Sarine Technologies Ltd.
and its Subsidiaries

(Incorporated in Israel)
(Registration Number: 51-133220-7)

Condensed Interim Financial Statements
For the Year ended 31 December 2024

Table of Contents

Sarine Technologies Ltd.
and its Subsidiaries

A. Condensed Consolidated and Company Statements of Financial Position as at:

	Group		Company	
	2024	**2023**	**2024**	**2023**
	US$ thousands			
Assets				
Property, plant and equipment	**6,545**	11,637	**1,161**	1,827
Investment property (Real Estate), see Note 10	**3,914**	--	**--**	--
Right-of-use assets	**4,594**	6,032	**2,267**	3,014
Intangible assets	**8,144**	7,752	**801**	--
Long-term trade receivables	**1,740**	573	**296**	276
Investment in subsidiaries	**--**	--	**42,785**	43,576
Other non-current assets	**1,147**	500	**--**	--
Deferred tax assets	**593**	568	**--**	--
Total non-current assets	**26,677**	27,062	**47,310**	48,693
Inventories	**6,731**	10,520	**4,242**	7,324
Trade receivables	**9,195**	14,652	**6,074**	5,819
Other current assets	**3,006**	1,383	**694**	699
Short-term investments (bank deposits)	**8,071**	634	**2,051**	--
Cash and cash equivalents	**18,229**	22,351	**7,916**	7,644
Total current assets	**45,232**	49,540	**20,977**	21,486
Total assets	**71,909**	76,602	**68,287**	70,179
Equity				
Share capital*	**--**	--	**--**	--
Share premium and reserves	**35,396**	35,264	**35,396**	35,264
Translation reserve	**(4,436)**	(4,249)	**(4,436)**	(4,249)
Dormant shares, at cost	**(6,502)**	(5,183)	**(6,502)**	(5,183)
Retained earnings	**32,991**	34,488	**32,991**	34,488
Total equity	**57,449**	60,320	**57,449**	60,320
Liabilities				
Long-term lease liabilities	**4,165**	5,392	**2,178**	2,847
Financial instrument	**1,100**	1,727	**--**	--
Other non-current liabilities	**177**	153	**107**	143
Total non-current liabilities	**5,442**	7,272	**2,285**	2,990
Trade payables	**1,440**	1,781	**1,433**	1,848
Other payables	**5,792**	5,655	**6,114**	4,127
Current lease liabilities	**1,326**	1,240	**788**	687
Current tax payable	**161**	46	**--**	--
Warranty provision	**299**	288	**218**	207
Total current liabilities	**9,018**	9,010	**8,553**	6,869
Total liabilities	**14,460**	16,282	**10,838**	9,859
Total equity and liabilities	**71,909**	76,602	**68,287**	70,179

* No par value

Sarine Technologies Ltd.
and its Subsidiaries

B. Condensed Consolidated Interim Statements of Profit or Loss:

	Group Six Months Ended December 31,			Group Year ended December 31,		
	2024	**2023**	**change**	**2024**	**2023**	**change**
	US$ thousands		**%**	**US$ thousands**		**%**
Revenue	**17,330**	**19,213**	**(9.8)**	**39,201**	**42,944**	**(8.7)**
Cost of Sales	(8,161)	(8,101)	0.7	(16,205)	(15,573)	4.1
Gross profit	**9,169**	**11,112**	**(17.5)**	**22,996**	**27,371**	**(16.0)**
Research and development expenses	(2,834)	(4,232)	(33.0)	(6,721)	(8,597)	(21.8)
Sales and marketing expenses	(5,359)	(6,256)	(14.3)	(11,011)	(12,843)	(14.3)
General and administrative expenses	(2,425)	(3,863)	(37.2)	(5,295)	(7,775)	(31.9)
(Loss) from operations	**(1,449)**	**(3,239)**	**(55.3)**	**(31)**	**(1,844)**	**(98.3)**
Net finance income	1,357	154	781.2	1,480	576	156.9
(Loss) Profit before income tax	**(92)**	**(3,085)**	**(97.0)**	**1,449**	**(1,268)**	**NM**
Income tax expense (income)	(144)	670	(NM)	375	1,534	NM
(Loss) Profit for the period	**52**	**(3,755)**	**(101.4)**	**1,074**	**(2,802)**	**NM**
Other comprehensive income (loss)						
Remeasurement of defined benefit plan	11	37	(70.3)	11	37	(70.3)
Foreign currency translation differences from foreign operations	(159)	(87)	82.8	(187)	(32)	484.4
Total comprehensive (loss) income for the period	**(96)**	**(3,805)**	**(97.5)**	**898**	**(2,797)**	**NM**
Earnings per share						
Basic (losses) earnings per share (US cents)	0.02	(1.08)		0.31	(0.80)	
Diluted (losses) earnings per share (US cents)	0.02	(1.08)		0.31	(0.80)	

