

NASDAQ : CRCT

# Financial Results

Q2 2021  
August 12, 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!**

## Q2 2021 Highlights

### Net Revenue

**\$334.5M**

**42%**

YoY Increase

### Net Income

**\$49.1M**

**41%**

YoY Increase

### EBITDA<sup>1</sup>

**\$68.5M**

**39%**

YoY Increase

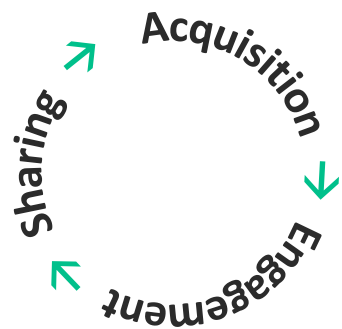
<sup>1</sup> Net income adjusted to exclude: interest expense, net; income taxes; and depreciation and amortization expense. See reconciliation in the Appendix. Q2 2021 EBITDA includes \$8.1 million of stock-based compensation expense.



# Strong user acquisition + healthy engagement



Acquisition drives engagement.



Total Users

**5.4M**

**64%**  
YoY Growth



Engaged Users

**3.2M**

**53%**  
YoY Growth



Ending Paid Subscribers

**1.8M**

**77%**  
YoY Growth

**Did you know?** 59% of all users were engaged in Q2 2021, an increase of 1.1 million engaged users vs Q2 2020.

# Shifting creative trends and behaviors



# Adding value for our customers with Cricut Access

a

## Cricut Access Subscription

- Access to over **175K images** (over **40%** more than Q2 2020)
- 6K+ ready-to-make projects
- Hundreds of fonts
- Discounts and priority Cricut Member Care

