important to the success of that business.

Below are our current views on all acquisitions of established businesses that we have made in the past seven years, organized into the categories of successes, neutral results, and failures.

Success

We include here acquisitions that we feel confident will generate returns that meet or exceed our hurdle rates. We typically base our return estimates on (i) the unlevered free cash flow we have generated since the investment plus (ii) the present value of UFCF we expect over the long term, discounted at our cost of capital.

- National Pen: $211 million, inclusive of costs of transfer of intellectual property, in fiscal year 2017
  The unlevered free cash flow from National Pen was approximately $24 million in fiscal year 2018, an unlevered free cash flow yield of more than 11% of consideration paid.[8] This was after organic investments that reduced UFCF by $4 million, only about half of which we estimate is required for maintaining steady state free cash flow, and does not include synergies that we achieved in other Cimpress businesses because of National Pen. As noted above, we expect National Pen to deliver annual constant-currency revenue growth in the low double digits for the foreseeable future. We also believe that National Pen should, over the coming several years, reach and then grow beyond the point where it is generating annual steady-state free cash flow that comfortably exceeds 15% of the consideration we paid for this business.

- Upload and Print: €472 million between fiscal years 2014 and 2018
  This reportable segment consists of seven different businesses into which we have made equity investments, plus relatively minor equity investments in suppliers to our Upload and Print businesses. The total investment includes payments and equity sales completed to date. During fiscal year 2018, we paid

[8] National Pen Segment Profit, our GAAP profit measure for segment reporting, was $22 million in fiscal year 2018.

incremental consideration in the amount of €42 million related to earn outs and founder incentive programs. Also during fiscal year 2018, in order to solidify and align incentives with an (undisclosed) third party, we sold approximately 12% of the outstanding shares of our WIRmachenDRUCK subsidiary for a total of €30 million.

Upload and Print generated approximately €56 million in unlevered free cash flow in fiscal year 2018 (net of reductions to reflect partial equity ownership of certain businesses in the group, some of which occurred during fiscal year 2018), a yield of approximately 12% of the €472 million of consideration we have paid to date.[9] This was after organic investment that reduced UFCF by approximately €17 million in fiscal year 2018, of which only a minority was required for maintaining steady state free cash flow, so we estimate fiscal year 2018 steady state UFCF returns for our Upload and Print businesses to be, very approximately, around 14% of the consideration paid. We also feel confident that the revenues and steady state free cash flow of this segment will grow at attractive rates for the foreseeable future.

Neutral Results

- Albumprinter and FotoKnudsen (acquired in fiscal years 2012 and 2015, respectively, for a total of €70 million; sold for €78 million in fiscal year 2018, net of transaction costs and cash divested)
  The IRR between our October 2011 purchase and our August 2017 divestiture, net of the purchase of FotoKnudsen and the after-tax cash dividends, was slightly above our WACC if measured in Euros and slightly below our WACC if measured in U.S. dollars. As a result, we did not create any intrinsic value over the course of our ownership. That being said, Cimpress benefited from our investment in Albumprinter in multiple ways that are not accounted for in our ROIC: two of today's Cimpress executives came from Albumprinter, and Albumprinter strengthened the selection of our photo products for Vistaprint's European operations that continue to rely on Albumprinter as a significant supplier.

Failure

- Webs: $141 million, inclusive of costs of transfer of intellectual property, in fiscal year 2012
  The technology and team that we acquired via Webs remains central to and comprises the majority of the technology that drives our Vistaprint Digital product line. This is a highly cash flow generative revenue stream that generated approximately $55 million in revenues in fiscal year 2018. However, from the perspective of capital allocation and with the benefit of years of hindsight, we believe that the acquisition of Webs was a poor financial investment and use of capital in that we overpaid relative to the ROIC of the incremental per-share cash flows that Webs generated in comparison to alternative uses of that capital.

Early-Stage Investments

For investments in nascent businesses, we typically use a 25% ROIC hurdle to reflect the materially higher risk typically associated with that allocation of our capital.

Potentially, we could create great value by entering markets that are several steps away from our current businesses and by then building great customer franchises and fast-growing, profitable businesses in these markets. In the very ancient history of our company we achieved exactly such a feat. Back in 1998, Cimpress was just "Bonne Impression", a small (roughly $3 million in revenue), break even, low-growth, direct-mail-catalog-based supplier of desktop publishing supplies for small businesses in Europe. We aspired to take our knowledge of that market and move into online printing, still serving the same customer for self-service graphic design and short-run printing, but in a very different way than our existing business. To do so we raised significant venture capital money and over the 1998 to 2003 period launched Vistaprint. We had plenty of failures, setbacks, re-launches, pivots and urgent needs for more financing, but by 2003 Vistaprint was profitable, fast growing, and on its way to becoming an incredible business.

Now, as much as we would love it, we don't expect to organically create another Vistaprint. To expect to do so would require ignoring the reality that, besides hard work, a huge factor in our success came from the good luck of

[9] Upload and Print Segment Profit, our GAAP measure for segment reporting, was $79 million USD in fiscal year 2018. This includes 100% of the results of Exagroup and WIRmachenDRUCK.

being in the right place at the right time. But we do believe that it might be possible for us to build a portfolio of fast-growth, profitable businesses that, a decade into the future, contribute a significant portion of Cimpress' overall growth and which, at the portfolio level, net of inevitable failures, would have generated attractive ROIC on a magnitude that could "move the needle" of value creation at the Cimpress-wide level. At the highest level, that aspiration is why we invest in early stage investments.

Sadly, our history to date is far less glorious than our aspiration. Over the past seven years (via equity investment, organic investment, or a combination of the two) we have allocated large amounts of capital to build businesses that that we have now shuttered. Examples include Namex, Tasteful Menus, Cimpress Open, and significant-sized supporting central teams that were managing these businesses. Not all our efforts have failed: today our All Other Businesses reportable segment consists of our stand-alone early-stage investments that remain active today. As I will discuss below, we have some great, promising businesses.

But if we are to improve our performance in the future, we need to start by being honest about that fact that despite some successes, at the portfolio level our early-stage investments to date have destroyed significant value. The numbers are not pretty: since fiscal year 2012 we have allocated \$55 million to equity ownership positions of early-stage investments and we have incurred an additional \$163 million of consolidated operating losses. When we lay out approximate values of the cash we invested (be it via equity or operations) since fiscal year 2011 and adjust downward for portions of the businesses we don't own, the value of our all other business portfolio would need to be approximately \$350 million to \$400 million if we were to have generated 15% or better return on those investments. Unfortunately, as of today, its value is far less.

Some of our investments were clear failures, such as the \$18 million investment in Namex in China that we wrote off for a total loss in fiscal year 2014. But even the businesses in which today we see value have taken longer, and more money, than we expected to get to their current state. Other investments have been great successes: we purchased Softsight, a small technology firm with no material revenues, for \$6 million in fiscal year 2010 and used their software and knowhow to enter the market for embroidered products, a business that today is large, profitable and growing. We are also very happy with our investment in Printi, in which we have invested \$19 million.

Over the years, we have learned some hard lessons about early-stage investments. Many of the lessons could be categorized as variants on "don't try to be a startup when you are structured and staffed like an established business". We centralized our decision making, we paid team members attractive salaries rather than compensating them with equity (or equity-like instruments) in the startup, we had fancy offices and facilities, we applied rules about "how we do things" that are reflective of big-company thinking rather than entrepreneurial vigor, we required the fledgling businesses to use company-wide resources (HR, finance, legal, manufacturing, engineering, marketing, etc.) even though those resources were expensive, inflexible and far removed from the reality of the new markets we were trying to serve, and we built for scalability before we had figured out core elements of the fledgling business models. Today, we have generally corrected these errors and are running these businesses in a manner that is largely entrepreneurial and autonomous. Our early-stage leaders tell us that they value things like Cimpress' talent infrastructure in India, the MCP, our peer-to-peer knowledge sharing and our procurement synergies, and they get to leverage these shared strategic capabilities if they want to. But we don't force such choices on them, and we act instead as a supplier of perpetual capital partnering as owners, and increasingly often as co-owners, with these leadership teams.

Below is a list of the businesses that constitute our All Other Businesses segment, including a new investment that we made at the beginning of fiscal year 2019:

- Printi:
  This business, the leading upload and print business in Brazil, is also investing in nascent operations in the U.S., continues to develop strongly. During fiscal year 2018, we acquired an additional 3.7% ownership position in the business, bringing our ownership to approximately 53.7%. Cimpress and the remaining equity holders in Printi have put-call arrangements for Cimpress to acquire the remaining equity in the business between calendar years 2021 and 2023.

- Vistaprint Japan:
  We are pleased with the progress of this business and its trajectory toward becoming a growing and profitable business. Note that this investment does not include the National Pen business in Japan. Also please note that, in late fiscal year 2018, we focused this team solely on Vistaprint, which has a clearly

differentiated position relative to competitors who tend to focus on upload and print, not the self-service, micro-business customer which Vistaprint Japan serves.

