BRILLIANT EARTH®

Brilliant Earth Reports Outstanding Second Quarter 2022 Results

August 11, 2022

Delivered 17.8% Net Sales Growth

Generated Net Income of $3.8 million and Adjusted EBITDA of $9.6 million

Generated GAAP Diluted EPS of $0.03 and Adjusted Diluted EPS of $0.06

Reiterates Fiscal 2022 Outlook

SAN FRANCISCO, Aug. 11, 2022 (GLOBE NEWSWIRE) -- Brilliant Earth Group, Inc. ("Brilliant Earth" or the "Company") (Nasdaq: BRLT), an innovative, digital-first jewelry company and global leader in ethically sourced fine jewelry, today announced financial results for the three and six months ended June 30, 2022.

Second Quarter 2022 Highlights (quarterly period ended June 30, 2022):

- **Net sales were $108.8 million, a 17.8% increase over the prior year**, with strong omnichannel performance across the Company's products.
- **Gross margin expanded by 460 basis points** to a record 53.1% for the second quarter, driven by continued strong brand resonance, performance of the Company's price optimization engine and procurement efficiencies.
- **Generated strong profitability:**
  - Net income was $3.8 million for the second quarter; and
  - Adjusted EBITDA was $9.6 million for the second quarter.
- **Continued omnichannel leadership:** Since the end of the first quarter, Brilliant Earth has opened 6 new showrooms. These new showrooms are located in the metro areas of Bethesda, Columbus, Houston, Minneapolis, Cleveland and Detroit.

Beth Gerstein, Brilliant Earth's Co-Founder and CEO, commented, "We delivered a strong second quarter, reflecting the increasing awareness and resonance of the Brilliant Earth brand, the disciplined execution of our omnichannel growth strategy and the advantages of our asset-light, agile and data-driven business model. The period was highlighted by an 18% increase in sales, a 460 basis point expansion in gross margin with adjusted EBITDA margin of 9%. We saw strength from the introduction of compelling, exclusive product assortments. We also continued to expand our omnichannel reach with the opening of our 21st showroom and ongoing enhancements to our industry leading digital experience."

Gerstein continued, "We remain excited about our business outlook, as we begin the second half of the year, which is reflected in our reaffirmation of our fiscal year guidance. With a proven track record over 17 years and significant opportunities for growth, we believe we are in a great position to extend our industry leadership as the jeweler for the next generation consumer in the near and long term."

Second Quarter 2022 Financial Highlights

- Net sales increased 17.8% to $108.8 million compared to $92.3 million in the second quarter of 2021, with strength across the Company's products leading to a 24.9% increase in Total Orders.
- Gross profit was $57.8 million, or a 53.1% gross profit margin, compared to $44.8 million, or a 48.5% gross profit margin in the second quarter of 2021.
- Net income was $3.8 million, compared to net income of $8.5 million in the second quarter of fiscal 2021.
- Adjusted net income was $6.0 million (3).
- Adjusted EBITDA was $9.6 million, compared to $14.5 million in the second quarter of 2021 (3).

Second Quarter Results

		Q2 2022		Q2 2021	% Change
Total Orders		35,366		28,323	24.9%
AOV	$	3,077	$	3,261	(5.6)%
($ in millions, except per share amounts)					
Net Sales	$	108.8	$	92.3	17.8%
Gross Margin		53.1%		48.5%	
Net income allocable to Brilliant Earth Group, Inc. (1)	$	0.4		nm*	nm*
Net income, as reported	$	3.8	$	8.5	(55.8)%
Net income margin		3.4%		9.2%	
Adjusted net income (3)	$	6.0		nc*	nc*
GAAP Diluted EPS (2)	$	0.03		nm*	nm*
Adjusted Diluted EPS (3)	$	0.06		nc*	nc*

Adjusted EBITDA (3)	$	9.6	$	14.5	(33.6)%
Adjusted EBITDA margin (3)		8.8%		15.7%	

*nc = not calculated; nm = not meaningful

(1) Represents net income allocable to Brilliant Earth Group, Inc. during the second quarter of 2022

(2) Represents GAAP Diluted EPS for the period of April 1 to June 30, 2022

(3) Adjusted net income, Adjusted Diluted EPS, Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP financial measures. See "Disclosure Regarding Non-GAAP Financial Measures and Key Metrics" for additional information on non-GAAP financial measures and a reconciliation to the most comparable GAAP measures

