

NASDAQ : CRCT

# Financial Results

Q4 2022 and FY 2022  
March 7, 2023

cricut®

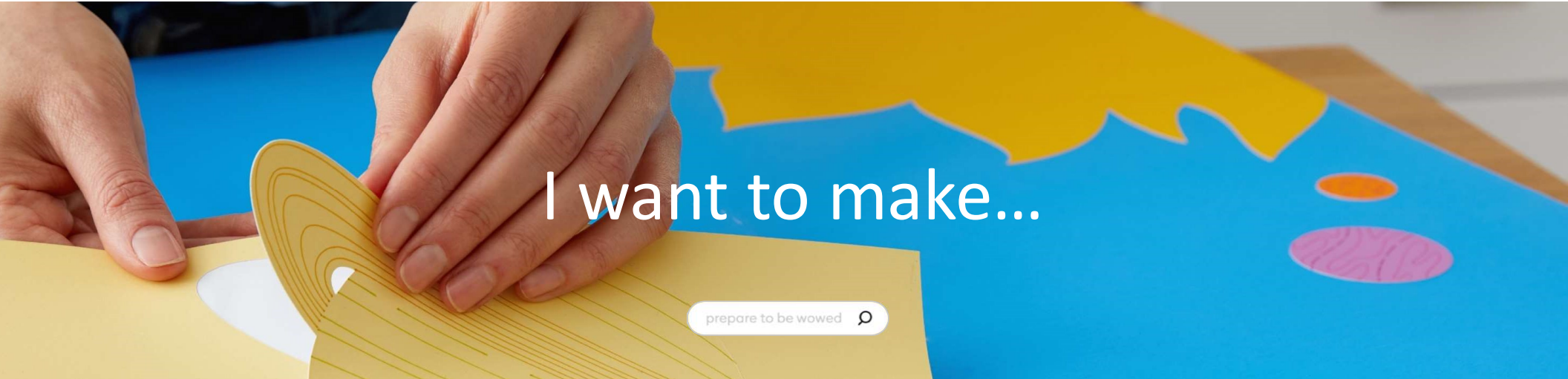


## Safe Harbor Statement

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 🔍

Apparel & Accessories

Cards

Décor

Everyday Items

Flowers

From idea to I did it.

cricut®

School Supplies

Mugs & Drinkware

Gifts

Stickers & Labels

Parties



# 2022 business highlights



## User Base Growth

- 7.9M total users
- 1.5M users added in 2022



## Subscriptions Growth

- 2.6M subscribers, up 28%
- Revenue up 32% YoY



## User Engagement

- Engaged users up 6% YoY
- Increased user interactions with new touchpoints & enhancements



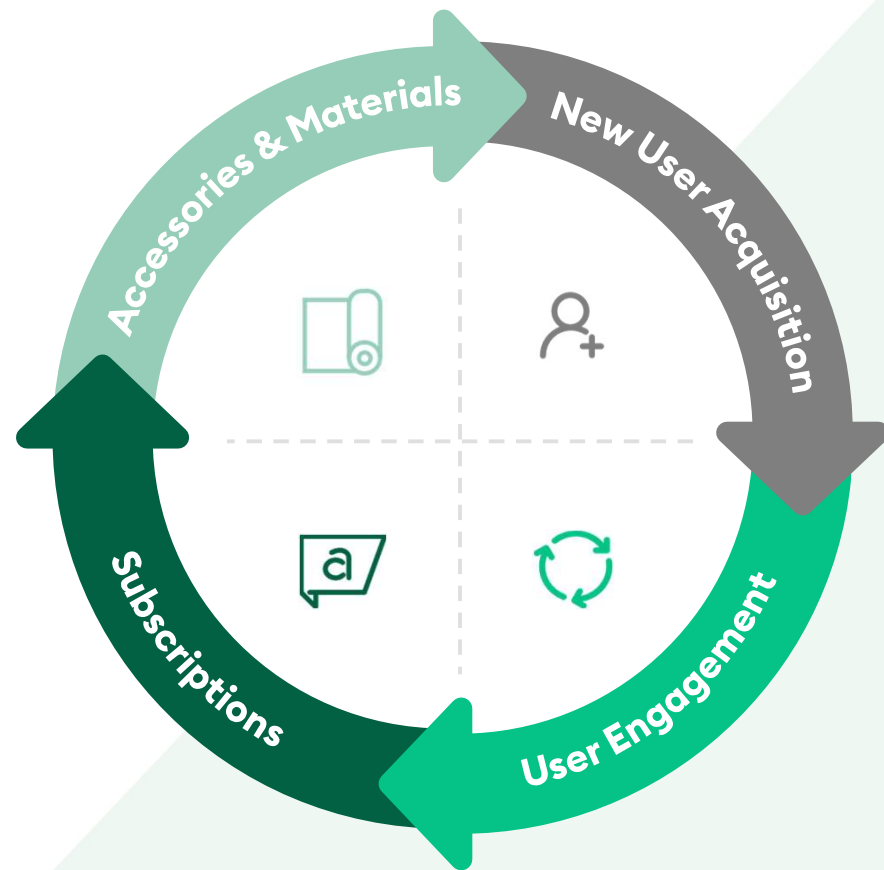
## Fiscally Disciplined

- \$60.7M net income
- 6 consecutive years of net income profitability
- Generated \$117.7M in cash from operations



