



# BRILLIANT EARTH®

Third Quarter 2023 Financial Results

BRILLIANT EARTH

November 9, 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, introduction of new products, 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**

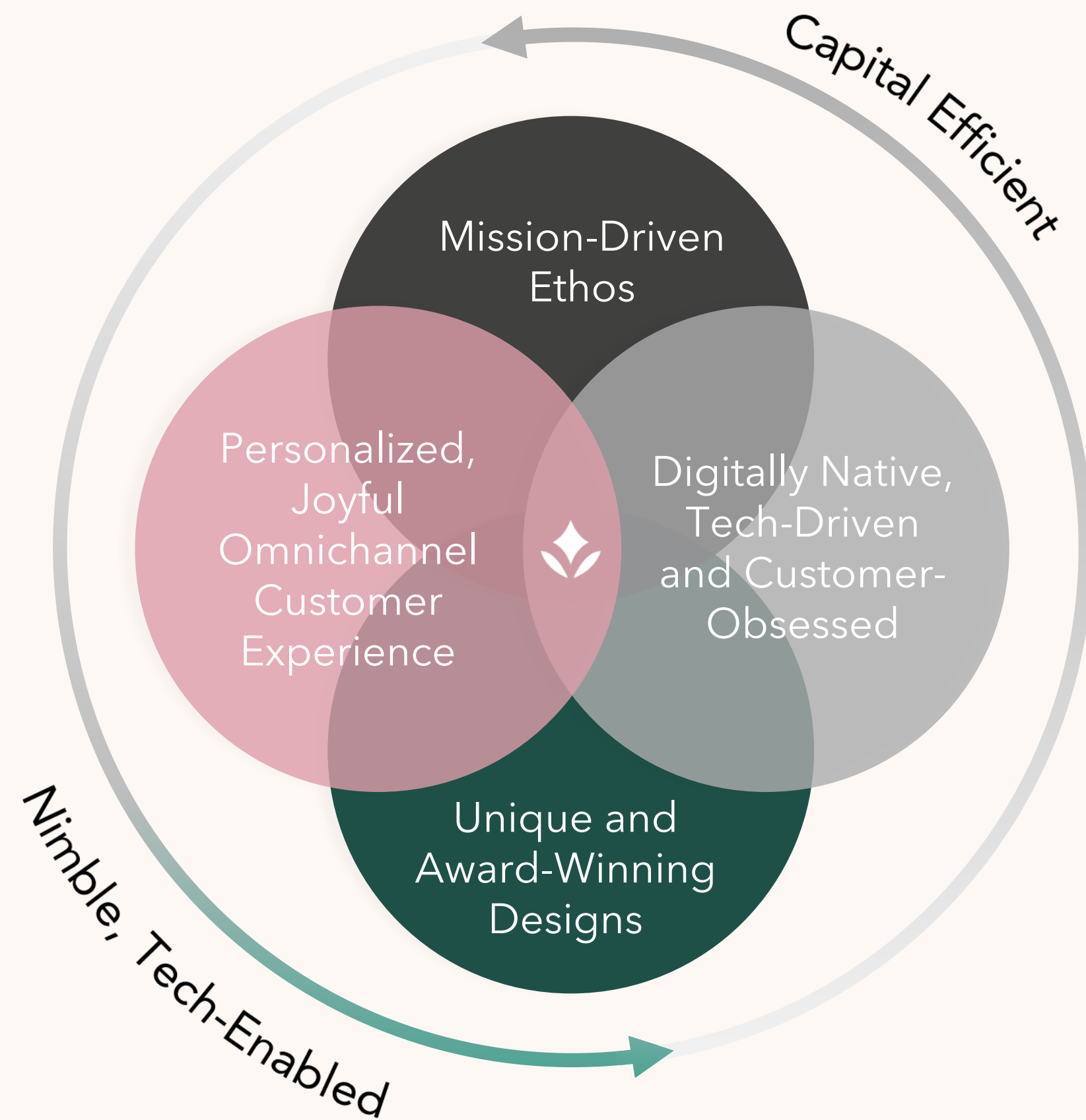
We include in this Presentation statements regarding factors that have impacted our industry. Such statements are statements of belief and are based on industry data and forecasts that we have obtained from internal company surveys, publicly available information, industry publications and surveys and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



