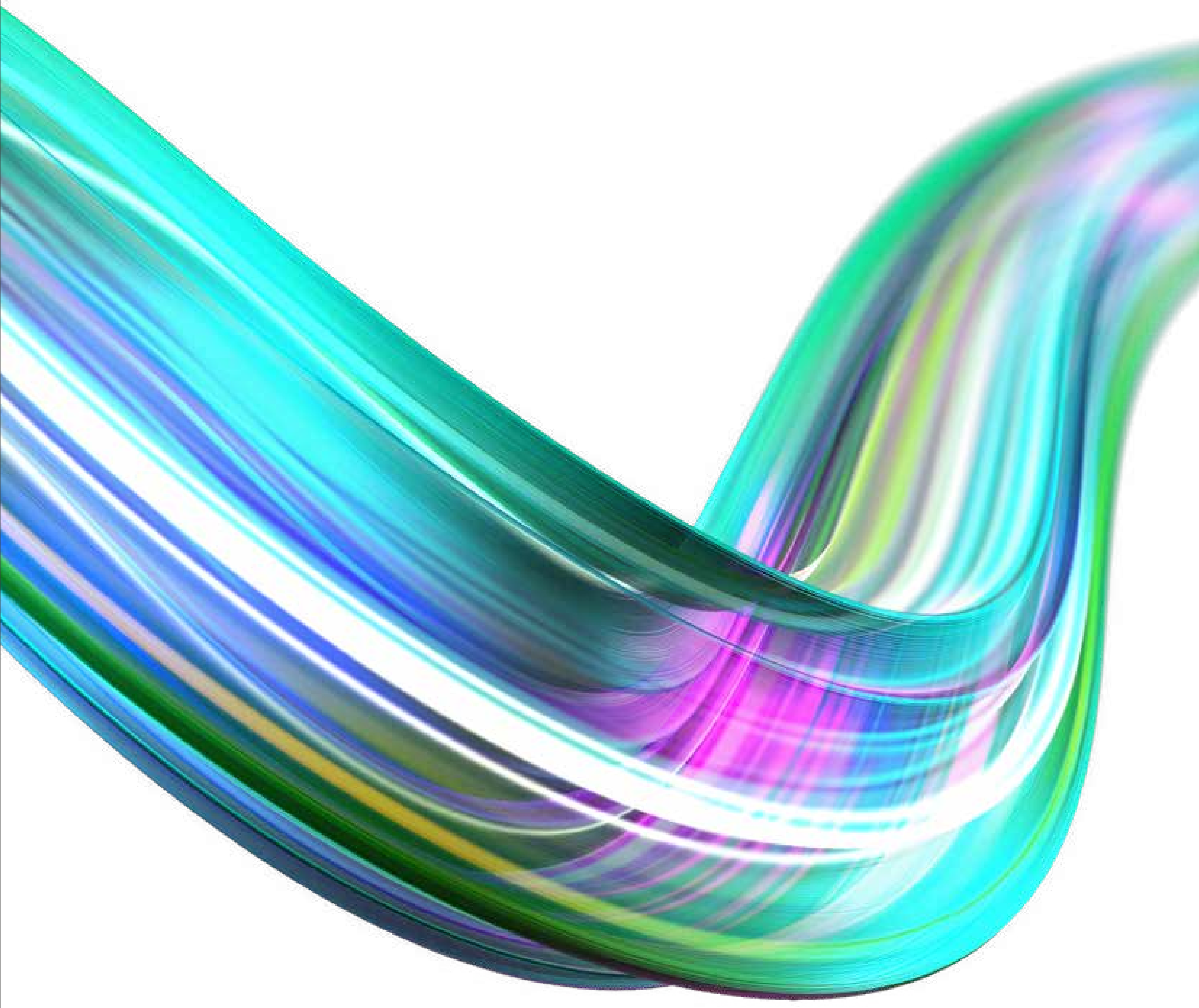
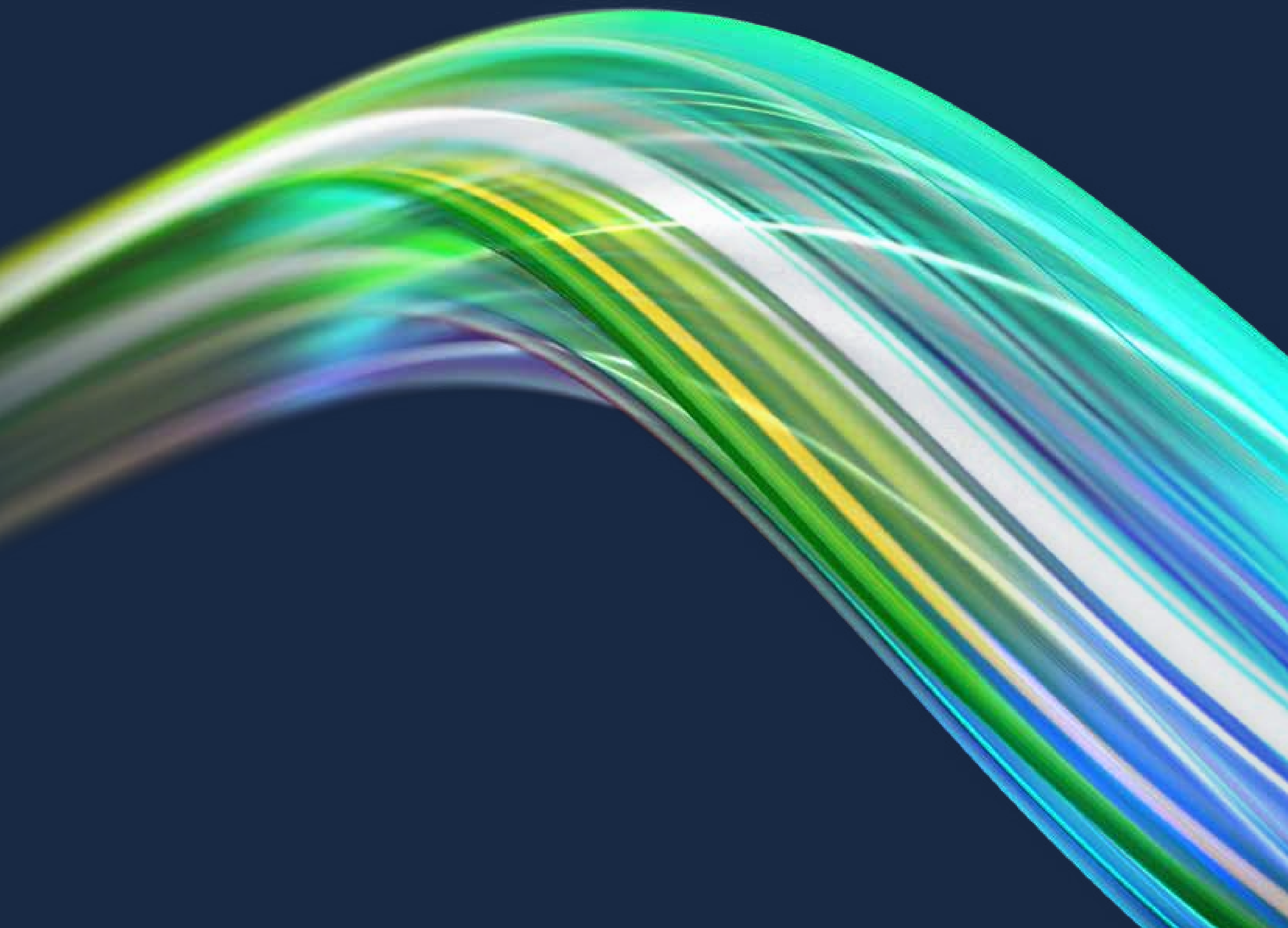
The Energy to Succeed

Annual report and accounts 2022



Urenco is a trusted, long term international supplier of uranium enrichment services, fuel cycle products and related solutions to the nuclear industry.

We play an essential role in the generation of reliable, low carbon electricity for consumers worldwide.



Contents

Stable Isotopes lab in Almelo, the Netherlands.

Preparation container transport from autoclave, Gronau, Germany

Solar panels at our Almelo site

About this report

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.

These statements are made by the Urenco Limited Directors in good faith based on the information available to them at the date of this report and reflect the Urenco Limited Directors' beliefs and expectations. By their nature, these statements involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward looking statements, including, without limitation, those factors set out under 'Risks and risk management' on pages 44 to 49 of this document.

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.

Business model

Our business model articulates how we deliver our strategy, setting out what we do to create value.

Urenco is an international supplier of uranium enrichment services, fuel cycle products and related solutions with sustainability at the core of our business. Operating in a pivotal area of the nuclear fuel supply chain for over 50 years, we understand the importance of energy security and facilitate the reliable delivery of low carbon electricity generation for consumers around the world. As an engaged and responsive supplier to nuclear power generators, we have taken steps in 2022 to enable us to increase capacity to meet the rising demand.

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

Inputs

- Over 1,700 highly skilled and well-trained employees
- Leading centrifuge technology
- Excellence in safe operations and maintenance
- Research and development
- Strong customer service
- Rigorous supplier and compliance audits
- Detailed market intelligence
- 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 supplier helping to deliver energy security
- Advancement of the evolution of the nuclear fuel cycle through the development of next generation fuels
- Commitment to meet net zero emissions within our direct operations by 2030 and our wider supply chain by 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: €1,716.5 million (2021: €1,669.3 million)
- EBITDA[1]: €824.6 million (2021: €971.1 million)
- Net income: €1, 173.2 million post exceptional, €285.1 million pre exceptional (2021: €364.5 million post exceptional)
- Cash generated from operations: €1,133.7 million (2021: €1,027.6 million)
- Capital expenditure: €184.0 million (2021: €142.3 million)[2]
- Net cash was €627.2 million (2021: net debt €11.5 million)
- Contract order book: approximate value of €10.8 billion, extending into the 2030s

Non-financial outcomes

- Safety performance – strong compared to external peers; Total Recordable Injury Rate (TRIR) of 0.445 resulting in 11 total recordable injuries. (2021: TRIR 0.27)
- More than 50 customers in 19 countries
- Global enrichment capacity of 17.900 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 increased by 4.8% (scope 1 and 2 – direct operations) from 2021 (using location-based emissions factors), but fell by 25.4% from 2019 baseline year[3]
- The volume of our annual stable isotopes sales equates to approximately two million patient treatments being performed using medical radioisotopes produced from our products
- Our Global 'Richie' STEM education programme is estimated to have reached more than 47,000 schoolchildren
- Global social impact partnerships established supporting environmental, health and educational goals

[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 122.

[2] Capital expenditure includes net cash flows on the purchases of property, plant and equipment and intangible assets of €166.6 million and on the decrease of capital accruals of €17.4 million (included in working capital payables). Capital expenditure for the year ended 31 December 2021 has been represented from €129.8 million to €142.3 million and comprised net cash flows on the purchases of property, plant and equipment and intangible assets of €143.5 million and on the increase of capital accruals of €1.2 million (included in working capital payables).

[3] As a proportion of the nuclear carbon offset as calculated by the IEA.

Chairman's foreword

In 2022, Urenco's financial, operational and sustainability performance has been strong.

We have always played a key part in the nuclear fuel supply chain and in the last year we took rapid action to reappraise our strategy in response to geopolitical tensions, shifting energy supplies and climate change. It means we are now well positioned to help meet the world's energy needs, with a focus on growing our capacity to address increasing demand.

> “We are a unique uranium enrichment company due to the diversity and security of supply that we offer through owning and operating four facilities in four different countries”.

The global environment

Events in the last 12 months have had a huge impact on the whole of the energy sector. We have focused our strategy on ensuring we continue to act as a flexible, innovative organisation that can help deliver secure, low carbon and affordable energy.

The conflict in Ukraine has caused reverberations around the world and on economies, and particularly global energy markets. This has led to a change in the debate on sustainable supply chains in Europe and other countries and changes in perception for both new and existing technologies and types of generation, including nuclear. This has renewed the civil nuclear industry’s need to be a stronger part of the energy mix, where it will continue to help replace fossil fuels. To deliver, we at Urenco are planning for an expansion of our sites’ capacity, expanding recruitment and ensuring nuclear is an attractive career proposition.

Price levels in the uranium enrichment market have rebounded. This has enabled the reversal of impairments recorded against our US facility in 2016 and 2019 which is encouraging, and stable policy frameworks and longer term customer arrangements are required to enable the necessary future investment in our business.

There are four key factors underpinning our refreshed strategy.

The climate emergency and the need to decarbonise our economies remains at the forefront of energy challenges. We have seen a movement towards low carbon nuclear energy and more countries are now actively considering it as an option. Poland, for example, has committed to its first new build nuclear power stations.

The second element is energy independence. Many countries are realising that over dependency on fossil fuel imports is not sustainable in the long term and they must have greater control over energy supply to avoid shortfalls in the future. This has been brought into clear focus by the conflict in Ukraine, with policy reversals towards nuclear energy in Japan, Belgium and South Korea. We are seeing more power companies wanting to diversify their enriched uranium supply, which we are keen to support.

Security of supply is a third factor. For the first time in decades, the need for a reliable energy supply has become a concern. With demand forecast to rise by up to 10% by 2030 according to the International Energy Agency (IEA), nuclear is the second largest source of clean energy and will continue to play a key role in providing baseload electricity. With the decarbonising of other sectors, the need for baseload energy will strongly increase and nuclear is as a reliable solution for this. By introducing a programme to enhance our capacity, Urenco is well positioned to provide enrichment services for decades to come.

Finally, there is increasing momentum behind advanced fuels and new nuclear power technologies, with an acceptance that they can make a sizable contribution to net zero, energy independence and security. There is also an expectation that they will be quicker and cheaper to build than largescale reactors. This is particularly the case in the USA with the Inflation Reduction Act, and in the UK with the Future Fuel Fund, both supporting the development and deployment of advanced nuclear technologies and the advanced fuels that are needed to power them. Urenco is engaging with this emerging market, as more and more countries announce small modular reactor (SMR) and advanced modular reactor (AMR) projects. We are preparing to play our part in ensuring that enriched uranium is available as a source of fuel for them.

Our people

With the steady relaxation of COVID-19 restrictions worldwide, we have continued to keep our people safe at all of our sites. This includes following rule changes and supporting our workforce to adapt to a hybrid style of working where appropriate.

We are focusing on increasing our workforce by hiring and training new people and ensuring that we have a winning team in which our people can thrive.

On behalf of the Board, I would like to thank everyone at Urenco and our partners for their support and hard work in 2022. I am pleased to see the enthusiastic way that everyone has responded to the challenges and opportunities that the changed global environment has presented to us.

Our positioning

We are a unique uranium enrichment company due to the diversity and security of supply that we offer through our four facilities in four countries, underpinned by robust international treaty commitments to nuclear safeguards and non-proliferation.

We are focused on investing in our uranium enrichment capacity, while developing advanced fuels and enhancing our associated services in stable isotopes production for medical applications and responsible nuclear stewardship.

I am very pleased that we are working hard to respond to the challenge of climate change and energy security. As a company we recognise that we have an important role in delivering for our existing and new customers for a long time into the future. We are a key part of the world’s energy supply and 2022 has only reinforced this.

Stephen Billingham

Stephen Billingham CBE
Chairman

[1] https://www.iea.org/reports/global-energy-and-climate-model/stated-policies-scenario-steps

Chief Executive Officer's review

While we benefitted this year from the steady relaxation of COVID-19 restrictions, we saw the emergence of another crisis with the conflict in Ukraine in February, which has proceeded to change the world as we know it.

As a company, we have been deeply concerned with the developments in the country, the home of one of our customers, and our thoughts continue to be with all the people who are suffering there. At the outset of the conflict, we immediately decided to move away from any business relationships with Russian counterparties whilst strongly supporting our customer in Ukraine.

> "We are proud to have accelerated our net zero transition within our business, making the decision to bring our targets forward, and making them more ambitious".

The conflict also brought about an urgent global focus on energy independence and security of supply in our markets. More countries and energy companies are turning to nuclear or seeking to diversify their existing fuel supply as a result. For us, this means a growing demand for our enrichment services worldwide. We have launched a programme to upgrade and enhance our production capacity at our sites, which will enable us to meet growing demand now and in the future.

With the climate emergency remaining at the forefront of energy challenges worldwide and sustainability being integral to everything we do, we are proud to have accelerated our net zero transition towards 2040. Our business made the decision to bring our targets forward and making them more ambitious, whilst working together with the wider industry to help others decarbonise (page 28).

We are working towards reaching net zero on our direct and indirect emissions (scope 1 and 2) by 2030. This new target will see us far exceed the minimum Science Based Target Initiative (SBTi) standards, but we also fully recognise the importance of reducing our direct supply chain carbon emissions (scope 3) and have committed to a science-based target of 30% reduction by 2030, and reaching net zero by 2040. Our longer term ambition is that by 2040 we can supply the nuclear industry with fuel that has been produced with net zero carbon emissions.

As part of this net zero transition, we are collaborating with, and encouraging, both our upstream nuclear fuel cycle suppliers, and other suppliers, to do the same (page 29). We are also collaborating with customers to help them reach their own carbon reduction objectives.

Richie Lecture, Science Museum, London, UK

Continuing to push for and support the global efforts to decarbonise is something very important to Urenco. Following on from our attendance at COP26, we attended the COP27 conference in Egypt, where we provided our insight and perspective across multiple panels and sessions, highlighting and emphasising the importance of decarbonising the nuclear supply chain and the wider fuel supply chain. Additionally, as leaders in the nuclear sector we helped to ensure that nuclear energy's voice was heard at the conference, as an essential part of the low carbon energy mix, by sponsoring and supporting several pavilions. We will continue to participate in these global discussions around climate change and to advocate for nuclear power.

We are also committed to broader sustainability goals, including giving back to society and our local communities through social investment and ensuring this achieves social impact. We have established multiyear partnerships with charitable organisations aligned with our sustainability priorities. We do this while continuing to educate the wider public about nuclear power and its value, including its essential role in achieving net zero.

For example, we are supporting a programme run jointly by the International Atomic Energy Agency (IAEA) and the Food and Agriculture Organization of the United Nations (FAO) to use nuclear and related technologies to develop climate smart farming practices to improve crop production. This will help communities in developing countries struggling with food security to respond to the challenges posed by climate change and reduce their carbon emissions.

Meanwhile, as part of our educational Richie Programme in which we help to nurture the next generation of scientists, we have continued to partner with the Science Museum in London to sponsor its interactive gallery, Wonderlab. This brings science to life for all generations, while widening the gallery's reach through a new digital presence which a greater number of young people from around the world can access.

Performance in 2022

We have continued our strong financial, operational and sustainability performance, despite the turbulent geopolitical environment. This is thanks to the adaptability and hard work of our employees during 2022, that enabled us to swiftly react to the new found market conditions.

Revenue increased to €1,716.5 million (2021: €1,669.3 million). EBITDA and net income fell slightly at €824.6 million and €285.1 million respectively (2021: €971.1 million; €364.5 million). Net income post-exceptional was up at €1,173.2 million due to reversal of an impairment of €888.1 million. Cash generated from operating activities was strong at €1,133.7 million (2021:€1,027.6 million), net cash was €627.2 million (2021: net debt €11.5 million). As a consequence of the improved enrichment market, in 2022 we have reversed impairment charges recorded against our US operations. This is encouraging, although stable policy frameworks and guidance, as well as longer term customer arrangements are required to enable us to invest in our business to meet expected future demand. Our order book extends into the 2030s and has grown by roughly 24% in 2022 with an approximate value of €10.8 billion and continues to provide Urenco with visibility and financial stability of future revenues.

Urenco is committed to maintaining its position as a trusted global industry leader; contributing to a sustainable net zero and secure energy future. We will do this by operating safely and forming partnerships to deliver measurable positive impacts; being a respected strategic partner and an organisation in which every member of our workforce feels informed, included and inspired.

It is our top priority to keep our people, our communities and the environment safe and secure from harm and maintain the reputation of our industry, products and services. We are proud to maintain a strong safety record to the highest standards. These standards are supported by strong regulation in the nuclear industry itself.

While our employee and contractor safety performance benchmarks compared well to our external peers, in actual terms in 2022 it declined. Our Total Recordable Injury Rate (TRIR) was 0.445 resulting in 11 total recordable injuries, compared to a rate of 0.274 and six total recordable injuries in 2021. None of these were nuclear-related, but we take slips, trips and falls and other incidents seriously, and in response we will continue to ensure that we have the best practices in place to ensure a safe working environment. In 2023 we will strengthen existing measures and implement, where needed, new inclusive measures to ensure safety, involving all of our people and suppliers and improving communications, guidance and exercises.

We are pleased with our progress on sustainability this year (pages 26 to 36). For example, our efforts to support decarbonisation included enriching enough uranium to generate an estimated 780,000 GWh of electricity from nuclear power, avoiding approximately 320 million tonnes of carbon emissions and once again meeting 100% of our customer deliveries[1].

Under our refreshed strategy, we have focussed on operational and sustainability enhancements to each of our sites:

- **Almelo (the Netherlands)** has been prepared for the capacity programme. In addition, a solar power installation has started at the site, with a capacity of 2.7 MW. Plans are in progress at all other sites for solar installations over the next two years.

- **Eunice (USA)** has made significant improvements to equipment reliability, reduced maintenance backlog, and created a Plant Health Committee to oversee critical equipment issues and a Project Review Committee to manage capital investments and long-range planning. The site is preparing to restart the centrifuge assembly building in support of the capacity programme. As part of our culture programme, Eunice has also continued to be a strong leader and advocate of our inclusion and diversity goals.

[1] As a proportion of the nuclear carbon offset as calculated by the IEA.

- **Gronau (Germany)** has continued to focus on its centrifuge refurbishment programme. Recent asset health evaluations overall have proved that the site infrastructure as well as the plants are in excellent condition. As part of enhanced site resilience and our net zero strategy, modifications were made to reduce any reliance or need for natural gas heating.

- **Capenhurst (UK)** has continued the path towards more closely aligning the three businesses based at the Capenhurst site – Urenco UK; Urenco Nuclear Stewardship and Urenco ChemPlants. This has been done for the benefit of both Urenco as a business and employees based there. This will enable the site to be more efficient, flexible and resilient. The operational lifetime of two of the three enrichment plants has been extended as part of the capacity programme. In addition, the team at Urenco ChemPlants, which operates the Tails Management Facility (TMF), has been commissioning a second kiln and the ramp up of the plant is progressing well.

Priorities for 2023

Our key priority for 2023 is our capacity programme to refurbish and potentially expand our plants at all four of our sites. Our other priorities will help to enable this and are closely associated with the capacity programme.

Given that the demands for nuclear energy are expected to substantially increase, it is imperative that the industry retains its talent and nurtures the next generation of scientists and engineers. Urenco is strongly committed to investing in our current workforce, and in reaching out to a diverse range of recruits. This includes encouraging internships, apprenticeships and graduate placements, of which we have 62 across the organisation.

We are supporting the evolution of the nuclear fuel cycle for future energy needs, to supply the next generation of nuclear reactors, including AMRs and SMRs from our US and UK sites. Therefore, we are currently expanding our product portfolio to LEU+ (enriched uranium up to 10%) and are planning for a new plant which allows us to produce HALEU (High-Assay Low-Enriched Uranium, enriched up to 19.75%) for the next generation of nuclear power plants.

Our stable isotopes facility in the Netherlands has increased its capacity, serving the market and delivering good financial returns. We now have plans to further extend this facility, which are progressing well, to support the fast growing demand of stable and medical isotopes in the world.

We achieved sustainable production levels at our Tails Management Facility at Capenhurst while commissioning a second kiln. This is a high quality, long term facility which shows our commitment to responsible uranium stewardship through the deconversion services provided to ensure tails stocks are responsibly managed. This year the ramp up will further continue.

Urenco Nuclear Stewardship celebrated 10 years of operation in 2022 and is our centre of excellence for the environmentally responsible management and storage of waste, including recycling and decommissioning services. We have initiated the creation of a global capability to deploy new technologies and solutions that will enable safe and efficient decommissioning of our plant and equipment. This is therefore now being mobilised and will directly support our larger refurbishment campaign.

We will monitor and respond to the various political uncertainties that could impact us next year. In relation to Ukraine, we will focus on supporting our customer, while at the same time ensuring we can meet increasing requests for our services from other customers as a consequence of the conflict. We are encouraged by the actions of several countries to actively support nuclear. For example, the introduction to the UK Parliament of the Energy Security Strategy with the objective of up to 25% of the UK's electricity demand being met by nuclear by 2050, up from circa 16% currently. The European Parliament's decision to support the Taxonomy Complementary Climate Delegated Act (CDA), covering certain gas and nuclear activities, now puts the European nuclear industry on an equal footing with other parts of the world and will encourage investment. We will continue our advocacy efforts in 2023 to help ensure the valuable role that nuclear can and must play in achieving net zero and energy security is understood and acted upon.

Boris Schucht
Chief Executive Officer

Markets overview

The market for nuclear in 2022 continued to build in momentum

Improving market fundamentals for nuclear

In 2021, the increasing urgency of net zero, as highlighted during COP26, contributed to greater acceptance that nuclear needs to be part of the solution in achieving net zero goals. Following this, an energy crisis, initially precipitated by economies coming out of domestic COVID lockdowns, and then further exacerbated by Russia's invasion of Ukraine in February 2022, refocused attention towards energy security as a priority.

Nuclear power is firmly back on the agenda as economies seek to decarbonise and boost their energy independence. Several nations, from Japan to South Korea to the United States, have made policy changes on nuclear power over the past year amid soaring energy prices. The policy reversals range from extending the lives of the existing nuclear fleets, to embracing new build projects, both large scale reactors and SMRs.

SWU price: the enrichment spot price was at its lowest point in August 2018 at US$34/SWU. Since then, the enrichment spot price has recovered, as reported by both Tradetech and UxC reaching US$110/SWU and US$125/SWU respectively by the end of December 2022.

Market impact caused by Russia's invasion of Ukraine

Russia's invasion of Ukraine in February 2022 has had a tangible impact across the market, with an evident shift by utilities in countries with nuclear energy looking to diversify their nuclear fuel supply, including in Sweden and Finland. In the enrichment market, the average spot and long term enrichment prices (of Tradetech and UxC) increased from US$58.50/SWU and US$64.00/SWU respectively in January 2022, to US$117/SWU and US$136/SWU respectively in December 2022, reflecting these new market dynamics.

Non-Russian suppliers across the front-end fuel cycle have taken action during 2022 to ensure security of supply. For example, a number of uranium miners have announced plans to reopen mothballed mines, as illustrated by Cameco's announcement to restart uranium production at its McArthur River mine and Key Lake mill, idled since 2018 due to low demand. Cameco demonstrated their confidence in the future direction of the nuclear industry by taking a 49% stake in Westinghouse, with investment firm Brookfield Renewable Partners holding the rest. Westinghouse itself had been acquired from Toshiba by Brookfield Business Partners out of bankruptcy in 2018.

Conversion capacity is also a critical element to providing security of supply. Alongside Converdyn's ongoing plans to reopen its Metropolis facility in Q1 2023, Westinghouse is exploring reopening the conversion facility at Springfields in the UK.

Canada: During Canada's Fall Economic Statement, SMRs were included amongst clean energy technologies eligible for a new investment tax credit. This is the clearest signal yet that Canada considers nuclear power to be on par with other low carbon technologies.

USA: Significant support for the nuclear industry at the federal level was provided by the US Congress in the Inflation Reduction Act of 2022 (IRA) and the implementation of the Bipartisan Infrastructure Law's Civil Nuclear Credit (CNC) program. The IRA provides a wide range of provisions to support the nuclear sector, including a production tax credit that will support continued operation of existing nuclear power plants with an estimated value of up to $30 billion over the next 10 years. This tax credit in the IRA is intended to avoid premature retirements of reactors due to financial challenges, which has forced around a dozen reactors to close. The IRA also includes $700 million for the US Department of Energy's efforts to support development of new domestic capacity to produce high assay low enriched uranium (HALEU) fuels for advanced reactors, research reactors and medical isotope production in the United States.

The CNC is a $6 billion program to assist nuclear power plants at risk of closing, citing the need to continue the use of nuclear energy, which is the largest carbon-free energy source of power in the United States, to combat climate change. In California, PG&E became the first utility to receive a conditional award of credits valued up to $1.1 billion from the CNC program. This is to be used to extend operations at the Diablo Canyon Power Plant for five years beyond its current licence expiration in 2025.

On the new build front, the Nuclear Regulatory Commission (NRC) gave Southern Nuclear Operating Company (SNC) the green light to load fuel and begin the operation of Vogtle-3. Unit-3 of the two unit new build project, the first to be built in the US in over 30 years, is expected to enter service in the first quarter 2023, with unit-4 following in the fourth quarter.

EU: Following no objections by the European Parliament or Council, the EU Taxonomy Complementary Climate Delegated Act covering certain nuclear and gas activities came into force on 1 January 2023. It extends the EU Taxonomy Framework to permit certain economic activities involving gas and nuclear energy (not including enrichment) to be classified as "environmentally sustainable". The inclusion of certain gas and nuclear activities will be time-limited and dependent on specific conditions and transparency requirements.

Belgium: Belgium's federal government has agreed to allow Doel-4 and Tihange-3 to continue operations until 2035 to enable the country to reduce its dependence on fossil fuels. The coalition government had earlier agreed to phase out the use of nuclear energy by 2025.

UK: Nuclear's share of energy in the UK is currently about 16%, however, almost half of the country's current capacity is due to be retired by 2025 and all but one of its reactors will retire by 2030. To counter this, in early April, the Government published its British Energy Security Strategy, setting out its ambitions for up to eight new reactors, plus SMRs, helping to produce 24 GWe of nuclear generating capacity by 2050, representing about 25% of the UK's projected electricity demand. To support this, the Government has introduced the Nuclear Energy (Financing) Act and has subsequently committed to taking a 50% stake in the two unit Sizewell C nuclear project. Rolls-Royce has prioritised four sites in England and Wales, following a site selection study, where its SMR design could potentially be deployed.

France: President Emmanuel Macron has announced that the country will build six "next generation" European Pressurised Water Reactors (EPRs). The government has instructed EDF, the state-owned enterprise in charge of the nation's nuclear reactors, to break ground for the first unit by 2027. To aid this commitment, France has drafted legislation to streamline bureaucracy for administrative permits needed to build new nuclear power plants and is also in the process of fully renationalising EDF by increasing its shareholding in the company from 84% to 100%.

Finland: Olkiluoto 3 was connected to the national grid in March 2022 and is due to achieve commercial operation in 2023. There were also applications to extend operations of units-1 and -2 of the Loviisa nuclear plant until the end of 2050, from the current end date of 2027.

Sweden: Sweden's new government has promised the construction of new nuclear reactors to meet the growing demand for electricity and will instruct state-run utility, Vattenfall, to "immediately plan the construction of new reactors". Vattenfall, meanwhile, has announced that it is launching a year-long study to assess the interest of constructing SMRs.

Germany: Germany has had a policy to phase out nuclear power and close all of its remaining nuclear power plants, of which three remain in operation. However, the war in Ukraine and Germany's high dependence on imports of natural gas from Russia have led to a delay in implementing the full phase out.

The Netherlands: The Dutch Cabinet has approved the construction of two large reactors, preferably at the existing Borssele nuclear plant. The government hopes to commence construction in 2028, with the units producing electricity by 2035. The government will also pursue talks aimed at extending Borssele's operation beyond its previously agreed 2033 closure date.

UAE: In February 2023, Barakah-3 joined units-1 and -2 by entering commercial operations. Barakah-1 and -2 started commercial operation in April 2021 and March 2022 respectively. The Federal Authority for Nuclear Regulation is also expected to issue the operating license for Barakah-4 in 2023.

Japan: In a reversal of its no new build policy, Japan's Prime Minister ordered the development and construction of next-generation nuclear power plants. It also aims to secure electric power in the medium to long term with a plan to restart up to 17 nuclear power plants beginning in the summer of 2023, as well as extend the maximum service period for the country's existing nuclear reactors beyond 60 years.

Poland: Poland awarded a contract to build its first nuclear power plant to Westinghouse as the country seeks to burn less coal and increase its energy independence. Separately, KHNP is also pursuing opportunities to build four nuclear reactors in Patnow, central Poland. Poland continues to be very active in its plans to deploy SMRs, with ongoing discussions with several next generation reactor vendors.

Romania: In addition to Romania's plans to complete construction of the partially-built Cernavoda-3 and -4, the government reports that it will host the first SMR in Europe, following its announcement that NuScale Power and the Romanian National Nuclear Power Company have agreed to collaborate to build an SMR plant on the site of a former thermal power plant at Doicești.

China: China's renewed commitment to nuclear following the release of last year's 14th five-year plan has resulted in the sanctioning of 10 new nuclear power units in 2022, the highest yearly number in more than a decade. China aims to have 200 GWe of nuclear generating capacity in place by 2035.

South Korea: According to South Korea's updated comprehensive energy plan, the government will resume the construction of Shin-Hanul-3 and -4 and continue operations of existing reactors, which is expected to increase the country's nuclear energy ratio to over 30% by 2030. The government also seeks to export 10 nuclear reactors by 2030 and target 400 billion won ($308 million) for the development of SMRs. The previous administration had a nuclear-free policy that suspended the construction of these units, cancelled plans for more units and ruled out life extensions for the existing fleet.

Case Study

Around two million patient treatments benefit from Urenco Stable Isotopes

In the medical sector, Urenco enriched stable isotopes products make a valuable contribution to lifesaving patient treatments for serious diseases like cancer.

After opening our new Leonardo da Vinci (LDV) cascade in 2021, Urenco Stable Isotopes has expanded its capacity. In 2023 we are planning to increase this further to enhance and diversify the supply for these important products.

Designed for the enrichment of multiple isotopes – including those of germanium, xenon, selenium and silicon – the facility has enabled Urenco to increase its supply of stable isotopes for medical, industrial and research purposes.

Stable isotopes have been produced for over three decades at Almelo, the Netherlands and the volume of our annual sales equate to approximately two million patient treatments being performed with medical products that have utilised or contain them. For example, Xenon 129 is used in MRI imaging to detect lung diseases. Xenon 124 is used to produce radioactive Iodine 123. This is then used in hospitals to detect thyroid issues and is also used in the diagnosis of Parkinson's disease.

Other applications are varied and include products for superfast computer processing power. We are looking forward to working with customers on new projects, producing high quality, cost-efficient solutions that will change lives.

UN Sustainable Development Goals

3 GOOD HEALTH AND WELL-BEING

Ensure healthy lives and promote well-being for all at all ages.

Main image:
Stable Isotopes lab in Almelo, the Netherlands.

Our strategy

Our strategy is driven by our purpose, vision, mission and values. It was refreshed in 2022 to respond to the changes in the energy market brought about by Russia's invasion of Ukraine. Since the conflict began, we have been focusing on increasing capacity of our operations to meet the significant rise in demand for enrichment services.

UN Sustainable Development Goals

Ensure access to affordable, reliable, sustainable and modern energy for all.

Through our enrichment and related services, we also continue to make a valuable contribution to achieving UN Sustainable Development Goals (SDG), in particular SDG 7 – Affordable and Clean Energy, facilitating low carbon nuclear energy production to contribute to meeting the world's net zero goals (see page 20, Our strategy: priority focus areas).

Overarching strategy

Focus on the Capacity Programme to be able to cover increased demand in our relevant markets over the coming 20 years with a flexible and resilient operation, while adding a refurbishment and decommissioning capability and continuing to target organic growth.

