

Sarine Technologies Ltd.

Corporate Presentation

May 2018



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Diamond Industry Value Chain

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

Value of Market in US\$ in 2017



Sarine Technologies

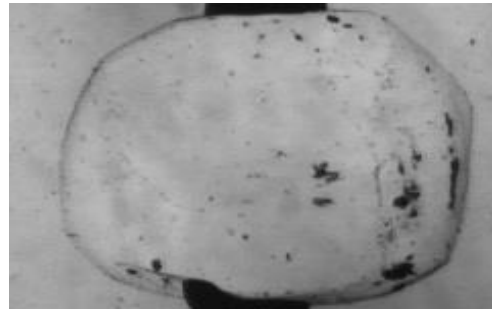
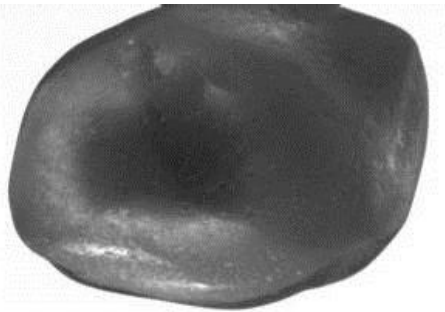
Sarine Technologies, through its application of patented and proprietary solutions, involving precision mechanics, electronics, optics and laser platforms and sophisticated software is a global leader in the development of systems used throughout the entire diamond value chain, from rough diamonds evaluation, planning and polishing to polished diamonds assessment, grading and trade



Traditional Diamond Planning

- ◆ Based on worker skill and experience. Long training process. Inconsistent results from different planners
- ◆ Needs windows to be opened in rough stone
- ◆ Typically limited to simple solutions: single sawing plane with two polished stones
- ◆ Significant transfer error between planning and execution

Traditional Diamond Planning



Planning Revolution – Phase I

1995

- ◆ In 1995 Sarine introduces first computerised planning for diamonds
- ◆ Software algorithms to model and plan the optimised polished diamond
- ◆ Based on patented technologies for scanning and marking of diamonds
- ◆ Still simple solutions with no input on diamond's internal characteristics

Advisor 1.0 Lens 2 1.925 ct.

Stone Planes Planning Polish Reports Tools Help

Map Plan Mark

Part A 0.442ct. (0.924ct.) 47.8%

L:W	W:5.19	L:4.92
Height	59.3%	3.08mm
Table	64.0%	3.32mm
Crown°	34.9°	
Crown H	12.0%	0.62mm
Girdle	M: 5.0%	0.26mm
Pavil.°	41.5°	
Pavil.H	42.3%	2.20mm
L / W	0.95	
Tilt	0°	

Rough & Saw

Rough	1.925ct.
Saw Width	50mic.
Loss (Saw)	1.3%
Saw Tilt	39.1°

Part B 0.322ct. (0.876ct.) 36.8%

L:W	W:3.89	L:3.89
Height	59.9%	2.33mm
Table	53.0%	2.06mm
Crown°	36.0°	
Crown H	11.7%	0.45mm
Girdle	M: 4.2%	0.16mm
Pavil.°	31.9°	
Pavil.H	44.0%	1.71mm
L / W	1.00	
Tilt	11°	

Planes Results Inclusions Calculator

Sort by: Best Weight

0.442ct	0.924ct
Saw 1	Fancy Heart1
F VWS2	Evaluator0
0.322ct	0.876ct
Saw 1	Fancy Princess1
F VWS2	Evaluator0



Planning Revolution – Phase II

- ◆ Advances in computerised planning enables significantly better utilisation of the rough diamond material
- ◆ Multiple polished diamonds from a single rough diamond
- ◆ Initial use of manually indicated inclusions (very rudimentary diamond Clarity solution)

