

HD Renewable Energy Co., Ltd. and Subsidiaries

Consolidated Financial Statements

**With Independent Auditors' Report
For the Years Ended December 31, 2025 and 2024**

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The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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Representation Letter

The entities that are required to be included in the consolidated financial statements of HD Renewable Energy Co., Ltd. as of and for the year ended December 31, 2025 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements" endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, HD Renewable Energy Co., Ltd. and Subsidiaries do not prepare a separate set of consolidated financial statements.

Company name: HD Renewable Energy Co., Ltd.

Chairman: Yuan-I Hsieh

Date: March 10, 2026



安侯建業聯合會計師事務所
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Independent Auditors' Report

To the Board of Directors of HD Renewable Energy Co., Ltd.:

Opinion

We have audited the consolidated financial statements of HD Renewable Energy Co., Ltd. (the “Company”) and its subsidiaries (the “Group”), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters that should be disclosed in this report are as follows:

Revenue recognition from construction projects

Please refer to note 4(17) “Revenue recognition” for the accounting policy on revenue recognition, note 5 “Significant accounting assumptions and judgments, and major sources of estimation uncertainty” and note 6(25) “Revenue from contracts with customers” for relevant explanations.



Description of key audit matter:

The Group recognize its construction revenue by using the percentage of completion method. The completion level is based on the cost incurred for each contract up to the end of the reporting period. The management will re-evaluate the estimated total contract cost if the total budget had significantly increased or decreased, and will recalculate the percentage of completion in accordance with the adjusted total cost. The accuracy of the recognition of construction revenue may be affected by the completion level and appropriateness of the estimation of total budget cost. Thus, we considered the revenue recognition from construction projects as our key audit matter.

How the matter was addressed in our audit:

Our principal audit procedures included understanding of and testing the internal control procedures over the operating revenue and receipt cycle to assess whether there are any defects and irregularities of internal control systems; reviewing material contracts to understand their specific terms and associated risks; comparing the actual construction costs and the estimated construction costs to evaluate rationality of the estimation method used; performing sample testing of supporting documents and relevant evidences for selected projects to verify that the costs incurred used in calculating the stage of completion for the current period were appropriately recorded; evaluating whether the revenue recognition policies were in compliance with the relevant accounting standards; and assessing whether the Group had adequately disclosed information related to revenue.

Other Matter

The Company has prepared its parent-company-only financial statements as of and for the years ended December 31, 2025 and 2024, on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with IFRSs, IASs, IFRIC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



The engagement partners on the audit resulting in this independent auditors' report are Chun-Yuan, Wu and Hai-Ning, Huang.

KPMG

Taipei, Taiwan (Republic of China)
March 10, 2026

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
HD RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2025 and 2024

(Expressed in thousands of New Taiwan Dollars)

		December 31, 2025		December 31, 2024				December 31, 2025		December 31, 2024	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(1))	\$ 2,367,671	7	4,593,322	25	2100	Short-term borrowings (notes 6(13) and 8)	\$ 3,315,109	11	1,821,285	10
1110	Current financial assets at fair value through profit or loss (notes 6(2) and (16))	605	-	1,320	-	2119	Short-term notes and bills payable (note 6(14))	1,123,382	4	607,250	3
						2120	Current financial liabilities at fair value through profit or loss (notes 6(2) and (16))	218	-	68	-
1140	Current contract assets (notes 6(25) and 7)	6,018,838	19	3,309,647	18						
1170	Accounts receivable, net (note 6(4))	426,008	1	108,138	1	2130	Current contract liabilities (notes 6(25) and 7)	127,240	-	1,215,944	7
1180	Accounts receivable due from related parties, net (notes 6(4) and 7)	141,386	-	171,318	1	2151	Notes and accounts payable	969,194	3	1,638,180	9
1210	Other receivables due from related parties, net (note 7)	2,583	-	741	-	2180	Notes and accounts payable to related parties (note 7)	735,964	2	281,625	2
130X	Inventories (note 6(5))	304,756	1	229,780	1	2201	Salaries and bonuses payable	138,320	-	183,601	1
1401	Current consumable biological assets	19,641	-	5,369	-	2220	Other payables to related parties (notes 6(7) and 7)	575,678	2	3,824	-
1421	Prepayments to suppliers (note 7)	339,191	1	541,967	3	2230	Current tax liabilities	109,194	-	300,596	2
1470	Other current assets (notes 6(12), 7 and 8)	<u>1,805,056</u>	<u>6</u>	<u>1,425,687</u>	<u>8</u>	2280	Current lease liabilities (notes 6(18) and 7)	81,377	-	39,246	-
		<u>11,425,735</u>	<u>35</u>	<u>10,387,289</u>	<u>57</u>	2300	Other current liabilities (note 6(19))	737,976	2	87,581	-
Non-current assets:						2321	Bonds payable, current portion (note 6(16))	22,650	-	310,512	2
1510	Non-current financial assets at fair value through profit or loss (note 6(2))	47,487	-	35,700	-	2322	Long-term borrowings, current portion (notes 6(15) and 8)	<u>2,138,061</u>	<u>7</u>	<u>36,592</u>	<u>-</u>
1517	Non-current financial assets at fair value through other comprehensive income (note 6(3))	1,560,789	5	1,476,146	8			<u>10,074,363</u>	<u>31</u>	<u>6,526,304</u>	<u>36</u>
1550	Investments accounted for using equity method, net (notes 6(6) and (7))	203,387	1	233,667	1	Non-current liabilities:					
1600	Property, plant and equipment (notes 6(9), (10), 7 and 8)	14,926,552	46	3,795,187	20	2500	Non-current financial liabilities at fair value through profit or loss (notes 6(2) and (16))	97,200	-	-	-
1755	Right-of-use assets (notes 6(10), 7 and 8)	765,292	2	159,032	1	2530	Bonds payable (note 6(16))	2,559,511	8	-	-
1780	Intangible assets (note 6(11))	127,963	-	99,104	1	2540	Long-term borrowings (notes 6(15) and 8)	5,550,813	17	1,366,853	7
1840	Deferred tax assets (note 6(21))	330,963	1	192,886	1	2570	Deferred tax liabilities (note 6(21))	54,043	-	2,027	-
1915	Prepayments for equipment (note 6(9))	597,474	2	656,420	3	2580	Non-current lease liabilities (notes 6(18) and 7)	683,951	2	123,599	1
1960	Prepayments for investments (note 6(7))	7,941	-	-	-	2635	Preference share liabilities - non-current (note 6(17))	1,154,244	4	1,190,279	6
1990	Other non-current assets (notes 6(12), (15), 7 and 8)	<u>2,202,031</u>	<u>8</u>	<u>1,497,537</u>	<u>8</u>	2650	Credit balance of investments accounted for using equity method (note 6(6))	2,551	-	-	-
		<u>20,769,879</u>	<u>65</u>	<u>8,145,679</u>	<u>43</u>	2670	Other non-current liabilities (notes 6(19) and 7)	<u>163,532</u>	<u>1</u>	<u>42,966</u>	<u>-</u>
								<u>10,265,845</u>	<u>32</u>	<u>2,725,724</u>	<u>14</u>
								<u>20,340,208</u>	<u>63</u>	<u>9,252,028</u>	<u>50</u>
						Total liabilities					
						Equity (notes 6(8), (16), (22) and (23)):					
						Equity attributable to owners of parent:					
					3100	Ordinary shares		1,418,724	5	1,171,552	6
					3140	Capital collected in advance		7,767	-	11,172	-
					3200	Capital surplus		7,171,186	22	5,844,488	32
					3300	Retained earnings		1,683,199	5	1,917,995	10
					3400	Other equity interest		<u>134,748</u>	<u>-</u>	<u>64</u>	<u>-</u>
						Total equity attributable to shareholder of parent		<u>10,415,624</u>	<u>32</u>	<u>8,945,271</u>	<u>48</u>
					36XX	Non-controlling interests		<u>1,439,782</u>	<u>5</u>	<u>335,669</u>	<u>2</u>
						Total equity		<u>11,855,406</u>	<u>37</u>	<u>9,280,940</u>	<u>50</u>
Total assets		\$ <u>32,195,614</u>	<u>100</u>	<u>18,532,968</u>	<u>100</u>	Total liabilities and equity		\$ <u>32,195,614</u>	<u>100</u>	<u>18,532,968</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
HD RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2025 and 2024

(Expressed in thousands of New Taiwan Dollars, except earnings per share)

		2025		2024	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(25) and 7)	\$ 8,779,687	100	10,125,465	100
5000	Operating costs (notes 6(5), (26), 7 and 12)	<u>6,525,425</u>	<u>74</u>	<u>7,440,190</u>	<u>73</u>
	Gross profit	2,254,262	26	2,685,275	27
5910	Unrealized gain from sales	<u>(290,871)</u>	<u>(4)</u>	<u>(157,408)</u>	<u>(2)</u>
	Realized gross profit	<u>1,963,391</u>	<u>22</u>	<u>2,527,867</u>	<u>25</u>
6000	Operating expenses (notes 6(26), 7 and 12):				
6100	Selling expenses	170,453	2	177,010	2
6200	Administrative expenses	806,607	9	620,140	6
6300	Research and development expenses	<u>99,140</u>	<u>1</u>	<u>106,067</u>	<u>1</u>
	Total operating expenses	<u>1,076,200</u>	<u>12</u>	<u>903,217</u>	<u>9</u>
	Net operating income	<u>887,191</u>	<u>10</u>	<u>1,624,650</u>	<u>16</u>
	Non-operating income and expenses:				
7100	Interest income (note 6(27))	28,110	-	29,590	-
7010	Other income (notes 6(28) and 7)	88,566	1	12,837	-
7020	Other gains and losses, net (notes 6(6), (7), (16), (29) and 7)	(8,515)	-	(14,317)	-
7050	Finance costs (notes 6(9), (16), (17) and (30))	(280,411)	(3)	(148,548)	(1)
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method, net (note 6(6))	<u>(9,438)</u>	<u>-</u>	<u>15,417</u>	<u>-</u>
	Total non-operating income and expenses	<u>(181,688)</u>	<u>(2)</u>	<u>(105,021)</u>	<u>(1)</u>
	Profit before tax	705,503	8	1,519,629	15
7951	Less: Income tax expense (note 6(21))	<u>206,862</u>	<u>2</u>	<u>340,496</u>	<u>3</u>
	Profit for the year	<u>498,641</u>	<u>6</u>	<u>1,179,133</u>	<u>12</u>
8300	Other comprehensive income (loss):				
8310	Items that may not be reclassified subsequently to profit or loss				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (note 6(3))	84,643	1	19,336	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(21))	<u>(923)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total items that may not be reclassified subsequently to profit or loss	<u>83,720</u>	<u>1</u>	<u>19,336</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	76,311	-	(23,972)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(21))	<u>(12,737)</u>	<u>-</u>	<u>4,794</u>	<u>-</u>
	Total items that may be reclassified subsequently to profit or loss	<u>63,574</u>	<u>-</u>	<u>(19,178)</u>	<u>-</u>
8300	Other comprehensive income	<u>147,294</u>	<u>1</u>	<u>158</u>	<u>-</u>
	Total comprehensive income	<u>\$ 645,935</u>	<u>7</u>	<u>1,179,291</u>	<u>12</u>
	Profit (loss) attributable to:				
	Owners of parent	\$ 503,912	6	1,198,860	12
	Non-controlling interests	<u>(5,271)</u>	<u>-</u>	<u>(19,727)</u>	<u>-</u>
		<u>\$ 498,641</u>	<u>6</u>	<u>1,179,133</u>	<u>12</u>
	Comprehensive income (loss) attributable to:				
	Owners of parent	\$ 638,596	7	1,199,020	12
	Non-controlling interests	<u>7,339</u>	<u>-</u>	<u>(19,729)</u>	<u>-</u>
		<u>\$ 645,935</u>	<u>7</u>	<u>1,179,291</u>	<u>12</u>
	Earnings per share (NT dollars) (note 6(24))				
	Basic earnings per share	\$	<u>3.59</u>		<u>9.72</u>
	Diluted earnings per share	\$	<u>3.58</u>		<u>9.38</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
HD RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the years ended December 31, 2025 and 2024
(Expressed in thousands of New Taiwan Dollars)

	Equity attributable to owners of parent												
	Ordinary shares	Capital collected in advance	Capital surplus	Retained earnings			Exchange differences on translation of foreign financial statements	Other equity		Total equity attributable to owners of parent	Non-controlling interests	Total equity	
				Legal reserve	Special reserve	Unappropriated retained earnings		Total	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income				Total other equity interest
Balance at January 1, 2024	\$ 1,000,000	-	3,376,493	125,732	-	1,027,363	1,153,095	(96)	-	(96)	5,529,492	321,145	5,850,637
Profit (loss) for the year	-	-	-	-	-	1,198,860	1,198,860	-	-	-	1,198,860	(19,727)	1,179,133
Other comprehensive income (loss) for the year	-	-	-	-	-	-	-	(19,176)	19,336	160	160	(2)	158
Total comprehensive income (loss) for the year	-	-	-	-	-	1,198,860	1,198,860	(19,176)	19,336	160	1,199,020	(19,729)	1,179,291
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	-	79,461	-	(79,461)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	96	(96)	-	-	-	-	-	-	-
Cash dividends distributed to ordinary shareholders	-	-	-	-	-	(408,000)	(408,000)	-	-	-	(408,000)	-	(408,000)
Stock dividends distributed to ordinary shareholders	25,500	-	-	-	-	(25,500)	(25,500)	-	-	-	-	-	-
Capital increase by cash and compensation costs recognized for reserve of employee subscription	100,000	-	1,892,355	-	-	-	-	-	-	-	1,992,355	-	1,992,355
Compensation costs recognized for employee stock options	-	-	35,467	-	-	-	-	-	-	-	35,467	-	35,467
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	3,639	-	-	-	-	-	-	-	3,639	(3,639)	-
Effect of long-term equity investment recognized in disproportionate shareholding	-	-	-	-	-	(460)	(460)	-	-	-	(460)	460	-
Conversion of convertible bonds	46,052	11,172	536,131	-	-	-	-	-	-	-	593,355	-	593,355
Exercise of disgorgement	-	-	403	-	-	-	-	-	-	-	403	-	403
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	37,432	37,432
Balance at December 31, 2024	1,171,552	11,172	5,844,488	205,193	96	1,712,706	1,917,995	(19,272)	19,336	64	8,945,271	335,669	9,280,940
Profit (loss) for the year	-	-	-	-	-	503,912	503,912	-	-	-	503,912	(5,271)	498,641
Other comprehensive income (loss) for the year	-	-	-	-	-	-	-	50,964	83,720	134,684	134,684	12,610	147,294
Total comprehensive income (loss) for the year	-	-	-	-	-	503,912	503,912	50,964	83,720	134,684	638,596	7,339	645,935
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	-	119,840	-	(119,840)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(96)	96	-	-	-	-	-	-	-
Cash dividends distributed to ordinary shareholders	-	-	-	-	-	(527,198)	(527,198)	-	-	-	(527,198)	-	(527,198)
Stock dividends distributed to ordinary shareholders	175,733	-	-	-	-	(175,733)	(175,733)	-	-	-	-	-	-
Cash dividends from capital surplus	-	-	(117,155)	-	-	-	-	-	-	-	(117,155)	-	(117,155)
Capital increase by cash	37,516	-	639,307	-	-	-	-	-	-	-	676,823	-	676,823
Equity component of convertible bonds	-	-	470,565	-	-	-	-	-	-	-	470,565	-	470,565
Compensation costs recognized for employee stock options	-	-	71,770	-	-	-	-	-	-	-	71,770	-	71,770
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	(10,400)	-	-	(35,368)	(35,368)	-	-	-	(45,768)	45,768	-
Effect of long-term equity investment recognized in disproportionate shareholding	-	-	5,546	-	-	(409)	(409)	-	-	-	5,137	(2,651)	2,486
Conversion of convertible bonds	33,923	(3,405)	266,154	-	-	-	-	-	-	-	296,672	-	296,672
Exercise of disgorgement	-	-	911	-	-	-	-	-	-	-	911	-	911
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	1,053,657	1,053,657
Balance at December 31, 2025	\$ 1,418,724	7,767	7,171,186	325,033	-	1,358,166	1,683,199	31,692	103,056	134,748	10,415,624	1,439,782	11,855,406

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
HD RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2025 and 2024

(Expressed in thousands of New Taiwan Dollars)

	<u>2025</u>	<u>2024</u>
Cash flows from (used in) operating activities:		
Profit before tax	\$ <u>705,503</u>	<u>1,519,629</u>
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	192,721	101,680
Amortization expense	25,294	19,574
Net loss (profit) on financial assets or liabilities at fair value through profit or loss	6,117	(6,952)
Interest expense	280,411	148,548
Interest income	(28,110)	(29,590)
Dividend income	(9,644)	-
Share-based payment transactions	71,770	75,108
Share of loss (profit) of associates and joint ventures accounted for using equity method	9,438	(15,417)
Losses (Gains) on disposals of property, plant and equipment	1,045	(578)
Write-downs (reversals) of inventories	(1,345)	2,025
Gains on disposals of investments	(1,441)	(197)
Gains on lease modification	(936)	-
Gains recognized on bargain purchase transaction	(6,593)	(1,036)
Unrealized profit from inter-company sales	290,871	157,408
Others	515	2,167
Changes in operating assets and liabilities:		
Contract assets	(2,709,191)	130,329
Accounts receivable (including related parties)	(287,938)	(69,049)
Other receivables (including related parties)	96,205	(2,267)
Inventories	(73,259)	75,660
Prepayments to suppliers	206,268	(373,164)
Other operating assets	(259,811)	(397,958)
Contract liabilities	(1,087,348)	570,020
Notes and accounts payables (including related parties)	(317,320)	599,603
Other payables to related parties	(14,204)	(26,419)
Other operating liabilities	<u>762,452</u>	<u>(174,585)</u>
Total adjustments	<u>(2,854,033)</u>	<u>784,910</u>
Cash inflow (outflow) generated from operations	(2,148,530)	2,304,539
Interest received	28,110	29,590
Dividend received	22,862	15,811
Interest paid	(171,765)	(51,427)
Income taxes paid	<u>(470,008)</u>	<u>(244,774)</u>
Net cash flows from (used in) operating activities	<u>(2,739,331)</u>	<u>2,053,739</u>

(Continued)

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
HD RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

For the years ended December 31, 2025 and 2024

(Expressed in thousands of New Taiwan Dollars)

	<u>2025</u>	<u>2024</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(1,456,810)
Acquisition of financial assets at fair value through profit or loss	-	(35,700)
Acquisition of investments accounted for using equity method	(273,525)	(282,360)
Increase in prepayments for investments	(7,941)	-
Acquisition of subsidiaries (including cash from subsidiaries)	(3,093,720)	(220,477)
Proceeds from disposal of subsidiaries (excluding cash from subsidiaries)	5,856	40,550
Acquisition of property, plant and equipment	(3,668,519)	(2,859,028)
Proceeds from disposals of property, plant and equipment	4,484	65,717
Decrease (Increase) in refundable deposits	460,289	(617,632)
Acquisition of intangible assets	(41,156)	(31,986)
Increase in restricted bank deposits	(577,982)	(132,012)
(Increase) Decrease in other non-current assets	(66,904)	20,174
Net cash flows used in investing activities	<u>(7,259,118)</u>	<u>(5,509,564)</u>
Cash flows from (used in) financing activities:		
Proceeds from short-term borrowings	5,817,054	5,114,159
Repayments of short-term borrowings	(4,353,558)	(3,217,085)
Decrease in short-term notes and bills payable (net of discount)	515,600	207,000
Cash returned from capital reduction of preference share liabilities	(99,450)	-
Cash settlement for fractional shares arising from the conversion of convertible corporate bonds	(3)	(4)
Proceeds from long-term borrowings	3,625,167	520,033
Repayments of long-term borrowings	(185,527)	(41,716)
Proceeds from issuance of convertible bonds (net of issuance costs)	3,009,756	-
Payments of lease liabilities	(115,550)	(37,185)
Cash dividends paid	(644,353)	(408,000)
Capital increase by cash	676,823	1,952,714
Exercise of disgorgement	911	403
Change in non-controlling interests	(319,240)	(13,265)
Net cash inflows from financing activities	<u>7,927,630</u>	<u>4,077,054</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(154,832)</u>	<u>(13,074)</u>
Net increase (decrease) in cash and cash equivalents	(2,225,651)	608,155
Cash and cash equivalents at beginning of period	4,593,322	3,985,167
Cash and cash equivalents at end of period	<u><u>\$ 2,367,671</u></u>	<u><u>4,593,322</u></u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
HD RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(expressed in thousands of New Taiwan Dollars, unless otherwise specified)

1. Company history:

HD Renewable Energy Co., Ltd. (“HD” or the “Company”) was incorporated in May 16, 2016 under the approval of Ministry of Economic Affairs, Republic of China (R.O.C.). The address of the Company’s registered office is F5, No. 35, Dexing West Road, Shilin District, Taipei City 111. The shares of the Company were first publicly issued through Taipei Exchange in R.O.C. on November 3, 2021 and were approved for trading over the Emerging Stock Board of the Taipei Exchange on December 28, 2021. The Company’s share have been listed and traded on the Taiwan Innovation Board (“TIB”) of the Taiwan Stock Exchange since March 6, 2023, and have been listed and traded on the Main Board of the Taiwan Stock Exchange since September 26, 2024.

The main activities of the Company and its subsidiaries (together referred to as the “Group”) are the development, design, engineering and maintenance services of various solar power stations, asset management services, aquaculture management and intelligent energy services.

2. Approval date and procedures of the consolidated financial statements:

These consolidated financial statements were authorized for issue by the Board of Directors on March 10, 2026.

3. New standards, amendments and interpretations adopted:

- (1) The impact of the International Financial Reporting Standards (“IFRS Accounting Standards”) endorsed by the Financial Supervisory Commission, R.O.C. (the “FSC”) which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2025:

- Amendments to IAS 21 “Lack of Exchangeability”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Section 4.1 of IFRS 9 and the related disclosure requirements of IFRS 7

HD RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (2) The impact of IFRS Accounting Standards endorsed by the FSC but not yet effective

The Group's anticipated adoption of the new amendments beginning on January 1, 2026, are expected to have the following impacts:

- (i) Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"

As the source of electricity generation depends on uncontrollable natural conditions (for example, the weather), the amount of electricity generated under this contract may vary due to such uncontrollable factors. The contracts that expose an entity to variability in the underlying amount of electricity include both contracts to buy or sell nature-dependent electricity and financial instruments that reference such electricity. The Group shall apply the "own-use" exception in paragraphs B2.7 and B2.8 to assess whether contracts referencing nature-dependent electricity are entered into and continue to be held for the purpose of the receipt of electricity in accordance with the Group's expected usage requirements.

Some contracts referencing nature-dependent electricity are designated as hedging instruments in hedges of forecast electricity transactions. In addition to the requirements in paragraph 6.3.7, for such a hedging relationship, an entity is permitted to designate as the hedged item a variable nominal amount of forecast electricity transactions that is aligned with the variable amount of nature-dependent electricity expected to be delivered by the generation facility as referenced in the hedging instrument, and to continue applying other hedge accounting requirements to that hedging relationship. Furthermore, if the cash flows of the contract referencing nature-dependent electricity designated as the hedging instrument are conditional on the occurrence of a forecast transaction that is designated as the hedged item, this forecast transaction is presumed to be highly probable.

The Group is required to assess whether contracts to purchase or sell nature-dependent electricity meet the "own-use" exemption and/or how such contracts, being recognized as derivatives, should be designated for hedge accounting purposes. The Group is continually evaluating the impact of its initial adoption of the amendments on its consolidated financial statements.

