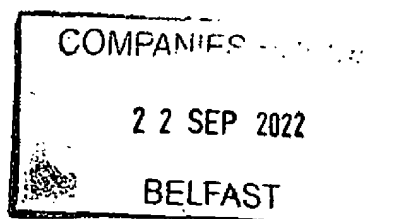


AES Ballylumford Holdings Limited

Annual Report and Financial Statements

31 December 2021

Registered number No 07261857



TLP: Restricted

AES Ballylumford Holdings Limited

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AES Ballylumford Holdings Limited

Company information

Directors

	Appointed	Resigned
Elizabeth Akdag	28 June 2019	
Paul John Chapman	28 June 2019	

Registered office

First Floor Templeback
10 Temple Back
Bristol
United Kingdom,
BS1 6FL

Bankers

Barclays Bank plc
Donegall House
Donegall Square North
Belfast
United Kingdom
BT1 5GB

Independent auditors

Ernst & Young LLP
Bedford House
16 Bedford Street
Belfast
BT2 7DT

AES Ballylumford Holdings Limited

Strategic report

The directors present their Strategic report for the year ended 31 December 2021.

Principal activity

The principal activity of the Company is that of holding investments in associated undertakings. The company sold its ownership in AES Ballylumford Limited in 2019. During the financial year there was one remaining investment in AES Barry Operations Limited which was the indirect parent of the Maritsa Power Plant in Bulgaria until December 2020 when AES Barry Operations Limited, sold its indirect investment in the Maritsa Power Plant to AES Global Power Holdings B.V. for consideration of \$151,380,000.

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.

Review of the business and future business development

On 6th of January 2021 the Company has decreased its share premium from \$150,000,000 to \$nil.

On 26th of February 2021 the Company received a dividend in kind of \$151,436,000 from AES Barry Operations Limited and paid a dividend in kind to its shareholder of \$151,436,000.

On 22nd of November 2021 the Company received a dividend in kind of \$4,973,000 from AES Barry Operations Limited and paid a dividend in kind to its shareholder of \$12,687,000. The remaining dividend was a distribution of cash of \$547,000.

Following the receipt of dividends in February and November 2021 the carrying value of the Company's subsidiary was assessed and this resulted in an impairment for the year 2021 of \$156,352,000.

The Company is part of a group wide restructuring project which continues into 2022.

Principal risks and uncertainties

The Company's activities are exposed to a number of financial risks which the directors consider to be the Company's principal risks. The group to which the Company belongs 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 had interest bearing assets, which were mainly inter-group loans that earned interest at fixed rates. The company had significant concentration of credit risk with exposure to one related company. At 31 December 2021 all assets have been settled.

Interest rate cash flow risk

During the year, the company had interest bearing loan receivables from related parties. The interest rate cash flow risk is low due to the fixed rate of the loan. At 31 December 2021 all assets have been settled.

Liquidity risk

The Company actively maintains and monitors its liquidity position 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
Director

Date: 20 September 2022

AES Ballylumford Holdings Limited

Directors' report

The directors present their annual report and audited financial statements for the year ended 31 December 2021.

Results and dividends

The Company's profit for the year ended 31 December 2021 after taxation is \$52,000 (2020: loss after taxation of \$104,624,000).

The directors paid interim dividends of \$164,670,000 in the year (2020: \$nil). The directors do not recommend the payment of a final dividend (2020: \$nil).

Directors of the Company

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

Events since the balance sheet date

The war conflict that started on 24 February 2022 between Russia and Ukraine, and which is unfolding as at the date of these financial statements, has caused disruptions on the leading global financial markets. The problems with supply chains that were initially caused by the COVID-19 pandemic are expected to deteriorate even more as a result of this conflict in the territory of Ukraine. Economic sanctions have been imposed on the Russian Federation by the EU, USA and other countries. Prices of petrol, gas and other resources are expected to soar further and global inflation is rising. Currently, it is difficult to anticipate the outcome of the conflict and its long-term impact on the global economic and social developments. At this stage of the situation and its dynamics with which the circumstances evolve, it is not possible to make a reliable assessment and measurement of the possible effects of the conflict on the Company's activity, assets and economic development.

There are no other significant events after the balance sheet date, which require additional adjustments and/or disclosures in the company's financial statements for the year ended 31 December 2021.

Future outlook

Details of the future outlook of the company are included within the Strategic report.

Going concern

For the year ended 31 December 2021, the Company has reported a profit after taxation of \$52,000 (2020: loss after taxation of \$104,624,000) and net current assets of \$nil (2020: net current assets of \$8,266,000). A fellow subsidiary AES Electric Ltd, has provided a formal letter of support to 30 September 2023 and the directors have assessed that AES Electric Ltd has the ability to provide this support. After making enquiries and preparing projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence until 30 September 2023. 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' 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 this Directors' report.

