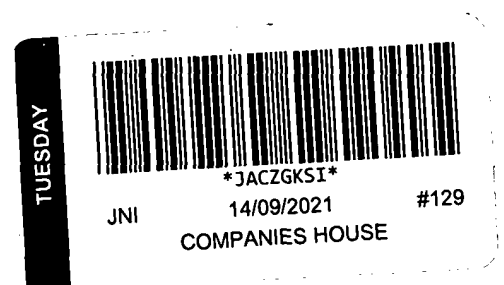


AES BARRY OPERATIONS LIMITED

Annual Report and Financial Statements
31 December 2020



AES BARRY OPERATIONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 31 DECEMBER 2020

CONTENTS	Page
NC	
COMPANY INFORMATION	1
STRATEGIC REPORT	2
DIRECTORS' REPORT	3
DIRECTORS' RESPONSIBILITIES STATEMENT	4
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AES BARRY OPERATIONS LIMITED	5
STATEMENT OF COMPREHENSIVE INCOME	8
STATEMENT OF FINANCIAL POSITION	9
STATEMENT OF CHANGES IN EQUITY	10
NOTES TO THE FINANCIAL STATEMENTS	11

**AES BARRY OPERATIONS LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020
COMPANY INFORMATION**

DIRECTORS

The following directors were in office throughout the financial year ended 31 December 2020 and subsequently:

	Appointed on	Resigned on
Elizabeth Akdag	12 June 2019	-
Paul Chapman	12 June 2019	-

REGISTERED OFFICE
First Floor Templeback
10 Temple Back
Bristol
BS1 6FL

INDEPENDENT AUDITORS
Ernst & Young LLP
Chartered Accountants and Statutory Auditors
16 Bedford Street
Belfast
BT2 7DT

BANKERS
Barclays bank plc
Leicester
Leicestershire
LE87 2BB

Nil

Nil

Nil

AES BARRY OPERATIONS LIMITED

STRATEGIC REPORT

The directors present their Strategic report for the year ended 31 December 2020.

PRINCIPAL ACTIVITY, BUSINESS REVIEW AND FUTURE DEVELOPMENTS

Principal activity of the Company was that of holding investments in associated undertakings.

During the financial year there was one remaining investment in AES Bulgaria B.V. which was the indirect parent of Maritsa Power Plant in Bulgaria until December 2020.

In 2020 the Company issued 2 shares at a nominal value to the sole shareholder of the Company, AES Ballylumford Holdings Limited, at a premium equivalent to USD 103,407,000 in total. The proceeds have been used by the Company to increase its investment in AES Bulgaria B.V. with a share premium contribution.

On 21st December 2020, the Company sold its indirect investment in Maritsa Power Plant to AES Global Power Holdings B.V. for consideration of \$151,380,000.

The Company is part of a group wide restructuring project which continues into 2021.

No key financial and other performance indicators have been identified for this Company as the Company's operations are that of a holding company and are managed as part of a group.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's activities expose it to a number of financial risks which the directors consider to be the Company's principal risks and uncertainties. The group that the Company belongs to has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company by monitoring the levels of debt finance and related finance costs. The Company does not use derivative financial instruments for speculative purposes.

Credit risk

The company has interest bearing assets, which are mainly inter-group loans which earn interest at fixed rates. The company has significant concentration of credit risk with exposure to one related company.

Currency risk

The Company's activities expose it to the financial risks of changes in foreign currency exchange rates. The company manages this risk by regular monitoring of the foreign currency exchange rates.

Interest rate risk

The Company has both interest bearing assets and interest bearing liabilities. Interest bearing assets are intercompany loans which earn interest at fixed rates. The company's interest-bearing liabilities are mainly intercompany loans which bear interest at variable rates. Where appropriate, the Company fixes the interest rate on intra-group loans to minimise the interest rate cash flow risk.

Liquidity risk

The Company actively maintains and monitors its cash balances to ensure that it always has sufficient funds available for its operations.

Approved by the Board of Directors and signed on behalf of the Board.



Elizabeth Akdag

Date: 15 July 2021

**AES BARRY OPERATIONS LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020
DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 2020.

RESULTS AND DIVIDENDS

The Company's results for 2020 showed a loss after taxation of \$130,115,000 (2019: profit after taxation \$23,869,000).

During the year the Company paid an interim dividend of \$7,587,000 (2019: \$2,791,000). The directors do not recommend the payment of a final dividend (2019: \$nil).

The directors consider the financial performance of 2020 and position of the Company at the year-end to be satisfactory.

FUTURE OUTLOOK

Details of the future outlook of the Company are included within the Strategic report on page 2.

