SANERGY

SANERGY GROUP LIMITED

昇能集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2459)

(1) ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025 AND (2) CHANGE OF ADDRESS OF PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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 audited consolidated results of the Company and its subsidiaries for the year ended 31 December 2025 ("**FY2025**"), together with the comparative figures for the year ended 31 December 2024 ("**FY2024**").

FINANCIAL HIGHLIGHTS

	For the year ended 31 December	
	2025	2024
	US$'000	*US$'000*
Revenue	**51,875**	56,951
Gross profit/(loss)	**4,547**	(17,254)
Gross profit/(loss) margin %	**8.8%**	(30.3%)
Adjusted Net Loss *(Note)*	**(20,995)**	(42,523)
Adjusted EBITDA *(Note)*	**(13,021)**	(35,897)
Loss for the year attributable to owners of the Company	**(25,528)**	(40,984)

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 amortisation, excluding non-cash unrealised foreign exchange differences. Adjusted Net Loss represents the loss attributable to owners of the Company for the year/period, also excluding non-cash unrealised foreign exchange differences.

MANAGEMENT DISCUSSION AND ANALYSIS

PERFORMANCE INDICATOR

	For the year ended 31 December	
	2025	2024
Sales volume (metric ton ("**MT**"))	**17,607**	18,141
Adjusted EBITDA (US$'000)	**(13,021)**	(35,897)
Debtor days *(Note a)*	**78**	66
Creditor days *(Note b)*	**119**	37
Inventory days *(Note c)*	**284**	163
Work-related fatality (cases)	**0**	0

Notes:

(a) Debtor days are derived by dividing the closing balances of trade receivables for the relevant year/period by revenue for the relevant year/period and multiplying by 365 days.

(b) Creditor days are derived by dividing the closing balances of trade and notes payables for the relevant year/period by cost of sales for the relevant year/period and multiplying the resulting value by 365 days.

(c) Inventory days are derived by dividing the closing balances of inventories for the relevant year/period by cost of sales for the relevant year/period and multiplying by 365 days.

BUSINESS REVIEW

In 2025, the Group successfully reversed the gross loss trend of 2024 and recorded a gross profit by year-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 improvement in profitability was supported by the following key measures:

(a) a deliberate focus on leveraging the iconic "Double-Engine" strategy to optimise the production mix between the lower-cost factory in the People's Republic of China (the "**PRC**") and the higher-cost Italy facility;

(b) a strategic redirection of sales towards higher-priced regions, including North America and markets with stronger pricing potential; and

(c) the proactive avoidance of loss-making regions and orders.

Compared with the prior year, these measures contributed to a 34.3% reduction in average cost of sales per MT. Additional benefits included ongoing cost-saving initiatives and the reversal of inventory provisions. As a result, gross margin improved significantly, from a gross loss of US$17.3 million in 2024 to a gross profit of US$4.5 million in 2025.

The positive impact was partially offset by an unrealised exchange loss of approximately US$4.5 million arising from the depreciation of the United States dollar against the euro, an external factor which is outside the control of management. Excluding this non-cash unrealised exchange loss the Group's adjusted net loss under non-HKFRS measures narrowed to approximately US$21.0 million in 2025 from approximately US$42.5 million in 2024.

Despite these industry headwinds, the Group delivered a resilient financial and operational performance, underpinned by effective cost management and a strategic realignment of its operations.

STRATEGIES AND FUTURE PROSPECTS

Market Environment and Outlook

The Group anticipates that the current market conditions – characterised by subdued downstream demand in the steelmaking sector, ongoing global geopolitical tensions, and persistent trade-related uncertainties – will continue to prevail in 2026. In particular, the global implications of U.S. tariff measures remain difficult to predict and quantify with precision.

According to data from the World Steel Association, crude steel production among the 70 reporting countries declined by 2.0% in 2025 compared to 2024, reflecting an overall slowdown in global steel output. While North America recorded a modest increase of 0.7% (with the United States up by 4.0%), production in the European Union region decreased by 2.6%. This overall contraction in steel production has exerted downstream pressure on demand for graphite electrode products.

