

NASDAQ: CRCT

Financial Results

Q2 2023

August 8, 2023

cricut.



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-Q that we have filed with the Securities and Exchange Commission (“SEC”).

In addition, certain risks and uncertainties not presently known to us or that we currently believe to be immaterial could affect the accuracy of any such forward-looking statements. All forward-looking statements should be evaluated with the understanding of their inherent uncertainty. The forward-looking statements included in these materials are only made as of the date indicated on the relevant materials and we disclaim any obligation to publicly update any forward-looking statement to reflect subsequent events or circumstances, except as required by law.

I want to make...

prepare to be wowed 🔍



Summer Projects



Cards

Décor



Apparel & Accessories



Back to School

From idea to I did it.

cricut®

Flowers



Parties



Gifts

Stickers & Labels



Mugs & Drinkware



Cricut Venture

Empowering entrepreneurs & serious crafters alike

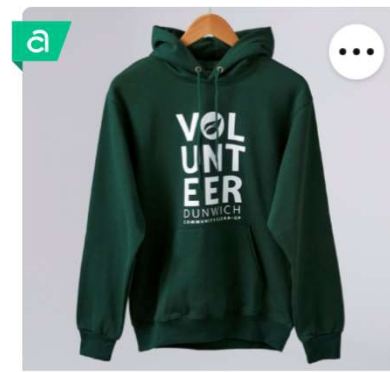
- Large-format cutting, writing, foiling, and scoring
- Commercial speed (up to 25" per second)
- Compatible with current Smart materials
- Enhanced software features in Design Space with a focus on UX
- Available as of July 25th





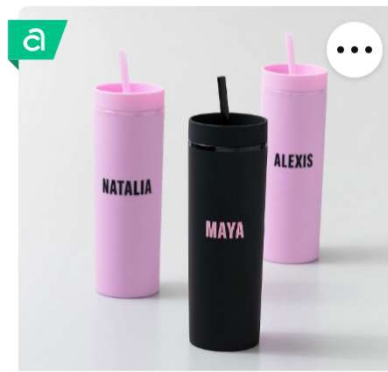
I Do Crew Arch

👉 ❤️ 177



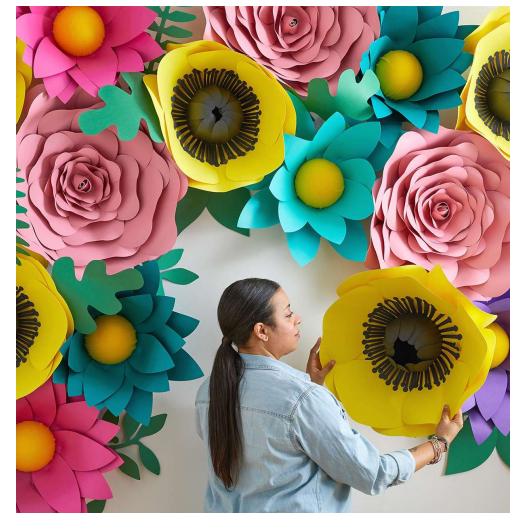
Volunteer Hoodie

👉 ❤️ 105



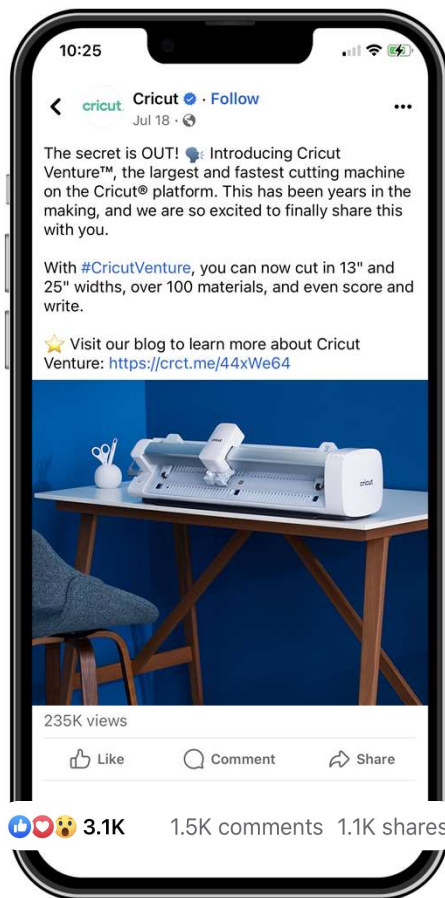
I Do Crew Tumblers

👉 ❤️ 61





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Q2 2023 Financial Results

That's awesome 🙌 I can't wait!! I bought one off HSN today!!! Whoop whoop!!! Go big or go home!! 😊

Jolanda Van Loon - van den Berg
Could someone pick me up from the floor?? I just fell off my chair 😱

Carrie Shouse Harris
What a fantastic Machine! Love the Docking Station to go with it!!! Great job, Cricut Team and Ashish Arora!!!! Well done!

Eileen Berg Anderson
This is on my list for the future. It's an amazing machine and will take my crafting to a whole new level.