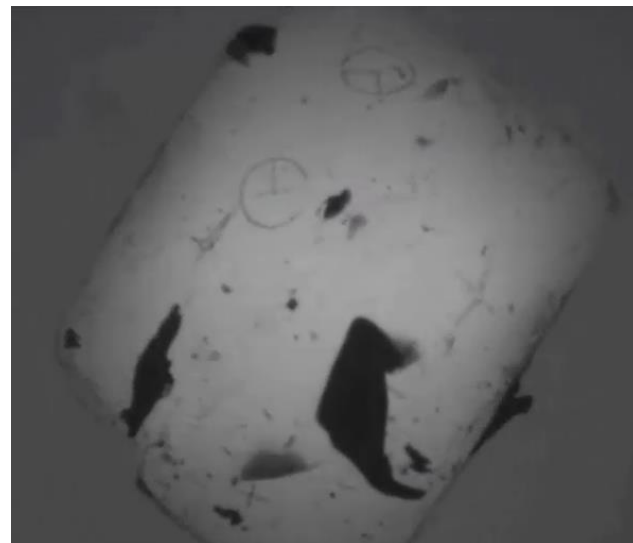
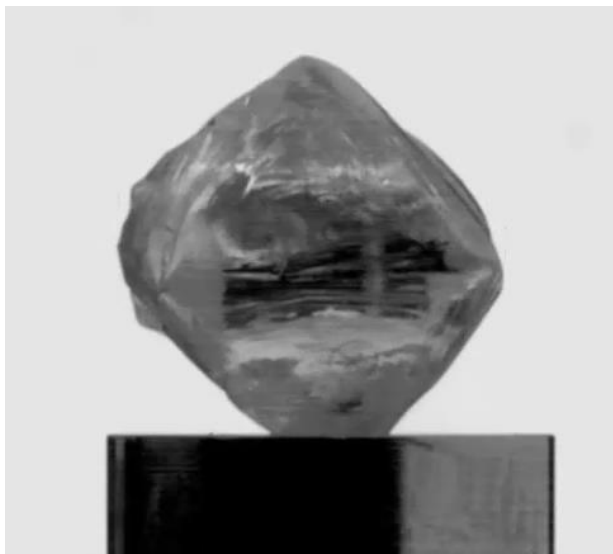
2005

L:W	W:4.22	L:5.64
Height	61.5%	2.60mm
Table	60.0%	2.63mm
Crown*	32.00°	
Crown H	12.5%	0.53mm
Girdle	M: 4.0%	0.17mm
Pavil.*	42.00°	
Pavil. H	45.0%	1.90mm
L / W	1.34	
Tilt	4°	
Star/Half	%	%
Culet	0.00mm	0.0%
Rough	L:7.35 W:6.15 H:3.71	
	L:7.32 W:6.12 H:4.01	
Planning Type	Fst	
Rough	2.790ct. (2.790ct.)	
Angle	71.0°	Re-Align 0%
Price	\$	

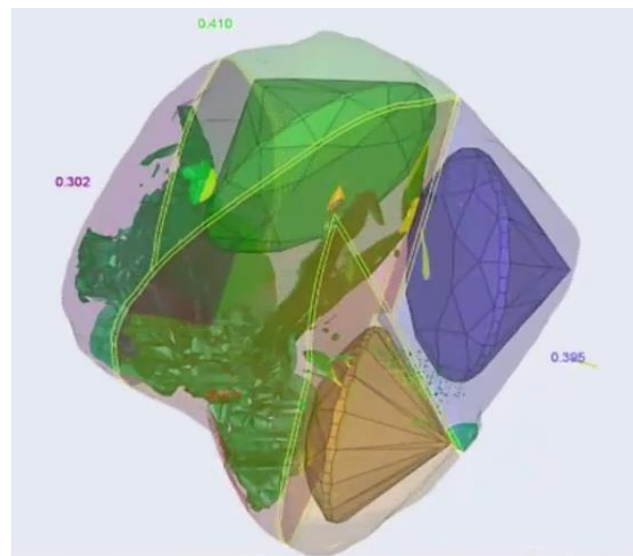
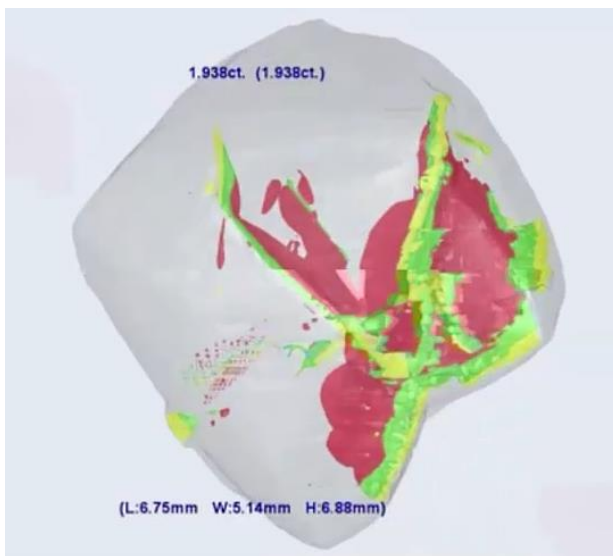
Part Name	Grading	
	Polish	Rough Yield (%)
1	User 1	
0.361	1.063	33.96
3	AGSL 0	
0.114	0.493	23.12
2	AGSL 0	
0.535	1.186	45.10



