Chris Belfiore - Cricut, Inc. – Director of Investor Relations

Thank you, operator, and good afternoon, everyone. Thank you for joining us on Cricut's third quarter 2026 earnings call. Please note that today's call is being webcast and recorded on the Investor Relations section of the company's website. A replay of the webcast will also be available following today's call. For your reference, accompanying slides used on today's call, along with a supplemental data sheet, have been posted to the investor relations section of the company's website, investor.cricut.com.

Joining me on the call today are Ashish Arora, Chief Executive Officer, and Kimball Shill, Chief Financial Officer. Today's prepared remarks have been recorded after which Ashish and Kimball will host a live Q&A.

Before we begin, we would like to remind everyone that our prepared remarks contain forward-looking statements and management may make additional forward-looking statements, including statements regarding our strategies, business, expenses, tariffs, capital allocation, and results of operations, in response to your questions. These statements do not guarantee future performance, and therefore, undue reliance should not be placed upon them. These statements are based on current expectations of the company's management and involve inherent risk and uncertainties, including those identified in the Risk Factors section of Cricut's most-recently filed Form 10-K or Form 10-Q that we have filed with the Securities and Exchange Commission ("SEC"). Actual events or results could differ materially. This call also contains time-sensitive information that is accurate only as of the date of this broadcast, November 3, 2026. Cricut assumes no obligation to update any forward-looking projection that may be made in today's release or call.

I will now turn the call over to Ashish.

Ashish Arora - Cricut, Inc. – CEO

Thank you, Chris.

We are pleased to start the second half on a strong note, with Q3 revenue up approximately 11% year-on-year, driven by new product launches and continued strength in Platform. Our investments in innovation are translating into meaningful progress: we launched Maker 5, our newest flagship cutting machine, and entered an exciting new category with the StickerPix product line, our first new connected machine category since 2014.

These product launches are important catalysts for our flywheel. They broaden the funnel for new customers, strengthen our ecosystem, and create more opportunities to expand engagement and improve Platform value over time. Early response has been encouraging, with strong enthusiasm from consumers, including meaningful engagement across social media.

Machine sell-out remained strong in our core cutting machine segment and further helped by our new StickerPix category, increasing double-digits for the second straight quarter. Platform revenue increased approximately 4% year-on-year to $85.9M, while Products revenue grew approximately 17% to $102.7M. International revenue increased 30% year-on-year to $52.8 million and represented 28.0% of the business. Active users continued to increase, up 2% year-on-year, while 90-day engaged users remained flat. Paid Subscribers grew 2% year-on-year but declined sequentially as expected.

We are excited about the opportunity ahead. Our investments are working to create a more compelling, accessible Cricut experience. This year, we have launched three new cutting machines with all new architectures and a more compelling value proposition. We are expanding the value of our Platform for both new and existing users through continued innovation in content, AI-powered tools, and services. With Cricut StickerPix, we entered a new category that lets users make custom stickers and photo prints – at home, in minutes.

We are focused on translating this broader innovation pipeline into stronger execution, accelerating development cycles, expanding awareness, and sharpening our value proposition across products and price points. We are continuing our investments to accelerate product innovation, Platform, and awareness.

Our goal is simple: to reach the right consumer with products and experiences that make creating easy and joyful, at the right price, while strengthening our competitive position and building a more durable path to long-term growth.

Let me talk about our priorities.

New User Acquisition

In Q3, we continued to invest in marketing to broaden our audience and deepen engagement with the Cricut brand. We continued to see strong traffic at Cricut.com, as more consumers continue to learn more about our products and platform.

We are also seeing encouraging early signs from our "**Think it. Make it. Cricut.**" brand campaign. The campaign brings our broader creativity platform positioning to life, showing how Cricut can help anyone turn an idea into something personal and meaningful. Our goal is to make the brand feel more relevant, approachable, and accessible to a broader audience while strengthening engagement with our existing community.