Six Month 2022 Highlights

- Net sales increased 28.1% to $208.8 million in the six months ended June 30, 2022 compared to $163.0 million in the first six months of 2021, with strength across the Company's product lines which led to a 35.8% increase in Total Orders.
- Gross profit of $107.9 million, or a 51.7% gross profit margin, compared to $77.1 million, or a 47.3% gross profit margin, in the 2021 six-month period.
- Net income totaled $7.1 million, compared to $10.9 million in the 2021 six-month period
- Adjusted net income was $10.7 million (3).
- Adjusted EBITDA was $18.0 million, compared to $21.0 million of Adjusted EBITDA in the first six months of 2021 (3).

Six Month Results

		YTD June 2022		YTD June 2021	% Change
Total Orders		67,738		49,878	35.8%
AOV	$	3,083	$	3,269	(5.7)%
($ in millions, except per share amounts)					
Net Sales	$	208.8	$	163.0	28.1%
Gross Margin		51.7%		47.3%	
Net income allocable to Brilliant Earth Group, Inc. (1)	$	0.8		nm*	nm*
Net income, as reported	$	7.1	$	10.9	(34.6)%
Net income margin		3.4%		6.7%	
Adjusted net income (3)	$	10.7		nc*	nc*
GAAP Diluted EPS (2)	$	0.06		nm*	nm*
Adjusted Diluted EPS (3)	$	0.11		nc*	nc*
Adjusted EBITDA (3)	$	18.0	$	21.0	(14.3)%
Adjusted EBITDA margin (3)		8.6%		12.9%	

*nc = not calculated; nm = not meaningful

(1) Represents net income allocable to Brilliant Earth Group, Inc. during the year ended June 30, 2022

(2) Represents GAAP Diluted EPS for the period of January 1 to June 30, 2022

(3) Adjusted net income, Adjusted Diluted EPS, Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP financial measures. See "Disclosure Regarding Non-GAAP Financial Measures and Key Metrics" for additional information on non-GAAP financial measures and a reconciliation to the most comparable GAAP measures

Reiterates Fiscal 2022 Outlook

Net sales	$450 million - $470 million
Adjusted EBITDA	$30 million - $40 million

Webcast and Conference Call Information

Brilliant Earth will host a conference call and webcast to discuss second quarter results today, August 11, 2022, at 5:00 p.m. ET. The webcast and accompanying slide presentation can be accessed at https://investors.brilliantearth.com. Those interested in participating in the conference call are invited to dial (888) 708-0131 (participant passcode 6973407). International callers may dial (929) 517-9008. A replay of the webcast will remain available on the website for 90 days.

About Brilliant Earth

Brilliant Earth is a digitally native, omnichannel fine jewelry company and a global leader in ethically sourced fine jewelry. Led by our co-founders Beth Gerstein and Eric Grossberg, the Company's mission since its founding in 2005 has been to create a more transparent, sustainable, and compassionate jewelry industry. Headquartered in San Francisco, CA and Denver, CO, Brilliant Earth has 21 showrooms and has served customers in over 50 countries worldwide.

Disclosure Regarding Non-GAAP Financial Measures and Key Metrics

In addition to the financial measures presented in this release in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"), the Company has included certain non-GAAP financial measures in this release, including Adjusted EBITDA, Adjusted Net income, Adjusted Diluted EPS and Adjusted EBITDA margin. These non-GAAP financial measures provide users of our financial information with useful information in evaluating our operating performance and exclude certain items from net income that may vary substantially in frequency and magnitude from period to period.

We define EBITDA as net income (loss) before interest, taxes, depreciation and amortization. We define Adjusted EBITDA as net income (loss) before interest, income taxes, depreciation, amortization of cloud-based software implementation costs, adjusted for the impact of certain additional non-cash and other items that we do not consider in our evaluation of ongoing performance of our core operations. These items include showroom pre-opening expense, equity-based compensation expense, change in fair value of warrant liability, costs to fund the Brilliant Earth Foundation and transaction costs and other expenses. We define Adjusted EBITDA margin as Adjusted EBITDA calculated as a percentage of net sales. We believe that Adjusted EBITDA and Adjusted EBITDA margin, which eliminate the impact of certain expenses that we do not believe reflect our underlying business performance, provide useful information to investors to assess the performance of our business.

