

Shareholder questions for Sarine AGM 2023:

- 1. With regards to your MOU to take a controlling stake in GCAL,**
 - a. When can we expect a definitive Sales and Purchase agreement?**

We are progressing well with the due diligence process and expect to successfully conclude the deal this quarter.
 - b. We note that GCAL is a distant 3rd behind GIA and AGS in the USA, and virtually unknown to the rest of the world. How does purchasing the stake in GCAL go towards Sarine achieving a double-digit global market share in diamond grading?**

Actually, today, all labs run a distant second to the GIA. It is also worth noting that the GIA has, in essence, swallowed the AGS lab, as announced earlier this year. The only other lab with a meaningful market share is the IGI lab, which is a privately held company so their financials are not public, but most likely has a double digit market share. GCAL, though admittedly small (which, notably reduces its acquisition cost), retains a very high level of respectability in the U.S. GCAL has never ventured out of North America, nor has it sought to dramatically expand in the U.S., in order to preserve its ability to tightly control the high quality of its grading work and its industry-unique guarantee. Due to their operations at numerous geographical sites and their manual grading process, the large grading labs have significant issues in maintaining consistent results, sometimes causing significant grading differences. We believe that by utilising our eGrading™, characterised by its being cloud-based, objective and consistent, we can provide GCAL the means to significantly grow its U.S. and overseas business, and ultimately attain the meaningful market share we seek, without degrading from their strict quality standards.
- 2. With regards to your partnership with HB Antwerp announced in 2021,**
 - a. Did Sarine sell any equipment or Galaxy system to HB Antwerp and earn fees "based on a percentage of the value of the produced polished diamonds" from HB Antwerp in FY2022?**

Yes, we have supplied equipment to HB and did earn fees "based on a percentage of the value of the produced polished diamonds" in FY2022, which we do not specifically disclose.
 - b. HB Antwerp was recently reported to be in the process of signing a 5-year rough diamond supply agreement with Botswana's Okavango Diamond Company. If the agreement is signed, how does it benefit Sarine?**

This agreement, if signed, will benefit Sarine, as it will significantly expand HB's business and should thus add to Sarine's revenues from its partnership with them.
- 3. For a couple of years now, Sarine has indicated that it continues "to generate strong interest in our e-Grading" and that it is "seeing more retail brands adopting our AI-derived grading platform".**
 - a. How many diamond manufacturers are already using Sarine's e-Grading now?**

Though we have not previously disclosed this information, we can note that we currently have over 10 manufacturers using the eGrading™ suite and

intend to increase this number to over 50 by year's end. Our strategy is to expose our partners/customers in the manufacturing midstream segment to the clear benefits of our paradigm (lower direct cost, no meaningful indirect costs, grading time, operational flexibility, etc.) both for use in their own B2B business as well as in the ultimate B2C last mile, and thus recruit them as ambassadors to the retail downstream.

b. Can you direct us to some of the retail brands which have publicly indicated their adoption of e-Grading (such as an announcement or information on their website)

To date, the leading luxury brand that adopted our 4Cs grading and agreed to make their decision public is Boucheron for its Etoile de Paris line of jewellery. They have further announced their intent to expand its utilisation to all their bridal jewellery with main center stones by year-end 2023. We note that Tiffany, before the Covid-19 disruption and their subsequent acquisition by LVMH, did commence assessing our AI grading technology for adaptation to their specific (strict) grading criteria, a process, which we hope may be revisited now that the past disruptions are behind us. Rocca, QVC and others who have not yet been made public have adopted our AI grading. Other mainstream and high end brands are in various stages of checking our unique grading abilities, some already in actual pilot processes.

4. On 28 Feb 2023, DBS Group Research published a report on Sarine entitled "Losing shine as demand softens" and downgraded the stock with a price target of S\$0.33 (about 12xPE of their forecasted FY23 net profit US\$7m). It cited "softer diamond demand owing to inflationary and recessionary jitters" and "India's cut and polished exports could be negatively impacted by weaker end demand" as key reasons. Do you agree with the report?

There is no question that the inflationary and recessionary headwinds noted in the DBS report are realistic. To what extent consumer demand will soften is a question no one can accurately project. It should be noted that though seemingly a discretionary expenditure, due to the tight cultural link between diamond jewellery sales and marital events (engagements, marriages, anniversaries, births, etc.), it is less impacted by economic downturns than would be expected, unless the events are perceived as potentially catastrophic, as in the 2008 meltdown or the advent of the Covid-19 virus in 2020 (case in point – as soon as vaccinations were available, consumer spending on jewellery in the U.S. bounced back in 2021 with a vengeance). Furthermore, it is expected that with the cancelling of China's "Zero Covid" policy, retail availability and consumer spending there will rebound (as it did in the U.S., as noted), and this may very well offset whatever softening is ultimately experienced in North America. Beyond these points, we do not, as a rule, comment on analysts' reports.

5. In view that Chairman and the 2 non-executive directors are well into your seventies, and having successfully steered and grown the company over 35 years, what are your succession plans?

We have considered this issue and have made some initial feelers as to the succession of the Chairman, specifically, being the more cardinal of the non-independent directors.