Q1 FY 2023 Earnings
CONFERENCE CALL PRESENTATION

Nasdaq: CTHR
Forward Looking Statements

This presentation 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 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) 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; (4) we face intense competition in the worldwide gemstone and jewelry industry; (5) our information technology, or IT, infrastructure, and our network may be impacted by a cyber-attack or other security incident as a result of the rise of cybersecurity events; (6) constantly evolving privacy regulatory regimes are creating new legal compliance challenges; (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) we depend 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; (16) 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; (17) governmental regulation and oversight might adversely impact our operations; (18) the execution of our business plans could significantly impact our liquidity; (19) 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; (20) negative or inaccurate information on social media could adversely impact our brand and reputation; (21) 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; (22) 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; (23) environmental, social, and governance matters may impact our business, reputation, financial condition, and results of operations; (24) if we fail to evaluate, implement, and integrate strategic acquisition or disposition opportunities successfully, our business may suffer; (25) some anti-takeover provisions of our charter documents may delay or prevent a takeover of our Company; (26) 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. 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; and (27) our failure to maintain compliance with The Nasdaq Stock Market’s continued listing requirements could result in the delisting of our common stock, 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, 2022 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.
Agenda

• CEO Q1 FY 2023 - Overview
• Financial Summary - Q1 FY 2023
• Strategic Initiatives Update - FY 2023
• Q&A
CEO Q1 FY 2023 Overview

Revenue
- $7.4M for Q1 FY 2023, down 28%*
- 4th highest comparable trailing twelve months revenue of over $40M

Online Channels
- Online Channels comprised 66% of revenue vs 52% Q1 FY 2022
  charlesandcolvard.com
  - Revenue Down 2%*
  - 2nd Highest Revenue for comparable quarter in Company history
  - Caydia® Lab Grown Diamond Revenue Up 85%*
  - Moissanite Revenue Down 12%*
  moissaniteoutlet.com
  - Revenue up 179%*

Other Stats
- Gross Margin - 45% Q1 FY 2023

* Compared to year-ago period
Financial Summary - Q1 FY 2023
### Net Sales - Q1 FY 2023

#### Net Sales ($M)

<table>
<thead>
<tr>
<th>Quarter Ended</th>
<th>Net Sales ($M)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>9/30/21</td>
<td>$10.3</td>
<td>-28%</td>
</tr>
<tr>
<td>9/30/22</td>
<td>$7.4</td>
<td></td>
</tr>
</tbody>
</table>

#### Net Sales from Online Channels Segment ($M)

<table>
<thead>
<tr>
<th>Quarter Ended</th>
<th>Net Sales ($M)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>9/30/21</td>
<td>$5.4</td>
<td>-10%</td>
</tr>
<tr>
<td>9/30/22</td>
<td>$4.9</td>
<td></td>
</tr>
</tbody>
</table>

#### Net Sales from Traditional Segment ($M)

<table>
<thead>
<tr>
<th>Quarter Ended</th>
<th>Net Sales ($M)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>9/30/21</td>
<td>$4.9</td>
<td>-49%</td>
</tr>
<tr>
<td>9/30/22</td>
<td>$2.5</td>
<td></td>
</tr>
</tbody>
</table>

#### Finished Jewelry & Loose Jewel Net Sales ($M)

<table>
<thead>
<tr>
<th>Quarter Ended</th>
<th>Net Sales ($M)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>9/30/21</td>
<td>$5.7</td>
<td>-3%</td>
</tr>
<tr>
<td>9/30/22</td>
<td>$4.6</td>
<td>-60%</td>
</tr>
<tr>
<td></td>
<td>$5.5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$1.8</td>
<td></td>
</tr>
</tbody>
</table>
Gross Margin % and Gross Profit in Millions - Q1 FY 2023

51%  
$5.3M

45%  
$3.3M

QUARTER ENDED 9/30/21  
QUARTER ENDED 9/30/22
Operating Expenses - Q1 FY 2023

Total Operating Expenses ($M)
- QUARTER ENDED 9/30/21: $4.3, 14% increase from 9/30/22's $4.5
- QUARTER ENDED 9/30/22: $4.5

Sales & Marketing Expenses ($M)
- QUARTER ENDED 9/30/21: $2.7, 14% increase from 9/30/22's $3.1
- QUARTER ENDED 9/30/22: $3.1

General & Administrative Expenses ($M)
- QUARTER ENDED 9/30/21: $1.6, 11% decrease from 9/30/22's $1.4
- QUARTER ENDED 9/30/22: $1.4
# Net Income (Loss) and Earnings (Loss) Per Share - Q1 FY 2023

<table>
<thead>
<tr>
<th>Quarter Ended</th>
<th>Net Income (Loss) ($thousands)</th>
<th>Net Earnings (Loss) Per Diluted Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>9/30/21</td>
<td>$(890)</td>
<td>$(0.03)</td>
</tr>
<tr>
<td>9/30/22</td>
<td>$827</td>
<td>$0.03</td>
</tr>
</tbody>
</table>

Note: Income tax benefit of $303,000 for the quarter ended 9/30/2022 vs income tax expense of $123,000 for the quarter ended 9/30/21
Stock Repurchase Program - Update

• $5 million Stock Repurchase Program from April 2022 through April 2025
• As of September 30, 2022, 388,403 shares repurchased that are held in treasury stock for an aggregate purchase price of $489,979, at an average price per share of $1.26
### Balance Sheet Summary - Q1 FY 2023

<table>
<thead>
<tr>
<th></th>
<th>9/30/22</th>
<th>6/30/22</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL CASH</strong></td>
<td>$16.6</td>
<td>$21.2</td>
</tr>
<tr>
<td><strong>INVENTORY</strong></td>
<td>$36.6</td>
<td>$33.5</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$67.7</td>
<td>$69.2</td>
</tr>
<tr>
<td><strong>DEBT</strong></td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>$9.4</td>
<td>$9.7</td>
</tr>
<tr>
<td><strong>SHAREHOLDERS’ EQUITY</strong></td>
<td>$58.3</td>
<td>$59.6</td>
</tr>
<tr>
<td><strong>SHARES OUTSTANDING</strong></td>
<td>30.3</td>
<td>30.7</td>
</tr>
<tr>
<td><strong>BOOK VALUE PER SHARE</strong></td>
<td>$1.92</td>
<td>$1.94</td>
</tr>
</tbody>
</table>

^1 Cash, cash equivalents and restricted cash (in millions, except per share)
Strengthening Our Brand Presence

- Made, Not Mined™ marketing campaign – ethical and conscious fine jewelry
- Maintained 99% precious metals utilization for fiscal year 2022
- Own the moat
- Strategic re-design of our website and educational content

Increasing Awareness via Marketing Strategy

- Revamping our overall go-to-market visual initiatives
- Capitalizing on our investments in our digital photography and video content hub and production studio
- Featured in twenty press publications within the quarter, including BRIDES, JCK, the Robb Report, Yahoo!, Forbes, and National Jeweler.

* "An Updated Look at the Lab-Grown Diamond Market: Size, Pricing, and More" - National Jeweler (September 2022)
• Enhancing and Expanding Product Assortment
  • New meaningful lab grown diamond collections
  • Launched our bold new Couture Collection, our Signature Collection Men’s Bands, and our latest Precious Colored Gemstone and Lab Grown Diamond Collection
  • Increased appointment times for virtual bridal consultations
  • Consultation bookings have increased
  • More likely to purchase after one-on-one consultation

• Broadening Our Footprint
  • Opened our first retail Signature Showroom at headquarters located in the RTP region