**Did you know?** Almost 33% of users were paid subscribers as of the end of Q2 2021.

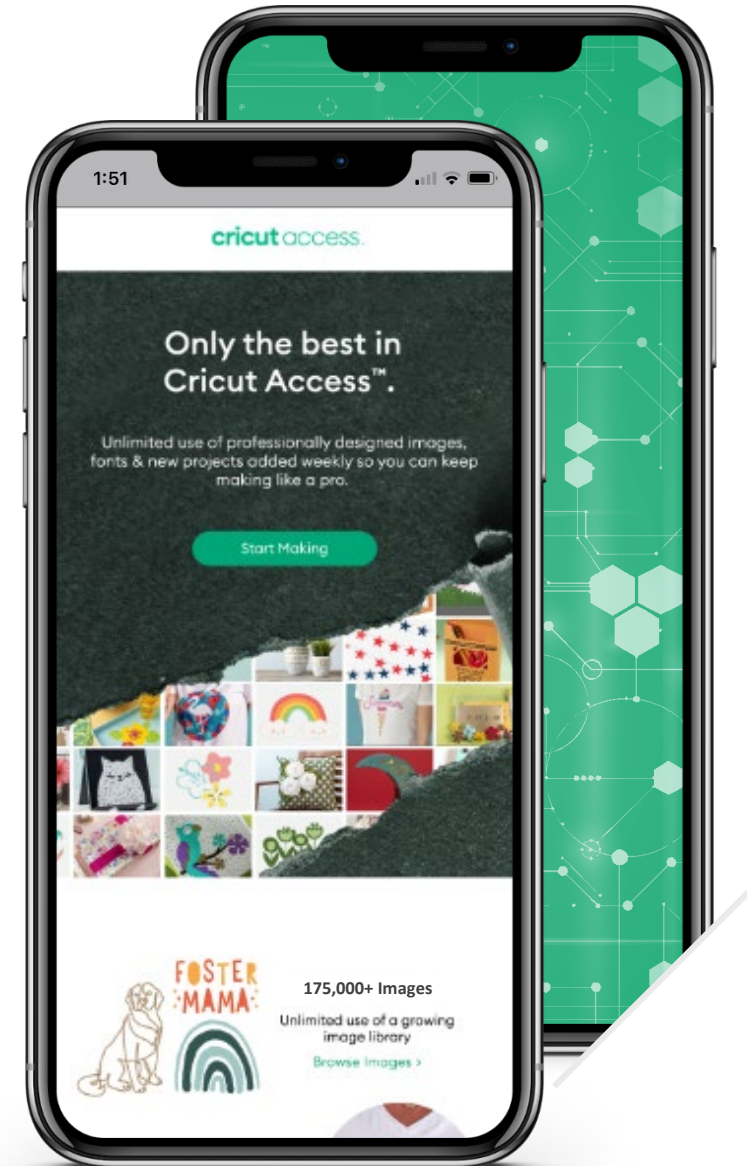


## Ending Paid Subscribers

**1.8M**

**77%**

YoY Growth





**Creativity is universal**



### International Revenue

**179%**

Growth in Q2 2021 YoY



### Top Retail Markets

Australia  
France  
Germany  
UK



### Expanded Global Cricut Team

Italy  
Mexico

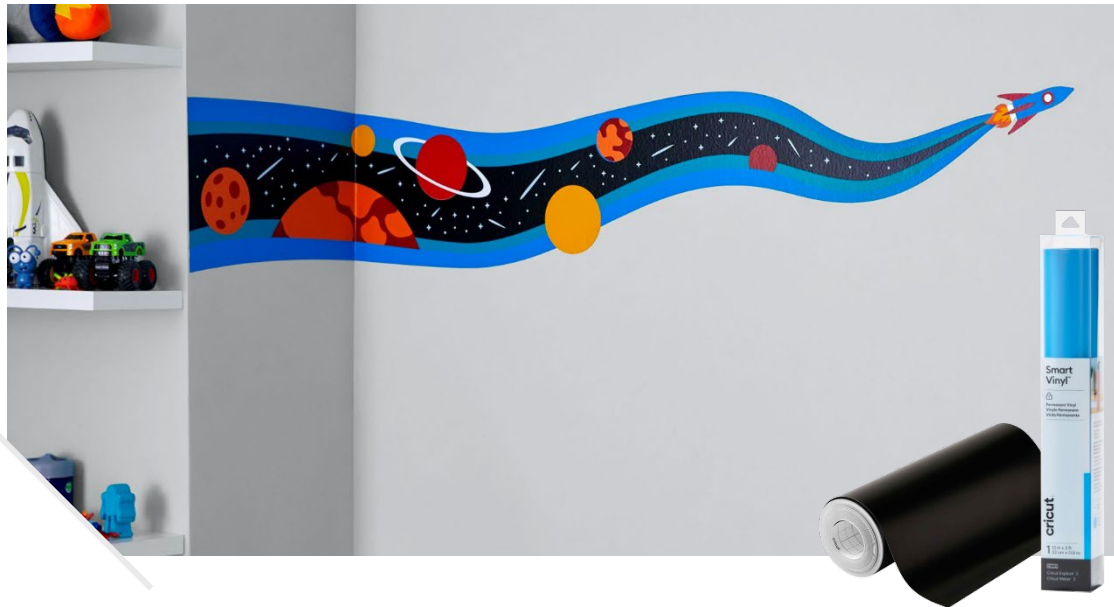


### Expanded Sales Channel Footprint

Germany  
France  
Spain  
South Africa  
Southeast Asia  
Cricut.com/UK

**Did you know?** YTD 2021, 9.4% of revenue was generated by international.





## Expanding our product ecosystem and platform

### Cricut Explore 3 + Cricut Maker 3 Launches

- Sleek new hardware, enhanced software, content, and new materials
- Smarter & faster than ever (up to 2x as fast)

### Cricut Smart Materials™ Launch

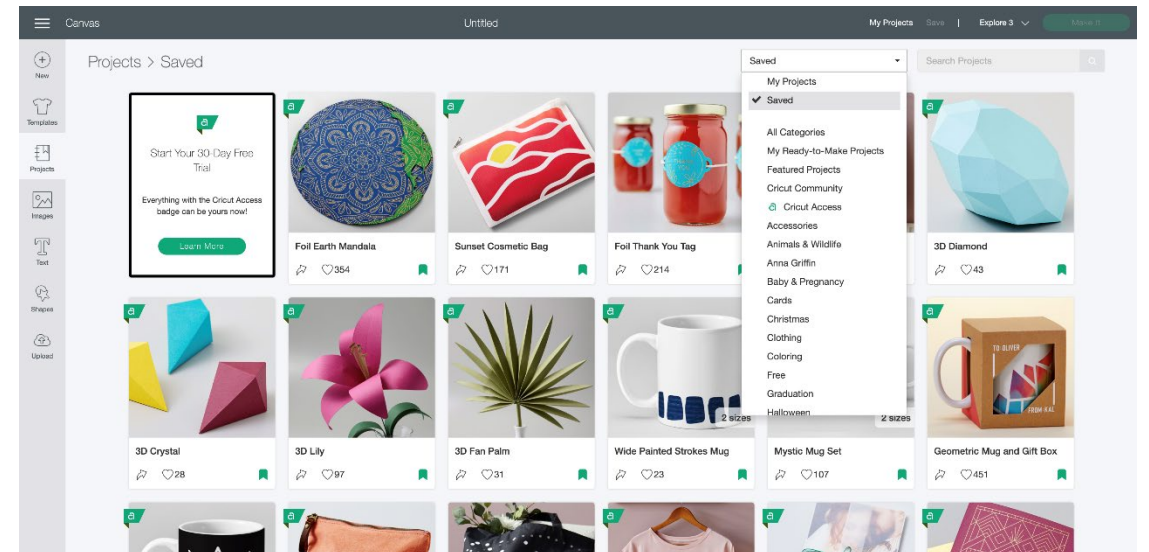
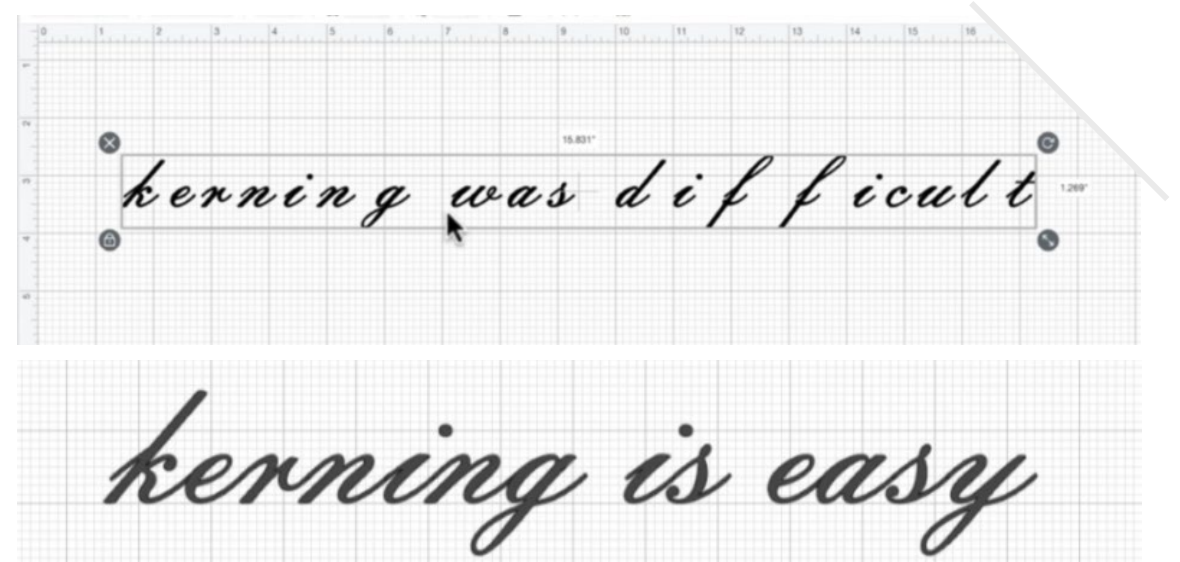
- Innovation to increase creative use cases and improve ease of use
- Engineered to stay perfectly aligned from start to finish for cuts up to 12ft in length

