SGXNet

'Financial Statements and Related' Announcement

Issuer & Securities

Issuer/ Manager
SARINE TECHNOLOGIES LTD.

Securities

Name	ISIN	Stock Code
SARINE TECHNOLOGIES LTD	IL0010927254	U77

Stapled Security
No

Announcement Details

Announcement Sub Title
Half Yearly Results

Submitted By (Co./ Ind. Name)	**Designation**	**Contact Details**
Amir J. Zolty	Company Secretary	+97235159500

Effective Date and Time of the event
04/08/2021 22:30:00

Price Sensitivity
Yes

Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)
Please find attached:
1. Appendix 7.2 for the six-month period ended on June 30, 2021.
2. A press release: Half Year 2021 Revenue Increased 61% to US$36.0M
Net Profit Surged to US$12.6M vs. US$1.2M in H1 2020.
3. Corporate Presentation.

Additional Details

For Financial Period Ended
30/06/2021

Attachments

For Public Dissemination

Appendix 7.2 H1 2021 final.pdf

Corporate Presentation August 2021 Final 04Aug21.pdf

Press Release H1 2021 Results Final 04Aug21.pdf

Sarine Technologies Ltd.
and its Subsidiaries

(Incorporated in Israel)

PART 1 INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1, Q2 & Q3), FULL YEAR RESULTS

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Condensed Interim Statements of Comprehensive Income for the half-year ended June 30, 2021 (US$'000):

	Group Six months ended June 30,		
	2021	**2020**	**Change %**
Revenue	**35,963**	**22,403**	**60.5**
Cost of sales	9,115	8,414	8.3
Gross profit	**26,848**	**13,989**	**91.9**
Research and development expenses	3,919	3,434	14.1
Sales and marketing expenses	5,387	5,286	1.9
General and administrative expenses	3,774	3,124	20.8
Other income from lease termination	(267)	--	NM
Profit from operations	**14,035**	**2,145**	**554.3**
Net finance income	62	37	67.6
Profit before income tax	**14,097**	**2,182**	**546.1**
Income tax expense	1,518	1,009	50.4
Profit for the period	**12,579**	**1,173**	**972.4**
Foreign currency translation differences from foreign operations	(192)	(637)	(69.9)
Total comprehensive income for the period	**12,387**	**536**	**2,211.0**

Additional information: profit before income tax is stated after charging the following:

	Group Six months ended June 30,		
	2021	**2020**	**Change %**
Allowance for doubtful trade receivables	(80)	342	NM
Depreciation and amortization	1,489	2,087	(28.7)
Interest (expense) income, net	(136)	19	NM
Exchange rate differences	198	18	1000.0
Warranty provision	32	(23)	NM

NM- Not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Condensed Interim Statement of Financial Position as at (US$'000):

	Group		Company	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Assets				
Property, plant and equipment	11,829	12,279	1,237	1,208
Right-of-use assets	5,232	5,050	4,737	4,439
Intangible assets	2,341	2,563	172	206
Long-term trade receivables	2,776	843	1,597	8
Investment in equity accounted investee and subsidiaries	--	--	50,824	44,151
Long-term income tax receivable	1,168	1,168	--	--
Deferred tax assets	586	604	--	--
Total non-current assets	23,932	22,507	58,567	50,012
Inventories	6,658	6,247	3,173	3,277
Trade receivables	24,772	21,966	6,996	5,136
Other current assets	2,143	1,591	1,130	763
Short-term investments (bank deposits)	12,517	6,303	6,109	6,303
Restricted short-term investments (bank deposits)	45	171	45	62
Cash and cash equivalents	23,893	21,081	12,150	10,146
Total current assets	70,028	57,359	29,603	25,687
Total assets	93,960	79,866	88,170	75,699
Equity				
Share capital*	--	--	--	--
Dormant shares, at cost	(3,848)	(3,689)	(3,848)	(3,689)
Share premium, reserves and retained earnings	75,181	64,380	75,181	64,380
Total equity	71,333	60,691	71,333	60,691
Liabilities				
Long-term bank financing	751	3,141	751	1,149
Long-term lease liabilities	5,051	5,344	4,716	4,914
Employee benefits	240	243	228	232
Total non-current liabilities	6,042	8,728	5,695	6,295
Trade payables	3,926	1,868	2,832	1,828
Other payables	8,666	5,903	7,261	5,869
Short-term bank financing	169	280	169	95
Current lease liabilities	947	1,023	665	724
Current tax payable	2,555	1,083	--	--
Warranty provision	322	290	215	197
Total current liabilities	16,585	10,447	11,142	8,713
Total liabilities	22,627	19,175	16,837	15,008
Total equity and liabilities	93,960	79,866	88,170	75,699

* No par value

1(b)(ii) Aggregate amount of Group's borrowings and debt securities.

	As at June 30, 2021		As at December 31, 2020	
	Secured	**Unsecured**	**Secured**	**Unsecured**
Payable in one year or less, or on demand	--	169	--	280
Payable after one year	--	751	--	3,141

In FY2020 the Group obtained Covid-19 support bank loans under an Israeli government guaranteed loan scheme to support companies' cash flow and mitigate uncertainties following the outbreak of the coronavirus pandemic. The loans, which are unsecured, were granted in New Israel Shekels for a period of 5 years, bearing an annual interest rate of 3.1% (being 1.5% plus Israeli prime) per year. Principal and interest will be paid by the Group beginning from the second year. The government bears the cost of the first year's interest. The Group at its option can repay the loans at any time. During the six month's ended June 30, 2021, the Group repaid approximately US$ 2.5 million of these loans, leaving an outstanding balance of US$ 0.9 million as at June 30, 2021. The Group is in compliance with all the loan conditions and covenants.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Condensed Interim Statement of Cash Flows (US$'000):

	Group Six months ended June 30, 2021	Group Six months ended June 30, 2020
Cash flows from operating activities		
Profit for the period	12,579	1,173
Adjustments for:		
Share-based payment expenses	139	271
Income tax expense	1,518	1,009
Depreciation of property, plant & equipment and right-of-use assets	1,267	1,495
Amortisation of intangible assets	222	592
Net finance expense (income)	96	(37)
Revaluation of lease liabilities from exchange rate differences	(205)	(37)
Revaluation of bank financing liabilities from exchange rate differences	(47)	--
Changes in working capital		
Inventories	(411)	(1,387)
Trade receivables	(4,739)	(6,558)
Other current assets	(552)	301
Restricted short-term investments (bank deposits)	126	--
Trade payables	2,058	(1,704)
Other liabilities	2,427	(2,135)
Employee benefits	(3)	(1)
Income tax received (paid), net	(28)	43
Net cash from (used in) operating activities	14,447	(6,975)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(421)	(516)
Proceeds from realization of property, plant and equipment	64	35
Short-term investments, net	(6,214)	5,072
Interest received	53	179
Net cash (used in) from investing activities	(6,518)	4,770
Cash flows used in financing activities		
Proceeds from exercise of share options	24	--
Purchase of Company's shares by the Company	(159)	(113)
Repayment of bank financing	(2,454)	--
Payment of lease liabilities	(630)	(638)
Dividend paid	(1,749)	--
Interest paid	(143)	(205)
Net cash used in financing activities	(5,111)	(956)
Net increase (decrease) in cash and cash equivalents	2,818	(3,161)
Cash and cash equivalents at beginning of the period	21,081	18,284
Exchange rate differences	(6)	63
Cash and cash equivalents at end of the period	23,893	15,186

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Condensed Interim Statement of Changes in Shareholders' Equity

Group (US$'000)

	Share Capital*	**Share premium and reserves**	**Translation reserve**	**Retained earnings**	**Dormant shares**	**Total**
Balance at January 1, 2020	--	32,819	(2,437)	32,614	(3,576)	59,420
Profit for the period ended June 30, 2020	--	--	--	1,173	--	1,173
Other comprehensive loss for the period ended June 30, 2020	--	--	(637)	--	--	(637)
Dormant shares, acquired at cost (763,800)	--	--	--	--	(113)	(113)
Share-based payment expenses	--	271	--	--	--	271
Dividend declared	--	--	--	(1,049)	--	(1,049)
Balance at June 30, 2020	--	33,090	(3,074)	32,738	(3,689)	59,065
Balance at January 1, 2021	--	33,149	(2,699)	33,930	(3,689)	60,691
Profit for the period ended June 30, 2021	--	--	--	12,579	--	12,579
Other comprehensive loss for the period ended June 30, 2021	--	--	(192)	--	--	(192)
Dormant shares, acquired at cost (350,000)	--	--	--	--	(159)	(159)
Share-based payment expenses	--	139	--	--	--	139
Exercise of options	--	24	--	--	--	24
Dividend paid	--	--	--	(1,749)	--	(1,749)
Balance at June 30, 2021	--	33,312	(2,891)	44,760	(3,848)	71,333

