



# BRILLIANT EARTH®

THIRD QUARTER FISCAL 2022 FINANCIAL RESULTS

November 10, 2022



### **Forward-Looking Statements**

This presentation and statements to be made on the earnings conference call (collectively, the "Presentation"), contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts contained in this Presentation may be forward-looking statements. Forward looking statements in this Presentation include but are not limited to statements regarding our future results of operations and financial position, business strategy, and plans and objectives of management for future operations, including, but not limited to, statements regarding expected growth, future capital expenditures, and debt service obligations. In some cases, you can identify forward-looking statements by terms such as "ahead," "anticipate," "believe," "contemplates," "continues," "could," "estimate," "evolve," "expect," "intend," "may," "plan," "potential," "predict," "seek," "should," "strategy," "target," "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: the Company has grown rapidly in recent years and has limited operating experience; the Company may be unable to manage growth effectively; 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; the Company's ability to cost-effectively turn existing customers into repeat customers or to acquire new customers; risks related to the Company's expansion plans in the U.S.; 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 may affect consumer purchases; the Company has a history of losses, and may be unable to sustain profitability; competition in the fine jewelry retail industry; the Company's ability to manage its inventory balances and inventory shrinkage; a decline in sales of Create Your Own rings would negatively affect the Company's business, financial condition, and results of operations; the Company ability to maintain and enhance its brand; the Company's marketing efforts to help grow its business may not be effective; environmental, social, and governance matters may impact the Company's business and reputation; risks related to the Company's e-commerce and omnichannel business; the Company's ability to effectively anticipate and respond to changes in consumer preferences and shopping patterns; the Company's results of operations and operating cash flows could fluctuate on a quarterly and annual basis, which may make it difficult to predict its future performance; the Company's principal asset is its interest in Brilliant Earth, LLC, and, as a result, the Company depends on distributions from Brilliant Earth, LLC to pay its taxes and expenses; risks related to the Company's obligations under its Tax Receivable Agreement and its organizational structure; and the other risks, uncertainties and the factors described in the section titled "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2021 filed with the Securities and Exchange Commission 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 Presentation to reflect changes since the date of this Presentation, except as may be required by law.

### **Disclosure Regarding Non-GAAP Financial Measures and Key Metrics**

This Presentation contains certain financial measures not presented in accordance with US Generally Accepted Accounting Principles ("GAAP"). 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. Please refer to the section of this presentation entitled "Non-GAAP Metrics and Reconciliations" for a reconciliation of GAAP to non-GAAP financial information. This Presentation 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.

### **Industry and Market Data**

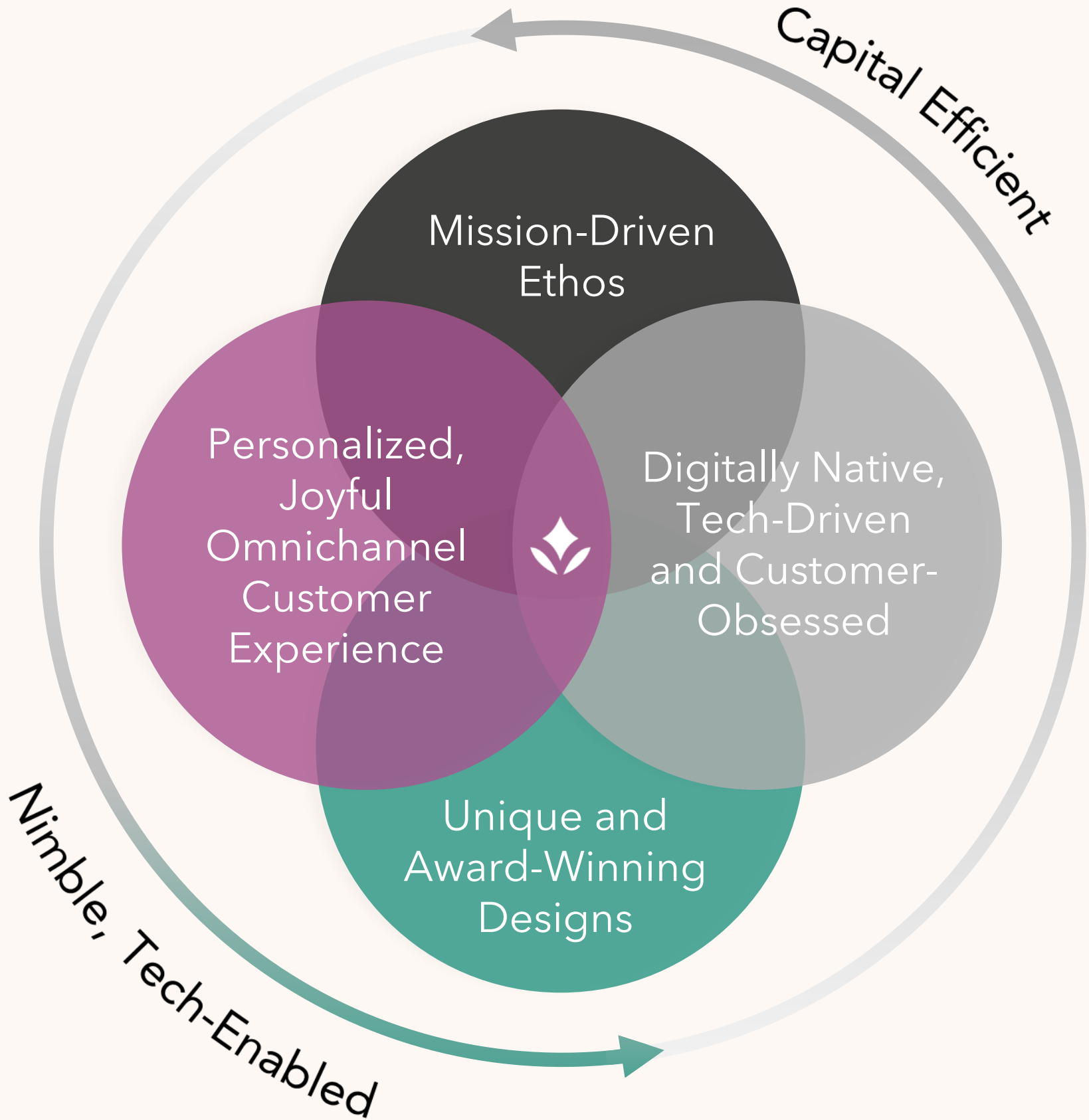
We include in this Presentation statements regarding factors that have impacted our industry. Such statements are statements of belief and are based on industry data and forecasts that we have obtained from internal company surveys, publicly available information, industry publications and surveys and third-party studies. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such information. Certain market, ranking and industry data included in the Presentation, including the size of certain markets and our size or position and the positions of our competitors within these markets, including our services relative to our competitors, are based on estimates of our management. These estimates have been derived from our management's knowledge and experience in the market in which we operate, as well as information obtained from internal company surveys, industry publications and surveys, third-party studies and other publicly available information related to the market in which we operate. Unless otherwise noted, all of our market share and market position information presented in this Presentation is an approximation based on management's knowledge. In addition, while we believe that the industry information included herein is generally reliable, such information is inherently imprecise. While we are not aware of any misstatements regarding the industry data presented herein, our estimates involve risks and uncertainties and are subject to change based on various factors.

### **Trademarks**

This Presentation includes our trademarks and trade names which are protected under applicable intellectual property laws and are our property.



