

NASDAQ : CRCT

Financial Results

Q4 2021 & FY 2021
March 8, 2022

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. 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”).

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NASDAQ: CRCT

Welcome!

FY 2021 highlights

Revenue

\$1.3B

+36%

YoY Increase

EBITDA¹

\$211.6M

16.2%

EBITDA Margin

Total Users Added

~2.1M

1.8M

Users added in 2020

International revenues grew approximately 110% compared to last year and made up 11% of total revenues

1. Net income adjusted to exclude: interest expense, net; income taxes; and depreciation and amortization expense. See reconciliation in the Appendix. FY 2021 EBITDA includes \$38.1 million of stock-based compensation expense.





User acquisition and engagement



Total Users

6.4M+

48%

YoY Growth



Engaged Users

3.8M+

36%

YoY Growth



Engagement

60%

4%

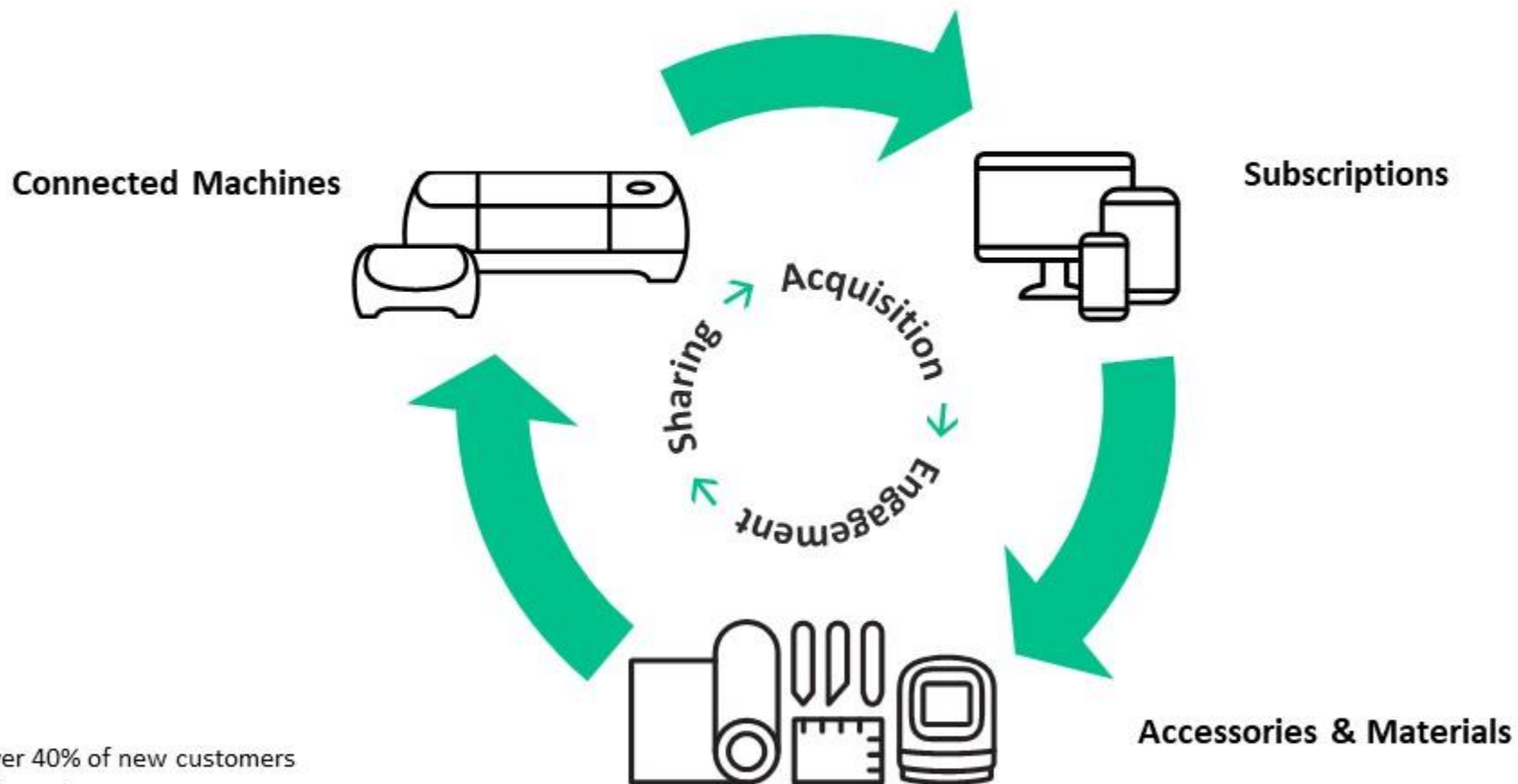
Increase from Q3

Users Drive Marketing



Did you know? Since end of 2019, we've added nearly 4M new users to the platform

Cricut's flywheel



Did you know? Over 40% of new customers come from word of mouth

Creativity is universal



International Revenue

~ **110%**

Growth in Q4 2021 YoY



Retailer Categories Beyond Craft

Specialty Retailers
Mass Market
Consumer Electronics

Home Improvement
Office Supplies

16

New markets added since end of 2020

45+

Countries where Cricut products are available

Did you know? In FY 2021, 11% of total revenue was generated internationally



Our powerful social community

5.7M

Social Media Followers

3.3B

Views of #Cricut on TikTok
up from 2B Q4 2020

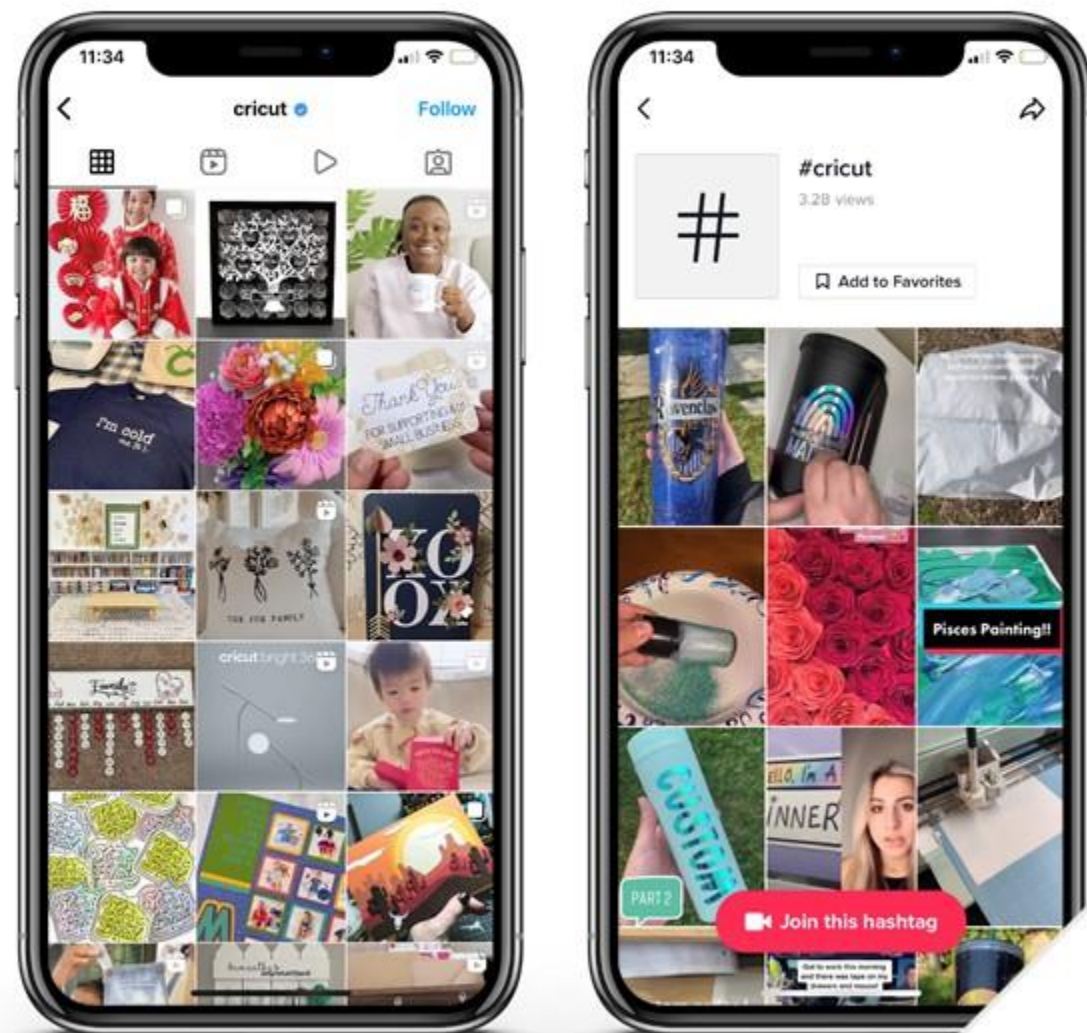
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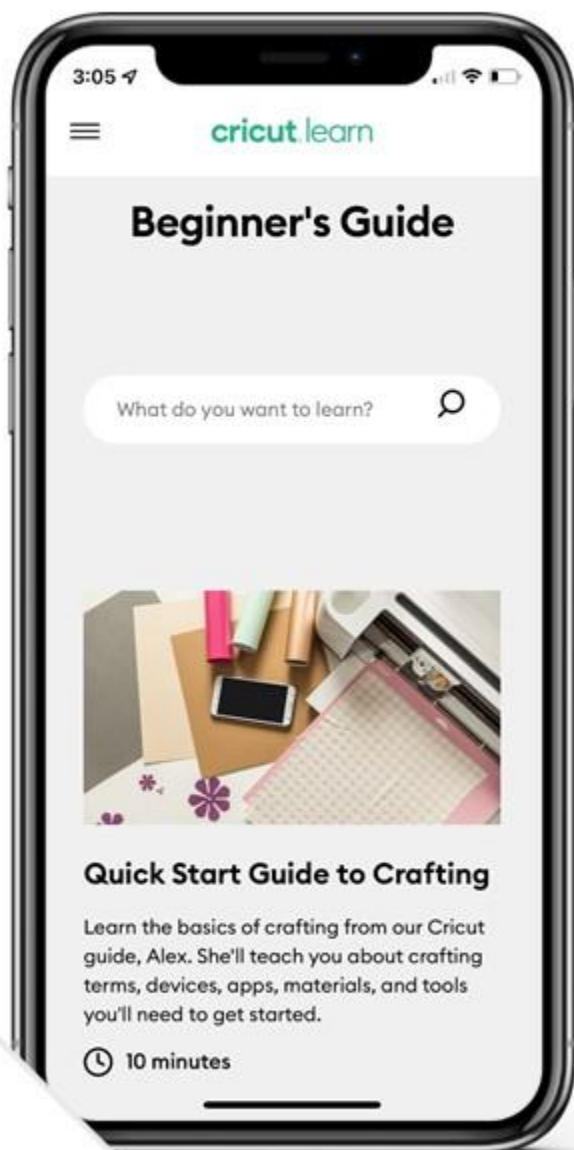
YouTube & Pinterest views
YoY growth

