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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 2026

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 2026 (the "**Reporting Period**" or "**1H2026**"), together with the comparative figures for the six months ended 30 June 2025 ("**1H2025**").

FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2026	2025
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Revenue	**20,135**	23,776
Gross profit	**2,582**	2,483
Gross profit margin %	**12.8%**	10.4%
Net loss	**7,528** ***(Improved by 22.1%)***	9,664
Loss before interests, taxes, depreciation and amortization	**3,548** ***(Improved by 23.4%)***	4,634

MANAGEMENT DISCUSSION AND ANALYSIS

PERFORMANCE INDICATION

	For the six months ended 30 June	
	2026	2025
Sales volume (metric ton ("**MT**"))	**6,994**	8,062
Debtor days *(Note a)*	**95**	85
Creditor days *(Note b)*	**182**	103
Inventory days *(Note c)*	**331**	301
Work-related fatality (cases)	**–**	–

Notes:

(a) Debtor days are derived by dividing the closing balances of trade receivables for the relevant period by revenue for the relevant period and multiplying by 182 days.

(b) Creditor days are derived by dividing the closing balances of trade and notes payables for the relevant period by cost of sales for the relevant period and multiplying the resulting value by 182 days.

(c) Inventory days are derived by dividing the closing balances of inventories for the relevant period by cost of sales for the relevant period and multiplying by 182 days.

BUSINESS REVIEW

In the first half of 2026, against a persistently challenging market backdrop, the Group's iconic "Double-Engine" strategy continued to demonstrate its strategic value and adaptability. We mothballed our Italy factory and focused on comprehensive cost restructuring and operational optimization, which has now achieved significant milestones, positioning it for a restart in the fourth quarter of 2026. Concurrently, our PRC factory played a pivotal role in sustaining sales volume and profitability, even under the U.S tariff measures on products originated from China.

As a result, the Group sustained the gross profit position achieved for the year ended 31 December 2025, recording a gross profit of approximately US$2.6 million (1H2025: US$2.5 million). The gross margin improved from 10.4% in 1H2025 to 12.8% in 1H2026, demonstrating the durability of our margin-focused strategy even amid challenging market conditions and the strategic restructuring of our Italy factory.

This performance was supported by the continued execution of the following key measures:

(a) a strategic redirection of sales towards higher-profitability regions, including markets in North America;

(b) the proactive avoidance of loss-making regions and orders; and

(c) a continued focus on cost discipline and working capital efficiency.

Compared with 1H2025, these measures contributed to a further reduction in the average cost of sales per MT, complemented by ongoing cost-saving initiatives and disciplined inventory management. As at 30 June 2026, inventory levels were reduced to approximately US$31.8 million from US$36.8 million as at 31 December 2025, reflecting the Group's continued de-stocking efforts. This has strengthened our liquidity and balance sheet, positioning us with greater flexibility to scale up production swiftly in response to any future market recovery.

Despite these industry headwinds, the Group delivered an improvement in financial and operational performance, underpinned by effective cost management and a strategic realignment of its operations. The management believes the Group has successfully completed the first phase of its transformation – restoring gross margin profitability and strengthening the balance sheet.

FUTURE PROSPECTS

Market Environment and Outlook

The Group expects the challenging market conditions to persist through the second half of 2026. Looking ahead to 2027, however, we anticipate that additional U.S. trade measures – including potential countervailing duties on graphite electrode imports from both China and India – will introduce further uncertainties to the global trade flow for graphite electrode products. While these measures pose headwinds for our China-originated exports to the U.S., they concurrently create a strategic supply gap in the American market. The Group believes that its Italy factory, having undergone comprehensive cost restructuring and operation optimisation, is well-positioned to fill this gap and capture incremental demand, thereby turning a regulatory challenge into a competitive advantage.

Notwithstanding these emerging opportunities, the near-term demand environment remains under pressure. According to data from the World Steel Association, global crude steel production remained under pressure in the first half of 2026, with output among the 70 reporting countries declining by 0.7% year-on-year to 931.5 million tonnes. While North America demonstrated resilience with a 5.7% increase in production during the January-June period, the European Union region continued to face headwinds, with output contracting by 0.3% over the same period. This uneven recovery and overall contraction in steel production have continued to exert 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 1H2026, while tariffs have exerted pressure on the Group's sales, the impact of tariffs on the Group's cost of sales was contained to a modest level, 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 strategic advantage. This geographic diversification enables the Group to flexibly calibrate its operational strategy in response to evolving geopolitical dynamics and trade policy shifts, ensuring we remain agile in fulfilling customer orders across different markets. This approach underpins the Group's resilience and positions us to capture opportunities as they arise, providing a solid foundation for sustainable growth.

