

NASDAQ : CRCT

Quarterly Results

Q3 2022

November 8, 2022

cricut®





I want to make...

prepare to be wowed 🔍

Apparel & Accessories



Cards



Décor



Everyday Items



Flowers



From idea
to I did it.

cricut®

School Supplies &
Decor



Mugs & Drinkware



Gifts



Stickers & Labels



Parties



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, such as the ongoing Coronavirus pandemic, 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.

Strong brand interest



User Growth up 30%
~7.5M existing users



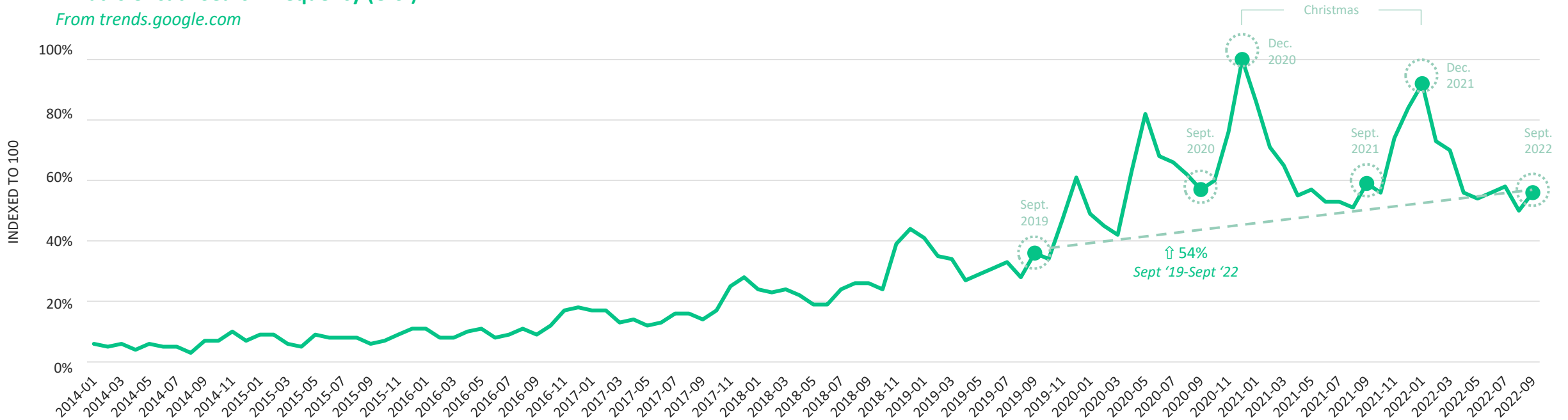
Subscription Growth
Outpaced user growth for 11th consecutive quarters



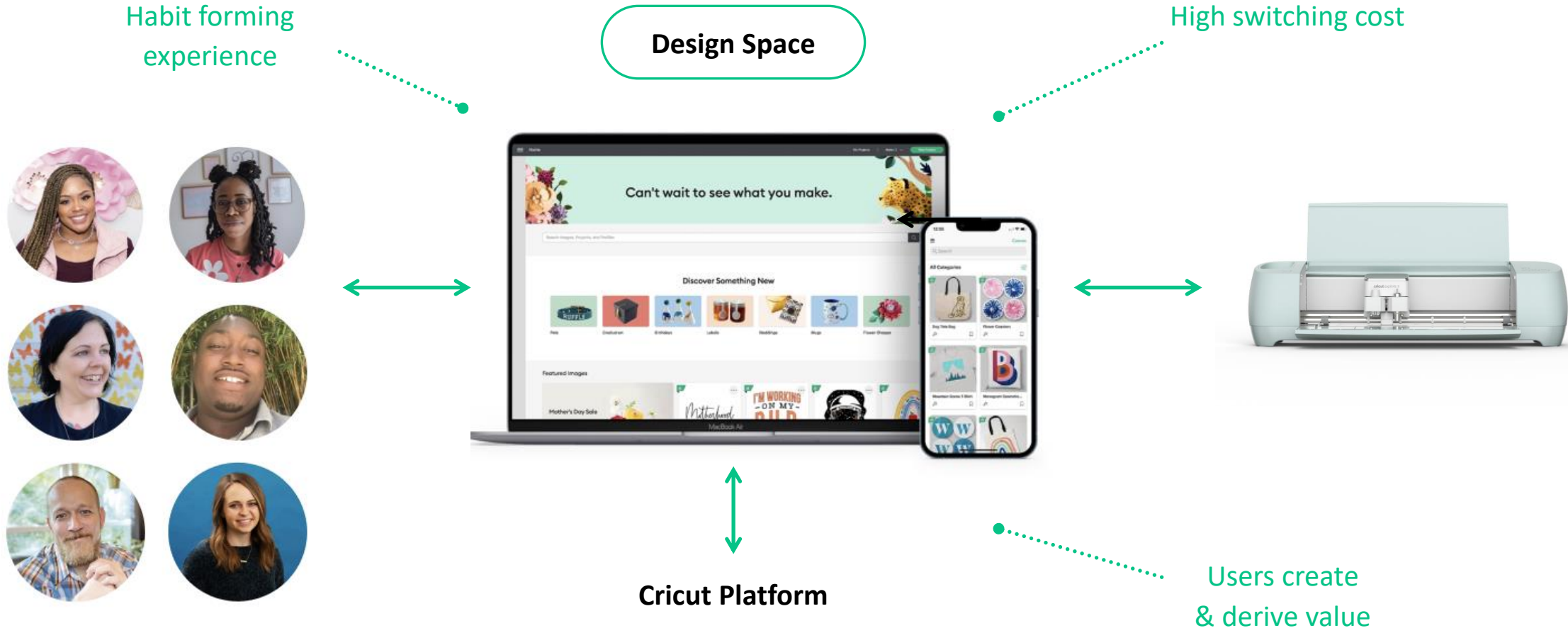
Profitability
15th consecutive quarter

“What is Cricut” Search Frequency (U.S.)

From trends.google.com



Connected platform is our competitive moat



Expanding value proposition of Cricut Access

- Contributing Artist Program
- Editable Images
- Premium Tools

 **cricut** access.

Subscribe Today & Let Your Creativity Soar

Stay inspired – plus save time & money – with a Cricut Access Standard plan.



