

NASDAQ : CRCT

# Financial Results

Q4 2023  
March 5, 2024

**cricut**<sup>®</sup>



# Safe Harbor Statement

This presentation contains “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. We intend all forward-looking statements to be covered by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements generally can be identified by the fact that they do not relate strictly to historical or current facts and by the use of forward-looking words such as “anticipates”, “believes”, “estimates”, “expects”, “intends”, “plans”, “projects”, “may” or similar terminology, and include our business opportunity, strategies, future financial results and long-term target model. These statements are based on and reflect our current expectations, estimates, assumptions and/or projections as well as our perception of historical trends and current conditions, as well as other factors that we believe are appropriate and reasonable under the circumstances. Forward-looking statements are neither predictions nor guarantees of future events, circumstances or performance and are inherently subject to known and unknown risks, uncertainties and assumptions that could cause our actual results to differ materially from those indicated by those statements. There can be no assurance that our expectations, estimates, assumptions and/or projections, including with respect to the future earnings and performance of Cricut Inc., will prove to be correct or that any of our expectations, estimates or projections will be achieved.

Numerous factors could cause our actual results and events to differ materially from those expressed or implied by forward-looking statements including, but not limited to, risks and uncertainties associated with: our ability to attract and engage with our users; competitive risks; supply chain, manufacturing, distribution and fulfillment risks; international risks, including regulation and tariffs that have materially increased our costs and the potential for further trade barriers or disruptions; sales and marketing risks, including our dependence on sales to brick-and-mortar and online retail partners and our need to continue to grow online sales; risks relating to the complexity of our business, which includes connected machines, custom tools, hundreds of materials, design apps, e-commerce software, subscriptions, content, international production, direct sales, and retail distribution; risks related to product quality, safety and warranty claims and returns; risks related to the fluctuation of our quarterly results of operations and other operating metrics; risks related to intellectual property, cybersecurity and potential data breaches; risks related to our dependence on our Chief Executive Officer; risks related to our status as a “controlled company;” and the impact of economic and geopolitical events, natural disasters and actual or threatened public health emergencies, and any resulting economic slowdown from any of these events or other resulting interruption to our operations. These risks and uncertainties are described in greater detail under the heading “Risk Factors” in the most recent Form 10-K or Form 10-Q that we have filed with the Securities and Exchange Commission (“SEC”).

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# I want to make...

prepare to be wowed 🔍

Apparel & Accessories



Stickers & Labels



Cards



Everyday Items



Flowers



From idea  
to I did it.