- Vistaprint India:
  This is a rapidly growing business that is on a relatively near-term path toward positive cash flow generation.

- Vistaprint Corporate Solutions:
  This is a rapidly growing business that serves mid- and large-businesses under the Vistaprint brand name, but with a significantly different user experience and service offering so as to meet the needs of larger customers.

- VIDA & Co.:
  We invested $29 million on July 2, 2018 via a combination of the buyout of early-stage investors and the issuance of new equity. Cimpress is now the majority owner via preferred shares; the remainder of equity consists of management-owned common shares and a stock option pool. With this investment we are investing into trends we see in the market to bring mass customization (i.e., to generate an infinite variety of goods and services uniquely tailored to customers) to retail-grade products. VIDA is a rapidly growing startup that brings manufacturing access and an e-commerce marketplace to artists, thereby enabling artists to convert ideas into beautiful, original products for customers, ranging from custom fashion, jewelry and accessories to home accent pieces. VIDA algorithmically pairs trending professional artwork from a curated collection of over 125,000 artists with fashion-driven products from a variety of manufacturers and brand partnerships.

One of our Frameworks for Thinking About Acquisitions & Early-Stage Investments

I often get questions from shareholders about what types of acquisitions and equity investments we are interested in making given that there are many different types of acquisition and equity investment opportunities.

First, we only want to invest in businesses where mass customization enables the delivery of superior customer value versus traditional business models, and where we believe that the select few shared strategic capabilities which Cimpress manages centrally can enable those businesses to drive incremental customer and long-term shareholder value.

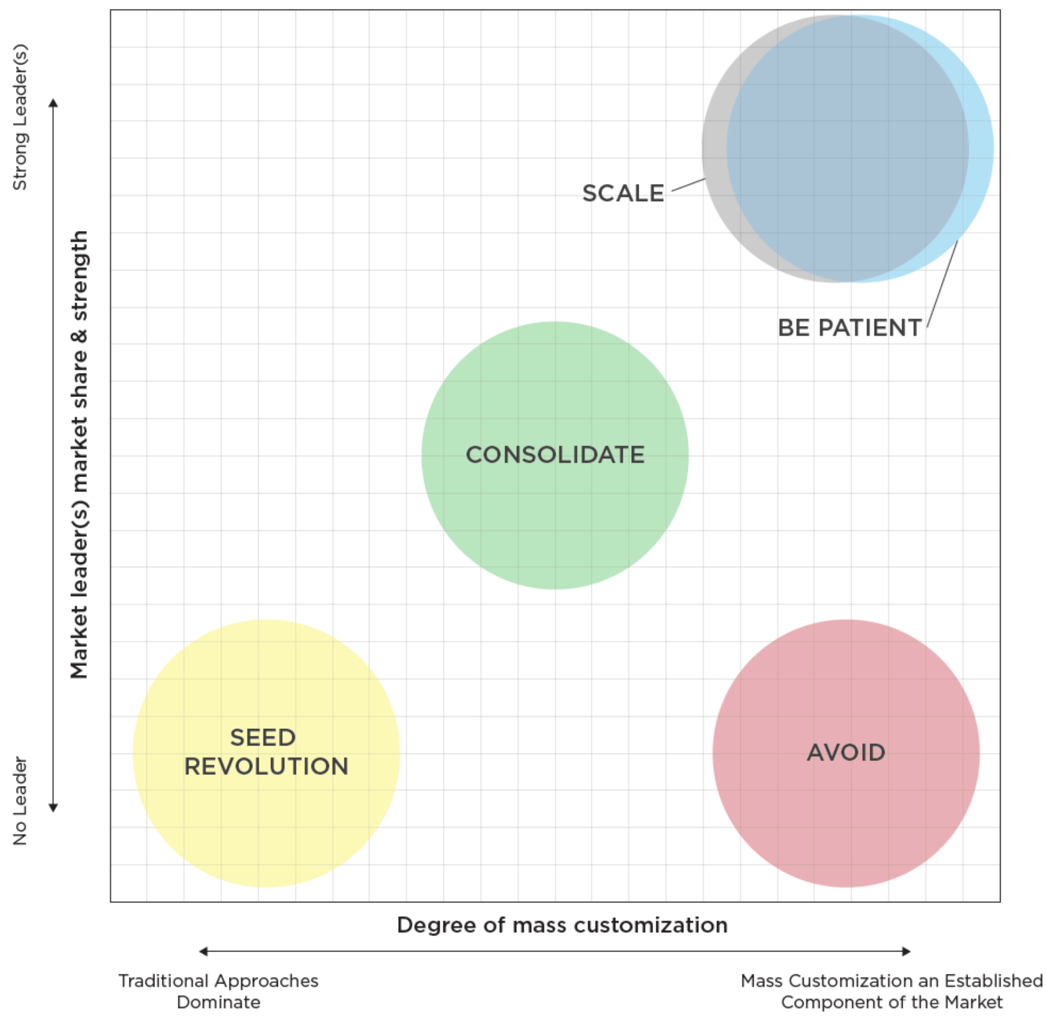
Second, in the discussion below I describe one of the mental models that we have started to use to think about where, and how much, we might invest in acquisitions and equity investments. This is not a comprehensive framework and, very importantly, it is not the only way in which we evaluate different options, but we have recently found this helpful to our discussions and debates regarding different opportunities.

- The horizontal axis on the chart represents the degree to which a given market has converted to the mass customization paradigm. To the left, incumbents with traditional business models dominate. To the right, businesses that produce goods and services to meet individual customer needs with near mass production efficiency (i.e., businesses who mass customize) have captured material portions of the market.

- The vertical axis represents the degree to which market leaders have a strong relative market share. At the bottom, there are many competitors who can compete effectively and no large players. At the top there are a relatively few larger firms (even if huge numbers of smaller competitors remain who may control large portions of a market).

- In the upper right, we differentiate between those areas where Cimpress has strong relative market share (i.e., the grey circle labeled "Scale") and those markets where we do not (the blue circle labeled "Be Patient").

Mass Customization Universe as an M&A Map



There are two areas of the above schematic in which we have historically invested the vast majority of the capital we deployed to M&A. Looking to the future, much or most of the capital we put into M&A would likely also fall into one or both of these categories.

- "Scale"
  We face extensive competition from many traditional competitors and nimble new entrants for short-run quantities of small-format printing (e.g., brochures, flyers, business cards, postcards) and Cimpress' market share for such products remains in the single digits, but it is nonetheless fair to say that we have strong relative market share for short-run small-format printing. Despite that strength, we believe we can be much better at serving the needs of customers if we gain further scale. With that in mind, we have invested €472 million between fiscal years 2014 and 2018 for our Upload and Print businesses to grow our position in Europe beyond Vistaprint. In doing so, we learned a lot about how mass customization processes could apply to much deeper and broader product lines of small format print than we offered prior to these acquisitions, and we are happy with these investments in terms of their financial returns.

- "Consolidate"
  In the middle of the graphic are markets that are on the way to moving to a world in which mass customization takes market share from traditional competitors, but in which Cimpress is not a clear leader. Before acquiring here we might already have organically built a growing base of revenues in these areas which would have taught us about customer needs, market dynamics and the competitors we most respect. Our largest single acquisition to date, National Pen for $211 million, represents this type of investment: it followed our organic entry into promotional products with our "Columbus" project.

Back in 2011 we didn't use the framework being discussed here and mass customization, although an important internal engineering discipline for us, was not our strategic focus. That being said, our acquisitions of Albumprinter and Webs would have fit into the "Consolidate" section of the chart. In the decade prior to 2011 we had built Vistaprint's success in part by acquiring customers with offers for free products, followed by up-selling and cross-selling. We had (and still have) a profitable and growing business in photo merchandise, such as mugs, t-shirts, holiday cards and calendars. Via the acquisition of Albumprinter, we sought to augment our presence in the photo merchandise market. Likewise, our free-plus up-sell/cross-sell approach allowed us to sell, typically in the checkout process following their design of a business card, basic websites for price-sensitive micro-businesses. In the same market for free-offer-driven micro-business websites, Webs had built an 8 million strong customer database. We acquired Webs with visions of driving scale, and thus customer value: offering both digital and physical small "business identity" products and marketing materials in combination via free offers. In retrospect, we should have taken another path for both Albumprinter and Webs, and those acquisitions educated us in multiple ways about the challenges of turning M&A into value creation.

Turning to another part of the chart, just as we invest organically to build up future growth opportunities, we also do so via equity investments in early-stage businesses that began independent of Cimpress. These fall into the lower left of the framework.

