

NASDAQ : CRCT

# Financial Results

Q1 2022  
May 10, 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-K 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!

## Sound business fundamentals



### Profitable and durable business model

13th straight quarter of positive net income



Engagement engine that leads to greater monetization

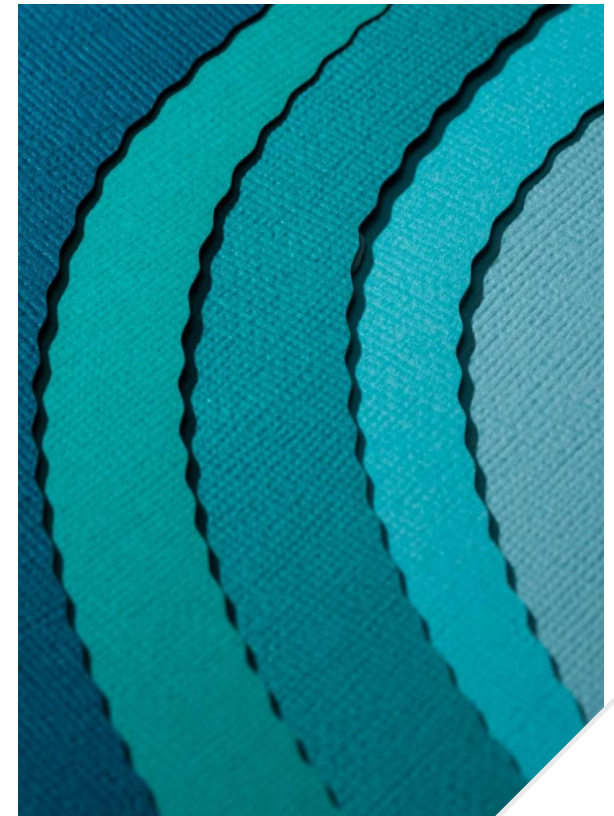


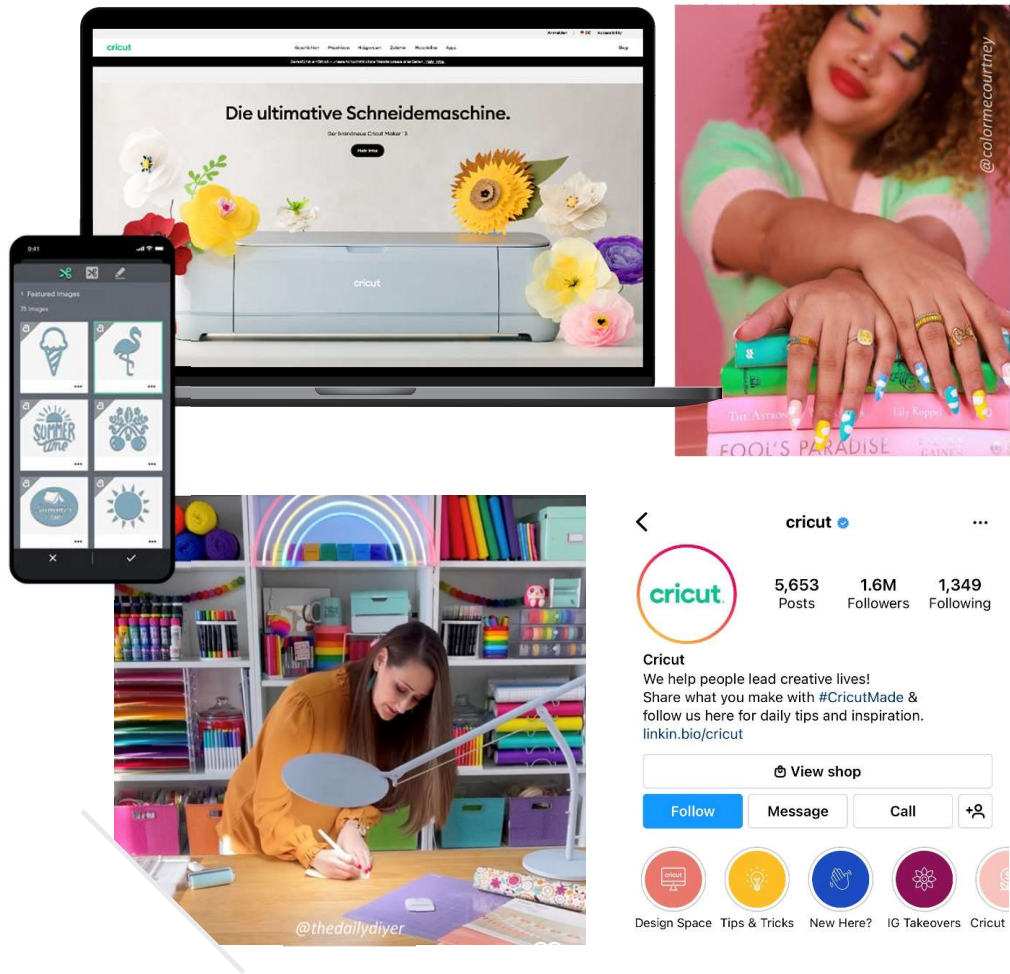
### Nearly 7M total users on our platform

