



# BRILLIANT EARTH®

SECOND QUARTER FISCAL 2022 FINANCIAL RESULTS

August 11, 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, 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 "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: 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; 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 labgrown 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; risks related to our expansion plans in the U.S.; risks related to 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 its brand; risks related to the effectiveness of our marketing; risks related to environmental, social, and governance matters impact the Company's business and reputation; risks related to our e-commerce and omnichannel business; our 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 on March 22, 2022. Although we believe that the expectations reflected in our forward-looking statements are reasonable, we 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

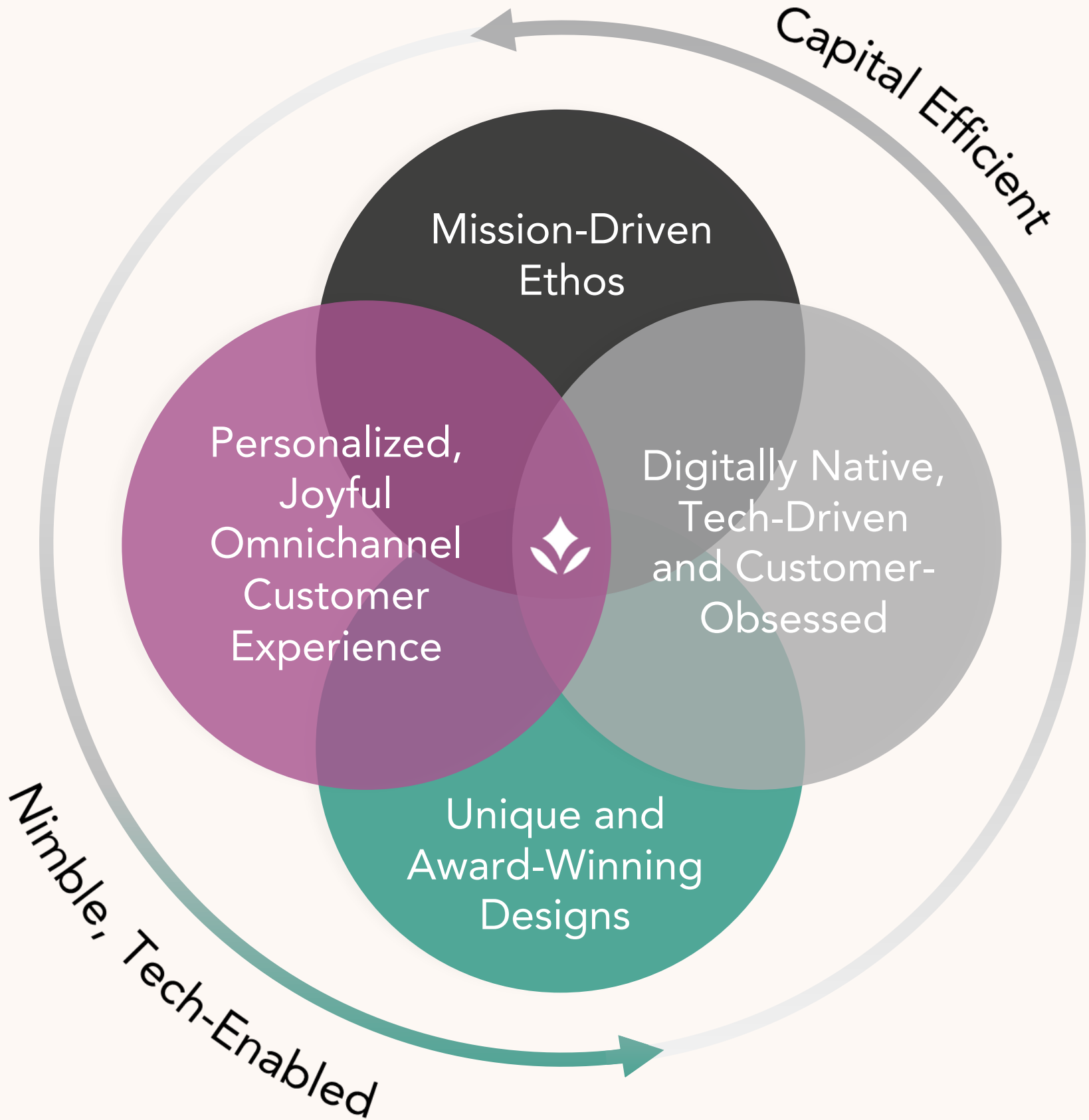
We include in this Presentation statements regarding factors that have impacted our industry. Such statements are statements of belief and are based on industry data and forecasts that we have obtained from internal company surveys, publicly available information, industry publications and surveys and 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