Our vision

A sustainable net zero world.

Our purpose

Enriching the future with carbon free energy.

Our mission

Delivering trusted and innovative nuclear services and solutions.

Our behaviours and values

Own our results

Safety

Integrity

One Urenco

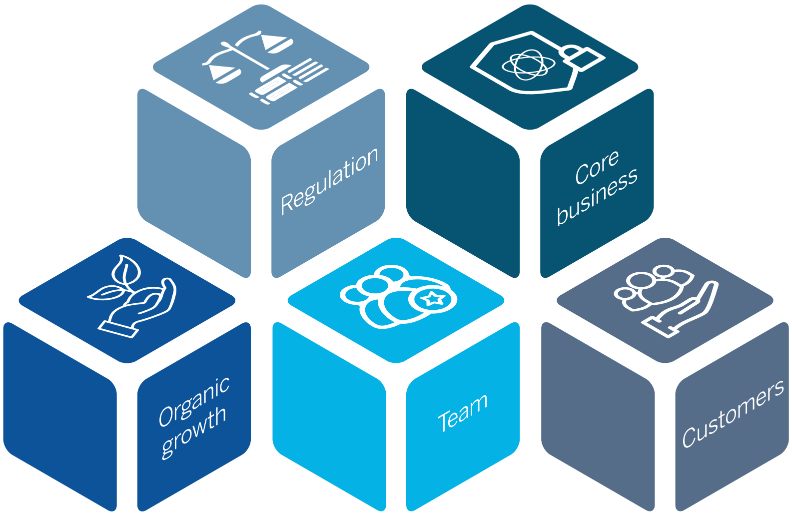
Leadership

Act today for tomorrow

Sustainability

Innovation

Our strategy



Our strategy sets out what we need to achieve in the long term (five to 15 years) midterm (three to five years) and short term (12-24 months) under five building blocks, which are:

The building blocks are:

1. **Creating a winning team** – continuing to invest in and support our people whilst harnessing their skills to make the business as successful as possible.
2. **Maintaining our customer base** – continuing to focus on strong existing and new customer relationships.
3. **Defending and innovating our core business** – investing in our core business to maximise capacity and prepare for growth.
4. **Shaping and utilising regulatory frameworks** – actively engaging with stakeholders and decision-making bodies in our target markets and across all aspects of our business.
5. **Promoting growth** – increasing our capabilities in associated areas such as stable isotopes and nuclear stewardship.

Delivering elements of the strategy

Through our strategy we are meeting renewed demand, while encouraging organic growth. This has resulted in 15 new commercial deals signed this year with customers.

We are making investments in our core business and supporting innovation, for example through the development of advanced fuels. We are working to help our customers and the sector to fuel their nuclear new builds, including the next generation of reactors.

To facilitate this, 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 remain the foundation of our strategy, and we are creating a winning team that is inclusive, diverse and fit for the future through our continuing culture work (see page 37). As we expand capacity, we will also look to secure the best talent to further enhance Urenco's expertise.

Case Study

Our response to the conflict in Ukraine

Urenco's response to the supply chain disruption to our sector, as a result of the war in Ukraine, was quick and effective. We launched a project to ensure Urenco could execute a significant change in operations across all of our sites.

The communication of this at all levels led to rapid operational changes and the ability to meet the sudden increase in demand without significant disruption.

Within days of the invasion, we took the strategic decision to discontinue our agreements with a Russian supplier with immediate effect.

We have continued to ensure a consistent and secure supply of nuclear fuel to our global customers.

We have also been working closely with governments, industry organisations and humanitarian relief efforts to support Ukraine since the invasion. For example, we have worked with the British embassy in Kiev to provide guidance and commercial support to the Ukrainian state-owned nuclear power plant operator, who is a valued customer. We have also been assisting and supporting the same operator to access new financing opportunities. In March 2022, we participated in the Prime Minister's nuclear energy roundtable to discuss energy security and how to accelerate UK nuclear projects.

Case Study

Urenco supports Southern Nuclear expansion

Urenco has been supporting the expansion of Southern Nuclear Vogtle Units 3 and 4, which are set to be the first new nuclear units to become operational in the United States in over three decades. In August, Urenco CEO Boris Schucht and Chief Commercial Officer Laurent Odeh toured the new facility.

Unit 3, which recently received US Nuclear Regulatory Commission approval to load fuel, is expected to reach commercial operation in Q1 2023. Unit 4 is expected to come online in Q4 2023. When completed, Vogtle 3 and 4 will join the two existing Vogtle units to form the only four-unit nuclear plant in the United States.

This exciting development comes as 2022 saw the US Department of Energy renew its support for further investment in US nuclear capacity to help secure domestic fuel supply.

Urenco has continued to offer its expertise and engage in ongoing discussions to deliver future projects, particularly the accelerated deployment of advanced nuclear technologies.

In May, Urenco took part in a joint US-UK Government roundtable event on nuclear energy as the two nations discussed further collaboration. The roundtable, which took place in Washington, DC, was co-hosted by the Nuclear Energy Institute and the Nuclear Industry Association, with the then UK Secretary of State for Business, Energy and Industrial Strategy and US Deputy Secretary of Energy in attendance.

UN Sustainable Development Goals

7 AFFORDABLE AND CLEAN ENERGY

Ensure access to affordable, reliable, sustainable and modern energy for all.

Image:
Plant Vogtle Units 1-4
Courtesy: Georgia Power Company

Case Study

Urenco Capenhurst clinches RoSPA Order of Distinction

Our UK Capenhurst site was awarded the prestigious Royal Society for the Prevention of Accidents (RoSPA) Order of Distinction in May 2022.

The coveted award is open to global entrants and recognises notable contributions to safety. Urenco received the award for sustaining 15 consecutive years of gold standard health and safety management. In total, Urenco Capenhurst has received 21 Gold Awards.

UN Sustainable Development Goals

3 GOOD HEALTH AND WELL-BEING

Ensure healthy lives and promote well-being for all at all ages.

Main image:
Capenhurst, UK.


urenco

Our strategy: priority focus areas

Capacity programme

UN Sustainable Development Goals

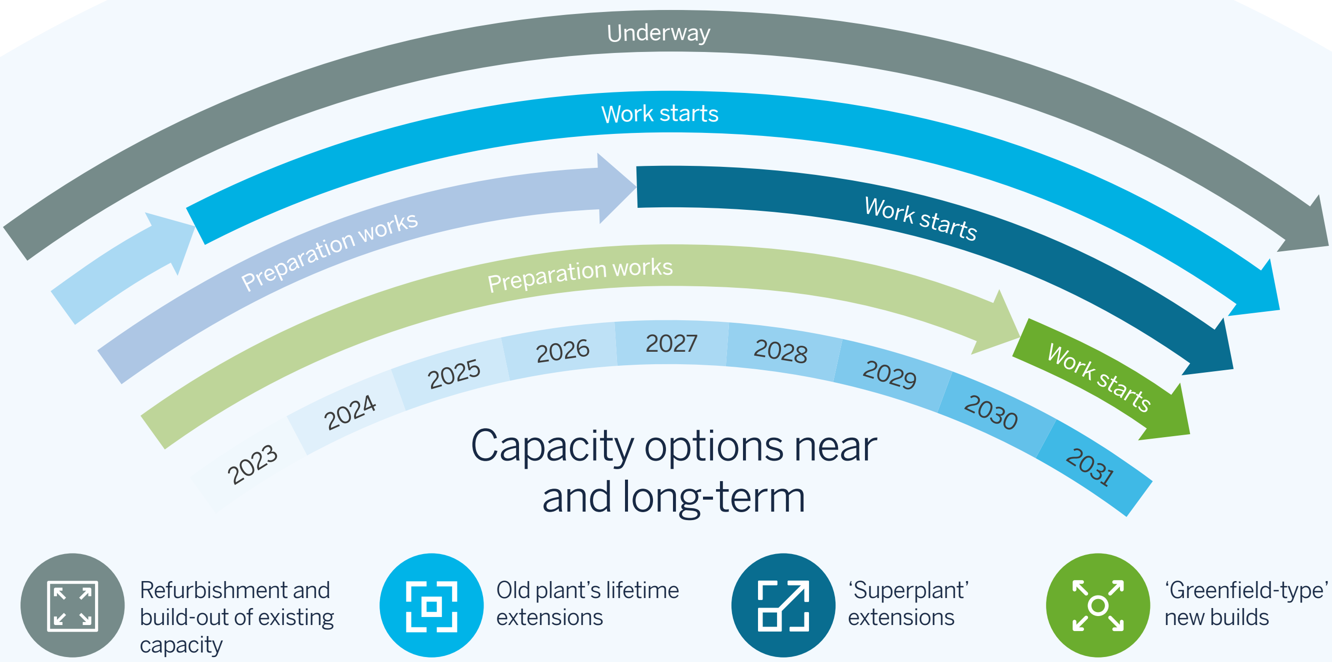
Make cities and human settlements inclusive, safe, resilient and sustainable.

Ensure access to affordable, reliable, sustainable and modern energy for all.

It is important that we maintain our capacity at every one of our sites and review their expansion to help meet the world's increased demand for enrichment services. To do this, we are investing in our centrifuges and associated technology through a refurbishment and replacement programme. This also enables us to respond to market developments and opportunities.

As a result of the capacity programme, 2022 has seen a refresh of our strategy.

We have overseen an increased amount of centrifuge refurbishment campaigns which continue to be accelerated throughout 2023. All our enrichment plants are maintained to a high level of reliability and asset integrity, demonstrated by their online performance and the achievement of production, delivery and sustainability goals.



Case Study
Stable Isotopes develops new product for disease treatment

UN Sustainable Development Goals

3 GOOD HEALTH AND WELL-BEING

Ensure healthy lives and promote well-being for all at all ages.

Zinc-68 has long been produced at Urenco Stable Isotopes, in the form of zinc oxide. For several decades now, Zinc-68 has been used for the production of radioisotope Gallium-67, which is required in medical diagnostics, such as single-photon emission computed tomography (SPECT) scans and computerised tomography (CT) scans.

Recently Zinc-68 has also been used for the production of the radioisotopes Copper-67 and Gallium-68. Gallium-68 is used in diagnostics while Copper-67 is used in various medical treatments, including targeted radionuclide therapy. This therapy is used to treat various diseases such as prostate cancer, cervical cancer and breast cancer. For these new applications, the Zinc-68 is required in a different physical form: metal powder. The Stable Isotopes team quickly developed a new process that allowed production of the metal powder in line with customer requirements. This is another example of how Urenco Stable Isotopes supports the development, introduction and application of new medical radio isotopes.

Case Study
Tails Management Facility

UN Sustainable Development Goals

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Ensure sustainable consumption and production patterns.

As we further expand our capacity to meet demand, we will continue to ensure the responsible management of the by-product of the enrichment process, known as tails (depleted uranium hexafluoride).

Our Tails Management Facility (TMF) in Capenhurst, UK, entered operation in early 2021, managing the deconversion of tails into stable uranium oxide (U_3O_8), a powder which can be stored for long periods prior to further enrichment or safe disposal.

We have now achieved sustainable production levels with two fully commissioned kilns. In 2023, we will further ramp up production, processing our inventory of depleted uranium. This represents an important step in our contribution to sustainability. In addition, a carbon footprint audit we conducted of the TMF showed that the co-product we produce, hydrofluoric acid, has an estimated carbon intensity of only one third of that produced via traditional means.


SK1
SK1

Case Study

Urenco stands for security of supply

In August, Jens Spahn (CDU), member of the German Parliament (Bundestag), deputy chair of the Union parties and spokesperson for economic affairs and climate protection, visited Urenco's Gronau site with a group of politicians.

Together they learned about the current market developments and the plans at Urenco. As part of an energy focused tour through North Rhine-Westphalia and Lower Saxony, Mr Spahn visited Urenco in Gronau and the Emsland nuclear power plant.

While the political environment for nuclear remains challenging in Germany, we note there has been a positive shift in national opinion to becoming more supportive of nuclear as a low carbon form of energy generation.

Main image:
Preparation container transport from autoclave, Gronau, Germany

Our strategy: priority focus areas

Next Generation Fuels

UN Sustainable Development Goals

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

Ensure access to affordable, reliable, sustainable and modern energy for all.

We believe we are well positioned to provide the enrichment services needed to support the next generation of advanced reactors.

We have made significant progress in 2022 to lay the groundwork to produce low enriched uranium plus (LEU+) in the UK and US. LEU+ will provide low enriched uranium up to 10% uranium –235 and help drive industry-wide innovation in the adoption of more efficient nuclear fuel. It is Urenco's ambition to bring LEU+ to market by the mid-2020s, and this year we have moved forward on licence applications and vital investment decisions to accelerate its deployment at Eunice (USA) and Capenhurst (UK). This comes after the completion of detailed technical feasibility and plant optimisation plans. The new product can be used in existing light water reactors seeking to achieve even higher levels of safety and improved economics. Urenco's existing advanced gas centrifuge technology is capable of producing LEU+ and limited modifications will be needed to the current facilities.

LEU+ is a positive initial step towards the potential production of other advanced fuels (from 10 to 19.75% enriched uranium) 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, and meet the growing market to fuel advanced reactors. As with all nuclear fuel, the ongoing conflict in Ukraine has highlighted our partners' and customers' need for security and diversity of supply.

Images top to bottom:
Capenhurst, UK; Eunice, New Mexico.

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; as well as working with the wider industry on transport solutions. This project is being undertaken within the framework of international agreements that govern Urenco's activities. We have the knowledge and experience to play a leading role in this area, which will provide an enhanced service for our customers and also make a positive contribution to net zero targets.

Case Study
UK Government backs fuel projects

UN Sustainable Development Goals

Strengthen the means of implementation and revitalize the global partnership for sustainable development.

In September, the UK Government Department for Business, Enterprise and Industrial Strategy (BEIS) announced funding for advanced fuel and reactor projects that Urenco is a part of:

- A study to produce Coated Particle Fuel (CPF) – an extremely robust nuclear fuel for High Temperature Gas Reactors (HTGRs), in partnership with the UK's National Nuclear Laboratory (NNL), and Japan Atomic Energy Agency (JAEA).
- A study to develop HTGR and advanced TRi-structural ISOtropic (TRISO) fuels, in collaboration with Westinghouse Electric Company's Springfields facility in the UK.

This is a further example of Urenco's commitment to evolving the nuclear fuel cycle and our collaboration with governments to deliver this.

Image right:
Inspection programme at
TMF, Capenhurst, UK.


Caution
Mind the step

Our strategy: priority focus areas

"For 2022, we have produced a combined Annual and Sustainability Report. It brings together material information about the organisation's strategy, governance, performance and prospects in a way that reflects the commercial, social and environmental context within which we operate, demonstrating that sustainability is at the heart of Urenco's business and strategy".

Miriam Maes
Chair, Sustainability Committee

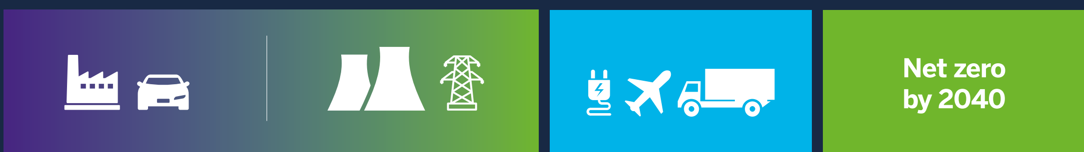
Sustainability

Sustainability is integral to everything we do at Urenco. There are three key pillars of our sustainability strategy which underpin our organisation: environmental impact; social impact, and governance and ethics (ESG).

our sustainability
net zero

2030

2040



Scope 1 and 2 emissions
100%* reduction by 2030 (2019 baseline)
*Exceeds minimum SBTi standards for 1.5°C pathway

Scope 3 emissions
30% reduction by 2030
(2019 baseline)

* Joined Science Based Target initiative (SBTi) to validate net zero targets.

UN Sustainable Development Goals

13 CLIMATE ACTION

Take urgent action to combat climate change and its impacts.

Net zero and other environmental impact

As nuclear energy is a critical element of a low carbon economy, it is a priority for us to contribute positively towards achieving global climate change goals.

This includes ensuring that our company's carbon emissions reach net zero within an accelerated timeframe, even sooner than 2040. Urenco is therefore committed to achieving this for our direct and indirect operations (scope 1&2) by 2030, and for our wider supply chain by 2040 (scope 3).

We are a proud member of the Climate Pledge and actively support the push to limit global warming.

In November, we became a member of the World Business Council for Sustainable Development (WBCSD) to help us progress global corporate sustainability, working alongside over 200 of the world's leading sustainable companies. After our first Carbon Disclosure Project (CDP) submission in 2021, we have once again taken part in the publicly available database of carbon related performance for companies. In fact, we increased our climate change disclosure score for 2022 moving up to a B from a B-. This score is based on our 2021 activities and means we have addressed the environmental impacts of our business and are managing them well. Being part of this initiative allows us to benchmark our carbon performance and its related 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 to progress towards net zero carbon emissions.

Area	SDGs	Strategic Target		KPI	Progress
Environmental impact	13, 6	1 Natural resources	By 2025, reduce operational water withdrawal by 15% compared to a 2020 baseline.	Rolling annual operational water withdrawal.	Read more on page 30
		2 Net zero	Achieve net zero by 2040. Reduce Urenco's combined scope 1 & 2 emissions by 100% by 2030 from a 2019 baseline. Reduce Urenco's scope 3 emissions by 30% by 2030 from a 2019 baseline.	Rolling annual reduction to scope 1 & 2 carbon emissions.	Read more on page 29
				Rolling annual reduction to scope 3 carbon emissions.	Read more on page 29
Social impact	3, 4, 5, 6, 8, 9, 10, 15, 17	3 Social impact	By 2025, invest €5 million in a diverse range of skills focused on achieving a net zero future, including supporting 50 interns by 2025 and forming at least 10 strategic charitable partnerships by 2025.	Rolling number of interns supported each year.	Read more on pages 34 & 35
				Rolling spend on Social Investment Programme between 2021 and 2025.	Read more on page 34
		4 Culture	Urenco aims to transform its leadership to become a more culturally diverse company: >30% women in leadership/ management roles by 2025 and 20% diverse workforce by 2025.	>30% women in A-D roles by 2025.	Read more on page 37
				>20% other under-represented group* in all job holders by 2025.	Read more on page 37
				>95% of managers will undergo training on inclusive leadership by end of 2023.	Read more on page 37
Governance & ethics	3, 16	5 Health, safety and wellbeing	Achieve an Interdependent Safety Culture by 2025[1].	Total Recordable Incident Rate (TRIR) of 0.34.	Read more on pages 3, 8 & 36
				Zero fatalities.	Read more on page 36
		6 Nuclear safety, security and non-proliferation	No nuclear safety or proliferation impacts from Urenco operations.	Zero nuclear safety or proliferation regulatory breaches.	Read more on page 36

* racial/ethnic minority background; sex/gender/identity other than male; LGBTQ+; disability/health condition.

[1] DuPont Bradley Curve.

Our strategy: priority focus areas

Sustainability

Risks and opportunities posed by climate change

Climate change is the defining issue of our time and directly affects the ability to achieve UN Sustainable Development Goals. In recognition of this, Urenco signed The Climate Pledge in 2021 to demonstrate our commitment to achieve net zero carbon emissions in advance of 2040. In July 2022 our CEO, Boris Schucht, signed a Science Based Target initiative (SBTi) commitment letter in which Urenco agreed to achieving net zero and a 100% reduction in scope 1 and 2 emissions by 2030 and a 30% reduction in scope 3 emissions by 2030. We are aiming for the SBTi to validate our targets by the start of 2024.

Net zero is one of the most important drivers for the future of our business. By delivering on our net zero aspirations Urenco will further contribute to reducing the carbon intensity of the wider nuclear fuel cycle, offering an enriched uranium product with a significantly reduced carbon intensity.

Urenco recognises that climate change represents a multitude of physical, chronic and transitional risks, as the world moves to a low carbon future. We are committed to working towards incorporating the recommendations laid out by the Task Force on Climate-Related Financial Disclosures (TCFD) in full.

A TCFD gap analysis has highlighted areas of improvement and we plan to implement these during the course of 2023. In 2022, there were Executive and Sustainability Committee discussions on understanding the TCFD gap analysis and for giving approval to progress with the 2023 work programme. A key portion of work for 2023 is to explore in greater depth the specific risks that may affect our business and how best to mitigate them. To better understand the financial impact of our climate risks and opportunities, Urenco will conduct climate scenario analyses across a range of selected warming scenarios. The output of this work will inform Urenco's planning and prioritisation of future business strategies and investments, therefore improving our business's future resilience.

Image above:
Gronau, Germany.

Source	2019	2020	2021	2022
Scope 1	(tonnes of carbon dioxide equivalent)			
Biodiesel	0 tCO_2e	2 tCO_2e	0.12 tCO_2e	1tCO_2e
Diesel	462 tCO_2e	416 tCO_2e	489 tCO_2e	428 tCO_2e
Fuel Oil	465 tCO_2e	286 tCO_2e	277 tCO_2e	364 tCO_2e
Petrol	78 tCO_2e	82 tCO_2e	92 tCO_2e	85 tCO_2e
Propane	12 tCO_2e	8 tCO_2e	7 tCO_2e	5.3 tCO_2e
Natural Gas	5,272 tCO_2e	5,011 tCO_2e	5,939 tCO_2e	5,636 tCO_2e
Refrigerants	4664 tCO_2e	11,326 tCO_2e	7,696 tCO_2e	6,439 tCO_2e
Scope 1 Total	10,953 tCO_2e	17,131 tCO_2e	14,500 tCO_2e	12,959 tCO_2e
Scope 2				
Electricity (Location based)	260,219 tCO_2e	230,803 tCO_2e	210,617 tCO_2e	186,301 tCO_2e
Electricity (Market based)	184,614 tCO_2e	129,245 tCO_2e	124,787 tCO_2e	133,044 tCO_2e
Scope 3	179,598 tCO_2e	193,178 tCO_2e	237,973 tCO_2e	284,542 tCO_2e

Environmental footprint

We have taken significant steps to reduce our environmental footprint although we are still at the beginning of a journey. In 2022, our total energy use reduced by 1.3%. Our scope 1 (direct) emissions reduced by 10.6% on 2021, but remain 18.3% higher than our 2019 baseline. Natural gas and refrigerants make up the majority of our scope 1 emissions and we are utilising the skills and expertise within Urenco to develop innovative solutions to meet our net zero targets. Whilst our scope 2 emissions (indirect, mainly from purchased electricity) increased by 6.6% in 2022 compared to 2021, they are still 28% lower than our 2019 baseline. The 2022 scope 2 increase in emissions was due to increases in carbon intensities of electricity supplies to our sites in the Netherlands and Germany. Over the course of the next year, we will be focusing on more elements of the net zero programme with newly appointed site net zero leads at all of our operating facilities. As such, we are taking a coordinated approach to accelerate decarbonisation across our sites.

Our newly created Site Net Zero Task Force promotes the reduction of carbon emissions across all of our sites, and includes a focus on electricity usage, which accounts for almost a third of our total scope 1, 2 and 3 emissions. The Task Force consists of all recently recruited site net zero leads, the net zero programme manager and technical experts.

Our electricity consumption across all four enrichment sites reduced by a further 1.2% in 2022. 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 UK's Streamlined Energy and Carbon Reporting (SECR) requirements (page 82).

We are committed to managing our climate change impact not only within our operations, but across our value chain (scope 3 emissions). In 2022 we measured these emissions again, gaining an informed understanding of where our supply chain impact lies.

Whilst our scope 3 emissions saw a substantial rise over the previous year, this was largely due to a change in methodology which has expanded the scope 3 categories that we will be reporting on. In 2023, we will be implementing this methodology change back to our baseline year, in line with the latest guidance from the SBTi. Purchased goods and services remain the largest part of our scope 3 footprint. This includes the emissions from the uranium feed that Urenco owns and procures, the equipment required in our operations and the supporting goods and services that keep our business running. To continue to take steps to improve on this, we have partnered with global sustainability ratings provider, EcoVadis, to independently assess our suppliers' sustainability status and validate their eco-credentials to ensure we make ongoing progress in this area. EcoVadis is also positively engaging with our suppliers to help us hit our scope 3 target.

Our strategy: priority focus areas

Sustainability

UN Sustainable Development Goals

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Ensure sustainable consumption and production patterns.

Responsible consumption

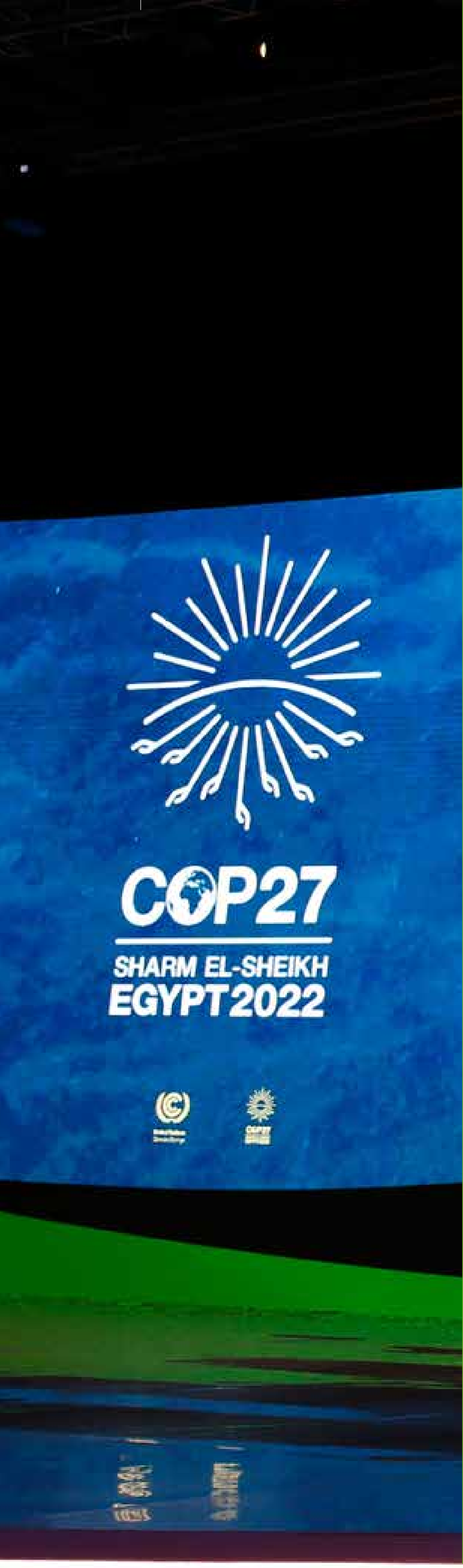
We have reduced our water use by 12.2% compared to our baseline year of 2020. Most of Urenco's water consumption is used for evaporative cooling of industrial processes and the volume largely depends on climatic conditions. There is always a trade-off between water use and electricity and refrigerants' use when it comes to refrigeration.

Since 2017, we have experienced year on year reductions in water use. This is mainly due to changes in operational processes. For example, we have introduced rainwater harvesting at our Tails Management Facility as one such solution. We have also worked closely with local water companies in the Netherlands to investigate water saving measures. Water is a shared resource and we take care that our usage does not reduce its availability to others, further seeking opportunities to reduce water withdrawn from local rivers or groundwater sources.

These achievements have been made by prioritising sustainability in strategic decision making. Our Smart Plant Workstream will empower us to do this with greater accuracy, as we digitise the measurement of our electricity, gas and water consumption. All of our sites now have dedicated net zero leads, who are wholly focused on transitioning each site.

As part of their remit, they are exploring successes on individual sites which can be rolled out to others, for example the use of solar PV arrays at Almelo. We continue to invest in electric vehicles, and are also investigating alternative refrigeration systems which deliver a far lower carbon impact, replacing natural gas assets with hydrogen or electric based systems.

Image right:
COP27 Sharm El-Sheikh, Egypt



Case Study

COP27: New nuclear and the key role of the supply chain

In November, a Urenco delegation attended COP27 to help promote nuclear's role in the drive to net zero.

The aim was to create conversations between government and industry on the complementary role of nuclear power and renewables in the transition towards a net zero future, and how international cooperation is needed to enable this, to progress advances in technology, financing mechanisms, and global policy frameworks.

We spoke about simplified policy and regulation frameworks to accelerate the adoption of SMRs and AMRs around the world.

We also attended the World Nuclear Association's COP27 event "Beyond COP27, nuclear's contribution to net zero", where we advised that cross industry and cross sector collaboration was needed to allow us to collectively move forward. This included initiatives which could help provide solutions, such as the use of low carbon concrete and 'green' steel in our new buildings.

We also met the UK Minister of State for Energy and Climate, Graham Stuart, where we highlighted nuclear's critical role in achieving net zero goals and how we can work closer with Government to help do so.

UN Sustainable Development Goals

7 AFFORDABLE AND CLEAN ENERGY

Ensure access to affordable, reliable, sustainable and modern energy for all.

13 CLIMATE ACTION

Take urgent action to combat climate change and its impacts.

17 PARTNERSHIPS FOR THE GOALS

Strengthen the means of implementation and revitalize the global partnership for sustainable development.

Our strategy: priority focus areas

Sustainability

Case Study

Scope 1&2 initiatives snap shot

Urenco's net zero project managers have developed action plans to drive down our scope 1 and 2 emissions.

We have been identifying opportunities to reduce our scope 1 emissions including looking to introduce alternative refrigerants and eliminate hydrocarbon based systems reliant on natural gas, propane and diesel.

At Almelo, optimisation of a building humidification system has reduced consumption of natural gas by using the waste heat from other plant areas. This will reduce carbon emissions by around 170 tCO2e per year.

Replacement of hot air blowers that form part of the plant process at Almelo for more efficient designs will lead to a 300 tCO2e reduction per year.

A major focus for Urenco will be further implementing our plans for reducing scope 2 emissions and boosting our sustainable electricity supply. At Almelo, we installed almost 7,500 solar panels in 2022, to provide the equivalent of around 2% of the site's annual electricity needs. At our German, UK and US sites, more solar capacity is being planned and developed for the future to further reduce our use of grid electricity.

Above: Solar panels at our Almelo site.

Main image: Inspecting the new electric command vehicle, Gronau.

Case Study

Site electrification of vehicles

We installed 36 new charge points at Almelo employee and visitor parking areas, and 20 more are to be added in 2023.

In August, Urenco Deutschland's site fire brigade was able to put a new electric command vehicle into operation. This ensures tailpipe emissions are reduced and that energy is not lost during braking. The acquisition of the new vehicle is part of a group-wide ambition to change all site vehicles from internal combustion engines to electric.

Our strategy: priority focus areas

Sustainability

UN Sustainable Development Goals

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

Strengthen the means of implementation and revitalize the global partnership for sustainable development.

Social Impact

Beyond environmental sustainability, we continue our efforts to enhance social sustainability. To further help deliver change and impact, we have multi-year partnerships with charitable organisations. This is in addition to the donations we make to charitable organisations local to our operating sites and our volunteering initiatives. We have also enhanced the alignment of our internship, educational and other social programmes with our wider sustainability priorities.

Our STEM (science, technology, engineering and maths) education initiative, the Richie Programme, continues as part of our commitment to nurture the next generation of scientists and engineers, providing workshops and digital resources for schools and students. In 2022, we engaged globally with almost 9,000 pupils in person through our Richie education programme of workshops and events and over 38,000 through online STEM resources. We have undertaken an audit of the impact of the Richie Programme, to ensure future best practice, and to maximise the number of children we can reach by modernising our channel strategy and usage.

Some examples of our social impact partnerships are:

Pump Aid

We are funding the charity Pump Aid to support and train nine local people in Sub-Saharan Africa to ensure their communities receive access to clean water. They are being trained to construct and maintain around 800 community wells and pumps in Malawi as part of a social enterprise model. Safe water supplies, child-friendly toilets, hand-washing stations and the teaching of hygiene education will also be delivered as part of our funding. The new trained mechanics will be able to fix wells and pumps that break, meaning the communities do not lose their source of clean water.

IAEA

Alpha-emitter therapeutic radiopharmaceuticals have shown promising results in treatment of various cancers worldwide. The IAEA, as a platform providing peaceful applications of nuclear techniques to the Member States, is coordinating research on the production and quality control of Actinium 225 radiopharmaceuticals to enable radio pharmacy laboratories in clinics worldwide to prepare efficient, state of the-art radiopharmaceuticals for cancer therapy. Our support of this work expands our partnership with the IAEA, under which we also fund their Environment, Food and Agriculture programme (page 7), which is looking at climate change adaption in crops, and their Marie Sklodowska-Curie Fellowship Programme, providing scholarships to young women studying for a Master's degree in a nuclear-related subject.

Chester Zoo, UK

This partnership endorses and supports Chester Zoo's pioneering conservation research and its 2030 goal of empowering 10 million people to live more sustainably. The zoo plans to double the size of its current lab facilities reinforcing its science programme and increasing its training capacity. Urenco is also funding its science lab project to help the zoo reach over 150,000 young people through learning programmes. This aligns with Urenco's core values in terms of innovation and leadership.

American Nuclear Society (ANS)

ANS addresses nuclear technology issues via education, standard setting and engagement. Urenco has joined as an inaugural founding member of ANS' 'Trustees of Nuclear' programme, aimed at increasing STEM education, and also education of the public and policy leadership through media and policymaker engagement on nuclear issues.

The Weekend school, the Netherlands

Founded in 2008, the school gives children in Twente (aged 10 to 14) from underprivileged backgrounds the opportunity to broaden their horizons educationally, socio-culturally and socially to positively influence their prospects. Urenco's funding will enable the school to increase its current offering of 12 groups in the Almelo region covering about 250 young people per school year, who attend weekend meetings covering various fields of expertise.

Human rights

In 2022, we engaged a human rights specialist to undertake a gap analysis to identify best practice and areas we can boost our policies, procedures and supply chain engagement. We will engage, track and collaboratively monitor our suppliers in their social/human rights performance as part of our sustainability partnership with EcoVadis. In 2023, we will continue to focus on this important subject and further bolster our human rights due diligence processes. We remain committed to the UN Guiding Principles on Business and Human Rights and these are important themes within our Code of Conduct and Supplier Code of Ethics & Conduct documents.

Case Study

Richie Enrichment Science Workshops

After two years of providing students with take-home science kits to remain Covid-safe, volunteers from Urenco's Eunice site were excited to finally return to the classroom and host Richie programme enrichment science workshops in-person.

The workshops reach over 1,600 fifth-grade students annually in 21 different schools near the site. They are conducted by over 160 of our Eunice employees, who volunteer to participate.

During each presentation, students review STEM educational materials. They are introduced to a variety of scientific lessons, from identifying material under a microscope to how centrifugal force works.

Volunteers from Eunice also share information about the opportunities our company can provide in the future, from our annual scholarships for graduating high schoolers to the paid internship opportunities available to college students.

In addition, Eunice recently established a social impact partnership with Career and Technical Center of Hobbs (CTECH). CTECH is a new state-of-the-art educational facility that serves as a valuable pipeline for local high school students to learn technical and vocational skills.

UN Sustainable Development Goals

4 QUALITY EDUCATION

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

Main image: 2023 UUSA Richie Enrichment Science Workshops

Our strategy: priority focus areas

Sustainability

UN Sustainable Development Goals

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

Governance and ethics

We 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 continuously improve our security measures to ensure we stay ahead of any threats and keep our assets and the environment safe. We use threat information provided by the intelligence services from the countries in which we operate as well as advice from industry organisations and the International Atomic Energy Agency (IAEA) on good practice in implementing security measures, plus thinking from commercial security providers on innovations in the security field.