## 2023 priorities

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





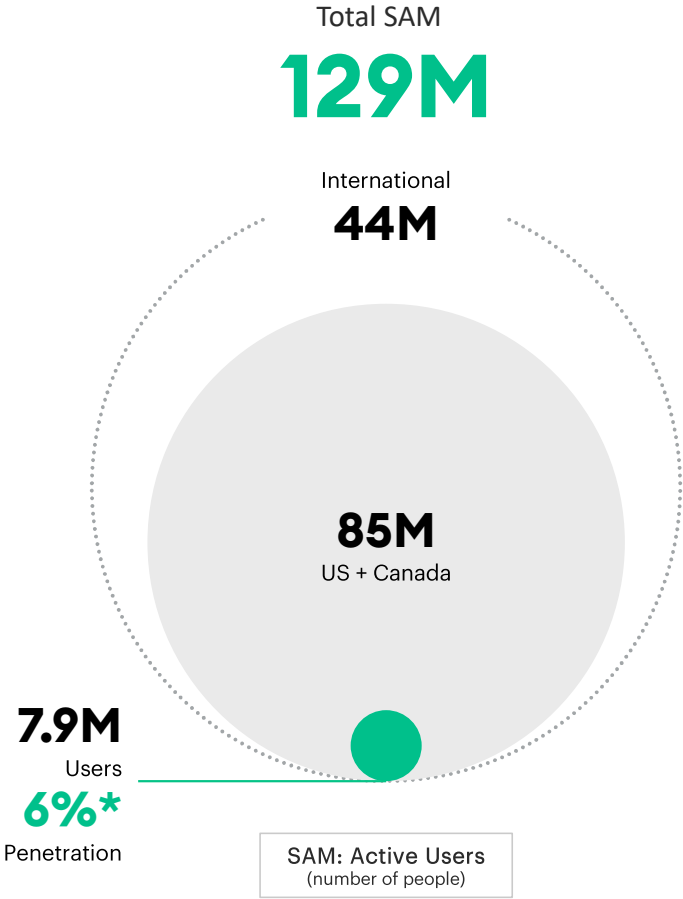
# New user acquisition

## International growth key priority

- Launched in 5 new markets in 2022
- Available in 50+ countries

## Reaching a broader U.S. demographic

- Nearly 50% of new users identify as beginner crafters; yet engage the same as more experienced users
- Acquiring Gen Z and Millennials



\*Some users drawn from outside SAM



# Strong network effects and streamlined audience targeting

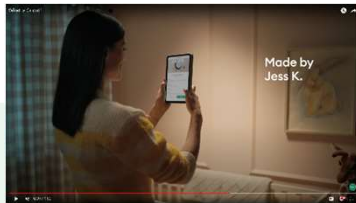
**6.1M** Social media followers

**8.5B** Views on top 5 Cricut hashtags

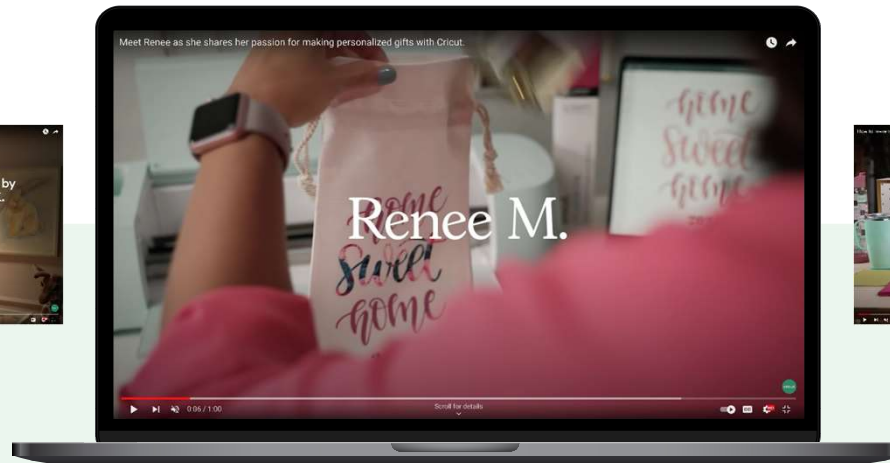
#cricut #cricutprojects #cricuthacks #cricutmaker #cricutmade



What is Cricut? (15s)



What is Cricut? (60s)



Meet Renee as she shares her passion for making personalized gifts with Cricut



How to make vinyl decals with Cricut






From Idea to I-Did-It






## Compare Cricut® cutting machines.

Select machines to compare below.

|  |  |   |
|--|--|---|
| <p>Cricut Joy™</p>  <p>Our most compact machine for fun and functional everyday projects like custom cards, simple decals &amp; labels to organize anything and everything.</p> <p>\$179.99</p> <p>Shop Now</p> | <p>Cricut Explore® 3</p>  <p>For the crafter looking to make popular projects like custom apparel, home decor &amp; more. You can even make festive banners up to 12 feet long.</p> <p>\$279.99</p> <p>Shop Now</p> | <p>Cricut Maker® 3</p>  <p>With more power &amp; tools, on top of custom cards, stickers &amp; big banners up to 12 feet, you can cut fabrics, engrave metal, deboss leather &amp; so much more.</p> <p>\$399.99</p> <p>Shop Now</p> |
|--|--|---|

### Project Possibilities

|   |   |  |
|---|---|--|
|  <p><b>Small vinyl decals</b><br/>Cut vinyl to customize everyday items</p> <p>1/6</p> <ul style="list-style-type: none"> <li>✓ Vinyl decals</li> <li>✓ Written labels</li> <li>✓ Cards</li> <li>✓ Gift tags</li> <li>✓ Custom mugs</li> <li>✗ Full-color stickers</li> <li>✗ Personalized apparel</li> <li>✗ Banners</li> <li>✗ Gift boxes</li> </ul> |  <p><b>Large vinyl decals</b><br/>Cut vinyl for signs &amp; home decor</p> <p>1/12</p> <ul style="list-style-type: none"> <li>✓ Vinyl decals</li> <li>✓ Written labels</li> <li>✓ Cards</li> <li>✓ Gift tags</li> <li>✓ Custom mugs</li> <li>✓ Full-color stickers</li> <li>✓ Personalized apparel</li> <li>✓ Banners</li> <li>✓ Gift boxes</li> </ul> |  <p><b>Gift boxes</b><br/>Cut, score &amp; foil cardstock to make gifts</p> <p>1/15</p> <ul style="list-style-type: none"> <li>✓ Vinyl decals</li> <li>✓ Written labels</li> <li>✓ Cards</li> <li>✓ Gift tags</li> <li>✓ Custom mugs</li> <li>✓ Full-color stickers</li> <li>✓ Personalized apparel</li> <li>✓ Banners</li> <li>✓ Gift boxes</li> </ul> |
|---|---|--|

From idea to I-did-it, here's how it works:

#### 1. Get inspired.

Design your idea from scratch or find inspiration in the Cricut design library.



