

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): **May 9, 2024**

Charles & Colvard, Ltd.

(Exact name of registrant as specified in its charter)

North Carolina
(State or other jurisdiction of
incorporation)

000-23329
(Commission File
Number)

56-1928817
(I.R.S. Employer
Identification No.)

170 Southport Drive
Morrisville, North Carolina
(Address of principal executive offices)

27560
(Zip Code)

(919) 468-0399
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, no par value per share	CTHR	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b - 2 of the Securities Exchange Act of 1934 (17 CFR 240.12b - 2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 3.03 Material Modification to Rights of Security Holders.

To the extent required by Item 3.03 of Form 8-K, the information contained in Item 5.03 of this Current Report on Form 8-K is incorporated herein by reference.

Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

On May 7, 2024, the shareholders of Charles & Colvard, Ltd. (the “Company”) approved a proposal at a special meeting of stockholders (the “Special Meeting”) to amend the Company’s Restated Articles of Incorporation (as amended, the “Articles of Incorporation”) to effect a reverse stock split of the Company’s issued shares of common stock, no par value per share (the “Reverse Stock Split”), at a ratio within a range from any whole number between one-for-ten to one-for-fifteen, as determined by the Company’s Board of Directors (the “Board”) in its sole discretion. On May 9, 2024, the Board approved a reverse stock split ratio of one-for-ten (1:10). On May 14, 2024, the Company filed the Articles of Amendment to the Articles of Incorporation (the “Amendment”) with the North Carolina Secretary of State, with an effective time of 12:01 a.m., Eastern Time on May 17, 2024 (the “Effective Date”).

Impact on Common Stock. After the Effective Date, each shareholder will own a reduced number of shares of common stock. However, the Reverse Stock Split will affect all of the Company’s shareholders uniformly and will not affect any shareholder’s percentage ownership interest in the Company (except to the extent of the rounding up of fractional shares, in which case the Company does not expect any such increase to be material). Voting rights and other rights and preferences of the holders of the Company’s common stock will not be affected by the Reverse Stock Split. The number of shareholders of record will not be affected by the Reverse Stock Split.

The combination of, and reduction in, the number of the Company’s outstanding shares of common stock as a result of the Reverse Stock Split will occur automatically at the Effective Date without any additional action on the part of the Company’s shareholders.

Upon the Reverse Stock Split, the Company intends to treat shareholders holding shares of the Company’s common stock in “street name” (that is, through a broker, bank, or other nominee) in the same manner as registered shareholders whose shares of the Company’s common stock are registered in their names. Brokers, banks, or other nominees will be instructed to effect the Reverse Stock Split for their beneficial holders holding shares of the Company’s common stock in “street name”; however, these brokers, banks or other nominees may apply their own specific procedures for processing the Reverse Stock Split. The Company encourages shareholders holding shares of the Company’s common stock with a broker, bank, or other nominee, to contact such broker, bank or nominee with any questions in this regard.

Shareholders who hold registered shares of the Company’s common stock in a book-entry form need not take any action to receive their post-Reverse Stock Split shares of the Company’s common stock in registered book-entry form. Shareholders who are entitled to post-Reverse Stock Split shares of the Company’s common stock will automatically be sent a transaction statement to their address of record as soon as practicable after the Effective Date indicating the number of shares of the Company’s common stock such shareholder holds.

Shareholders who hold any shares of the Company's common stock in certificate form will receive a transmittal letter from the Company's exchange agent as soon as practicable after the Effective Date. The transmittal letter will be accompanied by instructions specifying how the shareholder can exchange their certificate representing the pre-Reverse Stock Split shares of the Company's common stock for either: (1) a certificate representing the post-Reverse Stock Split shares of the Company's common stock or (2) post-Reverse Stock Split shares of the Company's common stock in a book-entry form, evidenced by a transaction statement that will be sent to such shareholder's address of record as soon as practicable after the Effective Date indicating the number of shares of the Company's common stock such shareholder holds. Beginning on the Effective Date of the Reverse Stock Split, each certificate representing pre-Reverse Stock Split shares of the Company's common stock will be deemed for all corporate purposes to evidence ownership of post-Reverse Stock Split shares.

The new CUSIP number for the Company's common stock following the Reverse Stock Split is 159765205. The Company's common stock will open for trading under the new CUSIP number on the Nasdaq Capital Market on May 17, 2024 on a split-adjusted basis under the current ticker symbol "CTHR."

