



# BRILLIANT EARTH

FOURTH QUARTER AND FISCAL YEAR  
2021 FINANCIAL PRESENTATION

March 16, 2022

NOVEMBER 12, 2021



## 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 "anticipate," "believe," "contemplates," "continues," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "seek," "should," "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; 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 COVID-19 pandemic has had, and may in the future continue to have, a material adverse impact on the Company's business; 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 Quarterly Report on Form 10-Q for the nine months ended September 30, 2021. 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

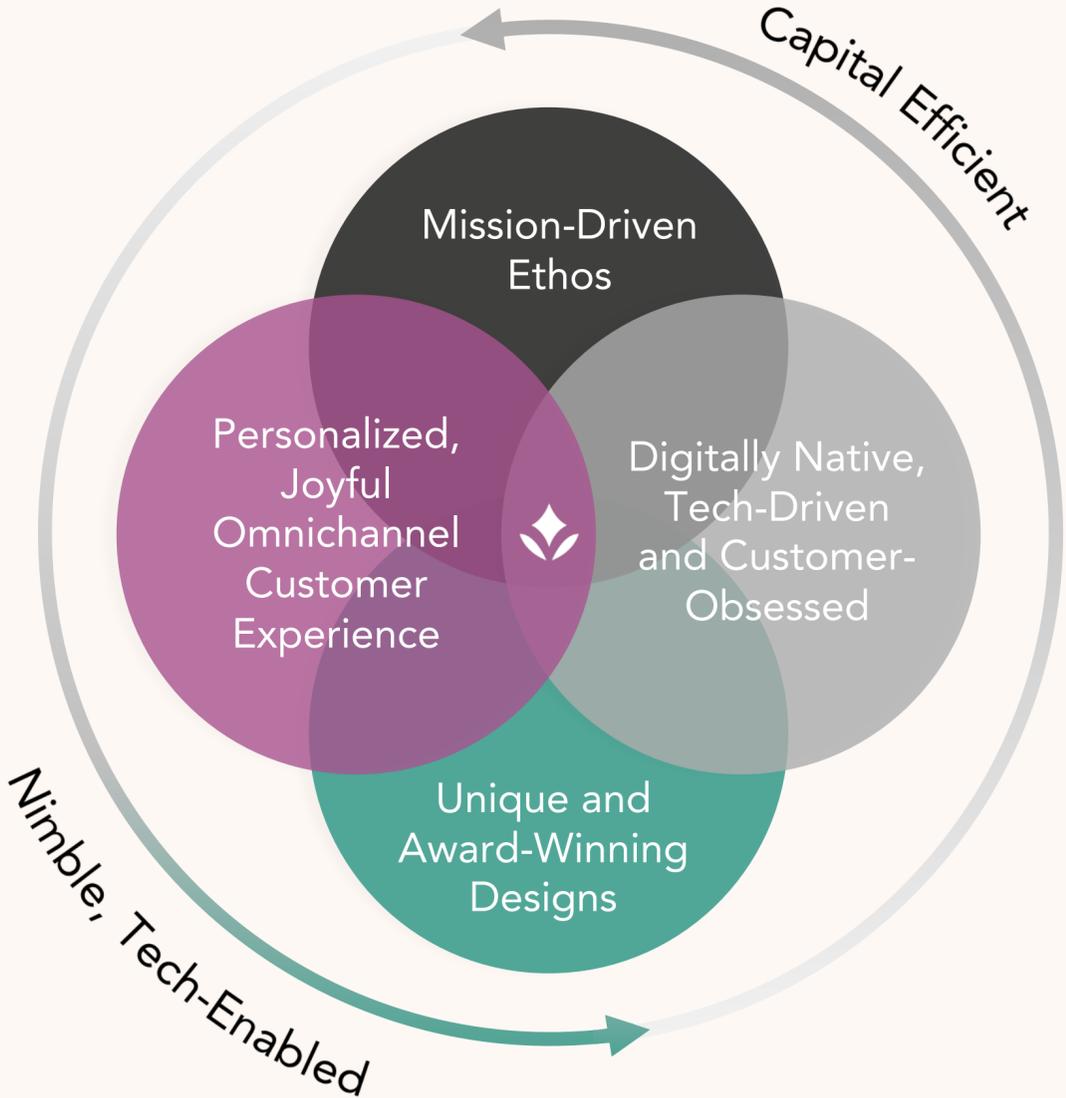
We include in this Presentation statements regarding factors that have impacted our industry. Such statements are statements of belief and are based on industry data and forecasts that we have obtained from internal company surveys, publicly available information, industry publications and surveys and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