- (ii) Other amendments

The following amendments are not expected to have a significant impact on the Group's consolidated financial statements.

- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" regarding the application guidance requirements for Sections 3.1 and 3.3 of IFRS 9 and the related disclosure requirements of IFRS 7
- Annual Improvements to IFRS Accounting Standards—Volume 11

HD RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (c) The impact of IFRS Accounting Standards issued by the International Accounting Standards Board (the "IASB"), but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the IASB, but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities. • A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities. • Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. • Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.	January 1, 2027 note: On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt IFRS 18 beginning in 2028. Entities that need to adopt the new standard earlier may do with the endorsement of the FSC.

HD RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures” and amendments to IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”

4. Summary of material accounting policies:

The material accounting policies applied in the preparation of these consolidated financial statements are summarized as below. Except for those specifically indicated, the accounting policies have been applied consistently to all periods presented in these consolidated financial statements.

(1) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C. (altogether referred to “IFRS Accounting Standards” endorsed by the “FSC”).

(2) Basis of preparation

A. Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- (i) Financial instruments at fair value through profit or loss are measured at fair value;
- (ii) Financial assets at fair value through other comprehensive income are measured at fair value;
- (iii) Biological assets are measured at fair value less costs to sell.

B. Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (“NTD”), which is the Group's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

HD RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(3) Basis of consolidation

A. Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Company. The Company ‘controls’ an entity when it is exposed to, or has rights to, variable returns from involvement with the entity and has the ability to affect those returns through power over the entity.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

When the Group loses control over a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any interest retained in the former subsidiary is measured at fair value when control is lost, with the resulting gain or loss being recognized in profit or loss. The Group recognizes as gain or loss in profit or loss the difference between (i) the fair value of the consideration received as well as any investment retained in the former subsidiary at its fair value at the date when control is lost ;and (ii) the assets (including any goodwill), liabilities of the subsidiary as well as any related non-controlling interests at their carrying amounts at the date when control is lost, as gain or loss in profit or loss. When the Group loses control of its subsidiary, it accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if it had directly disposed of the related assets or liabilities.

B. List of subsidiaries included in the consolidated financial statements

<u>Name of investor</u>	<u>Name of subsidiary</u>	<u>Principal activity</u>	<u>Percentage of ownership</u>		<u>Note</u>
			<u>December 31, 2025</u>	<u>December 31, 2024</u>	
The Company	HB O&M Co., Ltd. (HB)	Energy technology service	100%	100%	
The Company	Dan Deng Green Co., Ltd. (Dan Deng)	Energy technology service	100%	100%	
The Company	Titan Asset Management Co., Ltd. (Titan Asset)	Energy technology service	100%	100%	
The Company	You Deng Green Co., Ltd. (You Deng)	Energy technology service	100%	100%	

HD RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activity	Percentage of ownership		Note
			December 31, 2025	December 31, 2024	
The Company	Ri Chen Green Co., Ltd. (Ri Chen)	Energy technology service	100%	100%	
The Company	Ri Lu Green Co., Ltd. (Ri Lu)	Energy technology service	100%	100%	
The Company	Ri Zhi Green Co., Ltd. (Ri Zhi)	Energy technology service	100%	100%	
The Company	Ri Xi Green Co., Ltd. (Ri Xi)	Energy technology service	-	100%	Note 18
The Company	Ri Yu Green Co., Ltd. (Ri Yu)	Energy technology service	100%	100%	
The Company	Ri Pu Green Co., Ltd. (Ri Pu)	Energy technology service	100%	100%	
The Company	Ru Jing Green Co., Ltd. (Ru Jing)	Energy technology service	100%	100%	
The Company	Ri Xun Green Co., Ltd. (Ri Xun)	Energy technology service	100%	100%	
The Company	Ri Fu Green Co., Ltd. (Ri Fu)	Energy technology service	100%	100%	
The Company	Star Trade Co., Ltd.(Star Trade)	Renewable energy electricity sales	95.11%	100%	Note 14
The Company	Xiang Heng Green Co., Ltd.(Xiang Heng)	Energy technology service	100%	100%	
The Company	New Century Energy Co., Ltd.(New Century)	Energy technology service	100%	100%	
The Company	Chang He Energy Co., Ltd.(Chang He)	Energy technology service	100%	100%	
The Company	Star Energy Storage SolutionsCo., Ltd. (ESS)	Energy technology service	-	90%	Note 4&14
The Company	Shin Guo Energy Co., Ltd. (Shin Guo) (formerly known as Shin Yuan Energy Co., Ltd.)	Energy technology service	-	100%	Note 20
The Company	Star Charger Co., Ltd. (Star Charger)	Energy technology service	100%	100%	
The Company	Tian Fang ChargeTech Co., Ltd.(Tian Fang)	Energy technology service	100%	100%	
The Company	Tian Jie ChargeTech Co., Ltd.(Tian Jie)	Energy technology service	100%	100%	
The Company	Tian Xi ChargeTech Co., Ltd. (Tian Xi)	Energy technology service	100%	100%	
The Company	Tian Hui Energy Storage Co.,Ltd. (Tian Hui)	Energy technology service	100%	100%	

HD RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activity	Percentage of ownership		Note
			December 31, 2025	December 31, 2024	
The Company	Tian Yi Energy Storage Co., Ltd.(Tian Yi)	Energy technology service	100%	100%	
The Company	Tian Cheng Energy Storage Co.,Ltd. (Tian Cheng)	Energy technology service	100%	100%	
The Company	Tian Dong Energy Storage Co.,Ltd. (Tian Dong)	Energy technology service	100%	100%	
The Company	Tian Chang Energy Storage Co.,Ltd. (Tian Chang)	Energy technology service	100%	100%	
The Company	Tian Yong Green Co., Ltd. (Tian Yong)	Energy technology service	100%	100%	
The Company	Tian Hong Green Co., Ltd. (Tian Hong)	Energy technology service	100%	100%	
The Company	Tian Sheng Green Co., Ltd. (Tian Sheng)	Energy technology service	100%	100%	
The Company	Tian Yu Green Co., Ltd. (Tian Yu)	Energy technology service	100%	100%	
The Company	Tian Hua ChargeTech Co., Ltd.(Tian Hua)	Energy technology service	100%	100%	
The Company	Star Energy Storage Co., Ltd.(SES) (formerly known as Hongyuan Technology Co., Ltd.)	Energy technology service	67.23%	67.23%	
The Company	Star Aquaculture Co., Ltd. (Star Aquaculture)	Fisheries and aquaculture	98.31%	98.31%	
The Company	Daybreak FisheryTech Co., Ltd.(DFC)	Energy technology service	100%	100%	
The Company	Ying Fa Energy Co., Ltd. (Ying Fa)	Energy technology service	99%	99%	
The Company	Beseye Clould Security Co., Ltd. (BESEYE)	Energy technology service	100%	100%	
The Company	Ju Wang Energy Co., Ltd. (Ju Wang)	Energy technology service	100%	100%	
The Company	Shin Bei Charger Co., Ltd. (Shin Bei)	Energy technology service	100%	100%	
The Company	Shin Chen Charger Co., Ltd.(Shin Chen)	Energy technology service	100%	100%	
The Company	Shin He Charger Co., Ltd. (Shin He)	Energy technology service	100%	100%	
The Company	Shin Duo Charger Co., Ltd. (Shin Duo)	Energy technology service	100%	100%	

HD RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activity	Percentage of ownership		Note
			December 31, 2025	December 31, 2024	
The Company	Shin Ting Charger Co., Ltd.(Shin Ting)	Energy technology service	100%	100%	
The Company	Shin Jian Charger Co., Ltd. (Shin Jian)	Energy technology service	100%	100%	
The Company	Rui Yang Optronics Co., Ltd.(Rui Yang)	Energy technology service	70%	70%	
The Company	Ri Chu Energy Co., Ltd. (Ri Chu)	Energy technology service	100%	100%	
The Company	Lanjing Volt Co., Ltd. (Lanjing)	Energy technology service	100%	100%	
The Company	Landian Solar Energy Co., Ltd. (Landian)	Energy technology service	100%	100%	
The Company	Li Tong Management Consulting Co., Ltd. (Li Tong)	Energy technology service	-	-	Note 8
The Company	HD Renewable Energy Japan Co., Ltd. (HD Japan)	Energy technology service	100%	100%	
The Company	Shin Yu Energy Co., Ltd. (ShinYu)	Energy technology service	100%	100%	Note 3
The Company	Yun Deng Green Co., Ltd. (Yun Deng)	Energy technology service	71.19%	60.16%	Note 2
The Company	New Star Charging Technology Co., Ltd. (New Star)	Energy technology service	54%	54%	Note 6
The Company	HD Renewable Energy Australia Pty. Ltd. (HD Australia)	Energy technology service	100%	100%	Note 1
The Company	HDRE I Holding Pty. Ltd. ATF HDRE I Holding Unit Trust (HDRE I)	Energy technology service	100%	100%	Note 1
The Company	HDRE II Holding Pty. Ltd. ATF HDRE II Holding Unit Trust (HDRE II)	Energy technology service	100%	100%	Note 1
The Company	Stellar Energy Technology Inc. (Stellar)	Energy technology service	100%	100%	Note 12
The Company	HDAT Energy CO., LTD. (HDAT)	Energy technology service	80%	70%	Note 1&15
SES	Huiju Energy Co., Ltd. (Huiju)	Energy technology service	100%	100%	
Star Charger	Tian Tai	Energy technology service	100%	100%	Note 5

HD RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activity	Percentage of ownership		Note
			December 31, 2025	December 31, 2024	
Star Charger	Star Charger Japan Co., Ltd. (Star Charger Japan)	Energy technology service	100%	100%	Note 1
Star Trade	Star Trade Japan Co., Ltd. (Star Trade Japan)	Energy technology service	100%	100%	Note 1
Star Trade	Helios 1 Godo Kaisha (Helios)	Energy technology service	30%	-	Note 16
Tian Hui	Startrade Holding Co., Ltd. (Startrade Holding)	Energy technology service	70%	-	Note 19
Startrade Holding	MWEX SOLUTIONS CO., LTD. (MWEX SOLUTIONS)	Energy technology service	100%	-	Note 19
HD Japan	Battery Park 1, LLC	Energy technology service	100%	100%	Note 7
HD Japan	Star No.1, LLC	Energy technology service	100%	100%	Note 1
HD Japan	Star No.2, LLC	Energy technology service	100%	100%	Note 1
HD Japan	Star No.3, LLC	Energy technology service	100%	100%	Note 1
HD Japan	Star No.4, LLC	Energy technology service	100%	100%	Note 1
HD Japan	Star No.5, LLC	Energy technology service	100%	100%	Note 1
HD Japan	Battery Park 2, LLC (formerly known as Battery Park 3, LLC)	Energy technology service	100%	100%	Note 1
HD Japan	Battery Park 4, LLC	Energy technology service	100%	100%	Note 1
HD Japan	Battery Park 5, LLC	Energy technology service	100%	100%	Note 1
HD Japan	Battery Park 6, LLC	Energy technology service	100%	100%	Note 1
HD Japan	Battery Park 7, LLC	Energy technology service	100%	100%	Note 1
HD Japan	Battery Park 8, LLC	Energy technology service	-	100%	Note 1&21
HD Japan	Battery Park 9, LLC	Energy technology service	100	100%	Note 1
HD Japan	Battery Park 10, LLC	Energy technology service	100%	100%	Note 1
HD Japan	Battery Park 11, LLC	Energy technology service	100%	100%	Note 1

HD RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activity	Percentage of ownership		Note
			December 31, 2025	December 31, 2024	
HD Japan	Battery Park 12, LLC	Energy technology service	100%	100%	Note 1
HD Japan	Battery Park 13, LLC	Energy technology service	100%	-	Note 1
HD Japan	Battery Park 14, LLC	Energy technology service	100%	-	Note 1
HD Japan	Battery Park 15, LLC	Energy technology service	100%	-	Note 1
HD Japan	Battery Park 16, LLC	Energy technology service	100%	-	Note 1
HD Japan	Battery Park 17, LLC	Energy technology service	100%	-	Note 1
HD Japan	Battery Park 18, LLC	Energy technology service	100%	-	Note 1
HD Japan	Battery Park 19, LLC	Energy technology service	100%	-	Note 1
HD Japan	Battery Park 20, LLC	Energy technology service	100%	-	Note 1
HD Japan	Battery Park 21, LLC	Energy technology service	100%	-	Note 1
HD Japan	Battery Park 22, LLC	Energy technology service	100%	-	Note 1
HD Japan	Minakami Energy Storage LLC(Minakami)	Energy technology service	50%	50%	Note 1
HD Japan	Helios	Energy technology service	60%	-	Note 16
HD Japan	STARRY Asset Management Co ., Ltd. (STARRY)	Energy technology service	100%	-	Note 1
New Star	New Star Charging Technology Japan Co., Ltd. (New Star Japan)	Energy technology service	100%	100%	Note 1
Star Aquaculture	Yin Deng	Energy technology service	100%	100%	Note 10
HD Australia	GGE Macleay Road Coleambally Pty. Ltd. ATF GGE Macleay Road Coleambally Unit Trust (GGE)	Energy technology service	100%	100%	Note 11
HDRE I	Star VIC I Pty. Ltd. ATF AIL VII Sub I Trust (Star VIC I)	Energy technology service	100%	100%	Note 9
HDRE II	ZEBRE Pty. Ltd. (ZEBRE)	Energy technology service	75.96%	70%	Note 13

HD RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activity	Percentage of ownership		Note
			December 31, 2025	December 31, 2024	
ZEBRE	Solar River I Holding Pty. Ltd. ATF Solar River I Holding Trust (Solar River I Holding)	Energy technology service	100%	-	Note 17
ZEBRE	Hookey Creek I Holding Pty. Ltd. ATF Hookey Creek I Holding Trust (Hookey Creek I Holding)	Energy technology service	100%	-	Note 17
ZEBRE	Noblevale I Holding Pty. Ltd. ATF Noblevale I Holding Trust (Noblevale I Holding)	Energy technology service	100%	-	Note 17
ZEBRE	North Yarragon I Holding Pty. Ltd. ATF North Yarragon I Holding Trust (North Yarragon I Holding)	Energy technology service	100%	-	Note 17
ZEBRE	Wagga North I Holding Pty. Ltd. ATF Wagga North I Holding Trust (Wagga North I Holding)	Energy technology service	100%	-	Note 17
ZEBRE	Templers BESS Hold Co Pty. Ltd. ATF Templers BESS Hold Trust (Templers BESS Hold)	Energy technology service	100%	-	Note 17
Solar River I Holding	Solar River I Project Pty. Ltd. ATF Solar River I Project Trust (Solar River I Project)	Energy technology service	100%	-	Note 17
Hookey Creek I Holding	Hookey Creek I Project Pty. Ltd. ATF Hookey Creek I Project Trust (Hookey Creek I Project)	Energy technology service	100%	-	Note 17
Noblevale I Holding	Noblevale I Project Pty. Ltd. ATF Noblevale I Project Trust (Noblevale I Project)	Energy technology service	100%	-	Note 17
North Yarragon I Holding	North Yarragon I Project Pty. Ltd. ATF North Yarragon I Project Trust (North Yarragon I Project)	Energy technology service	100%	-	Note 17
Wagga North I Holding	Wagga North I Project Pty. Ltd. ATF Wagga North I Project Trust (Wagga North I Project)	Energy technology service	100%	-	Note 17

HD RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
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<u>Name of investor</u>	<u>Name of subsidiary</u>	<u>Principal activity</u>	<u>Percentage of ownership</u>		<u>Note</u>
			<u>December 31, 2025</u>	<u>December 31, 2024</u>	
Templers BESS Hold	Templers BESS Project Co Pty. Ltd. ATF Templers BESS Project Trust (Templers BESS Project)	Energy technology service	100%	-	Note 17
Templers BESS Project	Templers BESS Pty. Ltd. (Templers BESS)	Energy technology service	100%	-	Note 17

Note 1: The Company established HD Australia in June 2024, HDRE I in July 2024, HDAT in October 2024, and HDRE II in December 2024. The Group established Star No.1, Star No.2, Star No.3, Star No.4 and Star No.5 in April 2024, Star Charger Japan in September 2024, New Star Japan and Minakami in October 2024; Battery Park 2, Battery Park 4, Battery Park 5, Battery Park 6, Battery Park 7, Battery Park 8, Battery Park 9, Battery Park 10, Battery Park 11 and Battery Park 12 in November 2024, and Star Trade Japan in December 2024. In August 2025, the Group established Battery Park 13, Battery Park 14, Battery Park 15, Battery Park 16, Battery Park 17, Battery Park 18, Battery Park 19, Battery Park 20, Battery Park 21, and Battery Park 22, and established STARRY in November 2025.

Note 2: In January 2024, the Company did not subscribe to Yun Deng's cash capital increase in proportion to its ownership, resulting in its ownership interest increasing from 40% to 54.46%. Consequently, the Company obtained control over Yun Deng. Please refer to Note 6(6) for details. In July 2024, the Company again did not subscribe to Yun Deng's cash capital increase in proportion to its ownership, resulting in its ownership interest increasing to 60.16%, and the resulting change in ownership interests led to a reversal of retained earnings amounting to \$40 thousand. In January, June, and August 2025, the Company did not subscribe to Yun Deng's capital increase in proportion to its ownership, resulting in its ownership interest increasing to 71.19%, and the change in ownership led to reversals of retained earnings of \$41 thousand and capital surplus of \$46 thousand.

Note 3: In January 2024, the Company acquired 100% of the shares of Shin Yu. Please refer to Note 6(7) for details.

Note 4: In January 2024, the Company acquired 10% of the shares of ESS from non-controlling interests, increasing its ownership to 90%. The difference between the acquisition price and the carrying amount of the subsidiary's equity of \$3,639 thousand was recognized in capital surplus.

Note 5: In February 2024, the Company sold 100% of the shares of Tian Tai to Star Charger.

Note 6: In April 2024, the Company established and acquired 54% of the shares of New Star.

Note 7: In April 2024, the Group acquired 100% of the shares of Battery Park 1.

Note 8: In July 2024, the Company sold 100% of the shares of Li Tong to Fubon Green Power Co., Ltd. (Fubon Green Power).

HD RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
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- Note 9: In October 2024, the Group acquired 100% of the shares of Star VIC I.
- Note 10: In October 2024, the Company sold 100% of the shares of Yin Deng to Star Aquaculture.
- Note 11: In November 2024, the Group acquired 100% of the shares of GGE.
- Note 12: In November 2024, the Company acquired all remaining shares of Stellar from its related party. Consequently, the Group obtained control of Stellar and included Stellar in the consolidated entities.
- Note 13: In November 2024, the Group established and acquired 70% of the shares of ZEBRE. In July, October, November, and December 2025, the Group did not subscribe proportionately to ZEBRE's capital increases, resulting in its ownership interest increasing to 75.96%, and the resulting changes in ownership interests lead to a reversal of capital surplus amounting to \$8 thousand.
- Note 14: In May 2025, Star Trade issued new shares to merge with ESS, resulting in the Group's ownership interest decreasing to 95.11%, and the ownership change led to recognition of capital surplus of \$3,116 thousand.
- Note 15: In June 2025, the Company did not subscribe proportionately to HDAT's cash capital increase, resulting in its ownership interest increasing from 70% to 80%, and the ownership change resulted in a reversal of capital surplus of \$2 thousand.
- Note 16: In April 2025, HD Japan invested in Helios through a Japanese TK-GK structure. Although it does not hold voting rights, the Group is entitled to 60% of the economic benefits and has the power to direct the relevant activities under the contractual arrangements; therefore, Helios is included in the consolidated entities. In December 2025, Star Trade acquired an additional 30% of the shares of Helios from non-controlling interests, increasing the Group's aggregate ownership interest to 90%. The difference between the acquisition price and the carrying amount of the subsidiary's equity amounted to \$45,768 thousand, which was recognized as a reduction of capital surplus of \$10,400 thousand and retained earnings of \$35,368 thousand.
- Note 17: In June 2025, the Group acquired 100% of the shares of Solar River I Holding, Solar River I Project, Hookey Creek I Holding, Hookey Creek I Project, Noblevalle I Holding, Noblevalle I Project, North Yarragon I Holding, North Yarragon I Project, Wagga North I Holding, and Wagga North I Project from related parties. In July 2025, the Group acquired 100% of the shares of Templers BESS Hold, Templers BESS Project and Templers BESS from related parties.
- Note 18: In July 2025, the Group sold 100% of the shares of Ri Xi to Star Power.
- Note 19: In July 2025, the Group established and acquired 70% of the shares of Startrade Holding and established MWEX SOLUTIONS in August 2025.
- Note 20: In December 2025, the Company did not subscribe proportionately to the capital increase of Shin Guo, resulting in the loss of control over Shin Guo. Accordingly, Shin Guo was reclassified from a subsidiary to an associate. Please refer to Note 6(6) for details.

HD RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Note 21: In December 2025, the Group sold all of the shares of Battery Park 8. Please refer to Note 6(7) for details.

C. List of subsidiaries excluded in the consolidated financial statements: None

(4) Foreign currencies

A. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the reporting date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction. Exchange differences of monetary items are generally recognized in profit or loss, except for an investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

B. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

(5) Classification of current and non-current assets and liabilities

The assets and liabilities relating to the construction contract are classified as current or non-current on the basis of a business cycle (usually one to two years), with the remaining assets and liabilities divided by the following sub-criteria:

The Group classifies the asset as current under one of the following criteria, and all other assets are classified as non-current.

- A. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- B. It is held primarily for the purpose of trading;
- C. It is expected to be realized within twelve months after the reporting date; or
- D. The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies the liability as current under one of the following criteria, and all other liabilities are classified as non-current.

HD RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- A. It is expected to be settled in the normal operating cycle;
- B. It is held primarily for the purpose of trading;
- C. It is due to be settled within twelve months after the reporting period; or
- D. The Group does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(6) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(7) Financial instruments

Accounts receivable are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a account receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A account receivable without a significant financing component is initially measured at the transaction price.

A. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- i. It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- ii. Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus the cumulative amortization using the effective interest method and adjusted for any loss allowance.

HD RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(b) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

(c) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(d) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable, other receivables, refundable deposits, and other financial assets) and contract assets.

Loss allowance for accounts receivable and contract assets are always measured at an amount equal to lifetime ECL.

HD RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 360 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

ECLs are probability-weighted estimate of credit losses over the expected life of financial assets. Credit losses are measured as the present value of all cash shortfalls, i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive. ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost is credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. An evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 360 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of assets.

The gross carrying amount of a financial asset is written off either partially or in full to the extent that there is no realistic prospect of recovery. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

HD RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
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(e) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

When the Group enters into transactions whereby it transfers assets but retains either all or substantially all of the risks and rewards of the assets, the transferred assets are not derecognized from statement of balance sheet.

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(b) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

(c) Preference shares

The Group's redeemable preference shares are classified as financial liabilities, because they bear non-discretionary dividends and are redeemable in cash by the holders. Non-discretionary dividends thereon are recognized as interest expense in profit or loss as accrued.

Non-redeemable preference shares are classified as equity, because they bear discretionary dividends, do not contain any obligations to deliver cash or other financial assets and do not require settlement in a variable number of the Group's equity instruments.

Discretionary dividends thereon are recognized as equity distributions on approval by the Company's shareholders.

(d) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds denominated in NTD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

HD RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

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The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

(e) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(f) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or canceled, or expire.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

C. Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(8) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in bringing them to their present location and condition.

Net realizable value is the estimated the risk selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

HD RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The cost of inventories transferred from biological assets is its fair value less costs to sell at the date of harvest.