- "Seed Revolution"
  These are start ups seeking to disrupt markets in which mass customization remains in its early stages and no clear mass-customization-based leaders have developed. These businesses tend to be led by founders and management teams who are nimble, fast, frugal and close to the customer, so a side benefit of our investments here is that they inject entrepreneurial energy and perspectives into the veins of Cimpress' culture. They are characterized by a much higher level of risk, which is counter-balanced by the potential for significant returns if and when they grow into strong, established leaders. We think of the totality of our investments in the "Seed Revolution" category, including negative cash flows we incur via our income statement, as a long-term portfolio that should be evaluated as such, balancing out the winners and the losers. Although it is small in the context of our overall capital allocation we deploy a substantial amount of capital here. As noted above, to date we have destroyed value here but we hope and expect to improve.

There are two other boxes on the chart, both on the right hand side. These are markets where mass customization business models already dominate significant portions of the market. We believe that once established competitors emerge in a given segment of the mass customization market it is costly to overtake them.

- "Be Patient"
  The leaders in these and other markets are often very impressive businesses and, at the right price (i.e., a material discount to the post-synergy intrinsic value) we might want to deploy capital here. We have considered investing in markets such as this, but have never done so because we never felt that we could do so at a material discount to the post-synergy value of these businesses.

- "Avoid"
  Mass customization is penetrating some markets, such as one-off t-shirts and mugs with crowd-sourced content, and customers love these products. However, from a strategic perspective, competition remains fragmented and no one has strong relative market share. Although we can't say that Cimpress would never invest here, we would only do so if we were comfortable that we were doing so at a fire sale price in which we were confident of our returns.

Share Repurchases & Issuances

Share repurchases have clearly been a large, and one of our best, categories of capital allocation. Over the past ten years we allocated $817 million of capital to repurchase 20.3 million shares at an average price per share of $40.18 inclusive of commissions. That ten-year total includes, for fiscal year 2018, $94.7 million of capital with which we repurchased 0.9 million shares at an average share price of $105.78 inclusive of commissions. When we compare how much we paid for these shares to our estimate of today's intrinsic value per share, we are very comfortable that the annualized returns on the capital we deployed to share repurchases have been excellent.

We also issue shares. Other than our IPO, our primary purpose for this has been share-based compensation ("SBC"). In 2016, our shareholders overwhelmingly approved an SBC vehicle that would provide substantial rewards to our senior team members if and when Cimpress succeeds in growing what we believe to be an independent proxy of the multi-year trend of changes to our IVPS: the compounded annual rate of growth of our three-year moving average share price over forward-rolling six to ten-year periods. We provide more details about our long-term incentive program in a PDF titled "Cimpress LTI Overview" which you can download from the "Featured Documents" section of our investor relations website.

We have repurchased and issued, and may also in the future repurchase or issue, shares to cover obligations under our equity compensation plans, for acquisitions or similar transactions, and for other purposes. For example, for acquisition-related earn-outs and other purchase obligations like deferred payments for non-controlling interests, we often structure the obligation to be payable in cash or shares at Cimpress' option.

When we issue shares, we are willing to do so at prices that are at or below our estimate of our intrinsic value per share if we believe the return for the investment of the capital from the equity issuance will be higher than any loss of value we expect to incur from issuing shares below their intrinsic value.

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

Debt Issuance & Repayment

We view debt as an important source of capital that, when maintained at manageable levels, helps us maximize our intrinsic value per share. We believe that the calculated entrepreneurial risk-taking inherent in our capital allocation is fully compatible with our commitment to maintain reasonable levels of debt because each individual investment we make is small relative to our overall financial performance.

Given our fluctuating needs for capital we often choose to deploy capital to the reduction of debt. For instance, between June 30, 2017 and June 30, 2018 we reduced our net debt, excluding debt issuance costs, by $62 million.

We greatly value our debt investors and believe that Cimpress represents a compelling issuer of bonds and a strong customer for financial institutions. In June 2018, we issued $400 million of senior unsecured 8-year notes for which we pay 7.0% interest and redeemed our $275 million of previously issued senior notes which matured in 2022. At the same time, we extended and increased our senior secured credit facility that includes an $839 million revolver and $289 million Term Loan A, both of which bear interest at a rate of LIBOR plus 1.375% to 2.0% depending on our leverage (a reduction in pricing compared to the prior credit agreement).

Our covenant for our total leverage ratio (which is debt to trailing twelve month EBITDA) increased with the credit facility amendment from 4.5 with a one-year temporary step up to 4.75 for material M&A activity to 4.75 and 5.0, respectively. As of June 30, 2018 we had $826.8 million of outstanding debt on our balance sheet, net of issuance costs. Based on our debt covenant definitions, our total leverage ratio was 2.75 as of that date, and our senior secured leverage ratio (which is senior secured debt to trailing twelve month EBITDA) was 1.47.

In the past we intended to maintain leverage typically at or below approximately three times trailing twelve month EBITDA as defined by our debt covenants, albeit with possible temporary step-ups beyond three times in order to pursue what we believed to be strongly value-creating acquisitions or other investments. We took an opportunity to make a temporary step-up in fiscal year 2017 to repurchase shares, acquire National Pen, and invest significantly in organic opportunities. We subsequently deleveraged back to below 3 times by the end of calendar year 2017 consistent with our communicated plans. We were pleased to demonstrate to ourselves and to our creditors that we could use leverage for value-creating opportunities and then reduce debt in line with our stated goals.

We no longer have a specified leverage target. We value "keeping dry powder" for potential future opportunities that are currently unforeseen or unavailable, and of course we expect to operate within the boundaries of our debt covenants, but we also value having flexibility to allocate capital to investments with attractive anticipated returns when the opportunity is appropriate. Our business is stronger and more diversified than when we put the now-obsolete leverage target in place, we have control of our discretionary spend which can be ramped up and down if needed, and we have demonstrated resiliency through recessions. For those reasons we are comfortable in having evolved this financial policy.

We have received questions about this policy evolution such as *What leverage ratio makes us uncomfortable? How long are we willing to stay at debt levels that approach our covenants?* The answer to these and similar questions is that we are willing to take leverage up for attractive opportunities to any number that doesn't put us at risk of breaching our quarterly maintenance covenants on our debt, and we would either sustain or pay down debt based on the other capital allocation opportunities that arise. Importantly, over 40% of our equity is held by long-term shareholders who are members of our supervisory and management boards and clearly incentivized not to take undue risk with leverage.

Net Debt per Share

As noted near the beginning of this letter, we define IVPS as (a) the unlevered free cash flow per diluted share that, in our best judgment, will occur between now and the long-term future, appropriately discounted to reflect our cost of capital, minus (b) net debt per diluted share. The following table provides our calculation of part (b).

Net Debt Per Share (USD Millions Except Per Share Data)

	FY2015 (June 30, 2015)	**FY2016** (June 30, 2016)	**FY2017** (June 30, 2017)	**FY2018** (June 30, 2018)
Total debt, excluding debt issuance costs	$523	$686	$883	$839
Cash and equivalents	$104	$77	$26	$44
Net debt, excluding debt issuance costs	$419	$609	$857	$795
Adjustment for proceeds from sale of Albumprinter*			$(107)	
Pro-forma net debt	$419	$609	$750	$795
Weighted average diluted shares outstanding**	33.8	33.0	32.6	32.2
Pro-forma net debt per share	$12.40	$18.45	$23.01	$24.69

* USD estimate made using July 25, 2017 USD/Euro spot rate of 1.1655. This adjustment was made prior to the sale date and the calculation has not been updated to show the proceeds in fiscal year 2018, when the sale was actually completed.
** Weighted average shares outstanding for fiscal year 2017 represent the number of shares we would have reported on the face of our income statement had we been in a profit position for fiscal year 2017 instead of a loss position. The 'basic' weighted shares outstanding reported on our income statement was 31.3 million for fiscal year 2017.

Outlook

Fiscal Year 2019 Organic Investment Plans

On an unlevered free cash flow (albeit pre-tax, pre-working capital) basis, we expect the total of organic investment will increase by $32 million from fiscal year 2018 to fiscal year 2019, whereas we expect the operating income and adjusted NOP impact of these organic investments to decrease by $19 million. The largest difference between these two perspectives is due to our planned capital expenditures for a large greenfield Vistaprint plant that we are building near Dallas, Texas and, to a lesser degree, capital investment in our Upload and Print businesses. Those capital expenditures will impact our fiscal year 2019 cash flow but will not influence our operating income or adjusted NOP in fiscal year 2019 due to expected timing of putting the capacity in service. The data below factors in our best estimate of the portion of the capital expenditures for the Vistaprint plant that will be purchased versus leased, which is subject to change.

Approximately $10 million of the decrease in our organic investments from fiscal year 2017 to fiscal year 2018 is driven by restructuring savings where the changes either reduced the scope of the investments or made it more efficient to deliver such investments. We have not included in the table below any restructuring charges from our company-wide fiscal year 2017 reorganization or our subsequent fiscal year 2018 Vistaprint restructuring.