Added over 495 thousand new users in Q1



Continued investments drive robust product roadmap and long-term growth

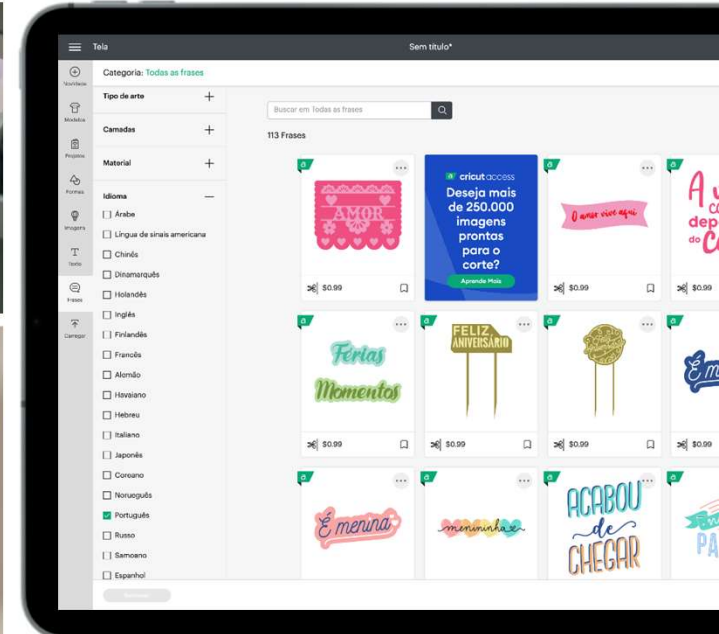
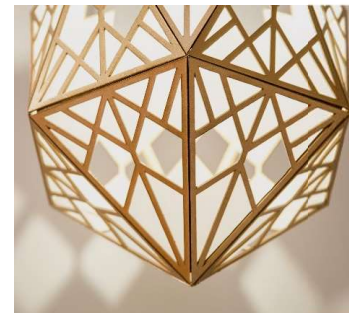




# Long-term trends will continue to drive growth

- 1 Personalization
- 2 Digitization of tools
- 3 Technology enabling a new generation of entrepreneurs
- 4 Proliferation of social media

# Creativity across the globe



**Did you know?** We recently launched in Turkey and will be launching in Japan and South Korea soon

## Investing to drive user engagement

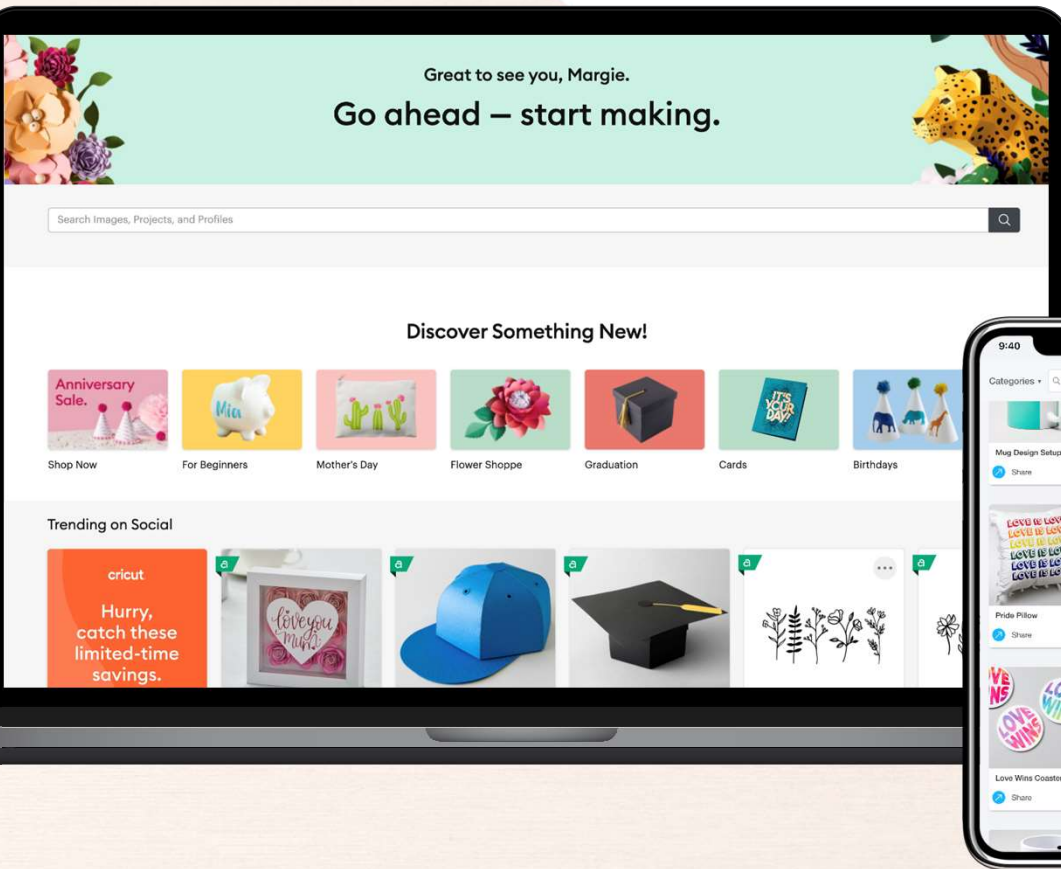
- Enabling seamless onboarding
- Creating products and learning tools designed for new users
- Enhancing Cricut Design experience