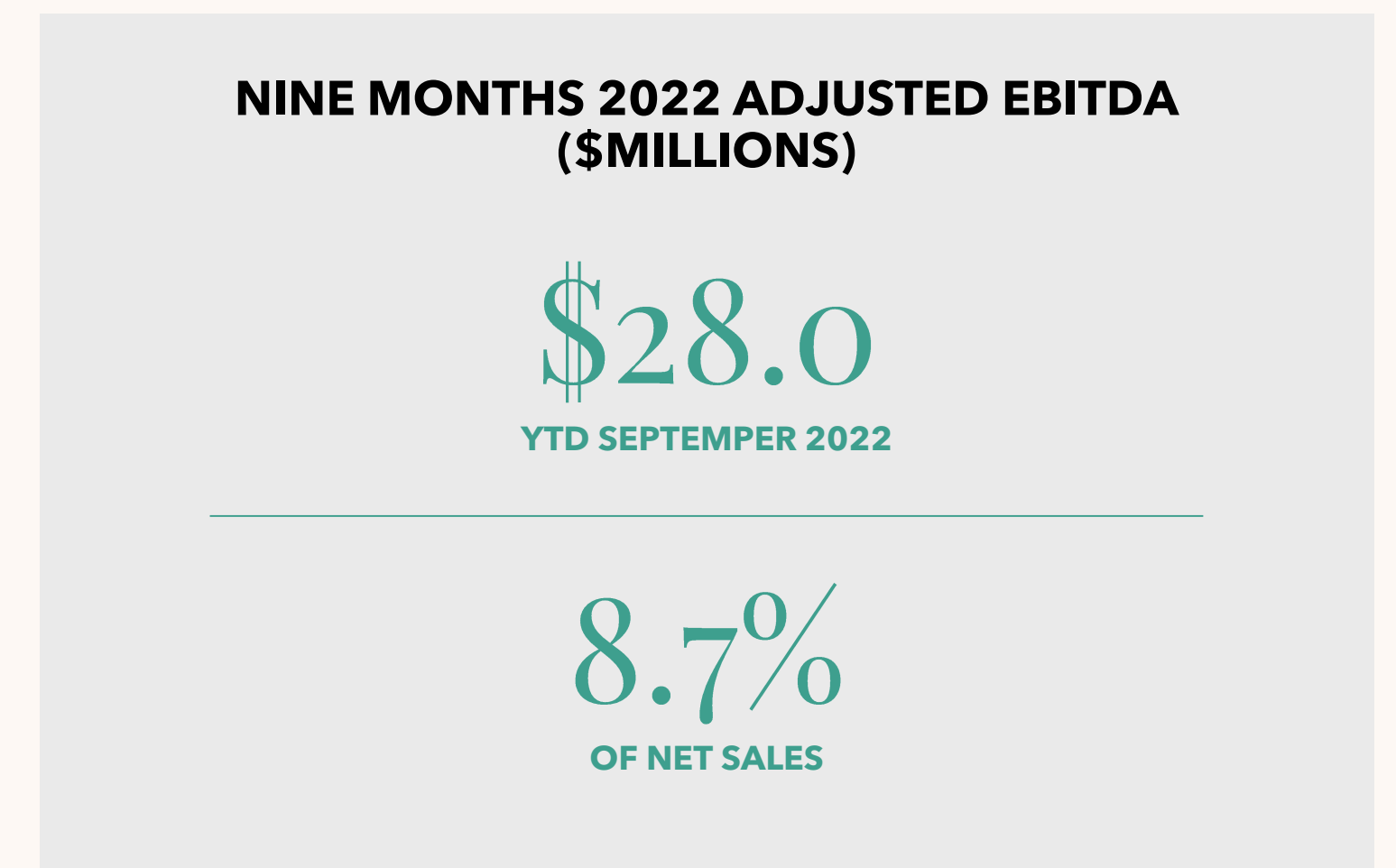
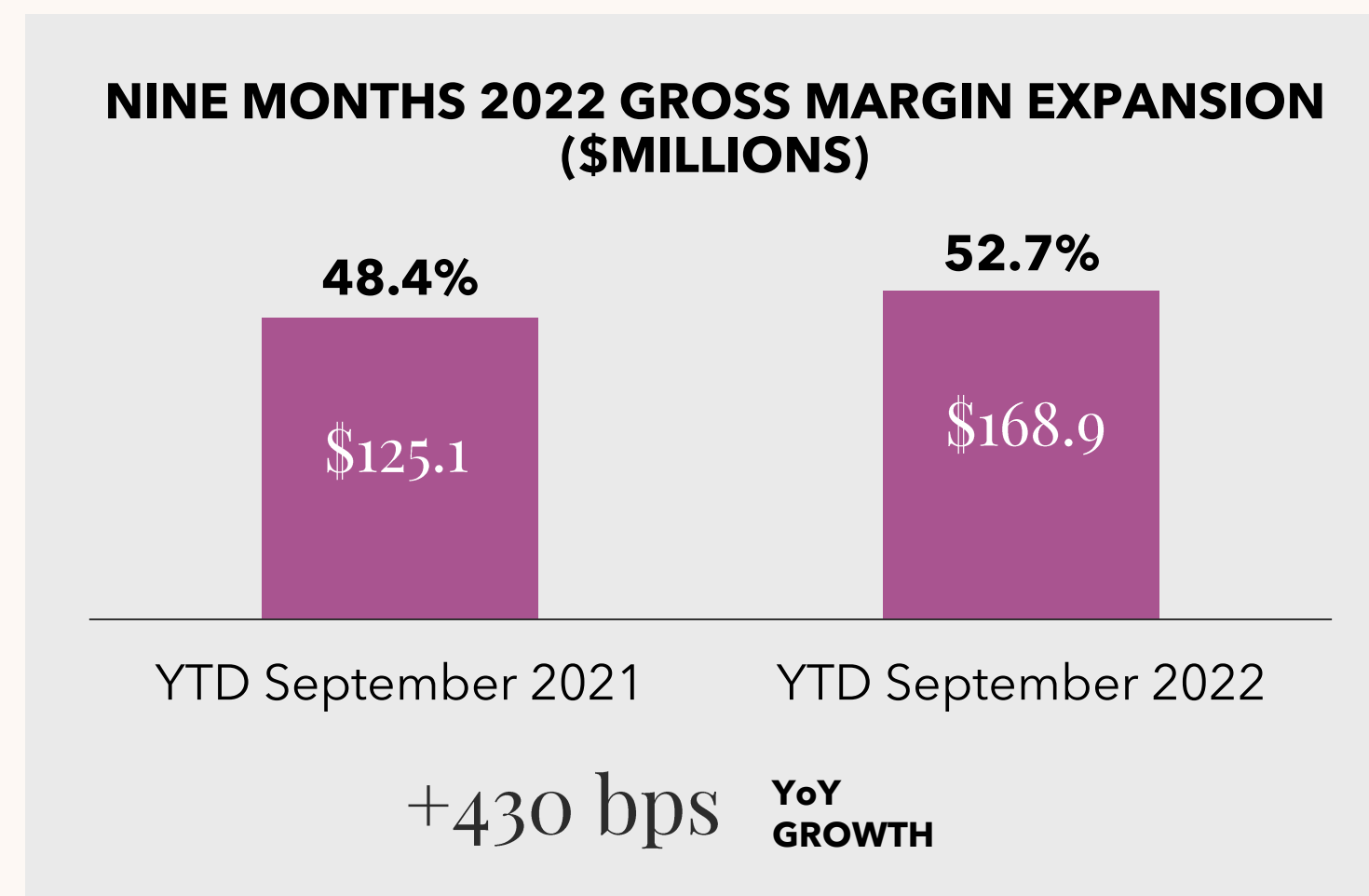
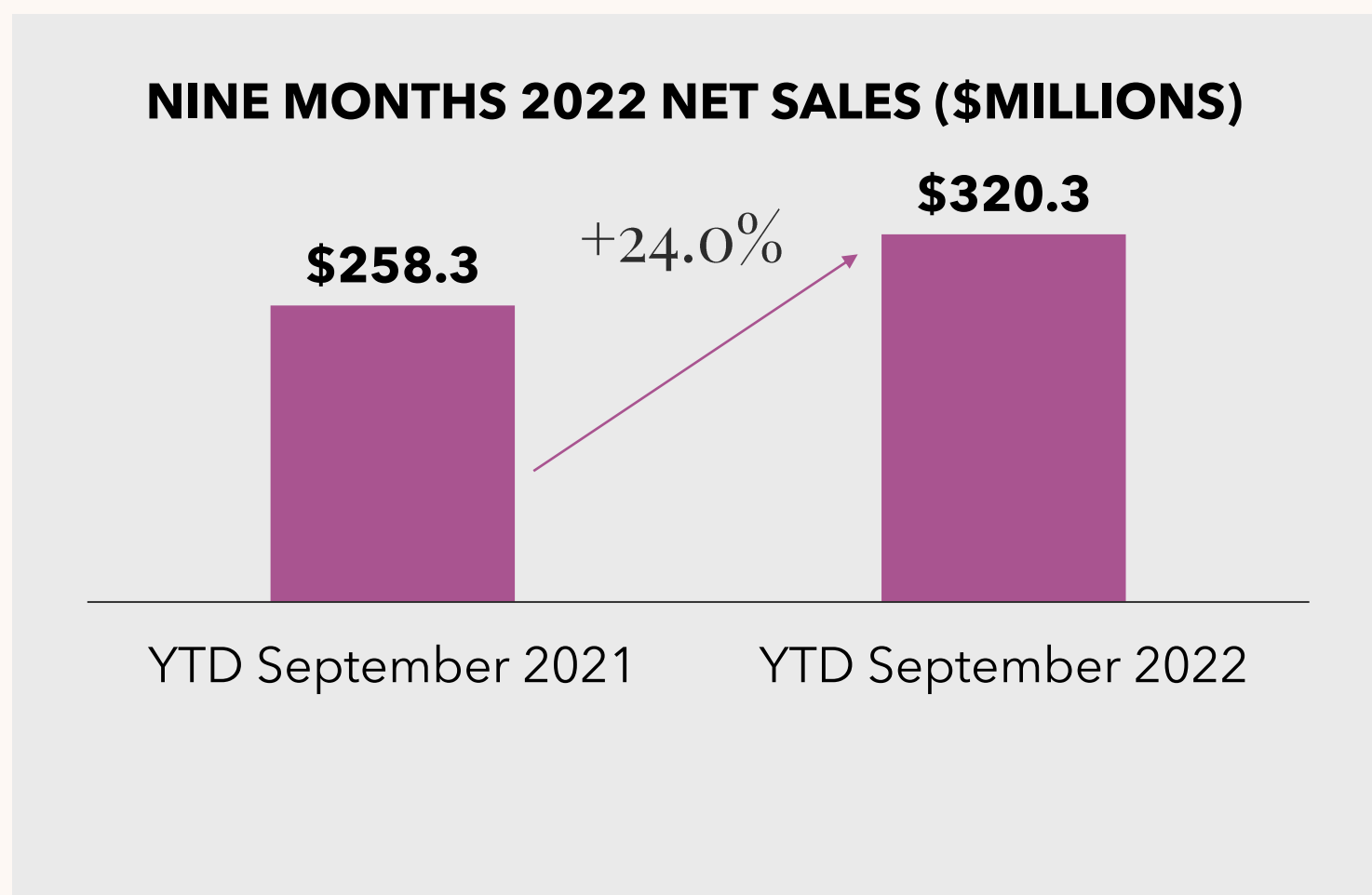
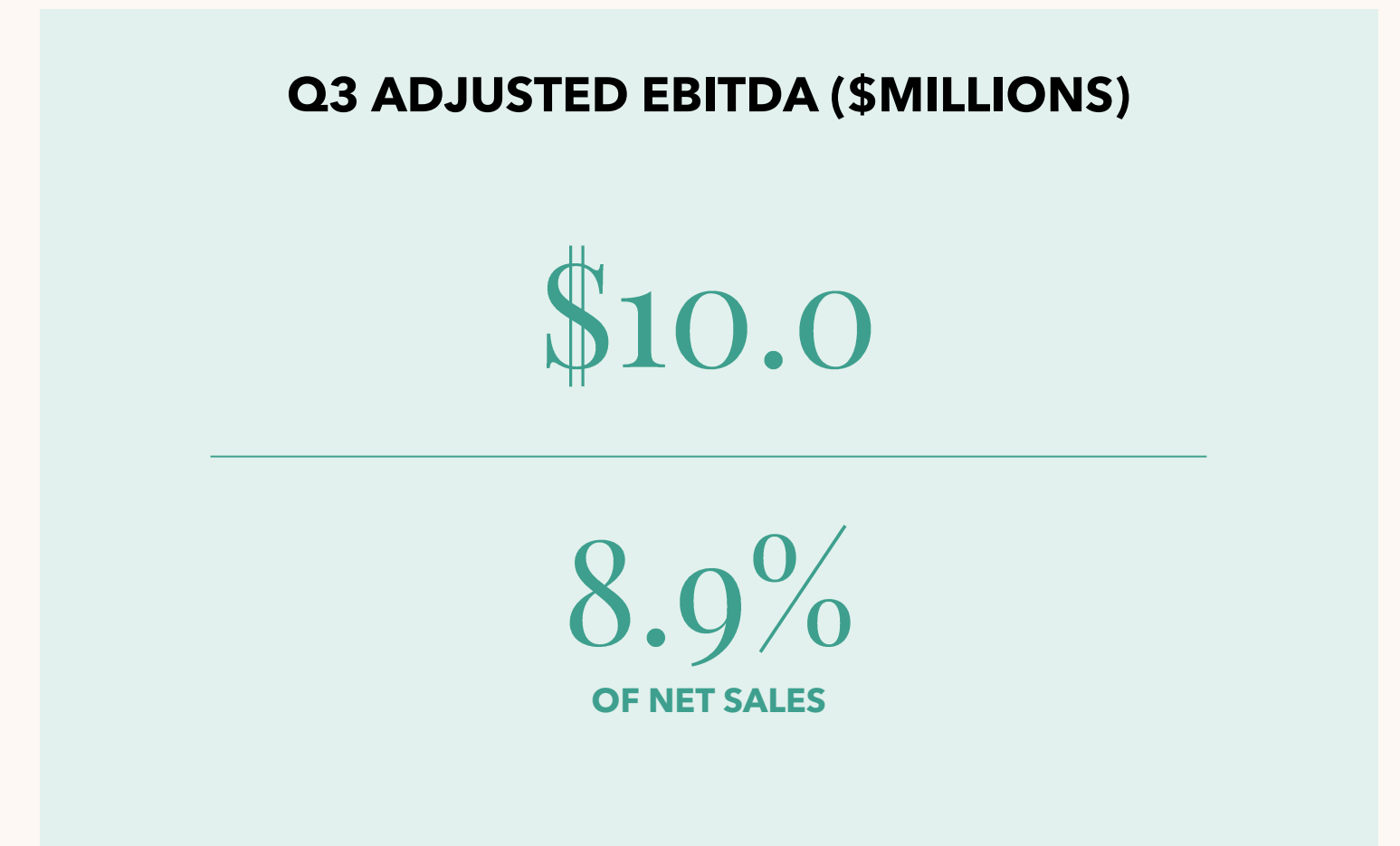
