



ANNUAL GENERAL MEETING (AGM) TO BE HELD ON APRIL 29, 2026

Responses to Questions from Shareholders:

- 1. I note that a few years ago, Sarine launched e-Grading with the aim of taking a double-digit market share in the grading market dominated by GIA. This was rebranded to "GCAL by Sarine". But when I browse through various retail diamond sales online platforms, the vast majority of them (both natural and LGD) are graded by GIA or IGI. GCAL by Sarine graded diamonds probably account for less than 5%. It is evident that Sarine has been unable to take a significant market share in grading, even though Sarine's selling pitch was its lower cost structure which particularly suited the LGD market. Why is this so and what can Sarine do about it going forward?**

The natural and LGD grading markets are very different. For highly valued natural stones high value reputable reports are sought. The GIA clearly has a very dominant position in this market, which we, unfortunately, indeed have not been able to substantially penetrate. We believe that over time we may still wrest some market share away from the GIA (see below).

LGD stones are much less valuable and, for the most part, cost, rather than certificate robustness, is the key consideration when seeking certification. We tried in 2023-24 to capture market share based on the assumption that lowering costs would attract customers. This did not work, as IGI has implemented a very low-cost grading methodology and established market dominance. Their methodology is that the manufacturers in essence grade their own stones with their own personnel followed by QC by IGI's personnel. We have seen industry pushbacks against this paradigm and have succeeded in garnishing some market share because of these issues.

More importantly, there is a growing need to differentiate one's LGD offerings in a very crowded market, especially for producers of very high-end stones - D and E Colors with very high IF and even Flawless Clarity grades. Until late last year, these producers typically used GIA grading. However, commencing last October, GIA ceased grading LGD by normal criteria, driving these customers to seek an alternative. From the second half of 2025 we have shifted our strategy toward leveraging this development and capturing the premium segment of the LGD grading market. Our strategy is to establish strong positioning for quality goods certification and then expand into the broader market as adoption of our reports grows.

This positioning is now generating accelerating traction, with near-full utilization of our India operations. Expansion is underway. Demand for our industry-unique high-quality 8X reports is extending into mid-quality segments and has also piqued the interest of

one of the US's largest retailers who has started assessing this offering. No less importantly, we are seeing that, once exposed to our high-end reports, producers are also opting for our basic Essential and Express reports, as well. All this in addition to our existing business, encompassing two major US retailers and a broad and growing base of smaller retailers already selling GCAL-certified goods. We expect 2026 to mark a year of meaningful acceleration, positioning us strongly going into 2027–2028 to both continue expanding our LGD certification and leveraging our broader overall retail recognition into the natural stone grading market as well re-entering the natural diamond grading segment with a differentiated offering.

Note: Most GCAL-certified diamonds are supplied directly to major U.S. retailers and suppliers and therefore are not typically visible on open industry platforms that primarily reflect general supply-side inventory, so simply perusing these platforms may be misleading.

2. **Regarding Kitov.ai, can we have some color on its business model? Is it a software or hardware company or both? Since Kitov.ai's customers include "virtually all of Israel's extensive domestic defense companies", does the current Middle East conflict result in a big improvement in revenue for Kitov.ai?**

Kitov's primary business model is that of a software company, utilising commercially available hardware integrated into turn-key solutions. Their proprietary software drives significant gross margins. Kitov's systems are utilised either in-line or off-line. In-line integration dictates a longer setup period, cooperating with the customer's production engineers, but thereafter enables relatively straightforward follow-on sales, as manufacturing capacity demand increases. As a case in point, several Fortune 500 leading U.S. industrial giants have acquired systems currently implemented in their "future technology labs" for integration into future production lines scheduled for realization in 2027. With off-line set-ups, where the inspection is performed on a sampled basis, orthogonal to the physical production line, the quality control facilities are easier to implement, even for already functioning production environments. Follow-on sales are tied both to evolving quality and sampling requirements, as well as to overall facility throughput expansion. We believe the developments in Israel and worldwide defense industry needs could potentially drive sales. Local defense industries are benefitting from both significantly increased domestic demand, as well as from record foreign sales backlogs. Because Kitov's customers use a mix of in-line and off-line implementations, order and delivery timelines will not be immediately apparent.

3. **It is reported that Ms. Jillian Wolk from GIA will become the new CEO of De Beers' Tracr. How does this affect the partnership between Tracr and Sarine, if any?**

Sarine has entered into a signed cooperation agreement with De Beers' Tracr. We are not in a position to predict or comment on De Beers' Tracr's future actions or business decisions. .