6.9M Users

Onboarding

Engagement

Monetization



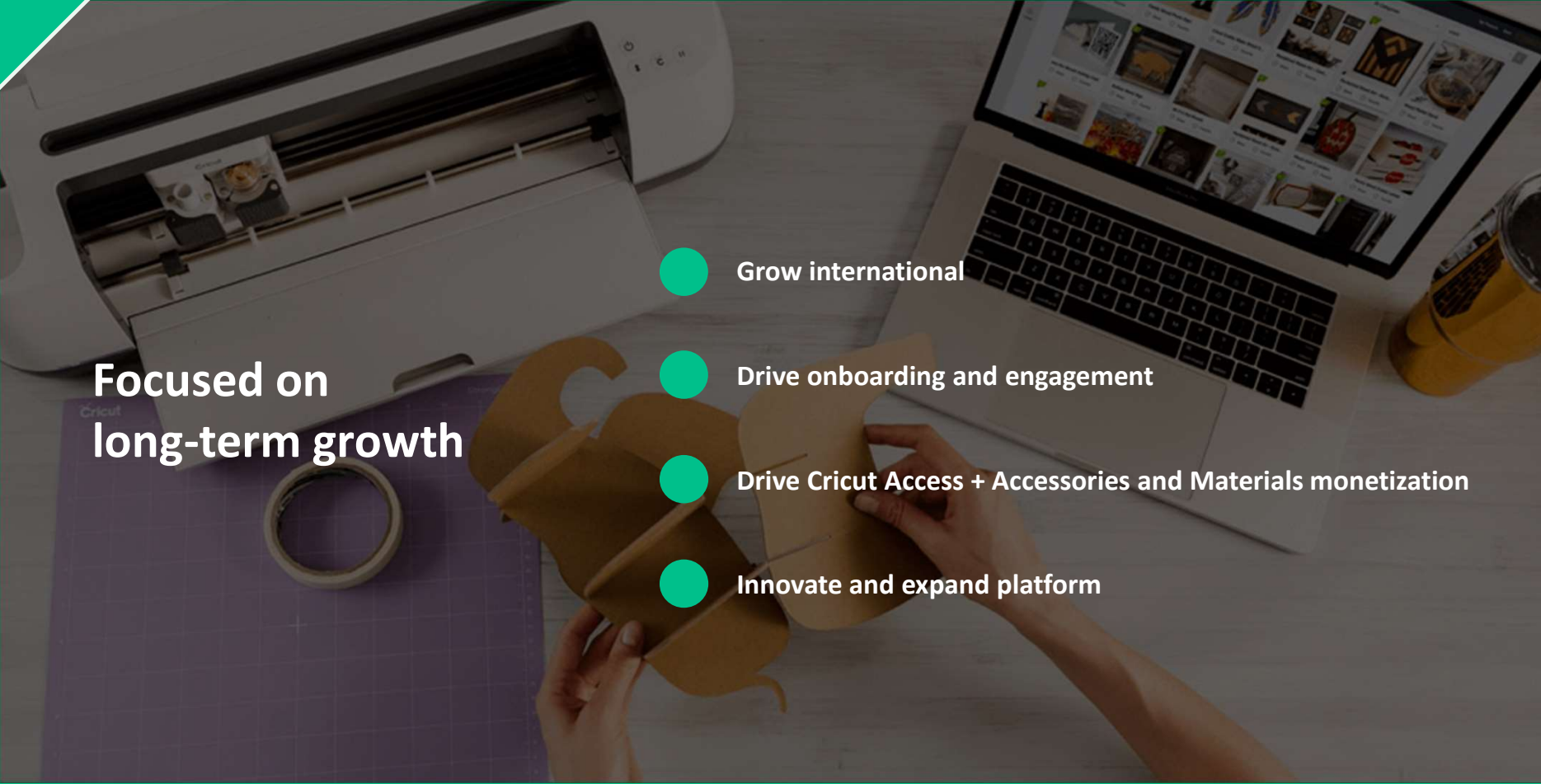
## Connected platform is our core asset

- Improving content discovery and enabling dynamic user experience
- Fostering more inspiration, sharing, and engagement amongst users
- Desktop experience ↔ mobile experience



