

NASDAQ : CRCT

Financial Results

Q1 2023
May 9, 2023

cricut®



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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



Q1 2023 business highlights



Paid Subscriber Growth

- 2.7M Paid Subscribers, up 17% YoY and 4% sequentially
- Subscriptions Revenue up 16% YoY and up 6% sequentially



User Base Growth

- 8.2M total users
- Up 19% YoY



Fiscally Disciplined

- \$9.1M net income
- 17 consecutive quarters of net income profitability
- Generated \$95.2M in cash from operations



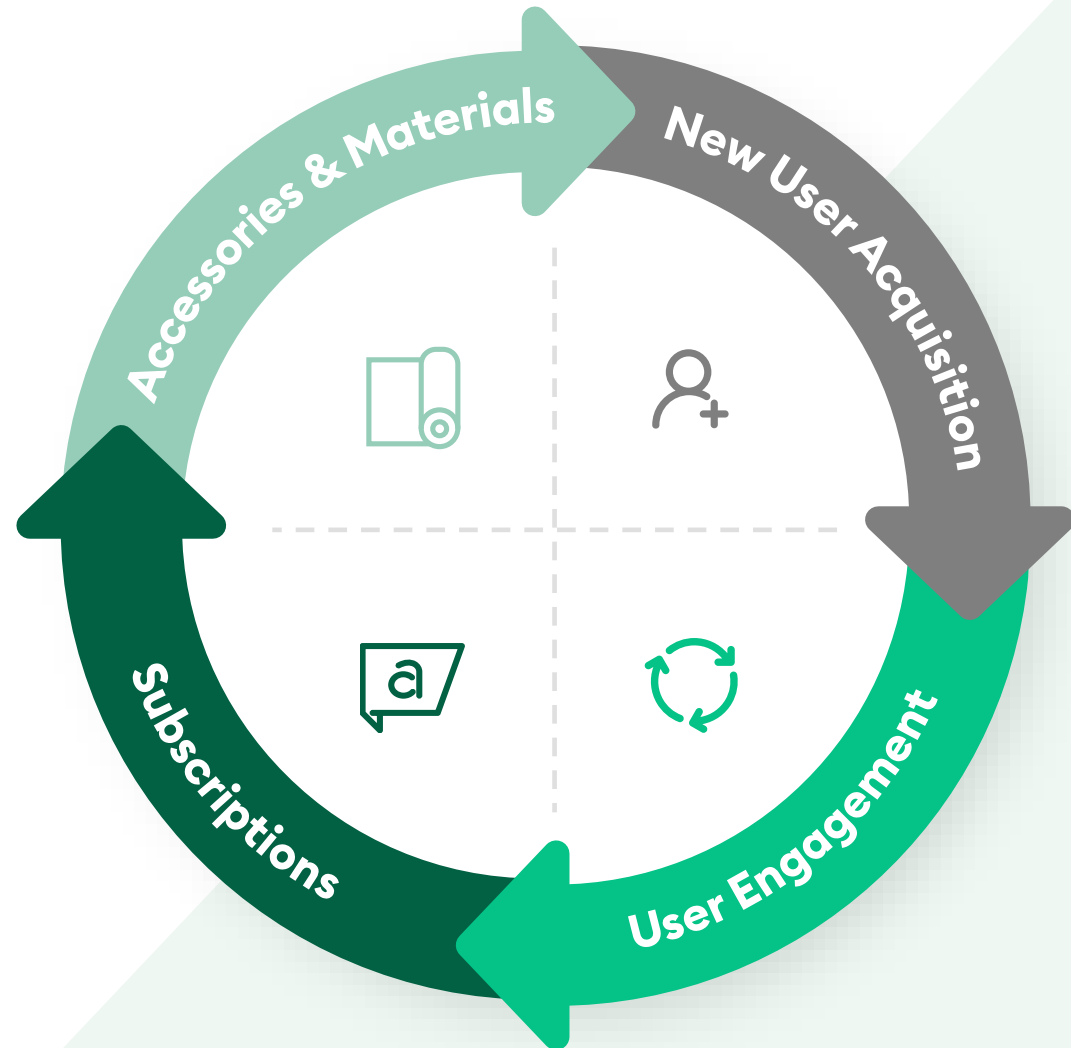
User Engagement

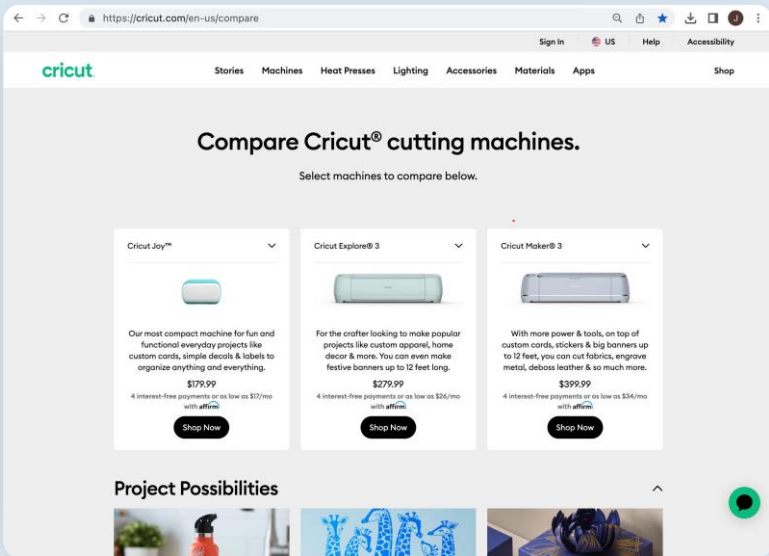
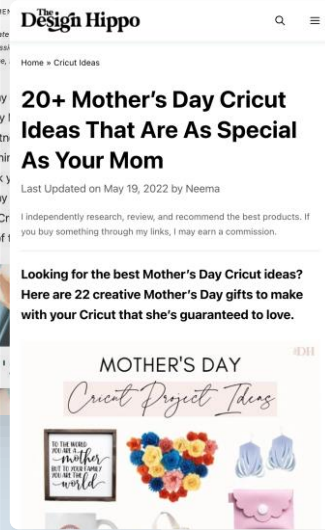
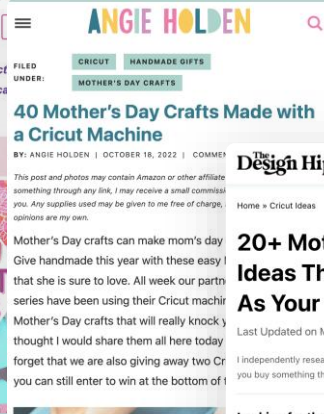
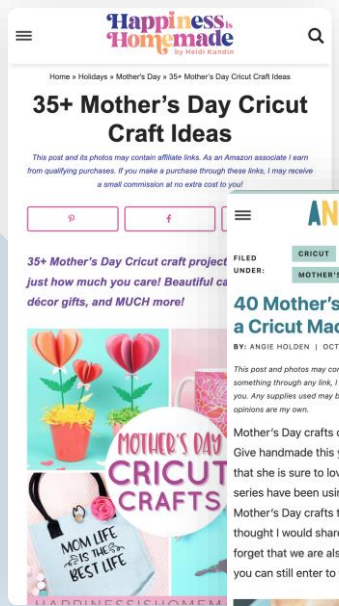
- 3.7M engaged users
- Increased user interactions with new touchpoints & enhancements



2023 priorities

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





Simplifying the purchase journey

- New consumer content for easier decision making
- Improved in-store merchandising
- Optimized marketing efforts and audience targeting
- Greater upfront consumer value with machine bundles
- Average time spent on machine comparison page up over 50%

