

Sarine Technologies Ltd.

Corporate Presentation

November 2017



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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 2016



Sarine Technologies

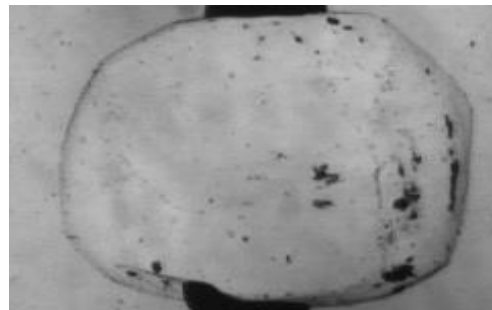
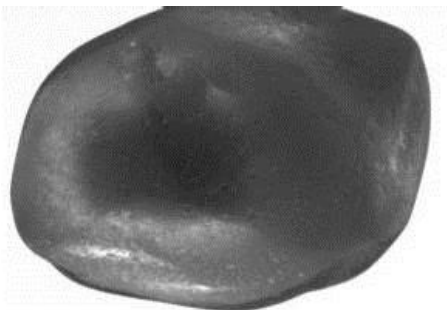
Sarine Technologies, through its application of patented and proprietary solutions, involving precision mechanics, electronics, optics and laser platforms and sophisticated software is a global in the development of systems used throughout the entire diamond value chain, from rough diamonds evaluation, 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

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

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	



Advanced Diamond Planning

2005

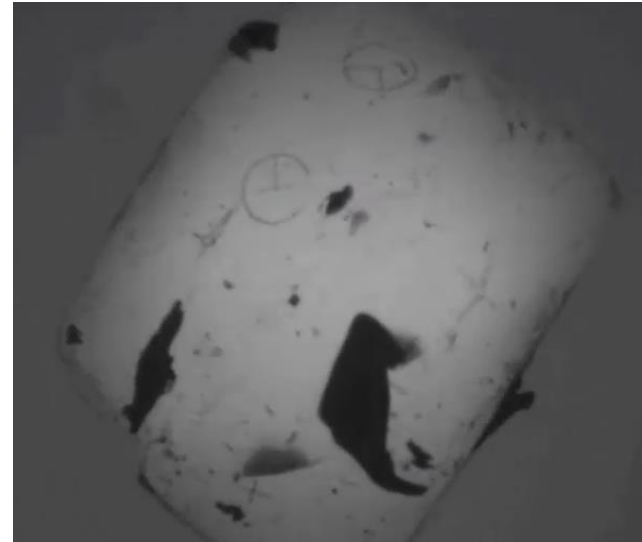
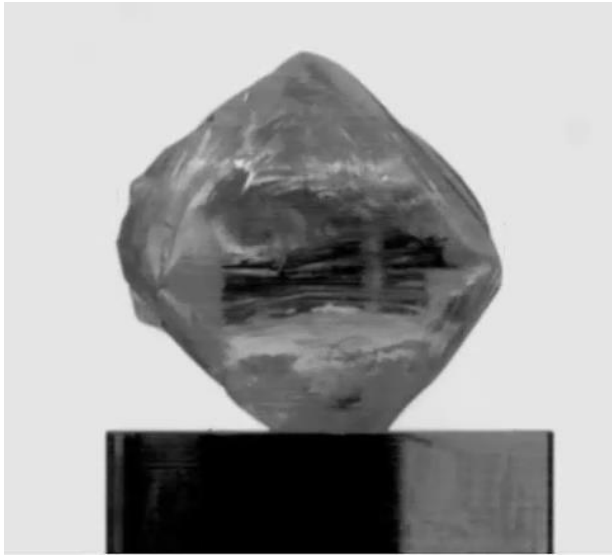
- ◆ Advances in computerised planning enables significantly better utilisation of the rough diamond material
- ◆ Multiple polished diamonds from a single rough diamond
- ◆ Initial use of manually indicated inclusions (very rudimentary diamond Clarity solution)

Part Name	Polish	Rough	Grading	Yield (%)
1	0.361	1.063	User 1	33.96
3	0.114	0.493	AGSL 0	23.12
2	0.536	1.186	AGSL 0	45.10