cricut®

School  
Supplies



Mugs &  
Drinkware



Gifts



Décor



Parties



# 2023 Business Highlights



## User Base Growth

- Over 8.9M total users
- Up 13% YoY



## User Engagement

- Engaged Users down 3% YoY



## Subscriptions Growth

- 2.77M Paid Subscribers, up 6% YoY
- Revenue up 12% YoY



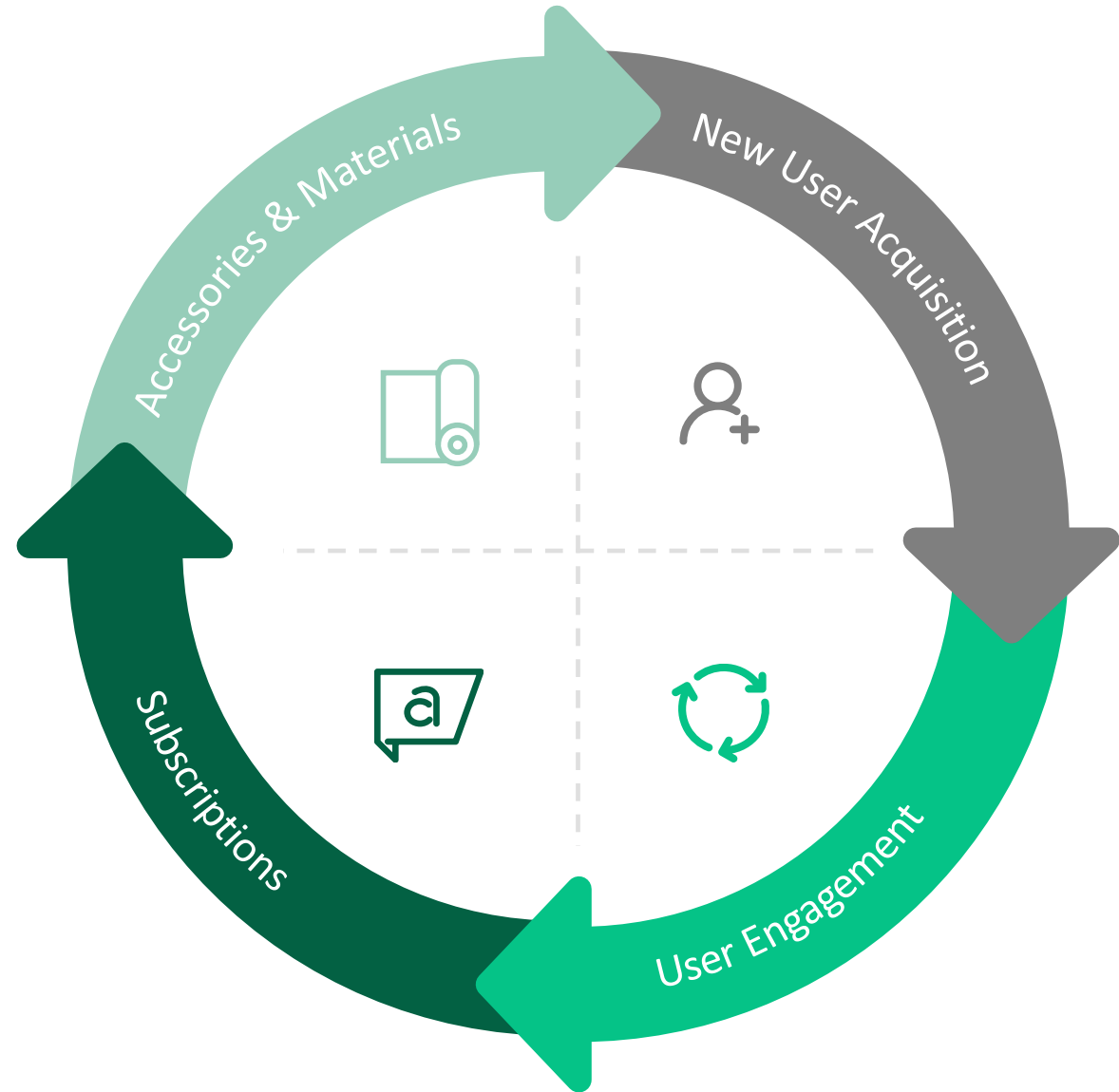
## Fiscally Disciplined

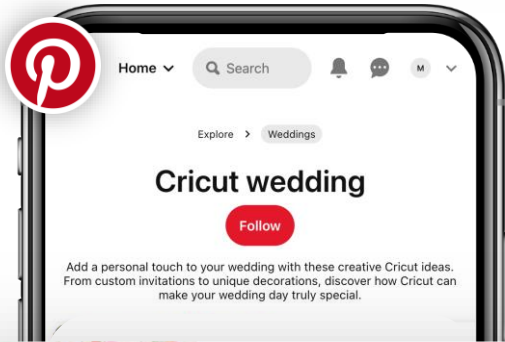
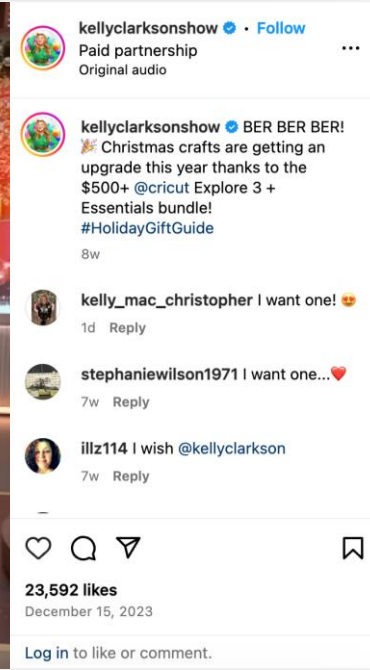
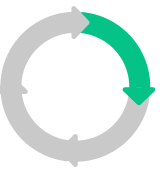
- \$53.6M net income
- Generated \$288M in cash from operations
- 7 consecutive years of net income profitability



# 2024 priorities

- 1 New User Acquisition
- 2 User Engagement
- 3 Subscriptions
- 4 Accessories & Materials

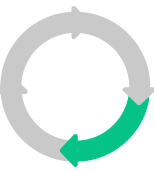




# Focus on new users

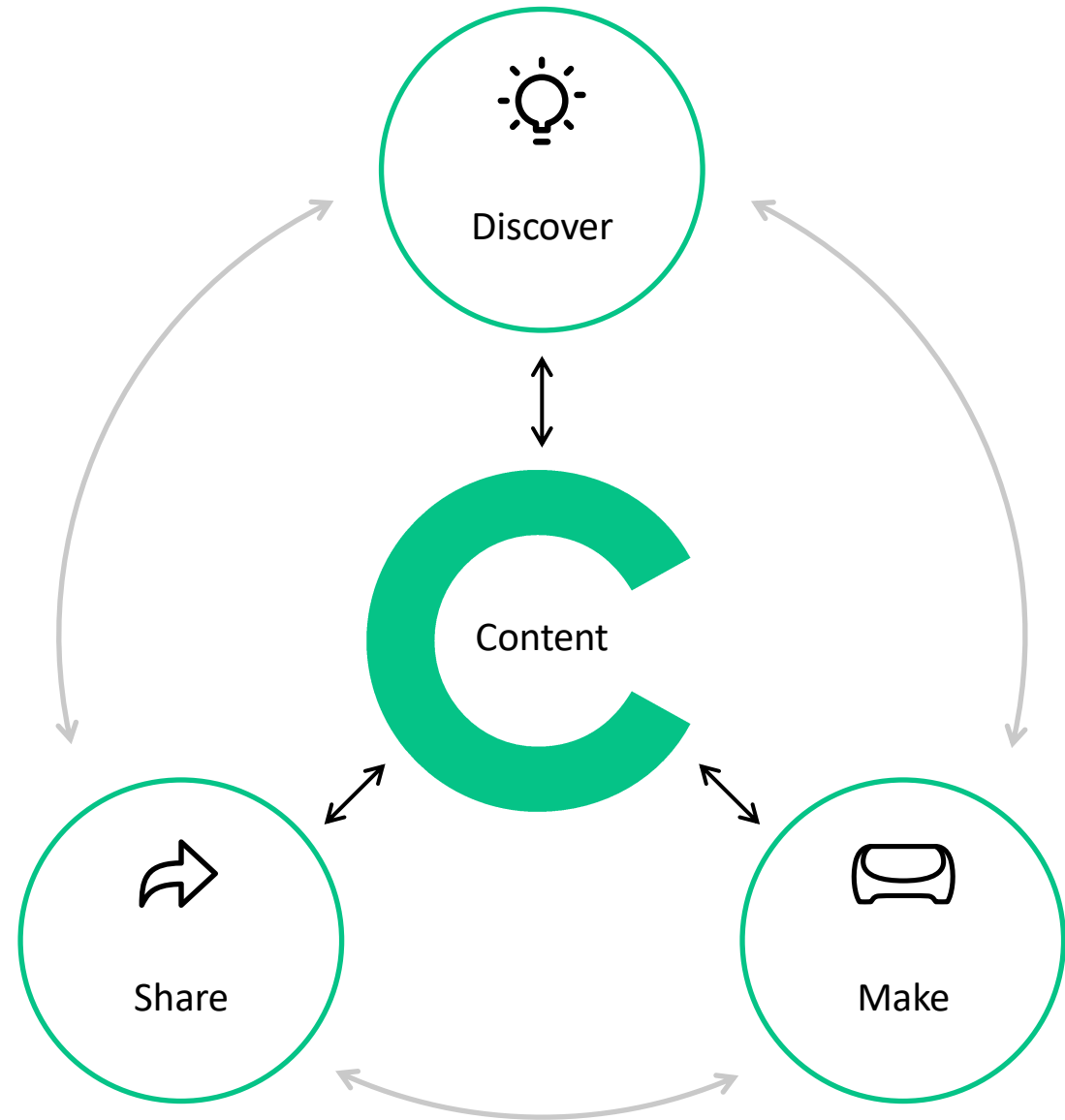
- 8.9M total users, up 13%YOY
- Healthy funnel continues into 2024
- Increased investment in marketing efforts
  - Increased influencers 4x
  - Expanded social and broadcast reach
- New marketing partnerships and user contests to drive word-of-mouth