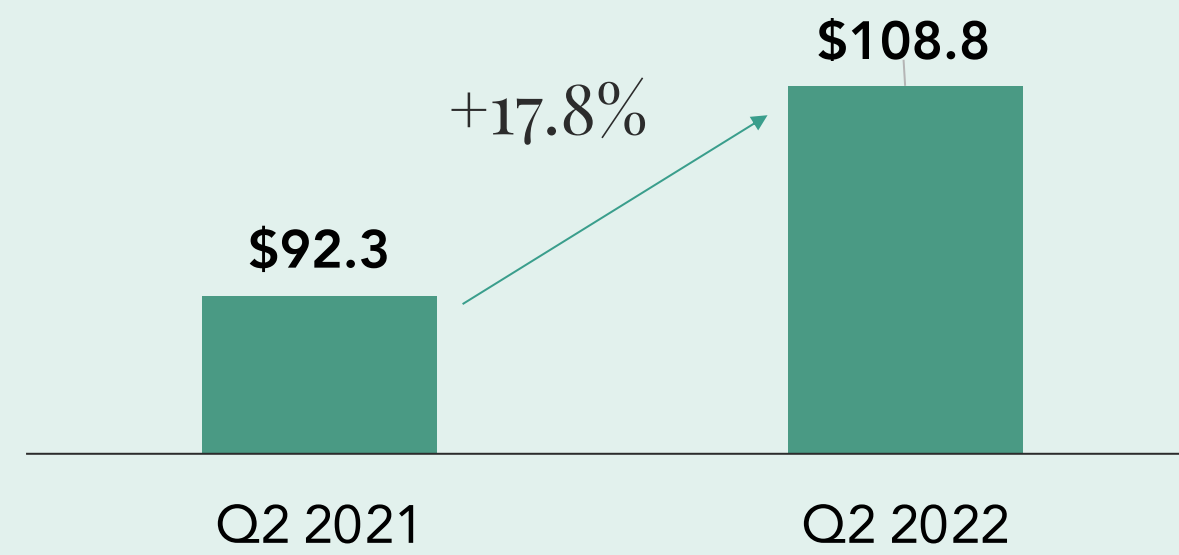


Brilliant Earth is a global leader in fine jewelry. We are successfully executing our strategy to transform and modernize the jewelry industry.

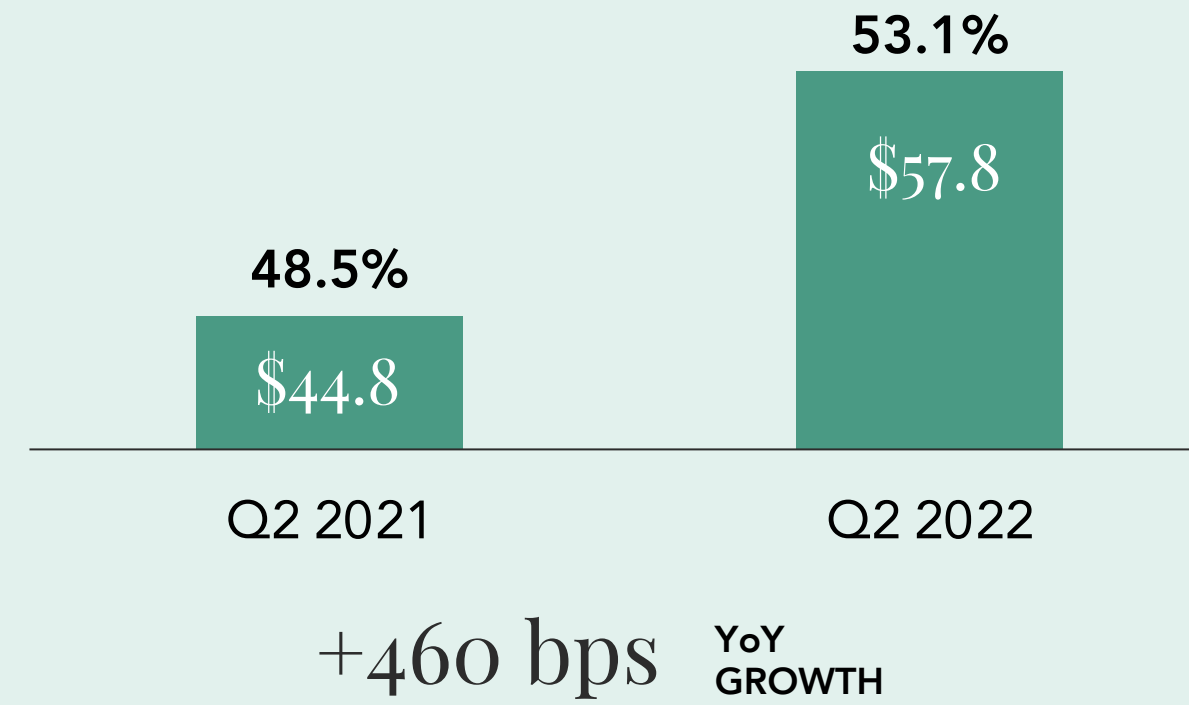


# Second Quarter and Six Months Fiscal Year 2022 Financial Results

Q2 NET SALES (\$MILLIONS)



