urenco
The Energy to Succeed

Annual report and accounts 2023

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

01 Strategic report

Our operations, strategy, business model and performance during 2023

02 Governance

Our approach to corporate governance and how we have applied this in 2023

03 Financial statements

The audited financial statements of Urenco for the year ended 31 December 2023

Capacity programme

Next generation fuels

Innovating for a net zero future

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.

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

Business model

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

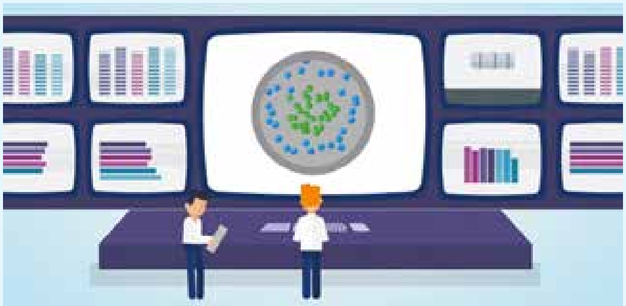
Urenco is a global supplier of nuclear fuel enrichment services and fuel cycle products for the civil nuclear industry with sustainability at the core of our operations. We have served the nuclear fuel supply chain for over 50 years, equipping us with the expertise to reliably deliver our services and solutions, which are critical for the clean energy transition.

Our role in nuclear fuel production

The enrichment process is crucial to making nuclear fuel for power plants, and is the third step in the fuel cycle. Our customers are predominately energy utility companies or those who operate reactors, and it is our role to enrich the feed (UF_6, uranium hexafluoride) they send us from the conversion step, using a toll model approach.

We heat UF_6 to turn it into a gas and then feed it into our gas centrifuges. The centrifuge separates the two isotopes contained in uranium: uranium 235 (^{235}U) and uranium 238 (^{238}U). The lighter ^{235}U is typically enriched to up to 5%, which is sufficient to sustain a continuous fission reaction in current nuclear power plants.

After enriching our customers' uranium, it is transported to fuel fabricators (step 4) where it is converted into pellets, before being loaded into fuel rods. These rods are then placed inside reactors (step 5) and used to generate the steam that drives the turbines, which in turn power electricity generators.



We deliver a diverse and secure supply of enrichment services for our customers through our global presence, with our Head Office near London, UK, and our enrichment facilities in the UK, USA, the Netherlands and Germany.

A link to the fuel cycle animation can be found here.

Inputs

- Over 2,150 highly skilled and well-trained employees, supported through employee engagement programmes
- Leading centrifuge technology
- Excellence in safe operations and maintenance
- Robust commitment to nuclear safeguards and non-proliferation through the Treaties of Almelo, Washington and Cardiff as well as government oversight
- Strong customer service
- Detailed market intelligence
- Rigorous supplier and compliance audits
- Research & Development (R&D) and innovation

Outputs

- Diverse nuclear fuel supplier helping to deliver energy security
- Commitment to achieve net zero emissions by 2040, reducing in absolute terms scope 1 and 2 emissions by 90% by 2030, and also neutralising remaining emissions
- Reliable transportation services
- Development of next generation fuels, including low enriched uranium plus (LEU+, uranium enriched up to 10%) and high assay low enriched uranium (HALEU, uranium enriched up to 19.75%)
- Enhanced provision of enriched and depleted isotopes of elements other than uranium for medical, industrial and research applications
- Responsible nuclear stewardship, including nuclear materials management and decommissioning

THE CLIMATE PLEDGE

>5% 235 U NEXT GENERATION FUELS

urenco Stable Isotopes

urenco Nuclear Stewardship

urenco ChemPlants

Financial outcomes

- Revenue: €1,922.3 million (2022: €1,716.5 million)
- EBITDA[1]: € 886.7 million (2022: €824.6 million)
- Net income: €269.8 million post exceptional (2022: €285.1 million pre exceptional, €1, 173.2 million post exceptional)
- Cash generated from operations: €1,048.9 million (2022: €1,133.7 million)
- Capital expenditure: €282.3 million (2022: €184.0 million)
- Net cash: €1,032.2 million (2022: net cash €627.2 million)
- Uranium enrichment contract order book: approximate total value of €14.7 billion, extending into the 2040s
- Investment grade credit ratings: S&P Global: A- (stable outlook) upgraded from BBB+; Moody's: Baa1 (stable outlook)

Non-financial outcomes

- Global enrichment capacity of 17,600 tSW/a
- More than 50 customers in 19 countries including in North America, Europe, the Middle East, Africa and Asia
- 100% of customer deliveries met
- Strong safety performance; 7 total recordable injuries resulting in a Total Recordable Injury Rate (TRIR) of 0.248 (2022: TRIR 0.445)
- Carbon emissions decreased by 5.4% (scope 1 and 2 – direct and indirect emissions) from 2022 (using market-based emissions factors), and fell by 30.1% from 2019 baseline year
- Enriched enough uranium to generate an estimated 760,000 GWh of electricity from nuclear power, avoiding approximately 380 million tonnes of carbon emissions. That's enough generation by itself to supply almost 90% of all the households in the EU and UK for one year
- The volume of our annual stable isotopes sales equates to approximately two million patient treatments being performed using medical radioisotopes produced from our products
- Signed a significant contract for the delivery of enriched isotopes to the semiconductor industry, strengthening our position in this important market
- Global social impact partnerships established supporting environmental, health and educational goals
- Our Global 'Richie' Science, technology, engineering and mathematics (STEM) education programme is estimated to have reached 57,000 schoolchildren in 2023
- Maintained a B score for climate under the Carbon Disclosure Project (CDP)
- EcoVadis Bronze award achieved

[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 125.

Chairman's foreword

In 2023 the importance and pace of Urenco's work increased significantly, coupled with an enhanced interest from our customers and governments in what Urenco can offer.

We see it as our duty to rapidly implement our strategy to provide a more independent, secure and diverse supply of uranium enrichment services for civil nuclear power generation globally. This not only helps to keep the lights on by providing a stable, continuous supply of electricity, but also enables the successful delivery of climate change goals through the generation of low carbon electricity.

> “We look forward to continuing the momentum to help the world benefit from sustainable, low carbon nuclear energy."

The global environment

As the conflict between Russia and Ukraine and other subsequent shocks to global energy markets continued, we have focused on driving our capacity programme forward to extend and refurbish enrichment capacity at all of our sites. We met our customers' increased demand for nuclear fuel and are undertaking work to ensure we can continue to do so in the future. Our plans in the US, the Netherlands and Germany have now been published (page 14). The market for our services remains dynamic and our Board will continue to review and look to take new investment decisions to support customer demand.

The market price for enrichment increased in 2023 (page 10). This has underpinned our investment in our enrichment facilities, while also supporting the responsible stewardship of nuclear materials.

More countries looked to nuclear energy in 2023 and countries with existing reactors changed their fuel supplies, which has led to additional and new customer contracts being signed with Urenco. For the first time we are doing business with Bulgaria and Canada. In November, I was also pleased to attend a UK State Banquet held in honour of the President of the Republic of Korea. As part of his visit, the UK Government announced a clean energy partnership with South Korea which will strengthen cooperation on nuclear energy between the two nations.

In 2023 we also extended contracts with existing customers, including with Energoatom in Ukraine and I am pleased that we now have long term supply agreements in place with them. This will enable us to continue to bolster energy security in Ukraine well into the next decade, powering their reactors, which generate over half of the country's electricity.

As leaders within the nuclear industry, we aim to address security of energy supply and net zero goals for now and for generations to come.

It is therefore vital that we actively participate in the evolution of the nuclear fuel cycle, including a focus on the next generation of fuels for nuclear reactors. In 2023, we signed our first contract for LEU+ and are committed to deliveries in 2025. It is very encouraging to have support for the development of advanced fuels from the UK and US Governments in particular, under their respective Civil Nuclear Roadmap to 2050 and GIGA (Green Industries Growth Accelerator) funding, and the US Department of Energy HALEU Availability Program.

We attended COP28 in the UAE where we continued to be advocates for the key part that nuclear can play in the energy transition. It was very positive to see the signing of a pledge by 25 nations to triple global nuclear capacity by 2050 from 2020 levels. We believe that this level of political commitment, coupled with strong momentum from the nuclear industry, will ensure nuclear fulfils the valuable role it deserves to play in the energy transition.

Our people

To allow us to deliver our ambitious plans, we want to ensure Urenco is set up to attract and retain the quality workforce we need. We are strongly focused on recruitment and expect to increase our workforce significantly in the coming years, providing high quality jobs in and around our sites.

Our commitment to inclusion and diversity continues, with a range of events held for our champions and workforce, including guest speakers, training on inclusive leadership and allyship, development of our employee networks, and a new mentoring scheme coupled with growing external partnerships (page 30).

We track our employee engagement regularly and I am pleased that this continues to show us above the industry benchmark. In 2023, our Board held a series of employee engagement events at our UK Capenhurst site, including a tour of the three businesses on site, a recognition lunch for top performers and informal chats with individual teams.

Our people are the foundation of our business, and we have over 2,150 highly skilled and well-trained employees, whom the Board and I would like to thank for all they have done to make 2023 a positive and successful year for Urenco.

Miriam Maes retired from the Board in 2023 as a Dutch appointed Non-Executive Director and we welcomed Renee Jones-Bos to this position. We would like to thank Miriam for the significant contribution that she has made over the past eight years.

Our positioning

Thanks to our presence in four countries, we remain uniquely capable of providing a secure and diverse supply of enrichment services to global markets from our sites in the US, UK and two in the European Union.

Our purpose is to enrich the future with carbon free energy, helping to provide energy security and facilitating the reliable delivery of low carbon electricity generation for consumers around the world. Over our 50 years of operation and service to our customers, we have consistently delivered high quality operational and financial performance with an exemplary delivery record.

We are investing in tomorrow's world through our work in advanced fuels and lifesaving isotopes for use in the medical sector and other innovative applications.

Overall, we believe that our high service levels and strong collaborations will enable us to continue to be a partner of choice for customers and stakeholders in the decades to come. We look forward to continuing the momentum to help the world benefit from sustainable, low carbon nuclear energy.

Stephen Billingham CBE
Chairman

Chief Executive Officer's review

Nuclear energy's upward trajectory has continued, which has given both Urenco and the wider nuclear industry a renewed purpose.

This is largely the result of two essential drivers. The first is climate change. Nuclear is increasingly recognised as one of the solutions to decarbonise our economies and this was underlined towards the end of the year at the COP28 climate change conference with the declaration of 25 governments to triple global nuclear capacity by 2050. We should not underestimate the significance of nuclear taking centre stage as a result of agreements made at COP28.

> "We have a duty and a responsibility to harness this momentum to ensure that nuclear can fulfil its potential in mitigating climate change and delivering energy security."


Image: Almelo, The Netherlands.

The second driver is security of supply. Nowadays, there is greater consideration of where to source energy from, whether there is enough reliable energy available and how diverse a supply should be. Nuclear power can offer countries the reassurance of both energy independence as well as baseload, reliable energy to meet increasing demand.

These two primary drivers are creating a momentum. There is now a concerted effort and push for new nuclear, including both large scale and small scale reactors. The nuclear sector sees this as essential to our future success, and is identifying opportunities to be increasingly innovative, for example, with the delivery of small modular and advanced modular reactors (SMRs, AMRs). In 2023, we saw countries where nuclear technology already exists extending the lifetime of power plants or planning to build new ones. In countries where the technology doesn't currently exist, approximately 30 are considering, planning or starting nuclear power programmes. We have a duty and a responsibility to harness this momentum to ensure that nuclear can fulfil its potential in mitigating climate change and delivering energy security.

For Urenco, the result of these two drivers is growth in customer demand. Customers have increasingly extended and renewed contracts with us (page 14, case studies). This has reinforced our strategic priorities and direction, and in 2023 we announced capacity projects at our enrichment sites in the USA, the Netherlands and Germany, to meet market needs for more low carbon and diversified fuel supplies (page 14).

Progress in other strategic areas

We are also supporting the evolution of the nuclear fuel cycle through the production of next generation fuels. In 2023 we announced our involvement in a transport package pilot for nuclear fuel, and obtained funding under the Nuclear Fuels Fund from the UK Government to develop new advanced fuel production capabilities.

Additionally, our first next generation fuels contract with Ultra-Safe Nuclear Corporation was signed, and we made regulatory progress at our USA site (see page 16) with regard to producing the fuels.

Development of our Urenco Stable Isotopes business also progressed. We achieved important contracts: one with the semiconductor industry and one with a utility to help prevent corrosion in nuclear reactors.

Our people and culture work, which is at the foundation of our strategy, continued at pace in 2023. We need to add to our workforce and retain talented people to meet our ambitions, and this has been supported by a refresh of our career websites and the launch of a new Employee Value Proposition (page 31). We completed the roll out of a regular employee pulse survey to measure engagement. Our global culture themes were refreshed to increase efforts and we implemented further inclusion and diversity training for all employees and line managers.

Our important work on sustainability progressed. Our intention remains to make a positive contribution to global climate change goals, not only as part of our role in the nuclear industry, but also through our plan to achieve net zero carbon emissions by 2040, reducing in absolute terms scope 1 and 2 emissions by 90% by 2030.

We will also neutralise the remaining scope 1 and 2 emissions so that they are mitigated by then. We have published our first Net Zero Transition Plan*, which outlines how we will turn ambition into action. We have built two solar panel installations in the Netherlands, capable of reducing the site's peak electricity demands from the grid by up to 15% and we are introducing solar installations at our three other sites, some with even greater capacities for energy saving – to help us tackle our scope 2 emissions.

Social impact is a key element of our sustainability strategy and we have established new multi-year partnerships which are closely aligned with our strategic aims. These include partnerships with universities to support our work to nurture the next generation of scientists and engineers in the industry. We also continue to support environmental projects, and are looking to fund International Atomic Energy Agency (IAEA) research to reduce the effects of uranium mining on the natural habitat.

In summary, we are well on track on our sustainability targets.

* www.urenco.com/news/Global/2023/urenco-publishes-net-zero-transition-plan

Financial and operational performance in 2023

Our financial and operational performance remains strong.

Although our sales revenue for the full year has increased, EBITDA was impacted by increased operational costs as a result of extending capacity at several of our sites, employee and supply chain costs. Revenue increased to €1,922.3 million (2022: €1,716.5 million). EBITDA rose at €886.7 million and net income post exceptional decreased to €269.8 million respectively, reflecting higher depreciation (EBITDA 2022: €824.6 million, net income €285.1 million). Cash generated from operating activities was €1,048.9 (2022: €1,133.7 million), net cash was up at €1,032.2 million (2022: net cash €627.2 million). We have security in our core business through the long term visibility of our order book. Our order book extends into the 2040s with a total value of €14.7 billion (December 2022, €10.8 billion).

I am pleased to say our progress on our safety targets has been steady, with an improvement on our 2022 figures. Our Total Recordable Injury Rate (TRIR) was 0.248 as a result of 7 total recordable injuries, compared to a rate of 0.445 and 11 total recordable injuries in 2022. This has been achieved through the implementation of a wide reaching Health and Safety Improvement Plan.

Image: Capenhurst, UK.

Our sites enriched enough uranium to generate an estimated 760,000 GWh of electricity from nuclear power, avoiding approximately 380 million tonnes of carbon emissions, and we had highly reliable deliveries. In addition to the capacity programme, site improvements included:

- **Almelo (the Netherlands)**
  Plans to expand Urenco Stable Isotopes progressed (page 16) as well as a sizable refurbishment to upgrade equipment for our uranium enrichment plants, such as the automated cranes at our cylinder receipt and dispatch buildings. An Asset Health report was drawn up for the extension of the operating life of our longest serving enrichment plant.
- **Eunice (USA)**
  Significant progress has been made in the area of advanced fuels on the regulatory side. The site has submitted to the Nuclear Regulatory Commission (NRC) a License Amendment to increase our enrichment levels to 10% to support the production of LEU+ to customers by 2025. It also submitted a Notice of Intent to the NRC to produce HALEU.
- **Gronau (Germany)**
  Asset evaluations and refurbishments took place to ensure the plant is as efficient and reliable as possible heading into the next decade. In addition, a new office complex is being built to extend Urenco's technology and development centre.
- **Capenhurst (UK)**
  Refurbishment work is taking place to extend the operating life of older facilities on site.

