

# BRILLIANT EARTH®

William Blair 43<sup>rd</sup> Annual Growth Stock Conference

June 7, 2023



## Forward-Looking Statements

This Presentation and statements to be made on the earnings conference call (collectively, the "Presentation"), contain 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 Presentation may be forward-looking statements. Statements regarding our future results of operations and financial position, business strategy, plans and objectives of management for future operations, including, among others, statements regarding expected growth, future capital expenditures, and debt service obligations, 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. We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short term and long-term business operations and objectives, and financial needs. Although we believe that the expectations reflected in these forward-looking statements are reasonable as of the date made, actual results may prove to be materially different from the results expressed or implied by the forward-looking statements. These forward-looking statements are subject to a number of risks, uncertainties, and assumptions, including, but not limited to: risks related to our rapid growth in recent years and limited operating experience; our ability to manage growth effectively; risks related to increases in costs of diamonds, other gemstones and precious metals; lead times, and supply shortages and supply changes; our ability to maintain a low cost of production and distribution; fluctuations in the pricing and supply of diamonds, other gemstones, and precious metals, particularly responsibly sourced natural and 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; our ability to cost-effectively turn existing customers into repeat customers or to acquire new customers; our expansion plans in the U.S.; risks related to an overall decline in the health of the economy and other factors impacting consumer spending, such as recessionary conditions, governmental instability, war or the threat of war, and natural disasters; our history of losses, and our ability to sustain profitability; our ability to compete in the fine jewelry retail industry; our ability to manage our inventory balances and inventory shrinkage; a decline in sales of Create Your Own rings; our ability to maintain and enhance our brand; the effectiveness of our marketing efforts; the impact of environmental, social, and governance matters on our business and reputation; our e-commerce and omnichannel business; our ability to effectively anticipate and respond to changes in consumer preferences and shopping patterns; our ability to predict future performance due to quarterly and annual fluctuations of our results of operations and operating cash flow; our dependence on distributions from Brilliant Earth, LLC to pay our taxes and expenses; our obligations under our Tax Receivable Agreement and our organizational structure; and the other risks, uncertainties and the factors described in Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 filed with the Securities and Exchange Commission on March 21, 2023. We qualify all of our forward-looking statements by these cautionary statements. These forward-looking statements speak only as of the date of this Presentation. Except as required by applicable law, we undertake no obligation to update or revise any forward-looking statements contained in this Presentation, whether as a result of any new information, future events or otherwise.

## 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.

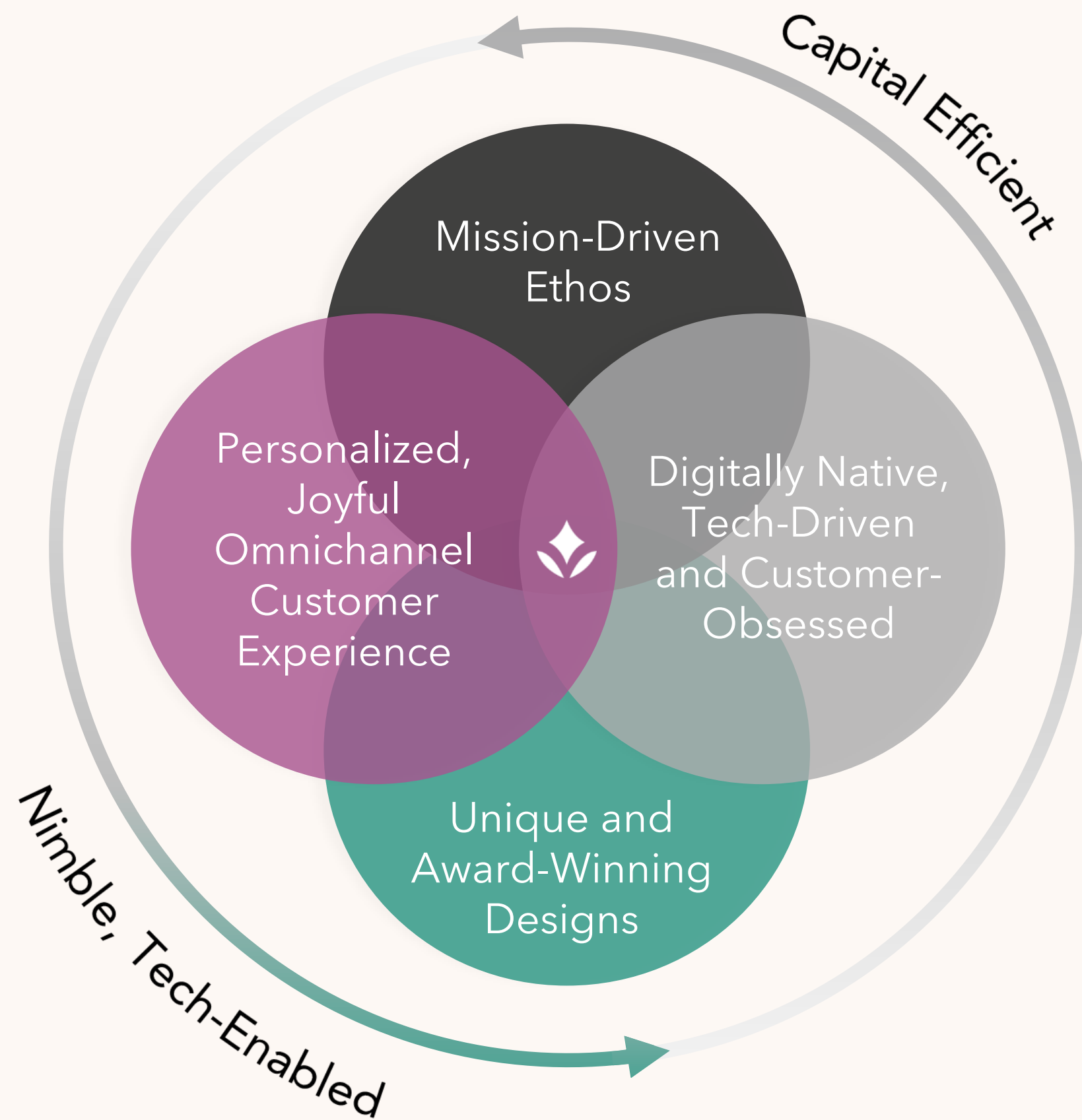


# Beth Gerstein

Chief Executive Officer



# 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<sup>1</sup>

**\$439.9m**

NET SALES

**15.7%**

Y/Y NET SALES  
GROWTH

**\$2,940**

AOV

**53.3%**

GROSS MARGIN

**8.9%**

ADJ. EBITDA  
MARGIN

## Capital Efficient<sup>1</sup>

**6.4X**

INVENTORY TURNS

**2.1%**

CAPEX % OF NET SALES

## High Brand Affinity

**66%**

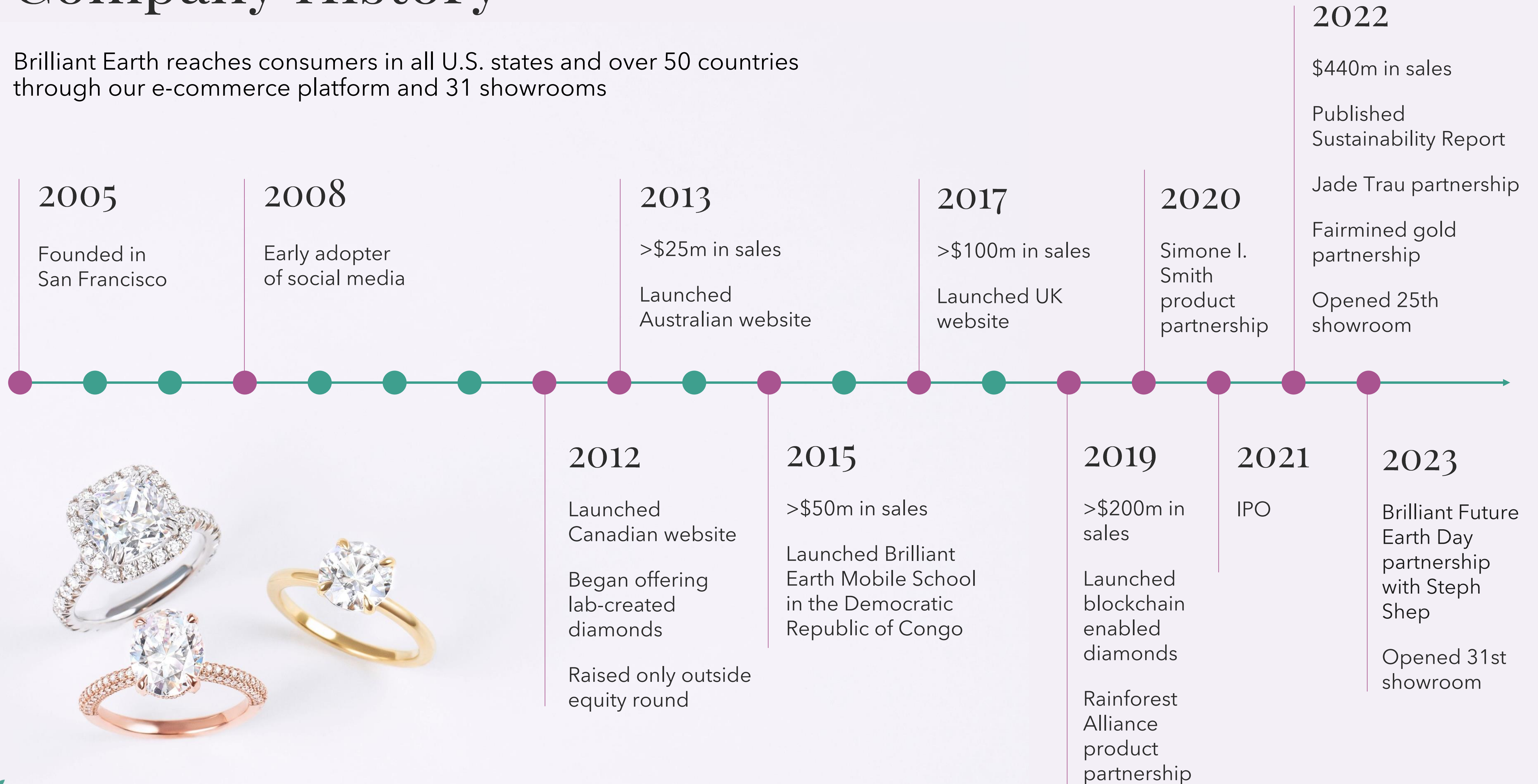
AIDED BRAND AWARENESS<sup>2</sup>



<sup>1</sup> FY 2022; <sup>2</sup> Aided Brand Awareness with our demographic; Brilliant Earth Q1 2023 Brand Awareness Study  
See Appendix for a walk from Net Income and Net Income Margin to Adjusted EBITDA and Adjusted EBITDA Margin

# Company History

Brilliant Earth reaches consumers in all U.S. states and over 50 countries through our e-commerce platform and 31 showrooms