#### 2. Make it yours.

Add a name or a note, experiment with colors, fonts effects & more – whatever makes your creative heart sing.



#### 3. Cut your design.

Let your Cricut machine work its magic, cutting every piece of your project with intricacy & precision.



#### 4. Put it all together.



## Simplifying the purchase journey

- Streamlined buy-flow
- New homepage
- New tools for product comparisons

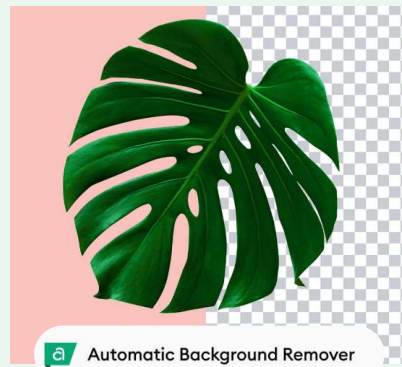
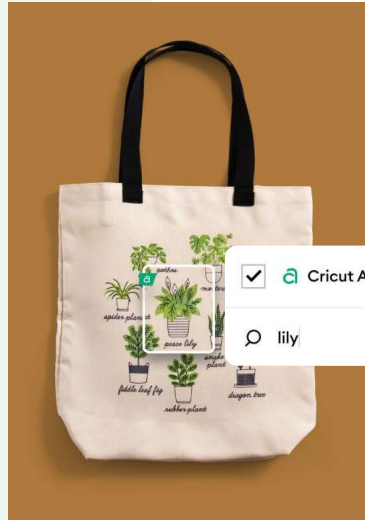
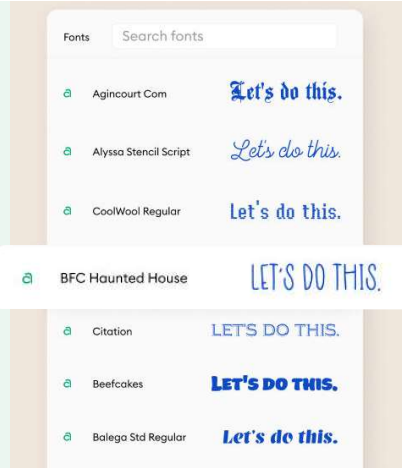
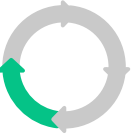


# Driving engagement

## Engagement is more than just cutting

- 50%+ of unique users cut on our platform in Q4, number of engaged users up 6% YoY
- Promising initial results from onboarding journey
- New, dedicated senior leadership
- Over 150 million total bookmarks within Design Space



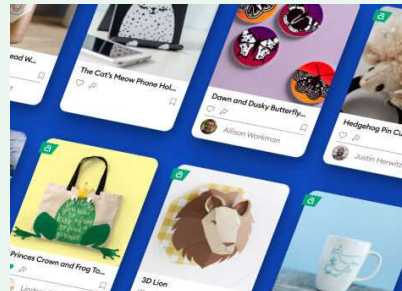


**All the perks of Cricut Access™, free for 30 days.**

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

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



# Focus on subscriptions

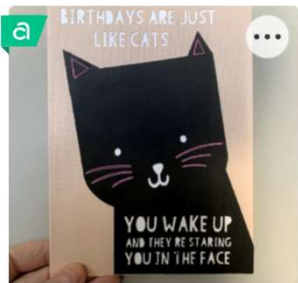
**2.6M** Paid subscribers  
28% increase YoY

- Benefiting from investments over the last 12-18 months
- Additional merchandising touchpoints within the User engagement journey
- Improvement in mix of Annual vs. Monthly Paid Subscribers