Strengths, Resources and Strategic Positioning

Notwithstanding these external pressures, the Group has demonstrated resilience through proactive management actions. During FY2025, while tariffs have exerted pressure on global steel demand, the impact of tariffs on the Group's cost of sales was contained to approximately 2.1%, attributable to the rationalisation and fiscal prudence measures implemented by senior management.

The Group's unique operational footprint – comprising two international production plants located in Italy and the PRC – provides a distinct competitive advantage. Our iconic "Double-Engine" strategy enables the Group to strategically optimise sales to selected geographical regions, thereby mitigating the adverse effects of U.S. tariffs. This approach underpins the Group's operational and financial performance in 2026, providing a solid foundation for resilience and growth.

Strategic Priorities and Implementation Roadmap

The Group's strategic priorities for 2026 are clear and centred on the following pillars:

- **Selective commercial growth:** Expand sales volumes while pursuing profitable orders and maintaining a disciplined approach in the face of market volatility. Where suitable sectors present opportunities to diversify and enhance revenue streams, the Group will not rule out such opportunities.

- **Operational discipline:** Sustain focus on operational efficiency and strengthen customer relationships as core elements of the Group's strategy.

- **Financial sustainability:** Achieve a gross profit level sufficient to cover operating and financing costs, progressing toward a sustainable profitability model.

Progress against the strategic priorities outlined above will be reviewed by the management from time to time and disclosed in subsequent annual reports or announcements for any adjustments to strategy as market conditions evolve.

Medium- to Long-Term Prospects

Over the medium to long term, the global transition toward electric arc furnace ("**EAF**") steelmaking – driven by carbon neutrality goals and decarbonisation efforts – continues to underpin structural demand for ultra-high power graphite electrodes. The Group is well-positioned to benefit from this secular trend, supported by its strengthened operational base, improved cost structure, and strategic geographic footprint. The Group remains confident in its ability to navigate near-term uncertainties while progressing toward sustainable profitability and long-term value creation for the shareholders of the Company (the "**Shareholders**").

FINANCIAL REVIEW

Revenue

Revenue decreased from approximately US$57.0 million in FY2024 to US$51.9 million in FY2025, mainly due to:

(i) the decrease in the average selling price of graphite electrodes of approximately US$3,139/MT in FY2024 to approximately US$2,946/MT in FY2025; and partially offset by

(ii) the decrease in sales quantities from approximately 18,141MT in FY2024 to approximately 17,607MT in FY2025.

Cost of Sales

Cost of sales decreased from approximately US$74.2 million in FY2024 to US$47.3 million in FY2025, mainly due to the combined effect of (i) this reduction was primarily driven by lower production costs; (ii) the decrease in the average unit cost of sales from approximately US$4,090/MT in FY2024 to approximately US$2,688/MT in FY2025; and (iii) the reversal of inventory provision of approximately US$0.3 million, reflecting improved cost management and inventory valuation. Cost of sales benefited from continued cost control measures, particularly in procurement and logistics.

Gross Profit and Gross Margin

The Group achieved a gross profit of approximately US$4.5 million in FY2025, compared to a gross loss of US$17.3 million in FY2024. Gross margin of sales improved to approximately 8.8%, up from negative 30.3% in FY2024. This improvement was driven by better product mix, improved operational efficiency, and effective procurement strategies. The Group's operations team played a pivotal role in securing sufficient orders and optimizing material sourcing.

Administrative Expenses

The total administrative expenses decreased from approximately US$14.8 million in FY2024 to US$13.2 million in FY2025, representing a reduction of 10.8%. The decrease was mainly due to tighter control over personnel costs and professional fees.

Finance Costs

Finance costs decreased from approximately US$2.9 million in FY2024 to US$2.8 million in FY2025, reflecting ongoing debt management efforts and a more favourable interest rate environment.

Loss for the Year

The Company recorded a loss attributable to its owners of approximately US$25.5 million in FY2025, a significant improvement from the loss of US$41.0 million in FY2024. The reduction in loss was primarily driven by the turnaround in gross profit and lower administrative expenses.

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 amortisation, and excluding non-cash unrealised foreign exchange differences. Adjusted Net Loss represents the loss attributable to owners of the Company for the period, also excluding non-cash unrealised foreign exchange differences. The Board believes that the presentation of such non-HKFRS financial measures when shown in conjunction with the corresponding HKFRS Accounting Standards measures provides useful information to the 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.

