

Singapore Company Update

Sarine Technologies

Bloomberg: SARINE SP | Reuters: SARI.SI

Refer to important disclosures at the end of this report

DBS Group Research . Equity

11 Aug 2022

This company is covered under the Research Talent Development Grant Scheme which aims to groom research talent to expand research coverage of small-mid cap SGX listed companies

BUY (Upgrade from HOLD)

Last Traded Price (11 Aug 2022): S\$0.395 (STI : 3,301.96)

Price Target 12-mth: S\$0.50 (28% upside)

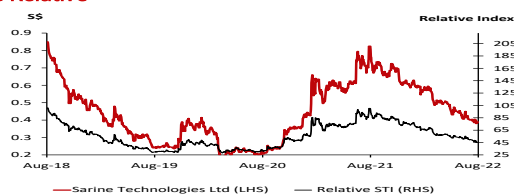
Analyst

Sachin MITTAL +65 66823699 sachinmittal@db.com
Singapore Research Team equityresearch3@db.com

What's New

- 1H22 earnings came in at US\$31.2m, towards the higher end of expectations
- Capital equipment sales declined by c.30%, offset by higher recurring revenues
- Sarine offers a sustainable dividend yield of 7% coupled with mid-single digit earnings growth
- Upgrade to BUY with unchanged TP of S\$0.50

Price Relative



Forecasts and Valuation

FY Dec (US\$m)	2021A	2022F	2023F	2024F
Revenue	62.1	57.2	59.4	63.0
EBITDA	22.2	16.4	16.6	17.5
Pre-tax Profit	18.9	14.0	14.6	15.4
Net Profit	16.5	11.2	11.7	12.3
Net Pft (Pre Ex.)	16.5	11.2	11.7	12.3
Net Pft Gth (Pre-ex) (%)	595.8	(32.0)	4.6	5.3
EPS (S cts)	6.42	4.37	4.57	4.81
EPS Pre Ex. (S cts)	6.42	4.37	4.57	4.81
EPS Gth Pre Ex (%)	593	(32)	5	5
Diluted EPS (S cts)	6.42	4.37	4.57	4.81
Net DPS (S cts)	2.74	3.42	2.74	2.74
BV Per Share (S cts)	27.5	28.5	30.3	32.4
PE (X)	6.1	8.9	8.5	8.1
PE Pre Ex. (X)	6.1	8.9	8.5	8.1
P/Cash Flow (X)	4.7	4.9	7.6	7.4
EV/EBITDA (X)	2.9	3.3	2.9	2.5
Net Div Yield (%)	7.0	8.8	7.0	7.0
P/Book Value (X)	1.4	1.4	1.3	1.2
Net Debt/Equity (X)	CASH	CASH	CASH	CASH
ROAE (%)	25.1	15.6	15.5	15.3
Earnings Rev (%):		14	11	8

Source of all data on this page: Company, DBS Bank, Bloomberg Finance L.P.

Recurring revenues shine

Investment Thesis:

Sustainable dividend yield of 7%. Sarine declared an interim dividend of US1.0 cent per ordinary share and a special bonus dividend of US0.5 cents. This implies a dividend yield of 8.7% assuming US1.0 cent final dividend in 2H22F.

Excluding the special dividend, Sarine currently trades at an attractive dividend yield of 7%.

FY22 to moderate from a high base in FY21; mid-single digit earnings growth going forward. Sarine is seeing rising adoption of its new solutions by global retailers while it is also rolling out of e-grading solutions to diamond manufacturers. This should help to turbocharge the growth of trade related business.

Higher recurring revenues to lift margins: Recurring revenues have grown 22% in 1H22 to reach over 50% of group revenue on the back of higher trade-related and diamonds scanning revenue. We have raised net margin assumption by over 200 basis points in FY22F/23F each.

Valuation:

Upgrade to BUY with unchanged TP of S\$0.50. Our target price is based on 11.2x the average of FY22 and FY23F earnings, which is around the historical mean.

Where we differ:

We are more cautious on revenue assumptions given macroeconomic headwinds.

Key Risks to Our View:

Slowdown in trade-related segment, macroeconomic weakness that dampens diamond demand significantly.