The effectiveness of Urenco's security is tested and checked in periodic inspections by nuclear regulators and by security exercises with internal and external stakeholders. This provides a solid basis for verification that we continue to meet all regulatory requirements and ensure our processes are robust and fit for purpose.

Additionally, we preserve the privacy of personal data, and continue to ensure strict adherence to all relevant regulatory and industry standards.

In 2023 we will continue to invest in further improved technical security measures, effective organisational security procedures and in maintaining a high level of security awareness among our workforce.

In relation to safety, there has been an increase in incidents compared to last year (pages 3, 8 & 36), none of which were nuclear related. Despite this, we take slips, trips and falls very seriously in addition to all other risks. Our aim is to achieve the 'interdependent' stage of the DuPont Bradley Curve, taking personal accountability for our safety and the safety of others, and we will work to improve our performance in 2023.

In 2022 we refreshed our Code of Conduct, which contains ethical standards to serve the needs of our workforce, customers, suppliers, communities and other key stakeholders. It further bolsters human rights and sets out the expected standards, providing a range of resources and practical, relevant guidance. There is a complementary Code of Conduct for our suppliers.

It is important Urenco has a strong speak-out culture to address any actions which may be in breach of regulations or the Code of Conduct. Our Speak-Out procedure, available to staff, customers, suppliers, the public and other stakeholders, has been designed to ensure concerns are dealt with in a timely, sympathetic, fair and effective manner; anonymity is maintained and those who speak-out are fully protected against any form of negative consequences; and there is a fair process for all parties involved.

Our strategy: priority focus areas

Culture

our culture

UN Sustainable Development Goals

5 GENDER EQUALITY

Achieve gender equality and empower all women and girls.

One of the ways we are delivering on our strategy is through our culture initiatives.

We see culture as critical in creating a flourishing organisation which is both supportive and challenging, where ideas are listened to and the best ones are acted upon, and where our people's contributions underpin our business priorities.

Feedback from our people informs our decision making, and over the past year we have taken further steps to maximise the voices of everyone within Urenco. With the latest 2022 OHI findings, the priority areas have evolved into three global themes: **Clarity and Leadership**; **Empowerment and Accountability to deliver**; **A Learning Organisation** supported and enabled by an improved **Employee Experience**. In addition, each site has identified an additional focus relevant for improving their local culture.

This includes furthering the understanding and implementation of our Urenco behaviours, which link to our Code of Conduct and values.

In 2022, we held three dedicated behaviour days, to enable discussion and engagement.

The Urenco behaviours are:

- **One Urenco** – actively collaborating to form winning teams and embody transparency, respect and inclusivity.
- **Act today for tomorrow** – embracing continuous improvement and innovation and acting consciously with a broader and longer term perspective in mind.
- **Own our results** – ensuring physical and psychological safety and maintaining integrity and empowering by holding self and others accountable.

We have also ramped up our global leadership programme, focusing on change management to better equip our leaders with the skills they need to drive our strategy. This programme includes bespoke modules tailored to our sites. This year there were four cohorts of classes which included offering 360-degree feedback to help colleagues track their progress. To date, 70 Urenco employees have been enrolled in the programme with plans to further expand it in 2023. This is one of the ways in which we continue to invest in our people.

To assist with the monitoring and development of our culture programme, we have introduced a new tool called 'Your Voice'. This provides managers with a platform to receive and respond to regular feedback from employees. It has already been introduced in our head office and local leadership teams with plans for a complete rollout in 2023.

Inclusion and diversity (I&D)

Inclusion and diversity (I&D) is a core element of our culture programme. In 2021 we introduced a demographic and inclusion survey, which we ran again this year with increased participation across the organisation. We have specific goals to promote more inclusivity within our organisation, several of which form part of executive targets, and we have chaired two inclusion and diversity conferences to help embed change. This has gone hand-in-hand with an awards ceremony to champion the work of our people in this field. Crucially, we now have six global employee networks and have developed allyship training, to ensure the voices of our people are heard and they feel they can bring their whole selves to work.

Creating more two-way dialogue across Urenco will continue to be a principal part of our business strategy in 2023 and beyond.

Case Study

Cosmic Cape Festival

In May, Urenco Capenhurst and the community held a music festival for employees, their families and local residents. It attracted over 1,800 people, with plenty of activities, including live music, bouncy castles, climbing walls, craft and science areas.

A cheque for £10,000 was also donated to a local hospice.

Case Study

UUSA recognised in Profiles in Diversity Journal

As part of our inclusion and diversity initiatives, our US site in Eunice continues to focus on hiring and promoting diverse candidates within the organisation. In 2022, over half of Eunice's new hires and one third of the management team represented diverse groups. Also, 24% of supervisory, managerial or leadership roles are held by women.

This year, Eunice's Managing Director, Karen Fili, was recognised nationally by the Profiles in Diversity Journal as a trailblazer for her work in the nuclear industry, and received the Women Worth Watching in STEM award. Karen is one of a small number of female CEOs in the nuclear industry where globally women make up less than 25% of the workforce, according to the World Nuclear Association.

Eunice also created two part-time roles for individuals from Leaders Industries, a non-profit organisation that provides advocacy and support to people in Lea County with intellectual and developmental disabilities. These new employees work on-site three days each week, helping with projects in various departments including Communications, Human Resources and Finance, alongside receiving developmental opportunities including tutoring to assist with reading comprehension and writing skills.

Main image: Eunice, New Mexico.

Stakeholder engagement

Throughout 2022, Urenco continued with its stakeholder engagement, speaking with the right people in all our relevant geographies to advocate for the important role which nuclear, and Urenco, is undertaking in achieving climate change goals, energy independence and security.

Urenco proactively advocates for the role of nuclear energy in achieving a sustainable and low carbon energy future. We recognise the importance of a science-based external approach and the 1.5°C goal of the Paris Agreement, to provide a stable framework aimed at reducing the impact of human induced climate change.

In order to support making this vision and the Paris Agreement a reality, Urenco engages in dialogue with policymakers, regulators, business associations, like-minded business partners, NGOs, as well as a range of climate-focused membership bodies, coalitions, and stakeholder initiatives.

In line with our commitment to tackle climate change and accelerate the transition to a net zero economy, Urenco is committed to conducting all its public policy engagement and advocacy work to align with and advance the Paris Agreement goals and accelerate the transition to a future with temperature increases of not more than 1.5 °C.

Some highlights included:

March

Urenco's Chief Commercial Officer, Laurent Odeh, attended a roundtable hosted by the then UK Prime Minister on nuclear energy to discuss energy security and how to accelerate UK nuclear projects. Laurent outlined Urenco's ability to supply the enrichment demand for the UK's future fleet and our plans to develop advanced nuclear fuels for the next generation of reactors, such as SMRs.

May

Urenco participated in a UK-US Nuclear Energy Roundtable Meeting in Washington, DC hosted by the then UK Department for Business, Energy, and Industrial Strategy (BEIS) secretary of state and US Department of Energy (DOE) deputy secretary. The event was held in conjunction with the second meeting of the UK-US Strategic Energy Dialogue – announced in June 2021 by President Biden and the former prime minister and launched in November 2021 at COP26.

June

Dutch Minister for Climate and Energy, Rob Jetten, visited our Almelo site, participating in a guided tour of the Urenco uranium enrichment plant, the stable isotopes plant, and the recycling centre, where processed components are overhauled and cleaned for reuse.

August

Urenco sponsored an Industry Forum luncheon in New York in conjunction with the Tenth Review Conference of the Parties to the Treaty on the Non-Proliferation of Nuclear Weapons (NPT). Urenco CEO, Boris Schucht, provided opening remarks. World Nuclear Association Director General, Sama Bilbao y León, presented the President of the Review Conference, Ambassador Gustavo Zlauvinen, with a joint industry statement signed by twenty industry associations representing a broad cross-section of the nuclear industry and expressing their collective support for the NPT.

Our US site, Eunice, also hosted a site tour for International Atomic Energy Agency (IAEA) Deputy Director General and Head of Safeguards, Massimo Aparo, the US Department of Energy's (DOE) National Nuclear Security Administration (NNSA) Deputy Administrator for Defense Nuclear Nonproliferation, Corey Hinderstein, and other participants from the IAEA, NNSA and US Nuclear Regulatory Commission (NRC).

September

We sponsored and hosted the opening welcome reception of the World Nuclear Symposium 2022 at the Victoria and Albert Museum in London. Our CEO Boris Schucht made an address about the importance of energy independence and security of supply as hundreds gathered for the World Nuclear Association flagship event. At the main conference, Chief Commercial Officer Laurent Odeh spoke on a Sustaining Fuel Supplies panel about the need for greater collaboration industry wide, to help overcome difficulties posed by the invasion of Ukraine. Our information stand also proved popular over the three days the Symposium ran for.

Capenhurst hosted a site tour for DOE's Assistant Secretary for Nuclear Energy, Dr. Kathryn Huff, and other participants from the DOE. A separate tour was held for DOE NNSA Deputy Administrator for Defense Nuclear Nonproliferation, Corey Hinderstein, and other participants from the NNSA.

October

Urenco attended the IAEA's International Ministerial Conference on Nuclear Power in the 21st Century held in Washington, DC. Boris Schucht moderated an International Industry Forum on the SMR Supply Chain, highlighting the challenges and opportunities for SMR deployment.

November

Urenco attended the 2022 American Nuclear Society (ANS) Winter Meeting and Technology Expo held in Phoenix Arizona. Urenco USA President and CEO, and Managing Director, Karen Fili participated in the Opening Plenary Session and Head of Market Development and Technical Sales Magnus Mori, participated in a panel on fuels for advanced reactors. Urenco is a founding sponsor of ANS' Trustees of Nuclear program which was announced at the meeting and will support ANS' STEM Academy and promote education of students, policymakers and the public regarding the nuclear sector.

Emilie Isaacs, Head of Government Affairs, delivered a speech and took part in a plenary session at the International Youth Nuclear Congress (IYNC) 2022 in Koriyama, Japan. This focused on the importance of nuclear advocacy and engagement, raising awareness amongst young nuclear professionals about communicating in the right way to develop trust with the wider public and stakeholders.

Above are a selection of images highlighting some of the events we attended throughout 2022.

Our strategy: Stakeholder engagement

Summary of engagements in 2022

Urenco maps and tracks engagements with stakeholders and logs these interactions so that areas of concern and interest can be addressed. A high level summary for 2022 is provided in the table below:

Stakeholder group	Type of engagement	Example topics raised	2022 Achievements
Customers/suppliers	• Regular meetings • Press/news releases • Social media • Presentations at conferences	• Status of enrichment plants • Net zero commitment • Energy security and independence • Next generation fuels	• No missed deliveries • New contracts
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	• Strategy • Culture, inclusion and diversity • Safety	• Mental health training • Employee Networks established • Employee demographic and inclusion survey • Employee listening sessions held between I&D champions and executive sponsor • High participation in safety events • Employee continuous improvement ideas submitted • Inclusion and diversity conference • Informal employee mixer initiatives, such as chat roulette
Pensioners	• Pension bulletins • Meetings • Letters	• Administrative changes • Investments • Funding information • New trustee information • Pension scam warnings	• Meetings well attended • Prompt responses to queries
Government/politicians/ regulators	• Regular contact • Site visits	• Net zero targets • Ukraine war response • Energy security and independence • Next generation fuels	• Regular political and regulatory meetings and involvement in working groups
Investors/shareholders/ banks/rating agencies	• Regular contact • Virtual investors roadshow	• Economic performance • Market conditions • ESG ratings	• Regular one to one meetings • Well attended full year results presentation
Local communities/school children/apprentices/ graduates/social impact partnerships	• 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. • Almost 50,000 students participated in the Richie programme globally • 12 social impact partnerships fully established
Media/social media	• News releases • Social media channels	• Financial results • Operations • Nuclear stewardship • Nuclear hydrogen • Richie Programme and STEM • Net zero • Energy security and independence • Next generation fuels	• 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 • Net zero • Energy security and independence • Next generation fuels	• Sponsored and presented at industry events in line with COVID-19 restrictions • Contributed to industry publications

Case Study

Almelo reopens its gates to tours

In May, our Dutch site opened to the general public for the first time since 2019 (before the pandemic).

They visited the site and took part in guided tours through the enrichment plant. Other visitors boarded an electrical mini train that took them to the logistics department, and tours of the Urenco Stable Isotopes facility were also held for the first time ever. Elsewhere, there were STEM activities for children and a presentation from the net zero working group explaining how Almelo contributes to a low carbon society.

Risks and risk management

Our approach to Enterprise Risk Management

Proactive risk management and mitigation is a key area of focus for Urenco and essential to our long-term success. We constantly strive to increase risk awareness and encourage accountability for managing risks at all levels within the organisation.

We enhanced our enterprise risk management framework and strengthened our processes to identify, manage and mitigate potential risks and exploit opportunities that may impact our business and the achievement of our strategic objectives as we seek to grow.

Our risk management framework employs a 'top-down and bottom-up' approach. It is a rigorous method that ensures ownership and responsibility for the identification and management of key risks and opportunities takes place throughout the business. The safety and security of our personnel, assets, and technology continue to remain our top priority. 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.

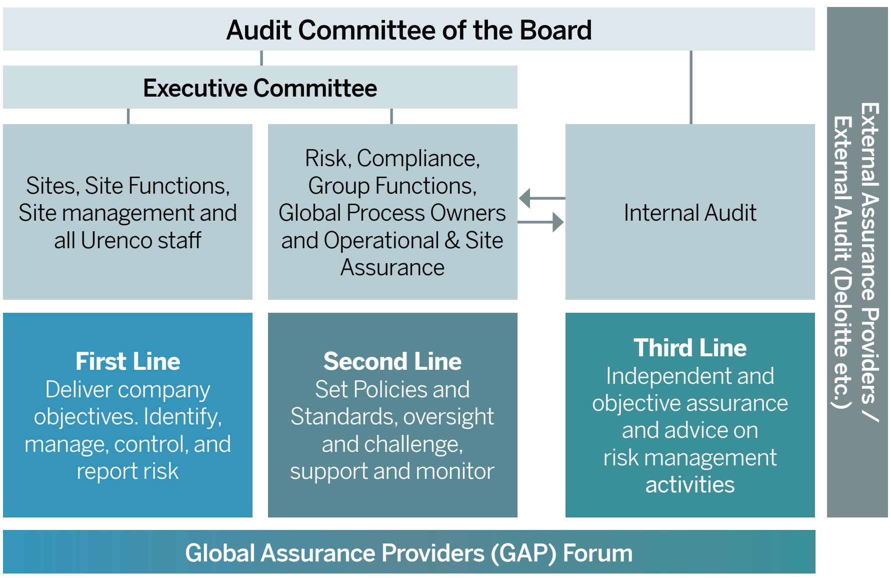
We operate a hybrid risk management approach where our Group Risk function oversees and guides the organisation in risk identification, analysis and monitoring, supporting our operational areas in developing their risk mitigation plans. We identify and manage risk at operational, functional, site and strategic level. Oversight and challenge are provided by the Executive Committee and the Board.

Our Group Internal Audit function provides independent and objective assurance to the Audit Committee over the effectiveness of Urenco's systems of governance, risk management and internal control by establishing, undertaking and reporting on an approved audit plan each year. Group Internal Audit is aligned with Risk Management and ensures that our governance processes help identify opportunities for process and control improvement.

We adopt a 'Three Lines of Defence' approach

Our risk management, internal control and assurance approach has been revised and updated in line with the Institute of Internal Auditors Three Lines of Defence Model for adoption across the Group. In addition, our External Auditor provides further assurance to the Audit Committee and the Board in relation to the Group's financial statements.

To coordinate assurance across the organisation, Internal Audit, Risk and Control functions have instigated a forum of Global Assurance Providers under the Three Lines of Defence Model with the governance structure as follows:



Three Lines of Defence Model

First Line of Defence	Second Line of Defence	Third Line of Defence
Sites, Site Functions and Management Deliver company & site objectives. Risk identification, management, control and reporting	**Risk, Compliance, Group Functions, Global Process Owners and Operational & Site Assurance Providers** Set Policies and Standards, oversight and challenge, support and monitor	**Internal Audit** Provide independent and objective assurance and advice on risk management & control

Identify, manage, control

Identifying, assessing, controlling/mitigating risks to Urenco's objectives; seeking business opportunities; compliance with polices and external regulations; incident management; learning lessons and continuous improvement.

Report & Support

Functions engage in policy and local external regulation support and implementation, ensuring local standards are set; incidents are reported and escalated, and controls are monitored or self-assessed.

Oversight and challenge

Group and functional oversight, including challenge and monitoring of risk management and mitigation practices by the First Line of Defence. Provides a view and assessment on sufficiency of risk management and control. Seeks and encourages continuous improvement.

Standard setting, monitoring and reporting

Setting the Risk Management and Assurance framework for the Group and Sites for effective risk management and assurance practices. Providing guidance, support and challenge to the First Line of Defence and assurance, monitoring, and reporting to respective Committees.

Independent assurance

Examine, evaluate and report on the adequacy, effectiveness and efficiency of Urenco's governance, risk management and internal control processes with a view to continuous business improvement and in relation to Urenco's objectives and risk appetite. Assurance is provided through a risk based internal audit programme.

Principal risks and uncertainties

Our principal risks are sponsored by members of our Executive Committee, who appoint a senior manager who is responsible for identifying the potential causal factors and consequences. Each risk is evaluated in terms of its present impact and likelihood, and compared against the level of target risk for which we have an appetite.

Comparing these positions, we evaluate the strength of our existing controls and consider the further actions that are needed to reduce the risk to an acceptable level.

Pages 45 to 49 provide an overview of our principal risks and the actions we are taking to control and mitigate our risk exposure.

Delivering our capacity programme

Description	Impact	How we are managing the risk
As we prepare for growth in the market, Urenco is embarking on a number of high value and complex projects.	Failure to manage the programme or individual projects could result in design, construction or technological challenges, which might delay the programme and result in cost overrun or inability to fulfil customer obligations.	• We are upscaling our existing control frameworks and adapting our management structure • We have conducted key contract negotiations with our ECPM (Engineering, Procurement & Construction Management) suppliers • We are performing gap analysis of the additional controls and systems and reviewing our processes and systems to ensure that they are robust and scalable to deliver our additional capacity requirements • We are carefully managing supply and demand, acquiring more UF_6 and borrowing material where necessary to deliver increased customer requirements

Risks and risk management

Resourcing requirements to meet our strategic objectives

Description	Impact	How we are managing the risk
The availability of people and scarce skills in a tight labour market, following the COVID-19 pandemic and Brexit, combined with increased demand for enriched uranium, places a premium upon identifying the right mix of skills across our sites.	If we are unable to resource the skills mix and growth required in our capacity programme, we may be unable to operate our sites at the levels required to fulfil the future requirements of our customers.	• We are developing a hybrid delivery model, partnering dedicated internal recruitment resources with a professional outsourced recruitment provider and preferred suppliers • Each function will develop and own detailed workforce plans and agreed prioritisation to support the capacity programme • We are reviewing the effectiveness of our organisational structure (matrix optimisation) and implementing change • Reviewing vetting processes to improve staff onboarding without compromising our security requirements • We will be implementing an integrated Human Resources Information System across our organisation

Lack of appropriate cyber resilience

Description	Impact	How we are managing the risk
Failure to protect data, information and IT systems.	• Loss or theft of confidential client or customer data, or service disruption due to cyber attack could result in reputational damage, disruption to business, or regulatory breach.	• Our Chief Information Security Officer (CISO) is responsible for ensuring that Urenco maintains effective threat intelligence and incident response capabilities to meet the evolving challenges of the cyber environment • We operate Threat Defence workstreams to identify and address vulnerabilities • Robust management of our third parties • Investment in informing and protecting our systems users • Delivery of an organisation wide Information Security Management System (ISMS) composed of a comprehensive control framework, updated risk management method and robust policy and procedure suite • We have ISO27001 Information Security accreditation in parts of our business and are implementing a programme to extend this to cover Group Services by 2024

Major incident on a Urenco site

Description	Impact	How we are managing the risk
An incident resulting in the extended cessation of operations of some production capacity at a Urenco facility.	Urenco operates in an environment that is subject to a wide range of health, safety and environment laws, regulations and standards. Failure to comply with these requirements could result in regulatory enforcement action, which would likely adversely impact our employees, result in the imposition of restrictions on how we operate and potentially prove detrimental to our reputation.	• Safety is of paramount importance at Urenco. We ensure safety in planning and design, and monitor safety rigorously through leading indicators such as observations, inspections, assessments, safety meetings and training, 5S methodology compliance, and Health & Safety audits. • Safety Key Performance Indicators are regularly reviewed and findings from incidents are communicated across the business to increase organisational awareness • We work closely with regulatory bodies to ensure the safe, continuous operation of our sites • Each Urenco site has an excellence plan which is owned at licensee level to address and monitor any weaknesses or adverse trends that are identified

Desired culture is not embedded across the organisation

Description	Impact	How we are managing the risk
Our Culture programme is one of our strategic pillars and is a key component of enhancing our Sustainability as part of our ESG aspiration.	Failure to successfully deliver a credible culture programme could impact Urenco in several ways, including: • Undermining the delivery of our strategic initiatives • Challenges around talent attraction and retention • Reducing the effectiveness of compliance, safety, and security	• Change Management training has been included in the Global Leadership Programme that we are conducting across Urenco, as tone-from-the-top is fundamental to bring about the changes desired • Culture KPIs are in place to monitor trends in regard to employee engagement, Leadership, Behaviours and Inclusion • We implement an annual Culture Plan, and have established Inclusion and Diversity goals for the next 3 years • We are investing in people management training, and behaviour & performance management • Organisational Health Surveys are used to gauge employee feedback and inform our focus areas and culture improvement workstreams

Risks and risk management

Inability to meet demand for next generation fuels

Description	Impact	How we are managing the risk
Advanced Reactors (AR) hold the promise of future, clean and reliable energy, but they represent the cutting edge of nuclear technology and there may be unexpected delays to AR deployments or fuel supply chain capability/components development.	Delayed customer demand and/or incomplete supply chain to meet customer requirements may generate losses from investment in LEU+ or HALEU capacity which materialises later than expected.	• We are supporting both the US and UK governments to de-risk this investment area • We have deployed specialist resource to focus on next generation fuels and ensure Urenco is engaged in the development of AR projects, creating dedicated HALEU teams in both the US and UK • We are investing in deconversion capability to meet long-term sustainability requirements

Long-term nuclear liabilities – Tails deconversion and disposal

Description	Impact	How we are managing the risk
The estimated cost and timing of our 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 we can influence but not control, for example, government policy for long-term disposal costs of depleted uranium oxide (U_3O_8).	A change to government policy could result in significant impact on balance sheet liabilities and future cash flows as well as potentially forced cessation of operations in the event that physical tails storage runs out.	• A triennial review of provision rates is conducted which is externally audited • We are managing physical storage capacity for UF_6 tails and U_3O_8 across the Group • We are actively de-converting material both using our own technology (TMF) and third party contracts where necessary • We have established a Nuclear Decommissioning Trust in the US to meet our regulatory requirement to provide financial assurance over our nuclear liabilities (including tails) at Louisiana Energy Services (LES)

Geopolitical risks

Description	Impact	How we are managing the risk
Whilst public acceptance of nuclear energy has improved recently, this could be impacted by a major incident at a nuclear facility.	Negative public perception over nuclear energy could lead to lower public acceptance of nuclear energy.	• We maintain rigorous care and control over export material • We engage proactively and regularly with governments, ministries and federal offices
Geopolitical uncertainties created by events such as the invasion of Ukraine could impact our ability to access or operate within certain international markets.	Geopolitical uncertainty has impacted our operations and that of our customers and supply chain. Changes in the global market could reduce the size of our market or restrict sales to particular countries / regions.	• We continue to emphasise the importance of the role that nuclear can play in securing domestic energy requirements • We monitor governments and political developments both through the media and through government engagement in the countries in which we operate. We build understanding of our business model with government to try to ensure any government policy response to geopolitical uncertainty is known and takes into account our operating model

Failing to achieve our net zero 2030 targets

Description	Impact	How we are managing the risk
We have set ourselves stretching near term 2030 net zero targets, in line with our sustainability ambition of reaching net zero by 2040.	Failure to deliver our ambitions could delay our mitigation of ESG risks and impact our reputation and our ratings with external organisations such as CDP, Eco-Vadis. This could result in limited access to capital and impact our relationship with internal and external stakeholders.	• Sustainability is one of our strategic priorities, and we have established a Net Zero Programme Team to focus on carbon reductions throughout scope 1, 2 & 3 • Dedicated Net Zero Leads have been appointed at each of our sites • Net Zero principles are being integrated into our designs • We are engaging with our suppliers to develop market-led low carbon refrigeration systems • Through our partnership with Eco Vadis, our key suppliers are undertaking sustainability assessments inclusive of reporting on their actual Scope 1, 2, & 3 emissions

Group Finance Report

EBITDA[1] remains very strong despite falling year-on-year due to increased costs as the business repositions itself for future opportunities. Operating cash flow is primarily higher due to favourable movements in working capital. Net income has been favourably impacted by a reversal of impairment charges on US assets.

Results for 2022

Revenue

Revenue for the year ended 31 December 2022 was €1,716.5 million, an increase of €47.2 million (2.8%) on the €1,669.3 million in 2021. SWU revenues were higher in 2022 by €32.8 million, driven by both higher volumes and realised prices. Uranium related sales, however, fell by €19.6 million, with the impact of lower volumes partially offset by higher realised prices. Other revenues increased by €34.0 million year on year.

EBITDA[1]

EBITDA for 2022 was €824.6 million, a decrease of €146.5 million (15.1%) from €971.1 million in 2021. The decrease in EBITDA is due to increased costs offsetting the higher revenue. The EBITDA margin for 2022 was 48.0%, compared to 58.2% in 2021.

The costs associated with changes to inventories of finished goods and SWU assets for 2022 were €126.9 million, an increase of €37.9 million from €89.0 million in 2021. 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, an adjustment for the net increase in depreciation of €15.9 million was applied in 2022 (2021: net increase in depreciation of €6.9 million), giving an increase in EBITDA of €9.0 million.

Other operating and administrative expenses[2] were higher than the prior year at €531.4 million in 2022, compared to €471.7 million in 2021, an increase of €59.7 million. Other operating costs were higher reflecting increases in employee costs, transport, maintenance, and other third party services. Employee costs were higher than the prior year at €206.9 million in 2022, compared to €180.3 million in 2021, an increase of €26.6 million, which was due to increases in both inflation and headcount.

Nuclear provisions

Tails provisions

The net costs for tails provisions in 2022 were €25.2 million higher than those for 2021. Higher net costs in 2022 are due to an increase in the unit tails rate, offset in part by an increase in the adopted discount rate. The lower release from tails provisions primarily relates to a lower volume of re-enrichment activities during 2022.

	2022 €m	2021 €m	increase/ (decrease)
Additional tails provisions in the year	270.7	195.4	**75.3**
Change in real discount rates	(54.4)	-	**(54.4)**
Release from tails provisions in the year	(40.3)	(44.6)	**4.3**
Net costs for tails provisions in the year (pre-exceptional)	**176.0**	**150.8**	**25.2**

Decommissioning provisions

The net costs for decommissioning provisions recognised in the Income Statement decreased by €3.5 million in 2022, due to 2021 bearing increased net cost estimates associated with the triennial review of decommissioning strategy, and 2022 benefitting from the impact of increased discount rates.

	2022 €m	2021 €m	increase/ (decrease)
Additional decommissioning provisions in the year	17.9	46.1	**(28.2)**
Change in real discount rates	(2.3)	-	**(2.3)**
Release from decommissioning provisions in the year	(5.8)	(32.8)	**27.0**
Net costs for decommissioning provisions in the year	**9.8**	**13.3**	**(3.5)**

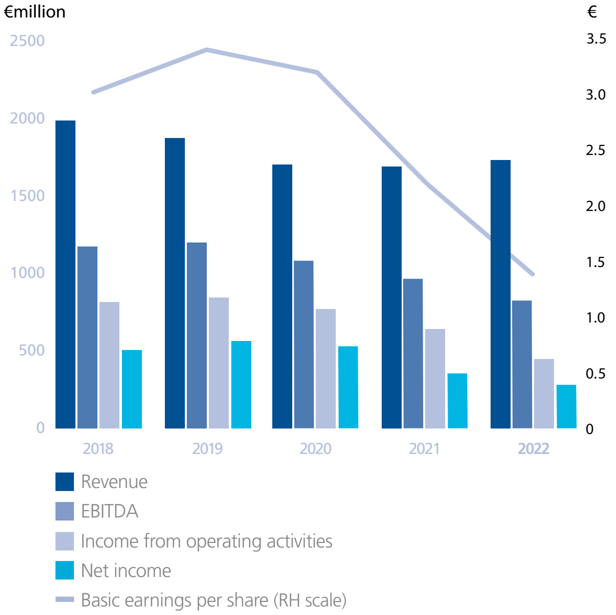
The net costs for other nuclear provisions in 2022 increased by €83.4 million as a result of changes to the forecasts for future re-enrichment of low assay feed, from net gains of €19.7 million in 2021 to net costs of €63.7 million in 2022.

Overall, therefore, the net costs of nuclear provisions were €249.5 million in 2022, compared to €144.4 million in 2021, an increase of €105.1 million.

EBITDA performance

	2022 €m	2021 €m	increase/ (decrease)
Income from operating activities - (pre-exceptional)	443.8	635.8	**(192.0)**
Adjustment for depreciation in inventories, SWU assets and nuclear provisions	15.9	6.9	**9.0**
Add: depreciation and amortisation	370.1	331.0	**39.1**
Adjustment for results of joint venture and other investments	(5.2)	(2.6)	**(2.6)**
EBITDA	**824.6**	**971.1**	**(146.5)**

Financial performance - pre-exceptional items



Exceptional items

During the year, an exceptional item of €921.4 million was recognised (2021: €nil) on a pre-tax basis and €888.1 million (2021: €nil) on a post-tax basis in the Income Statement. This related to a reversal of impairment charges previously recognised in 2016 and 2019 on the USA operations cash generating unit.

The pre-tax reversal of the impairment is considered exceptional due to both the incidental nature and size of the financial impact. The associated deferred tax charge together with any resulting valuation allowance release are similarly considered exceptional in nature, as they arise as a result of the exceptional pre-tax impairment reversal.

[1] EBITDA is defined as earnings before exceptional items, interest (including other finance costs), taxation, depreciation and amortisation and results of joint venture and other investments. A reconciliation to income from operating activities (pre-exceptional items) is set out on page 122.

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

Net income

Net income, post-exceptional items, was €1,173.2 million in 2022 (2021: €364.5 million).

Net income, pre-exceptional items, was €285.1 million in 2022, a reduction of €79.4 million (21.8%) compared to the 2021 net income, pre-exceptional items, of €364.5 million. This decrease in net income reflects the impact of lower EBITDA and higher depreciation and amortisation, partly offset by lower tax expenses, resulting in a reduced net income margin of 16.6% compared to 21.8% in the prior year (pre-exceptional items).

Depreciation and amortisation for 2022 was €370.1 million, compared to €331.0 million for 2021, an increase of €39.1m. This increase was mainly due to the commencement of the depreciation of assets associated with the TMF.

Net finance costs for 2022 were higher at €69.5 million, compared to €64.3 million for 2021 reflecting lower levels of capitalised interest and higher unwinding of discount on provisions, partially offset by higher interest income on deposits and movements on non-designated derivatives.

Capitalisation of interest was €17.1 million lower at €25.2 million, mainly as a result of the lower assets under construction balance associated with the TMF following the commencement of active commissioning in 2022.

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 2022 the impact of this was a net gain of €18.9 million (2021: €15.0 million net gain), reflecting relevant unhedged balances and movements in foreign exchange rates.

In 2022 the Group's post-exceptional tax expense was €122.5 million (an effective tax rate (ETR) of 9.5%). The pre-exceptional tax expense was €89.2 million (ETR of 23.8%), a decrease of €117.8 million from the tax expense of €207.0 million (pre-exceptional items) for 2021 (ETR: 36.2%). The decrease in tax expense predominately arises due to a combination of lower accounting profits in 2022, together with the fact that the 2021 tax expense included a €55.7 million non-cash charge resulting from revaluing the Group's net UK deferred tax liability from 19% to 25% that was not repeated in 2022.

The decrease in the pre-exceptional ETR from 36.2% to 23.8% is driven by the following factors : i) 2021 included the revaluation of opening UK net deferred tax liabilities that was not repeated in 2022 (decrease of 8.2%); ii) changes in the value of prior year adjustments (decrease of 1.4%); and iii) 2021 also included a derecognition of US deferred tax assets due to changes in the forecast timing of realisation of future profits that was not repeated in 2022 pre-exceptional items (decrease of 1.6%). All US deferred tax assets were recognised at 2022 year end, with the movement being recorded as an exceptional tax income in the Income Statement.

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 the decommissioning provision increased by €82.6 million (2021: €149.3 million) due to the installation of additional plant and machinery of €1.5 million (2021: €36.1 million), additional container purchases of €26.2 million (2021: €14.5 million) and €54.9 million due to revised assumptions surrounding the decommissioning of plant and machinery (2021: €98.7 million). Of the €54.9 million (2021: €98.7 million) resulting from revised assumptions, €15.6 million (2021: €46.1 million) has been expensed to the Income Statement and €39.3 million (2021: €52.6 million) has been recognised in decommissioning assets. The impact of the revised assumptions mainly relate to the rebasing of costing assumptions in line with 2022 inflationary increases partially offset by an increase in forward discount rates. The impact of the change in discount rates resulted in a reduction of the decommissioning provision by €33.5 million (2021: €0.0 million), of which €2.3 million (2021: €0.0 million) has been credited to the Income Statement and €31.2 million (2021: €0.0 million) has been recognised in decommissioning assets.

Further information on nuclear provisions can be found on pages 154 to 156.

Nuclear Decommissioning Trust Fund

The Group, via its subsidiary LES, has established a Nuclear Decommissioning Trust Fund ("NDT") in November 2022, in order to satisfy the requirements of the US NRC that it provides financial assurance for its decommissioning and tails liabilities. Previously this assurance was achieved through a combination of letters of credit and a surety bond. The NDT has been established under a Trust agreement and in December 2022 LES has contributed funds into the NDT, which have been invested in low-risk US government backed securities that are publicly traded. The fair value of the investments held in the NDT as at 31 December 2022 was €482.1 million. See note 31 for further details.

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 2022 was €26.0 million (2021: €20.3 million net surplus). This increase of €5.7 million was due to a reduction in the retirement benefit obligation of the German pension scheme of €6.5 million partly offset by a reduction in the net surplus assets of the UK pension scheme of €0.8 million.

The most recent actuarial assessments for the UK defined benefit pension scheme were carried out at 5 April 2021. The Group made the last deficit repair payment of £6.6 million in H1 2022. It is anticipated that no further deficit repair contributions are required unless future investments conditions or actuarial assumptions will change in an adverse way.

Cash flow

Cash generated from operating activities was €1,133.7 million (2021: €1,027.6 million). The higher cash flows from operating activities primarily reflect the favourable movement of working capital balances compared to 2021. In the current year, sales deliveries were not as close to the year end when compared to the prior year, resulting in lower trade receivables balances at the end of 2022. In addition, creditor balances were higher at the end of 2022 when compared to 2021.

