

NASDAQ : CRCT

Financial Results

Q1 2024
May 7, 2024

cricut[®]

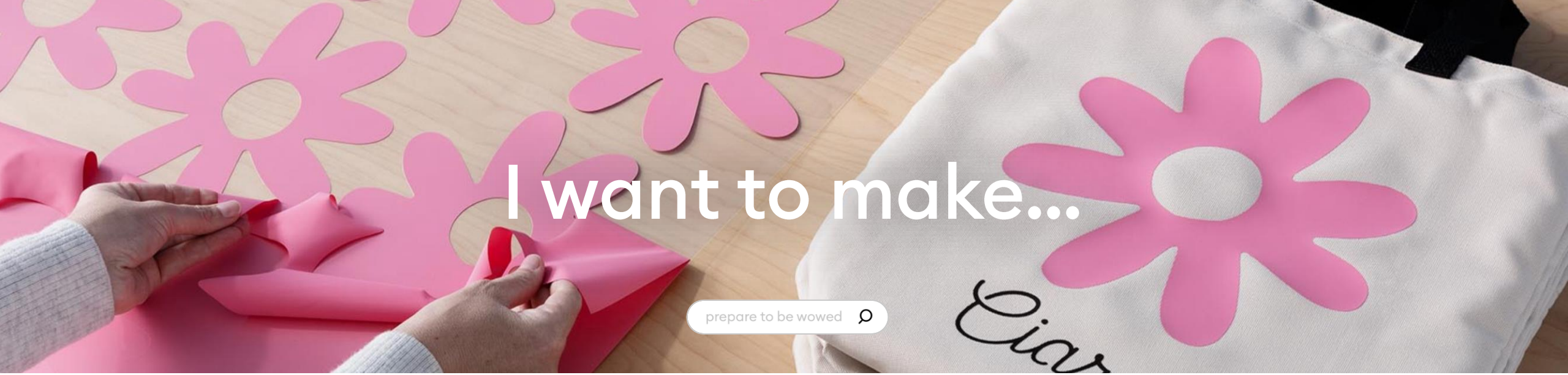


Safe Harbor Statement

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, capital allocation plans, 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-K or 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 🔍



Everyday Items



Cards



Décor




Apparel & Accessories



Back to School


From idea to I did it.



cricut®



Flowers



Parties



Gifts



Stickers & Labels



Mugs & Drinkware

Q1 Highlights



Profitability and Capital Allocation

- Operating margin up 139% or \$15M
- 3 new board-approved capital allocations



Subscriptions Growth

- Almost 2.8M Paid Subscribers, up 3% YOY



Platform revenue increase; Products revenue decrease

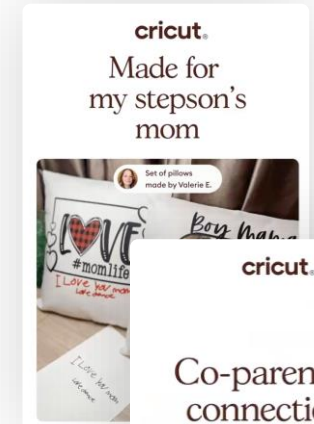
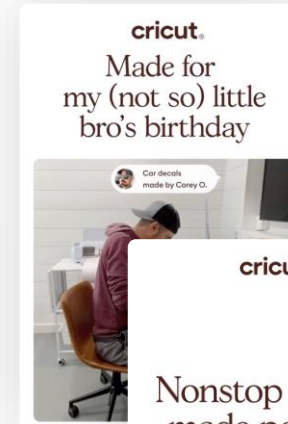
- Connected machines positive unit growth YOY
- Accessories and materials declined YOY
- Increasing marketing to drive excitement, sales and acquisition



Growth opportunities as the category leader

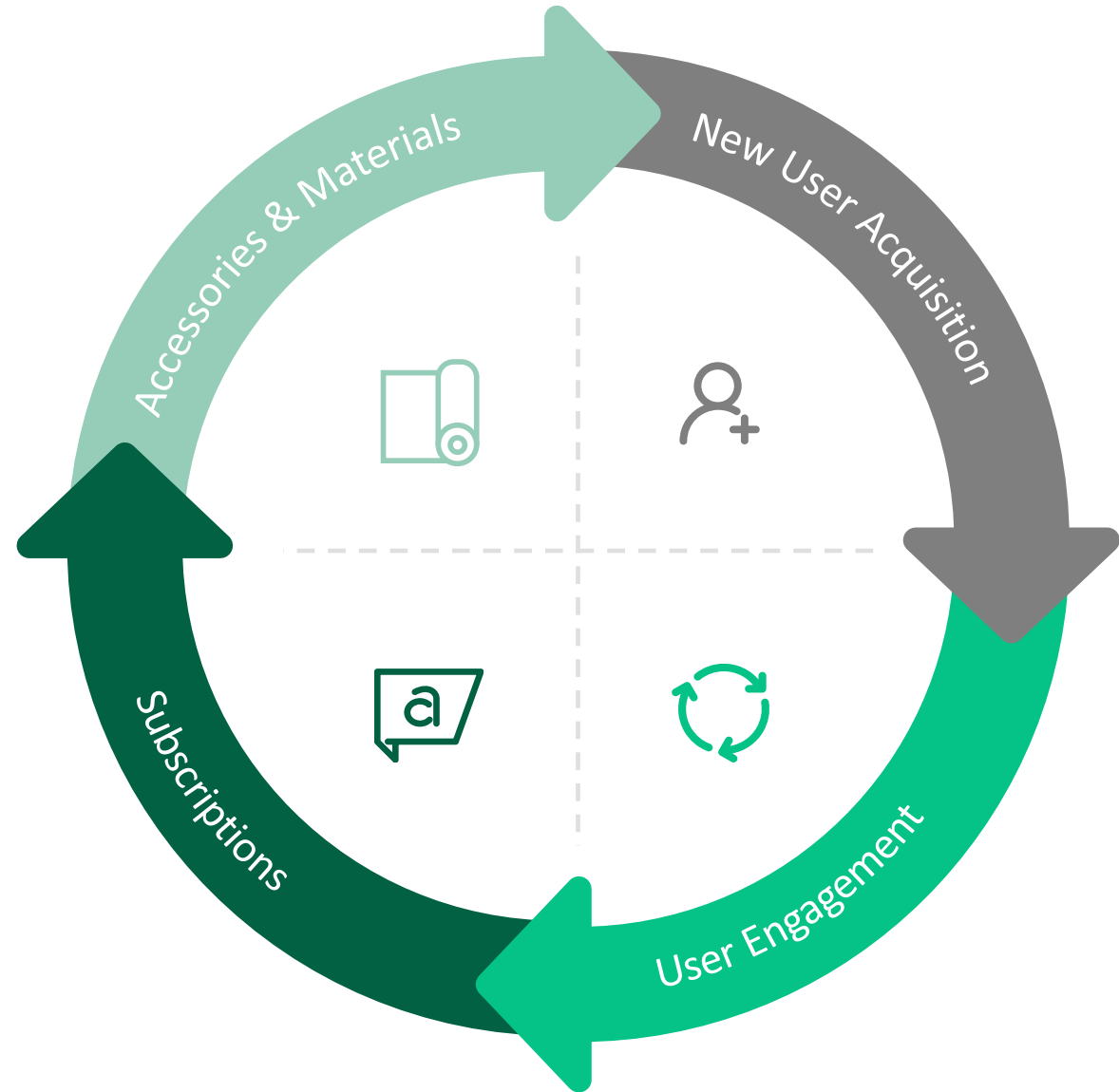
Clear opportunities to reaccelerate consumer excitement for the brand and category