# 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.



# Highlights and Key Achievements

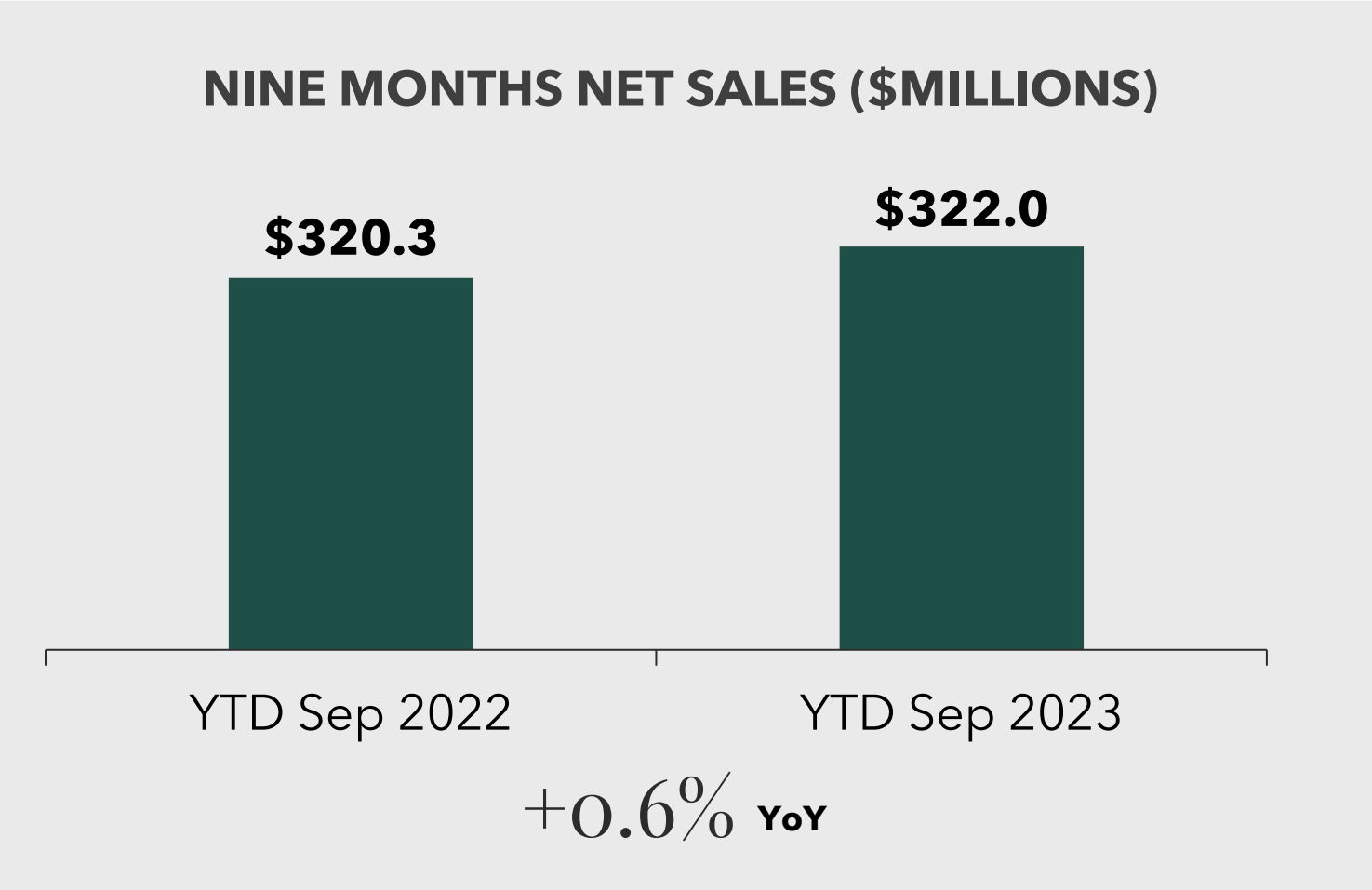
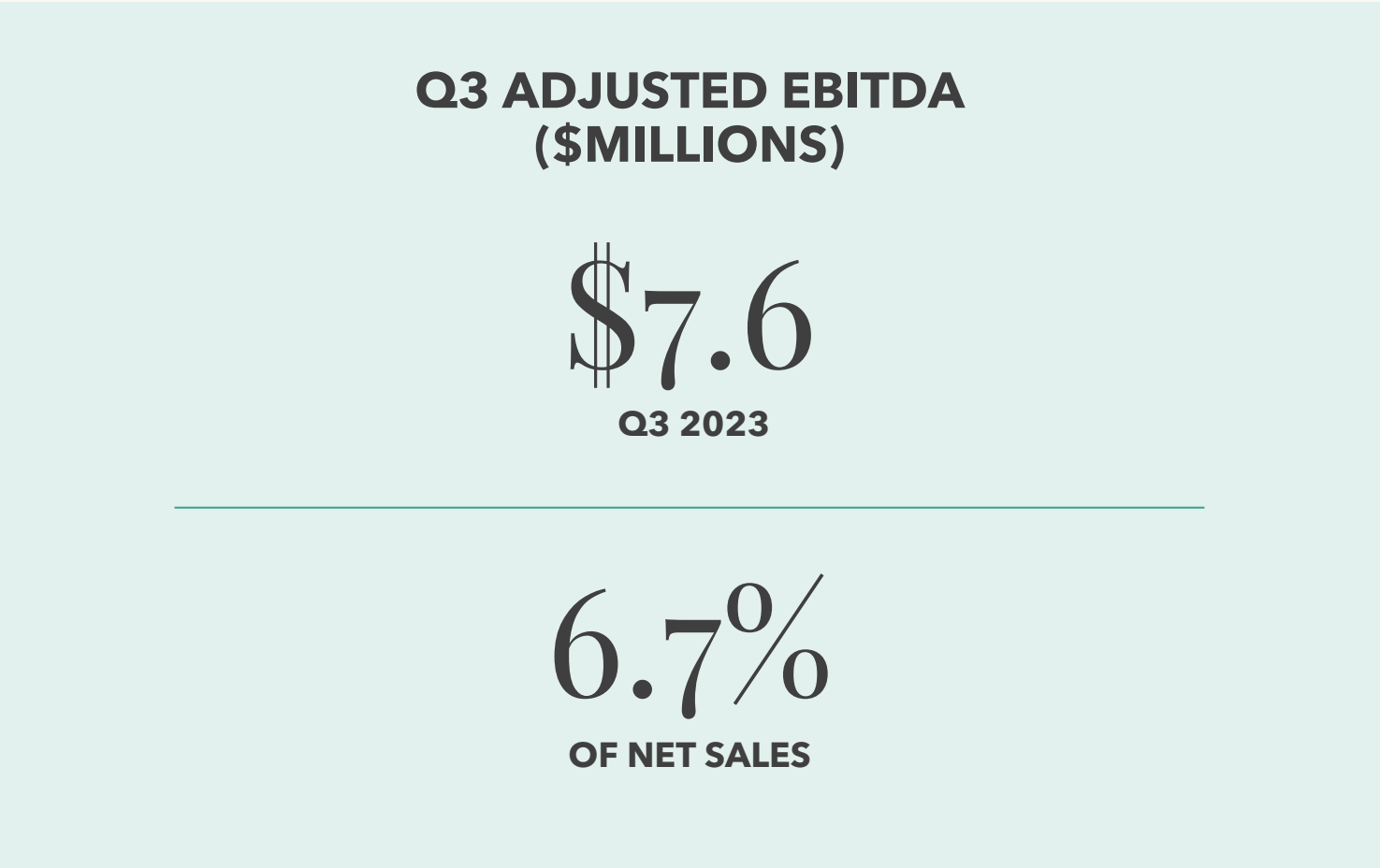
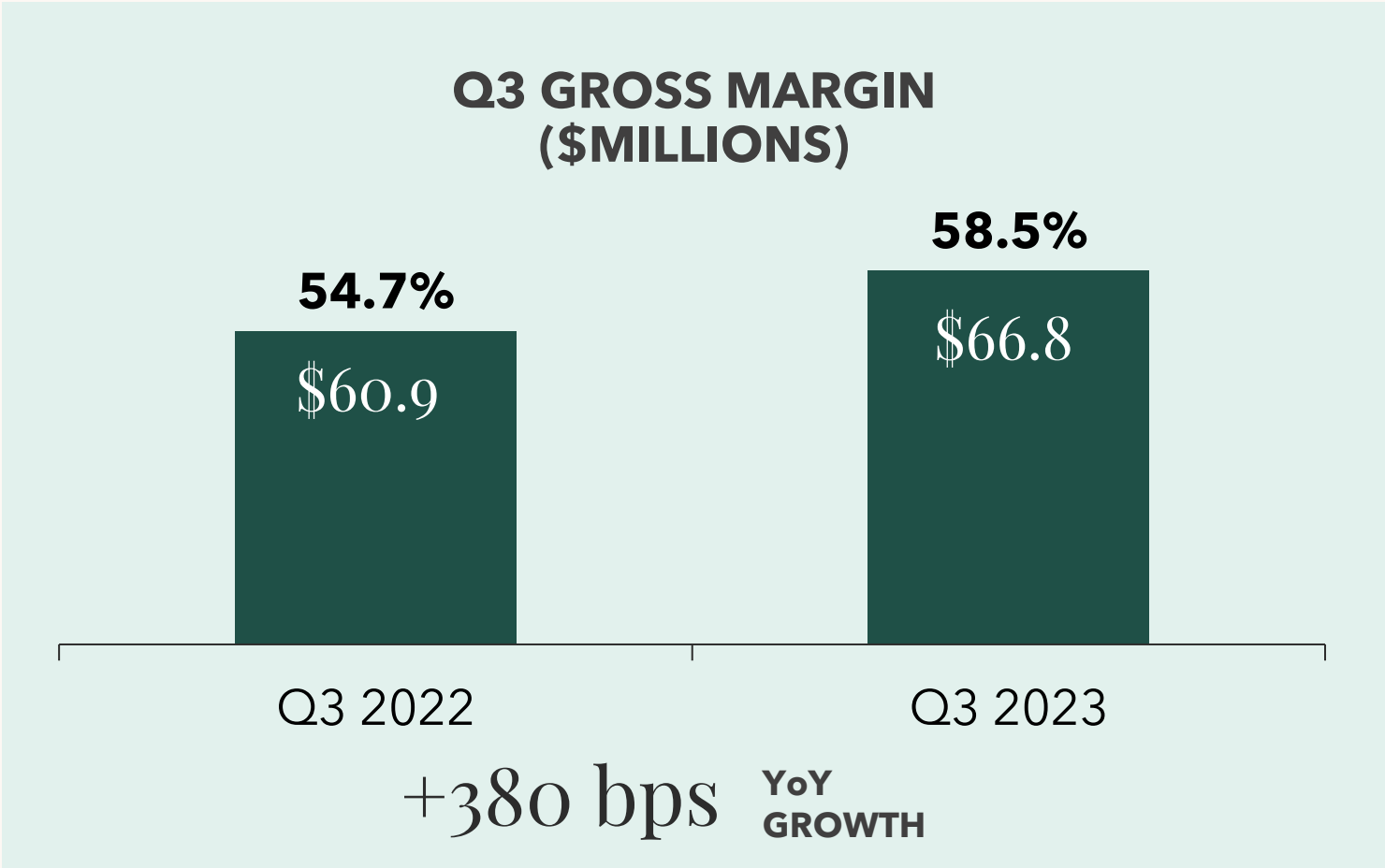
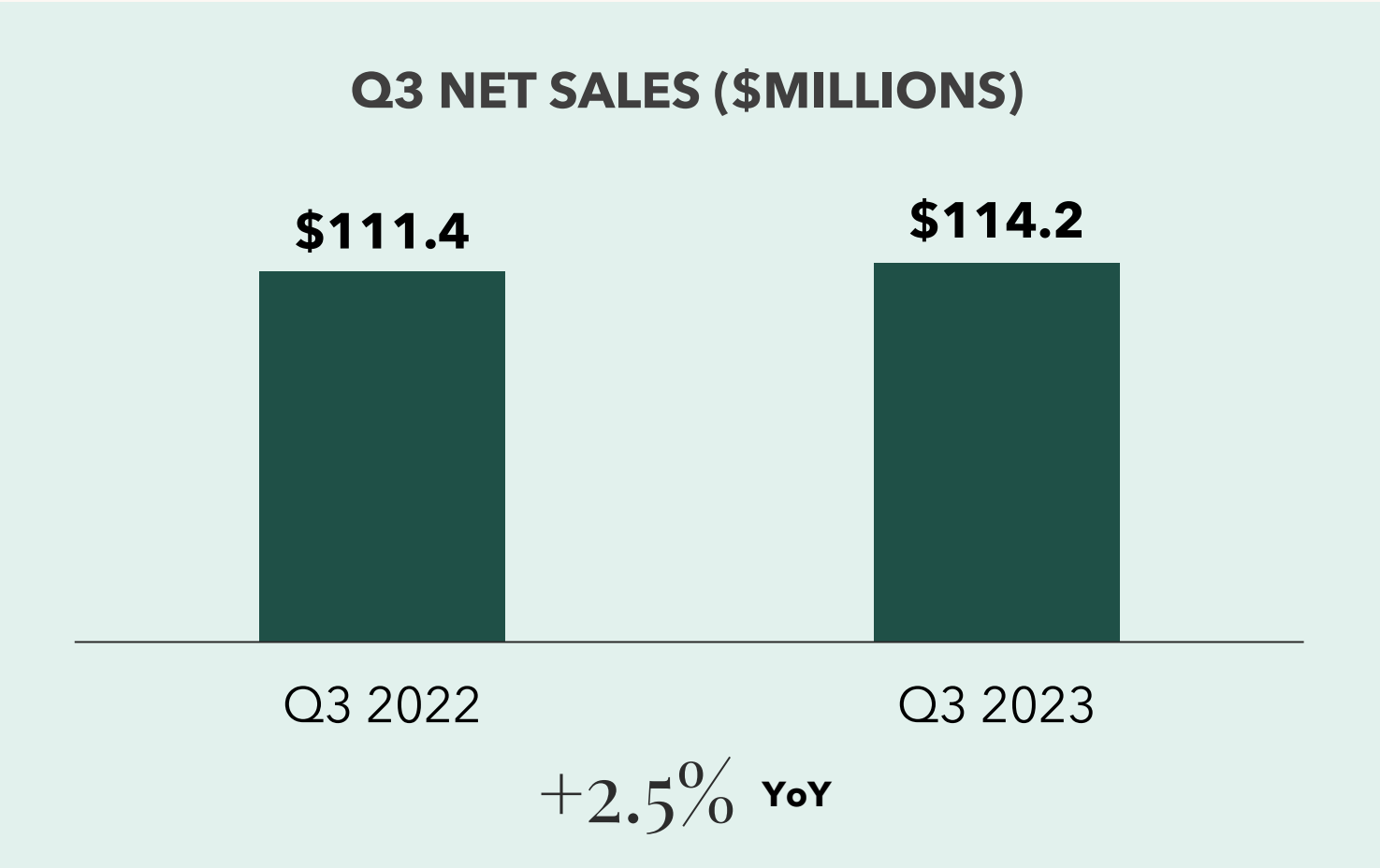
- ✦ **9 consecutive quarters of positive Adjusted EBITDA** as a public company, validating our ability to deliver sustainable profitability
- ✦ 2.5% Q3 2023 revenue growth year-over-year and a 22% four-year CAGR, **outperforming the industry** in Q3 by an estimated more than 1000 basis points\*
- ✦ **17% order growth** year-over-year in Q3
- ✦ **380 bps gross margin expansion** year-over-year in Q3
- ✦ **Inventory down** since year-end 2022, even with new showrooms and fine jewelry growth
- ✦ Exceeded our 2023 showroom opening goal with **37 showrooms now open**
- ✦ Strong balance sheet with **no net debt**
- ✦ Estimated coverage of our groundbreaking Sol product launch approaching **800 million impressions** across social media and press



