

# *SARINE* ANNUAL REPORT 2024



TRACEABILITY

DIAMOND DATA

AI TECHNOLOGY

DIAMOND GRADING CERTIFICATES

GRADING SERVICES

DIAMOND PLANNING SERVICES

MVP

LIGHT PERFORMANCE

THE DIAMOND INDUSTRY, REIMAGINED™

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# CAUTIONARY STATEMENT

This Annual Report may contain "forward-looking statements" – that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance and typically contain words such as "anticipate", "believe", "expect", "foresee", "hope", "intend", "may", "might", "plan", "seek", "target", "will" or "would". Forward-looking statements by their nature address matters that are, to different degrees, uncertain, such as expected revenues, margins, expenses and profits; cash flows, return on capital, capital expenditures, capital allocation or capital structure and dividends. Actual results may differ materially. Particular uncertainties that could cause our actual results to be materially different than those expressed in our forward-looking statements include: changes in law, regulations and regulatory requirements; global economic and financial conditions, including interest and exchange rate volatility, commodity and equity prices and the value of financial assets; diamond industry conditions including rough and polished diamond prices and conditions in the financial and credit markets for the industry in which we operate; the impact of potential information technology or data security breaches and our exposure to counterparties; the impact of investigative and legal proceedings and legal compliance risks; the adequacy of our cash flows and earnings and other conditions which may affect our ability to pay dividends at the planned level or to repurchase shares at planned levels; our capital allocation plans, as such plans may change including with respect to the timing and size of share repurchases, acquisitions, joint ventures, dispositions and other strategic actions; our success in integrating acquired businesses and operating joint ventures; our ability to realise anticipated earnings and savings from announced transactions, acquired businesses and joint ventures; global pandemics, and other factors that are described in "Risk Factors" in this Annual Report for the year ended December 31, 2024. These or other uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements in accordance with actual developments.



## CORPORATE PROFILE

**FOR OVER 35 YEARS, SARINE HAS BEEN AT THE FOREFRONT OF DIAMOND INDUSTRY INNOVATION – DEVISING ADVANCED SOLUTIONS USED ACROSS THE ENTIRE DIAMOND VALUE CHAIN, FROM MINE TO RETAIL, REDEFINING DIAMOND OPTIMISATION, SUSTAINABILITY AND TRADE AND RESHAPING THE INDUSTRY’S FUTURE.**

Sarine Technologies Ltd. (“Sarine” and the “Company”, and with its global subsidiaries, the “Group”), established in 1988, is a global leader in developing advanced technologies for the modeling, analysis, evaluation, planning, processing, grading and tracking of diamonds. Sarine has been listed on the Main Board of Singapore Stock Exchange since April 8, 2005, and on the Tel-Aviv Stock Exchange since July 5, 2021.

With an operational presence in key diamond centres worldwide, Sarine draws on decades of R&D expertise and the development of cutting-edge patented technologies, comprising both hardware and software – robotics, optics, electronics and mechanical systems driven by unique software based on algorithmic innovations, artificial intelligence (AI), big data, cloud computing and GPU-based methodologies. We have repeatedly delivered revolutionary inventions for natural and lab-grown diamonds alike, redefining yields and sustainability, streamlining manufacturing, enhancing transparency, and boosting consumer confidence.

Over the past decade, Sarine’s business has pivoted to deriving mostly recurring revenues from its proprietary AI-based cloud-implemented software and services, centred on data derived from its cutting-edge solutions. By providing advanced software-centric technologies, Sarine has enabled the industry to optimise resources, streamline rough stone polishing and redefine consumer transparency. Miners have been provided with tools that can optimise production value and guarantee sourcing traceability. Manufacturers today benefit from cutting-edge AI-driven automation and planning tools that enhance yield, minimise waste and boost overall efficiency. For retailers and consumers Sarine’s solutions enhance transparency, enable consistent grading standards and empower engaging retail experiences that foster consumer loyalty. By promoting trustworthy sustainable practices Sarine fosters a more responsible, forward-thinking industry.

Sarine remains dedicated to adapting and refining its solutions to meet evolving market demands and integrating new technologies that promote efficiency, sustainability and trust. Backed by strategic partnerships across the value chain, the Group is poised to shape the future of diamond-related innovations for decades to come.

## BENEFITS ACROSS THE VALUE CHAIN

### MINERS

- Redefined rough stone evaluation with higher return from each mined rough carat.
- Automated verifiable data-driven source registration.

### POLISHERS

- Revolutionised rough stone yield.
- Automated processes streamlining efficiency, consistency, sustainability and transparency.

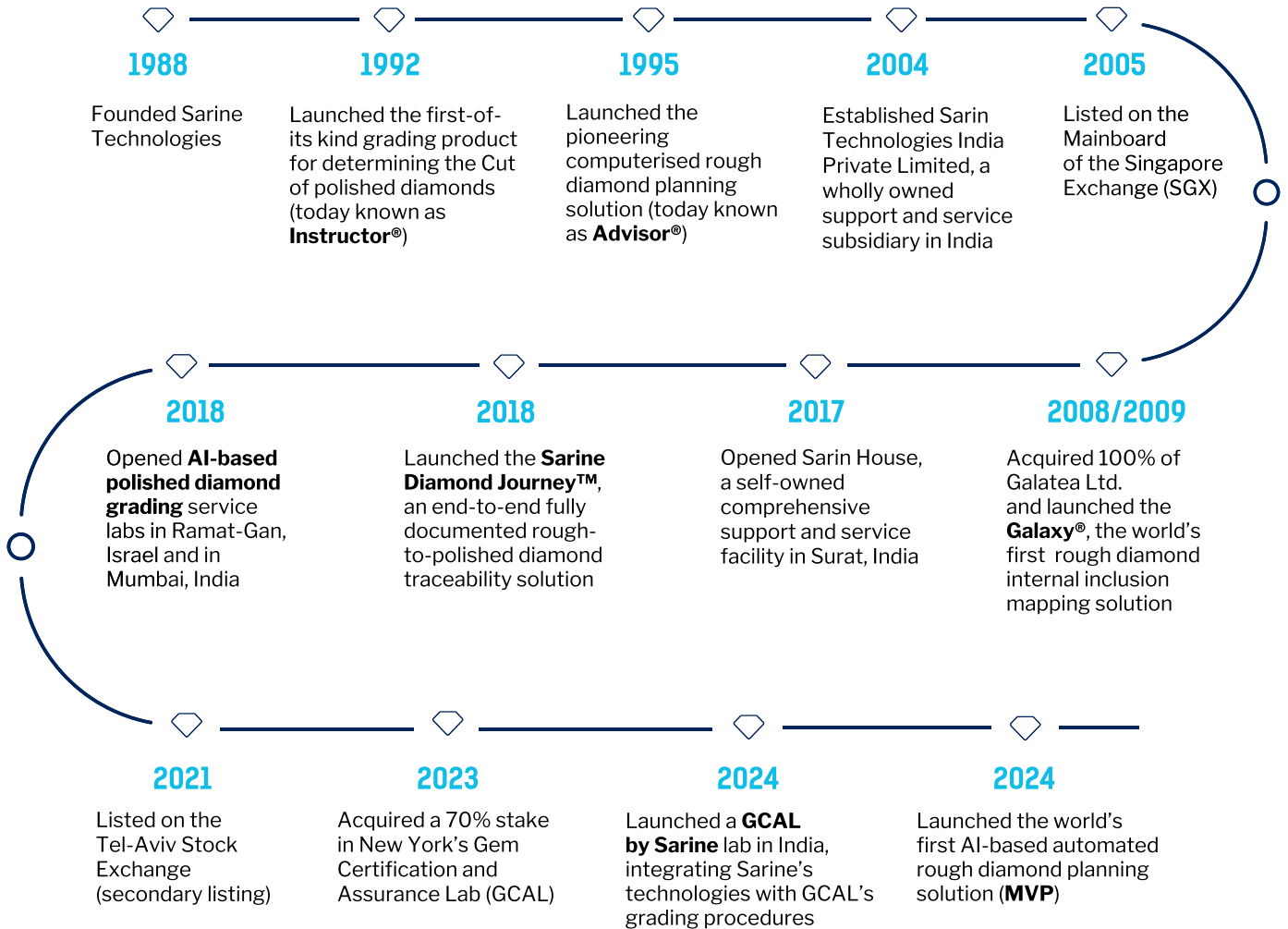
### RETAILERS

- Sustainable and transparent sourcing.
- Consistent objective grading.
- Engaging customer-centric retail tools on digital media.

### CONSUMERS

- Objective consistent transparent valuation of proposed purchase.
- Ethically minded sustainable purchase – fewer resources used, less environmental impact.

# OUR MAJOR MILESTONES

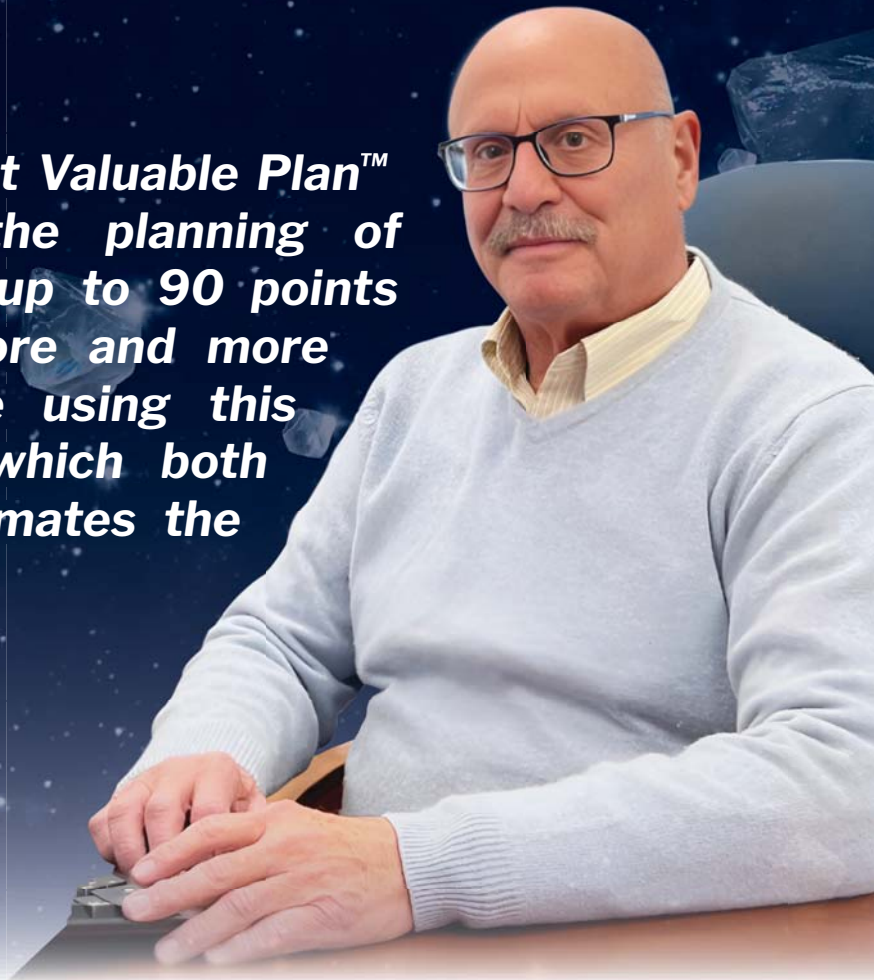


THE DIAMOND INDUSTRY, REIMAGINED™



# CHAIRMAN'S STATEMENT

**"The adoption of our Most Valuable Plan™ (MVP) for optimising the planning of natural rough diamonds up to 90 points has progressed well. More and more midstream polishers are using this revolutionary initiative, which both increases yield and automates the process."**



## Dear Fellow Shareholders,

During 2024, the economic situation in China, typically the second largest market for diamond jewellery after the U.S., continued to weigh on consumer demand in general, and on diamond jewellery sales in particular. Additionally, the disruption to the natural diamond segment stemming from the expansion of the Lab Grown Diamonds (LGD) market continued into 2024. These dampeners drove rough natural diamond production down significantly, with prices declining both for rough and polished natural diamonds. LGD prices also eroded significantly in 2024, particularly at the B2B level, but also at the B2C level. On the positive side, this has helped to further differentiate between the two products. However, it has also intensified competition for potential customers' spending, indirectly adding pressure on natural diamond prices. Currently, the retail diamond trade is seemingly at a significant crossroads, where retailers need to carefully strategise their focus – whether on higher-priced natural diamonds, with the inherent issue of consumers having to entertain higher price points, or on lower-priced LGD, which, with further price erosion, may not prove viable for their business in the longer term.

Notwithstanding the above, Sarine's new strategic initiatives gained traction throughout the year:

- The adoption of our Most Valuable Plan™ (MVP) for optimising the planning of natural rough diamonds up to 90 points has progressed well. More and more midstream polishers are using this revolutionary initiative, which both increases yield and automates the process. For smaller

rough diamonds the issue of automation can be as important, or even more important, than the increase in yield our best-ever algorithms provide. We are already doing preliminary testing of MVP's application to larger natural rough stones, with initial results positive. We expect further expansion of MVP's adoption by small stone polishers in 2025, as well as the initial roll-out, most likely later in the second half of the year of the technology for stones over 2 carats. The overall industry economics will, of course, impact the rate of adoption expansion.

- The adaptation of our rough planning technologies to LGD has also proven to be technologically sound and has, indeed, created a new revenue stream. However, the rapid decline in LGD rough prices to less than US\$ 100 per carat has made the pricing of this service more challenging, despite the efficiencies generated, and the adoption has been less broad-based than had initially been expected.
- The opening of the GCAL by Sarine lab in India has enabled us to offer LGD grading at more competitive pricing. Given the aforementioned dynamics of the LGD segment, this is of the utmost importance. In fact, as a result of the lab's opening, not only have we acquired new customers and are in the process of acquiring additional ones, but we are strengthening our relationships with our existing customers. With the maturing of our Color and Clarity grading technologies for the LGD market, we will be able to be even more aggressive in our marketing efforts. We expect 2025 to see additional growth in our grading business.



# CHAIRMAN'S STATEMENT

- Finally, traceability did not generate substantial revenues in 2024, as the issue of source verification vis-à-vis Russian sanctions was, in effect, put on hold. Both the U.S. and the E.U. continue to advance regulations requiring disclosure of a diamond's country of origin, though the dates of implementation remain unclear (in the U.S. from an initially mandated April 1, 2025 now seemingly later in 2025; in the E.U. on January 1, 2026). We believe our recently signed and announced collaboration with DeBeers' Tracr™ platform a distinctively scalable cost-effective means to meet any newly mandated disclosures regarding diamond origin and provenance.

Through aggressive business streamlining and cost cutting measures, we have enhanced our financial performance, as reflected in our financials. We have recorded a net profit of US\$ 1.1 million in FY2024, reversing the loss of US\$ 2.8 million in FY2023. We have also reduced our receivables and inventories to free up more cash in our debt free balance sheet. In line with our streamlining efforts, the Group will migrate its manufacturing activities to India in 2025. This step will take avail of both the lower costs associated with the manpower employed in India and the existence of a qualified team of support personnel, who can relatively easily be trained to perform the necessary assembly steps entailed in the production processes. Our new strategic initiatives, coupled with our operational streamlining, have positioned the Group stronger to benefit quickly from any improvement in the natural diamond industry.

In accordance with our strategy of recent years, the Group's business continues to pivot to deriving mostly recurring revenues from its proprietary services, including the Gal3D inclusion mapping software (which processes the Galaxy® platforms' output), the Advisor® rough diamond planning and MVP cloud-based solutions, as well as other pay-per-use services, such as the LGD planning solution. Our LGD-related recurring revenue alone has exceeded 15% of overall revenue in FY2024. Along with our Group's grading and traceability reports, all our recurring revenue initiatives now constitute

about 77% of the Group's revenues whereas 15 years ago, close to 97% of group revenue was derived from the sale of capital equipment, with only annual maintenance service agreements generating recurring revenue.

I am also excited by our signing of a non-binding LOI Term Sheet to purchase, subject to the usual due diligence reviews and to reaching and executing a definitive agreement, a majority share in Kitov.AI against an all-cash consideration. Kitov.AI has developed a very sophisticated inline quality assurance and control (QA/QC) system with the unique advantage of applying AI to the process of defining the inspection process. This cuts the implementation time significantly. Moreover, the system's AI is designed to assist in recognising a design flaw in the inspected part, by collating repetitive flaws. In addition to being a company engaged in technologies similar to those employed by Sarine (optical inspection, AI, software, etc.), thus "speaking" the same language, Kitov.AI provides the Group with the means to diversify into new fields separate from the diamond industry. Kitov.AI's parent company, RTC executed the image processing development work on Sarine's Galaxy system and participated in the development of our Clarity grading system.

On behalf of the Board of Directors, I would like to again thank our management and employees for their ongoing commitment to the Group. We would also like to thank our loyal customers and business partners. Lastly, I thank our loyal shareholders for their continued trust in Sarine and its management.

Respectfully Yours,



**Daniel Benjamin Glinert**  
Executive Chairman of the Board





# BOARD OF DIRECTORS



## **DANIEL BENJAMIN GLINERT**

### **Executive Director and Chairman of the Board**

Daniel Benjamin Glinert has been an Executive Director and the Chairman of the Board of the Group since 1999 and is a member of the Nomination Committee. He is also a Director in the Group's subsidiaries Galatea, Sarine Color Technologies, Sarine Polishing Technologies, Sarin India, Sarin Hong Kong, Sarine Holdings USA, Sarine North America, GCAL USA LLC, Sarine IGT 10H, Sarine IGT 10I and Sarine IGT 10JKL. Mr. Glinert holds a Bachelor's degree in Computer Sciences (cum laude) from the Technion - Israel Institute of Technology. He has over 50 years experience in various high-technology industries (military, semiconductor, medical and industrial applications) in research, development and management positions in Israel and the USA. Mr. Glinert founded Interhightech Ltd. (originally named TICI Software Systems, Ltd.), a founding shareholder of the Sarine Group, in 1982 and was its CEO and then Chairman since its inception till its sale in 2000. Prior to that, from 1977 through 1982 Mr. Glinert worked for E-Systems Inc. (now a division of Raytheon) in the U.S. on a development programme for the Israel Air Force, which was awarded the prestigious Israel Defence Award. From 1972 to 1977 Mr. Glinert served in the Israel Air Force and attained the rank of Major.



## **AVRAHAM ESHEDE**

### **Non-Executive Director**

Avraham Eshed is a Non-Executive Director of the Group, having been appointed to the Board in April 2006. Between 2010 and 2014 Mr. Eshed was an Executive Director of the Group. Mr. Eshed has over 50 years of experience in the diamond and gemstone industries. He is the founder of Gemstar Ltd. and Eshed Diam Ltd., and serves as the President of both companies. Mr. Eshed is also a founding member of the International Colored Gemstone Association (ICA), where he served as a Director. He was President of the Israel Emerald Cutters Association and the Vice President of the Israel Diamond Manufacturers Association (IsDMA) as well as a member of its Executive Committee. Mr. Eshed has been recognised as an outstanding exporter by the State of Israel and was presented with awards by President Ephraim Katzir in 1977 and again in 1989 by President Chaim Herzog. In 2011 he was recognised and cited as an outstanding exporter to Asia. In 2019 he was recognised as an Israel Diamond Industry Dignitary by the Israel Diamond Manufacturers Association for his life-long contribution to the industry. In 2022, Mr. Eshed became the owner of the largest uncut single crystal emerald, recognised by the Guinness Book of World Records – this unique high quality rough stone weighs an astounding 7,525cts.



## **UZI LEVAMI**

### **Non-Executive Director**

Uzi Levami is a Non-Executive Director of the Group, as of January 2018, and is a member of the Remuneration Committee. Prior to that he had been an Executive Director since December 2008 and was CEO of the Group from February 2009 through April 2017. He is also a Director in the Group's subsidiary Sarin Hong Kong. Mr. Levami completed his studies towards a Master's degree in Computer Sciences from the Weizmann Institute of Science and holds a Bachelor's degree in Electrical Engineering (cum laude) from the Technion - Israel Institute of Technology. He is one of the original founders of Sarine and has a long history of founding high-tech companies - Compulite Ltd., Shalev Computer Systems Ltd. and EquipNet Ltd., a start-up spin-off of Interhightech (1982) Ltd. Prior to serving as CEO of the Group, Mr. Levami held the position of Director of Business Development at MKS Instruments Inc., a publicly-traded US company supplying in excess of \$700M of capital equipment to the semiconductor industry, after the company he founded, EquipNet Ltd., was acquired by MKS. In 1992, while at Shalev Computer Systems, Mr. Levami was personally awarded the prestigious Israel Defence Award by then President Chaim Herzog for his endeavours on a development project for the Israel Defence Forces. From 1973 to 1980 Mr. Levami served in the Israel Army Intelligence Corps and attained the rank of Major.



# BOARD OF DIRECTORS



**VARDA SHINE**  
Lead Independent Director

Ms. Varda Shine is an Independent Director of the Group, having been appointed to the Board in April 2017. Ms. Shine also serves as the Lead Independent Director and is the Chairperson of the Remuneration Committee and a member of the Audit and Nomination Committees. Ms. Shine has had a career spanning over 30 years in the diamond industry at De Beers, culminating with her serving from 2006 through 2014 as the CEO of De Beers' Diamond Trading Company, De Beers trading arm, responsible for the sale of the majority of its rough diamonds (US\$ 5-6 billion annually) through the sightholder paradigm. During her tenure at DeBeers, she attended courses in Advanced Management at Templeton, Oxford, and Marketing Channels at Insead. Ms. Shine currently serves as a Senior Independent Director and the Remuneration Committee chairperson on the board of Ecora-Resources PLC. She is also an executive mentor at Merryck & Co., working with C-suite executives of listed companies (and holds a Master of Science in Executive Coaching by Hult Business School). In addition, Ms. Shine is a Trustee of the Teenage Cancer Trust (UK).



**NETA ZRUYA HASHAI**  
Independent Director

Ms. Hashai was elected to our Board of Directors as an Independent Director in April 2023. She was appointed Chairperson of the Audit Committee and Member of the Remuneration Committee upon her initial election to the Board in June 2020. Prior to joining our Board, Ms. Hashai served, commencing 2000, as an Audit Partner at Price Waterhouse Coopers (PWC) Israel and audited firms publicly traded on the U.S. and Israeli exchanges, as well as Israeli subsidiaries of international companies and domestic private firms from many varied sectors, including bio-technology and life sciences, industrial manufacturing, retail, finance and holding companies. Ms. Hashai has performed these audits in accordance with IFRS, US GAAP and US / Israel SOX standards. Ms. Hashai has also worked on IPOs of equity and debt issuances. From 2012 through 2018, Ms. Hashai also served as the CEO of PWC Israel's Trust Company. From 2021 through 2022 Ms. Hashai served as the Chief Financial Officer of Raphael Hospitals Ltd., a new private hospital organisation in Israel specialising in surgical procedures in various disciplines. As of January 2023, Ms. Hashai has been appointed the CEO of ESOP Management and Trust Services Ltd., a subsidiary of the Israeli Phoenix Investment House, wholly owned by the Phoenix Group. Ms. Hashai holds a BA in Accounting and Communications and an MBA in Finance Management, both from Tel Aviv University, and is a Certified Public Accountant (Israel).



**LIM YONG SHENG**  
Independent Director

Mr. Lim was elected to our Board of Directors as an Independent Director in April 2023. He was appointed a Member of the Audit and Nominating Committees upon his initial election to the Board in June 2020. Mr. Lim is Group Chief Executive Officer and an Executive Director of SK Jewellery Group Ltd., a leading Singaporean retail jewellery chain with over 70 branches across Singapore and Malaysia. Mr. Lim Yong Sheng is one of the group's founders, and has been the group's CEO since 2015. Since the group's establishment, Mr. Lim has been a critical contributor to the group's growth and continued success. As group CEO, he is responsible for the overall strategic planning, management, and business development of the group, monitoring the development and performance of the group's operations, driving the operational efficiency of the group's work processes, and identifying new opportunities for the group's expansion. In particular, the group's brand management and marketing strategy are spearheaded by Mr. Lim. Mr. Lim is also a non-executive director of the MoneyMax Financial Group, which is listed on the Catalist Board of the Singapore Exchange. Mr. Lim holds a Bachelor of Science in Electrical Engineering from the National University of Singapore.



**SIN BOON ANN**  
Independent Director

Mr. Sin was elected to our Board of Directors as an Independent Director in April 2023. He was appointed Chairperson of the Nominating Committee and Member of the Audit and Remuneration Committees upon his initial election to the Board in June 2020. Mr. Sin has had a legal career in Singapore spanning over 30 years. From 1992 through 2018 he was with Drew & Napier, one of Singapore's leading legal firms, becoming a partner in 1994. Prior to his retirement in 2018, he was the Deputy Managing Director of the Corporate & Finance Department and the Co-head of the Capital Markets Practice in Drew & Napier LLC. He has been prolific in handling corporate finance transactions, particularly in the area of initial public offerings in Singapore. He has also acted as counsel to listed companies on secondary equity offerings and debt offerings and has advised companies on regulatory compliance. He also specialised in mergers and acquisitions. Mr. Sin is recognised in industry publications as an industry leader and for his expertise in capital markets. Between 1996 and 2011 Mr. Sin was a member of the Singapore Parliament representing the Tampines GRC. Principle 4 of the Corporate Governance Sections lists all of Mr. Sin's other directorships. Mr. Sin holds a Bachelor of Arts and a Bachelor of Law (Cum Laude) both from the National University in Singapore, and a Masters of Law from the University of London. He is admitted to practice law in Singapore.

# KEY MANAGEMENT



**DAVID BLOCK** is the Group's CEO. He is a Director in the Group's subsidiaries, Galatea, Sarin India, Sarine Color Technologies, Sarine Polishing Technologies, Sarine Hong Kong, Sarine Holdings USA, Sarine North America, GCAL USA LLC, Sarine IGT 10H, Sarine IGT 10I and Sarine IGT 10JKL. Prior to his appointment as CEO in 2017, he was Deputy CEO and Chief Operating Officer (COO) as of 2012, with responsibility for worldwide operations, worldwide sales, including the network of distributors / resellers, and customer care. Prior to that appointment, from June 2009, Mr. Block was Deputy CEO and VP of Sales responsible for overseeing the Group's worldwide sales, including its network of distributors / resellers and subsidiaries. Beginning January 2006, for a period of three years, Mr. Block was the CEO of Sarin India in charge of the overall management of the operations and business in India, responsible for over 70% of the Group's revenues and the supervision of over 200 employees. Before being assigned to Sarin India, Mr. Block was a Product Manager responsible for all the products aimed at the diamond manufacturing market, commencing 2001. Prior to joining the Group, Mr. Block worked at several major Israeli high technology companies in the management of large-scale development projects, computer programming, quality assurance and technical writing positions. Mr. Block holds a Master of Business Administration (MBA) from the Kellogg-Recanati School of Business, a joint degree from Northwestern University in the USA and Tel Aviv University in Israel, and a Bachelor's degree in Computer Science from the Tel Aviv-Jaffa Academic College in Israel.



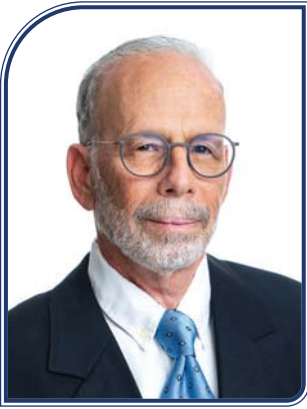
**RON BEN-ARI** is the Group's Deputy CEO (as of 2018) and Vice President of Product Management, responsible for all of the Group's products' definition, marketing and timely development since 2016. From 2013 through 2016 he was first the Director, and then Vice President, of Diamond Manufacturing Activities for the diamond industry midstream, including the Galaxy® family of inclusion scanning solutions, rough diamond planning products, laser sawing and shaping systems, polishing quality aids and polished diamond Cut finishing and grading solutions. From 2005 to 2013 Mr. Ben-Ari acted as the Product Manager of the rough diamond planning group of products (the DiaExpert® and Advisor® product lines). He managed the Galaxy® family of products during their first two years and spearheaded their launch, initial marketing drive and acceptance, ongoing development, etc. Prior to that, since joining Sarine in 2003, Ron Ben-Ari managed the Quality Assurance team in Sarine, responsible for testing all of Sarine's products. Mr. Ben-Ari holds an MBA from the Kellogg-Recanati School of Business, a joint degree from Northwestern University in the USA and Tel Aviv University, and a Bachelor's degree in Computer Science from the IDC College in Israel.



**YOUVAL ZOHAR** joined Sarine as the Group's Chief Financial Officer (CFO) in July 2023. He is also a Director in the Group's subsidiaries, Galatea, Sarin India, Sarine Color Technologies, Sarine Polishing Technologies, Sarine Holdings USA, Sarine North America, GCAL USA LLC, Sarine IGT 10H, Sarine IGT 10I and Sarine IGT 10JKL. He has over 25 years of experience as a CFO, working with companies in Israel and the United Kingdom. From 2020 until 2023 Mr. Zohar served as the Chief Executive Officer (CEO) of Ship2U Ltd. an e-commerce freight forwarding company serving renowned worldwide brands. During this period Mr. Zohar also led a private equity investment in Ship2U's parent company, the Mentfield Group - Israel's third largest freight forwarding entity. From 2016 through 2020, he served as the CFO of Levanon & Kogan Ltd. Israel's leading advanced purchasing and supply chain solutions provider. Following Levanon & Kogan's acquisition by the Fritz group, Mr. Zohar took responsibility of the entire group's financials and led a private equity exit. From 2014 through 2016, Youval served as the CFO of the LR Group, a worldwide large-scale infrastructure projects company in developing countries. From 2007 through 2014, he served as the CFO of the Fritz Group, mentioned above. Prior to that Mr. Zohar served as Deputy CFO for Agrexco, an international agricultural export company. During his tenure at Agrexco he served as Agrexco UK's CFO, relocating to London for 7 years. Mr. Zohar is a Chartered Public Accountant (CPA Isr.) and holds a Bachelor's degree in accounting and economics from the Hebrew University of Jerusalem.



## KEY MANAGEMENT



**ABRAHAM MEIR KERNER** is the Group's Chief Technology Officer (CTO) since 2004. Prior to August 2021, from 2009 through 2021, Mr. Kerner was also the Vice President of Research and Development. He is primarily responsible for developing our technological base, as well as overseeing the development of new solutions. Prior to 2004, Mr. Kerner was our R&D manager for nearly a decade, having joined the Group in 1995. Prior to joining the Group Mr. Kerner worked for companies related to the Group, where he accumulated 15 years of engineering experience and was involved for ten of those years in the development of precision motion control systems and accurate measuring machines for diamonds. Avi has been the inventor behind many of Sarine's patented innovations through the years, including the rough diamond concave mapping and laser marking technologies, key to our automated diamond planning, which essentially revolutionised diamond production. Between 1989 and 1995 Mr. Kerner worked for Shalev (founded by Mr. Levami, the Group's non-executive director) and then Interhightech (founded by Mr. Glinert, the Group's current Chairman, into which Shalev was merged in 1993) and developed the original DiaMension® the first-ever high-accuracy polished diamond measuring system, which enabled automated Cut grading adopted by most major diamond gemmological institutes, and the first-ever automated computerised centering system for the bruting of rough diamonds. From 1986 through 1989 while at Shalev, Mr. Kerner participated in the Group's original development project – the Robogem™, an automated system for planning and shaping non-diamond gemstones. Before that, from 1980 through 1986 Mr. Kerner worked for another of Mr. Levami's start-ups – Compulite. Mr. Kerner holds a Bachelor's degree in Electrical Engineering from the Technion - Israel Institute of Technology.



**ZEEV COPEL** joined Sarine in 2021 as Vice President, Research & Development (R&D). He leads the development of cutting-edge technologies and AI-driven solutions, positioning Sarine at the forefront of innovation in the diamond industry. Zeev is deeply focused on integrating advanced methodologies, enhancing R&D efficiencies, and fostering top-tier talent to drive continuous improvement and technological breakthroughs. With strong ties to the global market and extensive expertise in AI and advanced imaging systems, Zeev brings a forward-looking perspective to Sarine's growth. Prior to joining Sarine, he spent over a decade at Philips Medical (Nasdaq:PHG), where he advanced from a software domain expert to Global R&D Director for advanced imaging products. In this role, he successfully led large, multinational R&D teams in India and Israel, delivering next-generation technologies. From 2005 through 2008 Zeev was a Senior Software Engineer in the Missile Division of Rafael Advanced Defense Systems, where he contributed to the initiation of the Iron Dome project. Earlier, from 2003 to 2005, he gained experience at Marvell Semiconductors (Nasdaq:MRVL), focusing on networking and storage technologies as part of his engineering studies. Zeev holds an MBA from Haifa University, a Bachelor's degree in Software Engineering from Ort Braude Karmiel, and a degree in Electronics Practical Engineering from the Technion in Haifa.



**TZAFIR YEHUDA ENGELHARD** has been the Group's Vice President of Business Development since 2017, responsible for development of new business lines and strategic cooperation with other parties. Tzafir earlier served as the Group's Vice President of Business Development Polished Diamonds Trade from 2013 through 2016, and the Director of Business Development since 2010. During 2009 (cut short for personal reasons), Mr. Engelhard was the CEO of Sarin India in charge of the overall management of the operations and business in India, and, specifically, the launch of Sarine's first Galaxy® inclusion mapping service centre there. Prior to that, Mr. Engelhard served as a Product Manager, responsible for several of the Group's products. Prior to joining Sarine, from 2007 to 2008, Mr. Engelhard worked at eTouchware, a software company that provides solutions for secure and efficient file transfers over the Internet, and, from 2004 to 2007, at Cognitens Ltd. (later purchased by Hexagon Metrology Inc.), a company that developed and sold high precision non-contact measurement devices to the worldwide automotive market. Mr. Engelhard holds an MBA from the Hebrew University of Jerusalem, with specialisation in marketing strategy, and a Bachelor's degree in Optomechanics Engineering from the Technion – Israel Institute of Technology.



**EFI GOREN** joined Sarine in 2021 as Vice President, Global Operations and is responsible for Sarine's operational aspects, including procurement, production, information technology (IT) and customer care. Efi's focus is on enhancing Sarine's global operations to support global roll-out of new product and service solutions, including software-as-a-service (SaaS), driven by a holistic customer-centric culture. Prior to joining Sarine, Mr. Goren worked for Philips Medical (Nasdaq:PHG) from 2018 starting as a New Product Introduction (NPI) & Services Director and then as an Operations & Services Manager of a BIU (Business Unit) that sold the company's advanced imaging products in India, Holland, the United States and Israel. From 2010 through 2018, Efi worked for Hewlett Packard (Nasdaq: HPQ) starting as a Regulation Manager ensuring that HP's large format digital printing products meet international regulations such as CE, UL, EMC and overall environmental compliance. In 2014 he led the customer support team in building the support plan, tooling and infrastructure for new machines while continuing to support current products and customer care for the entire installed base. Mr. Goren holds a BSc degree in Electrical Engineering from Ben Gurion University.

# KEY MANAGEMENT



**WILLIAM WEISEL** is the Group's General Counsel, having joined the Company in mid-2016. In his role, Mr. Weisel is responsible for the Group's legal matters, with an emphasis on its core business transactions, new business development, intellectual property protection and employment issues. Prior to his employment by Sarine, Mr. Weisel served in Israel from 2007 to 2014 as VP & General Counsel of Lumenis Ltd. (Nasdaq: LMNS), a global medical device manufacturing company, from 2001 to 2004 as VP & General Counsel of Gilat Satellite Networks Ltd. (Nasdaq: GILT), a global satellite telecommunications company, from 1999 to 2001 as General Counsel of ADC Teledata Israel Ltd., a telecommunications hardware manufacturer and from 1992 to 1999 as General Counsel of Scitex Corporation Ltd. (Nasdaq: SCIX), an innovator and manufacturer of digital printing graphics equipment. From 1982 to 1986 William practiced law as a litigator in Los Angeles, California at the firm of Jeffer, Mangels, Butler & Marmaro. In addition, from 2013 to 2023 Mr. Weisel was a lecturer at the Haifa University Graduate School of Management and taught a course called "Business & Law Convergence" to MBA students. Mr. Weisel is the author of an article entitled "Deal Breaker to Deal Maker" published in 2015 by The Legal 500 in its publication, GC-General Counsel Magazine. Mr. Weisel holds a Bachelor of Arts degree in political science from the University of California, Los Angeles (UCLA) and a Juris Doctor (JD) degree from Loyola University School of Law in Los Angeles. Mr. Weisel is admitted to practice law in California and Israel.



**ADI FRIED** joined Sarine as the Human Resources Manager in July 2019. She oversees all HR activities in Israel while providing professional and strategic guidance to Sarine's global operations. Her responsibilities include formulating and implementing HR policies, leading organisational change initiatives, recruiting and retaining top talent, and fostering employee development to support the company's long-term growth. With over 20 years of experience in human resources, driving organisational growth and transformation across diverse industries, Ms. Fried has demonstrated a consistent ability to navigate complex challenges and deliver impactful results. Before joining Sarine, she led HR operations for a nationwide hotel chain in Israel, overseeing the HR activities of approximately 1,000 employees across eight hotels. She was instrumental in policy creation, talent management, and successfully managing the HR processes associated with the sale and closure of the business. From 2005 to 2016, Ms. Fried served as the Human Resources Manager at Zap Group, a pioneering company in the fields of commerce and consumerism. She contributed to the company's transition from a traditional Yellow Pages model to a digital leader through significant mergers and acquisitions. She supported the management of complex organisational changes and aligned HR strategies with corporate objectives. Ms. Fried holds a Bachelor's degree in Nutritional Sciences from the Hebrew University of Jerusalem and a Master's degree in Law from Bar-Ilan University.



**BEN FINKELSTEIN** has been a Director of Sarin India since 2021 and has been the Managing Director of Sarin India as of March 2023. Prior to this assignment Mr. Finkelstein served for four years as a Product Manager, responsible for Sarine's polished diamonds wholesale and retail trade-related solutions and services. During this period, Mr. Finkelstein garnered a wealth of knowledge relating to polished diamonds and their retail branding. Prior to joining Sarine, from 2013 to 2016, Mr. Finkelstein was a Project Manager at Signature-IT, where he defined and managed e-commerce and product-line projects. Mr. Finkelstein also has experience as a professional Olympic coach - from 2009 through 2013 he was part of Israel's team to the London 2012 Olympic Games. During this period the professional athlete he coached in windsurfing won the world championship three times! Mr. Finkelstein holds a Bachelor's degree in Computer Engineering from the Ruppin College in Israel.



**BEENITA RITESH CHAURASIA** is the Vice President of Sales, Sarin India, having been appointed to this position in 2010. Ms. Chaurasia is responsible for all pre- and post-sale activities relating to the Group's products in India. Prior to this appointment, Ms. Chaurasia had been employed by Sarin India since 2004, initially as a junior sales person and over time with ever increasing managerial responsibilities. Prior to her employment with Sarin India, from 2001 through 2003 she was employed by Pyramid Exports in various positions pertaining to business administration, manufacturing administration and exports of cosmetics, skin care and personal care and perfumery products to international markets. She holds an MBA with distinction, having finished first in her class, from the Jamnalal Bajaj Institute of Management Studies (Mumbai University), with a specialisation in marketing. She also holds a Master's degree in Commerce from Mumbai University, also with distinction. Ms. Chaurasia holds a Bachelor's degree in Commerce from K.P.B Hinduja College in Mumbai.



## KEY MANAGEMENT



**SUDHIR NARASINGA RAO** has been Vice President of Finance, Sarin India, since July 2012. He has over 30 years of corporate finance experience, working with local conglomerates and multinational companies in India. From January 2000 through June 2012, Mr. Rao served as Director of Finance (and on the Board of Directors) of Firmenich Aromatics (India) Private Limited, an Indian subsidiary of a Swiss multinational company in the flavour and fragrance industry, where he led the finance and accounting team. He was part of the core team which set up the first chemical plant in India for the Firmenich group in the special export zone in the state of Gujarat (where Surat, India's primary diamond manufacturing industry hub, is also located). Prior to that, from 1998 through 1999 he served as General Manager of Finance for Mphasis (India) Limited, a software development company, in which Blackstone Private Equity holds a majority stake, and was part of the core team which set up the start-up company in India. From mid-1987 through 1998 Mr. Rao served as Divisional Manager of Finance for KEC International Limited, a tower manufacturer and transmission line turnkey project contractor, where he began his career as a management trainee. Mr Rao is a qualified Chartered Accountant from the Institute of Chartered Accountants of India and holds a Bachelor's degree in Commerce from Mumbai University.