(9) Biological assets

Biological assets are measured at their fair value less cost to sell at the original recognition and subsequent financial reporting dates, except where fair value cannot be reliably measured. Cost to sell represents the incremental cost directly attributable to the disposal of assets, in addition to financial costs and income tax. Gains or losses arising from original recognition and subsequent changes in fair value less cost of sale of biological assets, shall be included in profit or loss in the current period in which they occur. Biological assets whose fair value cannot be reliably measured are measured at their cost less accumulated depreciation and accumulated impairment.

Biological assets are transferred to inventories at their fair value less cost to sell on the harvest date.

(10) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control over their financial and operating policies.

A joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the arrangement. In addition, decisions about the relevant activities require the unanimous consent of the parties sharing joint control of the arrangement.

Investments in associates and joint ventures are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates and joint ventures includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates and joint ventures after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's or joint venture's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Unrealized gains and losses resulting from transactions between the Group and an associate or a joint venture are recognized in the financial statements only to the extent of unrelated Group's interests in the associate and joint venture.

When the Group's share of losses of an associate or a joint venture equals or exceeds its interests in an associate or joint venture, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

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(11) Property, plant and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost, less accumulated depreciation, and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

B. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that future economic benefits associated with the expenditure will flow to the Group.

C. Depreciation

Depreciation is calculated on the cost of an asset, less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- (a) Buildings: 50 years
- (b) Machinery and equipment: 3~25 years
- (c) Transportation equipment: 5~8 years
- (d) Office equipment: 3~6 years
- (e) Other equipment: 3~5 years.

Depreciation methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(12) Intangible assets

A. Recognition and measurement

Expenditures related to research activities are recognized as expenses when incurred.

Development expenditures are capitalized only when they can be measured reliably, when the technical or commercial feasibility of the product or process has been established, when it is highly probable that the future economic benefits attributable to the asset will flow to the Group, and when the Group has the intention and adequate resources to complete the development and to use or sell the asset. Other development expenditures are recognized in profit or loss when incurred. After initial recognition, capitalized development expenditures are measured at cost less accumulated amortization and accumulated impairment losses.

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Other intangible assets with finite useful lives acquired by the Group are measured at cost less accumulated amortization and accumulated impairment losses.

B. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

C. Amortization

The amortized amount of an intangible asset is the cost less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives listed below from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Computer software: 1 to 10 years

Power supply contract: 20 years

Core technology: 10 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(13) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A. As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at, or before, the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically evaluated and reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

HD RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (a) fixed payments, including in-substance fixed payments;
- (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (c) amounts expected to be payable under a residual value guarantee; and
- (d) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when:

- (a) there is a change in future lease payments arising from the change in an index or rate; or
- (b) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- (c) there is a change in the assessment regarding the purchase option; or
- (d) there is a change of its assessment on whether it will exercise an extension or termination option; or
- (e) there is any lease modification

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss for any gain or loss relating to the partial or full termination of the lease.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of dormitories and other miscellaneous leases that have a lease term of 12 months or less and leases of low value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight line basis over the lease term.

B. As a lessor

Lease income from operating lease is recognized in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset leased to others and recognized as an expense on the straight-line basis over the lease term.

(14) Impairment of non-financial assets

At each reporting date, The Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or cash generating units (CGUs).

The recoverable amount of an individual asset or a CGU is the higher of its fair value less costs of disposal and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(15) Provisions

A provision is recognized if, as a result of a past event the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

The Group is subject to decommissioning obligations related to certain items of property, plant and equipment. Such decommissioning obligations are primarily attributable to clean-up costs, including costs of dismantling, removing and site restoration, as well as module recycling. The unwinding of the discount based on original discount rate is recognized in profit or loss as interest expense over the periods with corresponding increase in the carrying amounts of the accrued decommissioning costs. The carrying amount of the accruals at the end of the assets' useful lives is the same as the estimated decommissioning costs.

(16) Employee benefits

A. Defined contribution plans

Obligations for contributions to the defined contribution plans are expensed as related services are provided.

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B. Short-term employee benefits

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(17) Revenue recognition

A. Revenue from contracts with customers

(a) Construction contracts

The Group enters into construction contracts to build solar power plants and site development. Because its customer controls the asset as it is constructed, the Group recognizes revenue over time on the basis of the construction costs incurred to date as a proportion of the total estimated costs of the contract. The contracts are fixed-price contracts. The customer pays the fixed amount based on a payment schedule. The Group recognizes revenue only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. If the Group has recognized revenue, but not issued a bill, then the entitlement to consideration is recognized as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

If the Group cannot reasonably measure its progress towards complete satisfaction of the performance obligation of a construction contracts, the Group shall recognize revenue only to the extent of contract costs expected to be recovered.

A provision for onerous contracts is recognized when the Group expects the unavoidable costs of performing the obligations under a construction contract exceed the economic benefits expected to be received under the contract.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

(b) Revenue from service rendered

The Group provides advisory and maintenance services. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. The proportion of services provided is determined based on the rendered services to date as a proportion of the total estimated rendered services of the transaction. In cases of fixed price contracts, the customer pays the fixed amount based on a payment schedule.

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(c) Product sales revenue

Revenue is recognized when the control over a product has been transferred to the customer. The transfer of control refers to the product has been delivered to and accepted by the customer without remaining performance obligations from the Group. Delivery occurs when the product has been shipped to the specified location and the risk of loss over the product has been transferred to the customer, as well as when the product has been accepted by the customer according to the terms of sales contract, or when the Group has objective evidence that all criteria for acceptance have been satisfied.

(d) Electricity sales revenue

Revenue from the sale of electricity is recognized when the electricity has been delivered to the customer, the amount can be reliably measured, and it is probable that there will be future economic benefits from the asset.

(e) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year, or effect of financing components to respective contract is insignificant. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

B. Contract costs

(a) Incremental costs of obtaining a contract

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred, regardless of whether the contract was obtained, shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Group applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized one year or less.

(b) Costs to fulfill a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- (i) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;

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- (ii) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- (iii) the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfill the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

(18) Government grants

Government grants related to the acquisition or construction of assets are recognized as deferred income and are recognized in profit or loss on a systematic basis over the useful lives of the related assets.

(19) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount of the compensation cost recognized as an expense is adjusted to reflect the number of awards whose related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions, and there is no true-up for differences between expected and actual outcomes.

Grant date of a share-based payment award is the date which the Group and employees reach a consensus in the subscription price and number of shares.

The grant date of options for employees to subscribe new shares for a cash capital injection is the date when the Board of Directors approves the exercise price and the number of shares employees can subscribe.

(20) Income taxes

Income taxes comprise both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date.

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Deferred taxes arise due to the temporary differences between the carrying amounts of assets and liabilities at the reporting date and their respective tax bases. Deferred taxes are recognized except for the following:

- A. temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;
- B. temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- C. taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- A. the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- B. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (a) the same taxable entity; or
 - (b) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(21) Earnings per share

Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potential dilutive ordinary shares, such as employee compensation and convertible bonds.

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(22) Business combination

The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Group recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Group measures any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, if the non-controlling interests are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRS Accounting Standards endorsed by the FSC.

In a business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value, and recognizes the resulting gain or loss, if any, in profit or loss. In prior reporting periods, the Group may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognized in other comprehensive income will be recognized on the same basis as would be required if the Group had disposed directly of the previously held equity interest. If the disposal of the equity interest required a reclassification to profit or loss, such an amount will be reclassified to profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the Group's financial statements. During the measurement period, the provisional amounts recognized at the acquisition date are retrospectively adjusted, or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period will not exceed one year from the acquisition date.

(23) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

HD RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

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5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

In preparing the consolidated financial statements, management of the Group is required under the applicable financial reporting framework to make judgments and estimates about the future, including those related to climate-related risks and opportunities, which affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Group's risk management and climate-related commitments where appropriate. Revisions to estimates are recognised prospectively in the period of the change and future periods.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

Revenue recognition from construction projects

Profit or loss from construction contracts is recognized by reference to the stage of completion of the contract, with contract revenue recognized over time based on the proportion of contract costs incurred to date relative to the estimated total contract costs. The Group regularly reviews the reasonableness of the estimates; however, changes in industry conditions and construction progress may result in revisions to the estimated total contract costs, which could in turn affect the amount of revenue recognized and the balances of contract assets and contract liabilities at the end of the reporting period. Any changes in the underlying estimation assumptions may result in material adjustments to the estimated amounts.

The Group's management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

The Group's accounting policy and disclosure include measuring financial and non-financial assets and liabilities at fair value through profit or loss. The Group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. The Group also periodically adjusts valuation models, conducts back-testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value.

The Group strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date. Please refer to note 6(31) for assumptions used in measuring fair value.

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6. Explanation of significant accounts:

(1) Cash and cash equivalents

	December 31, 2025	December 31, 2024
Cash on hand	\$ 1,647	1,446
Demand deposits	2,261,076	4,543,916
Checking account deposits	7,746	455
Foreign currency deposits	97,202	47,505
	<u>\$ 2,367,671</u>	<u>4,593,322</u>

Please refer to note 6(31) for the disclosure of credit risk and interest rate risk of the financial assets and liabilities of the Group.

As of December 31, 2025 and 2024, the cash and cash equivalents were not pledged as collaterals.

(2) Financial assets and liabilities at fair value through profit or loss

	December 31, 2025	December 31, 2024
Mandatorily measured at fair value through profit or loss- non-current:		
Class A Convertible Preferred Shares	<u>\$ 35,700</u>	<u>35,700</u>
Financial assets designed at fair value through profit or loss- non-current:		
Interest rate swap	<u>\$ 11,787</u>	<u>-</u>
Financial assets designed at fair value through profit or loss - current:		
Unsecured convertible corporate bonds - call option	<u>\$ 605</u>	<u>1,320</u>
Financial liabilities designed at fair value through profit or loss - current:		
Interest rate swap	\$ 218	-
Unsecured convertible corporate bonds - put option	-	68
	<u>\$ 218</u>	<u>68</u>
Financial liabilities designed at fair value through profit or loss - non-current:		
Unsecured convertible corporate bonds - put option	<u>\$ 97,200</u>	<u>-</u>

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Derivative financial instruments

The Group enters into derivative financial instrument transactions to hedge its exposure to interest rate risk arising from its financing activities. The Group uses interest rate swap contracts to convert some of its existing long-term borrowings with a fixed interest rate to debts with a variable rate. The conversion reduces the risk of changes in fair value of the existing long-term borrowings resulting from the fluctuation in interest rates. As hedge accounting is not applied, the interest rate swaps are classified as financial liabilities held for trading. Details of the derivative financial instruments as of December 31, 2025 are as follows:

Interest rate swap:

December 31, 2025				
Notional amount outstanding (in thousands)	Maturity Period	Fixed Rate	Floating Rate	
AUD 994	March 2029	4.162 %	AUD-BBSY BID	
AUD 104,231	March 2029	3.958 %	AUD-BBSY BID	

For the amount of the fair value remeasurement of the put option of the unsecured convertible bonds recognized in profit or loss, please refer to note 6(16).

(3) Financial assets at fair value other comprehensive income

	December 31, 2025	December 31, 2024
Equity investments at fair value through other comprehensive income:		
Unlisted common stocks	\$ 1,357,349	1,312,150
Domestic emerging stocks	<u>203,440</u>	<u>163,996</u>
	<u>\$ 1,560,789</u>	<u>1,476,146</u>

The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for the long-term strategic purposes.

The Group acquired 10% of equity interest in Fubon Green Power for \$400,000 thousand in June 2024.

The Group acquired 9.7% of equity interest in Zen Energy Pty. Ltd. for \$912,150 thousand in November 2024.

The Group acquired 11.2% of equity interest in Tech-Top Engineering Co., Ltd. for \$144,660 thousand in December 2024.

The above-mentioned investments in equity instruments designated at fair value through other comprehensive income were not pledged as collateral.

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(4) Accounts receivable, net (including related parties)

	December 31, 2025	December 31, 2024
Accounts receivable	\$ 426,655	108,785
Accounts receivable from related parties	141,386	171,318
Less: Loss allowance	<u>(647)</u>	<u>(647)</u>
	<u>\$ 567,394</u>	<u>279,456</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provisions were determined as follows:

	December 31, 2025		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 566,016	0.00%	-
1 to 30 days past due	848	0.00%	-
31 to 60 days past due	<u>530</u>	0.00%	<u>-</u>
	<u>\$ 567,394</u>		<u>-</u>

	December 31, 2024		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 141,697	0.00%	-
1 to 30 days past due	1,323	0.00%	-
91 to 180 days past due	<u>136,436</u>	0.00%	<u>-</u>
	<u>\$ 279,456</u>		<u>-</u>

In addition, there was objective evidence indicating that, under reasonable expectation, some of the accounts receivable would not be recovered in total; therefore the loss allowance recognized by the Group for the years ended December 31, 2025 and 2024 were both \$647 thousand.

The movements in the allowance for accounts receivable for the years ended December 31, 2025 and 2024 were as follows:

	For the years ended December 31,	
	2025	2024
Balance at January 1 (Balance at December 31)	<u>\$ 647</u>	<u>647</u>

As of December 31, 2025 and 2024, the accounts receivable of the Group were not pledged as collateral.

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(5) Inventories

	December 31, 2025	December 31, 2024
Battery module pending for construction	\$ 101,921	78,331
Raw materials and merchandise inventory	80,707	62,588
Module pending for construction	81,102	31,327
Power cables pending for construction	37,459	54,312
Steel structure pending for construction	-	377
Agricultural products and work in progress	3,567	2,845
	<u>\$ 304,756</u>	<u>229,780</u>

The cost of inventories recognized as operating costs and operating expenses for the years ended 2025 and 2024 amounted to \$6,525,425 thousand and \$7,440,190 thousand, respectively.

In addition, during the years ended 2025 and 2024, the amounts of inventory written down to net realizable value and recognized as inventory write-down (reversal gain) were \$(1,345) thousand and \$2,025 thousand, respectively, and were included in the above operating costs.

As of December 31, 2025 and 2024, the inventories of the Group were not pledged as collateral.

(6) Investments accounted for using equity method

	December 31, 2025	December 31, 2024
Associates	\$ 211,719	107,487
Joint ventures	751,077	597,269
Less: Unrealized profit from associates	(761,960)	(471,089)
	<u>\$ 200,836</u>	<u>233,667</u>
Investments accounted for using equity method	\$ 203,387	233,667
Credit balance of investments accounted for using equity method	(2,551)	-
	<u>\$ 200,836</u>	<u>233,667</u>

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A. Associates

<u>Name of associates</u>	<u>Business activity</u>	<u>Main operating location/ Registered Country of the Associate</u>	<u>December 31, 2025</u>		<u>December 31, 2024</u>	
			<u>Amount</u>	<u>Percentage %</u>	<u>Amount</u>	<u>Percentage %</u>
Ri Qing Green Co., Ltd. (Ri Qing)	Energy technology service	Republic of China	\$ 3,007	34	3,011	34
Ri Fa Green Co., Ltd. (Ri Fa)	Energy technology service	Republic of China	72,663	40	66,847	40
Shilin Star Power Corporation (SSP)	Energy technology service	Republic of China	35,750	49	37,629	49
HeLM Aggregation Co., Ltd. (HeLM)	Energy technology service	Japan	80,365	44	-	-
Shin Guo	Energy technology service	Republic of China	19,934	20	-	-
			<u>\$ 211,719</u>		<u>107,487</u>	

In May 2025, the Company acquired 44% equity interest in HeLM for \$101,275 thousand, therefore obtained significant influence over the investee.

In December 2025, strategic investors were introduced into Shin Guo. As the Company did not subscribe to the cash capital increase in proportion to its shareholding, its equity interest decreased from 100% to 20%, resulting in the loss of control over Shin Guo. Accordingly, Shin Guo was reclassified from a subsidiary to an associate. The previously held interest was deemed to be disposed of, and a disposal gain of \$152 thousand was recognized based on the fair value on that date.

The Company subscribed for the cash capital increase of Yun Deng in January 2024 not in proportion to its shareholding, at an investment amount of \$27,000 thousand, resulting in an increase in its ownership interest from 40% to 54.46%. Consequently, the Company obtained control over Yun Deng, which was reclassified from an associate to a subsidiary. The previously held equity interest was deemed to be disposed of, and a disposal loss of \$96 thousand was recognized based on the fair value of \$33,639 thousand at that date. Please refer to Note 6(7) for further details.

The Company acquired 49% equity interest in SSP for \$39,200 thousand in April 2024, therefore obtained significant influence over the investee.

The Group holds 20% to 49% of the voting rights in the associates for the years ended December 31, 2025 and 2024. The remaining shares are concentrated within certain shareholders and the Group was not able to obtain more than half of the total number of directors of these associates, and it also cannot obtain more than half of the voting rights at a shareholders' meeting. Therefore, it is determined that the Group does not have substantial control over these associates.

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The Group's financial information for investments in individually insignificant associate accounted for using equity method at the reporting date was as follows. These financial information are included in the consolidated financial statements.

	For the years ended December 31,	
	2025	2024
Attributable to the Group:		
Net loss	\$ (4,127)	(3,358)
Other comprehensive loss	(12,830)	-
Total comprehensive loss	<u><u>\$ (16,957)</u></u>	<u><u>(3,358)</u></u>

B. Joint ventures

Name of joint ventures	Business activity	Main operating location/ registered country of the joint venture	December 31, 2025		December 31, 2024	
			Percentage		Percentage	
			Amount	%	Amount	%
Star Power Energy Corporation (Star Power)	Energy technology service	Republic of China	\$ 391,497	25.53	291,390	20
Aquastar Energy Co., Ltd. (Aquastar)	Energy technology service	Republic of China	359,580	10	305,879	10
			<u><u>\$ 751,077</u></u>		<u><u>597,269</u></u>	

The Company subscribed for the cash capital increase of Aquastar in July 2025, January 2024 and April 2024 in proportion to its shareholding, at investment amounts of \$54,650 thousand, \$202,260 thousand, and \$40,900 thousand, respectively.

The Company subscribed for the cash capital increase of Star Power not in proportion to its shareholding in July 2025, at an investment amount of \$117,600 thousand, resulting in an increase of its shareholding ratio from 20% to 23.53%. The change in ownership resulted in the recognition of a capital surplus amounting to \$2,486 thousand.

The Group's financial information for investments in individually insignificant joint venture accounted for using equity method at the reporting date was as follows. These financial information are included in the consolidated financial statements.

	For the years ended December 31,	
	2025	2024
Attributable to the Group:		
Net income (loss)	<u><u>\$ (5,311)</u></u>	<u><u>18,775</u></u>

As of December 31, 2025 and 2024, the investments accounted for using equity method of the Group were not pledged as collateral.

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(7) Acquisition or loss control of subsidiaries

A. Acquisition of subsidiaries

The Group acquired 60% of the equity interest in Helios in April 2025 for a cash consideration of \$958,561 thousand (JPY 4,319,785 thousand).

In June 2025, the Group and the non-controlling interests acquired 100% of the equity interests in Solar River I Holding, Solar River I Project, Hookey Creek I Holding, Hookey Creek I Project, Noblevale I Holding, Noblevale I Project, North Yarragon I Holding, North Yarragon I Project, Wagga North I Holding, and Wagga North I Project from related parties for cash considerations of \$820,893 thousand (AUD 40,016 thousand) and \$351,811 thousand (AUD 17,149 thousand), respectively.

In July 2025, the Group and the non-controlling interests acquired 100% of the equity interests in Templers BESS Hold, Templers BESS Project, and Templers BESS for cash considerations of \$1,528,184 thousand (AUD 80,000 thousand) and \$382,046 thousand (AUD 20,000 thousand), respectively. As of December 31, 2025, an unpaid balance of \$210,100 thousand (AUD 10,000 thousand) was recognized as other payables to related parties.

The Company acquired 100% of equity interest in Shin Yu in January 2024 for a cash consideration of \$25,000 thousand.

The Company subscribed for the cash capital increase of Yun Deng in January 2024 not in proportion to its shareholding, at investment amount of \$27,000 thousand, resulting in an increase in its ownership interest from 40% to 54.46%. Consequently, the Company obtained control over Yun Deng, which was reclassified from an associate to a subsidiary. The previously held equity interest was deemed to be disposed of, and a disposal loss of \$96 thousand was recognized based on the fair value of \$33,639 thousand at that date.

The Group acquired 100% of equity interest in Battery Park 1 in April 2024 for a cash consideration of \$63 thousand.

The Group acquired 100% of equity interest in Star VIC I in October 2024 for a cash consideration of \$193,844 thousand.

The Group acquired 100% of equity interest in GGE in November 2024 for a cash consideration of \$2 thousand.

In November 2024, the Company acquired the remaining shares of Stellar from its related party, TPK, a cash consideration of \$81,194 thousand, increasing its ownership from 30% to 100%. Consequently, the Group obtained control of Stellar and included it as a subsidiary. The fair value on the acquisition date was treated as a disposal, recognizing a disposal gain/loss of \$0 thousand.

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The following table summarizes the fair value of identifiable assets acquired on the above acquisition date and liabilities assumed recognized at the acquisition date:

	For the years ended December 31,	
	2025	2024
Cash and cash equivalents	\$ 13,747	106,626
Accounts receivable, net	133,497	75,297
Other current assets	77,985	42,126
Property, plant and equipment	6,893,405	343,510
Intangible assets	-	98
Right-of-use assets	418,835	-
Deferred tax assets	13,144	2,725
Refundable deposits	88,289	4,696
Other non-current assets	450,283	-
Lease liabilities (current and non-current)	(419,535)	-
Notes and accounts payable	(401,903)	(71,692)
Other current liabilities	(392)	-
Long-term borrowings (including current portion)	(2,536,927)	(3,000)
Other non-current liabilities	(43,815)	(52,907)
Deferred tax liabilities	-	(184)
Non-controlling interests	(1,372,897)	(50,697)
	<u>\$ 3,313,716</u>	<u>396,598</u>

B. Loss control of subsidiaries

In July 2025, the Company sold all of its equity interest in Ri Xi to its related party, Star Power, for a consideration of \$80,900 thousand, resulting in a disposal gain of \$656 thousand.

In December 2025, the Group sold all of its equity interest in Battery Park 8 for a consideration of \$2 thousand, resulting in a disposal gain of \$633 thousand.

The Company had sold all of its equity interest in Li Tong to its related party, Fubon Green Power, for a consideration of \$42,000 thousand in July 2024, and recognized a gain on disposal of investment of \$293 thousand.

The above gain on disposal is recognized under statement of comprehensive income.

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The total carrying amount of assets and liabilities of the above-mentioned disposed subsidiaries were as follow:

	For the years ended December 31,	
	2025	2024
Cash and cash equivalents	\$ 75,046	1,450
Other current financial assets	2	-
Other current assets	1,617	64,004
Property, plant and equipment	43,226	1,286,185
Refundable deposits	35,000	34,650
Other non-current assets	-	6,600
Short-term borrowings	-	(1,200,000)
Notes and accounts payable to related parties	-	(136,436)
Other payables to related parties	(16,016)	(9,460)
Other current liabilities	(39,452)	(5,286)
	\$ 99,423	41,707

C. Prepayments for investments

In June 2025, the Group established HDAT Energy PH Co., Inc. with a cash investment of \$7,941 thousand (PHP 15,000 thousand). As the transfer registration procedures had not yet been completed, the amount was recorded as prepayments for investments.

