



# BRILLIANT EARTH

William Blair 42nd Annual  
Growth Stock Conference

June 8, 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 “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. 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.







Our mission is to create  
a more transparent,  
sustainable and  
compassionate jewelry  
industry





# 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.





# Brilliant Earth by the Numbers

## Proven Financial Performance

**\$410mm**  
TTM Q1 FY22 Revenue<sup>1</sup>

**50%**  
Y/Y Revenue Growth<sup>1</sup>

**\$3,174**  
AOV<sup>1</sup>

**50%**  
Gross Margin<sup>1</sup>

**12.8%**  
Adj. EBITDA<sup>1</sup>

## High Brand Affinity

**75+**  
NPS<sup>2</sup>

**62%**  
Aided Brand Awareness<sup>3</sup>

**Our success is driven by our highly tech-focused  
and customer-centric approach**

<sup>1</sup> For the trailing twelve-month period ended Mar 31, 2022;  
<sup>2</sup> 2016-2021 Bizrate; <sup>3</sup> Brilliant Earth Customer Insight Survey May 2022





# Company History

Brilliant Earth reaches consumers in all U.S. states and over 50 countries through our e-commerce platform and 19 showrooms





# Investment Highlights







# Investment Highlights

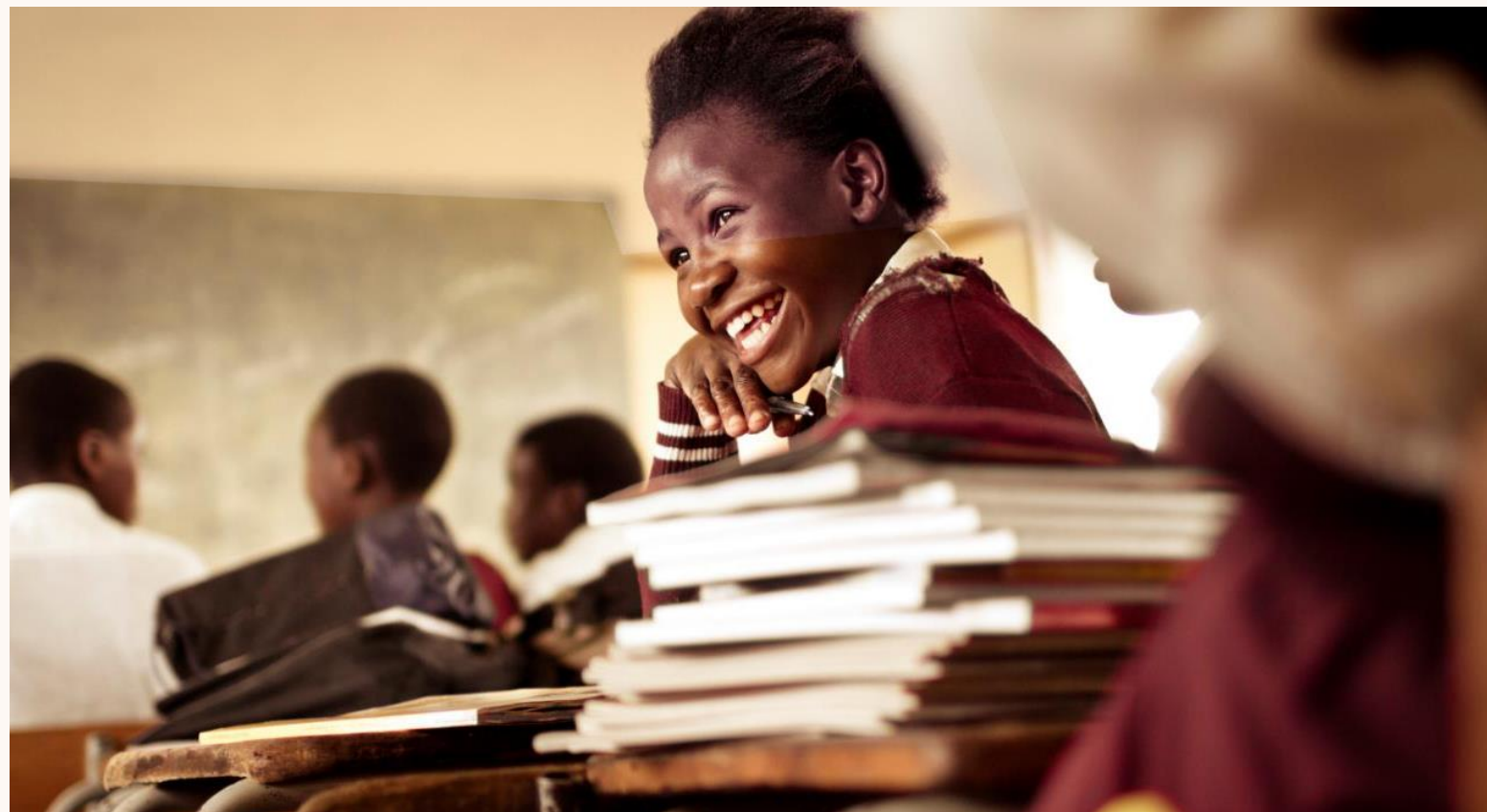
- 1 Authentic, Mission-Driven Brand
- 2 Founder-Led and Diverse Leadership Team Committed to Inclusion
- 3 Massive Market Opportunity
- 4 Technology Enabled, Data-Driven Business Model
- 5 Unique and Exclusive Products
- 6 Exceptional Customer Experience
- 7 Capital Efficient Operating Model
- 8 Omnichannel Model Driving Growth and Conversion





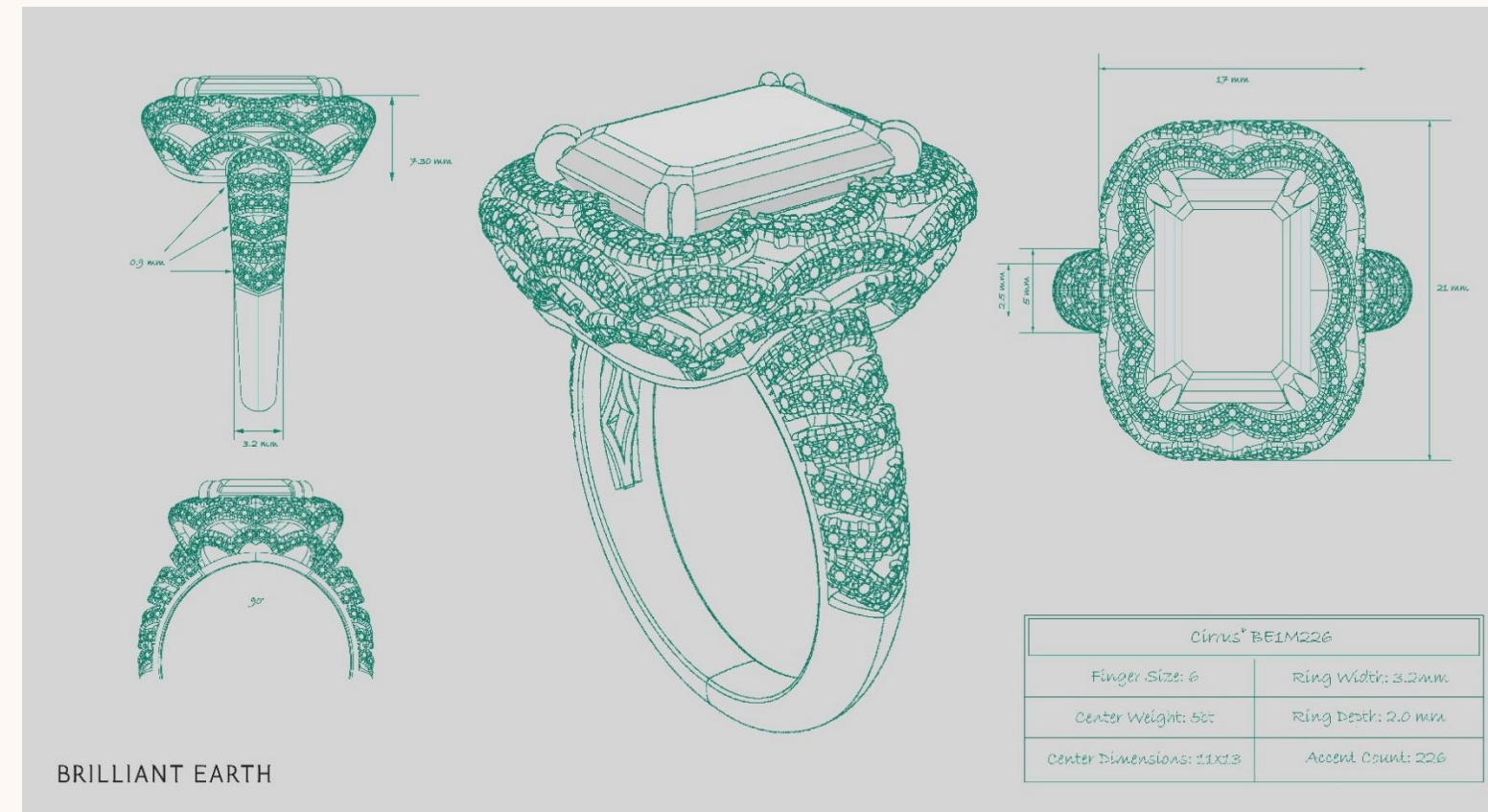
# Authentic Brand for a New Generation of Consumer