Disclosure of information to the auditor

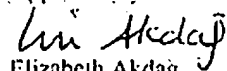
So far as each of the directors in office at the date of approval of these financial statements is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Each director has taken all the steps that 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.

AES Ballylumford Holdings Limited

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 behalf of the Board



Elizabeth Akdag

Director

Date: 20 September 2022

Directors' responsibilities statement

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

Independent Auditors' Report to the members of AES Ballylumford Holdings Limited for the year ended 31 December 2021

Opinion

We have audited the financial statements of AES Ballylumford Holdings Limited for the year ended 31 December 2021 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes 1 to 17, 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 FRS 102 "The Financial Reporting Standard applicable in the 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 2021 and of its profit 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. 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 to 30 September 2023.

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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Independent Auditors' Report to the members of AES Ballylumford Holdings Limited for the year ended 31 December 2021 (continued)

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.

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 5, 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.

Independent Auditors' Report to the members of AES Ballylumford Holdings Limited for the year ended 31 December 2021 (continued)

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

- 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.

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: 20 September 2022

AES Ballylumford Holdings Limited

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	2021 USD'000	2020 USD'000
Revenue	3	156,409	7,587
Administrative expenses		(5)	(92)
Impairment of investment	5	<u>(156,352)</u>	<u>(112,247)</u>
OPERATING PROFIT/(LOSS)	4	52	(104,752)
Interest receivable and similar income	6	14	128
Interest payable and similar expense	7	<u>(14)</u>	<u>-</u>
PROFIT/(LOSS) BEFORE TAX		52	(104,624)
Taxation	9	<u>-</u>	<u>-</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>52</u>	<u>(104,624)</u>
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR		<u>52</u>	<u>(104,624)</u>

The notes from page 12 to page 21 form an integral part of these financial statements.

AES Ballylumford Holdings Limited

STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2021

	Notes	2021 USD'000	2020 USD'000
FIXED ASSETS			
Investments	10	4	156,356
		4	156,356
CURRENT ASSETS			
Debtors			
- due within one year	11	-	7,701
Cash and cash equivalents		-	585
		-	8,286
CREDITORS: amounts falling due within one year	12	-	(20)
NET CURRENT ASSETS		-	8,266
TOTAL ASSETS LESS CURRENT LIABILITIES		4	164,622
NET ASSETS		4	164,622
CAPITAL AND RESERVES			
Called up share capital	13	3	3
Share premium account	13	-	150,000
Profit and loss account		1	13,300
Currency translation reserve	15	-	1,319
TOTAL SHAREHOLDERS FUNDS		4	164,622

The notes from page 12 to page 21 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 20 September 2022 and were signed on its behalf by:



Elizabeth Akdag

Director

Registered number No 07261857

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Called up share capital USD'000	Share premium account USD'000	Profit and loss account USD'000	Currency translation reserve USD'000	Total equity USD'000
Balance at 1 January 2020	3	197,126	(32,611)	1,319	165,837
Shares issued	-	103,409	-	-	103,409
Share premium reduction	-	(150,535)	150,535	-	-
Total comprehensive expense for the year	-	-	(104,624)	-	(104,624)
Balance at 31 December 2020	3	150,000	13,300	1,319	164,622
Balance at 1 January 2021	3	150,000	13,300	1,319	164,622
Share premium reduction	-	(150,000)	150,000	-	-
Transfer from currency translation reserve	-	-	1,319	(1,319)	-
Total comprehensive income for the year	-	-	52	-	52
Dividends paid	-	-	(164,670)	-	(164,670)
Balance at 31 December 2021	3	-	1	-	4

The notes from page 12 to page 21 form an integral part of these financial statements.

AES Ballylumford Holdings Limited

Notes to the financial statements

for year ended 31 December 2021

1. General information

AES Ballylumford Holdings Limited (the "Company") is a private company limited by shares and incorporated and domiciled in the UK. The presentation currency of these financial statements is US Dollars (USD). This is also the functional currency of the Company. All amounts in the financial statements have been rounded to the nearest \$1,000.

2. Accounting policies

2.1. Basis of preparation of the Financial Statements

These financial statements were prepared in accordance 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 company is exempt by virtue of section 401 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. In these financial statements, the Company is considered to be a qualifying entity for the purposes of FRS 102 and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- A reconciliation of the number of shares outstanding at the beginning and at the end of the period, required by FRS 102.4.12;
- Cash Flow Statement and related notes, required by FRS 102.7;
- Related party transactions, required by FRS 102.33.1A; and
- Key Management Personnel compensation in total, a requirement of 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 accounting policies set out below have, unless otherwise stated, been applied consistently to all the periods presented in these financial statements.