\*Based on industry reports and Brilliant Earth's internal analysis.



# Third Quarter & Nine Months Fiscal Year 2023 Financial Results



# 2023 Priorities

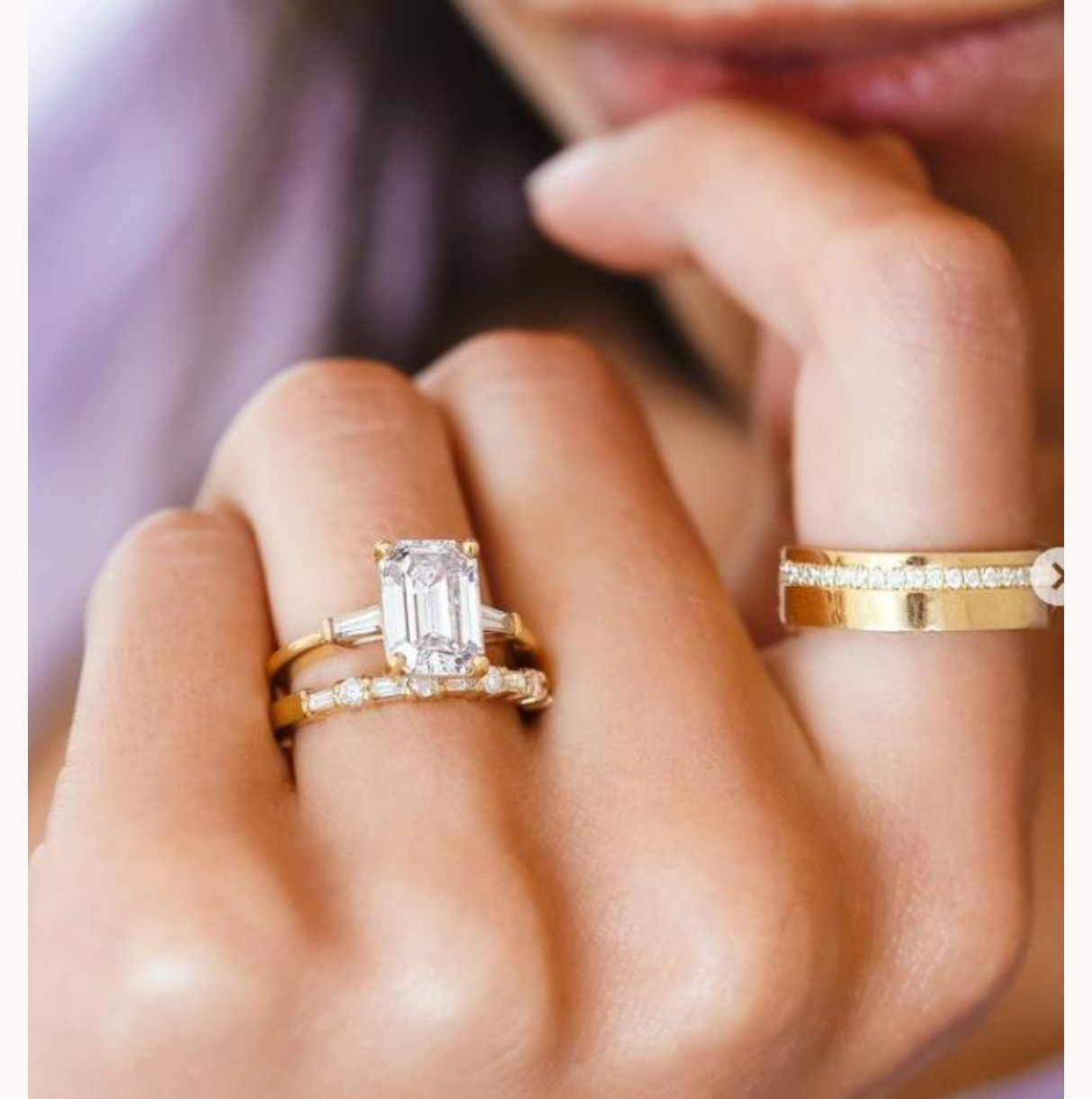
- ✦ Continue on our path to become the premier global jewelry brand for today's consumer
- ✦ Expand and refine distinctive, high-quality product offering
- ✦ Expand and elevate omnichannel experience
- ✦ Invest in technology and systems to enable continued profitable growth



