SANERGY

SANERGY GROUP LIMITED

昇能集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2459)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board (the "**Board**") of directors (the "**Director(s)**") of Sanergy Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") is pleased to announce the unaudited consolidated results of the Group for the six months ended 30 June 2025 (the "**Reporting Period**" or "**1H2025**"), together with the comparative figures for the six months ended 30 June 2024 ("**1H2024**").

FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2025	2024
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Revenue	**23,776**	32,101
Gross profit/(loss)	**2,483**	(8,114)
Gross profit/(loss) margin %	**10.4%**	(25.3)%
Adjusted Net Loss *(Note)*	**(4,938)**	(14,956)
Adjusted EBITDA *(Note)*	**92** *Profit*	(13,042) *(Loss)*

Note: The Adjusted EBITDA and Adjusted Net Loss are not defined under the HKFRS Accounting Standards. Adjusted EBITDA refers to earnings before interest, taxes, depreciation and amortization, excluding non-cash unrealized foreign exchange differences. Adjusted Net Loss represents the loss attributable to owners of the Company for the period, also excluding non-cash unrealized foreign exchange differences.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During 1H2025, the Group successfully reversed the gross loss trend of 2024 and recorded a gross profit by period-end. This was achieved through the continued and further enhanced fiscal prudence policy and measures put in place by the senior management team. Notably, the profitability was increased through the following measures taken by the Group:

a) Focus on the ratio of deliverables between the lower cost factory in the People's Republic of China (the "**PRC**") and the higher cost Italy factory;

b) Sales were redirected toward higher-priced regions such as North America and markets with stronger pricing potential; and

c) Loss-making regions and orders being deliberately avoided.

These strategic measures, in comparison to the same period last year, enabled the Group to achieve a notable 36.4% reduction in average cost of sales per metric tonne ("**MT**"). Additional contributors included ongoing cost-cutting initiatives and the reversal of inventory provisions.

As a result, the gross margin recovered significantly − reversing its position from a gross loss of US$8.1 million in 1H2024 to a gross profit of US$2.5 million in 1H2025.

The Group's continuous de-stocking effort has meant that the Group's inventory level successfully maintained a similar stock level as at 31 December 2024. This policy reflects the Group's rationale to minimize the overall potential inventory risk exposure, including:

(i) Improving the Group's cashflow position through the reduction of capital committed to inventory;

(ii) Increasing the Group's operational agility and response to changes in customer demand or market conditions; and

(iii) Improving efficiency in forecasting, procurement and production planning.

As a result of all the above, the Group's loss attributable to owners of the Company narrowed significantly from approximately US$14.4 million in 1H2024 to approximately US$9.7 million in 1H2025.

The positive impact was partially offset by an unrealized exchange loss of approximately US$4.7 million, stemming from the depreciation of United States dollars against Euros − an external factor beyond the management's control. Under non-HKFRS financial measures, excluding the non-cash unrealized exchange loss of US$4.7 million in 1H2025, the Group's adjusted net loss was reduced to approximately US$4.9 million in 1H2025 from approximately US$15.0 million in 1H2024.

Notably, adjusted EBITDA reversed from a loss of US$13.0 million in 1H2024 to a modest profit of US$92,000 in 1H2025. The management believes the Group has made an outstanding achievement in 1H2025, highlighting the Group's resilience and positive cash flow generation capability in the midst of market challenges and trade-related uncertainties.

The Group continues to demonstrate resilience and adaptability which will help the Group weather the industry conditions and position itself for a stronger recovery as and when the market environment improves.

FUTURE PROSPECT

The Group believes the current demand for downstream steelmaking, global geographical tensions and ongoing trade-related uncertainties will continue to prevail in the second half of 2025. In particular, the global implications of U.S. tariffs remain difficult to predict and quantify with precision.

Tariffs have exerted pressure on global steel demand. However, the tariff impact on the Group's operations – specifically on cost of sales – was only approximately 1.0% during the first half of 2025 due to the aforementioned rationalisation and fiscal prudence measures implemented by the senior management. Leveraging the Group's unique position with two international production plants in Italy and the PRC, the Group is well-positioned to strategically optimize sales to selective geographical regions to mitigate the impact of U.S. tariffs being imposed. In light of the operational and financial performance in 1H2025, the Group will continue this strategy for the second half of 2025.

There are tentative indications that market adjustments may be underway. During 1H2025, a number of production facilities were either shut down or divested. This contraction might reflect early signs of capacity rationalization. As competitors potentially exit or consolidate, it is likely that pricing dynamics will improve for remaining producers, with consumer sentiment and margin stabilization in the medium to long term.

