



E-Commerce Driven Business Bringing Lab Created Gemstones & Jewelry to Market Through Innovative Technology and Direct-To-Consumer Engagement

Company Overview

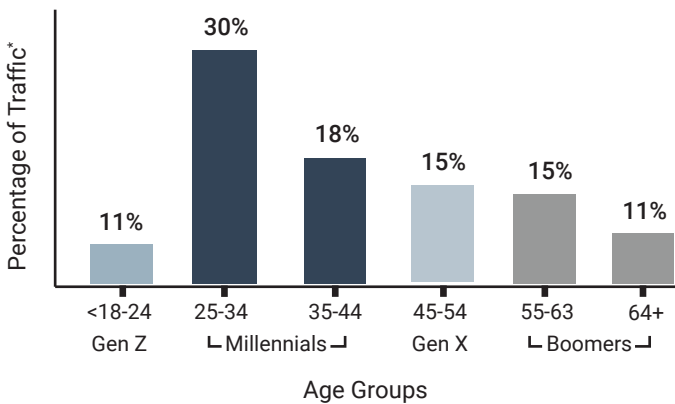
Charles & Colvard, Ltd. (Nasdaq: CTHR) believes that fine jewelry can be accessible, beautiful, and conscientious. Charles & Colvard is the original pioneer of lab-created moissanite, a rare gemstone formed from silicon carbide. The Company brings revolutionary gems and jewelry to market through its pinnacle Forever One™ moissanite brand and its newly introduced 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 product
- 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 40-50% gross margins
- Healthy balance sheet
- Global online fashion jewelry: \$45B^{1,2}
- Global luxury fashion jewelry: \$480B^{1,2}
- Estimated \$5.2 billion in the lab grown diamond space³

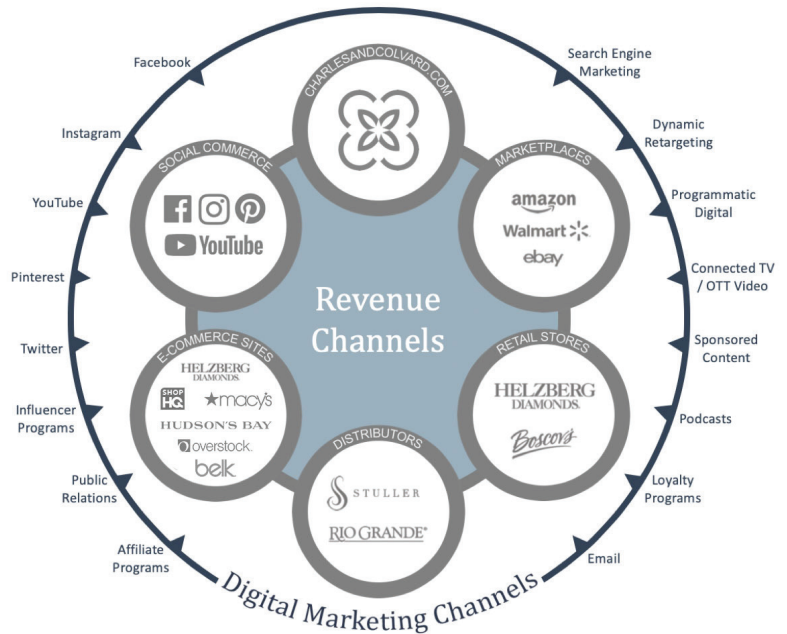
Customer Demographics



27 **Commitment**
is the average age of engagement in the U.S.⁴

*Google Analytics Percentage of Traffic by Age on charlesandcolvard.com for October 2019 to September 2020

Omni-Channel Strategy



The New Luxury Buyer: Statistics



Purchasing Power

45%

of luxury market purchases will be made by Millennials & Gen Z by 2025⁵



Value-Oriented

2/3

of young Americans think an engagement ring should cost less than \$2,500⁸



Connected

72%

of Millennials say that if a brand engaged with them on social networks, they are more likely to become a loyal customer⁷



