



A globally recognized fine jewelry brand specializing in lab created gems that is transforming the industry through direct-to-consumer engagement and wholesale distribution.

## Company Overview

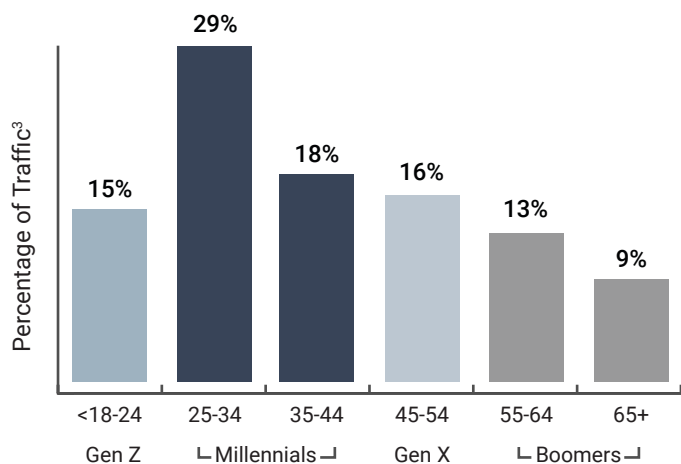
Charles & Colvard, Ltd. (Nasdaq: CTHR) believes that fine jewelry can be accessible, beautiful and conscientious. Charles & Colvard is the original pioneer of lab-created moissanite, a rare gemstone formed from silicon carbide. The Company brings revolutionary gems and jewelry to market through its pinnacle 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-created gemstones
- E-commerce oriented customer base of Millennials and Gen Zs
- DTC model fueling 40-50% gross margins
- Solid balance sheet
- Global e-commerce sales to hit \$4.2 trillion by end of 2021<sup>1</sup>
- Worldwide fashion jewelry market to reach \$300 billion by 2025<sup>2</sup>

## Customer Demographics



### 1 in 4

Millennials buy their engagement ring online<sup>4</sup>

## 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 and comes with limited lifetime warranty

## Caydia® Lab Grown Diamonds

- A specially curated assortment of premium lab grown diamonds set in bridal and fine jewelry - 14K and 18K gold as well as platinum
- Launched September 2020
- Available in E, F and G color grades with a minimum clarity of VS1 along with excellent cut, polish and symmetry
- Range in weight from 0.50 carats to 2.00 carats
- Third party certification

## Net Sales - Q1 FY2022

In Millions	Net Sales Overall	Online Channels Segment	Traditional Segment	Finished Jewelry / Loose Stones
Q1 FY2022	\$10.3	\$5.4	\$4.9	\$5.7 (Finished) \$4.6 (Loose)
Q1 FY2021	\$7.9	\$4.5	\$3.5	\$4.3 (Finished) \$3.6 (Loose)
Q1 FY2022 Notes	30% increase	52% of net sales	48% of net sales	31% increase in finished jewelry



### Financial Summary - Annual & YTD

3 MONTHS ENDED  
SEPTEMBER 30      FISCAL YEAR ENDED JUNE 30

In Millions, except for Earnings per Share	YTD 2022	2021 <sup>(1)</sup>	2020 <sup>(2)</sup>
Revenue	\$10.3	\$39.2	\$29.2
Net Income (Loss)	\$0.827	\$12.8	(\$6.2)
Earnings (Loss) per Diluted Share	\$0.03	\$0.42	(\$0.22)
Total Cash	\$19.2	\$21.4	\$14.6
Inventory	\$31.6	\$29.2	\$30.6
Total Debt, PPP Loan	\$0.0	\$0.0	\$1.0

<sup>1</sup>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

<sup>2</sup>Included \$5.3M write-off of legacy inventory in Q3 FY2020

### Q1 FY2022 Summary\*

- Total net sales increased 30%, with increase in Online Channels segment of 20% and Traditional segment of 42%
- Gross Margin of 51%
- Finished jewelry net sales increased 31%, representing 55% of total net sales
- Income from operations of \$949,000 versus prior year of \$874,000
- Income tax provision of \$123,000 versus \$500 in prior year quarter
- Net income of \$827,000 or \$0.03 earnings per diluted share, from the prior year quarter's net income of \$874,000 or \$0.03 earnings per diluted share
- Inventory levels continually optimized
- Balance sheet with \$19.2 million in cash, cash equivalents and restricted cash and \$29.5 million in working capital
- Cash collateralized line of credit of \$5 million, which has not been accessed

\*Comparisons to Q1 FY2021 unless otherwise noted

### Online Channels Segment Net Sales

3 MONTHS ENDED  
SEPTEMBER 30      FISCAL YEAR ENDED JUNE 30

In Millions	YTD 2022	2021	2020
Net Sales	\$5.4	\$23.2	\$16.6
% of Total Sales	52%	59%	57%

### Traditional Segment Net Sales

3 MONTHS ENDED  
SEPTEMBER 30      FISCAL YEAR ENDED JUNE 30

In Millions	YTD 2022	2021	2020
Net Sales	\$4.9	\$16.0	\$12.6
% of Total Sales	48%	41%	43%

### Contact Us

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For more information, visit [charlesandcolvard.com](http://charlesandcolvard.com)

<sup>1</sup> Adobe Digital Economy Index Report, Adobe Analytics (March 2021)

<sup>2</sup> Statista (November 2020)

<sup>3</sup> Google Analytics Percentage of Traffic by Age on charlesandcolvard.com for October 1, 2020 to September 30, 2021

<sup>4</sup> How to Buy an Engagement Ring Like a Millennial (December 2019)