

Nasdaq: CTHR



CHARLES & COLVARD®

Q3 Fiscal 2020 Corporate Overview



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,” “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, the impact of the COVID-19 pandemic and related global economic condition on our business, financial condition and results of operations; our dependence on increased consumer acceptance, growth of sales of our products, and operational execution of our strategic initiatives; the impact of the execution of our business plans on our liquidity; general economic and market conditions, including the current economic environment; intense competition in the worldwide gemstone and jewelry industry; the financial difficulties or insolvency of one or more of our major customers and their willingness and ability to market our products; certain risks due to our international operations, distribution channels and vendors; our ability to fulfill orders on a timely basis; dependence on a limited number of distributor and retail partners in our Traditional segment; dependence on our exclusive supply agreement with Cree, Inc. for the supply of our silicon carbide crystals for the foreseeable future; inaccuracies in assumptions, estimates and data we use to calculate certain of our key operating metrics; our ability to maintain compliance with The Nasdaq Stock Market’s continued listing requirements; quality control challenges from time to time that can result in lost revenue and harm to our brands and reputation; the potential impact of seasonality on our business; the impact of natural disasters and other events beyond our control on our operations; our anticipated PPP Loan, pursuant to the Paycheck Protection Program under the Coronavirus Aid, Relief, and Economic Security Act, or the CARES Act, may not be forgiven or may be subject to challenges and investigations regarding qualification for the loan; the pricing of precious metals, which is beyond our control; our current customers’ potential perception of us as a competitor in the finished jewelry business; the impact of significant changes in e-commerce opportunities, technology, or models; the risk of a failure of our information technology infrastructure or a failure to protect confidential information against security breaches; our ability to protect our intellectual property; the potential adverse impact of negative or inaccurate information on social media; the failure to evaluate, implement, and integrate strategic opportunities; possible adverse effects of governmental regulation and oversight; and the impact of anti-takeover provisions included in our charter documents, in addition to the other risks and uncertainties described in our filings with the SEC, including our Annual Report on Form 10-K for the fiscal year ended June 30, 2019 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 SEC that discuss other factors relevant to our business.

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CHARLES & COLVARD®

- Established in 1995
- Publicly traded on Nasdaq: CTHR
- Based in Research Triangle Park, NC
- Lab-created, ethically-sourced gemstone disrupting the jewelry industry at a revolutionary value
- Consumer-facing bridal, fine and fashion jewelry brand
- 24 years of expertise creating, manufacturing and distributing moissanite





Market Opportunity

- Global online fashion jewelry \$45B^{1,2}
- Global online fine jewelry \$30B^{1,2}
- Millennial audience embracing lab-created alternative options
- Charles & Colvard at the convergence of online jewelry shopping and emergence of lab-created gemstones

\$75B

estimated global
online fashion and fine
jewelry market^{1,2}

11%

of brides choosing jewels
other than diamond³

¹ <https://www.forbes.com/sites/deborahweinswig/2016/04/14/as-fine-jewelry-moves-online-the-market-sparkles>

² <https://www.mckinsey.com/industries/retail/our-insights/a-multifaceted-future-the-jewelry-industry-in-2020>

³ https://issuu.com/jckmagazine/docs/bridal_jck2017/18

³ <https://www.wsj.com/articles/de-beers-tries-to-counter-a-growing-threat-man-made-diamonds-1478434763>