**ANGELO PALMIERI** is the President of GCAL by Sarine, a strategic partnership between Sarine Technologies and Gem Certification & Assurance Lab, Inc. With more than 19 years of experience in the gems and jewelry industry, Mr. Palmieri has played a pivotal role in steering various corporations towards growth and innovation. As the chief architect behind the GCAL 8X Cut Grade, he has influenced the diamond cut grading field, introducing innovative services, and setting new standards in precision and quality. In his career, Mr. Palmieri has been instrumental in leading GCAL to prestigious achievements. In 2008, he took on the role of ISO Management Representative for GCAL, guiding the company to become the first ISO 17025 Laboratory Accredited gems and jewelry laboratory in the Western Hemisphere. In 2012, under his stewardship, GCAL also earned the distinction of being the World's only ISO 17025 Accredited Forensic Laboratory in the field of Diamond, Gemstone, and Jewelry testing. A Cornell University alumnus with a business major, Mr. Palmieri furthered his education with an MBA from New York University's Stern School of Business. Mr. Palmieri has made significant contributions in litigation support, including serving as an expert witness in Federal Court. He has also been featured in national TV interviews on major networks, discussing various aspects of the jewelry industry, and as a featured speaker at global jewelry and insurance conferences. Beyond his professional endeavors, Mr. Palmieri has completed marathons for charitable causes, showcasing his dedication to both professional success and community involvement.



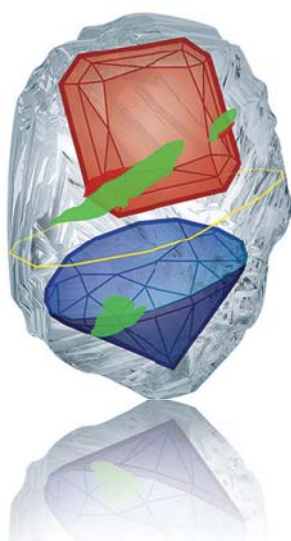
**NOY ELRAM** is the Managing Director of Sarin Hong Kong as of June 2018, with responsibility for expanding the penetration of Sarine's polished diamond solutions for retailers and suppliers in the Asia-Pacific region excluding India. Mr. Elram has over 20 years of experience in development, integration and providing customer support and service for complex solutions in various industries in various territories globally. Between 2014 and 2018 Noy served as Head of Professional Services for Verint (Nasdaq:VRNT), stationed in Singapore, providing pre- and post- sales support to the Singaporean law enforcement authorities, while building and training the local teams to provide on-site services. Prior to that, from 2012 to 2014, Noy worked in Israel as Lead Software Engineer analysing and implementing security protocols at Verint. From 2006 to 2011 Noy managed the R&D at Marvell Semi-Conductors (Nasdaq: MRVL), developing full system solutions for the mobile cellular industry. Noy started his career at Intel Corporation (Nasdaq: INTC) in 2001, as a real-time, embedded, mobile network protocol developer. Mr. Elram holds a Bachelor's degree in Computer Science from the Academic College of Tel Aviv-Yafo in Israel.



## ADVANCED AI-POWERED TECHNOLOGIES:



**INCLUSION MAPPING**



**PLANNING**



**POLISHING & FINISHING**



For over 30 years, Sarine has pioneered breakthrough technologies across the entire diamond pipeline. Today, Sarine's solutions empower the industry's sustainability and transparency for natural and lab-grown diamonds (LGD) alike. Our innovations, including the newly introduced MVP software, optimise precision and efficiency in diamond planning and polishing. Concurrently we are enabling the next level of consumer transparency with the world's first AI-driven diamond grading, providing unparalleled objectivity and consistency.





## FROM ROUGH STONE TO POLISHED DIAMOND



**LASER INSCRIBING  
& FINGERPRINTING**



**GRADING & IMAGING**



**CUSTOMER ENGAGEMENT**



**DIAMOND REPORTS**

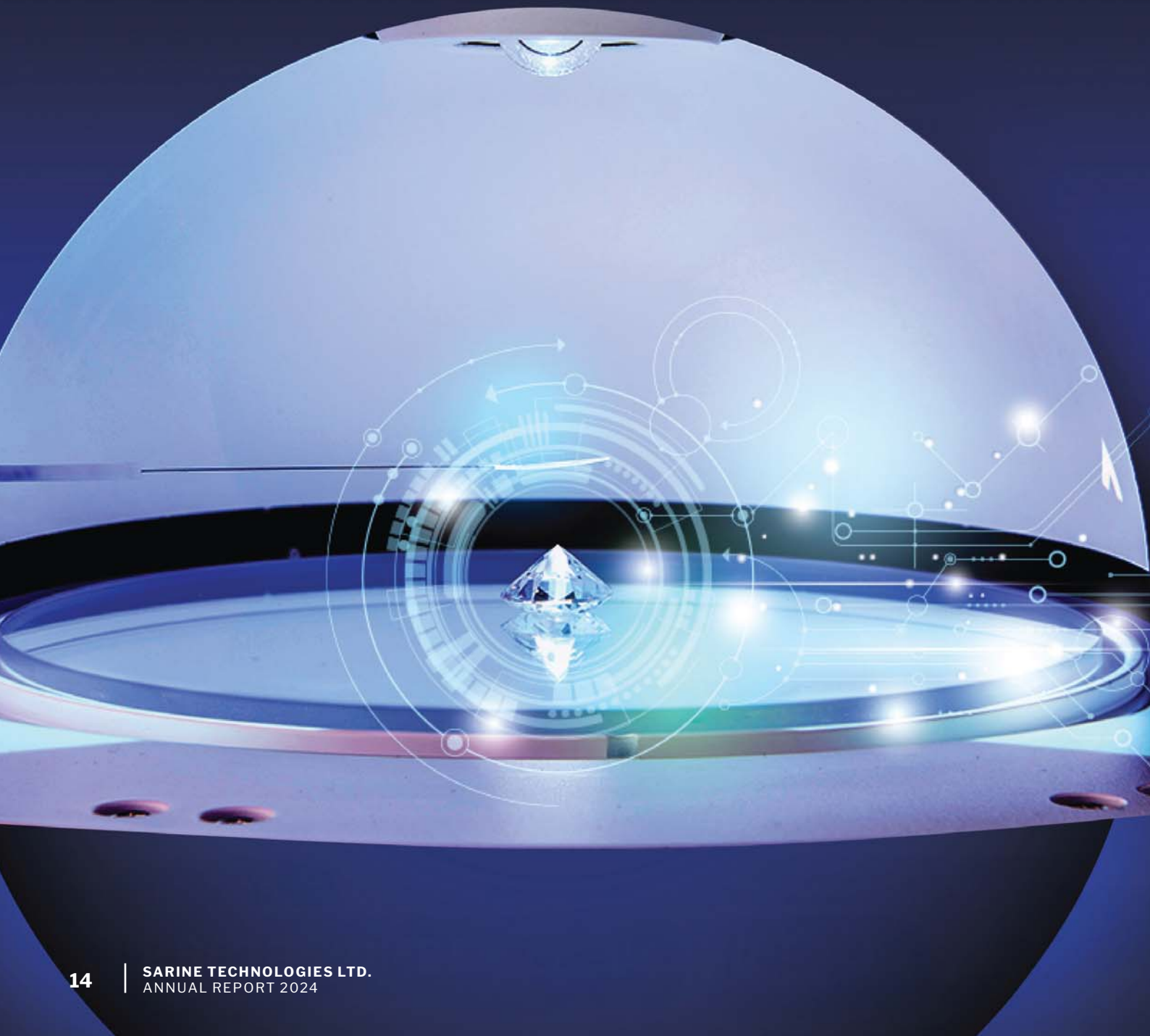


Our natural diamonds' grading solutions are being extended to LGD diamonds, embodied in our GCAL by Sarine grading lab in India and New-York, renowned for its strict standards and the industry's only consumer guarantee. Our Labs provide the diamond's grading information in an industry-leading interactive digital format that is transforming the retail experience. Sarine solutions are trusted worldwide and utilised by major rough miners, in leading diamond manufacturing plants, wholesalers' facilities, gem grading labs and jewelry retail stores.



# THE FUTURE OF DIAMOND GRADING

CONFIDENCE POWERED BY AI TECHNOLOGY

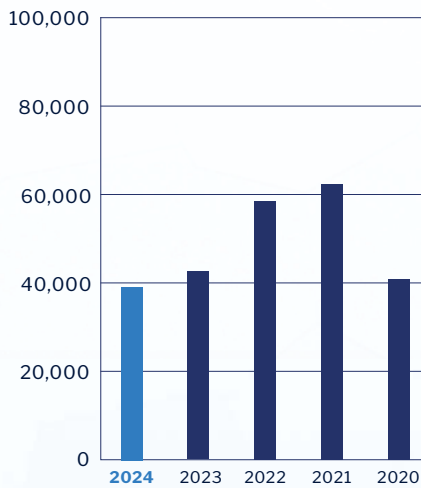




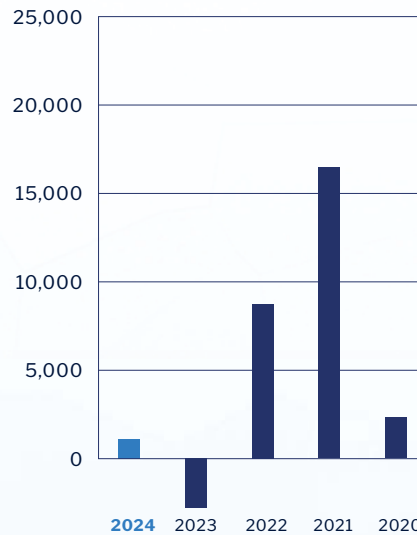
# FINANCIAL HIGHLIGHTS

(US\$ '000)	2024	2023	2022	2021	2020
Revenues	39,201	42,944	58,763	62,116	40,968
Gross Profit	22,996	27,371	40,623	45,827	27,070
Net Profit	1,074	(2,802)	8,798	16,456	2,365
Gross Profit Margin	58.7%	63.7%	69.1%	73.8%	66.1%
Net Profit Margin	2.7%	-6.5%	15.0%	26.5%	5.8%
Cash and Investments	26,300	22,985	35,991	36,413	27,555
EPS (US cents, fully diluted)	0.31	(0.80)	2.51	4.69	0.68
Dividend Per Share (US cents)	0.75	1.25	3.00	2.50	0.50
Net Cash from (used in) Operating Activities	9,481	(956)	12,898	21,129	(1,796)
EBITDA	4,116	1,537	13,571	22,206	8,794

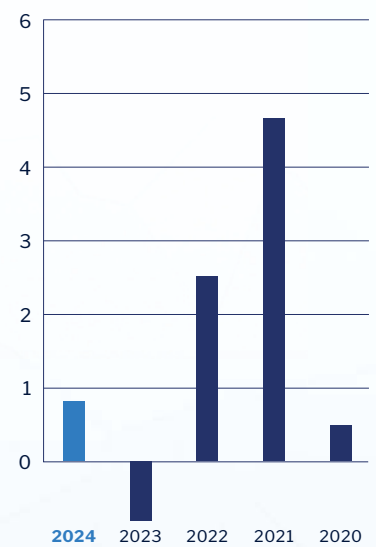
**Revenues**  
(US\$ '000)



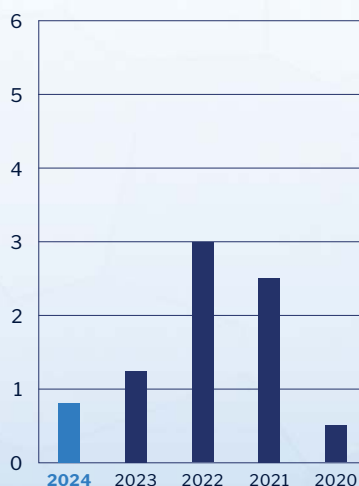
**Net Profit**  
(US\$ '000)



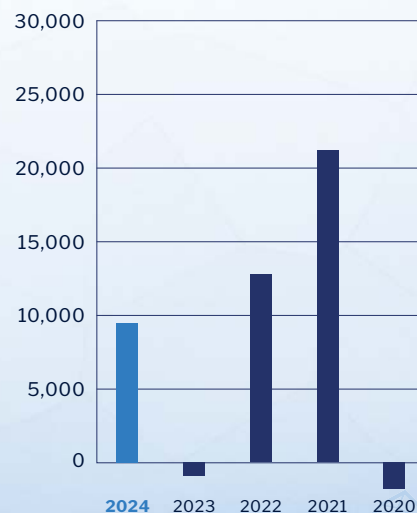
**EPS**  
(US cents)



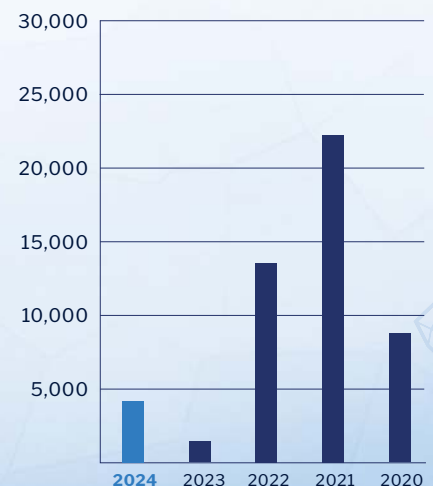
**Dividend Per Share**  
(US cents)



**Net Cash from (used in) Operating Activities**  
(US\$ '000)



**EBITDA**  
(US\$ '000)



# MANAGEMENT'S BUSINESS, OPERATION & FINANCIAL REVIEW

## BUSINESS REVIEW

The global diamond industry operates across three primary segments—Upstream, Midstream, and Downstream—each of which plays a distinct role in the journey of a diamond from mine to market. Sarine's technological solutions address the needs of each segment, enhancing productivity and overall value creation throughout the supply chain.

### Upstream

Upstream activities begin at the mine, where natural rough diamonds enter the supply chain. Sarine's cutting-edge technologies provide rough diamond producers and traders with the tools needed to evaluate, track and market their stones, ensuring seamless registration, sorting and valuation.

- The **DiaExpert®** family of platforms accurately model a rough diamond's external geometry and map its surface, while the **Galaxy®** family of platforms provide high-resolution, automated mapping to detect internal imperfections, termed "inclusions".
- These outputs feed into **Advisor®** rough planning software, which calculates the optimal polished yield. The virtual polished stones are then priced in accordance with current price lists, generating the rough stone's realistic potential value, allowing producers to maximise profitability and traders to make informed purchasing decisions.
- Sarine's **AutoScan™ Plus** enhances traceability and compliance, enabling high-speed source registration of rough diamonds at mining sites. The rough stone's source registration, coupled with subsequent scans and documentation throughout the diamond's polishing process, empowers the Sarine Diamond Journey™, our diamond traceability offering, a robust, data-driven and scalable solution, further described in the Downstream section below. The AutoScan™ Plus may also be implemented for internal inventory control purposes. Registering the rough diamonds at source, rather than at the producer's central sorting facility days later, following multiple handling and shipping stations, may significantly reduce inventory loss. The system's low cost, minimal footprint and high speed, enable its utilisation virtually anywhere, including customs gateways and government offices. Additionally, our recently announced collaboration with De-Beers' subsidiary, Tracr™ Limited ("**Tracr™**"), will also enable Sarine to integrate rough diamonds' origin information registered on Tracr™'s diamond blockchain platform into our Diamond Journey™ traceability system, ensuring an unbroken trail of verification from source to market.

By leveraging our solutions, Sarine empowers the upstream segment with data-driven decision-making, digital tendering capabilities, and enhanced market transparency.

### Midstream

The midstream segment of the diamond industry is where rough diamonds are transformed into polished gems through a meticulously prescribed series of processes. This transformation begins with evaluation, based on external and internal characteristics, followed by planning, sawing (cutting), shaping (bruting, for round diamonds), polishing (faceting) and fine-polishing. Traditionally, these processes were carried out manually by highly skilled artisans. Today, advanced computer-centric technologies have revolutionised the industry, automating much of this highly specialised expertise.

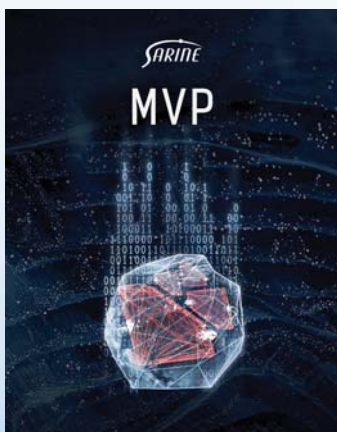
The midstream segment is primarily concentrated in India, which accounts for approximately 90% of all polished diamonds by volume and 80% by value. While diamond polishing also takes place in China, Vietnam, and several Southern African countries, including Botswana (the second-largest polishing centre globally), Angola, Namibia, and South Africa, India is the dominant global manufacturing hub.

Sarine has a strong market presence across all diamond manufacturing centres. Our installed base of tens of thousands of planning systems and workstations is used in the midstream segment to process over 100 million diamonds annually. A key strategic foothold in this segment is Sarin Technologies India Private Limited, Sarine's wholly owned subsidiary in India, which has strengthened our direct engagement with customers in the crucial Mumbai and Surat diamond hubs. To support our customers further, we operate an advanced service centre in Surat.

Beyond India, Sarine has a significant presence in southern Africa, with service centres and dedicated agents in Botswana, South Africa and Namibia to support the growing polishing industry in these regions.

#### Evaluation & Planning Solutions

Our industry-leading automated solutions and services enhance every stage of the cutting and polishing process, for both natural diamonds and lab grown diamonds (LGD). With the launch of our **Most Valuable Plan™ ("MVP")** in 2024, we have further revolutionised the planning process by introducing our most sophisticated yet algorithmic application that enhances yield, precision and automation. By reducing manual involvement in the processes, our solutions enable midstream customers to manage high volumes of even the smallest rough diamonds profitably, while maintaining the highest standards of craftsmanship.





# MANAGEMENT'S BUSINESS, OPERATION & FINANCIAL REVIEW

Our solutions and services optimise two key aspects of rough diamond processing, including:

- **Optimal Planning** – Maximising the value of each rough diamond by determining the best possible polished outcome, based on true dollar value, market trends and polisher-defined criteria. This is enabled by our high-precision modeling of the rough diamond's geometry and external surface features as well as its internal characteristics inclusions, cracks and other flaws. Our **DiaExpert®** and **Galaxy®** platforms, integrated with our **Advisor®** software, set the industry standard for optimising rough diamond utilisation based on the 4Cs (Carat, Clarity, Color, and Cut) and light performance parameters. Our new **MVP** takes rough diamond (currently up to 90 points but to be expanded to over 2 carats in 2025) optimisation to an unprecedented level of automation and sophistication.
- **Real-Time Quality Control** – The **Instructor®** software supports inline quality control throughout the faceting process, allowing for real-time monitoring and corrective actions. It detects deviations from optimal polishing and suggests remedial polishing steps, including the application of unique asymmetrical solutions to ensure the highest quality final polished gem.

## Grading

With polished diamonds commanding high value, adherence to established quality standards—as defined by the 4Cs is essential. However, manual inspection and grading can lead to inconsistencies, as results may vary based on the gemologist's individual expertise. Sarine's advanced grading technologies eliminate this subjectivity, delivering unparalleled objectivity, consistency and efficiency.

Sarine offers a comprehensive suite of grading solutions applicable to both natural and lab-grown diamonds, enhancing industry-wide standardisation. Sarine pioneered technological grading with the introduction of Cut grading over 30 years ago. Today, Sarine's grading capabilities cover all the key quality parameters. Our unique **Sarine Clarity™** and **Sarine Color™** leverage AI-driven technology to deliver objective and repeatable Clarity and Color grading, thus precluding human subjectivity, ensuring that diamonds are evaluated against well-defined, data-based standards. By leveraging cutting-edge AI technology, automation and data-driven insights, Sarine is redefining diamond grading standards, ensuring greater consistency and efficiency across the midstream segment.

Beyond conventional 4Cs grading, **Sarine Light™** provides a scientific measurement of a polished diamond's light performance, providing an additional criterion for evaluating overall quality. It has become the most widely used system for light performance analysis and grading in the Asia Pacific (APAC) market – virtually serving as a fifth "C" in Japan.

Further strengthening our grading capabilities, the GCAL acquisition in 2023 has expanded our operations with a new 'GCAL by Sarine' lab in India, allowing for faster turnaround times and enhanced grading services in the key Surat diamond manufacturing hub. In addition to Sarine's conventional lab-based grading, Sarine's **e-Grading™** will offer on-site AI-driven grading, streamlining operations for manufacturers by reducing logistics, accelerating production cycles and improving cost efficiency.

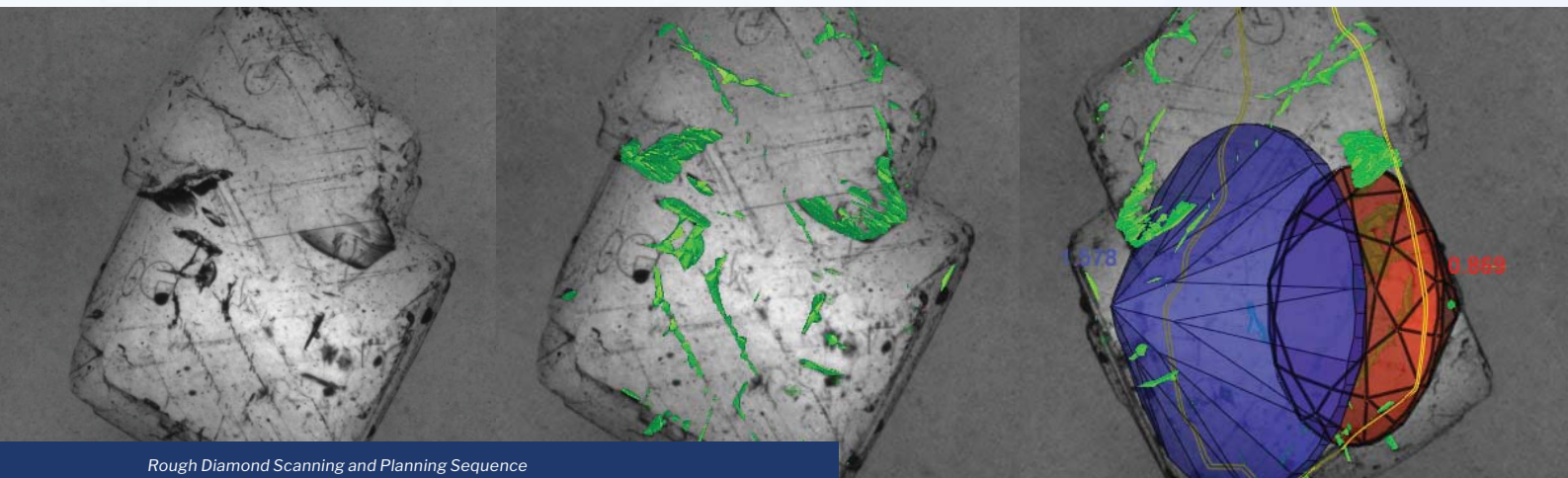
## Downstream

The downstream segment of the diamond pipeline encompasses the wholesale and retail trade of polished diamonds, where quality assurance, transparency and consumer confidence are of the utmost importance. In an evolving landscape shaped by regulatory requirements, ethical sourcing expectations and digital data delivery, Sarine provides advanced digital solutions that empower wholesalers and retailers to meet these challenges while enhancing customer engagement and confidence.

### Sarine Profile Reports: Elevating Transparency and Consumer Confidence

Sarine's **Profile Reports** provide a detailed digital representation of a diamond's attributes in an interactive format, seamlessly integrating into retailer's digital platforms. These reports deliver a superior customer experience, helping brands differentiate themselves while delivering trust and transparency to consumers. Key features include:

- **Grading Data** – A detailed evaluation of a diamond's 4Cs based on AI-derived assessments, ensuring consistent and objective grading.
- **Light Performance Analysis and Grade** – A scientific measurement of a polished diamond's light performance. Sarine Light™ evaluates four critical parameters: brilliance, fire, sparkle, and light symmetry, offering an additional dimension beyond the traditional 4Cs.
- **3D Visualisations** – High-resolution imaging and interactive models that allow retailers and consumers to explore a diamond's features intuitively.

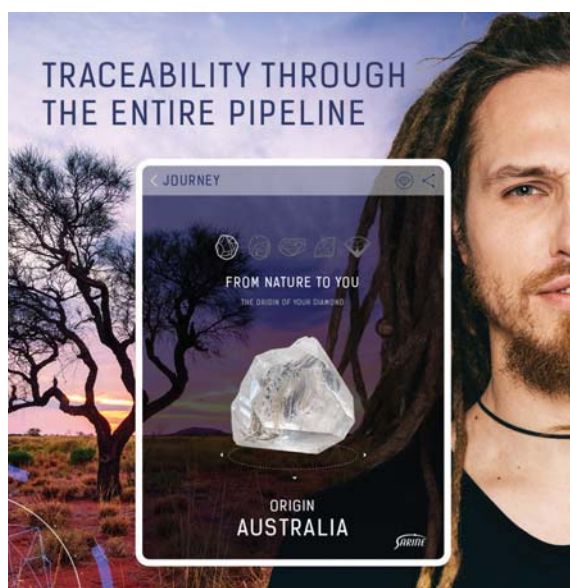


Rough Diamond Scanning and Planning Sequence

# MANAGEMENT'S BUSINESS, OPERATION & FINANCIAL REVIEW

## Traceability and The Sarine Diamond Journey™

With heightened regulatory scrutiny and growing consumer expectations, diamond traceability is becoming a business necessity rather than an option. Wholesalers and retailers require comprehensive, verifiable solutions to meet compliance obligations, while reinforcing their commitment to responsible sourcing.



Evolving regulatory requirements, including the U.S. and E.U. planned regulations mandating country-of-origin disclosure, underscore the increasing importance of robust traceability systems throughout the diamond supply chain.

Sarine's traceability process begins at the mine or at the producer's central sorting facility, where rough diamonds are recorded and registered. This information can be continuously traced throughout the supply chain via our Sarine Diamond Journey™, creating a digital record of each diamond's transformation from rough to polished. The benefits include:

- **Brand Protection & ESG Validation** – Reinforcing ethical sourcing commitments while enhancing consumer confidence.
- **Regulatory Compliance & Market Access** – Enabling wholesalers and retailers to meet global provenance verification requirements to ensure uninterrupted market access.

Additionally, Sarine's just signed collaboration agreement with De Beers Tracr™ will also enable Sarine to integrate rough diamonds' origin information registered on Tracr™'s diamond blockchain platform into our Diamond Journey™ traceability system, ensuring an unbroken trail of verification from source to market.

## Our Solutions

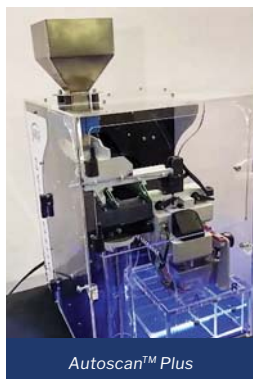
Industry Segment	Technological Solution	Core Functionality
<b>Upstream</b>  (Producers and Rough Diamond Wholesalers)	AutoScan™ Plus	Rough diamond scanning for traceability source registration and inventory control
	DiaExpert® Family Galaxy® Family Advisor®	Rough diamond evaluation
<b>Midstream</b>  (Manufacturer)	DiaExpert® Family Galaxy® Family Advisor® and MVP	Planning optimal cutting and polishing of rough diamonds into polished ones
	DiaMension® DiaMark® Instructor®	Optimal polishing of diamonds for best Carat / Cut trade-offs
	DiaMension® DiaScan® Instructor®	Diamond finishing optimisation
<b>Midstream/Downstream</b>  (Manufacturer/ Gemmological Lab/ Polished Wholesaler & Retailer)	DiaMension® DiaScan® Sarine Light™ Sarine Clarity™ Sarine Color™ Instructor®	Polished diamond grading according to the 4Cs and light performance
	Sarine Light™ Sarine Loupe™ Sarine Profile™ Sarine Diamond Journey™ 3-D Origin™	Polished diamond branding and wholesale / retail trade online and in-store

Note: The majority of Sarine's technologies, with the exception of AutoScan™ Plus, Sarine Clarity™ and Sarine Color™, which are undergoing adaptation, either support or have been adapted for LGD.

For further details on our full range of solutions and our services, please visit our website at: <https://sarine.com>



# MANAGEMENT'S BUSINESS, OPERATION & FINANCIAL REVIEW



## Intellectual Property

Our proprietary hardware and software are protected through numerous registered patents and trademarks in key markets, with additional applications pending. In 2024, several of our pending patents were granted in various countries. We continue to strengthen and expand our IP portfolio, filing new patents to protect our latest technological advances.

Over the years, we have pursued litigation in India against competitors alleged to have infringed or fraudulently used our Galaxy® inclusion mapping technology and Advisor® planning software. In 2024, we amicably resolved many of these cases, along with various pre- and post-grant patent oppositions. However, a few remain active and will continue into 2025.

In addition to our patent applications, copyright protection, and legal enforcement actions, we integrate advanced security features into our systems using cloud computing technology. The Galaxy® family of inclusion scanning systems, Advisor® rough planning software (Advisor® 6.0+), Sarine Light™, Sarine Loupe™, Sarine Profile™, Sarine Clarity™, Sarine Color™, 4Cs e-Grading™ and Sarine Diamond Journey™ all incorporate cloud-based self-developed software protection to prevent unauthorised use. Our in-

house cyber protection offers a higher level of defence than commercially available solutions, which are frequently targeted by hackers per se. The Advisor® 8.0 release (2022) further reinforced IP protection through more sophisticated cloud-based security technologies. Launched in early 2024, our MVP software includes robust security measures, leveraging both Amazon Web Services cloud infrastructure and Sarine's proprietary safeguards to protect its inherent intellectual property.

## Objectives

In 2025, Sarine aims to advance its strategic initiatives across key areas:

1. **MVP** – Accelerate adoption of MVP by expanding its applicability to rough diamonds of 2 carats and above, reinforcing its role as a transformative planning solution.
2. **LGD Grading** – Expand the adoption of Sarine's AI-driven LGD grading solutions through the 'GCAL by Sarine' lab in Surat, enhancing accessibility, efficiency, and market penetration.
3. **Traceability Solutions** – Strengthen Sarine's position as a leading provider of scalable, cost-effective diamond traceability solutions by collaborating with Tracr™, thus empowering retailers to meet evolving regulatory requirements, including the U.S. and E.U. planned regulations mandating country-of-origin disclosure.
4. **Manufacturing Relocation** – Enhance operational efficiency and cost-effectiveness by relocating Sarine's manufacturing activities to India, positioning the Group closer to its key customers while leveraging lower manpower costs and an existing team of qualified support personnel.

By focusing on these objectives, Sarine continues to lead the diamond industry's technological evolution, offering cutting-edge digital solutions that drive efficiency, transparency and sustainability across the entire value chain. These objectives are aimed at significantly increasing our recurrent revenue stream, as detailed below:

## Strategy

To realise the aforementioned objectives, the Group plans to:

1. Leverage MVP's proven value proposition, its enhanced yield and process automation, to accelerate adoption among manufacturers. Expand its applicability to larger rough diamonds, ensuring broader market adoption. Maintain a per-stone/per-carat fee model. This approach will drive a scalable, recurring revenue stream, reinforcing Sarine's long-term revenue growth.
2. Drive the growth of our LGD grading business by leveraging the cost-effectiveness and strategic location of the 'GCAL by Sarine' lab in Surat, attracting new customers while reinforcing relationships with existing clients. We will enhance efficiencies and reduce operational costs by integrating our AI-based grading technology into the lab's workflow, ensuring a scalable and competitive service offering in the evolving LGD market.
3. Leverage our recently signed collaboration agreement with Tracr™ and our continued deployment of AutoScan™ Plus to enhance our Diamond Journey™ traceability system and further establish Sarine's leadership in diamond provenance assurance. The collaboration will enable Sarine to integrate rough diamonds' origin information registered on Tracr™ directly at the source, ensuring an unbroken trail of verification from source to market. By strengthening our traceability framework, the Sarine Diamond Journey™ will deliver a seamless, scalable and cost-effective compliance solution. This offering supports adherence to regulatory mandates, minimises operational disruptions and reduces overhead costs for stakeholders across the diamond value chain. Embedded traceability solutions will reinforce our recurring revenue stream.
4. Execute a relocation of our manufacturing operations to India, leveraging the cost savings and skilled local workforce to enhance efficiency and profitability. This move aligns with Sarine's long-term growth strategy by reducing overhead costs, while enabling the Group to reinvest in strategic initiatives that expand recurring revenue streams, such as our AI-driven initiatives and our Software as a Service (SaaS) based solutions.

## Performance Indicators

### Non-financial Indicators

We use the following non-financial indicators to assess our Group's performance year-on-year:

### Technological Leadership

Our technological leadership, as measured by the innovations embodied in our new and enhanced products and services, as well as by our existing and pending patents worldwide, remains solid. No other company in our field offers a wider range of products and services or owns a broader portfolio of intellectual property (patents and copyrights) across the entire value chain of the diamond industry.

# MANAGEMENT'S BUSINESS, OPERATION & FINANCIAL REVIEW

## Product and Service Offerings

In 2024 we furthered the adaptation of our technologies for planning to the LGD segment and continued to advance our AI-based grading solutions for LGD. In 2025 we will continue integrating our AI-driven grading technology into the 'GCAL by Sarine' lab's workflow, bolstering our service so that it meets the expanding demand for LGD grading cost effectively. We also launched our completely new MVP technology for the highly automated planning of small rough diamonds with improved yields. In 2025 we will adapt MVP to rough diamonds of 2 carats and above. Sarine remains committed to innovation and automation, delivering advanced solutions to support the evolving diamond industry.

## Brand Strength

Our brand strength allows us to leverage our industry recognition to market and sell complementary products to our existing customers, as well as to acquire new customers. The launch of our state-of-the-art MVP offering in 2024 further enhanced our brand strength in the midstream segment of the value chain. Our brand strengthened in the downstream with the opening of our 'GCAL by Sarine' lab in India, which affords us a cost-effective channel into the U.S. retail market, in general, and, most importantly, into its expanding LGD segment. We intend to continue strengthening our brand in 2025 with traceability initiatives in collaboration with Tracr™.

## Financial Indicators

The natural diamond manufacturing industry, from which the Group still derives most of its revenues, faced ongoing headwinds for the second year running. Weakened consumer demand in China and the continuing disruption by LGD continue to negatively impact natural diamond demand and prices, consequently slowing midstream polishing activity. The LGD segment itself is also experiencing disruptive issues stemming from over-production and oversupply driving declining wholesale prices. This, coupled with intensifying competition among retailers, has driven down retail prices and absolute realised profits, with retailers accordingly pondering their course of action – focus on higher-priced natural diamonds or on LGD with constantly eroding prices.

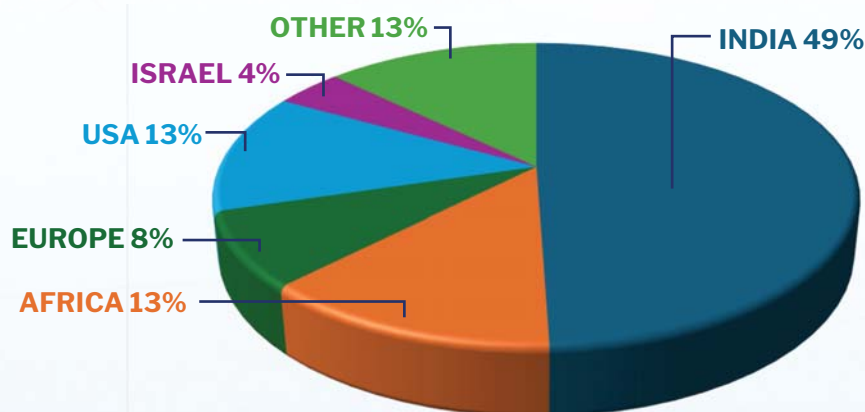
## Revenues

Revenues for FY2024 decreased by 9% to US\$39.2 million from US\$ 42.9 million in FY2023. The overall decline in sales resulted from impaired business conditions in the entire diamond jewellery value chain, offset slightly by the introduction of our LGD rough planning solution.

## Gross Profit

Gross profit for FY2024 decreased by 16% to US\$ 23.0 million and our gross profit margin was 59%, as compared to US\$ 27.4 million and a margin of 64% for FY2023, primarily due to decreased overall sales and inventory write-offs in accordance to Group policy.

## Revenue by Geographic Segment



## Profit from Operations

For FY2024 the Group reported a zero profit from operations, as compared to a loss of US\$1.8 million in FY2023. The decrease in sales and in gross profit was offset by significant cost reduction steps implemented by the Group.

## Net Profit

For FY2024 the Group reported a net profit of US\$ 1.1 million, as compared to a net loss of US\$ 2.8 million in FY2023. A financing income from options fair value adjustment and tax savings from consolidated tax reporting initiatives taken by the Group contributed to net profit increase.



# MANAGEMENT'S BUSINESS, OPERATION & FINANCIAL REVIEW

## OPERATING REVIEW

### Market-driven Opportunities:

The demand for verifiable diamond traceability continues to grow, driven by ESG considerations and evolving regulations, including the U.S. and E.U. planned regulations mandating country-of-origin disclosure. Retailers are prioritising ethical sourcing to meet consumer expectations and compliance requirements. Sarine's AutoScan™ Plus enables on-site source registration of rough diamonds and is coupled with subsequent verifiable tracing through the polishing process by our Sarine Diamond Journey™.

### Company-driven Opportunities:

Sarine continues to identify and pursue growth opportunities by leveraging technological innovation, evolving regulations and changing consumer demands. Looking ahead to 2025, the Group intends to capitalise on the following strategic areas:

- **Enhanced MVP for Broader Stone Ranges:** Sarine will extend MVP's automation features to help its manufacturing customers cut costs in the growingly competitive natural stone environment. Furthermore, we will extend MVP's benefits to larger diamonds above 2 carats to increase a polisher's yield from the natural stones and abet higher profitability. These enhancements are expected to create significant added value for customers, further solidifying our leadership in the midstream segment and improving overall yield and efficiency, concurrently bolstering our recurring revenue streams.
- **Scaling 'GCAL by Sarine' Lab Operations:** Building on the foundation laid by our 'GCAL by Sarine' lab in India, we plan to expand our LGD grading capacity throughout 2025 to meet growing industry demand. These expansions will include additional throughput capacity and integration of our core automated Color and Clarity technologies, enabling us to deliver consistent grading at lower costs.
- **Traceability Solutions:** Our collaboration with De Beers' Tracr™ further enhances compliance capabilities. With increasing government and industry focus on traceability, Sarine and Tracr™ are well-positioned to provide a cost-effective, scalable solution, ensuring regulatory compliance while maintaining operational efficiency and boosting consumer trust.

### Risk Factors

China still faces considerable economic headwinds stemming from the real-estate crisis and its possible ripple effect on the banking system.

Our success and ability to compete are substantially dependent on our intellectual property (IP) - our proprietary patented technology and copyrighted software. In addition to ongoing legal proceedings, as noted above under Intellectual Property, we may in the future be involved in additional proceedings, initiated either by us or in response to claims by third parties. The steps that we have taken and are taking to protect our IP rights may not be adequate, and we might not prevail and be able to prevent others from using what we regard as our proprietary technology. We already have significant legal expenditures in this regard, and, if we have to resort to more extensive legal proceedings to enforce our IP rights, for instance in the U.S., the proceedings could be even more costly, and we may not be able to recover our expenses. We may be subject to claims by others regarding infringement of their proprietary technology.

We provide retailers with reports and depictions of certain diamond qualities and parameters, including, but not limited to, light performance, the diamond's provenance, its 4Cs, etc. If a retailer's end customer, or another third party, even if we are not contractually bound to such end customer or third party, alleges that our report is incorrect, or it is improperly relied upon, and we are held responsible, we could be subject to monetary damages. Our acquisition of a majority stake in the U.S. GCAL lab increases our exposure to these issues due to their industry unique money-back guarantee issued on the certificates. Appropriate insurance is in place to cover for such contingencies.

We are and may continue to be subject to product liability and/or other claims, if people are harmed or their stones or other properties damaged by the products we sell or the services we offer.

Disruptions, failures or breaches of our information technology and cloud computing infrastructure could have a negative impact on our operations and sales.

As part of our business plan, we are developing new initiatives for new industry segments and new products and services in our existing product lines. We are also expanding our marketing and sales efforts in new and existing market segments and geographical areas. There is no assurance that such expansion plans will be commercially successful. If we fail to achieve a sufficient level of revenue, or if we fail to manage our costs effectively, we may not be able to recover our expenditures, and our future financial position and performance may be materially and adversely affected.

Israel has been involved in a war with the Hamas terrorist group in the Gaza strip, following its brutal 7 October 2023 attack. Hostilities also commenced with the Hezbollah terrorists in Lebanon and other Iranian-affiliated terrorist groups, along with Iran itself. Currently a cease fire has been achieved on all fronts. To date, the effect on the Group's activities has been minimal.

### Risk Management & Internal Control

The Audit Committee and Management have, through the years, analysed the aforementioned and many other risk factors and have compiled a matrix of risks pertaining to the Group's business and performance, financial management, information technology (IT) and regulatory compliance. This risk matrix captures both the severity of potential negative impacts on the Group and the likelihood of their occurrence. In 2021, with the assistance of our Internal Auditor, we reassessed a comprehensive, weighted, and prioritised risk factor matrix, which continues to serve as the basis for our ongoing review of internal controls and audit planning.