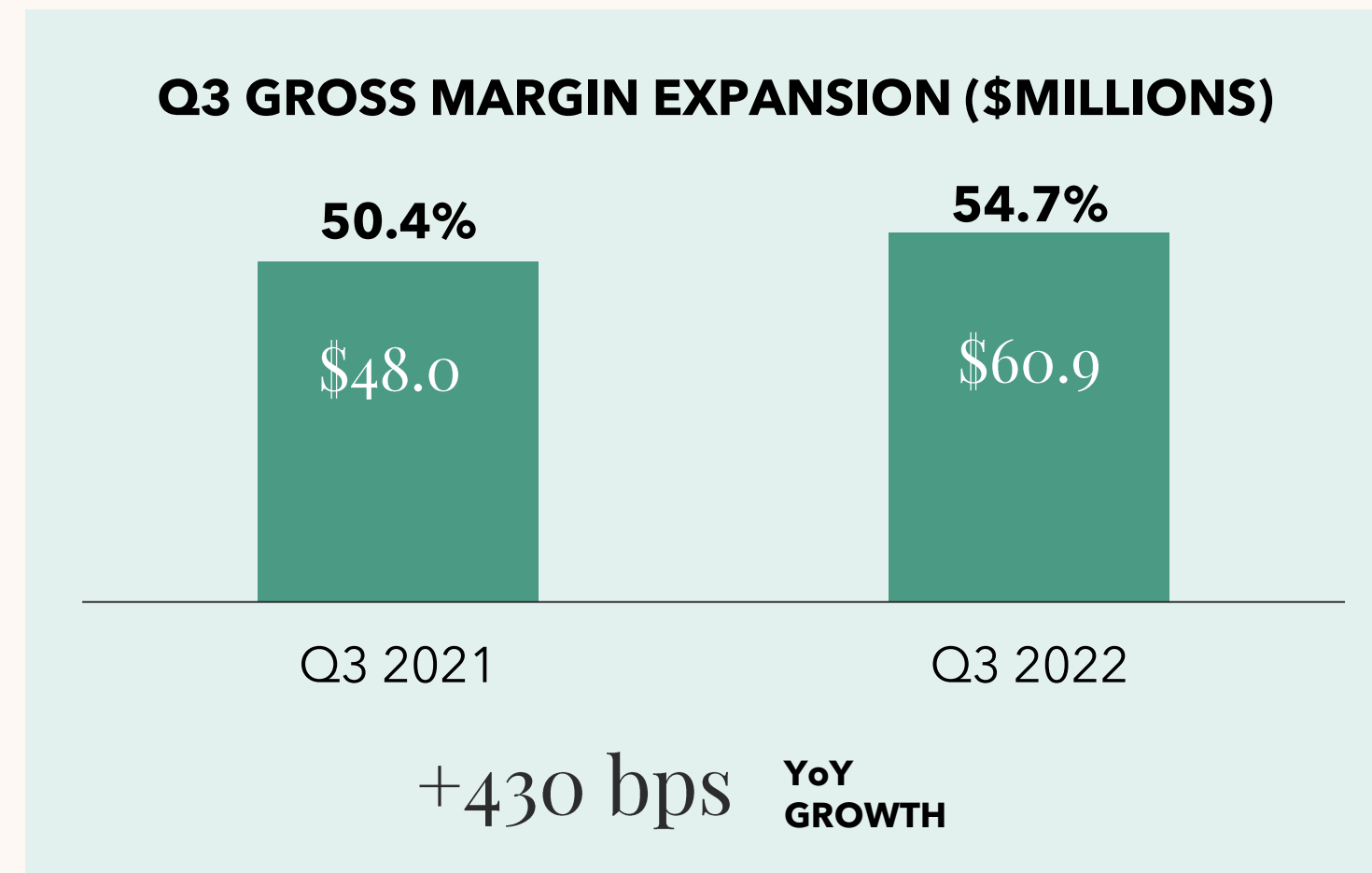
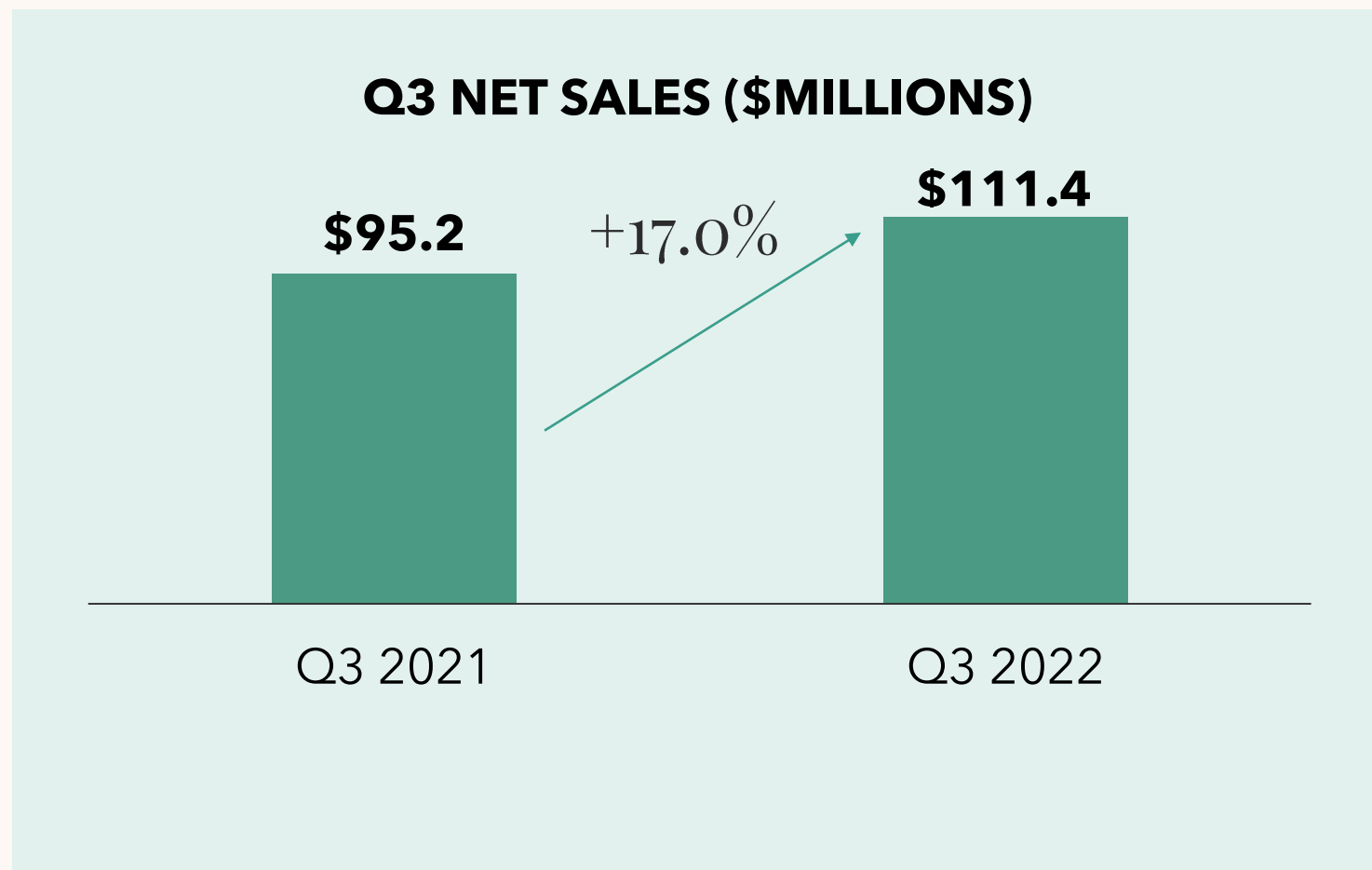
# The Next Generation Fine Jeweler for Today's Consumer