## Mission-Driven Values



- ✦ Transparent, responsible sourcing
- ✦ Sustainability practices
- ✦ Giving back
- ✦ Diversity, Equity, and Inclusion

## Unique and Award-Winning Designs



- ✦ Unique, proprietary designs
- ✦ Premium quality
- ✦ Highly personalized

## Exceptional Omnichannel Customer Experience



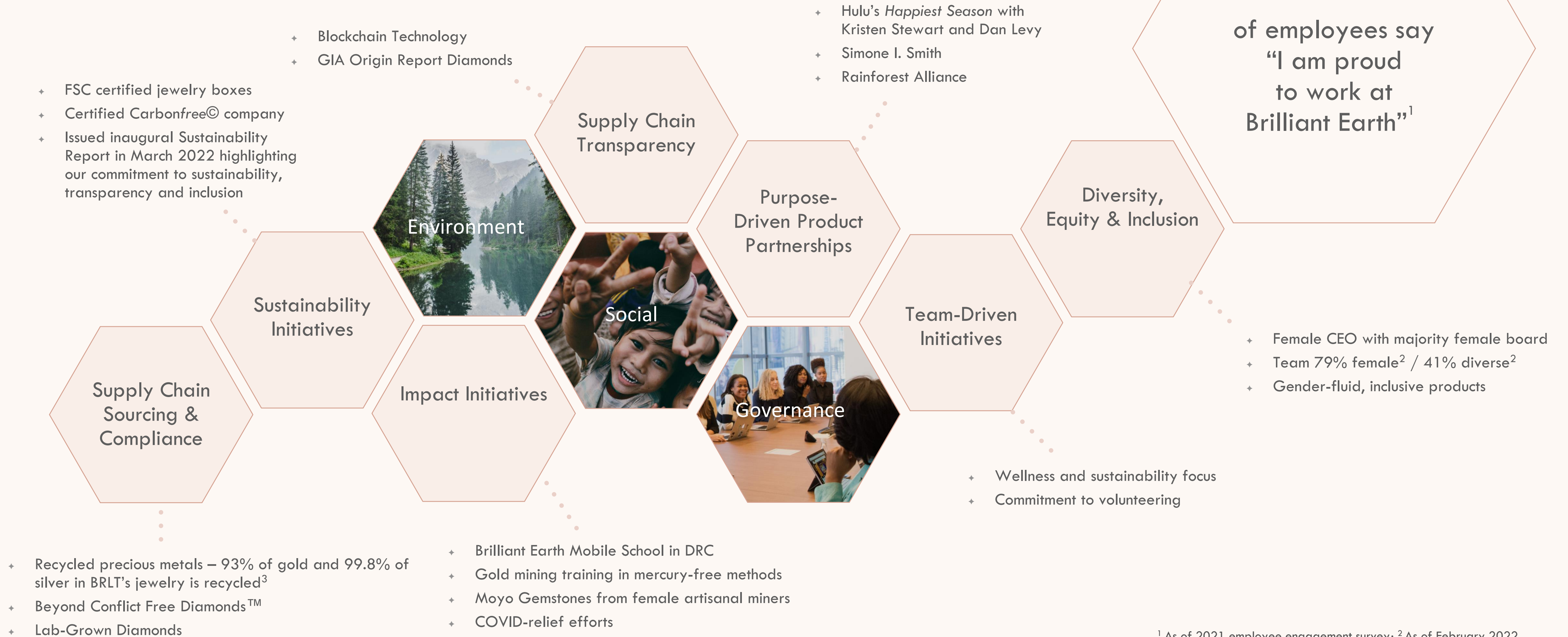
- ✦ High-touch premium service
- ✦ Unique omnichannel experience
- ✦ High NPS of 75+<sup>1</sup>
- ✦ 62% word-of-mouth referral<sup>2</sup>





DRIVING CORPORATE, TEAM, AND PRODUCT INITIATIVES

# Leader in ESG



<sup>1</sup> As of 2021 employee engagement survey; <sup>2</sup> As of February 2022  
<sup>3</sup>Based on 2021 audit





# Tailwinds from Changing Consumer Preferences

- ✦ Digitally savvy shoppers
- ✦ Expect to shop whenever and wherever they want
- ✦ Participation of proposee in purchasing process



**67%**

of Millennials and Gen Z buy or research diamond jewelry online<sup>1</sup>

**7 in 10**

proposees were involved in selecting or purchasing their ring<sup>2</sup>

Engaged with social and environmental issues

**73%**

of Millennials are willing to spend more on a product if it comes from a brand that stands for sustainability<sup>3</sup>

Authenticity, individuality and self-expression

**79%**

of consumers are changing product preferences based on social & environmental impacts of their purchase<sup>4</sup>

Strong influence and engagement with social media

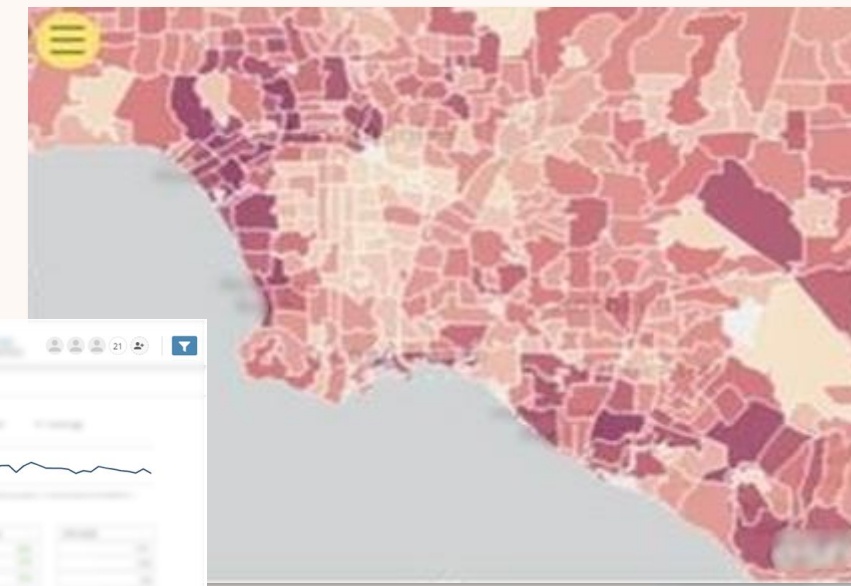
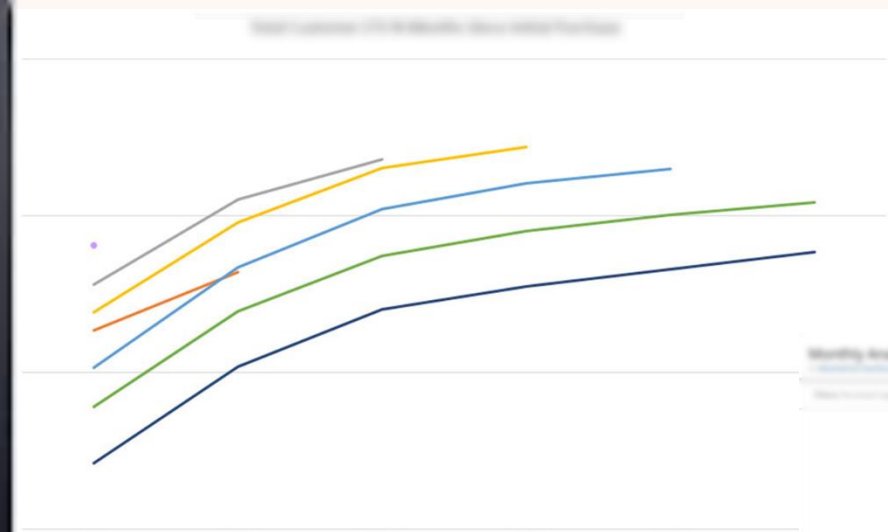
**81%**

of proposees looked for ring inspiration on social media<sup>5</sup>





# Data Capabilities Drive The Brilliant Earth Experience



Tech-enabled data analysis drives **curated product assortment** in-store and online