2.2 Going concern

For the year ended 31 December 2021, the Company has reported a profit after taxation of \$52,000 (2020: loss after taxation of \$104,624,000) and net current assets of \$nil (2020: net current assets of \$8,266,000). A fellow subsidiary AES Electric Ltd. has provided a formal letter of support to 30 September 2023 and the directors have assessed that AES Electric Ltd has the ability to provide this support. After making enquiries and preparing projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence until 30 September 2023. 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.

Notes to the financial statements

for year ended 31 December 2021

2. Accounting policies (continued)

2.3 Foreign currency translation

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange spot rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

2.4 Classification of financial instruments issued by the company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

2.5 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.

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Loans and other borrowings

The Company initially measures its loans at fair value. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of comprehensive income, when the respective financial liability is derecognised.

Cash and cash equivalents

Cash and cash equivalents comprise unrestricted balances of cash in bank and are subject to an insignificant risk of changes in value.

**Notes to the financial statements
for year ended 31 December 2021**

2. Accounting policies (continued)

2.6 Other financial instruments

Financial instruments not considered to be Basic financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment.

Investments in subsidiaries

Investments in subsidiaries are initially recognised at fair value which is normally the transaction price. Subsequently they are measured at cost less impairment.

2.7 Impairment excluding stocks and deferred tax assets

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, 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.

Non-financial assets

The carrying amounts of non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the 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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. 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 amortisation, if no impairment loss had been recognised.

Notes to the financial statements

for year ended 31 December 2021

2. Accounting policies (continued)

2.8 Provisions

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

2.9 Turnover

Turnover represents dividend income from subsidiary companies. The revenue is recognised when the decision for dividend distribution is authorised.

2.10 Expenses

Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset.

2.11 Interest and similar income

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

2.12 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.

Notes to the financial statements

for year ended 31 December 2021

2. Accounting policies (continued)

2.12 Taxation (continued)

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 is measured on a non-discounted basis.

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.

2.13 Judgements and estimates

In the preparation of the financial statements, management is required to make judgements, 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 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 subsidiary 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 do not include performance enhancement modifications not yet committed to.

2.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

AES Ballylumford Holdings Limited

Notes to the financial statements

for year ended 31 December 2021

3. Revenue

	2021 USD'000	2020 USD'000
Dividend income	<u>156,409</u>	<u>7,587</u>
	<u>156,409</u>	<u>7,587</u>

4. Operating profit/(loss)

	2021 USD'000	2020 USD'000
Auditors' remuneration	<u>-</u>	<u>14</u>
	<u>-</u>	<u>14</u>

The auditors' remuneration for 2021 is £9,000. It will be paid by other group entity and not recharged to the company.

5. Impairment of investment

	2021 USD'000	2020 USD'000
Impairment	<u>156,352</u>	<u>112,247</u>
	<u>156,352</u>	<u>112,247</u>

On 21st December 2020 the Company's subsidiary, AES Barry Operations Limited sold its investment in AES Bulgaria B.V., the parent of an entity that owned the Maritsa Power Plant in Bulgaria, to AES Global Power Holdings B.V. for the consideration of \$151,380,000.

The review of the investment following the sale of AES Bulgaria B.V. resulted in an impairment of \$112,247,000 in the 2020 financial statements.

Further review following the distributions of dividends in February and November 2021 resulted in an impairment for the year 2021 of \$156,352,000.

6. Interest receivable and similar income

	2021 USD'000	2020 USD'000
Interest income from group undertakings	14	112
Foreign exchange gain	<u>-</u>	<u>16</u>
	<u>14</u>	<u>128</u>

7. Interest payable and similar expense

	2021 USD'000	2020 USD'000
Foreign exchange loss	<u>14</u>	<u>-</u>
	<u>14</u>	<u>-</u>

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8. Staff costs and directors' remuneration

The Company had no employees in the years ended 31 December 2021 and 31 December 2020.

No remuneration was paid out to directors of the company as they provided negligible qualifying services to the Company. Directors are paid out of other group entities and an apportionment of salary was not deemed practical (2020: \$nil).

