The Energy to Succeed

Delivering for a net zero world

Annual report and accounts 2021

Financial highlights

Revenue

€1,669m

(2020: €1,700m)

Cash generated from operations

€1,028m

(2020: €1,171m)

EBITDA[1]

€971m

(2020: €1,088m)

Capital expenditure

€130m

(2020: €141m)

Net income

€365m

post-exceptionals

€365m

pre-exceptionals

(2020: €505m, €531m)

Net debt[2]

€12m

(2020: €456m)

[1] EBITDA is defined as earnings before exceptional items, interest (including other finance costs), taxation, depreciation, amortisation and joint venture results. Depreciation and amortisation are adjusted to remove elements of such charges included in changes to inventories and SWU assets and net costs of nuclear provisions.

[2] Net debt comprises loans and borrowings (current and non-current) plus obligations under finance leases less cash and cash equivalents and short term deposits.

Contents

Forward looking statements – this document may include certain forward looking statements, beliefs or opinions, including statements with respect to Urenco's business, financial condition and results of operations. These forward looking statements can be identified by the use of forward looking terminology, including the terms 'believes', 'plans', 'anticipates', 'targets', 'aims', 'continues', 'expects', 'extends', 'hopes', 'may', 'will', 'would', 'could' or 'should', or, in each case, their negative or other various or comparable terminology.

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No representation or warranty is made that any of these statements or forecasts will come to pass or that any forecast results will be achieved. Forward looking statements speak only as at the date of this document and Urenco and its advisers expressly disclaim any obligations or undertaking to release any update of, or revisions to, any forward looking statements in this document. No statement in the document is intended to be, or intended to be construed as, a profit forecast or profit estimate. As a result, you are cautioned not to place any undue reliance on such forward looking statements.

COVID-19 Regulations

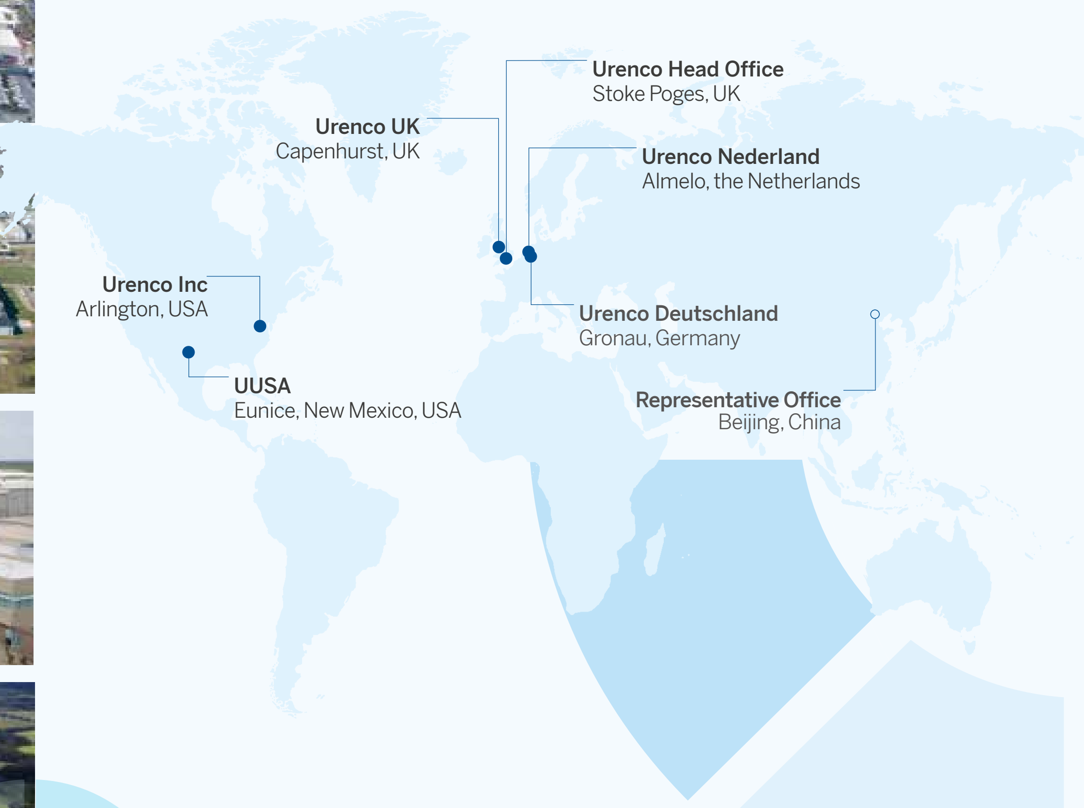
All images in this report reflect the regulations in force in the relevant jurisdictions at the time the images were taken.

Business model

Urenco is an international supplier of uranium enrichment, fuel cycle products and related services with sustainability at the core of our business. Operating in a pivotal area of the nuclear fuel supply chain for more than 50 years, we facilitate zero carbon electricity generation for consumers around the world.

With our head office near London, UK, our global presence ensures diversity and security of supply for customers through enrichment facilities in Germany, the Netherlands, the UK and the USA.

Images top to bottom:
Urenco UK; Urenco Nederland; UUSA;
Urenco Deutschland



Inputs

- Over 1,500 highly skilled and well-trained employees
- Detailed market intelligence
- Leading centrifuge technology
- Research and Development function
- Strong customer service
- Rigorous supplier and compliance audits
- Robust commitment to nuclear safeguards and non-proliferation through the Treaties of Almelo, Washington and Cardiff, and Government oversight

Outputs

- Integrated and diverse nuclear fuel supplies
- Advancement of next generation fuels and technologies
- Commitment to meet net zero emissions in advance of 2040
- Reliable transatlantic transportation services
- Enhanced stable isotopes offering for medical, industrial and research applications
- Responsible nuclear stewardship, including materials management and decommissioning

Financial outcomes

- Revenue: €1,669.3 million (2020: €1,700.1 million)
- EBITDA: €971.1 million (2020: €1,088.1 million)[1]
- Net income: €364.5 million (2020: €505.3 million)
- Cash generated from operations: €1,027.6 million (2020: €1,171.4 million)
- Capital expenditure: €129.8 million (2020: €141.1 million)
- Net debt: €11.5 million (2020: €455.7 million)
- Contract order book: approximate value of €8.7 billion, extending into the 2030s

Non-financial outcomes

- Strong safety performance – Total Recordable Injury Rate of 0.27 resulting in six total recordable injuries
- More than 50 customers in 20 countries
- Global enrichment capacity of 18,100 tSW/a
- 100% of customer deliveries met
- Enriched enough uranium to generate an estimated 780,000 GWh of electricity from nuclear power, avoiding approximately 320 million tonnes of carbon emissions
- Carbon emissions reduced by 9% (scope 1 and 2) from 2020 (using location based emissions factors)
- Water withdrawal reduced by 12% from 2020
- Approximately two million patient treatments performed using medical radioisotopes produced from Urenco enriched stable isotopes products
- Global 'Richie' education programme reached an estimated 57,000 schoolchildren
- 14 social investment partnerships approved

[1] EBITDA is defined as earnings before exceptional items, interest (including other finance costs), taxation, depreciation and amortisation and joint venture results. Depreciation and amortisation are adjusted to remove elements of such charges included in changes to inventories and SWU assets and net costs of nuclear provisions. A reconciliation to income from operating activities (pre-exceptional items) is set out on page 102.

Chairman's foreword

"We also focused on developing positive relationships with a wide variety of stakeholders to enable us to play our role in making a contribution to individual countries' net zero goals."

Pictured: Stephen Billingham at the Richie Lecture, Science Museum, London, UK, December 2021

Urenco has continued its strong performance, with notable achievements despite the ongoing disruption caused by COVID-19 and challenges in the enrichment market. We continued to hit our sales targets, achieving levels that support reinvestment in capacity. We also focused on developing positive relationships with a wide variety of stakeholders to enable us to play our role in making a contribution to individual countries' net zero goals. This is all thanks to the skills and enthusiasm of our employees and the strength of our business partnerships. On behalf of the Board I thank everyone for their contributions in 2021.

Our people

During this pandemic, we have had detailed measures in place to ensure the safety and wellbeing of our employees, communities and key stakeholders, and to keep our plants operating. There was no interruption to our operations. The pandemic is likely to remain a challenge for some time and we will continue to ensure that our operations, and the health and safety of our employees, are maintained to the highest standards.

COVID-19 has not stopped us from continuing to develop and progress our culture programme, started in 2020 (page 12). During the year, we were also pleased to continue to support interns, graduates and apprentices joining the nuclear industry (page 15).

We also said farewell to long-serving Board member Richard Nourse, who had been on the Urenco Board since 2009. On behalf of the Board, I would like to record our thanks to Richard for his extensive contribution to Urenco over the last 12 years. We welcomed Michael Harrison as a new UK appointed non-executive director, who brings a wealth of experience across sectors and an understanding of businesses that operate at the public/private sector interface (page 45).

Global enrichment market

Nuclear remains the second largest source of low carbon energy used today. It does and should continue to play an important role in the energy transition. Achieving sustainable energy and meeting ambitious climate targets will be much harder without existing nuclear power and investment in new nuclear.

We are confident of the long term prospects of nuclear energy, with a significant pipeline of new reactors planned worldwide.

We are expecting to see new and different types of nuclear technologies come to market, and we are prepared to play our part in ensuring that enriched uranium is available as an essential source of fuel.

We have security in our core business through the long term visibility of our order book. The market price for enrichment has increased further in 2021 with spot prices at $56 per SWU at the end of 2021 from August 2018's low point of $34 per SWU (page 26).

This is encouraging and will help toward facilitating the reinvestment in existing enrichment facilities, while also supporting the responsible management of depleted uranium and the eventual dismantling and decommissioning of our plants.

Political environment

It is important to have Government policies which recognise the benefits of low carbon technologies. We are working hard to help ensure the nuclear industry's voice is heard and demonstrate its complementary role to renewables and other low carbon energy sources.

We welcomed the UK Government making a number of recent interventions which show that nuclear power has a key role to play in the UK's energy transition and commitment to reach net zero by 2050. This includes the Government providing up to £1.7 billion of new direct funding to enable a final investment decision on a large-scale nuclear project in the UK (page 26).

It has also been encouraging to see, in the USA, the Biden Administration supporting the use of nuclear power to meet energy needs and achieve emissions reduction goals, allowing the continued operation of the existing nuclear fleet (the largest in the world), and the development and deployment of advanced nuclear reactors and advanced fuels (page 26).

In the Netherlands, we were pleased to see an announcement that the new Government's coalition agreement contained a strong push for using zero carbon energy, with a decision to extend the life of the nuclear power station in Borssele and construct two new stations.

There were positive announcements around nuclear power in many other countries in 2021, including at the COP26 climate change conference in Glasgow (page 23).

In Germany, where the phase-out of nuclear power generation continues under the new Government, we are confident that we can continue to demonstrate the long term positive contribution our enrichment plant there makes, particularly in relation to the retention of skills and advanced technology.

Our positioning

We continue to believe it is a key strength of our business to operate four enrichment facilities in four countries. Our diversity and security of supply allow us to provide both certainty and flexibility and meet the evolving demands of our customers and industry.

Further to this, we are confident that nuclear and our enrichment business have a vital part to play in ensuring reliable and consistent power in a world that needs low carbon energy to meet climate change targets.

Stephen Billingham

Stephen Billingham CBE
Chairman

Chief Executive Officer's review

"Urenco is committed to maintaining our position as a trusted global industry leader; contributing to a sustainable net zero carbon future; operating safely; and forming partnerships to deliver measurable positive impacts."

Boris Schucht reflects on a year in which we furthered the understanding of the nuclear industry and Urenco's role in achieving net zero; progressed our business strategy; maintained strong financial and operational performance; and delivered for our customers.

How can the nuclear industry help achieve net zero and what is Urenco's role?

At Urenco, we firmly believe that nuclear power has a key role, alongside renewables, in the clean energy transition through making a valuable contribution to reliable, low carbon electricity generation. External analysis has also shown the important part nuclear can play in the future production of hydrogen.

It is very clear that we will need all available CO_2 free alternatives and technologies to achieve net zero – the decarbonisation challenge is too big to exclude any option. As a long term partner to the nuclear industry with a critical role in the nuclear fuel cycle, we spent a significant amount of time in 2021 working to support policymakers in this important work.

This included commissioning an independent study from Aurora Energy Research to investigate the benefits of deploying both nuclear and renewables in hydrogen production. The report, called 'Decarbonising Hydrogen in a Net Zero Economy', was also supported by the International Atomic Energy Agency (IAEA), EDF and Lucid Catalyst. It supplemented the UK Government's Hydrogen Strategy by including modelling on the costs and competitiveness of nuclear's contribution. The key findings showed that, with a combination of renewables, nuclear and hydrogen, climate targets can be achieved, that the inclusion of nuclear creates economic value, and that combining nuclear and hydrogen leads to competitive costs. This study received positive feedback as a useful contribution to the discussion on the future role of nuclear in the energy transition.

We were also pleased to attend the COP26 climate change conference, the highlights of which for me were speaking at the IAEA presentation, 'Nuclear Innovation for a Net Zero World', holding our own hydrogen themed event with EDF (page 23) and collaborating with several other industry groups, including the Nuclear Institute's Young Generation Network representatives (pictured). What was clear was that support for, and the visibility of, nuclear is growing.

For example, during COP26 alone, France announced it would invest in new nuclear power plants; Romania signed an agreement to deploy a small modular reactor (SMR) power plant to help replace coal; and the UK company Rolls-Royce publicised a £210m UK government investment in its SMR, matched by private sector funding. Non-nuclear countries such as Kenya, Indonesia and others publicly stated that they are investigating the option of nuclear.

All these, plus other developments during the year, including the completed construction of the third unit at the UAE's Barakah nuclear power plant (page 27), are strong signals that nuclear is increasingly recognised as part of the solution for achieving net zero. This is the fundamental basis for the development of our industry in the coming decades.

"What was clear was that support for, and the visibility of, nuclear is growing.

Of course, it is critical for nuclear organisations to address their own emissions and in 2021 Urenco committed to achieving net zero in advance of 2040 as a signatory of the Climate Pledge. This is now being translated into a clear roadmap with interim targets, with the intention of a fast and strong contribution to achieving net zero emissions within Urenco's operations by the target dates (page 20).

What is needed to realise nuclear energy's full contribution to net zero is for investment to be unlocked through a new financing model for nuclear and a market environment for hydrogen. There also needs to be a level playing field where carbon emissions have a price in all markets through clear, transparent and long term stable policy frameworks. We look forward to constructive conversations in the coming months and strong collaboration across industry and government on this essential work.

How did Urenco perform in 2021 and what progress did you make under the business strategy?

The determination and hard work of our employees during 2021 to maintain business as usual during an incredibly challenging time is something I applaud and am very thankful for.

Image top right: New cascade launch, Urenco Nederland
Bottom left: Tails Management Facility, Urenco UK
Bottom right: Transport of uranic materials, Urenco Nederland

> "The determination and hard work of our employees during 2021 to maintain business as usual during an incredibly challenging time is something I applaud and am very thankful for."

Revenue developed as planned at €1,669.3 million (2020: €1,700.1 million), with new sales extending the volume of enrichment services we provide to some customers and also our reach within target markets well into the 2030s. EBITDA and net income were as expected down at €971.1 million and €364.5 million respectively (2020: €1,088.1 million; €505.3 million), with net income adversely impacted by a non cash deferred tax charge due to a future increase in the UK Corporation tax rate, which was enacted in 2021 . Cash generated from operating activities remained strong at €1,027.6 million (2020: €1,171 million) and ahead of management expectations. Total gross debt has been reduced to €1.1 billion from €1.6 billion at 31 December 2020 and it is down by over 60% in five years. Our order book extends into the 2030s with an approximate value of €8.7 billion and continues to provide Urenco with visibility and financial stability of future revenues.

Urenco is committed to maintaining our position as a trusted global industry leader; contributing to a sustainable net zero carbon future; operating safely and forming partnerships to deliver measurable positive impacts (page 20 and 28); and being a respected strategic partner and an organisation in which every employee feels informed, included and inspired (page 12). Our strategy is key to delivering these ambitions (page 10).

Safety remains our priority: in 2021 there were 3 LTIs and 2 MTIs, and 1 RWC, resulting in a Total Recordable Incident Rate (TRIR) of 0.274, a slight decrease from last year. During the year, safety activities focusing on accountability were held across the Group. These included special safety training workshops to review case studies of Urenco incidents.

For the transportation of uranic materials, safety and timeliness are the highest priorities. We use specialist suppliers and continue working under a long term agreement with a vessel to provide regular transatlantic shipments to ensure a secure transport route with cost certainty. Due to the blockage of the Suez Canal, we faced some challenges to our deliveries which we successfully managed.

To provide an enhanced service for our customers, in 2021 we progressed the development of next generation fuels, which will also create wider benefits for society in assisting decarbonisation goals (page 16).

Despite some challenges, which caused delays of several months to the ongoing commissioning process, the Tails Management Facility (TMF) was operational this year. The TMF provides responsible nuclear stewardship by deconverting the by-product of our enrichment services into uranium oxide for potential re-enrichment or long term storage before eventual disposal.

Another positive development was the official opening of the new Leonardo da Vinci cascade of centrifuges at our Urenco Stable Isotopes facility in the Netherlands (page 11). We have expanded our facility to meet growing demand in this field, especially for industrial and medical products.

What are the priorities for 2022?

We will continue to provide our customers with the excellent service we are known for, supporting them to fuel both existing reactors and nuclear new builds, with current and advanced technologies (page 16).

To succeed in this, a core focus will be our asset strategy (page 18) – the investment we will make in our centrifuge and associated technology through refurbishment and replacement.

Under our sustainability strategy, we will implement plans to further nuclear energy's contribution to a greener and more sustainable future. This work will include progressing the reduction of our carbon emissions through science aligned targets in our roadmap to net zero (page 20) and developing our social investment partnerships (page 24).

We are also 'creating a winning team' of employees for today and the future through our long term culture programme, which will advance in 2022 with a strong focus on leadership, behaviours, and inclusion and diversity. Our people enable us to deliver on our commitments to customers, partners and other stakeholders. They are the reason we will continue to have the energy to succeed.

Boris Schucht
Chief Executive Officer

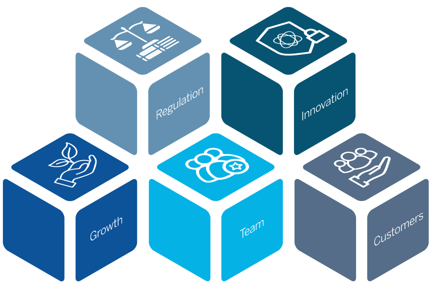

netzero

Our Strategy

Our strategy sets out what we need to achieve in the long term (five to 15 years), mid term (three to five years) and short term (12-24 months) under five building blocks: create a winning team – our people; maintain our strong customer base; defend and innovate our core business operations; shape and utilise regulatory frameworks; and promote organic growth. It is driven by our purpose, vision, mission and values, and makes a valuable contribution to Sustainable Development Goal (SDG) seven, adopted by the United Nations, in our drive to facilitate low carbon energy generation and meet global net zero goals.

Our long term strategic aim is to transform the organisation to be a more flexible operation by 2030, while adding a refurbishment and decommissioning capability and targeting organic growth in new business activities.

Our strategy's five building blocks



Maintaining our customer base and **defending and innovating our core business operations** enables us to continue to be a leading player in the enrichment industry. We are developing new relationships and signing new contracts to maintain this position, and optimising the value of our assets across all sites.

We are **promoting organic growth** through our recent investment in increased capacity for our Urenco Stable Isotopes business. We are also exploring several new business ventures, including developing our capabilities in nuclear stewardship and helping our customers to fuel all nuclear new builds, including the next generation of reactors.

We are seeking to **shape and utilise regulatory frameworks** through actively engaging with stakeholders and decision-making bodies in our target markets and across all aspects of our business.

We are actively engaging with the relevant Government departments and authorities to help design the future of civil nuclear power, promoting the evolution of regulatory regimes and continuing to be a reliable partner in the field of international non-proliferation.

Our people are the foundation of our strategy. We are **creating a winning team** that is inclusive, diverse and fit for the future through a long-term culture programme.

Continuous improvement

In 2021 we implemented a new process to bring new ideas to life that help improve clunky or outdated practices.

The process allows employees to submit an idea that could improve a problem area, which they can rate in terms of its impact and cost. Once an idea is sent, the Continuous Improvement Team reviews it and offers support. The idea receives a status (such as in progress, planned or completed) and any updates are recorded as comments on the record.

All ideas are viewable by colleagues across the sites, which aids collaboration and the sharing of solutions that may be applicable in other areas.

Our enrichment services facilitate clean nuclear energy, contributing to meeting the world's net zero goals. Our advanced nuclear reactor, U-Battery, will further reduce carbon emissions within hard to decarbonise industries and facilitate hydrogen production.

CASE STUDIES

Urenco Nuclear Stewardship realising savings and expanding its offering

Innovative thinking has resulted in Urenco Nuclear Stewardship realising over £600,000 in cost-savings, thanks to its industry-recognised experts' waste packaging solutions, as part of a decommissioning project for the Nuclear Decommissioning Authority (NDA).

Since 2012, Urenco Nuclear Stewardship has been successfully progressing the decommissioning of legacy nuclear facilities at Capenhurst. As part of the contract with the NDA, Urenco Nuclear Stewardship removed internal cell structures which had been used to safely store depleted uranium in steel drums, dating back 60 years.

As with any demolition project, there was a significant amount of material that required responsible management through recycling and disposal. Urenco Nuclear Stewardship's Project team and Waste Management experts worked hard to develop efficient, innovative and cost-effective waste packaging solutions, while also ensuring safety remained the number one priority.

Urenco Nuclear Stewardship is nearing the end of the decommissioning agreement with the NDA that sees more than 20 projects being completed by 2024 – forecast to be ahead of schedule and realising a multimillion pound cost saving. Through this work, Urenco Nuclear Stewardship has gained a decade of experience and is now offering support to the wider nuclear industry.

This will be partly through being accepted as a supplier on the LLWR Metallic Wastes Framework in the UK for the treatment and disposal of radioactive wastes originating from nuclear sites. During the last quarter of 2021 Urenco Nuclear Stewardship won two competitive tenders and received its first consignments of external wastes.

eDF

Urenco supporting EDF's nuclear fuel recycling

In 2018 Urenco entered into an enrichment contract with EDF to serve EDF's French reactor fleet and in 2021 started preparing for the first delivery.

The high value and long term contract supports the recycling of nuclear fuel by enriching uranium recovered from fuel, which has been previously used and reprocessed.

The technical complexities of enriching this material involve expertise from across Urenco and the upgrading of our facilities in line with current licences and regulatory bodies.

Urenco is pleased to be part of EDF's plans to recycle spent nuclear fuel. This is a testament to Urenco's technical capabilities.

Stable Isotopes expansion

Urenco Stable Isotopes officially opened its new Leonardo da Vinci (LDV) cascade in October. Like the Renaissance polymath after whom the facility is named, the cascade is extremely versatile. It is designed for the enrichment of multiple isotopes – including those of germanium, xenon, selenium and silicon – for medical, industrial and research applications.

The growing market in this field has led us to expand our facility to meet the demand, especially for products in the medical field – for example, Xenon 129. This product is used in MRI imaging to detect lung diseases. Urenco Stable Isotopes is also conducting research to discover solutions for cancer treatment. By producing enriched stable isotopes, Urenco plays an important role in the supply chain for medical radio isotopes, which are used in therapy and diagnostics.

Urenco Stable Isotopes has operated for over three decades at Urenco Nederland in Almelo and hundreds of thousands of patients are treated every year with products made from our enriched stable isotopes. Other applications are very varied and include products for superfast computer processing power.

We are looking forward to working with customers on new research and development projects, producing high quality, cost efficient solutions that will change lives.

Our Strategy: priority focus areas

Each year we define specific initiatives and deep dives to help us achieve our overall goals. In 2022, we have prioritised four focus areas under our strategy:

our strategy
Culture

our strategy
Next generation fuels

our strategy
Asset strategy

our strategy
Sustainability

Culture

Through our long term culture programme we are working towards ensuring our culture is fully inclusive – an environment where all voices are heard, and diversity can thrive – which will enable us to make positive progress on delivering on our priorities.

Over the past year, feedback from our people has informed our focus on three priorities to improve our culture: leadership, empowerment/accountability and transparency/collaboration.

To deliver on these priorities it is vital that we all aspire to the same high standard of behaviours. New Urenco behaviours have been developed, linking to our values and Code of Conduct. This followed organisation wide consultation with employees. The behaviours are:
One Urenco – actively collaborates to form winning teams and embodies transparency, respect and inclusivity;
Act today for tomorrow – embraces continuous improvement and innovation, and acts consciously with a broader and longer term perspective in mind; and
Own our results – ensures physical and psychological safety, maintains integrity, and empowers by holding self and others accountable. We are clear that our leaders must be role models for these behaviours.

Across the organisation we have learned about these behaviours through a variety of tools, resources and ongoing dialogue. This is a long term commitment and will be a continuous journey of learning for leaders and employees.

Part of that learning in 2021 involved the rollout of three modules of leadership training to over 100 leaders and senior managers, focusing on the benefits of having open and transparent conversations, and giving and receiving positive and constructive feedback. This was the foundation of a leadership programme which will be ramped up from 2022 with a strong emphasis on change management to better equip our leaders with the skills they need as our business continues to evolve.

We will be able to monitor the progress of our efforts on cultural improvement through a new, agile employee feedback platform which we began rolling out in 2021 called 'Your Voice'. Ultimately, managers will be empowered to manage their own dashboards of data so they can track regular feedback from their people and respond with productive conversation and action accordingly. This is another means of encouraging feedback to be shared to support positive cultural development.

Inclusion and Diversity

Improving the gender mix within the business is a priority for Urenco and we have updated our goals linked to retention, inclusion, development (including training), succession planning and recruitment. Work is also being expanded to include other critical areas of inclusion and diversity (I&D) beyond gender. I&D champions have been recruited across the organisation, with a lead champion for each Urenco location, and there has been a successful initial roll out of I&D awareness training. Other recent initiatives have included our second global conference for our I&D champions, held virtually in the autumn and showcasing speeches from two I&D experts in leading external organisations in both the UK and the US.

CASE STUDIES

In our recent demographic and inclusion survey, 45 colleagues (5%) identified as having a long term condition or impairment. We focused on disabilities across all our sites as a main I&D theme in 2021, alongside gender equality, cultural diversity and LGBTQ. Our I&D themes are intended to increase awareness and understanding, and encourage conversations, so we can learn together with the aim of minimising any stigma and accepting that we're all different.

Our survey also highlighted that inclusion requires greater attention to optimise our efforts on diversity. This is therefore a core pillar of our new I&D strategy to 2025.

Culture

CASE STUDIES

European Forum

Employee engagement is a key element to ensure a healthy and happy workplace and Urenco's long term success.

An example is our European Forum, which met virtually in April with Urenco CEO, Boris Schucht. The forum informs and consults employees on matters of a pan-European nature and is made up of representatives elected from each of Urenco's European sites. It provides a useful opportunity to update the representatives on a variety of topics, and answer questions and concerns that they raise on behalf of their site colleagues to inform future decision making. The forum is supplemented by multiple face to face and digital communication channels promoting two way dialogue.

We believe that everyone in our organisation should have a voice.

Celebrating U

Celebrating U is an important part of Urenco's reward and recognition programme. Our people are our most valuable asset and the scheme aims to nurture high performance and highlight the winning team who are driving the long term sustainability of our business.

Every year, senior leaders are asked to nominate colleagues from across the organisation who act as role models for others. Twenty individuals were selected by the Executive Committee to receive a reward for their exceptional performance over the past year.

While some colleagues were nominated for strong leadership and swift actions to resolve challenges such as COVID-19, Brexit and technical issues on our sites, others put their energies into leading our I&D programme, or shared their expert knowledge by coaching and supporting others.

Sadly the pandemic prevented us from holding a physical event to bring our 2021 Celebrating U cohort together. However their outstanding contribution to Urenco did not go unnoticed, and they all received a gift voucher to enjoy a well-deserved leisure break with a family member or friend. We showcased our 'top 20' in a series of stories on the intranet so colleagues could share in their success and be inspired by their achievements.

Mental Health First Aiders

We are proud of our first partnership, with Mental Health First Aid England, a social enterprise offering expert guidance and training to support mental wellbeing.

We now have 30 employees at our UK sites trained as Mental Health First Aiders (MHFAs). Working in the strictest confidence, the MHFAs offer support to colleagues experiencing any work or non-work related mental health issues. Our MHFAs also host wellbeing sessions, often in collaboration with our I&D champions, with the aim of encouraging open discussion around mental health.

In addition, we have offered a half day mental health awareness course to all employees in the UK.

Image above: U-Battery stakeholder event, Whetstone, UK

Interns, apprentices and graduates

Urenco operates a range of placements for students across all of our locations and during the 2021/22 academic year, eight interns were recruited across our European sites, with a further five expected to start. The internships vary in length and span across our functions.

Further to this, during Black History Month in October, Urenco signed up to the 10,000 Black Interns Programme. The internships aim to transform the horizons and prospects of young Black people in the UK by offering paid work experience across a wide range of industries, as well as world class training and development.

At Urenco, we are also proud to offer a range of apprenticeships, aligning with our commitment to nurture the next generation of scientists and engineers. At the end of 2021 we were supporting more than 30 apprenticeships across our European locations. In addition, we welcomed graduates into our business on training schemes, with three joining U-Battery in August.

Next generation fuels

>5% U235 NEXT GENERATION FUELS

As a leader in the nuclear industry, we are well positioned to provide the enrichment services needed to support the nuclear industry's efficiencies, advancements and innovations in fuel production.

Images top to bottom:
Urenco UK; UUSA

Urenco's programme to enable the production of LEU+, low enriched uranium up to 10% uranium-235, at our US and UK sites (UUSA and Urenco UK) is progressing quickly with the completion of detailed technical feasibility and plant optimisation plans. This new product can be used in existing light water reactors seeking to achieve higher levels of safety and improved economics. Urenco's existing advanced gas centrifuge technology is capable of producing LEU+ and few modifications will be needed to the current facilities at UUSA and Urenco UK.

LEU+ is a positive initial step towards the subsequent potential production of other advanced fuels for civil nuclear power generation and a project to create an advanced fuels facility has commenced. It will be designed to supply research and test reactors, as well as the emerging market to fuel advanced reactors. This includes the fuel requirements for U-Battery, an advanced/small modular reactor development Urenco is supporting.

Advanced fuels can be produced using our existing centrifuge technology. We are currently focusing on developing the commercial scope of the new facility; confirming its location, capacity and how it will connect to existing plants; and designing a new transportation package for the fuels. This project is being undertaken within the framework of international agreements related to Urenco.

We have the knowledge and experience to play a leading role in this area, which will provide an enhanced service for our customers and make a positive contribution to net zero targets.

CASE STUDIES

AURORA ENERGY RESEARCH

Aurora Energy Research study

In September, Urenco published the findings from an independent study that it initiated with Aurora Energy Research to investigate the benefits of deploying both nuclear and renewables in hydrogen production, to support the energy transition and meet UK climate targets.

The report, called 'Decarbonising Hydrogen in a Net Zero Economy', was supported by the IAEA, EDF and Lucid Catalyst.

The key findings of the study included:

- To facilitate rapid decarbonisation and cut dependency on fossil fuels, both nuclear and renewables are needed for power and hydrogen production.
- Together, nuclear and renewables can provide the hydrogen volumes needed for net zero in 2050.
- Deploying large volumes of nuclear alongside renewables is economically efficient, reducing the net present value of the UK's total system spend by 6-9% (£40-60bn) to 2050.
- Combining hydrogen and nuclear leads to competitive costs. Using heat and electricity together from a nuclear power plant for hydrogen production provides a strong cost advantage.

While the study is focused on the UK, the results are applicable to other countries, including developing nations.

U BATTERY®
Local Modular Energy

U-Battery mock-up

A full scale, first of its kind, mock-up of the main vessels of an advanced modular reactor (AMR) was revealed in September at an event hosted by U-Battery and Cavendish Nuclear.

The project was to design and manufacture a full size mock-up of the reactor pressure vessel, the intermediate heat exchanger vessel and the connecting duct. Its successful completion marked a major milestone towards using AMR technology to provide a low carbon, cost effective, locally embedded and reliable source of power and heat for diverse applications, including energy intensive industries and remote locations.

It also demonstrated how the AMR can be built using modular techniques, making it easy to construct and transport.

The project was the result of an award made by the UK Government's Department for Business, Energy and Industrial Strategy under the Advanced Manufacturing and Materials programme. Part of the Government's Nuclear Innovation Programme, the objective was to enable research and development to bring innovative nuclear technologies to market.

In addition to the Advanced Manufacturing and Materials programme, U-Battery is participating in Phase 2 of the UK Government's Advanced Modular Reactor Competition. In July 2020, it was one of three vendors to progress from Phase 1 to Phase 2 of the competition and was awarded £10m of funding to initiate design and development work.

Asset strategy

Urenco's asset strategy defines the investment needed for centrifuge and associated technology refurbishment and replacement, and the future expansion and decommissioning of our plants.

It optimises the value of our assets across all sites to enhance our ability to respond flexibly to market developments and opportunities.

Site performance and improvements in 2021

All the enrichment plants maintained high reliability and asset integrity throughout 2021, which was demonstrated by their online performance and the achievement of business plan safety, production, delivery and sustainability goals. Alongside centrifuge refurbishment and replacements, a number of other improvements were made, including:

- Urenco Nederland installed two diesel rotating uninterrupted power supplies (DRUPS). These generators seamlessly take over the power supply in the event of the external supply being interrupted. The two systems work independently of each other, meaning continuous power is guaranteed to support essential plant equipment.
- Urenco Capenhurst (UK) refurbished the onsite sewage treatment plant, which serves the three businesses on site (Urenco UK, Urenco Nuclear Stewardship and Urenco ChemPlants) to fulfil environmental regulations and minimise environmental impacts.
- Urenco Deutschland initiated a smart metering project in their UTA-1 plant, with continuous vibration analysis. The measuring devices allow them to determine the criteria for preventive maintenance work with the aim of reducing costs by avoiding significant material damage. They also began the construction of a new office complex in support of Urenco's employees working on technology and development.
- UUSA implemented a new and innovative approach to addressing emergent work as it arises onsite through the Fix It Now (FIN) team. This specialised team resolves emerging issues quickly, which results in fewer interruptions to maintenance schedules and improved overall equipment reliability.

Tails Management Facility update

In early 2021, our Tails Management Facility (TMF) entered into operation despite some delays to the commissioning process of several months.

All utility and ancillary systems, including cylinder handling, cylinder washing and uranium oxide storage completed their commissioning stages, with decontamination, maintenance and residues recovery facilities being brought online to support the deconversion process. The deconversion process started active commissioning towards the end of 2020 and moved to first production of U_3O_8 towards the end of 2021. By mid-2022, we are aiming to achieve sustainable production levels.

Several key milestones have been met, including full testing of all safety systems; the production of in-specification U_3O_8 which is now stored in the Uranium Oxide Store; the production of in-specification hydrofluoric acid; and the automatic transfer of feed continuously from several cylinders. The plant has also gone through several planned outages during which no major issues were revealed.

As with the commissioning of all operational plants, there have been key learnings that the team can build on in 2022.

OPERATIONAL CASE STUDIES

Benjamin, Work Control Coordinator, Urenco UK

At the age of 26, I have recently secured a position with the Work Control Team at Urenco UK as a Work Control Coordinator.

I started as an apprentice after leaving school, which allowed me to gain experience and learn a great deal about many aspects of engineering: mechanical; fabrication; electrical/instrumentation; and process/installation. I also discovered the various opportunities the wider nuclear industry holds and the global push for a low carbon future, which Urenco will play a key part in.

I have been lucky to win several apprenticeship awards, including UK Nuclear Apprentice of the year in 2018. It was a real privilege to be presented with such a prestigious award. Urenco then supported me to study for a degree in Mechanical Industrial Engineering, specialising in Engineering Management, which I will finish in July 2022.

I am so proud of my role at Urenco. The team around me are brilliant and all strive for excellence in the same way I do. We have a supportive manager and are empowered to promote continuous improvement to processes and procedures. It is an honour to be given that responsibility from the leaders of the company, whose level I aspire to reach one day.

Ester, Compliance Specialist, Urenco Nederland

As a Compliance Specialist at Urenco, I have many different tasks and deal with colleagues in every department. The variety and scope of the work is what attracted me to the job three years ago.

In the Compliance department, we translate legislation and regulations into practice, checking whether processes and activities are compliant. In this way, we help protect our licence to operate. Compliance looks at both management systems and operational safety.

One of my focus areas has been to develop content for our electronic learning environment to keep track of individual competencies and to show that we are fully compliant with regards to knowledge. Every employee and contractor at UNL uses the e-learning platform to complete training modules.

My manager encourages me to speak up and act accountably and responsibly, and the people around me are open to hearing new ideas. Urenco has also offered me personal and educational development opportunities.

When I joined the nuclear sector I did not have a strong opinion about it. But now, I think it is a fascinating field. When I tell people I work at Urenco, they often show an interest. I enjoy explaining to them what Urenco does in relation to uranium enrichment and the production of stable isotopes for nuclear medicine.

Tim and **Karl-Heinz,** Operations, Urenco Deutschland

Tim

In 2015, I started my apprenticeship at Urenco in Maintenance. After passing the exam at the beginning of 2019, I switched to Operations. At the same time, I started further training to become a state certified technician and passed the technical examination – Fachkundegespräch – later that year. I was tested on my knowledge in the presence of the regulatory body, the TÜV, and was proud to pass with flying colours! For me, a dream has come true. I'm happy to now be able to help this central unit at Urenco as a fully fledged member of the team and I have learned a lot from long standing colleagues, such as Karl-Heinz.

Karl-Heinz

I have been with the company for 28 years and I am currently working as a Deputy Shift Leader. Tim's training shows the high level of performance and knowledge within Operations. There is an incredible amount of experience available and it is important that we use it to prepare the next generation for their future tasks.

Learning on the job is crucial. Knowledge is passed on internally and each operator has to prove their expertise on a continual basis. I would like to congratulate Tim on finishing his specialist knowledge examination, which completes a long term training plan. Urenco Deutschland is happy to have such a committed young colleague in its ranks.

Julieta, Pump Rebuild & Recycling Supervisor, UUSA

I was recently appointed as the Pump Rebuild & Recycling Supervisor at UUSA. I joined UUSA in 2011 as an Operator and I progressed through the department, leading me to serve as a Senior Operator and most recently as Deputy Shift Manager. I hold a Bachelor of Applied Arts and Sciences in Technology.

My experience at UUSA has been positive. I have been able to grow and gain expertise in a structured manner, which has led to my success. My time in Operations has helped me gain knowledge in the day to day operation of the plant and how the systems work together. This will help me focus on the interdependence between the operating systems and the pump rebuild recycling department.

I often get asked why I work in the nuclear industry. The reason is nuclear plays a pivotal role in our energy needs. This is especially true as the world works to reduce its carbon footprint. Urenco's experience in the industry, coupled with the innovative nature of it leaders and employees, will ensure a bright future for all of us. I am happy to be a part of that.

Sustainability

We have refreshed our sustainability strategy, which is now focused on three building blocks: environmental impact; social impact, and governance and ethics (ESG). This followed a materiality assessment, gathering the views of key stakeholder groups through interviews with industry and sustainability experts, a customer survey, and an employee survey and workshops.

Our sustainability priorities are to make a positive contribution to global climate change goals through our integral role in the nuclear fuel cycle and a commitment for Urenco to achieve net zero carbon emissions by 2040. We are increasing our social investment, with a clear focus on multi year partnerships with charitable organisations and enhanced alignment of our internship, educational and other social programmes with our wider sustainability priorities. We also have a strong focus on governance and ethics – ensuring we are fully compliant with regulatory frameworks, preserving the security of the civil nuclear industry, operating in an open and accountable manner, and ensuring Urenco remains a trustworthy and valuable contributor to society.

We are committed to making a valuable contribution to the United Nations Sustainable Development Goals (SDGs) and a summary of how we contribute to each can be found on the sustainability pages of our website.

We are currently working on defining new key performance indicators and our roadmap to net zero in advance of 2040 as part of our commitment to The Climate Pledge. The roadmap will set science aligned targets covering our scope 1, 2 and 3 emissions and focus on the areas of 'operational energy use and efficiency', 'supply chain engagement' and 'energy procurement and onsite generation', followed by neutralising residual emissions.

To support the achievement of our 2040 goal, we are setting interim targets to ensure we make the progress needed to help keep global temperature rise to below 1.5 degrees.

Safety is the first of Urenco's five key values – we are proud of keeping our people, the community and the environment safe and secure from harm, and maintaining the reputation of our industry, products and services (page 8).

Our aim is to achieve the 'interdependent' stage of the DuPont Bradley Curve, taking personal accountability for our safety and the safety of others. Over 1,800 Urenco employees and contractors participated in a global DuPont safety perception survey in 2021 to evaluate the progress of our safety culture, and in almost every part of our organisation there was an improvement in the score, which we will build on further. The security of our sites and operations is of fundamental importance to society to protect our people, physical assets and technology. Euratom, the International Atomic Energy Agency, the Nuclear Regulatory Commission and Office for Nuclear Regulation continued safeguarding inspections at our sites in 2021 and their objectives were met. Improvements included a group wide review and reissue of security procedures, along with ongoing investments. We are preserving the privacy of personal data, and continued to ensure strict adherence to all relevant regulatory and industry standards.

Energy use and climate change

In 2021, the ambition to tackle climate change became more embedded within our organisation. We made our first Carbon Disclosure Project (CDP) submission in July. CDP is a publicly available database of carbon, water and forest related performance for companies. We disclosed our 2020 carbon performance, climate risks, mitigation and targets, and gave examples of our energy policy engagement work. We achieved a B- score.

[2] Low carbon is defined at Urenco as nuclear or renewable sources.

CDP ratings range from A to D. Urenco's score of B- is the equivalent of acting at a 'Management' level for environmental stewardship, the second highest of four levels.

Being part of this initiative allows us to benchmark our carbon performance and management against other companies, including our customers and competitors. We will submit an update to the CDP each year to publicly and transparently demonstrate our commitment and progress towards net zero carbon.

TCFD
TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

In 2022, we will undertake a gap analysis against aligning with the Task Force on Climate-Related Financial Disclosures (TCFD) requirements. This will allow us to better understand our climate related risks and opportunities.

In 2021 our total energy use reduced by <1% and our total emissions scope 1 and 2 reduced by 16% and 9% respectively. The decrease in our scope 1 emissions has been driven predominantly by a 33% reduction in leakage of refrigerant gases. The reduction in scope 1 comes despite an increased usage of natural gas (+19%) from our Tails Management Facility commencing operations in the reporting year.

Our Energy Savings Group promotes energy efficiency across our sites, with a particular focus on electricity usage, which accounts for almost half of our total scope 1, 2 and 3 emissions.

Our electricity consumption across all four enrichment sites reduced by a further 1.9% in 2021. We have implemented a range of efficiency measures, including the installation of speed controlled motors to pumps and reducing output on various operational systems. Please also see our disclosure in line with the Streamlined Energy and Carbon Reporting (SECR) requirements (page 67).

Urenco have calculated our scope 3 emissions for the third year running. Our scope 3 impact has increased by 23% in 2021; however this is predominantly due to the inclusion of several new categories included in our inventory for the first time. This methodological change has been made in line with shifts in reporting best practice guidance and improves the overall accuracy and completeness of our emissions inventory. An additional improvement in our data quality means that we have been able to use actual emissions data rather than estimated values, resulting in emissions reductions for some categories. Where these methodological changes have been implemented Urenco will continue to assess the impact and re-baseline previous emissions years as appropriate.

The most material category for Urenco remains the emissions from the goods and services we procure, accounting for 65% of the total. Almost 30% of the impact arises from the value chain of the uranium feed that we directly source. We are already making changes within our procurement processes to improve the quality of the data that we receive from suppliers which will allow us to gain further insight into the drivers of this impact and where we can work with our suppliers and partners to influence emissions reductions in our value chain.

2021 was a year still experiencing the effects of the COVID-19 pandemic. As such, working from home emissions have been calculated in lieu of employee commuting, where appropriate, for our office based staff. The pandemic also saw continuing low levels of business travel, with a 56% drop in 2021 from 2020.

Most of Urenco's water consumption is used for evaporative cooling of industrial processes and the volume used largely depends on climatic conditions. There is always a trade-off between water use and electricity use for refrigeration. Since 2017, we have experienced annual reductions in water use, and in 2021 water withdrawal reduced by 12.1%. This is mainly due to changes in operational processes. For example, we have introduced rainwater harvesting at our Tails Management Facility. Our future plans include working closely with local water companies in the Netherlands to investigate water saving measures. In addition, we are testing a new cooling tower technology at Urenco Nederland to reduce waste water during cooling. Further detail will be included in our Sustainability Report published in the summer.

We value water as a shared resource and take care that our water use does not reduce its availability to others. We are therefore also focusing on reducing the water abstracted from local rivers or groundwater sources. For example, at our New Mexico site, we are investigating potential options to reduce the impact of water abstracted from the nearby aquifer.

Sustainability

CASE STUDIES

Urenco takes a sustainable approach to financing investments

The world of finance is evolving to address investor and lender concerns about environmental issues, including climate change, and increased focus on the social and governance performance of companies they work with – ESG.

With this in mind, in 2021 Urenco signed a new sustainability linked bank facility. As part of the facility negotiation, we presented Urenco's sustainability objectives to our banks. The bank facility includes commitments on carbon reduction, water management and safety. If we achieve preset targets, we will benefit from slightly lower interest costs. If we fail, we will need to explain why and have higher costs.

This is a revolving credit facility of €500 million provided by ten banks and runs until 2026.

Climate change and energy savings improvements in 2021

- Urenco Nederland created 10 new charging points for employee parking and made provision for an additional 20. In total, there are currently 18 charging points in the car park for employees and visitors, and an additional five at other areas of the site. In 2021 Urenco Nederland also commissioned a project in which the natural gas consumption of the Recycling Centre can be reduced to zero. Natural gas is currently used to generate steam to condition (humidify) the incoming air of the ventilation system. This system will be replaced with a new one, which will use waste heat from an enrichment plant. In addition, Urenco Nederland has been assessing the feasibility and development of two onsite large scale solar panel installations (solar PV arrays): one on the roof of a building and another on new carports. It is expected this would reduce the site's peak electricity demand by up to 20%, resulting in an annual average reduction of 2% from the grid. This is equivalent to a 2,800 MWh reduction and 1,400 tCO_2e avoided, comparable with the usage of a thousand Dutch households.
- Urenco Deutschland implemented a new design for adjustable electrical compensation in its enrichment unit UTA-2. This new design allows the operation mode to be adjusted and the activation/deactivation of an energy saving mode in a safe and flexible way. This, combined with other initiatives, including the removal of HVAC systems that are no longer required, and the initial test phase of modified temperature control systems, will realise electricity savings of over 200 MWh annually.
- Urenco UK achieved a further reduction of output power on bulk convertor systems, saving an additional 547 MWh in 2021, and an estimated 1,745 MWh per annum in future years. They also installed speed controlled motors to pumps, saving 501 MWh in 2021, and an estimated 2,589 MWh per annum in future years. In addition Urenco UK has been progressing a feasibility assessment of an onsite solar PV array, which would have a peak load of 8-9 MWh, producing approximately 9GWh of electricity annually. Design work also continues on a major project to increase the efficiency of the cooling water system, which aims to reduce our electricity use further.
- Urenco USA installed LED lighting in the Security Building at end of 2021, saving an estimated 178 MWh/year in electricity usage. Upgrades commenced to a chilled water system, estimated to save 1,441 MWh/year due to efficiency improvements. This project is planned to be substantially complete by the end of 2022. Additionally, a study was commenced to investigate the feasibility of wind and solar electricity generation that have the potential to supply 100% of UUSA's energy needs. This study is on track to be completed in the first half of 2022.

CASE STUDIES

COP26

In November, Urenco's CEO, Boris Schucht, spoke at the International Atomic Energy Agency's COP26 event, 'Nuclear Innovation for a Net Zero World'.

The event aimed to create conversations between government and industry on the complementary role of nuclear power and renewables in the transition towards a carbon neutral future, and how international cooperation is needed to enable this transition to net zero, through advances in technology, but also financing mechanisms and global policy frameworks.

Boris Schucht presented findings from the "Decarbonising Hydrogen in a Net Zero Economy" study Urenco commissioned from Aurora Energy Research and highlighted how innovations in nuclear can support low cost and low carbon hydrogen production.

Urenco and EDF then hosted a reception in Glasgow for COP26 delegates to discuss how hydrogen production can help us to achieve net zero.

Sustainability

Social investment

Urenco has evolved its approach to social investment as a significant element of our refreshed sustainability strategy.

In 2021, our Board approved an increased social investment budget and an enhanced programme was developed focused on multi year partnerships with charitable organisations to maximise social impact, reputational value and employee engagement.

Site teams and Head Office work together to deliver the partnerships and a Social Investment Committee has been formed, comprising representatives from multiple areas of the business. Causes are chosen based on their mission, values and contribution to United Nations Sustainable Development Goals, in three main workstreams aligned to our wider sustainability priorities:

- Education, skills and research
- Culture, health and social development
- Environment

The aims of the social investment programme are to:

- Strive to be a good corporate citizen and enrich the communities where we operate.
- Support the education, knowledge and skills of our local communities to contribute to the COVID-19 socioeconomic recovery and a sustainable future.

Examples of Urenco's current social investment partnerships are:

Chester Zoo, UK

Urenco has provided funding for the expansion of laboratory facilities to allow the zoo's science programme to increase its scope and scale. A science lab and education programme will be focused on the conservation of endangered species at the zoo.

The Weekend Hunger Initiative-Hobbs, US

This partnerships aims to help alleviate food insecurity in Lea County, New Mexico. The state has the highest level of food insecurity in the US, reaching 23% in Lea County.

Oyfo Science Museum, the Netherlands

We donated a medical exhibit from Urenco Stable Isotopes to the museum, helping families engage with our contribution to nuclear medicine in a fun way.

Teach First, UK

This partnership will make a difference to disadvantaged schoolchildren living in the UK's most deprived communities. Through a combination of donations and volunteering, the project will support the recruitment, training, placement and development of new STEM teachers, with priority for schools in London / the North-West, supporting Urenco UK locations and wider nuclear industry locations.

IAEA Fellowship Programme

We pledged to donate for the next three years to the International Atomic Energy Agency's (IAEA) Marie Sklodowska-Curie Fellowship Programme. The programme provides scholarships to young women studying for a master's degree in a nuclear related subject.

Richie education programme

Another key contribution to our local communities is through our long standing Richie education programme, which provides workshops and digital resources for school children and university students to teach them about nuclear energy and the importance of protecting our planet.

Getting young people engaged with STEM is important as it helps raise awareness of the opportunities and jobs in this critical area.

Due to COVID-19 restrictions, our sites were unable to host as many physical workshops in 2021 and needed to take new approaches. For example, our UUSA team distributed kits to local schools for students to take home and conduct their own experiments. Over 1,300 fifth grade students took part.

In December, we were delighted that our 2021 Richie Lecture returned for its seventh year at London's Science Museum, inside the Wonderlab: The Equinor Gallery.

This year's lecture, called 'Green Magic', focused on the environmental challenges we face, with a spotlight on the climate emergency. The theme was explored through a magic performance by our guest speaker, Megan Swann, President of the Magic Circle. Students discovered what climate change is, why it is a problem and how we can help protect our planet from its devastating effects.

Images above: Richie Lecture, Science Museum, London, UK

Markets overview

Urenco offers quality, flexibility and reliability in the delivery of our enrichment services and fuel cycle products. Our global reach and diverse offering from our enrichment facilities in four countries mean we are well placed to meet the needs of our customers around the world.

SWU price

Following the Fukushima Daiichi nuclear disaster in March 2011, when the enrichment spot price peaked at US$155/SWU, the price fell continuously to US$34/SWU in August 2018, with no increase registered at any time during this period. However, since then, the spot enrichment price, as reported by both Tradetech and UxC, has crept upwards, reaching US$56.00/SWU by the end of December 2021.