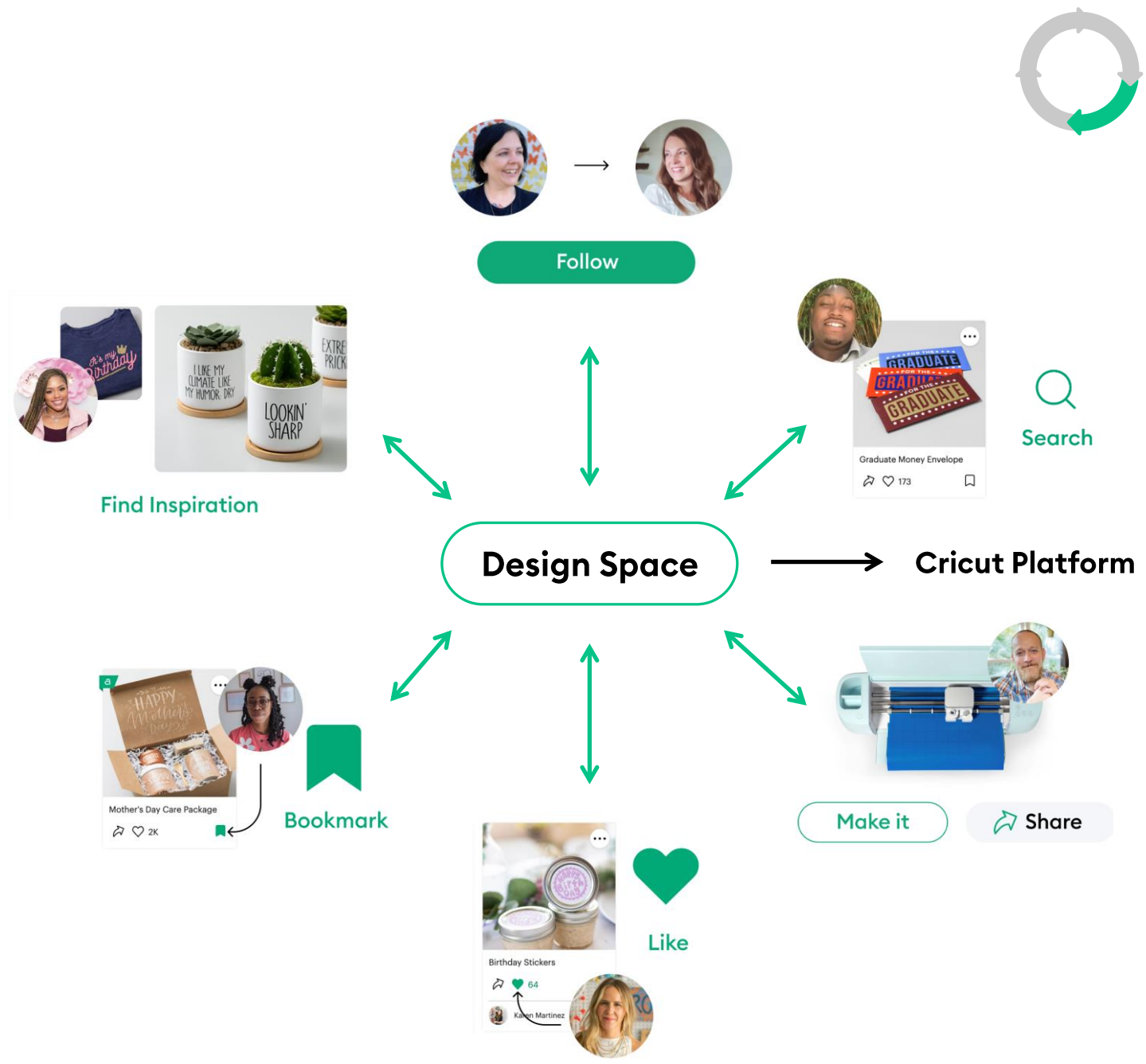
Content drives engagement

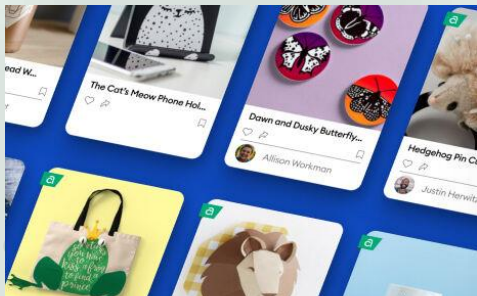
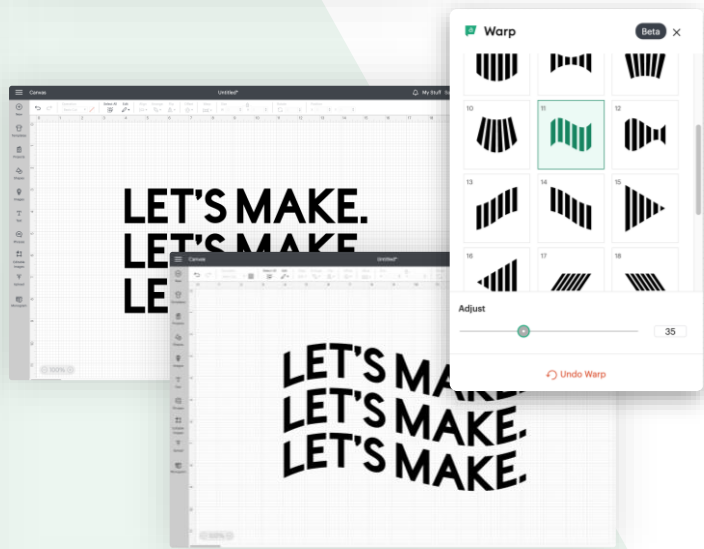
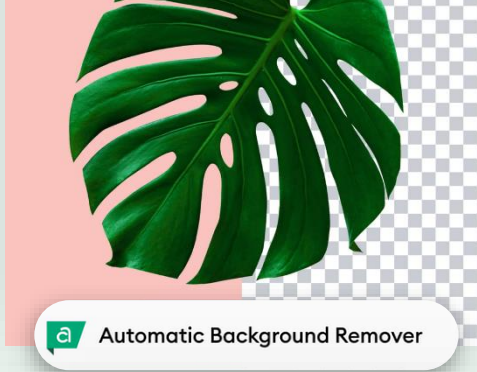
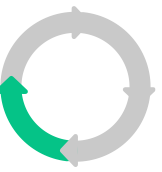
Engagement is more than just cutting

- Improving onboarding process
- Driving traffic to Design Space
- Content discovery through new visual-based search


User generated content

- Contributing Artists Program (CAP) represents significant source of new images on Design Space
- Community projects drive incremental value to Design Space





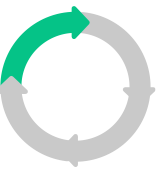
"This subscription has so much content. I use it almost daily and I love it."

 Pauline

Focus on subscriptions

2.7M Paid subscribers
 17% increase YoY
 4% increase QoQ

- Subscribers are our most valuable users
- New Content + Features add value
- Introduced Warp, new Cricut Access exclusive software feature



Accessories and Materials

2-Year Strategy to Re-accelerate Business

- Focus on cost reductions
- Analytical approach to promotional strategy
- Differentiated product configurations and new machine bundles
- Improved engagement