Customer interactions are tracked and analyzed in an **integrated CRM / ERP system**

Refined testing and sophisticated algorithms **optimize e-commerce platform**



Rapidly growing customer base resulting in larger **first-party data warehouse**

Product development cycle based on **data-driven insights** from consumer preferences



Leverage first- and third-party data to **inform real estate decisions**





# Unique, Personalized Products



## Known for beautiful, unique designs

- ✦ In-house, award-winning design studio
- ✦ Hand-crafted designs exclusive to Brilliant Earth
- ✦ Over two-thirds of designs are proprietary<sup>1</sup>
- ✦ Innovative, curated collection

## Agile product development

- ✦ Customer-insight and trend driven
- ✦ 3-month development cycle

## Create-Your-Own model

- ✦ Enables personalization
- ✦ Vast virtual inventory of over 150,000 diamonds<sup>1</sup>

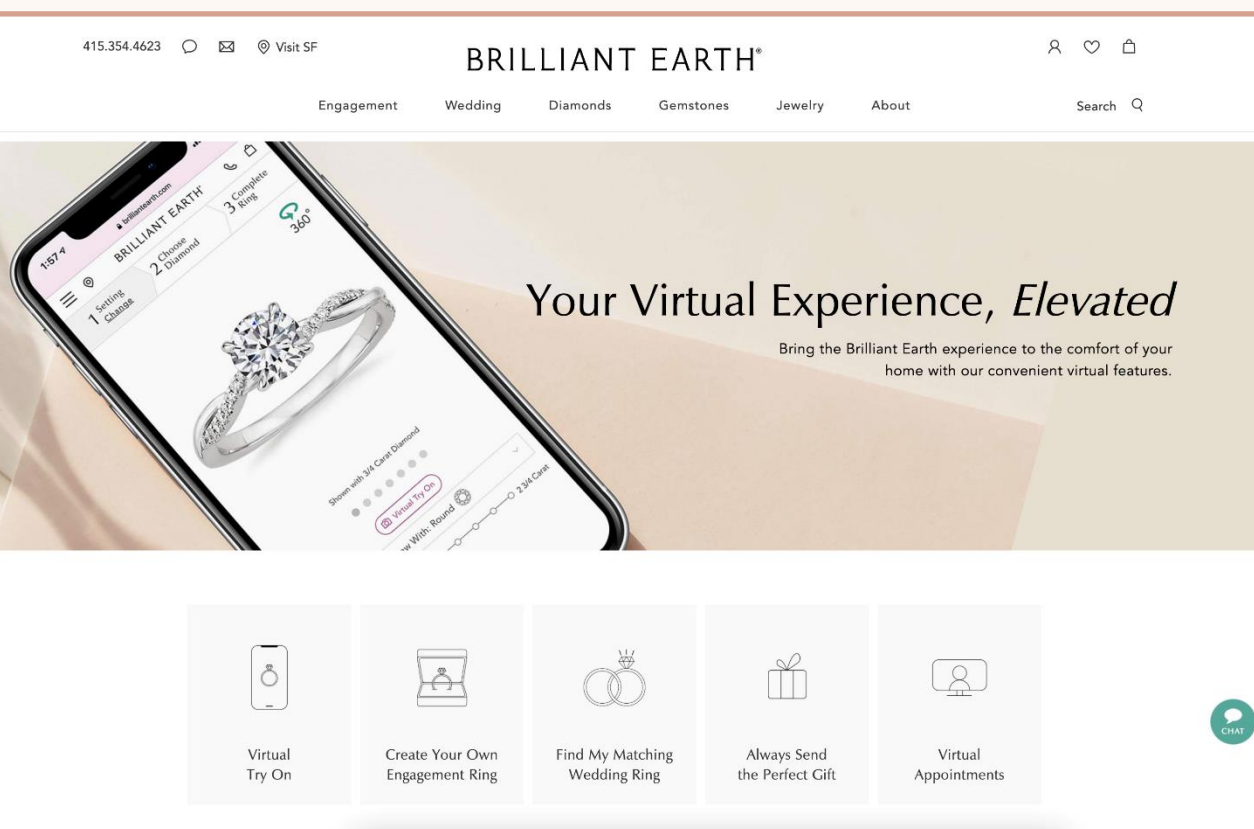


<sup>1</sup> As of Q1 2021, <sup>2</sup> As of June 6, 2022





# Create-Your-Own Model Drives High Inventory Turns and Negative Working Capital



**150k+**

Virtual inventory of natural & lab-grown diamonds offers broad range of options for customers<sup>1</sup>

**6 – 12**

Business day typical make-to-order turnaround

*Supply chain advantages from long term strategic relationships and strong technology integration*



<sup>1</sup> As of June 6, 2022



# Modern Digital Experience

INDUSTRY LEADING CAPABILITIES LEAD TO HIGHER ENGAGEMENT AND CONVERSION

## Strong product personalization

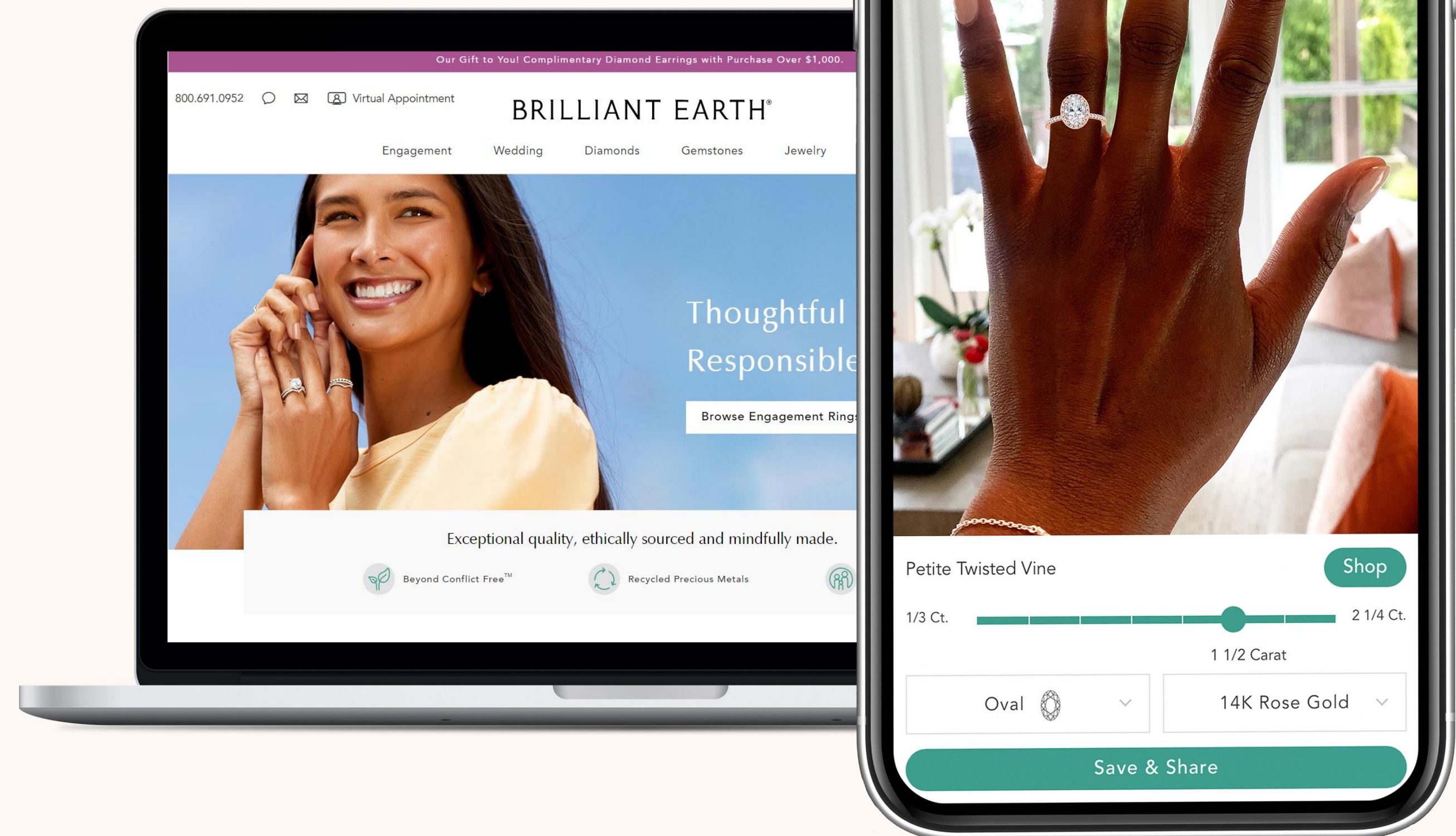
- ✦ Leading product visualization
- ✦ Augmented Reality virtual try on

## Smart product technology

- ✦ Product configurators
- ✦ Recommendation engine

## Seamless omnichannel

- ✦ Virtual and physical appointment creation





# Delightful Showroom Experience

Tech-enabled • Custom curated inventory • 1x1 appointment



“They had plenty of staff yet nobody came to our assistance. We sat for a good ten minutes until we decided to walk out.”