3M+

#cricut posts on Instagram

Did you know? Our global communities have grown with **hundreds of active influencers outside of the US**, with a combined reach in the **tens of millions**





Improving the user experience

- 1 Tutorial Videos
- 2 "How-To" Guides
- 3 Inspirational Ideas
- 4 Live Classes

80K+

Participants since launch



learn.cricut.com

Did you know? Cricut Learn participants are **significantly more engaged** in the first 30 days than non-participant users

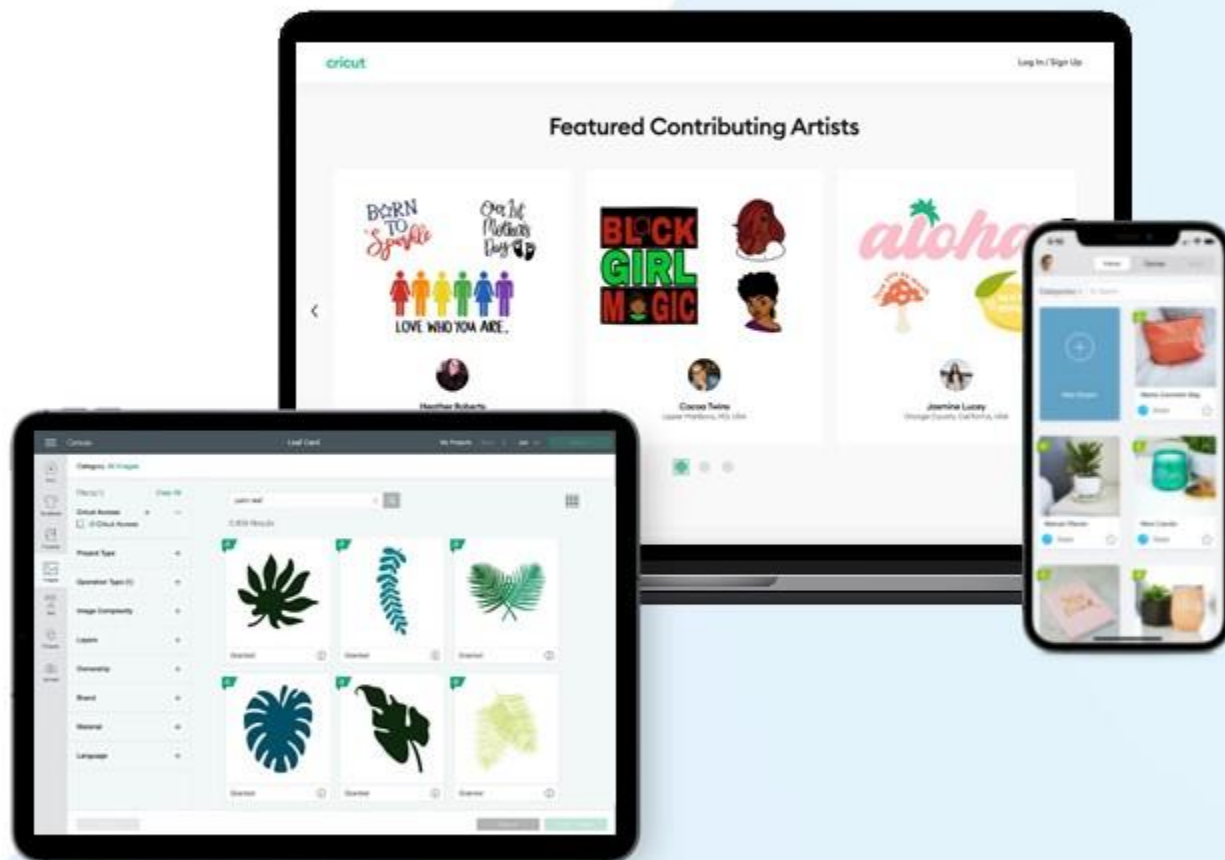
Growth in Cricut Access

2M+ Paid
Subscribers

56% increase YoY / 32% of total user base

- 200k new images, 700 fonts, and thousands of ready-to-make projects
- Adding new genres, use cases, and international content
- Introducing Contributing Artist Program will enable new, authentic, and diverse content from designers