	For the year ended 31 December	
	2025	2024
	US$'000	*US$'000*
	(audited)	*(audited)*
Adjusted EBITDA		
Loss before tax	**(25,399)**	(42,737)
Add:		
Depreciation and amortisation	**5,006**	5,459
Finance costs	**2,839**	2,920
EBITDA	**(17,554)**	34,358
Add:		
Non-cash unrealised foreign exchange differences	**4,533**	(1,539)
Adjusted EBITDA	**(13,021)**	(35,897)
Adjusted Net Loss		
Loss attributable to owners of the Company for the year	**(25,528)**	(40,984)
Add:		
Non-cash unrealised foreign exchange differences	**4,533**	(1,539)
Adjusted Net Loss	**(20,995)**	(42,523)

Debtor Days

Debtor days increased from 66 in 2024 to 78 in 2025, which remains broadly consistent with our expected payment terms and collection timelines. The Group does not consider this trend to indicate rising credit risk, and accordingly, no specific provision was made during FY2025.

Creditor Days

Creditor days rose significantly from 37 in 2024 to 119 in 2025, reflecting the Group's successful efforts to extend settlement periods as part of its cash flow preservation strategy.

Inventory Days

Inventory days increased from 163 in 2024 to 284 in 2025. Despite ongoing challenging market conditions, sales were redirected toward higher-priced regions such as North America and other markets with stronger pricing potential, while loss-making regions and orders were deliberately avoided. This approach is in line with our strategic fiscal prudence policy and the measures implemented.

Liquidity, Capital Resources and Capital Structure

During FY2025, the Group met its capital requirements principally with the following:

(i) cash generated from operations;

(ii) proceeds from bank and other borrowings; and

(iii) proceeds from the initial public offering and rights issue of shares of the Company.

Variation of Bank Loan Terms

During FY2025, the Group was in negotiation with a bank to vary the terms of a bank loan with a carrying amount of US$4,859,000 as at 31 December 2025. The bank had agreed to initiate the loan restructuring process prior to the original repayment date and the process is underway as at the date of this announcement. The management are confident that the process with the bank will ultimately reach a conclusion.

Cash Flow

The net cash from operating activities, the net cash used in investing activities and the net cash used in financing activities in FY2025 amounted to US$1.4 million (2024: net cash used in operating activities: US$3.1 million), US$5.1 million (2024: net cash used in investing activities: US$11.1 million) and US$2.4 million (2024: net cash used in financing activities: US$3.9 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 31 December 2025, the Group's cash and cash equivalents and pledged bank deposits, were approximately US$11.0 million (31 December 2024: approximately US$16.4 million) and mainly denominated in US$, EUR, RMB and HK$.

The Group's total interest-bearing bank and other borrowings as at 31 December 2025 amounted to approximately US$26.4 million (31 December 2024: approximately US$29.7 million), which were mainly denominated in US$, RMB, EUR and HK$. The interest-bearing bank borrowings were mainly used for working capital purposes and all of which are at commercial lending interest rates.

The Group manages its capital structure by maintaining a balance between equity and debts. As at 31 December 2025, the Group's total equity and liabilities amounted to approximately US$91.1 million and approximately US$81.7 million, respectively (31 December 2024: approximately US$105.8 million and approximately US$68.2 million, respectively).

Looking ahead, the Group will continue to assess its capital structure and funding requirements from time to time. Depending on market conditions, the Group's operational needs and the execution of its strategic or potential merger and acquisition plans, the Group may consider various financing options to strengthen its financial position and support future development. No definitive decision has been made in this regard as at the date of this announcement.

Gearing Ratio

The Group's gearing ratio, calculated as total debt divided by total equity, remains stable at approximately 28.1% as at 31 December 2024 and approximately 29.0% as at 31 December 2025.