Strategic Priorities and Implementation Roadmap

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

- **Capacity reactivation:** Following the comprehensive cost restructuring programme undertaken at the Italy factory during 1H2026 – which has streamlined the workforce, renegotiated key supply contracts, and reduced fixed costs – the factory is scheduled to resume production in the fourth quarter of 2026. These measures have materially reset the cost base, and volume ramp-up will drive further unit cost absorption.

- **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 interim or annual reports 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 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.

Beyond organic growth, the Group is pursuing a two-pronged strategy to drive long-term value creation. Internally, we are actively exploring long-term solutions to further reduce electricity costs to enhance competitiveness. Externally, we are evaluating strategic industrial integration opportunities. Such initiatives are expected to generate multi-faceted synergies, diversify the Group's revenue streams, enhance the overall business's resilience to risk, and provide a more balanced revenue profile.

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$23.8 million in 1H2025 to US$20.1 million in 1H2026, mainly due to:

(i) the decrease in the average selling price of graphite electrodes from approximately US$2,949/MT in 1H2025 to approximately US$2,696/MT in 1H2026, reflecting the Group's continued discipline in avoiding loss-making orders amid a competitive market environment; and

(ii) the decrease in sales quantities of graphite electrodes from approximately 8,062 MT in 1H2025 to approximately 6,862 MT in 1H2026, primarily attributable to the strategic production optimization and active inventory reduction at the Italy factory, where comprehensive cost restructuring and operation efficiency initiatives have been successfully implemented, not only streamlining operations but also significantly lowering stock levels.

These declines were partially offset by:

(i) a notable revenue growth from the PRC, which increased to approximately US$9.7 million (1H2025: US$6.9 million), demonstrating the Group's strengthened foothold in the domestic market; and

(ii) the successful pilot of a non-ferrous metals trading business, contributing approximately US$1.6 million in new revenue, partially mitigating the contraction in the core graphite electrode business.

Cost of Sales

Cost of sales decreased from approximately US$21.3 million in 1H2025 to approximately US$17.6 million in 1H2026, mainly due to:

(i) continued cost optimization measures across the Group's operations, particularly in procurement and logistics; and

(ii) the average cost of sales per MT in the core graphite electrode business continued its downward trajectory, declining from approximately US$2,641/MT in 1H2025 to approximately US$2,321/MT in 1H2026, representing a further 9.1% reduction;

These decreases were partially offset by:

(i) the impact on the tariff imposed by the U.S. to our products; and

(ii) the cost of sales incurred by the non-ferrous metal trading business.

Gross Profit and Gross Margin

The Group delivered a resilient gross profit performance, reporting a gross profit of approximately US$2.6 million in 1H2026 compared with US$2.5 million in 1H2025. Gross margin improved from 10.4% to 12.8% over the same period. More importantly, the core graphite electrode business achieved a gross margin of 13.9%, a substantial improvement from the overall margin of 10.4% in 1H2025.

Administrative Expenses

Administrative expenses increased from approximately US$3.6 million in 1H2025 to approximately US$5.1 million in 1H2026. This increase was primarily attributable to various strategic initiatives, including professional advisory fees for financing and restructuring activities, and other fixed overheads relating to the maintenance of the Group's operational infrastructure during the restructuring period.

Finance Costs

Finance costs remained relatively stable at approximately US$1.3 million in 1H2026 (1H2025: US$1.3 million), reflecting the Group's continued prudent debt management. Total interest-bearing bank and other borrowings as at 30 June 2026 amounted to approximately US$26.3 million (31 December 2025: US$26.4 million).

Loss for the Period

The Company recorded a loss attributable to its owners of approximately US$7.5 million in 1H2026, a significant improvement from the loss of US$9.7 million in 1H2025, representing a 22.1% reduction. The reduction in loss was primarily driven by sustained gross profit generation, and continued cost optimization during 1H2026.

Debtor Days

Debtor days increased from 85 in 1H2025 to 95 in 1H2026, 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 1H2026.

Creditor Days

Creditor days rose significantly from 103 in 1H2025 to 182 in 1H2026, reflecting the Group's successful efforts to extend settlement periods as part of its cash flow preservation strategy.

