





Industry Environment

- Key US demand for diamond jewellery remains robust, with **3.7% growth** in 2024 holiday season sales YoY.
- LGD over half of items sold in key USA market including engagement jewellery; India demand growing as LGD make diamonds affordable to middle classes; other major markets not showing same levels of adoption.
- LGD **prices plummeting**, creating clear product differentiation, with some consumers starting to shy away:
 - LGD B2B prices **down** ~ **50% YoY**.
 - LGD retail prices also declining but less retailers still partying.
- Natural prices down ~20% YoY due to LGD effect as global demand some 40% less due to LGD sales in US and stagnant China market;
 Chinese demand will eventually return and re-vitalise natural diamond market.
- Producers hit by both lower quantities and prices losses rampant.
- Trump tariffs creating uncertainty for India-based manufacturers and apprehensive consumers fearing higher prices, inflation and/or recession.

2024 Initiatives Update

- MVP for natural rough stones under 0.90 carats gaining traction with clear value-add proposition for manufacturers both in yield attained and, no less importantly, from automation of processes.
- MVP for natural rough stones over 2.5 carats a much more complex issue due to exponentially more possible planning solutions and the demand to incorporate customer-specific optimisation rules, as per specific marketing objectives; initial beta-tests demonstrated promising results but still WIP.
- Collaboration with DeBeers' Tracr truly empowers end-to-end traceability; demand mostly from luxury brands / high-end retailers to address ESG issues, Russia-related sanctions effectively postponed to 2026.
- LGD planning adoption less broad-based than initially anticipated, as decline in rough material cost and value have reduced benefit of proposition.
- LGD GCAL by Sarine grading lab opened in India to facilitate ease of access and cost savings for domestic LGD polishers; Indian lab leveraged to attract new customers as well as enhance profitability of grading work for existing ones.
- LGD grading technology still not integrated into work flow, as necessary adaptations stemming from unique LGD physical characteristics not yet fully resolved; 2025 should see resolution of outstanding issues.

Plans for 2025

- MVP for stones <.90 carats Ongoing refinements being implemented to enhance applicability to broad categories of rough, as well as to cater to large customers' specific needs; adoption should accelerate.
- MVP for stones >2.5 carats The expansion of MVP to stones >2.5 carats is expected to deliver significant value, as these stones create the most value for manufacturers; indeed, Sarine has always realised its highest payback from this segment of the midstream.
- Natural stone Color grading technology will be offered to polishers for their internal sorting needs, as all major shapes now covered by technology; Clarity grading technology for internal grading will subsequently be introduced, as the Polish parameter's technological solution is implemented – a major time-saving development.
- LGD grading The demand for LGD grading stems from consumers having been educated over years to expect an independent thirdparty report pertaining to their diamond's characteristics; technology-based solutions remain the most effective means for manufacturers to obtain high quality, consistent grading at affordable rates.
- Through a possible acquisition of a majority interest in Kitov.ai, subject to an ongoing due-diligence process, we could diversify beyond the volatile diamond industry. Kitov.ai's solutions address general industrial automated inspection and quality control needs, with customers in many varied industries (automotive, consumer products, defense, electronics, medical, etc.); company undergoing restructuring and refocusing on core strengths with new marketing and sales strategy and personnel being created.