(8) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

Subsidiaries	Main operation place	Percentage of non-controlling interests	
		December 31, 2025	December 31, 2024
SES	Taiwan	32.77 %	32.77 %
ZEBRE	Australia	24.04 %	- %

A. SES and its subsidiaries' collective financial information:

	December 31, 2025	December 31, 2024
Current assets	\$ 439,935	1,091,447
Non-current assets	3,993,737	1,967,492
Current liabilities	(2,882,352)	(529,081)
Non-current liabilities	(1,154,244)	(2,017,113)
Net assets	\$ 397,076	512,745
Non-controlling interests	\$ 130,134	168,042

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	<u>2025</u>	<u>2024</u>
Net loss	\$ (62,119)	(62,661)
Other comprehensive loss	<u>-</u>	<u>-</u>
Comprehensive income	<u>\$ (62,119)</u>	<u>(62,661)</u>
Net loss attributable to non-controlling interests	<u>\$ (20,358)</u>	<u>(20,536)</u>
Comprehensive loss attributable to non-controlling interests	<u>\$ (20,358)</u>	<u>(20,536)</u>
Cash flows used in operations activities	\$ (94,480)	(54,509)
Cash flows used in investing activities	(2,006,775)	(995,593)
Cash flows used in financing activities	<u>1,353,491</u>	<u>641,615</u>
Net decrease in cash and cash equivalents	<u>\$ (747,764)</u>	<u>(408,487)</u>

B. ZEBRE and its subsidiaries' collective financial information:

	<u>December 31,</u> <u>2025</u>
Current assets	\$ 409,920
Non-current assets	7,534,983
Current liabilities	(1,017,139)
Non-current liabilities	<u>(3,247,223)</u>
Net assets	<u>\$ 3,680,541</u>
Non-controlling interests	<u>\$ 884,769</u>
	<u>2025</u>
Net income	\$ 99,102
Other comprehensive income	<u>232,032</u>
Comprehensive income	<u>\$ 331,134</u>
Net income attributable to non-controlling interests	<u>\$ 23,817</u>
Comprehensive income attributable to non-controlling interests	<u>\$ 79,594</u>
Cash flows from operations activities	\$ 380,803
Cash flows used in investing activities	(2,190,637)
Cash flows from financing activities	1,817,494
Effect of exchange rate changes	<u>161</u>
Net increase in cash and cash equivalents	<u>\$ 7,821</u>

HD RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

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(9) Property, plant and equipment

The cost and accumulated depreciation of the property, plant and equipment of the Group were as follows:

		Land	Buildings and construction	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress	Total
Costs:									
Balance at January 1, 2025	\$	825,659	192,461	257,424	30,075	140,771	95,345	2,388,603	3,930,338
Additions		43,566	6,235	100,300	5,642	2,087	50,391	3,601,363	3,809,584
Acquisition through business combination		-	-	-	-	-	-	6,893,405	6,893,405
Disposal		-	(544)	(2,192)	(19,816)	(2,546)	(7,208)	(2,362)	(34,668)
Amount transferred out from subsidiaries of the Group		-	-	-	-	-	-	(43,226)	(43,226)
Reclassification		-	-	6,857,630	-	7,337	(313)	(6,867,066)	(2,412)
Effect of exchange rate changes		3,797	-	(6,247)	-	-	(1,185)	605,730	602,095
Balance at December 31, 2025	\$	<u>873,022</u>	<u>198,152</u>	<u>7,206,915</u>	<u>15,901</u>	<u>147,649</u>	<u>137,030</u>	<u>6,576,447</u>	<u>15,155,116</u>
Balance at January 1, 2024	\$	422,054	191,288	209,506	31,486	102,475	57,605	1,134,957	2,149,371
Additions		234,285	730	47,118	1,071	24,172	41,170	2,505,135	2,853,681
Acquisition through business combination		193,844	443	1,059	1,051	141	175	146,797	343,510
Disposal		(22,051)	-	(2,830)	(3,533)	(8,060)	(5,896)	(40,726)	(83,096)
Reclassification		13	-	2,571	-	22,043	2,303	(62,952)	(36,022)
Amount transferred out from subsidiaries of the Group		-	-	-	-	-	-	(1,286,185)	(1,286,185)
Effect of exchange rate changes		(2,486)	-	-	-	-	(11)	(8,424)	(10,921)
Balance at December 31, 2024	\$	<u>825,659</u>	<u>192,461</u>	<u>257,424</u>	<u>30,075</u>	<u>140,771</u>	<u>95,346</u>	<u>2,388,602</u>	<u>3,930,338</u>
Depreciation									
Balance at January 1, 2025	\$	-	6,610	44,936	22,096	40,509	21,000	-	135,151
Depreciation		-	4,426	62,950	4,319	29,425	21,915	-	123,035
Reclassification		-	-	(250)	-	(28)	28	-	(250)
Disposal		-	(212)	(615)	(19,660)	(2,547)	(6,105)	-	(29,139)
Reclassification and effect of exchange rate changes		-	-	(68)	-	-	(165)	-	(233)
Balance at December 31, 2025		<u>-</u>	<u>10,824</u>	<u>106,953</u>	<u>6,755</u>	<u>67,359</u>	<u>36,673</u>	<u>-</u>	<u>228,564</u>
Balance at January 1, 2024	\$	-	2,646	27,861	18,940	24,648	13,366	-	87,461
Depreciation		-	3,964	17,894	6,338	23,922	13,531	-	65,649
Disposal		-	-	(819)	(3,182)	(8,061)	(5,895)	-	(17,957)
Reclassification and effect of exchange rate changes		-	-	-	-	-	(2)	-	(2)
Balance at December 31, 2024	\$	<u>-</u>	<u>6,610</u>	<u>44,936</u>	<u>22,096</u>	<u>40,509</u>	<u>21,000</u>	<u>-</u>	<u>135,151</u>
Carrying amounts:									
Balance at December 31, 2025	\$	<u>873,022</u>	<u>187,328</u>	<u>7,099,962</u>	<u>9,146</u>	<u>80,290</u>	<u>100,357</u>	<u>6,576,447</u>	<u>14,926,552</u>
Balance at January 1, 2024	\$	<u>422,054</u>	<u>188,642</u>	<u>181,645</u>	<u>12,546</u>	<u>77,827</u>	<u>44,239</u>	<u>1,134,957</u>	<u>2,061,910</u>
Balance at December 31, 2024	\$	<u>825,659</u>	<u>185,851</u>	<u>212,488</u>	<u>7,979</u>	<u>100,262</u>	<u>74,346</u>	<u>2,388,602</u>	<u>3,795,187</u>

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For the years ended December 31, 2025 and 2024, \$8,078 thousand and \$5,537 thousand, respectively, were transferred to biological assets.

In July 2024, the Group entered into a contract to acquire a land in Taipei for the construction of a mixed-use charging station. The purchase price (before tax) was \$163,078 thousand. The registration of ownership was completed in July 2024 and the above payment had been fully paid.

The Group acquired a piece of land with a cost of \$9,762 thousand in Hualien. However, this land cannot be registered under the name of the Group due to the current legal restrictions. In order to protect the Group's rights to this land, the Group had held the land ownership certificate and signed a deed of trust with those individuals, under the ownership certificate, in which they are obliged to surrender their rights to the Group. Please refer to note 7(2) for further explanation.

For the development of energy storage projects in Taiwan, Japan, and Australia, certain Japan and Australia energy storage sites were completed and transferred to machinery and equipment in December 2025, amounting to \$1,594,799 thousand and \$4,901,892 thousand, respectively. As of December 31, 2025 and 2024, the Group had incurred costs of \$6,102,730 thousand and \$1,810,484 thousand, respectively, for projects that were still under construction, which were recorded as construction in progress. In addition, energy storage cabinets not yet placed into project sites amounted to \$587,197 thousand and \$650,658 thousand as of those dates, and were recorded as prepayments for equipment.

The amounts of borrowing costs capitalized on property, plant and equipment during the construction period of the assets, together with the applicable range of capitalization interest rates, are set out below:

	For the years ended December 31,	
	2025	2024
Capitalized borrowing costs	\$ 103,791	22,400
Range of interest rates	1.47%~ 5.70%	1.36%~ 3.09%

As of December 31, 2025 and 2024, the property, plant, and equipment were pledged as collateral. Please refer to note 8.

(10) Right-of-use assets

The Group leases many assets such as land, buildings and transportation equipment. Costs and accumulated depreciation movement about leases for which the Group as a lessee is presented below:

	Land	Buildings and construction	Transportation equipment	Grid connection equipment	Others	Total
Cost:						
Balance at January 1, 2025	\$ 84,983	106,740	33,279	-	349	225,351
Additions	124,139	152,253	2,327	4,358	278	283,355
Disposal	(18,445)	(42,545)	(11,686)	-	-	(72,676)
Acquisition through business combination	26,034	-	-	392,801	-	418,835
Effect of exchange rate changes	1,933	(3,673)	-	39,290	-	37,550
Balance at December 31, 2025	\$ 218,644	212,775	23,920	436,449	627	892,415

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	Land	Buildings and construction	Transportation equipment	Grid connection equipment	Others	Total
Balance at January 1, 2024	\$ 43,194	90,685	21,637	-	13,008	168,524
Additions	45,227	14,988	10,290	-	-	70,505
Disposal	-	(2,371)	(975)	-	(10,332)	(13,678)
Reclassification	(3,438)	3,438	2,327	-	(2,327)	-
Balance at December 31, 2024	<u>\$ 84,983</u>	<u>106,740</u>	<u>33,279</u>	<u>-</u>	<u>349</u>	<u>225,351</u>
Depreciation:						
Balance at January 1, 2025	\$ 8,367	40,135	17,643	-	174	66,319
Depreciation	20,073	46,874	9,431	20,084	183	96,645
Disposal	(689)	(22,965)	(11,686)	-	-	(35,340)
Effect of exchange rate changes	11	(796)	-	284	-	(501)
Balance at December 31, 2025	<u>\$ 27,762</u>	<u>63,248</u>	<u>15,388</u>	<u>20,368</u>	<u>357</u>	<u>127,123</u>
Balance at January 1, 2024	\$ 1,386	21,338	8,500	-	7,205	38,429
Depreciation	7,210	20,939	9,859	-	3,560	41,568
Disposal	-	(2,371)	(975)	-	(10,332)	(13,678)
Reclassification	(229)	229	259	-	(259)	-
Balance at December 31, 2024	<u>\$ 8,367</u>	<u>40,135</u>	<u>17,643</u>	<u>-</u>	<u>174</u>	<u>66,319</u>
Carrying amounts:						
Balance at December 31, 2025	<u>\$ 190,882</u>	<u>149,527</u>	<u>8,532</u>	<u>416,081</u>	<u>270</u>	<u>765,292</u>
Balance at January 1, 2024	<u>\$ 41,808</u>	<u>69,347</u>	<u>13,137</u>	<u>-</u>	<u>5,803</u>	<u>130,095</u>
Balance at December 31, 2024	<u>\$ 76,616</u>	<u>66,605</u>	<u>15,636</u>	<u>-</u>	<u>175</u>	<u>159,032</u>

For the year ended December 31, 2025, depreciation expense of \$18,881 thousand met the criteria for capitalization and was transferred to property, plant and equipment.

As of December 31, 2025 and 2024, there was no right-of-use assets of the Group were not pledged as collateral.

(11) Intangible assets

The cost, amortization and impairment of the intangible assets of the Group for the years ended December 31, 2025 and 2024 were as follows:

	Computer software	Power supply contract	Core technology	Other	Total
Cost:					
Balance at January 1, 2025	\$ 45,000	2,009	61,351	15,423	123,783
Additions	19,656	-	-	21,500	41,156
Disposals	(9,090)	-	-	-	(9,090)
Reclassification	10,000	-	-	3,000	13,000
Effect of exchange rate changes	-	(3)	-	-	(3)
Balance at December 31, 2025	<u>\$ 65,566</u>	<u>2,006</u>	<u>61,351</u>	<u>39,923</u>	<u>168,846</u>

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	Computer software	Power supply contract	Core technology	Other	Total
Balance at January 1, 2024	\$ 41,085	1,911	61,427	481	104,904
Additions	17,044	-	-	14,942	31,986
Disposals	(13,129)	-	(76)	-	(13,205)
Acquisition through business combination	-	98	-	-	98
Balance at December 31, 2024	<u>\$ 45,000</u>	<u>2,009</u>	<u>61,351</u>	<u>15,423</u>	<u>123,783</u>
Amortization and impairment loss:					
Balance at January 1, 2025	\$ 15,258	-	9,203	218	24,679
Amortization	16,693	-	6,135	2,466	25,294
Disposal	(9,090)	-	-	-	(9,090)
Balance at December 31, 2025	<u>\$ 22,861</u>	<u>-</u>	<u>15,338</u>	<u>2,684</u>	<u>40,883</u>
Balance at January 1, 2024	\$ 15,123	-	3,105	82	18,310
Amortization	13,264	-	6,174	136	19,574
Disposal	(13,129)	-	(76)	-	(13,205)
Balance at December 31, 2024	<u>\$ 15,258</u>	<u>-</u>	<u>9,203</u>	<u>218</u>	<u>24,679</u>
Carrying amounts:					
Balance at December 31, 2025	<u>\$ 42,705</u>	<u>2,006</u>	<u>46,013</u>	<u>37,239</u>	<u>127,963</u>
Balance at January 1, 2024	<u>\$ 25,962</u>	<u>1,911</u>	<u>58,322</u>	<u>399</u>	<u>86,594</u>
Balance at December 31, 2024	<u>\$ 29,742</u>	<u>2,009</u>	<u>52,148</u>	<u>15,205</u>	<u>99,104</u>

As of December 31, 2025 and 2024, the intangible assets of the Group were not pledged as collateral.

(12) Other current assets and other non-current assets

	December 31, 2025	December 31, 2024
Restricted deposits (note 8)	\$ 1,427,333	399,068
Prepayments for projects	1,061,545	1,126,188
Refundable deposits	667,796	1,074,796
Input tax and unutilized input tax	560,338	188,571
Prepayments for software development fees	172,393	43,169
Prepaid insurance	30,468	45,973
Payments made on behalf of others	16,371	1,312
Others	70,843	44,147
	<u>4,007,087</u>	<u>2,923,224</u>
Less: classified as other current assets	<u>(1,805,056)</u>	<u>(1,425,687)</u>
Other non-current assets	<u>\$ 2,202,031</u>	<u>1,497,537</u>

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(13) Short-term borrowings

	December 31, 2025	December 31, 2024
Unsecured bank loans	\$ 2,035,156	838,544
Secured bank loans	1,279,953	919,192
Letters of credit	-	63,549
	\$ 3,315,109	1,821,285
Range of interest rates at the year end	2.10%~5.50%	2.10%~2.80%

The short-term secured bank borrowings as of December 31, 2025 and 2024 were guaranteed by credit guarantee fund and as loans for materials purchases. In addition, the borrowings of Star Charger, HD Japan and HD Australia were guaranteed by the Company. Under the loan agreement of HD Japan, the Company has undertaken to maintain a 100% ownership interest in HD Japan and to comply with specified financial covenants, including current ratio and interest coverage ratio requirements.

Please refer to note 6(31) for the disclosure of interest risk and liquidity risk. For the collateral for short-term borrowings, please refer to note 8.

(14) Short-term notes and bills payable

December 31, 2025			
	Guarantee or acceptance institution	Range of interest rate (%)	Amount
Commercial papers payable	Mega Bills	2.36%	\$ 316,200
	China Bills	1.55%	281,100
	International Bills	2.26%	421,700
	Taiwan Cooperative Bills	2.05%	105,400
Less: discount			(1,018)
Total			\$ 1,123,382

December 31, 2024			
	Guarantee or acceptance institution	Range of interest rate (%)	Amount
Commercial papers payable	Mega Bills	2.05%~2.31%	\$ 178,700
	China Bills	1.50%	132,200
	Dah Chung Bills	2.25%	50,000
	International Bills	2.26%	198,300
	Taiwan Cooperative Bills	2.05%	49,600
Less: discount			(1,550)
Total			\$ 607,250

As of December 31, 2025 and 2024, the short-term notes and bills payable of the Group were not pledged as collateral.

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Please refer to note 6(31) for the disclosure of liquidity risk and interest risk.

(15) Long-term borrowings

	<u>Loan period</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Taichung Bank, etc. Syndicated Loans	2023.11~2026.05	\$ 1,757,871	826,834
Shin Kong Commercial Bank, etc. Syndicated Loans	2025.03~2028.03	1,100,000	-
Natixis Bank, etc. Syndicated Loans	2024.03~2029.03	2,913,186	-
Secured bank loans	2018.12~2042.06	1,625,960	488,813
Unsecured bank loans	2018.12~2042.06	<u>386,954</u>	<u>87,798</u>
		7,783,971	1,403,445
Less: arrangement fees		(95,097)	-
current portion		<u>(2,138,061)</u>	<u>(36,592)</u>
Total		<u>\$ 5,550,813</u>	<u>1,366,853</u>
Range of interest rates at the year end		<u>2.38%~5.7%</u>	<u>2.38%~3.13%</u>

In the first quarter of 2025, the Company entered into a syndicated loan agreement with six financial institutions, including Taiwan Shin Kong Commercial Bank Co., Ltd., to enhance its working capital. The total credit facility amounted to \$1,100,000 thousand with a three-year term. Under the agreement, during the borrowing period, the Company is required to calculate and maintain certain financial covenants, including current ratio, debt ratio, and interest coverage ratio based on the audited annual and reviewed semi-annual consolidated financial statements.

In 2023, Huiju entered into a syndicated loan agreement with nine financial institutions, including Taichung Commercial Bank, with a total credit facility of \$4,100,000 thousand, including commercial papers of \$1,600,000 thousand and bank loans of \$2,500,000 thousand. In November 2024, due to a reduction in project capacity, the total credit facility was reduced to \$3,500,000 thousand, including commercial papers of \$1,365,400 thousand and bank loans of \$2,134,600 thousand. The facility is guaranteed by SES through endorsement and secured by the shares of Huiju held by SES. In addition, SES undertook to pledge the energy storage equipment and related ancillary facilities to the syndicated banks upon completion of construction. Furthermore, the Company provided an endorsement guarantee of \$330,000 thousand and undertook to maintain its shareholding in Huiju at no less than 51%.

As per the terms of the loan agreement, Huiju is required to maintain specified financial covenants, such as the interest coverage ratio, throughout the loan duration by referring to the audited annual financial statements. There was no default on the loan as of December 31, 2025 and 2024.

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Prior to the business combination, in March 2024, Templers BESS I Hold and its subsidiaries entered into a syndicated loan agreement with four financial institutions, including Natixis, for a total credit facility of \$2,968,797 thousand (AUD 141,304 thousand), to finance the construction of the self-owned energy storage project of Templers in Australia. Under the terms of the facility, Templers BESS I Hold is required to maintain 100% ownership in Templers BESS Project and Templers BESS during the borrowing period, and the annual debt service coverage ratio (DSCR) after the commercial operation date of the energy storage project must be maintained at a specified level. In addition, Templers BESS I Hold undertook to pledge the energy storage equipment and related ancillary facilities to the local banks upon completion of construction. In addition, pursuant to the loan agreement, a designated bank account must be established for restricted use, from which withdrawals may be made only upon review and approval by the banks. As of December 31, 2025, the balance of such account was \$356,490 thousand, which is classified as restricted bank deposits under other non-current assets.

Please refer to note 6(31) for the disclosure of liquidity risk and interest risk. Refer to note 8 for assets pledged as collateral to secure the aforementioned long-term borrowings.

(16) Bonds payable

The details of unsecured convertible bonds were as follows:

	December 31, 2025	December 31, 2024
Total convertible corporate bonds issued	\$ 4,000,000	1,000,000
Unamortized discounted corporate bonds payable	(441,339)	(27,888)
Cumulative converted amount	(976,500)	(661,600)
Corporate bonds redeemable within one year	(22,650)	(310,512)
Corporate bonds issued balance at year-end	<u>\$ 2,559,511</u>	<u>-</u>
Embedded derivative - call option, included in financial assets at fair value through profit or loss	<u>\$ 605</u>	<u>1,320</u>
Embedded derivative - put option, included in financial liabilities at fair value through profit or loss	<u>\$ 97,200</u>	<u>68</u>
Equity component - conversion options, included in capital surplus – stock options	<u>\$ 473,586</u>	<u>43,328</u>
	For the years ended December 31,	
	2025	2024
Embedded derivative instruments – call and put rights, included in financial assets (liabilities) at fair value through profit or loss	<u>\$ (65,045)</u>	<u>6,952</u>
Interest expense	<u>\$ (61,934)</u>	<u>(30,288)</u>

A. First domestic unsecured convertible corporate bonds

On September 28, 2023, the Company issued 10,000 units of 3-year unsecured convertible corporate bonds in Taiwan, with an aggregate face amount of \$1,000,000 thousand. The bonds were issued at 100.5% of par with a coupon rate of 0%, resulting in gross proceeds of \$1,005,000 thousand. The effective interest rate of the bonds was 4.925%.

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The conversion price was set at \$120 at the time of issue. When the Company's ordinary shares qualify for conversion price adjustment in accordance to the terms of issue, such adjustment will be made based on a formula in accordance with the terms of issue.

There are no reset terms for this bond. Due to the declaration of cash dividends for the year 2023, the conversion price of the bond was adjusted to \$117 per share effective April 13, 2024. Due to the declaration of stock dividends for the year 2023, the conversion price of the bond was adjusted to \$114.2 per share effective August 8, 2024. Due to the issuance of 10,000 thousand ordinary shares through a cash capital increase, the conversion price of the bond was adjusted to \$111.7 per share effective September 24, 2024. Due to the declaration of cash dividends for the year 2024, the conversion price of the bond was adjusted to \$109 per share effective April 9, 2025. Due to the issuance of 3,752 thousand privately placed common shares, the conversion price of the bond was adjusted to \$108.9 per share effective April 11, 2025. Due to the declaration of a stock dividend appropriated from distributable earnings for the year 2024 and the issuance of 17,573 thousand new shares through a capital increase, the conversion price of the bond was adjusted to \$95.4 per share effective August 3, 2025.

From the day following the date on which three months have elapsed since the issuance of this convertible corporate bond (December 29, 2023) until forty days prior to the maturity date within the issuance period (August 19, 2026), if the closing price of the Company's ordinary shares at the business premises of securities firms exceeds or is equal to 30% of the conversion price for thirty consecutive business days, or if the outstanding balance of the convertible corporate bond is less than 10% of the original total issuance amount, the Company may, within five business days after the bond redemption base date, redeem the convertible corporate bonds held by the bondholders in cash at face value.

The Company shall designate the second anniversary of the issuance date of the convertible corporate bonds (September 28, 2025) as the put base date, on which bondholders may require the Company to redeem the convertible corporate bonds in cash at 102.01% of the face value. Upon receipt of a put request, the Company shall redeem the convertible corporate bonds in cash within five business days following the put base date.

B. Second domestic unsecured convertible corporate bonds

On May 29, 2025, the Company issued 30,000 units of 5-year unsecured convertible corporate bonds in Taiwan, with an aggregate face amount of \$3,000,000 thousand. The bonds were issued at 100.5% of par with a coupon rate of 0%, resulting in gross proceeds of \$3,015,000 thousand. The effective interest rate of the bonds was 3.601%.

The conversion price was set at \$246 at the time of issue. When the Company's ordinary shares qualify for conversion price adjustment in accordance to the terms of issue, such adjustment will be made based on a formula in accordance with the terms of issue.

There are no reset terms for this bond. Due to the declaration of a stock dividend appropriated from distributable earnings for the year 2024 and the issuance of 17,573 thousand new shares through a capital increase, the conversion price of the bond was adjusted to \$251.4 per share effective August 3, 2025.