* No par value

Condensed Interim Statement of Changes in Shareholders' Equity

Company (US$'000)

	Share Capital*	Share premium and reserves	Translation reserve	Retained earnings	Dormant shares	Total
Balance at January 1, 2020	--	32,819	(2,437)	32,614	(3,576)	59,420
Profit for the period ended June 30, 2020	--	--	--	1,173	--	1,173
Other comprehensive loss for the period ended June 30, 2020	--	--	(637)	--	--	(637)
Dormant shares, acquired at cost (763,800)	--	--	--	--	(113)	(113)
Share-based payment expenses	--	271	--	--	--	271
Dividend declared	--	--	--	(1,049)	--	(1,049)
Balance at June 30, 2020	--	33,090	(3,074)	32,738	(3,689)	59,065
Balance at January 1, 2021	--	33,149	(2,699)	33,930	(3,689)	60,691
Profit for the period ended June 30, 2021	--	--	--	12,579	--	12,579
Other comprehensive loss for the period ended June 30, 2021	--	--	(192)	--	--	(192)
Dormant shares, acquired at cost (350,000)	--	--	--	--	(159)	(159)
Share-based payment expenses	--	139	--	--	--	139
Exercise of options	--	24	--	--	--	24
Dividend paid	--	--	--	(1,749)	--	(1,749)
Balance at June 30, 2021	--	33,312	(2,891)	44,760	(3,848)	71,333

* No par value

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	June 30, 2021	December 31, 2020	June 30, 2020
	No. of shares	No. of shares	No. of shares
Authorised:			
Ordinary shares of no par value	2,000,000,000	2,000,000,000	2,000,000,000
Issued and fully paid:			
Ordinary shares of no par value	353,765,876	353,672,126	353,672,126
Dormant shares (out of the issued and fully paid share capital)**:**			
Ordinary shares of no par value	4,190,200	3,840,200	3,840,200
Total number of issued shares (excluding dormant shares)	349,575,676	349,831,926	349,831,926

For the six months ended June 30, 2021, 93,750 share options were exercised into ordinary shares. For the six months ended June 30, 2021, the Company purchased 350,000 of its ordinary shares at an aggregate cost of US$ 159,000.

In accordance with Israeli Companies Law, Company shares that have been acquired and are held by the Company are dormant shares (treasury shares in Singaporean terms) as long as the Company holds them, and, as such, they do not bear any rights until they are transferred to a third party. The issued and fully paid shares as at June 30, 2021, December 31, 2020 and June 30, 2020 included 4,190,200, 3,840,200 and 3,840,200 dormant shares, respectively.

Details of changes in share options:

	Average exercise price in US$ per share	Options
At January 1, 2021	0.684	21,460,006
Granted	0.443	1,890,000
Cancelled	0.716	(1,458,768)
Exercised	0.263	(93,750)
At June 30,2021	0.651	21,797,488

At June 30, 2021, the average exercise price in Singapore dollars per share was S$ 0.876, based on an exchange rate of US$ 1 = S$ 1.3444.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

As at June 30, 2021 the total number of issued shares excluding dormant shares was 349,575,676 (as at December 31, 2020 - 349,831,926). As at June 30, 2021, the total number of dormant shares was 4,190,200 (as at December 31, 2020 - 3,840,200).

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

For the six months ended at June 30, 2021, the Company purchased 350,000 of its ordinary shares, and there was no sale, transfer, disposal, cancellation and/or use of treasury shares by the Company.

1(e) Notes to the Condensed Interim Financial Statements

Note 1 – General

Sarine Technologies Ltd. (hereinafter "Sarine" or the "Company") is a company domiciled in Israel. The address of the Company's registered office is 4 Haharash Street, Hod Hasharon 4524075, Israel. The condensed interim financial statements of the Company, as at, June 30, 2021 and for the six months ended June 30, 2021, comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The Company was incorporated on November 8, 1988. On April 8, 2005, the Company was admitted to the Main Board list of the Singapore Exchange Securities Trading Ltd. and on July 5, 2021, the Company dual listed its shares for trading on the Tel Aviv Stock Exchange.

Note 2 - Basis of Preparation

A. Statement of compliance

The condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The condensed interim financial statements for the six months ended June 30, 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and the Group's performance since the most recent audited annual financial statements for the year ended December 31, 2020.

The condensed interim financial statements were authorised for issue by the Company's Board of Directors on August 4, 2021.

B. Basis of measurement

The condensed interim financial statements have been prepared on the historical cost basis except for the following material items in the condensed interim statement of financial position:

- liabilities measured at fair value through profit or loss;
- assets and liabilities relating to employee benefits;
- deferred tax assets and liabilities; and
- provisions.

C. Functional and presentation currency

These condensed interim financial statements are presented in United States (US) dollars, or US$, which is the Company's functional currency. The US dollar is the currency that represents the principal economic environment in which the Company and most Group entities operate. All financial information presented in US dollars has been rounded to the nearest thousand, except where otherwise indicated.

D. Use of estimates and judgments

The preparation of condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Certain accounting estimates used in the preparation of the Group's condensed interim financial statements may require management to make assumptions regarding circumstances and events that involve considerable uncertainty. Management prepares these estimates on the basis of past experience, known facts, external circumstances, and reasonable assumptions. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

E. Changes in accounting policies

The accounting policies applied in these condensed interim financial statements for the six months ended June 30, 2021 are the same as those applied by the Company in audited financial statements for the year ended December 31, 2020.

Note 3 - Operating Segments

The Group is a worldwide leader in the development, manufacturing, marketing and sale of precision technology products for the planning, processing, evaluation and measurement of diamonds and gems. India is the principal market for these products. In accordance with IFRS 8, the Group determines and presents operating segments based on the information that is provided internally to the CEO, who is the Group's chief operating decision maker. The measurement of operating segment results is generally consistent with the presentation of the Group's condensed interim statements of comprehensive income. The Group operates in only one operating segment. Presented below are revenues broken out by geographic distribution (India, Africa, Europe, North America, Israel and Other).

	Group	
	Six months ended June 30, (US$ '000)	
Region	**2021**	**2020**
India	25,146	17,187
Africa	4,551	1,375
Europe	1,080	478
North America	253	754
Israel	1,253	837
Other*	3,680	1,772
Total	35,963	22,403

* Primarily Asia, excluding India

Note 4 - Revenue

Composition

	Group	
	Six months ended June 30,	
	2021	**2020**
	(US$ '000)	
Revenue from sale of products[1]	31,143	19,438
Revenue from maintenance and services	4,820	2,965
	35,963	22,403

[1] Includes Galaxy® family revenues associated with customer-owned machines.

Note 5 – Income Taxes

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim statements of comprehensive income are:

	Group	
	Six months ended June 30,	
	2021	**2020**
	(US$ '000)	
Current tax expense	1,505	740
Deferred tax expense	13	269
Total income tax expense	1,518	1,009

Note 6 – Share Capital – The Company

	June 30, 2021	December 31, 2020
	No. of shares	**No. of shares**
Authorised:		
Ordinary shares of no par value	2,000,000,000	2,000,000,000
Issued and fully paid:		
Ordinary shares of no par value	353,765,876	353,672,126
Dormant shares (out of the issued and fully paid share capital)**:**		
Ordinary shares of no par value	4,190,200	3,840,200
Total number of issued shares (excluding dormant shares)	349,575,676	349,831,926

For the six months ended June 30, 2021, 93,750 share options were exercised into ordinary shares. For the six months ended June 30, 2021, the Company purchased 350,000 of its ordinary shares at an aggregate cost of US$ 159,000.

For the six months ended June 30, 2021, the Company paid dividends a final dividend in respect of FY2020, in the amount of US$ 1.7 million amounting to US cents 0.5. See also Note 12 – Subsequent Events.

Note 7 - Share-Based Payments

Details of changes in share options:

	Average exercise price in US$ per share	Options
At January 1, 2021	0.684	21,460,006
Granted	0.443	1,890,000
Cancelled	0.716	(1,458,768)
Exercised	0.263	(93,750)
At June 30,2021	0.651	21,797,488

During the six months ended June 30, 2021, the Company granted 1,890,000 options to employees and directors under the Company’s 2015 Option Plan, with vesting conditions of one to three years and a contractual life of six years. The options vest subject to service-based conditions and performance-based conditions, relating to sales targets.