Tax paid in the period was €79.5 million (2021: €146.4 million) due to the timing and phasing of cash payments which can often span multiple years.

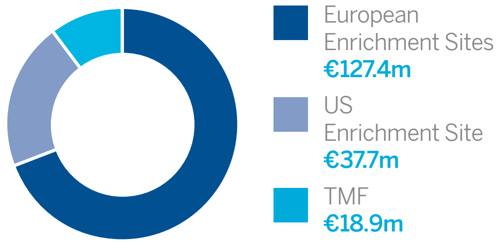
Accordingly, net cash flows from operating activities were higher at €1,054.2 million (2021: €881.2 million).

Capital expenditure[3]

In 2022 the Group invested a total of €184.0 million (2021: €142.3 million), representing expenditure on core enrichment assets.

Investment in TMF in 2022 was €18.9 million (2021: €25.9 million, 2020: €35.5 million), reflecting completion of construction in late 2018. The final stage of active commissioning has been substantially completed in the second half of 2022, with uranium oxide production having commenced in 2021.

Capital expenditure

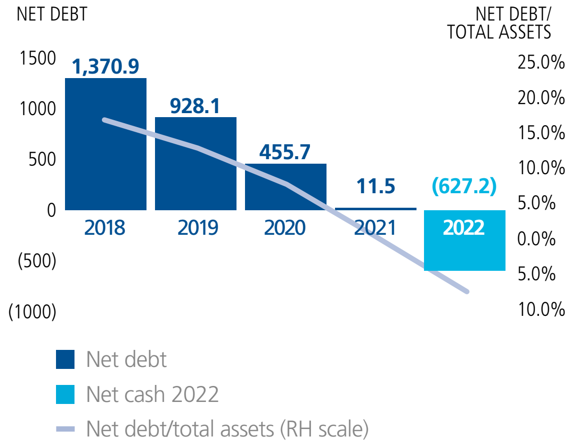


Capital structure

The Group's equity increased to €2,973.3 million during the year (2021: €2,097.8 million) due to an increase in retained earnings of €880.7 million (reflecting the net income of €1,173.2 million (including impairment reversal of €888.1 million) and gains of €7.5 million in other comprehensive income for the year, less €300.0 million of dividends paid during the year), an increase in the foreign currency translation reserve of €12.6 million, primarily due to foreign exchange gains on property, plant and equipment held in US dollars and as a result of the strengthening of the US dollar against the euro, and a decrease in hedging reserve (including cost of hedging reserve) of €17.6 million and a decrease in the investments revaluation reserve of €0.2 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 cash[4], including lease liabilities of €27.3 million (2021: €31.3 million), was €627.2 million (2021: net debt €11.5 million).

Net debt and total assets



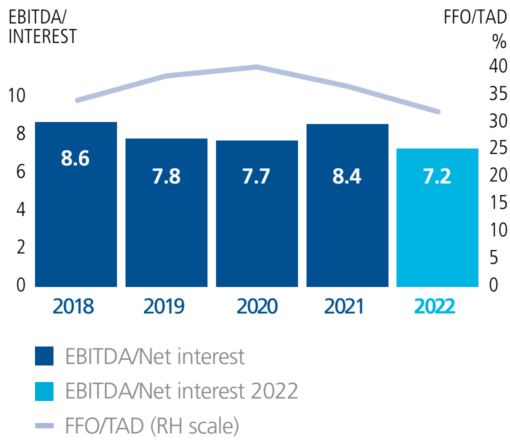
The Group monitors its capital structure through the use of financial ratios, principally those of net debt to total assets and funds from operations to total adjusted debt (FFO/TAD). The Group targets an FFO/TAD ratio that results in a strong investment grade credit rating.

The FFO/TAD ratio at the end of 2022 decreased to 31.4%, compared to 36.2% at the end of 2021.

FFO was lower by €172.9 million due to lower EBITDA which was partially offset by lower net interest on bank borrowings. TAD was lower by €221.6 million, primarily reflecting an increase in cash and short-term deposits and investments in the nuclear decommissioning trust fund of €716.7 million, partially offset by an increase in tails and decommissioning provisions of €277.6 million. The increase in nuclear provisions reflects the increase in provisions arising during the year as well as inflationary pressure offset by an increase in the net discount rates in 2022. 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 7.2x (2021: 8.4x).

Five-year summary funding ratios



[3] Capital expenditure includes net cash flows on the purchases of property, plant and equipment and intangible assets of €166.6 million and on the decrease of capital accruals of €17.4 million (included in working capital payables). Capital expenditure for the year ended 31 December 2021 has been represented from €129.8 million to €142.3 million and comprised net cash flows on the purchases of property, plant and equipment and intangible assets of €143.5 million and on the increase of capital accruals of €1.2 million (included in working capital payables).

[4] Net cash/debt is defined in the Glossary on page 180 and the calculation is set out on page 151.

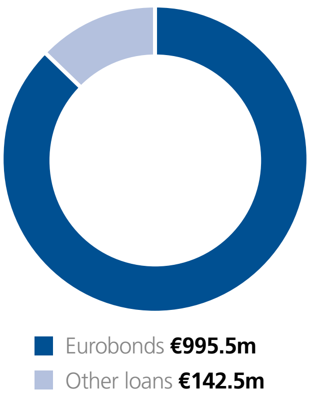
Funding position

Liquidity continues to remain strong as a result of cash flow generation. As at 31 December 2022, the Group had €500 million (2021: €500 million) of undrawn committed bank facilities, as well as cash, cash equivalents and short-term deposits of €1,310.4 million (2021: €1,075.8 million).

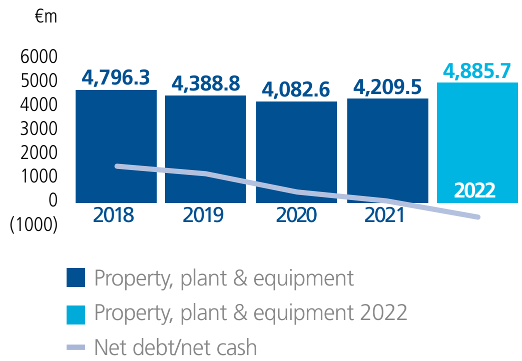
The Group's funding position remains robust and continues to be underpinned by our established order book, which gives high levels of revenue visibility and robust EBITDA margins, resulting in strong cash flow generation.

The Group's debt is rated by Moody's (Baa1/Stable) and Standard & Poor's (BBB+/Stable); these external ratings were unchanged during 2022.

Interest bearing loans and borrowings



Property, plant & equipment vs net cash



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;
- 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 2022 was 6.9 years (at 31 December 2021: 4.0 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 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 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 €442.5 million (2021: €402.8 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 2022, an interim dividend of €150.0 million for the year ended 31 December 2022 was paid to shareholders on 20 December 2022 and a final dividend of €150.0 million was paid in respect of 2021 on 23 March 2022.

The Board has approved that a final dividend of €150.0 million be paid on 16 March 2023. The level of the total dividend for 2022 is less than the net income. Consideration has been given to both the Group's favourable cash position and credit ratios, and the availability of sufficient distributable reserves.

As at 31 December 2022, the Company had distributable reserves available of €974.1 million (31 December 2021: €1,069.9 million).

Order book

Urenco has a strong order book which extends into the 2030s with an approximate value at 31 December 2022 of €10.8 billion based on €/$ of 1 : 1.07 (2021: €8.7 billion based on €/$ of 1 : 1.14).

Outlook

We are a unique uranium enrichment company and due to our international diversity we offer security of supply to our customers. We have four enrichment facilities in four countries and our operations are underpinned by robust international treaty commitments on nuclear safeguards and non-proliferation.

We are signing new contracts at higher prices than a year ago, and amending existing contracts, maintaining our customer base, and raising our profile in new markets.

We are optimistic about the prospects for our core enrichment business as the market looks to security and certainty of supply and there are significant opportunities in the market for advanced fuels which we believe we are well positioned to offer.

Executive Committee

The Executive Committee is responsible for 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 policies relating to employees and ethics to ensure the correct balance of skills and attributes across the organisation. In 2022, two new members joined the Executive Committee: Ian Deninson, Chief People and Culture Officer (Interim); and Janet Huck; General Counsel. Chief Operating Officer, Dave Sexton, has retired and been replaced by Bridget Sparrow.

Boris Schucht	Chief Executive Officer
Ralf ter Haar	Chief Financial Officer
Laurent Odeh	Chief Commercial Officer
Chris Chater	Chief Technology Officer
Bridget Sparrow	Chief Operating Officer
Ian Deninson	Chief People and Culture Officer (Interim)
Janet Huck	General Counsel
Dave Sexton	(until January 2023, replaced by Bridget Sparrow): Chief Operating Officer

Company structure

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 2022, the Board met six times.

Stephen Billingham CBE
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.

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 Schucht has been the Chief Executive Officer of Urenco Limited since May 2019.

Boris has around 30 years of experience in the energy sector and has been dedicated to supporting measures to address climate change. He is also currently serving as a Director of the World Nuclear Association (WNA).

Before joining Urenco, Boris was the CEO of 50Hertz, the North-East German Transmission System Operator. Simultaneously, he served as a board member for three respective organisations concerned with sustainable energy, including the World Energy Council (Germany).

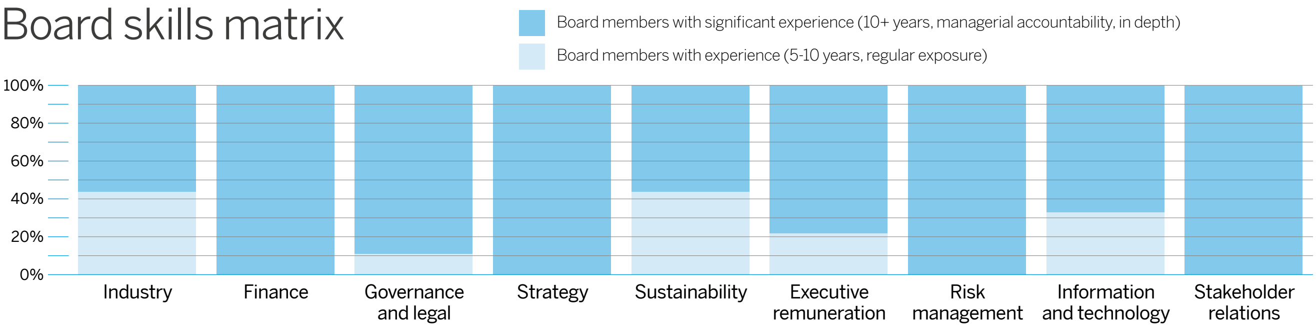
Furthermore, he has sat on several supervisory boards as a non-executive including the regional energy provider Stadtwerke Rostock AG, and continues to sit on the supervisory board of Flughafen Wien AG, which runs Vienna Airport.

Ralf ter Haar
Chief Financial Officer

Ralf has been Chief Financial Officer of Urenco Limited since 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.

Board skills matrix



The Strategic Report was approved by the Board of Directors on 8 March 2023 and signed on behalf of the Board by:

Stephen Billingham

Stephen Billingham CBE
Chairman

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 Chair of the Supervisory Board 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., Member of the Supervisory Board at Montel A.S., Chair of the Advisory Board at Giga Storage B.V., Advisor to Improved B.V. and Advisor to Mitsubishi Corporation.

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 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, 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. As well as leading E.ON's M&A activities, Alan is also responsible for managing E.ON's shareholdings in Urenco, as well as several other of E.ON's shareholdings. 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 and prior to that Deputy Chief Executive of UK Government Investments (UKGI), a company wholly-owned by HM Treasury, and a board member of UK Export Finance. Justin was a Managing Director and Senior Advisor of Morgan Stanley from 1996 to 2013 based in New York and London.

Michael Harrison

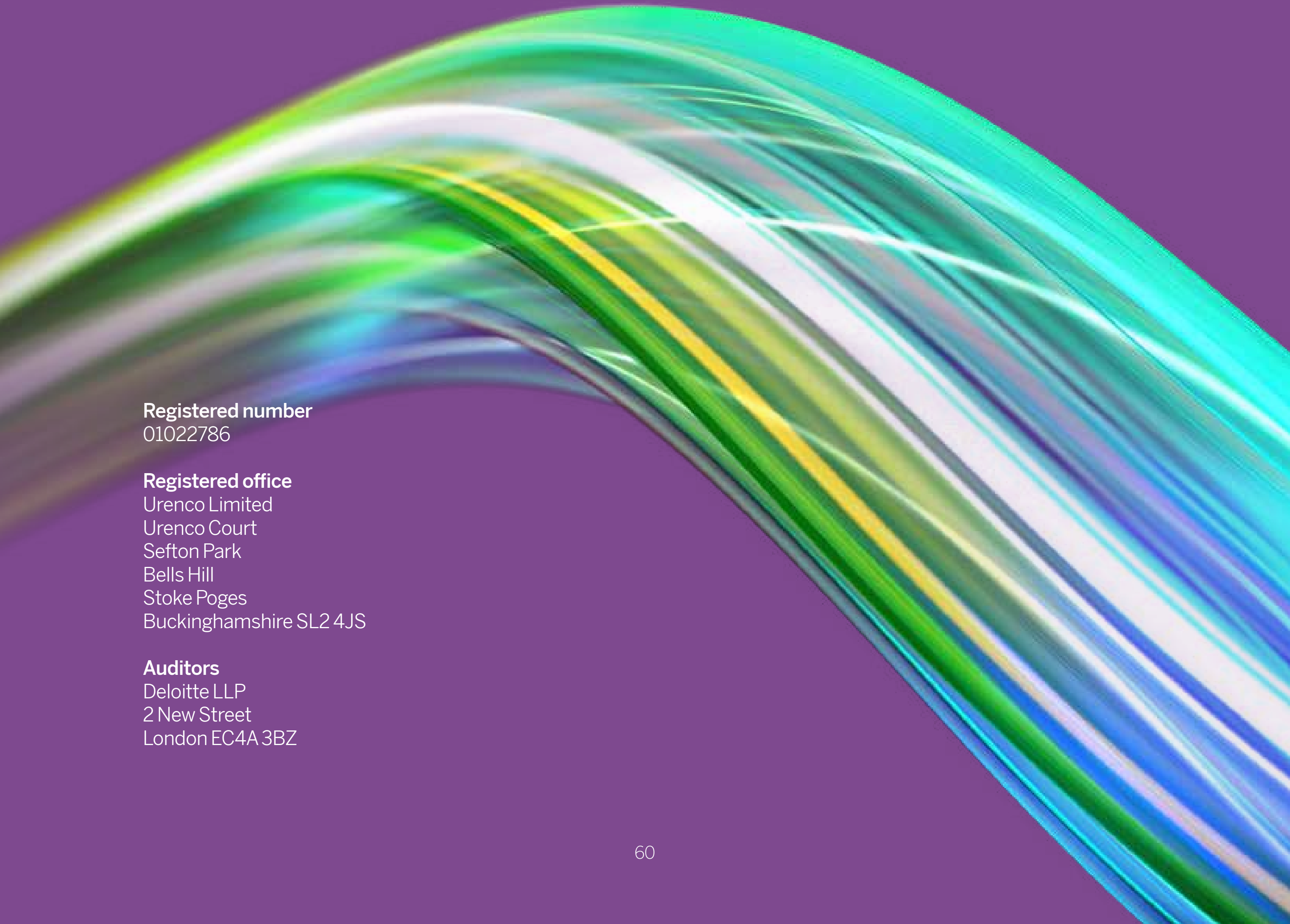
Non-Executive Director

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. He was previously at Caliburn, a leading independent investment bank in Australia, and Credit Suisse First Boston/BZW.

He has held a number of executive roles in UK Government, including as Head of Governance/Portfolio at UK Government Investments (part of HM Treasury) where he was responsible for the commercial management of 20 Government owned assets, including the British Business Bank and Channel 4.

Michael is currently a Non-Executive Director of Network Rail and Great British Railways Transition Team Limited, 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 the Charity for Civil Servants.



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

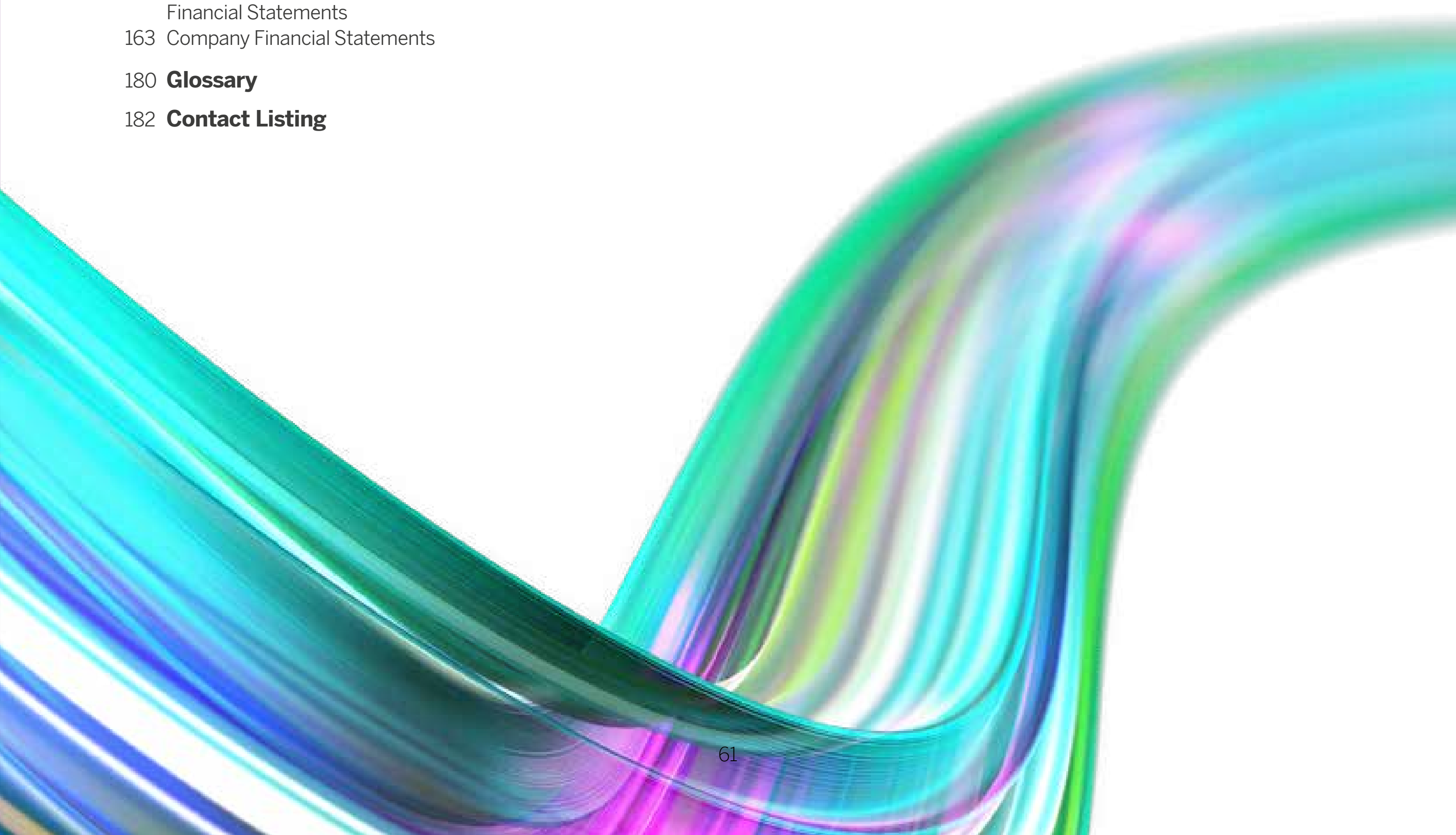
For the year ended 31 December 2022

02 Governance

Our approach to corporate governance and how we have applied this in 2022.

03 Financial statements

The audited financial statements of Urenco for the year ended 31 December 2022.



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 2022 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	
• Michael Harrison	

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 58 and 59 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 was 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 they consider, in good faith, would be most likely to 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.

Governance
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	14
	• Our strategy: priority focus areas - Capacity programme, Next Generation Fuels, Sustainability	20
Interests of employees	• Our strategy: priority focus areas - Culture	37
	• Case Study: Board Visit to UUSA	65
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	• Markets overview	10
	• Case Study: Response to the conflict in Ukraine	16
	• Case Study: Urenco supports Southern Nuclear expansion	17
	• Our strategy: priority focus areas	20
	• Stakeholder engagement	40
Impact of the Company's operations on the community and environment	• Case Study: Around two million patients per year benefit from Urenco Stable Isotopes	12
	• Our strategy: priority focus areas - Sustainability	26
	• Sustainability Committee Report	72
Reputation for high standards of business conduct	• Our strategy: priority focus areas - Sustainability, Culture	26, 37
	• Audit Committee Report	66
Risk	• Risks and risk management	44

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, commercial and operational performance, 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 42 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 42 (Key stakeholder engagements in 2022).

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 14 (Our Strategy), 40 (Stakeholder engagement), 66 (Audit Committee Report), 72 (Sustainability Committee Report), 73 (Remuneration Report), and 80 (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 2022 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 2022, the Board considered and approved a proposal to increase the annual social investment budget for 2023. In making its decision the Board had regard to key stakeholder groups including local communities in the surrounding area of each site. For further information on social impact activities during the year, please see page 26 (Our Strategy: priority focus areas - Sustainability)

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 Internal 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 roadmap: In May 2022, the Board approved the roadmap 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 our sustainability strategy, please see page 26 (Our Strategy: priority focus areas - Sustainability).

Code of Conduct: In 2022, the Board reviewed and approved a revised Code of Conduct for the Group which sets the Company's values and standards with the aim of ensuring that obligations to all key stakeholders are understood and met. The Code of Conduct can be found on the Urenco website at www.urenco.com.

Board meetings

The Board meets regularly throughout the year in order to effectively discharge its duties. During 2022, the Board met five times[1].

Each year, the Board plans to hold one meeting at a Urenco enrichment facility. In 2022, as outlined in the case study below, that meeting was held at UUSA.

Board meetings attendance

	Number of meetings in 2022	Meetings attended
Alan Bevan	**5**	**3**
Stephen Billingham	**5**	**5**
Michael Harrison	**5**	**4**
Mel Kroon	**5**	**5**
Miriam Maes	**5**	**5**
Justin Manson	**5**	**5**
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 Risk Register. The types of risks identified in the 2022 review included strategic, material operational and compliance risks, and are detailed on pages 44 to 49.

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.

[1] In addition to the five scheduled meetings, one ad hoc meeting was arranged to discuss specific items.

Governance

Corporate Governance continued

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 UUSA

In October 2022, the Board visited the UUSA site in Eunice, New Mexico.

During the visit, the Board took a walking site tour of the UUSA facility with special planned detours to highlight locations for many of the upcoming strategic projects. The second half of the tour was around the perimeter of the site for the purpose of showcasing areas for potential expansion and development.

While at UUSA, the Board initiated important conversations with every department on the topics of equipment reliability, safety, employee engagement and advanced fuels. They attended roundtable discussions with affinity group members from Women in Nuclear and the Society for Hispanic Professional Engineers as well as resident Inclusion & Diversity and Culture Champions to discuss the ways UUSA is supporting Urenco's inclusion and diversity, safety, people, and sustainability initiatives. In addition, UUSA organized a luncheon for female leaders at UUSA and invited the Board to engage in conversations about the site's focus on supporting, recruiting, hiring, and promoting females at UUSA.

On the final day, the Board were invited to the new Career Technology and Education Center of Hobbs to meet to meet with key city officials and executives of non-profit organisations in the local community. Each organisation was given a few minutes to talk to the Board about the impact UUSA and Urenco's social impact donations have made to their programmes.

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 2022.

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 2022, 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 44 to 49);
- Reviewing the significant financial reporting topics, 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 2 March 2023 and the Terms of Reference were updated following Board approval on 8 March 2023.

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 2022, 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 2022	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] 24 February, 7 July, 4 August, 4 October and 12 December.

Governance
Audit Committee Report continued

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, 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 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 2022, the external auditor provided updates on the corporate governance and accounting standards as part of their audit. The key topics covered related to: inflation and supply chain risk, benchmarking data on latest audit committee trends; and the impact of potential changes to the UK Corporate Governance Code in relation to internal controls.

The Committee Chair and the General Counsel conducted an internal effectiveness review of the Committee's performance in January 2023, based on a framework provided by an external audit firm, and reported the results in the March 2023 Committee meeting. This review meeting was attended by the Chairman of the Board, the 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 periodic updates on the internal control framework, meeting feedback and review of post project completion audits.

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 2022

Internal controls and risk

During 2022, the Committee received and considered regular reports from the Group's Legal & Compliance, 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 2021 Annual Report and the 2022 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 covering IT (outsourcing & software licencing), Finance processes & controls, Projects (U-Battery and project management), Culture, Health and Safety;
- 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];
- The Company's approach to the Task Force on Climate-Related Financial Disclosures (TCFD) (to be implemented by the Company for the annual period beginning on 1 January 2023);
- 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

  In 2016 and 2019, the Group recognised pre-tax impairment charges against its US cash-generating unit asset carrying value for a cumulative value of €1,260 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 2022, potentially leading to a reversal of the impairment charge recognised in previous years or a further impairment charge in 2022.

  Urenco monitors the market continually and has noted a significant increase to both the SWU price and demand for enrichment services. This has been driven – amongst others – by customers reducing their reliance on deliveries of uranium and enrichment services by any supplier from Russia.

  The key assumptions within the 2022 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 2022, including an assessment of the SWU prices for new Urenco sales contracts signed during the year. These long-term prices are substantially higher than 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 is an indicator for a reversal of previous impairment charges.

  Management has assessed the recoverable amount of assets based on value in use, calculated using a discounted cash flow model. In 2022 the Group recognised a €921 million pre-tax value increase against its US cash generating unit asset carrying value, which increased the carrying value to €2,257 million.

  The Committee has reviewed management's reports detailing the carrying value and recoverable amount as well as the critical and key judgements and estimates used, and concluded that a reversal of previous impairment charges is required relating to the US cash generating unit in 2022. The Committee reviewed a written report provided to them on 12 December 2022 setting out the proposed method of calculating the discount rate for the impairment assessment and another written report to present the impairment reversal as an exceptional item. The key change in assumptions, compared to the analysis performed in 2019, was an improvement in the long-term forecast net cash flows driven by higher SWU prices for uncontracted sales. Further details about the values and the assumptions used in determining the recoverable amount are given in notes 2 and 6 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 reversal test, and provided their view orally and in their written reports provided to the Committee on 12 December 2022 and 2 March 2023, 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 has been actively commissioned during the year. 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 completed in the second half of 2022. As the TMF is still in an early stage of operation, 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 2022, 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.

Governance
Audit Committee Report continued

During the year the tails provision increased by €271 million due to tails generated during 2022 and an increase in the applied tails rate driven by inflationary pressures on cost assumptions, partially offset by an increase in real discount rates. The discount rates and inflation rates applied by all enrichment businesses were reviewed and it was concluded that it was appropriate that a change was required compared to last year, resulting in an increase in real discount rates in most jurisdictions.

The Committee reviewed and challenged the key assumptions and judgements employed in the model to calculate the tails provision, 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. The method of estimating discount and inflation rates has been refined during the year and now uses both the latest forecasts and long-term historical rates to determine a range. 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, except for the method of estimating discount and inflation rates as described above 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

Following a review of the Group's decommissioning provisions in 2022, an additional provision of €83 million has been recognised. This increase was predominantly driven by inflationary increases observed to the underling cost assumptions of €55 million.

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. The method for estimating the applicable discount and inflation rates has been refined during the year, as described in the section above.

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.

During the year, the valuation of the decommissioning provisions was increased by €55 million due to revised assumptions of which €16 million was recognised in the income statement and €39 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 assessed by the external auditor as part of their audit of the financial statements and they 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, except for the method of estimating discount and inflation rates 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.

During 2022 Urenco has reassessed the standalone selling prices for SWU following the market development after the invasion in Ukraine. This conflict has resulted in increases to spot prices of SWU and higher forecasted long-term prices for SWU. Therefore, management has concluded that it is appropriate from this point onwards to increase the standalone selling prices for new sales contracts negotiated and signed.

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.

Governance
Audit Committee Report continued

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 reports presented on 12 December 2022 and 2 March 2023. The Group's external auditor has reported in their report to the Audit Committee that they are satisfied with management's conclusion to, for sales contracts negotiated and signed following the invasion in Ukraine, update the standalone selling prices for SWU.

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 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 and the update to the standalone selling prices for SWU sales is appropriate and that the profit recognition for feed sales has been accounted for appropriately.

Financial and business reporting

At its meeting on 2 March 2023, 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 are 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 2022 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 2022. This process related to the audit of the 2021 financial year and 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 2 March 2023. 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.

Governance
Audit Committee Report continued

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.

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, Group Legal Counsel, and reported to the Committee. The Internal Audit function also checks that disclosures made in the certifications are consistent with the results of its work during the year.

During 2022, the Head of Risk and Internal Audit regularly provided relevant updates to the Committee covering financial, operational, compliance and commercial risks including any additional mitigation required. In addition, the Committee considered the adequacy and appropriateness of mitigating controls or risk reduction strategies, as detailed on pages 44 to 49.

An internal control improvement programme was also initiated to enhance the overall internal control framework in relation to anticipated Audit & Governance reform requirements under the proposals being developed by the Department for Business, Energy & Industrial Strategy.

In line with the principles set out in the UK Corporate Governance Code assessed as applicable to a company without listed shares, the Board completed an annual review of the Group's systems of risk management and internal controls in 2022. The Terms of Reference align with this requiring that the Committee review and approve the statements concerning internal controls and risk management to be included in the Annual Report. In 2022, as in previous years, the Committee conducted such review and gave its approval.

The annual review of risk management and internal control completed across the group in 2022 was considered to provide a sufficient level of assurance over the risk management and internal control environment. Recognising that it is reasonable, but not absolute assurance that material control weaknesses will be detected or that the risk of failure to achieve business objectives is managed.

The enterprise risk management framework and control environment continues to be enhanced and embedded across Urenco. The committee concluded that risk management processes and the system of internal controls were adequate and there were no material weaknesses identified, while work continues on areas in need of improvement.

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. Assurance activity is prioritised to address key risks and delivered Groupwide, across Head office and local sites.

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 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 2023 and the performance of the Head of Risk and Internal Audit in delivering the 2022 internal audit plan. No significant issues or concerns were highlighted.

Frank Weigand
Chair of the Audit Committee
8 March 2023

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 2022.

During 2022, my fellow Committee members and I have continued in our commitment to oversee and help drive forward key sustainability initiatives across the Group.

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 impact, and inclusion and diversity. Further detail on the sustainability KPIs can be found on page 27 (Our Strategy: priority focus areas - Sustainability)

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; social performance (including community relations, social impact, 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; and
- Reviewing and approving the annual UK Gender Pay Gap Report;

A copy of the 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)
- Michael Harrison (Non-Executive Director)
- Frank Weigand (Non-Executive Director)
- Boris Schucht (Chief Executive Officer)

The Committee met three times in 2022.[1] One of the meetings took place at the Group's enrichment facility in the USA.

The membership and attendance record of the Committee members during 2022 is set out below.

	Number of meetings in 2022	Meetings attended
Miriam Maes	3	3
Michael Harrison	3	3
Frank Weigand	3	3
Boris Schucht	3	3

Activities of the Sustainability Committee during the year:

In 2022, the Committee:

- Reviewed the updated Group Code of Conduct and recommended to the Board for approval;
- Considered and approved the 2021 Sustainability Report;
- Recommended to the Board the integration of the Sustainability Report into the Annual Report from 2022 and hosting the Global Reporting Initiative (GRI) disclosures on the Urenco website;
- Monitored the implementation of the sustainability programme, reviewed performance against the current sustainability KPIs and approved the 2023 sustainability KPIs;
- Reviewed the focus areas for the Group's second climate submission to the Carbon Disclosure Project (CDP), the results of which improved upon the previous submission, scoring highly on a range of issues that CDP assess companies against;
- Reviewed the outcome of the Group's second Inclusion and Diversity Survey and provided oversight of the ongoing culture programme;
- Reviewed the Group's social impact principles and partnerships and endorsed the annual social investment budget; and
- Reviewed the outcome of a gap analysis against the requirements of the Taskforce for Climate Related Financial Disclosures (TCFD), approving the proposed implementation plan during 2023 including undertaking climate scenario analyses.

Approval

On behalf of the Sustainability Committee.

Miriam Maes
Chair of the Sustainability Committee
8 March 2023

[1] 24 February, 7 July and 10 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 2022.

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 2022. 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 8 March 2023.

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.

In attendance by invitation are the Chairman of the Board, the Chief Executive Officer and Chief People & Culture 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 2022	Meetings attended
Alan Bevan	6	6
Mel Kroon	6	6
Justin Manson	6	6
Frank Weigand	6	6

Key issues in 2022

During 2022 the Remuneration and Appointments Committee:

- Reviewed 2022 targets set for the Chief Executive Officer and Chief Financial Officer;
- Reviewed Executive remuneration, as well as Chair and Non-Executive Director fees,
- Reviewed the Remuneration and Appointments Committee Terms of Reference;
- 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 8 March 2023.

Mel Kroon
Chair of the Remuneration and Appointments Committee
8 March 2023

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 £0.85 to €1 for 2022 (2021: £0.86 to €1).

Single total figure of remuneration for each Director (audited)

The remuneration of the Executive Directors for the years 2022 and 2021 was made up as follows:

2022	Base salary and Fees[1] €	Pensions[2] €	Benefits €	Sub-total Fixed pay €	Performance related bonuses[3] €	LTIP[4] €	Sub-total Variable pay €	Total 2022 €
Executive Directors								
Boris Schucht[5]	**616,162**	**86,263**	**131,227**	**833,652**	**556,955**	**771,758**	**1,328,713**	**2,162,365**
Ralf ter Haar	**490,967**	**67,833**	**93,156**	**651,956**	**415,702**	**582,916**	**998,618**	**1,650,574**
Total	**1,107,129**	**154,096**	**224,383**	**1,485,608**	**972,657**	**1,354,674**	**2,327,331**	**3,812,939**

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[5]	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

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 125% in 2022 (2021: 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 euros at the relevant year-end foreign exchange rate for each applicable year.

5 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.

The remuneration of the Non-Executive Directors for the years 2022 and 2021 was made up as follows:

2022	Fees[1] €	Pensions €	Benefits €	Sub-total Fixed pay €	Performance related bonuses €	LTIP €	Sub-total Variable pay €	Total pay 2022 €
Non-Executive Directors								
Stephen Billingham	**278,198**	**-**	**-**	**278,198**	**-**	**-**	**-**	**278,198**
Alan Bevan	**57,607**	**-**	**-**	**57,607**	**-**	**-**	**-**	**57,607**
Michael Harrison	**57,606**	**-**	**-**	**57,606**	**-**	**-**	**-**	**57,606**
Mel Kroon	**97,202**	**-**	**-**	**97,202**	**-**	**-**	**-**	**97,202**
Miriam Maes	**66,263**	**-**	**-**	**66,263**	**-**	**-**	**-**	**66,263**
Justin Manson	**65,187**	**-**	**-**	**65,187**	**-**	**-**	**-**	**65,187**
Frank Weigand	**78,832**	**-**	**-**	**78,832**	**-**	**-**	**-**	**78,832**
Total	**700,895**	**-**	**-**	**700,895**	**-**	**-**	**-**	**700,895**

Governance
Remuneration Report continued

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[3]	11,271	-	-	11,271	-	-	-	11,271
Mel Kroon[2]	59,786	-	-	59,786	-	-	-	59,786
Miriam Maes	62,222	-	-	62,222	-	-	-	62,222
Justin Manson[4]	141,214	-	-	141,214	-	-	-	141,214
Richard Nourse[3]	41,643	-	-	41,643	-	-	-	41,643
Frank Weigand	74,022	-	-	74,022	-	-	-	74,022
Total	705,490	-	-	705,490	-	-	-	705,490

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

[2] A one off additional fee of £28,539 was paid to Mel Kroon in recognition of the additional time commitment required of him in leading an internal review.

