



CHARLES & COLVARD[®]

Q4 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 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) 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; (5) constantly evolving privacy regulatory regimes are creating new legal compliance challenges; (6) 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; (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) 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; (12) seasonality of our business may adversely affect our net sales and operating income; (13) our operations could be disrupted by natural disasters; (14) sales of moissanite and lab grown diamond jewelry could be dependent upon the pricing of precious metals, which is beyond our control; (15) our current customers may potentially perceive us as a competitor in the finished jewelry business; (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) 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.

A romantic couple in formal attire. The man is on the left, wearing a black tuxedo with a white shirt and a black bow tie. He has a small diamond earring. The woman is on the right, wearing a white lace dress, a diamond necklace, and diamond earrings. She has long blonde hair and is looking up at the man. They are outdoors with green foliage in the background.

Agenda

- **CEO Q4 & FY 2023 – Overview**
- **Financial Summary – Q4 & FY 2023**
- **Wrap Up**
- **Q&A**

Recent Market Sentiment

Challenges

- Challenging macroeconomic backdrop, weakened consumer outlook and softening engagement market creating near-term headwinds.
- Continued downward pricing pressure on mined and lab grown diamonds (LGD) has greatly impacted both LGD and moissanite, in turn, affecting overall Traditional wholesale business.
- Reevaluating supply chain, gemstone costs, pricing methodology and go-to-market strategy.

Positives

- Strong ending cash balance of \$15.6 million at the end of Q4 and FY 2023.
- Company remains debt free.
- Holiday season approaching – seasonally strongest quarter for Company.
- CTHR's proprietary Signature Collection revenue increased 36% in Q4.
- Average Order Value (AOV) levels remaining stable when compared to prior years.
- Caydia® lab-grown diamond sales continue to grow, up 20% compared to the year ago period.





FY2024 Strategic Initiatives

- Enhance our global brand awareness campaigns
 - Strengthen fine jewelry brands
 - Continue investing in paid media campaigns
 - Reinforce *Made, not Mined™*
 - Pursue sustained top-line organic growth
- Diversify product categories
 - Continue to evaluate new opportunities for growth
 - Pursue synergistic brands, products and new verticals beyond our current offerings
 - Evaluate partnerships with designers and influencers
 - Explore strategic alliances
- Invest strategically in technology
 - Better serve customers in existing and new outlets
 - Incorporate innovative technologies, including predictive analytics
 - Enhance customer experience through immersive virtual selling and customizable products
 - Capitalize on new, leading-edge streaming broadcast technology to attract new audiences
 - Building ecosystem to meet today's consumer with shoppable interactive live streaming on connected TV, linear broadcasting, satellite and social media platforms.
 - Large growth opportunity, with global TV shopping market to grow by 6% annually to \$440 billion by 2030 and jewelry expected to be largest offering in this selling vertical by 2028.*

* Business Research Insights. (2023, September 11). *TV Shopping Market Size, Share, Growth and Industry Growth, By Type (Jewelry, Apparel, Home Appliances, Kitchen, and Others), by Application (Male and Female), Regional Forecast to 2030.* <https://www.businessresearchinsights.com/market-reports/tv-shopping-market-102674>

Looking Ahead

Company working on stabilization and moving forward with new strategic initiatives including:

- Enhancing CTHR's global brand awareness campaigns
- Diversifying Company's product categories
- Innovating our technology



