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

Form 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended December 31, 2016

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission file number 000-51539

Cimpress N.V.
(Exact Name of Registrant as Specified in Its Charter)

The Netherlands	**98-0417483**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**

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

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

Title of Each Class	Name of Exchange on Which Registered
Ordinary Shares, €0.01 par value	NASDAQ Global Select Market

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

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

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

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

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

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

As of January 27, 2017, there were 31,098,453 of Cimpress N.V. ordinary shares, par value **€**0.01 per share, outstanding.

CIMPRESS N.V.
QUARTERLY REPORT ON FORM 10-Q
For the Three and Six Months Ended December 31, 2016

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

Item 1. ***Financial Statements***

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

	December 31, 2016	June 30, 2016
Assets		
Current assets:		
Cash and cash equivalents	$ 49,588	$ 77,426
Marketable securities	—	7,893
Accounts receivable, net of allowances of $508 and $490, respectively	52,179	32,327
Inventory	41,422	18,125
Prepaid expenses and other current assets	98,786	64,997
Total current assets	241,975	200,768
Property, plant and equipment, net	505,278	493,163
Software and web site development costs, net	42,856	35,212
Deferred tax assets	18,344	26,093
Goodwill	528,895	466,005
Intangible assets, net	292,591	216,970
Other assets	34,007	25,658
Total assets	$ 1,663,946	$ 1,463,869
Liabilities, noncontrolling interests and shareholders' equity		
Current liabilities:		
Accounts payable	$ 116,251	$ 86,682
Accrued expenses	223,932	178,987
Deferred revenue	25,503	25,842
Short-term debt	46,115	21,717
Other current liabilities	24,234	22,635
Total current liabilities	436,035	335,863
Deferred tax liabilities	69,676	69,430
Lease financing obligation	108,481	110,232
Long-term debt	829,998	656,794
Other liabilities	78,113	60,173
Total liabilities	1,522,303	1,232,492
Commitments and contingencies (Note 15)		
Redeemable noncontrolling interests	41,824	65,301
Shareholders' equity:		
Preferred shares, par value €0.01 per share, 100,000,000 shares authorized; none issued and outstanding	—	—
Ordinary shares, par value €0.01 per share, 100,000,000 shares authorized; 44,080,627 shares issued; and 31,094,307 and 31,536,732 shares outstanding, respectively	615	615
Treasury shares, at cost, 12,986,320 and 12,543,895 shares, respectively	(598,343)	(548,549)
Additional paid-in capital	348,732	335,192
Retained earnings	492,407	486,482
Accumulated other comprehensive loss	(143,915)	(108,015)
Total shareholders' equity attributable to Cimpress N.V.	99,496	165,725
Noncontrolling interest	323	351
Total shareholders' equity	99,819	166,076
Total liabilities, noncontrolling interests and shareholders' equity	$ 1,663,946	$ 1,463,869

See accompanying notes.

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

	Three Months Ended December 31,		Six Months Ended December 31,	
	2016	**2015**	**2016**	**2015**
Revenue	$ 576,851	$ 496,274	$ 1,020,564	$ 872,022
Cost of revenue (1)	277,027	197,571	490,758	354,855
Technology and development expense (1)	59,252	51,880	121,330	102,966
Marketing and selling expense (1)	157,825	142,671	297,176	264,806
General and administrative expense (1)	49,042	36,543	105,403	69,701
Income from operations	33,705	67,609	5,897	79,694
Other income, net	30,549	7,690	28,417	16,932
Interest expense, net	(9,631)	(10,160)	(19,535)	(18,286)
Income before income taxes	54,623	65,139	14,779	78,340
Income tax provision	19,601	6,148	9,787	9,327
Net income	35,022	58,991	4,992	69,013
Add: Net loss attributable to noncontrolling interest	6	328	933	1,077
Net income attributable to Cimpress N.V.	$ 35,028	$ 59,319	$ 5,925	$ 70,090
Basic net income per share attributable to Cimpress N.V.	$ 1.12	$ 1.89	$ 0.19	$ 2.20
Diluted net income per share attributable to Cimpress N.V.	$ 1.07	$ 1.81	$ 0.18	$ 2.11
Weighted average shares outstanding — basic	31,291,356	31,326,141	31,431,090	31,927,362
Weighted average shares outstanding — diluted	32,614,013	32,735,447	32,846,275	33,246,412

____

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

	Three Months Ended December 31,		Six Months Ended December 31,	
	2016	**2015**	**2016**	**2015**
Cost of revenue	$ 75	$ 28	$ 118	$ 54
Technology and development expense	3,118	1,422	5,443	2,752
Marketing and selling expense	1,480	425	2,300	836
General and administrative expense	6,604	4,191	14,987	8,614

See accompanying notes.

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

	Three Months Ended December 31,		Six Months Ended December 31,	
	2016	**2015**	**2016**	**2015**
Net income	$ 35,022	$ 58,991	$ 4,992	$ 69,013
Other comprehensive income, net of tax:				
Foreign currency translation loss, net of hedges	(47,148)	(14,934)	(37,970)	(24,137)
Net unrealized gain (loss) on derivative instruments designated and qualifying as cash flow hedges	9,244	464	7,475	(462)
Amounts reclassified from accumulated other comprehensive loss to net income on derivative instruments	(6,426)	214	(5,594)	440
Unrealized (loss) gain on available-for-sale-securities	(4,832)	171	(5,756)	(1,090)
Amounts reclassified from accumulated other comprehensive loss to net income for realized gains on available-for-sale securities	2,268	—	2,268	—
Gain on pension benefit obligation, net	—	44	36	89
Comprehensive (loss) income	(11,872)	44,950	(34,549)	43,853
Add: Comprehensive loss attributable to noncontrolling interests	4,235	1,864	4,625	1,988
Total comprehensive (loss) income attributable to Cimpress N.V.	$ (7,637)	$ 46,814	$ (29,924)	$ 45,841

See accompanying notes.

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

	Six Months Ended December 31,	
	2016	2015
Operating activities		
Net income	$ 4,992	$ 69,013
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	72,382	62,063
Share-based compensation expense	22,848	12,256
Deferred taxes	(17,508)	(8,339)
Abandonment of long-lived assets	—	3,022
Change in contingent earn-out liability	22,766	—
Gain on sale of available-for-sale securities	(2,268)	—
Unrealized gain on derivatives not designated as hedging instruments included in net income	(4,573)	(1,918)
Effect of exchange rate changes on monetary assets and liabilities denominated in non-functional currency	(13,246)	(10,829)
Other non-cash items	1,719	1,530
Gain on proceeds from insurance	—	(3,136)
Changes in operating assets and liabilities:		
Accounts receivable	822	(1,629)
Inventory	(4,187)	(3,087)
Prepaid expenses and other assets	(14,290)	(2,394)
Accounts payable	21,808	20,779
Accrued expenses and other liabilities	23,394	24,984
Net cash provided by operating activities	114,659	162,315
Investing activities		
Purchases of property, plant and equipment	(36,260)	(43,549)
Business acquisitions, net of cash acquired	(206,816)	(27,532)
Purchases of intangible assets	(88)	(402)
Capitalization of software and website development costs	(19,110)	(12,127)
Proceeds from sale of available-for-sale securities	6,346	—
Proceeds from insurance related to investing activities	—	3,624
Other investing activities	1,227	775
Net cash used in investing activities	(254,701)	(79,211)
Financing activities		
Proceeds from borrowings of debt	447,000	269,999
Payments of debt and debt issuance costs	(247,771)	(235,332)
Payments of withholding taxes in connection with equity awards	(8,864)	(4,246)
Payments of capital lease obligations	(6,814)	(6,377)
Purchase of ordinary shares	(50,008)	(142,204)
Purchase of noncontrolling interests	(20,230)	—
Proceeds from issuance of ordinary shares	257	2,052
Capital contribution from noncontrolling interest	1,404	5,141
Other financing activities	1,281	(303)
Net cash provided by (used in) financing activities	116,255	(111,270)
Effect of exchange rate changes on cash	(4,051)	(2,217)
Net decrease in cash and cash equivalents	(27,838)	(30,383)
Cash and cash equivalents at beginning of period	77,426	103,584
Cash and cash equivalents at end of period	$ 49,588	$ 73,201

See accompanying notes.

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

	Six Months Ended December 31,	
	2016	**2015**
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	$ 20,155	$ 17,998
Income taxes	20,309	10,745
Non-cash investing and financing activities:		
Capitalization of construction costs related to financing lease obligation	$ —	$ 13,688
Property and equipment acquired under capital leases	4,912	3,017
Amounts due for acquisitions of businesses	27,155	18,035

See accompanying notes.

1. Description of the Business

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

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) for interim financial information and, accordingly, do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments, consisting primarily of normal recurring accruals, considered necessary for fair statement of the results of operations for the interim periods reported and of our financial condition as of the date of the interim balance sheet have been included.

The consolidated financial statements include the accounts of Cimpress N.V., its wholly owned subsidiaries, entities in which we maintain a controlling financial interest, and those entities in which we have a variable interest and are the primary beneficiary. Intercompany balances and transactions have been eliminated.

Operating results for the three and six months ended December 31, 2016 are not necessarily indicative of the results that may be expected for the year ending June 30, 2017 or for any other period. The consolidated balance sheet at June 30, 2016 has been derived from our audited consolidated financial statements at that date but does not include all of the information and footnotes required by GAAP for complete financial statements. These unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended June 30, 2016 included in our Annual Report on Form 10-K filed with the United States Securities and Exchange Commission (the “SEC”).

Use of Estimates

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

Share-Based Compensation

During the three and six months ended December 31, 2016, we recorded share-based compensation expense of $11,277 and $22,848, respectively, and $6,066 and $12,256 during the three and six months ended December 31, 2015, respectively. As of December 31, 2016, there was $135,547 of total unrecognized compensation cost related to non-vested share-based compensation arrangements. This cost is expected to be recognized over a weighted average period of 2.0 years.

On August 15, 2016, we granted performance share units, or PSUs, associated with our new long-term incentive program. Compensation expense for our PSUs is estimated at fair value on the date of grant, which is fixed throughout the vesting period. The fair value is determined using a Monte Carlo simulation valuation model. As the PSUs include both a service and market condition the related expense is recognized using the accelerated expense attribution method over the requisite service period for each separately vesting portion of the award. For PSUs that meet the service vesting condition, the expense recognized over the requisite service period will not be reversed if the market condition is not achieved.

Foreign Currency Translation

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

Other income, net

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

	Three Months Ended December 31,		Six Months Ended December 31,	
	2016	2015	2016	2015
Gains on derivatives not designated as hedging instruments (1)	$ 13,477	$ 3,186	$ 13,554	$ 5,553
Currency-related gains, net (2)	14,988	2,473	12,022	7,507
Other gains (3)	2,084	2,031	2,841	3,872
Total other income, net	$ 30,549	$ 7,690	$ 28,417	$ 16,932

____

(1) Primarily relates to both realized and unrealized gains on derivative forward currency contracts not designated as hedging instruments.

(2) We have significant non-functional currency intercompany financing relationships subject to currency exchange rate volatility and the net currency related gains for the three and six months ended December 31, 2016 and 2015 are primarily driven by this intercompany activity. Also, unrealized gains of $7,827 and $6,393 are included for the three and six months ended December 31, 2016, respectively. These are related to certain cross-currency swaps designated as cash flow hedges, which offset unrealized losses on the remeasurement of certain intercompany loans, also recorded in this category in the table above. The cross-currency swap contracts designated as cash flow hedges did not have an impact during the prior comparative periods.

(3) The gain recognized during the three months ended December 31, 2016, primarily relates to the gain on the sale of Plaza Create Co. Ltd. available-for-sale securities of $2,268. During the prior comparable periods, we recognized gains related to insurance recoveries of $1,549 and $3,136, respectively.

Net Income Per Share Attributable to Cimpress N.V.

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

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

	Three Months Ended December 31,		Six Months Ended December 31,	
	2016	2015	2016	2015
Weighted average shares outstanding, basic	31,291,356	31,326,141	31,431,090	31,927,362
Weighted average shares issuable upon exercise/vesting of outstanding share options/RSUs/RSAs	1,322,657	1,409,306	1,415,185	1,319,051
Shares used in computing diluted net income per share attributable to Cimpress N.V.	32,614,013	32,735,447	32,846,275	33,246,412
Weighted average anti-dilutive shares excluded from diluted net income per share attributable to Cimpress N.V.	28,031	20,703	22,586	50,438

Treasury Shares

Treasury shares are accounted for using the cost method and are included as a component of shareholders' equity. During the six months ended December 31, 2016 and 2015, we repurchased 593,763 and 2,002,835 of our ordinary shares, respectively, for a total cost of $50,008 and $142,204, respectively, inclusive of transactions costs, in connection with our publicly announced share repurchase programs.

Recently Issued or Adopted Accounting Pronouncements

Issued Accounting Standards to be Adopted

In November 2016, the FASB issued Accounting Standards Update No. 2016-18, "Statement of Cash Flows (Topic 230) Restricted Cash," (ASU 2016-18), which requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendment is effective for us on July 1, 2018 and permits early adoption. This amendment will affect the presentation of our statement of cash flows once adopted.

In October 2016, the FASB issued Accounting Standards Update No. 2016-16, "Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory," (ASU 2016-16), which requires the recognition for income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. The new standard is effective for us on July 1, 2018 and permits early adoption. We are currently evaluating our adoption timing and the effect that ASU 2016-16 will have on our consolidated financial statements.

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

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

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

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

In May 2014, the FASB issued Accounting Standards Update No. 2014-09,"Revenue from Contracts with Customers," (ASU 2014-09) which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. This guidance will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The FASB has elected to defer the effective date to fiscal years beginning after December 15, 2017, which would result in an effective date for us of July 1, 2018, with early application permitted one year earlier. The standard permits the use of either the retrospective or cumulative catch-up transition method. We are currently evaluating our adoption timing and the effect that ASU 2014-09 will have on our consolidated financial statements.

3. Fair Value Measurements

The following table summarizes our investments in marketable securities:

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

(1) On December 22, 2016, we sold all available-for-sale securities held in Plaza Create Co. Ltd recognizing a gain of $2,268 as a part of other income, net, for the three and six months ended December 31, 2016.
(2) Amortized cost basis represents our initial investment adjusted for currency translation.

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

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

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following tables summarize our assets and liabilities that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy:

	December 31, 2016			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Interest rate swap contracts	$ 2,180	$ —	$ 2,180	$ —
Cross-currency swap contracts	3,198	—	3,198	—
Currency forward contracts	15,553	—	15,553	—
Currency option contracts	687	—	687	—
Total assets recorded at fair value	$ 21,618	$ —	$ 21,618	$ —
Liabilities				
Interest rate swap contracts	$ (610)	$ —	$ (610)	$ —
Cross-currency swap contracts	(1,144)	—	(1,144)	—
Currency forward contracts	(193)	—	(193)	—
Contingent consideration	(3,024)	—	—	(3,024)
Total liabilities recorded at fair value	$ (4,971)	$ —	$ (1,947)	$ (3,024)

	June 30, 2016			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Available-for-sale securities	$ 7,893	$ 7,893	$ —	$ —
Currency forward contracts	9,821	—	9,821	—
Total assets recorded at fair value	$ 17,714	$ 7,893	$ 9,821	$ —
Liabilities				
Interest rate swap contracts	$ (2,180)	$ —	$ (2,180)	$ —
Cross-currency swap contracts	(8,850)	—	(8,850)	—
Currency forward contracts	(315)	—	(315)	—
Contingent consideration	(1,212)	—	—	(1,212)
Total liabilities recorded at fair value	$ (12,557)	$ —	$ (11,345)	$ (1,212)

During the quarter ended December 31, 2016 and year ended June 30, 2016, there were no significant transfers in or out of Level 1, Level 2 and Level 3 classifications.

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

Although we have determined that the majority of the inputs used to value our derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with our derivatives utilize Level 3 inputs, such as estimates of current credit spreads, to appropriately reflect both our own nonperformance risk and the respective counterparties' nonperformance risk in the fair value measurement. However, as of December 31, 2016, we have assessed the significance of the impact of the credit valuation adjustments on the overall valuation of our derivative positions and have determined that the credit valuation adjustments are not significant to the overall valuation of our derivatives. As a result, we have determined that our derivative valuations in their entirety are classified in Level 2 in the fair value hierarchy.