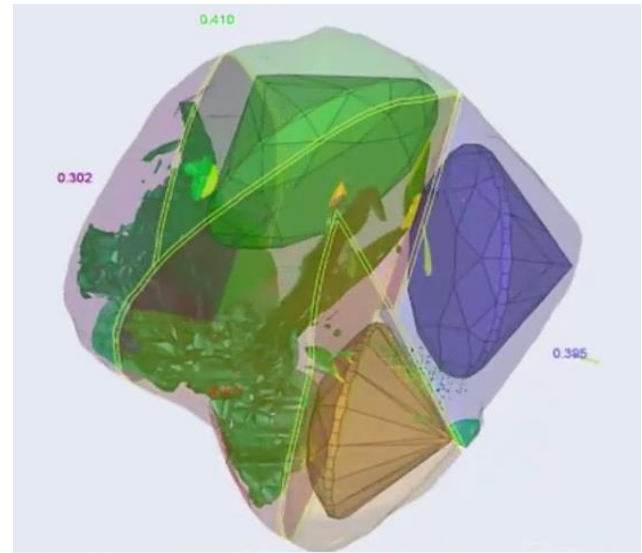
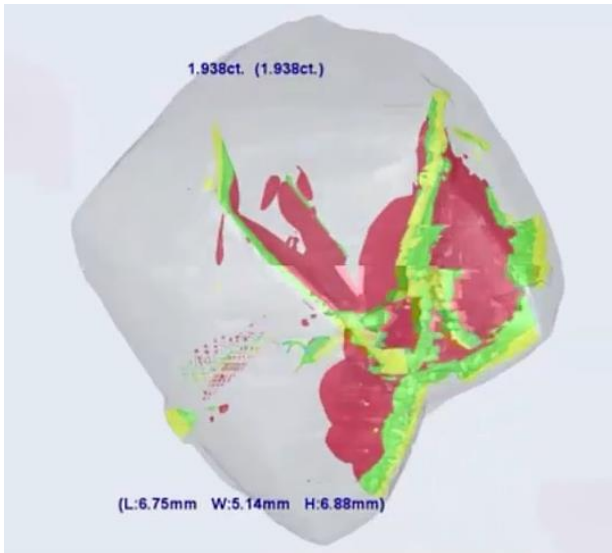
Property	Value	Unit
L / W	4.22	L: 5.64
Height	61.5%	2.60mm
Table	60.0%	2.53mm
Crown*	32.00°	
Crown H	12.5%	0.53mm
Girdle	M: 4.0%	0.17mm
Pavil.*	42.00°	
Pavil. H	46.0%	1.90mm
L / W	1.34	
Tilt	4°	
Star/Half	%	%
Culet	0.00mm	0.0%
Rough	L:7.35 W:6.15 H:3.71	
	L:7.32 W:6.12 H:4.01	



Planning Using Galaxy™



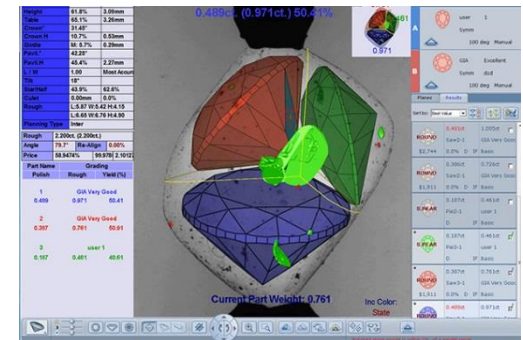
2010



Rough Planning (Advisor™) Using Galaxy™

- ◆ Advisor™ rough planning software is the most widely used rough planning software - over 20,000 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 40% to over 50%

Multiple Diamonds Planning



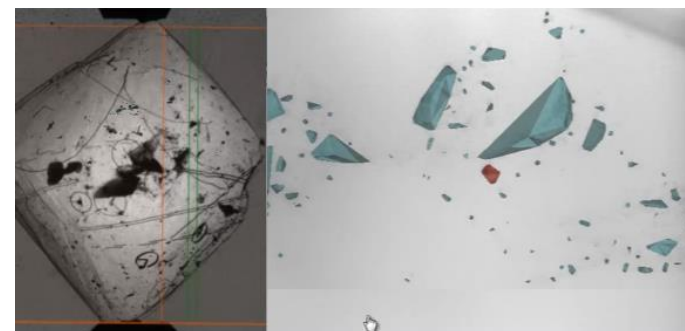
Atom System (>1000 stones per day)