We define Adjusted Net income as net income adjusted for the impact of certain additional non-cash and other items that we do not consider in our evaluation of ongoing performance of our core operations. These items include showroom pre-opening expense, equity-based compensation expense, change in fair value of warrant liability, costs to fund the Brilliant Earth Foundation and transaction costs and other expenses. We define Adjusted Diluted EPS as Adjusted Net income, divided by the diluted weighted average shares of common stock outstanding. The diluted weighted average shares of common stock outstanding is derived from the historical diluted weighted average shares of common stock assuming such shares were outstanding for the entirety of the period presented. We believe Adjusted Net income and Adjusted diluted Earnings Per Share, which eliminate the impact of certain expenses that we do not believe reflect our underlying business performance, provide useful information to investors to assess the performance of our business.

Please refer to “GAAP to Non-GAAP Reconciliations” located in the financial supplement in this release for a reconciliation of GAAP to non-GAAP financial information.

This release includes forward-looking guidance for certain non-GAAP financial measures, including Adjusted EBITDA. These measures will differ from net income (loss), determined in accordance with GAAP, in ways similar to those described in the reconciliations at the end of this release. We are not able to provide, without unreasonable effort, guidance for net income (loss), determined in accordance with GAAP, or a reconciliation of guidance for Adjusted EBITDA to the most directly comparable GAAP measure because the Company is not able to predict with reasonable certainty the amount or nature of all items that will be included in net income (loss).

This press release also contains certain key business metrics which are used to evaluate our business and growth trends, establish budgets, measure the effectiveness of our sales and marketing efforts, and assess operational efficiencies. We define total orders as the total number of customer orders delivered less total orders returned in a given period (excluding those repair, resize, and other orders which have no revenue). We view total orders as a key indicator of the velocity of our business and an indication of the desirability of our products to our customers. Total orders, together with AOV, is an indicator of the net sales we expect to recognize in a given period. Total orders may fluctuate based on the number of visitors to our website and showrooms, and our ability to convert these visitors to customers. We believe that total orders is a measure that is useful to investors and management in understanding our ongoing operations and in an analysis of ongoing operating trends. We define average order value, or AOV, as net sales in a given period divided by total orders in that period. We believe that AOV is a measure that is useful to investors and management in understanding our ongoing operations and in an analysis of ongoing operating trends. AOV varies depending on the product type and number of items per order. AOV may also fluctuate as we expand into and increase our presence in additional product categories and price points, and open additional showrooms.

Forward-Looking Statements

This press release contains forward-looking statements. All statements other than statements of historical facts contained in this release may be forward-looking statements. Forward-looking statements in this press release include but are not limited to statements about our future results of operations and financial position, business strategy, plans and objectives of management for future operations, including, but not limited to, among others, other statements regarding expected growth, future capital expenditures, and debt service obligations. In some cases, you can identify forward-looking statements by words such as "anticipate," "believe," "contemplates," "continues," "could," "estimate," "evolve," "expect," "intend," "may," "plan," “potential,” "predicts," "project," "seek," "should," "strategy," "targets," "will, " or "would," or the negative of these terms or other similar expressions. Accordingly, we caution you that any such forward-looking statements are not guarantees of future performance and are subject to risks, assumptions, and uncertainties that are difficult to predict.

We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short term and long-term business operations and objectives, and financial needs. Although we believe that the expectations reflected in these forward-looking statements are reasonable as of the date made, actual results may prove to be materially different from the results expressed or implied by the forward-looking statements. These forward-looking statements are subject to a number of risks, uncertainties, and assumptions, including, but not limited to: risks related to our rapid growth in recent years and limited operating experience; our ability to manage growth effectively; risks related to increases in costs of diamonds, other gemstones and precious metals supply shortages; the Company’s ability to maintain a low cost of production and distribution; fluctuations in the pricing and supply of diamonds, other gemstones, and precious metals, particularly responsibly sourced natural and lab-grown diamonds and recycled precious metals such as gold, increases in labor costs for manufacturing such as wage rate increases, as well as inflation, and energy prices; our ability to cost-effectively turn existing customers into repeat customers or to acquire new customers; our ability to maintain a low cost of production and distribution; fluctuations in the pricing and supply of diamonds, other gemstones, and precious metals, particularly responsibly sourced natural and lab-grown diamonds and recycled precious metals such as gold, increases in labor costs for manufacturing such as wage rate increases, as well as inflation, and energy prices; risks related to our expansion plans in the U.S.; risks related an overall decline in the health of the economy and other factors impacting consumer spending, such as recessionary conditions, governmental instability, war or the threat of war, and natural disasters; our history of losses, and we may be unable to sustain profitability; our ability to compete in the fine jewelry retail industry; our ability to manage our inventory balances and inventory shrinkage; risks related to a decline in sales of Create Your Own rings; our ability to maintain and enhance our brand; risks related to the effectiveness of our marketing efforts; risks related to environmental, social, and governance matters impact the Company’s business and reputation; risks related to the our and omnichannel business; our ability ability to effectively anticipate and respond to changes in consumer preferences and shopping patterns; risks related to our ability to predict future performance due to quarterly and annual fluctuations of our results of operations and operating cash flow; risks related to our dependence on distributions from Brilliant Earth, LLC to pay our taxes and expenses; risks related to our obligations under our Tax

