

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): May 11, 2023**

**Brilliant Earth Group, Inc.**

(Exact name of registrant as specified in its charter)

<b>Delaware</b> (State or other jurisdiction of incorporation or organization)	<b>001-40836</b> (Commission File Number)	<b>87-1015499</b> (I.R.S. Employer Identification No.)
<b>300 Grant Avenue, Third Floor, San Francisco, CA</b> (Address of Principal Executive Offices)		<b>94108</b> (Zip Code)

Registrant's telephone number, including area code: **(800) 691-0952**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
<b>Class A common stock, \$0.0001 par value per share</b>	<b>BRLT</b>	<b>The Nasdaq Global Market</b>

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 2.02 Results of Operations and Financial Condition.**

On May 11, 2023, Brilliant Earth Group, Inc. issued a press release announcing its financial results for the three months ended March 31, 2023. A copy of such press release is attached as Exhibit 99.1 to this Current Report on Form 8-K.

The information furnished under this Item 2.02, including Exhibit 99.1 hereto, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as otherwise expressly stated in such filing.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	<a href="#">Press Release of Brilliant Earth Group, Inc., dated May 11, 2023</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**BRILLIANT EARTH GROUP, INC.**

Date: May 11, 2023

By: /s/ Jeffrey Kuo  
Jeffrey Kuo  
Chief Financial Officer

## Brilliant Earth Reports First Quarter 2023 Results

*Exceeded High End of Guidance for both Revenue and Adjusted EBITDA*

*Generated GAAP Diluted EPS of \$0.00 and Adjusted Diluted EPS of \$0.03*

*Reiterates Fiscal 2023 Outlook*

SAN FRANCISCO, Calif. – May 11, 2023 (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 months ended March 31, 2023.

### First Quarter 2023 Highlights (quarterly period ended March 31, 2023):

- **Delivered net sales of \$97.7 million, a 2.3% decrease from the prior year**, achieving a record level of orders for the first quarter and reflecting growing demand for and resonance of the Brilliant Earth brand.
- **Expanded gross margin by 480 basis points** to 54.9% for the first quarter, driven by continued strong brand resonance, differentiated product offerings, performance of the Company's pricing engine, procurement efficiencies and benefits from the Company's enhanced extended warranty program.
- **Generated strong profitability:**
  - Adjusted EBITDA was \$5.5 million for the first quarter; and
  - Net loss was \$0.4 million for the first quarter.
- **Continued omnichannel leadership:** In the first quarter of 2023, Brilliant Earth opened three new showrooms, bringing its U.S. showroom count to 28 as of March 31, 2023.

Beth Gerstein, Co-Founder and Chief Executive Officer said, “We are pleased with our start to the year, reporting first quarter results that surpassed our guidance. The first quarter marked our seventh consecutive period of consistently strong performance, reflecting continued share gains from the successful execution of our strategy and the discipline and agility with which we execute to drive strong revenue, significant expansion in gross margin, solid profitability, and sustained balance sheet strength.

Our mission-driven focus to disrupt and transform the jewelry industry and extend our lead as the jeweler for today’s consumer has increased the awareness and resonance of the Brilliant Earth brand with millennial and Gen Z consumers.”

Gerstein continued, “We are excited about the opportunities ahead and expect the continued success of our strategic initiatives from product innovation and curation to showroom expansion to be drivers of our growth. When coupled with the unique qualities of our agile, asset-light business model, we are well positioned to meet our annual goals.”

### First Quarter 2023 Financial Highlights

- Net sales were \$97.7 million compared to \$100.0 million in the first quarter of 2022, with 10.1% growth in Total Orders offset by a 11.3% decrease in AOV.
- Gross profit was \$53.7 million, or a 54.9% gross profit margin, compared to \$50.1 million, or a 50.1% gross profit margin in the first quarter of 2022.
- Net loss was \$0.4 million, compared to net income of \$3.4 million in the first quarter of fiscal 2022.
- Adjusted net income was \$2.4 million, compared to \$4.7 million in the first quarter of 2022 <sup>(3)</sup>.
- Adjusted EBITDA was \$5.5 million, compared to \$8.4 million in the first quarter of 2022 <sup>(3)</sup>.