# MANAGEMENT'S BUSINESS, OPERATION & FINANCIAL REVIEW

The Audit Committee periodically reviews the Group's internal controls to ensure they adequately address the identified risks. The Audit Committee engages an independent third-party Internal Auditor to perform in-depth analyses of selected key areas on a routine basis. Each year, based on the 2021 risk assessment, the Internal Auditor recommends specific areas for audit to the Audit Committee. The Audit Committee considers these recommendations based on the level of risk, after which the Internal Auditor proceeds with the approved audits. Upon completion, the Internal Auditor submits findings and recommendations to both Management and the Audit Committee, which then reviews them. The Audit Committee oversees the implementation of the necessary corrective actions.

The Board of Directors, with the concurrence of the Audit Committee, remains of the opinion that the current internal controls and risk management system are adequate and effective in mitigating the financial, operational, compliance and IT risks, while acknowledging that no system of internal control can provide absolute assurance against all errors, cyber-attacks, fraud or other irregularities. The Audit Committee continues to monitor and refine the internal controls and risk management system as needed, ensuring alignment with evolving best practices and regulatory requirements.

## FINANCIAL REVIEW

### Cash Flow

As at 31 December 2024, cash, cash equivalents, short-term investments (bank deposits) ("Cash Balances") increased to US\$ 26.3 million as compared to US\$ 23.0 million as of December 31, 2023. The increase in Cash Balances was primarily due to cash generated by operating activities, offset by a US\$ 1.3 million buyback of the Company's shares and a US\$2.6 million interim dividend distributed in September 2024.

### Cash Management and Liquidity

Throughout 2024 the Group maintained cash reserves higher than needed for the financing of ongoing operating activities. The policy dictated by the Board of Directors for the management of these cash surpluses is to invest them in low-risk short-term interest-bearing accounts and instruments with high liquidity, in our working currencies- primarily US Dollars, but also New Israeli Shekels and Indian Rupees. Financial instruments held are classified as current assets. When the cash and investment (short-term deposits) balances are analysed and compared to the annual cash requirements needed for the financing of the ongoing business activities of the Group, it is apparent that the Group has strong liquidity.

### Accounting Policies

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards - IFRS. The preparation of financial statements, in conformity with the IFRS, requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The financial statements are presented in United States Dollars, which is the Company's functional currency, rounded to the nearest thousand. The accounting policies set out in our yearly financial reports have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently to all Group entities.

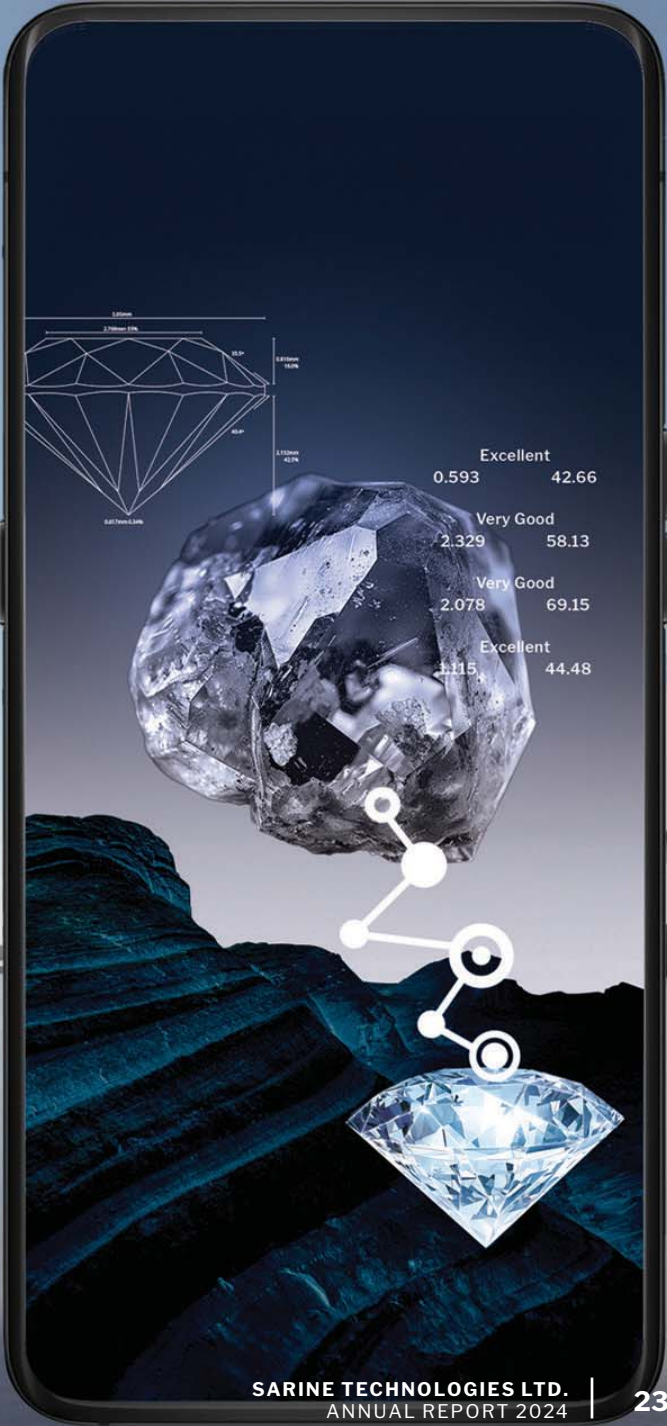
### Shareholder Return

Sarine recorded a profit of US\$ 1.1 million in FY2024 compared to a loss of US\$ 2.8 million in FY2023, equivalent to basic profit per share of US cents 0.31 (US cents (0.80) (loss) per share in FY2023) and fully diluted earnings per share of US cents 0.31 (US cents (0.80)(loss) per share in FY2023).

Going into 2024, the Group's dividend policy provided for the distribution of 80% of the Group's net profits. We paid an interim dividend of US cents 0.75 in September 2024, more than the stated dividend policy of 80% of net profit of the Group, as the Board decided to return a more-sizable portion of the Group's retained cash to shareholders. No final dividend for FY2024 has been recommended by the Board of Directors. The Board of Directors' did not alter the dividend policy at its meeting on 23 February 2025.



# SARINE DIAMOND JOURNEY™ TRACEABILITY



# ESG REPORT

## BOARD STATEMENT

On behalf of the Board of Directors, I am pleased to present our Environmental, Social and Governance ("ESG") Report for Sarine Technologies Ltd. ("Sarine" or the "Company" and along with its subsidiaries the "Group") for the year ended 31 December 2024.

This ESG report ("Report" or "ESG Report") outlines our commitment to ESG matters, highlighting the Group's efforts to enhance its sustainability performance and promote responsible business practices and corporate transparency. Our sustainability strategy, built on the ESG pillars, guides our actions. We continuously strive to improve our impact on customers, employees and the broader community by integrating ESG considerations into our operations and decision-making processes.

In this Report, we present details of the progress we have made in 2024 in key ESG areas, while recognising that our sustainability journey is an evolving process. This year we focused on refining the Group's ESG framework to align more closely with internationally accepted reporting standards as well as strengthening data collection and tracking processes across the Group. To reinforce our internal controls on ESG matters, we have implemented two new policies, namely the Group Sustainability Policy and the Human Rights Workplace Policy.

The Board, guided by the ESG Committee, is confident in our ability to effectively steer our ESG priorities and advance our objectives. Looking ahead, we remain committed to navigating through the complex landscape of global disclosure requirements, particularly on the demands of complying with mandatory climate-related reporting.

We welcome feedback from our stakeholders and encourage open dialogue on ESG-related matters. Together, we aim to strengthen our sustainability efforts and drive meaningful progress in the years ahead.

We also take this opportunity to thank our employees, customers, partners and other stakeholders for their continued support and engagement.

Daniel Benjamin Glinert  
April 2, 2025

## SUSTAINABILITY HIGHLIGHTS 2024

Reduction in Fuel and Electricity  
Consumption from 2023

GHG Emissions reduced  
by 15.56% from 2023

Implemented 2 new policies:  
Group Sustainability Policy  
and Human Rights  
Workplace Policy

Zero fatalities  
and injuries

Zero safety incidents  
with bodily harm

Zero Whistleblower  
Reports

No data breaches  
reported

No corruption cases  
reported

Ongoing community  
outreach programmes



## ABOUT THE REPORT

The "Group" is a technology-based solutions provider to the diamond industry with its headquarters in Hod-Hasharon, Israel.

This is the Company's eighth environmental, social and governance ("ESG") report ("Report"). The Report outlines the Group's commitment to sustainable business practices and efforts to integrate ESG principles into our strategic framework to align with our regulatory obligations and address our stakeholders' priorities.

For a thorough understanding of the Group's business performance in 2024, it is recommended to read this Report together with the other sections of the Company's 2024 Annual Report ("2024 Annual Report").

### Reporting Period

We have published sustainability reports annually since 2018, with the most recent report having been published on 30 April 2024. This Report reflects the Group's performance for the period commencing 1 January 2024 to 31 December 2024, and where required, historical data is provided for comparison purposes.

### Scope and Boundary

The scope of this Report maintains its focus on the business activities of entities over which Sarine has financial and operational control. The data and information provided refers to the entities under the Group, including its operations in Israel, India, the United States of America ("USA") and Hong Kong, unless otherwise stated. The data and information reported does not include independent service or sales representative locations or activities outside the Sarine Group.

The table below provides details of our operations by location.

Location	Operations
Israel	<ul style="list-style-type: none"> <li>Group headquarters including management, finance, research and development, production, etc.</li> <li>Service centres that provide customers with: <ul style="list-style-type: none"> <li>inclusion and tension detection</li> <li>mapping for rough diamonds</li> <li>various methods of visualisation of polished diamonds</li> </ul> </li> </ul>
India	<ul style="list-style-type: none"> <li>Pre/post sales and technical support for the Group's products in India, Sri Lanka and other territories.</li> <li>Service centres that provide customers with: <ul style="list-style-type: none"> <li>inclusion and tension detection</li> <li>mapping services for rough diamonds</li> <li>grading of the 4Cs and light performance</li> <li>various methods of visualisation of polished diamonds</li> </ul> </li> </ul>
USA	<ul style="list-style-type: none"> <li>Pre/post sales and technical support for the Group's products in North America</li> <li>New York based gemmological laboratory</li> <li>Real estate holding companies</li> </ul>
Hong Kong	<ul style="list-style-type: none"> <li>Pre/post sales and technical support for the Group's products in the Asia Pacific region.</li> </ul>

No significant changes to the Group were implemented in 2024 with regards to its locations, operations or supply chain.

In this Report, all monetary figures are quoted in United States Dollars (US\$), unless otherwise stated.

Further details of the Company's corporate structure, business information and products are outlined on in the "Management's Business, Operation & Financial Review" and "Group Structure" of the 2024 Annual Report.

### Reporting Standards

This Report has been prepared in accordance with the Singapore Stock Exchange Securities Trading Limited ("SGX-ST") Listing Rules 711A and 711B and Practice Note 7.6. Our disclosures are guided by the Singapore Stock Exchange's ("SGX") Core ESG Metrics and the Global Reporting Initiative ("GRI") Universal Standards 2021 ("GRI Standards"). The Company has continued to apply the GRI Standards as they are globally recognised as a set of standards for sustainability reporting. The GRI Content Index on page 54 of this Report outlines the selected GRI standards applied in this Report.

### Internal Review and Assurance

The Group relies on internal processes to verify the accuracy of the ESG performance data and information presented in this Report.

### Feedback

We value any feedback on this Report to further improve our performance and reporting practices in our sustainability journey. Please send your comments by e-mail to [sustainability@sarine.com](mailto:sustainability@sarine.com).

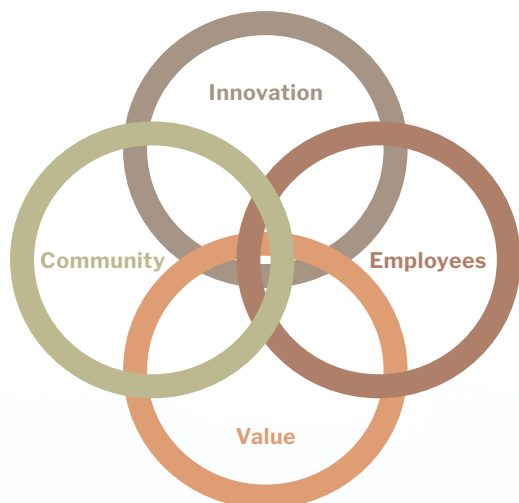
# ESG REPORT

## SUSTAINABILITY IN THE GROUP

As a global leader in high-technology solutions for the diamond industry, the Group is committed to driving sustainability across its operations, guided by our strong sense of responsibility towards our stakeholders and our adherence to core values. We believe that inclusive business practices are key to our continued success, fuelling innovation, strengthening supply chain relationships, building trust with our customers and fostering a better workplace for our employees.

### Our Vision

Sarine's ESG efforts are aligned with our Group's vision and strive to nurture success through long-term sustainable growth.



- 1. Innovation** — Most diamonds over 0.1 carat in weight are touched by our innovative technologies at different stages of their processing. The Group sees its mission as participating in setting the industry standards, optimising the utilisation of rough diamond material, enhancing the beauty and value of polished diamonds and providing confidence-building 21st century solutions for polished diamond grading and their trade, in order to benefit the industry and the public. We are committed to leadership through an ongoing passion for innovation and excellence.
- 2. Employees** — We view our employees as the major factor enabling our success. We strive to nurture our employees and provide them with a supportive working environment that will motivate them to excel individually and as a team. Our employees share, through various bonus and options schemes, in the Group's success.
- 3. Value** — We endeavour to create value for our stakeholders, the communities in which we operate, the economy and the environment, by creating innovative solutions across the entire value chain in which we operate.
- 4. Community** — We are involved in and contribute to the communities in which we operate.

### Sustainability Governance

Having an effective governance framework is central to our sustainability framework. Sarine's Board of Directors ("Board") has the overall responsibility on sustainability matters for the Group, with support from its ESG Committee, designated key management team members ("Management") and relevant business units, who are all responsible for advancing the implementation of the Group's ESG strategy and initiatives.

*Information on the Board structure is available on the "Board of Directors" section of the 2024 Annual Report. Details on Sarine's Management as at 31 December 2024 are outlined in the "Key Management" section of the 2024 Annual Report.*

The Board has established an ESG Committee to assess the performance and provide guidance on sustainability-related initiatives. The Board's ESG Committee, headed by Sarine's General Counsel, is comprised of two Board members and Sarine's General Counsel. At a Board meeting held in May 2024, the Board discussed the duties of the ESG Committee. It was resolved, among other things, that the ESG Committee should convene twice a year to discuss any new ESG regulations, standards and frameworks and at the beginning of each calendar year, to review the performance of the ESG goals during the previous calendar year and to consider additional ESG goals. The ESG Committee considers and oversees the Group's ESG activities and practices, submits recommendations and updates to the Board on relevant issues on a periodic basis. The Committee also reviews the Group's ESG strategies and is involved in the annual review of the material topics to ensure alignment with the Group's corporate values and monitors compliance with the evolving regulatory landscape.

At the ESG Committee meetings convened in July 2024 and in January 2025, the Committee deliberated and focused on the following sustainability-related matters:

- appointment of new ESG consultant
- assessment of material topics for 2024 to comply with reporting standards
- proposed structure of the ESG report
- updates on the ESG reporting requirements
- proposed ESG goals and targets
- proposed policies to enhance the ESG framework

Following the ESG Committee's recommendations, the Board approved the Group Sustainability Policy and the Human Rights Workplace Policy at its recent Board meeting held in February 2025.

The Board's responsibilities are embedded in the Board Charter and further described in the Corporate Governance Report in the 2024 Annual Report. All of our Directors attended the mandatory ESG training in 2022 as prescribed by SGX.

The Group aims to foster a culture that prioritises sustainability and drives accountability across all levels within it, ensuring that our sustainability goals are met while also creating long-term value for our stakeholders.



## Risk Management

Risk management is an important aspect of the Group's ESG strategy, which enables us to identify, assess and mitigate potential challenges relating to economic, environmental and social factors. The Group has in place a robust risk management framework and internal controls that incorporates elements of ESG risks into our overall enterprise risk management processes. The Board considers sustainability issues arising from Group-wide risk management assessment that addresses strategic, financial and operational risks in all aspects of the organisations' operations, including potential impacts of the Group's activities.

The Board, via the Audit Committee, oversees the Group's sustainability-related risk management and performance pertaining to the Group's business and performance, financial management information technology ("IT") and regulatory compliance issues, and to assess any potential negative impacts to determine the likelihood and severity of each risk. The Audit Committee supports the Board annually by reviewing, on an ongoing basis, the adequacy and effectiveness of the Group's risk management and internal control systems. In 2024, Sarine's internal auditor completed reviews in the following key areas:

- Security of payment methods, including bank accounts, supplier and payroll payments, cheques, bank transfers, credit cards, standing orders and bank reconciliations.
- Debt collection processes, including collection management, debt aging, problematic debts, doubtful debt provisions, payment terms and credit limits.

Additionally, an ongoing audit initiated in 2024 and scheduled for completion in 2025, focuses on Sarine's majority owned entity, GCAL USA LLC ("GCAL"), covering revenue procedures, authorised signatory documentation, payroll processes, customer engagement, and the operations of the 'GCAL by Sarine' lab in Surat, India.

This year, we conducted a review and identified the following risks and opportunities of the material topics discussed in this Report that may have potential impacts on or from our operations:

## ENVIRONMENT

Material Topics	Risks	Opportunities
<b>Use of Resources –</b> <ul style="list-style-type: none"> <li>• Energy</li> <li>• Water</li> </ul>	Ineffective resource management may result in increased costs or resource depletion.	Enhance energy efficiency and optimise resource utilisation.
<b>Waste –</b> <ul style="list-style-type: none"> <li>• Paper</li> </ul>	Inefficient waste management may lead to environmental impact, potential health and safety concerns, and regulatory non-compliance penalties.	Continually review and enhance waste management practices and explore recycling initiatives.
<b>Climate Change</b>	Physical climate-related factors, such as floods or extreme weather events, may affect the Group's operations and assets. Transitional factors, including evolving regulations like carbon taxes or potential increases in cost of insurance, could impact the Group's business.	Incorporate climate-related considerations into risk management; assess and adapt to physical and transitional climate risks to strengthen resilience; expand the use of cloud-based services and leverage on-site technologies to reduce the need for offsite diamond grading, thereby minimising transportation-related emissions.

## SOCIAL

Material Topics	Risks	Opportunities
<b>Employee Engagement and Talent Management</b>	Low employee engagement and job dissatisfaction may contribute to higher turnover rates, reduced productivity and skill gaps within the workforce.	Foster a workplace environment conducive to career growth, skills enhancement and employee well-being.
<b>Health &amp; Safety</b>	Potential health and safety risks associated with business operations.	Safeguard occupational health and safety by fostering a workplace culture that prioritises safety in all aspects of the Group's operations.
<b>Community Investment</b>	Limited understanding of community needs and expectations may lead to less effective community engagement initiatives.	Strengthen engagement with local communities to better understand their needs and foster meaningful, long-term collaboration.
<b>Economic Performance</b>	Failing to meet budgeted targets may impact financial stability and business growth.	Enhance revenue generation and profitability through strategic business initiatives and operational efficiencies.
<b>Product Quality and Customer Safety</b>	Low customer satisfaction and potential loss of customers due to poor product and service quality.	Innovative products and services leveraging on AI technology to provide consistent and excellent product and service quality.
<b>Supply Chain Management</b>	Potential conflicts of interest, corruption and unethical practices.	Strengthen procurement procedures to promote transparency and accountability.

# ESG REPORT

## GOVERNANCE

Material Topics	Risks	Opportunities
<b>Ethical Business Practices</b>	Non-compliance with anti-bribery laws may undermine stakeholder confidence, potentially leading to reputational and financial loss.	Ensure compliance with relevant local laws; foster an ethical corporate culture and enhance trust with business partners and customers.
<b>Data Privacy and Cyber Security</b>	Non-compliance with data protection laws, data breaches and low customer trust may result in reduced information sharing, customer attrition, regulatory fines and increased vulnerability to cyber attacks.	Ensure compliance with relevant laws and regulations while continuously monitoring and enhancing the integrity of internal cyber security systems.
<b>Intellectual Property</b>	Infringement of the Group's patents, trademarks, or copyrighted material may lead to legal disputes and potential financial losses.	Drive innovation and develop distinctive intellectual property to strengthen the Group's market position and competitive advantage.

Further details on Sarine's risk management are found in the "Management's Business, Operation & Financial Review" section of the 2024 Annual Report.

### Materiality Assessment

As we strive to create long-term value for our stakeholders, we recognise the need to better understand both the impact of the Group's sustainability issues on our business as well as the impacts of our business practices on our stakeholders.

The materiality assessment process helps us to evaluate the material ESG issues that are significant to our stakeholders and our business to ensure they are being managed effectively. The Group undertook a materiality assessment in 2023 for the ESG Report covering the financial year end of 2022. No formal materiality assessment was conducted for the previous report covering the financial year end of 2023.

For this Report, the Group engaged an independent external consultant to undertake a limited scale material assessment to review the identified ESG issues relevant to the Group. This exercise aimed to validate the Group's relevant ESG issues and to enhance alignment with the GRI Standards and the SGX reporting obligations. The material matters are also considered based on the latest trends related to global sustainability issues. Based on the review conducted and issues considered, the Group, with the approval from the Board, concluded that the previously identified material matters remain relevant. However, for clarity and easier reading, we have renamed the material issues topics with more widely adopted terms. The Group will continue to focus and conduct periodic reviews to reassess and revalidate the material issues based on the Group's business and stakeholder needs.

### Sustainability Framework

The Group's sustainability framework is intended to address our ESG matters clearly and to progressively integrate our sustainability strategy across our organisation and business activities. The new material topic headers referenced in this Report are grouped under the following **ESG** pillars to cover each ESG component across our key areas of operations:



#### ENVIRONMENT

- Use of Resources
- Waste
- Climate Change



#### SOCIAL

- Employee Engagement and Talent Management
- Health and Safety
- Community Investment
- Economic Performance
- Product Quality and Customer Safety
- Supply Chain Management



#### GOVERNANCE

- Ethical Business Practices
- Data Privacy and Cyber Security
- Intellectual Property


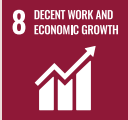


Please refer to pages 31 to 52 of this Report for details on the topics that the Group has identified as material.



## United Nations ("UN") Sustainable Development Goals ("SDGs")

The Group is committed to the sustainable development of our business and contributing to the positive change to the environment and communities around us. Our sustainability approach is guided by our alignment of key material topics against several UN SDGs. We will continue to track the Group's performance in relation to these goals and where relevant, actively promote their progress.

The table below provides an overview of the Group's contributions to promote the relevant UN SDGs.

UN SDGs	Material Matters	Group's Contributions in 2024
 <b>5 GENDER EQUALITY</b> <b>Achieve gender equality and empower all women and girls</b>	<ul style="list-style-type: none"> <li>Employee Engagement and Talent Management</li> </ul>	<ul style="list-style-type: none"> <li>Encouraged female representation in the workplace in all positions and leadership roles</li> <li>Accommodated working mothers through flexible working hours, thus, providing equal opportunities at the workplace</li> <li>Complied with all applicable legal mandates regarding maternity leave</li> </ul>
 <b>8 DECENT WORK AND ECONOMIC GROWTH</b> <b>Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all</b>	<ul style="list-style-type: none"> <li>Employee Engagement and Talent Management</li> <li>Health and Safety</li> <li>Supply Chain Management</li> </ul>	<ul style="list-style-type: none"> <li>Honoured labour rights and promoted safe and secure working environments</li> <li>Addressed health and safety measures across the Group</li> <li>Medical insurance options available for employees across the Group</li> <li>Recruited employees and engaged suppliers from local communities, thus helping to drive the local economy</li> <li>Maintained zero fatality rate in 2024.</li> </ul>
 <b>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</b> <b>Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation</b>	<ul style="list-style-type: none"> <li>Data Privacy and Cyber Security</li> <li>Intellectual Property</li> </ul>	<ul style="list-style-type: none"> <li>Invested significantly in research and developed solutions that enhance transparency and sustainability throughout the diamond industry. Additionally, the transition to cloud-based software solutions continues to strengthen data privacy and cybersecurity by providing an added layer of information security and reducing the risk of cyber threats.</li> </ul>
 <b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b> <b>Ensure sustainable consumption and production patterns</b>	<ul style="list-style-type: none"> <li>Use of Resources</li> <li>Waste</li> <li>Intellectual Property</li> </ul>	<ul style="list-style-type: none"> <li>Continued to develop technological solutions that optimise the usage of rough diamonds, potentially reducing the environmental impact of extraction. Continued to adapt our grading solutions to lab-grown diamonds ("LGD"), which, when produced using renewable energy, offer a more sustainable alternative.</li> <li>Promoted environmentally friendly practices within the Group such as recycling, using multi-purpose kitchenware, using recycled paper, and supporting a hybrid-work model, thus, reducing employees commute emissions and more.</li> <li>Encouraged sustainable resource use, reduce waste through efficient production process, and promote the 3R (reduce, reuse and recycle) practices.</li> </ul>

## Stakeholder Engagement

The Group recognises the importance of stakeholders and interests they have in our business for long-term success and sustainability. We strive for meaningful engagements with our internal and external stakeholders on various topics. The Group maintains a broad range of stakeholders that have an effect on, or are affected by the Group and our activities. Our key stakeholders include investors, employees, business partners, customers, and local communities, as well as government authorities. Our stakeholder engagement approach encompasses a range of methods, including meetings, public announcements, training initiatives or regular dialogues and dedicated feedback channels available on various platforms.

# ESG REPORT

The table below outlines the Group's stakeholder engagement approach, frequency and how we address their interests or concerns.:

Key Stakeholders	Frequency	Key Interests or Concerns	Response
<b>INVESTORS</b>			
	<ul style="list-style-type: none"> <li>Annually</li> <li>Annually</li> <li>Bi-annual</li> <li>As needed</li> <li>Ongoing</li> <li>As needed</li> <li>Annually</li> <li>Ongoing</li> </ul>	<ul style="list-style-type: none"> <li>Strategy and plans</li> <li>Business performance and sustainability</li> <li>Shareholder returns, practices</li> <li>Corporate Governance and risk management</li> </ul>	<ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>Annual Report</li> <li>Semi-annual release of financial results on the SGX-NET and on the Tel-Aviv Stock Exchange ("TASE")</li> <li>Company website to highlight vision and mission as well as investor relations information</li> <li>Communications with investors</li> <li>Timely updates via media releases, on the SGX-NET, on TASE and on the Company website</li> <li>Monitor sustainability performance and targets</li> <li>Uphold good governance practices across the Group and the supply chain</li> </ul>
<b>EMPLOYEES</b>			
	<ul style="list-style-type: none"> <li>Ongoing</li> <li>Annually</li> <li>As needed</li> </ul>	<ul style="list-style-type: none"> <li>Updates on business growth and strategic plans of the Group</li> <li>Personal growth and career development</li> <li>Employee remuneration and benefits</li> <li>Job security</li> <li>Employee safety and well-being</li> <li>Safe, healthy and inclusive workplace</li> </ul>	<ul style="list-style-type: none"> <li>Open door policy to promote transparent communication with employees</li> <li>Career development and annual performance reviews</li> <li>Offer competitive benefits and remuneration packages</li> <li>Recreational and wellness activities.</li> <li>Health and safety procedures and processes</li> </ul>
<b>BUSINESS PARTNERS (suppliers, vendors, sales partners)</b>			
	<ul style="list-style-type: none"> <li>As needed</li> </ul>	<ul style="list-style-type: none"> <li>Product and service quality standards</li> <li>Cost efficiency</li> <li>Workers' safety and health</li> </ul>	<ul style="list-style-type: none"> <li>Dialogues with key vendors and suppliers including meetings with suppliers</li> <li>Continuing relationships and communication with authorised sales representatives</li> </ul>
<b>CUSTOMERS (producers, manufacturers, retailers, wholesalers, laboratories)</b>			
	<ul style="list-style-type: none"> <li>Ongoing</li> <li>Ongoing</li> </ul>	<ul style="list-style-type: none"> <li>Meet or exceed customer expectations and needs</li> <li>Affordable products and services</li> <li>Provide consistent and high quality services</li> </ul>	<ul style="list-style-type: none"> <li>Communication with customers</li> <li>Feedback on our services and solutions</li> <li>Maintaining an open customer service platform</li> <li>Advertisements, marketing and sales promotion activities</li> <li>Adhere to quality standards</li> </ul>
<b>LOCAL COMMUNITIES</b>			
	<ul style="list-style-type: none"> <li>As needed</li> <li>Ongoing</li> <li>As needed</li> </ul>	<ul style="list-style-type: none"> <li>Corporate social responsibility</li> </ul>	<ul style="list-style-type: none"> <li>Outreach and support for charitable activities</li> <li>Participation in community projects that support social or community development causes</li> <li>Open feedback channels for the communities in which we operate</li> </ul>



Key Stakeholders	Frequency	Key Interests or Concerns	Response
<b>GOVERNMENT</b>			
	<ul style="list-style-type: none"> <li>As needed</li> <li>Ongoing</li> </ul>	<ul style="list-style-type: none"> <li>Corporate governance practices</li> <li>Compliance with regulatory requirements including environmental and social compliance</li> </ul>	<ul style="list-style-type: none"> <li>Communication with governmental authorities</li> <li>Meeting mandatory reporting and compliance requirements in a timely manner</li> </ul>

## Membership Associations

The Group participates as a member of, engages with, or has an ongoing discourse with various industry bodies, associations and organisations, including the following:

- o Jewelers Vigilance Committee (JVC)
- o Worldwide Federation of Diamond Bourses (WFDB)
- o Kimberly Process (KP)
- o Antwerp World Diamond Centre (AWDC)
- o Jewelers Board of Trade (JBT)
- o Jewelers Security Alliance (JSA)
- o Accredited Gemmologists Association (AGA)
- o American Gem Society (AGS)
- o 24K Club of NY
- o Responsible Jewellery Council (RJC)
- o Manufacturing Jewelers & Suppliers of America (MJSA)
- o Diamond Federation of Hong Kong (DFHK)

The Group was honoured to participate in the 4th Luxury Roundtable hosted by ORIGINALLUXURY in December 2024. As a technology partner of ORIGINALLUXURY, Sarine showcased a traceability case study on securing a rare fancy-coloured diamond using its scientifically proven traceability solution, reinforcing its commitment to trust, transparency, and innovation in the diamond industry.

The next sections of this Report outline the discussions on the material issues for the Group under the respective ESG pillars.

## ENVIRONMENTAL

As a responsible organisation, environmental stewardship is a priority for us. The Group is committed to playing a role to combat the global climate crisis and to make a positive impact on our planet. Although our services as a high-technology company may not significantly impact climate change, we recognise the importance of addressing key environmental issues in order to shape a sustainable future for the long-term viability of our business, people and communities.

In line with the Group Sustainability Policy, the Group is committed to environmental responsibility and is guided by the following principles:

- Adhere to all relevant legislations.
- Minimise waste generation by promoting recycling and encouraging responsible disposal practices.
- Promote energy efficiency and reduce emissions.
- Use water efficiently and reduce consumption, wherever possible.
- Strive to minimise environmental impact of our operations, wherever possible.

As at 31 December 2024, no significant environmental-related fines or penalties were imposed on any of the companies in the Group. The Group aims to make further progress in its environmental data collection and monitoring efforts.

For this section of the Report, we re-organised the material topics from our previous disclosures under the environmental pillar to align our ESG performance with the SGX ESG Core Metrics and the GRI Standards to provide clearer disclosures. The topics covered address the impacts and our ESG performance from the operations' use of resources, waste and climate change.

In the context of the relevant metrics performance reported in this section, we have excluded the environmental data for Hong Kong as the scale of operations and the size of the operations are currently not significant for us to track. For certain sections, comparative data is not presented because this is the first year the Group is reporting on those specific indicators.

# ESG REPORT

## Use of Resources

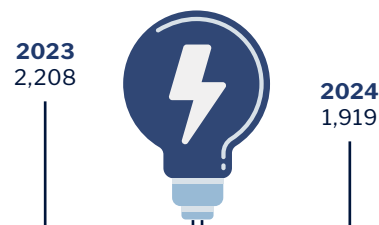
### Energy Management

#### Electricity Consumption

Purchased electricity is the main source of energy in all our locations across Israel, India and USA. The Group recognises that managing electricity consumption effectively, not only provides operational savings, but can also support the broader environmental goals. The Group will seek ways to reduce electricity consumption and minimise the Group's energy impact.

As part of the Group's efforts to improve its ESG performance and minimise environmental impact, we continue to measure electricity consumption across our entities in Israel, India and the USA. A slight decrease in the total purchased electricity for the Group was recorded in 2024. This reduction is due to a number of units in the International Gem Tower ("IGT") building in New York (owned by Sarine's real estate entities in USA) being leased out to a third party from April 2024 onwards. The lessor subsequently assumed responsibility over the electricity consumption for that unit.

#### Total Electricity Consumption Purchased Electricity (MWh)<sup>(a)</sup>



#### Notes:

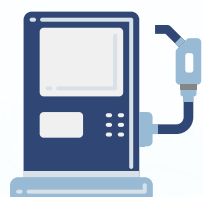
(a) Excludes the electricity consumption by (i) the Hong Kong entity as electricity consumption is covered in the rental agreement and (ii) the electricity consumption at the co-sharing office space in Mumbai, India as the electricity consumption is covered under the rental agreement.

#### Fuel Consumption

We currently monitor fuel consumption of our corporate vehicles in Israel and India, including one light goods vehicle owned by Sarin India. The Group's corporate vehicles primarily use gasoline, with minimal reliance on diesel. We do not provide corporate vehicles for our employees in Hong Kong and USA.

In 2024, the Group's total fuel consumption decreased as whole from 2023. Diesel consumption rose in several months of 2024 due to a temporary replacement of a damaged vehicle with a diesel-powered one following an accident.

The table below provides an overview of the Group's fuel consumption over the last three financial reporting years:



Fuel Consumption	2022	2023	2024
Diesel (litre)	911	1,341	1,737
Petrol (litre)	38,331	47,760	43,903
Total Fuel Consumption (litre)	39,242	49,101	45,640

### Energy Consumption

As part of the Group's commitment to enhance its disclosure practices, the Group will now report on its total energy consumption from its main sources, namely electricity and fuel.

To further reduce energy consumption and waste, we rely to a large degree on cloud-based solutions, including in our research and development efforts. These efforts significantly reduce the need for physical computing infrastructure, which would alternatively require additional office space, direct and indirect power (such as air-conditioners).

Below is the breakdown of the total energy consumed and the energy consumption intensity ratio for the Group in 2024:

#### Energy Consumption 2024

Energy Consumption (MWh)<sup>(a)</sup>  
2,336



Energy Consumption Intensity  
(MWh per employee)<sup>(b)</sup>  
4.99

#### Notes:

- (a) This is the first time this data is reported to align with the SGX Core ESG Metrics. The total energy consumption includes the total electricity and total fuel consumption in MWh, being approximately 417 MWh and electricity consumption of 1,919 MWh.
- (b) This is the first time this data is reported to align with the SGX Core ESG Metrics. The energy consumption intensity is calculated from the Group's total energy consumption reported over the Group's total number of employees of the Group for the reporting year.



## Targets and Performance

Use of Resources – Electricity	
Target for 2024	Performance
No targets set for 2024	Overall, the total purchased electricity consumption reduced by 13.1% in 2024 as compared to 2023.
Targets for 2025 onwards	
<ul style="list-style-type: none"> <li>• <b>Maintain current electricity consumption.</b></li> <li>• <b>To improve overall electricity consumption.</b></li> </ul>	

## Water Management

Global water availability is a rising concern, with factors like climate change and pollution contributing to the issue. Although the Group's operations are not water intensive, we are committed to using water efficiently and we aim to reduce wastage of such resources, wherever possible.

Water is mainly used for sanitation purposes and employee needs at the respective facilities. We have in 2024 started tracking water consumption at our facilities in Israel. In Israel, Sarine receives a monthly water consumption report and is invoiced by the building management.

As the full year data for Sarin House in India is not readily available for 2024, the water consumption data for Sarine will only include data for Israel in this Report.

In 2024, the Group's water consumption for its operations is 737 m<sup>3</sup>. As this is our first water consumption disclosure, comparative data is not available to assess the Group's performance on water usage efficiency from the operations.

Table below provides and overview of the water consumption for the Group in 2024:



### Notes:

- (a) This is the first year this data is reported, to align with the SGX Core ESG Metrics. Water consumption data only includes data from our facilities in Israel.
- (b) This is the first year this data is reported, to align with the SGX Core ESG Metrics. Water consumption intensity is calculated from the total water consumption (in m<sup>3</sup>) over the Group's total number of employees of the Group for the reporting year.

## Targets and Performance

Use of Resources – Water	
Target for 2024	Performance
No targets set for 2024	We will continue to engage with our entities within the Group to improve the data collection methods, to ensure a more systematic approach going forward.
Targets for 2025 onwards	
<ul style="list-style-type: none"> <li>• <b>Maintain current water consumption.</b></li> <li>• <b>To increase awareness on water conservation initiatives.</b></li> </ul>	

# ESG REPORT

## Waste

Waste management is an important element to preserve the environment in which we operate in. The Group aims to minimise waste generation by promoting recycling and encouraging disposal practices.

The Group strives to comply with relevant legal requirements to mitigate the impact of waste generation from its operations. We recognise inefficient waste management could be hazardous to people and the environment, increase health and safety risks, and result in fines from regulatory non-compliance.

Over the years, our solutions have significantly improved the utilisation of the mined rough diamond material by an estimated 33%. This has contributed to waste reduction and environmental impacts of mining and polishing segments of the diamond industry.

The Group’s products are European Union directive WEE compliant. This directive aims to encourage the design of electronic products and components with environmentally-safe recycling and recovery in mind (no electrical or electronic equipment may be discarded into a city’s normal waste disposal system). The Group provides assistance to its customers for the proper and safe disposal of any of its products, their components or consumable materials. We encourage our customers to seek help from the Group’s technicians and support teams to recycle obsolete products.

We encourage recycling wherever possible at our offices, including using recycled paper, encouraging two-sided printing and recycling batteries to minimise waste.

The table below sets out an overview of the waste generated in 2024:



- Notes:
- (a) This is the first time this data is reported to align with the SGX ESG Core Metrics. Non-hazardous waste only includes paper and electronic waste. Electronic waste is only recorded and tracked in Israel.
  - (b) Total waste generated by the Group only includes non-hazardous waste.

### Targets and Performance

Waste	
Target for 2024	Performance
Where possible, utilise recycled paper	This year, we have initiated waste data collection, starting with non-hazardous waste such as paper and electronic waste. Overall, our product assembly processes generate minimal to no industrial waste.
Targets for 2025 onwards	
<ul style="list-style-type: none"><li>To initiate reporting.</li><li>To seek ways to reduce, reuse and recycle waste generated throughout the Group.</li></ul>	

## Climate Change

Given the nature of our operations which are largely focused around office-based activities and high-tech assembly environment, our environmental footprint is minimal compared to industries with high energy demands. Despite our relatively lower environmental footprint, we recognise that addressing climate change is a global collective effort. We strive to minimise the environmental impact of our operations, wherever possible.

The Group may be exposed to both physical risks arising from unpredictable extreme climate events such as floods, which could potentially impact the Group’s operations and assets and transitional risks associated with the societal and economic transition towards a low-carbon future, such as carbon taxation or increased insurance costs. The Group aims to minimise such risk via its diverse locations and cloud-based infrastructure.


## GHG Emissions

In 2024, we reviewed our performance tracking approach to help us better understand the carbon footprint in our operations.

GHG emissions represent a significant driver of global climate change. The Group currently monitors Scope 1 and Scope 2 GHG emissions. Scope 1 GHG emissions are defined as direct emissions from activities such as fuel combustion and on-site processes. Scope 2 GHG emissions are indirect emissions associated with purchased electricity, heat and steam. This data helps us identify areas for improvement and measure progress towards setting our emissions goals and targets.

Currently, the Group tracks GHG emissions from the amount of diesel and petrol consumed in its operations from its corporate vehicles. This includes the Group's company cars and one light goods vehicle used in India. Scope 2 GHG emissions are generated from the purchased electricity for use in the facilities located in Israel, India and USA.

The following table outlines the Scope 1 and Scope 2 GHG emissions data and GHG emissions intensity in 2024 compiled for the Group.



GHG Emissions	2022	2023	2024
<b>Scope 1 Direct GHG Emissions (tCO2-eq)<sup>(a)</sup></b>	85.20	111.55	<b>95.87</b>
<b>Scope 2 Indirect GHG Emissions (tCO2-eq)<sup>(b)</sup></b>	1,330.47	1,243.15	<b>1,048.03</b>
<b>Total GHG Emissions (tCO2-eq)<sup>(c)</sup></b>	1,415.67	1,354.70	<b>1,143.90</b>
<b>GHG Emissions Intensity (Scope 1 &amp; Scope 2 per employee)<sup>(d)</sup></b>	2.63	2.50	<b>2.44</b>

Notes:

- (a) Scope 1 direct emissions generated from combustion of fuels in mobile sources, i.e., from the Group's corporate vehicles, is calculated using the latest conversion factors for diesel (Average biofuel blends) and petrol (Average biofuel blend) under the UK Government's GHG Conversion Factors for Company Reporting for 2024 (Fuels).
- (b) Scope 2 indirect emissions generated from electricity purchased from the utilities' companies in Israel, India and the US. Emission factors are sourced from: (i) Israel - IFI Default Grid Factors for Israel, 2021 (ii) India - Central Electricity Authority, India (2023-2024); and (iii) USA - US Environmental Protection Agency eGrid2023, January 2025.
- (c) Total GHG emissions include both Scope 1 and Scope 2 GHG emissions.
- (d) GHG emissions intensity is based on the total GHG emissions (Scope 1 and Scope 2) over the total number of employees of the Group for the reporting year.