# Discover → Make → Share



## Engagement is more than cutting

- 5.9M+ engaged users in last 365 days, up +2% YoY.
- Continued focus on maximizing engagement with On-boarders and Access Subscribers.
- Seeing promising results from personalized search efforts.
- Semantic search algorithm now available to all users.
- Launched redesigned visualization experience that allows members to mockup any image on a series of blanks such as a t-shirt, cap, or tote bag.



# Discover → Make → Share

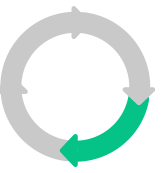


Image preview:

### Get Inspired

New This Week **Flower Shoppe** For Beginners Stickers

#### Flower Shoppe

Paper Flowers Never Die

Rolled Flowers Bouquets Giant Flowers

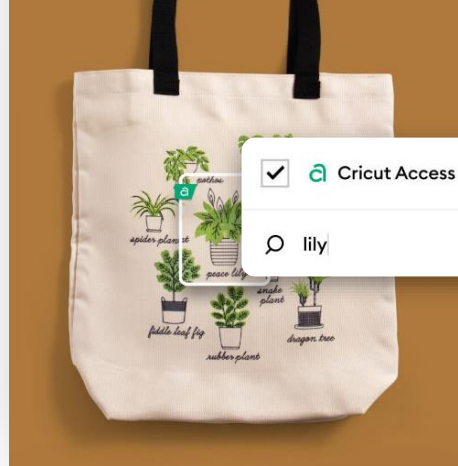
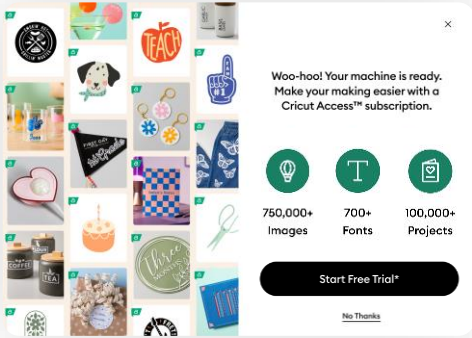
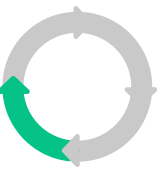
Spring Felt Flowers 1.3K  
Daffodil Flowers 2.4K  
Lia Griffith - Pink Watercolor ... 3.9K  
Flower Bouquet 4.8K  
Lia Griffith - Blue Hydranges ... 4.8K  
Cricut Paper Flowers: Make ... 3.1K

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### Projects for You

Smile Card 1.8K  
Mother's Day Rolled Flower ... 12.6K  
Mug Design Setup 20 sizes 21.7K  
Paper Flowers 8.3K  
Bee Kind Mug 3.3K  
Baseball Cap Gift Box 12.4K  
Family Established Wall Decal 3.7K  
Quick 'n Easy Happy Birthda... 5.9K

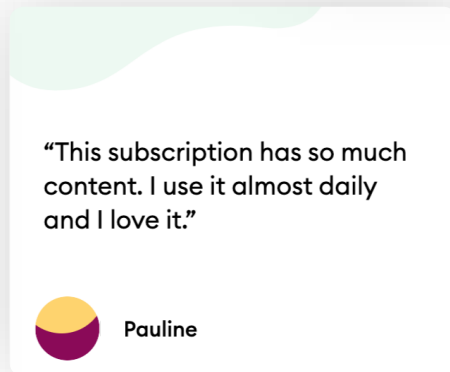
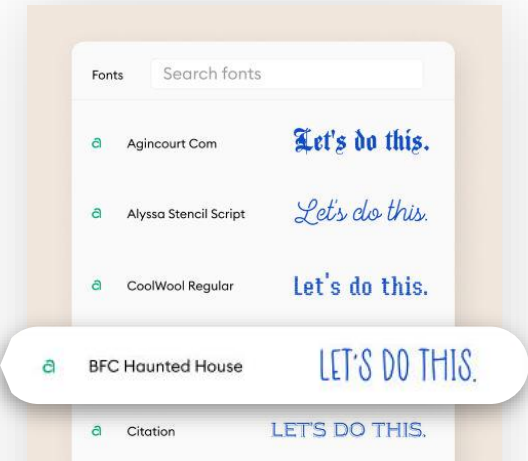
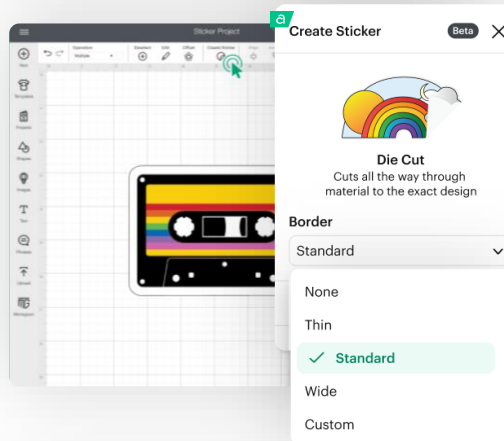
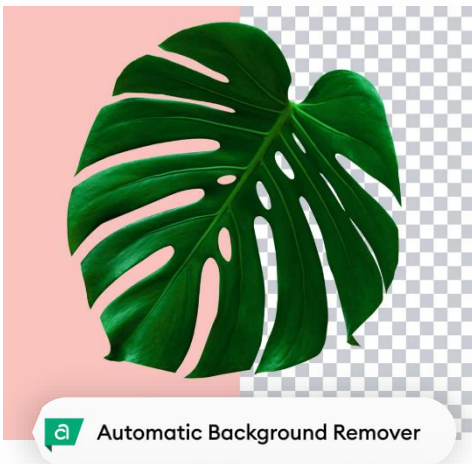




