

NASDAQ : CRCT

# Financial Results

Q2 2022

August 9, 2022

**cricut**<sup>®</sup>

## 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.

NASDAQ: CRCT

Welcome!

# Q2 tested resilience of business model



**Revenue**  
\$183.8M



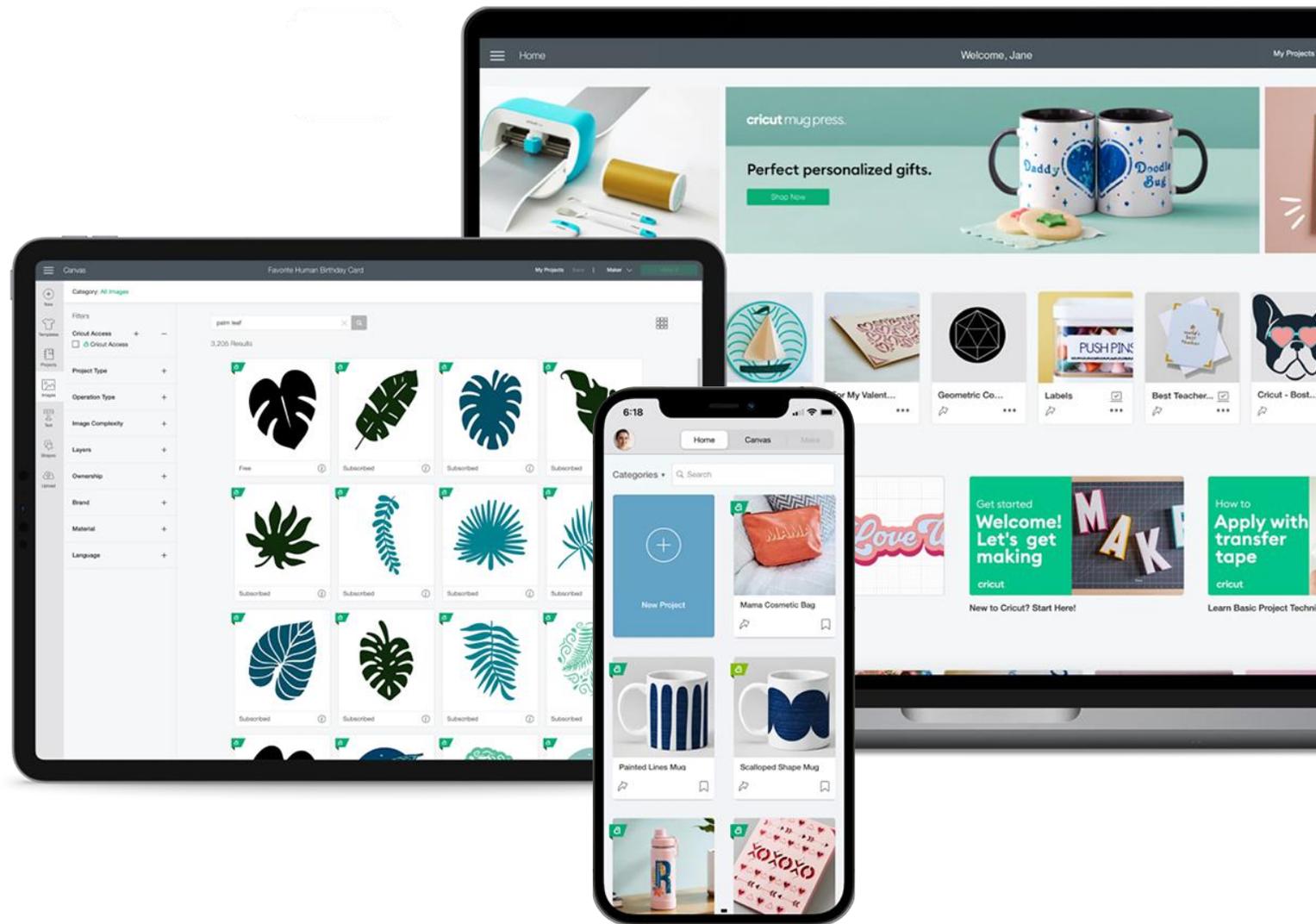
**Sustainable subscriptions  
revenue**

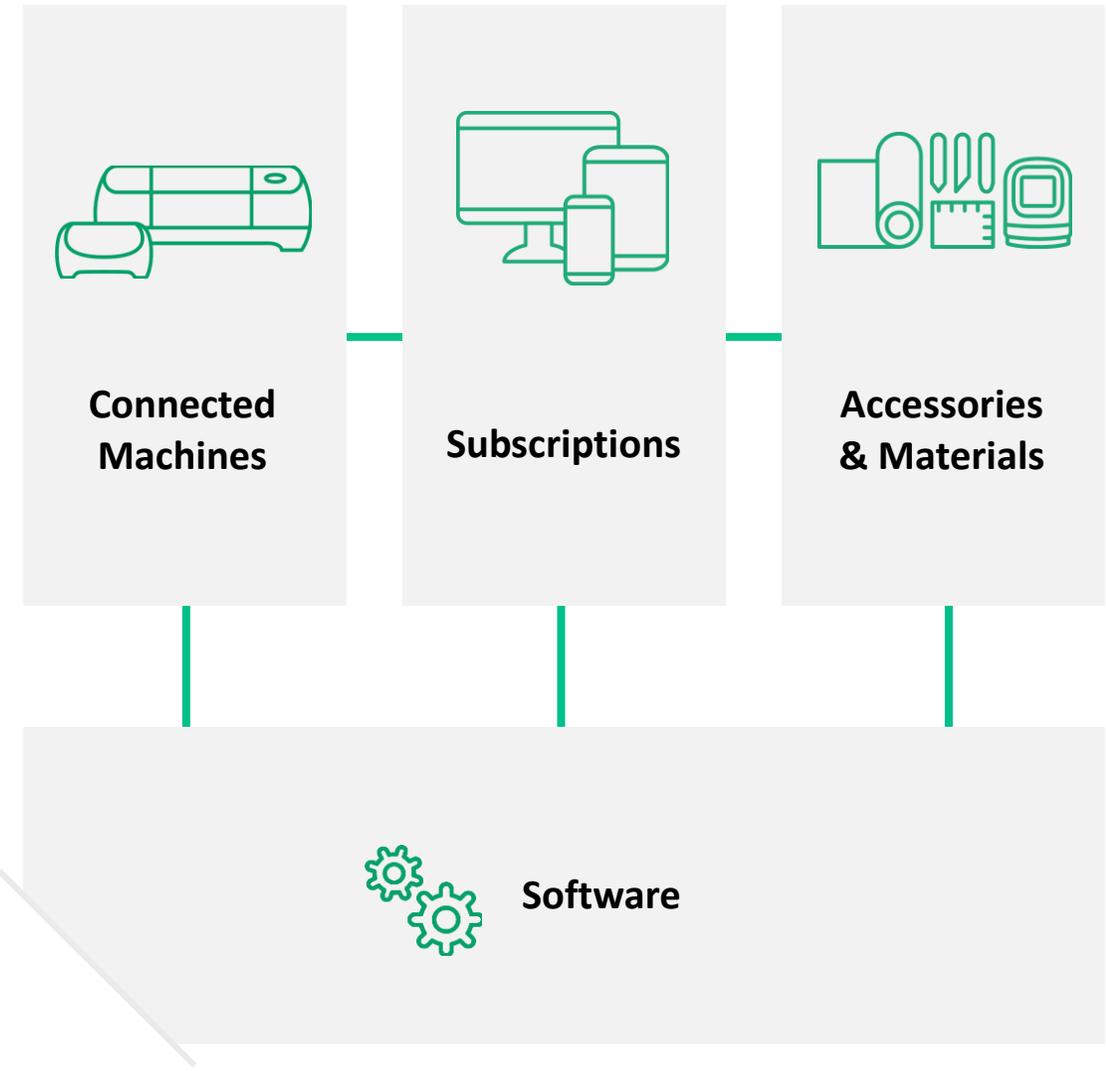


**Profitability**  
14<sup>th</sup> consecutive quarter



