

Thursday, 16 March 2023

Gem Diamonds Limited Full Year 2022 Results

Gem Diamonds Limited (LSE: GEMD) ("Gem Diamonds", the "Company" or the "Group") announces its Full Year Results for the year ending 31 December 2022 (the "Period").

FINANCIAL RESULTS:

- Revenue of US\$188.9 million (US\$201.9 million in 2021)
- Underlying EBITDA of US\$43.7 million (US\$57.4 million in 2021)
- Profit for the year of US\$20.2 million (US\$27.4 million in 2021)
- Attributable profit of US\$10.2 million (US\$14.8 million in 2021)
- Earnings per share of 7.3 US cents (10.5 US cents in 2021)
- Cash on hand of US\$8.7 million as at 31 December 2022 (US\$7.9 million attributable to Gem Diamonds)

OPERATIONAL RESULTS:

Letšeng

- Carats recovered of 106 704 (115 336 carats in 2021)
- Waste tonnes mined of 10.2 million tonnes (18.7 million tonnes in 2021)
- Ore treated of 5.5 million tonnes (6.2 million tonnes in 2021)
- Average value of US\$1 755 per carat achieved (US\$1 835 in 2021)
- The highest dollar per carat achieved for a white rough diamond during the year was US\$53 834 per carat

Safety performance

Letšeng's safety performance improved in 2022 with the implementation of an organisational safety culture maturity programme yielding positive results. Letšeng recorded zero fatalities and three LTIs during 2022 (2021: six), resulting in an improved LTIFR and AIFR of 0.13 (2021: 0.24) and 0.70 (2021: 0.93), respectively.

Financial performance

The Group delivered a solid financial performance in 2022 despite the volatile global economic environment following Russia's invasion of Ukraine which caused high levels of inflation and interest rates and significantly increased diesel prices. The consumption of diesel was further increased by the grid electricity interruption due to load shedding by Eskom. Several initiatives were implemented to reduce costs, drive efficiencies and effectively managed increased operating costs.

Operational performance

Letšeng operated safely, responsibly and efficiently throughout 2022, achieving its operational objectives notwithstanding a number of challenges experienced during the year. These included regular load shedding by Eskom, supply chain challenges, exceptionally high rainfall, the Lesotho national elections in October 2022 which required a compulsory two day site-wide shutdown and a secondary crusher breakdown. An Energy and Decarbonisation Committee was established in 2022, focused on identifying, assessing and implementing opportunities to improve energy security in light of the unreliable Eskom electricity grid.

TCFD and Climate

The Group adopted the recommendations of the Task Force on Climate-related Financial Disclosures in 2021 and concluded Phase 2 of its three-year TCFD roadmap in 2022. This included the adoption of a decarbonisation strategy and carbon pricing model. The Group has committed to a decarbonisation target of a 30% reduction of its scope 1 and scope 2 carbon emissions by 2030, from a 2021 base.

Commenting on the results today, Clifford Elphick, Chief Executive Officer of Gem Diamonds, said:
"A priority remains the health and safety of our workforce. We are therefore pleased to report that the organisational safety maturity programme that commenced in 2021 is yielding positive results. Letšeng halved its number of LTIs in 2022 compared to 2021 and we had another fatality-free year.

Gem has delivered solid operational and financial results in light of the challenges brought about by Russia's invasion of the Ukraine. This directly impacted our operating costs, in particular diesel prices, and interrupted supply chains. This was exacerbated by the increased Eskom load shedding which caused an increase in the use of diesel-powered generators.

The Group has continued with its climate change journey and we're pleased to announce our commitment to a 30% reduction in scope 1 and 2 carbon emissions by 2030. The unreliable Eskom electricity grid supply has emphasised the need to implement lower carbon and renewable energy sources.

Demand for Letšeng's large, high-value diamonds remains strong. The re-opening of China, the second largest diamond market, is expected to pave the way for a rapid rebound in economic activity, which bodes well for diamond prices in 2023."

The Company will host a live audio webcast presentation of the full year results today, 16 March 2023, at 9:30 GMT. This can be viewed on the Company's website: www.gemdiamonds.com

The page references in this announcement refer to the Annual Report and Accounts 2022, which can be found on the Company's website: www.gemdiamonds.com.

The Gem Diamonds Limited LEI number is 213800RC2PGGMZQG8L67

FOR FURTHER INFORMATION:

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ABOUT GEM DIAMONDS:

Gem Diamonds is a leading global diamond producer of high value diamonds. The Company owns 70% of the Letšeng mine in Lesotho. The Letšeng mine is famous for the production of large, top colour, exceptional white diamonds, making it the highest dollar per carat kimberlite diamond mine in the world.