Sarine Technologies Ltd.
and its Subsidiaries

C. Condensed Consolidated and Company Statements of Changes in Equity

Group and Company	Share capital*	Share premium and reserves	Translation reserve	Retained earnings	Dormant shares	Total
	US$ thousands					
Balance at January 1, 2023	--	34,490	(4,217)	41,652	(4,829)	67,096
Loss for the year ended December 31, 2023	--	--	--	(2,802)	--	(2,802)
Other comprehensive income (loss) for the year ended December 31, 2023	--	37	(32)	--	--	5
Dormant shares, acquired at cost (1,558,200 shares)	--	--	--	--	(354)	(354)
Share-based payment expenses	--	323	--	--	--	323
Capital infusion by minority shareholder in consolidated subsidiary	--	343	--	--	--	343
Exercise of options	--	71	--	--	--	71
Dividend paid	--	--	--	(4,362)	--	(4,362)
Balance at December 31, 2023	--	35,264	(4,249)	34,488	(5,183)	60,320
Profit for the year ended December 31, 2024	--	--	--	1,074	--	1,074
Other comprehensive income (loss) for the year ended December 31, 2024	--	11	(187)	--	--	(176)
Dormant shares, acquired at cost (5,639,274 shares)	--	--	--	--	(1,319)	(1,319)
Share-based payment expenses	--	117	--	--	--	117
Exercise of options	--	4	--	--	--	4
Dividend paid	--	--	--	(2,571)	--	(2,571)
Balance at December 31, 2024	--	35,396	(4,436)	32,991	(6,502)	57,449

* No par value

D. Condensed Consolidated Statements of Cash Flows

	Group	
	2024	**2023**
	US$ thousands	
Cash flows from (used in) operating activities		
Profit (Loss) for the period	**1,074**	(2,802)
Adjustments for:		
Share-based payment expenses	**117**	323
Income tax expense	**375**	1,534
Depreciation of property, plant & equipment and right-of-use assets	**2,995**	2,933
Depreciation of investment property (Real Estate)	**124**	--
Amortisation of intangible assets and write off of goodwill	**1,028**	456
Revaluation of lease liabilities from exchange rate differences	**(26)**	(144)
Change in financial instrument liability	**(627)**	--
Change in financial assets fair value, net	**(498)**	--
Other net finance income	**(405)**	(535)
Changes in working capital		
Inventories	**3,789**	(3,661)
Trade receivables	**4,290**	7,257
Other current assets	**(1,614)**	1,113
Rent deposit, net	**(104)**	--
Trade payables	**(341)**	(1,439)
Other liabilities	**108**	(2,661)
Employee benefits	**(23)**	(4)
Income tax paid	**(781)**	(3,326)
Net cash (used in) from operating activities	**9,481**	(956)
Cash flows (used in) from investing activities		
Acquisition of property, plant and equipment	**(963)**	(1,483)
Acquisition of consolidated subsidiary	**--**	(5,741)
Proceeds from realisation of property, plant and equipment	**463**	56
Short-terms investments, net	**(7,437)**	10,050
Capitalisation of development expenses	**(922)**	--
Interest received	**825**	799
Net cash (used in) from investing activities	**(8,034)**	3,681
Cash flows used in financing activities		
Proceeds from exercise of share options	**4**	71
Purchase of Company's shares by the Company	**(1,319)**	(354)
Dividends paid	**(2,571)**	(4,362)
Capital infusion by minority shareholder in consolidated subsidiary	**--**	343
Payment of lease liabilities	**(1,263)**	(1,115)
Interest paid	**(309)**	(240)
Net cash used in financing activities	**(5,458)**	(5,657)
Net decrease in cash and cash equivalents	**(4,011)**	(2,932)
Cash and cash equivalents at beginning of year	**22,351**	25,307
Effect of exchange rate fluctuations on cash and cash equivalents	**(111)**	(24)
Cash and cash equivalents at end of period	**18,229**	22,351