## First Quarter Results

	Q1 2023	Q1 2022	% Change
Total Orders	35,631	32,372	10.1%
AOV	\$ 2,742	\$ 3,090	(11.3)%
<b>(\$ in millions, except per share amounts)</b>			
Net Sales	\$ 97.7	\$ 100.0	(2.3)%
Net (loss) income allocable to Brilliant Earth Group, Inc. <sup>(1)</sup>	\$ (0.1)	\$ 0.4	(125.0)%
Net (loss) income, as reported	\$ (0.4)	\$ 3.4	(113.1)%
Net (loss) income margin	(0.5)%	3.4%	(114.7)%
Adjusted net income <sup>(3)</sup>	\$ 2.4	\$ 4.7	(48.9)%
GAAP Diluted EPS <sup>(2)</sup>	\$ 0.00	\$ 0.03	(100.0)%
Adjusted Diluted EPS <sup>(3)</sup>	\$ 0.03	\$ 0.05	(40.0)%
Adjusted EBITDA <sup>(3)</sup>	\$ 5.5	\$ 8.4	(33.8)%
Adjusted EBITDA margin <sup>(3)</sup>	5.7%	8.4%	(32.1)%

\*Percentage changes may not recalculate due to rounding

(1) Represents net income allocable to Brilliant Earth Group, Inc. during the first quarter of 2023 and 2022

(2) Represents GAAP Diluted EPS for the first quarter of 2023 and 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

## Fiscal 2023 Outlook

Net sales	\$460 million - \$490 million
Adjusted EBITDA	\$17 million - \$32 million

## Webcast and Conference Call Information

Brilliant Earth will host an investor conference call and webcast to discuss first quarter results today, May 11, 2023, at 5:00 p.m. ET/2:00 p.m. PT. The webcast can be accessed at <https://investors.brilliantearth.com>. The conference call can be accessed by using the following link: <https://register.vevent.com/register/BI55086f4d7e4f4fe785651b1a363f0782>. After registering, an email will be sent including dial-in details and a unique conference call pin required to join the live call. 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 31 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, costs to fund the Brilliant Earth Foundation and transaction costs and other expenses that we did not incur in the normal course of business. 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, costs to fund the Brilliant Earth Foundation and transaction costs and other expenses that we did not incur in the normal course of business. 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. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements other than statements of historical facts contained in this press release may be forward-looking statements. Statements regarding our future results of operations and financial position, business strategy, and plans and objectives of management for future operations, including, among others, statements regarding expected growth and future capital expenditures, are forward-looking statements. In some cases, you can identify forward-looking statements

by terms, such as “anticipate,” “believe,” “contemplate,” “continue,” “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. You should not rely upon forward-looking statements as predictions of future events. 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 at our current scale of operations; the Company may be unable to manage growth effectively; increases in costs of diamonds, other gemstones and precious metals and 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 and uncertainties described in the section titled “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2022, which filing is available at [www.sec.gov](http://www.sec.gov). We qualify all of our forward-looking statements by these cautionary statements. These forward-looking statements speak only as of the date of this press release. Except as required by applicable law, we undertake no obligation to update or revise any forward-looking statements contained in this press release, whether as a result of any new information, future events or otherwise.

**Contacts:**

**Investors:**

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

	<b>Three months ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
Net sales	\$ 97,698	\$ 100,038
Cost of sales	44,022	49,922
Gross profit	53,676	50,116
Operating expenses:		
Selling, general and administrative	53,766	44,816
(Loss) income from operations	(90)	5,300
Interest expense	(1,206)	(1,776)
Other income (expense), net	843	(59)
(Loss) income before tax	(453)	3,465
Income tax benefit (expense)	13	(96)
Net (loss) income	(440)	3,369
Net (loss) income allocable to non-controlling interest	(388)	3,013
Net (loss) income allocable to Brilliant Earth Group, Inc.	\$ (52)	\$ 356
Earnings per share:		
Basic	\$ 0.00	0.04
Diluted	\$ 0.00	0.03
Weighted average shares of common stock outstanding:		
Basic	11,387,936	10,010,798
Diluted	11,387,936	96,526,843