Galaxy™ Family

- ◆ Rollout in 2010 with Galaxy™ 1000
- ◆ PPC 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 (0.2-0.9 ct.s)
 - ◆ Meteorite™ – most cost-effective system for smallest 20-45 point sizes
- ◆ Total installed base of over 330 systems as of 30 September 2017
- ◆ No legitimate competition for Group's patented automated inclusion mapping systems in the market

/// GALAXY
1000



/// GALAXY
ULTRA



Trade & Retail Segment

- ◆ What are the challenges?
 - ◆ Trading challenges B2B – current grading criteria, particularly Clarity, not definitive; visual inspection necessary
 - ◆ Diamond branding – special cuts, modified cuts and other methods of creating a unique retail story
 - ◆ Digital experience for today's informed consumer
 - ◆ Consumer transparency – 4C's primarily define rarity; consumers want additional information presented in intuitive and exciting formats



Trading Challenges



All GIA Graded I1 Diamonds



Sarine Loupe™ and Light™

- ◆ Sarine Profile™ 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
- ◆ Integration of Sarine Light™, Sarine Loupe™ has created the consumer-oriented “diamond story” – the Sarine Profile™

Sarine Loupe™ Imagery Polished Diamond



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
- ◆ Adopted by leading diamond retailers - Japan's Cima (Exelco and Ginza Shiraishi), Cocco, Grace Fujimi (Garden), K-Uno, Marriage, Sadamatsu (Festaria), Shin Ei Shokai and Verite (Maharaja), China's Hope, Kela, Meidie and Shining House, Singapore's Soo Kee (Love & Co and SK Jewellery) also in China and Thailand, Australia's Leading Edge Group, Thailand's Aurora, Korea's Golden Dew and US national and regional chains, including third largest wholesale distributor – GN Diamonds

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

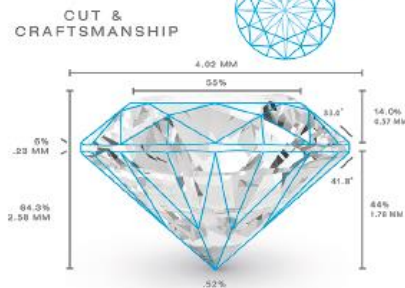
Total Grade Ultimate

Hearts & Arrows

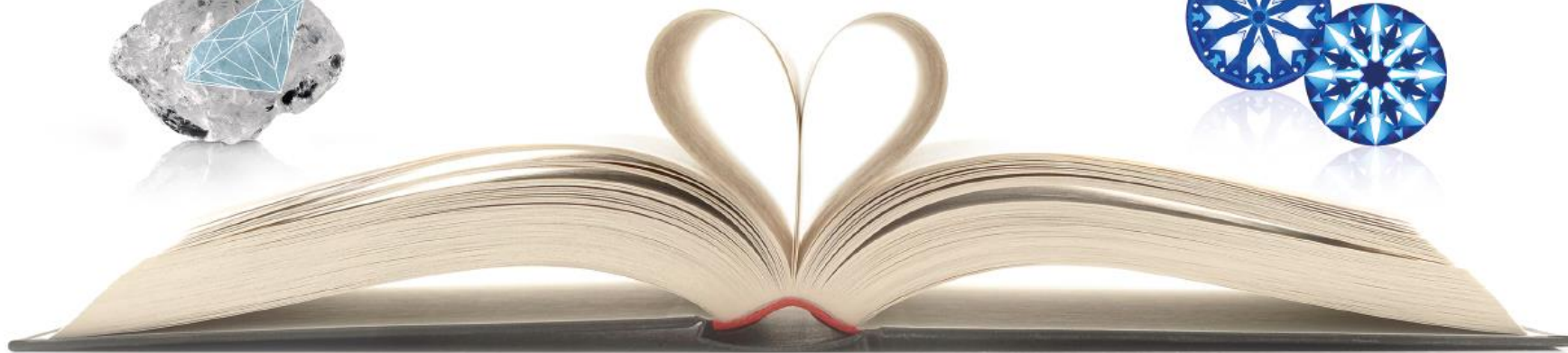
Hearts Arrows

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

Sarine Profile™ - Rough to Polish



YOUR DIAMOND STORY



Sarine Connect™

- ◆ 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 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