Q2 GROSS MARGIN EXPANSION (\$MILLIONS)



Q2 ADJUSTED EBITDA (\$MILLIONS)

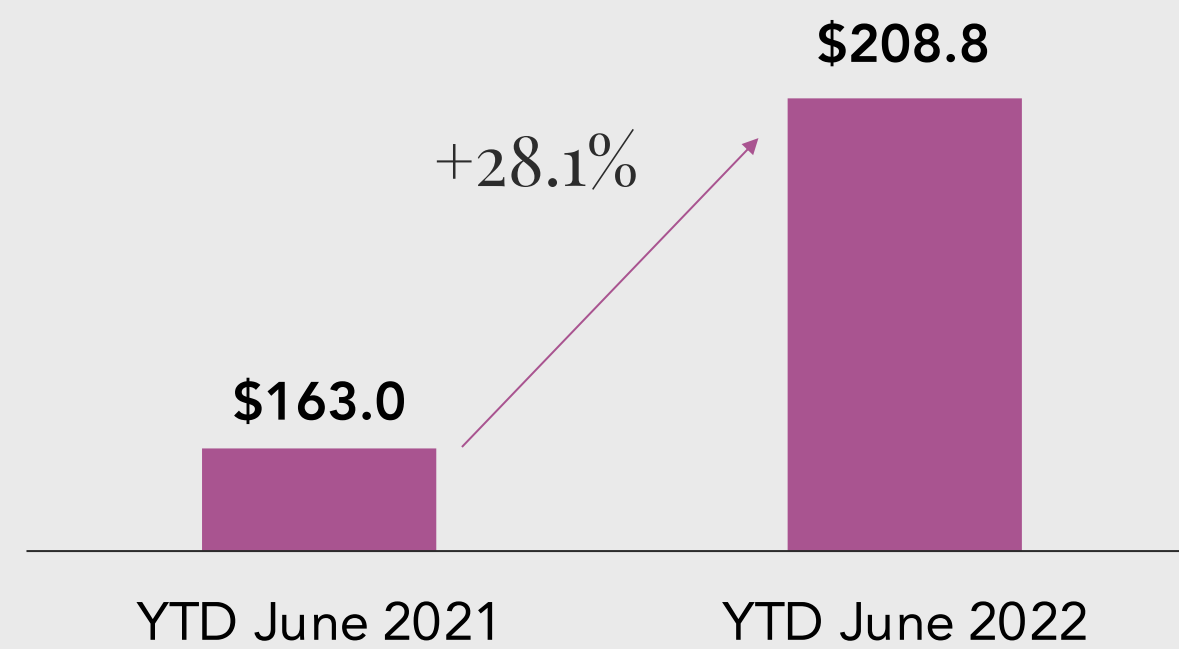
\$9.6

---

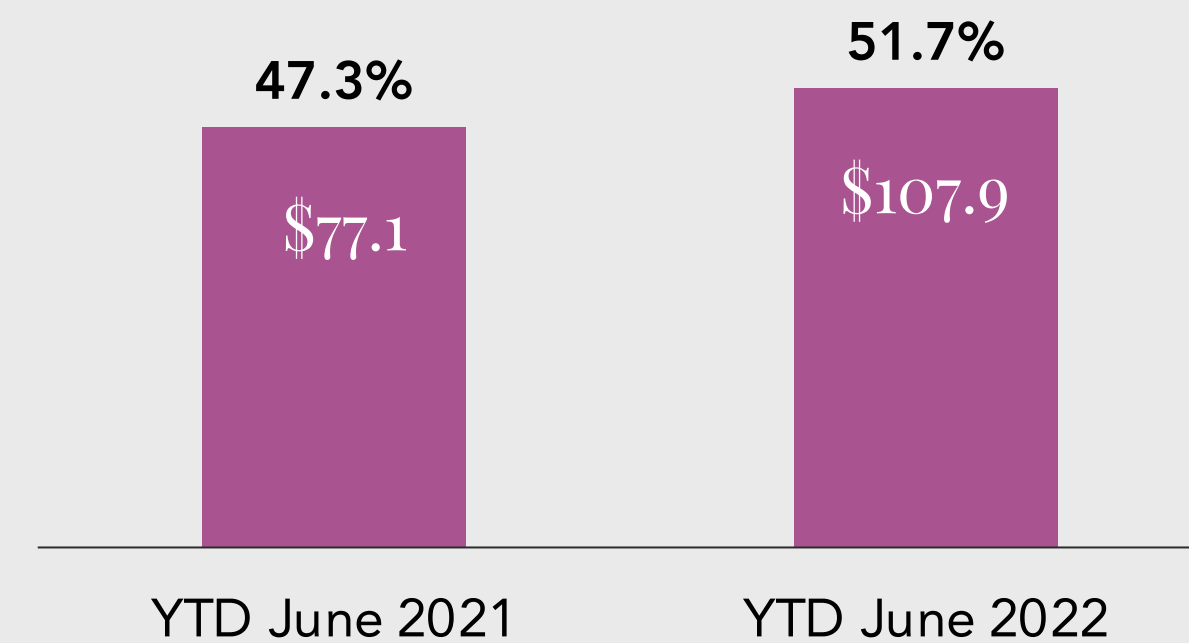
8.8%

OF NET SALES

SIX MONTHS 2022 NET SALES (\$MILLIONS)