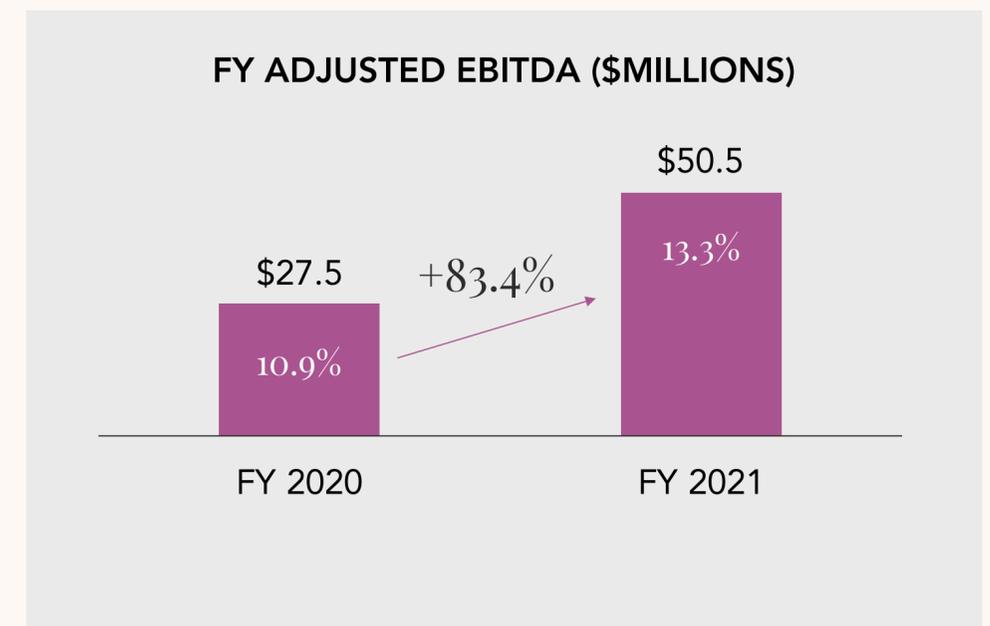
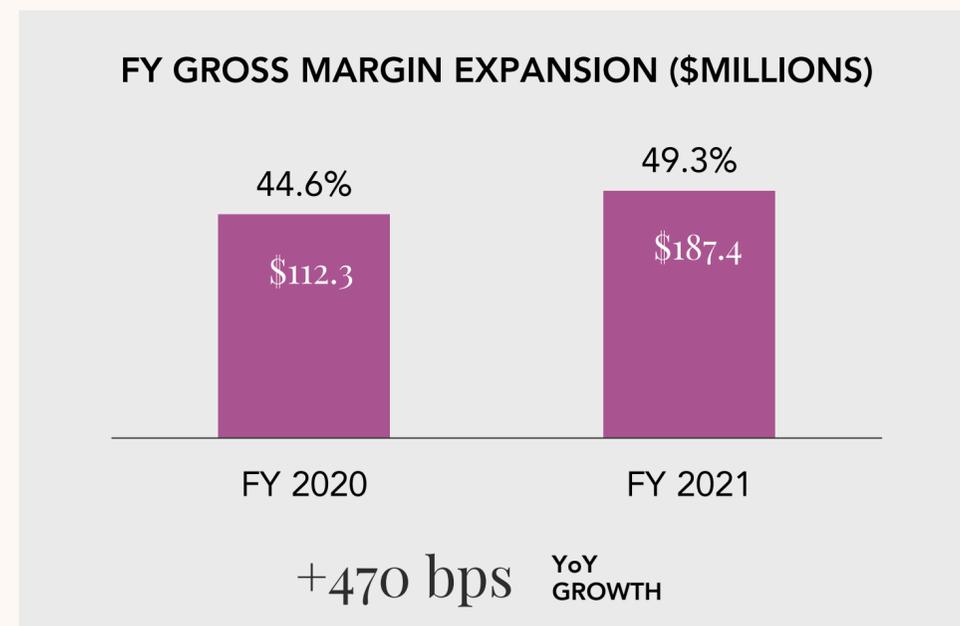
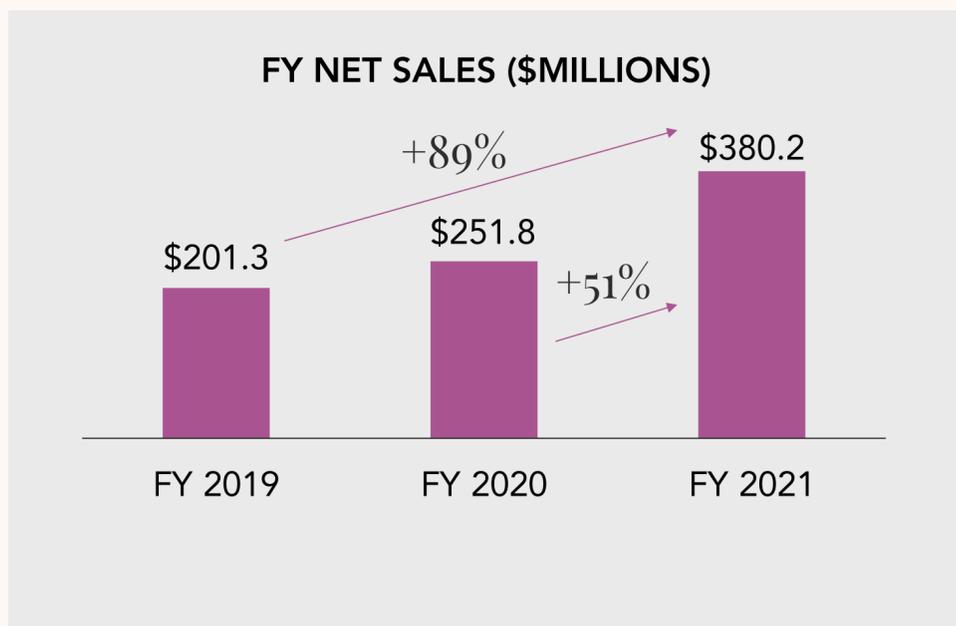
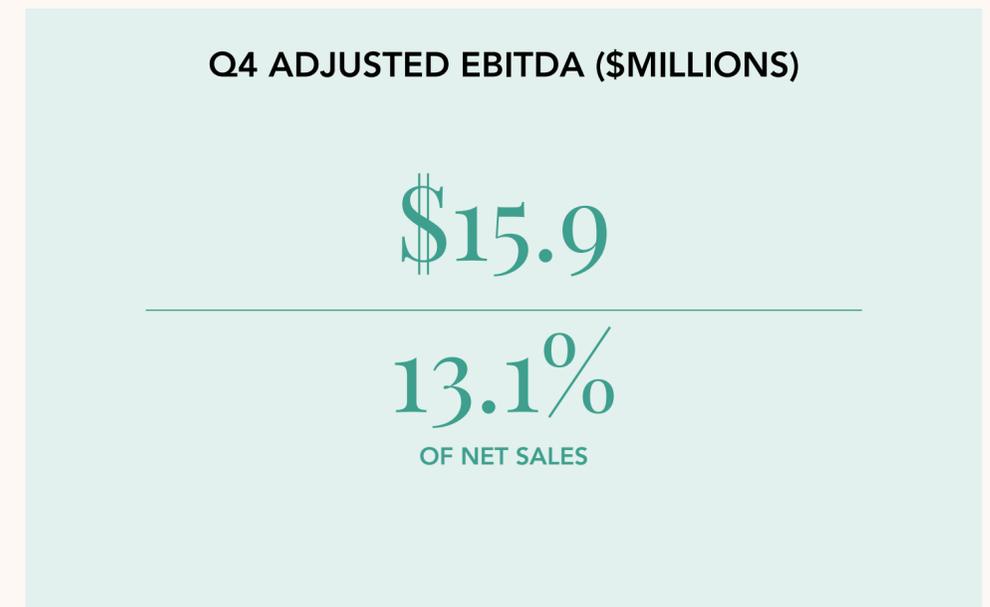
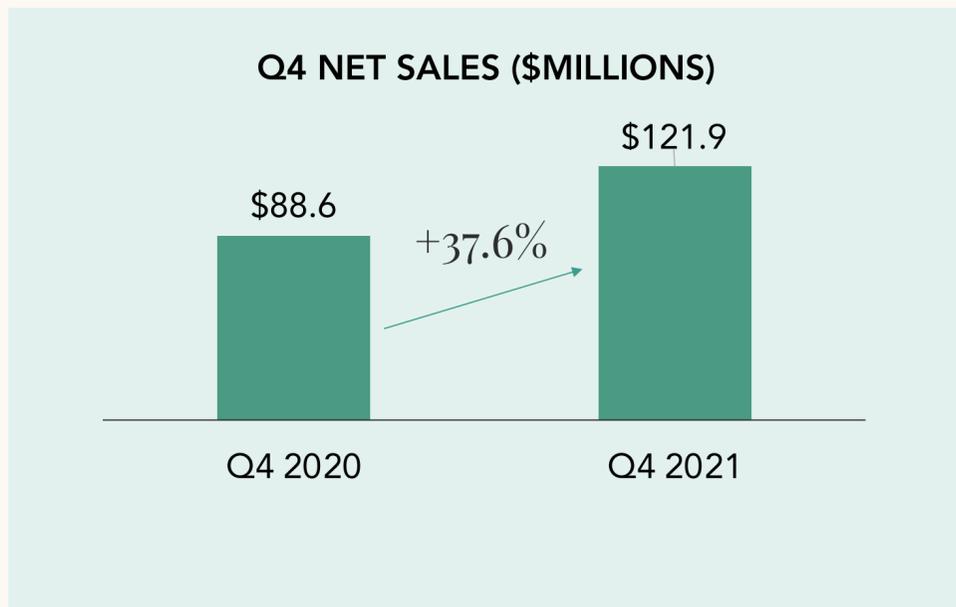
# The Next Generation Fine Jeweler for Today's Consumer