USA

The US has made positive steps this year in securing support for the continued operations of its existing fleet. Earlier in the year, the New Jersey Board of Public Utilities extended to 2025 the state's zero emission certificate subsidies for PSEG's Hope Creek and Salem plants. Meanwhile, the US Nuclear Regulatory Commission (NRC) approved second extensions for Dominion's Surry-1 and -2 units, meaning that six units in the US have now obtained permission to operate for 80 years. More recently, the Illinois Senate approved a clean energy bill that includes economic subsidies for three Exelon Generation nuclear power plants in the state, which would keep them running for another five years. Finally, President Joe Biden signed into law the bipartisan Infrastructure Investment and Jobs Act, which included funding for $6 billion in subsidies for nuclear power plants. A separate proposed $15 billion tax credit programme for existing nuclear plants, which was included in the Build Back Better Act that the US House of Representatives passed in November, has stalled in the US Senate and will not be passed in its current form.

In terms of new build projects, Vogtle-3 & -4 continue to present challenges. Georgia Power now expects unit-3 to be in service in the third quarter of 2022 and unit-4 to be in service in the second quarter of 2023, a three month revision for both units.

TerraPower, a start-up co-founded by Bill Gates, has selected Kemmerer, in Wyoming, as its preferred site for the Natrium nuclear power plant demonstration project. The plant features a 345 MWe sodium-cooled fast reactor with a molten salt-based energy storage system and the aim is to make it operational by 2028.

UK

2021 has seen the UK government make significant moves towards recommitting to nuclear energy. It published its Net Zero Strategy, setting out how the country will deliver on its commitment to reach net zero carbon emissions by 2050. New nuclear plays a significant role in this strategy, which includes investment of £120 million towards the development of nuclear projects through the Future Nuclear Enabling Fund. The government then introduced legislation in Parliament to establish a framework for the regulated asset base (RAB) funding model that could underpin the construction of several large nuclear plants.

Separately, the Government allocated up to £1.7 billion over the next three years for construction of the proposed Sizewell C nuclear power plant. The UK will also build a high-temperature gas reactor (HTGR) as the centrepiece of its Advanced Modular Reactor Research, Development & Demonstration Programme. The programme counts on £170 million of government funding from a £385 million package intended to accelerate the development of highly flexible nuclear technologies. Finally, the Government made an investment of up to £210 million in Rolls-Royce's small modular nuclear reactor (SMR), with the remainder of the funding being provided by Rolls-Royce, BNF Resources UK, Exelon Generation and the Qatari sovereign wealth fund.

France

In France, President Emmanuel Macron has recently announced that the country will start building new nuclear reactors after a decades-long pause, citing both energy security needs and the promise to reach carbon emission neutrality by mid-century. Following the announcement, EDF reported that it was ready to build six new nuclear reactors.

Separately, France's 2030 plan for reindustrialisation also includes a programme to demonstrate small reactor technology and mass production of hydrogen using nuclear electricity in this decade.

Ukraine

Ukraine and the US have agreed to "deepen and intensify" their strategic cooperation in energy, with nuclear power leading a suite of agreements that include a project to complete Khmelnitsky-4, followed with four new AP1000 units at a total value of US$30 billion. This was prior to recent geopolitical issues, which Urenco is monitoring.

The Netherlands

The Netherlands' new coalition government has earmarked some €500 million to support new nuclear build plans, encompassing two units, in the period to 2025 and has also agreed to a lifespan extension for the Borssele reactor, currently the only unit operating in the country.

Poland

Poland has selected the villages of Lubiatowo and Kopalino in the Pomorskie province in northern Poland as the preferred sites for building the first nuclear power plant in the country. The Polish nuclear energy programme foresees the construction of up to 9 GW of nuclear in Poland, with the first reactor expected to be operational in 2033.

UAE

The Emirates Nuclear Energy Corporation (ENEC) has announced that construction of the third unit at the UAE's Barakah nuclear power plant has been completed, and the unit is on track to start up in 2023. This follows ENEC's August announcement that Barakah-2 had been started up with preparations continuing towards grid connection and the start of commercial operations. Previously, unit-1 entered commercial operation in April 2021.

Japan

Japan has adopted a new energy policy that promotes nuclear and renewables as sources of clean energy to achieve the country's pledge of reaching carbon neutrality in 2050. The plan keeps the target for nuclear power unchanged at 20-22%.

China

China's 14th five-year plan (2021-2025) aims to add about 20 GWe of nuclear power by 2025, taking installed capacity to 70 GWe. This will set China on the path to becoming the fastest growing market in the nuclear sector. Its ambition to invest in its nuclear fleet will see it expand to become the largest nuclear generator before the end of this decade. China has brought seven new reactors online commercially since 2019 and is currently constructing a further 18 units. With around 150 new reactors in the next 15 years, more than the rest of the world has built in the past 35 years, China aims to have 200 GWe of nuclear generating capacity in place by 2035.

Other geographies

As a reminder of the continued challenges facing the nuclear industry, Germany permanently closed three of its final six operating nuclear power plants as it continued on the path to phase out nuclear power by the end of 2022.

The Belgian government reaffirmed its decision to close its nuclear power plants by 2025, but left open the possibility of extending the life of two reactors if it could not otherwise ensure energy supply. It will also continue to invest in nuclear technology research, including SMRs.

In Taiwan, a referendum seeking to restart work on the country's mothballed fourth nuclear power plant was defeated and the nation also continues on its path to a phase out of nuclear power by 2025. Finally, reinforcing the current administration's anti-nuclear stance, South Korea released guidelines on its K-taxonomy, a tool that will define environmentally sustainable industries and economic activities, which excluded nuclear energy.

Stakeholder engagement

Urenco continued with its stakeholder engagement in 2021, in line with relevant restrictions on travel and the need to socially distance. The highlights included:

February

- Urenco became a Supporting Corporate member of FORATOM to further our ability to help advocate for nuclear within Europe.
- We supported a new Hydrogen Roadmap agreed by the UK Nuclear Industry Council, which is co-chaired by the Minister for Business, Energy and Clean Growth and the Chairman of the Nuclear Industry Association.

April

- Urenco CEO, Boris Schucht, was elected as a Board member of the World Nuclear Association. He joined esteemed colleagues from across the nuclear industry whose mission is to promote a wider understanding of nuclear energy among key international influencers, develop common industry positions and contribute to the energy debate.
- We held a virtual meeting of our European Forum, which informs and consults employees on matters of a pan-European nature and is made up of representatives elected from each of Urenco's European sites.
- We rolled out a demographic and inclusion survey to all employees, with over 70% of respondents sharing all of their demographic information.

June

- New Mexico State Senators, Representatives and staff from the New Mexico Legislative Education Committee toured our facility at UUSA.

September

- Urenco participated in the World Nuclear Association's virtual symposium. Among the speakers was Urenco's Chief Commercial Officer, Laurent Odeh, who joined the 'High Level Session on the future of nuclear energy' panel.
- We supported Nuclear Week in the UK Parliament, a series of nuclear-related events aimed at educating and stimulating debate on why nuclear power is essential for achieving the UK's greenhouse gas emissions net zero target by 2050.
- Urenco attended the International Atomic Energy Agency (IAEA) General Conference, with Kees Jan Steenhoek, Director of Government Affairs at Urenco, speaking at the event, 'Innovations in the Production and Use of Nuclear Hydrogen for a Clean Energy Transition'.
- Along with the IAEA and a dozen leading nuclear industry companies, Urenco founded the Group of Vienna. The Group's mission is to accelerate and enlarge the contribution of nuclear technologies in meeting environmental, social and economic goals and improve people's health and wellbeing.
- U-Battery attended the UK CIA Sustainability Conference to explain how the advanced modular reactor can help foundation industries achieve net zero.

October

- Urenco and Aurora Energy Research organised a roundtable discussion to further the debate on the role nuclear ought to play in the production of hydrogen.
- Urenco's Head of Sales, Kirk Schnoebelen, spoke at the World Nuclear Association (WNA) Strategic eForum 'Committing to Net Zero', where attendees discussed key net zero goals for the nuclear industry.

November

- The UK Department of Business, Energy & Industrial Strategy visited Urenco Nederland.
- Urenco attended COP26 and Boris Schucht, Urenco's CEO, spoke at the IAEA COP26 event, 'Nuclear Innovation for a Net Zero World'.
- Urenco and EDF hosted a reception for COP26 delegates to discuss how hydrogen production can help achieve net zero.

December

- Urenco exhibited and presented at the World Nuclear Exhibition (WNE) in Paris, which attracted 18,000 participants from 55 countries. We were also a supporting partner of the UK Pavilion at the WNE, organised by the Energy Industry Council and UK Department for International Trade.
- We attended the Nuclear 2021, the UK industry's leading annual nuclear conference. We also exhibited and Steve Threlfall, General Manager of U-Battery, spoke at the panel discussion 'High Heat, Low Carbon: The Future Of AMRs'.
- Urenco's Richie Lecture was held in London at the Science Museum's Wonderlab: The Equinor Gallery, engaging students in science, technology, engineering and maths.
- We hosted our second global conference for inclusion and diversity (I&D) champions.

Summary of engagements in 2021

We regularly map out our stakeholders to ensure we are engaging with the right people and log these interactions so that areas of concern and interest can be addressed. A summary for 2021 is provided in the table below:

Stakeholder group	Type of engagement	Example topics raised	Achievements in 2021
Customers/suppliers	• Regular contact • Press/news releases • Social media • Presentations at conferences	• Status of enrichment plants • COVID-19 measures • Net zero commitment • Next Generation Fuels	• No missed deliveries • In person visits resumed with some customers
Employees	• Intranet and news app • Newsletters • Physical/virtual all hands meetings and conferences • Listening sessions • Staff surveys • Staff awards • Reciprocal mentoring programme • Develop U staff training platform	• COVID-19 measures • Culture and strategy • Safety and mental health	• Mental health training • Employee demographic & inclusion survey • Employee listening sessions held between I&D champions and Executive Sponsor • High participation in safety events • Employee continuous improvement ideas submission platform launched • Inclusion and diversity conference • Informal employee mixer initiatives launched, such as chat roulette
Pensioners	• Pension bulletins • Meetings • Letters	• Administrative changes • Investments • Funding information • Pension Increase Exercise • Guaranteed minimum pension equalisation • New trustee information • Pension scam warnings	• Meetings well attended • Prompt responses to queries
Government/politicians/ regulators	• Regular contact • Site visits in accordance with COVID-19 measures	• COVID-19 measures • Net zero targets	• Regular political and regulatory meetings and involvement in working groups
Investors/shareholders/ banks/rating agencies	• Regular contact • Virtual investors roadshow	• COVID-19 measures • Economic performance • Market conditions • ESG ratings	• Regular one to one meetings • Virtual full year results presentation • Signed a new sustainability linked bank facility
Local communities/school children/apprentices/ graduates	• Local liaison and dialogue • Practical and financial support • Richie education programme • Internship programme	• Science education • Sponsorships and donations • Guest lectures by Urenco employees • Employee volunteering	• Regular meetings with councils, local liaison committees and elected representatives • Social Investment Committee established • More than 57,000 students participated in the Richie programme globally
Media/social media	• News releases • Social media channels	• Financial results • Operations • Nuclear stewardship • Nuclear hydrogen	• Press interviews to highlight pertinent topics and key industry updates • Regular news releases and social media posts
Non governmental organisations	• Membership of industry associations	• Nuclear hydrogen • Public education • Innovation and technology • Opportunities in new markets	• Sponsored and presented at industry events in line with COVID-19 restrictions • Contributed to industry publications

See our Section 172 statement on page 48 for more information on our stakeholder engagement.

Principal risks and uncertainties

Proactive risk management and mitigation is a key area of focus for Urenco. Across Urenco, we work hard to raise risk awareness. We have developed a range of measures to help identify, manage and mitigate potential risks and threats that could impact our business.

Our approach

Safety and security of our personnel, assets, and technology continue to remain Urenco's top priority. Robust risk management is critical to ensure our priorities are met. As part of our Governance, Risk and Control framework, we follow best practice and ensure we comply with the rigorous legal and regulatory requirements under which we operate.

We operate a hybrid risk management approach where the Group Risk function oversees and guides the wider organisation around risk identification, analysing and monitoring while allowing the operational areas to own their own risk management process. This process is supported by the regular review of the functional, site and strategic risk registers. Further oversight and guidance is provided by the Executive Committee and Board.

The independent audit function is aligned to Risk Management and ensures that our governance processes help identify opportunities for improved controls.

We adopt a 'three lines of defence' approach:

1st Line
Operational management

The operational management team is tasked with identifying and assessing risks on an ongoing basis. It is responsible for implementing and maintaining appropriate controls aligned to the organisation's policies and procedures.

2nd Line
Risk management and compliance

The Audit Committee oversees the effective operation of the organisation's risk management framework. Our Compliance, Risk Management and Internal Audit functions support the business in implementation of and compliance with the risk management policies and procedures.

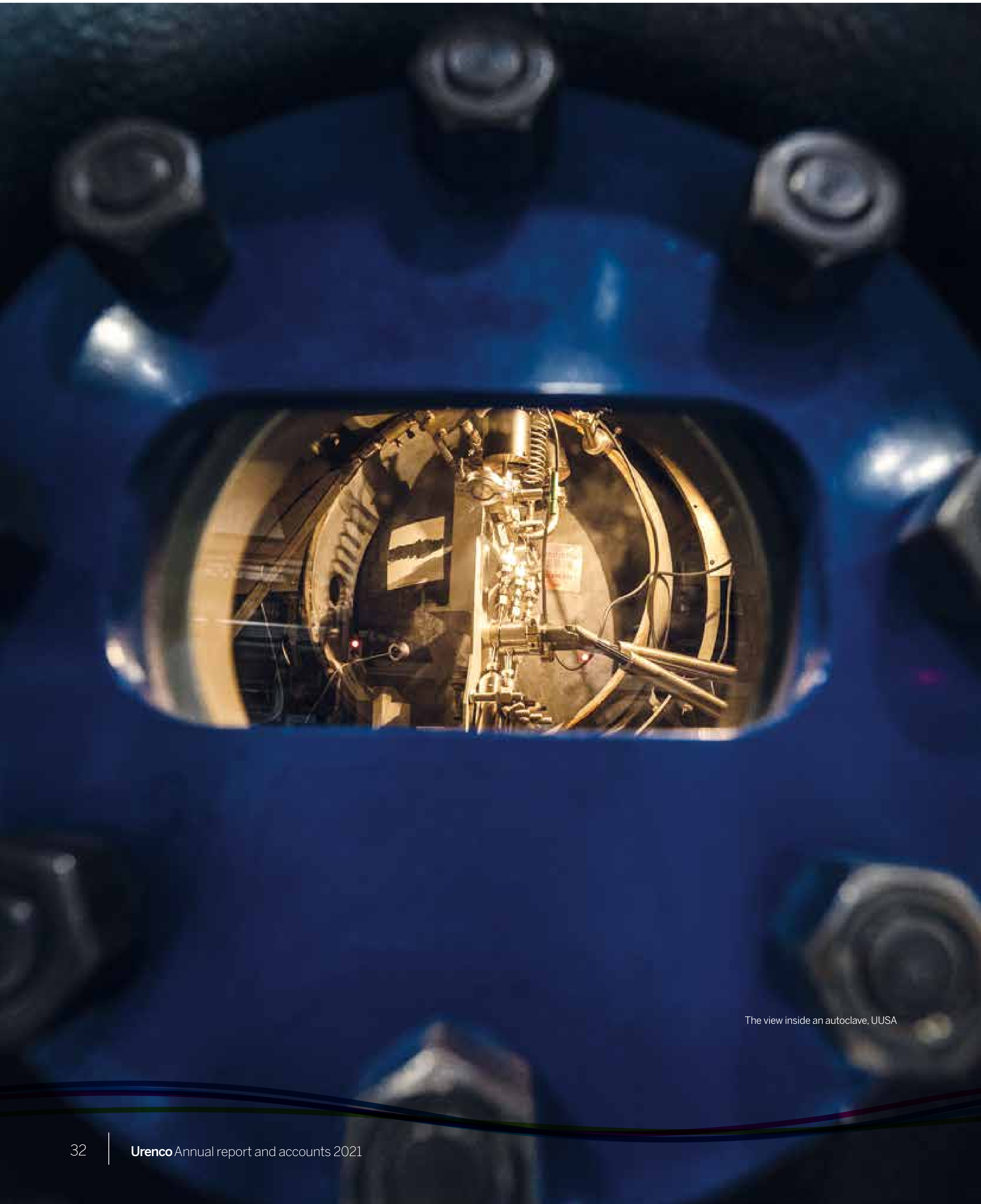
3rd Line
Governance

Our Internal Audit function provides independent assurance that controls are implemented and are operating efficiently and effectively across the organisation.

During the year, the Board has considered the nature and level of risk that we are prepared to accept in order to deliver our business strategy. It considers that the principal risks we face delivering our strategy as follows:

Risk	Mitigation
1. Safety	
Urenco operates in an environment subject to a wide range of health, safety and environment laws, regulations and standards. If we fail to comply with these requirements there is a risk that we will be subject to regulatory enforcement action, which is likely to adversely impact our employees, result in the imposition of restrictions on how we operate and could prove detrimental to our reputation.	We seek to operate to the highest standards of safety to maintain a safe environment for our employees and stakeholders and have implemented safety management systems designed to minimise risks and ensure compliance with safety standards through regular monitoring. In addition to focused health and safety audits, this includes the formal requirement for independent compliance audits and reviews at all our facilities. We ensure we meet regulatory requirements, follow regulatory protocols for the safe handling of uranium and other chemicals and focus on continuous improvement and the detection and elimination, or mitigation at a minimum, of potential hazards before incidents can occur. By adhering to best practices in this area, we continually seek to ensure minimal impact on employees, contractors, the public and the environment.

Risk	Mitigation
2. Markets	
Ongoing challenging market conditions are likely to continue to impact opportunities for growth in both existing and new markets.	In an increasingly volatile and complex market environment we remain committed to ensuring that our business is as resilient as possible to meet these challenges. We continue to ensure that we are able to maximise our global reach, technical capabilities and flexible plant operations to support our ability to respond to changing market conditions, customer demands and opportunities. We also continue to model a broad range of market scenarios and stress test the effectiveness of our commercial strategies, mitigations and responses to new and emerging market threats and opportunities.
3. Security and Cybercrime	
We need to ensure the security of fissile material and our own technology and assets, particularly with regards to the increasing threat of cybercrime to the energy sector. This exposes Urenco to an ongoing risk which could result in the loss or corruption of data or disruption to operations, causing reputational damage.	We continue to work closely with the relevant government bodies, across the jurisdictions in which we operate, to ensure that we comply with all applicable national and international security requirements and understand the nature of new and emerging physical and cyber security threats. Each of our sites is also supported by dedicated security resources to control access to sites, actively screen all personnel, and ensure appropriate security policies and procedures are implemented. Security organisations for all Urenco facilities routinely meet to share both security data, recent developments and implementation of continuous improvements for threat prevention. The Urenco Chief Information Security Officer (CISO) is responsible for ensuring that Urenco maintains effective threat intelligence and incident response capabilities to meet the challenges of the continually changing cyber environment. The CISO also ensures that cyber security and resilience capabilities are subject to regular review and risk assessment to ensure we have the ability to prepare for, respond to and recover from cyber events or attacks which have the potential to negatively impact Urenco. The Information Security team has expanded significantly to deliver improvement projects aligned to the endorsed information security strategy.
4. Transport	
The availability and willingness of third party logistics providers, regulators or port authorities to transport or accept uranic materials may impact our ability to optimise the benefits of our global infrastructure.	Where possible, we ensure the availability of alternative routes and maintain a portfolio of logistics partners to ensure continuity of deliveries. We work closely with our supply chain partners to engage with, and provide assurance to, port authorities and regulators regarding our compliance with international regulations regarding the transportation of fissile material. The strength and depth of Urenco's transport and logistical arrangements were demonstrated throughout 2021 when, despite the added restrictions and complexities created by the COVID-19 pandemic, Urenco continued to both receive materials and despatch enriched uranium product across our sites with no scheduled deliveries or commitments being missed.



The view inside an autoclave, UUSA

Risk	Mitigation
5. Political	
Policy As the momentum around the energy transition and decarbonisation agenda continues to build, this has changed the debate on nuclear energy, creating demand for policy action in 2022 to help push new nuclear and advanced nuclear technologies. Bipartisan support for nuclear is increasing but, in any jurisdiction, a change in government and policy priorities or an unanticipated macroeconomic, geopolitical or natural disaster event can also change policy direction. **Regulation** Our operations and development are controlled by our ability to meet the stringent regulatory requirements of each jurisdiction in which we operate and supply. We are accountable to multiple national governments and subject to penalties if required standards are not met.	Urenco continually monitors global nuclear policy. We engage with policymakers and stakeholders to ensure that the benefits of nuclear as a sustainable, long term and low carbon source of energy are understood and considered as part of both the energy debate and future government policy. We also actively engage with the legislative process to support the passage of industry specific legislation. Urenco maintains compliance activities across the business. Our strong relationships with government regulators are managed locally by our Heads of Compliance at our enrichment sites, while our organisation-wide functions also maintain an open dialogue with both national and transnational regulators (e.g. the IAEA), and other government agencies. We maintain a strong internal knowledge transfer to ensure that key information and insight from our engagement with regulators is shared across the organisation with policies, procedures and ways of working updated and amended as necessary.
6. Pricing	
If the market fails to recover to the level expected, future prices will not be sufficient to support and sustain ongoing investment in enrichment capability and future centrifuge innovation and development.	We seek to ensure that our contracts with customers incorporate agreed forward pricing to mitigate price risk. While recognising that our responses to new market opportunities are competitive and offer a clear value proposition to our customers, we ensure that our future contracts do not compromise our ability to support and finance reinvestments, as well as the ongoing manufacturing and development of our enrichment technology.
7. Geopolitical Risks	
2021 was dominated by the COVID-19 pandemic, climate change and a number of regional geopolitical crises. Geopolitics in 2022 is likely to be driven by continued regional geopolitical uncertainty, domestic policy priorities, US-China competition, divergence between developed and emerging markets due to an uneven global recovery, and dynamics relating to the challenges associated with the global clean energy transition. We envisage that geopolitical uncertainties will also continue as there is further change to international relations under the Biden presidency. Moreover, continued uncertainty as the world recovers from the public health, societal and economic impacts of the COVID-19 pandemic and exposed supply chain vulnerabilities are likely to persist. Geopolitical uncertainties will continue to have the potential to impact Urenco's ability to access or operate within certain international markets.	Urenco's ability to deploy the advantages of its geographical diversity across its operations and value chain provides a degree of resilience and redundancy against the potential impacts arising from global uncertainty and geopolitical risks. We regularly assess and evaluate potential responses to a range of business and geopolitical scenarios that may arise and ensure that appropriate continuity and mitigation plans are in place. We also seek to mitigate any financial impacts of potential risks, arising from increased macroeconomic political or geopolitical uncertainty, through a combination of hedging against foreign exchange rate risk, adjusting fixed and floating rate borrowings through interest rate swaps, ensuring that adequate medium term committed funding is always available and repaying borrowings as early as possible based on our business plan.
8. Counterparty Risk	
Urenco is exposed to payment and default risk arising from worsening macroeconomic conditions while transacting with both customers and other participants in the nuclear supply chain.	Urenco has robust customer onboarding, monitoring and reporting procedures. We routinely assess the creditworthiness of Urenco's commercial counterparties and partners and seek to incorporate appropriate credit or payment protection into commercial agreements where appropriate. No significant impairments have been reported for the financial year.

Risk	Mitigation
9. Change Management	
There is a risk that Urenco lacks the capability, experience and capacity to successfully design, execute and integrate major change programmes, acquisitions or infrastructure projects across the business.	Major change programmes and infrastructure projects are subject to appropriate governance structures and oversight frameworks to ensure the effective delivery of projects within expected cost and schedule parameters. Change programmes and projects are also subject to both independent internal and external audit and assurance reviews to monitor project performance and ensure appropriate controls and arrangements are in place to support early identification and resolution of risks and issues. A cultural transformation programme is underway to help ensure that Urenco has the necessary organisational culture, behaviours and ways of working to achieve its goals and deliver its strategic projects and change programmes. The culture programme is one of four key strategic initiatives for Urenco and therefore requires robust executive attention to ensure the change is supported and actioned throughout the business, with highly capable leadership across all locations to enable transformation.
10. Long Term Nuclear Liabilities	
The estimated cost and timing of Urenco's long term nuclear liabilities are based on a number of management estimates relating to operational parameters and long term cost assumptions associated with eventual decommissioning of the enrichment plants and disposal of nuclear materials. These are subject to external factors that Urenco can influence but not control, for example, government policy for long term disposal costs of depleted uranium oxide (U_3O_8).	Urenco regularly reviews the assumptions and estimates that support its nuclear provisions, taking into account past experience, current research and potential future developments. In addition, Urenco continues to work with its regulators and government agencies, in partnership with other nuclear operators and stakeholders, to ensure that a sustainable and economically viable solution for the long term storage of fissile material is established.
11. Colleague Retention and Recruitment	
We need to ensure we make the necessary investment in our people and succession planning processes to guarantee that we have the appropriate skills and experience to support Urenco's long term sustainability.	The succession planning programme has continued to build evidence of business risks and, where appropriate, mitigation plans have been identified. Urenco is mindful of the value inclusion and diversity bring to the workforce and actively seeks to ensure a diverse organisation.
12. Critical Suppliers	
Across our supply chain we are reliant on products and services provided through a number of critical third parties. There is a risk that critical or single source suppliers are either unable or unwilling to continue to supply goods or services resulting in disruption or delay to operations.	A key element of the Group Procurement strategy is to ensure that the provision of critical services or products is supported by robust supplier risk assessment, ongoing supplier monitoring, and the identification of alternative vendors and contingency planning processes to ensure appropriate responses are implemented to suppliers identified as being in distress. Throughout the COVID-19 pandemic we have continued to invest in the necessary resources and will support new technologies to ensure that Urenco can proactively assess the business resilience and continuity measures and arrangements implemented by our critical suppliers.

Risk	Mitigation
13. Pandemic	
The COVID-19 pandemic is a global event that has presented significant challenges for all businesses in terms of financial, operational and commercial resilience. While Urenco has been able to successfully manage and minimise many of the near term impacts of COVID-19, there continue to be long term challenges that will test our resilience and ways of working.	More is known about COVID-19 and there are now widely available vaccines in comparison to last year. We have managed to adjust and cope within operations, but there are still variants and COVID-19 remains a threat such that continued restrictions on site access are in place at all locations, including the use of masks, distancing, etc. to protect the health and safety of our employees.
14. Inclusion & Diversity	
The ability to demonstrate a consistent level of performance regarding inclusion and diversity is increasingly important in determining how an organisation is perceived by key external stakeholders and minimises reputational and regulatory risks. For Urenco, and indeed the broader nuclear sector, there is also a critical need to acknowledge the importance that a more diverse and inclusive culture will have in attracting and retaining the talent required in the future to enable us to play a fundamental role in sustainable energy and the move to a net zero world. The "winning team" Urenco needs to develop for tomorrow will have greater expectations of its employer and the culture within which it will be able to succeed, including different ways to work as experienced during the management of Urenco through the COVID-19 pandemic.	Urenco has an established network of local Inclusion & Diversity Champions to support and promote local inclusion and diversity awareness initiatives and activities. Inclusion & Diversity is a strategic imperative and a critical element of our culture programme. We now have in place a new global strategy with goals that will effect a positive step change for Urenco to 2025. The programme contributes to successful organisational outcomes and ensures that we develop an inclusive culture with opportunities for all. As part of our commitment to deliver a more inclusive and diverse organisation, we have appointed Urenco's Chief Financial Officer as the new Executive Sponsor of Urenco's inclusion and diversity programme.
15. Sustainability	
There is a risk that the sustainability programme for Urenco to achieve its 2040 net zero strategy is not adequately and timely embedded across the organisation and therefore impacting Urenco's reputation with external stakeholders.	Sustainability is one of the key strategic priorities for the company. A fully resourced programme will ensure the sustainability strategy maintains its relevancy and credibility, meeting the needs of stakeholders.

Group Finance Report

EBITDA[1] and operating cash flow remain very strong despite falling year on year. Net income adversely impacted by a non cash deferred tax charge due to a future increase in the UK Corporate tax rate enacted during 2021.

Results for 2021

Revenue

Revenue for the year ended 31 December 2021 was €1,669.3 million, a decrease of €30.8 million (1.8%) on the €1,700.1 million in 2020. SWU revenues were higher in 2021 by €16.4 million and uranium related sales were lower by €2.2 million. For SWU revenues, both volumes and average unit revenues were higher than the previous year. Uranium related sales experienced lower volumes, but higher realised unit prices. Other revenues decreased by €45.0 million year on year, primarily driven by one off payments of €44.5 million received in 2020 from the settlement of claims filed by Urenco relating to the Chapter 11 bankruptcy of a US customer.

“Resilient performance despite ongoing challenges from COVID-19.”

Ralf ter Haar
Chief Financial Officer

EBITDA[1]

EBITDA for 2021 was €971.1 million, a decrease of €117.0 million (10.8%) from €1,088.1 million in 2020. The decrease in EBITDA is principally due to lower revenue, an increase in the unit cost of sales expensed due to a change in inventory costs associated with finished goods and SWU, and an increase in other operating and administrative expenses. The EBITDA margin for 2021 was 58.2%, compared to 64.0% in 2020.

The costs associated with changes to inventories of finished goods and SWU assets for 2021 were €89.0 million, an increase of €50.3 million from €38.7 million in 2020. These costs have increased due to underlying increases in both direct costs of production and in inventory purchase costs.In calculating the EBITDA impact of these stock movements and of movements in nuclear provisions, a net increase in depreciation of €6.9 million was applied in 2021 (2020: net reduction in depreciation of €1.1 million), giving an increase in EBITDA of €8.0 million.

Other operating and administrative expenses[2] were higher than the prior year at €471.7 million in 2021, compared to €434.0 million in 2020, an increase of €37.7 million. Other operating costs were higher reflecting higher costs for transport, business rates, consultants, and other third party services. Employee costs were higher than the prior year at €180.3 million in 2021, compared to €167.2 million in 2020, an increase of €13.1 million, which was mainly due to an increase in headcount.

Nuclear provisions

Tails provisions

The net costs for tails provisions in 2021 were €30.6 million higher than those for 2020 (pre-exceptional). Higher costs are due to an increase in the tails volumes produced during the year and the increased unit tails rate. A change in the assumed discount rate in 2020 resulted in an increase in costs, which was not repeated in 2021. The lower release from tails provisions relates to the optimisation of operations and the impact of the reduction in higher assay tails associated with enrichment services contracts.

	2021 €m	2020 €m	increase/ (decrease)
Additional tails provisions in the year	195.4	123.7	**71.7**
Change in discount rates	-	101.5	**(101.5)**
Release from tails provisions in the year	(44.6)	(105.0)	**60.4**
Net costs for tails provisions in the year (pre-exceptional)	**150.8**	**120.2**	**30.6**
Change in discount rates (exceptional)	-	25.6	**(25.6)**
Net costs for tails provisions in the year (post-exceptional)	150.8	145.8	**5.0**

Decommissioning provision movement

The net costs for decommissioning provisions decreased by €25.4 million in 2021, with increased cost estimates associated with the triennial review of decommissioning net of releases, being less significant in size than the impact of the 2020 uplift in discount rates.

	2021 €m	2020 €m	increase/ (decrease)
Additional decommissioning provisions in the year	46.1	14.9	**31.2**
Change in discount rates	-	35.5	**(35.5)**
Release from decommissioning provisions in the year	(32.8)	(11.7)	**(21.1)**
Net costs for decommissioning provisions in the year (pre-exceptional)	**13.3**	**38.7**	**(25.4)**

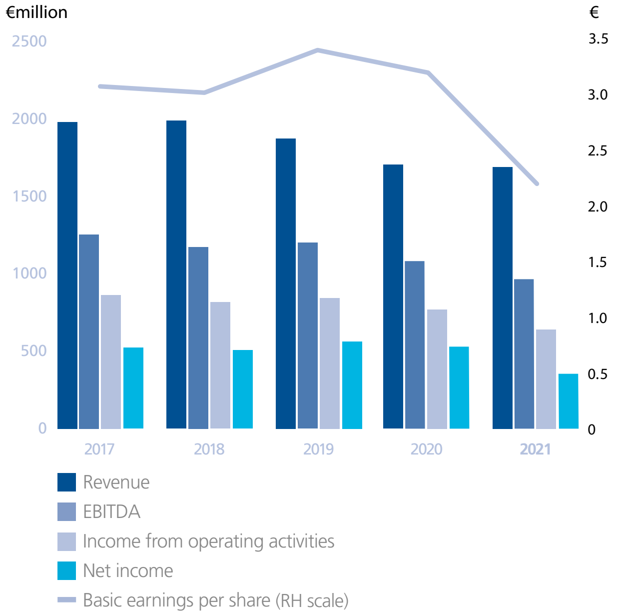
The net costs for other nuclear provisions in 2021 increased by €1.0 million as a result of changes to the forecasts for future re-enrichment of low assay feed, from net gains of €20.7 million in 2020 to net gains of €19.7 million in 2021.

Overall, therefore, the net costs of nuclear provisions (before exceptional items of €25.6 million in 2020)[3] were €144.4 million in 2021, compared to €138.2 million in 2020, an increase of €6.2 million.

EBITDA performance

	2021 €m	2020 €m	increase/ (decrease)
Income from operating activities - (pre-exceptional)	**635.8**	**774.4**	**(138.6)**
Adjustment for depreciation in inventories, SWU assets and nuclear provisions	6.9	(1.1)	**8.0**
Add: depreciation and amortisation	331.0	328.6	**2.4**
Adjustment for share of results of joint venture	(2.6)	(13.8)	**11.2**
EBITDA	**971.1**	**1,088.1**	**(117.0)**

Financial performance (pre-exceptional items)



[1] EBITDA is defined as earnings before exceptional items, interest (including other finance costs), taxation, depreciation and amortisation and joint venture results. Depreciation and amortisation are adjusted to remove elements of such charges included in changes to inventories and SWU assets and net costs of nuclear provisions. Further details on the reconciliation of income from operating activities to EBITDA is provided on page 102.

[2] Other operating and administrative expenses are defined as expenses comprising costs of raw materials and consumables used, employee costs, restructuring charges and other expenses.

[3] Excluding the increase in the net costs for nuclear provisions to the extent that it has been treated as an exceptional item.

Exceptional items

No exceptional items were reported in 2021 (2020: charges of €25.6 million).

The exceptional charge in 2020 arose due to the increase in the value of tails provisions held by the US enrichment businesses following a revision to the discount rates applied to the provisions due to continued downward pressure on real interest rates in the US.

Net income

Net income was €364.5 million in 2021 (2020: €505.3 million post-exceptional items, €530.9 million pre-exceptional items). The decrease in net income reflects the impact of lower EBITDA and higher tax expenses recognised in 2021, resulting in a reduced net income margin of 21.8% compared to 31.2% in the prior year (pre-exceptional items).

Depreciation and amortisation for 2021 was broadly flat at €331.0 million, compared to €328.6 million for 2020.

Net finance costs for 2021 were lower at €64.3 million, compared to €82.4 million for 2020, reflecting the lower levels of net debt in 2021, foreign exchange movements on financing activities and lower costs associated with bond repurchases.

Where appropriate, foreign currency loan balances are placed in accounting hedge relationships, primarily by means of cross currency swaps. Where this is not possible, the retranslation of the relevant unhedged loan balances (denominated in US dollars and euros but held by a sterling functional currency entity) generate gains/losses as a result of foreign exchange movements in the year. In 2021 the impact of this was a net gain of €15.0 million (2020: €7.8 million net loss), reflecting relevant unhedged balances and movements in foreign exchange rates.

Capitalisation of interest was €22.8 million lower at €42.3 million, mainly as a result of lower interest rates on loans and borrowings.

In 2021 the Group's tax expense was €207.0 million (an effective tax rate (ETR) of 36.2%), an increase of €45.9 million from the tax expense of €161.1 million (pre-exceptionals) for 2020 (ETR: 23.3%). Following the May 2021 enacted increase in the UK corporate tax rate to 25.0% from 19.0%, effective 1 April 2023, the Group's net UK deferred tax liability was revalued and a non cash tax charge of €55.7 million was recognised. This charge was partially offset by the impact of a reduction in profit before tax.

The increase in the ETR from 23.3% to 36.2% is driven by the following factors : i) the revaluation of opening UK and Dutch net deferred tax liabilities for increases in the respective mainstream tax rates (increase of 5.9%); ii) the impact of 2021 UK deferred tax expenses being recorded at a rate higher than the mainstream tax rate (increase of 1.6%); iii) derecognition of US deferred tax assets due to changes in the forecast timing of realisation of future profits (increase of 1.8%); and iv) 2020 included a benefit following the agreement of an Advanced Pricing Agreement for the period 2013-2020 which was not repeated in 2021 (increase 3.2%).

Tails deconversion, storage and eventual disposal

Urenco provides for the costs of deconverting the by-product of the enrichment process (chemically converting tails from UF_6 to U_3O_8), interim and long term storage, and eventual disposal. During the year the Group reviewed the costs associated with tails deconversion, storage and disposal.

The tails provision increased by €195.4 million (2020: €250.8 million), due to tails generated in the year and increases in the applied tails unit rates.

Plant and machinery decommissioning

Urenco has an obligation under its operating licences to decommission enrichment facilities safely once they reach the end of their operational life. The costs associated with plant and machinery decommissioning are monitored on an ongoing basis and are also subject to a detailed periodic review, with the most recent review carried out in 2021.

During the year ended 31 December 2021 the decommissioning provision increased by €149.3 million (2020 increase: €141.0 million) due to revised assumptions relating to the decommissioning of plant and machinery of €98.7 million (2020: €107.4 million), the installation of additional plant and machinery of €36.1 million (2020: €19.6 million) and additional cylinder purchases of €14.5 million (2020: €14.0 million). Of the €98.7 million (2020: €107.4 million) resulting from revised assumptions, €46.1 million (2020: €50.3 million) has been expensed to the Income Statement and €52.6 million (2020: €57.1 million) has been recognised in decommissioning assets. The impact of the revised assumptions mainly relates to the triennial review of the core decommissioning strategy with no further change to the discount rates applied.

Further information on nuclear provisions can be found on pages 136 to 138.

Group pension funds

Urenco operates pension schemes for our employees in the Netherlands, UK and Germany. These are a mixture of defined contribution and defined benefit schemes.

The net surplus on the Group's defined benefit pension schemes at 31 December 2021 was €20.3 million (2020: €56.8 million net liability). This movement was due to a €14.6 million decrease in the present value of the defined benefit obligations, together with an increase in the fair value of the plan assets of €62.5 million.

In 2018, following the triennial valuation of the UK scheme, a revised deficit repair plan was agreed with the UK trustees. The plan includes deficit repair payments of £6.6 million annually until 2022. The trustees intend to manage the pension scheme so that the economic and investment risks will be reduced through the adoption of a more cautious investment policy and the use of interest and inflation derivative contracts.

Cash flow

Cash generated from operating activities was €1,027.6 million (2020: €1,171.4 million). The lower cash flows from operating activities primarily reflect the impact of lower revenues and an unfavourable movement of working capital balances compared to 2020. In the current year, sales deliveries have been closer to the year end when compared to the prior year, resulting in higher trade receivables balances. These trade receivables will be settled in 2022, in accordance with agreed payment terms.

Tax paid in the period was €146.4 million (2020: €36.1 million) due to the timing and phasing of cash payments which can often span multiple years, plus 2020 benefited from significant Dutch and UK tax repayments following agreement of the APA.

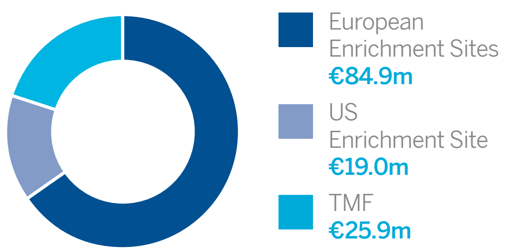
Accordingly, net cash flows from operating activities were lower at €881.2 million (2020: €1,135.3 million).

Capital expenditure[4]

In 2021 the Group invested a total of €129.8 million (2020: €141.1 million), reflecting a lower level of expenditure on both core enrichment assets and the TMF. Expenditure on core enrichment assets is now broadly at a level forecast as part of our strategy to maintain the existing fleet of enrichment assets for the near to medium term.

Investment in TMF in 2021 was €25.9 million (2020: €35.5 million, 2019: €43.0 million), reflecting completion of construction in late 2018. The final stage of active commissioning is well underway, with uranium oxide production having commenced in 2021.

2021 Capital expenditure



Capital structure

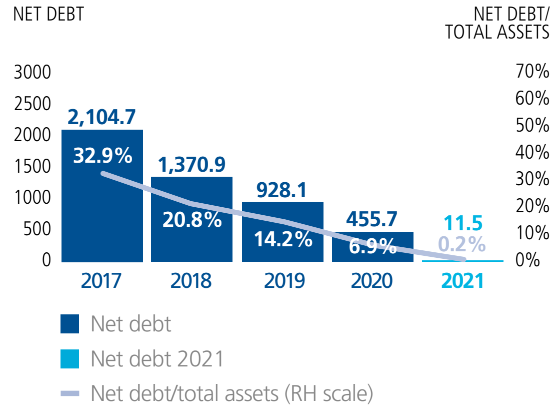
The Group's equity increased to €2,097.8 million during the year (2020: €1,880.9 million) due to an increase in retained earnings of €120.3 million (reflecting the net income of €364.5 million and gains of €55.8 million in other comprehensive income for the year, together with €300.0 million of dividends paid during the year), an increase in the foreign currency translation reserve of €135.9 million, primarily due to foreign exchange gains on property, plant and equipment held in US dollars and sterling as a result of the strengthening of both the US dollar and sterling against the euro, and a decrease in hedging reserve (including cost of hedging reserve) of €39.3 million. The movement in the hedging reserve is primarily associated with mark to market losses on cash flow hedges, which protect the Group's future revenues in foreign currencies.

Net debt[5], including lease liabilities of €31.3 million (2020: €19.8 million), decreased to €11.5 million (2020: €455.7 million).

In February 2021 the Group repaid €534.4 million of the February 2021 Eurobond at maturity. In October 2021 the Group signed a new sustainability linked bank facility of €500 million with ten banks which matures in 2026, with two optional extensions of one year each.

Net debt to total asset ratio improved even further to 0.2% (2020: 6.9%), well within the Group's target ratio of less than 60%.

Net debt and Net debt/total assets



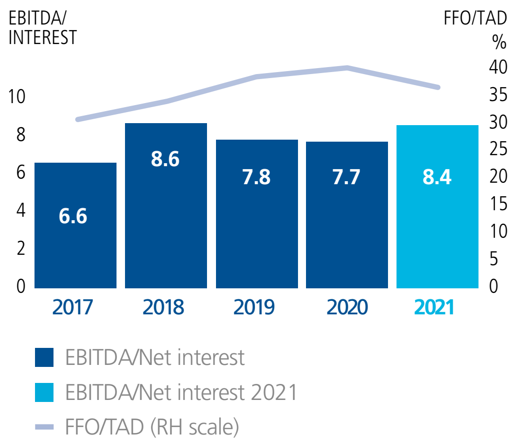
The Group monitors its capital structure through the use of financial ratios, principally those of net debt to total assets and funds from operations to total adjusted debt (FFO/TAD). The Group targets an FFO/TAD ratio that results in a strong investment grade credit rating.

The FFO/TAD ratio at the end of 2021 decreased to 36.2%, compared to 39.3% at the end of 2020.

FFO was lower by €115.7 million due to lower EBITDA which was partially offset by lower net interest on bank borrowings. TAD was lower by €126.2 million, primarily reflecting a decrease in net debt of €444.2 million but partially offset by an increase in tails and decommissioning provisions of €379.3 million. The increase in nuclear provisions reflects the increase in provisions arising during the year as well as the impact of the reduction of discount rates for both tails and decommissioning which was applied in 2020 but not in 2021. Details of the FFO/TAD calculation are set out in note 28 of the Group's Consolidated Financial Statements.

The Group's interest cover also remains strong at 8.4x (2020: 7.7x).

Five-year summary funding ratios



[4] Capital expenditure includes net cash flows from investing activities (excluding interest received, payments on maturing swaps, and short term deposits) of €131.0 million and capital accruals (included in working capital payables) of €(1.2) million.

[5] Net debt is defined in the Glossary on page 162 and the calculation is set out on page 133.

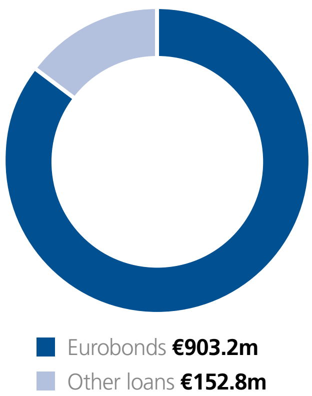
Funding position

Liquidity continues to remain strong as a result of cash flow generation. As at 31 December 2021, the Group had €500 million (2020: €750 million) of undrawn committed bank facilities, as well as cash, cash equivalents and short term deposits of €1,075.8 million (2020: €1,158.8 million).

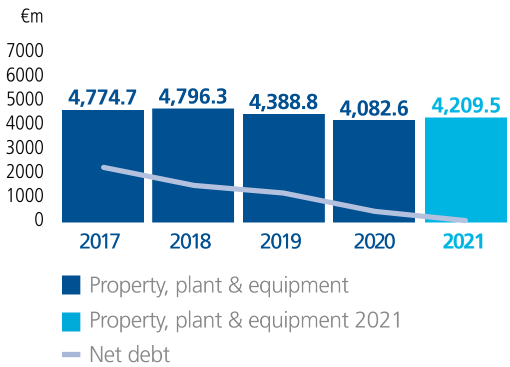
Our funding position remains robust and continues to be underpinned by our established contract order book, which gives high levels of revenue visibility and robust EBITDA margins, resulting in strong cash flow generation. Furthermore, the company has sufficient cash available to meet the payment of a €150.0 million dividend in early 2022 and the maturity of €405 million of Eurobonds later in the year.

The Group's debt is rated by Moody's (Baa1/Stable) and Standard & Poor's (BBB+/Stable); these external ratings were unchanged during 2021.

Interest bearing loans and borrowings



Property, plant & equipment vs net debt



Funding programme

The Group's funding strategy is to:

- Maintain a core of longer dated debt and committed borrowing facilities, consistent with the long term nature of the Group's investments and the need to maintain an optimised long term capital structure;
- Use a range of financial instruments and financial markets in order to execute attractive funding opportunities as they emerge; and
- Manage debt maturities by raising funds in advance of ultimate repayment dates of debt instruments.

The average time to maturity of the Group's debt at 31 December 2021 was 4.0 years (at 31 December 2020: 3.4 years).

Managing foreign currency risk

Our foreign currency hedging policy has the objectives of reducing volatilities in net cash flow and income, and protecting the income statement from balance sheet remeasurements of debt. However, a long term reduction in income exposure is much more difficult to achieve due to the strict requirements with respect to hedge accounting under International Financial Reporting Standards (IFRS). The functional currency of Urenco Limited is sterling, although the company reports its results in euros.

The Group receives most of its customer revenues in US dollars and euros. The net cash flows of Urenco's European business have been hedged by selling US dollar customer revenue and buying forward the sterling required to meet the costs of the UK operations, and selling the remaining US dollars to buy euros. The net cash flows of the US business of Urenco have been used to pay US dollar denominated costs.

The Group hedges the impact of changes in foreign exchange rates by using a progressive rolling programme of buying and selling currency over a period of up to three years ahead of the current year. This medium term hedging period strikes a balance between the objective of maximising cash flow certainty (which suggests a long hedging period) and the objective of maintaining a hedge portfolio that largely qualifies for hedge accounting under IFRS. Urenco has a stable future revenue stream that is managed using a portfolio of hedges. There is always an element of uncertainty due to changes in quantities and the timing of deliveries based on market movements and customers' requirements, which makes it difficult to achieve effective hedge accounting over the longer term.

The Group has a total of €402.8 million (2020: €833.4 million) cross currency swaps, mainly to convert the economic exposure of part of the Group's debt from euros to US dollars that are then net investment hedged for Group accounting purposes. This better aligns the currency of the debt with the asset base and cash flows of the Group.

Urenco Group Financial Policy Statement

The Financial Policy Statement defines the broad parameters for financing the Urenco Group and has the agreement and support of all of our shareholders.

The Group will finance itself through a combination of equity, including retained reserves and debt. Due consideration is given to the Group's long term unfunded nuclear liabilities when considering financing options. Urenco Limited cannot issue new equity without the agreement of all of its shareholders.

In order to achieve an efficient financial profile, the gearing level and financial ratios will be maintained to retain a solid investment grade credit rating for the Group.

At all times, the Group will maintain sufficient liquidity to ensure that it is a going concern and will manage the composition of its debt to minimise risks from market deterioration in liquidity, interest rates or currencies. Detailed treasury management policies set parameters for the management of these risks.

Dividend policy

The Group will aim to pay a dividend out of its cumulative earnings. The dividend shall be set to take account of net income, cash flows, reserves and the level of credit ratios. Until financial ratios comfortably exceed the minimum threshold for BBB+ at S&P and Baa1 at Moody's, the annual dividend will not exceed 100% of the net income for the year. A lower dividend may be set when credit ratios, cash flow or funding conditions dictate that this is necessary and, equally, a higher dividend may be declared when the minimum thresholds of the key financial ratios are comfortably exceeded.

In 2021, an interim dividend of €150.0 million for the year ended 31 December 2021 was paid to shareholders on 20 October 2021 and a final dividend of €150.0 million was paid in respect of 2020 on 24 March 2021. In 2020, a dividend of €300.0 million in respect of 2019 was paid on 18 March 2020 and an interim dividend of €150.0 million was paid on 9 December 2020, in respect of the financial year 2020.

The Board has approved that a final dividend of €150.0 million be paid on 23 March 2022. The level of the total dividend for 2021 is less than the net income. Consideration has been given to both the Group's favourable net debt position and credit ratios, and the availability of sufficient distributable reserves.

As at 31 December 2021, the Company had distributable reserves available of €1,069.9 million (31 December 2020: €943.3 million).

Order book

Urenco has a strong contract order book which extends into the 2030s with an approximate value at 31 December 2021 of €8.7 billion based on €/$ of 1 : 1.14 (2020: €9.0 billion based on €/$ of 1 : 1.22).

Outlook

Through our pivotal role in the nuclear fuel cycle and commitment to reducing our own emissions, Urenco is focused on making a positive contribution to net zero goals. Our core business will remain the provision of enrichment services and fuel cycle products from our four global sites. We will also continue to expand our work in related areas for the civil nuclear industry where we can add real value through our leading skills, experience and technology, such as the development of advanced fuels, responsible nuclear stewardship and increasing our range of stable and medical isotopes.

The principal risks and uncertainties to which Urenco is exposed are broadly in line with those of last year.

We anticipate that COVID-19 will continue to cause some disruption in 2022 and we are well placed to maintain the health and wellbeing of our employees and the integrity of our operations.

The enrichment market is recovering and now approaching a level which allows us to plan for reinvestment in plant capacity and future decommissioning requirements. The value of our contract order book remains strong at €8.7 billion and extends into the 2030s.

In 2022, we will progress our plans to produce next generation fuels for current and advanced technologies, increasing both reactor efficiency and safety. Our roadmap for achieving net zero emissions from our operations will be finalised, covering our operations, bought services and our supply chain. We will also explore proposals to further expand our stable and medical isotopes facility to meet continued growth in this market.

Executive Committee

The Executive Committee is responsible for the strategic decision making across the organisation. This includes annual budgets, sustainability and performance objectives, and risk and issue mitigation. It oversees the Group and site operational activities, major business development and projects – with a key focus on safety and security – and polices relating to employees and ethics to ensure the correct balance of skills and attributes across the organisation.

