



# 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.

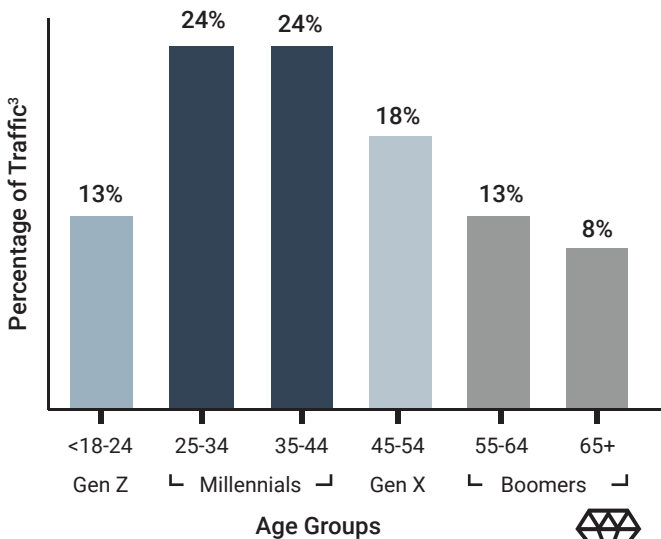
### Company Overview

Charles & Colvard, Ltd. (Nasdaq: CTHR) believes that fine jewelry should be as ethical as it is exquisite. Charles & Colvard is the original creator of lab grown moissanite (a rare gemstone formed from silicon carbide). The Company brings revolutionary gems and fine jewelry to market by using exclusively *made, not mined™* above ground gemstones and a dedication to 100% recycled precious metals. Their Forever One™ moissanite and Caydia® lab grown diamond brands provide exceptional quality, incredible value and a conscious approach to bridal, high fashion, and everyday jewelry.

### 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 40-50% gross margins
- Healthy balance sheet
- Lab grown diamonds predicted to constitute 12% of the diamond jewelry market by 2025, up from 8% in 2021<sup>1</sup>
- Worldwide fashion jewelry market expected to drive approximately \$307 billion in worldwide sales by 2026<sup>2</sup>

### Customer Demographics



**ONE in FOUR 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, 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 - Q2 FY 2023

In Millions	Net Sales Overall	Online Channels Segment	Traditional Segment	Finished Jewelry / Loose Stones
Q2 FY 2023	\$10.4	\$7.8	\$2.5	\$8.4 (Finished) / \$1.9 (Loose)
Q2 FY 2022	\$13.8	\$9.3	\$4.4	\$10.5 (Finished) / \$3.2 (Loose)
Q2 FY 2023 Notes	25% decrease	76% of net sales	24% of net sales	20% decrease in finished jewelry

## Financial Summary - Annual & YTD

6 Months Ended  
Dec. 31 FISCAL YEAR ENDED JUNE 30

In Millions, except for Earnings (Loss) per Share	YTD 2023	2022	2021 <sup>(A)</sup>
Revenue	\$17.7	\$43.1	\$39.2
Net Income (Loss)	(\$1.9)	\$2.4	\$12.8
Earnings (Loss) per Diluted Share	(\$0.06)	\$0.08	\$0.42
Total Cash	\$17.0	\$21.2	\$21.4
Inventory	\$35.0	\$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

## Q2 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 25% with decrease in Online Channels segment of 16% and decrease in Traditional segment of 43%
- Gross margin at 41% vs 49% in the year ago quarter
- Finished jewelry sales represents 81% of total Q2 FY 2023 sales
- 22% decrease in charlesandcolvard.com revenue
- 29% decrease in moissanite sales
- 19% increase in lab grown diamond sales
- Loss from operations of \$1.2 million vs prior year income from operations of \$1.5 million
- Income tax benefit of \$132,000 vs \$283,000 income tax expense in the prior year quarter
- Net loss of \$1.0 million or \$0.03 loss per diluted share vs the prior year's quarter's net income of \$1.2 million or \$0.04 earnings per diluted share
- Balance sheet with \$17.0 million cash, cash equivalents and restricted cash and \$26.3 million in working capital
- Cash collateralized line of credit of \$5 million, which has not been accessed

\*Comparisons to Q2 FY 2022 unless otherwise noted

## Online Channels Segment Net Sales

6 Months Ended  
Dec. 31 FISCAL YEAR ENDED JUNE 30

In Millions	YTD 2023	2022	2021
Net Sales	\$12.7	\$26.8	\$23.2
% of Total Sales	72%	62%	59%

## Traditional Segment Net Sales

6 Months Ended  
Dec. 31 FISCAL YEAR ENDED JUNE 30

In Millions	YTD 2023	2022	2021
Net Sales	\$5.0	\$16.3	\$16.0
% of Total Sales	28%	38%	41%

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

(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](http://charlesandcolvard.com) for January 1, 2022 through December 31, 2022  
(4) How to Buy an Engagement Ring Like a Millennial (December 2019)