Principal Risks and Uncertainties

With reference to the crude steel production trend as stated in section headed "Market Environment and Outlook", the Group anticipates that the current market conditions – characterised by subdued downstream demand in the steelmaking sector, ongoing global geopolitical tensions, and persistent trade-related uncertainties. The global implications of U.S. tariff measures remain difficult to predict, and further escalations could potentially disrupt global steel demand and supply chains. During the year, the Group continues to leverage its "Double-Engine" strategy to optimise sales across selected geographical regions, thereby mitigating the effects of trade barriers and market volatility. The management will continue to monitor the market changes closely through rationalisation and fiscal prudence measures.

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. In FY2025, the Group recorded unrealised foreign exchange losses, which did not have any impact on cash flows of the Group. Management continues to monitor foreign exchange risk and will consider appropriate hedging measures in the future as necessary.

Capital Expenditures

The Group's capital expenditures principally consisted of expenditures on additions to property, plant and equipment mainly including purchase of plant and machinery and upgrades and maintenance of our production systems. For FY2025, the Group incurred capital expenditures of approximately US$4.5 million.

Contingent Liabilities

As at 31 December 2025, the Group had no material contingent liabilities.

Pledge of Assets

As at 31 December 2025, other than pledged bank deposits, certain of property, plant and equipment, trade receivables and industrial leasehold land with carrying amounts of approximately US$18.7 million, US$Nil and approximately US$3.6 million, respectively (as at 31 December 2024: approximately US$21 million, approximately US$3.7 million and approximately US$3.6 million, respectively) were pledged to third parties for interest-bearing bank and other borrowings.

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. The arbitration hearing was held in September 2025. As at the date of this announcement, an application for judicial appraisal has been submitted to the arbitration tribunal. The appraisal is expected to be completed within 2026. 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 FY2025.

Significant Investments

The Group did not have any significant investment which accounted for more than 5% of the Group's total assets as at 31 December 2025.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 US$'000	2024 US$'000
REVENUE	5	**51,875**	56,951
Cost of sales		**(47,328)**	(74,205)
Gross profit (loss)		**4,547**	(17,254)
Other income	5	**556**	528
Other gains and losses		**(9,307)**	(4,299)
Impairment losses under expected credit loss model, net of reversal		**–**	(73)
Selling expenses		**(2,296)**	(3,059)
Administrative expenses		**(13,204)**	(14,785)
Other expenses		**(997)**	(265)
Share of results of an associate		**(1,859)**	(610)
Finance costs	7	**(2,839)**	(2,920)
LOSS BEFORE TAX	6	**(25,399)**	(42,737)
Income tax (expense) credit	8	**(129)**	1,753
LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**(25,528)**	(40,984)
LOSS PER SHARE			(Restated)
– Basic and diluted	10	**US$(1.8) cents**	US$(3.5) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025

	2025	2024
	US$'000	*US$'000*
LOSS FOR THE YEAR	**(25,528)**	(40,984)
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	**10,289**	(4,899)
Other comprehensive (expense) income that will not be reclassified to profit or loss in subsequent periods:		
Revaluation loss on property, plant and equipment	**(6,721)**	(3,680)
Income tax effect	**1,712**	836
Net other comprehensive expense that will not be reclassified to profit or loss in subsequent periods	**(5,009)**	(2,844)
OTHER COMPREHENSIVE INCOME (EXPENSE) FOR THE YEAR, NET OF TAX	**5,280**	(7,743)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	**(20,248)**	(48,727)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Notes	2025 US$'000	2024 US$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**86,855**	88,567
Right-of-use assets		**6,738**	7,264
Intangible assets		**335**	576
Prepayments and deposits		**558**	496
Interest in an associate		**4,149**	5,997
Deferred tax assets		**4,385**	4,566
		103,020	107,466
CURRENT ASSETS			
Inventories		**36,830**	33,138
Trade receivables	*11*	**11,120**	10,227
Prepayments, deposits and other receivables		**10,094**	6,783
Financial asset at fair value through profit or loss		**667**	–
Pledged bank deposits		**5,989**	5,418
Cash and cash equivalents		**5,021**	10,937
		69,721	66,503
CURRENT LIABILITIES			
Trade and notes payables	*12*	**15,424**	7,609
Other payables and accruals		**26,979**	17,190
Interest-bearing bank and other borrowings		**25,010**	25,556
Lease liabilities		**454**	523
Income tax payable		**4,945**	4,706
		72,812	55,584
NET CURRENT (LIABILITIES) ASSETS		**(3,091)**	10,919
TOTAL ASSETS LESS CURRENT LIABILITIES		**99,929**	118,385