Unprecedented Quality

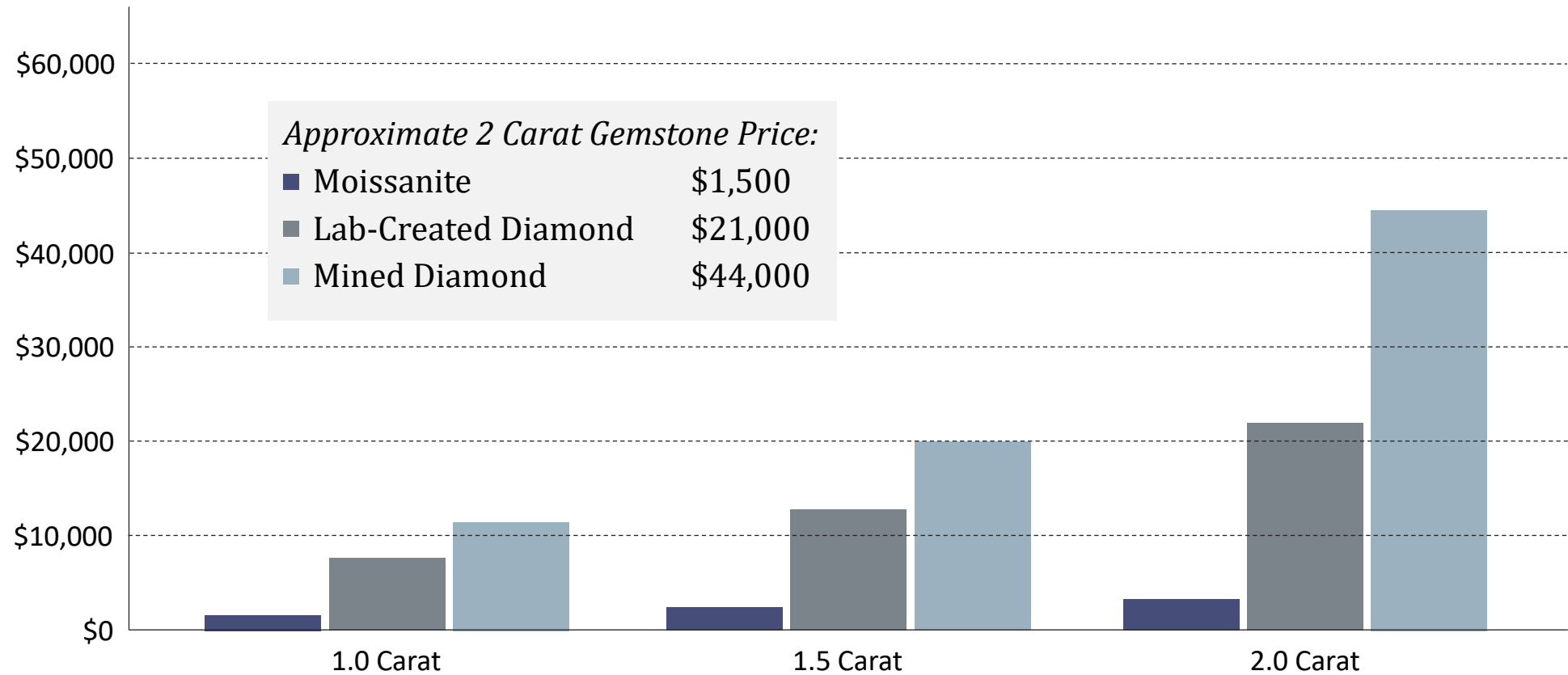
Gemstone Comparison Guide

	<i>Beauty</i>		<i>Durability</i>	
	Brilliance Refraction Index (RI)	Fire Dispersion	Hardness Mohs Scale	Toughness
CHARLES & COLVARD [®] Moissanite	2.65 – 2.69	0.104	9.25-9.5	Excellent
Diamond	2.42	0.044	10	Good to Excellent*
Ruby	1.77	0.018	9	Excellent**
Sapphire	1.77	0.018	9	Excellent**
Emerald	1.58	0.014	7.50	Poor to Good



Affordable Luxury

Moissanite vs. Diamond



Moissanite price reflects Forever One™ by Charles & Colvard® Colorless Gemstones.
Lab-Created Diamond and Mined Diamond Prices are based on retail averages from multiple eCommerce sites including:
Rare Carat, Blue Nile, Brilliant Earth, Miadonna, Ada Diamonds, Diamond Foundry and others.
Gemstone price based on round, DEF color, IF-VVS2 clarity, excellent-to-good cut.