# Growing Brand Reach and Resonance

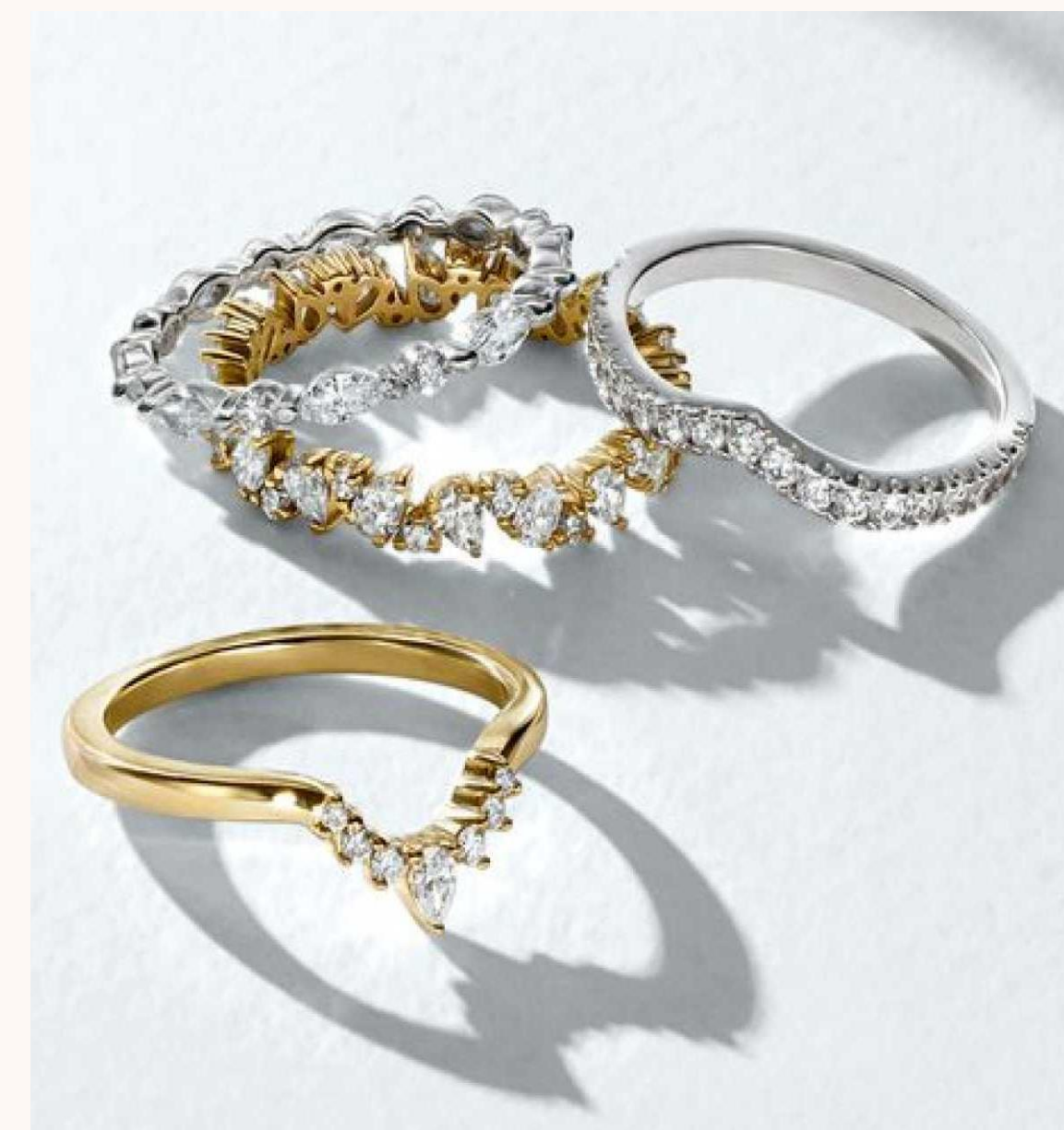
- ✦ First-ever national brand campaign with major multi-city takeover
- ✦ Engaged Emmy-nominated actress Camila Morrone, in our first “face of” the campaign partner
- ✦ More celebrities, including Meghan Markle and Miley Cyrus, are wearing Brilliant Earth jewelry
- ✦ Unaided brand awareness among our target demographic more than doubled since May 2022\*

\*Measured by Brilliant Earth’s September 2023 consumer survey.



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

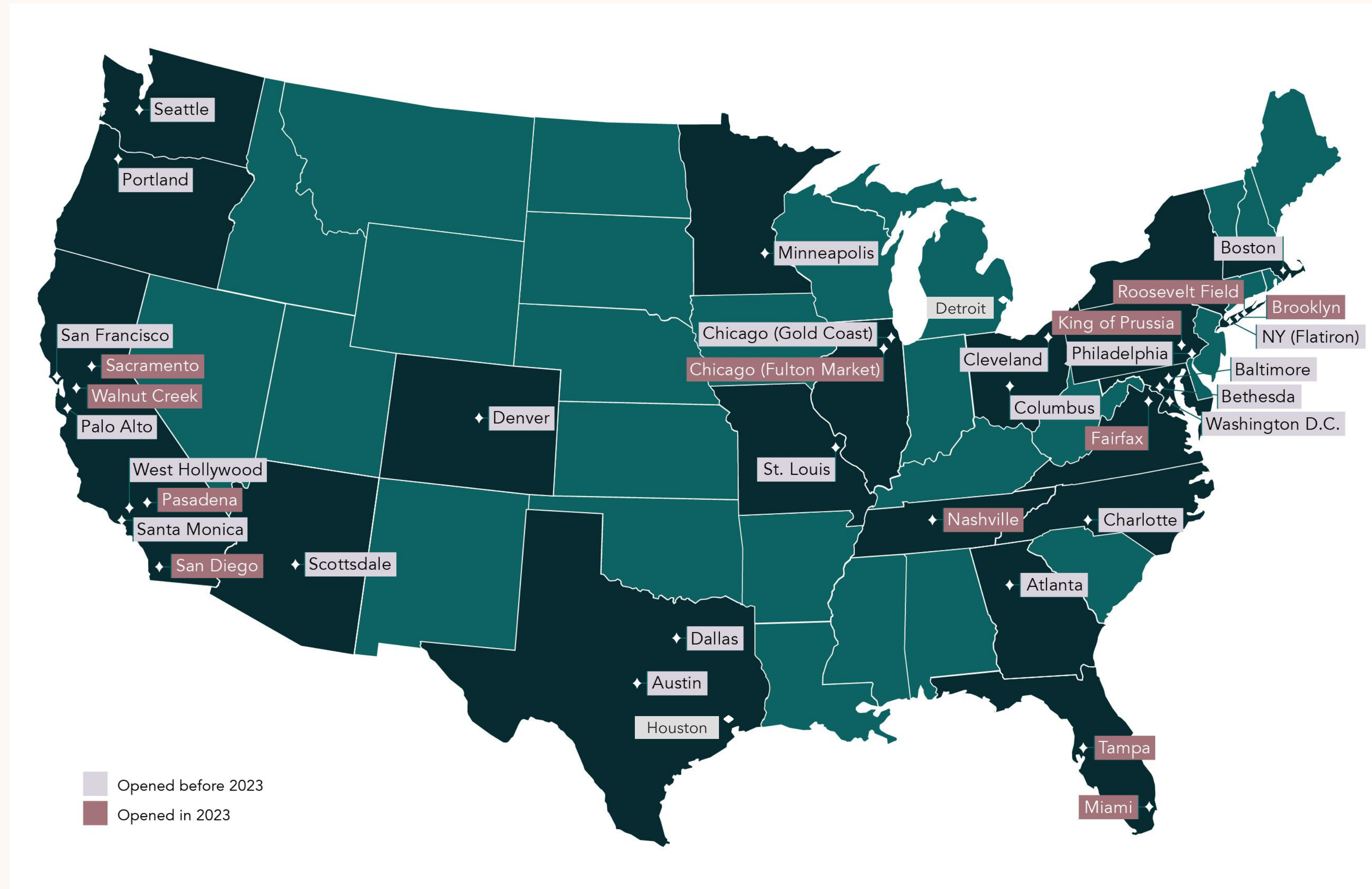
- ✦ Introduced a groundbreaking new collection, The Sol Collection, featuring eight signature pieces crafted with recycled gold, silver, and Beyond Conflict Free diamonds
- ✦ Strong growth in fine jewelry bookings year over year in Q3
- ✦ Productivity for Renewable and Capture Collections approximately 3X to 5X higher than productivity across our broader diamond assortment