# Platform extensibility through software innovation

## Strategic Software Updates

- Long-requested kerning feature
- Redesigned bookmark feature to ease ability to “like” and organize in Design Space
- Ongoing search optimization

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

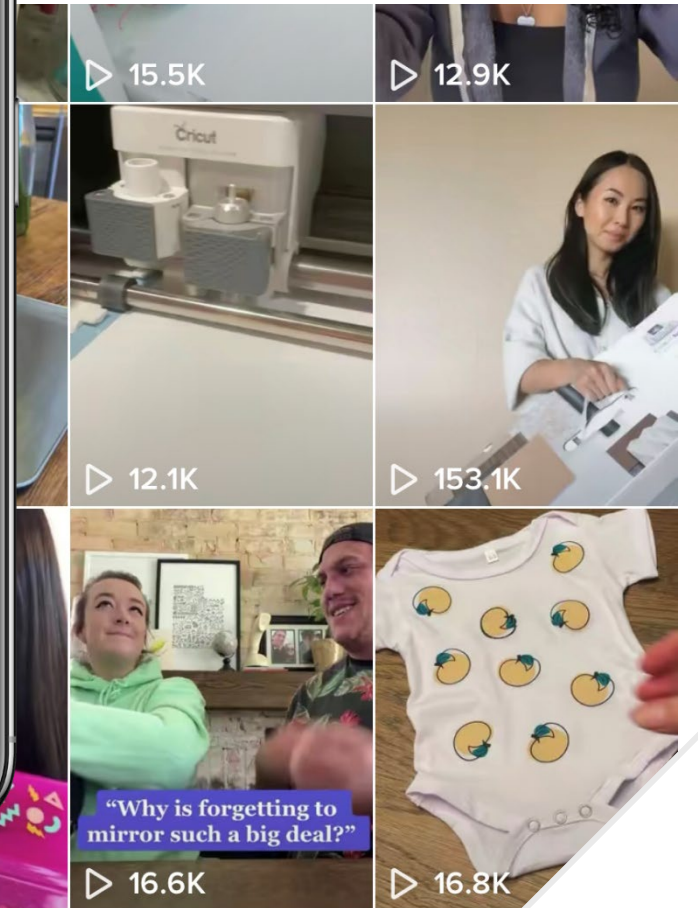
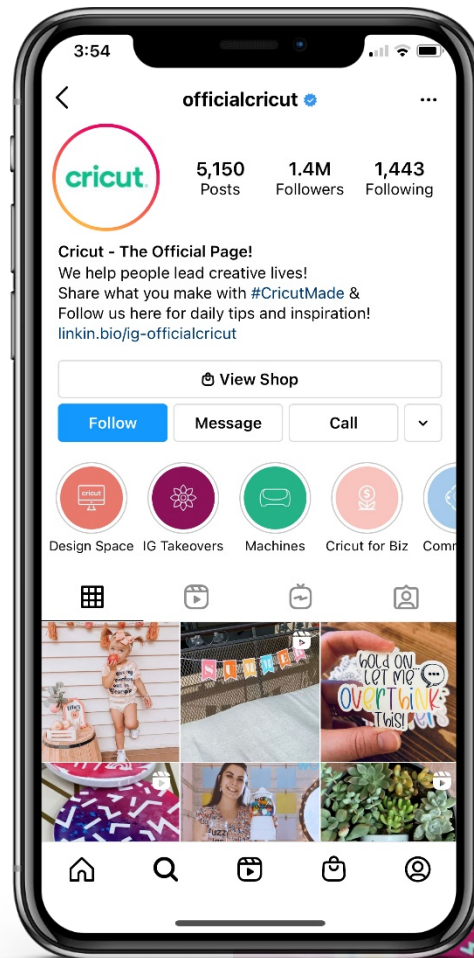