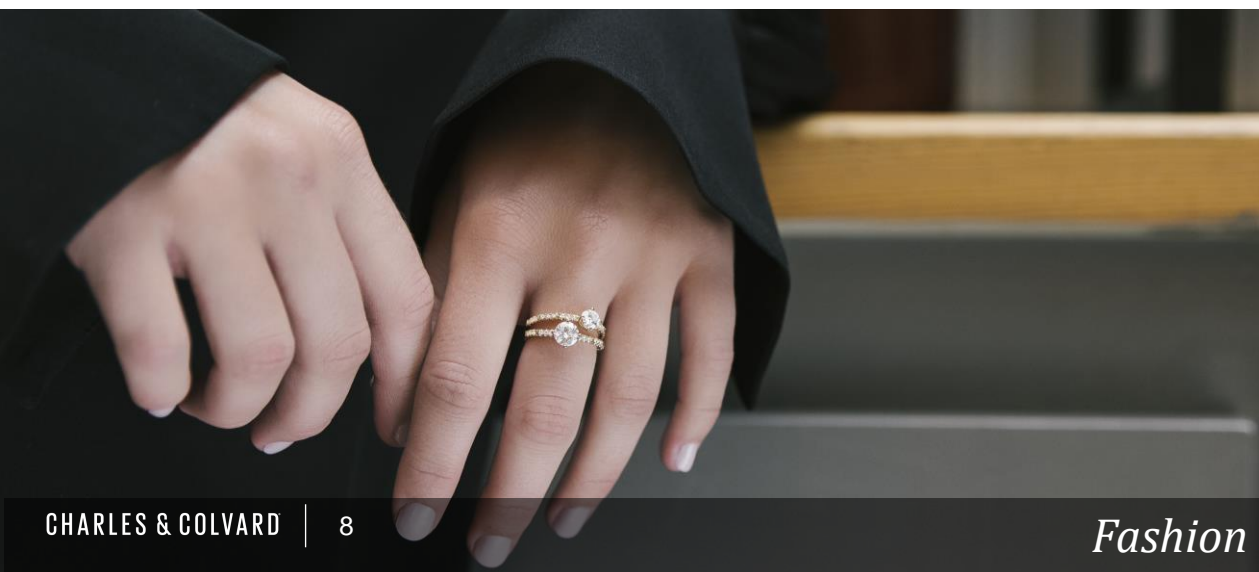
Product Evolution



Bridal Sets



Fine Jewelry



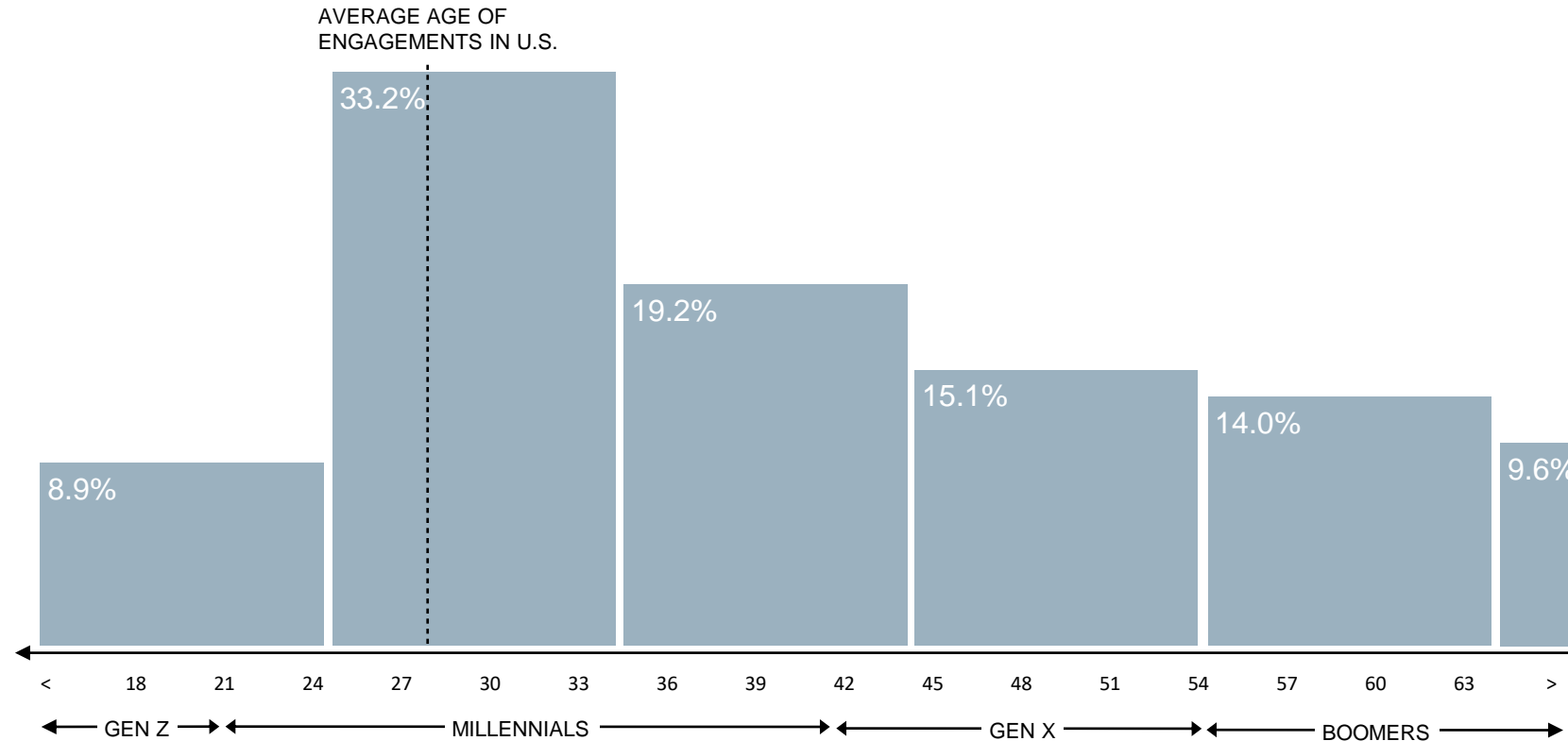
Fashion



Signature Collection



Demographics of the Charles & Colvard Customer



Primary Motivators:



Beauty



Value



Social Responsibility



AWARENESS

Finding and starting a conversation with new audiences

ENGAGEMENT

Deepen connection with new audiences

CONSIDERATION