— Customer review from large mall jeweler

“When we arrived she already knew our preferences and had arranged a nice selection for us! ...We felt totally comfortable when making the final decision.”

— Nov '20 San Francisco showroom review





# Capital-Efficient Showroom Strategy

## Virtual inventory model

Limited inventory required per store; curated for customer appointments and optimized across showrooms

## Lower rent expense

Showrooms are principally selected in repurposed boutique office spaces, upper floor retail or lifestyle centers



## Operating leverage from flexible staffing model

Tech-enabled team supports customers in other channels when not in appointment, maximizing workforce utilization

## Larger catchment region vs. traditional retail

Many customers drive over one hour for an appointment





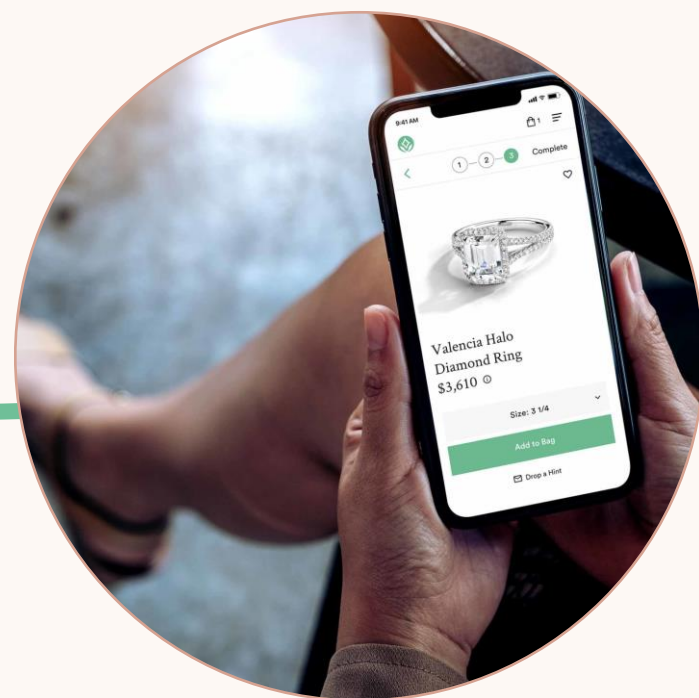
# Opportunities





# Major Growth Opportunities

Increase Brand Awareness



Expand Omnichannel Presence



Expand Purchase Occasions with Existing and New Customers



Expand Internationally





# Continue to Increase Market Share

## Drivers

## Opportunity

### Increase Brand Awareness

- ✦ Scale drives awareness and marketing efficiencies
- ✦ Frequency of content and engagement across multiple touchpoints
- ✦ Global influencer partnerships
- ✦ Partnership collaborations and marketplace opportunity

**62%**

Aided Brand Awareness Today<sup>1</sup>

### Tailwinds

- ✦ Large, attractive and growing market
- ✦ Highly fragmented with opportunity to take share from incumbents
- ✦ Increasing e-commerce penetration
- ✦ Alignment with Millennial and Gen Z values and preferences

**\$~280bn**

Global Fine Jewelry Market Opportunity<sup>2</sup>



# Bridal is Just the Beginning



<sup>1</sup> Bain & Company, *The Global Diamond Industry 2020-21*, February 2021, includes earrings, necklaces, bracelets, and rings (other than engagement or wedding)





# Positioned to be the Category Winner

- ✓ Authentic, Mission-Driven Brand
- ✓ Founder-Led and Diverse Leadership Team Committed to Inclusion
- ✓ Massive Market Opportunity
- ✓ Technology Enabled, Data-Driven Business Model
- ✓ Unique and Exclusive Products
- ✓ Exceptional Customer Experience
- ✓ Capital Efficient Operating Model
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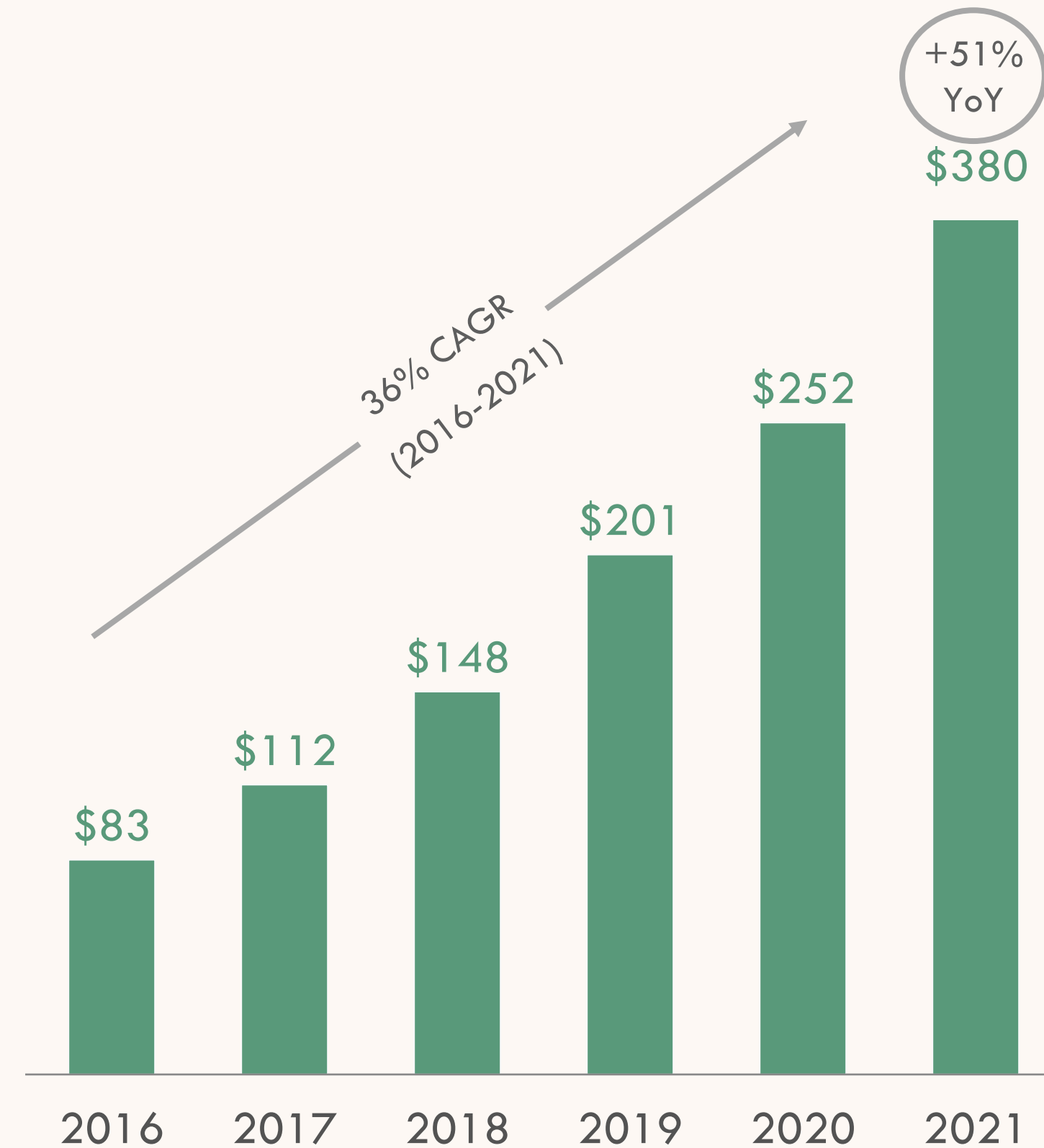
# Financial Overview