A significant part of our marketing efforts this quarter was the introduction of Cricut StickerPix, our new line of machines that enables users to create high-quality, full-color stickers at home in minutes. We supported the launch with one of our largest influencer activations to date, engaging creators alongside a robust paid media campaign. During the launch period, these efforts

generated significant awareness and excitement around StickerPix while introducing Cricut to new audiences at scale.

The increased awareness and new product activity supported a strong consumer response. Connected machine sell-out grew double-digits year-on-year in Q3, building on the momentum we saw in the first half and benefiting from our newest connected machine launches. Sell-out is a key measure of consumer demand and the effectiveness of our marketing investments. Recall, we don't have perfect coverage for sell-out data in all channels, so treat this as directional.

User Engagement

We continue to work hard to build momentum in engagement across our platform. Active Users grew approximately 2% year-on-year and 90-Day Engaged Users were approximately flat for the same period. These results reflect the cumulative impact of our investments to improve onboarding and make the Cricut experience simpler and more compelling throughout the user journey on our Platform.

Improving onboarding remains one of our highest priorities because an early, successful creative experience is critical to long-term engagement. We continue to see progress in engagement among new users during their first weeks with Cricut. During the quarter, we further strengthened onboarding across our cutting machine portfolio by making educational content more visible like pop-up training videos and introducing features that help users explore, learn and complete their first projects with greater confidence. We also enhanced our AI-powered chatbot to provide more accurate, useful support. Adoption of Guided Flows continues to increase, particularly among new users, as we expand the supporting template library. Internationally, improved search and localized language template discovery are making it easier for users to find relevant projects and inspiration. Together, these investments are helping reduce friction and make Cricut more approachable.

A major focus for our platform and engagement teams in Q3 was supporting the launch of our newest connected machine. For StickerPix Print and StickerPix Print + Cut, we introduced a redesigned, end-to-end experience in Design Space that builds on platform capabilities developed over the past several years. We also expanded the creative possibilities within our platform with new photo, sticker, and card project types. AI-powered tools can now turn a consumer's own photo and a simple prompt into polished, ready-to-print sticker sheets and photo prints. And with machine interactions purpose-built for dye-sublimation, we are making the experience feel less like printing a picture and more like preserving a moment. That is a meaningful distinction: while most photo printers offer utility, Cricut and StickerPix help people create something personal, expressive, and worth keeping.

As we move into the fourth quarter, we are pleased with the return to year-on-year growth in Active Users, and stability with 90-day Engaged Users. While there is still work to do, we believe our continued investments in onboarding, localized content, and AI-powered creative experiences are building a stronger foundation for sustainable engagement and long-term growth.

Subscriptions

Our Platform business continues to build momentum, with revenue of $85.9 million, increasing approximately 4% year-on-year in the quarter. Premium tier plans are contributing positively, and we expanded their rollout across our largest international markets at the end of the quarter. Adoption has been encouraging, with limited impact on overall subscription sign-ups. As we move forward, we will continue scaling premium plans, testing additional offerings and pricing structures, and expanding the AI-powered tools and benefits that differentiate our subscription experience. These investments are designed to improve member value and support continued Platform growth over time.

Paid subscribers increased by approximately 2% year-on-year to just over 3.07 million and declined modestly quarter-on-quarter, in line with our seasonal expectations. We continue to expect to grow paid subscribers and Platform revenue in Q4 and for the full year.

We continue to invest in making our subscription more valuable and more central to the Cricut experience. For StickerPix, we introduced AI-powered templates that make it easy for members to create personalized photo and sticker sheets using the credits included with their subscriptions. We also launched a dedicated library of Stickerpix templates that simplifies the creation of photo collages and custom stickers.

