

NASDAQ : CRCT

Financial Results

Q3 2021

November 10, 2021

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, such as the ongoing Coronavirus pandemic.

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.



NASDAQ: CRCT

Welcome!

Q3 2021 highlights

Revenue

\$260.1M

24.4%

YoY Increase

Net Income

\$30.0M

11.5%

Net Income Margin

EBITDA¹

\$42.7M

16.4%

EBITDA Margin

- Increased investment in software, subscriptions, new product development, and international expansion to drive future growth.

1. Net income adjusted to exclude: interest expense, net; income taxes; and depreciation and amortization expense. See reconciliation in the Appendix. Q3 2021 EBITDA includes \$8.1 million of stock-based compensation expense.



Strong user acquisition



Total
Users

5.7M+

55.7%
YoY Growth



Engaged
Users

3.2M+

37.4%
YoY Growth

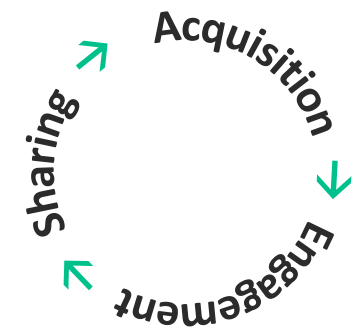


Ending Paid
Subscribers

1.8M+

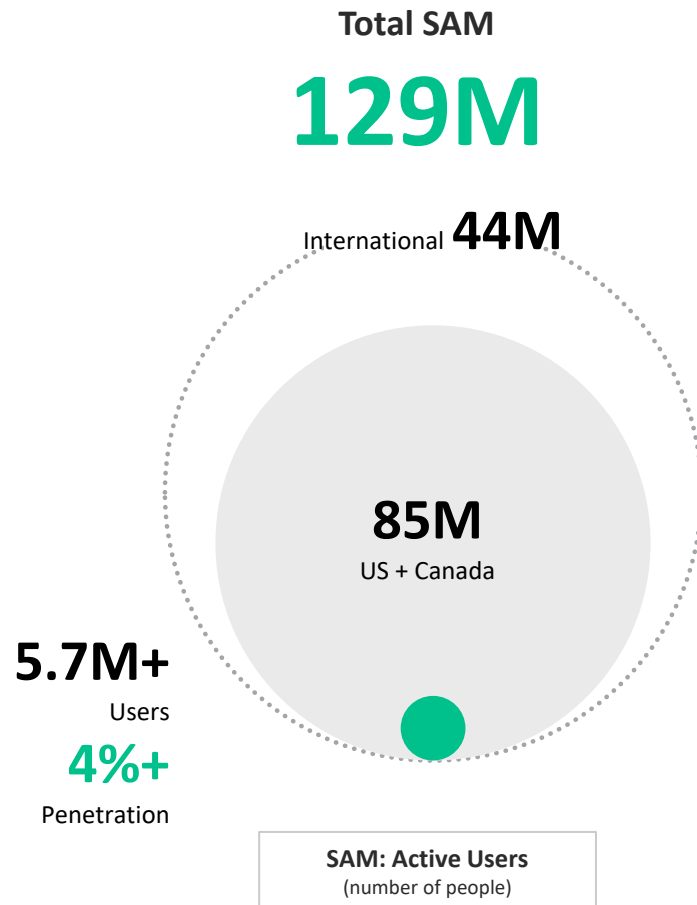
55.8%
YoY Growth

Users Drive
Marketing



Did you know? Our covid cohort of users is engaging very similarly to our pre-covid cohort of users.

Expanding our reach

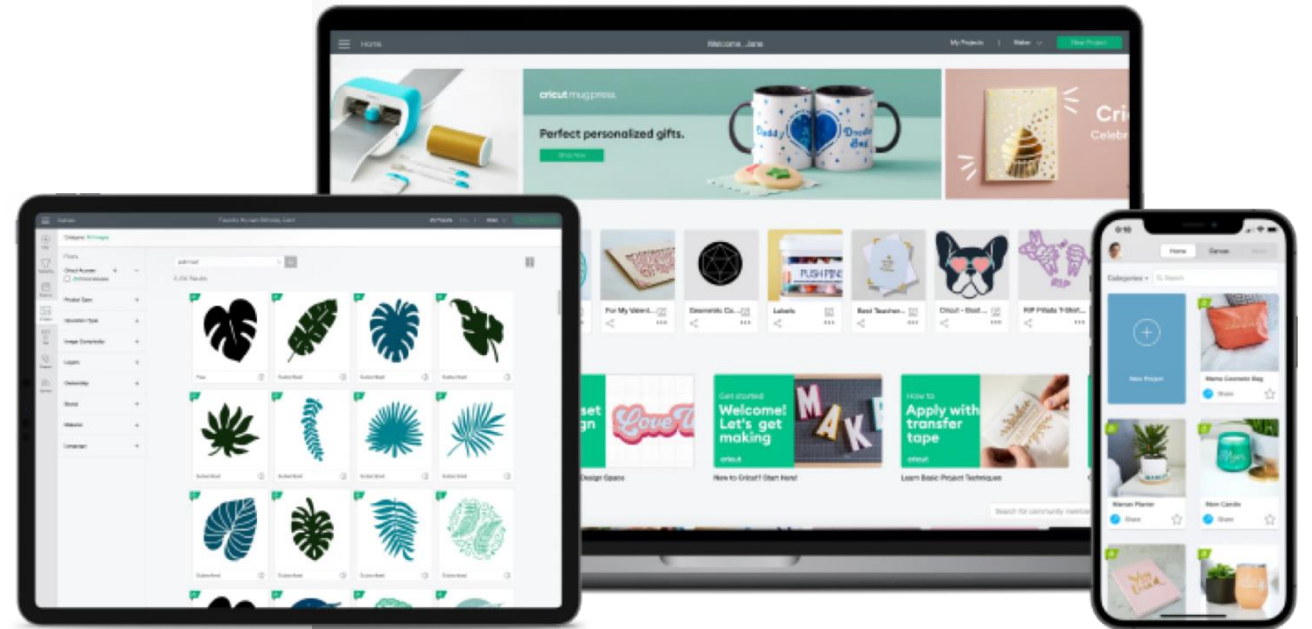


Enhancing Cricut Access

Strategic Software Updates

- 25,000 new images
(200K total images, and growing)
- New Automatic Background Remover tool exclusive to Cricut Access subscribers

Did you know? User feedback and requests are a primary driver of how we determine new features and functions.