EVENTS AFTER THE REPORTING PERIOD

The following events have taken place in the post year end period:

- On 6th January 2021 the Company decreased its share premium from \$164,352,000 to \$nil.
- On 26th February 2021 the Company distributed its loan receivable and accrued interest of \$151,436,000 as a dividend in kind to its parent Company, AES Ballylumford Holdings Limited.

GOING CONCERN

For the year ended December 31, 2020, the Company has reported a loss after taxation of \$130,115,000 (2019: profit after taxation of \$23,869,000) and net current assets of \$156,356,000 (2019: net current liabilities of \$5,691,000). After making enquiries and preparing projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence until 31 August 2022. The Company's directors have performed a COVID-19 assessment and do not foresee any impact on the operations of this Company. The Company directors consider that the going concern assumption is appropriate in the preparation of these financial statements and accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

DIRECTORS

The directors of the Company who served throughout the year and to the date of these financial statements are given on page 1.

DIRECTORS' INDEMNITY

During the year the Company maintained liability insurance for its directors and officers. The Company indemnifies the directors in its Articles of Association to the extent allowed under the Companies Act 2006. The indemnity provision, which is a qualifying third-party indemnity provision as defined by section 236 of the Companies Act 2006, has been in force throughout the year and remains in force as at the date of approving the Directors' report.

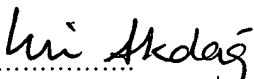
STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITOR

So far as each of the directors in office at the date of approval of these financial statements is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Each director has taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITORS

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

Approved by the Board of Directors and signed on its behalf:



Elizabeth Akdag

Date: 15 July 2021

**AES BARRY OPERATIONS LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020
DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies in accordance with Section 10 of FRS 102 and then apply them consistently; and
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- in respect of the financial statements, state whether FRS 102 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Directors' report, that complies with that law and those regulations.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AES BARRY OPERATIONS LIMITED FOR THE YEAR ENDED 31 DECEMBER 2020

Opinion

We have audited the financial statements of AES Barry Operations Limited (the 'Company') for the year ended 31 December 2020 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes 1 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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 for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period up to 31 August 2022 from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AES BARRY OPERATIONS LIMITED FOR THE YEAR ENDED 31 DECEMBER 2020

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company'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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 ISAs (UK) 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 financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and Companies Act 2006) and the relevant direct and indirect tax compliance regulation in the United Kingdom.
- We understood how the company is complying with those frameworks by making inquiries of management to understand how the company maintains and communicates its policies and procedures in these areas. We corroborated our enquires through reading board minutes and correspondence with relevant authorities.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override of controls.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved testing journals identified by specific risk criteria. For journals selected we understood the nature and purpose of the journal, traced adjustments back to source documentation and tested that the journal had been authorised in line with company policy. We read the minutes of Directors' meetings to identify any non-compliance with laws and regulations. We also made enquiries with the Directors and of management of the Company regarding compliance with laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AES BARRY OPERATIONS LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020**

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

ERNST & YOUNG LLP

Neil Corry (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast

Date: 16 JULY 2021

AES BARRY OPERATIONS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	2020 \$'000	2019 \$'000
Income from group undertakings	5	18,646	26,294
Loss on disposal of investment	9	(148,369)	-
Administrative expenses		(114)	(111)
OPERATING (LOSS)/PROFIT		(129,837)	26,183
Interest payable and similar expenses	6	(296)	(3,771)
Interest receivable and similar income	7	18	1,365
(LOSS)/PROFIT BEFORE TAXATION		(130,115)	23,777
Taxation	8	-	92
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(130,115)	23,869
Other comprehensive income		-	-
TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR		(130,115)	23,869

The notes from page 11 to page 17 form an integral part of these financial statements.

AES BARRY OPERATIONS LIMITED

**STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	2020 \$'000	2019 \$'000
FIXED ASSETS			
Investments	9	-	196,342
CURRENT ASSETS			
DEBTORS			
- due within one year	10	162,453	103
Cash at bank and in hand		2	2
		162,455	105
CREDITORS: amounts falling due within one year	11	(6,099)	(5,796)
NET CURRENT ASSETS/(LIABILITIES)		156,356	(5,691)
TOTAL ASSETS LESS CURRENT LIABILITIES		156,356	190,651
NET ASSETS		156,356	190,651
CAPITAL AND RESERVES			
Called up share capital	13	1	1
Share premium account	14	164,352	60,945
Currency translation reserve	15	3,717	3,717
Profit and loss account		(11,714)	125,988
TOTAL SHAREHOLDER'S FUNDS		156,356	190,651

These financial statements were approved by the Board of Directors and were signed on its behalf:

Elizabeth Akdag

Elizabeth Akdag

Date: 15 July 2021

The notes from page 11 to page 17 form an integral part of these financial statements.