**Users / User Adds**  
7.2M existing users



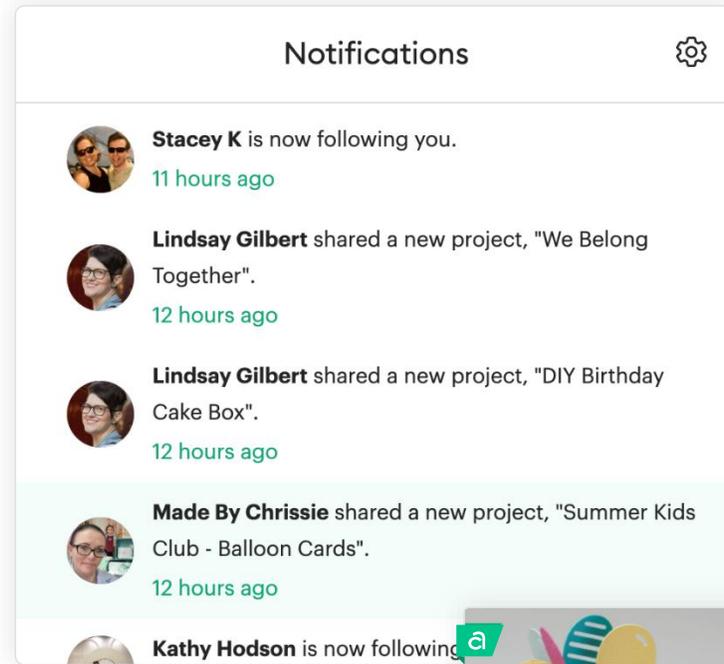


## Sharpened focus on key initiatives

- 1 Drive onboarding & engagement**
- 2 Increased monetization**  
Cricut Access / Accessories and Materials
- 3 Expand internationally**
- 4 Innovate and expand platform**

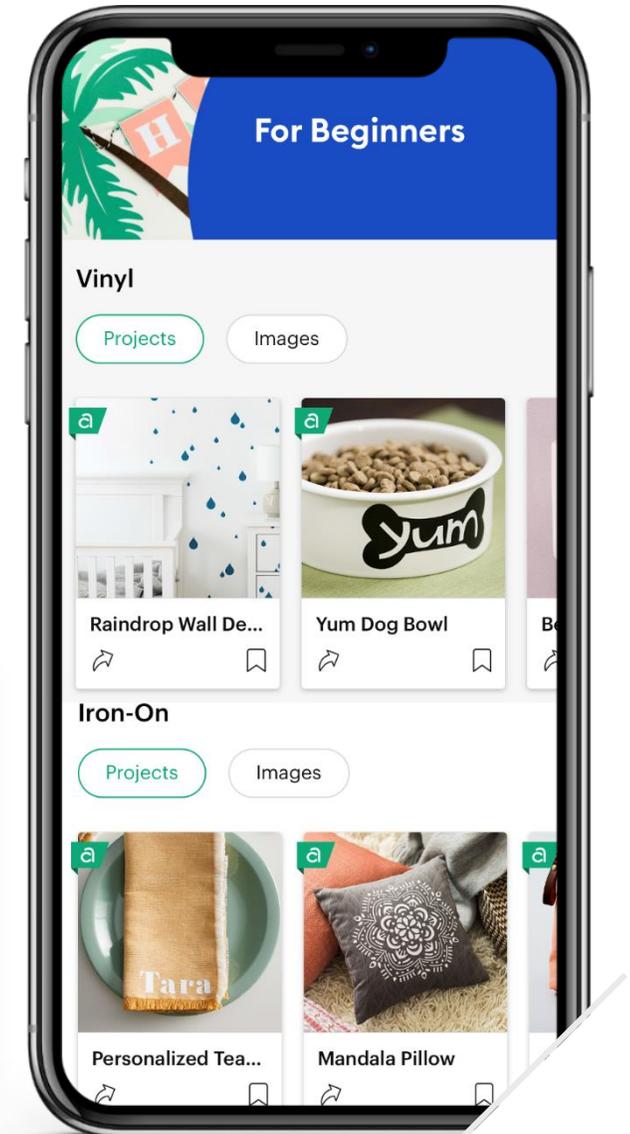
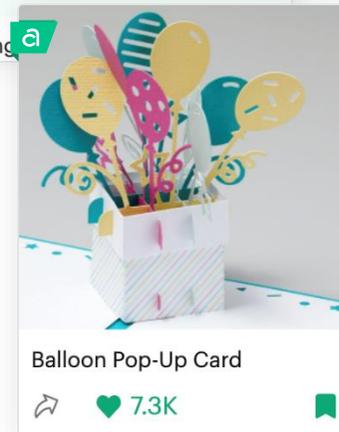
# Investing to drive user engagement