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2025

	2025	2024
	US$'000	*US$'000*
NON-CURRENT LIABILITIES		
Other payables and accruals	**1,196**	1,118
Interest-bearing bank and other borrowings	**1,394**	4,118
Lease liabilities	**758**	1,084
Deferred tax liabilities	**5,510**	6,314
	8,858	12,634
NET ASSETS	**91,071**	105,751
CAPITAL AND RESERVES		
Equity attributable to owners of the Company		
Share capital	**17,100**	11,400
Reserves	**73,971**	94,351
TOTAL EQUITY	**91,071**	105,751

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

1. GENERAL INFORMATION

Sanergy Group Limited (the "**Company**") is a limited liability company incorporated in the Cayman Islands on 26 June 2018. 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 "**Listing Date**").

The 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 year ended 31 December 2025.

The Group reported a loss of US$25,528,000 and had a net current liabilities of US$3,091,000 during the year ended 31 December 2025 and as of that date, the Group's interest-bearing bank and other borrowings amounted to US$26,404,000, of which a balance of US$4,859,000 is in ongoing restructuring process with the relevant bank.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to an HKFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standard as issued by the Hong Kong Institute of Certified Public Accountants ("**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 consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability

The application of the amendments to an HKFRS Accounting Standard in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKAS 21	Translation to a Hyperinflationary Presentation Currency[3]

[1] Effective for annual periods beginning on or after a date to be determined.

[2] Effective for annual periods beginning on or after 1 January 2026.

[3] Effective for annual periods beginning on or after 1 January 2027.

Except for the new HKFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all the amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (the title of which will be changed to *Basis of Preparation of Financial Statements* upon effective of HKFRS 18) and HKFRS 7 *Financial Instruments: Disclosures*. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share are also made.*

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss. The Group currently presents interest received and interest paid in operating activities, they will be classified in the investing activities and financing activities, respectively, on the consolidated statement of cash flows.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties, plant and equipment and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the fair value hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the manufacturing and sale of graphite electrodes. Information reported to the Group's management 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

	2025	2024
	US$'000	*US$'000*
Americas	**14,927**	13,368
Europe, Middle East and Africa ("**EMEA**")	**12,011**	32,941
People's Republic of China (the "**PRC**")	**24,937**	10,480
Asia Pacific excluding the PRC	**–**	162
	51,875	56,951

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

(b) *Non-current assets*

	2025	2024
	US$'000	*US$'000*
Americas	**52**	165
EMEA	**45,487**	44,596
PRC	**52,506**	57,329
Asia Pacific excluding the PRC	**410**	633
	98,455	102,723

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

Information about major customers

Revenue from customers individually contributing over 10% to the total revenue of the Group during the year is as follows:

	2025	2024
	US$'000	*US$'000*
Customer A	**N/A***	11,479
Customer B	**13,630**	7,466
Customer C	**5,760**	N/A*

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

5. REVENUE AND OTHER INCOME

An analysis of revenue is as follows:

	2025	2024
	US$'000	*US$'000*
Revenue from contracts with customers		
Sale of graphite electrodes	**51,875**	56,951

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

	2025	2024
	US$'000	*US$'000*
Types of goods or services		
Sale of graphite electrodes	**51,875**	56,951
Timing of revenue recognition		
Goods transferred at a point in time	**51,875**	56,951

For the years ended 31 December 2025 and 2024, revenue of US$55,000 and US$240,000, was recognized 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 customer, 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. As a practical expedient in HKFRS 15 *Revenue from Contracts with Customers*, the amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) are not disclosed in the notes to the financial statements because all the remaining performance obligations in relation to the sale of graphite electrodes are part of the contracts that have an original expected duration of one year or less.

An analysis of other income is as follows:

	2025	2024
	US$'000	*US$'000*
Bank interest income	**180**	306
Government subsidies*	**60**	167
Others	**316**	55
	556	528

* The subsidies for the years ended 31 December 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.