250,000+ Images

Unlimited use of images from an ever-growing design library



700+ Fonts

Unlimited use of all fonts for cutting & writing in every project



Exclusive Features

Unlimited collections and more enhancements



Discount on Licensed Content

Save on projects from Disney®, Marvel®, Star Wars™, Harry Potter™ & more



Priority Member Care

Jump the hold queue & enjoy 50% less wait time



Everyday Savings

Score 10% off cricut.com purchases (up to \$50 off per item)

Pay as low as \$7.99/mo. Cancel any time.

Maybe Later

Subscribe

 **cricut** access.

All the perks of Cricut Access™ Standard, free for 30 days.

Unlock an ever-growing library of projects, fonts, and images — plus everyday savings on Cricut® products & more.

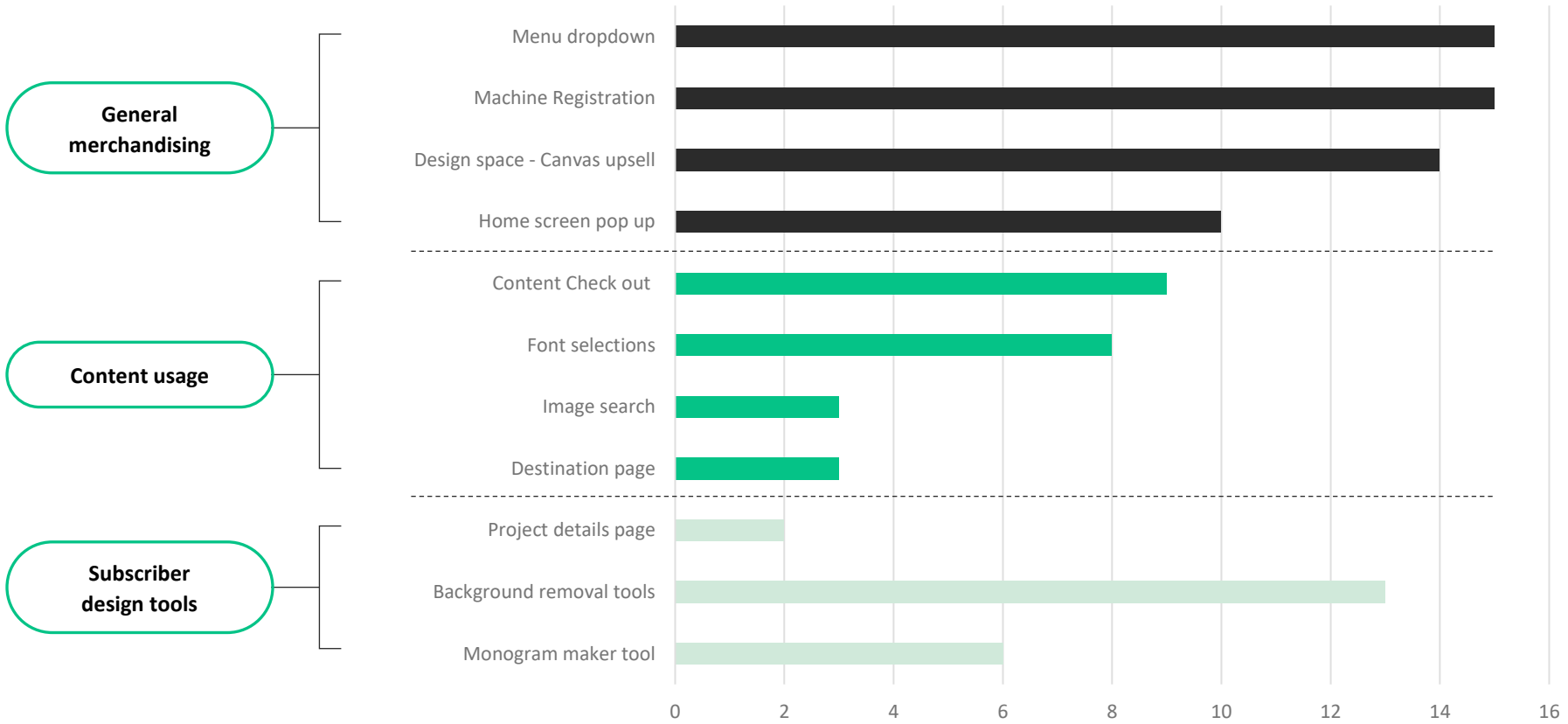
After free trial, only \$9.99/mo (excl. taxes). Cancel any time.

