

EMPOWERING THE WORLD TO CREATE & DESIGN WITH EASE



Stack Capital has invested \$8 Million USD into a Canva, the world's leading on-line design company which empowers everyone, from novices all the way up to industry professionals, with the ability to create, design, and publish with ease. Providing its users with a vast library of design elements, such as templates for presentations, images, icons, and fonts, allows them to easily create social media posts, resumes, brochures, invitations, certificates, newsletters, etc. As a result, Canva has become a one-stop shop for individuals, educators, small businesses, and large enterprises who want to create professional-looking graphics and content using a simple, accessible, intuitive, and user-friendly platform.

Free cash flow positive in 2023, with US\$2+ billion in annualized revenues, and 170+ million active monthly users spread across 190 countries, and 100+ languages¹, Canva has only begun to scratch the surface on the ultimate growth opportunity that lies ahead.

BUSINESS OVERVIEW

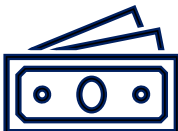
Launched in 2013 by Melanie Perkins (CEO), Cliff Obrecht (COO), and Cameron Adams (CPO), Canva's mission has been to make the process of design less complex for everyone. Interestingly, the seeds of the Canva business originate from Fusion Books - a company that both Melanie and Cliff built from 2008 through 2011. As a student at the University of Western Australia, as well as a tutor providing technical assistance for design courses such as Adobe Photoshop, Adobe Flash, and iMovie, Melanie witnessed first-hand the complex nature of existing design software, which often took a full semester for students to master. Out of that realization, Fusion Books was born. Initially targeting a niche market focused on simplifying the creation of *yearbooks* for students and teachers in Australia, in three short years (2008-2011), Fusion Books became the largest yearbook company in Australia and had expanded its reach into New Zealand and France.

Recognizing that the technology which powered Fusion Books held much broader potential, Melanie and Cliff explored the opportunity. After assembling an engineering team led by Cameron Adams (previously a UI designer at Google) and Dave Hearnden (previously a Senior Engineer at Google), and winning over key investors such as

Bill Tai, an angel investor based out of San Francisco, along with the Australian government, the foundation had been laid for Canva to begin realizing its vision of democratizing and revolutionizing the design industry.

Today, Canva has evolved into a world-class business with a diverse customer base:

\$2B+
Annualized Revenue



170M+
Monthly Active Users



190
Countries

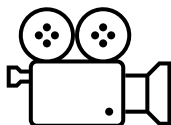


4,000+
Employees

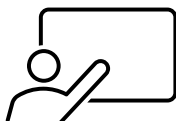


Since its launch in 2013, 20+ billion designs have been created on Canva; with an estimated 75% completed during the past two years

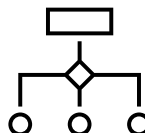
1B+
Videos



1B+
Presentations



160M+
Infographics



15M+
Charts



Source: <https://techcrunch.com/2023/12/28/canva-ai-core-growth/>; <https://www.stylefactoryproductions.com/blog/canva-statistics>

A closer look at Canva users

An estimated 80%+ of Canva users are under the age of 44, with 60+ million teachers and students globally; 800,000+ subscription paying Teams; and 600,000+ non-profits² (such as Amnesty International, the Red Cross, and the World Wildlife Fund).