The Group is optimistic about future business and continues to pursue its business plan with a view to future opportunities once the industry picks up momentum. The global context of carbon neutrality continues to be the Group's growth driver in the mid-to-long term. Notably, the Organisation for Economic Cooperation and Development ("**OECD**") indicates world demand is expected to grow by 0.7% per year through 2030 and the demand in the OECD area will remain roughly constant. The Group will therefore continue to pursue its geographic optimization strategy, focusing on higher-priced markets, while maintaining rigorous cost control measures, including sourcing graphite electrodes from more cost-efficient origins to navigate the prevailing challenges in the commercial landscape. These efforts aim to safeguard the Shareholders' interest and reinforce the Group's commitment to deliver sustainable and long-term growth.

FINANCIAL REVIEW

Revenue

During 1H2025, the Group proactively implemented a geographic optimization strategy by redirecting sales efforts toward higher-priced regions such as North America and markets with stronger pricing potential, while avoiding loss-making orders. Although total sales volume declined from 9,682 MT in 1H2024 to 8,062 MT in 1H2025, the Group successfully increased the proportion of sales volume to the Americas (from approximately 19.7% in 1H2024 to approximately 26.7% in 1H2025) and to the PRC (from approximately 29.3% in 1H2024 to approximately 43.5% in 1H2025).

As a result of this strategic reallocation – primarily shifting product distribution away from the Europe, Middle East and Africa ("**EMEA**") market – sales to the PRC and the Americas grew by approximately 28.5% and 4.0%, respectively. Accordingly, overall revenue decreased from approximately US$32.1 million in 1H2024 to approximately US$23.8 million in 1H2025, while the average selling price fell from approximately US$3,316/MT to approximately US$2,949/MT over the same period. The Group remains focused on optimizing its product-market fit and enhancing profitability through disciplined market selection.

Cost of Sales

The cost of sales decreased from approximately US$40.2 million in 1H2024 to approximately US$21.3 million in 1H2025 mainly due to (i) the decrease in average cost of sales from approximately US$4,154/MT in 1H2024 to approximately US$2,641/MT in 1H2025 driven by the strategic shift of focus from sale of less cost-competitive graphite electrodes produced at our Italy factory to sale of more cost-competitive graphite electrodes sourced in the PRC; (ii) the optimized cost structure; and (iii) the inventory provision of approximately US$0.2 million being recognised (1H2024: inventory provision of US$4.6 million).

Gross Profit/(Loss) and Gross Profit/(Loss) Margin

The Group reversed its performance from a gross loss of approximately US$8.1 million in 1H2024 to a gross profit of approximately US$2.5 million in 1H2025. Correspondingly, the gross margin improved from a negative 25.3% to a positive 10.4%, reflecting the effectiveness of the Group's strategic initiatives in sales activities and cost optimization.

Administrative Expenses

The total administrative expenses of the Group were approximately US$3.6 million in 1H2025, representing a significant decrease of approximately 37.4% as compared to approximately US$5.8 million in 1H2024. Such significant decrease was mainly due to reduced staff cost and legal and professional fees as a result of the Group's cost optimization measures.

Finance Costs

The total finance costs of the Group were approximately US$1.3 million in 1H2025, representing a decrease of approximately US$0.4 million as compared to approximately US$1.7 million in 1H2024. The main reason for such decrease was the repayment of certain bank and other borrowings.

Loss for the Reporting Period

Overall, the loss attributable to owners of the Company decreased from approximately US$14.4 million in 1H2024 to approximately US$9.7 million in 1H2025, mainly driven by (i) the gross profit due to the foregoing reasons, and (ii) a significant decrease in administrative expenses due to reduced staff cost and legal and professional fees as a result of the Group's cost optimization measures.

Non-HKFRS Financial Measures

The Board wishes to highlight that Adjusted EBITDA and Adjusted Net Loss are not defined under HKFRS Accounting Standards. Adjusted EBITDA refers to earnings before interest, taxes, depreciation and amortization, excluding non-cash unrealized foreign exchange differences. Adjusted Net Loss represents the loss attributable to owners of the Company for the period, also excluding non-cash unrealized foreign exchange differences. The Board believes that the presentation of such non-HKFRS financial measure when shown in conjunction with the corresponding HKFRS Accounting Standards measures provides useful information to the shareholders of the Company ("**Shareholders**") and potential investors in illustrating a comparison of the Group's operating performance from period to period. Such non-HKFRS financial measures provide an additional metric to allow investors to evaluate the Group's operating results. The use of the non-HKFRS financial measures has limitations as analytical tools and such non-HKFRS financial measures may differ from the non-HKFRS financial measures used by other companies, and therefore the comparability of such information may be limited. Shareholders and potential investors should not consider such non-HKFRS financial measures in an isolated form, or as a substitute for the financial information prepared and presented in accordance with HKFRS Accounting Standards.

