



**PRESS RELEASE**

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## **Sarine Technologies Preliminary Update for Q3 2019**

### **Group Returns to Nominal Profitability, Ongoing Negative Conditions Notwithstanding**

**Hod Hasharon, (Israel), 17 October 2019** – 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 as to industry developments and the Group's revenues and profitability for Q3 2019.

In our Q2 2019 results press release, published on 8 August 2019, we noted that the prevailing negatives in the diamond industry midstream had continued to have negative impact on the Group's financial results. During Q3 2019 the ongoing trade disputes between the U.S. and China continued to impair demand in the Chinese market by an estimated 10%, and the issue of Lab-Grown Diamonds continued to be a distraction. However, due to the significant drop (40% less y-o-y) in the quantities of rough stones entering the production pipeline, as evidenced by the reported reductions in sales at DeBeers' sights and by other mining producers, the excess inventories in the midstream continued to ease and thus the issue of working capital has been somewhat alleviated, at least for the short term.

The decline in polishing activity due to the reduced quantities of rough stones entering the pipeline has resulted in a decrease in the Group's revenues from inclusion mapping services by some 18% sequentially, less than the decrease in the rough quantities being polished. Most of this decrease was realised in our service centre activities, just over half of which in Israel and Belgium, also affected by the seasonal summer closures of these bourses in August.

This quarter the Group again delivered a new record of 39 Galaxy<sup>®</sup>-family inclusion mapping systems, outpacing Q1's and Q2's record deliveries. The majority (32) of these systems were of the Meteorite<sup>™</sup> model, with the remaining being Meteors<sup>™</sup>. As a significant portion of the



systems were sold under the one-off paradigm with no follow-on per-use revenues, our gross margin has improved somewhat as compared to the first two quarters of the year.

Current indications are that our revenues for the third quarter will be some 20% better than those of the second quarter, approximately US\$14 million. Our expenses continue to be restrained, with sequential slight reductions in research and development and general and administrative expenses, the latter due to our having concluded the current trial phase of our IP litigation in India, offset by a slight increase in sales and marketing, as we continue to leverage the increased interest in our various offerings for polished diamond retail sales, primarily the Sarine Light™ and Sarine Journey™. We thus expect that we will record a nominal net profit this quarter. The full report of our financials for Q3 2019 is expected to be released on 10 November 2019.

#### **About Sarine Technologies:**

Established in 1988, Sarine Technologies Ltd. is a worldwide leader in the development and manufacturing of advanced evaluation, planning, processing, and finishing systems for diamond and gemstone production. Sarine products include the Galaxy® family of inclusion mapping systems, rough diamond planning optimisation systems, laser cutting and shaping systems, laser-marking and inscription machines and polished diamond Clarity, Color, Cut and light performance grading tools and visualisation systems. Sarine systems have become standard tools in every modern manufacturing plant, properly equipped gemmology 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>.

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