Brilliant Earth is a global leader in fine jewelry. We are successfully executing our strategy to transform and modernize the jewelry industry.

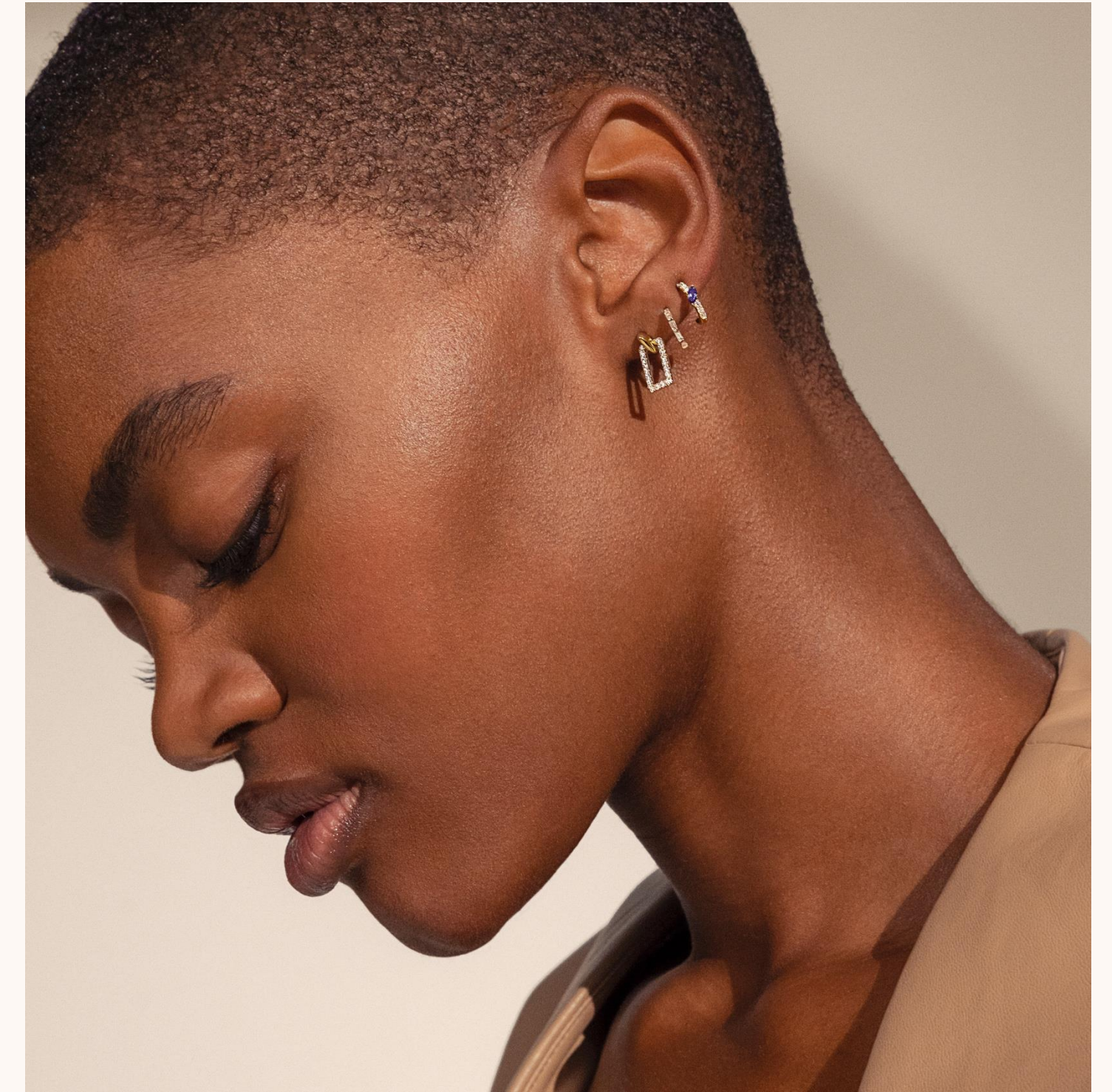


# Third Quarter and Nine Months Fiscal Year 2022 Financial Results



# Resonance With Consumers

- ✦ Industry leader with Millennial and Gen Z consumers
- ✦ Continuously engaging with consumers to enhance their experience