Receivable Agreement and our organizational structure; and the other risks, uncertainties and the factors described in Part I, Item 1A, “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 filed with the Securities and Exchange Commission (the “SEC”) on March 22, 2022. Although the Company believes that the expectations reflected in its forward-looking statements are reasonable, it cannot guarantee future results. The Company has no obligation, and does not undertake any obligation, to update or revise any forward-looking statement made in this press release to reflect changes since the date of this press release, except as may be required by law.

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BRILLIANT EARTH GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited and in thousands, except share and per share amounts)

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Net sales	$ 108,809	$ 92,348	$ 208,847	$ 163,044
Cost of sales	50,988	47,587	100,910	85,924
Gross profit	57,821	44,761	107,937	77,120
Operating expenses:				
Selling, general and administrative	52,145	32,409	96,961	59,814
Income from operations	5,676	12,352	10,976	17,306
Interest expense	(1,146)	(1,948)	(2,922)	(3,874)
Other expense, net	(49)	(1,927)	(108)	(2,547)
Loss on extinguishment of debt	(617)	—	(617)	—
Income before tax	3,864	8,477	7,329	10,885
Income tax expense	(113)	—	(209)	—
Net income	3,751	$ 8,477	7,120	$ 10,885
Net income allocable to non-controlling interest	3,327		6,340	
Net income allocable to Brilliant Earth Group, Inc.	$ 424		$ 780	
Earnings per share:				
Basic	$ 0.04		$ 0.07	
Diluted	$ 0.03		$ 0.06	
Weighted average shares of common stock				
Basic	10,810,627		10,412,922	
Diluted	96,208,702		96,386,862	

BRILLIANT EARTH GROUP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited and in thousands, except share and per share amounts)

	June 30, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 155,533	$ 172,865
Restricted cash	205	205
Inventories, net	35,344	24,743
Prepaid expenses and other current assets	9,759	8,178
Total current assets	200,841	205,991
Property and equipment, net	11,272	6,732
Deferred tax assets	8,298	4,407
Operating lease right of use assets	21,427	—
Other assets	1,729	601
Total assets	$ 243,567	$ 217,731
Liabilities and equity		
Current liabilities:		
Accounts payable	$ 10,555	$ 14,480
Accrued expenses and other current liabilities	35,455	28,756

Current portion of deferred revenue	**22,476**	**18,818**
Current portion of operating lease liabilities	**3,025**	**—**
Current portion of long-term debt	**3,250**	**30,789**
Total current liabilities	**74,761**	**92,843**
Long-term debt, net of debt issuance costs	**61,000**	**32,789**
Operating lease liabilities	**21,399**	**—**
Deferred rent	**—**	**2,507**
Payable pursuant to the Tax Receivable Agreement	**6,541**	**3,775**
Other long-term liabilities	**112**	**2,979**
Total liabilities	**163,813**	**134,893**
Equity		
Preferred stock, $0.0001 par value per share, 10,000,000 shares authorized, none issued and outstanding at June 30, 2022 and December 31, 2021, respectively	**—**	**—**
Class A common stock, $0.0001 par value - 1,200,000,000 shares authorized; 10,835,394 and 9,614,523 shares issued and outstanding at June 30, 2022 and December 31, 2021, respectively	**1**	**1**
Class B common stock, $0.0001 par value - 150,000,000 shares authorized; 35,357,593 and 35,658,013 shares issued and outstanding at June 30, 2022 and December 31, 2021, respectively	**4**	**4**
Class C common stock, $0.0001 par value - 150,000,000 shares authorized; 49,119,976 and 49,505,250 shares issued and outstanding at June 30, 2022 and December 31, 2021, respectively	**5**	**5**
Class D common stock, $0.0001 par value - 150,000,000 shares authorized; none issued and outstanding at June 30, 2022 and December 31, 2021, respectively	**—**	**—**
Additional paid-in capital	**6,749**	**6,865**
Retained earnings	**2,308**	**1,528**
Equity attributable to Brilliant Earth Group, Inc.	**9,067**	**8,403**
NCI attributable to Brilliant Earth, LLC	**70,687**	**74,435**
Total equity	**79,754**	**82,838**
Total liabilities and equity	**$ 243,567**	**$ 217,731**