SIX MONTHS 2022 GROSS MARGIN EXPANSION (\$MILLIONS)



SIX MONTHS 2022 ADJUSTED EBITDA (\$MILLIONS)

\$18.0

YTD JUNE 2022

---

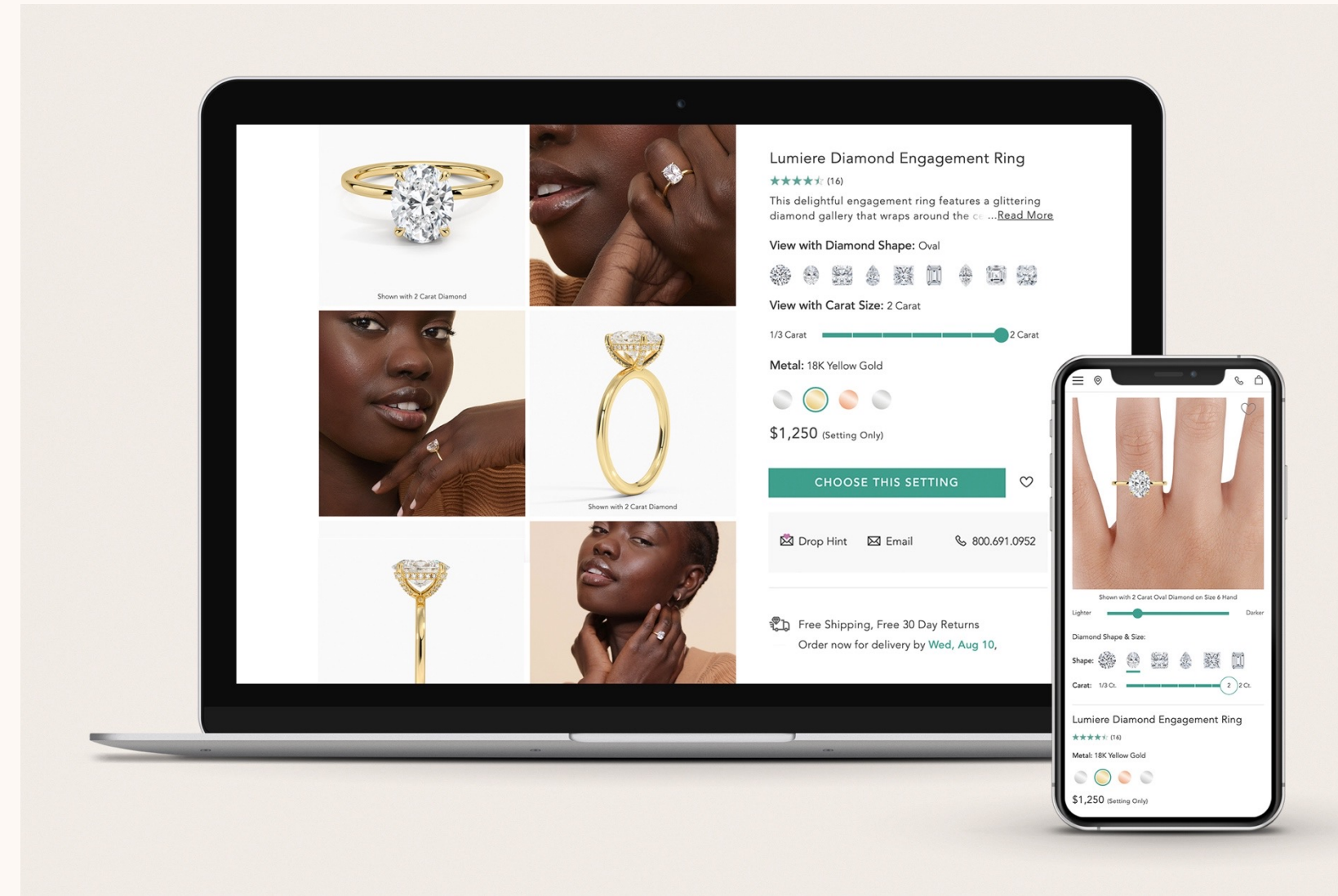
8.6%

OF NET SALES



# Omnichannel

- ✦ Seamless, frictionless consumer experiences across our digitally native and showroom environment
- ✦ Showroom experience and formats that enhance customer engagement
- ✦ Industry-leading features that optimize consumers' experiences online
- ✦ Recently launched online waitlist so customers can book the best appointment for themselves