At A Glance

Issued Capital (m shrs)	351
Mkt. Cap (S\$m/US\$m)	139 / 99.9
Major Shareholders (%)	
Axxion S.A	9.2
Harel Ehud	7.4
Eshed Avraham	5.0
Free Float (%)	78.4
3m Avg. Daily Val (US\$m)	0.05

GIC Industry: Industrials / Capital Goods



Watchlist the stock on Insights Direct to receive prompt updates



Live more, Bank less

WHAT'S NEW

Top and bottom lines held up despite geopolitical complexities; towards the upper end of expectations

Results Review

US\$m	1H22	2H21	1H21	% change hoh	% change yoy
Revenue	31.2	26.2	36.0	19.2%	-13.3%
Gross profit	22.2	19.0	26.8	17.2%	-17.2%
Net profit	6.5	3.9	12.6	68.8%	-48.0%
Gross margin (%)	71.3	72.6%	74.7		
Net margin (%)	21.0	14.8	35.0		

Source: Company, DBS Bank

1H22 revenue was US\$31.2m vs US\$36.0m in 1H21 (+19.2 h-o-h, -13.3% y-o-y). The 13.3% decline y-o-y can be attributed to a high base effect in 1H21 during the post pandemic rebound of the diamond industry. 1H22 revenue amounted to 54.5% of our full year estimates, broadly in line with expectations as the first half of the year is typically stronger.

1H22 gross margins dipped to 71.3% vs 74.6% in 1H21. The lower profitability is on the back of lower overall sales and absence of the sale of inventory that was previously written off. Overall net margins also declined to 21.0%, from 35.0% previously upon the normalization of operating expenses as activities such as trade shows have partially resumed. Coupled with lower sales, net profit fell 48% y-o-y from a high base.

Capital equipment sales declined by c.30%, offset by higher recurring revenues. The lower capital equipment sales can be attributed mainly to geopolitical uncertainties. Our checks indicate that this sharp drop is unlikely to recur as there has been some easing in geopolitical uncertainties. Nonetheless, this was cushioned by an 22% increase in recurring revenues that consisted of trade related revenues and diamond scanning revenue. In 1H22, Sarine delivered 32 Galaxy family inclusion mapping systems, including 12 systems for larger stones mainly to customers in Africa. This is comparably higher to 5 systems for larger stones in 2H21 and 8 systems for larger stones in 1H21. The increase in sale of systems for larger stones was brought about as the government in Botswana and Angola encouraged domestic cutting and polishing. As at 1H22, Sarine's total installed base stands at 743 systems.

Higher margin trade-related revenues more than doubled. Trade revenues grew 70%, reaching 11% of total revenue from just c.6% in 1H21. Sarine is seeing increasing adoption of the Sarine Diamond Journey by many global brands such as Maison Boucheron and the Aura Consortium which comprises Cartier and LVMH.

China's National Gem Testing Centre, the largest gemological laboratory has adopted The Sarine Profile, which should support growth in trade-related revenues. There are also further developments in two key trade-related services with the broader roll-out of e-grading to midstream customers and beta-testing of Sarine AutoScan. Advancements in the trade-related segments have been encouraging and we believe that the growing trade revenues will be a key catalyst for Sarine.

Our Thoughts

India's diamond midstream manufacturing activity sturdy in 1H22, reflected in higher diamond scanning activity for Sarine. According to the GJEPC India, India's 1H22 cut and polished exports came in at US\$12,493 million, 4.3% higher than the same period last year. We observe a similar pattern in Sarine's diamond scanning revenue which benefitted from higher quantities of rough diamonds scanned on the Galaxy systems in 1H22.

India's Cut and Polished Exports (USDm)



Source: GJEPC, DBS Bank

1H22 was robust but we remain cautious of macroeconomic weakness. The Mastercard Spending Pulse for the month of July shows that US jewelry spending jumped 19% y-o-y and was 109% higher than the same period in 2019. While US inflation has eased slightly to 8.5% in July, US disposable income is still under pressure. Thus far, jewelry sales in the US have continued to thrive however that may change if the macroeconomic environment worsens significantly.

US retail market divided, demand for larger diamonds resilient. Interestingly, demand for diamonds 3ct and above remains strong whereas demand for smaller 1-2ct diamonds is diminishing. This is reflective of the effects of inflation on the affluent and the middle class. In a high inflationary environment with a higher risk of recession, middle-class consumers are likely to delay or put off

Sarine Technologies

discretionary purchases such as diamonds. However, we note that the diamond industry has generally been resilient to mild recessions. Hence, we do not see significant dips in diamond scanning revenue unless the economy tips into a severe or prolonged recession.

