

**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): November 9, 2023

Brilliant Earth Group, Inc.

(Exact name of registrant as specified in its charter)

| | | |
|--|--|---|
| Delaware (State or other jurisdiction of incorporation or organization) | 001-40836 (Commission File Number) | 87-1015499 (I.R.S. Employer Identification No.) |
| 300 Grant Avenue, Third Floor San Francisco, CA (Address of Principal Executive Offices) | | 94108 (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 |
|---|-------------------|---|
| Class A common stock, \$0.0001 par value per share | BRLT | The Nasdaq Global Market |

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 November 9, 2023, Brilliant Earth Group, Inc. issued a press release announcing its financial results for the three and nine months ended September 30, 2023. A copy of such press release is furnished 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.

| Exhibit No. | Description |
|--------------------|--|
| 99.1 | Press Release of Brilliant Earth Group, Inc., dated November 9, 2023 |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

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: November 9, 2023

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

Brilliant Earth Reports Third Quarter 2023 Results

Exceeded Profitability Expectations and Increased Order Volume by 17%

Generated GAAP Diluted EPS of \$0.02 and Adjusted Diluted EPS of \$0.05

SAN FRANCISCO, Calif. – November 9, 2023 (GLOBE NEWSWIRE) – Brilliant Earth Group, Inc. (“Brilliant Earth” or the “Company”) (Nasdaq: BRLT), an innovative, global leader in ethically sourced fine jewelry, today announced financial results for the three and nine months ended September 30, 2023.

Third Quarter 2023 Financial Highlights (compared to Third Quarter 2022):

- Delivered **net sales of \$114.2 million**, a 2.5% increase year-over-year, and growth of 22% on a four-year CAGR basis
- **Increased order volume** by 17%
- **Expanded gross margin** by 380 bps to 58.5%
- Generated **strong profitability**
 - Net income was \$2.0 million
 - Adjusted EBITDA was \$7.6 million

"Our third quarter results highlight the power of Brilliant Earth's brand to drive share gains and sustainable profitable growth," said Beth Gerstein, Co-Founder and Chief Executive Officer. "Most recently, the response to our largest national brand campaign in Company history, featuring our new Sol Collection, exceeded expectations and continues to further elevate and grow awareness of Brilliant Earth. Our differentiators, including our accelerating brand momentum, omnichannel experience, data driven model, curated and customizable products and our authentic mission, position us well to continue to outperform the industry this holiday season and into the future."

Third Quarter 2023 Operational Highlights:

- Strong growth in fine jewelry bookings compared to Q3 2022, with **increasing fine jewelry average sales price** year-over-year
- **Unaided brand awareness more than doubled** among target demographic since May 2022*
- **Exceeded goal** of at least 35 showrooms in 2023 with 37 total showrooms as of September 30, 2023

*Measured by Brilliant Earth's September 2023 consumer survey.

Third Quarter Results

| | <u>Q3 2023</u> | <u>Q3 2022</u> | <u>Change</u> |
|--|----------------|----------------|---------------|
| Total Orders | 43,161 | 36,977 | 16.7% |
| AOV | \$ 2,645 | \$ 3,013 | (12.2)% |
| (\$ in millions, except per share amounts) | | | |
| Net Sales | \$ 114.2 | \$ 111.4 | 2.5% |
| Gross Profit | \$ 66.8 | \$ 60.9 | 9.7% |
| Gross Margin | 58.5% | 54.7% | 380 bps |
| Net income allocable to Brilliant Earth Group, Inc. ⁽¹⁾ | \$ 0.2 | \$ 0.6 | (66.7)% |
| Net income, as reported | \$ 2.0 | \$ 5.7 | (65.1)% |
| Net income margin | 1.8% | 5.1% | (330) bps |
| Adjusted net income ⁽³⁾ | \$ 4.8 | \$ 6.7 | (28.4)% |
| GAAP Diluted EPS ⁽²⁾ | \$ 0.02 | \$ 0.05 | (60.0)% |
| Adjusted Diluted EPS ⁽³⁾ | \$ 0.05 | \$ 0.07 | (28.6)% |
| Adjusted EBITDA ⁽³⁾ | \$ 7.6 | \$ 10.0 | (23.5)% |
| Adjusted EBITDA margin ⁽³⁾ | 6.7% | 8.9% | (220) bps |

*Percentage changes may not recalculate due to rounding

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

(2) Represents GAAP Diluted EPS for the third 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