# Brilliant Earth's Competitive Advantages

1 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

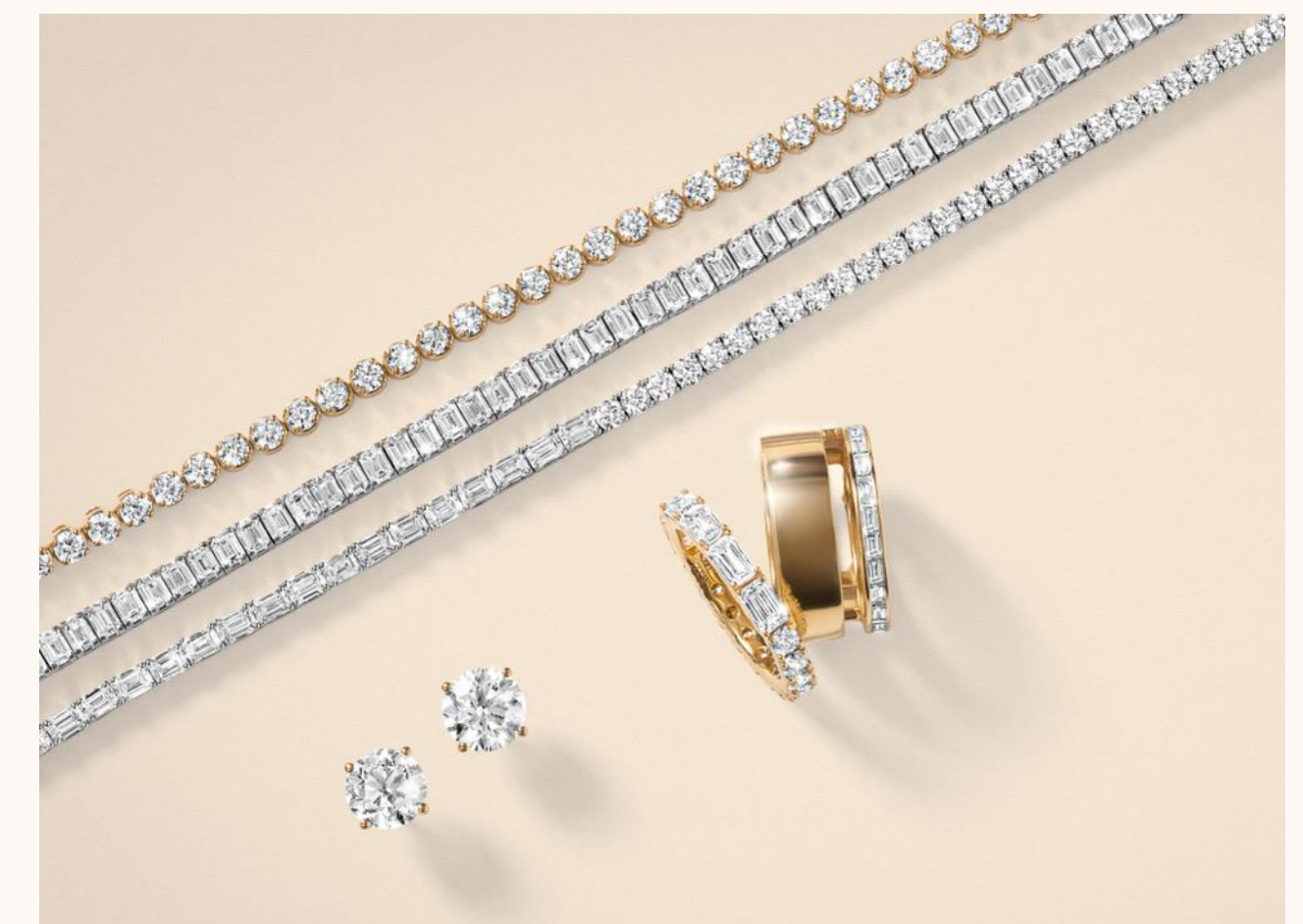
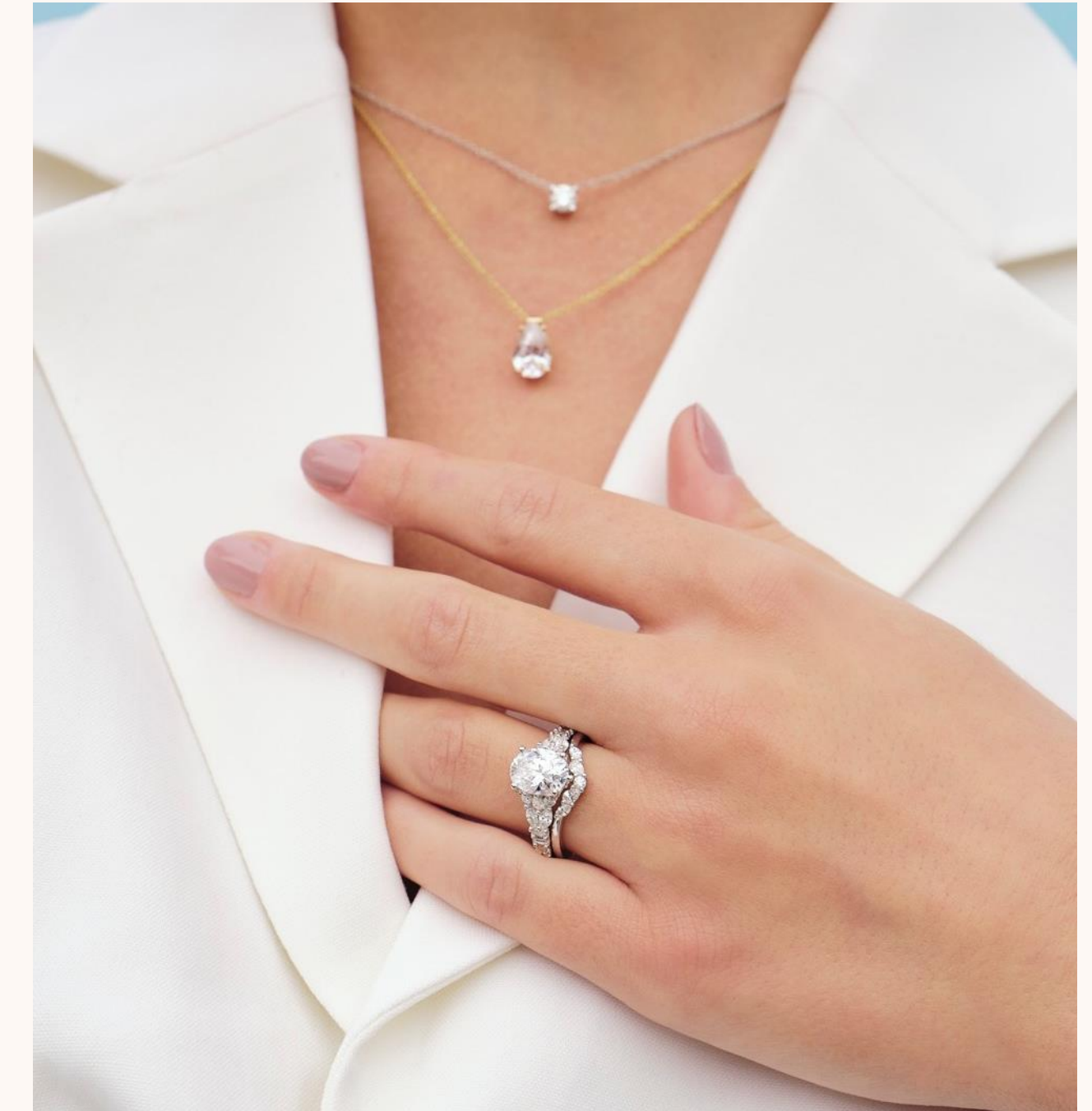
4 OMNICHANNEL MODEL PROVIDES A JOYFUL,  
SEAMLESS SHOPPING EXPERIENCE

5 OUR VALUES STRONGLY RESONATE WITH  
OUR CUSTOMERS



# 2023 Priorities

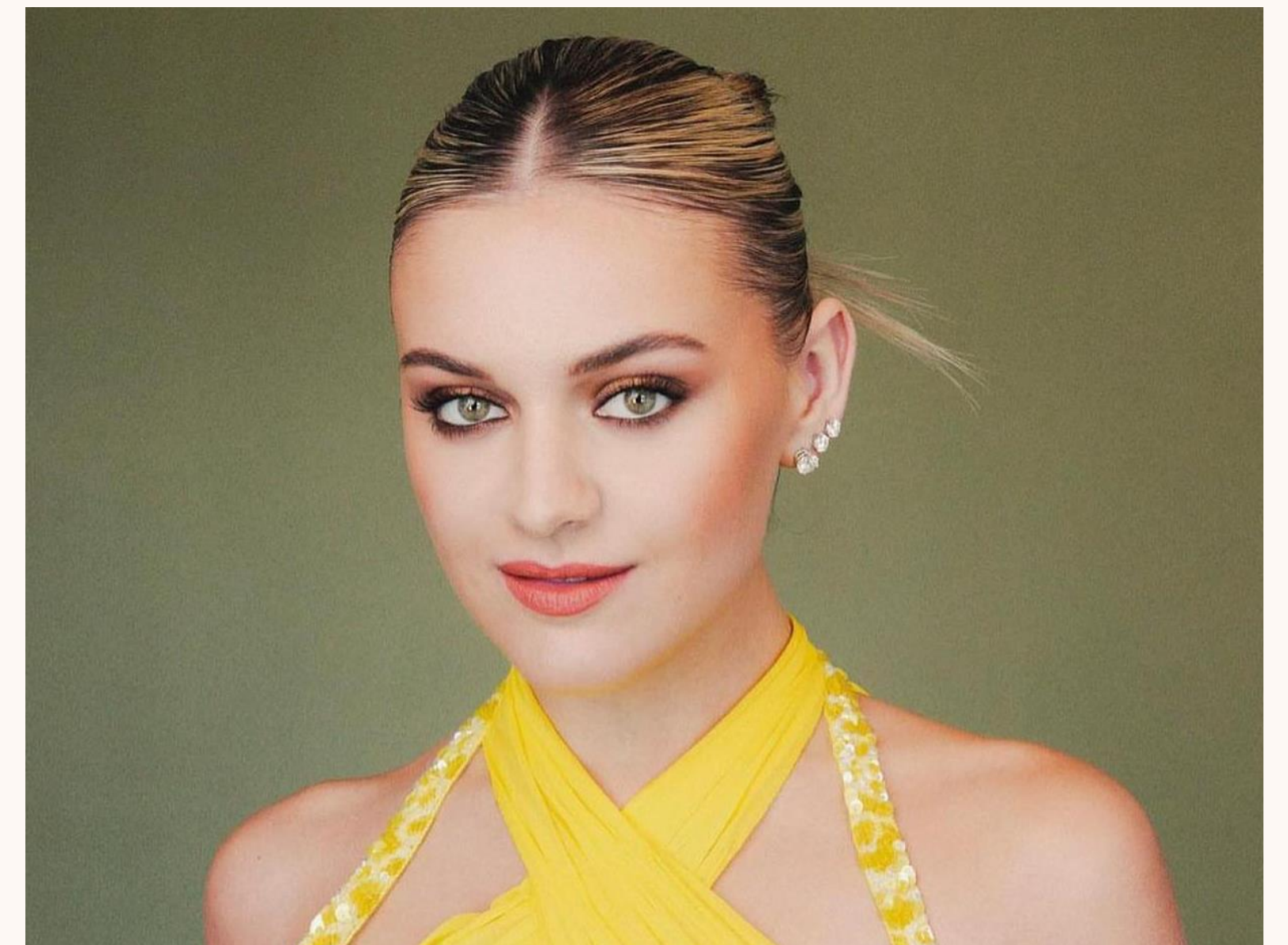
- ✦ Continue on our path to become the premier global jewelry brand for today's consumer
- ✦ Expand and refine distinctive, high-quality product offering
- ✦ Expand and elevate omnichannel experience
- ✦ Invest in technology and systems to enable continued profitable growth





