



Cricut, Inc. Declares Special Cash Dividend of \$1.00 Per Share

May 22, 2023

SOUTH JORDAN, Utah, May 22, 2023 (GLOBE NEWSWIRE) -- Cricut, Inc. (NASDAQ: CRCT) ("Cricut," the "Company" or "we") today announced that the Board of Directors, through its Audit Committee, has declared a special, one-time cash dividend of \$1.00 per share to holders of the Company's Class A and Class B Common Stock. The dividend is payable on July 17, 2023, to stockholders of record at the close of business on July 3, 2023. The aggregate amount of the cash payment to be made in connection with this special dividend will be approximately \$234 million. In addition, holders of restricted stock units that are unvested on the record date will be credited with a dividend equivalent based on the value of the per share dividend pursuant to the terms of the Company's equity incentive documents. The dividend equivalent will entitle such holders to receive additional shares upon vesting of the corresponding restricted stock units.

"Cricut continues to fully fund its growth initiatives. As part of our COVID risk mitigation strategies, we intentionally built up our on-hand inventory to ensure we could supply our customers during the pandemic. Starting late last year and continuing for the next few quarters, we began to focus on bringing inventory levels in line with historical norms. As a result, our business will generate higher cash flow this year than we would typically expect. For example, in Q1 2023, we generated \$95 million of positive cash flow from operations, \$49 million of which was driven by reducing inventory. In a more typical environment, we would generally consume cash to build inventory in Q1. We ended Q1 with \$307 million in cash and short-term investments, and our \$300 million credit line remains untapped. With working capital normalizing, and a profitable business, Cricut has more cash than we can envision using to grow. We prefer share repurchases in the current market to return capital to shareholders. Although our share repurchase program will continue, market liquidity severely limits our flexibility to right size cash through repurchases alone. Therefore, we believe it is also appropriate to return capital to our shareholders via this special dividend," said Kimball Shill, Cricut's Chief Financial Officer. "We expect to continue generating healthy cash flow from operations and to end the year with substantial cash and no debt after paying this dividend. We remain committed to our long-term operating margin targets of 15-19%. Our proven model has demonstrated that when we operate at scale and drive topline growth, these margins are achievable."

"We have a strong conviction in our growth opportunities as we look to the future. Notwithstanding the economic headwinds that are affecting us in the short term, the long-term trends that have driven our category since 2014 remain intact, and we are in the very early days of building the category and our platform. We manage our business through a long-term lens, and we continue to invest responsibly to drive growth. We have enough cash to drive development and innovation for the long term," said Ashish Arora, Cricut's Chief Executive Officer. "As part of the Company's ongoing evaluation of capital allocation, we seek to balance multiple considerations, including ensuring that the Company has more than adequate liquidity and financial flexibility, evaluating opportunities to invest in our business to drive long-term shareholder returns (organically or through potential acquisitions) and returning capital to our shareholders."

About Cricut, Inc.

Cricut, Inc. is a creative technology platform company whose cutting machines and design software help people lead creative lives. Cricut hardware and software work together as a connected platform for consumers to make beautiful, high-quality DIY projects quickly and easily. These industry-leading products include a flagship line of smart cutting machines — the Cricut Maker® family, the Cricut Explore® family, and Cricut Joy® — accompanied by other unique tools like Cricut EasyPress®, the Infusible Ink™ system, and a diverse collection of materials. In addition to providing tools and materials, Cricut fosters a thriving community of millions of dedicated users worldwide.

Cricut has used, and intends to continue using, its investor relations website and the Cricut News Blog (<https://cricut.com/blog/news/>) to disclose material non-public information and to comply with its disclosure obligations under Regulation FD. Accordingly, you should monitor our investor relations website and the Cricut News Blog in addition to following our press releases, SEC filings and public conference calls and webcasts.

Cautionary Statement Regarding Forward Looking Statements

This press release contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 as amended (the "Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These statements include, but are not limited to, quotations and statements regarding strategies, future liquidity needs, financial targets and the special dividend. These statements are based on and reflect our current expectations, estimates, assumptions and/or projections and 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, many of which are beyond our control, 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 will prove to be correct or that any of our expectations, estimates or projections will be achieved. The forward-looking statements included in this press release are only made as of the date indicated on the relevant materials and are based on our estimates and opinions at the time the statements are made. We disclaim any obligation to publicly update any forward-looking statement to reflect subsequent events or circumstances or changes in opinion, except as required by law.

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, our cash flow needs and any decision not to proceed with the dividend; our ability to attract and engage with our users; competitive risks; supply chain, manufacturing, distribution and fulfillment risks; international risks, including regulation and tariffs; 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, current recessionary pressures and any resulting economic slowdown from any of these events, or other resulting interruption to our operations; as well as the risks and uncertainties that are described in greater detail under the heading “Risk Factors” in the most recent Form 10-Q that we have filed with the Securities and Exchange Commission (“SEC”).

The details of any future special cash dividend declaration, including the amount of such dividend and the timing and establishment of the record and payment dates, will be determined by the Board of Directors or a committee thereof. The decision of whether to pay future cash dividends and the amount of any such dividends will be based on our financial position, results of operations, cash flows, capital requirements, business conditions, the requirements of applicable law, and any other factors the Board of Directors may deem relevant.

Source: Cricut, Inc.

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