	Six months ended 30 June	
	2025	2024
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Adjusted EBITDA		
Loss before tax	**(8,399)**	(16,639)
Add:		
Depreciation and amortisation	**2,443**	2,452
Finance costs	**1,322**	1,733
EBITDA	**(4,634)**	(12,454)
Add:		
Non-cash unrealized foreign exchange differences	**4,726**	(588)
Adjusted EBITDA	**92** *Profit*	(13,042) *(Loss)*
Adjusted Net Loss		
Loss attributable to owners of the Company for the period	**(9,664)**	(14,368)
Add:		
Non-cash unrealized foreign exchange differences	**4,726**	(588)
Adjusted Net Loss	**(4,938)**	(14,956)

Cash Flows, Liquidity, Capital Resources and Capital Structure

During 1H2025, the Group satisfied its capital requirements principally with (i) the cash generated from operations; (ii) proceeds from bank and other borrowings; and (iii) proceeds from the listing of shares of the Company on the Stock Exchange on 17 January 2023.

The net cash from operating activities, the net cash used in investing activities and the net cash used in financing activities in 1H2025 amounted to approximately US$4.5 million (1H2024: net cash from operating activities: US$5.4 million), approximately US$1.3 million (1H2024: net cash used in investing activities: US$1.8 million) and approximately US$4.9 million (1H2024: net cash used in financing activities: US$10.9 million), respectively.

The Group has adopted a prudent financial management approach towards its treasury policy. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

As at 30 June 2025, the Group's cash and cash equivalents were approximately US$8.5 million (31 December 2024: US$9.9 million) and mainly denominated in US$, EUR, RMB and HK$.

The Group's total interest-bearing bank and other borrowings as at 30 June 2025 amounted to approximately US$27.7 million (31 December 2024: US$29.7 million), which were mainly denominated in US$, RMB, EUR and HK$. The interest-bearing bank and other borrowings were mainly used for working capital and capital expenditure and all of which were at commercial lending interest rates. Approximately US$1.7 million of the total interest-bearing bank and other borrowings as at 30 June 2025 were fixed-rate borrowings.

The Group manages its capital structure by maintaining a balance between equity and debts. As at 30 June 2025, the Group's total equity and liabilities amounted to approximately US$104.4 million and US$72.5 million, respectively (31 December 2024: US$105.8 million and US$68.2 million, respectively).

Gearing Ratio

The Group's gearing ratio, as calculated based on total debts divided by total equity, decreased from 28.1% as at 31 December 2024 to approximately 26.5% as at 30 June 2025 due to the repayment of certain bank and other borrowings.

Foreign Exchange Exposure

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. During 1H2025, the Group did not enter into any forward foreign exchange contract and the Group does not intend to seek to hedge its exposure to foreign exchange fluctuations. However, the Group's management constantly monitors the economic situation and the Group's foreign exchange risk profile and will consider appropriate hedging measures in the future where appropriate.

Capital Expenditures

The Group's capital expenditures principally consisted of expenditures on additions to property, plant and equipment for the expansion of its operations. For 1H2025, the Group incurred capital expenditures of approximately US$2.3 million.

Contingent Liabilities

As at 30 June 2025, the Group did not have any material contingent liabilities.

Pledge of Assets

As at 30 June 2025, certain property, plant and equipment, trade receivables and industrial leasehold land and pledged bank deposits with carrying amounts of approximately US$20.7 million, US$0.7 million, US$3.6 million and US$5.3 million, respectively (31 December 2024: US$21.0 million, US$3.7 million, US$3.6 million and US$6.4 million, respectively) were pledged to independent third parties.