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

Related to the acquisition of WIRmachenDRUCK on February 1, 2016, we agreed to a contingent payment payable at our option in cash or shares during the third quarter of fiscal 2018 based on the achievement of a cumulative gross profit target for calendar years 2016 and 2017. The fair value of this contingent liability is $24,721 as of December 31, 2016, of which $3,024 is considered contingent consideration and included in the table below. The remaining portion of the liability is classified as a compensation arrangement and is discussed in Note 9.

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

	Six Months Ended December 31,	
	2016 (1)	2015 (2)(3)
Balance at June 30	$ 1,212	$ 7,833
Fair value adjustment	1,946	—
Foreign currency impact	(134)	(180)
Balance at December 31	$ 3,024	$ 7,653

____

(1) Classified as long-term liability on the consolidated balance sheet.
(2) Classified as short-term liability on the consolidated balance sheet.
(3) Contingent consideration balance as of December 31, 2015, which related to our Printdeal acquisition, was paid during the fourth quarter of fiscal 2016.

As of December 31, 2016 and June 30, 2016, the carrying amounts of our cash and cash equivalents, accounts receivables, accounts payable, and other current liabilities approximated their estimated fair values. As of December 31, 2016 and June 30, 2016 the carrying value of our debt, excluding debt issuance costs and debt discounts was $882,651 and $685,897, respectively, and the fair value was $909,856 and $686,409, respectively. Our debt at December 31, 2016 includes variable rate debt instruments indexed to LIBOR that resets periodically and fixed rate debt instruments. The estimated fair value of our debt was determined using available market information based on recent trades or activity of debt instruments with substantially similar risks, terms and maturities, which fall within Level 2 under the fair value hierarchy. The estimated fair value of assets and liabilities disclosed above may not be representative of actual values that could have been or will be realized in the future.

4. Derivative Financial Instruments

We use derivative financial instruments, such as interest rate swap contracts, cross-currency swap contracts, and currency forward and option contracts to manage interest rate and foreign currency exposures. Derivatives are recorded in the consolidated balance sheets at fair value. If the derivative is designated as a cash flow hedge or net investment hedge, then the effective portion of changes in the fair value of the derivative is recorded in accumulated other comprehensive loss and is subsequently reclassified into earnings in the period the hedged forecasted transaction affects earnings. If a derivative is deemed to be ineffective, then the ineffective portion of the change in fair value of the derivative is recognized directly in earnings. The change in the fair value of derivatives not designated as hedges is recognized directly in earnings, as a component of other income, net.

Hedges of Interest Rate Risk

We enter into interest rate swap contracts to manage variability in the amount of our known or expected cash payments related to a portion of our debt. Our objective in using interest rate swaps is to add stability to interest expense and to manage our exposure to interest rate movements. We designate our interest rate swaps as cash flow hedges. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for us making fixed-rate payments over the life of the contract agreements without exchange of the underlying notional amount. Realized gains or losses from interest rate swaps are recorded in earnings, as a component of interest expense, net. A portion of one of our interest rate swap contracts was deemed to be ineffective during the three and six months ended December 31, 2016 and 2015.

Amounts reported in accumulated other comprehensive loss related to interest rate swap contracts will be reclassified to interest expense as interest payments are accrued or made on our variable-rate debt. As of December 31, 2016, we estimate that $418 will be reclassified from accumulated other comprehensive loss to interest expense during the twelve months ending December 31, 2017. As of December 31, 2016, we had five outstanding interest rate swap contracts indexed to one-month LIBOR. These instruments were designated as cash flow hedges of interest rate risk and have varying start dates and maturity dates through December 2023.

Interest rate swap contracts outstanding:	Notional Amounts
Contracts accruing interest as of December 31, 2016	$ 65,000
Contracts with a future start date	145,000
Total	$ 210,000

Hedges of Currency Risk

Cross-Currency Swap Contracts

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

Cross-currency swap contracts designated as cash flow hedges are executed to mitigate our currency exposure to the interest receipts as well as the principal remeasurement and repayment associated with certain intercompany loans denominated in a currency other than our reporting currency, the U.S. Dollar. As of December 31, 2016, we had two outstanding cross-currency swap contracts designated as cash flow hedges with a total notional amount of $120,011, both maturing during June 2019. We entered into the two cross-currency swap contracts to hedge the risk of changes in one Euro denominated intercompany loan entered into with one of our consolidated subsidiaries that has the Euro as its functional currency.

During the three and six months ended December 31, 2016, we recorded unrealized gains, net of tax, in accumulated other comprehensive loss in the amount of $6,731 and $4,711, respectively. Amounts reported in accumulated other comprehensive loss will be reclassified to other income, net as interest payments are accrued or paid and upon remeasuring the intercompany loan. As of December 31, 2016, we estimate that $2,348 will be reclassified from accumulated other comprehensive loss to other income, net during the twelve months ending December 31, 2017.

Cross-currency swap contracts designated as net investment hedges are executed to mitigate our currency exposure of net investments in subsidiaries that have reporting currencies other than the U.S. Dollar. As of December 31, 2016, we had two outstanding cross-currency swap contracts designated as net investment hedges with a total notional amount of $122,969, both maturing during April 2019. We entered into the two cross-currency swap contracts to hedge the risk of changes in the U.S. Dollar equivalent value of a portion of our net investment in a consolidated subsidiary that has the Euro as its functional currency. During the three and six months ended December 31, 2016, we recorded unrealized gains, net of tax, in accumulated other comprehensive loss as a component of our cumulative translation adjustment in the amount of $6,883 and $4,824, respectively, and $2,510 and $2,929, for the three and six months ended December 31, 2015, respectively.

We did not hold any ineffective cross-currency swaps during the three and six months ended December 31, 2016 and 2015.

Other Currency Contracts

We execute currency forward contracts in order to mitigate our exposure to fluctuations in various currencies against our reporting currency, the U.S. Dollar, and as part of our acquisition of National Pen, we assumed additional outstanding currency option contracts.

As of December 31, 2016, we had one currency forward contract designated as a net investment hedge with a total notional amount of $31,727, maturing during June 2019. We entered into this contract to hedge the risk of changes in the U.S. Dollar equivalent value of a portion of our net investment in a consolidated subsidiary that has the Euro as its functional currency.

We have elected not to apply hedge accounting for all other currency forward and option contracts. During the three and six months ended December 31, 2016 and 2015, we have experienced volatility within other income, net in our consolidated statements of operations from unrealized gains and losses on the mark-to-market of outstanding currency forward contracts. Due to the timing of our acquisition of National Pen, the acquired currency option contracts did not impact our consolidated statement of operations. We expect this volatility to continue in future periods for contracts for which we do not apply hedge accounting. Additionally, since our hedging objectives may be targeted at non-GAAP financial metrics that exclude non-cash items such as depreciation and amortization, we may experience increased, not decreased, volatility in our GAAP results as a result of our currency hedging program.

As of December 31, 2016, we had the following outstanding currency forward contracts that were not designated for hedge accounting and were used to hedge fluctuations in the U.S. Dollar value of forecasted transactions denominated in Australian Dollar, Canadian Dollar, Danish Krone, Euro, British Pound, Indian Rupee, New Zealand Dollar, Norwegian Krone, Swedish Krona, and Swiss Franc:

Notional Amount	Effective Date	Maturity Date	Number of Instruments	Index
$213,344	October 2015 through October 2016	Various dates through March 2018	309	Various

As of December 31, 2016, we also had 27 outstanding currency option contracts assumed as part of the National Pen acquisition that were not designated for hedge accounting and were used to hedge fluctuations in the U.S. Dollar value of forecasted transactions denominated in Canadian Dollar, Euro, British Pound, Swedish Krona, Japanese Yen and Swiss Franc. The total notional amount was $10,080, with effective dates from April 2016 through September 2016 and maturity dates through December 2017.

Financial Instrument Presentation

The table below presents the fair value of our derivative financial instruments as well as their classification on the balance sheet as of December 31, 2016 and June 30, 2016:

	December 31, 2016							
	Asset Derivatives				Liability Derivatives			
Derivatives designated as hedging instruments	Balance Sheet line item	Gross amounts of recognized assets	Gross amount offset in consolidated balance sheet	Net amount	Balance Sheet line item	Gross amounts of recognized liabilities	Gross amount offset in consolidated balance sheet	Net amount
Derivatives in Cash Flow Hedging Relationships								
Interest rate swaps	Other non-current assets	$ 2,512	$ (332)	$ 2,180	Other current liabilities / other liabilities	$ (610)	$ —	$ (610)
Cross-currency swaps	Other non-current assets	3,198	—	3,198	Other liabilities	—	—	—
Derivatives in Net Investment Hedging Relationships								
Cross-currency swaps	Other non-current assets	—	—	—	Other liabilities	(1,144)	—	(1,144)
Currency forward contracts	Other non-current assets	1,117	—	1,117	Other liabilities	—	—	—
Total derivatives designated as hedging instruments		$ 6,827	$ (332)	$ 6,495		$ (1,754)	$ —	$ (1,754)
Derivatives not designated as hedging instruments								
Currency forward contracts	Other current assets / other assets	$ 15,174	$ (738)	$ 14,436	Other current liabilities / other liabilities	$ (193)	$ —	$ (193)
Currency option contracts	Other current assets / other assets	687	—	687	Other current liabilities / other liabilities	—	—	—
Total derivatives not designated as hedging instruments		$ 15,861	$ (738)	$ 15,123		$ (193)	$ —	$ (193)

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

The following table presents the effect of our derivative financial instruments designated as hedging instruments and their classification within comprehensive loss for the three and six months ended December 31, 2016 and 2015:

Derivatives in Hedging Relationships	Amount of Gain (Loss) Recognized in Comprehensive (Loss) Income on Derivatives (Effective Portion)			
	Three Months Ended December 31,		Six Months Ended December 31,	
In thousands	2016	2015	2016	2015
Derivatives in Cash Flow Hedging Relationships				
Interest rate swaps	$ 2,513	$ 464	$ 2,764	$ (462)
Cross-currency swaps	6,731	—	4,711	—
Derivatives in Net Investment Hedging Relationships				
Cross-currency swaps	6,883	2,510	4,824	2,929
Currency forward contracts	1,395	—	939	—
	$ 17,522	$ 2,974	$ 13,238	$ 2,467

The following table presents reclassifications out of accumulated other comprehensive loss for the three and six months ended December 31, 2016 and 2015:

Details about Accumulated Other Comprehensive Loss Components	Amount Reclassified from Accumulated Other Comprehensive Loss to Net Income				Affected line item in the Statement of Operations
	Three Months Ended December 31,		Six Months Ended December 31,		
In thousands	2016	2015	2016	2015	
Derivatives in Cash Flow Hedging Relationships					
Interest rate swaps	$ 117	$ (286)	$ (38)	$ (588)	Interest expense, net
Cross-currency swaps	8,450	—	7,497	—	Other income, net
Total before income tax	8,567	(286)	7,459	(588)	Income before income taxes
Income tax	(2,142)	72	(1,865)	148	Income tax provision
Total	$ 6,425	$ (214)	$ 5,594	$ (440)	

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

	Amount of Gain (Loss) Recognized in Net Income				Location of Gain (Loss) Recognized in Income (Ineffective Portion)
	Three Months Ended December 31,		Six Months Ended December 31,		
In thousands	2016	2015	2016	2015	
Derivatives not designated as hedging instruments					
Currency contracts	$ 13,224	$ 3,189	$ 13,301	$ 5,563	Other income, net
Interest rate swaps	253	(3)	253	(10)	Other income, net
	$ 13,477	$ 3,186	$ 13,554	$ 5,553	

5. Accumulated Other Comprehensive Loss

The following table presents a roll forward of amounts recognized in accumulated other comprehensive loss by component, net of tax of $4,690, for the six months ended December 31, 2016:

	Gains (losses) on cash flow hedges (1)	Gains (losses) on available for sale securities	Gains (losses) on pension benefit obligation	Translation adjustments, net of hedges (2)	Total
Balance as of June 30, 2016	$ (2,322)	$ 3,488	$ (2,551)	$ (106,630)	$ (108,015)
Other comprehensive income (loss) before reclassifications	7,475	(5,756)	36	(34,329)	(32,574)
Amounts reclassified from accumulated other comprehensive loss to net income	(5,594)	2,268	—	—	(3,326)
Net current period other comprehensive income (loss)	1,881	(3,488)	36	(34,329)	(35,900)
Balance as of December 31, 2016	$ (441)	$ —	$ (2,515)	$ (140,959)	$ (143,915)

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

(2) Translation adjustment is inclusive of the effects of our net investment hedges, of which, unrealized gains (losses), net of tax, of $1,107 and $(4,965) have been included in accumulated other comprehensive loss as of December 31, 2016 and June 30, 2016, respectively.

6. Waltham Lease Arrangement

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

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

Property, plant and equipment, net, included $118,104 and $120,168 as of December 31, 2016 and June 30, 2016, respectively, related to the building. The financing lease obligation and deferred rent credit related to the building on our consolidated balance sheets was $121,050 and $122,801 as of December 31, 2016 and June 30, 2016, respectively.

7. Business Combinations

Acquisition of National Pen Co. LLC

On December 30, 2016, we acquired 100% of the equity interests of National Pen Co. LLC, a manufacturer and marketer of custom writing instruments for small- and medium-sized businesses. At closing, we paid $214,573 in cash, subject to post closing adjustments based on acquired cash, debt and working capital balances. The acquisition supports our strategy to build competitively differentiated supply chain capabilities that we can make available via our mass customization platform, which we bring to market through a portfolio of focused brands. We expect National Pen will also complement our organic investments in technology and supply chain capabilities for promotional products, apparel and gift offerings.

The table below details the consideration transferred to acquire National Pen:

Cash consideration	$	214,573
Estimated post-closing adjustments		(2,369)
Total purchase price	$	212,204

The excess purchase price over the fair value of National Pen's net assets was recorded as goodwill, which is primarily attributable to the value of their workforce, their manufacturing and marketing process and know-how, as well as synergies which include leveraging their scale-based sourcing channels, integrating into our mass customization platform, and supporting the development of their e-commerce platform. Goodwill has been attributed to the National Pen business unit reportable segment. Upon finalizing our valuation analysis, we expect to allocate a portion of goodwill to the Vistaprint business unit for certain synergies that are expected to be realized by the Vistaprint business unit as a result of the acquisition.

Our preliminary estimate of the fair value of specifically identifiable assets acquired and liabilities assumed as of the date of acquisition is subject to change upon finalizing our valuation analysis, including certain valuation assumptions and tax matters. The final determination may result in changes in the fair value of certain assets and liabilities as compared to our preliminary estimates, which are expected to be finalized prior to the end of fiscal 2017.

		Amount	Weighted Average Useful Life in Years
Tangible assets acquired and liabilities assumed:			
Cash and cash equivalents	$	8,337	n/a
Accounts receivable, net		20,921	n/a
Inventory		19,854	n/a
Other current assets		12,454	n/a
Property, plant and equipment, net		29,472	n/a
Other non-current assets		1,133	n/a
Accounts payable		(12,546)	n/a
Accrued expenses		(17,967)	n/a
Other current liabilities		(1,016)	
Deferred tax liabilities (1)		(28,645)	n/a
Long-term liabilities		(9,586)	n/a
Identifiable intangible assets:			
Acquired intangible assets (2)		106,000	7-11
Goodwill		83,793	n/a
Total purchase price	$	212,204	

____

(1) Calculated based on our preliminary estimates of fair value and subject to change.

(2) Acquired intangible assets include our preliminary estimates of fair value for customer relationships, trade name and developed technology assets and their related useful lives. We expect to finalize our analysis prior to the end of fiscal 2017, and as such these preliminary estimates may change.

National Pen Pro Forma Financial Information

National Pen has been included in our consolidated financial statements starting on its acquisition date. For the second quarter of fiscal 2017, the National Pen balance sheet and impact of the acquisition on our cash flow has been included in our consolidated financial statements. Due to the timing of the acquisition, there is no impact to our consolidated statement of operations, other than related transaction costs.