  Two existing kilns at the Tails Management Facility (TMF) are being optimised to support the capacity programme.

> "We will continue to prioritise our workforce, ensuring it is skilled, inclusive, diverse, and well supported to deliver the ambitions of our strategy."

Priorities for 2024

Our priority for 2024 is our capacity programme, which will strengthen worldwide energy security and support the clean energy transition. Government policy, industry collaboration and a general increase in customer demand have provided greater assurance to the sector and enabled the conditions for growth. At our sites, planning and preparation works will continue to progress at speed for both extension and refurbishment projects.

Work on next generation fuels to deliver LEU+ and HALEU will have an enhanced focus, including progressing options to build a HALEU fuel facility.

As part of expanding our Urenco Stable Isotopes portfolio, we will be exploring further ways in which our offering in the nuclear medicine space can be enhanced through collaborations, partnerships and internal growth to bring more stability and robustness to supply chain challenges.

Through our people and culture programme, we will continue to make our workforce a priority, ensuring it is skilled, inclusive, diverse, and well supported to deliver the ambitions of our strategy. Recruitment and retention plans remain crucial. We will maintain our encouragement of internships, apprenticeships and graduate placements and embark on further training and development of our managers.

Sustainability and the decarbonisation of our operations and assets is vital. We will focus on tackling the challenge of mitigating emissions while meeting increased demand for our services.

We are reviewing our core company processes, introducing a new enterprise resource planning system to ensure we are working as efficiently as possible.

There is a lot of excitement around nuclear. Specific policy measures still need to be developed, but the important role of nuclear in the energy transition is clear, and the industry recognises its duty to act. This creates a great deal of optimism for our industry.

Image: Gronau, Germany.

Boris Schucht
Chief Executive Officer

Markets overview

The market fundamentals for nuclear have continued to gain considerable momentum with the growing need for energy security alongside the ongoing push for decarbonisation throughout the world.

2023 has seen more countries take tangible actions to either embrace nuclear for the first time, or to revitalise their use of nuclear power by announcing plans to expand or maintain the share of nuclear in their energy mix. France, Sweden and Japan have, for example, taken steps to change laws that will provide a simpler and streamlined pathway for new nuclear builds or to extend the operations of their existing fleets.

Broader laws and initiatives also continue to take shape, such as the European Commission's Net-Zero Industry Act. This wide ranging piece of legislation is designed to decarbonise the EU's industry and includes nuclear energy alongside renewables among the technologies to be used.

SWU price: From US$110/SWU and US$125/SWU at the end of 2022, the SWU prices as reported by Tradetech and UxC have continued on an upward trajectory, reaching US$155.00 and US$159.00/SWU respectively by the end of December 2023.

Belgium: Engie, the French operator of Belgium's nuclear power plants, has signed an agreement with the Belgian government to extend operation of its Tihange-3 and Doel-4 reactors by 10 years. Belgium had previously intended to phase out its entire nuclear fleet by 2025.

Canada: In March, the Canadian Government introduced a new 15% refundable Clean Electricity Investment Tax Credit which will take effect from 2024-2025 through to 2034-2035. Nuclear projects – large-scale and SMRs – are eligible for the credit, which is available to both new projects and the refurbishment of existing facilities. The Ontario Government has announced it is starting pre-development work to build up to 4.8 GW of new nuclear capacity at Bruce Power's existing site, in what would be Canada's first large-scale nuclear build in more than 30 years. At the same time, the Ontario Government also announced it is working with Ontario Power Generation (OPG) to begin planning and licensing for three additional GEH BWRX-300 SMRs at the Darlington plant site. Construction of the first unit is scheduled to be completed by late 2028, with power being supplied to the grid in 2029. In New Brunswick, NB Power published its own strategic plan highlighting the need to phase out coal by 2030 and achieve net zero electricity supply by 2035. The roadmap included in the strategy report expects the first 150 MWe of SMR capacity to come online in 2030-2031, with another 450 MWe starting up in 2035.

China: China's State Council has approved the construction of 10 nuclear power units - Ningde-5 & -6, Shidaowan-1 & -2, Xudabao-1 & -2, Taipingling-3 & -4 and Jinqimen-1 & -2. The approvals mark the second year that China has approved 10 new reactors.

Czech Republic: In order to meet EU goals for cutting carbon emissions, the Czech Government has adopted a national climate and energy plan that would see nuclear capacity in the country rise from 4.3 GW to 5.9 GW by 2050. The plan envisages three large reactors, each up to 1.1 GW. Separate plans by CEZ, the operator of the nuclear fleet in the Czech Republic, indicate that the power company has an overall target of 10 SMRs, each with a capacity of 300 MW, to be in operation by 2050.

Finland: In June, a newly formed coalition Government committed to build new nuclear reactors in the country. The new Government recognises the reliability of nuclear energy production and the intermittent nature of renewable energy. This followed Olkiluoto-3, Europe's largest nuclear power reactor, beginning commercial operations in May. It will produce about 15% of Finland's total electricity consumption. Teollisuuden Voima Oyj (TVO), the operator of the Olkiluoto units, also announced it had initiated plans to extend the operations of units 1 and 2 through to around 2048 – a 10-year extension. In addition, the Finnish Government granted an operating licence extension to its two-unit Loviisa nuclear power plant, allowing it to continue generating power until the end of 2050.

France: The French Government continues to deliver on its pledge to build up to 14 new nuclear reactors by 2050. In 2023,, the French Parliament approved a bill to accelerate the construction of new nuclear reactors and the Energy Transition Ministry expects future construction times to be reduced by at least two years. In addition, a prior plan to cap nuclear power's share of the energy mix to 50% by 2035 was abandoned. In June, EDF, the operator of France's fleet of nuclear reactors, returned to full state ownership. The decision to renationalise EDF was motivated by the need to secure energy independence and will facilitate the building of at least six new EPR reactors. In November, EDF reported that preparatory work on the construction of France's new generation of EPRs could begin in the summer of 2024, with commissioning in 2035.

Germany: The last three nuclear power units in Germany, Neckarwestheim II, Emsland and Isar II, were shut down on 15 April as the final stage of the country's nuclear phase out policy, which dates back more than two decades, drew to a close.

Italy: As an example of a nation reconsidering nuclear energy, Italian Government ministers have announced plans to restart nuclear generation within the next 10 years. Following this, Edison, an Italian energy company, announced its ambition to construct two nuclear power plants based on EDF's SMR technology between 2030 and 2040, if the conditions are created for the return of nuclear energy to Italy.

Japan: The Japanese parliament has passed an amended energy law that allows reactors in the country to operate beyond the current 60 year limit. The revised nuclear law contains the "stop count" measure that excludes from the 60 year limit the periods when units are shut due to reactor safety reviews by the Nuclear Regulation Authority. In addition, the Economy, Trade and Industry Ministry has appointed Mitsubishi Heavy Industries as the core company overseeing the design of next generation nuclear power plants. This move aims to accelerate the development of nuclear power plants and achieve a balance between stable energy supply and decarbonisation. The number of reactors restarted in Japan has now reached 12 units as both Kansai's Takahama-1 and -2 resumed operations after being taken offline more than 12 years ago.

Poland: Poland continues to move closer to realising its nuclear power ambitions as several projects have received a 'decision-in-principle' from the Ministry of Climate and Environment. Projects to receive the decision include, Polskie Elektrownie Jądrowe's (PEJ) plan to construct a nuclear power plant using Westinghouse's AP1000 reactor technology in Pomerania; the PEJ and Ze Pak joint venture that will deploy two South Korea-supplied APR1400 reactors planned for the Patnow-Konin region; copper and silver producer KGHM Polska Miedz's plan to build a NuScale Voygr SMR plant with a capacity of 462 MW; and Orlen Synthos Green Energy's plans to build 24 GE-Hitachi (GEH) BWRX-300 SMRs in six locations across the country.

Slovak Republic: The Slovak Government is evaluating whether to build one large reactor or SMRs at the Bohunice nuclear plant site in the west of Slovakia. The Ministry of Economy and nuclear operator, Slovenské elektrárne, signed a memorandum of cooperation with a range of partners to support the development of SMRs in Slovakia, including applying for funding from the USA's Project Phoenix. This aims to accelerate the global clean energy transition by supporting feasibility studies and providing technical assistance for the pursuit of the conversion of coal-fired power plants to reliable and safe zero-carbon SMR nuclear energy generation plants.

South Korea: The Government is considering building a new nuclear power plant under its forthcoming long term energy policy plan amid rising electricity demand. The final draft of the 11th Basic Plan for Long Term Energy Supply and Demand, which covers 2024 through to 2038, is expected to be published as early as the first half of 2024. If the construction of a new nuclear plant is to be incorporated, it will be the first new nuclear facility to be built since Shin-Hanul-3 and -4 from the 7th Basic Plan in 2015. Preparatory groundwork is set to begin for the construction of Shin Hanul-3 and -4 following the approval by the South Korean Government of the project's implementation plan. Construction of the units is expected to begin next year. This project had been suspended due to the previous administrations' policy of phasing out nuclear power.

Spain: The Government has confirmed plans to close the country's nuclear plants between 2027 to 2035 as it presented energy measures including extended deadlines for renewable projects and adjusted renewable auctions.

Sweden: The Swedish Government has forecast that its decarbonisation efforts will require a doubling of electricity production and that in the future, nuclear power will provide an increased proportion of projected demand. Sweden adopted a new energy target which paves the way for nuclear to support its targets. To further aid a nuclear expansion, Sweden's parliament cleared the way for new nuclear power in the country by removing the current limit on the number of nuclear reactors in operation, as well as allowing reactors to be built on new sites. The government also said that it aims to build the equivalent of two new large scale nuclear reactors by 2035 to meet demand for clean power from industry and transport and was prepared to take on some of the costs. By 2045 the government is targeting the equivalent of 10 new reactors, some of which are expected to be SMRs.

The Netherlands: Talks are being held with three potential suppliers regarding the construction of the two new nuclear power stations that are expected to be located in Borssele, the location of the country's current sole operating nuclear power plant. Additionally, the Dutch province of Zeeland has started a two stage consultation on Government plans to build those units in addition to prolonging the operation of the existing Borssele reactor beyond its scheduled closure in 2033.

UK: In July, the UK launched Great British Nuclear (GBN), a new government body designated with the task of delivering the Government's long term nuclear programme and its ambition to deliver up to 24GW, quadrupling nuclear power in the UK by 2050. Its first act was to launch a competition for SMR vendors to bid for funding support for the development of new reactors which resulted in Rolls-Royce, EDF, GE-Hitachi, Holtec, Westinghouse and NuScale Power moving on to the next stage of the process. In terms of large reactor new build, the UK Government has released over two thirds of previously allocated funding to take forward development work to prepare the Sizewell C site "for future construction, procure key components from the project's supply chain, and expand its workforce".

Ukraine: The country gave the go-ahead to begin work on project documentation for the construction of two Westinghouse AP1000 reactors at the Khmelnitsky nuclear power plant. According to the country's energy's ministry, the target date to complete construction and start-up is 2030-2032. In addition, up to 20 Holtec SMR-160 plants will be built in Ukraine under a cooperation agreement signed between Holtec and nuclear operator Energoatom. The agreement calls for the first plant to begin supplying power by March 2029. Finally, Ukraine's State Nuclear Regulatory Inspectorate has granted permission for a 10-year lifetime extension for South Ukraine-1, through to December 2033.

USA: Despite the setback in November of the failed NuScale six reactor, a 462 MW, project with the Utah Associated Municipal Power Systems, the market fundamentals for nuclear energy in the US continue to improve, buoyed by the Inflation Reduction Act of 2022. The IRA, which includes a tax credit for the production of zero-emission nuclear power, will dramatically improve the economics of existing nuclear reactors and also provide additional support for nuclear new-build as well. The tax credit has already led to significant plans to invest in the capacity and operating life of plants across the country.

The Nuclear Fuel Security Act was also enacted in December 2023 as part of the National Defense Authorization Act. The Nuclear Fuel Security Act authorises the US Department of Energy to take various actions to support new domestic LEU production and accelerate efforts to establish a domestic HALEU production capability. The current administration has supported significant new funding to enhance the US' enrichment capabilities for both of these advanced fuels.

Urenco has responded to these changes in the US nuclear market, and in July 2023 we announced that we would deliver extended capacity at our New Mexico plant, adding centrifuges in the coming years.

In July, the USA's newest nuclear reactor, Vogtle 3, began commercial operations, with Vogtle 4 expected to come online in 2024. Meanwhile, the Palisades plant, which shut down in May 2022, could become the first successfully restarted nuclear power plant in the USA following owner Holtec's request to formally begin the process of resuming power operations. Holtec also plans to deploy two units of its advanced reactor design, called the SMR-300, side by side with the original plant at Palisades by mid 2030.

X-energy demonstrated its adaptability to challenging projects by changing plans to build the company's first demonstration project, a four-unit Xe-100 facility, in Washington State. The project is now planned to be built in a partnership with Dow at its UCC Seadrift Operations manufacturing site in Texas. The aim is for the project to be completed by the end of the decade.

In December, the Nuclear Regulatory Commission directed staff to issue a construction permit to Kairos Power for the company's proposed Hermes non-power test reactor in Oak Ridge, Tennessee. The permit authorises Kairos to build a 35-megawatt thermal advanced reactor that would use molten salt to cool the reactor core: the first of its kind.

At the state level, Illinois passed legislation lifting a three-decade moratorium on development of nuclear reactors in the state, permitting the deployment of SMRs from January 2026. North Carolina lawmakers passed a bill that would redefine "renewable energy" as "clean energy" to include nuclear and fusion power. Virginia has signed into law two bills that will support state ambitions to include SMRs as part of an "all-of-the-above" energy plan released in 2022. Several nuclear power plants initiated or progressed plans to request new license renewals (taking units from 60 to 80 years of operation) in 2023. Dominion Energy filed a license amendment request to operate its Summer unit while Xcel Energy and Indiana Michigan announced plans to submit license renewal applications in 2026 and 2027 for their two-unit Prairie Island and Donald C Cook nuclear plants. In addition, PG&E filed an initial 20-year license renewal with the US Nuclear Regulatory Commission (NRC) for its Diablo Canyon units, preserving the opportunity for the state to keep the facility open beyond the five-year extension that California lawmakers placed on the table in 2022.

This markets overview represents a general summary of the past year. Please see the Chairman's foreword and CEO's review for any potential opportunities relating to Urenco itself.

Our strategy

In 2023, we reaffirmed our strategy for growth and expansion to meet the world's need for secure, sustainable energy.

This built on the strategic refresh that had taken place in 2022, which was implemented following the changes to the international energy market in the wake of the conflict in Ukraine. The strategy is also being driven by the momentum in nuclear globally.

Around 30 countries are now considering or planning to build new nuclear assets, in addition to the countries that already have nuclear energy technology in place and are planning on new builds and renewals themselves. This shift in approach has impacted every area of our business, but we have embraced the challenge as part of our responsibility and duty to our customers and countries worldwide to support them with their energy security and net zero goals.

We are making real progress in delivering on our strategic objectives. Our long term focus is on meeting increased demand in the market with a flexible, resilient and sustainable operation. In order to achieve this, we are implementing our refurbishment and extension plans which are taking place at each one of our sites, as well as increasing our decommissioning and deconversion capabilities.