The members of the Executive Committee are:

Boris Schucht	Chief Executive Officer	**Laurent Odeh**	Chief Commercial Officer
Ralf ter Haar	Chief Financial Officer	**Chris Chater**	Chief Technology Officer
		Dave Sexton	Chief Operating Officer

Company structure

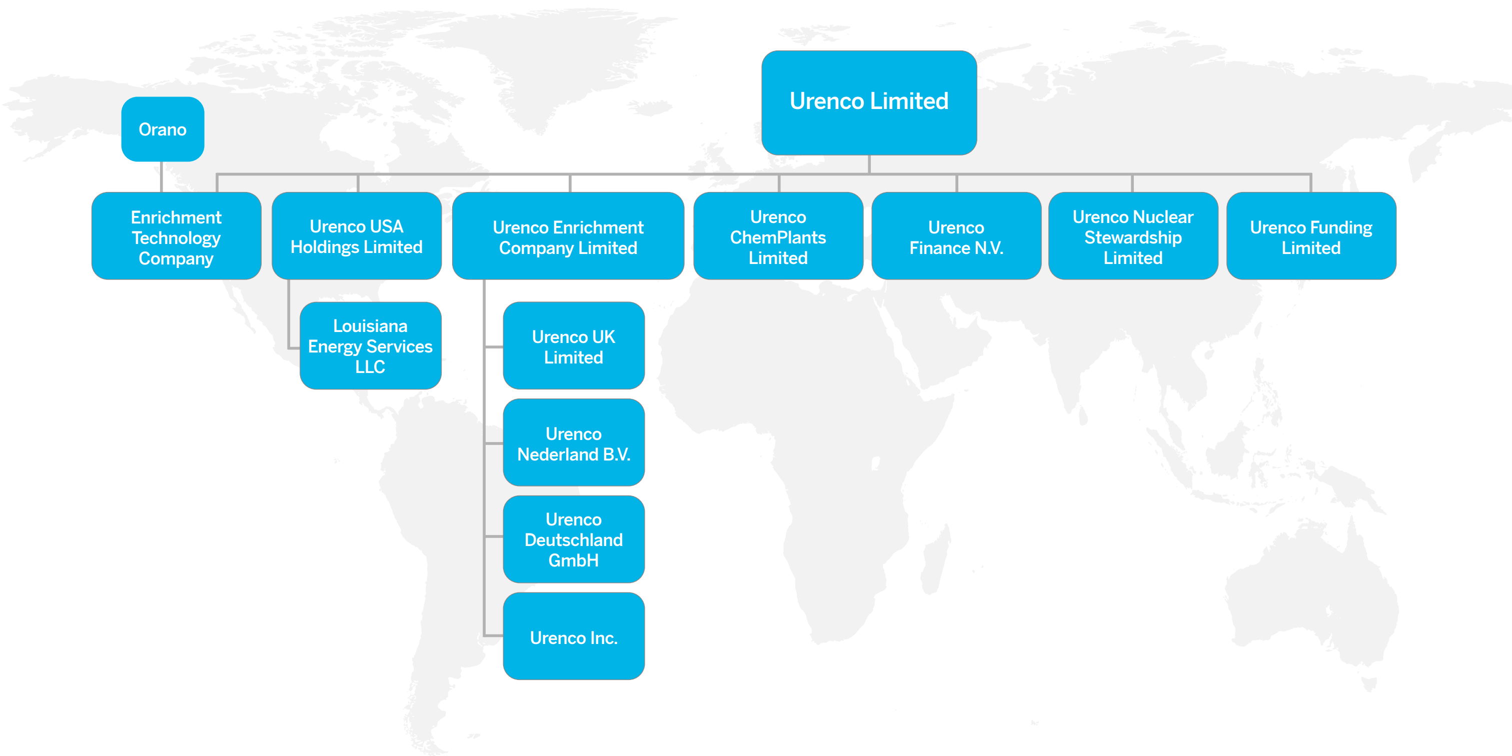


Image right: Urenco Deutschland

The Board of Directors

Matters reserved for the Board's decision include the approval of the strategic business plan; budget and financial statements; major capital projects; acquisitions and disposals; significant regulatory issues; and important policies around environmental and health and safety issues. During 2021, the Board met five times.[1]

Stephen Billingham

Chairman of the Board

Stephen was appointed Chairman in January 2016, having previously served on the Board as a Non-Executive Director.

He is Senior Independent Director and Chairman of the Audit & Risk Committee at Balfour Beatty plc and an Advisor to the Sizewell C new nuclear power station project.

Stephen's previous roles include Chief Financial Officer of British Energy Group plc (the UK nuclear power station operator, now part of EDF), Chief Financial Officer of WS Atkins plc, Executive Chairman of Punch Taverns plc, and the Chairman of the Royal Berkshire NHS Foundation Trust and Anglian Water Group.

He holds an honorary DSc from Aston University and in 2019 was awarded a CBE in the Queen's Birthday Honours list.

Boris Schucht

Chief Executive Officer

Boris was appointed Chief Executive Officer of Urenco Limited and joined the Urenco Board in May 2019.

He joined from 50Hertz, the North-East German Transmission System Operator, where he held the position of Chief Executive Officer from 2010 until 2019.

Boris previously held a number of senior executive positions within the energy sector across Europe, including WEMAG AG and the Vattenfall Group. He holds an MA in Mechanical Engineering from the University of Aachen.

Boris currently serves as a Director of the World Nuclear Association and as a member of the Supervisory Board of Flughafen Wien AG (Vienna Airport).

Ralf ter Haar

Chief Financial Officer

Ralf was appointed Chief Financial Officer of Urenco Limited in June 2014 and joined the Urenco Board in November 2014.

He joined Urenco from NXP Semiconductors N.V., where he was Senior Vice President and Corporate Controller. Prior to this, Ralf served as Alcatel-Lucent's Chief Financial Officer for the Asia Pacific Region, based in Shanghai, and its Global Head of Trade and Project Finance, based in Paris.

Ralf started his career in banking, with ABN AMRO. He holds an MSc in Economics and an LLM in Business Law from the Erasmus University in Rotterdam.

Frank Weigand

Non-Executive Director and Chair of the Audit Committee

Frank joined the Urenco Board in November 2014.

After completing a PhD in Physics at the Max Planck Institute, in Germany, he joined McKinsey & Company Inc. in 1996.

In 2001, he became Director of Strategy and Quality Management at RWE Systems. In 2005, he was appointed Director of Corporate Planning and Controlling at RWE Power AG before becoming Vice President Controlling Group of RWE AG. From 2010 to 2012, he served as Chief Financial Officer of RWE npower plc in Swindon, UK. From 2013 to 2017, Frank was Chief Financial Officer of RWE Power AG and RWE Generation SE. Since January 2018, he has served as Chief Executive Officer and Chief Financial Officer of RWE Power AG.

Mel Kroon

Non-Executive Director and Chair of the Remuneration and Appointments Committee

Mel joined the Urenco Board in September 2018.

He has served as Chief Executive Officer at TenneT Holding B.V, Managing Director at Hooge Huys Verzekeringen N.V. and Deputy Chair of the Executive Board of SNS Reaal Insurance.

Mel currently serves as a Non-Executive Director at Ultra-Centrifuge Nederland N.V., Member of the Board Dutch-German Chamber of Commerce, Chairman of the Supervisory Board Eneco Groep N.V., Chairman of the Supervisory Board Attero B.V., Vice Chairman of the Supervisory Board TKH Group N.V., Chairman of the Supervisory Board Energyworx B.V., Member of the Advisory Board Luchtverkeersleiding Nederland (LVNL), Member of the Supervisory Board KVSA B.V., Advisor to Improved B.V. and Advisor to Mitsubishi Corporation.

[1] In addition to the five scheduled meetings, two ad hoc meetings were arranged to discuss specific items.

Miriam Maes

Non-Executive Director and Chair of the Sustainability Committee

Miriam joined the Urenco Board in October 2015.

After managing businesses for Unilever, ICI and the Marmon Group, in 2002 she became a European Executive of Texas Utilities and then Chief Operating Officer of non-regulated distribution networks for Electricity de France (EDF) in the UK.

This was followed by roles as Advisor to the UK Department for Energy and Climate Change, Chief Executive Officer of energy and climate change strategy consultancy Foresee, and Chair of the Energy Transition Forum for the German Marshall Fund of the United States.

Miriam served as Chairman of the Board of the ELIA Group and Non-Executive Director on the Board of Vilmorin & Cie. She is currently Chairman of the Supervisory Board of the Port of Rotterdam, Non-Executive Director on the Boards of Eramet, Assystem, and Ultra-Centrifuge Nederland N.V., member of the Advisory Committee of the Total-Tikehau Investment Fund, Pioneer Point Partners and Arcus Infrastructure Partners, and member of the Advisory Board of Lloyd's Register Group.

Alan Bevan

Non-Executive Director

Alan joined the Urenco Board in February 2015.

He is Senior Vice President and Global Head of Mergers & Acquisitions at E.ON SE, based in Essen, Germany. Alan is also responsible for managing E.ON's shareholdings in Urenco as well as several other of E.ON's shareholdings, including Nordstream 1 and BTC Power in the US. Alan has over 30 years' experience in the energy and utilities sector and began his current role in 2010, prior to which he was responsible for Strategy and M&A at E.ON's UK subsidiary.

Justin Manson

Non-Executive Director

Justin joined the Urenco Board in January 2016.

Justin was Interim Chief Executive of UK Government Investments (UKGI), a company wholly owned by HM Treasury, until March 2020 and prior to that Deputy Chief Executive. He was a Non-Executive Director and member of the Audit, Risk and Nomination Committees of UK Export Finance from 2015 to 2019. Justin was a Managing Director and Senior Adviser at Morgan Stanley from 1996 to 2013, and prior to that held senior positions at Morgan Stanley and Credit Suisse in London, New York and Tokyo. He was a Trustee of the National Theatre Foundation, a board member of National Theatre Enterprises, a Governor of the Chelsea Academy and a Trustee of the Chelsea Academy Foundation.

Justin was awarded an OBE in the UK New Year Honours in January 2022 in recognition of his services to business and the economy.

Michael Harrison (from October 2021)

Non-Executive Director

Michael was appointed Non-Executive Director of Urenco Limited and joined the Urenco Board in October 2021.

Michael qualified as a Chartered Accountant with PricewaterhouseCoopers (PWC). He was Executive Director at Caliburn, a leading independent investment bank in Australia, and Director at Credit Suisse First Boston/BZW.

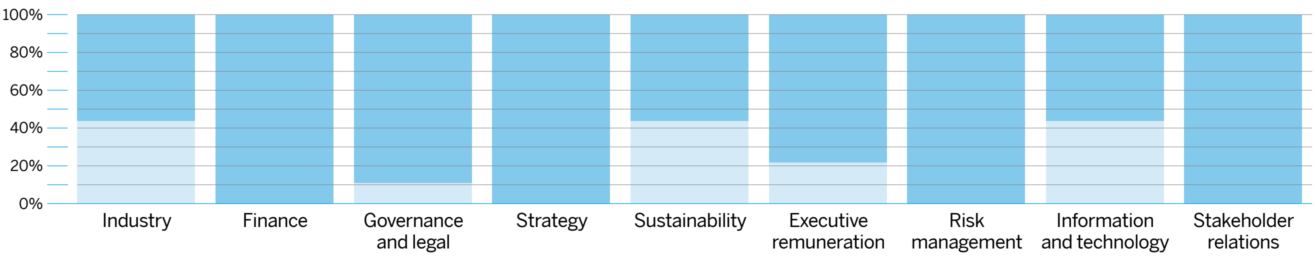
He has held a number of executive roles in UK government, including his current position as Head of Governance/Portfolio at UK Government Investments (part of HM Treasury). He is responsible for the commercial management of Government owned assets, including the British Business Bank and Channel 4.

Michael is currently a Non-Executive Director of Network Rail and has been a Non-Executive Director of several organisations, including Porton Biopharma, Ordnance Survey, the Met Office and Working Links, and served on the investment committee for a charity for civil servants.

BOARD SKILLS MATRIX

Board members with significant experience (10+ years, managerial accountability, in depth)

Board members with experience (5-10 years, regular exposure)



The Strategic Report was approved by the Board of Directors on 10 March 2022 and signed on behalf of the Board by:

Stephen Billingham

Stephen Billingham
Chairman

Registered number
01022786

Registered office
Urenco Limited
Urenco Court
Sefton Park
Bells Hill
Stoke Poges
Buckinghamshire SL2 4JS

Auditors
Deloitte LLP
2 New Street
London EC4A 3BZ

Governance

Consolidated Financial Statements

For the year ended 31 December 2021

Governance

Our approach to corporate governance and how we have applied this in 2021.

Financial statements

The audited financial statements of Urenco for the year ended 31 December 2021.

Governance
Corporate Governance

Ensuring good governance at Urenco

Our policy on corporate governance is to follow principles of strong governance, transparent reporting and Urenco's core values. We practise a system of full transparency where management reports regularly and comprehensively to the Board and provides extensive background information for all matters requiring Board approval. All Board decisions are clearly minuted and recorded. The Board, together with external advisers as appropriate, considers in further detail issues of particular complexity through regular meetings of the Audit Committee, Sustainability Committee, Remuneration and Appointments Committee and, where required, special working groups. Our commitment to strong corporate governance ensures the Group has a clear strategic direction and enables us to assess, control and manage risk effectively.

The 2018 UK Corporate Governance Code (the 'Code') sets out principles and provisions of good corporate governance and Code provisions which are applicable to all companies with a Premium Listing of equity shares in the UK. Urenco is not a listed company and is not required to adhere to the Code or to any alternative corporate governance arrangements; however, we recognise the value of applying the principles of the Code where appropriate.

Board and its Committees

Board composition

The Board consists of the Chairman, six Non-Executive Directors and two Executive Directors. Two Non-Executive Directors are appointed by each of Urenco's three shareholders. An additional Non-Executive Director is elected onto the Board by unanimous resolution of the shareholders and elected as Chairman by the Board. The two Executive Directors are elected into position by the Board.

The Directors of the Company in office during the 2021 financial year and up to the date of the Annual Report were:

Non-Executive Directors

• Stephen Billingham	Chairman
• Frank Weigand	Deputy Chairman and Chair of the Audit Committee
• Mel Kroon	Deputy Chairman and Chair of the Remuneration and Appointments Committee
• Miriam Maes	Chair of the Sustainability Committee
• Alan Bevan	
• Justin Manson	
• Richard Nourse	(resigned 7 October 2021)
• Michael Harrison	(appointed 7 October 2021)

Executive Directors

• Boris Schucht	Chief Executive Officer
• Ralf ter Haar	Chief Financial Officer

The Directors of the Company in office as at the date of the Annual Report are shown on pages 44 and 45 and their biographies can be found on the Urenco website at www.urenco.com.

Role and operation of the Board

The Board manages overall control of the Group's affairs and is responsible to the shareholders for key policies and strategic direction. The Board meets regularly to consider matters specifically reserved for its decision. These include the approval of the strategic business plan, budget and financial statements, major capital projects, acquisitions and disposals, major regulatory issues and major policies on environmental, health and safety issues, and senior management appointments.

The Board and its Committees are provided with full and timely information well in advance of meetings. The agenda is set by the Chairman in consultation with the Executive Directors and Company Secretary. Formal minutes recording discussions and decisions of all Board and Committee meetings are prepared and circulated to the respective Board and Committee members.

The Board recognises the need for a reasonable balance between Executive and Non-Executive Directors in providing judgement and advice on decision making. In addition to fulfilling their legal responsibilities as Directors, Non-Executive Directors are valued by the Company for the judgement and experience they provide to the Board, including at Board and Committee meetings.

An externally facilitated board effectiveness review will be carried out in March 2022.

Section 172(1) Statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this, Section 172 requires a director to have regard, amongst other matters, to the:

- likely consequences of any decisions in the long term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- desirability of the company maintaining a reputation for high standards of business conduct; and
- need to act fairly between members of the company.

In discharging our Section 172 duties we have regard to the matters set out above. We also have regard to other factors which we consider relevant to the decision being made. Those factors, for example, include the interests and views of our pensioners and our relationship with governments, regulators and non governmental organisations. We acknowledge that every decision we make will not necessarily result in a positive outcome for all of our stakeholders. By considering the Company's purpose, vision and values together with its strategic priorities and having a process in place for decision making, we do, however, aim to make sure that our decisions are consistent.

Corporate Governance continued

The table below provides links to other sections in the Annual Report which demonstrate the considerations under Section 172:

Section 172(1) Considerations	Where to find further information	Page
Decisions for the long term success of the Company	• Our Strategy • Our Strategy: Asset Strategy	10 18
Interests of employees	• Our Strategy: Culture • Board meetings: virtual engagement with colleagues • Case Study: Board visit to Almelo	12 50 51
Board engagement with stakeholders and how the Directors have regard to the need to foster the Company's business relationship with all of its stakeholders, and the effect of that regard	• Case Study: Stable Isotopes expansion • Case Study: Urenco supporting EDF's nuclear fuel recycling • Our Strategy: Next generation fuels • Case Study: Aurora Energy Research study • Markets Overview • Stakeholder engagement	11 11 16 16 26 28
Impact of the Company's operations on the community and environment	• Our Strategy: Sustainability • Sustainability Committee Report	20 58
Reputation for high standards of business conduct	• Our Strategy: Culture • Our Strategy: Sustainability • Audit Committee Report	12 20 52
Risk	• Principal risks and uncertainties	30

As is the practice for large companies, we delegate authority for day to day management of the Company to the Chief Executive Officer and then engage management in setting, approving and overseeing execution of the business strategy and related policies. At every meeting, the Board receives reports on matters including safety, financial and operational performance, sales and marketing, new business developments and business conducted at recent Committee meetings. Over the course of the financial year, the Board also reviews other matters including the Company's business strategy, key risks, stakeholder related matters and governance, compliance and legal matters.

The Company's key stakeholders are set out in the stakeholder map on page 29 and include its workforce, customers, suppliers, the local communities in which it operates and regulators. The views of and the impact of the Company's activities on those stakeholders are an important consideration for the directors when making relevant decisions. While there are cases where the Board itself judges that it should engage directly with certain stakeholder groups or on certain issues, the size and spread of both our stakeholders and the Group means that generally our stakeholder engagement best takes place at an operational or group level. We find that as well as being a more efficient and effective approach, this also helps us achieve a greater positive impact on environmental, social and other issues than by working alone as an individual company. For details of some of the engagement that takes place with the Company's stakeholders so as to aid the directors' understanding of the issues to which they must have regard, please see page 28 (Key stakeholder engagements in 2021).

During the period we received information to help us understand the interests and views of the Company's key stakeholders and other relevant factors when making decisions. This information was distributed in a range of different formats, including in reports and presentations on our financial and operational performance, non financial key performance indicators, risk, corporate responsibility matters and the outcomes of specific pieces of engagement (for example, the results of customer and supplier surveys and focus groups). As a result we have had an overview of engagement with stakeholders and other relevant factors which allows us to understand the nature of the stakeholders' concerns and to comply with our Section 172 duty to promote the success of the Company.

For further details on how our Board operates and the way in which we reach decisions, see 'Role and operation of the Board' above. For information regarding the matters we discussed and debated during the year, the key stakeholder considerations that were central to those discussions and the way in which we have had regard to the need to foster the Company's business relationship with customers, suppliers and other stakeholders, please see below and pages 10-25 (Our Strategy), 28 (Stakeholder engagement), 52 (Audit Committee Report), 58 (Sustainability Committee Report), 59 (Remuneration Report), and 66 (Directors' Report).

Governance

Corporate Governance continued

We set out below some examples of how the directors have had regard to the matters contained in Section 172(1)(a) to (f) of the Companies Act 2006 when discharging their Section 172 duty and the effect of that on certain of the decisions taken by them.

Dividend: Each year we make an assessment of the strength of the Company's balance sheet and future prospects relative to market uncertainties and make decisions about the payment of dividends. For the 2021 financial year, we declared and paid an interim dividend of €150 million and recommended a final ordinary dividend of €150 million, a total of €300 million. In making our decision we considered a range of factors. These included the long term viability of the Company, its expected cash flow and financing requirements, the ongoing need for strategic investment in our business and the expectations of our shareholders as the supplier of long term equity capital to the Company. This is done through the consideration and discussion of reports which are distributed to our Directors in advance of each Board meeting and through presentations to the Board.

Social investment: During 2021, the Board considered and approved a proposal to increase social development investment in 2022. In making its decision the Board had regard to key stakeholder groups, including local communities in the surrounding area of each site. In addition, the Sustainability Committee endorsed the establishment of the Social Investment Committee comprised of employees across the business. For further information on social investment activities during the year, please see page 24 (Our Strategy: Sustainability – Social Investment).

Annual strategic risk review: On an annual basis the Board carries out a review of the Company's key strategic risks and uncertainties. In performing this review the Board seeks the opinions of, and takes into consideration, the inputs of a broad range of Urenco stakeholders. This included the consideration of the outputs of individual strategic risk assessments, performed at each of our enrichment facilities, and based on the collective view of our site management teams; insight and views of the Urenco Executive Committee regarding its oversight of site specific, functional and corporate strategic risks; and outputs of one to one meetings, held between the Head of Risk and Audit and individual Board members and senior management. As part of this review the Board, and its Committees, also considered specific advice and insight regarding key issues, risks and uncertainties received from subject matter experts over the course of the year. The Board also sought specific details from key business partners and stakeholders regarding the details of key mitigations and controls implemented in order to adequately mitigate and manage risks and uncertainties.

Net zero: In February 2021, the Board endorsed a proposal for Urenco to sign the Climate Pledge and commit to achieving net zero carbon emissions by 2040. In making its decision, the Board had regard to all factors under section 172(1), in particular the long term success of the Company and impact of the Company's operations on the community and environment. For further information on sustainability, please see pages 20 to 25.

Financing: In October 2021, the Board approved the entering into by the Company of a revolving credit facility agreement with the pricing mechanism being linked to achieving certain sustainability targets on carbon, water utilisation and safety. In approving this proposal, the Board had regard to the financial position and projections of the Company, financing relationships and the ability of the Company to achieve the sustainability targets agreed to as part of the transaction.

Board meetings

The Board meets regularly throughout the year in order to effectively discharge its duties. During 2021, the Board met five times[1].

Each year, the Board plans to hold one meeting at a Urenco enrichment facility. In 2021, as outlined in the case study below, that meeting was held at UNL. In addition, workforce engagement sessions with colleagues from UNL and UCP took place virtually with the participation of all directors in informative and interactive sessions with colleagues at all levels of each organisation which set out their achievements and challenges during 2021. Board members were keen to ask questions and hear feedback from colleagues on operational matters, company culture and health and wellbeing during COVID-19, amongst other matters. Due to the success of the virtual sessions during 2020 and 2021, it is intended that Board engagement sessions will continue to take place throughout 2022 and beyond, with the next session taking place in early 2022.

Board meetings attendance

	Number of meetings in 2021	Meetings attended
Alan Bevan	5	5
Stephen Billingham	5	5
Michael Harrison	5	1[2]
Mel Kroon	5	4
Miriam Maes	5	5
Justin Manson	5	5
Richard Nourse	5	4[3]
Boris Schucht	5	5
Ralf ter Haar	5	5
Frank Weigand	5	5

Board Committees

The Board has three Committees: the Audit Committee, the Sustainability Committee and the Remuneration and Appointments Committee. More detail of the work of these Committees is contained later in this report. Each Committee reports formally to the Board after each meeting.

Accountability and audit

The Board has overall responsibility for internal controls, including risk management, and approves appropriate policies regarding Group objectives. The Executive Directors are responsible for identifying, evaluating and managing both financial and non financial risk and implementing and maintaining control systems in accordance with Board policies.

The Group's core targets and objectives are set out in the business plan and budget, which are approved annually by the Board. Management reports for the Group are prepared on a monthly basis and distributed to the Board periodically. The plans and reports cover both revenue and expenditure (including capital) and financing.

On an annual basis the Board reviews the Group's Strategic Risk Report. The types of risks identified in the 2021 review included strategic, material operational and compliance risks and are detailed on pages 30 to 35.

[1] In addition to the five scheduled meetings, one ad hoc meeting was arranged to discuss specific items.
[2] Michael Harrison attended the meeting on 7 October 2021 as an observer and was appointed as a Director at the end of that meeting. He then attended the December meeting in his capacity as a Director.
[3] Richard Nourse resigned as a Director at the end of the meeting on 7 October 2021.

The Board is also responsible for the Group's system of internal controls and for reviewing its effectiveness. This system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. In practice, the Board delegates to the Audit Committee responsibility for reviewing and examining the effectiveness of the Company's internal controls and risk management systems.

Additional background information

Shareholding structure

The Company's shares are ultimately held one-third by the UK government (through Enrichment Investments Limited), one-third by the Dutch government (through Ultra-Centrifuge Nederland N.V.), and one-third by two German utilities (through a holding company, Uranit UK Limited; shares in its German holding company are indirectly held 50% by E.ON S.E. and 50% by RWE AG).

The role of the shareholders and the Board is defined in the Company's shareholder agreements and constitutional documents. The role of the governments who supervise the Company from the non proliferation perspective is set out in the Treaty of Almelo.

History and wider governance issues

The Company was founded in 1970 following the signing of the Treaty of Almelo by the governments of Germany, the Netherlands and the UK. It was incorporated as an English private limited liability company on 31 August 1971. The Treaty of Almelo establishes the fundamental principles for supervising effectively Urenco's technology and enrichment operations with respect to non proliferation. A Joint Committee of representatives of the governments of the signatory countries exercises this supervisory role but has no role in Urenco's day to day operations. The Joint Committee considers all questions concerning the safeguards system (as established by IAEA and Euratom), classification arrangements and security procedures, exports of the technology and EUP and other non proliferation issues. The Joint Committee also considers issues connected with any potential changes in Urenco's ownership and transfers of technology. Urenco's Executive management periodically meets with the Joint Committee.

Before the construction of Urenco's enrichment facility in the USA and in order to permit the transfer into the USA of classified information regarding Urenco's proposed new facility, the US government entered into a new intergovernmental treaty (the Treaty of Washington) with the governments of Germany, the Netherlands and the UK to ensure that the same conditions that had been agreed in the Treaty of Almelo would also apply in the USA. The Treaty of Washington was signed on 24 July 1992.

In order to permit the completion (in 2006) of the joint venture with Orano regarding the Group's technology business ETC, France needed to adhere to the principles of the Treaty of Almelo. A new treaty (the Treaty of Cardiff) was signed on 12 July 2005 by the governments of Germany, the Netherlands, the UK and France. European Commission competition clearance was also required to complete the transaction. This was granted on 1 July 2006. The terms of the clearance require certain commitments from the Company and Orano to ensure that they remain competitors in the field of enrichment and that no commercially sensitive information about their enrichment operations passes between the Company and Orano by virtue of their being joint shareholders of ETC.

Case study:
Board visit to Almelo

In October, when global COVID-19 travel restrictions were temporarily lifted, the Board took the opportunity to hold face to face meetings at the Company's site in Almelo, the Netherlands. The visit coincided with the official opening of a new cascade for Urenco Stable Isotopes and the programme also allowed for two themed site tours on the topics of Safeguards and Logistics, and Reprocessed Uranium.

During their three day visit, the Board met with colleagues from different departments who updated them on developments in specific areas. During the opening of the Leonardo Da Vinci cascade and subsequent tour of the facilities, the Stable Isotopes team briefed the Board on the various medical isotopes that would be produced in this new cascade. For further information on the Stable Isotopes expansion, please see the case study on page 11.

During a tour facilitated by colleagues from the Operations, Logistics and Engineering & Projects departments, The Board were updated on the technical complexities of enriching reprocessed uranium, involving expertise from across the Group. Whilst examining the upgrades made to the Urenco Nederland site, questions were asked and answered covering logistical challenges, radiation protection and optimised planning and quality control. For further information on the Company's support of nuclear fuel recycling, please see the case study on page 11.

A second site tour focused specifically on the cylinder journey on an enrichment site, from receipt of feed material to the dispatch of enriched uranium product to our customers and all the process steps in between. Specific attention was given to the safeguards, controls and inspection regime in place to ensure that all materials on site are accounted for. Colleagues from the Compliance department and the Logistics team provided insight into day to day operations and several relevant issues were addressed during the tour.

Governance
Audit Committee Report

Chair's statement

Frank Weigand
Chair, Audit Committee

On behalf of the Board, I am pleased to present the report of the Audit Committee for the year ended 31 December 2021.

The Audit Committee (the 'Committee') is a committee of the Board of Directors of the Company. Its role is to monitor, on behalf of the Board, the Group's financial reporting, the integrity of its financial statements and its systems of internal control (financial, operational, compliance and risk management). The Committee provides updates and, where appropriate, recommendations to the Board on these matters.

During 2021, the Committee has continued to play an important role in ensuring high quality financial reporting and providing assurance to the Board on the effectiveness of the internal control environment. Together with my fellow Committee members, we have responded to developments during the year as required, focusing on key matters which arise in addition to our planned work programme. Looking ahead, we intend to continue focusing on the audit, assurance, financial reporting and risk processes within the business as it continues to evolve.

Summary of the role and responsibilities of the Committee

In accordance with its Terms of Reference, the Committee's key responsibilities include, but are not limited to:

- Monitoring the integrity of the annual and half year financial statements and the appropriateness of accounting policies;
- Approving, with the Board's authority, the half year financial statements;
- Making recommendations to the Board concerning adoption of the Annual Report and Accounts, and advising the Board as to whether they are fair, balanced and understandable;
- Reviewing regular reports from management regarding new and emerging risks, and uncertainties of the Group (see details of these on pages 30 to 35);
- Reviewing the significant financial reporting topics and new accounting standards' impact, and challenging significant accounting judgements and estimates contained in the financial statements;
- Reviewing and monitoring the systems of internal and financial control and risk management;
- Overseeing the Group's relationship with the external auditors, including monitoring and reviewing the external auditor's independence, objectivity and effectiveness; approving the external audit fees; and recommending the appointment of auditors to the Board for approval each year;
- Monitoring and reviewing the effectiveness of the internal audit function, and reviewing the internal audit plan, internal audit reports and management's responses to findings and recommendations; and
- Reviewing any material investigations instigated in response to allegations of suspected or actual fraud, impropriety or any behaviours that are contrary to Urenco's Code of Conduct and values, as committed by Urenco employees, any associated persons or any third parties operating on behalf of Urenco.

A copy of the Committee's Terms of Reference is available on Urenco's website at www.urenco.com.

An annual review of the Terms of Reference was conducted at the Committee meeting on 24 February 2022 and the Terms of Reference were updated following Board approval on 9 March 2022.

Composition of the Audit Committee

The Committee comprises three members:

- Frank Weigand (Non-Executive Director and Committee Chair)
- Miriam Maes (Non-Executive Director)
- Justin Manson (Non-Executive Director)

Biographies for Committee members can be found on Urenco's website at www.urenco.com.

Given that all of the Committee members are appointees of the Company's shareholders, they are not considered independent under guidance contained in the UK Corporate Governance Code.[1]

Meetings

The Committee is required, under its Terms of Reference, to meet at least three times a year. During 2021, the Committee met five times.[2] The membership and attendance record of the Committee members during the year is set out below.

	Number of meetings in 2021	Meetings attended
Frank Weigand	5	5
Miriam Maes	5	5
Justin Manson	5	5

[1] As a non listed company, the Company is not subject to the UK Corporate Governance Code but seeks to apply the principles of the Code where appropriate to do so.
[2] 25 February, 22 June, 5 August, 6 October and 13 December.

Corporate governance

Following due and careful consideration, the Board is satisfied that the membership of the Committee meets the requirement for recent and relevant financial experience and that the Committee as a whole has competence relevant to the sector in which the Company operates.

The Committee has a standing agenda, aligned to events in the Group's financial and reporting calendar, for consideration at each meeting. This work programme, which is formally reviewed by the Committee on an annual basis, is also regularly monitored to ensure that it encompasses all issues required to be considered by the Committee during the year.

At the invitation of the Committee, the Chairman of the Board, the Chief Executive Officer, Chief Financial Officer, Group Head of Risk and Internal Audit, and the Group's external auditors (Deloitte LLP) also attend the Committee's meetings. Representatives from other functions also attend as and when appropriate. The Company Secretary or their nominee is secretary to the Committee.

Private meetings were held at each Committee meeting with the Group Head of Risk and Internal Audit, and the external auditors, at which executive management were not present. In addition, the Chair of the Committee held meetings with the audit engagement partner during the year.

During 2021, the external auditor provided updates on the corporate governance and accounting standards as part of their audit. The key topics covered related to: developments in reporting on ESG climate change matters and carbon emissions; and reporting on internal controls (UK SOX).

The Committee Chair and the General Counsel conducted an internal effectiveness review of the Committee's performance in January 2022, based on a framework provided by an external audit firm, and reported the results in the February 2022 Committee meeting. This review was attended by the Chairman of the Board, the Group Head of Risk and Internal Audit and the CFO. There were no significant findings arising from the review, although some areas for future consideration were identified, including enhancements to the training programme.

Given their status as nominees of shareholders, members of the Committee are not submitted for re-election at the Company's Annual General Meeting. In the context of Urenco's shareholding structure, the Committee was comfortable with these points and the overall conclusion of the internal review was that the Committee continued to be effective.

Detailed below is the key work undertaken by the Committee during the year under review and up to the date of this Annual Report.

Activities of the Audit Committee during the year

Internal controls and risk

During 2021, the Committee received and considered regular reports from the Group's Internal Audit, Finance, Tax, Treasury and Risk functions, and the Group's external auditor, in order to assess the quality and effectiveness of the system of internal controls.

These included reviews and monitoring of:

- The 2020 Annual Report and the 2021 half year results;
- Reports from management detailing the principal risks and uncertainties of the Group, and the related key accounting judgements and estimates, considerations and conclusions;
- Work completed by the Internal Audit function, in reviewing and auditing the effectiveness and adequacy of the Group's internal control environment, including reviews of information technology, procurement, commercial risk management, project management, and health and safety management systems and processes;
- The annual report on compliance with the Group's anti-bribery and corruption policies and procedures;
- Regular operational risk and commercial risk reports;
- The annual Group Tax update, review of the Group's tax policy and publication of the Group's tax strategy;
- Group Treasury activities and review of financing provisions in the Group's funding arrangements;
- The Group's insurance strategy and policy;
- The annual pensions and deficits review;
- The Company's alignment to the UK Corporate Governance Code[3];
- External auditor reporting on the design and implementation of key financial controls; and
- The independence, objectivity and fees of the external auditors, and scope of audit and non audit services.

The Committee has reviewed the effectiveness of Urenco's risk management and internal control systems for the financial year and the period to the date of approval of the financial statements. The Group-wide governance, risk management and internal control systems include specific internal controls governing the financial reporting process and preparation of financial statements. These systems include clear policies, standards and procedures for ensuring that the Group's financial reporting processes and the preparation of its consolidated accounts comply with relevant regulatory reporting requirements.

The Committee can confirm that no significant weaknesses were reported to the Committee or identified during the year with regards to the adequacy of the system of internal control.

[3] As mentioned in more detail in the Corporate Governance statement, as a non listed company, the Company is not subject to the UK Corporate Governance Code, but seeks to apply the principles of the Code, where appropriate.

Governance

Audit Committee Report continued

Significant issues related to the financial statements

The Committee discussed with management the critical accounting judgements and key sources of estimation and uncertainty outlined in note 2 of the Group's consolidated financial statements. In conducting these discussions, the Committee considered the work and recommendations of the Group finance functions, together with input and reports from the external auditor. The most significant matters that the Committee considered were the following:

- **Carrying value of the US enrichment business**

  Issue background

  During 2019, the Group recognised a pre-tax impairment charge against its US cash generating unit asset carrying value of €500 million. The impairment was – amongst a number of factors – driven by the further deterioration in the long term forecast market price for SWU, based on continued nuclear market uncertainty, as well as by higher estimated operating costs.

  There is continued inherent uncertainty, given the significant level of management judgement required in determining the estimations of future market dynamics, that the associated Urenco SWU market pricing forecasts could have improved, or alternatively could have deteriorated, since 2019. Any significant change would result in an impairment reversal indicator or a new impairment indicator for 2021, potentially leading to a reversal of the impairment charge recognised in previous years or a further impairment charge in 2021.

  The key assumptions within the 2021 impairment indicator analysis are the revenues and cash flows forecast to be generated during the operational life of the business, which are a function of the forecasts for SWU capacity and market prices for uncontracted SWU, which are impacted by the demand for EUP and associated product assays; ongoing capital expenditure requirements to maintain and operate the business; levels of associated operating expenditure and the costs of deconverting tails in the future; extension of the US operating licence beyond 2040, which management expect to receive in the ordinary course of business; and the discount rate.

  Committee response: Management has reassessed the long term forecast market prices for SWU during 2021, including an assessment of the SWU prices for new Urenco sales contracts signed during the year. These long term prices are largely consistent with those used in the valuation model to determine the recoverable amount as at 31 December 2019. On this basis, and following an assessment of the other key assumptions detailed above, management has concluded that there are no indicators for a reversal of previous impairment charges or a further impairment charge.

  The Committee has reviewed management's reports detailing the above impairment indicator and impairment reversal assessment, as well as the critical and key judgements and estimates used, and concluded that no impairment reversal or further impairment charge is required relating to the US operations in 2021. Further details about the impairment and the assumptions used in determining the recoverable amount are given in note 2 of the Group's Consolidated Financial Statements.

  The external auditors appropriately reviewed and assessed management's view on the critical and key judgements and assumptions used in the USA impairment indicator assessment, and provided their view orally and in their written reports provided to the Committee on 13 December 2021 and 24 February 2022, and in the section on key audit matters in their Auditor's Report.

  The Committee reviewed and challenged management's judgements and estimates on this matter by way of oral and written report. The Committee has also taken into account the work of the external auditor on this matter. Ultimately, the Committee concluded that the judgements and estimates of management were appropriate.

- **European enrichment business – tails provisioning**

  Issue background

  The European enrichment sites' tails provisions reflect the unit cost of deconverting tails at the Tails Management Facility (TMF) in the UK, which is currently being actively commissioned. The TMF capital cost and future operating costs are reviewed by management on an ongoing basis and at each reporting period date.

  Significant management judgement is required in estimating the TMF deconversion cost assumptions, most notably the TMF total capital cost, actual throughput and future operating costs. Mechanical construction of TMF was completed in late 2018, with active commissioning well underway. Until these activities are completed, the forecast TMF deconversion cost remains a key estimate within the European tails provision valuation.

  Further descriptions of the nature of tails deconversion and other items noted above are provided in note 30 of the Group's Consolidated Financial Statements.

  Committee response: The Group reviews its overall tails provision strategy annually, using a steering group of senior technical and operational personnel. During 2021, European tails provisions were reviewed to ensure they continued to appropriately reflect the latest management estimates relating to: the TMF final capital cost referred to above; any changes in actual throughput and cost assumptions related to an optimisation of tails management operations across the Group; the impact of the reduction in higher assay tails associated with enrichment services contracts; and the discount and inflation rates applied in calculating provisions.

  During the year the tails provision increased by €195 million due to tails generated in that period and an increase in the applied tails rate. The discount rates applied by all enrichment businesses were reviewed and it was concluded that they remained appropriate and no change was required compared to last year.

  The Committee reviewed and challenged the key assumptions and judgements employed in the review, as well as the resulting associated financial provisions estimated to be required.

  The tails provision recognised at the period end and the TMF project status were appropriately reviewed by the external auditor, and the Committee received oral and written reporting on this work. This reporting included consideration of the external auditor's work in respect of cost estimates, timing estimates, and the application of appropriate discount and inflation rates. These matters were discussed with the external auditor, both to understand its work, and to facilitate the Committee's challenge to management in this area. The external auditor has reported this as a key audit matter in their Auditor's Report.

  The Committee noted that the Group's policy for estimating the TMF deconversion cost was unchanged from previous periods and was satisfied that the provision recognised in respect of the European tails deconversion, storage and disposal is appropriate.

- **Group provisioning for decommissioning liabilities**

Issue background

During 2021, management undertook an in depth triennial review of its overall decommissioning provisions strategy. Following this review, the provisions required in respect of decommissioning obligations as at 31 December 2021 were increased by €99 million, largely driven by: a change in the forecast timing of future decommissioning activities; revised concepts for a dismantling line plus associated quotation and resource requirements; refinement of capital investment assumptions to include enabling works and related infrastructure; and updates to cost assumptions throughout.

Key estimates are required in the calculation of provisions for decommissioning obligations, including the likely costs and timing of future activity required for Urenco to satisfy its legal obligations, together with assumptions relating to the relevant discount and inflation rates applied.

Further descriptions of the nature of decommissioning provisions and other items noted above are provided in note 30 of the Group's Consolidated Financial Statements.

Committee response: The Group reviews its overall decommissioning provisions strategy in depth on a triennial basis, using a steering group of senior technical and operational personnel. The review of this strategy was performed in 2021, with the next planned review to be performed in 2024. In addition, management reviews the decommissioning provisions for each of its enrichment sites on an annual basis to ensure key assumptions remain valid and that the provisions continue to accurately reflect the Group's liabilities.

As stated above, during the year, the valuation of the decommissioning provisions was increased by €99 million due to revised assumptions following the triennial review, of which €46 million was recognised in the income statement and €53 million has been recognised as an increase in decommissioning assets.

The Committee reviewed and challenged the key assumptions and judgements employed in the periodic review, as well as the resulting associated financial provisions estimated to be required.

The decommissioning provisions recognised at each period end are audited by the external auditor, who report the findings of their work to the Committee. This allowed the Committee to consider Deloitte's work in respect of cost estimates, timing estimates, and the application of applicable discount and inflation rates. These matters are discussed with Deloitte, both to understand its work, and to facilitate challenges to management in this area. The external auditor has reported this as a key audit matter in their Auditor's Report.

The Committee noted that the Group's policy for calculating decommissioning provisions was unchanged from previous periods and was satisfied that the provisions recognised in respect of decommissioning are appropriate.

- **Revenue and feed profit recognition**

Issue background

Key management judgements include Urenco's assessment of the period in which revenue and profit should be recognised at the point in time when control of the service or good transfers to the customer; the fair value of consideration received; ownership and legal title over uranic material; the amount and timing of gains and losses recognised from commodity contracts held at fair value; and the accounting adopted for any unusual or non standard transactions in the period. These judgements are relevant for sales of enriched uranium, enrichment services and natural uranium each year.

For enrichment sales, judgement is required whether revenues should be recognised at a point in time or over a period in time. Management's view is that revenues should be recognised at a point in time because when Urenco performs enrichment activities, this is not enhancing an asset that is controlled by any specific customer. Judgement is required in assessing that the point in time when control of the enrichment services passes to the customer is normally on delivery of the enriched uranium. Management judgement is also required in assessing the amount of the overall value of a long term enrichment contract that should be allocated to each of the individual deliveries based on management's assessment of the standalone selling prices of those deliveries, particularly when this overall value includes variable consideration.

In terms of feed sales profit recognition, management judgement is required when considering whether Urenco holds title to feed volumes sold, or whether the feed is from third party feed stocks held at Urenco enrichment sites. Due to the assumptions and judgements used in measuring feed assets and liabilities, a 'headroom test' is performed to ascertain whether feed sold during a given accounting period was actually owned by Urenco or was deemed to be borrowed from third parties. When there is feed headroom at the end of the period, any profit earned on those feed sales should be recognised, and when there is a feed shortfall the associated profit should be deferred to a later period.

Committee response: Each year, the Committee considers and assesses updates to the Group's revenue recognition policy for all sale types, through the annual review of finance policies prepared by management. The revenue accounting policy is summarised within note 2 of the Group's consolidated financial statements.

The Committee considered any observations and findings made by the external auditors as part of their reporting within their oral and written report presented on 24 February 2022. The Group's external auditor has reported in their report to the Audit Committee that they are satisfied with processes and controls in place to assess sales contracts under IFRS 15, including in respect of identifying performance obligations and recognising revenue in line with the standalone selling price.

In respect of feed profit recognition, management performs a feed 'headroom test' to assess the level of feed inventory to which Urenco holds legal title. The Committee was satisfied that the available feed headroom was calculated appropriately and that there was therefore no requirement to defer the recognition of profit on feed sales.

Finally, in respect of the commodity contracts held at fair value and the non standard or complex transactions in the year, the Committee challenged management on the cases that it presented, in order to understand their commercial substance, and proposed accounting, in order to ensure these were appropriate.

The Committee was satisfied that timing of revenue recognition is appropriate and that the profit recognition for feed sales has been accounted for appropriately.

Governance

Audit Committee Report continued

Financial and business reporting

At its meeting on 24 February 2022, the Committee reviewed the content of this Annual Report and Accounts and advised the Board that, in its view, taken as a whole, it is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

In justifying this statement, the Committee has considered the robust process which operates in creating the Annual Report and Accounts, including the fact that:

- Clear guidance and instruction is given to all contributors;
- Revisions to regulatory requirements and new accounting standards are monitored on an ongoing basis;
- Planning meetings are conducted between management of key subsidiaries and the external auditors in advance of the year end reporting process, and the information/developments raised in these meetings used to inform the compilation of the Annual Report;
- A thorough process of review, evaluation and verification of the inputs from business units is undertaken to ensure accuracy and consistency;
- A review and approval of the draft 2021 Annual Report and Accounts was carried out in advance of the final sign-off by the Board. This review included the critical accounting judgements explained in note 2 of the Group's consolidated financial statements; and
- The Committee considered the conclusions of the external auditor over the key audit risks that contributed to its audit opinion.

External audit effectiveness and independence

The Committee has satisfied itself that the UK professional and regulatory requirements for audit partner rotation and employment of former employees of the external auditor have been complied with.

The external auditors are required to adhere to a rotation policy based on best practice and professional standards in the UK. The standard period for rotation of the audit engagement partner is five years, and seven years for any key audit partner. The current audit engagement partner was appointed during the Company's 2021 financial year and will rotate off at the conclusion of the 2025 audit, in accordance with this requirement.

During the year, management reviewed the Companies Act rules on mandatory audit firm rotation and the Order by the Competition and Markets Authority regarding the mandatory use of competitive tender processes and auditor responsibilities, including the associated transition rules. As a result of that review, management continues to be satisfied that the Company is a not a Public Interest Entity (PIE) as defined in the Act and is, therefore, not required to formally tender or rotate the external audit. Accordingly, the Company can continue to reappoint Deloitte LLP.

The Committee reviewed the effectiveness of the external auditor during 2021. This process incorporated feedback from management and key individuals across the Group, as well as the Committee's own experience. The assessment considered the robustness of the audit process, the quality of the delivery of the audit plan, the quality of reporting on findings and recommendations to the Committee and management, and the quality of the audit team and service provided.

In considering the independence of the external auditor, the Committee received a transparency report from the auditor, which describes its arrangements to identify, report and manage any conflicts of interest, and reviewed the extent of non audit services provided to the Group. Since 2014, the Committee has had an Auditor Independence Policy, which was reviewed by the Committee on 24 February 2022. Urenco's Auditor Independence Policy includes the definition of prohibited non audit services, which corresponds with applicable rules on auditor independence and with the Ethical Standards issued by the Audit Practices Board in the UK.

The engagement of the Group's external auditors to provide audit related assurance services and non audit services which are not prohibited is subject to rigorous internal control and approval and may only be undertaken up to a cumulative value of €100,000 for each category of audit services after which reference to, and approval of, the Committee is required. Further details of the split of Deloitte LLP's fees between audit services and non audit services is provided in note 5 of the Group's Consolidated Financial Statements.

Having reviewed Deloitte LLP's performance during the year, and satisfied itself of their continuing independence and objectivity within the context of applicable regulatory requirements and professional standards, the Committee has invited the Board to recommend the reappointment of Deloitte LLP as auditor at the forthcoming Annual General Meeting (AGM), and a resolution to that effect appears in the notice of the AGM. Deloitte LLP has accumulated significant knowledge and experience that allow it to carry out effective and efficient audits during this period and provide an insightful and informed challenge.

Risk management and the effectiveness of internal control

The Terms of Reference of the Committee require that the Committee review and examine the effectiveness of the Company's internal controls and risk management systems, and advise the Board in the exercise of its responsibility for maintaining sound risk management and internal control systems.

The Board has approved a set of policies, procedures and frameworks for effective internal control. The Group has procedures for the delegation of authorities for significant matters, to ensure approval is sought at the appropriate level. These procedures are subject to regular review and provide an ongoing process for identifying, evaluating and managing the significant risks faced by the Group. Such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

A formal annual certification is provided by senior management confirming that appropriate internal controls were in operation throughout the year and confirming compliance with Group policies and procedures. Any weaknesses are highlighted and reviewed by senior management, and the Group Head of Risk and Internal Audit, and reported to the Committee. The Internal Audit function will also check that disclosures made in the certifications are consistent with the results of its work during the year.

During 2021, the Group Head of Risk and Internal Audit regularly provided relevant updates detailing new commercial or operational risks and any additional mitigation required to Committee meetings. In addition, the Committee considered the adequacy and appropriateness of mitigating controls or risk reduction strategies, as detailed on pages 30 to 35.

The Terms of Reference also require that the Committee review and approve the statements concerning internal controls and risk management to be included in the Annual Report (and interim statements, if they are produced). In 2021, as in previous years, the Committee conducted such review and gave its approval. Much of the Committee's work in this area was driven by the Group Head of Risk and Internal Audit's reports on the effectiveness of internal controls and fraud. A summary of the Committee's engagement with the Internal Audit function is set out below.

Internal audit

The Group has an Internal Audit department with responsibility for reviewing and providing assurance on the adequacy of the internal control environment across all of the Group's operations.

The Internal Audit function carries out risk based audits across the Group and is based on an audit plan, which is aligned with the key risks of the business, and is presented to and approved by the Committee. Any amendments to the plan are also subject to approval from the Committee.

The Group Head of Risk and Internal Audit has direct access to the Chair of the Committee and provides updates regarding internal audit activities, progress of the Group internal audit plan, the results of any unsatisfactory audits, the action plans to address these areas and any resource requirements needed to meet the Committee's assurance requirements.

During the year, the Committee also reviewed and approved the proposed internal audit programme for 2022 and the performance of the Group Head of Risk and Internal Audit in delivering the 2021 internal audit plan. No significant issues or concerns were highlighted.

Frank Weigand
Chair of the Audit Committee

9 March 2022

Governance
Sustainability Committee Report

Chair's statement

Miriam Maes
Chair, Sustainability Committee

On behalf of the Board, I am pleased to present the report of the Sustainability Committee (the 'Committee') for the year ended 31 December 2021.

During 2021, my fellow Committee members and I have continued in our commitment to oversee and help drive forward key sustainability policies across the Group.

Across all aspects of sustainability, a key theme of 2021 was how the Group continued to adjust its approach to maintain performance during the COVID-19 pandemic. A major workstream was embedding the refreshed Sustainability Strategy into the organisation, building on existing performance and focusing on sustainability priorities for our industry and society for the 2020s.

The Committee's main areas of focus are the monitoring of key performance indicators ('KPIs') across the full range of relevant sustainability issues, such as health and safety, environment, security, social performance and inclusion and diversity.

In this report the Committee provides a description of the key activities it has performed during the year.

Duties

In accordance with its terms of reference, the Committee's key responsibilities include, but are not limited to:

- Receiving regular reports from management on the implementation and operation of the Group's sustainability related policies and standards, and challenging, where appropriate, the actions of management;
- Reviewing on an annual basis the Group's sustainability agenda and associated policies, with a view to ensuring that these take account of external developments and expectations, and reporting to the Board on the results of these reviews;
- Conducting annual reviews of the Group's implementation of policies on: health and safety; asset integrity; social performance (including community relations, social investment, political contexts and charitable donations); environment; and ethical conduct; and reporting to the Board on the results of these reviews;
- Reviewing and approving KPIs in relation to the Committee's main areas of focus, and monitoring performance against these targets;
- Reviewing annually and recommending to the Board for its approval the Group's Modern Slavery Transparency Statement;
- Reviewing and approving the annual UK Gender Pay Gap Report;
- Considering and approving the Group's Sustainability Report; and
- Compiling a report on the Group's sustainability activities to be included in the Group's Annual Report.

A copy of the Sustainability Committee's Terms of Reference is available on Urenco's website at www.urenco.com.

The Sustainability Committee comprises four members:

- Miriam Maes (Committee Chair and Non-Executive Director)
- Richard Nourse (Non-Executive Director)
- Frank Weigand (Non-Executive Director)
- Boris Schucht (Chief Executive Officer)

Richard Nourse replaced Justin Manson on the Committee with effect from 16 February 2021.

Richard Nourse resigned from the Committee on 7 October 2021 and Michael Harrison was appointed to the Committee with effect from 14 December 2021.

The Committee met three times in 2021.[1] One of the meetings took place at the Group's enrichment facility in Almelo, the Netherlands. Two took place virtually due to COVID-19 travel restrictions.

The membership and attendance record of the Committee members during 2021 is set out below.