The Group aims to enhance its disclosures on GHG emissions by refining our data collection to ensure clearer and more accurate reporting. In order to initiate Scope 3 GHG emissions, we will also review our activities within the Group's supply chain and prioritise those Scope 3 GHG emissions, which the Group is indirectly responsible for, being those activities that fall under the fifteen categories listed by the GHG Protocol. The Group is currently evaluating which Scope 3 GHG emissions categories can be practically tracked, based on the availability of relevant data from third parties.

The Group is in the process of relocating its manufacturing activities from Israel to India. This move will enhance efficiency and eliminate shipment of machines to India, as well as contribute to lowering the Group's carbon footprint from its operational activities.

## Targets and Performance

Waste	
Target for 2024	Performance
No targets set in the previous year	Overall, the Group recorded a slight reduction of approximately 15.56% in its total GHG emissions as compared to 2023. The decrease is mainly contributed by the Group's lower fuel and purchased electricity consumption recorded across the Group in 2024, as compared to 2023.
Targets for 2025 onwards	
<ul style="list-style-type: none"> <li>To set baseline for GHG emissions.</li> <li>To initiate measurement of Scope 3 GHG emissions.</li> <li>To reduce GHG emissions.</li> </ul>	



# ESG REPORT

## SOCIAL

We recognise that our success depends on the well-being of our employees, the strength of our communities, the trust of our customers, and ensuring responsible supplier management. This section of this Report details our commitment to these responsible social practices, focusing on our initiatives to ensure sustainable growth and long-term success.

### Employee Engagement and Talent Management

At the Group, we recognise that our people are our most valuable asset. We believe a strong focus on our employees is not to just fulfil a strategic agenda, but is fundamental to our continued innovation and success.

The Group has established internal procedures and practices to cover fair employment practices on recruitment, promotion, dismissal and working hours amongst others. Our US entity, GCAL, has in place an Employee Handbook that details working conditions, employees benefits and policies affecting each of their employees.

The Human Rights Workplace Policy establishes the core principles related to non-discrimination and equal opportunities, workplace safety and health, the prohibition of forced and child labour, fair wages, privacy and data protection and upholding ethical behaviour and integrity in all workplace conduct,

The Group's Sustainability Policy promotes:

- good workplace practices and safeguarding the fundamental rights of all individuals directly impacted by the Group's activities, as further set out in the Human Rights Workplace Policy;
- a diverse and inclusive workplace that values and respects individual differences.

Guided by these principles, we aim to build this culture where everyone feels empowered to contribute and grow in a safe working environment.

We adhere to all local laws in the jurisdictions where we have a presence in accordance with the Group's human resources ("HR") policies that protect the rights and interests of our employees. To ensure a professional business environment that is built on mutual respect, fair play, and transparency, our employees are also guided by the Group's Business Conduct Policy to maintain appropriate relationships with our business partners, customers and employees. The full Business Conduct Policy can be viewed on our website at: [https://sarine.com/wp-content/uploads/2023/01/Sarine\\_Business\\_Conduct\\_Policy.pdf](https://sarine.com/wp-content/uploads/2023/01/Sarine_Business_Conduct_Policy.pdf)

### Core Values

Following are the core values on which we base our daily business operations:

- We treat our business partners, customers and employees with fairness and dignity.
- To the best of our ability, we create a safe and protective work environment for our employees, and we offer our customers safe products, with which to similarly create a safe work environment for their employees.
- Wherever applicable, we ourselves employ, and we instruct our customers as to how to similarly take, all necessary measures for the safe and environmentally friendly use and disposal of even marginally hazardous materials, as per directions from appropriately authorised expert consultants.
- Our HR policies protect the rights and interests of the Group's employees, as dictated by all applicable laws in all the jurisdictions in which we have a permanent established presence.
- We maintain strict policies regarding equality in the workplace, regardless of sex, age, religion, ethnicity, disability or other personal traits or beliefs, including the strict and swift treatment of any sexual harassment incidents, so as to provide a fair, safe and amicable workplace.
- We employ individuals with various disabilities as part of our efforts to promote equal opportunity in the workplace.
- We are committed to nurturing our employees and providing them with equal opportunities and a safe supportive and rewarding working environment.

### Total Workforce

While most of our employees are full-time personnel, we do employ several employees on a fixed-term basis. None of our employees within the Group are currently represented by any collective bargaining agreement with a trade union, although we respect their freedom of association.

As at 31 December 2024, the total workforce for the Group is 468, and the vast majority of our employees were employed on a full-time basis.

The following table provides the breakdown of the total employees by number, percentage and by region over the last three financial years from 2022 to 2024:

Total Employees	2022		2023		2024	
	No.	%	No.	%	No.	%
Israel	139	26%	142	27%	106	22%
India	388	72%	353	66%	331	71%
US	6	1%	34	6%	27	6%
Hong Kong	5	1%	6	1%	4	1%
<b>TOTAL</b>	<b>538</b>	<b>100%</b>	<b>535</b>	<b>100%</b>	<b>468</b>	<b>100%</b>

Most of our employees are based in our significant operations in India, with a continued focus on local hiring and supporting the local communities. The total workforce was reduced in 2024 as compared to 2023, driven by cost management measures implemented at the end of 2023 to optimise efficiency and enhance the Group's financial position.

In Sarin India, we recruit local management personnel wherever practical, including at C-suite levels. Our CFO and the VP Sales of Sarin India are local recruits, who have been with the Group for many years, including their intermediate management. As of 31 December 2024, the percentage of key management hired from the local communities is as follows: 100% in Israel and USA and 75% in India.

## Talent and Recruitment

### Recruitment

The Group has in place fair employment practices to recruit and retain talent in the market, to support our business' sustainable growth. We strive to employ individuals based on their merits from diverse skills and experience, regardless of sex, age, religion, ethnicity, disability or other personal traits or beliefs. *Further details on our recruitment practices are discussed in the 'Diversity and Equal Opportunities' section under this material topic.*

### Rewards and Benefits

We provide competitive remuneration and benefits to our employees in accordance with the applicable labour laws in the jurisdictions where we operate. Employee remuneration and benefits are determined after considering various factors such as qualification, relevant work experience, individual performance, relative value of each position to the Group and comparable positions in the Group and in the competitive environment in which the Group operates.

Some examples of the remuneration and benefits available for employees in the Group are as follows:

- individual rewards and annual bonuses.
- eligible employees receive grants of stock options or otherwise (Please refer to further details on the share options granted in the "Directors Report" section of the 2024 Annual Report).
- the Group's contributions to pension funds, as required by the applicable laws and country specific practices.
- medical insurance coverage options (such as supplemental private insurance available for employees and families in Israel and medical insurance for employees in USA and insurance premium coverage for all employees of Sarin India).
- maternity and parental leave based on the applicable laws of each jurisdiction where we operate. Sarin India provides men with three days paid parental leave. In 2024, a total of seven employees went on parental leave. This includes one employee whose maternity leave period commenced in 2023 and extended into 2024.
- flexible working hours is offered, wherever feasible to support working mothers.

The Group reviews remuneration and benefits programmes regularly to ensure that we are on par with the market. In 2024, the Group conducted an annual salary survey to ensure competitiveness with respective sectors.

## Development and Training

The Group is committed to invest in the career development of our employees and equip them with the necessary skills to adapt to the change and demands of the fast evolving high-technology industries. We strive to offer appropriate training, seminars and professional courses to our employees to advance their career paths. To effectively measure performance and development of our employees, we conduct annual goal setting, year-end performance reviews and mid-year progress checks on their performance and development.

Each of the Group's entities has an onboarding programme. Having an onboarding programme helps new employees integrate into the team and understand the culture more quickly. For new employees in Israel, the onboarding programme includes:

- one on one meeting between the new employee and the CEO;
- follow-up HR meeting a few months after joining the company, to discuss the employee's overall satisfaction; and
- introduction to key Group and company-specific policies. This includes dissemination of the Business Conduct Policy and other employee related policies as part of the onboarding process.

# ESG REPORT

To identify skill gaps and help our employees achieve their career goals, we regularly assess our employees' training needs. Training is conducted on an as-needed basis, within a defined annual budget.

Our training and development programmes in 2024 included:

- leadership training
- safety training
- IT security awareness training

In May 2024, our HR department in Israel organised an Innovation Day for all managers at the Israeli Innovation Center. The managers attended lectures and workshops on various aspects of innovation and technological advancement designed to provide valuable insights and fresh perspectives on driving innovation as part of the Group's commitment to professional development.

For this Report, the Group's data on average training hours was not available in 2024 as it was not tracked. We have initiated a more systematic review and data collection process to record the Group's development and training performance going forward.

## Diversity and Equal Opportunities

The Group offers an inclusive workplace environment, regardless of sex, age group, employee category and region.

Guided by our recruitment policies and with the adoption of the Human Rights Workplace Policy, we strive to build a culture that advocates and promotes equal opportunities and non-discrimination, by actively seeking employees based on their personal capabilities and qualifications. We also recruit and retain persons with various disabilities.

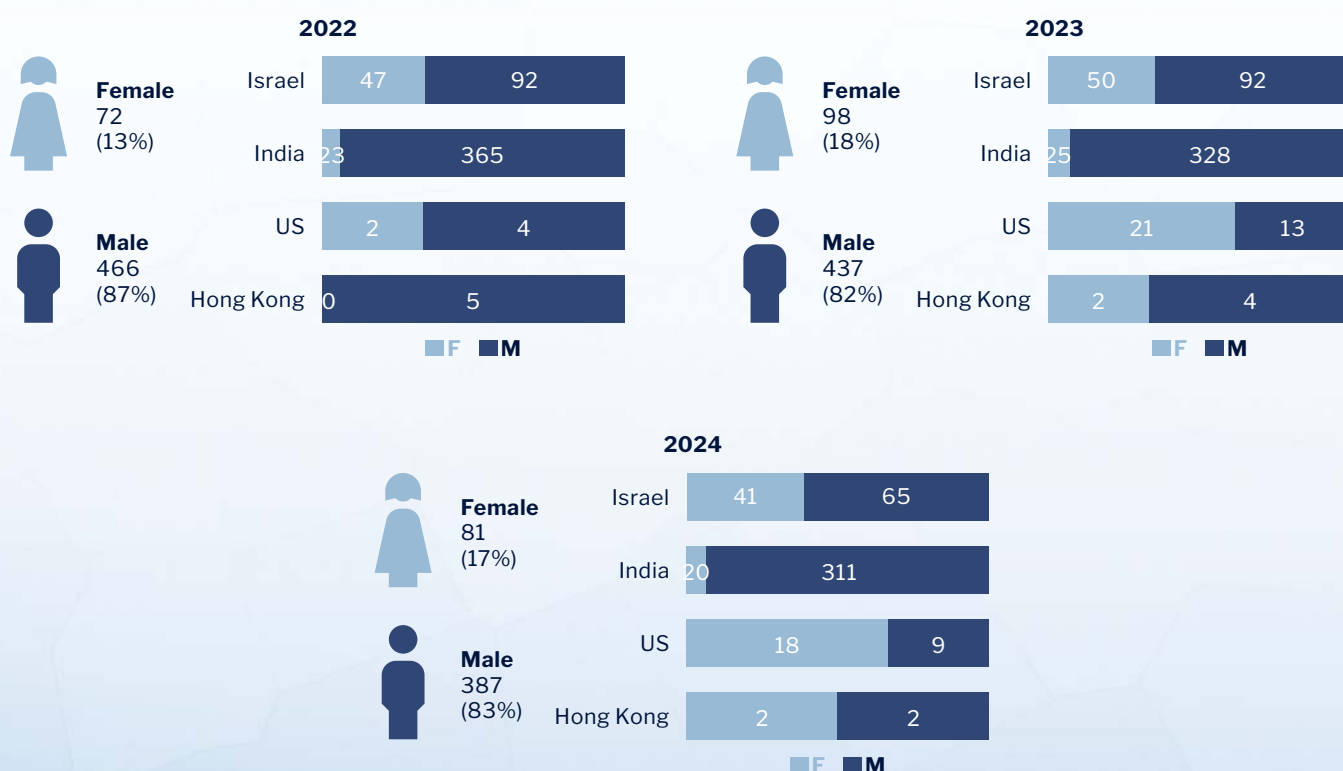
We strive to balance gender representation by encouraging women to join the very male-dominated industry, especially in India. The Group believes that gender diversity is a fundamental principle for the Group, and has addressed this issue since 2019 with the aim of increasing the number of females in departments and positions where female presence is relatively low. To celebrate Women's Day, our HR team organised a lecture in March 2024 at our Israel office, by Sarine's Service Centre Manager, titled "Choosing Right". The lecture focused on women's empowerment, positive thinking, overcoming personal challenges and fostering confidence, initiative and personal growth.

To safeguard our employees, in particular women employees, against sexual harassment or abuse of power in the workplace, the Group has implemented a prohibition against harassment. In Israel, our employees are guided by a Sexual Harassment Charter and complete periodic training. Sarin India has an established Sexual Harassment Policy in place. In 2024, mandatory training on Prevention of Sexual Harassment was provided to all employees in Israel and India to create awareness on this critical issue. For GCAL employees, their Employee Handbook covers unlawful harassment including sexual harassment.

The tables below provide a breakdown of our diversity performance based on gender and age group by region and employee category:

## Gender Diversity

### Employees By Gender and By Region





## Age-Based Diversity

Employees by Age Group and by Region	Below 30 years old			Between 30-50 years old			Above 50 years old		
	2022	2023	2024	2022	2023	2024	2022	2023	2024
Israel (No.)	15	10	5	91	98	73	33	34	28
India (No.)	159	122	88	221	221	234	8	10	9
USA (No.)	0	7	5	1	17	14	5	10	8
Hong Kong (No.)	0	1	1	4	4	2	1	1	1
<b>Total for the Group (No.)</b>	174	140	99	317	340	323	47	55	46
<b>Total for the Group (%)</b>	32%	26%	21%	59%	64%	69%	9%	10%	10%

## Employee Category

Employee Category by Gender	2024			
	Female		Male	
	No	%	No	%
<b>Senior Management<sup>(a)</sup></b>	1	1%	7	1%
<b>Executive<sup>(b)</sup></b>	11	2%	26	6%
<b>Non-Executive<sup>(c)</sup></b>	68	15%	353	75%

Notes:

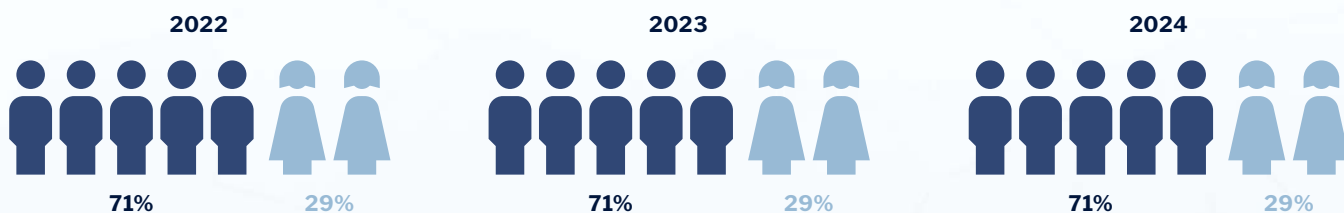
- (a) Senior Management represents the Chief Executive Officer ("CEO") of the Company, being the parent and those employees in the parent company who directly report to the CEO (representing six vice-presidents and the HR Director).
- (b) Executives represents mid-level managers, and does not include Senior Management referred to above.
- (c) All employees other than Senior Management and mid-level managers.

## Board Diversity

Our Board is comprised of individuals with extensive knowledge and skills, and diverse expertise and experience in the various segments of the diamond and jewellery industry, computer science, engineering, accounting, audit, financial reporting and corporate governance.

The breakdown of Sarine's Board of Directors by gender and independence are as follows:

### Board of Directors – Gender



Board of Directors – Independence	2022		2023		2024	
	No.	%	No.	%	No.	%
Independent	4	57%	4	57%	4	57%
Non-independent	3	43%	3	43%	3	43%

As part of Sarine's commitment to promote diversity and inclusiveness within the Board and to ensure that the Board reflects the communities it serves, Sarine adopted a Board Diversity Policy, which is published on the Company's website. The Policy also provides that the majority of the Board should be comprised of independent directors and should be gender, age and ethnically diversified. Thus, the Company promotes diversity among its Board, including just under 30% women.

Key information about the Board of Directors is detailed in the "Board of Directors" and "Corporate Governance" sections of the 2024 Annual Report.

# ESG REPORT

## Employee retention and attrition

Employee turnover and new hire rates provide valuable insights into the Group's health and sustainability. We recognise the importance of these metrics in pressing our commitment to responsible human capital management and creating a positive work environment.

### New Hire and Turnover Rates

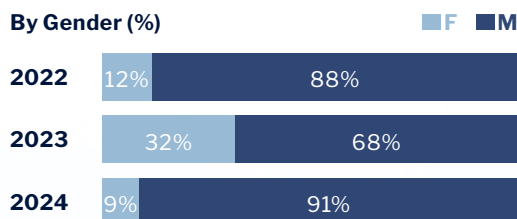
For this Report, we have enhanced our reporting of this material topic on Employee Engagement and Talent Management by expanding our disclosures to include new hire rate for the Group. We have also restructured from our previous disclosures with more refined reporting on this topic.

The overview of the new hire rates by gender, age group, and region for the Group over the last three financial years are as follows:

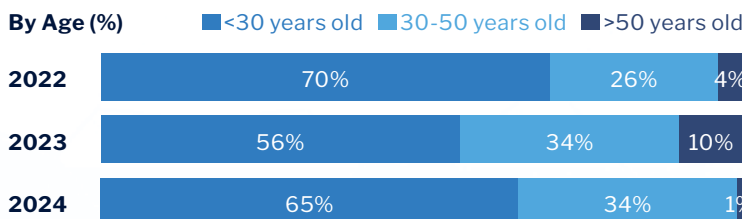
#### New Hire Rate

New Hire Rate	2022	2023	2024
New Hire Rate (No.)	156	138	68
New Hire Rate (%)	29%	26%	15%

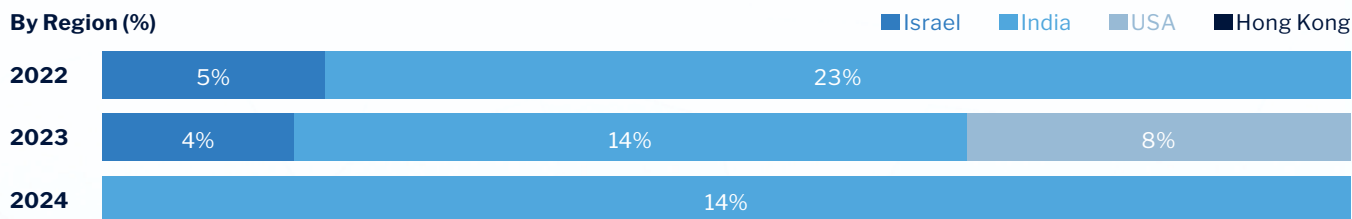
#### By Gender (%)



#### By Age (%)



#### By Region (%)

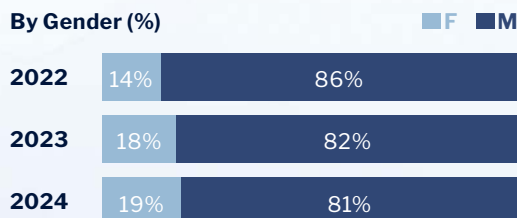


#### Turnover Rate

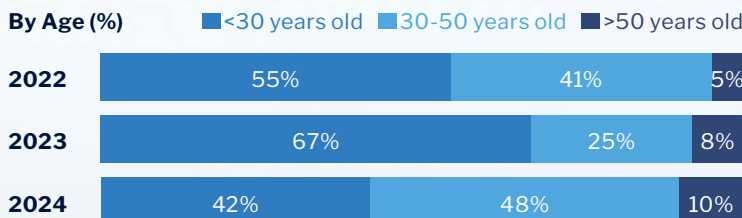
The overview of the turnover rates by gender, age group, and region for the Group over the last three financial years are as follows:

Turnover Rate	2022	2023	2024
Turnover Rate (No.)	64	136	132
Turnover Rate (%)	12%	25%	28%

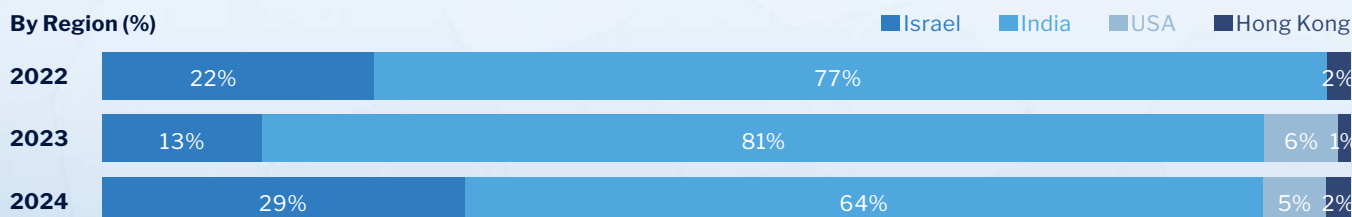
#### By Gender (%)



#### By Age (%)



#### By Region (%)



## Employee Engagement

We maintain open communication lines between all our employees and the various levels of management, encouraging our employees to comment on, improve and critique the Group's activities. Employee engagement takes place through various platforms throughout the year :

- Onboarding programme.
- Departmental meetings – these serve as regular touchpoints for teams to align on objectives, discuss challenges, share updates, and collaborate on improving workflows and efficiency.
- E-mails.
- Company-wide gatherings for various occasions.
- Roundtable discussions between employees and management – this provides our employees with a structured yet open forum to engage directly with management, share ideas, raise concerns and contribute to the decision-making process.
- General open-door approach to management of all levels – this fosters a culture of transparency and accessibility, allowing employees at all levels to freely approach management with feedback, questions, or concerns.
- Grievance mechanisms such as the Whistleblower Policy that encourages our employees to report any illegal, improper or unfair practices that they may encounter within the Group.
- Employee Engagement surveys - no surveys were conducted in 2024.

Our Group actively fosters employee engagement through various cultural celebrations, office events and wellness initiatives.

- **Festival and Religious celebrations**

- o Our Indian office hosted Diwali and Navatri events, while employees in Israel participated in Purim, Passover and Rosh Hassana celebrations, embracing cultural diversity.



2024 Diwali - India



2024 Purim Office Party - Israel



# ESG REPORT

- **Office Parties**
  - o The US office organised Halloween office parties with costume contests and regular birthday celebrations, creating a fun and inclusive work environment.
- **Outdoor activities**
  - o Employees in Israel enjoyed an operations department picnic and a recreation day in Caesarea and employees in India enjoyed a waterpark day out for Sarin India employees, promoting team bonding and relaxation.



Recreation Day – Caesarea (June 2024)

- **Awareness talks**
  - o Information sessions were held to educate employees on healthy lifestyle, sharing of life experiences from keynote speakers.



Holocaust Remembrance Day

## Targets and Performance

Employee Engagement and Talent Management	
Target for 2024	Performance
Reduce the percentage of voluntary staff turnover.	Turnover rate for the Group in 2024 is 28%, which recorded a slight increase from 2023.
Continue employee development with fair and competitive remuneration based on merit.	Ongoing
Strive for higher gender diversity.	Ongoing
Implementation of key employee development programme.	Ongoing
Targets for 2025 onwards	
<ul style="list-style-type: none"> <li>• <b>Reduce attrition.</b></li> <li>• <b>To maintain fair labour practices.</b></li> <li>• <b>Strive to promote diversity in recruitment.</b></li> <li>• <b>To maintain a diverse, equitable and safe working environment.</b></li> <li>• <b>Organise and increase number of internal training sessions.</b></li> <li>• <b>To cultivate a culture of self- development.</b></li> </ul>	

## Health and Safety

We prioritise our employee's health and safety by creating safe and protective work environment for our employees. Preventing workplace injuries and illnesses is essential for both employee well-being and operational efficiency. Our existing health and safety measures comply with all applicable local laws and regulations.

In 2024, mandatory safety training was organised by our Safety Officer for all employees in Israel. The training covered essential workplace safety topics, including emergency evacuation procedures, fire safety protocols, accident prevention measures, ergonomics, workplace hazards and first aid basics. All our employees undergo initial and annual safety training, with additional training for those who work with specific equipment (such as work from heights, production, use of different tools). Each floor of our Israel office has a dedicated employee assigned to oversee evacuation and emergency procedures.

Over the last three financial years, we have maintained a zero-incident record of no fatalities, no high-consequence and no recordable work-related ill health cases. As part of the Group's ongoing commitment to employee safety, we periodically review our health and safety practices to ensure they remain effective and relevant.

Health and Safety <sup>(a)</sup>	2022	2023	2024
Fatalities <sup>(b)</sup>	0	0	0
High-consequence injuries <sup>(c)</sup>	0	0	0
Recordable injuries <sup>(d)</sup>	1	0	0
Recordable work-related ill health cases <sup>(e)</sup>	0	0	0

### Notes:

- (a) This is the first time the health and safety metrics are reported under this topic, to align with the SGX ESG Core metrics disclosures.
- (b) Number of work-related fatalities.
- (c) Number of major and minor accidents that cause employees to be on medical leave for more than four days (excluding fatalities during the reporting year).
- (d) Number of recordable work-related injuries include number of both major and minor accidents. Minor accidents are recorded for those accidents that cause employees to be on medical leave for 4 days and below without any injuries.
- (e) Number of recordable work-related illnesses or health conditions arising from exposure to hazards at work during reporting period.

# ESG REPORT

## Targets and Performance

Health and Safety	
Target for 2024	Performance
No targets set in the previous year.	Ongoing tracking of health and safety performances during the year with no fatalities or work-related injuries recorded in 2024.
Targets for 2025 onwards	
<ul style="list-style-type: none"><li>To maintain goal of zero cases of fatality and safety incidents with bodily harm.</li></ul>	

## Community Investment

The Group is committed to supporting the less privileged members of our community. We engage in ongoing community and social initiatives in the local communities where we operate, investing in programmes that promote education, technology, accessibility and social development.

Fostering a positive relationship between businesses and communities involves more than just charitable giving. It is also about building partnerships that contribute to economic prosperity, social well-being and environmental sustainability, to create a positive impact for all involved.

Our corporate social responsibility (“CSR”) activities are largely carried out by our Sarin India team. Sarin India has established a Corporate Social Responsibility Committee (“CSR Committee”) comprised of seven members. The CSR Committee focuses on various initiatives primarily aimed at improving education for the less fortunate and providing assistance to vulnerable members of our communities.

The following initiatives were carried out by Sarin India in 2024:

### Education

Sarin India is committed to supporting education through infrastructure, resources, and personnel, particularly in vulnerable communities. In 2024, the company continued its efforts to enhance educational opportunities for children in rural and undeveloped areas.

As part of its initiatives, Sarin India continues to support to schools in Valsad and Jhagadiya, supplying essential educational materials such as schoolbags, books, stationery, and other resources to underprivileged students. These contributions aim to bridge the educational gap and empower children with the tools necessary for learning and development.







Additionally, Sarin India recognised and encouraged academic excellence among students. In August 2024, Sarin India awarded prizes to the top three students in government schools adopted by Sarin India in Surat (Standards 1 to 8). The awards, including a bicycle for first-place students, aimed to encourage and recognise high-achieving students, reinforcing the importance of education.



These initiatives collectively benefited over 800 students, reinforcing Sarin India's commitment to fostering education in less privileged communities.



# ESG REPORT

## Supporting Welfare of Vulnerable Communities

Sarin India also directed its efforts to support children and the elderly at the Vishwa Jagruti Mission Balashram Orphanage in Surat.

At our headquarters in Israel, our employees also participated in CSR activities as part of the Group’s ongoing commitment to make a positive impact on our society and our environment.

In 2024, the following activities were carried out in Israel:

- Ongoing volunteering activity at a local nursing home provided residents with meaningful interaction and engaging activities.
- Volunteers participated in a singalong session at the Amcha club in Petah Tikva, Israel. This organisation provides psychological and social support services to Holocaust survivors.



Amcha club in Petah Tikva, Israel.

Community Investment	2024
Community Investments (US\$)	37,308

### Targets and Performance

Community Investment	
Target for 2024	Performance
Sarin India to continue supporting underprivileged school children by providing school supplies and donating funds for the continued maintenance of a school computer lab.	Community investments of US\$27,308 made by Sarin India, which amounts to 73% of the Group’s total contributions.
Sarine Israel employees to engage with local community by initiating various activities.	Sarine Israel employees volunteered at several ongoing activities.
Targets for 2025 onwards	
• Contributing to the communities we operate in.	

## Economic Performance

Sarine's financial performance supports the creation of long-term value and the Group's sustainability agenda. With our leading technology solutions in the diamond industry, we aim to ensure long-term resilience by leveraging on our products and solutions in the diamond market. We stay abreast with the market trends and the industry requirements to introduce innovative, reliable and efficient yield-increasing, cost-cutting, time-saving and risk reducing technologies.

Some of our new products launched in 2024, such as the Most Valuable Planning™ ("MVP"), provide significant added value for optimal planning of rough diamonds weighing 90 points and under. MVP provides significant added value to this segment of very small rough stones as well as enhanced automation, and will support our campaign against infringers of our technology and propel sales in our other products. Further details on the Group's products and innovation processes are found in the "Management's Business, Operation & Financial Review" section of the 2024 Annual Report.

The natural diamond manufacturing industry continued to face challenging market conditions in 2024. Weak consumer demand in China and the continuing disruption by LGD have negatively impacted the demand as well as prices of natural diamonds, with the consequent dampening of diamond manufacturing activities. Over-production and oversupply of LGD have depressed their wholesale prices, and intensifying competition among retailers has driven down their retail prices and the absolute profits realised from LGD.

This year the Group recorded a total revenue of US\$39.2 million. The Group continuously generates wealth for our stakeholders, as shown in the table below.

Economic Performance		2022	2023	2024
		US\$ (thousand)	US\$ (thousand)	US\$ (thousand)
Economic value generated (i.e. revenue and other income) <sup>(a)</sup>		58,763	42,944	<b>39,201</b>
Economic value distributed <sup>(b)</sup>	Operating Expense	(29,625)	(29,215)	<b>(23,027)</b>
	Income Tax expense	(2,537)	(1,534)	<b>(375)</b>
	Dividends paid	(10,514)	(4,362)	<b>(2,571)</b>
	Total	(42,676)	(35,111)	<b>(25,973)</b>
Economic value retained <sup>(c)</sup>		16,087	7,833	<b>13,228</b>

Notes:

- (a) Revenue and other income. Financial results are derived from the audited financial statement and our Management's Business, Operation & Financial Review
- (b) Operating expenses (including R&D, sales and marketing and general and administrative expenses (such as wages and benefits and other direct and indirect costs)), income tax expense and dividend paid
- (c) Direct economic value generated less economic value distributed

As previously reported, the Group complies with all relevant taxation rules and regulations in the various jurisdictions in which it operates.

Further details of the Group's overall financial performance are available in the "Management's Business, Operation & Financial Review" and the financial statements in the 2024 Annual Report.

## Targets and Performance

Economic Performance	
Target for 2024	Performance
Increase recurring revenue and profitability by preserving our competitive edge.	Achieved
Increase recurring revenue and profitability by increasing penetration and adoption of revolutionary services for the industry retail downstream.	Achieved
Targets for 2025 onwards	
<ul style="list-style-type: none"> <li>Expand our certification services and our MVP services.</li> <li>Return to profitability.</li> </ul>	



# ESG REPORT

## Product Quality and Customer Safety

The Group's long-term approach to business will be ensured by creating value for our shareholders and the industry as a whole. We are guided by the Creating Shared Value (CSV) approach on how we do business by creating new shared value for our customers. It enables us to create customer satisfaction and to remain a leading innovative and sustainable force in our industry. The Group's innovative solutions provide customers with the safety and peace of mind that comes with highly reliable products.

We prioritise product safety, adhering to high standards throughout the lifecycle of our products, from research and development to production to customer installation. This includes clearly marking potential hazards and providing comprehensive training and guidance on safe operations. We are committed to ensuring our products are safe for people and the environment when used responsibly and in the manner intended.

Our machines sold since 2020 include safety protocols (consistent with the Group's technical guidelines and instructions) and online support. Our products are WEE compliant, a European Union directive that applies to recycling of products and components, and provides that no electrical or electronic products may be discarded into the city's normal waste disposal system. The Group provides guidance to our customers to properly and safely dispose our products. We also provided remote and on-site technical support to our customers throughout 2024.

We continue to enhance our product safety through cutting edge technology and comprehensive training for our employees and customers. Our machines feature in-built safety mechanisms and our trained engineers adhere to all laser safety requirements. No Rutherfordium (RF) radiation leakage from our machines was reported in 2024.

We conduct regular safety risk surveys where needed and equip relevant employees with advanced protective equipment. In 2024, we conducted several professional quality inspections to examine the safety and working conditions of our suppliers.

As part of the Group's commitment to deliver high quality and continuous service improvements, GCAL, our majority owned subsidiary, stands as an internationally recognised gem lab known for its precision and reliability in diamond grading. GCAL holds the ISO 17025 Forensic Laboratory Accreditation, the only gem lab globally to achieve this certification. This accreditation ensures that GCAL's grading processes adhere to the highest international standards, with independent annual audits reinforcing and maintaining our dedication to accuracy and consistency.

In 2024, no incidents of non-compliance with regulations were reported that would have resulted in any fine or penalty or any warning concerning the health and safety impacts of our products.

### Targets and Performance

Product Quality and Customer Safety	
Target for 2024	Performance
Enable broader penetration into the small diamond's market.	Achieved
Continue to refine and enhance the technologies and infrastructure for Sarine's traceability solutions and to reach a broader group of midstream entities to enable transparency and trust throughout the entire supply chain.	Ongoing
Further refine Sarine's e-Grading™ AI-based technologies that provide retailers a time-saving, cost-cutting automated 4Cs grading solution that will continue to reduce time-to-market and provide operational flexibility.	Ongoing
Further penetration of the LGD segment with all our technologies by making necessary refinements to reduce pricing points.	Achieved
Continue to develop technologies and algorithms that will protect against illicit usage of our intellectual property.	Ongoing
Make on-site visits at our suppliers' facilities for health and safety inspections and surveys.	Completed
Maintain the goal of zero safety incidents with bodily harm.	Zero incidents recorded
Targets for 2025 onwards	
<ul style="list-style-type: none"><li>• Further develop and refine our AI-based cloud technologies.</li><li>• Maintain the goal of zero safety incidents with bodily harm.</li></ul>	

## Supply Chain Management

As a responsible and innovative leader in the diamond industry, the Group's strategy includes prioritising responsible business practices across our operations and supply chain.

We treat our suppliers and business partners with fairness and dignity guided by our Business Conduct Policy.

To evaluate the performance of our suppliers, we conduct an annual review on our key suppliers to gather feedback on our evaluation. These supplier evaluations help us maintain continuous improvement and productive relationships with our key suppliers. We issue a "Know Your Supplier" questionnaire that enables us to better familiarise ourselves with the supplier's activities and, in addition, require the suppliers to commit to all necessary regulatory requirements. It also ensures that all products provided to us are of the required quality standards.

In 2024, the number of suppliers on record consisted of approximately 500 suppliers, a slight reduction of about 11% from 2023. This reduction is attributable to the efficiency measures implemented by the Group in 2023 along with the prevailing weak market conditions during the year.

Supply Chain Management	2023	2024
<b>Number of suppliers</b>	593	<b>528</b>
Israel	210	<b>114</b>
India	273	<b>253</b>
USA	110	<b>161</b>
<b>Total Spend on Suppliers (US\$)</b>	9,774,041	<b>5,890,469</b>

## Targets and Performance

Supply Chain Management	
Target for 2024	Performance
Improve the work processes with the Group's worldwide distributors.	Completed
Continue to conduct monthly on-site audits of suppliers from different fields to inspect quality, capabilities and deliverables.	Completed
Targets for 2025 onwards	
<ul style="list-style-type: none"> <li>• <b>Monitor supplier's services and quality.</b></li> <li>• <b>Develop a sustainable and ethical supply chain.</b></li> </ul>	

## GOVERNANCE

At the Group, we are committed to practicing proper corporate governance. This commitment includes the oversight of various aspects of our business such as strategy, fiscal accountability, ethical corporate behaviour, sustainability and fairness to our shareholders. By upholding strict ethical standards in our business practices including cybersecurity and data privacy and managing our proprietary rights and strategies in the Group, our sustainability priorities can be managed more effectively.

The Board provides strategic oversight to ensure that the Group's values, policies and practices support an ethical corporate culture, transparency and accountability to key stakeholder groups. In early 2025, the Board approved the Group's Sustainability Policy and Human Rights Workplace Policy to strengthen its internal controls towards the Group's ESG commitment. Both the Group's Sustainability Policy and the Human Rights Workplace Policy are published on Sarine's website.

As a listed company on the Mainboard of the SGX and on the TASE, with businesses at various locations worldwide, we adhere to all laws or regulations of the applicable jurisdictions. The Group's corporate culture rests on its core values that include innovation and creativity, customer orientation, honesty and fairness, commitment and integrity and teamwork. These values, together with the Group's commitment to comply with all the laws, regulations, compliance programmes and procedures, support our continued growth and responsibility to our stakeholders.

During the reporting year, there were no reports of significant instances of non-compliance with applicable laws and regulations, and consequently no fines or sanctions were imposed on the Group.

# ESG REPORT

## Ethical Business Practices

The diamond industry faces a heightened risk of corruption and bribery due to the nature of diamonds themselves. Their high value, small size, durability, ability to go undetected, and ability to be traded outside the legal channels, increase the exposure to such vulnerability. The Sarine Diamond Journey™ provides concrete verifiable documentation of the rough stone's provenance and its journey from rough stone to polished jewel. This unique solution enhances transparency in the industry and for the consumers. *Details of our products and innovations are described in the 'Management's Business, Operation & Financial Review' section of the 2024 Annual Report.*

The Group has set in place effective controls which have been approved by our Board, to prevent corruption and manage ethical business practices within the Group, through the following policies and commitments:

Business Conduct Policy	<p>As a responsible international employer and global citizen, the Group has adopted the Business Conduct Policy to ensure highest standards of integrity, honesty and fairness are business ethics and integrity for all its employees to adhere to in all business dealings.</p> <p>All of the Group's employees are expected to comply with the Business Conduct Policy in all business dealings with any individuals, organisations and governmental agencies. This includes among others, compliance with all laws and regulations, avoidance of any conflict of interests, prevention of any criminal activity including misuse of the Group's assets.</p>
Approving and Processing Payment Procedure	<p>All payments are conducted through traceable transactions. Cash payments are strictly prohibited.</p>
Whistleblower Policy	<p>Employees are encouraged to report on any fraudulent, wrong or improper conduct that they encounter in their dealings with any management or personnel of the Group.</p> <p>In 2024, no complaints were reported through the whistleblower mechanism on any suspected fraud, wrongdoing or improper conduct of the management or personnel of the Group.</p> <p><i>Further details of the Whistleblower Policy are set out in the Corporate Governance Report in the 2024 Annual Report.</i></p>

The Business Conduct Policy and the Whistleblower Policy are both published on Sarine's website at <https://sarine.com/>.

In 2024, no claims or allegations of corrupt practices or actions, including bribery, were brought against any member of the Group or its employees. No fines or monetary sanctions were imposed on the Group in 2024 on any non-compliance of anti-corruption laws and regulations.

The table below provides an overview of the Group's performance in managing its ethical business practices.

Ethical Business Practices	2022	2023	2024
Number of confirmed incidents of corruption reported.	0	0	0
Number of whistleblowing reports.	0	0	0
Number of significant instances of non-compliance with laws and regulations for which fines or non-monetary sanctions are imposed.	0	0	0

## Targets and Performance

Ethical Business Practices	
Target for 2024	Performance
Examine the Group's ESG processes by internal auditor.	To strengthen the ESG processes and internal controls, the Board approved the Group's Sustainability Policy and Human Rights Workplace Policy. No internal review was conducted by the internal auditor on the ESG processes in 2024.
Targets for 2025 onwards	
• Zero incidents of bribery or corruption.	



## Data Privacy and Cyber Security

In an increasingly digital world, safeguarding our data and systems against cyber threat is paramount. The Group views cybersecurity as an integral part of our corporate governance strategy as data and systems become more susceptible to such risks.

As a leading technology company, we continuously verify that our proprietary information is secure against cyber threats, unauthorised access and breaches. We have invested extensively in cyber security technologies and creating our own proprietary in-house protection and practices. This means, we have in place a higher level of defence than that provided by using off-the shelf commercially available protection, which is targeted, mainly by professional hackers.