# Power of our Showroom Model

- ✦ Expanding our showroom footprint with recent openings in Bethesda, MD, Columbus, OH, Houston, TX, Minneapolis, MN, Cleveland OH, and Detroit, MI and **now operating 21 locations**
- ✦ Our showroom strategy continues to perform well, driving significant metro revenue uplift post opening



# Fine Jewelry

Design-driven, ethically sourced fine jewelry

- ✦ Fast growing small piece of total mix with huge growth potential
- ✦ Drove over 350 bps of growth compared to prior year during Mother's Day
- ✦ Launched men's fine jewelry including necklaces, bracelets, chains, and cufflinks



# Brand Awareness

- ✦ Continuing our social media leadership to target where our customers are and extend our brand reach
- ✦ **13%** of customers indicated they learned about Brilliant Earth on TikTok



Increasing Awareness



TikTok Influencers



Leveraging Influencers and Partnerships





# Year of the Wedding

✦ Men's and Women's wedding bands business strong growth driven by the strength of our product assortment and a record number of weddings



# Product

BEAUTIFULLY DESIGNED, TREND LEADING,  
DISTINCTIVE, PERSONALIZED PRODUCTS

- ✦ New and returning customers look to us for trend-leading design and craftsmanship
- ✦ Introduced thousands of new lab and natural colored diamonds, offering a broader assortment of colors, shapes and price points to choose from