The following unaudited pro forma financial information presents our results as if the National Pen acquisition had occurred on July 1, 2015. The pro forma financial information for all periods presented adjusts for the effects of material business combination items, including estimated amortization of acquired intangible assets and transaction related costs. The unaudited pro forma results are not necessarily indicative of what actually would have occurred had the acquisition been in effect for the periods presented:

	Six Months Ended December 31,			
		2016		2015
Pro forma revenue	$	1,176,924	$	1,022,710
Pro forma net income attributable to Cimpress		8,599		74,307

We utilized proceeds from our credit facility in order to finance the acquisition. In connection with the acquisition, we incurred $1,505 in general and administrative expenses during the three and six months ended December 31, 2016, primarily related to legal, financial, and other professional services.

8. Goodwill and Acquired Intangible Assets

Goodwill

The carrying amount of goodwill by reportable segment is as follows:

	Vistaprint business unit	Upload and Print business units	National Pen business unit	All Other business units	Total
Balance as of June 30, 2016	$ 121,752	$ 319,373	$ —	$ 24,880	$ 466,005
Acquisitions (1)	—	—	83,793	—	83,793
Effect of currency translation adjustments (2)	(3,527)	(16,920)	—	(456)	(20,903)
Balance as of December 31, 2016	$ 118,225	$ 302,453	$ 83,793	$ 24,424	$ 528,895

____

(1) See Note 7 for additional details related to our acquisition of National Pen. Our purchase accounting is preliminary as of December 31, 2016, so we expect this goodwill amount will change as we finalize our analysis prior to the end of fiscal 2017. In conjunction with the finalization of our purchase accounting, we will allocate a portion of goodwill to the Vistaprint business unit as we expect certain synergies will be realized by the Vistaprint business unit as a result of the acquisition.
(2) Relates to goodwill held by subsidiaries whose functional currency is not the U.S. Dollar.

Acquired Intangible Assets

Acquired intangible assets amortization expense for the three and six months ended December 31, 2016 was $9,879 and $20,092, respectively, compared to $9,588 and $19,302 for the prior comparative periods, respectively.

9. Other Balance Sheet Components

Accrued expenses included the following:

	December 31, 2016	June 30, 2016
Compensation costs (1)	$ 43,488	$ 59,207
Income and indirect taxes (2)	66,784	39,802
Advertising costs	31,681	26,372
Shipping costs (3)	14,118	6,843
Interest payable	5,331	5,172
Purchases of property, plant and equipment	5,619	4,614
Production costs (3)	11,374	3,251
Sales returns	4,635	2,882
Professional costs	2,342	1,543
Other	38,560	29,301
Total accrued expenses (4)	$ 223,932	$ 178,987

____

(1) The decrease in compensation costs is primarily due to payment of our fiscal 2016 bonus and long-term incentive program in the first quarter of fiscal 2017. Effective July 1, 2016, we transitioned the annual bonus program to be included in team members' base salary. These amounts are therefore paid on our typical payroll schedule.
(2) The increase in income and indirect taxes is primarily due to increased sales during the second quarter of fiscal 2017 which resulted in additional VAT across several of our locations, as well as an increase in income tax payable.
(3) The increase in shipping and production cost accruals is primarily due to increased sales during the second quarter of fiscal 2017 which is the result of increased seasonal volume, thus increasing shipping and third-party fulfillment costs.
(4) The increase in accrued expenses was also impacted by our acquisition of National Pen, resulting in an additional $17,967 of accruals as of December 31, 2016, which are included in each of the respective categories within the table.

Other current liabilities included the following:

	December 31, 2016	June 30, 2016
Current portion of lease financing obligation	$ 12,569	$ 12,569
Current portion of capital lease obligations	10,355	8,011
Other	1,310	2,055
Total other current liabilities	$ 24,234	$ 22,635

Other liabilities included the following:

	December 31, 2016	June 30, 2016
Contingent earn-out liability	$ 24,721	$ 3,146
Long-term capital lease obligations	26,622	21,318
Long-term derivative liabilities	1,962	10,949
Other	24,808	24,760
Total other liabilities	$ 78,113	$ 60,173

The contingent earn-out liability included within other liabilities relates to the sliding scale earn-out for our 2016 WIRmachenDRUCK acquisition. Under the original terms of the arrangement, a portion of the earn-out attributed to the minority selling shareholders was included as a component of purchase consideration as of the acquisition date, with any subsequent changes to fair value recognized within general and administrative expense.

The remaining portion of the amount payable to the two majority selling shareholders in the WIRmachenDRUCK acquisition was not included as part of the purchase consideration as of the acquisition date as it was contingent upon their post-acquisition employment and planned to be recognized as expense through the required employment period. During the first quarter of fiscal 2017, in response to a statutory tax notice we amended the terms of the compensation portion of the arrangement with the two majority selling shareholders and we removed the post-acquisition employment requirement. As the arrangement was no longer contingent upon continued employment, we accelerated the recognition of the remaining unrecognized compensation expense, $7,034 of additional expense as of the amendment date, as part of general and administrative expense during the first quarter of fiscal 2017.

In addition, the estimated fair value of the contingent liability payable to all selling shareholders in the WIRmachenDRUCk acquisition increased, due to the recent business performance relative to performance targets and the time value impact within the Monte Carlo simulation model. We recognized $6,746 and $15,732 of additional expense for the fair value change during the three and six months ended December 31, 2016, respectively, as part of general and administrative expense. As of December 31, 2016, the total liability is $24,721, of which $21,697 relates to the majority shareholders and $3,024 relates to the minority shareholders, which is further discussed in Note 3.

10. Debt

	December 31, 2016	June 30, 2016
Senior secured credit facility	$ 599,683	$ 400,809
7.0% Senior unsecured notes due 2022	275,000	275,000
Other	7,968	10,088
Debt issuance costs and debt discounts	(6,538)	(7,386)
Total debt outstanding, net	876,113	678,511
Less short-term debt (1)	46,115	21,717
Long-term debt	$ 829,998	$ 656,794

____

(1) Balances as of December 31, 2016 and June 30, 2016 are both inclusive of short-term debt issuance costs and debt discounts of $1,693 in both periods.

Our Debt

Our various debt arrangements described below contain customary representations, warranties and events of default. As of December 31, 2016, we were in compliance with all financial and other covenants related to our debt.

Indenture and Senior Unsecured Notes due 2022

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

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

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

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

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

Senior Secured Credit Facility

As of December 31, 2016, we have a senior secured credit facility of $822,000 as follows:

- Revolving loans of $690,000 with a maturity date of September 23, 2019
- Term loan of $132,000 amortizing over the loan period, with a final maturity date of September 23, 2019

Under the terms of our credit agreement, borrowings bear interest at a variable rate of interest based on LIBOR plus 1.50% to 2.25% depending on our leverage ratio, which is the ratio of our consolidated total indebtedness to our consolidated EBITDA, as defined by the credit agreement. As of December 31, 2016, the weighted-average interest rate on outstanding borrowings was 2.65%, inclusive of interest rate swap rates. We must also pay a commitment fee on unused balances of 0.225% to 0.400% depending on our leverage ratio. We have pledged the assets and/or share capital of several of our subsidiaries as collateral for our outstanding debt as of December 31, 2016.

Other debt

Other debt consists of term loans acquired primarily as part of our fiscal 2015 acquisition of Exagroup SAS. As of December 31, 2016 we had $7,968 outstanding for those obligations that are payable through September 2024.

11. Income Taxes

Income tax expense was $19,601 and $9,787 for the three and six months ended December 31, 2016, respectively, as compared to $6,148 and $9,327 for the prior periods. The increase in income tax expense is attributable to a higher consolidated annual effective tax rate forecasted for fiscal 2017 as compared to fiscal 2016. We are forecasting a higher annual effective tax rate in fiscal 2017 due to an expected decrease to, and less favorable geographical mix of, consolidated pre-tax earnings including continued losses in certain jurisdictions where we are unable to recognize a full tax benefit in the current period. We also have losses in certain jurisdictions where we are able to recognize a tax benefit in the current period, but for which the cash benefit is expected to be realized in a future period. We expect the acquisition of National Pen will have a favorable impact to income tax expense for fiscal 2017. During the three and six months ended December 31, 2016, we recognized a tax benefit of $425 and $4,614, respectively due to share based compensation as compared to $901 and $1,692 for the comparable prior periods. Additionally, income tax expense for the same prior periods in fiscal 2016 was reduced by $893 related to the extension of the fiscal 2015 US R&D credit.

On October 1, 2013, we made changes to our corporate entity operating structure, including transferring our intellectual property among certain of our subsidiaries, primarily to align our corporate entities with our evolving operations and business model. The transfer of assets occurred between wholly owned legal entities within the Cimpress group that are based in different tax jurisdictions. As the impact of the transfer was the result of an intra-entity transaction, any resulting gain or loss and immediate tax impact on the transfer is eliminated and not recognized in the consolidated financial statements under U.S. GAAP. The transferor entity recognized a gain on the transfer of assets that was not subject to income tax in its local jurisdiction. Our subsidiary based in Switzerland was the recipient of the intellectual property. In accordance with Swiss tax law, we are entitled to amortize the fair market value of the intellectual property received at the date of transfer over five years for tax purposes. As a result of this amortization, we are expecting a loss for Swiss tax purposes during fiscal year 2017.

As of December 31, 2016, we had a net liability for unrecognized tax benefits included in the balance sheet of $4,894, including accrued interest and penalties of $258. We recognize interest and, if applicable, penalties related to unrecognized tax benefits in the provision for income taxes. Of the total amount of unrecognized tax benefits, approximately $2,337 will reduce the effective tax rate if recognized. It is reasonably possible that a reduction in unrecognized tax benefits may occur within the next twelve months in the range of $400 to $500 related to the lapse of applicable statutes of limitations. We believe we have appropriately provided for all tax uncertainties.

We conduct business in a number of tax jurisdictions and, as such, are required to file income tax returns in multiple jurisdictions globally. The years 2013 through 2016 remain open for examination by the United States Internal Revenue Service and the years 2011 through 2016 remain open for examination in the various states and non-US tax jurisdictions in which we file tax returns.

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

12. Noncontrolling Interests

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

Redeemable noncontrolling interests

On April 15, 2015, we acquired 70% of the outstanding shares of Exagroup SAS. The remaining 30% is considered a redeemable noncontrolling equity interest, as it is redeemable in the future and not solely within our control. The Exagroup noncontrolling interest, redeemable at a fixed amount of €39,000, was recorded at its fair value as of the acquisition date and will be adjusted to its redemption value on a periodic basis, if that amount exceeds its carrying value. As of December 31, 2016, the redemption value is less than the carrying value, and therefore no adjustment is required.

On April 3, 2014, we acquired 97% of the outstanding corporate capital of Pixartprinting S.p.A. The remaining 3% was considered a redeemable noncontrolling equity interest, as it was redeemable for cash based on financial results and was not solely within our control. During the quarter ended December 31, 2016, we purchased the remaining equity interest for €10,406 ($10,947 based on the exchange rate as of the redemption date).

We previously owned a 51% controlling interest in a joint business arrangement with Plaza Create Co. Ltd., a leading Japanese retailer of photo products, to expand our market presence in Japan. During the quarter ended December 31, 2016, we purchased the remaining 49% noncontrolling interest for $9,352. The purchase was recognized as an equity transaction, which resulted in the difference between the carrying value of the noncontrolling interest and purchase price, adjusted within additional paid-in capital.

Noncontrolling interest

On August 7, 2014, we made a capital investment in Printi LLC as described in Note 13. The noncontrolling interest was recorded at its estimated fair value as of the investment date. The allocation of the net loss of the operations to the noncontrolling interest considers our stated liquidation preference in applying the loss to each party.

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

	Redeemable noncontrolling interests	Noncontrolling interest
Balance as of June 30, 2016	$ 65,301	$ 351
Capital contribution from noncontrolling interest	1,404	—
Accretion to redemption value recognized in net loss attributable to noncontrolling interest (1)	372	—
Net loss attributable to noncontrolling interest	(1,312)	7
Purchase of noncontrolling interests	(20,299)	—
Foreign currency translation	(3,642)	(35)
Balance as of December 31, 2016	$ 41,824	$ 323

(1) During the quarter ended December 31, 2016, the Pixartprinting noncontrolling interest was purchased and the adjustment was recognized to adjust the carrying value to the redemption amount.

13. Variable Interest Entity ("VIE")

On August 7, 2014, we made a capital investment in Printi LLC, which operates in Brazil. This investment provides us access to a newer market and the opportunity to drive longer-term growth in Brazil. As of December 31, 2016, we have a 49.99% equity interest in Printi. Based upon the level of equity investment at risk, Printi is considered a variable interest entity. The shareholders of Printi share profits and voting control on a pro-rata basis. While we do not manage the day to day operations of Printi, we do have the unilateral ability to exercise participating voting rights for specific transactions and as such no one shareholder is considered to be the primary beneficiary. However, certain significant shareholders cannot transfer their equity interests without our approval and as a result are considered de facto agents on our behalf in accordance with ASC 810-10-25-43.

In aggregating our rights, as well as those of our de facto agents, the group as a whole has both the power to direct the activities that most significantly impact the entity's economic performance and the obligation to absorb losses and the right to receive benefits from the entity. In situations where a de facto agency relationship is present, one party is required to be identified as the primary beneficiary and the evaluation requires significant judgment. The factors considered include the presence of a principal/agent relationship, the relationship and significance of activities to the reporting entity, the variability associated with the VIE's anticipated economics and the design of the

VIE. The analysis is qualitative in nature and is based on weighting the relative importance of each of the factors in relation to the specifics of the VIE arrangement. Upon our investment we performed an analysis and concluded that we are the party that is most closely associated with Printi, as we are most exposed to the variability of the economics and therefore considered the primary beneficiary.

We have call options with certain employee shareholders to increase our ownership in Printi incrementally over an eight-year period. As the employees' restricted stock in Printi is contingent on post-acquisition employment, share-based compensation will be recognized over the four-year vesting period. The awards are considered liability awards and will be marked to fair value each reporting period. In order to estimate the fair value of the award as of December 31, 2016, we utilized a lattice model with a Monte Carlo simulation. The current fair value of the award is $5,998 and we have recognized $398 and $784 in general and administrative expense for the three and six months ended December 31, 2016, respectively, compared to $410 and $781 in the prior periods, respectively.

14. Segment Information

Our operating segments are based upon the manner in which our operations are managed and the availability of separate financial information reported internally to the Chief Executive Officer, who is our Chief Operating Decision Maker (“CODM”) for purposes of making decisions about how to allocate resources and assess performance. As of December 31, 2016 we have several operating segments under our management reporting structure which are reported in the following four reportable segments:

- *Vistaprint business unit* - Includes the operations of our Vistaprint-branded websites focused on the North America, Europe, Australia and New Zealand markets, and our Webs-branded business, which is managed with the Vistaprint-branded digital business in the previously listed geographies.

- *Upload and Print business units* - Includes the results of our druck.at, Exagroup, Easyflyer, Printdeal, Pixartprinting, Tradeprint, and WIRmachenDRUCK branded businesses.

- *National Pen business unit* - Includes the global operations of our National Pen branded businesses, which manufacture and market custom writing instruments and promotional products, apparel and gifts.

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

Consistent with our historical reporting, the cost of our global legal, human resource, finance, facilities management, software and manufacturing engineering, the global component of our IT operations functions, and certain start-up costs related to new product introductions and manufacturing technologies are generally not allocated to the reporting segments and are instead reported and disclosed under the caption "Corporate and global functions." Corporate and global functions is a cost center and does not meet the definition of an operating segment. Under our new incentive compensation plan we granted PSUs during the first quarter of fiscal 2017. The PSU expense value is based on a Monte Carlo fair value analysis and is required to be expensed on an accelerated basis. In order to ensure comparability in measuring our business unit results, we allocate the straight-line portion of the fixed grant value to our business units. Any expense in excess of the amount as a result of the fair value measurement of the PSUs and the accelerated expense profile of the awards is recognized within corporate and global functions.

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

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

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

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

Revenue by segment is based on the business unit-specific websites through which the customer's order was transacted. Due to the timing of our acquisition of National Pen on December 30, 2016, the National Pen business unit did not impact our statements of operations for the periods presented and has been excluded from the tables below.

The following tables set forth revenue, adjusted net operating profit by reportable segment, total income from operations and total income before taxes.