# The power of our social community

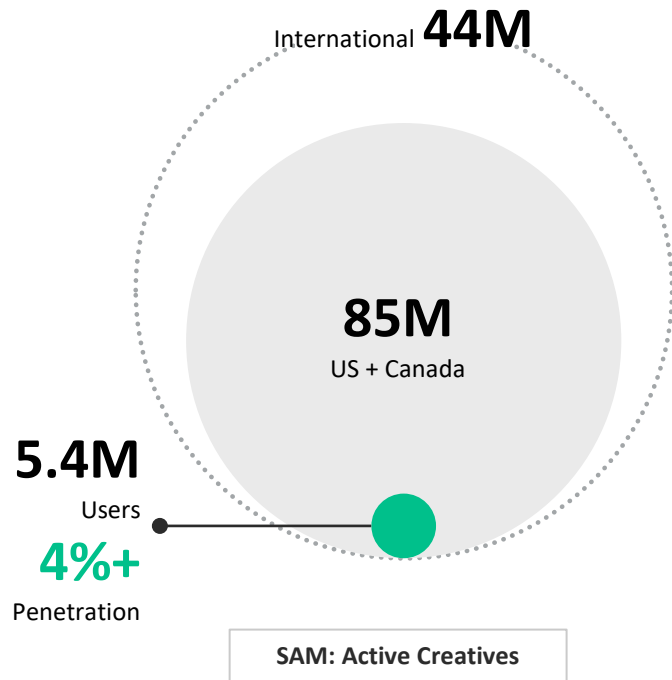
**5.2M+** Social Media Followers

**2.4B** Views of #Cricut on TikTok

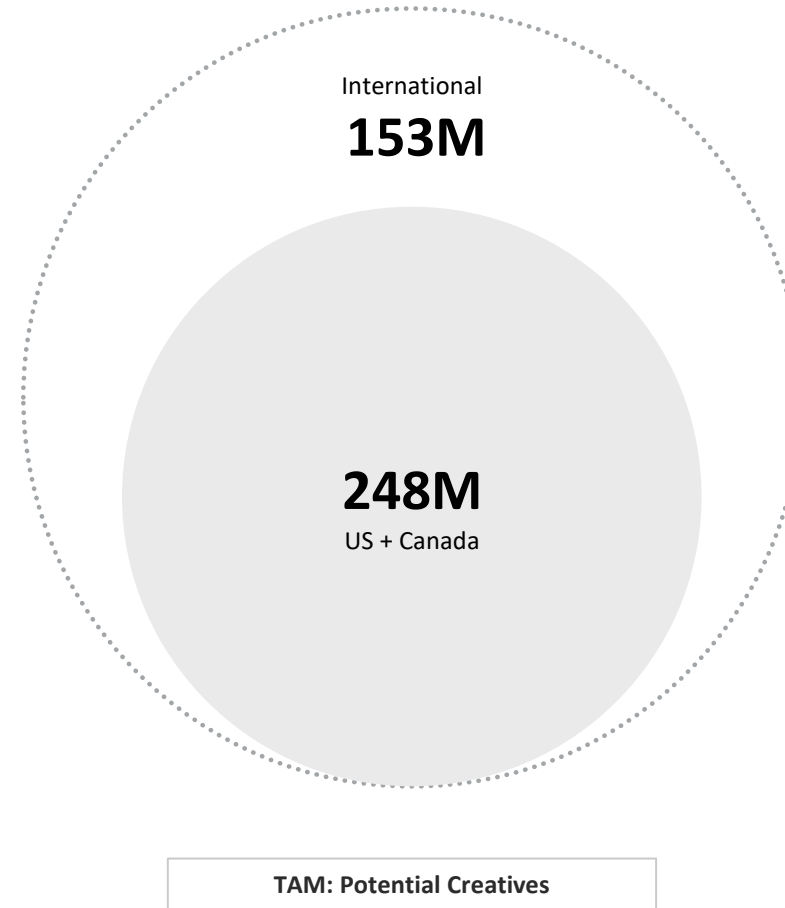
**Did you know?** 43% of new customers first hear about Cricut through word of mouth...*and* most of our social activity is very low cost or organic.



# We still have millions to reach



Total SAM  
**129M**  
Total TAM  
**402M**



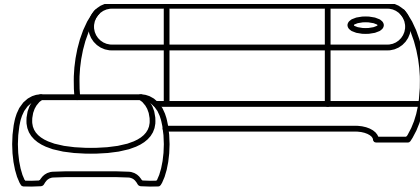
*Note: International opportunity includes Australia, France, Germany and the United Kingdom. Users as of June 30, 2021. Estimated SAM and TAM figures based on a study we commissioned by YouGov America in September 2020. Additional detail on SAM and TAM included in the Appendix.*