# Cricut Access and community features

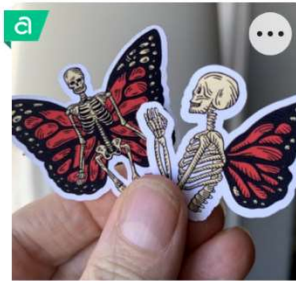
7.3K

45.2K



Birthdays Are Like Cats Card

517



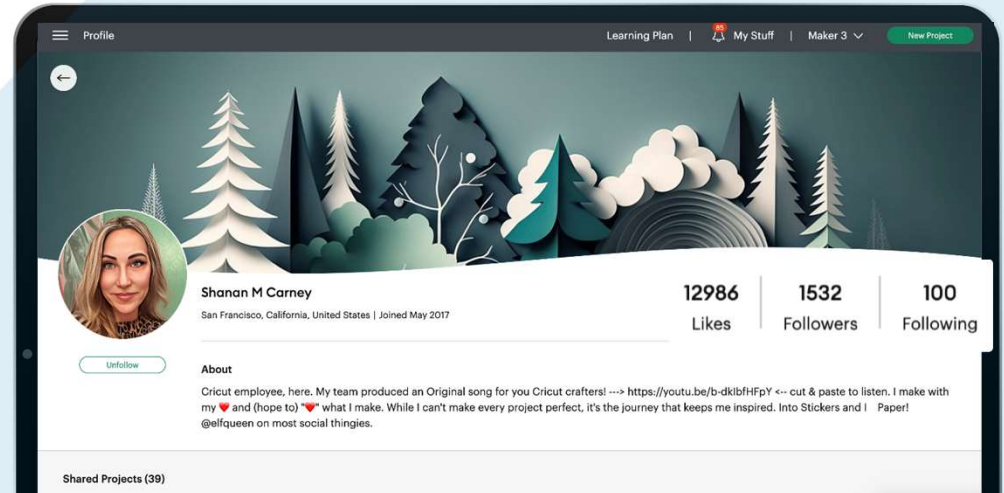
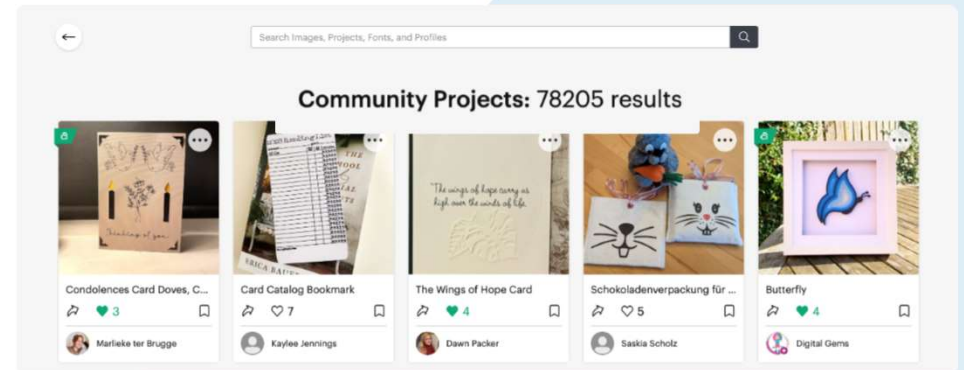
Dia de los Muertos (Day of th...

440



Moon & Back Baby Blanket

3K





## Reengineering the accessories and materials business over the next 2 years

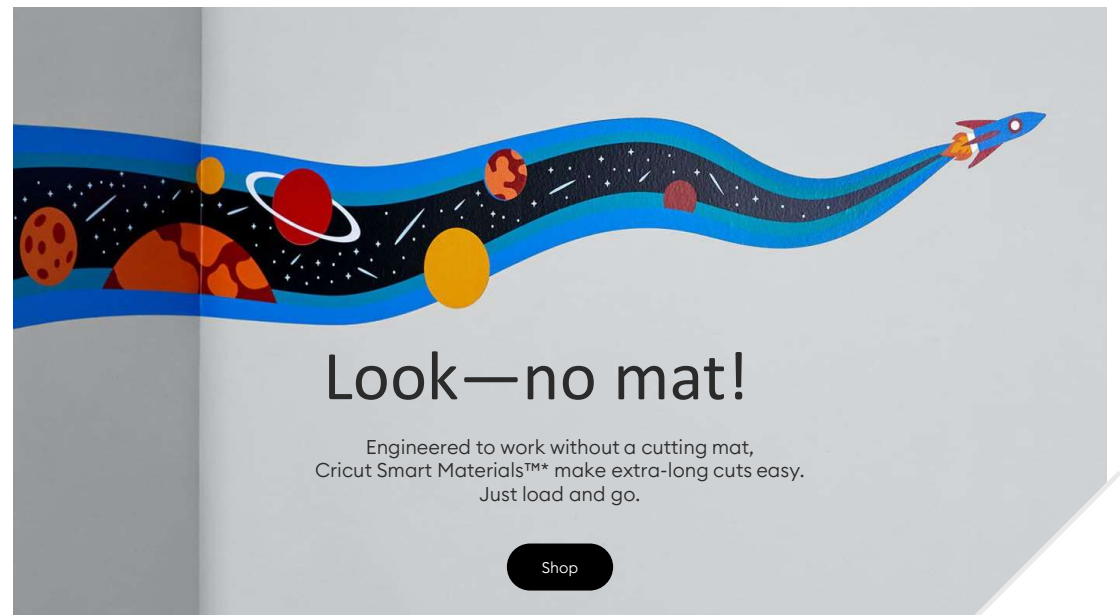
### Addressing price sensitivity

- Differentiated product configurations
- Analytical approach to our promotional strategy
- Driving cost reductions and supply chain efficiencies