	Three Months Ended December 31,		Six Months Ended December 31,	
	2016	2015	2016	2015
Revenue:				
Vistaprint business unit	$ 379,414	$ 354,783	$ 664,836	$ 622,252
Upload and Print business units	152,388	93,277	284,345	169,815
All Other business units	45,049	48,214	71,383	79,955
Total revenue	$ 576,851	$ 496,274	$ 1,020,564	$ 872,022

	Three Months Ended December 31,		Six Months Ended December 31,	
	2016	2015	2016	2015
Adjusted net operating profit by segment:				
Vistaprint business unit	$ 101,572	$ 115,734	$ 159,789	$ 180,196
Upload and Print business units	19,338	15,520	35,452	26,970
All Other business units	(1,968)	6,881	(11,577)	5,796
Total adjusted net operating profit by segment	118,942	138,135	183,664	212,962
Corporate and global functions	(68,463)	(54,592)	(132,400)	(106,540)
Acquisition-related amortization and depreciation	(10,019)	(9,655)	(20,232)	(19,437)
Earn-out related charges (1)	(7,010)	(3,413)	(23,257)	(3,702)
Share-based compensation related to investment consideration	(601)	(1,735)	(4,704)	(2,537)
Certain impairments (2)	—	(3,022)	—	(3,022)
Restructuring related charges	(1,100)	(110)	(1,100)	(381)
Interest expense for Waltham lease	1,956	2,001	3,926	2,351
Total income from operations	33,705	67,609	5,897	79,694
Other income, net	30,549	7,690	28,417	16,932
Interest expense, net	(9,631)	(10,160)	(19,535)	(18,286)
Income before income taxes	$ 54,623	$ 65,139	$ 14,779	$ 78,340

____

(1) Includes expense recognized for the change in fair value of contingent consideration and compensation expense related to cash-based earn-out mechanisms dependent upon continued employment.
(2) Includes the impact of impairments or abandonments of goodwill and other long-lived assets as defined by ASC 350 - "Intangibles - Goodwill and Other" or ASC 360 - "Property, plant, and equipment."

	Three Months Ended December 31,		Six Months Ended December 31,	
	2016	2015	2016	2015
Depreciation and amortization:				
Vistaprint business unit	$ 14,813	$ 10,195	$ 26,086	$ 20,057
Upload and Print business units	13,398	10,519	27,508	20,549
All Other business units	3,655	4,921	7,259	9,970
Corporate and global functions	5,111	6,170	11,529	11,487
Total depreciation and amortization	$ 36,977	$ 31,805	$ 72,382	$ 62,063

Enterprise Wide Disclosures:

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

	Three Months Ended December 31,		Six Months Ended December 31,	
	2016	2015	2016	2015
United States	$ 223,510	$ 207,663	$ 411,465	$ 387,076
Non-United States (1)	353,341	288,611	609,099	484,946
Total revenue	$ 576,851	$ 496,274	$ 1,020,564	$ 872,022

	Three Months Ended December 31,		Six Months Ended December 31,	
	2016	2015	2016	2015
Physical printed products and other (2)	$ 562,233	$ 480,217	$ 990,947	$ 839,245
Digital products/services	14,618	16,057	29,617	32,777
Total revenue	$ 576,851	$ 496,274	$ 1,020,564	$ 872,022

(1) Our non-United States revenue includes the Netherlands, our country of domicile.

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

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

	December 31, 2016	June 30, 2016
Long-lived assets (3):		
Netherlands	$ 94,834	$ 91,053
Canada	87,082	89,888
Switzerland	43,731	38,501
Italy	36,201	34,086
United States	51,010	32,977
France	22,055	24,561
Australia	22,583	24,358
Japan	19,950	23,213
Jamaica	22,004	22,604
Other	63,880	53,059
Total	$ 463,330	$ 434,300

(3) Excludes goodwill of $528,895 and $466,005, intangible assets, net of $292,591 and $216,970, the Waltham lease asset of $118,104 and $120,168, and deferred tax assets of $18,344 and $26,093 as of December 31, 2016 and June 30, 2016, respectively.

15. Commitments and Contingencies

Lease Commitments

We have commitments under operating leases for our facilities that expire on various dates through 2026, including the Waltham lease arrangement discussed in Note 6. Total lease expense, net of sublease income for the three and six months ended December 31, 2016 was $4,021 and $6,292, respectively, and $2,747 and $6,849 for the three and six months ended December 31, 2015, respectively. The decrease in total lease expense during fiscal 2016 as compared to the prior comparable periods is due to the move to our Waltham, Massachusetts facility during the first quarter of fiscal 2016 and the treatment of the related lease similar to a capital lease, with cash payments allocated to depreciation expense and interest expense.

We also lease certain machinery and plant equipment under both capital and operating lease agreements that expire at various dates through 2022. The aggregate carrying value of the leased equipment under capital leases included in property, plant and equipment, net in our consolidated balance sheet at December 31, 2016, is $35,882, net of accumulated depreciation of $22,465; the present value of lease installments not yet due included in other current liabilities and other liabilities in our consolidated balance sheet at December 31, 2016 amounts to $36,977.

Purchase Obligations

At December 31, 2016, we had unrecorded commitments under contract of $74,388, which were primarily composed of commitments for production and computer equipment purchases of approximately $28,717. Production and computer equipment purchases relates partially to a two year purchase commitment for equipment with one of our suppliers. In addition, we had purchase commitments for third-party web services of $5,000, professional and consulting fees of approximately $10,212, inventory purchase commitments of $2,819, commitments for advertising campaigns of $1,692, and other unrecorded purchase commitments of $25,948.

Other Obligations

We have an outstanding installment obligation of $8,027 related to the fiscal 2012 intra-entity transfer of the intellectual property of our subsidiary Webs, Inc., which results in tax being paid over a 7.5 year term and has been classified as a deferred tax liability in our consolidated balance sheet as of December 31, 2016. Other obligations also includes a contingent earn-out liability for our recent WIRmachenDRUCK acquisition, based on the achievement of certain financial targets, payable at our option in cash or ordinary shares in fiscal 2018 of $24,721. Refer to Note 9 for additional discussion related to the contingent earn-out liability. In addition, we have deferred payments related to our fiscal 2015 and 2016 acquisitions of $2,434 in aggregate.

Legal Proceedings

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

16. Subsequent Events

On January 23, 2017, the Supervisory Board of Cimpress N.V. approved a plan to restructure the company and implement organizational changes that will deeply decentralize the company’s operations in order to improve accountability for customer satisfaction and capital returns, simplify decision-making, and improve the speed of execution.

We intend to transfer approximately 3,000 team members that are currently part of central teams into our business units. We also intend to reduce the scope of certain other roles and functions that are currently performed centrally, which would lead to the elimination of approximately 160 positions, or approximately 1.6 percent of our current workforce, and reduce planned hiring in targeted areas. As part of the changes, we intend to eliminate the positions of four Cimpress executive officers who, as a result, will leave the company.

We expect to complete the majority of the changes during the third quarter of fiscal year 2017. Certain of the planned actions are subject to mandatory consultations with employees, works councils and governmental authorities. We estimate that we will incur an aggregate pre-tax restructuring charge of approximately $28,000 to $31,000, which includes $22,000 to $25,000 of severance-related expense and approximately $6,000 of other restructuring charges. Of the total estimated restructuring charge, we expect approximately $19,000 to $21,000 of cash expenditures, of which the majority is expected to be paid by the end of fiscal year 2017, and approximately $9,000 to $10,000 of non-cash expenditures, consisting primarily of accelerated share-based compensation expense. The actual timing and costs of the plan may differ from our current expectations and estimates.

Item 2. *Management’s Discussion and Analysis of Financial Condition and Results of Operations*

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

Executive Overview

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

As of December 31, 2016, we have several operating segments under our management reporting structure which are reported in the following four reportable segments: Vistaprint business unit, National Pen business unit, Upload and Print business units, and All Other business units. The Vistaprint business unit represents our Vistaprint-branded websites focused on the North America, Europe, Australia and New Zealand markets, and our Webs-branded business, which is managed with the Vistaprint-branded digital business. The National Pen business unit represents our newest acquisition, the leading manufacturer and marketer of customized writing instruments for small- and medium-sized businesses. The Upload and Print business units segment includes the druck.at, Exagroup, Easyflyer, Printdeal, Pixartprinting, Tradeprint, and WIRmachenDRUCK branded businesses. The All Other business units segment includes the operations of our Albumprinter and Most of World business units and Corporate Solutions business unit, which is focused on delivering volume and revenue via partnerships.

In evaluating the financial condition and operating performance of our business, management focuses on revenue growth, constant-currency revenue growth, operating income, adjusted net operating profit after tax (NOPAT) and cash flow from operations. A summary of these key financial metrics for the three and six months ended December 31, 2016 as compared to the three and six months ended December 31, 2015 are as follows:

Second Quarter 2017

- Reported revenue increased by 16% to $576.9 million.
- Consolidated constant-currency revenue increased by 18% and excluding acquisitions completed in the last four quarters increased by 8%.
- Operating income decreased $33.9 million to $33.7 million.
- Adjusted NOPAT decreased $31.9 million to $50.6 million.

Year to Date 2017

- Reported revenue increased by 17% to $1,020.6 million.
- Consolidated constant-currency revenue increased by 18% and excluding acquisitions completed in the last four quarters increased by 7%.
- Operating income decreased $73.8 million to $5.9 million.
- Adjusted NOPAT decreased $53.0 million to $45.9 million.
- Cash provided by operating activities decreased $47.7 million to $114.7 million.

For the quarter and year-to-date results, the increase in reported revenue growth was primarily due to the addition of the revenue of our recently acquired WIRmachenDRUCK brand, as well as continued growth in the Vistaprint business unit and Upload and Print businesses acquired more than twelve months prior.

The decrease in operating income for the three and six months ended December 31, 2016 was negatively impacted by the following items:

- Increased organic investments, which include costs that impact our gross margin, including shipping price reductions, expanded design services, and new product introduction;

- Increased temporary labor costs at our Canadian production facility during the peak holiday season, as well as increased third-party fulfillment and shipping costs due to production inefficiencies, which negatively impacted gross margin by approximately 200 basis points in the aggregate;
- Increased investments in our mass customization platform and expansion of production and information technology capabilities;
- Declines from the termination of two partner contracts, within our Albumprinter and Corporate Solutions businesses;
- Increased share-based compensation during the current periods, primarily driven by our new long-term incentive program;
- Significant acquisition-related expense associated with our WIRmachenDRUCK contingent earn-out arrangement; and
- Fluctuations in currency rates, which we hedge with derivative currency contracts, but do not apply hedge accounting and recognize the offsetting impact below the line within other income.

The decrease in adjusted NOPAT (a non-GAAP financial measure) was also negatively impacted by the items described above, with the exception of the expense associated with our WIRmachenDRUCK contingent earn-out arrangement, of which, the expense is excluded from adjusted NOPAT, and the impact of our derivative currency contracts for which we do not apply hedge accounting and any realized gains are included in adjusted NOPAT.

On January 25, 2017, we announced a plan to restructure the company and implement organizational changes that will deeply decentralize the company's operations in order to improve accountability for customer satisfaction and capital returns, simplify decision-making, improve the speed of execution.

We intend to eliminate approximately 160 positions, and reduce planned hiring in targeted areas, subject to mandatory consultations with employees, work councils and governmental authorities. During the third quarter of fiscal 2017, we expect to complete the majority of the planned changes, and we estimate an aggregate pre-tax restructuring charge of approximately $28 million to $31 million, which includes $22 million to $25 million of severance-related expense and approximately $6 million of other restructuring charges. Once the actions are complete, we expect to realize net operating expense savings as a result of these targeted reductions in headcount starting in fiscal 2018.

Results of Operations

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

	Three Months Ended December 31,		Six Months Ended December 31,	
	2016	2015	2016	2015
As a percentage of revenue:				
Revenue	100.0 %	100.0 %	100.0 %	100.0 %
Cost of revenue	48.0 %	39.8 %	48.1 %	40.7 %
Technology and development expense	10.3 %	10.5 %	11.9 %	11.8 %
Marketing and selling expense	27.4 %	28.7 %	29.1 %	30.4 %
General and administrative expense	8.5 %	7.4 %	10.3 %	8.0 %
Income from operations	5.8 %	13.6 %	0.6 %	9.1 %
Other income, net	5.3 %	1.5 %	2.8 %	1.9 %
Interest expense, net	(1.7)%	(2.0)%	(1.9)%	(2.1)%
Income before income taxes	9.5 %	13.1 %	1.5 %	8.9 %
Income tax provision	3.4 %	1.2 %	1.0 %	1.0 %
Net income	6.1 %	11.9 %	0.5 %	7.9 %
Add: Net loss attributable to noncontrolling interest	— %	0.1 %	0.1 %	0.1 %
Net income attributable to Cimpress N.V.	6.1 %	12.0 %	0.6 %	8.0 %

In thousands

	Three Months Ended December 31,			Six Months Ended December 31,		
	2016	2015	2016 vs. 2015	2016	2015	2016 vs. 2015
Revenue	$ 576,851	$ 496,274	16%	$ 1,020,564	$ 872,022	17%

Revenue

We generate revenue primarily from the sale and shipping of customized manufactured products, and by providing digital services, website design and hosting, and email marketing services, as well as a small percentage from order referral fees and other third-party offerings.

Total revenue by reportable segment for the three and six months ended December 31, 2016 is shown in the following tables. Due to the timing of our acquisition of National Pen on December 30, 2016, the National Pen business unit did not impact our statements of operations for the periods presented and has been excluded from the tables below. The first and second quarter of fiscal 2016 includes the impact of Tradeprint and Alcione from their respective acquisition dates in our Upload and Print business units segment:

In thousands	Three Months Ended December 31,			Currency Impact:	Constant-Currency	Impact of Acquisitions:	Constant- Currency Revenue Growth
	2016	2015	% Change	(Favorable)/Unfavorable	Revenue Growth (1)	(Favorable)/Unfavorable	Excluding Acquisitions (2)
Vistaprint business unit	$ 379,414	$ 354,783	7%	2%	9%	—%	9 %
Upload and Print business units (3)	152,388	93,277	63%	3%	66%	(55)%	11 %
All Other business units	45,049	48,214	(7)%	—%	(7)%	—%	(7)%
Total revenue	$ 576,851	$ 496,274	16%	2%	18%	(10)%	8 %

In thousands	Six Months Ended December 31,			Currency Impact:	Constant-Currency	Impact of Acquisitions:	Constant- Currency Revenue Growth
	2016	2015	% Change	(Favorable)/Unfavorable	Revenue Growth (1)	(Favorable)/Unfavorable	Excluding Acquisitions (2)
Vistaprint business unit	$ 664,836	$ 622,252	7%	2%	9%	—%	9%
Upload and Print business units (3)	284,345	169,815	67%	2%	69%	(57)%	12%
All Other business units	71,383	79,955	(11)%	(1)%	(12)%	—%	(12)%
Total revenue	$ 1,020,564	$ 872,022	17%	1%	18%	(11)%	7%

____

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

(2) Constant-currency revenue growth excluding acquisitions, a non-GAAP financial measure, excludes revenue results for businesses and brands in the period in which there is no comparable year-over-year revenue. Revenue from our fiscal 2016 acquisitions is excluded from fiscal 2016 revenue growth. For example, revenue from Tradeprint, which we acquired in Q1 2016, is excluded from Q1 2017 revenue growth since there are no full quarter results in the comparable period, but revenue from Tradeprint is included in Q2 2017 revenue growth.

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

(3) The Upload and Print business units include the impact of the Tradeprint and Alcione fiscal 2016 acquisitions from their respective acquisition dates of July 31, 2015 and July 29, 2015, respectively.

Vistaprint business unit

Reported revenue for the three and six months ended December 31, 2016 increased 7% for both periods, to $379.4 million and $664.8 million, respectively, as compared to the three and six months ended December 31,

2015. Our reported revenue growth was negatively affected by currency impacts during both the three and six months ended December 31, 2016 of 2%. The Vistaprint business unit constant-currency growth of 9% for both periods was primarily due to repeat customer bookings growth, in addition to growth in new customer count and order value. Performance continues to be stronger in the North American and Australian markets, with improving results in certain European markets. Revenue from our focus product categories including signage, marketing materials and promotional products and apparel is growing faster than the overall segment. We also experienced growth from our seasonal holiday product offerings, which includes holiday cards, calendars and gifts. In addition, some of our customer value proposition efforts, including our continued roll-out of shipping price reductions, have created revenue headwinds in certain markets, including the United Kingdom, Germany and France.