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



# Fourth Quarter and Fiscal Year 2021 Financial Results



2021 ACCOMPLISHMENTS:

Fiscal 2021 was an incredible year of growth and significant accomplishments

## ✓ Growing revenue and market share in the jewelry industry

Market share gains in the \$280 billion global industry

## ✓ Experience

Reinventing retail by creating a joyful omnichannel experience that fuels increased demand

## ✓ Product

Curating beautifully designed, trend leading, distinctive, personalized products delivering across-the-board sales strength and significant growth across product categories from bridal to fine jewelry

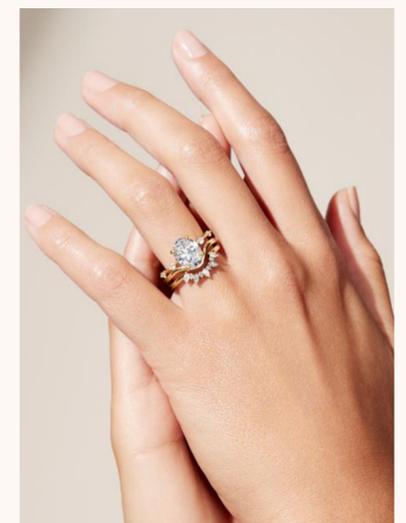
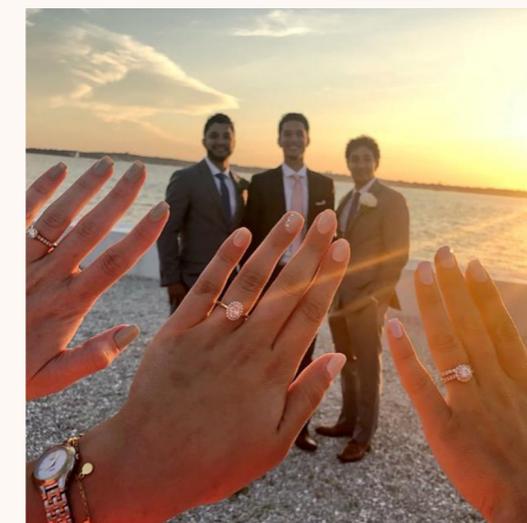
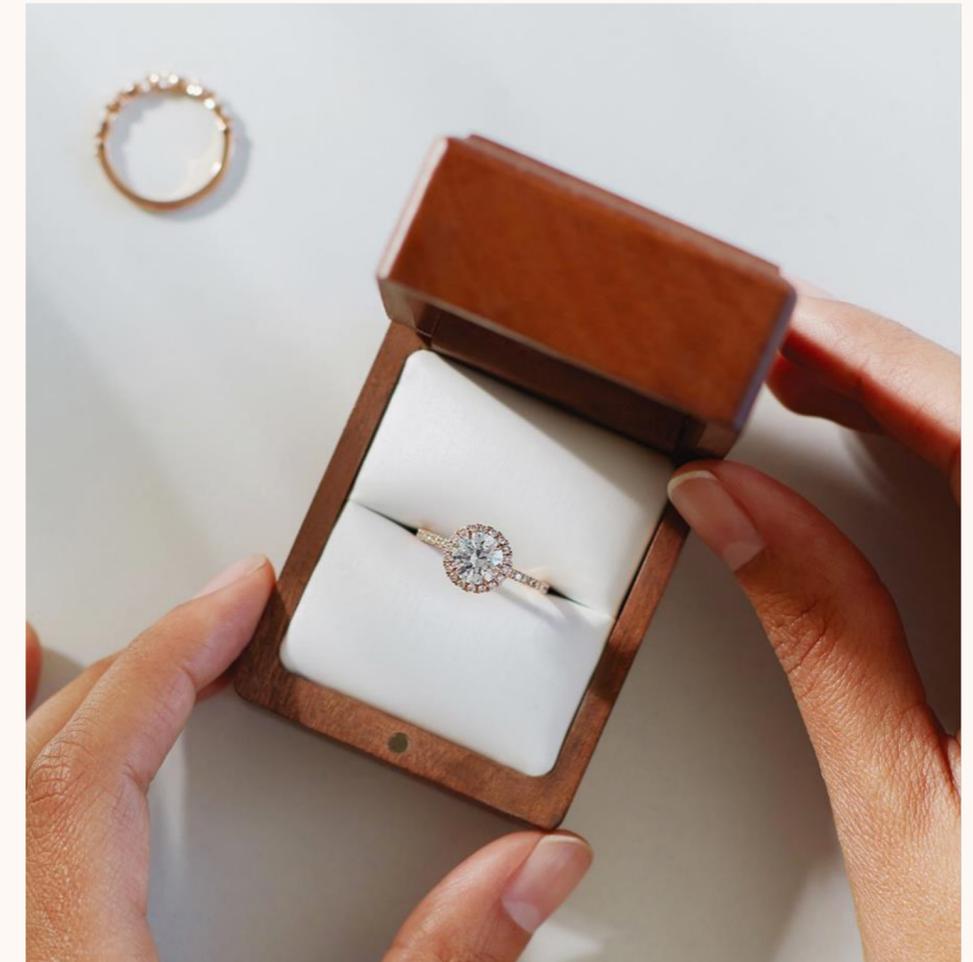
## ✓ ESG

Living our mission and values by expanding our leadership in ESG including releasing our inaugural Sustainability Report in March 2022