Phase III - Optimal Planning Using Galaxy[®]



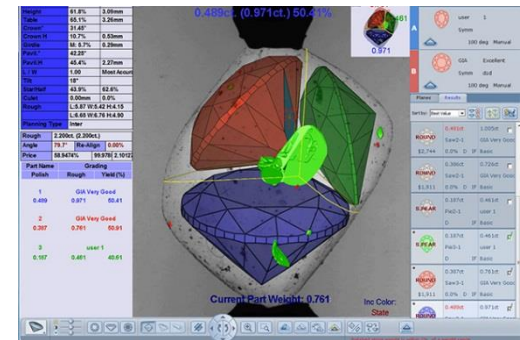
2010



Optimal Planning - Advisor[®] Meets Galaxy[®]

- ◆ Advisor[®] rough planning software is the most widely used rough planning software - over 20,000 Advisor[®] installations. Combined with Galaxy[®] inclusion scanning it enables considering inclusions for full and true value based planning.
- ◆ Optimises value on virtually all rough stones from super fast analysis of single-point sizes to high accuracy multi-stone planning of large complicated diamonds up to 200 carats, based on 4Cs with market driven real-time trend data
- ◆ Integration with inclusion mapping creates penetration barrier; also integrated with our best-in-class Quazer[®]'s laser cutting system allowing even higher value – optimal use of rough stone weight pushed from under 40% to over 50%

Multiple Diamonds Planning



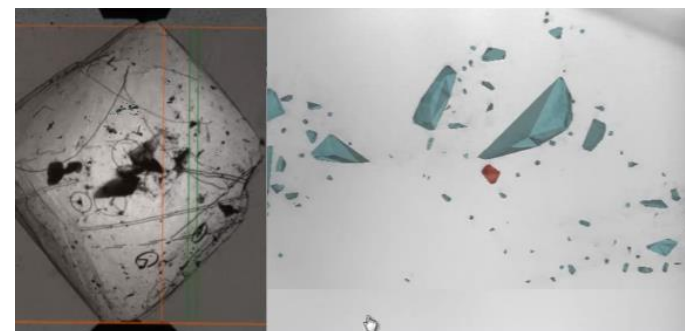
Atom System (>1000 stones per day)



Galaxy[®] Family

- ◆ Rollout in 2010 with Galaxy[®]1000
- ◆ PPC model - recurring revenue
- ◆ Additional Galaxy[®] systems launched:
 - ◆ Galaxy[®] XL - for extra large diamonds
 - ◆ Solaris[™] - specialised for smaller diamonds below 2.5 carats
 - ◆ Ultra[™] – higher clarities (VVS)
 - ◆ Meteor[™] – smaller diamonds (0.2-0.9 ct.s)
 - ◆ Meteorite[™] – most cost-effective system for smallest <35 point sizes
- ◆ Total installed base of 357 systems as of 31 March 2018
- ◆ No legitimate competition for Group's patented automated inclusion mapping systems in the market

///GALAXY
1000



///GALAXY
ULTRA



Trade & Retail Downstream Revolution

- ◆ What are the challenges?
 - ◆ Trading challenges B2B – current grading criteria, particularly Clarity but also Colour, not definitive; visual inspection necessary
 - ◆ Diamond branding – special cuts, modified cuts and other methods of creating a unique retail story not graded for quality of workmanship
 - ◆ Need digital information for today's informed consumer
 - ◆ Consumer transparency – 4C's primarily define rarity; consumers want additional information presented in intuitive and engaging formats



