



Annual General Meeting

April 24th, 2025



30 YEARS OF TECHNOLOGICAL LEADERSHIP IN THE DIAMOND INDUSTRY

Industry Environment

- Key US demand for diamond jewellery remains robust, with **3.7% growth** in 2024 holiday season sales YoY.
- **LGD over half of items sold** in key USA market including engagement jewellery; India demand growing as LGD make diamonds affordable to middle classes; other major markets not showing same levels of adoption.
- **LGD prices plummeting**, creating clear product differentiation, with some consumers starting to shy away:
 - LGD B2B prices **down ~50% YoY**.
 - LGD retail prices also declining but less - retailers still partying.
- Natural prices **down ~20% YoY due to LGD effect** as global demand some 40% less due to LGD sales in US and stagnant China market; Chinese demand will eventually return and **re-vitalise natural diamond market**.
- Producers hit by both lower quantities and prices – losses rampant.
- **Trump tariffs** creating uncertainty for India-based manufacturers and apprehensive consumers fearing higher prices, inflation and/or recession.

2024 Initiatives Update

- **MVP for natural rough stones under 0.90 carats** gaining traction with clear value-add proposition for manufacturers both in yield attained and, no less importantly, from automation of processes.
- **MVP for natural rough stones over 2.5 carats** a much more complex issue due to exponentially more possible planning solutions and the demand to incorporate customer-specific optimisation rules, as per specific marketing objectives; initial beta-tests demonstrated promising results but still WIP.
- **Collaboration with DeBeers' Tracr** truly empowers end-to-end traceability; demand mostly from luxury brands / high-end retailers to address ESG issues, Russia-related sanctions effectively postponed to 2026.
- **LGD planning** adoption less broad-based than initially anticipated, as decline in rough material cost and value have reduced benefit of proposition.
- **LGD GCAL by Sarine grading lab** opened in India to facilitate ease of access and cost savings for domestic LGD polishers; Indian lab leveraged to attract new customers as well as enhance profitability of grading work for existing ones.
- **LGD grading technology** still not integrated into work flow, as necessary adaptations stemming from unique LGD physical characteristics not yet fully resolved; 2025 should see resolution of outstanding issues.



Plans for 2025

- **MVP for stones <.90 carats** - Ongoing refinements being implemented to enhance applicability to broad categories of rough, as well as to cater to large customers' specific needs; adoption should accelerate.
- **MVP for stones >2.5 carats** - The expansion of MVP to stones >2.5 carats is expected to deliver significant value, as these stones create the most value for manufacturers; indeed, Sarine has always realised its highest payback from this segment of the midstream.
- **Natural stone Color grading technology** will be offered to polishers for their internal sorting needs, as all major shapes now covered by technology; Clarity grading technology for internal grading will subsequently be introduced, as the Polish parameter's technological solution is implemented – a major time-saving development.
- **LGD grading** – The demand for LGD grading stems from consumers having been educated over years to expect an independent third-party report pertaining to their diamond's characteristics; technology-based solutions remain the most effective means for manufacturers to obtain high quality, consistent grading at affordable rates.
- Through a possible acquisition of a majority interest in **Kitov.ai**, subject to an ongoing due-diligence process, we could diversify beyond the volatile diamond industry. **Kitov.ai's solutions** address general industrial automated inspection and quality control needs, with customers in many varied industries (automotive, consumer products, defense, electronics, medical, etc.); company undergoing restructuring and refocusing on core strengths with new marketing and sales strategy and personnel being created.