



OVER 30 YEARS OF INNOVATION

PRESS RELEASE

Sarine Executes Turnaround Under Challenging Conditions - Reverses FY2023 Loss of US\$2.8M to FY2024 Profit of US\$1.1M

- Turnaround driven by broad based reduction in costs and improvements in work processes resulting in better operating efficiency.
- FY2024 another year of difficult market conditions - ongoing weak demand for diamonds in China and continuing disruption from lab-grown diamonds (LGD); revenue declined 8% to US\$39.2M.
- Overproduction of LGD and a slowdown in consumer adoption in the primary U.S. market have depressed prices of LGD retail offerings; with significantly reduced profitability of LGD, diamond jewellery retailers are re-examining the product's viability if price and margin erosion trends continue.
- The competition from LGD jewellery with its eroding prices has impacted on the prices of natural diamond jewellery, which have also fallen, but to a much lesser extent; unlike LGD, inventory buildup of natural polished diamonds has been constrained by the sharp reduction in the supply of rough natural diamonds by miners.
- The planned relocation of the Group's manufacturing activities to India, the Group's main market, will streamline manufacturing and further reduce overall operating costs.
- The Group continued to make substantial progress in executing its new strategic initiatives of Most Valuable Plan™ (MVP) for optimising the planning of natural rough diamonds, as well as the opening of a GCAL by Sarine lab in India to better serve the significant Indian LGD industry.



Hod Hasharon (Israel), 23 February 2025 – Singapore Exchange Mainboard and Tel Aviv Exchange listed Sarine Technologies Ltd (“**Sarine**” and along with its subsidiaries “**the Group**”) (**U77:SI; SARN.TA**), a worldwide leader in the development, marketing and sale of precision technology solutions for the evaluation, planning, processing, measurement, grading and trading of diamonds and gems, is pleased to announce its financial results for the twelve months ended 31 December 2024.

Review of FY2024

For the second year in a row, the natural diamond manufacturing industry continued to face challenging market conditions in FY2024. Weak consumer demand in China and the continuing disruption by LGD have negatively impacted the demand as well as prices of natural diamonds, with the consequent dampening of diamond manufacturing activities from which the Group derives most of its revenue. Over-production and oversupply of LGD have depressed their wholesale prices, and intensifying competition among retailers has driven down their retail prices and the absolute profits realised from LGD. Thus, LGD supply and pricing dynamics have not only negatively impacted the natural diamond segment, but have also impaired the economics of the LGD segment itself, causing retailers to ponder its viability. We may, in fact, be reaching the point where the two segments are clearly differentiated for consumer clarity.

Under difficult industry conditions, the Group reported revenues of US\$17.3 million in H2 2024, a drop of about 9.8% from the revenues of US\$19.2 million achieved in H2 2023. For the full year of 2024, revenues of US\$39.2 million were about 8.7% lower as compared to the preceding year. Consistent with the Group’s strategic pivot towards recurring revenues, most of the Group’s revenues in FY2024 were derived from its proprietary services, including the Gal3D inclusion software (which processes the Galaxy® platforms’ output) and MVP rough diamond planning cloud-based solutions, grading reports and other pay-per-use services such as the group’s light performance and traceability reports.

Despite lower revenues and lower gross profit margin, the Group achieved a net profit of US\$0.1 million in H2 2024, a substantial improvement over the net loss of US\$ 3.8 million in H2 2023. For the full year, net profit of US\$1.1 million compared favourably to the net loss of US\$2.8 million for FY2023. The increased profitability for FY2024 was largely attributable to the broad-based efforts at reducing costs implemented by the Group. Also contributing to profitability was the capitalisation of some development costs associated with LGD grading as the Group achieved the required technological development benchmark, and the positive impact of an accounting adjustment of the valuations of GCAL put / call options.