Trading Challenges – Clarity Ambiguity



All GIA Graded I1 Diamonds



Phase I - Sarine Loupe™ and Light™

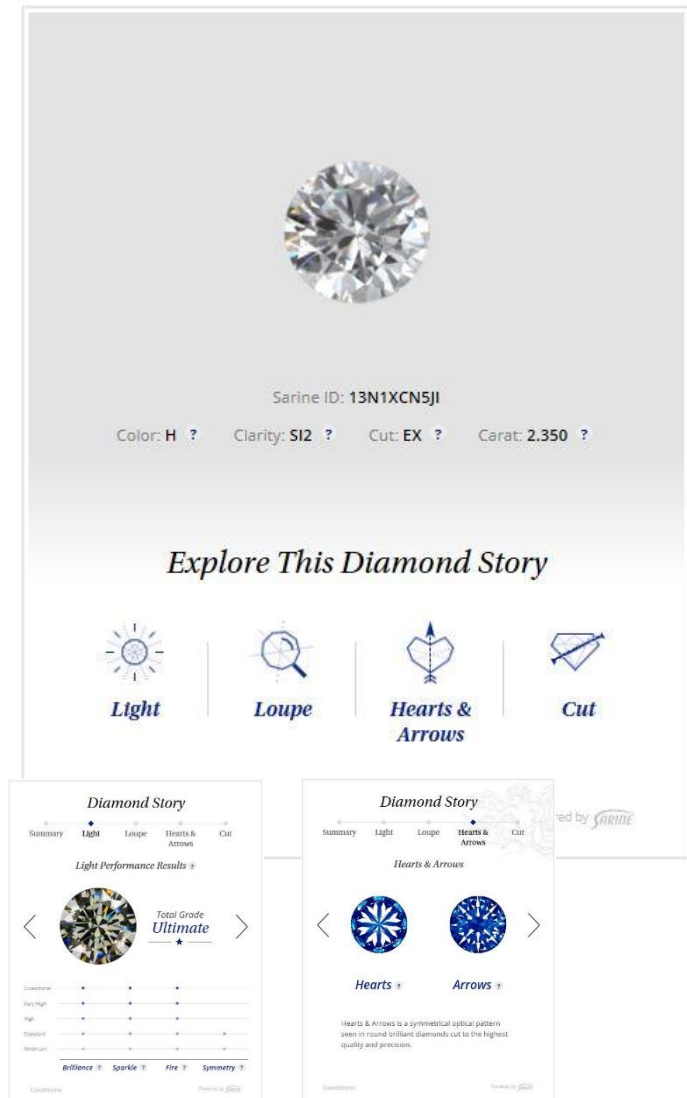
- ◆ Sarine Loupe™ is a unique imaging and inspection system that captures a polished diamond, with its internal features, in simulated 3D at various levels of magnification
- ◆ Enables buyers to view the polished stone from a multitude of angles and at varying magnifications without having it in hand; simplifies the buying process of polished diamonds wholesale; enhances the online and in-store buying experience
- ◆ With increasing demand for quality branded diamonds, Sarine Light™ light performance parameters - brilliance, fire, scintillation/sparkle and symmetry, are key consumer-oriented criteria, as they specifically address appearance and beauty
- ◆ Integration of Sarine Light™, Sarine Loupe™ has created the consumer-oriented “diamond story” – the Sarine Profile™

Sarine Loupe™ Imagery Polished Diamond



Phase II - Sarine Profile™

- ◆ Digital technologies are gaining traction as an essential marketing tool for polished diamonds
- ◆ Sarine Profile™ utilises all the benefits of Sarine’s diverse cutting-edge imaging technologies to “show and tell” the stone with graphic and video displays instead of a dry tabular non-intuitive report
- ◆ Product launched 2015
- ◆ Adopted by leading diamond retailers - Japan's Bijoupiko, Cima (Exelco and Ginza Shiraishi), Cocco, Grace Fujimi (Garden), K-Uno, Kawasumi, Marriage, Sadamatsu (Festaria), Shin Ei Shokai, Vanilla and Verite (Maharaja), China's Hope, JAFF, JASS, Kela, Meidie and Shining House, Singapore's Soo Kee (Love & Co and SK Jewellery) also in China and Thailand, Australia’s Leading Edge Group, Thailand’s Aurora, Korea’s Golden Dew and US national and regional chains, including third large wholesale distributors – GN Diamonds and Gems One



Sarine ID: 13N1XCN5JI

Color: H ? Clarity: SI2 ? Cut: EX ? Carat: 2.350 ?