NEW

Heat / cold
activated vinyl

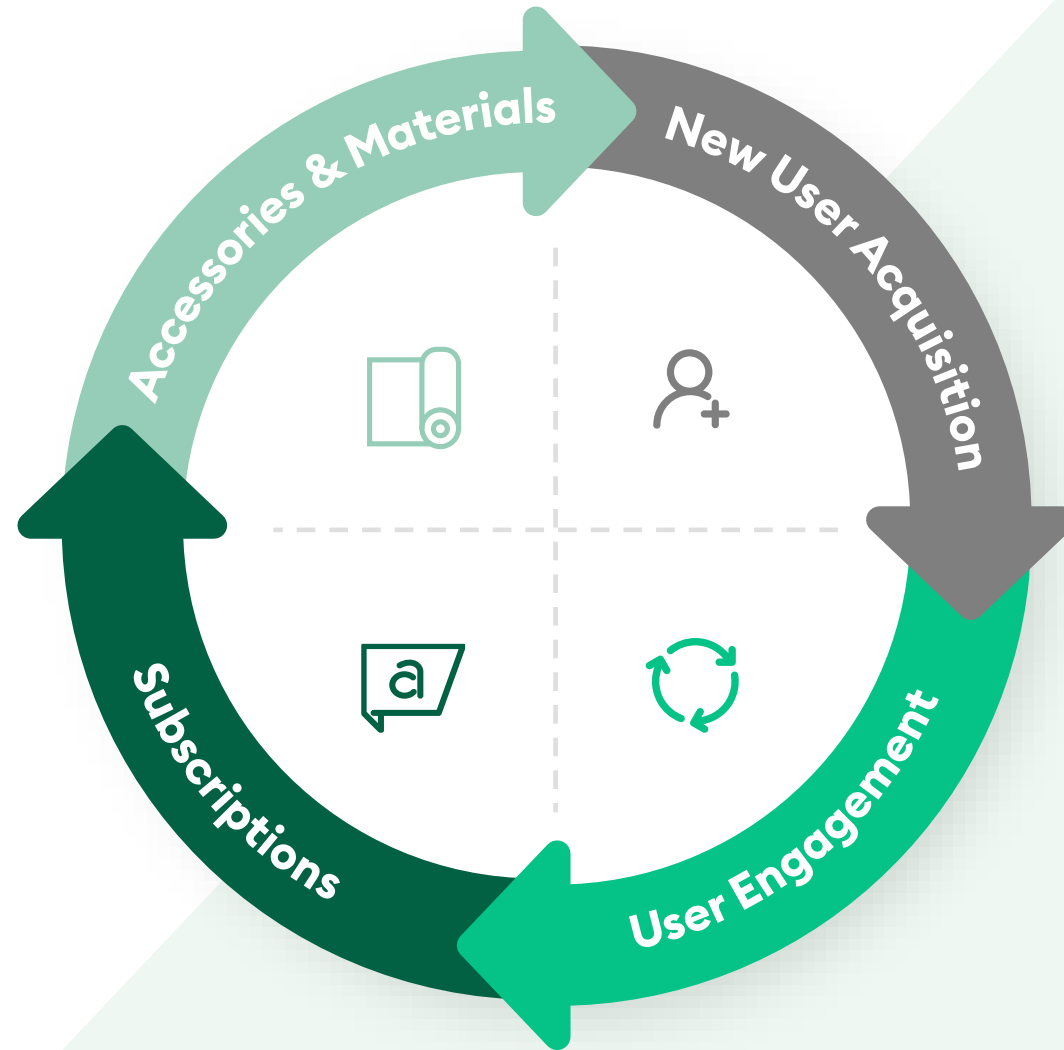
Linerless transfer tape

UV activated Iron-on

SmartPaper™
dissolvable labels



**Focused on
continued
long-term growth**





Financial Results



First quarter 2023 financial highlights

Revenue

\$181.2M

-26.0%

YoY Decrease

Operating Income¹

\$10.5M

5.8%

Of Total Revenue

Net Income²

\$9.1M

5.0%

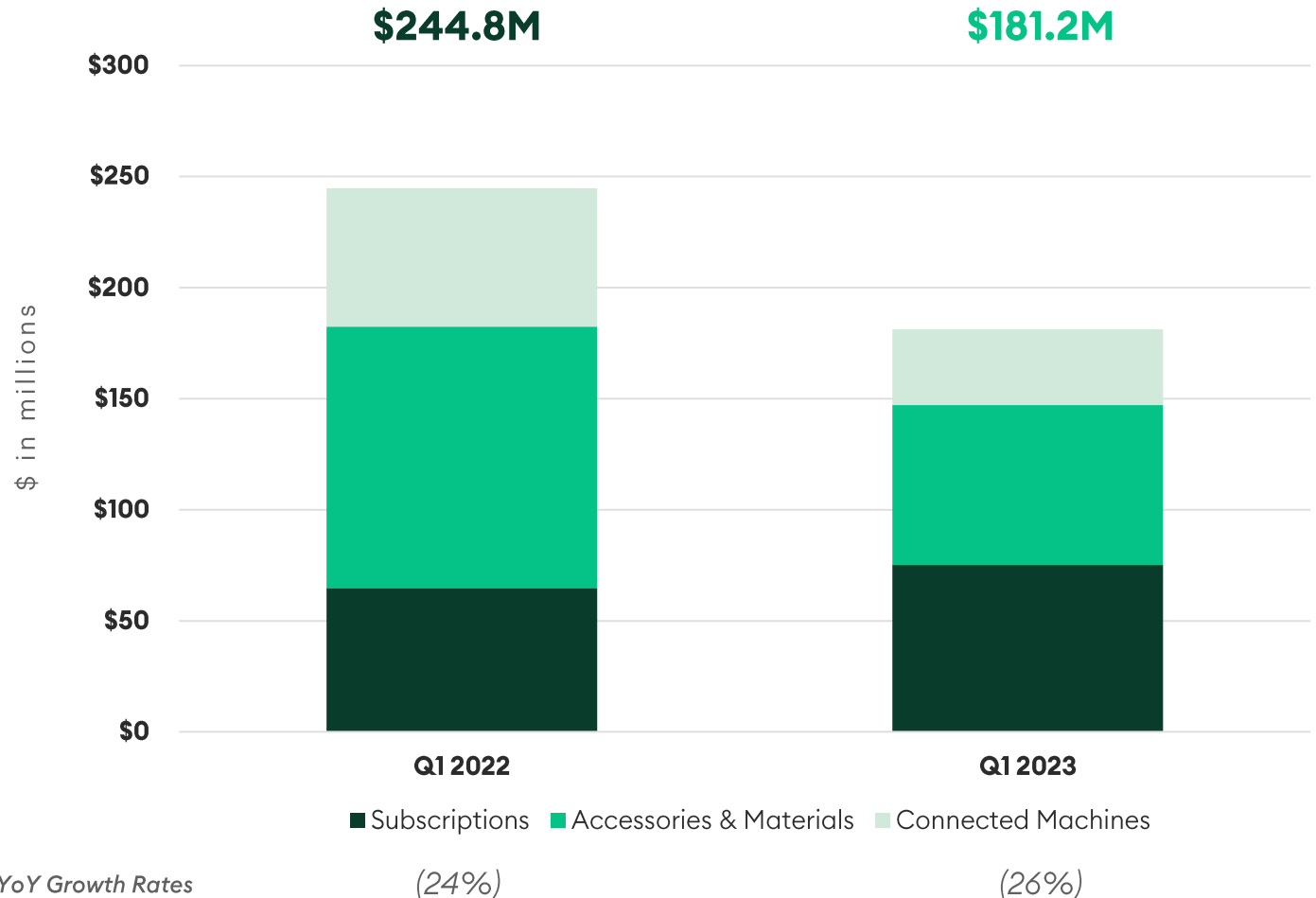
Of Total Revenue

Did you know? Q1 was our 17th consecutive quarter of GAAP profitability

1. Q1 2023 Operating Income includes \$10.4 million of stock-based compensation expense. Excluding the inventory write-down of \$8.6 million Operating Income would have been \$19.1 million or 10.5%.