# Growing Revenue

- ✦ Gained share and continued to establish category leadership for a younger audience
- ✦ Continued to meet customers' expectations for Beauty, Quality and Responsibility without compromise
- ✦ Significant growth across our product assortment, in our showrooms and on our website as more consumers discovered Brilliant Earth



# Experience: Power of our Showroom Model

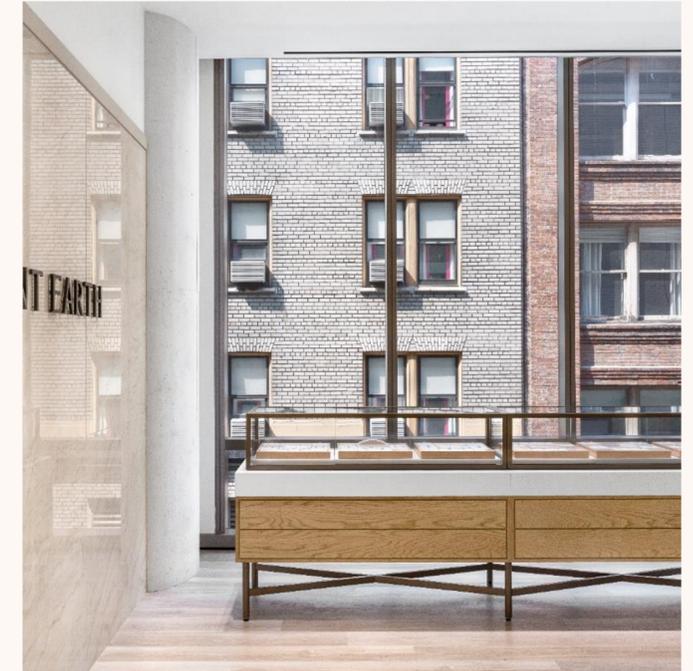
- ✦ Showroom strategy further enhances our strong performance and surpassed our expectations
- ✦ Opened six showrooms during the year to end 2021 with 15 locations
- ✦ Achieved strong ROI across formats
- ✦ Newly launched showrooms are driving an even higher average uplift in bookings growth within the metro market than our historical experience



AUSTIN, TX



DALLAS, TX



NEW YORK, NY



PORTLAND, OR



SCOTTSDALE, AZ



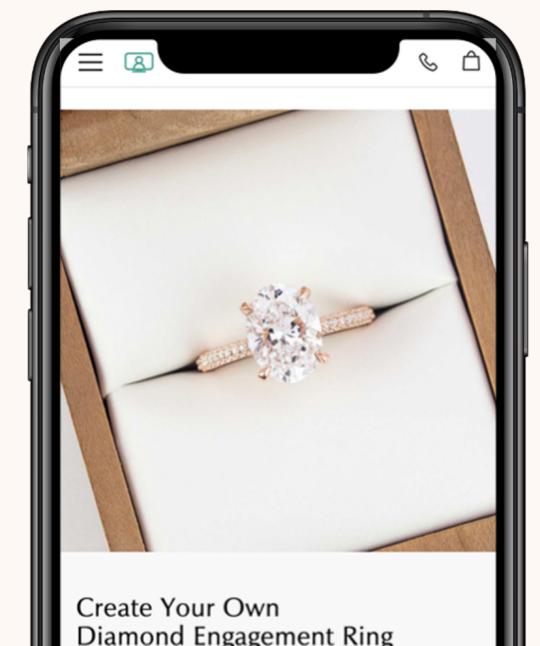
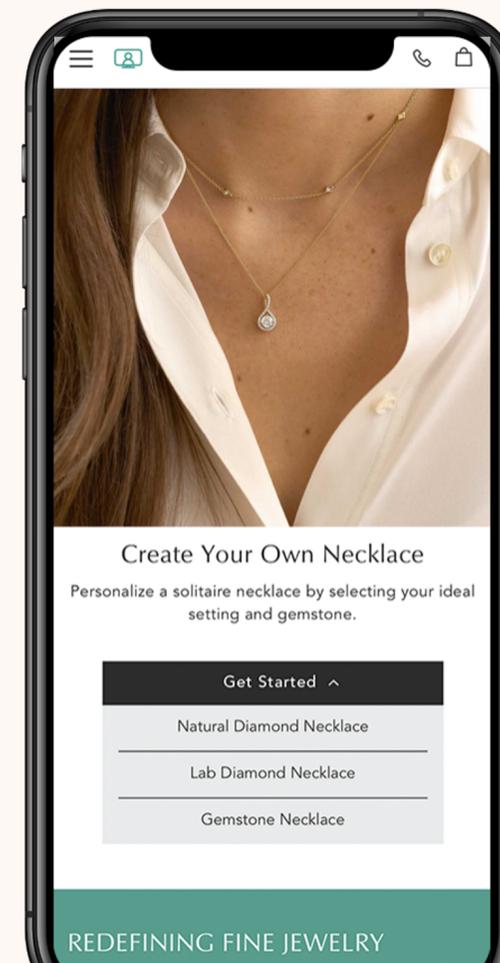
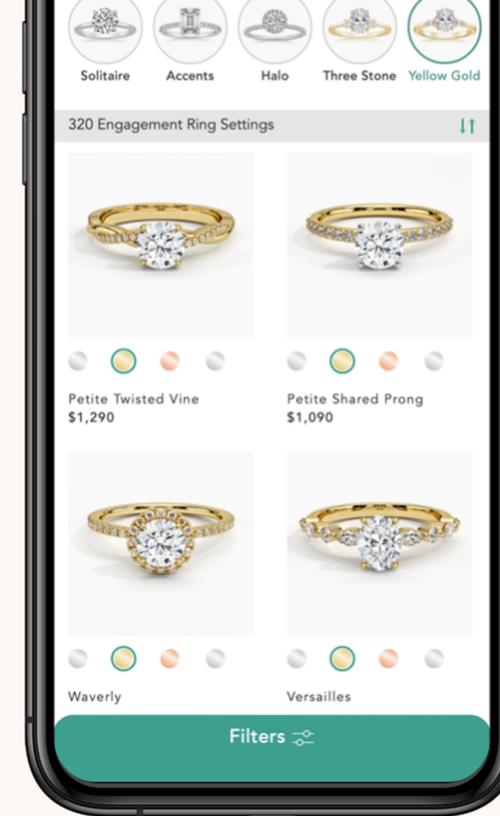
SEATTLE, WA



# Experience: Digital

## INDUSTRY LEADING CAPABILITIES LEAD TO HIGHER ENGAGEMENT AND CONVERSION

- ✦ Enhanced digital experience adding hundreds of new features
- ✦ Optimized create-your-own rings and jewelry experience
- ✦ Continued to develop and offer leading product visualization including photorealistic imagery and virtual try on tools
- ✦ Agile make-to-order manufacturing model enabled additional demand capture during holiday