E. Notes to the Condensed Interim Financial Statements as at December 31, 2024

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 December 31, 2024 and for the six months ended December 31, 2024, 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 and year ended December 31, 2024 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The condensed interim financial statements were authorised for issue by the Company's Board of Directors on February 23, 2025.

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:

- financial assets 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 and year ended December 31, 2024 are the same as those applied by the Company in the audited financial statements for the year ended December 31, 2023. See also note 10.

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.

	Group			
	Six months ended December, 31			
	US$ thousands			
Region	2024	2023	$ change	%
India	8,231	8,976	(745)	(8.3)
Africa	2,065	2,367	(302)	(12.8)
Europe	1,372	1,002	370	36.9
USA	2,559	3,798	(1,239)	(32.6)
Israel	725	789	(64)	(8.1)
Other*	2,378	2,281	97	4.3
Total	17,330	19,213	(1,883)	(9.8)

	Year ended December 31,			
	US$ thousands			
Region	2024	2023[1]	$ change	%
India	19,389	22,036	(2,647)	(12.0)
Africa	5,066	6,336	(1,270)	(20.0)
Europe	3,115	2,730	385	14.1
USA	5,032	5,147	(115)	(2.2)
Israel	1,599	1,803	(204)	(11.3)
Other*	5,000	4,892	108	2.2
Total	39,201	42,944	(3,743)	(8.7)

* Primarily Asia, excluding India

Note 4 - Revenue

	Group			
	Six months ended December 31,		Year ended December 31,	
	US$ thousands			
Composition	2024	2023	2024	2023
Sale of products[2]	12,126	12,378	28,452	31,397
Maintenance & services[3]	5,204	6,835	10,749	11,547
Total	17,330	19,213	39,201	42,944

[1] Includes revenues from GCAL products from the date of GCAL acquisition, May 1, 2023.
[2] Includes Galaxy® family recurring revenues associated with customer-owned machines.
[3.] Includes annual maintenance contracts, service centers and gemological lab revenues.

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 decrease in income tax expense was primarily due to consolidated tax reporting initiatives taken by the Group and by the profitability being realised in various entities of the Group, each subject to different jurisdictions, applicable incentives, and income tax loss carryforwards.
The major components of income tax expense in the condensed interim statements of profit and loss and other comprehensive income are:

	Group			
	Six months ended December 31,		Year ended December 31,	
	US$ thousands			
	2024	2023	2024	2023
Current tax expense	(60)	472	455	1,338
Taxes in respect of previous years	(130)	259	(46)	267
Deferred tax (income) expense	46	(61)	(34)	(71)
Total income tax expense (income)	(144)	670	375	1,534

Note 6 – Share Capital – The Company

	December 31, 2024	June 30,2024	December 31, 2023
	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	356,836,455	356,836,455	356,812,335
Dormant shares (out of the issued and fully paid share capital)**:**			
Ordinary shares of no par value	(14,707,174)	(13,655,774)	(9,067,900)
Total number of issued shares (excluding dormant shares)	342,129,281	343,180,681	347,744,435

For the six months ended December 31, 2024, no options were exercised into ordinary shares. For the six months ended December 31, 2024, the Company purchased 1,051,400 of its ordinary shares at an aggregate cost of US$ 194,000. There was no sale, transfer, disposal, cancellation and/or use of treasury shares by the Company.