Sarine's Cybersecurity Committee meets once every quarter to review the progress of implementing the annual work plan, to review new security threats that the Group may face and to determine vulnerability prioritisation. In the first quarter of 2024, a cyber security risk assessment was carried out that formed the basis for the Group's annual cyber work plan in 2024.

During 2024, we continued to enhance the security of our products with the assistance of a third-party expert who also oversees the cyber security field in the Group. We also implemented additional measures to safeguard the internal network against external security threats including, but not limited, to penetration test, implementation of monitoring tools and employee security awareness training.

The Group has also adopted a Group Privacy Policy, published on the Company's website, that outlines how the Group collates, stores, uses and discloses data of those we provide services to or data of users of the website. By clearly outlining the data practices, the Group is dedicated to strengthen its data privacy measures by providing its users with the highest level of transparency and control over the use of their data.

Data Privacy and Cyber Security	2022	2023	2024
Number of confirmed data breach incidents	0	0	0

### Targets and Performance

Data Privacy and Cyber Security	
Target for 2024	Performance
Finalise the Group's 2024 annual cyber work plan based on the cyber and data security risk map.	Completed. Zero incidents of data breach recorded in 2024.
Continue enhancing our network and IT systems' security and improve the segmentation of our network.	Completed in accordance with 2024 annual cyber work plan.
Update the Group's procedure and infrastructure in a methodological manner and in accordance with regulatory developments in the years to come.	Ongoing
Continue to update the Group's privacy policies and procedures in accordance with evolving and new regulations on an ongoing basis.	Ongoing
Targets for 2025 onwards	
<ul style="list-style-type: none"> <li>Zero data breaches.</li> <li>Continue enhancement of cyber security systems in line with industry standards.</li> </ul>	

# ESG REPORT

## Intellectual Property

The products we develop are proprietary in nature. Our ability to remain competitive in the market is also dependent on our ability to protect our intellectual property ("IP"). To facilitate protection of our IP, we have registered and maintained numerous patents, copyrights and trademarks in key countries where we operate. Additional patent and trademark applications are pending in various phases in some jurisdictions.

The Group has dedicated significant resources to maintain leadership and protect its proprietary assets through patents, copyrights, trademarks. Over the years, we have pursued litigation in India against competitors alleged to have infringed or fraudulently used our Galaxy® inclusion mapping technology and Advisor® planning software. In 2024, we amicably resolved many of these cases, along with various pre- and post-grant patent oppositions. However, a few remain active and will continue into 2025.

The Group is currently reviewing its IP strategy and will continue to manage its IP rights in line with its IP goals.

Further details on our IP rights are discussed in the 'Management's Business, Operation & Financial Review' section of the 2024 of the Annual Report.

### Targets and Performance

Intellectual Property	
Target for 2024	Performance
Continue to expand and protect our intellectual property portfolio, including patent, copyright, trademark and trade protection.	Appropriate measures were taken in 2024 to protect the Group's intellectual property.
Continue aggressive campaigns against IP infringement.	IP actions are being reviewed and to be addressed in line with the Group's IP goals.
Targets for 2025 onwards	
<ul style="list-style-type: none"><li>Ensure appropriate protection and management of IP rights to support the Group's strategic objectives.</li></ul>	

## CLIMATE CHANGE DISCLOSURES

The Group is committed to contribute towards transition to a low carbon economy. Taking into account stakeholders' interests and the push towards mandating climate-related disclosures in Singapore, the Group has taken initial steps to report on its climate-related disclosures in alignment with the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations.

SGX introduced a phased approach to mandatory climate reporting based on the TCFD recommendations in 2021. In addition, listed companies in Singapore will be required to incorporate the International Financial Reporting Standards ("IFRS") Sustainability Reporting Standards issued by the International Sustainability Standards Board ("ISSB") commencing from the financial year end 2025. The Group acknowledges early preparation is needed to ensure compliance with the mandated climate-related disclosures. Currently, the Group is required to report its climate change impacts on a "comply and explain" basis.

With the evolving reporting requirements and regulations, the Group will need to re-assess ways to develop and refine its disclosures on the potential climate change impacts on its businesses in our future reports.

The Group recognises that our climate-related disclosures will continue to evolve, improving over time as more data becomes available from our operations. This will also enable the Group to manage climate-related risks and opportunities that could potentially affect its business, strategy and financial planning.

The TCFD recommendations require climate-related topics to be reported based on the four pillars : Governance, Strategy, Risk Management and Metrics and Targets.

TCFD Pillar	Activities
Governance	The ESG Committee will be responsible to assess the Group's climate-related risks and opportunities, including providing recommendations on the subject to the Board of Directors.
Strategy	As part of its ongoing review on all the ESG risks and opportunities, the Group will continue to evaluate and analyse the potential impacts of climate risks and opportunities, on its activities. This will enable the Group to assess the extent of its impacts and design a suitable resilient strategy associated with climate change relevant to our business and operations.

TCFD Pillar	Activities
<b>Risk Management</b>	<p>Environmental topics, including climate change are addressed in the Report under the “Environmental” section of this Report.</p> <p>The Group is currently reviewing the identified ESG risks, including climate-related risks, to assess the severity and ways to mitigate these risks. The risks must be identified, assessed and managed through a risk management process and integrated into the overall risk management framework for the Group.</p> <p>The Group may be exposed to both physical risks arising from unpredictable extreme climate events such as floods, which could potentially impact the Group’s operations and assets, and transitional risks associated with the societal and economic transition towards a low-carbon future, such as carbon taxation or increased insurance costs.</p>
<b>Metrics and Targets</b>	<p>At the Group, we currently track our climate-related performance using the following metrics:</p> <ul style="list-style-type: none"> <li>• Scope 1 and Scope 2 GHG Emissions.</li> <li>• Energy consumption (MWh).</li> <li>• Waste generated (t).</li> <li>• Water consumption (m³)</li> </ul> <p>As we work towards setting more refined targets, we are committed to:</p> <ul style="list-style-type: none"> <li>• Set baseline for GHG emissions.</li> <li>• Initiate measurement of Scope 3 GHG Emissions.</li> <li>• Seek ways to reduce, reuse and recycle waste generated throughout the Group.</li> <li>• Maintain current water consumption .</li> <li>• Increase awareness on water conservation initiatives.</li> <li>• Maintain current and improve overall electricity consumption.</li> </ul> <p><i>For further information on our metrics, please refer to the material topics disclosed under the ‘Environmental’ section of this Report.</i></p>



# GRI CONTENT INDEX

Disclosure	Page/Answer
Statement of Use	Sarine has reported with reference to the GRI Standards for the period 1 January 2024 to 31 December 2024.
GRI used	GRI 1 : Foundation 2021
Applicable GRI sector standards	Not currently available

## GRI 2 : General Disclosures

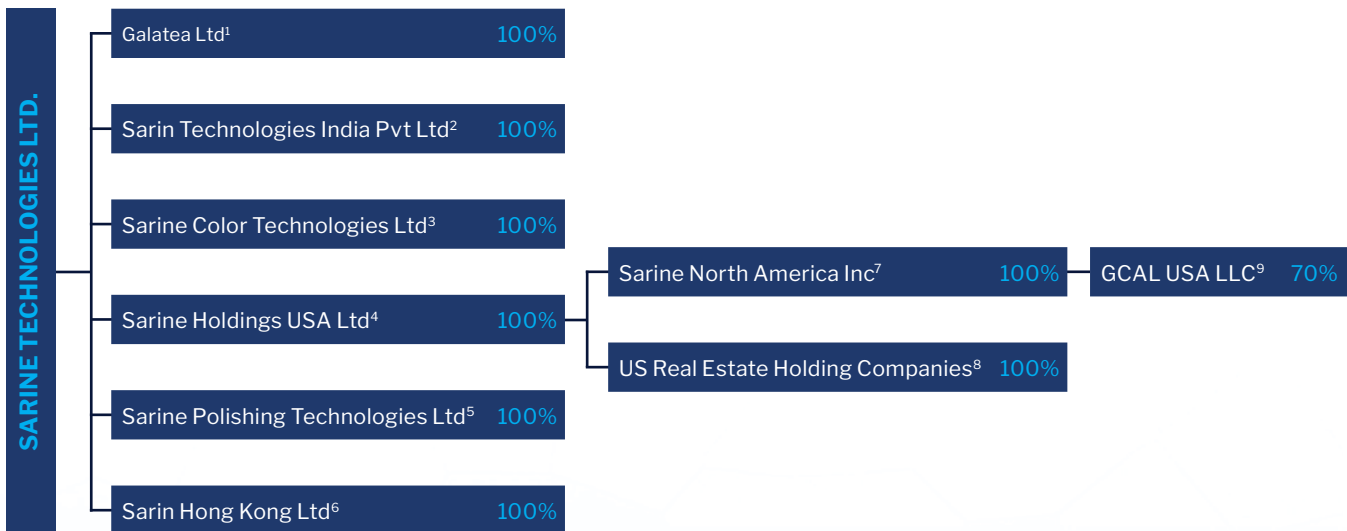
Disclosure No.	Disclosure	Page / Answer
<b>The organization and its reporting practices</b>		
2-1	Organizational details	2, 25
2-2	Entities included in the organization's sustainability reporting	2, 25
2-3	Reporting period, frequency, and contact point	25
2-4	Restatements of information	No restatements from the previous report.
2-5	External assurance	No external assurance was obtained in 2024.
<b>Activities and Workers</b>		
2-6	Activities, value chain, and other business relationships	16-18, 25, 49
2-7	Employees	36-43
2-8	Workers who are not employees	None
<b>Governance</b>		
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2-11	Chair of the highest governance body	6
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2-13	Delegation of responsibility for managing impacts	26
2-14	Role of the highest governance body in sustainability reporting	26
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2-16	Communication of critical concerns	50
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2-18	Evaluation of the performance of the highest governance body	Corporate Governance Report
2-19	Remuneration policies	Corporate Governance Report
2-20	Process to determine remuneration	Corporate Governance Report
2-21	Annual total compensation ratio	Corporate Governance Report
<b>Strategy, policies and practices</b>		
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2-23	Policy commitments	24, 26, 36, 49, 50
2-24	Embedding policy commitments	24, 26, 36, 49, 50
2-25	Processes to remediate negative impacts	49-50
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3-2	List of material topics	28
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## Sarine's Material Matters

GRI material topic:	Disclosure no.	Disclosure	Page / Answer
GRI 201 : Economic Performance 2016	3-3	Management of material topics	47
	201-1	Direct economic value generated and distributed	47
	201-2	Financial implications and other risks and opportunities due to climate change	52-53
GRI 202 : Market Presence 2016	3-3	Management of material topics	37
	202-2	Proportion of senior management hired from the local community	37
GRI 302 : Energy 2016	3-3	Management of material topics	32-33
	302-1	Energy consumption within the organisation	32-33
	302-3	Energy Intensity	32
GRI 305 : Emissions 2016	3-3	Management of material topics	34-35
	305-1	Direct (Scope 1) GHG emissions	35
	305-2	Energy indirect (Scope 2) GHG emissions	35
	305-4	GHG emissions intensity	35
GRI 306 : Waste 2020	3-3	Management of material topics	34
	GRI 306-1	Waste generation and significant waste-related impacts	34
	GRI 306-2	Management of significant waste-related impacts	34
	GRI 306-3	Waste generated	34
GRI 401 : Employment 2016	3-3	Management of material topics	36-44
	401-1	New employee hires and employee turnover	40
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	37
	401-3	Parental Leave	37
GRI 403 : Occupational Health and Safety 2018	3-3	Management of material topics	43
	403-1	Occupational health and safety management system	None
	403-4	Worker participation, consultation, and communication on occupational health and safety	43
	403-5	Worker training on occupational health and safety	43
	403-9	Work-related injuries	43
	403-10	Work-related ill health	43
GRI 404 : Training and Education 2016	3-3	Management of material topics	37-38
	404-2	Programs for upgrading employee skills and transition assistance programs	37-38
GRI 405 : Diversity and Equal Opportunity 2016	3-3	Management of material topics	38-39
	405-1	Diversity of governance bodies and employees	38-39
GRI 413 : Local Communities 2016	3-3	Management of material topics	44-46
	413-1	Operations with local community engagement, impact assessments and development programmes	44-46
GRI 416 : Customer Health and Safety 2016	3-3	Management of material topics	48
	416-1	Assessment of the health and safety impacts of product and service categories	48
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	48
GRI 418 : Customer Privacy 2016	3-3	Management of material topics	51
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	51

# GROUP STRUCTURE

The following chart accurately depicts the Group's structure at the time of this report.



## 1. Galatea Ltd.

The developer of proprietary technology for the automated detecting and mapping of internal inclusions and tension in rough diamonds (the Galaxy®, Galaxy® Ultra, Galaxy® XL, Solaris™, Meteor™, Meteorite™ and Meteorite™ Plus products).

## 2. Sarin Technologies India Private Limited

The provision of pre- and post-sales and technical support for our Group's products in India and Sri Lanka and such other territories as may be agreed by our Company and Sarin India from time to time. The operation of the service centres in India providing customers with inclusion and tension detection and mapping and laser sawing/cutting services for rough diamonds, and the grading of the 4Cs and light performance, along with various methods of visualisation, of polished diamonds.

## 3. Sarine Color Technologies Ltd.

The development, manufacture and marketing of instruments for assessing and grading the light performance, Clarity and Color (based on artificial intelligence algorithms) and for various methods of visualisation of polished diamonds.

## 4. Sarine Holdings USA Ltd.

An Israeli holding company for the Group's North American subsidiaries.

## 5. Sarine Polishing Technologies Ltd.

The operation of service centres in Israel providing customers with inclusion and tension detection and mapping for rough diamonds, and the grading of the 4Cs and light performance, along with various methods of visualization, of polished diamonds.

## 6. Sarin Hong Kong Ltd.

The provision of pre- and post-sales and technical support for our Group's products in the Asia Pacific region, including Australia, China, Hong Kong, Indonesia, Japan, Korea, Malaysia, Singapore, Taiwan and Thailand.

## 7. Sarine North America Inc

The Group's operating company for Sarine's North American operations.

## 8. Sarine IGT 10H Inc, Sarine IGT 10I Inc and Sarine IGT 10JKL Inc

Real estate holding companies for the three office units in the International Gem Tower.

## 9. GCAL USA LLC

A New York based gemological laboratory, the Gem Certification and Assurance Lab, GCAL, in which we acquired a majority stake in 2023.



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# CORPORATE GOVERNANCE REPORT

Sarine's shares were listed for trade on the SGX-ST on the 8<sup>th</sup> of April 2005.

The Company's corporate governance practices are described with specific reference to the Code. The Company has exercised its best efforts to adhere to the principles and guidelines of the Code. In the few cases where the Company did not do so, the Company has explicitly specified the respective background, circumstances and reasons.

## BOARD OF DIRECTORS

### Principle 1: Board's Conduct of its Affairs

The Board of Directors of the Company (the "**Board**") is entrusted with the responsibility for the overall management of our Company. The Board's primary roles are: to (i) provide entrepreneurial leadership and set strategic objectives, which should include appropriate focus on value creation, innovation and sustainability; (ii) ensure that the necessary resources are in place for the Company to meet its strategic objectives; (iii) establish and maintain a sound risk management framework to effectively monitor and manage risks, and to achieve an appropriate balance between risks and Company performance; (iv) constructively challenge the management of the Company (the "**Management**") and review its performance; (v) instill an ethical corporate culture and ensure that the Company's values, standards, policies and practices are consistent with the culture; and (vi) ensure transparency and accountability to key stakeholder groups.

All directors are well aware of their professional and fiduciary duties and responsibilities as officers of the Company (including their duties of care and duties of trust). In particular, and in accordance with applicable law, directors who may be deemed as having a personal interest in any matter related to the Company disclose such (actual or deemed) conflict of interest and recuse themselves from discussions and decisions involving such matters.

The Board is authorised to delegate some of its authorities to permanent or ad-hoc Board committees. The Board has thus established the Audit Committee, the Remuneration Committee, the Nominating Committee, the Executive Committee and the ESG Committee. The tasks, powers and authorities of each of these committees have been set forth in each committee's charter. The terms of reference play an important role in ensuring good corporate governance in the Company and within the Group and will be reviewed by the respective Board committees on a regular basis to enhance the effectiveness of these Board committees. The Board has also authorised its senior officers to issue shares upon the exercise of options under the Company's share option plans. Notwithstanding any delegation of powers as aforesaid, the Board remains responsible, at all times, for any acts or omissions of any of the Board committees.

In line with applicable law, the Board is entrusted with all matters related to the Company's share capital, assumes the responsibility for the approval of the Company's financial statements and sets the Company's goals and policies. The Board also appoints the CEO and oversees the performance of his or her duties.

Within this framework, the Board discusses and resolves any matters, which require the Board's approval under any applicable law (including, without limitation, interested persons' transactions) and/or any activities conducted pursuant to the guidelines set by the Board. In general, any material issue concerning Sarine (e.g. strategic planning, material research and development milestones, risk assessment and risk management, material market and/or business development issues, potential material transactions, substantial capital investments, etc.) is brought to the attention of the Board.

The Nominating Committee and the Board also consider multiple board representations of members of the Board, so to ascertain that Board members have sufficient time and attention necessary for the exercise of their duties as directors (the Nominating Committee and the Board have considered the directorship positions of Mr. Lim, Ms. Shine, Mr. Sin and Ms. Zruya-Hashai and are of the opinion that such do not interfere with their service as independent directors of the Company).

Please see below further discussion of the powers, authorities and activities of the Nominating Committee, the Remuneration Committee, and the Audit Committee also in Sections 4, 6 and 10 below.

The Board meets regularly and in any event no less frequently than five times every calendar year. The Company's Articles of Association (the "**Articles**") and the Israeli Companies law allow the convening of meetings of the Board using conference calls or any other device allowing each director participating in such meeting to hear all the other directors participating in such meeting. Board materials and Committees' materials are disseminated to the members of the Board and to the members of the respective Board Committees in a timely manner, prior to each meeting.

The attendance (in person or remotely) of the directors in the Board meetings held in 2024 was as follows:

Name of Director	Board of Directors – 2024	
	No. of Meetings Held	Attendance
Mr. Daniel Benjamin Glinert	7	7
Mr. Avraham Eshed	7	7
Mr. Uzi Levami	7	7
Mr. Lim Yong	7	7
Ms. Varda Shine	7	7
Mr. Sin Boon Ann	7	7
Ms. Neta Zruya-Hashai	7	7

# CORPORATE GOVERNANCE REPORT

In addition two written resolutions were passed by the Board in 2024.

The attendance (in person or remotely) of the directors in the Board committees' meetings held in 2024 was as follows (in addition, one written resolution was passed by the Audit Committee):

	<b>Audit Committee – 2024</b>	
<b>Name of Director</b>	<b>No. of Meetings Held</b>	<b>Attendance</b>
Mr. Lim Yong Sheng	4	4
Ms. Varda Shine	4	4
Mr. Sin Boon Ann	4	4
Ms. Neta Zruya-Hashai	4	4

	<b>Remuneration Committee – 2024</b>	
<b>Name of Director</b>	<b>No. of Meetings Held</b>	<b>Attendance</b>
Mr. Uzi Levami	5	5
Ms. Varda Shine	5	5
Mr. Sin Boon Ann	5	5
Ms. Neta Zruya-Hashai	5	5

	<b>Nominating Committee – 2024</b>	
<b>Name of Director</b>	<b>No. of Meetings Held</b>	<b>Attendance</b>
Mr. Daniel Benjamin Glinert	1	1
Mr. Lim Yong Sheng	1	1
Ms. Varda Shine	1	1
Mr. Sin Boon Ann	1	1
Ms. Neta Zruya-Hashai	1	1

As a rule, the Board has delegated to Management the authority to approve transactions within certain thresholds, as set forth in the Board's respective written resolutions. Notwithstanding the above: (a) all strategic matters are brought before the Board; and (b) the Board committees and Management remain accountable to and report back to the Board. Minutes of meetings of all Board Committees in FY2024 are available to the Board, and the Chair of each Board Committee provided updates at Board meetings in FY2024 on matters discussed in Board Committee meetings.

The Management of the Company provides the Board with interim and periodical (quarterly/annual) financial reports (in line with the SGX RegCo's announcement of 9 January 2020, the Company publishes semi-annual and annual financial statements, but the Board discusses the Company's performance at least on a quarterly basis), budget control reports and additional financial and operational information. The Board has separate and independent access to senior Management of the Company. Requests for information from the Board are dealt with promptly. The Board is informed on all material events and transactions as and when they occur. Professional advisors (e.g. with regard to securities-related matters, compliance, insurance, cyber-security, audit, etc.) may be appointed to advise the Board, or (in special circumstances – as provided by Israeli law) any of its members, if the Board or any individual member thereof seeks independent professional advice (under Israeli law, the retention of an independent counsel by a director is subject to the Board or the court's approval, as applicable; when considering a director's request in this regard, the court will consider the adequacy of the advice rendered by the Board's counsel(s) and the fees charged by an independent counsel, in view of the matter in question and the Company's financial situation).

The Board is involved in the appointment and removal of the Company secretary. The Company secretary (who also serves as an external legal counsel to the Company) attends all Board and Board committees' meetings and is responsible for ensuring that Board procedures are followed and for the recording of the minutes. Together with the Chairman and the Management, the Company secretary is responsible for compliance with the applicable laws, rules and regulations in this regard.

All Board members are instructed and advised, on an ongoing basis, with regard to their roles, responsibilities, powers and duties. Such direction includes dissemination of written materials, prepared by the Company and its counsels, periodical updates with regard to legal and corporate governance developments affecting the Board and the directors, personal communication with the Company's secretary and ongoing discussions at Board meetings.



# CORPORATE GOVERNANCE REPORT

## Principle 2: Board Composition and Guidance

The Nominating Committee of the Board, in its meeting of 5 January 2020, opined that the following general criteria should be applied to the Board of Directors composition:

- The Board should comprise 7 to 9 directors. The current structure (7 directors) is sufficient and effective. The Board may consider adding additional directors, on a case-by-case basis, giving proper weight to the potential contribution of the additional member/s vis-à-vis the effects on the effectiveness of the Board.
- The majority of the Board should be comprised of independent directors.
- The Board should be comprised of directors having appropriate expertise and experience in areas related to the operations of the Group. Specifically, if 7 directors, preferably three from the diamond industry, preferably from the various segments thereof (upstream production (mining), midstream polishing and wholesale trade, and downstream retail trade), preferably two with relevant technological background, at least one with accounting / financial review and reporting expertise and at least one with corporate governance expertise. If 9 directors, an additional one from the diamond industry and an additional one with relevant technological background.
- The Board should be gender diversified.

The Board has ratified the above guidelines in 2021 and again in 2023 and incorporated them into the Board's diversity policy, and based on such the Board is of the opinion that its structure and composition are in line with such policy and duly address the Company's needs and plans.

As of the date of this report, the Board comprises seven directors, the majority of who are independent (two of those directors, namely Ms. Neta Zruya-Hashai and Mr. Sin Boon Ann also qualify as "External Directors", under Israeli law) and six directors out of the seven are Non-Executive Directors. Thus, the Board is able to exercise objective judgment, independently from Management and no individual or small group of individuals can dominate the decisions of the Board.

The Board is of the opinion that its current size is adequate. However, the Board may consider the addition of up to two additional directors in the future, optimally with strong technological and/or business development record, taking into account the optimal Board's size on the one hand, and the benefits of diversity and complementary expertise on the Board on the other hand.

The Board committees reflect an appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender, nationality and age, so as to avoid groupthink and foster constructive debate. In accordance with the criteria noted above, Ms. Shine has vast experience in the upstream production segment of the diamond industry, having had an extensive career at DeBeers culminating in being CEO of its rough diamond selling arm, Mr. Eshed has over 50 years' experience in the midstream polishing segment, and Mr. Lim has extensive ongoing experience in the downstream retail segment, being the CEO of a chain of retail outlets throughout the APAC market. Mr. Glinert and Mr. Levami have together close to a century of experience in various high-tech endeavors in assorted fields. Ms. Zruya-Hashai has broad accounting and financial review knowledge, having been a partner in a big four accounting firm for many years, and Mr. Sin has many years of experience on corporate governance issues, having served in senior positions in the legal practice in Singapore, focused on capital markets, public listings, etc. Clearly, the Board draws from a broad spectrum of backgrounds, ages, genders, competencies and disciplines: from the diamond and gemstones industry (including "upstream", "midstream" and "downstream" segments of the industry) the high-tech industry, the business community, accounting, legal practice and management. As noted above, the Company is also considering seeking additional directors who will enrich and diversify the Board.

More information with regard to the directors' experience may be found in the Board of Directors section of this Annual Report.

Ms. Varda Shine was initially appointed by the 2020 Annual General Meeting as the Lead Independent Director and was reappointed at the 2023 Annual General Meeting.

The Nominating Committee and the Board have reviewed the independence of each of the Company's independent directors and applied the Code's definition (as well as the definitions of Israeli law) of independent director qualifications in its review.

As noted below (under the discussion re Principle 4), according to the Articles, each director shall serve, unless the Annual General Meeting appointing him or her provides otherwise, until the third Annual General Meeting following the Annual General Meeting at which such director was appointed, or his or her earlier resignation or removal pursuant to the provisions of the Articles. The current directors were elected in 2023.

The directors of the Company in office at the date of this report are:

Executive	Non-Executive	Independent
Mr. Daniel Benjamin Glinert (Chairman)	Mr. Avraham Eshed	Ms. Varda Shine (Lead)
	Mr. Uzi Levami	Mr. Lim Yong Sheng
		Mr. Sin Boon Ann
		Ms. Neta Zruya-Hashai

There are no permanent alternate directors (in the past alternate directors have been appointed in very few cases and only for specific meetings; during 2024 no alternate director was appointed).

The Non-Executive Directors participate actively in developing strategy and in reviewing the performance of the Company.

The independent directors also meet without the presence of the Management of the Company, to the extent necessary or advisable.

# CORPORATE GOVERNANCE REPORT

## Principle 3: Chairman and Chief Executive Officer

The Executive Chairman and the CEO of the Company are separate individuals. They are not related.

According to the resolution of the Board:

“The Company is of the view that a distinct separation of responsibilities between the Chairman and the CEO will indeed ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making.

As the most senior executive in the Company, the CEO bears executive responsibility for the Company's day-to-day business according to the policies set by the Board and subject to the Board's directives, and works with the Board on strategic planning, business development and generally charting the growth of the Company.

The CEO shall report to the Board on a periodic basis and shall seek the Board's advice and consent.

The Chairman bears responsibility for the proper functioning of the Board and the Board's committees (and of the Non-Executive Directors in particular), maintains on-going supervision over the Management of the Company and over the flow of information from the Company's Management to the Board, and assists in promoting high standards of corporate governance and ensuring compliance with the Company's guidelines of corporate governance.

The Chairman ensures that Board meetings are held when necessary and sets the Board meetings agenda in consultation with the CEO.

The Chairman ensures effective communication between the Board and the Company's shareholders.”

Ms. Varda Shine is the Lead Independent Director. As Lead Independent Director, she is the principal liaison on Board issues between the Independent Directors and the Chairman. She is available to shareholders where they have concerns in which contact through the normal channels of the Executive Chairman and Executive Directors has failed to resolve or is inappropriate.

The Board's Executive Committee (comprised of Messrs. Glinert and Levami and Ms. Shine) meets regularly with the CEO to discuss strategic matters. As noted above, the Executive Committee serves as an advisory committee only and as an interface between the CEO and the Board. All members of the Executive Committee have broad experience in the Group's spheres of endeavour along with extensive expertise in technological development and/or the diamond industry.

## Principle 4: Board Membership

According to the Articles, each director shall serve, unless the Annual General Meeting appointing him or her provides otherwise, until the third Annual General Meeting following the Annual General Meeting at which such director was appointed, or his or her earlier resignation or removal pursuant to the provisions of the Articles. A director who has completed his or her term of service or has been removed as aforesaid shall be eligible for re-election. The directors who qualify as “External Directors” may be removed from office only if they no longer qualify to serve as such.

The Nominating Committee comprises five directors, the majority of whom, including the Chairman, is independent. As at the date of this Report, the Nominating Committee members are:

Mr. Sin Boon Ann	(Chairman and Independent Director)
Mr. Daniel Benjamin Glinert	(Executive Chairman of the Board)
Mr. Lim Yong Sheng	(Independent Director)
Ms. Neta Zruya Hashai	(Independent Director)
Ms. Varda Shine	(Lead Independent Director)

Our Nominating Committee is responsible for:

- (a) the review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;
- (b) the process and criteria for evaluation of the performance of the Board, its board committees and directors;
- (c) the review of training and professional development programmes for the Board and its directors; and
- (d) the appointment and re-appointment of directors (including alternate directors, if any).

In performing its duties, the Nominating Committee considers the considerations set forth in Principles 1 & 2.

The Nominating Committee determined, based on information provided to it by all independent directors, that all directors designated as Independent Directors are indeed independent.

The Nominating Committee has also evaluated the performance of the Board as a whole and the performance of each member of the Board in particular (based, among others, on questionnaires filled by each director) and determined that all directors have been adequately carrying out their duties as directors of the Company.

# CORPORATE GOVERNANCE REPORT

Based on the information provided to the Company by the members of the Board, the following directors hold the following directorship positions in publicly traded companies and/or other commitments:

Daniel Benjamin Glinert	Uzi Levami	Avraham Eshed	Neta Zruya-Hashai
Nil	Ayin Lev Ami (2000) Ltd., a family-owned asset holding company; Yummi Food Ltd., an e-commerce platform	Eshed Diam Ltd.; Eshed Diam Inc.; Eshed Diam (HK) Ltd.; Eshed Designs Ltd.; Gemstar Ltd.; Bilbao Trade & Investments Ltd.; AV 1141 LLC; AV 1 Real Estate Ltd.; N.A. Collins 6515 LLC; and Newark AV 4 BLD LLC. All the above are family-owned private businesses relating to Mr. Eshed's diamond and gem trading business and real estate and other investments.	CEO of ESOP Management and Trust Services Ltd.  A Board member of the Association for the Advancement of Education in Israel – "One of Ours".
Lim Yong Sheng	Varda Shine	Sin Boon Ann	
MoneyMax Financial Services Ltd.*	Ecora Resources PLC* (a non-diamond commodities investment firm); Channel Capital LLP, an asset management firm; Ratio Petroleum Energy LP*; Teenage cancer Trust (charity).	The Trendlines Group Ltd.*; Healthway Medical Corporation Limited*; TIH Limited*; OUE Limited*; Balkan Holdings Pte. Ltd.; W Capital Markets Pte. Ltd.; The Farrer Park Company Pte. Ltd.; At-Sunrice (Holdings) Pte. Ltd.; EsseDigital Pte. Ltd.; Tampines Central Community Foundation Limited.	

\* Listed company

The Nominating Committee is of the view that all directors are able to and have adequately carried out their duties as directors of the Company, notwithstanding such other directorships and/or principal commitments. With reference to Mr. Sin Boon Ann, the Company noted that Mr. Sin retired from his former full-time positions as a Deputy Managing Director of the Corporate & Finance Department and the Co-head of the Capital Markets Practice in Drew & Napier LLC and as member of the Singapore Parliament. Hence, given Mr. Sin's professional record, after having considered all aspects of Mr. Sin's directorship, e.g., his experience and expertise, his other positions in other corporations, the fact that the Company may even benefit from Mr. Sin's directorship in other corporations, given Mr. Sin's exposure to additional schools of thought and management, and his ability to share such any general insights gained from such positions (without sharing any non-public information, of course) with the Company, the Nominating Committee and the Board are of the opinion that Mr. Sin is able to diligently discharge his duties as a member of the Board in general and as an independent director in particular.

## Principle 5: Board Performance

Our Nominating Committee decides how the Board's performance is to be evaluated and proposes objective performance criteria, subject to the approval of the Board, which are used to assess the degree to which the Board enhances long-term shareholder value.

Each member of the Board evaluated the performance of the Board as a whole. The Board assessment was conducted by way of a questionnaire ("Questionnaire"). The assessment examined the Board's role, composition, and its performance against a number of defined criteria. Feedback and comments received from the directors were reviewed by the Nominating Committee. The Questionnaire covered areas such as Board composition, information management, Board processes, accountability, succession planning, top management, investor relations, managing the Company's performance, standard of conduct, directors' development and management and risk assessment. If the score for a particular section or question in the Questionnaire was consistently low, the Board proactively addressed the area of concern, with a view to strengthen processes around it and improve the scoring in the future.

The aggregate (and anonymised) results were submitted to our Nominating Committee, who conducted a discussion based on same. The Lead Independent Directors has also discussed with other members of the Board the performance of the Board as whole and the performance of the Chairman of the Board in particular. No external facilitators were used in the assessment of the Board, its Board Committees and the individual directors (it should be noted that given the company's unique position as an Israeli company, incorporated under Israeli law and traded in Singapore, with directors from three jurisdictions, it is doubtful whether there are any external consulting firms which may fully address such complexity).



# CORPORATE GOVERNANCE REPORT

## Principle 6: Procedures for Developing Remuneration Policies

The Remuneration Committee comprises four directors, the majority of whom is independent. As at the date of this report, the Remuneration Committee members are:

Ms. Varda Shine	(Chairperson and Lead Independent Director)
Mr. Uzi Levami	(Non-Executive Director)
Mr. Sin Boon Ann	(Independent Director)
Ms. Neta Zruya Hashai	(Independent Director)

Our Remuneration Committee recommends to our Board of Directors a framework of remuneration for our directors and key executives and recommends specific remuneration packages for each Executive Director and the CEO. All aspects of directors' and key executives' remuneration, including but not limited to directors' fees, salaries, allowances and bonuses, options and benefits in kind are dealt with by our Remuneration Committee. The Remuneration Committee and the Board rely, among other things, on periodical remuneration surveys conducted by independent Israeli remuneration experts (such as Zviran Compensation and Benefits Solutions), and on general insights with regard to the competitive environment in which the Company operates, and the current trends regarding employees' recruitment and retention. Each member of our Remuneration Committee abstains from voting on any resolutions in respect of his/her remuneration package. The remuneration of our independent directors, who are deemed also as "External Directors" according to the provisions of the Israeli Companies, is also subject to the limitations set by Israeli law.

The Company's overall remuneration policy and specific remuneration packages for the directors and key executives for the years 2024-2026 were presented to the General Meeting and approved by it at the Annual General Meeting held on 24 April 2024.

## Principle 7: Level and Mix of Remuneration

The Company's remuneration policy is tailored to the specific role and circumstances of each of the directors and key management personnel, so as to ensure an appropriate remuneration level and mix that recognises the performance, involvement, potential and responsibilities of these individuals.

A certain portion of the officers' and the executive directors' remuneration is performance-related and takes account of the Company's medium-term and long-term Key Performance Indicators (KPIs).

The Company has in place an Employee Share Option Plan (which was approved by the Company's General Meeting, held on 20 April 2015- the "**2015 Plan**") that serves to provide a longer-term incentive, better aligned with long-term performance of the Company and of the directors, officers and employees. Details of such plan may be found in the Company's Annual Report for the year ended on December 31, 2014. The 2015 Plan will expire on 20 April 2025 and the Company's shareholders will be requested to approve a new employee share option plan (the "**2025 Plan**") at the Extraordinary General Meeting scheduled for 24 April 2025 (the "**2025 EGM**"). Further details about the 2025 Plan may be found in the Company's Circular dated 2 April 2025, disseminated to the shareholders in connection with the 2025 EGM (the "**2025 Circular**").

As set forth in the Company's Remuneration Policy, the Board has set guidelines concerning, among other things, eligibility to receive share options (based on performance and time of service with the Company), vesting periods (typically over one-to-four years from the date of grant) and the minimum and maximum amounts of share options to be granted (based on seniority and expertise). Executive Directors, senior officers and key employees are also granted performance-based options, to be vested over one-to-four years, based upon the achievement of business goals.

The Company's performance-based equity grants include contractual provisions allowing the reclaiming of incentive components of remuneration from executive directors and from officers in cases of misstatement of financial results.

The Company has also initiated a Total Shareholder Return (TSR) incentivisation program - intended to incentivise senior management to generate higher returns to the Company's shareholders.

The Executive Directors' remuneration package and the key Management personnel's remuneration framework are structured in a way that links rewards to corporate and individual performance. Cash bonuses and share options are linked, to a great extent, to the achievement of the Company's strategic goals.

The review of remuneration packages also takes into consideration the pay and employment conditions within the industry (in this context – the Israeli high-tech industry, which is highly competitive) and the long-term interests of the Group. The review covers all aspects of remuneration including salaries, fees, allowances, cash bonuses and share options.

The Remuneration Committee's recommendations are submitted for endorsement by the entire Board, and, where required under law, are also brought to the shareholders' approval.

Remuneration of independent directors is set according to the applicable laws and regulations and at a level commensurate with their prior experience and level of responsibility, after taking into account industry benchmarks.

The Company believes that the current remuneration of independent directors is at a level that will not compromise the independence of such directors.

It should be noted, that the two Non-Executive Directors are also shareholders of the Company (holding between 3% to 4% of the Company's shares each).

Further information about the Company's current remuneration policy may be found in the Company's 2023 Annual Report.

# CORPORATE GOVERNANCE REPORT

## Principle 8: Disclosure of Remuneration

The remuneration (including performance cash-based incentives and non-cash option compensation) paid and accrued by us and our subsidiaries to each of our directors, our CEO and our top five (in terms of amount of remuneration) employees (not being directors) for services rendered to us in all capacities during 2024, were as follows:

### Directors and the CEO:

Name	Position	Remuneration (in S\$'000)	Breakdown between Fixed Income and Performance Based Incentives		
			Fixed Income	Cash Performance Based Incentives	Options (Non- Cash, Based on Fair Value)
Mr. Daniel Benjamin Glinert	Executive Director and Chairman	287	100%	--	--
Ms. Varda Shine	Lead Independent Director	128	86%	--	14%
Mr. Avraham Eshed	Non- Executive Director	81	74%	--	26%
Mr. Uzi Levami	Non-Executive Director	120	82%	--	18%
Mr. Lim Yong Sheng	Non- Executive Director	75	77%	--	23%
Mr. Sin Boon Ann	Non- Executive Director	75	77%	--	23%
Ms. Neta Zruya Hashai	Non- Executive Director	89	81%	--	19%
Mr. David Block	CEO	556	85%	12%	3%

### Top Five Key Management Personnel (Corporate Vice Presidents):

Name	Position	Remuneration (in Bands)	Breakdown between Fixed Income and Performance Based Incentives		
			Fixed Income	Cash Performance Based Incentives	Options (Non- Cash, Based on Fair Value)
Mr. Roni Ben Ari	Deputy CEO and Executive VP Product Management	2	88%	10%	2%
Mr. Youval Zohar	CFO	2	85%	11%	4%
Mr. Tzafrir Engelhard	VP New Business Development	2	90%	8%	2%
Mr. Abraham Kerner	CTO	2	95%	3%	2%
Mr. Efi Goren	VP Global Operations	2	89%	6%	5%

Notes:

Band 1: remuneration of up to S\$ 250,000 per annum.

Band 2: remuneration of between S\$ 250,001 to S\$ 500,000 per annum.

Band 3: remuneration of between S\$ 500,001 to S\$ 750,000 per annum.

The aggregate remuneration paid to the persons who held the top five key Management positions (and who are not directors or the CEO) for the year ended 31 December 2024 was S\$ 2,280,000 (including the aggregate fair value of non-cash option compensation).

The Company's 2025 AGM will be requested to approve an update to the remuneration of the CEO for the year 2025 and to grant him options under the 2025 Plan (upon and subject to the approval thereof by the 2025 EGM and by the Israeli Tax Authority).

Any future arrangements concerning the remuneration of our key executives shall be brought to the review of the Remuneration Committee and Board of Directors.

# CORPORATE GOVERNANCE REPORT

Incentive-based compensation which is linked to the Company's business results is based on audited financial results and may be corrected after the fact (and duly reimbursed by the beneficiary), if subsequent audits find errors which call for restatements of results.

During 2024, all share options granted under the 2015 Plan were granted at the Market Price (as such term is defined in the 2015 Plan). Further details with regard to the options granted by the Company may be found in the "Directors Report" section of the Annual Report.

During 2024 the Company had no employees who are substantial shareholders of the Company, or are immediate family members of a director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeded S\$100,000 during the year.

None of the Company's agreements with its Executive Directors and/or key employees include any overly generous termination-related clauses. Except as required by law, the Company does not grant overly long termination notice periods and/or any other termination-related benefits.

None of the directors participate in decisions on their own remuneration.

## Principle 9: Accountability and Audit, Risk Management and Internal Controls

The Board is accountable to the Company's shareholders. The Board provides the shareholders with periodical, and to the extent necessary and/or required – immediate, reports with regard to the business, financial and other aspects of the Company's activities.

The Board acknowledges that it is responsible for the governance of risks and the overall internal control framework but recognises that no cost-effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable but not absolute assurance against the occurrence of material errors or poor judgement in decision making.

As the Company does not have a Risk Management Committee, the Board, Audit Committee and Management assume the responsibility of the risk management function. Management reviews regularly the Group's business and operational activities to identify areas of significant risks as well as appropriate measures to control and mitigate these risks. Management reviews all significant policies and procedures and highlights all significant matters to the Board and the Audit Committee.