Material Acquisitions or Disposals of Subsidiaries, Associates and Joint Venture

Acquisition of Taigu Assets

On 6 July 2023, Shengrui (Shanxi) New Materials Technology Co. Limited* (昇瑞(山西)新材料科技有限公司) (the "**Purchaser**"), an indirect wholly-owned subsidiary of the Company, entered into an agreement (the "**Asset Purchase Agreement**") with Shanxi Taigu Mingxing Carbon Steel Company Limited* (山西太谷明興碳素瑪鋼有限公司) (the "**Vendor**") to acquire relevant buildings, production facilities and intangible assets pertaining to graphite electrode products, etc (the "**Taigu Assets**") for a consideration of approximately RMB80.5 million, of which RMB40 million had been paid in accordance with the payment schedule. Completion of the acquisition of the Taigu Assets had taken place in August 2023 and all of the Taigu Assets had been transferred to the Group in accordance with the terms of the Asset Purchase Agreement. Thereafter, the Vendor took the position to seek rescission of the Asset Purchase Agreement on the basis of force majeure and began to illegally occupy the Taigu Assets in around March 2024. As advised by the PRC legal advisers of the Company, the basis of force majeure proposed by the Vendor is groundless given that the completion of the acquisition of the Taigu Assets had taken place in August 2023. During this period and prior to the arbitration application in December 2024, the Company had made significant efforts to negotiate with the Vendor in an effort to regain access to the Taigu Assets. As advised by the PRC legal advisers, the Vendor's occupation of the Taigu Assets is a breach of the Asset Purchase Agreement and PRC law. In December 2024, the Company filed an arbitration application to the Shanghai International Arbitration Center against the Vendor to seek immediate return of the Taigu Assets and compensation for losses suffered since the Vendor illegally occupied the Taigu Assets. As at the date of this announcement, the first pre-arbitration mediation session has been held in the first quarter of 2025 and the arbitration hearing is expected to be held within 2025. The Company will update the Shareholders and potential investors on the latest developments as and when appropriate.

Save as disclosed above or otherwise in this announcement, the Group did not have any other material acquisitions nor disposals of subsidiaries, associates and joint ventures during the Reporting Period.

Significant Investments

The Group did not have any significant investments which accounted for more than 5% of the Group's total assets as at 30 June 2025.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2025

		Six months ended 30 June	
		2025	2024
	NOTES	***US$'000***	*US$'000*
		(unaudited)	(unaudited)
Revenue	*4*	**23,776**	32,101
Cost of sales		**(21,293)**	(40,215)
Gross profit (loss)		**2,483**	(8,114)
Other income	*4*	**333**	303
Other gains and losses	*5*	**(4,979)**	721
Impairment losses under expected credit loss model, net of reversal		**–**	(61)
Selling expenses		**(1,137)**	(1,635)
Administrative expenses		**(3,643)**	(5,818)
Other expenses		**(4)**	(110)
Share of results of an associate		**(130)**	(192)
Finance costs		**(1,322)**	(1,733)
Loss before tax	*6*	**(8,399)**	(16,639)
Income tax (expense) credit	*7*	**(1,265)**	2,271
Loss for the period attributable to owners of the Company		**(9,664)**	(14,368)

		Six months ended 30 June	
		2025	2024
	NOTES	***US$'000***	*US$'000*
		(unaudited)	(unaudited)
Other comprehensive income (expense)			
Other comprehensive income (expense) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**8,322**	(2,595)
Other comprehensive income (expense) for the period, net of tax		**8,322**	(2,595)
Total comprehensive expense for the period attributable to owners of the Company		**(1,342)**	(16,963)
Loss per share for profit attributable to the owners of the Company			(Restated)
– Basic	*9*	**US$(0.7) cents**	US$(1.3) cents
– Diluted	*9*	**US$(0.7) cents**	US$(1.3) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2025

	NOTES	**At 30 June 2025** **US$'000** **(unaudited)**	At 31 December 2024 *US$'000* (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**94,688**	88,567
Right-of-use assets		**7,021**	7,264
Intangible assets		**488**	576
Prepayments and deposits		**556**	496
Interest in an associate		**5,836**	5,997
Deferred tax assets		**3,020**	4,566
		111,609	107,466
CURRENT ASSETS			
Inventories		**35,109**	33,138
Trade receivables	*10*	**9,330**	10,227
Prepayments, deposits and other receivables		**7,064**	6,783
Financial asset at fair value through profit or loss		**–**	–
Pledged bank deposits		**5,307**	6,418
Cash and cash equivalents		**8,498**	9,937
		65,308	66,503
CURRENT LIABILITIES			
Trade and notes payables	*11*	**12,007**	7,609
Other payables and accruals		**18,623**	17,190
Lease liabilities		**506**	523
Interest-bearing bank and other borrowings		**24,533**	25,556
Income tax payable		**4,267**	4,706
		59,936	55,584
NET CURRENT ASSETS		**5,372**	10,919
TOTAL ASSETS LESS CURRENT LIABILITIES		**116,981**	118,385

	NOTES	At 30 June 2025 US$'000 (unaudited)	At 31 December 2024 US$'000 (audited)
NON-CURRENT LIABILITIES			
Other payables and accruals		**1,243**	1,118
Lease liabilities		**936**	1,084
Interest-bearing bank and other borrowings		**3,124**	4,118
Deferred tax liabilities		**7,269**	6,314
		12,572	12,634
NET ASSETS		**104,409**	105,751
CAPITAL AND RESERVES			
Equity attributable to owners of the Company			
Share capital	*12*	**11,400**	11,400
Reserves		**93,009**	94,351
TOTAL EQUITY		**104,409**	105,751

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025

1. GENERAL AND BASIS OF PREPARATION

Sanergy Group Limited (the "**Company**") is a limited liability company incorporated in the Cayman Islands. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at Room 2602, 26/F, China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 17 January 2023.