As at December 31, 2024, the total number of issued shares excluding dormant shares was 342,129,281 (as at December 31, 2023**-** 347,744,435). As at December 31, 2024, the total number of dormant shares was 14,707,174 (as at December 31, 2023**-** 9,067,900). 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 December 31, 2024, June 30, 2024, December 31, 2023 included 14,707,174, 13,655,774 and 9,067,900 dormant shares, respectively.

For the year ended December 31, 2024, the Company paid US$ 2.6 million in dividends.

Note 7 - Share-Based Payments

Details of changes in share options:

	Average exercise price in US$ per share	Options
At January 1, 2024	0.424	17,073,711
Granted	0.193	3,355,000
Cancelled	0.721	(4,096,311)
Exercised	0.165	(24,120)
At December 31,2024	0.290	16,308,280

During the year ended December 31, 2024, the Company granted 3,355,000 options to employees under the Company's 2015 Option Plan, with vesting conditions of one to three and a half years and a contractual life of six years. The options vest subject to service-based conditions and performance-based conditions, relating to share price.

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 year ended December 31, 2024: weighted average expected volatility of 48.10%; weighted average risk-free interest rates (in US dollar terms) of 3.12%; dividend yield of 4.13%. The weighted average fair value of the share options granted during the year ended December 31, 2024 using the model was US$ 0.065 per share option.

Note 8 – Earnings Per Share

Basic (losses) earnings per share

The calculation of basic earnings per share for the six months ended December 31, 2024 was based on the profit attributable to ordinary shareholders of US$ 52,000 (six months ended December 31, 2023 – loss US$ 3,755,000) and a weighted average number of ordinary shares outstanding of 342,628,145 (six months ended December 31, 2023 – 348,980,234. The calculation of basic earnings per share for the year ended December 31, 2024 was based on the profit attributable to ordinary shareholders of US$ 1,074,000 (2023 loss of -- US$ 2,802,000) and a weighted average number of ordinary shares outstanding of 343,318,797 (2023 – 348,841,849), calculated as follows:

	Six months ended December 31,		Year ended December 31,	
	2024	2023	2024	2023
Basic (losses) earnings per share (US cents)	0.02	(1.08)	0.31	(0.80)
Issued ordinary shares at beginning of period	343,180,681	349,245,735	347,744,435	348,938,195
Effect of share options exercised	--	--	18,387	225,577
Effect of dormant shares purchased	(552,536)	(265,501)	(4,444,025)	(321,923)
Weighted average number of ordinary shares during period	342,628,145	348,980,234	343,318,797	348,841,849

Diluted earnings per share

The calculation of diluted earnings per share for the six months ended December 31, 2024 was based on the profit attributable to ordinary shareholders of US$ 52,000 (six months ended December 31, 2023 – loss of US$ 3,755,000) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 342,628,145 (six months ended December 31, 2023 - 348,980,234). The calculation of diluted earnings per share for the year ended December 31, 2024 was based on the profit attributable to ordinary shareholders of US$ 1,074,000 (2023 loss of -- US$ 2,802,000) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 343,319,514 (2023 -348,841,849), calculated as follows:

	Six months ended December 31,		Year ended December 31,	
	2024	2023	2024	2023
Diluted (loss) earnings per share (US cents)	0.02	(1.08)	0.31	(0.80)
Weighted average number of ordinary shares (basic)	342,628,145	348,980,234	343,318,797	348,841,849
Effect of share options on issue	--	--	717	--
Weighted average number of ordinary shares (diluted) during period	342,628,145	348,980,234	343,319,514	348,841,849

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

	December 31,		December 31,	
	Group		Company	
	2024	2023	2024	2023
	US$ thousands			
Right-of-use assets	4,594	6,032	2,267	3,014
Current lease liabilities	1,326	1,240	788	687
Long-term lease liabilities	4,165	5,392	2,178	2,847
Total lease liabilities	5,491	6,632	2,966	3,534

Maturity analysis of the Group's and Company's lease liabilities as at December 31, 2024.