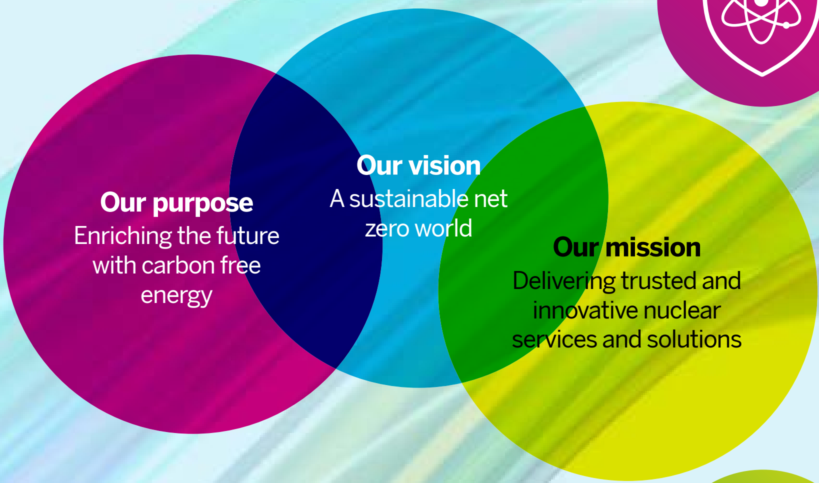
For each site, we have identified near, mid and long term plans, which consist of a mixture of refurbishment, safely extending the lifetimes of plants, extending plants with new halls, and new builds.

Our strategy requires long term commitments from both governments and customers and strong collaboration across the nuclear industry. To date, we have had sufficient customer commitments to progress on our capacity programme, and in 2023 we committed to projects at three different sites, which will bring us around 1.6 million of extended SWU capacity, with the first coming online in 2025. These projects, together with ongoing refurbishments, are required to keep our capacity stable in the mid and long term.

Our strategic ambitions

Our strategy remains driven by our purpose, mission and vision.

Our strategic ambitions have been refined and are now:



Trusted global partner
Reliable strategic partner to customers, governments and society

Safe and reliable operator
A dynamic, learning and responsible nuclear organisation with world class safety and reliability

Engaged and accountable teams
Inclusive and inspiring place to work, with engaged, accountable, and empowered teams

Expanded and sustainable assets
Delivering sustainable, net zero assets to meet growing and changing nuclear fuel demand

Industry leading innovation
Innovating and developing focused opportunities that strengthen and expand our business

Our values and behaviours

Own our results: Safety, Integrity

One Urenco: Leadership

Act today for tomorrow: Sustainability, Innovation

Strategic priority focus area:

Capacity programme

Throughout 2023, we made strong progress towards the delivery of our capacity programme. This is essential for meeting increasing customer demand for enrichment services, as more countries and utility companies turn to nuclear for the first time, or seek to extend and/or diversify fuel supplies for existing nuclear operations. We are securing key personnel and contractors to ensure we have sufficient resource to deliver for our customers.

In July, Urenco approved an investment in enrichment capacity at our US site in New Mexico. The project will see multiple new centrifuge cascades added to the existing plant and will be the first project to be delivered under our capacity programme, which will strengthen the nuclear fuel supply chain both in the US and globally.

This was followed by an approved investment at our site in Almelo, the Netherlands, in December.

This project will extend capacity at the plant over the next four years. A revised site licence has been issued which allows for the expansion and growth plans to be implemented. The first conceptual design phase is underway and site preparations have started.

At our site in Gronau, Germany, we are re-fitting an existing hall with more modern centrifuge technology which will maintain the capacity of the plant. This demonstrates our long term, sustainable commitment to our operations in Germany and the positive contribution it makes to the German economy, particularly in relation to the retention of skills and advanced technology.

At Capenhurst, UK, work continues to extend the safe and reliable operating life of the older plant to meet increased market demand, with some refurbishment campaigns already completed.

While we took capacity extension forward in 2023, we also continued to ensure the safe production of enrichment services under our existing contracts, which was ahead of target for the year. We have always ensured our enrichment plants are maintained to the highest level of reliability and asset integrity, which has been demonstrated by their online performance and the achievement of production and delivery goals. Our refurbishment projects will continue allowing us to maintain these standards.

Case Study

Nuclear fuel agreement with Bulgaria

Urenco is committed to helping countries diversify their nuclear fuel supply chain as they seek to become more energy independent.

In 2023, we became part of a supply chain which includes fuel partners Cameco, Uranium Asset Management (UAM) and Westinghouse for long term supply to the Kozloduy nuclear power plant in Bulgaria.

Kozludoy is the only nuclear plant in the country and generates more than a third of Bulgaria's electricity.

Case Study

US site agrees to supply fuel for innovative new SMRs

In 2023, Urenco USA struck a deal with Ontario Power Generation (OPG) to fuel up to four GE-Hitachi BWRX-300 SMRs. OPG became Urenco's first commercial customer for enrichment services in Canada. This is one of the first, long term commercial supply agreements for an SMR. The site where the SMRs will operate in Darlington, Ontario, currently supplies 20% of the province's electricity and powers two million homes.

Case Study

Partnership with Energoatom

Urenco has remained a committed partner to Ukraine, and we continue to help keep the country's electricity grid running. In 2023, we signed a contract for the long term supply of enrichment services with Ukraine national nuclear operator, Energoatom, which will strengthen the country's energy security and independence. Urenco is able to offer Energoatom a secure and diverse supply of enriched uranium, which is vital to fuel their plants which provide over half of Ukraine's electricity.

Image: Almelo, The Netherlands.

Strategic priority focus area:

Next generation fuels and new business opportunities

We are well positioned to provide the enrichment services needed to fuel the next generation of nuclear reactors. Provision of these fuels is an important step towards achieving even greater safety and efficiency within the industry and making a valuable contribution to decarbonisation goals through nuclear's key role in meeting net-zero targets.

We are continuing to build on our work towards the production of LEU+, at our US and UK sites (New Mexico and Capenhurst). LEU+ can be used in existing light water reactors seeking to further enhance their safety and economics. Urenco's existing advanced gas centrifuge technology is capable of producing LEU+ and few modifications will be needed to the current facilities at Capenhurst and Eunice.

We have progressed licence applications and investment decisions to accelerate deployment at both sites, with the licence amendment for UUSA being submitted in November 2023. This amendment process is expected to run over the next 12 months and we are on target to begin production of LEU+ by 2025.

We are also working towards the production of other advanced fuels for civil nuclear power generation, such as HALEU. We are progressing options for a new plant which will allow us to produce HALEU, and are currently focusing on the commercial case for such a facility, considering location, capacity and how it will connect to existing plants.

As part of this, positive steps have been taken in both the US and the UK towards HALEU production. In July, Urenco was awarded £9.56 million in funding from the UK Government that is supporting the manufacture of advanced fuels for the nuclear reactors of tomorrow. The funding from The Nuclear Fuel Fund is being used for the concept design of plants and processes. We are also working closely with the US Department of Energy (DoE), which is collaborating with industry to develop a commercial next generation fuels capability under the Energy Act of 2020 and subsequent legislation. In July, 2023 Urenco provided comments on a Draft Request for Proposals (RFP) issued by DoE to acquire HALEU enrichment services. We will continue to work closely with the DoE and other stakeholders on HALEU, including with regard to DoE's actions to facilitate development of a commercial capability.

UN Sustainable Development Goals

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

In addition to advanced fuels, we are exploring new opportunities to bring our expertise to other enrichment products. Our Urenco Stable Isotopes facility is serving the market well. Our enriched and depleted isotopes of elements other than uranium have many applications, including for medical purposes, quantum computing, and other R&D activities. One particular area we are looking at more closely is medical isotopes and their applications in the field of nuclear medicine. Today we supply isotopes that support two million patient treatments every year, and the demand for these products is increasing and so is the variety of applications in the fields of treatment and diagnostics.

We plan to further extend our facility to meet this global need, and will continue to work with partners and customers to develop new applications. The potential future size of the global market for radiopharmaceuticals is £35 billion, because patients will need a reliable and secure supply of these critical products. This represents a major opportunity. As we look to expand our offering in the nuclear medicine space, we will seek to identify collaborations and partnerships to bring stability and robustness to current supply chain challenges.

Across all the areas we are engaged in, from next generation fuels to medical and other stable isotopes, we know that we have the knowledge and experience to play a leading role, which will provide enhanced services to our customers and wider benefits for society.

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

Image right:
Eunice, New Mexico.

Case Study

Innovating for a net zero future

At Urenco we are pushing the boundaries of what is possible to meet the world's energy security demands while mitigating the impact on the environment.

Our contribution to UN SDG7, Affordable and Clean Energy, is significant. Our enrichment services facilitate the production of clean nuclear energy for the world.

In 2023, a consortium which we are a part of won an award of £7.7 million funding from the UK Government's Net Zero Innovation portfolio to develop a hydrogen storage solution.

The HyDUS project will produce a hydrogen storage demonstrator chemically bonded to depleted uranium in metal hydride form (UH^3). The consortium is composed of EDF UK Research & Development, University of Bristol, the UK Atomic Energy Authority (UKAEA) and Urenco.

The project brings together proven fusion technology which has been used at a small scale for several decades, and a potential commercial use for Urenco's stock of depleted uranium tails to develop a sustainable, low carbon energy storage solution for the emerging hydrogen economy.

Storing excess low carbon energy for longer periods, could bring down the cost of net zero and help to mitigate periods of low renewable energy generation.

UN Sustainable Development Goals

13 CLIMATE ACTION	Take urgent action to combat climate change and its impacts.
7 AFFORDABLE AND CLEAN ENERGY	Ensure access to affordable, reliable, sustainable and modern energy for all.

Image: Almelo, The Netherlands.

Sustainability

Sustainability is a part of everything we do at Urenco.

We are challenging ourselves with ambitious targets and are proud of the progress we are making to transition to net zero and reduce our consumption of natural resources while also facilitating the provision of reliable, carbon free energy to our customers and countries globally. Sustainability goes beyond net zero and a crucial part of our sustainability programme is the role Urenco plays in being a good corporate citizen in our locations through a wide ranging social impact programme.

Sustainability in 2023

The pressure on our planet from climate change is acute and it is clear that businesses need to embed sustainability into every aspect of their work to reduce their impact on the environment and increase their positive effect on society. At Urenco our vision is clear – a sustainable net zero world. We want to make a positive contribution to global climate change goals not only through being an integral part of the nuclear industry, but also through our commitment to achieve net zero carbon emissions by 2040, reducing in absolute terms scope 1 and 2 emissions by 90% by 2030. We will also neutralise the remaining scope 1 and 2 emissions so that all unabated emissions are mitigated by then. Our Urenco Stable Isotopes products – with medical, research and industrial applications, our partnerships with charities and a commitment to volunteering and nurturing the next generation of scientists and engineers, enable us to provide additional social value from our work.

In 2023 our sustainability efforts gathered momentum. We have built on our priorities in relation to Environmental, Social and Governance matters (ESG) and our commitment to science based targets, leaving us well positioned to make further improvements.

United Nations Global Compact

In 2023, we joined the United Nations (UN) Global Compact, the world's largest corporate sustainability initiative. This is helping us align our sustainability commitments with the Ten Principles of UN Global Compact covering Human Rights, Labour, Environment and Anti-Corruption. The framework has also helped us to refine and implement our sustainable policies and will allow us to share best practice and emerging solutions by engaging in new relationships.

wbcsd

Our membership of the World Business Council for Sustainable Development (WBCSD) further enhances our ability to share learning across the international business community to advance the UN Sustainable Development Goals. Additionally, we achieved a Bronze award from EcoVadis in our first sustainability assessment as a business, demonstrating our progress made to date and also allowing us to target areas for improvement.

At Urenco, our vision is clear - a sustainable net zero world.

Materiality

Materiality topics are the foundation of our sustainability strategy. Our current material topics are:

- Sustainable future (page 24)
- Value chain responsibility[1] (page 24)
- Nuclear materials management (page 25)
- Nuclear safety (page 26)
- Safety, health and wellbeing (page 26)
- Nuclear security (page 26)
- Ethical and transparent business (page 27)
- Fair workplace practices (page28)
- Inclusion and Diversity (page 28)

For details on our key performance indicators for these areas and how we are delivering against each of them, please see page 21.

In 2023, we conducted a materiality assessment to support a refresh of our sustainability strategy. The views of key stakeholder groups were gathered through interviews with industry and sustainability experts; customer, employee and community groups surveys; and workshops with the Urenco Executive Committee. All stakeholders were asked to identify key sustainability topics for Urenco to focus on and those most impactful on Urenco from a comprehensive list. The outcomes of this assessment will help inform our new sustainability strategy to be implemented in 2024.

The latest Materiality report can be found here.

Area	Strategic Target		KPI	Performance	Assessment of Progress
Environmental impact	**1 Natural resources**	By 2025, reduce operational water withdrawal by 15% compared to a 2020 baseline.	Rolling annual operational water withdrawal.	Reduction –10.6%	●
	2 Net zero	Achieve net zero by 2040. Reduce Urenco's combined scope 1 & 2 emissions by 90% by 2030 from a 2019 baseline.	Rolling annual reduction to scope 1 & 2 carbon emissions.	Reduction –30.1%	●
		Reduce Urenco's scope 3 emissions by 30% by 2030 from a 2019 baseline.	Rolling annual reduction to scope 3 carbon emissions.	Increase +24.1%	●
Social impact	**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.	63 interns	●
			Rolling spend on Social Investment Programme between 2021 and 2025.	€3,529,202.14 spent so far	●
	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.	19% women in A-D roles in 2023	●
			>20% other under-represented group* in all job holders by 2025.	21%	●
			>95% of managers will undergo training on inclusive leadership by end of 2023.	97%	●
Governance & ethics	**5 Health, safety and wellbeing**	Achieve an Interdependent Safety Culture by 2025[2].	Total Recordable Incident Rate (TRIR) of 0.34.	0.248%	●
			Zero fatalities.	0 (Zero)	●
	6 Nuclear safety, security and non-proliferation	No nuclear safety or proliferation impacts from Urenco operations.	Zero nuclear safety or proliferation regulatory breaches.	0 (Zero)	●

● Target missed ● Behind ● Progressing or achieved

[1] Value chain responsibility was split out in the sustainability strategy to cover: environmental impact of supply chain, net zero and management of natural resources.
[2] DuPont Bradley Curve.
* Racial/ethnic minority background; sex/gender/identity other than male; LGBTQ+; disability/health condition.

Net zero

Scope 1

Direct emissions from the combustion of fuels or leakage of refrigerants

In 2023, we instigated an internal programme to identify how we can decarbonise our plants towards our 2030 targets. We have three sources of emissions in scope 1 that are being treated as a priority:

Refrigerants
process cooling systems

Natural gas
Tails Management Facility (TMF)

Diesel
Power back-up generators for asset protection

These represent the biggest challenge as they are essential for the operation of our plant and require suitable technological solutions to maintain this operation whilst reducing carbon emissions.

Scope 2

Indirect emissions from purchased electricity

In 2023, all Urenco sites progressed long term plans for decarbonised grid contracts which is our primary strategy to support scope 2 reduction targets.

Our UK site operations in Capenhurst continue to be powered from the UK nuclear fleet, and our Netherlands and Germany operations have advanced preparations for new contracts considering a wide range of supply options across renewables and nuclear technologies. These contracts are expected to be finalised in 2024.

Our USA site operates within a state regulated energy market environment, and therefore has different constraints and opportunities when compared to our European sites. A thorough market assessment is in progress to reach a proposal in 2024 to deliver progressive scope 2 reduction over the 2025-2028 period.

Scope 3

Other indirect emissions

Our highest category of scope 3 emissions is Category 1: Purchased Goods & Services. This was our primary focus area in 2023.

In 2023, we worked on:

- Engagement – active discussions concerning carbon emissions with our suppliers and encouraging measurement and reporting of emissions.
- Integrating net zero – including net zero and carbon into our procurement and commercial policies and procedures.
- Improving how we measure our own carbon footprint so that we can quantify actual emission reductions more accurately.

ecovadis

- Rolling out our EcoVadis Sustainability Assessments to our suppliers.