# Growing Brand Reach and Resonance

- ✦ Grew Q1 2023 share of voice with 85% more media impressions than last year
- ✦ Executing moments with trend-leading products with influencers like Nick Viall from The Bachelor sharing his proposal with a Brilliant Earth ring and Kelsea Ballerini wearing Brilliant Earth at the Grammys
- ✦ Among top jewelry brands for share of voice



# Strong and Growing Brand Awareness

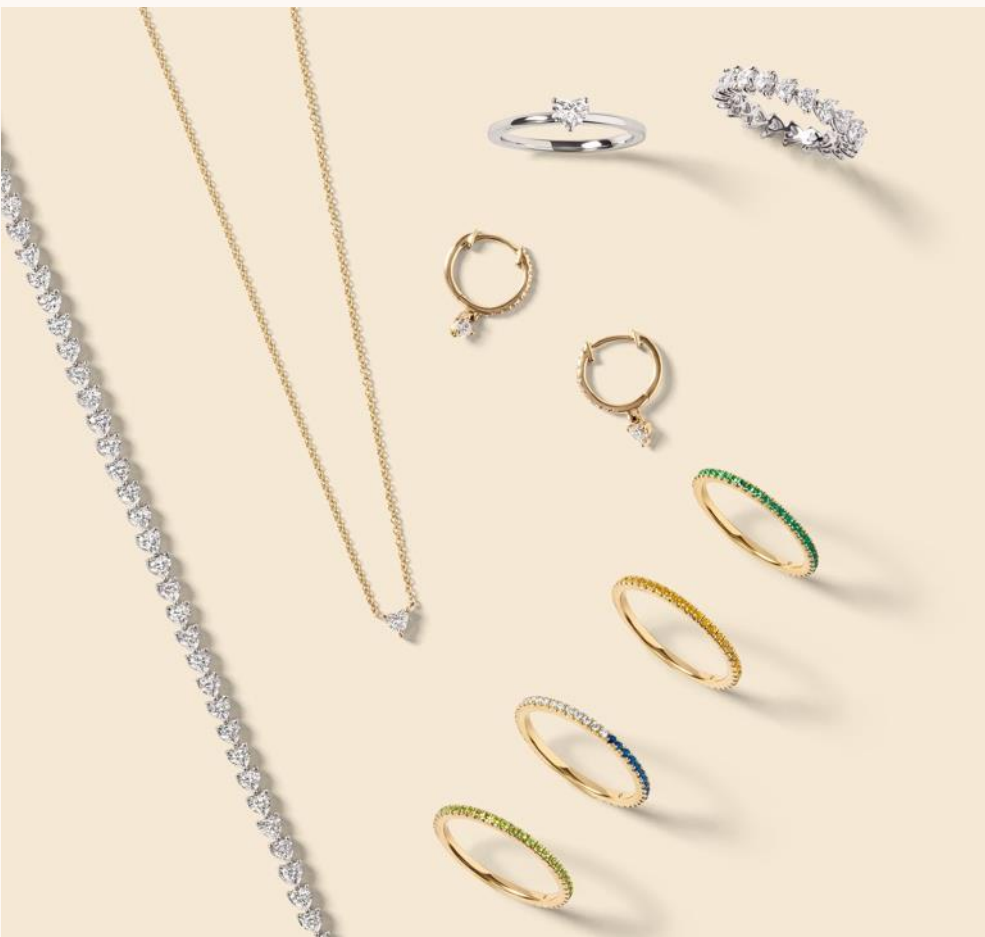
- ✦ Aided Brand Awareness with our demographic grew to 66%, up 12 points from our measurement ~2 years ago<sup>1</sup>
- ✦ Expansion of reach reflected in growing fine jewelry self-purchases
- ✦ Generated 68% y/y growth in fine jewelry orders during 2023 Valentine's Day holiday gifting period
- ✦ Launched a 10-day Earth Day campaign with Steph Shep, founder of Future Earth



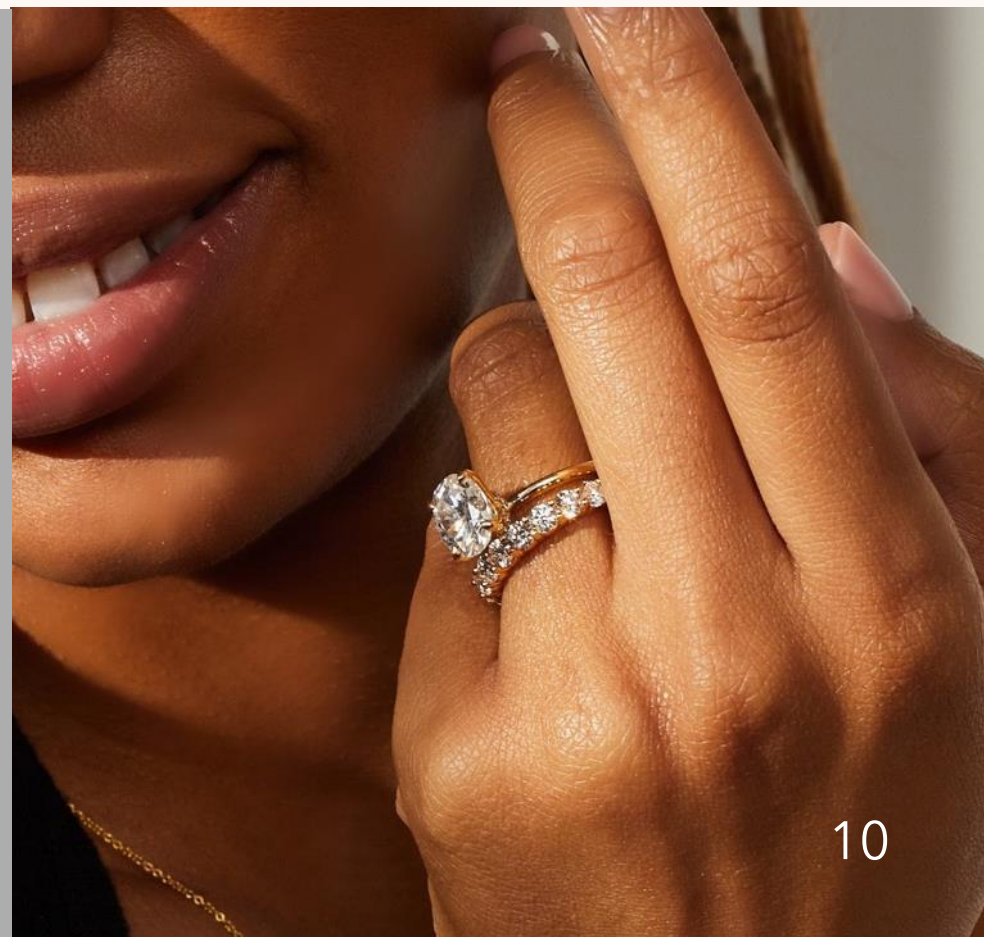
Increasing Awareness



Leveraging Influencers and Partnerships



Personalized and Customizable Products



<sup>1</sup>Brilliant Earth Q1 2023 Brand Awareness Study

# Beautifully Designed, Trend-Leading, Distinctive, Personalized Products

- ✦ Strong bridal offering with new, trend-leading and proprietary designs
- ✦ Launched the Mosaics Collection in Q1 2023, reinforcing design leadership with distinctive engagement rings and wedding bands



# Continued Showroom Expansion

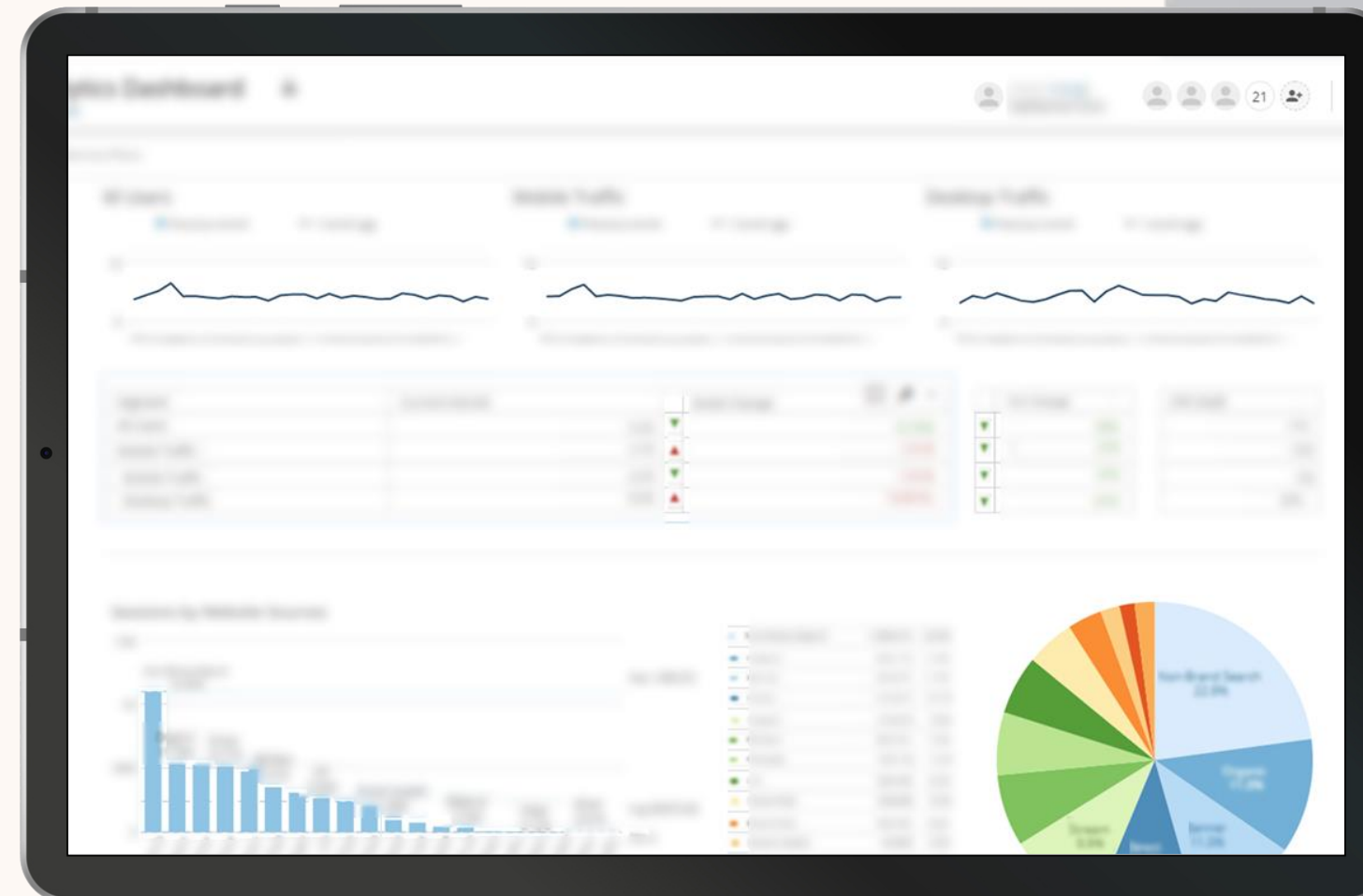
- ✦ Have launched 6 new showrooms in 2023 – Charlotte, Brooklyn, Tampa, Pasadena, Nashville and Fairfax, bringing our total number of showrooms to 31
- ✦ Continue to test and evolve showroom concepts and executions, including new formats like mall-based showrooms
- ✦ Showrooms opened at least one year have generated ~100% metro bookings growth in the first year post-opening<sup>1</sup>
- ✦ On track to end the year with at least 35 total showrooms