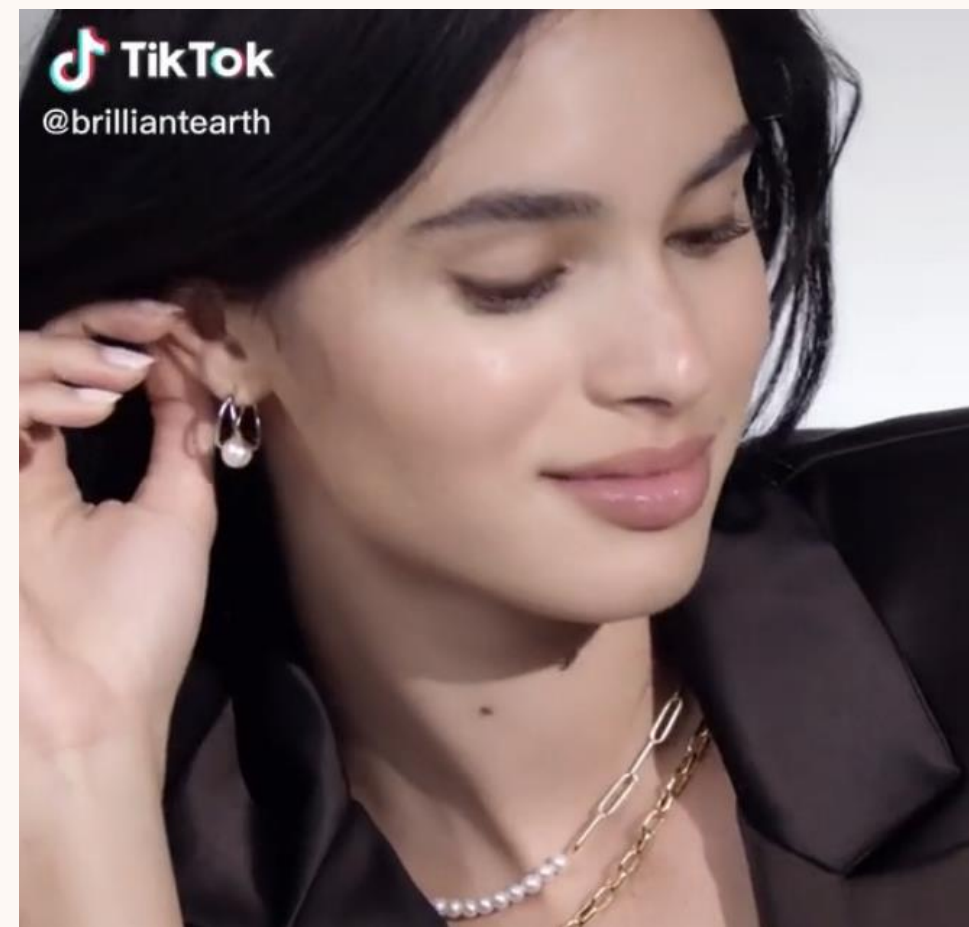


# Brand Awareness

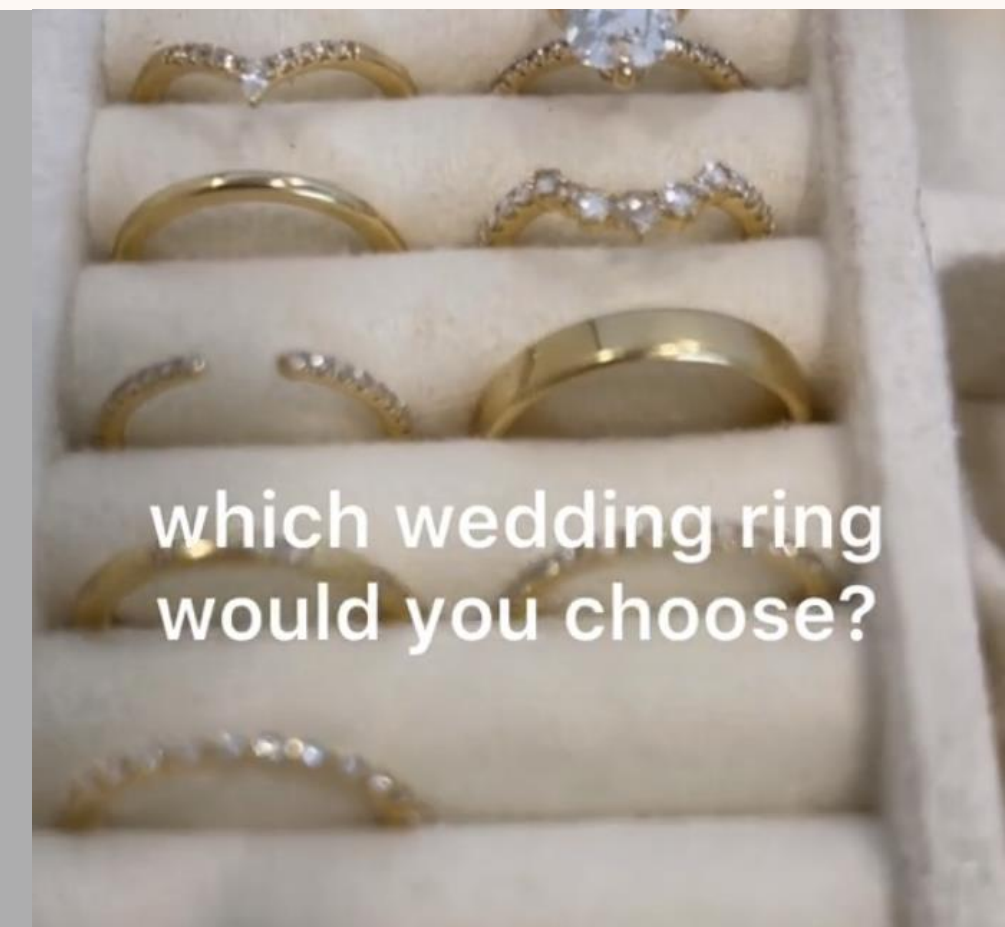
- ✦ Continued to scale social-first content
- ✦ Focused on key influencer content for the wedding season, driving millions of views



Increasing Awareness



TikTok Influencers



Leveraging Influencers and Partnerships



# Product

BEAUTIFULLY DESIGNED, TREND LEADING,  
DISTINCTIVE, PERSONALIZED PRODUCTS

- ✦ Strong growth in Wedding Bands driven by our growing assortment of unique men's and women's designs
- ✦ Continued robust growth in Fine Jewelry