### New machine bundle configurations

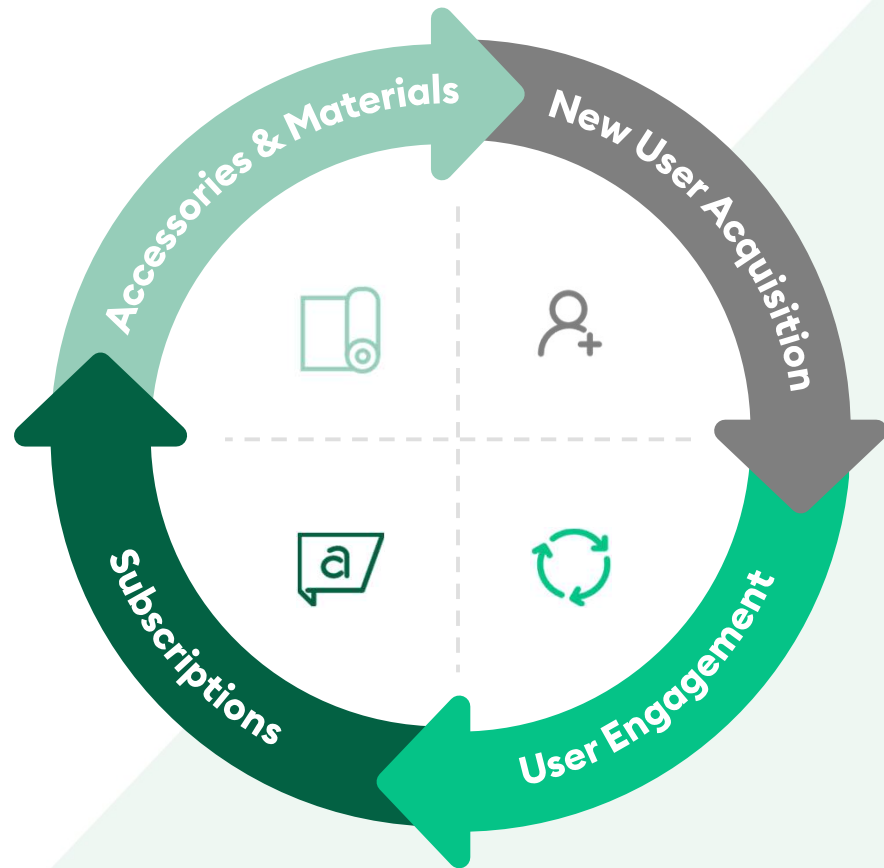
- Retail and ecommerce

### Improving engagement



## Opportunity for continued long-term growth

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







# Financial Results



## Full year 2022 financial highlights

### Revenue

**\$886.3M**

**-32.1%**

YoY Decrease

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

**\$80.0M**

**9.0%**

Of Total Revenue

### Net Income

**\$60.7M**

**6.8%**

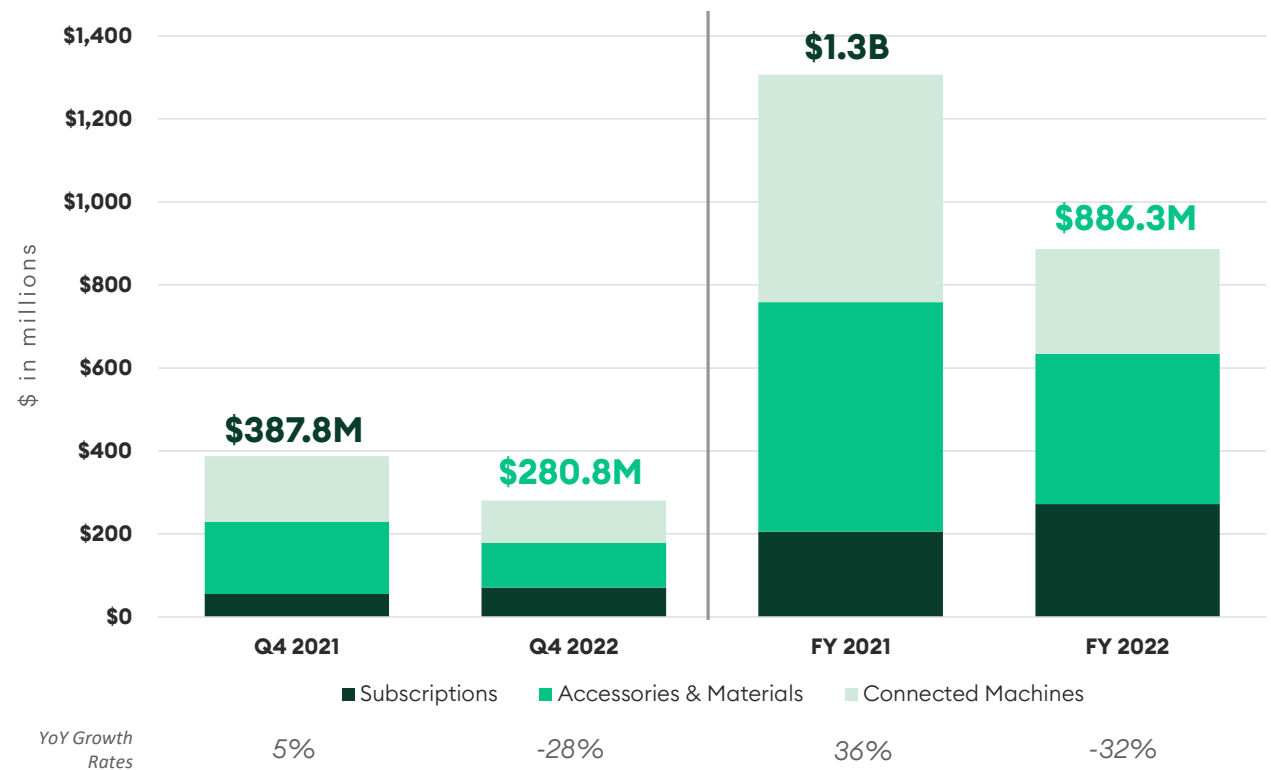
Of Total Revenue

**Did you know?** 2022 was our 6<sup>th</sup> consecutive year of GAAP profitability

1. FY 2022 Operating Income includes \$41.1 million of stock-based compensation expense.

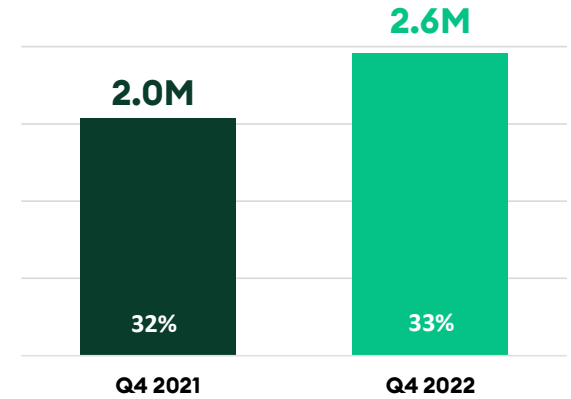
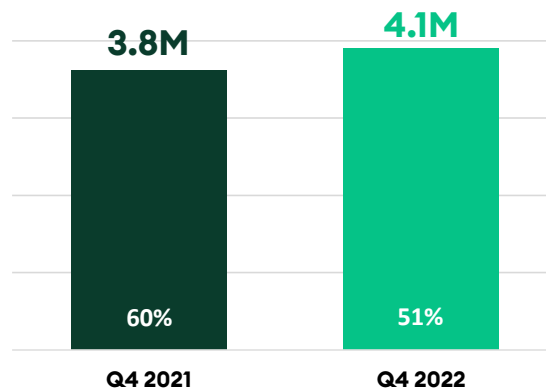
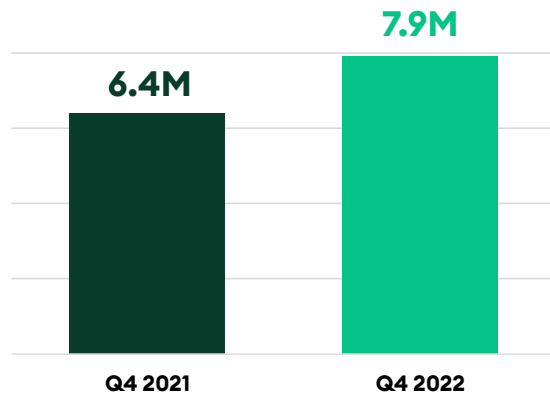
# Revenue breakdown

- Connected Machine revenue in Q4 declined **35%** YoY and **54%** on a full year basis