2. Excluding the inventory write-down and related tax effect, Net Income would have been \$15.2 million or 8.4%.

Revenue breakdown

- Connected Machine revenue in Q1 **declined 45%** YoY
- Accessories & Materials revenue in Q1 **declined 39%** YoY
- Subscription revenue in Q1 **grew 16%** YoY
- Int'l revenue in Q1 **declined 8%** YoY to \$33.5M

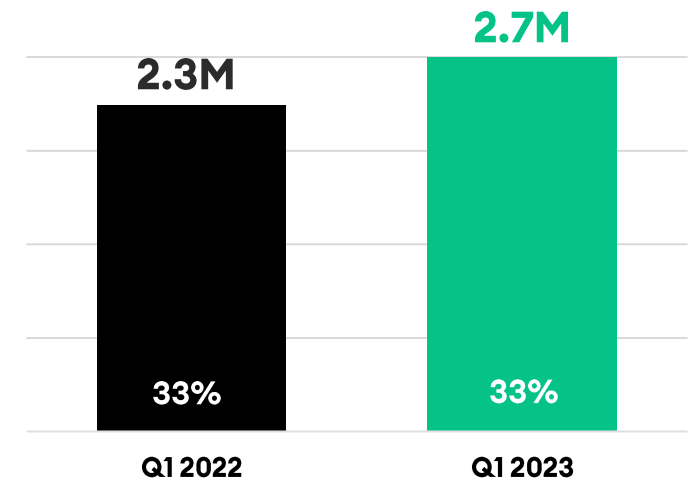
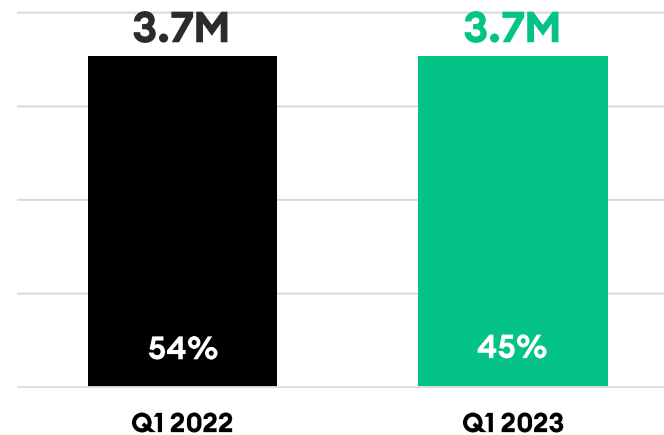
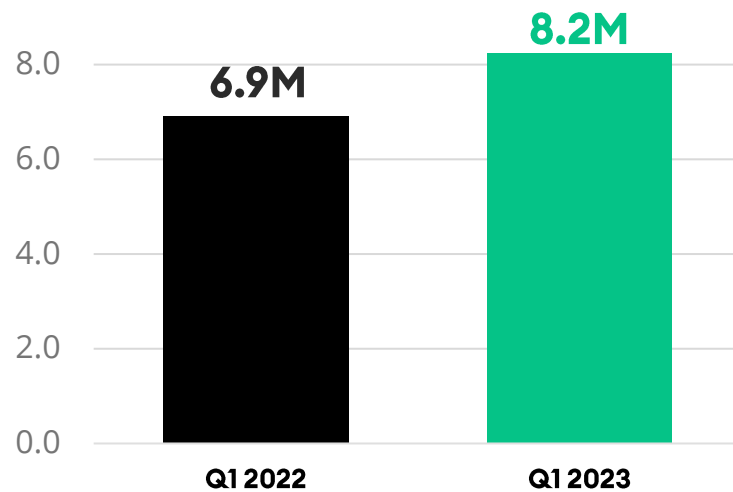


Growing user base

 **Users**

 **Engaged Users¹**

 **Paid Subscribers²**



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.