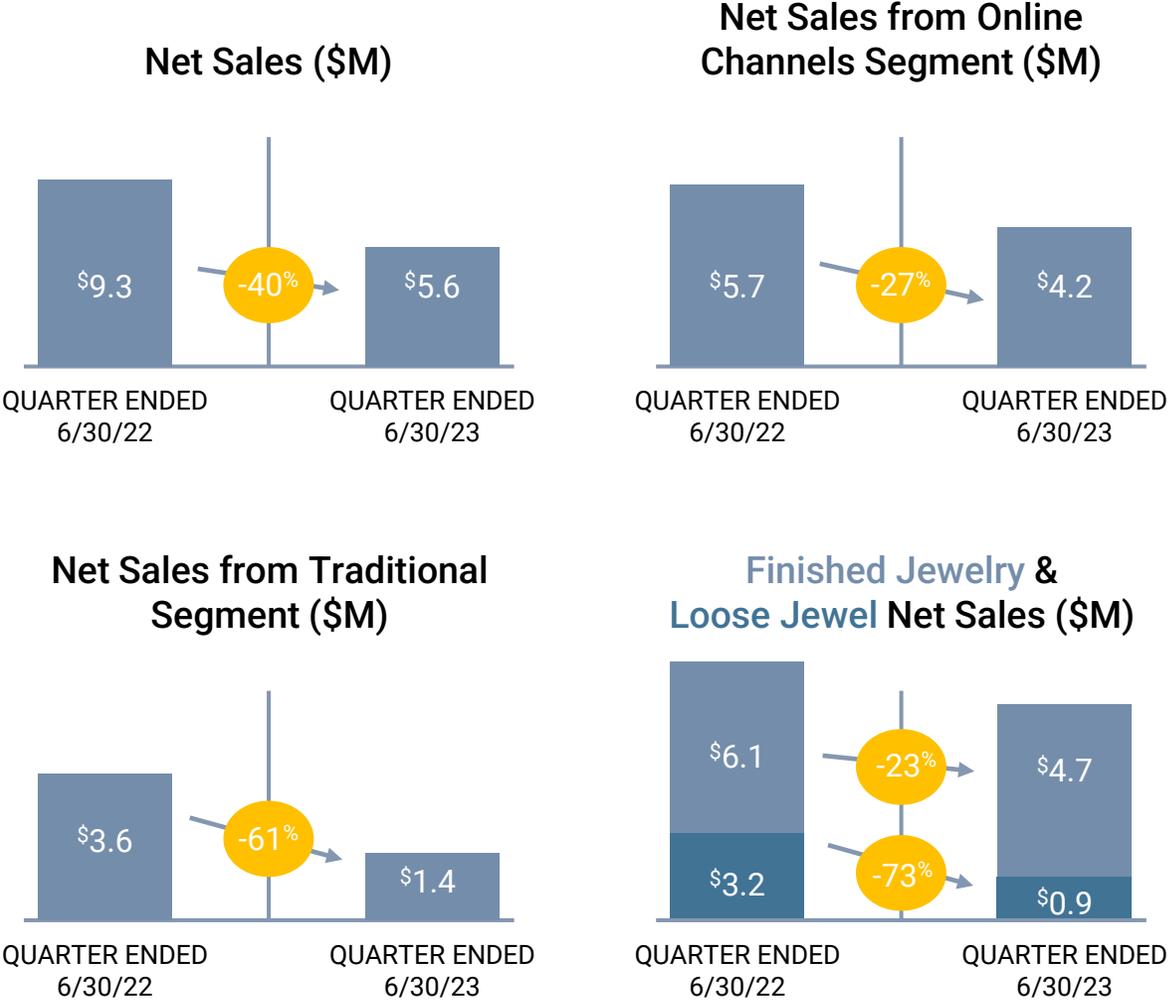


Q4 FY 2023 Financial Summary
Clint J. Pete, CFO



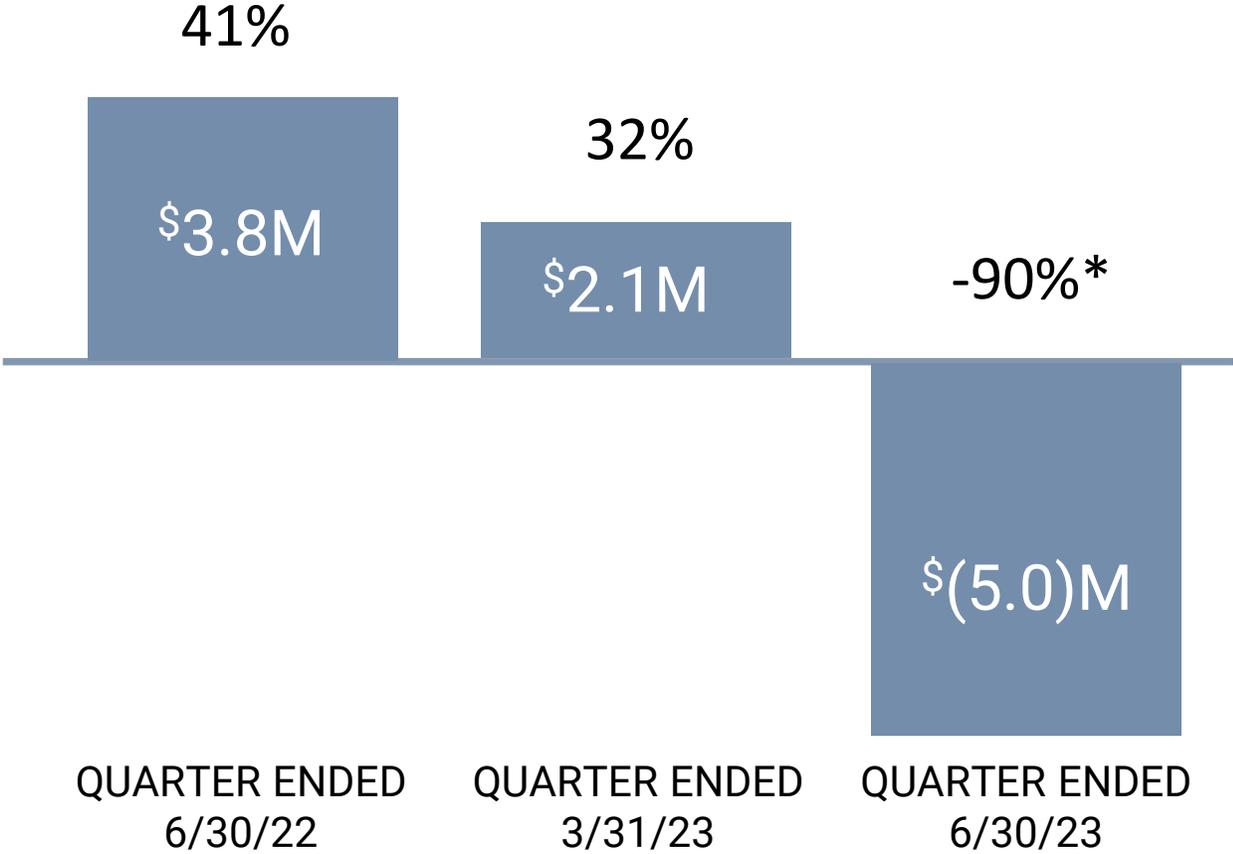