To address this challenge we formed three working groups, comprising of 36 of our Urenco colleagues from disciplines covering:

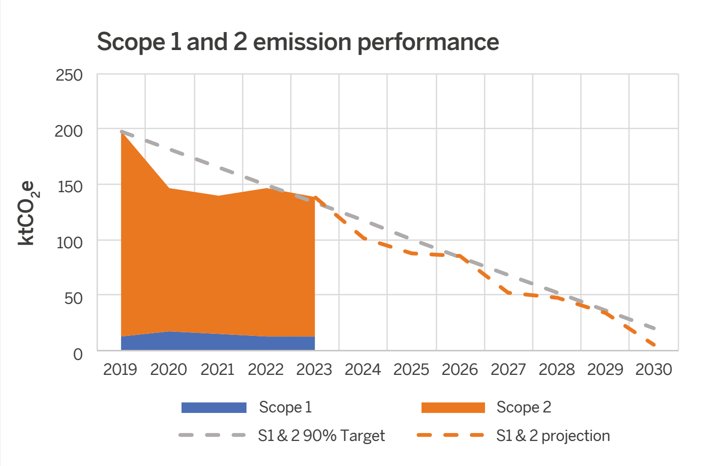
- **Control and instrumentation engineering**
- **Electrical engineering**
- **Process engineering**
- **Mechanical engineering**
- **Procurement**
- **Asset management**
- **Research & development**
- **Project management**
- **Maintenance**

We ran this programme for six months with each working group producing a feasibility report, identifying suitable low carbon solutions for our plant. The output of these working groups will proceed into implementation from 2024.

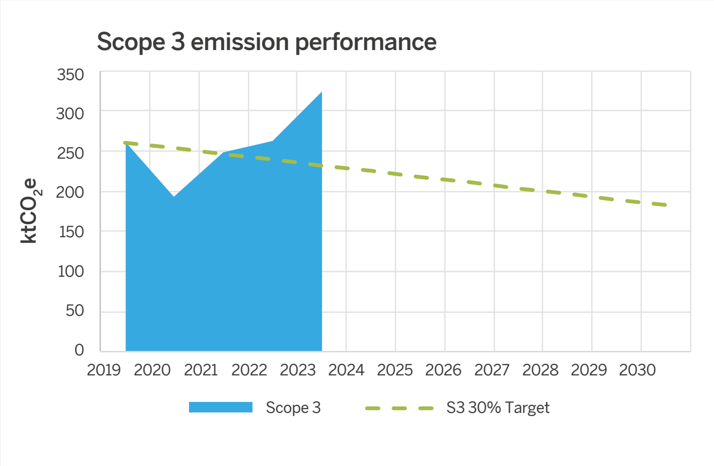
This will include projects to replace high Global Warming Potential (GWP) refrigerants, reducing the need for natural gas through installations of heat pumps and electric boilers and replacing diesel fuel with Hydrotreated Vegetable Oil (HVO) in our plant backup generators.

These actions will commence through 2024 and will enable us to reduce our scope 1 emissions towards 2030.

To support our scope 2 reduction, each site is progressing local solar deployment. In 2023, the Netherlands site completed construction of two solar arrays, a roof mounted array consisting of almost 7,500 panels and solar carports over the employee parking area. The USA completed construction of a 0.5 MW solar array. Both the UK and German sites have advanced plans for roof mounted or ground mounted arrays, which will see first installations in 2024. Under current programmes, total group solar capacity will rise to around 2% of total electricity demand.



Since 2019, our scope 3 emissions have increased, largely due to a greater proportion of purchased goods and services being required to support our enrichment business. In 2023 we undertook a re-baseline of our 2019 carbon footprint to align with this change in business strategy.



UN Sustainable Development Goals

13 CLIMATE ACTION

Take urgent action to combat climate change and its impacts.

Sustainable Future and Value Chain Responsibility

It is clear that nuclear energy will form a vital part of the future energy security and low carbon economy. We are dedicated to contributing to global climate change goals and have committed to taking the required steps to achieve this. In relation to our own operations, in 2021 we announced our commitment to achieving net zero carbon emissions by 2040. This includes near term targets for 2030: an absolute reduction for our direct and indirect emissions (scope 1 and 2); and a 30% reduction in supply chain emissions (scope 3), also by 2030. We are delighted to report that these near term targets have been been validated by the Science Based Target initiative (SBTi). A full description of our targets can be found in our **Net Zero Transition Plan here.**

For the third year running we have submitted our carbon related performance to the Carbon Disclosure Project (CDP) and we have maintained our B score. This highlights a strong, consistent commitment within the organisation to ensure that our carbon performance is transparent and details our progression towards being a net zero business.

We are in the process of putting in place new low carbon energy contracts, including drawing from renewables and nuclear sources whenever available. This will help us to reduce our emissions. Our carbon emissions decreased by 5.4% (scopes 1 and 2 combined) from 2022 and by 30.1% when compared to our 2019 baseline year. Respectively, our scope 1 (direct) emissions reduced by 6.3% compared to 2022, and by 6% compared to our 2019 baseline. For scope 2 (indirect, from electricity), we saw a decrease of 5.3% compared to 2022, and a fall of 31.8% against the baseline year. However, scope 3 (mainly supply chain emissions) increased by 24.1% against the 2019 baseline.

We are proud that we have appointed net zero site managers at all our enrichment sites to drive down emissions. Working groups have also been set up to tackle the scope 1 emissions challenge. This consists of three working groups whose feasibility reports will demonstrate how we will further reduce our emissions in the areas of refrigerants, natural gas and diesel.

Collaboration is an intrinsic part of how we progress towards our net zero ambitions. We held our first internal Net Zero Summit in November, an opportunity to share innovative ideas and experience with representation from our net zero site managers, engineers, procurement, commercial, asset management, communications and sustainability teams. Areas for action and improvement have been identified, and have been taken forward for consideration.

Scope 3 (supply chain) emissions are a challenge for all organisations. We are engaging with our suppliers, several of whom now have science based net zero ambitions, which will contribute towards our own carbon reductions. We have identified our highest carbon impact suppliers and held supplier engagement sessions on net zero. We are working with suppliers on carbon reduction plans.

We are also exploring other ways to reduce emissions on our sites, with solar installations being introduced, and the development of a sizable solar plant with battery storage which will be implemented in 2024 at our site in Germany. Our US site has installed a pilot 0.5 MW solar array and continued to grow its fleet of electric on-site vehicles. Almelo has installed almost 7,500 solar panels on the roof of one of its main facilities.

As part of our ongoing efforts around responsible consumption, we actively monitor our water usage.

Installed almost **7,500** solar panels (Almelo)

In 2023, our water withdrawal* increased by 1.8% compared to 2022, but remains below the baseline year of 2020 by 10.6%.

UN Sustainable Development Goals

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Ensure sustainable consumption and production patterns.

We have a variety of water saving projects currently under investigation including the reuse of water for centrifuge cooling at our site in Almelo and designing dry cooling for new enrichment capacity. We are also examining the optimisation of water-cooling pumps in Almelo to save energy. The overwhelming majority of Urenco's water consumption comes from the cooling of centrifuges and we are continually seeking new ways to be effective water stewards, reducing our impact and pressure on the natural systems we rely upon.

Water withdrawal **↑1.8%**

- Energy efficiency remains a priority and we reduced our total energy use by 1.5% compared to 2022. By way of example, at our site in Germany, natural gas consumption was reduced by 247.6 MWh, equivalent to approximately 3% of the site's total natural gas use, through optimising heating systems in a number of buildings such as the information centre, archive and fire station. This resulted in an overall site reduction for 2023 of 125 MWh, 1.5%, because across the site colder temperatures meant that there was an increase in heating demand and therefore natural gas use.

Comparative scope 1 and 3 figures for 2022 were redefined due to an error relating to the natural gas consumption of our UK site (scope 1) and improved methodology for calculating our supply chain data (scope 3). This resulted in a minor increase to our scope 1 volume of emissions and a reduction to our scope 3 emissions, both in terms of tonnes of carbon dioxide equivalent. 2022 scope 1 has been restated as 13,004 tCO_2e and scope 3 as 262,472 tCO_2e. In 2023 we re-baselined our 2019 carbon footprint, and the comparisons in this Annual Report reference these re-baselined values.
*Water withdrawal refers to total water consumption combined with total water discharge.

- Colleagues also developed an idea to reduce emissions of refrigerants by improving the connections of refrigerant boxes. At the same site, our liquid nitrogen was purchased from a supplier that produces the product using low carbon electricity, reducing overall carbon emissions. At our UK site, we completed installing LED lighting in our three enrichment plants in 2023, having commenced the work in 2022. This will save 1,841 MWh of electricity per year, the equivalent of powering 682 homes for a year.

12%
reduction in tCO_2e emissions from natural gas (Almelo)

Our site in the Netherlands achieved a 12% natural gas saving in 2023 compared to 2022. This converts to ~70.000 m^3 natural gas savings through reusing waste heat from the enrichment process in the Recycling Centre. This makes the Recycling Centre free of natural gas.

Nuclear materials management

Stewardship and the responsible management of the by-product of the enrichment process, known as tails (depleted uranium hexafluoride) is critical to Urenco. Managing 'tails' is a sustainable practice in the industry, enabling low concentration uranium to be used again or put into long term safe storage. We do not consider tails to be waste, rather an asset which can be re-enriched subject to suitable market conditions. To safely store tails longer term for re-enrichment or final disposal, it is changed to uranium oxide in our Tails Management Facility (TMF).

Our TMF in Capenhurst, UK, has been experiencing challenges to reach sustainable production levels. It has so far processed almost 5,000 tonnes of depleted uranium material. We are now optimising its kilns to help deliver the capacity programme.

Image: Capenhurst, UK.

Urenco Nuclear Stewardship (UNS) continues to responsibly manage and store uranic materials, and provide recycling and decommissioning services. Its work on centrifuge decommissioning will be a critical enabler to the success of the capacity programme and will involve dismantling, declassifying and decontaminating all centrifuge types. UNS is creating these required capabilities across the Group. Through early engagement and the standardisation of processes and procedures throughout the waste lifecycle (from planning, characterisation, through to disposal), UNS is able to ensure that compliance is maintained while allowing operational plants and construction and decommissioning projects to run efficiently and cost effectively. We have a series of dedicated funds for our long term nuclear liabilities, remediation and decommissioning of our plants.

Case Study

Decommissioning the old diffusion plant at Capenhurst

UNS recently celebrated 10 years of responsible stewardship of nuclear materials. In this time, UNS has delivered £200 million of decommissioning activities for the Nuclear Decommissioning Authority (NDA), reducing the need for expensive radioactive waste disposals at sites with limited capacity.

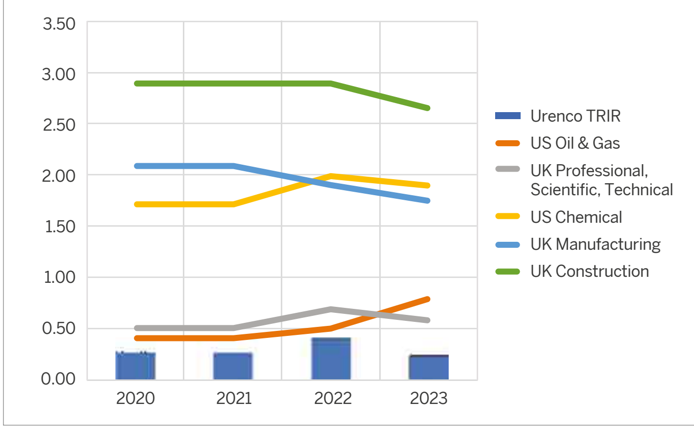
At our Capenhurst site there is a former diffusion plant which enriched uranium before today's modern gas centrifuge technology was developed. Owned by the NDA, the building has been undergoing decommissioning by UNS with a significant amount of material removed and disposed of compliantly. This project demonstrates UNS' ability to manage risk efficiently and to leave former nuclear sites in safe and remediated states, allowing land to be developed at a later date for further industrial uses. From this project, we will gain valuable experience of planning, managing and executing decommissioning on a large scale which will be utilised for future similar projects at Capenhurst and other sites.

Case Study
Incident and Injury Free training

Urenco's capacity programme will require new ways of working to deliver plans against a backdrop of zero harm. Expansion and refurbishment of our plants to meet demand means different capabilities and skill sets will need to be developed. This is in addition to a requirement for the workforce to maintain its current operational activities at the highest standards of safety, efficiency, compliance, reliability and sustainability.

In addition to the framework of robust safety procedures and policies in place at both group level and local site level, further steps have been taken to strengthen our safety culture. The Incident and Injury Free™ (IIF™) programme was first introduced to Urenco's Technology and Development (UTD) Function in 2022 under the guidance of partner, JMJ Associates, and then fully rolled-out within UTD in 2023. We plan to roll this out to the wider Urenco group in due course.

The programme and in-person training are aimed at raising the level of awareness of safety by making it personal, relevant and very prominent so that it impacts on everyday choices and actions. So far over 75% of the technology and development function's workforce have completed the initial orientation training session. Many contractors have also participated in the training which has helped to bring teams together, aligning attitudes and behaviours.



Total Reportable Injury Rate reduction
(TRIR: LTIs/MTIs per 200,000 hours worked)

Nuclear safety/Safety, health and wellbeing

We continue to be dedicated to safety and security. Safety remains the first of Urenco's five key values – and we are proud to maintain a high compliance standard. These standards are supported by nuclear industry regulation. We are continuing to work towards achieving the 'interdependent' stage of the DuPont Bradley Curve, which will see employees taking personal accountability for our safety and the safety of others. A 10 year health and safety plan is currently being developed, which will further underpin the organisation's journey to this position. Our employee and contractor safety performance remained robust throughout 2023 (see graph above). We had a total of seven recordable injuries, resulting in a TRIR of 0.248, meeting our target of 0.32. A focus for 2023 has been collaborative engagement with our supply chain partners, improving the safety culture and performance across our operational facilities.

This focus will continue in 2024 and beyond as our expansion programme gains momentum and will include a new safety campaign to strengthen our safety culture for all our workforce.

Nuclear security

Our security strategy is the culmination of specialist advice and best practice from a range of notable and credible organisations, including the intelligence services in the countries which we operate, commercial security, industry organisations and the IAEA. To ensure the robustness of our security, it is periodically tested in inspections by nuclear regulators and through security exercises supported by internal and external stakeholders. Our security measures also extend to cyber and information protection whilst ensuring the privacy of personal data.

To this end, we ensure strict adherence to all regulatory and industry standards, and we continually refine and develop our security measures based on up to date threat intelligence as well as providing ongoing staff training to ensure the required security awareness and culture is in place.

Case Study
UUSA – emergency response

At Urenco USA, the operating license with the Nuclear Regulatory Commission requires the organisation and maintenance of a robust Emergency Response Organisation (ERO). The ERO, which is made up of a rotating roster of on-call teams, is split into two collaborating organisations, the Emergency Operations Center (EOC) and the Joint Information Center (JIC). The EOC, which is located on-site, is led by an Emergency Director and oversees the safety of the plant, people, environment, and public. The JIC is overseen by Communications and is tasked with connecting with key stakeholders and ensuring internal and external audiences are informed in a consistent, accurate, and timely manner. The ERO runs drills to ensure the team is prepared to respond in the case of a real emergency, such as the two minor seismic events in Texas in 2023.

Image above: Eunice, New Mexico.

Ethical and transparent business

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.

We continue to ensure our compliance with regulatory frameworks, to preserve the security of the civil nuclear industry, to operate in an open and accountable manner and ensure that Urenco remains a trustworthy and valuable contributor to society and local communities. We are proud to have had another year in which we met our targets around nuclear safety and we continue to participate in a number of cross-industry working groups where we act as an enabler for non-proliferation techniques. This promotes collaboration, learning from experience and continually improving industry performance as a whole.

Our ongoing work to ensure best practice in regard to human rights and modern slavery, saw us commissioning KPMG to complete a full benchmarking review and human rights risk assessment. This work is being undertaken in two phases – the first is a detailed assessment of our human rights performance which includes all our relevant KPIs, policies and procedures. This goes much further than modern slavery but also includes worker rights, employee rights, and labour rights. This will help us establish and improve due diligence processes within our procurement and commercial teams - identifying our salient human rights risks across the business and ensuring they are mitigated.

Case Study

British Science Association campaign and research

In 2023, we partnered with the British Science Association (BSA) on several successful projects.

During the 2023 British Science Week, Urenco colleagues featured in the BSA's 'smashing stereotypes' campaign. This aims to encourage a wider pool of talent into STEM, and for the first time included the nuclear energy industry.