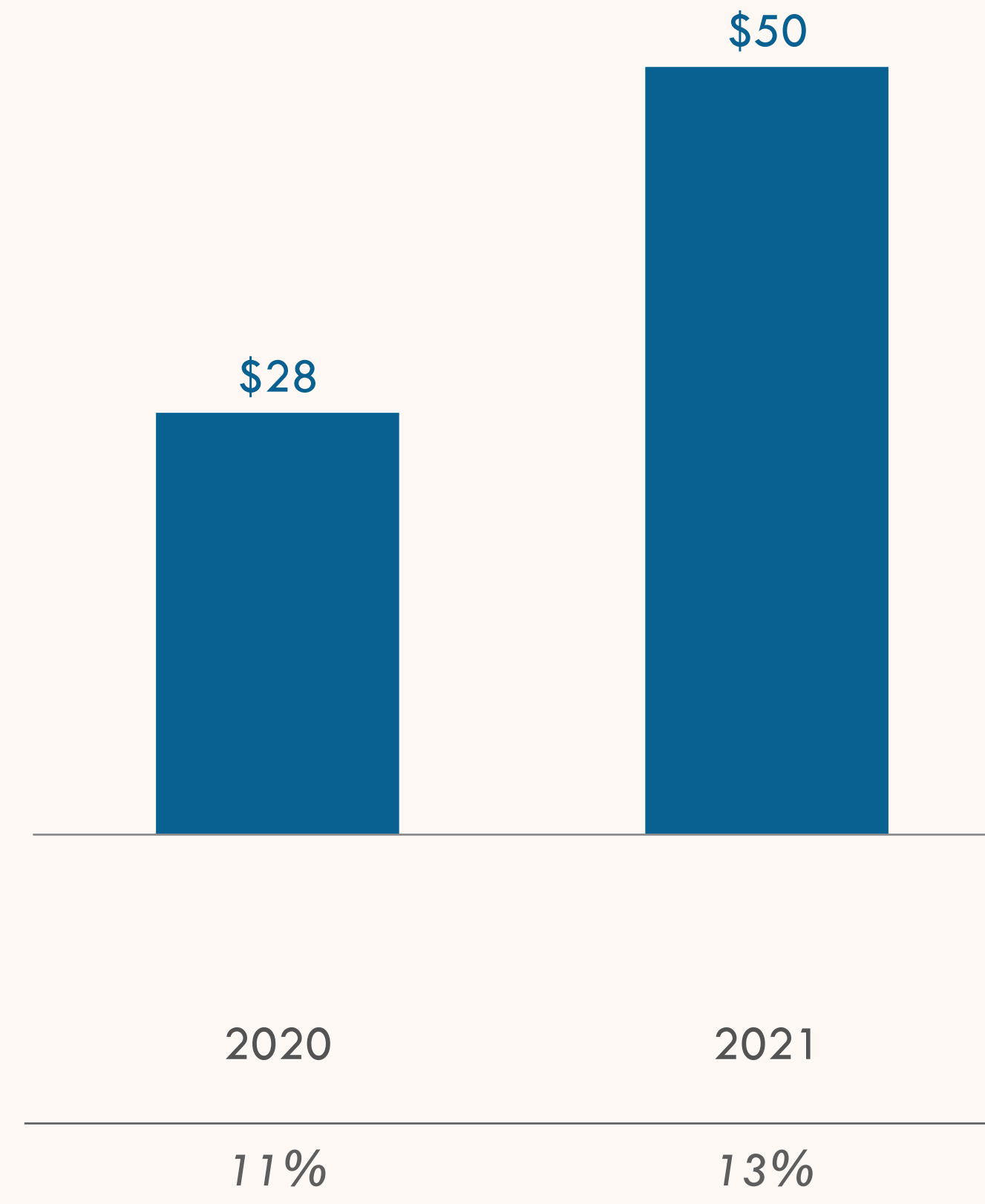


# Historical Financial Results

NET REVENUE (\$MILLIONS)



TOTAL ADJUSTED EBITDA<sup>1</sup> (\$MILLIONS)