Gross margin

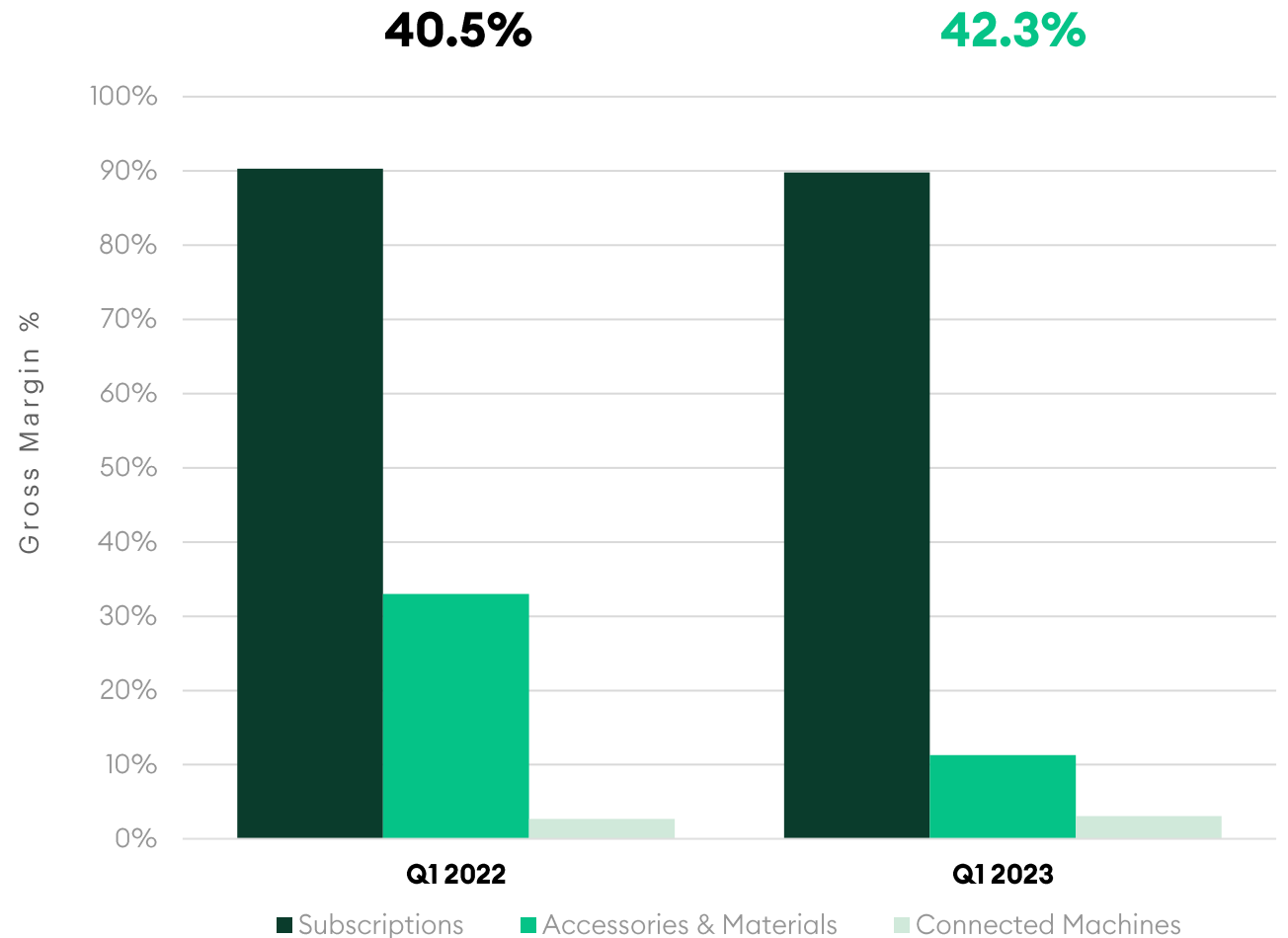
Contributing Factors

Connected Machine Margins

- Impacted by higher fixed costs as a percentage of revenue in warehousing and operations expense
- Positive mix shift towards newer Connected Machine models

