



Sarine Technologies Ltd.

Corporate Presentation

August 2019



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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 2018



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

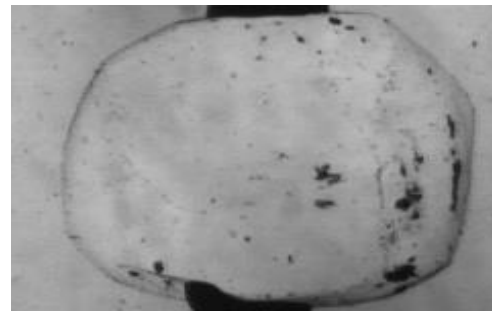
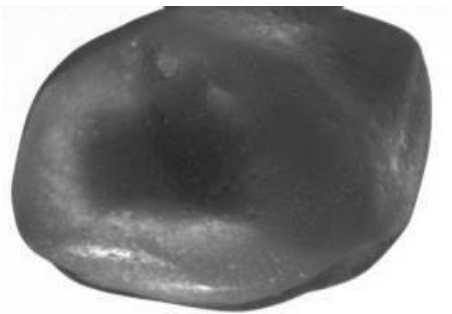


Traditional Diamond Planning



- ◆ 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

The screenshot displays the SARINE software interface for diamond planning. The central 3D model shows a rough diamond with planned facets in red, green, and blue. Key data points include: 0.361ct. (1.063ct.) 33.96% yield, 1.186 weight, 0.493 weight, and 1.063 weight. The current part weight is 1.063ct. The interface includes a menu bar (Stone, Planes, Planning, Polish, Reports, Tools, Help), a toolbar, and a data table on the left.

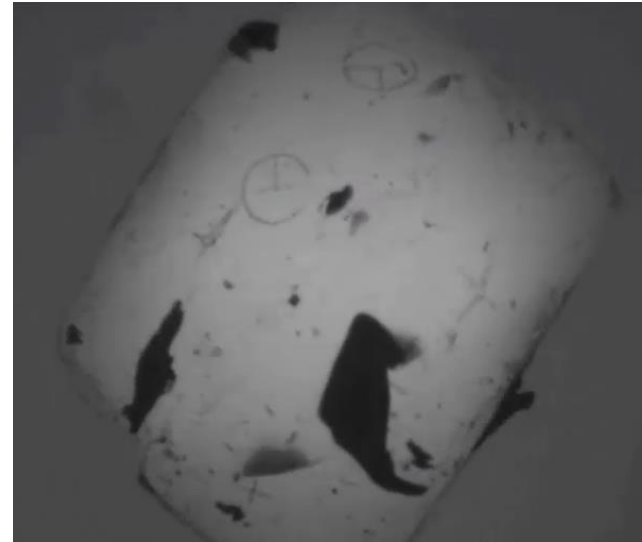
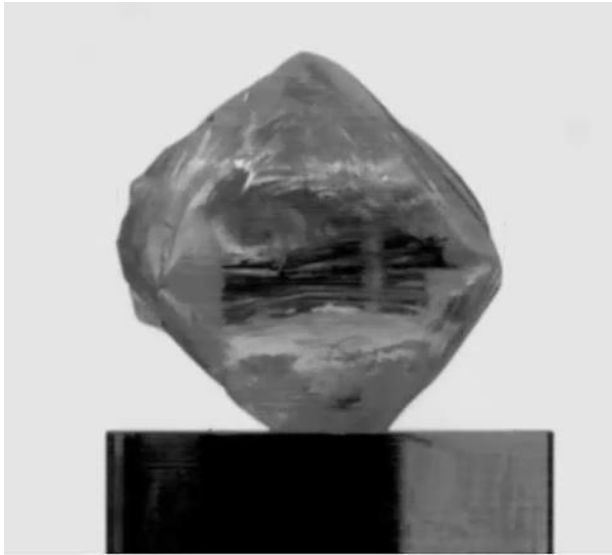
Part Name	Polish	Rough	Yield (%)
1	User 1	1.063	33.96
3	AGSL 0	0.493	23.12
2	AGSL 0	1.186	45.10