UNLEVERED FREE CASH FLOW - ESTIMATED NET[11] IMPACT
$ in millions

VISTAPRINT					
Investment Area	**FY15**	**FY16**	**FY17**	**FY18**	**FY19 Est.**
Columbus[12]	34	36	26	—	—
Selection (new products and attributes)	14	8	18	Included below	Included below
LTV-based advertising and marketing infrastructure	65	49	63	70	80
Technology	40	26	40	47	45
Shipping price reductions[13]	—	3	19	18	N/A
Expansion of production & IT capacity	27	42	12	8	25
Other	20	39	27	15	25
VISTAPRINT TOTAL	**$200**	**$203**	**$205**	**$158**	**$175**

OTHER ORGANIC INVESTMENTS					
Investment Area	**FY15**	**FY16**	**FY17**	**FY18**	**FY19 Est.**
Upload and Print	6	11	25	20	35
National Pen	N/A	N/A	N/A	4	10
All Other Businesses	26	42	46	29	20
Mass Customization Platform ("MCP")	14	27	24	22	25
Other Centrally Managed Investments	9	7	17	5	5
TOTAL OTHER THAN VISTAPRINT	**$55**	**$87**	**$112**	**$80**	**$95**
CIMPRESS TOTAL	**$255**	**$290**	**$317**	**$238**	**$270**

[11] Note that the estimates presented regarding our investments in MCP are gross investments, prior to benefits we realize in year, i.e., not net investments like the other lines in these tables.
[12] "Columbus" was the name of a project to build our business in promotional products and logo apparel. Investments shown in fiscal years 2015 through 2017 were for engineering, advertising, management teams and other costs associated with this launch. Investments in this project for fiscal year 2018 and beyond have ceased to be a net investment, and therefore are no longer included in the total.
[13] Starting in fiscal year 2019, we are no longer classifying shipping price reductions as an investment in this letter. See more detail in the table on page 9 of this letter.

OPERATING INCOME & ADJUSTED NOP - ESTIMATED NET IMPACT
$ in millions

VISTAPRINT					
Investment Area	**FY15**	**FY16**	**FY17**	**FY18**	**FY19 Est.**
Columbus	25	35	26	—	—
Selection (new products and attributes)	—	4	19	Included below	Included below
LTV-based advertising and marketing infrastructure	69	51	66	78	85
Technology	36	22	37	42	40
Shipping price reductions	—	3	19	18	N/A
Expansion of production & IT capacity	6	22	1	—	—
Other	24	31	23	16	25
VISTAPRINT TOTAL	**$160**	**$168**	**$191**	**$154**	**$150**

OTHER ORGANIC INVESTMENTS					
Investment Area	**FY15**	**FY16**	**FY17**	**FY18**	**FY19 Est.**
Upload and Print	6	11	18	11	5
National Pen	N/A	N/A	N/A	—	5
All Other Businesses	22	34	41	36	20
Mass Customization Platform ("MCP")	15	24	25	24	30
Other Centrally Managed Investments	14	11	18	19	15
TOTAL OTHER THAN VISTAPRINT	**$57**	**$80**	**$102**	**$90**	**$75**

CIMPRESS TOTAL	**$217**	**$248**	**$293**	**$244**	**$225**

Revenue Outlook

Subject to the important caveat that we are not targeting any specific revenue growth rates for any particular quarter or year, the following bullet points provide fiscal year 2018 organic constant-currency growth by reporting segment and our current view regarding our near- to mid-term expectations for this metric. We expect that both reporting segment and consolidated growth rates will fluctuate from quarter-to-quarter or year-to-year as they have done historically.

- Our Vistaprint business grew by 9% for fiscal year 2018 on an organic constant-currency basis, unchanged from the prior fiscal year.[14] Organic constant-currency revenue growth has been between 9% and 10% for the last four fiscal years. We believe Vistaprint's revenue growth will continue at approximately this pace for the foreseeable future. We've reduced this from our past commentary that this business has the eventual ability to grow at low-double-digit rates because we want the leaders of Vistaprint to focus on returns on invested capital for which revenue growth is an important, but not the only, driver.

- For our Upload and Print segment, organic constant-currency revenue growth was 13% in fiscal years 2018 and 2017 [15]. We continue to expect this segment's growth to moderate over time but we expect low-double-digit growth for these businesses for the foreseeable future. We do not provide commentary on revenue performance of the individual businesses that constitute this reporting segment.

[14] Vistaprint reported growth in USD was 12% in fiscal year 2018 and 7% in fiscal year 2017.
[15] Upload and Print reported growth in USD was 24% in fiscal year 2018 and 36% in fiscal year 2017, inclusive of all acquisitions as of their transaction dates. Please see reconciliation of non-GAAP measures at the end of this letter.

- We acquired National Pen on December 30, 2016. On a pro forma basis as if we had owned National Pen for all of fiscal year 2017, constant-currency revenue growth adjusted for discontinued operations [16] would have been 20% for fiscal year 2018, compared to 2% for fiscal year 2017. Revenue was depressed in the first few quarters of ownership due to National Pen's reorganization of its marketing team and its curtailment of marketing expenditures which were not generating attractive return on investment, so please recognize that the fiscal year 2018 growth rates are off of relatively easy comparisons versus the year-ago period.

  We expect National Pen annual constant-currency organic growth to moderate as we pass the anniversary of the changes after September 2018, and to be in the low double digits for the foreseeable future. Given the seasonality of National Pen's revenue as well as growth patterns in fiscal year 2018, we expect volatility in quarterly revenue growth relative to the expected annual growth rate in fiscal year 2019.

- On a reported basis, the growth rate for the All Other Businesses segment was suppressed in fiscal year 2018 due to the divestiture of the largest business in this segment, Albumprinter, in August 2018. Excluding Albumprinter, this segment grew 40%[17] in organic constant currency in fiscal year 2018 and we continue to expect double-digit organic constant-currency growth for the foreseeable future.

Steady State Free Cash Flow

Please note that SSFCF is an output, not an input, to our capital allocation decision making. In other words, we use SSFCF to evaluate the intrinsic value of Cimpress and as a performance metric that measures the impact of our past allocations of capital, but we do not use SSFCF to allocate capital. As discussed above, we allocate capital based on our estimates of the present value of any given potential investment, discounted by our hurdle rates and selected within the context of alternative uses of that capital. For example, we do not protect or favor the maintenance of SSFCF in our existing businesses as part of our capital allocation processes. As with all capital allocation choices, we would make such investments only if we believe that they will both meet or exceed relevant hurdle rates and will be the best choice relative to alternative uses of that capital. We would rather accept that such a portion of our business is mature and declining and use the cash flows that are generated from it to invest elsewhere. The fact that we currently invest large amounts of capital into the maintenance of steady state reflects our belief in the strong returns available to us in our current business.

The table below illustrates our calculation of the high and low ends of our approximate estimate of our likely range of SSFCF for fiscal year 2018.

[16] National Pen reported growth in USD was 196% in fiscal year 2018 due to partial-year ownership in 2017. National Pen pro forma revenue growth in USD and including the discontinued operations would have been 23%.
[17] All Other Businesses reported revenue declined 32% in fiscal year 2018 due to the divestiture of Albumprinter during the first quarter. Please see reconciliation of non-GAAP measures at the end of this letter.

SSFCF Estimate (Million USD) - Most numbers in this table are only approximate	FY18
Free cash flow	$139
Add back cash interest expense*	$49
Unlevered free cash flow	$189
Adjustment for pro forma UFCF of non-controlling interests	($8)
Adjustment for pro forma UFCF of non-steady state working capital change	$—
Adjustment for pro forma impact of FY 2018 restructuring activity (primarily Vistaprint)	$31
Approximate pro-forma unlevered free cash flow normalized for the above items	$212
Add back organic investments	$238
Pro-forma unlevered free cash flow prior to organic investments	$450
Subtract low estimate of investment needed to maintain steady state	($110)
High estimate of steady state free cash flow	$340
Subtract the increment between the low and high estimates of investment needed to maintain steady state	($40)
Low estimate of steady state free cash flow	$300

* Excludes cash interest for Waltham, Massachusetts facility lease because we view this as an operating cost, not a cost of borrowing capital