Explore This Diamond Story

Light Loupe Hearts & Arrows Cut

Diamond Story

Summary Light Loupe Hearts & Arrows Cut

Light Performance Results

Total Grade **Ultimate**

Brilliance Sparkle Fire Symmetry

Diamond Story

Summary Light Loupe Hearts & Arrows Cut

Hearts & Arrows

Hearts Arrows

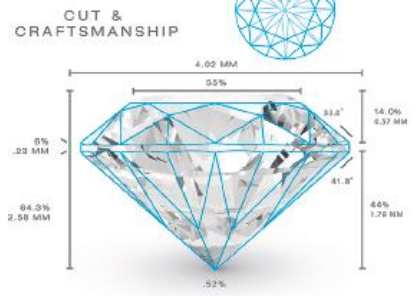
Hearts & Arrows is a symmetrical optical pattern seen in round brilliant diamonds cut to the highest quality and precision.

Enhanced Profile™ with Diamond Journey™

- ◆ Leverages on our extensive presence in the midstream, having planned some 40 million stones using Advisor® 7.0 in 2017 alone
- ◆ Provides captivating visualisation of the entire processing of the rough stone - as mined, as modelled, as scanned, as planned and as cut and polished at various stages, culminating in its final polished form; insight into painstaking craftsmanship that went into creating unique gem
- ◆ Reinforces confidence in the responsible sourcing and manufacture of the diamond
- ◆ May, in the future, be leveraged to create a secure chain of events for authentication record purposes
- ◆ Adopted by Dominion, Canada's only diamond producer, for CanadaMark™ diamonds, and by Gems One, large U.S. wholesaler
- ◆ Generating keen interest amongst additional producers and retailers



Sarine Diamond Journey™



YOUR DIAMOND STORY



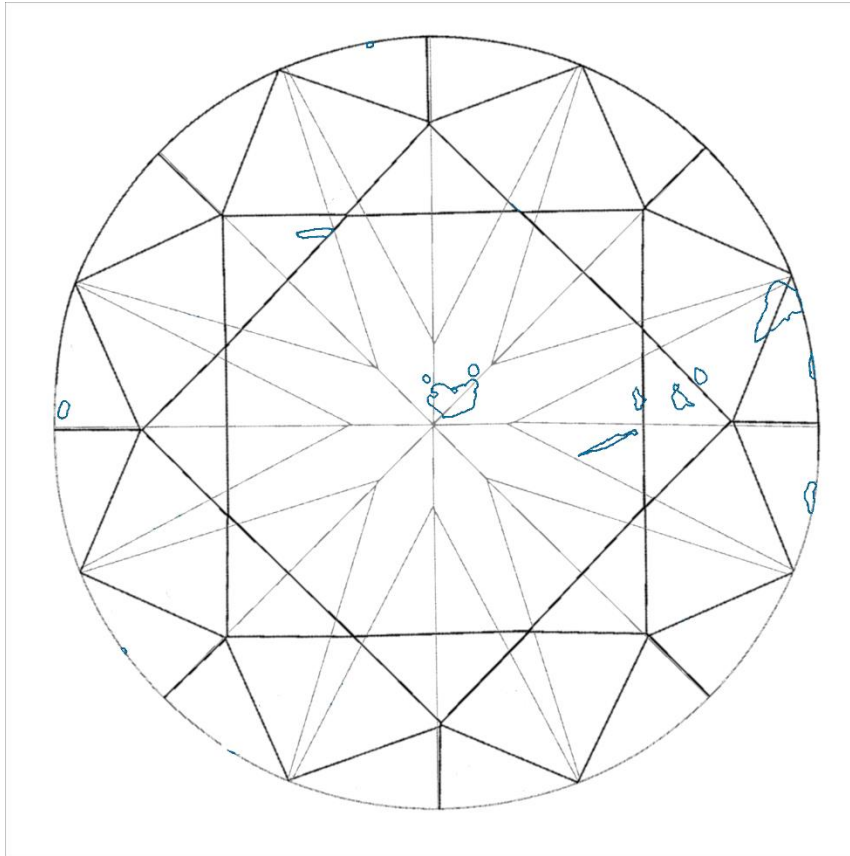
Phase III - Grading Revolution: Clarity and Colour by Artificial Intelligence Technology