# Cricut's Flywheel

## Connected Machines

**\$146.3M** Revenue



## Subscriptions

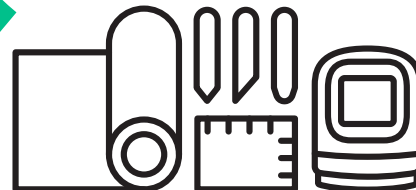
**\$50.7M** Revenue



## Cricut Platform

## Accessories & Materials

**\$137.5M** Revenue

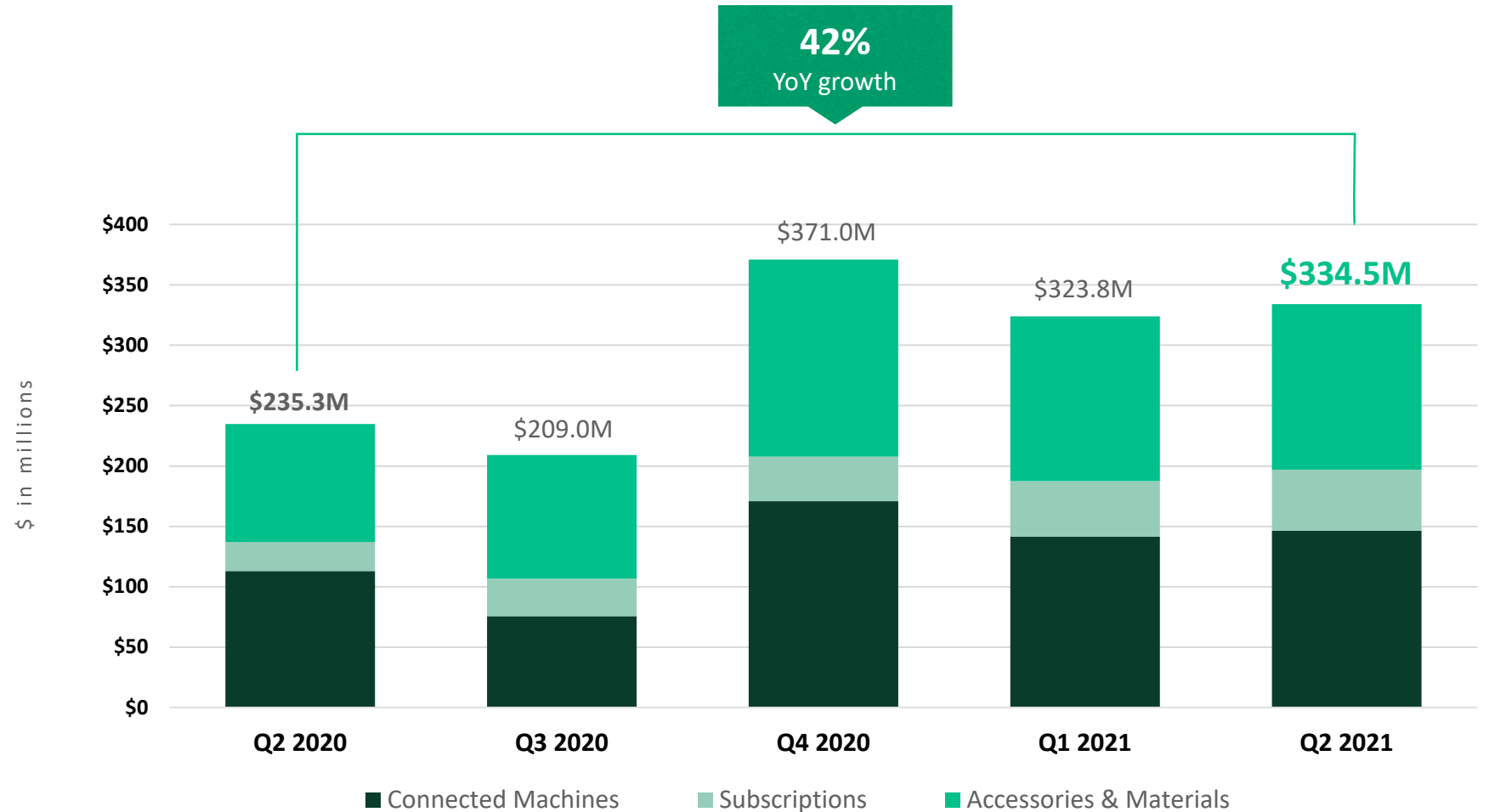


### Did you know?

Our gross profit from our connected machines mostly covers our customer acquisition cost.

# Revenue Breakdown

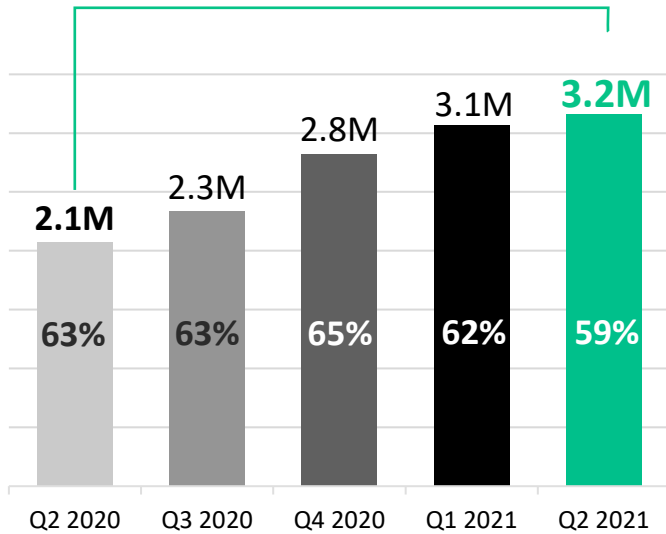
- Connected Machine revenue grew **29%** YoY
- Subscription revenue grew **111%** YoY
- Accessories & Materials revenue grew **40%** YoY
- International revenue grew **179%** YoY and represented **8.5%** of total revenue
- **46%** CAGR growth from 2014 to 2019 pre-pandemic