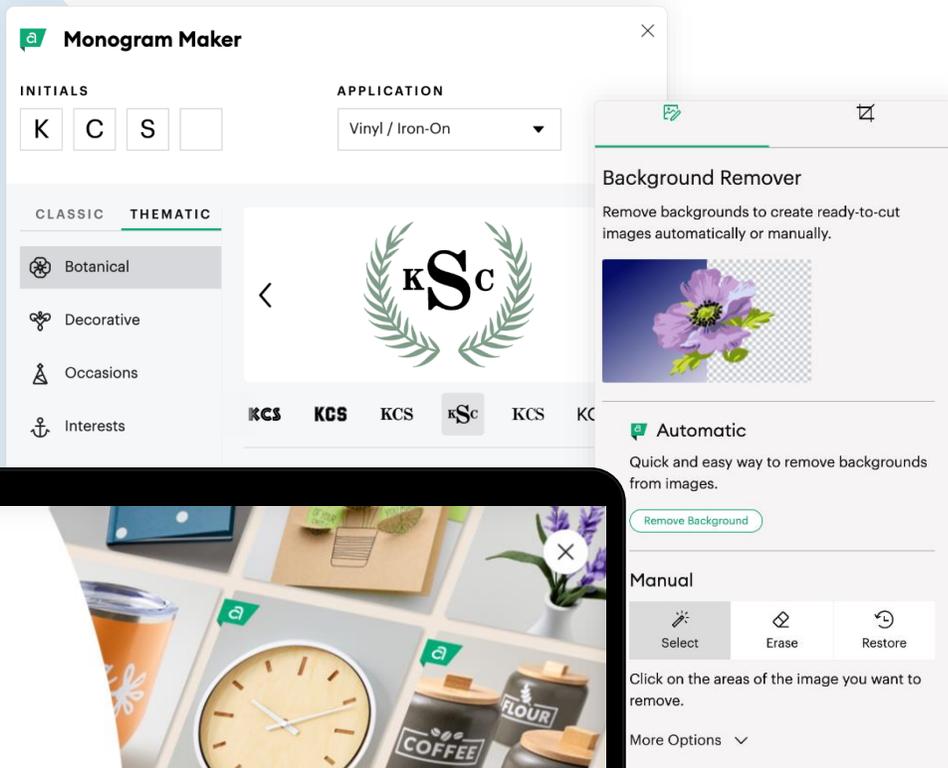
- Community driven features, notifications and project sharing
- Expanding design tools, content and engagement touch points
- Learning kits and an onboarding flow



7.3K

45.2K



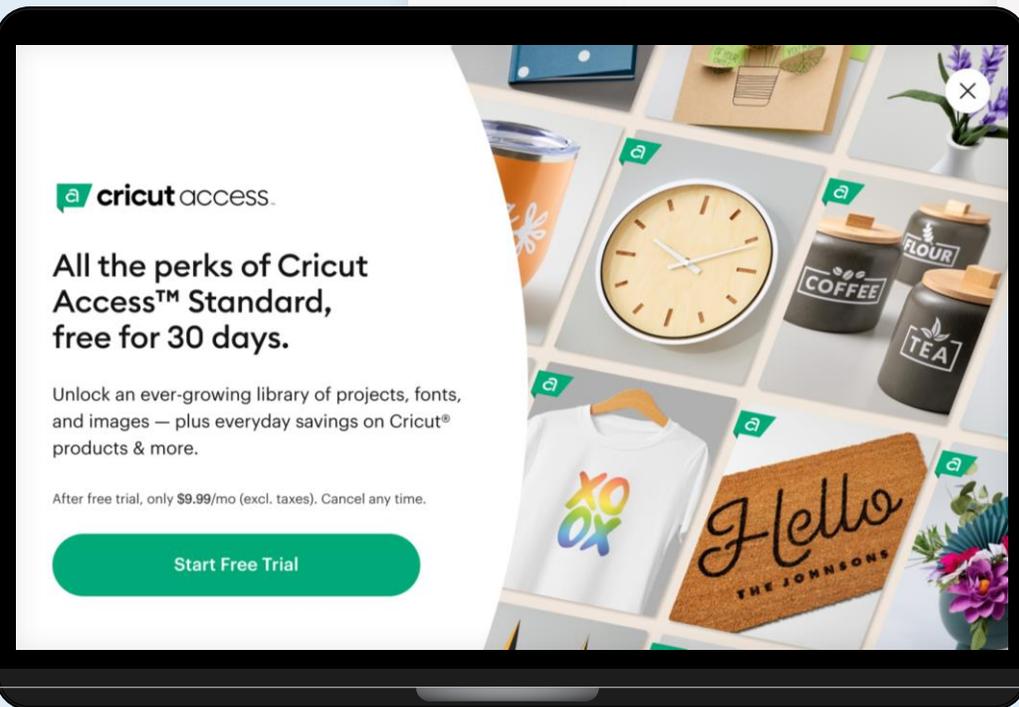


## Expanding value proposition of Cricut Access

**2.4M** Paid Subscribers

↑ 600K from Q2 2021

- Had more trial subscribers at the end of Q2 2022 vs Q2 2021, even on slower connected machine sales
- More effective merchandising and marketing in Design Space
- Continued innovation in premium design tools



# Creativity across the globe



Aangepaste kaarten, elke keer weer.

**cricut.**



**Did you know?** We recently launched in Thailand <sup>TH</sup> and Turkey <sup>TR</sup> (India <sup>IN</sup>, Japan <sup>JP</sup>, South Korea <sup>KR</sup> and Taiwan <sup>TW</sup> coming soon!)