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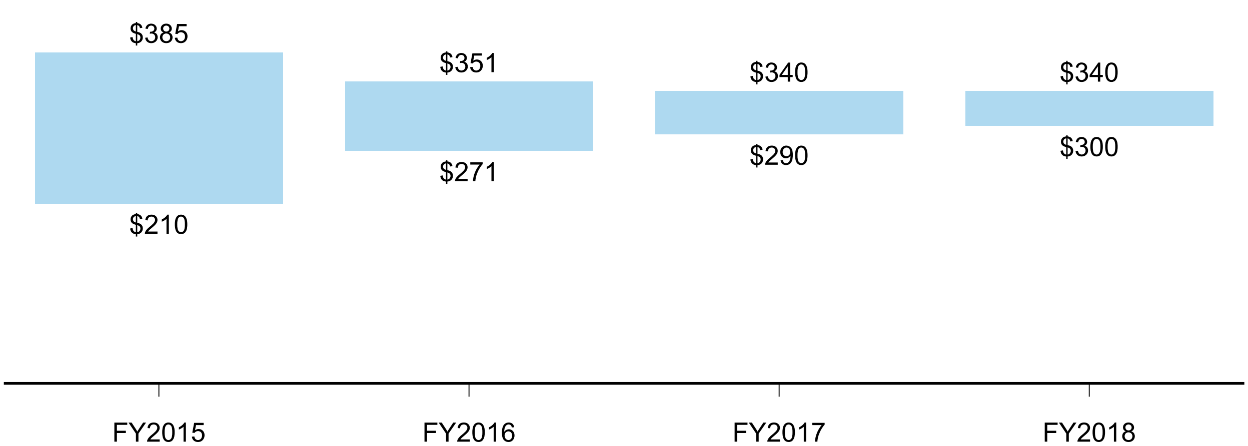
Past and Current Approximate Estimates of our
Likely Range of Steady State Free Cash Flow (USD Millions) and Share Count (Millions)*

	FY2015	FY2016	FY2017	FY2018
When we made this estimate	**July 2015**	**July 2016**	**July 2017**	**July 2018**
High estimate of SSFCF	$385	$351	$340	$340
Low estimate of SSFCF	$210	$271	$290	$300
Weighted average diluted shares outstanding	33.8	33.0	32.6	32.2

* High and low estimates of SSFCF are only approximate. Weighted average shares outstanding for fiscal year 2017 represent the number of shares we would have reported on the face of our income statement had we been in a profit position for fiscal year 2017 instead of a loss position. The 'basic' weighted shares outstanding reported on our income statement was 31.3 million for fiscal year 2017.

Past and Current Approximate Estimates of our Likely Range of Steady State Free Cash Flow (USD Millions)



This is the fourth year in which we have calculated an approximate estimate of our likely range of steady state free cash flow. We believe that each year we have improved our understanding of, and confidence in, estimates of our investments necessary for maintaining steady state. We expect to continue to improve this analysis over time.

Please recognize that changes to our business (or changes to our understanding of our business) from one year to the next drive corresponding changes to our approximate estimates of our likely range of steady state free cash flow. For example, our fiscal year 2018 calculation of SSFCF takes into account our November 2017 Vistaprint restructuring that eliminated significant ongoing costs. The estimate we have made for fiscal year 2018 also removes, for the first time, the unlevered free cash flow from non-controlling interests to adjust for the portion we don't currently own.

At the time we published prior annual letters like this, we noted different adjustments for each fiscal year relative to the prior year. All of these corrections would lower our prior estimates of our likely ranges of SSFCF or, at a minimum, lower the upper end of the these estimated ranges. One could easily argue that these adjustments should also be reflected in revised estimates of SSFCF for prior fiscal years; however we do not recast prior SSFCF estimates because we don't believe that the effort of doing so would increase the value of Cimpress. Instead, we seek to be transparent, explicit and approximate: transparent about where these changes to our estimates occur; explicit about the lack of precision inherent in any calculation of SSFCF; and approximate by providing only range estimates, not specific, SSFCF estimates.

There are still other things that we have to date not sought to adjust for, such as cash taxes, which fluctuate based on a variety of factors. Of course there are tax implications of the investments we are making but often these tax attributes are deeply linked with the operational and corporate structures required to generate our steady state free cash flow. For example, our cash taxes decreased by $17 million in fiscal 2018, a portion of which is non-steady state but none of which is reflected in the steady state calculations that we present here because exactly how much is difficult to estimate. A portion of that decrease is also from the cash taxes for the National Pen tax restructuring in fiscal year 2017 that we adjusted for last year.

For these reasons, we do not yet believe that we are ready to draw conclusions from the trend implied by the multi-year SSFCF data that we present in this letter because SSFCF remains a relatively new, although improving, concept for us that depends on tracking systems, assumptions and judgment which we are internally learning about, debating and improving. What we can say is that we are comfortable that the range of fiscal year 2018 estimates represents our best understanding of our SSFCF as of the date of this letter and we've been able to narrow and improve the assumptions behind the presented ranges over time in function of our increased understanding. We believe that each year we are improving our SSFCF estimates and it provides an increasingly clean and thoughtful estimated range (but still not perfect and certainly not precise) of what our company could generate each year into the future if we stopped investing for growth.

We have experienced a substantial expansion of our unlevered free cash flow in fiscal year 2018 but that is not the case for our range estimate of SSFCF. This difference illustrates a few of the underlying concepts described throughout this letter.

- First, SSFCF neutralizes the impact of cash flows, positive or negative, which we do not consider to be recurring in steady state. So last year we included pro-forma adjustments for the anticipated annualized savings related to our fiscal year 2017 decentralization as well as the annualized impact of acquisitions, which were two significant drivers of incremental UFCF this year.
- Second, as noted just above, the precision of our SSFCF estimates is growing as we gain experience with its measurement. Starting in fiscal year 2018 we have made adjustments to exclude the SSFCF attributable to non-controlling interests.
- Third, fluctuations in growth investments don't impact SSFCF unless and until they deliver real cash flow. In fiscal 2018 relative to 2017, our growth investments decreased significantly as demonstrated in the table above.

The difference between our actual free cash flow and our approximate estimates of our likely range of steady state free cash flow represents an approximate range estimate of the capital that we allocate to organic investments to grow the value of our business. You can derive an estimated range of growth investment by subtracting the estimated range for maintenance investment from the actual amount of UFCF investment for each year. Here is this calculation for the past several years.

Past, Current and Future Estimated Range of Growth and Maintenance Investment (USD Millions)

	FY16	FY17	FY18	FY19 Plans
UFCF investment into organic projects	$290	$317	$238	$270
Maintenance investment (approximate estimates made at time of analysis)				
High	$168	$149	$150	$155
Low	$68	$99	$110	$115
Growth Investment (approximate estimates derived from above)				
High	$222	$218	$128	$155
Low	$122	$168	$88	$115

Some investors have asked if our removal of an estimated range of organic growth investments in our steady-state analysis implies that growth investments should be "ignored". We do not think so. Rather, we ask investors to understand these investments and to then make their own assessment of their value.

Let's go back to a statement that I made earlier in this letter that, over long periods of time, if we create value then we should grow the result of the following equation at a compounded annual growth rate that is higher than our cost of capital.

([SSFCF divided by our WACC] - net debt) / diluted shares outstanding

Note that the output of the above formula is not our IVPS, because it does not include the value of our growth investment, past and future, that is not yet impacting our SSFCF. If we execute well, the value generated by these growth investments that are not yet paying off would be an important additional component.

It is also worth pointing out that our net debt levels are directly impacted by the past financing of significant growth investments that do not yet contribute to our SSFCF. Nonetheless, over long periods of time, if we create value then we should grow the result of the above equation at a compounded annual growth rate that is higher than our cost of capital.

As we evaluate our progress using this formula we often refer back to our fiscal year 2011, since that was the year right before we began to invest decisively in recognition of our belief that we had been under-investing in our business. In fiscal year 2011 we had $121 million in unlevered free cash flow, net cash of $237 million, and diluted weighted average shares outstanding of 45.0 million.[18] It was a year with low capital expenditures compared with the prior year and in general we were not investing intensively for growth at that time. Using the data we provide in this letter, we encourage you to make your own assessment of our progress. Our view in summary is that we are doing okay but not great. To really move this metric we still need to prove out the value of many past investments that are not yet material components of our SSFCF.

[18] Operating cash flow in fiscal year 2011 was $165 million. Cash, cash equivalents and marketable securities were $237 million, and we had no outstanding debt. Please see non-GAAP reconciliations at the end of this letter.

Summary & Conclusion

I trust this letter has helped you understand how we think about capital allocation and factors that we believe are most important to our estimates of the intrinsic value per share of Cimpress. We reiterate that most of the numbers in this letter are estimates for which we necessarily make judgment-based approximations. Despite its inexact and subjective nature, we share this information with you because I, our Supervisory and Management Boards, and our executive team use this same analysis to manage Cimpress. Therefore, we believe that transparently communicating this data may assist you as you make your own assessment of the value of a share of Cimpress.

Each year when I write this letter it's also an opportunity for me to take account of what we have learned and how we think about our business and our progress. That list is too long to recount in detail, but here are some of the headlines:

- One of the greatest improvements we have made over the past few years is to focus explicitly on capital allocation as a means to drive IVPS, and to move to organizational structures and decision processes that directly support this focus.
- I feel confident that on balance net of failure, we have significantly enhanced the IVPS of Cimpress over long periods of time, including making good progress in the past year.
- The Vistaprint business is a gem into which we want to continue investing significant capital each year. Vistaprint delivers significant customer value and has incredible competitive advantages that make serving these customers the way they do very tough to replicate.
- As evidenced with Upload and Print and National Pen, we have learned how to improve our odds of success when acquiring established businesses and expect this to remain an important part of our capital allocation.
- Early-stage investments are high risk and despite some wins, to date we have destroyed value via our efforts here and have yet to prove that we can create value with these types of investments. In order to improve, we have significantly changed our approach to ensure that we enable, and don't impede, nimble, fast-moving entrepreneurial startups.
- Share repurchases have been a great use of capital for us because we have acted decisively in times that we believed our shares were undervalued. We expect these to remain an important part of our capital allocation going forward.