	Number of meetings in 2021	Meetings attended
Miriam Maes	3	3
Richard Nourse	3	3
Frank Weigand	3	3
Boris Schucht	3	3

Activities of the Sustainability Committee during the year:

In 2021, the Committee:

- Provided oversight to the refresh of the Sustainability Strategy, in alignment with the new Group Strategy;
- Considered and approved the 2020 Sustainability Report, prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option;
- Monitored the implementation of the sustainability programme and reviewed performance against the current sustainability KPIs;
- Reviewed the Group's first climate submission to the Carbon Disclosure Project (CDP), the results of which exceeded expectations, scoring highly on a range of issues that CDP assess companies against;
- Provided oversight to the ongoing development of the Group's roadmap and targets to meet the commitment of net zero emissions in advance of 2040 as a signatory of the Climate Pledge, and approved the adoption of the definition of net zero developed by the Science Based Target Initiative – the de facto industry standard and currently the most credible approach;
- Reviewed a Group wide analysis of equal pay;
- Provided oversight of the Group's participation in COP26;
- Reviewed the outcome of the DuPont Safety Survey;
- Reviewed the outcome of the Group's first Inclusion and Diversity Survey and provided oversight of the ongoing culture programme; and
- Reviewed the Group's social investment principles, endorsed the annual social investment budget and supported the establishment of the Social Investment Committee.

Approval

On behalf of the Sustainability Committee.

Miriam Maes
Chair of the Sustainability Committee
9 March 2022

[1] 25 February, 22 June and 6 October.

Governance
Remuneration Report

Chair of the Remuneration and Appointments Committee Statement

Mel Kroon
Chair, Remuneration and Appointments Committee

I am pleased to present the report of the Remuneration and Appointments Committee for 2021.

The role of Urenco's Remuneration and Appointments Committee remains to ensure that the Chair of the Board and Executive positions are occupied by individuals who are able to meet the requirements of the role. Furthermore the Committee is responsible for the remuneration arrangements for the Chair of the Board and for the Executive Directors, in order to offer every encouragement to enhance the Company's performance and deliver our strategy in a responsible manner.

Introduction

This report is on the activities of the Remuneration and Appointments Committee for the year ended 31 December 2021. It sets out the remuneration policy and remuneration details for the Executive and Non-Executive Directors of Urenco. It has been prepared in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in August 2013.

The report is split into three main areas:

- The statement by the Chair of the Remuneration and Appointments Committee;
- The annual report on remuneration; and
- The policy report.

The Companies Act 2006 requires the auditors to report to the shareholders on certain parts of the Directors' Remuneration Report and to state whether, in their opinion, those parts of the report have been properly prepared in accordance with the Regulations. The parts of the annual report on remuneration that are subject to audit are indicated in that report. The statement by the Chair of the Remuneration and Appointments Committee and the policy report are not subject to audit.

The annual report on remuneration provides details on remuneration in the year. It has been approved by shareholder representatives at the Remuneration and Appointments Committee on 9 March 2022.

Composition

The Remuneration and Appointments Committee is composed entirely of Non-Executive Directors. The Chair of the Committee is Mel Kroon.

Frank Weigand, Alan Bevan and Justin Manson are members of the Committee. Frank Weigand and Alan Bevan share one vote.

On 16 February 2021 Richard Nourse was replaced on the Committee by Justin Manson.

In attendance by invitation are the Chairman of the Board, the Chief Executive Officer and Chief Human Resources Officer. The Chief Executive Officer does not attend the meetings where his remuneration is discussed.

Role and responsibilities

The Remuneration and Appointments Committee is a committee of the Board of Directors of Urenco Limited. In accordance with its terms of reference, the key responsibilities of the Remuneration and Appointments Committee include, but are not limited to, the following:

- Advising the Board on the appointment of Non-Executive Directors (if any), to be appointed in accordance with the Company's Articles of Association;
- Making recommendations to the Board on the appointment of the Chair, Chief Executive Officer, Chief Financial Officer and the Company Secretary;
- The setting of remuneration for the Chair, Chief Executive Officer and Chief Financial Officer, including executive remuneration policy and Long Term Incentive Plan (LTIP) arrangements;
- Providing advice to the Board on the fees of Non-Executive Directors of the Company;
- Advising on the remuneration policy for the Executive Directors;
- Keeping under review the leadership needs of the organisation, giving full consideration to succession planning for the Board and Senior Executive Management;
- Reviewing and making recommendations to the Board annually on the remuneration of the Chief Executive Officer, Chief Financial Officer and the Company Secretary; and
- Monitoring, and where appropriate approving, the remuneration of senior management.

A copy of the Committee's Terms of Reference is available on Urenco's website at www.urenco.com.

Membership and attendance during the year

	Number of meetings in 2021	Meetings attended
Alan Bevan	5	5
Mel Kroon	5	5
Justin Manson	5	5
Frank Weigand	5	5

The committee also met on one additional occasion to review succession planning for senior leaders within Urenco.

Key issues in 2021

During 2021 the Remuneration and Appointments Committee:

- Reviewed the 2021 and 2022 targets set for the Chief Executive Officer and Chief Financial Officer;
- Considered Executive remuneration, as well as Chair and Non-Executive Director fees;
- Reviewed the Remuneration and Appointments Committee Terms of Reference;
- Conducted a review of the effectiveness of the Committee;
- Discussed succession planning; and
- Reviewed the long term and short term incentive plans.

Approval

This Statement was approved by the Remuneration and Appointments Committee on 9 March 2022.

Mel Kroon
Chair of the Remuneration and Appointments Committee
9 March 2022

Governance

Remuneration Report continued

Annual report on remuneration

All figures are reported in euros. In the event that payments are made in sterling, the average rate is used for conversion purposes; this was £0.86 to €1 for 2021 (2020: £0.88 to €1)

Single total figure of remuneration for each Director (audited)

The remuneration of the Executive Directors for the years 2021 and 2020 was made up as follows:

2021	Base salary and Fees[1] €	Pensions[2] €	Benefits €	Sub-total Fixed pay €	Performance related bonuses[3] €	LTIP[4] €	Sub-total Variable pay €	Total pay 2021 €
Executive Directors								
Boris Schucht[5]	**586,894**	**82,155**	**127,326**	**796,375**	**409,848**	**418,133[6]**	**827,981**	**1,624,356**
Ralf ter Haar	**490,832**	**65,217**	**91,677**	**647,726**	**321,519**	**374,635**	**696,154**	**1,343,880**
Total	**1,077,726**	**147,372**	**219,003**	**1,444,101**	**731,367**	**792,768**	**1,524,135**	**2,968,236**

2020	Base salary and Fees[1] €	Pensions[2] €	Benefits €	Sub-total Fixed pay €	Performance related bonuses[3] €	LTIP[4] €	Sub-total Variable pay €	Total pay 2020 €
Executive Directors								
Boris Schucht[5]	576,800	80,760	123,360	780,920	574,493	264,133[7]	838,626	1,619,546
Ralf ter Haar	471,784	60,108	84,994	616,886	435,019	344,911	779,930	1,396,816
Total	1,048,584	140,868	208,354	1,397,806	1,009,512	609,044	1,618,556	3,016,362

1 Base salary and fees for Ralf ter Haar include adjustments as part of his remuneration due to the movements in sterling against the euro compared to an agreed historical exchange rate of 1.20. The base salary for Boris Schucht is stated in euros.

2 The amounts for pensions include taxable pension salary supplements.

3 The short term incentive maximum opportunity for both Boris Schucht and Ralf ter Haar was 100% in 2021 (2020: 100%).

4 The amounts for the LTIP include the full cash awards for the scheme maturing at the end of the year, which are paid after the year end. The LTIP amount for Ralf ter Haar will be paid in pounds sterling and has been translated into euro at the relevant year end foreign exchange rate for each applicable year.

5 The application of IFRS to the calculation of Boris Schucht's remuneration results in a non material mismatch between the figures reported and his underlying contract.

6 Boris Schucht received a pro-rated entitlement to the LTIP 2019 in accordance with his start date of 1 May 2019 (4 months after the beginning of the LTIP 2019 performance period). This resulted in a pro-rating factor of 32/36.

7 Boris Schucht received a pro-rated entitlement to the LTIP 2018 in accordance with his start date of 1 May 2019 (16 months after the beginning of the LTIP 2018 performance period). This resulted in a pro-rating factor of 20/36.

The remuneration of the Non-Executive Directors for the years 2021 and 2020 was made up as follows:

2021	Fees[1] €	Pensions €	Benefits €	Sub-total Fixed pay €	Performance related bonuses €	LTIP €	Sub-total Variable pay €	Total pay 2021 €
Non-Executive Directors								
Stephen Billingham	**261,237**	-	-	**261,237**	-	-	-	**261,237**
Alan Bevan	**54,095**	-	-	**54,095**	-	-	-	**54,095**
Michael Harrison[2]	**11,271**	-	-	**11,271**	-	-	-	**11,271**
Mel Kroon	**59,786**	-	-	**59,786**	-	-	-	**59,786**
Miriam Maes	**62,222**	-	-	**62,222**	-	-	-	**62,222**
Justin Manson	**141,214[3]**	-	-	**141,214[3]**	-	-	-	**141,214[3]**
Richard Nourse[2]	**41,643**	-	-	**41,643**	-	-	-	**41,643**
Frank Weigand	**74,022**	-	-	**74,022**	-	-	-	**74,022**
Total	**705,490**	-	-	**705,490**	-	-	-	**705,490**

Remuneration Report continued

2020	Fees[1] €	Pensions €	Benefits €	Sub-total Fixed pay €	Performance related bonuses €	LTIP €	Sub-total Variable pay €	Total pay 2020 €
Non-Executive Directors								
Stephen Billingham	250,784	-	-	250,784	-	-	-	250,784
Alan Bevan	51,927	-	-	51,927	-	-	-	51,927
Mel Kroon	57,393	-	-	57,393	-	-	-	57,393
Miriam Maes	59,730	-	-	59,730	-	-	-	59,730
Justin Manson[4]	59,101	-	-	59,101	-	-	-	59,101
Richard Nourse	51,927	-	-	51,927	-	-	-	51,927
Frank Weigand	71,061	-	-	71,061	-	-	-	71,061
Total	601,923	-	-	601,923	-	-	-	601,923

1 Non-Executive Directors' fees are increased in line with the average pay rises paid to Urenco employees based in the UK.

2 Michael Harrison was appointed to the Urenco Board as a Non-Executive Director in October 2021, replacing Richard Nourse who retired in the same month. The fee payable to him in respect of this role is paid to his employer, UK Government Investments Limited (UKGI).

3 A one off additional fee of £69,059 was paid to Justin Manson in recognition of the additional time commitment required of him in the second half of 2021 in leading an internal review. Following completion of this internal review, the Company took guidance from its external Remuneration Consultants, KornFerry on the appropriate basis for this additional non-executive fee.

4 The fee payable in respect of the Non-Executive Directorship held by Justin Manson was paid to his employer, UK Government Investments Limited (UKGI), up to 12 March 2020. From 13 March 2020 Justin ceased to be an employee of UKGI and payments were therefore made to him directly.

Additional requirements in respect of the single total figure table

Share holding

No director holds any shares in the Company.

Taxable benefits

Taxable benefits paid to Executive Directors include provision of motor vehicles, medical insurance and some living expenses.

Performance related bonuses

Performance related bonuses for Executive Directors are based on individual and Company based performance criteria.

Long term incentive plan

The long term incentive plan is an annual scheme which grants cash awards with the maximum potential award determined at grant. Awards only vest to the extent that certain performance targets are met over the relevant performance period.

The Executive Directors are eligible to share in the Company's long term incentive plan. Details of the accrued entitlements earned by the Executive Directors are shown below:

	Boris Schucht €	**Ralf ter Haar €**	**Scheme maturing at 31 December**
Incentive scheme accrual as at 1 January 2021	**597,801**	**615,366**	
Foreign exchange adjustments	**-**	**42,644**	
LTIP 2018 paid during the year[1]	**(264,133)**	**(356,256)**	2020
LTIP 2019 accrued during the year[1]	**276,733**	**233,607**	2021
LTIP 2020 accrued during the year	**192,268**	**149,358**	2022
LTIP 2021 accrued during the year	**195,632**	**151,971**	2023
Total LTIP accrual at 31 December 2021	**998,301**	**836,690**	

1 Boris Schucht was awarded rights in the LTIP 2018 and LTIP 2019 as part of his remuneration package on joining the Company.

The Executive Directors participate in long term incentive plans, which are normally granted on an annual basis. All plans result in a potential award of cash, with the maximum potential determined at the date of grant with the awards vesting after a specified number of years. The performance criteria under the various plans and associated cash awards vary, as do the performance periods. As at 31 December 2021, Boris Schucht and Ralf ter Haar were participants to the LTIP 2019, LTIP 2020 and LTIP 2021.

Governance

Remuneration Report continued

LTIP 2019:

The LTIP 2019 has a grant date early within the year 2019 and a performance period of three years running from 1 January 2019. The scheme matures on 31 December 2021 and vests in 2022.

The award is structured to vest in accordance with the achieved 'Performance Score' as determined by reference to:

(i) Strategic Milestones aligned with Diversity and Inclusion (10%); and

(ii) Value Creation as determined by a quantitative assessment using discounted cash flow analysis of the change in equity value of Urenco during the performance period with movements in equity value being reflected in the level of award received under the Value Creation element (90%).

The maximum Performance Score is therefore 100%.

The Performance score is calculated on the basis of the achievement of the Performance Conditions, as determined by the Remuneration Committee at the end of the performance period.

The award sizes as a percentage of salary for Executive Directors are 150% of annual base salary (as at 1 January 2019) multiplied by the Performance Score.

LTIP 2020:

The LTIP 2020 has a grant date early within the year 2020 and a performance period of three years running from 1 January 2020. The scheme matures on 31 December 2022 and vests in 2023.

The award is structured to vest in accordance with the achieved 'Performance Score' as determined by reference to:

(i) Strategic Milestones aligned with Diversity and Inclusion (10%) and Culture (10%); and

(ii) Value Creation as determined by a quantitative assessment using discounted cash flow analysis of the change in equity value of Urenco during the performance period with movements in equity value being reflected in the level of award received under the Value Creation element (80%).

The maximum Performance Score is therefore 100%.

The Performance score is calculated on the basis of the achievement of the Performance Conditions, as determined by the Remuneration Committee at the end of the performance period.

The award sizes as a percentage of salary for Executive Directors are 150% of annual base salary (as at 1 January 2020) multiplied by the Performance Score.

LTIP 2021:

The LTIP 2021 has a grant date early within the year 2021 and a performance period of three years running from 1 January 2021. The scheme matures on 31 December 2023 and vests in 2024.

The award is structured to vest in accordance with the achieved 'Performance Score' as determined by reference to:

(i) Strategic Milestones aligned with Diversity and Inclusion (10%); and

(ii) Value Creation as determined by a quantitative assessment using discounted cash flow analysis of the change in equity value of Urenco during the performance period with movements in equity value being reflected in the level of award received under the Value Creation element (90%).

The maximum Performance Score is therefore 100%.

The Performance score is calculated on the basis of the achievement of the Performance Conditions, as determined by the Remuneration Committee at the end of the performance period.

The award sizes as a percentage of salary for Executive Directors are 150% of annual base salary (as at 1 January 2021) multiplied by the Performance Score.

Total pension entitlements

The Executive Directors are eligible for membership to the defined contribution section of the Group pension scheme. The scheme also provides for dependents' pensions and lump sums on death in service.

Relative importance of spend on pay

The table below shows the actual employee pay of the Group and change between the current and previous years, compared to retained earnings and dividends.

	2021 €m	2020 €m	% increase
Total employee pay	**180.3**	167.2	7.8
Retained earnings	**1,487.8**	1,367.5	8.8
Dividend	**300.0**	450.0	(66.7)

Statement of implementation of remuneration policy in the following financial year

The primary objective of the Urenco remuneration policy is to ensure that competitive reward packages are offered that will attract, retain and motivate talented and experienced senior executives to run the business effectively, and to promote the success of the Company. A significant proportion of Executive remuneration should be related to specific performance targets.

The Policy has evolved over time, to align with Urenco's strategy, market practice and shareholders' views. A consistent and competitive structure, which applies across the workforce, is also a core principle. This consistency allows for a culture of shared purpose and performance.

The package offered to Executive Directors consists of base salary, benefits, pension, performance related bonus and a long term incentive plan (LTIP). Salary and benefits are reviewed annually, with external benchmarking information provided in 2021 by external remuneration consultants Kepler and KornFerry. The Chief Executive Officer and Chief Financial Officer both received a 1.75% increase in base salary for the 2021 calendar year, compared to 2020. This increase in base salary was in line with the increase for all employees throughout the Company. Executive Directors receive benefits that principally comprise some living expenses, motor vehicles, private healthcare and other expenses.

The remuneration of the Non-Executive Directors is in line with UK market standards and is reviewed annually.

Consideration of matters relating to Directors' remuneration

The Committee makes recommendations to the Board on the remuneration packages for each Director. Remuneration for each Non-Executive Director is subject to final approval at the Annual General Meeting.

Governance

Remuneration Report continued

Policy report

Introduction

The information below summarises key aspects of the Company's remuneration policy for Executive and Non-Executive Directors.

Future policy

The policy is that a substantial proportion of the pay and benefits package should be performance related. The following provides a summary of the key components of the remuneration package for Executive Directors:

Element	Purpose and link to strategy	Maximum Opportunity	Operation and Performance Measurement
Base Salary	To attract and retain high calibre Executives.	N/A	Base salary and pensionable base salary (where different) are reviewed, but not necessarily increased, annually. In making salary determinations, the Remuneration Committee (REMCO) will consider: • the market positioning of the Executive Directors' compensation packages; • comparison with Senior Management salaries; • planned average salary increase for other employees; • the experience, skills and performance of the Executive Director, or any change in the scope and responsibility of their role; • general economic conditions, Urenco's financial performance and governance trends; and • the impact of salary increases on pension benefits and other elements of the package.
Benefits	To provide market competitive benefits.	As specified in Urenco's standard policies.	Benefits that Executive Directors typically receive include car allowances, risk benefits (for example ill health, disability or death in service), as well as employer contributions to insurance plans (such as medical). Precise benefits will depend on the Executive Director's specific circumstances such as family status. Urenco's mobility policies may apply, such as for relocation and tax return preparation support. The REMCO may adjust the range and scope of the benefits offered. Personal loans or guarantees are not provided to Executive Directors.
Annual Performance Related Bonus	Rewards the delivery of short term operational targets in line with Urenco's strategic priorities, as well as individual contribution to Urenco.	Maximum bonus for CEO/CFO (as a percentage of base salary): • 100% On target levels (as a percentage of base salary): • 66.7%	The REMCO believes it is important for annual variable pay to complement the LTIP's focus on longer term financial outcomes. For the 2021 performance year, the scorecard framework will consist of financial targets (48% weighting), operational excellence (32% weighting) and individual targets (20% weighting). The same annual bonus scorecard approach applies to other senior executives, supporting consistency of remuneration and alignment of objectives. For future years, the specific measures and weightings for the annual bonus scorecard will be reviewed annually by the REMCO and adjusted accordingly to evolve with Urenco's strategy and circumstances. The annual review will also consider the scorecard target and outcome history over previous years to ensure that the targets set remain stretching but realistic. • The bonus is determined by reference to performance from January 1 to December 31 each year; • The Committee has the discretion to reduce bonus payouts in the event of material issues in relation to health and safety, security, quality or regulatory performance.

Element	Purpose and link to strategy	Maximum Opportunity	Operation and Performance Measurement
LTIP	Rewards longer term value creation linked to Urenco's strategy.	Maximum award value for CEO/CFO (as a percentage of base salary): • 150% On target levels (as a percentage of base salary): • 100%	• Award levels are determined annually by the REMCO and are set within the maximum approved in the Policy; • The selection of participants and their maximum award is recommended by the CEO and approved by the REMCO; • Awards may vest between 0% and 100% of the initial award level, depending on Urenco's performance. A cash payment is calculated on the basis of each participant's maximum award multiplied by the overall performance score; • For LTIP 2021, performance is assessed over a three year period and is based on value creation (90%) and diversity & inclusion measures (10%). Each measure can vest independently and the LTIP award is subject to clawback and malus provisions; • The REMCO may vary the conditions of, and suspend or terminate, the LTIP at any time at its discretion.
Pension	To provide market competitive benefits.	Maximum Company contribution is 16.0% of salary for all employees in the defined contribution pension scheme.	Executive Directors' retirement benefits are maintained in line with those of the wider workforce. Only base salary is pensionable. The rules of the relevant plans detail the pension benefits which members can receive on retirement (including due to ill health), death or leaving service.

The following provides a summary of the key elements of the remuneration package for Non-Executive Directors:

Fees	To compensate Non-Executive Directors for their Board work	Reviewed annually.	This is determined for each Non-Executive Director taking into account the responsibilities of the individual and information from independent sources on the level of salary for similar jobs in a selected group of comparable companies. Remuneration for Non-Executive Directors is subject to final approval at the Annual General Meeting.

Approach to recruitment remuneration

The ongoing remuneration arrangements for a newly recruited or promoted Director will reflect the remuneration policy in place for Directors at the time of appointment. The ongoing components for Executive Directors will therefore comprise base salary and fees, benefits, performance related bonus, LTIP and pension contribution. The ongoing components for Non-Executive Directors will comprise fees.

The initial base salary for a newly recruited or promoted Executive Director will be set to reflect the individual's experience, salary levels within the Company and market levels. For external and internal appointments, the Committee may agree that the Company will meet certain relocation expenses as appropriate.

Approval

This report was approved by the Board of Directors on 9 March 2022

Mel Kroon
Chair of the Remuneration and Appointments Committee

9 March 2022

Governance
Directors' Report

The Directors present their Annual Report and Accounts for the year ended 31 December 2021.

Regulations relating to Strategic Report

The Directors have ensured compliance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and have presented the Strategic Report separately to the Directors' Report. Both Reports must also be separately approved by the Board of Directors and signed on behalf of the Board by a Director or the Company Secretary. The Corporate Governance section set out on pages 48 to 51 forms part of this report. In accordance with Schedule 7:1A of the Accounting Regulations, the Group has detailed in the Strategic Report items that are required to be disclosed in the Directors' Report. Where this has occurred reference has been made in the Directors' Report to the related comment in the Strategic Report.

Results and dividends

Net income for the year attributable to equity holders of the Parent Company amounted to €364.5 million (2020: net profit €505.3 million).

The Directors recommend a final dividend for the year of €150.0 million (2020: €150.0 million). This is scheduled to be paid in March 2022. The final dividend, together with the interim dividend of €150.0 million (2020: €150.0 million) paid in October 2021, means a total dividend of €300.0 million (2020: €300.0 million) will relate to the 2021 financial year. The Directors have assessed the level of distributable reserves and cash resources at the Parent Company and are satisfied there are sufficient to support the proposed final dividend. The final dividend for 2020 of €150.0 million was paid in March 2021. Details of the dividend are disclosed in note 11 to the consolidated financial statements. The policy and its application are explained in the Strategic Report on page 41.

Principal activity

The Urenco Group's principal activity is the supply of enrichment services (SWU) and the provision of enriched uranium product (EUP) to generate fuel for nuclear power utilities. Urenco has four uranium enrichment facilities, located at Almelo in the Netherlands, Capenhurst in the UK, Gronau in Germany and Eunice, New Mexico, in the USA.

The Group also has subsidiaries dedicated to overseeing our work in the field of uranium stewardship. These include Urenco ChemPlants Limited, which is responsible for the active commissioning of the tails management facility (TMF) in the UK; and Urenco Nuclear Stewardship Limited, which provides responsible materials management for the nuclear industry.

The Group also owns a 50% interest in ETC, a joint venture company jointly owned with Orano. ETC provides gas centrifuge technology for the Group's enrichment facilities through its subsidiaries in the Netherlands, UK, Germany and the USA. The Group accounts for its interest in ETC using the Equity Accounting method.

Urenco Limited is the ultimate holding Company and provides management and strategic support for the Urenco Group, being Urenco Limited and its subsidiaries.

More information on the Group's activities is presented from page 10 in the Strategic Report. An indication of the likely future developments in the Group and details of research and development activities are included on pages 12 to 25 of the Strategic Report.

Going concern

The Group's business activities, achievements, risks and opportunities are set out in the Chief Executive Officer's review on pages 6 to 9 and the Group Finance Report on pages 36 to 41. The Group Finance Report includes information on the financial position of the Company as well as a description of the Group's objectives, policies and processes for managing its capital, its exposures to foreign currencies and other financial risks. Urenco's business is long term by nature and its significant order book of contracted and agreed sales (€8.7 billion extending to the first half of the next decade (2020: €9.0 billion)) provides a strong foundation for the future. The Group has adequate financial resources and its cash flow forecasts indicate that financing facilities committed and in place are sufficient to cover the Group's cash needs to at least a year after the approval date of these financial statements, including all committed capital expenditure.

The Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Risk management: the use of financial instruments

The Group's policies with respect to financial instrument risk management are covered on page 40 and in note 28 to the consolidated financial statements.

Capital structure

The capital structure is set out in note 25 of the financial statements and forms part of the Group Finance report on page 39.

Research and development

Research and development within the Group are predominately carried out by the Urenco Technology and Development (UTD) function set up in 2020, which conducts research and development into improving operational performance and safety.

Research activities relating to core centrifuge technology are undertaken by ETC to maintain the Group's position of technical excellence. The Group continues to seek out opportunities to exploit new markets.

Political contributions and other donations

During the year, the Group made no contributions (2020: €nil) to local political parties. As part of the Group's commitment to the communities in which it operates, contributions totalling €1,043,000 (2020: €677,000) were made during the year to local charities and community projects.

Events after the reporting period

We are deeply concerned about the current developments in Ukraine and our thoughts are with the people suffering as a result of the conflict. We are in contact with our customer and other stakeholders in Ukraine, offering our support. We continue to monitor and evaluate developments in Ukraine and the region closely, and we are working with government partners and other stakeholders in the UK, US and Europe to assess the potential impact.

As of 9 March 2022, no other material structural changes or business events have occurred that might serve to alter any of the disclosures contained in the Annual Report and Accounts.

Disabled employees

It is the policy of the Group to give full and proper consideration to applications from disabled people for employment where the job can be adequately performed by a disabled person. In the event that an existing employee becomes disabled, it is the policy of the Group to allow that person to continue their employment if possible, or to provide alternative training if necessary. Urenco adopt an equal opportunities policy for training, development and promotion, in order that our practices are not discriminatory towards any group of employees, including those with a disability.

Employee involvement and consultations

During the year, employees within the Group have been informed of developments throughout the Group and in the industry. This is through Group and local newsletters, the intranet, notices and meetings. Where appropriate, formal meetings were held between local management and employee representatives as part of the process of communication and consultation.

Directors' interests

The Directors held no interests in the issued share capital of Urenco Limited either beneficially or otherwise at 31 December 2021 or at any other time during the year. The Directors have declared that they have no material interest during the year in any contract which is significant in relation to the Company's business.

Customer and other business partner relationships

The Group carefully monitors and develops its long established relationships with its worldwide customer base and with policy makers in the nuclear industry. We regularly meet with our customers and enhance relationships by explaining, educating and enhancing their understanding and knowledge of our enrichment processes and operations. Additional information as to how we foster relationships with our business partners is summarised in the Corporate Governance section on page 49.

Supplier payment policy and practice

The Group values its relationships with suppliers of goods and services. The Group negotiates terms and conditions of supply prior to delivery and, as a matter of policy, honours these terms once delivery has been made. At 31 December 2021, the Company had an average of 27 days purchases owed to trade creditors (2020: an average of 28 days purchases owed to trade creditors).

Streamlined Energy and Carbon Reporting

The following disclosures are made pursuant to The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, specifically the requirements for large unquoted companies [1].

Urenco's greenhouse gas accounting approach is based on operational control. The data in this section relates to Urenco's UK businesses for the year 2021, with comparative data for 2020. These include Urenco Limited, Urenco ChemPlants Limited, Urenco Enrichment Company Limited, Urenco Nuclear Stewardship Limited and Urenco UK Limited. These businesses are based at two sites, an enrichment and operations facility in Capenhurst and a large office in Stoke Poges. Further energy and carbon disclosures relating to the whole Group can be found within the Strategic Report on pages 20 to 25.

[1] Our energy and carbon data is subject to limited assurance by external provider Corporate Citizenship, in accordance with the International Standard on Assurance Engagement (ISAE) 3000 (Assurance Engagements other than Audits or Reviews of Historical Financial Information) and the relevant subject matter specific ISAE for greenhouse gas data (ISAE 3410, Assurance Engagements on Greenhouse Gas Statements). Please see www.urenco.com/cdn/uploads/supporting-files/ISSUED07022022_Urenco_2021_Assurance_Statement.pdf

Governance

Directors' Report continued

UK energy consumption and greenhouse gas emissions

Approximately 91% of our UK energy use in 2021 related to the consumption of purchased electricity (2020: 92%). The main source of scope 1 emissions is combustion of natural gas for office heating and for deconversion processes in our Tails Management Facility.

		Year ended 31 December 2021		**Year ended 31 December 2020**	
		GWh (million kWh)	tonnes CO_2e	GWh (million kWh)	tonnes CO_2e
Scope 1	Natural gas	15.51	2,841	13.19	2,425
	Diesel for generators	0.23	59	0.54	139
	Diesel for fleet	0.22	51	0.12	28
	Fuel oil	0.94	250	0.87	236
	Biodiesel	0.007	0.12	0.14	2
	Total	16.91	3,201	14.86	2,830
Scope 2	Purchased electricity	166.79	35,415 (location based carbon factor applied(1)) - (market based carbon factor applied(1))	170.62	39,779 (location based carbon factor applied(1)) - (market based carbon factor applied(1))
Scope 3	Fuel used in hire cars and in personal cars on business use	0.19	48	0.05	13
Total		183.89	38,664 (location based carbon factor applied(1)) 3,249 (market based carbon factor applied(1))	185.53	42,622 (location based carbon factor applied(1)) 2,843 (market based carbon factor applied(1))

(1) The emissions stated under 'location based' reporting apply the average greenhouse gas emissions intensity for the UK grid to purchased electricity (the intensity factor is sourced from Greenhouse gas reporting: conversion factors 2021, published by Department for Business, Energy & Industrial Strategy). All of the purchased electricity is bought under a 'blue' (nuclear) tariff supplied by EDF, which we consider to be carbon free at the point of generation. Hence the emissions associated with the purchase of electricity calculated by applying the 'market based' carbon factor, which take into account any contractual arrangements with energy suppliers, are zero.

Emissions intensity

Tonnes CO_2e/tSWU(2) UK output in 2021: 8.59 (location based reporting) (2020: 9.47) (0.72 tonnes CO_2e/tSWU in 2021 (2020: 0.63) if the carbon benefit of purchasing 'blue' (nuclear) electricity is taken into account under market based reporting). This has been chosen as it is the primary method Urenco uses to measure production output.

(2) SWU: separative work units, as defined on page 163.

Energy efficiency actions undertaken in the UK in 2021 reporting year[1]

By far the largest source of our greenhouse gas emissions relates to the consumption of purchased electricity by the Urenco UK Limited enrichment facility. Most electricity is used in the centrifuges, which are run as a highly efficient continuous process with little scope for variation, so opportunities for savings are mainly focused on adjustments to auxiliary processes. The use of purchased electricity across our UK operations decreased by 2.2% in 2021 compared to the previous year (2020: 2.1% decrease), partly due to our continued programme of initiatives targeting over 4,000 MWh (thousand kWh) of annual electricity savings for the lifetime of the projects implemented in 2020. Additionally, energy efficiency measures implemented as part of the 2021 programme achieved approximately 1,100 MWh of electricity savings by the end of the year (2020: 1,200 MWh savings), and are expected to save more than 4,500 MWh of electricity per annum going forward. Examples include:

- Reduction of output power on bulk convertor systems, saving 585 MWh in 2021, and an estimated 1,685 MWh per annum in future years.
- Installation of speed controlled motors to pumps, saving 475 MWh in 2021, and an estimated 2,900 MWh per annum in future years.

[1] Please note all "energy saved per annum" figures relate to the lifetime of the equipment.

In addition, throughout 2021 Urenco has been progressing a feasibility assessment of an onsite solar photovoltaic (PV) array which would have a peak load of 8-9 MWh, producing approximately 9 GWh of electricity annually. This project is being taken forward in agreement with a developer under a Power Purchase Agreement, with the aim of commissioning in 2022 after obtaining all necessary planning permissions. In the UK, Urenco already sources 100% of purchased electricity under a 'blue' (nuclear) tariff which is considered to be carbon free at the point of generation. Therefore, whilst the solar generated electricity will not save energy or carbon emissions, it allows us to expand our operations without placing additional demand on the UK grid, freeing up the extra carbon free capacity for other users.

Design work continues on a major project to increase the efficiency of the cooling water system, which aims to reduce our electricity use further. Throughout 2022 we will be preparing for the next phase of the Energy Savings Opportunity Scheme with audits to be conducted in 2023.

We engaged with the Aston University Energy and Bioproducts Research Institute (EBRI) on forming a potential partnership to research energy efficiency measures. We will continue these discussions throughout 2022.

The COVID-19 lockdowns reduced energy use in offices in both 2021 and 2020, although this is only a small proportion of our total energy use. The lockdowns also reduced business travel in both 2021 and 2020.

Data methodology

The energy and carbon statements disclosed in this report have been calculated in accordance with the following standards:

- WRI/WBCSD (2004). Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard – Revised Edition
- WRI/WBCSD (2015). Greenhouse Gas Protocol: Scope 2 Guidance for market-based reporting, and
- Department for Environment, Food & Rural Affairs and Department for Business, Energy & Industrial Strategy (2019): Environmental reporting guidelines: Including Streamlined Energy and Carbon Reporting requirements

We collated the data and conducted the calculations following the best practice reporting principles of relevance, accuracy, completeness, consistency and transparency. We have sourced our data primarily from meter readings and invoices, but where this has not been possible, such as for scope 3 fuel use, we have used reasonable estimations, such as use of expensed mileage data as a proxy.

All factors, for fuel properties, carbon intensities and Global Warming Potentials, are sourced from Greenhouse gas reporting: conversion factors 2021, published by Department for Business, Energy & Industrial Strategy. Please note UK emissions reported as part of the Group emissions presented on pages 20 to 21 apply the location based carbon factor sourced from the International Energy Agency (2019) to purchased electricity, to maintain consistency with our wider Group greenhouse gas emissions reporting.

Auditor

Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- The Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor. A resolution to reappoint Deloitte LLP for the coming year will be put to the Annual General Meeting on 9 March 2022.

The Directors' Report has been approved for issue by the Board of Directors on 9 March 2022.

By order of the Board

Ralf ter Haar
Director

9 March 2022

Governance
Directors' Responsibilities Statement

Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Group 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 are required to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The Group financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) as adopted by the UK. The Directors have elected to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the Directors must not approve the Group financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for the year.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- 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 IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

The Directors' Responsibilities Statement has been approved for issue by the Board of Directors on 9 March 2022.

By order of the Board.

Ralf ter Haar
Director

9 March 2022

Financial statements
Independent Auditor's Report

Report on the audit of the financial statements

Opinion

In our opinion:

- **the financial statements of Urenco Limited (the 'Parent Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2021 and of the Group's profit for the year then ended;**
- **the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);**
- **the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and**
- **the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.**

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and Parent Company statement of financial position;
- the consolidated and Parent Company statement of changes in equity;
- the consolidated cash flow statement;
- the related notes to the consolidated financial statements 1 to 35; and
- the related Parent Company notes 1 to 20.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law, United Kingdom adopted international accounting standards and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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.

Summary of our audit approach

Key audit matters

The key audit matters that we identified in the current year were:

- Carrying value of the US enrichment business;
- European enrichment business tails provisioning; and
- Enrichment site decommissioning provisioning.

These key audit matters are consistent with those identified in the prior year aside from revenue.

Materiality

The materiality that we used for the Group financial statements was €25 million which was determined on the basis of approximately 4.5% of annual profit before tax ("PBT").

Scoping

Our Group audit scope focused on the four Urenco enrichment site operating entities (Urenco UK Limited, Urenco Deutschland GmbH, Urenco Nederland B.V. and Louisiana Energy Services, LLC), the entity constructing the Tails Management Facility (TMF) (Urenco ChemPlants Limited), and the UK head office entities. We performed full scope audits for all of these entities, which are significant to the Group. Our full scope audit procedures cover total assets (96% of Group total), revenue (98% of Group total) and profit before tax (94% of Group total).

Significant changes in our approach

We have concluded that revenue no longer represents a key audit matter for the 31 December 2021 year end audit. This is because the revenue contracts entered into in the current year are less complex in nature than previous years and management has improved their process for identifying and assessing associated accounting considerations.

Financial statements

Independent Auditor's Report continued

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.

Our evaluation of the Directors' assessment of the Group's and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- assessment of current financing facilities including the nature of undrawn facilities, repayment terms and covenants;
- assessment of the consistency of the forecasts with the business model and medium term risks;
- evaluating the assumptions used in the forecasts;
- performing a sensitivity analysis on management's forecast cash flows; and
- assessing the Group's level of forward order book and contracted future cash flows.

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 Group's and Parent Company's ability to continue as a going concern for a period of at least twelve months 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.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Carrying value of the US enrichment business

Key audit matter description

Management has identified the US and European operations of the Group's uranium enrichment business as two cash generating units ('CGUs').

There is an ongoing requirement for management to assess each CGU for indicators of impairment or impairment reversal at each reporting period end. At 31 December 2021, impairment risk is focused on the US enrichment business CGU given the significant carrying value of the more recently constructed assets (carrying value as at 31 December 2021: €1,364 million) and the €500 million pre-tax impairment charge recognised at the 2019 year end.

The 2019 impairment charge of the US CGU was primarily driven by deteriorations in the long term forecast market price for Separative Work Units (SWU), as a result of a number of political and geopolitical uncertainties.

There is a significant level of management judgement inherent in determining whether an impairment indicator or impairment reversal indicator exists as at the 2021 year end. Management's assessment focused on whether there has been any observable change during 2021 to the future enrichment market dynamics, the associated SWU market pricing projections and forecast sales volume demand estimations, compared to those previously adopted.

As part of their impairment consideration process for 2021, management has reassessed forecast SWU market prices by forecasting future expected SWU demand and supply, in order to derive a forecast for future SWU prices.

This future SWU supply curve was considered by management, alongside other factors such as financial and operational performance against budget and production plans.

On this basis and following an assessment of the other key assumptions detailed below, management has concluded that there are no indicators for a further impairment charge or an impairment reversal and hence no requirement to perform a full impairment assessment. However, management have performed a value in use calculation to support these conclusions.

Key assumptions modelled within management's assessment include the post–tax nominal discount rate; the risk adjusted contracted and agreed future order book including any amendments during 2021; the extension of the US Nuclear site operating licence beyond 2040 which management continues to expect to receive in the ordinary course of business; ongoing capital expenditure requirements to maintain and operate the business; together with levels of associated operating costs, the US disposal cost of tails produced from enrichment and US government policy. In addition, the value in use is supported by the assumption that LEU+ (uranium enriched to higher assays than conventional fuel) will be adopted by US customers and therefore support a higher future SWU price.

This key audit matter is included as a significant matter related to the financial statements within the Audit Committee report on page 54, and is a critical accounting judgement within note 2 to the financial statements on page 86. Note 2 to the financial statements on page 95 also provides further details on the Urenco significant accounting policy for the impairment of enrichment assets.

How the scope of our audit responded to the key audit matter

In assessing the carrying value of the US enrichment business, we:

- obtained an understanding of the relevant controls over management's impairment indicator review processes;
- evaluated management's assessment of CGUs by obtaining a sample of underlying sales agreements to assess whether the cash inflows for the US and European enrichment businesses are separately identifiable and independent;
- challenged management's review of the relevant internal updates and external market information, including reviewing for any contradictory evidence, when scrutinising the 2021 impairment indicator or impairment reversal analysis;
- assessed significant new sales contracts and contract extensions signed during 2021, and those currently under discussion with customers, and compared pricing with both current market spot and forward prices, and the assumptions included in the US CGU impairment model;
- involved our nuclear industry specialists in our assessment of the long term forecast price for SWU, including the assumptions on nuclear energy demand and associated product assays;
- benchmarked key assumptions to third party evidence where available;
- challenged the operational and commercial management on the key assumptions;
- assessed and benchmarked the reasonableness of the post-tax nominal discount rate adopted to external market data; and
- challenged management's expectation of receiving an extension to the US nuclear site operating licence.

Key observations

We have concluded that management's assessment that there are no indicators of impairment or reversal is appropriate based on the work performed. Key assumptions within this assessment include an extension to the US operating licence, and demand quantities / assays within the long term forecast price model for SWU.

European enrichment business tails disposal provisioning

Key audit matter description

During 2021, management continued to base the European enrichment sites' tails provisions using the estimated future de-conversion cost of processing tails through the Tails Management Facility ('TMF'), which is currently being commissioned. The TMF de-conversion cost estimate is reviewed by management at each reporting period end, as this TMF cost estimate is required to measure the future tails de-conversion provision. As at 31 December 2021, Urenco recognised a €1,279 million (31 December 2020: €1,128 million) provision in respect of tails currently held at the three European enrichment sites, reflecting an increase in the volume of tails held and the expected de-conversion rate.

Significant management judgement is required in estimating the TMF de-conversion forecast cost assumptions, most notably the eventual operating cost of the TMF facility, capital costs of commissioning the facility, and likely deconversion throughput levels.

The latest TMF project review undertaken by management indicated a marginally increased capital construction and commissioning cost in comparison to the assumptions at 31 December 2020. These factors, alongside the delayed commissioning of TMF, have led to an increase in the associated tails provision.

As detailed on page 8 of the annual report, TMF commissioning commenced in 2020, and has encountered challenges to date. The forecast commissioning date of the TMF facility is now during 2022 (2020: 2021). Until commissioning is complete and operations commence, the estimated throughput and operating costs are uncertain, and these therefore represent key estimates within the European tails provision valuation. Our key audit matter is focused to the throughput assumption, as the provision is most sensitive to changes in this assumption. This is based on nameplate capacity of the facility provided by the entity who sold the plans to Urenco.

The other key management estimates in valuing this long term European tail provision are macroeconomic assumptions, being the inflation and discount rate applied to recognise the provision at a present value cost, and the determination of the final tails disposal and transport costs. During 2021, the European tails provisions continued to reflect changes in tails disposal routes related to an optimisation of tails management operations across the Group and the impact of the reduction in higher assay tails associated with the enrichment services contracts.

This key audit matter is included as a significant matter related to the financial statements within the Audit Committee report on page 54, and is a key source of estimation uncertainty within note 2 to the consolidated financial statements on page 87. Further details on the tails provision are also provided in note 30 to the consolidated financial statements.

Financial statements
Independent Auditor's Report continued

How the scope of our audit responded to the key audit matter

In assessing the tails provision, we:

- obtained an understanding of the relevant controls over management's tails provisioning processes;
- challenged the senior Group management (the Urenco Limited Executive Directors and executive management team) and operational management to understand the status of the TMF project, the residual risks and estimated contingency levels;
- challenged management's key assumptions in relation to the forecast capital cost, timing of completion and forecast operating cost by performing the following procedures:
  - evaluated future cost and timing estimates, including TMF de-conversion costs, against internal project data and, where possible, external support;
  - tested the key assumptions through discussion with technical and operation personnel, and an assessment of key management reports;
  - understood the rationale for, and reviewed the calculation of, the relevant updates made to the TMF de-conversion cost model in 2021 and have agreed the underlying information to third party support where relevant;
- challenged management on the feasibility of hitting capacity forecasts by comparing throughput assumptions against publicly available information, review of associated technical / engineering documents, and meeting with key operational personnel;
- assessed and benchmarked the reasonableness of discount and inflation macroeconomic assumption rates adopted to external market data and relevant industry peers; and
- assessed the disclosures of the key source of estimation uncertainty.

Key observations

We concluded that the key assumptions applied by management in the provision calculation, as well as related disclosures, were appropriate.

Enrichment site decommissioning provisioning

Key audit matter description

Decommissioning activity involves the deconstruction, decontamination and disposal of the centrifuges and related infrastructure. As at 31 December 2021, the provision was €1,002 million (31 December 2020: €840 million).

A triennial review was performed in 2021, whereby management reassessed their provisions assumptions and estimates. The most significant changes were to the proposed timing of some elements of decommissioning works, and revisions to a number of third party quotes for planned decommissioning activity.

The timing of decommissioning activities is a key estimate, driven by useful economic lives of the enrichment plants as well as local regulatory requirements, disposal methods employed and Group strategy for decommissioning activities.

The other key management estimates are macroeconomic assumptions, being the inflation and discount rate applied to recognise the provision at a present value cost.

Other assumptions in management's decommissioning provision include cost estimates (both externally and internally generated) for the deconstruction, decontamination and disposal of the centrifuges and related infrastructure.

This key audit matter is included as a significant matter related to the financial statements within the Audit Committee report on page 55, and is a key source of estimation uncertainty within note 2 to the consolidated financial statements on page 87. Further details on the site decommissioning provision are also provided in note 30 to the consolidated financial statements.

How the scope of our audit responded to the key audit matter

In assessing the decommissioning provision, we:

- obtained an understanding of the relevant controls over the site decommissioning provisioning processes at each component as well as the Group-wide controls;
- understood the rationale for the key updates made in the 2021 provision, including the timing of activity and updated external quotes;
- challenged the key assumptions and critical estimates made in determining the timing of cash flows with senior operational and technical staff, and determined the consistency of these assumptions with those used in forecasts and the wider Group strategy;
- assessed the competence, capability and objectivity of management's experts where cost estimates were internally generated;
- challenged the cost assumptions made by comparing them against underlying support; and
- assessed and benchmarked the reasonableness of discount and inflation macroeconomic assumption rates adopted to external market data and relevant industry peers.

Key observations

We concluded that the key assumptions applied by management in the provision calculation, as well as related disclosures, were appropriate.

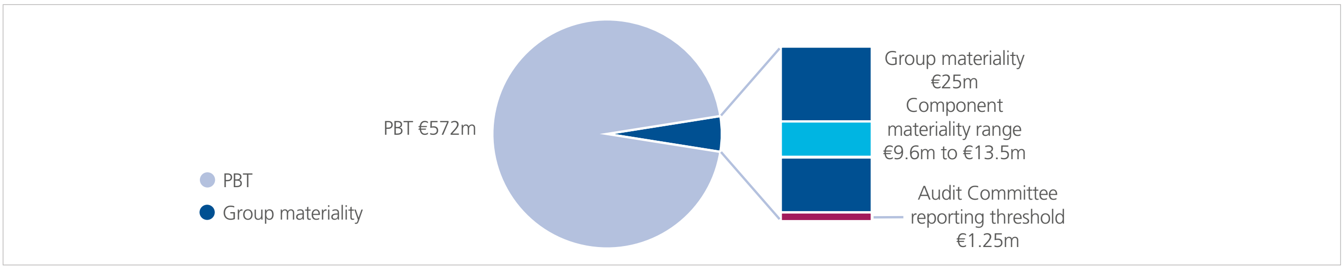
Our application of materiality

Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent Company financial statements
Materiality	€25.0 million (2020: €25.0 million)	€19.3 million (2020: €19.5 million)
Basis for determining materiality	Approximately 4.5% of annual profit before tax ("PBT") (2020: approximately 3.5% of profit before tax excluding exceptional items and foreign exchange gains and losses on financing activities).	Approximately 1.5% of Net Assets (2020: approximately 5% of profit before tax) for the Parent Company.
Rationale for the benchmark applied	We have determined that profit before tax excluding exceptional items provides us with a consistent year on year basis for determining materiality and is the most relevant key performance measure to the stakeholders of the Group. Profit before tax is adjusted to exclude exceptional items which would, if included, distort materiality for the year. We considered this measure to be suitable having also compared to another benchmark; our materiality is below 2% of equity (2020: below 2%) for both the Group and the Parent Company.	We have determined that net assets is the most relevant key benchmark as the primary purpose of the company is that of a holding company.



Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent Company financial statements
Performance materiality	70% (2020: 70%) of Group materiality	70% (2020: 70%) of Parent Company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: a. The quality of the control environment and that we were able to take controls reliance on the revenue and payables cycles, and on general IT controls as planned; b. The higher risk nature of the industry; c. Changes in the internal control environment related to remote working for management; and d. The number and volume of misstatements in the interim and prior year.	

Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of €1,250,000 (2020: €1,250,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Identification and scoping of components

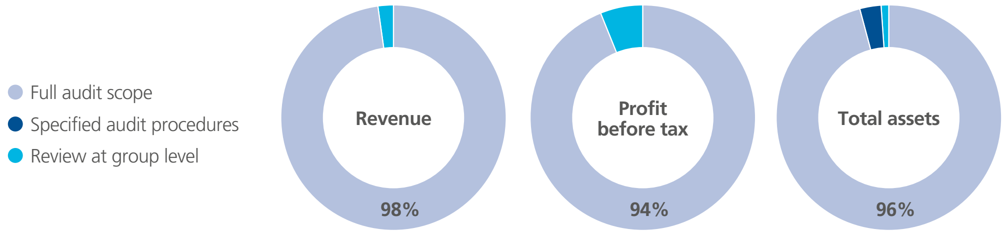
Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group wide controls, and assessing the risks of material misstatement at the Group level.

We performed full scope audits on the four enrichment site operating entities, Urenco UK Limited, Urenco Deutschland GmbH, Urenco Nederland B.V. and Louisiana Energy Services, LLC, as they represent the Group's principal business units. The last three of which were performed by our component auditors in Germany, the Netherlands and USA respectively.

Financial statements

Independent Auditor's Report continued

Additionally, we performed full scope audits on the entity constructing the TMF (Urenco ChemPlants Limited), and the UK head office entities, which are significant to the Group. Our full scope audit procedures cover total assets (2021: 96%, (2020: 98%), of Group total), revenue (2021: 98%, (2020: 99%) of Group total) and profit before tax (2021: 94%, (2020: 98%) of Group total).



Our consideration of the control environment

We performed testing of the general IT controls in respect of the Group's ERP finance system, which is the general ledger used at each component, with the purpose of placing controls reliance over these controls. The results of this testing allowed us to take a controls reliant approach for this system.

We planned and were able to place controls reliance on the relevant controls in relation to the accuracy, cut off and occurrence of both revenue and payables, which were reviewed and challenged as part of the audit procedures undertaken.

Working with other auditors

Component auditors were directed and supervised via clear group team instructions, regular email communication and calls, direct file reviews of their work, and meetings at key stages of the audit. We issued the component instructions on the audit strategy, the scope of their work, component materiality and other key information they should be aware of, as well as the requirements of their reporting to us.

Due to COVID-19 related travel restrictions and health considerations, no visits to the enrichment sites were performed in the current year and stock counts were performed virtually. Additional remote file reviews were performed during the planning phase of the audit process and the UK group team engaged in calls with local management and component auditors, in addition to the usual component audit close meetings.

Our consideration of climate related risks

As highlighted in management's climate related disclosures on page 21, the Group is exposed to the transitional impacts of climate change on its business and operations. We considered the risks associated with climate change when determining our scope and audit approach. In particular, we pinpointed potential risks associated with climate change to the likely role of nuclear power in the future likely energy production mix.

Our consideration of climate related risks also extended to our work in respect of going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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.

Independent Auditor's Report continued

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

Extent to which 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including, fraud and non compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit and the Audit Committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks of fraud or non compliance with laws and regulations;
- the matters discussed among the audit engagement team, including significant component audit teams and relevant internal specialists, including tax, financial instruments, valuations, pensions, IT, and industry specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: management's assessment of impairment indicators in the US enrichment business and management's judgements in applying the Group's revenue recognition policy, specifically in relation to the application of IFRS 15. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, pensions legislation, tax legislation and nuclear regulations.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the Group's operating licence and environmental regulations.

Audit response to risks identified

As a result of performing the above, we identified carrying value of the US enrichment business and feed profit recognition as key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit Committee, internal audit and in house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with nuclear regulators;
- challenging the timing and value of revenue recognised through analytical procedures, and agreeing to executed contracts, signed delivery documentation and consideration received. We have also recalculated the extent of any revenue accruals or deferrals to assess the compliance with IFRS15; and
- addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non compliance with laws and regulations throughout the audit.

