



A globally recognized lab created gem and fine jewelry brand transforming the industry through direct-to-consumer engagement and wholesale distribution.

Company Overview

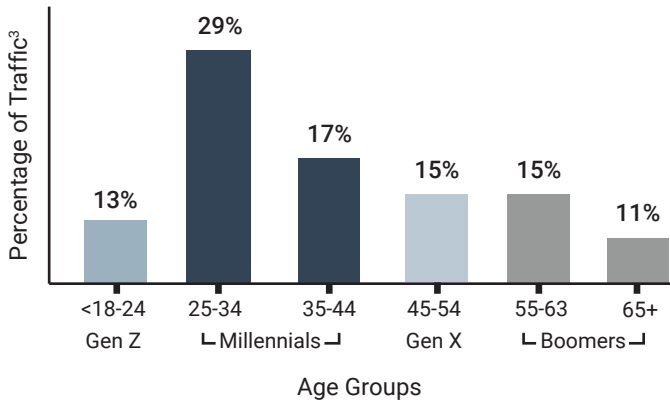
Charles & Colvard, Ltd. (Nasdaq: CTHR) believes that fine jewelry can be accessible, beautiful, and conscientious. Charles & Colvard is the original pioneer of lab-created moissanite, a rare gemstone formed from silicon carbide. The Company brings revolutionary gems and jewelry to market through its 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

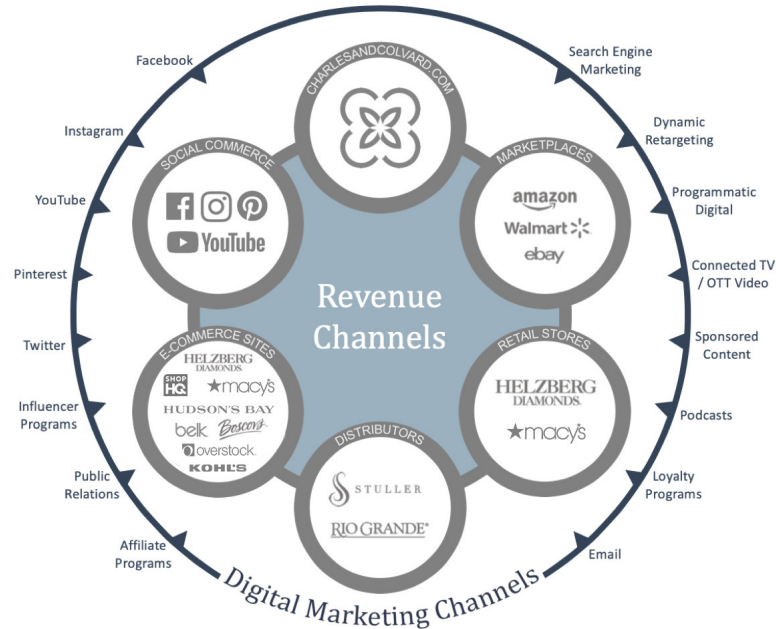
- High quality, ethically-sourced product
- Broad omni-channel distribution network
- Expanding global market for lab-created gemstones
- E-commerce oriented customer base of Millennials and Gen Zs
- DTC model fueling 40-50% gross margins
- Healthy balance sheet
- Global online fashion and fine jewelry market: \$75B¹
- Estimated \$5.2 billion opportunity in the lab grown diamond space²

Customer Demographics



70% of millennials consider buying a lab grown alternative⁴

Omni-Channel Strategy



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 - Q2 FY2021

| In Millions | Net Sales Overall | Online Channels Segment | Traditional Segment | Finished Jewelry / Loose Stones |
|-----------------|---------------------------------------|-------------------------|---------------------|-----------------------------------|
| Q2 FY 2021 | \$12.1 | \$7.6 | \$4.6 | \$8.3 (Finished) \$3.9 (Loose) |
| Q2 FY2020 | \$10.7 | \$6.1 | \$4.6 | \$6.4 (Finished) \$4.2 (Loose) |
| Q2 FY2021 Notes | 14% increase during COVID-19 pandemic | 62% of net sales | 38% of net sales | 28% increase in finished jewelry |



Financial Summary - Annual & YTD

| In Millions, except for Earnings per Share | 6 MONTHS ENDED DECEMBER 31 | | 12 MONTHS ENDED JUNE 30 | |
|--|----------------------------|----------|-------------------------|--|
| | YTD 2021 | 2020 | 2019 | |
| Revenue | \$20.1 | \$29.2 | \$32.2 | |
| Net Income | \$3.4 | (\$6.2) | \$2.3 | |
| Earnings (Loss) per Diluted Share | \$0.12 | (\$0.22) | \$0.10 | |
| Total Cash | \$16.9 | \$14.6 | \$13.0 | |
| Inventory | \$28.7 | \$30.6 | \$33.7 | |
| Total Debt, PPP Loan | \$1.0 | \$1.0 | N/A | |

Q2 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 14% during COVID-19 pandemic
- Strong Gross Margin of 49%
- Net income increased to \$2.5 million, or \$0.09 earnings per diluted share for a 200% increase
- Highest quarterly revenue and income from operations in company's 25 year history
- Inventory levels continually optimized
- Healthy balance sheet with \$16.9 million in cash, cash equivalents, and restricted cash
- Line of Credit of \$5 million, which has not been accessed

*Comparisons to Q2 FY2020 unless otherwise noted

Online Channels Segment Net Sales

| In Millions | 6 MONTHS ENDED DECEMBER 31 | | FISCAL YEAR ENDED JUNE 30 | |
|------------------|----------------------------|--------|---------------------------|--|
| | YTD 2021 | 2020 | 2019 | |
| Net Sales | \$12.1 | \$16.6 | \$16.3 | |
| % of Total Sales | 60% | 57% | 51% | |

Traditional Segment Net Sales

| In Millions | 6 MONTHS ENDED DECEMBER 31 | | FISCAL YEAR ENDED JUNE 30 | |
|------------------|----------------------------|--------|---------------------------|--|
| | YTD 2021 | 2020 | 2019 | |
| Net Sales | \$8.0 | \$12.6 | \$15.9 | |
| % of Total Sales | 40% | 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 Zimmisky, P. (2018). Lab-created Diamond Jewellery Market to Grow to US\$15B by 2035. Jeweller Magazine, 32-33.
3 Google Analytics Percentage of Traffic by Age on charlesandcolvard.com for January 1, 2020 to December 31, 2020
4 MVI Marketing Consumer Research Study (Fall 2018)