Upload and Print business units

Reported revenue for the three and six months ended December 31, 2016 increased to $152.4 million and $284.3 million, respectively, from $93.3 million and $169.8 million in the prior comparable periods. Our reported revenue growth was negatively affected by currency impacts during the three and six months ended December 31, 2016 of 3% and 2%, respectively. The Upload and Print business units constant-currency revenue growth excluding revenue from businesses acquired in the past twelve months was 11% and 12%, respectively, for the three and six months ended December 31, 2016, primarily driven by continued growth from our Pixartprinting, Printdeal and Exagroup brands. Our growth in constant currency revenue excluding recent acquisitions has moderated as we passed the anniversary of some of the slower-growing acquisitions, and we also have seen some moderation in the growth rates of prior-year acquisitions.

All Other business units

Reported revenue for the three and six months ended December 31, 2016 decreased 7% and 11% to $45.0 million and $71.4 million, respectively, as compared to the prior comparable periods. Our reported revenue was positively affected by currency impacts during the six months ended December 31, 2016 of 1% and currency had a negligible impact on the reported revenue for the three months ended December 31, 2016. The All Other business units constant-currency revenue decline of 7% and 12%, respectively, for the three and six months ended December 31, 2016 was primarily due to the termination of certain partner contracts in both our Corporate Solutions and Albumprinter businesses. These declines were partially offset by growth in Albumprinter's direct to consumer business and Corporate Solutions new lines of business, as well as growth in our Most of World portfolio which continues to grow off a relatively small base.

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

In thousands

	Three Months Ended December 31,			Six Months Ended December 31,		
	2016	2015	2016 vs. 2015	2016	2015	2016 vs. 2015
Cost of revenue	$ 277,027	$ 197,571	40%	$ 490,758	$ 354,855	38%
% of revenue	*48.0%*	*39.8%*		*48.1%*	*40.7%*	
Technology and development expense	$ 59,252	$ 51,880	14%	$ 121,330	$ 102,966	18%
% of revenue	*10.3%*	*10.5%*		*11.9%*	*11.8%*	
Marketing and selling expense	$ 157,825	$ 142,671	11%	$ 297,176	$ 264,806	12%
% of revenue	*27.4%*	*28.7%*		*29.1%*	*30.4%*	
General and administrative expense	$ 49,042	$ 36,543	34%	$ 105,403	$ 69,701	51%
% of revenue	*8.5%*	*7.4%*		*10.3%*	*8.0%*	

Cost of revenue

Cost of revenue includes materials used to manufacture our products, payroll and related expenses for production personnel, depreciation of assets used in the production process and in support of digital marketing service offerings, shipping, handling and processing costs, third-party production costs, costs of free products and other related costs of products sold by us. Cost of revenue as a percent of revenue increased during the three and six months ended December 31, 2016, as the operations within the Upload and Print business units have, as a percent of revenue, higher cost of revenue than our traditional business and are growing faster; however, these companies also have lower marketing, selling and operating costs as a percent of revenue. During the three months ended December 31, 2016, currency was also materially unfavorable to cost of revenue as a percent of revenue, although favorable to cost of revenue itself.

Vistaprint business unit

The Vistaprint business unit cost of revenue increased to $145.2 million for the three months ended December 31, 2016, from $112.4 million in the prior comparative period. The increase was primarily due to increased costs associated with production volume and product mix of $15.0 million. The remainder of the increase totaling $15.2 million is primarily from higher production and shipping costs connected to the following: (1) production inefficiencies resulting from higher temporary labor costs at our Canadian production facility which caused us to quickly turn to more expensive third-party fulfillers and use more expedited shipping during the peak holiday season, and (2) planned investments, including expanded design services, new product introduction, and shipping price reductions that also result in higher shipping costs. Additionally, during the prior comparative period, we recognized $2.0 million of insurance recoveries, which reduced cost of revenue and did not recur during the current period.

The Vistaprint business unit cost of revenue increased to $248.7 million for the six months ended December 31, 2016, from $203.6 million in the prior comparative period. In addition to the items described above, the first quarter of fiscal 2017 recognized costs due to increases in product volume and product mix of $11.6 million, as well as the aggregate additional costs related to currency, productivity and efficiency losses of $0.7 million.

Upload and Print business units

The Upload and Print business units cost of revenue increased to $108.8 million and $203.7 million for the three and six months ended December 31, 2016, respectively, from $60.4 million and $111.2 million for the prior comparable periods primarily due to incremental manufacturing costs for the operations acquired in fiscal 2016. The remaining increase is primarily due to increased manufacturing costs from our Pixartprinting, Printdeal and Exagroup brands, due to increases in revenue.

All Other business units

The All Other business units cost of revenue decreased to $20.3 million and $34.4 million for the three and six months ended December 31, 2016, respectively, from $20.5 million and $35.2 million during the prior comparable periods, primarily due to reductions in partner-related revenue.

Corporate and global functions

During the three and six months ended December 31, 2016 we had cost of revenue that was not allocated to our business units for management reporting of $2.7 million and $4.0 million, respectively, compared to $4.3 million and $4.9 million, respectively, in the prior comparative periods. The costs primarily relate to certain start-up costs related to new product introductions and manufacturing technologies.

Technology and development expense

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

The growth in our technology and development expenses of $7.4 million and $18.4 million for the three and six months ended December 31, 2016, respectively, as compared to the prior comparative periods was due to increased payroll, share-based compensation and facility-related costs of $3.7 million and $11.4 million, respectively, as a result of increased headcount in our technology development and information technology support organizations. The increase in headcount is partly due to increases in software and manufacturing engineering resources related to the continued development of our software-based mass customization platform as well as the enhancement of existing capabilities and expansion of product selection. Technology infrastructure-related costs increased by $2.2 million and $5.2 million, respectively, primarily due to increased software maintenance and licensing costs, as well as increased IT cloud service costs. Depreciation and amortization expense increased by $2.0 million and $2.7 million, respectively, primarily due to expense related to our fiscal 2016 acquisitions. For the three and six months ended December 31, 2016, other expenses increased $0.9 million for both periods, which primarily consisted of increased consulting services and travel and training costs. During the three and six months ended December 31, 2016, we had higher net capitalization of software costs of $1.4 million and $1.8 million, respectively, due to an increase in costs that qualified for capitalization during the current quarter.

Marketing and selling expense

Marketing and selling expense consists primarily of advertising and promotional costs; payroll and related expenses for our employees engaged in marketing, sales, customer support and public relations activities; amortization of certain acquired intangible assets, including customer relationships and trade names; and third-party payment processing fees. Our Upload and Print business units have a lower marketing and selling cost structure compared to the Vistaprint business unit.

Our marketing and selling expenses increased by $15.2 million and $32.4 million during the three and six months ended December 31, 2016, respectively, as compared to the prior comparative periods primarily due to increased advertising expense of $9.2 million and $17.3 million, respectively, as a result of additional advertising spend in the Vistaprint business unit. Our payroll and facility-related costs, inclusive of share-based compensation, increased $3.2 million and $9.3 million, respectively, as we expanded our marketing and customer service, sales and design support organization through our recent acquisitions and continued investment in the Vistaprint business unit customer service resources in order to provide higher value services to our customers. Payment processing and third-party services were $0.3 million and $2.1 million, respectively, higher than the prior periods, primarily due to increased order volumes. Other marketing and selling costs increased by $2.5 million and $3.7 million, respectively, primarily due to increased market research, television creative costs and travel and training costs.

General and administrative expense

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

During the three and six months ended December 31, 2016 our general and administrative expenses increased by $12.5 million and $35.7 million, respectively, as compared to the prior comparative periods. The increase in the three and six months ended December 31, 2016 was primarily driven by $6.7 million and $22.7 million, respectively, of expense for the contingent earn-out arrangement related to our fiscal 2016 acquisition of WIRmachenDRUCK. Payroll, share-based compensation and facility-related costs increased by $4.8 million and $13.2 million, respectively, as compared to the prior comparative periods, primarily due to an increase in share-based compensation resulting form our new long-term incentive program, as well as expense for the acceleration of vesting terms of certain restricted share awards associated with the acquisition of Tradeprint during our first quarter. During the quarter we recognized increased professional fees of $2.1 million as compared to the prior period, primarily related to our acquisition of National Pen and our recently announced corporate restructuring plan. These cost increases were partially offset by lower other general and administrative costs which decreased by $1.1 million and $0.2 million, respectively, primarily related to lower travel, training and recruiting costs.

Other income, net

Other income, net generally consists of gains and losses from currency exchange rate fluctuations on transactions or balances denominated in currencies other than the functional currency of our subsidiaries, as well as the realized and unrealized gains and losses on some of our derivative instruments. In evaluating our currency hedging program and ability to achieve hedge accounting in light of our legal entity cash flows, we considered the benefits of hedge accounting relative to the additional economic cost of trade execution and administrative burden. Based on this analysis, we decided to execute certain currency forward contracts that do not qualify for hedge accounting. The following table summarizes the components of other income, net:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2016	2015	2016	2015
Gains on derivatives not designated as hedging instruments	$ 13,477	$ 3,186	$ 13,554	$ 5,553
Currency-related gains, net	14,988	2,473	12,022	7,507
Other gains	2,084	2,031	2,841	3,872
Total other income, net	$ 30,549	$ 7,690	$ 28,417	$ 16,932

During the three and six months ended December 31, 2016, we recognized net gains of $30.5 million and $28.4 million, respectively, as compared to net gains of $7.7 million and $16.9 million, respectively, during the prior comparable periods. The increase primarily relates to the currency exchange rate volatility of our intercompany transactional and financing activities, as we have significant non-functional currency intercompany relationships resulting in a net gains of $15.0 million and $12.0 million, respectively during the three and six months ended December 31, 2016, as compared to a net gains of $2.5 million and $7.5 million, respectively, during the prior comparative periods.

In addition, we recognized net gains of $13.5 million and $13.6 million on our currency forward contracts not designated as hedging instruments during the three and six months ended December 31, 2016, respectively, as compared to $3.2 million and $5.6 million, respectively, during the prior comparable periods. We expect this type of volatility to continue in future periods as we do not currently apply hedge accounting for most of our currency forward contracts.

During the three and six months ended December 31, 2016, other gains of $2.1 million and $2.8 million, respectively, consisted primarily of gains related the sale of marketable securities. During the prior period, we recognized gains primarily related to insurance recoveries of $1.5 million and $3.1 million, respectively.

Interest expense, net

Interest expense, net was $9.6 million and $19.5 million for the three and six months ended December 31, 2016, respectively, and $10.2 million and $18.3 million, respectively, for the three and six months ended December 31, 2015. Interest expense, net primarily consists of interest paid on outstanding debt balances, amortization of debt issuance costs, interest related to capital lease obligations and realized gains (losses) on effective interest rate swap contracts and certain cross-currency swaps. We expect interest expense to increase in future periods relative to historical trends as a result of increased borrowing levels on our senior secured credit facility and increased capital lease obligations for machinery and equipment and if interest rates increase.

Income tax provision

	Three Months Ended December 31,		Six Months Ended December 31,	
	2016	2015	2016	2015
Income tax provision	$ 19,601	$ 6,148	$ 9,787	$ 9,327
Effective tax rate	35.9%	9.4%	66.2%	11.9%

Income tax provision was $19.6 million and $9.8 million for the three and six months ended December 31, 2016, respectively, as compared to $6.1 million and $9.3 million, respectively, in the prior year periods. The increase in income tax expense is attributable to a higher consolidated annual effective tax rate forecasted for fiscal 2017 as compared to fiscal 2016. We are forecasting a higher annual effective tax rate in fiscal 2017 due to an expected decrease to, and less favorable geographical mix of, consolidated pre-tax earnings including continued losses in certain jurisdictions where we are unable to recognize a full tax benefit in the current period. We also have losses in certain jurisdictions where we are able to recognize a tax benefit in the current period, but for which the cash benefit is expected to be realized in a future period. We expect the acquisition of National Pen will have a favorable impact to income tax expense for fiscal 2017. In addition, during three and six months ended December 31, 2016, we recognized a tax benefit of $0.4 million and $4.6 million due to share-based compensation as compared to $0.9 million and $1.7 million for the same prior year period.

Segment profitability

Our primary metric used to measure segment financial performance is adjusted net operating profit which excludes certain non-operational items including acquisition-related expenses, certain impairments and restructuring charges. For the three and six months ended December 31, 2016, the Vistaprint business unit adjusted net operating profit decreased by $14.2 million and $20.4 million, respectively, as compared to the prior periods. Incremental profit from revenue growth was offset by planned increased investments including $3.0 million and $7.9 million, respectively, from reductions in customer shipping prices, as well as new product introduction and increased design services during the three and six months ended December 31, 2016. In addition, gross margin was negatively impacted due to production inefficiencies resulting from higher temporary labor costs at our Canadian production facility which caused us to quickly turn to more expensive third-party fulfillers and use more expedited shipping during the peak holiday season. The Upload and Print business units adjusted net operating profit increased by $3.8 million and $8.5 million, respectively, for the three and six months ended December 31, 2016 primarily due to the addition of aggregate adjusted net operating profit from the brands we acquired during fiscal 2016, as well as increased profits from earlier acquisitions, partially offset by strategic investments made in oversight, technology and marketing. Our All Other business units adjusted net operating profit decreased by $8.8 million and $17.4 million, respectively, primarily due to the reduction in partner related profits of $5.8 million and $11.5 million respectively, as well as increased investment in our Corporate Solutions business during the three and six months ended December 31, 2016.

Liquidity and Capital Resources

Consolidated Statements of Cash Flows Data:
In thousands

	Six Months Ended December 31,	
	2016	2015
Net cash provided by operating activities	$ 114,659	$ 162,315
Net cash used in investing activities	(254,701)	(79,211)
Net cash provided by (used in) financing activities	116,255	(111,270)

At December 31, 2016, we had $49.6 million of cash and cash equivalents and $882.7 million of outstanding debt, excluding debt issuance costs and debt discounts. Cash and cash equivalents decreased by $27.8 million during the six months ended December 31, 2016. During the six months ended December 31, 2016 we implemented a cash pooling program for certain of our European bank accounts and expect to maintain a lower consolidated cash balance on a prospective basis as we leverage the benefits of the new program. We expect cash and cash equivalents and outstanding debt levels to fluctuate over time depending on our working capital needs, as well as our organic investment, share repurchase and acquisition activity. The cash flows during the six months ended December 31, 2016 related primarily to the following items:

Cash inflows:

- Net income of $5.0 million;
- Adjustments for non-cash items of $84.4 million primarily related to positive adjustments for depreciation and amortization of $72.4 million, share-based compensation costs of $22.8 million, the change of our contingent earn-out liability of $22.8 million and unrealized currency-related gains of $17.8 million, offset by negative adjustments for non-cash tax related items of $17.5 million;
- Proceeds of debt of $199.2 million, net of payments;
- Changes in working capital balances of $27.5 million primarily driven by improved management of accounts payable and accrued expenses and increased seasonal volume for marketing and shipping costs that have not yet been paid; and
- Proceeds from the sale of available-for sale securities of $6.3 million.

Cash outflows:

- Payments for acquisitions, net of cash acquired, of $206.8 million;
- Purchases of our ordinary shares of $50.0 million;
- Capital expenditures of $36.3 million of which $19.4 million were related to the purchase of manufacturing and automation equipment for our production facilities, $3.3 million were related to the purchase of land, facilities and leasehold improvements, and $13.6 million were related to computer and office equipment;
- Purchase of noncontrolling interests of $20.2 million;
- Internal costs for software and website development that we have capitalized of $19.1 million;
- Payments of withholding taxes in connection with share awards of $8.9 million; and
- Payments for capital lease arrangements of $6.8 million.

Additional Liquidity and Capital Resources Information. During the six months ended December 31, 2016, we financed our operations and strategic investments through internally generated cash flows from operations and debt financing. As of December 31, 2016, a significant portion of our cash and cash equivalents was held by our subsidiaries, and undistributed earnings of our subsidiaries that are considered to be indefinitely reinvested were $24.8 million. We do not intend to repatriate these funds as the cash and cash equivalent balances are generally used and available, without legal restrictions, to fund ordinary business operations and investments of the respective subsidiaries. If there is a change in the future, the repatriation of undistributed earnings from certain subsidiaries, in the form of dividends or otherwise, could have tax consequences that could result in material cash outflows.