<sup>1</sup> As of Q1 2023

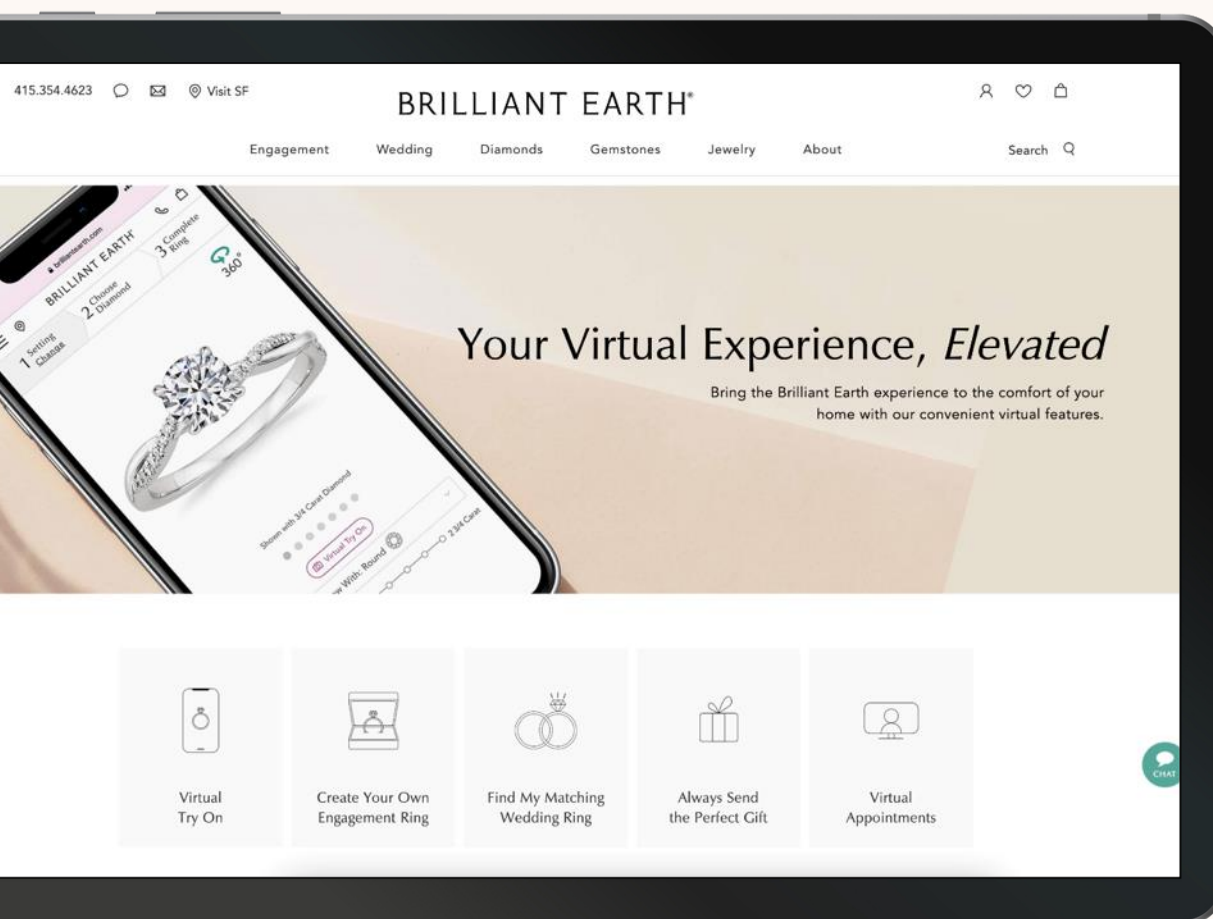
# Data Capabilities Drive The Brilliant Earth Experience

- ✦ Tech-enabled data analysis drives curated product assortment in-store and online
- ✦ Refined testing and sophisticated algorithms optimize e-commerce platform
- ✦ Product development cycle based on data-driven insights from consumer preferences
- ✦ Customer interactions are tracked and analyzed in an integrated CRM / ERP system
- ✦ Rapidly growing customer base resulting in larger first-party data warehouse
- ✦ Leverage first- and third-party data to inform real estate decisions



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

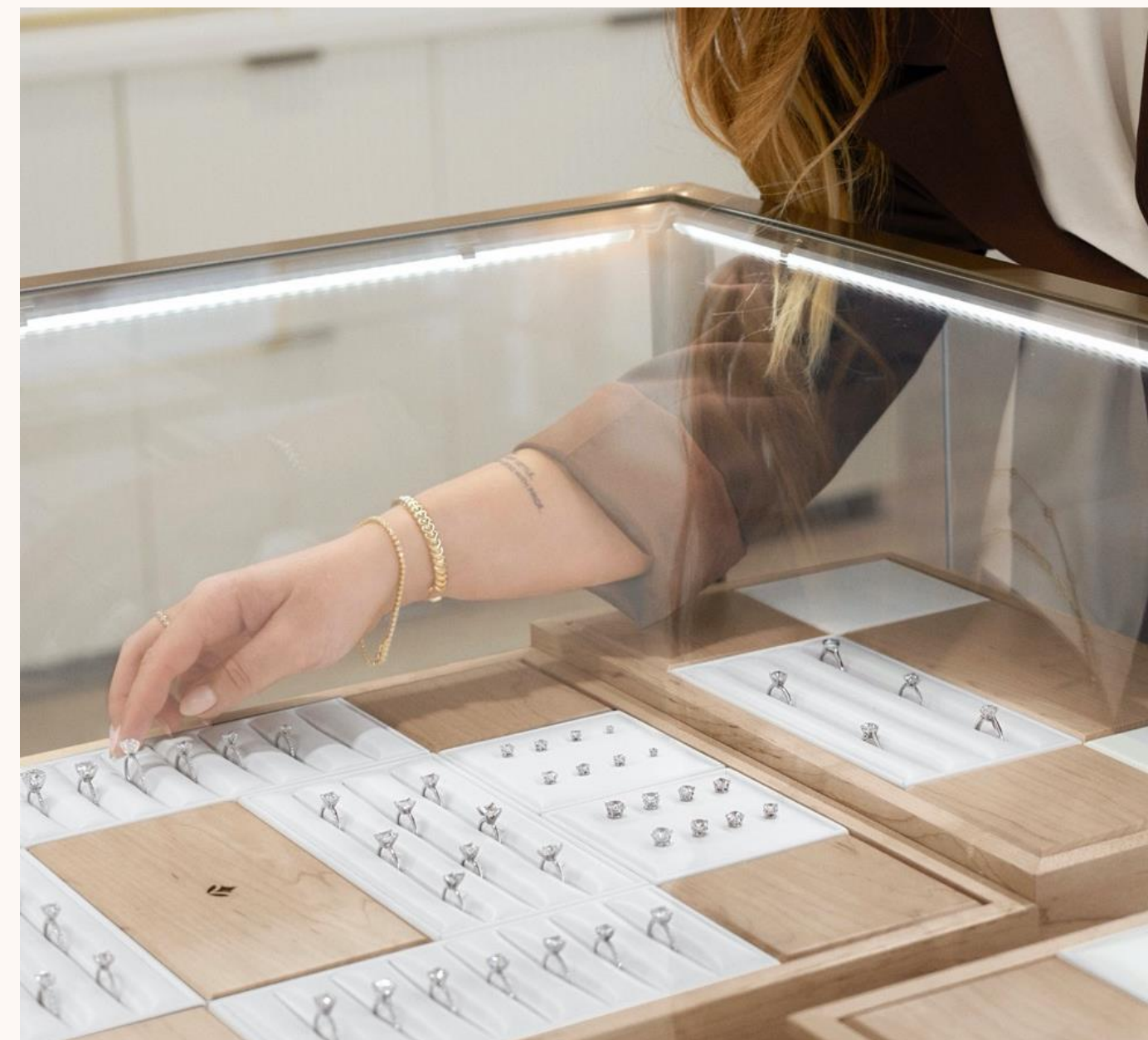
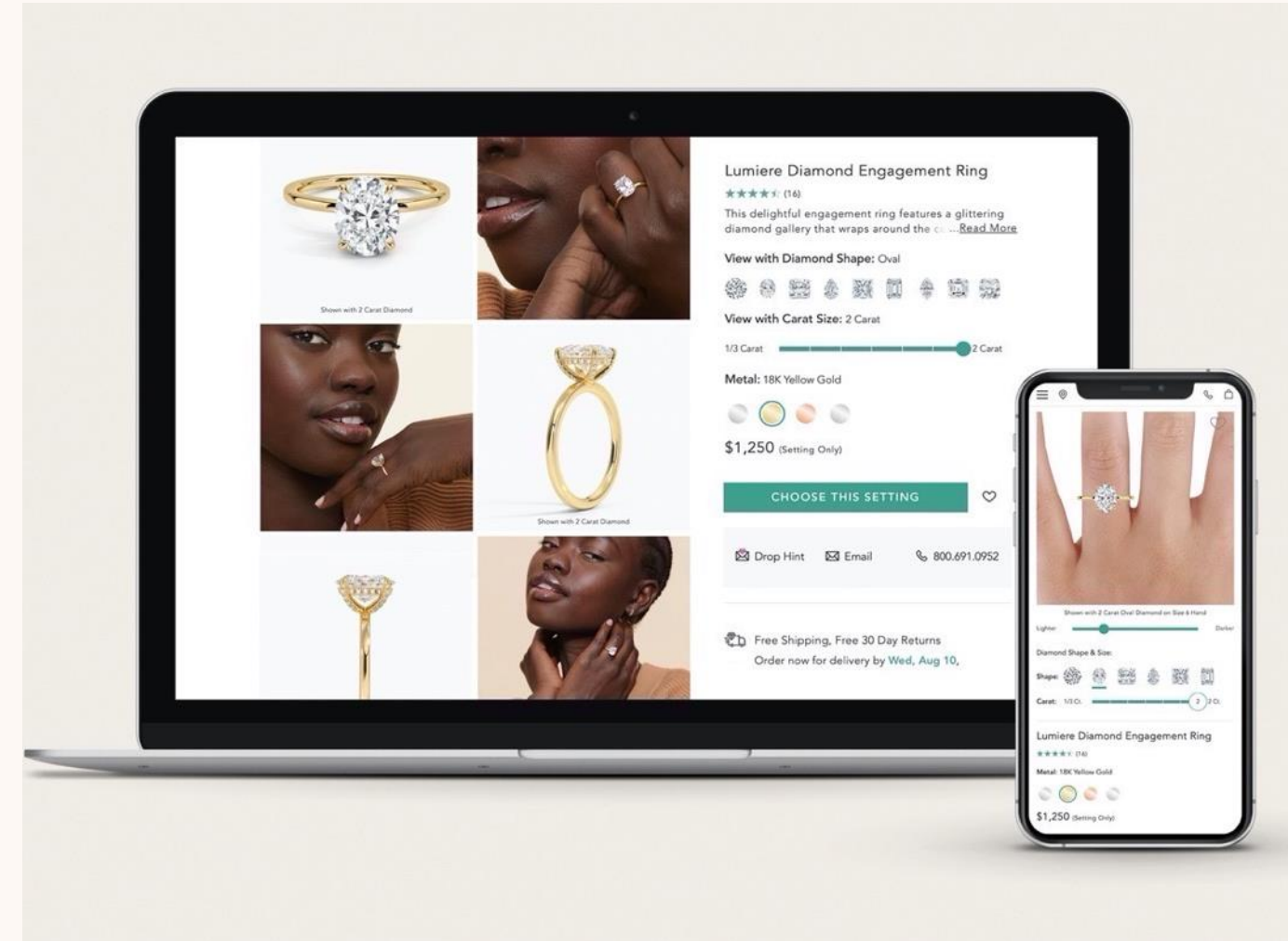
- ✦ Exceptional customer experience
- ✦ Virtual inventory of hundreds of thousands of natural & lab-grown diamonds offers broad range of options for customers<sup>1</sup>
- ✦ ~6-12 business day typical make-to-order turnaround for create-your-own engagement rings
- ✦ Supply chain advantages from long term strategic relationships and strong technology integration