Gross profit margin

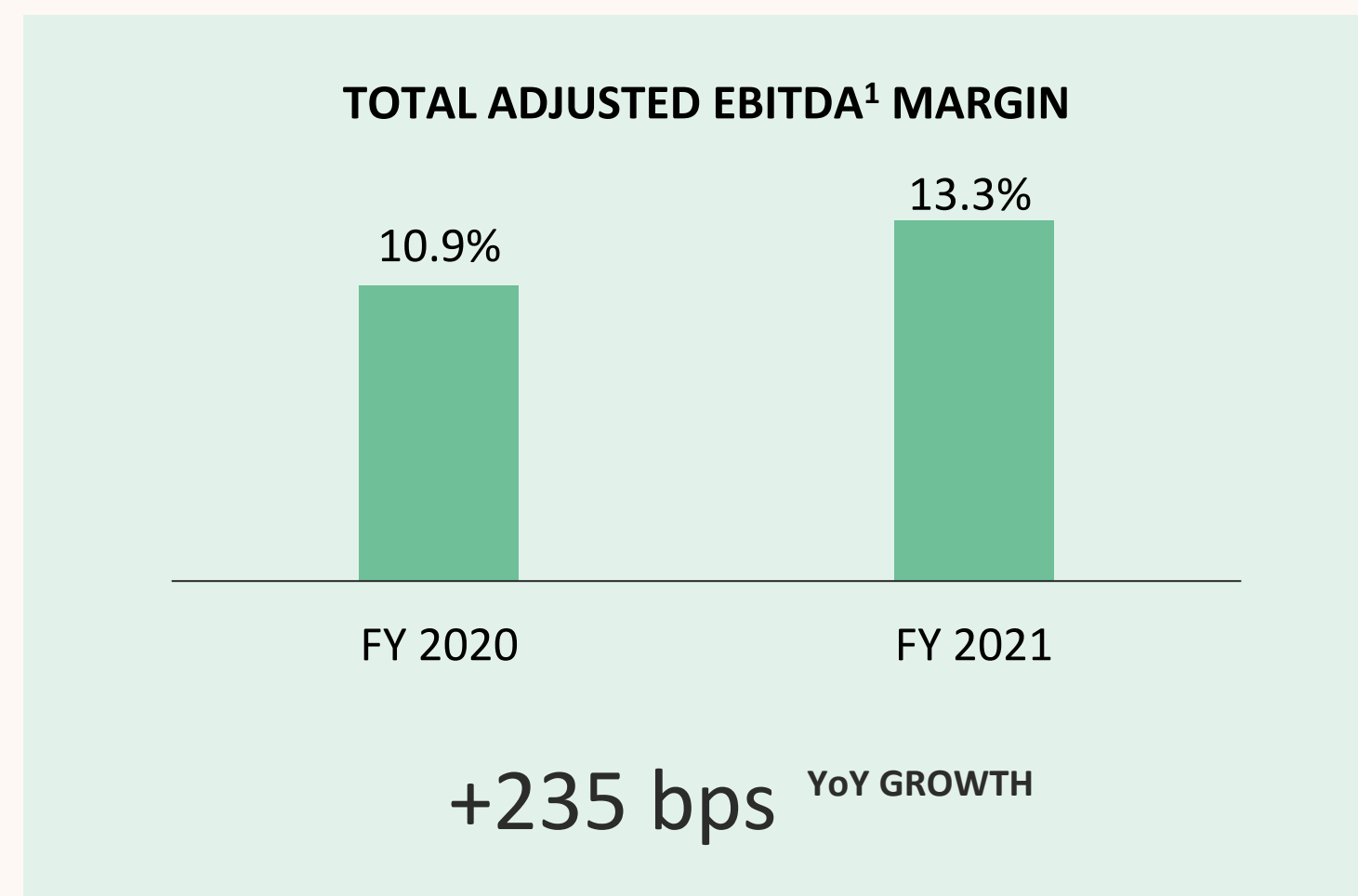
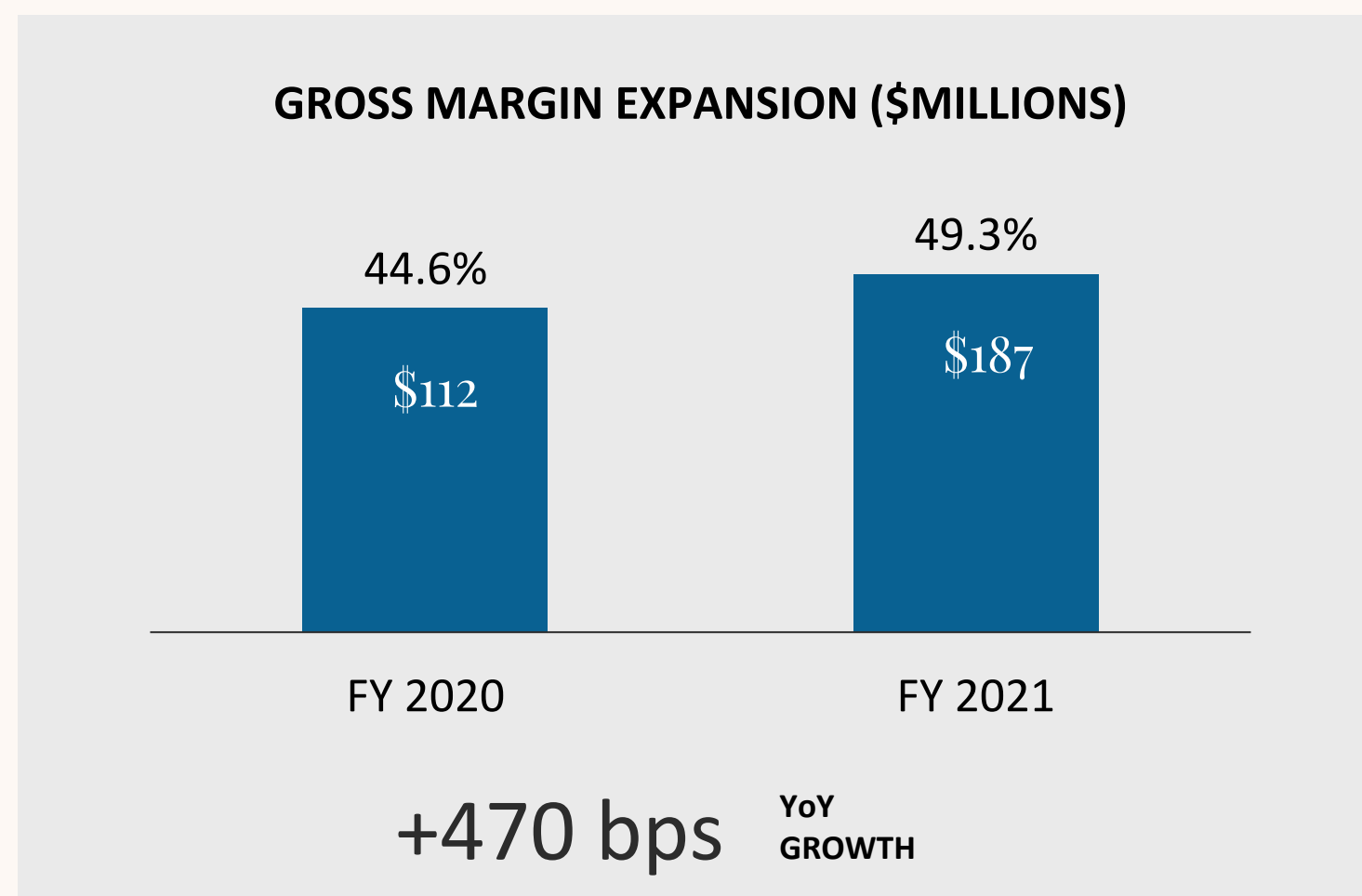
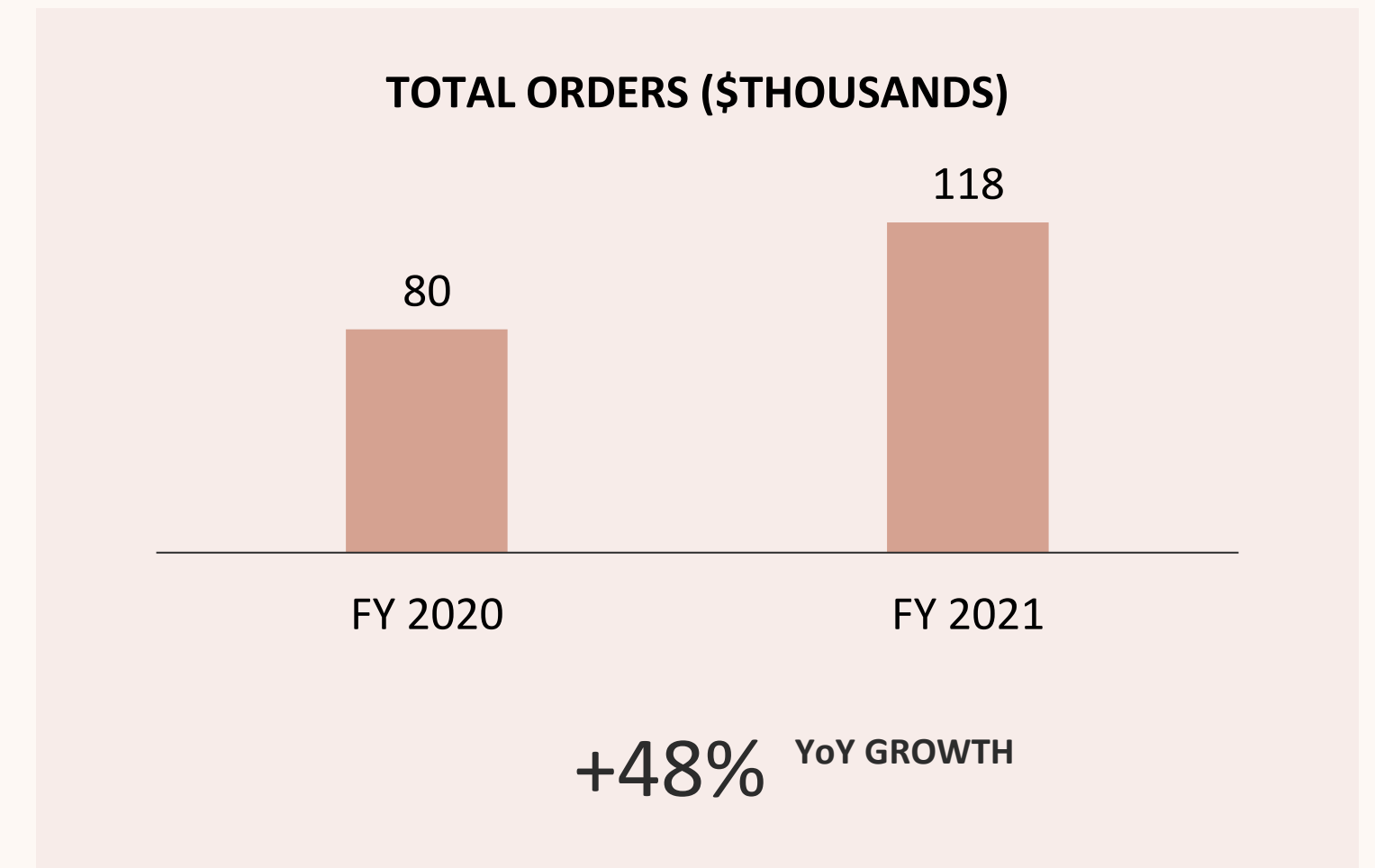