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





Expanding our product ecosystem

Cricut EasyPress 3

- Bluetooth technology
- First-of-its-kind heat press app to monitor settings

Cricut Hat Press

- Gift-buying category expansion
- Personalized, high-quality

Cricut Autopress

- Prosumer focus
- High-volume projects

Cricut Bright 360

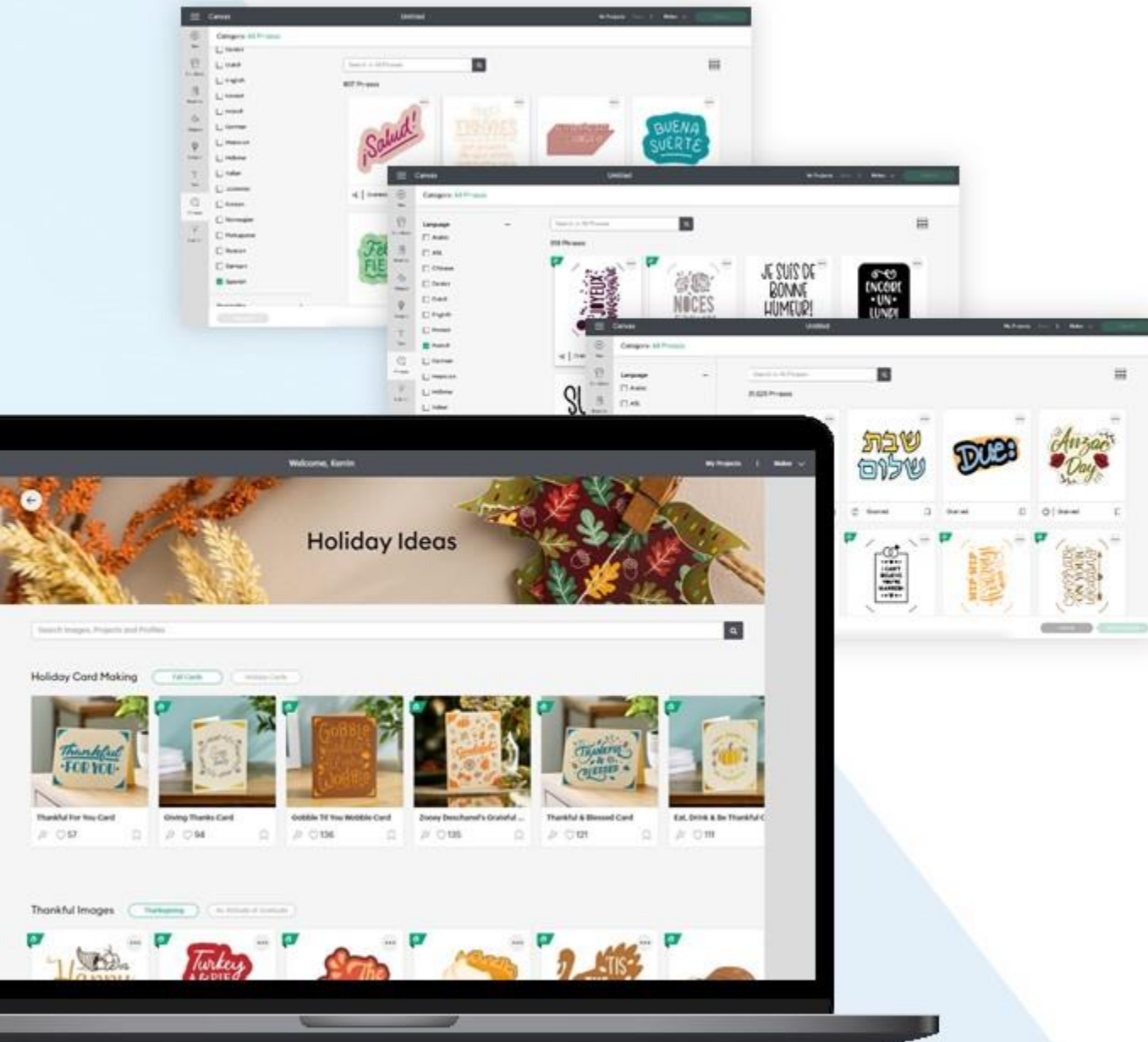
- Adjustable color temperature
- Desktop and standing floor models for every space

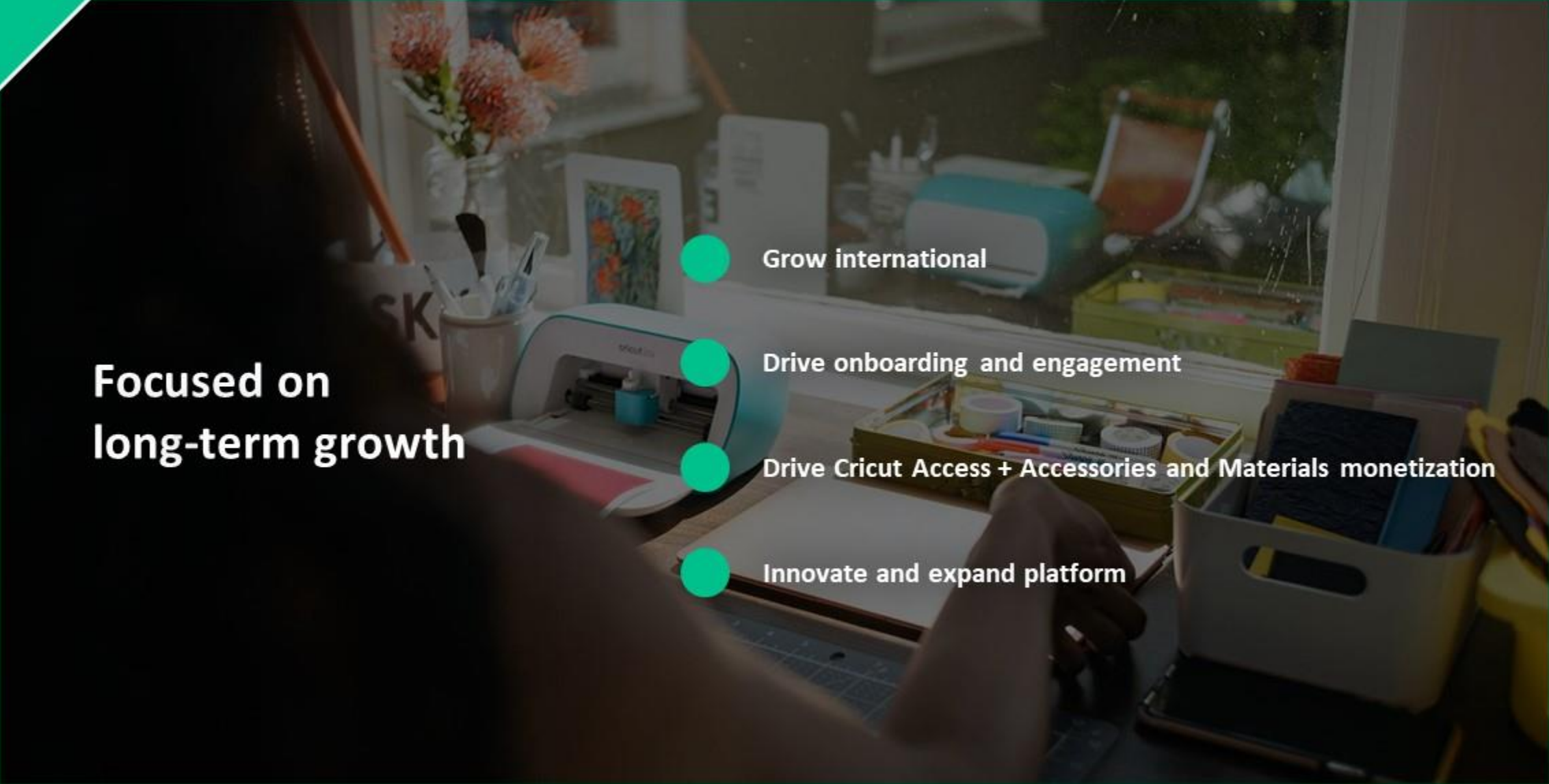
Extending the Cricut platform

User Experience

We continue to scale Cricut Access, Design Space, and products apps with seamless updates and enhancements

- Continue to add new languages to Design Space
- Curated destination pages
- New functionality within mobile apps