9. Taxation

	2021 USD'000	2020 USD'000
Current tax:		
Adjustment in respect of previous periods	-	-
Total current tax credit	<u>-</u>	<u>-</u>

	2021 USD'000	2020 USD'000
Deferred tax		
Origination and reversal of timing differences	-	-
Adjustment in respect of previous years	-	-
Total deferred tax charge/(credit)	<u>-</u>	<u>-</u>

The difference between the total tax recognised in the profit and loss and the amount calculated by applying the standard rate of UK corporation tax to the profit/(loss) before tax is as follows:

	2021 USD'000	2020 USD'000
Profit/(loss) before tax	<u>52</u>	<u>(104,624)</u>
Profit/(loss) at the standard UK corporation tax rate of 19% (2020: 19%)	10	(19,878)
Effect of:		
(Income) not taxable/ expenses not deductible for tax purposes	(10)	19,899
Impact of movement to deferred tax	-	(26)
Adjustments in respect of prior years	-	5
Total tax charge for the period	<u>-</u>	<u>-</u>

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. The UK deferred tax asset as at 31 December 2021 has been calculated at 25% (2020: 19%).

The deferred tax asset of \$797,485 (2020: \$605,665) on losses has not been recognised as the recovery is uncertain.

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10. Investments

	2021	2020
	USD'000	USD'000
Cost and net book value		
At 1 January	156,356	165,196
Additions	-	103,407
Impairment	(156,352)	(112,247)
Net book value at 31 December	<u>4</u>	<u>156,356</u>

Name of company	Registered address	Country of incorporation	Class of shares held	Ownership	Nature of business
<i>Directly owned</i>					
AES Barry Operations Limited	First Floor Templeback 10 Temple Back Bristol BS1 6FL	England & Wales	Ordinary	100%	Holding company

11. Debtors

	2021	2020
	USD'000	USD'000
Amounts falling due within one year:		
Amounts owed by group undertakings	-	7,701
	<u>-</u>	<u>7,701</u>

Amounts owed by group undertakings falling due within one year represent loans made to AES Global Power Holdings Limited, indirect parent of the Company. The loan is unsecured, interest bearing and due for repayment in 2020. Effective 23rd December 2020, the loan was extended to 31 December 2021 and the interest rate was changed from 1.95% to 0.20%. Fair value is not considered to be materially different from the carrying amount.

As part of a group wide restructuring project, the loan receivable from AES Global Power Holdings B.V. was transferred to AES UK Holdings Limited as a dividend-in-kind during 2021.

12. Creditors: amounts falling due within one year

	2021	2020
	USD'000	USD'000
Trade creditors	-	3
Accruals and deferred income	-	17
	<u>-</u>	<u>20</u>

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13. Called up share capital and Share premium

Called up, allotted and fully paid share capital in 2021 is 2,116 (2020: 2,116) ordinary shares of £1.

During the year no new ordinary shares have been allotted to the immediate parent company (2020: 2):

Date	Ordinary shares issued Number	Premium paid/(reduced) USD'000
At 1 January 2021	2,116	150,000
February 2021	-	(150,000)
As at 31 December 2021	<u>2,116</u>	<u>-</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

14. Financial instruments

The carrying amounts of the financial assets and liabilities include:

	2021	2020
	USD'000	USD'000
Assets measured at amortised cost	-	7,701
Liabilities measured at amortised cost	-	(20)

Details of the assets owed by group undertakings are disclosed in note 11. Details of the liabilities falling due within one year are disclosed in note 12.

15. Currency translation reserve

The currency translation reserve represents the cumulative gains and losses arising on the revaluation of all assets and liabilities from GBP to USD as from 1st January 2016. In 2021 the reserve was transferred to profit and loss account and subsequently distributed to its immediate parent company AES UK Holdings Ltd.

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16. Ultimate parent company and parent company of larger group

The Company is controlled by its immediate parent undertaking, AES UK Holdings Ltd, a company incorporated in England and Wales.

The ultimate parent and controlling party is The AES Corporation, a company incorporated in the State of Delaware, USA.

The largest and smallest group in which the results of the company are controlled is that headed by The AES Corporation.

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.

17. Events after the balance sheet date

The war conflict that started on 24 February 2022 between Russia and Ukraine, and which is unfolding as at the date of these financial statements, has caused disruptions on the leading global financial markets. The problems with supply chains that were initially caused by the COVID-19 pandemic are expected to deteriorate even more as a result of this conflict in the territory of Ukraine. Economic sanctions have been imposed on the Russian Federation by the EU, USA and other countries. Prices of petrol, gas and other resources are expected to soar further, and global inflation is rising. Currently, it is difficult to anticipate the outcome of the conflict and its long-term impact on the global economic and social developments. At this stage of the situation and its dynamics, with which the circumstances evolve, it is not possible to make a reliable assessment and measurement of the possible effects of the conflict on the Company's activity, assets and economic development.

There are no other significant events after the balance sheet date, which require additional adjustments and/or disclosures in the company's financial statements for the year ended 31 December 2021.