# Increasing our value proposition

- Adding exclusive functionality for subscribers, like Monogram Maker
- Enabling wide range of diverse content with Contributing Artist Program
- Seamless compatibility with Cricut accessories & materials with continuous focus on innovation



**Focused on  
long-term growth**

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



# Financial Results



## Q1 2022 financial highlights

### Revenue

**\$244.8M**

**(24%)**

YoY Decrease

### Operating Income

**\$31.4M**

**12.8%**

Operating Margin

### Net Income

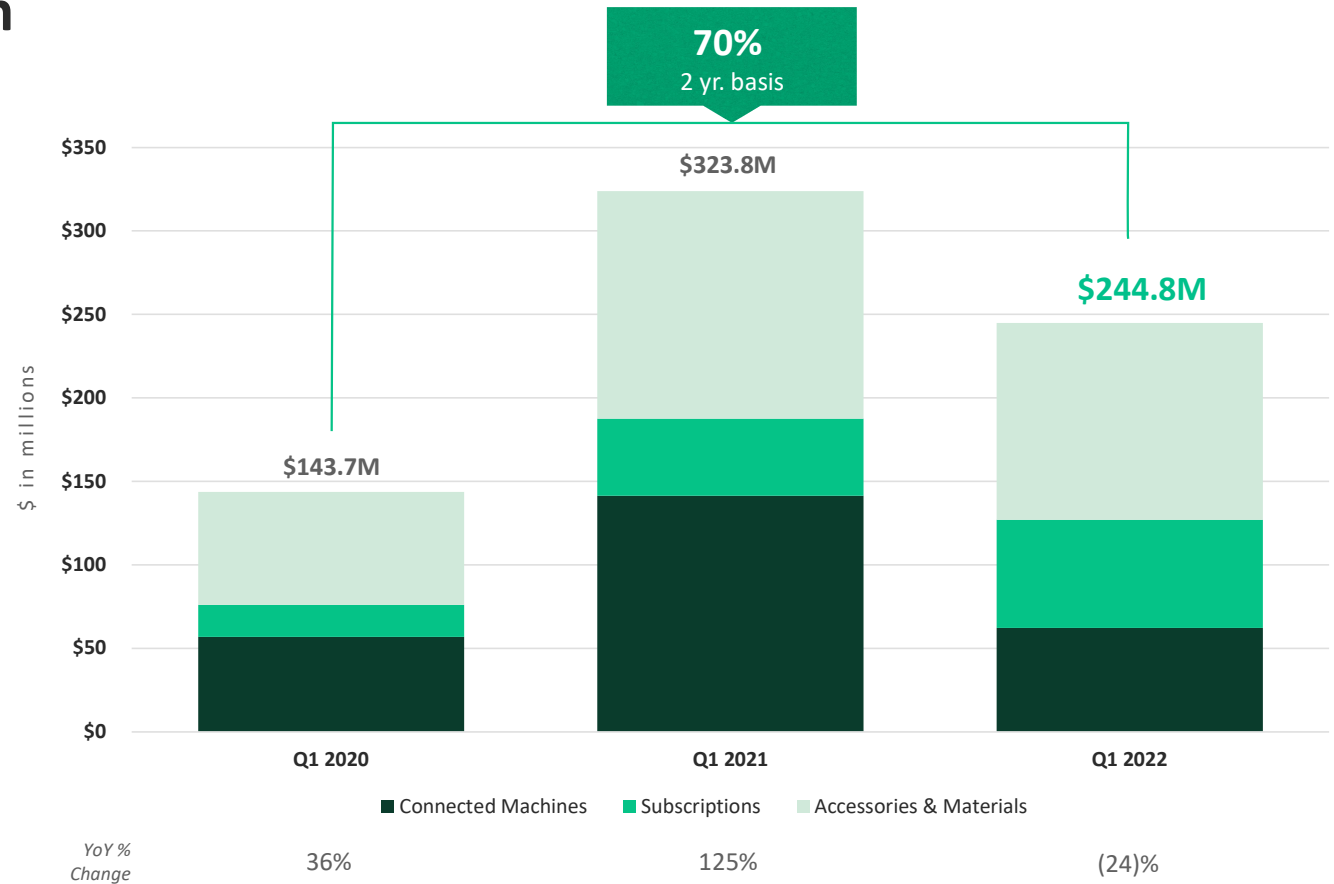
**\$23.5M**

**9.6%**

Net Income Margin

# Revenue breakdown

- Connected Machine revenue in Q1 declined **(56%)** YoY and up nearly **10%** from Q1 2020
- Accessories & Materials revenue in Q1 declined about **(14%)** YoY and up **74%** from Q1 2020
- Subscription revenue in Q1 grew over **40%** YoY and up about **238%** from Q1 2020.
- International revenue grew **9%** YoY and **285%** from Q1 2020

