



OVER 30 YEARS OF INNOVATION

FOR IMMEDIATE RELEASE

PRESS RELEASE

Update on Improving Group Business Results

Rough diamond sales by major producers continue to recover

Polishing activity back to pre-Covid levels

Hod Hasharon, (Israel), 28 October 2020 – Singapore Exchange Mainboard-listed Sarine Technologies Ltd ("**Sarine**" or "**the Company**" and together 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 gems, wishes to update its investing public on improving results in the Group's businesses.

In continuation to our update to the public dated 01 September 2020 on improving conditions overall in the diamond industry value chain, we are pleased to report that the trend noted in said update has continued and even gained momentum. Indeed, the preliminary sales figure for De Beers Cycle 7 rough diamond sales in August, then noted as US\$ 287 million, has been revised upward to the final figure of US\$ 320 million. Furthermore, the preliminary figure for De Beers Cycle 8 rough diamond sales in October stands at US\$ 467 million. Other major producers' sales of rough diamonds have increased commensurately. Rough prices at these two cycles have decreased an average 10% (in aggregate) as compared to before the pandemic outbreak. Coupled with increases in polished diamond prices on the back of renewed retail consumer demand, midstream manufacturers' margins have improved significantly. This has led to a further increase in polishing activity, which during October has fully recovered to pre-pandemic levels. While all current indications are positive, we would like to caution that, as Covid-19 infections are again on the rise in Europe and various states of the United States, and as there is still no vaccine readily available, the current recovery is still tenuous.



On the back of these more robust industry conditions, the Group's business results for the three months ended 30 September have improved as compared to the previous three months, which were significantly impaired by the various lockdowns in India, the main manufacturing centre, and the U.S., the largest retail market. Capital equipment sales have remained nearly dormant, though we are now beginning to see renewed interest. Polishing activity had in September recovered to near pre-pandemic levels following an initial recovery in August, in line with the above-noted recovery in rough sales. Our revenues from Galaxy®-family inclusion mapping services rebounded accordingly. Revenues for the third quarter were approximately US\$ 7.4 million (all figures are unaudited and not reviewed), an over 25% improvement as compared to the revenues realised in the preceding three months. As the increase in our revenues were primarily derived from the noted rebound in high margin Galaxy scans, our gross margin was approximately 66%, as compared to 55% in the previous quarter. With ongoing prudent management of our costs, as elaborated upon in previous announcements, we have effectively succeeded in achieving breakeven at the operational level. Due to taxation of our various subsidiaries being governed by various jurisdictions, we have incurred taxes, and therefore we have a net loss of around US\$ 0.4 million for these last three months. This compares very favorably to a net loss more than six times that number in the previous three months. We have taken avail of various Israeli government "safety nets" providing us with access to government-guaranteed loans with no interest and no payments due for the initial 12 months and interest of only 1.5% plus Israel Prime (which is currently 1.6%) thereafter for the subsequent four years. Therefore, we now show US\$ 2.3 million bank debt on our balance sheet. Trade receivables as at 30 September 2020 are around US\$ 24 million, an increase of some US\$ 2 million during this period. Excluding the impact of the US\$ 1 million dividend paid in July and the aforementioned new bank loans, cash balances declined by some US\$ 0.5 million, adjusted for a payment due in September but received on October 1st. Actual cash balances increased by US\$ 0.3 million.

We have continued making significant progress on our long-term objectives. Additional producers are moving to integrate our technologies into their online rough diamond tenders. Likewise, other key producers, further to Alrosa and Lucara, are in various stages of evaluating and joining our provenance Sarine Diamond Journey™ solution for their mines' output origin certification. Pilot traceability programs have now been initiated with various high-end luxury brands. Our AI-driven automated grading is being evaluated by leading retailers and our e-grading paradigm for on-site grading in the midstream will start beta-site installations following the Indian Diwali holiday break in November. We will continue to provide updates, as warranted.



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 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 finger-printing equipment, automated (AI-derived) Clarity, Color, Cut and light performance grading systems and traceability, visualisation and retailing services. 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>.

Contact:

APAC IR

Cyrus Capital Consulting
Mr. Lee Teong Sang
Tel: +65-96339035
teongsang@cyrus.com.sg

North America IR

MS-IR LLC
Ms. Miri Scharia-Segal
Tel: +1-917-607-8654
msegal@ms-ir.com

Sarine Technologies Ltd.

Marketing & Communications
Ms. Romy Gakh-Baram
Tel: +972-9-7903500
romy.gakh-baram@sarine.com