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From the day following the date on which three months have elapsed since the issuance of this convertible corporate bond (August 30, 2025) until forty days prior to the maturity date within the issuance period (April 19, 2030), if the closing price of the Company's ordinary shares at the business premises of securities firms exceeds or is equal to 30% of the conversion price for thirty consecutive business days, or if the outstanding balance of the convertible bond is less than 10% of the original total issuance amount, the Company may, within five business days after the bond redemption base date, redeem the convertible corporate bonds held by the bondholders in cash at face value.

The Company shall designate the third anniversary of the issuance date of the convertible corporate bonds (May 29, 2028) as the put base date, on which bondholders may require the Company to redeem the convertible corporate bonds in cash at 101.5075% of the face value. Upon receipt of a put request, the Company shall redeem the convertible corporate bonds in cash within five business days following the put base date.

(17) Preference share liabilities

	December 31, 2025	December 31, 2024
Preference share liabilities	\$ 1,005,550	1,105,000
Interest payable on preference share liabilities	148,694	85,279
	<u>\$ 1,154,244</u>	<u>1,190,279</u>

The subsidiary of the Company, SES, issued 110,500 thousand Class A Preference Shares as approved at the board meeting on June 13, 2023. The preference shares were issued at \$10 per share, which totaled \$1,105,000 thousand. This raising of capital has been completed on September 1, 2023, and recognized as preference share liabilities.

On January 22, 2025, SES resolved in its extraordinary shareholders' meeting to conduct a cash capital reduction and return capital by canceling 9,945 thousand preference shares, representing a 9% capital reduction, with a par value of \$10 per share. The capital reduction base date was February 25, 2025, and the change in registration has been completed.

The preference shares issued by SES bear the following rights and obligations:

- A. The preference shares pay dividends at 6.2% per annum, which is calculated pursuant to issue price per share. The dividends will be distributed once per year in cash. The Board of Directors or the Chairman of the Board shall be authorized to set the payment date for the distribution of the payable preference share dividends for the previous year. Dividend distribution for the years of issuance and redemption shall be calculated pursuant to actual issued days of the given year.
- B. Dividends will be paid to the preference shareholders before the dividends distributed to the ordinary shareholders are paid out.
- C. SES has discretion over the dividend distribution of preference shares. The Board may decide not to distribute dividends of preference shares if there are no earnings in a fiscal year or the earnings are insufficient to distribute dividends of preference shares. The cancellation of dividend payment shall not constitute an event of default. The preference shares are cumulative, and the preference shareholders have the right to claim any of the unpaid or omitted dividends in the future.

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- D. Except for receipt of dividends at the aforementioned dividend rate, preference shareholders cannot participate in distribution of cash or stock dividends to holders of ordinary shares from profit or additional paid-in capital.
- E. The order of claim for distribution of property is prior to ordinary shares, and the claims of all series of preference shares issued by SES are equal, but subordinated to general creditors. The claims shall be capped at the issue amount of the preference shares.
- F. Preference shareholders have no voting right and cannot elect directors at the shareholders meeting. However, the preference shareholders have voting rights at shareholders meetings of Class A Preference Share.
- G. Preference shares cannot be converted to ordinary shares.
- H. Class A Preference Shares are perpetual. SES intends to redeem all preference shares within six years at the issue price, starting from the activation date of its first energy storage site investment project (Huiju). The annual redemption amount of preference shares will be adjusted regularly based on the annual capacity fee charged to Taiwan Power Company. Unredeemed preferred shares shall continue to have the rights and obligations of issuance terms prescribed as above. If the Board decides to declare a dividend during the redemption period, the dividend distribution for the year will be calculated according to the actual number of days in the given year before the date of redemption.

The Group recognized \$63,415 thousand and \$64,550 thousand of interest expense for the years December 31, 2025 and 2024, respectively. The interest expense was calculated based on the estimated discounted future cash payments over the expected life, with an effective interest rate of 5.66% and 5.59%, respectively.

(18) Lease liabilities

The carrying amounts of the Group's lease liabilities were as follows:

	December 31, 2025	December 31, 2024
Current	\$ <u>81,377</u>	<u>39,246</u>
Non-current	\$ <u>683,951</u>	<u>123,599</u>

For the maturity analysis, please refer to note 6(31).

The amounts of leases recognized in profit or loss were as follows:

	For the years ended December 31, 2025	2024
Interest expense on lease liabilities	\$ <u>10,187</u>	<u>3,886</u>
Expenses relating to short-term leases	\$ <u>19,949</u>	<u>38,179</u>

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The amounts of leases recognized in the statement of cash flows for the Group was as follows:

	For the years ended December 31,	
	2025	2024
Total cash outflow for leases	\$ 145,686	79,250

A. Land, buildings and construction, and transportation equipment leases

For the years ended December 31, 2025 and 2024, the Group leases buildings and constructions for use as office premises and leases transportation equipment, with lease terms typically ranging from one to three years. The Group also leases land for power generation and energy storage project sites, with lease terms ranging from twenty to twenty-five years. In addition, the Group has entered into agreements for the use of grid connection equipment for energy storage facilities, with a term of thirty years.

B. Other leases

The Group leases dormitories and other miscellaneous leases with contract terms of one year or less. These leases are short-term and/or leases of low-value items. The Group has elected not to recognize the right-of-use assets and lease liabilities for these leases.

(19) Other current liabilities and other non-current liabilities

	December 31, 2025	December 31, 2024
Development service fees payable	\$ 268,674	2,703
Warranty provisions	38,412	41,251
Labor fees payable	40,924	14,799
Payable on machinery and equipment	281,929	5,002
Provision for decommissioning, restoration and rehabilitation costs	123,519	3,270
Business tax and output tax payable	9,870	8,485
Others	138,180	55,037
Less: classified as other-current liabilities	(737,976)	(87,581)
	\$ 163,532	42,966

Provision for warranty liabilities is recognized for future maintenance costs of project that may arise in future event based on their historical experience and risks that are less predictable in the future.

Provisions for decommissioning, restoration, and rehabilitation costs are recognized for the estimated recovery costs of power station modules in accordance with the Regulations for the Management of Setting up Renewable Energy Power Generation Equipment issued by the Bureau of Energy, Ministry of Economic Affairs. Consistent with international practices in the operation of renewable energy power plants, including those in Japan and Australia, renewable energy operators typically assess and estimate the costs of dismantling and recycling solar modules at the project planning stage when establishing overseas solar power plants. Such costs are regarded as part of long-term decommissioning obligations to ensure that the equipment is properly handled upon decommissioning. The amount of the provision is determined based on the scale of the power plant and is recognized as a provision at the present value of the estimated future decommissioning costs.

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(20) Employee benefits

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plan, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The pension costs under the defined contribution plans amounted to \$19,151 thousand and \$17,029 thousand for the years ended December 31, 2025 and 2024, respectively, and were contributed to the Bureau of Labor Insurance. In addition, the pension costs recognized by the Group's foreign subsidiaries in accordance with the respective local regulations amounted to \$4,873 thousand and \$0 thousand for the years ended December 31, 2025 and 2024, respectively.

(21) Income taxes

A. Income tax expenses

The components of income tax expense in the years 2025 and 2024 were as follows:

	For the years ended December 31,	
	2025	2024
Current tax expense		
Current period	\$ 280,447	401,187
Additional tax on undistributed earnings	17,988	12,310
Adjustment for prior years	<u>(4,832)</u>	<u>(7,513)</u>
	<u>293,603</u>	<u>405,984</u>
Deferred tax expense (benefit)		
Temporary differences	<u>(86,741)</u>	<u>(65,488)</u>
Income tax expense	<u>\$ 206,862</u>	<u>340,496</u>

The amount of income tax expense (benefit) recognized in other comprehensive income for 2025 and 2024 were as follows:

	For the years ended December 31,	
	2025	2024
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	<u>\$ 923</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	<u>\$ (12,737)</u>	<u>4,794</u>

HD RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Reconciliation of income tax and profit before tax for 2025 and 2024 were as follows:

	For the years ended December 31,	
	2025	2024
Profit before income tax	\$ 705,503	1,519,629
Income tax using the Company's domestic tax rate	141,101	303,926
Effect of different tax rates in foreign jurisdictions	(6,546)	-
Tax effect of permanent differences	42,191	42,636
Changes in unused tax losses for which no deferred tax assets were recognized	16,960	(10,863)
Adjustment for prior years	(4,832)	(7,513)
Additional tax on undistributed earnings	17,988	12,310
Income tax expense	\$ 206,862	340,496

B. Recognized deferred tax assets

Deferred tax assets:

	January 1, 2024	Recognized in profit or loss	Recognized in other comprehen sive income	Acquisition of subsidiary and effect of exchange rate changes	December 31, 2024	Recognized in profit or loss	Recognized in other comprehe sive income	Acquisition of subsidiary and effect of exchange rate changes	December 31, 2025
Unrealized profit from sales	\$ 69,028	59,692	-	-	128,720	60,338	-	-	189,058
Lease liabilities	-	-	-	-	-	-	-	-	-
Unused tax losses carryforwards	36,819	914	-	-	37,733	42,679	-	(1,013)	79,399
Unrealized interest expense	4,146	(4,146)	-	-	-	-	-	-	-
Unrealized exchange loss	-	(1,292)	-	2,725	1,433	(1,372)	-	-	61
Foreign investment loss	-	11,338	-	-	11,338	6,775	-	-	18,113
Exchange differences on translation of foreign financial statement	24	-	4,794	-	4,818	-	(4,307)	-	511
Loss on valuation of convertible corporate bonds	-	-	-	-	-	10,985	-	-	10,985
Others	8,473	371	-	-	8,844	23,646	-	346	32,836
	\$ 118,490	66,877	4,794	2,725	192,886	143,051	(4,307)	(667)	330,963

HD RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

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Deferred tax liabilities:

	January 1, 2024	Recognized in profit or loss	Recognized in other comprehensive income	Acquisition of subsidiary and effect of exchange rate changes	December 31, 2024	Recognized in profit or loss	Recognized in other comprehensive income	Acquisition of subsidiary and effect of exchange rate changes	December 31, 2025
Right-of-use assets	\$ -	-	-	-	-	-	-	-	-
Exchange differences on translation of foreign financial statement	-	-	-	-	-	-	(8,430)	-	(8,430)
Unrealized exchange gain	(5)	2	-	-	(3)	(1,041)	-	-	(1,044)
Gain on valuation of convertible corporate bonds	(633)	(1,391)	-	-	(2,024)	2,024	-	-	-
Unrealized gain or loss on financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	(923)	-	(923)
Others	-	-	-	-	-	(57,294)	-	13,648	(43,646)
	<u>\$ (638)</u>	<u>(1,389)</u>	<u>-</u>	<u>-</u>	<u>(2,027)</u>	<u>(56,311)</u>	<u>(9,353)</u>	<u>13,648</u>	<u>(54,043)</u>

C. Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items.

	December 31, 2025	December 31, 2024
Unused tax losses carryforwards	<u>\$ 51,760</u>	<u>34,800</u>

As of December 31, 2025, the unused loss carryforwards and related expiration years of the Group were as follows:

Year of loss	Unused tax losses	Expiry date
2021	\$ 4,545	2031
2022	6,988	2032
2023	3,409	2033
2024	14,992	2034 (note)
2025	21,826	2035 (note)
	<u>\$ 51,760</u>	

Note: As of December 31, 2025, tax losses of \$5,307 thousand that have not yet been recognized as deferred tax assets remain available for carryforward with no expiration limit under the applicable local tax laws.

D. Assessment of tax

The Company's tax returns for the years through 2023 were assessed by the Taipei National tax Administration.

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(22) Capital and other equity

A. Ordinary shares

As of December 31, 2025, the total value of authorized ordinary shares was amounted to \$5,000,000 thousand (2024: \$2,000,000 thousand), with a par value of \$10 per share. As of that date, 141,872 thousand (2024: 117,155 thousand) of ordinary shares were issued.

Considering the Company's capital planning, the declaration of \$175,733 thousand in share dividends from the 2024 earnings was approved during the shareholders' meeting held on June 3, 2025. This amount will be used to issue 17,573 thousand new shares, with a par value of \$10 per share. The capital increase base date is set for August 3, 2025, and all required legal and registration procedures have been completed.

During the shareholders' meeting held on June 7, 2024, the Company approved a private placement of ordinary shares and authorized the Board of Directors to execute the issuance, in one or multiple tranches, within one year from the date of the shareholders' resolution and within a limit of 15,000 thousand shares. On February 17, 2025, the Board of Directors resolved to privately place 3,752 thousand shares to Mitsubishi Electric Corporation at a subscription price of \$180.4 per share, with February 27, 2025 designated as the capital increase base date, and all required registration procedures have been completed. The remaining 11,248 thousand shares were not issued due to the absence of suitable subscribers, and there is no plan to proceed with the remaining portion of the private placement.

Considering the Company's capital planning, the declaration of \$25,500 thousand in share dividends from the 2023 earnings distribution was approved during the shareholders' meeting held on June 7, 2024. This amount will be used to issue 2,550 thousand new shares, with a par value of \$10 per share. The capital increase base date is set for August 8, 2024, and all required legal and registration procedures have been completed.

On July 31, 2024, the Company resolved at a meeting of the Board of Directors to conduct a cash capital increase through the issuance of new shares in connection with the transfer from the Taiwan Innovation Board to the Main Board listing. A total of 100,000 thousand new shares with a par value of \$10 per share were issued and underwritten through a combination of competitive auction and public subscription, resulting in total proceeds of \$1,952,714 thousand. The base date for the capital increase was September 24, 2024. All related legal and registration procedures have been completed. In accordance with applicable regulation, the Company recognized compensation costs related to shares reserved for employee subscription in connection with the cash capital increase. Relevant information is disclosed in note 6(23).

For the years ended December 31, 2025 and 2024, the first domestic unsecured convertible corporate bonds issued by the Company were applied for conversion in the amounts of \$314,900 thousand and \$661,600 thousand, respectively. As a result of the exercise of the conversion rights, the Company issued ordinary shares with a par value of \$10 per share, totaling \$30,518 thousand (3,052 thousand shares) in 2025 and \$57,224 thousand (5,722 thousand shares) in 2024. Of these amounts, \$7,767 thousand (777 thousand shares) for 2025 and \$11,172 thousand (1,117 thousand shares) for 2024 had not yet completed the required statutory registration procedures and were therefore recorded as capital collected in advance.

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Reconciliation of shares outstanding (including capital collected in advance) for years ended December 31, 2025 and 2024 were as follows:

	Ordinary share (in thousands)	
	For the years ended December 31,	
	2025	2024
Balance at January 1	118,272	100,000
Issuance of shares for cash	3,752	10,000
Capital increase through capitalization of retained earnings	17,573	2,550
Conversion of convertible bonds	3,052	5,722
Balance at December 31	142,649	118,272

B. Capital surplus

The components of capital surplus were as follows:

	December 31, 2025	December 31, 2024
Share capital at premium	\$ 5,661,773	5,139,621
Conversion rights of convertible bonds	473,586	43,328
Conversion of convertible bond premium	927,276	620,815
Difference arising from subsidiary's share price and its carrying value	-	4,854
Employee stock options	107,237	35,467
Exercise of disgorgement	1,314	403
	\$ 7,171,186	5,844,488

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

C. Retained earnings

The Company's article of incorporation stipulate that cash distributions of earnings shall be resolved by the Board of Directors and reported to the shareholders' meeting.

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The Company's article of incorporation stipulate that Company's net earnings should first be used for paying taxes and offset the prior years' deficits, if any. Of the remaining balance, 10% is to be appropriated as legal reserve until the accumulated legal reserve equals the paid in capital. The remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the shareholders' meeting for approval.

The Company is in a growth phase. Before the distribution of dividends, the Company shall first take into consideration its operating environment, business expansion needs, and financial planning for sustainable development, as well as its capital expenditure budget and capital requirements in determining the stock or cash dividends to be paid. The distribution of dividends to shareholders should not be less than 10% of the distributable earnings. Distribution of cash dividends should not be less than 10% of the total dividends. In the event that the Company has a material investment plan and is unable to obtain other funds, the Board may, on the proposal of the Board and pursuant to a resolution by a shareholders' meeting, not issue cash dividends.

(a) Legal reserve

When a Company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

(b) Earnings distribution

The amounts of cash dividends distributed from capital surplus as resolved during the board meeting held on March 5, 2025, together with the cash dividends and other earnings distributions from the 2024 earnings as approved during the shareholders' meeting held on June 3, 2025, were as follows:

	<u>For the years ended December 31,</u>	
	<u>2024</u>	
	Cash distributed from capital surplus	Dividend per share (NTD)
Cash distributed from capital surplus	\$ <u>117,155</u>	<u>0.96</u>
	<u>Earnings distribution</u>	<u>Price per share (NTD)</u>
Appropriation to legal reserve	\$ 119,840	
Reversal of special reserve	(96)	
Cash dividends to shareholders	527,198	4.30
Shares dividends to shareholders	<u>175,733</u>	<u>1.42</u>
	\$ <u>822,675</u>	

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The amounts of cash dividends on the 2023 earnings distribution had been approved during the board meeting held on March 7, 2024, as well as the shareholders' meeting on June 7, 2024. The relevant dividend distributions to shareholders were as follows:

	For the years ended December 31,	
	2023	
	Earnings distribution	Price per share (NTD)
Appropriation to legal reserve	\$ 79,461	
Appropriation to special reserve	96	
Cash dividends to shareholders	408,000	4.03
Shares dividends to shareholders	25,500	0.25
	\$ 513,057	

The distribution of earnings for the years 2024 and 2023 mentioned above is consistent with the resolutions approved by the Board of Directors.

The relevant information regarding the Company's earnings distribution can be found on the Market Observation Post System (MOPS).

D. Other components of equity (net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2025	\$ (19,272)	19,336	64
Exchange differences on foreign operations	63,701	-	63,701
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	84,643	84,643
Income tax effect	(12,737)	(923)	(13,660)
Balance at December 31, 2025	\$ 31,692	103,056	134,748

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	Cumulative translation differences	Unrealized gains (losses) on financial assets at FVTOCI	Total
Balance at January 1, 2024	\$ (96)	-	(96)
Exchange differences on foreign operations	(23,967)	-	(23,967)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	19,336	19,336
Income tax effect	4,791	-	4,791
Balance at December 31, 2024	<u>\$ (19,272)</u>	<u>19,336</u>	<u>64</u>

E. Non-controlling interests

	For the years ended December 31,	
	2025	2024
Balance at January 1	\$ 335,669	321,145
Equity attributable to non-controlling interests:		
Net loss	(5,271)	(19,727)
Other comprehensive income (loss)	12,610	(2)
Difference arising from subsidiary's share price and its carrying value	45,768	(3,639)
Cash dividends from subsidiaries	(1,246)	(3,462)
Capital reduction refund from subsidiaries	(17,550)	-
Effect of disproportionate subscription	(2,651)	460
Cash capital increase by non-controlling interests	300,016	10,197
Acquisition through business combination	1,372,897	50,697
Acquisition of equity interests from non-controlling interests	(600,460)	(20,000)
Balance at December 31	<u>\$ 1,439,782</u>	<u>335,669</u>

(23) Share-based payment

A. Cash capital increase reserved for employee subscription

Cash capital increase of 10,000 thousand new shares was resolved by the Board of Directors on July 31, 2024. In accordance with Article 267 of the R.O.C. Company Act, 15% of the new shares, amounting to 1,500 thousand shares, was reserved for priority subscription by employees of the Company. Any unsubscribed shares or shares abandoned by employees were authorized to be subscribed in full at the issue price by a specific person as designated by the Chairman.

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In the third quarter of 2024, employees subscribed to 1,074 thousand shares. In accordance with IFRS 2 “Share-based Payment”, the fair value of the equity instruments granted was measured at the grant date at \$36.91 per share, and compensation costs of \$39,641 thousand were recognized on the grant date.

The Company used Black-Scholes method in measuring the fair value of the share-based payment at the grant date. The measurement inputs were as follows:

	Cash capital increase reserved for employee subscription For the years ended December 31, 2024
Fair value at the grant date	36.91
Share price at the grant date	224.83
Number of shares granted	1,074 thousand shares (note)
Exercise price	188
Risk-free interest rate (%)	1.25 %

Note: Employees have declared a total of 426 thousand shares to be waived prior to the grant date.

B. Employee stock options

Resolutions for issuance of 4,000 units of employee stock options passed during the meeting of the Board of Directors held on June 28, 2024, each unit entitles the holder to purchase 1,000 shares of the Company's ordinary shares.

The holder are limited to full-time employees of the Company and its domestic and international subsidiaries or affiliates.

The issuance was approved by the Securities and Futures Bureau, FSC on July 26, 2024, and will be issued in whole or in part within two years as needed according to the regulations.

The trading information for the employee stock options issued on September 9, 2024, as follows:

<u>Type</u>	<u>Grant date</u>	<u>Vesting period</u>	<u>Number of units granted (in thousands)</u>	<u>Original subscription price per share (in dollars)</u>	<u>Adjusted subscription price per share (in dollars)</u>
2024 employee stock options	Sep 9, 2024	2 to 4 years of service	3,728	220	182.7

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Each unit of the employee stock option certificate grants the right to purchase 1,000 share of ordinary share.

The fair value of the compensatory employee stock options granted on September 9, 2024, was estimated using the Black-Scholes option pricing model. The fair value per unit was between \$68.14 and \$83.65. The Company recognized a compensation cost of \$71,770 thousand and \$35,467 thousand for the year ended December 31, 2025 and 2024, respectively. The assumptions used are as follows:

	The first employee stock option of 2024
Dividend yield	0.00%
Expected price volatility	42.50%~46.39%
Risk-free interest rate	1.43%~1.46%
Expected life	3.5~4.5 years

	2025		2024	
	Weighted average exercise price (NTD)	Number of options	Weighted average exercise price (NTD)	Number of options
(Expressed in thousands)				
Number of shares outstanding as of January 1	\$ 220.00	3,603	-	-
Number of units granted during the year	-	-	220.00	3,728
Number of units forfeited during the year	-	(785)	-	(125)
Number of units outstanding as of December 31	220.00	<u>2,818</u>	220.00	<u>3,603</u>

C. Restricted employee rights stock

Resolutions for the issuance of 1,000 thousand shares of restricted employee rights new stock, with a par value of \$10 per share, totaling \$10,000 thousand, was passed during the shareholders' meeting held on June 7, 2024.

The holders are limited to full-time employees of the Company and its domestic and international subsidiaries or affiliates. The issuance was approved by the Securities and Futures Bureau, FSC on July 26, 2024, and will be issued in whole or in part within two years as needed according to the regulations. As of December 31, 2025, the shares had not yet been actually issued.

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(24) Earnings per share

	For the years ended December 31,	
	2025	2024
Basic earnings per share:		
Net profit attributable to ordinary shareholders of the Company	\$ <u>503,912</u>	<u>1,198,860</u>
Weighted-average number of ordinary shares (in thousands)	<u>140,266</u>	<u>123,297</u>
Basic earnings per share (in dollars)	\$ <u>3.59</u>	<u>9.72</u>
Basic earnings per share - before retrospective adjustment (in dollars)		\$ <u>11.10</u>
Diluted earnings per share:		
Net profit	503,912	1,198,860
Interest expense and other income or expense on convertible bonds, net of tax	<u>-</u>	<u>18,669</u>
Net profit attributable to ordinary shareholders of the Company	\$ <u>503,912</u>	<u>1,217,529</u>
Weighted-average number of ordinary shares (in thousands)	140,266	123,297
Add: Effect of employee remuneration paid in stock (in thousands)	420	446
Effect of conversion of convertible bonds (in thousands)	<u>-</u>	<u>6,031</u>
	<u>140,686</u>	<u>129,774</u>
Diluted earnings per share (in dollars)	\$ <u>3.58</u>	<u>9.38</u>
Diluted earnings per share – before retrospective adjustment (in dollars)		\$ <u>10.64</u>

For the year ended December 31, 2025, the Company's convertible bonds had an anti-dilutive effect, and hence they are not included in the calculation of the weighted average number of shares (diluted).

