



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

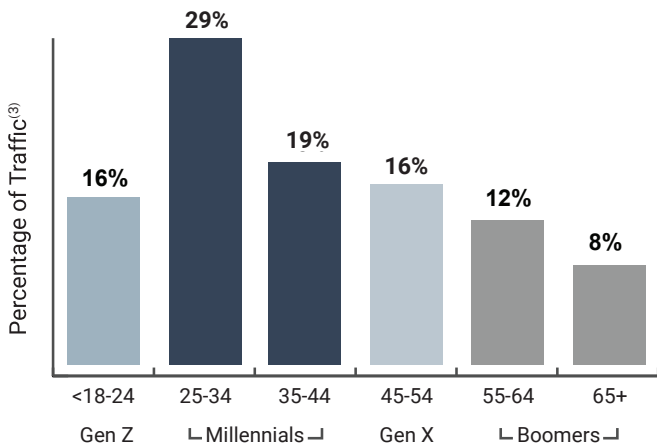
Charles & Colvard, Ltd. (Nasdaq: CTHR) is redefining real in the fine jewelry industry for the emerging conscious consumer with their Made, Not Mined™ product. Charles & Colvard, or the Company, is the original pioneer of lab-created moissanite, a rare gemstone formed from silicon carbide. The Company 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 products
Broad omni-channel distribution network and brand awareness marketing
Expanding global market for lab-grown gemstones
E-commerce oriented customer base of Millennials and Gen Zs
DTC model fueling 40-50% gross margins
Solid balance sheet and strong working capital
Global gems and jewelry market projected to reach \$451.6 billion by 2025
Online fine jewelry market sales expected to grow to \$60 - \$80 billion between 2019 and 2025

Customer Demographics



1 in 4 Millennials buy their engagement ring online

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 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 2.00 carats
Third-party certification

Net Sales - Q2 FY 2022

In Millions	Net Sales Overall	Online Channels Segment	Traditional Segment	Finished Jewelry / Loose Stones
Q2 FY2022	\$13.8	\$9.3	\$4.4	\$10.5 (Finished) \$3.2 (Loose)
Q2 FY2021	\$12.1	\$7.6	\$4.6	\$8.3 (Finished) \$3.9 (Loose)
Q2 FY2022 Notes	13% increase	68% of net sales	32% of net sales	28% increase in Finished Jewelry



Financial Summary - Annual & YTD

6 MONTHS ENDED
DECEMBER 31

FISCAL YEAR ENDED JUNE 30

In Millions, except for Earnings per Share	YTD 2022	2021 ⁽¹⁾	2020 ⁽²⁾
Revenue	\$24.0	\$39.2	\$29.2
Net Income (Loss)	\$2.0	\$12.8	(\$6.2)
Earnings (Loss) per Diluted Share	\$0.06	\$0.42	(\$0.22)
Total Cash	\$21.3	\$21.4	\$14.6
Inventory	\$31.8	\$29.2	\$30.6
Total Debt ⁽³⁾	\$0.0	\$0.0	\$1.0

(1) 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 FY2021

(2) Included \$5.3M write-off of legacy inventory in Q3 FY2020

(3) Our PPP loan was forgiven in Fiscal 2021

Q2 FY2022 Summary*

- Highest single quarter revenue in Company history
- Six sequential quarters of profitability and double-digit growth
- Total net sales increased 13% with increase in Online Channels segment of 23% and decrease in Traditional segment of 3% and 49% gross margin
- Finished Jewelry net sales increased 28% representing 77% of total net sales
- 49% increase in charlesandcolvard.com revenue
- 35% increase in moissanite sales
- 266% increase in lab grown diamond sales
- Income from operations of \$1.5 million versus prior year of \$2.5 million
- Income tax provision of \$283,000 versus \$500 in the prior year quarter
- Net income of \$1.2 million or \$0.04 earnings per diluted share versus the prior year's quarter's net income of \$2.5 million or \$0.09 earnings per diluted share
- Balance sheet with \$21.3 million in cash, cash equivalents and restricted cash and \$31.4 million in working capital
- Cash collateralized line of credit of \$5 million, which has not been accessed.

*Comparisons to Q2 FY2021 unless otherwise noted

Online Channels Net Sales

6 MONTHS ENDED
DECEMBER 31

FISCAL YEAR ENDED JUNE 30

In Millions	YTD 2022	2021	2020
Net Sales	\$14.7	\$23.2	\$16.6
% of Total Sales	61%	59%	57%

Traditional Segment Net Sales

6 MONTHS ENDED
DECEMBER 31

FISCAL YEAR ENDED JUNE 30

In Millions	YTD 2022	2021	2020
Net Sales	\$9.3	\$16.0	\$12.6
% of Total Sales	39%	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 January 1, 2021 to December 31, 2021.

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

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