- ◆ Groundbreaking Artificial Intelligence (AI)-based Clarity technology provides automated, objective and consistent Clarity measurement and grading – a first for the diamond industry
- ◆ This breakthrough technology, already more consistent than manual process, will simplify, expedite and refine the Clarity grading process and enhance polished diamond sorting and sourcing
- ◆ New advanced (AI)-based Colour evaluation technology also provides automated, objective and precise Colour grading.
- ◆ The combination of these two new technologies enables polished diamonds grading at a revolutionary new level of accuracy and reverses eroding consumer confidence.
- ◆ Business model for Clarity and Colour grading capabilities will be industry-standard per-carat charge, aggressively packaged with Sarine Profile™, light performance grading and Sarine Diamond Journey™, should significantly expand the Group's recurring income and improve margins; addresses US\$ 500M annual market of diamond grading reports
- ◆ Sarine Technology Lab opened February 2018; second lab in India to open in May 2018



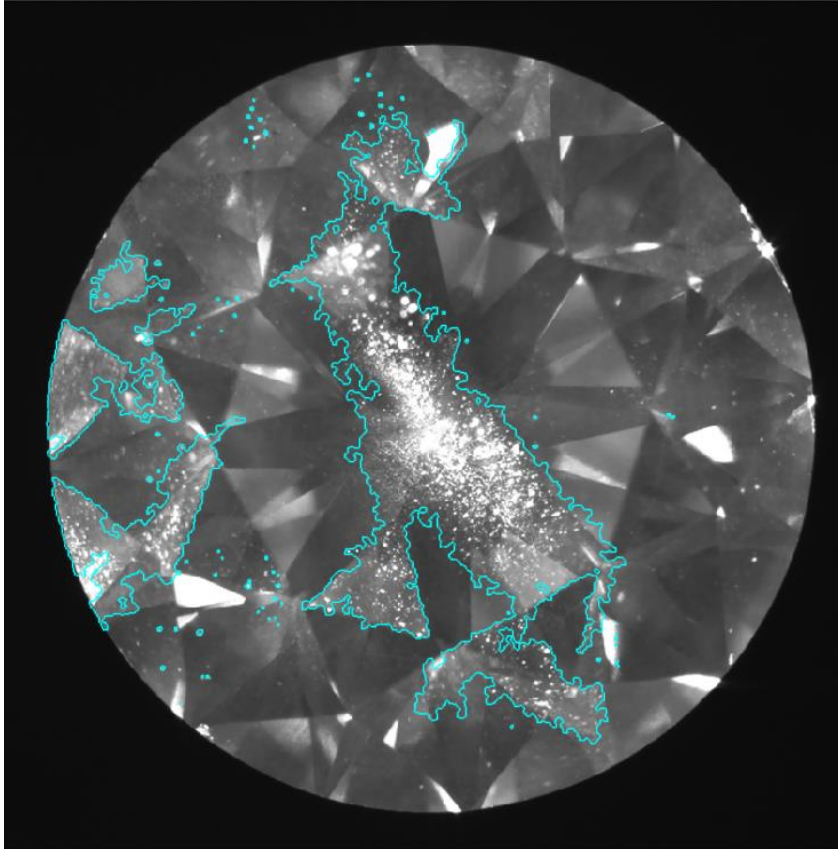
New Clarity Technology



Example – SI1 stone with even lesser inclusions clearly plotted