Inventory Days

Inventory days increased from 301 in 1H2025 to 331 in 1H2026. 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 1H2026, 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 and placing of shares of the Company.

Cash Flow

The net cash from operating activities, the net cash used in investing activities and the net cash from financing activities in 1H2026 amount to approximately US$1.6 million (1H2025: net cash from operating activities: US$4.5 million), approximately US$1.7 million (1H2025: net cash used in investing activities: US$1.3 million) and approximately US$1.2 million (1H2025: net cash used in financing activities: US$4.9 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 2026, the Group's cash and cash equivalents and pledged bank deposits were approximately US$13.1 million (31 December 2025: US$11.0 million) and mainly denominated in US$, EUR, RMB and HK$. The Group's total interest-bearing bank and other borrowings as at 30 June 2026 amounted to approximately US$26.3 million (31 December 2025: US$26.4 million), which were mainly denominated in US$, 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$1.3 million of the total interest-bearing bank and other borrowings as at 30 June 2026 were fixed-rate borrowings.

The Group manages its capital structure by maintaining a balance between equity and debts. As at 30 June 2026, the Group's total equity and liabilities amounted to approximately US$89.6 million and US$80.3 million, respectively (31 December 2025: US$91.1 million and US$81.7 million, respectively).

Gearing Ratio

The Group's gearing ratio, as calculated based on total debts divided by total equity, increased from 29.0% as at 31 December 2025 to approximately 29.3% as at 30 June 2026 primarily due to a decrease in total equity during the period.

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 1H2026, 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 1H2026, the Group incurred capital expenditures of approximately US$0.8 million.

Contingent Liabilities

As at 30 June 2026, the Group did not have any material contingent liabilities.

Pledge of Assets

As at 30 June 2026, other than pledged bank deposits, certain of property, plant and equipment, trade receivables and industrial leasehold land with carrying amounts of approximately US$6.9 million, approximately US$2.2 million, US$Nil and US$Nil, respectively (31 December 2025: approximately US$6.0 million, approximately US$18.7 million, approximately US$Nil 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. 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 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 2026.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2026

		Six months ended 30 June	
		2026	2025
	NOTES	***US$'000***	*US$'000*
		(unaudited)	(unaudited)
Revenue	*4*	**20,135**	23,776
Cost of sales		**(17,553)**	(21,293)
Gross profit		**2,582**	2,483
Other income	*4*	**443**	333
Other gains and losses	*5*	**(1,305)**	(4,979)
Selling expenses		**(684)**	(1,137)
Administrative expenses		**(5,140)**	(3,643)
Other expenses		**(1,825)**	(4)
Share of results of an associate		**28**	(130)
Finance costs		**(1,300)**	(1,322)
Loss before tax	*6*	**(7,201)**	(8,399)
Income tax expense	*7*	**(327)**	(1,265)
Loss for the period attributable to owners of the Company		**(7,528)**	(9,664)

	NOTES	Six months ended 30 June	
		2026	2025
		US$'000	*US$'000*
		(unaudited)	(unaudited)
Other comprehensive (expense) income			
Other comprehensive (expense) income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(1,274)**	8,322
Other comprehensive (expense) income for the period, net of tax		**(1,274)**	8,322
Total comprehensive expense for the period attributable to owners of the Company		**(8,802)**	(1,342)
Loss per share for profit attributable to the owners of the Company			(restated)
– Basic	*9*	**US$(4.0) cents**	US$(7.4) cents
– Diluted	*9*	**US$(4.0) cents**	US$(7.4) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2026

	NOTES	At 30 June 2026 US$'000 (unaudited)	At 31 December 2025 US$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**91,553**	86,855
Right-of-use assets		**6,530**	6,738
Intangible assets		**208**	335
Prepayments and deposits		**248**	558
Interest in an associate		**4,188**	4,149
Deferred tax assets		**4,047**	4,385
		106,774	103,020
CURRENT ASSETS			
Inventories		**31,842**	36,830
Trade receivables	*10*	**10,517**	11,120
Prepayments, deposits and other receivables		**7,052**	10,094
Financial asset at fair value through profit or loss		**667**	667
Pledged bank deposits		**6,947**	5,989
Cash and cash equivalents		**6,142**	5,021
		63,167	69,721
CURRENT LIABILITIES			
Trade and notes payables	*11*	**17,483**	15,424
Other payables and accruals		**24,090**	26,979
Lease liabilities		**419**	454
Interest-bearing bank and other borrowings		**25,820**	25,010
Income tax payable		**4,691**	4,945
		72,503	72,812
NET CURRENT LIABILITIES		**(9,336)**	(3,091)
TOTAL ASSETS LESS CURRENT LIABILITIES		**97,438**	99,929