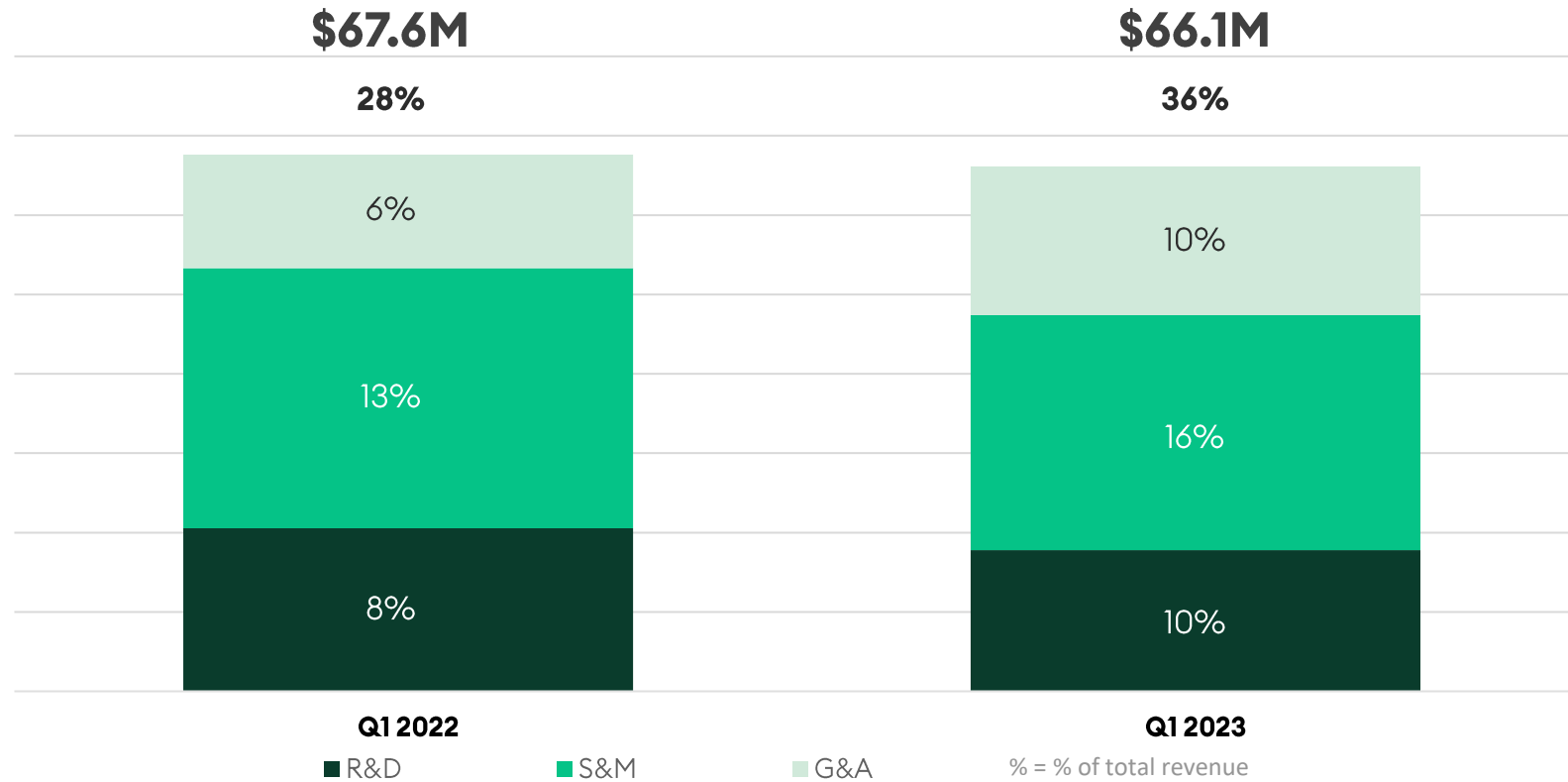
Accessories & Materials Margins

- Impacted by \$8.6M excess inventory write-down as well as fixed operating costs amortized over lower volumes



