



OVER 30 YEARS OF INNOVATION

PRESS RELEASE

Sarine Navigates Challenging Conditions with Strategic Initiatives and Rigorous Cost Management

Hod Hasharon (Israel) 17 November 2024 - Singapore Exchange Mainboard and Tel Aviv 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 for the evaluation, planning, processing, measurement, grading and trading of diamonds and gems, wishes to update the public on industry conditions and business results for the nine months ended 30 September 2024.

Market Challenges Persist: The natural diamond manufacturing industry faces ongoing headwinds. Weakened consumer demand in China and the continuing disruption by the lab-grown diamond (LGD) market continue to impact natural diamond demand and appropriately slow manufacturing activity. The LGD segment itself is experiencing significant hurdles, with surging production and declining wholesale prices due to oversupply. This, coupled with intensifying competition among retailers, has driven down retail prices and absolute realised profits, with retailers aptly pondering their course of action. On the backdrop of these challenging conditions, the Group generated revenues of US\$ 30.6M in the initial nine months of 2024 with a negligible loss of US\$ 0.2M. Notwithstanding the accounting loss, the Group has generated over US\$ 7M net cash from operating activities during this period.

Given the existing headwinds, Sarine is successfully implementing strategic initiatives to mitigate risks and drive growth:

- **Most Valuable Plan (MVP):** The Group has made progress in creating a new recurring revenue stream with the new pay-per-plan (PPP) MVP program, currently implemented for natural rough diamonds 90 points and under. As still in the rollout phase, having been launched late in Q1 2024, the financial contribution is still limited. Still, MVP revenues in Q3 2024 more than doubled as compared to Q2 2024, and we are confident in its continued adoption. Going forward we will be implementing the MVP technology for the most important (value-wise) segment of natural rough diamonds two carats and up.
- **LGD Market Expansion:** Sarine is capitalising on the growing LGD market by expanding its product offerings and services for this segment. The Group has launched two primary initiatives. The first is the GCAL by Sarine LGD grading lab in India, which is now in the

process of being expanded to double its capacity. The second is our LGD rough planning services, which have already been adopted by an estimated fifth of the Indian LGD production volume, with marketing efforts aggressively addressing the rest. By introducing these initiatives, the Group has seen revenues generated from the LGD segment of the industry more than double during the initial nine-month period of 2024, as compared to the same period of 2023, and has realised 25% growth in Q3 2024 alone, as compared to Q2 2024.

- **Cost Management:** Rigorous cost management measures have been implemented to optimise operational efficiency and enhance the Group's financial position to navigate current market challenges. While the Group's overall revenue for the nine-month period declined by 10% year-over-year, it achieved a 20% reduction in operating costs. This reflects the Group's commitment to financial discipline and its ability to adapt to changing market conditions.

Outlook: While the natural diamond market continues to face near-term pressure, Sarine remains optimistic about the long-term prospects of the diamond industry. Sarine expects continued growth in its recurring revenue streams as it expands the above-mentioned services. The MVP service holds potential to drive both recurring and capital equipment sales. The Group is also well-positioned to capitalise on emerging trends and opportunities, such as traceability, if required by the G7-proposed sanctions on Russian-sourced diamonds. The Group expects significant expansion of its LGD grading services in 2025.

To Note: The effect of ongoing hostilities has, to date, been minimal and restricted primarily to the calling up of certain of our younger employees for reserve duty.

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's world renown 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 fingerprinting equipment, automated (AI-derived) Clarity, Color, Cut and light performance grading systems and the AutoScan™ Plus for rough diamond source registration. Sarine offers recurring revenue generating value-add services including the GCAL diamond grading lab, provenance and traceability reports, Most Valuable Plan™ (MVP) planning, LGD planning and various retailing services (visualisation, fingerprinting, etc.). For more information about Sarine and its products and services, visit <http://www.sarine.com>

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