# Positive outlook on subscriptions

~2.77M Paid subscribers  
↑ 6% YoY

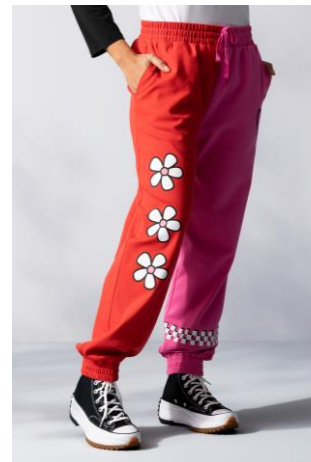
- Paid subscribers in line with expectation and we retain positive outlook despite quarterly fluctuations
- Roadmap includes premium design tools and content strategies that make it compelling to become a subscriber
- As acquisition and engagement efforts bear fruit, we expect to see a boost to subscriptions



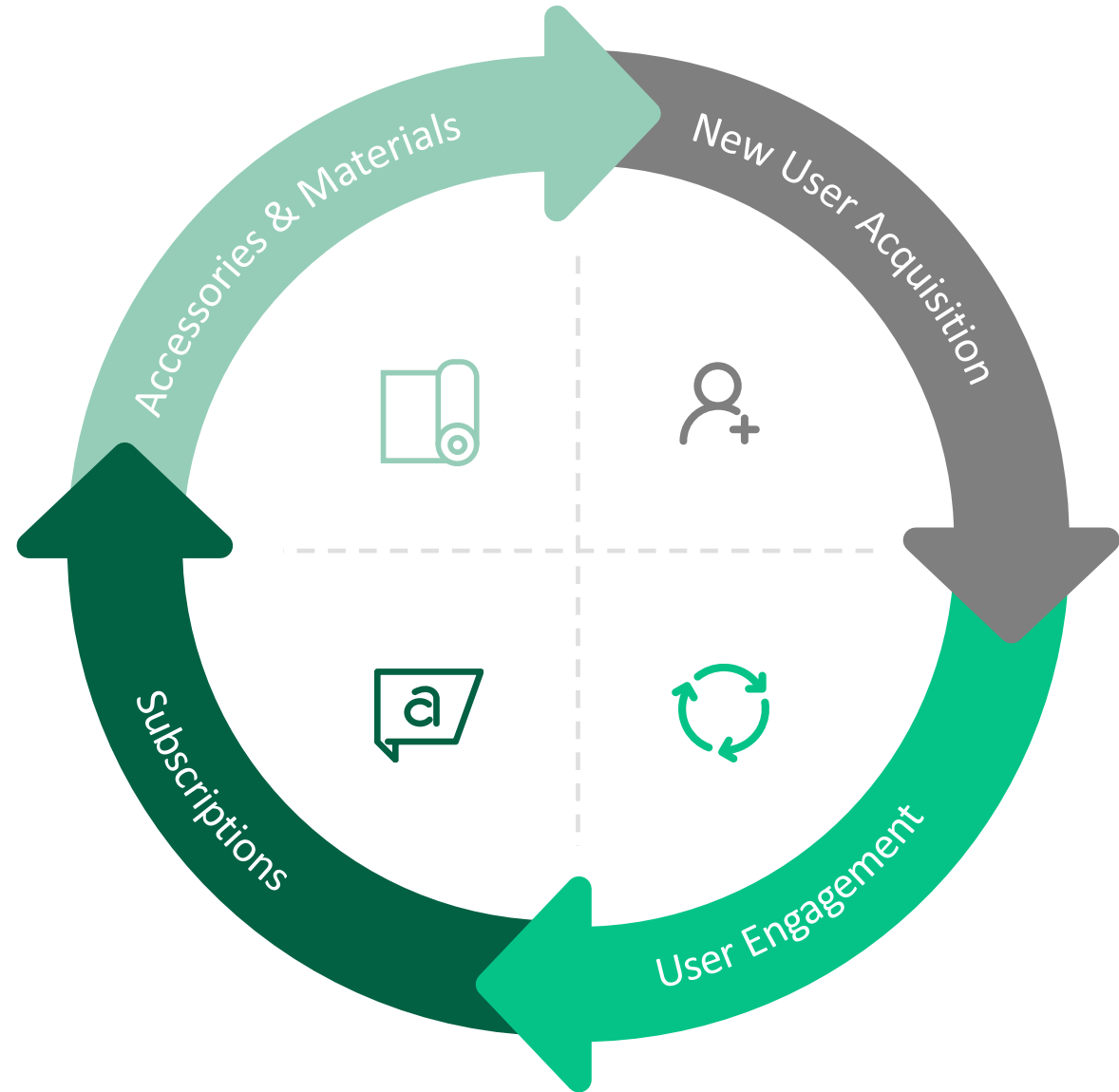
# Accessories & Materials

## Continued transformation through innovation and investments

- Reengineering products that prioritize affordability and that work seamlessly with our machines
- Continued promotional cadence
- Intense focus on overall customer experience and generating renewed excitement