Impact on Equity Incentives. As of the date of this Current Report on Form 8-K, the Company had 508,834 shares of common stock covered by awards outstanding under the Company's 2008 Stock Incentive Plan, a copy of which is filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2023 (as amended from time to time, the "2008 Plan") and 2,350,943 shares of common stock covered by awards and available for future awards under the Company's 2018 Equity Incentive Plan, a copy of which is filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2023 (as amended from time to time, the "2018 Plan") (collectively, the "Plans"). Pursuant to the terms of the Plans, as the case may be, as a result of the Reverse Stock Split, as of the Effective Date: each then-outstanding full-value equity award, including each restricted stock award, will be automatically converted into an award covering a number of shares of common stock equal to 1/10 of the number of shares of common stock covered thereby immediately prior to the Reverse Stock Split, rounded down to the nearest whole share; each then-outstanding appreciation equity award, including each stock option award, will be converted into an award covering a number of shares of common stock equal to 1/10 of the number of shares of common stock covered thereby immediately prior to the Reverse Stock Split, rounded down to the nearest whole share, with a per share exercise price equal to the per share exercise price thereof immediately prior to the Reverse Stock Split multiplied by ten, rounded up to the nearest whole penny; the number of shares of common stock available for future grant under the 2018 Plan, and each per-participant limit thereunder, will be reduced to 1/10 of the number of shares applicable thereto immediately prior to the Reverse Stock Split, rounded down to the nearest whole share; and all issued, outstanding and treasury common stock, stock options and per share amounts in the Company's financial statements and the notes thereto will be retroactively adjusted for all periods to give effect to the Reverse Stock Split. All share and per share amounts in the Company's financial statements and the notes thereto will be retroactively adjusted for all periods to give effect to the Reverse Stock Split.

The description of the Amendment set forth above does not purport to be complete and is qualified in its entirety by the full text of the Amendment, a copy of which is attached hereto as Exhibit 3.1(a) and is incorporated herein by reference.

Item 7.01 Regulation FD Disclosure.

On May 15, 2024, the Company issued a press release announcing the one-for-ten (1:10) Reverse Stock Split. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

In accordance with General Instruction B.2 of Form 8-K, the information in this Current Report on Form 8-K, including Exhibit 99.1, which is incorporated into this Item 7.01, is being furnished pursuant to Item 7.01 and shall not be deemed “filed” for the purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Exchange Act of 1934, as amended, or the Securities Act of 1933, as amended, except as shall be expressly set forth by reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description of Document
3.1	Articles of Amendment to Restated Articles of Incorporation of Charles & Colvard, Ltd.
99.1	Press Release dated May 15, 2024
104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Charles & Colvard, Ltd.

May 15, 2024

By: /s/ Clint J. Pete
Clint J. Pete
Chief Financial Officer

**ARTICLES OF AMENDMENT TO
RESTATED ARTICLES OF INCORPORATION OF
CHARLES & COLVARD, LTD.**

Pursuant to Section 55-10-06 of the North Carolina Business Corporation Act, the undersigned corporation hereby submits these Articles of Amendment for the purpose of amending its Restated Articles of Incorporation:

1. The name of the corporation is Charles & Colvard, Ltd.
2. The Restated Articles of Incorporation of the corporation are hereby amended as follows:

That Article II of the Restated Articles of Incorporation, as amended to date, be and hereby is further amended by deleting the first paragraph thereof and inserting in its place the following:

“The Corporation is authorized to issue two (2) classes of capital stock to be designated, respectively, Common Stock (“Common Stock”) and Preferred Stock (“Preferred Stock”). The total number of shares of capital stock that the Corporation is authorized to issue is sixty million (60,000,000). The total number of shares of Common Stock the Corporation shall have authority to issue is fifty million (50,000,000), and the total number of shares of Preferred Stock the Corporation shall have authority to issue is ten million (10,000,000). The Common Stock shall have no par value per share, and the Preferred Stock shall have no par value per share.