Nine Month Results

| | <u>YTD September</u> <u>2023</u> | <u>YTD September</u> <u>2022</u> | <u>Change</u> |
|--|-------------------------------------|-------------------------------------|---------------|
| Total Orders | 121,641 | 104,715 | 16.2% |
| AOV | \$ 2,647 | \$ 3,058 | (13.4)% |
| (\$ in millions, except per share amounts) | | | |
| Net Sales | \$ 322.0 | \$ 320.3 | 0.6% |
| Gross Profit | \$ 184.0 | \$ 168.9 | 9.0% |
| Gross Margin | 57.1% | 52.7% | 440 bps |
| Net income allocable to Brilliant Earth Group, Inc. ⁽¹⁾ | \$ 0.3 | \$ 1.4 | (78.6)% |
| Net income, as reported | \$ 2.8 | \$ 12.8 | (78.2)% |
| Net income margin | 0.9% | 4.0% | (310) bps |
| Adjusted net income ⁽³⁾ | \$ 12.7 | \$ 17.3 | (26.6)% |
| GAAP Diluted EPS ⁽²⁾ | \$ 0.02 | \$ 0.10 | (80.0)% |
| Adjusted Diluted EPS ⁽³⁾ | \$ 0.13 | \$ 0.18 | (27.8)% |
| Adjusted EBITDA ⁽³⁾ | \$ 20.9 | \$ 28.0 | (25.2)% |
| Adjusted EBITDA margin ⁽³⁾ | 6.5% | 8.7% | (220) bps |

*Percentage changes may not recalculate due to rounding

- (1) Represents net income allocable to Brilliant Earth Group, Inc. during the nine months ended September 30, 2023 and 2022
- (2) Represents GAAP Diluted EPS for the nine months ended September 30, 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

Updated Fiscal 2023 Outlook

The Company's updated 2023 guidance reflects the current normalizing jewelry industry conditions while reiterating management's expectation to continue gaining market share with increasing order volume and delivering profitable growth. "Our ability to maintain profitability despite industry headwinds speaks to the effectiveness of our agile structure and the speed with which we can adapt," said Jeff Kuo, Chief Financial Officer.

| | |
|-----------------|-------------------------------|
| Net sales | \$444 million - \$450 million |
| Adjusted EBITDA | \$22 million - \$24 million |

Webcast and Conference Call Information

Brilliant Earth will host an investor conference call and webcast to discuss third quarter results today, November 9, 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/B14da3000c6bc846019dde41614bbff493>. 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 event will remain available on the Brilliant Earth investor website after the live webcast concludes.

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 more than 35 showrooms across the United States 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 before interest, taxes, depreciation and amortization. We define Adjusted EBITDA as net income 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.

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’s 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. 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:

Stefanie Layton

investorrelations@brilliantearth.com

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|------------|------------------------------------|------------|
| | 2023 | 2022 | 2023 | 2022 |
| Net sales | \$ 114,154 | \$ 111,405 | \$ 322,036 | \$ 320,252 |
| Cost of sales | 47,327 | 50,487 | 138,044 | 151,397 |
| Gross profit | 66,827 | 60,918 | 183,992 | 168,855 |
| Operating expenses: | | | | |
| Selling, general and administrative | 64,813 | 54,615 | 180,708 | 151,576 |
| Income from operations | 2,014 | 6,303 | 3,284 | 17,279 |
| Interest expense | (1,322) | (778) | (3,808) | (3,700) |
| Other income, net | 1,401 | 374 | 3,436 | 266 |
| Loss on extinguishment of debt | — | — | — | (617) |
| Income before tax | 2,093 | 5,899 | 2,912 | 13,228 |
| Income tax expense | (95) | (180) | (119) | (389) |
| Net income | 1,998 | 5,719 | 2,793 | 12,839 |
| Net income allocable to non-controlling interest | 1,753 | 5,073 | 2,452 | 11,413 |
| Net income allocable to Brilliant Earth Group, Inc. | \$ 245 | \$ 646 | \$ 341 | \$ 1,426 |
| Earnings per share: | | | | |
| Basic | \$ 0.02 | \$ 0.06 | \$ 0.03 | \$ 0.13 |
| Diluted | \$ 0.02 | \$ 0.05 | \$ 0.02 | \$ 0.10 |
| Weighted average shares of common stock outstanding: | | | | |
| Basic | 12,149,770 | 10,884,306 | 11,780,905 | 10,571,777 |
| Diluted | 97,194,920 | 96,574,462 | 96,918,465 | 96,488,889 |