The condensed consolidated financial statements are presented in United States dollars ("**US$**"), which is also the functional currency of the Company.

The principal activity of the Company is investment holding. The Company and its subsidiaries (collectively referred to as the "**Group**") are principally engaged in the manufacturing and sale of graphite electrodes. There has been no significant change in the Group's principal activities during the six months ended 30 June 2025.

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("**HKAS 34**") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The Group reported a loss of US$9,664,000 during the period ended 30 June 2025 and as of that date, the Group's interest-bearing bank and other borrowings amounted to US$27,657,000, of which balances of US$4,848,000 is in ongoing restructuring process with the relevant bank. The Group held cash and cash equivalents amounting to US$8,498,000 as of 30 June 2025.

In preparing the condensed consolidated financial statements of the Group, the directors of the Company have given careful consideration to the future liquidity with reference to its working capital, the financial performance, the financial position and the available sources of financing of the Group in assessing the Group's ability to continue as a going concern. The directors of the Company therefore are satisfied that the Group will have sufficient internal generated financial resources and available credit facilities to meet in full its financial obligations as and when they fall due for the foreseeable future. Accordingly, the directors of the Company have, at the time of approving the condensed consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors of the Company continue to adopt the going concern basis of accounting in preparing the condensed consolidated financial statements.

2. MATERIAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values, as appropriate. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those presented in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024.

Application of amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2025 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability

The application of the amendments to a HKFRS Accounting Standard in the current interim period has had no impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the manufacturing and sale of graphite electrodes. The executive directors of the Company have been identified as the chief operating decision maker. Information reported to the executive directors for the purpose of resource allocation and performance assessment focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

Geographical information

(a) Revenue from external customers

	Six months ended 30 June	
	2025	2024
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Americas	**8,820**	8,479
Europe, Middle East and Africa ("**EMEA**")	**8,035**	18,162
People's Republic of China (the "**PRC**")	**6,921**	5,385
Asia Pacific excluding the PRC	**–**	75
	23,776	32,101

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	At 30 June 2025 US$'000 (unaudited)	At 31 December 2024 US$'000 (audited)
Americas	**108**	165
EMEA	**51,027**	44,596
PRC	**56,753**	57,329
Asia Pacific excluding the PRC	**522**	633
	108,410	102,723

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

4. REVENUE AND OTHER INCOME

An analysis of revenue is as follows:

	Six months ended 30 June 2025 US$'000 (unaudited)	2024 US$'000 (unaudited)
Revenue from contracts with customers		
Sale of graphite electrodes	**23,776**	32,101

(a) Disaggregated revenue information for revenue from contracts with customers

	Six months ended 30 June 2025 US$'000 (unaudited)	2024 US$'000 (unaudited)
Type of goods or service		
Sale of graphite electrodes	**23,776**	32,101
Timing of revenue recognition		
Goods transferred at a point in time	**23,776**	32,101

Details of the disaggregated revenue based on geographical locations are disclosed in note 3(a).

For the six months ended 30 June 2025 and 2024, revenue of US$60,000 and US$66,000, respectively, was recognised that was included in the contract liabilities at the beginning of the relevant period.

(b) Performance obligation for contracts with customers and revenue recognition policies

Revenue from the sale of graphite electrodes is recognised at the point in time when control of the asset is transferred to the customers, generally on delivery of the goods. There are no other promises in the contracts that are separate performance obligations that require allocation of revenue.

The performance obligation of the sale of graphite electrodes is satisfied upon delivery of the products and payment is generally due within 30 to 60 days from delivery, except for new customers, where payment in advance is normally required.

An analysis of other income is as follows:

	Six months ended 30 June	
	2025	2024
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Bank interest income	**120**	134
Government subsidies*	**39**	121
Others	**174**	48
	333	303

* The subsidies for the six months ended 30 June 2025 and 2024 represented business, export and environmental subsidies received from the PRC government. There were no unfulfilled conditions or contingencies relating to these subsidies.