	NOTES	At 30 June 2026 US$'000 (unaudited)	At 31 December 2025 US$'000 (audited)
NON-CURRENT LIABILITIES			
Other payables and accruals		**1,159**	1,196
Lease liabilities		**531**	758
Interest-bearing bank and other borrowings		**455**	1,394
Deferred tax liabilities		**5,704**	5,510
		7,849	8,858
NET ASSETS		**89,589**	91,071
CAPITAL AND RESERVES			
Equity attributable to owners of the Company			
Share capital	*12*	**1,938**	17,100
Reserves		**87,651**	73,971
TOTAL EQUITY		**89,589**	91,071

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

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 and non-ferrous metals. There has been no significant change in the Group's principal activities during the six months ended 30 June 2026.

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$7,528,000 during the period ended 30 June 2026 and as of that date, the Group's interest-bearing bank and other borrowings amounted to US$26,275,000, of which a balance of US$4,712,000 is subject to an ongoing restructuring process with the relevant bank.

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 2026 are the same as those presented in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025.

Application of amendments to HKFRS Accounting Standard

In the current interim period, the Group has applied the following amendments to HKFRS Accounting Standard as issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2026 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11

3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the manufacturing and sale of graphite electrodes and non-ferrous metal. 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	
	2026	2025
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Americas	**4,387**	8,820
Europe, Middle East and Africa ("**EMEA**")	**5,894**	8,035
People's Republic of China (the "**PRC**")	**9,711**	6,921
Asia Pacific excluding the PRC	**143**	–
	20,135	23,776

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

(b) Non-current assets

	At 30 June 2026 US$'000 (unaudited)	At 31 December 2025 US$'000 (audited)
Americas	**22**	52
EMEA	**43,611**	45,487
PRC	**58,208**	52,506
Asia Pacific excluding the PRC	**300**	410
	102,141	98,455

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 2026 US$'000 (unaudited)	2025 US$'000 (unaudited)
Revenue from contracts with customers		
Sale of graphite electrodes	**18,501**	23,776
Sale of non-ferrous metals	**1,634**	–
	20,135	23,776

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

	Six months ended 30 June 2026 US$'000 (unaudited)	2025 US$'000 (unaudited)
Type of goods or service		
Sale of graphite electrodes	**18,501**	23,776
Sale of non-ferrous metals	**1,634**	–
	20,135	23,776
Timing of revenue recognition		
Goods transferred at a point in time	**20,135**	23,776

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

For the six months ended 30 June 2026 and 2025, revenue of Nil and US$60,000, 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 and non-ferrous metals 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 and non-ferrous metals 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	
	2026	2025
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Bank interest income	**47**	120
Government subsidies*	**–**	39
Others	**396**	174
	443	333

* The subsidies for the six months ended 30 June 2025 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	
	2026	2025
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Net loss from sale of other carbon products	**(1,432)**	(1,343)
Reversal of provision for legal costs	**–**	1,149
Foreign exchange differences, net	**127**	(4,785)
	(1,305)	(4,979)

6. LOSS BEFORE TAX

	Six months ended 30 June	
	2026	2025
	US$'000	*US$'000*
	(unaudited)	(unaudited)
The Group's loss before tax is arrived at after charging (crediting):		
Cost of inventories sold*	**18,309**	21,125
(Reversal)/Write-down of inventories*	**(756)**	168
Depreciation of property, plant and equipment**	**1,871**	1,903
Depreciation of right-of-use assets**	**358**	390
Amortisation of intangible assets^	**124**	150
Lease payments not included in the measurement of lease liabilities	**6**	5
Directors' remuneration	**763**	569
Other employee benefit expenses:		
− Wages and salaries and pension scheme contributions	**3,224**	2,692
− Less: Amount capitalised	**(1,064)**	(1,098)
Total employee benefit expenses	**2,923**	2,163

* 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$941,000 and US$1,639,000 for the six months ended 30 June 2026 and 2025, 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

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	
	2026	2025
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Current – Hong Kong		
Charge for the period	**5**	10
Current – elsewhere		
Charge for the period	**152**	422
	157	432
Overprovision in prior years	**(129)**	(866)
Deferred tax charge	**299**	1,699
Income tax expense for the period	**327**	1,265

8. DIVIDENDS

No dividend was declared by the Company to its shareholders during the six months ended 30 June 2026 and 2025.