	Group	Company
	US$ thousands	
Less than one year	1,326	788
One to five years	3,435	2,178
More than five years	730	--
Total lease liabilities	5,491	2,966

The Group has lease agreements with respect to office facilities mainly in Israel, USA 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.

Note 10 – Investment property (Real Estate)

The year ended December 31, 2024 includes a new accounting policy for investment property (real estate). Due to the acquisition of GCAL in 2023 and the subsequent integration procedures, the Company consolidated its offices in North America, and consequently vacated office space. These offices were rented out to a third party during 2024. Due to the change of the use of the offices, the Company reclassified these offices from property, plant and equipment to investment property, as prescribed by IAS 40, Investment Property. The Company elected to present its investment property on the cost basis.

Note 11 – Subsequent Events

On February 23, 2025, the Board of Directors of the Company has approved management plans for transferring its manufacturing activities to India.

On February 23, 2025, the Board of Directors of the Company approved to sign a non-binding Letter of Intent to acquire a majority stake in Kitov.ai, subject to due diligence and executing a definitive agreement, in an all cash consideration. Pending its actual closing, we wish to clarify that it will fall under the definition of a "disclosable transaction", but not a "major transaction", as per Chapter 10 of the Singapore Exchange Listing Manual.

F. Other Information Required by Listing Rule Appendix 7.2

1. 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. The figures presented were prepared in accordance with International Financial Reporting Standards (IFRS).

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

Not applicable.

3. 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, 2023 have been applied in the preparation for the financial statements for year ended December 31, 2024. As to accounting policy for investment property, see note 10 to the condensed interim financial statements.

4. 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.

As to accounting policy for investment property, see note 10 to the condensed interim financial statements.

5. 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	
	December 31,		December 31,	
	2024	2023	2024	2023
Net asset value (US$ thousands)	57,449	60,320	57,449	60,320
Net asset value per ordinary share:				
US cents	16.79	17.35	16.79	17.35
Singapore cents*	22.84	22.88	22.84	22.88

As at December 31, 2024, net asset value per share is calculated based on the number of ordinary shares in issue at December 31, 2024 of 342,129,281 (not including 14,707,174 dormant ordinary shares at December 31, 2024). At December 31, 2023, net asset value per share is calculated based on the number of ordinary shares in issue at December 31, 2023 of 347,744,435 (not including 9,067,900 dormant ordinary shares at December 31, 2023).

* Convenience translation based on exchange rate of US$ 1=S$ 1.3603 at December 31, 2024.

6. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the group's business:
(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
The natural diamond manufacturing industry, from which the Group still derives most of its revenues, faced ongoing headwinds for the second year running. Weakened consumer demand in China and the continuing disruption by lab-grown diamonds (LGD) continue to negatively impact natural diamond demand and prices, consequently slowing manufacturing activity. The LGD segment itself is also experiencing issues stemming from over-production and oversupply driving declining wholesale prices. This, coupled with intensifying competition among retailers, has driven down retail prices and absolute realised profits, with retailers accordingly pondering their course of action.

Notwithstanding challenging industry conditions, Sarine has made substantial progress in executing new strategic initiatives, as announced at year's start. The introduction of our Most Valuable Plan™ (MVP) for optimising the planning of small natural rough diamonds, the adaptation of our rough planning technologies to LGD, and the opening of a GCAL by Sarine lab in India, aimed at servicing the significant Indian LGD industry, have expanded our services portfolio, attracted new customers and are generating new recurring revenue streams. Coupled with aggressive business streamlining and cost cutting, we have enhanced our financial performance. These initiatives also bolster our strategic position for value growth, when market conditions improve and are expected to foster long-term growth as we expand our offerings for the natural stone and LGD markets alike.