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at charging (crediting):

	2025	2024
	US$'000	*US$'000*
Cost of inventories sold*	**47,653**	69,965
(Reversal) write-down of inventories, net*	**(325)**	4,240
Depreciation of property, plant and equipment**	**3,926**	4,538
Depreciation of right-of-use assets**	**774**	628
Amortisation of intangible assets^	**306**	293
Lease payments not included in the measurement of lease liabilities	**6**	215
Auditor's remuneration	**256**	256
Directors' remuneration	**2,236**	1,897
Other employee benefit expenses:		
– Wages and salaries and pension scheme contributions	**5,058**	9,115
– Less: Amount capitalised	**(1,642)**	(3,151)
Total employee benefit expenses	**5,652**	7,861

* Included in cost of sales in the consolidated statement of profit or loss.

** Certain depreciation charge for property, plant and equipment and right-of-use assets of US$4,318,000 and US$4,941,000 for the years ended 31 December 2025 and 2024, respectively, are included in cost of sales in the consolidated statement of profit or loss. The remaining depreciation charges in profit or loss are included in administrative expenses.

^ Included in administrative expenses in the consolidated statements of profit or loss.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2025	2024
	US$'000	*US$'000*
Interest on lease liabilities	**113**	132
Interest on bank borrowings	**2,339**	2,107
Interest on other borrowings	**94**	535
Other arrangement fee	**293**	146
	2,839	2,920

8. 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 years on the taxable income arising in the US during the year.

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

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 24.0% and 3.9%, respectively, on the taxable income for both years.

Based on management's best estimate, the Group operates in jurisdictions where the Pillar Two Rules are effective but is not liable for top-up tax under the global minimum effective tax rate of 15%.

A reconciliation of the tax expense applicable to loss before tax at the statutory rates of the jurisdictions in which the Group operates to the tax credit at the effective tax rates is as follows:

	2025	2024
	US$'000	*US$'000*
Current – Hong Kong		
Charge for the year	**28**	6
Current – elsewhere		
Charge for the year	**216**	463
Deferred tax	**(115)**	(2,222)
Income tax expense (credit) for the year	**129**	(1,753)

9. DIVIDENDS

No dividend was declared by the Company to its shareholders during the years ended 31 December 2025 and 2024.

10. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	2025	2024
	US$'000	*US$'000*
Loss:		
Loss for the year attributable to owners of the Company for the purpose of calculating basic and diluted loss per share	**(25,528)**	(40,984)

	Number of shares	
	2025	2024
		(restated)
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	**1,441,248,017**	1,185,543,093

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

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 during the year ended 31 December 2025. Accordingly, the basic loss per share for the year ended 31 December 2024 is restated.

The computation of basic loss per share for the years ended 31 December 2025 and 2024 does not include the issuance of 10,000,000 share as a consideration for acquisition of a land in Italy as the share is subjected to return.

The computation of diluted loss per share for the years ended 31 December 2025 and 2024 does not assume the issuance of 10,000,000 share since their assumed exercise would result in a decrease in loss per share.

The computation of diluted loss per share for the years ended 31 December 2025 and 2024 did not assume the exercise of the Company's over-allotment option and issuance of 10,000,000 share 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 years ended 31 December 2025 and 2024.

11. TRADE RECEIVABLES

An aging 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:

	2025	2024
	US$'000	*US$'000*
Not past due	**9,463**	7,608
Within 1 month	**348**	993
1 to 3 months	**861**	982
Over 3 months	**448**	644
	11,120	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 minimize 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 the end of the reporting period, the Group had certain concentrations of credit risk as 36% (2024: 32%) and 80% (2024: 67%) of the Group's trade receivables from the Group's largest and the five largest customers, respectively.

12. TRADE AND NOTES PAYABLES

An aging analysis of the trade and notes payables as at the end of the reporting period, based on the past due date, is as follows:

	2025	2024
	US$'000	*US$'000*
Not past due	**10,543**	5,363
Within 1 month	**435**	494
1 to 3 months	**448**	1,048
Over 3 months	**3,998**	704
	15,424	7,609

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

EVENTS AFTER THE REPORTING PERIOD

(a) Placing of new shares

On 25 January 2026, the Company announced a proposed placing of new shares under the general mandate (the "**Placing**"). Pursuant to the terms of the placing agreement, the placing shares would be allotted and issued to not less than six independent placees, subject to the fulfilment of certain conditions precedent.