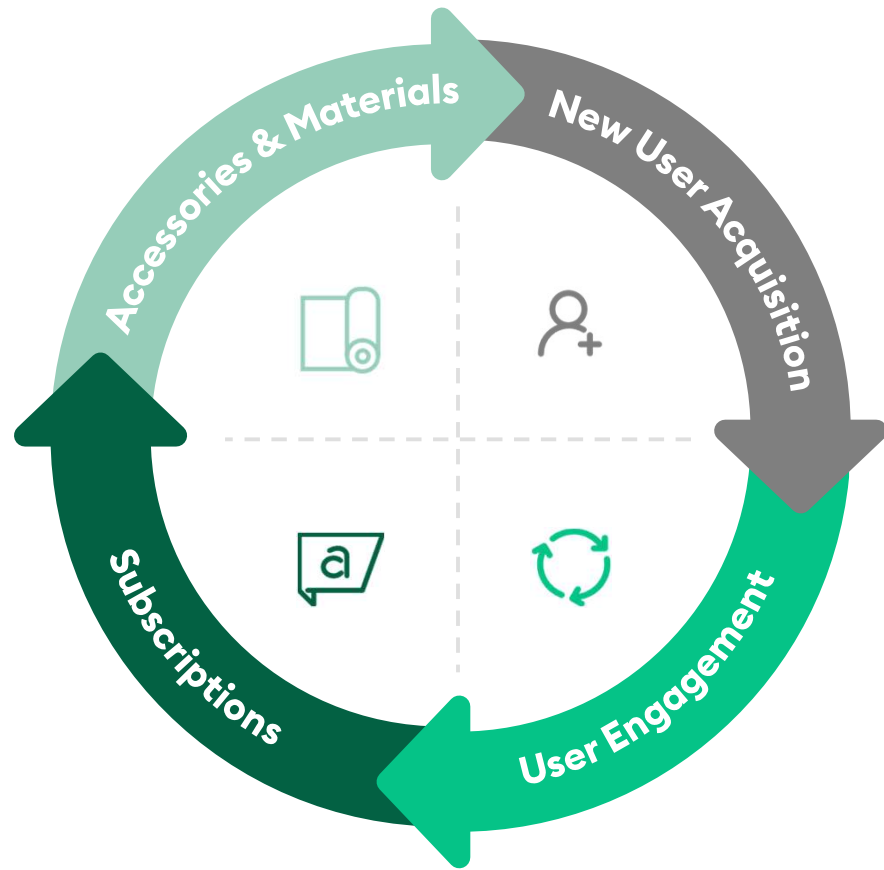
Kristy Quinlan
Game changer, gorgeous, literally so many amazing features! I need it! Wow! I have so many words lol

Kelly Tollef
This machine is absolutely incredible! There are so many features that just completely amaze me!

Paula Gillam
The creation of the new machine is proof you listen to the members. My first thought as I watched the reveal was of reading in the past so many of the wish lists on this Facebook page by members and the new venture clearly makes




2023 priorities

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





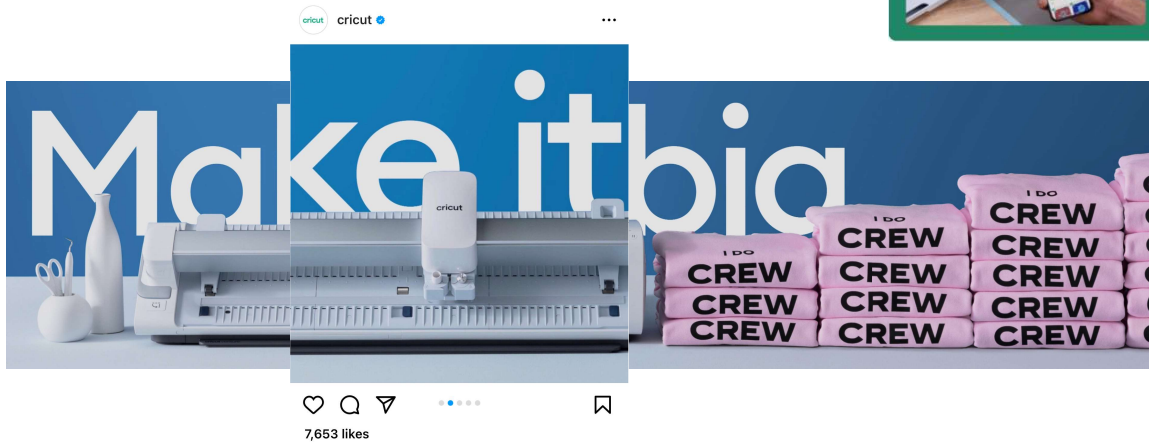
Compare Cricut® cutting machines.
Select machines to compare.

Cricut Joy™	Cricut Explore® 3	Cricut Maker® 3
		
Our most compact machine for fun and functional everyday projects like custom cards, simple decals & labels to organize anything and everything.	For the crafter looking to make popular projects like custom apparel, home decor & more. You can even make festive banners up to 12 feet long.	With more power & tools, on top of custom cards, stickers & big banners up to 12 feet, you can cut fabrics, engrave metal, deboss leather & so much more.
\$179.99 4 interest-free payments or as low as \$17/mo with Affirm	\$279.99 4 interest-free payments or as low as \$26/mo with Affirm	\$399.99 4 interest-free payments or as low as \$34/mo with Affirm
Shop Now	Shop Now	Shop Now

cricut.
Get Design Space® for iOS & Android.