Additional data from the interface:

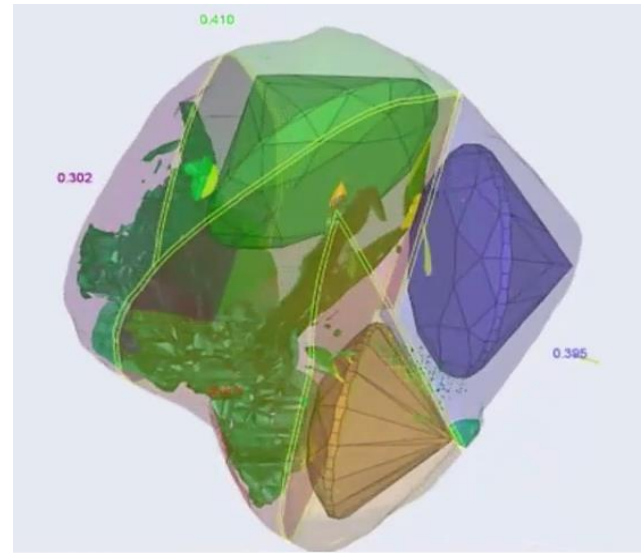
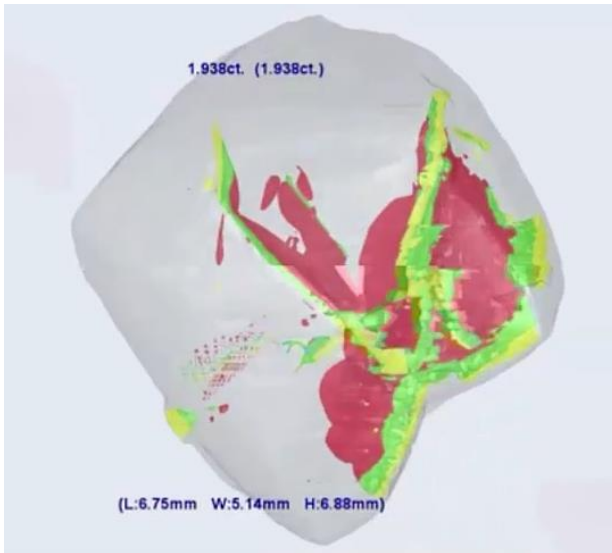
Property	Value	Value
L:W	W: 4.22	L: 5.64
Height	61.5%	2.60mm
Table	60.0%	2.63mm
Crown*	32.00°	
Crown H	12.5%	0.53mm
Girdle	M: 4.0%	0.17mm
Pavil.*	42.00°	
Pavil. H	45.0%	1.90mm
L / W	1.34	
Tilt	4°	
Star/Half	%	%
Culet	0.00mm	0.0%
Rough	L: 7.35 W: 6.15 H: 3.71	
	L: 7.32 W: 6.12 H: 4.01	



Phase III - Optimal Planning Using Galaxy[®]



2010

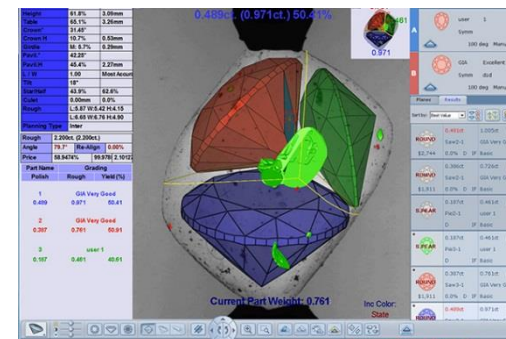


Optimal Planning - Advisor[®] Meets Galaxy[®]



- ◆ Advisor[®] rough planning software is the most widely used rough planning software - over 24,000 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)