- Subscription revenue in Q4 grew **28%** YoY and **32%** on a full year basis
- Accessories & Materials revenue in Q4 declined **38%** YoY and **35%** on a full year basis
- International revenue in Q4 declined **3%** YoY and **4%** on a full year basis



# Growing user base

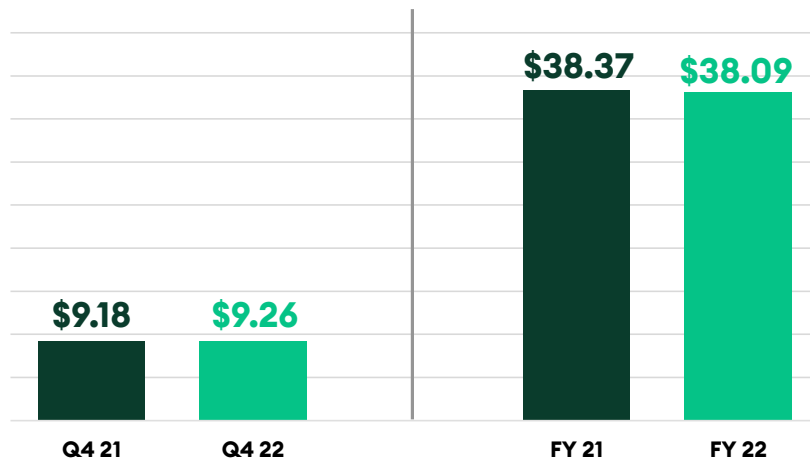
**Did you know?** As of the end of 2022, 74% of Users have used their connected machine within the prior 365 days



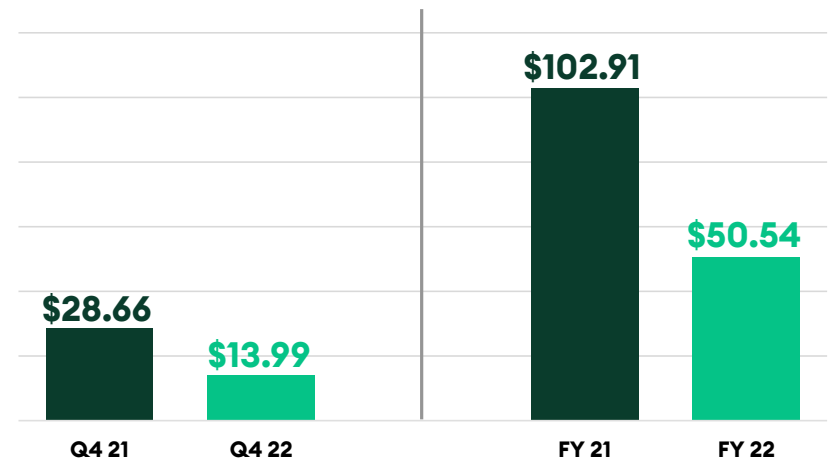
1. Number and percentage of users creating on their connected machines in the trailing 90 days as of each quarter end. 2. Paid subscriber attach rate = percentage of total users that were paid subscribers to Cricut Access or Cricut Access Premium as of quarter end.

# User monetization

## Subscriptions ARPU<sup>1</sup>



## Accessories & Materials ARPU<sup>1</sup>



1. ARPU = Average Revenue Per User



# Gross margin

## Contributing Factors

### Q4 2022

- Q4 seasonal pressure due to increased revenue contribution from connected machines