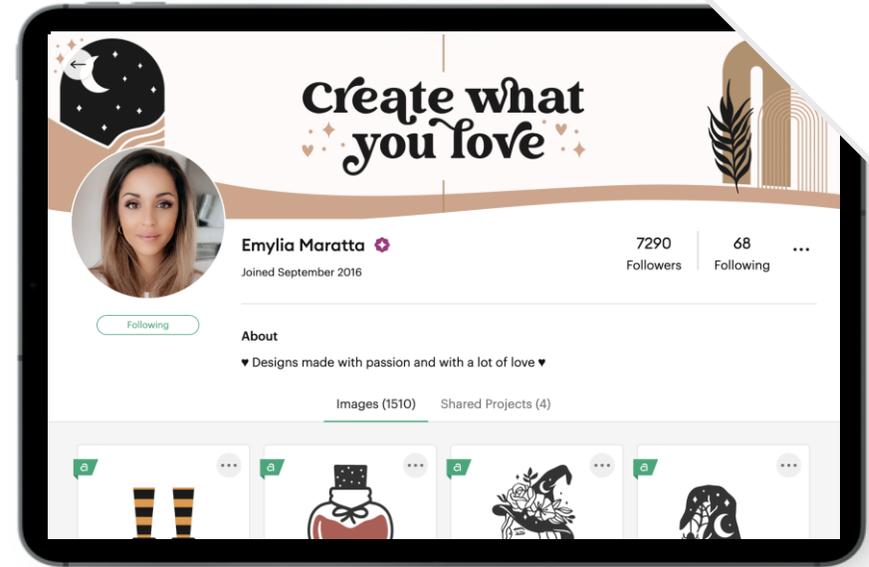
# Increasing our value proposition

## Contributing Artist Program

- Enabling wide range of diverse content
- Building followers within Design Space
- Continued investment in this program

## Editable Images

- Endless design choices with each image
- Reduces complexity in designing
- Will be available for free to all Access subscribers