# Power of Our Showroom Model

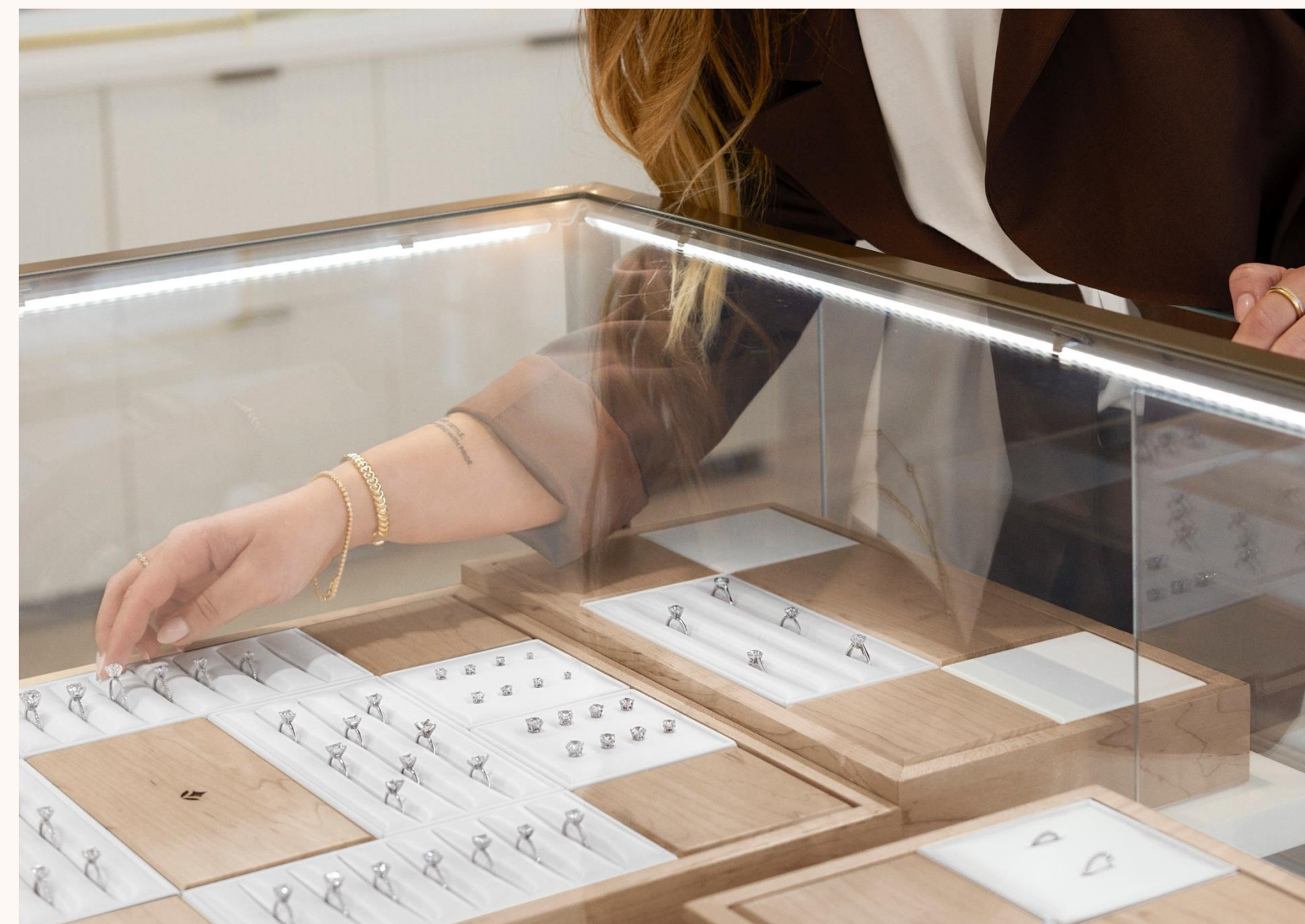
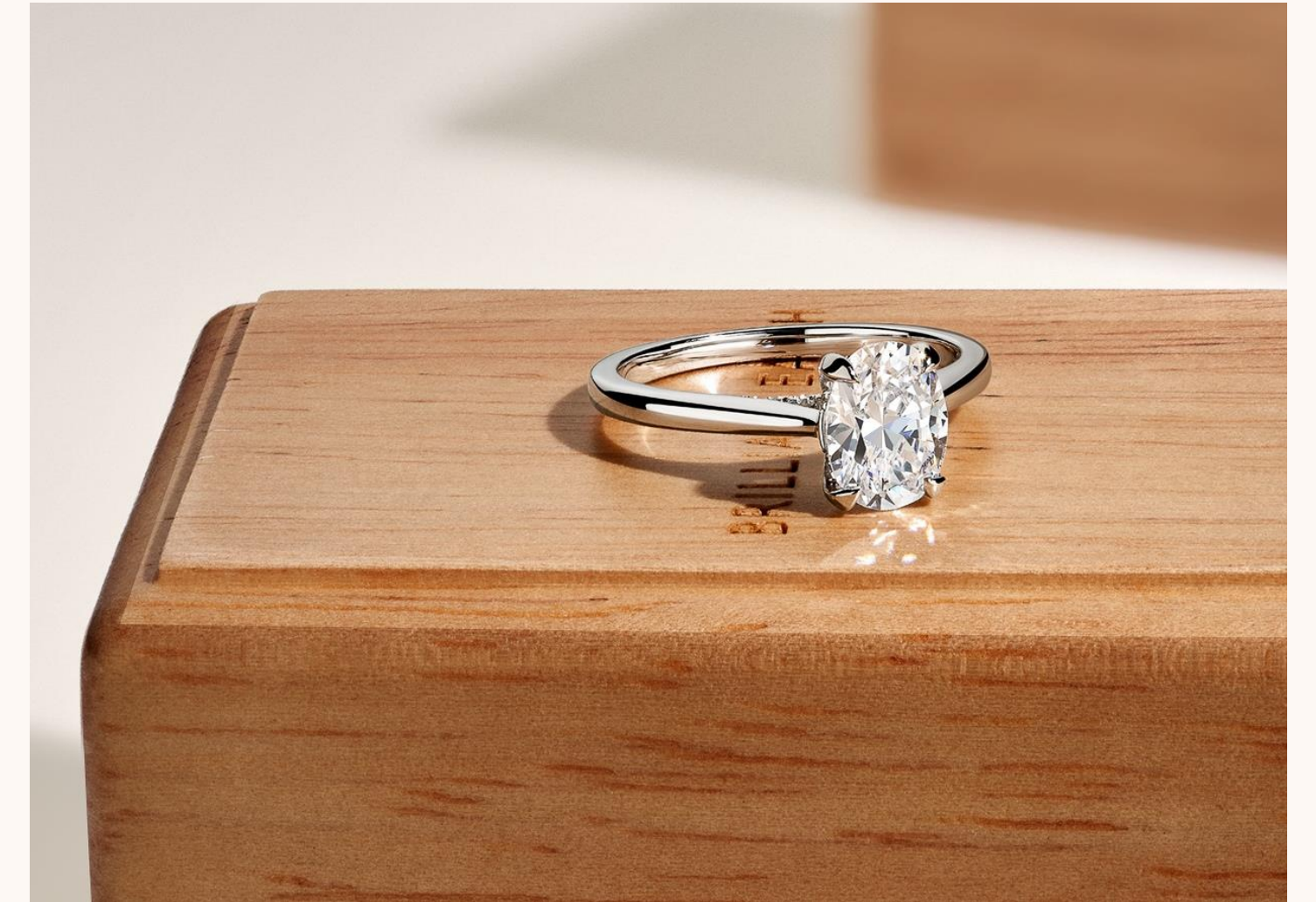
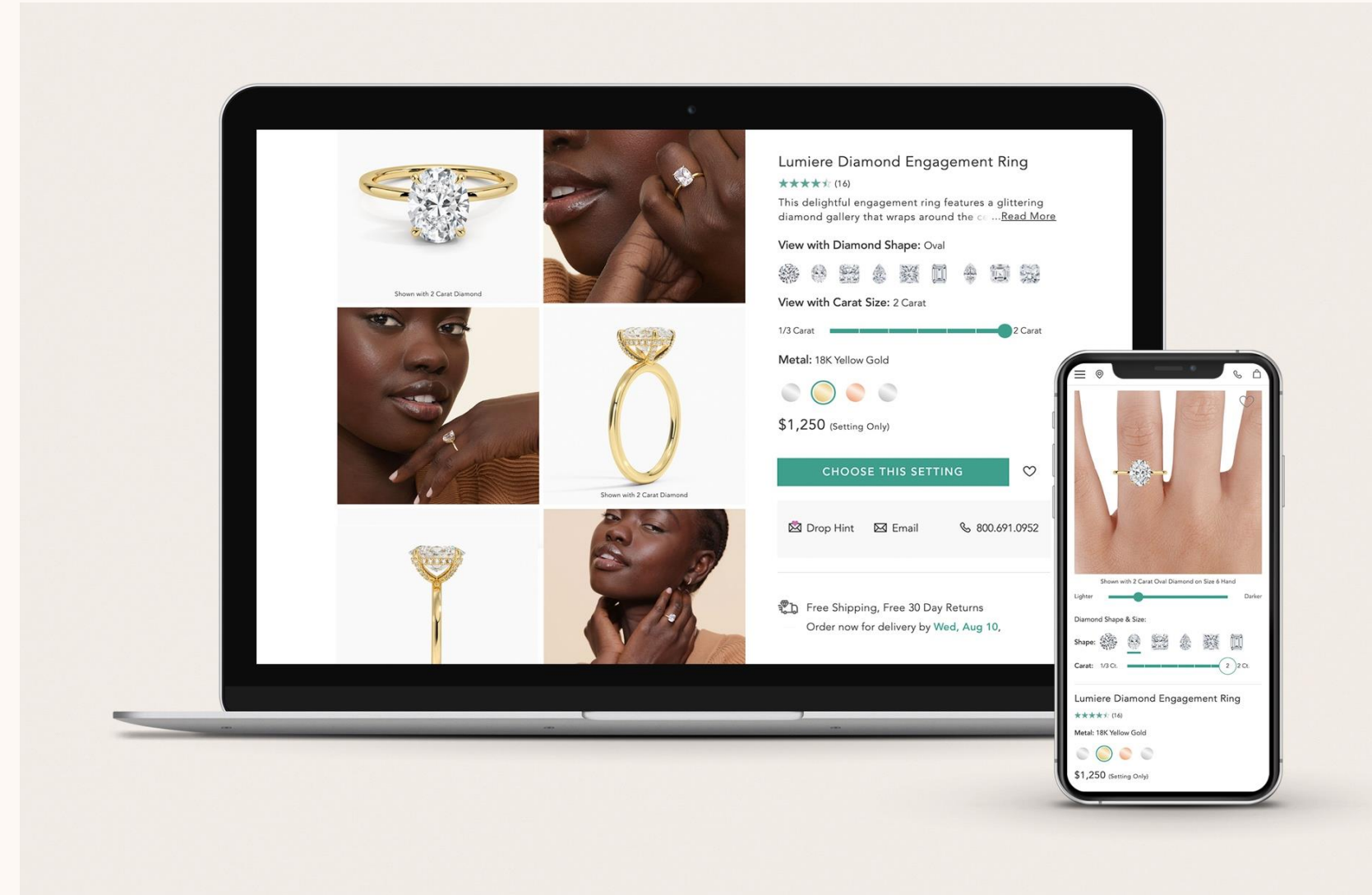
- ✦ Expanding our showroom footprint with openings in St. Louis, Palo Alto, Santa Monica, and Baltimore, bringing **total number of showrooms to 25**
- ✦ Showroom strategy continues to perform well, driving significant metro revenue uplift post opening
- ✦ Will nearly double showroom leases by year end