In addition to this letter, our GAAP financial results, and our other SEC filings, we plan to convey valuable complementary information at our investor day on August 8, 2018, which I encourage you to attend either in person or via webcast. Having reviewed all of this material, I hope that you will come to share our view that over the past year Cimpress has improved its future prospects through our strategy, the execution of our teams, our ongoing commitment to improve our capital allocation capabilities, and the experience we have gained through our past successes and failures.

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

Sincerely,

Robert Keane
Founder & CEO
Cimpress N.V.

August 1, 2018

Non-GAAP Reconciliations

To supplement Cimpress' consolidated financial statements presented in accordance with U.S. generally accepted accounting principles, or GAAP, Cimpress has used the following measures defined as non-GAAP financial measures by Securities and Exchange Commission, or SEC, rules: Constant-currency revenue growth, constant-currency revenue growth excluding revenue from acquisitions and divestitures made in the last twelve months, Adjusted Net Operating Profit, Adjusted EBITDA, free cash flow and Trailing-Twelve-Month Return on Invested Capital:

- Constant-currency revenue growth is estimated by translating all non-U.S. dollar denominated revenue generated in the current period using the prior year period's average exchange rate for each currency to the U.S. dollar.
- Constant-currency revenue growth excluding revenue from acquisitions, divestitures and joint ventures during the first year of ownership excludes the impact of currency as defined above and revenue from:
    - Albumprinter for the period from Q2 fiscal 2012 through Q3 fiscal 2013;
    - Webs for the period from Q3 fiscal 2012 through Q3 fiscal 2013;
    - Digipri from the period from Q3 fiscal 2014 through Q3 fiscal 2015;
    - Printdeal and Pixartprinting from the period from Q4 fiscal 2014 through Q3 fiscal 2015;
    - FotoKnudsen from the period from Q1 fiscal 2015 through Q4 fiscal 2015;
    - Printi from the period from Q2 fiscal 2015 through Q1 fiscal 2016;
    - Easyflyer (FL Print), Exagroup, and druck.at from Q4 fiscal 2015 through Q4 fiscal 2016;
    - Tradeprint from Q1 fiscal 2016 through Q1 fiscal 2017;
    - Alcione from Q1 fiscal 2016 through Q1 fiscal 2017;
    - WIRmachenDRUCK from Q3 fiscal 2016 through Q3 fiscal 2017;
    - National Pen from Q3 fiscal 2017 through Q2 fiscal 2018; and
    - Albumprinter divestiture from Q1 fiscal 2018 through Q4 fiscal 2018.
- Incremental annual organic revenue removes the revenue from acquired businesses and joint ventures as listed directly above. For the periods from fiscal years 2001 through 2014, the incremental revenue is stated in U.S. dollars. For the periods from fiscal years 2014 through 2017, non-U.S. revenue has been converted at exchange rates as of June 30, 2017, in order to eliminate the impact of currency movements. The exchange rates for the currencies with the greatest influence on revenue are listed in the reconciliation below.
- Adjusted Net Operating Profit is defined as GAAP operating income plus interest expense associated with our Waltham, Massachusetts lease, excluding M&A related items such as acquisition-related amortization and depreciation, changes in the fair value of contingent consideration, and expense for deferred payments or equity awards that are treated as compensation expense, plus the impact of certain unusual items such as discontinued operations, restructuring charges, impairments, or gains related to the purchase or sale of subsidiaries, plus certain realized gains or losses on currency derivatives that are not included in operating income.
- Adjusted EBITDA is defined as operating income plus depreciation and amortization (excluding depreciation and amortization related to our Waltham, Massachusetts office lease) plus share-based compensation expense plus proceeds from insurance plus earn-out related charges plus certain impairments plus restructuring related charges plus realized gains or losses on currency derivatives less interest expense related to our Waltham, Massachusetts office lease less gain on purchase or sale of subsidiaries.
- 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, plus gains on proceeds from insurance.
- Trailing-Twelve-Month Return on Invested Capital is Adjusted NOPAT or Adjusted NOPAT excluding share-based compensation, divided by debt plus redeemable noncontrolling interest plus shareholders equity, less excess cash. Adjusted NOPAT is defined as Adjusted NOP from above, less cash taxes. Adjusted NOPAT excluding share-based compensation adds back all share-based compensation expense that has not already been added back to Adjusted NOPAT. Excess cash is cash and equivalents greater than 5% of

last twelve month revenues and, if negative, is capped at zero. Operating leases have not been converted to debt for purposes of this calculation.

These non-GAAP financial measures are provided to enhance investors' understanding of our current operating results from the underlying and ongoing business for the same reasons they are used by management. For example, as we have become more acquisitive over recent years we believe excluding the costs related to the purchase of a business (such as amortization of acquired intangible assets, contingent consideration, or impairment of goodwill) provides further insight into the performance of the underlying acquired business in addition to that provided by our GAAP operating income. As another example, as we do not apply hedge accounting for our currency forward contracts, we believe inclusion of realized gains and losses on these contracts that are intended to be matched against operational currency fluctuations provides further insight into our operating performance in addition to that provided by our GAAP operating income. We do not, nor do we suggest that investors should, consider such non-GAAP financial measures in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. For more information on these non-GAAP financial measures, please see the tables captioned “Reconciliations of Non-GAAP Financial Measures” included at the end of 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.

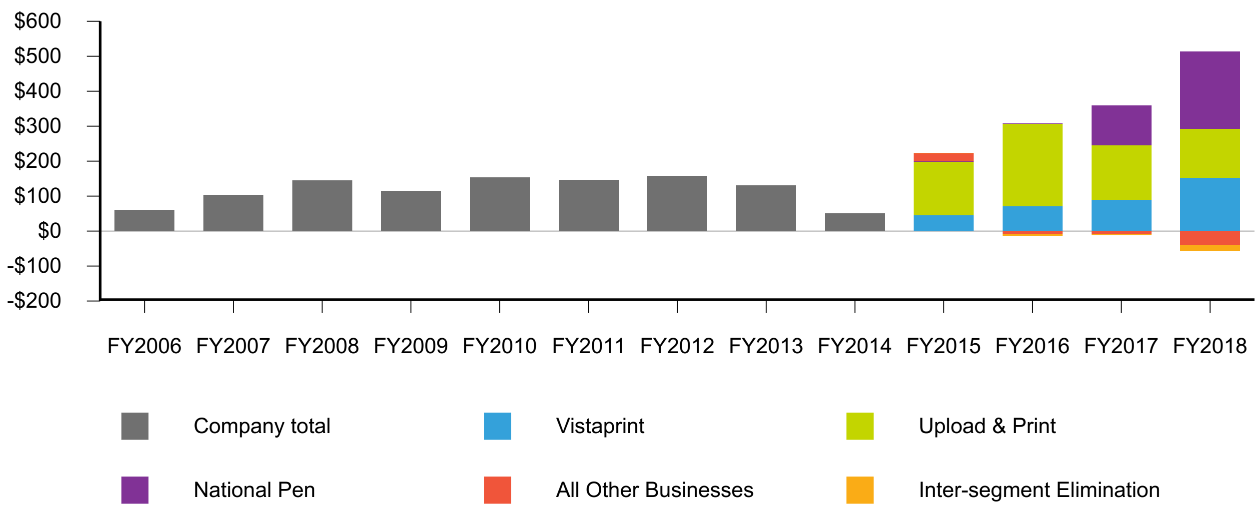
Reconciliation of Non-GAAP Financial Measures

Revenue Growth Reconciliation by Reportable Segment
Annual, in $ thousands

	FY2018	FY2017	Year-over-year Growth	Currency Impact (Favorable) / Unfavorable	Constant-Currency Revenue Growth	Impact of Acquisitions / Divestitures (Favorable) / Unfavorable	Constant-Currency Revenue Growth Excluding Acquisitions / Divestitures
Vistaprint	$ 1,462,686	$ 1,310,975	12%	(3)%	9%	—%	9%
Upload and Print	730,010	588,613	24%	(11)%	13%	—%	13%
National Pen	333,266	112,712	196%	(6)%	190%	(165)%	25%
All Other Businesses	87,583	128,795	(32)%	—%	(32)%	72%	40%
Inter-Segment Eliminations	$ (21,004)	$ (5,690)					
Total revenue	**$ 2,592,541**	**$ 2,135,405**	**21%**	**(4)%**	**17%**	**(6)%**	**11%**

Incremental Reported Revenue

Total Incremental Revenue (Annual)
FY 2001 - FY 2018, USD millions



Reconciliation of Non-GAAP Financial Measures (continued)

Incremental Organic Revenue
Annual, in $ thousands

For the periods from fiscal years 2006 through 2011 the incremental revenue is stated in U.S. dollars and total company revenue is considered organic as we did not make any acquisitions during this time.