On 3 February 2026, the Company and the placing agents entered into a supplemental agreement to amend the long stop date under the placing agreement. Save for the aforesaid amendment, all other terms and conditions of the placing agreement remain unchanged. As disclosed in the supplemental announcement, subject to completion of the placing, the net proceeds were expected to amount to approximately US$2.4 million (approximately HK$18.4 million), intended for the development of the Group's graphite electrode business and for general working capital purposes.

On 20 February 2026, the Company announced that the condition under the placing agreement had been fulfilled and completion of the placing took place on the same date. A total of 228,000,000 placing shares were successfully placed by the placing agents to not less than six independent placees at the placing price of HK$0.083 per share, representing approximately 13.33% of the Company's issued share capital immediately prior to completion and approximately 11.76% of the enlarged share capital following completion. The gross and net proceeds from the placing amounted to approximately US$2.5 million (approximately HK$18.9 million) and US$2.4 million (approximately HK$18.4 million), respectively.

(b) Grant of share options

On 28 January 2026, the Company has resolved to grant an aggregate of 100,000,000 share options to 24 eligible participants, being the employees of an associated company of the Company (collectively referred to as the "**Grantees**"), under the share option scheme of the Company adopted on 19 December 2022 (the "**Scheme**"). Each share option entitles the holder to subscribe for one ordinary share of the Company at an exercise price of HK$0.106 per share, subject to acceptance by the Grantees. The share options are exercisable for a period of ten years from the date of grant and vest in five annual tranches, with 50% subject to continued employment up to the relevant vesting date and the remaining 50% subject to specified performance targets. A consideration of US$1.00 is payable by each Grantee upon acceptance. The grant of share options is subject to the clawback mechanism under the Scheme.

(c) Proposed share consolidation, capital reduction, share sub division and change in board lot size

On 19 March 2026, the Company announced a series of proposed capital reorganisation measures, comprising (i) a share consolidation on the basis that every ten existing shares of par value US$0.01 each be consolidated into one consolidated share of par value US$0.10 each; (ii) a capital reduction to reduce the par value of each issued consolidated share from US$0.10 to US$0.01 by cancelling paid up capital of US$0.09 on each issued consolidated share; (iii) a subdivision of each authorised but unissued consolidated share of par value US$0.10 into ten consolidated shares of par value US$0.01 each; and (iv) a change in the board lot size for trading on the Stock Exchange from 20,000 existing shares to 2,000 consolidated shares, conditional upon the share consolidation becoming effective.

PROACTIVE RESTRUCTURING OF SANGRAF ITALY S.R.L. TO ADDRESS EUROPEAN COST STRUCTURE

On 9 March 2026, the Group's wholly owned subsidiary, Sangraf Italy S.r.l., filed an application for protective measures, which was published on the local company registry. The filing represents a decisive, strategic initiative to address the long standing cost challenges of European operations in a comprehensive and structured manner for the Italy production facility.

The protective measure provides a court sanctioned protective framework that enables the subsidiary to engage constructively with all internal and external stakeholders – including creditors, employees, and commercial partners – to develop a sustainable path forward. The procedure grants an automatic stay of creditor enforcement actions, preserving liquidity and stabilizing the financial position while a comprehensive restructuring plan is finalized. It also allows for the freezing of interest on pre-existing liabilities, creating the necessary breathing room to thoroughly reassess operations and align all parties around a shared vision for the future.

The protective measures impose a stay preventing all creditors from initiating or continuing any enforcement or precautionary actions against the subsidiary's assets. The initial duration of the protective measures is four months from the date of publication in the Companies Register, with the Court retaining the authority to extend, amend, or revoke them; the overall maximum duration under the framework is twelve months.