Company Registration No. 03210172

AES BARRY OPERATIONS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Share premium account	Other reserves	Currency translation reserve	Profit and loss account	Total
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
At 1 January 2019	-	10,690	28,364	3,717	111,883	154,654
Issue of shares (note 13)	1	50,255	-	-	-	50,256
Other reserves reduction (note 16)	-	-	(28,364)	-	(6,973)	(35,337)
Total comprehensive income for the year	-	-	-	-	23,869	23,869
Dividends paid (note 17)	-	-	-	-	(2,791)	(2,791)
At 31 December 2019	1	60,945	-	3,717	125,988	190,651
At 1 January 2020	1	60,945	-	3,717	125,988	190,651
Issue of shares (note 13)	-	103,407	-	-	-	103,407
Total comprehensive expense for the year	-	-	-	-	(130,115)	(130,115)
Dividends paid (note 17)	-	-	-	-	(7,587)	(7,587)
At 31 December 2020	1	164,352	-	3,717	(11,714)	156,356

The notes from page 11 to page 17 form an integral part of these financial statements.

AES BARRY OPERATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2020

12/21

1. GENERAL INFORMATION

AES Barry Operations Limited (the "Company") is a private company limited by shares, incorporated and domiciled in England and Wales. These financial statements were prepared in compliance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") and the Companies Act 2006. The presentational and functional currency of these financial statements is USD. All amounts in the financial statements have been rounded to the nearest USD 1,000.

2. ACCOUNTING POLICIES

Basis of preparation

In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the sections/exemptions available under FRS 102 in respect of the following disclosures:

12/21

- Reconciliation of the number of shares outstanding from the beginning to end of the period required by FRS 102.4.12;
- Related party transactions required by FRS 102.33.1A;
- Cash Flow Statement and related notes required by FRS 102.7; and
- Key Management Personnel compensation required by FRS 102.33.7.

As the consolidated financial statements of The AES Corporation include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 Basic Financial Instruments in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The Company is exempt by virtue of s401 of Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The Company's ultimate parent undertaking, The AES Corporation, includes the Company in its consolidated financial statements. The consolidated financial statements of The AES Corporation are prepared in accordance with generally accepted accounting principles adopted by the U.S. Securities and Exchange Commission and are available to the public and may be obtained from the Securities and Exchange Commission, 450 5th Street NW, Washington DC 20549, USA.

Going concern

For the year ended December 31, 2020, the Company has reported a loss after taxation of \$130,115,000 (2019: profit after taxation of \$23,869,000) and net current assets of \$156,356,000 (2019: net current liabilities of \$5,691,000). After making enquiries and preparing projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence until 31 August 2022. The Company's directors have performed a COVID-19 assessment and do not foresee any impact on the operations of this Company. The Company directors consider that the going concern assumption is appropriate in the preparation of these financial statements and accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

12/21

2. ACCOUNTING POLICIES (CONTINUED)

Basic financial instruments (continued)

Interest-bearing loans and borrowings

All interest-bearing loans and borrowings are initially recognised at fair value of the proceeds received net of direct costs. After initial recognition, debt is increased by the finance cost in respect of the reporting period and reduced by repayments made in the period. Finance costs of debt are allocated over the term of the debt at a constant rate on the carrying amount.

Cash and cash equivalents

Cash and cash equivalents comprise unrestricted cash balances and call deposits.

Impairment of financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Associates

Subsequent to initial recognition investments in associates are measured at cost less impairment in profit or loss in accordance with FRS 102.14.4. At each balance sheet date, the Company reviews the carrying amounts of its investments in associates to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the investment is estimated in order to determine the extent of the impairment loss (if any).

Foreign currency translation

Transactions in foreign currencies (different to the USD which is the functional currency) are recorded at the spot rate of exchange at the date of the transaction. Monetary assets and liabilities are denominated in foreign currencies at the balance sheet date are reported at the rate of exchange prevailing at the date. Exchange differences are included in the profit and loss.

Dividend income

Dividends are recognised when the shareholder's right to receive payment is established. For investments in associates accounted for in accordance with the cost model, an investor shall disclose the amount of dividends and other distributions recognised as income.

Dividends payable

Final dividends are recorded in the accounts in the year in which they are approved by the Company's shareholders. Interim dividends are recorded in the year in which they are approved and paid.