The Company measured the fair value of the share options granted using a lattice-based valuation model. The following assumptions under this method were used for the share options granted during the six months ended June 30, 2021: weighted average expected volatility of: 46.95%; weighted average risk-free interest rates (in US dollar terms) of 0.94%; dividend yield of 3.83%. The weighted average fair value of the share options granted during six months ended June 30, 2021 using the model was US$ 0.144 per share option.

Note 8 – Earnings Per Share

Basic earnings per share

The calculation of basic earnings per share for the six months ended June 30, 2021 was based on the profit attributable to ordinary shareholders of US$ 12,579,000 (six months ended June 30, 2020 -- US$ 1,173,000) and a weighted average number of ordinary shares outstanding of 349,825,020 (2020 –350,285,450), calculated as follows:

	Six months ended June 30, 2021	2020
Issued ordinary shares at January 1	349,831,926	350,595,726
Effect of share options exercised	12,431	--
Effect dormant shares purchased	(19,337)	(310,276)
Weighted average number of ordinary shares at June 30	349,825,020	350,285,450

Diluted earnings per share

The calculation of diluted earnings per share for the six months ended June 30, 2021 was based on the profit attributable to ordinary shareholders of US$ 12,579,000 (six months ended June 30, 2020 -- US$ 1,173,000) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 349,775,551 (2020 -350,285,450), calculated as follows:

	Six months ended June 30, 2021	2020
Weighted average number of ordinary shares (basic)	349,825,020	350,285,450
Effect of share options on issue	(49,469)	--
Weighted average number of ordinary shares (diluted) at June 30	349,775,551	350,285,450

The average market value of the Company's ordinary shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period that the options were outstanding.

Note 9 – Leases

	Group		Company	
(US$ '000)	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Right-of-use assets	5,232	5,050	4,737	4,439
Current lease liabilities	947	1,023	665	724
Long-term lease liabilities	5,051	5,344	4,716	4,914
Total lease liabilities	5,998	6,367	5,381	5,638

Maturity analysis of the Group's and Company's lease liabilities as at June 30, 2021.

(US$ '000)	Group	Company
Less than one year	947	665
One to five years	3,000	2,665
More than five years	2,051	2,051
Balance at June 30, 2021	5,998	5,381

The Group has lease agreements with respect to office facilities mainly in Israel and India. The Group also has lease agreements in respect to vehicles in Israel. In measurement of the lease liabilities, the Group discounted lease payments using the nominal incremental borrowing rate as at the lease inception, or at January 1, 2019 for leases in effect prior to December 31, 2018. In April 2021, the Group executed a renegotiated lease agreement for its leased office space at the Group's headquarters in Israel. Under the terms of the agreement, the leased space was downsized by approximately 30% and the financial terms were improved. Under the revised terms, the lease was extended for a period of four years, with an option for a second four year period. As a result, for the six months ended June 30, 2021, the Group recorded a non-cash gain of US$ 267,000 in the condensed interim consolidated statements of comprehensive income.

Note 10 – Commitments

The Group has entered into certain short-term leases for office facilities (less than 1 year). The future minimum non-cancellable lease payments relating to those leases are in the amount of approximately US$ 10,000.

Note 11 - Loans and Borrowings

This note provides information regarding the contractual terms of the Group's interest bearing loans and borrowings measured at amortized costs as at June 30, 2021 and December 31, 2020.

	As at June 30, 2021	**As at December 31, 2020**
Payable in one year or less, or on demand	169	280
Payable after one year	751	3,141
Total bank financing	920	3,421

In FY2020 the Group obtained Covid-19 support bank loans under an Israeli government guaranteed loan scheme to support companies' cash flow and mitigate uncertainties following the outbreak of the coronavirus pandemic. The loans were granted in New Israel Shekels for a period of 5 years, bearing an annual interest rate of 3.1% (being 1.5% plus Israeli prime) per year. Principal and interest will be paid by the Group beginning from the second year. The government bears the cost of the first year's interest. The Group at its option can repay the loans at any time. During the six month's ended June 30, 2021, the Group repaid approximately US$ 2.5 million of these loans, leaving an outstanding balance of US$ 0.9 million as at June 30, 2021. The Group is in compliance with all the loan conditions and covenants.

Note 12 – Subsequent Events

On August 4, 2021, the Board of Directors of the Company declared an interim dividend of US cents 1.5 per ordinary share for the half-year ended June 30, 2021. The Company expects to pay a US$ 5,244,000 on September 3, 2021, with record date on August 16, 2021.

2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

These figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The same accounting policies and methods of computation adopted in the most recently audited financial statements for the financial year ended December 31, 2020 have been applied in the preparation for the financial statements for period ended June 30, 2021.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	For the six months ended June 30,	
	2021	**2020**
US cents		
Basic earnings per share	3.60	0.33
Diluted earnings per share	3.60	0.33
Singapore cents*		
Basic earnings per share	4.84	0.44
Diluted earnings per share	4.84	0.44

Basic earnings per share for the six months ended June 30, 2021 are calculated based on the weighted average number of 349,825,020 ordinary shares issued during the current period and the equivalent of 350,285,450 ordinary shares during the preceding period.

Diluted earnings per share for the six months ended June 30, 2021 are calculated based on weighted average number of 349,775,551 ordinary shares and outstanding options and the equivalent of 350,285,450 ordinary shares during the preceding period.

* Convenience translation based on exchange rate of US$ 1= S$ 1.3444 at June 30, 2021.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	June 30, 2021	**December 31, 2020**	**June 30, 2021**	**December 31, 2020**
Net asset value (US$ thousands)	71,333	60,691	71,333	60,691
Net asset value per ordinary share (US cents)	20.41	17.35	20.41	17.35
Net asset value per ordinary share (Singapore cents*)	27.44	23.33	27.44	23.33

At June 30, 2021, net asset value per share is calculated based on the number of ordinary shares in issue at June 30, 2021 of 349,575,676 (not including 4,190,200 dormant ordinary shares at June 30, 2021). At December 31, 2020, net asset value per share is calculated based on the number of ordinary shares in issue at December 31, 2020 of 349,831,926 (not including 3,840,200 dormant ordinary shares).

* Convenience translation based on exchange rate of US$ 1=S$ 1.3444 at June 30, 2021.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Overview

Further to our updates to investors on 29 April, 2021, 9 May 2021 and 16 June 2021, results in H1 2021 benefited from the strong resurgence of manufacturing activities commencing late in the third quarter of 2020 and carrying over into 2021. The recovery was driven by the reopening of retail activities in key global markets in late summer 2020, which culminated in a stronger than expected end-of-year holiday season in the crucial U.S. market, as well as a strong Chinese New Year season in early 2021 throughout most of the Asia-Pacific market. As consumer demand for diamond jewellery remains robust in all major markets, due also to the limited availability of alternative channels for luxury spending (e.g., leisure travel), the recovery has continued into 2021. This recovery withstood the challenges and uncertainties stemming from the resurge of the Covid-19 virus in India for much of April and May 2021. In fact, due to these uncertainties, the seasonal May summer vacation shutdown in India, which typically lasts 2-3 weeks, was cancelled by many of the midstream manufacturers fearing imminent lockdowns, thus actually allowing near continuous work throughout May and June 2021.

On the backdrop of these overall positive business conditions, the Group reported in H1 2021, revenues of US$ 36.0 million, profit from operations of US$ 14.0 million, and net profit of US$ 12.6 million, as compared to revenues of US$ 22.4 million, profit from operations of US$ 2.1 million, and net profit of US$ 1.2 million reported in H1 2020. The strong resurgence of manufacturing activities in 2021 resulted in a significant increase in revenues in H1 2021, both higher recurring revenues from Galaxy® inclusion scanning and increased capital equipment sales. Profitability in H1 2021 was significantly higher, having benefited from higher gross profit margins due to both sales volumes and product mix. The increase in the gross profit was offset, somewhat, by increased operating expenses as the Group returned to "normal" spending, reversing the aggressive cost containment measures taken in H1 2020 at the onset of the Covid-19 pandemic. H1 2021 results also benefited from a one-time U$ 0.3 million non-cash gain associated with the down-sizing of leased office space at the Group's headquarters in Israel in April 2021.

The Group delivered 48 Galaxy®-family inclusion mapping systems in H1 2021 comprising 4 Galaxy® Ultra models, 4 Galaxy® models, 2 Solaris™ models, 16 Meteor™ models and 22 Meteorite™ models. As of June 30, 2021, our installed base was 679 systems. The Solaris™, Meteor™ and Meteorite™ systems (excluding 3 Meteorite™ systems) were sold under the one-off paradigm with no follow-on per-use revenues to be generated from them in the future.