Focus on new users



7,653 likes

From idea to I-did-it.
cricut. [Learn More](#)



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Move beyond the basics in our free live workshops.
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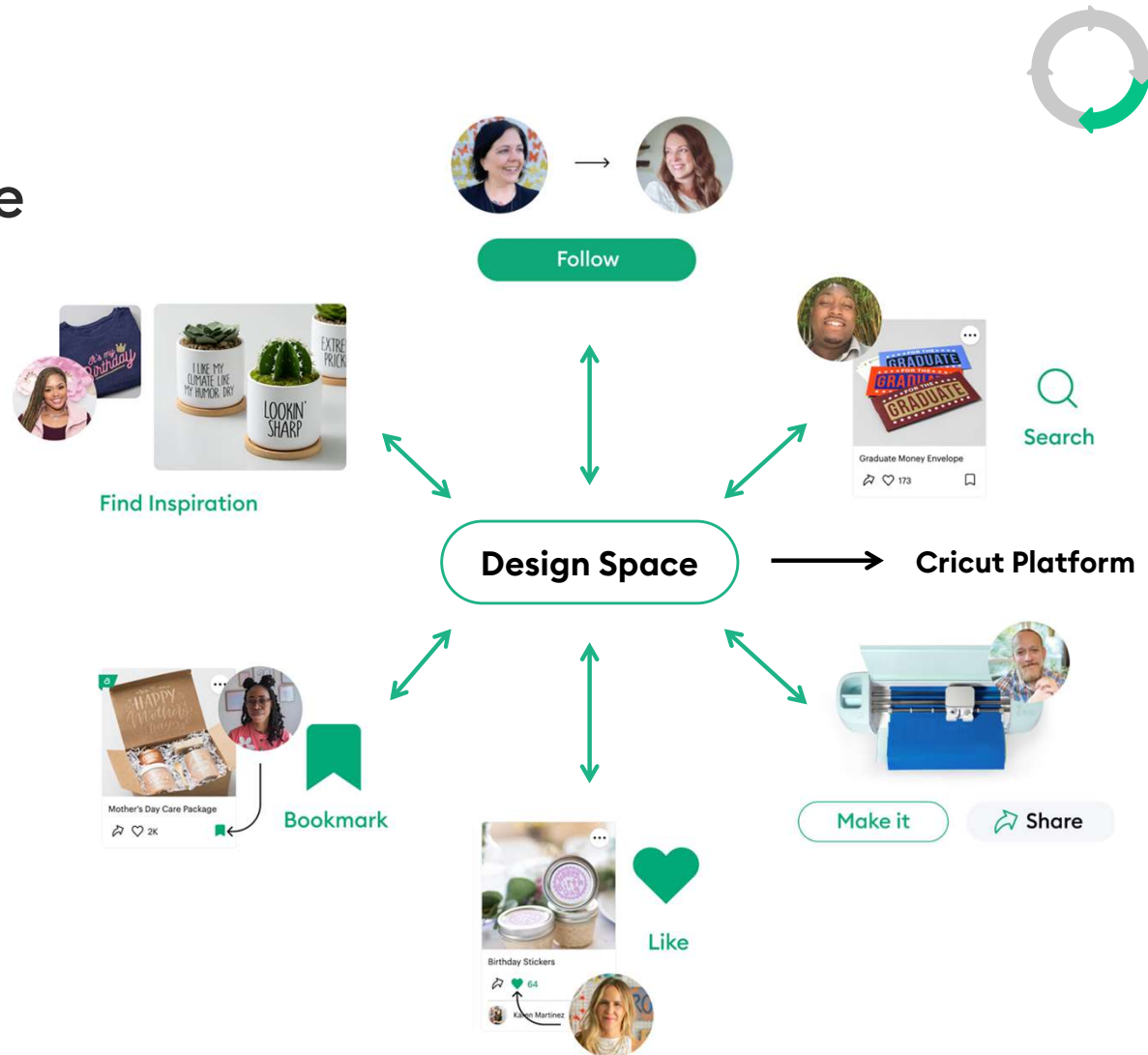


- Over 200 thousand users added in Q2
- Marketing funnel is healthy
- Consumer focus on affordability and machine capabilities
- Comprehensive marketing plan and promotional strategy will drive conversion in the second half