(25) Revenue from contracts with customers

A. Primary geographical markets:

	For the years ended December 31,	
	2025	2024
Taiwan	\$ 8,539,229	10,125,465
Japan	196,563	-
Australia	43,895	-
Total	\$ <u>8,779,687</u>	<u>10,125,465</u>

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B. Major products/service lines:

	For the years ended December 31,	
	2025	2024
Construction revenue	\$ 7,004,808	9,865,191
Electricity sales revenue	1,013,857	64,944
Product sales revenue	391,355	25,234
Service revenue and others	369,667	170,096
	\$ 8,779,687	10,125,465
Timing of revenue recognition:		
Revenue transferred at a point in time	\$ 658,654	48,047
Revenue transferred over time	8,121,033	10,077,418
	\$ 8,779,687	10,125,465

C. Contract balances:

	December 31, 2025	December 31, 2024	January 1, 2024
Contract assets - construction and equipment	\$ 6,018,838	3,309,647	3,439,976
Contract liabilities - construction and equipment	\$ 127,240	1,215,944	645,924

The contract liabilities primarily relate to the advance consideration received from customers for construction contracts before the construction begins, for which revenue is recognized progressively during the construction period.

The contract liability balance as at January 1, 2025 was \$1,215,944 thousand. The amounts of revenue recognized for the year ended December 31, 2025 was included in the contract liability balance at the beginning of the period was \$459,748 thousand.

The contract liability balance as at January 1, 2024 was \$645,924 thousand. The amounts of revenue recognized for the year ended December 31, 2024 was included in the contract liability balance at the beginning of the period was \$17,084 thousand.

The contract assets primarily relate to the amount of revenue that has been recognized for construction contract but has not yet billed at the reporting date. The contract assets are transferred to receivables when the rights to consideration become unconditional.

For details on accounts receivable and its impairment, please refer to note 6(4).

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied by transferring ownership to the customer and the payment to be received. For the years ended December 31, 2025 and 2024, there is no significant changes.

HD RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

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D. The transaction price allocated to the remaining performance obligations

As of December 31, 2025 and 2024, amount allocated to the remaining performance obligations were \$30,093,153 thousand and \$25,653,972 thousand, respectively. The revenue is recognized progressively based on the progress towards the completion of contract, which is expected to be completed in the next one to three years.

All consideration from contracts with customers is included in the transaction price presented above.

(26) Remuneration to employees, directors and supervisors

In accordance with the amended articles of incorporation approved during the shareholders' meeting held on June 3, 2025, when there is profit for the year, the Company should contribute 5% to 10% of the profit as employee compensation and less than 3% as directors' and supervisors' remuneration, and an amount of no less than 1% of the employee compensation must be allocated to those base-level employees. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of employee compensation, whether in shares or in cash, include employees of the affiliated companies who meet certain conditions. Prior to the amendment, the articles of incorporation provided that when there was profit for the year, the Company should contribute 5% to 10% of the profit as employee compensation and less than 3% as directors' and supervisors' remuneration, and if there were accumulated deficits, the profit should be reserved to offset the deficit. The recipients of the employee compensation, whether in shares or in cash, included employees of the affiliated companies who met certain conditions.

The Company estimated its remuneration to employees amounting to \$35,120 thousand (including base-level employees) and \$80,125 thousand and directors' remuneration amounting to \$7,023 thousand and \$16,024 thousand for the years ended December 31, 2025 and 2024, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of the remuneration to employees and directors, as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2025 and 2024. The differences between the actual distribution of remuneration to employees and directors, and the amounts estimated in the financial statements, if any, will be accounted for as changes in accounting estimates and will be recognized as profit or loss in the following year.

The Company estimated its remuneration to employees amounting to \$80,125 thousand and \$53,688 thousand and directors' remuneration amounting to \$16,024 thousand and \$10,737 thousand for the years ended December 31, 2024 and 2023, respectively. These amounts were consistent with the resolutions of the Company's Board of Directors. Relevant information can be found on the Market Observation Post System (MOPS).

(27) Interest income

	For the years ended December 31,	
	2025	2024
Interest income from bank deposits	\$ 26,747	29,339
Other interest income	1,363	251
	\$ 28,110	29,590

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(28) Other income

	For the years ended December 31,	
	2025	2024
Dividend income	\$ 9,644	-
Government grant income	1,339	417
Compensation income	74,255	809
Rental income	159	10,989
Other income	3,169	622
	\$ 88,566	12,837

(29) Other gains and losses

	For the years ended December 31,	
	2025	2024
Gains (Losses) on financial assets (liabilities) at fair value through profit of loss (notes 6(2) and (16))	\$ (6,117)	6,952
Foreign exchange gains (losses)	9,268	(16,682)
Gain on disposals of investments	1,441	197
Gains (Losses) on disposal of property, plant and equipment	(1,045)	578
Gain on lease modification	936	-
Miscellaneous disbursements	(12,998)	(5,362)
	\$ (8,515)	(14,317)

(30) Finance costs

	For the years ended December 31,	
	2025	2024
Interest expense on bank loans	\$ 142,580	47,134
Interest expense on preference share liabilities	63,415	64,550
Interest expense on corporate bonds payable	61,935	30,288
Interest expense on lease liabilities	10,187	3,886
Amortization of discount on short-term notes and bills payable	1,821	2,042
Interest expense on decommissioning liabilities and others	473	648
	\$ 280,411	148,548

(31) Financial instruments

A. Credit risk

(a) Exposure to credit risk

The carrying amount of financial assets represent the maximum amount exposed to credit risk.

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(b) Concentration of credit risk

The Group's potential credit risk is derived primarily from cash and cash equivalents, restricted bank deposits and contract assets. The Group's cash and restricted bank deposits are held with financial institutions of good credit standing. The Group manages credit risk exposure related to each financial institution and believes that there is no significant concentration of credit risk on cash and restricted bank deposits.

The Group's potential credit risk is derived primarily from contract assets. As of December 31, 2025 and 2024, 93% and 92% of the Group's contract assets, respectively, were attributable to five customers, indicating a certain level of customer concentration. To mitigate the credit risk, the Group regularly monitors project progress and billing schedules, and evaluates the timing of reclassification to accounts receivable. Management expects that no material losses will occur.

(c) Credit risk of receivables

For credit risk exposure of accounts receivable, please refer to note 6(4).

All of financial assets excluding the above-mentioned accounts receivable are considered to be low risk, and thus, the impairment provision recognized during the period was limited to 12-month expected credit losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(7). Please refer to note 6(4) for the movement in loss allowance provision for the years ended December 31, 2025 and 2024.

B. Liquidity risk

The following table shows the contractual maturities of financial liabilities:

	<u>Carrying amount</u>	<u>Contractual Cash flows</u>	<u>Within a year</u>	<u>Over 1 year</u>
Balance at December 31, 2025				
Non-derivative financial liabilities				
Short-term borrowings	\$ 3,315,109	3,340,271	3,340,271	-
Short-term notes and bills payables	1,123,382	1,124,400	1,124,400	-
Notes and accounts payable (including related parties)	1,705,158	17,050,158	17,050,158	-
Salaries and bonuses payable	138,320	138,320	138,320	-
Other payables to related parties	575,678	553,153	553,153	-
Lease liabilities (current and non-current)	765,328	789,440	91,852	697,588
Bonds payable (including current portion)	2,582,161	3,069,197	23,972	3,045,225
Long-term borrowings (including current portion)	7,688,874	8,591,489	2,389,639	6,201,850
Preference share liabilities - non-current	1,154,244	1,154,244	-	1,154,244
	<u>\$ 19,048,254</u>	<u>35,810,672</u>	<u>24,711,765</u>	<u>11,098,907</u>

HD RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
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	<u>Carrying value</u>	<u>Contractual Cash flows</u>	<u>Within a year</u>	<u>Over 1 years</u>
Balance at December 31, 2024				
Non-derivative financial liabilities				
Short-term borrowings	\$ 1,821,285	1,842,661	1,842,661	-
Short-term notes and bills payables	607,250	608,800	608,800	-
Notes and accounts payable (including related parties)	1,919,805	1,919,805	1,919,805	-
Salaries and bonuses payable	183,601	183,601	183,601	-
Other payables to related parties	3,824	3,824	3,824	-
Lease liabilities-current and non-current	162,845	176,920	43,166	133,754
Bonds payable-current portion	310,512	345,202	345,202	-
Long-term borrowings (including current portion)	1,403,445	1,533,000	76,804	1,456,196
Preference share liabilities-non-current	<u>1,190,279</u>	<u>1,190,279</u>	<u>-</u>	<u>1,190,279</u>
	<u>\$ 7,602,846</u>	<u>7,804,092</u>	<u>5,023,863</u>	<u>2,780,229</u>

C. Foreign exchange risk

(a) Exposure to foreign exchange risk

The Group's financial assets and liabilities exposed to significant foreign exchange risk are as follows:

	December 31, 2025			December 31, 2024			
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	
<u>Financial assets</u>							
<u>Monetary items</u>							
USD	\$	1,289	31.4300	40,525	22	32.7850	721
AUD		5,348	21.0100	112,361	1	20.3900	11
<u>Non-monetary items</u>							
JPY		400,223	0.2008	80,365	-	-	-
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD		6,899	31.4300	216,824	19,858	32.7850	621,053
AUD		-	-	-	1,192	20.3900	24,304

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(b) Sensitivity analysis

The Group's exposure to foreign exchange risk arising from monetary items mainly relates to cash and cash equivalents, accounts receivable, and accounts payable denominated in foreign currencies, which give rise to foreign exchange gains or losses upon translation. Assuming a 5% depreciation or appreciation of the NTD against the USD and the AUD as of December 31, 2025 and 2024, with all other variables held constant, the Group's net profit after tax for 2025 and 2024 would have increased or decreased by \$(2,558) thousand and \$(25,785) thousand, respectively. The analysis for both periods is based on the same assumptions.

(c) Foreign exchange gains or losses on monetary items

Due to the variety of functional currencies used by the Group, information on foreign exchange gains or losses arising from monetary items is disclosed on an aggregated basis. Foreign exchange gains (losses), including both realized and unrealized amounts, amounted to \$9,268 thousand and \$(16,682) thousand for the years ended December 31, 2025 and 2024, respectively.

D. Interest rate risk

The Group's interest risk arises from its short-term borrowings, short-term notes and bills payable, and long-term borrowings that bear floating interest rates. The fluctuation of the interest rate will influence the Group's future cash flow due to the changes in effective interest rate of short-term and long-term borrowings. The following sensitivity analysis is based on the exposure to the interest rate risk. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year.

For the Group's short-term and long-term borrowings that bear the floating interest rates, if the interest rate had increased or decreased by 0.25%, the Group's net profit before tax would have decreased or increased by \$27,510 thousand and \$8,062 thousand for the years ended December 31, 2025 and 2024, respectively, assuming all other variable factors remain constant.

E. Fair value of financial instruments

(a) Fair value hierarchy

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2025				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at FVTPL—current	\$ <u>605</u>	<u>-</u>	<u>605</u>	<u>-</u>	<u>605</u>
Financial assets measured at FVTPL—non-current	\$ <u>47,487</u>	<u>-</u>	<u>11,787</u>	<u>35,700</u>	<u>47,487</u>
Financial assets measured at FVOCI—non-current	\$ <u>1,560,789</u>	<u>203,440</u>	<u>-</u>	<u>1,357,349</u>	<u>1,560,789</u>

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	December 31, 2025				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 2,367,671	-	-	-	-
Accounts receivable, net (including related parties)	567,394	-	-	-	-
Other receivables due from related parties	2,583	-	-	-	-
Refundable deposits	667,796	-	-	-	-
Restricted bank deposits	1,427,333	-	-	-	-
	<u>\$ 5,032,777</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at FVTPL — current	<u>\$ 218</u>	<u>-</u>	<u>218</u>	<u>-</u>	<u>218</u>
Financial liabilities measured at FVTPL — non-current	<u>\$ 97,200</u>	<u>-</u>	<u>97,200</u>	<u>-</u>	<u>97,200</u>
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 3,315,109	-	-	-	-
Short-term notes and bills payables	1,123,382	-	-	-	-
Notes and accounts payable (including related parties)	1,705,158	-	-	-	-
Salaries and bonuses payable	138,320	-	-	-	-
Other payables to related parties	575,678	-	-	-	-
Lease liabilities-current and non-current	765,328	-	-	-	-
Bonds payable (including current portion)	2,582,161	-	2,582,161	-	2,582,161
Preference share liabilities - non-current	1,154,244	-	-	-	-
Long-term borrowings (including current portion)	7,688,874	-	-	-	-
	<u>\$ 19,048,254</u>	<u>-</u>	<u>2,582,161</u>	<u>-</u>	<u>2,582,161</u>
		December 31, 2024			
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at FVTPL — current	<u>\$ 1,320</u>	<u>-</u>	<u>1,320</u>	<u>-</u>	<u>1,320</u>
Financial assets measured at FVTPL — non-current	<u>\$ 35,700</u>	<u>-</u>	<u>-</u>	<u>35,700</u>	<u>35,700</u>
Financial assets measured at FVOCI — non-current	<u>\$ 1,476,146</u>	<u>163,996</u>	<u>-</u>	<u>1,312,150</u>	<u>1,476,146</u>

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	December 31, 2024				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 4,593,322	-	-	-	-
Accounts receivable, net (including related parties)	279,456	-	-	-	-
Other receivables due from related parties	741	-	-	-	-
Refundable deposits	1,074,796	-	-	-	-
Restricted bank deposits	399,068	-	-	-	-
	<u>\$ 6,347,383</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at FVTPL — current					
	<u>\$ 68</u>	<u>-</u>	<u>68</u>	<u>-</u>	<u>68</u>
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 1,821,285	-	-	-	-
Short-term notes and bills payables	607,250	-	-	-	-
Notes and accounts payable (including related parties)	1,919,805	-	-	-	-
Salaries and bonuses payable	183,601	-	-	-	-
Other payables to related parties	3,824	-	-	-	-
Lease liabilities - current and non-current	162,845	-	-	-	-
Bonds payable-current portion	310,512	-	310,512	-	310,512
Preference share liabilities - non-current	1,190,279	-	-	-	-
Long-term borrowings (including current portion)	1,403,445	-	-	-	-
	<u>\$ 7,602,846</u>	<u>-</u>	<u>310,512</u>	<u>-</u>	<u>310,512</u>

(b) Valuation techniques for financial instruments not measured at fair value

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

For financial assets and financial liabilities measured at amortized cost, if there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

The fair value of refundable deposits are based on carrying amount as there is no fixed maturity date.

Long-term borrowings primarily bear interest at floating rate, and their carrying amounts approximate their fair values.

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(c) The reconciliation of Level 3 fair values

	For the years ended December 31,	
	2025	2024
Financial assets at FVTPL - mandatorily measured at fair value through profit or loss		
Balance at January 1	\$ 35,700	-
Purchased	-	35,700
Balance at December 31	<u><u>\$ 35,700</u></u>	<u><u>35,700</u></u>
Financial assets at FVOCI - equity investments without an active market		
Balance at January 1	\$ 1,312,150	-
Gains recognized in other comprehensive income	45,199	-
Purchased	-	1,312,150
Balance at December 31	<u><u>\$ 1,357,349</u></u>	<u><u>1,312,150</u></u>

(d) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value is financial assets at FVOCI – equity investments.

Most of the fair value measurements categorized within Level 3 use the single and significant unobservable input. Equity investments without an active market contains multiple significant unobservable inputs. The significant unobservable inputs of equity investments without an active market are individually independent, and there is no correlation between them.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets measured at FVOCI - equity investments without an active market	Market approach	- The EBITDA multiple ranged from 9.75 to 11.25 times at December 31, 2024. - The specific buyer premium ranges from AUD 10,500 thousand to AUD 17,000 thousand.	- The higher the EBITDA multiple, the higher the fair value - Not applicable

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<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets measured at FVOCI - equity investments without an active market	Price-to-sales (P/S) method	· The P/S ratio of the peer companies was 1.88 times as of December 31, 2025. · The liquidity discount was 28.09% as of December 31, 2025.	· The higher the price-to-sales multiple, the higher the fair value. · The higher the liquidity discount, the lower the fair value.
Financial assets measured at FVOCI - equity investments without an active market	Price-to-book (P/B) method	· The P/B ratio of the peer companies was 1.39 times and 4.80 times as of December 31, 2025 and 2024, respectively. · The liquidity discount was 20% as of both December 31, 2025 and 2024.	· The higher the P/B ratio, the higher the fair value · The higher the liquidity discount, the lower the fair value.

(32) Financial risk management

A. Overview

The Group have exposures to the following risks from its financial instruments:

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risk

The following likewise discusses the Group's exposure information, objectives, policies and processes for measuring and managing the above-mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

B. Structure of risk management

The Group's finance department provides services for various business units, planning and coordinating financial market operations, as well as monitors and manages the financial risks associated with the operations by analyzing the internal risk report.

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C. Credit risk

The credit risk of the Group is mainly due to cash and cash equivalents and receivables, these financial instruments arising from operating activities, as explained in the note 6(31) of the consolidated financial statements.

D. Liquidity risk

There is no liquidity risk of being unable to raise capital to settle contract obligations since the Group has sufficient capital and working capital to fulfill the contract obligations.

E. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return. The Group's bank deposits, long-term and short-term bank borrowings bear the floating rate and are financial assets and liabilities. The fluctuation in the market interest rate will affect the effective interest rate of bank deposits, long-term and short-term bank borrowings and then influence the Group's future cash flow.

(33) Capital management

The Group effectively manages its capital structure to ensure that it has adequate financial resources to sustain proper liquidity, invest in capital expenditures, repay debts, and distribute dividends in accordance with its plan by acquiring a comprehensive understanding and effectively managing significant changes in the external environment, related industry characteristics, and corporate growth plan. The management pursues the most suitable capital structure by monitoring and maintaining proper financial ratios as below. The Group enhances the returns of its shareholders by achieving an optimized debt-to-equity ratio from time to time.

	December 31, 2025	December 31, 2024
Total liabilities	\$ 20,340,208	9,252,028
Total equity	11,855,406	9,280,940
Interest-bearing liabilities	15,863,770	5,332,771
Debt-to-equity ratio	172 %	100 %
Interest-bearing debt-to-equity ratio	134 %	57 %

The increase in short-term and long-term borrowings resulted in an increase in both the debt-to-equity ratio and the interest-bearing debt-to-equity ratio as of December 31, 2025.

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(34) Financing activities not affecting current cash flow

	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings (including current portion)	Preference share liabilities	Bonds payable (including current portion)	Lease liabilities	Total liabilities from financing activities
Balance at January 1, 2025	\$ 1,821,285	607,250	1,403,445	1,190,279	310,512	162,845	5,495,616
Cash flows	1,463,496	515,600	3,439,640	(99,450)	3,009,756	(47,741)	8,281,301
Acquisition through business combination	-	-	2,536,927	-	-	419,535	2,956,462
Non-cash changes:							
Interest expense	-	1,821	-	63,415	61,934	10,187	137,357
Others	30,328	(1,289)	308,862	-	(800,041)	220,502	(241,638)
Balance at December 31, 2025	<u>\$ 3,315,109</u>	<u>1,123,382</u>	<u>7,688,874</u>	<u>1,154,244</u>	<u>2,582,161</u>	<u>765,328</u>	<u>16,629,098</u>
Balance at January 1, 2024	\$ 1,124,211	400,872	922,128	1,125,729	873,583	129,525	4,576,048
Cash flows	1,897,074	207,000	478,317	-	-	(37,185)	2,545,206
Acquisition through business combination	-	-	3,000	-	-	-	3,000
Amount transferred out from subsidiaries of the Group	(1,200,000)	-	-	-	-	-	(1,200,000)
Non-cash changes:							
Addition of leases	-	-	-	-	-	70,505	70,505
Interest expense	-	2,042	-	64,550	30,288	-	96,880
Others	-	(2,664)	-	-	(593,359)	-	(596,023)
Balance at December 31, 2024	<u>\$ 1,821,285</u>	<u>607,250</u>	<u>1,403,445</u>	<u>1,190,279</u>	<u>310,512</u>	<u>162,845</u>	<u>5,495,616</u>

7. Related-party transactions:

(1) Names and relationship with the Group

Name of related parties	Relationship with the Group
Star Power Energy Corporation (Star Power)	Joint venture of the Group
Aquastar Energy Co., Ltd. (Aquastar)	Joint venture of the Group
Daytime Solar Energy Co., Ltd. (Daytime)	Subsidiary of Star Power
Motech Power Alpha Co., Ltd. (MPA)	Subsidiary of Star Power
Sunny Go Solar Co., Ltd. (Sunny Go)	Subsidiary of Star Power
Da Fu Energy Co., Ltd. (Da Fu)	Subsidiary of Star Power
Fang Deng Green Co., Ltd. (Fang Deng)	Subsidiary of Star Power
Zhong Fang Green Co., Ltd. (Zhong Fang)	Subsidiary of Star Power
Ren Hua Green Co., Ltd. (Ren Hua)	Subsidiary of Star Power
Daybreak Fishery Management Consultants Co., Ltd. (DFM)	Subsidiary of Star Power
Sun Grounder Co., Ltd. (Sun Grounder)	Subsidiary of Star Power
Sunenginer Co., Ltd. (Sunenginer)	Subsidiary of Star Power
Esun Energy Co., Ltd. (Esun Energy)	Subsidiary of Star Power
Ri Wei Green Co., Ltd. (Ri Wei)	Subsidiary of Star Power

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Name of related parties	Relationship with the Group
Ri Xi Green Co., Ltd. (Ri Xi)	Subsidiary of Star Power (Note 6)
Ri Yun Green Co., Ltd. (Ri Yun)	Subsidiary of Aquastar
Yunn Deng Green Co., Ltd. (Yunn Deng)	Subsidiary of Aquastar
Wen Deng Green Co., Ltd. (Wen Deng)	Subsidiary of Aquastar
Xin Sheng Energy Develop Co., Ltd. (Xin Sheng)	Subsidiary of Aquastar
Yun Deng Green Co., Ltd. (Yun Deng)	Subsidiary of the Group (Note 1)
Stellar Energy Technology Inc. (Stellar)	Subsidiary of the Group (Note 2)
Shilin Star Power Corporation (SSP)	Associate of the Group
Ri Fa Green Co., Ltd. (Ri Fa)	Associate of the Group
Shin Guo Energy Co., Ltd. (Shin Guo)	Associate of the Group
Ri Fu Energy Co., Ltd. (Ri Fu Energy)	Subsidiary of Shin Guo
Titan Solar Co., Ltd. (Titan Solar)	Corporate director of the Group
Gigastorage Corporation (Gigastorage)	Substantive related party of the Group
Union Hospitality Management Co. Ltd. (Union Hospitality)	Substantive related party of the Group
Yuan Ruyi Co., Ltd. (Yuan Ruyi)	Substantive related party of the Group
TPK Touch Solutions Inc. (TPK)	Substantive related party of the Group (Note 2)
Jason renewables co., ltd. (Jason renewables)	Substantive related party of the Group
SHIHLIN ELECTRIC & ENGINEERING CORPORATION (Shihlin Electric & Engineering)	Substantive related party of the Group (Note 3)
Fubon Green Power Co., Ltd. (Fubon Green Power)	Substantive related party of the Group (Note 4)
Shihlin Electric Green Power Co. Ltd. (Shihlin Electric Green Power)	Substantive related party of the Group (Note 3)
General Incorporated Association Marble1	Substantive related party of the Group
Brawn Cade Pte Ltd. (Brawn)	Substantive related party of the Group (Note 7)
Arc Trade Inc. (Arc Trade)	Substantive related party of the Group
Chou, Shih-Chang	Substantive related party of the Group
Li Tong Management Consulting Co., Ltd. (Li Tong)	Subsidiary of Fubon Geen Power (Note 5)
Sumray Power Company (Sumray Power)	Subsidiary of Fubon Geen Power
ZEN Energy Pty. Ltd. (ZEN)	Associate of of ZEBRE
ZEN Energy Future Pty. Ltd. (ZEF)	Associate of of ZEBRE
ZEN Energy Retail Pty. Ltd. (ZENR)	Associate of of ZEBRE

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- Note 1: The Company subscribed for the cash capital increase of Yun Deng in January 2024 not in proportion to its shareholding, at investment amount of \$27,000 thousand, resulting in an increase in its ownership interest from 40% to 54.46%. Consequently, the Company obtained control over Yun Deng, which was reclassified from an associate to a subsidiary.
- Note 2: In November 2024, the Company acquired the remaining 70% equity interest in Stellar, thereby obtaining control over it and reclassified it as a subsidiary. At the same time, the former parent company, TPK, ceased to be a related party of the Company from that date.
- Note 3: In April 2024, the Company acquired a 49% equity interest in SSP, which became an associate of the Company. As Shihlin Electric & Engineering is the parent company of SSP, Shihlin Electric & Engineering and its subsidiaries became related parties of the Company from that date.
- Note 4: In June 2024, the Company acquired a 10% equity interest in Fubon Green Power and assumed a seat on its board of directors.
- Note 5: In July 2024, the Company disposed of all of its shares in Li Tong to Fubon Energy.
- Note 6: In July 2025, The Company disposal all of its shares in Ri Xi to Star Power.
- Note 7: In December 2025, the Group acquired a 30% equity interest in Helios from Brawn. From that date onward, Brawn has ceased to be a related party of the Group.