At 12:01 a.m., Eastern Time, on May 17, 2024 (the “Effective Date”), each share of Common Stock, no par value per share, issued immediately prior to the Effective Date will be automatically combined and converted into that fraction of a share of Common Stock, no par value per share, of the Corporation as has been determined by the Board of Directors in its sole discretion at a ratio of one-for-ten shares of Common Stock (the “Reverse Stock Split”). No fractional shares shall be issued in connection with the Reverse Stock Split. To the extent that any shareholder shall be deemed after the Effective Date as a result of these Articles of Amendment to own a fractional share of Common Stock, such fractional share resulting from the Reverse Stock Split shall be rounded up to the nearest whole share. Each certificate that immediately prior to the Effective Date represented shares of Common Stock (“Old Certificates”), shall, automatically and without the necessity of presenting the same for exchange, thereafter represent that number of shares of Common Stock into which the shares of Common Stock represented by the Old Certificate shall have been combined, subject to the elimination of fractional share interests as described above.”

3. The amendment was approved by shareholder action, and such shareholder approval was obtained as required by Chapter 55 of the North Carolina General Statutes.
4. These Articles of Amendment will become effective at 12:01 a.m., Eastern Time, on May 17, 2024.

IN WITNESS WHEREOF, I have hereunto set my hand this 13th day of May, 2024.

CHARLES & COLVARD, LTD.

By: /s/ Don O’Connell

Name: Don O’Connell

Title: President and Chief Executive Officer



CHARLES & COLVARD

CHARLES & COLVARD ANNOUNCES REVERSE STOCK SPLIT

FOR IMMEDIATE RELEASE

RESEARCH TRIANGLE PARK, N.C. – May 15, 2024 – Charles & Colvard, Ltd. (Nasdaq: CTHR) (the “Company”), a globally recognized fine jewelry company that specializes in moissanite and lab grown diamonds, announced today that the Company’s Board of Directors has approved a one-for-ten (1:10) reverse split of the Company’s common stock, no par value per share (the “Reverse Stock Split”), to be effective as of 12:01 a.m. Eastern Time on May 17, 2024 (the “Effective Date”). The Reverse Stock Split is intended to bring the Company into compliance with Nasdaq’s \$1.00 per share minimum bid price requirement for continued listing. The Company expects its common stock to begin trading on a split-adjusted basis on the Nasdaq Capital Market as of the commencement of trading on May 17, 2024 with a new CUSIP number of 159765205. The ticker symbol for the Company stock will remain “CTHR.”

The Company’s shareholders at a special meeting held on May 7, 2024, approved a proposal to amend the Company’s Restated Articles of Incorporation to effect a Reverse Stock Split at a ratio within a range from any whole number between one-for-ten to one-for-fifteen, as determined by the Board of Directors in its sole discretion. The Company filed the Articles of Amendment to its Restated Articles of Incorporation with the North Carolina Secretary of State on May 14, 2024.

Information for Shareholders

The Reverse Stock Split will, as of the Effective Date, reduce the number of the issued and outstanding shares of the Company’s common stock from approximately 30,344,955 to approximately 3,034,496. The total authorized number of shares of common stock will remain the same. No fractional shares will be issued in connection with the Reverse Stock Split, and fractional shares resulting from the Reverse Stock Split will be rounded up to the nearest whole share. The Company’s common stock will continue to have no par value per share. No further action on the part of shareholders will be required to implement the Reverse Stock Split.

The Company’s transfer agent, Equiniti Trust Company, LLC (“Equiniti”), will act as its exchange agent for the Reverse Stock Split. Equiniti will provide instructions to any shareholders with physical stock certificates regarding the process for exchanging their certificates for split-adjusted shares into “book-entry form.” Shares held by shareholders in “street name” will have their accounts automatically credited by their brokerage firm, bank or other nominee, as will any shareholders who held their shares in book-entry form at Equiniti. Equiniti can be reached at (877) 248-6417 or (718) 921-8317.

Impact on Equity Incentives

Proportionate adjustments will be made to the per-share exercise price, grant price, purchase price and/or the number of shares subject to all then outstanding stock options, restricted stock units and other awards (collectively, the "Equity Awards") issued under the Company's 2008 Stock Incentive Plan and 2018 Equity Incentive Plan (each, a "Plan" and, collectively, the "Plans"), which will result in a proportional decrease in the number of shares of the Company's common stock reserved for issuance upon exercise of such Equity Awards. The number of shares then reserved for issuance under the Plans will be reduced proportionately based upon the Reverse Stock Split. All share and per share amounts in the Company's financial statements and the notes thereto will be retroactively adjusted for all periods to give effect to the Reverse Stock Split.

Additional information about the Reverse Stock Split can be found in the Company's definitive proxy statement filed with the Securities and Exchange Commission on April 8, 2024, a copy of which is available at www.sec.gov or at <https://ir.charlesandcolvard.com> under the Financials tab.