Interest receivable and interest payable

Interest income and interest payable are recognised in profit and loss as they accrue, using the effective interest method. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2020

2. ACCOUNTING POLICIES (CONTINUED)

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences, which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Judgements and estimates

In the preparation of the financial statements, management is required to make judgement, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the accounts and the reported amounts of revenues and expenses during the reporting period. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from those estimates.

The following are considered key sources of estimation uncertainty:

Valuation of investments

The Company's investments in its associate undertakings are measured at cost less impairment. Where there are indicators of impairment of individual assets, the Company performs impairment tests based on the fair value less costs to sell or a value in use calculations. The former is based on reliable data from sales transactions on similar assets if applicable. The value in use calculations is based on a discounted cashflow model. The cashflows are derived from the budget over the life of the assets and to not include performance enhancement modifications not yet committed to. The investment was sold on 21st December 2020 for \$151,380,000 to AES Global Power Holding B.V..

3. STAFF COSTS

No remuneration was paid out to the directors of the Company as they provided negligible qualifying services to the Company (2019: \$nil). Directors are paid out of other group entities and an apportionment of salary was not deemed practical. The Company has no employees (2019: none).

4. AUDITOR'S REMUNERATION

The Auditor's remuneration for audit services for 2020 is \$16,000 (2019: \$21,000).

AES BARRY OPERATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS At 31 December 2020

5. INCOME FROM GROUP UNDERTAKINGS

	2020 \$'000	2019 \$'000
Dividend income	18,646	26,294
	<u>18,646</u>	<u>26,294</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020 \$'000	2019 \$'000
Interest payable to group companies	296	3,771
	<u>296</u>	<u>3,771</u>

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2020 \$'000	2019 \$'000
Interest income from group undertaking	14	173
Foreign exchange gain	4	1,192
	<u>18</u>	<u>1,365</u>

8. TAXATION

	2020 \$'000	2019 \$'000
Current tax		
UK corporation tax for the period	-	-
Adjustments in respect of prior periods	-	(92)
	<u>-</u>	<u>(92)</u>

The difference between the total current tax charge/(credit) shown above and the amount calculated by applying the standard rate of UK corporation tax to the (loss)/profit before tax is as follows:

	2020 \$'000	2019 \$'000
(Loss) / profit before tax	<u>(130,115)</u>	<u>23,777</u>
Tax charge at standard		
UK corporation tax rate of 19% (2019: 19%)	(24,722)	4,518
Effect of:		
Expenses not deductible for tax purposes/ (non-taxable income)	28,206	(210)
Non-taxable group income	(3,543)	(4,996)
Expenses not deductible for tax purposes	58	5
Adjustments in respect of prior periods	4	(92)
Remeasurement of deferred tax for changes in tax rates	(71)	-
Deferred tax not recognised	68	683
Total tax charge/(credit) for the period	<u>-</u>	<u>(92)</u>

AES BARRY OPERATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2020

By:

8. TAXATION (CONTINUED)

In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the company's future tax charge. If this rate change had been substantively enacted at the current balance sheet date the deferred tax asset would have increased by \$nil.

The deferred tax asset of \$678,704 (2019: \$610,980) has not been recognised in the period due to uncertainty in recovery.

9. INVESTMENTS

By:

	Shares in associated undertaking \$'000
Cost	
At 1 January 2019	196,342
Accumulated impairment	-
At 31 December 2019	<u>196,342</u>
Additions	103,407
Disposals	(299,749)
Net book value at 31 December 2020	<u>-</u>

From 26 June 2018 AES Barry Operations Limited holds 38.8154% of the share capital of AES Bulgaria B.V. at a net book value of \$196,342,000. AES Bulgaria B.V. is Company incorporated in the Netherlands with registered address: Claud Debussylaan 12, Amsterdam, The Netherlands. The company increased its investment in AES Bulgaria B.V. on 1st of January 2020 and 24th of February 2020 for \$94,101,000 and \$9,306,000 respectively.

On 21 December 2020, the Company sold its investment in AES Bulgaria BV to another group company for \$151,380,000, resulting in loss on disposal for the amount of \$148,369,000.

10. DEBTORS

	2020 \$'000	2019 \$'000
Amounts falling due within one year:		
Amounts owed by group undertakings	162,453	-
Other receivables	-	103
Amounts falling due after more than one year:		
Amounts owed by group undertakings	1,077	1,077
Provision for doubtful debt	(1,077)	(1,077)
	-	-
	<u>162,453</u>	<u>103</u>

Included within amounts owed by group undertakings for the financial year 2020, is an unsecured loan provided by the Company of \$151,380,000 with an interest rate of 0.2 % and an unsecured loan of \$11,058,444 with an interest rate of 0.18%. Both loans were provided to AES Global Power Holdings B.V. and mature in 2021.