New Clarity Technology



Example - stone with invisible cloud of micron-sized inclusions



Sarine Connect™

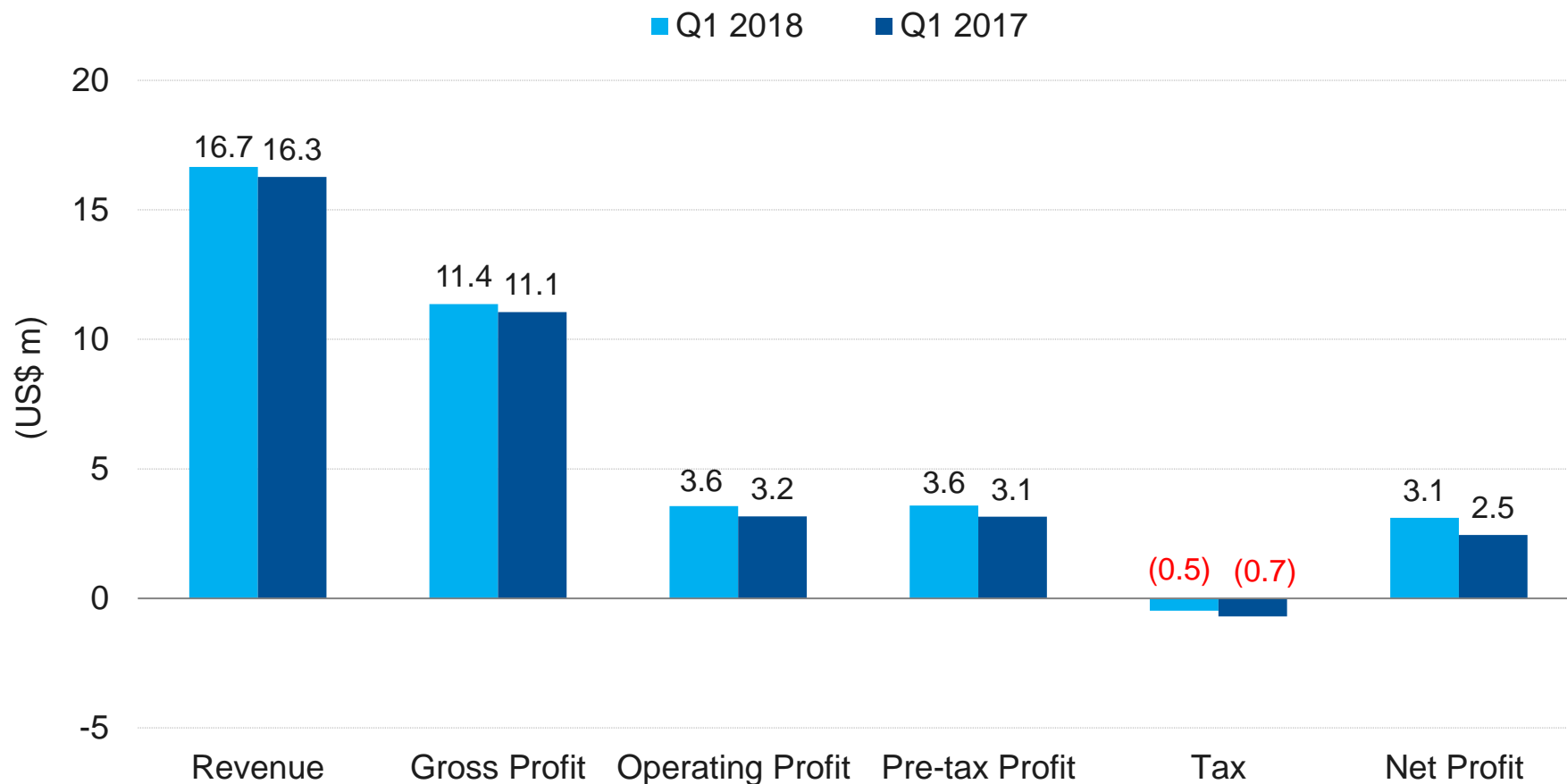
- ◆ Specially designed for diamond traders and retailers, Sarine Connect™ is a customisable digital solution for the presentation of loose polished diamonds and jewelry during the sale process
- ◆ Cloud-based, Sarine Connect™ stores and manages comprehensive tabular, graphic, image and video information related to the offered inventory, keyed by an advanced search and display tool for instantaneous presentation of items during the sales discourse
- ◆ By offering comprehensive inventory management, at the wholesale or retail chain level, Sarine Connect™ effectively creates a virtual inventory accessible in parallel at all points of sale, thus reducing inventory levels and costs substantially
- ◆ The displayed data, integrated with the Sarine Profile™, provides for an engrossing interactive medium on any digital device (tablet, cellphone, etc.) to enhance the customer's experience and engage him/her attentively



Financial Results Update



Q1 2018 Results Summary



% change	2%	3%	13%	14%	(31%)	27%
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Q1 2018 Results Highlights