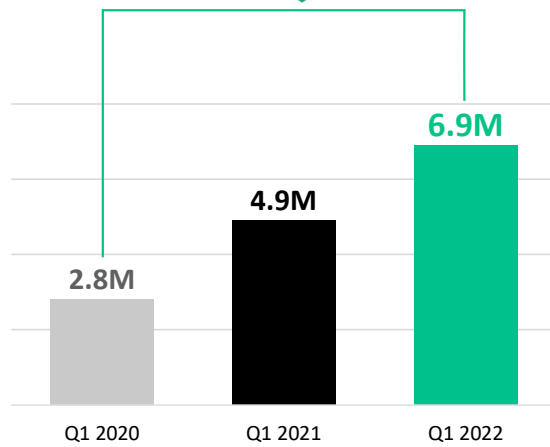


# Growing user base



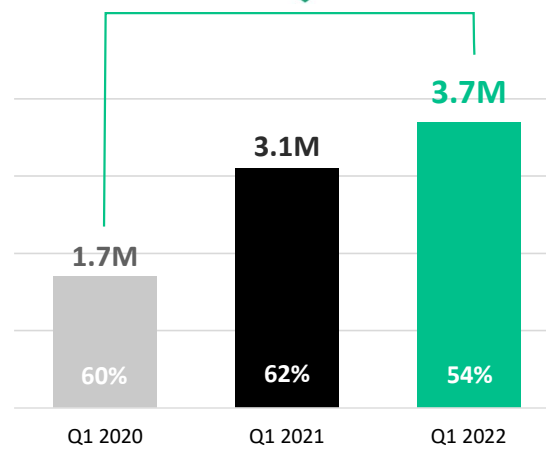
## Users

**146%**  
2 yr. basis



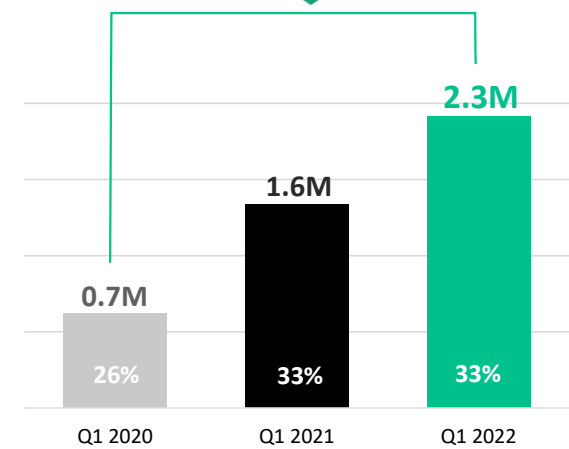
## Engaged Users<sup>1</sup>

**121%**  
2 yr. basis



## Paid Subscribers<sup>2</sup>

**212%**  
2 yr. basis

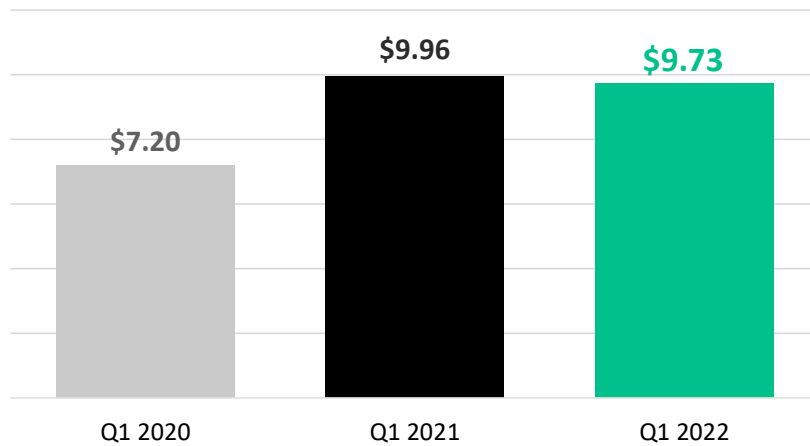


1. Number and percentage of users creating on their connected machines in the trailing 90 days as of each quarter end. 2. Paid subscriber attach rate = percentage of total users that were paid subscribers to Cricut Access or Cricut Access Premium as of the end of each quarter end.