Discover → Make → Share

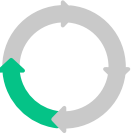
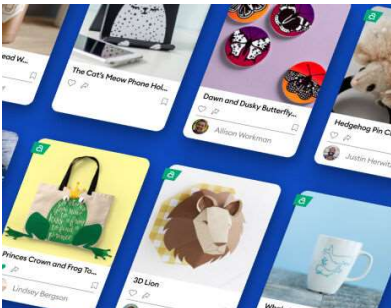
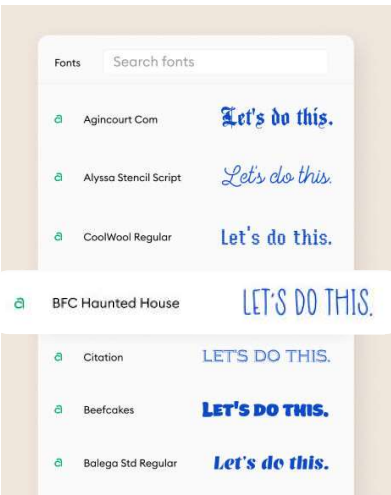
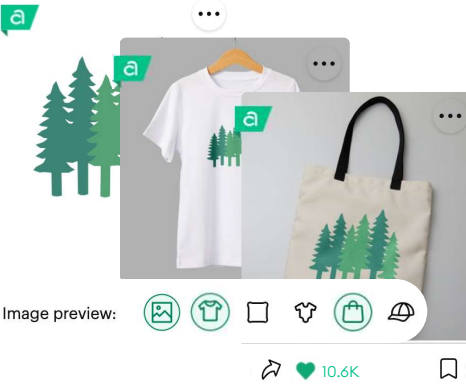
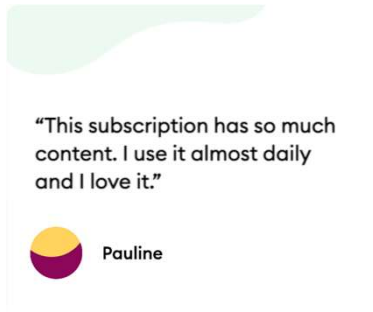
Engagement is more than just cutting

- Mobile plays an important role in engagement
- Over half of all interactions on Design Space home page came from mobile devices 2023 YTD
- Improvements to Design Space navigation, Community Project search and Print then Cut
- Warp 2 coming soon!





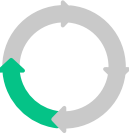
Automatic Background Remover



Significant value-add through subscriptions

2.7M Paid subscribers
 ↑ 15% YoY → Flat QoQ

- Subscribers are our most valuable users
- New Content + Features add value
- Current Access features leverage AI and Machine Learning with more to come



Prioritizing AI & Machine Learning

Design & Make

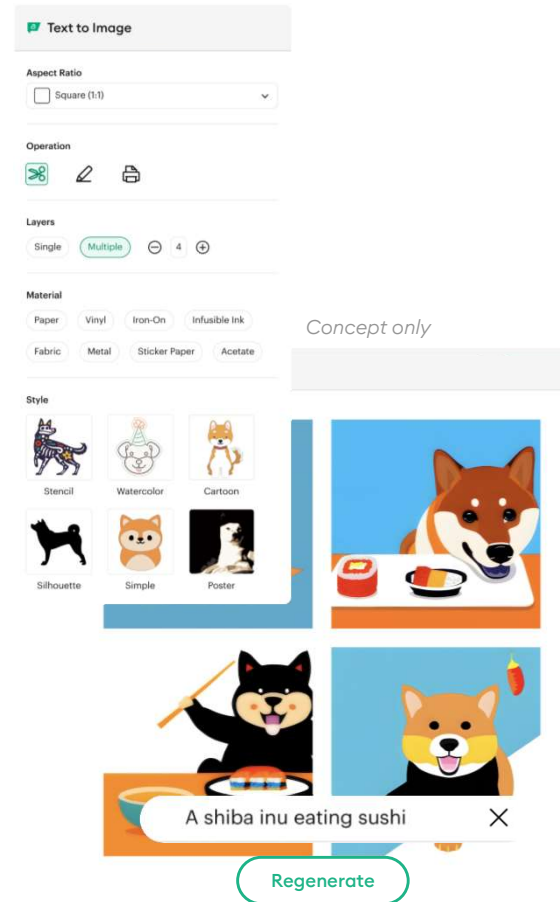
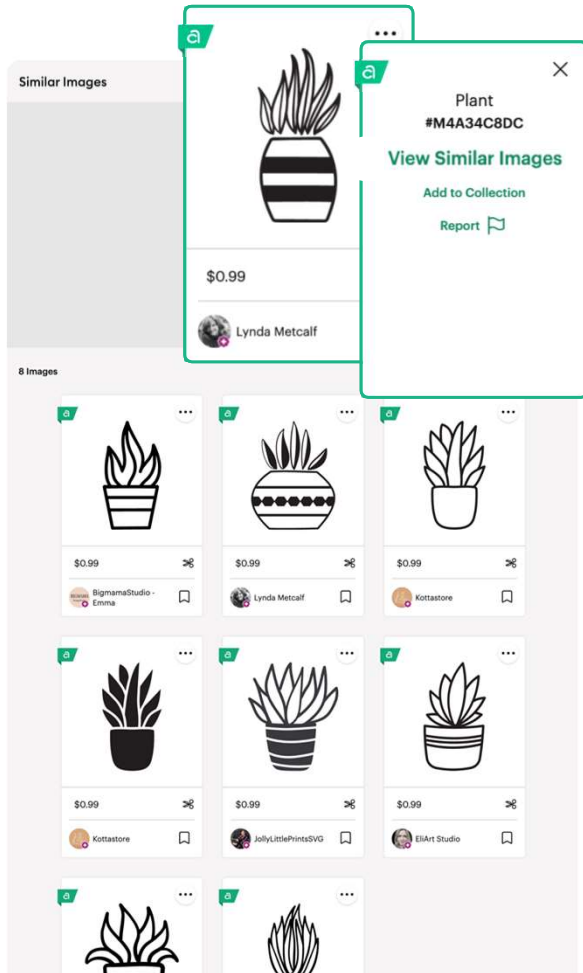
- Automatic Background Remover

Search & Discovery

- Similar Images
- Semantic Search
- Personalized in-app content/engagement marketing