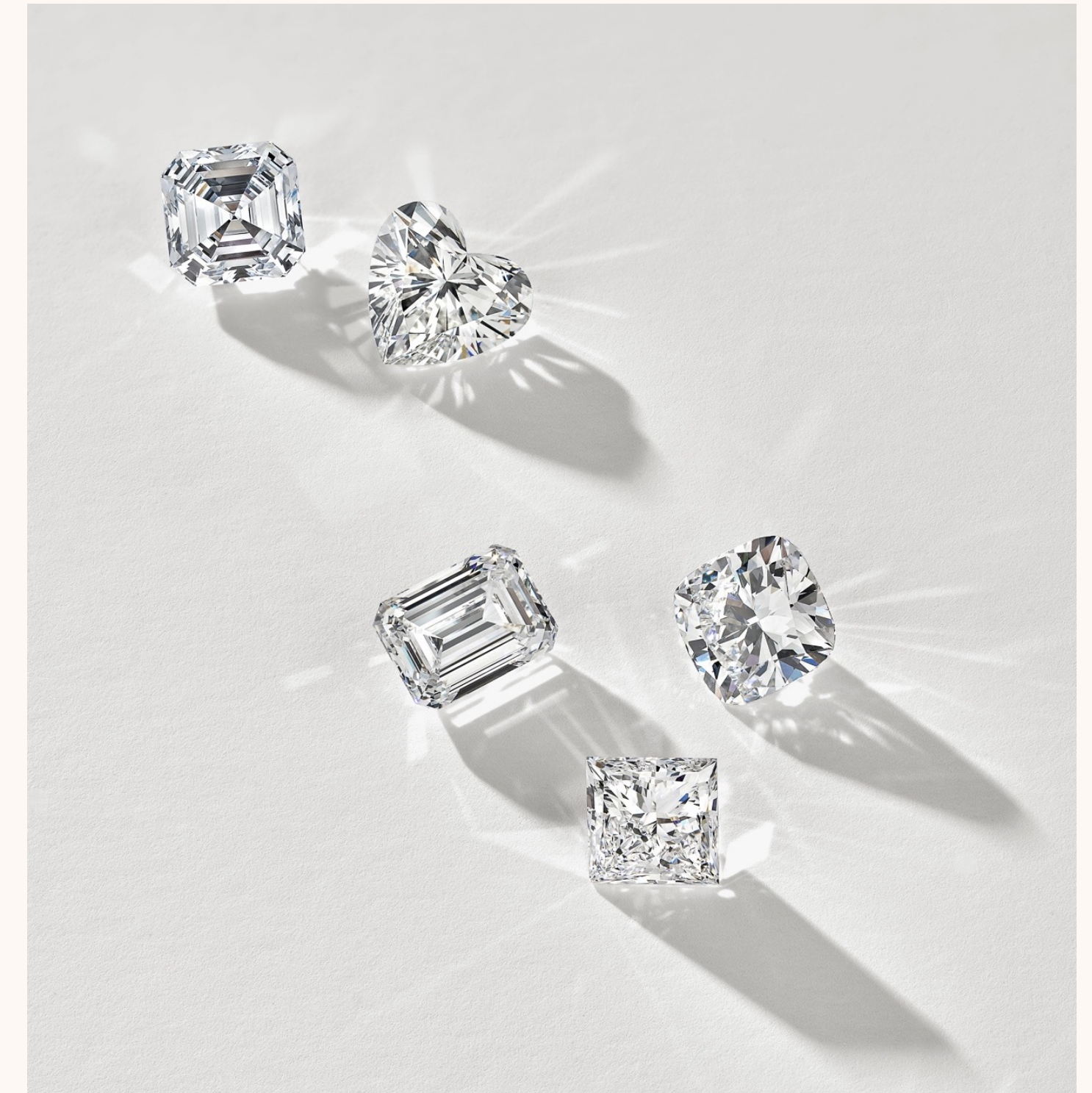
NEW LAB AND NATURAL COLORED DIAMONDS



# Truly Brilliant™

BEAUTIFULLY DESIGNED, TREND LEADING,  
DISTINCTIVE, PERSONALIZED PRODUCTS

- ✦ Expertly curated collection of diamonds with premium characteristics and verified sustainable sourcing
- ✦ Includes natural diamonds with blockchain-powered 'mine to market' traceability for premium transparency
- ✦ Collection includes lab grown diamonds created with renewable energy



# Brilliant Earth's Competitive Advantages



1 OPERATE IN A VAST INDUSTRY THAT IS RIPE FOR DISRUPTION

2 AGILE BUSINESS MODEL THAT CAN SWIFTLY ADAPT

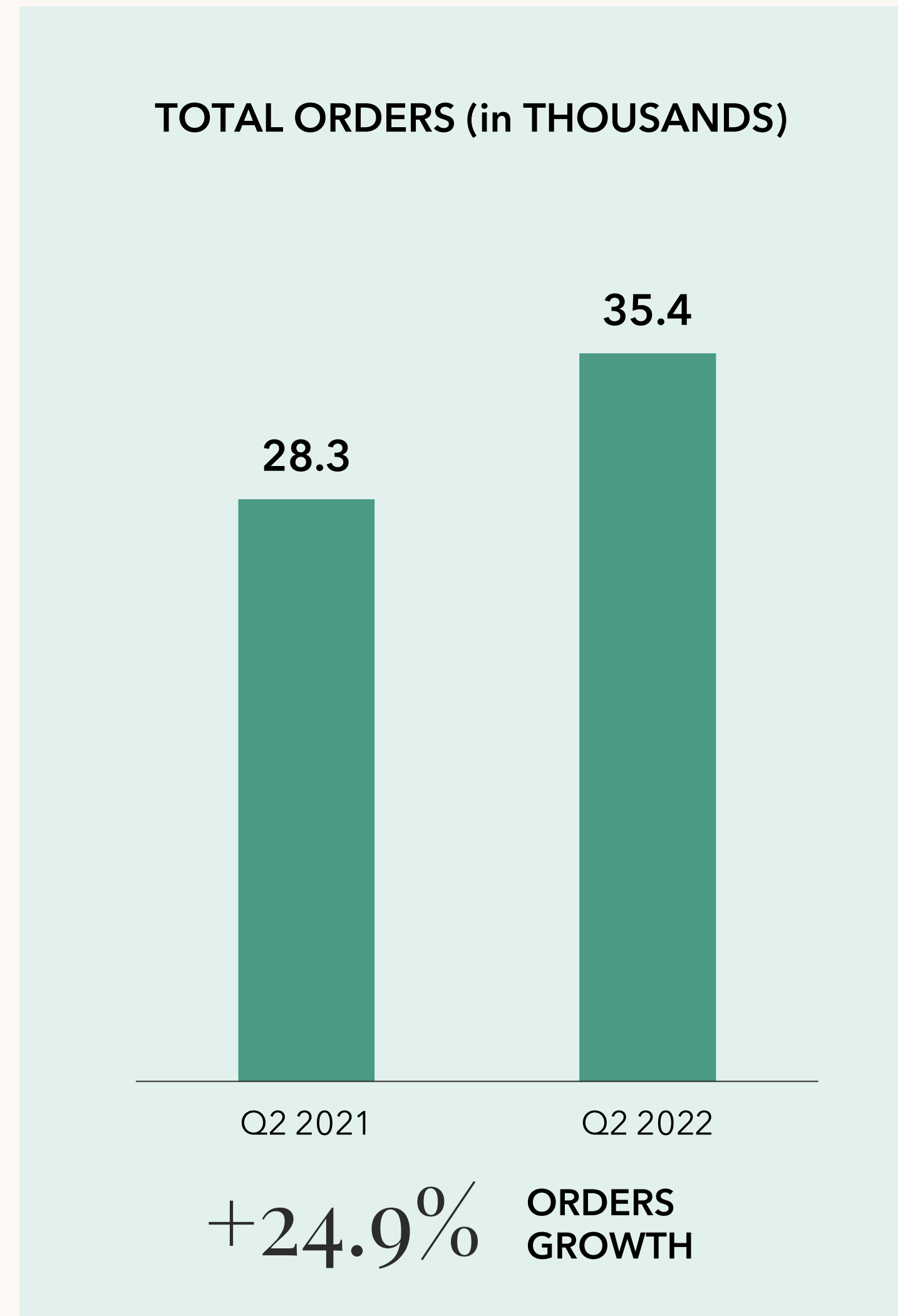
3 USING DATA TO INFORM DECISION-MAKING  
ASSET LIGHT MODEL NOT BURDENED BY HOLDING EXCESS INVENTORY