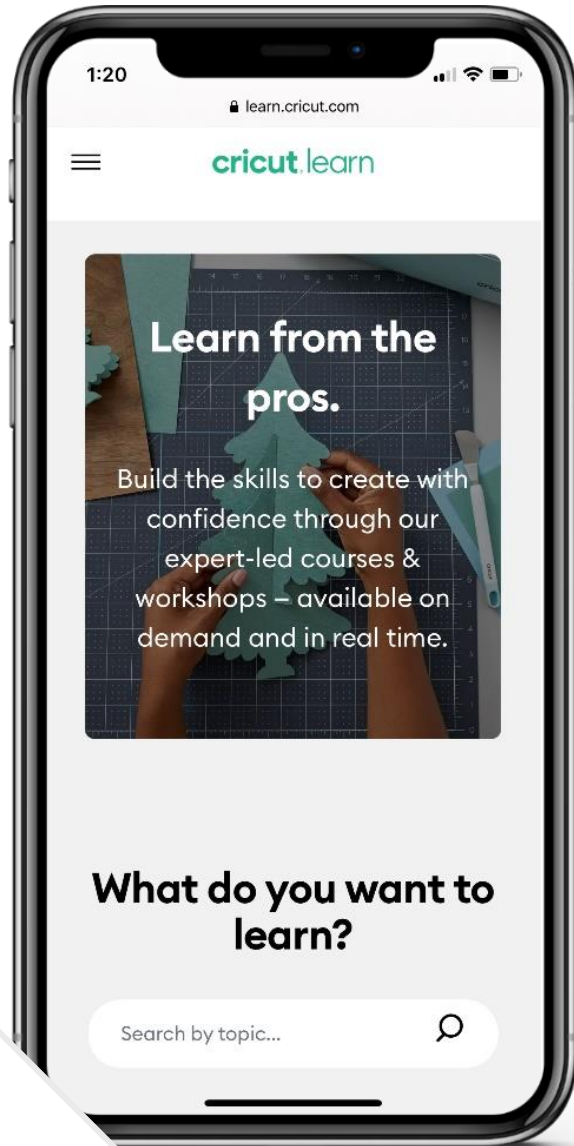


Passion sparks
creativity



THE BIRTHDAY PARTY PROJECT





Improving the user experience

- 1 Tutorial Videos
- 2 “How-To” Guides
- 3 Inspirational Ideas
- 4 Live Classes
- 5 Launched Cricut Learn Program



Creativity is universal



International Revenue

109.7%

Growth in
Q3 2021 YoY



D2C Markets

UK
Ireland
France
Germany



New Markets

Middle East
Hong Kong



Expanded Retailer Footprint

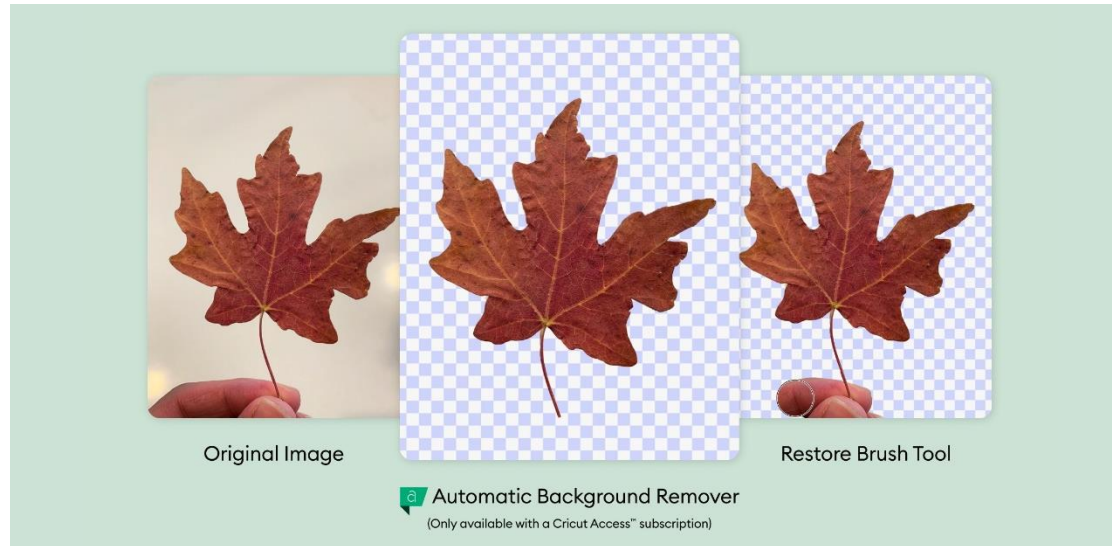
Germany
Nordics
Benelux
Spain

Mexico
South Africa
Singapore



Did you know? In Q3 2021, 12.0% of total revenue was generated internationally.