# Healthy Engagement

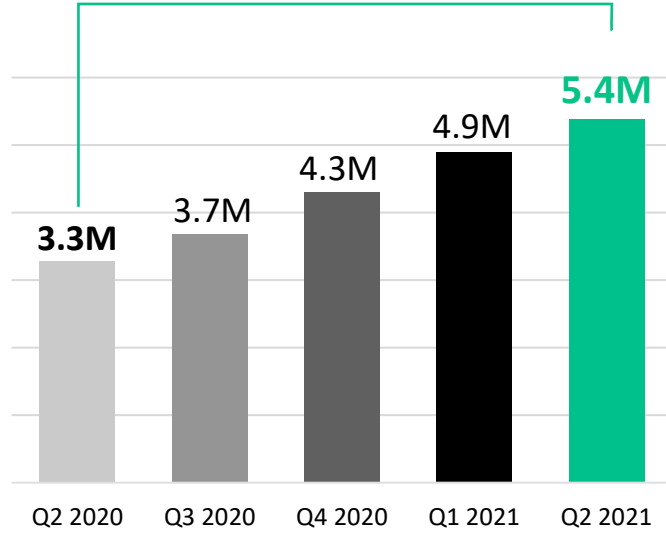
## Engaged Users over 90 days

**53%**  
YoY growth



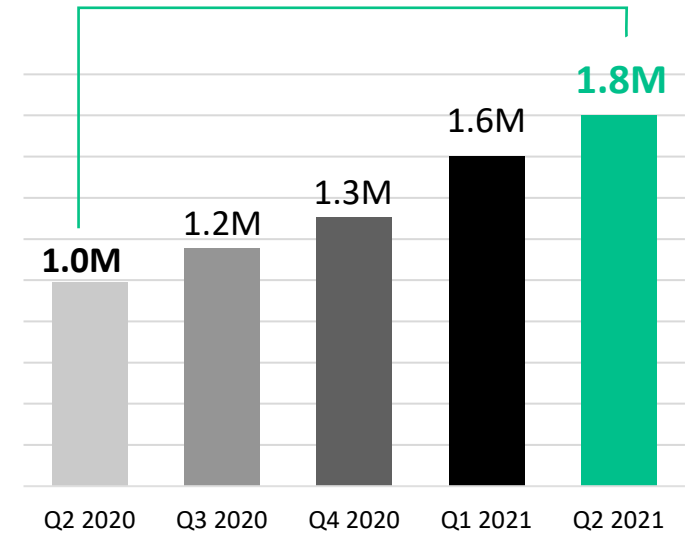
## Users

**64%**  
YoY growth



## Paid Subscribers

**77%**  
YoY growth



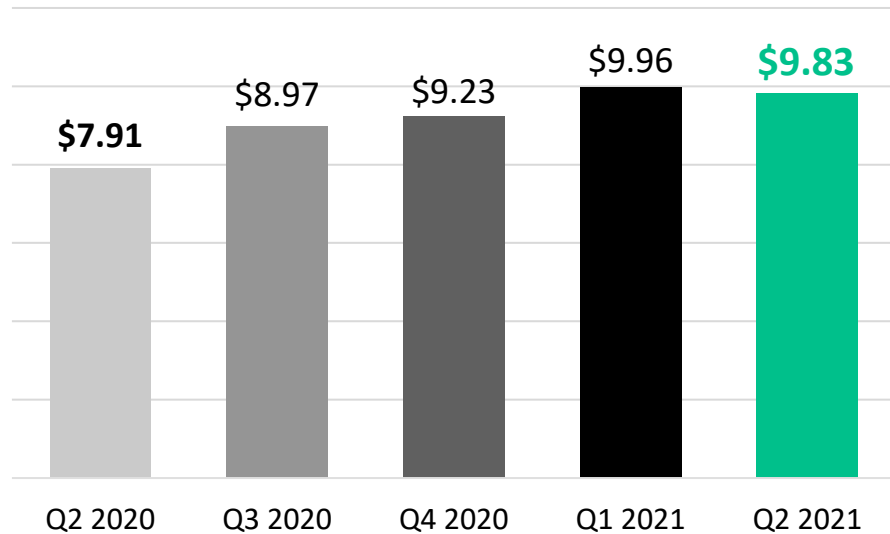
Number and Percentage of Users Creating on their Connected Machines in the Trailing 90 Days as of Each Quarter End