(2) The Group's significant related party transactions and balances were as follows:

A. Operating revenue and receivables from related parties

	Operating revenue	
	For the years ended December 31,	
	2025	2024
Subsidiaries of the joint ventures		
Ri Xi	\$ 2,818,835	-
Xin Sheng	2,188,594	4,732,320
Yunn Deng	79,083	1,047,385
Others	660,066	222,979
Joint ventures	9,250	7,826
Associates	183	426
Subsidiaries of the associates	309,663	-
Other related parties		
Li Tong	1,147,589	2,521,082
Others	279,919	4,255
	\$ 7,493,182	8,536,273

HD RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
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		Receivables from related parties	
		December 31, 2025	December 31, 2024
Subsidiaries of the joint ventures			
Ri Yun	\$	60,703	23,515
Daytime		29,673	22
MPA		19,459	2,879
Others		7,556	7,497
Joint ventures		1,732	56
Other related parties			
Shihlin Electric & Engineering		18,856	-
Li Tong		2,402	136,436
Others		1,005	913
	\$	141,386	171,318
		Construction contract receivables from related parties (recognized as contract assets)	
		December 31, 2025	December 31, 2024
Subsidiaries of the joint ventures			
Ri Xi	\$	1,983,335	-
Xin Sheng		1,389,525	-
Yunn Deng		964,214	885,131
Wen Deng		647,145	404,488
Ri Yun		168,144	168,144
Others		14,529	4,998
Other related party			
Li Tong		459,927	1,248,286
Subsidiaries of the associates		309,663	-
	\$	5,936,482	2,711,047

HD RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Advance receipts on construction contracts from related parties (recognized as contract liabilities)	
	December 31, 2025	December 31, 2024
Subsidiaries of the joint ventures		
Xin Sheng	\$ -	436,025
Others	8,871	8,871
	\$ 8,871	444,896

The selling price and payment terms for sales to related parties and contractual constructions undertaken for the related parties by the Group were negotiated between both parties, and were not materially different from those with third parties.

B. Purchases, operating costs and payables to related parties

	Purchases and subcontracted construction works	
	For the years ended December 31,	
	2025	2024
Associates		
Stellar	\$ -	1,692,273
Others	50,051	20,149
Other related party		
Shihlin Electric & Engineering	1,517,824	194,891
	\$ 1,567,875	1,907,313

	Operating costs	
	For the years ended December 31,	
	2025	2024
Associates	\$ 9,073	-
Subsidiary of the joint ventures	837	745
Joint ventures	56	46
	\$ 9,966	791

	Payables to related parties	
	December 31, 2025	December 31, 2024
Other related party		
Shihlin Electric & Engineering	\$ 689,041	217,318
Associates	2,013	591
	\$ 691,054	691,054

The purchase price and payment terms for equipment, parts, and procurement of construction contracts from related parties are negotiated between both parties and the payment period is pursuant to the contract terms. There were not materially different from those with third parties.

HD RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

C. Electricity purchase contracts

The Group entered into electricity purchase contracts with joint ventures and their subsidiaries, with contractual terms of twenty years and three years, respectively. The electricity charges are paid at the agreed base wholesale electricity tariff (the profit-sharing benchmark price). If the electricity selling tariff agreed between the Group and its end-use customers exceeds or falls below the profit-sharing benchmark price, the difference shall be shared by both parties in accordance with the ratios specified in the contracts.

The cost of electricity purchases for the year ended December 31, 2025 and 2024 were \$364,500 thousand and \$312,691 thousand, respectively. As of December 31, 2025 and 2024, the balances of payables to related parties arising from such transactions amounted to \$44,910 thousand and \$63,716 thousand, respectively.

D. Prepayments

	December 31, 2025	December 31, 2024
Other related party		
Shihlin Electric & Engineering	\$ 119,601	237,508
Associate		
SSP	8,987	11,796
	<u>\$ 128,588</u>	<u>249,304</u>

E. Property transactions

In June 2025, the Group and the non-controlling interests acquired 100% of the equity interests in Solar River I Holding, Solar River I Project, Hookey Creek I Holding, Hookey Creek I Project, Noblevale I Holding, Noblevale I Project, North Yarragon I Holding, North Yarragon I Project, Wagga North I Holding and Wagga North I Project from ZEF for cash consideration of \$820,893 thousand (AUD 40,016 thousand) and \$351,811 thousand (AUD 17,149 thousand), respectively. In July 2025, the Group further acquired 100% of the equity interests in Templers BESS Hold, Templers BESS Project, and Templers BESS from ZEF for cash consideration of \$1,528,184 thousand (AUD 80,000 thousand) and \$382,046 thousand (AUD 20,000 thousand), respectively. As of December 31, 2025, an unpaid amount of \$210,100 thousand (AUD 10,000 thousand) remained outstanding and was recorded as other payables to related parties.

In July 2025, the Company sold all of its equity interest in Ri Xi to Star Power for a total consideration of \$80,900 thousand, resulting in a disposal gain of \$656 thousand.

In December 2025, the Group acquired a 30% equity interest in Helios from Brawn for a total consideration of \$600,462 thousand.

The Company had sold land to Xin Sheng for a disposal price of \$22,170 thousand in May 2024, resulting in a gain on disposal of \$119 thousand.

The Company disposed all of its shares in Li Tong to Fubon Green Power, with a consideration of \$42,000 thousand in July 2024, and recognized a gain on disposal of \$293 thousand.

HD RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
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The Company sold machinery and equipment to SSP in December 2024 at a disposal price of \$2,470 thousand and recognized a gain on disposal amounting to \$459 thousand. As of December 31, 2025 and 2024, the receivable amounts generated from the aforementioned transaction were \$0 thousand and \$741 thousand, respectively (classified as other receivables from related parties).

F. Refundable deposits

As of December 31, 2025 and 2024, the Group paid the deposits to other related parties for the rental of right-of-use assets amounted to \$3,704 thousand and \$2,454 thousand, respectively, and were classified as refundable deposits.

As of December 31, 2025, the Group paid performance guarantee deposits totaling \$23,048 thousand to other related parties in relation to construction contracts and equipment purchases, and these amounts were classified as refundable deposits.

As of December 31, 2025, the Group paid guarantee deposits of \$50,000 thousand to other related parties arising from investment evaluation agreements, which were classified as refundable deposits.

G. Various advances

As of December 31, 2025 and 2024, the amounts due from (to) related parties from the collection and payment on behalf of related parties were as follows:

Other receivable due from related parties:

<u>Name of related party</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Other related parties	\$ <u>136</u>	<u>-</u>

Other payables due to related parties:

<u>Name of related party</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Subsidiary of associate	\$	
Ri Fu Energy	31,556	-
Subsidiary of the joint ventures	4	-
Other related parties		
Sumray Power Company	22,509	-
Others	<u>133</u>	<u>117</u>
	<u>\$ 54,202</u>	<u>117</u>

HD RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
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H. Rental expenses

The Company entered into office lease contracts with other related parties in May 2021 for the term from May 1, 2021 to July 31, 2025 at an annual rent of \$1,800 thousand, and payable on a monthly basis. Starting from January 1, 2024, the rental payments were changed to be made on an annual basis. In August 2025, the Company entered into a new office lease contracts with other related parties for the term from August 1, 2025 to July 31, 2028 at an annual rent of \$1,800 thousand, and payable on an annual basis. Depreciation charges recognized for the years ended December 31, 2025 and 2024 were \$1,506 thousand and \$1,638 thousand, respectively, and interest expenses amounted to \$55 thousand and \$39 thousand, respectively. The balances of the right-of-use assets as of December 31, 2025 and 2024 were \$4,266 thousand and \$956 thousand, respectively, and the balances of the lease liabilities were \$4,288 thousand and \$995 thousand, respectively.

The Company entered into office lease contracts with other related parties in January 2023 for the term from January 1, 2023 to December 31, 2025 at an annual rent of \$1,426 thousand, and payable on a monthly basis. Depreciation charges recognized for the years ended December 31, 2025 and 2024 were both \$1,381 thousand and interest expenses amounted to \$14 thousand and \$45 thousand, respectively. The balances of the right-to-use assets as of December 31, 2025 and 2024 were \$0 thousand and \$1,381 thousand, respectively, and the lease liabilities were \$0 thousand and \$1,411 thousand, respectively.

The Company entered into office lease contracts with other related parties in December 2023 for the term from December 1, 2023 to July 31, 2028, with annual rent of \$8,862 thousand, and payable on a monthly basis. In August 2025, the lease scope was reduced and the annual rental was adjusted to \$6,362 thousand, and another lease contract was newly executed for the term from August 1, 2025 to July 31, 2028, with annual rent of \$2,502 thousand, and payable on a monthly basis. In July 2025, the Group also entered into another office lease contract with other related parties for the term from August 1, 2025 to July 31, 2028, with annual rent of \$2,500 thousand, and payable on a monthly basis. Depreciation charges recognized for the years ended December 31, 2025 and 2024 were \$9,959 thousand and \$6,271 thousand, respectively, and interest expenses amounted to \$786 thousand and \$636 thousand, respectively. The balances of the right-of-use assets as of December 31, 2025 and 2024 were \$27,693 thousand and \$29,960 thousand, respectively, and the balances of the lease liabilities were \$28,227 thousand and \$30,373 thousand, respectively.

I. Rental income

The Company leased its plant, ancillary equipment and land to its associate for the period from November 1, 2023 to June 30, 2024, at a monthly rental of \$1,200 thousand, and and payable on a monthly basis. Security deposits of \$2,400 thousand were received from the associate. As of December 31, 2024, the rental income and the electricity charges allocated to the affiliated associate in relation to the above-mentioned leasing had all been received.

J. Dividend receivables

For the year ended 2025, the Group was entitled to receive cash dividends of \$2,447 thousand from related parties. As of December 31, 2025, such dividends had not yet been received and were classified as other receivables from related parties.

HD RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

K. Nominee registration of land

The subsidiary of the Group, Ri Xun, purchased the agricultural land located in Fenglin Township, Hualien County, for a total price amounting to \$9,762 thousand, for development and implementation of the solar power system project in 2021. However, the land is not directly held by Ri Xun due to the statutory restrictions. Consequently, Ri Xun entered into an nominee registration agreement with the Chairman of the Company, Mr. Hsieh Yuan-I to acquire the land from a third party on behalf of Ri Xun and register the ownership of the land under his name, until the date on which Ri Xun decided to dispose of or request the transfer of the land title, and the registration of ownership transfer has been duly completed.

According to the above agreement, the land title certificate will be kept by Ri Xun, and it is agreed that Ri Xun is the actual owner of the land. Mr. Hsieh Yuan-I was appointed to apply for financing from the bank on behalf of Ri Xun. Subsequently, the interest expense and principal amount of the loan will be paid to the bank by Ri Xun through Mr. Hsieh Yuan-I in installments, and such loan was fully settled in July 2025. As of December 31, 2024, the balance of outstanding bank loan amounted to \$3,707 thousand, which was classified as other payable to related parties.

L. Other expenses

The Company engaged other related parties to provide development services for a power settlement system. During the year ended December 31, 2025, the research and development expenses arising from the above transactions amounted to \$7,636 thousand. As of December 31, 2025, prepayments arising from the aforementioned transactions totaled \$76,368 thousand, which were classified as other current assets and other non-current assets.

M. Others

The Group engaged ZEN to provide site development services. As of December 31, 2025, the outstanding amount payable arising from the above transaction amounted to \$311,376 thousand, which was classified as other payables to related parties.

(3) Key management personnel compensation

Key management personnel compensation were as follows:

	For the years ended December 31,	
	2025	2024
Short-term employee benefits	\$ 40,089	48,798
Post-employment benefits	520	473
Share-based payment	5,898	3,196
	\$ 46,507	52,467

HD RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

8. Assets pledged as security:

The carrying amounts of pledged assets were as follows:

<u>Pledged assets</u>	<u>Pledged to secure</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Investments accounted for using equity method (note 1)	Collateral for long-term bank borrowings	\$ 3,414,056	1,502,381
Restricted bank deposits (note 2)	Collateral for short-term borrowings and long-term borrowings; and guarantee for engineering projects	1,427,333	399,068
Machinery and equipment	Collateral for long-term bank borrowings	5,158,448	142,654
Land	Collateral for long-term bank borrowings	511,578	511,578
Buildings and construction	Collateral for long-term bank borrowings	180,940	184,764
Right-of-use assets	Collateral for long term bank borrowings	442,696	-
Total		<u>\$ 11,135,051</u>	<u>2,740,445</u>

Note 1: Had been eliminated during the preparation of the consolidated financial statements.

Note 2: Classified under other current assets and other non-current assets.

9. Significant commitments and contingencies:

- (1) As of December 31, 2025 and 2024, the Group provided performance guarantee or warranty guarantee totaling \$2,075,568 thousand and \$637,740 thousand, respectively, for undertaking a solar power generation system project.
- (2) For the guarantees and endorsements provided by the Group to its subsidiaries, please refer to note 13(1) - Table 2.
- (3) Please refer to note 6(25) for the contracts of outstanding major contractual works that have been entered into by the Group.
- (4) With the intention of constructing a energy storage project, the Group entered into the contracts with two manufacturers in November and December 2022 to acquire energy storage cabinets, PCS and energy management systems for electrical and civil engineering works for the construction of power grids and high voltage energy storage systems. The total contract price is \$4,109,456 thousand (before tax). In December 2025, due to a downward revision in the capacity of the energy storage project, the total contract price was reduced to \$3,017,682 (before tax). As of December 31, 2025 and 2024, the outstanding commitments related to the construction project amounted to \$287,143 thousand and \$3,110,069, respectively.

HD RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (5) The Group procured solar photovoltaic system equipment, wire chase hangers, booster station supports, and commissioned solar photovoltaic system steel structures, solar photovoltaic modules installation and reinforcement works from LEADERTECH GLOBAL CO., LTD. ("Leadertech"). In 2022, Leadertech requested payment for the construction work and late penalty charges from the Group, totaling \$19,363 thousand, along with statutory interest. The Group claimed that due to significant concealed cracks and scratches on the modules in the field during the construction period, the Group had the right to defer the payment of penalty based on the clauses as stipulated in the contract. Additionally, the Group had the right to offset the payment with the module damages. The matter was handled by legal counsel. On January 9, 2026, the parties reached a court-mediated settlement, under which the Group agreed to pay a portion of the construction fees amounting to \$4,500 thousand.
- (6) For the operation of the Templers energy storage project in Australia, the Group entered into a 30-year grid connection agreement with Electranet, and a letter of credit was issued by the bank as a performance guarantee. As of December 31, 2025, the amount of the letter of credit was \$331,212 thousand (AUD 16,470 thousand).
- (7) The Group entered into renewable energy sales contracts with its electricity customers, under which, in addition to the agreed performance period for electricity supply, the Group is required to provide a minimum annual electricity volume. The Group bears contractual default obligations if it fails to deliver the committed electricity volume.
- (8) The Group entered into renewable energy purchase contracts with power generators, under which the Group is obligated to purchase a minimum annual electricity volume at the contracted price. The Group bears contractual default obligations if it fails to purchase the committed electricity volume.

10. Losses due to major disasters: None.

11. Subsequent events: None.

12. Other:

A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By item	By function			For the year ended December 31,			For the year ended December 31,		
	2025			2024					
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total			
Employee benefits									
Salary	98,346	465,831	564,177	93,273	453,081	546,354			
Labor and health insurance	8,789	28,629	37,418	7,305	24,015	31,320			
Pension	4,559	18,711	23,270	3,787	13,242	17,029			
Others	7,695	27,431	35,126	5,415	13,878	19,293			
Depreciation (Note)	90,181	102,540	192,721	43,140	58,540	101,680			
Amortization	2,951	22,343	25,294	2,677	16,897	19,574			

HD RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
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Note: Of the depreciation expenses recognized for the years ended December 31, 2025 and 2024, amounts of \$8,078 thousand and \$5,537 thousand, respectively, were transferred to biological assets; Depreciation expenses of \$18,881 thousand and \$0 thousand recognized for right-of-use assets met the capitalization criteria and were accordingly transferred to property, plant and equipment.

13. Other disclosures:

(1) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

- A. Loans to other parties: Please refer to Table 1.
- B. Guarantees and endorsements for other parties: Please refer to Table 2.
- C. Material securities held as of December 31, 2025 (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 3.
- D. Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to Table 4.
- E. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to Table 5.
- F. Business relationships and significant intercompany transactions: None

(2) Information on investees: Please refer to Table 6.

(3) Information on investment in Mainland China: None

14. Segment information:

(1) General Information

The Group mainly engaged in the development of solar power generation systems, engineering construction and maintenances, and is a single industry segment. The operating segment information is consistent with the consolidated financial statements. For information regarding to sales (revenue from external customers) and segment profit and loss, please refer to the consolidated statements of comprehensive income. For segment assets and liabilities, please refer to the consolidated balance sheets.

(2) Products and services information

Please refer to note 6(25) on information regarding to products and services for the year ended December 31, 2025 and 2024.

HD RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
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(3) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets.

A. Please refer to note 6(25) for the revenue from external customers for the years ended December 31, 2024 and 2023.

B. Non-current assets:

	December 31, 2025	December 31, 2024
Taiwan	\$ 6,015,277	3,697,957
Australia	7,625,090	327,234
Japan	2,179,440	28,132
	\$ 15,819,807	4,053,323

Non-current assets include property, plant and equipment, right-of-use assets and intangible assets, not including financial instruments and deferred tax assets.

(4) Information about major customers

Sales to individual customers representing more than 10% of Group's net sales were as follows:

	For the years ended December 31, 2025	2024
Ri Xi	\$ 2,818,835	-
Xin Sheng	2,188,594	4,732,320
Li Tong	1,147,589	2,521,082
Yunn Deng	79,083	1,047,385
Customer A	66,444	903,408
	\$ 6,300,545	9,204,195

HD Renewable Energy Co., Ltd. and Subsidiaries

Loans to other parties

For the year ended December 31, 2025

Table 1

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits (Note 1)	Maximum limit of fund financing
													Item	Value		
0	HD	Star Trade	Other receivables - related parties	Yes	500,000	500,000	374,000	3.24%	2	-	Operating capital	-	None	-	4,166,250	4,166,250
1	HD Australia	GGE	Other receivables - related parties	Yes	161,777	-	-	5.25%	2	-	Operating capital	-	None	-	328,769	328,769
1	HD Australia	HDRE II	Other receivables - related parties	Yes	126,060	126,060	113,027	5.25%	2	-	Operating capital	-	None	-	328,769	328,769
1	HD Australia	HDRE II	Other receivables - related parties	Yes	52,525	52,525	-	5.45%	2	-	Operating capital	-	None	-	328,769	328,769
1	HD Australia	HDRE I	Other receivables - related parties	Yes	118,286	118,286	25,212	5.45%	2	-	Operating capital	-	None	-	328,769	328,769
2	HB	Shin Guo	Other receivables - related parties	Yes	16,000	-	-	3.24%	2	-	Operating capital	-	None	-	91,553	91,553

Note 1: (1) For companies or firms that have business transactions with the Company, the total amount of loans and the amount of loans to any individual party shall not exceed the Company's net worth.

(2) For situations where there is a need for short-term financing, the total amount of loans and the amount of loans to any individual party shall not exceed 40% of the Company's net worth.

(3) For intercompany loans between offshore subsidiaries in which the Company directly or indirectly holds 100% of the voting shares (subsidiary-to-subsidiary loans), or loans from such offshore subsidiaries to the Company (subsidiary-to-parent loans), the total amount of loans and the amount of loans to any individual party shall not exceed the net worth of the lending entity.

Note 2: The nature of financing purposes: 1.Represents entities with business transaction with HD. 2.Represents where an inter-company or inter firm short-term financing facility is necessary.

Note 3: All inter-company transactions among HD and its subsidiaries had been eliminated in the consolidated financial statements.

HD Renewable Energy Co., Ltd. and Subsidiaries
Guarantees and endorsements for other parties
For the year ended December 31, 2025

Table 2

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with company										
0	HD	Star Charger	Subsidiary	83,324,992	400,600	272,400	77,360	-	2.62 %	83,324,992	Y	N	N
0	HD	Huiju	Subsidiary of SES	83,324,992	330,000	330,000	330,000	-	3.17 %	83,324,992	Y	N	N
0	HD	HD Japan	Subsidiary	83,324,992	1,330,637	1,283,343	403,583	-	12.32 %	83,324,992	Y	N	N
0	HD	HD Australia	Subsidiary	83,324,992	250,019	250,019	187,160	-	2.40 %	83,324,992	Y	N	N
0	HD	Star Trade	Subsidiary	83,324,992	625,227	625,227	-	-	6.00 %	83,324,992	Y	N	N
0	HD	HDRE II	Subsidiary	83,324,992	142,511	142,511	-	-	1.37 %	83,324,992	Y	N	N
1	SES	Huiju	Subsidiary of SES	4,764,900	3,500,000	3,500,000	2,881,253	1,504,404	881.45 %	4,764,900	Y	N	N
2	Star VIC I	HDRE II	Fellow subsidiary	2,394,864	142,511	142,511	-	199,566	71.41 %	2,394,864	N	N	N

Note 1: The total amount of guarantees endorsements provided by HD shall not exceed 800% of the net worth of HD's latest financial statements. If the Companies engages in guarantees endorsements for business relationship, total amount of guarantees endorsements shall not exceed the latest signed total transaction amount (the transaction referring to the higher of sales or purchase amount), and is subject to the limitations of the total amount of the guarantees endorsements.

Note 2: The total amount of guarantees endorsements provided by SES shall not exceed 12 times of its net worth. The total amount of guarantees endorsements provided by SES to any individual entity shall not exceed 12 times of SES's net worth.