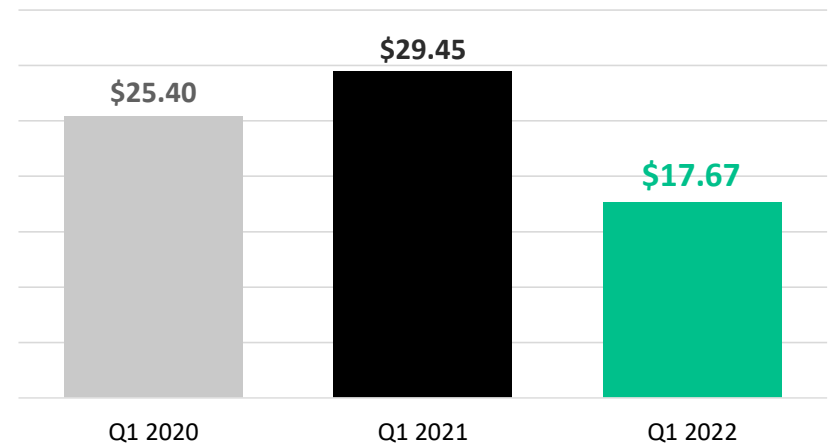
# User monetization



Subscriptions ARPU <sup>1</sup>



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



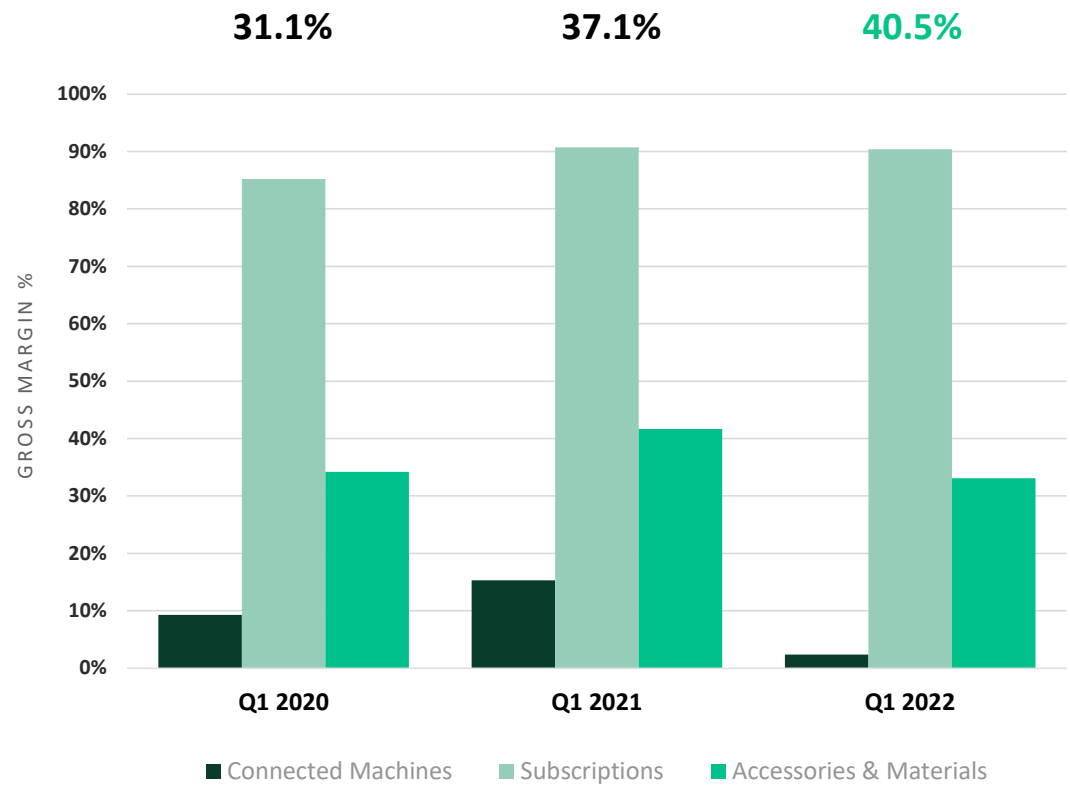
1. ARPU = Average Revenue Per User

# Gross margin

## Contributing Factors

### Q1 2022

- Benefited from mix – higher proportion of revenue driven by subscriptions
- Continued supply chain and inflationary pressures
- Connected machine margins impacted by lower volumes compared to prior periods and reflects pricing of end-of-life products
- Corrected promotional challenges from Q4 2021