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

	<u>March 31,</u>	<u>December 31,</u>
	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 145,972	\$ 154,649
Restricted cash	205	205
Inventories, net	37,864	39,331
Prepaid expenses and other current assets	11,541	11,764
Total current assets	<u>195,582</u>	<u>205,949</u>
Property and equipment, net	20,252	16,554
Deferred tax assets	9,336	8,948
Operating lease right of use assets	33,707	27,812
Other assets	3,423	3,311
Total assets	<u>\$ 262,300</u>	<u>\$ 262,574</u>
<b>Liabilities and equity</b>		
Current liabilities:		
Accounts payable	\$ 8,099	\$ 11,032
Accrued expenses and other current liabilities	30,053	37,833
Current portion of deferred revenue	21,854	18,505
Current portion of operating lease liabilities	5,315	3,873
Current portion of long-term debt	3,250	3,250
Total current liabilities	<u>68,571</u>	<u>74,493</u>
Long-term debt, net of debt issuance costs	58,693	59,462
Operating lease liabilities	33,750	28,537
Payable pursuant to the Tax Receivable Agreement	7,834	6,893
Other long-term liabilities	26	48
Total liabilities	<u>168,874</u>	<u>169,433</u>
Commitments and contingencies		
Equity		
Preferred stock, \$0.0001 par value, 10,000,000 shares authorized; none issued and outstanding at March 31, 2023 and December 31, 2022, respectively	—	—
Class A common stock, \$0.0001 par value, 1,200,000,000 shares authorized; 11,571,521 and 11,246,694 shares issued and outstanding at March 31, 2023 and December 31, 2022, respectively	1	1
Class B common stock, \$0.0001 par value, 150,000,000 shares authorized; 35,526,085 and 35,482,534 shares issued and outstanding at March 31, 2023 and December 31, 2022, respectively	4	4
Class C common stock, \$0.0001 par value, 150,000,000 shares authorized; 49,119,976 and 49,119,976 shares issued and outstanding at March 31, 2023 and December 31, 2022, respectively	5	5
Class D common stock, \$0.0001 par value, 150,000,000 shares authorized; none issued and outstanding at March 31, 2023 and December 31, 2022, respectively	—	—
Additional paid-in capital	7,615	7,256
Retained earnings	3,611	3,663
Equity attributable to Brilliant Earth Group, Inc.	<u>11,236</u>	<u>10,929</u>
NCI attributable to Brilliant Earth, LLC	82,190	82,212
Total equity	<u>93,426</u>	<u>93,141</u>
Total liabilities and equity	<u>\$ 262,300</u>	<u>\$ 262,574</u>

### **Unaudited GAAP to Non-GAAP Reconciliations**

(in thousands, except share and per share amounts)

#### **ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN**

	Three months ended	
	March 31,	
	2023	2022
Net (loss) income, as reported	\$ (440)	\$ 3,369
Interest expense	1,206	1,776
Income tax (benefit) expense	(13)	96
Depreciation expense	951	349
Amortization of cloud-based software implementation costs	124	—
Showroom pre-opening expense	1,772	475
Equity-based compensation expense	2,258	2,104
Other (income) expense, net <sup>(1)</sup>	(843)	59
Transaction costs and other expense <sup>(2)</sup>	532	146
Adjusted EBITDA	\$ 5,547	\$ 8,374
Net (loss) income margin	(0.5)%	3.4 %
Adjusted EBITDA margin	5.7 %	8.4 %

(1) Other (income) expense, net consists primarily of interest and other miscellaneous income, partially offset by expenses such as losses on exchange rates on consumer payments.

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

## ADJUSTED NET INCOME AND ADJUSTED DILUTED EARNINGS PER SHARE

	Three months ended March 31,	
	2023	2022
Net (loss) income attributable to Brilliant Earth Group, Inc., as reported <sup>(1)</sup>	\$ (52)	\$ 356
Net (loss) income impact from assumed redemption of all LLC Units to common stock <sup>(2)</sup>	(388)	3,013
Net (loss) income, as reported	(440)	3,369
Income tax benefit (expense) associated with conversion <sup>(3)</sup>	100	(753)
Tax effected net (loss) income after assumed conversion	(340)	2,616
Equity-based compensation expense	2,258	2,104
Showroom pre-opening expense	1,772	475
Other (income) expense, net <sup>(4)</sup>	(843)	59
Transaction costs and other expense <sup>(5)</sup>	532	146
Tax impact of adjustments	(962)	(696)
Adjusted Net income	\$ 2,417	\$ 4,704
Diluted weighted average of common stock assumed outstanding	11,387,936	96,526,843
Adjustments:		
Vested LLC Units that are exchangeable for common stock <sup>(6)</sup>	84,617,787	—
Unvested LLC Units that are exchangeable for common stock <sup>(6)</sup>	500,420	—
RSUs and stock options	171,154	—
Adjusted diluted weighted average of common stock assumed outstanding	96,677,297	96,526,843
Diluted earnings per share:		
As reported	\$ 0.00	\$ 0.03
As adjusted	\$ 0.03	\$ 0.05

(1) Represents net income allocable to Brilliant Earth Group, Inc. for the three months ended March 31, 2023 and 2022.

(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 (income) expense, net consists primarily of interest and other miscellaneous income, partially offset by expenses such as losses on exchange rates on consumer payments.

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

(6) Assumes the exchange of all outstanding LLC Units for shares of common stock, resulting in the elimination of the non-controlling interest and recognition of the net (loss) income attributable to non-controlling interest.