China's zero-covid policy a headwind for Chinese retail demand and the supply chain. The Shanghai Diamond Exchange (SDE) which reflects China's shipment of diamonds for domestic sale reported that polished imports declined 36% y-o-y. Diamond demand in China was weaker in the first half owing to waves of Covid-19 cases. Nonetheless, the President of the SDE is optimistic of recovery in the domestic market with the launch of economic stimulus packages. In addition, the lockdowns have also impacted Sarine's Chinese suppliers which has resulted in longer lead times and price increases. As yet, the impact of the supply chain disruptions has been minor as the secondary effects on Sarine's suppliers in other regions are less pronounced.

Sustainable dividend yield of 7%. Sarine declared an interim dividend of US1.0 cent per ordinary share and a special bonus dividend of US0.5 cents. This gives rise to a dividend yield of 8.7% assuming that Sarine pays out

US1.0 cent as its final dividend. Excluding the special dividend, Sarine currently trades at an attractive dividend yield of 7%.

Upgrade to BUY with unchanged TP of S\$0.50. Our target price is based on 11.2x the average of FY22F and FY23F earnings, around the historical mean. There are no changes to our revenue assumptions however we have increased our net profit forecasts by 14% and 12% respectively for FY22 and FY23 on improvements in net margins. We have also assumed an exchange rate of 1.38 (USD/SGD). The share price has dropped, and the stock appears to be trading at reasonable valuation. Sarine also trades at a sustainable dividend yield of 7%.

Company Background

Sarine Technologies Ltd. Develops, manufactures, markets, and sells precision technology products for the processing, grading, and trade of diamonds utilized throughout the diamond industry value chain from upstream, midstream, and downstream. Sarine Technologies' products span the areas of inclusion mapping, planning, sawing & shaping, polishing & cut finishing, laser inscription, visualization & grading, and trade.

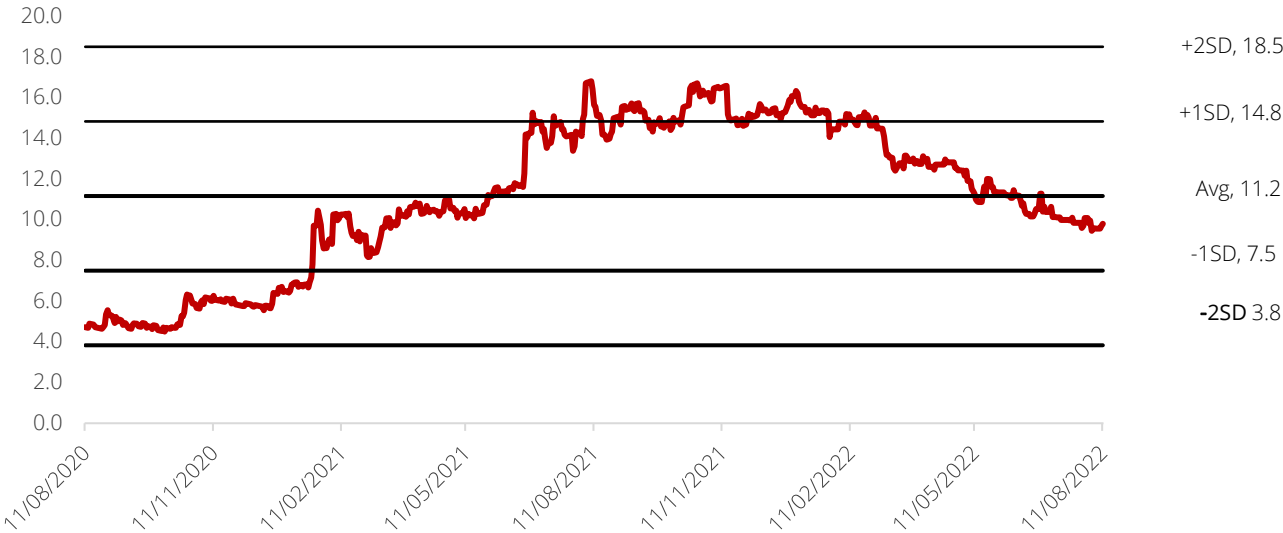
Interim Income Statement (US\$m)