Net Sales Analysis

Q4 FY 2023 vs. Q4 FY 2022

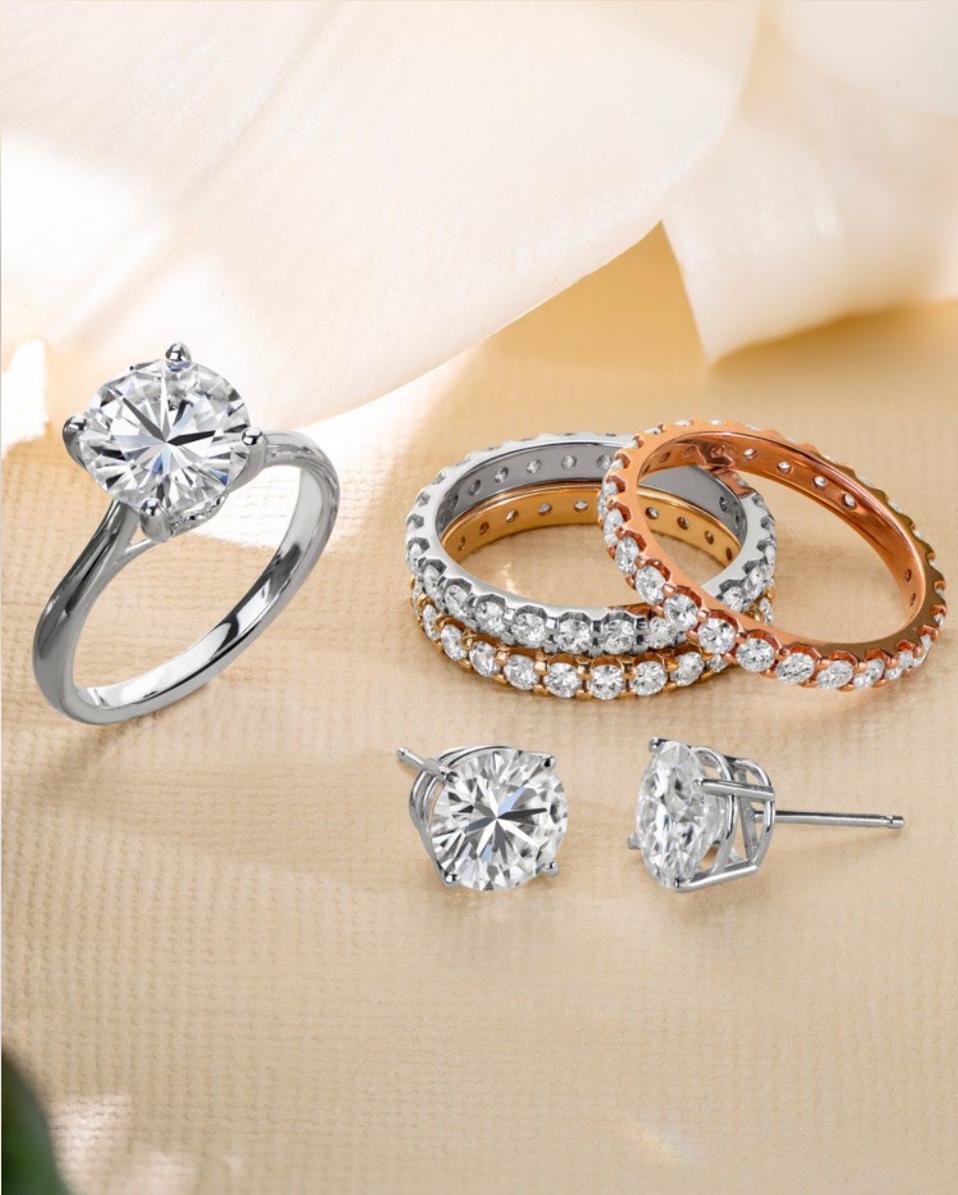




Gross Margin % and Gross Profit (Loss) (\$ in Millions)

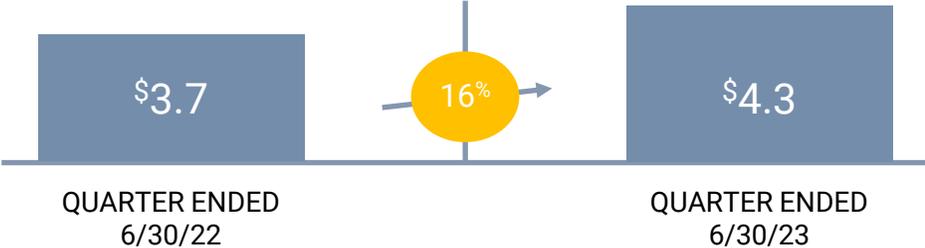


*Note: Includes \$5.9 million inventory write-down for the quarter ended 6/30/23.