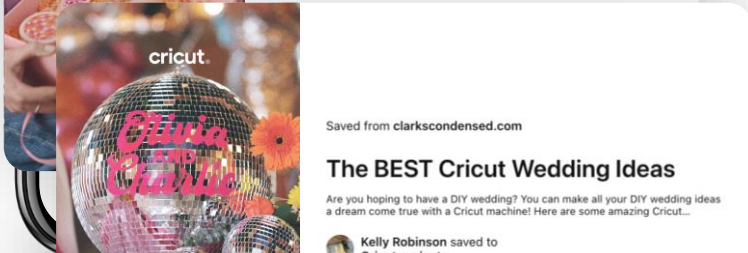
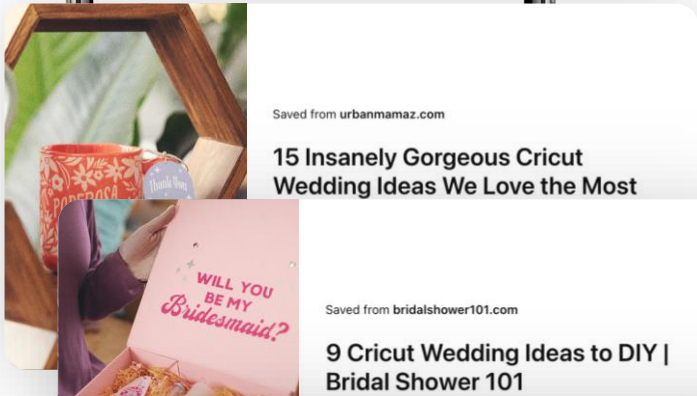
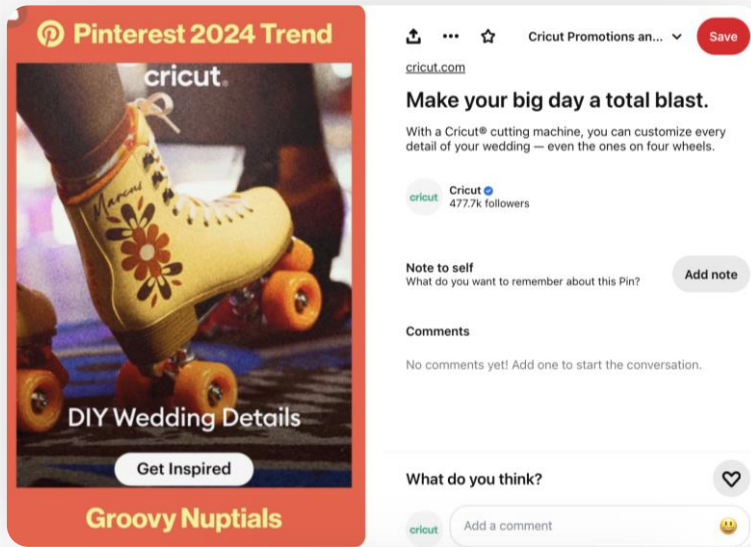
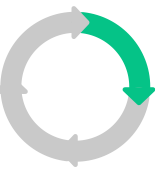
- Attract more new users to buy connected machines
- Reverse weakening engagement trends
- Re-inject enthusiasm among our users
- More effective competitors in accessories and materials