Start Free Trial

Multiple advertising touchpoints within Design Space

Top 10 Cricut Access sign up locations – Q3 2022

% of signups by location



35%

Paid Subscribers growth year-over-year

↑ 89k from Q2 2022

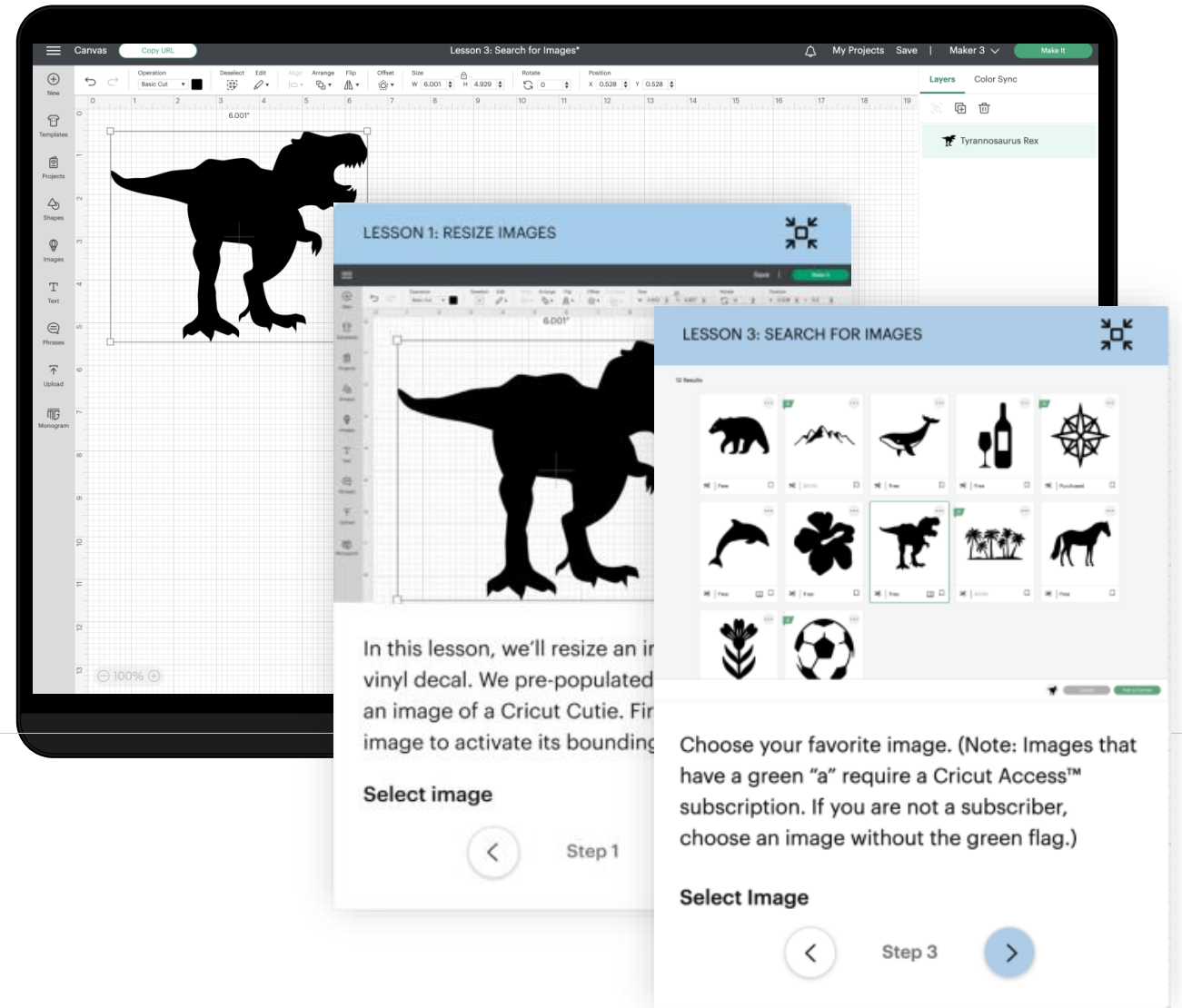
Easier onboarding drives engagement

New User Virtual Learning Plan

- Design Space guided tutorials & step-by-step guides

New Learning Kits pilot on Cricut.com

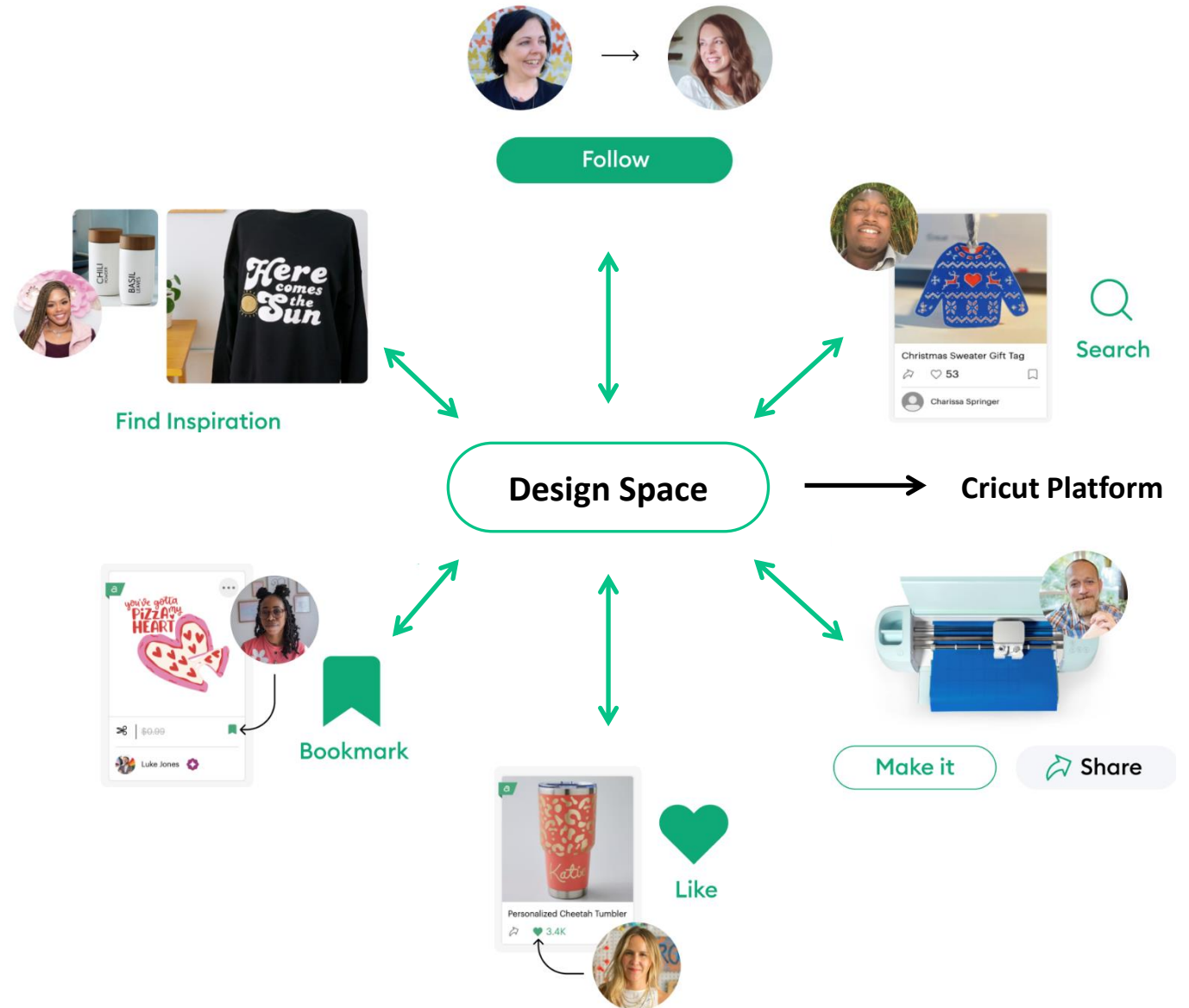
- Materials and tools for specific projects to ease a user into the Cricut ecosystem



Platform drives rich user interactions

Engagement is more than just cutting

- ~3.6M users cut on their Cricut machines in the last 90 days — up 11% YOY
- 120M project & image bookmarks
- Nearly 2M bookmarks added per week in Q3
- **Mobile apps** make it easier to engage even in small time windows
- Multi-device users more likely to cut and subscribe than single device users