Extending our product ecosystem and platform



User Experience Updates

- Restore Brush feature, allowing users can correct mistakes without starting over
- Improved content discovery through new UX enhancements including updated ribbon to highlight our best content and image bookmarking

Mobile

- Bridging the device gap for users
- Bringing our rich design functionality of desktop to mobile
- Empowering creatives to take their tools with them wherever they bring their phone





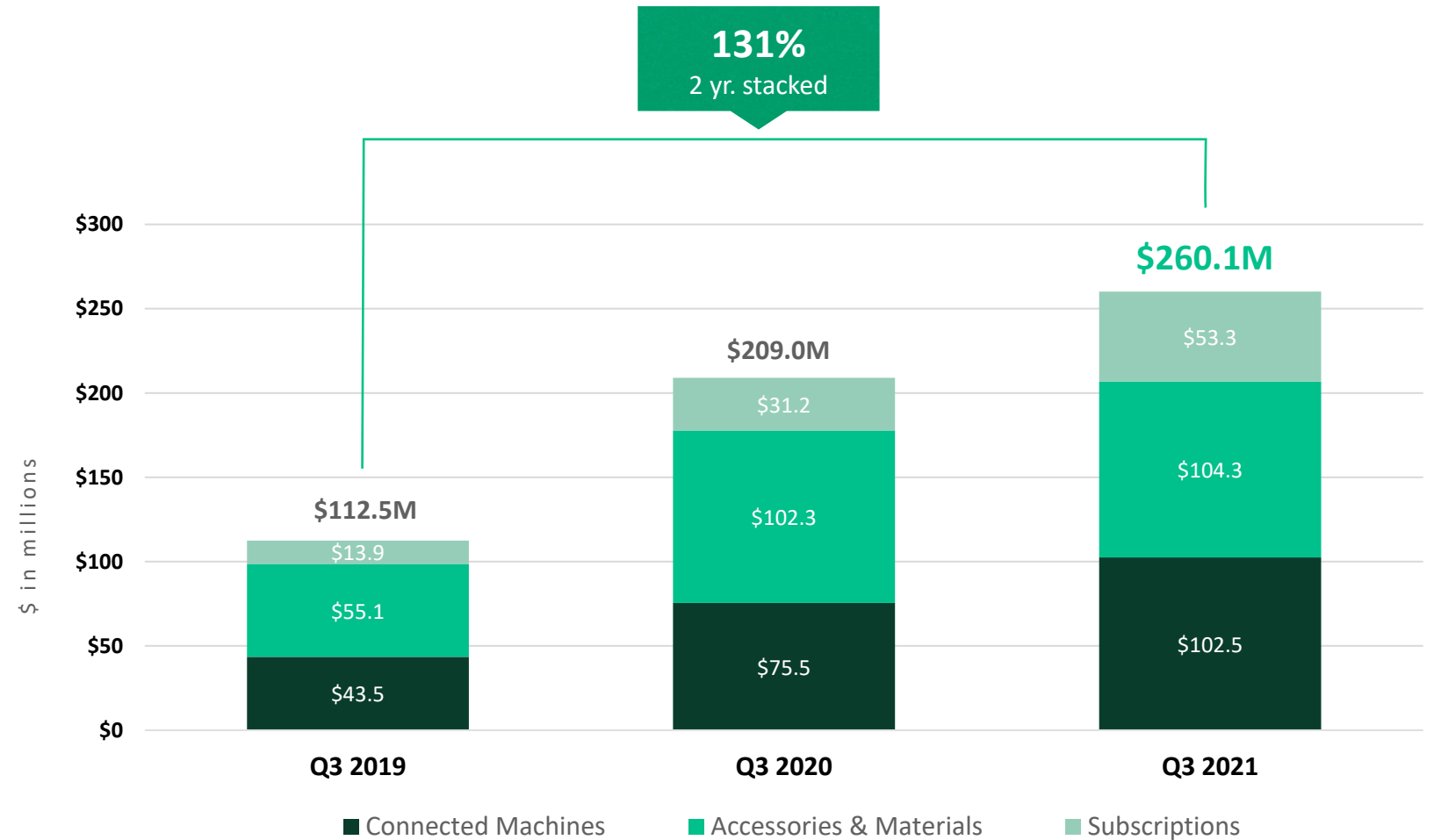
Let's make.



Financial Results

Revenue breakdown

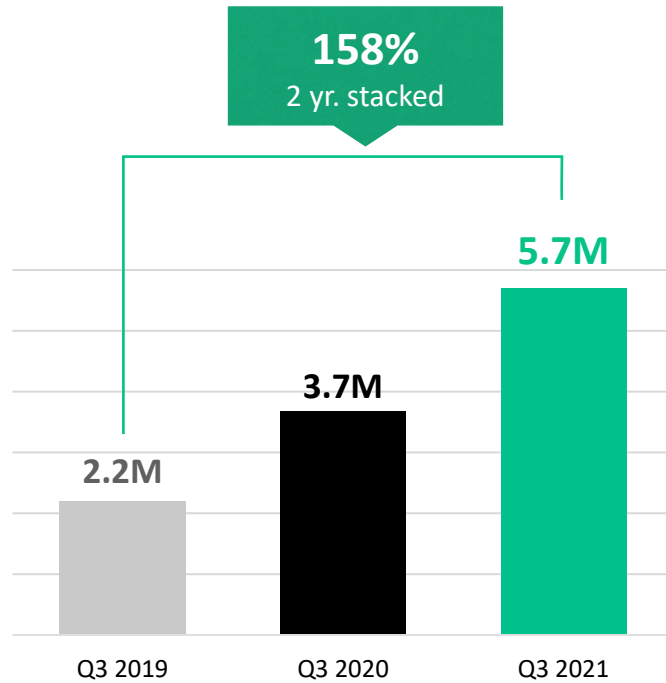
- Connected Machine revenue grew **35.7% YoY** and **135.6%** from Q3 2019
- Subscription revenue grew **70.8% YoY** and **284.8%** from Q3 2019
- Accessories & Materials revenue grew **2.0% YoY** and **89.3%** from Q3 2019
- International revenue grew **109.7% YoY** and represented **12.0%** of revenue
- **46%** pre-pandemic CAGR from 2014 to 2019