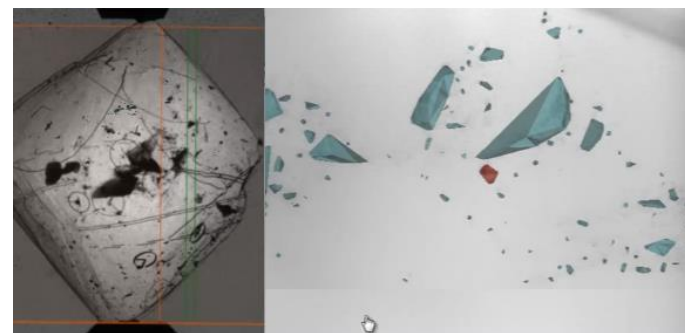


Galaxy[®] Family

- ◆ Rollout in 2010 with Galaxy[®]1000
- ◆ Price Per Carat 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 (< 0.9 ct.s)
 - ◆ Meteorite[™] – most cost-effective system for smallest < 0.40 carat sizes
- ◆ Total installed base of 477 systems as of 30 June 2019
- ◆ No legitimate competition for Group's patented automated inclusion mapping systems in the market today

SARINE

///GALAXY
1000



///GALAXY
ULTRA



Trade & Retail Downstream Revolution



- ◆ What are the challenges?
 - ◆ Trading challenges B2B – current grading criteria, particularly Clarity but also Color, 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 and enhanced experience 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™ and 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; paradigm is now in use with retailers in worldwide markets at an aggregate of over 1,200 retail locations ("doors")
- ◆ Adopted by leading diamond retailers in China, Hong Kong, Japan, Malaysia, Singapore, South Korea, Taiwan, Thailand in APAC, as well as Australia, India, the United Kingdom, Poland and the United States

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

Hearts & Arrows

Hearts Arrows

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

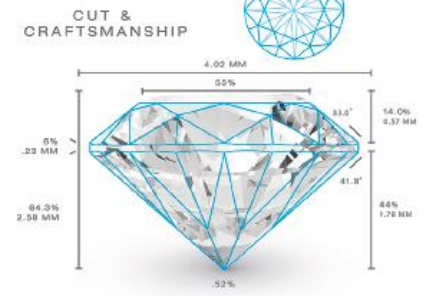
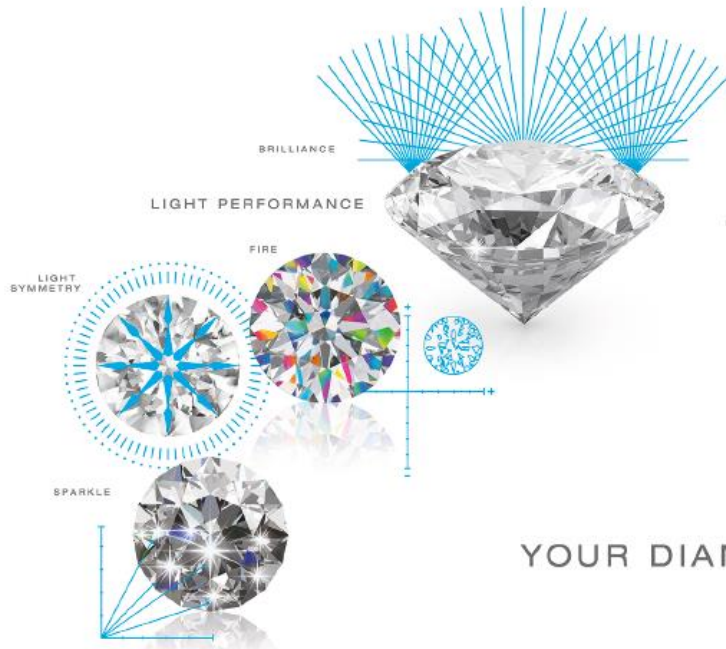