2024 priorities

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





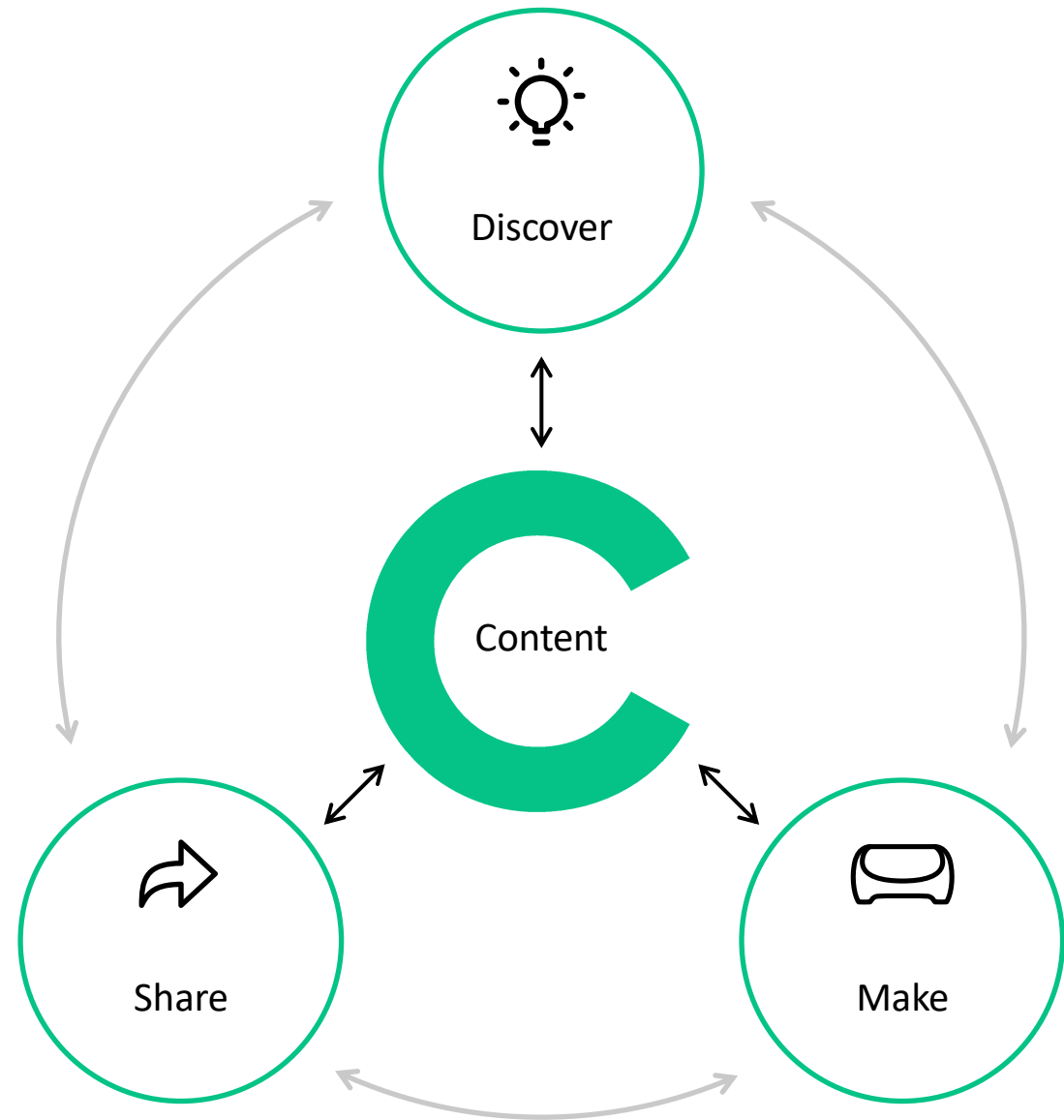
Focus on new users

- 5.95M Active Users, up slightly YOY
- Healthy funnel continues
- Increased investment in marketing efforts
- Successful focused marketing for target user demographic

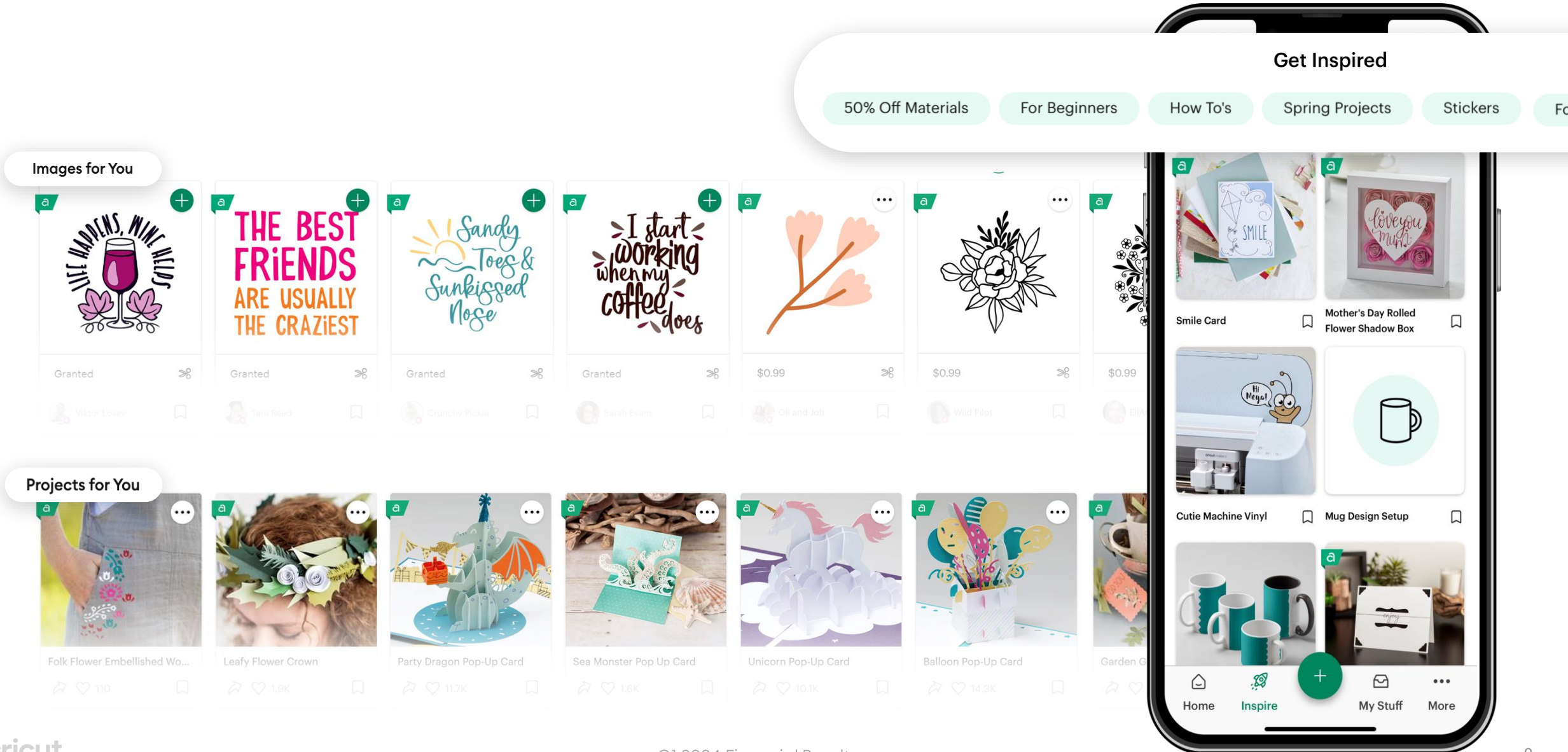
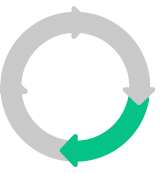
Discover → Make → Share

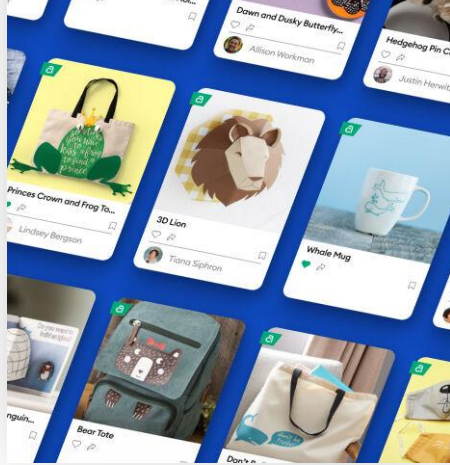
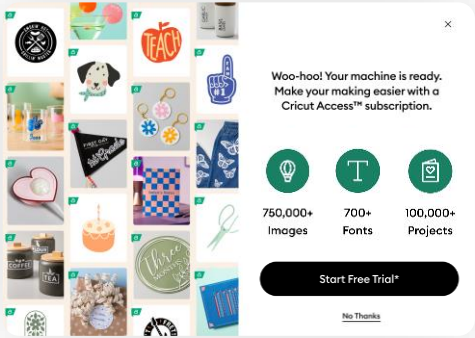
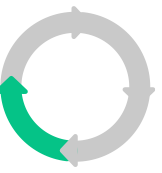
Engagement is more than cutting