Debt. On March 24, 2015, we completed a private placement of $275.0 million of 7.0% senior unsecured notes due 2022. The proceeds from the sales of the notes were used to repay existing outstanding indebtedness under our unsecured line of credit and senior secured credit facility and for general corporate purposes. As of December 31, 2016, we have aggregate loan commitments from our senior secured credit facility totaling $822.0 million. The loan commitments consist of revolving loans of $690.0 million and the remaining term loans of $132.0 million.

We have other financial obligations that constitute additional indebtedness based on the definitions within the credit facility. As of December 31, 2016, the amount available for borrowing under our senior secured credit facility was as follows:

In thousands

	December 31, 2016
Maximum aggregate available for borrowing	$ 822,000
Outstanding borrowings of senior secured credit facilities	(599,683)
Remaining amount	222,317
Limitations to borrowing due to debt covenants and other obligations (1)	(1,601)
Amount available for borrowing as of December 31, 2016 (2)	$ 220,716

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

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

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

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

- our total leverage ratio, which is the ratio of our consolidated total indebtedness (*) to our TTM consolidated EBITDA (*), will not exceed 4.50 to 1.00.

- our senior secured leverage ratio, which is the ratio of our consolidated senior secured indebtedness (*) to our TTM consolidated EBITDA (*), will not exceed 3.25 to 1.00.

- our interest coverage ratio, which is the ratio of our consolidated EBITDA to our consolidated interest expense, will be at least 3.00 to 1.00.

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

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

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

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

Our credit agreement and senior unsecured notes indenture also contain customary representations, warranties and events of default. As of December 31, 2016, we were in compliance with all financial and other covenants under the credit agreement and senior unsecured notes indenture.

Other debt. Other debt primarily consists of term loans acquired as part of our fiscal 2015 acquisition of Exagroup SAS. As of December 31, 2016 we had $8.0 million outstanding for those obligations that are payable through September 2024.

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

- Large, discrete, internally developed projects that we believe can, over the longer term, provide us with materially important competitive capabilities and/or positions in new markets, such as investments in our software, service operations and other supporting capabilities for our integrated platform, new business units such as Corporate Solutions and expansion into new geographic markets

- Other organic investments intended to maintain or improve our competitive position or support growth, such as costs to develop new products and expand product attributes, production and IT capacity expansion, merchant related advertising costs and continued investment in our employees
- Purchases of ordinary shares
- Corporate acquisitions and similar investments
- Reduction of debt

Contractual Obligations

Contractual obligations at December 31, 2016 are as follows:

In thousands	Payments Due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Operating leases, net of subleases	$ 40,058	$ 8,353	$ 13,443	$ 10,371	$ 7,891
Build-to-suit lease	115,535	12,569	25,139	25,139	52,688
Purchase commitments	74,388	65,102	9,286	—	—
Senior unsecured notes and interest payments	380,875	19,250	38,500	38,500	284,625
Other debt and interest payments	653,737	64,221	583,699	3,375	2,442
Capital leases	37,996	11,723	16,783	5,697	3,793
Other	35,182	3,180	32,002	—	—
Total (1)	$ 1,337,771	$ 184,398	$ 718,852	$ 83,082	$ 351,439

____

(1) We may be required to make cash outlays related to our uncertain tax positions. However, due to the uncertainty of the timing of future cash flows associated with our uncertain tax positions, we are unable to make reasonably reliable estimates of the period of cash settlement, if any, with the respective taxing authorities. Accordingly, uncertain tax positions of $4.9 million as of December 31, 2016 have been excluded from the contractual obligations table above. For further information on uncertain tax positions, see Note 11 to the accompanying consolidated financial statements.

Operating Leases. We rent office space under operating leases expiring on various dates through 2024. Future minimum rental payments required under our leases are an aggregate of approximately $40.1 million. The terms of certain lease agreements require security deposits in the form of bank guarantees and a letter of credit in the amount of $4.0 million.

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

Purchase Commitments. At December 31, 2016, we had unrecorded commitments under contract of $74.4 million, which were primarily composed of commitments for production and computer equipment purchases of approximately $28.7 million. Production and computer equipment purchases relates primarily to a two year purchase commitment for equipment with one of our suppliers. In addition, we had purchase commitments for third-party web services of $5.0 million, professional and consulting fees of approximately $10.2 million, inventory purchase commitments of $2.8 million, commitments for advertising campaigns of $1.7 million, and other unrecorded purchase commitments of $25.9 million.

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

Other debt and interest payments. The term loans of $132.0 million outstanding under our credit agreement have repayments due on various dates through September 23, 2019, with the revolving loans outstanding of $467.7 million due on September 23, 2019. Interest payable included in this table is based on the interest rate as of December 31, 2016 and assumes all revolving loan amounts outstanding will not be paid until maturity, but that the term loan amortization payments will be made according to our defined schedule. Interest payable includes the estimated impact of our interest rate swap agreements. In addition, we assumed term loan debt as part of certain of our fiscal 2015 acquisitions, and as of December 31, 2016 we had $8.0 million outstanding for those obligations that have repayments due on various dates through September 2024.

Capital leases. We lease certain machinery and plant equipment under capital lease agreements that expire at various dates through 2022. The aggregate carrying value of the leased equipment under capital leases included in property, plant and equipment, net in our consolidated balance sheet at December 31, 2016, is $35.9 million, net of accumulated depreciation of $22.5 million. The present value of lease installments not yet due included in other current liabilities and other liabilities in our consolidated balance sheet at December 31, 2016 amounts to $37.0 million.

Other Obligations. Other obligations include an installment obligation of $8.0 million related to the fiscal 2012 intra-entity transfer of the intellectual property of our subsidiary Webs, Inc., which resulted in tax being paid over a 7.5 year term and has been classified as a deferred tax liability in our consolidated balance sheet as of December 31, 2016. Other obligations also includes the fair value of the contingent earn-out liability related to the WIRmachenDRUCK acquisition of $24.7 million. The WIRmachenDRUCK earn-out is payable at our option in cash or ordinary shares, based on the achievement of a cumulative gross margin target for calendar years 2016 and 2017. In addition, we have deferred payments related to our fiscal 2015 and 2016 acquisitions of $2.4 million, in aggregate.

Non-GAAP Financial Measure

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

The table below sets forth operating income and adjusted net operating profit after tax for each of the three and six months ended December 31, 2016 and 2015:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2016	2015	2016	2015
GAAP operating income	$ 33,705	$ 67,609	$ 5,897	$ 79,694
Less: Cash taxes attributable to current period (see below)	(6,704)	(4,362)	(14,123)	(11,195)
Exclude expense (benefit) impact of:				
Acquisition-related amortization and depreciation	10,019	9,655	20,232	19,437
Earn-out related charges (1)	7,010	3,413	23,257	3,702
Share-based compensation related to investment consideration	601	1,735	4,704	2,537
Certain impairments (2)	—	3,022	—	3,022
Restructuring related charges	1,100	110	1,100	381
Less: Interest expense associated with Waltham lease	(1,956)	(2,001)	(3,926)	(2,351)
Include: Realized gains on currency forward contracts not included in operating income	6,839	3,319	8,727	3,635
Adjusted NOPAT	$ 50,614	$ 82,500	$ 45,868	$ 98,862
Cash taxes paid in the current period	$ 11,754	$ 6,036	$ 20,309	$ 10,745
Less: cash taxes paid and related to prior periods	(5,097)	(2,463)	(9,324)	(2,104)
Plus: cash taxes attributable to the current period but not yet paid	528	718	178	1,639
Plus: cash impact of excess tax benefit on equity awards attributable to current period	342	936	4,606	2,645
Less: installment payment related to the transfer of intellectual property in a prior year	(823)	(865)	(1,646)	(1,730)
Cash taxes attributable to current period	$ 6,704	$ 4,362	$ 14,123	$ 11,195

(1) Includes expense recognized for the change in fair value of contingent consideration and compensation expense related to cash-based earn-out mechanisms dependent upon continued employment.
(2) Adjusted NOPAT will include the impact of impairments of goodwill and other long-lived assets as defined by ASC 350 - "Intangibles - Goodwill and Other" and discontinued operations as defined by ASC 205-20 in periods in which they occur.

Item 3. *Quantitative and Qualitative Disclosures About Market Risk*

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

As of December 31, 2016, our cash and cash equivalents consisted of standard depository accounts which are held for working capital purposes. We do not believe we have a material exposure to interest rate fluctuations related to our cash and cash equivalents.

As of December 31, 2016, we had $599.7 million of variable rate debt and $8.0 million of variable rate installment obligation related to the fiscal 2012 intra-entity transfer of Webs' intellectual property. As a result, we have exposure to market risk for changes in interest rates related to these obligations. In order to mitigate our exposure to interest rate changes related to our variable rate debt, we execute interest rate swap contracts to fix the interest rate on a portion of our outstanding long-term debt with varying maturities. As of December 31, 2016, a hypothetical 100 basis point increase in rates, inclusive of our outstanding interest rate swaps, would result in an increase of interest expense of approximately $5.5 million over the next 12 months.

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

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

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

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

- *Translation of our non-U.S. dollar assets and liabilities*: Each of our subsidiaries translates its assets and liabilities to U.S. dollars at current rates of exchange in effect at the balance sheet date. The resulting gains and losses from translation are included as a component of accumulated other comprehensive (loss) income on the consolidated balance sheet. Fluctuations in exchange rates can materially impact the carrying value of our assets and liabilities.

  We have currency exposure arising from our net investments in foreign operations. We enter into cross-currency swap contracts to mitigate the impact of currency rate changes on certain net investments.

- *Remeasurement of monetary assets and liabilities:* Transaction gains and losses generated from remeasurement of monetary assets and liabilities denominated in currencies other than the functional currency of a subsidiary are included in other income, net on the consolidated statements of operations. Certain of our subsidiaries hold intercompany loans denominated in a currency other than their functional currency. Due to the significance of these balances, the revaluation of intercompany loans can have a material impact on other income, net. We expect these impacts may be volatile in the future, although our largest intercompany loans do not have a U.S. dollar cash impact for the consolidated group because they are either 1) U.S. dollar loans or 2) we elect to hedge certain non-U.S. dollar loans with cross currency swaps. A hypothetical 10% change in currency exchange rates was applied to total net monetary assets denominated in currencies other than the functional currencies at the balance sheet dates to compute the impact these changes would have had on our income before taxes in the near term. The balances are inclusive of the notional value of any cross currency swaps designated as cash flow hedges. A hypothetical decrease in exchange rates of 10% against the functional currency of our subsidiaries would have resulted in an increase of $24.0 million and $31.9 million on our income before taxes for the three months ended December 31, 2016 and 2015, respectively.

Item 4. *Controls and Procedures*

Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2016. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, or Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of December 31, 2016, our chief executive officer and chief financial officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There were no significant changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended December 31, 2016 that materially affect, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1A. *Risk Factors*

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

Risks Related to Our Business

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

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

- our failure to adequately execute our strategy or anticipate and overcome obstacles to achieving our strategic goals;
- our failure to develop our mass customization platform or the failure of the platform to drive the efficiencies and competitive advantage we expect;
- our failure to manage the growth, complexity, and pace of change of our business and expand our operations;
- our failure to acquire, at a value-accretive price or at all, businesses that enhance the growth and development of our business or to effectively integrate the businesses we do acquire into our business;
- our inability to purchase or develop technologies and other key assets to increase our efficiency, enhance our competitive advantage, and scale our operations;

- the failure of our current supply chain to provide the resources we need at the standards we require and our inability to develop new or enhanced supply chains;
- our failure to acquire new customers and enter new markets, retain our current customers, and sell more products to current and new customers;
- our failure to identify and address the causes of our revenue weakness in some markets;
- our failure to sustain growth in relatively mature markets;
- our failure to promote, strengthen, and protect our brands;
- our failure to effectively manage competition and overlap within our brand portfolio;
- the failure of our current and new marketing channels to attract customers;
- our failure to realize expected returns on our capital allocation decisions;
- unanticipated changes in our business, current and anticipated markets, industry, or competitive landscape;
- our failure to attract and retain skilled talent needed to execute our strategy and sustain our growth; and
- general economic conditions.

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

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

Although we increasingly sell our products and services via reseller channels, our interface to those channels is almost exclusively through the Internet. The online market for most of our products and services is not mature, and our success depends in part on our ability to attract customers who have historically purchased products and services we offer through offline channels. Specific factors that could prevent prospective customers from purchasing from us as an online retailer include:

- concerns about buying customized products without face-to-face interaction with design or sales personnel;
- the inability to physically handle and examine product samples;
- delivery time associated with Internet orders;
- concerns about the security of online transactions and the privacy of personal information;
- delayed shipments or shipments of incorrect or damaged products;
- limited access to the Internet; and
- the inconvenience associated with returning or exchanging purchased items.

In addition, our internal research shows that an increasing number of current and potential customers access our websites using smart phones or tablet computing devices and that our website visits using traditional computers may be declining. Designing and purchasing custom designed products on a smart phone, tablet, or other mobile device is more difficult than doing so with a traditional computer due to limited screen sizes and bandwidth constraints. If our customers and potential customers have difficulty accessing and using our websites and technologies, then our revenue could decline.

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

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

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

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

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

- costs and charges resulting from litigation;
- significant increases in credits, beyond our estimated allowances, for customers who are not satisfied with our products;
- changes in our income tax rate;
- costs to acquire businesses or integrate our acquired businesses;
- impairments of our tangible and intangible assets including goodwill; and
- the results of our minority investments and joint ventures.

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

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

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

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

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

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

- difficulty managing operations in, and communications among, multiple locations and time zones;
- difficulty complying with multiple tax laws, treaties, and regulations and limiting our exposure to onerous or unanticipated taxes, duties, and other costs;
- our failure to improve and adapt our financial and operational controls to manage our increasingly decentralized business and comply with our legal obligations;
- local regulations that may restrict or impair our ability to conduct our business as planned;
- protectionist laws and business practices that favor local producers and service providers;
- our inexperience in marketing and selling our products and services within unfamiliar countries and cultures;

- challenges of working with local business partners;
- our failure to properly understand and develop graphic design content and product formats and attributes appropriate for local tastes;
- disruptions caused by political and social instability that may occur in some countries;
- corrupt business practices, such as bribery or the willful infringement of intellectual property rights, that may be common in some countries or in some sales channels and markets;
- difficulty expatriating cash from some countries;
- difficulty importing and exporting our products across country borders and difficulty complying with customs regulations in the many countries where we sell products;
- disruptions or cessation of important components of our international supply chain;
- the challenge of complying with disparate laws in multiple countries;
- restrictions imposed by local labor practices and laws on our business and operations; and
- failure of local laws to provide a sufficient degree of protection against infringement of our intellectual property.

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

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

Acquisitions and strategic investments may be disruptive to our business.

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

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

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

- The business we acquired or invested in may not perform as well as we expected.
- We may overpay for acquired businesses, which can, among other things, negatively affect our intrinsic value per share.

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

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

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

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

In addition, the accounting for our acquisitions requires us to make significant estimates, judgments, and assumptions that can change from period to period, based in part on factors outside of our control, which can create volatility in our financial results. For example, we often pay a portion of the purchase price for our acquisitions in the form of an earn-out based on performance targets for the acquired companies, which can be difficult to forecast. We accrue liabilities for estimated future contingent earn-out payments based on an evaluation of the likelihood of achievement of the contractual conditions underlying the earn-out and weighted probability assumptions of the required outcomes. If in the future our assumptions change and we determine that higher levels of achievement are likely under our earn-outs, we will need to pay and record additional amounts to reflect the increased purchase price. These additional amounts could be significant and could adversely impact our results of operations. In addition, earn-out provisions can lead to disputes with the sellers about the achievement of the earn-out performance targets, and earn-out performance targets can sometimes create inadvertent incentives for the acquired company's management to take short-term actions designed to maximize the earn-out instead of benefiting the business.

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

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

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

Our profitability has historically been highly seasonal. Our second fiscal quarter includes the majority of the holiday shopping season and accounts for a disproportionately high portion of our earnings for the year, primarily due to higher sales of home and family products such as holiday cards, calendars, photo books, and personalized gifts. Our operating income during the second fiscal quarter represented more than 60% of annual operating income in the years ended June 30, 2016, 2015, and 2014. In anticipation of increased sales activity during our second fiscal quarter holiday season, we typically incur significant additional capacity related expenses each year to meet our seasonal needs, including facility expansions, equipment purchases and leases, and increases in the number of temporary and permanent employees. Lower than expected sales during the second quarter would likely have a disproportionately large impact on our operating results and financial condition for the full fiscal year. In addition, if our manufacturing and other operations are unable to keep up with the high volume of orders during our second fiscal quarter or we experience inefficiencies in our production, then our costs may be significantly higher, and we and our customers can experience delays in order fulfillment and delivery and other disruptions. If we are unable to accurately forecast and respond to seasonality in our business, our business and results of operations may be materially harmed.