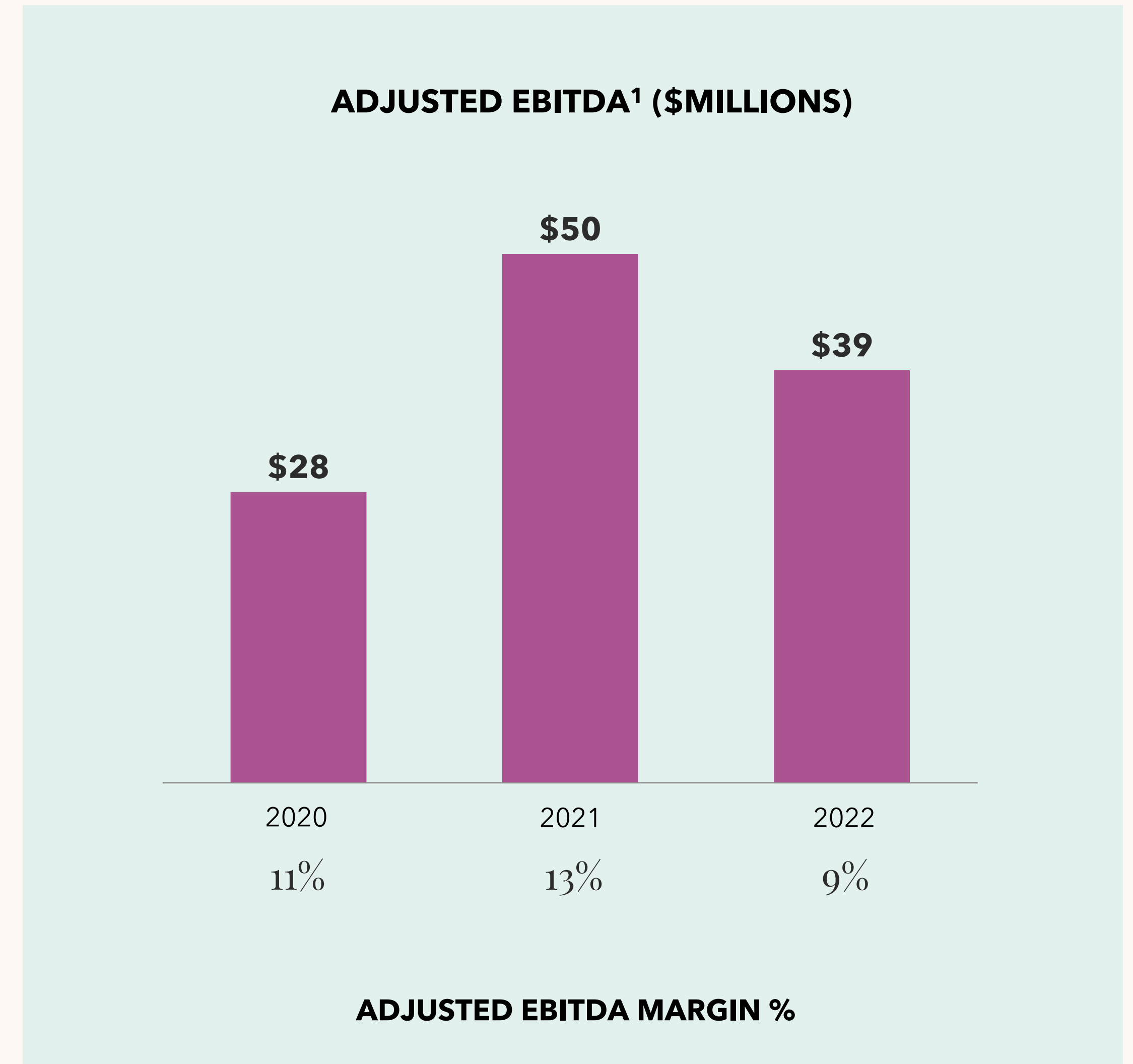
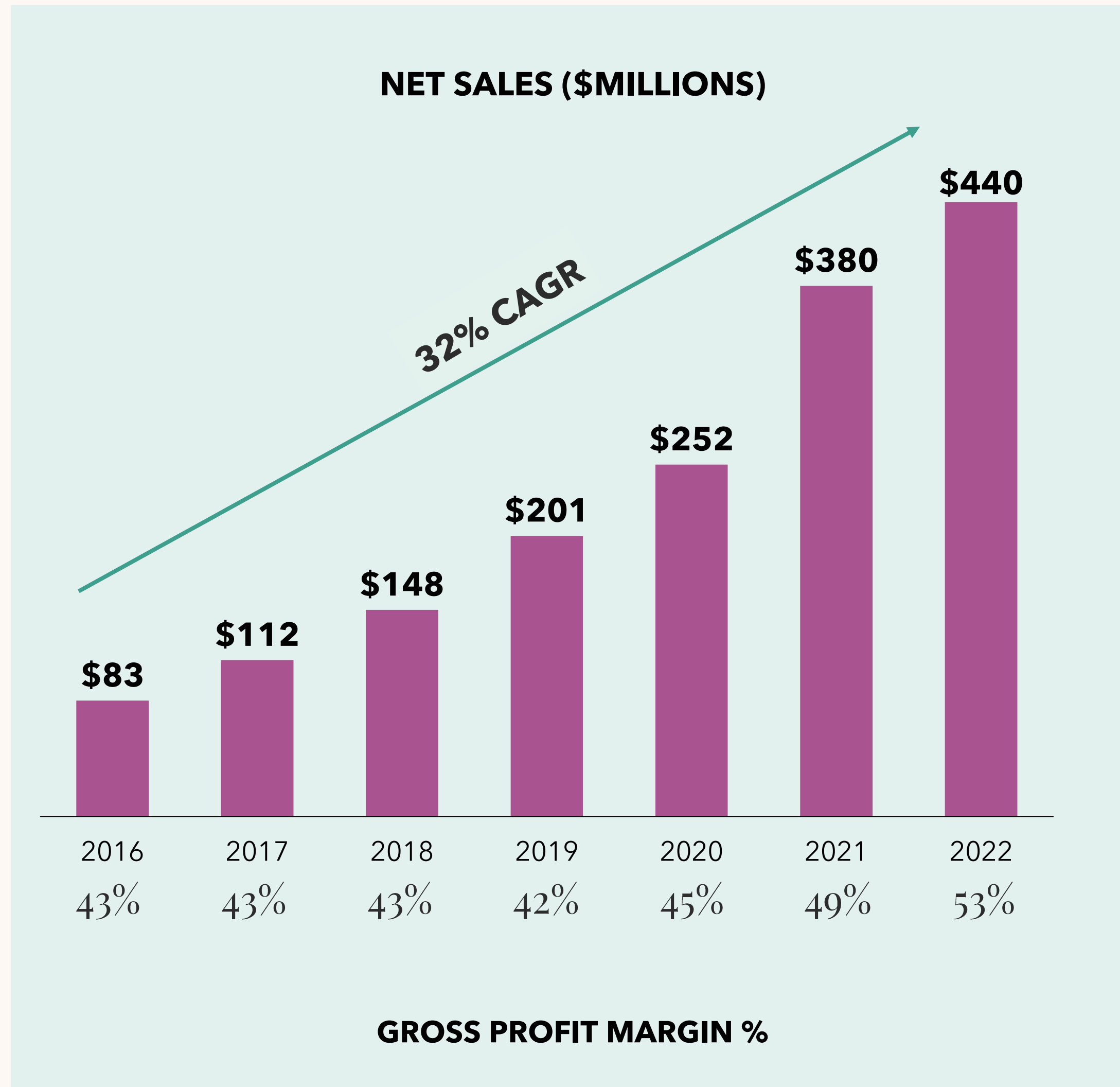
<sup>1</sup> As of June 2, 2023

# Power of Omnichannel Model

- ✦ Seamless, frictionless consumer experiences across digitally native and showroom environments
- ✦ Showroom experience and formats that enhance customer engagement
- ✦ Industry-leading features that optimize consumers' experiences online
- ✦ Online waitlist to provide convenient appointment booking