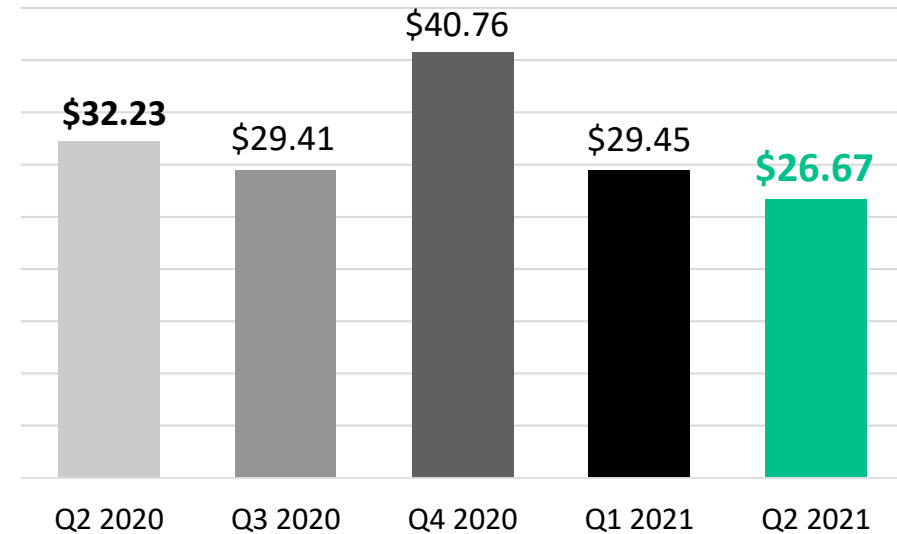
# Increased User Monetization



Subscriptions ARPU <sup>1</sup>



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

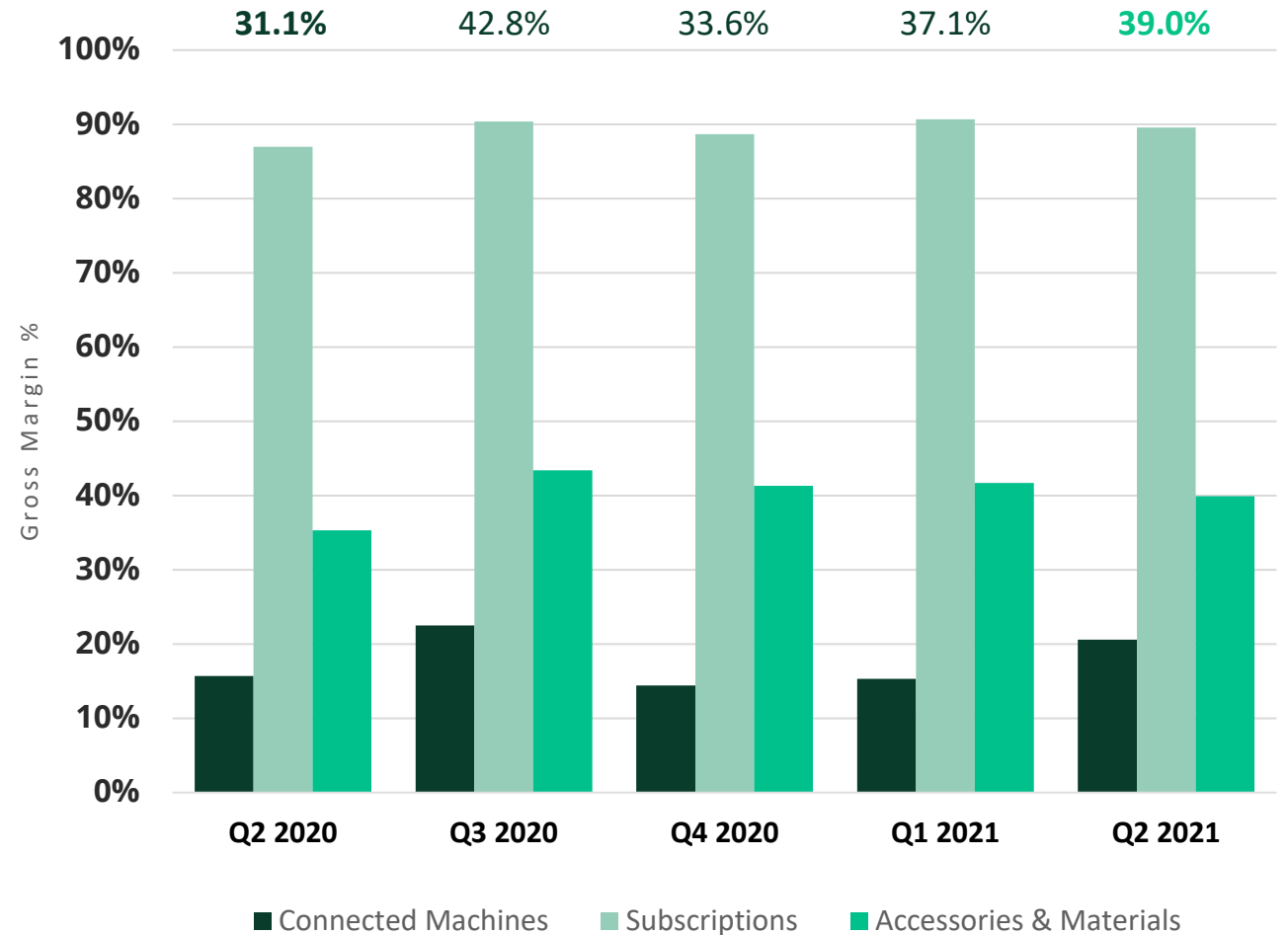


<sup>1</sup> ARPU = Average Revenue Per User

# Significant increase in gross margin

## Contributing Factors

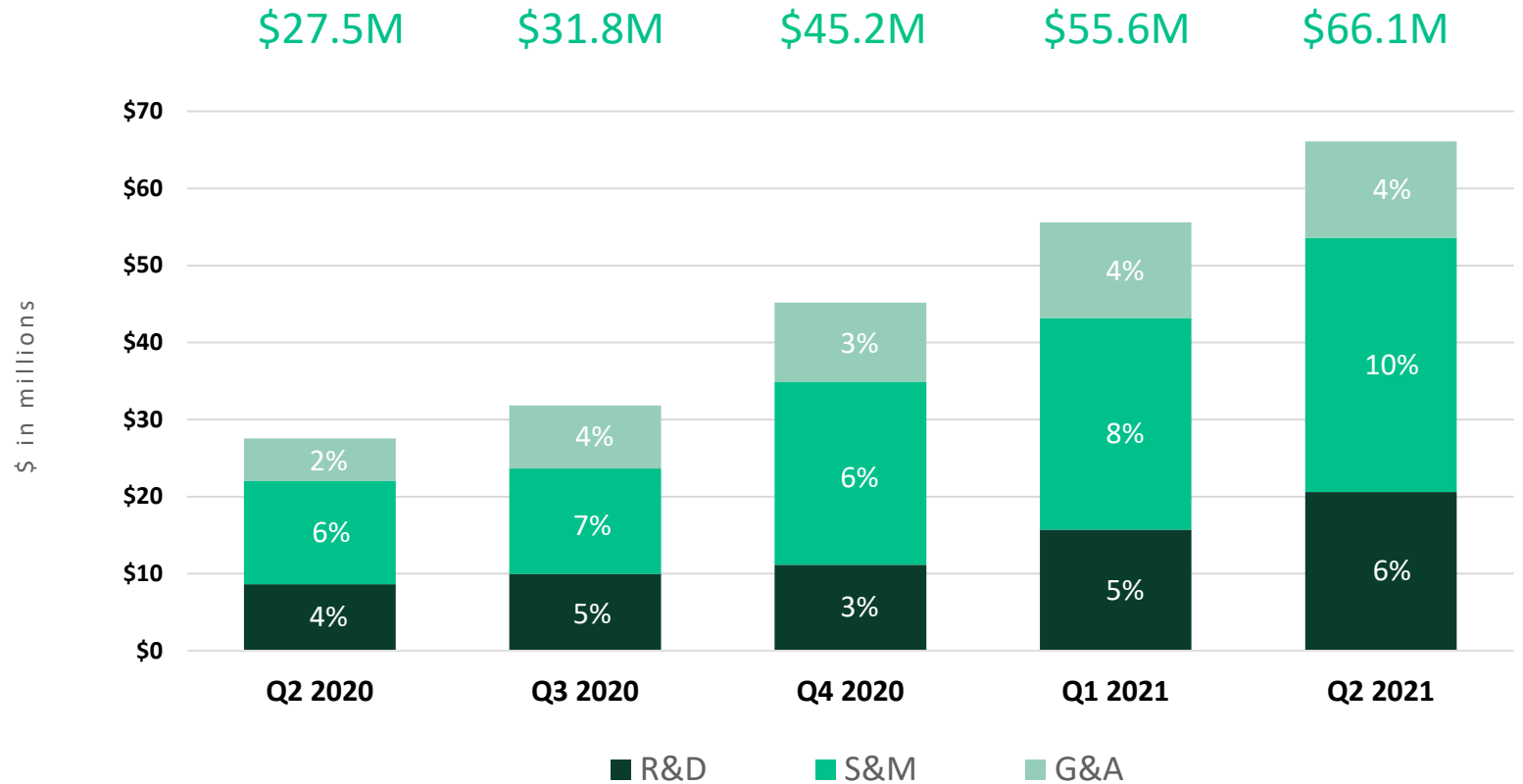
- **Shift in Manufacturing**  
Reduction in tariffs by shifting production of Connected Machines from China to Malaysia
- **Product Mix**  
Higher % of revenue from Subscriptions and favorable mix within Accessories & Materials
- **Accessories and Materials**  
Improved margin due to favorable product costing, product mix, and promotions/pricing



# Efficient business growth

- Efficient Sales & Marketing spend to drive new users and healthy engagement
- R&D investment to continue to build out the platform
- Leaning into sales channel expansion and international growth