The Group reported revenues of US$ 17.3 million in H2 2024, loss from operations of US$ 1.5 million, and a net profit of US$ 0.1 million, as compared to revenues of US$ 19.2 million, loss from operations of US$ 3.2 million and a net loss of US$ 3.8 million in H2 2023. For the year ended December 31, 2024, the Group recorded revenues of US$ 39.2 million, loss from operations of nil and net profit of US$ 1.1 million, as compared to revenues of US$ 42.9

million, loss from operations of US$ 1.8 millions and net loss of US$ 2.8 million for the year ended December 31, 2023.

In accordance with our strategy of recent years, the Group's business continues to pivot to deriving mostly recurring revenues from its proprietary services, including the Gal3D inclusion software (which processes the Galaxy® platforms' output) and Advisor® rough diamond planning cloud-based solution, along with other pay-per-use services In addition to the Group's grading and traceability reports, these now constitute most of the Group's revenues.

The increased profitability for the year ended December 31, 2024 compared to the year ended December 31, 2023, despite lower sales and a lower gross profit margin, was mainly due to cost reduction steps implemented by the Group along with development costs capitalisation due to the Group achieving the required technological development benchmark for capitalising some of its LGD grading related development costs, and the positive impact of the adjustment of the valuations of GCAL Put / Call options.

Balance Sheet and Cash Flow Highlights

As at December 31, 2024, cash, cash equivalents, short-term investments (bank deposits) ("Cash Balances") increased to US$ 26.3 million as compared to US$ 23.0 million as of December 31, 2023. The increase in Cash Balances was primarily due to cash generated by operating activities, predominantly a decrease of trade and other receivables, to US$ 13.9 million as at December 31, 2024 (US$16.6 million as at December 31, 2023), offset by a US$ 1.3 million buyback of Company's shares and US$2.6 million dividend distributed.

Revenues

Revenues for H2 2024 of US$ 17.3 million, decreased by 10%, as compared to revenues of US$ 19.2 million reported in H2 2023. The decrease in revenues, across most geographies, was due to the continued decline in capital equipment sales offset slightly by small increase in recurring revenues. Revenues for the year ended December 31, 2024 of US$ 39.2 million, declined by 9%, as compared to US$ 42.9 million for the year ended December 31, 2023. The overall decline in sales resulted from impaired business conditions in the entire diamond jewellery value chain, offset slightly by the introduction of our LGD rough planning solution.

Cost of sales and gross profit

Cost of sales for H2 2024 of US$ 8.2 million increased by 1%, as compared to US$8.1 million reported in H2 2023 (on a decrease in revenues of 10%), with a gross profit margin of 53% in H2 2024 compared to 58% in H2 2023. The decrease in gross profit and the corresponding decrease in gross profit margin were primarily due to decreased overall sales and inventory write-offs in accordance to Group policy.

Cost of sales for the year ended December 31, 2024 of US$ 16.2 million, increased by 4% (on a decrease in revenues of 9%), as compared to US$ 15.6 million for the year ended December 31, 2023, with a gross profit margin of 59% in FY2024 compared to 64% in FY2023. The increase in cost of sales in FY2024 and corresponding decrease in gross profit was primarily due to inventory write-offs in accordance to Group policy.

Research and development expenses

Due to the Group achieving the required technological development benchmark for capitalisation of some of its LGD grading related development costs, a sum of US$0.9 million was capitalised in H2 2024. As a result Research and development expenses for H2 2024 totalled US$ 2.8 million and decreased by 33% (12% including capitalised expenses) as compared to US$ 4.2 million in H2 2023. Research and development expenses for the year ended December 31, 2024 of $6.7 million decreased by 22% (12% including capitalised expenses) as compared to US$ 8.6 million for the year ended December 31, 2023.

