



A globally recognized fine jewelry brand specializing in lab created gems that is transforming the industry through direct-to-consumer engagement and wholesale distribution.

Company Overview

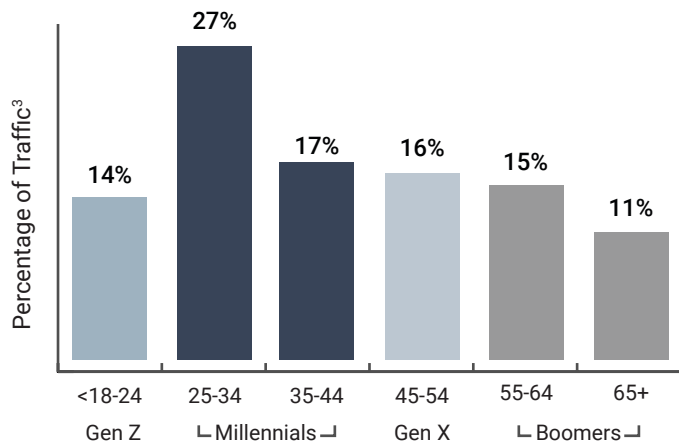
Charles & Colvard, Ltd. (Nasdaq: CTHR) believes that fine jewelry can be accessible, beautiful, and conscientious. Charles & Colvard is the original pioneer of lab-created moissanite, a rare gemstone formed from silicon carbide. The Company brings revolutionary gems and jewelry to market through its pinnacle Forever One™ moissanite brand and its 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 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
- Solid balance sheet
- Global e-commerce sales to hit \$4.2 trillion by end of 2021¹
- Worldwide fashion jewelry market to reach \$300 billion by 2025²

Customer Demographics



1 in 4

Millennials buy their engagement ring online⁴

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 and comes with limited lifetime warranty

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 - Q4 FY2021

In Millions	Net Sales Overall	Online Channels Segment	Traditional Segment	Finished Jewelry / Loose Stones
Q4 FY2021	\$9.7	\$5.6	\$4.1	\$5.6 (Finished) \$4.1 (Loose)
Q4 FY2020	\$4.4	\$3.0	\$1.4	\$3.0 (Finished) \$1.4 (Loose)
Q4 FY2021 Notes	120% increase	57% of net sales	43% of net sales	86% increase in finished jewelry



Financial Summary - Annual

FISCAL YEAR ENDED JUNE 30

In Millions, except for Earnings per Share	2021	2020*	2019
Revenue	\$39.2	\$29.2	\$32.2
Net Income (Loss)	\$12.8	(\$6.2)	\$2.3
Earnings (Loss) per Diluted Share	\$0.42	(\$0.22)	\$0.10
Total Cash	\$21.4	\$14.6	\$13.0
Inventory	\$29.2	\$30.6	\$33.7
Total Debt, PPP Loan	\$0.0	\$1.0	N/A

*Included \$5.3M write-off of legacy inventory in Q3 FY2020

Q4 FY2021 Summary*

- Total net sales increased 120%, with increase in Online Channels segment of 86% and Traditional segment of 189%
- Gross Margin of 45%
- Finished jewelry net sales increased 86%, representing 57% of total net sales
- Income from operations of \$1.1 million versus loss from operations of \$1 million
- Net income of \$8.4 million or \$0.27 earnings per diluted share, from the prior year's net loss of \$1.0 million or \$0.04 loss per diluted share
- Recognized a \$974,000 gain on extinguishment of debt due to PPP loan forgiveness and income tax benefit of \$6.3 million from the reduction of the valuation allowance against deferred tax assets
- Inventory levels continually optimized
- Balance sheet with \$21.4 million in cash, cash equivalents and restricted cash
- Generated \$1.8 million in cash flow from operations
- Line of Credit of \$5 million, which has not been accessed

*Comparisons to Q4 FY2020 unless otherwise noted

Online Channels Segment Net Sales

FISCAL YEAR ENDED JUNE 30

In Millions	2021	2020	2019
Net Sales	\$23.2	\$16.6	\$16.3
% of Total Sales	59%	57%	51%

Traditional Segment Net Sales

FISCAL YEAR ENDED JUNE 30

In Millions	2021	2020	2019
Net Sales	\$16.0	\$12.6	\$15.9
% of Total Sales	41%	43%	49%

Contact Us

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For more information, visit charlesandcolvard.com

1 Adobe Digital Economy Index Report, Adobe Analytics (March 2021)

2 Statista (November 2020)

3 Google Analytics Percentage of Traffic by Age on charlesandcolvard.com for July 1, 2020 to June 30, 2021

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