FY Dec	1H2021	2H2021	1H2022	% chg yoy	% chg hoh
Revenue	36	26	31	(13.3)	19.2
Cost of Goods Sold	(9)	(7)	(9)	(2.0)	24.5
Gross Profit	27	19	22	(17.2)	17.2
Other Oper. (Exp)/Inc	(13)	(14)	(15)	15.0	6.7
Operating Profit	14	5	8	(46.6)	45.1
Other Non Opg (Exp)/Inc	0	0	0	-	-
Associates & JV Inc	0	0	0	-	-
Net Interest (Exp)/Inc	0	0	0	-	-
Exceptional Gain/(Loss)	0	0	0	-	-
Pre-tax Profit	14	5	8	(46.3)	56.5
Tax	(2)	(1)	(1)	(32.2)	6.9
Minority Interest	0	0	0	-	-
Net Profit	13	4	7	(48.0)	68.8
Net profit bef Except.	13	4	7	(48.0)	68.8
EBITDA	14	5	8	(46.6)	45.1
Margins (%)					
Gross Margins	74.7	72.6	71.3		
Opg Profit Margins	39.0	19.8	24.1		
Net Profit Margins	35.0	14.8	21.0		

Source of all data: Company, DBS Bank

Sarine Technologies

Sarine Forward PE Chart



Source: Bloomberg Finance L.P., DBS Bank

Sarine Technologies

Income Statement (US\$m)

FY Dec	2020A	2021A	2022F	2023F	2024F
Revenue	41.0	62.1	57.2	59.4	63.0
Cost of Goods Sold	(13.9)	(16.3)	(17.1)	(17.5)	(18.3)
Gross Profit	27.1	45.8	40.0	41.9	44.7
Other Opng (Exp)/Inc	(22.3)	(26.9)	(26.1)	(27.5)	(29.6)
Operating Profit	4.76	18.9	13.9	14.4	15.1
Other Non Opng (Exp)/Inc	0.0	0.27	0.0	0.0	0.0
Associates & JV Inc	0.0	0.0	0.0	0.0	0.0
Net Interest (Exp)/Inc	(0.8)	(0.3)	0.12	0.22	0.28
Exceptional Gain/(Loss)	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	4.01	18.9	14.0	14.6	15.4
Tax	(1.6)	(2.5)	(2.8)	(2.9)	(3.1)
Minority Interest	0.0	0.0	0.0	0.0	0.0
Preference Dividend	0.0	0.0	0.0	0.0	0.0
Net Profit	2.37	16.5	11.2	11.7	12.3
Net Profit before Except.	2.37	16.5	11.2	11.7	12.3
EBITDA	8.79	22.2	16.4	16.6	17.5
Growth					
Revenue Gth (%)	(20.2)	51.6	(8.0)	4.0	6.0
EBITDA Gth (%)	60.0	152.5	(26.3)	1.7	4.9
Opg Profit Gth (%)	332.6	297.6	(26.8)	4.0	4.9
Net Profit Gth (Pre-ex) (%)	nm	595.8	(32.0)	4.6	5.3
Margins & Ratio					
Gross Margins (%)	66.1	73.8	70.0	70.5	71.0
Opg Profit Margin (%)	11.6	30.5	24.3	24.3	24.0
Net Profit Margin (%)	5.8	26.5	19.6	19.7	19.6
ROAE (%)	3.9	25.1	15.6	15.5	15.3
ROA (%)	3.0	19.6	12.4	12.4	12.3
ROCE (%)	2.4	22.3	14.7	14.8	14.8
Div Payout Ratio (%)	44.4	42.7	78.4	59.9	56.9
Net Interest Cover (x)	6.3	71.2	NM	NM	NM

Interim Income Statement (US\$m)