# Continued Uplift from Showroom Expansion

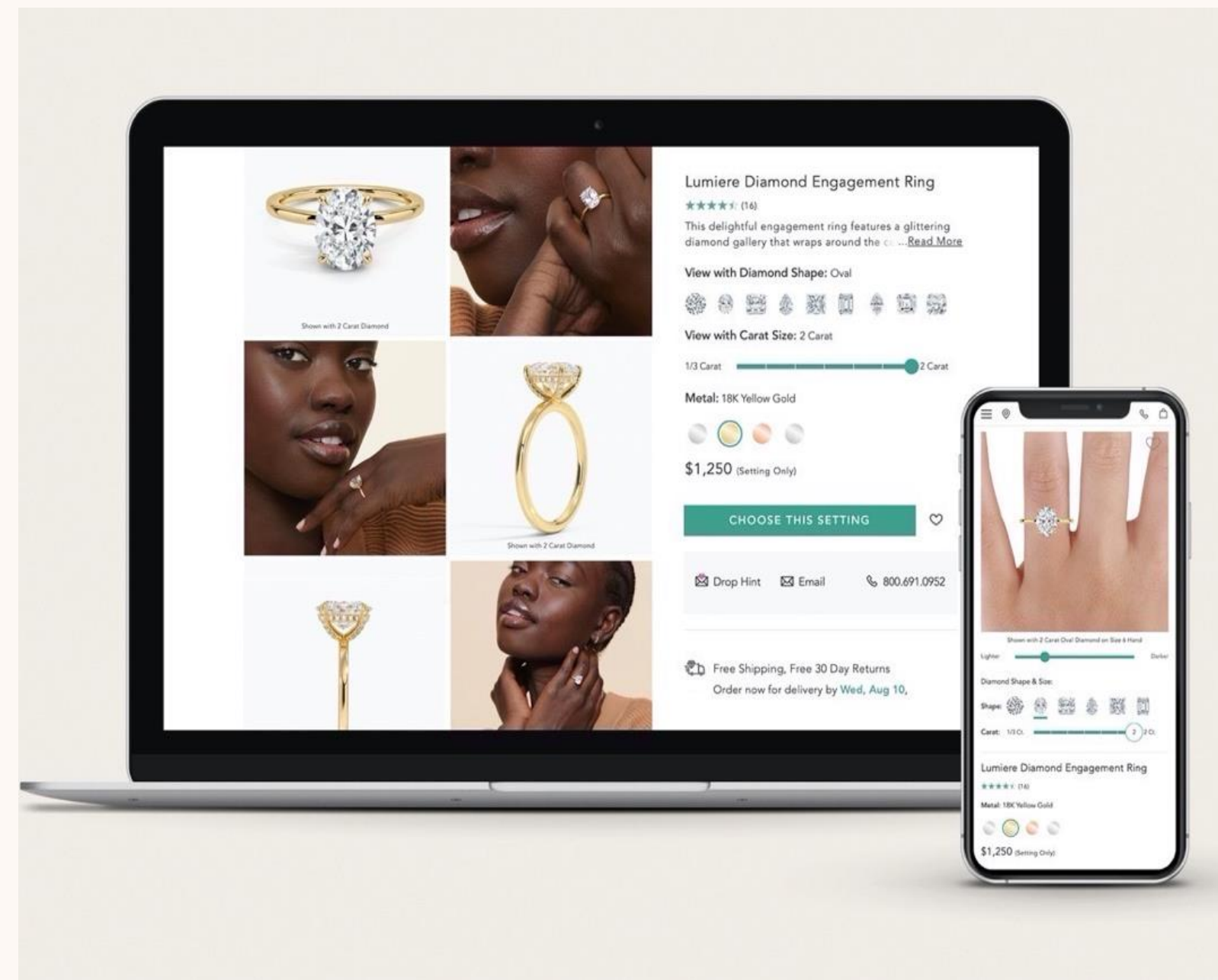
- ✦ Opened 5 new showrooms in Q3 2023 including our first 3 indoor mall locations
- ✦ Exceeded our 2023 goal with 37 total showrooms now open
- ✦ Cluster locations with multiple showrooms in a single metro open at least one year are yielding strong incremental growth



# Power of Omnichannel Model

- ✦ Digital platform and efficient store footprint allow faster new product launches with less inventory than others in the industry
- ✦ Differentiated business model has produced sales growth outpacing the jewelry industry by an estimated more than 1000 basis points in Q3\*

\*Based on industry reports and Brilliant Earth's internal analysis.