Total Company	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011
Reported Revenue (USD) [A]	$152,149	$255,933	$400,657	$515,826	$670,035	$817,009

Prior-Year Comparable	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Reported Revenue (USD) [B]	$90,885	$152,149	$255,933	$400,657	$515,826	$670,035

Total organic year-over-year incremental revenue [A] - [B]	**$61,290**	**$103,784**	**$144,724**	**$115,170**	**$154,208**	**$149,632**

The tables below show the longer-term incremental revenue for fiscal years 2012 - 2018. Non-U.S. revenue for all periods beginning with FY2015 and comparable FY2014 have been converted at exchange rates as of June 30, 2018, in order to eliminate the impact of currency movements (earlier periods are presented at rates realized in the respective periods). The exchange rates for the currencies with the greatest influence on revenue are listed below.

Currency	Exchange rate (USD per currency)
Euro	1.169
Great British Pound	1.321
Australian Dollar	0.740
Swiss Franc	1.010
Canadian Dollar	0.761

Currency	Exchange rate (USD per currency)
Norwegian Krone	0.123
Swedish Krona	0.112
Danish Krone	0.157
Japanese Yen	0.009
New Zealand Dollar	0.677

Total Company	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Reported revenue (USD)	$1,020,269	$1,167,478	$1,270,236	$1,494,206	$1,788,044	$2,135,405	$2,592,541
Impact of Albumprinter divestiture and TTM acquisitions	($45,123)	($72,547)	($118,790)	($246,081)	($318,467)	($340,237)	($202,564)
Organic revenue excluding Albumprinter and TTM acquisitions	$975,146	$1,094,932	$1,151,446	$1,248,125	$1,469,577	$1,795,168	$2,389,977
Impact of currency	—	—	—	($37,799)	$10,033	$47,970	($31,627)
Organic revenue excluding impact of currency, Albumprinter and TTM acquisitions [A]	$975,146	$1,094,932	$1,151,446	$1,210,326	$1,479,610	$1,843,138	$2,358,350

Prior-Year Comparable	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Reported revenue (USD)	$817,009	$1,020,269	$1,167,478	$1,270,236	$1,494,206	$1,788,044	$2,135,405
Impact of Albumprinter divestiture and TTM acquisitions	—	($56,125)	(67,110)	(72,828)	($115,753)	($115,599)	($78,954)
Organic revenue excluding Albumprinter and TTM acquisitions	$817,009	$964,144	$1,100,368	$1,197,408	$1,378,453	$1,672,445	$2,056,451
Impact of currency	—	—	—	($87,950)	($44,216)	$17,729	$58,923
Organic revenue excluding impact of currency, Albumprinter and TTM acquisitions [B]	$817,009	$964,144	$1,100,368	$1,109,458	$1,334,237	$1,690,175	$2,115,374

Total organic year-over-year incremental revenue excluding the impact of currency	**$158,137**	**$130,788**	**$51,078**	**$100,868**	**$145,373**	**$152,963**	**$242,976**

Reconciliation of Non-GAAP Financial Measures (continued)

Incremental Organic Revenue (cont.)
Annual, in $ thousands

Vistaprint	**FY2015**	**FY2016**	**FY2017**	**FY2018**
Reported revenue (USD)	$1,149,706	$1,220,751	$1,310,975	$1,462,686
Currency impact	($40,433)	($412)	$19,630	($14,996)
Revenue excluding the impact of currency [A]	$1,109,273	$1,220,339	$1,330,605	$1,447,690
Prior-Year Comparable	**FY2014**	**FY2015**	**FY2016**	**FY2017**
Reported revenue (USD)	$1,103,218	$1,149,706	$1,220,751	$1,310,975
Currency impact	($80,651)	($40,433)	($412)	$19,630
Revenue excluding the impact of currency [B]	**$1,022,566**	**$1,109,273**	**$1,220,339**	**$1,330,605**
Organic year-over-year incremental revenue excluding the impact of currency [A] - [B]	**$86,707**	**$111,066**	**$110,266**	**$117,085**

Upload and Print	**FY2015**	**FY2016**	**FY2017**	**FY2018**
Reported revenue (USD)	$197,075	$432,638	$588,613	$730,010
Impact of TTM acquisitions	($150,074)	($234,083)	($148,571)	—
Organic revenue excluding TTM acquisitions	$47,001	$198,555	$440,042	$730,010
Impact of currency	$2,659	$10,219	$30,917	($15,299)
Revenue excluding the impact of currency and TTM acquisitions [A]	$49,660	$208,774	$470,959	$714,711
Prior-Year Comparable	**FY2014**	**FY2015**	**FY2016**	**FY2017**
Reported revenue (USD)	$43,590	$197,075	$432,638	$588,613
Impact of TTM acquisitions	—	($28,693)	($32,476)	—
Organic revenue excluding TTM acquisitions	$43,590	$168,382	$400,162	$588,613
Impact of currency	($6,129)	($3,101)	$18,018	$41,869
Revenue excluding the impact of currency and TTM acquisitions [B]	$37,461	$165,281	$418,180	$630,482
Organic year-over-year incremental revenue excluding the impact of currency [A] - [B]	**$12,199**	**$43,493**	**$52,779**	**$84,229**

National Pen	**FY2015**	**FY2016**	**FY2017**	**FY2018**
Reported revenue (USD)	—	—	$112,712	$333,266
Impact of TTM acquisitions	—	—	($112,712)	($185,815)
Organic revenue excluding TTM acquisitions	—	—	—	$147,451
Impact of currency	—	—	—	($2,741)
Revenue excluding the impact of currency and TTM acquisitions [A]	—	—	—	$144,710
Prior-Year Comparable	**FY2014**	**FY2015**	**FY2016**	**FY2017**
Reported revenue (USD)	—	—	—	$112,712
Impact of TTM acquisitions	—	—	—	—
Organic revenue excluding TTM acquisitions	—	—	—	$112,712
Impact of currency	—	—	—	—
Revenue excluding the impact of currency and TTM acquisitions [B]	—	—	—	$112,712
Organic year-over-year incremental revenue excluding the impact of currency [A] - [B]	**—**	**—**	**—**	**$31,998**

Reconciliation of Non-GAAP Financial Measures (continued)

Incremental Organic Revenue (cont.)
Annual, in $ thousands

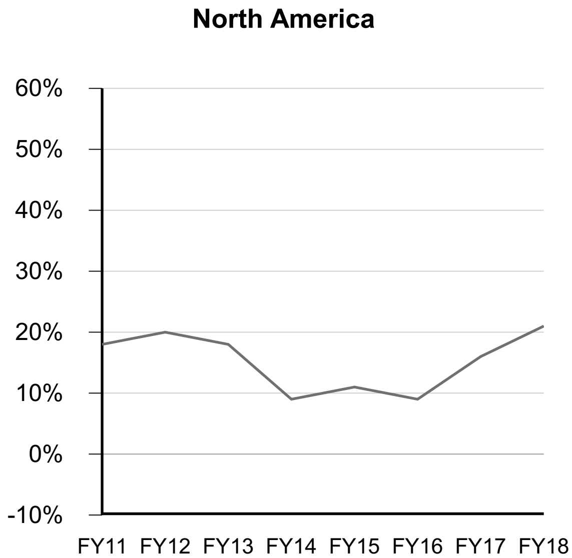
All Other Businesses	FY2015	FY2016	FY2017	FY2018
Reported revenue (USD)	$147,425	$138,244	$128,795	$87,583
Impact of Albumprinter divestiture and TTM acquisitions	($96,007)	($84,384)	(78,954)	($18,219)
Organic revenue excluding Albumprinter and TTM acquisitions	$51,418	$53,860	$49,841	$69,364
Impact of currency	($25)	$226	($2,577)	$1,325
Revenue excluding the impact of currency, Albumprinter and TTM acquisitions [A]	$51,393	$54,086	$47,264	$70,689
Prior-Year Comparable	**FY2014**	**FY2015**	**FY2016**	**FY2017**
Reported revenue (USD)	$123,429	$147,425	$138,244	$128,795
Impact of Albumprinter divestiture and TTM acquisitions	(72,828)	(87,060)	(83,123)	(78,954)
Organic revenue excluding Albumprinter and TTM acquisitions	$50,601	$60,365	$55,121	$49,841
Impact of currency	($1,170)	($681)	$124	($2,577)
Revenue excluding the impact of currency, Albumprinter and TTM acquisitions [B]	$49,431	$59,683	$55,245	$47,264
Organic year-over-year incremental revenue excluding the impact of currency [A] - [B]	**$1,962**	**($5,597)**	**($7,981)**	**$23,425**