Financial statements
Independent Auditor's Report continued

Report on other legal and regulatory requirements

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 the Directors' Report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made.

We have nothing to report in respect of this matter.

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.

Jon Thomson FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

9 March 2022

Financial statements
Consolidated Income Statement

For the year ended 31 December 2021

	Notes	2021 Result for the year €m	2020 Re-presented(i)(ii) Result for the year €m
Revenue	3	**1,669.3**	1,700.1
Changes to inventories of work in progress, finished goods and SWU assets(i)		**(89.0)**	(43.3)
Raw costs of materials and consumables used(i)		**(16.0)**	(13.2)
Net costs of nuclear provisions(ii)	5,6	**(144.4)**	(163.8)
Employee costs	7	**(180.3)**	(167.2)
Depreciation and amortisation	5	**(331.0)**	(328.6)
Restructuring provision release	6	**0.5**	0.9
Other expenses	5	**(275.9)**	(249.9)
Share of results of joint venture	16	**2.6**	13.8
Income from operating activities	5	**635.8**	748.8
Finance income	8	**69.3**	85.5
Finance costs	9	**(133.6)**	(167.9)
Income/(loss) before tax		**571.5**	666.4
Income tax expense	10	**(207.0)**	(161.1)
Net income for the year attributable to the owners of the Company		**364.5**	505.3
Earnings per share		**€**	€
Basic earnings per share	12	**2.2**	3.0

(i) For the year ended 31 December 2020, an amount of €4.6 million has been reclassified from Raw costs of materials and consumables used to Changes to inventories of work in progress, finished goods and SWU assets (see note 19).

(ii) Net costs of nuclear provisions includes €25.6 million for the year ended 31 December 2020 classified as exceptional items. Refer to note 6.

Financial statements
Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021

	Notes	2021 €m	2020 Re-presented(i) €m
Net income for the year attributable to the owners of the Company		**364.5**	505.3
Other comprehensive income/(loss):			
Items that have been or may be reclassified subsequently to the income statement			
Cash flow hedges – recycled in relation to hedges of revenue	26	**(3.9)**	38.9
Cash flow hedges – recycled in relation to hedges of debt(i)	26	**40.9**	(49.6)
Cash flow hedges – mark to market (losses)/gains on hedges of revenue(i)	26	**(69.5)**	67.4
Cash flow hedges – mark to market (losses)/gains on hedges of debt(i)	26	**(28.7)**	29.3
Movements on cost of hedging reserve(ii)	26	**1.5**	(6.7)
Deferred tax income/(expense) on financial instruments	10	**13.8**	(18.8)
Current tax income/(expense) on financial instruments	10	**1.0**	(7.7)
Exchange differences on hedging reserves(iii)	26	**5.6**	8.2
Total movements to hedging reserves		**(39.3)**	61.0
Exchange differences on foreign currency translation of foreign operations		**95.4**	(111.0)
Net investment hedge – mark to market gains/(losses)		**38.8**	(12.8)
Deferred tax income on financial instruments		**6.7**	3.8
Current tax expense on financial instruments		**(4.9)**	(3.3)
Share of joint venture exchange differences on foreign currency translation of foreign operations		**(0.1)**	(0.1)
Total movements to foreign currency translation reserve		**135.9**	(123.4)
Items that will not be reclassified subsequently to the income statement			
Actuarial gains on defined benefit pension schemes	31	**68.0**	1.6
Deferred tax expense on actuarial gains	10	**(17.2)**	-
Share of joint venture actuarial gains/(losses) on defined benefit pension schemes		**5.5**	(1.9)
Share of joint venture deferred tax (expense)/income on actuarial gains/(losses) on defined benefit pension schemes		**(0.5)**	2.5
Total movements to retained earnings		**55.8**	2.2
Other comprehensive income/(loss)		**152.4**	(60.2)
Total comprehensive income for the year attributable to the owners of the Company		**516.9**	445.1

(i) Previously, the line items above, cash flow hedges – recycled in relation to hedges of debt, cash flow hedges – mark to market (losses)/gains on hedges of revenue and cash flow hedges – mark to market (losses)/gains on hedges of debt were shown as a single line, cash flow hedges mark to market gains/(losses) with a net gain of €47.1 million disclosed in the year ended 31 December 2020 accounts.

(ii) The movements on cost of hedging reserve relate to both Cash Flow and Net Investment Hedges.

(iii) Exchange differences on the hedging reserves arise as a result of the effects of translating the hedging reserves from the functional currency of the entities in which the hedging reserves are held to the Group's presentational currency.

Financial statements
Consolidated Statement of Financial Position

For the year ended 31 December 2021

	Notes	31 December 2021 €m	31 December 2020 €m
Assets			
Non-current assets			
Property, plant and equipment, including right-of-use assets	13	**4,510.8**	4,308.2
Investment property	14	**5.8**	5.9
Intangible assets	15	**23.3**	20.7
Investments including joint venture	16	**29.7**	30.8
Retirement benefit assets	31	**51.2**	-
Restricted cash	18	**0.9**	1.5
Derivative financial instruments	29	**30.4**	110.0
Deferred tax assets	10	**82.8**	114.2
Contract assets	21	**35.5**	12.1
		4,770.4	4,603.4
Current assets			
Inventories	19	**146.9**	122.4
SWU assets	20	**277.5**	313.4
Contract assets	21	**12.5**	16.3
Trade and other receivables	22	**357.9**	236.6
Derivative financial instruments	29	**53.1**	126.0
Income tax recoverable		**101.4**	45.0
Short term bank deposits	23	**516.3**	528.8
Cash and cash equivalents	24	**559.5**	630.0
		2,025.1	2,018.5
Total assets		**6,795.5**	6,621.9
Equity and liabilities			
Equity attributable to the owners of the Company			
Share capital	25	**237.3**	237.3
Additional paid in capital	25	**16.3**	16.3
Retained earnings		**1,487.8**	1,367.5
Hedging reserves	26	**6.8**	46.1
Foreign currency translation	26	**349.6**	213.7
Total equity		**2,097.8**	1,880.9
Non-current liabilities			
Trade and other payables	32	**38.9**	32.5
Interest bearing loans and borrowings	29	**651.3**	1,060.4
Lease liabilities	28	**28.1**	18.2
Provisions	30	**2,721.5**	2,350.5
Contract liabilities	27	**126.1**	74.4
Derivative financial instruments	29	**56.5**	64.6
Deferred tax liabilities	10	**261.9**	159.1
Retirement benefit obligations	31	**30.9**	56.8
		3,915.2	3,816.5
Current liabilities			
Trade and other payables	32	**229.4**	242.8
Interest bearing loans and borrowings	29	**404.7**	534.3
Lease liabilities	28	**3.2**	1.6
Provisions	30	**3.6**	5.2
Contract liabilities	27	**62.6**	61.4
Derivative financial instruments	29	**62.7**	51.9
Income tax payable		**16.3**	27.3
		782.5	924.5
Total liabilities		**4,697.7**	4,741.0
Total equity and liabilities		**6,795.5**	6,621.9

The financial statements were approved by the Board of Directors and authorised for issue on 9 March 2022.
They were signed on its behalf by:

Registered Number 01022786

Boris Schucht
Chief Executive Officer

Ralf ter Haar
Chief Financial Officer

Financial statements
Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

	Share capital €m	Additional paid in capital €m	Retained earnings €m	Hedging reserves(i) €m	Foreign currency translation reserve €m	Attributable to the owners of the Company €m
As at 31 December 2020	**237.3**	**16.3**	**1,367.5**	**46.1**	**213.7**	**1,880.9**
Income for the year	**-**	**-**	**364.5**	**-**	**-**	**364.5**
Other comprehensive income/(loss)	**-**	**-**	**55.8**	**(39.3)**	**135.9**	**152.4**
Total comprehensive income/(loss)	**-**	**-**	**420.3**	**(39.3)**	**135.9**	**516.9**
Equity dividends paid (see note 11)	**-**	**-**	**(300.0)**	**-**	**-**	**(300.0)**
As at 31 December 2021	**237.3**	**16.3**	**1,487.8**	**6.8**	**349.6**	**2,097.8**

	Share capital €m	Additional paid in capital €m	Retained earnings €m	Hedging reserves(i) €m	Foreign currency translation reserve €m	Attributable to the owners of the Company €m
As at 31 December 2019	237.3	16.3	1,310.0	(14.9)	337.1	1,885.8
Income for the year	-	-	505.3	-	-	505.3
Other comprehensive income/(loss)	-	-	2.2	61.0	(123.4)	(60.2)
Total comprehensive income/(loss)	-	-	507.5	61.0	(123.4)	445.1
Equity dividends paid (see note 11)	-	-	(450.0)	-	-	(450.0)
As at 31 December 2020	237.3	16.3	1,367.5	46.1	213.7	1,880.9

(i) The hedging reserves are comprised of a cash flow hedging reserve and a cost of hedging reserve. The analysis for the reconciliation between opening and closing balance for each component is provided in note 26.

Financial statements
Consolidated Cash Flow Statement

For the year ended 31 December 2021

	Notes	2021 €m	2020 Re-presented(i) €m
Income before tax		**571.5**	666.4
Adjustments to reconcile Group income before tax to net cash flows from operating activities:			
Share of joint venture results	16	**(2.6)**	(13.8)
Depreciation and amortisation	5	**331.0**	328.6
Finance income	8	**(69.3)**	(85.5)
Finance costs	9	**133.6**	167.9
Loss on disposal/write offs of property, plant and equipment		**2.1**	3.4
Increase in provisions	6	**59.9**	94.1
Operating cash flows before movements in working capital		**1,026.2**	1,161.1
Increase in inventories		**(2.1)**	(10.4)
Decrease/(increase) in SWU assets		**40.0**	(26.5)
(Increase)/decrease in receivables and other debtors		**(126.1)**	1.9
Increase in payables and other creditors		**89.6**	45.3
Cash generated from operating activities		**1,027.6**	1,171.4
Income taxes paid		**(146.4)**	(36.1)
Net cash flow from operating activities		**881.2**	1,135.3
Investing activities			
Interest received		**30.6**	49.7
Payments on maturing swaps hedging matured debt		**(32.5)**	-
Maturity of short term deposits(i)		**701.1**	835.0
Placement of short term deposits(i)		**(688.6)**	(899.7)
Purchases of property, plant and equipment		**(141.8)**	(150.8)
Purchases of intangible assets		**(1.7)**	(1.0)
Decrease in investment including joint venture	16	**12.5**	5.0
Net cash flow from investing activities(i)		**(120.4)**	(161.8)
Financing activities			
Interest paid		**(83.8)**	(112.8)
Receipts on maturing swaps hedging matured debt		**75.3**	-
Dividends paid to equity holders	11	**(300.0)**	(450.0)
Repayment of borrowings		**(534.4)**	(95.0)
Repayment of lease liabilities		**(1.8)**	(2.5)
Net cash flow from financing activities(i)		**(844.7)**	(660.3)
Net increase/(decrease) in cash and cash equivalents		**(83.9)**	313.2
Cash and cash equivalents at 1 January		**630.0**	323.2
Effect of foreign exchange rate changes		**13.4**	(6.4)
Cash and cash equivalents at 31 December(ii)	24	**559.5**	630.0

(i) The Maturity of short term deposits and the Placement of short term deposits were presented within cash flows from financing activities in the year ended 31 December 2020.

(ii) In addition to Cash and cash equivalents, the Group held Short term bank deposits of €506.2 million (2020: €528.8 million).

Financial statements
Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

1. General information

Urenco Limited ("the Company") is a private company limited by shares, domiciled and incorporated in England, the United Kingdom under the Companies Act 2006. Urenco Limited is the ultimate parent and controlling party of the Group. The address of the Company's registered office is given on page 46. The principal activities of the Company and its subsidiaries (the Group) and the nature of the Group's operations are set out in note 4 and in the Strategic Report on pages 2 and 45.

2. Significant accounting policies

Basis of preparation and presentation

The Group financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards as issued by the IASB.

Companies incorporated in the UK that previously were required to use EU adopted IFRS are required to apply UK adopted international accounting standards for financial periods beginning on or after 1 January 2021. As at adoption the standards are identical.

The Group financial statements have been prepared under the historical cost basis, except for those financial instruments and pension obligations that have been measured at fair value at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The Group financial statements are presented in euros because the euro is the currency of the primary economic environment in which the Group operates. The Group consists of entities that have functional currencies of US dollar, sterling and euros. The Parent Company's functional currency is sterling because that is the currency of the primary economic environment in which the Parent Company operates. Foreign operations are included in accordance with the policies set out within this note.

The Group financial statements values are rounded to the nearest €0.1 million except where otherwise indicated.

Going concern

The Directors have assessed the latest forecast future cash flows, including appropriate sensitivities, which indicate that available cash and committed financing facilities in place are sufficient to cover the Group's cash needs for at least 12 months after the date of approval of these financial statements. They are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future, and thus they continue to adopt the going concern basis of accounting in preparing these financial statements. The Directors have considered the impact of COVID-19 and have concluded that there is no substantial impact on the going concern assumption. For further details please see page 33.

Adoption of new and revised accounting standards

Amendments to accounting standards that are mandatorily effective for the current year

The accounting policies adopted in the preparation of the Group's annual financial statements for the year ended 31 December 2021 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2020, except as follows:

In the current year, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2021. The impact of their adoption on the disclosures or on the amounts reported in these financial statements is assessed below.

International Accounting Standards (IFRS/IAS)	IASB Effective Date – periods commencing on or after	UK endorsed Effective Date – periods commencing on or after
Extension to Amendment to IFRS 16 Leases COVID-19-Related Rent Concessions (issued on 28 May 2020)	1 April 2021(i)	1 April 2021(i)
Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) (issued on 25 June 2020)	1 January 2021(ii)	1 January 2021(ii)
Interest Rate Benchmark Reform-Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) (issued on 27 August 2020)	1 January 2021	1 January 2021

(i) Applies to COVID-19 related rent concessions that reduce lease payments due on or before 30 June 2022

(ii) The Amendments may be used by eligible entities for financial years beginning before 1 January 2023

The Directors have reviewed the changes to accounting standards as listed in the table above and have assessed that these changes have not had any impact on the financial statements of the Group.

For the year ended 31 December 2021

2. Significant accounting policies continued

New and revised accounting standards and interpretations in issue but not yet effective

All UK incorporated companies that have been previously required to use EU adopted IFRS need to use UK adopted international accounting standards for financial years that begin on or after 1 January 2021. On 1 January 2021, UK adopted international accounting standards and EU adopted IFRS are identical. At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been endorsed).

International Accounting Standards (IFRS/IAS)	IASB Effective Date – periods commencing on or after	UK endorsed Effective Date – periods commencing on or after
Standards		
IFRS 17 Insurance Contracts (issued on 18 May 2017); including Amendments to IFRS 17 (issued on 25 June 2020)	1 January 2023	Not yet endorsed
Amendments		
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1); and Deferral of Effective Date Amendment (issued on 15 July 2020)	1 January 2023	Not yet endorsed
Annual Improvements to IFRS 2018–2020 • Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37) • Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) • Reference to the Conceptual Framework (Amendments to IFRS 3) (All issued 14 May 2020)	1 January 2022	Not yet endorsed
Definition of Accounting Estimates (Amendments to IAS 8) (issued on 12 February 2021)	1 January 2023	Not yet endorsed
Disclosure of Accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2) (Issued on 12 February 2021)	1 January 2023	Not yet endorsed
Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12) (issued on 7 May 2021)	1 January 2023	Not yet endorsed

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

Basis of consolidation

The Group consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. The financial statements also incorporate the Company's share of the results of its joint venture using the equity method made up to 31 December each year. Control is achieved when the Company has the power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Subsidiaries continue to be consolidated until the date such control ceases to exist.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. If a subsidiary ceases to be controlled, other than by sale or exchange of shares, no income or loss will be recognised in the consolidated income statement.

Where necessary, adjustments are made to the financial statements of subsidiaries and joint ventures to bring the accounting policies used into line with those used by the Group. The financial statements of subsidiaries and joint ventures are prepared for the same reporting year as the Parent Company.

All intra group transactions, balances, income and expense are eliminated on consolidation.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described within this note, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2021

2. Significant accounting policies continued

Critical accounting judgements

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

- **Enrichment cash generating unit carrying values – determination of cash generating units (CGUs)**
  Enrichment CGUs are reviewed for impairment indicators at period ends whenever events or circumstances indicate that the carrying value may not be fully recoverable.

  Urenco has two key CGUs, its European operations and its US operations. Management has reassessed that each of these CGUs are comprised of the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The European operations include the enrichment sites in Germany, The Netherlands and the United Kingdom and the TMF which is also based in the United Kingdom. The European enrichment sites are included in this CGU because together they are the Urenco counterparty for the majority of enrichment sales contracts. Additionally, the TMF is included because the cash inflows from their deconversion services are inextricably linked to the cash flows of the European enrichment business, because they are their key customers. The US operations include the enrichment site in the USA. During this assessment it was concluded that a possible merger of the European and US operations into one CGU would not be justified, mainly because, for the majority of enrichment sales contracts, there are separate sales contracts for the European operations and for the US operations.

  For 2021, the Directors concluded that there was no significant indicator of impairment for either the US or the European CGU and accordingly no impairment tests have been carried out.

- **Timing of SWU revenue recognition**
  SWU revenue is recognised at a point in time, not over a period of time. Judgement is required in reaching this conclusion, including an assessment as to whether Urenco is enhancing any specific customer's asset as described in IFRS 15. The customer continues to have legal title to the uranium and retains the associated residual risks and rewards of ownership throughout the enrichment process. Management has assessed that enrichment activity does not meet the definition of enhancing a customer's asset and that therefore control of SWU passes to the customer at a point in time. Further, as uranium is fungible, the customer of any enrichment activity can only be identified just prior to the point of time that control of SWU transfers to the customer.

  Management has applied judgement in concluding that each SWU delivery under an enrichment contract is a separate performance obligation and therefore each contract is a series of performance obligations rather than a single overall service. This applies when there is a series of fixed or minimum deliveries stated in the contract at inception.

  Certain SWU and feed contracts have deliveries on a 'requirements basis', where the quantities are dependent on the operation and reload patterns of nuclear power stations. Therefore these contracts have variable quantities that are considered to be a series of individual options rather than performance obligations. The overall transaction price under an enrichment contract is allocated to each discrete performance obligation in accordance with the relative standalone selling price at inception. The transaction price for options is accounted for when they are enacted and therefore become committed. Any amount invoiced to the customer in excess of the revenue recognised is recorded as a contract liability and any amount invoiced to the customer below the revenue recognised is recorded as a contract asset. Over the life of an enrichment contract the total revenue recognised will equal the overall transaction price; it is only the timing of revenue recognition that may be deferred or accrued.

  Judgement is required when enrichment contracts are modified, to assess whether or not treatment as a separate contract is necessary. If the contract modification results in an addition of promised SWU deliveries and an increase of the transaction price by an amount that reflects the standalone selling prices of the additional SWU deliveries, then this is treated as a separate contract. Otherwise the remaining deliveries under the existing contract, which are considered distinct, and the additional deliveries under the new contract are combined and the allocation of the revenue under this combined contract is determined based on the relative standalone selling price applicable at the date of contract modification.

  This treatment is based on the judgement that the combined contract contains performance obligations, rather than just options. Assessing whether the change in contract meets these criteria requires significant judgement, particularly where the changes will affect deliveries not yet performed under the original contract.

- **Determination of standalone selling price**
  The standalone selling price is the price at which the Group would sell a promised good or service to a customer. Management judge that this price varies over time and therefore separate deliveries will have different standalone selling prices at the contract inception. Due to the absence of a liquid market for sales of enrichment services or uranium related goods, there is no observable price available when the Group sells such services or goods. Hence judgement is required to determine the appropriate method to calculate the standalone selling prices over time for each type of performance obligation. Management assessed that the most appropriate method to determine this standalone selling price is an adjusted market assessment approach, whereby management evaluates the uranium and the enrichment market and estimates a narrow range of prices for feed, uranium enrichment and conversion services for each point in time that a customer in that market would be willing to pay, supported by information on observable inputs and including previous contract prices. The array of standalone selling prices, including their range, for each type of performance obligation over time, is reviewed on a periodic basis for application to new contracts or contract modifications.

For the year ended 31 December 2021

2. Significant accounting policies continued

Critical accounting judgements and key sources of estimation uncertainty continued

- **Determine Transaction Price**
  The transaction price calculated for any uranium supply or enrichment services contract is based on the total amount which Urenco expects to receive. The total consideration to which Urenco is expected to be entitled at inception of enrichment and uranium supply contracts can include elements of variable consideration. The Group uses its accumulated historical experience to estimate variable revenue using the most likely method, to ensure it is highly probable that a significant reversal of cumulative revenue recognised will not occur. In the assessment of the transaction price, Urenco applies appropriate constraints of the composite elements of variable consideration. Management will use judgement in considering which elements of variable consideration are to be constrained, which may include price caps and floors and variable pricing frameworks across a series of performance obligations.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

- **Enrichment cash generating unit carrying values – indicators of impairment or reversal of impairment**
  Where impairment indicators have been identified, management has assessed the recoverable amount of assets based on value in use, using discounted cash flow models.

  Determination of the value in use requires management to make an estimation of value for the CGUs involved and changes in estimates could impact the recoverable values of these assets. The key accounting assumptions inherent within the value in use calculations are reviewed regularly and include: estimations of future market dynamics (including forecast global nuclear generating capacity over time and the resulting demand for EUP and associated product assays) and associated market pricing projections and the pre-tax nominal discount rate used. Other assumptions include the enrichment capacity of the US and European operations, the extension of the USA operating licence beyond 2040 which management expect to receive in the ordinary course of business, ongoing capital expenditure requirements to maintain and operate the business, together with levels of associated operating and nuclear tails waste disposal costs and US Government policy.

  If there is an impairment indicator, then the value in use calculations for CGUs are based on long term cash flow projections which utilise the most recent Group's ten year business plan. Assumptions for demand and pricing of enrichment services are based on a comprehensive internal market analysis of future market conditions with reference to external forecast data about market pricing and sales volume projections where available.

  No indicators of impairment or reversal of impairment have been identified. Therefore no current year sensitivity analysis has been performed on the key estimates.

- **Deferred tax asset valuations**
  Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that suitable taxable income will be available against which the deductible temporary differences can be utilised. Significant management judgements are required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future suitable taxable profits. For 2021 these included estimates of the impact that the underlying assumptions used in the latest Business Planning Model will have on future suitable profits and resulting deferred tax assets. Further details of deferred tax assets and the relevant sensitivity are given in note 10.

- **Tails provisions and decommissioning provisions**
  Provisions for tails disposal and for decommissioning of plant and machinery are made on a discounted basis to meet long term liabilities. The discounting is unwound annually to recognise progression towards the full escalated cost estimate for eventual safe disposal or decommissioning. The final amounts of these provisions are uncertain but are evaluated based upon the planned operational activity and final capital investment costs involved in successfully achieving safe disposal or decommissioning as well as third party pricing assumptions where available/applicable and the internal cost of deconversion services using TMF. To determine the TMF deconversion rate, estimates are required about the number of kilns to be commissioned and the timing of this. The timing of significant capital projects can change by a number of years, which can significantly change the quantum of the related decommissioning provisions. The availability and cost of a repository suitable for the final disposal of depleted U_3O_8 are also key judgements and the level of uncertainty varies widely across the four countries in which Urenco operates. The Group closely monitors potential regulatory developments and no changes are envisaged, although this remains a long term risk as set out on page 34. The key estimates are the TMF deconversion rate, the US tails rate, the discount rate, inflation rate and timing of cash flows, for which sensitivity analysis is provided in note 30.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2021

2. Significant accounting policies continued

Critical accounting judgements and key sources of estimation uncertainty continued

Key sources of estimation uncertainty continued

- **Tails provisions and decommissioning provisions** continued
  The provision for tails is calculated as a rate applicable to the quantity of tails held at the statement of financial position date. Consequently, a movement in the rate or quantity of tails held would result in a movement in the provision, excluding any changes due to translation of non euro denominated provisions to the reporting currency of euros. Decommissioning costs are also escalated and discounted based upon current operational expectations. These include all costs associated with returning the site to 'greenfield' or 'brownfield' status. Adjustments to the decommissioning provisions associated with property, plant and equipment result in adjustments to the value of the related asset. Where the related asset has no remaining useful life, the movements in the provision are recognised in the income statement.

  The cash flows have been inflated at rates varying from 1.50% to 2.10% (2020: 1.50% to 2.10%) per annum and discounted at rates varying from 2.25% to 3.35% (2020: 2.25% to 3.35%), to take account of the time value of money. The difference in the inflation and discount rates is associated with the country in which the cash flows are expected to be paid or received. Management have given consideration to the impact of COVID-19 on discount rates and have concluded that the impact is not significant. The fundamental assumptions underlying these provisions are reviewed on an annual basis. In addition, decommissioning provisions are subject to a detailed triennial review, with the latest review carried out in 2021. Details of the provisions and sensitivities, in relation to the quantum and timing of cash flows, as well as the net discount rate, are given in note 30.
- **Actuarial assumptions for defined benefit pensions**
  The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuations involve making assumptions about life expectancies, discount rates, expected rates of return on assets, future salary increases, and future pension increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. The key assumptions are considered to be the discount rate and the inflation rate. Details of all these assumptions, relevant sensitivity analysis for the key assumptions and the Group pension liability are given in note 31.
- **Assessment of fair value**
  Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The assessment of fair value is principally used in accounting for impairment testing and the valuation of certain financial assets and liabilities (as discussed further in note 29). The fair value of an asset or liability is the price that would be received to sell the asset, or paid to transfer a liability, in an orderly transaction between market participants. Fair value is determined based on observable market data, discounted cash flow models and other valuation techniques, contractual agreements and other assumptions considered to be reasonable and consistent with those that would be applied by a market participant. The estimation of the fair value of the Group's Forward Foreign Exchange Contracts and Cross Currency Interest Rate Swaps utilised in hedging relationships is subjective and the use of different valuation assumptions could have a significant impact on financial results and position. These estimates use assumptions of market forward rates for the fair value of Forward Foreign Exchange Contracts. The fair value of Cross Currency Interest Rate Swaps are calculated by applying suitable market sourced discount curves to the expected contractual cash flows of the derivative. The credit risk element is calculated taking into account market credit spreads of the derivative counterparties. The key assumption is considered to be the market forward rate. Details about fair values of financial assets and financial liabilities are provided in note 29. An assessment of the sensitivities of Urenco's forward foreign exchange contracts to changes in foreign exchange rates is provided in note 28.

Revenue recognition

The Group principally operates as a supplier of uranium enrichment services. Customers usually provide UF_6 to the Group as part of their contract for enrichment with Urenco. Customers are billed for the enrichment services, expressed as SWU deemed to be contained in the EUP delivered. SWU is a standard unit of measurement that represents the effort required to separate a given amount of uranium into two streams: EUP having a higher percentage of U_{235} than natural uranium and depleted uranium having a lower percentage of U_{235} than natural uranium. The SWU contained in EUP is calculated using an industry standard formula based on the physics of enrichment.

Revenue is recognised when the Group transfers control of a product or service to a customer. Revenue is measured based on a judgement of the comparative value of each delivery based on an allocation of the total consideration received or receivable during the life of the contract and represents amounts receivable for services and goods provided in the normal course of business, excluding VAT and other sales related taxes.

Customers may make advance payments to be applied against future orders or deliveries. Advances are accounted for as a contract liability and revenue is recognised on provision of the service or transfer of legal title to the goods.

The Group also generates revenue from the sale of Urenco owned uranium to customers. Contracts with customers are usually for the long term supply of enrichment services or uranium related goods and normal payment terms are 30 days from the invoice date. Generally, the date of invoicing is the date that control of the SWU or uranium transfers to the customer.

Contracts will typically comprise elements of fixed and variable consideration, the latter of which may include, but not be limited to, indexation and price formulae referencing customer volume uptakes. Contracts may include volume flexibilities for the customer to take off additional quantities of enrichment services or uranium over and above contractual minimums, which are treated as options. Contracts may also include, within the transaction price, a significant financing component. Where this is present, the interest calculated on the significant financing component is recognised in note 8 as "Interest on contract assets".

For the year ended 31 December 2021

2. Significant accounting policies continued

Revenue recognition continued

Sale of services

An enrichment contract usually has a series of distinct performance obligations, where there is a specified set of fixed or minimum quantity deliveries, each one relating to the enrichment of uranium as provided by the customer. Contracts that deliver on a 'requirement basis', those which deliver a quantity equivalent to a percentage amount of the customer's SWU requirements needs, are considered to be a series of options. This may also apply in other situations where quantities are not fixed or additional amounts can be sought. The timing of passing of control of the enriched uranium to the customer occurs at the same time when the Group acquires title to the uranium provided by the customer and the point in time when the Group acquires title to the tails generated by the associated enrichment activity. Revenue is derived from the sales of the SWU component of EUP arising from the enrichment service provided. Revenue is recognised at the point in time control of the service transfers to the customer, which is at the point the underlying SWU is transferred to the customer. This is the earlier of allocation of the enrichment activity (SWU) to the customer's book account (either held at a third party or with Urenco) or physical delivery by Urenco of the SWU component of EUP.

The overall contract price is determined based on the contractual terms agreed with the customer, combined with management's forecast of future customer deliveries and inflation assumptions where appropriate. If the transaction price includes variable consideration, then this amount is constrained to the extent that it is highly probable that a significant reversal of the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Variable consideration that is promised in a contract may be attributable to the entire contract or to a specific delivery. The Group allocates a variable amount entirely to a single delivery if the terms of a variable payment relate specifically to the Group's efforts to satisfy that delivery and this allocation method is consistent with the objective to allocate the transaction price to each delivery in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer. In typical contracts, price indexation adjustments are allocated to the specific delivery to which they relate.

Where variable consideration is allocated to multiple deliveries the transaction price is estimated considering all elements present in a contract; these include prices with maximum and minimum restrictions and pricing differentials across performance obligations. At each relevant reporting period, the Group will re-estimate those contracts which possess variable consideration, recognising any relevant impacts to the income statement or statement of financial position in the same financial period at which the update is performed.

The transaction price excludes any incremental amounts that become payable only if the customer chooses to exercise an option to purchase additional goods or services. Where that option includes a discount giving rise to a material right, an element of the transaction price is allocated to that material right. This overall transaction price is allocated to the discrete performance obligations based on an assessment of the standalone selling price for each performance obligation. The determination of the standalone selling price requires judgement, as explained in this note under Critical accounting judgements.

There are occasions where a contract might be amended resulting in different prices which gives rise to a material right to acquire future goods or services which are the same goods or services for which there is no material right. As permitted under IFRS 15, as a practical alternative to estimating the standalone selling price of the option included in the material right, Urenco thereby allocates the transaction price to the optional goods or services by reference to the goods or services expected to be provided and the corresponding expected consideration. Urenco considers this to be a reasonable expedient as the delivery of the goods and services subject to the price realignment are typically provided under requirements contracts, which are not considered as options by the customers, as they reflect long term operation of their nuclear power plants. Typically, those types of options are for contract renewals.

Revenue from sales of SWU is recorded at the point in time when control of the underlying SWU passes to the customer and therefore there are no contract assets relating to partially completed performance obligations. Any direct costs incurred to fulfil enrichment contracts prior to transfer of control of the SWU to the customer are capitalised and classified as SWU assets on the consolidated statement of financial position.

Where contracts are modified, an assessment is made on a contract by contract basis as to whether the effective price of any additional quantities is equal to the standalone selling price for those quantities. If additional quantities are assessed to be at the standalone selling price, then the additional quantities are treated as a new contract with the revenues under the existing deliveries being recognised in accordance with the pre modified contract. If the additional quantities are assessed to be at a price which is not the standalone selling price, then this is treated as a contract modification to be applied prospectively, resulting in an allocation of revenues to the sum of remaining deliveries under the pre modified contract and additional deliveries under the modified contract that does not necessarily accord with the amounts invoiced or cash received. Any such differences will be recognised as contract assets, if the amounts invoiced for deliveries are lower than revenue recognised, or as contract liabilities, if the amounts invoiced are higher than revenue recognised. As set out in this note under Critical accounting judgements, the treatment of a contract modification as a separate contract or not may require judgement.

Additionally, revenue is derived from the sales of services for handling uranic materials and from rental income on investment property, which is recognised over the period of time the service is provided.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2021

2. Significant accounting policies continued

Revenue recognition continued

Sale of goods

Revenue is derived from the sale of uranium in the form of UF_6 or U_3O_8 that is owned by Urenco and occasionally from the sale of the uranium component of EUP. Revenue from the sale of goods is recognised for each delivery when the Group has transferred control of goods to the buyer. Measurement is based on a judgement of the comparative value of each delivery based on an allocation of the overall value of the contract.

This requires judgement of the standalone selling price (SSP) for UF_6 and for U_3O_8. The standalone selling price for each type of good is determined based on observable inputs, including spot prices, estimated forward prices and management's ongoing assessments. The overall contract price for the sale of these goods is allocated to each delivery on a relative standalone selling price basis, based on the same methodology as adopted for sale of services.

Application of the Group's revenue recognition policy

Judgement is required in determining the amount and timing of recognition of revenue for enrichment services and uranium related sales due to the complex nature of certain enrichment contracts and contractual delivery terms. See also this note under Critical accounting judgements. This is particularly relevant at period ends where a large volume of sales are made to customers, often for individually high values. This judgement includes an assessment of whether revenues are recognised in accordance with the Group's revenue recognition policy and updating of this policy for any new types of transactions. Details of revenues are given in notes 3 and 4.

Interest income

Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Uranium commodity contracts

Derivative instruments, which include contracts to buy or sell uranium commodities that do not meet the own use exemption from IFRS 9, are initially recognised at fair value on the statement of financial position when the Group becomes party to the contractual provisions of the instrument and are subsequently remeasured to fair value (marked to market) at the end of each reporting period. Fair values are determined using quoted market prices, dealer price quotations or by using models and other valuation techniques; the key inputs for which include forward market prices and contractual prices for the underlying instrument, time to expiry and the relevant credit, counterparty and performance risks.

Realised and unrealised net gains and losses on these derivative instruments are recognised in the "Net fair value gain on commodity contracts" line of revenue. In addition any uranium commodity contract inventories within the scope of IFRS 9 which arise due to timing differences between the commodity purchase and sale transactions are valued at fair value less costs to sell. Unrealised gains and losses from changes in fair value of these inventories are also reported in the "Net fair value gain on commodity contracts" line of revenue.

The policy for derecognition of uranium commodity contracts is set out under Financial instruments within this note.

Work performed by the entity and capitalised

Directly attributable costs for project management during construction of enrichment and deconversion facilities are capitalised to the statement of financial position at cost. These costs include direct materials and labour, plus attributable overheads. It is the Group's policy to capitalise the costs of facility construction and installing capacity. It also capitalises those costs directly associated with obtaining operating licences. Any labour costs capitalised in this way are recorded as a credit within employee costs in the income statement.

Leasing and hire purchase commitments

The Group assesses whether a contract is a lease or contains a lease, at inception of a contract. The Group recognises a right-of-use asset and a corresponding lease liability, with respect to all lease agreements in which it is the lessee, except for short term leases with a lease term of 12 months or less and leases of low value assets. For such leases, the Group recognises the lease payments as an operating expense on a straight line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease or, where this cannot be readily determined, the Group's incremental borrowing rate. The rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use-asset in a similar economic environment. Subsequently the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made. The lease liability is presented as a separate line in the Consolidated Statement of Financial Position.

For the year ended 31 December 2021

2. Significant accounting policies continued

Leasing and hire purchase commitments continued

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. Subsequently, they are measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the accounting policy for 'Property, Plant and Equipment' as set out below.

The right-of-use assets are presented within Property, Plant and Equipment, with each item included within the same asset category within which the corresponding underlying assets would be presented if they were owned.

Foreign currencies

The individual financial statements of each group company are measured based on the currency of the primary economic environment in which it operates (its functional currency). The functional currencies across the Group are sterling, US dollar, and the euro.

Transactions in currencies other than an entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the statement of financial position date. Non monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions and are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/hedge accounting); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign (non euro) operations are translated into euros (Group reporting currency) at exchange rates prevailing on the statement of financial position date. Income and expenditure items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. As most of the Group's transactions are in stable currencies, the use of average rates of exchange is appropriate. However, if exchange rates were subject to significant fluctuations, translation would be made using closing rates of exchange and with appropriate explanation. Exchange differences arising are recognised as other comprehensive income and transferred to the Group's foreign currency translation reserves in equity.

Retirement benefit costs

The Group operates pension schemes in the UK, Germany, the Netherlands and the USA. Some are defined benefit schemes (two in total during the year) which, with the exception of Germany, are funded externally; and others are defined contribution schemes. No post retirement benefits other than pensions are provided.

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered the services entitling them to the contributions. Payments made to state managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in defined contribution retirement benefit schemes.

For defined benefit retirement schemes, the cost of providing benefits is determined using the projected unit credit method, with actuarial assessments being carried out at each statement of financial position date.

Actuarial gains and losses are recognised in full in the consolidated statement of comprehensive income in the period in which they occur.

Past service cost is immediately recognised in the income statement to the extent that the benefits are already vested. Otherwise it is amortised on a straight line basis over the average period until the benefits become vested.

The retirement benefit obligations recognised in the statement of financial position represent the present value of the defined benefit obligation as reduced by the fair value of scheme assets. In the event of a plan wind up of the UK defined benefit pension scheme, the pension scheme rules provide the Company with an unconditional right to a refund of surplus pension assets assuming the full settlement of pension liabilities. In the ordinary course of business, the Trustee has no right to wind up or to enhance the benefits due to members of the pension scheme. As a result, any net surplus pension assets in the UK defined benefit pension scheme are recognised in full.

Net interest is calculated by applying a discount rate to the net defined benefit liability or asset. Net interest income or expense is recognised within Finance income (see note 8) or Finance costs (see note 9).

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2021

2. Significant accounting policies continued

Interests in joint ventures

The Group has an interest in a joint venture which is a joint arrangement. The Group has accounted for the results of its Enrichment Technology Company (ETC) joint venture in accordance with IFRS 11 Joint Arrangements. The Group has recognised and measured the investment using the equity method in accordance with IAS 28 Investments in Associates and Joint Ventures. ETC's principal place of business is Capenhurst, United Kingdom, and the holding company for the ETC group is incorporated in Capenhurst, United Kingdom.

A joint arrangement is an arrangement of which two or more parties have joint control. A joint arrangement is either a joint operation or a joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The arrangement with ETC is a joint venture, whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement rather than rights to the assets and obligations for the liabilities, relating to the arrangement.

Financial statements of jointly controlled entities are prepared for the same reporting period as the Group. The carrying value of the investment in the joint venture and the share of results of the joint venture are based on information provided by the joint venture as well as other adjustments that Urenco believe are necessary.

When the Group contributes or sells assets to the joint venture, any portion of the gain or loss from the transaction is recognised based on the substance of the transaction. When the Group purchases assets from the joint venture, the Group does not recognise its share of the income of the joint venture from the transaction until it uses the purchased assets to sell enrichment services to an independent party.

The carrying value of the investment in the joint venture is increased or decreased to recognise the Group's share of the net profit or net loss of the joint venture and for changes in the Group's share of the joint venture's other comprehensive income. Distributions received from the joint venture reduce the carrying amount of the investment. The Group's share of the net profit or net loss of the joint venture is recognised in the consolidated income statement. The Group's share of changes recognised in other comprehensive income of the joint venture is recognised in the consolidated statement of comprehensive income. The Group discontinues recognising its share of net assets or its share of net results from the joint venture when the value of the investment has reduced to nil. After the Group's interest is reduced to nil, additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports a positive equity, the Group resumes recognising its share of net assets, net result and other comprehensive income of the joint venture.

Taxation

The tax expense represents the sum of the tax currently payable on the Group's net income for the year and attributable deferred tax.

Current tax

The tax currently payable is based on taxable profit. Taxable profit differs from profits as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Current tax relating to items recognised in other comprehensive income is also recognised in other comprehensive income and not in the income statement.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income and is accounted for using the statement of financial position liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax income nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

For the year ended 31 December 2021

2. Significant accounting policies continued

Taxation continued

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on the tax laws and rates that have been enacted or substantively enacted at the statement of financial position date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also recorded within other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority, and the Group intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment

Plant and machinery is stated at cost less accumulated depreciation and impairment losses (if any). Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met. Decommissioning assets are also reported under plant and machinery and are measured at net present value of future decommissioning costs and revised for changes. Decommissioning assets are depreciated over 2 – 20 years using the straight line method.

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their cost less accumulated depreciation and impairment losses (if any). Freehold land is not depreciated.

Assets under construction are carried at cost including directly attributable costs, less any recognised impairment loss (if any).

Office fixtures and fittings, motor vehicles and computer equipment are stated at cost less accumulated depreciation and any recognised impairment (if any).

Depreciation is charged so as to write off the cost of assets less their residual values, other than freehold land and assets under construction, over their estimated useful lives or in the event of right-of-use assets, over the shorter of the useful life of the underlying asset and the lease term, using the straight line method, on the following basis:

Asset Type	Property, plant and equipment	Right-of-use assets
Buildings	12 - 40 years	1 - 99 years
Plant and machinery	2 - 20 years	1 - 20 years
Office fixtures and fittings	12 years	1 - 12 years
Motor vehicles	4 years	1 - 4 years
Computer equipment	3 - 5 years	1 - 5 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2021

2. Significant accounting policies continued

Investment property

The Group has elected the cost model to measure investment property, whilst information about the fair value is disclosed in note 14 about investment property.

Investment property, which is property held to earn rentals, is stated at cost less accumulated depreciation and impairment losses (if any). Cost includes the purchase price and directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, excluding the costs of day to day servicing.

Depreciation is charged so as to write off the cost of the assets, other than the land element, over its estimated useful life of ten years, using the straight line method.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

The carrying amount of the investment property is reviewed for impairment when there is any indication that the carrying amount may not be recoverable.

Intangible assets

Research and development expenditure (internally generated intangible assets)

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from the Group's development activities is recognised only if all of the following can be demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in the income statement in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Licence costs

Licences acquired are measured initially at cost. Subsequently, licence costs are amortised on a straight line basis over their estimated useful lives.

The USA enrichment operating licence was granted in 2006. The first amortisation took place in 2010 when the USA enrichment plant started its production. The current licence term ends in 2040.

Other software assets

Software and development costs are held at cost.

Amortisation of these costs takes place on a straight line basis, based on a useful economic life of between three and five years, with no residual value.

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

Waiver payment

The waiver payment comprises the right for Urenco UK Limited to not have to make future royalty cash payments associated with certain plant and equipment at the Capenhurst site. The consideration for this waiver payment will be settled by contracted storage services to be provided in future years by Urenco Nuclear Stewardship Limited. Initial recognition was measured at valuation based on estimated cash flow savings for the royalty payments. Amortisation on this waiver payment takes place on a straight line basis over the estimated useful life of 10 years.

For the year ended 31 December 2021

2. Significant accounting policies continued

Impairment of property, plant and equipment and intangible assets

At each statement of financial position date, the Group reviews the carrying amounts of its property, plant and equipment and its intangible assets to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statement.

Inventories

The majority of inventories are stated at the lower of cost and net realisable value. For raw materials, work in progress and finished goods, costs comprise direct material costs and, where applicable, direct labour and production costs, and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated predominantly by using the weighted average method except for spares and other equipment that are valued on a FIFO basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Inventories arising from commodity contracts are measured at fair value as explained in the uranium commodity contracts accounting policy above.

SWU assets

SWU assets are the costs incurred to date in enriching UF_6 to fulfil customer SWU contracts. These costs are capitalised in accordance with IFRS 15 as costs incurred to fulfil a contract with a customer. The costs are charged to the income statement at the point in time the revenue associated with these assets is recognised.

Contract assets

Contract assets relate to balances due from customers under enrichment contracts that arise when the revenue recognised for a delivery exceeds the amount of consideration received or for which a receivable has been recognised.

Inventory borrowings from third parties

Urenco periodically borrows SWU or uranium feed from third parties in order to optimise its operational efficiency and inventory position. During the term of the agreement Urenco recognises both an asset and liability on its statement of financial position, valued at the weighted average cost of SWU or feed, unless sales have been made from borrowings, in which case the liability is measured at market price. Any movements in the Group's weighted average cost does lead to revaluation of both asset and liability. At the end of the loan period Urenco returns the SWU or feed to the lender and Urenco has the intention to source this from its own production.

Short term bank deposits

Short term bank deposits comprise deposits which are not readily convertible to a known amount of cash or are subject to a more than insignificant risk of changes in value. Generally these are deposits with an original maturity of more than three months and with an end date less than 12 months from the date of the statement of financial position.

Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash at bank earns or pays interest at floating rates based on the banks' current account rates.

Cash equivalents comprise on demand deposits, together with short term highly liquid investments that are readily convertible to a known amount of cash and that are subject to an insignificant risk of changes in value. The carrying amount of these assets approximates to their fair value.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2021

2. Significant accounting policies continued

Financial instruments

Financial instruments are initially recognised at fair value. Financial assets and financial liabilities are recognised on the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when either the rights to receive cash flows from those assets have expired or when the Group transfers its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset or (b) has transferred control of the asset. Financial liabilities are derecognised when the Group's obligations under the liability are discharged, or cancelled, or have expired.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities are recognised immediately in the consolidated income statement

Financial assets

Financial assets are measured in their entirety at either amortised cost or fair value, depending on the classification of the financial asset.

Classification of financial assets

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all legal fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit impaired (see below). For financial assets that have subsequently become credit impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit impaired, interest income is recognised by applying the effective rate to the gross carrying amount of the financial asset.

Interest income is recognised in the consolidated income statement and is included in the "finance income" line item.

(ii)Financial assets at fair value through profit or loss (FVTPL)

Financial assets that do not meet the criteria for being measured at amortised cost are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in the consolidated income statement to the extent they are not part of a designated hedging relationship (see hedge accounting policy under "Derivative financial instruments and hedging").

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost and trade receivables. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

The Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since credit recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the 12 month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For the year ended 31 December 2021

2. Significant accounting policies continued

Measurement and recognition of expected credit losses (ECLs)

The measurement of ECLs is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, except for assets for which the simplified approach was used.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the consolidated income statement.

Trade receivables

Trade receivables can carry interest in accordance with the contract conditions. Trade receivables are stated at amortised cost, less any expected credit losses.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into, either at amortised cost or at FVTPL.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Depreciation of these assets commences when the assets are commissioned for use. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Group becomes party to the related contracts and are measured initially at fair value.

After initial recognition, interest bearing loans and borrowings are subsequently remeasured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance income and finance cost.

Trade payables

Trade payables are not usually interest bearing and are stated at amortised cost.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2021

2. Significant accounting policies continued

Derivative financial instruments and hedging

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Group uses derivative financial instruments (foreign exchange forward contracts and cross currency interest rate swaps) to hedge these exposures. The Group does not use derivative financial instruments for trading purposes. All derivative financial instruments that are not designated in a hedge relationship, or do not qualify for hedge accounting purposes, are economic hedges for existing exposures.

Derivative financial instruments are initially recognised and subsequently remeasured at fair value. The fair value of derivative financial instruments is subsequently calculated using discounted cash flow techniques or other appropriate pricing models. The chosen method is used consistently for similar types of instruments. All valuation techniques take into account assumptions based upon market data. The fair value of forward contracts is the present value of the expected settlement amount, which is the present value of the difference between the contract rate and the current forward rate multiplied by the notional foreign currency amount. Fair value of cross currency interest rate swaps is the net present value of all expected future cash flows based on current market rates taking due account of counterparty credit risk and own credit risk.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non current asset or a non current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken to the consolidated income statement. Such gains or losses are recorded in finance income or finance costs.

Financial assets and financial liabilities are disclosed on a gross basis. Urenco has ISDA agreements (International Swaps and Derivatives Association) with some financial counterparties that give a right to net settlement under mutual agreement only. ISDA is a trade organisation of participants in the market for over the counter derivatives, and has created a standardised contract (the ISDA Master Agreement) governing derivative transactions. Urenco settles all financial assets and liabilities on a gross basis and intends to continue to do so.

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationship meets all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The treatment of gains and losses arising from revaluing derivatives designated as hedging instruments depends on the nature of the hedging relationship as follows:

Cash flow hedges

Changes in the fair value of derivative financial instruments that are designated and are effective as hedges of highly probable future cash flows (Revenue related hedges) and borrowing related hedges are recognised directly in other comprehensive income and any ineffective portion is recognised immediately in the consolidated income statement. The ineffective portion is recorded in finance income or finance costs.

Amounts deferred in other comprehensive income are recognised in the consolidated income statement in the same period in which the hedged item affects net income or loss. These amounts are recorded in the same line of the income statement as the hedged item.

In the case of hedged forecast transactions that result in the recognition of a non financial asset or a non financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non financial asset or non financial liability. This transfer does not affect other comprehensive income.

Forecast transactions originate from customer contracts which are subject to the revenue recognition requirements under IFRS 15. The allocation of the contractual consideration amount across the performance obligations may require early or deferred recognition of revenue which further leads to the recognition of either a contract asset or contract liability. Such adjustments can potentially impact the timing of when hedged forecast transactions occur. The Group takes into account the impact of reversals of revenue and deferral of revenue when evaluating hedge effectiveness. If recognition of a reversal of revenue or deferral of revenue has resulted in a forecast transaction of revenue being exceeded by the notional amount of the derivative hedging that transaction, then the settlement value of the derivative in excess of the forecast transaction amount is not recognised in the consolidated income statement. This amount is recognised as a basis adjustment to the contract asset or contract liability and recognised through the consolidated income statement on a straight line basis over the remaining life of the customer contracts associated with the contract asset or contract liability. When the hedged item is a non financial item, the amount accumulated in the cost of hedging reserve is removed directly from equity and included in the initial carrying amount of the recognised non financial item. Furthermore, if the Group expects that some or all of the loss accumulated in the cost of hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

For the year ended 31 December 2021

2. Significant accounting policies continued

Cash flow hedges continued

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to the consolidated income statement when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to the consolidated income statement.

Fair value hedges

For an effective hedge of changes in fair value, the hedged item is adjusted for changes in fair value attributable to the risk being hedged and the gains and losses are taken to income or loss; the derivative is remeasured at fair value and gains and losses are taken to income or loss. Both the change in fair value of the hedged item and the value movement of the derivative are recorded in finance costs in the income statement. These amounts are recorded in the same line of the consolidated income statement as the hedged item. This accounting policy on fair value hedges is provided for comparative reasons because Urenco ceased using fair value hedges during 2019.

Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income and accumulated in the foreign currency translation reserve while any gains or losses relating to the ineffective portion are recognised in income and loss (in finance income or finance costs). Gains and losses on the hedging instrument accumulated in the foreign currency translation reserve are reclassified to the consolidated income statement on the disposal or partial disposal of the foreign operation.

Hedging reserve

The hedging reserve represents the cumulative amount of gains and losses of hedging instruments utilised within a cash flow hedge and deemed effective. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction affects the profit or loss, or is included directly in the initial cost or other carrying amount of the hedged non financial instrument (basis adjustment). The hedging reserve is presented within hedging reserves, together with the cost of hedging reserve.

Cost of hedging reserve

The cost of hedging reserve is a separate component of equity, presented within the hedging reserves, used to record changes in the fair value of the currency basis spread and the changes in the fair value of the forward points of forward foreign exchange contracts that are hedging future revenue.

The currency basis element is essentially a liquidity premium added to the price of the derivative. As such, it is present in the hedging instrument but is not present in the hedged item (the debt) because debt is issued in one currency and there is no exchange of two currencies involved. Urenco have adopted the accounting policy choice to exclude the currency basis from the hedge designation in a separate component of equity called a "cost of hedge reserve" and subsequently release it from the reserve on a systematic basis based on whether the hedged item is considered a transaction or time period related item.