Focused on continued long-term growth



# Financial Results



# Full Year 2023 financial highlights



## Revenue

**\$765.1M**

**-14%**  
YoY Decrease

## Operating Income<sup>1</sup>

**\$70.0M**

**-12%**  
YoY Decrease  
**9.1%**  
of Total Revenue

## Net Income

**\$53.6M**

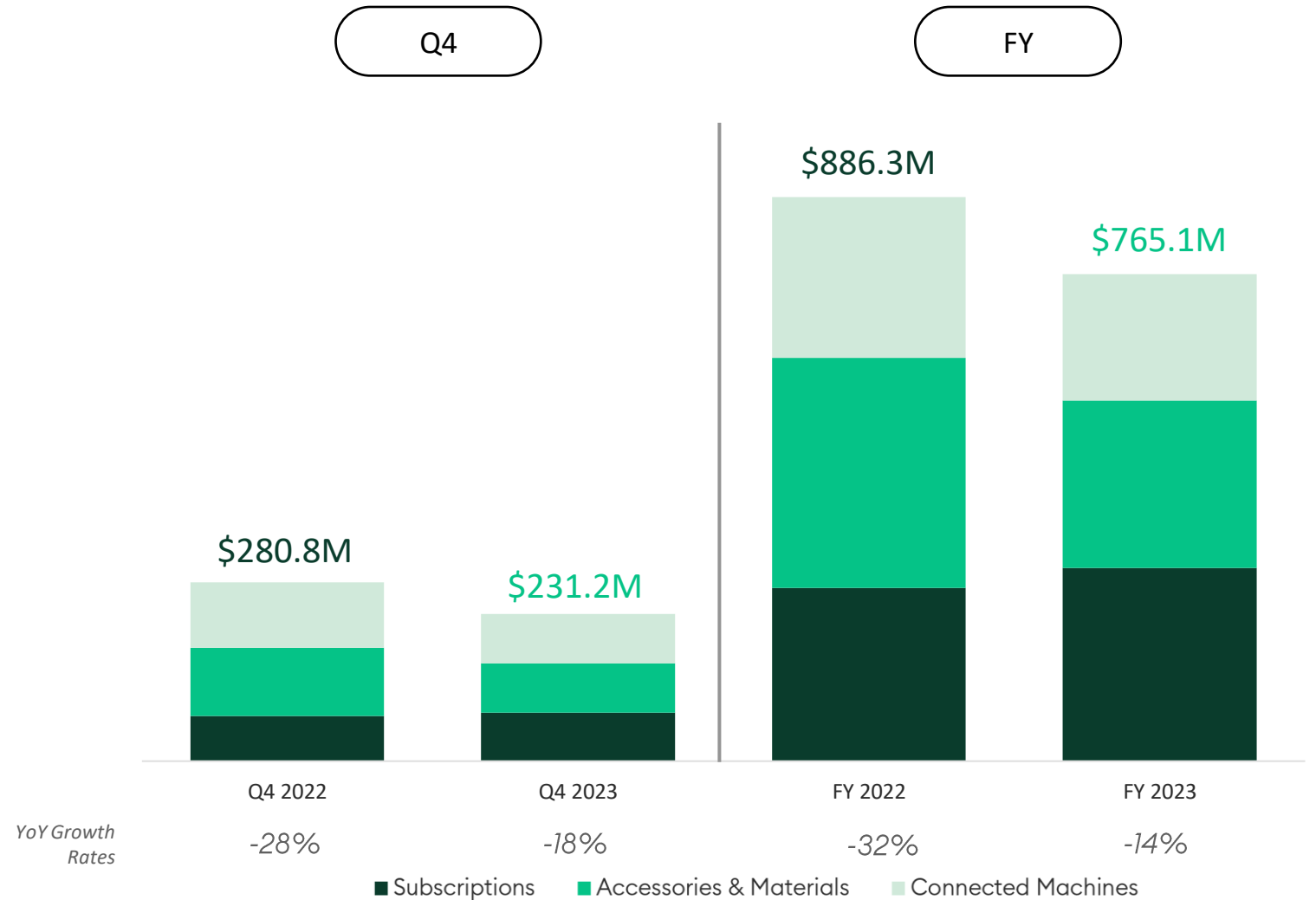
**-12%**  
YoY Decrease  
**7.0%**  
of Total Revenue

**Did you know?** 2023 was our 7<sup>th</sup> consecutive year of GAAP profitability

1. FY 2023 Operating Income includes \$44.9 million of stock-based compensation expense.

# Revenue breakdown

- Connected Machine revenue **declined 24%** YoY in Q4 and **21%** on a full year basis
- Accessories & Materials revenue **declined 28%** YoY in Q4 and **27%** on a full year basis
- Subscription revenue **grew 8%** YoY in Q4 and **12%** on a full year basis
- International revenue **declined 5%** YoY in Q4 and **grew 9%** on a full year basis

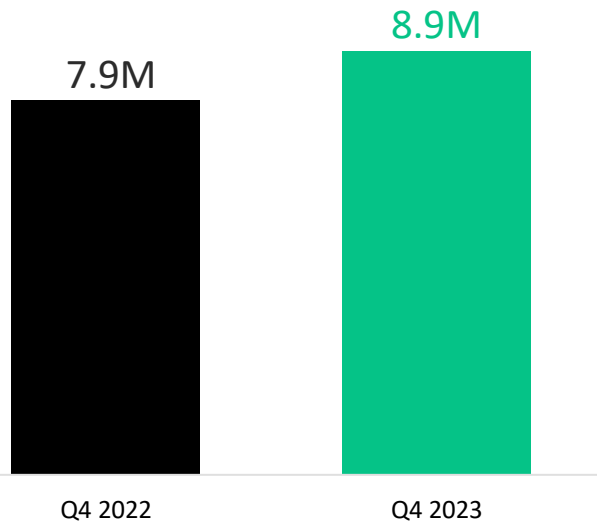


# User base dynamics

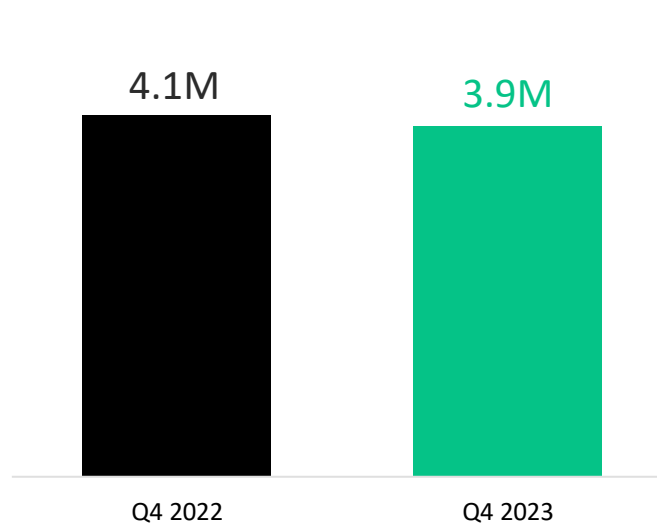
Did you know? As of the end of 2023, 66% of Users have used their connected machine within the prior 365 days