Note 3: The total amount of endorsements and guarantees provided by Star VIC I shall not exceed 12 times its net worth based on the most recent financial statements. If the endorsements and guarantees are made due to business needs, the total amount shall not exceed the higher of the most recently executed purchase or sales contract amount, and is also subject to the overall limit for external endorsements and guarantees.

Note 4: The Company and Star VIC I jointly provided endorsements and guarantees for HDRE II.

HD Renewable Energy Co., Ltd. and Subsidiaries

Material securities held as of December 31, 2025 (excluding investment in subsidiaries, associates and joint ventures)

December 31, 2025

Table 3

(In Thousands of New Taiwan Dollars/Thousand Shares)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest percentage of ownership during the year (%)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
HD	Fubon Green Power	Related party	Financial assets at fair value through other comprehensive income	40,000	440,584	10.0 %	440,584	10.0%	
HD	ZEN	Related party	Financial assets at fair value through other comprehensive income	253	916,765	9.7 %	916,765	9.7%	
HD	Tech-Top Engineering Co., Ltd.	10%+ shareholders	Financial assets at fair value through other comprehensive income	4,822	203,440	11.2 %	203,440	11.2%	

HD Renewable Energy Co., Ltd. and Subsidiaries
Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100
million or 20% of the capital stock
For the year ended December 31, 2025

Table 4

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase /Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
HD	Xin Sheng	Subsidiary of joint venture	Operating revenue	(2,188,594)	(29)%	Note 1	-	Note 1	-	-	
HD	Ri Xi	Subsidiary of joint venture	Operating revenue	(2,758,835)	(37)%	Note 1	-	Note 1	-	-	
HD	Wen Deng	Subsidiary of joint venture	Operating revenue	(436,680)	(6) %	Note 1	-	Note 1	-	-	
HD	Daytime	Subsidiary of joint venture	Operating revenue	(101,249)	(1) %	Note 1	-	Note 1	29,363	12%	
HD	Ri Fu Energy	Subsidiary of associate	Operating revenue	(309,663)	(4) %	Note 1	-	Note 1	-	-	
HD	Li Tong	Substantive related party of the Company	Operating revenue	(1,029,921)	(14)%	Note 1	-	Note 1	-	-	
HD	Shihlin Electric & Engineering	Substantive related party of the Company	Purchase	1,394,660	31 %	Note 1	-	Note 1	(688,827)	(48)%	
Star Trade	Li Tong	Substantive related party of the Company	Operating revenue	(117,668)	(10)%	Note 1	-	Note 1	-	-	
Stellar	Shihlin Electric & Engineering	Substantive related party of the Company	Operating revenue	(179,064)	(69)%	Note 1	-	Note 1	18,856	85%	

Note 1: The purchase (sales) conditions of the products above are based on the product type, market price competition and other trading conditions, and the selling price are agreed by both parties. The payment period is also in accordance with the contract.

Note 2: A one-way representation is made only in respect of the companies that recognize revenue and assets.

HD Renewable Energy Co., Ltd. and Subsidiaries
Receivables from related parties with amounts exceeding the lower than NT\$100 million or 20% of the capital stock
December 31, 2025

Table 5

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Loss allowance
					Amount	Action taken		
HD	GGE	Indirect subsidiary of the Company	112,361	1.92	-	-	112,361	-

HD Renewable Energy Co., Ltd. and Subsidiaries
Information on investees (excluding information on investees in Mainland China)
For the year ended December 31, 2025

Table 6

(In Thousands of New Taiwan Dollars/other currencies)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2025			Highest percentage of ownership during the year	Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2025	December 31, 2024	Shares (thousands)	Percentage of ownership	Carrying value				
The Company	You Deng	Taiwan	Energy technology service	2,900	2,900	290	100.00 %	2,778	100.00 %	4	4	Subsidiary
The Company	Ri Zhi	Taiwan	Energy technology service	11,500	11,000	1,150	100.00 %	10,307	100.00 %	(149)	(149)	Subsidiary
The Company	HB	Taiwan	Energy technology service	30,000	30,000	3,000	100.00 %	91,533	100.00 %	49,443	49,443	Subsidiary
The Company	Xiang Heng	Taiwan	Energy technology service	67,125	67,125	3,900	100.00 %	35,881	100.00 %	(68)	(68)	Subsidiary
The Company	Ri Yu	Taiwan	Energy technology service	26,500	20,000	2,650	100.00 %	26,291	100.00 %	(36)	(36)	Subsidiary
The Company	Ri Xi	Taiwan	Energy technology service	-	78,900	-	-	-	100.00 %	(63)	(63)	Subsidiary
The Company	Ru Jing	Taiwan	Energy technology service	2,000	2,000	200	100.00 %	1,573	100.00 %	9	9	Subsidiary
The Company	Ri Lu	Taiwan	Energy technology service	2,500	2,500	250	100.00 %	3,094	100.00 %	406	406	Subsidiary
The Company	Ri Pu	Taiwan	Energy technology service	400	400	40	100.00 %	279	100.00 %	2	2	Subsidiary
The Company	Titan Asset	Taiwan	Energy technology service	100	100	10	100.00 %	8	100.00 %	-	-	Subsidiary
The Company	Yun Deng	Taiwan	Energy technology service	126,000	77,000	12,600	71.19 %	125,352	71.19 %	(157)	(109)	Subsidiary
The Company	Dan Deng	Taiwan	Energy technology service	1,500	1,500	150	100.00 %	1,354	100.00 %	1	1	Subsidiary
The Company	Ri Fu	Taiwan	Energy technology service	2,600	2,600	260	100.00 %	2,559	100.00 %	2	2	Subsidiary
The Company	Ri Chen	Taiwan	Energy technology service	13,000	13,000	1,300	100.00 %	12,847	100.00 %	44	44	Subsidiary
The Company	New Century	Taiwan	Energy technology service	16,000	16,000	-	100.00 %	15,327	100.00 %	(113)	(113)	Subsidiary
The Company	Chang He	Taiwan	Energy technology service	16,000	16,000	1,600	100.00 %	5,458	100.00 %	(441)	(441)	Subsidiary
The Company	Star Trade	Taiwan	Renewable energy electricity sales	260,600	40,000	26,060	95.11 %	360,757	100.00 %	97,976	6,316	Subsidiary
The Company	Ri Xun	Taiwan	Energy technology service	10,600	7,000	1,060	100.00 %	9,832	100.00 %	(218)	(218)	Subsidiary
The Company	ESS	Taiwan	Energy technology service	-	180,000	-	-	-	-	1,040	64,555	Subsidiary

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2025			Highest percentage of ownership during the year	Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2025	December 31, 2024	Shares (thousands)	Percentage of ownership	Carrying value				
The Company	Shin Guo (formerly known as Shin Yuan Energy)	Taiwan	Energy technology service	-	100	-	-	-	100.00 %	(276)	(135)	Subsidiary
The Company	DFC	Taiwan	Energy technology service	600	600	60	100.00 %	301	100.00 %	2	2	Subsidiary
The Company	Star Charger	Taiwan	Energy technology service	400,000	300,000	40,000	100.00 %	250,494	100.00 %	(83,651)	(90,707)	Subsidiary
The Company	Tian Hua	Taiwan	Energy technology service	14,000	10,500	1,400	100.00 %	6,033	100.00 %	(2,837)	(2,837)	Subsidiary
The Company	Tian Fang	Taiwan	Energy technology service	10,000	6,000	1,000	100.00 %	629	100.00 %	(4,452)	(4,452)	Subsidiary
The Company	Tian Jie	Taiwan	Energy technology service	70,000	70,000	7,000	100.00 %	64,504	100.00 %	(3,220)	(3,220)	Subsidiary
The Company	Tian Xi	Taiwan	Energy technology service	6,500	6,500	650	100.00 %	2,870	100.00 %	(2,843)	(2,843)	Subsidiary
The Company	Tian Hui	Taiwan	Energy technology service	110,000	100	11,000	100.00 %	108,498	100.00 %	(5,194)	(5,194)	Subsidiary
The Company	Tian Yi	Taiwan	Energy technology service	100	100	10	100.00 %	50	100.00 %	-	-	Subsidiary
The Company	Tian Chen	Taiwan	Energy technology service	100	100	10	100.00 %	49	100.00 %	-	-	Subsidiary
The Company	Tian Dong	Taiwan	Energy technology Service	100	100	10	100.00 %	55	100.00 %	1	1	Subsidiary
The Company	Tian Chang	Taiwan	Energy technology Service	100	100	10	100.00 %	50	100.00 %	1	1	Subsidiary
The Company	Tian Yu	Taiwan	Energy technology service	37,000	9,000	3,700	100.00 %	36,856	100.00 %	(84)	(84)	Subsidiary
The Company	Tian Yong	Taiwan	Energy technology service	4,500	4,500	450	100.00 %	4,479	100.00 %	17	17	Subsidiary
The Company	Tian Hong	Taiwan	Energy technology service	100	100	10	100.00 %	50	100.00 %	-	-	Subsidiary
The Company	Tian Sheng	Taiwan	Energy technology service	100	100	10	100.00 %	56	100.00 %	-	-	Subsidiary
The Company	SES	Taiwan	Energy technology service	364,000	400,000	36,400	67.23 %	266,942	67.23 %	(62,119)	(41,761)	Subsidiary
The Company	Star Aquaculture	Taiwan	Fisheries and aquaculture	98,305	98,305	9,831	98.31 %	73,314	98.31 %	(4,412)	(4,333)	Subsidiary
The Company	Ying Fa	Taiwan	Energy technology service	990	990	99	99.00 %	472	99.00 %	(138)	(137)	Subsidiary
The Company	BESEYE	Taiwan	Energy technology service	30,589	120,589	15,287	100.00 %	137,938	100.00 %	52,102	47,562	Subsidiary
The Company	Ju Wang	Taiwan	Energy technology service	172,000	160,000	17,200	100.00 %	171,590	100.00 %	(142)	(142)	Subsidiary
The Company	Shin Bei	Taiwan	Energy technology service	10,000	2,000	1,000	100.00 %	7,544	100.00 %	(1,492)	(1,492)	Subsidiary
The Company	Shin Chen	Taiwan	Energy technology service	100	100	10	100.00 %	83	100.00 %	1	1	Subsidiary
The Company	Shin He	Taiwan	Energy technology service	10,500	2,000	1,050	100.00 %	7,492	100.00 %	(1,678)	(1,678)	Subsidiary
The Company	Shin Duo	Taiwan	Energy technology service	100	100	10	100.00 %	83	100.00 %	1	1	Subsidiary
The Company	Shin Ting	Taiwan	Energy technology service	33,500	3,500	3,350	100.00 %	31,064	100.00 %	(1,790)	(1,790)	Subsidiary

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2025			Highest percentage of ownership during the year	Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2025	December 31, 2024	Shares (thousands)	Percentage of ownership	Carrying value				
The Company	Shin Jian	Taiwan	Energy technology service	100	100	10	100.00 %	83	100.00 %	1	1	Subsidiary
The Company	Rui Yang	Taiwan	Energy technology service	196,000	196,000	19,600	70.00 %	196,267	70.00 %	248	173	Subsidiary
The Company	Lanjing	Taiwan	Energy technology service	374	374	37	100.00 %	372	100.00 %	1	1	Subsidiary
The Company	Landian	Taiwan	Energy technology service	300	300	30	100.00 %	292	100.00 %	1	1	Subsidiary
The Company	Ri Chu	Taiwan	Energy technology service	100,000	100,000	10,000	100.00 %	100,064	100.00 %	82	82	Subsidiary
The Company	HD Japan	Japan	Energy technology service	2,115,983	453,253	201	100.00 %	1,909,652	100.00 %	(81,019)	(81,019)	Subsidiary
The Company	Shin Yu	Taiwan	Energy technology service	72,000	58,500	7,200	100.00 %	71,653	100.00 %	(200)	(200)	Subsidiary
The Company	New Star	Taiwan	Energy technology service	10,800	10,800	1,080	54.00 %	10,822	54.00 %	224	121	Subsidiary
The Company	HD Australia	Australia	Energy technology service	366,499	204,899	17,520	100.00 %	328,768	100.00 %	(19,890)	(19,890)	Subsidiary
The Company	HDRE I	Australia	Energy technology service	201,878	201,878	9,170	100.00 %	187,917	100.00 %	(453)	(453)	Subsidiary
The Company	Stellar	Taiwan	Energy technology service	117,194	117,194	12,000	100.00 %	108,665	100.00 %	47,955	(4,087)	Subsidiary
The Company	HDAT	Taiwan	Energy technology service	9,600	700	960	80.00 %	9,292	80.00 %	(371)	(297)	Subsidiary
The Company	HDRE II	Australia	Energy technology service	2,162,159	-	109,968	100.00 %	2,387,055	100.00 %	75,567	75,567	Subsidiary
				<u>7,374,896</u>	<u>3,107,507</u>			<u>7,187,628</u>		<u>47,625</u>	<u>(23,635)</u>	
The Company	Ri Qing	Taiwan	Energy technology service	2,914	2,914	291	34.44 %	3,007	34.44 %	128	44	Associate
The Company	Ri Fa	Taiwan	Energy technology service	56,000	56,000	6,576	40.00 %	72,663	40.00 %	14,540	5,816	Associate
The Company	SSP	Taiwan	Energy technology service	39,200	39,200	3,920	49.00 %	35,750	49.00 %	(3,833)	(1,879)	Associate
The Company	HeLM	Japan	Energy technology service	101,275	-	440	44.00 %	80,365	44.00 %	(18,363)	(8,080)	Associate
The Company	Shin Guo	Taiwan	Energy technology service	20,000	-	2,000	20.00 %	19,934	100.00 %	(276)	(28)	Associate
				<u>219,389</u>	<u>98,114</u>			<u>211,719</u>		<u>(7,804)</u>	<u>(4,127)</u>	
The Company	Star Power	Taiwan	Energy technology service	391,600	274,000	39,160	23.53 %	391,497	23.53 %	(21,541)	(6,809)	Joint venture
The Company	Aquastar	Taiwan	Energy technology service	357,810	303,160	35,781	10.00 %	359,580	10.00 %	14,981	1,498	Joint venture
				<u>749,410</u>	<u>577,160</u>			<u>751,077</u>		<u>(6,560)</u>	<u>(5,311)</u>	
SES	Huiju	Taiwan	Energy technology service	<u>1,500,000</u>	<u>1,500,000</u>	150,000	100.00 %	<u>1,504,404</u>	100.00 %	<u>2,022</u>	<u>2,022</u>	Subsidiary
Star Charger	Tian Tai	Taiwan	Energy technology service	56	56	10	100.00 %	42	100.00 %	-	-	Subsidiary
Star Charger	Star Charger Japan	Japan	Energy technology service	32,633	225	15	100.00 %	28,110	100.00 %	(1,888)	(1,888)	Subsidiary
				<u>32,689</u>	<u>281</u>			<u>28,152</u>		<u>(1,888)</u>	<u>(1,888)</u>	

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2025			Highest percentage of ownership during the year	Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2025	December 31, 2024	Shares (thousands)	Percentage of ownership	Carrying value				
Star Trade	Star Trade Japan	Japan	Energy technology service	7,112	212	4	100.00 %	6,455	100.00 %	(596)	(596)	Subsidiary
Star Trade	Helios	Japan	Energy technology service	600,462	-	-	30.00 %	600,462	30.00 %	(29,881)	-	Subsidiary
				607,574	212			606,917		(30,477)	(596)	
Star Aquaculture	Yin Deng	Taiwan	Energy technology service	35	35	10	100.00 %	27	100.00 %	(1)	(1)	Subsidiary
New Star	New Star Japan	Japan	Energy technology service	666	217	-	100.00 %	244	100.00 %	(231)	(231)	Subsidiary
HD Japan	Battery Park 1	Japan	Energy technology service	63	63	-	100.00 %	7,047	100.00 %	7,595	(5,896)	Subsidiary
HD Japan	Star No.1	Japan	Energy technology service	2	2	-	100.00 %	(517)	100.00 %	(496)	(496)	Subsidiary
HD Japan	Star No.2	Japan	Energy technology service	2	2	-	100.00 %	(513)	100.00 %	(492)	(492)	Subsidiary
HD Japan	Star No.3	Japan	Energy technology service	2	2	-	100.00 %	(513)	100.00 %	(492)	(492)	Subsidiary
HD Japan	Star No.4	Japan	Energy technology service	2	2	-	100.00 %	(513)	100.00 %	(492)	(492)	Subsidiary
HD Japan	Star No.5	Japan	Energy technology service	2	2	-	100.00 %	(513)	100.00 %	(492)	(492)	Subsidiary
HD Japan	Battery Park 2	Japan	Energy technology service	2	2	-	100.00 %	(685)	100.00 %	(713)	(713)	Subsidiary
HD Japan	Battery Park 4	Japan	Energy technology service	2	2	-	100.00 %	(620)	100.00 %	(646)	(646)	Subsidiary
HD Japan	Battery Park 5	Japan	Energy technology service	2	2	-	100.00 %	(618)	100.00 %	(644)	(644)	Subsidiary
HD Japan	Battery Park 6	Japan	Energy technology service	2	2	-	100.00 %	(617)	100.00 %	(643)	(643)	Subsidiary
HD Japan	Battery Park 7	Japan	Energy technology service	2	2	-	100.00 %	(617)	100.00 %	(643)	(643)	Subsidiary
HD Japan	Battery Park 8	Japan	Energy technology service	-	2	-	-	-	100.00 %	(631)	(631)	Subsidiary
HD Japan	Battery Park 9	Japan	Energy technology service	2	2	-	100.00 %	(617)	100.00 %	(643)	(643)	Subsidiary
HD Japan	Battery Park 10	Japan	Energy technology service	2	2	-	100.00 %	(617)	100.00 %	(643)	(643)	Subsidiary
HD Japan	Battery Park 11	Japan	Energy technology service	2	2	-	100.00 %	(617)	100.00 %	(643)	(643)	Subsidiary
HD Japan	Battery Park 12	Japan	Energy technology service	2	2	-	100.00 %	(617)	100.00 %	(643)	(643)	Subsidiary
HD Japan	Minakami	Japan	Energy technology service	25,517	1	-	50.00 %	23,946	50.00 %	(312)	(156)	Subsidiary
HD Japan	Helios	Japan	Energy technology service	1,191,029	-	-	60.00 %	1,109,389	60.00 %	(29,881)	(16,029)	Subsidiary
HD Japan	Battery Park 13	Japan	Energy technology service	2	-	-	100.00 %	(74)	100.00 %	(79)	(79)	Subsidiary

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2025			Highest percentage of ownership during the year	Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2025	December 31, 2024	Shares (thousands)	Percentage of ownership	Carrying value				
HD Japan	Battery Park 14	Japan	Energy technology service	2	-	-	100.00 %	(74)	100.00 %	(79)	(79)	Subsidiary
HD Japan	Battery Park 15	Japan	Energy technology service	2	-	-	100.00 %	(75)	100.00 %	(81)	(81)	Subsidiary
HD Japan	Battery Park 16	Japan	Energy technology service	2	-	-	100.00 %	(75)	100.00 %	(81)	(81)	Subsidiary
HD Japan	Battery Park 17	Japan	Energy technology service	2	-	-	100.00 %	(75)	100.00 %	(81)	(81)	Subsidiary
HD Japan	Battery Park 18	Japan	Energy technology service	2	-	-	100.00 %	(75)	100.00 %	(81)	(81)	Subsidiary
HD Japan	Battery Park 19	Japan	Energy technology service	2	-	-	100.00 %	(75)	100.00 %	(81)	(81)	Subsidiary
HD Japan	Battery Park 20	Japan	Energy technology service	2	-	-	100.00 %	(75)	100.00 %	(81)	(81)	Subsidiary
HD Japan	Battery Park 21	Japan	Energy technology service	2	-	-	100.00 %	(75)	100.00 %	(81)	(81)	Subsidiary
HD Japan	Battery Park 22	Japan	Energy technology service	2	-	-	100.00 %	(75)	100.00 %	(81)	(81)	Subsidiary
HD Japan	STARRY	Japan	Energy technology service	213	-	-	100.00 %	97	100.00 %	(108)	(108)	Subsidiary
				<u>1,216,870</u>	<u>94</u>			<u>1,131,537</u>		<u>(32,468)</u>	<u>(31,951)</u>	
HD Australia	GGE	Australia	Energy technology service	<u>137,669</u>	<u>2</u>	6,581	100.00 %	<u>138,108</u>	100.00 %	<u>(81)</u>	<u>(81)</u>	Subsidiary
HDRE I	Star VIC I	Australia	Energy technology service	<u>199,099</u>	<u>193,844</u>	150,510,866	100.00 %	<u>199,572</u>	100.00 %	<u>(50)</u>	<u>(50)</u>	Subsidiary
HDRE II	ZEBRE	Australia	Energy technology service	<u>2,544,241</u>	<u>-</u>	129,435	75.96 %	<u>2,795,772</u>	76.16 %	<u>99,102</u>	<u>75,284</u>	Subsidiary
ZEBRE	Solar River I Holding	Australia	Energy technology service	956,434	-	45,762	100.00 %	961,381	100.00 %	(81)	(81)	Subsidiary
ZEBRE	Hookey Creek I Holding	Australia	Energy technology service	91,518	-	4,637	100.00 %	97,424	100.00 %	-	-	Subsidiary
ZEBRE	Noblevale I Holding	Australia	Energy technology service	89,811	-	4,489	100.00 %	94,320	100.00 %	-	-	Subsidiary
ZEBRE	North Yarragon I Holding	Australia	Energy technology service	86,044	-	4,378	100.00 %	91,978	100.00 %	-	-	Subsidiary

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2025			Highest percentage of ownership during the year	Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2025	December 31, 2024	Shares (thousands)	Percentage of ownership	Carrying value				
ZEBRE	Wagga North I Holding	Australia	Energy technology service	53,091	-	2,686	100.00 %	56,436	100.00 %	-	-	Subsidiary
ZEBRE	Templers BESS Hold	Australia	Energy technology service	1,913,478	-	100,168	100.00 %	2,208,292	100.00 %	127,142	95,719	Subsidiary
				3,190,376	-			3,509,831		127,061	95,638	
Solar River I Holding	Solar River I Project	Australia	Energy technology service	956,434	-	45,762	100.00 %	961,381	100.00 %	(81)	(81)	Subsidiary
Hookey Creek I Holding	Hookey Creek I Project	Australia	Energy technology service	91,518	-	4,637	100.00 %	97,424	100.00 %	-	-	Subsidiary
Noblevale I Holding	Noblevale I Project	Australia	Energy technology service	89,811	-	4,489	100.00 %	94,320	100.00 %	-	-	Subsidiary
North Yarragon I Holding	North Yarragon I Project	Australia	Energy technology service	86,044	-	4,378	100.00 %	91,978	100.00 %	-	-	Subsidiary
Wagga North I Holding	Wagga North I Project	Australia	Energy technology service	53,091	-	2,686	100.00 %	56,436	100.00 %	-	-	Subsidiary
Templers BESS Hold	Templers BESS Project	Australia	Energy technology service	1,913,478	-	100,168	100.00 %	2,208,292	100.00 %	127,142	95,719	Subsidiary
Templers BESS Project	Templers BESS	Australia	Energy technology service	-	-	-	100.00 %	8,099	100.00 %	29,784	41,249	Subsidiary
Tian Hui	Startrade Holding	Cayman Islands	Energy technology service	107,602	-	3,500	70.00 %	107,291	70.00 %	(7,119)	(4,983)	Subsidiary
Startrade Holding	MWEX SOLUTIONS	Canada	Energy technology service	153,102	-	6,970	100.00 %	149,551	100.00 %	(6,816)	(6,816)	Subsidiary

Note: All inter-company transactions among HD and its subsidiaries have been eliminated in the consolidated financial statements.