- 3.5M 90-Day Engaged Users in Q1, down 5% YoY
- Continued focus on maximizing engagement with Onboarders and Access Subscribers
- Increasing our understanding of user challenges and already seeing an improvement
- Improved onboarding experience
- Artificial intelligence and machine learning helping to improve discover and make efforts

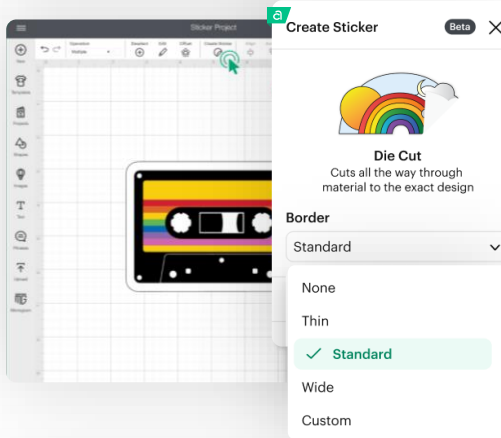
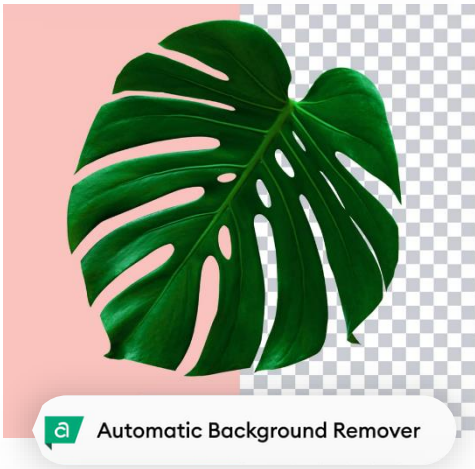


Embracing and Using Artificial Intelligence (AI)





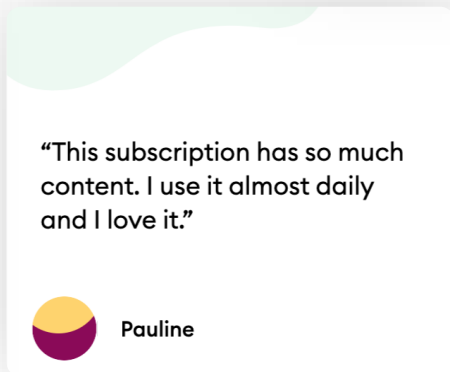
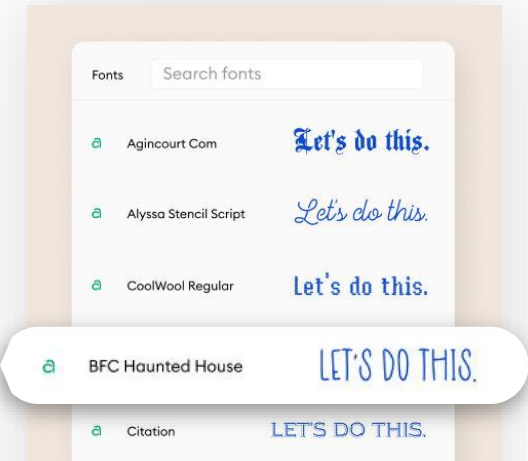
Subscriptions increase in line with expectations



~2.8M

Paid subscribers
↑ 3% YoY

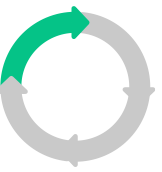
- Paid subscribers in line with expectation and we retain positive outlook despite quarterly fluctuations
- Roadmap includes premium design tools and content strategies that make it compelling to become a subscriber
- As acquisition and engagement efforts bear fruit, we expect to see a boost to subscriptions



Accessories & Materials

Continued transformation through innovation and investments

- Launched Cricut Value Materials online
- Reengineering products that prioritize affordability and that work seamlessly with our machines
- Continued promotional cadence
- Intense focus on overall customer experience and generating renewed excitement