Enhanced Profile™ with Diamond Journey™

- ◆ Leverages on our extensive presence in the midstream, having planned some 45 million stones using Advisor® 7.0 in 2018 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 – key to new demand by many industry players and others, governments, banks and insurers, for tracing of diamonds' source
- ◆ Adopted by Dominion, Canada's largest and world's third largest diamond producer, for CanadaMark™ diamonds, and miner Lucara, as well as by leading suppliers in India and Israel for use by their retail customers. Other miners looking into potential.
- ◆ Suppliers adopting paradigm to be “Journey-ready” for retail demand
- ◆ Launched in Japan; imminent launches with retailers in China, Taiwan and Thailand



Sarine Diamond Journey™



YOUR DIAMOND STORY



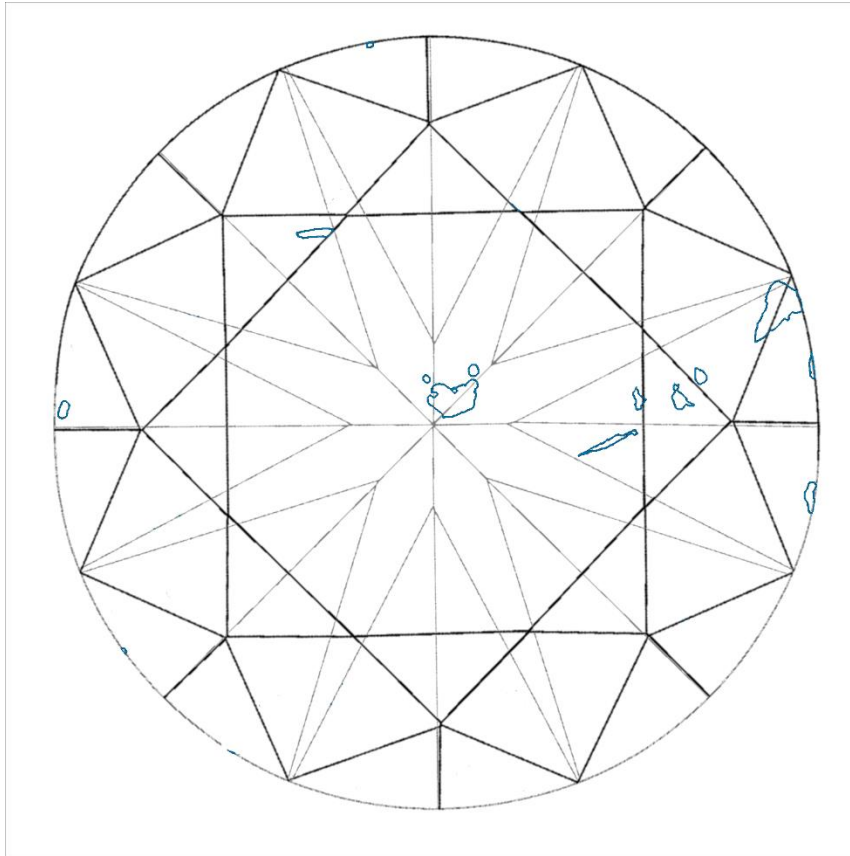
Phase III - Grading Revolution: Clarity and Color by Artificial Intelligence Technology



- ◆ Groundbreaking Artificial Intelligence (AI)-based Clarity technology provides automated, objective and consistent Clarity measurement and grading – a first for the diamond industry; 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 Color evaluation technology also provides automated, objective and more precise Color grading.
- ◆ The combination of these two new technologies enables polished diamonds grading at a revolutionary new level of consistency and reverses eroding consumer confidence.
- ◆ Business model for Clarity and Color grading capabilities will be industry-standard per-carat charge, attractively packaged with Sarine Profile™, light performance grading and Sarine Diamond Journey™, should significantly expand the Group's recurring income and improve margins; addresses over US\$500M annual market of diamond grading reports
- ◆ Sarine Technology Lab opened February 2018; second lab in India opened in May 2018
- ◆ Initial adoption by retailers in Japan, China and Hong Kong, as well as by leading Israeli manufacturer/wholesaler