GAAP to Non-GAAP Reconciliations

(Unaudited and in thousands, except share and per share amounts)

ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN

	Three months ended June 30,		Six months ended June 30,	
	2022	**2021**	**2022**	**2021**
Net income, as reported	**$ 3,751**	**$ 8,477**	**$ 7,120**	**$ 10,885**
Interest expense	1,146	1,948	2,922	3,874
Income tax expense	113	—	209	—
Depreciation expense	398	157	747	321
Amortization of cloud-based software implementation costs	36	—	36	—
Showroom pre-opening expense	1,331	518	1,806	681
Equity-based compensation expense	2,148	95	4,252	188
Loss on extinguishment of debt	617	—	617	—
Other expense, net (1)	49	1,927	108	2,547
Transaction costs and other expense (2)	34	1,366	180	2,495
Adjusted EBITDA	**$ 9,623**	**$ 14,488**	**$ 17,997**	**$ 20,991**
Net income margin	**3.4%**	**9.2%**	**3.4%**	**6.7%**
Adjusted EBITDA margin	**8.8%**	**15.7%**	**8.6%**	**12.9%**

(1) Other expense, net for the three months ended June 30, 2021 consisted primarily of the change in fair value of the warrant liability necessary to mark our warrants to fair market value. Additionally, these expenses for all periods presented include losses on exchange rates on consumer payments, partially offset by interest and other miscellaneous income.

(2) These expenses are those that we did not incur in the normal course of business. These expenses for all periods presented include professional fees in connection with the evaluation and preparation for operations as a public company. Additionally, the expense also includes one-time costs associated with the opening of a new operations facility for the period ended June 30, 2021.

ADJUSTED NET INCOME AND ADJUSTED DILUTED EARNINGS PER SHARE

	Three months ended June 30, 2022	Six months ended June 30, 2022
Net income attributable to Brilliant Earth Group, Inc., as reported (1)	$ 424	$ 780
Net income impact from assumed redemption of all LLC Units to common stock (2)	3,327	6,340
Net income, as reported	**$ 3,751**	**$ 7,120**
Income tax expense associated with conversion (3)	(850)	(1,603)
Tax effected net income after assumed conversion	2,901	5,517
Equity-based compensation expense	2,148	4,252
Loss on extinguishment of debt	617	617
Showroom pre-opening expense	1,331	1,806
Other expense, net (4)	49	108
Transaction costs and other expense (5)	34	180
Tax impact of adjustments	(1,064)	(1,760)
Adjusted Net income	**$ 6,016**	**$ 10,720**
Diluted weighted average of common stock assumed outstanding	96,208,702	96,386,862
Diluted earnings per share:		
As reported	$ 0.03	$ 0.06
As adjusted	$ 0.06	$ 0.11

(1) This non-GAAP measure is not applicable to the three months and six months ended June 30, 2021, as the reorganization transaction did not occur until the third quarter of 2021.

(2) It is assumed that we will elect to issue common stock upon redemption of LLC Units rather than cash settle.

(3) Brilliant Earth Group, Inc. is subject to U.S. Federal income taxes, in addition to state and local taxes with respect to its allocable share of any net taxable income of Brilliant Earth, LLC. Acquisition of LLC units by Brilliant Earth Group, Inc. causes all of the taxable income currently recognized by the members of Brilliant Earth, LLC to become taxable to the Company.

(4) Other expense, net for the three and six months ended June 30, 2022 include losses on exchange rates on consumer payments, partially offset by interest and other miscellaneous income.

(5) These expenses are those that we did not incur in the normal course of business.