

PRESS RELEASE

GOLDIAM's reports 9MFY23 results; margin remains resilient.

- EBITDA Margin improves by 258 bps YOY to 24.4% for 9MFY23, thanks to the Company's integrated play and rising shift towards lab-grown diamonds.
- Declared highest-ever interim dividend, i.e., ₹ 2 per share which equates ₹ 218 Mn distribution.

Mumbai, February 10, 2023: Goldiam International Ltd. (Goldiam), an integrated manufacturer and supplier of fine diamond jewellery to leading retailers and wholesalers in the USA, has announced its results for the three & nine months ended on December 31, 2022.

Company 9MFY23 numbers demonstrated company's inherent strength to protect its profitability. Major developed economies worldwide have been undergoing paradigm inflationary scenario as a result discretionary spending finds a bit backfoot during such inflationary environment. Goldiam on several counts showed resilience. The Company witnessed an order inflow of USD 2mn during Black Friday week via e-commerce platforms, registering a growth of 30% YoY. Of the Total order received, lab-grown jewellery accounted for ~40% of the total value

Company's EBITDA margins for 9MFY23 stood at 24.4% higher by 258bps YoY. For 9MFY23, Company remained focused on profitability by further improving the product mix favouring lab-grown diamonds and paring down inventory in stock. Goldiam records strong sales via US e-commerce platforms on Black Friday Week. Company has been focussing on unit economics on customer end where in it can mitigate inflationary pressure to certain extent.

Dividend Distribution: Company has declared an interim dividend of ₹2 per share in Q3FY23, translating into 100% dividend, equating to ₹ 218 Mn distribution. This dividend would be highest ever interim dividend declared by the company since inception. The company has been consistently distributing its profits among shareholders over the years. Over last 5 years company has declared a total dividend of ₹ 805 mn and done a buy back of ₹ 756 mn in a way of rewarding shareholders.

Financial Highlights (Consolidated) – Q3 & 9M FY23

Particulars (₹ in Mn)	Q3FY23	Q3FY22	YoY%	9MFY23	9MFY22	YoY%
Revenue	1,856	2,240	-17.1%	4,194	5,539	-24.3%
EBITDA	402	570	-29.5%	1,024	1,210	-15.3%
EBITDA margin	21.7%	25.5%	(380) bps	24.4%	21.8%	258bps
PAT	288	396	-27.1%	690	831	-17.0%

- Consolidated **Revenue** during 9MFY23 stood at ₹4,194 mn, which was lower by 24.3% YoY. This was due to the unavoidable impact of high inflationary conditions in the USA. Discretionary and wedding spending is generally impacted due to such inflationary scenarios, as the end customer is affected by higher mortgage rate. However, the Company believes this to be transitional, and demand should return on better macroeconomic conditions. The respective governments of these markets are taking necessary monetary and fiscal policies to rein in inflation rates, and in some markets, the intensity of inflation is beginning to wane. The Company's Lab-grown offerings, sold at a discount to natural diamonds, would be a significant beneficiary in such an inflationary scenario where consumers will gravitate more towards 'value for money' options.
- Consolidated **EBITDA** for 9MFY23 stood at ₹1,024 mn YoY, down to a lesser extent relative to the steeper drop in Revenue. In fact, EBITDA margins witnessed excellent improvement in 9MFY23, by 258 bps YoY to 24.4%. This is the highest-ever margin recorded for 9M by the Company. Our integrated operations and increasingly rapid industry movement towards lab-grown diamonds have helped our margin profile. The Company has also successfully passed on price increases to its clients as of the current date, further improving inventory gains in specific segments.

Lab-Grown Diamond & Jewellery business-enhancing overall margin profile:

Against 15-20% share in FY22, the percentage of Lab-grown has been consolidating to 25% since the beginning of FY23. This share is expected to improve further as the market for Lab-Grown diamonds is projected to grow even faster.

Along with a focus on larger-carat diamonds, the Company has focused on integrating these diamonds into its jewellery distribution, thereby securing captive consumption in a rapidly growing industry segment. This also allows Goldiam to enhance offerings as larger cartage of diamonds plays within the premium to super premium bridal category.

Order Book Status ensures Revenue visibility: As of 9MFY23, Goldiam has an order book size of ₹ 1,500 mn. This order book is expected to be executed in the next four-six months. E-Commerce sales are not part of the order book, given their nature of being booked online (on a spot basis).

Mr. Rashesh Bhansali, Executive Chairman of Goldiam International, commenting on the performance, said, "The Story so far among developed economies in CY 22 has been record inflation. Major central banks worldwide have taken measures to cool down the inflation with rate hikes in interests. This has certainly led to softening in discretionary spending among the consumers. However, so far in CY23, we are witnessing early signs of inflation abetting and our Black Friday sale was an early indication of demand returning. We have been continuously evolving and expanding in Lab grown diamond jewellery segment. Lab grown jewellery market has been consistently rising giving us more impetus to grow. Moreover, Indian Government in its latest budget acknowledged the need for growing lab grown diamond industry provides a shot in the arm for player like us.

Our investment in Lab-grown diamond facilities continues to reap fundamental benefits. Being a wholly integrated player, from growing diamonds to listing online and delivering them, we have gathered a lot of inherent benefits that make us highly margin resilient.

The journey of Lab-grown has been accomplishing new milestones for the Company and provides us with exciting headroom to grow. Awareness among domestic consumers is rising for Lab-grown diamond jewellery, and management is evaluating various omnichannel strategies to make an early breakthrough in the domestic market.

We further expect to increase our capacities over FY23 and FY24. The new capacity will be used for Goldiam's jewellery manufacturing and distribution business, leading to a robust margin profile. We are confident about the Lab-Grown diamonds business going ahead. This has been further cherry-topped with our omnichannel delivery strategy, making our model even more lucrative for our customers."

Goldiam International Limited (NSE: GOLDIAM, BSE: 526729) is a 3-decade-old preferred OEM partner and exporter of exquisitely designed and luxurious diamond jewellery. Functioning as the manufacturer of choice to many of the leading global branded retailers, departmental stores and wholesalers across American markets, the Company is also renowned for utilising responsibly sourced diamonds, leveraging cutting-edge technologies and efficient manufacturing processes for optimal costings and quick delivery lead times. Targeting the mid-to-affordable diamond & bridal jewellery segments, Goldiam has a dedicated sales office in New York, with design teams in both India and the USA.

Forward-Looking Statement:

Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like regulatory changes, local political or economic developments, technological risks, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. Goldiam International Limited will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

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