



CHARLES & COLVARD®

INVESTOR FACT SHEET



A conscious fine jewelry brand specializing in **made, not mined™** gemstones that is transforming the industry through direct-to-consumer engagement and wholesale distribution.

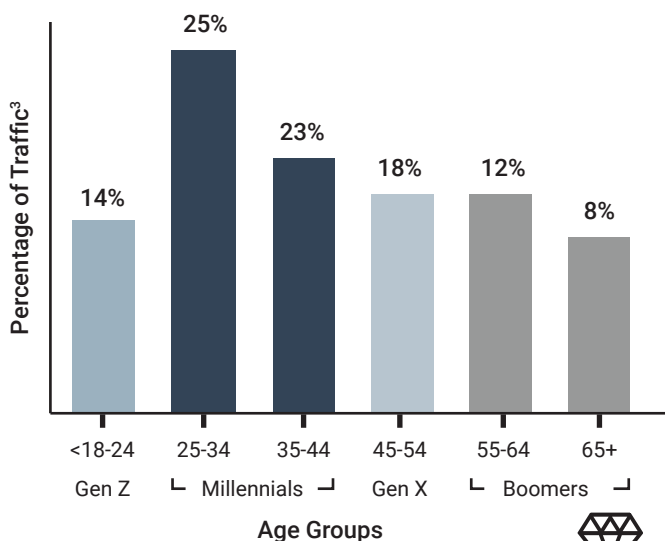
Company Overview

Charles & Colvard, Ltd. (Nasdaq: CTHR) believes that fine jewelry can be accessible, beautiful, and conscientious. Charles & Colvard is the original creator of lab grown moissanite, a rare gemstone formed from silicon carbide. The Company brings revolutionary gems and jewelry to market through its pinnacle Forever One™ moissanite brand and its premium Caydia® lab grown diamond brand. Consumers seek Charles & Colvard fashion, bridal and fine jewelry because of its exceptional quality, incredible value and shared beliefs in environmental and social responsibility.

Investment Summary

- High quality, ethically-sourced product
- Broad omni-channel distribution network
- Expanding global market for lab grown gemstones
- E-commerce oriented customer base of Millennials and Gen Zs
- DTC model fueling 45-50% gross margins
- Healthy balance sheet
- Lab grown diamonds predicted to constitute 12% of the diamond jewelry market by 2025, up from 8% in 2021¹
- Worldwide fashion jewelry market expected to drive approximately \$307 billion in worldwide sales by 2026²

Customer Demographics



ONE in FOUR MILLENNIALS
Buy their engagement ring online⁴



Omni-Channel Strategy



Forever One™ Moissanite

- First premium, colorless moissanite on the market
- The World's Most Brilliant Gem®
- Rare, naturally occurring mineral (Silicon Carbide)
- Discovered in 1893 by Dr. Henri Moissan in a meteorite crater
- Now grown in high-tech laboratories in North Carolina
- Available in colorless and near-colorless grades with a clarity range equivalent of VS1 to internally flawless along with excellent cut, polish, and symmetry
- Engraved for authenticity, coming with a limited lifetime warranty

Caydia® Lab Grown Diamonds

- An expertly curated assortment of premium lab grown diamonds set in bridal and fine jewelry - 14K and 18K gold as well as platinum
- Launched in Fiscal 2021
- Available in E, F, and G color grades with minimum clarity of VS1 along with excellent cut, polish and symmetry.
- Range in weight from 0.50 carats to 2.50 carats
- Third party certification

INVESTOR FACT SHEET (continued)

Net Sales - Q1 FY 2023

| In Millions | Net Sales Overall | Online Channels Segment | Traditional Segment | Finished Jewelry / Loose Stones |
|------------------|-------------------|-------------------------|---------------------|----------------------------------|
| Q1 FY 2023 | \$7.4 | \$4.9 | \$2.5 | \$5.5 (Finished) / \$1.8 (Loose) |
| Q1 FY 2022 | \$10.3 | \$5.4 | \$4.9 | \$5.7 (Finished) / \$4.6 (Loose) |
| Q1 FY 2023 Notes | 28% decrease | 66% of net sales | 34% of net sales | 3% decrease in finished jewelry |

Financial Summary - Annual & YTD

| In Millions, except for Earnings (Loss) per Share | 3 Months Ended Sept. 30 | FISCAL YEAR ENDED JUNE 30 | |
|---|----------------------------|---------------------------|---------------------|
| | YTD 2023 | 2022 | 2021 ^(A) |
| Revenue | \$7.4 | \$43.1 | \$39.2 |
| Net Income (Loss) | (\$0.9) | \$2.4 | \$12.8 |
| Earnings (Loss) per Diluted Share | (\$0.03) | \$0.08 | \$0.42 |
| Total Cash | \$16.6 | \$21.2 | \$21.4 |
| Inventory | \$36.6 | \$33.5 | \$29.2 |
| Total Debt | \$0.0 | \$0.0 | \$0.0 |

(A) Included \$6.3M tax benefit from release of deferred tax asset valuation allowance and \$0.9M gain on extinguishment of debt (PPP loan) in Q4 FY2021

Q1 FY 2023 Summary*

- Announced grand opening of the Company's first Signature Showroom retail location in October 2022
- Launched new Couture, Signature Collection Men's Bands and in October 2022, our Created Color collections in Caydia® lab grown diamond
- Total net sales decreased 28% with decrease in Online Channels segment of 10% and decrease in Traditional segment of 49%
- Gross margin at 45% vs 51% in the year ago quarter
- Finished jewelry sales represents 75% of total Q1 FY 2023 sales
- 2% decrease in charlesandcolvard.com revenue
- 12% decrease in moissanite sales
- 85% increase in lab grown diamond sales
- Loss from operations of \$1.2 million vs prior year income from operations of \$950,000
- Income tax benefit of \$303,000 vs \$123,000 income tax expense in the prior year quarter
- Net loss of \$890,000 or \$0.03 loss per diluted share vs the prior year's quarter's net income of \$827,000 or \$0.03 earnings per diluted share
- Balance sheet with \$16.6 million cash, cash equivalents and restricted cash and \$24.9 million in working capital
- Cash collateralized line of credit of \$5 million, which has not been accessed

*Comparisons to Q1 FY 2022 unless otherwise noted

Online Channels Segment Net Sales

| In Millions | 3 Months Ended Sept. 30 | FISCAL YEAR ENDED JUNE 30 | |
|------------------|----------------------------|---------------------------|--------|
| | YTD 2023 | 2022 | 2021 |
| Net Sales | \$4.9 | \$26.8 | \$23.2 |
| % of Total Sales | 66% | 62% | 59% |

Traditional Segment Net Sales

| In Millions | 3 Months Ended Sept. 30 | FISCAL YEAR ENDED JUNE 30 | |
|------------------|----------------------------|---------------------------|--------|
| | YTD 2023 | 2022 | 2021 |
| Net Sales | \$2.5 | \$16.3 | \$16.0 |
| % of Total Sales | 34% | 38% | 41% |

Contact Us

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(1) Analyst: Fashion Jewelry, Industrial Uses Will Drive Lab-Grown Diamond Demand, National Jeweler (November 2021)
(2) Value of the Jewelry Market Worldwide in 2020 and 2026, Statista (February 2022)
(3) Google Analytics Percentage of Traffic by Age on charlesandcolvard.com for October 1, 2021 through September 30, 2022
(4) How to Buy an Engagement Ring Like a Millennial (December 2019)