[3] 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).

[4] 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.

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 2022	**998,301**	**836,690**	
Foreign exchange adjustments	**-**	**(45,654)**	
LTIP 2019 paid during the year[1]	**(418,133)**	**(376,189)**	2021
LTIP 2020 accrued during the year	**387,223**	**304,455**	2022
LTIP 2021 accrued during the year	**195,632**	**153,816**	2023
LTIP 2022 accrued during the year	**171,178**	**135,242**	2024
Total LTIP accrual at 31 December 2022	**1,334,201**	**1,008,360**	

[1] Boris Schucht was awarded rights in the 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 2022, Boris Schucht and Ralf ter Haar were participants to the LTIP 2020, LTIP 2021 and LTIP 2022.

Governance
Remuneration Report continued

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.

LTIP 2022:

The LTIP 2022 has a grant date early within the year 2022 and a performance period of three years running from 1 January 2022. The scheme matures on 31 December 2024 and vests in 2025.

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) Sustainability – Net Zero Carbon Emission Target (10%); and

(iii) 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 125% of annual base salary (as at 1 January 2022) multiplied by the Performance Score.

Governance
Remuneration Report continued

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.

	2022 €m	2021 €m	% increase
Total employee pay	**206.9**	180.3	14.8%
Retained earnings	**2,368.5**	1,487.8	59.2%
Dividend	**300.0**	300.0	0.0%

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 2022 by external remuneration consultants Mercer Kepler. The Chief Executive Officer and Chief Financial Officer both received a 5% increase in base salary for the 2022 calendar year, compared to 2021. This increase in base salary was in line with the increase for all employees throughout the UK Company. Executive Directors receive benefits that principally comprise some living expenses, 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): • 125% On target levels (as a percentage of base salary): • 83.3%	The REMCO believes it is important for annual variable pay to complement the LTIP's focus on longer term financial outcomes. For the 2022 performance year, the scorecard framework consisted of financial targets (48% weighting), operational excellence (32% weighting) and individual targets (20% weighting). In 2022 a Behaviour Multiplier was introduced. The 'how' component multiplier will be applied to the outcome of the performance related bonus for all ExCom members with a value of 0.8 to 1.2 (1.0 representing on target). The multiplier will be a discretionary judgement, based on an assessment of the 'how' component. Each ExCom member will be assessed separately. 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.

Governance

Remuneration Report continued

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): • 125% On target levels (as a percentage of base salary): • 83.3%	• 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 2022, performance is assessed over a three-year period and is based on value creation (80%) and diversity & inclusion measures (10%) and Sustainability (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 8 March 2023.

Mel Kroon
Chair of the Remuneration and Appointments Committee

8 March 2023

Governance
Directors' Report

The Directors present their Annual Report and Accounts for the year ended 31 December 2022.

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 62 to 65 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 €1,173.2 million (2021: net profit €364.5 million). This amount includes an exceptional item of €888.1 million (2021: €nil) relating to an impairment reversal of the USA operations, excluding which net income would be €285.1 million.

The Directors recommend a final dividend for the year of €150.0 million (2021: €150.0 million). This is scheduled to be paid in March 2023. The final dividend, together with the interim dividend of €150.0 million (2021: €150.0 million) paid in December 2022, means a total dividend of €300.0 million (2021: €300.0 million) will relate to the 2022 financial year. The Directors have assessed the level of distributable reserves and cash resources at the Parent Company and are satisfied they are sufficient to support the proposed final dividend. The final dividend for 2021 of €150.0 million was paid in March 2022. 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 55.

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 operating 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 14 to 39 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 50 to 55. 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 (€10.8 billion extending to the latter half of the next decade (2021: €8.7 billion)) provides a strong foundation for the future. The Group has adequate financial resources, which includes cash and cash equivalents and short term bank deposits totalling €1.3 billion at 31 December 2022 (2021: €1.1 billion) 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 54 and in note 28 to the consolidated financial statements.

Governance
Directors' Report continued

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 53.

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 (2021: €nil) to local political parties. As part of the Group's commitment to the communities in which it operates, contributions totalling €762,000 (2021: €1,043,000) were made during the year to local charities and community projects.

Events after the reporting period

As of 8 March 2023, no 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 adopts 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 2022 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 63.

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 2022, the Company had an average of 28 days purchases owed to trade creditors (2021: an average of 27 days purchases owed to trade creditors).

Governance

Directors' Report continued

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.

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 2022, with comparative data for 2021. 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 26 and 36.

UK energy consumption and greenhouse gas emissions

Approximately 91% of our UK energy use in 2022 related to the consumption of purchased electricity (2021: 91%). The main source of scope 1 emissions is combustion of natural gas for office heating and for deconversion processes in our new Tails Management Facility.

		Year ended 31 December 2022		Year ended 31 December 2021	
		GWh (million kWh)	tonnes CO_2e	GWh (million kWh)	tonnes CO_2e
Scope 1	Natural gas	15.64	2,855	15.51	2,841
	Diesel for generators restated[(2)]	0.16	41	0.20	51
	Diesel for fleet	0.18	44	0.22	51
	Fuel oil	0.79	212	0.94	251
	Biodiesel	0.04	1	0.01	0
	Total	16.81	3,153	16.88	3,194
Scope 2	Purchased electricity	164.28	31,769 (location based carbon factor applied[(1)]) - (market based carbon factor applied[(1)])	166.79	35,415 (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	0.52	92	0.19	48
Total		181.61	35,014 (location based carbon factor applied[(1)]) 3,245 (market based carbon factor applied[(1)])	183.86	38,657 (location based carbon factor applied[(1)]) 3,242 (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 2022, published by Department for Business, Energy & Industrial Strategy). All of the purchased electricity is bought under a 'Zero Carbon for Business' (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.

(2) The amounts in 2021 for diesel for generators have been restated from 0.23 GWh to 0.20 GWh and from 59 tonnes CO_2e to 51 tonnes CO_2e due to the correction of input data during the data verification process of compiling 2022 data.

Emissions intensity

Tonnes CO_2e/tSWU[(3)] UK output in 2022: 7.78 (location based reporting) (2021: 8.59) (0.72 tonnes CO_2e/tSWU in 2022 (2021: 0.72) 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.

(3) SWU: separative work units, as defined on page 181.

Governance
Directors' Report continued

Streamlined Energy and Carbon Reporting continued

Energy efficiency actions undertaken in the UK in 2022 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 focussed on adjustments to auxiliary processes. The use of purchased electricity across our UK operations decreased by 1.5% 2022 compared to the previous year (2021: 2.2% decrease), partly due to our continued programme of initiatives targeting over 3,000 MWh (thousand kWh) of annual electricity savings for the lifetime of the projects implemented in 2021. Additionally, energy efficiency measures implemented in 2022 have realised an electricity energy saving of over 900 MWh (2021: 1,100 MWh savings), which will then save more than 1,300 MWh of electricity per annum going forward. Examples include:

- Reduction of energy consumption on lighting systems, saving 643 MWh in 2022, and estimated 2,000 MWh per annum in future years;
- Installation of speed controlled motors to pumps, saving 225 MWh in 2022, and an estimated 256 MWh per annum in future years.

In 2022 Urenco continued assessments of solar photovoltaic arrays at all our operating sites as part of our net zero programme. The UK site is progressing an array of capacity up to 13 MW (peak) which could contribute approximately 6% towards annual electricity demand. In the UK, Urenco already sources 100% of purchased electricity under a Zero Carbon for Business (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.

Investigation work continues on a major project to increase the efficiency of the cooling water system, which aims to reduce our electricity use further. In 2023 we will be continuing our preparations for the next phase of the Energy Savings Opportunity Scheme with audits to be conducted by the end of 2023.

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;
- 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 2022, published by Department for Business, Energy & Industrial Strategy. Please note UK emissions reported as part of the Group emissions presented on page 30 apply the location based carbon factor sourced from the International Energy Agency (2022) 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 8 March 2023. The Directors' Report has been approved for issue by the Board of Directors on 8 March 2023.

By order of the Board.

Ralf ter Haar
Director

8 March 2023

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

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 IASB. The Directors have chosen 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 that period.

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 of the financial reporting framework are 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 them to ensure that the 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 and performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 8 March 2023.

By order of the Board.

Ralf ter Haar
Director

8 March 2023

Registered number
01022786

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

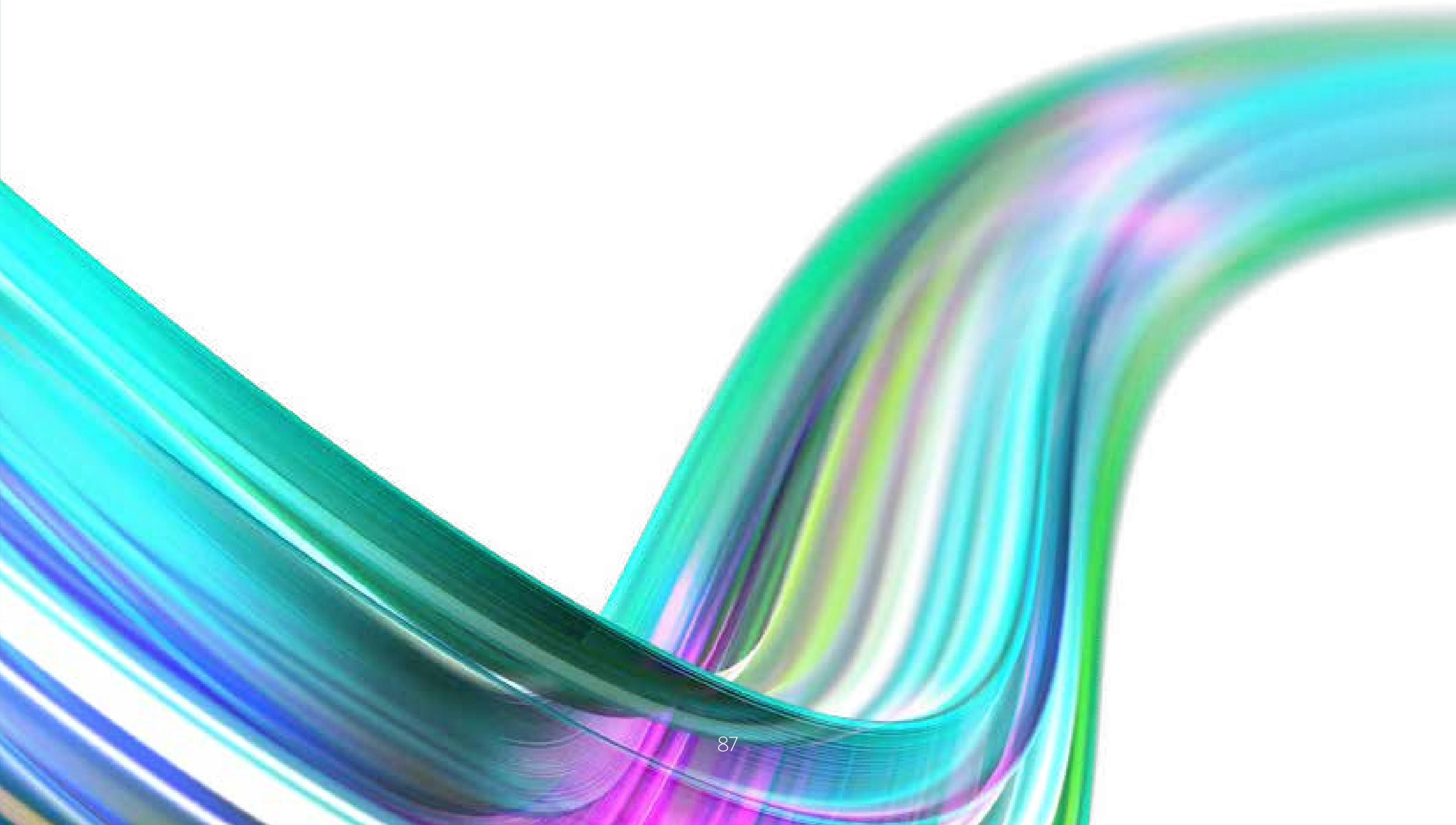
Auditors
Deloitte LLP
2 New Street
London EC4A 3BZ

Financial statements

For the year ended 31 December 2022

03 Financial statements

The audited financial statements of Urenco for the year ended 31 December 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 2022 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 36; 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:

- US enrichment site impairment reversal;
- Macro-economic assumptions, as used in the tails and decommissioning provisions;
- European enrichment business tails provisioning; and
- Enrichment site decommissioning provisioning.

These key audit matters are consistent with those identified in the prior year with the addition of macro-economic assumptions as a standalone matter.

Materiality

The materiality that we used for the Group financial statements was €25 million which was determined on the basis of 4.7%of the three-year rolling average profit before tax excluding exceptional items.

Financial statements

Independent Auditor's Report continued

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 and operating 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 (96% of Group total).

Significant changes in our approach

In the current year, Urenco changed their methodology on how they determine discount and inflation rates which are used when calculating tails and decommissioning provisions. As such, we have concluded that the assessment of macro-economic assumptions used in the tails and decommissioning provisions represents a key audit matter in the current year.

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.

US enrichment site impairment reversal

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'), each of which is assessed annually for impairment. The US enrichment CGU recorded a €500 million pre-tax impairment charge at the 2019 year end, and a €760 million pre-tax impairment charge at the 2016 year end. The impairment charges of the US CGU were 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 an ongoing requirement for management to assess each CGU for indicators of impairment or impairment reversal at each reporting period end. At 31 December 2022, an indicator of impairment reversal was identified in relation to the US enrichment CGU primarily due to the significant increase in the long term SWU price forecasts, following Russia's invasion of Ukraine in February 2022.

Management have performed an impairment test at the 31 December 2022. Management's model supported a full reversal of €921m on a pre-tax basis, which has been treated as an exceptional item.

Key assumptions modelled within management's assessment include the discount rate; forecast SWU prices; 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, and the US disposal cost of tails produced from enrichment and US government policy.

Due to the subjective nature of the estimates used in the model, we consider this to represent a fraud risk.

This key audit matter is included as a significant matter related to the financial statements within the Audit Committee report on page 68, and is a critical accounting judgement within note 2 to the financial statements on page 104. Note 2 to the financial statements on page 113 also provides further details on the Urenco significant accounting policy for the impairment and impairment reversal of enrichment assets.

Financial statements
Independent Auditor's Report continued

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 the review processes to identify indicators of impairment and impairment reversals;
- 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; this included reviewing for any contradictory evidence when challenging the 2022 impairment reversal analysis;
- assessed significant new sales contracts and contract extensions signed during 2022, and those currently under discussion with customers, and compared pricing with both current market spot and forecast 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 operational and commercial management on key assumptions;
- assessed and benchmarked the reasonableness of the post-tax nominal discount rate adopted to external market data;
- challenged the directors' expectation of receiving an extension to the US nuclear site operating licence;
- assessed the mathematical accuracy of the impairment reversal calculated; and
- reviewed the appropriateness of the impairment reversal and sensitivity disclosures against the requirements of IAS 1 and IAS 36.

Key observations

Based on the work performed, we have concluded that the impairment reversal and related disclosures are appropriate.

The key assumptions within this assessment include the long-term forecast price model for SWU, the nominal discount rate applied and an extension to the US operating license. Considered as a whole, we concluded that the assumptions adopted by management in their impairment model were appropriate.

Macroeconomic assumptions adopted for the tails and decommissioning provision

Key audit matter description

During 2022, in light of the volatile global macroeconomic environment, there is increased judgement in determining appropriate macroeconomic assumptions adopted for the calculation of the tails and decommissioning provisions.

Significant management judgement is required in using an appropriate methodology to derive discount and inflation rates, to ensure that the rates reflect current market conditions. As detailed in note 30, the change in nominal discount rates during the year has led to a €54 million charge to the consolidated income statement due to the impact on tails provisions, and a further €2 million charge relating to the decommissioning provision. Sensitivity analysis is provided in note 30 detailing that a 0.5% (50 basis points) reduction in the real discount rate would lead to an increase in the tails and decommissioning provisions of €229 million and €134 million respectively, reflecting that the provision balances are highly sensitive to real discount rates.

Costs included within the models are initially escalated using an inflation rate estimate, and then discounted to determine the present value. Due to the level of judgement and the potential for bias in determining the rates, we identified macroeconomic assumptions as a key audit matter and area of potential fraud.

This key audit matter is included as a significant matter related to the financial statements within the Audit Committee report on pages 68 and 69 discussed within the sections on tails and decommissioning liabilities. Further details on the macroeconomic assumptions 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 macroeconomic assumptions, we:

- obtained an understanding of relevant control over estimation and approval of inflation and discount rates;
- involved specialists to assist to assess the reasonableness of the methodology and data sources used;
- tested the accuracy and relevance of input data against external data sources that we had independently selected;
- reperformed the calculations to derive inflation and discount rates; and
- performed a peer benchmarking exercise on other similar companies, for both the rates selected and the methodology used.

Key observations

We concluded that the macroeconomic assumptions adopted for nuclear provisions were appropriate.

Financial statements
Independent Auditor's Report continued

European enrichment business tails provisioning

Key audit matter description

During 2022, 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 at each reporting period end, as this TMF cost estimate is required to measure the future tails de-conversion provision. As at 31 December 2022, Urenco recognised a €1,383 million (31 December 2021: €1,279 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. Due to the significant judgements and estimates within a number of elements of the provision model, we consider this to also represent an area for potential fraud.

The latest TMF project review indicated a marginally increased capital construction and commissioning cost in comparison to the assumptions at 31 December 2021. These factors, alongside the delayed commissioning of TMF, have led to an increase in the associated tails provision.

As detailed on page 21 of the annual report, the TMF successfully commissioned both kilns during 2022. However, future TMF throughput remains uncertain, and represents a key assumption within the estimate of the European tails provision. Our key audit matter is focussed on this assumption, as the provision is most sensitive to changes in this assumption. Throughput 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 2022, 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 68, and is a key source of estimation uncertainty within note 2 to the consolidated financial statements. Further details on the tails 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 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 the 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;
  - challenged technical and operation personnel, comparing to third-party support, and/or assessing key management reports;
  - compared actual operational data to that budgeted for 2022;
  - assessed the competence, capability and objectivity of management's experts where cost estimates were internally generated;
- understood the rationale for, and reviewed the calculation of, the relevant updates made to the TMF de-conversion cost model in 2022 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.

Financial statements

Independent Auditor's Report continued

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 2022, the provision was €1,084 million (31 December 2021: €1,002 million).

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 the Group's strategy for decommissioning activities.

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

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

Due to the significant judgements and estimates within a number of elements of the provision model, we consider this to also represent a potential area for fraud.

This key audit matter is included as a significant matter related to the financial statements within the Audit Committee report on page 69, and is a key source of estimation uncertainty within note 2 to the consolidated financial statements on page 106. Further details on the site decommissioning provision are also provided in note 30 to the consolidated financial statements on page 156.

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 2022 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 assessed 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;
- assessed and benchmarked the reasonableness of discount and inflation macro-economic assumption rates to external market data and relevant industry peers; and
- challenged the useful economic lives of plant and machinery and the effect of this on decommissioning timings.

Key observations

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

Financial statements
Independent Auditor's Report continued

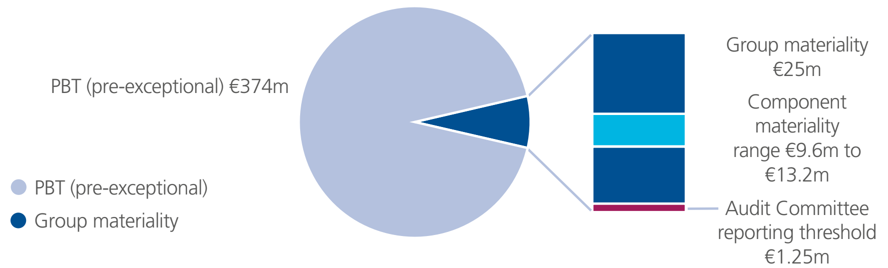
Our application of materiality

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 (2021: €25.0 million)	€17.1 million (2021: €19.3 million)
Basis for determining materiality	4.7% of the three year rolling average adjusted profit before tax, being profit before tax (PBT) excluding exceptional items (as defined in note 4) (2021: 4.5% of profit before tax).	1.5% of net assets (2021: 1.5% of net assets) for the Parent Company.
Rationale for the benchmark applied	We have determined that the three year average adjusted PBT provides an appropriately consistent basis for determining materiality, that is reflective of the size and scale of the business. We considered this measure to be suitable having also compared to another benchmark, noting our materiality equates to less than 2% of equity (2021: below 2%).	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% (2021: 70%) of Group materiality	70% (2021: 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, noting 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; and d. The number and volume of misstatements in 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 (2021: €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.

Financial statements

Independent Auditor's Report continued

An overview of the scope of our audit

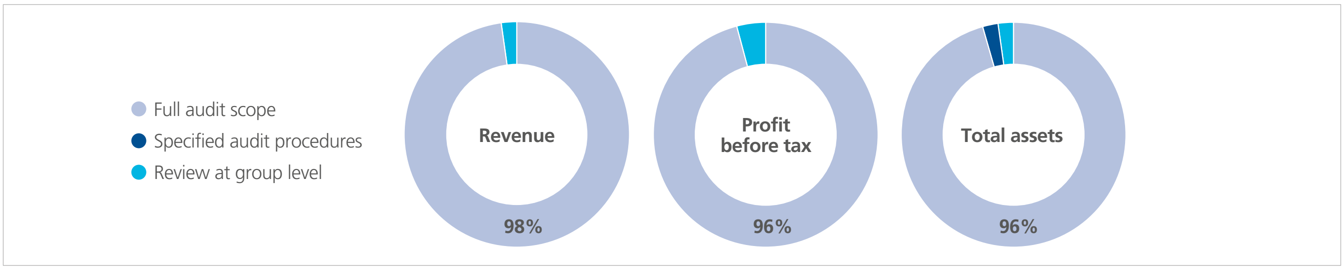
Identification and scoping of components

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 work on these last three components was performed by component auditors in Germany, the Netherlands and USA respectively.

Additionally, we performed full scope audits on the entity constructing and operating 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 (2022: 96%, (2021: 96%), of Group total), revenue (2022: 98%, (2021: 98%) of Group total) and profit before tax (2022: 96%, (2021: 94%) of Group total).

The group audit team tested the consolidation and performed analytical procedures at the group level to confirm our conclusion that there were no significant risks of material misstatement in components that were not subject to audit or specified audit procedures.



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 relying on these controls. The results of this testing allowed us to take a controls reliant approach for this system.

We planned and were able to rely 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.

Our consideration of climate-related risks

As highlighted in management's climate related disclosures on page 28, 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. We did not identify any additional risks of material misstatement.

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

Working with other auditors

The group audit team directed and supervised component auditors via 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.

Site visits were performed across all enrichment sites by the UK group team between September and November. All stock counts were performed in person. Remote file reviews were performed during the planning and completion 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.

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.

Financial statements
Independent Auditor's Report continued

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.

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, the directors, 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: assessment of reversal of impairment indicators in the US enrichment business, macro-economic assumptions (as used in the tails and decommissioning provisions), judgements around timing of cashflows in decommissioning provisions, judgements around the future throughput of the TMF, and 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 and tax legislation.

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, nuclear regulations and environmental regulations.

Financial statements

Independent Auditor's Report continued

Audit response to risks identified

As a result of performing the above, we identified the US enrichment impairment reversal, macro-economic assumptions (as used in the tails and decommissioning provisions), the European enrichment business tails provisioning, and the Enrichment site decommissioning provisioning 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 revenue 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 IFRS 15; 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.

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 these matters.

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

8 March 2023

Financial statements

Consolidated Income Statement

For the year ended 31 December 2022

	Notes	**2022** **Result for the year €m**	2021 Re-presented[i] Result for the year €m
Revenue	3	**1,716.5**	1,669.3
Changes to inventories of work in progress, finished goods and SWU assets		**(126.9)**	(89.0)
Raw costs of materials and consumables used		**(17.4)**	(16.0)
Net costs of nuclear provisions	5	**(249.5)**	(144.4)
Employee costs	7	**(206.9)**	(180.3)
Depreciation and amortisation	5	**(370.1)**	(331.0)
Impairment reversal – exceptional item	6	**921.4**	-
Other expenses[i]	5	**(307.1)**	(275.4)
Results of joint venture and other investments	16	**5.2**	2.6
Income from operating activities	5	**1,365.2**	635.8
Finance income	8	**220.7**	69.3
Finance costs	9	**(290.2)**	(133.6)
Income before tax		**1,295.7**	571.5
Income tax expense[ii]	6,10	**(122.5)**	(207.0)
Net income for the year attributable to the owners of the Company		**1,173.2**	364.5
Earnings per share		**€**	€
Basic earnings per share	12	**7.0**	2.2

[i] For the year ended 31 December 2021 an amount of €0.5 million that was previously reported on a separate line Restructuring provision release has been reclassified as a credit to Other expenses.

[ii] The Income tax expense for 2022 includes an exceptional item for the net income tax expense of €33.3 million (2021: €nil) associated with the pre-tax impairment reversal of the USA operations of €921.4 million (2021: €nil). Therefore the post-tax impairment reversal in 2022 was €888.1m (2021: €nil). Refer to note 6.

Financial statements
Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

	Notes	2022 €m	2021 €m
Net income for the year attributable to the owners of the Company		**1,173.2**	364.5
Other comprehensive income/(loss):			
Items that have been or may be reclassified subsequently to the income statement			
Cash flow hedges – losses/(gains) recycled in relation to hedges of revenue	26	**48.7**	(3.9)
Cash flow hedges – (gains)/losses recycled in relation to hedges of debt	26	**(14.2)**	40.9
Cash flow hedges – mark to market losses on hedges of revenue	26	**(94.6)**	(69.5)
Cash flow hedges – mark to market gains/(losses) on hedges of debt	26	**36.3**	(28.7)
Movements on cost of hedging reserve[i]	26	**(4.8)**	1.5
Deferred tax income on financial instruments	10	**6.0**	13.8
Current tax income on financial instruments	10	**0.2**	1.0
Exchange differences on hedging reserves[ii]	26	**4.8**	5.6
Total movements to hedging reserves		**(17.6)**	(39.3)
Exchange differences on foreign currency translation of foreign operations		**91.7**	95.4
Net investment hedge – mark to market (losses)/gains		**(89.3)**	38.8
Deferred tax (expense)/income on financial instruments		**(0.2)**	6.7
Current tax income/(expense) on financial instruments		**10.5**	(4.9)
Share of joint venture exchange differences on foreign currency translation of foreign operations		**(0.1)**	(0.1)
Total movements to foreign currency translation reserve		**12.6**	135.9
Fair value loss on investments in debt instruments measured at FVTOCI		**(0.2)**	-
Total movements to investments revaluation reserve		**(0.2)**	-
Items that will not be reclassified subsequently to the income statement			
Actuarial gains on defined benefit pension schemes	32	**2.4**	68.0
Deferred tax expense on actuarial gains	10	**(1.7)**	(17.2)
Current tax income on actuarial losses		**0.6**	-
Share of joint venture actuarial gains on defined benefit pension schemes		**8.5**	5.5
Share of joint venture deferred tax expense on actuarial gains on defined benefit pension schemes		**(2.3)**	(0.5)
Total movements to retained earnings		**7.5**	55.8
Other comprehensive income		**2.3**	152.4
Total comprehensive income for the year attributable to the owners of the Company		**1,175.5**	516.9

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

(ii) 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

As at 31 December 2022

	Notes	31 December 2022 €m	31 December 2021 €m
Assets			
Non-current assets			
Property, plant and equipment, including right-of-use assets	13	**5,241.8**	4,510.8
Investment property	14	**5.2**	5.8
Intangible assets	15	**36.6**	23.3
Investments including joint venture	16	**37.4**	29.7
Nuclear decommissioning trust fund	31	**482.1**	-
Retirement benefit assets	32	**50.4**	51.2
Restricted cash	18	**0.5**	0.9
Derivative financial instruments	29	**39.8**	30.4
Deferred tax assets	10	**81.0**	82.8
Contract assets	21	**25.5**	35.5
		6,000.3	4,770.4
Current assets			
Inventories	19	**287.3**	146.9
SWU assets	20	**349.6**	277.5
Contract assets	21	**14.8**	12.5
Trade and other receivables	22	**218.4**	357.9
Derivative financial instruments	29	**29.8**	53.1
Income tax recoverable		**88.1**	101.4
Short term bank deposits	23	**572.8**	516.3
Cash and cash equivalents	24	**737.6**	559.5
		2,298.4	2,025.1
Total assets		**8,298.7**	6,795.5
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
Investments revaluation reserve	26	**(0.2)**	-
Hedging reserves	26	**(10.8)**	6.8
Foreign currency translation	26	**362.2**	349.6
Retained earnings		**2,368.5**	1,487.8
Total equity		**2,973.3**	2,097.8
Non-current liabilities			
Trade and other payables	33	**168.8**	38.9
Interest bearing loans and borrowings	29	**1,138.0**	651.3
Lease liabilities	29	**25.9**	28.1
Provisions	30	**3,014.1**	2,721.5
Contract liabilities	27	**172.5**	126.1
Derivative financial instruments	29	**75.8**	56.5
Deferred tax liabilities	10	**259.0**	261.9
Retirement benefit obligations	32	**24.4**	30.9
		4,878.5	3,915.2
Current liabilities			
Trade and other payables	33	**215.7**	229.4
Interest bearing loans and borrowings	29	**-**	404.7
Lease liabilities	29	**1.4**	3.2
Provisions	30	**64.8**	3.6
Contract liabilities	27	**85.5**	62.6
Derivative financial instruments	29	**61.6**	62.7
Income tax payable		**17.9**	16.3
		446.9	782.5
Total liabilities		**5,325.4**	4,697.7
Total equity and liabilities		**8,298.7**	6,795.5

The financial statements were approved by the Board of Directors and authorised for issue on 8 March 2023.

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 2022

	Share capital €m	Additional paid in capital €m	Investments revaluation reserve €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 2021	**237.3**	**16.3**	**-**	**1,487.8**	**6.8**	**349.6**	**2,097.8**
Income for the year	**-**	**-**	**-**	**1,173.2**	**-**	**-**	**1,173.2**
Other comprehensive income/(loss)	**-**	**-**	**(0.2)**	**7.5**	**(17.6)**	**12.6**	**2.3**
Total comprehensive income/(loss)	**-**	**-**	**(0.2)**	**1,180.7**	**(17.6)**	**12.6**	**1,175.5**
Equity dividends paid (see note 11)	**-**	**-**	**-**	**(300.0)**	**-**	**-**	**(300.0)**
As at 31 December 2022	**237.3**	**16.3**	**(0.2)**	**2,368.5**	**(10.8)**	**362.2**	**2,973.3**

	Share capital €m	Additional paid in capital €m	Investments revaluation reserve €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

[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 2022

	Notes	2022 €m	2021 €m
Income before tax		**1,295.7**	571.5
Adjustments to reconcile Group income before tax to net cash flows from operating activities:			
Results of joint venture and other investments	16	**(5.2)**	(2.6)
Depreciation and amortisation	5	**370.1**	331.0
Exceptional items	6	**(921.4)**	-
Finance income	8	**(220.7)**	(69.3)
Finance costs	9	**290.2**	133.6
Loss on disposal/write offs of property, plant and equipment		**22.1**	2.1
Increase in provisions		**221.7**	59.9
Operating cash flows before movements in working capital		**1,052.5**	1,026.2
Increase in inventories		**(81.1)**	(2.1)
(Increase)/decrease in SWU assets		**(35.3)**	40.0
Decrease/(increase) in receivables and other debtors		**132.4**	(126.1)
Increase in payables and other creditors		**65.2**	89.6
Cash generated from operating activities		**1,133.7**	1,027.6
Income taxes paid		**(79.5)**	(146.4)
Net cash flow from operating activities		**1,054.2**	881.2
Investing activities			
Interest received		**21.4**	30.6
Payments on maturing swaps hedging matured debt		**(56.5)**	(32.5)
Maturity of short term deposits		**678.0**	701.1
Placement of short term deposits		**(722.9)**	(688.6)
Contributions to nuclear decommissioning trust fund		**(499.3)**	-
Purchases of property, plant and equipment		**(165.9)**	(141.8)
Purchases of intangible assets		**(0.7)**	(1.7)
Dividends received from investments and joint venture	16	**11.9**	12.5
Net cash flow from investing activities		**(734.0)**	(120.4)
Financing activities			
Interest paid		**(33.5)**	(83.8)
Receipts on maturing swaps hedging matured debt		**43.6**	75.3
Receipts on maturing forwards and swaps		**46.2**	-
Dividends paid to equity holders	11	**(300.0)**	(300.0)
Proceeds from new borrowings		**496.4**	-
Repayment of borrowings		**(405.0)**	(534.4)
Repayment of lease liabilities		**(2.4)**	(1.8)
Net cash flow from financing activities		**(154.7)**	(844.7)
Net increase/(decrease) in cash and cash equivalents		**165.5**	(83.9)
Cash and cash equivalents at 1 January		**559.5**	630.0
Effect of foreign exchange rate changes		**12.6**	13.4
Cash and cash equivalents at 31 December[(i)]	24	**737.6**	559.5

(i) In addition to Cash and cash equivalents, the Group held Short term bank deposits of €572.8 million (2021: €516.3 million).

Financial statements

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

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 60. 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 page 2.

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.

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 twelve months after the date of approval of these financial statements. Urenco's business is long-term by nature and its significant order book of contracted and agreed sales (€10.8 billion extending to the latter half of the next decade (2021: €8.7 billion)) provides a strong foundation for the future They are satisfied that the Group has adequate financial resources, which includes cash and cash equivalents and short term bank deposits totalling €1.3 billion at 31 December 2022 (2021: €1.1 billion), to continue in operational existence for the foreseeable future, and thus they continue to adopt the going concern basis of accounting in preparing the financial statements. The Directors have considered the situation in Ukraine and have concluded that there is no substantial adverse impact on the going concern assumption.

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 2022 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021, except as follows:

In the current year, the Group has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

International Accounting Standards (IFRS/IAS)	IASB Effective Date - periods commencing on or after	UK adopted effective Date - periods commencing on or after
Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022	1 January 2022
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022	1 January 2022
Annual Improvements to IFRS 2018– 2020: • Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a First-time Adopter. • Amendment to IFRS 9 Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities. • Amendment to IFRS 16 Leases – Removal of the illustration of the reimbursement of leasehold improvements. • Amendment to IAS 41 Agriculture - Taxation in Fair Value Measurements.	1 January 2022	1 January 2022

Financial statements
Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

2. Significant accounting policies continued

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

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 adopted 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	1 January 2023
Amendments		
Leases: Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) (issued on 22 September 2022)	1 January 2024	Not yet endorsed
Presentation of Financial Statements Non-current Liabilities with Covenants (Amendments to IAS 1) (issued on 31 October 2022)	1 January 2024	Not yet endorsed
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 2024[i]	Not yet adopted
Definition of Accounting Estimates (Amendments to IAS 8) (issued on 12 February 2021)	1 January 2023	1 January 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) (Issued on 12 February 2021)	1 January 2023	1 January 2023
Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12) (issued on 7 May 2021)	1 January 2023	1 January 2023

[i] Deferred until not earlier than 1 January 2024

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.