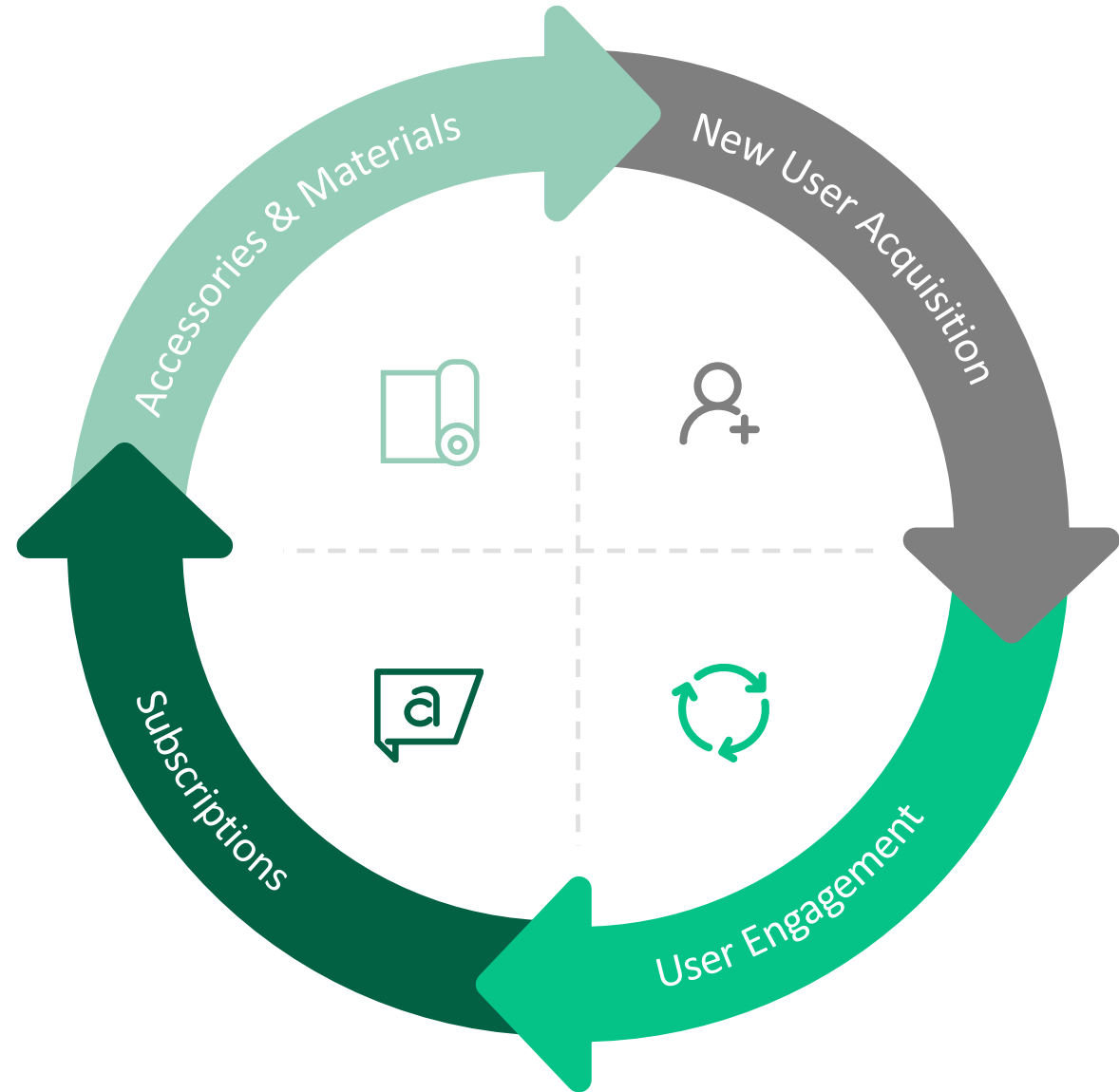


Cricut® Value Vinyl

 Dishwasher friendly*	 Easy to weed & apply	 Frustration-free mat experience	 Permanent yet removes without residue
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Focused on continued long-term growth



Financial Results



Capital Allocation Update



 One-time dividend

\$0.40
per share*

 Recurring semi-annual dividend

\$0.10
per share*

 New

\$50M
stock repurchase program

* Both dividends are payable on July 19, 2024 for shareholders of record on July 2, 2024.

Key Performance Indicators (KPIs)

Active Users → We define Active Users as registered users of at least one registered connected machine who have utilized their connected machine to create a project in the last 365 days. One user may own multiple registered connected machines but is only counted once if that user registers those connected machines by using the same email address. If possession of a connected machine is transferred to a new owner and registered by that new owner, the new owner is added to the total Active Users and the prior owner is removed from the total Active Users if the prior owner does not own any other registered connected machines. Active Users is a key indicator of the health of our business, because changes in the number of Active Users excludes non-users to better represent opportunities for us to drive additional platform and accessories and materials revenue.

90-Day Engaged Users → We define 90-Day Engaged Users as registered users of at least one registered connected machine who have utilized their connected machine to create a project in the last 90 days. One user may own multiple registered connected machines but is only counted once if that user registers those connected machines by using the same email address. If possession of a connected machine is transferred to a new owner and registered by that new owner, the new owner is added to the total 90-Day Engaged Users and the prior owner is removed from the total 90-Day Engaged Users if the prior owner does not own any other registered connected machines. 90-Day Engaged Users excludes non-users to better represent opportunities for us to drive additional platform and accessories and materials revenue.

Paid Subscribers → We define Paid Subscribers as the number of users with a subscription to Cricut Access or Cricut Access Premium, excluding cancelled, unpaid or free trial subscriptions, as of the end of a period. Paid Subscribers is a key metric to track growth in our Platform revenue and potential leverage in our gross margin.

Platform ARPU → We define Platform ARPU as Platform revenue in a 12-month period divided by Active Users. Platform ARPU allows us to forecast Platform revenue over time and is an indicator of our ability to expand with users and of user engagement with our subscription offerings.