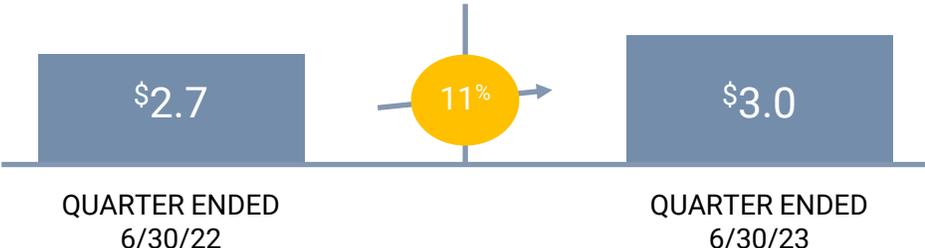


Operating Expenses

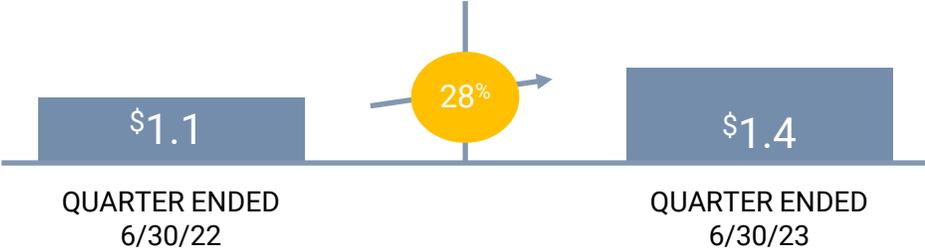
Total Operating Expenses (\$M)



Sales & Marketing Expenses (\$M)



General & Administrative Expenses (\$M)

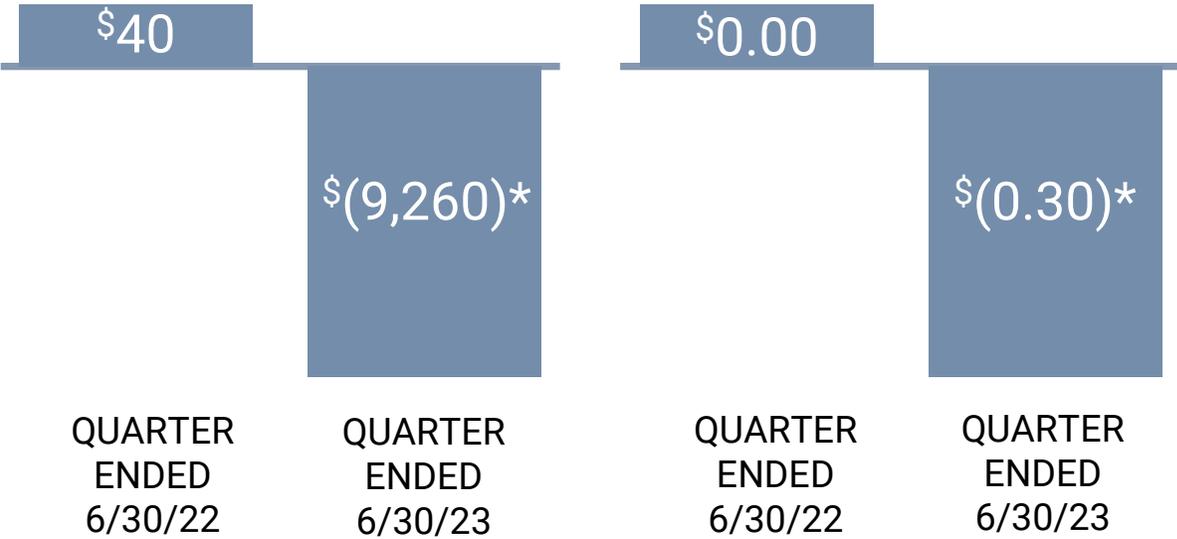




Net Income (Loss) and Earnings (Loss) Per Share

Net Income (Loss)
(\$thousands)

Net Earnings (Loss)
Per Diluted Share



* Note: Includes \$5.9 million inventory write-down for the quarter ended 6/30/23.



Balance Sheet Summary

Q4 FY 2023

	6/30/23	3/31/23
TOTAL CASH ¹	\$15.6	\$16.0
INVENTORY	\$26.8	\$33.3
TOTAL ASSETS	\$48.9	\$56.4
DEBT	\$0	\$0
TOTAL LIABILITIES	\$9.1	\$7.4
SHAREHOLDERS' EQUITY	\$39.8	\$49.0
SHARES OUTSTANDING	30.5	30.5
BOOK VALUE PER SHARE	\$1.30	\$1.60

¹Cash, cash equivalents and restricted cash



Q&A