- ◆ Group revenue rose to US\$16.7m in Q1 2018.
- ◆ Net profit jumped 27% y-o-y to US\$3.1m in Q1 2018
- ◆ Higher recurring revenues from the midstream manufacturing sector, even though 10% fewer rough stones entered pipeline, compared to corresponding period of 2017; recurring income amounted to about 45% of Q1 2018 revenue
- ◆ Renewed robust midstream manufacturing activity upon depletion of excess inventories catapulted net profit growth of 400% sequentially
- ◆ Deliveries of 12 Galaxy[®] family systems to customers, comprising 5 new Meteorite[™], 5 Meteor[™], 1 Galaxy[®] and 1 Galaxy[®] XL; total installed base grew to 357 as at 31 March 2018
- ◆ *Balance sheet remains strong as at 31 March 2018 with short-term investments, cash and cash equivalents totalling US\$35.5M and no debt*

Immediate Prospects

- ◆ Positive global macroeconomics should continue to underpin healthy consumer demand
- ◆ Advisor[®] 7.0's breakthrough features, especially DiaExpert[®] Edge, light performance optimisation and branded / modified-cut stones interactive planning enhancements, widen gap with illicit competition and incentivise brand loyalty on top of aggressive industry-wide legal steps against piracy
- ◆ Backed by accelerating interest in APAC and North America and by enhanced features - AI-based 4Cs grading and Sarine Diamond Journey[™], the Group expects revenue growth from additional and expanding sales programs utilising Sarine Profile[™]
- ◆ Sarine's breakthrough Clarity and Colour AI-based automated 4Cs grading addresses US\$ 500M annual market of diamond grading reports and significantly strengthens the Group's comprehensive offerings for polished diamonds; Lab operation commenced in Q1 2018 and opening of second lab expected in May 2018



Strong Balance Sheet (debt free)

(US\$ millions)	31 Mar 2018	31 Dec 2017
Non-Current Assets	23.2	23.9
- Property, plant & equipment	15.3	15.6
- Intangible assets	6.2	6.6
Current Assets	62.2	56.5
- Inventories	6.3	7.2
- Trade receivables	17.3	17.3
- Cash & bank deposits	35.5	29.1
Non-current Liabilities	0.2	0.2
Current Liabilities	11.2	9.4
- Trade payables	2.2	1.8
- Other payables	8.0	6.7
Shareholders' Equity	74.0	70.7



Dividend

US cent/share	2017	2016	2015	2014	2013
Interim	2.00	2.00	1.50	2.00	1.50
Special interim	NA	NA	NA	1.00	2.50
Final	1.50	2.50	1.50	2.00	2.00
Total	3.50	4.50	3.00	5.00	6.00



Going Forward

- ◆ The Group remains confident of expanding its market penetration of the Galaxy[®] family of inclusion mapping systems, in spite of illicit Indian competition, and of continuing its market domination for diamond planning and other manufacturing products
- ◆ Unique diamond planning DiaExpert[®] Edge breakthrough upgrade and Advisor[®] 7.0 unique features, enabling light performance optimisation and branded / modified stones enhancements provide leverage to thwart illicit competition
- ◆ Services integrated and marketed as the Sarine Profile[™], complemented by Sarine's new AI-based Clarity and Colour grading technologies and Sarine's Diamond Journey[™] address the wholesale and retail trade of polished diamonds – the most significant segment of the diamond industry value chain
- ◆ Expanding revenue base into polished diamond grading reports, an industry segment with US\$ 500 million annual recurring volume and higher margins



Competitors

Inclusion Mapping (55% of Sales; 35% of which Recurring)	Diamond Planning & Grading Products (35% of Sales)
<p>OctoNus (Russia) Offers services, but no significant sales of Immersion Glass inclusion mapping system; teamed with Lexus in India for sales</p> <p>Sahajanand Laser Technology (Ahmedabad, India) Launched Nebula inclusion mapping system but no commercial success</p>	<p>OctoNus (Russia) High-end rough planning and polished evaluation equipment; specialises in optimisation of colour saturation in fancy coloured diamonds</p> <p>Sahajanand Laser Technology (Ahmedabad, India) Low-end rough planning equipment with minimal market presence (a key reason Nebula inclusion mapping system realised no commercial success)</p> <p>Sahajanand Technologies (Surat, India) Former Sarine distributor in India- markets rough planners for low and medium range applications</p> <p>OGI Systems (Israel) Price player with diminished international presence</p>
<ul style="list-style-type: none"> • Combined market share of competitors for diamond planning & grading products is still smaller than Sarine's (~70+%) • Other Sales – Maintenance and Spare Parts 5% (Recurring), Quazers 3% and Profile 2% 	