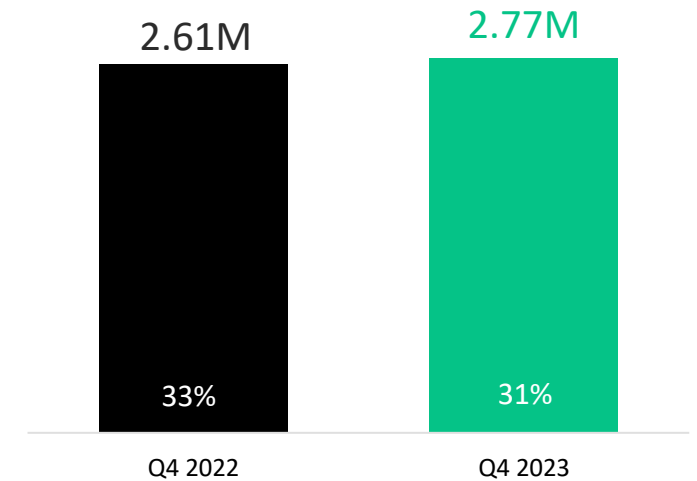
Users



Engaged Users



Paid Subscribers<sup>1</sup>



1. Paid subscriber attach rate = percentage of total users that were paid subscribers to Cricut Access or Cricut Access Premium as of quarter end.

# Gross margin

## Contributing Factors

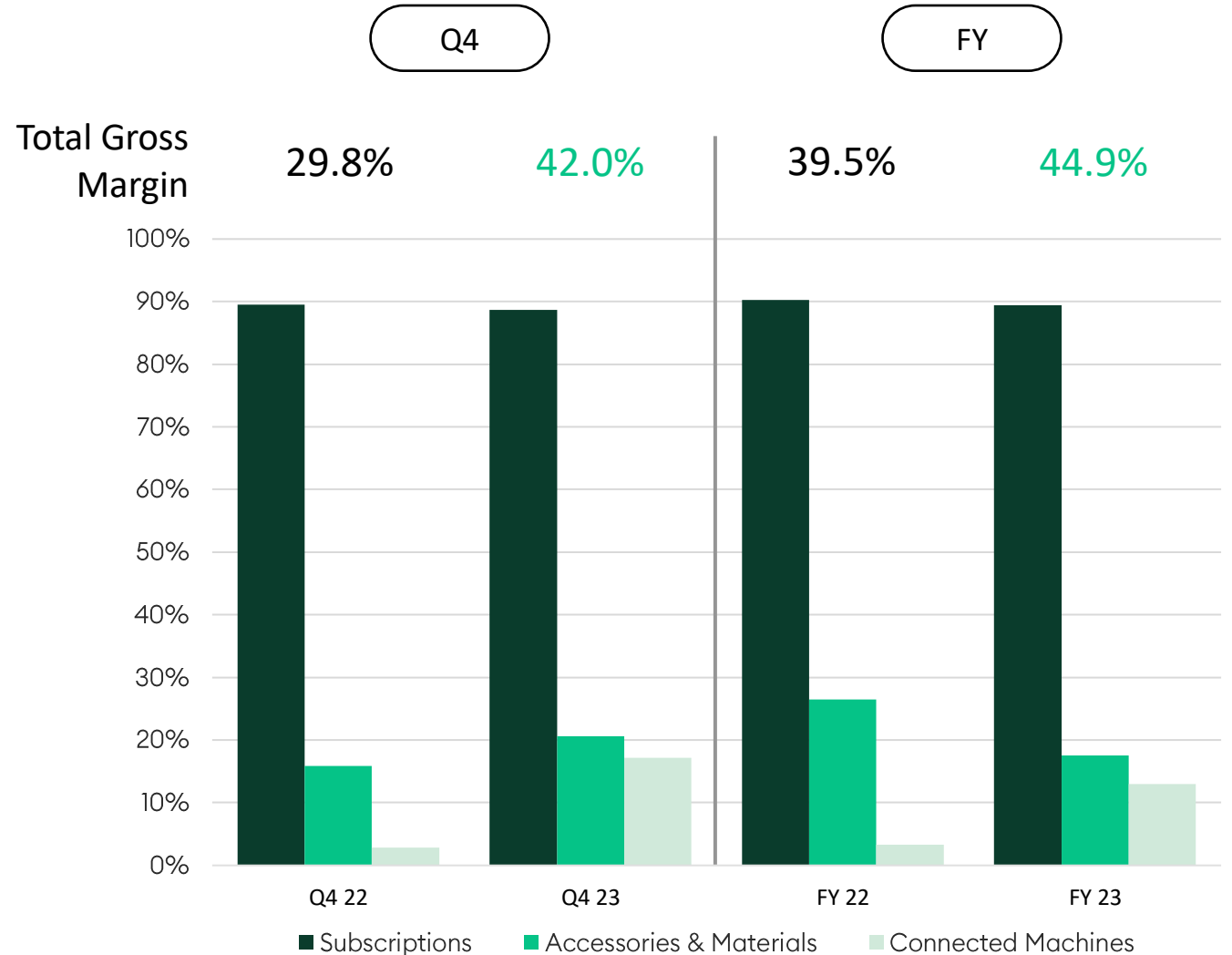
### Q4 2023

#### Connected Machine Margins

- Impacted by positive year-over-year mix shift, higher average selling prices, and favorable warehousing and operations costs as a percentage of revenue