Eye toward Generative AI

- Optimized for cutting machines as a differentiator
- Ensuring we protect copyrights and our artists





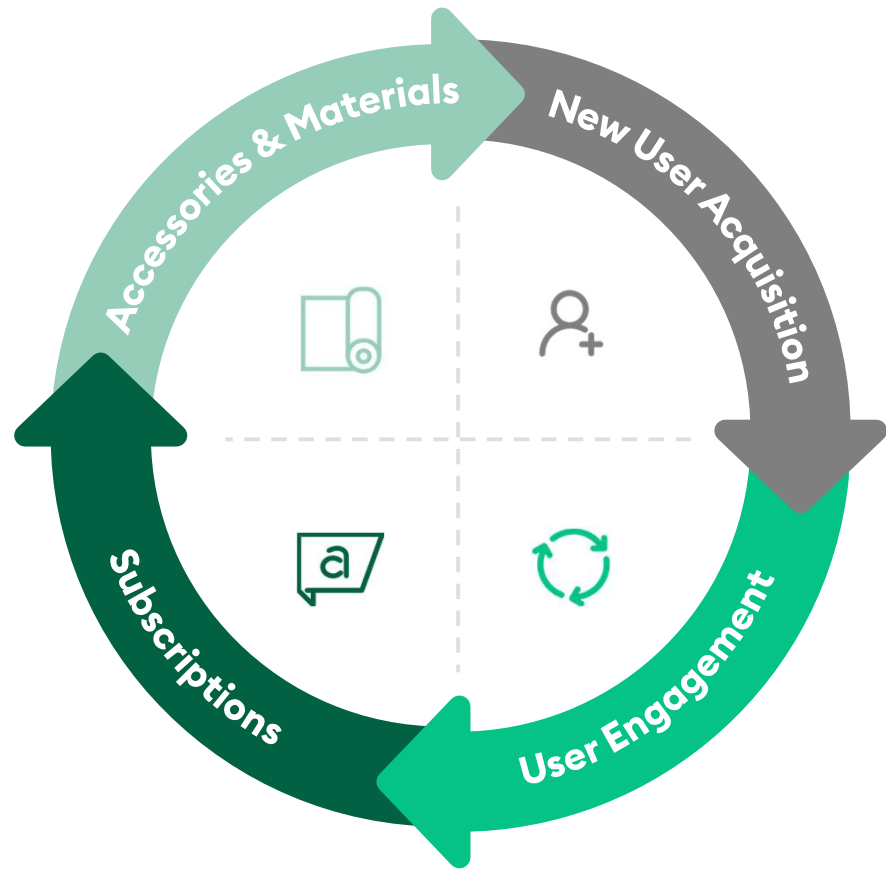
Accessories and Materials

Positive trends from innovation and investments

- Will continue promotional cadence
- Optimizing products for lower costs that work seamlessly with our machines
- Intense focus on overall customer experience