**Focused on
long-term growth**

● **Grow international**


● **Drive onboarding and engagement**

● **Drive Cricut Access + Accessories and Materials monetization**

● **Innovate and expand platform**



Financial Results



Full year 2021 financial highlights

Revenue

\$1.3B

+36%

YoY Increase

Net Income

\$140.5M

10.8%

Of Total Revenue

EBITDA¹

\$211.6M

16.2%

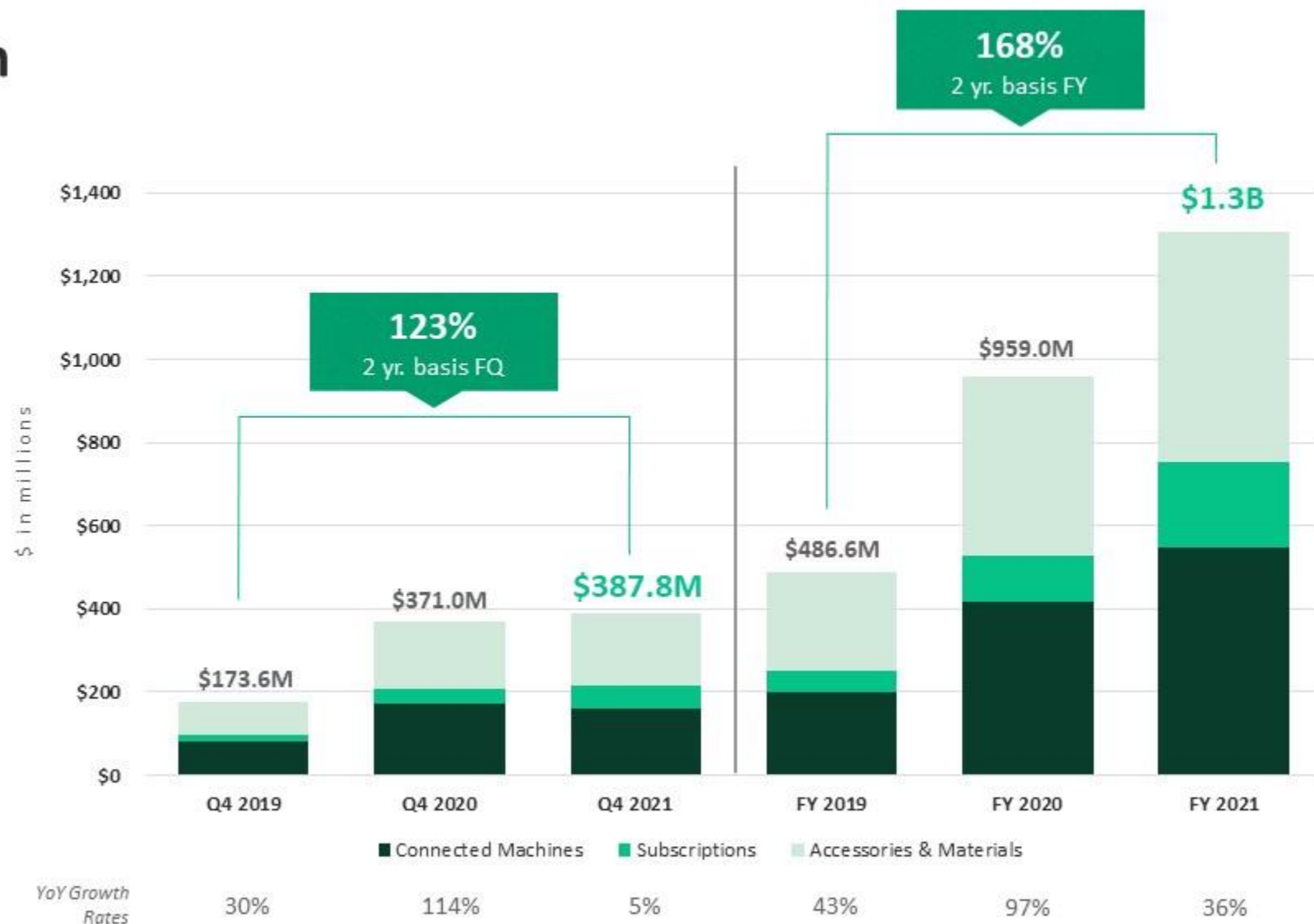
EBITDA Margin

Did you know? 2021 was our 5th consecutive year of GAAP profitability

1. Net income adjusted to exclude: interest expense, net; income taxes; and depreciation and amortization expense. See reconciliation in the Appendix. FY 2021 EBITDA includes \$38.1 million of stock-based compensation expense.

Revenue breakdown

- Connected Machine revenue in Q4 declined (7%) YoY and grew nearly **32%** on a full year basis
- Subscription revenue in Q4 grew **51%** YoY and **85%** on a full year basis
- Accessories & Materials revenue in Q4 grew nearly **7%** YoY and **28%** on a full year basis
- International revenue in Q4 grew nearly **53%** YoY and approximately **110%** on a full year basis

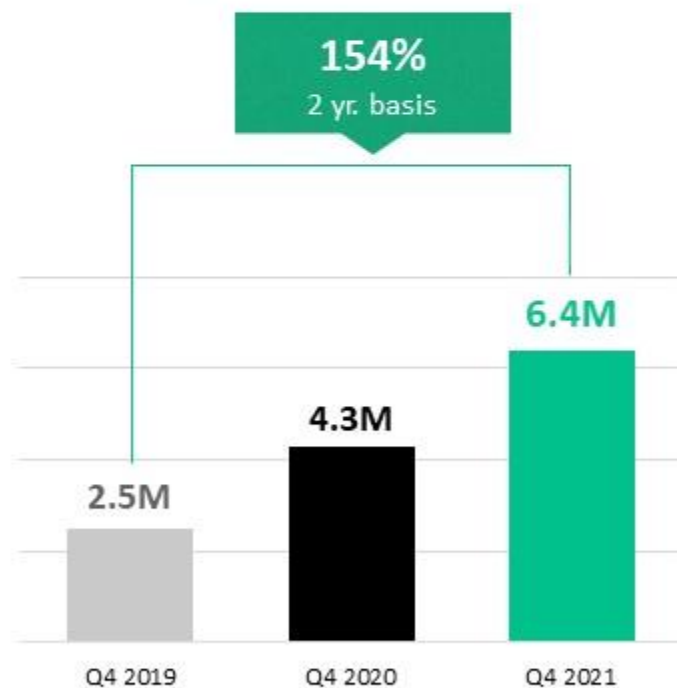


Growing user base

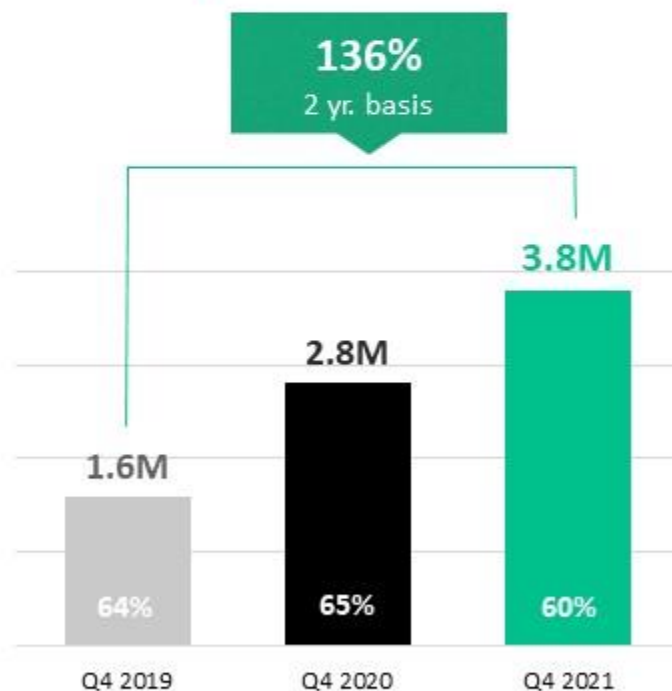
Did you know? As of the end of 2021, 5.2M of our total 6.4M users have used their connected machine within the prior 365 days