Our hedging activity could negatively impact our results of operations and cash flows.

We have entered into derivatives to manage our exposure to interest rate and currency movements. If we do not accurately forecast our results of operations, execute contracts that do not effectively mitigate our economic exposure to interest rates and currency rates, elect to not apply hedge accounting, or fail to comply with the complex accounting requirements for hedging, our results of operations and cash flows could be volatile, as well as negatively impacted. Also, our hedging objectives may be targeted at non-GAAP financial metrics, which could result in increased volatility in our GAAP results.

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

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

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

Any interruptions to our systems or operations could result in lost revenue, increased costs, negative publicity, damage to our reputation and brands, and an adverse effect on our business and results of operations. Building redundancies into our infrastructure, systems and supply chain to mitigate these risks may require us to commit substantial financial, operational, and technical resources, in some cases before the volume of our business increases with no assurance that our revenues will increase.

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

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

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

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

In addition, we have in the past and may in the future choose to collaborate with some of our existing and potential competitors in strategic partnerships that we believe will improve our competitive position and financial results, such as through a retail in-store or web-based collaborative offering. It is possible, however, that such ventures will be unsuccessful and that our competitive position and financial results will be adversely affected as a result of such collaboration.

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

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

Failure to protect our information systems and the confidential information of our customers, employees, and business partners against security breaches or thefts could damage our reputation and brands,

subject us to litigation and enforcement actions, and substantially harm our business and results of operations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

As of December 31, 2016, our total debt was $882.7 million, made up of $275.0 million of senior notes, $599.7 million of loan obligations under our credit facility and $8.0 million of other debt. We had unused commitments of $220.7 million under our credit facility (after giving effect to letter of credit obligations).

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

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

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

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

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

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

Borrowings under our credit facility are at variable rates of interest and expose us to interest rate risk. If interest rates were to increase, our debt service obligations on the variable rate indebtedness would increase even if the amount borrowed remained the same, and our net income and cash flows, including cash available for servicing our indebtedness, will correspondingly decrease. As of December 31, 2016, a hypothetical 100 basis point increase in rates, inclusive of our outstanding interest rate swaps, would result in an increase of interest expense of approximately $5.5 million over the next 12 months. Although we generally enter into interest rate swaps that involve the exchange of floating for fixed rate interest payments in order to reduce interest rate volatility, we might not maintain interest rate swaps with respect to all of our variable rate indebtedness, and any swaps we enter into may not fully mitigate our interest rate risk.

Border controls and duties and restrictions on cross-border commerce may impede our shipments across country borders.

Many governments impose restrictions on shipping goods into their countries, as well as protectionist measures such as customs duties and tariffs that may apply directly to product categories comprising a material portion of our revenues. The customs laws, rules and regulations that we are required to comply with are complex and subject to unpredictable enforcement and modification. As a result of these restrictions, we have from time to time experienced delays in shipping our manufactured products into certain countries. For example, we produce most physical products for our United States customers at our facility in Ontario, Canada and have occasionally experienced delays shipping from Canada into the United States. If we experience difficulty or delays shipping products into the United States or other key markets, or are prevented from doing so, or if our costs and expenses materially increased, our business and results of operations could be harmed.

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

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

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

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

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

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

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

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

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

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

We are subject to customer payment-related risks.

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

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

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

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

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

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

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

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

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

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

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

Risks Related to Our Corporate Structure

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

We are a Dutch limited liability company that operates through various subsidiaries in a number of countries throughout the world. Consequently, we are subject to tax laws, treaties and regulations in the countries in which we operate, and these laws and treaties are subject to interpretation. From time to time, we are subject to tax audits, and the tax authorities in these countries could claim that a greater portion of the income of the Cimpress N.V. group should be subject to income or other tax in their respective jurisdictions, which could result in an increase to our effective tax rate and adversely affect our results of operations. For more information about audits to which we are currently subject refer to Note 11 “Income Taxes” in the accompanying notes to the consolidated financial statements included in Item 1 of Part I of this Report.

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

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

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

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

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

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

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

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

Subject to specified exceptions, Dutch law requires shareholder approval for many corporate actions, such as the approval of dividends, authorization to issue new shares or purchase outstanding shares, and corporate acquisitions of a certain size. Situations may arise where the flexibility to issue shares, pay dividends, purchase shares, acquire other companies, or take other corporate actions without a shareholder vote would be beneficial to us, but is not available under Dutch law.

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

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

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

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

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

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

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

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

We believe that we were not a PFIC for the tax year ended June 30, 2016 and we expect that we will not become a PFIC in the foreseeable future. However, whether we are treated as a PFIC depends on questions of fact as to our assets and revenues that can only be determined at the end of each tax year. Accordingly, we cannot be certain that we will not be treated as a PFIC in future years.

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

If a United States shareholder owns 10% or more of our ordinary shares, it may be subject to increased United States federal income taxation (and possibly state income taxation) under the "controlled foreign corporation" rules. In general, if a U.S. person owns (or is deemed to own) at least 10% of the voting power of a non-U.S. corporation, or "10% U.S. Shareholder," and if such non-U.S. corporation is a "controlled foreign corporation," or "CFC," for an uninterrupted period of 30 days or more during a taxable year, then such 10% U.S. Shareholder who owns (or is deemed to own) shares in the CFC on the last day of the CFC's taxable year must include in its gross income for United States federal income tax (and possibly state income tax) purposes its pro rata share of the CFC's "subpart F income," even if the "subpart F income" is not distributed. In general, a non-U.S. corporation is considered a CFC if one or more 10% U.S. Shareholders together own more than 50% of the voting power or value of the corporation on any day during the taxable year of the corporation. "Subpart F income" consists of, among other things, certain types of dividends, interest, rents, royalties, gains, and certain types of income from services and personal property sales.

The rules for determining ownership for purposes of determining 10% U.S. Shareholder and CFC status are complicated, depend on the particular facts relating to each investor, and are not necessarily the same as the rules for determining beneficial ownership for SEC reporting purposes. For taxable years in which we are a CFC for an uninterrupted period of 30 days or more, each of our 10% U.S. Shareholders will be required to include in its gross income for United States federal income tax purposes its pro rata share of our "subpart F income," even if the subpart F income is not distributed by us. We currently do not believe we are a CFC. However, whether we are treated as a CFC can be affected by, among other things, facts as to our share ownership that may change. Accordingly, we cannot be certain that we will not be treated as a CFC in future years.

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

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

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

Item 2. *Unregistered Sales of Equity Securities and Use of Proceeds*

On February 22, 2016, in order to provide us with flexibility to repurchase our ordinary shares at times when our management believes it may be beneficial for our business, our Supervisory Board authorized the repurchase of up to 6,300,000 of our issued and outstanding ordinary shares on the open market (including block trades that satisfy the safe harbor provisions of Rule 10b-18 pursuant to the U.S. Securities Exchange Act of 1934), through privately negotiated transactions, or in one or more self-tender offers. This share repurchase program expires on May 17, 2017, and we may suspend or discontinue the repurchase program at any time. The following table outlines the purchase of our ordinary shares during the three months ended December 31, 2016:

	Total Number of Shares Purchased	Average Price Paid Per Share (1)	Total Number of Shares Purchased as Part of a Publicly Announced Program	Approximate Number of Shares that May Yet be Purchased Under the Program
October 1, 2016 through October 31, 2016	—	$ —	—	6,300,000
November 1, 2016 through November 30, 2016	593,763	84.22	593,763	5,706,237
December 1, 2016 through December 31, 2016	—	—	—	5,706,237
Total	593,763	$ 84.22	593,763	5,706,237

(1) Average price paid per share includes commissions paid.

Item 6. *Exhibits*

We are filing the exhibits listed on the Exhibit Index following the signature page to this Report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

January 30, 2017 Cimpress N.V.

By: /s/ Sean E. Quinn

Sean E. Quinn

Chief Financial Officer

(Principal Financial and Accounting Officer)

EXHIBIT INDEX

Exhibit No.	Description
2.1	Purchase Agreement dated December 9, 2016 among Cimpress USA Incorporated, National Pen Holdings, LLC, National Pen Blocker Holdings, L.P., National Pen Co. LLC, and National Pen Blocker Corp. is incorporated by reference to our Current Report on Form 8-K filed with the Securities and Exchange Commission on December 13, 2016
10.1*	Summary of Compensatory Arrangement with Members of the Supervisory Board dated November 2016
10.2*	Form of Performance Share Unit Agreement for Supervisory Board members under our 2016 Performance Equity Incentive Plan
31.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, Rule 13a-14(a)/15d-14(a), by Chief Executive Officer
31.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, Rule 13a-14(a)/15d-14(a), by Chief Financial Officer
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, by Chief Executive Officer and Chief Financial Officer
101	The following materials from this Annual Report on Form 10-Q, formatted in Extensible Business Reporting Language (XBRL): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations, (iii) Condensed Consolidated Statements of Cash Flows, and (iv) Notes to Condensed Consolidated Financial Statements.

____

* Management contract or compensatory plan or arrangement

Summary of Compensatory Arrangement with Members of the Supervisory Board
November 2016

All dollar amounts are in United States dollars.

Cash Compensation

All members of the Supervisory Board	$112,500 retainer per fiscal year
Chairman of the Supervisory Board	Additional $22,500 retainer per fiscal year
Audit Committee	• $15,000 retainer per fiscal year for all committee members (including the committee chairman) • Additional $22,500 retainer per fiscal year for the committee chairman
Compensation Committee	• $10,000 retainer per fiscal year for all committee members (including the committee chairman) • Additional $15,000 retainer per fiscal year for the committee chairman
Nominating and Corporate Governance Committee	• $10,000 retainer per fiscal year for all committee members (including the committee chairman) • Additional $12,500 retainer per fiscal year for the committee chairman

Cimpress reimburses the Supervisory Board for reasonable travel and other expenses incurred in connection with attending meetings of the Supervisory Board and its committees, and pays for their tax preparation fees and filings for their Dutch income tax returns.

Performance Share Units

Supervisory Board members receive performance share unit ("PSU") awards under Cimpress' 2016 Performance Equity Plan, as amended (the "2016 Plan"), as described below. PSUs granted to the Supervisory Board have the terms set forth in the 2016 Plan. All capitalized terms used but not defined herein have the definitions in the 2016 Plan.

Each incumbent Supervisory Board member receives $112,500 of PSUs annually in connection with the annual general meeting of shareholders of Cimpress N.V. so long as he or she remains a director following that annual general meeting. Each new director receives $150,000 of PSUs in connection with his or her initial appointment to the Supervisory Board. Cimpress determines the number of PSUs to be granted to each director by dividing the applicable dollar amounts described in this paragraph by the 3YMA as of the following Baseline Date:

- For incumbent directors, the Baseline Date is November 15 of each year, beginning with November 15, 2016.
- For newly appointed directors, the Baseline Date is based on the date of the general meeting of shareholders at which the director is appointed:

General meeting in the months of:	*Baseline date is the nearest:*
June, July, or August	August 15
September, October, or November	November 15
December, January, or February	February 15
March, April, or May	May 15

PSUs granted to members of the Supervisory Board vest as to 25% of the original number of PSUs per year over the four years following (1) the applicable annual general meeting (for PSU awards granted to incumbent directors) or (2) the general meeting at which the Supervisory Board member was first appointed (for PSU awards granted to newly appointed directors), in each case so long as the director continues to serve on the Supervisory Board. If a director ceases to serve on the Supervisory Board, other than for cause, he or she retains all PSUs that have satisfied the service-based vesting condition as of his or her termination date. If Cimpress achieves the performance thresholds described in the 2016 Plan, the former director would receive Cimpress ordinary shares upon settlement of the PSUs, even though he or she is no longer a member of the Supervisory Board.

2016 Performance Equity Plan
Performance Share Unit Agreement

1. Grant of Award. This Agreement evidences the grant by Cimpress N.V., a Netherlands company (the "***Company***"), on **%%OPTION_DATE,'Month DD, YYYY'%-%** to **%%FIRST_NAME%-% %%LAST_NAME%-%** (the "***Participant***") of **%%TOTAL_PSUs_GRANTED%-%** performance share units (the "***PSUs***") on the terms of this Agreement and the Company's 2016 Performance Equity Plan (the "***Plan***"). Each PSU represents a right to receive between 0 and 2.5 ordinary shares of the Company**,** €0.01 par value per share (the "***Shares***"), upon the satisfaction of both (A) service-based as described in Section 2 below and (B) performance conditions relating to the compound annual growth rate ("***CAGR***") of the three-year moving average daily price per Share ("***3YMA***") as described in Section 3 below. The issuance of Shares to the Participant pursuant to a PSU upon satisfaction of both the service-based condition and the performance condition described in this Agreement is a "***Performance Dependent Issuance***."

Except as otherwise indicated by the context, the term "***Participant***," as used in this award, is deemed to include any person who acquires rights under this award validly under its terms, and the term "***Company***" includes Cimpress N.V. and all current and future parents and subsidiaries of Cimpress N.V.

2. Service-Based Vesting.

(a) Vesting Schedule. Throughout this Agreement, the term "***vest***" refers only to the satisfaction of the service-based condition described in this Section 2 and does not refer to the performance condition, the satisfaction of which is necessary for a Performance Dependent Issuance. Subject to the terms and conditions of this award, the PSUs vest as to 25% of the original number of PSUs on **%%VEST_DATE_PERIOD1,'Month DD, YYYY'%-%** and as to an additional 25% of the original number of PSUs on each of the successive three anniversaries of such date, so long as, at the time any PSUs vest, the Participant is, and has been at all times since the date in Section 1 above on which the PSUs were granted, an "***Eligible Participant***," which is defined as an employee, officer or director of, or consultant or advisor to, the Company or any parent or subsidiary of the Company as defined in Section 424(e) or (f) of the United States Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder (the "***Code***").

(b) Forfeiture of Unvested PSUs. If for any reason the Participant ceases to be an Eligible Participant, then the vesting of PSUs ceases and the Participant has no further rights with respect to any unvested PSUs, but the Participant retains the PSUs that have vested as of the last day on which he or she was an Eligible Participant. The Participant expressly accepts and agrees that any termination of his or her relationship with the Company for any reason whatsoever (including without limitation unfair or objective dismissal, permanent disability, death, resignation or desistance) automatically means the forfeiture of all of his or her unvested PSUs, with no compensation whatsoever. The Participant acknowledges and accepts that this is an essential condition of this Agreement and expressly agrees to this condition.

3. Performance Conditions.

(a) Baseline and Measurements. The "***Baseline 3YMA***" for this award is **%%BASELINE_3YMA_$%-%**, and the "***Baseline Date***" is **%%BASELINE_DATE,'Month DD, YYYY'%-%**. At each of the sixth through tenth anniversaries of the Baseline Date (each such date a "***Measurement Date***") until such time as a Performance Dependent Issuance is triggered for this PSU award, the Company shall measure the 3YMA as of such Measurement Date and calculate the CAGR relative to the Baseline 3YMA as set forth in this Section 3.

(b) Performance Condition for Years 6-10. If on a Measurement Date corresponding to the sixth through tenth anniversaries of the Baseline Date the CAGR of the 3YMA as of such Measurement Date, relative to the Baseline 3YMA, equals or exceeds the minimum CAGR set forth in Table 1 on Schedule A hereto, then a Performance Dependent Issuance is triggered at the first such Measurement Date, and the Company shall issue to the Participant in accordance with Section 4 below the number of Shares determined by multiplying the number of vested PSUs in this award by the percentage set forth in Table 1 that corresponds to the CAGR of the 3YMA from the Baseline Date to the Measurement Date, rounded down to the nearest whole Share.