To further develop our understanding of the environment we are recruiting from, we commissioned a much needed study with the BSA's Future Forum, into the attitudes of young people towards nuclear energy and careers in the sector. We were pleased to find a strong appetite among young people to find out more about nuclear energy – around 60% understood the role it has to play in helping to achieve net zero – but they told us more emphasis was placed on fossil fuels and renewables in the school curriculum.

The survey also found that although more than two thirds believed a career in nuclear would be challenging and fulfilling, there was an overall lack of insight into opportunities within the sector. The findings of this survey will inform our future planning as we look to attract more young talent.

UN Sustainable Development Goals

Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development

For more information, visit britishscienceassociation.org

Fair workplace practices

Our Code of Conduct sets out the ethical standards we expect from our workforce, and key stakeholders. A complementary Supplier Code of Ethics and Conduct sets out Urenco's fundamental principles and business conduct requirements. One of Urenco's core values is integrity. We expect all of those within our supply chain to operate and behave in a way that protects the interests of Urenco as well as adopting principles of sustainability, accountability and equality. We are fostering a strong Speak Out culture to address any actions which may be in breach of the Code of Conduct or regulations. Our Speak Out procedure, available to staff, customers, suppliers, the public and other stakeholders, has been designed to ensure grievances are dealt with in a timely, sympathetic, fair and effective manner. Anonymity is maintained and those who speak out are fully protected, while ensuring there is a fair process for all parties involved.

Inclusion and Diversity

Businesses work better when there is diversity in perspective and people feel that their voice is heard and acknowledged.

We want to improve our overall gender mix across our business. Our key goal is to have more than 30% of women in leadership or management roles, and more than 20% of the workforce from underrepresented groups by 2025, with all selections made on merit.

To support this, we are applying a range of inclusive recruitment principles with the goal of ensuring all under-represented groups are given a fair opportunity to be included in our candidate attraction and shortlisting processes. We are also providing all our managers and employees with inclusion and diversity (I&D) training.

Richie Lecture, Science Museum, London, UK.

By the end of 2023, 97% of our managers had completed this training. In 2024, similar training will be delivered for non managers with a completion goal of 95%. The training will boost understanding of unconscious bias, self-awareness, and how you can establish a positive work environment.

Another key element is employee engagement, which we track regularly through our Your Voice survey using the Peakon platform. Our employee engagement level is above the industry benchmark of 7.6, at 7.8 out of 10 for Energy and Utilities.

UN Sustainable Development Goals

4 QUALITY EDUCATION

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

Social impact

We invested in additional multi-year partnerships with charitable organisations aligned with our wider sustainability priorities. We started new partnerships with the Universities of Cambridge and Manchester in the UK, to further our efforts to help nurture the next generation of scientists and engineers.

This supplements our commitment to investing in internships, apprentices and new graduates, and during 2023 we had 90 working across the organisation.

We have also exceeded our target of supporting 50 interns by 2025. We are proud to have welcomed 63 interns by the end of 2023 and have plans to welcome more through our Early Careers programme, helping them grow and nurturing the valuable talent we and the wider nuclear industry needs.

We continue to run our global Richie education programme, which supports STEM education (science, technology, engineering and maths based subjects) in schools and online, and reached 57,000 children in 2023 alone. We maintained our donations to charitable organisations local to our operating sites and our volunteering initiatives.

Image:
Pump Aid, Malawi.

Case Study

Making a sustainable difference with Pump Aid

In November 2023, Urenco sent three employees to Malawi from our procurement, engineering and sustainability teams to lend their expertise to some of the core engineering and logistical issues Pump Aid was experiencing on the ground.

The team met charity staff and saw how the water pumps were built and maintained to understand the opportunities (and limitations) for engineering and design enhancements, especially focused on high wearing parts to improve their efficiency, reliability and affordability. They also visited a farmer to see how Urenco could help make local irrigation pumps more portable.

The trip concluded with a visit to an under fives childcare centre to see how access to clean water had brought food sustainability benefits in the community, as well as facilitating education and improving sanitation.

Urenco is proud of its relationship with Pump Aid and is looking forward to making more contributions to its work to reduce water inequality.

For more information, visit pumpaid.org/

Social Impact Partnership	Summary – how this supports our social impact strategy	SDGs
American Nuclear Society (ANS)	Providing strategic direction to ANS which addresses nuclear technology issues via education, standard setting and engagement.	4, 8
British Science Association	Two CREST Awards (curriculum-linked STEM work schemes for 7 to 11 year olds) which form part of Urenco's Richie education programme; 'Smashing Stereotypes' STEM career campaign highlighting nuclear opportunities; 'Future Forum' research into young people's views on nuclear energy and a career in the industry.	4
Cambridge University CNEC (Cambridge Nuclear Energy Centre)	Nuclear Industry Club membership enables collaboration, input and engagement with the University's nuclear energy research and education programme; speaker and networking opportunities; MPhil curriculum input; talent pipeline.	4
Chester Zoo	Science lab funding to extend facilities and increase scope and scale of visitor education, international research, and science and conservation programme.	4, 15
Food Forest	Environmental land repurposed for sustainable food production and varied biodiversity to contribute positively to the climate challenge.	3, 4, 11, 12, 15
Hobbs Municipal Schools Career Technical Education Center	HVAC curriculum input supports local community with highly skilled jobs and training, including those needed to enter nuclear industry.	4, 8
International Atomic Energy Agency (IAEA)	Supporting four key projects: Marie Sklodowska-Curie Fellowship Programme to help increase the number of women in the nuclear field; UN food and agriculture crop adaption research for enhanced productivity via carbon uptake and greenhouse gas mitigation; research to enable worldwide production of Atinium-225 radiopharmaceuticals for cancer therapy; modernisation of the IAEA Nuclear Application Dosimetry Laboratory with specialised equipment and added capacity to ensure safe, effective use of radiation medicine in cancer treatment worldwide.	3, 4, 8, 9, 13, 15
OYFO Science museum	Engaging schoolchildren and families with a stable isotopes exhibit highlighting Urenco's contribution to nuclear medicine and developing a 'What STEM type am I?' installation.	4, 5, 10
Pump Aid	Supporting training of entrepreneur engineers in Malawi to construct and maintain community water points for around 45,000 people a year; Urenco colleagues are volunteering to improve pump design, remote monitoring and water quality standard.	1, 2, 5, 6, 8, 11
Science Museum Group Wonderlab: The Equinor Gallery and Wonderlab+ website	Major sponsor of permanent, interactive STEM exhibition in London's Science Museum and its new Wonderlab+ website to increase 'science capital' (part of our Richie education programme).	4, 5, 8, 10
Teach First	Supporting new STEM graduates via secondary schools based teacher training, in lower socio-economic areas near our UK sites.	4, 8
The University of Manchester	Working with the Science & Engineering Education Research and Innovation Hub, and Dalton Nuclear Institute to support a whole-pipeline STEM programme for pupils, teachers and students across primary, secondary and tertiary education including research internships, masterclasses, sustainable energy resources and outreach.	4, 8
Weekendschool Twente	Supporting STEM sessions for children (aged 10-14) to reduce educational inequalities.	4, 10

People and culture

During a time of expansion for the business, it is more important than ever that we attract, retain, and grow our workforce.

Our people are the foundation of our strategy, and to support the company's growth agenda we anticipate a significant workforce expansion in the coming years. This will be both a challenge and an opportunity.

We have seen our culture become more inclusive in 2023, with people feeling more engaged, as evidenced by our annual Demographic and Inclusion survey. This is while our recruitment efforts have resulted in nearly 650 vacancies being filled, despite a challenging market.

To support this growth, we have redoubled our work on the key themes for our People and Culture, which have been informed by our Organisational Health Index (OHI) survey. The themes are:

- Enhanced clarity and leadership
- Empowerment and accountability to deliver
- Improved organisational learning
- Supported and enabled by a positive employee experience

These themes tie closely with the strong set of values (Safety, Integrity, Leadership, Innovation and Sustainability) that our workforce embodies.

We are making changes such as implementing a new HR information system (HRIS), better aligning our people and culture plans with business needs, and deepening our management and leadership programmes.

In 2023, we concluded a global leadership programme in which 90 senior managers had participated. Our development and skills programme, 'DevelopU', has now been rolled out across all sites, and we have implemented the 'Your Voice' feedback tool globally, so we hear more from our employees. In 2024, we will be embarking on a people manager development programme, to equip our people with the skills they require to be better managers, which will help improve the overall employee experience.

We have also launched our employee value proposition (EVP), which captures the essence of the opportunities Urenco offers, reinforcing our credentials as an employer of choice. It communicates the opportunity to work in an exciting industry that is making a positive difference to the world, and outlines how we can offer employees a fulfilling and rewarding career.

Case Study

Employee value proposition

People are at the heart of what we do at Urenco. We aim to be welcoming and provide fulfilling career opportunities.

To make sure we are delivering on our intentions, we spoke to our current employees, as well as potential future employees to understand what they wanted to see in our employee value proposition and developed it accordingly. It quickly became clear that people found enriching both the world – and their future, through our work, a compelling and powerful message.

We will therefore work to make sure that employees have enriching careers through personal development, training opportunities and reward.

www.urenco.com/yourfuture

urenco The Energy to Succeed | Enriching the world Enriching your future

Stakeholder engagement

In 2023 we continued our engagement with government and industry, aimed at boosting awareness of the essential role nuclear energy has to play in the transition to net zero. We have been speaking on some of the world's biggest energy stages to international colleagues, partners, decisionmakers and the next generation of scientists and engineers.

Highlights

February

Urenco's Chief Commercial Officer, Laurent Odeh, attended the UK's Nuclear Week in Parliament and gave the opening address at the Welcome Reception. He spoke to parliamentary stakeholders and welcomed the announcement of the construction of the new Sizewell C nuclear plant and the launch of the Nuclear Fuel Fund.

Urenco hosted a Parliamentary panel event on how the nuclear sector can address skills shortages. We also supported the Skills and Apprenticeship Fair, which brought together apprentices and graduates with Members of Parliament to discuss the different routes to join the industry and the career possibilities within it.

The week was concluded with the British Nuclear Showcase Reception, which included a keynote address by the then Business Secretary.

At our site in The Netherlands, February saw a visit by the Minister for Health, Wellbeing and Sports to Urenco Stable Isotopes. The Minister toured the Stable Isotopes facilities and lab and discussed the European nuclear medicine production cycle and the requirement for it to be robust and independent.

March

Urenco's Almelo site received a high level guest with the State Secretary for Infrastructure and Water Management, who supervises our regulator ANVS.

Urenco Capenhurst welcomed the chair of the UK's Net Zero Review, an independent review of the government's approach to delivering its net zero target, who was accompanied by representatives of the energy industry, academia, as well as local businesses and Government.

Together they discussed the opportunities for regional collaboration and growth in the North West of England, as the UK pursues its net zero commitments.

April

Urenco joined some of the world's most powerful governments at the G7 forum in Sapporo, Japan. A key moment for nuclear at the conference was the signing of an agreement between the UK, US, Canada, Japan and France to promote collaboration and ensure the secure supply of uranium fuel through shared supply chains.

We hosted group tours of our sites in the Netherlands and Germany, organised as part of the World Nuclear Fuel Cycle 2023 conference in the Hague. Both sites hosted a number of customer visits over several days that saw in excess of 160 attend from around the world including the USA, Europe, Asia and the Middle East.

May

Urenco participated at the IAEA's International Symposium of Trends in Radiopharmaceuticals. Urenco's Head of Medical Isotopes, spoke about our stable and medical isotopes business and explained how it makes a valuable contribution to lifesaving patient treatments.

Urenco's Netherlands team travelled to the European Nuclear Young Generation Forum (ENYGF) in Krakow, Poland. They took part in the ENYGF's career day, where they spoke to young people about jobs in the nuclear sector and Urenco and the interesting and rewarding opportunities on offer.

At Capenhurst, UK, UNS hosted more than 100 delegates from the nuclear industry as part of an NIA decommissioning and waste management event, with a focus on sustainability.

June

Urenco attended and sponsored the 2023 World Nuclear Fuel Market conference, where security and diversity of supply and ESG were all top of the agenda. Laurent Odeh, Chief Commercial Officer, said that investments in both the conversion and enrichment areas of the nuclear fuel supply chain are urgently needed.

July

Representatives from Nuclear Europe, the Brussels based nuclear association, and a delegation representing the Slovakian civil nuclear industry attended Capenhurst. The visit was supported by the UK embassy in Bratislava, Rolls Royce and the UK Government and following a site tour we hosted a round table to discuss fuel diversification, the role of SMRs and nuclear education.

Below are a selection of images highlighting some of the events we attended throughout 2023.

Stakeholder engagement

Highlights continued:

September
Boris Schucht attended the OECD Nuclear Energy Agency and Ministry of Energy Transition of France's joint event – 'Roadmaps to New Nuclear'. He was joined by energy ministers from 20 countries, who issued a statement committing to nuclear energy to help achieve net zero targets.

October
Urenco officially joined the Net Zero Nuclear initiative during a visit to Barakah nuclear power plant in the United Arab Emirates. The visit was hosted by one of our clients, ENEC (Emirates Nuclear Energy Corporation), which is a founding member of the initiative alongside the World Nuclear Association (WNA). The initiative aims to triple global nuclear capacity by 2050 to help reach net zero, and we were a major sponsor for the initiative's activities at COP28.

November
This month saw the World Nuclear Exhibition – the industry's biggest event of the year – take place. Urenco hosted a workshop entitled 'Enriching the future for a sustainable net zero world.'

Under the banner of 'One Urenco', teams from across the company engaged with delegates on topics as varied how Urenco is bolstering worldwide energy security, supporting the next generation of reactors with advanced fuels and actively working toward helping the world achieve net zero.

Urenco's People and Culture Transformation Programme Director spoke on the 'Building a diverse pool of talents for nuclear industry success' panel and highlighted Urenco's efforts in nurturing the next generation of scientists and engineers.

Urenco's first Global Supplier Day took place in Almelo to revitalise our supply chain to support the capacity programme.

December
The year concluded with COP28 in Dubai. Urenco was represented by our CEO, Boris Schucht, who spoke on a panel concerning 'Fuelling the Race to Net Zero' at the inaugural Net Zero Nuclear Summit. Urenco's Business Development Programme Manager also spoke at the 'How can we meet growing energy demand whilst minimising use of raw material and natural capital?' panel, organised by the European Nuclear Society. He explained how nuclear energy can reduce the use of fossil fuels and be a solution in the clean energy transition.

Case Study

Supplier Day at Almelo

In November, a group of almost 100 suppliers from all over the world attended the first Urenco Global Supplier Day in Almelo.

The main aim was to build networks, strengthen ties and convey a message of optimism and promise for the many business opportunities nuclear has to offer in the years to come. The global procurement team hosted the day, and the attendees covered the whole range of core suppliers of services and products from our cylinders to our centrifuges.