Sales and marketing expenses

Sales and marketing expenses for H2 2024 of US$5.4 million decreased by 14% as compared to US$ 6.3 million in H2 2023. . Sales and marketing expenses for the year ended December 31, 2024 of US$ 11.0 million decreased by

14% as compared to US$ 12.8 million in year ended December 31, 2023.The decrease in sales and marketing expenses was due primarily to cost saving steps initiated by the Group.

General and administrative expenses

General and administrative expenses for H2 2024 of US$ 2.4 million decreased by 37%, as compared to US$ 3.9 million in H2 2023. General and administrative expenses for the year ended December 31, 2024 of US$ 5.3 million, decreased by 9%, as compared to US$ 7.8 million for the year ended December 31, 2023.The decrease in general and administrative expenses was primarily due to management initiatives, mainly aimed at the reduction of IP-related legal costs, and the successful collection of debts previously classified as doubtful, offset by one off goodwill write-off in the sum of US$0.7 million.

Profit from operations

The Group reported a loss from operations of US$ 1.4 million in H2 2024 compared to a loss of US$3.2 million in H2 2023. and a zero profit from operations for the year ended December 31, 2024, as compared to a loss of US$ 1.8 million for the year ended December 31, 2023. The decrease in in sales and in gross profit was offset by cost reductions. as detailed above.

Net finance income

Net finance income for H2 2024 was US$ 1.4 million, as compared to US$ 0.2 million in H2 2023. Net finance income for the year ended December 31, 2024 was US$ 1.5 million as compared to US$ 0.6 million for the year ended December 31, 2023. The increase in net finance income was mainly due to a US$1.2 million fair value adjustment of Call and Put options related to GCAL acquisition.

Income tax expense

The Group recorded an income tax benefit of US$ 0.1 million for H2 2024, as compared to an income tax expense of US$ 0.7 million in H2 2023. The Group recorded an income tax expense of US$ 0.4 million for the year ended December 31, 2024, as compared to US$ 1.5 million for the year ended December 31, 2023. The decrease in income tax expense was primarily due to consolidated tax reporting initiatives taken by the Group and 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 reported a net - profit of US$ 0.1 million in H2 2024 compared to a net loss of US$3.8 million in H2 2023and a net profit of US$ 1.1 million for the year ended December 31, 2024 as compared to a net loss of US$ 2.8 million for the year ended December 31, 2023, as cost saving steps, development capitalisation, fair value adjustment and consolidated tax reporting offset the lower gross profit, all as detailed above.

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

Not applicable.

8. 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 (also refer to section 6 above's Overview commentary):

a. Demand for natural diamonds is anticipated to remain impaired in 2025 due to the combined effect of weak demand from China and the ongoing impact of LGD on natural diamond sales.

b. The LGD market also faces challenges, marked by rapidly and sharply declining wholesale and retail prices exacerbated by a substantial accumulation of inventory in India. The decline in retail prices for lab-grown diamonds has further accentuated the fundamental difference between LGD and natural diamond jewellery, cooling the rapid adoption of LGD witnessed in 2022-2023. As the absolute revenues generated by retail LGD sales, even if still at higher margins, decline, the retailers' economic viability of selling LGD diminishes. We maintain our belief that an equilibrium will be achieved in the near term, with natural diamonds eventually retaining a significant market share, primarily in the bridal jewellery segment, and LGD commanding a more dominant position in fashion jewellery (earrings, tennis bracelets, pendants, etc.).

c. The MVP adoption rate continues essentially as per our expectations. The business model is based both on significant added yield and value realised from the rough material and automation and cost savings (primarily personnel) and is remunerated based on a per-stone fee, driving recurring revenues.

d. With the launch of our LGD focused GCAL by Sarine grading lab in Surat, India, we now offer a cost-effective venue for our industry-unique guaranteed grading. We have and continue to attract new customers and expect to substantially expand our LGD grading business in 2025, as we also integrate of our AI-based technology into the lab's operational workflow.