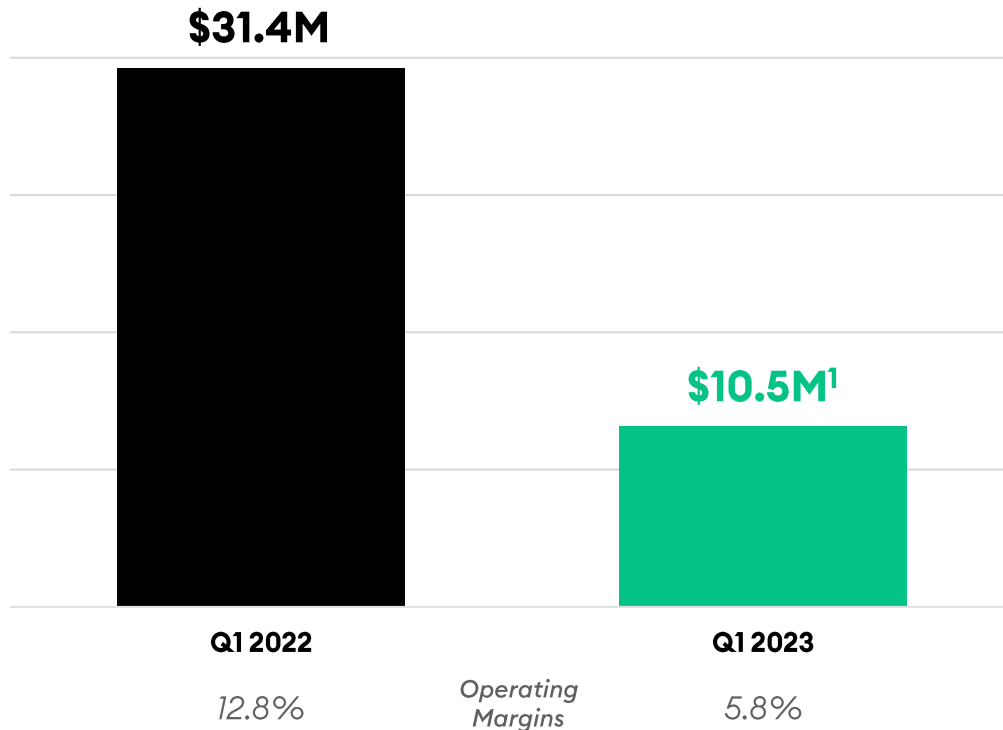
Operating expense

\$ Operating Expense

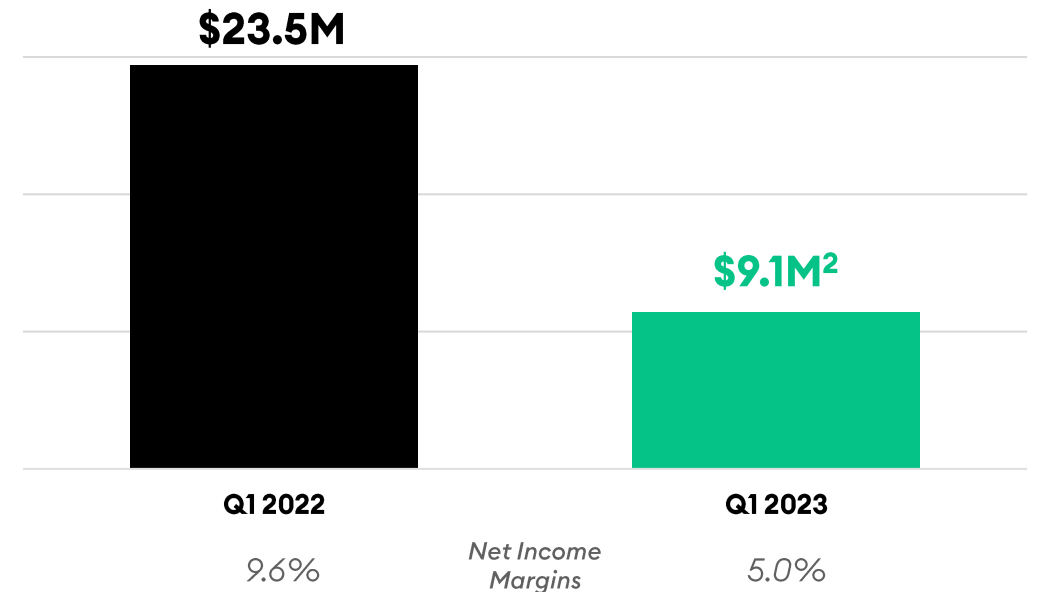


Operating income and net income

\$ Operating Income



\$ Net Income



1. Excluding the inventory write-down, Operating Income would have been \$19.1 million or 10.5%.
2. Excluding the inventory write-down and related tax effect, Net Income would have been \$15.2 million or 8.4%.



Balance Sheet and Cash Flow highlights



Cash, equivalents
as of 3/31/23

\$307.3M

Cash, cash equivalents, marketable securities

\$300.0M

Untapped credit line



Cash Flow generated
from Operations 3/31/23
YTD

\$95.2M

vs \$15.6M PY YTD