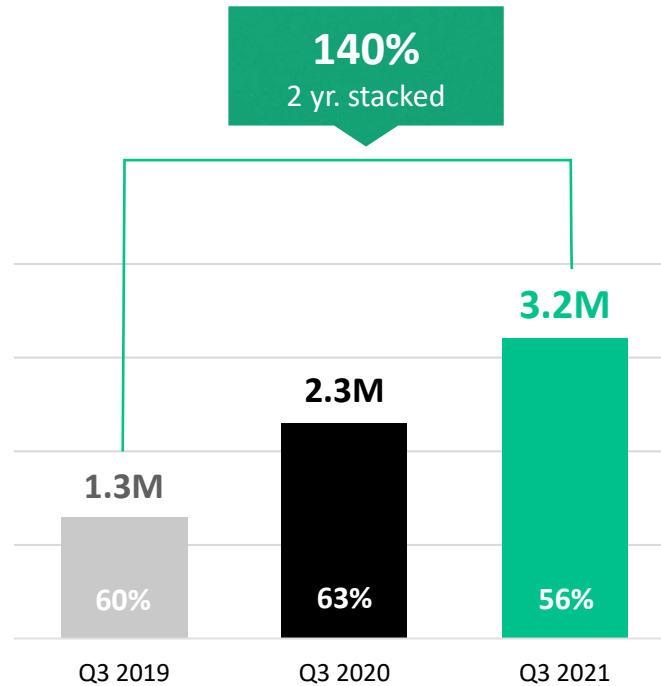
Growing user base



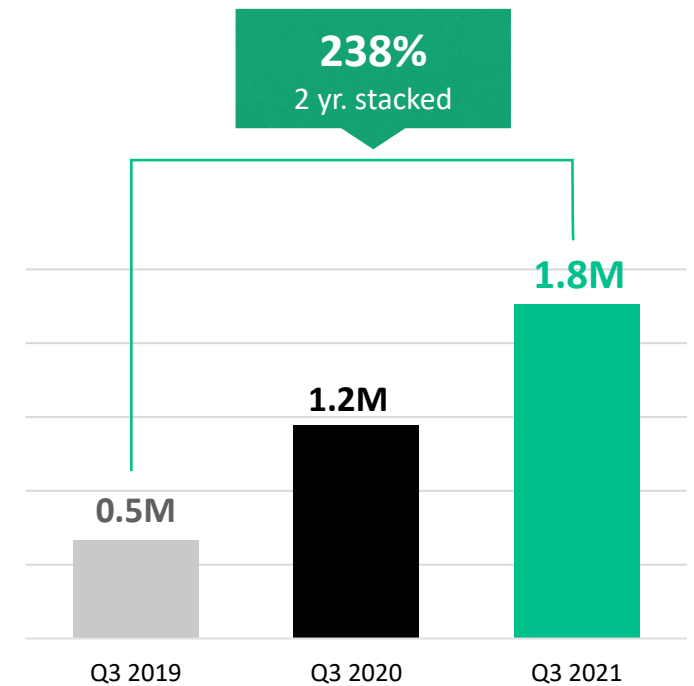
Users



90-day Engagement ¹



Paid Subscribers

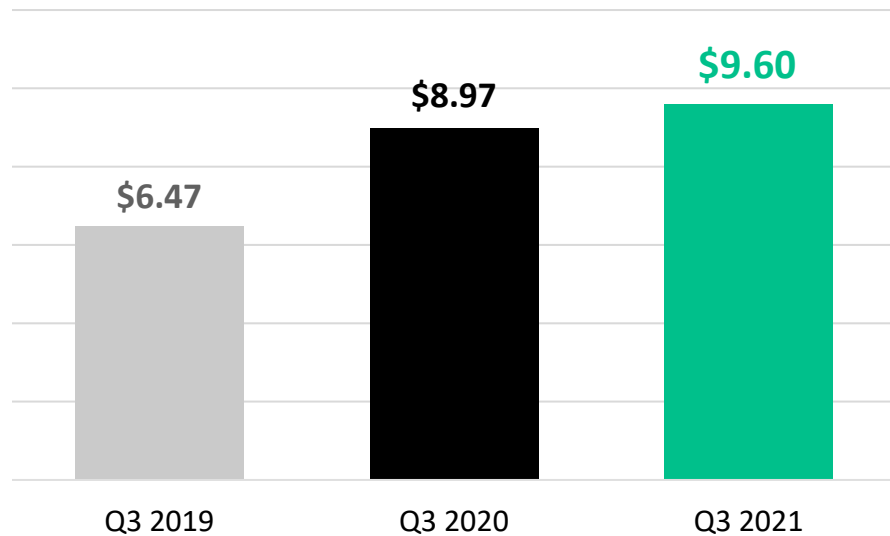


¹Number and percentage of users creating on their connected machines in the trailing 90 days as of each quarter end.