e. Environmental, social and governance (ESG) issues continue to concern retailers, especially high-end luxury brands. The U.S. Customs has just announced new directives requiring the disclosure of a polished diamond's rough stone country of origin, as of April 1, 2025 (please refer to https://rapaport.com/news/diamond-origin-declaration-should-be-verifiable-us-govt-says/). We believe our collaboration with DeBeers' Tracr™ platform, along with our AutoScan™ Plus and Sarine Diamond Journey™, provide a distinctively scalable cost-effective means to meet the mandated requirements with minimal overhead or disruption to the diamond value chain.

f. In line with our aggressive business streamlining and cost cutting, during 2025 the Group will transfer its manufacturing activities to India. This step will take avail of both the lower costs associated with the manpower employed in India and the existence of a qualified team of support personnel, who can relatively easily be trained to perform the necessary assembly steps entailed in the production process.

g. Israel has been involved in a war with the Hamas terrorist group in the Gaza strip, following its brutal 7 October 2023 attack. Hostilities had also commenced with the Hezbollah terrorists in Lebanon and other Iranian-affiliated terrorist groups, along with Iran itself. Currently a cease fire has been achieved on all fronts. To date, the effect on the Group's activities has been minimal.

9. Dividend

(a) Current Financial Period Reported
Any dividend declared/recommended for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year
Any dividend declared for the corresponding period of the immediately preceding financial year?

Not applicable.

(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.

Not applicable.

(d) Date Payable
Not applicable

(e) Record Date

Not applicable

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

No dividend has been recommended. an interim dividend of US cents 0.75 per ordinary share for the half-year ended June 30, 2024 was paid in September 2024, more than the stated dividend policy of 80% of net profit of the Group, as the Board decided to return a more-sizable portion of the Group's retained cash to shareholders. As the second half's results do in fact show an operating loss, therefor there is no justification for a final dividend.
.

11. 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.

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

Not applicable.

13. 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.

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)

14. Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

In accordance with IFRS 8 Operating Segments, the Group determines and presents operating segments based on the information that internally is provided to the CEO, who is the Group's chief operating decision maker. The Group operates in only one operating segment. Presented below are revenues broken out by geographic distribution.

	India	Africa	Europe	USA	Israel	Others	Consolidated
				2024			
				US$ thousands			
External revenues	19,389	5,066	3,115	5,032	1,599	5,000	39,201
Unallocated expenses							(39,232)
Loss from operations							(31)
Net finance income							1,480
Income tax expense							(375)
Profit for the year							1,074

	India	Africa	Europe	USA	Israel	Others	Consolidated
				2023			
				US$ thousands			
External revenues	22,036	6,336	2,730	5,147	1,803	4,892	42,944
Unallocated expenses							(44,788)
Loss from operations							(1,844)
Net finance expense							576
Income tax expense							(1,534)
Loss for the year							(2,802)

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

See section 6 above.

16. Breakdown of sales.

	2024	2023
	US$ thousands	
Revenue reported for:		
First half-year ended 30 June	21,871	23,731
Second half-year ended 31 December	17,330	19,213
	39,201	42,944
Profit (loss) for the period:		
First half-year ended 30 June	1,022	953
Second half-year ended 31 December	52	(3,755)
	1,074	(2,802)

17. A breakdown of the total annual dividend (in US dollar value) for the issuer's latest full year and its previous full year.

	Latest Full Year	Previous Full Year
	US$ thousands	
Ordinary	2,571	872

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13)

The Company confirms that, during the year ended December 31, 2024, there was no person occupying any managerial position in the Company or any of its subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

19. Interested Person Transactions

The Company confirms that during the year ended December 31, 2024, the Company was not a party to any interested person transactions.

On behalf of the Directors

Daniel Benjamin Glinert
Executive Chairman of the Board

23 February 2025