All remaining intercompany debtors are unsecured, interest free and repayable on demand.

AES BARRY OPERATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2020

11. CREDITORS: amounts falling due within one year

	2020 \$'000	2019 \$'000
Amounts owed to group undertakings	6,070	5,698
Accruals	29	98
	<u>6,099</u>	<u>5,796</u>

The amounts owed to group undertakings consist of:

An unsecured loan facility of €45,000,000 (2019: €45,000,000) for which the Company has drawn down \$4,993,000 (2019: \$4,993,000). The Company executed the loan from AES UK Holdings Ltd on 23 November 2010 which after 16th June 2017 accrues interest at 130% AFR plus a margin of 4.3832% per annum. On 31st of October 2020, by deed of amendment, the interest rate was reduced to 0.46%. The outstanding interest at 31 December 2020 is \$986,000 (2019: \$ 690,000).

12. FINANCIAL INSTRUMENTS

Exchange risk management

The table below shows the Company's currency exposures as at 31 December on currency transactions that give rise to the net currency gains and losses recognised in the profit and loss account. Such exposures comprise the monetary assets and liabilities of the Company that are not denominated in the functional currency of the Company for the respective year.

<i>Net foreign currency monetary assets</i>	2020 \$'000	2019 \$'000
Euro	2	2
Sterling	-	103
	<u>2</u>	<u>105</u>

There are no currency swaps, forward contracts and other derivatives entered into to manage the above currency exposures.

Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2020 \$'000	2019 \$'000
Assets measured at amortised cost	162,453	103
Assets measured at cost less impairment	-	196,342
Liabilities measured at amortised cost	<u>6,099</u>	<u>5,796</u>

13. CALLED UP SHARE CAPITAL

	2020 \$	2019 \$
Called up, allotted and fully paid:		
1,041 Ordinary shares of £1 each (2019: 1,039 Ordinary shares of £1 each)	<u>1,346</u>	<u>1,343</u>

In 2020 the Company has issued 2 ordinary shares for the consideration of \$103,407,000.

NOTES TO THE FINANCIAL STATEMENTS
At 31 December 2020

14. SHARE PREMIUM

In January 2020 and February 2020 the Company allotted shares to AES Ballylumford Holdings Limited for a total subscription price of \$103,407,000. The total amount of the share premium account at 31st December 2020 is \$164,352,000.

In October 2019 the Company allotted shares to AES Ballylumford Holdings Limited for a total subscription price of \$50,255,051. The total amount of the share premium account at 31st December 2019 is \$60,945,000.

15. CURRENCY TRANSLATION RESERVE

The currency translation reserve represents the cumulative gains and losses arising on the revaluation of all assets and liabilities from Euro to US dollars as of 1st January 2016.

16. OTHER RESERVES

In November 2010, the Company entered into a Forward Subscription Agreement ("FSA") with AES Ballylumford Holdings Limited ("Ballylumford") whereby at the end of the agreed 10-year period, the Company agreed to issue four ordinary shares to AES Ballylumford Limited in exchange for cash. In February 2019 the FSA agreement was terminated and a waiver provided. The Company will no longer be entitled to the receivable of the outstanding balance of the loan principal from Ballylumford Holdings Limited of \$28,364,000 and unsettled accrued interest of \$6,973,000. As a result this reserve has been extinguished with the unsettled accrued interest deemed an asset, for which the waiver provided constitutes a distribution to the Company shareholder.

17. DIVIDENDS

<i>Declared and paid during the year</i>	2020 \$'000	2019 \$'000
Interim dividend	7,587	2,791
	7,587	2,791

In 2020 dividend per share is \$7,288.62; (2019: dividend per share is \$71,577.80)

18. EVENTS AFTER THE REPORTING PERIOD

The following events have taken place in the post year end period:

- On 6th January 2021 the Company decreased its share premium from \$164,352,000 to \$nil.
- On 26th February 2021 the Company distributed its loan receivable and accrued interest of \$151,436,000 as a dividend in kind to its parent Company, AES Ballylumford Holdings Limited.

19. ULTIMATE PARENT COMPANY

The immediate parent undertaking and controlling party is AES Ballylumford Holdings Limited, a Company incorporated in England and Wales.

The ultimate parent Company and controlling entity, and parent of the smallest and largest group for which consolidated financial statements are prepared of which this Company is included, is The AES Corporation, a Company incorporated in the State of Delaware, USA. Copies of the ultimate parent company's financial statements can be obtained from the Securities and Exchange Commission, 450 5th Street NW, Washington DC 20549, USA.