The ANNUAL FIVE

The ALTMAN 2024

The SCOTT 2022

GRANDMA CAROLYN'S ANNUAL

The ULTIMATE BEACH

THE BRAULT 2024

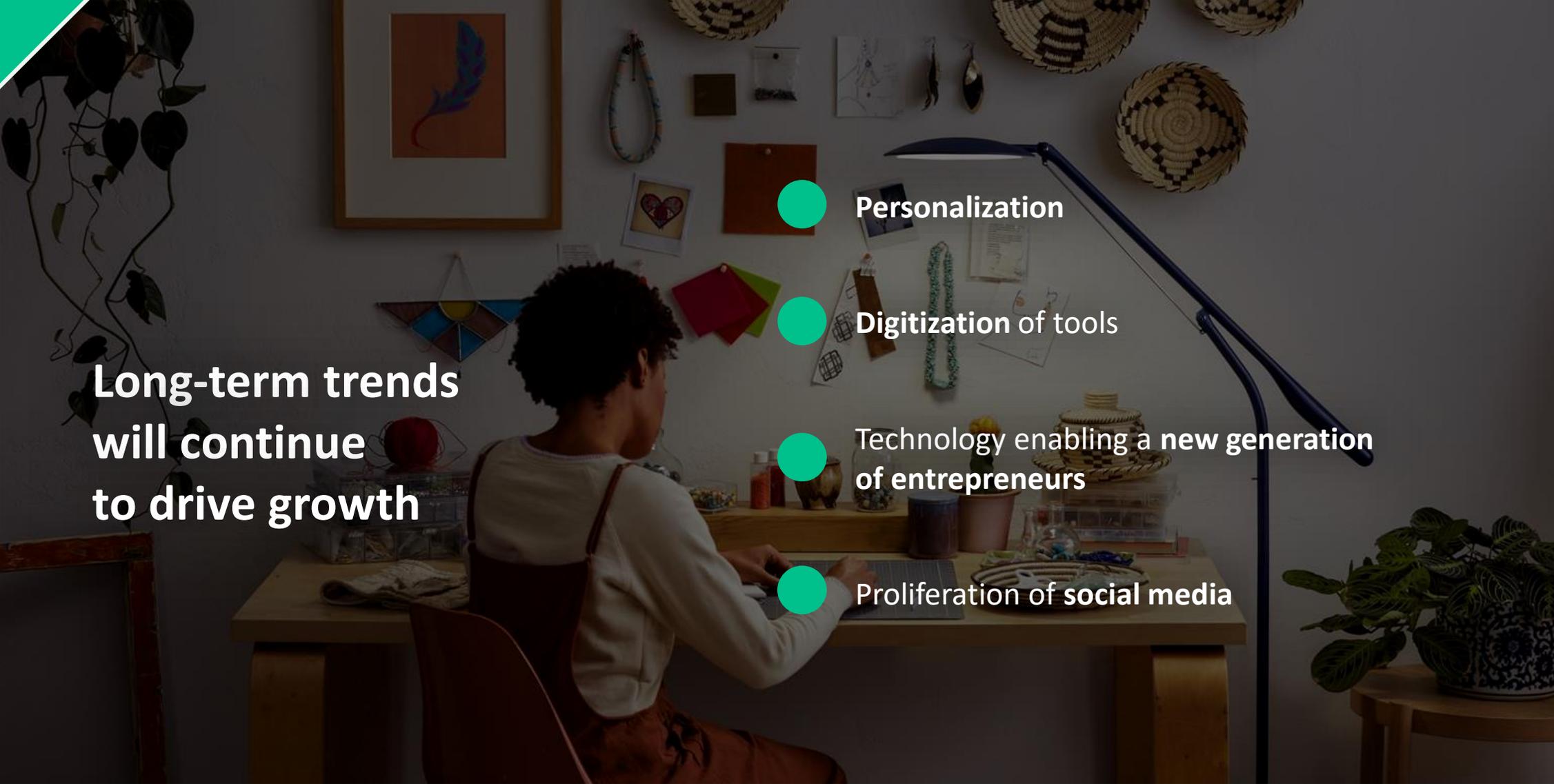
THE HISTORIC NYC TOUR

THE DOWNTOWN 2025

THE THOMPSONS 2032

THE SPENCER SLC, UT





**Long-term trends  
will continue  
to drive growth**

● **Personalization**

● **Digitization of tools**

● **Technology enabling a new generation  
of entrepreneurs**

● **Proliferation of social media**



# Financial Results



## Q2 2022 financial highlights

### Revenue

**\$183.8M**

**(45.1%)**

YoY Decrease

### Operating Income

**\$20.0M**

**10.9%**

Operating Margin

### Net Income

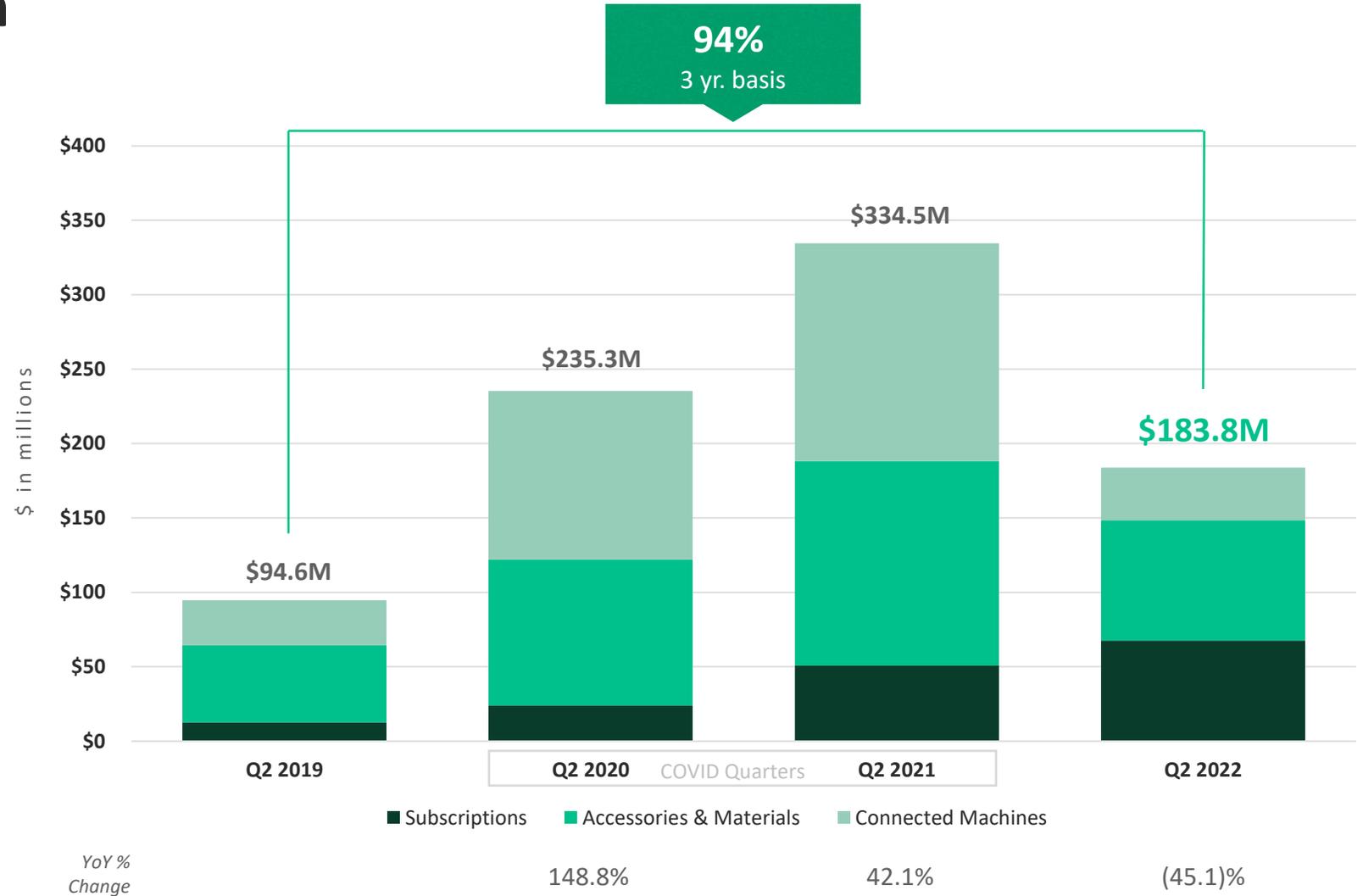
**\$13.8M**

**7.5%**

Net Income Margin

# Revenue breakdown

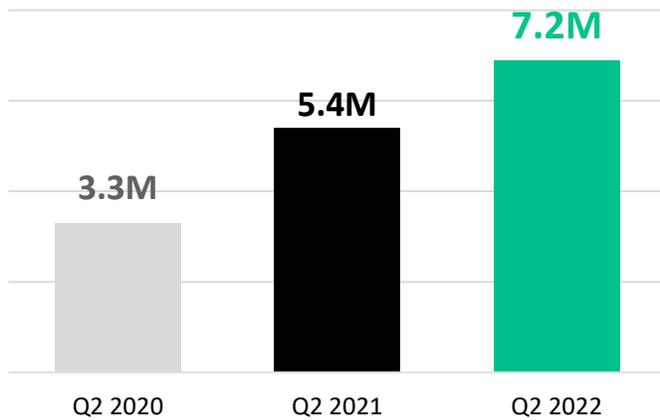
- Subscription revenue in Q2 grew over 33% YoY and up ~181% from Q2 2020 despite lower machine sales
- Accessories & Materials revenue in Q2 declined ~(41%) YoY
- Connected Machine revenue in Q2 declined (76%) YoY
- Connected Machines and Accessories & Materials were affected by macroeconomic pressures and higher than normal channel inventory positions
- International revenue declined (14%) YoY, but increased as a % of overall revenue, from 8.5% to 13.2%



