



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

Company Overview

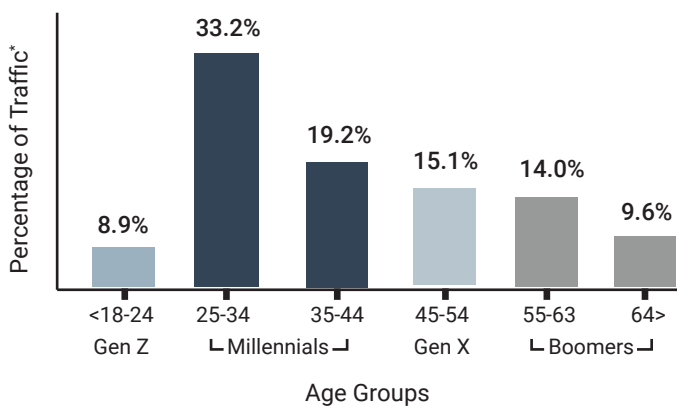
Charles & Colvard, Ltd. (Nasdaq: CTHR) believes that fine jewelry can be accessible, beautiful, and conscientious. As an e-commerce business, the Company's goal is to bring revolutionary gemstones and jewelry to market through the use of innovative technology and direct-to-consumer (DTC) engagement.



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}

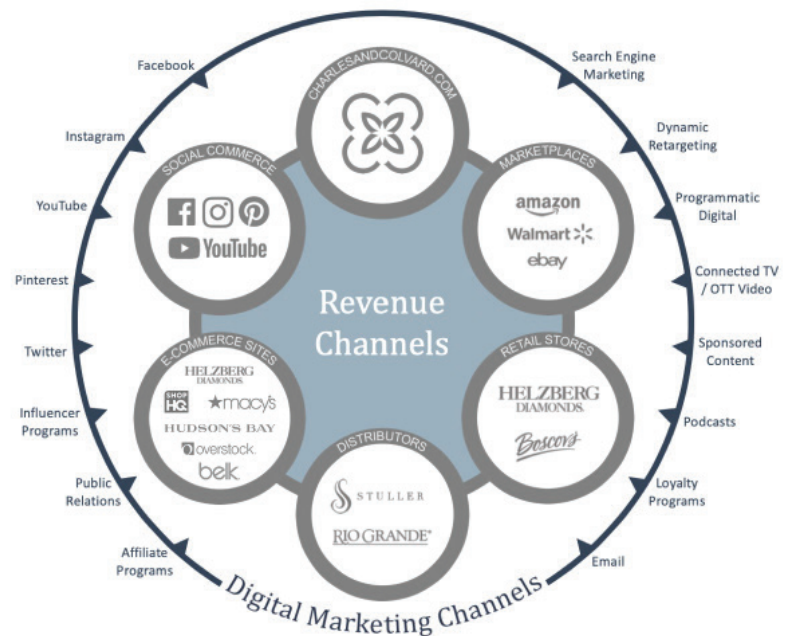
Customer Demographics



27 is the average age of engagement in the U.S.³

*Google Analytics Percentage of Traffic by Age on charlesandcolvard.com for July 2019 - June 2020

Omni-Channel Strategy



The New Luxury Buyer: Statistics



Purchasing Power

45% of luxury market purchases will be made by Millennials & Gen Z by 2025⁴



Value-Oriented

2/3 of young Americans think an engagement ring should cost less than \$2,500⁷



Connected

72% of Millennials say that if a brand engaged with them on social networks, they are more likely to become a loyal customer⁶



Social Conscience

87% of Millennials are more willing to purchase a product that has social or environmental benefits⁵



Digital & Mobile

76% of Millennials browse the internet before making either an online or offline purchasing decision⁸

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



Net Sales - Q4 FY2020

In Millions	Net Sales Overall	Online Channels Segment	Traditional Segment	Finished Jewelry/ Loose Stones
Q4 FY2020	\$4.4	\$3.0	\$1.4	\$3.0 (Finished) \$1.4 (Loose)
Q4 FY2019	\$7.6	\$3.6	\$4.0	\$3.7 (Finished) \$3.9 (Loose)
Q4 FY2020 NOTES	COVID-19 Impact	68% of net sales	32% of net sales	

Financial Summary - Annual

FISCAL YEAR ENDED JUNE 30

In Millions, except for Earnings per Share	2020*	2019	2018**
Net Sales	\$29.2	\$32.2	\$27.9
Net (Loss) Income	(\$6.2)	\$2.3	(\$0.8)
(Loss) Earnings per Diluted Share	(\$0.22)	\$0.10	(\$0.04)
Weighted Average Shares Outstanding - Diluted	28.6	22.1	21.3
Total Cash	\$14.6	\$13.0	\$3.4
Inventory	\$30.6	\$33.7	\$31.8

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

**2018 results are unaudited and recast to reflect change in fiscal year

Q4 FY2020 Summary*

- Net sales decreased 42% with COVID-19 impact
- Inventory levels continually optimized
- Net loss was \$1 million, or \$0.04 loss per diluted share
- Healthy balance sheet with \$14.6 million in cash, cash equivalents, and restricted cash
- Line of Credit of \$5 million, which has not been accessed
- PPP Loan of \$965,000
- Launched new drop-ship partner, Hudson's Bay in Canada
- Launched digital virtual bridal ring consultation program
- New CEO, Don O'Connell effective June 1, 2020
- Reorganized management team and reduced active workforce by approximately 25%

*Comparisons to Quarter Ended 6/30/19 unless otherwise noted

Online Channels Net Sales

FISCAL YEAR ENDED JUNE 30

In Millions	2020	2019	2018*
Net Sales	\$16.6	\$16.3	\$13.1
% Of Total Sales	57%	51%	47%

*2018 results are unaudited and recast to reflect change in fiscal year end

Finished Jewelry Net Sales

FISCAL YEAR ENDED JUNE 30

In Millions	2020	2019	2018*
Net Sales	\$16.8	\$15.5	\$13.0
% Of Total Sales	57%	48%	47%

*2018 results are unaudited and recast to reflect change in fiscal year end

Contact Us

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