The Group designates only the spot rate of forward foreign exchange contracts in relation to hedged forecast transactions, i.e. excluding the forward points of the contracts. An exception to this relates to residual foreign exchange contracts that were entered into before the Group transitioned to IFRS 9 on 1 January 2018. These transactions were designated at the forward rate and have no cost of hedge component. The currency basis spread element of cross currency swaps is likewise excluded from the hedging relationship. The initial fair value of the calculated forward points and currency basis is retained in the cost of hedge reserve. The changes in the fair value of the aligned forward points and currency basis are recognised in other comprehensive income and accumulated in the cost of hedging reserve. If the hedged item is transaction related, the initial fair value is reclassified to the consolidated income statement when the hedged item affects profit or loss. If the hedged item is time period related, then the amount accumulated in the cost of hedging reserve is reclassified to the consolidated income statement on a rational basis, by applying straight line amortisation. Those reclassified amounts are recognised in the consolidated income statement in the same line as the hedged item. If the hedged item is a non financial item, then the amount accumulated in the cost of hedging reserve is removed directly from equity and included in the initial carrying amount of the recognised non financial item. Furthermore, if the Group expects that some or all of the loss accumulated in the cost of hedging reserve will not be recovered in the future, that amount is immediately reclassified to the consolidated income statement.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2021

2. Significant accounting policies continued

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle that obligation which can be reliably estimated. Where the time value of money is material, provisions are discounted to the present value of those cash flows using pre-tax discount rates. Where discounting is used, the increase in the provision due to the passage of time is recognised within finance costs.

The enrichment process generates depleted uranium ("tails"). Provisions are made for all estimated costs for the deconversion, storage and disposal of tails and cash flows are discounted to reflect the expected timing of expenditure or consumption of other economic benefits in the future. The costs take account of conversion to a different chemical state, intermediate storage, transport and safe disposal.

The Directors intend to decommission plant and machinery used in the enrichment process as soon as practicably possible after it has shut down. To meet these eventual decommissioning costs, provisions are recognised for all plant and equipment in operation, at a rate considered to be adequate for the purpose. Once the plant and equipment has been commissioned, the full discounted cost of decommissioning is recognised in the accounts as a provision. This is matched by capitalised decommissioning costs which are included in property, plant and equipment, under plant and machinery.

The Group's other provisions are for restructuring costs, refeeding of low assay feed and a specific counterparty provision.

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Provisions for refeeding low assay feed represent the full cost to the Group of re-enriching low assay feed in the future, back to the assay of natural uranium. This includes the deconversion, storage and disposal of any resultant tails material. These provisions are calculated using assumptions on the amount of separative work that will be required in the future and the cost of providing enrichment capacity to perform that work.

Contract liabilities

Contract liabilities relate to balances due to customers under enrichment contracts or storage service agreements for which the Group has received consideration from the customer prior to transferring control of the underlying good or service. These balances also arise when the revenue recognised for a delivery is lower than the amount of consideration received or that has been recognised as a receivable.

Government grants

Government grants are not recognised until there is a reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants are recognised in profit or loss on a systemic basis over the periods in which the Company recognises as expense the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets. Income from Government grants is included within other expenses in the Income Statement.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

Exceptional items

Exceptional items are those items of financial performance that due to their size, nature and incidence, the Group believes should be separately disclosed to assist in understanding the underlying financial performance achieved by the Group. The appropriate classification of exceptional items involves subjective judgement by management including whether the item is truly exceptional and non recurring. Items that are exceptional due to their nature and incidence should only be reported as exceptional per the Group's exceptional item policy when they exceed an absolute amount of at least €25.0 million on a pre-tax basis.

The tax effect associated with the exceptional item should be explained on the same page or in the same note as the exceptional item. There is no minimum threshold for the tax effect as disclosure will be driven by the exceptional item.

For the year ended 31 December 2021

3. Revenue

An analysis of the Group's revenue is as follows:

	Year ended 31/12/21 €m	Year ended 31/12/20 €m
Sales of goods and services	**1,665.9**	1,699.4
Net fair value gain on commodity contracts	**3.4**	0.7
Total revenue	**1,669.3**	1,700.1

The Group hedges a portion of future cash flows arising from its net contracted US dollar and sterling exposures. The amounts disclosed above for revenue from the sale of goods and services include the recycling of the effective amount of the foreign currency derivatives that are used to hedge foreign currency revenue. The amount included in revenue is a net gain of €3.8 million (2020: net loss €38.9 million) (see note 29). The Group is a party to various commodity contracts to sell or buy uranium, which are within the scope for IFRS 9 and are therefore held at fair value. The net fair value result on these contracts is recognised within revenue. The inventories arising from these commodity contracts, where applicable, and the fair value of these contracts are disclosed in note 29.

All revenues relating to sales of goods and services recognised during the period arose from contracts with customers.

The amount of revenue recognised during the year that was previously recorded as a contract liability was €60.2 million (2020: €53.4 million).

Revenue from one customer (2020: one customer) exceeded 10 per cent of the Group's consolidated revenue and was wholly reported within the segment Enrichment business. The revenue recognised from this customer was €261.2 million (2020: €232.6 million) and represented 15.6% (2020: 13.7%) of Group revenue.

4. Segment information

The Urenco Group's principal activity is the provision of a service to enrich uranium to provide fuel for nuclear power utilities, by enriching uranium provided by customers.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief decision makers. The chief decision makers have been identified as the Executive Directors. Operating segments have been identified based on the risk and returns of the Group's major operations. The risks and returns of the Group's operations are primarily determined by the nature of the different activities that the Group engages in, rather than by the geographical location of these operations.

The Group's operating segments and reportable segments under IFRS 8 are therefore as follows:

- for the enrichment business: the provision of enrichment, associated services, uranium sales and commodity contracts for the nuclear power industry and the construction of the Tails Management Facility at the UK site for deconversion of depleted UF_6 into U_3O_8.
- for construction of centrifuges (being ETC): the research, development, manufacture and installation of plant and equipment for the provision of enrichment services.
- other relates to Head Office based holding and finance companies, Group accounting consolidation adjustments and other entities not forming part of the enrichment business, including Urenco Nuclear Stewardship Limited, which provides uranium handling services at the Capenhurst facility.

Segment performance is evaluated based on net income or loss which is calculated on the same basis as income or loss from operating activities in the consolidated financial statements. The accounting policies for the reportable segments are the same as the Group's accounting policies described in note 2. Transactions between reportable segments are charged at arm's length prices.

Urenco also measures and discloses EBITDA, which is a non IFRS defined financial measure, to assess the Group's overall and segment performance. EBITDA is also used by investors and analysts to evaluate the financial performance of Urenco and its peer companies.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2021

4. Segment information continued

Segment information for these businesses, based upon the accounting policies set out in note 2, is presented below:

Year ended 31 December 2021	Enrichment business €m	ETC €m	Other [i] €m	Consolidated €m
Revenue				
External sales	1,637.0	-	32.3	1,669.3
Total external revenue	1,637.0	-	32.3	1,669.3
Result				
Income/(loss) from operating activities	645.7	6.6	(16.5)	635.8
Finance income	6.1	-	63.2	69.3
Finance costs	(58.6)	-	(75.0)	(133.6)
Income/(loss) before tax	593.2	6.6	(28.3)	571.5
Income tax	(210.5)	-	3.5	(207.0)
Net income/(loss) for the year	382.7	6.6	(24.8)	364.5
Other information				
Total depreciation and amortisation	335.6	-	(4.6)	331.0
Less: depreciation recognised in increased inventories and SWU assets	16.9	-	-	16.9
Add: depreciation expenses within net costs of nuclear provisions	(10.0)	-	-	(10.0)
Depreciation and amortisation for EBITDA calculation	342.5	-	(4.6)	337.9
Income/(loss) from operating activities (post-exceptionals)	645.7	6.6	(16.5)	635.8
Exceptional items	-	-	-	-
Income from operating activities (pre-exceptionals)	645.7	6.6	(16.5)	635.8
Depreciation and amortisation	342.5	-	(4.6)	337.9
Joint venture result	-	(6.6)	4.0	(2.6)
EBITDA [ii]	988.2	-	(17.1)	971.1
Capital additions:				
Property, plant and equipment	281.0	-	12.2	293.2
Intangible assets	1.7	-	-	1.7
Contract assets	34.1	-	-	34.1
Segment assets	5,692.4	28.2	1,074.9	6,795.5
Segment liabilities	2,636.7	-	2,061.0	4,697.7

(i) Other relates to Head Office based holding and finance companies, Group accounting consolidation adjustments and other entities not forming part of the enrichment business, including Urenco Nuclear Stewardship Limited.

(ii) EBITDA is defined as earnings before exceptional items, interest (including other finance costs), taxation, depreciation and amortisation and joint venture results. Depreciation and amortisation are adjusted to remove elements of such charges included in changes to inventories and SWU assets and net costs of nuclear provisions.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2021

4. Segment information continued

Year ended 31 December 2020	Enrichment business €m	ETC €m	Other (i) €m	Consolidated €m
Revenue				
External sales	1,668.3	-	31.8	1,700.1
Total external revenue	1,668.3	-	31.8	1,700.1
Result				
Income/(loss) from operating activities	743.8	14.1	(9.1)	748.8
Finance income	9.5	-	76.0	85.5
Finance costs	(63.4)	-	(104.5)	(167.9)
Income/(loss) before tax	689.9	14.1	(37.6)	666.4
Income tax	(178.7)	-	17.6	(161.1)
Net income/(loss) for the year	511.2	14.1	(20.0)	505.3
Other information				
Total depreciation and amortisation	330.9	-	(2.3)	328.6
Less: depreciation recognised in increased inventories and SWU assets	3.8	-	-	3.8
Add: depreciation expenses within net costs of nuclear provisions	(4.9)	-	-	(4.9)
Depreciation and amortisation for EBITDA calculation	329.8	-	(2.3)	327.5
Income/(loss) from operating activities (post-exceptionals)	743.8	14.1	(9.1)	748.8
Exceptional items	25.6	-	-	25.6
Income from operating activities (pre-exceptionals)	769.4	14.1	(9.1)	774.4
Depreciation and amortisation	329.8	-	(2.3)	327.5
Joint venture result	-	(14.1)	0.3	(13.8)
EBITDA(ii)	1,099.2	-	(11.1)	1,088.1
Capital additions:				
Property, plant and equipment	288.5	-	15.0	303.5
Intangible assets	1.0	-	-	1.0
Contract assets	22.4	-	-	22.4
Segment assets	5,364.9	29.3	1,227.7	6,621.9
Segment liabilities	2,576.0	-	2,165.0	4,741.0

(i) Other relates to Head Office based holding and finance companies, Group accounting consolidation adjustments and other entities not forming part of the enrichment business, including Urenco Nuclear Stewardship Limited.

(ii) EBITDA is defined as earnings before exceptional items, interest (including other finance costs), taxation, depreciation and amortisation and joint venture results. Depreciation and amortisation are adjusted to remove elements of such charges included in changes to inventories and SWU assets and net costs of nuclear provisions.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2021

4. Segment information continued

Geographical information

The Group's enrichment operations are located in the UK, Germany, the Netherlands and the USA.

The following tables present revenue by the customer location and certain asset information regarding the Group's geographical segments by location, irrespective of the origin of the goods/services and assets:

Year ended 31 December 2021	**UK €m**	**Rest of Europe €m**	**US €m**	**Rest of the world* €m**	**Consolidated €m**
Total external revenue	**42.8**	**494.6**	**916.2**	**215.7**	**1,669.3**
Location of non-current assets					
Property, plant and equipment	**2,366.0**	**792.6**	**1,352.2**	**-**	**4,510.8**
Investment property	**4.2**	**1.6**	**-**	**-**	**5.8**
Intangible assets	**4.3**	**7.1**	**11.9**	**-**	**23.3**

* predominantly Asia

Year ended 31 December 2020	UK €m	Rest of Europe €m	US €m	Rest of the world* €m	Consolidated €m
Total external revenue	48.3	427.4	975.8	248.6	1,700.1
Location of non-current assets					
Property, plant and equipment	2,102.2	863.7	1,342.3	-	4,308.2
Investment property	4.2	1.7	-	-	5.9
Intangible assets	1.0	8.6	11.1	-	20.7

5. Income from operating activities

Income from operating activities before tax and net finance costs has been arrived at after charging:

	Year ended 31/12/21 €m	Year ended 31/12/20 €m
Net costs of nuclear provisions movements (note 30)	**144.4**	163.8
Depreciation of property, plant and equipment (note 13)	**326.8**	321.7
Depreciation of investment property (note 14)	**0.4**	0.4
Amortisation of intangible assets (note 15)	**3.8**	6.5
Depreciation and amortisation	**331.0**	328.6
Employee costs (note 7)	**180.3**	167.2
Energy, utilities, maintenance and ETC costs	**127.2**	126.7
Operating costs[(i),(ii)]	**129.4**	87.0
Administrative and other costs	**27.8**	26.3
Expense relating to short term leases	**0.3**	0.3
Government grants[(ii)]	**(8.0)**	(0.7)
Research and development costs	**1.1**	1.0
Operating foreign exchange gains[(iii)]	**(2.8)**	(0.7)
Operating foreign exchange losses[(iii)]	**1.1**	9.3
Expected credit losses	**(0.2)**	0.7
Other expenses	**275.9**	249.9

(i) Includes insurance, rates, delivery costs and third party services.
(ii) In 2021 Government grants are disclosed on a separate line item, while in 2020 an amount of €0.7 million was reported under Operating costs. The amount of Operating costs for 2020 has been re-represented from €86.3 million to €87.0 million.
(iii) Derivatives relating to financing activities that do not qualify as effective hedges are reported in Finance income and Finance cost (see notes 8 and 9).

For the year ended 31 December 2021

5. Income from operating activities continued

Auditor's remuneration

An analysis of the auditor's remuneration is provided below:

	Year ended 31/12/21 €m	Year ended 31/12/20 €m
Audit of the financial statements	**0.9**	0.8
Audit of subsidiaries	**0.8**	0.8
Total audit fees	**1.7**	1.6
Non-audit services	**0.2**	0.2
Total fees	**1.9**	1.8

Fees payable to Deloitte LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis.

Details of the Company's policy on the use of auditor's for non-audit services, the reason why the auditor was used and how the auditor's independence and objectivity was safeguarded are set out in the Audit Committee Report on page 52. No services were provided pursuant to contingent fee arrangements.

6. Exceptional items

During the year no exceptional items were recognised (2020: loss of €25.6 million).

The following summarises the impact of the exceptional items recognised in the current and prior year on income from operating activities, income tax, net income and earnings per share.

	Year ended 31/12/21 €m	Year ended 31/12/20 €m
Income from operating activities – pre-exceptional items	**635.8**	774.4
Exceptional items – net costs of nuclear provisions	**-**	(25.6)
Income from operating activities	**635.8**	748.8
Income tax expense – pre-exceptional items	**(207.0)**	(161.1)
Exceptional items	**-**	-
Income tax expense	**(207.0)**	(161.1)
Net income for the year attributable to the owners of the Company – pre-exceptional items	**364.5**	530.9
Exceptional items	**-**	(25.6)
Net income for the year attributable to the owners of the Company	**364.5**	505.3
Basic earnings per share – pre-exceptional items	**€2.2**	€3.2
Exceptional items	**€0.0**	€(0.2)
Basic earnings per share	**€2.2**	€3.0

Net costs of nuclear provisions

The exceptional item recognised in 2020 and presented within Net costs of nuclear provisions on the face of the consolidated income statement was a charge of €25.6 million on a pre- and post-tax basis.

This charge related to the reduction in the real discount rate for the US, which increased the nuclear provisions by €40.3 million, of which €25.6 million was associated with tails and €14.7 million with decommissioning. The tails impact of €25.6 million was charged to the consolidated income statement while the €14.7 million was recognised as an increase in decommissioning assets.

While the exceptional expense did give rise to a potential deferred tax asset of €6.6 million, this remains unrecognised due to there being insufficient future profits against which it can reverse. Consequently, an offsetting exceptional valuation allowance expense of €6.6 million arises, resulting in no net tax impact being attributable to the exceptional US provision increase.

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6. Exceptional items continued

Restructuring provision

In 2021 an amount of €0.5 million (2020: €0.9 million) has been released from the restructuring provision. This has been recognised as a gain within restructuring provision release. This item has not been presented as an exceptional item because the amount is below the pre-tax materiality threshold of €25.0 million.

7. Employee costs

The average monthly number of Group employees (including Executive Directors) was:

	Year ended 31/12/21 Number	Year ended 31/12/20 Number
Technical	**1,157**	1,112
Commercial	**34**	40
Administration	**467**	401
	1,658	1,553

Their aggregate remuneration comprised:

	Year ended 31/12/21 €m	Year ended 31/12/20 €m
Wages and salaries	**166.4**	152.7
Work performed by the Group and capitalised	**(18.2)**	(19.2)
Social security costs	**17.8**	17.2
Pension costs	**14.3**	16.5
	180.3	167.2

Directors' emoluments (page 60):

	Year ended 31/12/21 €m	Year ended 31/12/20 €m
Emoluments	**2.9**	3.0
Amounts receivable under long term incentive scheme	**0.8**	0.6
	Number	Number
Members of defined contribution schemes	**2**	2

In respect of the highest paid Director:

	Year ended 31/12/21 €m	Year ended 31/12/20 €m
Emoluments including pension	**1.6**	1.6

8. Finance income

	Year ended 31/12/21 €m	Year ended 31/12/20 €m
Interest on bank and other deposits	**0.9**	4.1
Interest on contract assets	**0.6**	0.3
Interest on cross currency interest rate swaps	**14.4**	41.4
Gains from non-designated derivatives	**-**	2.0
Amortisation of gains on financial instruments	**0.2**	0.2
Foreign exchange gains on financing activities	**53.2**	37.5
	69.3	85.5

For the year ended 31 December 2021

9. Finance costs

	Year ended 31/12/21 €m	Year ended 31/12/20 €m
Interest on bank borrowings and other loans	**34.4**	45.5
Interest on cross currency interest rate swaps	**24.9**	64.4
Interest expense on lease liabilities	**1.4**	1.1
Unwinding of discount on provisions	**67.9**	69.0
Loss on non-designated derivatives	**6.0**	-
Net interest expense on defined benefit pension schemes	**0.1**	0.9
Premium paid on bond repurchase	**-**	3.2
Surety bond	**3.0**	3.6
Foreign exchange losses on financing activities	**38.2**	45.3
Less: capitalised interest expense(i)	**(42.3)**	(65.1)
	133.6	167.9

(i) Capitalised interest expense predominantly relates to funding provided for construction of the TMF project, described further on page 18 of the Annual Report.

10. Income tax

The major components of income tax expense for the year ended 31 December are:

Consolidated income statement	Year ended 31/12/21 €m	Year ended 31/12/20 €m
Current tax		
UK corporation tax	**2.7**	0.4
Foreign income tax	**80.2**	104.0
Adjustments in respect of prior periods(i)	**(6.3)**	(53.5)
Total current tax expense	**76.6**	50.9
Deferred tax (see Deferred income tax analysis below)		
Origination and reversal of temporary differences	**68.7**	58.4
Adjustments in respect of prior periods(i)	**5.7**	30.4
Movement in unrecognised deferred tax(ii)	**8.9**	5.5
Impact of change in tax rate for deferred tax	**47.1**	15.9
Total deferred tax expense	**130.4**	110.2
Income tax expense reported in the consolidated income statement	**207.0**	161.1

(i) For periods from 2013-2020, Urenco applied to the UK, Dutch and German tax authorities for an Advance Pricing Agreement (APA) to agree the allocation of certain revenue and costs between the three jurisdictions. Following a significant period of collaboration and negotiation the terms of the APA were agreed in December 2020. The 2020 prior year adjustment within current tax of €53.5 million income and prior year adjustment within deferred tax of €30.4 million expense both predominantly arise in respect of the agreed APA.

(ii) The movement in unrecognised deferred tax of €8.9 million expense (2020: €5.5 million expense) consists of an €8.9 million expense (2020: €1.1 million income) in relation to non-exceptional items, offset by a €nil expense (2020: €6.6 million expense) in relation to exceptional items.

Income tax on exceptional items within the income statement

There were no exceptional items during the year.

During 2020, the reduction in the real discount rate for the US, detailed in note 6, increased the nuclear provisions by €40.3 million, of which €25.6 million was associated with tails and €14.7 million with decommissioning. The tails impact of €25.6 million was charged to the consolidated income statement while the €14.7 million was recognised as an increase in decommissioning assets.

While the 2020 exceptional expense to the income statement did give rise to a potential deferred tax asset of €6.6 million, this remained unrecognised due to there being insufficient future profits in the US against which it can reverse. Consequently, an offsetting exceptional valuation allowance expense of €6.6 million arose, resulting in no net tax impact being attributable to the exceptional US provision increase.

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For the year ended 31 December 2021

10. Income tax continued

Income tax related to items charged or credited directly to other comprehensive income	**Year ended 31/12/21 €m**	Year ended 31/12/20 €m
Current tax		
Arising on financial instruments reported in hedge reserve	**(1.0)**	7.7
Arising on financial instruments reported in currency translation reserve	**4.9**	3.3
Total current tax expense	**3.9**	11.0
Deferred tax		
Arising on financial instruments reported in hedge reserve	**(13.8)**	18.8
Arising on financial instruments reported in currency translation reserve	**(6.7)**	(3.8)
Arising on actuarial gain on defined benefit pension schemes	**17.2**	-
Total deferred tax (income)/expense	**(3.3)**	15.0
Income tax expense reported in the consolidated statement of comprehensive	**0.6**	26.0

The charge for the year can be reconciled to the expense in the consolidated income statement as follows:

	Year ended 31/12/21 €m	**%**	Year ended 31/12/20 €m	%
Income before tax	**571.5**		666.4	
Weighted at the average UK statutory income tax rate of 19.0% (2020: 19.0%)	**108.6**	**19.0**	126.6	19.0
Adjustments in respect of income tax of previous years	**(0.6)**	**(0.1)**	(23.1)	(3.5)
Tax effect of non-deductible/non-taxable items	**4.6**	**0.8**	6.2	0.9
Movement in unrecognised deferred tax	**8.9**	**1.6**	5.5	0.9
Effect of rate changes on deferred tax	**47.1**	**8.2**	15.9	2.4
Effect of different foreign tax rates	**29.4**	**5.1**	30.0	4.5
Deferred tax rate difference to headline tax rate	**9.0**	**1.6**	-	-
Income tax expense reported in consolidated income statement	**207.0**	**36.2**	161.1	24.2

During the year, an increase in the mainstream rate of UK corporation tax from 19.0% to 25.0%, effective 1 April 2023, was enacted. During 2020, an increase in the mainstream rate of UK corporation tax from 17.0% to 19.0%, effective 1 April 2020, was enacted. As a result, the Group's UK deferred tax assets and liabilities have been valued using a 25.0% future tax rate (2020: 19.0%), resulting in a €46.7 million expense (2020: €14.1 million expense) to the income statement. The annual UK corporation tax rate for the year ended 31 December 2021 remained at 19.0% (2020: 19.0%).

During the year, an increase in the Netherlands mainstream corporate tax rate from 25.0% to 25.8%, effective 1 January 2022, was enacted. During 2020, the previously enacted reduction in the Netherlands mainstream corporate tax rate from 25.0% to 21.7% was cancelled. As a result, the Group's Dutch deferred tax assets and liabilities have been valued using a 25.8% future tax rate (2020: 25.0%), resulting in a €0.4 million expense (2020: €1.8 million expense) to the income statement. The annual Netherlands corporate tax rate for the year ended 31 December 2021 remained at 25.0% (2020: 25.0%).

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10. Income tax continued

Deferred income tax

Deferred income tax recognised at 31 December relates to the following:

	Consolidated statement of financial position		Consolidated income statement	
	2021 €m	2020 €m	**2021 €m**	2020 €m
Deferred tax (liabilities)/assets				
Relating to fair value movements on financial instruments	**3.4**	(8.8)	**(0.1)**	-
Relating to fixed assets[i]	**(324.9)**	(228.6)	**(13.5)**	(17.3)
Relating to other temporary differences	**11.7**	22.1	**(2.1)**	1.6
Relating to prior years	**-**	-	**(5.5)**	(30.4)
Relating to provisions	**46.3**	44.4	**(13.5)**	6.5
Relating to retirement benefits	**(12.7)**	4.4	**(2.4)**	(1.0)
Relating to tax losses	**14.3**	7.4	**(4.4)**	(4.3)
Effect of rate changes on deferred tax	**-**	-	**(47.1)**	(15.9)
Total deferred tax liabilities	**(261.9)**	(159.1)		
Deferred tax assets/(liabilities)				
Relating to fair value movements on financial instruments	**4.0**	(6.3)	**1.7**	(0.7)
Relating to fixed assets[i]	**(60.8)**	(68.1)	**13.8**	3.5
Relating to other temporary differences	**(1.1)**	4.1	**(6.2)**	(10.6)
Relating to prior year	**-**	-	**(0.2)**	-
Relating to provisions	**174.8**	147.6	**21.7**	16.5
Relating to retirement benefits	**5.1**	6.3	**(0.2)**	(0.5)
Relating to start up costs	**17.0**	21.1	**(6.0)**	(5.2)
Relating to tax losses	**128.0**	172.6	**(57.5)**	(46.9)
Valuation allowance	**(184.2)**	(163.1)	**(8.9)**	(5.5)
Total deferred tax assets	**82.8**	114.2		
Deferred tax expense			**(130.4)**	(110.2)

[i] Fixed assets consists of (a) property, plant and equipment, (b) investment property, and (c) intangible assets.

The recognition of the deferred tax assets set out above requires management to use judgements in determining the likely timing and level of future suitable taxable profits. In the case of the Group's US enrichment operations, net deferred tax assets of €39.0 million (2020: €76.2 million), relating predominately to unused tax losses, provisions and start up costs, have been recognised based on the expectations of future taxable profits within the Urenco business plan. As at 31 December 2021, a 10% increase in future taxable profits in the plan period would lead to an increase of €3.9 million (2020: €7.6 million) in the amount of the net US deferred tax assets recognised, whilst a 10% decrease in future taxable profits would lead to a decrease of €3.9 million (2020: €7.6 million) in the amount of US net assets recognised. At 31 December 2021, as shown in the above table, a valuation allowance totalling €184.2 million (2020: €163.1 million) was provided against gross deferred tax assets.

Urenco assesses its liabilities and contingencies for all tax years open to audit based upon the latest information available. For those matters where it is probable that an adjustment will be made, the Group records its best estimate of these tax liabilities. Inherent uncertainties exist in estimates of tax contingencies due to the complexities of interpretation and changes in tax laws. Whilst Urenco believes it has adequately provided for the outcome of these matters, future results may include favourable or unfavourable adjustments to these estimated tax liabilities in the period the assessments are made, or resolved. The final outcome of tax examinations may result in a materially different outcome than assumed in the tax liabilities.

There are no income tax consequences for the Urenco Group attaching to the payment of dividends by Urenco Ltd to its shareholders.

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11. Dividends paid and proposed

	Year ended 31/12/21 €m	Year ended 31/12/20 €m
Declared and paid during the year		
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 December 2020 of 89.29 cents per share (2019: 178.57 cents per share)	**150.0**	300.0
Interim dividend for the year ended 31 December 2021 of 89.29 cents per share (2020: 89.29 cents per share)	**150.0**	150.0
	300.0	450.0
Proposed for approval at the Annual General Meeting		
Proposed final dividend for the year ended 31 December 2021 of 89.29 cents per share (2020: 89.29 cents per share)	**150.0**	150.0

The Dividend Policy is set out on page 41. The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The payment of this dividend will not have any tax consequences for the Group.

12. Earnings per share

Earnings per share amounts are calculated by dividing net earnings attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The calculation of the basic earnings per share is based on the following data:

	Year ended 31/12/21	Year ended 31/12/20
In millions of euros		
Earnings for the purposes of basic earnings per share being net income attributable to equity holders of the parent	**364.5**	505.3
In millions of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**168.0**	168.0
In euros		
Basic earnings per share	**2.2**	3.0

There has been no movement in the number of issued ordinary shares during the year (see note 25).

No information for diluted earnings per share is included as there are no potentially dilutive shares (of any class or category) in issue and hence no dilutive impact.

For the year ended 31 December 2021

13. Property, plant and equipment

2021	**Land and buildings €m**	**Plant and machinery €m**	**Fixtures and fittings €m**	**Motor vehicles €m**	**Assets under construction €m**	**Total €m**
Cost as at 1 January 2021	**2,403.4**	**6,823.4**	**198.2**	**21.8**	**1,337.4**	**10,784.2**
Additions	**48.9**	**106.7**	**7.3**	**0.1**	**130.2**	**293.2**
Transfers (see note 15)	**214.0**	**117.9**	**6.8**	**0.4**	**(343.1)**	**(4.0)**
Disposals	**(1.5)**	**(2.1)**	**(0.4)**	**(0.1)**	**(0.1)**	**(4.2)**
Written off	**-**	**-**	**(0.2)**	**-**	**(0.3)**	**(0.5)**
Exchange adjustments	**149.7**	**290.7**	**4.1**	**0.3**	**78.4**	**523.2**
Cost as at 31 December 2021	**2,814.5**	**7,336.6**	**215.8**	**22.5**	**1,202.5**	**11,591.9**
Depreciation as at 1 January 2021	**1,140.3**	**5,153.4**	**162.0**	**20.3**	**-**	**6,476.0**
Charge for the year	**58.3**	**256.0**	**11.7**	**0.8**	**-**	**326.8**
Transfers (see note 15)	**-**	**0.3**	**(0.4)**	**-**	**-**	**(0.1)**
Disposals	**(0.5)**	**(1.5)**	**(0.4)**	**(0.1)**	**-**	**(2.5)**
Written off	**-**	**-**	**(0.2)**	**-**	**-**	**(0.2)**
Exchange adjustments	**64.2**	**213.5**	**3.3**	**0.1**	**-**	**281.1**
Depreciation as at 31 December 2021	**1,262.3**	**5,621.7**	**176.0**	**21.1**	**-**	**7,081.1**
Carrying amount as at 1 January 2021	**1,263.1**	**1,670.0**	**36.2**	**1.5**	**1,337.4**	**4,308.2**
Carrying amount as at 31 December 2021	**1,552.2**	**1,714.9**	**39.8**	**1.4**	**1,202.5**	**4,510.8**

All land, buildings and other items of property, plant and equipment are carried at historical cost less accumulated depreciation and impairments.

The category of fixtures and fittings comprises office fixtures and fittings and computer equipment.

The transfers in 2021 relate to transfers from assets under construction to other items of property, plant and equipment and a reclassification of assets with a net book value of €3.9 million (2020 €3.0 million) to intangible assets.

2020	Land and buildings €m	Plant and machinery €m	Fixtures and fittings €m	Motor vehicles €m	Assets under construction €m	Total €m
Cost as at 1 January 2020	2,488.3	6,982.8	188.9	21.5	1,384.4	11,065.9
Additions	60.2	100.9	10.7	0.4	131.3	303.5
Transfers (see note 15)	19.1	76.6	6.9	0.3	(105.9)	(3.0)
Disposals	(3.7)	(8.1)	(4.0)	(0.3)	-	(16.1)
Written off	(1.6)	(22.5)	-	-	(0.9)	(25.0)
Exchange adjustments	(158.9)	(306.3)	(4.3)	(0.1)	(71.5)	(541.1)
Cost as at 31 December 2020	2,403.4	6,823.4	198.2	21.8	1,337.4	10,784.2
Depreciation as at 1 January 2020	1,147.5	5,115.7	156.9	19.8	55.2	6,495.1
Charge for the year	52.6	255.3	12.8	1.0	-	321.7
Transfers (see note 15)	18.8	36.4	-	-	(55.2)	-
Disposals	(1.3)	(8.0)	(4.0)	(0.3)	-	(13.6)
Written off	(1.6)	(22.5)	-	-	-	(24.1)
Exchange adjustments	(75.7)	(223.5)	(3.7)	(0.2)	-	(303.1)
Depreciation as at 31 December 2020	1,140.3	5,153.4	162.0	20.3	-	6,476.0
Carrying amount as at 1 January 2020	1,340.8	1,867.1	32.0	1.7	1,329.2	4,570.8
Carrying amount as at 31 December 2020	1,263.1	1,670.0	36.2	1.5	1,337.4	4,308.2

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13. Property, plant and equipment continued

Included in the table above are right-of-use assets as noted below.

Right-of-Use Assets

2021	**Land and buildings €m**	**Plant and machinery €m**	**Fixtures and fittings €m**	**Motor vehicles €m**	**Total €m**
Cost as at 1 January 2021	**20.3**	**1.0**	**0.2**	**1.0**	**22.5**
Additions	**9.5**	**0.1**	**0.8**	**0.1**	**10.5**
Exchange adjustments	**1.5**	**0.1**	**-**	**-**	**1.6**
Cost as at 31 December 2021	**31.3**	**1.2**	**1.0**	**1.1**	**34.6**
Depreciation as at 1 January 2021	**2.0**	**0.4**	**0.2**	**0.4**	**3.0**
Charge for the year	**1.7**	**0.2**	**0.1**	**0.3**	**2.3**
Exchange adjustments	**0.2**	**-**	**-**	**-**	**0.2**
Depreciation as at 31 December 2021	**3.9**	**0.6**	**0.3**	**0.7**	**5.5**
Carrying amount as at 1 January 2021	**18.3**	**0.6**	**-**	**0.6**	**19.5**
Carrying amount as at 31 December 2021	**27.4**	**0.6**	**0.7**	**0.4**	**29.1**

2020	Land and buildings €m	Plant and machinery €m	Fixtures and fittings €m	Motor vehicles €m	Total €m
Cost as at 1 January 2020	21.3	1.2	0.3	0.9	23.7
Additions	0.1	-	0.1	0.3	0.5
Disposals	(0.1)		(0.2)	(0.1)	(0.4)
Exchange adjustments	(1.0)	(0.2)	-	(0.1)	(1.3)
Cost as at 31 December 2020	20.3	1.0	0.2	1.0	22.5
Depreciation as at 1 January 2020	1.1	0.2	0.3	0.3	1.9
Charge for the year	0.9	0.2	0.1	0.3	1.5
Disposals	(0.1)		(0.2)	(0.1)	(0.4)
Exchange adjustments	0.1	-	-	(0.1)	-
Depreciation as at 31 December 2020	2.0	0.4	0.2	0.4	3.0
Carrying amount as at 1 January 2020	20.2	1.0	-	0.6	21.8
Carrying amount as at 31 December 2020	18.3	0.6	-	0.6	19.5

The Group leases several assets including buildings, plant and machinery, and motor vehicles. Additions to the right-of-use assets during 2021 were €10.5 million (2020: €0.5 million).

The maturity analysis of lease liabilities is presented in note 29.

At 31 December 2021, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to €41.3 million (2020: €40.1 million) principally in relation to cascades, equipment and buildings.

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13. Property, plant and equipment continued

Included in plant and machinery are the following amounts relating to capitalised decommissioning costs:

	2021 €m	2020 €m
Cost as at 31 December	**650.2**	525.3
Depreciation as at 31 December	**(349.0)**	(299.6)
Carrying amount as at 31 December	**301.2**	225.7

Included in property, plant and equipment are the following amounts relating to capitalised interest costs:

	2021 €m	2020 €m
Cost as at 31 December	**678.7**	599.1
Depreciation as at 31 December	**(143.9)**	(123.7)
Carrying amount as at 31 December	**534.8**	475.4

The borrowing costs capitalisation rate of assets under construction was 2.15% (2020: 4.57%).

14. Investment property

2021	**Total €m**
Cost as at 1 January 2021	**8.4**
Exchange adjustments	**0.4**
Cost as at 31 December 2021	**8.8**
Depreciation as at 1 January 2021	**2.5**
Charge for the year	**0.4**
Exchange adjustments	**0.1**
Depreciation as at 31 December 2021	**3.0**
Carrying amount as at 1 January 2021	**5.9**
Carrying amount as at 31 December 2021	**5.8**

Investment property includes land and buildings acquired by Urenco UK Limited in December 2013 and land and buildings owned by Urenco Nederland B.V. transferred from property, plant and equipment during 2015.

The fair value of the investment property held by Urenco Nederland B.V as at 31 December 2021 was €2.4 million, based on a formal valuation performed at the end of 2019. The valuation was performed by an independent valuer who holds a recognised and relevant professional qualification.

No formal valuation has been conducted on the investment property held by Urenco UK Limited during 2021.

The fair value of the investment property, held by Urenco UK Limited, has been assessed by the Directors using a discounted cash flow valuation method to identify any material changes to the formal valuation conducted previously. The fair value as at 31 December 2021 under this method was €6.0 million (31 December 2020: €5.6 million). There has been no change to the valuation technique used during the year.

The rental income earned by the Group from its investment property, all of which is leased out under operating leases, amounted to €0.9 million (2020: €1.1 million). Associated direct operating expenses amounted to €0.2 million (2020: €0.3 million). Rental income is recognised within revenue.

2020	Total €m
Cost as at 1 January 2020	8.7
Exchange adjustments	(0.3)
Cost as at 31 December 2020	8.4
Depreciation as at 1 January 2020	2.2
Charge for the year	0.4
Exchange adjustments	(0.1)
Depreciation as at 31 December 2020	2.5
Carrying amount as at 1 January 2020	6.5
Carrying amount as at 31 December 2020	5.9

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15. Intangible assets

2021	Licence costs €m	Other software assets €m	Customer contracts €m	Waiver payments €m	Total €m
Cost as at 1 January 2021	68.3	94.0	3.0	6.4	171.7
Additions	1.5	0.2	-	-	1.7
Transfers (see note 13)	0.1	3.9	-	-	4.0
Exchange adjustments	2.6	4.8	-	0.5	7.9
Cost as at 31 December 2021	72.5	102.9	3.0	6.9	185.3
Amortisation as at 1 January 2021	49.5	92.2	3.0	6.3	151.0
Charge for the year	3.2	0.5	-	0.1	3.8
Transfers between categories	-	0.1	-	-	0.1
Exchange adjustments	1.8	4.9	-	0.4	7.1
Amortisation as at 31 December 2021	54.5	97.7	3.0	6.8	162.0
Carrying amount as at 1 January 2021	18.8	1.8	-	0.1	20.7
Carrying amount as at 31 December 2021	18.0	5.2	-	0.1	23.3

The licence costs mainly relate to the costs of obtaining an operating licence from the NRC in the USA. This licence was granted to Louisiana Energy Services, LLC in 2006 and ends in 2040, 30 years after the start of enrichment operations in June 2010. The costs are amortised on a straight line basis over the remaining licence period.

Software and development costs associated with the Group's implementation of its ERP system (SAP 6.0) have been capitalised. Amortisation of capitalised project costs takes place on a straight line basis, with no residual value. The initial costs have been amortised based on a useful economic life of five years. Costs which have been capitalised subsequently are amortised based on a useful economic life of three to four years.

The Group has no intangible assets assessed as having an indefinite life.

Included in intangible assets are the following amounts relating to capitalised interest costs:

	2021 €m	2020 €m
Cost as at 31 December	3.0	2.8
Depreciation as at 31 December	(1.9)	(1.5)
Carrying amount as at 31 December	1.1	1.3

The borrowing costs capitalisation rate of assets under construction was 2.15% (2020: 4.57%).

2020	Licence costs €m	Other software assets €m	Customer contracts €m	Waiver payments €m	Total €m
Cost as at 1 January 2020	68.6	97.5	3.0	6.7	175.8
Additions	0.7	0.3	-	-	1.0
Transfers (see note 13)	2.0	1.0	-	-	3.0
Exchange adjustments	(3.0)	(4.8)	-	(0.3)	(8.1)
Cost as at 31 December 2020	68.3	94.0	3.0	6.4	171.7
Amortisation as at 1 January 2020	48.1	94.4	3.0	5.8	151.3
Charge for the year	2.9	3.2	-	0.4	6.5
Exchange adjustments	(1.5)	(5.4)	-	0.1	(6.8)
Amortisation as at 31 December 2020	49.5	92.2	3.0	6.3	151.0
Carrying amount as at 1 January 2020	20.5	3.1	-	0.9	24.5
Carrying amount as at 31 December 2020	18.8	1.8	-	0.1	20.7

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16. Investments

Investments in joint venture

The Group has a 50% interest in Enrichment Technology Company Limited (ETC), a joint arrangement whose principal activity is in the research, development, manufacture and installation of plant and equipment for the provision of enrichment services. The Group's 50% share is held for 21.7% by Urenco Limited and for 28.3% by Urenco Deutschland GmbH. The Group accounts for its interest in ETC using the equity accounting method (see note 2).

The share of the assets, liabilities and expenses of the joint arrangement at 31 December were:

	2021 €m	2020 €m
Share of the joint venture statement of financial position		
Non-current assets	**33.4**	30.3
Current assets	**75.7**	80.2
Share of gross assets	**109.1**	110.5
Non-current liabilities	**(52.5)**	(59.8)
Current liabilities	**(28.4)**	(21.4)
Share of gross liabilities	**(80.9)**	(81.2)
Group's share of net assets	**28.2**	29.3

	Year ended 31/12/21 €m	Year ended 31/12/20 €m
Share of joint venture results		
Total revenue	**51.8**	52.4
Group's share of profit for the year	**6.6**	14.0
Consolidation adjustments	**(4.0)**	(0.2)
Share of results of joint venture	**2.6**	13.8

	2021 €m	2020 €m
Share of net assets of joint venture		
As at 1 January	**29.3**	19.8
Group's share of profit for the year	**6.6**	14.0
Cash received from dividends	**(12.5)**	(5.0)
Group's share of other comprehensive income	**4.8**	0.5
As at 31 December	**28.2**	29.3

On consolidation, the Group makes the necessary adjustments to the joint venture results to ensure that the Group's share of gains and losses resulting from upstream and downstream transactions involving assets between the Group and the joint venture are not recognised.

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16. Investments continued

Other Investments

	€m
Cost as at 1 January 2021	**1.5**
Additions	**-**
Cost as at 31 December 2021	**1.5**
Carrying value as at 1 January 2021	**1.5**
Carrying value as at 31 December 2021	**1.5**

The Group invested in a 9.9% share in Twente Technology Fund (TTF). TTF is an innovative venture capital fund. The fund invests in promising young and starting high tech corporations in the Twente area in the Netherlands. In 2021 Urenco has invested €nil (2020: €nil) in the fund which is held at cost.

	€m
Cost as at 1 January 2020	1.4
Additions	0.1
Cost as at 31 December 2020	1.5
Carrying value as at 1 January 2020	1.4
Carrying value as at 31 December 2020	1.5

17. Subsidiaries

The Group parent company, Urenco Limited, is incorporated in the UK and has a number of wholly owned subsidiaries. A list of investments in subsidiaries held directly and indirectly by the Company, including the name, country of incorporation and proportion of ownership interest, is given in note 7 to the Company's separate financial statements.

18. Restricted cash

	31/12/21 €m	31/12/20 €m
Restricted cash	**0.9**	1.5

Restricted cash primarily represents two items:

- An amount which is held in an Escrow account for an agreement for relocation of a pipeline dated August 2006. The Escrow agreement terminates on the earlier of the 50th anniversary of the agreement or receipt by the Escrow Agent of written notice of termination executed by Trinity Pipeline, L.P. and Louisiana Energy Services, LLC.
- A money market account. The money market account is an account for the purpose of an employee deferred compensation arrangement.

19. Inventories

	31/12/21 €m	31/12/20 Re-presented[(i)] €m
Raw materials	**88.4**	77.1
Work-in-progress[(i)]	**39.8**	32.4
Finished goods[(i)]	**18.7**	12.9
	146.9	122.4

(i) As at 31 December 2020 an amount of €4.6 million has been reclassified from Work-in-progress to Finished goods. This has been re-presented by decreasing Work-in-progress from €37.0 million to €32.4m million and by increasing Finished goods from €8.3 million to €12.9 million.

Work-in-progress mainly relates to SWU inventories borrowed from third parties. All inventories are held at the lower of cost and net realisable value.

€46.8 million of Inventories was recognised as an expense in 2021 (2020: €44.2m).

Finished goods held at fair value relate to uranium commodity contract inventories within the scope of IFRS 9 which arise due to timing differences between the commodity purchase and sale transactions.

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20. SWU assets

	31/12/21 €m	31/12/20 €m
SWU assets	**277.5**	313.4

SWU assets are the costs incurred to date in enriching UF_6 to fulfil enrichment contracts with customers.

21. Contract assets

Contract assets relate to balances due from customers under enrichment contracts that arise when the revenue recognised for a delivery exceeds the amount of consideration received and/or receivable.

	2021 €m	2020 €m
As at 1 January	**28.4**	16.3
Revenue recognised during the year	**34.1**	22.4
Reversal of accrued revenue	**(17.1)**	(10.3)
Exchange difference	**2.6**	-
As at 31 December	**48.0**	28.4
Included in current assets	**12.5**	16.3
Included in non-current assets	**35.5**	12.1
	48.0	28.4

Revenue recognised during the year related substantially to two contracts that had been modified during the year and which resulted in a remeasurement of the revenue to be recognised for the duration of the contract in accordance with the relative stand-alone price. It is expected that most of this accrual of revenue will reverse after 2022. Revenue reversed during the year related substantially to seven contracts that had been modified during 2020 and which resulted in a remeasurement of the revenue to be recognised for the duration of the contract in accordance with the relative stand-alone price.

22. Trade and other receivables (current)

	31/12/21 €m	31/12/20 €m
Trade receivables	**313.2**	177.9
Trade receivables due from related parties	**0.1**	-
Other receivables	**20.2**	22.7
Prepayments	**24.4**	36.0
	357.9	236.6

The trade and other receivables disclosed above are all classified as loans and receivables and are therefore measured at amortised cost, less a loss allowance for expected credit losses.

Trade receivables can carry interest in accordance with contract conditions. Trade receivables are stated at their invoiced value as payments are usually received within the contract terms. The average age of these trade receivables as at 31 December 2021 is 16 days (2020: 22 days).

The increase in trade receivables is mainly due to a higher portion of invoices raised just before the year end.

For terms and conditions relating to related party receivables, refer to note 35 on page 143.

At the year end date no trade receivables were past their due date (2020: four trade receivables totalling €7.7 million).

The Group does not hold any collateral or other credit enhancements over any of its trade receivables nor does it have a legal right of offset against any amounts owed by the Group to the customer.

Trade receivables are stated net of a provision for Expected credit losses of €1.0 million (2020: €1.2 million), wholly relating to receivables arising from revenue contracts.

23. Short term deposits

	31/12/21 €m	31/12/20 €m
Short term deposits	**516.3**	528.8

Short term bank deposits comprise deposits with an original maturity of more than three months and with an end date less than 12 months from the date of the statement of financial position.

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24. Cash and cash equivalents

	31/12/21 €m	31/12/20 €m
Cash	**176.9**	95.1
Cash equivalents	**382.6**	534.9
Total cash and cash equivalents	**559.5**	630.0

Cash comprises cash at bank and in hand. Cash at bank earns or pays interest at floating rates based on the banks' current account rates. Cash equivalents comprise on demand deposits, together with short term highly liquid investments that are readily convertible to a known amount of cash and that are subject to an insignificant risk of changes in value. The carrying amount of these assets approximates to their fair value.

The Group has pledged as collateral several current bank accounts and short term deposits to four banks that have provided standby letter of credits in favour of the NRC to provide assurance that funds are available when needed to pay for decommissioning and tails liabilities of LES. The carrying value of those current bank accounts and short term deposits at 31 December 2021, which are earning interest, was €178.6 million (2020 €27.0 million).

25. Share capital

	31/12/21 €m	31/12/20 €m
Authorised:		
240 million ordinary shares of £1 each		
'A' ordinary	**113.0**	113.0
'B' ordinary	**113.0**	113.0
'C' ordinary	**113.0**	113.0
	339.0	339.0
Issued and fully paid:		
168 million ordinary shares of £1 each		
'A' ordinary	**79.1**	79.1
'B' ordinary	**79.1**	79.1
'C' ordinary	**79.1**	79.1
	237.3	237.3

The 'A', 'B' and 'C' ordinary shares have identical rights, which carry no right to fixed income.

Additional paid in capital

This represents the contribution of 21.7% of the shares in ETC given to Urenco Limited by its shareholders as additional paid in capital, bringing the Urenco holding in ETC to 50% in 2006.

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26. Reserves

The reserves outlined in the consolidated statement of changes in equity on page 82 are as follows:

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries and the parent entity into the euro presentational currency and the fair value movements on net investment hedges.

Hedging reserves

This is a combination of the hedging reserve and the cost of hedging reserve for which further explanation is provided below separately for each reserve.

Hedging reserve – summary

	Year ended 31/12/21 €m	Year ended 31/12/20 Restated[i] €m
As at 1 January	**58.6**	(4.1)
Other comprehensive income/(loss):		
Cash flow hedges – recycled in relation to hedges of revenue	**(3.9)**	38.9
Cash flow hedges – recycled in relation to hedges of debt[i]	**40.9**	(49.6)
Cash flow hedges – mark to market (losses)/gains on hedges of revenue[i]	**(69.5)**	67.4
Cash flow hedges – mark to market (losses)/gains on hedges of debt[i]	**(28.7)**	29.3
Deferred tax income/(expense) on financial instruments	**14.3**	(23.1)
Current tax income/(expense) on financial instruments	**1.0**	(7.7)
Exchange differences	**6.5**	7.5
Other comprehensive income/(loss)	**(39.4)**	62.7
Carried forward as at 31 December	**19.2**	58.6

Cost of hedging reserve – summary

	Year ended 31/12/21 €m	Year ended 31/12/20 €m
Carried forward as at 31 December	**(12.5)**	(10.8)
Other comprehensive income/(loss):		
Movements before tax	**1.5**	(6.7)
Deferred tax (expense)/income	**(0.5)**	4.3
Exchange differences	**(0.9)**	0.7
Other comprehensive loss	**0.1**	(1.7)
Carried forward as at 31 December	**(12.4)**	(12.5)

Hedging reserves – totals

Carried forward as at 31 December	**6.8**	46.1

(i) Previously, the line items above, cash flow hedges – recycled in relation to hedges of debt, cash flow hedges – mark to market (losses)/gains on hedges of revenue and cash flow hedges – mark to market (losses)/gains on hedges of debt were shown as a single line, cash flow hedges mark to market gains/(losses) with a net gain of €47.1 million disclosed in the year ended 31 December 2020 accounts.

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27. Contract liabilities

Contract liabilities relate to the Group's obligations to transfer enrichment or storage services to customers for which the Group has received or recognised as a receivable consideration from the customer prior to transferring control of the underlying good or service.

	2021 €m	2020 €m
As at 1 January	**135.8**	113.1
Revenue recognised during the year	**(60.2)**	(53.4)
Other movements during the year	**109.6**	79.4
Exchange difference	**3.5**	(3.3)
As at 31 December	**188.7**	135.8
Included in current liabilities	**62.6**	61.4
Included in non-current liabilities	**126.1**	74.4
	188.7	135.8

Revenue recognised during the year mainly related to deliveries made in the year for which the customer made payments in advance in 2020. Other movements during the year were mainly driven by customer payments in the year of €54.8 million in advance of deliveries to be made in 2022, and contracts that had been modified during the year which resulted in a remeasurement of the revenue to be recognised for the duration of the contract in accordance with the relative stand-alone price. The current contract liabilities balance at year end mainly relates to deferred income for SWU deliveries to be recognised as revenue in 2022. The non-current contract liabilities balance at year end relates to deferred income for SWU deliveries to be recognised as revenue during the period from 2023 to 2032 and contracted storage services to be provided by Urenco Nuclear Stewardship Limited to be recognised during the period from 2023 to 2077 for which the consideration was received in advance.

28. Financial risk management objectives and policies

The Group's principal financial liabilities consist of trade payables and other financial instruments including bank loans, private and publicly traded debt and financial derivatives. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group also has various financial assets, such as trade receivables and cash and short term deposits, which arise directly from its operations or debt issues. All financial instruments, including derivatives, are unsecured. No collateral is pledged or received in respect of the Group's financial instruments, although collateral or security may be granted over assets used to meet certain regulatory requirements to meet nuclear liabilities.

The Group's key transactions in derivative financial instruments are principally forward currency contracts, interest rate swaps and cross-currency swaps. The purpose of these transactions is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance. Additionally the Group entered into commodity contracts with the purpose of buying or selling uranium or conversion services which are not supported by or in support of the Group's products and services provided to customers.

It is the Group's policy that no speculative trading in derivative financial instruments shall be undertaken.

The Group is exposed to credit risk, interest rate risk, foreign currency risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to derivatives are set out in note 2. The Group has considered if the events of the year would require a change in the method by which risks are managed or measured. It has been concluded that the current risk management process is still effective.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability or failure to discharge its obligations under a contract. In order to minimise credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties. The Group has not pledged and does not hold collateral over any balances.