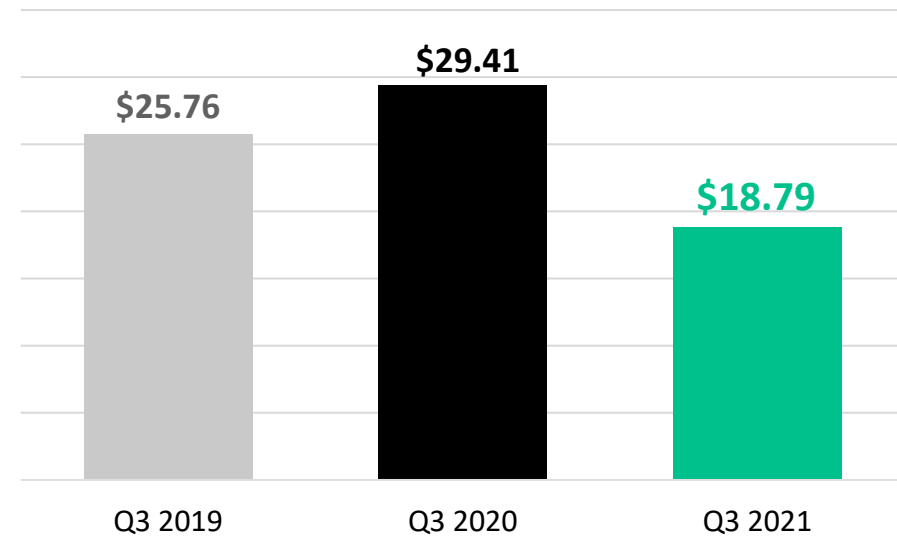
User monetization



Subscriptions ARPU ¹



Accessories & Materials ARPU ¹



1. ARPU = Average Revenue Per User

Gross margin

Contributing Factors

Q3 2019

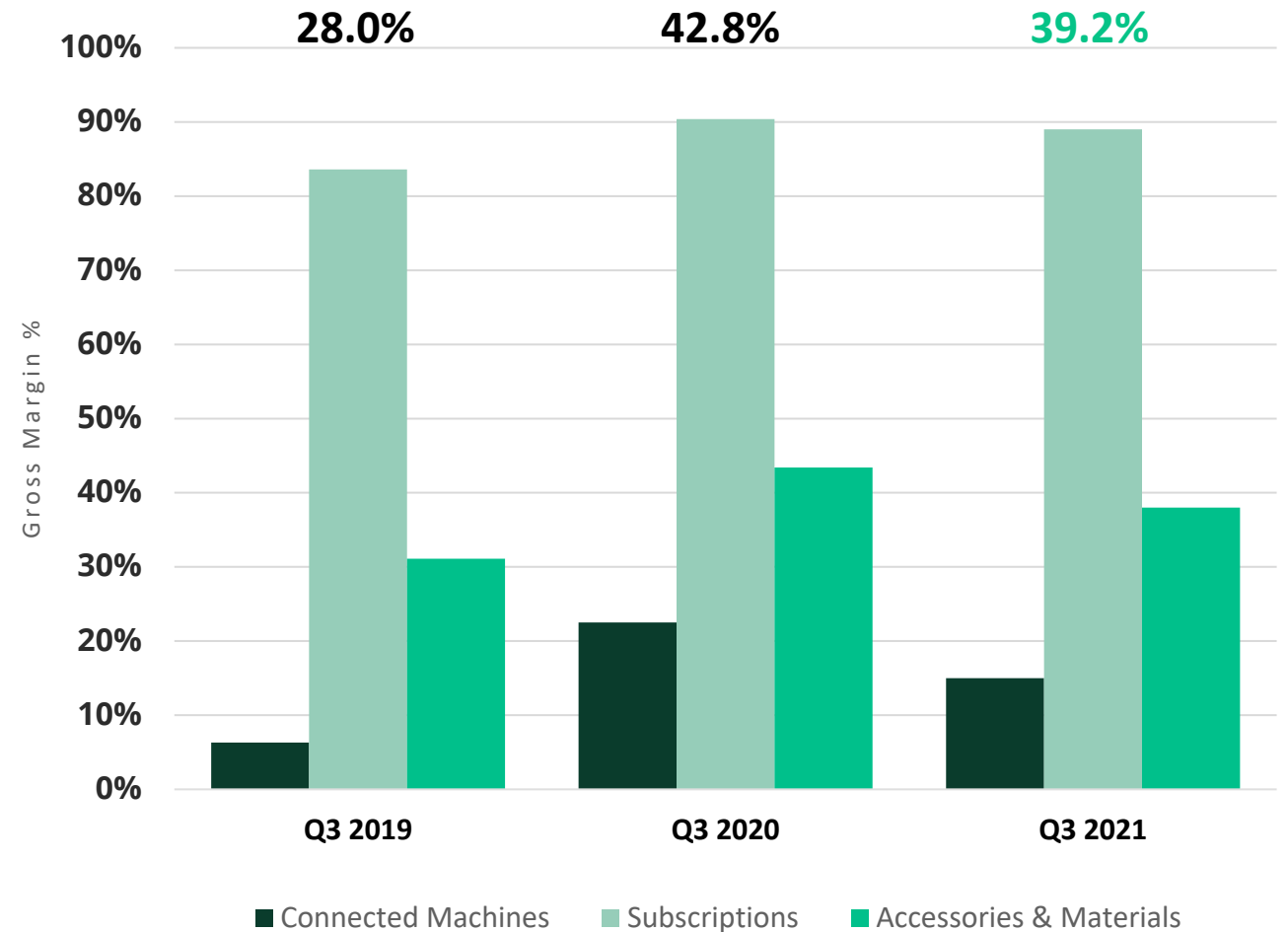
- Impacted by increased tariff levels

Q3 2020

- Abnormally high due to limited promotions because of depleted inventory levels, plus tariff relief

Q3 2021

- Returned to a more normal promotional cadence due to strong inventory position
- Favorable sales mix with 20.5% of revenue from high margin Subscriptions revenue