The increased midstream diamond polishing activity in H1 2021 resulted in an over 80% increase in recurring revenues (mainly from Galaxy® inclusion scanning) as compared to H1 2020. Overall recurring revenues for H1 2021 (including Galaxy® inclusion scanning, Quazer® services, polished diamond related services, annual maintenance contracts, etc.) was approximately 40% of our overall revenue (approximately 35% for H1 2020). Overall rough and polished diamond wholesale and retail related ("Trade") revenues, mostly from digital tenders, the Sarine Profile™ and the Sarine Diamond Journey™ were just under 6% of our overall revenue for H1 2021.

Balance Sheet and Cash Flow Highlights

As at June 30, 2021, cash, cash equivalents, short-term investments (bank deposits) and restricted short-term investments ("**Cash Balances**") increased to US$ 36.5 million as compared to US$ 27.6 million as of December 31, 2020. The increase in Cash Balances was primarily due to the Group's significantly improved profitability in H1 2021, offset somewhat by increased trade receivables of US$ 27.5 million as at June 30, 2021 (US$22.8 million as at December 31, 2020), due primarily to credit terms offered to customers, the payment of a US$ 1.7 million final FY2020 dividend in May 2021, and the repayment of US$ 2.5 million Covid-19 related Israel government sponsored bank loans (see 1(b)(ii) above).

Revenues

Revenue by geographic segments -- (US$ '000)

H1 2021 versus H1 2020				
Region	**H1 2021**	**H1 2020**	**$ change**	**% change**
India	25,146	17,187	7,959	46.3
Africa	4,551	1,375	3,176	231.0
Europe	1,080	478	602	125.9
North America	253	754	(501)	(66.4)
Israel	1,253	837	416	49.7
Other*	3,680	1,772	1,908	107.7
Total	35,963	22,403	13,560	60.5

* Primarily Asia, excluding India

The Group reported revenues of US$ $36.0 million in H1 2021, as compared to revenues of US$ 22.4 million reported in H1 2020. The year-over-year increase in revenues across most geographies was due to an approximate 50% increase in capital equipment sales and an approximate 80% increase in recurring revenues, resulting from the strong resurgence of manufacturing activities in 2021, especially in India, following the recovery in the global diamond industry in H1 2021, as compared to the depressed revenue results in H1 2020, resulting from the onset of the Covid-19 pandemic in late Q1 2020, as discussed above and in Section 10.

Cost of sales and gross profit

Cost of sales for H1 2021 increased by 8.3% (on an increase in revenues of 60.5%) to US$ 9.1 million as compared to US$ 8.4 million in H1 2020, with a gross profit margin of 75% in H1 2021 compared to 62% in H1 2020. The increase in cost of sales in H1 2021 was due to increased capital equipment sales. The increase in gross profit and the corresponding increase in gross profit margin were primarily due to increased overall sales and product mix, including a higher mix of recurring revenue and the sale of inventory previously written-off in prior periods.

Research and development expenses

Research and development expenses for H1 2021 of US$ 3.9 million increased by 14.1% as compared to US$ 3.4 million in H1 2020. The increase in research and development expenses was primarily due to higher employee compensation and outsourcing, following the winding down of cost containment measures initiated in Q2 2020, following the onset of Covid-19, and lasting most of FY2020 (which included temporary reductions in staff salaries).

Sales and marketing expenses

Sales and marketing expenses for H1 2021 increased minimally to US$ 5.4 million as compared to US$ 5.3 million in H1 2020. The increase in sales and marketing expenses was due primarily to increased sales related expenses, including increased sales commissions on higher revenues and increased sales staffing in the Asia Pacific region, offset by lower advertising and trade-show related expenses. Advertising expenses began a return to more normalised pre-Covid-19 levels in the latter part of H1 2021.

General and administrative expenses

General and administrative expenses for H1 2021 increased by 20.8% to US$ 3.8 million as compared to US$ 3.1 million in H1 2020. The increase in general and administrative expenses was primarily due to increased incentive-based compensation accruals from significantly higher profitability in H1 2021 and due to increased third-party professional fees as the copyright litigation in India entered the actual trial phase. H1 2020 expenses were constrained by cost containment measures initiated from April 2020.

Other income from lease termination

The H1 2021 results benefited from a U$ 0.3 million, non-cash gain associated with the down-sizing of leased office space at the Group's headquarters in Israel in April 2021.

Profit from operations

The Group reported significantly higher profit from operations of US$ 14.0 million in H1 2021, as compared to US$ 2.1 million in H1 2020. The increase in profit from operations was mainly due to the significantly higher gross profit in H1 2021 stemming from the meaningfully higher sales, as detailed above.

Net finance income

Net finance income for H1 2021 was US$ 62,000 as compared US$ 37,000 in H1 2020. The increase in net finance income was due to higher exchange rate income during H1 2021 as compared to H1 2020.

Income tax expense

The Group recorded an income tax expense of US$ 1.5 million for H1 2021 as compared to an expense of US$ 1.0 million in H1 2020. The increase in income tax expense was primarily due to increased profitability in H1 2021, affected by the profitability being realised in various entities of the Group, each subject to different jurisdictions, applicable incentives, and income tax loss carryforwards.

Profit for the period

The Group recorded net profit of US$ 12.6 million in H1 2021, as compared to net profit of US$ 1.2 million in H1 2020. The increase in net profit was mainly due to the significantly higher operational profit in H1 2021, as detailed above.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders any variance between it and the actual results.

Deliveries of Galaxy®-family systems were lower than anticipated in H1 2021 due to somewhat lower production volumes in Q1 2021, stemming from our postponement of component acquisition and the consequent reduction of inventories during the pandemic crisis of 2020, and uncertainties stemming from the April-May Covid-19 outbreak in India. While we see positive indications for Galaxy® sales in H2 we may not attain the originally anticipated delivery levels similar to the 145 systems delivered in 2019, as stated in our FY2020 Section 10 commentary.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

We expect the following industry trends to continue influencing our business:

a. Though vaccination drives are underway worldwide, the Covid-19 virus and its mutations are still an issue that is affecting the global economy in general, including the diamond value chain. Many countries have decided to adopt a strategy of living alongside Covid-19 rather than locking everything down, which is not sustainable. Still, there is economic uncertainty, and restrictions are still in effect to varying degrees in various geographies – particularly, Europe and Asia (other than China) are experiencing a surge in the Delta variant of Covid-19 with varying government-mandated restrictions affecting retail activity negatively. Having said that, retail consumer demand in the U.S. and China, the world's two key markets for luxury spending, accounting together for over 60% of global demand for diamond jewellery, is robust, also due to restrictions on travel and other alternative channels of discretionary spending. The strong recovery in Indian manufacturing activity witnessed in the fourth quarter of 2020 carried on into 2021 for the entire initial half year. Even during May, which typically shows reduced activity during the Indian summer vacation break, polishing continued unabated, with most manufacturers foregoing their vacation shutdowns. Even the surge in Covid-19 incidence in India in April – May did not have a major impact on rough diamond polishing activities. Though due to the U.S. and European summer vacation season, July and August are typically months of reduced trading activities, current data show manufacturing and polish sales activities are continuing at a brisk pace. Expectations are for a strong end-of-year holiday season. Still, the uncertainties of the pandemic may still pose a risk going forward.

b. On the backdrop of the above-noted surge in polishing activity, DeBeers reported US$ 663 million in sales in January 2021, its strongest selling cycle in three years. The ensuing five cycles through July also demonstrated strong sales, totaling US$ 2.52 billion for the first half year of 2021, with some cycles only limited by the inability of the producer to meet demand. Alrosa, the Russian producer, experienced similar strong demand for its goods. Consequently, producers have raised the prices of rough diamonds consistently for the past five months, reversing the price reductions of 2020 and escalating prices higher. Still rough demand in the midstream remains bullish, and 10% and even higher margins are being realised in the secondary rough market. We are concerned that, as rough price increases are outpacing the rise in polished diamond prices, there is mounting pressure on midstream profitability, which will not be sustainable. We hope that a new level of equilibrium will be attained soon.

c. Digital tenders implementing Sarine's technologies, offered by leading producers including Alrosa, Lucara and Grib, who has also adopted the paradigm, as announced on June 2, 2021, and by secondary wholesale dealers, are expanding as an alternative and/or complementary to travel under Covid-19 restrictions. Additional key producers continue to express interest, and we believe they too are progressing towards the adoption of our digital sales enabling technologies.