Stakeholder engagement

Summary of engagements in 2023

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 2023 is provided in the table below:

Stakeholder group	Type of engagement	Example topics raised	2023 Achievements
Customers/ suppliers	• Regular meetings • Presentations at conferences • Tours of enrichment plants	• Status of enrichment plants • Net zero commitment • Energy security and independence • Next generation fuels	• No missed customer deliveries • High level of customer satisfaction • Contracts with new customers, such as Bulgaria • New contracts with existing customers • Technical tours of two sites as part of international conference
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 • Capacity programme • Sustainability	• Employee engagement level above industry benchmark • 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 • Newsletters • 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 with departmental officials • Bilateral meetings with political stakeholders • Site visits • Written communication • Roundtable events	• Civil nuclear strategic plans and nuclear fuel cycle • Ukraine war response • Energy security and independence • Next generation fuels • Capacity programme • Urenco Stable Isotopes	• Feedback recognised in relevant legislation across key jurisdictions • Regular bilateral meetings with relevant political stakeholders • Ministerial/state secretary visits to site • Continued dialogue with departmental officials
Investors/ shareholders/ banks/rating agencies	• Regular contact • Investors roadshow • Annual rating agency updates	• Economic performance • Market conditions • ESG ratings	• Investment grade credit ratings: S&P Global: A- (stable outlook) upgraded from BBB+; Moody's: Baa1 (stable outlook) • 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 • Scholarship programme	• Science education • Sponsorships and donations • Guest lectures by Urenco employees • Employee volunteering • Career education and information	• Around 57,000 students participated in the Richie programme globally • 13 social impact partnerships fully established across four geographies • Two university SIPs added to the UK to cover broader range of education • Regular meetings with councils, local liaison committees and elected representatives
Media/social media	• News releases • Press launches/photo opportunities • Social media channels • Events • Publications (Urenco reports and brochures) • Partner websites, digital event platforms and publications	• Financial results • Operations • Nuclear stewardship • Nuclear hydrogen • Richie Programme and STEM • Net zero • Energy security and independence • Next generation fuels • Social impact partnerships • Broader sustainability	• Press interviews to highlight pertinent topics and key industry updates • Articles where Urenco is mentioned had an overwhelmingly neutral sentiment (>70%), with almost 20% a positive sentiment • Photo opportunities to amplify major announcements • Regular news releases and social media posts • Meetings and engagement at external events • Case studies in Urenco and partner publications, and websites
Non governmental organisations	• Membership of industry associations • Representation on relevant industry association working groups	• Civil nuclear strategic plans and nuclear fuel cycle • Energy security and independence • Next generation fuels • Nuclear hydrogen • Urenco Stable Isotopes	• Presented at industry events • Contributed to industry publications • Supported output of relevant industry association working groups

Taskforce for Climate-related Financial Disclosures Statement

Taking action on climate risks and opportunities

A changing climate affects Urenco through physical changes to the environment we operate in and through changes associated with the transition to low carbon energy.

We are committed to our purpose of enriching the future with carbon-free energy to support Urenco's vision of a sustainable net zero world while maintaining a strong focus on ensuring our business continues to grow in a changing world. Urenco's strategy 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 the capacity of our operations to meet the significant rise in demand for our enrichment services. Urenco has assessed how the shift to a low carbon world will impact our operations and assets. We have developed near term targets which have been externally validated by the Science Based Targets initiative (SBTi). These underpin our commitment to limit global warming to well below 2°C in line with the Paris Agreement (see page 24).

We welcome the opportunity to disclose, for the first time, Urenco's climate-related risks and opportunities in accordance with the 11 recommendations of the Taskforce for Climate-related Financial Disclosures (TCFD). Other climate-related and sustainability disclosures have been integrated throughout this 2023 Annual Report, building upon the integration of the sustainability report into the 2022 Annual Report.

Non-Financial and Sustainability Information Statement

The climate-related financial disclosures made by Urenco comply with the requirements of the Companies Act 2006 as amended by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022. In addition, we have voluntarily adopted and complied with all 11 of the TCFD recommendations and recommended disclosures with the exception of the strategy (b) recommendation where have partially complied with the requirements. The compliance with strategy (b) is considered to be partial as we have provided illustrative quantification on our climate-related risks and opportunities based predominantly on historical precedent incidents which have impacted the Urenco business, rather than every potential aspect of the identified risk or opportunity. Other climate-related and sustainability disclosures have been integrated throughout this 2023 Annual Report, building upon the integration of the sustainability report into the 2022 Annual Report.

Urenco's application of the TCFD Core Recommendations is set out below.

Governance	Reference/Page number
Describe the board's oversight of climate-related risks and opportunities	TCFD Governance section page 37
Describe management's role in assessing and managing climate-related risks and opportunities	TCFD Governance section page 37 Sustainability Committee section of Annual Report page 76
Strategy	
Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	TCFD page 38
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	TCFD pages 40 to 46
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario.	TCFD pages 40 to 46
Risk management	
Describe the organisation's processes for identifying and assessing climate-related risks	TCFD Risk Management section page 37
Describe the organisation's processes for managing climate-related risks	TCFD Risk Management section page 37 Risk and Risk Management section of Annual Report pages 48 and 49

Metrics and Targets	Reference/Page number
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	TCFD Climate-related Metrics pages 46 to 47
Disclose scope 1 and scope 2 and, if appropriate, scope 3 greenhouse gas (GHG) emissions and the related risks	TCFD Climate-related Metrics pages 46 to 47
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	TCFD Climate-related Targets pages 46 to 47

Governance

In addition to its corporate strategic risk register, Urenco implemented a full enterprise risk management (ERM) framework over the past few years. This framework is aligned to the ISO31000 process stages of risk management, setting out a consistent methodology for risk identification, assessment, treatment (management), recording, reporting, monitoring and review.

The main risks identified through the ERM process appear on a consolidated Group risk register, with each risk owned by individual members of the Executive Committee. Progress updates are provided to the Board [of Directors] periodically. An over-arching climate related risk (relating to the delivery against our Net Zero Transition Plan) is one of the risks identified on our Group risk register This net zero risk is being managed by Urenco's sustainability team.

Within the wider organisation, climate related risks that have been identified through our TCFD implementation work will be captured and incorporated through the ERM framework, through a close-working relationship between Urenco's risk and sustainability teams, working together with each of our sites.

Regular updates to the Board [of Directors] on the progress of our net zero programme are given by our Chief Operating Officer, who is the Group's net zero sponsor and a member of the Executive Committee. The Urenco Sustainability Committee (SusCo) met three times in 2023. Carbon emission performance is reported to the Sustainability Committee at each meeting, in accordance with its terms of reference as detailed in the Corporate Governance section, see page 66.

Transition Plan

In December 2023, Urenco published its first net zero transition plan, accounting for how we intend to cut our emissions as a Group in less than two decades. The plan sets out where Urenco's carbon emissions take place in its business and how it is taking action to reduce them by 90%; by 2030 for scopes 1 and 2, by 30% for scope 3 and achieve net zero by 2040 for scopes 1 through 3. Overall progress of the plan will be reported to the Board on an ongoing basis. We will produce subsequent updates of the plan on an annual basis, reaffirming its commitment to reaching net zero and striving to overcome any resulting challenges.

The Group's transition plan can be found here.

For more information on climate governance, see page 13 of the transition plan.

Risk management

The aim of Urenco's ERM framework is to provide an escalation path for risks that are identified anywhere within the business. This enables significant risks to be escalated to the level at which accountability ultimately sits, to ensure mitigations are developed in line with the organisation's risk appetite.

Climate risks are informally considered when assessing new investment decisions, and during the course of 2024 this will become embedded into our commercial decision making over new investments. Carbon emissions are considered as part of our capital expenditure (CapEx) procedure prior to an investment decision being made. This includes scope 1, 2 and 3 carbon emissions.

Climate-related risks are risks linked to the impacts of climate change on an organisation, these can be categorised into two risk types:

a) Transitional climate risks – risks relating to the transition to a lower carbon economy, examples of risk drivers are changes in policy, regulation, technology and customer preferences.

b) Physical climate risks – Risks related to the physical impacts of climate change. Physical climate risks can be chronic – slow, longer-term shifts in climate patterns such as changes in temperature, annual precipitation or mean sea level, or acute such as sudden onset of risk events such as flooding, storms, or wildfires.

Strategy

Climate scenarios to understand and manage the risks and opportunities

Climate scenarios are potential representations of the Earth's future climate and are developed based on its current observed state and predictions of how greenhouse gas concentrations in the atmosphere will change as a result of future human activities.

We conducted a climate-related risk and opportunity identification exercise, involving selected Urenco employees from across our sites and from different areas of the business. A significant number of potential climate related risks and opportunities were discussed, including considering the likelihood of the risk or opportunity occurring and also the potential magnitude of the financial impact of the risk or opportunity on our business. The likelihood and possible financial impact were part of the consideration when determining which risks and opportunities should be prioritised for the climate scenario analysis ("CSA"), although other factors were also considered and we did not adopt a strict materiality threshold consistent with what would be used for financial statements.

Chronic changes in weather patterns at Urenco sites affecting assets and causing **costly rebuilds or refurbishments.**

The outcome of this exercise was the identification of six prioritised climate-related risks and opportunities that fed into the CSA[1] as follows:

	Theme	Risk/opportunity description
1	Nuclear power's role in the energy transition	Climate policies and decarbonisation commitments influence **positively** or **negatively** the attractiveness, competitiveness and **global demand for nuclear power.**
2	Transition to net zero/low carbon economy	**Urenco's performance against its net zero goals** could be rewarded or punished by customers, representing a **risk** if failing, or an **opportunity** if achieving decarbonisation.
3	Physical impacts of climate change on Urenco's facilities and operations	**Extreme weather events cause grid damage/instability** resulting in downtime of Urenco facilities.
4		**Chronic changes in weather patterns** result in **increased temperatures** that affect **heating and cooling demand resulting in higher energy costs.**
5		**Water scarcity** causes **increase in costs** and **business disruption** at sites of operation.
6		**Damage to Urenco infrastructure** from **extreme weather events** (wind, floods, heat waves).

For the transition risks, three scenarios that explore differing roles for nuclear power within the future global energy mix have been considered. These are based upon the International Energy Agency (IEA) and the Network for Greening the Financial System (NGFS) derived scenarios, combined with Urenco's own internal modelling on the potential future of installed nuclear power generation. Within the scenario analysis, two ~1.5°C aligned worlds were developed to explore two different ways in which society might reach its net zero goals: one in which nuclear plays a growing role (Nuclear Growth); the other in which renewable energy dominates (Renewables Domination). Both of these pose significantly different risks/opportunities for the Group (and the nuclear sector as a whole). The third scenario was based off existing climate policies (Nuclear Fade Case), which does not result in significant increases in installed nuclear capacity.

Urenco have assessed physical climate risk considering three climate scenarios based on the IPCC's Representative Concentration Pathways (RCPs) and the NGFS. The NGFS provide a common and up-to-date reference point for understanding how climate change (physical risk) and climate policy and technology trends (transition risk) could evolve in different futures. The net zero scenario is where the Paris Agreement aligned emissions reductions keep temperature changes to approximately 1.6 (range of 0.9-2.3)°C by the end of the century, resulting in a relatively lower physical impact on the current environment. The Current Policies scenario is where decarbonisation is consistent with current policies and actions which sees temperatures increase by approximately 2.7°C by the end of the century, significantly missing the Paris Agreement targets and exhibiting an increased level of physical impact. The Hot House scenario is a high-emission scenario where global temperatures rise by approximately 4.4 (3.2-5.4)°C by the end of the century and significant physical disruption occurs to the carrying capacity of the Earth's environmental ecosystem.

Scenarios and temperature thresholds used for physical analysis	**Net Zero (~1.5°C)**	**Current Policies (2-3°C)**	**Hot House (+4°C)**
Scenarios used for transition analysis	**Nuclear Renaissance** / **Renewables Domination**	**Nuclear Fade Case**	

The CSA was conducted in Q3 2023 and as it is developed it will potentially be embedded into the Group's formal business planning process in future years. We believe that the scenarios selected represent a view of plausible climate outcomes for the Group and we will continue to monitor them as part of the Group's business planning process at least every three years, consistent with the TCFD requirements for the CSA.

[1] Physical risk 6: The financial impact of damage to Urenco infrastructure from extreme weather events was subsequently considered as two separate outcomes: Damage to infrastructure from wind and damage to infrastructure due to heat stress.

Image: Gronau, Germany.

Transition risks and opportunities climate scenarios

Scenario	Source/reference	Temperature alignment	Key assumptions of scenario type	Justification
Nuclear Growth	IEA- Global Energy and Climate Model Net Zero Energy 2050	1.5°C	Strong global support for the expansion of nuclear power, with nuclear power seen as a key part of the energy transition	To explore the opportunities associated with a 'best-case' future for nuclear power within the global energy mix
Renewables Domination	Derived from NGFS Phase 3 Scenario Explorer (IIASA, 2023), which assumes that nuclear forms just 3% of total electricity capacity in 2050	1.5°C	Strong global support for and expansion of renewable technologies-resulting in an abrupt decline in support for nuclear power and an accelerated phase out	To test the impacts of a worst-case scenario for nuclear in the transition to a zero-carbon energy system
Nuclear Fade	IEA- Nuclear Power in a Clean Energy System (Nuclear Fade Case)	2 – 2.5°C	With a number of energy technologies competing for political and societal support, nuclear fails to attract investment and there is a slow and prolonged decline in global nuclear capacity	To consider the implications of a scenario in which nuclear fails to attract significant political support or investment

Physical risks climate scenarios

Scenario	Source/reference	Temperature alignment	Key assumptions of scenario type	Justification
Net Zero	RCP 2.6 Net Zero 2050 World Wide Fund for Nature ("WWF") 'Optimistic'	1.5°C	Paris aligned emissions reductions keeps changes in temperature to approximately 1.6 (0.9-2.3)°C by the end of the century Lowest relative physical impact on environment	To analyse the least mitigation measures and minimum level of physical risks expected for the "best-case"
Current Policies	RCP 4.5/6.0 Current Policies/NDCs WWF 'Current Trend'	2-3°C	Decarbonisation consistent with current policies and actions see temperature increase by approximately 2.7°C by the end of the century, significantly missing the Paris Agreement targets This scenario describes the median relative level of physical impact on the environment	To identify the possible impact of a level of global warming, most aligned to the current level of decarbonisations
Hot House	RCP 8.5 WWF 'Pessimistic'	+4°C	A high-emission scenario where global temperature rise to 4.4 (3.2-5.4)°C by the end of the century. Significant physical disruption to the carrying capacity of the Earth's ecosystem.	To explore Urenco's capacity to withstand higher physical impacts as a result of a higher level of climate change than that currently forecast

Physical risks climate scenarios contd.

The agreed time horizons used in the CSA to analyse physical and transition impacts to the Group's base case business are shown below:

Short term	Medium term	Long term
2024-2030 (7 years)	**2031-2040** (10 years)	**2041-2050** (10 years)

Each of the physical and transition risks were assessed against the risk ratings used in Urenco's Enterprise Risk Management (ERM) framework in order to determine the magnitude of the impact according to the potential increase or decrease in either revenue or costs. By utilising the same scoring methodology, the Group is able to compare the results of this analysis with other business risks, and identify those that are material to the business and then integrate them into Urenco's overall ERM framework.

Urenco's ERM framework provides a consistent methodology for the identification, assessment, treatment and reporting of strategic, financial, operational or compliance-related risks within the business. It ensures that all risks identified, together with their controls and mitigations, are owned at, and escalated to, the appropriate level.

The results of the CSA have been presented according to the ranges set out below:

Score	Financial impact on forecast EBITDA (€m)	Symbol *
High	€100m+	Dark Blue + / -
Medium	€10-€100m	Medium Blue + / -
Low	€0-€10m	Light Blue + / -

* Where the impact is forecast to be positive against Urenco's forecast future EBITDA, the circle is identified with a "+" sign, if the forecast is negative then the circle is marked with a "-" sign.

Transition-related risks and opportunities

<table>
<tr><th>Opportunity identifier</th><th>Risk driver</th><th>Transition opportunity</th><th>Potential impact on Urenco</th><th>Urenco's resilience measures</th><th>Forecast impact on the Group's future EBITDA</th></tr>
<tr><td>TO-1</td><td>Nuclear power's role in the energy transition</td><td>Climate policies and decarbonisation commitments influence positively the attractiveness, competitiveness and global demand for nuclear power.

This represents a significant opportunity for Urenco, but is also mirrored as a potential risk as the converse aspect of global energy policy moving away from nuclear, leading to a Nuclear Fade or Renewables Domination scenario. However, the forecast magnitude of the opportunity has the potential to be financially very large compared to the downside scenarios and, indeed, the other transition and physical risks, covered by the CSA performed by the Group.</td><td>Nuclear Growth – Increase in installed nuclear capacity, resulting in additional sales revenues (albeit potentially with lower market share if more competitors enter a booming market). To enable the benefits of this scenario the Group needs to ensure it extends capacity to meet increased demand, which is why the forecast impact is low in the short term.

Renewables Domination and Nuclear Fade Case – Urenco's market share increases as we maintain our position in a declining market. Gradually retire cascades of centrifuges to stay competitive.</td><td>Continued advocacy for the industry including nuclear being zero carbon at point of generation, reliability and ability to fulfil the baseload of an energy system.