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	
	2026	2025
	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	**(7,528)**	(9,664)

	Six months ended 30 June	
	2026	2025
		(restated)
	(unaudited)	(unaudited)
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	**186,661,878**	129,850,877

The weighted average number of ordinary shares used to calculate the basic loss per share for both periods have been adjusted to reflect the capital reorganization which became effective on 14 May 2026 as detailed in the announcements of the Company dated 24 March 2026 and 14 May 2026 and the circular of the Company dated 10 April 2026 (the "**Capital Reorganization**"). Accordingly, the comparative basic and diluted loss per share for the six months ended 30 June 2025 have been 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 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 does not assume the issuance of 10,000,000 shares since their assumed exercise would result in a decrease in loss per share.

For the six months ended 30 June 2026, the weighted average number of ordinary shares used in the calculation of both basic and diluted loss per share has already taken into account the 10,000,000 shares issued as consideration for the acquisition of land in Italy, as these shares were outstanding during the period.

As the Group incurred losses for the six months ended 30 June 2026 and 2025, the effect of all outstanding share options granted were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive.

10. TRADE RECEIVABLES

	At 30 June 2026 *US$'000* **(unaudited)**	At 31 December 2025 *US$'000* (audited)
Trade receivables measured at amortised cost	**10,695**	11,300
Impairment losses	**(178)**	(180)
	10,517	11,120

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 2026 and 31 December 2025, no trade receivables 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 2026 *US$'000* **(unaudited)**	At 31 December 2025 *US$'000* (audited)
Not past due	**7,453**	9,463
Within 1 month	**1,945**	348
1 to 3 months	**189**	861
Over 3 months	**930**	448
	10,517	11,120

11. TRADE AND NOTES PAYABLES

	At 30 June 2026	At 31 December 2025
	US$'000	*US$'000*
	(unaudited)	(audited)
Trade payables	**11,536**	10,435
Notes payable *(Note)*	**5,947**	4,989
	17,483	15,424

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 2026	At 31 December 2025
	US$'000	*US$'000*
	(unaudited)	(audited)
Not past due	**13,150**	10,543
Within 1 month	**1,012**	435
1 to 3 months	**429**	448
Over 3 months	**2,892**	3,998
	17,483	15,424

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 2025 (audited) and 31 December 2025 (audited)		
− Ordinary shares of US$0.01 each	5,000,000,000	50,000
At 30 June 2026 (unaudited)		
− Ordinary shares of US$0.1 each	500,000,000	50,000

Issued and fully paid:

	Number of shares in issue	Share capital
		US$'000
At 1 January 2025 (audited)	1,140,000,000	11,400
Rights issue allotted and issued	570,000,000	5,700
At 31 December 2025 (audited)	1,710,000,000	17,100
Placing of 228,000,000 ordinary shares	228,000,000	2,280
Share capital reorganization	(1,744,200,000)	(17,442)
At 30 June 2026 (unaudited)	193,800,000	1,938

On 20 February 2026, the Company completed the placing of 228,000,000 new shares at HK$0.083 per share under the general mandate. Net proceeds from the placing after deduction of transaction costs amounted to approximately US$2,373,000. Transaction costs attributable to the issue of shares amounted to approximately US$48,000 which was debited to share premium during the period. The placing resulted in an increase in share capital and share premium of US$2,280,000 and US$93,000, respectively, before the Capital Reorganization.

On 14 May 2026, the Company implemented the Capital Reorganization comprising (i) a share consolidation of every ten shares of US$0.01 each into one share of US$0.10 each, reducing the number of issued shares from 1,938,000,000 to 193,800,000; (ii) a share capital reduction of US$0.09 per share, reducing the par value from US$0.10 to US$0.01 per share, with the resulting credit of approximately US$17,442,000 transferred to the distributable reserve; and (iii) a subdivision of each authorised but unissued share of US$0.10 into ten shares of US$0.01 each. The Capital Reorganization reduced the issued share capital to US$1,938,000 and did not result in any change in the total equity of the Company.