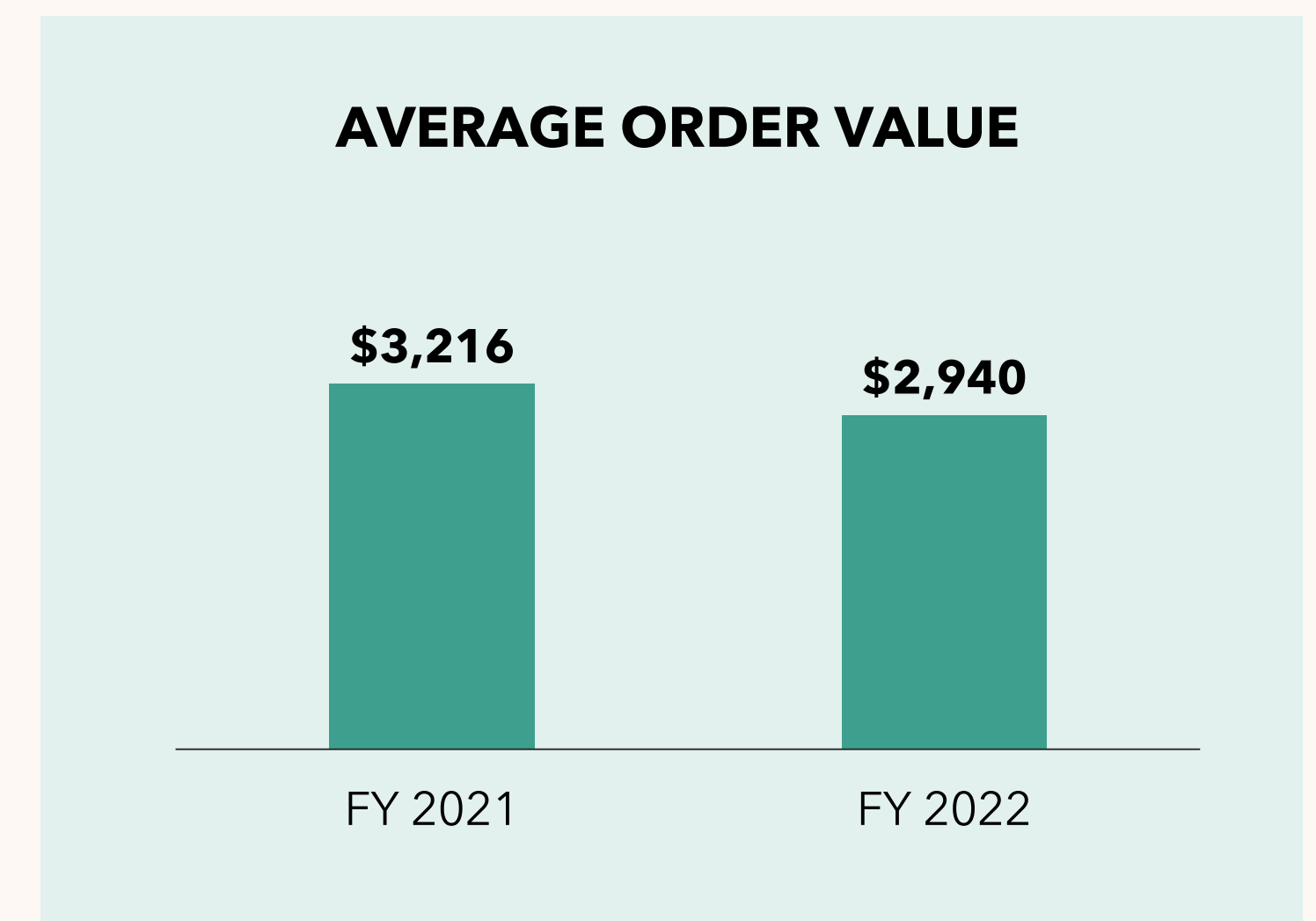
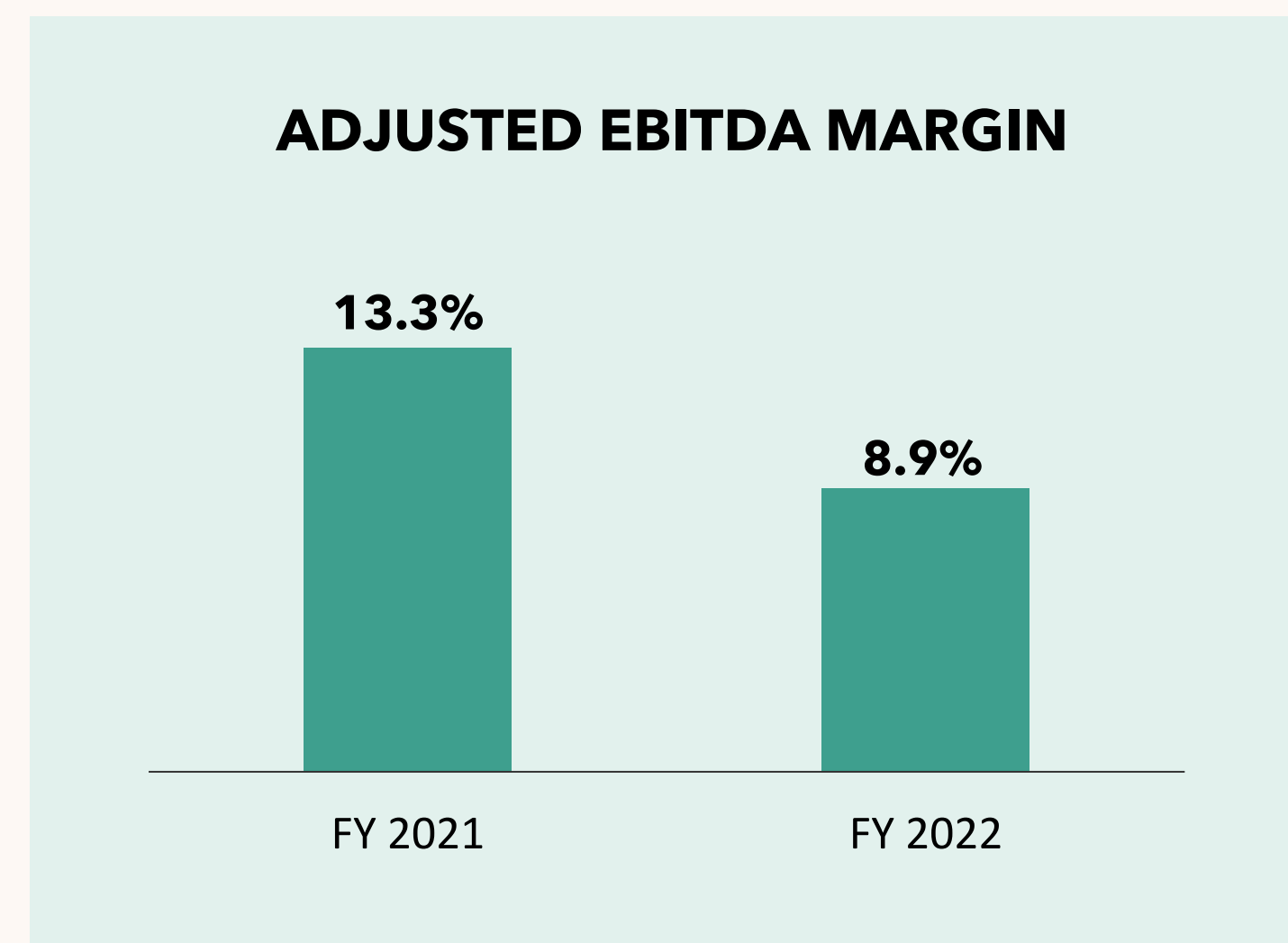
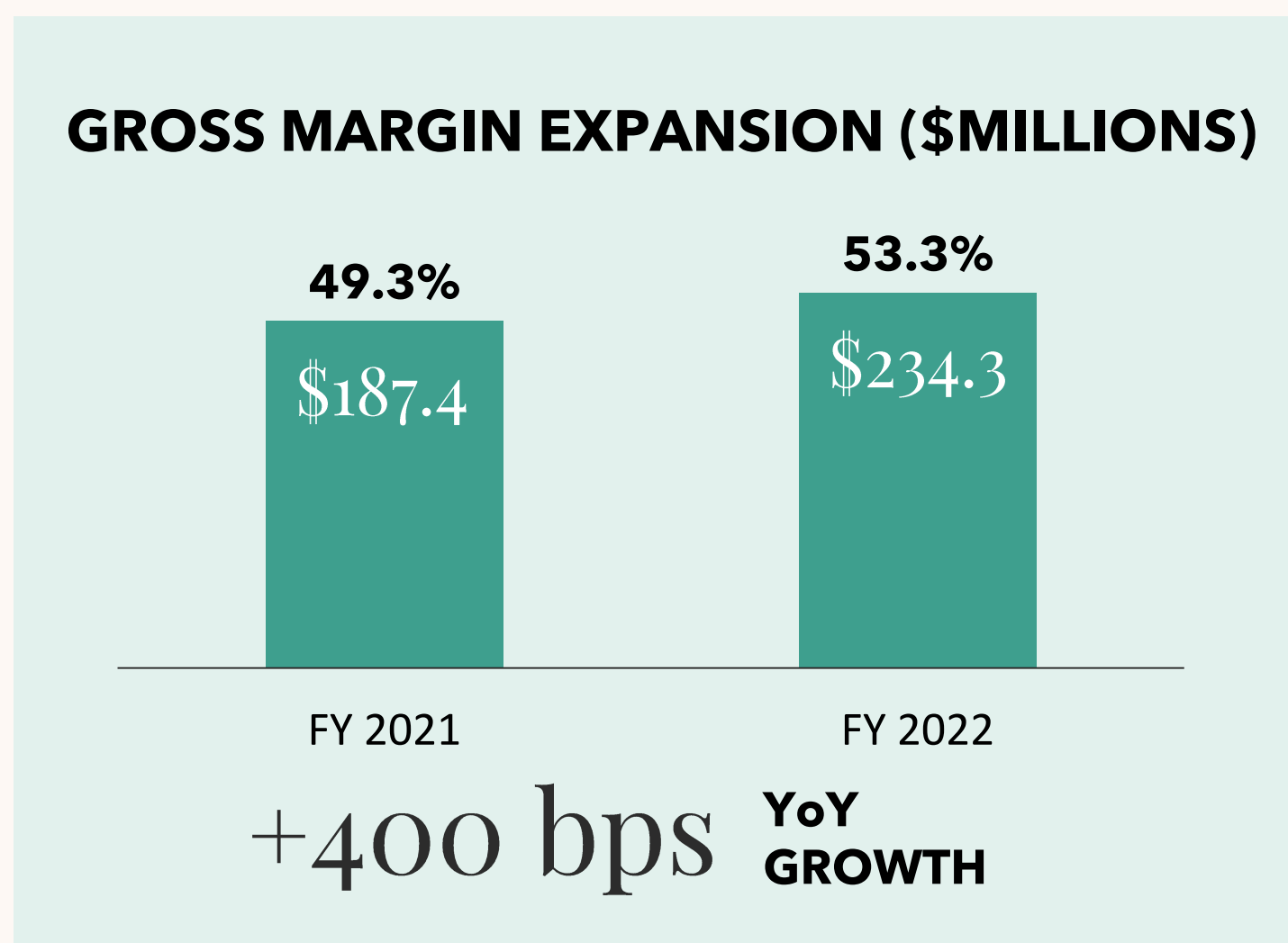
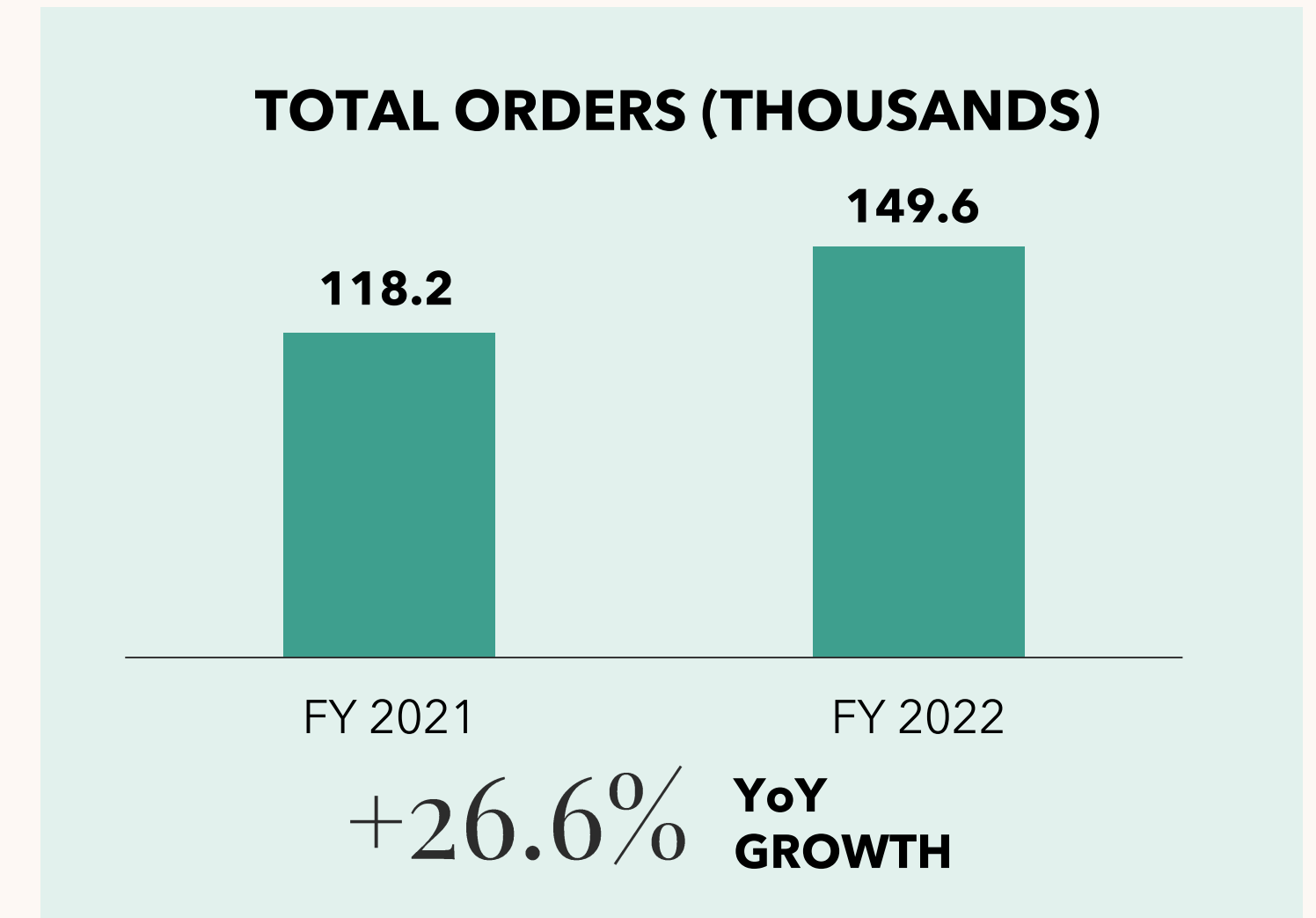
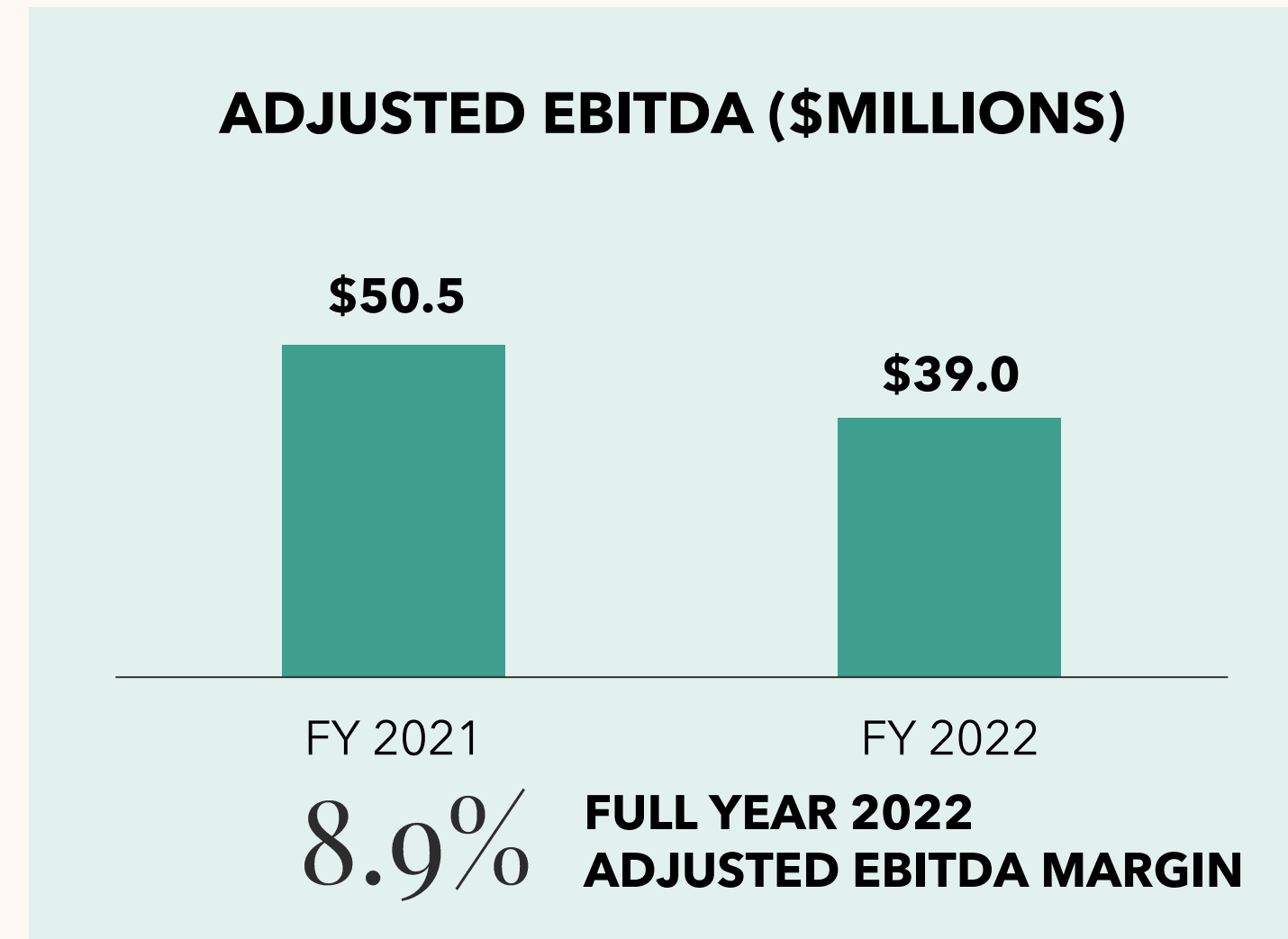
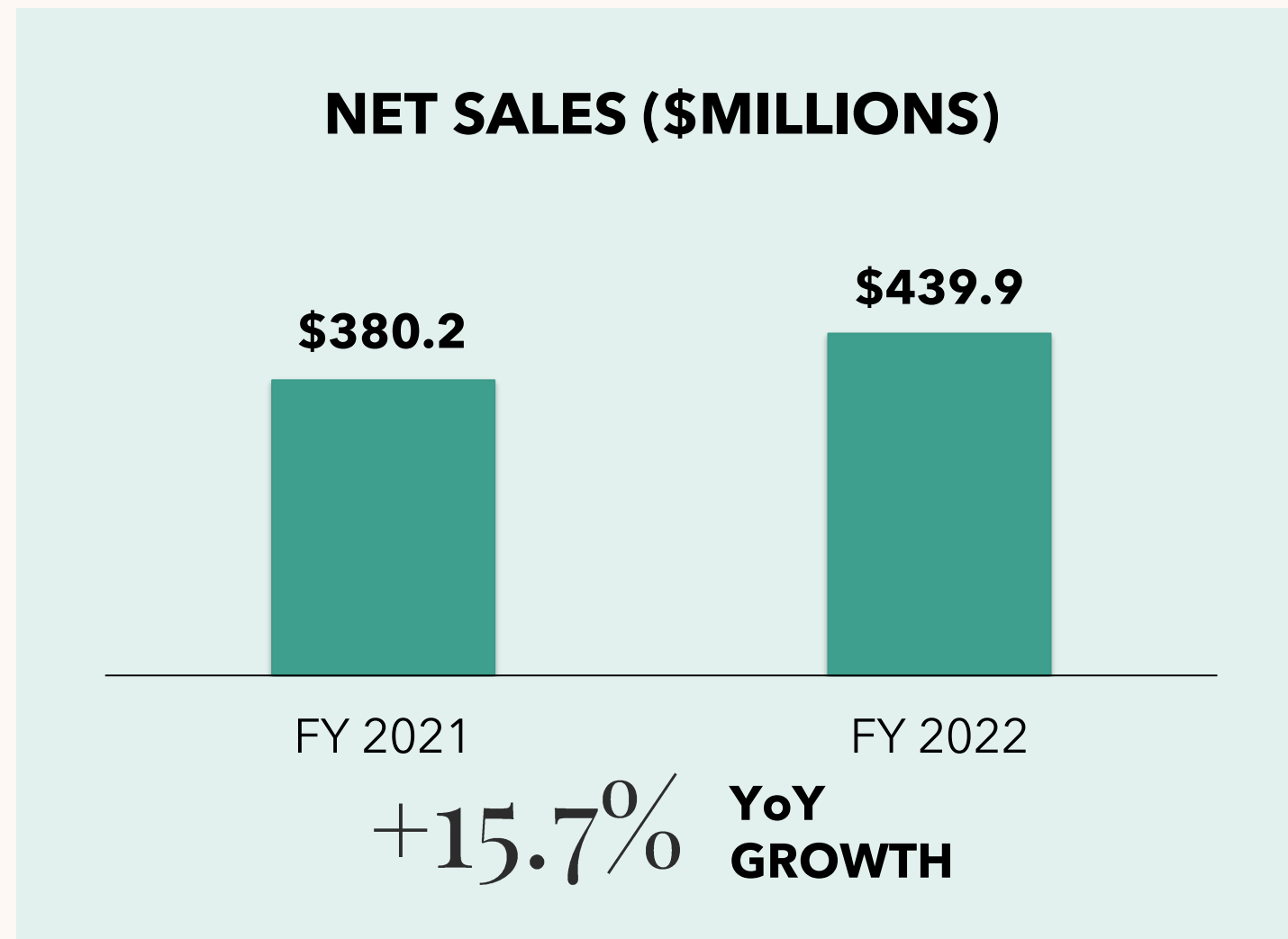
# Historical Financial Results