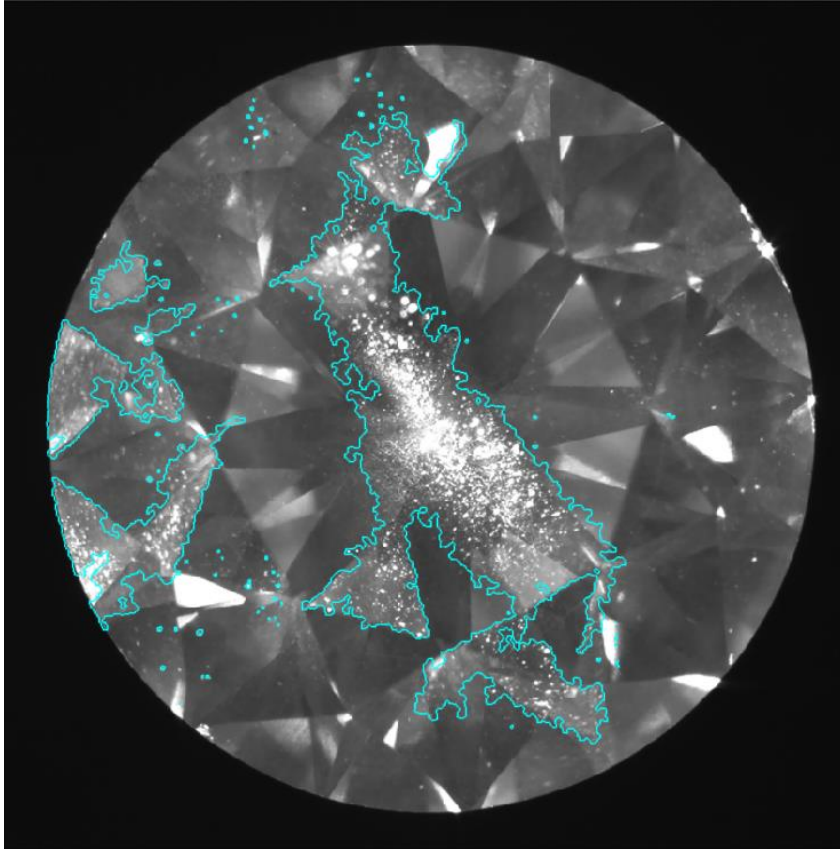
New Clarity Technology



Example – SI1 stone with even lesser inclusions clearly plotted



New Clarity Technology



Example - stone with invisible cloud of micron-sized inclusions



- ◆ 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 physical 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



Verto – AI-Based 3D Jewellery Imaging



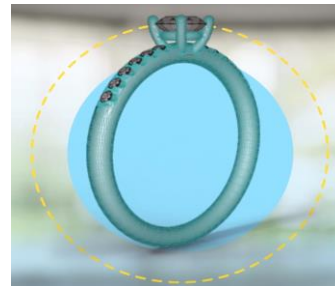
- ◆ Professional quality without the cost
- ◆ Generates high quality video displays or professional grade still images, derived automatically from but a handful of images captured by any common smartphone.
- ◆ Can also provide interactive capabilities to view the piece from multiple perspectives and personalise the setting as well as the types, sizes, shapes and colours of stones, etc.
- ◆ No need for capital investment in high-end devices, expensive professional photographers or exhaustive manual finishing.