The Company also invests substantial efforts in maintaining and securing sustainable growth and operations, while serving the interests of its Shareholders. The Company integrates sustainability considerations into its strategy and its operations by actively engaging with the local communities in which it operates, taking responsibility for the life cycle of the Company's products and putting its people at the heart of its priorities.

The Audit Committee and Management have mapped and analysed the Group's risks and have compiled a matrix of risks pertaining to the Group's business and performance, financial management, information technology (IT) cyber-security and regulatory compliance issues, delineating the severity of their potential negative impairment to the Group and their probability of being realised. Thus, a comprehensive weighted prioritised risk factor list has been derived. The Audit Committee has reviewed the Company's internal controls and their adequacy at addressing the aforementioned risks in general. The Audit Committee has engaged the services of the Internal Auditor for in-depth analyses of key issues on a routine basis.

Since 13 November 2018 the Company has commenced releasing annual Sustainability Reports (now known as ESG reports). The Company's most recent ESG Report was released on 30 April 2024 and the current ESG Report is included in this Annual Report.

The Board takes adequate steps to ensure compliance with legislative and regulatory requirements, including requirements under the listing rules of the securities exchange.

The Management provides the Board with management accounts regarding the Company's performance. Such accounts are provided on a periodical basis (and when needed - as warranted by the circumstances), to enable the Board to make a balanced and informed assessment of the Company's performance, position and prospects.

The Board, with the assistance of the Audit Committee, reviews, on an ongoing basis and at least annually, the adequacy and effectiveness of the Company's risk management and internal control systems.

The Audit Committee and Board are of the opinion, upon consultation with the Company's CEO, the Company's CFO, the Company's External Auditors and the Internal Auditor of the Company and after receiving assurance from the Company's CEO and the Company's CFO, that:

- (a) the Company's financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
- (b) the internal control procedures and risk management of the Group are adequate (in this regard the Audit Committee and the Board have also received assurances from key management personnel and other service providers).

The Board has received assurance from: (a) the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and (b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems.



# CORPORATE GOVERNANCE REPORT

The Company has also adopted a Whistleblower Policy, according to which:

- Allegations of suspected fraudulent, wrong or improper conduct by the Company's personnel are to be reported to the Company's CEO and/or to the Chairperson of the Audit Committee and/or to the Lead Independent Director and/or the Chairperson of the Board, as applicable.
- Confidentiality of the whistleblower's identity, the nature of the report, and the suspected person's identity is to be strictly maintained by all parties investigating such complaints, unless: (i) the CEO, or the Chairperson of the Audit Committee and/or the Lead Independent Director and/or the Chairperson of the Board, or such other entity actually handling the investigation, is of the opinion that the identity of the whistleblower is material to the conduct of any investigation; or (ii) it is required by law, by the order or directive of a court of law or other regulatory authority that the identity of the whistleblower shall be revealed.
- No adverse personal action will be taken against a whistleblower (especially against an employee of the Company including management members), nor will retaliation against such person be tolerated, for the disclosure of information the whistleblower made in good faith.
- No director, manager, or any other employee with authority to make or materially influence significant personnel decisions shall take any adverse personnel action against an employee for disclosing in good faith alleged wrongful conduct or improprieties. Any employee found to have so violated this procedure shall be disciplined, up to and including termination of employment. For the avoidance of any doubt, an adverse personnel action shall include, inter alia, demotion, denial and/or suspension of promotion, organisation of and/or solicitation to participate in a boycott against the employee, prevention of any benefit and/or improvement in employment terms generally granted to the Company's employees, suspension, forced vacation and termination of employment.
- The terms of the Whistleblowers' Policy do not derogate in any way from the provisions of the Israeli Protection on Employees (uncovering of offences unethical conduct and improper administration) Law, 1997.
- The Audit Committee has the responsibility to oversee, document and investigate all Whistleblower allegations reported to the Committee or its Chairperson.
- At the conclusion of an investigation initiated based on a whistleblower's complaint, a written report shall be presented to the Audit Committee, or to the Board of Directors in the event that the suspected party(ies) is the CEO or a member of the Audit Committee.

## Principles 10: Audit Committee

The Audit Committee comprises four directors, all of whom are independent. As at the date of this Report, the Audit Committee members are:

Ms. Neta Zruya-Hahsai	(Chairperson, Independent Director)
Mr. Lim Yong Sheng	(Independent Director)
Ms. Varda Shine	(Lead Independent Director)
Mr. Sin Boon Ann	(Independent Director)

The members of our Audit Committee possess vast and diverse accounting, financial, commercial and legal expertise and experience. The Chairperson of the Audit Committee, Ms. Neta Zruya-Hashai served as an Audit Partner at Price Waterhouse Coopers (PWC) Israel, commencing from 2000 through 2020, of which over 7 years as a partner, and audited firms from various sectors (biotech and life sciences, industrial, retail, finance and holding companies) in accordance with IFRS, US GAAP and US / Israel SOX standards (Price Waterhouse Coopers (PWC) Israel did not provide any audit services to the Company since its listing). She holds a BA in Accounting and Communications and an MBA in Finance Management, both from Tel Aviv University, and is a Certified Public Accountant (Israel). Mr. Lim Yong Sheng is the Group Chief Executive Officer of SK Jewellery Group Ltd., a leading Singaporean retail jewellery chain with over 60 branches across Singapore, China, Malaysia and Thailand (SK Jewellery Group Ltd. was listed on the SGX Main Board until 2020). Ms. Varda Shine has over 30 years of experience in the production and wholesale trade of rough diamonds, as well as in the retail trade of polished diamonds and has been an Independent Director of the Group since 2017 and Mr. Sin Boon Ann retired in 2018 from Drew & Napier LLC, after more than 25 years. Prior to his retirement in 2018, he was the Deputy Managing Director of the Corporate & Finance Department and the Co-head of the Capital Markets Practice in Drew & Napier LLC.

Further details with regard to expertise and experience of the members of our Audit Committee may be found in the "Board of Directors" section of the Annual Report.

Our Audit Committee assists our Board in discharging its responsibility to safeguard our assets, maintain adequate accounting records and develop and maintain effective systems of internal control, with the overall objective of ensuring that our Management creates and maintains an effective control environment in our Company, in consultation with the Internal Auditor. Under its terms of reference, our Audit Committee may seek any information it requires from any employee, and all employees are directed to co-operate with any requests made by our Audit Committee. Our Audit Committee also provides a channel of communications between our Board, our Management and our Internal and External Auditors on matters relating to audit.

The Audit Committee meets periodically and performs the following functions:

- (a) reviews the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance.
- (b) reviews at least annually the adequacy and effectiveness of the Company's internal controls and risk management systems;
- (c) reviews the assurance from the CEO and the CFO on the financial records and financial statements;

# CORPORATE GOVERNANCE REPORT

- (d) makes recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;
- (e) reviews the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function; and
- (f) reviews the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on.

Based on the review of the External Auditors' credentials and their registration with and reporting to the Public Company Accounting Oversight Board (PCAOB), a member of the International Forum of Independent Audit Regulators, independent of the accounting profession and directly responsible for the system of recurring inspection of accounting firms, the Board and the Audit Committee have confirmed the External Auditors' suitability and their ability to meet their audit obligations. The Board and the Audit Committee further satisfied themselves that the external audit firms possess the adequate resources, experience and expertise and that the audit engagement partners and the supervisory and professional staff assigned to the particular audit possess the necessary skills and experience required for such task.

Apart from the duties listed above, our Audit Committee communicates and reviews the findings of internal investigation into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has, or is likely to have, a material impact on our Company's operating units and/or financial position.

The Audit Committee has the authority to investigate any matters within its terms of reference and the discretion to invite any director to attend its meetings. The Management fully cooperates with the Audit Committee and provides it with resources to enable it to discharge its functions properly.

The Audit Committee meets with the Internal and External Auditors several times annually to review the adequacy of audit arrangements, with particular emphasis on the scope and quality of their audits, and the independence and objectivity of the Internal and External Auditors. Where necessary, the Audit Committee meets with the External and/or the Internal Auditors without the presence of Management.

The Company supports whistle blowing. Employees may raise concerns about possible improprieties in financial reporting or other matters. Upon receipt of a concern, independent investigation and appropriate follow up action will be taken. So far no matters were raised by whistle blowers.

Based on the recommendations of the Audit Committee, the Board of Directors appointed, in August 2009, Mr. Doron Cohen, CPA, CIA, of Fahn Kanne Control Management, Ltd., subsidiary of Fahn Kanne and Co., Certified Public Accountants (Isr.) (member firm of Grant Thornton International) – a reputable auditing firm, as the Internal Auditor of the Company. The Internal Auditor carries out his functions according to the standards set by internationally recognised professional bodies. The role of the Internal Auditor is to independently examine, among other things, whether our activities comply with the law and orderly business procedures. Our Internal Auditor submits his work plans to the prior approval of the Audit Committee and presents his findings to the Audit Committee and to the Board of Directors. The Internal Auditor reports to the Chairman of the Audit Committee and the Chief Executive Officer of the Company. According to Israeli law, the Board appoints and removes the Internal Auditor, based on the Audit Committee's recommendations. The Internal Auditor's compensation is set by the Audit Committee. The Company cooperates fully with the Internal Auditor in terms of allowing access to documents and information and the Internal Auditor has unfettered access to all the Company's documents, records, properties and personnel, including access to the Audit Committee.

The Audit Committee reviews annually the adequacy and effectiveness of the internal audit function and is of the opinion that the internal audit function is independent, effective and adequately resourced.

The External Auditors of the Group are Somekh Chaikin Certified Public Accountants (Isr.), member firm of KPMG International (partner in charge, Guy Anavi, appointed with effect 1 January 2019 and replaced by Ehud Lev, effective as of 1 July 2023) and Chaikin, Cohen, Rubin and Company (partner in charge, Ilan Chaikin, appointed with effect 1 January 2022). The Group engages a suitable auditing firm, BSR & Co. LLP, member firm of the KPMG network of independent member firms affiliated with KPMG International, for the statutory audit of its significant foreign-incorporated subsidiary, namely Sarin Technologies India Private Limited.

The Audit Committee is updated periodically (and at least annually) on any changes in accounting standards by the External Auditor.

No former partner or director of the Company's auditing firm has acted as a member of the Company's Audit Committee.

The Company has complied with Rule 712 and Rules 715/716 of the Listing Manual.

The Company has paid to its External Auditors an aggregate amount of US\$ 344,000 for services rendered in 2024, out of which amount, US\$ 253,000 (approximately 74%) were paid as audit fees, US\$ 38,000 (approximately 11%) were paid for other audit related services, and US\$ 53,000 (approximately 15%) were paid as tax fees.

The Audit Committee confirms that it has undertaken a review of all non-audit services provided by the External Auditors and is satisfied that given the scope and nature of the non-audit related services, such services should not, in the Audit Committee's opinion, affect the independence of the External Auditors.

# CORPORATE GOVERNANCE REPORT

## **Principles 11, 12 & 13: Shareholder Rights and Engagement; Shareholder Rights and Conduct of General Meetings; Engagement with Shareholders and Stakeholders**

The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

All shareholders of the Company are provided with the Annual Report and notice of the convening of the Annual General Meeting. At the Annual General Meeting shareholders are given the opportunity to air their views and ask directors or Management questions regarding the Company. The Company's announcements and policies ensure that shareholders are informed of the rules, including voting procedures, that govern general meetings of shareholders and have the opportunity to participate effectively in and vote at general meetings of shareholders.

The Company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the Company explains the reasons and material implications in the notice of meeting.

The Company provides avenues for communication between the Board, the Chairman of the Board and the Lead Independent Director and all shareholders.

The Company has in place an Investor Relations policy which governs and promotes regular, effective and fair disclosure and communication with shareholders.

The Company's Investor Relations policy sets out, among other things, the mechanism through which shareholders may contact the Company with questions and through which the Company may respond to such questions.

The Company's results are published through the SGXNET and news releases. The Company does not practice selective disclosure. Price-sensitive information is first publicly released, before the Company meets with any group of analysts. Results and annual reports are announced or issued within the mandatory period.

The Company's Chairman and senior Management meet and discuss results, business conditions, prospects, etc., periodically with analysts and investors, and presentations made by the Company in such events are generally shared with the public at large.

The Company has a dedicated investor relations team, composed of an in-house team in Israel and of consultants and service providers in Singapore.

The Company's dividend policy is communicated to the shareholders in the Company's Annual Reports.

The Articles were amended in 2015, so as to allow a member of the Company to appoint more than two proxies to attend and vote instead of such member. Voting in absentia is also allowed. The Company currently proposes to further amend the Articles, so to further facilitate electronic and more environment-friendly communication between the Company and its shareholders. Further details may be found in the 2025 Circular.

Through its meetings with investors, analysts and shareholders, the Company gathers information, views and inputs and addresses shareholders' concerns.

The Company's website offers the Company's shareholders an abundance of information and means of communication with the Company.

The Company's Lead Independent Director is accessible to shareholders, who may also contact her directly (and not through the Company).

The Board and the Management periodically map and identify the Group's material stakeholders, as part of the Group's overall responsibility. Such matters are also discussed in the Company's Annual Report and ESG Report.

## **Dealings In Securities**

The Company has complied with the following best practices on dealings in securities: (a) The Company has adopted its own internal compliance code to provide guidance to its officers with regard to dealing by the Company and its officers in its securities; (b) According to such code an officer of the Company should not deal in the Company's securities on short-term considerations; and (c) According to such code the Company and its officers and employees do not deal in the Company's securities during the period commencing one month before the announcement of the Company's half year and full year financial statements.



# DIRECTORS' REPORT

## FOR THE YEAR END 31 DECEMBER 2024

### Directors' Report

We are pleased to submit this annual report to the shareholders of the Company together with the audited statements for the financial year ended 31 December 2024.

The Directors in office at the date of this report are as follows:

Daniel Benjamin Glinert	Chairman of the Board and Executive Director
Avraham Eshed	Non-Executive Director
Uzi Levami	Non-Executive Director
Varda Shine	Lead Independent Director
Neta Zruya Hashai	Independent Director
Lim Yong Sheng	Independent Director
Sin Boon Ann	Independent Director

### Directors' Interests

According to the share register kept by the Company for the purposes of Sections 127 and 128 of the Israeli Companies Law, 5759-1999 (the "Law"), and according to the information provided to the Company by our directors, particulars of interests of directors who held office at the end of the financial year 2024 (the "Year") in shares in the Company are as detailed below. Except as listed hereunder, none of our directors who held office at the end of the Year had any direct interest in the Company's shares – neither at the beginning of the Year, nor at the end of the Year, nor as at 21 January 2025.

Ordinary Shares of the Company of no par value each	As at 1 Jan. 2024	As at 31 Dec. 2024	As at 21 Jan. 2025
Daniel Benjamin Glinert <sup>1</sup>	12,734,156	12,734,156	12,734,156
Avraham Eshed <sup>2</sup>	15,126,922	15,126,922	15,126,922
Uzi Levami <sup>3</sup>	12,335,406	12,335,406	12,335,406
Varda Shine <sup>4</sup>	350,000	350,000	350,000
Lim Yong Sheng <sup>5</sup>	225,000	225,000	225,000

#### Note:

- Daniel Benjamin Glinert is deemed a shareholder of the Company by virtue of his and his wife's (Michal Haya Glinert) indirect ownership through Glinert Projects Initiation and Execution, Ltd. of 633,953 shares held on their behalf by Bank Hapoalim (Israel) through HSBC Singapore custodians, by virtue of his and his wife's indirect ownership through Glinert Projects Initiation and Execution, Ltd. of 10,423,953 shares held on their behalf by UOB Kay Hian Pte. Ltd., by virtue of his indirect ownership of 675,500 shares held on his behalf by Eyal Khayat, Option Plans trustee, through UOB Kay Hian Pte. Ltd., pursuant to the Plans, and by virtue of the indirect ownership of 1,000,750 shares held on his wife's behalf by UOB Kay Hian Pte. Ltd. [Note: The above number excludes shares held in trust by his wife, through UOB Kay Hian Pte. Ltd., for his son (an adult, who maintains a separate household, who bought such shares with his own resources)].
- Avraham Eshed is deemed a shareholder of the Company by virtue of his indirect ownership through Gemstar, Ltd. of 14,335,672 shares held on his behalf by the Israel Discount Bank through Citibank N.A. Singapore custodians, 562,500 shares held on his behalf by Eyal Khayat, Option Plans trustee, through UOB Kay Hian Pte. Ltd., pursuant to the Plans, and by virtue of his indirect ownership of 228,750 shares held on his behalf by Union Bank of Israel Ltd.
- Uzi Levami is deemed a shareholder of the Company by virtue of his indirect ownership through U. Levami Holdings, Ltd. of 11,622,906 shares held on his behalf by Bank Hapoalim (Israel) through HSBC Singapore custodians and by virtue of his indirect ownership of 712,500 shares held on his behalf by Eyal Khayat, Option Plans trustee, through UOB Kay Hian Pte. Ltd., pursuant to the Plans.
- Varda Shine is deemed a shareholder of the Company by virtue of her indirect ownership of 350,000 shares held on her behalf by Eyal Khayat, Option Plans trustee, through UOB Kay Hian Pte. Ltd., pursuant to the Plans.
- Lim Yong Sheng is deemed a shareholder of the Company by virtue of his indirect ownership of 225,000 shares held on his behalf by Eyal Khayat, Option Plans trustee, through UOB Kay Hian Pte. Ltd., pursuant to the Plans.

# DIRECTORS' REPORT

FOR THE YEAR END 31 DECEMBER 2024

## Outstanding options granted to directors under the Company's 2015 Option Plan

Name of Director	Options outstanding	Options vested	2024 share-based payment expenses	Years granted
Daniel Benjamin Glinert	1,275,000	825,000	--	2019, 2021, 2022 and 2023
Uzi Levami	525,000	225,000	US\$16,000	2022 and 2023
Avraham Eshed	525,000	225,000	US\$16,000	2022 and 2023
Varda Shine	375,000	125,000	US\$13,000	2023
Neta Zruya Hashai	725,000	475,000	US\$13,000	2020 and 2023
Lim Yong Sheng	500,000	250,000	US\$13,000	2020 and 2023
Sin Boon Ann	725,000	475,000	US\$13,000	2020 and 2023

Except as disclosed in this report, no director who held office at the end of the Year had interests in shares or debentures of the Company or of related corporations, either at the later of the beginning of the Year or the commencement of his service as a director or at the end of the Year.

Except as disclosed in this report, the Company was not a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisitions of shares in or debentures of the Company or any other body corporate.

Since the end of the last financial year (2024), and except as disclosed in the Company's audited financial statements for the Year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial interest.

The Directors are of the opinion, in concurrence with and based on Audit Committee review that the internal control procedures addressing financial, operational and compliance risks of the Group are adequate.

## Share options

In 2015 the Company adopted a new share option plan (the "2015 Plan") and since then granted options to employees and directors at no consideration. As of 31 December 2024, a total of 45,569,320 options were granted under the 2015 Plan, with each option being exercisable into one ordinary share each (of no par value) in the capital of the Company. The options under the 2015 Plan were granted at an exercise price ranging between S\$0.221 to S\$1.878 per option (according to the date of grant). As of 31 December 2024, there were 16,308,280 options outstanding under the 2015 Plan with 3,164,329 options having been exercised under the 2015 Plan and 26,096,711 having been forfeited. The exercise period for options granted under 2015 Plan is six years from the date of grant, with a vesting period of up to four years.

SGXNET announcements have been made on the dates of the various grants including details of the grant in accordance with the Listing Manual.

## Audit Committee

The Audit Committee of the Company comprises four independent directors. The members of the Audit Committee are Ms. Neta Zruya Hashai (Chairperson), Mr. Lim Yong Sheng, Ms. Varda Shine and Mr. Sin Boon Ann. The Audit Committee assists the Board in discharging its responsibility to safeguard the Group's assets, maintain adequate accounting records- and develop and maintain effective systems of internal control, with the overall objective of ensuring that the management creates and maintains an effective control environment in the Group, in consultation with the internal and external auditors.

## Auditors

The auditors, Somekh Chaikin, an Israeli partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee, and Chaikin, Cohen, Rubin & Co., Certified Public Accountants (Isr.), have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Daniel Benjamin Glinert  
Executive Director, Chairman of the Board

Israel  
2 April 2025

# STATEMENT BY DIRECTORS

FOR THE YEAR END 31 DECEMBER 2024

In the opinion of the Directors,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 74 to 108 are drawn up so as to give a true and fair view of the Company and of the Group as of 31 December 2024 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and
- (b) as at the date of this statement, there are reasonable grounds to assume that the Group will be able to pay its debts as and when they fall due.

On behalf of the Directors

Daniel Benjamin Glinert  
Executive Director, Chairman

Israel  
2 April 2025



# AUDITORS' REPORT

## TO THE SHAREHOLDERS OF SARINE TECHNOLOGIES LTD.



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Somekh Chaikin, an Israeli partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee



Chaikin, Cohen, Rubin & Co  
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Certified Public Accountants (Isr.)

We have audited the accompanying statements of financial position of Sarine Technologies Ltd. (hereinafter the "Company") and subsidiaries (the Company and subsidiaries together referred to hereinafter as the "Group") as at December 31, 2024 and 2023 and the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group, for each of the years ended on such dates. These financial statements are the responsibility of the Company's Board of Directors and of its Management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in Israel, including standards prescribed by the Auditors Regulations (Manner of Auditor's Performance) - 1973. Such standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Board of Directors and by Management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Group and the Company as at December 31, 2024 and 2023 and the Group's results of operations, changes in its equity and cash flows, for each of the years ended on such dates, in accordance with International Financial Reporting Standards (IFRS).

### Key Audit Matters

Key audit matters described below are those matters that were communicated, or were required to be communicated, to the Company's Board of Directors and, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the current period. These matters include, among others, any matter that: (1) is related to or may be related to significant accounts or disclosures in the financial statements and (2) our professional judgment in regards to this matter was challenging, subjective or especially complex. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. The communication of these matters below does not change our opinion on the financial statements as a whole, and we do not provide, through this communication, a separate opinion on these matters or on the accounts or disclosures they are related to.

### Revenue recognition

#### Why was this matter determined to be a Key Audit Matter in the audit

As described in the statement of profit and loss and other comprehensive income, and in notes 3H and 7 to the financial statements, in 2024 the revenues of the Company totaled \$US 39,201 thousand.

According to IFRS 15, Revenues from Contracts with Customers ("IFRS 15"), revenues from the sale of products are recognized when control of the product is transferred to the customer, and revenues from maintenance and service is recognized over the period that the service is provided. Revenues are measured based on the consideration the Company expects to be entitled in exchange for the goods or services promised to the customer. Due to the description above and due to the materiality of the revenues to the Company's financial statements, we identified revenues recognition as a key audit matter.

#### The response to the key audit matter in the audit

We obtained understanding of the Company's policy relating to the point in time in which control over products is transferred to the customers, and regarding the Company's processes to identify contracts with customers and the performance obligations that rise from such contracts. In addition, we obtained understanding as to the measurement of revenue and the timing of recognition. We checked that the Company's revenue recognition policy meets the guidance of IFRS 15.

# AUDITORS' REPORT

## TO THE SHAREHOLDERS OF SARINE TECHNOLOGIES LTD.

In addition, following are the primary audit procedures we performed:

- We performed analytical procedures in order to assess completeness of the audited period's revenues.
- We performed a statistical sample of invoices, and we tested that the consideration received from the customer agrees with the revenue that was recognized, that the control of the products was transferred to the customer and that a valid purchase order or agreement exists between the Company and the customer.
- We performed an additional statistical sample of invoices that focuses on revenues recorded close to the year end and beginning of the subsequent year, to assess correct cut-off procedures in revenues recognized.
- We checked if credit notes were issued to customers in the subsequent year that may indicate improper revenue recognition in the audited period.
- We read the disclosures provided by the Company which relate to revenues, to test completeness of presentation requirements and the accuracy of the information provided.

### Goodwill impairment test

#### Why was this matter determined to be a Key Audit Matter in the audit

As described further in Note 29 to the financial statements, in May 2023, the Company completed the acquisition of 70% of GCAL USA LLC ("GCAL USA"), a US based company, for a total consideration of \$7.4 million, which resulted in goodwill of \$ 3.1 million. The acquisition agreement included a put option granted to the seller on the remaining 30%, and a call option on the remaining 30% granted to the Company. Goodwill is not amortized, but rather tested by the Company for impairment annually, as of September 30 of each year, or whenever events or circumstances present an indication of impairment. The test is performed by assessing the fair value of the Company's cash generating unit ("CGU") that consists of the goodwill and determining that the CGU fair value exceeds its carrying amount.

The fair value of the CGU was estimated using the discounted cash flow method. Management applied significant judgment in estimating the discounted future cash flows of the CGU, which involved the use of significant estimates and assumptions with respect to the revenue growth rates, profit rates and discount rates. In addition, management revisited the present value of the put option price, and the fair value of the call option, that are calculated based on forecasted performance of GCAL USA. Changes in key inputs and assumptions could materially affect the determination of the fair value of the CGU, the present value of the put option price and the fair value of the call option. The Company utilized a third-party valuation firm to assist management in estimating the fair value of CGU for the purpose of testing the goodwill for impairment, and in determining the present value of the put option and the valuation of the call option. Due to the significant amount of judgment applied by management when developing the estimates, we identified the goodwill impairment test of GCAL USA, the subsequent determination of the present value of the put option and the valuation of the call option as a key audit matter.

#### The response to the key audit matter in the audit

To test the estimated fair value of the CGU, we first tested management's process for allocating assets and liabilities to the CGU. Afterwards, for estimating the fair value of the CGU we performed the following primary audit procedures:

- We evaluated the Company's selection of the overall valuation methodology, by evaluating the methods and significant assumptions used by the Company's valuation specialist.
- We compared assumptions regarding profitability margins to similar comparable figures of the Company, and corroborated growth rates used in the valuation to the budget presented and approved by the Company's board of directors.
- We involved our valuation specialists in assisting with our evaluation of the methodology used by the Company and the significant assumptions.
- We performed sensitivity tests on certain key assumptions, focusing on the discount rate and revenue growth rates assumptions that were used in the valuation.
- Lastly, we audited the presentation in the financial statements to verify completeness of disclosure requirements.

Somekh Chaikin  
Certified Public Accountants (Isr.)  
Member firm of KPMG International

Chaikin, Cohen, Rubin and Co.  
Certified Public Accountants

Tel-Aviv, Israel  
March 19, 2025

Tel-Aviv, Israel  
March 19, 2025

# CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31

		Group		Company	
	Note	2024	2023	2024	2023
		US\$ thousands			
Assets					
Property, plant and equipment	10	6,545	11,637	1,161	1,827
Investment property (Real Estate)	30	3,914	--	--	--
Right-of-use assets	24	4,594	6,032	2,267	3,014
Intangible assets	11	7,044	7,150	801	--
Long-term trade receivables	13	1,740	573	296	276
Investment in subsidiaries	28	--	--	42,785	43,576
Other non-current assets	14	2,247	1,102	--	--
Deferred tax assets	9	593	568	--	--
Total non-current assets		26,677	27,062	47,310	48,693
Inventories	12	6,731	10,520	4,242	7,324
Trade receivables	13	9,195	14,652	6,074	5,819
Other current assets	14	3,006	1,383	694	699
Short-term investments (bank deposits)	15	8,071	634	2,051	--
Cash and cash equivalents	16	18,229	22,351	7,916	7,644
Total current assets		45,232	49,540	20,977	21,486
Total assets		71,909	76,602	68,287	70,179
Equity					
Share capital*	17	--	--	--	--
Share premium and reserves		35,396	35,264	35,396	35,264
Translation reserve		(4,436)	(4,249)	(4,436)	(4,249)
Dormant shares, at cost	17	(6,502)	(5,183)	(6,502)	(5,183)
Retained earnings		32,991	34,488	32,991	34,488
Total equity		57,449	60,320	57,449	60,320
Liabilities					
Long-term lease liabilities	24	4,165	5,392	2,178	2,847
Financial instrument	29	1,100	1,727	--	--
Other non-current liabilities	20	177	153	107	143
Total non-current liabilities		5,442	7,272	2,285	2,990
Trade payables		1,440	1,781	1,433	1,848
Other payables	19	5,792	5,655	6,114	4,127
Current lease liabilities	24	1,326	1,240	788	687
Current tax payable		161	46	--	--
Warranty provision	22	299	288	218	207
Total current liabilities		9,018	9,010	8,553	6,869
Total liabilities		14,460	16,282	10,838	9,859
TOTAL EQUITY AND LIABILITIES		71,909	76,602	68,287	70,179

\* No par value

The accompanying notes are an integral part of the financial statements.



# CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31

	Note	Group	
		2024	2023
		US\$ thousands	
<b>Revenue</b>	6,7	<b>39,201</b>	42,944
Cost of sales		(16,205)	(15,573)
<b>Gross profit</b>		<b>22,996</b>	27,371
Research and development expenses		(6,721)	(8,597)
Sales and marketing expenses		(11,011)	(12,843)
General and administrative expenses		(5,295)	(7,775)
<b>(Loss) Profit from operations</b>		<b>(31)</b>	(1,844)
Finance income		1,976	960
Finance expense		(496)	(384)
<b>Net finance income</b>	8	<b>1,480</b>	576
<b>Profit (Loss) before income tax</b>		<b>1,449</b>	(1,268)
Income tax expense	9	(375)	(1,534)
<b>Profit (Loss) for the year</b>		<b>1,074</b>	(2,802)
<b>Other comprehensive (loss) income</b>			
Item that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit plan		11	37
Item that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		(187)	(32)
<b>Total comprehensive income (loss) for the year</b>		<b>898</b>	(2,797)
<b>Earnings per share</b>			
Basic earnings (loss) per share (US cents)	18	<b>0.31</b>	(0.80)
Diluted earnings (loss) per share (US cents)	18	<b>0.31</b>	(0.80)

The accompanying notes are an integral part of the financial statements.

# CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY

Group and Company	Share capital*	Share premium and reserves	Translation reserve	Retained earnings	Dormant shares	Total
	US\$ thousands					
Balance at January 1, 2023	--	34,490	(4,217)	41,652	(4,829)	67,096
Loss for the year ended December 31, 2023	--	--	--	(2,802)	--	(2,802)
Other comprehensive income (loss) for the year ended December 31, 2023	--	37	(32)	--	--	5
Dormant shares, acquired at cost (1,558,200 shares)	--	--	--	--	(354)	(354)
Share-based payment expenses	--	323	--	--	--	323
Share-based payment expenses	--	343	--	--	--	343
Exercise of options	--	71	--	--	--	71
Dividend paid	--	--	--	(4,362)	--	(4,362)
Balance at December 31, 2023	--	35,264	(4,249)	34,488	(5,183)	60,320
<b>Profit for the year ended December 31, 2024</b>	--	--	--	<b>1,074</b>	--	<b>1,074</b>
<b>Other comprehensive Income (loss) for the year ended December 31, 2024</b>	--	<b>11</b>	<b>(187)</b>	--	--	<b>(176)</b>
<b>Dormant shares, acquired at cost (5,639,274 shares)</b>	--	--	--	--	<b>(1,319)</b>	<b>(1,319)</b>
<b>Share-based payment expenses</b>	--	<b>117</b>	--	--	--	<b>117</b>
<b>Exercise of options</b>	--	<b>4</b>	--	--	--	<b>4</b>
<b>Dividend paid</b>	--	--	--	<b>(2,571)</b>	--	<b>(2,571)</b>
<b>Balance at December 31, 2024</b>	--	<b>35,396</b>	<b>(4,436)</b>	<b>32,991</b>	<b>(6,502)</b>	<b>57,449</b>

\* No par value

The accompanying notes are an integral part of the financial statements.

# CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31

	Group	
	2024	2023
	US\$ thousands	
<b>Cash flows (used in) from operating activities</b>		
Profit (Loss) for the year	1,074	(2,802)
<b>Adjustments for:</b>		
Share-based payment expenses	117	323
Income tax expense	375	1,534
Depreciation of property, plant & equipment and right-of-use assets	2,995	2,933
Depreciation of investment property (Real Estate)	124	--
Amortisation of intangible assets and write off of goodwill	1,028	456
Change in financial instrument liability	(627)	--
Change in financial assets fair value	(498)	--
Other net finance income	(405)	(535)
Revaluation of lease liabilities from exchange rate differences	(26)	(144)
<b>Changes in working capital</b>		
Inventories	3,789	(3,661)
Trade receivables	4,290	7,257
Other current assets	(1,614)	1,113
Rent deposit, net	(105)	--
Trade payables	(341)	(1,439)
Other liabilities	108	(2,661)
Employee benefits	(22)	(4)
Income tax paid	(781)	(3,326)
<b>Net cash from (used in) operating activities</b>	<b>9,481</b>	<b>(956)</b>
<b>Cash flows (used in) from investing activities</b>		
Acquisition of property, plant and equipment	(569)	(1,483)
Acquisition of consolidated subsidiary, see Note 29	--	(5,741)
Proceeds from realisation of property, plant and equipment	69	56
Short-terms investments	(7,437)	10,050
Capitalisation of development expenses	(922)	--
Interest received	825	799
<b>Net cash (used in) from investing activities</b>	<b>(8,034)</b>	<b>3,681</b>
<b>Cash flows used in financing activities</b>		
Proceeds from exercise of share options	4	71
Purchase of Company's shares by the Company	(1,319)	(354)
Capital infusion by minority shareholder in consolidated subsidiary	--	343
Dividends paid	(2,571)	(4,362)
Payment of lease liabilities	(1,263)	(1,115)
Interest paid	(309)	(240)
<b>Net cash used in financing activities</b>	<b>(5,458)</b>	<b>(5,657)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(4,011)</b>	<b>(2,932)</b>
Cash and cash equivalents at beginning of year	22,351	25,307
Effect of exchange rate fluctuations on cash and cash equivalents	(111)	(24)
<b>Cash and cash equivalents at end of year</b>	<b>18,229</b>	<b>22,351</b>

The accompanying notes are an integral part of the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

## Note 1 - General

### A. Reporting entity

Sarine Technologies Ltd. (hereinafter “Sarine” or the “Company”) is a company domiciled in Israel. The address of the Company’s registered office is 4 Haharash Street, Hod Hasharon 4524075, Israel. The consolidated financial statements of the Company, as at, and for the year ended December 31, 2024, comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) (see Note 28). The Company was incorporated on November 8, 1988. On April 8, 2005, the Company was admitted to the Main Board list of the Singapore Exchange Securities Trading Ltd., and on July 5, 2021, the Company’s shares were listed on the Tel Aviv Stock Exchange (secondary listing).

### B. Introduction

The Group 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 gemmology lab and diamond appraisal business, and are essential aids for diamond polishers, dealers and retailers. At the heart of these systems is computer software that implements three-dimensional modeling and volume / value optimisation using advanced mathematical algorithms, and overall system control (motion, image capture, laser functionality, etc.) paired with various proprietary hardware technologies, including electro-optics, electronics, precision mechanics and lasers.

### C. Material events in the reporting period

The natural diamond manufacturing industry, faced ongoing headwinds for the second year running. Weakened consumer demand in China and the continuing disruption by lab-grown diamonds (LGD) continue to negatively impact natural diamond demand and prices, consequently slowing manufacturing activity.

The LGD segment is experiencing issues stemming from over-production and oversupply driving declining wholesale prices.

The Group introduced new product lines, the Most Valuable Plan™ (MVP) for optimising the planning of small natural rough diamonds, the adaptation of the Group rough planning technologies to LGD, and the opening of a GCAL by Sarine lab in India, aimed at servicing the significant Indian LGD industry.

The Group undergone aggressive business streamlining and cost cutting.

## Note 2 - Basis of Preparation

### A. Statement of compliance

The financial statements have been prepared in accordance with IFRS® Accounting Standards (IFRSs).

The consolidated financial statements were authorised for issue by the Company’s Board of Directors on March 21, 2025.

### B. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- assets and liabilities relating to employee benefits;
- call option relating to GCAL acquisition;
- deferred tax assets and liabilities; and
- provisions.

For further information regarding the measurement of these assets and liabilities see Note 3 regarding significant accounting policies.

# NOTES TO THE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

## Note 2 - Basis of Preparation (cont'd)

### C. Functional and presentation currency

These financial statements are presented in United States (US) dollars, or US\$, which is the Company's functional currency. The US dollar is the currency that represents the principal economic environment in which the Company and most Group entities operate. All financial information presented in US dollars has been rounded to the nearest thousand, except where otherwise indicated.

### D. Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Certain accounting estimates used in the preparation of the Group's financial statements may require management to make assumptions regarding circumstances and events that involve considerable uncertainty. Management prepares these estimates on the basis of past experience, known facts, external circumstances, and reasonable assumptions. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 9 – Income Tax (deferred tax assets) – determination of profit forecast which will be offset by carry forward losses;
- Note 11 – Intangible Assets – assumptions used in valuation model.
- Note 21 – Share-Based Payments (measurement of share-based payments) – assumptions used in valuation model;
- Note 24 – Leases – determination of lease term and discount rate of lease liability; and
- Note 26 – Contingent Liabilities – probability of claims to have a material impact on the Group.

### E. Changes in accounting policies

#### Initial application of new standards, amendments to standards and interpretations

Amendment to IAS 16, Property, Plant and Equipment

The Amendment annuls the requirement by which in the calculation of costs directly attributable to fixed assets, the net proceeds from selling certain items that were produced while the Company tested the functioning of the asset should be deducted (such as samples that were produced when testing the equipment). Instead, such proceeds shall be recognised in profit or loss according to the relevant standards and the cost of the sold items will be measured according to the measurement requirements of IAS 2, Inventories. The Amendment is applied retrospectively, including an amendment of comparative data, only with respect to fixed asset items that have been brought to the location and condition required for them to operate in the manner intended by management subsequent to the earliest reporting period presented at the date of initial application of the Amendment. Application of the Amendment did not have a material effect on the financial statements.

### F. Company Statements of Financial Position

The Company's statements of financial position for the years ended December 31, 2024 and 2023 have been prepared on the same basis as the consolidated financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

## Note 3 - Material Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

### A. Business Combinations

The Group implements the acquisition method to all business combinations. The acquisition date is the date on which the acquirer obtains control over the acquiree. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the acquiree and it has the ability to affect those returns through its power over the acquiree. Substantive rights held by the Group and others are taken into account when assessing control. The Group recognises goodwill at acquisition according to the fair value of the consideration transferred less the net amount of the identifiable assets acquired and the liabilities assumed. On the acquisition date the Group recognises a contingent liability assumed in a business combination, if there is a present obligation resulting from past events and its fair value can be reliably measured. In addition, the consideration transferred includes the fair value of any contingent consideration. After the acquisition date, the Group recognises changes in fair value of the contingent consideration classified as a financial liability in profit or loss. In the business combination that took place in 2023 (see note 29), the Company acquired 70% of the acquiree and the seller received a put option on the remaining 30%. The Company implemented the "Anticipated Acquisition Method". Accordingly the Company accounts for 100% of the acquiree and does not record non-controlling interest. The consideration according to this method consists of the cash paid and the present value of the future payment of the remaining 30% ("the Put Option Liability"). The subsequent changes to the Put Option Liability are recorded as financial expenses in the statement of profit and loss. Any capital contributions by the owner of the remaining 30% is recorded as an addition to the Company's equity.

### B. Foreign currency

#### i. Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates as at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognised in profit or loss.

#### ii. Foreign operations

The functional currency of subsidiaries is determined based on the primary economic environment in which they operate. This determination is important because it affects the translation of the subsidiaries' financial statements into the consolidated financial statements of the parent company, impacting the reported financial results and the decisions of the users of the financial statements.

The assets and liabilities of Sarin Technologies India Private Limited ("Sarin India") are considered foreign operations and translated to US dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to US dollars at the average exchange rate for the period. Foreign currency differences are recognised in other comprehensive income, and presented in equity as foreign currency translation reserve.

### C. Share Capital

#### *Dormant shares*

When share capital recognised as equity is repurchased by the Group, the amount of the consideration paid is recognised as a deduction from equity. Repurchased shares are classified as dormant shares. When dormant shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus on the transaction is carried to share premium, whereas a deficit on the transaction is deducted from retained earnings. The Group periodically repurchases shares as part of its management strategy, see also note 17.

# NOTES TO THE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

## Note 3 - Material Accounting Policies (cont'd)

### D. Intangible assets

#### i. Know-how, intellectual property and other intangible

Acquired know-how, intellectual property and other intangible assets, including in respect of trade names and customer relationships, are stated at cost less accumulated amortisation and impairment losses.

#### ii. Goodwill

Goodwill that arises upon the acquisition of subsidiaries or activities is included in intangible assets. Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Subsequently, goodwill is measured at cost less accumulated impairment losses. The Group examines the useful life of goodwill at least once a year in order to determine whether events and circumstances continue to support the decision that the intangible asset has an indefinite useful life and it is not impaired.

#### iii. Research and development

Expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognised in profit or loss when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group has the intention and sufficient resources to complete development and to use or sell the asset. Expenditures capitalised include the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditures are recognised in profit or loss as incurred.

Capitalised development expenditures are measured at cost less accumulated amortisation and accumulated impairment losses, during the respective reporting periods.

#### iv. Subsequent expenditure

Subsequent expenditures are capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditures on internally generated goodwill and brands, are recognised in profit or loss as incurred.