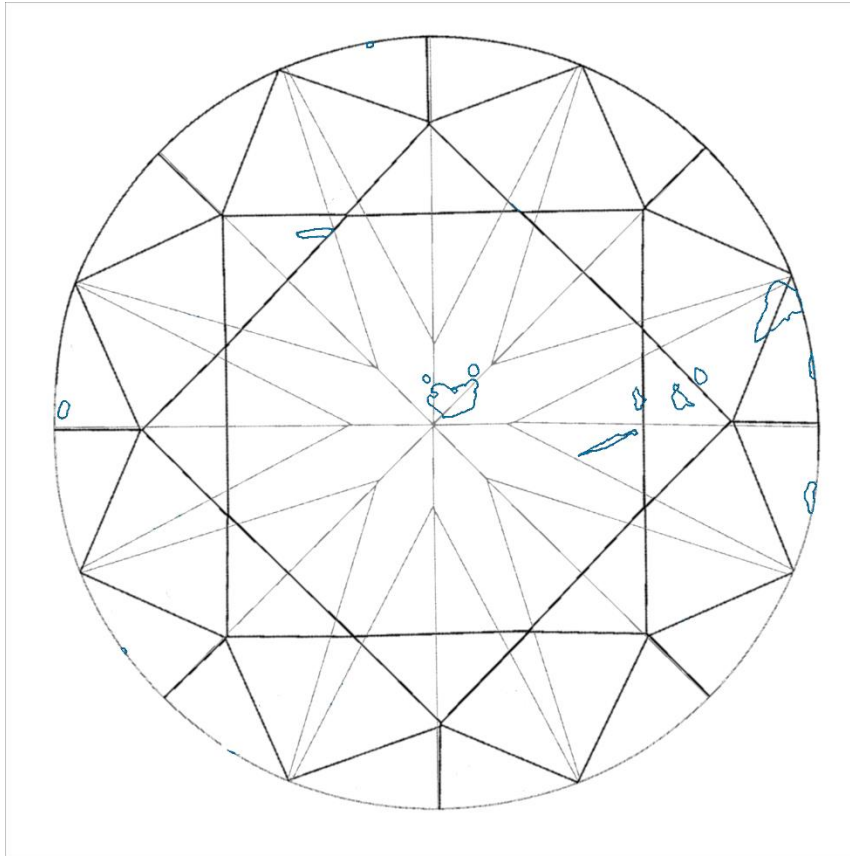


New Clarity and Colour Technology

- ◆ Groundbreaking Clarity technology to provide automated, objective and consistent Clarity measurement and grading – a first for the diamond industry
- ◆ This breakthrough technology already with only 3% error rate (to be improved to <1%), compared to manual process' 7% error rate and 10% contest rate, will significantly simplify, expedite and refine the Clarity grading process, and hence polished diamond sorting and sourcing
- ◆ New advanced computerised Colour evaluation technology to provide automated, objective and precise Colour grading – already 1% accuracy compared to manual process' 7% and worse.
- ◆ The combination of these two new technologies will enable polished diamonds grading at a revolutionary new level of accuracy and enhance eroding consumer confidence.
- ◆ Business model for Clarity and Colour grading capabilities will be industry-standard per-carat charge and should significantly expand the Group's recurring income and improve margins; addresses US\$ 500M annual market of diamond grading reports
- ◆ Sarine Lab to start operations and revenue generation from Q1 2018