Develop a personal relationship with the consumer

DECISION

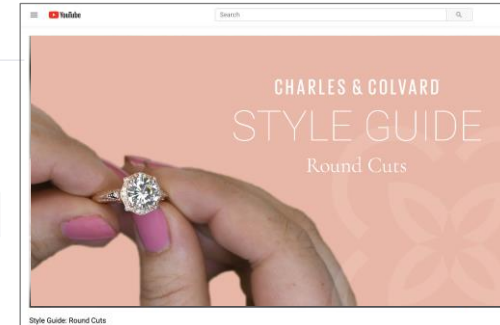
A Bespoke Buying Experience

ADVOCACY

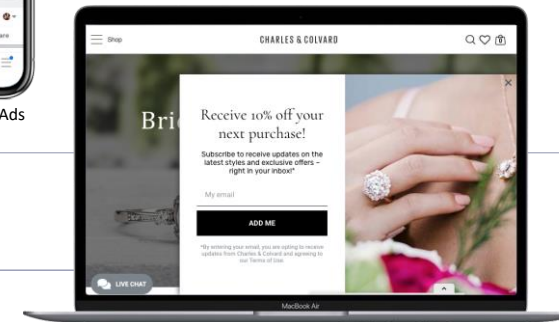
Creating A Movement



Mobile Social Ads



Style Videos

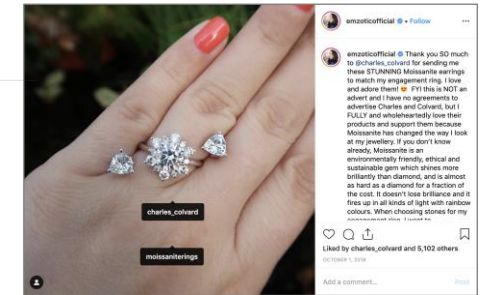


Email Sign-Up Offers

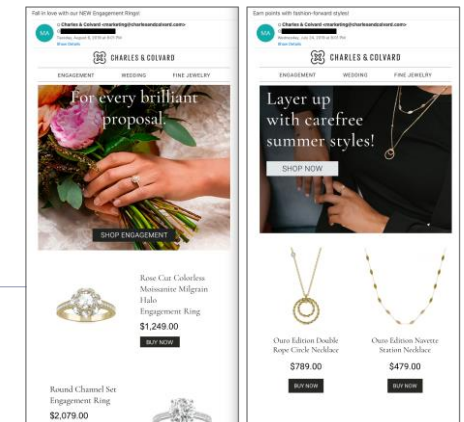


"Choosing an alternative to a diamond was extremely important to us... Moissanite was totally us."