Beyond StickerPix, our Creative Labs team introduced an exclusive library of crochet patterns from leading fiber-arts designers, along with an AI-powered tool that creates personalized paint-by-number sheets. These additions reflect our focus on delivering a steady pipeline of differentiated tools, content, and creative experiences that help members get more from Cricut and deepen the value of their subscription over time.

Looking ahead, we see significant opportunity to drive Platform growth by expanding premium offerings and delivering an increasingly differentiated subscription experience through AI-powered tools, curated content and new product experiences.

Accessories & Materials

Our Accessories and Materials business remains challenging. We continue to work our plan to strengthen our product portfolio and improve our competitive position. While the category remains highly competitive, we continue to gain share in some segments, including Printables

and Cricut accessories. Printables remains our fastest-growing category, reflecting growing consumer demand for personalized stickers, labels, photos, and gifts. We expect to see help in this category as adoption of our new StickerPix product line drives consumables.

Our Q3 innovation also supported the broader machine ecosystem. We introduced engravable blanks designed for Maker 5, taking advantage of its expanded material capabilities and improved engraving experience. We also introduced the StickerPix ecosystem with refill packs that support photo printing and personalized sticker creation. Through Cricut's software experience and materials innovation, including die-cut shapes, we believe StickerPix brings differentiated capabilities to the dye-sublimation printer category.

Looking ahead, we will remain focused on pricing and promotions as consumers continue to prioritize value, while expanding our presence internationally through localized assortments and stronger channel execution.

We saw momentum in Q3 across our business. We saw strong machine sell-out and ongoing Platform growth, continuing stabilization in engagement and promising early response to StickerPix. Innovation across products, content, AI-powered experiences, and services, combined with more effective marketing, is building a broader, more compelling Cricut ecosystem that can attract new users and deepen engagement with our existing community. We believe this strategy positions Cricut to deliver sustainable, profitable growth and create long-term value for our shareholders.

With that, I will turn the call over to Kimball.

Kimball Shill - Cricut, Inc. - CFO

Thank you, Ashish, and welcome everyone. In the third quarter, we delivered revenue of $188.6 million, up approximately 11% compared to the prior year, with growth in our Products and Platform businesses. Launch of new products in the quarter helped drive Products revenue. We generated $27.8 million in net income or 14.8% of total sales in Q3.

Breaking revenue down further, Q3 2026 revenue from Platform was $85.9 million, up approximately 4% year on year. ARPU increased approximately 3% to $56.70 from $54.88 a year ago. Platform revenue was up primarily due to the year-on-year increase in paid subscribers and the impact of higher priced options.

Q3 Revenue from Products was $102.7 million, up approximately 17% year on year. Products revenue was up primarily from higher volumes of connected machines. Recall, in Q2 2025, we had the opportunity to accelerate revenue in the face of tariff uncertainty, potentially lowering Products revenue in subsequent quarters. As a result, the growth in Q3 2026 likely includes some tailwind from an easier year-on-year comp. Even without any tailwind, we experienced solid Products revenue growth. As Ashish mentioned, global machine sell-out units grew double digits. Continued sales of Joy 2 and Explore 5 and the launch of Maker 5 and our new StickerPix products drove growth in the quarter.

International sales were $52.8 million, up 30% year-on-year compared to Q3 2025, driven by new product launches in more mature markets and the continued growth in our Emerging markets.

International revenue represented 28.0% of total revenue in Q3 2026, up from 23.8% in the prior year. We continue to see positive results from our focused investments in key emerging markets, with significant year-on-year connected machines sell-out growth in Asia and LATAM. While these markets remain a relatively small portion of our total business, they are contributing positively across several key operating metrics and continue to represent attractive long-term growth opportunities. We were pleased to see double digit sell out growth in some of our more mature markets such as Europe and Australia.

Looking ahead, we plan to continue investing in international markets, with a focus on increasing brand awareness, expanding our reach, and driving member acquisition throughout 2026.