Q1 2024 financial highlights

Revenue

\$167.4M

-8%

YoY Decrease

Operating Income¹

\$25.2M

139%

YoY Increase

15.1%

of Total Revenue

Net Income

\$19.6M

116%

YoY Increase

11.7%

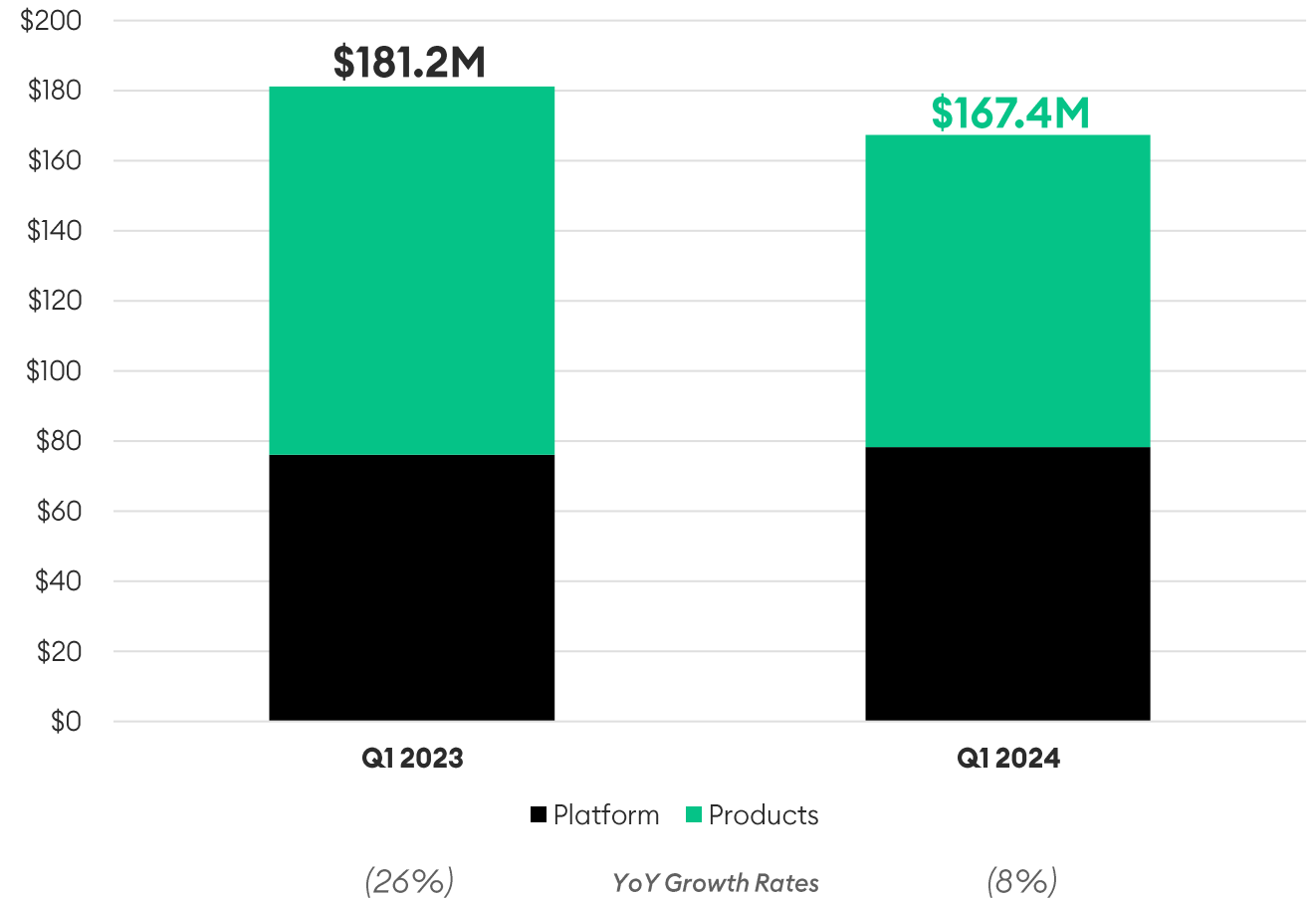
of Total Revenue

Did you know? Q1 2024 was our 21st consecutive quarter of GAAP profitability

1. Q1 2024 Operating Income includes \$10.8 million of stock-based compensation expense.

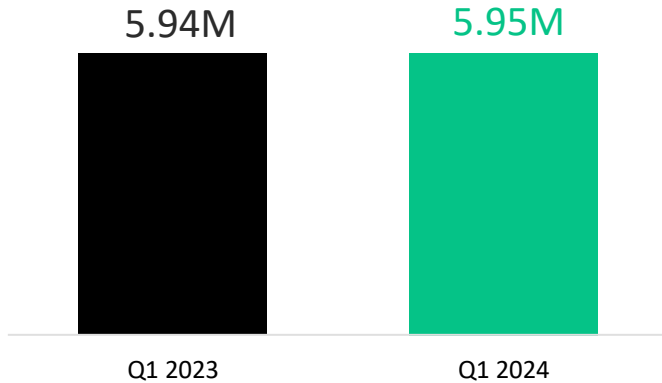
Revenue breakdown

- Platform revenue **increased 3%** YoY
- Products revenue **declined 15%** YoY
 - Connected Machine revenue **grew 8%** YoY
 - Accessories & Materials revenue **declined 26%** YoY
- International revenue **declined 3%** YoY