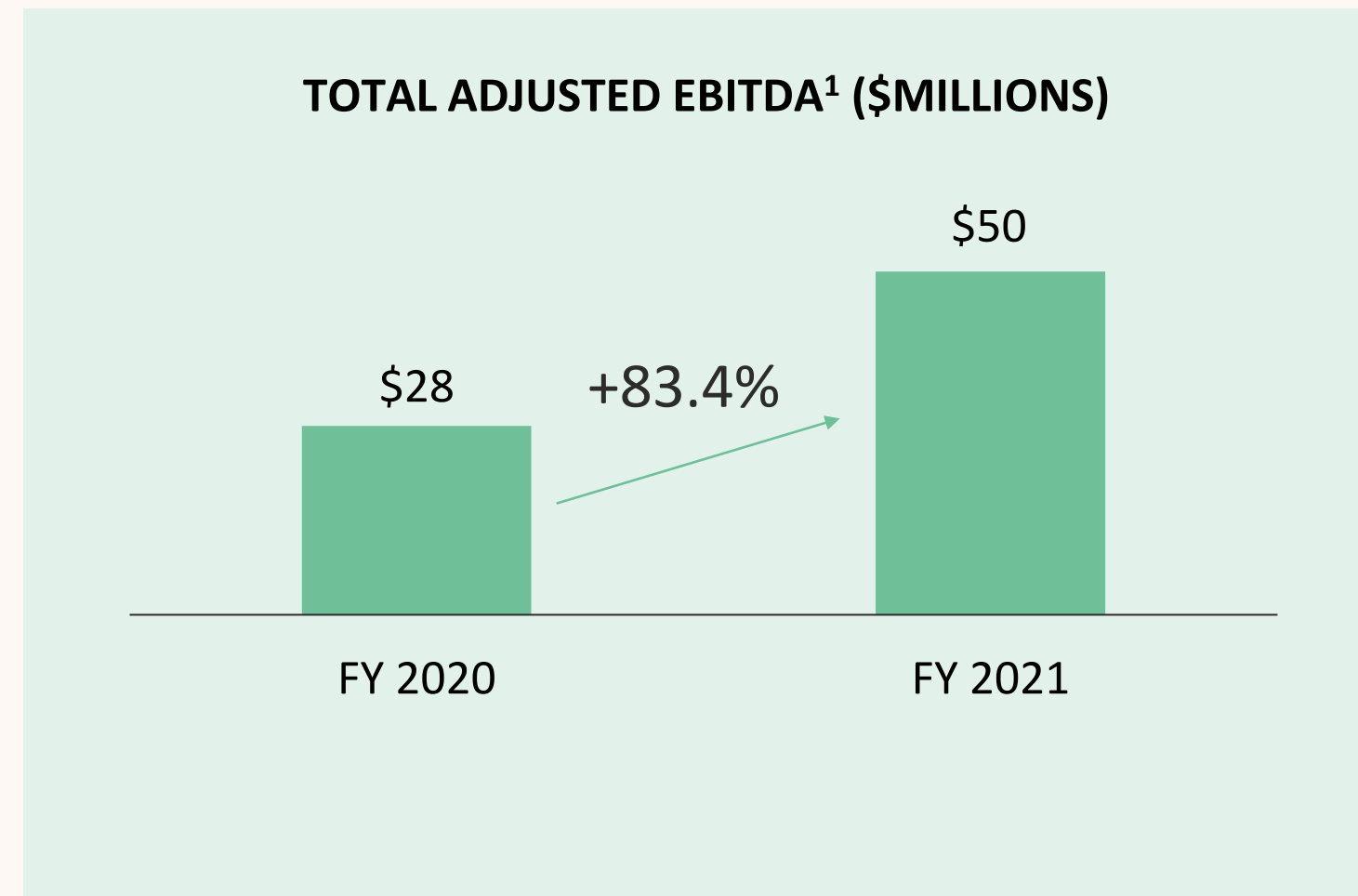
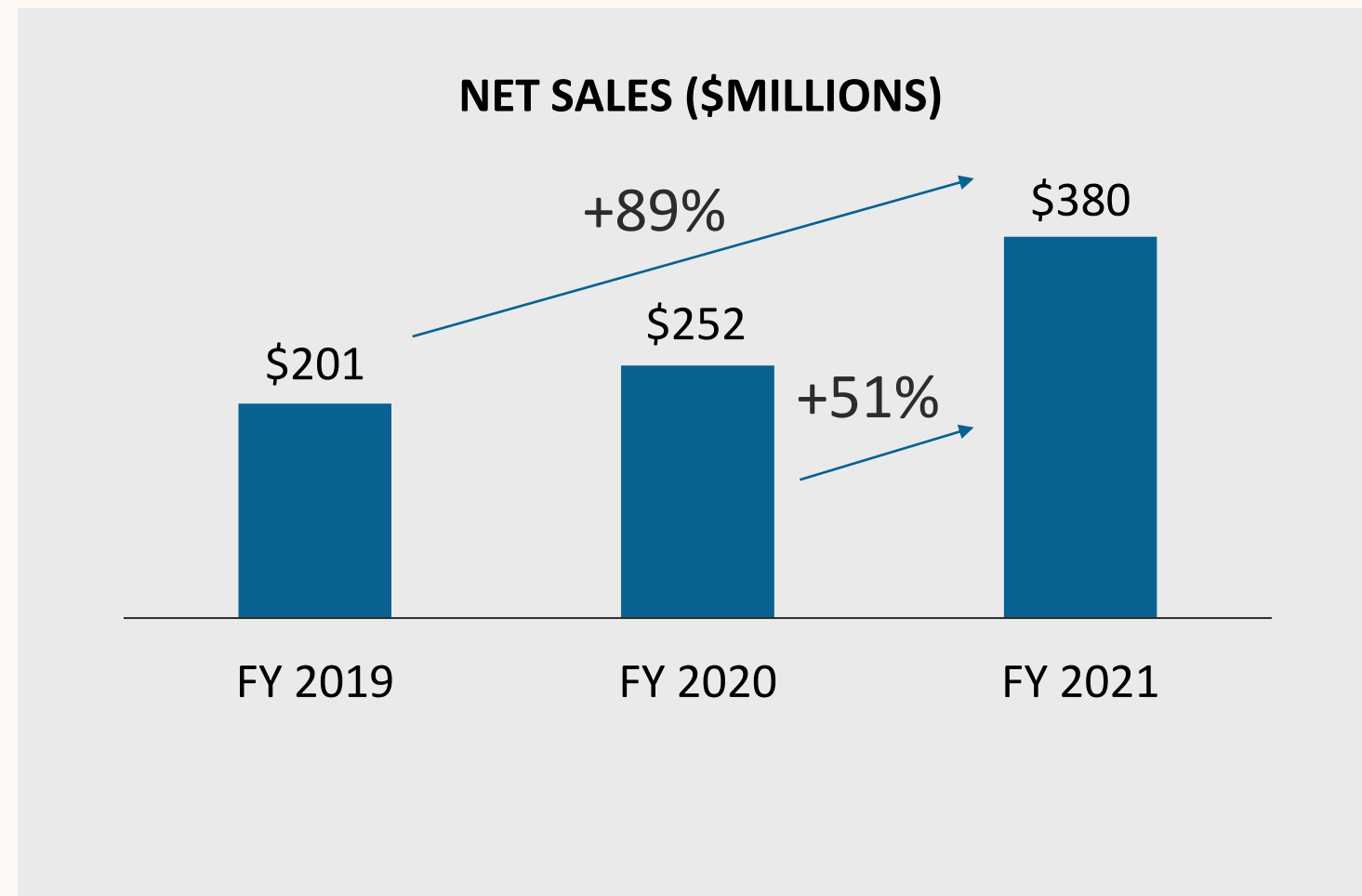
Year	2016	2017	2018	2019	2020	2021
Gross profit margin	43%	43%	43%	42%	45%	49%