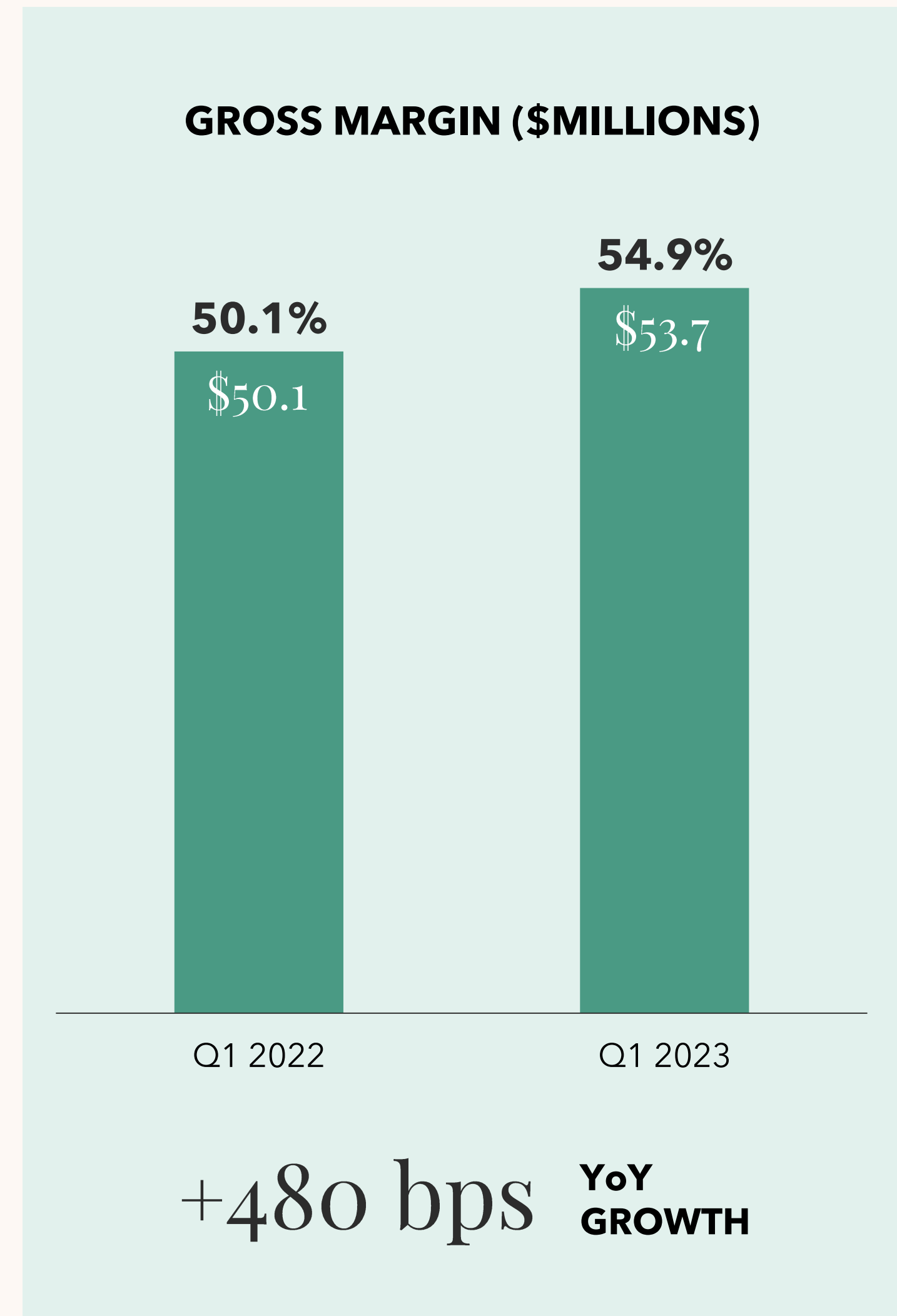
<sup>1</sup> See Appendix for a walk from Net Income and Net Income Margin to Adjusted EBITDA and Adjusted EBITDA Margin