# Omnichannel

- ✦ Seamless, frictionless consumer experiences across digitally native and showroom environment
- ✦ Showroom experience and formats that enhance customer engagement
- ✦ Industry-leading features that optimize consumers' experiences online
- ✦ Online waitlist to provide convenient appointment booking

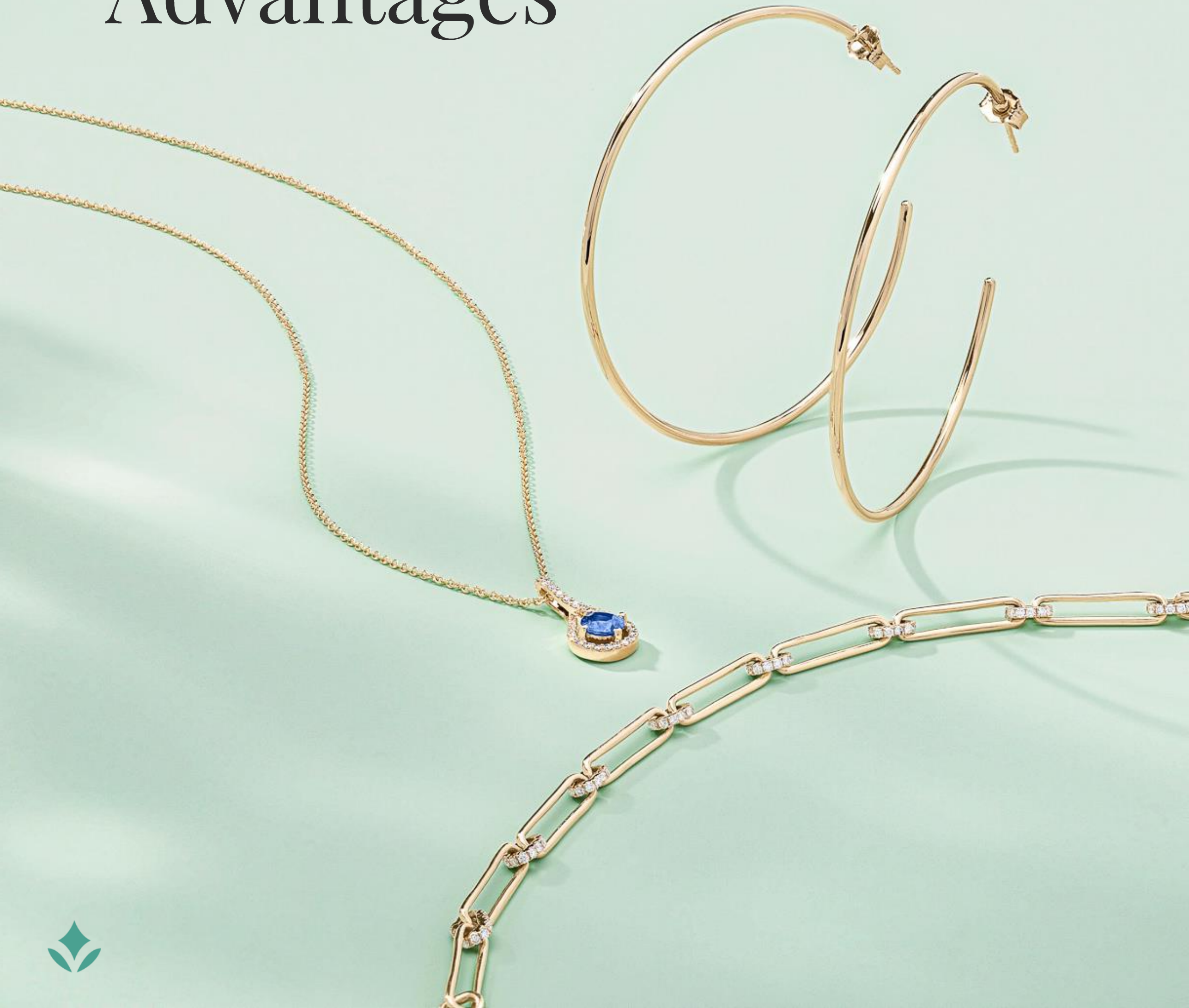


# The Season Ahead

- ✦ Launching trend-leading products for holiday gifting, engagements, and self-purchase
- ✦ Collections include: cocktail rings, new and expanded fair-mined assortment, a new art deco-inspired bridal collection, and the expansion of our Tacori collection