# Product: Beautifully designed, trend leading, distinctive, personalized products

As we expand our assortment, we are increasingly serving a self-purchase, trend-driven consumer



Solstice Collection



Men's Create Your Own  
and Expanded  
Luxe Metal Rings



Fine Jewelry collections  
highlighting key trends in  
yellow gold, pearls and  
personalization



# ESG: Living our Mission Expanding our Leadership in ESG

- ◆ Issued our inaugural Sustainability Report in March 2022 highlighting our commitment to sustainability, transparency and inclusion
- ◆ Introduced Fairmined collection: Successful launch
- ◆ Audit of recycled gold and silver: 93% of gold and 99.8% of silver in our jewelry is recycled

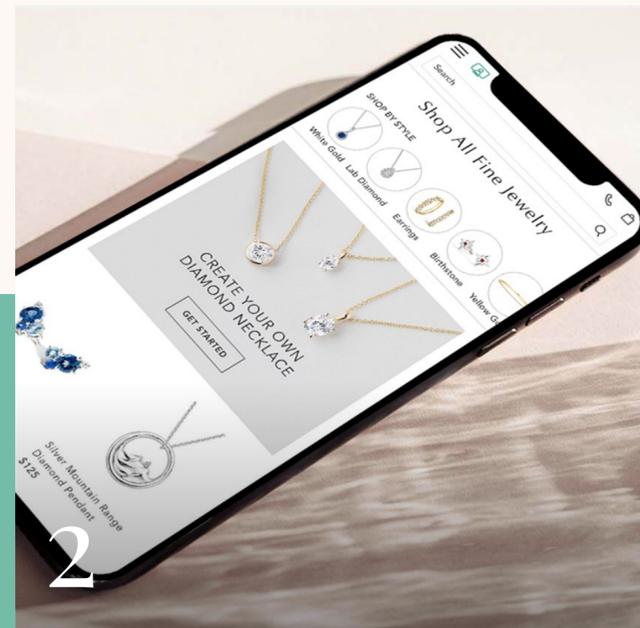


# FY 2022 Strategic Initiatives



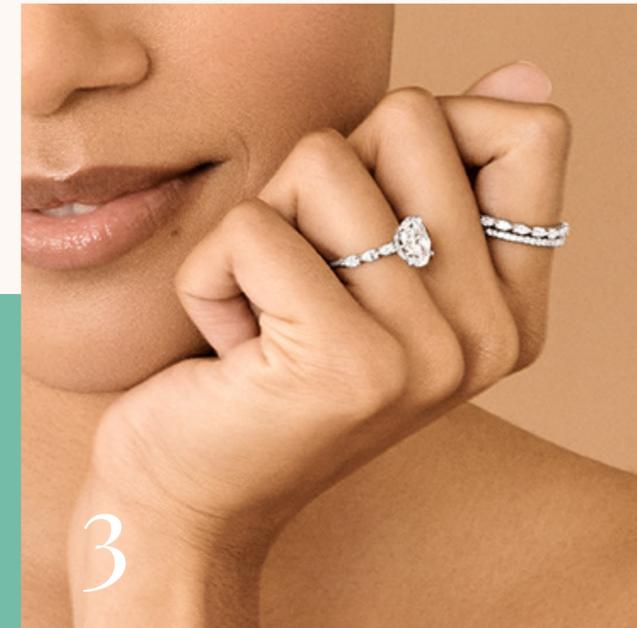
## SHOWROOM EXPANSION

Continue our showroom rollout into additional metro markets to broaden our omnichannel reach with our next showroom scheduled in Bethesda, Maryland (our second in the DC metro area)



## AWARENESS OF THE BRILLIANT EARTH BRAND

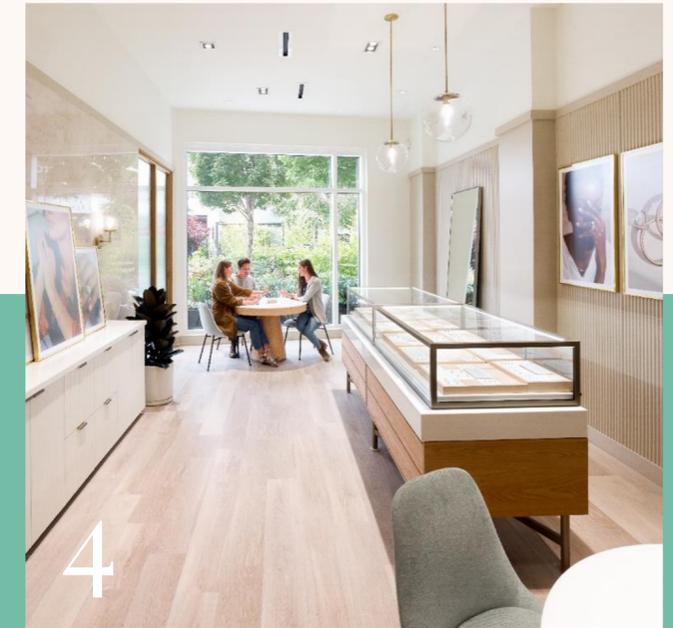
Continue to invest in marketing, enhanced digital experiences and driving meaningful partnerships and influencer relationships



## NEW COLLECTIONS

Recent introductions of Avant Premiere Tacori Collection, an exclusive design collaboration and the Solstice Collection

Continue to utilize our test and learn process to adapt and refine our assortments, introduce new designs quickly, and to provide a curated offering of highly sought-after products



## INNOVATIVE BUSINESS MODEL DRIVES SCALE AND TEST AND LEARN PROCESS DELIVERS STRONG ROI

Continue to invest in data and technology to enhance the efficiency of our operations, deepen integrations with suppliers and enable additional analytical insights