Focused on continued long-term growth





Financial Results



Q2 2023 financial highlights

Revenue

\$177.8M

-3.0%
YoY Decrease

Operating Income¹

\$19.3M

10.8%
of Total Revenue

Net Income

\$16.0M

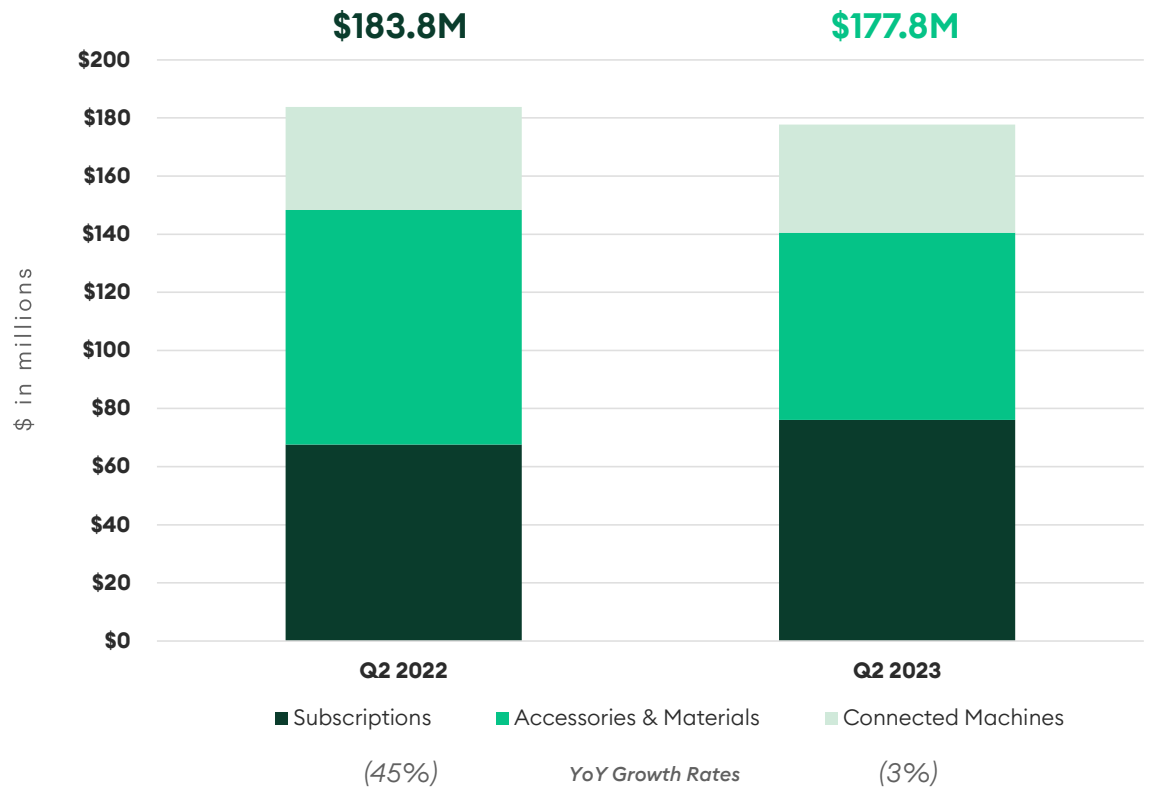
9.0%
of Total Revenue

Did you know? Q2 was our 18th consecutive quarter of GAAP profitability

1. Q2 2023 Operating Income includes \$11.9 million of stock-based compensation expense.

Revenue breakdown

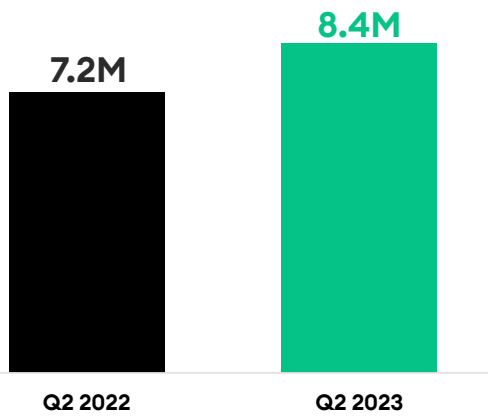
- Connected Machine revenue in Q2 **grew 5%** YoY
- Accessories & Materials revenue in Q2 **declined 20%** YoY
- Subscription revenue in Q2 **grew 13%** YoY
- Int'l revenue in Q2 **grew 34%** YoY to \$32.6M