Verto – AI-Based 3D Jewellery Imaging



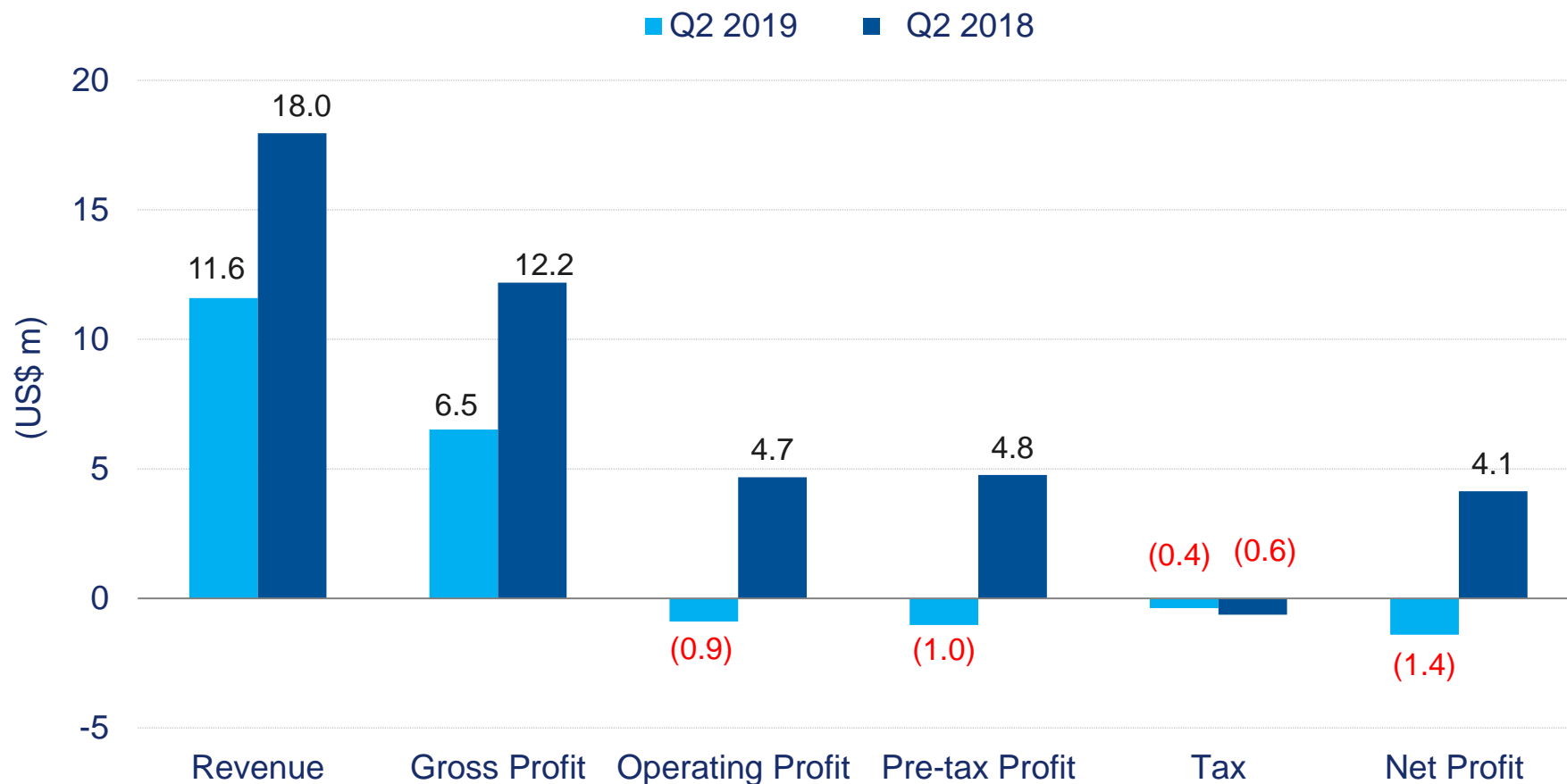
- ◆ Take few photos of the item using a mobile phone
- ◆ Upload the photos to Sarine
- ◆ 3D CAD model is generated
- ◆ The CAD model is converted to a stunning visual rendering
- ◆ Personalised variations can be created – different settings, stone size, shape or colour, etc)