FY Dec	1H2020	2H2020	1H2021	2H2021	1H2022
Revenue	22.4	18.6	36.0	26.2	31.2
Cost of Goods Sold	(8.4)	(5.5)	(9.1)	(7.2)	(8.9)
Gross Profit	14.0	13.1	26.9	19.0	22.2
Other Oper. (Exp)/Inc	(11.8)	(10.5)	(12.8)	(13.8)	(14.7)
Operating Profit	2.15	2.62	14.0	5.17	7.50
Other Non Opng (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	0.0	0.0	0.0	0.0	0.0
Net Interest (Exp)/Inc	0.04	(0.8)	0.06	(0.3)	0.07
Exceptional Gain/(Loss)	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	2.18	1.83	14.1	4.84	7.57
Tax	(1.0)	(0.6)	(1.5)	(1.0)	(1.0)
Minority Interest	0.0	0.0	0.0	0.0	0.0
Net Profit	1.17	1.19	12.6	3.88	6.55
Net profit bef Except.	1.17	1.19	12.6	3.88	6.55
EBITDA	2.15	2.62	14.0	5.17	7.50
Growth					
Revenue Gth (%)	(22.2)	(17.1)	93.7	(27.3)	19.2
EBITDA Gth (%)	(56.8)	22.1	436.1	(63.2)	45.1
Opg Profit Gth (%)	(23.9)	22.1	436.1	(63.2)	45.1
Net Profit Gth (%)	(18.8)	1.6	955.3	(69.2)	68.8
Margins					
Gross Margins (%)	62.4	70.5	74.7	72.6	71.3
Opg Profit Margins (%)	9.6	14.1	39.0	19.8	24.1
Net Profit Margins (%)	5.2	6.4	35.0	14.8	21.0

Source: Company, DBS Bank

Sarine Technologies

Balance Sheet (US\$m)

FY Dec	2020A	2021A	2022F	2023F	2024F
Net Fixed Assets	12.3	11.4	10.5	9.68	8.85
Invt in Associates & JVs	0.0	0.0	0.0	0.0	0.0
Other LT Assets	10.2	8.74	8.36	8.36	8.36
Cash & ST Invt	27.4	36.4	46.6	51.4	56.3
Inventory	6.25	7.28	6.54	6.69	6.97
Debtors	22.0	23.6	19.1	19.9	21.1
Other Current Assets	1.76	1.06	1.06	1.06	1.06
Total Assets	79.9	88.4	92.2	97.1	103
ST Debt	0.28	0.0	0.0	0.0	0.0
Creditor	1.87	2.32	2.38	2.43	2.53
Other Current Liab	8.30	10.6	11.9	12.0	12.2
LT Debt	3.14	0.0	0.0	0.0	0.0
Other LT Liabilities	5.59	4.97	4.97	4.97	4.97
Shareholder's Equity	60.7	70.6	73.0	77.7	83.0
Minority Interests	0.0	0.0	0.0	0.0	0.0
Total Cap. & Liab.	79.9	88.4	92.2	97.1	103
Non-Cash Wkg. Capital	19.8	19.0	12.5	13.2	14.4
Net Cash/(Debt)	24.0	36.4	46.6	51.4	56.3
Debtors Turn (avg days)	162.9	133.9	136.5	119.9	118.8
Creditors Turn (avg days)	106.8	57.6	58.6	57.3	56.8
Inventory Turn (avg days)	216.4	185.8	172.2	157.6	156.3
Asset Turnover (x)	0.5	0.7	0.6	0.6	0.6
Current Ratio (x)	5.5	5.3	5.1	5.5	5.8
Quick Ratio (x)	4.7	4.6	4.6	4.9	5.3
Net Debt/Equity (X)	CASH	CASH	CASH	CASH	CASH
Net Debt/Equity ex MI (X)	CASH	CASH	CASH	CASH	CASH
Capex to Debt (%)	22.4	N/A	N/A	N/A	N/A

Cash Flow Statement (US\$m)

FY Dec	2020A	2021A	2022F	2023F	2024F
Pre-Tax Profit	4.01	18.9	14.0	14.6	15.4
Dep. & Amort.	4.03	3.00	2.50	2.22	2.33
Tax Paid	(1.6)	(2.5)	(1.5)	(2.8)	(2.9)
Assoc. & JV Inc/(loss)	0.0	0.0	0.0	0.0	0.0
Chg in Wkg.Cap.	(10.7)	0.36	5.26	(0.9)	(1.4)
Other Operating CF	2.34	1.31	0.0	0.0	0.0
Net Operating CF	(2.0)	21.1	20.2	13.2	13.4
Capital Exp.(net)	(0.8)	(0.9)	(1.3)	(1.4)	(1.5)
Other Invt.(net)	4.89	(2.8)	(2.7)	(0.6)	(0.7)
Invt in Assoc. & JV	0.0	0.0	0.0	0.0	0.0
Div from Assoc & JV	0.0	0.0	0.0	0.0	0.0
Other Investing CF	0.32	0.39	0.0	0.0	0.0
Net Investing CF	4.44	(3.3)	(4.0)	(2.0)	(2.2)
Div Paid	(1.1)	(7.0)	(8.8)	(7.0)	(7.0)
Chg in Gross Debt	3.22	(3.4)	0.0	0.0	0.0
Capital Issues	(0.3)	(0.3)	0.0	0.0	0.0
Other Financing CF	(1.5)	(1.0)	0.0	0.0	0.0
Net Financing CF	0.39	(11.6)	(8.8)	(7.0)	(7.0)
Currency Adjustments	(0.1)	0.01	0.0	0.0	0.0
Chg in Cash	2.80	6.28	7.47	4.16	4.21
Opg CFPS (S cts)	3.42	8.10	5.85	5.49	5.78
Free CFPS (S cts)	(1.1)	7.89	7.40	4.61	4.66