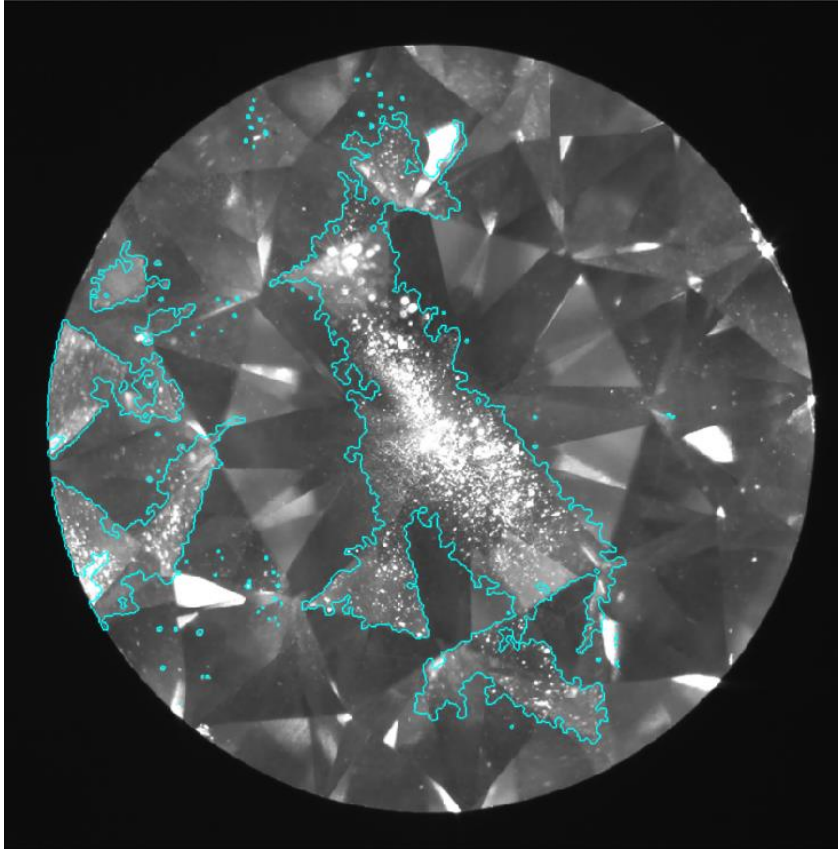
New Clarity and Colour Technology



Example – SI1 stone with even lesser inclusions clearly plotted



New Clarity and Colour Technology



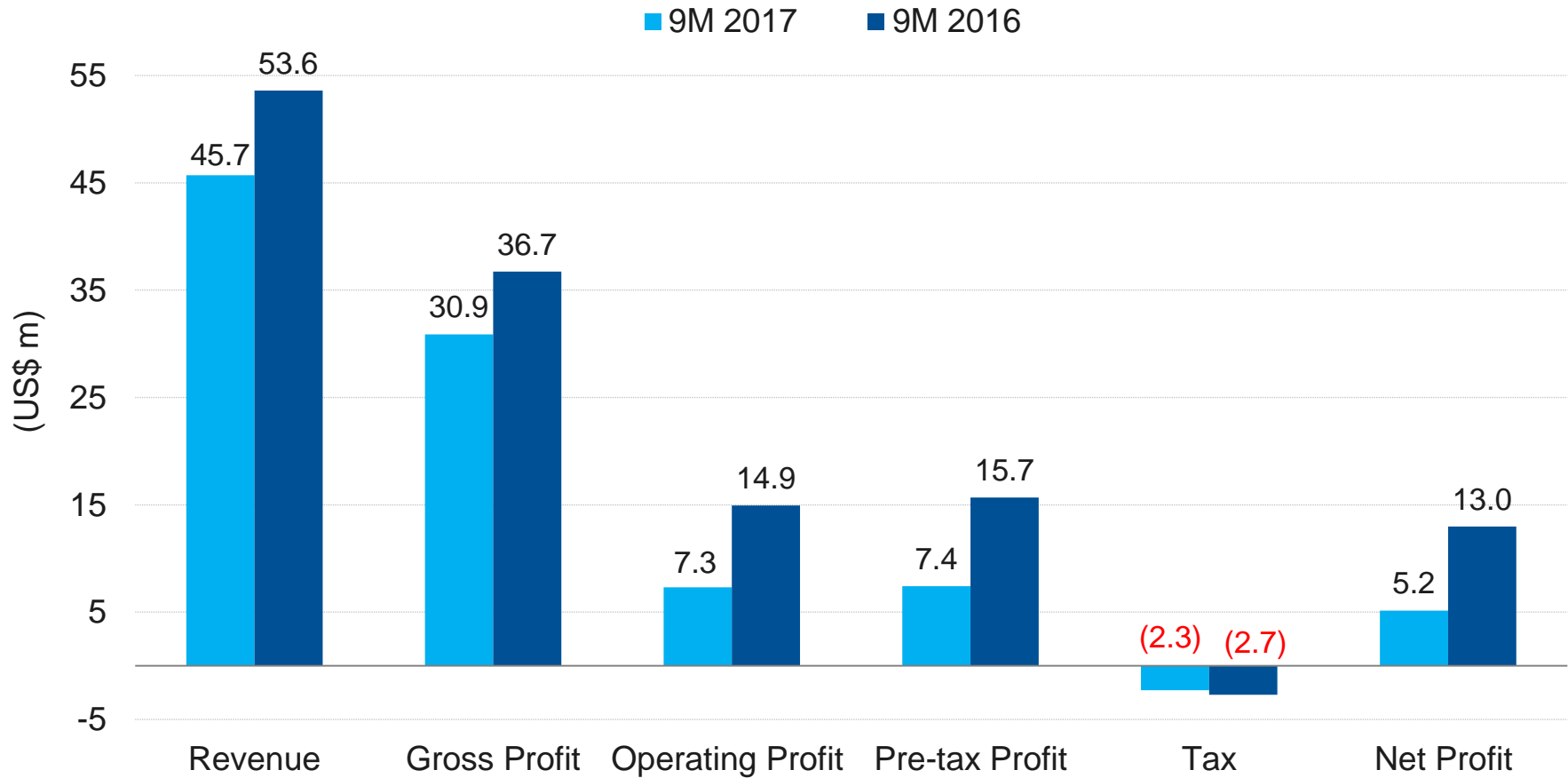
Example - stone with invisible cloud of micron-sized inclusions