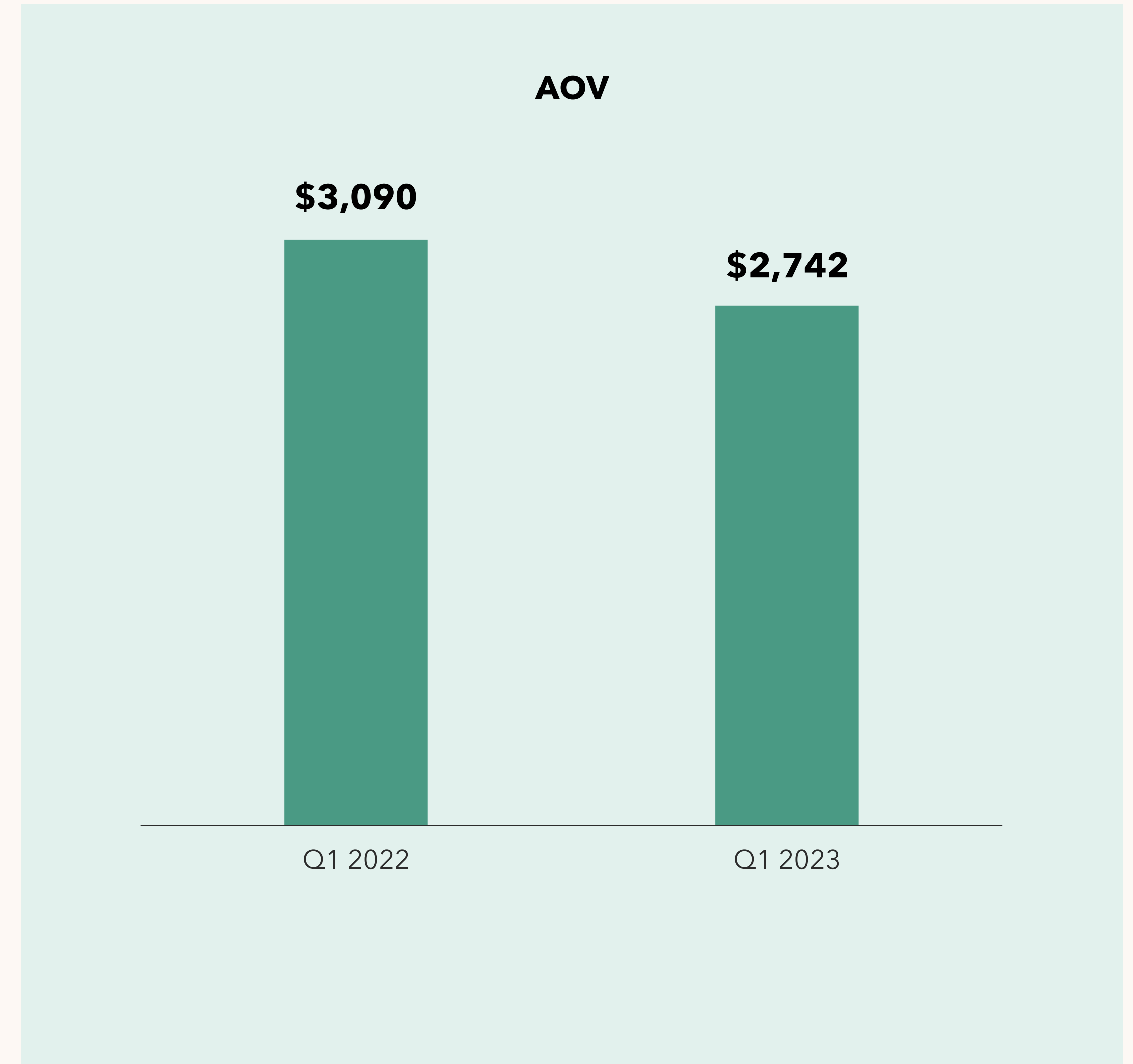
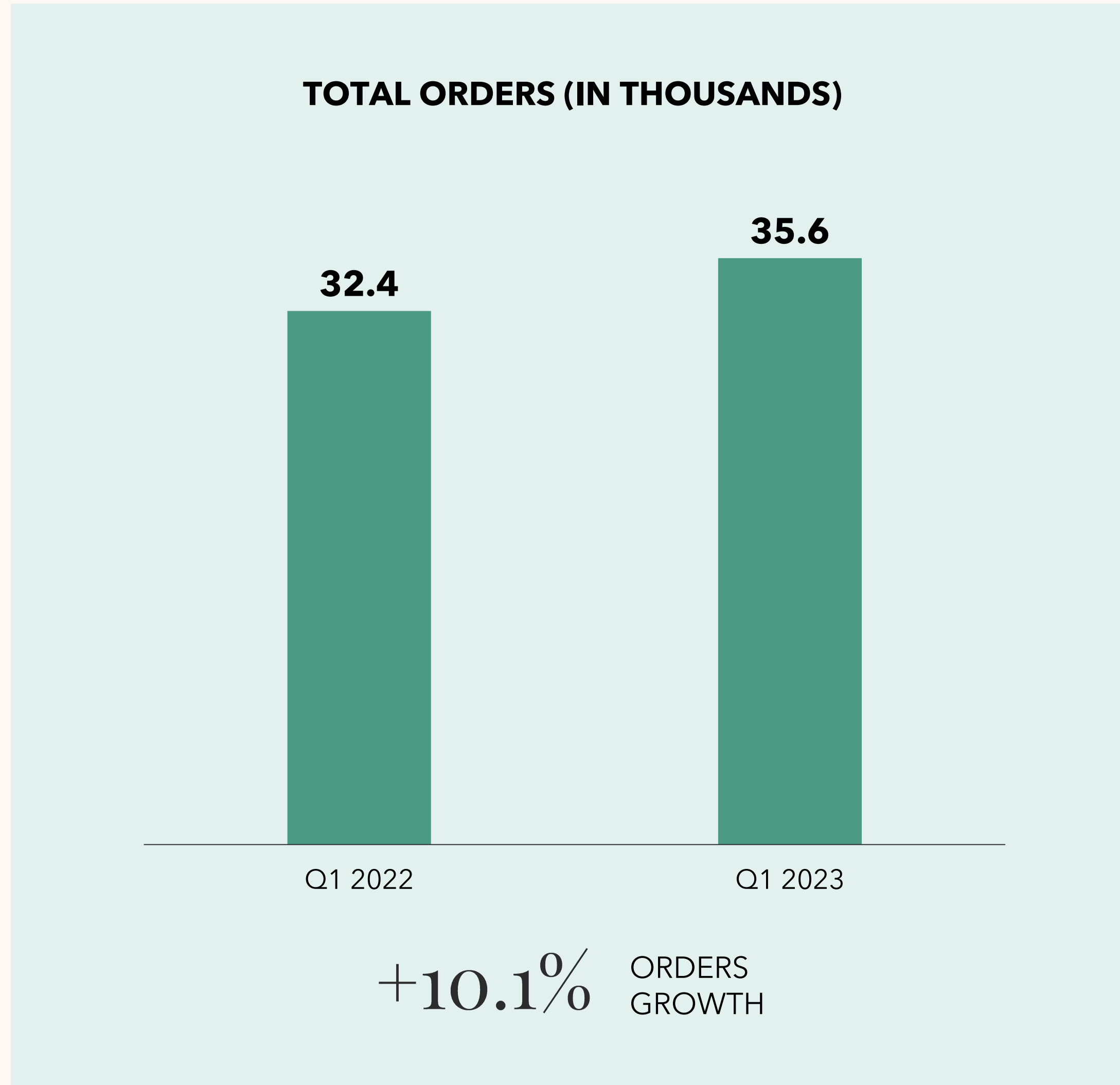
# Fiscal Year 2022 Financial Results



# First Quarter 2023 Financial Results



# First Quarter 2023 Financial Results



# Long-Term Growth Targets

**1 NET SALES GROWTH RATE:** HIGH 20s TO LOW 30s %

**2 GROSS MARGIN:** MID 50s %

**3 MARKETING % OF NET SALES:** MID TO HIGH TEENS

**4 ADJUSTED EBITDA MARGIN:** 15-20%+





# 2023 Outlook

Fiscal Year

\$460m–\$490m

NET SALES

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\$17m–\$32m

ADJUSTED EBITDA





# Appendix



# GAAP to Non-GAAP Reconciliations

## ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN

Twelve months ended  
December 31,

Three months ended  
March 31,

(Unaudited and \$ in 000's)	2022	2021	2020	2023	2022
Net income (loss), as reported	\$19,025	\$26,256	\$21,576	\$(440)	\$3,369
Interest expense	4,658	7,589	4,942	1,206	1,776
Income tax (benefit) expense	(168)	(316)	-	(13)	96
Depreciation expense	1,922	860	646	951	349
Amortization of cloud-based software implementation costs	263	-	-	124	-
Showroom pre-opening expense	4,450	2,773	242	1,772	475
Equity-based compensation expense	8,840	2,795	46	2,258	2,104
Loss on early extinguishment of debt	617	-	-	-	-
Other (income) expense, net <sup>1</sup>	(805)	6,601	74	(843)	59
Transaction costs & other expense <sup>2</sup>	180	3,926	-	532	146
Adjusted EBITDA	\$38,982	\$50,484	\$27,526	\$5,547	\$8,374
Net income (loss) margin	4.3%	6.9%	8.6%	(0.5)%	3.4%
Adjusted EBITDA margin	8.9%	13.3%	10.9%	5.7%	8.4%

<sup>1</sup> Other (income) expense, net consists primarily of interest and other miscellaneous income, offset by expenses such as losses on exchange rates on consumer payments. Other expense, net for the year ended December 31, 2021 consists primarily of the change in fair value of the warrant liability necessary to mark our warrants to fair market value.

<sup>2</sup> For the annual periods presented, these expenses are those that we did not incur in the normal course of business. These expenses for the annual periods presented include professional fees in connection with the evaluation and preparation for operations as a public company. Additionally, the expense also includes a charitable donation and costs associated with the opening of a new operations facility for the twelve months ended December 31, 2021. For the quarterly periods presented, these expenses are those that we did not incur in the normal course of business.