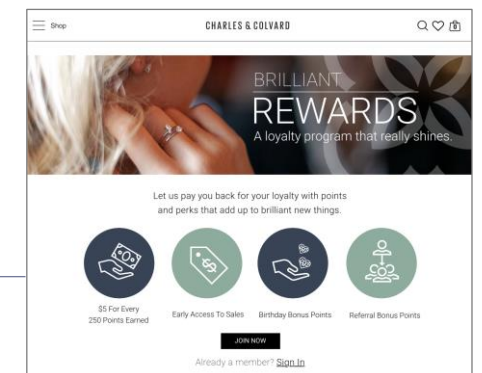
Customer Testimonials



Influencer Content



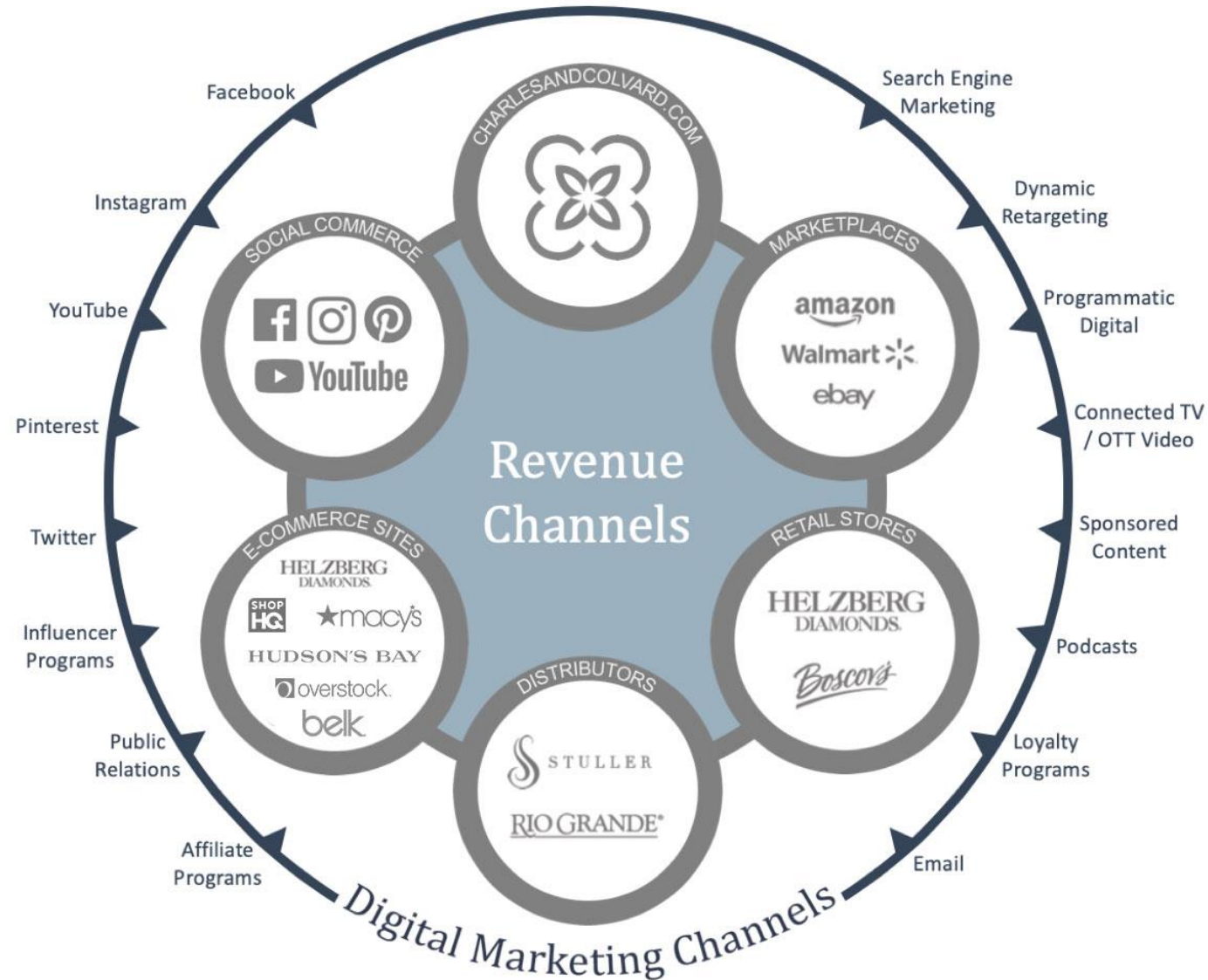
Personalized Emails



Loyalty Program

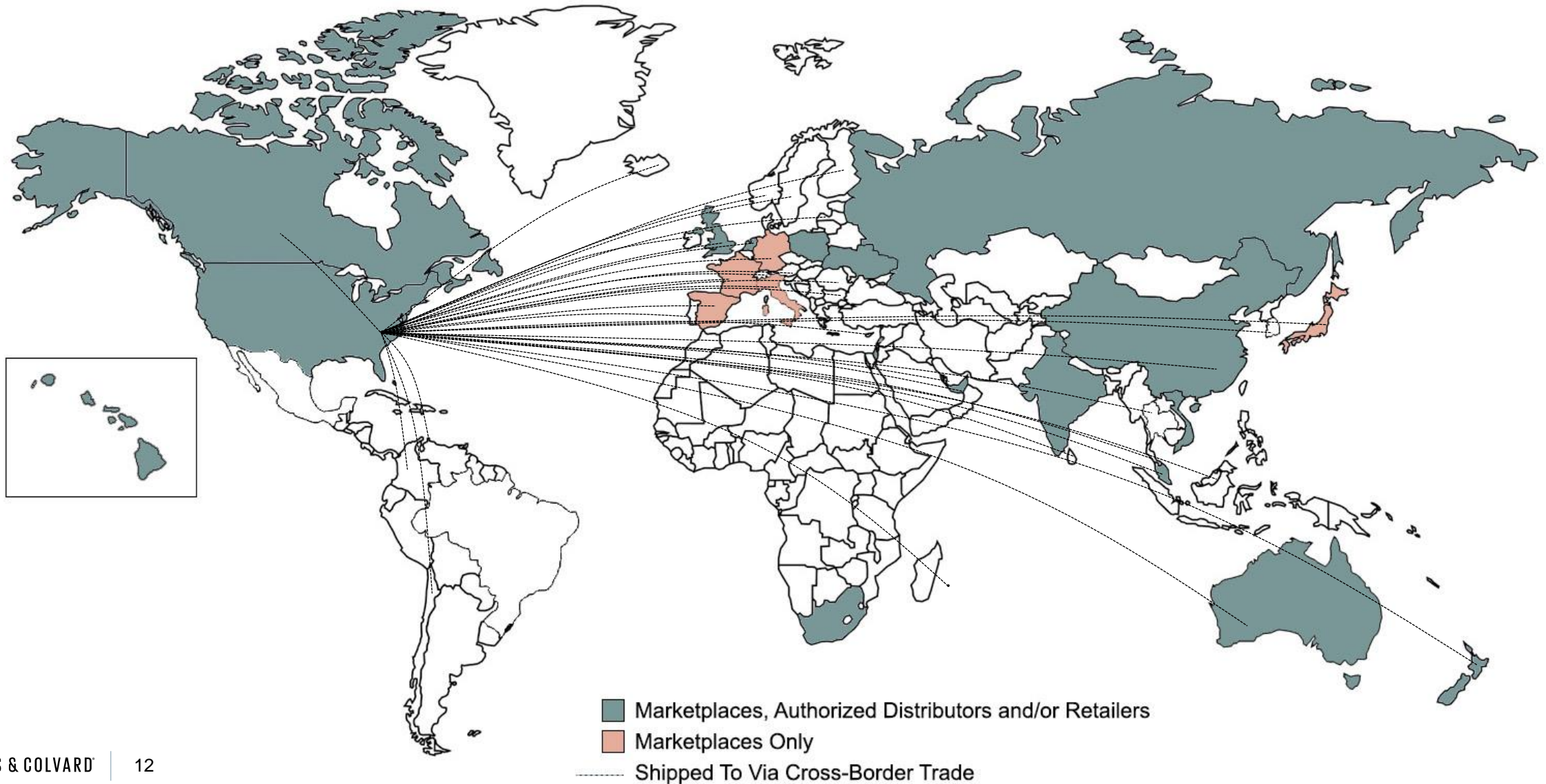


Omni-Channel Strategy





International Sales Reach



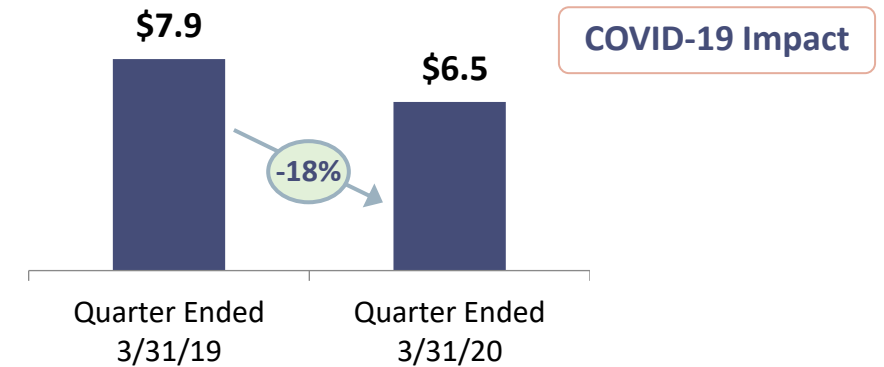


Financial Snapshot: Q3 FY2020

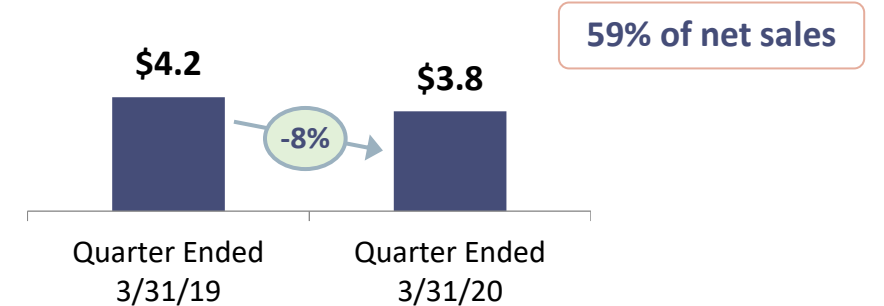