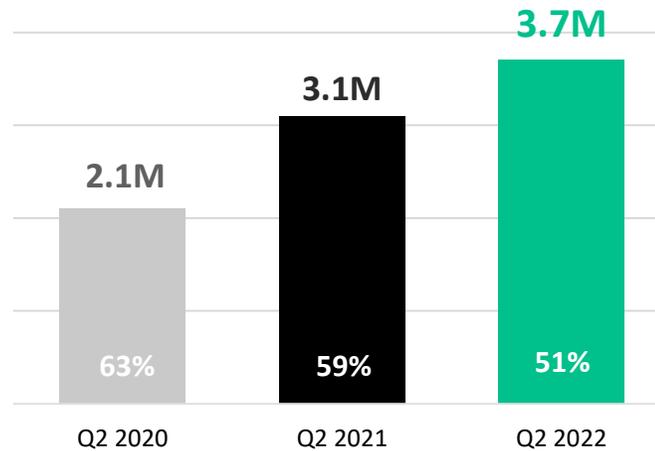
# Growing user base



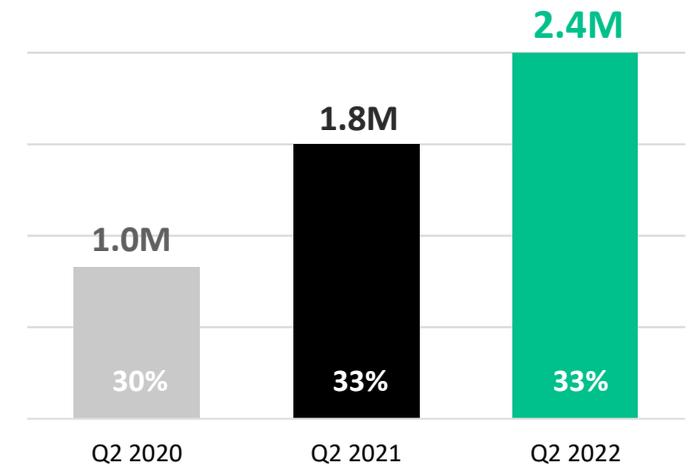
Users



Engaged Users<sup>1</sup>



Paid Subscribers<sup>2</sup>



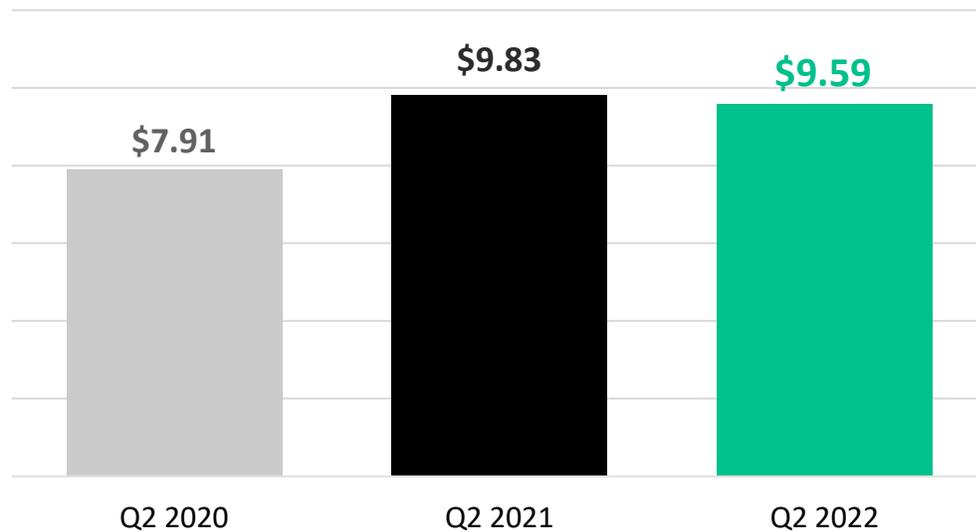
1. Number and percentage of users creating on their connected machines in the trailing 90 days as of each quarter end.

2. Paid subscriber attach rate = percentage of total users that were paid subscribers to Cricut Access or Cricut Access Premium as of the end of each quarter end.