Increased investments to drive growth

\$ Operating Expense

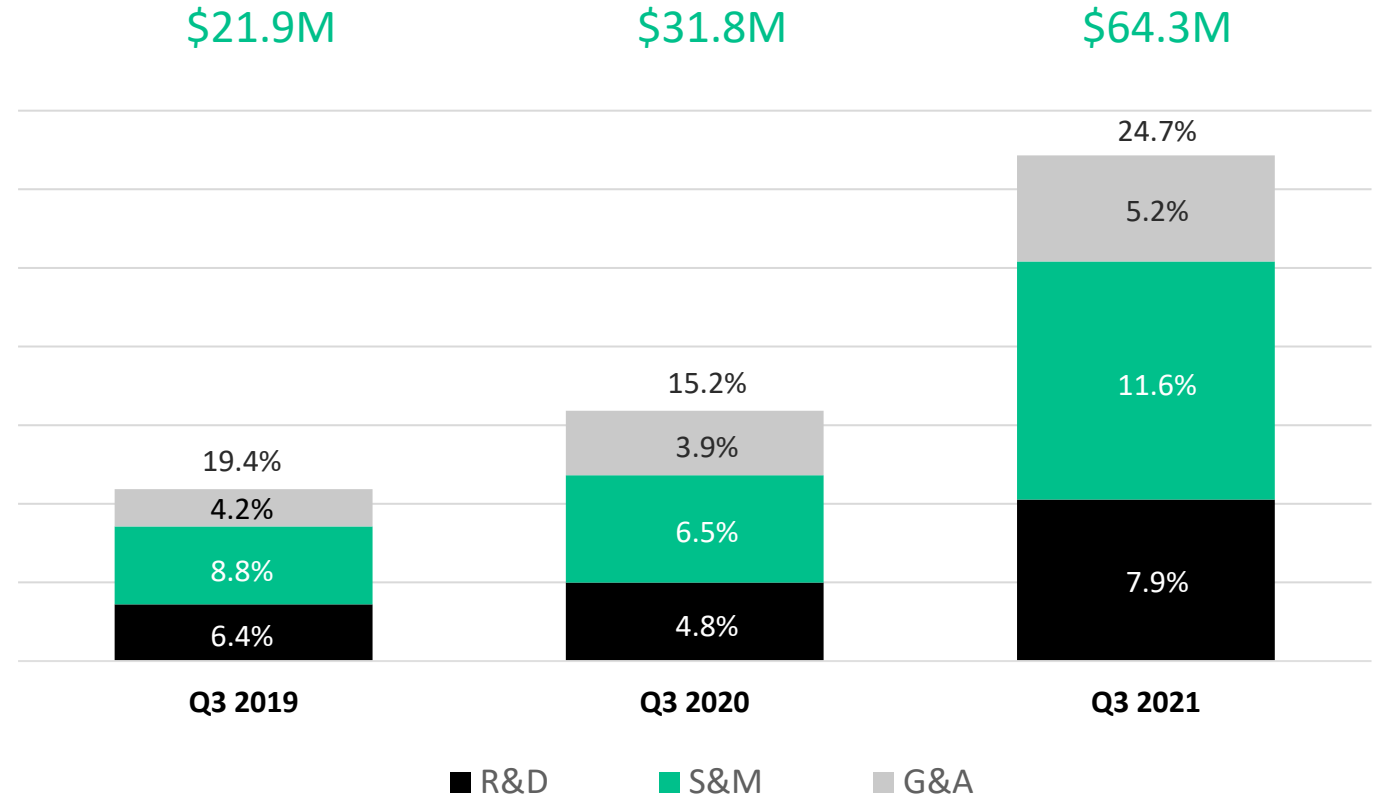
Efficient Sales & Marketing spend

- New users acquired through word-of-mouth and other low-cost channels

Catching up deferred pandemic spend

Investments for future growth in

- International Expansion
- New Product Development
- Software
- Subscriptions

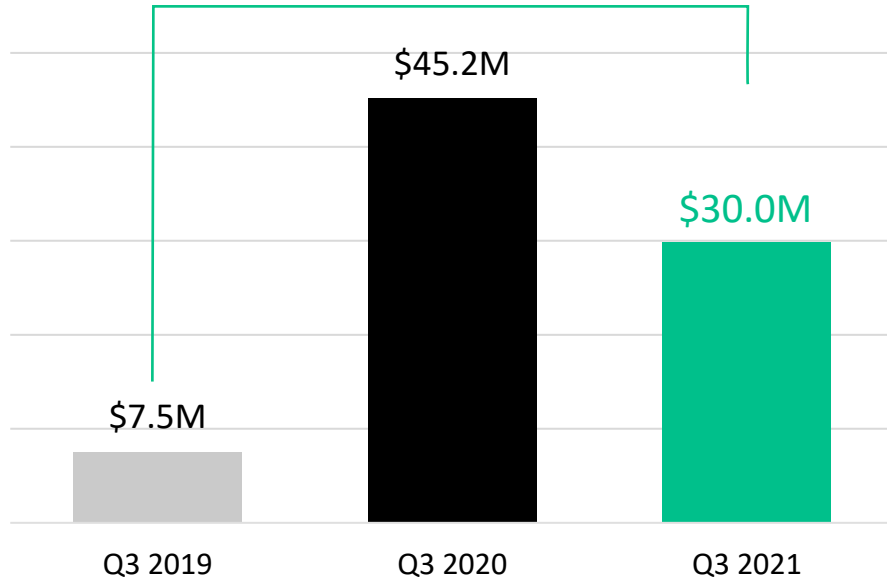


% = % of total revenue

Net income and EBITDA

\$ Net Income

302%
2 yr. stacked



Net Income Margins

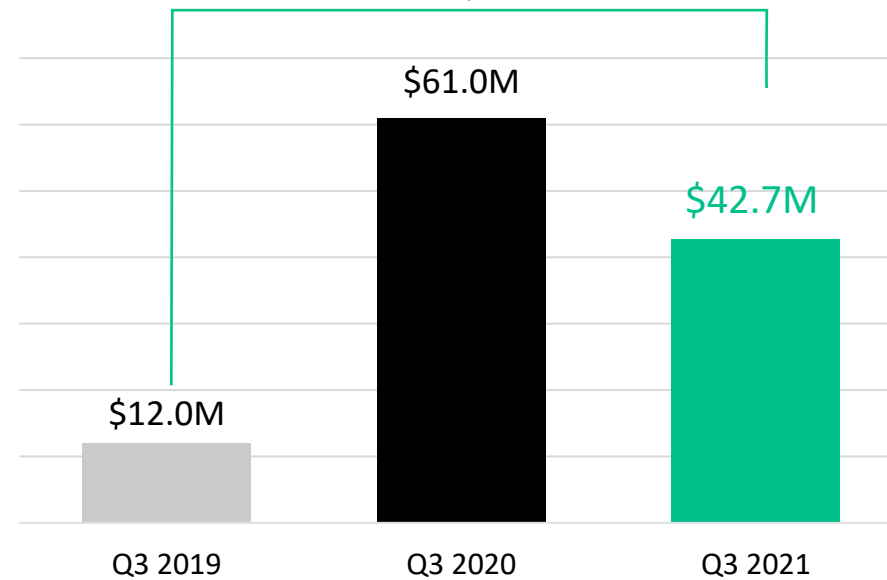
6.6%

21.6%

11.5%

\$ EBITDA ¹

256%
2 yr. stacked



EBITDA Margins

10.7%

29.2%

16.4%

1. Net income adjusted to exclude: interest expense, net; income taxes; and depreciation and amortization expense. See reconciliation in the Appendix. Q3 2021 EBITDA included \$8.1 million stock-based compensation expense. Stock-based compensation expense for prior periods include: \$2.2 million for Q3 2020 and \$439k for Q3 2019.