EVENTS AFTER THE REPORTING PERIOD

There are no significant events materially affecting the Group after the Reporting Period and up to the date of this announcement.

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.

ISSUE OF LISTED SECURITIES OF THE COMPANY AND USE OF PROCEEDS

The Listing

The Company's shares have been listed on the Main Board of the Stock Exchange since 17 January 2023. 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 30 June 2026 are as follows:

Purpose	Net proceeds as disclosed in the Prospectus	Revised net proceeds after the First Change in Use of Proceeds	Revised net proceeds after the Second Change in Use of Proceeds	Utilized amount as at 1 January 2026	Unutilized amount as at 1 January 2026	Amount utilized during 1H2026	Unutilized amount as at 30 June 2026	Expected timeline of full utilization of the balance as at 30 June 2026
	HK$ million	*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	(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	43.5	(41.7)	1.8	–	1.8	Before 31 December 2026
3 Develop and expand graphite anode materials business	–	15.0	15.0	(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	65.3	(31.8)	33.5	(33.5)	–	–
Total	186.7	186.7	186.7	(151.4)	35.3	(33.5)	1.8	–

Use of Net Proceeds from the Rights Issue on 7 July 2025

On 20 August 2025, the Company completed a rights issue (the "**Rights Issue**") on the basis of one rights share for every two then existing shares held by the qualifying shareholders on the record date at the subscription price of HK$0.08 (such price has not been adjusted to reflect the capital reorganization which became effective on 14 May 2026 as detailed in the announcements of Company dated 24 March 2026 and 14 May 2026 and the circular of the Company dated 10 April 2026 (the "**Capital Reorganization**")) per rights share and issued 570,000,000 (before the Capital Reorganization) rights shares. The Rights Issue was fully subscribed following the acceptance of 348,601,603 (before the Capital Reorganization) rights shares by qualifying shareholders and the successful placing of 221,398,397 (before the Capital Reorganization) unsubscribed rights shares pursuant to the compensatory arrangements. Details of the Rights Issue were set out in the Company's announcements dated 7 July 2025, 14 July 2025, 25 July 2025, 12 August 2025 and 25 August 2025.

The gross proceeds raised from the Rights Issue were approximately HK$45.6 million and the net proceeds, after deducting all relevant expenses, were approximately HK$43.9 million. The Company intended to apply the net proceeds as to approximately HK$19.7 million (representing approximately 45% of the net proceeds) towards the operation of its graphite electrodes business, approximately HK$11.0 million (representing approximately 25% of the net proceeds) towards the development and expansion of its graphite electrodes business and/or graphite anode materials ("**GAM**") business, and approximately HK$13.2 million (representing approximately 30% of the net proceeds) towards replenishment of liquidity and general corporate purposes.

Use of net proceeds from Rights Issue	Intended allocation	Utilized amount as at 1 January 2026	Unutilized amount as at 1 January 2026	Utilized amount during 1H2026	Unutilized amount as at 30 June 2026	Expected timeline of full utilization of the unutilised proceed
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*	
Fund the operational costs of the Group's graphite electrode	19.7	(19.7)	–	–	–	–
Development and expansion of graphite electrodes business and/or GAM business	11.0	–	11.0	–	11.0	Before 30 June 2027
Working capital and general corporate purposes	13.2	(13.2)	–	–	–	–
	43.9	(32.9)	11.0	–	11.0	

Placing of New Shares under General Mandate

On 20 February 2026, a total of 228,000,000 (before the Capital Reorganization) placing Shares were successfully placed by the placing agents to not less than six independent placees at the placing price of HK$0.083 (before the Capital Reorganization) per Share, as disclosed in the announcement of the Company dated 20 February 2026 ("**Placing**"). The net proceeds of approximately HK$18.4 million from the Placing have been fully utilised for the development of the Group's graphite electrode business and for general working capital purposes.

HUMAN RESOURCES AND REMUNERATION POLICIES

As at 30 June 2026, the Group employed 132 (as at 30 June 2025: 154) staff. The staff costs (including directors' remuneration) for the Reporting Period amounted to approximately US$4.0 million (1H2025: US$3.3 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 1H2026 and 1H2025.

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.

REVIEW OF INTERIM RESULTS

The Audit Committee 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 Group's interim results for the six months ended 30 June 2026, including the accounting principles and practices adopted by the Group, have been reviewed by the Audit Committee.

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, 28 August 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.