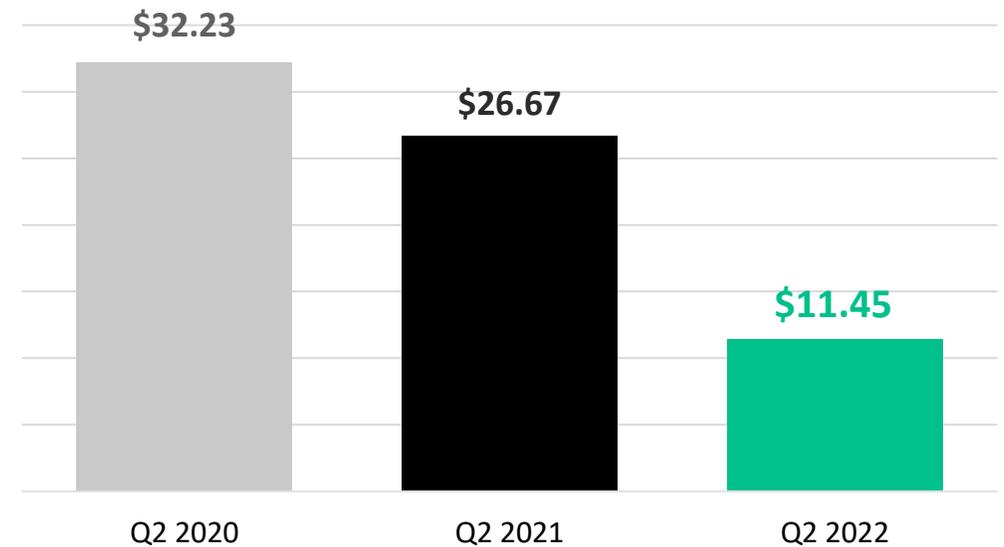
# User monetization



Subscriptions ARPU <sup>1</sup>



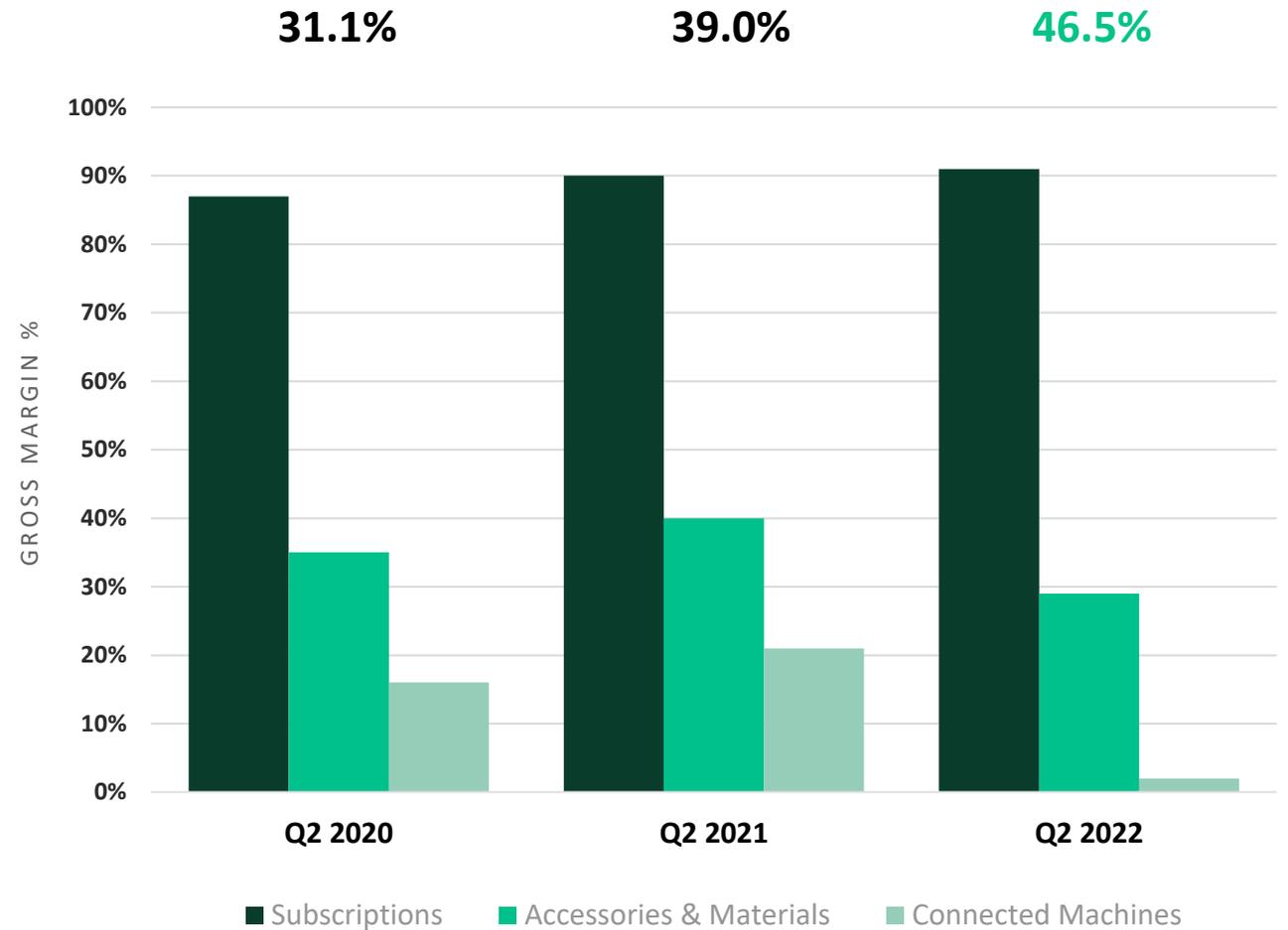
Accessories & Materials ARPU <sup>1</sup>



1. ARPU = Average Revenue Per User

# Gross margin

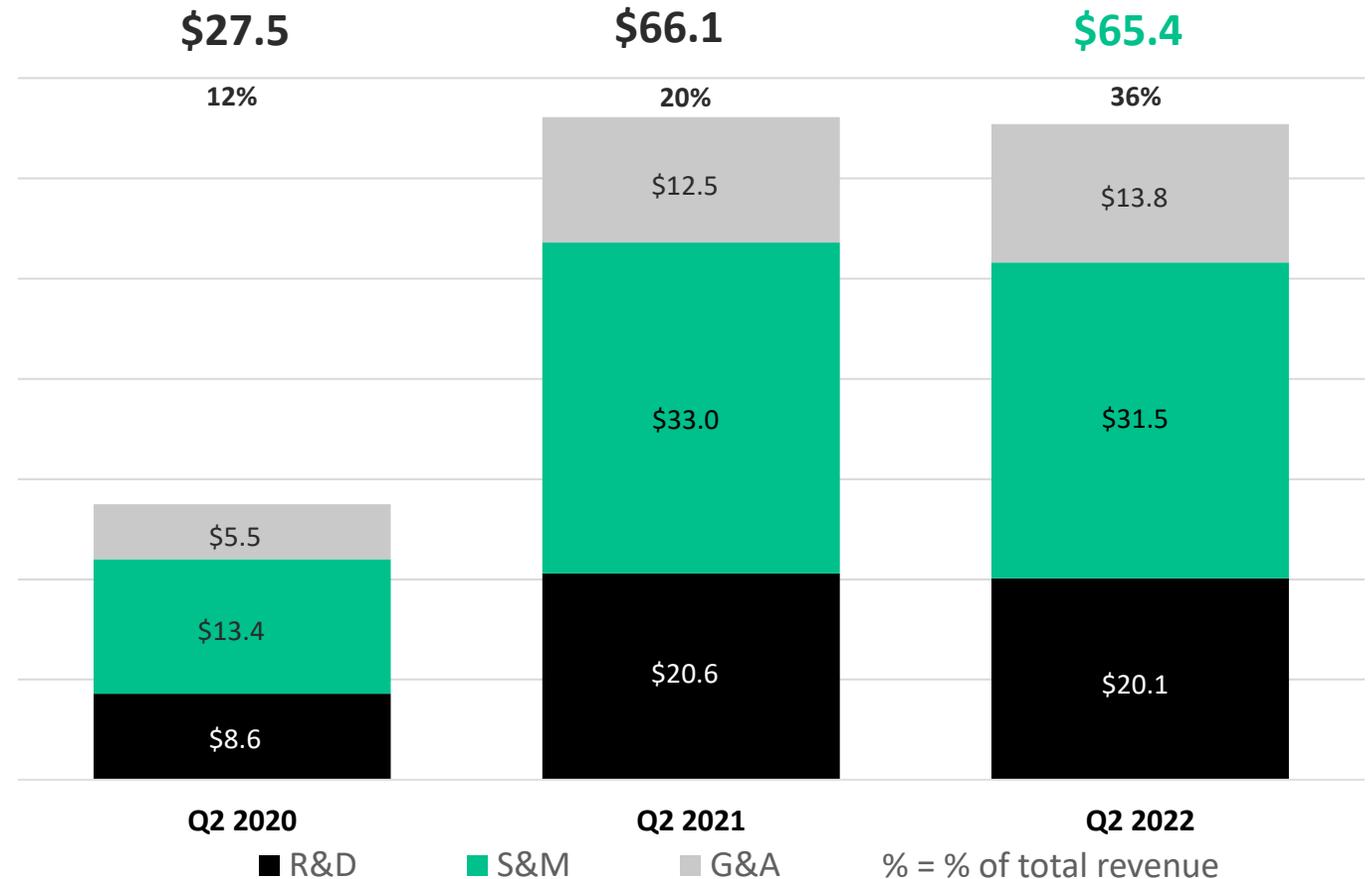
- Q2 2022 benefited from mix, with higher proportion of revenue driven by subscriptions
- Connected machine margins and accessories and materials margins continue to be impacted by supply chain and inflationary pressures
- Accessories and materials margins impacted by a more normal cadence of promotional activity compared to the height of the pandemic
- Connected machine margins impacted by lower volumes compared to prior periods and reflects pricing of end-of-life products