#### v. Amortisation

Amortisation is a systematic allocation of the amortisable amount of an asset over its useful life. The amortisable amount is the cost of the asset less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date they are available for use, since this method most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Goodwill is not systematically amortised but is tested for impairment at least once a year.

Internally generated intangible assets are not systematically amortised until they are available for use, meaning are brought to the working condition for their intended use. Accordingly, these intangible assets, such as development costs, are tested for impairment at least once a year, until such date as they are available for use.

The estimated useful lives for the current and comparative periods are approximately as follows:

• Acquired know-how and intellectual property	6-8 years
• Capitalised development costs	6 years
• Trade names	5 years
• Customer relationships	8 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted, if appropriate.



# NOTES TO THE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

## Note 3 - Material Accounting Policies (cont'd)

### E. Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of inventories is calculated based on the moving average costing method and includes expenditures incurred in acquiring the inventories and bringing them to their existing location and conditions. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of overhead based on normal operating capacity. Inventories are written-down for estimated obsolescence, based on assumptions about future demand and market conditions.

### F. Impairment

#### i. Non-derivative financial assets

*Financial assets, contract assets and lease receivables*

The Group recognises a provision for expected credit losses in respect of financial assets at amortised cost. The Group has elected to measure the provision for expected credit losses in respect of trade receivables at an amount equal to the full lifetime credit losses of the instrument.

With respect to other debt assets, the Group measures the provision for expected credit losses at an amount equal to the full lifetime expected credit losses, other than the provisions hereunder that are measured at an amount equal to the 12-month expected credit losses:

- debt instruments that are determined to have low credit risk at the reporting date; and
- other debt instruments and deposits, for which credit risk has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available with no undue cost or effort. Such information includes quantitative and qualitative information, and an analysis, based on the Group's past experience and informed credit assessment, and it includes forward looking information. The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full.

*Measurement of expected credit losses*

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive. Expected credit losses are discounted at the effective interest rate of the financial asset.

*Presentation of provision for expected credit losses in the statement of financial position*

Provisions for expected credit losses of financial assets measured at amortised cost are deducted from the gross carrying amount of the financial assets.

*Write-off*

The gross carrying amount of a financial asset is written off when the Group does not have reasonable expectations of recovering a financial asset at its entirety or a portion thereof. This is usually the case when the Group determines that the debtor does not have assets or sources of income that may generate sufficient cash flows for paying the amounts being written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due. Write-off constitutes a de-recognition event.

#### ii. Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU"). The Group estimates the recoverable amount of a CGU that contains goodwill and other intangible assets that are not yet available for use, on an annual basis, or more frequently if there are indications of impairment.

## Note 3 - Material Accounting Policies (cont'd)

### F. Impairment (cont'd)

#### ii. Non-financial assets (cont'd)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the assessment of market participants regarding the time value of money and the risks specific to the asset or cash generating unit, for which the estimated future cash flows from the asset or cash generating unit were not adjusted.

Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs that included goodwill are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of other assets in the unit (group of units) on a pro rata basis. An impairment loss in respect of goodwill is not reversed.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized

### G. Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees and directors are recognised as an expense, with a corresponding increase in equity, over the period that the grantee unconditionally become entitled to the awards. The amount recognised as an expense in respect of share-based payment awards that are conditional upon meeting service and non-market performance conditions is adjusted to reflect the number of awards that are expected to vest, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with market performance vesting conditions, the grant date fair value of the share-based payment awards is measured to reflect such conditions, and therefore the Group recognises an expense in respect of the awards whether or not the conditions have been met.

### H. Revenue

#### *Initial recognition and measurement of revenue*

The Group recognises revenue when the customer obtains control over the promised goods or services. The revenue is measured according to the amount of the consideration to which the Group expects to be entitled in exchange for the goods or services promised to the customer, other than amounts collected for third parties.

#### *Identifying the contract*

The Group accounts for a contract with a customer only when the following conditions are met:

- the parties to the contract have approved the contract (in writing, orally or according to other customary business practices) and they are committed to satisfying the obligations attributable to them;
- the Group can identify the rights of each party in relation to the goods or services that will be transferred;
- the Group can identify the payment terms for the goods or services that will be transferred;
- the contract has a commercial substance (i.e. the risk, timing and amount of the entity's future cash flows are expected to change as a result of the contract); and
- it is probable that the consideration, to which the Group is entitled to in exchange for the goods or services transferred to the customer, will be collected. For this purpose the Group examines, past experience with the customer.

If a contract with a customer does not meet all of the above criteria, consideration received from the customer is recognised as a liability until the criteria are met or when one of the following events occurs: the Group has no remaining obligations to transfer goods or services to the customer and any consideration promised by the customer has been received and cannot be returned; or the contract has been terminated and the consideration received from the customer cannot be refunded.

# NOTES TO THE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

## Note 3 - Material Accounting Policies (cont'd)

### H. Revenue (cont'd)

#### *Identifying performance obligations*

On the contract's inception date the Group assesses the goods or services promised in the contract with the customer and identifies as a performance obligation any promise to transfer to the customer one of the following:

- goods or services (or a bundle of goods or services) that are distinct; or
- a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer.

The Group identifies goods or services promised to the customer as being distinct when the customer can benefit from the goods or services on their own or in conjunction with other readily available resources and the Group's promise to transfer the goods or services to the customer is separately identifiable from other promises in the contract. In order to examine whether a promise to transfer goods or services is separately identifiable, the Group examines whether it is providing a significant service of integrating the goods or services with other goods or services promised in the contract into one integrated outcome that is the purpose of the contract.

#### *Determining the transaction price*

The transaction price is the amount of the consideration to which the Group expects to be entitled in exchange for the goods or services promised to the customer, other than amounts collected for third parties. The Group takes into account the effects of all the following elements when determining the transaction price: variable consideration, the existence of a significant financing component, non-cash consideration, and consideration payable to the customer.

#### *Satisfaction of performance obligations*

The Company's revenues from sale of machines that are paid per usage are recognised over time, based on usage. The Company's revenues from sale of grading certificates are recognised at a point in time, when delivered. Services and maintenance are recognised over the period that the service and maintenance is provided.

### I. Leases

#### *Determining whether an arrangement contains a lease*

On the inception date of the lease, the Group determines whether the arrangement is a lease or contains a lease, while examining if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In its assessment of whether an arrangement conveys the right to control the use of an identified asset, the Group assesses whether it has the following two rights throughout the lease term:

- the right to obtain substantially all the economic benefits from use of the identified asset; and
- the right to direct the identified asset's use.

For lease contracts that contain non-lease components, such as services or maintenance, that are related to a lease component, the Group elected to account for the contract as a single lease component without separating the components.

#### *Leased assets and lease liabilities*

Contracts that award the Group control over the use of a leased asset for a period of time in exchange for consideration, are accounted for as leases. Upon initial recognition, the Group recognises a liability at the present value of the balance of future lease payments (these payments do not include certain variable lease payments), and concurrently recognises a right-of-use asset at the same amount of the lease liability, adjusted for any prepaid or accrued lease payments, plus initial direct costs incurred in respect of the lease.

Since the interest rate implicit in the Group's leases is not readily determinable, the incremental borrowing rate of the lessee is used. Subsequent to initial recognition, the right-of-use asset is accounted for using the cost model, and depreciated over the shorter of the lease term or useful life of the asset.

The Group has elected to apply the practical expedient by which short-term leases of up to one year and/or leases in which the underlying asset has a low value, are accounted for such that lease payments are recognised in profit or loss on a straight-line basis, over the lease term, without recognising an asset and/or liability in the statement of financial position.

#### *The lease term*

The lease term is the non-cancellable period of the lease plus periods covered by an extension or termination option if it is reasonably certain that the lessee will or will not exercise the option, respectively.

# NOTES TO THE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

## Note 3 - Material Accounting Policies (cont'd)

### I. Leases (cont'd)

#### *Depreciation of right-of-use asset*

After lease commencement, a right-of-use asset is measured on a cost basis less accumulated depreciation and accumulated impairment losses and is adjusted for re-measurements of the lease liability. Depreciation is calculated on a straight-line basis over the useful life or contractual lease period, whichever earlier, as follows:

- |                     |           |
|---------------------|-----------|
| • Office facilities | 2-8 years |
| • Motor vehicles    | 3 years   |

### J. Income tax

Income tax expense comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case it is recognised in equity or in other comprehensive income, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted as at the reporting date, and any adjustment to tax payable in respect of prior years.

Current tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and there is intent to settle current tax liabilities and assets on a net basis or the tax assets and liabilities will be realised simultaneously.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent they will probably not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised for unused tax losses, tax benefits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets that were not recognised are reevaluated at each reporting date and recognised if it has become probable that future taxable profits will be available against which they can be utilised.

The Group may be required to pay additional tax if a dividend is distributed by companies within the Group. This additional tax was not included in the financial statements, since it is the current practice of the Group companies not to distribute a dividend which creates an additional tax liability for the recipient in the foreseeable future.

### K. Investment property (Real Estate)

Investment property is property (land or building – or part of a building – or both) held either to earn rental income or for capital appreciation or for both, but not for:

1. Use in the production or supply of goods or services or for administrative purposes; or
2. Sale in the ordinary course of business.

Investment property is measured at cost and depreciated over its useful life which was determined to be 40 years.

### L. Reclassifications

The Company has reclassified certain amounts related to its prior period balances to conform to its current period presentation. These reclassifications have not changed the results of operations of prior periods.



# NOTES TO THE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

## Note 3 - Material Accounting Policies (cont'd)

### M. New standards, amendments to standards and interpretations not yet adopted

*IFRS 18, Presentation and Disclosure in Financial Statements*

This standard replaces IAS 1, Presentation of Financial Statements. The standard provides guidance for improving the structure and content of the financial statements, particularly the income statement.

The standard includes new disclosure and presentation requirements as well as requirements that were taken from IAS 1, Presentation of Financial Statements.

As part of the new disclosure requirements, it is required to present two subtotals in the income statement: operating profit and profit before financing and taxes.

Furthermore, the results in the income statement will be classified into three new categories: an operating category, an investing category and a financing category.

In addition to the changes in the structure of the income statements, the standard also includes a requirement to provide separate disclosure in the financial statements regarding the use of management-defined performance measures (MPM).

Furthermore, the standard adds specific guidance for aggregation and disaggregation of items in the financial statements and in the notes.

The standard's initial date of application is for annual reporting periods beginning on or after January 1, 2027 with earlier application being permitted. In accordance with the decision of the Securities Authority plenum, reporting corporations may early adopt the standard from reporting periods beginning on January 1, 2025.

The Group is examining the effects of the standard on its financial statements with no plans for early adoption.

## Note 4 - Determination of Fair Values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

When determining the fair value of an asset or liability, the Group uses observable market data as much as possible. There are three levels of fair value measurements in the fair value hierarchy that are based on the data used in the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3: inputs that are not based on observable market data (unobservable inputs).

Information about assumptions made by the Group with respect to the future and other reasons for uncertainty with respect to estimates that have a significant risk of resulting in a material adjustment to carrying amounts of assets and liabilities in the next financial year are included in the following notes:

### A. Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly. The fair value of items of property, plant and equipment is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate.

### B. Intangible assets

The fair value used in impairment tests of development activities which were capitalised is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

### C. Trade receivables and other current assets

The fair value of trade receivables and certain other current assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. Trade receivables and certain other current assets with no stated interest are measured at their original amount as the effect of discounting is immaterial.

# NOTES TO THE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

## Note 4 - Determination of Fair Values (cont'd)

### D. Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

### E. Share-based payment transactions

The fair value of the options granted is measured using a lattice-based valuation, taking into account the terms and conditions upon which the options were granted. Measurement inputs include share price on measurement date, expected volatility, expected employee turnover rate, employee exercise behavior, risk free interest rate and expected dividend. Services and non-market performance conditions are not taken into account in determining fair value.

## Note 5 - Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board's policy is to maintain a strong capital base, so to maintain investor and market confidence and to sustain future development of the business. The Group has exposure to credit risk and market risk from its use of financial instruments. This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit Committee oversees how management complies with the Group's risk management policies and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers (see also Note 23).

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Group does not require collateral in respect of financial assets. The Group has established credit limits for customers and monitors their balances regularly. Cash and deposits are placed with banks and financial institutions, which are regulated.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly in deteriorating economic circumstances.

At the date of the statement of financial position, cash and cash equivalents and short-term investments were mainly held with two banks in Israel, thereby exposing the Group to significant concentrations of credit risk. However, management considers that the credit rating of the banks reduces the risk to the Group to an acceptable level.

In addition, the Group's policy is to provide financial guarantees only to wholly-owned subsidiaries. At December 31, 2024 and 2023, no guarantees were outstanding.

### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. This is achieved by not investing in equities and by investing in either US dollars, New Israeli Shekels (NIS) and Indian Rupees quoted financial assets only, in ratios which reflect the exposure of the Group to these currencies.

The Group is exposed to currency risk on sales and expenses that are denominated in a currency other than the respective functional currencies of Group entities. The Group is mainly exposed to movement in exchange rates of the US dollar in relation to the NIS with regard to salaries paid in NIS and to movement in exchange rates of the US dollar in relation to the Indian Rupee with respect to services provided in India by Sarin India. See Note 23.

# NOTES TO THE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

## Note 6 - Operating Segments

The Group is a worldwide leader in the development, manufacturing, marketing and sale of precision technology products for the planning, processing, evaluation and measurement of diamonds and gems. India is the principal market for these products. In accordance with IFRS 8, the Group determines and presents operating segments based on the information that is provided internally to the CEO, who is the Group's chief operating decision maker. The measurement of operating segment results is generally consistent with the presentation of the Group's Consolidated Statements of Profit or Loss and Other Comprehensive Income. The Group operates in only one operating segment. Presented below are revenues broken out by geographic distribution.

	Group Revenues						
	India	Africa	Europe	USA	Israel	Other <sup>2</sup>	Consolidated
	US\$ thousands						
2024	19,389	5,066	3,115	5,032	1,599	5,000	39,201
2023	22,036	6,336	2,730	5,147 <sup>1</sup>	1,803	4,892	42,944

For the year ended December 31, 2024, one customer accounted for approximately 13% of Group revenue. For the year ended December 31, 2023, no customer accounted for over 10% of Group revenue.

Information on the assets of each geographical region is detailed below. The information includes non-current assets data, of which the depreciated cost of property, plant and equipment is allocated to each of the geographical regions.

	Group Property, plant and equipment				
	India	USA	Israel	Other <sup>2</sup>	Consolidated
	US\$ thousands				
December 31, 2024	4,549	5,058	835	17	10,459
December 31, 2023	4,992	5,385	1,220	40	11,637

<sup>1</sup> Includes revenues from GCAL products from the date of GCAL acquisition, May 1, 2023

<sup>2</sup> Other territories represent sales to the rest of the world, primarily Asia, excluding India.

## Note 7 - Revenue

### Composition

	Group	
	Year ended December 31	
	2024	2023
	US\$ thousands	
Revenue from sale of products <sup>1</sup>	28,452	31,397
Revenue from maintenance and services <sup>2</sup>	10,749	11,547
	39,201	42,944

<sup>1</sup> Includes Galaxy™ family revenues associated with customer-owned machines.

<sup>2</sup> Includes annual maintenance contracts and service centers and gemological labs revenues.

## Note 8 - Net Finance Income

	Group	
	Year ended December 31	
	2024	2023
	US\$ thousands	
Interest income on financial assets and bank deposits	825	799
Interest expense on lease liabilities	(308)	(242)
Bank charges	(102)	(103)
Change in financial assets fair value	498	--
Change in financial instrument liability	627	--
Revaluation of lease liabilities from exchange rate differences	26	144
Other net foreign exchange loss	(86)	(22)
	1,480	576

# NOTES TO THE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

## Note 9 - Income Tax

### A. Details regarding the tax environment of the Group

#### i. Israeli tax rates applicable to income not derived from approved enterprises

The statutory corporate tax rate in Israel in 2024 and 2023 was 23%. Current taxes for the reported periods are calculated according to the tax rates presented above. Deferred taxes were calculated at the tax rate expected to apply on the date of reversal.

#### ii. Tax benefits under the Law for the Encouragement of Industry (Taxes), 1969

The Company qualifies as an "Industrial Company" under the above law. As such, it is entitled to certain tax benefits, mainly the right to deduct share issuance costs for tax purposes in the event of a public offering, and to amortise know-how acquired from third parties.

As of 2024, another subsidiary of the Company elected to include its results in the consolidated tax reporting under the Industry Encouragement Law. Accordingly, each of the participating companies is entitled to offset its tax losses (which were incurred starting from the first year of the consolidated report, 2024) against the taxable income of the other company, subject to certain limitations.

#### iii. Amendment to the Law for the Encouragement of Capital Investments – 1959

The Company is subject to Amendment No. 68 to the Law for the Encouragement of Capital Investments – 1959 (hereinafter – "the Amendment to the Law"). The Amendment to the Law's provisions apply to Preferred Income derived or accrued in 2011 and thereafter by a Preferred Enterprise, per the definition of these terms in the Amendment to the Law.

The Amendment to the Law provides that only companies in Development Area A will be entitled to the grants track and that they will be entitled to receive benefits under this track and under the tax benefits track at the same time.

In addition, a Preferred Enterprise was introduced which mainly provides a uniform and reduced tax rate for all the company's income entitled to benefits. As part of the Law for Changes in National Priorities, as from the 2017 tax year the tax rate on preferred income was set to 7.5% for Development Area A and 16% for the rest of the country. The Amendment to the Law also provides that no tax will apply to a dividend distributed out of Preferred Income to a shareholder that is an Israeli company. A tax rate of 20% shall apply to a dividend distributed out of Preferred Income to an individual shareholder or foreign resident, subject to double taxation prevention treaties. The Company and one of its wholly owned subsidiaries met the conditions provided in the Amendment to the Law for inclusion in the scope of the tax benefits track. The Company and its subsidiary implemented the Amendment to the Law as from the 2011 tax year.

The benefits will be awarded to a "preferred company" that has a "preferred technological enterprise" or a "special preferred technological enterprise" with respect to taxable "preferred technological income" per its definition in the Encouragement Law.

The Capital Investment Regulations (Preferred Technological Income and Capital Gain of Technological Enterprise) – 2017 (hereinafter: "the Regulations"), provides rules for applying the "preferred technological enterprise" and "special preferred technological enterprise" tax benefit.

Preferred technological income that meets the conditions required in the law, will be subject to a reduced corporate tax rate of 12%, and if the preferred technological enterprise is located in Development Area A to a tax rate of 7.5%. The Amendment was effective as from January 1, 2017. Deferred taxes were computed accordingly.

#### iv. Final tax assessments

The Company has received final tax assessments (including assessments which are considered final under the tax laws) for all tax years up to December 31, 2019. Galatea Ltd. ("Galatea"), an Israeli subsidiary of the Company, has final tax assessments (including assessments which are considered final under the tax laws) for all tax years up to December 31, 2020. The Company's other wholly owned Israeli consolidated subsidiaries have received final tax assessments (including assessments which are considered final under the tax laws) for all tax years up to December 31, 2019.



# NOTES TO THE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

## Note 9 - Income Tax (cont'd)

### A. Details regarding the tax environment of the Group (cont'd)

#### v. Foreign tax

- 1) The foreign subsidiaries are taxed according to tax rules in their jurisdictions.
- 2) Sarin India received final tax assessments for all fiscal tax years through March 31, 2022. Sarin Hong Kong Ltd. received final tax assessments for all fiscal tax years through December 31, 2021. Other foreign subsidiaries have not been assessed since their incorporation.
- 3) Tax assessments related to Galatea in India:

A dispute has arisen between Galatea and the Indian tax authorities, over Galatea's classification of certain payments received from its Indian customers as being not liable for tax in India.

In 2015, the Indian tax authorities passed the assessment orders for the years ended March 31, 2011 and March 31, 2012, thus creating an aggregate net tax liability (net of tax deducted at source) of approximately US\$ 0.6 million.

Following the order of earlier years, in 2016, the Indian tax authorities passed a similar assessment order for the year ended March 2013 raising a tax demand (net of tax deducted at source) of approximately US\$ 2 thousand and an additional interest liability of approximately US\$ 7 thousand. Galatea had appealed against all these decisions to the Tribunal, a higher Indian tax authority. In 2016 and 2019, respectively, the assessment orders for all the said years were deleted by the Tribunal, and the issue of non-taxability of business income in India was decided in Galatea's favor. The Indian tax authorities had filed an appeal against the order of the Tribunal before the Bombay High Court for the respective years. The Bombay High Court in the year 2024 has dismissed the Indian tax authorities' appeals for the years 2011-2013 holding that the amount received by Galatea as a consideration against the supply of computer software does not amount to royalty within the provisions of the Act.

In the years 2018-2024, the Indian tax authorities passed assessment orders for the Indian tax years ended March 31, 2014-2022 raising an aggregate tax demand (net of tax deducted at source) of approximately US\$ 0.44 million and an additional interest liability of approximately US\$ 0.47 million. Galatea has appealed against these assessment orders before the next level of appellate authority. Based on the High Court's and Tribunal's prior decisions for the financial years ended March 31, 2011, 2012 and 2013, respectively, the Group believes that it is probable that the demands made in the assessment orders will be reversed.

Galatea's legal tax counsel in Israel has opined that any tax payments made or withheld in India may be offset in Galatea's Israeli tax returns for a period of five years from the date of payment. Therefore, Galatea has not made a provision for the net tax liability and interest of financial years ended March 31, 2013 to March 31, 2020.

### B. Composition of income tax expense

	Group	
	Year ended December 31	
	2024	2023
	US\$ thousands	
Current tax expense	370	1,338
Taxes in respect of previous years	30	267
Deferred tax income	(25)	(71)
Total income tax expense	375	1,534

# NOTES TO THE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

## Note 9 - Income Tax (cont'd)

### C. Reconciliation between the theoretical tax on the profit before income tax and the tax expenses

	Group	
	Year ended December 31	
	2024	2023
	US\$ thousands	
Profit before income tax expense	1,449	(1,268)
Income tax using Israel tax rate of 23%	333	(292)
Effects of lower tax rates arising from "Approved and Beneficiary Enterprise" status	--	(1,741)
Current year tax losses and benefits for which deferred taxes were not created	51	3,301
Taxes in respect of previous years	30	279
Increase in deferred taxes due to changes in tax rate	(166)	--
Tax on dividend from foreign subsidiaries	121	--
Other differences	6	(13)
	375	1,534

### D. Deferred tax assets and liabilities

Deferred taxes are calculated according to the tax rate anticipated to be in effect on the date of reversal. Recognised deferred tax assets and liabilities are attributable to the following:

	Group		Company	
	2024	2023	2024	2023
	US\$ thousands			
Other payables and employee benefits	169	165	--	--
Allowance for expected credit losses	107	86	--	--
Research and development expenses	128	97	--	--
Fixed assets	189	220	--	--
	593	568	--	--

The deferred tax balances as at December 31, 2024 and 2023 were calculated at the tax rate expected to apply on the date of reversal.

#### Unrecognised deferred tax assets

For the years ended December 31, 2024 and 2023, Group deferred tax assets in respect of tax losses in the amount of US\$ 111.4 million and US\$ 111.9 million, respectively, have not been recognised. Deferred tax assets are only recognised once it has become probable that future taxable profits will be available against which they can be utilised (see also Note 30). Those tax losses are available for offsetting against future taxable income of the applicable Company's Israeli subsidiaries subject to compliance with the relevant tax regulations.

#### Unrecognised deferred tax liabilities

As at December 31, 2024 a deferred tax liability for temporary differences in the amount of US\$ 23.7 million (2023 – US\$ 22.4 million) related to an investment in a subsidiary was not recognized. The Group controls whether the liability will be incurred and it is satisfied that it will not be incurred in the foreseeable future, as it does not have plans to sell the subsidiary.

Changes in deferred taxes from prior years were all recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

## Note 10 - Property, Plant and Equipment

	Group					
	Computers and equipment	Demonstration equipment	Motor vehicles	Machinery and office equipment	Building, land, and leasehold improvements*	Total
	US\$ thousands					
<b>Cost</b>						
Balance at January 1, 2023	3,429	3,658	81	6,554	13,418	27,140
Additions	339	853	53	1,073	477	2,795
Disposals	(169)	(658)	--	(36)	--	(863)
Effect of changes in exchange rates	(2)	--	--	(6)	(23)	(31)
Balance at December 31, 2023	3,597	3,853	134	7,585	13,872	29,041
Additions	<b>41</b>	<b>55</b>	<b>--</b>	<b>443</b>	<b>30</b>	<b>569</b>
Disposals	<b>(397)</b>	<b>(46)</b>	<b>(36)</b>	<b>(254)</b>	<b>(449)</b>	<b>(1,182)</b>
Reclassification to Investment property (Real Estate)	--	--	--	--	<b>(5,887)</b>	<b>(5,887)</b>
Effect of changes in exchange rates	<b>(18)</b>	--	<b>(2)</b>	<b>(121)</b>	<b>(167)</b>	<b>(308)</b>
Balance at December 31, 2024	<b>3,223</b>	<b>3,862</b>	<b>96</b>	<b>7,653</b>	<b>7,399</b>	<b>22,233</b>
<b>Depreciation</b>						
Balance at January 1, 2023	3,027	3,052	56	5,971	4,603	16,709
Depreciation	255	517	12	226	515	1,525
Disposals	(167)	(611)	--	(29)	--	(807)
Effect of changes in exchange rates	(2)	--	--	(13)	(8)	(23)
Balance at December 31, 2023	3,113	2,958	68	6,155	5,110	17,404
Depreciation	<b>231</b>	<b>495</b>	<b>15</b>	<b>334</b>	<b>334</b>	<b>1,409</b>
Disposals	<b>(396)</b>	<b>(41)</b>	<b>(9)</b>	<b>(199)</b>	<b>(441)</b>	<b>(1,086)</b>
Reclassification to Investment property (Real Estate)	--	--	--	--	<b>(1,849)</b>	<b>(1,849)</b>
Effect of changes in exchange rates	<b>(17)</b>	--	<b>(1)</b>	<b>(115)</b>	<b>(57)</b>	<b>(190)</b>
Balance at December 31, 2024	<b>2,931</b>	<b>3,412</b>	<b>73</b>	<b>6,175</b>	<b>3,097</b>	<b>15,688</b>
<b>Carrying amounts</b>						
At December 31, 2023	484	895	66	1,430	8,762	11,637
At December 31, 2024	<b>292</b>	<b>450</b>	<b>23</b>	<b>1,478</b>	<b>4,302</b>	<b>6,545</b>

\* Includes Group's wholly owned facilities in New York, United States and in Surat, India.

# NOTES TO THE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

## Note 10 - Property, Plant and Equipment (cont'd)

	Company					Total
	Computers and equipment	Demonstration equipment	Motor vehicles	Machinery and office equipment	Building, land, and leasehold improvements*	
	US\$ thousands					
Cost						
Balance at January 1, 2023	2,109	2,683	31	728	797	6,348
Additions	236	767	34	195	--	1,232
Disposals	(79)	(593)	--	(16)	--	(688)
Balance at December 31, 2023	2,266	2,857	65	907	797	6,892
Additions	9	48	--	150	--	207
Disposals	(314)	(6)	(34)	(70)	--	(424)
Balance at December 31, 2024	1,961	2,899	31	987	797	6,675
Depreciation						
Balance at January 1, 2023	1,789	2,140	16	554	454	4,953
Depreciation	201	418	7	46	83	755
Disposals	(79)	(548)	--	(16)	--	(643)
Balance at December 31, 2023	1,911	2,010	23	584	537	5,065
Depreciation	156	440	10	103	83	792
Disposals	(313)	(1)	(7)	(22)	--	(343)
Balance at December 31, 2024	1,754	2,449	26	665	620	5,514
Carrying amounts						
At December 31, 2023	355	847	42	323	260	1,827
At December 31, 2024	207	450	5	322	177	1,161



# NOTES TO THE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

## Note 11 - Intangible Assets

	Group				
	Goodwill	Development costs	Customer Relationships	Know-how, intellectual property and other	Total
	US\$ thousands				
<b>Cost</b>					
Balance at January 1, 2023	1,868	6,979	124	17,612	26,583
Additions for the year	3,076	--	1,825	654	5,555
Balance at December 31, 2023	4,944	6,979	1,949	18,266	32,138
Additions for the year	--	922	--	--	922
Write off for the year	(665)	--	--	--	(665)
Balance at December 31, 2024	<b>4,279</b>	<b>7,901</b>	<b>1,949</b>	<b>18,266</b>	<b>32,395</b>
<b>Amortisation</b>					
Balance at January 1, 2023	--	6,800	120	17,612	24,532
Amortisation for the year	--	126	170	160	456
Balance at December 31, 2023	--	6,926	290	17,772	24,988
Amortisation for the year	--	--	<b>228</b>	<b>135</b>	<b>363</b>
Balance at December 31, 2024	--	<b>6,926</b>	<b>518</b>	<b>17,907</b>	<b>25,351</b>
<b>Carrying amount</b>					
At December 31, 2023	4,944	53	1,659	494	7,150
At December 31, 2024	<b>4,279</b>	<b>975</b>	<b>1,431</b>	<b>359</b>	<b>7,044</b>

	Company
	Development costs
	US\$ thousands
<b>Cost</b>	
Balance at January 1, 2023	411
Balance at December 31, 2023	411
Additions for the year	801
Balance at December 31, 2024	1,212
<b>Amortisation</b>	
Balance at January 1, 2023	341
Amortisation for the year	70
Balance at December 31, 2023	<b>411</b>
Amortisation for the year	--
Balance at December 31, 2024	<b>411</b>
<b>Carrying amount</b>	
At December 31, 2023	--
At December 31, 2024	<b>801</b>

The amortisation of know-how, intellectual property, development costs and other intangible assets is recognised in cost of sales (see also Note 3E). The amortisation of customer relationships is recognized in selling expenses.

The cash-generating unit's recoverable amount was based on fair value less costs of disposal. The fair value less costs of disposal was estimated using the discounted cash flow method.

During 2024 the group wrote-off goodwill related to an acquired business that is not in use.

# NOTES TO THE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

## Note 12 – Inventories

	Group		Company	
	2024	2023	2024	2023
	US\$ thousands			
Raw materials and consumables	3,405	6,675	2,110	4,555
Work in progress	965	1,412	881	1,144
Finished goods	2,361	2,433	1,251	1,625
	6,731	10,520	4,242	7,324

In 2024 the write-down of Group inventories to net realisable value amounted to US\$ 2.8 million (2023 – US\$ nil). In 2024 the write-down of Company inventories to net realisable value amounted to US\$ 2.2 million (2023 – US\$ nil). (see also Note 3F).

## Note 13 - Trade Receivables

	Group		Company	
	2024	2023	2024	2023
	US\$ thousands			
<b>Short-term</b>				
Trade receivables	10,340	16,018	6,502	6,060
Allowance for doubtful receivables	(1,145)	(1,366)	(428)	(241)
	9,195	14,652	6,074	5,819
<b>Long-term</b>				
Trade receivables	1,740	573	296	276

The Group's and Company's exposure to credit and currency risks and impairment losses related to trade receivables is disclosed in Note 23.

## Note 14 - Other Current Assets

	Group		Company	
	2024	2023	2024	2023
	US\$ thousands			
<b>Other current assets</b>				
Government institutions	1,939	324	109	78
Advances to suppliers	163	188	159	139
Prepaid expenses	733	718	426	477
Other	171	153	--	5
	3,006	1,383	694	699
<b>Other non current assets</b>				
Long term income tax receivable	996	500	--	--
Fair value of Call Option , see note 29	1,100	602	--	--
Rent deposit	151	--	--	--
	2,247	1,102	--	--

## Note 15 - Short-Term Investments

Group short-term investments are comprised of bank deposits having weighted average interest rates of 5.63% at December 31, 2024 (December 31, 2023 – 4.40%).

At December 31, 2024 the Company short-term investments were comprised of bank deposits having weighted average interest rates of 6.09%. (see also Note 23).

# NOTES TO THE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

## Note 16 - Cash and Cash Equivalents

	Group		Company	
	2024	2023	2024	2023
	US\$ thousands			
Bank balances	12,038	10,758	7,615	2,338
Bank deposits	6,191	11,593	301	5,306
	18,229	22,351	7,916	7,644

Group bank deposits are primarily denominated in US dollars and have weighted average interest rates of 4.38% at December 31, 2024 (December 31, 2023 – 4.95%). Company bank deposits are also primarily denominated in US dollars and have weighted average interest rates of 3.82% at December 31, 2024 (December 31, 2023 – 4.79%). The Group's and the Company's exposure to interest rate risk is disclosed in Note 23.

## Note 17 – Share Capital – The Company

	As at December 31	
	2024	2023
	Number of shares	
<b>Authorised:</b>		
Ordinary shares of no par value	2,000,000,000	2,000,000,000
<b>Issued and fully paid:</b>		
Ordinary shares of no par value	356,836,455	356,812,335
<b>Dormant shares (out of the issued and fully paid share capital):</b>		
Ordinary shares of no par value	(14,707,174)	(9,067,900)
<b>Total number of issued shares:</b>		
(excluding dormant shares)	342,129,281	347,744,435

The following are the changes in the issued shares of the Company for the years ended December 31, 2024 and 2023:

	2024	2023
	Number of shares	
Issued ordinary shares at January 1	347,744,435	348,938,195
Share options exercised	24,120	364,440
Dormant shares purchased	(5,639,274)	(1,558,200)
Issued ordinary shares at December 31	342,129,281	347,744,435

On April 24, 2024 and on April 24, 2023, the Company's shareholders renewed the share buyback mandate of up to 5% of the Company's then issued and fully paid up shares, respectively. Under the share buyback mandate, share buybacks may be made, at any time and from time to time up to the earliest of: (a) the date on which the next annual general meeting of the Company is held or required by law to be held; (b) the date on which the authority conferred by the share buyback mandate is revoked or varied by the Company in general meeting; or (c) the date on which share buybacks are carried out to the full extent mandated.

For the year ended December 31, 2024, the Company purchased 5,639,274 ordinary shares, at a cost of US\$1,319 thousand. For the year ended December 31, 2023, the Company purchased 1,558,200 ordinary shares, at a cost of US\$ 354 thousand. In accordance with Israeli Companies Law, Company shares that have been acquired and are held by the Company are dormant shares as long as they are held by the Company, and as such they do not bear any rights until they are transferred to a third party.

For the year ended December 31, 2024 an amount of 24,120 shares were issued upon the exercise of options for cash. For the year ended December 31, 2023 an amount of 364,440 shares were issued upon the exercise of options for cash (see also Note 21).

For the years ended December 31, 2024 and 2023, the Company declared and paid dividends in the amount of US\$ 2.6 million and US\$ 4.4 million per year, respectively, amounting to US cents 0.75 and US cents 1.25 per share, respectively.

# NOTES TO THE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

## Note 18 – Earnings Per Share

### Basic earnings per share

The calculation of basic earnings per share for the year ended December 31, 2024 was based on the profit attributable to ordinary shareholders of US\$ 1,074 thousand (versus the loss in 2023 attributable to ordinary shareholders of US\$ 2,802 thousand) and a weighted average number of ordinary shares outstanding of 343,318,797 (2023 – 348,841,849), calculated as follows:

	2024	2023
Issued ordinary shares at January 1	347,744,435	348,938,195
Effect of share options exercised	18,387	225,577
Effect dormant shares purchased	(4,444,025)	(321,923)
Weighted average number of ordinary shares at December 31	<u>343,318,797</u>	<u>348,841,849</u>

### Diluted earnings per share

The calculation of diluted earnings per share for the year ended December 31, 2024 was based on the profit attributable to ordinary shareholders of US\$ 1,074 thousand (versus the loss in 2023 attributable to ordinary shareholders of US\$ 2,802 thousand) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 343,319,514 (2023 - 348,841,849), calculated as follows:

	2024	2023
Weighted average number of ordinary shares (basic)	343,318,797	348,841,849
Effect of share options on issue	717	--
Weighted average number of ordinary shares (diluted) at December 31	<u>343,319,514</u>	<u>348,841,849</u>

The average market value of the Company's ordinary shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period that the options were outstanding.

## Note 19 – Other Payables

	Group		Company	
	2024	2023	2024	2023
	US\$ thousands			
Employees and institutions	2,297	2,312	1,304	1,234
Deferred revenue	1,281	1,643	258	203
Advances from customers	395	381	315	296
Accrued expenses	1,765	1,307	982	778
Subsidiaries	--	--	3,255	1,611
Other	54	12	--	5
	<u>5,792</u>	<u>5,655</u>	<u>6,114</u>	<u>4,127</u>

The Group's and the Company's exposure to currency risk related to other payables are disclosed in Note 23.

## Note 20 – Other non-current liabilities

	Group		Company	
	2024	2023	2024	2023
	US\$ thousands			
Employee Benefits	131	153	107	143
Rent deposit	46	--	--	--
	<u>177</u>	<u>153</u>	<u>107</u>	<u>143</u>



# NOTES TO THE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

## Note 20 – Other non-current liabilities (cont'd)

### Employee Benefits

#### A. Defined benefit plan

Israeli labour laws and agreements require the Company and its Israeli subsidiaries to pay severance pay to dismissed or retiring employees (and those leaving their employment under certain other circumstances). The calculation of the severance pay liability was made in accordance with labour agreements in force and based on salary components, which, in management's opinion, create entitlement to severance pay.

The Group's severance pay liabilities to its Israeli employees are funded partially by regular deposits with recognised pension and severance pay funds in the employees' names and by purchase of insurance policies.

Employee benefits consist of the following:

	Group	
	As at December 31	
	2024	2023
	US\$ thousands	
Present value of the liability	768	852
Less fair value of assets	637	699
Recognised liability for defined benefit liability	131	153

The Group makes contributions to defined benefit plans that provide pension benefits for employees upon retirement or post-employment. Most of the above assets and liabilities relate to the employees of the Company.

Movement in net defined benefit liabilities (assets) and in their components:

	Defined benefit obligation		Less Fair value of plan assets		Net defined benefit liability	
	2024	2023	2024	2023	2024	2023
	US\$ thousands					
Balance as at January 1	852	905	699	711	153	194
Included in profit or loss	--	--	11	4	(11)	(4)
Included in other comprehensive income	37	(21)	48	16	(11)	(37)
Benefits paid	(121)	(32)	(121)	(32)	--	--
Balance as at December 31	768	852	637	699	131	153

Principal actuarial assumptions:

	2024	2023
Discount rate <sup>(1)</sup>	2.96%	3.29%
Future salary nominal increases <sup>(2)</sup>	3.00%	3.00%

Assumptions regarding future mortality are based on published statistics and mortality tables.

- (1) The discount rate used in 2024 and 2023 is based on the yield of fixed-interest NIS high quality corporate bonds with duration approximating the duration of the gross liabilities.  
 (2) Based on management assessment.

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	As at December 31, 2024	
	One percentage point increase	One percentage point decrease
	US\$ thousands	
Future salary growth	21	(18)
Discount rate	(16)	19

# NOTES TO THE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

## Note 20 – Employee Benefits (cont'd)

### B. Defined contribution plan

The Group has a defined contribution plan in respect of its liability to pay the savings component of provident funds and in respect of those of its employees who are subject to Section 14 of the Severance Pay Law – 1963.

	2024	2023
	US\$ thousands	
Amount recognised as expense in respect of defined contribution plan	1,260	1,480

## Note 21 - Share-Based Payments

In April 2015, the Company adopted a share option plan to allot options to directors and employees of the Company and its subsidiaries (the "2015 Plan"). The aggregate number of ordinary shares which may be granted as options on any date, when added to the number of shares issued and issuable in respect of all options granted under all of the Company's Plans then in force shall not exceed 15% of the issued share capital of the Company on the date preceding the date of the relevant grant. As at December 31, 2024, 45,569,320 options have been granted under the 2015 Plan, of which 16,308,280 options are currently outstanding, and 3,164,329 options have been exercised to date (with the balance having been forfeited). The vesting periods of the options granted under the 2015 Plan range from one year following the date of grant (as such term is defined in the 2015 Plan) and up to four years following the date of grant.

Under the terms of the 2015 Plan, options shall expire at the end of six years commencing on the date of grant (or any earlier date, if such was mentioned in the grant instrument) or on cessation of employment, at the earlier of the two. Unexercised vested options can generally be exercised within 90 days of cessation of employment.

The Income Tax Authorities have recognised the 2015 Plan as a "share allotment through a trustee" plan according to Section 102 to the Tax Ordinance using the "capital gain track." As a result, the benefit to the Israeli employee from the option plan shall be either classified as ordinary income or capital gain, all in accordance with the provisions of Section 102(b)(3) to the Tax Ordinance.

Ordinary shares which shall be issued by the Company pursuant to exercise of options granted under the Plans, entitle their holders with any and all rights attached to the Company's ordinary shares, inter alia, the right to receive dividends, the right to participate in the distribution of the Company's assets upon liquidation, voting rights in the Company's General Meetings (provided that as long as the ordinary shares are being held by the trustee, such voting rights will be exercised by the trustee, according to instructions provided by the holders, and if no such instructions are provided – as per the trustee's discretion).