# Brilliant Earth's Competitive Advantages



1 VAST INDUSTRY THAT IS RIPE FOR DISRUPTION

2 AGILE BUSINESS MODEL THAT CAN SWIFTLY ADAPT

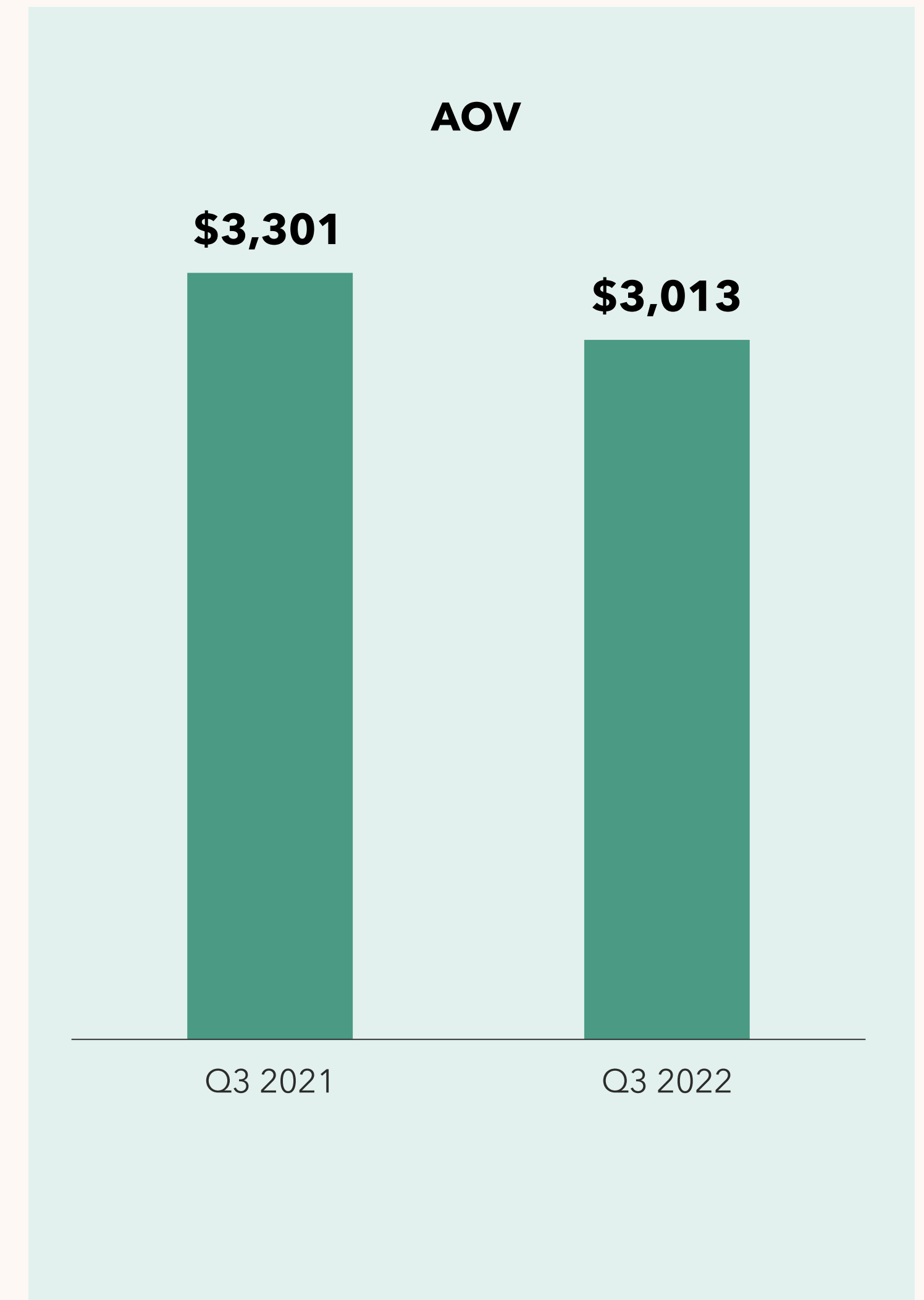
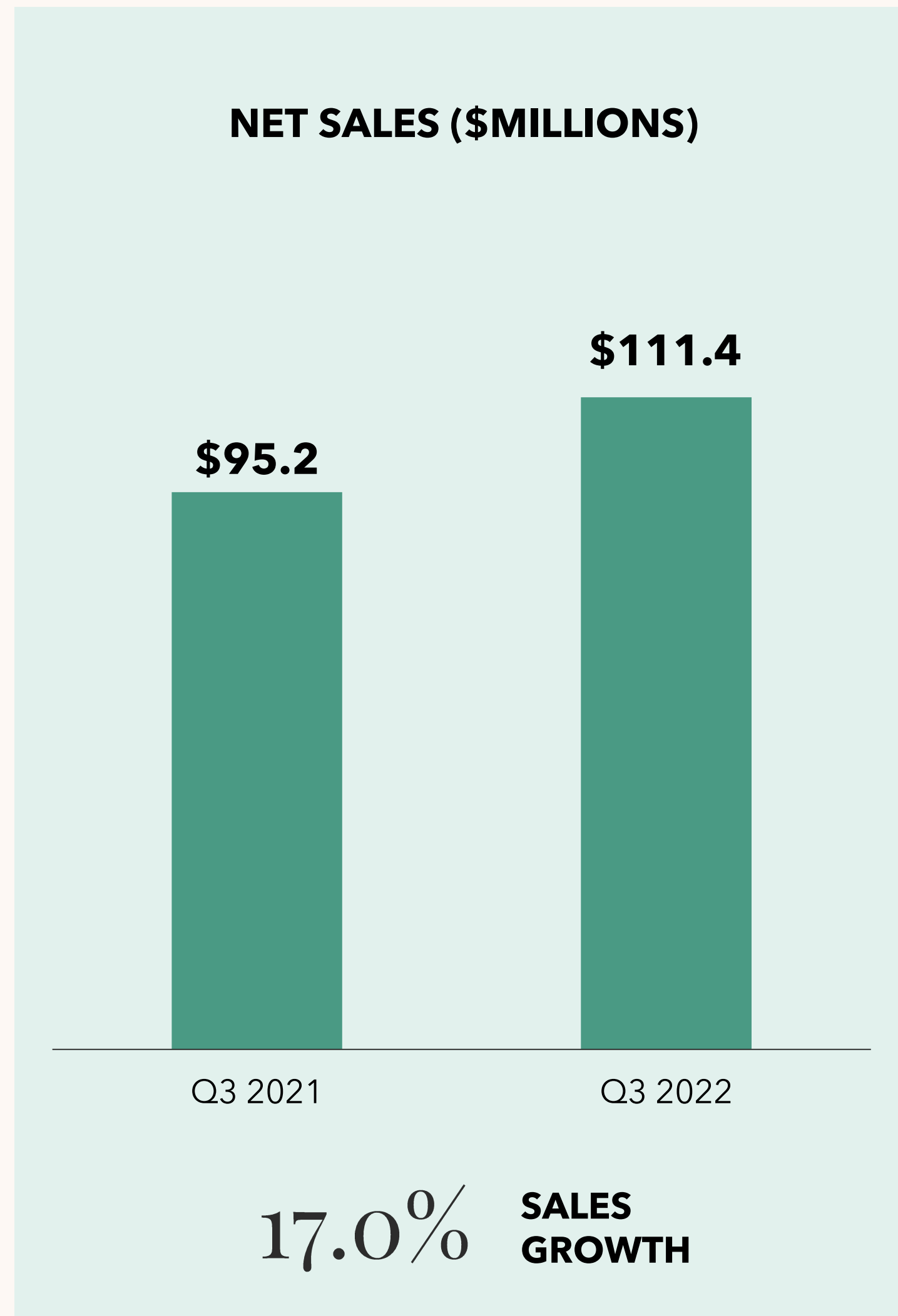
3 USING DATA TO INFORM DECISION-MAKING  
ASSET LIGHT MODEL NOT BURDENED  
BY HOLDING EXCESS INVENTORY

4 OMNICHANNEL MODEL PROVIDES A JOYFUL,  
SEAMLESS SHOPPING EXPERIENCE

5 OUR VALUES STRONGLY RESONATE WITH  
OUR CUSTOMERS



# Third Quarter 2022 Financial Results



# Third Quarter 2022 Financial Results



# Nine Months 2022 Financial Results



# Nine Months 2022 Financial Results

## GROSS MARGIN (\$MILLIONS)



**+430 bps** YoY  
**GROWTH**

## ADJUSTED EBITDA (\$MILLIONS)



**8.7%** NINE MONTHS 2022  
**ADJUSTED EBITDA MARGIN**





# 2022 Outlook

## Fourth Quarter

**\$116m–\$126m**

NET SALES

**\$4m–\$9m**

ADJUSTED EBITDA

## Fiscal Year

**\$436m–\$446m**

NET SALES

**\$32m–\$37m**

ADJUSTED EBITDA







# Appendix



# GAAP to Non-GAAP Reconciliations

## ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN

(Unaudited and \$ in 000's)	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Net income, as reported	\$5,719	\$3,962	\$12,839	\$14,847
Interest expense	\$778	\$1,912	\$3,700	\$5,786
Income tax expense	\$180	\$23	\$389	\$23
Depreciation expense	\$501	\$215	\$1,248	\$536
Amortization of cloud-based software implementation costs	\$50	-	\$86	-
Showroom pre-opening expense	\$796	\$1,517	\$2,602	\$2,198
Equity-based compensation expense	\$2,311	\$684	\$6,563	\$872
Loss on early extinguishment of debt	-	-	\$617	-
Other (income) expense, net <sup>1</sup>	(\$374)	\$3,971	(\$266)	\$6,518
Transaction costs & other expense <sup>2</sup>	-	\$1,281	\$180	\$3,776
Adjusted EBITDA	\$9,961	\$13,565	\$27,958	\$34,556
Net income margin	5.1%	4.2%	4.0%	5.7%
Adjusted EBITDA margin	8.9%	14.2%	8.7%	13.4%

1. Other (income) expense, net for the three months ended September 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 a charitable donation during the three and nine months ended September 30, 2021 and costs associated with the opening of a new operations facility for the nine month period ended September 30, 2021.