Quarter Summary*

- Net sales decreased 18% with COVID-19 impact
- Inventory levels optimized with write-off of \$5.3 million of legacy silicon carbide (SiC) material
- Net loss was \$6.2 million, or \$0.21 loss per diluted, including inventory write-off
- Healthy balance sheet with \$11.9 million in cash, \$5 million credit line and no debt at 3/31/20
- Expanded selection of Charles & Colvard jewelry included on the transactional websites of multiple drop-ship partners
- Moissanite was highlighted in recent engagement trends survey by popular wedding site, The Knot, as most common center stone after diamond (19%), doubling in popularity since 2017

Net Sales (\$mm)



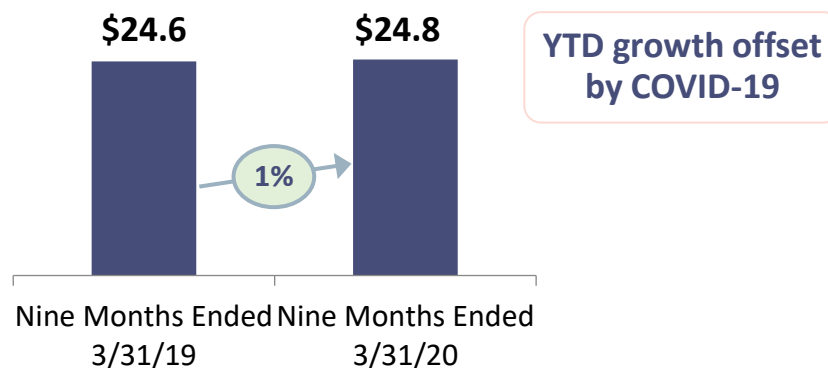
Net Sales from Online Channels Segment (\$mm)