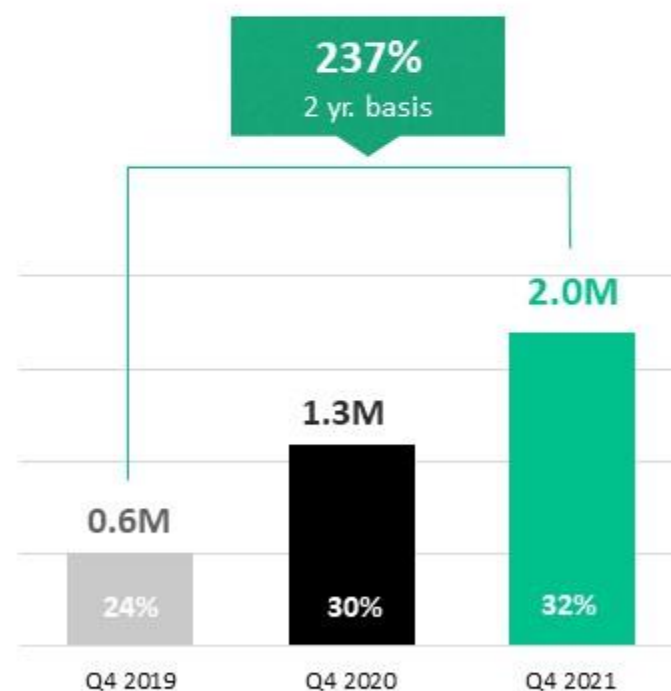
Users



Engaged Users¹



Paid Subscribers²

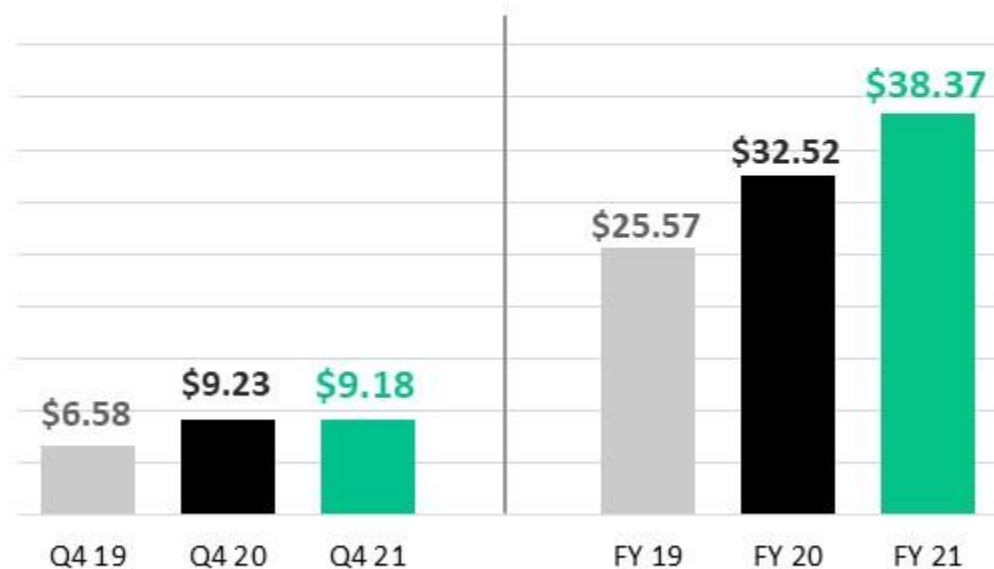


1. Number and percentage of users creating on their connected machines in the trailing 90 days as of each quarter end. 2. Paid subscriber attach rate = percentage of total users that were paid subscribers to Cricut Access or Cricut Access Premium as of the end of each quarter end.

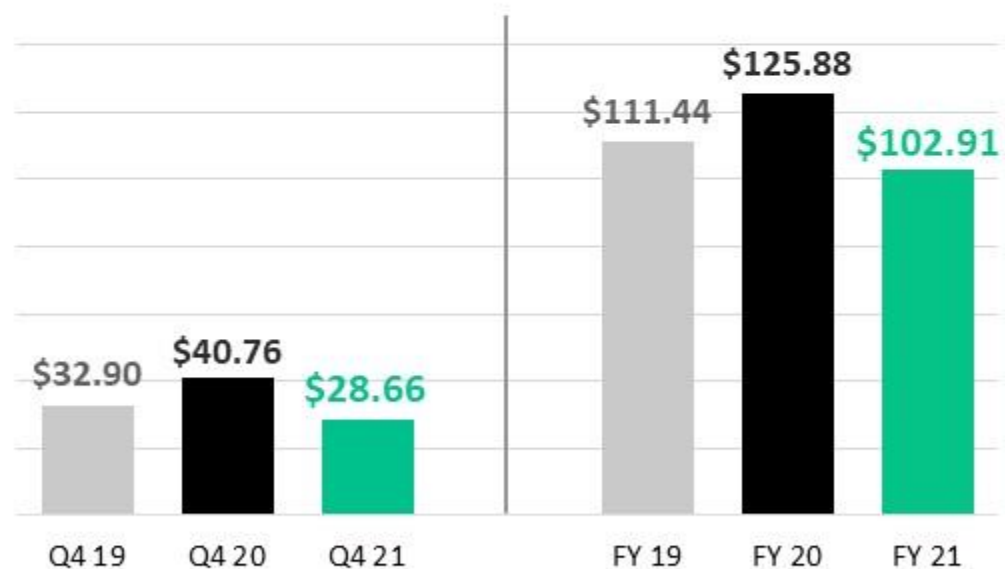
User monetization



Subscriptions ARPU ¹



Accessories & Materials ARPU ¹



1. ARPU = Average Revenue Per User

Gross margin

Contributing Factors

Q4 2020

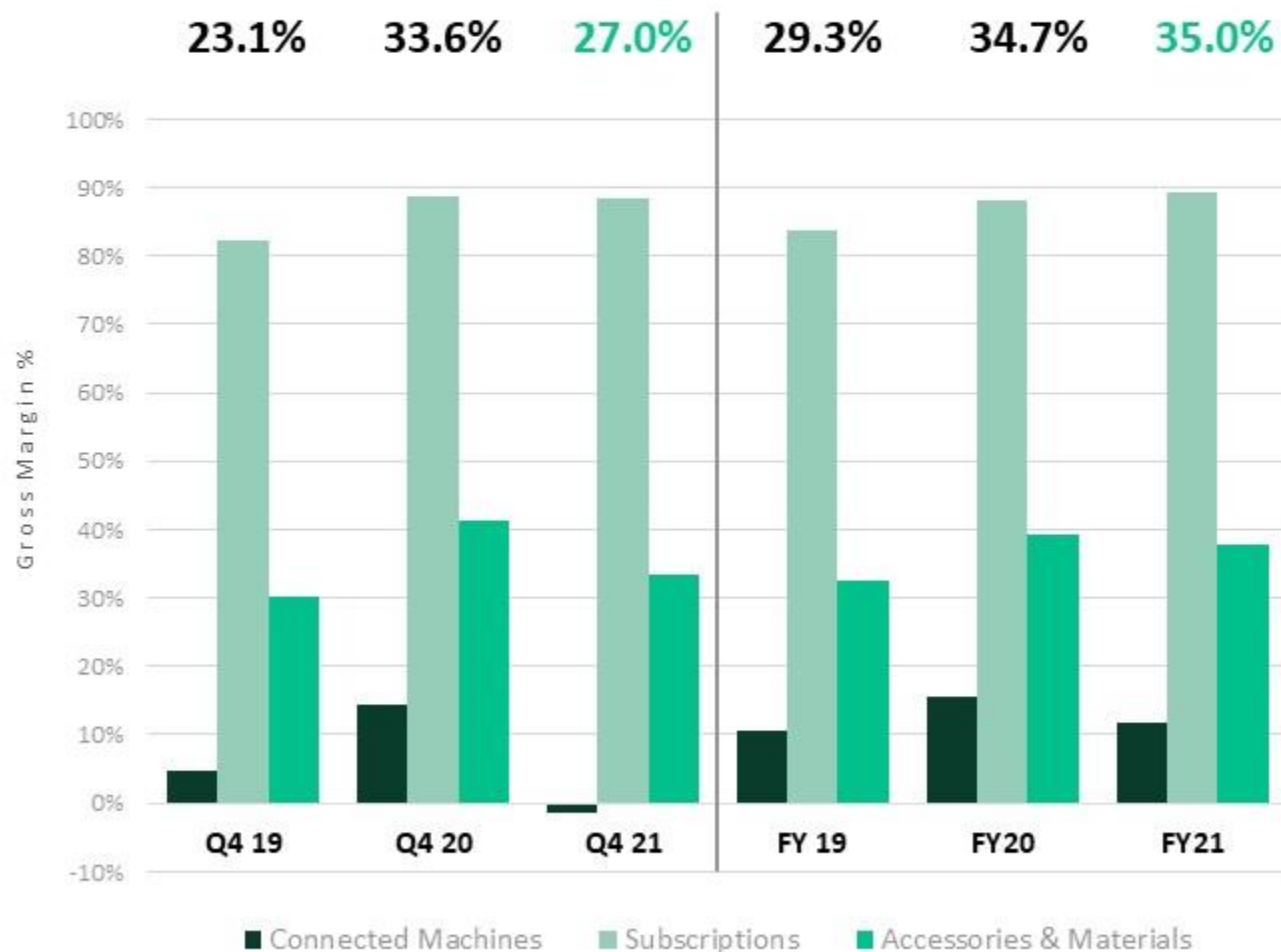
- Connected machine and accessories and materials gross margins were unusually high due to lower-than-normal promotions as a result of depleted inventory levels