USE OF PROCEEDS FROM THE LISTING

The Company's shares have been listed on the Main Board of the Stock Exchange since the Listing Date. The net proceeds from the global offering after deducting the underwriting fees and commissions and related expenses 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, the changes in use of proceeds as set out in the interim report for the six months ended 30 June 2024 (the "**First Change in Use of Proceeds**") and the further change in use of proceeds as set out in the announcement of the Company dated 19 December 2025 (the "**Second 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 31 December 2025 are as follows:

	Purpose	Net proceeds as disclosed in the Prospectus *HK$ million*	Revised net proceeds after the First Change in Use of Proceeds *HK$ million*	Unutilized amount as at 1 January 2025 *HK$ million*	Utilized amount as at 1 January 2025 *HK$ million*	Revised net proceeds after the Second Change in Use of Proceeds *HK$ million*	Amount utilized during FY2025 *HK$ million*	Unutilized amount as at 31 December 2025 *HK$ million*	Expected timeline of full utilization of the balance as at 31 December 2025
1	Pay for the purchase price of the Taigu Assets (as defined in the Prospectus)	65.0	44.2	–	(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	44.7	(38.3)	43.5	(3.4)	1.8	first half of 2026
3	Develop and expand GAM business	–	15.0	10.5	(4.5)	15.0	–	–	–
4	Working capital and general corporate purposes	18.7	18.7	–	(18.7)	18.7	–	–	–
5	Pay for operational costs of our graphite electrode business	–	25.8	–	(25.8)	65.3	(6.0)	33.5	first half of 2026
	Total	186.7	186.7	55.2	(131.5)	186.7	(9.4)	35.3	

HUMAN RESOURCES AND REMUNERATION POLICIES

As at 31 December 2025, the Group employed 148 staff (31 December 2024: 188 staff). The staff costs (including directors' remuneration) for FY2025 amounted to approximately US$7.6 million (2024: US$11.0 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 benefit such as mandatory provident fund, state-managed social welfare scheme and share option scheme. The emoluments of the Directors and senior management of the Group are determined by the Board with reference to the respective responsibilities and duties, experience, individual performance, and time devoted to the Group and may be adjusted upon the recommendation of the remuneration committee of the Company (the "**Remuneration Committee**"). The Remuneration Committee was set up for reviewing the Company's emolument policy and structure of all remuneration of the Directors and senior management of the Company.

FINAL DIVIDEND

Given the prevailing uncertainties and challenges in the graphite electrodes market and the need of the Group to maintain healthy liquidity level to meet the Group's operational needs and the execution of its strategic or merger and acquisition in 2026, the Board did not recommend the payment of final dividend for the year ended 31 December 2025 (FY2024: Nil). The Board is not aware of any Shareholders having waived or agreed to waive any dividend.

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**"). The Company has complied with the code provisions as set out in the CG Code during FY2025.

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 they have complied with the Model Code during FY2025.

AUDIT COMMITTEE

The Company has established the audit committee (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 Professor the Honourable Ngai Ming Tak Michael.

The Audit Committee has reviewed together with the management the accounting principles and practices adopted by the Group and has discussed risk management, internal control and financial reporting matters with management including a review of the consolidated financial statements and annual results for FY2025.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for FY2025 as approved by the Board on 31 March 2026. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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 FY2025.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sanergygroup.com). The annual report for FY2025 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.

CHANGE OF ADDRESS OF PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Reference is made to the announcement of the Company dated 29 December 2025 in relation to, among others, the proposed change of address of the principal place of business in Hong Kong of the Company to Room 1308 on the 13th Floor of China Resources Building, No. 26 Harbour Road, Wan Chai, Hong Kong with effect from 29 December 2025 (the "**Proposed Relocation**").

The Board announces that, subsequent to entering into the tenancy arrangement, due to certain developments relating to the leasing arrangements as notified by the landlord in respect of the Company's existing office premises, the Proposed Relocation did not take place as originally scheduled. The Company has been actively engaging with the landlord with a view to facilitating the relocation, but no definitive arrangement has been finalised to date.

Accordingly, the Company will continue to operate from its existing office, and the principal place of business in Hong Kong of the Company remains unchanged at Room 2602, 26th Floor, China Resources Building, 26 Harbour Road, Wan Chai.

By order of the Board
Sanergy Group Limited
Peter Brendon Wyllie
Chairman of the Board and Executive Director

Hong Kong, 31 March 2026

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, Professor the Honourable Ngai Ming Tak Michael and Ms. Chan Chore Man Germaine as independent non-executive Directors.

* *For identification purpose only*