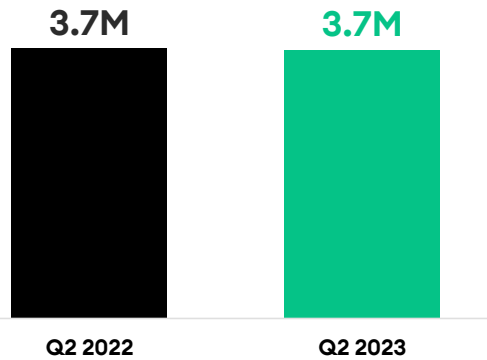
Growing user base



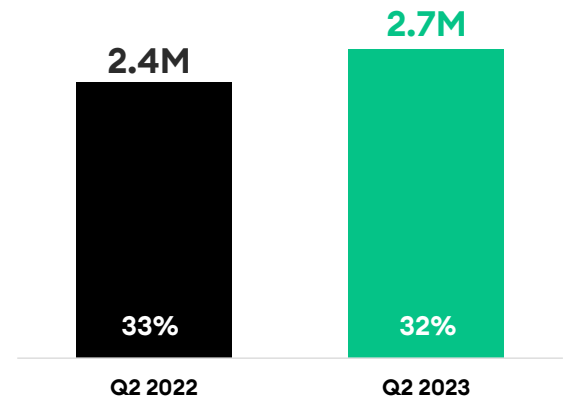
Users



Engaged Users



Paid Subscribers¹



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

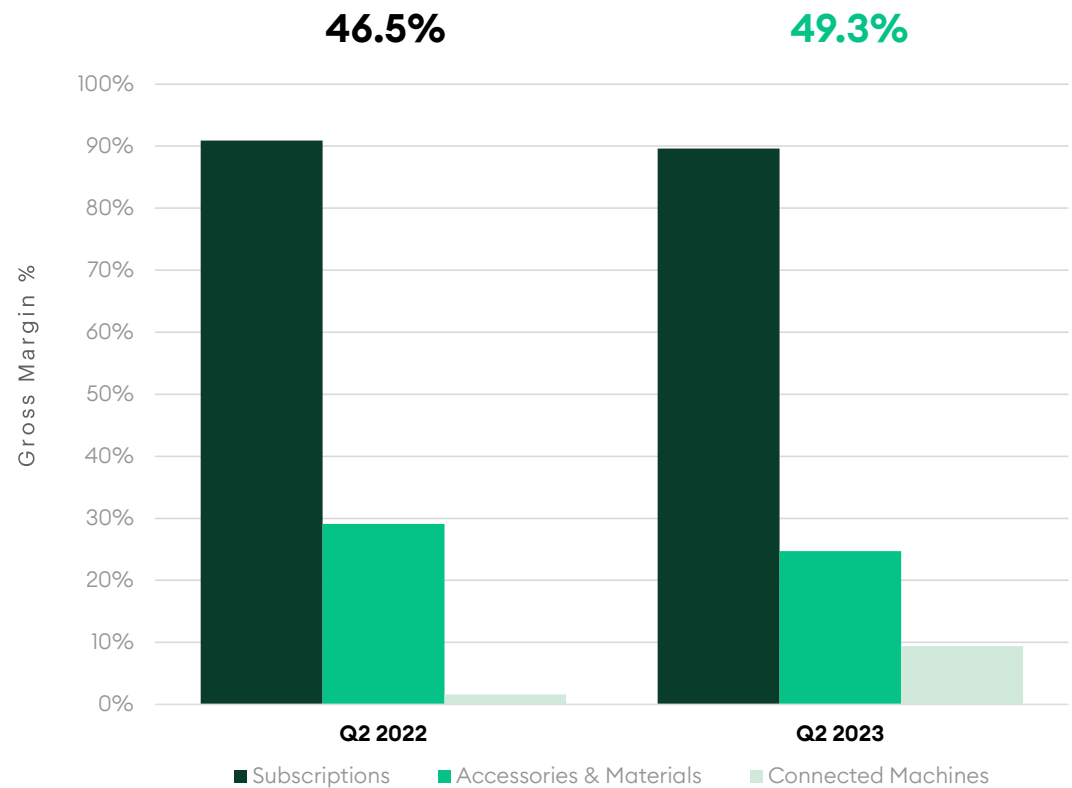
Contributing Factors

Connected Machine Margins

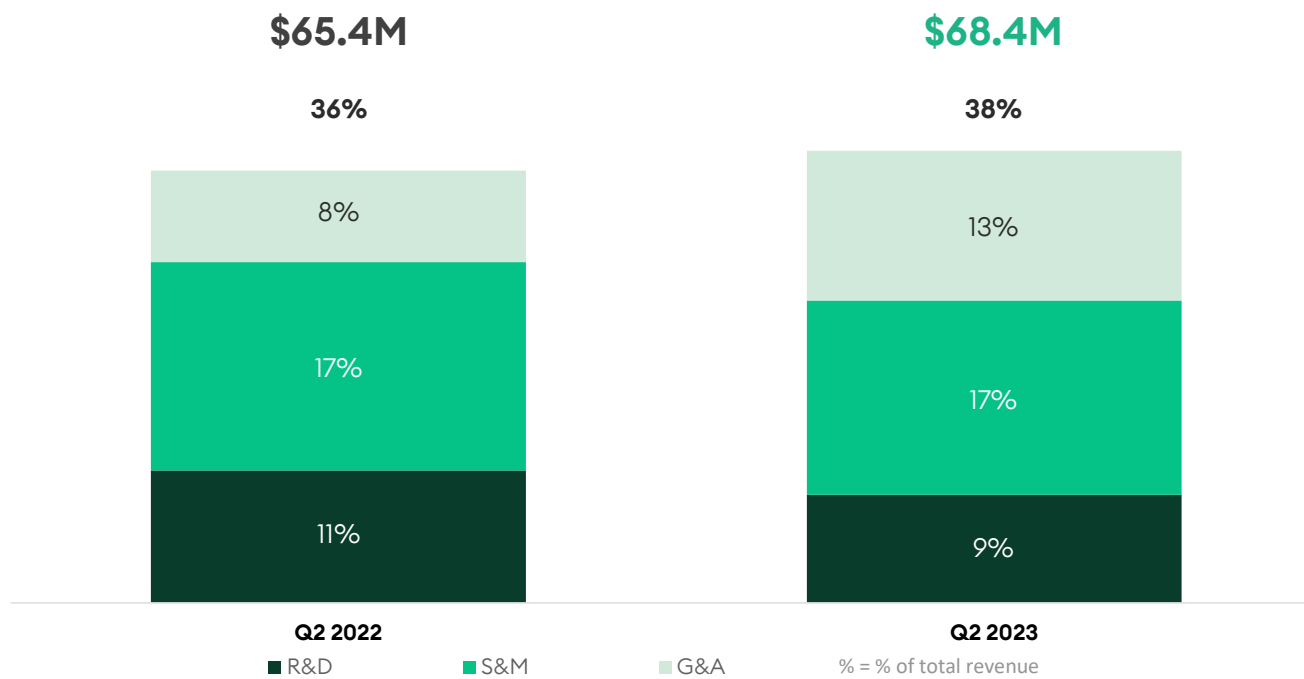
- Positive mix shift towards newer Connected Machine models and fewer entitlements
- Impacted by higher fixed costs as a percentage of revenue in warehousing and operations expense

Accessories & Materials Margins

- Impacted by higher fixed costs as a percentage of revenue in warehousing and operations expense
- Higher promotional activity as a percentage of revenue