4 OMNICHANNEL MODEL PROVIDES A JOYFUL, SEAMLESS SHOPPING EXPERIENCE

5 OUR VALUES STRONGLY RESONATE WITH OUR CUSTOMERS

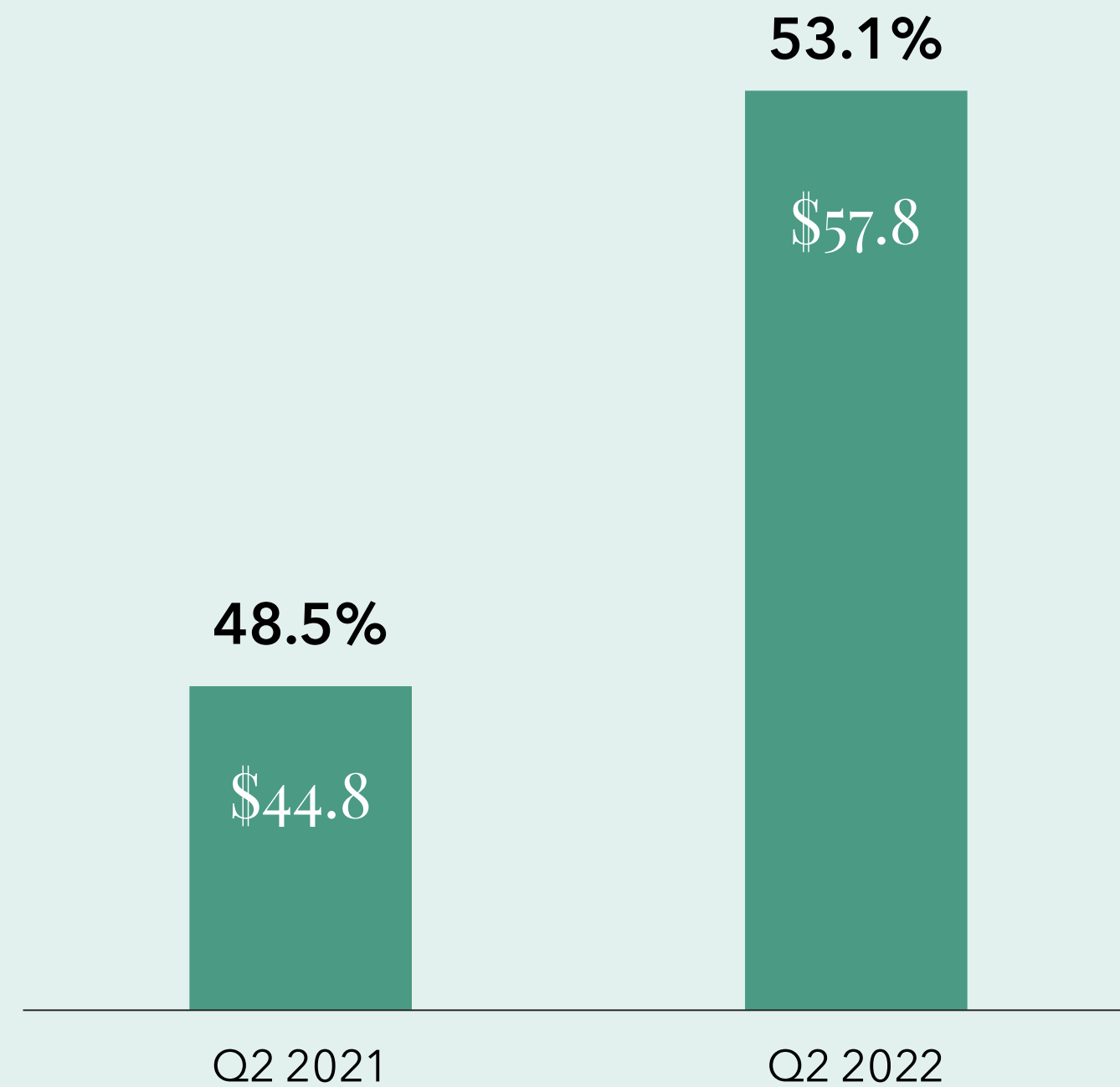


# Second Quarter 2022 Financial Results



# Second Quarter 2022 Financial Results

GROSS MARGIN (\$MILLIONS)



**+460 bps** YoY  
GROWTH

ADJUSTED EBITDA (\$MILLIONS)