### Connected Machine Margins

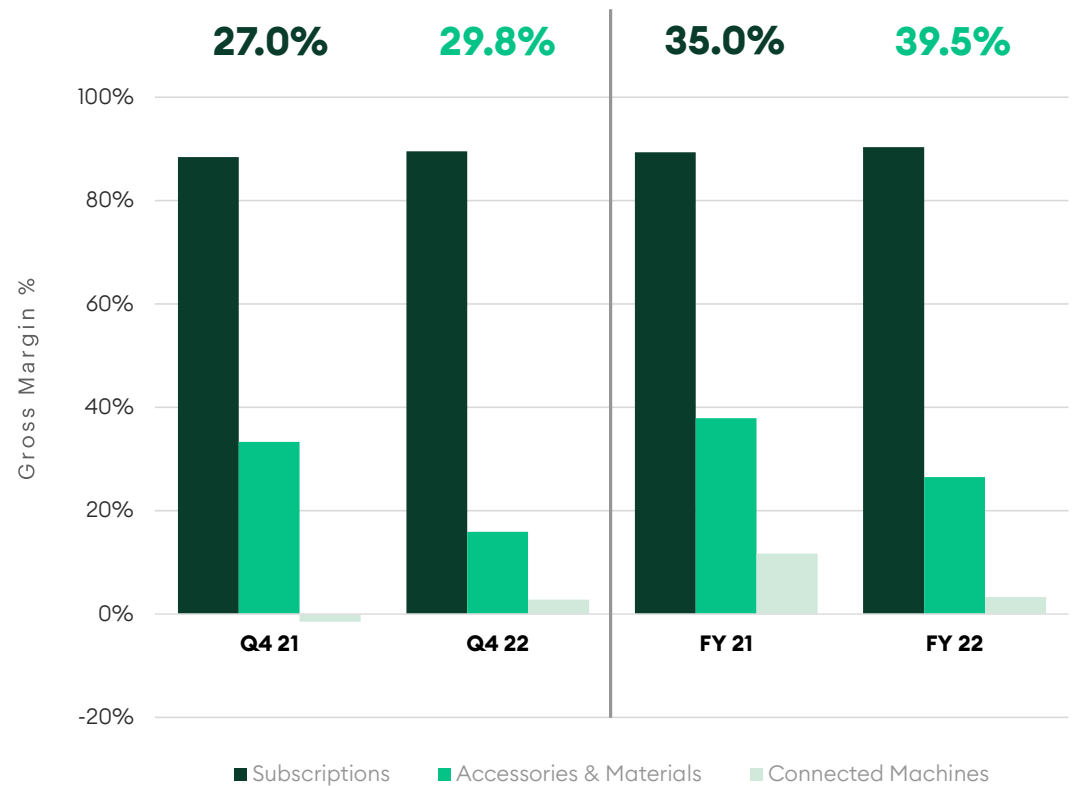
- Impacted by higher fixed costs as a percentage of revenue in warehousing and operations expense

### Accessories & Materials Margins

- Impacted by increased promotions as well as fixed operating costs amortized over lower volumes for both the quarter and FY

### 2023

- Decreasing inventory levels and fixed costs on warehousing and operations will continue to put pressure on margins
- Accessories & Materials will also see pressure from promotions and excess inventory reserves for materials



# Prioritized investments to drive growth

## Managed with disciplined and flexible approach

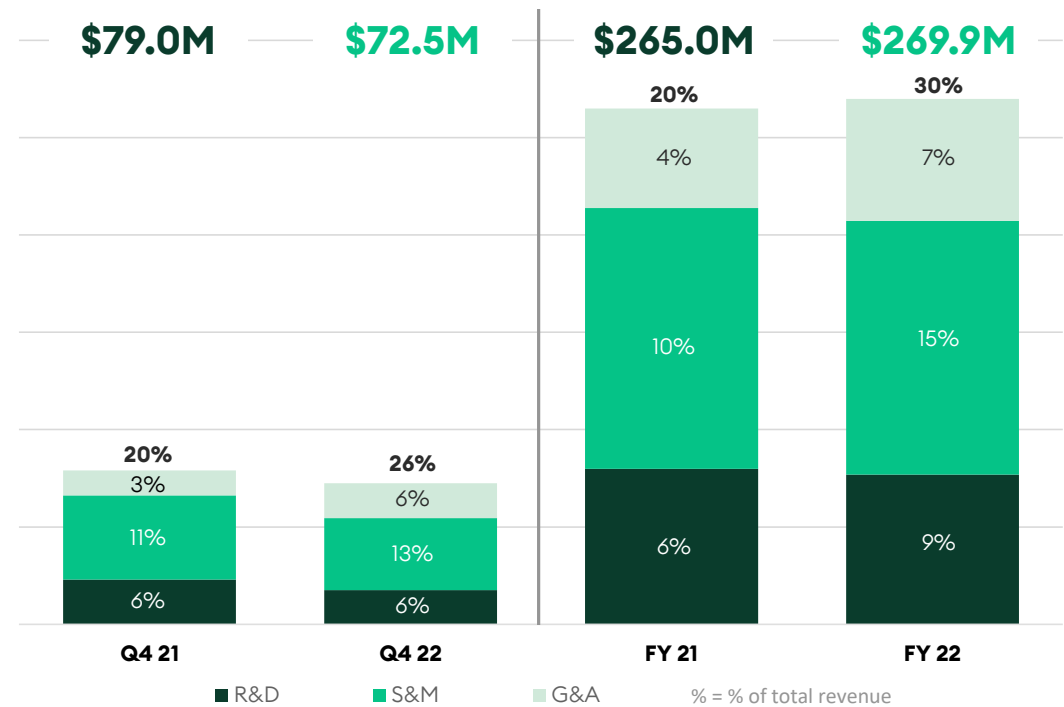
- In March of 2022, we reprioritized investments as consumer spend started to soften