During the year, the Group continued to make good progress in executing its various new strategic initiatives. The introduction of our Most Valuable Plan™ (MVP) for optimising the planning of natural rough diamonds, the adaptation of our rough planning technologies to LGD, and the opening of a GCAL by Sarine lab in India to service the significant Indian LGD industry have expanded our services portfolio, customer base and recurring revenue streams.



Prospects

The demand for natural diamonds is expected to remain constrained in 2025 due to weak consumer spending in China and the ongoing impact of LGD. Due to the oversupply of LGD and the sharp fall in retail prices due to stiff competition, diamond retailers are beginning to question the longer-term economic viability of this product segment. It is our belief that diamond jewellery retailing will settle on a new equilibrium in the near term, with natural diamonds trending towards a significant market share especially in the bridal segment and LGD dominating the fashion jewellery segment.

The adoption rate of our MPV services should continue to grow due to its benefits to manufacturers. Our business model is based on significant added yield and value realised from the rough diamonds, as well as the automation of the process and reduction of related costs for manufacturers. Manufacturers using this service do not have to invest in capital equipment, and our remuneration on a per stone basis provides us with a new and growing stream of recurring revenues.

Through our GCAL by Sarine grading lab in Surat, India, we are now able to offer an at source, cost-effective industry-unique guaranteed grading of LGD diamonds for Indian manufacturers. With the prospects of additional new customers in 2025, we expect to substantially expand our LGD grading business in India. The further integration of our AI-based technology into the lab's operational workflow will improve efficiencies and lower operating costs.

We continue to work with high-end luxury brand retailers on environmental, social and governance issues that are of concern to their customers. From 1 April 2025, all polished diamonds imported into the United States are required to disclose the polished diamond's rough stone country of origin. This is one step closer to requiring a verifiable declaration, and we believe our collaboration with DeBeers' Tracr™ platform and the deploying our AutoScan™ Plus will provide a distinctively scalable cost-effective solution with minimal overhead or disruption to the diamond value chain.

Consistent with our aggressive business streamlining and cost cutting, the Group will, over the course of 2025, relocate its manufacturing activities to India in closer proximity to its main customers. We will benefit from the lower cost of manpower in India working closely with the existing team of qualified sales and support personnel there. Our active business streamlining and expense reduction, together with the roll-out of our new strategic initiatives to expand recurring revenues will place the Group in a position for long-term value growth when market conditions improve.

This press release is to be read in conjunction with Sarine's FY2024 results released to the Singapore Exchange on 23 February 2025.

About Sarine Technologies

Established in 1988, Sarine Technologies Ltd. is a global leader in developing advanced technologies for modeling, analysis, evaluation, planning, processing, finishing, grading and trading of diamonds. In recent years, Sarine's business has pivoted to deriving mostly recurring revenues from its proprietary Gal3D inclusion and tension mapping (which processes the Galaxy® platforms'



output) and Advisor[®] rough diamond planning cloud-based software packages, along with its other various pay-per-use services. At the heart of Sarine's ecosystem is the Advisor[®] software, which integrates internal inclusion scanning data and geometrical 3D analyses, to provide rough diamond planning and processing. Sarine's Most Valuable Plan[™] (MVP) software, launched in 2024, builds on Advisor[®] 8.0's capabilities and to provide not only the most advanced but also predominantly automated planning for natural rough diamonds, delivering greater value and enhanced production efficiencies in terms of both time and cost. Sarine's broad array of services, based on data derived from its cutting-edge technologies, also includes Lab-Grown Diamond (LGD) planning, Journey[™] provenance and traceability reports, GCAL diamond grading reports and other retail-focused solutions like visualisation and fingerprinting. Sarine continues to develop and sell its world-renowned products, including the Galaxy[®] family of inclusion and tension mapping systems, rough diamond modelling platforms, laser-marking, inscription and fingerprinting equipment, automated (AI-derived) Clarity, Color, Cut and light performance grading systems and the AutoScan[™] Plus for natural rough diamond source registration. For more information about Sarine and its products and services, visit <http://www.sarine.com>.

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