About Charles & Colvard, Ltd.

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. The Company's 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. Charles & Colvard was founded in 1995 and is based in North Carolina's Research Triangle Park region. For more information, please visit www.charlesandcolvard.com.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Statements expressing expectations regarding our future and projections relating to our products, sales, revenues, and earnings are typical of such statements and are made under the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, statements about our plans, objectives, representations, and contentions and are not historical facts and typically are identified by use of terms such as "may," "will," "should," "could," "expect," "intend," "plan," "anticipate," "believe," "estimate," "predict," "continue," and similar words, although some forward-looking statements are expressed differently.

All forward-looking statements are subject to the risks and uncertainties inherent in predicting the future. You should be aware that although the forward-looking statements included herein represent management's current judgment and expectations, our actual results may differ materially from those projected, stated, or implied in these forward-looking statements as a result of many factors including, but not limited to, (1) our business and our results of operations could be materially adversely affected as a result of general economic and market conditions; (2) our future financial performance depends upon increased consumer acceptance, growth of sales of our products, and operational execution of our strategic initiatives; (3) we face intense competition in the worldwide gemstone and jewelry industry; (4) we have historically been dependent on a single supplier for substantially all of our silicon carbide, or SiC, crystals, the raw materials we use to produce moissanite jewels; if our supply of high-quality SiC crystals is interrupted, our business may be materially harmed; (5) constantly evolving privacy regulatory regimes are creating new legal compliance challenges; (6) our information technology, or IT, infrastructure, and our network has been and may be impacted by a cyber-attack or other security incident as a result of the rise of cybersecurity events; (7) we are subject to certain risks due to our international operations, distribution channels and vendors; (8) our business and our results of operations could be materially adversely affected as a result of our inability to fulfill orders on a timely basis; (9) we are currently dependent on a limited number of distributor and retail partners in our Traditional segment for the sale of our products; (10) we may experience quality control challenges from time to time that can result in lost revenue and harm to our brands and reputation; (11) seasonality of our business may adversely affect our net sales and operating income; (12) our operations could be disrupted by natural disasters; (13) sales of moissanite and lab grown diamond jewelry could be dependent upon the pricing of precious metals, which is beyond our control; (14) our current customers may potentially perceive us as a competitor in the finished jewelry business; (15) if the e-commerce opportunity changes dramatically or if e-commerce technology or providers change their models, our results of operations may be adversely affected; (16) governmental regulation and oversight might adversely impact our operations; (17) the effects of COVID-19 and other potential future public health crises, epidemics, pandemics or similar events on our business, operating results, and cash flows are uncertain; (18) the execution of our business plans could significantly impact our liquidity and we might not be able to continue as a going concern; (19) we are subject to arbitration, litigation and demands, which could result in significant liability and costs, and impact our resources and reputation; (20) the financial difficulties or insolvency of one or more of our major customers or their lack of willingness and ability to market our products could adversely affect results; (21) negative or inaccurate information on social media could adversely impact our brand and reputation; (22) we rely on assumptions, estimates, and data to calculate certain of our key metrics and real or perceived inaccuracies in such metrics may harm our reputation and negatively affect our business; (23) we may not be able to adequately protect our intellectual property, which could harm the value of our products and brands and adversely affect our business; (24) environmental, social, and governance matters may impact our business, reputation, financial condition, and results of operations; (25) if we fail to evaluate, implement, and integrate strategic acquisition or disposition opportunities successfully, our business may suffer; (26) our failure to maintain compliance with The Nasdaq Stock Market's continued listing requirements could result in the delisting of our common stock; (27) some anti-takeover provisions of our charter documents may delay or prevent a takeover of our Company; and (28) we cannot guarantee that our share repurchase program will be utilized to the full value approved, or that it will enhance long-term stockholder value and repurchases we consummate could increase the volatility of the price of our common stock and could have a negative impact on our available cash balance, in addition to the other risks and uncertainties described in more detail in our filings with the U.S. Securities and Exchange Commission (the "SEC"), including our Annual Report on Form 10-K for the fiscal year ended June 30, 2023 and subsequent reports filed with the SEC. Forward-looking statements speak only as of the date they are made. We undertake no obligation to update or revise such statements to reflect new circumstances or unanticipated events as they occur except as required by the federal securities laws, and you are urged to review and consider disclosures that we make in the reports that we file with the Securities and Exchange Commission, or SEC, that discuss other factors relevant to our business.

Company Contact:

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