Creating value in accessories and materials

Increase promotional strategy

- Continued focus on affordability for users
- Help right size channel inventory

New use cases

- Launched wide range of items for card making, labeling and personalization
- Lean in on retail partnerships who showcase compatibility between our machines and accessories and materials



International expansion

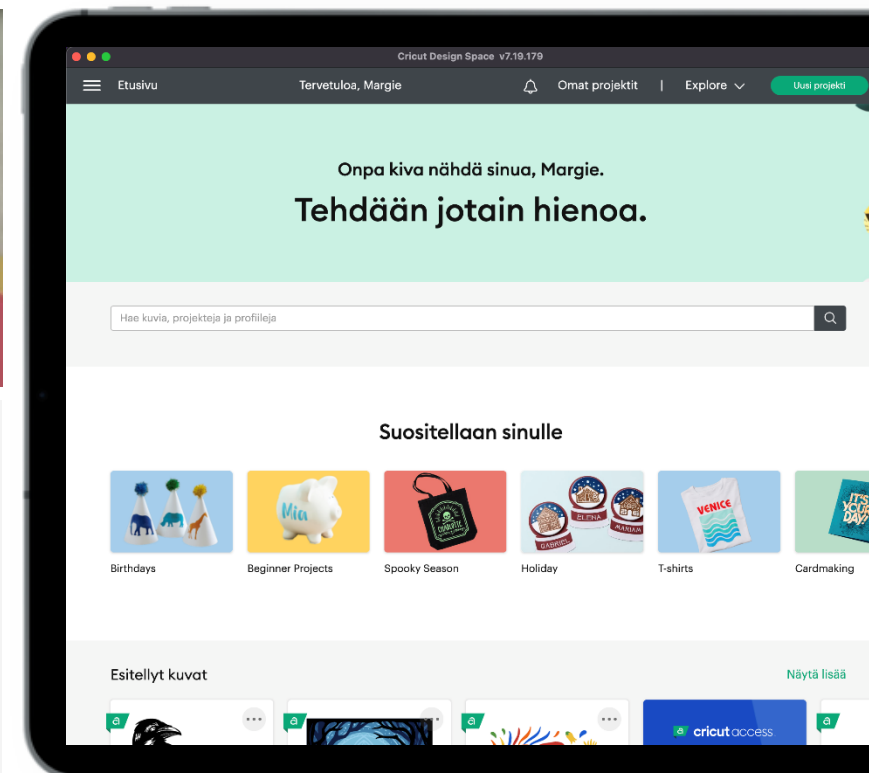


Launched localized versions of Design Space in **9** new languages



Gestalte etwas Besondere

Aangepaste kaarten, elke keer weer.



Did you know? We recently launched in Japan, South Korea, Saudi Arabia



**Opportunity for
continued
long-term growth**

- **Strong fundamentals in the business**
- **Greater focus on monetization and engagement**
- **Gaining greater market share, less than 10% penetrated in serviceable addressable market (SAM)**





Q3 2022 financial highlights

Revenue

\$177.0M

(32%)