<sup>1</sup> See Non-GAAP metrics and reconciliations for a walk from Net Income to Total Adjusted EBITDA





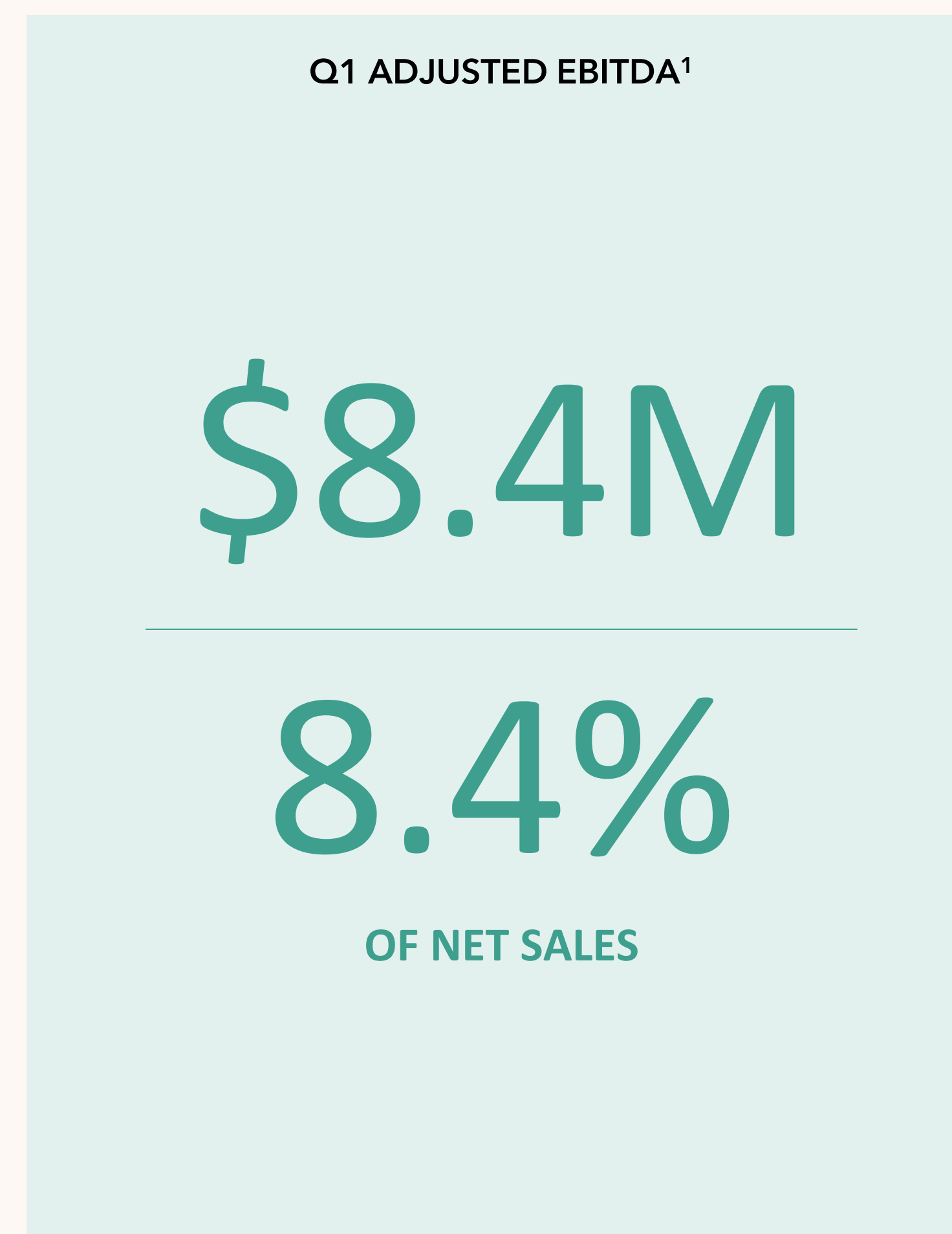
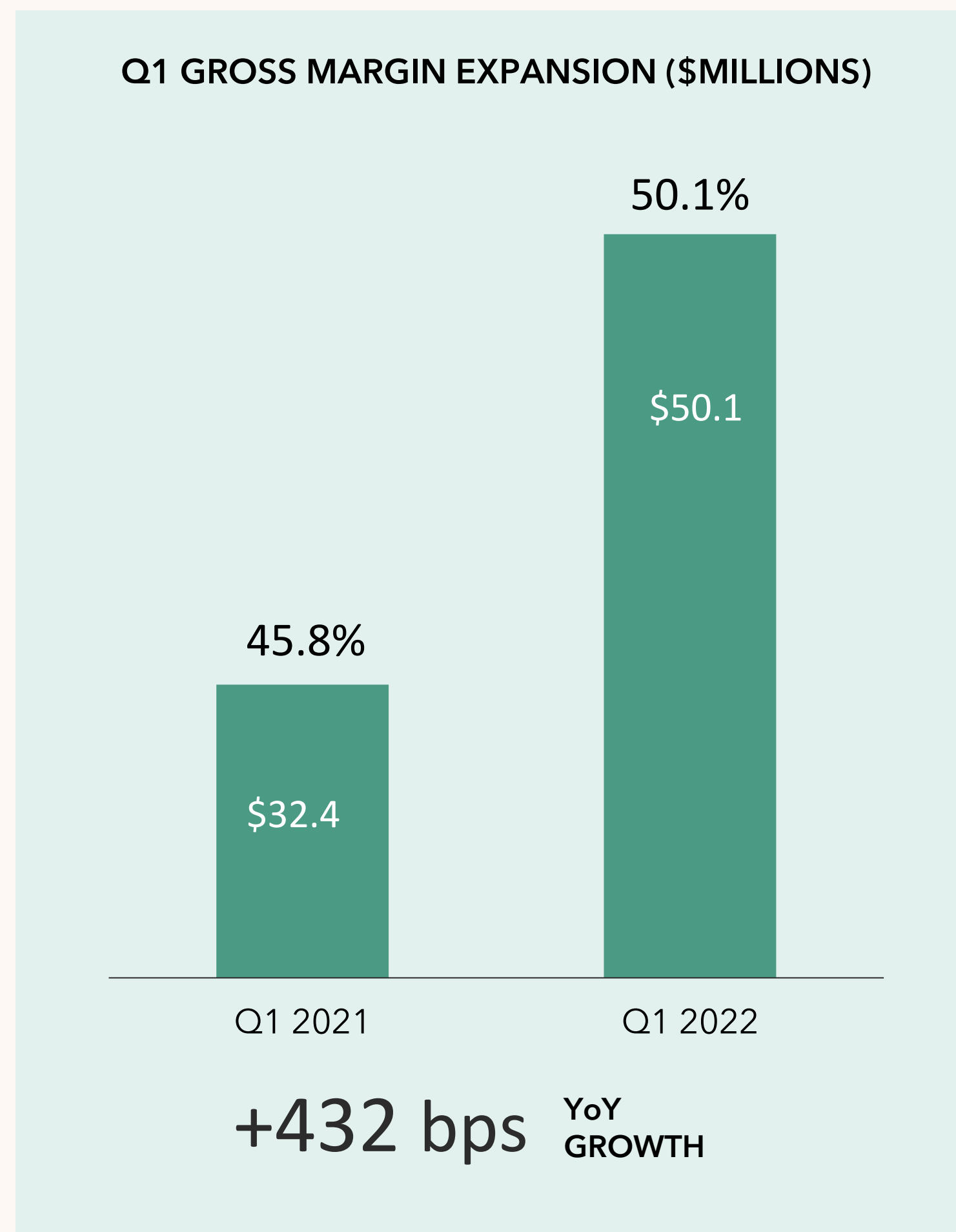
# Fiscal Year 2021 Financial Results



<sup>1</sup> See Non-GAAP metrics and reconciliations for a walk from Net Income to Total Adjusted EBITDA



# First Quarter FY22 Financial Results



<sup>1</sup> See Non-GAAP metrics and reconciliations for a walk from Net Income to Total Adjusted EBITDA



# Long-term Target Model

	Target	Drivers
Net Revenue Growth	High 20%s – low 30%s	Growth across our product lines and our omnichannel model
Gross Profit Margin	Mid 50%s	Premium products and brand, price optimization engine, procurement efficiencies and growth of higher margin fine jewelry
Marketing Expenses as a % of Net Revenue	Mid to high teens	Growth of brand awareness and continued rollout of unique joyful digital and showroom experiences to drive conversion and repeat behavior
Total Adj. EBITDA Margin	15-20%+	Gross margin expansion and improved effectiveness of our marketing spend and leverage in our G&A expenses



Note: These are not projections; they are goals / targets and are forward-looking, subject to significant business, economic, regulatory and competitive uncertainties and contingencies, many of which are beyond the control of the Company and its management, and are based upon assumptions with respect to future decisions, which are subject to change. Actual results will vary and those variations may be material. For discussion of some of the important factors that could cause these variations, please consult the "Risk Factors" section of the company's last issued 10-K. Nothing in this presentation should be regarded as a representation by any person that these goals / targets will be achieved and the Company undertakes no duty to update its goals.



# Non-GAAP Metrics and Reconciliations

## ADJUSTED EBITDA

	Three months ended March 31,		Twelve months ended December 31,	
(\$THOUSANDS)	2022	2021	2021	2020
Net income, as reported	3,369	2,408	26,256	21,576
Interest expense	1,776	1,926	7,589	4,942
Income tax expense/(benefit)	96	-	(316)	-
Depreciation expense	349	164	860	646
Showroom pre-opening expense	475	163	2,773	242
Equity-based compensation expense	2,104	93	2,795	46
Other expense, net <sup>1</sup>	59	620	6,601	74
Transaction costs & other expense <sup>2</sup>	146	1,129	3,926	-
Adjusted EBITDA	8,374	6,503	50,484	27,526
Net income margin	3.4%	3.4%	6.9%	8.6%
Adjusted EBITDA margin	8.4%	9.2%	13.3%	10.9%

Note: Fiscal year ended December 31

<sup>1</sup> Other expense, net in the 2021 periods 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 in 2021.