Financial Results Update



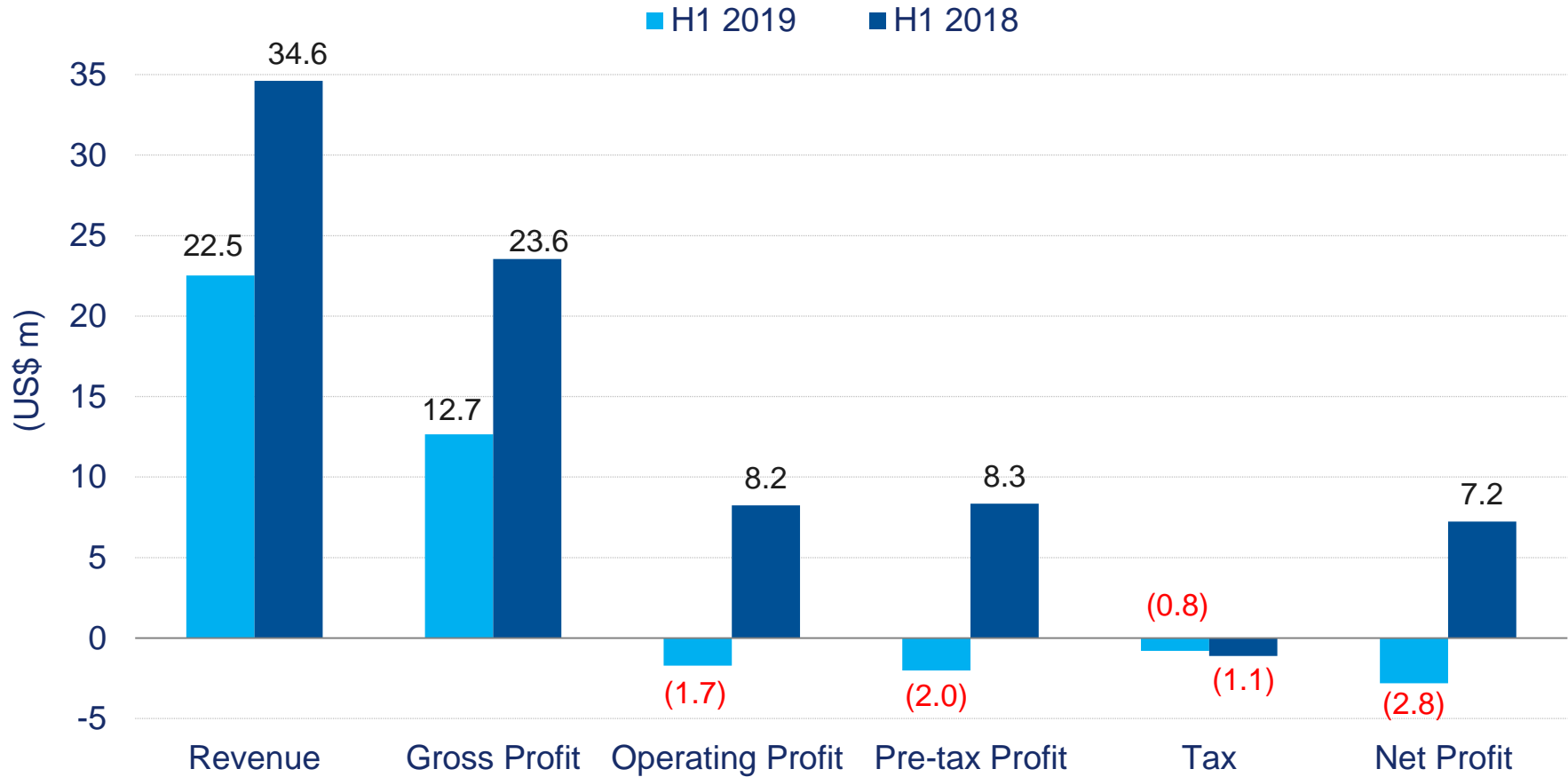
Q2 2019 Results Summary



% change	Revenue	Gross Profit	Operating Profit	Pre-tax Profit	Tax	Net Profit
	(35%)	(47%)	NM	NM	(40%)	NM