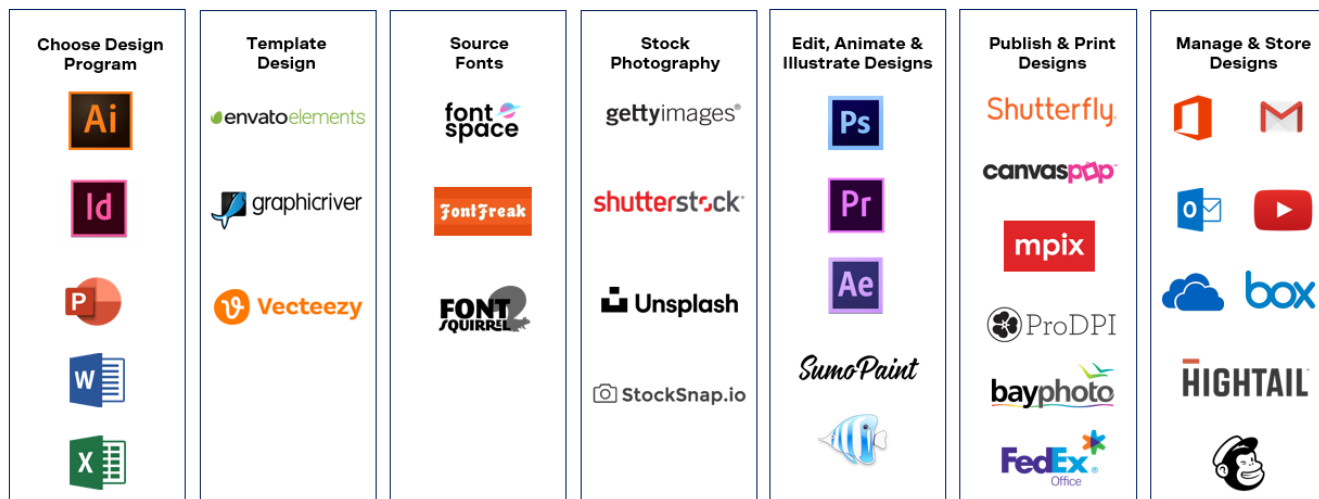
In addition, an estimated 90% of Fortune 500 enterprises use Canva in various capacities³. Examples of existing enterprise customers include:



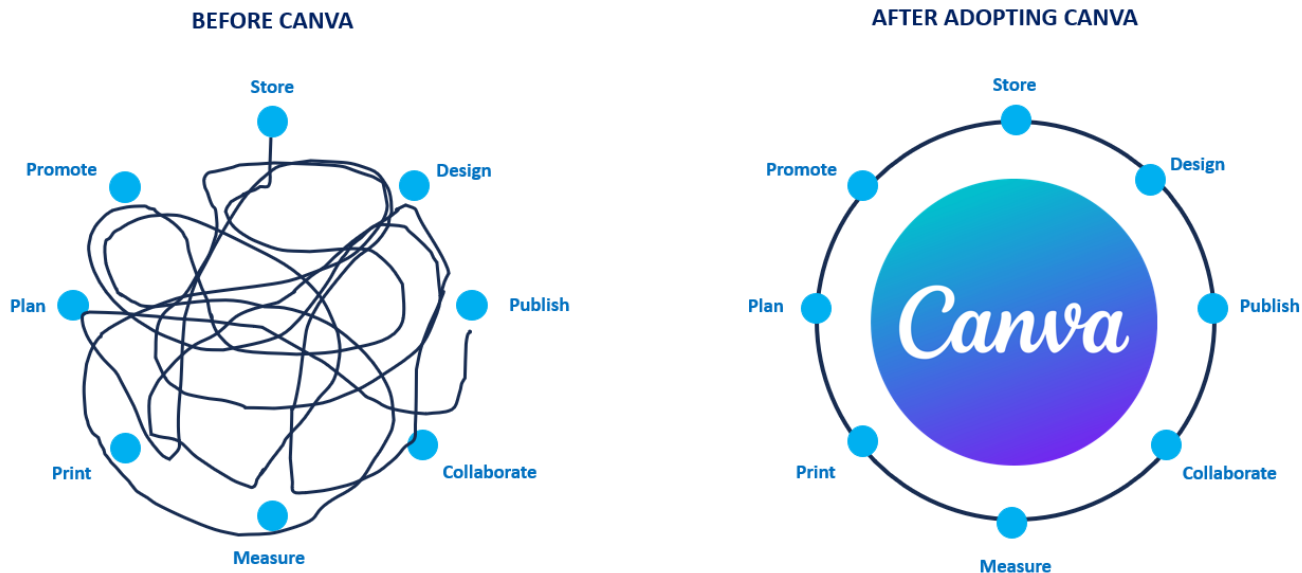
Source: <https://www.canva.com>

HOW CANVA HAS DIFFERENTIATED ITSELF

Canva has simplified the entire design process for its users, especially for those without any sort of design background. Its innovative and easy-to-use platform has streamlined the highly fragmented design ecosystem, bringing the functionality of applications such as Box, YouTube, Fontspace, Shutterstock, and Getty Images under one all-encompassing solution.