Source: Company, DBS Bank

Target Price & Ratings History



S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1:	11 Mar 22	0.51	0.45	FULLY VALUED
2:	19 May 22	0.45	0.50	HOLD

Note: Share price and Target price are adjusted for corporate actions.

Source: DBS Bank

Analyst: Sachin MITTAL

Singapore Research Team

DBS Bank recommendations are based on an Absolute Total Return* Rating system, defined as follows:

STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)

BUY (>15% total return over the next 12 months for small caps, >10% for large caps)

HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)

SELL (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

*Share price appreciation + dividends

Completed Date: 12 Aug 2022 06:30:48 (SGT)

Dissemination Date: 12 Aug 2022 06:33:01 (SGT)

Sources for all charts and tables are DBS Bank unless otherwise specified.

GENERAL DISCLOSURE/DISCLAIMER

This report is prepared by DBS Bank Ltd. This report is solely intended for the clients of DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBS Bank Ltd.

The research set out in this report is based on information obtained from sources believed to be reliable, but we (which collectively refers to DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd, its respective connected and associated corporations, affiliates and their respective directors, officers, employees and agents (collectively, the "DBS Group") have not conducted due diligence on any of the companies, verified any information or sources or taken into account any other factors which we may consider to be relevant or appropriate in preparing the research. Accordingly, we do not make any representation or warranty as to the accuracy, completeness or correctness of the research set out in this report. Opinions expressed are subject to change without notice. This research is prepared for general circulation. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees, who should obtain separate independent legal or financial advice. The DBS Group accepts no liability whatsoever for any direct, indirect and/or consequential loss (including any claims for loss of profit) arising from any use of and/or reliance upon this document and/or further communication given in relation to this document. This document is not to be construed as an offer or a solicitation of an offer to buy or sell any securities. The DBS Group, along with its affiliates and/or persons associated with any of them may from time to time have interests in the securities mentioned in this document. The DBS Group, may have positions in, and may effect transactions in securities mentioned herein and may also perform or seek to perform broking, investment banking and other banking services for these companies.

Any valuations, opinions, estimates, forecasts, ratings or risk assessments herein constitutes a judgment as of the date of this report, and there can be no assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments. The information in this document is subject to change without notice, its accuracy is not guaranteed, it may be incomplete or condensed, it may not contain all material information concerning the company (or companies) referred to in this report and the DBS Group is under no obligation to update the information in this report.

This publication has not been reviewed or authorized by any regulatory authority in Singapore, Hong Kong or elsewhere. There is no planned schedule or frequency for updating research publication relating to any issuer.

The valuations, opinions, estimates, forecasts, ratings or risk assessments described in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. It can be expected that one or more of the estimates on which the valuations, opinions, estimates, forecasts, ratings or risk assessments were based will not materialize or will vary significantly from actual results. Therefore, the inclusion of the valuations, opinions, estimates, forecasts, ratings or risk assessments described herein IS NOT TO BE RELIED UPON as a representation and/or warranty by the DBS Group (and/or any persons associated with the aforesaid entities), that:

- (a) such valuations, opinions, estimates, forecasts, ratings or risk assessments or their underlying assumptions will be achieved, and
- (b) there is any assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments stated therein.

Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets.

Any assumptions made in this report that refers to commodities, are for the purposes of making forecasts for the company (or companies) mentioned herein. They are not to be construed as recommendations to trade in the physical commodity or in the futures contract relating to the commodity referred to in this report.