# Increased investments to drive growth

\$ Operating Expense

\$27.3M

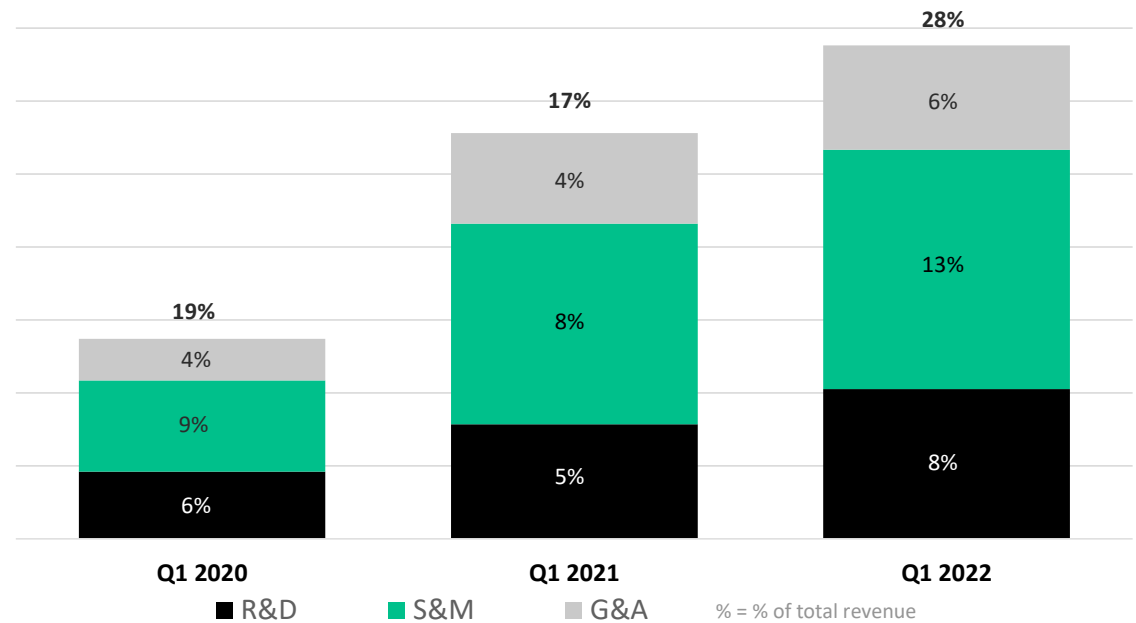
\$55.6M

\$67.6M

## Disciplined and balanced approach

### Investments for future growth in...

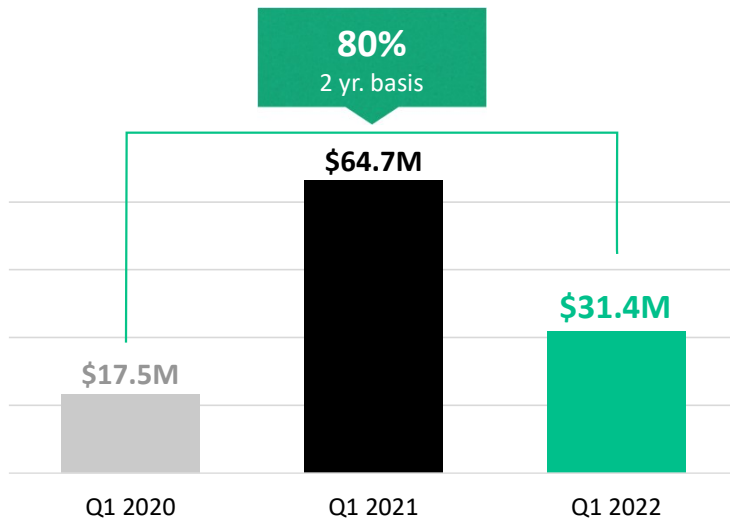
- International expansion
- Onboarding and engagement
- Software
- New product development
- Subscriptions



# Profitability

**Did you know?** Operating margin increased by 70 basis points on a two-year basis, as operating expenses more than doubled.

## \$ Operating Income



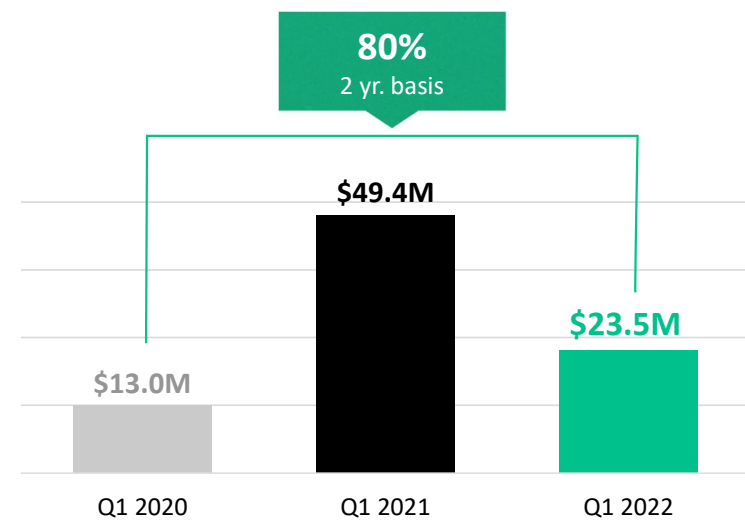
Operating Margins

12.1%

20.0%

12.8%

## \$ Net Income



Net Income Margins

9.1%

15.3%

9.6%



## 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 3/31/22**

**\$245.7M**

Cash & cash equivalents

**\$150M**

Credit line remains untapped



**Cash Flow generated from Operations during Q1 3/31/22**

**\$15.6M**



## Forward looking commentary

- Near term headwinds with seasonality trends and slower consumer demand to impact next few quarters