5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2025	2024
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Loss on disposal of property, plant and equipment	**–**	(6)
Net (loss) gain from sale of other carbon products	**(1,343)**	550
Reversal of provision for legal costs	**1,149**	–
Foreign exchange differences, net	**(4,785)**	177
	(4,979)	721

6. LOSS BEFORE TAX

	Six months ended 30 June	
	2025	2024
	US$'000	*US$'000*
	(unaudited)	(unaudited)
The Group's loss before tax is arrived at after charging (crediting):		
Cost of inventories sold*	**21,125**	35,660
Write-down of inventories*	**168**	4,555
Depreciation of property, plant and equipment**	**1,903**	2,023
Depreciation of right-of-use assets**	**390**	286
Amortisation of intangible assets^	**150**	143
Lease payments not included in the measurement of lease liabilities	**5**	50
Directors' remuneration	**569**	711
Other employee benefit expenses:		
− Wages and salaries and pension scheme contributions	**2,692**	4,363
− Less: Amount capitalised	**(1,098)**	(1,995)
Total employee benefit expenses	**2,163**	3,079

* Included in cost of sales on the condensed consolidated statement of profit or loss and other comprehensive income.

** Certain depreciation charge for property, plant and equipment and right-of-use assets of US$1,639,000 and US$1,825,000 for the six months ended 30 June 2025 and 2024, respectively, are included in cost of sales on the condensed consolidated statement of profit or loss and other comprehensive income.

^ Included in administrative expenses on the condensed consolidated statements of profit or loss and other comprehensive income.

7. INCOME TAX (EXPENSE) CREDIT

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "**BVI**"), the Group is not subject to any income tax in the Cayman Islands and the BVI.

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong for both periods, except for one subsidiary of the Company which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 of assessable profits of this subsidiary for both periods are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Pursuant to the relevant tax laws of the United States of America (the "**US**"), federal corporation income tax was levied at the rate of up to 21% for both periods on the taxable income arising in the US during the period.

Pursuant to the Enterprise Income Tax Law of the PRC and the respective regulations, the subsidiaries which operate in Mainland China are subject to enterprise income tax at a rate of 25% on the taxable income for both periods, except for one subsidiary of the Company which enjoys preferential enterprise income tax at a rate of 15%, on the taxable income generated during both periods.

Pursuant to the Italian tax laws and the respective regulations, the subsidiary which operates in Italy is subject to corporate income tax and regional tax on productive activities at a rate of 24% and 3.9%, respectively, on the taxable income for both periods.

	Six months ended 30 June	
	2025	2024
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Current – Hong Kong		
Charge for the period	**10**	8
Current – elsewhere		
Charge for the period	**422**	121
	432	129
Overprovision in prior years	**(866)**	–
Deferred tax charge (credit)	**1,699**	(2,400)
Income tax expense (credit) for the period	**1,265**	(2,271)

8. DIVIDENDS

No dividend was declared by the Company to its shareholders during the six months ended 30 June 2025 and 2024.

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic and diluted loss per share is based on:

	Six months ended 30 June	
	2025	2024
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Loss:		
Loss for the period attributable to owners of the Company for the purpose of calculating basic and diluted loss per share	**(9,664)**	(14,368)

	Six months ended 30 June	
	2025	2024
		(Restated)
	(unaudited)	(unaudited)
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	**1,298,508,772**	1,149,122,807

The weighted average number of ordinary shares used to calculate the basic loss per share for both periods have been adjusted to reflect the rights issue as defined in the announcements of the Company dated 7 July 2025, 14 July 2025, 12 August 2025 and 25 August 2025, and the prospectus of the Company dated 25 July 2025. Accordingly, the basic loss per share for the six months ended 30 June 2024 is restated.

The calculation of the basic and diluted loss per share is based on the loss for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue during the period.

The computation of basic loss per share for the six months ended 30 June 2025 and 2024 does not include the issuance of 10,000,000 shares as a consideration for acquisition of a land in Italy as the shares are subject to return.

The computation of diluted loss per share for the six months ended 30 June 2025 and 2024 does not assume the issuance of 10,000,000 shares since their assumed exercise would result in a decrease in loss per share.

The Group had no potentially diluted ordinary shares in issue during the six months ended 30 June 2025 and 2024.

10. TRADE RECEIVABLES

	At 30 June 2025	At 31 December 2024
	US$'000	*US$'000*
	(unaudited)	(audited)
Trade receivables measured at amortised cost	**9,528**	10,617
Impairment losses	**(198)**	(390)
	9,330	10,227

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally within 30 to 60 days from delivery. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

At 30 June 2025, certain trade receivables of approximately of US$653,000 (31 December 2024: US$3,726,000), were pledged to third parties.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the past due date and net of loss allowance, is as follows:

	At 30 June 2025	At 31 December 2024
	US$'000	*US$'000*
	(unaudited)	(audited)
Not past due	**8,426**	7,608
Within 1 month	**655**	993
1 to 3 months	**240**	982
Over 3 months	**9**	644
	9,330	10,227