# 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

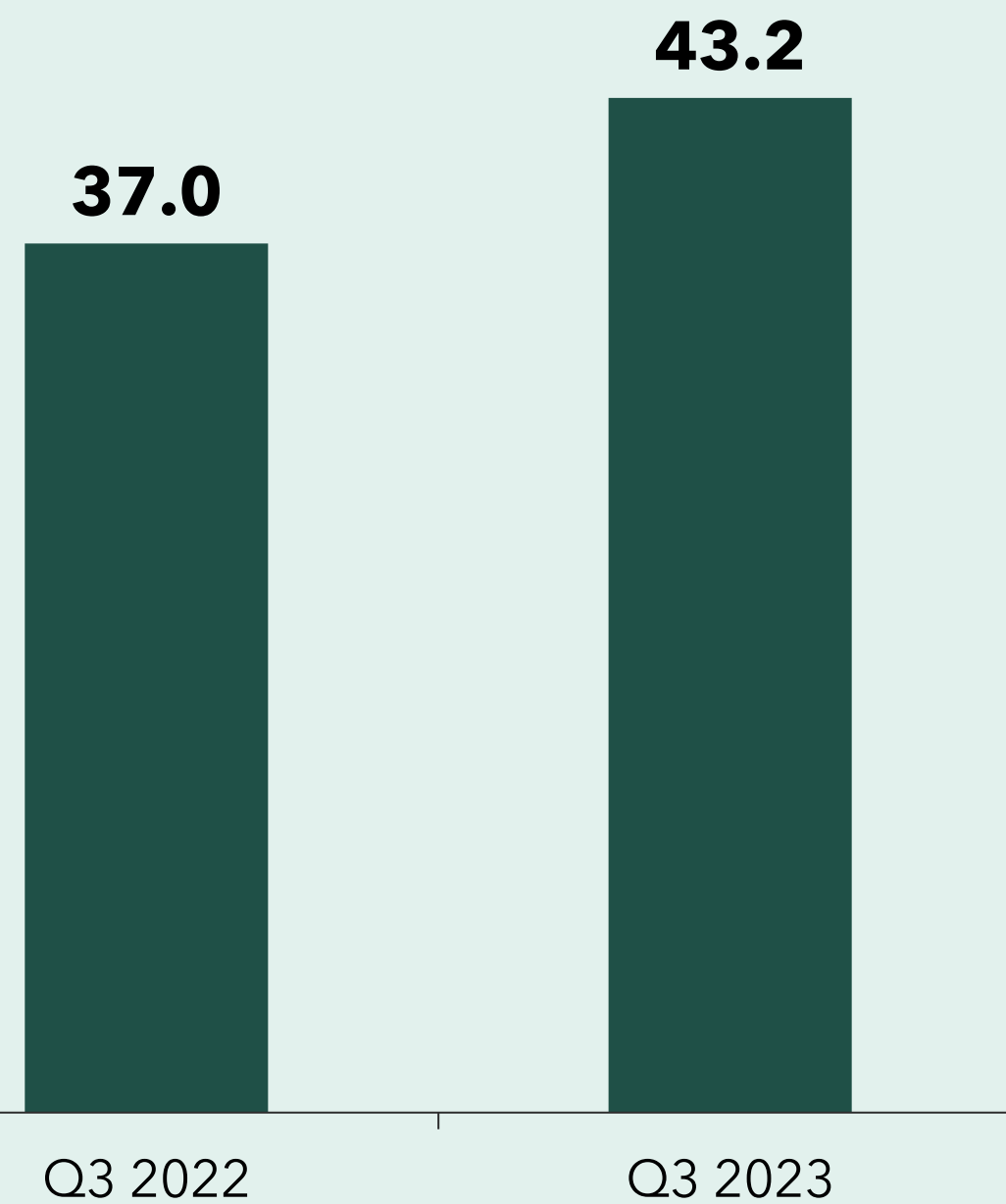
4 OMNICHANNEL MODEL PROVIDES A JOYFUL,  
SEAMLESS SHOPPING EXPERIENCE

5 OUR VALUES STRONGLY RESONATE WITH  
OUR CUSTOMERS



# Third Quarter and Nine Months 2023 Financial Results

**Q3 TOTAL ORDERS  
(IN THOUSANDS)**



**+17% ORDER GROWTH**

**Q3 AOV**



**NINE MONTHS TOTAL ORDERS  
(IN THOUSANDS)**



**+16% ORDER GROWTH**

**NINE MONTHS AOV**



# 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%+



# Our 2023 Outlook

Fiscal Year

\$444m–\$450m

NET SALES

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\$22m–\$24m

ADJUSTED EBITDA

# Appendix



# GAAP to Non-GAAP Reconciliations

<b>ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN</b>	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
(Unaudited and \$ in 000's)				
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 <sup>1</sup>	(1,401)	(374)	(3,436)	(266)
Transaction costs & other expense <sup>2</sup>	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.