A Nuclear Decommissioning Trust fund ("NDT") has been consolidated from the date of its establishment in November 2022. See note 31 for details on the NDT.

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 2022

2. Significant accounting policies continued

Critical accounting judgements and key sources of estimation uncertainty 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 re-assessed 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 2022, the Directors concluded that the composition of the two key CGUs remained the same They also identified that there were significant indicators to reverse the impairment charges on the USA operations that were recognised in 2016 and 2019. This has resulted in a full reversal. Please see the section on key sources of estimation uncertainty in this note for key judgements and significant estimates regarding the impairment reversal and note 6 for further details.

- **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 are accounted for when 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.

Financial statements
Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

2. Significant accounting policies continued
Critical accounting judgements and key sources of estimation uncertainty continued
Critical accounting judgements 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 – determining recoverable value**
  Where impairment or impairment reversal indicators have been identified, management has assessed the recoverable amount of assets based on value in use, using discounted cash flow models.

  In the current year, indicators of a potential reversal of previously recorded US impairment charges were identified. As a result, value in use calculations were prepared. The value in use calculations of the CGU of the US operations are based on long-term cash flow projections which utilise the Group's most recent ten year business plan in the short term and management forecasts covering the post business plan period to 2060, together with relevant sensitivity analysis for key assumptions and variables. The period to 2060 is deemed appropriate as it captures a full cycle of sustaining capital investments, the cash settlement of legacy tails disposal obligations and is commensurate with the long dated cycles of enrichment business planning.

  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 pre-tax nominal discount rate used. Further details on the key assumptions and sensitivity analysis are provided in note 6. Other assumptions include the enrichment capacity of the US 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, on matters including, but not limited to, climate change.

  Where appropriate external data has been used to support the key assumptions. Assumptions for demand and pricing of enrichment services are based on a comprehensive internal market analysis of future market conditions, in conjunction with external modelling, with reference to external forecast data about market pricing and sales volume projections. The 2022 discount rate was prepared using the Capital Asset Pricing Model (CAPM) and other relevant market data, and was validated by an independent external investment bank.

  An indicator of impairment reversal of the assets in the US CGU has been identified and therefore an impairment test of the US CGU as at 31 December 2022 has been completed which showed that the carrying value of its assets was lower than its recoverable value. There was sufficient headroom for a reversal of previous impairment charges that were recognised in 2016 and 2019 to increase the carrying value by €921.4 million to €2,256.5 million at 31 December 2022. This carrying value represents the lower of the recoverable amount based on value in use at that date and the carrying value of the assets that would have been determined net of amortisation and depreciation had no impairment loss been recognised in prior periods.

  For 2022, the Directors concluded that there was no indicator of impairment for the European CGU and accordingly no impairment test has been carried out. There was no indicator of a reversal of an impairment because for this CGU no impairment charges had been previously recognised.

  There is continued inherent risk, 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 decrease or further increase in the future. Any significant decrease could result in a new impairment indicator potentially leading to a reduction in the recoverable value of the CGU of the US or European operations and an impairment charge on one or both CGUs. Details of the carrying value of enrichment assets are given in notes 13 and 15.

- **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 2022 these included estimates of the impact that the underlying assumptions used to calculate the impairment reversal on the US operations will have on future suitable taxable profits and resulting deferred tax assets. Further details of deferred tax assets and the relevant sensitivity are given in note 10.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

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**
  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 TMF deconversion rate. The method to calculate the TMF deconversion rate assumes an expansion from the current two kilns to four kilns commencing in 2030. 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 48. 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.

  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 and macro economic 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 2.10% to 2.20% (2021: 1.50% to 2.10%) per annum and discounted at rates varying from 3.00% to 3.50% (2021: 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. 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. There has also been a detailed cost review carried out in 2022. 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 32.

- **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 is 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 are 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.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

2. Significant accounting policies continued

Revenue recognition continued

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".

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 2022

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 re-measured 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.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

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 is 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 2022

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.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

2. Significant accounting policies continued

Taxation continued

Deferred tax 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 – 55 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 - 55 years	1 - 20 years
Office fixtures and fittings	2 - 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 2022

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.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

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 2022

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 other comprehensive income (FVTOCI)

Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at FVTOCI. The debt securities held by the Group, via the Nuclear decommissioning trust fund, are classified as FVTOCI. This is because the business model for the financial assets is to grow the assets that have been contributed in the NDT by generating investment returns, in accordance with the investment policy. This will be achieved by a combination of collecting contractual cash flows and by selling financial assets. The NDF wholly invests in debt instruments and money market funds. The debt instruments and money market funds give rise to contractual cash flows on specified dates that solely relate to payments of principal and interest on the principal outstanding.

Selling of financial assets will be required due to various reasons, including

a. Reallocation of investments between types of investments within same asset category
b. Rebalancing of percentages of amounts invested in different asset categories
c. To satisfy liabilities for decommissioning liabilities or tails costs
d. To pay administrative costs and other incidental expenses of the NDT

Fair value is determined in the manner described in note 29. The debt securities are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these debt securities as a result of impairment gains or losses and interest income calculated using the effective interest method are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these debt securities had been measured at amortised cost. However, the loss allowance for expected credit losses is recognised in other comprehensive income instead of reducing the carrying amount of the debt securities. All other changes in the carrying amount of these debt securities are recognised in other comprehensive income and accumulated under the heading of Fair value gain/(loss) on investments in debt instruments measured at FVTOCI. When these debt securities are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss, within finance income or finance costs.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

2. Significant accounting policies continued

Financial assets continued

Classification of financial assets continued

(iii) Financial assets at fair value through profit or loss (FVTPL)

Financial assets that do not meet the criteria for being measured at amortised cost or at FVTOCI 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, debt instruments measured at FVTOCI 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.

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.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

2. Significant accounting policies continued

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.

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 (International Swaps and Derivatives Association) agreements 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.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

2. Significant accounting policies continued

Cash flow hedges continued

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.

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 2022

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.

Financial statements
Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

3. Revenue

An analysis of the Group's revenue is as follows:

	Year ended 31/12/22 €m	Year ended 31/12/21 €m
Sales of goods and services	**1,705.4**	1,665.9
Net fair value gain on commodity contracts	**11.1**	3.4
Total revenue	**1,716.5**	1,669.3

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 loss of €48.7 million (2021: net gain €3.9 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 year arose from contracts with customers.

The amount of revenue recognised during the year that was previously recorded as a contract liability was €63.2 million (2021: €60.2 million).

Revenue from one customer (2021: 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 €240.3 million (2021: €261.2 million) and represented 14.0% (2021: 15.6%) 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 2022

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 2022	Enrichment business €m	ETC €m	Other [i] €m	Consolidated €m
Revenue				
External sales	1,712.8	-	3.7	1,716.5
Total external revenue	1,712.8	-	3.7	1,716.5
Result				
Income/(loss) from operating activities	1,382.8	13.0	(30.6)	1,365.2
Finance income	39.2	-	181.5	220.7
Finance costs	(89.5)	-	(200.7)	(290.2)
Income/(loss) before tax	1,332.5	13.0	(49.8)	1,295.7
Income tax	(117.8)	-	(4.7)	(122.5)
Net income/(loss) for the year	1,214.7	13.0	(54.5)	1,173.2
Other information				
Total depreciation and amortisation	366.5	-	3.6	370.1
Add: depreciation recognised in increased inventories and SWU assets	5.4	-	-	5.4
Add: depreciation expenses within net costs of nuclear provisions	10.5	-	-	10.5
Depreciation and amortisation for EBITDA calculation	382.4	-	3.6	386.0
Income/(loss) from operating activities (post-exceptionals)	1,382.8	13.0	(30.6)	1,365.2
Exceptional items	(921.4)	-	-	(921.4)
Income from operating activities (pre-exceptionals)	461.4	13.0	(30.6)	443.8
Depreciation and amortisation	382.4	-	3.6	386.0
Results of joint venture and other investments	(0.5)	(13.0)	8.3	(5.2)
EBITDA[ii]	843.3	-	(18.7)	824.6
Capital additions:				
Property, plant and equipment	284.2	-	(0.2)	284.0
Intangible assets	0.8	-	-	0.8
Segment assets	7,008.1	32.9	1,257.7	8,298.7
Segment liabilities	2,980.5	-	2,344.9	5,325.4

(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 results of joint venture and other investments.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

4. Segment information continued

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
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 results of joint venture and other investments.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

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 2022	UK €m	Rest of Europe €m	US €m	Rest of the world €m	Consolidated €m
Total external revenue	**44.0**	**482.3**	**964.3**	**225.9**	**1,716.5**
Location of non-current assets					
Property, plant and equipment	**2,227.7**	**777.2**	**2,236.9**	**-**	**5,241.8**
Investment property	**3.7**	**1.5**	**-**	**-**	**5.2**
Intangible assets	**11.6**	**5.4**	**19.6**	**-**	**36.6**

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

5. Income from operating activities

Income from operating activities before tax and net finance costs has been arrived at after charging:

	Year ended 31/12/22 €m	Year ended 31/12/21 Re-presented(iii) €m
Net costs of nuclear provisions movements (note 30)	**249.5**	144.4
Depreciation of property, plant and equipment (note 13)	**356.1**	326.8
Depreciation of investment property (note 14)	**0.4**	0.4
Amortisation of intangible assets (note 15)	**13.6**	3.8
Depreciation and amortisation	**370.1**	331.0
Exceptional items (note 6)	**921.4**	-
Employee costs (note 7)	**206.9**	180.3
Energy, utilities, maintenance and ETC costs	**137.0**	127.2
Operating costs(i)	**167.4**	129.4
Restructuring provision release(iii)	**-**	(0.5)
Administrative and other costs	**8.8**	27.8
Expense relating to short-term leases	**0.5**	0.3
Government grants	**(5.4)**	(8.0)
Research and development costs	**2.2**	1.1
Operating foreign exchange gains(ii)	**(5.9)**	(2.8)
Operating foreign exchange losses(ii)	**2.2**	1.1
Expected credit losses	**0.3**	(0.2)
Other expenses	**307.1**	275.4

(i) Includes insurance, rates, delivery costs, and third party services.
(ii) 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).
(iii) For the year ended 31 December 2021, an amount of €0.5 million that was previously reported on a separate line, Restructuring provision release, in the Consolidated income statement has been reclassified as a credit to Other expenses.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

5. Income from operating activities continued

Auditor's remuneration

An analysis of the auditor's remuneration is provided below:

	Year ended 31/12/22 €m	Year ended 31/12/21 €m
Audit of the financial statements	**1.2**	0.9
Audit of subsidiaries	**0.9**	0.8
Total audit fees	**2.1**	1.7
Non-audit services	**0.4**	0.2
Total fees	**2.5**	1.9

The total audit fees in 2022 include an amount of €0.1 million for work carried out in 2021 related to the audit of the financial statements.

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 66. No services were provided pursuant to contingent fee arrangements.

6. Exceptional items

During the year, an exceptional item of €921.4 million was recognised (2021: €nil) on a pre-tax basis and €888.1 million (2021: €nil) on a post-tax basis in the income statement. This related to a reversal of impairment charges previously recognised in 2016 and 2019 on the USA operations cash generating unit.

The pre-tax reversal of the impairment is considered exceptional due to both the incidental nature and size of the financial impact. The deferred tax charge together with any resulting valuation allowance release are similarly considered exceptional in nature, as they arise as a result of the exceptional pre-tax impairment reversal.

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 31/12/22 €m	Year ended 31/12/21 €m
Income from operating activities – pre-exceptional items	**443.8**	635.8
Exceptional items – net costs of nuclear provisions	**921.4**	-
Income from operating activities	**1,365.2**	635.8
Income tax expense – pre-exceptional items	**(89.2)**	(207.0)
Exceptional items	**(33.3)**	-
Income tax expense	**(122.5)**	(207.0)
Net income for the year attributable to the owners of the Company – pre-exceptional items	**285.1**	364.5
Exceptional items	**888.1**	-
Net income for the year attributable to the owners of the Company	**1,173.2**	364.5
Basic earnings per share – pre-exceptional items	**€1.7**	€2.2
Exceptional items	**€5.3**	€0.0
Basic earnings per share	**€7.0**	€2.2

The USA operations cash generating unit provides enrichment and associated services for the nuclear power industry and forms part of the enrichment business reporting segment.

Urenco monitors the market continually and in this year has noted a significant increase in both spot and term prices for SWU. The spot price for SWU as reported by UxC has increased from US$56/SWU at the end of December 2021 to US$125/SWU at the end of December 2022. This increase resulted from the invasion in Ukraine, which led to a higher demand for enrichment services from non-Russian suppliers and associated higher prices. Management concluded that an indicator exists for an impairment reversal due to a substantial increase of the long-term forecast market prices for uncontracted SWU. Therefore, management has determined the recoverable value of the assets as at 31 December 2022, based on the value in use and in accordance with the methodology as set out in note 2 and using a nominal pre-tax discount rate of 7.2%. This calculation assumes that SWU prices and volumes for uncontracted sales have been benchmarked against external forecast data. These assumed prices are applied to all uncontracted sales volumes which are then met from own production.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

6. Exceptional items continued

The carrying value of the assets of the USA operations cash generating unit has increased to €2,256.5 million as at 31 December 2022 due to the reversal of previous impairment charges of €921.4 million. This carrying value represents the lower of the recoverable amount based on value in use at that date and the carrying value of the assets that would have been determined net of amortisation and depreciation had no impairment loss been recognised in prior periods.

The reversal of the impairment charge resulted in a net tax charge of €33.3 million, comprised of a gross tax charge of €236.4 million, partially offset by the recognition of a deferred tax asset of €203.1 million, which was previously not recognised as there were insufficient taxable profits forecasted to recover the asset. Therefore, a pre-tax impairment reversal of €921.4 million has been recorded, which together with a net income tax expense of €33.3 million, led to a post-tax impairment reversal of €888.1 million. Further details of the tax impact are provided in note 10.

The reversal of the impairment relates to property, plant and equipment and intangible assets. The gross amounts allocated to each asset category are disclosed in note 13 and 15 respectively. The whole amount of the reversal has been reported within the segment Enrichment business, see note 4.

Critical assumptions used in the impairment analysis that had a significant impact on the outcome are the pre-tax discount rate and the SWU price for uncontracted sales. The table below summarises the impact on the impairment reversal for either: (i) a +/- 1% change in the pre-tax discount rate; or (ii) a +/- 10% change in the SWU price for uncontracted sales. In each case, all other assumptions and variables are unchanged.

Key assumptions	**Sensitivity**	**Increase/(decrease) in impairment reversal €m**
Pre-tax discount rate	Increase by 1% (to 8.2%)	(92.0)
	Decrease by 1% (to 6.2%)	0.0
SWU price	Increase by 10%	0.0
	Decrease by 10%	(240.0)

Decreases to the pre-tax discount rate or increases to the forecast SWU price have no impact on the amount of the impairment reversal because the sensitised value in use is still higher than what the carrying value would have been had no impairment losses been recognised in prior periods.

The recoverable value of the USA enrichment business remains sensitive to price and discount rate. Reasonably possible adverse changes to these assumptions based on the sensitivity analysis above, could result in impairments in future periods.

7. Employee costs

The average monthly number of Group employees (including Executive Directors) was:

	Year ended 31/12/22 Number	Year ended 31/12/21 Number
Technical	**1,163**	1,157
Commercial	**41**	34
Administration	**542**	467
	1,746	1,658

Their aggregate remuneration comprised:

	Year ended 31/12/22 €m	Year ended 31/12/21 €m
Wages and salaries	**186.8**	166.4
Capitalised employee costs	**(19.1)**	(18.2)
Social security costs	**20.6**	17.8
Pension costs	**18.6**	14.3
	206.9	180.3

Directors' emoluments (page 60):

	Year ended 31/12/22 €m	Year ended 31/12/21 €m
Emoluments	**3.2**	2.9
Amounts receivable under long term incentive scheme	**1.4**	0.8

	Number	Number
Members of defined contribution pension schemes	**2**	2

In respect of the highest paid Director:

	Year ended 31/12/22 €m	Year ended 31/12/21 €m
Emoluments including pension	**2.2**	1.6

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

8. Finance income

	Year ended 31/12/22 €m	Year ended 31/12/21 €m
Interest on bank and other deposits	**15.5**	0.9
Interest on contract assets	**0.8**	0.6
Interest on cross currency interest rate swaps	**18.0**	14.4
Net interest income on defined benefit pension schemes	**0.6**	-
Gains from non-designated derivatives	**0.6**	-
Amortisation of gains on financial instruments	**0.5**	0.2
Net gains nuclear decommissioning trust fund	**1.2**	-
Foreign exchange gains on financing activities	**183.5**	53.2
	220.7	69.3

9. Finance costs

	Year ended 31/12/22 €m	Year ended 31/12/21 €m
Interest on bank borrowings and other loans	**41.2**	34.4
Interest on cross currency interest rate swaps	**24.9**	24.9
Interest expense on lease liabilities	**1.3**	1.4
Unwinding of discount on provisions	**79.8**	67.9
Loss on non-designated derivatives	**-**	6.0
Net interest expense on defined benefit pension schemes	**-**	0.1
Surety bond	**3.6**	3.0
Foreign exchange losses on financing activities	**164.6**	38.2
Less: capitalised interest expense[i]	**(25.2)**	(42.3)
	290.2	133.6

[i] Capitalised interest expense predominantly relates to funding provided for construction of the TMF project, described further on page 21 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 31/12/22 €m**	Year ended 31/12/21 €m
Current tax		
UK corporation tax	**10.7**	2.7
Foreign income tax	**103.2**	80.2
Adjustments in respect of prior periods	**(10.0)**	(6.3)
Total current tax expense	**103.9**	76.6
Deferred tax (see Deferred income tax analysis below)		
Origination and reversal of temporary differences	**217.2**	68.7
Adjustments in respect of prior periods	**4.5**	5.7
Movement in unrecognised deferred tax	**(203.1)**	8.9
Impact of change in tax rate for deferred tax	**-**	47.1
Total deferred tax expense	**18.6**	130.4
Income tax expense reported in the consolidated income statement	**122.5**	207.0

Income tax on exceptional items within the income statement

During the year, an exceptional item of €921.4 million was recognised (2021: €nil) on a pre-tax basis and €888.1 million (2021: €nil) on a post-tax basis in the income statement. This related to a reversal of impairment charges previously recognised in 2016 and 2019 on the USA operations cash generating unit.

The deferred tax expense of €236.4 million on the reversal of impairment charges, included within origination and reversal of temporary differences above, together with the linked valuation allowance release of €203.1 million, included in movement in unrecognised deferred tax above, resulted in a net tax expense of €33.3 million through the tax line of the 2022 income statement.

There were no exceptional items during 2021.

Financial statements
Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

10. Income tax continued

Income tax related to items charged or credited directly to other comprehensive income	Year ended 31/12/22 €m	Year ended 31/12/21 €m
Current tax		
Arising on financial instruments reported in hedge reserve	**(0.2)**	(1.0)
Arising on financial instruments reported in currency translation reserve	**(10.5)**	4.9
Arising on actuarial gain on defined benefit pension schemes	**(0.6)**	-
Total current tax (income)/expense	**(11.3)**	3.9
Deferred tax		
Arising on financial instruments reported in hedge reserve	**(6.0)**	(13.8)
Arising on financial instruments reported in currency translation reserve	**0.2**	(6.7)
Arising on actuarial gain on defined benefit pension schemes	**1.7**	17.2
Total deferred tax income	**(4.1)**	(3.3)
Income tax (income)/expense reported in the consolidated statement of comprehensive income	**(15.4)**	0.6

The charge for the year can be reconciled to the expense in the consolidated income statement as follows:

	€m	Year ended 31/12/22 %	€m	Year ended 31/12/21 %
Income before tax	**1,295.7**		571.5	
Weighted at the average UK statutory income tax rate of 19.0% (2021: 19.0%)	**246.2**	**19.0**	108.6	19.0
Adjustments in respect of income tax of previous years	**(5.5)**	**(0.4)**	(0.6)	(0.1)
Tax effect of non-deductible/non-taxable items	**8.2**	**0.6**	4.6	0.8
Movement in unrecognised deferred tax	**(203.1)**	**(15.7)**	8.9	1.6
Effect of rate changes on deferred tax	**-**	**-**	47.1	8.2
Effect of different foreign tax rates	**73.6**	**5.7**	29.4	5.1
Deferred tax rate difference to headline tax rate	**3.1**	**0.3**	9.0	1.6
Income tax expense reported in consolidated income statement	**122.5**	**9.5**	207.0	36.2

An increase in the mainstream rate of UK corporation tax from 19.0% to 25.0%, effective 1 April 2023, was enacted in 2021. As a result, the Group's UK deferred tax assets and liabilities have been valued using a 25.0% future tax rate (2021: 25.0%), resulting in a €nil expense (2021: €46.7 million expense) to the income statement. The annual UK corporation tax rate for the year ended 31 December 2022 remained at 19.0% (2021: 19.0%).

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

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	
	2022 €m	2021 €m	**2022 €m**	2021 €m
Deferred tax (liabilities)/assets				
Relating to fair value movements on financial instruments	**(6.0)**	3.4	**(1.5)**	(0.1)
Relating to fixed assets(i)	**(305.7)**	(324.9)	**8.1**	(13.5)
Relating to other temporary differences	**21.4**	11.7	**0.9**	(2.1)
Relating to prior years	**-**	-	**25.2**	(5.5)
Relating to provisions	**28.1**	46.3	**(5.2)**	(13.5)
Relating to retirement benefits	**(12.6)**	(12.7)	**(0.8)**	(2.4)
Relating to start-up costs	**0.8**	-	**-**	-
Relating to tax losses	**15.0**	14.3	**(1.7)**	(4.4)
Effect of rate changes on deferred tax	**-**	-	**-**	(47.1)
Total deferred tax liabilities	**(259.0)**	(261.9)		
Deferred tax assets/(liabilities)				
Relating to fair value movements on financial instruments	**6.4**	4.0	**(1.0)**	1.7
Relating to fixed assets(i)	**(253.6)**	(60.8)	**(214.7)**	13.8
Relating to other temporary differences	**18.8**	(1.1)	**16.6**	(6.2)
Relating to prior year	**-**	-	**(29.7)**	(0.2)
Relating to provisions	**194.4**	174.8	**34.0**	21.7
Relating to retirement benefits	**2.9**	5.1	**(0.2)**	(0.2)
Relating to start up costs	**8.5**	17.0	**(5.7)**	(6.0)
Relating to tax losses	**103.6**	128.0	**(46.0)**	(57.5)
Valuation allowance	**-**	(184.2)	**203.1**	(8.9)
Total deferred tax assets	**81.0**	82.8		
Deferred tax expense			**(18.6)**	(130.4)

(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 €29.1 million (2021: €39.0 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. At 31 December 2022, a 10% increase or decrease in future taxable profits in the plan period would not lead to any change (2021: €3.9m increase or decrease respectively) in the amount of the net US deferred tax assets recognised. At 31 December 2022, as shown in the above table, a valuation allowance totalling €nil (2021: €184.2 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.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

11. Dividends paid and proposed

	Year ended 31/12/22 €m	Year ended 31/12/21 €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 2021 of 89.29 cents per share (2020: 89.29 cents per share)	**150.0**	150.0
Interim dividend for the year ended 31 December 2022 of 89.29 cents per share (2021: 89.29 cents per share)	**150.0**	150.0
	300.0	300.0
Proposed for approval at the Annual General Meeting		
Proposed final dividend for the year ended 31 December 2022 of 89.29 cents per share (2021: 89.29 cents per share)	**150.0**	150.0

The Dividend Policy is set out on page 55. 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 31/12/22	Year ended 31/12/21
In millions of euros		
Earnings for the purposes of basic earnings per share being net income attributable to equity holders of the parent pre-exceptional item	**285.1**	-
Earnings for the purposes of basic earnings per share being net income attributable to equity holders of the parent for the exceptional item	**888.1**	-
Earnings for the purposes of basic earnings per share being net income attributable to equity holders of the parent post-exceptional item	**1,173.2**	364.5
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 pre-exceptional item	**1.7**	-
Basic earnings per share for the exceptional item	**5.3**	-
Basic earnings per share post-exceptional item	**7.0**	2.2

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.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

13. Property, plant and equipment

2022	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 2022	**2,814.5**	**7,336.6**	**215.8**	**22.5**	**1,202.5**	**11,591.9**
Additions	**24.0**	**80.5**	**13.4**	**0.3**	**165.8**	**284.0**
Transfers (see note 15)	**670.8**	**308.0**	**8.0**	**0.3**	**(1,005.5)**	**(18.4)**
Disposals	**(3.8)**	**(18.2)**	**(2.9)**	**(0.4)**	**-**	**(25.3)**
Written off	**(5.8)**	**(2.6)**	**(0.6)**	**(0.2)**	**-**	**(9.2)**
Exchange adjustments	**35.1**	**68.5**	**0.5**	**-**	**(42.0)**	**62.1**
Cost as at 31 December 2022	**3,534.8**	**7,772.8**	**234.2**	**22.5**	**320.8**	**11,885.1**
Depreciation as at 1 January 2022	**1,262.3**	**5,621.7**	**176.0**	**21.1**	**-**	**7,081.1**
Charge for the year	**84.4**	**257.6**	**13.5**	**0.6**	**-**	**356.1**
Disposals	**(2.3)**	**(2.0)**	**(2.9)**	**(0.4)**	**-**	**(7.6)**
Written off	**(4.2)**	**-**	**(0.6)**	**(0.2)**	**-**	**(5.0)**
Impairment reversal	**(485.9)**	**(427.2)**	**(0.5)**	**-**	**-**	**(913.6)**
Exchange adjustments	**63.5**	**67.6**	**1.1**	**0.1**	**-**	**132.3**
Depreciation as at 31 December 2022	**917.8**	**5,517.7**	**186.6**	**21.2**	**-**	**6,643.3**
Carrying amount as at 1 January 2022	**1,552.2**	**1,714.9**	**39.8**	**1.4**	**1,202.5**	**4,510.8**
Carrying amount as at 31 December 2022	**2,617.0**	**2,255.1**	**47.6**	**1.3**	**320.8**	**5,241.8**

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 2022 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 €18.4 million (2021 €3.9 million) from property, plant and equipment to intangible assets. The transfers from assets under construction mainly relate to the TMF and include a transfer of €666.8 million (2021: €180.8 million) to Land and buildings and a transfer of €270.1 million (2021: €45.8 million) to Plant and machinery.

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

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

13. Property, plant and equipment continued

Included in the table above are right-of-use assets as noted below.

Right-of-Use Assets

2022	**Land and buildings €m**	**Plant and machinery €m**	**Fixtures and fittings €m**	**Motor vehicles €m**	**Total €m**
Cost as at 1 January 2022	**31.3**	**1.2**	**1.0**	**1.1**	**34.6**
Additions	**0.1**	**-**	**-**	**0.2**	**0.3**
Disposals	**(2.9)**	**-**	**(0.2)**	**(0.4)**	**(3.5)**
Exchange adjustments	**(1.5)**	**-**	**-**	**-**	**(1.5)**
Cost as at 31 December 2022	**27.0**	**1.2**	**0.8**	**0.9**	**29.9**
Depreciation as at 1 January 2022	**3.9**	**0.6**	**0.3**	**0.7**	**5.5**
Charge for the year	**1.0**	**0.2**	**0.2**	**0.2**	**1.6**
Disposals	**(2.2)**	**-**	**(0.2)**	**(0.4)**	**(2.8)**
Exchange adjustments	**(0.1)**	**-**	**-**	**-**	**(0.1)**
Depreciation as at 31 December 2022	**2.6**	**0.8**	**0.3**	**0.5**	**4.2**
Carrying amount as at 1 January 2022	**27.4**	**0.6**	**0.7**	**0.4**	**29.1**
Carrying amount as at 31 December 2022	**24.4**	**0.4**	**0.5**	**0.4**	**25.7**

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

The Group leases several assets including buildings, plant and machinery and motor vehicles. Additions to the right-of-use assets during 2022 were €0.3 million (2021: €10.5 million).

The maturity analysis of lease liabilities is presented in note 29.

At 31 December 2022, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to €219.8 million (2021: €41.3 million) principally in relation to centrifuge components, equipment and buildings.

Included in plant and machinery are the following amounts relating to capitalised decommissioning costs:

	2022 €m	2021 €m
Cost as at 31 December	**716.7**	650.2
Depreciation as at 31 December	**(355.1)**	(349.0)
Carrying amount as at 31 December	**361.6**	301.2

The amount of depreciation at 31 December 2022 is stated after an amount of €9.6 million (31 December 2021: €nil) associated with the impairment reversal of the USA operations.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

13. Property, plant and equipment continued

Included in property, plant and equipment are the following amounts relating to capitalised interest costs:

	2022 €m	2021 Re-presented[i] €m
Cost as at 31 December	**695.2**	678.7
Depreciation as at 31 December[i]	**(171.8)**	(186.3)
Carrying amount as at 31 December	**523.4**	492.4

[i] The depreciation at 31 December 2021 did not include the impact of previous impairment charges of the USA operations. From 2022 this has been changed and therefore the comparative amount for 2021 has increased by €42.4 million to €186.3 million to be on a consistent basis.

The borrowing costs capitalisation rate of assets under construction was 2.30% (2021: 2.15%).

The amount of depreciation at 31 December 2022 is stated after an amount of €42.4 million (31 December 2021: €nil) associated with the impairment reversal of the USA operations.

14. Investment property

2022	**Total €m**
Cost as at 1 January 2022	**8.8**
Exchange adjustments	**(0.3)**
Cost as at 31 December 2022	**8.5**
Depreciation as at 1 January 2022	**3.0**
Charge for the year	**0.4**
Exchange adjustments	**(0.1)**
Depreciation as at 31 December 2022	**3.3**
Carrying amount as at 1 January 2022	**5.8**
Carrying amount as at 31 December 2022	**5.2**

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 2022 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 2022.

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 2022 under this method was €8.1 million (31 December 2021: €6.0 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 (2021: €0.9 million). Associated direct operating expenses amounted to €0.1 million (2021: €0.2 million). Rental income is recognised within revenue.

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

Financial statements
Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

15. Intangible assets

2022	Licence costs €m	Other software assets €m	Customer contracts €m	Waiver payments €m	Total €m
Cost as at 1 January 2022	**72.5**	**102.9**	**3.0**	**6.9**	**185.3**
Additions	**0.7**	**0.1**	**-**	**-**	**0.8**
Transfers (see note 13)	**0.1**	**18.3**	**-**	**-**	**18.4**
Exchange adjustments	**1.9**	**(1.0)**	**-**	**(0.4)**	**0.5**
Cost as at 31 December 2022	**75.2**	**120.3**	**3.0**	**6.5**	**205.0**
Amortisation as at 1 January 2022	**54.5**	**97.7**	**3.0**	**6.8**	**162.0**
Charge for the year	**3.1**	**10.4**	**-**	**0.1**	**13.6**
Impairment reversal	**(7.6)**	**(0.2)**	**-**	**-**	**(7.8)**
Exchange adjustments	**1.4**	**(0.4)**	**-**	**(0.4)**	**0.6**
Amortisation as at 31 December 2022	**51.4**	**107.5**	**3.0**	**6.5**	**168.4**
Carrying amount as at 1 January 2022	**18.0**	**5.2**	**-**	**0.1**	**23.3**
Carrying amount as at 31 December 2022	**23.8**	**12.8**	**-**	**-**	**36.6**

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.

	2022 €m	2021 €m
Cost as at 31 December	**3.0**	3.0
Depreciation as at 31 December	**(1.8)**	(1.9)
Carrying amount as at 31 December	**1.2**	1.1

The borrowing costs capitalisation rate of assets under construction was 2.30% (2021: 2.15%).

The amount of depreciation at 31 December 2022 is stated after an amount of €0.1 million (31 December 2021: €nil) associated with the impairment reversal of the USA operations.

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

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

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:

	2022 €m	2021 €m
Share of the joint venture statement of financial position		
Non-current assets	**42.9**	33.4
Current assets	**80.2**	75.7
Share of gross assets	**123.1**	109.1
Non-current liabilities	**(40.3)**	(52.5)
Current liabilities	**(47.0)**	(28.4)
Share of gross liabilities	**(87.3)**	(80.9)
Group's share of net assets	**35.8**	28.2

	Year ended 31/12/22 €m	Year ended 31/12/21 €m
Share of joint venture results		
Total revenue	**64.8**	51.8
Group's share of profit for the year	**13.0**	6.6
Consolidation adjustments	**(8.3)**	(4.0)
Share of results of joint venture	**4.7**	2.6

	2022 €m	2021 €m
Share of net assets of joint venture		
As at 1 January	**28.2**	29.3
Group's share of profit for the year	**13.0**	6.6
Cash received from dividends	**(11.5)**	(12.5)
Group's share of other comprehensive income	**6.1**	4.8
As at 31 December	**35.8**	28.2

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.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

16. Investments continued

Other Investments

	€m
Cost as at 1 January 2022	**1.5**
Additions	**0.1**
Cost as at 31 December 2022	**1.6**
Carrying value as at 1 January 2022	**1.5**
Carrying value as at 31 December 2022	**1.6**

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 2022 Urenco has invested €0.1 million (2021: €nil) in the fund which is held at cost. During the year a dividend of €0.5 million (2021: €nil) has been received.

	€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

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

	31/12/22 €m	31/12/21 €m
Restricted cash	**0.5**	0.9

19. Inventories

	31/12/22 €m	31/12/21 €m
Raw materials	**215.9**	88.4
Work-in-progress	**57.6**	39.8
Finished goods	**13.8**	18.7
	287.3	146.9

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.

€149.1 million of Inventories was recognised as an expense in 2022 (2021: €46.8 million).

20. SWU assets

	31/12/22 €m	31/12/21 €m
SWU assets	**349.6**	277.5

SWU assets are the costs incurred to date in enriching UF_6 to fulfil enrichment contracts with customers.

Financial statements
Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

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.

	2022 €m	2021 €m
As at 1 January	**48.0**	28.4
Revenue recognised during the year	**2.6**	34.1
Reversal of accrued revenue	**(13.4)**	(17.1)
Exchange difference	**3.1**	2.6
As at 31 December	**40.3**	48.0
Included in current assets	**14.8**	12.5
Included in non-current assets	**25.5**	35.5
	40.3	48.0

Revenue recognised during the year related substantially to one contract which required a re-measurement of the revenue to be recognised in accordance with the relative stand-alone selling price. Revenue reversed during the year related substantially to one contract that had been modified during 2021 and which resulted in a re-measurement of the revenue to be recognised in accordance with the relative stand-alone selling price. It is expected that most of the current accrued revenue will reverse after 2023.

22. Trade and other receivables (current)

	31/12/22 €m	31/12/21 €m
Trade receivables	**154.2**	313.2
Trade receivables due from related parties	**2.8**	0.1
Other receivables	**36.5**	20.2
Prepayments	**24.9**	24.4
	218.4	357.9

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 2022 is 16 days (2021: 16 days).