# Brilliant Earth's Competitive Advantages

1 OPERATE IN A VAST INDUSTRY THAT IS RIPE FOR DISRUPTION

2 AGILE BUSINESS MODEL THAT CAN SWIFTLY ADAPT

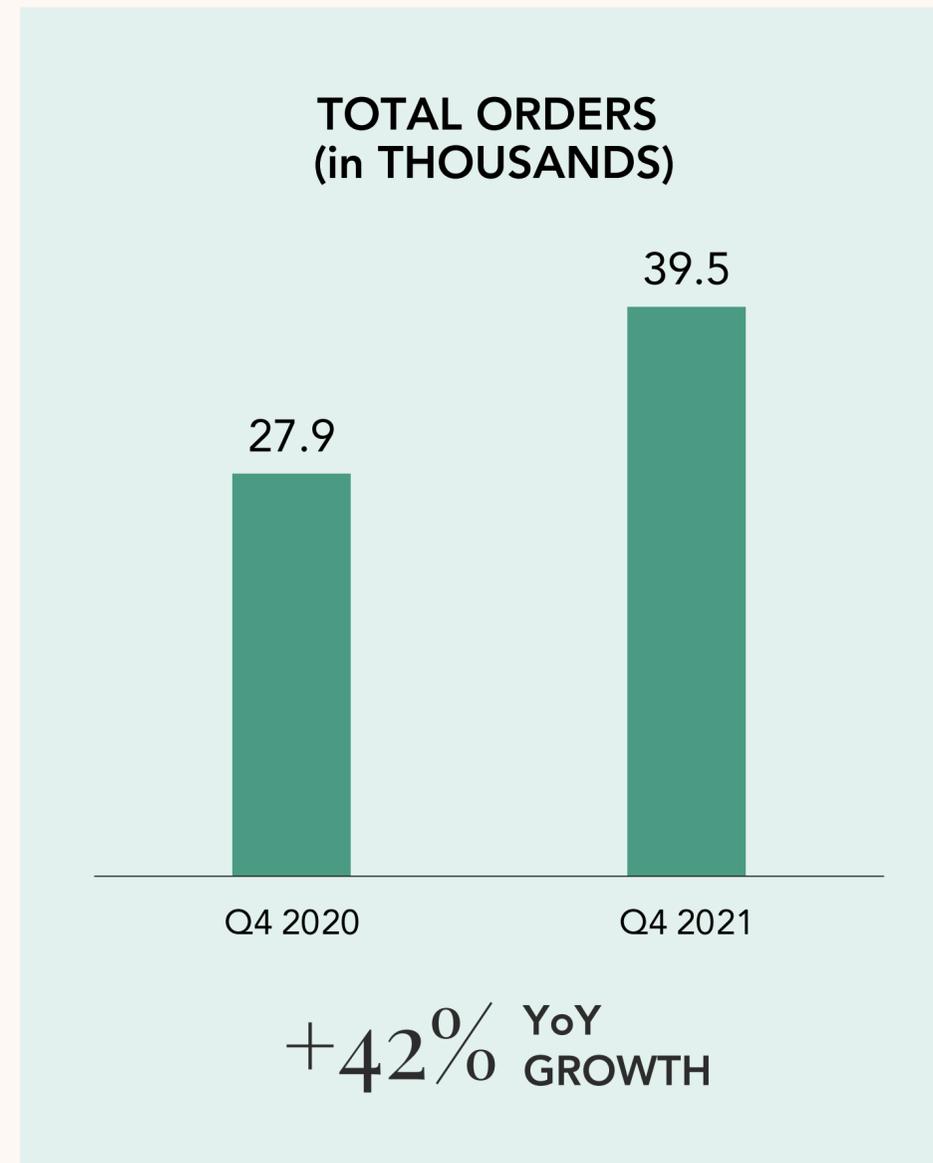
3 USING DATA TO INFORM DECISION-MAKING  
ASSET LIGHT MODEL NOT BURDENED BY  
HOLDING EXCESS INVENTORY