DBSVUSA, a US-registered broker-dealer, does not have its own investment banking or research department, has not participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months and does not engage in market-making.

ANALYST CERTIFICATION

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible for the content of this research report, in part or in whole, certifies that he or his associate¹ does not serve as an officer of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant) and the research analyst(s) primarily responsible for the content of this research report or his associate does not have financial interests² in relation to an issuer or a new listing applicant that the analyst reviews. DBS Group has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the DBS Group and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of DBS Group's compensation to any specific investment banking function of the DBS Group.

COMPANY-SPECIFIC / REGULATORY DISCLOSURES

1. DBS Bank Ltd, DBS HK, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS") or their subsidiaries and/or other affiliates do not have a proprietary position in the securities recommended in this report as of 31 Jul 2022.

Compensation for investment banking services:

2. DBSVUSA does not have its own investment banking or research department, nor has it participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months. Any US persons wishing to obtain further information, including any clarification on disclosures in this disclaimer, or to effect a transaction in any security discussed in this document should contact DBSVUSA exclusively.


Disclosure of previous investment recommendation produced:

3. DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS"), their subsidiaries and/or other affiliates may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed on page 1 of this report to view previous investment recommendations published by DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS"), their subsidiaries and/or other affiliates in the preceding 12 months.

¹ An associate is defined as (i) the spouse, or any minor child (natural or adopted) or minor step-child, of the analyst; (ii) the trustee of a trust of which the analyst, his spouse, minor child (natural or adopted) or minor step-child, is a beneficiary or discretionary object; or (iii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

² Financial interest is defined as interests that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

RESTRICTIONS ON DISTRIBUTION

General	This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.
Australia	<p>This report is being distributed in Australia by DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS") or DBSV HK. DBS Bank Ltd holds Australian Financial Services Licence no. 475946.</p> <p>DBS Bank Ltd, DBSVS and DBSV HK are exempted from the requirement to hold an Australian Financial Services Licence under the Corporation Act 2001 ("CA") in respect of financial services provided to the recipients. Both DBS and DBSVS are regulated by the Monetary Authority of Singapore under the laws of Singapore, and DBSV HK is regulated by the Hong Kong Securities and Futures Commission under the laws of Hong Kong, which differ from Australian laws.</p> <p>Distribution of this report is intended only for "wholesale investors" within the meaning of the CA.</p>
Hong Kong	<p>This report has been prepared by a personnel of DBS Bank Ltd, who is not licensed by the Hong Kong Securities and Futures Commission to carry on the regulated activity of advising on securities in Hong Kong pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). This report is being distributed in Hong Kong and is attributable to DBS Bank (Hong Kong) Limited ("DBS HK"), a registered institution registered with the Hong Kong Securities and Futures Commission to carry on the regulated activity of advising on securities pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). DBS Bank Ltd., Hong Kong Branch is a limited liability company incorporated in Singapore.</p> <p>For any query regarding the materials herein, please contact Dennis Lam (Reg No. AH8290) at dbsvhk@dbs.com</p>
Indonesia	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
Malaysia	<p>This report is distributed in Malaysia by AllianceDBS Research Sdn Bhd ("ADBSR"). Recipients of this report, received from ADBSR are to contact the undersigned at 603-2604 3333 in respect of any matters arising from or in connection with this report. In addition to the General Disclosure/Disclaimer found at the preceding page, recipients of this report are advised that ADBSR (the preparer of this report), its holding company Alliance Investment Bank Berhad, their respective connected and associated corporations, affiliates, their directors, officers, employees, agents and parties related or associated with any of them may have positions in, and may effect transactions in the securities mentioned herein and may also perform or seek to perform broking, investment banking/corporate advisory and other services for the subject companies. They may also have received compensation and/or seek to obtain compensation for broking, investment banking/corporate advisory and other services from the subject companies.</p> <p style="text-align: right;">  Wong Ming Tek, Executive Director, ADBSR </p>
Singapore	This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 196800306E) or DBSVS (Company Regn No. 198600294G), both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, DBS Bank Ltd accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact DBS Bank Ltd at 6878 8888 for matters arising from, or in connection with the report.
Thailand	<p>This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd.</p> <p>For any query regarding the materials herein, please contact Chanpen Sirithanarattanukul at research@th.dbs.com</p>