In visual terms, Canva has simplified and centralized the entire design process:



In doing so, Canva has solved several key challenges associated with graphic design and creation:

Complexity & Accessibility: traditional graphic design software (such as Adobe Creative Suite) comes with a steep learning curve; Canva overcomes this barrier through its intuitive and user-friendly platform that requires no prior design experience. Canva democratizes design, making it possible for users of all backgrounds and skill levels to generate high-quality graphic designs, presentations, and videos.

Time & Cost-Efficiency: creating designs from scratch has historically been both time-consuming and costly, particularly for individuals, small businesses, and start-ups with limited resources. Canva's extensive library of templates and easy customization tools enables users to generate professional-grade designs quickly, saving both time and money, and enabling small businesses and start-ups to focus on growth opportunities.

Collaboration & Communication: within team-based environments, collaboration is integral to the overall design process, and traditional design software typically lack this functionality. Canva enables real-time sharing and feedback, streamlining the design process and fostering better communication among team members.

Brand Consistency: establishing a strong brand identity involves maintaining brand consistency across various marketing channels; Canva's 'Brand Kit' feature helps businesses achieve consistency by centralizing brand assets such as logos, colors, fonts, and templates.

Versatility & Adaptability: businesses need to create a wide-range of visual content for various platforms and purposes in today's fast-paced digital environment. Canva's platform delivers a broad range of templates and tools for its users, enabling them to create everything from social media graphics, to presentations, to business cards, etc.

Factors that have made Canva an 'essential' tool for users:

- | | |
|---|---|
| <p>① Easy-to-use
<i>drag and drop interface</i></p> | <p>④ Customizable
<i>modify graphics, images, text, etc.</i></p> |
| <p>② Templates galore
<i>thousands of professional-quality options</i></p> | <p>⑤ Branding
<i>build a strong & recognizable brand</i></p> |
| <p>③ Affordable
<i>free & paid versions available</i></p> | <p>⑥ Analytics
<i>track the performance of each design</i></p> |

Canva's Product Offerings have been specifically designed for its various user segments:

Canva Free	Canva Pro	Canva Teams	Canva Enterprise	Canva Non-profits	Canva Education
 <p>Canva's free version has almost everything you need, including a full suite of editing tools, hundreds of thousands of templates, real-time collaboration, and an extensive media library of free assets.</p>	 <p>Offers full access to Canva's media library of 100+ million visual and audio assets, plus features like Magic Resize, Background Remover, Folders, and Brand Kits – which help you keep logos, colors, and fonts together in one place for fast creation of on-brand designs.</p>	 <p>Perfect for users who want to extend their Canva Pro features to their broader team, whether that's two or two-thousand people. Allows teams to design engaging visual content at scale in one single solution, making creative workflows more efficient.</p>	 <p>Canva's solution for business enterprises seeking a secure platform from which its employees can create, collaborate, and publish visual content. Manage your brand assets, design at scale, collaborate seamlessly, and integrate the finished product into other business critical apps used within your organization.</p>	 <p>Provides non-profits with free access to Canva's Premium subscription, Canva for Teams, as well as free community workshops and events designed to up-skill non-profits organisations with marketing and design skills.</p>	 <p>A critical investment in the future of creativity within the classroom – a cause that Canva cares deeply about. The education product is freely available to all K-12 teachers, students, schools, districts, ministries, and school systems worldwide.</p>

Source: <https://www.canva.com/free/>; <https://www.canva.com/pro/>; <https://www.canva.com/for-teams/>; <https://www.canva.com/enterprise/>; <https://www.canva.com/canva-for-nonprofits/>; <https://www.canva.com/education/>

WHAT MAKES CANVA AN ATTRACTIVE INVESTMENT?

The opportunity that Canva is pursuing is significant, with the 'Creator Economy' having an estimated total addressable market (TAM) that currently exceeds US\$250 billion⁴. The creator/design industry is experiencing rapid growth, driven by increasing demand for visually appealing content, across a number of sectors. The rise of social media marketing has only heightened the importance of content creation tools, making Canva indispensable for individuals and businesses looking to establish a strong on-line presence. By 2027, the Creator Economy is projected to have a TAM of ~US\$480 billion⁵.

Today, roughly half of Canva's TAM stems from the business-to-consumer (B2C) segment of the global marketplace, made up of individuals focused on social media, individual creators, students, and educators. The remaining 50% comes from the business-to-business segment of the market, comprised of teams working in areas such as Marketing, Sales, HR, Public Relations, Communications, Finance, Operations, etc. By 2028, Canva projects that the mix of its TAM will shift to a 60/40 split between the B2B and B2C segments.