Q4 2021

- One-time items impacting connected machine gross margin:
 - Higher retail channel promotional support than planned
 - Reserves for pricing changes for end-of-life products
- Inflationary pressures

Full Year 2021

- Benefited from improved revenue mix
- Offset by higher costs and level of promotions



Increased investments to drive growth

\$ Operating Expense

\$28.6M \$45.2M **\$79.0M** \$88.8M \$131.9M **\$265.0M**

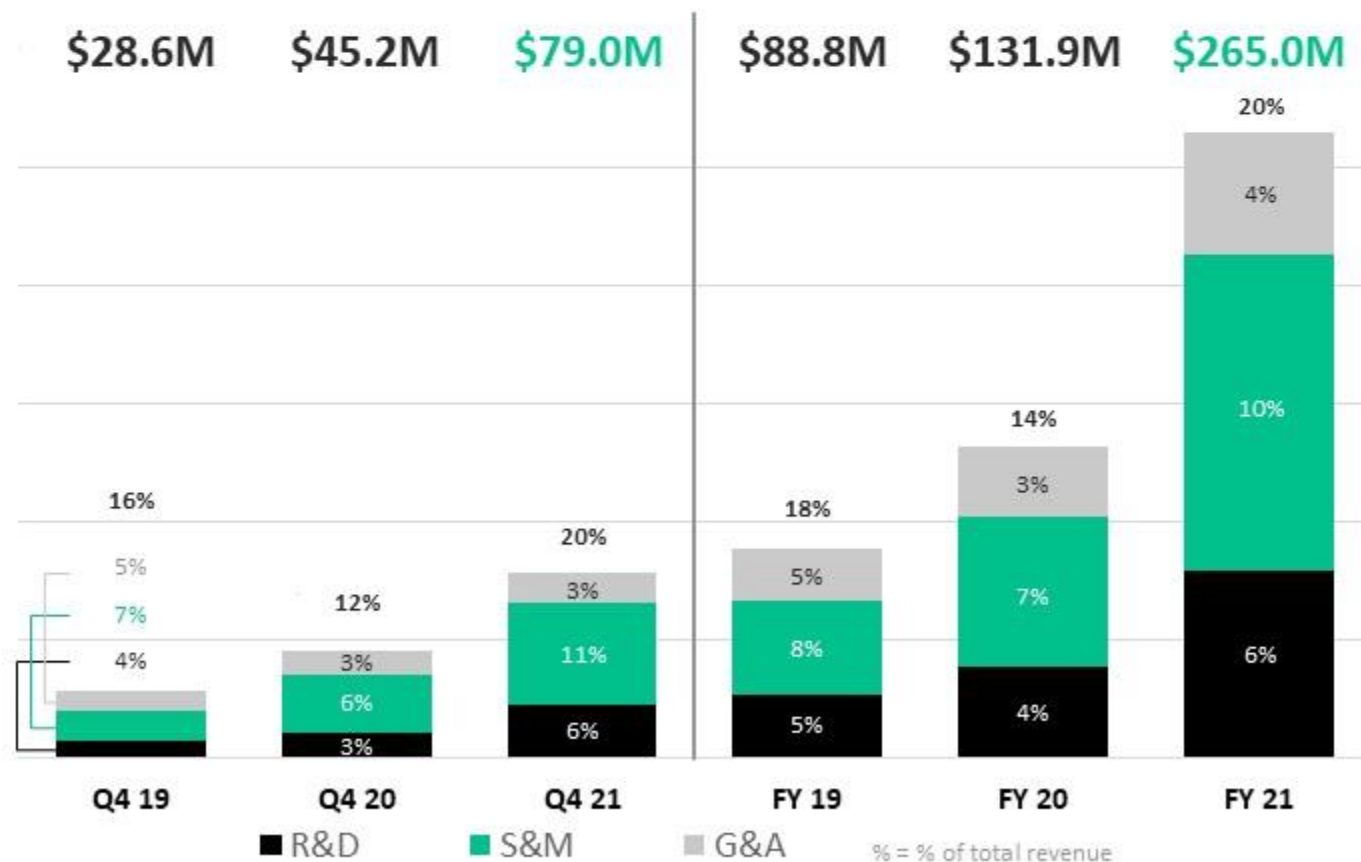
Efficient Sales & Marketing Spend

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

Catching up deferred pandemic spend

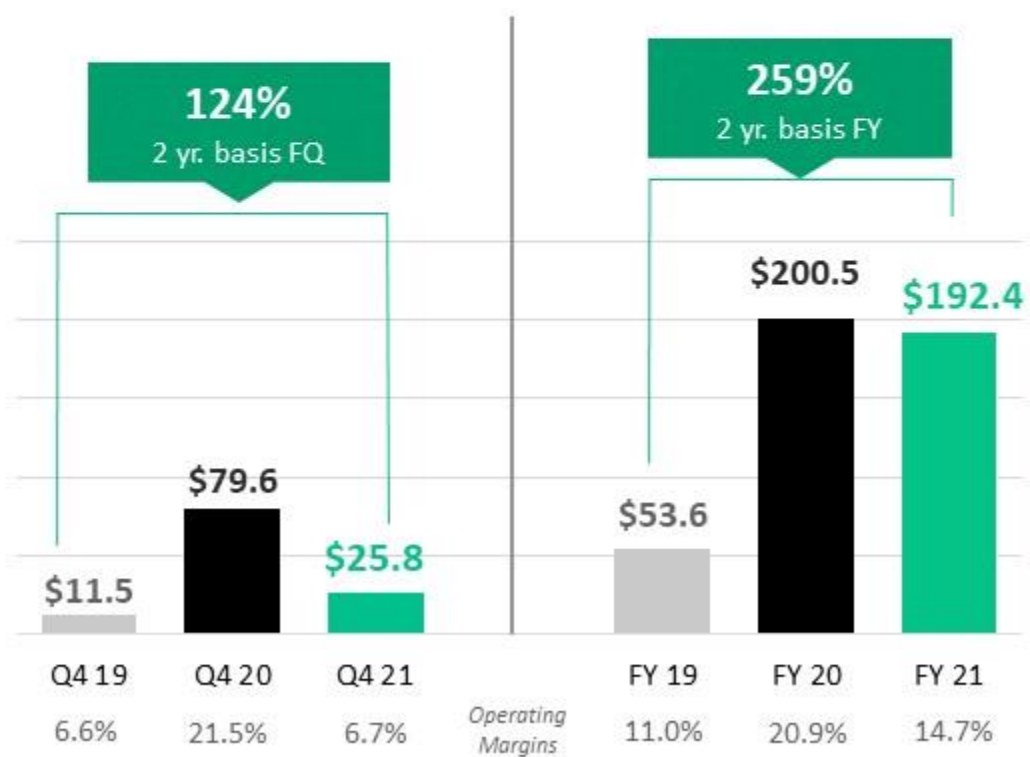
Investments for future growth in...