As Ashish mentioned, we ended the quarter with just over 3.07 million paid subscribers, up approximately 2% year-on-year. The sequential decline remained in line with normal seasonal expectations. We remain focused on driving growth for the full year, supported by new product introductions, improved onboarding, ongoing investments in engagement, and promotional support.

Moving to gross margin. Total gross margin in Q3 was 57.7%, which was up 2.5% year-on-year, mainly due to benefits from scale from growth in our Products business, along with monetization of excess and obsolete inventory and the last of IEEPA tariff refunds.

Breaking gross margin down further, gross margin from Platform in Q3 was 89.9%, an increase compared to 89.2% a year ago. As we've mentioned previously, there may be some gross margin pressure as we continue to ramp AI features.

Gross margin from Products was 30.8%, compared to 23.1% in Q3 a year ago. The increase in gross margin for Q3 was primarily driven by the three factors we just mentioned. Total operating expenses for the quarter were approximately $75.0 million and included $5.8 million in stock-based compensation. Total operating expenses increased by about 5% from $71.4 million in Q3

2025. As Ashish mentioned, we are focused on increasing our speed of execution and are accelerating investments across our business that will help drive future revenue growth.

Operating income for the quarter was $33.9 million, or nearly 18.0% of revenue, compared to $22.7 million, or 13.3% of revenue in Q3 last year. This reflects an increase of almost 50%.

The effective tax rate was 23.5% for Q3 2026 compared to 20.0% in 2025, in line with expectations.

For the quarter, net income was $27.8 million, or $0.13 per diluted share, compared to $20.5 million, or $0.10 per diluted share in Q3 2025.

Turning now to balance sheet and cash flow. We continue to generate healthy cash flow on an annual basis, which funds our inventory needs and investments for long-term growth. In Q3 2026, we generated $23.7 million in cash from operations, compared to $20.5 million in Q3 2025, reflecting the growth of our products business and seasonal ramp of peak inventory. We ended Q3 2026 with cash and cash equivalents of $273 million. We remain debt free. Subsequent to quarter end, we renewed our $300 million credit line through October 22, 2031.

During Q3, we used $6.5 million to repurchase 1.3 million shares of our stock. As a result, $15.1 million remained on our approved $50 million stock repurchase program.

Given our continued strong profitability and strong cash generation, the board of directors recently approved three capital allocation items: approval of our recurring semi-annual dividend of $0.10 per share, a special dividend of $0.70 per share, and the replenishment of our stock repurchase program up to $50 million, which incorporates the unused portion from the prior approvals. Both the special dividend and the recurring semi-annual dividend will be payable on January 21, 2027, to shareholders of record on January 7, 2027.

Outlook

Recall we do not give detailed quarterly or annual guidance, but we do want to offer some color on our outlook.

We continue to expect Platform revenue and paid subscribers to increase sequentially and year-on-year in Q4 and for full year. For Products, channel fill ahead of new product launches drove strength in Q3. Looking to Q4, we remain cautious about the consumer. That said, so far, we are seeing positive sell-out data, which should translate to replenishment orders, and we expect Products revenue to be up sequentially. We also expect to post full-year revenue growth as a company for the first time since 2021.

We expect to be profitable in Q4 and generate significant positive cash flow for the year, helped by our latest product introductions and continued strength in Platform. Recall, Q4 is historically our most promotional quarter of the year. Subject to stock price, we also expect to be active with our authorized $50 million stock repurchase program.

We are focused on extending the current momentum by continuing investments in innovation across our Products and Platform, broadening awareness globally, and making Cricut more accessible across various price points. Through "**Think it. Make it. Cricut.**", we are introducing new consumers to a growing creative ecosystem that spans cutting machines, StickerPix, content, AI-powered tools, and services. Our goal is to reach the right consumers, with the right creative solutions, at the right price, to deepen engagement across our Platform, and build a more durable path to sustainable, profitable growth and create long-term value for our shareholders.

With that, I'll turn the call over to the operator for questions.