4 OMNICHANNEL MODEL PROVIDES A JOYFUL,  
SEAMLESS SHOPPING EXPERIENCE

5 OUR VALUES STRONGLY RESONATE WITH OUR  
CUSTOMERS

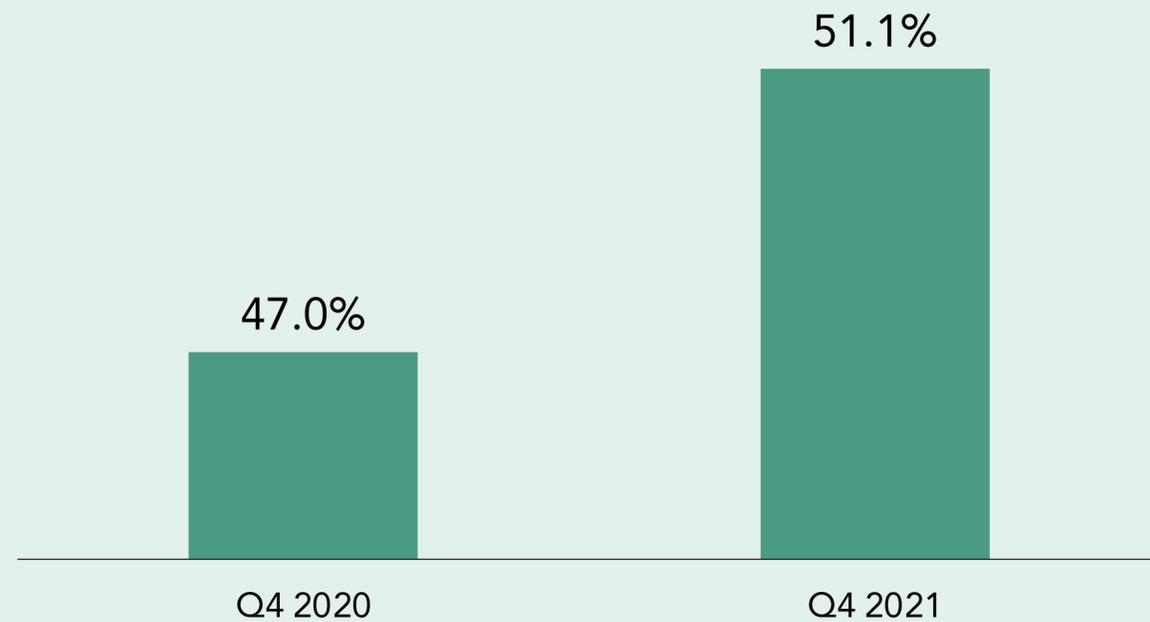


# Fourth Quarter 2021 Financial Results



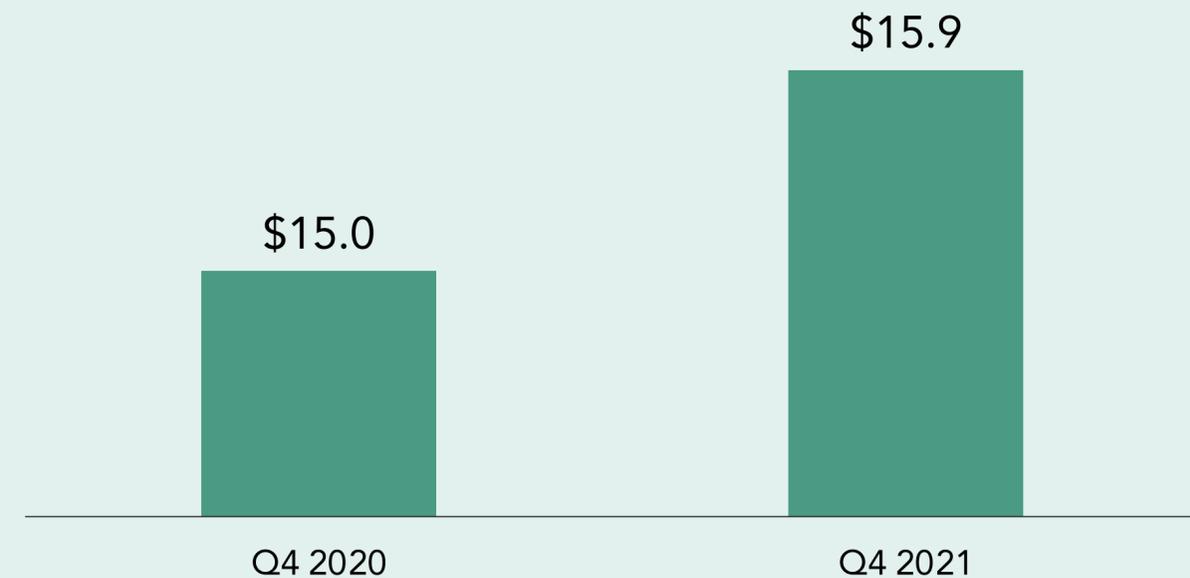
# Fourth Quarter 2021 Financial Results

## GROSS MARGIN



**+407 bps** YoY  
GROWTH

## ADJUSTED EBITDA (\$MILLIONS)



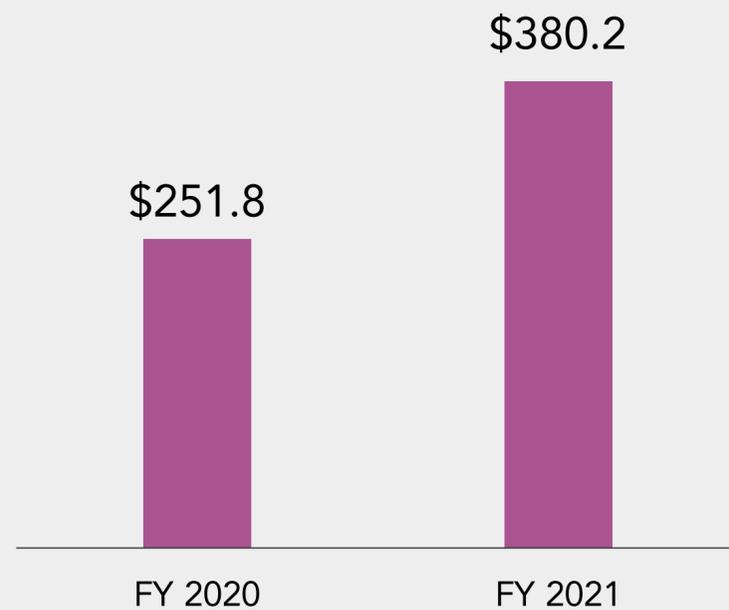
**+13.1%** Q4 2021  
ADJUSTED EBITDA MARGIN



Net income for Q4 2021 was \$11.4 million compared to \$13.4 million for Q4 2020. Net income margin was 9.4% for Q4 2021 compared to 15.1% for Q4 2020.