Social Conscience

87%

of Millennials are more willing to purchase a product that has social or environmental benefits⁶



Digital & Mobile

76%

of Millennials browse the internet before making either an online or offline purchasing decision⁹

Forever One™ Moissanite

- 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 Research Triangle Park, NC
- More fire and brilliance than a diamond
- Harder than sapphire, emerald and ruby

Caydia™ Lab Grown Diamonds

- A specially curated assortment of premium lab grown diamonds set in bridal and fine jewelry - 14K and 18K gold as well as platinum
- Launched September 2020
- 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 2.00 carats
- Third party certification

Net Sales - Q1 FY2021

In Millions	Net Sales Overall	Online Channels Segment	Traditional Segment	Finished Jewelry/ Loose Stones
Q1 FY2021	\$7.9	\$4.5	\$3.5	\$4.3 (Finished) \$3.6 (Loose)
Q1 FY2020	\$7.6	\$3.7	\$3.9	\$3.9 (Finished) \$3.8 (Loose)
Q1 FY2021 NOTES	4% Increase during COVID-19	56% of net sales	44% of net sales	12% increase in finished jewelry



Financial Summary - Q1 FY2021

In Millions, except for Earnings per Share	Q1 FY2021	Q1 FY2020	% Change
Net Sales	\$7.9	\$7.6	4%
Net Income	\$0.9	\$0.2	322%
Earnings per Diluted Share	\$0.03	\$0.01	327%
Weighted Average Shares Outstanding - Diluted	28.8	29.2	N/A
Total Cash	\$13.9	\$12.6	10%
Inventory	\$29.7	\$36.0	-17%

Q1 FY2021 Summary*

- New President and CEO, Don O'Connell, effective June 1, 2020
- Restructured management team and reduced active workforce by approximately 25% in Q4 FY2020 supporting ongoing operations
- Net sales increased 4% during COVID-19
- Strong Gross Margin of 47%
- Net income was \$0.9 million, or \$0.03 earnings per diluted share
- Most profitable quarter for same three month period in over a decade
- Inventory levels continually optimized
- Healthy balance sheet with \$13.9 million in cash, cash equivalents, and restricted cash
- Line of Credit of \$5 million, which has not been accessed

*Comparisons to Q1 FY2020 unless otherwise noted

Online Channels Net Sales

In Millions	3 MONTHS ENDED SEPT 30		FISCAL YEAR ENDED JUNE 30	
	YTD 2021	2020	2020	2019
Net Sales	\$4.5	\$16.6	\$16.6	\$16.3
% Of Total Sales	56%	57%	57%	51%

Traditional Net Sales

In Millions	3 MONTHS ENDED SEPT 30		FISCAL YEAR ENDED JUNE 30	
	YTD 2021	2020	2020	2019
Net Sales	\$3.5	\$12.6	\$12.6	\$15.9
% Of Total Sales	44%	43%	43%	49%

Contact Us

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For more information, visit charlesandcolvard.com

1 As Fine Jewelry Moves Online, The Market Sparkles (April 2016)
 2 A Multifaceted Future: The Jewelry Industry in 2020 (February 2014)
 3 Zimmisky, P. (2018). Lab-created Diamond Jewellery Market to Grow to US\$15B by 2035. Jeweller Magazine, 32-33.
 4 The Balance Article - What is the Average Age of Marriage in the U.S.? Rebecca Lake (Fall 2019)
 5 MVI Marketing Consumer Research Study (Fall 2018)
 6 CNBC Article - Quoting Bank of America Merrill Lynch analyst Ashley Wallace (June 2016)
 7 TELUS International / Harris Insight Survey (Summer 2018)
 8 TD Ameritade: Young Americans & Marriage Survey (May 2019)
 9 The Millennial Shopping Report (Summer 2017) TELUS International / Harris Insight Survey (Summer 2018)