- International Expansion
- New Product Development
- Software
- Subscriptions

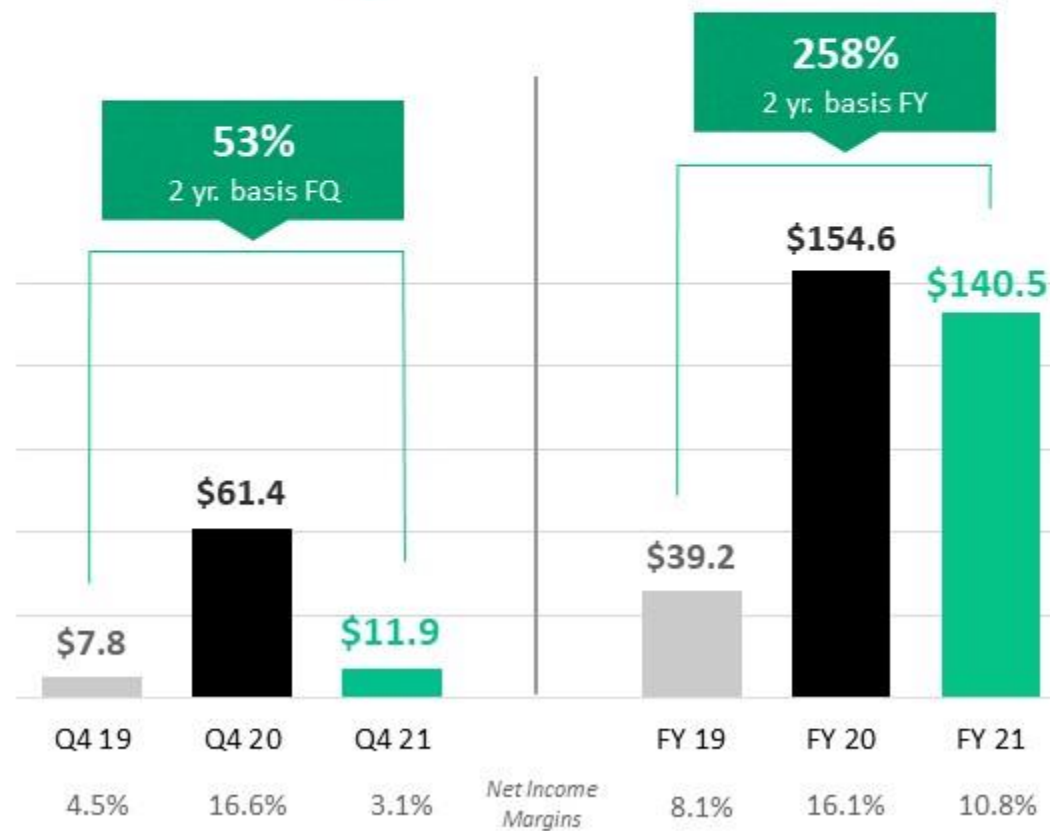


Operating Income and Net Income

\$ Operating Income



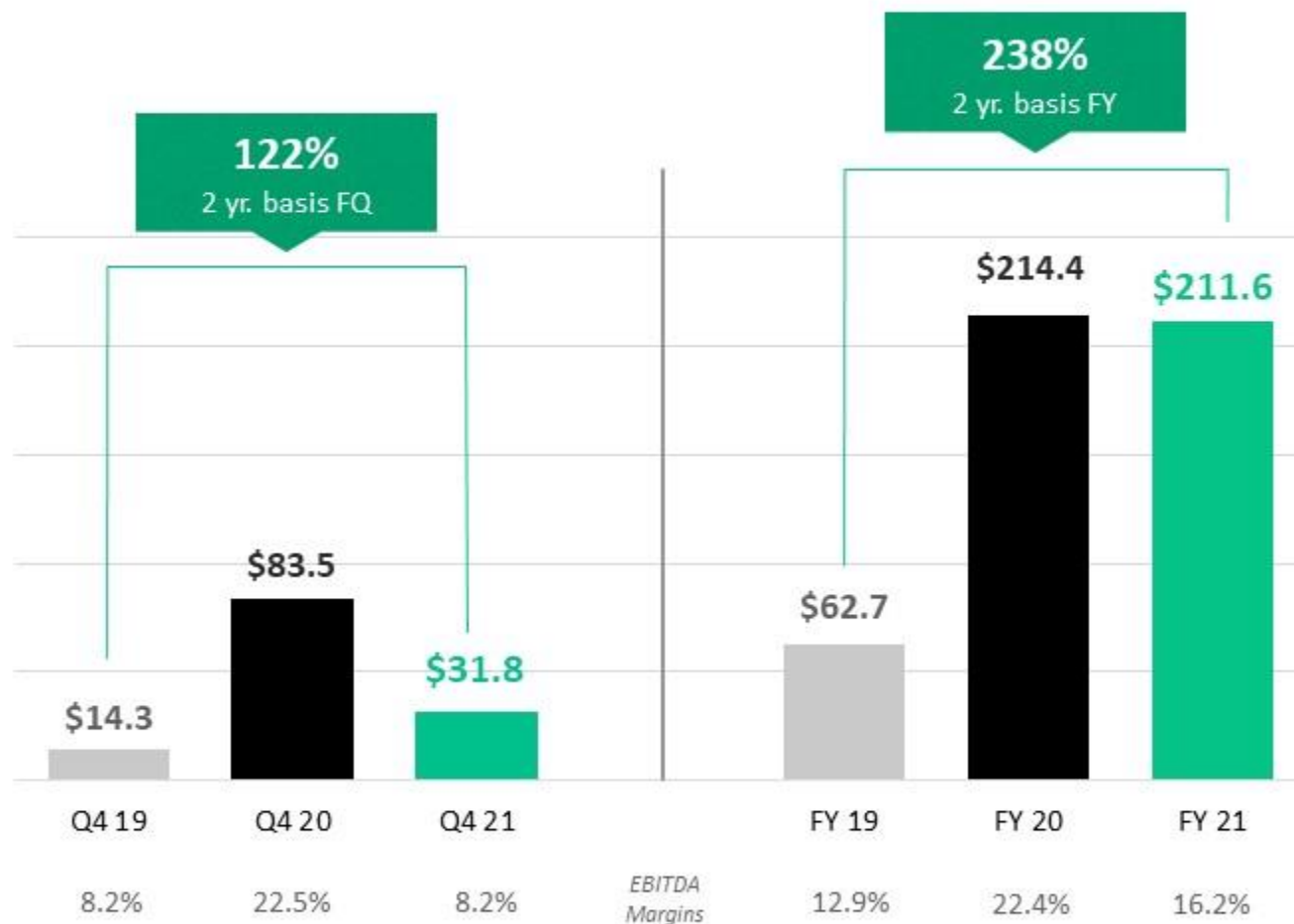
\$ Net Income



EBITDA¹

Q4 2021 vs. Q4 2020

- Lower gross margin – driven by lower connected machine gross margin
- Increased investments and stock-based compensation
- Going forward, management will focus profitability measures and managing the long-term business on operating income and EPS



1. Net income adjusted to exclude: interest expense, net; income taxes; and depreciation and amortization expense. See reconciliation in the Appendix. Q4 2021 and FY 2021 EBITDA included \$10.1 million and \$38.1 million stock-based compensation expense, respectively. Stock-based compensation expense for prior periods include: \$4.5 million for Q4 2020, \$9.5 million for FY2020, \$0.6 million for Q4 2019, \$1.8 million for FY 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 12/31/21