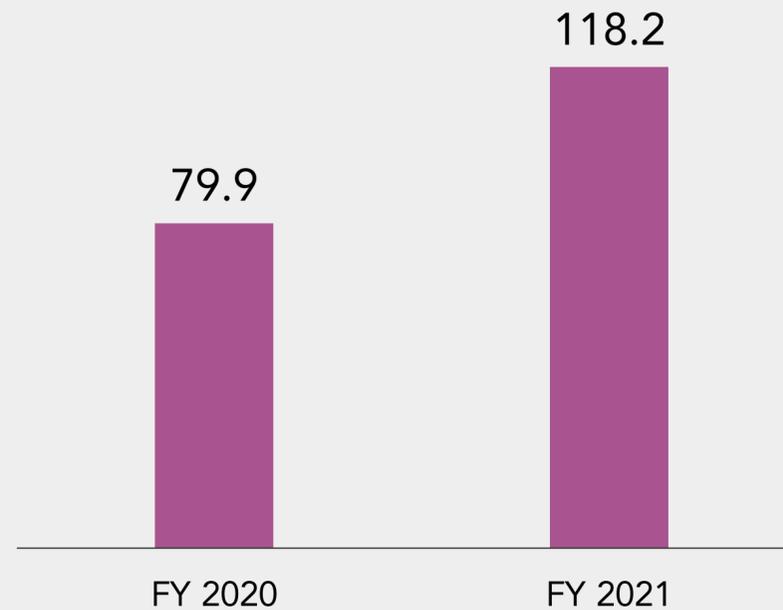
# Fiscal Year 2021 Financial Results

## NET SALES (\$MILLIONS)



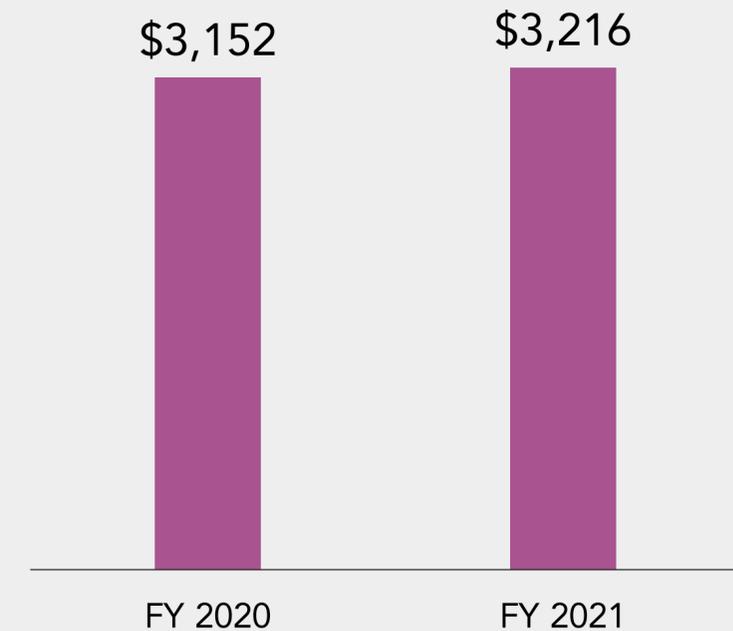
**+51% YoY  
GROWTH**

## TOTAL ORDERS (in THOUSANDS)



**+48% YoY  
GROWTH**

## AOV

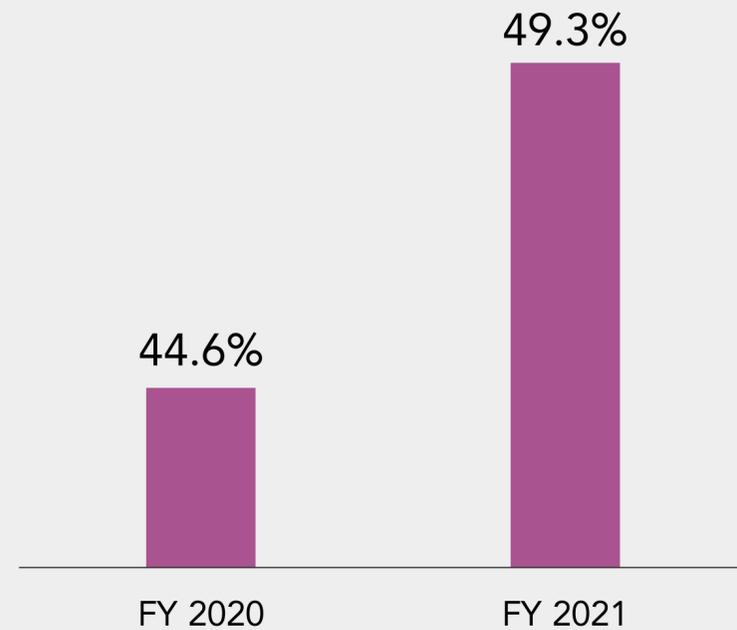


**+2% YoY  
GROWTH**



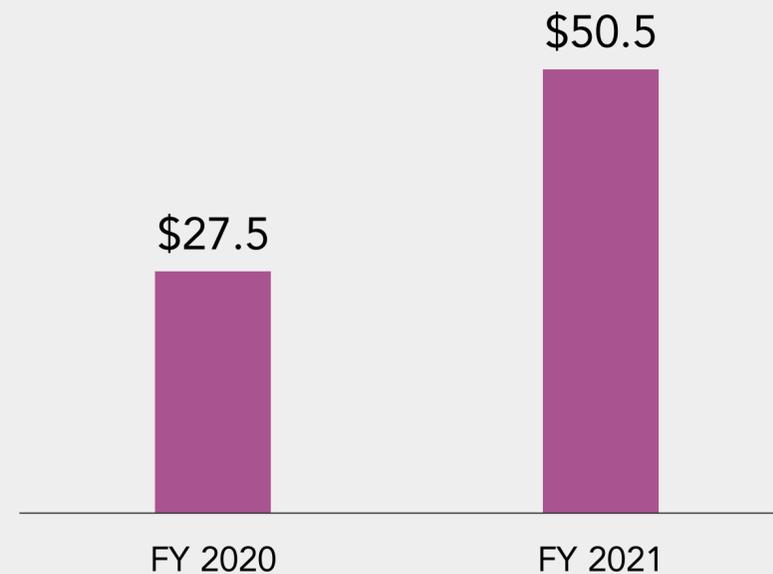
# Fiscal Year 2021 Financial Results

## GROSS MARGIN (\$MILLIONS)



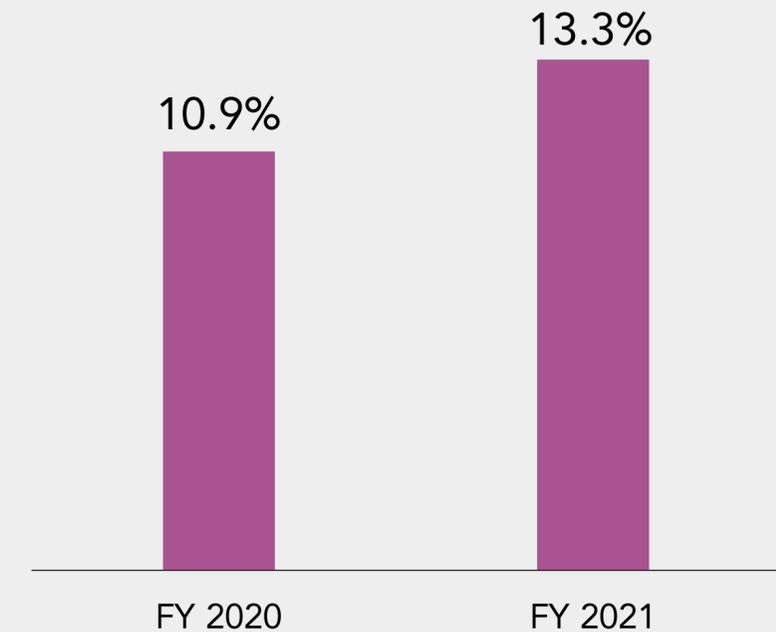
**+470 bps** YoY  
**GROWTH**

## ADJUSTED EBITDA (\$MILLIONS)



**+83%** YoY  
**GROWTH**

## ADJUSTED EBITDA MARGIN



**+235 bps** YoY  
**GROWTH**





# 2022 Outlook

## First Quarter

\$96m–\$98m

NET SALES

\$7.0m–\$7.5m

ADJUSTED EBITDA

## Fiscal Year

\$485m–\$500m

NET SALES

\$51m–\$55m

ADJUSTED EBITDA





# Non-GAAP Metrics and Reconciliations

ADJUSTED EBITDA	Three months ended December 31,		Twelve months ended December 31,	
	2021	2020	2021	2020
(\$ in 000's)				
Net income, as reported	11,409	13,353	26,256	21,576
Interest expense	1,803	1,335	7,589	4,942
Income tax benefit	(339)	-	(316)	-
Depreciation expense	324	157	860	646
Showroom pre-opening expense	575	127	2,773	242
Equity-based compensation expense	1,923	25	2,795	46
Other expense, net <sup>1</sup>	83	(1)	6,601	74
Transaction costs & other expense <sup>2</sup>	150	-	3,926	-
Adjusted EBITDA	15,928	14,996	50,484	27,526
Net income margin	9.4%	15.1%	6.9%	8.6%
Adjusted EBITDA margin	13.1%	16.9%	13.3%	10.9%

Note: Fiscal year ended December 31

<sup>1</sup> Other expense, net for the year ended December 31, 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.

<sup>2</sup> These expenses are those that we did not incur in the normal course of business. They include expenses related to professional fees in connection with the evaluation and preparation for operations as a public company, a charitable donation, and one-time costs associated with the opening of a new operations facility.