YoY Decrease

Operating Income

\$17.4M

9.8%

Operating Margin

Net Income

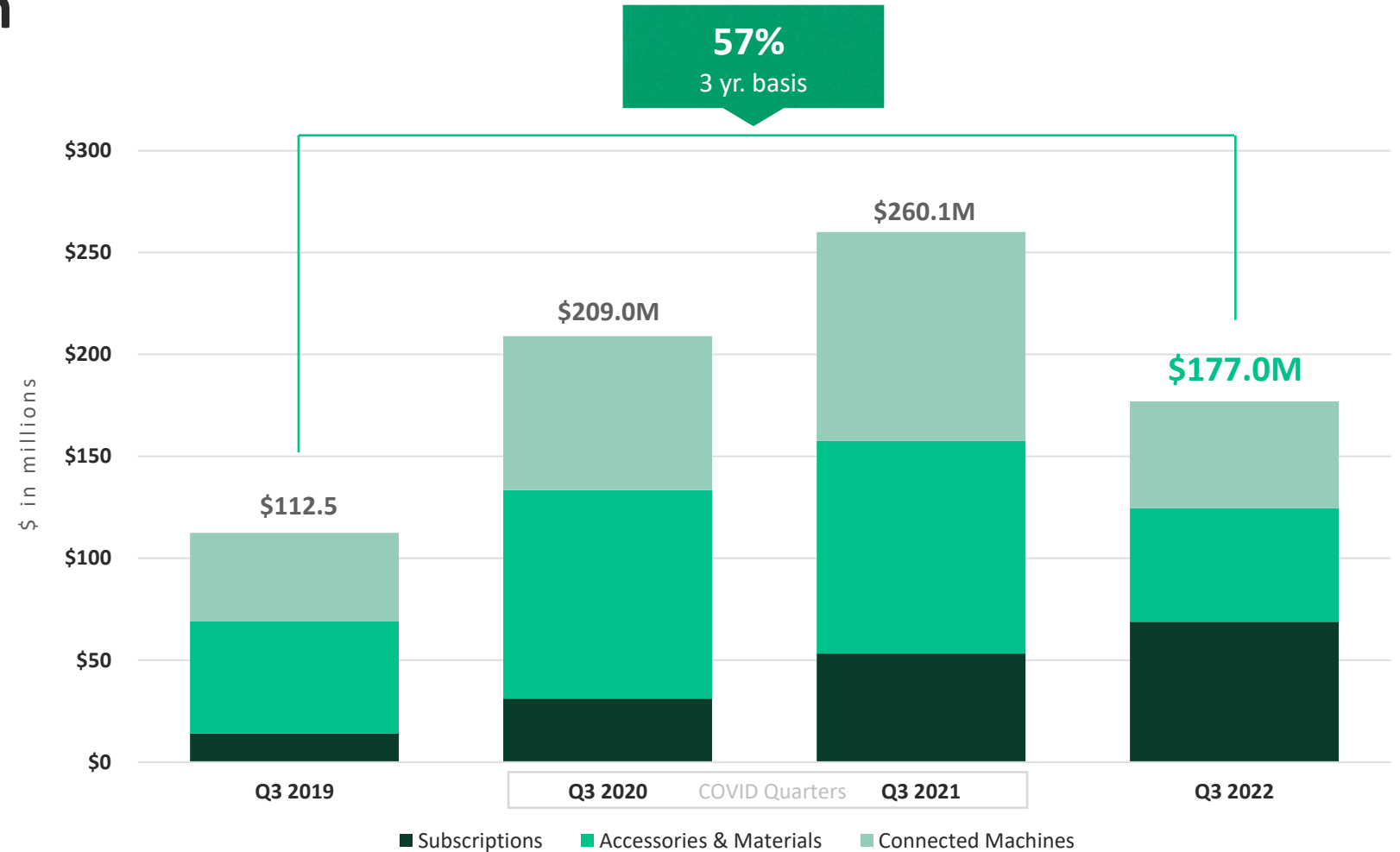
\$12.4M

7.0%

Net Income Margin

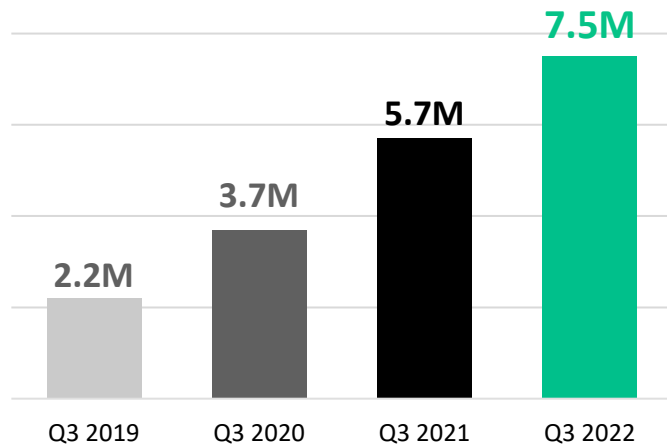
Revenue breakdown

- Subscription revenue in Q3 grew over 29% YoY
- Accessories & Materials revenue in Q3 declined (47%) YoY
- Connected Machine revenue in Q3 declined (49%) YoY
- Connected Machines and Accessories & Materials were affected by macroeconomic pressures and retail inventory rightsizing
- International revenue declined (11%) YoY, but increased as a % of overall revenue, from 12.0% to 15.6%

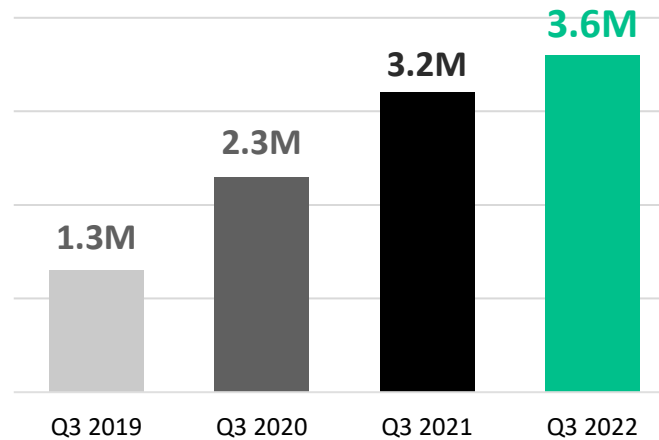


48% of users cut projects in Q3

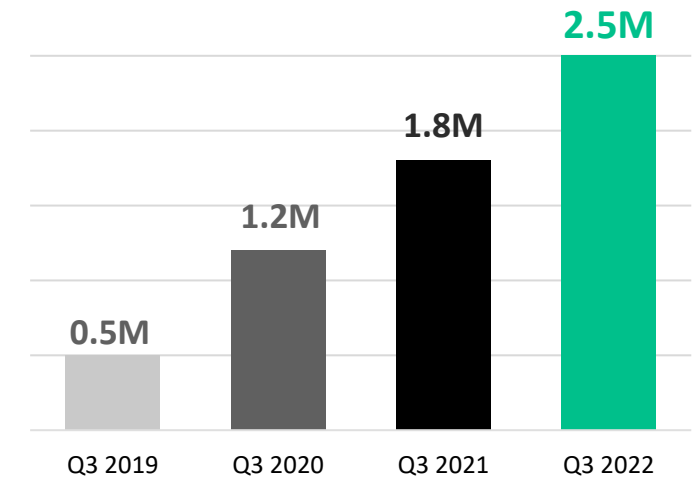
Users



Engaged Users*



Paid Subscribers

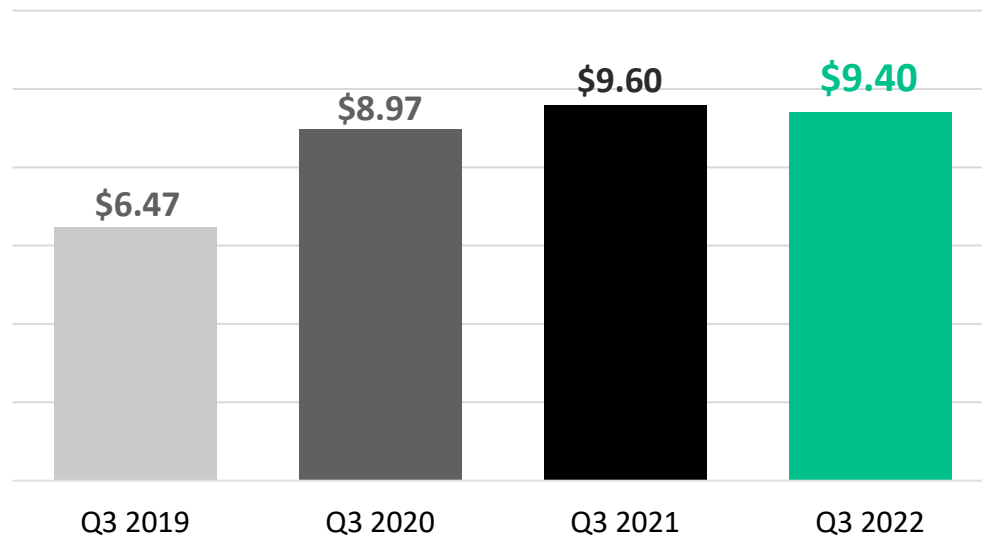


*Number of users cutting on their connected machines in the trailing 90 days as of each quarter end.