d. Due to the reduction of inventories in 2020 and the current robust demand for polished output, the diamond industry midstream manufacturing sector has significantly reduced its use of working capital from banks and is in a healthier financial condition than at any previous time in the past decade. Thus, credit issues are not an issue at this time. However, as polished diamond inventories are increasing again, which may also affect polishing activities going forward, lending has increased somewhat since the beginning of the year, but there is currently still ample liquidity.

e. The Group delivered 48 Galaxy®-family inclusion mapping systems in H1 2021 comprising 4 Galaxy® Ultra models, 4 Galaxy® models, 2 Solaris™ models, 16 Meteor™ models and 22 Meteorite™ models. Deliveries of Galaxy®-family systems were lower than anticipated in H1 2021 due to somewhat lower production volumes in Q1 2021, stemming from our postponement of component acquisition and the consequent reduction of inventories during the pandemic crisis of 2020, and uncertainties stemming from the April-May Covid-19 outbreak in India. We expect to see stronger deliveries of Galaxy® family systems going forward into the second half of 2021. The Solaris™, Meteor™ and Meteorite™ systems (excluding 3 Meteorite™ systems) were sold under the one-off paradigm with no follow-on per-use revenues to be generated from them in the future. This paradigm does, however, contribute to higher immediate revenues and higher gross margins, as evidenced in the financial results reported for the first half of the year. As of June 30, 2021 our installed base was 679 systems. Due to the aforementioned recovery in rough diamonds sales and the consequent manufacturing activity, we have witnessed record-setting use of our inclusion mapping systems worldwide, setting new records of daily usage with peaks of nearly 110,000 rough diamonds daily. Average usage throughout H1 2021equates (on an annualised basis) over 30 million rough diamonds, which would be more than a 50% increase over pre-pandemic levels.

f. The Sarine Profile™, the umbrella term for our digital paradigms providing "profiling" data pertaining to a polished diamond, including light performance and imaging techniques, continues to expand slowly, with new programs being initiated primarily, but not only, in the APAC market. Notably a major U.S. wholesaler is launching a program of self-branded diamonds utilising both our Sarine Profile™ and AI-derived 4Cs grading solutions.

g. We are continuing to see very strong interest in our Sarine Diamond Journey™ provenance and traceability solution. We are expanding our partnering with key miners Alrosa, Lucara and Grib. Significantly, many additional producers are evaluating the application of our technology as a key solution to varied issues of concern. With our ongoing refinement of the technology utilised at the mine for the initial scanning of the rough diamonds and its adaptation to high-throughput operations, we expect its broader adoption both for downstream traceability as well as to resolve other existing producer needs. Our collaboration with leading producers and our formidable market-leading presence in the midstream polishing segment allow us to collate actual documentary traceability verification data throughout the pipeline flow, with minimal additional overhead or disruption to existing workflow patterns. With expanded cooperation with producers this will preclude the need to resort to declaratory inputs, as compared to other provenance tracing offerings. Leading brands, having satisfied themselves of the unique attributes of our Sarine Diamond Journey™, are now in the process of running pilot programs. Both the story-telling and the sustainability/responsibility aspects of our solution are driving their interest. We are confident commercial adoption will follow later in 2021 or early 2022. We are hopeful that the seamless integration of the Sarine Diamond Journey™ with our e-Grading™ initiative will mutually contribute to both these offerings broader market acceptance.

h. e-Grading™, currently in beta-testing, including second generation Clarity and Color grading equipment, enables truly objective and consistent grading at a fraction of the time currently associated with having the grading done at an external third-party lab - hours vs. currently over a month and with none of the indirect costs of shipping, insurance, customs handling, etc. Furthermore, as our e-Grading™ paradigm is carried out on-site by the manufacturer's personnel (not professional gemmologists), it will also reduce the direct cost, today ranging up to 5% of the value of the polished diamond, in an industry which typically has single digit margins. e-Grading™ also offers a completely new level of operational flexibility – the polisher can prioritise its diamonds' sequence of grading to best meet delivery schedules. The first half of 2021 was dedicated to the ongoing beta-testing and refinement of the solution and the implementation of the necessary operational cloud infrastructure. Broader introduction to the midstream polishers is scheduled towards the end of 2021. It is noteworthy that in the interim the current in-lab implementation of our AI-based grading paradigm is continuing to gain traction with leading U.S. and European industry players.

i. The market acceptance of lab-grown diamond (LGD) jewellery has created, as we have in the past forecast, a new opportunity for the Group. Having verified the adaptability of our various technologies to LGD manufacturing, grading and trade, we are now extending our efforts to penetrate this rapidly growing market segment. As announced on May 25, we have entered into a strategic collaboration agreement with the Constell Group, which will initially focus on this segment and provide technological solutions for the evaluation and planning of raw LGD material and polishing into polished diamonds. We expect our Sarine Diamond Journey™ and e-Grading™ may also be utilised to support the joint endeavour's customers' grading and trading needs. The business model will remunerate Sarine based on each diamond processed, regardless of the specific technologies applied in the processing.

We will focus our initiatives on the following objectives in H2 2021:

The Group's research and development initiatives will be:

- Continue optimising our Advisor® planning proposition and bolstering its IP protection features, to be released as Advisor® 8.0;
- Continue refining our provenance (Sarine Diamond Journey™) offering, including implementation of high productivity capabilities;
- Continue refining our e-Grading™ AI-based technology with second generation Clarity and Color technologies;
- Enhance Clarity grading with fine-sorting of a diamond's inclusion characteristics in accordance with customer-specific industry-accepted sub-grades pertaining to the diamond's actual appearance (e.g., "eye-clean", "no black inclusions", "no inclusions under the table", etc.) as well as by its Color in accordance with tinting (brownish, greenish, etc.) and other relevant criteria;
- Scaling up of our e-Grading solution to include advanced monitoring and process management;
- Develop LGD-compatible derivatives of our technologies, to allow their cost-effective application to LGD manufacturing.

The Group's marketing efforts will focus on:

- Continuing our aggressive marketing campaigns of our Galaxy® family Solaris™, Meteor™ and Meteorite™ models;
- The broader adoption of the Group's Sarine Profile™ and Sarine Diamond Journey™ solutions, especially broadening our cooperation with additional producers (often by initial cooperation on implementation of our digital tenders paradigm) and high-end luxury retailers;
- The commercial rollout of our e-Grading™ innovation;
- Expanding our presence in the LGD segment;
- Enhancing the Sarine brand recognition at the retail and end-consumer level through targeted social media and similar initiatives.

11. Dividend

(a) *Current Financial Period Reported*

Any dividend declared/recommended for the current financial period reported on?

The Board of Directors has declared an interim dividend of US cents 1.5 per ordinary share for the half-year ended June 30, 2021, constituting a US cents 1.0 dividend as per the stated dividend policy, and an additional special interim dividend of US cents 0.5, in light of the strong H1 2021 results and the resultant cash flow, even allowing for the repayment of US$ 2.5 million in Covid-19 related Israel government sponsored bank loans, as noted above.

(b) *Corresponding Period of the Immediately Preceding Financial Year*

Any dividend declared for the corresponding period of the immediately preceding financial year?

As a result of the impact of Covid-19 on the diamond value chain in general and on our results of operation in particular, the Board of Directors of the Company did not declare an interim dividend in H1 2020.

(c) *Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived.*

	Amount before tax US$'000	Tax rate applicable to shareholders %
2021	5,244	20%/0%[1] / 10%[2,3]
2020	--	Not applicable

[1] The tax rate will be 20% for individual Israeli shareholders and 0% for Israeli corporate shareholders.
[2] The tax rate for the dividends for individual and corporate Singaporean shareholders is 10%.
[3] Payments to shareholders of dividends distributed by the Company will be subject to a tax deduction at source at the rate of 20%, in compliance with Israeli tax directives. Tax amounts deducted from dividend payments will be deposited with a trustee. A shareholder claiming eligibility for preferential tax treatment on dividend payments pursuant to Israeli tax laws or international tax treaties may apply to the trustee within 30 days of the distribution date providing all necessary details and documents, for reimbursement of excess deduction, subject to verification of such eligibility. Details regarding the application procedure shall be provided by the Company in the formal dividend announcement posted on the SGX.

(d) *Date Payable*

	Amount US$'000
3.9.2021	5,244
2020	Not applicable

(e) *Record Date*

5:00 PM on:

	Amount US$'000
16.8.2021	5,244
2020	Not applicable

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions under Rule 920(1)(a)(ii). If no IPT mandate has been obtained a statement to that effect.