## Eliminated \$50M in planned spend

## Investments for future growth in...

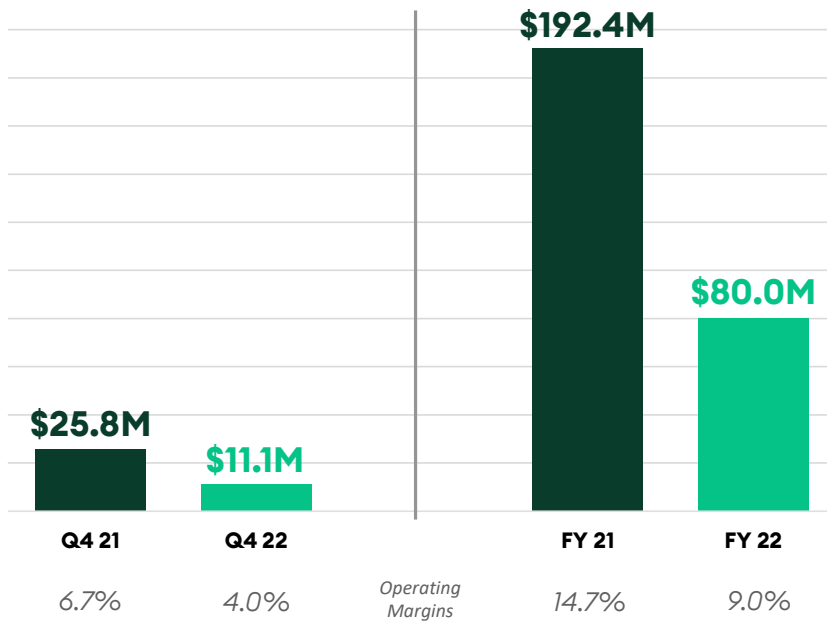
- International Expansion
- New Product Development
- Software
- Subscriptions

## \$ Operating Expense

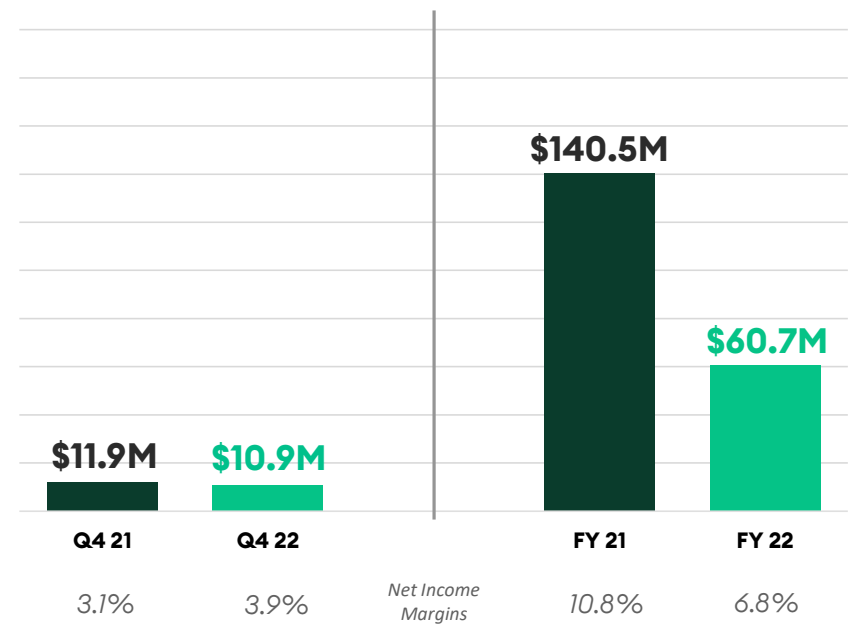


# Operating Income and Net Income

## \$ Operating Income



## \$ Net Income



# Balance Sheet and Cash Flow highlights



**Cash, equivalents  
as of 12/31/22**

**\$299.2M**

Cash, cash equivalents, marketable securities

**\$300.0M**

Untapped credit line



**Cash Flow generated  
from Operations  
12/31/22 YTD**

**\$117.7M**

vs (\$104.9M) cash used PY YTD



**Share Repurchase  
Program & Dividend**

Used

**\$18.5M**

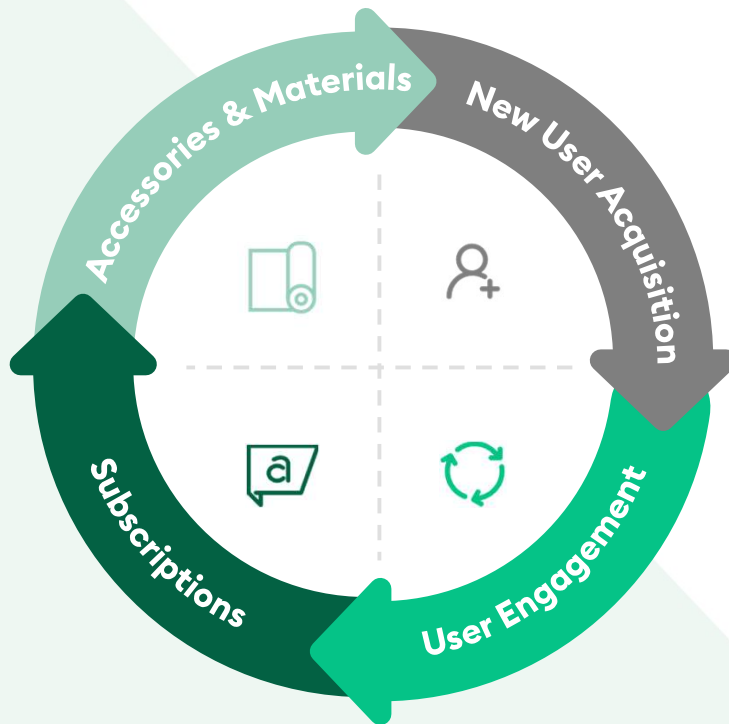
to purchase 2.35M shares

**\$76.9M<sup>1</sup>**

for special dividend in Q1 23

1. We expect to pay a total of \$76.9 million in cash dividends, of which \$75.3 million was paid on February 15, 2023 while the remainder will be paid upon vesting of the restricted shares.

## Forward looking commentary



- Anticipate Q1 2023 revenue to decline YoY% but expect comps to improve starting in Q2.
- Entered 2023 with healthier channel inventory levels and expect revenue to be more directly linked to consumer demand.
- Committed to long-term annual operating margin targets of 15%-19%, with small incremental improvements toward this goal by end of this year.
- Maintain profitability focus while continuing to invest for long-term growth.



Let's make.



## Long-term target model

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