See pages 6 and 34.

During COP28, 25 goverments backed a Ministerial Declaration calling for the tripling of global nuclear energy capacity by 2050, demonstrating the very positive signs for nuclear growth.</td><td>The global scenarios present materially different demand profiles for nuclear energy, impacting Urenco's future market share of the SWU market.

<table><tr><th></th><th>Short term</th><th>Medium term</th><th>Long term</th></tr><tr><td>Nuclear Growth</td><td>+</td><td>+</td><td>+</td></tr><tr><td>Renewables Domination</td><td>–</td><td>–</td><td>–</td></tr><tr><td>Nuclear Fade</td><td>–</td><td>–</td><td>–</td></tr></table></td></tr>
</table>

Transition-related risks & opportunities contd.

Opportunity identifier	Risk driver	Transition opportunity	Potential impact on Urenco	Urenco's resilience measures	Forecast impact on the Group's future EBITDA
TO-2	Transition to net zero / low carbon economy	Urenco's performance against its net zero goals could be rewarded by customers, if succeeding in decarbonisation.	The structure of the enriched uranium market likely limits the possibility that Urenco might differentiate itself on the basis of performance against its net zero commitment. However, if 'net zero premiums' were to emerge, the potential positive impacts could be significant. Regardless of whether Urenco's net zero performance actually impacts market share or price premiums, being able to demonstrate net zero leadership could, under all scenarios, helps to maintain and build Urenco's reputation with the potential of positively impacting staff recruitment and retention and wider stakeholder relationships (e.g. the environmental community, regulators, investors, and/or insurers).	Development of Urenco's net zero targets and strategy. Decarbonisation initiatives such as decarbonising scope 2 emissions through Renewable Energy Credits (RECs) and on-site generation, or procurement of uranic feed from lower carbon sources.	There is potential for positive price changes in the event that Urenco can deliver against its net zero ambitions. However, there is yet to be any evidence that such a price premium could be achieved with our customers. Therefore, whilst the likely positive impact of this could be high, the likelihood of this occurring is considered to be low.

	Short term	Medium term	Long term
Nuclear Growth	+	+	+
Renewables Domination	+/–	+/–	+/–
Nuclear Fade	+/–	+/–	+/–

Physical risks

The likelihood of each of the physical risks was assessed as part of the physical risk modelling to determine the financial impact. For example, the rate of impactful wind storms was defined to calculate how many severe wind events could impact Urenco's operations. The forecast impact on the Group's future revenue and EBITDA set out in the table below represents an average annualised impact over the time horizon presented. If multiple weather or physical risk events were to occur within a single calendar year then the potential financial impact could be more significant within the year that these events occur.

The risk of flooding at all sites was analysed within the publicly available World Resources Institute Aqueduct tool. Primary modelling did not show riverine or coastal floodwaters encroaching on any of the sites in a high warming 1:1000 year future scenario and there was minimal to no flooding at inundation depth at the Capenhurst, Gronau or Eunice sites. This is backed by an absence of precedent events. There has been some past evidence that our site in the Netherlands (Almelo) has narrowly escaped flooding. We therefore modelled the likelihood of flood risk at Almelo in a high warming scenario in 2080. The Almelo area contains numerous waterways and modelling identified that there is limited impact from flooding exposure. As a result, flooding as a direct physical risk to the Urenco site was not conclusive and, therefore, not taken forward as a primary risk for CSA modelling.

Physical risks contd.

<table>
<tr><th>Risk identifier</th><th>Risk driver</th><th>Physical risk</th><th>Potential impact on Urenco</th><th>Urenco's resilience measures</th><th>Forecast impact on the Group's future revenue and EBITDA</th></tr>
<tr><td>PR-1</td><td>Water availability</td><td>Water scarcity causes increase in costs and reductions in output</td><td>Water scarcity can potentially lead to a reduction in the production output of the Group. Therefore, the impact of this risk has been modelled as a reduction in production capacity with a corresponding reduction in revenue, in the relevant locations of operation.

Water is required for cooling at all sites except Gronau, where refrigerant cooling is used.

Water impact modelling focuses solely on Almelo and Eunice and the implications for long term policy.

Despite the low WWF Water Risk Score presented for the Netherlands, local authorities plan to apply restrictions from 2035 onwards to reduce water usage by 15% from 2023 levels.

The Eunice site scored a high WWF Water Risk Score.</td><td>Conduct a feasibility study into the use of digester process water to mitigate potable water usage (up to 60%-80% of current water usage) at Almelo.

New cascade cooling water concept in development at Almelo SP5 Plant Hall 8 using dry chillers containing ammonia instead of cooling towers. This could be copied in the existing halls.</td><td>Future policy impacts have been developed for our Eunice and Almelo sites, based on both known future restrictions and potential risks. Without mitigations, the likely impact on the Group's business through higher annual water cooling costs is moderate in both the medium and the long term across all three modelled scenarios.

<table><tr><th></th><th>Short term</th><th>Medium term</th><th>Long term</th></tr><tr><td>Hot House/ RCP8.5</td><td>–</td><td>–</td><td>–</td></tr><tr><td>Current Policies/ RCP4.6</td><td>–</td><td>–</td><td>–</td></tr><tr><td>Net Zero/ RCP2.6</td><td>–</td><td>–</td><td>–</td></tr></table></td></tr>
<tr><td>PR-2</td><td>Temperature</td><td>Chronic changes in weather patterns result in increased temperatures that affect heating and cooling demand resulting in higher energy costs</td><td>In the past Urenco has experienced additional costs for cooling which was considered likely to have been caused by unexpected temperature increases, although we were unable to definitively prove this link.

We have modelled the financial impact of increased energy load requirements for cooling, due to forecast increases in temperature, leading to increased energy costs at each of our sites. This was based on historical experience of such increased costs and the relative approximate size of each of our sites that requires cooling.

Projected rising summer temperatures across all locations increase the cooling energy load required for all locations, with the greatest impact at Almelo.</td><td>Develop the business case to continue investing in energy efficiency, utilising energy price models which consider trends in energy markets and the impact of climate change on electricity prices and volatility.

Identify potential activities or processes that can be done in early or late time of the day to avoid hotter window, particularly during summer season.

Attempt to fix electricity tariffs at the long term to stabilise costs and reduce uncertainty.</td><td><table><tr><th></th><th>Short term</th><th>Medium term</th><th>Long term</th></tr><tr><td>Hot House/ RCP8.5</td><td>–</td><td>–</td><td>–</td></tr><tr><td>Current Policies/ RCP4.6</td><td>–</td><td>–</td><td>–</td></tr><tr><td>Net Zero/ RCP2.6</td><td>–</td><td>–</td><td>–</td></tr></table></td></tr>
</table>

Image: Capenhurst, UK.

Physical risks contd.

<table>
<tr><th>Risk identifier</th><th>Risk driver</th><th>Physical risk</th><th>Potential impact on Urenco</th><th>Urenco's resilience measures</th><th>Forecast impact on the Group's future revenue and EBITDA</th></tr>
<tr><td>PR-3</td><td>Extreme weather- heat</td><td>Damage to Urenco infrastructure from extreme weather events: Heat stress in construction</td><td>The possible impact caused by future heat stress has been modelled as a disruption to construction of new enrichment capacity due to heat related labour productivity.

Heat stress impact on labour productivity indicates the modelled percentage decrease in efficiency during regular working hours under hot and humid climate conditions, due to the reduced capacity of the human body to perform physical labour (NGFS23). This is related to the wet bulb temperature.

The risk of a reduction in labour productivity has been used as a proxy to determine the additional labour effort, and therefore cost to Urenco, caused by delays in completion of our expansion project at one of our sites.

While heat stress could result in general lower productivity at our sites through higher costs or lower output, these impacts were not modelled.</td><td>Understanding the extent to which costs are fixed or variable. Design schemes to work early or late in the day during heatwaves. Understand the potential loss in productivity in the project timeline to mitigate possible negative impact and allow project to be completed in accordance with schedule. Increase health, safety and environmental (HSE) measures to prevent heat stress symptoms.</td><td>Disruption to construction of new capacity modelled based on change to heat related labour productivity over a typical project.

<table><tr><th></th><th>Short term</th><th>Medium term</th><th>Long term</th></tr><tr><td>Hot House/ RCP8.5</td><td>–</td><td>–</td><td>–</td></tr><tr><td>Current Policies/ RCP4.6</td><td>–</td><td>–</td><td>–</td></tr><tr><td>Net Zero/ RCP2.6</td><td>–</td><td>–</td><td>–</td></tr></table></td></tr>
<tr><td>PR-4</td><td>Extreme weather- wind</td><td>Damage to Urenco infrastructure from extreme weather events: Likelihood and severity of high wind speed events</td><td>Wind speed events at our sites of greater than 75 mph have been identified as being historically disruptive to the exteriors of the Group's facilities for example roofing or cladding. It was determined that potential damage did not extend to the internal centrifuge halls or facilities. Therefore, our assessment focussed on the potential damage to the external facades and the increased likelihood and severity of high wind speed events occurring in the future.</td><td>For all sites, ensuring insurance policies cover potential climate change- induced events.</td><td>The possible forecast impact of greater likelihood and incidence of wind speed events is set out below:

<table><tr><th></th><th>Short term</th><th>Medium term</th><th>Long term</th></tr><tr><td>Hot House/ RCP8.5</td><td>–</td><td>–</td><td>–</td></tr><tr><td>Current Policies/ RCP4.6</td><td>–</td><td>–</td><td>–</td></tr><tr><td>Net Zero/ RCP2.6</td><td>–</td><td>–</td><td>–</td></tr></table></td></tr>
</table>

Physical risks contd.

<table>
<tr>
<td>PR-5</td>
<td>Extreme weather</td>
<td>Extreme weather events such as high winds resulting in grid damage or instability</td>
<td>The possible impact of grid instability has been modelled as a potential loss of production in future periods.
The increased number of severe windstorms was calculated. The rate of impactful events was applied on each site to determine the disruptions. The time of disruption was based on precedent data and multiplied by forecasted production and value of revenue to obtain economic impact.</td>
<td>Monitoring and recording power outages, electricity restriction and status of the grids close to the sites.
Having regular check-ups to ensure the storage system and voltage back-up is in place (especially when imminent forecasts of high winds).</td>
<td>The possible forecast impact of grid instability is set out below:
<table>
<tr><th></th><th>Short term</th><th>Medium term</th><th>Long term</th></tr>
<tr><td>Hot House/ RCP8.5</td><td>–</td><td>–</td><td>–</td></tr>
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<tr><td>Net Zero/ RCP2.6</td><td>–</td><td>–</td><td>–</td></tr>
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Metrics and targets

Urenco uses several metrics to measure the current and potential impact of our climate change-related risks and opportunities.

Climate-related metrics

Urenco has measured and reported its green house gas (GHG) emissions across scopes 1, 2 and 3 since 2019 (TO-2). We report our carbon emission performance annually through the Urenco Annual Report. Our scope 3 carbon emission methodology is reviewed and updated annually, in line with best practice and latest guidance. We currently report on 12 of the 15 categories under scope 3. Our sustainability data including our scope 1 and 2 emissions is externally assured by Corporate Citizenship and our latest Assurance Statement can be found here: https://www.urenco.com/sustainability/governance-and-ethics/quality-certificates.

Urenco has measured site water consumption since 2018 and has experienced year on year reductions in water usage (PR-1). We report our water withdrawal performance annually in the Urenco Annual Report and the Global Reporting Index (GRI).

Climate-related targets

In 2023, we set near term targets to reduce our scope 1 and scope 2 GHG emissions by 90% by 2030 and to reduce scope 3 emissions by 30%, from 2019 levels.

Our scope 3 target includes covering optional emissions from business travel. These targets have been validated by the SBTi, and demonstrate our commitment to doing our part to help achieve the ambitions of the Paris Agreement to, "limit global temperature rise to well below 2°C, above pre-industrial levels, and to pursue efforts to limit global temperature rise even further to 1.5°C". Urenco's long term ambition remains to become net zero across scopes 1, 2 and 3 by 2040. This target is directly aligned to the transition risk associated with Urenco's net zero performance (TO-2). Sustainability, and specifically progress towards our net zero carbon emission target, is included within the Group's Long Term Incentive Plan (LTIP) for all participants, including the Executive Directors. Long term risks and opportunities associated with future sales linked to value creation are captured within the Group's LTIP targets, see page 77.

Water is a shared resource and we take care that our usage does not reduce water availability for others. Water scarcity is of particular concern in both the Netherlands and New Mexico as highlighted in the table above (PR-1) and as a result, Urenco has a 2025 water withdrawal reduction target, to reduce operational water withdrawal by 15% compared to a 2020 baseline.

Utilising Urenco's ERM process, the remaining low impact risks and opportunities highlighted by the CSA were screened out as low impact and consequently, no metrics or targets were assigned to these.

How we manage and mitigate our risks

Reducing emissions: Scope 1

Urenco's core business is the enrichment of uranium for the use in electricity power generation. We are a key part of the nuclear fuel cycle, enabling low carbon electricity to be generated from our enriched uranium product. We use energy efficient gas centrifuge technology which is powered by electricity, however, the support systems for our plant do use carbon emitting sources.

We have the following scope 1 emissions sources at our sites:

- Petrol
- Diesel
- Fuel oil
- Biodiesel
- Propane
- Natural gas
- Refrigerants

With the three biggest challenges for decarbonisation being diesel (3.6% of total 2019 scope 1 emissions / 462 tCO2e), natural gas (40.7% of total 2019 scope 1 emissions / 5272 tCO2e) and refrigerants (51.5% of total 2019 scope 1 emissions / 6681 tCO2e).

Working groups were set up in 2023 to develop solutions for our main scope 1 emission challenges of refrigerants, natural gas and diesel fuel use. These groups will produce feasibility studies with the purpose of integrating net zero principles into our plant design standards.

One of the biggest scope 1 challenges we face is to lower emissions from refrigerants, as cooling systems are integral to our plant processes. We will investigate the feasibility of using natural refrigerant replacements to lower the Global Warming Potential (GWP) of refrigerants used by Urenco. We will use the knowledge and expertise within the Urenco organisation to evaluate future plant design changes with net zero principles being fully considered. We recognise that collaboration will play an important part of becoming a net zero organisation and have started engaging with our current cooling system suppliers for development of low carbon solutions.

We will eliminate the use of natural gas across all of our sites by 2030, through investing in electric boilers, heat pumps or heat recovery technologies.

Whilst diesel and fuel oil emissions were comparable in 2019, the technical challenge of decarbonising diesel fuelled stationary generators is a greater challenge, as these generators are vital for asset protection and plant operability. Our back up generators are an essential part of our asset protection systems and we will take action to reduce these diesel emissions by switching fuels to Hydro Treated Vegetable oil (HVO) from sustainable sources.

We will eliminate the need for propane and fuel oil, used for heating buildings by replacing with heat pumps or using heat recovery from waste heat sources where possible.

Urenco operates a small fleet of on-site vehicles along with those used for local business travel. We will switch our fleet from petrol or diesel to Electric Vehicle (EV) alternatives. To support our workforce decarbonise we have already started installation of EV charging points at each site, and will continue to expand these numbers.

Reducing emissions: Scope 2

Urenco's primary energy source is electricity, used to enrich uranium for civil nuclear power generation.

We will fully decarbonise our electricity supplies by 2030 at all our sites. This will be done by either switching to nuclear and/or renewable backed grid contracts, the use of Power Purchase Agreements from nuclear, wind and solar electricity generators or a combination of both.

To support the reduction in emissions associated with our electricity use, we aim to install solar photovoltaic arrays at all of our operating sites.

Reducing emissions: Scope 3

Purchased goods and services are the largest emission source in scope 3 for Urenco. This can be split into two main categories: nuclear fuel cycle and non-uranic procurement.

Nuclear fuel cycle

Supplier engagement is a key part of decarbonising this category of emissions for Urenco. We will encourage our suppliers to measure and report their own carbon emissions. Our uranium purchasing policy will have sustainability and net zero integrated into it to encourage low carbon supplies. We will improve the way we measure our scope 3 carbon footprint by using actual data from our suppliers through our engagement programme. This will allow us to move away from industry average data and be able to report on actual carbon intensity improvements. Collaboration is fundamental to achieving scope 3 carbon emission reductions. By using better data reporting methods, we will identify our carbon intensive suppliers and encourage carbon emissions reductions through science based target setting.