During the year ended December 31, 2024, the Company granted 3,355,000 options to employees under the 2015 Plan, with vesting conditions of one to three years and a contractual life of six years. The options will vest subject to service-based conditions and performance based conditions, relating to total shareholders return targets. During the year ended December 31, 2023, the Company granted 4,925,000 options to employees and directors under the 2015 Plan, with vesting conditions of one to three years and a contractual life of six years. The options will vest subject to service-based conditions and performance based conditions, relating to sales targets. (also see Note 27). Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2024		2023	
	Weighted average exercise price in US\$ per share	Options	Weighted average exercise price in US\$ per share	Options
Outstanding at January 1	0.424	17,073,711	0.57	15,529,930
Granted	0.193	3,355,000	0.33	4,925,000
Forfeited	0.721	(4,096,311)	1.10	(3,016,779)
Exercised	0.165	(24,120)	0.20	(364,440)
Outstanding at December 31	0.290	16,308,280	0.42	17,073,711

The number of share options vested at December 31, 2024 and 2023 was 8,291,608 and 9,409,540, respectively.

The Company measured the fair value of the share options granted using a lattice-based valuation model. The following assumptions under this method were used for the share options granted during the years ended December 31, 2024 and 2023: weighted average expected volatility of: 48.10% and 47.0%, respectively; weighted average risk-free interest rates (in US dollar terms) of 3.12% and 2.87%, respectively; dividend yield of 4.13% and 6.26%, respectively. The weighted average fair value of the share options granted during the years ended December 31, 2024 and 2023 using the model was US\$ 0.065 and US\$ 0.090 per share option, respectively.

# NOTES TO THE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

## Note 21 - Share-Based Payments (cont'd)

The average share price in 2024 was US\$ 0.19 (2023 – US\$ 0.29).

The following table summarises information about share options outstanding and exercisable at December 31, 2024:

Range of exercise prices US\$ per share	Options outstanding			Options exercisable	
	Number outstanding	Weighted-average remaining contractual life (years)	Weighted-average exercise price US\$	Number Exercisable	Weighted-average exercise price US\$
0.16 – 0.27	7,788,280	2.8	0.21	4,433,280	0.22
0.33	4,480,000	4.3	0.33	1,154,998	0.33
0.37 – 0.44	3,870,000	2.9	0.40	2,533,330	0.41
0.58	170,000	2.6	0.58	170,000	0.58
	<u>16,308,280</u>			<u>8,291,608</u>	

The expenses derived from share-based payment transactions are as follows:

	Year ended December 31	
	2024	2023
	US\$ thousands	
Cost of sales	--	1
Research and development expenses	23	51
Sales and marketing expenses	7	54
General and administrative expenses	87	217
	<u>117</u>	<u>323</u>

## Note 22 - Warranty Provision

The provision for warranty relates mainly to product sales during the years ended December 31, 2024 and 2023. The provision is based on estimates made from historical warranty data associated with similar products and services. The Group expects to incur the liability over the next year.

The movement in the warranty provision is as follows:

	Group		Company	
	2024	2023	2024	2023
	US\$ thousands			
Balance at the beginning of the year	288	359	207	239
Provisions made during the year	331	426	238	338
Provisions used during the year	(320)	(497)	(227)	(370)
Balance at the end of the year	<u>299</u>	<u>288</u>	<u>218</u>	<u>207</u>

# NOTES TO THE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

## Note 23 - Financial Instruments

### Exposure to credit risk

The majority of the Group's and Company's cash, cash equivalents and short-term investments are in Israel-based banks.

The maximum exposure to credit risk for trade receivables (current and long-term) at the reporting date by geographic region was:

	Group		Company	
	Carrying amount			
	2024	2023	2024	2023
	US\$ thousands			
India	6,739	10,366	1,640	2,053
Europe	1,053	1,209	1,013	1,116
USA	284	737	237	355
Africa	716	1,170	7	147
Israel	431	268	2,408	1,354
Other	1,712	1,475	1,065	1,070
	10,935	15,225	6,370	6,095

For the years ended December 31, 2024 and 2023, one customer comprised approximately 15%, of the Group's outstanding trade receivables. For the years ended December 31, 2024 and 2023, one customer comprised approximately 16% and 14%, respectively, of the Company's outstanding receivables. For the year ended December 31, 2023 a second customer comprised approximately 18%, of the Company's outstanding trade receivables.

### Impairment losses

The aging of trade receivables (current and long-term) at the reporting date was:

	Group		Company	
	2024	2023	2024	2023
	US\$ thousands			
Not past due	4,466	7,285	2,781	2,524
Past due 0-30 days	1,054	1,342	465	637
Past due 31-90 days	1,211	2,463	451	887
More than 90 days*	5,349	5,501	3,101	2,288
	12,080	16,591	6,798	6,336
Allowance for doubtful receivables	(1,145)	(1,366)	(428)	(241)
	10,935	15,225	6,370	6,095

\* The majority of the non-impaired balances over 90 days as of December 31, 2024 were paid subsequent to December 31, 2024.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Group		Company	
	2024	2023	2024	2023
	US\$ thousands			
Balance at January 1	1,366	1,022	241	397
Movement	(221)	344	187	(156)
Balance at December 31	1,145	1,366	428	241



# NOTES TO THE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

## Note 23 - Financial Instruments (cont'd)

### Exposure to currency risk

The Group's and Company's exposure to foreign currency risk was as follows based on notional amounts translated into US\$ thousands as at December 31, 2024 and 2023:

	Group			
	December 31, 2024		December 31, 2023	
	NIS	Rupee	NIS	Rupee
Cash and cash equivalents	1,532	1,309	1,833	1,619
Trade receivables	197	617	3	833
Other current assets	1,547	999	282	412
Current and long-term lease liabilities	(2,971)	(78)	(3,566)	(129)
Trade payables	(644)	(11)	(1,011)	--
Income tax payable	--	(216)	--	(48)
Other payables	(1,434)	(1,537)	(2,090)	(1,958)
Net balance sheet exposure	(1,773)	1,083	(4,549)	729

	Company			
	December 31, 2024		December 31, 2023	
	NIS	Rupee	NIS	Rupee
Cash and cash equivalents	1,100	--	907	--
Trade receivables	184	--	3	--
Other current assets	1,316	--	261	--
Current and long-term lease liabilities	(2,966)	--	(3,534)	--
Trade payables	(541)	--	(812)	--
Other payables	(1,100)	--	(1,582)	--
Net balance sheet exposure	(2,007)	--	(4,757)	--

The following significant US dollar exchange rates applied during the year:

	Average rate		As at December 31	
	2024	2023	2024	2023
NIS	3.699	3.687	3.647	3.627
Rupee	83.77	82.57	85.62	83.12

The Group is mainly exposed to changes in the exchange rates of the US dollar in relation to the NIS with regards to employee compensation and other expenses paid in NIS. For the year ended December 31, 2024, the Group maintained its portion of cash and cash equivalents held in NIS (equivalent to US\$ 1.5 million at December 31, 2024 (US\$ 1.8 million in 2023)). An appreciation/depreciation of 10% of the NIS and Rupee relative to the US dollar will not result in any material loss/gain in the Statement of Profit and Loss and Other Comprehensive Income.

### Fair values

The fair values of cash and cash equivalents, trade receivables, certain other current assets, short-term investments, trade and other payables are not materially different from their carrying amounts because of the immediate or short-term maturity of these instruments.

# NOTES TO THE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

## Note 24 – Leases

The Group has lease agreements with respect to office facilities mainly in Israel and India. The Group also has lease agreements in respect to vehicles in Israel. In measurement of the lease liabilities, the Group discounted lease payments using the nominal incremental borrowing rate as at the lease inception, or at January 1, 2019 for leases in effect prior to December 31, 2018. The discount rates used to measure the lease liability ranged between 1.6% and 8.0%. This range is affected by differences in the length of the lease term, differences between the various groups of assets, different discount rates of Group companies, and so forth.

### A. Information regarding material lease agreements

The Group leases motor vehicles for three-year periods from several leasing companies and from time to time changes the number of leased vehicles according to its current needs. The leased motor vehicles are identified by means of license numbers and registration, with the leasing companies not being able to switch vehicles, other than in cases of deficiencies. The leased vehicles are used by certain of the Group's Israel staff, including employees whose employment agreements include an obligation of the Group to put a vehicle at their disposal. The Group accounted for the arrangement between it and its employees as an arrangement in the scope of IAS 19. The agreements with the leasing companies do not contain extension and/or termination options that the Group is reasonably certain to exercise.

A lease liability and right-of-use asset in the amount of US\$ 232 thousand and US\$ 216 thousand, respectively, have been recognised in the statement of financial position as at December 31, 2024 in respect of leases of motor vehicles.

The Group leases office facilities for periods ranging between 2 - 5 years, with options to extend the lease agreements for additional years at similar terms as those of the existing agreements. A lease liability and right-of-use asset in the amount of US\$ 5,259 thousand and US\$ 4,378 thousand, respectively, have been recognised in the statement of financial position as at December 31, 2024 in respect of those leases.

### B. Right-of-use assets

	Group		
	Office facilities	Motor vehicles	Total
	US\$ thousands		
Balance at January 1, 2023	3,626	292	3,918
Additions	3,372	150	3,522
Depreciation	(1,214)	(194)	(1,408)
Balance at December 31, 2023	5,784	248	6,032
Balance at January 1, 2024	5,784	248	6,032
Additions	--	148	148
Disposal	(37)	(9)	(46)
Depreciation	(1,369)	(171)	(1,540)
Balance at December 31, 2024	4,378	216	4,594

	Company		
	Office facilities	Motor vehicles	Total
	US\$ thousands		
Balance at January 1, 2023	3,547	204	3,751
Additions	--	150	150
Depreciation	(747)	(140)	(887)
Balance at December 31, 2023	2,800	214	3,014
Balance at January 1, 2024	2,800	214	3,014
Additions	--	148	148
Disposal	--	(9)	(9)
Depreciation	(747)	(139)	(886)
Balance at December 31, 2024	2,053	214	2,267

# NOTES TO THE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

## Note 24 – Leases (cont'd)

### C. Lease liabilities

Maturity analysis of the Group's and Company's lease liabilities as at December 31, 2024.

	Group	Company
	US\$ thousands	
Less than one year	1,326	788
One to five years	3,435	2,178
More than five years	730	--
Balance at December 31, 2024	5,491	2,966

### D. Additional information on leases

Amounts recognised in profit or loss

	2024	2023
	US\$ thousands	
Interest expense on lease liabilities	308	242
Revaluation of lease liabilities from exchange rate differences	(26)	(144)
Depreciation of right-of-use assets	1,540	1,408
Total	1,822	1,506

## Note 25 – Commitments

### A. Short term lease commitments (less than 1 year)

The Group has entered into certain short-term leases for office facilities. The future minimum non-cancellable lease payments relating to those leases are in the amount of approximately US\$ 19,000.

### B. The Group is committed to pay royalties at the rate of 3%-3.5% to the IIA on sales proceeds from products for which it received grants up to an amount not exceeding the grants received (linked to the exchange rate of the US dollar). The total grants received, net of royalties paid to the IIA, excluding Galatea, which was repaid in 2013, was approximately US\$ 1.1 million through December 31, 2024. As the technology related to these grants was not commercially successful, future sales connected to the research and development of this technology are still dependent on the result of further successful research and development and market acceptance.

### C. On November 9, 2011, a subsidiary of the Company acquired polished diamond imaging technology. Under the terms of the agreement, the subsidiary may be required to pay additional contingent consideration due in the form of royalties of approximately 5% on sales for a period of not less than 7 years following the date of acquisition and up to the life of the patents, capped at US\$10 million.

## Note 26 – Contingent Liabilities

The Group is currently a party to various civil litigation proceedings in different jurisdictions in which it does business. These proceedings include, among other matters, patent and intellectual property infringement litigation in India, Belgium and Israel which were initiated either by us or third parties, commercial debt collection suits for non-payment by customers, and a claim for wrongful termination by a former employee in Israel. Based on the opinions of the Group's legal advisors, the Group believes that all pending claims against the Group are without merit and its exposure to these disputed claims will not have a material impact on its business nor on its financial position or results of operation. Accordingly, no provision has been made in the Group's financial statements for such claims. As to tax disputes, see Note 9.

# NOTES TO THE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

## Note 27 – Related Parties

The following significant related party transactions between the Group and related parties were carried out in the normal course of business on terms agreed between the parties:

### Remuneration of key management personnel

	Year ended December 31	
	2024	2023
	US\$ thousands	
Remuneration of CEO and directors		
Fixed income-based	896	901
Share-based payments	94	212
Other performance based incentives	47	--
	<b>1,037</b>	<b>1,113</b>

Pursuant to an Annual General Meeting and an Extraordinary General Meeting of the Company's shareholders held on April 24, 2024, the Group's CEO were granted 1,000,000 options to purchase ordinary shares of the Company, exercisable upon the payment of Singaporean \$0.261 per share (at no discount of the then Market Price – as such term is defined in the 2015 Plan), with vesting conditions of more than four years and a contractual life of six years. The options will vest subject to performance-based conditions, relating to share price. The fair value of the options granted was US\$ 0.065 per share at the grant date (see Note 21).

Pursuant to an Annual General Meeting and an Extraordinary General Meeting of the Company's shareholders held on April 24, 2023, the Company's Chairman of the Board and the Group's CEO were granted 1,000,000 options to purchase ordinary shares of the Company, exercisable upon the payment of Singaporean \$0.446 per share (at no discount of the then Market Price – as such term is defined in the 2015 Plan), with vesting conditions of one to three years and a contractual life of six years. The options will vest subject to service-based conditions and performance-based conditions, relating to sales targets. In addition, six directors were granted 2,250,000 options to purchase ordinary shares of the Company, exercisable upon the payment of S Singaporean \$0.446 per share (at no discount of the then Market Price – as such term is defined in the 2015 Plan), with vesting conditions of one to three years and a contractual life of six years. The options will vest subject to service-based conditions. The fair value of the options granted was US\$ 0.09 per share at the grant date (see Note 21).

## Note 28 – Group Entities

### A. Details in respect of subsidiaries

The following subsidiaries have been included in the consolidated financial statements:

	Place of Incorporation	Effective equity interest held by the Group as at December 31, 2024 and 2023 %
Galatea Ltd.	Israel	100%
Sarine Color Technologies Ltd.	Israel	100%
Sarine Polishing Technologies Ltd.	Israel	100%
Sarine Holdings USA Ltd.	Israel	100%
Sarin Technologies India Pvt. Ltd.	India	100%
Sarin Hong Kong Ltd.	Hong Kong	100%
Sarine North America Inc.	Delaware, USA	100%
Sarine IGT 10H Inc.	Delaware, USA	100%
Sarine IGT 10I Inc.	Delaware, USA	100%
Sarine IGT 10JKL Inc.	Delaware, USA	100%
GCAL	New York, USA	70%



# NOTES TO THE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

## Note 28 – Group Entities (cont'd)

### B. Movements in investments in subsidiaries:

	Company	
	2024	2023
	US\$ thousands	
Balance at beginning of year	43,576	36,022
Movements during the year:		
Loans and credit granted to subsidiaries	6,305	12,360
The Company's share of profits	4,403	5,194
Dividend	(11,499)	(10,000)
Balance at end of year	42,785	43,576

## Note 29 – Business acquisition Business combination during the current period

In May 2023, the Company's indirect wholly-owned subsidiary, Sarine North America, Inc. (the "Purchaser"), closed an asset purchase agreement to acquire the business and certain assets of Gem Certification & Assurance Lab, Inc., a New York Corporation ("GCAL"), comprising the gemological laboratory business of GCAL, through GCAL USA LLC, a newly created Delaware, USA entity ("GCAL USA") which is 70% owned by the Purchaser and 30% owned by GCAL. Under the Agreement the total purchase price paid by the Purchaser was US\$ 5.65 million in cash for a 70% interest in the business.

By implementing the Group's unique technologies and products, the Group will be able to concurrently develop its services globally while significantly expanding its services to U.S. retailers and wholesalers. The acquisition will provide the Group with a well respected channel into the U.S. market and accelerate its penetration thereof.

The Agreement contains two put/call arrangements. The first would be applicable in the event of a change in control of Sarine in the event the proposed acquirer seeks control over 100% of the equity interests in GCAL USA or if Seller seeks to dispose of its interest in GCAL USA to the proposed acquirer. The second put/call arrangement is applicable following the third anniversary of the Completion and enables Sarine to acquire all of Seller's equity in GCAL USA or Seller to dispose of its interest in GCAL USA to Sarine (the "Put/Call"). The purchase price for the Put/Call, if exercised by Sarine, is the greater of (a) Seller's equity interest in GCAL USA multiplied by \$8.5 million and (b) a multiple of eight times the trailing eight quarters' average annual net income of GCAL USA (the "Call Option Exercise Price"). If exercised by Seller, the purchase price is six times the multiple of the trailing eight quarters' average annual net income of GCAL USA (the "Put Option Exercise Price").

The Company applied the anticipated-acquisition method and accounts for 100% of GCAL USA in its financial statements from day one.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration (US\$ thousands)

Cash paid	5,650
Tax paid	45
Present value of Put Option Exercise Price*	1,727
Total purchase consideration	7,422

\* Valuation of options granted as part of the asset purchase agreement.

# NOTES TO THE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

## Note 29 – Business acquisition Business combination during the current period (cont'd)

At December 31, 2024 the Group revisited GCAL's forecasted results and revised the present value of the put option price to US\$1,100 thousands.

The assets and liabilities recognised as a result of the acquisition are as follows (US\$ thousands):

Property, plant and equipment	1,220
Customers relations	1,825
Brand name	699
Goodwill	3,076
Fair value of Call Option	602
Total purchase consideration	<u>7,422</u>

At December 31, 2024 the Group revisited GCAL's forecasted results and revaluated the fair value of the call option to US\$1,100 thousands.

### Measurement of fair values

- (i) Presented hereunder is information regarding the techniques the Group used to measure the fair value of the assets and liabilities recognised as a result of the business combination:

a. Fixed assets

The fair value of fixed assets is based on market values. The market value of fixed assets is the estimated amount for which a fixed asset could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction wherein the parties each acted knowledgeably. The market value of items of plant, equipment, fixtures and fittings is based on quoted market prices for similar items, when available, and on replacement costs when such quotes are unavailable.

b. Intangible assets

The fair value of Brand name is based on the discounted estimated royalty payments that have been avoided as a result of the trademark being owned. The fair value of customer relationships is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

### Goodwill

The goodwill is attributable mainly to the skills and technical talent of the acquiree's work force, and the synergies expected to be achieved from integrating the company into the Group's existing regular business.

### Acquisition-related costs

The Group incurred acquisition-related costs of approximately US\$ 0.3 million related to legal fees and due diligence costs. These costs have been included in general and administrative expenses in the statement of profit or loss and other comprehensive income.

### Additional Information

The amounts of revenue and profit of the acquiree since the acquisition date included in the consolidated statement of profit and loss and OCI for the year ended December 31, 2023 is US\$ 4.1 million and US\$ 0.1 million, respectively.

Below are certain unaudited pro forma, combined statement of profit and loss data for the year ended December 31, 2023, presented as if the GCAL Acquisition had occurred on January 1, 2023, after giving effect to: (a) purchase accounting adjustments, including the increase in amortisation of identifiable intangible assets, and (b) estimated lower financial income due to add-back of interest income on the Company's cash, cash equivalents and short-term investments used as cash consideration in the acquisition. This unaudited pro forma financial information is not necessarily indicative of the combined results that would have been attained had the acquisition taken actually place at the beginning of 2023, nor is it necessarily indicative of future results.

	Year ended December 31, 2024
	US\$ thousands
	(unaudited)
Sales	44,203
Net loss	(3,222)

# NOTES TO THE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

## Note 30 – Investment property (Real Estate)

The year ended December 31, 2024 include a new accounting policy for investment property (real estate). Due to the acquisition of GCAL in 2023 and the subsequent integration procedures, the Company consolidated its offices in North America, and consequently vacated office space. These offices were rented out to a third party during 2024. Due to the change of the use of the offices, the Company reclassified these offices from property, plant and equipment to investment property, as prescribed by IAS 40, Investment Property. The Company elected to present its investment property at the cost basis.

	2024	
	Group	Company
	US\$ thousands	
<b>Cost</b>		
Balance at the beginning of the year	--	--
Reclassification from property, plant and equipment	5,887	
Balance at the end of the year	--	
	5,887	--
<b>Depreciation</b>		
Balance at the beginning of the year	--	--
Reclassification from property, plant and equipment	1,849	
Depreciation	124	--
Balance at the end of the year	1,973	--
	3,914	--
<b>Carrying amounts</b>		
	3,914	--
	Year ended December 31, 2024	
	Group	Company
	US\$ thousands	
	3,928	--

## Note 31 – Subsequent Events

On February 23, 2025, the Board of Directors of the Company has approved management plans for transferring its manufacturing activities to India.

On February 23, 2025, the Board of Directors of the Company approved to sign a non-binding Letter of Intent to acquire a majority stake in Kitov.ai, subject to due diligence and executing a definitive agreement, in an all cash consideration. Pending its actual closing.

# SHAREHOLDING STATISTICS

AS AT 11 MARCH 2025

Issued and fully paid-up	-	356,836,455
No. of Treasury Shares	-	14,993,174
Class of shares	-	ordinary shares of no par value
Voting rights	-	on a show of hands, by written ballot or by any other means : 1 vote for each ordinary share

## ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	34	2.11	1,531	0.00
100 – 1,000	111	6.90	77,627	0.02
1,001 – 10,000	720	44.78	4,209,381	1.18
10,001 – 1,000,000	725	45.09	44,528,758	12.48
1,000,001 and above	18	1.12	308,019,158	86.32
	<u>1,608</u>	<u>100.00</u>	<u>356,836,455</u>	<u>100.00</u>

## Shareholdings Held in Hands of Public

Based on information available to the Company as at 11 March 2025, approximately 67.46% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by Singapore Exchange Securities Trading Limited is complied with.

## TOP 20 SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%*
1	Raffles Nominees (Pte) Ltd	89,880,249	26.29
2	Citibank Nominees Singapore Pte Ltd	87,267,519	25.53
3	DBS Nominees (Pte) Limited	59,872,465	17.51
4	ABN Amro Clearing Bank N.V.	20,122,809	5.89
5	UOB Kay Hian Pte Ltd	11,477,274	3.36
6	Eyal Avraham Khayat	8,314,772	2.43
7	IFast Financial Pte Ltd	5,268,524	1.54
8	Phillip Securities Pte Ltd	4,420,367	1.29
9	OCBC Securities Private Ltd	4,147,983	1.21
10	BNP Paribas Nominees Singapore Pte Ltd	3,458,700	1.01
11	Chow Kwok Hong	3,100,051	0.91
12	28 Holdings Pte. Ltd.	2,750,000	0.81
13	Cheng Heng Seng	2,270,000	0.67
14	Cheong Shuek Mui	1,303,167	0.38
15	Soh Cheng Lin	1,199,900	0.35
16	Baey Boon Lin	1,110,000	0.32
17	Tiger Brokers (Singapore) Pte. Ltd.	1,040,816	0.30
18	DBS Vickers Securities (S) Pte. Ltd.	1,014,562	0.30
19	BPSS Nominees Singapore (Pte.) Ltd.	981,000	0.29
20	Wong Chee Keong Alvin	820,078	0.24
		<u>309,820,236</u>	<u>90.63</u>

\* The percentage of shareholdings was computed based on the issued share capital of the Company as at 11 March 2025 of 341,843,281 shares (which excludes 14,933,174 shares which are held as treasury shares representing approximately 4.39% of the total number of issued shares excluding treasury shares).

There were no Subsidiary Holdings (as defined in the SGX-ST Listing Manual) as at 11 March 2025.



# SHAREHOLDING STATISTICS

AS AT 11 MARCH 2025

## SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest		Deemed Interest	
	No. of Shares	%*	No. of Shares	%*
FIMI Opportunity 7, L.P.	--	--	38,853,937	11.37%
Axxion S.A.	--	--	30,691,900	8.98%

\* The percentage of issued ordinary shares is calculated based on the number 341,843,281 of issued ordinary shares of the company as at 11 March 2025 (excluding 14,993,174 treasury shares).

## Directors' Interests in Shares of the Company

Name of Director	Shareholdings in the name of the Director			Shareholdings in which the Director is deemed to have an interest		
	As at 1 January 2024	As at 31 December 2024	As at 21 January 2025	As at 1 January 2024	As at 31 December 2024	As at 21 January 2025
Daniel Benjamin Glinert	--	--	--	12,734,156	12,734,156	12,734,156
Avraham Eshed	--	--	--	15,126,922	15,126,922	15,126,922
Uzi Levami	--	--	--	12,335,406	12,335,406	12,335,406
Varda Shine	--	--	--	350,000	350,000	350,000
Neta Zruya-Hashai	--	--	--	--	--	--
Lim Yong Sheng	--	--	--	225,000	225,000	225,000
Sin Boon Ann	--	--	--	--	--	--

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Annual General Meeting (“**AGM**”) of the Company will be held in the Empress Ballroom 1, Level 2, at the Singapore Carlton Hotel, 76 Bras Basah Rd, Singapore 189558, on the 24th day of April 2025 at 3:00 PM Singapore time (10:00 AM Israel time) to transact the business enumerated below.

## Ordinary Business

1. To receive and consider the audited accounts for the year ended 31 December 2024 and the reports of the directors and auditors thereon.
2. To re-appoint Somekh Chaikin Certified Public Accountants (Isr.), Member firm of KPMG International and Chaikin, Cohen, Rubin and Co., Certified Public Accountants (Isr.) as external auditors and to authorise the Board of Directors to fix their remuneration.
3. To approve a salary increase of 4% to Mr. David Block, the CEO, to NIS 83,200 (approximately, USD 23,100 as per the representative rate of US\$ 1 = NIS 3.60) per month [See Explanatory Note (a)].
4. To approve the grant of 600,000 options, under the Sarine Technologies Ltd 2025 Share Option Plan (“**2025 Plan**”) to Mr. David Block, the CEO, subject to the approval of the 2025 Plan by the Israeli Tax Authority and by the Extraordinary General Meeting (to be held immediately following the AGM – the “**EGM**”) [See Explanatory Notes (a) and (b)]

## Special Business

5. To consider and, if thought fit, to pass the following members’ resolutions with or without amendments:-

- 5.1 Authority to issue shares [see Explanatory Note (c)]

That authority be given to the directors of the Company to issue and allot shares in the Company whether by way of rights, bonus or otherwise (including but not limited to the issue and allotment of shares at any time, whether during the continuance of such authority or thereafter, pursuant to offers, agreements or options made or granted by the Company while this authority remains in force) by the directors, or otherwise disposal of shares (including making and granting offers, agreements and options which would or might require shares to be issued, allotted or otherwise disposed of, whether during the continuance of such authority or thereafter) by the directors of the Company at any time to such persons (whether or not such persons are members), upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit PROVIDED THAT:

- (i) the aggregate number of shares to be issued pursuant to such authority shall not exceed 30% of the issued shares in the capital of the Company (as calculated in accordance with paragraph (ii) below), of which the aggregate number of shares and convertible securities issued other than on a pro rata basis to existing members must not be more than 10% of the total issued shares in the capital of the Company;
- (ii) subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under paragraph (i) above, the total number of issued shares shall be based on the number of issued shares in the capital of the Company at the time this resolution is passed after adjusting for new shares arising from the conversion or exercise of convertible securities or new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed and any subsequent bonus issue, consolidation or subdivision of the Company’s shares;
- (iii) unless revoked or varied by the Company in a general meeting, such authority shall continue in full force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

- 5.2 Authority to offer and grant options under the 2025 Plan, subject to the approval of the 2025 Plan by the Israeli Tax Authority and by the EGM and issue shares upon the exercise of options, which were previously granted under the Sarine Technologies Ltd 2015 Share Option Plan and/or which will be granted under the 2025 Plan (subject to the approval thereof by the Israeli Tax Authority and by the EGM). [See Explanatory Note (d)]

That the directors of the Company be and are hereby authorised to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options under the Sarine Technologies Ltd 2015 Share Option Plan (“**2015 Plan**”) and/or the 2025 Plan, provided always that the aggregate number of such shares to be issued pursuant to the 2015 Plan, the 2025 Plan and any other share option schemes of the Company for the time being in force shall not exceed 15% of the issued shares in the capital of the Company (excluding treasury shares) from time to time.

6. To transact any other business, which may properly be transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

**AMIR JACOB ZOLTY**  
Company Secretary

Israel,  
02 April 2025

**Proxies:-** A shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his/her/its stead, as detailed below. A proxy need not be a member of the Company.

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes:-

- (a) A shareholders' resolution shall be deemed adopted if approved by the holders of a majority of the voting power represented at the meeting in person or by proxy and voting thereon. Notwithstanding the aforesaid, according to the Israeli Companies Law, the approval of resolution No. 3 (approval of an increase in the CEO's salary) and resolution no. 4 (approval of grant of options to CEO) on the agenda of this Annual General Meeting requires a majority of the shareholders attending and voting (abstaining votes notwithstanding), provided that: (i) such majority shall consist of the majority of the participating and voting shareholders who are not the controlling shareholders of the company, or otherwise having a personal interest in such resolution; or (ii) the non-interested shareholders who voted against such resolution hold not more than 2% of the company's share capital. According to the Israeli Companies Law, a "personal interest" is: "a personal interest of any person in an act or transaction of a company, including a personal interest of his relative or of a corporate body in which such person or a relative of such person has a personal interest, but excluding a personal interest stemming from the fact of a shareholding in the company, including a personal interest of the person voting according to a proxy given to him by another person, even if the appointer does not have a personal interest, and including a personal interest of the appointer, even if the appointee does not have a personal interest, all whether or not the appointee is granted any discretion with regard to the subject matter of the voting".

***Unless a shareholder notifies us, whether in the Proxy Form or in a written notice to the Company, that it/he/she have a personal interest in the subject matter of a specific resolution, we will assume that a shareholder who signs and returns a proxy form without a specific indication as to the lack of personal interest of such shareholder has no personal interest with respect to resolutions 3 & 4. If you believe that you, or a related party of yours, is a controlling shareholder or possesses a personal interest and you wish to participate in the vote on resolutions 3 & 4, you should indicate in the appropriate box that there you have a personal interest on the enclosed proxy form. If you hold your shares through a bank, broker or other nominee and believe that you possess a personal interest in the approval of either resolution, you may also contact the representative managing your account, who could then contact us on your behalf.***

- (b) The Board of Directors has recommended granting 600,000 options to Mr. Block, CEO, to vest after three years, contingent upon the share price reaching a specific threshold set by the Board of Directors within that timeframe (with partial pro-rated vesting in case of share price only reaching a pre-designated lower threshold).
- (c) The members' resolution set out in item 5.1 above, if passed, will empower the Directors from the date of the above meeting until the date of the next Annual General Meeting, to issue shares in the Company. The maximum number of shares which the Directors may issue under this resolution shall not exceed the quantum set out in this resolution.
- (d) The members' resolution set out in item 5.2 above, if passed, and subject to approval of the 2025 Plan by the Israeli Tax Authority and by the EGM, will empower the Directors to offer and grant options and to allot and issue shares in the capital of the Company pursuant to the exercise of the options granted under the 2015 and the 2025 Plan.

# NOTICE OF ANNUAL GENERAL MEETING

## Notes:-

### 1. Proxy Voting

- (a) Voting at the AGM shall be done by a shareholder/member of the Company ("**member**") attending the AGM in person or by way of proxy. A member who wishes to vote on any or all of the resolutions at the AGM by proxy may appoint the Chairman of the AGM or any other person attending the AGM as his/her/its proxy (the proxy does not need to be a member) to vote by downloading the proxy form from the Company's announcement on the SGXNet or on the Company's website at URL [https://sarine.com/wp-content/uploads/2025/2025\\_AGM\\_proxy.pdf](https://sarine.com/wp-content/uploads/2025/2025_AGM_proxy.pdf) and completing it.
- (b) A member must submit the completed and signed proxy form:
  - (i) by email to the Company, addressed to IR@sarine.com; or
  - (ii) by post to the registered office of the Company, at 4 Haharash Street (Second Floor), Hod Hasharon, Israel 4524075, Attention IR-Proxy Vote; or
  - (iii) by email to the Company's Singapore Share Transfer Agent, addressed to main@zicoholdings.com; or
  - (iv) by post to the office of the Company's Singapore Share Transfer Agent, B.A.C.S. Private Limited at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896

In any case, no later than 3:00 p.m. (Singapore time) (10:00 a.m. Israel time; 08:00 a.m. GMT/UTM) on 23 April 2025, being not less than two four (24) hours before the time fixed for the AGM.

- (c) Members of the Company are strongly encouraged to submit completed proxy forms electronically via email.

### 2. Members' Questions and Answers (Q&A)

- (a) Members with any queries in relation to any item of the agenda of the AGM, as detailed above, may send their queries to the Company in advance before 3:00 p.m. (Singapore time) (10:00 a.m. Israel time; 08:00 a.m. GMT/UTM) on 11 April 2025, by email to IR@sarine.com.
- (b) Members should state their question(s), full name, NRIC/Passport No./Company Registration No., as applicable, the number of shares held in the Company, and whether they are a member or a corporate representative of a corporate member. Any question omitting such identification details will be disregarded.
- (c) All substantial questions and relevant comments from members will be addressed by the Company prior to the AGM on SGXNet, no later than 18 April 2025.
- (d) The Company shall also address any subsequent clarifications sought, or follow-up questions at the AGM in respect of substantial and relevant matters. The responses from the Board, management, secretary or auditors of the Company, as applicable, shall thereafter be published on the SGXNet and on the Company's website, together with the minutes of the AGM, as soon as practical and no later than one (1) month after the conclusion of the AGM.

## Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of a member of the Company (such as his name, his presence at the AGM and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.



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# SARINE TECHNOLOGIES LTD.

(Incorporated in Israel)  
Israel Registration No. 511332207

## PROXY FORM

I/We \_\_\_\_\_, NRIC/Passport no. \_\_\_\_\_

of \_\_\_\_\_

being a member/members of Sarine Technologies Ltd. (the "Company"), hereby appoint

Name	Address	NRIC/Passport No.	No. of Shares

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	No. of Shares

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting of the Company ("AGM") to be held at the Empress Ballroom 1, Level 2, at the Carlton Hotel, 76 Bras Basah Rd, Singapore 189558, on the 24th day of April 2025 at 3:00 PM Singapore time and at any adjournment thereof.

Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/she/it/they may think fit, as he/she/it/they will on any other matters arising at the Annual General Meeting.

No.	Resolution	For	Against	Abstain
1	Adoption of reports and accounts			
2	Re-appointment of Somekh Chaikin Certified Public Accountants (Isr.), Member firm of KPMG International and Chaikin, Cohen, Rubin and Co., Certified Public Accountants (Isr.) as external auditors			
3	Approval of salary increase of 4% for Mr. David Block, the CEO *I/we hereby declare that (check the applicable circle): o I/we am/are a controlling shareholder and/or I/we have a personal interest in the approval of Resolution No. 3 (approval of salary increase for Mr. David Block, CEO) o I/we do not have a personal interest in the approval of Resolution No. 3 (approval of salary increase for Mr. David Block, CEO)			
4	Approval of the grant of options to the CEO, Mr. David Block *I/We hereby declare that (check the applicable circle): o I/we am/are a controlling shareholder and/or I/we have a personal interest in the approval of Resolution No. 4 (grant of options to the CEO) o I/we do not have a personal interest in the approval of Resolution No. 4 (grant of options to the CEO)			
5.1	Authority to issue shares			
5.2	Authority to offer and grant options under the Sarine Technologies Ltd 2025 Share Option Plan (the "2025 Plan"), subject to the approval of the 2025 Plan by the Israeli Tax Authority and by the EGM and issue shares upon the exercise of options, which were previously granted under the Sarine Technologies Ltd 2015 Share Option Plan and/or which will be granted under the 2025 Plan (subject to the approval thereof by the Israeli Tax Authority and by the EGM)			

**Please Note: that unless a shareholder positively informs the Company in writing that it/he/she has a personal interest in a proposal which is subject to approval by a majority vote of disinterested shareholders, as in the case of resolutions 3 & 4, the Company will assume that such shareholder does not have a personal interest in resolutions 3 & 4.**

If you hold your shares through a bank, broker or other nominee and believe that you possess a personal interest in the approval of either resolution, you may also contact the representative managing your account, who could then contact us on your behalf.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2025

Total Number of Shares Held

Signature(s) of Member(s) or Common Seal  
**Important:** Please Read Notes Overleaf

## Notes

- 1 Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register, you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
- 2 A member entitled to attend and vote at a meeting of the Company is entitled to appoint one or more proxies to attend and vote on his behalf. A member may appoint the Chairman of the Meeting as or any other person attending the meeting as his/her/its proxy. A proxy need not be a member of the Company.
- 3 A member must submit the completed and signed proxy form:
  - (i) by email to the Company, addressed to IR@sarine.com; or
  - (ii) by post to the registered office of the Company, at 4 Haharash Street (Second Floor), Hod Hasharon, Israel 4524075, Attention IR-Proxy Vote; or
  - (iii) by email to the Company's Singapore Share Transfer Agent, addressed to main@zicoholdings.com; or
  - (iv) by post to the office of the Company's Singapore Share Transfer Agent, B.A.C.S. Private Limited at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896

In any case, no later than 3:00 p.m. (Singapore time) (10:00 a.m. Israel time; 8:00 a.m. GMT/UTM) on 23 April 2025, being not less than twenty-four (24) hours before the time fixed for the AGM. Members of the Company are strongly encouraged to submit completed proxy forms electronically via email, as noted above.

- 4 Where a member appoints more than one proxy, he/she/it shall specify the number of shares to be represented by each proxy, failing which, the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.
- 5 The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her/its attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a company or other body corporate, it must be executed under its common seal or stamp or under the hand of its duly authorised agent or attorney on behalf of the corporation.
- 6 Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney or other authority, the power of attorney or authority or a notarially certified copy thereof must be lodged with the instrument of proxy, failing which the instrument of proxy may be treated as invalid.
- 7 A company or other body corporate which is a member may authorise, by resolution of its directors or any other managing body, such person as it thinks fit to act as its representative at the meeting.
- 8 The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.
- 9 According to the Israeli Companies Law, 5759-1999, a "personal interest" is: "a personal interest of any person in an act or transaction of a company, including a personal interest of his relative or of a corporate body in which such person or a relative of such person has a personal interest, but excluding a personal interest stemming from the fact of a shareholding in the company, including a personal interest of the person voting according to a proxy given to him by another person, even if the appointor does not have a personal interest, and including a personal interest of the appointor, even if the appointee does not have a personal interest, all whether or not the appointee is granted any discretion with regard to the subject matter of the voting.

## BOARD OF DIRECTORS

**Daniel Benjamin Glinert**  
Executive Director and Chairman of the Board

**Avraham Eshed**  
Non-Executive Director

**Uzi Levami**  
Non-Executive Director

**Varda Shine**  
Lead Independent Director

**Neta Zruya Hashai**  
Independent Director

**Lim Yong Sheng**  
Independent Director

**Sin Boon Ann**  
Independent Director

## AUDIT COMMITTEE

Neta Zruya Hashai – Chairperson  
Lim Yong Sheng  
Varda Shine  
Sin Boon Ann

## NOMINATING COMMITTEE

Sin Boon Ann – Chairperson  
Daniel Benjamin Glinert  
Neta Zruya Hashai  
Lim Yong Sheng  
Varda Shine

## REMUNERATION COMMITTEE

Varda Shine – Chairperson  
Neta Zruya Hashai  
Uzi Levami  
Sin Boon Ann

## REGISTERED OFFICE

Sarine Technologies Ltd.  
4 Haharash Street  
Hod Hasharon 4524075  
Israel  
Tel: +972-9-7903500  
Fax: +972-9-7903501  
www.sarine.com  
Israel Registration Number: 51-133220-7

## COMPANY SECRETARY

Amir Jacob Zolty (Adv.)

## SHARE REGISTRAR

B.A.C.S. Private Limited  
77 Robinson Road  
#06-03 Robinson 77  
Singapore 068896  
Singapore

## JOINT AUDITORS OF THE GROUP

Somekh Chaikin Certified Public Accountants (Isr.)  
Member firm of KPMG International  
KPMG Millennium Tower  
17 Ha'arba'a Street  
Tel Aviv 6473917 Israel  
Partner-in-charge: Guy Anavi  
(appointed with effect from 1 January, 2019)

Chaikin, Cohen, Rubin and Co. Certified Public Accountants  
(Isr.) Kiryat Atidim Building No. 4  
Tel Aviv 6158002 Israel  
Partner-in-charge: Ilan Chaikin  
(appointed with effect from 1 January, 2022)

## INTERNAL AUDITOR

Doron Cohen (CPA, CIA)  
Fahn Kanne Control Management Ltd. Subsidiary of  
Fahn Kanne and Co.  
Certified Public Accountants (Isr.)  
Member firm of Grant Thornton International  
Hamasger 32, Tel Aviv 6721118 Israel

## PRINCIPAL BANKERS

Bank Leumi Le-Israel Ltd.  
Dan Business Center  
7 Menachem Begin Street  
Ramat Gan 5268102  
Israel

Bank Hapoalim Ltd.  
Herzliya Business Center  
15 Hamenofim Street  
Herzliya 4672566  
Israel





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info@sarinehk.com

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