For the year ended 31 December 2021

28. Financial risk management objectives and policies continued

The following table details the Group's maximum exposure to credit risk:

	Financial assets at amortised cost				**Financial assets at fair value**
As at 31 December 2021	**Trade and other receivables €m**	**Short term bank deposits €m**	**Cash and cash equivalents €m**	**Contract assets €m**	**Derivative financial assets with positive fair value €m**
AAA	**43.3**	**-**	**223.3**	**28.4**	**-**
AA+	**-**	**-**	**-**	**6.2**	**-**
AA	**8.8**	**-**	**-**	**-**	**-**
A+	**-**	**131.9**	**157.6**	**-**	**42.7**
A	**-**	**255.5**	**63.3**	**-**	**26.6**
A-	**3.4**	**26.4**	**112.8**	**-**	**2.4**
BBB+	**76.6**	**44.0**	**2.5**	**13.3**	**2.8**
BBB	**-**	**58.5**	**-**	**-**	**-**
B+	**0.7**	**-**	**-**	**-**	**-**
B	**34.7**	**-**	**-**	**-**	**-**
BB-	**28.7**	**-**	**-**	**-**	**-**
BBB-	**75.0**	**-**	**-**	**-**	**-**
CCC	**36.0**	**-**	**-**	**-**	**-**
CCC-	**0.1**	**-**	**-**	**-**	**-**
Unrated	**50.6**	**-**	**-**	**0.1**	**9.0**
	357.9	**516.3**	**559.5**	**48.0**	**83.5**

	Financial assets at amortised cost				Financial assets at fair value
As at 31 December 2020	Trade and other receivables €m	Short term bank deposits €m	Cash and cash equivalents €m	Contract assets representation[(i)] €m	Derivative financial assets with positive fair value €m
AA+	-	-	380.9		-
AA	14.0	89.4	-		-
A+	-	126.0	69.4		78.0
A	-	279.9	177.4		127.4
AA-	-	-	-	13.8	
A-	45.5	33.5	2.2		9.9
BBB+	14.9	-	0.1	12.2	4.3
BBB	8.3	-	-		-
B	58.7	-	-		-
B-	5.9	-	-		-
BB-	7.8	-	-		-
CCC+	0.3	-	-		
CCC	23.9	-	-		
Unrated	57.3	-	-	2.4	16.4
	236.6	528.8	630.0	28.4	236.0

(i) The above table for the year ended 31 December 2020 has been amended to include contract assets.

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28. Financial risk management objectives and policies continued

Details of how credit risk is managed across the asset categories is provided below:

Trade and other receivables

The Group trades only with what it considers are creditworthy third parties, who are mainly other participants in the nuclear fuel supply chain. It is the Group's policy that all customers wishing to trade on credit are subject to an internal approval process based on an internally devised system of credit scoring. Customers are assigned credit limits based on this credit score and their credit balances are monitored and managed against these limits on a monthly basis. If a customer's implied or external credit score would be below investment grade, then the Group will mitigate the risk of loss by using its contractual rights, including those related to reducing payment terms, deferring future deliveries and only making future deliveries after prepayment.

For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime expected credit loss. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historic credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Note 22 includes further details on the loss allowance for these assets.

Short term bank deposits, cash and equivalents and derivative financial assets

With respect to credit risk arising from other financial assets of the Group, comprising cash and cash equivalents, short term deposits, and certain derivative financial instruments, the Group's credit risk is the risk of default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Counterparties for these assets are banks with investment-grade credit ratings assigned by international credit-rating agencies. The Group has assessed that no significant increase in credit risk has taken place on these balances since initial recognition. Accordingly, the expected credit loss modelled is the 12 month expected credit loss.

Interest rate risk

The Group is exposed to interest rate risk on cash balances which are subject to short term variable interest rates. The Group's borrowings to finance its operations are at fixed rates of interest and do not expose the Group to interest rate risk.

The Group manages its cash balances to protect itself against adverse changes in rates while maintaining liquidity to meet its operating requirements. The Group does not use derivative hedging strategies to fix interest rates on its cash balances.

The Group's exposure to interest rates on financial assets and liabilities is detailed in the section about liquidity risk management of this note.

The Group's policy to manage interest rate risk is to keep a proportion of its borrowings at fixed rates of interest. The Group enters into cross currency interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between the fixed and variable rate interest amounts calculated by reference to an agreed notional principal amount. These swaps are designated to hedge the underlying debt obligations. As at 31 December 2021, the Group does not hold any financial derivatives to exchange the difference between fixed and variable interest rates.

The Group is not exposed to LIBOR from either its investments or derivatives.

The Group has closely monitored the market and the output from various industry working groups managing the transition to new benchmark interest rates. This includes announcements made by the IBOR regulators. The FCA has confirmed that all LIBOR settings will either cease to be provided by any administrator or no longer be representative:

- Immediately after 31 December 2021, in the case of all sterling, euro, Swiss franc and Japanese yen settings, and the 1 week and 2 month US dollar settings;
- Immediately after 30 June 2023, in the case of the remaining US dollar settings.

Interest rate sensitivity analysis

In respect of non-derivative financial instruments with fixed interest rates, changes in market interest rates will only affect income if these are measured at their fair value. All financial instruments with fixed interest rates are carried at amortised cost and are therefore not subject to interest rate risk as defined in IFRS 7.

Changes in market interest rates affect the interest income or expense of non-derivative variable interest financial instruments, the interest payments of which are not designated as hedged items of cash flow hedges against interest rate risks. As a consequence, they are included in the calculation of interest rate sensitivities. The Group does not hold any derivative financial instruments subject to interest rate risk.

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at reporting date. The analysis is prepared assuming the amount of the cash balances receivable at reporting date was receivable for the whole year. A 1 per cent increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

For the year ended 31 December 2021

28. Financial risk management objectives and policies continued

If market interest rates had been one per cent higher/(lower) at 31 December 2021 and all other variables were held constant, interest income would increase/decrease by €10.8 million (31 December 2020: increase/decrease by €11.6 million). This is attributable to the Group's exposure to interest rates on cash and cash equivalents and short term deposits.

The same assumptions have been used in the evaluation of variable interest rate sensitivities as per the prior year.

The Group's exposure to variable interest rate risk has decreased during the current year, arising from a decrease in cash balances managed by the Group.

Foreign currency risk

Currency risk as defined by IFRS 7 is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Transaction risk

The Group has transactional currency exposures as a result of approximately 72% (2020: 68%) of its revenues being denominated in US dollars, whilst currently only approximately 28% (2020: 23%) of its costs are US dollar-based.

The Group also has transactional currency exposures as a result of approximately 34% (2020: 37%) of Group costs being denominated in sterling, whilst revenue is mainly in euros and US dollars.

In order to mitigate these exposures, the Group's policy is to hedge its net contracted US dollar and sterling exposures in its UK and rest of European businesses (i.e. cash revenues less cash costs) using forward currency contracts and related derivative financial instruments. The Group's policy is to hedge forward its net contracted US dollar and sterling exposures to a minimum of 80% in the current and following year, 50% in the second year and 20% in the third year ahead.

For the hedges of highly probable forecast sales and purchases, as the critical terms (i.e. the notional amount, life and underlying) of the foreign exchange forward contracts and their corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness and it is expected that the value of the forward contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying exchange rates.

Translation risk

The Group is exposed to translation currency risk as a result of its net investments in US and UK operations. The risk is that the euro value of the net assets of foreign operations will decrease with changes in exchange rates. The Group's policy is to mitigate its currency exposure by entering, where appropriate, into net investment hedging arrangements utilising holdings of foreign currency debt, entering into foreign currency derivatives or a mixture of both.

At the reporting date, the Group has utilised euro denominated debt as the hedging instrument to hedge net euro assets in foreign operations and GBP/USD foreign currency derivatives as the hedging instrument to hedge net dollar assets in foreign operations. The change in value due to currency movements of the net investments in subsidiaries and their related hedging instruments move in opposition to each other and establish the economic relationship for the purposes of hedge accounting. The entity established a 1:1 hedge ratio between the hedged item and hedging instrument. Potential sources of ineffectiveness relate to the credit risk embedded within the hedging instrument that would not be reflected within the hedged item and any changes to the net asset amount of hedged foreign subsidiaries as a result of operating activities. These potential sources of ineffectiveness are not considered to be material in the performance of the hedge.

Foreign currency sensitivity analysis

The following sensitivity analysis addresses the effect of currency risks on the Group's financial instruments:

- A number of external and inter-company loans which are denominated in US dollars and euros are designated as, and are effective hedges, of the Group's investments in US dollars and euro denominated assets. Any gains/losses arising on the retranslation of these US dollar or euro loans are recorded directly to other comprehensive income and would be offset in equity by a corresponding loss/gain arising on the retranslation of the related hedged foreign currency net asset.
- The Group enters into currency forward contracts to mitigate currency risk, the majority of which are against the US dollar. These are currency derivatives that are part of an effective cash flow hedge for currency fluctuations resulting from exchange rate movements in accordance with IFRS 9. Exchange rate fluctuations of the currencies on which these transactions are based affect the hedging reserve in shareholders' equity and the fair value of these hedging transactions. Any ineffectiveness or ineffective hedges affect the income statement. The potential sources of hedge ineffectiveness are considered to be the credit risk and cost of hedging, such as currency basis and forward points. Cost of hedging is recorded as a separate component of reserves.

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28. Financial risk management objectives and policies continued

The Group has removed all material sources of hedge ineffectiveness from its designated hedge relationships.

The following table demonstrates the sensitivity to a 10 per cent increase and decrease in currency units against the currencies to which the Group is exposed. Ten per cent is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of a reasonable possible change in foreign exchange rates. The sensitivity analysis includes only outstanding exposures to forward foreign exchange contracts used in the hedging of highly probable forecast revenue and derivatives economically hedging cash management positions, which represents the most material exposures:

		£/US$		€/US$		€/£
	Rate change	Effect on income/(loss) before tax €m	Effect on equity €m	Effect on income/(loss) before tax €m	Effect on equity €m	Effect on equity €m
2021	**+10%**	**39.6**	**34.9**	**11.8**	**77.4**	**23.2**
	-10%	**(39.6)**	**(42.7)**	**(14.4)**	**(94.5)**	**(28.3)**
2020	+10%	-	28.5	(2.2)	98.0	(19.2)
	-10%	-	(34.8)	2.7	(119.7)	23.5

The same assumptions have been used in the evaluation of foreign currency sensitivity analysis as per the prior year.

The size of the Group's sensitivity to foreign currency exposure relating to forecast revenue hedging activities has remained largely unchanged.

The Group exposures to unhedged positions in 2021 have increased due to economic hedging activity entered into to hedge currency exposure arising from the Group's operations in Europe and America. The derivatives entered into for this purpose are short dated (typically 1-3 months in duration) and are rolled forward on maturity.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Liquidity risk

The Group plans its funding operations and monitors the risk of a shortage of funds on a monthly basis, using a forward planning model that considers the maturity of existing borrowings, projected capital expenditure and projected cash flows from operations.

The Group has €500 million (2020: €750 million) undrawn committed bank facilities. The Group manages liquidity risk by a combination of undrawn credit facilities and by refinancing debt in advance of the maturity date.

The Group seeks to achieve flexibility and continuity of funding through the active use of a range of different instruments, markets and currencies. External debt funding is sought over a range of different tenors in order to avoid a concentration of maturities. At 31 December 2021, 37.2% (2020: 33.1%) of the Group's interest bearing loans and borrowings will mature in less than one year.

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2021 based on contractual undiscounted payments:

2021	Less than 3 months €m	3-12 months €m	1-5 years €m	>5 years €m	Total €m
Non-derivative financial liabilities					
Interest bearing loans and borrowings	**-**	**433.0**	**551.9**	**233.7**	**1,218.6**
Trade and other payables	**232.7**	**-**	**38.8**	**-**	**271.5**
Lease liabilities	**0.9**	**2.7**	**11.1**	**105.5**	**120.2**
Derivative financial liabilities					
Cross currency swaps (receipts)	**(4.1)**	**(470.6)**	**-**	**(152.9)**	**(627.6)**
Cross currency swaps payments	**9.2**	**466.9**	**14.8**	**214.5**	**705.4**
Foreign exchange (receipts)	**(15.1)**	**(13.5)**	**(39.3)**	**-**	**(67.9)**
Foreign exchange payments	**3.4**	**9.5**	**25.6**	**-**	**38.5**
	227.0	**428.0**	**602.9**	**400.8**	**1,658.7**

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

For the year ended 31 December 2021

28. Financial risk management objectives and policies continued

2020	Less than 3 months €m	3-12 months €m	1-5 years €m	>5 years €m	Total €m
Non-derivative financial liabilities					
Interest bearing loans and borrowings	547.8	27.5	975.9	240.1	1,791.3
Trade and other payables	240.6	-	32.4	-	273.0
Lease liabilities	0.8	2.4	9.7	166.2	179.1
Derivative financial liabilities					
Cross currency swap (inflows)	(785.7)	(9.4)	(461.2)	(158.4)	(1,414.7)
Cross currency swap outflows	742.1	11.9	454.9	202.9	1,411.8
Foreign exchange (receipts)	(1.8)	(5.1)	(18.4)	-	(25.3)
Foreign exchange payments	3.8	20.0	46.4	-	70.2
	747.6	47.3	1,039.7	450.8	2,285.4

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong investment-grade credit rating and healthy capital ratios in order to support the long term success of the business and to maintain an appropriate level of shareholder returns.

The Group is subject to externally imposed covenants on its issued debt. In the event of a credit downgrade, in conjunction with a change in control of ownership, the holders of the Group's outstanding debt may demand repayment.

The principal means of adjusting the Group's capital structure is through changes in the proportion of cash reinvested in the business or returned to shareholders.

The Group monitors its capital structure through the use of financial ratios, principally those of Net Debt to Total Assets and Funds From Operations to Total Adjusted Debt (FFO/TAD). FFO is defined as EBITDA adjusted for interest costs, current tax expenses and pension obligations. TAD is interest bearing loans and borrowings adjusted for cash and short term bank deposits, lease liabilities, retirement benefit obligation deficit, and tails and decommissioning provisions.

The Group targets an FFO/TAD ratio that results in a strong investment-grade credit rating as set out in the Group finance report. The Group targets a long term ratio of less than 60% for Net Debt to Total Assets, which the Group defines as Interest bearing loans and borrowings (current and non-current) less cash and cash equivalents and short term deposits divided by Total Assets.

Following the adoption of IFRS 16 from January 2019, the Group has amended its definition of Net Debt and TAD to include lease liabilities.

	Year ended 31/12/21 €m	Year ended 31/12/20 €m
Net debt (page 133)	**11.5**	455.7
Total assets	**6,795.5**	6,621.9
Net debt to total assets	**0.2%**	6.9%

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28. Financial risk management objectives and policies continued

	Year ended 31/12/21 €m	Year ended 31/12/20 €m
EBITDA	**971.1**	1,088.1
Less:		
Net interest on bank borrowings and other loans	**(47.9)**	(72.9)
Unwinding of discount on provisions	**(67.9)**	(69.0)
Current tax expenses	**(76.6)**	(50.9)
Add:		
Pension normalisation	**(3.9)**	(4.8)
Funds from operations (FFO)	**774.8**	890.5
Interest bearing loans and borrowings	**1,056.0**	1,594.7
Cash and short term bank deposits	**(1,075.8)**	(1,158.8)
Lease liabilities	**31.3**	19.8
Pensions deficit	**30.9**	56.8
Deferred tax on pensions deficit	**(5.0)**	(10.7)
Tails and decommissioning provisions	**2,584.1**	2,204.8
Depreciation within tails provisions	**(355.6)**	(324.1)
Deferred tax on provisions	**(221.1)**	(192.0)
Deferred tax on depreciation within tails provisions	**92.7**	73.2
Total adjusted debt (TAD)	**2,137.5**	2,263.7
FFO/TAD	**36.2%**	39.3%

29. Other financial assets and financial liabilities

Interest bearing loans and borrowings

	Effective interest rate %	**Maturity**	**2021 €m**	2020 €m
Non-current				
€405 million Eurobond	2.25%	Aug 22	**-**	404.1
€500 million Eurobond	2.38%	Dec 24	**498.5**	497.9
Yen 20 billion Loan Agreement	6.24%	Apr 38	**152.8**	158.4
			651.3	1,060.4
Current				
€534.4 million Eurobond	2.50%	Feb 21	**-**	534.3
€405 million Eurobond	2.25%	Aug 22	**404.7**	
			1,056.0	1,594.7

As at 31 December 2021, after taking into account the effect of interest rate swaps, 100% (2020: 100%) of the Group's borrowings are at a fixed rate of interest.

Amounts recognised in the income statement are interest expense of €34.4 million (2020: €45.5 million).

During 2021, the revolving credit facility was renegotiated to a €500 million facility with an expiration date of 29th October 2026. (2020: €750 million expiring June 2023). There were no drawings under the €500 million revolving credit facility at the end of the year (2020: none utilised of the €750 million).

The Group repaid the remaining amount of the €534.4 million Eurobond on the maturity date of 15 February 2021. The total amount paid to the bond holders was €547.8 million, which included interest of €13.4 million.

The Group repurchased and cancelled €95.0 million of the August 2022 Eurobonds for a price of €98.2 million (103.4%) in July 2020. The transaction was completed for a total amount of €100.1 million, which included €1.9 million of accrued interest. As at 31 December 2021, a nominal amount of €405.0 million remained outstanding on the August 2022 Eurobonds.

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29. Other financial assets and financial liabilities continued

Hedging activities and derivatives

Revenue related hedges

The Group maintains a rolling portfolio of forward foreign exchange contracts ('FFECs') designated as cash flow hedges against forecast revenues to be received in foreign currencies. This is in order to hedge contracts denominated in euros and US dollars to the underlying European enrichment entities' functional currencies, which are split between sterling and euro.

For the hedges of highly probable forecast revenue, as the critical terms (i.e. the notional amount, life and underlying) of the foreign exchange forward contracts and their corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness and it is expected that the value of the forward contracts and the value of the corresponding hedged items will systematically change in the opposite direction in response to movements in the underlying exchange rates. The hedge ratio of the hedging relationships is on a 1:1 basis.

Potential sources of hedge ineffectiveness in these hedging relationships are the effect of the counterparty and the Group's own credit risk on the fair value of the forward contracts, which is not reflected in the fair value of the hedged item attributable to changes in the foreign exchange rates and the timing of the forecast revenue. These potential sources of ineffectiveness are not considered to be material in the performance of the hedge.

No other sources of ineffectiveness emerged from these hedging relationships.

As at 31 December 2021, the net liability of the FFECs was €19.8 million (31 December 2020: asset of €58.3 million), with the movement driven principally by the US dollar forward rates strengthening against the euro during the year. The vast majority of FFECs are designated as cash flow hedges, with the gains and losses deferred in equity. There is a small minority of FFECs that have been dedesignated from hedge relationships and, therefore, their gains and losses are recognised in the income statement. Also, a small number of FFECs were not formally designated in a hedge and are revalued through the income statement.

During the year, €3.8 million of hedging gains (2020: losses of €38.9 million) were recycled to revenues due to the maturing of contracts in effective hedging relationships.

Borrowing related hedges

The Group uses Cross Currency Interest Rate Swaps (CCIRS) to hedge its US dollar, euro and yen debt instruments into sterling as they are held by Urenco Limited, a sterling functional currency entity. The Group's portfolio of CCIRS helps to manage the foreign exchange volatility which would be recognised through the income statement.

The CCIRS are split into two legs, the first leg swaps foreign denominated debt into sterling, and is designated as a cash flow hedge, and the second leg swaps sterling into US dollar and is designated as a net investment hedge of the Group's investment in USA subsidiaries (Urenco USA Inc. and Louisiana Energy Services LLC). The total amount of CCIRS which have been designated as hedges of the net investment of the Group's USA subsidiaries as at 31 December 2021 was $471.5 million (31 December 2020: $934.8 million). Gains or losses on the retranslation of these CCIRS are transferred to other comprehensive income to offset any gains or losses on translation of the net investment in subsidiaries.

For borrowing related hedges, as the critical terms (i.e. the notional amount, life and underlying) of the CCIRS and their corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness and it is expected that the value of the CCIRS and the value of the corresponding hedged items will systematically change in the opposite direction in response to movements in the underlying exchange rates. The hedge ratio of the hedging relationships is on a 1:1 basis.

Potential sources of hedge ineffectiveness in these hedging relationships is the effect of the counterparty and the Group's own credit risk on the fair value of the CCIRS, which is not reflected in the fair value of the hedged item attributable to changes in the foreign exchange rates. These potential sources of ineffectiveness are not considered to be material in the performance of the hedge.

No other sources of ineffectiveness emerged from these hedging relationships.

As at 31 December 2021, the Group's portfolio of CCIRS was held as a liability of €23.6 million (31 December 2020: asset of €49.1 million). The movement in the year of €72.7 million is mainly attributable to the maturity of the CCIRS that matured during February 2021.

Included in loans at 31 December 2021 were borrowings of €630.0 million (31 December 2020: €655.0 million), which have been designated as hedges of the net investment in the Group's European sites. Gains or losses on the retranslation of these borrowings are transferred to other comprehensive income to offset any gains or losses on translation of the net investment in subsidiaries.

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29. Other financial assets and financial liabilities continued

Hedging activities and derivatives continued

Borrowing related hedges continued

The information in the table presenting financial instruments of the major foreign currency pairs to hedge foreign exchange risk has been enhanced to include their Fair Value as disclosed on the face of the Consolidated Statement of Financial Position. In addition, financial instruments presented per the table have been expanded to include commodity contracts.

As at 31 December, the Group held the following financial instruments of the major foreign currency (FC) pairs to hedge its foreign exchange risk:

2021	Average exchange rate	Nominal amount	Fair value +gain/(loss) €m	Fair value asset €m	Fair value liability €m
Forward foreign exchange contracts		**FC m Buy/(Sell)**			
Cash Flow Hedges					
USD/EUR		**USD**			
Within one year	**1.20**	**(385.0)**	**(23.2)**	**1.3**	**(17.3)**
1 to 2 years	**1.21**	**(388.5)**	**(23.3)**	**4.2**	**(18.3)**
2 to 3 years	**1.18**	**(225.0)**	**(12.4)**	**2.8**	**(3.5)**
3 to 4 years	**1.24**	**(40.0)**	**(1.4)**	**-**	**(1.4)**
More than 4 years	**-**	**-**	**-**	**-**	**-**
USD/GBP		**USD**			
Within one year	**1.35**	**(110.0)**	**(1.2)**	**1.3**	**(1.3)**
1 to 2 years	**1.35**	**(133.0)**	**(1.3)**	**1.6**	**(1.9)**
2 to 3 years	**1.36**	**(74.0)**	**(1.2)**	**0.8**	**(1.2)**
3 to 4 years	**1.38**	**(33.5)**	**(0.5)**	**-**	**(0.5)**
More than 4 years	**-**	**-**	**-**	**-**	**-**
EUR/GBP		**EUR**			
Within one year	**0.93**	**(73.0)**	**4.8**	**6.9**	**-**
1 to 2 years	**0.91**	**(90.0)**	**4.1**	**5.8**	**-**
2 to 3 years	**0.92**	**(72.0)**	**2.8**	**4.4**	**-**
3 to 4 years	**0.89**	**(10.0)**	**0.2**	**0.2**	**-**
More than 4 years	**-**	**-**	**-**	**-**	**-**
				29.3	**(45.4)**
Not designated and charged to income					
USD/GBP		**USD**			
Within one year	**1.14**	**(10.0)**	**-**	**0.7**	**-**
1 to 2 years	**1.22**	**(7.5)**	**(0.5)**	**3.7**	**(1.6)**
2 to 3 years	**-**	**-**	**-**	**-**	**-**
3 to 4 years	**-**	**-**	**-**	**-**	**-**
More than 4 years	**-**	**-**	**-**	**-**	**-**
USD/GBP		**USD**			
Within one year	**1.33**	**360.0**	**(5.9)**	**1.6**	**(7.4)**
EUR/GBP		**EUR**			
Within one year	**0.85**	**85.0**	**(0.9)**	**0.8**	**(1.5)**
				6.8	**(10.5)**
Cross currency interest rate swaps					
Cash flow hedges					
EUR/GBP		**USD**			
Within one year	**0.71**	**250.0**	**(14.2)**	**38.4**	**-**
1 to 2 years	**-**	**-**	**-**	**-**	**-**
2 to 3 years	**-**	**-**	**-**	**-**	**-**
3 to 4 years	**-**	**-**	**-**	**-**	**-**
More than 4 years	**-**	**-**	**-**	**-**	**-**
				38.4	**-**

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29. Other financial assets and financial liabilities continued

2021	Average exchange rate	Nominal amount FC m	Fair value +gain/(loss) €m	Fair value asset €m	Fair value liability €m
Net investment hedges					
USD/GBP		**USD**			
Within one year	**1.56**	**(276.5)**	**(1.9)**	**-**	**(34.5)**
1 to 2 years	**-**	**-**	**-**	**-**	**-**
2 to 3 years	**-**	**-**	**-**	**-**	**-**
				-	**(34.5)**
Designated in part as cash flow hedges and in part as net investment hedges					
JPY/USD		**JPY**			
More than 4 years	**102.30**	**20,000.0**	**(9.4)**	**-**	**(27.5)**
Commodity contracts not designated and charged to income					
Within one year				**2.1**	**(0.7)**
1 to 2 years				**2.0**	**(0.6)**
2 to 3 years				**0.7**	**-**
3 to 4 years				**0.7**	**-**
More than 4 years				**3.5**	**-**
				9.0	**(1.3)**
Total				**83.5**	**(119.2)**
Of which – non-current				**30.4**	**(56.5)**
Of which – current				**53.1**	**(62.7)**

2020	Average exchange rate	Nominal amount	Fair value +gain/(loss) €m	Fair value asset €m	Fair value liability €m
Forward foreign exchange contracts		FC m Buy/(Sell)			
Cash Flow Hedges					
USD/EUR		USD			
Within one year	1.19	(474.7)	22.1	15.2	(3.1)
1 to 2 years	1.20	(325.0)	17.5	12.8	(5.4)
2 to 3 years	1.21	(370.0)	19.4	15.4	(7.1)
3 to 4 years	1.16	(160.0)	11.7	11.7	-
More than 4 years	-	-	-	-	-
USD/GBP		USD			
Within one year	1.33	(110.0)	2.92	5.4	(2.0)
1 to 2 years		(172.5)	1.49	1.7	(0.6)
2 to 3 years	1.35	(110.0)	2.19	1.9	(0.9)
3 to 4 years	1.36	(94.0)	0.84	0.8	-
More than 4 years	1.25	(10.0)	-	-	-
EUR/GBP		EUR			-
Within one year	0.93	(44.0)	(1.9)	1.8	(0.1)
1 to 2 years	0.93	(68.0)	(2.4)	2.4	(0.2)
2 to 3 years	0.94	(50.0)	(1.6)	1.7	-
3 to 4 years	0.95	(42.0)	(1.1)	1.6	-
More than 4 years	-	-	-	-	-
				72.4	(19.4)

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29. Other financial assets and financial liabilities continued

2020	Average exchange rate	Nominal amount FC m	Fair value +gain/(loss) €m	Fair value asset €m	Fair value liability €m
Not designated and charged to income					
USD/GBP		USD			
Within one year	1.21	30.0	1.2	2.9	(1.3)
1 to 2 years	1.19	-	0.2	0.7	-
2 to 3 years	1.21	-	0.9	3.0	-
3 to 4 years	-	-	-	-	-
More than 4 years	-	-	-	-	-
				6.6	(1.3)
Cross currency interest rate swaps					
Cash flow hedges					
EUR/GBP		EUR			
Within one year	0.72	425.0	20.1	88.9	-
1 to 2 years	0.71	250.0	7.1	50.2	-
2 to 3 years	-	-	-	-	-
3 to 4 years	-	-	-	-	-
More than 4 years	-	-	-	-	-
				139.1	-
Net investment hedges					
USD/GBP		USD			
Within one year	1.52	(463.3)	43.5	1.4	(41.9)
1 to 2 years	1.56	(276.5)	3.7	-	(31.0)
2 to 3 years	-	-	-	-	-
				1.4	(72.9)
Designated in part as cash flow hedges and in part as net investment hedges					
JPY/USD		JPY			
More than 4 years	102.3	20,000.0	(14.7)	-	(18.5)
Commodity contracts not designated and charged to income					
Within one year				10.4	(3.5)
1 to 2 years				1.5	(0.4)
2 to 3 years				1.5	(0.5)
3 to 4 years				0.6	-
More than 4 years				2.5	-
				16.5	(4.4)
Total				236.0	(116.5)
Of which – non-current				110.0	(64.6)
Of which – current				126.0	(51.9)

A total loss of €32.5 million (2021: loss of €4.9 million) was recognised within hedge reserves relating to hedges of financial instruments that settled during the year.

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29. Other financial assets and financial liabilities continued

Fair values

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial instruments as at 31 December that are carried in the financial statements:

	Book value 2021 €m	**Fair value 2021 €m**	Book value 2020 €m	Fair value 2020 €m
Financial assets				
Loans and receivables				
Trade and other receivables[i]	**357.8**	**357.8**	200.6	200.6
Derivative financial assets at fair value through profit or loss				
Forward foreign exchange contracts – hedged	**29.3**	**29.3**	72.4	72.4
Forward foreign exchange contracts – non-hedged	**6.8**	**6.8**	6.6	6.6
Cross currency interest rate swaps	**38.4**	**38.4**	140.5	140.5
Commodity contracts at fair value	**9.0**	**9.0**	16.5	16.5
Short term bank deposits[ii]	**516.3**	**516.3**	528.8	528.8
Cash and cash equivalents[ii]	**559.5**	**559.5**	630.0	630.0
Total	**1,517.1**	**1,517.1**	1,595.4	1,595.4
Financial liabilities				
Financial liabilities measured at amortised cost				
Fixed rate borrowings	**1,056.0**	**1,203.0**	1,594.7	1,766.2
Trade and other payables[iii]	**268.3**	**268.3**	275.3	275.3
Derivative financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts – hedged	**45.4**	**45.4**	19.4	19.4
Forward foreign exchange contracts – non-hedged	**10.5**	**10.5**	1.3	1.3
Cross currency interest rate swaps	**62.0**	**62.0**	91.4	91.4
Commodity contracts at fair value	**1.3**	**1.3**	4.4	4.4
Total	**1,443.5**	**1,590.5**	1,986.5	2,158.0

(i) For trade and other receivables, as disclosed per note 22, the book value and fair value are deemed to be the same as no debtors are past their due date and the balances have been assessed for credit losses.

(ii) For short term bank deposits and cash and cash equivalents, per notes 23 & 24, the book value is considered a reasonable approximation of fair value due to the short term nature, variable interest on balances and high credit ratings of the counter-parties.

(iii) For trade and other payables, as disclosed per note 32, the Group considers the book value to approximate the fair value due to the short term nature to settle the outstanding balances.

Market values have been used to determine the fair value of the Group's listed Eurobond based on the published price and of derivative financial instruments, based on valuations calculated using Bloomberg forward foreign exchange and discount rates. The fair values of all other items have been calculated by discounting the future cash flows at prevailing interest rates.

The recognised financial instruments are not subject to an enforceable master netting arrangement or similar agreement. Hence the financial assets and financial liabilities reported in the table above are disclosed on a gross basis rather than being offset.

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29. Other financial assets and financial liabilities continued

Fair value disclosures

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

There have been no transfers between level 1, level 2 and level 3 recurring fair value measurements during the year.

The fair value of fixed rate borrowings in the table above has been measured at level 2.

There have been no changes in the valuation techniques of the level 2 measurements.

Derivative financial instruments are initially recognised, categorised as level 2 and subsequently remeasured at fair value. The fair value on initial recognition is the transaction price unless part of the consideration given or received is for something other than the instrument itself. The fair value of derivative financial instruments is subsequently calculated using discounted cash flow techniques or other appropriate pricing models. The chosen method is used consistently for similar types of instruments. All valuation techniques take into account assumptions based upon market data. The fair value of forward contracts is the present value of the expected settlement amount, which is the present value of the difference between the contract rate and the current forward rate multiplied by the notional foreign currency amount. Fair value of cross currency interest rate swaps is the net present value of all expected future cash flows based on current market rates taking due account of counterparty credit risk and own credit risk. Fair value of commodity contracts is the risk adjusted present value of the difference between the contract price and the current forward price multiplied by the volume of the agreed sales or purchases.

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level is presented above the table.

As at 31 December the Group's derivative financial instruments were measured at fair value (recurring measurement) using level 2 hierarchy inputs:

	2021 €m	2020 €m
Financial assets at fair value		
Forward foreign exchange contracts – hedged	**29.3**	72.4
Forward foreign exchange contracts – non-hedged	**6.8**	6.6
Cross currency interest rate swaps	**38.4**	140.5
Commodity contracts at fair value	**9.0**	16.5
Total assets measured at fair value	**83.5**	236.0
Financial liabilities at fair value		
Forward foreign exchange contracts – hedged	**(45.4)**	(19.4)
Forward foreign exchange contracts – non-hedged	**(10.5)**	(1.3)
Cross currency interest rate swaps	**(62.0)**	(91.4)
Commodity contracts at fair value	**(1.3)**	(4.4)
Total liabilities measured at fair value	**(119.2)**	(116.5)
Net FFEC asset/(liability)	**(19.8)**	58.3
Net CCIRS asset	**(23.6)**	49.1
Net commodity assets at fair value	**7.7**	12.1
Total net (liability)/asset	**(35.7)**	119.5

For the year ended 31 December 2021

29. Other financial assets and financial liabilities continued

Total liabilities from financing activities

As at 31 December 2020, the Group held the following liabilities from financing activities, measured at book value:

	2020	Cash flows		Cash flows				2021
	€m	Proceeds debt hedges €m	Cash outflows €m	Foreign exchange movement €m	Fair value changes €m	Additions €m	Interest €m	**€m**
Non-current borrowings	1,060.4	-	-	(5.6)	1.2	(404.7)	-	**651.3**
Current borrowings	534.3	-	(534.4)	-	0.1	404.7	-	**404.7**
Lease liabilities	19.8	-	(1.8)	1.4	-	10.5	1.4	**31.3**
Net liabilities/(assets) held to hedge borrowings	(49.1)	42.8	(5.4)	0.6	27.0	-	7.7	**23.6**
Total liabilities/(assets) from financing activities	1,565.4	42.8	(541.6)	(3.6)	28.3	10.5	9.1	**1,110.9**

Net Debt

The Group had a total net debt of €11.5 million as at 31 December 2021 (31 December 2020: €455.7 million).

Debt is split between euro denominated debt of €903.2 million (31 December 2020: €1,436.3 million) and yen denominated debt of €152.8 million (31 December 2020: €158.4 million).

After the impact of the CCIRS, which swap either euro or yen debt into US dollar debt, the Group has an effective split of US dollar denominated debt of €402.8 million (31 December 2020: €833.4 million) and euro denominated debt of €653.2 million (31 December 2020: €761.3 million).

The value of net debt has moved from €455.7 million to €11.5 million, principally due to cash generated operationally during the year.

The calculation of net debt as at 31 December is set out below:

	2021 €m	2020 €m
Non-current interest bearing loans and borrowings	**651.3**	1,060.4
Current interest bearing loans and borrowings	**404.7**	534.3
Non-current lease liabilities	**28.1**	18.2
Current lease liabilities	**3.2**	1.6
Less: Short term deposits	**(516.3)**	(528.8)
Less: Cash and cash equivalents	**(559.5)**	(630.0)
Net debt	**11.5**	455.7

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29. Other financial assets and financial liabilities continued

Classification of assets and liabilities

2021	Cash and receivables €m	Derivatives €m	Non-financial assets €m	Total €m
Assets				
Property, plant and equipment, including right-to-use assets	-	-	**4,510.8**	**4,510.8**
Investment property	-	-	**5.8**	**5.8**
Intangible assets	-	-	**23.3**	**23.3**
Investments including joint venture	-	-	**29.7**	**29.7**
Retirement benefit assets	-	-	**51.2**	**51.2**
Restricted cash	**0.9**	-	-	**0.9**
Derivative financial instruments (i)	-	**83.5**	-	**83.5**
Deferred tax assets	-	-	**82.8**	**82.8**
Contract assets	-	-	**48.0**	**48.0**
Inventories	-	-	**146.9**	**146.9**
SWU assets	-	-	**277.5**	**277.5**
Trade and other receivables (ii)	**357.9**	-	-	**357.9**
Income tax recoverable	-	-	**101.4**	**101.4**
Short term bank deposits (ii)	**516.3**	-	-	**516.3**
Cash and cash equivalents (ii)	**559.5**	-	-	**559.5**
Total	**1,434.6**	**83.5**	**5,277.4**	**6,795.5**

2020	Cash and receivables €m	Derivatives €m	Non-financial assets €m	Total €m
Assets				
Property, plant and equipment, including right-to-use assets	-	-	4,308.2	4,308.2
Investment property	-	-	5.9	5.9
Intangible assets	-	-	20.7	20.7
Investments including joint venture	-	-	30.8	30.8
Restricted cash	1.5	-	-	1.5
Derivative financial instruments (i)	-	236.0	-	236.0
Deferred tax assets	-	-	114.2	114.2
Contract assets	-	-	28.4	28.4
Inventories	-	-	122.4	122.4
SWU assets	-	-	313.4	313.4
Trade and other receivables (ii)	236.6	-	-	236.6
Income tax recoverable	-	-	45.0	45.0
Short term bank deposits (ii)	528.8	-	-	528.8
Cash and cash equivalents (ii)	630.0	-	-	630.0
Total	1,396.9	236.0	4,989.0	6,621.9

For the year ended 31 December 2021

29. Other financial assets and financial liabilities continued

Classification of assets and liabilities continued

2021	**Loans and payables €m**	**Derivatives €m**	**Other financial liabilities €m**	**Non-financial liabilities €m**	**Total €m**
Liabilities					
Trade and other payables [ii]	**268.3**	**-**	**-**	**-**	**268.3**
Interest bearing loans and borrowings [ii]	**1,056.0**	**-**	**-**	**-**	**1,056.0**
Lease liabilities	**-**	**-**	**31.3**	**-**	**31.3**
Provisions	**-**	**-**	**-**	**2,725.1**	**2,725.1**
Contract liabilities	**-**	**-**	**-**	**188.7**	**188.7**
Derivative financial instruments [i]	**-**	**119.2**	**-**	**-**	**119.2**
Deferred tax liabilities	**-**	**-**	**-**	**261.9**	**261.9**
Retirement benefit obligations	**-**	**-**	**-**	**30.9**	**30.9**
Income tax payable	**-**	**-**	**-**	**16.3**	**16.3**
Total	**1,324.3**	**119.2**	**31.3**	**3,222.9**	**4,697.7**

2020	Loans and payables €m	Derivatives €m	Other financial liabilities €m	Non-financial liabilities €m	Total €m
Liabilities					
Trade and other payables [ii]	275.3	-	-	-	275.3
Interest bearing loans and borrowings [ii]	1,594.7	-	-	-	1,594.7
Lease liabilities	-	-	19.8	-	19.8
Provisions	-	-	-	2,355.7	2,355.7
Contract liabilities	-	-	-	135.8	135.8
Derivative financial instruments [i]	-	116.5	-	-	116.5
Deferred tax liabilities	-	-	-	159.1	159.1
Retirement benefit obligations	-	-	-	56.8	56.8
Income tax payable	-	-	-	27.3	27.3
Total	1,870.0	116.5	19.8	2,734.7	4,741.0

[i] Derivative financial instruments are measured FVTOCI when part of a cash flow or a net investment hedge. Derivatives not designated in a hedge relationship, or designated as a fair value hedge, are measured at FVTPL. The derivatives held by the Group are analysed by both maturity and usage on page 128.
[ii] Financial assets and liabilities recognised at amortised cost.

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30. Provisions

	Tails provision €m	Decommissioning of plant and machinery €m	Re-enrichment of low assay feed €m	Other €m	Total €m
At 1 January 2021	**1,364.7**	**840.1**	**131.4**	**19.5**	**2,355.7**
Additional provision in the year	**195.4**	**149.3**	**55.7**	**11.1**	**411.5**
Unwinding of discount	**41.1**	**24.6**	**2.2**	**-**	**67.9**
Utilisation of provision	**(36.1)**	**(8.7)**	**(75.4)**	**(8.7)**	**(128.9)**
Release of provision	**(44.6)**	**(32.8)**	**-**	**(2.6)**	**(80.0)**
Transfers	**-**	**-**	**-**	**-**	**-**
Exchange difference	**62.0**	**29.1**	**6.7**	**1.1**	**98.9**
At 31 December 2021	**1,582.5**	**1,001.6**	**120.6**	**20.4**	**2,725.1**
Included in current liabilities					**3.6**
Included in non-current liabilities					**2,721.5**
					2,725.1

	Tails provision €m	Decommissioning of plant and machinery €m	Re-enrichment of low assay feed €m	Other €m	Total €m
At 1 January 2020	1,270.5	712.9	159.4	44.2	2,187.0
Additional provision in the year	250.8	141.0	71.0	6.8	469.6
Unwinding of discount	43.4	23.3	2.3	-	69.0
Utilisation of provision	(42.0)	(8.9)	(91.7)	(11.2)	(153.8)
Release of provision	(105.0)	(11.7)	-	(19.0)	(135.7)
Transfers	-	-	-	(0.1)	(0.1)
Exchange difference	(53.0)	(16.5)	(9.6)	(1.2)	(80.3)
At 31 December 2020	1,364.7	840.1	131.4	19.5	2,355.7
Included in current liabilities					5.2
Included in non-current liabilities					2,350.5
					2,355.7

The net costs of nuclear provisions of €144.4 million (2020: €163.8 million) recognised in the consolidated income statement are set out below:

	Tails provision €m	Decommissioning of plant and machinery €m	Re-enrichment of low assay feed €m	Total €m
Additional provision in the year	**195.4**	**46.1**	**55.7**	**297.2**
Change in discount rates	**-**	**-**	**-**	**-**
Release of provision	**(44.6)**	**(32.8)**	**-**	**(77.4)**
Utilisation of provision(i)	**-**	**-**	**(75.4)**	**(75.4)**
Charged to income statement 2021	**150.8**	**13.3**	**(19.7)**	**144.4**

	Tails provision €m	Decommissioning of plant and machinery €m	Re-enrichment of low assay feed €m	Total €m
Additional provision in the year	123.7	14.9	71.0	209.6
Change in discount rates	127.1	35.5	-	162.6
Release of provision	(105.0)	(11.7)	-	(116.7)
Utilisation of provision(i)	-	-	(91.7)	(91.7)
Charged to income statement 2020	145.8	38.7	(20.7)	163.8

(i) The utilisation of the provision for re-enrichment of the low assay feed is recognised in the income statement within 'net costs of nuclear provisions'. The expenditure incurred in re-enriching the low assay feed is initially recognised in the income statement (e.g. employee costs, energy costs, depreciation and tails provisions). The utilisation is credited to the income statement to reverse the costs of re-enrichment as the income statement charge for these costs was incurred when the material was produced through the creation of the re-enrichment of low asset feed provision.

For the year ended 31 December 2021

30. Provisions continued

Discount Rates for tails and decommissioning provisions

The inflation rate and the risk free discount rate have been calculated on a jurisdiction specific basis. The applicable rates for both the 2021 and 2020 year end are as follows:

	Inflation Rate	Nominal Discount Rate	Real Discount Rate
USA	2.10%	3.35%	1.22%
UK	2.00%	3.25%	1.23%
Germany	1.50%	2.25%	0.74%
The Netherlands	1.75%	2.25%	0.49%

Provision for tails

The enrichment process generates depleted uranium ('tails'). Provision has been made on a discounted basis for the eventual safe disposal of the tails. The costs take account of conversion to a different chemical state, intermediate storage, transport and safe disposal, and include the depreciation of the capital cost of the facility that will perform these tasks.

The final amount of the provision is currently uncertain (as detailed in note 2 within the critical accounting judgements and key sources of estimation uncertainty) but is evaluated based upon the planned operational activity involved in successfully achieving safe disposal in accordance with regulatory requirements. The planned costs are based on historic experience, operational assumptions, internal cost forecasts and third party contract prices for the relevant parts of the disposal cycle. A key area of uncertainty remains the unit cost of deconversion in Europe which will remain uncertain until such time that the TMF project has been completed and the deconversion plant has been fully commissioned. A 10% increase in the forecast TMF deconversion price would increase tails provisions by €69.7 million and a 10% decrease in the forecast TMF deconversion price would decrease tails provisions by €69.7 million. The availability and cost of a repository suitable for the final disposal of depleted U_3O_8 is a key judgement and the level of uncertainty varies widely across the four countries in which Urenco operates. These costs are escalated, where appropriate, based on current expectations of inflation and discounted to provide a present value cost per unit, or tails rate, which is applied to the quantity of tails held at the statement of financial position date.

Further description of the estimates and assumptions applied is given in note 2. A key area of uncertainty in the US remains the rate charged by the US Department of Energy (DOE) for the deconversion, storage and disposal of tails which will remain uncertain until such time that these activities are performed. A 10% increase in the forecast DOE rate would increase tails provisions by €28.9 million and a 10% decrease in the forecast DOE rate would decrease tails provisions by €28.9 million.

During the year the tails provision increased by €195.4 million (2020: €250.8 million) due to tails generated in that period and an increase in the applied tails rate. This addition to the tails provision has been recognised as a cost in the income statement under net costs of nuclear provisions. Expenditure incurred during the year for the safe deconversion, storage and disposal of tails of €36.1 million (2020: €42.0 million) has been utilised against the provision. A provision release of €44.6 million (2020: €105.0 million) was recorded, reflecting the impact of a review of various key underlying assumptions, an optimisation of operations and the impact of the reduction in higher assay tails, associated with enrichment service contracts

It is expected that €540.4 million of the tails provision will be used within the next 10 years, €725.6 million of the provision will be used within the next 10 to 30 years and €316.5 million will be used within the next 30 to 100 years. The tails provisions held at 31 December 2021 comprised €1,226.9 million (2020: €1,040.6 million) of discounted future cash flows and €355.6 million (2020: €324.1 million) of discounted future depreciation of assets currently at cost held for the purpose of meeting tails liabilities.

The provision for tails disposal is dependent on certain assumptions and estimates, such as the timing of the disposal and the applicable discount and inflation rates. A 0.25% reduction in the real discount rate would lead to an increase of the provision by €108.4 million, whilst a 0.25% increase in the real discount rate would lead to a decrease of the provision by €92.6 million. A delay of 5 years to all disposal activities would reduce the provision by €80.3 million and an advancement by 5 years of all disposal activities would lead to an increase in the provision of €76.1 million.

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30. Provisions continued

Provision for decommissioning of plant and machinery

The Directors intend to decommission plant and machinery as soon as practicably possible after it is taken out of use. The enrichment plants will be disassembled, declassified, decommissioned and the sites returned to 'greenfield' or 'brownfield' status. Uranium containers will be cleaned, dismantled and scrapped. To meet these eventual costs of decommissioning, provisions are recognised in the financial statements, for all plant and machinery in operation, at amounts considered to be adequate for the purpose.

The final amount of the provision is currently uncertain but is evaluated based upon the planned operational activity involved in successfully achieving full decommissioning of any plant or equipment used in enrichment activities, in accordance with the Directors' intention and regulatory requirements. The planned costs are based on historic experience and price estimates for the relevant activities and processes of the decommissioning cycle, which include deconstruction, decontamination and disposal of all materials involved in the enrichment process. A key area of uncertainty remains the cost for disposal of waste streams arising from the decommissioning process. A 10% increase/decrease in either the volume or cost of waste to be disposed of would increase/decrease decommissioning provisions by €30.9 million. These costs are escalated based on current expectations of inflation and discounted to provide a present value cost based on the expected useful life of the asset and timing of subsequent decommissioning activity. Further description of the estimates and assumptions applied is given in note 2.

During the year the decommissioning provision increased by €149.3 million (2020: €141.0 million) due to the installation of additional plant and machinery of €36.1 million (2020: €19.6 million), additional container purchases of €14.5 million (2020: €14.0 million) and €98.7 million due to revised assumptions surrounding the decommissioning of plant and machinery (2020: €107.4 million). Of the €98.7 million (2020: €107.4 million) resulting from revised assumptions, €46.1 million (2020: €50.3 million) has been expensed to the Income Statement and €52.6 million (2020: €57.1 million) has been recognised in decommissioning assets. The impact of the revised assumptions mainly relate to the triennial review of the core decommissioning strategy with no further change to the discount rates applied.

The addition to the decommissioning provision associated with the installation of plant and machinery and additional container purchases has been recognised as an equivalent addition to the decommissioning asset in the statement of financial position.

It is expected that this provision will be used over the next 50 years.

The provision for decommissioning plant and machinery is dependent on certain assumptions and estimates, such as timing of decommissioning and the applicable discount and inflation rates. A 0.25% reduction in the real discount rate would lead to an increase of the provision by €57.4 million, whilst a 0.25% increase in the real discount rate would lead to a decrease of the provision by €53.0 million. A delay of 5 years to all decommissioning activities would reduce the provision by €48.8 million and an advancement of all decommissioning activities would lead to an increase in the provision of €46.4 million.

Re-enrichment of low assay feed

Provisions for the future re-enrichment of low assay feed are calculated using assumptions on the amount of separative work that will be required in the future and the cost of providing enrichment capacity to perform that work. This cost includes the safe disposal of any resultant tails material. During the year, the provisions relating to the future re-enrichment of low assay feed increased by €55.7 million (2020: €71.0 million) due to the creation of low assay feed and reduced by €75.4 million (2020: €91.7 million) due to expenditure incurred on the re-enrichment of low assay feed. Both the increase and reduction are reported within net nuclear provision movements.

Other provisions

These comprise provisions relating to personnel provisions and restructuring provisions.

The majority of the other provisions will be utilised over the next three years and are not materially sensitive to discount rates.

31. Retirement benefit obligations

The Group operates pension schemes in the UK, Germany, the Netherlands and the USA. During the year, the Group sponsored defined benefit plans for qualifying employees of its subsidiaries in the UK and Germany and defined contributions schemes in the UK, the Netherlands and the USA. The defined benefit schemes comprise both funded and unfunded schemes. No other post-retirement benefits are currently provided by the Group. ETC forms part of Urenco's defined benefit pension schemes. Assets and liabilities are allocated on a notional basis by employee to enable correct accounting across the subsidiaries.

The defined benefit plans are administered by separate funds which are legally separated from the Group. The trustees of the pension fund are required by law to act in the interest of the fund and of all relevant stakeholders in the plan. The trustees of the pension funds are responsible for the investment policy with regard to the assets of the funds.

For the year ended 31 December 2021

31. Retirement benefit obligations continued

In 2019 the assets and liabilities of the Dutch defined benefit pension scheme were transferred to Pensioenfonds Grafische Bedrijven ("PGB"), a multi-employer defined benefit pension scheme. The PGB has all the features of a defined contribution pension scheme and therefore accounting for this scheme following the transfer has been done on that basis.

The agreement between UNL and PGB has an end date of 31 December 2023. If the agreement is not be terminated by one of the parties at least six months before the termination date, then it will be automatically extended for another five years. Under this agreement PGB will administer the pension rights of the employees of UNL and pay benefits to pensioners. UNL is required to contribute premiums to PGB, which are set on an annual basis as a percentage of the pensionable salary, currently 32.45%. UNL is solely responsible for contributions for its own employees and can not be held liable for the obligations of other entities' obligations under the terms and conditions of the multi-employer plan. In the event of termination of the agreement with PGB, then this should not result in any deficit or surplus for UNL, assuming that they have paid the appropriate contributions. This risk has been transferred to PGB, in accordance with the nature of this insured arrangement.

Valuations of the schemes are carried out at least every three years. The most recent actuarial assessments for the UK scheme of plan assets and the present value of defined benefit obligations were carried out at 5 April 2021 and subsequently rolled forward to 31 December 2021. Following the previous triennial valuation of the UK schemes in April 2018, a revised deficit repair plan was agreed with the UK trustees. The plan includes deficit repair payments of £6.6 million annually from 2018 until 2022. Urenco closed the UK defined benefit section for further accrual from 5 April 2017 for most Group employees following consultations with employees and their representatives and the pension scheme Trustees.