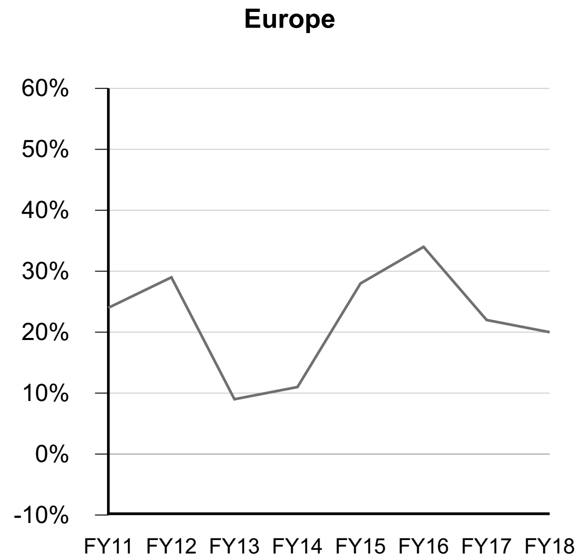
Inter-segment Elimination	FY2015	FY2016	FY2017	FY2018
Reported revenue (USD)	—	($3,589)	($5,690)	($21,004)
Impact of TTM acquisitions	—	—	—	1,471
Organic revenue excluding TTM acquisitions	—	($3,589)	($5,690)	($19,535)
Impact of currency	—	—	—	$84
Revenue excluding the impact of currency and TTM acquisitions [A]	—	($3,589)	($5,690)	($19,451)
Prior-Year Comparable	**FY2014**	**FY2015**	**FY2016**	**FY2017**
Reported revenue (USD)	—	—	($3,589)	($5,690)
Impact of TTM acquisitions	—	—	—	—
Organic revenue excluding TTM acquisitions	—	—	($3,589)	($5,690)
Impact of currency	—	—	—	—
Revenue excluding the impact of currency and TTM acquisitions [B]	—	—	($3,589)	($5,690)
Organic year-over-year incremental revenue excluding the impact of currency [A] - [B]	**—**	**($3,589)**	**($2,101)**	**($13,761)**

Total organic year-over-year incremental revenue excluding the impact of currency	**$100,868**	**$145,373**	**$152,963**	**$242,976**

Reconciliation of Non-GAAP Financial Measures (continued)

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





Revenue Growth Rate by Geography: Constant-currency revenue growth excluding revenue from acquisitions, divestitures and joint ventures during the first year of ownership:

	NORTH AMERICA				
	Reported revenue growth	Currency impact	Revenue growth in constant currency	Impact of acquisitions, divestitures and joint ventures in the first year of ownership	Revenue growth in constant currency ex. acquisitions, divestitures and joint ventures in the first year of ownership
FY 2011	18%	— %	18%	— %	18%
FY 2012	20%	— %	20%	(1)%	19%
FY 2013	18%	— %	18%	(1)%	17%
FY 2014	9%	— %	9%	— %	9%
FY 2015	11%	— %	11%	— %	11%
FY 2016	9%	1 %	10%	— %	10%
FY 2017	16%	— %	16%	(7)%	9%
FY 2018	21%	(1)%	20%	(9)%	11%

Reconciliation of Non-GAAP Financial Measures (continued)

Revenue Growth Rate by Geography: Constant-currency revenue growth excluding revenue from acquisitions, divestitures and joint ventures during the first year of ownership (continued):

	EUROPE				
	Reported revenue growth	Currency impact	Revenue growth in constant currency	Impact of acquisitions, divestitures and joint ventures in the first year of ownership	Revenue growth in constant currency ex. acquisitions, divestitures and joint ventures in the first year of ownership
FY 2011	24%	2 %	26%	— %	26 %
FY 2012	29%	2 %	31%	(13)%	18 %
FY 2013	9%	2 %	11%	(6)%	5 %
FY 2014	11%	(4)%	7%	(10)%	(3)%
FY 2015	28%	11 %	39%	(33)%	6 %
FY 2016	34%	8 %	42%	(32)%	10 %
FY 2017	22%	4 %	26%	(19)%	7 %
FY 2018	20%	(9)%	11%	(1)%	10 %

	OTHER				
	Reported revenue growth	Currency impact	Revenue growth in constant currency	Impact of acquisitions, divestitures and joint ventures in the first year of ownership	Revenue growth in constant currency ex. acquisitions, divestitures and joint ventures in the first year of ownership
FY 2011	55 %	(16)%	39%	— %	39%
FY 2012	44 %	(6)%	38%	— %	38%
FY 2013	16 %	1 %	17%	— %	17%
FY 2014	(4)%	10 %	6%	— %	6%
FY 2015	12 %	11 %	23%	(10)%	13%
FY 2016	4 %	15 %	19%	— %	19%
FY 2017	33 %	(7)%	27%	(8)%	19%
FY 2018	35 %	(1)%	34%	(18)%	16%

Reconciliation of Non-GAAP Financial Measures (continued)
Free Cash Flow and Unlevered Free Cash Flow[1]
Annual, in $ thousands

	FY2006	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Net cash provided by operating activities	$34,637	$165,149	$146,749	$141,808	$153,739	$242,022	$247,358	$156,736	$192,332
Purchases of property, plant and equipment	($24,929)	($37,405)	($46,420)	($78,999)	($72,122)	($75,813)	($80,435)	($74,157)	($60,930)
Purchases of intangible assets not related to acquisitions	$0	($205)	($239)	($750)	($253)	($250)	($476)	($197)	($308)
Capitalization of software and website development costs	($2,656)	($6,290)	($5,463)	($7,667)	($9,749)	($17,323)	($26,324)	($37,307)	($40,847)
Payment of contingent consideration in excess of acquisition-date fair value	—	—	—	—	—	$8,055	$8,613	—	49,241
Proceeds from insurance related to investing activities	—	—	—	—	—	—	$3,624	—	—
Free cash flow	**$7,052**	**$121,249**	**$94,627**	**$54,392**	**$71,615**	**$156,691**	**$152,360**	**$45,075**	**$139,488**
Plus: cash paid during the period for interest	$1,089	$219	$1,487	$4,762	$6,446	$8,520	$37,623	$45,275	$56,614
Less: interest expense for Waltham lease	—	—	—	—	—	—	($6,287)	($7,727)	($7,489)
Unlevered free cash flow	**$8,141**	**$121,468**	**$96,114**	**$59,154**	**$78,061**	**$165,211**	**$183,696**	**$82,623**	**$188,613**

About Cimpress
Cimpress N.V. (Nasdaq: CMPR) invests in and builds customer-focused, entrepreneurial, mass-customization businesses for the long term. Mass customization is a competitive strategy which seeks to produce goods and services to meet individual customer needs with near mass production efficiency. Cimpress businesses include Drukwerkdeal, Exaprint, National Pen, Pixartprinting, Printi, Vistaprint and WIRmachenDRUCK. To learn more, visit http://www.cimpress.com.

Risks Related to Our Business
This investor letter contains statements about our future expectations, plans, and prospects of our business that constitute forward-looking statements for purposes of the safe harbor provisions under the Private Securities Litigation Reform Act of 1995, including but not limited to our expectations for the growth and development of our business, financial results, and cash flows on a consolidated basis and for each of our individual businesses and reporting segments, our estimates and expectations relating to our unlevered free cash flow and intrinsic value per share, the effects of our decentralized structure on our business and financial results, our plans for managing our debt, the development and success of our mass customization platform and Columbus product line, our estimates and plans for future investments in our business and acquisitions, and the anticipated results of our past and future investments and acquisitions, including but not limited to our discussions under the heading "Outlook." Forward-looking projections and expectations are inherently uncertain, are based on assumptions and judgments by management, and may turn out to be wrong. Our actual results may differ materially from those indicated by these forward-looking statements as a result of various important factors, including but not limited to flaws in the assumptions and judgments upon which our forecasts are based; our failure to execute our strategy; our inability to make the investments in our business that we plan to make or the failure of those investments to have the effects that we expect; our failure to manage the growth and complexity of our business; our ability to realize the benefits of the decentralization of our operations; our failure to promote and strengthen our brands; our failure to develop our mass customization platform or to realize the anticipated benefits of the platform; our failure to acquire new customers and enter new markets, retain our current customers, and sell more products to current and new customers; costs and disruptions caused by acquisitions and strategic investments; the failure of the businesses we acquire or invest in to perform as expected; the willingness of purchasers of customized products and services to shop online; unanticipated changes in our markets, customers, or business; competitive pressures; loss of key personnel; our failure to maintain compliance with the covenants in our revolving credit facility and senior notes or to pay our debts when due; changes in the laws and regulations or in the interpretations of laws or regulations to which we are subject, including tax laws, or the institution of new laws or regulations that affect our business; general economic conditions; and other factors described in our Form 10-Q for the fiscal quarter ended March 31, 2018 and the other documents we periodically file with the U.S. Securities and Exchange Commission.

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