United Kingdom	<p>This report is produced by DBS Bank Ltd which is regulated by the Monetary Authority of Singapore.</p> <p>This report is disseminated in the United Kingdom by DBS Bank Ltd, London Branch ("DBS UK"). DBS UK is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request.</p> <p>In respect of the United Kingdom, this report is solely intended for the clients of DBS UK, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBS UK, This communication is directed at persons having professional experience in matters relating to investments. Any investment activity following from this communication will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this communication.</p>
Dubai International Financial Centre	<p>This communication is provided to you as a Professional Client or Market Counterparty as defined in the DFSA Rulebook Conduct of Business Module (the "COB Module"), and should not be relied upon or acted on by any person which does not meet the criteria to be classified as a Professional Client or Market Counterparty under the DFSA rules.</p> <p>This communication is from the branch of DBS Bank Ltd operating in the Dubai International Financial Centre (the "DIFC") under the trading name "DBS Bank Ltd. (DIFC Branch)" ("DBS DIFC"), registered with the DIFC Registrar of Companies under number 156 and having its registered office at units 608 - 610, 6th Floor, Gate Precinct Building 5, PO Box 506538, DIFC, Dubai, United Arab Emirates.</p> <p>DBS DIFC is regulated by the Dubai Financial Services Authority (the "DFSA") with a DFSA reference number F000164. For more information on DBS DIFC and its affiliates, please see http://www.dbs.com/ae/our-network/default.page.</p> <p>Where this communication contains a research report, this research report is prepared by the entity referred to therein, which may be DBS Bank Ltd or a third party, and is provided to you by DBS DIFC. The research report has not been reviewed or authorised by the DFSA. Such research report is distributed on the express understanding that, whilst the information contained within is believed to be reliable, the information has not been independently verified by DBS DIFC.</p> <p>Unless otherwise indicated, this communication does not constitute an "Offer of Securities to the Public" as defined under Article 12 of the Markets Law (DIFC Law No.1 of 2012) or an "Offer of a Unit of a Fund" as defined under Article 19(2) of the Collective Investment Law (DIFC Law No.2 of 2010).</p> <p>The DFSA has no responsibility for reviewing or verifying this communication or any associated documents in connection with this investment and it is not subject to any form of regulation or approval by the DFSA. Accordingly, the DFSA has not approved this communication or any other associated documents in connection with this investment nor taken any steps to verify the information set out in this communication or any associated documents, and has no responsibility for them. The DFSA has not assessed the suitability of any investments to which the communication relates and, in respect of any Islamic investments (or other investments identified to be Shari'a compliant), neither we nor the DFSA has determined whether they are Shari'a compliant in any way.</p> <p>Any investments which this communication relates to may be illiquid and/or subject to restrictions on their resale. Prospective purchasers should conduct their own due diligence on any investments. If you do not understand the contents of this document you should consult an authorised financial adviser.</p>

Sarine Technologies

United States	This report was prepared by DBS Bank Ltd. DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.
Other jurisdictions	In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

DBS Regional Research Offices

HONG KONG

DBS (Hong Kong) Ltd

Contact: Dennis Lam
13th Floor One Island East,
18 Westlands Road,
Quarry Bay, Hong Kong
Tel: 852 3668 4181
Fax: 852 2521 1812
e-mail: dbsvhk@dbs.com

SINGAPORE

DBS Bank Ltd

Contact: Paul Yong
12 Marina Boulevard,
Marina Bay Financial Centre Tower 3
Singapore 018982
Tel: 65 6878 8888
e-mail: groupresearch@dbs.com
Company Regn. No. 196800306E

INDONESIA

PT DBS Vickers Sekuritas (Indonesia)

Contact: Maynard Priajaya Arif
DBS Bank Tower
Ciputra World 1, 32/F
Jl. Prof. Dr. Satrio Kav. 3-5
Jakarta 12940, Indonesia
Tel: 62 21 3003 4900
Fax: 6221 3003 4943
e-mail: indonesiaresearch@dbs.com

THAILAND

DBS Vickers Securities (Thailand) Co Ltd

Contact: Chanpen Sirithanarattanakul
989 Siam Piwat Tower Building,
9th, 14th-15th Floor
Rama 1 Road, Pathumwan,
Bangkok Thailand 10330
Tel. 66 2 857 7831
Fax: 66 2 658 1269
e-mail: research@th.dbs.com
Company Regn. No 0105539127012
Securities and Exchange Commission, Thailand