The decrease in trade receivables is mainly due to a lower portion of invoices raised just before the year-end.

For terms and conditions relating to related party receivables, refer to note 36 on page 143.

At the year end date, trade receivables past their due date totalled €0.3 million (2021: €nil).

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 €1.4 million (2021: €1.0 million), wholly relating to receivables arising from revenue contracts.

23. Short term deposits

	31/12/22 €m	31/12/21 €m
Short term deposits	**572.8**	516.3

Short term deposits comprise bank 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.

Financial statements
Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

24. Cash and cash equivalents

	31/12/22 €m	31/12/21 €m
Cash	**212.6**	176.9
Cash equivalents	**525.0**	382.6
Total cash and cash equivalents	**737.6**	559.5

Cash comprises cash at the bank and in hand. Cash at the bank earns or pays interest at floating rates based on the banks' current account rates. Cash equivalents comprise 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 bank accounts to banks that have provided standby letters of credit in favour of the NRC to provide assurance that funds are available when needed to pay for decommissioning and tails liabilities of UUSA. The carrying value of these variable interest earning collateral accounts as at 31 December 2022, was €144.3 million (31 December 2021: €178.6 million).

25. Share capital

	31/12/22 €m	31/12/21 €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.

Financial statements
Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

26. Reserves

The reserves outlined in the consolidated statement of changes in equity on page 100 are as follows:

Investments revaluation reserve

This reserve is used to record the cumulative unrealised fair value gains or losses on investments held in the nuclear decommissioning trust fund.

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 31/12/22 €m	Year ended 31/12/21 €m
As at 1 January	**19.2**	58.6
Other comprehensive income/(loss):		
Cash flow hedges – losses/(gains) recycled in relation to hedges of revenue	**48.7**	(3.9)
Cash flow hedges – (gains)/losses recycled in relation to hedges of debt	**(14.2)**	40.9
Cash flow hedges – mark to market losses on hedges of revenue	**(94.6)**	(69.5)
Cash flow hedges – mark to market gains/(losses) on hedges of debt	**36.3**	(28.7)
Deferred tax income on financial instruments	**4.8**	14.3
Current tax income on financial instruments	**0.2**	1.0
Exchange differences	**4.4**	6.5
Other comprehensive loss	**(14.4)**	(39.4)
As at 31 December	**4.8**	19.2

Cost of hedging reserve – summary

	Year ended 31/12/22 €m	Year ended 31/12/21 €m
As at 31 December	**(12.4)**	(12.5)
Other comprehensive income/(loss):		
Movements before tax	**(4.8)**	1.5
Deferred tax (expense)/income	**1.2**	(0.5)
Exchange differences	**0.4**	(0.9)
Other comprehensive loss	**(3.2)**	0.1
As at 31 December	**(15.6)**	(12.4)

Hedging reserves – totals

As at 31 December	**(10.8)**	6.8

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

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.

	2022 €m	2021 €m
As at 1 January	**188.7**	135.8
Revenue recognised during the year	**(63.2)**	(60.2)
Other movements during the year	**131.8**	109.6
Exchange difference	**0.7**	3.5
As at 31 December	**258.0**	188.7
Included in current liabilities	**85.5**	62.6
Included in non-current liabilities	**172.5**	126.1
	258.0	188.7

Revenue recognised during the year mainly related to deliveries made in the year for which the customer made payments in advance in 2021. Other movements during the year were mainly driven by customer payments in the year of €63.4 million in advance of deliveries to be made in 2023, and €61.5 million relating to re-measurements of the revenue to be recognised for deliveries under sales contracts 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 2023. 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 2024 to 2032 and contracted storage services to be provided by Urenco Nuclear Stewardship Limited to be recognised during the period from 2024 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 to buy or sell 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.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

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 2022	**Trade and other receivables €m**	**Short term bank deposits €m**	**Cash and cash equivalents €m**	**Contract assets €m**	**Nuclear decommissioning trust fund €m**	**Derivative financial assets with positive fair value €m**
AAA	-	-	382.9	16.9	2.9	-
AA+	-	-	-	6.6	479.2	-
AA	-	-	0.6	-	-	-
A+	-	217.3	55.5	-	-	33.1
A	-	325.5	233.4	-	-	17.8
A-	26.9	-	59.2	-	-	5.8
BBB+	55.8	30.0	6.0	16.8	-	3.7
BBB	31.5	-	-	-	-	-
B+	0.2	-	-	-	-	-
B	23.3	-	-	-	-	-
BB-	-	178.0	72.0	-	-	-
BBB-	0.1	-	-	-	-	-
CCC	6.3	-	-	-	-	-
CCC-	2.1					
Unrated	72.2	-	-	-	-	9.2
	218.4	**572.8**	**737.6**	**40.3**	**482.1**	**69.6**

Presented within the short term bank deposits and cash and cash equivalents, for 2022, are amounts of €178.0 million and €72.0 million respectively, that relate to investments in repurchase agreements held with banks of high credit standing. These investments have the additional security of collateral in the form of a basket of investment grade bonds. Within Trade and Other receivables the categories Other receivables and prepayments, as disclosed within note 22, are unrated.

	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	Nuclear decommissioning trust fund €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 statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

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, nuclear decommissioning trust fund 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, investments in the nuclear decommissioning trust fund 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 the majority of these assets are banks with investment-grade credit ratings assigned by international credit-rating agencies. The counterparty for the majority of the investments held in the nuclear decommissioning trust fund is the US government or a counterparty backed by the US government. 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 are 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 2022, 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, with the exception of fixed rate debt instruments held within the nuclear decommissioning trust fund which are carried at fair value through other comprehensive income 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. Fixed rate debt instruments held within the nuclear decommissioning trust fund are assumed to be held for their investment term and not re-invested on maturity. 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.

Financial statements
Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

28. Financial risk management objectives and policies continued

		Effect on income/(loss) before tax			Effect on equity
	Rate change	Short term bank deposits €m	Cash and cash equivalents €m	Nuclear decommissioning trust fund €m	Nuclear decommissioning trust fund €m
2022	**+1%**	**5.7**	**7.4**	**-**	**(2.8)**
	-1%	**(5.7)**	**(7.4)**	**-**	**2.8**
2021	+1%	5.2	5.6	-	-
	-1%	(5.2)	(5.6)	-	-

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 increased during the current year arising from an increase 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 68% (2021: 72%) of its revenues being denominated in US dollars, whilst currently only approximately 40% (2021: 28%) of its costs are US dollar-based.

The Group also has transactional currency exposures as a result of approximately 35% (2021: 34%) 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 third year and 20% in the fourth 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.

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 euro 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.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

28. Financial risk management objectives and policies continued

Foreign currency sensitivity analysis 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. 10 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 income/(loss) before tax €m	Effect on equity €m
2022	**+10%**	**23.3**	**41.4**	**12.7**	**162.1**	**4.9**	**26.1**
	-10%	**(37.6)**	**(50.6)**	**(15.3)**	**(182.5)**	**(8.2)**	**(32.4)**
2021	+10%	39.6	34.9	11.8	77.4	-	23.2
	-10%	(39.6)	(42.7)	(14.4)	(94.5)	-	(28.3)

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 increased.

The Group exposures to hedged positions in 2022 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 have a duration between one and four years in accordance to the Group's risk policy.

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 (2021: €500 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 2022, nil% (2021: 37.2%) 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 2022 based on contractual undiscounted payments:

2022	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	**-**	**35.6**	**606.8**	**802.2**	**1,444.6**
Trade and other payables	**215.7**	**-**	**168.8**	**-**	**384.5**
Lease liabilities	**0.9**	**2.0**	**7.5**	**97.1**	**107.5**
Derivative financial liabilities					
Cross currency swaps (receipts)	**-**	**(19.9)**	**(609.6)**	**(142.5)**	**(772.0)**
Cross currency swaps payments	**-**	**31.6**	**633.2**	**223.9**	**888.7**
Foreign exchange (receipts)	**(19.4)**	**(47.0)**	**(57.3)**	**-**	**(123.7)**
Foreign exchange payments	**8.7**	**17.4**	**13.2**	**-**	**39.3**
	205.9	**19.7**	**762.6**	**980.7**	**1,968.9**

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.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

28. Financial risk management objectives and policies continued

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

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, the nuclear decommissioning trust fund, 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, short term deposits and the nuclear decommissioning trust fund divided by Total Assets.

Following the establishment of the nuclear decommissioning trust fund in 2022, the Group has amended its definition of Net Debt/Net Cash and TAD to include the carrying value of these funds.

	Year ended 31/12/22 €m	Year ended 31/12/21 €m
(Net cash)/Net debt (see page 151)	**(627.2)**	11.5
Total assets	**8,298.7**	6,795.5
(Net cash)/Net debt to total assets	**(7.6%)**	0.2%

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

28. Financial risk management objectives and policies continued

Capital management continued

	Year ended 31/12/22 €m	Year ended 31/12/21 €m
EBITDA	**824.6**	971.1
Less:		
Net interest on bank borrowings and other loans	**(34.9)**	(47.9)
Unwinding of discount on provisions	**(79.8)**	(67.9)
Current tax expenses	**(103.9)**	(76.6)
Less:		
Adjustment of pension costs to cash payments	**(4.1)**	(3.9)
Funds from operations (FFO)	**601.9**	774.8
Interest bearing loans and borrowings	**1,138.0**	1,056.0
Cash and short term bank deposits	**(1,310.4)**	(1,075.8)
Investments in nuclear decommissioning trust fund	**(482.1)**	-
Lease liabilities	**27.3**	31.3
Pensions deficit	**24.4**	30.9
Deferred tax on pensions deficit	**(2.8)**	(5.0)
Tails and decommissioning provisions	**2,861.7**	2,584.1
Depreciation within tails provisions	**(157.8)**	(355.6)
Deferred tax on provisions	**(222.5)**	(221.1)
Deferred tax on depreciation within tails provisions	**40.1**	92.7
Total adjusted debt (TAD)	**1,915.9**	2,137.5
FFO/TAD	**31.4%**	36.2%

29. Other financial assets and financial liabilities

Interest bearing loans and borrowings

	Effective interest rate %	**Maturity**	**2022 €m**	2021 €m
Non-current				
€500 million Eurobond	2.38%	Dec 24	**499.0**	498.5
€500 million Eurobond	3.25%	Jun 32	**496.5**	-
Yen 20 billion Loan Agreement	6.24%	Apr 38	**142.5**	152.8
			1,138.0	651.3
Current				
€405 million Eurobond	2.25%	Aug 22	**-**	404.7
			1,138.0	1,056.0

As at 31 December 2022 all of the Group's borrowings are at a fixed rate of interest (2021: 100% fixed).

Amounts recognised in the income statement are interest expense of €41.2 million (2021: €34.4 million).

There were no drawings under the €500 million revolving credit facility at the end of the year (2021: none utilised of the €500 million). This is a committed facility which matures at 29 October 2026.

On 9 May 2022 the Group repurchased and cancelled all outstanding August 2022 Eurobonds for a price of €405.0 million (100%). The total amount paid to the bondholders was €411.9 million, which included accrued interest of €6.9 million.

In June 2022 the Company issued €500 million of Eurobonds due in June 2032.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

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 are 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 2022, the net liability of the FFECs was €48.3 million (31 December 2021: net liability of €19.8 million), with the movement driven principally by the US dollar forward rates strengthening against both euro and sterling 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 de-designated from hedge relationships and, therefore, their gains and losses are recognised in the income statement. A small number of FFECs were not formally designated in a hedge and are revalued through the income statement.

During the year, €48.7 million of hedging losses (2021: gains of €3.9 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 ('CCIRSs') 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 help 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 2022 was $516.5 million (31 December 2021: $471.5 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 CCIRSs 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 CCIRSs 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 CCIRSs, which are 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 2022, the Group's portfolio of CCIRSs was held as a liability of €27.8 million (31 December 2021: liability of €23.6 million). The movement in the year of €4.2 million is mainly attributable to the replacement of maturing CCIRS with new CCIRS where the valuation was negatively impacted by the weakening of the Euro vs the U.S dollar.

Included in loans at 31 December 2022 were borrowings of €575.0 million (31 December 2021: €630.0 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.

Financial statements
Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

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. Financial instruments presented in the table also 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:

2022	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	**1.15**	**(563.5)**	**(14.4)**	**6.9**	**(36.9)**
1 to 2 years	**1.12**	**(465.0)**	**(6.6)**	**6.6**	**(13.7)**
2 to 3 years	**1.09**	**(430.0)**	**6.6**	**8.9**	**(3.7)**
3 to 4 years	**1.08**	**(226.0)**	**6.1**	**6.1**	**-**
More than 4 years	**-**	**-**	**-**	**-**	**-**
USD/GBP		**USD**			
Within one year	**1.35**	**(137.0)**	**(12.4)**	**-**	**(12.9)**
1 to 2 years	**1.29**	**(114.0)**	**(5.7)**	**1.5**	**(7.5)**
2 to 3 years	**1.33**	**(155.5)**	**(11.5)**	**0.7**	**(12.6)**
3 to 4 years	**1.18**	**(55.0)**	**1.0**	**2.2**	**(1.1)**
More than 4 years	**-**	**-**	**-**	**-**	**-**
EUR/GBP		**EUR**			
Within one year	**0.89**	**(138.0)**	**(5.8)**	**3.2**	**(3.3)**
1 to 2 years	**0.90**	**(122.0)**	**(5.1)**	**2.0**	**(2.6)**
2 to 3 years	**0.89**	**(14.0)**	**(0.5)**	**-**	**(0.3)**
3 to 4 years	**0.88**	**(17.0)**	**(0.6)**	**-**	**(0.6)**
More than 4 years	**-**	**-**	**-**	**-**	**-**
				38.1	**(95.2)**
Not designated and charged to income					
USD/GBP		**USD**			
Within one year	**1.10**	**(192.5)**	**0.9**	**11.0**	**(6.8)**
1 to 2 years	**-**	**-**	**-**	**-**	**-**
2 to 3 years	**-**	**-**	**-**	**-**	**-**
3 to 4 years	**-**	**-**	**-**	**-**	**-**
More than 4 years	**-**	**-**	**-**	**-**	**-**
USD/GBP		**USD**			
Within one year	**1.22**	**260.0**	**2.9**	**3.2**	**(0.4)**
EUR/GBP		**EUR**			
Within one year	**0.86**	**60.0**	**1.8**	**2.2**	**(0.4)**
				16.4	**(7.6)**
Cross currency interest rate swaps					
Cash flow hedges					
EUR/GBP		**EUR**			
Within one year	**-**	**-**	**-**	**-**	**-**
1 to 2 years	**0.86**	**300.0**	**7.7**	**5.9**	**-**
2 to 3 years	**-**	**-**	**-**	**-**	**-**
3 to 4 years	**-**	**-**	**-**	**-**	**-**
More than 4 years	**-**	**-**	**-**	**-**	**-**
				5.9	**-**

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

29. Other financial assets and financial liabilities continued

Borrowing related hedges continued

2022	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 to 2 years	**1.25**	**(321.4)**	**(14.3)**	**-**	**(12.2)**
2 to 3 years	**-**	**-**	**-**	**-**	**-**
				-	**(12.2)**
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**	**(26.6)**	**-**	**(21.5)**
Commodity contracts not designated and charged to income					
Within one year				**3.3**	**(0.9)**
1 to 2 years				**0.9**	**-**
2 to 3 years				**0.9**	**-**
3 to 4 years				**0.7**	**-**
More than 4 years				**3.4**	**-**
				9.2	**(0.9)**
Total				**69.6**	**(137.4)**
Of which – non-current				**39.8**	**(75.8)**
Of which – current				**29.8**	**(61.6)**

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)

Financial statements
Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

29. Other financial assets and financial liabilities continued
Borrowing related hedges continued

2021	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	1.14	(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	-

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)

A total loss of €56.5 million (2021: loss of €32.5 million) was recognised within hedge reserves relating to hedges of financial instruments that settled during the year.

External debt to the amount of €575.0 million (31 December 2021: €630.0 million) has been utilised as hedge instruments for net investment hedge purposes.

The fair value gains/(losses) for the hedging instruments and the hedged items are considered to be the same as the critical terms match.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

29. Other financial assets and financial liabilities continued

Borrowing related hedges continued

The following table details the effectiveness of the hedging relationships of currency hedges and the amounts reclassified from hedging reserve to profit and loss.

2022	Change in fair value of hedging instrument recognised in OCI €m	Cost of hedging recognised in OCI €m	Amount reclassified from cash flow hedge reserve due to hedged item affecting profit or loss €m	Line item in profit or loss affected by the reclassification
Cash flow hedges				
Revenue related hedges	**(94.6)**	**(4.6)**	**48.7**	**Revenue**
Debt related hedges	**36.3**	**0.2**	**(14.2)**	**Finance income/ costs**
Net investment hedges				
CCIRS derivative instruments hedging U.S operations Utilisation of provision	**(55.9)**	**(0.4)**	**n/a**	**n/a**
Debt instruments hedging European subsidiaries	**(33.4)**	**-**	**n/a**	**n/a**

2021	Change in fair value of hedging instrument recognised in OCI €m	Cost of hedging recognised in OCI €m	Amount reclassified from cash flow hedge reserve due to hedged item affecting profit or loss €m	Line item in profit or loss affected by the reclassification
Cash flow hedges				
Revenue related hedges	(69.5)	(0.4)	(3.9)	Revenue
Debt related hedges	(28.7)	0.9	40.9	Finance income/ costs
Net investment hedges				
CCIRS derivative instruments hedging U.S operations	(0.1)	1.0	n/a	n/a
Debt instruments hedging European subsidiaries	38.9	-	n/a	n/a

The critical terms of all hedge instruments are considered 100% matched with those of the hedged item

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 2022 €m	Fair value 2022 €m	Book value 2021 €m	Fair value 2021 €m
Financial assets				
Loans and receivables				
Trade and other receivables(i)	**218.4**	**218.4**	357.8	357.8
Investments in nuclear decommissioning trust fund(ii)	**482.1**	**482.1**	-	-
Derivative financial assets at fair value through profit or loss				
Forward foreign exchange contracts – hedged	**38.1**	**38.1**	29.3	29.3
Forward foreign exchange contracts – non-hedged	**16.4**	**16.4**	6.8	6.8
Cross currency interest rate swaps	**5.9**	**5.9**	38.4	38.4
Commodity contracts at fair value	**9.2**	**9.2**	9.0	9.0
Short term bank deposits(iii)	**572.8**	**572.8**	516.3	516.3
Cash and cash equivalents(iii)	**737.6**	**737.6**	559.5	559.5
Total	**2,080.5**	**2,080.5**	1,517.1	1,517.1

(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) The investments in the nuclear decommissioning trust fund are comprised of investments in debt securities which are measured at fair value through other comprehensive income and of other investments for which the book value is considered a reasonable approximation of fair value.
(iii) 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.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

29. Other financial assets and financial liabilities continued

Fair values continued

	Book value 2022 €m	Fair value 2022 €m	Book value 2021 €m	Fair value 2021 €m
Financial liabilities				
Financial liabilities measured at amortised cost				
Fixed rate borrowings	**1,138.0**	**1,138.5**	1,056.0	1,203.0
Trade and other payables(iv)	**384.5**	**384.5**	268.3	268.3
Derivative financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts – hedged	**95.2**	**95.2**	45.4	45.4
Forward foreign exchange contracts – non-hedged	**7.6**	**7.6**	10.5	10.5
Cross currency interest rate swaps	**33.7**	**33.7**	62.0	62.0
Commodity contracts at fair value	**0.9**	**0.9**	1.3	1.3
Total	**1,659.9**	**1,660.4**	1,443.5	1,590.5

(iv) For trade and other payables, as disclosed per note 33, 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 Eurobonds and the investments in the nuclear decommissioning trust fund, 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.

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.

Investments in the nuclear decommissioning trust fund are initially recognised and categorised as level 1. Except for a small balance relating to other investments, which was held in money market funds as at 31 December 2022, all investments are made in highly liquid listed debt securities issued by or backed by the US Government. The fair value on initial recognition is based on the transaction price paid for the debt securities including any accrued interest. The debt securities are classified as at FVTOCI and subsequent remeasurements of the fair value are based on quoted prices plus accrued interest.

Derivative financial instruments are initially recognised, categorised as level 2 and are 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.

Financial statements
Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

29. Other financial assets and financial liabilities continued

Fair value disclosures continued

As at 31 December the investments in the nuclear decommissioning trust fund were measured at fair value using level 1 hierarchy inputs and the Group's derivative financial instruments were measured at fair value (recurring measurement) using level 2 hierarchy inputs:

	2022 €m	2021 €m
Financial assets at fair value		
Nuclear decommissioning trust fund	**482.1**	-
Forward foreign exchange contracts – hedged	**38.1**	29.3
Forward foreign exchange contracts – non hedged	**16.4**	6.8
Cross currency interest rate swaps	**5.9**	38.4
Commodity contracts at fair value	**9.2**	9.0
Total assets measured at fair value	**551.7**	83.5
Financial liabilities at fair value		
Forward foreign exchange contracts – hedged	**(95.2)**	(45.4)
Forward foreign exchange contracts – non hedged	**(7.6)**	(10.5)
Cross currency interest rate swaps	**(33.7)**	(62.0)
Commodity contracts at fair value	**(0.9)**	(1.3)
Total liabilities measured at fair value	**(137.4)**	(119.2)
Nuclear decommissioning trust fund	**482.1**	-
Net FFEC liability	**(48.3)**	(19.8)
Net CCIRS liability	**(27.8)**	(23.6)
Net commodity assets at fair value	**8.3**	7.7
Total net asset/(liability)	**414.3**	(35.7)

Total liabilities from financing activities

As at 31 December 2022, the Group held the following liabilities from financing activities, measured at book value:

	2021	Cash flows		Non-cash changes					**2022**
	€m	Proceeds debt hedges €m	Cash in/(out) flows €m	Foreign exchange movement €m	Fair value changes €m	Additions & transfers €m	Interest €m	Decrease in lease liabilities €m	**€m**
Non-current borrowings	651.3	-	496.4	(10.3)	0.6	-	-	-	**1,138.0**
Current borrowings	404.7	-	(405.0)	-	0.3	-	-	-	**-**
Lease liabilities	31.3	-	(2.4)	(1.4)	-	0.2	1.3	(1.7)	**27.3**
Net(assets)/liabilities held to hedge borrowings	23.6	(12.9)	(7.9)	1.0	17.4	-	6.6	-	**27.8**
Total liabilities/(assets) from financing activities	1,110.9	(12.9)	81.1	(10.7)	18.3	0.2	7.9	(1.7)	**1,193.1**

Net Debt

The Group had a total net cash position of €627.2 million as at 31 December 2022 (31 December 2021: net debt €11.5 million).

Debt is split between euro denominated debt of €995.5 million (31 December 2021: €903.2 million) and yen denominated debt of €142.5 million (31 December 2021: €152.8 million).

After the impact of the CCIRSs, which swap either euro or yen debt into US dollar debt, the Group has an effective split of US dollar denominated debt of €442.5 million (31 December 2021: €402.8 million) and euro denominated debt of €695.5 million (31 December 2021: €653.2 million).

The value of net debt has moved from €11.5 million to €627.2 million principally due to cash generated operationally during the year.

The calculation of (Net cash)/Net debt as at 31 December is set out below:

	2022 €m	2021 €m
Non-current interest bearing loans and borrowings	**1,138.0**	651.3
Current interest bearing loans and borrowings	**-**	404.7
Non-current lease liabilities	**25.9**	28.1
Current lease liabilities	**1.4**	3.2
Less: Short term deposits	**(572.8)**	(516.3)
Less: Cash and cash equivalents	**(737.6)**	(559.5)
Less: Nuclear decommissioning trust fund	**(482.1)**	-
(Net cash)/Net debt	**(627.2)**	11.5

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

29. Other financial assets and financial liabilities continued

As at 31 December, the Group assets and liabilities are classified as follows:

Classification of assets and liabilities

2022	Cash and receivables €m	Financial instruments €m	Derivatives €m	Non-financial assets €m	Total €m
Assets					
Property, plant and equipment, including right-to-use assets	-	-	-	5,241.8	5,241.8
Investment property	-	-	-	5.2	5.2
Intangible assets	-	-	-	36.6	36.6
Investments including joint venture	-	-	-	37.4	37.4
Nuclear decommissioning trust fund	-	482.1	-	-	482.1
Retirement benefit assets	-	-	-	50.4	50.4
Restricted cash	0.5	-	-	-	0.5
Derivative financial instruments (i)	-	-	69.6	-	69.6
Deferred tax assets	-	-	-	81.0	81.0
Contract assets	-	-	-	40.3	40.3
Inventories	-	-	-	287.3	287.3
SWU assets	-	-	-	349.6	349.6
Trade and other receivables (ii)	218.4	-	-	-	218.4
Income tax recoverable	-	-	-	88.1	88.1
Short term bank deposits (ii)	572.8	-	-	-	572.8
Cash and cash equivalents (ii)	737.6	-	-	-	737.6
Total	**1,529.3**	**482.1**	**69.6**	**6,217.7**	**8,298.7**

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

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

29. Other financial assets and financial liabilities continued

Classification of assets and liabilities continued

2022	**Loans and payables €m**	**Derivatives €m**	**Other financial liabilities €m**	**Non-financial liabilities €m**	**Total €m**
Liabilities					
Trade and other payables (ii)	**384.5**	**-**	**-**	**-**	**384.5**
Interest bearing loans and borrowings (ii)	**1,138.0**	**-**	**-**	**-**	**1,138.0**
Lease liabilities	**-**	**-**	**27.3**	**-**	**27.3**
Provisions	**-**	**-**	**-**	**3,078.9**	**3,078.9**
Contract liabilities	**-**	**-**	**-**	**258.0**	**258.0**
Derivative financial instruments (i)	**-**	**137.4**	**-**	**-**	**137.4**
Deferred tax liabilities	**-**	**-**	**-**	**259.0**	**259.0**
Retirement benefit obligations	**-**	**-**	**-**	**24.4**	**24.4**
Income tax payable	**-**	**-**	**-**	**17.9**	**17.9**
Total	**1,522.5**	**137.4**	**27.3**	**3,638.2**	**5,325.4**

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

(i) Derivative financial instruments are measured at 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 146.

(ii) Financial assets and liabilities recognised at amortised cost.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

30. Provisions

	Tails provision €m	Decommissioning of plant and machinery €m	Re-enrichment of low assay feed €m	Other €m	Total €m
As at 1 January 2022	**1,582.5**	**1,001.6**	**120.6**	**20.4**	**2,725.1**
Additional provision in the year	**216.3**	**82.6**	**205.6**	**15.0**	**519.5**
Unwinding of discount	**48.7**	**28.2**	**2.0**	**0.9**	**79.8**
Utilisation of provision	**(6.9)**	**(9.1)**	**(141.9)**	**(4.1)**	**(162.0)**
Release of provision	**(40.3)**	**(5.8)**	**-**	**(0.4)**	**(46.5)**
Exchange difference	**(22.2)**	**(13.9)**	**(0.6)**	**(0.3)**	**(37.0)**
As at 31 December 2022	**1,778.1**	**1,083.6**	**185.7**	**31.5**	**3,078.9**
Included in current liabilities					**64.8**
Included in non-current liabilities					**3,014.1**
					3,078.9

	Tails provision €m	Decommissioning of plant and machinery €m	Re-enrichment of low assay feed €m	Other €m	Total €m
As 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
As 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

The net costs of nuclear provisions of €249.5 million (2021: €144.4 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 excluding changes in discount rates	**270.7**	**17.9**	**205.6**	**494.2**
Change in discount rates	**(54.4)**	**(2.3)**	**-**	**(56.7)**
Release of provision	**(40.3)**	**(5.8)**	**-**	**(46.1)**
Utilisation of provision(i)	**-**	**-**	**(141.9)**	**(141.9)**
Charged to income statement 2022	**176.0**	**9.8**	**63.7**	**249.5**

	Tails provision €m	Decommissioning of plant and machinery €m	Re-enrichment of low assay feed €m	Total €m
Additional provision in the year excluding changes in discount rates	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

(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.

Financial statements
Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

30. Provisions continued

Discount Rates for tails and decommissioning provisions

Management has calculated the applicable forward inflation rate and the risk free discount rate for 2022 on a jurisdiction specific basis. The forward inflation rate captures higher short term inflation rates across the four jurisdictions, particularly for 2023, followed by a lower long term inflation rate in line with central bank forecasts. The rates applied within the provisions are as follows:

	Inflation Rate		Nominal Discount Rate		Real Discount Rate	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
USA	2.20%	2.10%	3.45%	3.35%	1.22%	1.22%
UK	2.10%	2.00%	3.50%	3.25%	1.37%	1.23%
Germany	2.20%	1.50%	3.00%	2.25%	0.78%	0.74%
The Netherlands	2.20%	1.75%	3.10%	2.25%	0.88%	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 €56.6 million (2021: €69.7 million) and a 10% decrease in the forecast TMF deconversion price would decrease tails provisions by €56.6 million (2021: €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.

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 €36.5 million (2021: €28.9 million) and a 10% decrease in the forecast DOE rate would decrease tails provisions by €36.5 million (2021: €28.9 million).

During the year the tails provision increased by €216.3 million (2021: €195.4 million) due to tails generated in that period, an increase in the applied tails rate and partially offset by an increase in real discount rates in most jurisdictions. 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 €6.9 million (2021: €36.1 million) has been utilised against the provision. A provision release of €40.3 million (2021: €44.6 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 €850.4 million of the tails provision will be used within the next 10 years, €671.6 million of the provision will be used within the next 10 to 30 years and €256.1 million will be used within the next 30 to 100 years. The tails provisions held at 31 December 2022 comprised €1,620.3 million (2021: €1,226.9 million) of discounted future cash flows and €157.8 million (2021: €355.6 million) of discounted future depreciation of assets currently held at cost for the purpose of meeting tails liabilities.

The provision for tails disposal is dependent on certain assumptions and estimates, such as timing of disposal and the applicable discount and inflation rates. A 0.50% reduction in the real discount rate would lead to an increase of the provision by €229.3 million, whilst a 0.50% increase in the real discount rate would lead to a decrease of the provision by €169.8 million. A delay of 5 years to all disposal activities would reduce the provision by €103.5 million (2021: €80.3 million) and an advancement by 5 years of all disposal activities would lead to an increase in the provision of €97.6 million (2021: €76.1 million).

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

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 forecast 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 €47.4 million (2021: €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 €82.6 million (2021: €149.3 million) due to the installation of additional plant and machinery of €1.5 million (2021: €36.1 million), additional container purchases of €26.2 million (2021: €14.5 million) and €54.9 million due to revised assumptions surrounding the decommissioning of plant and machinery (2021: €98.7 million). Of the €54.9 million (2021: €98.7 million) resulting from revised assumptions, €15.6 million (2021: €46.1 million) has been expensed to the Income Statement and €39.3 million (2021: €52.6 million) has been recognised in decommissioning assets. The impact of the revised assumptions mainly relates to the rebasing of costing assumptions in line with 2022 inflationary pressures offset by an increase in forward discount rates. The impact of the change in real discount rates resulted in a reduction of the decommissioning provision by €33.5m (2021: €nil), of which €2.3 million (2021: €nil) has been credited to the Income Statement and €31.2 million (2021: €nil) has been recognised in decommissioning assets.

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 60 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 0.50% reduction in the real discount rate would lead to an increase of the provision by €133.9 million, whilst a 0.50% increase in the real discount rate would lead to a decrease of the provision by €112.7 million. A delay of 5 years to all decommissioning activities would reduce the provision by €60.1 million (2021: €48.8 million) and an advancement of all decommissioning activities would lead to an increase in the provision of €56.8 million (€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 €205.6 million (2021: €55.7 million) due to the creation of low assay feed and reduced by €141.9 million (2021: €75.4 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, restoration provisions and restructuring provisions.

It is expected that the majority of all other provisions will be used over the next ten years. These other provisions are not materially sensitive to discount rates.

31. Nuclear decommissioning trust fund

The Group, via its subsidiary LES, established a nuclear decommissioning trust fund ("NDT") in November 2022, in order to satisfy the requirements of the US NRC that it provides financial assurance relating to its decommissioning and tails obligations. The objective of the NRC's financial assurance requirements is to ensure that a suitable mechanism for financing the decommissioning of licensed facilities is in place in the event that a licensee is unable or unwilling to complete decommissioning. Previously this was achieved through a combination of letters of credit and a surety bond. In order to reduce its reliance on short-term financial instruments for providing assurance on long-term liabilities and given the increasing requisite level of financial assurance associated with increasing nuclear liabilities, LES decided to establish the NDT.

The NDT has been established under a Trust agreement entered into between LES and the Huntington National Bank as the Trustee. The Trustee is required to hold funds in the NDT and to maintain the necessary records. Contributions to the NDT can be made by LES in the form of cash, securities or other liquid assets acceptable to the Trustee. There are restrictions regarding both the use of the assets in, and the withdrawal of funds, from the NDT. The assets of the NDT shall be used exclusively:

a) to satisfy, in whole or in part, any expenses or liabilities incurred with respect to decommissioning and tails costs of LES;

b) to pay the administrative costs and other incidental expenses of the NDT; and

c) to invest in publicly-traded securities and investments, as directed by the Investment manager or LES.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

31. Nuclear decommissioning trust fund continued

No investments are permitted in securities or other obligations of LES or of its affiliates or owners. Except for payments of ordinary administrative costs, including taxes and other incidental expenses of the NDT and withdrawals being made at the written direction of the NRC, no disbursement may be made from the NDT until written notice of the request for a disbursement has been given by LES to the Director, Office of Nuclear Safety and Safeguards at least 30 days before the date of the intended disbursement. The Trustee may only make the disbursement from the NDT after LES has notified them at the end of the 30-day notice period that no objection has been received on the request for disbursement.

The Trust shall be irrevocable and shall continue until terminated, in whole or in part, at the written agreement of LES, the Trustee and the NRC that the Trust is no longer needed under the NRC Licence, or by the Trustee and the NRC if LES ceases to exist. The Trust would terminate automatically in whole, upon the earliest of:

a) termination of the NRC license;

b) written confirmation by LES and the NRC that the Trust is no longer needed under the NRC license; or

c) the distribution of all of the assets from the Trust. Upon termination of the Trust all remaining funds less final trust administration fees and expenses shall be delivered to LES or its successor.

LES has signed an engagement letter with an Investment manager, setting out their role and responsibilities regarding investment advisory services. The investment manager needs to abide with the Investment policy statement issued by LES, which sets out the roles of LES and the investment manager, the investment objectives, risk tolerance, permitted and non-permitted investments by the NDT and activities relating to investment monitoring and control.

The NRC accepts financial assets as acceptable financial assurance based on its valuation at inception. If the value of the fund drops during a calendar quarter below the amount necessary to cover the cost of decommissioning, but is not below 75 percent of the cost, then the NRC requires that additional cash or assets or alternative security should be provided to top up cover of 100% of the liabilities within 30 days of the quarter end. If the fund falls at any time by more than this (i.e. if the fund balance falls below 75 percent of the amount necessary to cover the cost of decommissioning) then the remedial action must take place within 30 days, and is not linked to a quarter end measurement date. By selecting a reasonably conservative investment portfolio, with low volatility, then the risk of short term calls for additional cash should be mitigated. Growth from investment returns would reduce the amount of additional capital or contingent assets needed at the next annual review.