4. Would Sarine consider venturing into gem-quality LGD manufacturing (via acquisition of private entity) as a viable engine for growth?

Gem-quality LGD manufacturing market is crowded and in a metaphorical "race to the bottom". Already, virtually all non-Indian or non-Chinese companies have folded, including DeBeers' Element 6, which launched its Lightbox and thus made LGD "legitimate" back in 2018. To enter this market in its current state seems a dangerous proposition. However, as we noted in our full-year PR, there may be a very early budding industry of producing and testing of very high-quality LGD (equivalent to D flawless and better) for non-jewellery uses, such as in electronic chips (also for quantum computing), medical applications, etc. We are in the very early stages of looking into this opportunity to see if there is a niche for us, using our technology to either optimise the utilisation of this material (which is far more valuable than the US\$30 per carat at which the rough jewellery-quality LGD are currently typically valued) or be able to test and qualify the material quality in order to meet defined specifications.

5. In view that the deadline for the submission of bids for De Beers is this Thu (16/4), if there is a change of ownership of De Beers, will it affect Sarine's business?

As the eventual disposition of De Beers is far from clear, there is no way for us at this time to assess what, if any, effect there will be on our business.

6. Back in 2020, Sarine also suffered deeply when Covid broke out. Then, on the back of ultra-low interest rates and liquidity injection globally, the demand for diamonds surged quickly. Going forward, what do you think are potential catalysts to enable Sarine to achieve growth from current levels again?

We expect to see growth driven by significant expansion of our LGD grading business this year and going forward, hopefully with a ripple effect into the natural diamond grading industry, as noted in our response to query [1] above. We also expect the ongoing growth in adoption, augmented by the expansion of our MVP offering's capabilities to larger stones, later in 2026 and beyond, will be a second key growth driver for the Group. Our cooperation with Tracr may also provide growth opportunities in the future. From a macro-industry perspective, a significant improvement in demand for natural diamonds in a recovered Chinese market (already seeing some positive indications in HK) could increase overall quantities of diamond manufacturing, thereby potentially driving resumed growth in our manufacturing-related services - Galaxy and planning services (MVP).

7. Revenue recognition policy for grading business. When is revenue recognised after a diamond is graded?

Revenue is recognised immediately upon completion of the grading service and the generation of the report.

8. Is there a meaningful increase in natural diamond grading business from Sarine or GCAL customers?



Our diamond grading business and growth is predominantly focused on LGD grading. We continue to offer and promote a range of grading services for natural diamonds, which comprise a small portion of our grading revenue. As noted in our reply [1] above, our expansion in LGD reports is having an overall positive impact and strengthening our retail brand recognition and presence in the US market, which we hope to leverage into the natural stone grading market as well.

9. About 75% of Galaxy systems sold (about 247 units excluding Meteor & Meteorite) are more than 10 years old. Is maintenance business expected to increase in the coming years?

After completion of the initial warranty year, we offer annual maintenance service contracts or ad-hoc services comprising service calls and replacement parts, as well as consumables required for the ongoing operation of the machines. We also periodically offer hardware and software upgrades on existing machines. We expect the revenues from service contracts to remain stable going forward, but do not expect to see replacements of entire systems in the foreseeable future due to aging.

10. Unrecognised deferred tax assets of US\$115.5M. Under what conditions would unrecognised deferred tax assets be recognised in the foreseeable future?

It is unlikely that the full unrecognised deferred tax assets will be recognised in the near future, however, the company will benefit from the unrecognised deferred tax assets on an ongoing basis, as reduced tax expenses on taxable profits.

11. What is Kitov.ai's revenue for 2025?

Kitov.ai's 2025 revenue of US\$1.7 million can be found in note 29.1.(c) of the Financial Statements (Note: 2025 was a partial year, due to Kitov.ai's formal re-incorporation on January 26th, with operations only ramping up thereafter).

12. Note 15 (Page 96), Short-Term Investments. Second paragraph 'Year' appear to be wrong. It should be December 31, 2025

Short term investments as mentioned in Note 15 describe bank deposits for a period exceeding 3 months. As of December 31, 2025 the Group didn't hold such deposits. Both paragraphs in Note 15 refer to December 31, 2024, one paragraph for the Group and one paragraph for the Company.