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

| | <u>September 30,</u> | <u>December 31,</u> |
|--|----------------------|---------------------|
| | <u>2023</u> | <u>2022</u> |
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 147,131 | \$ 154,649 |
| Restricted cash | 209 | 205 |
| Inventories, net | 37,256 | 39,331 |
| Prepaid expenses and other current assets | 11,271 | 11,764 |
| Total current assets | 195,867 | 205,949 |
| Property and equipment, net | 22,402 | 16,554 |
| Deferred tax assets | 9,272 | 8,948 |
| Operating lease right of use assets | 35,459 | 27,812 |
| Other assets | 2,693 | 3,311 |
| Total assets | \$ 265,693 | \$ 262,574 |
| Liabilities and equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 4,108 | \$ 11,032 |
| Accrued expenses and other current liabilities | 35,073 | 37,833 |
| Current portion of deferred revenue | 23,051 | 18,505 |
| Current portion of operating lease liabilities | 4,866 | 3,873 |
| Current portion of long-term debt | 3,656 | 3,250 |
| Total current liabilities | 70,754 | 74,493 |
| Long-term debt, net of debt issuance costs | 56,749 | 59,462 |
| Operating lease liabilities | 37,066 | 28,537 |
| Payable pursuant to the Tax Receivable Agreement | 7,675 | 6,893 |
| Other long-term liabilities | 4 | 48 |
| Total liabilities | 172,248 | 169,433 |
| Commitments and contingencies (Note 10) | | |
| Equity | | |
| Preferred stock, \$0.0001 par value, 10,000,000 shares authorized, none issued and outstanding at September 30, 2023 and December 31, 2022, respectively | — | — |
| Class A common stock, \$0.0001 par value, 1,200,000,000 shares authorized; 12,260,942 and 11,246,694 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively | 1 | 1 |
| Class B common stock, \$0.0001 par value, 150,000,000 shares authorized; 35,669,224 and 35,482,534 shares issued and outstanding at September 30, 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 September 30, 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 September 30, 2023 and December 31, 2022, respectively | — | — |
| Additional paid-in capital | 7,791 | 7,256 |
| Retained earnings | 4,004 | 3,663 |
| Equity attributable to Brilliant Earth Group, Inc. | 11,805 | 10,929 |
| NCI attributable to Brilliant Earth, LLC | 81,640 | 82,212 |
| Total equity | 93,445 | 93,141 |
| Total liabilities and equity | \$ 265,693 | \$ 262,574 |

Unaudited GAAP to Non-GAAP Reconciliations

(in thousands, except share and per share amounts)

ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|-------------------------------------|----------|------------------------------------|-----------|
| | 2023 | 2022 | 2023 | 2022 |
| Net income, as reported | \$ 1,998 | \$ 5,719 | \$ 2,793 | \$ 12,839 |
| Interest expense | 1,322 | 778 | 3,808 | 3,700 |
| Income tax expense | 95 | 180 | 119 | 389 |
| Depreciation expense | 1,105 | 501 | 2,996 | 1,248 |
| Amortization of cloud-based software implementation costs | 145 | 50 | 408 | 86 |
| Showroom pre-opening expense | 1,311 | 796 | 4,754 | 2,602 |
| Equity-based compensation expense | 2,569 | 2,311 | 7,454 | 6,563 |
| Loss on extinguishment of debt | — | — | — | 617 |
| Other income, net ⁽¹⁾ | (1,401) | (374) | (3,436) | (266) |
| Transaction costs and other expense ⁽²⁾ | 480 | — | 2,012 | 180 |
| Adjusted EBITDA | \$ 7,624 | \$ 9,961 | \$ 20,908 | \$ 27,958 |
| Net income margin | 1.8 % | 5.1 % | 0.9 % | 4.0 % |
| Adjusted EBITDA margin | 6.7 % | 8.9 % | 6.5 % | 8.7 % |

(1) Other income, 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. For the nine month period ended September 30, 2023, costs included a \$1 million charitable contribution.

ADJUSTED NET INCOME AND ADJUSTED DILUTED EARNINGS PER SHARE

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|-------------------------------------|-----------------|------------------------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Net income attributable to Brilliant Earth Group, Inc., as reported ⁽¹⁾ | \$ 245 | \$ 646 | \$ 341 | \$ 1,426 |
| Net income impact from assumed redemption of all LLC Units to common stock ⁽²⁾ | 1,753 | 5,073 | 2,452 | 11,413 |
| Net income, as reported | 1,998 | 5,719 | 2,793 | 12,839 |
| Income tax expense associated with conversion ⁽³⁾ | (454) | (1,350) | (634) | (2,953) |
| Tax effected net income after assumed conversion | 1,544 | 4,369 | 2,159 | 9,886 |
| Equity-based compensation expense | 2,569 | 2,311 | 7,454 | 6,563 |
| Loss on extinguishment of debt | — | — | — | 617 |
| Showroom pre-opening expense | 1,311 | 796 | 4,754 | 2,602 |
| Transaction costs and other expense ⁽⁴⁾ | 480 | — | 2,012 | 180 |
| Tax impact of adjustments | (1,128) | (748) | (3,679) | (2,508) |
| Adjusted net income ⁽⁵⁾ | <u>\$ 4,776</u> | <u>\$ 6,728</u> | <u>\$ 12,700</u> | <u>\$ 17,340</u> |
| Diluted weighted average of common stock assumed outstanding | 97,194,920 | 96,574,462 | 96,918,465 | 96,488,889 |
| Diluted earnings per share: | | | | |
| As reported | \$ 0.02 | \$ 0.05 | \$ 0.02 | \$ 0.10 |
| As adjusted | \$ 0.05 | \$ 0.07 | \$ 0.13 | \$ 0.18 |

(1) Represents net income allocable to Brilliant Earth Group, Inc. for the three months and nine months ended September 30, 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) These expenses are those that we did not incur in the normal course of business. For the nine month period ended September 30, 2023, costs included a \$1 million charitable contribution.

(5) The Company has removed the adjustment for "other (income) expense, net" in its calculation of Adjusted net income. This adjustment in fiscal years 2022 and 2023 principally consisted of interest income on the Company's cash balances. Prior periods have been adjusted to conform to the current year presentation.