Balance Sheet and Cash Flow highlights

Strong balance sheet positions us well to mitigate supply chain risk and continue to invest in future growth



Cash & Cash Equivalents as of 9/30/21

\$224M

Cash & cash equivalents

\$150M

credit line remains untapped

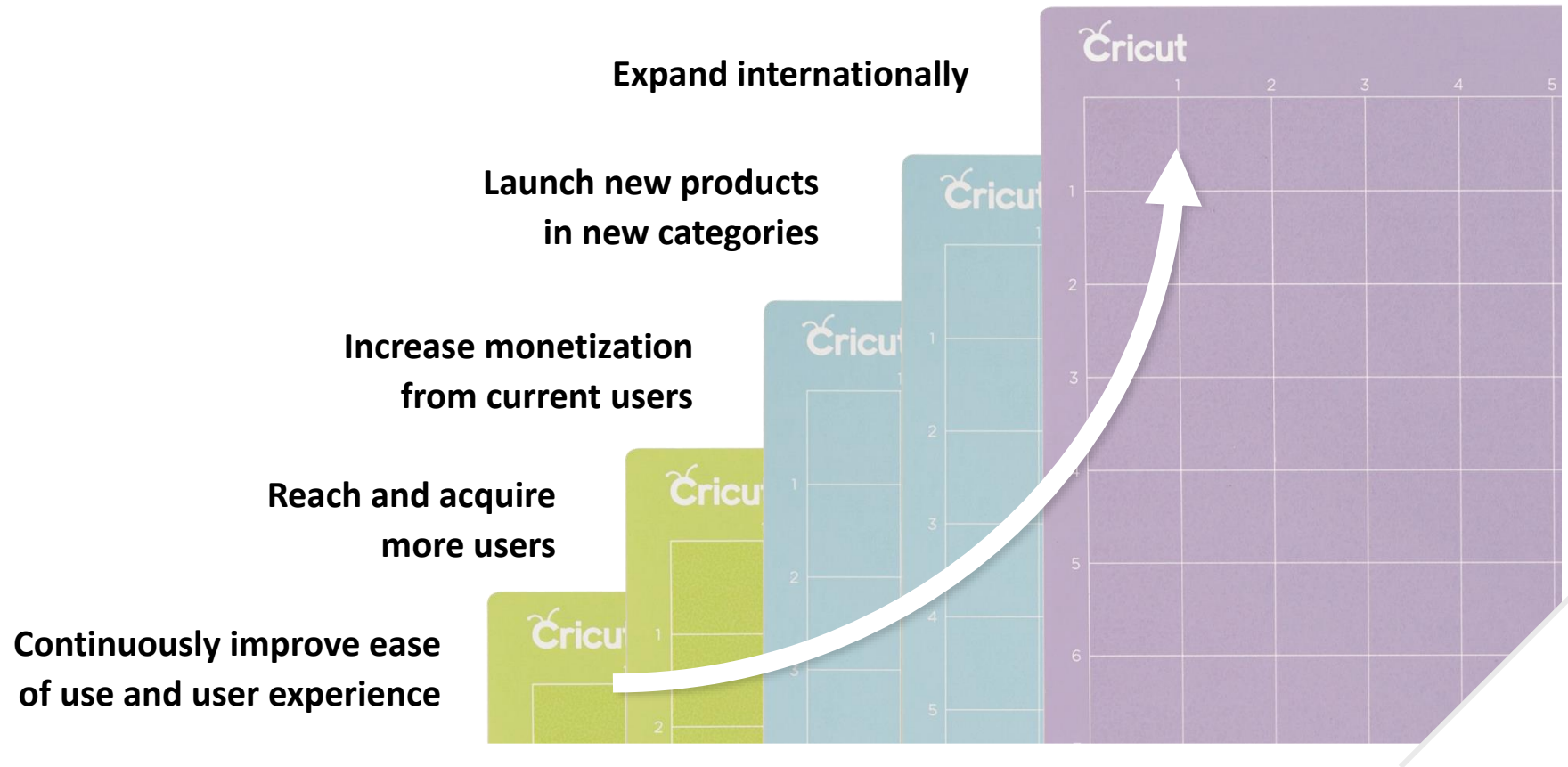


Cash Flow Used in Ops during YTD 9/30/21

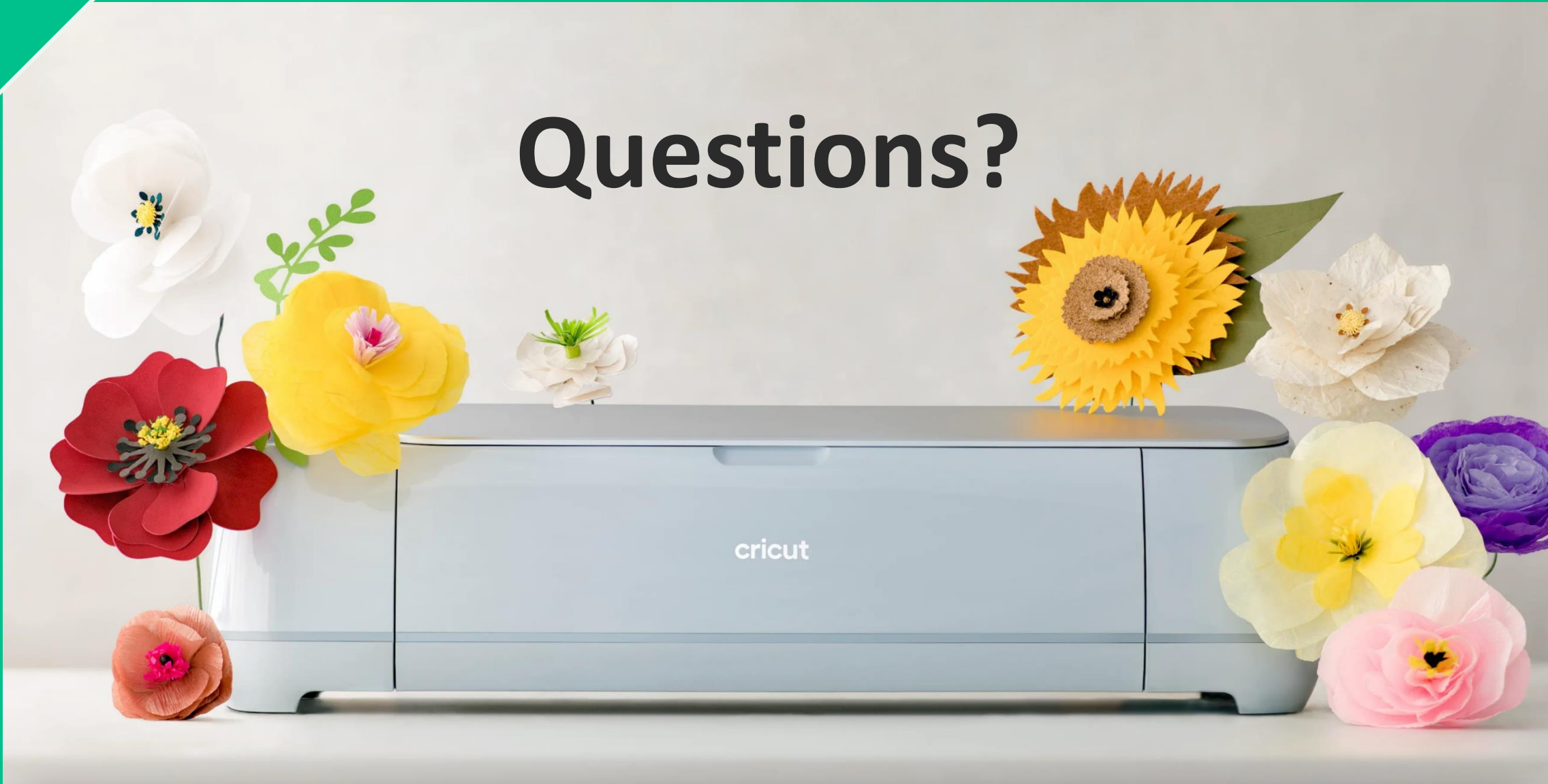
\$132M

Building inventory to mitigate supply chain risk

Large market opportunity



Questions?



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Thanks!

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Appendix

Long-term target model

As % of Revenue	FY18	FY19	FY20	Long-Term Targets
Gross Margin	33%	29%	35%	37 - 38%
R&D Expense	7%	5%	4%	7 - 8%
S&M Expense	9%	8%	7%	8 - 10%
G&A Expense	5%	5%	3%	3 - 4%
EBITDA Margin ¹	14%	13%	22%	17 - 20%

1. Non-GAAP financial measure. See Appendix at the end of this presentation for GAAP financial measures and reconciliation.

Preliminary reconciliation of Net Income to EBITDA

	THREE MONTHS ENDED 9/30/19	THREE MONTHS ENDED 9/30/20	THREE MONTHS ENDED 9/30/21
<i>(in thousands)</i>			
Net Income	\$7,473	\$45,211	\$30,005
Net Income Margin	6.6%	21.6%	11.5%
Adjusted to exclude the following:			
Depreciation and Amortization Expense	\$2,418	\$3,431	\$4,976
Interest Expense, Net	\$756	\$140	(\$22)
Corporate Income Tax Expense	\$1,381	\$12,205	\$7,767
EBITDA*	\$12,028	\$60,987	\$42,726
EBITDA Margin	10.7%	29.2%	16.4%

*Q3 2021 EBITDA included \$8.1 million of recurring stock-based compensation expense. Stock-based compensation was \$2.2 million for Q3 2020 and \$439k for Q3 2019.

[SAM/TAM – additional information

