

PRESS RELEASE

FOR IMMEDIATE RELEASE

Sarine Achieves 27% Increase in Net Profit to US\$3.1 Million in Q1 FY2018

- *Equipment sales and recurring revenues rose amid renewed robust activity in the midstream diamond manufacturing sector*
- *Installed base of Galaxy® family systems grew to 357 units with 12 deliveries to customers in Q1 2018; overall recurring income represented about 45% of Group revenue*
- *Sarine's ground-breaking AI-based 4Cs diamond grading reports were met with enthusiastic market reception; K-Uno, a leading Japanese high-end jewellery retailer, was first to adopt the Group's new reports in mid-April*
- *To support planned adoption by additional higher-volume retail customers, an additional diamond grading lab to open in India in May 2018*
- *Sarine's Diamond Journey™ rough-to-polish imagery platform generating keen interest from additional producers and retailers both in APAC and U.S. markets*
- *Balance sheet remains healthy with short-term investments, cash and cash equivalents of US\$35.5 million at quarter's end with no debt*

Singapore, 13 May 2018 – Singapore Exchange Mainboard-listed Sarine Technologies Ltd (“Sarine” or the “Company”, and with its subsidiaries the “Group”) (U77:SI), a worldwide leader in the development, manufacture and sale of precision technology products for the evaluation, planning, processing, finishing, grading and trading of diamonds and gemstones, today announced its financial results for the first quarter ended 31 March 2018.

Q1 FY2018 Financial Results Review

In Q1 2018, the Group recorded higher revenues of US\$16.7 million. Year-on-year improvement was marginal, but is still noteworthy as recurring revenues continued to climb even as the quantities of rough stones entering the pipeline declined by 10%, compared to the corresponding period in 2017. The significant growth in revenue on a sequential quarterly basis, driven by higher equipment sales and increased recurring income, reflects renewed robust activities in India's midstream diamond manufacturing sector. During the quarter, the Group delivered 12 Galaxy[®] family systems to customers, comprising 5 of the new Meteorite[™] model, 5 of the Meteor[™] model, one Galaxy[®] and one Galaxy[®] XL. Notably, all but the Galaxy[®] XL were delivered to customers in India, indicative of the Group's growing containment of the illicit competition's activities. With the installed base of Galaxy[®] family systems expanded to 357 units as of 31 March 2018, overall recurrent income represented about 45% of group revenue. Polished diamond retail-related revenue segment accounted for 2% of revenue in Q1 2018.

Buoyed by higher sales, gross profit rose to US\$11.4 million and gross profit margin improved to 68%. Following the completion of major developmental efforts for Sarine Clarity[™], Sarine Color[™] and Sarine Journey[™], the Group saw lower research and development costs in Q1 2018. However, general and administrative expenses were higher due to third-party professional fees related to ongoing IP protection activities. Income tax expense was significantly lower and at a normalised level in Q1 2018 as the tax expense in Q1 2017 included write-downs of certain deferred and other tax assets. With higher revenue and well-managed operating expenses, net profit for the period rose 27% to US\$ 3.1 million.

Prospects

The Group expects to continue to accelerate the expansion of sales programs utilising Sarine Profile[™] with a goal to double the number of stones scanned in 2017 in 2018. Following its active marketing efforts, the Group is acquiring numerous new customers in the Asia Pacific (APAC) region as well as initiating new and expanded programs with existing customers.



Following the opening of the Sarine Technology Lab on 18 February 2018 to provide the first-ever technology-enabled artificial-intelligence-based 4Cs diamond reports, K-Uno, a key high-end Japanese retailer, announced in mid-April the adoption of the Group's new reports. This unique ground-breaking solution provided by the Group has been met with enthusiastic market response. Additional key retailers in the APAC market are planning on launching programs adopting Sarine's reports, as soon as the necessary logistics infrastructure is put in place. "To support our customers who will be launching programs with our reports in Q2 and Q3 2018, we are opening a second lab in India, close to our customers' suppliers, in May 2018," said Mr. David Block, CEO of the Group. "With the new Indian lab, the Group will have the increased capacity and the necessary accessibility to meet the demand from these additional higher-volume retail customers"

This press release should be read in conjunction with Sarine's Q1 2018 results announcement released on 13 May 2018 to the Singapore Exchange.

About Sarine Technologies:

Established in 1988, Sarine Technologies Ltd. is a worldwide leader in the development and manufacturing of advanced evaluation, planning, processing, and finishing systems for diamond and gemstone production. Sarine products include the Galaxy® family of inclusion mapping systems, rough diamond planning optimisation systems, laser cutting and shaping systems, laser-marking and inscription machines and polished diamond Clarity, Color, Cut and light performance grading tools and visualisation systems. 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>.



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