Financial Results Update



9M 2017 Sequential Results Summary



% change	(15%)	(16%)	(51%)	(53%)	(16%)	(60%)
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9M and Q3 2017 Results Highlights

- ◆ Group revenue declined 15% to US\$45.7m in 9M 2017 due to lower sales of capital equipment
 - Higher than normal polished diamonds inventories in the mid-stream drove manufacturers to slow production in Q3 2017
 - Sales of capital equipment in Q3 2017 also affected by ongoing illicit competition
- ◆ Recurring revenues remained stable and accounted for over 46% of 9M 2017 revenue; overall polished diamond retail-related revenues represented about 2% of Group revenue
- ◆ Due to lower revenue and increased operating costs, net profit declined to US\$5.2m in 9M 2017
- ◆ The Group recorded revenue of US\$11.3m and a net loss of US\$0.5m in Q3 2017
- ◆ Balance sheet remained solid with short-term bank deposits, cash and cash equivalents totalling to US\$27.8m and no debt



Immediate Prospects

- ◆ Positive macroeconomics should continue to underpin healthy consumer demand
- ◆ Advisor™ 7.0's breakthrough features, especially for light performance optimisation and branded / modified-cut stones interactive planning enhancements, widen gap with illicit competition and incentivise brand loyalty on top of aggressive industry-wide legal steps
- ◆ Backed by accelerating interest for Sarine Profile™ in APAC, as well as from large regional and national chains and high-end independents in the US, the Group expects revenue growth from more and expanding sales programs utilising Sarine Profile™
- ◆ Sarine's breakthrough Clarity and Colour grading technology addresses US\$ 500M annual market of diamond grading reports and significantly strengthens the Group's comprehensive offerings for polished diamonds; Lab operation to commence in Q1 2018



Strong Balance Sheet (debt free)

(US\$ millions)	30 Sep 2017	31 Dec 2016
Non-Current Assets	24.5	24.1
- Property, plant & equipment	15.7	14.1
- Intangible assets	6.7	7.5
Current Assets	56.1	67.7
- Inventories	8.5	9.2
- Trade receivables	16.3	17.0
- Cash & bank deposits	27.8	38.0
Non-current Liabilities	0.2	0.1
Current Liabilities	10.5	12.3
- Trade payables	2.4	3.7
- Other payables	7.4	8.0
Shareholders' Equity	69.9	79.3



Dividend

US cent/share	2017	2016	2015	2014	2013
Interim	2.00	2.00	1.50	2.00	1.50
Special interim	NA	NA	NA	1.00	2.50
Final	-	2.50	1.50	2.00	2.00
Total	-	4.50	3.00	5.00	6.00



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, and continuing its market domination for diamond manufacturing products
- ◆ New diamond planning (Advisor™ 7.0) breakthrough features, enabling light performance optimisation and branded / modified stones enhancements provide key link to wholesale and retail markets, via Sarine Profile™
- ◆ Services integrated and marketed as the Sarine Profile™, complemented by Sarine's new Clarity and Colour grading technologies address the wholesale and retail trade of polished diamonds – a significant new market for the Group.
- ◆ Expanding revenue base into polished diamond market and polished diamond grading reports, an industry segment with US\$ 500 million annual recurring volume and higher margins, opens up the potential for additional significant recurring revenue streams



Competitors

Inclusion Mapping (55% of Sales; 35% of which Recurring)	Diamond Planning & Grading Products (35% of 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 – Maintenance and Spare Parts 5% (Recurring), Quazers 3% and Profile 2% 	