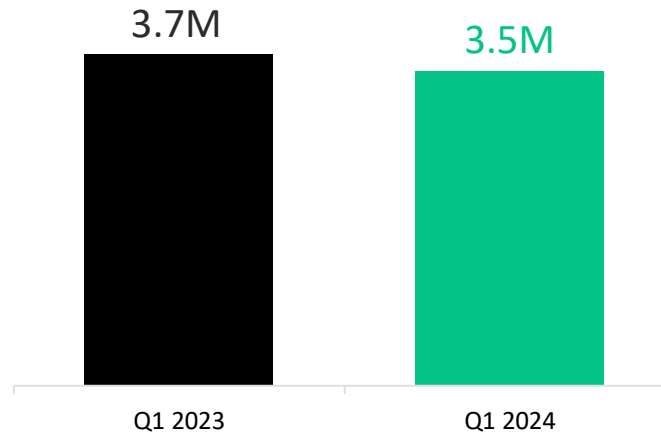


User base dynamics

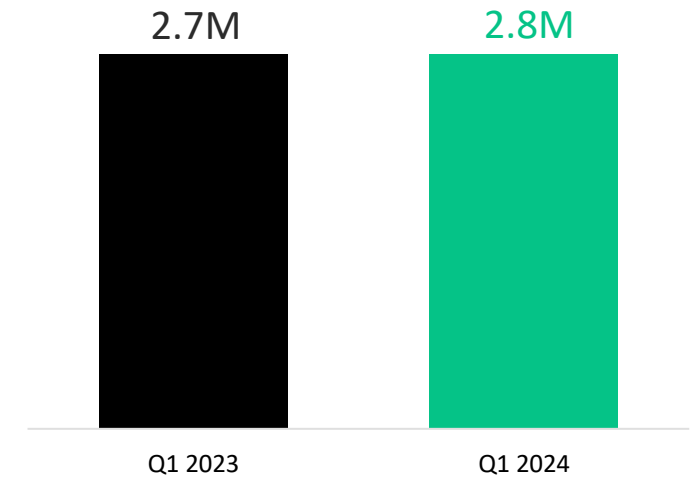
 Active Users



 90-Day Engaged Users



 Paid Subscribers



Gross margin

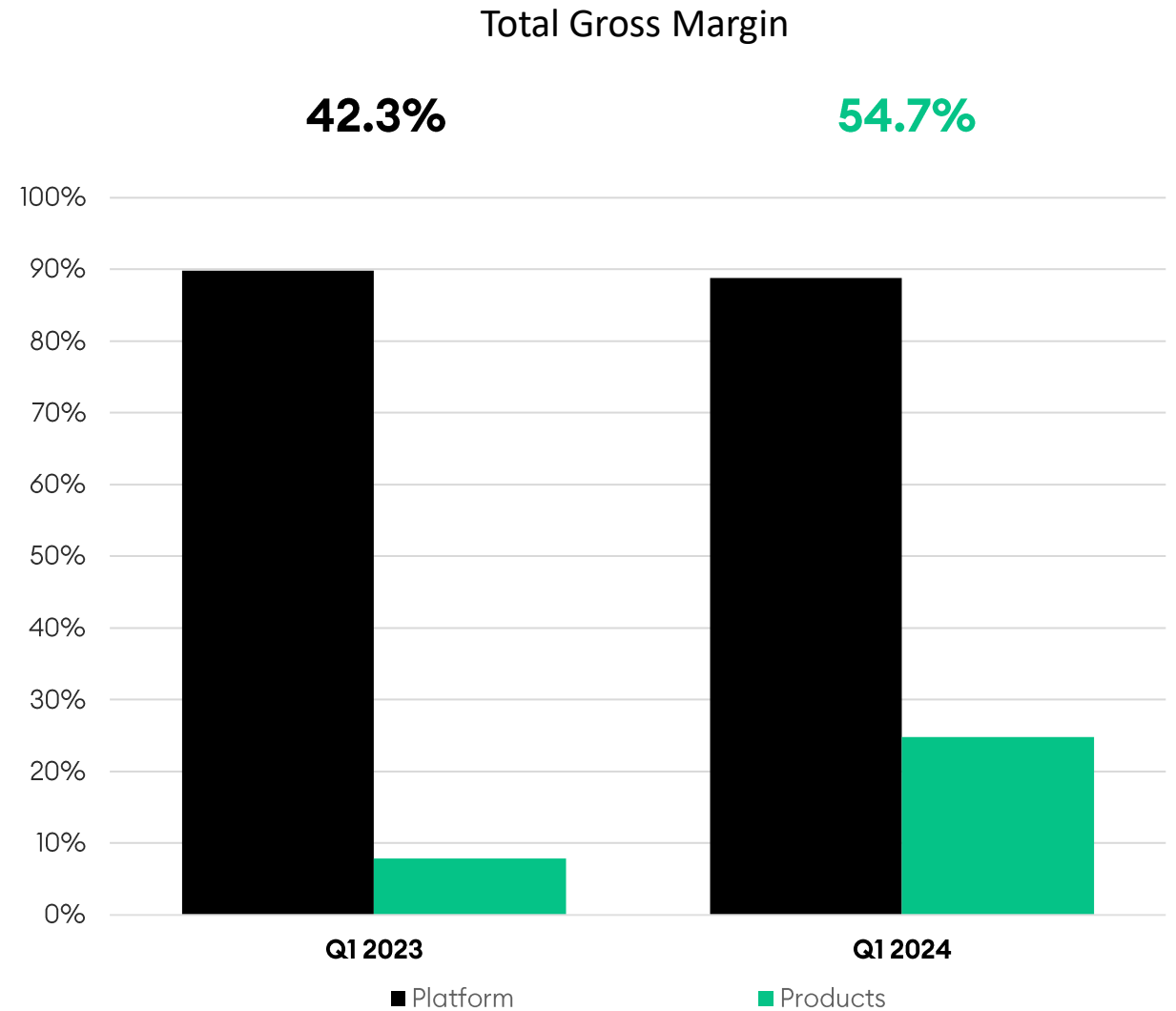
Q1 2024 Contributing Factors

Platform Margins

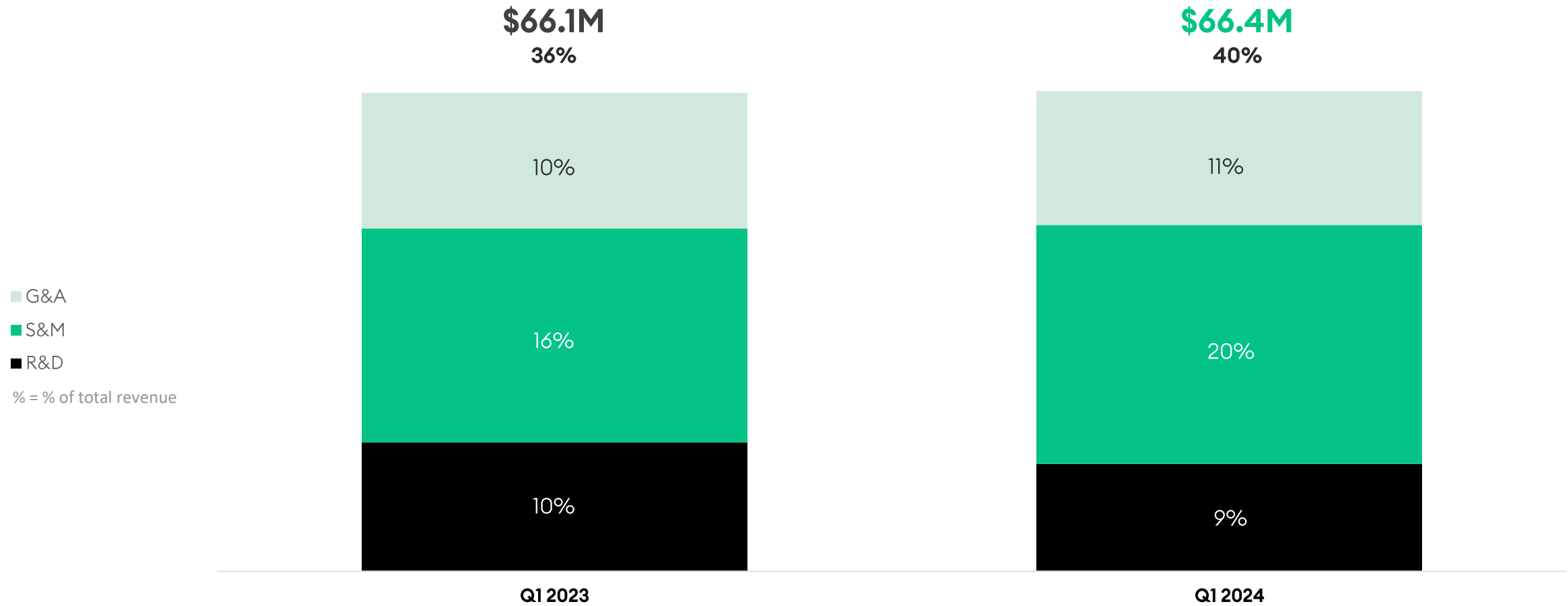
- Slight decline due to higher amortization of capitalized software costs