Currently, Canva has 170M+ Monthly Active Users (MAUs) and it has done a fantastic job of attracting and engaging users to its platform by offering a 'Freemium' subscription option, particularly geared towards educators and students around the world. Melanie's educational background and first-hand experience as a tutor has been instrumental in creating an economic model at Canva that gives middle school and high school students, along with their teachers, free access. Not only do students become acclimated to the Canva platform at younger ages, but they also generate updated content, which helps build Canva's design database. The long-term bet is that as this younger demographic enters the workforce, collectively they will be much more likely to ask their respective employers for Canva Teams and/or Enterprise access to assist with their work responsibilities, representing a key growth opportunity.

Historically, Canva has been extremely successful and efficient in growing its user base with an estimated ~90% driven organically, and the other 10% coming from paid channels. Referrals, word of mouth, design sharing and collaboration, freemium access, and deep localization have all contributed to the success of its organic growth, along with the incredible features associated with the platform itself.

Clearly, B2B is a critical aspect of the future economic success of the business; that said, it is very encouraging to see that Canva is being pulled-into some of the world's largest organizations, including 90% of Fortune 500 companies. While its recent success within the B2B segment has been strong, Canva is only beginning to scratch the surface, with less than 1% seat penetration.

CONCLUSION

Over the past decade, Canva has evolved into an incredibly successful business highlighted by its innovative and easy-to-use design platform. Transcending geographies and age groups, Canva empowers anyone to design and create, as evidenced by its diverse user base which includes individuals, students, educators, small businesses, and large enterprises worldwide.

In addition to its strong product/platform, Canva's business fundamentals are quite attractive, given that its i) free cash flow positive, ii) generating annualized revenues of US\$2+ billion, iii) growing aggressively, and iv) a rare example of a 'Rule of 50' company (*YoY growth + underlying FCF margin*). While its current TAM of ~US\$250 billion is significant, it is projected to grow to US\$480 billion by 2027. As such, Canva is well-positioned to capitalize through continued growth & adoption worldwide across both the B2C & B2B segments of its business.

If you haven't done so already, visit www.canva.com to create a user profile, or download the app, and experience first-hand how creative you can become with a little help from Canva!

INVESTMENT SUMMARY

Global leader in consumer & enterprise design software

- User-friendly platform has both democratized and simplified the entire digital design process
- World renowned business, with strong brand recognition:
 - 170M+ monthly active users
 - Across 190 countries
 - Available in 100+ languages
- Continuously builds upon its market leadership via the network effect of user-generated templates, along with its newly introduced Magic Studio (gen AI tool)

Outstanding long-term growth opportunity

- Operates in a large and growing global market
 - Current TAM of the 'Creator Economy' is estimated at US\$250+ billion; projected increase to US\$480+ billion by 2027
- Will continue to attract new B2C customers via its 'Freenium' model (students, educators, and personal users)
- Objective to expand its B2B presence with Canva Teams (Fortune 100, 500, and 1000 companies)

Exceptional management team & leadership

- Founder-led management team consisting of Melanie Perkins (CEO), Cliff Obrecht (COO), and Cameron Adams (CPO)
- Hands-on experience and background in graphic design & technology
- Significant 'skin in the game' – estimated 40%+ ownership by its management team⁶
- Proven leaders in product development, having capitalized on customer needs and industry trends
- Bill Tai (Stack Capital Advisor) was a seed investor and instrumental in Canva's creation

FOOTNOTES

¹ <https://techcrunch.com/2023/12/28/canva-ai-core-growth/>

² <https://www.stylefactoryproductions.com/blog/canva-statistics>; <https://thesocialshepherd.com/blog/canva-statistics>

³ <https://www.canva.com/newsroom/news/canva-us-growth/>; <https://www.stylefactoryproductions.com/blog/canva-statistics>

⁴ <https://research.contrary.com/reports/canva>

⁵ <https://research.contrary.com/reports/canva>

⁶ <https://www.forbes.com/sites/alexkonrad/2021/09/14/canva-raises-at-40-billion-valuation-and-founders-pledge-away-their-wealth/?sh=48a03d217ba9>