We believe that everyone is innately creative and thus anyone can be a part of the Cricut community of users. This presents us with a large, untapped market opportunity in addition to our current user base. We quantify our market opportunity in terms of a Serviceable Addressable Market, or SAM, and a Total Addressable Market, or TAM. We commissioned a study from YouGov America in September 2020 across 11 countries. The sample size of those surveyed in each country included over 1,000 individuals ages 18 and older. To calculate our SAM and TAM, we extrapolate these survey results across the general population ages 18 and older in each country.

Our SAM consists of the portion of individuals surveyed who said they have made at least one creative project in categories addressed by our current products in the last 12 months, whom we call “active creatives.” Our TAM includes the individuals in our SAM as well as the portion of individuals surveyed who said they like, buy, used to make or are interested in creating personalized, handmade or custom items, whom we call “potential creatives” but who have not made at least one creative project in categories addressed by our current products in the last 12 months. Our SAM includes active creatives who we address with our current product and price points. Our TAM includes potential creatives who we believe we can reach over the long term as we make products for new uses and products that are even more accessible, easier to use and available at a broad set of price points. We assess our SAM and TAM in the United States and Canada and internationally. Today, a small portion of our revenue is generated from countries outside the United States and Canada. We currently classify four of these countries, Australia, France, Germany and the United Kingdom, as our primary international target markets and include them in our international SAM and TAM.