Products Margins

- Increase primarily due to less impairment in materials than last year

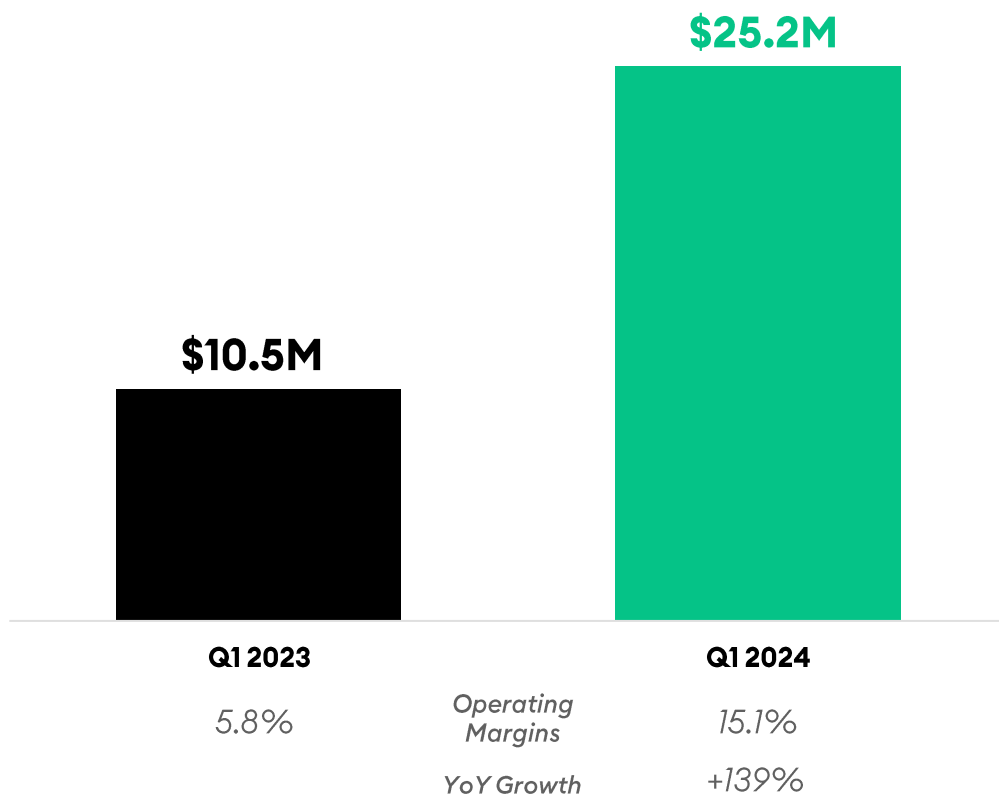


Operating expense

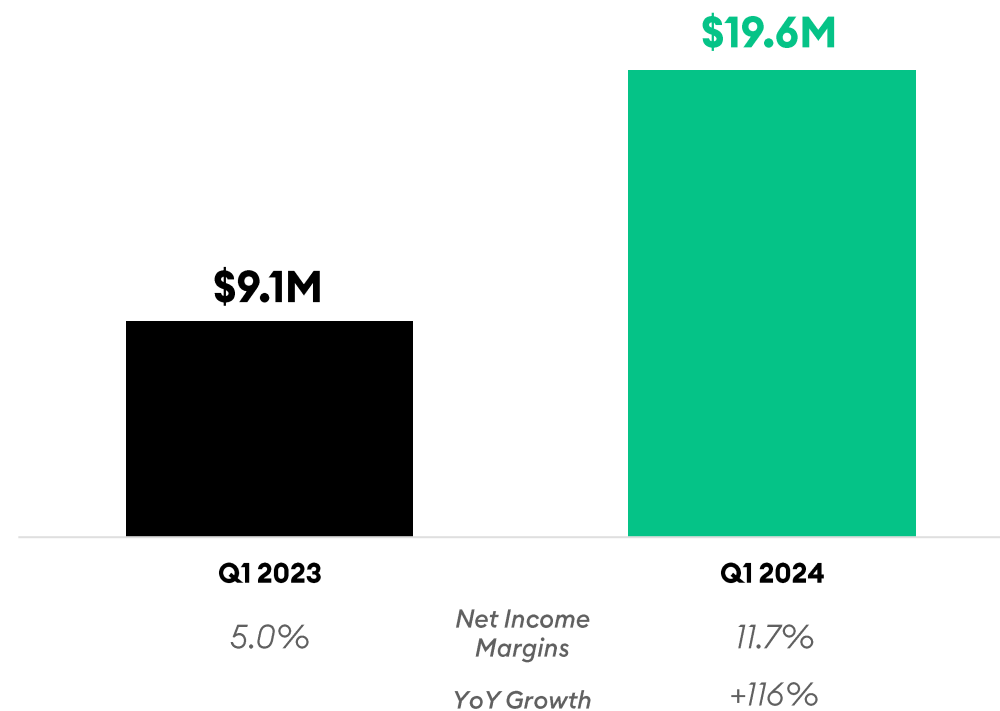


Operating income and net income

\$ Operating Income



\$ Net Income



Balance Sheet and Cash Flow highlights



Cash, equivalents
as of 3/31/24

\$281.7M

Cash, cash equivalents,
marketable securities

\$300.0M

Untapped credit line



Cash Flow generated from
Operations 3/31/24 YTD

\$57M

vs \$95M PY YTD



Share Repurchase
Program

\$10.8M

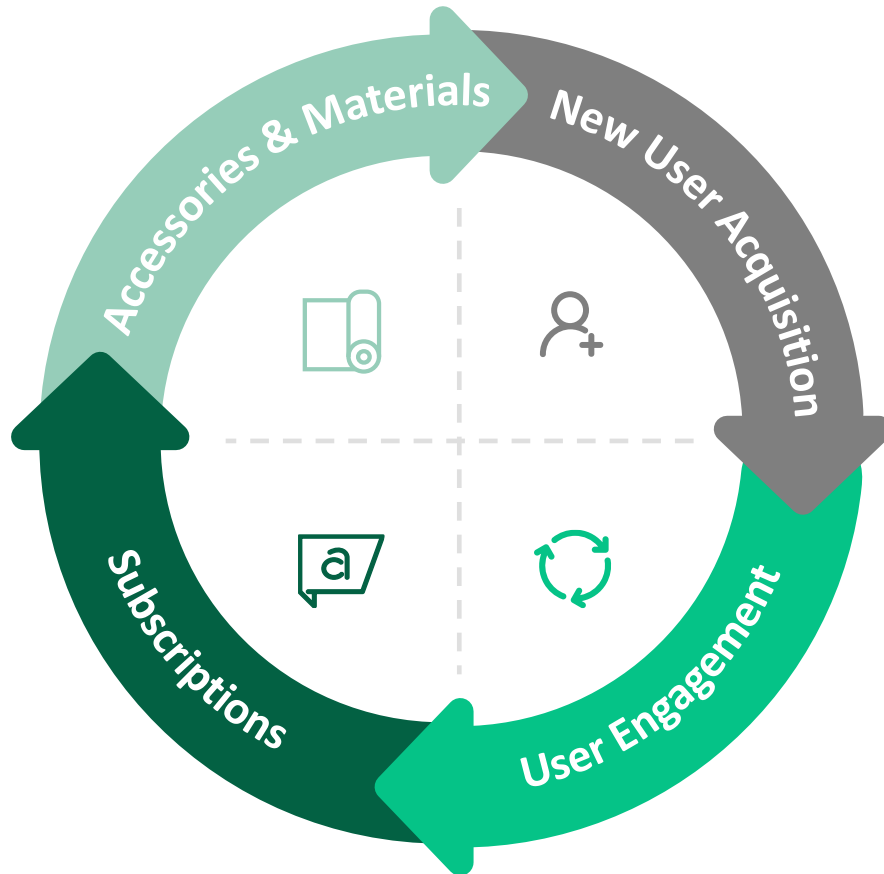
Used to purchase 1.7M shares in Q1

New

\$50M

Stock repurchase program

Forward looking commentary



- Expect paid subscribers and subscription revenue to grow slightly for FY24 but do not expect total company Q2 revenue growth; possible decline YoY for FY24.
- Continue deeper promotions and comprehensive marketing on Connected Machines in 2024.
- A&M sales pressure continues.
- Expect FY24 Operating Margin similar to FY23.
- Expect 1H vs 2H revenue seasonality similar to 2023.
- Committed to long-term annual operating margin targets of 15%-19%.

Taiwan



Let's make.



India



US

Germany



Netherlands



Japan