LES contributed €499.3 million ($515.0 million) into the NDT in December 2022. This has been reported in the consolidated cash flow statement in the section Net cash flow from investment activities, consistent with the nature of the contribution and the purpose of this investment in accordance with the Investment policy statement.

The initial investment strategy is to invest solely in low-risk US government backed securities. All investments are made in US dollar to match the currency of the decommissioning and tails liabilities. The long-term investment strategy is under consideration and may be updated in the future.

The fair value of the funds held in the NDT as at 31 December 2022 was €482.1 million and was comprised of debt securities of €479.2 million and other investments of €2.9 million.

The movements in the fair value of the funds in the NDT were are as follows:

	Other investments(i) 2022 €m	Debt securities 2022 €m	Total 2022 €m
As at 1 January	-	-	-
Contributions	499.3	-	499.3
Purchase of investments	(496.9)	496.9	-
Interest income	0.6	0.7	1.3
Unrealised fair value losses	-	(0.2)	(0.2)
Exchange differences	(0.1)	(18.2)	(18.3)
As at 31 December	2.9	479.2	482.1

(i) Other investments at 31 December 2022 relate to money market funds and include €0.6 million of accrued interest.

32. 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 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.

In the first half of 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.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

32. Retirement benefit obligations continued

The agreement between UNL and PGB has an end date of 31 December 2027. If the agreement will 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 now set on a scale based on age from 19.08% – 32.49%. In 2021 UNL was required to contribute on an annual basis as a percentage of the pensionable salary being 32.45%. UNL is solely responsible for contributions for its own employees and cannot 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.

The coverage ratio, being the pension assets divided by the pension obligations, of PGB was 118.7% at 31 December 2022.

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 2022. The Group made the last deficit repair payment of £6.6 million in 2022. It is anticipated that no further deficit repair contributions are required unless future investments conditions or actuarial assumptions will change in an adverse way. 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:	**2022 %**	2021 %
Discount rate	**3.6-5.0**	1.2-1.8
Expected rate of salary increases	**3.3-4.1**	3.0-4.3
Future pension increases	**2.0-3.1**	1.5-3.3

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:	**2022 years**	2021 years	**2022 years**	2021 years
Life expectancy at age 60 for a male currently aged 60	**27.7**	27.7	**25.2**	25.1
Life expectancy at age 60 for a female currently aged 60	**29.7**	29.5	**28.9**	28.8
Life expectancy at age 60 for a male currently aged 40	**29.5**	29.4	**28.2**	28.0
Life expectancy at age 60 for a female currently aged 40	**31.2**	31.1	**31.2**	31.1

Mortality tables:	**UK**	**Germany**
2022	**S3PMA year of birth tables for males and S3FMA middle year of birth tables for females with appropriate age weightings using CMI 2020 projections 1.5% minimum improvements p.a.**	**Heubeck table 2018 G**
2021	S2PA YOB tables with appropriate age weightings using CMI 2020 projections 1.5% minimum improvements p.a.	Heubeck table 2018 G

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 2022 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.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

32. Retirement benefit obligations continued

Sensitivity analysis continued

		(Increase)/decrease in retirement benefit obligations €m
Discount rate	Effect of increase in discount rate by +0.25% at 31 December 2022	**9.5**
	Effect of decrease in discount rate by -0.25% at 31 December 2022	**(10.1)**
Inflation rate	Effect of increase in inflation rate by +0.25% at 31 December 2022	**(7.9)**
	Effect of decrease in inflation rate by -0.25% at 31 December 2022	**7.1**

Amounts recognised in income in respect of these defined benefit schemes are as follows:

	Year ended 31/12/22 €m	Year ended 31/12/21 €m
Current service cost	**(1.7)**	(1.9)
Net interest income/(expense) on defined benefit pension scheme	**0.6**	(0.1)
Past service gain	**-**	3.1
	(1.1)	1.1

The net interest income/(expense) has been included in the consolidated income statement within finance income or finance costs.

The amount charged to the income in respect of defined contribution pension schemes was €16.9 million (2021: €15.5 million).

The actual return on scheme assets was a loss of €146.1 million (2021: gain €38.5 million).

Amounts recognised in the statement of comprehensive income in respect of these defined benefit schemes are as follows:

	Year ended 31/12/22 €m	Year ended 31/12/21 €m
Actuarial gains	**2.4**	68.0
Exchange loss	**(3.2)**	(0.3)
	(0.8)	67.7

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		**2022 €m**			2021 €m	
	Total	**Funded schemes**	**Unfunded schemes**	Total	Funded schemes	Unfunded schemes
As at 1 January	**(474.4)**	**(443.6)**	**(30.8)**	(489.0)	(454.9)	(34.1)
Current service cost	**(1.7)**	**(1.1)**	**(0.6)**	(1.9)	(1.2)	(0.7)
Past service gain/(loss)	**-**	**-**	**-**	3.1	3.2	(0.1)
Interest cost	**(8.1)**	**(7.7)**	**(0.4)**	(7.6)	(7.4)	(0.2)
Actuarial gains	**157.2**	**150.6**	**6.6**	37.0	33.6	3.4
Benefits paid to members	**14.3**	**13.3**	**1.0**	13.2	12.3	0.9
Foreign exchange	**17.1**	**17.1**	**-**	(29.2)	(29.2)	-
As at 31 December	**(295.6)**	**(271.4)**	**(24.2)**	(474.4)	(443.6)	(30.8)

The average duration of the defined benefit obligation at 31 December 2022 is 13.9 years (2021: 18.0 years).

Movements in the fair value of plan assets	**2022 €m**	2021 €m
As at 1 January	**494.7**	432.2
Interest income	**8.7**	7.5
Actuarial (losses)/gains	**(154.8)**	31.0
Contributions by employer	**6.6**	7.4
Benefits paid to members	**(13.3)**	(12.3)
Foreign exchange	**(20.3)**	28.9
As at 31 December	**321.6**	494.7

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

32. Retirement benefit obligations continued

Amounts recognised in the statement of financial position in respect of these defined benefit schemes are as follows:

	2022 €m	2021 €m
Retirement benefit asset	**50.4**	51.2
Retirement benefit liability	**(24.4)**	(30.9)
Net retirement benefit surplus	**26.0**	20.3

The major categories and fair values of scheme assets at 31 December for each category are as follows:

	Fair value of assets	
	2022 €m	2021 €m
Equity instruments	**52.1**	147.8
Debt instruments	**269.5**	346.9
	321.6	494.7

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 (2023) is €2.1 million.

33. Trade and other payables

Current

	31/12/22 €m	31/12/21 €m
Trade payables	**51.7**	58.8
Other payables	**16.3**	26.0
Accruals	**84.3**	83.8
Amounts due to joint venture	**63.4**	60.8
	215.7	229.4

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 28 days (2021: 27 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

	31/12/22 €m	31/12/21 €m
Other payables	**168.8**	38.9

Non-current other payables comprised SWU and Feed borrowed from third parties for the purpose of optimising Urenco's production flexibility. The SWU and Feed borrowings as at 31 December 2022 have been classified as non-current payables because they are expected to be returned after 2023.

34. 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 for UUSA. The total amount of these assurances at 31 December 2022 exceeds the value of the recognised nuclear liabilities of UUSA in the consolidated statement of financial position at the same date by €106.5 million. These assurances exceed the nuclear liabilities recognised, because they use the undiscounted decommissioning and tails costs as their base. Additionally the Group has provided assurance to the NRC by establishing a nuclear decommissioning trust fund in November 2022. The fair value of the investments held in this Fund as at 31 December 2022 was €482.1 million. See note 31 for details.

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.

Financial statements
Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

35. Events after the statement of financial position date

As of 8 March 2023, no other material structural changes or business events have occurred that might serve to alter any of the disclosures contained in the 2022 financial statements.

36. 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 32.

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 31/12/22 €m	Year ended 31/12/21 €m	**Year ended 31/12/22 €m**	Year ended 31/12/21 €m	**31/12/22 €m**	31/12/21 €m	**31/12/22 €m**	31/12/21 €m
BEIS	**30.4**	28.4	**-**	-	**2.8**	4.4	**-**	-
E.ON	**-**	-	**11.7**	14.3	**-**	-	**-**	-
RWE	**-**	-	**0.4**	0.3	**-**	-	**-**	-
ETC[(i)]	**-**	-	**80.1**	65.6	**2.8**	0.1	**60.6**	60.7

[(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 (2021: €0.4 million). Included in the share of net assets of the Joint Venture as a recognised liability is €15.1 million relating to the defined benefit pension obligations of the Joint Venture (2021: €20.6 million), and €4.0 million is recognised as an asset relating to the surplus of the Joint Venture (2021: €nil).

During the year, Group companies contributed €18.6 million (2021: €14.3 million) for the benefit of employees into post-employment benefit plans.

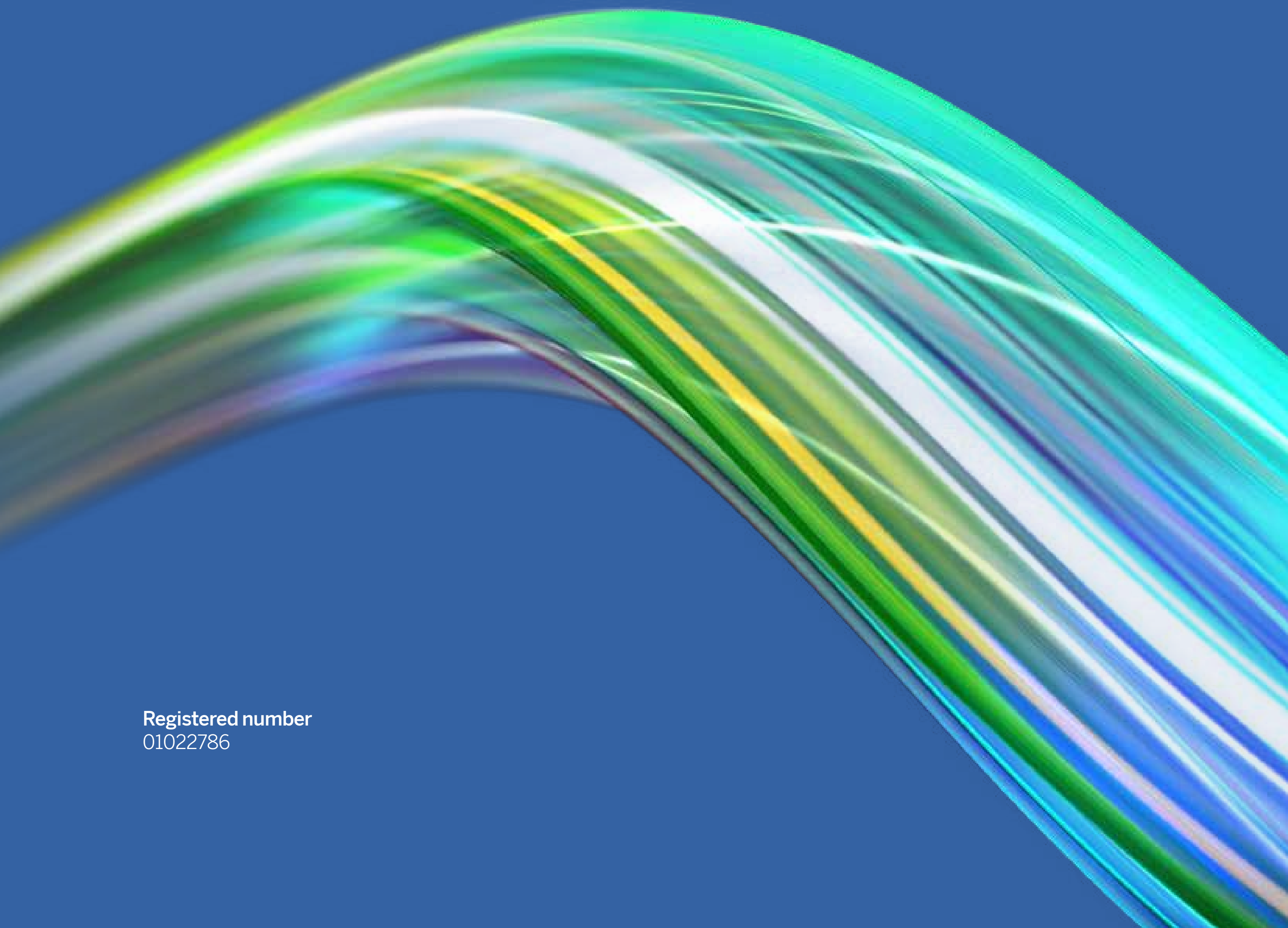
Remuneration of key management personnel

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 74.

	Year ended 31/12/22 €m	Year ended 31/12/21 €m
Short term employee benefits	**3.2**	2.9
Long term employee benefits	**1.4**	0.8
Total	**4.6**	3.7

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 73.



Registered number
01022786

Financial statements

Company Financial Statements

For the year ended 31 December 2022

Company Financial statements

Financial statements
Directors' Responsibilities Statement

For the year ended 31 December 2022

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 them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 and performance, business model and strategy.

The Directors' Responsibilities Statement has been approved for issue by the Board of Directors on 8 March 2023.

By order of the Board.

Ralf ter Haar
Director

8 March 2023

Financial statements
Company Statement of Financial Position

For the year ended 31 December 2022

	Notes	2022 €m	2021 Re-presented(i) €m
Non-current assets			
Property, plant and equipment	5	**24.1**	46.0
Intangible assets	6	**8.3**	-
Investments in subsidiaries and associate	7	**294.9**	294.9
Amounts due from Group undertakings	8	**3,236.6**	3,228.8
Deferred tax asset	3	**15.9**	25.0
Derivative financial instruments	14	**76.2**	51.8
Retirement benefit assets	15	**10.3**	7.6
		3,666.3	3,654.1
Current assets			
Amounts due from Group undertakings	8	**146.1**	184.8
Trade and other receivables	8	**129.1**	133.9
Derivative financial instruments	14	**86.5**	69.7
Short term deposits	9	**572.8**	366.7
Cash and cash equivalents	10	**582.5**	525.3
		1,517.0	1,280.4
Total assets		**5,183.3**	4,934.5
Current liabilities			
Amounts due to Group undertakings	12	**(2,495.5)**	(2,247.2)
Trade and other payables	13	**(91.3)**	(80.8)
Lease liabilities		**(0.7)**	(2.0)
Derivative financial instruments	14	**(74.7)**	(72.1)
		(2,662.2)	(2,402.1)
Non-current liabilities			
Interest bearing loans and borrowings	11	**(142.5)**	(152.8)
Amounts due to Group undertakings	12	**(1,025.0)**	(957.8)
Lease liabilities(i)		**(4.5)**	(5.5)
Derivative financial instruments	14	**(103.6)**	(75.7)
Other payables(i)		**(4.5)**	(4.8)
		(1,280.1)	(1,196.6)
Total liabilities		**(3,942.3)**	(3,598.7)
Net assets		**1,241.0**	1,335.8
Equity			
Share capital	16	**237.3**	237.3
Retained earnings	17	**1,006.6**	1,098.1
Hedging reserve	17	**(2.9)**	0.4
Total equity		**1,241.0**	1,335.8

(i) For the year ended 31 December 2021 an amount of €5.5 million that was previously reported as Other payables within Non-current liabilities has been reclassified to a separate line Lease liabilities.

Registered Number 01022786

The net income for the financial year of the Parent Company amounts to €249.3 million (2021: €352.0 million).

The financial statements were approved by the Board of Directors and authorised for issue on 8 March 2023.

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 2022

	Share capital €m	Retained earnings €m	Hedging reserve €m	Attributable to the owners of the Company €m
As at 1 January 2022	**237.3**	**1,098.1**	**0.4**	**1,335.8**
Income for the period	**-**	**249.3**	**-**	**249.3**
Other comprehensive income (note 17)	**-**	**(40.8)**	**(3.3)**	**(44.1)**
Total comprehensive income/(loss)	**-**	**208.5**	**(3.3)**	**205.2**
Equity dividends paid (note 4)	**-**	**(300.0)**	**-**	**(300.0)**
As at 31 December 2022	**237.3**	**1,006.6**	**(2.9)**	**1,241.0**

	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

Financial statements
Notes to the Company Financial Statements

For the year ended 31 December 2022

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 86. 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 situation in Ukraine and have concluded that there is no substantial adverse impact on the going concern assumption. For further details please see page 49.

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 2022 are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2021, 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 2022.

International Accounting Standards (IFRS/IAS)	IASB Effective Date – periods commencing on or after	UK endorsed Effective Date – periods commencing on or after
Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022	1 January 2022
Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022	1 January 2022
Annual Improvements to IFRS 2018– 2020: • Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a First-time Adopter. • Amendment to IFRS 9 Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities. • Amendment to IFRS 16 Leases – Removal of the illustration of the reimbursement of leasehold improvements. • Amendment to IAS 41 Agriculture - Taxation in Fair Value Measurements.	1 January 2022	1 January 2022

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 material impact on the financial statements of the Company.

Financial statements

Notes to the Company Financial Statements continued

For the year ended 31 December 2022

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 re-translated 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 2022 was £0.85 to €1 (2021: £0.86 to €1) and the year-end rate was £0.89 to €1 (2021: £0.84 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.

Assets under construction are carried at cost including directly attributable costs, less any recognised impairment loss (if any).

Financial statements

Notes to the Company Financial Statements continued

For the year ended 31 December 2022

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.

Financial assets

The Company has made an accounting policy choice to present the accrued interest on intercompany loan receivables separately from the loan balances as trade and other receivables within current assets. Where the Company has agreed to the interest payment being deferred and forming part of the loan balance, from this point the accrued interest is added to the loan and presented as part of the loan balance.

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 2022

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 re-measured 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.

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.

2. Employee benefits expense

The average monthly number of Company employees (including Executive Directors) was:	**2022 Number**	2021 Number
Technical	**38**	40
Administration	**175**	140
	213	180

Financial statements

Notes to the Company Financial Statements continued

For the year ended 31 December 2022

2. Employee benefits expense continued

Their aggregate remuneration comprised:	**Year ended 31/12/22 €m**	Year ended 31/12/21 €m
Wages and salaries	**34.1**	30.3
Social security costs	**3.8**	3.1
Pension costs	**2.3**	1.6
	40.2	35.0

Directors' emoluments (page 74):	**Year ended 31/12/22 €m**	Year ended 31/12/21 €m
Emoluments	**3.2**	2.9
Amounts receivable under long term incentive scheme	**1.4**	0.8
	Number	Number
Members of defined contribution schemes	**2**	2

In respect of the highest paid Director:	**Year ended 31/12/22 €m**	Year ended 31/12/21 €m
Emoluments including pension	**2.2**	1.6

3. Taxation

Deferred tax

Deferred tax balances recognised at 31 December 2022 and 31 December 2021 are as follows:	**2022 €m**	2021 €m
Relating to property, plant and equipment and intangible assets	**(1.9)**	(2.5)
Relating to tax losses	**14.7**	13.9
Relating to short term temporary differences	**1.6**	5.8
Relating to fair value movements on financial instruments	**4.1**	9.7
Relating to retirement benefits	**(2.6)**	(1.9)
Total deferred tax asset	**15.9**	25.0

The deferred tax charge recognised in the income statement was €8.8 million (2021: tax credit €1.9 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 31/12/22 €m	Year ended 31/12/21 €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 2021 of 89.29 cents per share (2020: 89.29 cents per share)	**150.0**	150.0
Interim dividend for the year ended 31 December 2022 of 89.29 cents per share (2021: 89.29 cents per share)	**150.0**	150.0
	300.0	300.0
Proposed for approval at the Annual General Meeting		
Proposed final dividend for the year ended 31 December 2022 of 89.29 cents per share (2021: 89.29 cents per share)	**150.0**	150.0

The 2022 final dividend of €150 million is subject to approval by shareholders at the Annual General Meeting on 8 March 2023 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 2022

5. Property, plant and equipment

	Land and buildings €m	Fixtures and fittings €m	Assets under construction €m	Total €m
Cost as at 1 January 2022	8.5	6.7	39.9	55.1
Additions	0.1	-	7.2	7.3
Transfers between accounts	-	5.9	(23.6)	(17.7)
Disposals	(2.5)	(2.7)	(6.2)	(11.4)
Exchange adjustments	(0.4)	(0.5)	(1.3)	(2.2)
Cost as at 31 December 2022	5.7	9.4	16.0	31.1
Depreciation as at 1 January 2022	2.4	6.7	-	9.1
Charge for the year	0.6	2.1	-	2.7
Disposals	(1.7)	(2.7)	-	(4.4)
Exchange adjustments	(0.1)	(0.3)	-	(0.4)
Depreciation as at 31 December 2022	1.2	5.8	-	7.0
Carrying amount as at 31 December 2021	6.1	-	39.9	46.0
Carrying amount as at 31 December 2022	4.5	3.6	16.0	24.1

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.

The transfers in 2022 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 €17.7 million (2021: €nil) to intangible assets.

Right-of-use assets have been included within property, plant and equipment above, see the following table for further details.

	Land and buildings €m
Cost as at 1 January 2022	8.5
Disposals	(2.5)
Exchange adjustments	(0.3)
Cost as at 31 December 2022	5.7
Depreciation as at 1 January 2022	2.4
Charge for the year	0.6
Disposals	(1.7)
Exchange adjustments	-
Depreciation as at 31 December 2022	1.3
Carrying amount as at 31 December 2021	6.1
Carrying amount as at 31 December 2022	4.4

The total cash outflow relating to the right of use assets for the reporting period was €nil (2021: €nil).

6. Intangible assets

	Software assets €m
Cost as at 1 January 2022	15.8
Transfers between accounts	17.7
Disposal	(0.5)
Exchange adjustments	(1.5)
Cost as at 31 December 2022	31.5
Amortisation as at 1 January 2022	15.8
Charge for the year	9.1
Disposals	(0.5)
Exchange adjustments	(1.2)
Amortisation as at 31 December 2022	23.2
Carrying amount as at 31 December 2021	-
Carrying amount as at 31 December 2022	8.3

Financial statements

Notes to the Company Financial Statements continued

For the year ended 31 December 2022

7. Investments in subsidiaries and associate

	Share in subsidiary and associated undertakings €m
Cost as at 1 January 2022 and 31 December 2022	**527.8**
Impairment as at 1 January 2022 and 31 December 2022	**(232.9)**
Carrying amount as at 1 January 2022 and 31 December 2022	**294.9**

Details of the Company's subsidiaries and associate at 31 December 2022 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	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
Nuclear Decommissioning Trust Agreement	Decommissioning Fund	(9)	(i)	100(iii)
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
(9) The Huntington National Bank, 150 Ottawa Ave, Grand Rapids, MI, 49505, USA

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) The Company controls this structured entity by means of contractual arrangements.

Financial statements

Notes to the Company Financial Statements continued

For the year ended 31 December 2022

8. Trade and other receivables

	31/12/22 €m	31/12/21 €m
Amounts due from Group undertakings (<12 months)	**146.1**	184.8
Amounts due from Group undertakings (>12 months)	**3,236.6**	3,228.8
Other receivables	**6.3**	4.8
Corporation tax receivable	**87.6**	93.8
Prepayments and accrued income	**35.2**	35.3
	3,511.8	3,547.5

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 2.33% (2021: 1.39%) on current balances and 2.40% (2021: 2.17%) 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 €4.3 million (2021: €0.2 million) which has been offset against the intercompany current account and €4.0 million (2021: €18.1 million), which has been offset against the intercompany loan balances.

Prepayments and accrued income includes interest accrued on intercompany receivables of €25.5 million (2021: Restated €25.2 million).

9. Short term deposits

	31/12/22 €m	31/12/21 €m
Short term deposits	**572.8**	366.7

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

	31/12/22 €m	31/12/21 €m
Cash	**57.6**	142.7
Cash equivalents	**524.9**	382.6
Total cash and cash equivalents	**582.5**	525.3

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

		31/12/22 €m	31/12/21 €m
Bank and other loans repayable:			
Greater than 5 years:			
Yen 20 billion Loan Agreement	6.24%	**142.5**	152.8
Total non-current		**142.5**	152.8

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.

Financial statements

Notes to the Company Financial Statements continued

For the year ended 31 December 2022

12. Amounts due to Group undertakings

	31/12/22 €m	31/12/21 €m
Current liabilities	**2,495.5**	2,247.2
Non-current liabilities	**1,025.0**	957.8
	3,520.5	3,205.0

Intercompany accounts included in amounts due to Group undertakings are subject to interest. The average annual rate prevailing in the year was 1.48% (2021: 0.17%) on current balances and 2.65% (2021: 2.62%) 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

	31/12/22 €m	31/12/21 €m
Accruals	**31.8**	20.9
Trade payables	**5.1**	3.7
Amounts due to related parties	**53.7**	55.5
Other taxes and social security costs	**0.7**	0.7
	91.3	80.8

Accruals includes interest accrued on intercompany payables of €13.5 million (2021: €4.7 million).

14. Derivative financial instruments

Categories of financial instruments at fair value

	Amounts due within one year		Amounts due after more than one year	
	31/12/22 €m	31/12/21 €m	31/12/22 €m	31/12/21 €m
Financial assets at fair value through profit and loss				
Intercompany balances – embedded forward foreign exchange contracts	**59.9**	18.6	**42.5**	28.4
Interest rate/cross currency contracts	**-**	38.4	**5.9**	-
Forward foreign exchange contracts	**26.6**	12.7	**27.8**	23.4
Total assets measured at fair value	**86.5**	69.7	**76.2**	51.8
Financial liabilities at fair value through profit and loss				
Intercompany balances – embedded forward foreign exchange contracts	**(14.0)**	(10.1)	**(27.9)**	(19.8)
Interest rate/cross currency contracts	**-**	(34.5)	**(33.7)**	(27.5)
Forward foreign exchange contracts	**(60.7)**	(27.5)	**(42.0)**	(28.4)
Total liabilities measured at fair value	**(74.7)**	(72.1)	**(103.6)**	(75.7)

Financial statements

Notes to the Company Financial Statements continued

For the year ended 31 December 2022

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 2022 to take account of the requirements of IAS19R in order to assess the liabilities of the scheme at 31 December 2022. Scheme assets are stated at their market values at the reporting dates.

Main assumptions:

Key financial assumptions	**2022**	2021
Discount rate	**5.0%**	1.8%
Salary increases	**4.1%**	4.3%
Pension increases	**3.1%**	3.3%
Price inflation	**3.1%**	3.3%

Mortality assumptions	**2022**	2021
Life expectancy at age 60 for a male currently aged 60	**28.3**	28.2
Life expectancy at age 60 for a female currently aged 60	**30.0**	29.9
Life expectancy at age 60 for a male currently aged 40	**30.5**	30.4
Life expectancy at age 60 for a female currently aged 40	**31.7**	31.6

The assets and liabilities of the scheme at 31 December are:

	Market value 2022 €m	Market value 2021 €m
Equities	**7.7**	21.2
Bonds	**40.0**	49.8
Total market value of scheme assets	**47.7**	71.0
Present value of scheme liabilities	**(37.4)**	(63.4)
Pension asset	**10.3**	7.6

Movement in present value of benefit obligation	**2022 €m**	2021 €m
As at 1 January	**(63.4)**	(66.9)
Interest cost	**(1.1)**	(1.1)
Past service gain	**-**	0.3
Actuarial gains	**23.0**	6.8
Benefits paid to members	**1.7**	1.7
Exchange difference	**2.4**	(4.2)
As at 31 December	**(37.4)**	(63.4)

The duration of the defined benefit obligation at 31 December 2022 was 14.4 years (31 December 2021: 18.8 years).

Financial statements

Notes to the Company Financial Statements continued

For the year ended 31 December 2022

15. Retirement benefit obligations continued

Movements in the fair value of plan assets	2022 €m	2021 €m
As at 1 January	**71.0**	63.8
Interest income	**1.2**	1.1
Actuarial (losses)/gains	**(20.4)**	3.1
Contribution by employer	**0.5**	0.4
Benefits paid to members	**(1.7)**	(1.7)
Exchange difference	**(2.9)**	4.3
As at 31 December	**47.7**	71.0

Components of pension cost	2022 €m	2021 €m
Interest on pension scheme liabilities	**(1.1)**	(1.1)
Interest on scheme assets	**1.2**	1.1
Past service gain	**-**	0.3
Total pension cost recognised in income statement	**0.1**	0.3
Actuarial gains	**2.6**	9.9
Total pension movement recognised in the Statement of Comprehensive Income	**2.6**	9.9

	2022 €m	2021 €m
Present value of defined benefit obligation	**(37.4)**	(63.4)
Fair value of plan assets	**47.7**	71.0
Recognised asset at 31 December	**10.3**	7.6

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 defined benefit obligations. The effect of a 0.25% change in isolation in certain assumptions as at 31 December 2022 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 31/12/22 €m
Discount rate	
Effect of increase in discount rate by +0.25% at 31 December 2022	**1.2**
Effect of decrease in discount rate by -0.25% at 31 December 2022	**(1.3)**
Inflation rate	
Effect of increase in inflation rate by +0.25% at 31 December 2022	**(1.2)**
Effect of decrease in inflation rate by -0.25% at 31 December 2022	**1.1**

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 2023 are expected to be €nil (2022 actual contributions: €0.5 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 2022 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 €1.8 million (2021: €1.5 million) has been fully expensed against profits in the current year.

Financial statements
Notes to the Company Financial Statements continued

For the year ended 31 December 2022

16. Called up share capital

	31/12/22 €m	31/12/21 €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 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 and 1 January 2022	**1,098.1**
Net profit for the year 2022	**249.3**
Dividends paid	**(300.0)**
Actuarial gains on retirement benefit assets	**2.6**
Deferred tax on actuarial gains	**(0.7)**
Foreign exchange translation differences	**(42.7)**
As at 31 December 2022	**1,006.6**

The €3.3 million loss in the Hedging reserve (2021: €2.6 million gain) relates to fair value movements recognised on debt instruments that are designated in a hedge relationship.

As at 31 December 2022, the Company had distributable reserves available of €974.1 million (2021: €1,069.9 million).

Financial statements
Notes to the Company Financial Statements continued

For the year ended 31 December 2022

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 31/12/22 €m	Year ended 31/12/21 €m
ETC[i]	**0.7**	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 31/12/22 €m	Year ended 31/12/21 €m
ETC[i]	**53.7**	55.5

[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 74.

	Year ended 31/12/22 €m	Year ended 31/12/21 €m
Short term employee benefits	**3.2**	2.9
Long term employee benefits	**1.4**	0.8
	4.6	3.7

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 73.

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 €691.3 million (2021: €696.6 million). The Directors do not expect any liability to arise under these guarantees.

20. Events after the reporting period

As of 8 March 2023, no other material structural changes or business events have occurred that might serve to alter any of the disclosures contained in the 2022 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 results of joint venture and other investments. 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. The reconciliation between EBITDA and income from operating activities is made in note 4 and this is disclosed in relevant footnotes.

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).

ERM

Enterprise Risk Management – a framework used by organisations to manage risks and opportunities related to the strategic objectives.

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

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, the nuclear decommissioning trust fund, lease liabilities, retirement benefit obligation deficit, and tails and decommissioning provisions.

HALEU

High-Assay Low-Enriched Uranium fuel, which is enriched up to 19.75% to power the next generation of nuclear reactors such as small modular reactors (SMRs).

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.

Location Based Approach

GHG emissions associated with the generation of purchased electricity, heat or steam calculated using the national or regional average emission factor for this supply.

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.

Market Based Approach

GHG Emissions associated with the generation of purchased electricity, heat or steam calculated using the contractually agreed emission factor for this supply.

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/Net cash and investments

Loans and borrowings (current and non-current) plus obligations under leases less cash and cash equivalents and short term deposits and investments in the nuclear decommissioning trust fund.

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.

Glossary continued

Net zero
Target state where human generated carbon emissions are balanced out by permanent removals from the atmosphere, where no net gain of carbon dioxide emissions occurs from human activities.

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
Includes both contracted and substantially 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.

Scope 1
Direct GHG emissions originating from sources owned or controlled by the company. Includes combustion of fuels (petrol, diesel, propane, fuel oils, natural gas) and fugitive emissions, e.g. loss of refrigerants.

Scope 2
Indirect GHG emissions from the generation of purchased electricity, heat or steam.

Scope 3
Other indirect GHG emissions originating from sources not owned or operated by the company. Covers areas such as the supply chain, business travel and employee commuting.

SWU
Separative Work Unit. The standard measure of the effort required to increase the concentration of the fissionable U_{235} isotope.

Tails or DU
Depleted uranium hexafluoride (UF_6) 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 manages the deconversion of tails into stable uranium oxide (U_3O_8). Now operational 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.

UF_6
Uranium Hexaflouride.

UK Corporate Governance Code
The 2018 UK Corporate Governance code which Urenco makes best efforts to apply for a company without listed shares.

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:

Urenco Limited
Urenco Court
Sefton Park
Bells Hill
Stoke Poges
Buckinghamshire
SL2 4JS
United Kingdom

General enquiries and Investor relations
Tel: +44 (0) 1753 660 660
E-mail: enquiries@urenco.com
Media enquiries: mediaenquiries@urenco.com
Contact: Rebecca Astles – Interim Head of Communications

Urenco Enrichment Company Limited
Urenco Court
Sefton Park
Bells Hill
Stoke Poges
Buckinghamshire
SL2 4JS
United Kingdom

Tel: +44 (0) 1753 660 660
E-mail: enquiries@urenco.com
Contact: Rebecca Astles – Interim Head of Communications

Urenco Deutschland GmbH
PO Box 1961
D – 48580 Gronau
Germany

Tel: +49 (0) 2562 711 0
E-mail: info@urenco.com
Contact: Dr. Jörg Harren – Managing Director

Urenco Nederland B.V.
PO Box 158
7600 AD Almelo
The Netherlands

Tel: +31 (0) 5 46 54 54 54
E-mail: almelo@urenco.com
Contact: Ad Louter – Managing Director

Urenco UK Limited
Capenhurst
Cheshire
CH1 6ER
United Kingdom

Tel: +44 (0) 151 473 4000
E-mail: enquiries2@urenco.com
Contact: Doug Annan – Managing Director

Urenco, Inc. and Urenco USA, Inc.
1560 Wilson Boulevard, Suite 300
Arlington, Virginia 22209-2463 USA

Tel: +1 (703) 682-5203
E-mail: enquiries@urenco.com
Contact: Kirk Schnoebelen – President and CEO

Urenco ChemPlants Limited
Capenhurst
Cheshire
CH1 6ER
United Kingdom

Tel: +44 (0) 151 473 7400
E-mail: enquiries@urenco.com
Contact: Doug Annan – Managing Director

Urenco Nuclear Stewardship Limited
Capenhurst
Cheshire
CH1 6ER
United Kingdom

Tel: +44 (0) 151 473 3635
E-mail: urenconuclearstewardship@urenco.com
Contact: Jason Gradie – Managing Director

Louisiana Energy Services, LLC
PO Box 1789
Eunice, New Mexico 88231 USA

Tel: +1 (505) 394 4646
Email: communicationsuusa@urenco.com
Contact: Karen Fili – President and CEO

Enrichment Technology Company Limited
Unit 6
South Capenhurst Technology Park
Capenhurst
Cheshire
CH1 6EH
United Kingdom

Tel: +44 (0) 151 363 3800
E-mail: info@enritec.com
Contact: Michael Smith – Company Secretary

The Energy to Succeed

Urenco Limited
Urenco Court
Sefton Park
Bells Hill
Stoke Poges
Buckinghamshire
SL2 4JS, UK

urenco.com