(c) Performance Condition for a Change in Control. If a Change in Control, as defined in the Plan, occurs at any time between the date in Section 1 above on which the PSUs were granted and the tenth anniversary of the Baseline Date, then the date of such Change in Control is deemed to be the applicable Measurement Date. If the price paid per Share to holders of the Company's Shares in connection with the Change in Control (as reasonably determined by the Board), relative to the Baseline 3YMA, equals or exceeds the minimum CAGR set forth in Table 1 on Schedule A hereto, then a Performance Dependent Issuance is triggered at such Measurement Date, and the Company shall issue to the Participant in accordance with Section 4 below the number of Shares determined by multiplying the number of vested PSUs in this award by the percentage set forth in Table 1 that corresponds to the CAGR of the 3YMA from the Baseline Date to the price paid per Share to the holders of the Company's Shares in connection with the Change in Control, rounded down to the nearest whole Share.

(d) Expiration. If no Performance Dependent Issuance is triggered pursuant to this Section 3 on or before the earlier of (i) the date of a Change in Control and (ii) the Measurement Date corresponding to the tenth anniversary of the Baseline Date, then this award expires in its entirety, and no Shares are issued or issuable with respect to this award.

4. Timing and Form of Distribution. If a Performance Dependent Issuance is triggered, the Company shall distribute to the Participant the number of Shares calculated pursuant to Section 3 above as soon as practicable after the applicable Measurement Date but in no event later than 45 days after such Measurement Date, except that (a) if the Participant is not subject to U.S. income taxes on this award, the Distribution Date may be a later date if required by local law, and (b) if the Participant is not an Eligible Participant, the Company may, in its sole discretion, delay the Distribution Date and the issuance of Shares upon a Performance Dependent Issuance until such time as the Company has all of the necessary information about the Participant to issue Shares to the Participant and to calculate, withhold, and account for Tax-Related Items. It is the Participant's responsibility to ensure that the Company has all such necessary information. Each date of distribution of Shares is referred to as the "***Distribution Date***." Once any Shares have been distributed pursuant to this award, the award expires in its entirety, and the Participant has no further rights with respect to any PSUs hereunder.

5. Responsibility for Taxes. The Participant acknowledges that, regardless of any action taken by the Company, the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Participant's participation in the Plan and legally applicable to the Participant ("***Tax-Related Items***") is and remains the Participant's responsibility and may exceed the amount actually withheld by the Company. The Participant further acknowledges that the Company (i) makes no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the PSUs, including but not limited to the grant, vesting or settlement of the PSUs, the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividends; and (ii) does not commit to and is under no obligation to structure the terms of the grant or any aspect of the PSUs to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result. Furthermore, if the Participant is subject to Tax-Related Items in more than one jurisdiction, the Participant acknowledges that the Company may be required to withhold or account for Tax-Related Items in more than one jurisdiction. Prior to any relevant taxable or tax withholding event, as applicable, the Participant agrees to make adequate arrangements satisfactory to the Company to satisfy all Tax-Related Items.

(a) In this regard, Participant authorizes the Company or its agent to satisfy the obligations with regard to all Tax-Related Items by withholding in Shares to be issued upon settlement of the PSUs. If such withholding in Shares is problematic under applicable tax or securities law or has materially adverse accounting consequences, by the Participant's acceptance of the PSUs, the Participant authorizes and directs the Company and any brokerage firm acceptable to the Company to sell on the Participant's behalf a whole number of Shares from those Shares issued to the Participant as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy any withholding obligation for Tax-Related Items. The Participant agrees to execute and deliver such documents as may be reasonably required in connection with the sale of any Shares pursuant to this Section 5(a).

(b) Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding rates or other applicable withholding rates, including maximum applicable rates, in which case the Participant will receive a refund of any over-withheld amount and will have no entitlement to the Share equivalent. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, the Participant is deemed to have been issued the full number of Shares subject to the Performance Dependent Issuance, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items.

(c) Finally, the Participant agrees to pay to the Company, including through withholding from Participant's salary or other cash compensation paid to the Participant by the Company any amount of Tax-Related Items that the Company may be required to withhold or account for as a result of Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if the Participant fails to comply with the Participant's obligations in connection with the Tax-Related Items (including the obligations set forth in Section 4 above).

6. Nontransferability of Award. The Participant shall not sell, assign, transfer, pledge or otherwise encumber this award, either voluntarily or by operation of law, except by will, the laws of descent and distribution, or pursuant to a qualified domestic relations order. However, the Participant shall not transfer this award to any proposed transferee if, with respect to such proposed transferee, the Company would not be eligible to use a Form S-8 for the registration of the issuance and sale of the Shares subject to this award under the United States Securities Act of 1933, as amended.

7. No Right to Employment or Other Status. This award shall not be construed as giving the Participant the right to continued employment or any other relationship with the Company. The Company expressly reserves the right to dismiss or otherwise terminate its relationship with the Participant free from any liability or claim under the Plan or this award, except as expressly provided in this award.

8. No Rights as Shareholder. The Participant has no rights as a shareholder with respect to any Shares distributable under this award until such Shares are issued to the Participant.

9. Provisions of the Plan. This award is subject to the provisions of the Plan, a copy of which is furnished to the Participant with this award.

10. Nature of the Grant. By accepting this Agreement, the Participant acknowledges as follows:

(a) The Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan.

(b) The Participant is voluntarily participating in the Plan.

(c) The PSUs, the Shares, and the income and value of the PSUs and Shares are not part of normal or expected compensation or salary for any purpose, including but not limited to the calculation of any severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments, and in no event should be considered as compensation for, or relating in any way to, past services for the Company.

(d) The future value of the Shares underlying the PSUs is unknown and cannot be predicted with certainty. If the Participant receives Shares upon a Performance Dependent Issuance, the value of such Shares may increase or decrease in value.

(e) In consideration of the grant of the PSUs, no claim or entitlement to compensation or damages arises from termination of the PSUs or Shares, diminution in value of the Shares or termination of the Participant's relationship with the Company for any reason whatsoever and whether or not in breach of applicable laws. The Participant irrevocably releases the Company from any such claim that may arise. If, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by accepting this Agreement, the Participant is deemed irrevocably to have waived his or her entitlement to pursue such claim.

(f) Further, if the Participant ceases to be an Eligible Participant for any reason whatsoever and whether or not in breach of applicable laws, the Participant's right to vesting of the PSUs under this Agreement and the Plan, if any, terminates effective as of the date that the Participant is no longer an Eligible Participant, and will not be extended by any notice period mandated under applicable law. The Company has the exclusive discretion to determine when the Participant is no longer an Eligible Participant for purposes of this Agreement and the Plan.

(g) The Participant acknowledges and agrees that neither the Company nor any of its affiliates is liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar that may affect the value of the PSUs or of any amounts due to Participant pursuant to the settlement of the PSUs or the subsequent sale of any Shares acquired upon settlement.

11. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Participant's participation in the Plan, on the PSUs and on any Shares acquired under the Plan to that the Company determines are necessary or advisable for legal or administrative reasons, except that with respect to awards that are subject to Section 409A of the Code and the guidance thereunder ("***Section 409A***"), to the extent so permitted under Section 409A. Furthermore, the parties hereto agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of this Agreement and the Plan.

12. Data Privacy. The Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Participant's personal data as described in this Agreement and any other PSU grant materials by and among the Company and its parents and subsidiaries for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan. The Participant understands that the Company may hold certain personal information about the Participant, including but not limited to the Participant's name, home address and telephone number, email address, date of birth, social security/insurance number, passport or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all PSUs or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor ("***Data***"), for the exclusive purpose of implementing, administering and managing the Plan. The Participant understands that Data will be transferred to E*Trade Financial Services, Inc., its affiliates or successors, or such other stock plan service provider as the Company may select in the future, which is assisting the Company with the implementation, administration and management of the Plan. The Participant understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than the Participant's country. The Participant authorizes the Company, E*Trade Financial Services, Inc., its affiliates or successors, and any other possible recipients that may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing his or her participation in the Plan. The Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. The Participant understands that he or she may, at any time, request access to and view the Data, request a list of the names and addresses of any potential recipients of the Data, request information about the storage and processing of Data, request any necessary amendments to his or her Data or refuse or withdraw the consents in this Section, in any case without cost, by contacting the Company in writing. The Participant understands, however, that withdrawal of consent may affect the Participant's ability to participate in or realize benefits from the Plan. For more information on the consequences of refusal to consent or withdrawal of consent, the Participant understands that he or she may contact the Company.

13. Section 409A.

(a) This award is intended to comply with or be exempt from the requirements of Section 409A and shall be construed consistently therewith. Subject to Sections 8(f) and 9(e) of the Plan, the Company reserves the right, to the extent the Company deems necessary or advisable in its sole discretion, to unilaterally amend the Plan or this Agreement to prevent this award from becoming subject to the requirements of Section 409A. However, the Company makes no representations or warranties and has no liability to the Participant or to any other person if any of the provisions of or payments under this award are determined to constitute nonqualified deferred compensation subject to Section 409A but do not satisfy the requirements of Section 409A.

(b) If the PSUs are considered to be “nonqualified deferred compensation” within the meaning of Section 409A, and the Participant is considered a “specified employee” within the meaning of Section 409A, then notwithstanding anything to the contrary in this Agreement, the Company shall not deliver to the Participant any Shares required to be delivered upon a Performance Dependent Issuance that occurs upon a termination of employment until the earlier of (i) the six-month and one-day anniversary of the Participant’s termination of employment and (ii) the Participant’s death. In addition, solely to the extent that the PSUs are considered to be “nonqualified deferred compensation” and solely to the extent that another agreement between the Participant and the Company provides for a Performance Dependent Issuance and delivery of the Shares upon a “change in control,” such event must constitute a “change in control event” within the meaning of Treasury Regulation Section 1.409A-3(i)(5)(i) in order for the Shares to be delivered.

(c) For purposes of Section 13(b) of this Agreement, “termination of employment” and similar terms mean “separation from service” within the meaning of Section 409A. The determination of whether and when Participant’s separation from service from the Company has occurred shall be made in a manner consistent with, and based on the presumptions set forth in, Treasury Regulation Section 1.409A-1(h). Solely for purposes of this Section 13(c), “Company” includes all persons with whom the Company would be considered a single employer under Section 414(b) and 414(c) of the Code.

14. Exemption from Section 457A of the Code. The Plan and this award are not intended to be subject to Section 457A of the Code, and the Company shall administer the Plan and this award agreement in accordance with such intent. Notwithstanding Section 8(f) of the Plan, if the Plan or this award is subject to Section 457A of the Code, the Company may amend the Plan or this award agreement or adopt other policies or procedures or take other actions, including amendments or actions that would result in a reduction to the benefits payable under this award, that the Company deems necessary or appropriate to exempt the award from Section 457A of the Code, to preserve the intended tax treatment of the benefits provided with respect to the award, or to mitigate any additional tax, interest or penalties or other adverse tax consequences that may apply under Section 457A of the Code if an exemption is not available. However, the Company makes no representations or warranties and has no liability to the Participant or to any other person if this award is not exempt from or otherwise results in adverse tax consequences under Section 457A of the Code.

15. Obligation to Update Contact Information. Because a Performance Dependent Issuance, if any, may occur after the Participant’s relationship with the Company has terminated, the Participant is responsible for notifying the Company in writing of each change in the Participant’s contact information and residence.

16. Severability. If any provision of this Agreement or the Plan or the application of any provision hereof to any person or circumstance is held to be invalid or unenforceable, the remainder of this Agreement and the Plan and the application of such provision to any other person or circumstance is not affected, and the provisions so held to be unenforceable shall be reformed to the extent (and only to the extent) necessary to make it enforceable and valid.

17. Language. If the Participant receives this Agreement or any other document related to the Plan translated into a language other than English, the English version controls.

18. Electronic Delivery. The Company may, in its sole discretion, deliver any documents related to current or future participation in the Plan by electronic means. The Participant consents to receive such documents by electronic delivery and agrees to participate in the Plan through an online or electronic system established and maintained by the Company or a third party designated by the Company.

19. Addendum. The PSUs and the Shares acquired under the Plan are subject to any country-specific terms and conditions set forth in any addendum to this Agreement or the Plan, and in the event of a conflict between this Agreement and any such addendum, the addendum governs. If the Participant relocates his or her residence to one of the countries included in any such addendum, the terms and conditions of such applicable addendum apply to the Participant to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. Each such addendum, if any, constitutes part of this Agreement.

20. Entire Agreement and Waiver. This Agreement, the Plan, and any applicable country-specific addendum set forth the entire agreement of the parties hereto with respect to the subject matter contained herein and supersede all prior agreements, promises, covenants, arrangements, communications, representations or warranties, whether oral or written, with respect to the subject matter contained herein. The Participant acknowledges that a waiver by the Company of the breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by the Participant or any other Participant.

21. Foreign Asset/Account Reporting Requirements. Depending on the Participant’s country, the Participant may be subject to foreign

asset/account, exchange control and/or tax reporting requirements in connection with the PSUs, the acquisition, holding and/or transfer of Shares or cash resulting from participation in the Plan and/or the opening and maintaining of a brokerage or bank account in connection with the Plan. The Participant may be required to report such assets, accounts, account balances and values, and/or related transactions to the applicable authorities in his or her country. The Participant may also be required to repatriate any funds received in connection with the PSUs to his or her country and may be required to use a specific account for doing so and/or to convert the funds to local currency. The Participant acknowledges that he or she is responsible for ensuring compliance with any applicable foreign asset/account, exchange control and tax reporting requirements. The Participant further understands that he or she should consult his or her personal legal advisor on these matters.

22. Insider Trading Restrictions/Market Abuse Laws. Depending on the Participant's country, the Participant may be subject to insider trading restrictions or market abuse laws, which may affect the Participant's ability to acquire or sell Shares or rights to Shares (including PSUs) during such times as the Participant is considered to have "inside information" regarding the Company as defined by applicable laws. Any restrictions under these laws are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. The Company is not responsible for such restrictions or liable for the failure on the Participant's part to know and abide by such restrictions. The Participant should consult with his or her own personal legal advisers to ensure compliance with applicable insider-trading and market-abuse laws in the Participant's country.

SCHEDULE A

Table 1

CAGR as of the Measurement Date	Multiplier to the number of PSUs subject to the Award
11 to 11.99%	125.0%
12 to 12.99%	137.5%
13 to 13.99%	150.0%
14 to 14.99%	162.5%
15 to 15.99%	175.0%
16 to 16.99%	187.5%
17 to 17.99%	200.0%
18 to 18.99%	212.5%
19 to 19.99%	225.0%
20% to 25.8925%	250.0%
25.8925% or above	Variable Cap (as defined below)

The last row of Table 1 applies a limit (the "***Variable Cap***") to the 3YMA value of the share issuance (defined as the number of Shares to be issued multiplied by the 3YMA at the Measurement Date on which the Performance Dependent Issuance is triggered) to a maximum of ten times the 3YMA grant value of this PSU award (defined as the number of PSUs granted multiplied by the Baseline 3YMA). Therefore, in cases of a 3YMA CAGR above 25.8925%, the Company shall apply the Variable Cap (which shall be less than 250.0%) in order to achieve the fixed ten times maximum 3YMA value of the share issuance. The actual closing price of the Shares issued upon the Performance Dependent Issuance may be higher or lower than the 3YMA used to calculate the number of Shares issued at such time.

The calculation of the Variable Cap is as set forth below. The "***Measurement Period***" is the period of time from the Baseline Date to the applicable Measurement Date.

(10/(1+Measurement Date CAGR)^Measurement Period)) = Multiplier to the number of PSUs

Example:

- $70 Baseline 3YMA
- 27% Measurement Date CAGR
- Year 6 - Measurement Period

$(10/(1+27\%)^6) = 238.3\%$ multiplier

PARTICIPANT’S ACCEPTANCE

By signing or electronically accepting this Agreement, the Participant agrees to the terms and conditions hereof. The Participant hereby acknowledges receipt of a copy of the Plan.

Exhibit 31.1

CERTIFICATION

I, Robert S. Keane, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cimpress N.V.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrants fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 30, 2017

/s/ Robert S. Keane

Robert S. Keane
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Sean E. Quinn, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cimpress N.V.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrants fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: January 30, 2017

/s/ Sean E. Quinn

Sean E. Quinn
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Cimpress N.V. (the “Company”) for the fiscal quarter ended December 31, 2016 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, Robert S. Keane, Chief Executive Officer, and Sean E. Quinn, Chief Financial Officer, of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, that, to his knowledge on the date hereof:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: January 30, 2017

/s/ Robert S. Keane

Robert S. Keane

Chief Executive Officer

Date: January 30, 2017

/s/ Sean E. Quinn

Sean E. Quinn

Chief Financial Officer