11. TRADE AND NOTES PAYABLES

	At 30 June 2025 *US$'000* **(unaudited)**	At 31 December 2024 *US$'000* (audited)
Trade payables	**7,701**	6,391
Notes payable *(Note)*	**4,306**	1,218
	12,007	7,609

Note: These relate to trade payables in which the Group has issued bills to the relevant suppliers for settlement of trade payables. The suppliers can obtain the invoice amounts from the bank on the maturity date of the bills. The Group continues to recognise these trade payables as the Group is obliged to make payments to the relevant banks on due dates of the bills, under the same conditions as agreed with the suppliers without further extension. In the condensed consolidated statement of cash flows, settlements of these bills by the Group are included within operating cash flows based on the nature of the arrangements.

The notes payables are secured by pledged bank deposits. An ageing analysis of the trade and notes payables, based on the past due date as at the end of each of the period, is as follows:

	At 30 June 2025 *US$'000* **(unaudited)**	At 31 December 2024 *US$'000* (audited)
Not past due	**7,775**	5,363
Within 1 month	**927**	494
1 to 3 months	**1,046**	1,048
Over 3 months	**2,259**	704
	12,007	7,609

The trade and notes payables are non-interest-bearing and are normally settled on terms ranging from 28 to 120 days.

12. SHARE CAPITAL

Authorised:

	Number of shares	Share capital
		US$'000
At 1 January 2024 (audited), 31 December 2024 (audited) and 30 June 2025 (unaudited)		
− Ordinary shares of US$0.01 each	5,000,000,000	50,000

Issued and fully paid:

	Number of shares in issue	Share capital
		US$'000
At 1 January 2024 (audited)	1,010,000,000	10,100
Placing of 50,000,000 ordinary shares	50,000,000	500
Placing of 80,000,000 ordinary shares	80,000,000	800
At 31 December 2024 (audited) and 30 June 2025 (unaudited)	1,140,000,000	11,400

On 20 September 2024, the Company, the vendor, which was a substantial shareholder of the Company (the "**Vendor**"), and the placing agent, entered into a placing and subscription agreement, pursuant to which the Vendor agreed to sell 50,000,000 shares at HK$0.325 per share to not less than six placees, and to subscribe 50,000,000 new shares at subscription price of HK$0.325 per shares. The placing of existing shares and subscription of new shares was completed on 27 September 2024, resulting in an increase in share capital and share premium of US$500,000 and US$1,584,000, respectively. Net proceeds from the placing after deduction of transaction cost is approximately US$2,044,000. Transaction costs attributable to issue of shares amount to approximately US$40,000 which is debited into share premium during the year ended 31 December 2024.

On 30 September 2024, the Company, the Vendor and the placing agent, entered into a placing and subscription agreement, pursuant to which the Vendor agreed to sell 80,000,000 shares at HK$0.39 per share to not less than six placees, and to subscribe 80,000,000 new shares at HK$0.39 per shares. The placing of existing shares and subscription of new shares was completed on 8 October 2024, resulting in an increase in share capital and share premium of US$800,000 and US$3,211,000, respectively. Net proceeds from the placing after deduction of transaction cost is approximately US$3,941,000. Transaction costs attributable to issue of shares amount to approximately US$70,000 which is debited into share premium during the year ended 31 December 2024.

EVENTS AFTER THE REPORTING PERIOD

On 7 July 2025, the Company announced that it proposed to raise gross proceeds of up to approximately US$5,809,000 (equivalent to HK$45,600,000) by way of the issue of up to 570,000,000 rights shares (the "**Rights Share(s)**"), at the subscription price of HK$0.08 per Rights Share on the basis of one Rights Share for every two then existing Shares held (the "**Rights Issue**") on the record date. On 7 July 2025, the Company and uSMART Securities Limited and Sinomax Securities Limited (the "**Placing Agents**") entered into the placing agreement (the "**Placing Agreement**"), pursuant to which the Placing Agents have agreed to, on a best effort basis, procure placee(s) to subscribe for the unsubscribed Rights Shares.

As disclosed in the Company's announcement dated 25 August 2025, based on the acceptance results of the Rights Issue and the placing results of the compensatory arrangements pursuant to the Placing Agreement, the Rights Shares to be allotted and issued amounted to 570,000,000 Rights Shares, representing 100% of the total number of Rights Shares offered for subscription under the Rights Issue. The net proceeds raised from the Rights Issue after deducting the expenses were approximately HK$43,900,000.

In addition, the board lot size for trading on the Stock Exchange has been changed from 2,000 Shares to 20,000 Shares with effect from 9:00 a.m. on Tuesday, 29 July 2025 (the "**Change in Board Lot Size**").