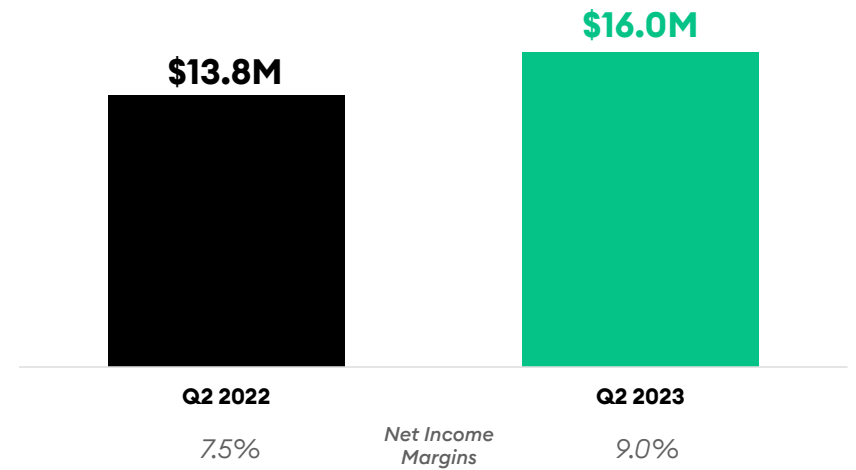
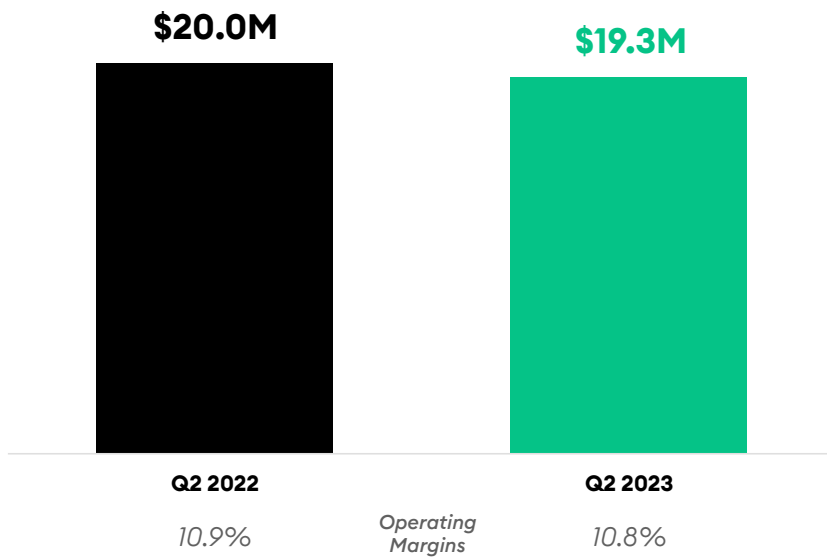
Operating expense



Operating income and net income

\$ Operating Income

\$ Net Income



Balance Sheet and Cash Flow highlights



Cash, equivalents
as of 6/30/23

\$361.5M

Cash, cash equivalents,
marketable securities

\$300.0M

Untapped credit line



Cash Flow generated from
Operations 6/30/23 YTD

\$159.6M

vs \$13.0M PY YTD



Share Repurchase
Program & Dividend

\$1.0M

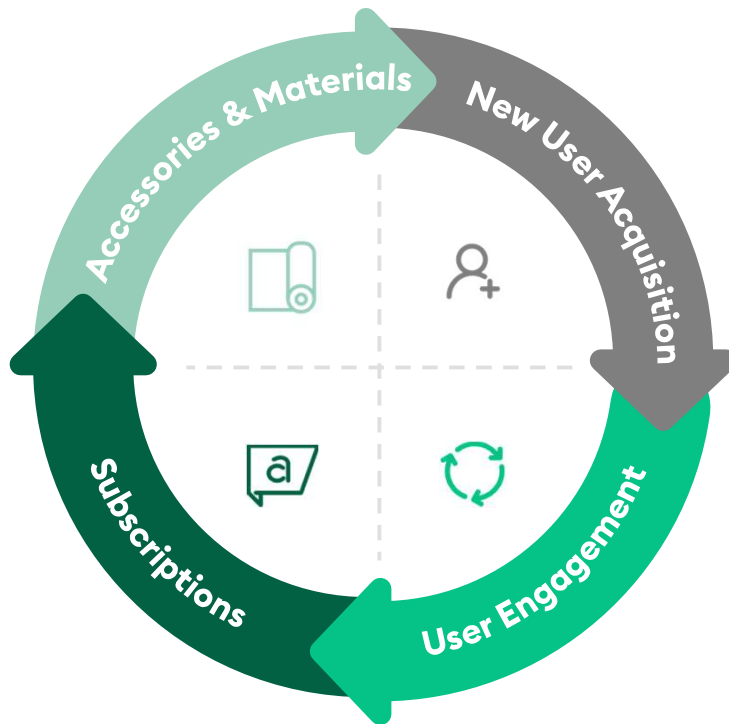
Used to purchase 104K
shares in Q2

\$234.6M¹

Special dividend announced
in Q2 & paid in Q3 23

¹. We expect to pay a total of \$234.6 million in cash dividends, of which \$232.2 million was distributed on July 17, 2023, while the remainder will be paid upon vesting of restricted shares.

Forward looking commentary



- Continue conservative approach to planning.
- Expect FY23 operating margins to be slightly down YoY given first half performance.
- Expect slightly softer seasonality in the second half.
- Paid Subscribers may be flat for the year, or down if current New User trends worsen.
- Anticipate deeper promotions, comprehensive marketing on Connected Machines, especially in Q4.
- Committed to long-term annual operating margin targets of 15%-19%, and generating healthy cash flow from operations.

Let's make.



Long-term target model

As % of Revenue	FY20	FY21	FY22	Long-Term Targets
Gross Margin	35%	35%	39%	37 - 38%
R&D Expense	4%	6%	9%	7 - 8%
S&M Expense	7%	10%	15%	8 - 10%
G&A Expense	3%	4%	7%	3 - 4%
Operating Margin	21%	15%	9%	15 - 19%