The Group has not obtained a general mandate from its shareholders for IPTs.

14. Negative confirmation pursuant to Rule 705(5) (not required for announcement of full year results).

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited financial results of the Group for the period ended June 30, 2021, to be false or misleading, in any material aspect.

15. Confirmation pursuant to Rule 720 (1) of the Listing Manual

The Company confirms that it has procured undertakings from all its Directors and Executive Officers in the format set out in Appendix 7.7 under Rule 720 (1) of the Listing Manual.

Daniel Glinert

Daniel Benjamin Glinert
Executive Chairman
4 August 2021

OVER 30 YEARS OF INNOVATION

PRESS RELEASE

FOR IMMEDIATE RELEASE

Half Year 2021 Revenue Increased 61% to US$36.0M
Net Profit Surged to US$12.6M vs. US$1.2M in H1 2020

- **Buoyant industry conditions drove sales of capital equipment and recurrent revenue, with higher margin products in mix expanding gross margin to 75%**
- **Interim dividend of US 1.5 cent per share declared, comprising US 1.0 cent in accordance with dividend policy and US 0.5 cent as an additional special interim dividend due to the strong results**
- **Sarine Diamond Journey™ traceability being evaluated by additional producers; implementation of high throughput scanning technology should expedite adoption**
- **High profile retailers, who value the story-telling attribute of the Sarine Diamond Journey™, already running tests and actual commercial programs**
- **AI-based grading gaining traction with leading US and European clients; e-Grading™ at source currently in multiple beta-testing sites**

Hod Hasharon (Israel), 4 August 2021 - Singapore Exchange Mainboard and Tel Aviv Stock Exchange listed Sarine Technologies Ltd ("**Sarine**" and along with its subsidiaries "**the Group**") (**U77:SI; SARN:TA**), a worldwide leader in the development, manufacturing, marketing and sale of precision technology products and services for the evaluation, planning, processing, measurement, grading and trading of diamonds and gems, is pleased to announce its financial results for the six months ended 30 June 2021.

4 Haharash St., Neve Neeman
Hod Hasharon, Israel 4524075
Tel. +972-9-7903500
www.sarine.com

H1 2021 Financial Results Review

During the period under review, a strong pick-up in manufacturing activities in India, which started towards the end of Q3 2020 continued into 2021. This recovery in rough diamond manufacturing was driven by strong demand for diamond jewellery, following the reopening of retail activities in key global markets in late summer 2020 and carrying over to a strong end of year holiday season in the US market and a buoyant Chinese New Year season in early 2021 throughout most of the Asia Pacific market. The challenges and uncertainties of imminent lockdowns caused by the springtime resurgence of the Covid-19 virus in India, kept most manufacturers operating throughout May and June, foregoing their summer vacations to meet demand for polished diamonds.

With overall positive business conditions in H1 2021, the Group recorded revenue of US$36.0 million, an increase of 61% over the US$22.4 million realised in the corresponding period last year, which was negatively affected by global lockdowns due to Covid-19. The strong resurgence of manufacturing activities in H1 2021 resulted in both increased capital equipment sales and higher recurring revenues from Galaxy® inclusion scanning. Profitability in H1 2021 benefited from significantly higher revenue and gross profit margin, which expanded due to economies of scale with increased overall sales and a favourable product mix. With the Group returning to mostly "normal" operations, following the cutbacks initiated in 2020 on the backdrop of the pandemic, Group operating expenses rose 10% to US$13.1 million. Notwithstanding this return to a higher level of expenditures, the robust revenue growth provided operating leverage for the Group's net profit to hit US$12.6 million in H1 2021, up from only US$1.2 million in H1 2020. An interim dividend of US 1.5 cent per share was declared, comprising a US 1.0 cent in accordance with the stated dividend policy and US 0.5 cent as an additional special interim dividend due to the strong H1 2021 results.

A total of 48 Galaxy®-family systems were delivered in H1 2021. As of June 30, 2021, our installed base has grown to 679 systems. Robust diamond manufacturing activities in H1 2021 resulted in an over 80% increase in recurring revenues (mainly derived from Galaxy® inclusion scanning) over H1 2020. Total recurring revenues were approximately 40% of Group revenue in H1 2021, as compared to 35% in H1 2020. Our new business comprising rough and polished diamond wholesale and retail related revenues, mostly from digital tenders, the Sarine Profile™ and the Sarine Diamond Journey™, was just under 6% of overall revenue in H1 2021.

4 Haharash St., Neve Neeman
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Tel. +972-9-7903500
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Prospects

Vaccinations are being effected on a global scale, however virus mutations are continuing to prove a challenge. Still, consumer demand for diamond jewellery in the key markets of the United States and China is robust. Although expectations are for a strong end of year holiday sales season, the uncertainties of the pandemic remain.

Strong consumer demand for diamond jewellery has in turn resulted in strong sales of rough diamonds in 2021. DeBeers has conducted six cycles of rough diamond sales in 2021, and with robust demand has raised its prices in four of these cycles. Alrosa, the Russian producer, has similarly raised the prices of its offered rough goods. The price increases in 2021 have reversed all the price reductions of 2020, and rough diamond prices are now higher than before the pandemic struck in early 2020. With rough price increases outpacing the rise in polished diamond prices, pressure is mounting on the profitability of manufacturers. This situation may not be sustainable, and is a factor to track.

Digital tenders of rough diamonds implementing Sarine's technologies offered by leading producers including Alrosa, Lucara and Grib, as well as by secondary wholesale dealers have expanded as an alternative and complementary mode of selling under Covid-19 restrictions. Going forward we expect additional key producers to adopt our digital sales enabling technologies.

Our Sarine Diamond Journey™ provenance and traceability solution is generating strong interest in the market place due to our unique ability to collate actual verifiable traceability documentation throughout the manufacturing workflow, as a result of our market-leading presence in the midstream manufacturing segment, as compared to origin only certification. Adopted by Alrosa, Lucara and Grib, our solution is being evaluated by many additional producers. Our planned implementation of high throughput initial scanning of the rough diamonds at the mines should expedite adoption and has secondary added value to miners. Along with our expanding collaboration with producers, high profile retailers, who value the story-telling attribute of the Sarine Diamond Journey™ as well as its sustainability/responsibility aspects, are now already running test and actual commercial programs. We expect broader commercial adoption with additional leading brands to follow, and are leveraging the seamless integration of the Sarine Diamond Journey™ with our e-Grading™ initiative in order to offer an even more compelling packaged proposition of these two unique offerings.

4 Haharash St., Neve Neeman
Hod Hasharon, Israel 4524075
Tel. +972-9-7903500
www.sarine.com

The current in-lab implementation of our AI-based grading paradigm is gaining further traction with leading US and European industry players. e-Grading™ at the source of manufacturing is currently in beta-testing and the very significant benefits of cost and time savings and operational flexibility to prioritise their diamonds' sequence of grading are well understood by the midstream manufacturers. A broader introduction to the midstream manufacturers is scheduled towards the end of 2021.

The market acceptance of lab-grown diamond (LGD) jewellery presents a new opportunity for the Group. Having adapted our various technologies to LGD manufacturing, grading and trade, we are now working with market participants to deploy these technologies to support this market segment. As published, our collaboration with the Constell Group will provide technological solutions for the evaluation and planning of raw LGD material and its polishing into polished diamonds. Our Sarine Diamond Journey™ and e-Grading™ may also be utilised at a later stage to support Constell's customers for their grading and trading needs.

This press release should be read in conjunction with Sarine's H1 2021 results announcement released on 4 August 2021 to the Singapore Exchange.

About Sarine Technologies:

Established in 1988, Sarine Technologies Ltd. is a worldwide leader in the development and manufacturing of advanced modeling, analysis, evaluation, planning, processing, finishing, grading and trading systems for diamonds. Sarine products include the Galaxy® family of inclusion and tension mapping systems, rough diamond planning and optimisation technologies, laser cutting and shaping tools, laser-marking, inscription and finger-printing equipment, automated (AI-derived) Clarity, Color, Cut and light performance grading systems and traceability, visualisation and retailing services. Sarine systems have become standard tools in every modern manufacturing plant, properly equipped gemology lab and diamond appraisal business, and are essential aids for diamond polishers, dealers and retailers. For more information about Sarine and its products and services, visit http://www.sarine.com.