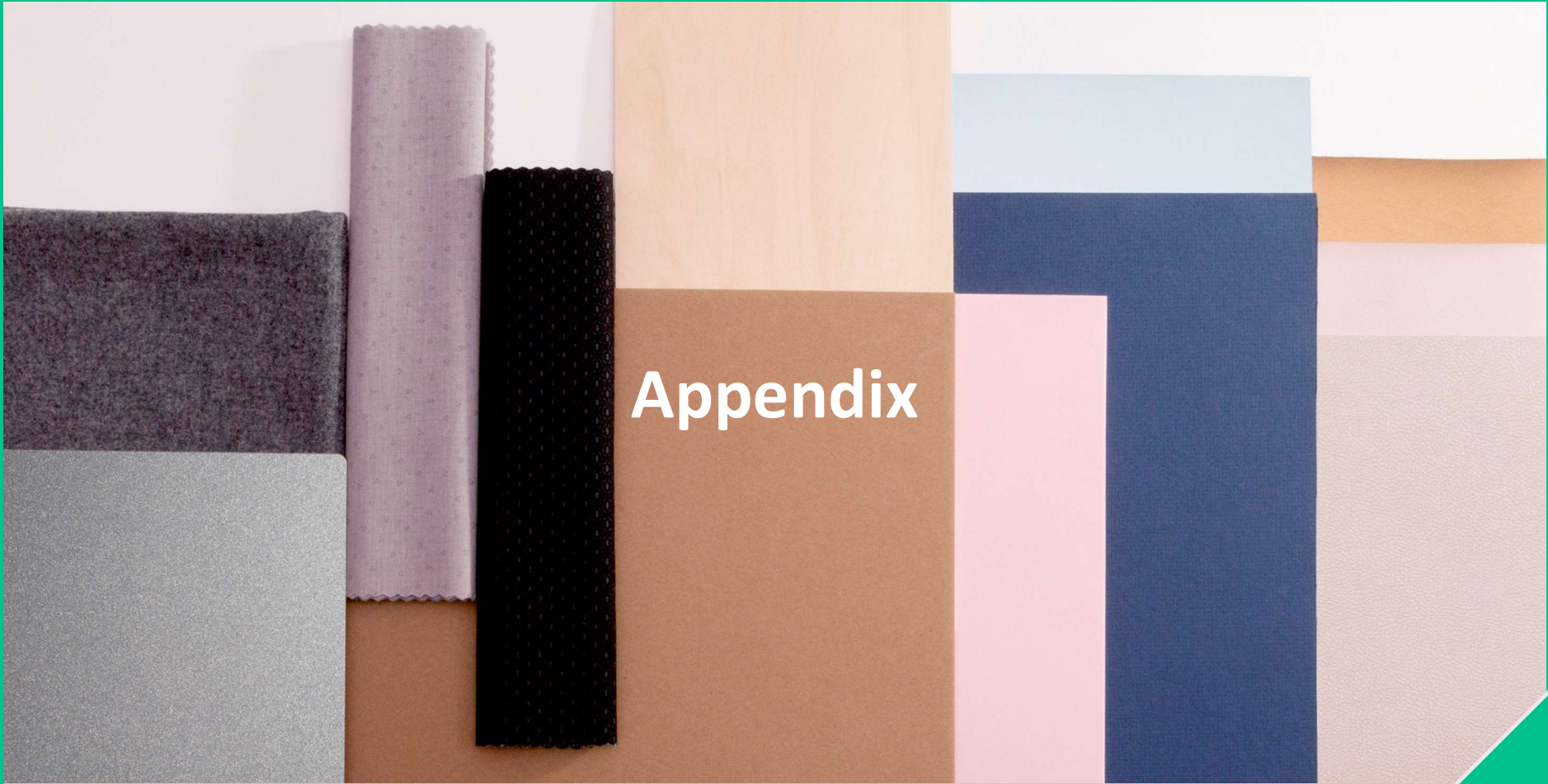
- Uncertainty of environment puts pressure on new user and paid subscriber additions for 2022

- Remain highly focused on driving profitable growth; will likely be a few points below long-term operating margin target for 2022

- Long term trends that drive our business remain intact

Let's make.





## 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%