

Questions Submitted by Shareholders with Management Responses:

1. *What's the Russia sanctions impact on the diamond industry and on Sarine business with Alrosa.*

The effect of the sanctions is not yet clear, as their scope is constantly changing, may vary among jurisdictions, and not all players in the industry are supporting them. Specifically, as far as we can discern at this time, the flow of rough diamonds from Russia to India polishers and other centres continues, though perhaps at a reduced pace. If the flow of Russian diamonds were curtailed, as they are some 30% of worldwide supply, the effect on the supply chain would be dramatic. Definitely, the uncertainty created by the current situation has had a significant cooling effect on the previous insatiable, almost speculative, appetite for rough diamonds, which has caused the prices of rough diamonds to come back to earth, an overall positive development for the industry in general and our midstream customers specifically. The events in Europe and the resulting economic ripples, as manifested by inflation in food and energy costs, have also somewhat inhibited consumer demand, though not yet critically. In the past, the scope of our business with Alrosa has not been material, therefore we do not foresee any material impact to our revenues due to the current sanctions.

2. *With Sarine involved in the whole supply chain of the diamond industry, is it possible for Sarine to venture and create a Platform-as-a-Service (PaaS) for the diamond industry.*

Though it is not clear what specifically was meant by the term Platform as a Service proposed in the question, there is no doubt that Sarine's preeminent position in the midstream polishing segment, along with its growing presence in the upstream mining segment, as manifested in our technology for digital tenders of rough stones, origin traceability and, as just announced, the new Sarine AutoScan™, as well as the downstream retail segment, as per our traceability solution, AI-derived 4Cs grading, light performance grading and the Sarine Profile™, serve as a solid basis for us to leverage this into an opportunity to streamline the entire diamond industry value chain and introduce efficiencies derived from the data generated by our various products and services. We have already realised synergisms of this type in our Sarine Diamond Journey™ traceability offering, which draws its data from our ubiquitous presence in the midstream, in our ability to provide a unique rough diamond report with value appraisal, as announced vis-à-vis our cooperation with Mazalit and also in our cooperation with Synova (see response 4 below), which also derives from integration of our data with their tool.

3. *After the dual listing in Israel stock exchange, is the management satisfied with the response in terms of investor enthusiasm or raising the awareness of the company? Was the objective achieved in this exercise vs the cost of the dual listing.*

These issues have been addressed in our responses to the queries submitted by the SIAS, which were posted to the SGXNet on 10 April 2022

4. *Is Synova collaboration a big deal? Please comment on the financially and strategically aspect of this collaboration and what is the potential of getting more collaborations.*

Creating value in collaboration with Synova for our loyal, legal customers (the collaborative ecosystem is available only to them), through the use of the data we create during the planning stage of the rough diamond's processing, has the potential to become an additional revenue stream. The financial benefit of this collaboration will be determined, first and foremost, by the market adoption of Synova's high-end laser system for cutting, shaping and faceting diamonds. We have established many such collaborations in the past (e.g., the Clara cooperation with miner Lucara, our collaboration with Antwerp entity HB [refer to the article in the Financial Times "Why everyone wants a diamond in the rough" <https://www.ft.com/content/1e9c1148-5d33-4e46-8344-ba151feb636a>], our collaboration with Constell regarding the LGD market, etc.) and we expect to continue to establish more in the future.

5. *In segmental results, revenue from US dropped from FY2020 even when FY2021 was a very good year for Sarine. Is this something of concern since the US has the biggest retails market and Sarine is pushing hard into this segment.*

The growth realised in 2021 was primarily in the Galaxy[®] family scanning services and digital tenders revenues, as well as pent up demand for our general planning systems, all of which, by their nature, are aimed at the midstream polishing segment of the industry and not to the U.S. retail market. We have noted in our Annual Report that this year we are targeting the U.S. market and have appointed Mr. Matthew Tratner, a seasoned executive with many years of experience in various aspects of the U.S. diamond industry, including at the GIA, where he was in charge of their traceability offering, as our new Vice President and General Manager of Sarine USA.

6. *What should be the appropriate receivable outstanding days? Outstanding days have been increasing since FY2014 from over a month to the peak of more than 6 months for FY2020 and then reduced to about 4 months for FY2021. It is uncomfortable to see increasing outstanding days as Sarine is doubling down on recurring revenue. My basic understanding on recurring billing is that collection is usually easier. And it seems like a large customer which comprised approximately 30% (FY20 : 47%) of outstanding trade receivables is the main cause of long outstanding. What should be the appropriate receivables outstanding days and comment on the concentration risk on a single customer.*

We believe the current situation is acceptable, given the overall amount of credit extended to customers and the specific customers to whom it has been extended. You are correct with your observation on our efforts to increase our recurring revenues base, and this actually contributes to the increase in receivables days. Unlike capital equipment sales, where typically a half or more of the purchase price is paid in advance before our delivery and issuing of the invoice, services, by definition, are first provided and then billed, creating a receivable. In fact, in any reporting period there are at least two months of outstanding service revenues as receivables – those billed a month before the end of the reporting period and not yet collected (at least 30 days till due) and those for the last month of the period, which have not yet been billed. So, as our recurring revenue increases in terms of its percentage of our business, so do the receivables. Also, it should be noted that as we have

been aggressively expanding into the very small stones segment of the polishing midstream over the past few years, which has huge potential, as there are over 900 million such stones polished annually (90% of all stones polished, actually), the customers that make up this segment are typically smaller and have a more significant requirement for credit terms. Finally, we would note that there has been no significant change in bad debts.

7. *711 installed bases as of 31 December 2021. May I know the percentage of installed bases under the Sarine ownership?*

Our service centres in Israel, India and the U.S. (the only ones under our ownership) operate just over 20 systems.

8. *Under unrecognised deferred tax assets, Sarine has US\$ 87.8 million tax losses in Israel. Chances of it offsetting against future profit?*

We believe so, as our investments in our trade-related services, such as traceability and grading, gain traction.