Contact:

APAC IR	North America IR	Sarine Technologies Ltd.
Mr. Lee Teong Sang	Ms. Miri Scharia-Segal	Ms. Romy Gakh-Baram
Tel:+65-96339035	Tel: +1-917-607-8654	Tel:+972-9-7903500
teongsag@cyrus.com.sg	msegal@ms-ir.com	romy.gakhbaram@sarine.com

Sarine Technologies Ltd.

Corporate Presentation

August 2021

Disclaimer

This presentation may contain statements regarding the business of Sarine Technologies Ltd and its subsidiaries (the “Group”) that are of a forward looking nature and are therefore based on management’s assumptions about future developments. Such forward looking statements are typically identified by words such as ‘believe’, ‘estimate’, ‘expect’, ‘intend’, ‘may’, and ‘project’ and similar expressions as they relate to the Group. Forward looking statements involve certain risks and uncertainties as they relate to future events. Actual results may vary materially from those targeted, expected or projected due to numerous factors. The reader is cautioned to not unduly rely on these forward-looking statements. We do not undertake any duty to publish any update or revision of any forward looking statements.

Potential risks and uncertainties include such factors as general economic conditions, foreign exchange fluctuations, interest rate changes and regulatory developments. Such factors that may affect the Group’s future financial results are detailed in our listing prospectus / circulars, listed in this presentation, or in the management discussion and analysis section of the company’s result report and filing with the SGX. We will announce all material information about the Group on the SGXNET in accordance with the rules of the SGX-ST Listing Manual.

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This presentation is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for shares in Sarine Technologies.

Diamond Industry Value Chain

Our products increase profits at all stages of the diamond trade from purchase of rough diamonds to sale of polished ones

Value of Market Segments in USD (2019)

$14.4 billion	$15.0 billion	$20.0 billion	$78.1 billion
Rough Diamond Mining Output	Rough Diamond Sales	Polished Diamond Output	Retail Sales of Diamond Jewelry

Our Technologies Span Entire Value Chain

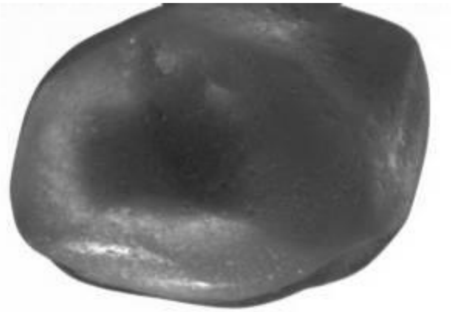
Sarine Technologies, through its application of patented solutions (proprietary mechanics, electronics, optics, lasers and sophisticated software) is a global leader in the development of systems used throughout the entire diamond value chain, from mine to retail, from rough diamonds evaluation, planning and polishing to polished diamonds grading and trade.

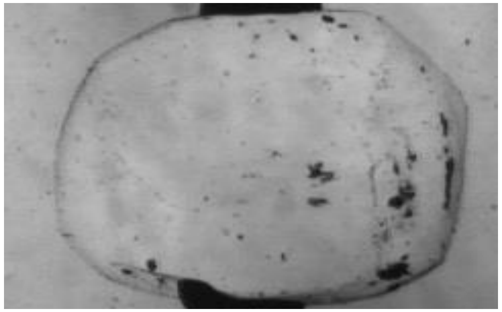
Inclusion Mapping	Planning	Sawing & Shaping	Polishing & Cut Finishing	Laser Inscription	Visualisation & Grading	Trade

Our Revolution of Diamond Polishing

- Traditionally based on worker skill and experience: long training process and inconsistent results from different workers
- Low utilization of valuable material: ~35%
- Typically limited to simple solutions: single sawing plane with two polished diamonds
- Significant human error in execution of planned solutions

Traditional Diamond Planning





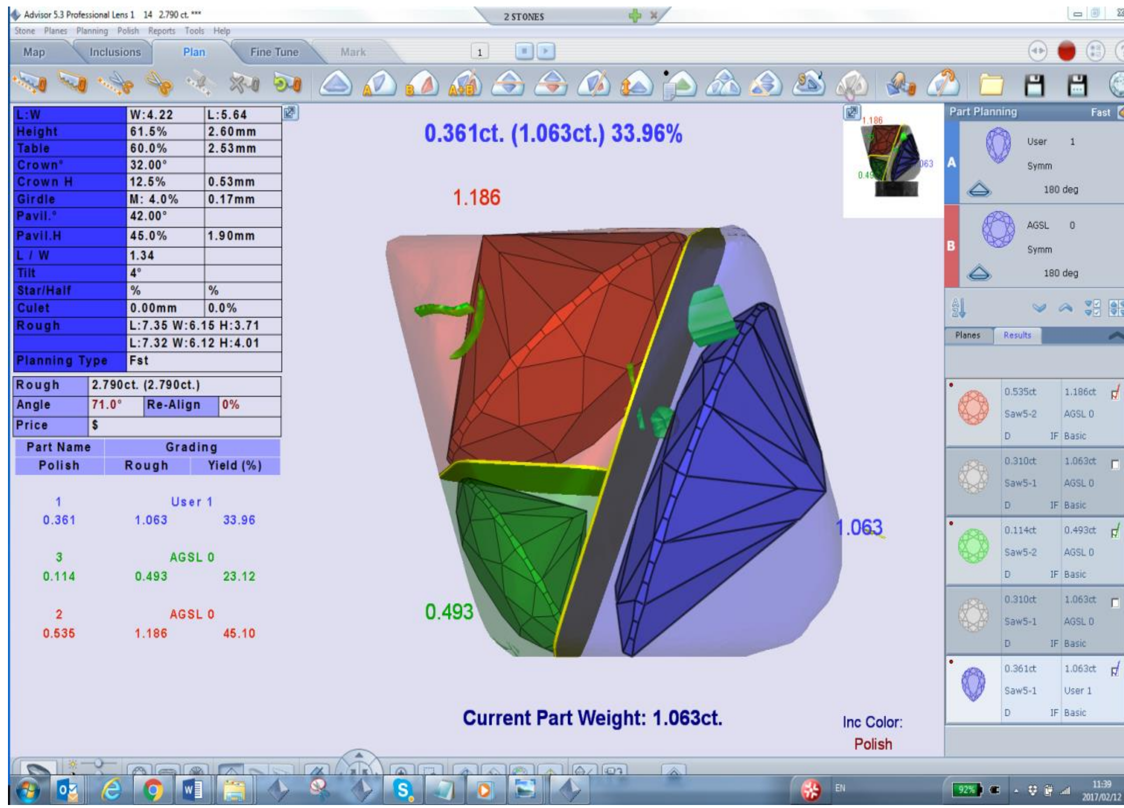
Revolution – Phase I

- Computerized planning eliminates most guesswork and risk and enables better utilization of rough diamond material

- Multiple polished diamonds from a single rough diamond (manually almost never more than two)

- From 2006 initial use of manually indicated inclusions (very rudimentary diamond Clarity solution)

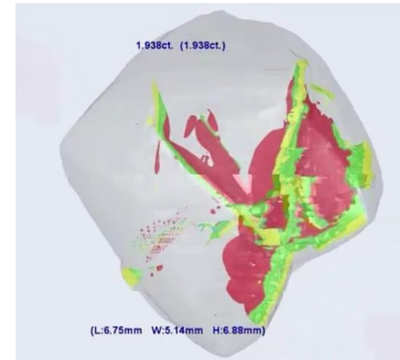
1999 - 2009



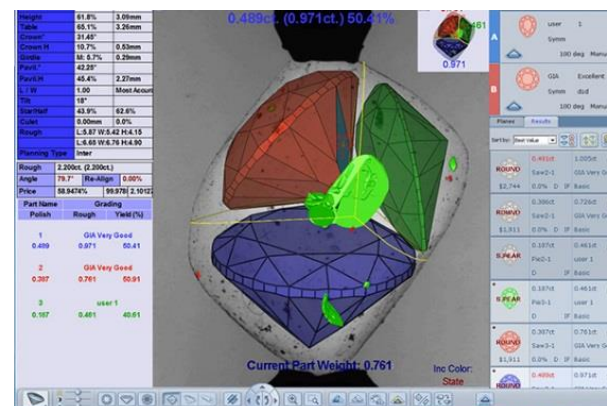
Phase II - Advisor® Meets Galaxy ®

- Optimal planning is enabled by integrating with Galaxy® inclusion scanning as it enables planning including Clarity criteria for true best value.
- Advisor® is the most widely used rough planning software - ***over 25,000 installations processed some 100 million rough diamonds in 2019***.
- Super fast analyses of single-point sizes to high accuracy multi-stone planning of large complicated diamonds up to 200 carats, based on real-time market trend data.
- ***Optimal use of rough diamond weight increased by more than 25% from 35-40% to over 50%.***
- Integration with inclusion mapping creates higher penetration barrier; also integrated with our best-in-class Quazer® laser cutting system.

