



# 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.

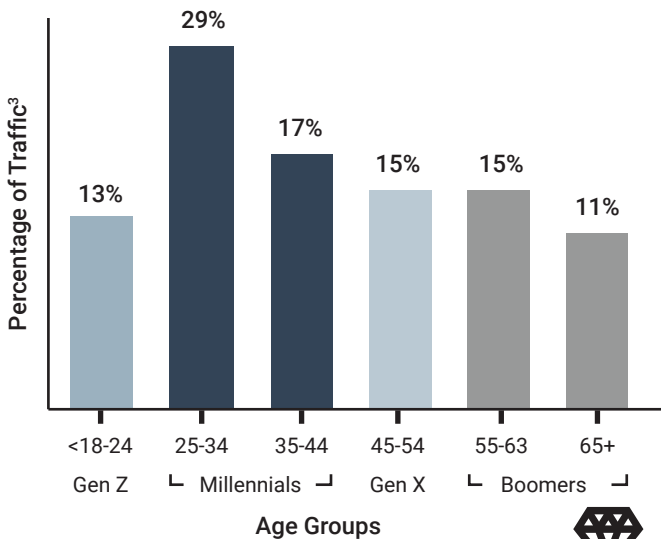
### Company Overview

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-created 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 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 - Q4 FY 2022

In Millions	Net Sales Overall	Online Channels Segment	Traditional Segment	Finished Jewelry / Loose Stones
Q4 FY2022	\$9.3	\$5.7	\$3.6	\$6.1 (Finished) / \$3.2 (Loose)
Q4 FY2021	\$9.7	\$5.6	\$4.2	\$5.6 (Finished) / \$4.1 (Loose)
Q4 FY2022 Notes	4% decrease	62% of net sales	38% of net sales	9% increase in finished jewelry

## Financial Summary - Annual

FISCAL YEAR ENDED JUNE 30

In Millions, except for Earnings per Share	2022	2021 <sup>(A)</sup>	2020 <sup>(B)</sup>
Revenue	\$43.1	\$39.2	\$29.2
Net Income	\$2.4	\$12.8	(\$6.2)
Earnings (Loss) per Diluted Share	\$0.08	\$0.42	(\$0.22)
Total Cash	\$21.2	\$21.4	\$14.6
Inventory	\$33.5	\$29.2	\$30.6
Total Debt, PPP Loan <sup>(C)</sup>	\$0.0	\$0.0	\$1.0

(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

(B) Included \$5.3M write-off on legacy inventory in Q3 FY2020

(C) Our PPP loan was forgiven in Fiscal 2021

## Q4 FY2022 Summary\*

- Second highest comparable quarter revenue in Company history
- Eight sequential quarters of profitability
- Total net sales decreased 4% with increase in Online Channels segment of 3% and decrease in Traditional segment of 14%
- Gross margin at 41% vs 45% in the year ago quarter
- Finished jewelry sales represents 65% of total FY 2022 sales
- 3% decrease in charlesandcolvard.com revenue
- 9% decrease in moissanite sales
- 50% increase in lab grown diamond sales
- Income from operations of \$57,000 vs prior year of \$1.1 million
- Income tax expense of \$34,000 vs \$6.3 million benefit in the prior year quarter
- Net income of \$41,000 or \$0.00 earnings per diluted share vs the prior year's quarter's net income of \$8.4 million or \$0.27 earnings per diluted share
- Recognized in prior year ago quarter a \$974,000 gain on extinguishment of debt due to PPP loan forgiveness and income tax benefit of \$6.3 million from the reduction of the valuation allowance against deferred tax assets
- Balance sheet with \$21.2 million cash, cash equivalents and restricted cash and \$29.1 million in working capital
- Cash collateralized line of credit of \$5 million, which has not been accessed

\*Comparisons to Q4 FY2021 unless otherwise noted

## Online Channels Segment Net Sales

FISCAL YEAR ENDED JUNE 30

In Millions	2022	2021	2020
Net Sales	\$26.8	\$23.2	\$16.6
% of Total Sales	62%	59%	57%

## Traditional Segment Net Sales

FISCAL YEAR ENDED JUNE 30

In Millions	2022	2021	2020
Net Sales	\$16.3	\$16.0	\$12.6
% of Total Sales	38%	41%	43%

## 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 July 1, 2021 to June 30, 2022

(4) How to Buy an Engagement Ring Like a Millennial (December 2019)

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