



A conscious fine jewelry brand specializing in made, not mined™ gemstones that is transforming the industry through direct-to-consumer engagement and wholesale distribution.

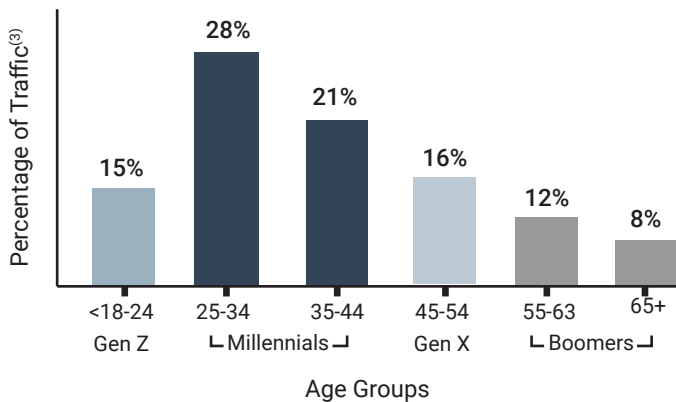
Company Overview

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 products
- 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
- Global gems and jewelry market projected to reach \$451.6 billion by 2025⁽¹⁾
- Online fine jewelry market sales expected to grow to \$60-\$80 billion between 2019 and 2025⁽²⁾

Customer Demographics



1 in 4

Millennials buy their engagement ring online⁽⁴⁾

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 a 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

Net Sales - Q3 FY2022

| In Millions | Net Sales Overall | Online Channels Segment | Traditional Segment | Finished Jewelry/ Loose Stones |
|--------------------|-------------------|-------------------------|---------------------|-------------------------------------|
| Q3 FY2022 | \$9.8 | \$6.4 | \$3.4 | \$7.4 (Finished) \$2.3 (Loose) |
| Q3 FY2021 | \$9.4 | \$5.6 | \$3.9 | \$6.2 (Finished) \$3.2 (Loose) |
| Q3 FY2022 Notes | 3% Increase | 65% of Net Sales | 35% of Net Sales | 19% increase in FInished Jewelry |



Financial Summary - Annual & YTD

| In Millions, except or Earnings per Share | 9 MONTHS ENDED MARCH 31 | | FISCAL YEAR ENDED JUNE 30 |
|--|----------------------------|---------------------|---------------------------|
| | YTD 2022 | 2021 ^(A) | 2020 ^(B) |
| Revenue | \$33.8 | \$39.2 | \$29.2 |
| Net Income (Loss) | \$2.3 | \$12.8 | (\$6.2) |
| Earnings (Loss) per Diluted Share | \$0.07 | \$0.42 | (\$0.22) |
| Total Cash | \$21.9 | \$21.4 | \$14.6 |
| Inventory | \$32.5 | \$29.2 | \$30.6 |
| Total Debt ^(C) | \$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 FY 2021)

(B) Included \$5.3M write-off on legacy inventory in Q3 FY 2020

(C) Our PPP loan was forgiven in Fiscal 2021

Q3 FY2022 Summary*

- Third highest comparable quarter revenue in Company history
- Seven sequential quarters of profitability and double-digit growth
- Total net sales increased 3% with increase in Online Channels segment of 14% and decrease in Traditional segment of 12%
- Gross Margin at 46% steady to the year ago quarter
- Finished Jewelry net sales increased 19%, representing 76% of total net sales
- 22% increase in charlesandcolvard.com revenue
- 10% increase in moissanite sales
- 141% increase in lab grown diamond sales
- Income from operations of \$416,000 vs prior year of \$1.0 million
- Income tax provision of \$78,000 vs \$500 in the prior year quarter
- Net income of \$339,000 or \$0.01 earnings per diluted share vs the prior year's quarter's net income of \$1.0 million or \$0.03 earnings per diluted share
- Balance sheet with \$21.9 million in cash, cash equivalents and restricted cash and \$32.5 million in working capital
- Cash collateralized line of credit of \$5 million, which has not been accessed.

*Comparisons to Q3 FY2021 unless otherwise noted

Online Channels Segment Net Sales

| In Millions | 9 MONTHS ENDED MARCH 31 | | FISCAL YEAR ENDED JUNE 30 |
|------------------|----------------------------|--------|---------------------------|
| | YTD 2022 | 2021 | 2020 |
| Net Sales | \$21.0 | \$23.2 | \$16.6 |
| % of Total Sales | 62% | 59% | 57% |

Traditional Segment Net Sales

| In Millions | 9 MONTHS ENDED MARCH 31 | | FISCAL YEAR ENDED JUNE 30 |
|------------------|----------------------------|--------|---------------------------|
| | YTD 2022 | 2021 | 2020 |
| Net Sales | \$12.7 | \$16.0 | \$12.6 |
| % of Total Sales | 38% | 41% | 43% |

Contact Us

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For more information, visit charlesandcolvard.com

(1) Market Report Gems and Jewelry Forecast Global Industry, StrategyR (April 2021)

(2) The State of Fashion - Watches & Jewellery, McKinsey & Company (June 2021)

(3) Google Analytics Percentage of Traffic by Age on charlesandcolvard.com for April 1, 2021 to March 31, 2022

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