Galaxy "CT" of Rough Internals

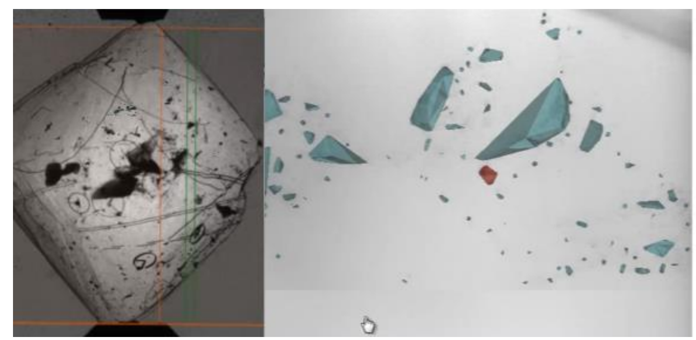


Multiple Diamonds Planning



Galaxy® Family

- Introduced in 2010 with Galaxy® 1000
- Subsequent Galaxy® models provide solutions for higher clarities (VVS), for extra large diamonds up to 200 carats and for optimal processing of small and very small sizes to achieve cost-effective operations
- ***Price Per Carat model with >80% gross margin; recurring revenue drives today ~40% of Group top line!***
- Total installed base of 679 systems (as of end H1 2021)
- No meaningful legitimate competition for Group's patented technology.
- ***Stone scanning run rate in H1 2021 indicates annual increase in 2021 of >50% over 2019;*** 2020 scans were just over those of 2019 despite Covid-19 and ~30% fewer rough diamonds in pipeline.



Trade & Retail Downstream Revolution

- What are the challenges?
  - B2B challenges – current manual Clarity and Color grading subjective, dictating necessity for actual visual inspection at sourcing and leading to significant rejection of delivered polished diamonds.
  - Consumer transparency – 4C's primarily define rarity; consumers want additional information pertaining to beauty and quality of workmanship as well as documentation of sustainable and socially responsible mining, sourcing and polishing of diamonds.
  - Today's consumer wants information presented in intuitive and engaging digital formats enabling support of social media for peer-to-peer communications.
  - Lab-grown diamonds creating entire new market of lower valued goods, dictating need for differentiation and requiring documentation of quality and sustainability at a completely different cost level.

Traceability with Diamond Journey™

- Provides captivating visualization of the entire history of the rough stone – from mine to polished gem. Actual real-time generated imagery tracks stone through key stages from modeling at mine through polishing, culminating in its final polished form; captivates consumer with insight into painstaking craftsmanship of creating his/her unique gem.
- Documents the responsible sourcing and manufacture of the diamond – key to concern of consumers and other industry players.
- ***Not based on declaratory information but on actual data collected throughout the process*** - leverages our extensive presence in the midstream to implement ***solution with minimal overhead, disruption or cost to manufacturers*** based on existing installed base of Sarine's industry-leading technologies.
- Supported by Alrosa, world's largest diamond producer by carats and Lucara, Canadian miner operating in Botswana renown for large diamonds; additional miners evaluating.
- Leading polishers in India and Israel have adopted paradigm to be "Journey-ready" for retail demand; High-end sustainability-minded retailers already running pilot programs.
- As a benefit to miners, adding Galaxy® derived information to source scan enables digital e-tenders of rough diamonds. Adopted by Alrosa, Lucara and Grib, as well as Stargems, a leading rough secondary wholesaler in Dubai.

e-Grading™ Revolution: Clarity and Color by Artificial Intelligence Technology

- Groundbreaking Artificial Intelligence (AI) - based Clarity technology provides automated, objective Clarity grading – a first for the diamond industry. More consistent than manual process, refines Clarity grading and enhances polished diamond sorting by manufacturers and sourcing by retailers. Similarly, AI-based Color evaluation technology provides automated, objective and more precise Color grading. Gaining traction in U.S and Europe.

- The integration of these new technologies with in-process control and verification software enables polished diamonds grading on site at suppliers, wholesalers and major retailers – e-Grading™. The shift from manual grading in diamond labs to automated technology-based grading on-site significantly reduces time (hours vs. weeks) and eliminates indirect costs (e.g. shipping and insurance). Also significantly reduces direct costs as lowers both quantity and skill levels of manpower required for grading. In initial beta-testing in India.

- Business model for e-grading will be industry-standard per-carat charge (optionally packaged with light performance grading and Sarine Diamond Journey™ traceability). Should significantly expand the Group's recurring income and improve margins. ***Addresses over US$500M annual market of diamond grading. A successful rollout of e-Grading should result in gross margins similar to Galaxy® margins - ~80%.***

- Working with Tiffany & Co. and signed with NGTC* to adapt to their respective criteria.

(*) National Gemstone Testing Centre – China's largest gemmological laboratory

Lab-Grown Diamonds

- Growing market acceptance of lab-grown diamonds (LGD) with ~50% of US retailers expected to be offering LGD in 2021.
- Shutdown of key Argyle mine, historically major producer of low-quality smaller diamonds, to contribute to expansion of LGD demand.
- Lab-grown diamonds are thus poised for rapid growth creating a new expanded market *concurrently* with and beyond today’s US$ ~80 billion natural diamond jewellery market.
- Have demonstrated applicability of our manufacturing technologies to LGD and already generating revenues from this evolving market segment.
- Due to prohibitive direct and indirect costs of third-party lab grading for LGD goods, e-Grading™ evolving as natural alternative. Also addresses 21st century technology factor – “diamonds produced by technology - graded by technology”.
- Have partnered with Constell to provide technology-based solutions for actual processing and follow-on related services on a revenue-sharing basis to customers in India.

H1 2021 – Recovery Drives Business

- Best first half since 2014.
- Revenues of US$ 36.0M.
- Gross margin 75%, due to increased sales and product mix, including sale of inventory previously written-off.
- Operating expenses in R&D and G&A back to pre-pandemic levels; S&M still lagging 15% due to travel restrictions and trade-show cancellations. Operating margin nearly 40% with profit from operations of US$ 14.0M.
- Net profit of US$ 12.6M.
- Cash and short-term deposits US$ 36.5M after repaying bulk of pandemic-related Israeli government-subsidised loans (US$ 0.9M outstanding).
- Receivables increased to US $27.5M; most due receivables timely collected.

Strong Balance Sheet

(US$ millions)	30 June 2021	31 Dec 2020
Non-Current Assets	**23.9**	**22.5**
- Property, plant & equipment	11.8	12.3
- Intangible assets	2.3	2.6
- Right-of-use assets	5.2	5.1
Current Assets	**70.0**	**57.3**
- Inventories	6.7	6.2
- Trade receivables*	24.8	22.0
- Cash & bank deposits	36.5	27.6
Non-current Liabilities	**6.0**	**8.7**
- Long-term lease liabilities	5.1	5.3
Current Liabilities	**16.6**	**10.4**
- Trade payables	3.9	1.9
- Other payables	8.7	5.9
Shareholders' Equity	**71.3**	**60.7**

** There is an additional US$ 2.8M in long-term trade receivables*

Going Forward

- Continued market domination of inclusion scanning and mapping, rough planning and related manufacturing products and services. 2021 will see launch of Advisor® 8.0 with enhanced features, widening technological gap with piracy.
- The Group remains confident in expanding its market penetration of the Galaxy® family of inclusion mapping systems, as evidenced by ongoing record setting usage.
- Digital tenders due to Covid-19 obstacles opening doors for cooperation with key miners (Alrosa, Lucara, Grib) as well as with wholesale rough traders. Paradigm to remain after pandemic as it reduces costs, improves margins and enables nimbler moving of inventory. Key indirect benefit is enabling Sarine to establish critical anchors for traceability.
- Sarine Profile™, Sarine Diamond Journey™, light performance grading and AI-derived 4Cs e-Grading™ address the wholesale and retail trade of polished diamonds – the segments of the diamond value chain with highest margins. ***Optimally, these combined offerings should capture double-digit share of US$ 500M+ market with high ~80% gross margins***. Currently, revenues along with digital tenders are just under 6% of sales.
- Our manufacturing-related, grading and retail/branding technologies are all applicable to LGD. Already generating revenues. Have partnered with Constell, a key provider of outsourcing services to bring technologies to this segment.