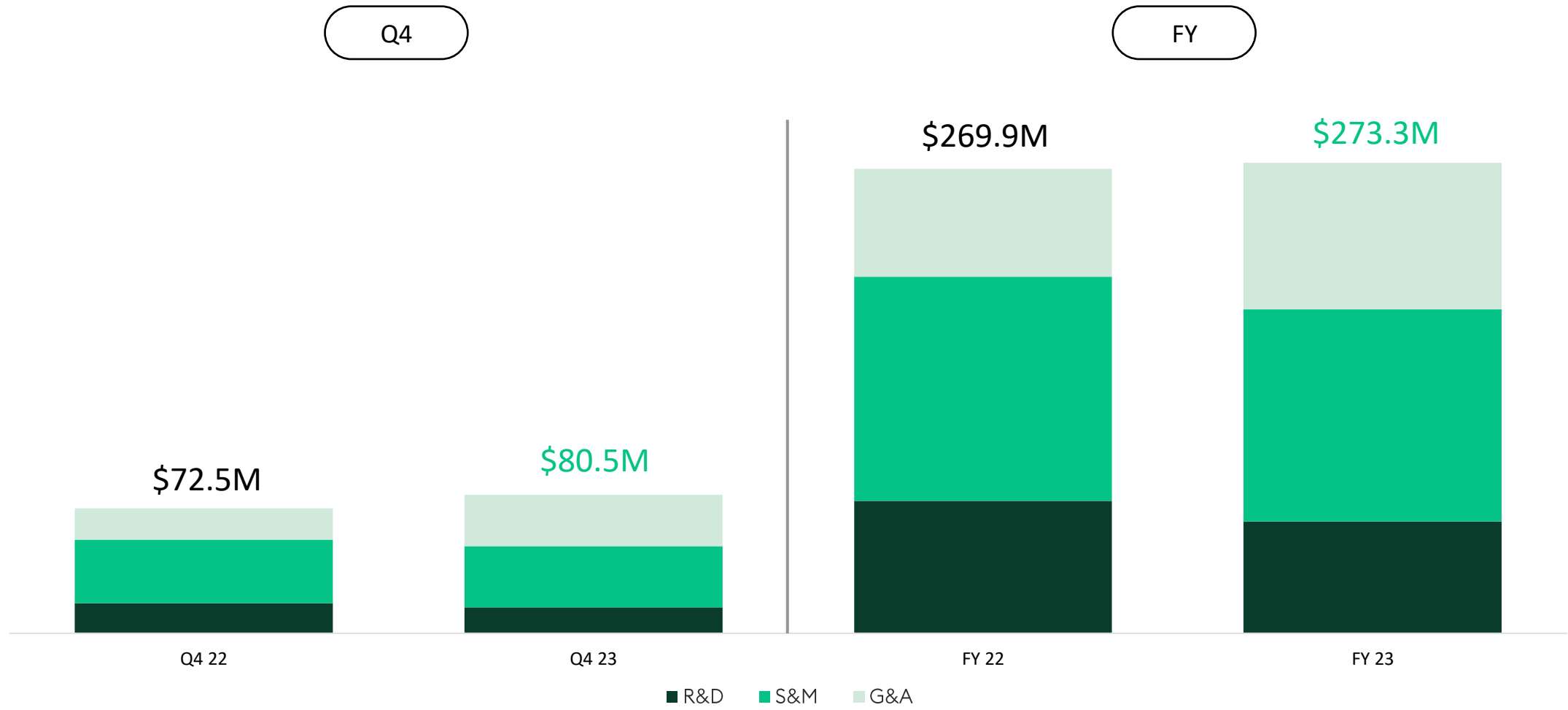
#### Accessories & Materials Margins

- Impacted by lower cost per unit and lower freight costs



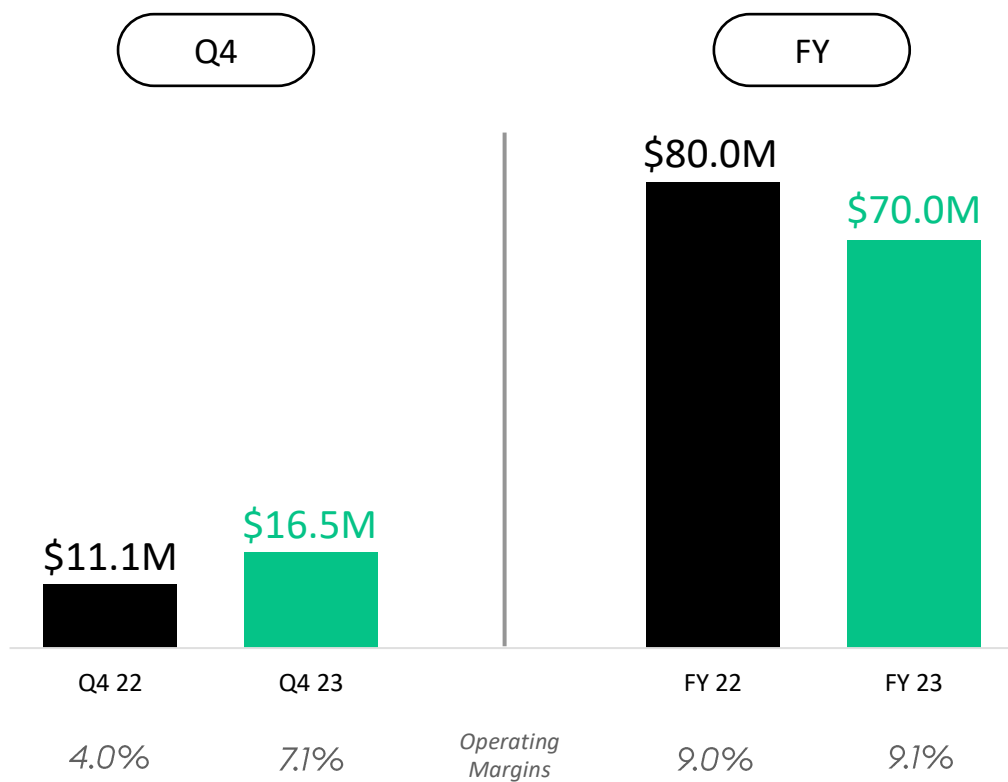


# Operating expense

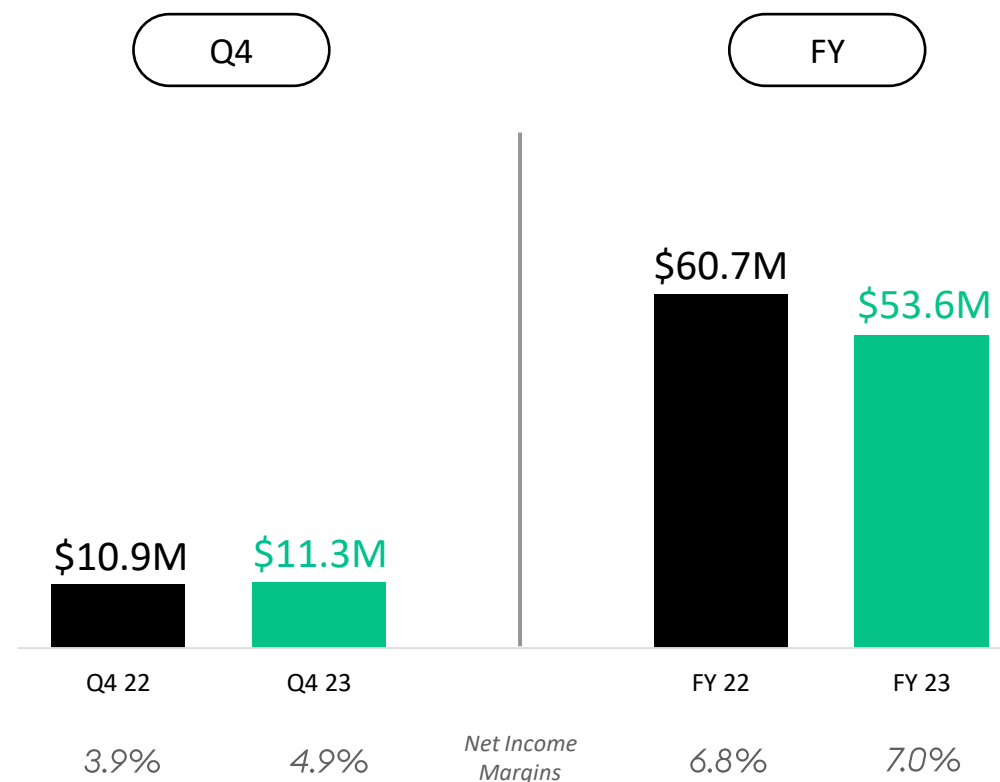


# Operating income and net income

## \$ Operating Income



## \$ Net Income



# Balance Sheet and Cash Flow highlights



Cash, equivalents  
as of 12/31/23

**\$245.1M**

Cash, cash equivalents,  
marketable securities

**\$300.0M**

Untapped credit line



Cash Flow generated from  
Operations 12/31/23 YTD

**\$288.1M**

vs \$117.7M PY YTD

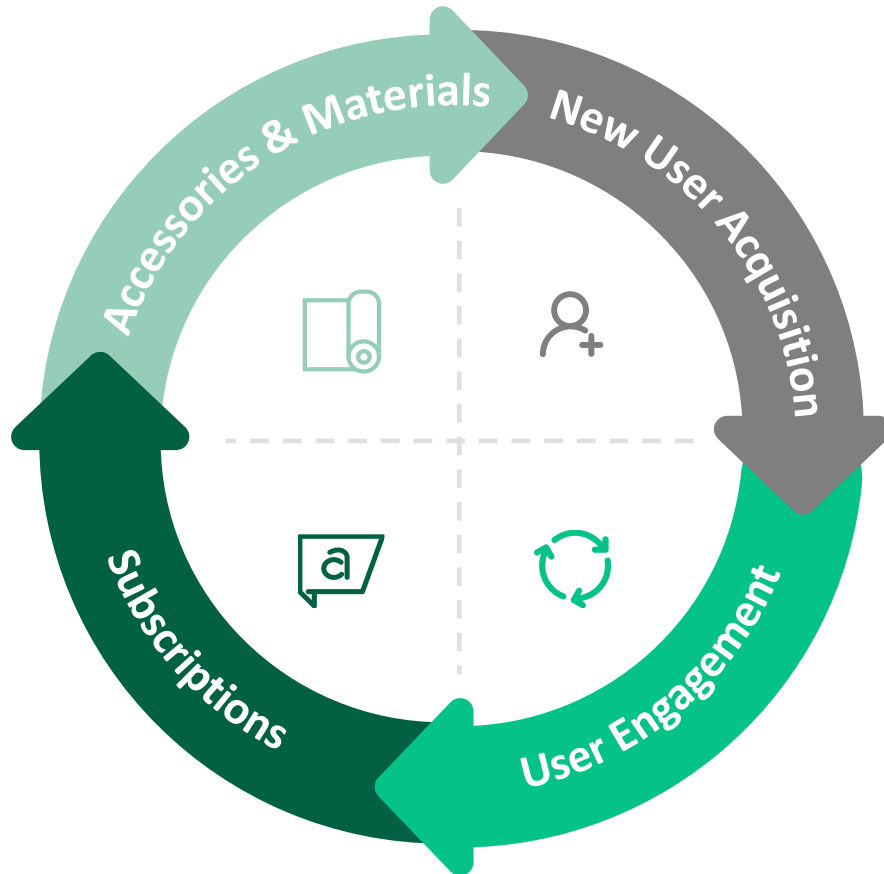


Share Repurchase  
Program

**\$15.7M**

Used to purchase 2.1M shares in Q4

# Forward looking commentary



- Expect paid subscribers and subscription revenue to grow slightly for FY24 but do not expect total company Q1 revenue growth and possible decline YoY for FY24.
- Continue deeper promotions and comprehensive marketing on Connected Machines in 2024.
- Expect FY24 Operating Margin similar to FY23.
- A&M sales pressure continues but incremental margin improvement.
- Expect 1H vs 2H revenue seasonality similar to 2023.
- Committed to long-term annual operating margin targets of 15%-19%.

Let's  
make.