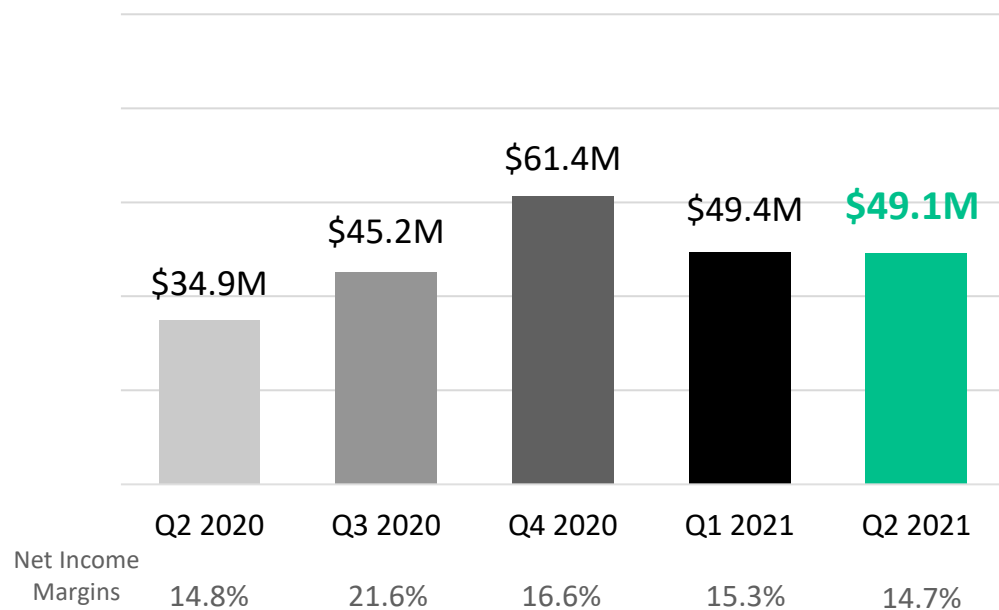
## \$ Operating Expense



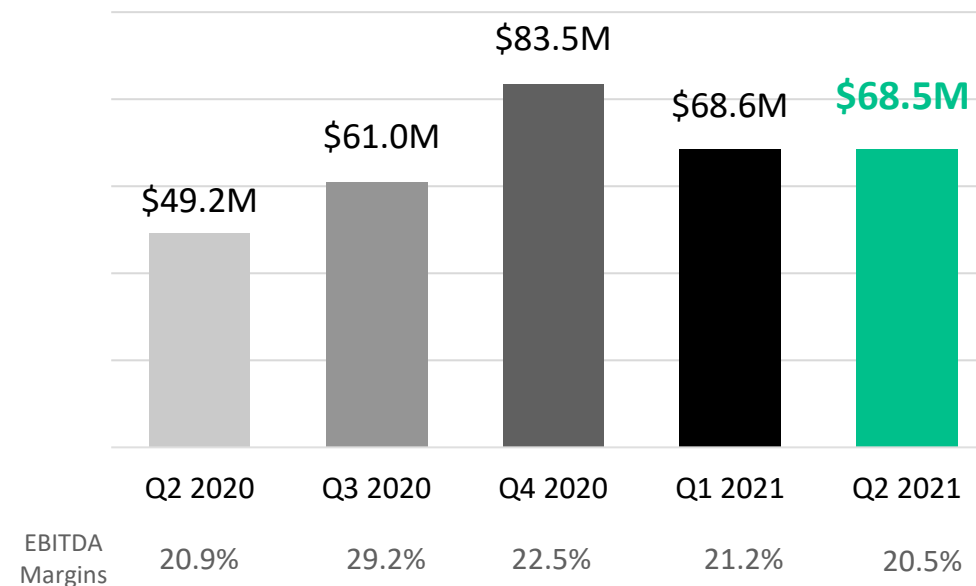
% = % of total revenue

# Strong growth in net income and EBITDA

## \$ Net Income



## \$ EBITDA <sup>1</sup>



<sup>1</sup> Net income adjusted to exclude: interest expense, net; income taxes; and depreciation and amortization expense. See reconciliation in the Appendix. Q2 2021 EBITDA included \$8.1 million stock-based compensation expense.

# Balance Sheet and Cash Flow Highlights

Our strong balance sheet positions us well to mitigate supply chain risk and invest in future growth.



Cash & Cash Equivalents as of 6/30/21

**\$314M**

Cash & cash equivalents

**\$150M** credit line remains untapped



Cash Flow Used in Ops as of 6/30/21

**\$54M**

YTD cash flow used in operations



## Forward-looking summary

- Q2 2021 boosted by new product launches and retail channel inventory catchup
- Amplified summer seasonality expected to extend into early Q4
- Leaning into operating investments in user acquisition and monetization of our large user base

### FY 2021 User Add Projection

**1.8M+**

At least as many new users as FY 2020

# Questions



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# Thanks!

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# Appendix

# Reconciliation of Net Income to EBITDA

	THREE MONTHS ENDED 6/30/20	THREE MONTHS ENDED 9/30/20	THREE MONTHS ENDED 12/31/20	THREE MONTHS ENDED 3/31/21	THREE MONTHS ENDED 6/30/21
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(in thousands)

<b>Net Income</b>	<b>\$34,879</b>	<b>\$45,211</b>	<b>\$61,448</b>	<b>\$49,418</b>	<b>\$49,126</b>
Net Income Margin	14.8%	21.6%	16.6%	15.3%	14.7%
Adjusted to exclude the following:					
Depreciation and Amortization Expense	\$3,430	\$3,431	\$3,906	\$3,886	\$4,290
Interest Expense, Net	\$367	\$140	\$74	\$79	\$76
Corporate Income Tax Expense	\$10,514	\$12,205	\$18,060	\$15,217	\$15,040
<b>EBITDA*</b>	<b>\$49,190</b>	<b>\$60,987</b>	<b>\$83,488</b>	<b>\$68,600</b>	<b>\$68,532</b>
EBITDA Margin	20.9%	29.2%	22.5%	21.2%	20.5%

\*Q2 2021 EBITDA included \$8.1 million of stock-based compensation expense. Stock-based compensation was \$1.3 million for Q2 2020, \$2.2 million for Q3 2020, \$4.5 million for Q4 2020. Q1 2021 EBITDA included \$3.5 million of recurring stock-based compensation expense and \$8.2 million of one-time expenses related to the corporate reorganization associated with the IPO.

## 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 <sup>1</sup>	14%	13%	22%	17 - 20%

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

# [ 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.