Actuarial assessments of plan assets and the present value of the defined benefit obligations are due to be carried out in accordance with the regulatory timetable of the relevant country. The present values of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

Key financial assumptions used:	2021 %	2020 %
Discount rate	**1.2-1.8**	0.6-1.4
Expected rate of salary increases	**3.0-4.3**	3.0-3.9
Future pension increases	**1.5-3.3**	1.5-2.9

In addition to the key financial assumptions shown above, the Group reviews the demographic and mortality assumptions. Mortality assumptions reflect best practice in the countries in which the Group operates defined benefit schemes, and have regard to the latest available published tables, adjusted where appropriate, to reflect the experience of the Group and an extrapolation of past longevity improvements in the future. The tables used and key assumptions are as follows:

	UK		Germany	
Mortality assumptions:	**2021 years**	2020 years	**2021 years**	2020 years
Life expectancy at age 60 for a male currently aged 60	**27.7**	28.5	**25.1**	24.9
Life expectancy at age 60 for a female currently aged 60	**29.5**	30.2	**28.8**	28.7
Life expectancy at age 60 for a male currently aged 40	**29.4**	30.6	**28.0**	27.9
Life expectancy at age 60 for a female currently aged 40	**31.1**	32.2	**31.1**	31.0

Mortality tables:	UK	Germany
2021	**S2PA YOB tables with appropriate age weightings using CMI 2020 projections 1.5% minimum improvements p.a.**	**Heubeck table 2018 G**
2020	S2PA YOB tables with appropriate age weightings using CMI 2017 projections 1.75% minimum improvements p.a.	Heubeck table 2018 G

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31. Retirement benefit obligations continued

Risks

The liabilities of all defined benefit pension plans expose the Group to risks of longevity, inflation and discount rate. The related assets of the defined benefit plans in the UK expose the Group to market price volatility and the default risk regarding the investments held by this pension fund. The German pension plans do not have related pension assets and therefore do not result in an exposure for the Group, aside from the risks related to the liabilities detailed above.

Sensitivity analysis

The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period. The discount rate and the inflation rate have a significant effect on the amounts reported as retirement benefits obligations. The effect of a 0.25% change in isolation in certain assumptions as at 31 December 2021 for the Group's retirement benefit schemes would have had the effects shown in the table below. The sensitivity analysis presented below may not be representative of the actual change in the defined benefit obligation as it is unlikely that the changes in assumptions would occur in isolation of one another as some assumptions may be correlated.

		(Increase)/decrease in retirement benefit obligations €m
Discount rate	Effect of increase in discount rate by +0.25% at 31 December 2021	**20.3**
	Effect of decrease in discount rate by -0.25% at 31 December 2021	**(21.7)**
Inflation rate	Effect of increase in inflation rate by +0.25% at 31 December 2021	**(15.9)**
	Effect of decrease in inflation rate by -0.25% at 31 December 2021	**16.0**

Amounts recognised in income in respect of these defined benefit schemes are as follows:

	Year ended 31/12/21 €m	Year ended 31/12/20 €m
Current service cost	**(1.9)**	(2.1)
Administrative expense paid from scheme assets	**-**	-
Net interest expense on defined benefit pension scheme	**(0.1)**	(1.2)
Past service gain	**3.1**	0.4
	1.1	(2.9)

The net interest cost charge for the year has been included in the consolidated income statement within finance costs.

The amount charged to the income in respect of defined contribution pension schemes was €15.5 million (2020: €13.5 million).

The actual return on scheme assets was a gain of €38.5 million (2020: gain €45.3 million).

Amounts recognised in the statement of comprehensive income in respect of these defined benefit schemes are as follows:

	Year ended 31/12/21 €m	Year ended 31/12/20 €m
Actuarial gains	**68.0**	1.6
Exchange difference	**(0.3)**	1.7
	67.7	3.3

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31. Retirement benefit obligations continued

The amount included in the statement of financial position arising from the Group's obligations in respect of its defined benefit schemes is as follows:

Movement in present value of defined benefit obligation	2021 €m			2020 €m		
	Total	Funded schemes	Unfunded schemes	Total	Funded schemes	Unfunded schemes
At 1 January	(489.0)	(454.9)	(34.1)	(481.3)	(450.0)	(31.3)
Current service cost	(1.9)	(1.2)	(0.7)	(2.1)	(1.4)	(0.7)
Past service gain	3.1	3.2	(0.1)	(1.2)	(1.2)	-
Interest cost	(7.6)	(7.4)	(0.2)	(9.1)	(8.8)	(0.3)
Actuarial gains/(losses)	37.0	33.6	3.4	(35.5)	(32.8)	(2.7)
Benefits paid to members	13.2	12.3	0.9	14.0	13.1	0.9
Contributions by members	-	-	-	-	-	-
Dutch pension curtailments	-	-	-	-	-	-
Settlements	-	-	-	1.8	1.8	-
Transfers	-	-	-	-	-	-
Foreign exchange	(29.2)	(29.2)	-	24.4	24.4	-
At 31 December	(474.4)	(443.6)	(30.8)	(489.0)	(454.9)	(34.1)

The average duration of the defined benefit obligation at 31 December 2021 is 18.0 years (2020: 18.8 years).

Movements in the fair value of plan assets	2021 €m	2020 €m
At 1 January	432.2	416.1
Interest income	7.5	8.2
Actuarial gains	31.0	37.1
Contributions by employer	7.4	8.0
Contributions by members	-	-
Benefits paid to members	(12.3)	(13.1)
Dutch pension curtailments	-	-
Settlements	-	(1.4)
Administrative expenses paid from scheme assets	-	-
Foreign exchange	28.9	(22.7)
At 31 December	494.7	432.2

	2021 €m	2020 €m
Retirement benefit asset	51.2	-
Retirement benefit liability	(30.9)	(56.8)
Net retirement benefit surplus/(deficit)	20.3	(56.8)

The major categories and fair values of scheme assets at 31 December for each category are as follows:

	Fair value of assets	
	2021 €m	2020 €m
Equity instruments	147.8	202.7
Debt instruments	346.9	229.5
	494.7	432.2

Experience adjustment (surplus/deficits) arise where actuarial assumptions made at previous valuation have not been borne out in practice.

The estimated amount of contributions expected to be paid to the schemes during the current financial year (2022) is €7.1 million.

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Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2021

32. Trade and other payables

Current

	31/12/21 €m	31/12/20 €m
Trade payables	**58.8**	86.2
Other payables	**26.0**	11.5
Accruals	**83.8**	81.5
Amounts due to joint venture	**60.8**	63.6
	229.4	242.8

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 27 days (2020: 28 days). The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

Non-current

	31/12/21 €m	31/12/20 €m
Other payables	**38.9**	32.5

Non-current other payables comprised SWU inventory borrowed from third parties for the purpose of optimising Urenco's production flexibility. The SWU borrowings as at 31 December 2021 have been classified as non-current payables because they are expected to be returned after 2022.

33. Contingent liabilities

The Group has provided assurance to the NRC in the form of letters of credit and surety bonds that funds are available when needed to pay for nuclear liabilities of UUSA. The total amount of these assurances at 31 December 2021 exceeds the value of the recognised nuclear liabilities of UUSA in the consolidated statement of financial position at the same date by €192.0 million. These assurances exceed the nuclear liabilities recognised, because they use the undiscounted decommissioning and tails costs as their base.

The Group is subject to various claims which arise in the ordinary course of business. Having taken appropriate legal advice, the Group believes that a material liability arising from these claims is remote.

34. Events after the statement of financial position date

As of 9 March 2022, no other material structural changes or business events have occurred that might serve to alter any of the disclosures contained in the 2021 financial statements.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2021

35. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Company and its subsidiaries are disclosed in the Company's separate financial statements.

Transactions with the Urenco pension scheme are detailed in note 31.

During the year, Group companies entered into the following transactions with the following related parties who are not members of the Group:

	Sales of goods and services		Purchases of assets, goods and services		Amounts owed by related parties		Amounts owed to related parties	
	Year ended 31/12/21 €m	Year ended 31/12/20 €m	**Year ended 31/12/21 €m**	Year ended 31/12/20 €m	**31/12/21 €m**	31/12/20 €m	**31/12/21 €m**	31/12/20 €m
BEIS	**28.4**	29.9	**-**	-	**4.4**	2.5	**-**	-
E.ON	**-**	-	**14.3**	15.0	**-**	-	**-**	-
RWE	**-**	5.4	**0.3**	-	**-**	-	**-**	-
ETC[(i)]	**-**	-	**65.6**	66.7	**0.1**	-	**60.7**	63.6

(i) These amounts are 100% of the sales/purchases and amounts due to Enrichment Technology Company Limited.

The Department for Business, Energy & Industrial Strategy (BEIS), E.ON SE (E.ON) and RWE AG (RWE) are all related parties of the Group because of their indirect shareholdings in Urenco Limited. The amounts reported under BEIS include transactions with the NDA. Enrichment Technology Company Limited is a related party due to the Group's 50% shareholding in the joint venture. Sales of goods and services to related parties and purchases of assets, goods and services from them were made under the Group's normal trading terms.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made and no expense incurred for doubtful debts in respect of the amounts owed by related parties.

The Enrichment Technology Company Limited pension scheme is administered as part of the Urenco pension scheme. Included in Urenco's share of results of Joint Venture and Investments is 50% of the Enrichment Technology Company Limited Income Statement charges and liabilities arising from retirement benefit obligations. Included in the amounts recognised in the share of results of joint venture in respect of the defined benefit schemes is a charge of €0.4 million relating to the Joint Venture (2020: €0.4 million). Included in the share of net assets of the Joint Venture as a recognised liability is €20.6 million relating to the defined benefit pension obligations of the Joint Venture (2020: €27.0 million).

During the year, Group companies contributed €14.3 million (2020: €16.5 million) for the benefit of employees into post-employment benefit plans.

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. Further information about the remuneration of individual Directors is provided in the Remuneration report on page 60.

	Year ended 31/12/21 €m	Year ended 31/12/20 €m
Short term employee benefits	**2.9**	3.0
Long term employee benefits	**0.8**	0.6
Total	**3.7**	3.6

Directors' transactions

No Director has ever had a loan from the Company or any other transaction with the Company other than remuneration for their services as a Director, as detailed in the Remuneration report on page 59.


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Company Financial Statements

For the year ended 31 December 2021

Company Financial statements

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Directors' Responsibilities Statement

For the year ended 31 December 2021

Directors' responsibilities

The directors are responsible for preparing the Annual 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 Parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". 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 of the profit or loss of the company for that period.

In preparing the Parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have 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 the Directors to ensure that the company 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that the company faces; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the company's position, performance, business model and strategy.

The Directors' Responsibilities Statement has been approved for issue by the Board of Directors on 9 March 2022.

By order of the Board.

Ralf ter Haar
Director
9 March 2022

Financial statements
Company Statement of Financial Position

For the year ended 31 December 2021

	Notes	**2021 €m**	2020 €m
Non-current assets			
Property, plant and equipment	5	**46.0**	32.0
Intangible assets	6	**-**	-
Investments in subsidiaries and associate	7	**294.9**	294.9
Amounts due from Group undertakings	8	**3,228.8**	2,901.7
Deferred tax asset	3	**25.0**	25.4
Derivative financial instruments	14	**51.8**	117.6
Retirement benefit assets	15	**7.6**	-
		3,654.1	3,371.6
Current assets			
Amounts due from Group undertakings	8	**184.8**	68.2
Trade and other receivables	8	**133.9**	133.1
Derivative financial instruments	14	**69.7**	121.8
Short term deposits	9	**366.7**	528.8
Cash and cash equivalents	10	**525.3**	599.2
		1,280.4	1,451.1
Total assets		**4,934.5**	4,822.7
Current liabilities			
Amounts due to Group undertakings	12	**(2,247.2)**	(2,209.4)
Trade and other payables	13	**(80.8)**	(94.4)
Lease liabilities		**(2.0)**	-
Derivative financial instruments	14	**(72.1)**	(73.7)
		(2,402.1)	(2,377.5)
Non-current liabilities			
Interest bearing loans and borrowings	11	**(152.8)**	(158.4)
Amounts due to Group undertakings	12	**(957.8)**	(953.3)
Derivative financial instruments	14	**(75.7)**	(117.4)
Other payables		**(10.3)**	(2.4)
Retirement benefit obligations	15	**-**	(3.1)
		(1,196.6)	(1,234.6)
Total liabilities		**(3,598.7)**	(3,612.1)
Net assets		**1,335.8**	1,210.6
Equity			
Share capital	16	**237.3**	237.3
Retained earnings	17	**1,098.1**	975.5
Hedging reserve	17	**0.4**	(2.2)
Total equity		**1,335.8**	1,210.6

Registered Number 01022786

The net income for the financial year of the Parent Company amounts to €352.0 million (2020: €376.2 million).

The financial statements were approved by the Board of Directors and authorised for issue on 9 March 2022.

They were signed on its behalf by:

Boris Schucht
Chief Executive Officer

Ralf ter Haar
Chief Financial Officer

Financial statements
Company Statement of Changes in Equity

For the year ended 31 December 2021

	Share capital €m	**Retained earnings €m**	**Hedging reserve €m**	**Attributable to the owners of the Company €m**
As at 1 January 2021	**237.3**	**975.5**	**(2.2)**	**1,210.6**
Income for the period	**-**	**352.0**	**-**	**352.0**
Other comprehensive income (note 17)	**-**	**70.6**	**2.6**	**73.2**
Total comprehensive income	**-**	**422.6**	**2.6**	**425.2**
Equity dividends paid (note 4)	**-**	**(300.0)**	**-**	**(300.0)**
As at 31 December 2021	**237.3**	**1,098.1**	**0.4**	**1,335.8**

	Share capital €m	Retained earnings €m	Hedging reserve €m	Attributable to the owners of the Company €m
As at 1 January 2020	237.3	1,087.7	4.2	1,329.2
Income for the period	-	376.2	-	376.2
Other comprehensive loss (note 17)	-	(38.4)	(6.4)	(44.8)
Total comprehensive income/(loss)	-	337.8	(6.4)	331.4
Equity dividends paid (note 4)	-	(450.0)	-	(450.0)
As at 31 December 2020	237.3	975.5	(2.2)	1,210.6

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Notes to the Company Financial Statements

For the year ended 31 December 2021

1. Significant accounting policies

General information

Urenco Limited ("the Company") is a company domiciled and incorporated in the United Kingdom under the Companies Act 2006. Urenco Limited is the ultimate parent company and controlling party of the Group. The principal place of business of the Company is the same as the address of its registered office which is given on page 46. Its main activity is that of a holding company for the Group's operations.

Basis of preparation and presentation

The separate financial statements of the Parent Company are presented as required by the Companies Act 2006. As permitted by that Act, the separate financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard (FRS) 101 "Reduced Disclosure Framework".

The accounts are prepared under the historical cost basis, except for those financial instruments which have been measured at fair value.

The Company's financial statements are presented in euros. This is consistent with the presentation of the Group consolidated financial statements. The functional currency is sterling as that is the primary economic environment in which the company operates.

No Company income statement or statement of comprehensive income is presented for Urenco Limited, as permitted under section 408 of the Companies Act 2006.

The Company has applied FRS 101 "Reduced Disclosure Framework" incorporating the Amendments to FRS 101 issued by the FRC in July 2015 and the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to the presentation of a cash flow statement, standards not yet effective, presentation of financial statements, fair value measurement, revenue recognition, leases, financial instruments and related party transactions. Where required, equivalent disclosures are given in the Group accounts of Urenco Limited. The auditor's remuneration for audit and other services is disclosed in note 5 to the Group's consolidated financial statements.

Going concern

The Directors have assessed the latest forecast future cash flows, including appropriate sensitivities, which indicate that available cash and committed financing facilities in place are sufficient to cover the Company's cash needs for at least twelve months after the date of approval of these financial statements. They are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future, and thus they continue to adopt the going concern basis of accounting in preparing these financial statements. The Directors have considered the impact of COVID-19 and have concluded that there is no substantial impact on the going concern assumption. For further details please see page 33.

Adoption of new and revised accounting standards

Amendments to accounting standards that are mandatorily effective for the current year

The accounting policies adopted in the preparation of the Company's annual financial statements for the year ended 31 December 2021 are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2020, except as follows:

In the current year, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2021. The impact of their adoption on the disclosures or on the amounts reported in these financial statements is assessed below.

The following new standards and interpretations became effective from 1 January 2021:

International Accounting Standards (IFRS/IAS)	IASB Effective Date – periods commencing on or after	UK endorsed Effective Date – periods commencing on or after
Extension to Amendment to IFRS 16 Leases COVID-19-Related Rent Concessions (issued on 28 May 2020)	1 April 2021[i]	1 April 2021[i]
Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) (issued on 25 June 2020)	1 January 2021[ii]	1 January 2021[ii]
Interest Rate Benchmark Reform-Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) (issued on 27 August 2020)	1 January 2021	1 January 2021

[i] Applies to COVID-19-related rent concessions that reduce lease payments due on or before 30 June 2022

[ii] The Amendments may be used by eligible entities for financial years beginning before 1 January 2023

The Directors have reviewed the changes to accounting standards as listed in the table above and have assessed that these changes have not had any impact on the financial statements of the Company.

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Notes to the Company Financial Statements continued

For the year ended 31 December 2021

1. Significant accounting policies continued

Taxation

The charge for tax is based on the result for the year and takes into account deferred tax.

Deferred tax is recognised in respect of all temporary differences that have originated but not been reversed by the reporting date, where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the reporting date. Temporary differences are differences between the Company's taxable profits and its results as stated in the financial statements.

Deferred tax is not provided on temporary differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings.

A net deferred tax asset is regarded as recoverable, and therefore recognised, only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the temporary differences are expected to reverse based on tax rates or laws that have been enacted or substantively enacted by the reporting date. Deferred tax is measured on a non-discounted basis.

Foreign currencies

The Company's functional currency is sterling because that is the currency of the primary economic environment in which the Company operates. The Company's financial statements are presented in euros as that is the same presentational currency of the Group to which it belongs. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date, with all differences being taken to profit and loss. All other translation differences are taken to total comprehensive income. The average sterling to euro rate for 2021 was £0.86 to €1 (2020: £0.88 to €1) and the year end rate was £0.84 to €1 (2020: £0.90 to €1).

Property, plant, equipment and depreciation

Property, plant and equipment are included at cost less depreciation. Depreciation is charged so as to write off the cost of assets less their residual values, other than freehold land and assets under construction, over their estimated useful lives or, in the event of right-of-use assets, over the shorter of the useful life of the underlying asset and the lease term, using the straight line method, on the following basis:

Asset type	Property, plant and equipment	Right-of-use assets
Buildings	12 - 40 years	2 - 40 years
Fixtures and fittings	12 years	12 years
Motor vehicles	4 years	4 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

For the year ended 31 December 2021

1. Significant accounting policies continued

Leases

The Company assesses whether a contract is a lease or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability, with respect to all lease agreements in which it is the lessee, except for short term leases with a lease term of 12 months or less and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using its incremental borrowing rate. Subsequently the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made. The lease liability is presented as a separate line in the Statement of Financial Position.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. Subsequently they are measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented within Property, Plant and Equipment, with each item included within the same asset category within which the corresponding underlying assets would be presented if they were owned.

Intangible fixed assets

Software and development costs associated with the Group's implementation of its ERP system (SAP 6.0) have been capitalised within computer equipment. Depreciation of these capitalised project costs takes place on a straight line basis, based on a useful economic life of five years, with no residual value.

Investments

Investments in subsidiary undertakings are held at cost, less accumulated impairment losses (if any). The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of the investment's recoverable amount. The recoverable amount is the higher of the amount at which the investment could be disposed of, less any direct selling costs, and value in use. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount. Any impairment loss is recognised as an expense immediately. If, after an impairment loss has been recognised, the recoverable amount of an investment increases because of a change in economic conditions or in the expected use of the asset, the resulting reversal of the impairment loss is recognised as income to the extent that it increases the carrying amount of the investment up to the amount that it would have been had the original impairment not occurred.

Short term bank deposits

Short term bank deposits comprise deposits which are not readily convertible to a known amount of cash or are subject to a more than insignificant risk of changes in value. Generally these are deposits with an original maturity of more than three months and with an end date less than 12 months from the date of the statement of financial position.

Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash at bank earns or pays interest at floating rates based on the banks' current account rates.

Cash equivalents comprise on demand deposits, together with short term highly liquid investments that are readily convertible to a known amount of cash and that are subject to an insignificant risk of changes in value. The carrying amount of these assets approximates to their fair value.

Financial statements

Notes to the Company Financial Statements continued

For the year ended 31 December 2021

1. Significant accounting policies continued

Derivative financial instruments

The Company enters into derivative financial instruments in order to manage foreign exchange risk on behalf of Urenco Group. Additionally the Company uses interest rate swaps and cross currency interest rate swaps. Further details of derivative financial instruments are disclosed in note 14.

Derivative financial instruments are initially recognised at fair value at the date the contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gains or losses are recorded as finance income or finance costs unless the derivative financial instrument is designated and effective as a hedging instrument, in which event the timing of recognition in the income statement depends on the nature of the hedge relationship. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

The fair value on initial recognition is the transaction price unless part of the consideration given or received is for something other than the instrument itself. The fair value of derivative financial instruments is subsequently calculated using discounted cash flow techniques. The chosen method is used consistently for similar types of instruments. All valuation techniques take into account assumptions based upon market data. The fair value of forward contracts is the present value of the expected settlement amount, which is the present value of the difference between the contract rate and the current forward rate multiplied by the notional foreign currency amount. Fair value of interest rate swaps is the net present value of all expected future cash flows based on current market rates taking due account of counterpart credit risk and own credit risk.

Retirement benefit obligations

The Company operates a defined benefit pension scheme for the benefit of all employees who started their employment prior to 31 December 2007. For employees joining the Company after this date, the Company operates a defined contribution scheme. Payments to the defined contribution scheme are charged as an expense as they fall due. On 10 August 2009, the Company's defined benefit scheme merged with the Urenco UK pension scheme.

Regarding the defined benefit scheme, in accordance with IAS 19, the Company has recognised the retirement benefit obligations. This scheme is administered independently.

The cost of providing benefits is determined using the projected unit credit method, with actuarial assessments being carried out at each reporting date. Actuarial gains and losses are recognised in full in the statement of comprehensive income in the period in which they occur. They are recognised directly in retained earnings and included as a movement in the present value of the net defined benefit liability.

Past service cost is recognised immediately as an expense to the extent that the benefits are already vested and otherwise is amortised on a straight line basis over the average period until the benefits become vested.

Scheme assets are measured at fair value, which is based upon market price information, and in the case of quoted securities is the published bid price.

The retirement benefit obligations recognised in the statement of financial position represent the present value of the defined benefit obligation as reduced by the fair value of scheme assets. In the event of a plan wind up, the pension scheme rules provide the Company with an unconditional right to a refund of surplus pension assets assuming the full settlement of pension liabilities. In the ordinary course of business, the Trustee has no right to wind up or to enhance the benefits due to members of the pension scheme. As a result, any net surplus pension assets in the UK defined benefit pension scheme is recognised in full.

Net interest is calculated by applying a discount rate to the net defined benefit liability or asset and is recorded on a net basis as net finance income or expense.

Critical accounting judgements and key sources of estimation uncertainty

In the process of preparing financial statements, management are required to make significant estimates and judgements that can have a significant impact on the financial statements. This year there were no significant judgements. The key estimates for this year are described below.

Management has identified a significant estimate in the preparation of the Company financial statements, being the determination of the expected credit losses (ECLs) on financial assets. The key estimate in the calculation of a particular ECL is the probability weighting applied to the scenarios used. The value of the ECL and sensitivity analysis is disclosed in note 8.

The net pension deficit or surplus of defined benefit pension plans is determined using actuarial valuations. The actuarial valuations involve making assumptions about life expectancies, discount rates, expected rates of return on assets, future salary increases, and future pension increases. Due to the long term nature of these plans, such key estimates are subject to significant uncertainty. Please see note 15.

No critical accounting judgements were identified.

2. Employee benefits expense

The average monthly number of Company employees (including Executive Directors) was:	**2021 Number**	2020 Number
Technical	**40**	34
Administration	**140**	115
	180	149

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Notes to the Company Financial Statements continued

For the year ended 31 December 2021

2. Employee benefits expense continued

Their aggregate remuneration comprised:	**Year ended 31/12/21 €m**	Year ended 31/12/20 €m
Wages and salaries	**30.3**	24.5
Social security costs	**3.1**	2.4
Pension costs	**1.6**	1.3
	35.0	28.2

Directors' emoluments (page 60):	**Year ended 31/12/21 €m**	Year ended 31/12/20 €m
Emoluments	**2.9**	3.0
Amounts receivable under long term incentive scheme	**0.8**	0.6
	Number	Number
Members of defined contribution schemes	**2**	2

In respect of the highest paid Director:	**Year ended 31/12/21 €m**	Year ended 31/12/20 €m
Emoluments including pension	**1.6**	1.6

3. Taxation

Deferred tax

Deferred tax balances recognised at 31 December 2021 and 31 December 2020 are as follows:	**2021 €m**	2020 €m
Relating to property, plant and equipment and intangible assets	**(2.5)**	(1.2)
Relating to tax losses	**13.9**	9.2
Relating to short term temporary differences	**5.8**	11.3
Relating to fair value movements on financial instruments	**9.7**	5.5
Relating to retirement benefits	**(1.9)**	0.6
Total deferred tax asset	**25.0**	25.4

The deferred tax credit recognised in the income statement was €1.9 million (2020: tax charge €11.5 million).

The Directors consider that the deferred tax assets are recoverable in full based on the company's ability to surrender tax losses for payment via group relief.

4. Dividends paid and proposed

	Year ended 31/12/21 €m	Year ended 31/12/20 €m
Declared and paid during the year		
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 December 2020 of 89.29 cents per share (2019: 178.57 cents per share)	**150.0**	300.0
Interim dividend for the year ended 31 December 2021 of 89.29 cents per share (2020: 89.29 per share)	**150.0**	150.0
	300.0	450.0
Proposed for approval at the Annual General Meeting		
Proposed final dividend for the year ended 31 December 2021 of 89.29 cents per share (2020: 89.29 cents per share)	**150.0**	150.0

The 2021 final dividend of €150 million is subject to approval by shareholders at the Annual General Meeting on 9 March 2022 and has not been included as a liability in these financial statements.

Financial statements

Notes to the Company Financial Statements continued

For the year ended 31 December 2021

5. Property, plant and equipment

	Land and buildings €m	Fixtures and fittings €m	Assets under construction €m	Motor vehicles €m	Total €m
Cost as at 1 January 2021	**1.1**	**6.5**	**31.7**	**0.1**	**39.4**
Additions	**7.1**	**-**	**5.9**	**-**	**13.0**
Written off	**-**	**(0.2)**	**-**	**-**	**(0.2)**
Disposals	**-**	**-**	**-**	**(0.1)**	**(0.1)**
Exchange adjustments	**0.3**	**0.4**	**2.3**	**-**	**3.0**
Cost as at 31 December 2021	**8.5**	**6.7**	**39.9**	**-**	**55.1**
Depreciation as at 1 January 2021	**1.1**	**6.3**	**-**	**-**	**7.4**
Charge for the year	**1.2**	**0.2**	**-**	**-**	**1.4**
Written off	**-**	**(0.2)**	**-**	**-**	**(0.2)**
Disposals	**-**	**-**	**-**	**-**	**-**
Exchange adjustments	**0.1**	**0.4**	**-**	**-**	**0.5**
Depreciation as at 31 December 2021	**2.4**	**6.7**	**-**	**-**	**9.1**
Carrying amount as at 31 December 2020	**-**	**0.2**	**31.7**	**0.1**	**32.0**
Carrying amount as at 31 December 2021	**6.1**	**-**	**39.9**	**-**	**46.0**

All land, buildings and other items of property, plant and equipment are carried at historical cost less accumulated depreciation. The category of fixtures and fittings comprises office fixtures and fittings and computer equipment.

Right-of-use assets have been included within property, plant and equipment above; see the following table for further details.

	Land and buildings €m	Fixtures and fittings €m	Motor vehicles €m	Total €m
Cost as at 1 January 2021	**1.1**	**-**	**0.1**	**1.2**
Additions	**7.1**	**-**	**-**	**7.1**
Written off	**-**	**-**	**-**	**-**
Disposals	**-**	**-**	**(0.1)**	**(0.1)**
Exchange adjustments	**0.3**	**-**	**-**	**0.3**
Cost as at 31 December 2021	**8.5**	**-**	**-**	**8.5**
Depreciation as at 1 January 2021	**1.1**	**-**	**0.1**	**1.2**
Charge for the year	**1.2**	**-**	**-**	**1.2**
Written off	**-**	**-**	**-**	**-**
Disposals	**-**	**-**	**(0.1)**	**(0.1)**
Exchange adjustments	**0.1**	**-**	**-**	**0.1**
Depreciation as at 31 December 2021	**2.4**	**-**	**-**	**2.4**
Carrying amount as at 31 December 2020	**-**	**-**	**-**	**-**
Carrying amount as at 31 December 2021	**6.1**	**-**	**-**	**6.1**

The total cash outflow relating to the right of use assets for the reporting period was €nil (2020: €0.7 million).

6. Intangible assets

	Software assets €m
Cost as at 1 January 2021	**14.9**
Exchange adjustments	**0.9**
Cost as at 31 December 2021	**15.8**
Amortisation as at 1 January 2021	**14.9**
Charge for the year	**-**
Exchange adjustments	**0.9**
Amortisation as at 31 December 2021	**15.8**
Carrying amount as at 31 December 2020	**-**
Carrying amount as at 31 December 2021	**-**

Notes to the Company Financial Statements continued

For the year ended 31 December 2021

7. Investments in subsidiaries and associate

	Share in subsidiary and associated undertakings €m
Cost as at 1 January 2021 and 31 December 2021	**527.8**
Impairment as at 1 January 2021 and 31 December 2021	**(232.9)**
Carrying amount as at 1 January 2021 and 31 December 2021	**294.9**

Details of the Company's subsidiaries and associate at 31 December 2021 are as follows:

	Nature of business	Registered office	Note	Proportion of ownership interest and voting power held %
Name of subsidiary				
Urenco Enrichment Company Limited	Holding / central services	(1)		100
Urenco UK Limited	Enrichment services	(2)	(i)	100
Urenco ChemPlants Limited	Deconversion	(2)		100
Urenco Deutschland GmbH	Enrichment services	(3)	(i)	100
Urenco Nederland BV	Enrichment services	(4)	(i)	100
Urenco Deelnemingen BV	Holding	(4)	(i)	100
Urenco Finance NV	Financing	(4)		100
Urenco USA Holdings Limited	Holding	(1)		100
Urenco USA Inc.	Holding	(6)	(i)	100
Urenco Inc.	Sales / marketing	(5)	(i)	100
Urenco Finance UK Limited	Dormant	(1)	(i)	100
Urenco Finance US LLC	Dormant	(6)	(i)	100
Louisiana Energy Services, LLC	Enrichment services	(6)	(i)	100
Urenco Nuclear Stewardship Limited	Uranium handling services	(2)		100
Urenco USA Energy Services LLC	Support services	(6)	(i)	100
U-Battery Limited	Holding	(1)		100
U-Battery Developments Limited	New technology	(1)	(i)	100
U-Battery Canada Limited	New technology	(8)	(i)	100
Urenco UK Pension Trustee Company Limited	Dormant	(2)	(i)	100
Urenco Technology and Development GmbH[(iii)]	Dormant	(3)		100
National Enrichment Facility Series 2004 LLC	Financing	(6)	(i)	100
Urenco Funding Limited	Financing	(1)		100
Urenco Stable Isotopes North America LLC	Sales / marketing	(6)	(i)	100
Name of associate				
Enrichment Technology Company Limited	Manufacturing	(7)	(ii)	50

Address of registered office of subsidiary or associated companies:

(1) Urenco Court, Sefton Park, Bells Hill, Stoke Poges, Buckinghamshire, SL2 4JS, England
(2) Capenhurst Works, Capenhurst, Chester, Cheshire, CH1 6ER, England
(3) Rontgenstrasse 4, 48599 Gronau, Germany
(4) Drienemansweg 1, 7601 PZ Almelo, The Netherlands
(5) 1560 Wilson Boulevard, Suite 300, Arlington, Virginia, 22209-2463, USA
(6) 1209 Orange Street, Wilmington, New Castle County, Delaware, 19801, USA
(7) Unit 6, South Capenhurst Technology Park, Capenhurst, Chester, CH1 6EH, England
(8) 250 Howe Street, Suite 1400, Vancouver, British Columbia, V6C 3S7, Canada

Detail of direct and indirect holdings:

(i) Denotes companies / partnership whose shares are indirectly held by Urenco Limited
(ii) 21.7% is held directly by Urenco Limited, with the remaining 28.3% held by Urenco Deutschland GmbH
(iii) Changed its name from Urenco Logistics GmbH in 2021.

Financial statements

Notes to the Company Financial Statements continued

For the year ended 31 December 2021

8. Trade and other receivables

	31/12/21 €m	31/12/20 €m
Amounts due from Group undertakings (<12 months)	**184.8**	68.2
Amounts due from Group undertakings (>12 months)	**3,228.8**	2,901.7
Other receivables	**4.8**	4.4
Corporation tax receivable	**93.8**	93.0
Prepayments and accrued income	**35.3**	35.7
	3,547.5	3,103.0

The amounts due from Group undertakings include intercompany current accounts and intercompany loan balances; the majority of these are subject to interest. The average annual rate prevailing in the year was 1.39% (2020: 0.58%) on current balances and 2.17% (2020: 3.56%) on non-current balances. The maturity dates of the non-current balances vary from 2023 to 2058.

The amounts due from Group undertakings are stated net of a provision for expected credit losses of €0.2 million (2020: €0.1 million) which has been offset against the intercompany current account and €18.1 million (2020: €16.4 million), which has been offset against the intercompany loan balances. The majority of the expected credit losses relate to an intercompany balance due from a UK direct subsidiary company.

The key estimate in the calculation of a particular ECL is the probability weighting applied to the scenarios used. The weighting was split across the base case, upside and downside scenarios 80%, 5% and 15% respectively. A change of these probabilities to 85%, 5% and 10% respectively would decrease the ECL by €0.7 million, whereas using 75%, 5% and 20% respectively would increase the ECL by €0.7 million.

Prepayments and accrued income includes interest accrued on intercompany receivables of €nil (2020: €nil).

9. Short term deposits

	31/12/21 €m	31/12/20 €m
Short term deposits	**366.7**	528.8

Short term bank deposits comprise deposits which are not readily convertible to a known amount of cash or are subject to a more than insignificant risk of changes in value. Generally these are deposits with an original maturity of more than three months and with an end date less than 12 months from the date of the statement of financial position.

10. Cash and cash equivalents

	31/12/21 €m	31/12/20 €m
Cash	**142.7**	64.3
Cash equivalents	**382.6**	534.9
Total cash and cash equivalents	**525.3**	599.2

Cash comprises cash at bank and in hand. Cash at bank earns or pays interest at floating rates based on the banks' current account rates. Cash equivalents comprise on demand deposits, together with short term highly liquid investments that are readily convertible to a known amount of cash and that are subject to an insignificant risk of changes in value. The carrying amount of these assets approximates to their fair value.

11. Interest bearing loans and borrowings

		31/12/21 €m	31/12/20 €m
Bank and other loans repayable:			
Greater than 5 years:			
Yen 20 billion Loan Agreement	6.24%	**152.8**	158.4
Total non-current		**152.8**	158.4

The outstanding amount of the loan has the additional protection of cross guarantees from the Urenco subsidiary companies Urenco Deutschland GmbH, Urenco UK Limited, Urenco Nederland B.V., Urenco Finance N.V., Urenco Enrichment Company Limited, Urenco USA Inc., Louisiana Energy Services LLC, Urenco USA Holdings Limited and Urenco ChemPlants Limited.

For the year ended 31 December 2021

12. Amounts due to Group undertakings

	31/12/21 €m	31/12/20 €m
Current liabilities	**2,247.2**	2,209.4
Non-current liabilities	**957.8**	953.3
	3,205.0	3,162.7

Intercompany accounts included in amounts due to Group undertakings are subject to interest. The average annual rate prevailing in the year was 0.17% (2020: 0.28%) on current balances and 2.62% (2020: 3.34%) on non-current balances. The intercompany payable is not secured on the Company's assets and is payable on demand.

13. Trade and other payables

	31/12/21 €m	31/12/20 €m
Accruals	**20.9**	32.9
Trade payables	**3.7**	3.1
Amounts due to related parties	**55.5**	57.9
Other taxes and social security costs	**0.7**	0.5
	80.8	94.4

Accruals includes interest accrued on intercompany payables of €4.7 million (2020: €16.4 million).

14. Derivative financial instruments

Categories of financial instruments at fair value

	Amounts due within one year		Amounts due after more than one year	
	31/12/21 €m	31/12/20 €m	31/12/21 €m	31/12/20 €m
Financial assets at fair value through profit and loss				
Intercompany balances – embedded forward foreign exchange contracts	**18.6**	6.2	**28.4**	13.7
Interest rate/cross currency contracts	**38.4**	90.3	**-**	50.2
Forward foreign exchange contracts	**12.7**	25.3	**23.4**	53.7
Total assets measured at fair value	**69.7**	121.8	**51.8**	117.6
Financial liabilities at fair value through profit and loss				
Intercompany balances – embedded forward foreign exchange contracts	**(10.1)**	(25.3)	**(19.8)**	(53.7)
Interest rate/cross currency contracts	**(34.5)**	(41.9)	**(27.5)**	(49.5)
Forward foreign exchange contracts	**(27.5)**	(6.5)	**(28.4)**	(14.2)
Total liabilities measured at fair value	**(72.1)**	(73.7)	**(75.7)**	(117.4)

Financial statements

Notes to the Company Financial Statements continued

For the year ended 31 December 2021

14. Derivative financial instruments continued

The Company is subject to currency exposures arising from transactions made by other members of the Urenco Group, in US dollar and euro. The functional currency of the Company is sterling.

It is the policy of the Company to enter into forward foreign exchange contracts to cover specific foreign currency payments and receipts on behalf of the Group. The Company hedges the net cash flows of its European business, by selling US dollar customer revenues, buying forward sterling required to meet the costs of the UK operations and selling the remaining US dollars to buy euros. The Company reduces the impact of changes in foreign exchange rates by using a progressive rolling programme of buying and selling currencies over a period of up to four years ahead.

Under cross currency interest rate swap contracts, the Company agrees to exchange the difference between fixed interest in euro and yen currency, into fixed interest in sterling, and from fixed interest in sterling to fixed interest in US dollars on agreed notional principal amounts. Such contracts enable the Company to mitigate the risk of changing foreign currency exchange rates on the fair value of interest payments in foreign currency, and the fair value of investments in subsidiaries at the Urenco Group level. The fair value of cross currency interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date. The average interest rate is based on the outstanding balances at the end of the financial year.

15. Retirement benefit obligations

The Company operates a defined benefit pension scheme and the pension cost relating to the defined benefit scheme is assessed in accordance with the advice of independent, professionally qualified actuaries using the projected unit credit method.

The defined benefit plan is administered by a separate fund that is legally separated from the Company. The trustees of the pension fund are required by law to act in the interest of the fund and of all relevant stakeholders in the plan. The trustees of the pension fund are responsible for the investment policy with regard to the assets of the fund. The scheme was closed for further accrual from 5 April 2017 following consultations with employees and their representatives and the pension scheme Trustees.

The valuation used for IAS19R disclosures has been based on the most recent actuarial valuation and updated by the actuaries during 2021 to take account of the requirements of IAS19R in order to assess the liabilities of the scheme at 31 December 2021. Scheme assets are stated at their market values at the reporting dates.

Main assumptions:

Key financial assumptions	**2021**	2020
Discount rate	**1.8%**	1.4%
Salary increases	**4.3%**	3.9%
Pension increases	**3.3%**	2.9%
Price inflation	**3.3%**	2.9%

Mortality assumptions	**2021**	2020
Life expectancy at age 60 for a male currently aged 60	**28.2**	29.4
Life expectancy at age 60 for a female currently aged 60	**29.9**	30.7
Life expectancy at age 60 for a male currently aged 40	**30.4**	31.4
Life expectancy at age 60 for a female currently aged 40	**31.6**	32.6

The assets and liabilities of the scheme at 31 December are:

	Market value 2021 €m	Market value 2020 €m
Equities	**21.2**	29.9
Bonds	**49.8**	33.9
Total market value of scheme assets	**71.0**	63.8
Present value of scheme liabilities	**(63.4)**	(66.9)
Pension asset/(liability)	**7.6**	(3.1)

Movement in present value of benefit obligation	**2021 €m**	2020 €m
At 1 January	**(66.9)**	(65.7)
Interest cost	**(1.1)**	(1.3)
Past service gain	**0.3**	-
Actuarial gains/(losses)	**6.8**	(5.1)
Benefits paid to members	**1.7**	1.6
Exchange difference	**(4.2)**	3.6
At 31 December	**(63.4)**	(66.9)

The duration of the defined benefit obligation at 31 December 2021 was 18.8 years (31 December 2020: 19.7 years).

For the year ended 31 December 2021

15. Retirement benefit obligations continued

Movements in the fair value of plan assets	2021 €m	2020 €m
At 1 January	**63.8**	61.5
Interest income	**1.1**	1.2
Actuarial gains	**3.1**	5.6
Contribution by employer	**0.4**	0.4
Benefits paid to members	**(1.7)**	(1.6)
Exchange difference	**4.3**	(3.3)
At 31 December	**71.0**	63.8

Components of pension cost	2021 €m	2020 €m
Interest on pension scheme liabilities	**(1.1)**	(1.3)
Interest on scheme assets	**1.1**	1.2
Past service gain	**0.3**	-
Total pension cost recognised in income statement	**0.3**	(0.1)
Actuarial gains	**9.9**	0.5
Total pension movement recognised in the Statement of Comprehensive Income	**9.9**	0.5

	2021 €m	2020 €m
Present value of defined benefit obligation	**(63.4)**	(66.9)
Fair value of plan assets	**71.0**	63.8
Recognised asset/(liability) at 31 December	**7.6**	(3.1)

The liabilities of the defined benefit pension plan expose the Company to risks of longevity, inflation and discount rate. The related assets expose the Company to market price volatility and the default risk regarding the investments held by the pension fund.

The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period. The discount rate and the inflation rate have a significant effect on the amounts reported as retirement benefit obligations. The effect of a 0.25% change in isolation in certain assumptions as at 31 December 2021 for the Company's retirement benefit schemes would have had the effects shown in the table below. The sensitivity analysis presented below may not be representative of the actual change in the defined benefit obligation as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	(Increase)/decrease in retirement benefit obligations 31/12/21 €m
Discount rate	
Effect of increase in discount rate by +0.25% at 31 December 2021	**2.8**
Effect of decrease in discount rate by -0.25% at 31 December 2021	**(3.0)**
Inflation rate	
Effect of increase in inflation rate by +0.25% at 31 December 2021	**(2.4)**
Effect of decrease in inflation rate by -0.25% at 31 December 2021	**2.4**

Experience adjustments (surplus/deficits) arise where actuarial assumptions made at a previous valuation have not been borne out in practice.

Regular contributions to the scheme from the employer for the year beginning 1 January 2022 are expected to be €0.4 million (2021 actual contributions: €0.4 million) reflecting that the scheme was closed to further accruals from 5 April 2017. It is anticipated that no significant future contributions are required to be made unless investment conditions or actuarial assumptions would change in an adverse way.

A triennial valuation for the pension scheme was completed as at 5 April 2021 and subsequently rolled forward to 31 December 2021 by a qualified actuary. Urenco closed the UK defined benefit section for further accrual from April 2017, having conducted consultations with employees and their representatives and the pension scheme trustees.

In 2008, the Company also introduced a defined contribution scheme for new employees. The total cost of defined contribution arrangements of €1.5 million (2020: €1.1 million) has been fully expensed against profits in the current year.

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Notes to the Company Financial Statements continued

For the year ended 31 December 2021

16. Called up share capital

	31/12/21 €m	31/12/20 €m
Authorised		
Ordinary share capital, 240 million ordinary shares of £1 each:		
'A' Ordinary Shares	**113.0**	113.0
'B' Ordinary Shares	**113.0**	113.0
'C' Ordinary Shares	**113.0**	113.0
	339.0	339.0
Issued		
Allotted, called up and fully paid, 168 million ordinary shares of £1 each:		
'A' ordinary shares	**79.1**	79.1
'B' ordinary shares	**79.1**	79.1
'C' ordinary shares	**79.1**	79.1
	237.3	237.3

The 'A', 'B' and 'C' ordinary shares have identical rights.

17. Retained earnings

	€m
As at 31 December 2019 and 1 January 2020	1,087.7
Net profit for the year 2020	376.2
Dividends paid	(450.0)
Actuarial gains on retirement benefit obligation	0.5
Deferred tax on actuarial gains	(0.1)
Foreign exchange translation differences	(38.8)
As at 31 December 2020 and 1 January 2021	**975.5**
Net profit for the year 2021	**352.0**
Dividends paid	**(300.0)**
Actuarial gains on retirement benefit obligation	**9.9**
Deferred tax on actuarial gains	**(2.5)**
Foreign exchange translation differences	**63.2**
As at 31 December 2021	**1,098.1**

The €2.6 million gain in the hedging reserve (2020: €6.4 million loss) relates to fair value movements recognised on debt instruments that are designated in a hedge relationship.

As at 31 December 2021, the Company had distributable reserves available of €1,069.9 million (2020: €943.3 million).

For the year ended 31 December 2021

18. Related party transactions

During the year, the Company entered into the following transactions with the following related party:

	Purchases of assets, goods and services	
	Year ended 31/12/21 €m	Year ended 31/12/20 €m
ETC[i]	**0.4**	-

[i] These amounts are 100% of the sales/purchases and amounts due from/to the Enrichment Technology Company Limited.

	Amounts owed to related parties	
	Year ended 31/12/21 €m	Year ended 31/12/20 €m
ETC[i]	**55.5**	57.9

[i] These amounts are 100% of the sales/purchases and amounts due from/to the Enrichment Technology Company Limited.

The Company has taken advantage of the exemption in FRS 101 not to disclose transactions between wholly owned subsidiaries of the Group.

Enrichment Technology Company Limited is a related party due to the Group's 50% shareholding in the joint venture. Sales of goods and services to related parties and purchases of assets, goods and services from them were made under the Group's normal trading terms.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. Amounts owed by related parties are stated at amortised cost less provision for expected credit losses.

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. Further information about the remuneration of individual Directors is provided in the Remuneration report on page 60.

	Year ended 31/12/21 €m	Year ended 31/12/20 €m
Short term employee benefits	**2.9**	3.0
Long term employee benefits	**0.8**	0.6
	3.7	3.6

Directors' transactions

No Director has ever had a loan from the Company or any other transaction with the Company other than remuneration for their services as a Director, as detailed in the Remuneration report on page 59.

19. Contingent liabilities

The Company is party to a number of composite guarantees of borrowings by certain of its subsidiaries which at the reporting date amounted to €696.6 million (2020: €441.9 million). The Directors do not expect any liability to arise under these guarantees.

20. Events after the reporting period

As of 9 March 2022, no other material structural changes or business events have occurred that might serve to alter any of the disclosures contained in the 2021 financial statements.

Glossary

Capital expenditure

Reflects investment in property, plant and equipment plus the prepayments in respect of fixed assets and intangible asset purchases for the period.

Deconversion

This is the process of removing the volatile fluorine component from uranium hexafluoride to make stable uranium oxide (U_3O_8). Urenco has chosen to use U_3O_8 as the long term retrievable storage form of uranium.

EBITDA

EBITDA is defined as earnings before exceptional items, interest (including other finance costs), taxation, depreciation and amortisation and joint venture results. Depreciation and amortisation are adjusted to remove elements of such charges included in changes to inventories and SWU assets and net costs of nuclear provisions.

Enrichment Group

A collective name for Urenco Enrichment Company Ltd and its Subsidiaries, namely: Urenco UK Ltd (UUK); Urenco Nederland B.V. (UNL); Urenco Deutschland GmbH (UD) and Urenco Inc. (UI).

ETC

Enrichment Technology Company Limited – a joint venture company jointly owned with Orano (previously Areva). ETC provides enrichment plant design services and gas centrifuge technology for enrichment plants through its subsidiaries in the UK, Germany, the Netherlands, France and the US.

Euratom

The European Atomic Energy Community, established in 1957 by members of the European Union.

EUP

Enriched Uranium Product, i.e. UF_6 enriched, typically, to between 3% and 5% U_{235} content.

Feed

Natural or reprocessed uranium, converted to UF_6, and fed into the cascades for enrichment.

FFO/TAD

FFO/TAD is the ratio of funds from operations (FFO) to total adjusted debt (TAD). FFO is defined as EBITDA adjusted for interest costs, current tax expenses and pension obligations. TAD is interest bearing loans and borrowings adjusted for cash and short term bank deposits, lease liabilities, retirement benefit obligation deficit, and tails and decommissioning provisions.

IAEA

The International Atomic Energy Agency is the world's central intergovernmental forum for scientific and technical cooperation in the nuclear field.

IAS

International Accounting Standards.

IFRS

International Financial Reporting Standards.

Joint Committee

The committee of representatives of the governments of the Netherlands, the United Kingdom and Germany that oversees Urenco's compliance with the Treaty of Almelo.

LEU+

Low Enriched Uranium Plus – UF_6 enriched to between 5% and 10% U_{235} content, which can be used in existing light water reactors seeking to achieve higher levels of safety and efficiency.

Low Assay Feed (LAF)

Tails material with a U_{235} assay such that there is economic rationale to include in plans to re-enrich.

LTI

A Lost Time Incident is any work related injury or illness which prevents that person from doing any work the day after the accident.

Net assets

Total assets less total liabilities.

Net costs of nuclear provisions

The net costs charged to the income statement associated with the creation and release of provisions for tails, decommissioning and re-enrichment of LAF.

Net debt

Loans and borrowings (current and non-current) plus obligations under leases less cash and cash equivalents and short term deposits.

Net finance costs

Finance costs less finance income, net of capitalised borrowing costs and including costs/income of non-designated hedges and charges/reversals of expected credit losses on financial assets.

Net interest

Net finance costs excluding gains and losses on non-designated hedges and excluding capitalised borrowing costs.

NRC

The Nuclear Regulatory Commission is an independent agency of the US government established under the Energy Reorganization Act of 1974 to ensure adequate protection of public health and safety, common defence and security, and the environment in the use of nuclear materials in the USA.

Orano (previously Areva)

The French energy group that holds 50% of the shares in ETC.

Order book

Contracted and agreed business estimated on the basis of 'requirements' and 'fixed commitment' contracts.

Other operating and administrative expenses

Expenses comprising Raw costs of materials and consumables used, Employee costs, Restructuring charges and Other expenses, but excluding the Net costs of nuclear provisions.

Parent Company

Urenco Limited.

Revenue
Revenue from the sale of goods and services and net fair value gains/losses on commodity contracts.

SWU
Separative Work Unit. The standard measure of the effort required to increase the concentration of the fissionable U_{235} isotope.

Tails (Depleted UF_6)
Uranium hexafluoride that contains a lower concentration than the natural concentration (0.711%) of the U_{235} isotope.

Tails Management Facility (TMF)
The facility constructed and operated by Urenco ChemPlants Limited that will manage the deconversion of tails into stable uranium oxide (U_3O_8). Currently undergoing commissioning at Urenco's site in Capenhurst, UK, it consists of a number of associated storage, maintenance and residue processing facilities to support Urenco's long term strategy for the management of tails.

Treaty of Almelo
In the early 1970s the German, Dutch and British governments signed the Treaty of Almelo, an agreement under which the three partners would jointly develop the centrifuge process of uranium enrichment.

Treaty of Cardiff
In July 2005 the German, Dutch, British and French governments signed the Treaty of Cardiff, an agreement between the four governments to supervise the collaboration between Urenco and Orano in their joint venture, ETC.

Treaty of Washington
In July 1992 the German, Dutch, British and United States of America governments signed the Treaty of Washington, an agreement which was required in order to permit the establishment of the National Enrichment Facility.

tSW
Tonnes of Separative Work.

tSW/a
Tonnes of Separative Work per annum.

UEC
Urenco Enrichment Company Limited.

UK GAAP
The Generally Accepted Accounting Practice in the UK.

Uranic material
Natural uranium, enriched uranium and depleted uranium.

Working capital
Inventories, trade and other receivables, less the current portion of trade and other payables.

Contact listing

Registered office and Group headquarters address:

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