Share Repurchase
Program & Dividend

Used

\$3.2M

to purchase 347K shares

\$75.5M

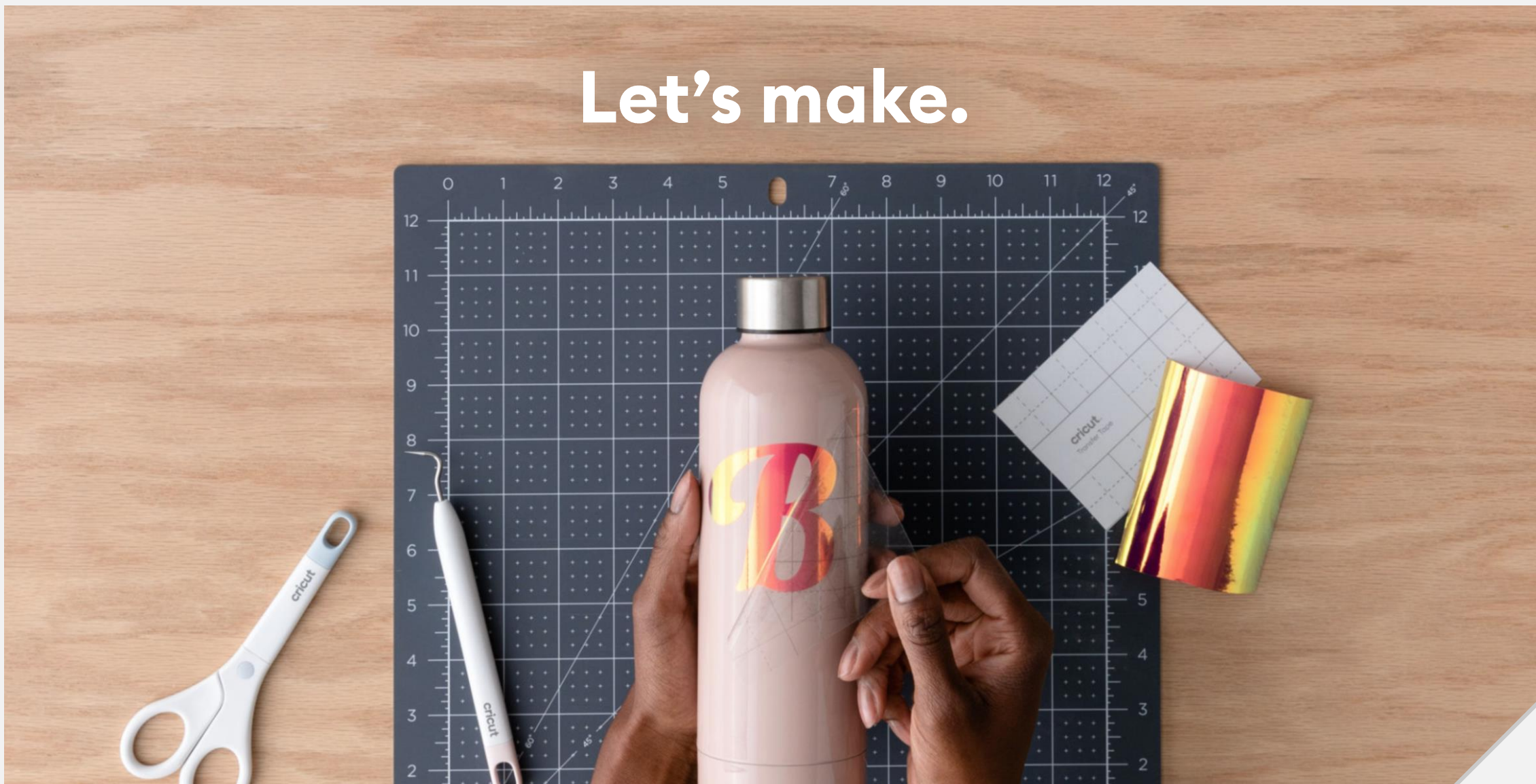
special dividend paid in Q1 23

Forward looking commentary



- Continue conservative approach to planning.
- Expect FY 2023 operating margins to be slightly down YoY given Q1 performance.
- Expect typical second half seasonality.
- Paid Subscribers may be flat for the year, or down if current New User trends worsen.
- Committed to long-term annual operating margin targets of 15%-19%, and generating healthy cash flow from operations

Let's make.



Long-term target model

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