Further details in relation to, among others, the Rights Issue, the Placing Agreement and the Change in Board Lot Size are set out in the announcements of the Company dated 7 July 2025, 14 July 2025, 12 August 2025 and 25 August 2025, and the prospectus of the Company dated 25 July 2025.

Save as disclosed above, there are no significant events materially affecting the Group after the Reporting Period and up to the date of this announcement.

USE OF PROCEEDS FROM THE LISTING

The Company's shares have been listed on the Main Board of the Stock Exchange since 17 January 2023 (the "**Listing Date**"). The net proceeds from the global offering after deducting the underwriting fees and commissions and related expenses (the "**Net Proceeds**") were approximately HK$186.7 million. The Group has utilized and will continue to utilize the net proceeds from the global offering according to the purposes set out in the section headed "Future Plans and Use of Proceeds" in the prospectus issued by the Company on 30 December 2022 (the "**Prospectus**") and the change in use of proceeds as set out in the interim report for the six months ended 30 June 2024 (the "**Change in Use of Proceeds**"). The intended application of the net proceeds and the actual utilization of the net proceeds from the global offering as at 30 June 2025 are as follows:

	Purpose	Net proceeds as disclosed in the Prospectus	Revised net proceeds after the Change in Use of Proceeds	Utilized amount as at 1 January 2025	Unutilized amount as at 1 January 2025	Amount utilized during 1H2025	Unutilized amount as at 30 June 2025	Expected timeline of full utilization of the balance as at 30 June 2025
		HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*	
1	Pay for the purchase price of the Taigu Assets (as defined in the Prospectus)	65.0	44.2	(44.2)	–	–	–	–
2	Upgrade of the Group's production systems on the Italian Factory, the PRC Factory and the Sanli Assets (as defined in the Prospectus)	103.0	83.0	(38.3)	44.7	(2.5)	42.2	second half of 2026
3	Develop and expand graphite anode materials business	–	15.0	(4.5)	10.5	(7.2)	3.3	first half of 2026
4	Working capital and general corporate purposes	18.7	18.7	(18.7)	–	–	–	–
5	Pay for operational costs of our graphite electrode business	–	25.8	(25.8)	–	–	–	–
	Total	186.7	186.7	(131.5)	55.2	(9.7)	45.5	–

HUMAN RESOURCES AND REMUNERATION POLICIES

As at 30 June 2025, the Group employed 154 (as at 30 June 2024: 207) staff. The staff costs (including directors' remuneration) for the Reporting Period amounted to approximately US$3.3 million (1H2024: US$5.1 million). The remuneration policies of the Group are determined based on market trends, future plans, and the performance of individuals. In addition, the Group also provides other staff benefits such as mandatory provident fund, state-managed social welfare scheme and share option scheme.

INTERIM DIVIDEND

The Board did not declare any interim dividend for 1H2025 and 1H2024.

CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). Throughout the Reporting Period, the Company has complied with the code provisions as set out in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix C3 to the Listing Rules as its code of conduct regarding Directors' securities transactions. After making specific enquiries to all the Directors, each of them has confirmed that he or she has complied with the Model Code throughout the Reporting Period.

AUDIT COMMITTEE

The Company has established the Audit Committee in compliance with Rule 3.21 of the Listing Rules, and currently comprises three independent non-executive Directors, namely Mr. Cheng Tai Kwan Sunny (Chairman), Ms. Chan Chore Man Germaine and Mr. Ngai Ming Tak Michael.

The Audit Committee has discussed with the management and the external auditors and reviewed this interim results announcement and the unaudited condensed consolidated interim financial statements of the Group for 1H2025.

REVIEW OF UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The unaudited condensed consolidated interim financial information for 1H2025 has been reviewed and agreed by the Company's auditors, Deloitte Touche Tohmatsu, in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". The review report of the auditors will be included in the interim report of the Company for the Reporting Period to be dispatched to the Shareholders.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sanergygroup.com). The interim report for the Reporting Period containing all the information required by Appendix D2 to the Listing Rules will be dispatched to the Shareholders and available on the same websites in due course.

By Order of the Board
SANERGY GROUP LIMITED
Peter Brendon Wyllie
Chairman of the Board and Executive Director

Hong Kong, 29 August 2025

As at the date of this announcement, the Board comprises (i) Mr. Peter Brendon Wyllie (chairman of the Board), Mr. Adriaan Johannes Basson and Mr. Hou Haolong as executive Directors; (ii) Mr. Wang Ping as non-executive Director; and (iii) Mr. Cheng Tai Kwan Sunny, Mr. Ngai Ming Tak Michael and Ms. Chan Chore Man Germaine as independent non-executive Directors.