\$241.6M

Cash & cash equivalents

\$150M

Credit line remains untapped



Cash Flow Used in Operations during FY 12/31/21

\$104.9M

- Rebuilt depleted inventory
- Inventory to mitigate supply chain risk

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Forward commentary

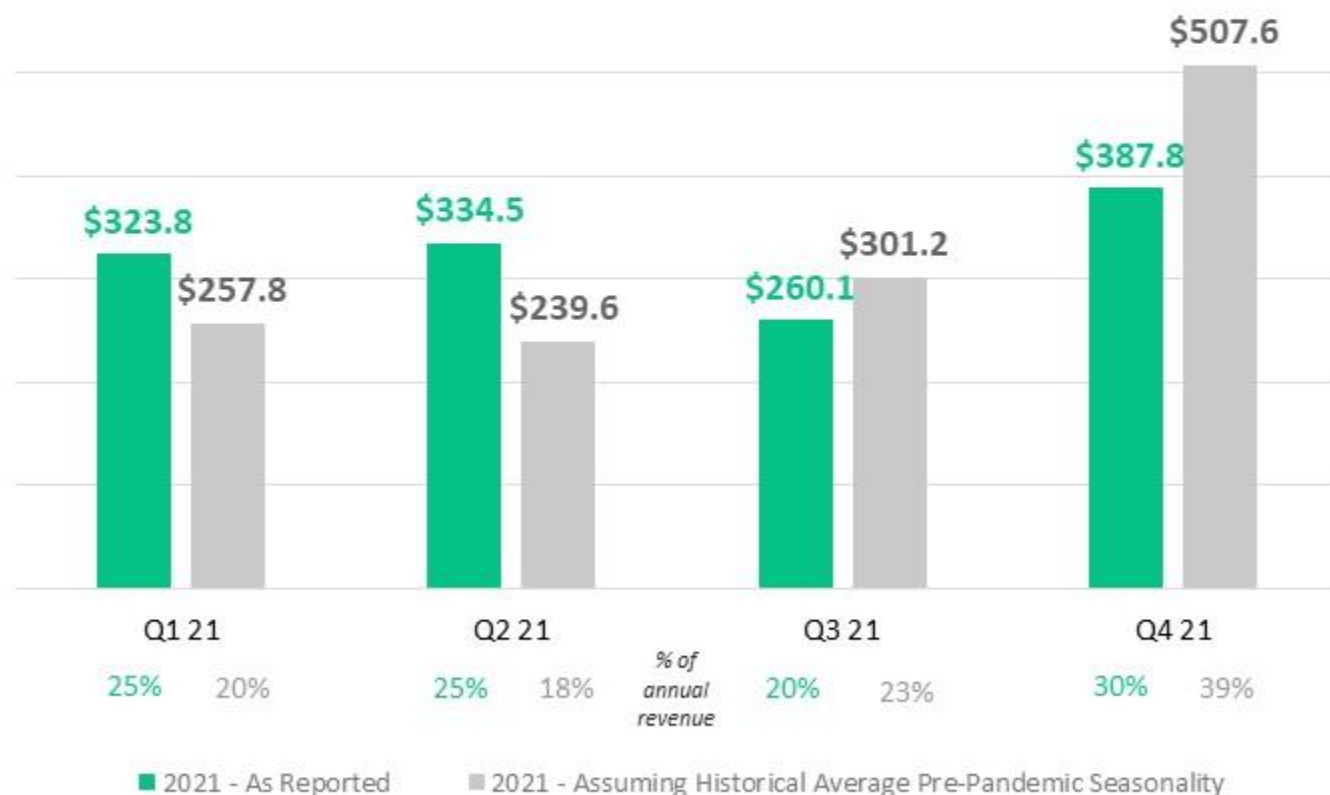


2022 dynamics

- Pre-pandemic¹: 1H typically ~ 40% of annual revenues and 2H typically ~ 60% of annual revenues
- 2021: 1H = 50% of annual revenues, 2H = 50% of annual revenues
- Channel inventory positions create headwind for first half
- We expect to end 2022 with at least 8 million total users

1. Pre-pandemic – historical average pre-pandemic seasonality is calculated using quarterly revenues for the years 2016 through 2019

Applying Historical Seasonality to 2021 Revenue



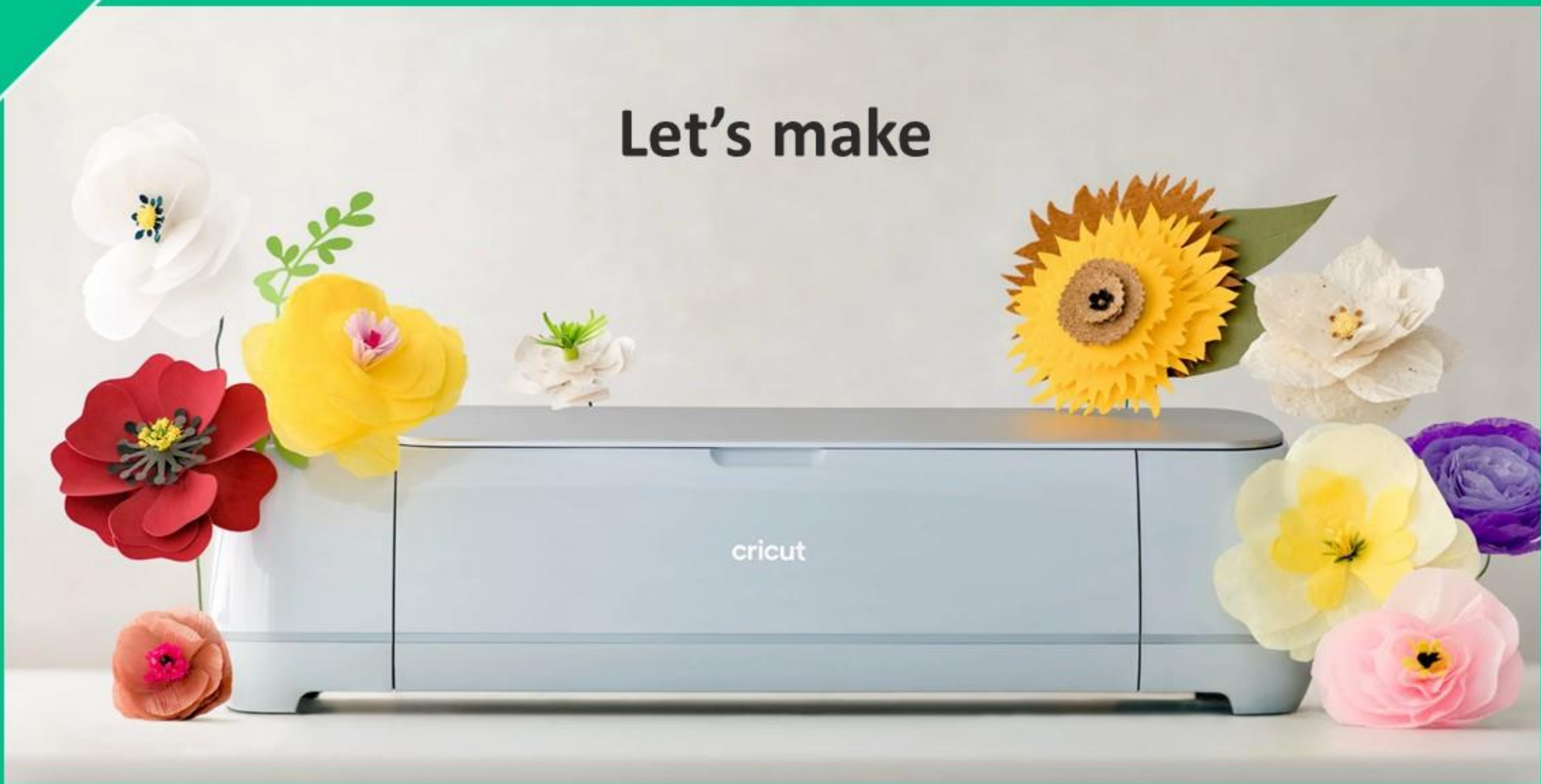
Strong durable model supports growth and investment




Key Focus Areas

- Grow international
- Drive onboarding and engagement
- Drive Cricut Access + Accessories and Materials monetization
- Innovate and expand platform

Let's make





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 ¹	11%	21%	15%	15 - 19%

1. Starting 2022, the company will be focused on managing the business to long-term operating margins as the primary metric to measure profitability and will no longer include EBITDA as part of the long-term target model. Previously, the company's long-term EBITDA target range was 17% - 20%.

Reconciliation of Net Income to EBITDA – FY 2019 – FY 2021

	THREE MONTHS ENDED 12/31/21	THREE MONTHS ENDED 12/31/20	THREE MONTHS ENDED 12/31/19	YEAR ENDED 12/31/21	YEAR ENDED 12/31/20	YEAR ENDED 12/31/19
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(in thousands)

Net Income	\$11,924	\$61,448	\$7,789	\$140,473	\$154,578	\$39,211
Net Income Margin	3.1%	16.6%	4.5%	10.8%	16.1%	8.1%
Adjusted to exclude the following:						
Depreciation and Amortization Expense	\$5,956	\$3,906	\$2,787	\$19,109	\$14,003	\$9,108
Interest Expense, Net	\$26	\$74	\$1,229	\$159	\$1,155	\$3,291
Corporate Income Tax Expense	\$13,876	\$18,060	\$2,502	\$51,900	\$44,615	\$11,057
EBITDA*	\$31,782	\$83,488	\$14,307	\$211,641	\$214,351	\$62,667
EBITDA Margin	8.2%	22.5%	8.2%	16.2%	22.4%	13.0%

*EBITDA includes stock-based compensation expense of \$10.1 million for the three months ended December 31, 2021, \$4.5 million for the three months ended December 31, 2020, \$0.6 million for the three months ended December 31, 2019. EBITDA includes stock-based compensation expense of \$38.1 million for the year ended December 31, 2021, \$9.5 million for the year ended December 31, 2020, and \$1.8 million for the year ended December 31, 2019. EBITDA includes \$29.9 million in recurring stock-based compensation expense and \$8.2 million in one-time expenses related to the corporate reorganization associated with the IPO in the year ended December 31, 2021.