



Nasdaq: CTHR

# CHARLES & COLVARD

## Investor Fact Sheet

### Q3 Fiscal 2019 By The Numbers:

- Net sales of \$7.9 million
- 17% increase in net sales
- 22% increase in Finished Jewelry net sales
- Forever One™ represented 80% of net sales
- Compelling gross margin of 47%
- Third consecutive profitable quarter with \$0.8 million net income
- Book value of \$1.67 at 3/31/19

### Investment Considerations:

- Large and expanding market for lab-created gemstones
- High quality & sustainable product
- Large millennial audience
- Scalable Online Channel growth
- Untapped global expansion
- Insider ownership of 14% by experienced management team and Board
- No long-term debt

## Moissanite: The World's Most Brilliant Gem®

Moissanite is one of the rarest minerals on earth, first discovered more than 120 years ago by Nobel Prize winning chemist Henri Moissan. This lab-created gemstone is comprised of uniquely stacked silicon carbide. This chemical structure yields a colorless and near-colorless gemstone whose hardness rivals any mineral on earth and boasts refractive properties exceeding that of a diamond. This means it will stand up to daily wear and tear and it will sparkle brighter than any other gemstone in your jewelry box.

At Charles & Colvard we believe luxury can be both beautiful and conscientious. With innovative technology and sustainable practices, our goal is to lead a revolution in the jewelry industry — delivering a brilliant product at an extraordinary value balanced with environmental and social responsibility.

## Key Strategic Drivers

### Recent Accomplishments:

- Trailing 12-month net sales of \$31 million
- Online Channel net sales increased 38% in Q3 2019
- charlesandcolvard.com net sales grew 55% in Q3 2019
- Added new retail relationships including Macy's and several international marketplaces
- Third quarter of profitability with YTD Q3 2019 profit of \$2.1 million



### Key Strategies for 2019:

- Driving organic revenue growth in the U.S. and maintaining attractive margins
- Expanding our gemstone and jewelry offerings to serve a broad range of customers
- Targeting the global market opportunity through continued brand building, focused channel expansion and a world-class customer experience
- Balancing growth-oriented investments to generate sustainable earnings improvement

# 294%

increase in searches on Pinterest in 2017, making moissanite engagement rings one of their top wedding trends for 2018<sup>1</sup>

# 253%

growth in our social media following since the Charles & Colvard re-launch in October of 2016

## Market Opportunity

- Global online fashion jewelry \$45B; global online fine jewelry \$30 billion by 2020<sup>2,3</sup>
- Lab-created gemstone opportunity \$8 billion by 2020<sup>4</sup>
- Millennial audience embracing lab-created alternative options

**\$8B**

estimated lab-created gemstone market by 2020<sup>4</sup>

**11%**

of brides choosing jewels other than diamond<sup>5</sup>

## Target Audience

**\$200B**

the annual buying power of millennials in the U.S.<sup>6</sup>

**80%**

of millennials prioritize making the world a better place, and gravitate toward brands that live this vision<sup>7</sup>

**71%**

of millennials have an Amazon Prime membership<sup>8</sup>

## Financial Summary

IN MILLIONS	12 MONTHS ENDED JUNE 30		9 MONTHS ENDED MARCH 31
	2017	2018	YTD 2019
REVENUE	\$23.5	\$27.9	\$24.6
INCOME (LOSS) FROM OPERATIONS	\$(3.2)	\$(1.3)	\$2.1
TOTAL CASH BALANCE	\$6.3	\$3.4	\$4.6
INVENTORY BALANCE	\$26.1	\$31.8	\$33.7

## The Leadership Team



**Neal Goldman**

Chairman of the Board of Directors

President  
Goldman Capital Management, Inc.



**Suzanne Miglucci**

President & Chief Executive Officer

Previous Experience  
channeladvisor  
SAP SCIQUEST



**Don O'Connell**

Chief Operating Officer & Senior Vice President, Supply Chain

Previous Experience  
OFT RICHLINE GROUP



**Clint J. Pete**  
Chief Financial Officer

Previous Experience  
ORACLE  
TEKELEC EY



**Tom Bergen**

Senior Vice President, Sales

Previous Experience  
ZALE CORPORATION ShopNBC



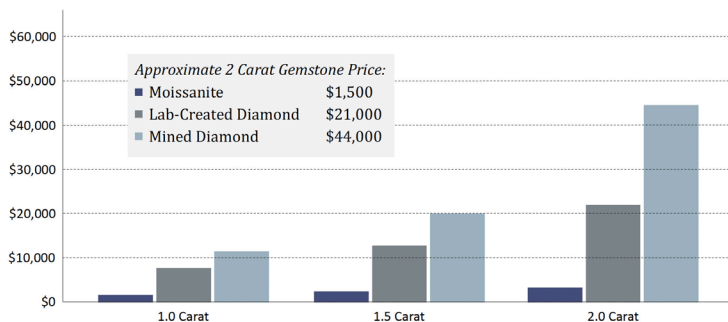
**John Lane**

Vice President, Marketing

Previous Experience  
CENTERLINE DIGITAL  
With clients such as:  
IBM

## Affordable Luxury

Moissanite vs. Diamonds



## Routes to Market



### SOURCES:

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### CONTACT US:

Jenny Kobin, Investor Relations Advisory Solutions  
jenny.kobin@iradvisory.com  
800.695.0650

Clint J. Pete, Chief Financial Officer, Charles & Colvard  
cpete@charlesandcolvard.com  
919.468.0399 ext. 354