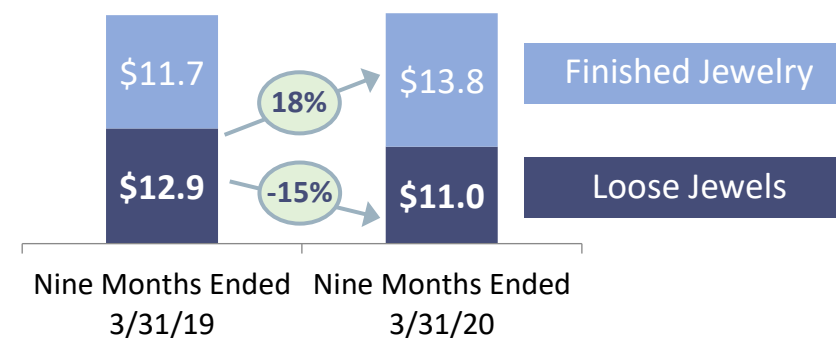


Net Sales – Nine Months Ended March 31, 2020

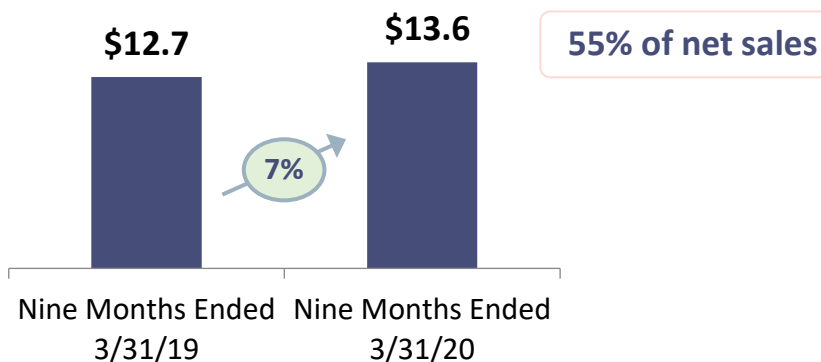
Net Sales (\$mm)



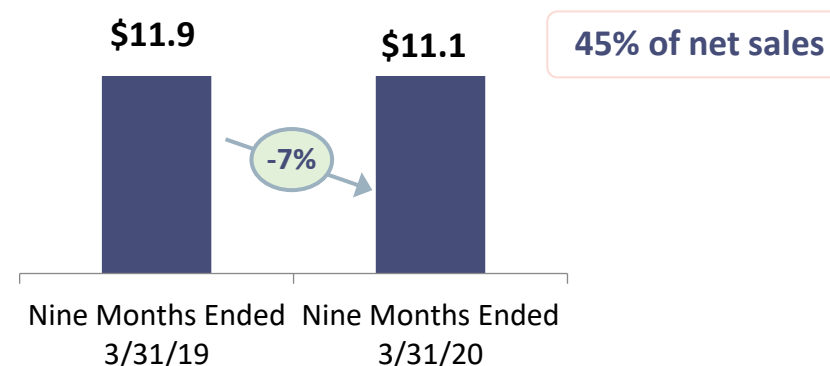
Loose Jewel & Finished Jewelry Net Sales (\$mm)



Net Sales from Online Channels Segment (\$mm)



Net Sales from Traditional Segment (\$mm)





Balance Sheet Summary

(millions, except per share)



	6/30/19	3/31/20
Total Cash ¹	\$13.0	\$11.9
Inventory	\$33.7	\$31.7
Total Assets	\$51.1	\$48.4
Total Debt	\$0.0	\$0.0
Total Liabilities	\$4.9	\$6.2
Shareholders' Equity	\$46.2	\$42.2
Shares Outstanding	28.0	29.0
Book Value Per Share	\$1.67	\$1.45



Investment Summary

Large and expanding
global market for
lab-created gemstones

High-quality,
ethically-sourced
product sold through
multiple channels

E-commerce oriented
customer base of
Millennials and Gen Z

Healthy balance sheet

Strong direct-to-
consumer growth fueling
40-50% gross margins

*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 extraordinary value
balanced with environmental and social responsibility.*

CHARLES & COLVARD®

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