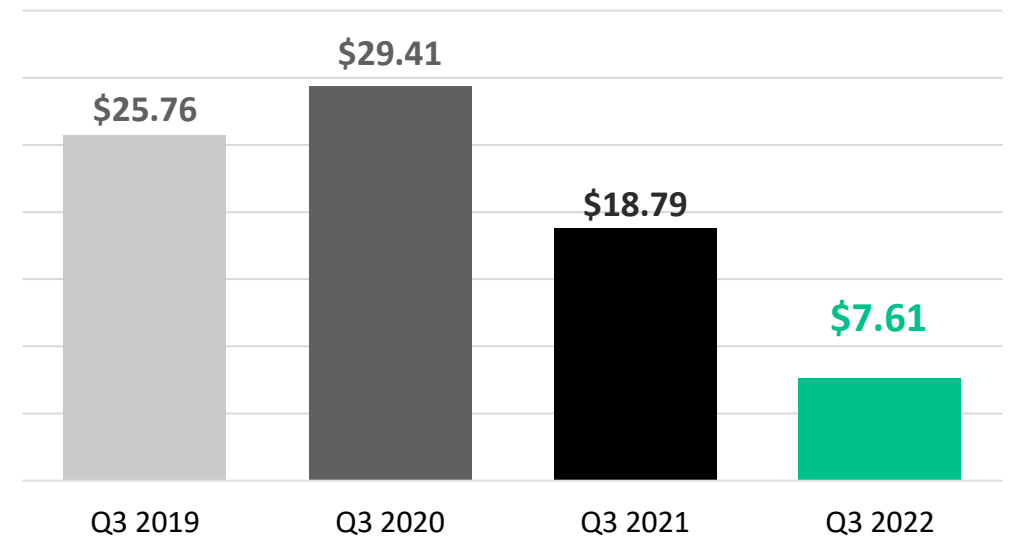
User monetization



Subscriptions ARPU*



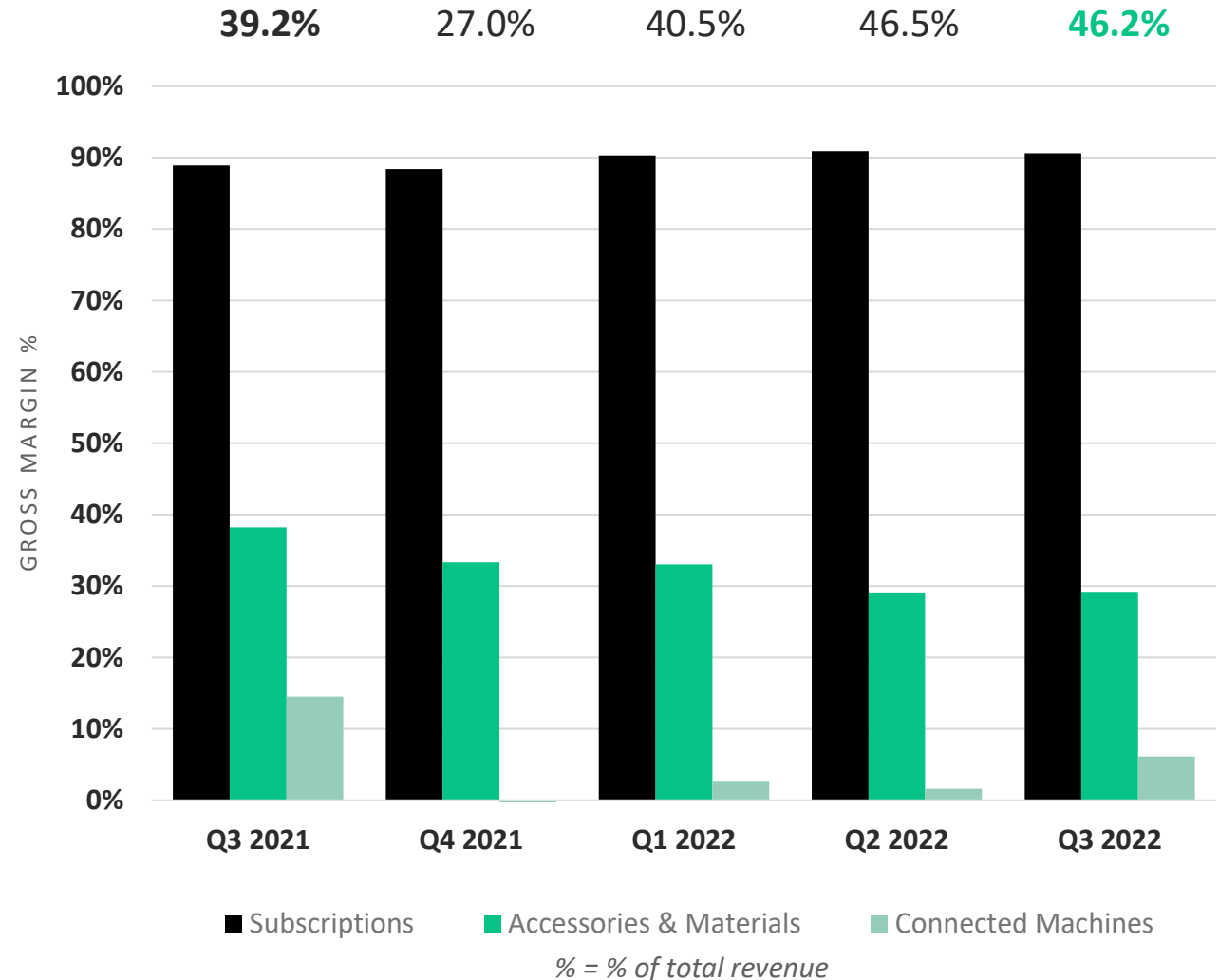
Accessories & Materials ARPU*



* ARPU = Average Revenue Per User

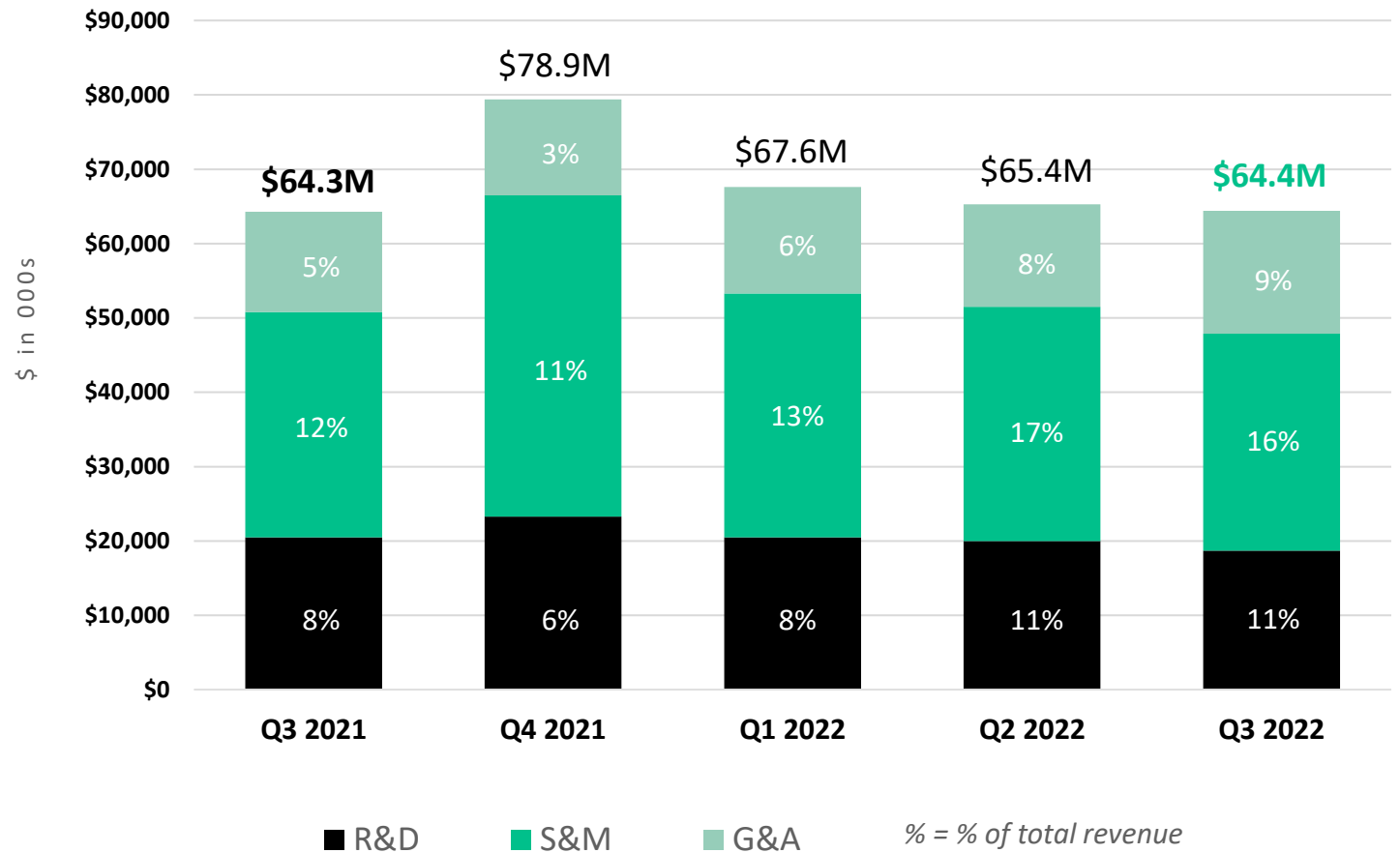
Gross margin

- Gross margin increase year-over-year reflects the benefit of our diverse revenue stream
- Connected machine margins improved sequentially from Q2 2022 to Q3 2022, benefiting from product mix within the category
- Accessories and materials essentially flat sequentially, but down year-over year, reflecting additional promotional activity as we focus on market share and price competitiveness
- Subscription gross profit represented more than three quarters of total gross profit dollars in Q3 2022



Operating expense

- Balancing focused investments for long-term growth with short-term profitability
- Investments funded by strong balance sheet and cash generation

