



PRESS RELEASE

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Sarine Achieves Increased Profitability on Stable Revenue in Q2 and H1 2018

- **Net profit rose 28% and 27% to US\$4.1 million and US\$7.2 million in Q2 and H1 2018 respectively**
- **Sequential quarterly revenue improvement of 8% in Q2 2018 driven by increased capital equipment sales, in particular Galaxy® family systems**
- **The Group delivered 20 Galaxy® family systems to customers, 16 of which in India, in Q2 2018 and expanded total installed base to 377 as of 30 June 2018**
- **Overall recurring revenues represented over 42% of Group revenue in H1 2018, with polished diamond retail-related revenues growing just under 25% year-on-year (33% year-on-year in Q2 2018)**
- **Sarine Profile™ paradigm now in use with retailers in the APAC and U.S. markets at an aggregate of over 1,000 retail locations ("doors")**
- **To accelerate the penetration of Sarine Profile™ in APAC region, the Group is working on the launch of a new service centre in Japan and the release of major upgrade to its infrastructure in China**

Singapore, 12 August 2018 – Singapore Exchange Mainboard-listed Sarine Technologies Ltd ("Sarine" or "the Company", and 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 gemstones, today announced its financial results for the second quarter and half year ended 30 June 2018.

Q2 and H1 2018 Financial Results Review

In Q2 2018, group revenue remained stable on a y-o-y basis at US\$18.0 million. On a sequential quarterly basis, this translated to an increase of 8% over the sales of US\$16.7 million in Q1 2018. This improvement was mainly due to substantially higher diamond manufacturing equipment sales, in particular the Galaxy[®] family systems. During the quarter, the Group delivered 20 Galaxy[®] family systems to customers, comprising 8 of the new Meteorite™ model, 6 of the Meteor™ model, a Solaris™ system, 4 Galaxy[®] systems and a Galaxy[®] Ultra machine. Notably, all of the systems for smaller stones were delivered to customers in India while the Galaxy[®] Ultra and three of the Galaxy[®] systems were delivered in Africa. As of 30 June 2018, Sarine's installed base of Galaxy[®] family systems grew to 377.

In H1 2018, the Group recorded revenue of US\$34.6 million, of which over 42% were recurrent in nature. During this period, Sarine noted significant revenue growth of just under 25% from its polished diamond retail-related business (growth of 33% in Q2 2018 compared to same period y-o-y).

In line with the stable revenue, gross profit remained relatively flat in Q2 and H1 2018 at US\$12.2 million and US\$23.6 million respectively. With prudent management, total operating expenses declined and this led to higher profit from operations in both Q2 and H1 2018. Due to the impact of a change in product mix on the profitability of the Group's subsidiaries, as well as the write-downs of certain deferred and other tax assets in 2017, income tax expenses were lower. As a result, net profit rose 28% to US\$4.1 million in Q2 2018. On a sequential quarterly basis, the improvement was 33% over the net of profit of US\$3.1 million in Q1 2018. For H1 2018, net profit totalled to US\$7.2 million, an increase of 27% over the previous corresponding period.

Prospects

Sales programs utilising Sarine Profile™ continued to expand in the Asia Pacific (APAC) region with new and expanded programs being initiated with existing and new retailers. In order to provide retailers in Japan with easier access to Sarine Profile™ reports, a new



service centre will be launched there to support the Group's further expansion in Japan. The Group is currently finalising preparations for its launch later this month.

Besides Japan, the Group is also intensifying efforts to expand its market presence in mainland China. At the invitation of the Guangzhou Diamond Exchange, the Group opened its ninth Galaxy[®] service centre in Guangzhou in July 2018 to service the rough diamond trade and diamond manufacturers in China. To accelerate its penetration into the Chinese polished diamond retail market, the Group is creating awareness for sales programs utilising Sarine Profile[™] through various Chinese social media platforms, including WeChat, Baidu, Weibo, etc. In addition, the Group will be releasing a major upgrade to its IT infrastructure in Q3 2018 so as to offer customers in China the same levels of accessibility and performance as provided globally.

Following the opening of the first Sarine Technology Lab in Israel in February 2018, the Group opened its second Sarine Technology Lab in Mumbai in May 2018. "With the new lab in Mumbai, we can now provide, on a commercial scale, our AI-enabled 4Cs diamond reports directly to polished diamonds manufacturing in India," commented Sarine's CEO, Mr. David Block. "After K-Uno, a key high-end Japanese retailer, announced the adoption of our new reports in mid-April, other retail customers have also expressed interest and are learning about our automated, consistent and objective AI-based grading paradigm. Several chains in Asia are currently running trial analyses of our grading technologies with an aim to adopt our unique ground-breaking solution," added Mr. Block.

This press release should be read in conjunction with Sarine's Q2 2018 results announcement released on 12 August 2018 to the Singapore Exchange.

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 gemology 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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