**8.8%** Q2 2022  
ADJUSTED EBITDA MARGIN

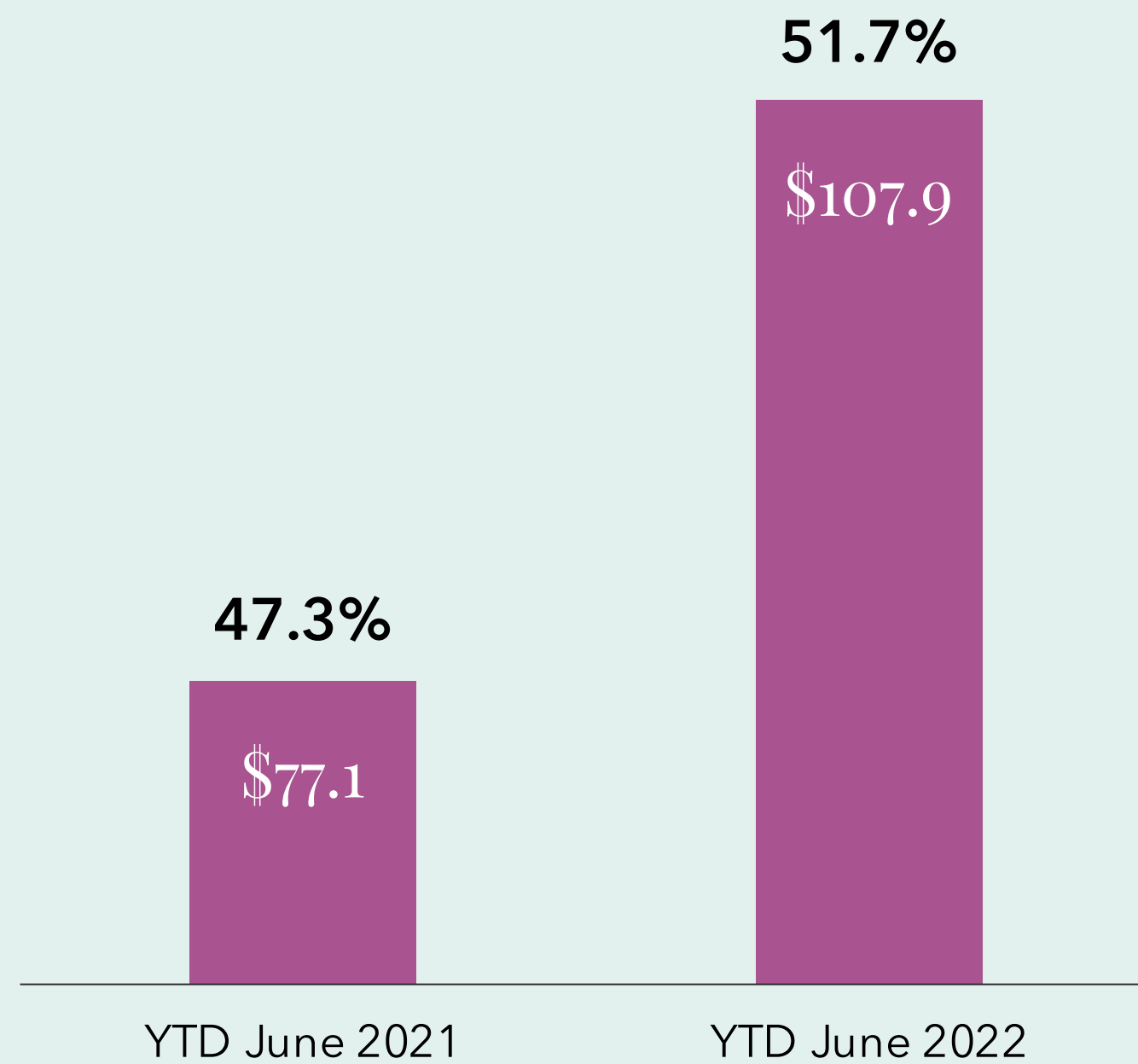


# Six Months 2022 Financial Results



# Six Months 2022 Financial Results

GROSS MARGIN (\$MILLIONS)



ADJUSTED EBITDA (\$MILLIONS)



8.6% SIX MONTHS 2022  
ADJUSTED EBITDA MARGIN







# 2022 Outlook

## Fiscal Year

**\$450m–\$470m**

NET SALES

**\$30m–\$40m**

ADJUSTED EBITDA





# Appendix



# GAAP to Non-GAAP Reconciliations

## ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN

(Unaudited and \$ in 000's)	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 early extinguishment of debt	\$617	–	\$617	–
Other expense, net <sup>1</sup>	\$49	\$1,927	\$108	\$2,547
Transaction costs & other expense <sup>2</sup>	\$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 an one-time costs associated with the opening of a new operations facility for the period ended June 30, 2021.