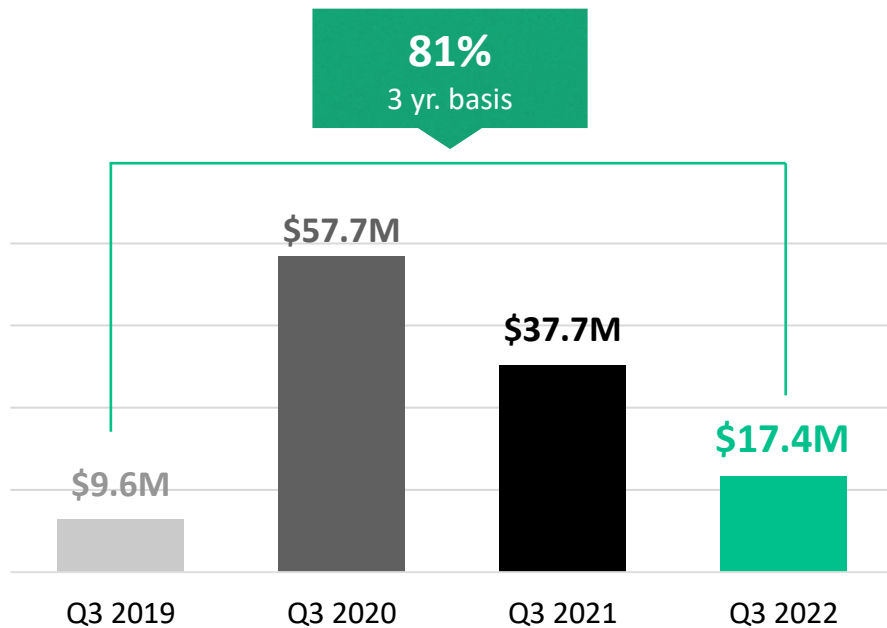


Sustained profitability

\$ Operating Income

81%

3 yr. basis



Operating Margins

8.5%

27.6%

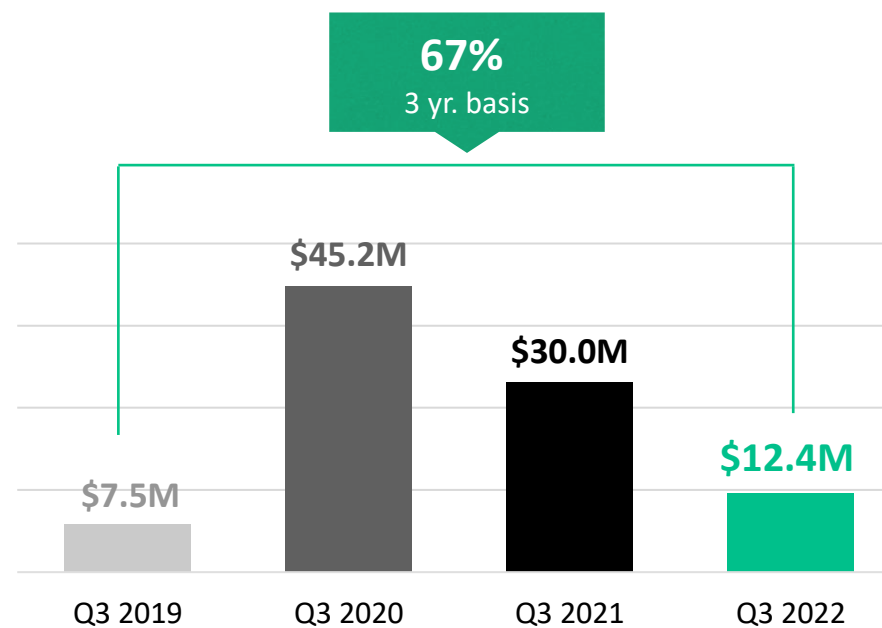
14.5%

9.8%

\$ Net Income

67%

3 yr. basis



Net Income Margins

6.6%

21.6%

11.5%

7.0%



Balance Sheet and Cash Flow highlights



Cash, equivalents as of
9/30/22

\$198.0M

Cash, cash equivalents, marketable securities

\$300.0M

Untapped credit line



Cash Flow generated from
Operations 9/30/22 YTD

\$630K

vs (\$131.8M) cash used PY YTD

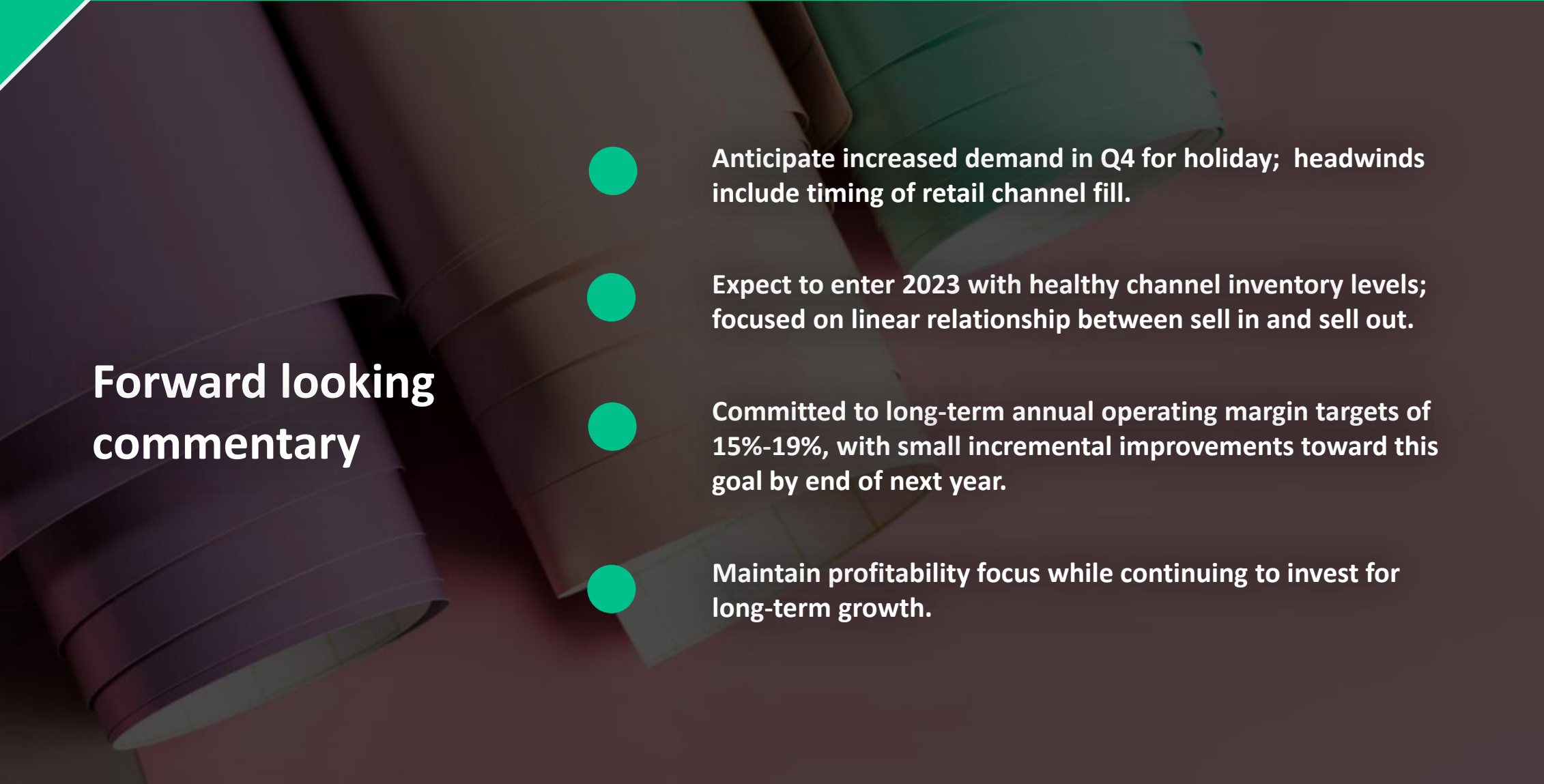


Share Repurchase
Program

Used

\$10.0M

to purchase 1.38M shares



Forward looking commentary

- Anticipate increased demand in Q4 for holiday; headwinds include timing of retail channel fill.
- Expect to enter 2023 with healthy channel inventory levels; focused on linear relationship between sell in and sell out.
- Committed to long-term annual operating margin targets of 15%-19%, with small incremental improvements toward this goal by end of next year.
- Maintain profitability focus while continuing to invest for long-term growth.

Let's make.





Appendix

Long-term target model

As % of Revenue	FY19	FY20	FY21	Long-Term Targets
Gross Margin	29%	35%	35%	37 - 38%
R&D Expense	5%	4%	6%	7 - 8%
S&M Expense	8%	7%	10%	8 - 10%
G&A Expense	5%	3%	4%	3 - 4%
Operating Margin	11%	21%	15%	15 - 19%