H1 2019 Results Summary



% change	Revenue	Gross Profit	Operating Profit	Pre-tax Profit	Tax	Net Profit
	(35%)	(46%)	NM	NM	(28%)	NM



Q2 2019 Results Highlights



- ◆ Challenging industry conditions persisted in Q2 2019:
 - ❖ Credit tightening policies by Indian banks increased working capital restriction faced by midstream diamond manufacturers in India
 - ❖ Trade dispute between the US and China weakened Chinese consumer sentiment
 - ❖ Confusion surrounding the advent of Lab Grown Diamonds added to market uncertainties
- ◆ Group revenue declined 35% to US\$11.6m due to lower capital equipment sales and reduced recurring revenues
- ◆ Overall recurring revenues accounted for over 55% of quarterly revenue and polished diamond retail-related revenues were just under 3%
- ◆ Record quarterly deliveries of 34 Galaxy[®] family systems, all Meteorite[™] model, to customers in India in Q2 2019 expanded total installed base to 477 as at 30 June 2019
- ◆ The Group recorded net loss of US\$1.4 million, of which US\$ 1.0 million of a non-cash nature



Immediate Prospects



- ◆ Breakthrough planning features - soon-to-be-released Advisor[®] 8.0 with interactive enhancements, tension analysis and additional features will continue to widen gap with illicit competition and incentivise brand loyalty on top of aggressive industry-wide commercial and legal steps against piracy
- ◆ Backed by accelerating interests in APAC and North America and by enhanced features - AI-based 4Cs automatic grading and especially Sarine Diamond Journey[™], the Group expects revenue growth from additional and expanding retail sales programs
- ◆ Sarine's breakthrough Clarity and Color AI-based automated 4Cs grading addresses annual market of over US\$500M for diamond grading reports and significantly strengthens the Group's comprehensive offerings for polished diamonds



Strong Balance Sheet (debt free)



(US\$ millions)	30 Jun 2019	31 Dec 2018
Non-Current Assets	25.8	20.6
- Property, plant & equipment	14.2	14.6
- Intangible assets	4.2	4.9
- Right-of-use assets*	6.5	--
Current Assets	52.0	55.3
- Inventories	6.7	7.0
- Trade receivables	15.1	16.4
- Cash & bank deposits	27.7	28.9
Non-current Liabilities	6.1	0.2
- Long-term lease liabilities*	5.9	--
Current Liabilities	11.9	10.0
- Trade payables	3.6	2.3
- Other payables	6.5	6.8
Shareholders' Equity	59.8	65.7

* Implementation of IFRS 16, Leases

Dividend



US cents / share	2019	2018	2017	2016	2015
Interim	0.50	2.00	2.00	2.00	1.50
Final	-	1.00	1.50	2.50	1.50
Total	0.50	3.00	3.50	4.50	3.00



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, as evidenced by record setting deliveries in H1 2019 notwithstanding challenging industry conditions
- ◆ The Group is also confident of continuing its market domination for diamond planning and other manufacturing products. Revolutionarily accurate diamond planning DiaExpert[®] Edge upgrade and Advisor[®] 8.0 enhanced features, including tension analysis, provide leverage to thwart illicit competition
- ◆ Services integrated and marketed as the Sarine Profile[™], complemented by Sarine's new AI-based Clarity and Color 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 over US\$500 million annual recurring volume and higher margins



Competitors



Inclusion Mapping 63% of total sales; of which 78% recurring ~90% market share of stones over 2.5 carats	Diamond Planning and Polishing Products - 29% of total 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 (Recurring) – Annual Maintenance Contracts and other services 5%; Trade* 3% <p>(* Trade refers to polished diamond wholesale/retail trade services - Profile, Journey and 4Cs</p>	