# Operating Expense

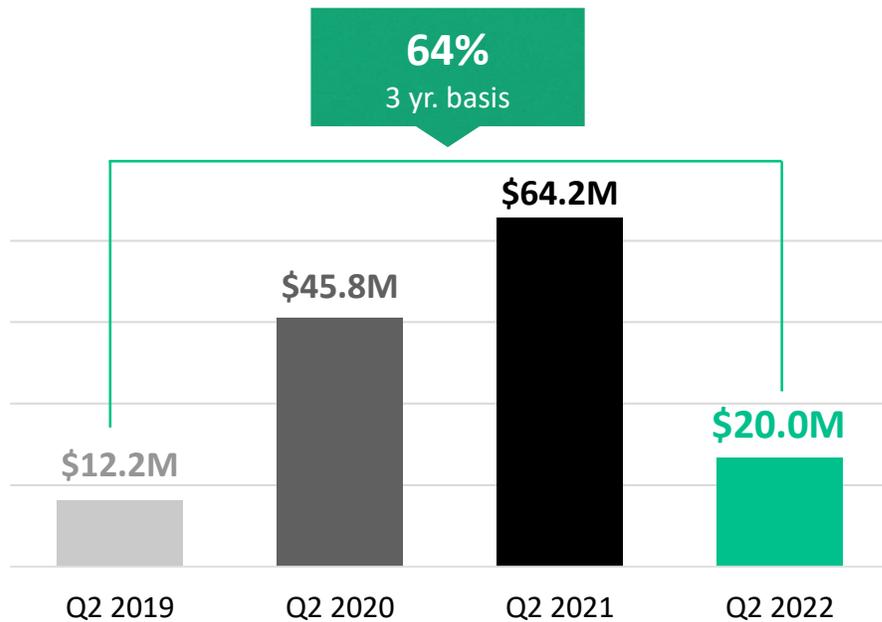
## \$ Operating Expense (in millions)

- Total Opex as % of revenue impacted by lower revenue
- Investments funded by strong balance sheet and cash generation
- Reprioritized investments toward projects launching over the next 24 months to expand the Cricut platform, improve onboarding & engagement, and grow subscriptions and int'l markets



# Profitability

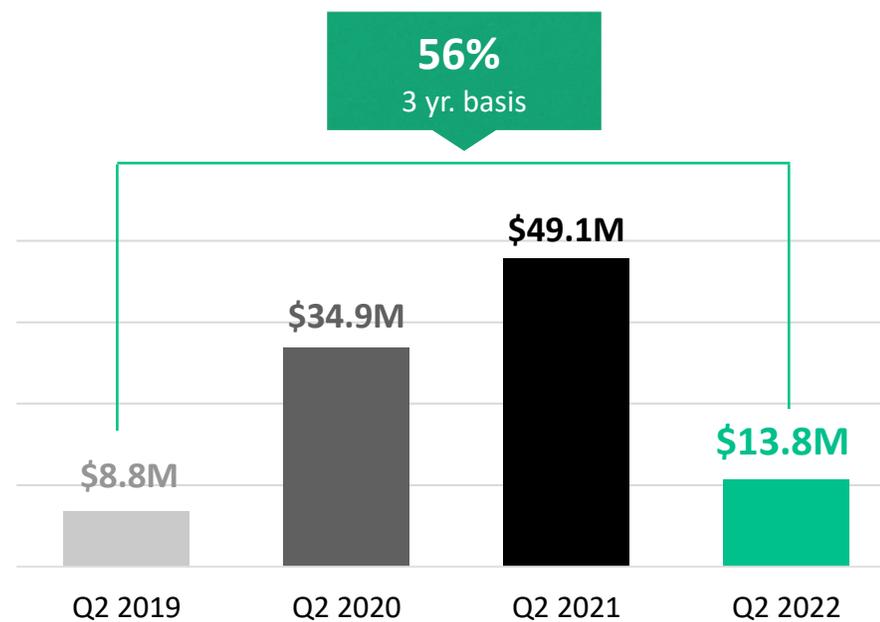
## \$ Operating Income



Operating Margins

12.9%    19.4%    19.2%    10.9%

## \$ Net Income



Net Income Margins

9.3%    14.8%    14.7%    7.5%

# Balance Sheet and Cash Flow highlights



Cash, equivalents as of  
6/30/22

**\$231.3M**

Cash, cash equivalents, marketable securities

**\$300.0M**

New credit line, remains untapped



Cash Flow generated from  
Operations 6/30/22 YTD

**\$13.0M**



Board-Approved Share Repurchase  
Program

Up to

**\$50.0M**

## Forward looking commentary

- **Near term headwinds with seasonality trends and slower consumer demand to impact the second half of the year**
- **Expect retail inventory positions to right-size toward end of Q3 with most holiday orders beginning to fulfill in early Q4**
- **Committed to long-term annual operating margin targets of 15%-19%**
- **Continue to invest in revenue opportunities for the medium/long-term**







# 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%