Non-uranic procurement

Following on from our partnership with EcoVadis, which commenced in 2022, we will improve our data collection by moving away from spend data and using actuals provided by our suppliers. We will prioritise carbon reduction efforts by identifying our most carbon intensive suppliers and encouraging decarbonisation in line with Urenco's net zero ambition. To support this supplier engagement programme, we will upskill our procurement teams to become skilled in sustainable procurement. Our policies and procedures governing our procurement activities will be regularly updated to incorporate sustainability throughout the procurement process.

Water use reduction

We have introduced rainwater harvesting at our Capenhurst Tails Management Facility. Our site in the Netherlands is also conducting a feasibility study on the reuse of water from a local agricultural facility for cooling purposes. We are working closely with the local water authority to identify potential opportunities to reduce water withdrawal, as the local region of Almelo is experiencing pressure on its water supplies, especially from industrial users. Our Smart Plant Workstream will empower strategic decision making with greater accuracy, as we digitise the measurement of our water consumption.

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 accountability for managing risks at all levels within the organisation.

We continue to enhance our enterprise risk management framework and strengthen 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 stringent legal and regulatory requirements under which we operate.

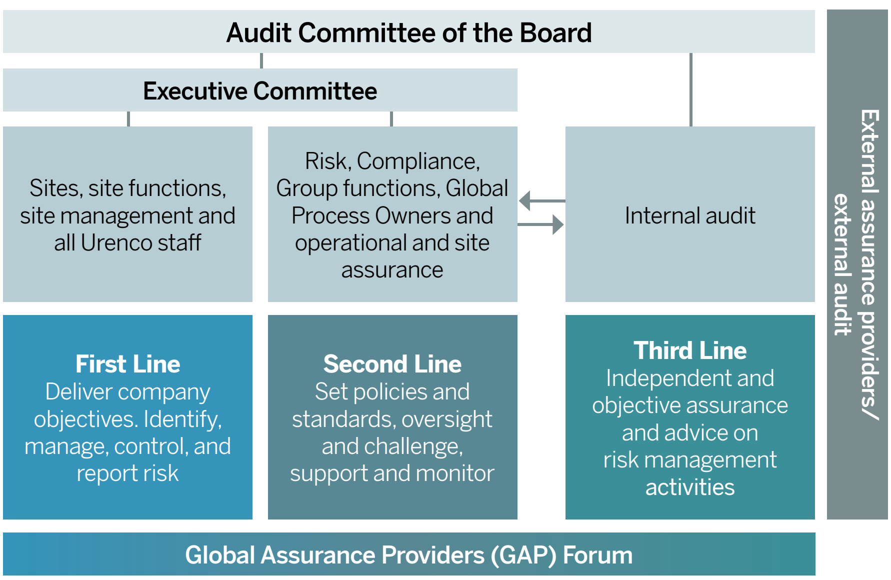
We operate a hybrid risk management approach where our Group risk function oversees and guides the organisation in risk identification, analysis and monitoring, supporting our operational areas in developing their risk mitigation plans. We identify and manage risk at operational, functional, site and 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 independent from the business and functions as required and defined under the Institute of Internal Auditors (IIA) Standards and embedded in the organisation through the Internal Audit Charter and reporting lines. The function is also aligned with risk management and ensures that our governance processes help identify opportunities for process, control and risk management improvement.

We adopt a 'Three Lines of Defence' approach

Our risk management, internal control and assurance approach remains in line with the Institute of Internal Auditors Three Lines Model adopted across the Group. In addition, our External Auditor independently audits the financial statements and other assurance providers provide assurance over various processes and other external reporting.

Group internal audit takes a leading role in coordinating assurance across the organisation through the Global Assurance Providers Forum and is progressing assurance policy and mapping with the Forum. This is reflected in the Three Lines governance structure and Model graphic:



Three Lines of Defence model

First Line of Defence	Second Line of Defence	Third Line of Defence
Sites, site functions and management Deliver company and site objectives. Risk identification, management, control and reporting	**Risk, Compliance, Group functions, Global Process Owners and operational and 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 and 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 and 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. 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 internal control and assurance frameworks for the Group and Sites for effective risk management and assurance practices. Providing guidance, support and challenge to the First Line 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 across all the sites.

Principal risks and uncertainties

We operate a comprehensive risk identification process within our organisation. Risks identified at our sites and in our business functions are evaluated and managed, and where appropriate, escalated to higher level leadership teams for inclusion in their risk reviews. This generates a broad base of risks that our Executive Committee are able to consider when determining the principal risks that are to be included and monitored on our Group risk register.

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 our appetite level for that risk.

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 49 to 53 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 appointed an Engineering, Procurement and Construction Management (EPCM) partner as we look forward to expanding our Tails Management Facility in the UK and positioning ourselves more widely to increase capacity in the nuclear fuel supply chain • 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 limited availability of suitable people to hire and the scarce skills we need in a tight labour market, 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 have developed a hybrid delivery model, partnering dedicated internal recruitment resources with a professional outsourced recruitment provider and preferred suppliers • Each function has developed and owns 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 Q4 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.	A major incident would result in degradation of trust in Urenco from a range of stakeholders, including the public, regulatory bodies, governments and our customers. Urenco would likely be subjected to regulatory enforcement action, suffer loss of revenue through failure to fulfil contracts, and incur high costs to recover production capacity.	• 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[1] methodology compliance, and health and safety audits • We have created a Group Chief Nuclear Officer role to oversee fleet compliance • 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 a plan which is owned at licensee level to address and monitor any weaknesses or adverse trends that are identified

Health and safety related incidents during increased civil engineering activity

Description	Impact	How we are managing the risk
As Urenco enters a phase of accelerated refurbishment and site expansion, there will be a heightened risk of health and safety related incidents during the period of increased civil engineering activity.	Health and safety incidents could result in injury, fatality, regulatory enforcement action and potentially prove detrimental to our reputation.	• We will work closely with regulatory bodies to ensure the safe, continuous operation of our sites during this period of expansion • We are recruiting appropriate construction oversight within our Group projects function • We have established a proportionate oversight model for all major projects • Each site is ensuring that arrangements are made to manage the increased level of construction activity • We have launched a supply partner safety improvement programme to ensure that the highest standards of safety culture are in place across all sites and at all times

[1] A 5S audit is an externally recognised methodology for systematic checking of your work environment with the goal of identifying opportunities for improvement. A 5S audit identifies how well you are implementing Kaizen (continuous improvement) on the shop floor.

Risks and risk management

Desired culture is not embedded across the organisation

Description	Impact	How we are managing the risk
Our culture programme supports one of our strategic ambitions 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 ambitions • Challenges around talent attraction and retention • Reducing the effectiveness of compliance, safety, and security	• Change management training is included in the Global Leadership Programme that we conduct 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 are implementing a People & Culture Plan, and have established inclusion and diversity goals from 2022 to 2025 • We are investing in people management training, and behaviour and performance management • 'Your Voice' surveys are used to gauge employee feedback and inform our focus areas and culture improvement workstreams

Supply and demand alignment 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 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 HALEU capacity.	• We are working closely with 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 a key internal control • 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 Eunice • We are establishing a Nuclear Decommissioning Trust Fund in the Netherlands to meet our regulatory requirement to provide financial assurance over our nuclear decommissioning liabilities

Geopolitical risks

Description	Impact	How we are managing the risk
Whilst public acceptability of nuclear energy has recently improved, this could be impacted by a major incident at a nuclear facility. Geopolitical uncertainties created by events such as the invasion of Ukraine could impact our ability to access or operate within certain international markets.	Negative public perception over nuclear energy could lead to lower public acceptance of nuclear energy. 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 implement export control policies and procedures across the Group. We engage proactively and regularly with governments, ministries and federal offices • We continue to emphasise the importance of the role that nuclear can play in securing domestic energy requirements • We monitor government 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 governments to try to ensure any government policy response to geopolitical uncertainty is known and takes our operating model into account

Failing to achieve our net zero 2030 targets

Description	Impact	How we are managing the risk
We have set ourselves ambitious 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, EcoVadis. 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 scopes 1, 2 and 3 • Dedicated net zero leads are in place at each of our sites • Net zero principles are being integrated into our designs, including new asset investment • We are engaging with our suppliers to develop market-led low carbon refrigeration systems • Through our partnership with EcoVadis, our key suppliers are undertaking sustainability assessments inclusive of reporting on their actual scope 1, 2, and 3 emissions

Group Finance Report

EBITDA[1] remains strong, increasing year-on-year. This is due to increased revenue more than offsetting higher costs incurred as the business continues to reposition itself for future opportunities.

Results for 2023

Revenue

Revenue for the year ended 31 December 2023 was €1,922.3 million, an increase of €205.8 million (12.0%) on the €1,716.5 million in 2022. SWU revenues were higher in 2023 by €33.8 million, driven by higher realised prices partially offset by lower volumes. Uranium related sales increased by €176.1 million, driven by higher volumes and higher realised prices. Other revenues decreased by €4.1 million year on year.

EBITDA[1]

EBITDA for 2023 was €886.7 million, an increase of €62.1 million (7.5%) from €824.6 million in 2022. The increase in EBITDA is due to higher revenue and lower net costs of provisions of €87.2 million in 2023, compared to €249.5 million in 2022, in part offset by increased operating costs. The EBITDA margin for 2023 was 46.1%, compared to 48.0% in 2022.

The costs associated with changes to inventories of finished goods and SWU assets for 2023 were €285.8 million, an increase of €158.9 million from €126.9 million in 2022. These costs have increased due to underlying increases in both direct operating 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 €5.9 million was applied in 2023 (2022: net increase in depreciation of €15.9 million).

Other operating and administrative expenses[2] were higher than the prior year at €668.5 million in 2023, compared to €531.4 million in 2022, an increase of €137.1 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 €250.3 million in 2023, compared to €206.9 million in 2022, an increase of €43.4 million, which was due to increases in both inflation and headcount.

Nuclear provisions

Tails provisions

The net costs for tails provisions in 2023 were €114.8 million lower than those for 2022. Lower net costs in 2023 are due to assumed changes in the cost and timing of tails disposal and a net increase in the real discount rate.

	2023 €m	2022 €m	increase/ (decrease)
Additional tails provision in the year	248.1	270.7	**(22.6)**
Change in discount rates	(151.7)	(54.4)	**(97.3)**
Release of tails provision in the year	(13.2)	(40.3)	**27.1**
Utilisation of tails provision in the year	(22.0)	-	**(22.0)**
Charged to income statement 2023[3]	**61.2**	**176.0**	**(114.8)**

Decommissioning provisions

The net costs for decommissioning provisions recognised in the Income Statement decreased by €0.5 million in 2023, primarily due to the increase in discount rates, from net costs of €9.8m in 2022 to net costs of €9.3m in 2023.

	2023 €m	2022 €m	increase/ (decrease)
Additional provision in the year	17.7	17.9	**(0.2)**
Change in discount rates	(4.7)	(2.3)	**(2.4)**
Release of provision in the year	(3.7)	(5.8)	**2.1**
Utilisation of provision in the year	-	-	**-**
Charged to income statement 2023	**9.3**	**9.8**	**(0.5)**

Other nuclear provisions

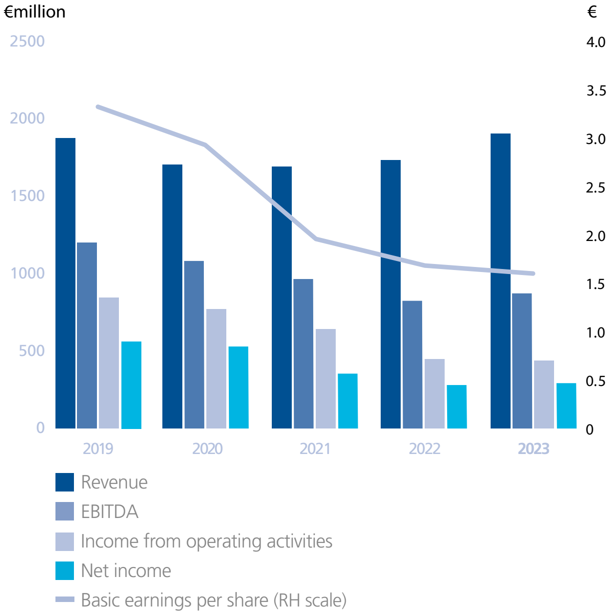
The net costs for other nuclear provisions in 2023 decreased by €47.0 million as a result of changes to the forecast plans for future re-enrichment of low assay feed, from net costs of €63.7 million in 2022 to net costs of €16.7 million in 2023.

Overall, therefore, the net costs of nuclear provisions were €87.2 million in 2023, compared to €249.5 million in 2022, a decrease of €162.3 million.

EBITDA performance

	2023 €m	2022 €m	increase/ (decrease)
Income from operating activities (pre-exceptional)	441.8	443.8	**(2.0)**
Add: depreciation and amortisation	465.1	370.1	**95.0**
Adjustment for depreciation in inventories, SWU assets and nuclear provision	5.9	15.9	**(10.0)**
Adjustment for results of joint venture and other investments	(26.1)	(5.2)	**(20.9)**
EBITDA	**886.7**	**824.6**	**62.1**

Financial performance



[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.
[2] Other operating and administrative expenses are defined as expenses comprising costs of raw materials and consumables used, employee costs and other expenses.
[3] Unwinding of the nuclear provisions is recognised separately within Finance Costs in the consolidated income statement.

Net income

Net income was €269.8million in 2023 (2022: €285.1 million, pre-exceptional items and €1,173.2 million, post exceptional items), a decrease of €15.3 million (5.4%) compared to the 2022 net income, pre-exceptional items. This decrease in net income reflects higher depreciation and amortisation, and higher net finance costs, partly offset by the higher EBITDA, resulting in a reduced net income margin of 14.0% compared to 16.6% in the prior year (pre-exceptional items).

During the year, there were no exceptional items (2022: €921.4 million on a pre-tax basis, €888.1 million on a post-tax basis) in the Income Statement. The prior year exceptional item related to a reversal of impairment charges previously recognised in 2016 and 2019 on the USA operations cash generating unit.

Depreciation and amortisation for 2023 was €465.1 million, compared to €370.1 million for 2022, an increase of €95.0 million. This increase was mainly due to the depreciation of assets subject to the reversal of the impairment in 2022 representing a higher undepreciated asset base, now subject to depreciation.

Net finance costs for 2023 were higher at €93.0 million, compared to €69.5 million for 2022 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 €15.6 million lower at €9.6 million (2022: €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) together with other foreign currency monetary assets and liabilities generate gains/losses as a result of foreign exchange movements in the year. In 2023 the impact of this was a net loss of €23.9 million (2022: €18.9 million net gain), reflecting relevant unhedged balances and movements in foreign exchange rates.

As there were no exceptional items in 2023, the pre-exceptional and post-exceptional tax expense are the same at €79.0 million (an effective tax rate (ETR) of 22.6%), a decrease of €10.2 million from the pre-exceptional tax expense for 2022 of €89.2 million (ETR: 23.8%), with the post-exceptional tax expense for 2022 being €122.5 million (ETR of 9.5%). The decrease in pre-exceptional tax expense predominately arises due to a combination of lower accounting profits together with favourable movements in foreign exchange gains and losses that are excluded from tax under the UK Disregard Regulations, partially offset by a change in jurisdictional profit split.

The decrease in the pre-exceptional ETR from 23.8% to 22.6% is driven by the following factors: i) favourable movement in non-taxable income predominately due to foreign exchange gains and losses excluded from tax under the UK Disregard Regulations (decrease of 4.9%); ii) changes in the value of the prior year adjustments (increase of 0.5%); and iii) changes in jurisdictional profit split (increase of 3.2%).

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 2022.

During the year the decommissioning provision increased by €66.0 million (2022: €82.6 million) due to the installation of additional plant and machinery of €4.0 million (2022: €1.5 million), additional container purchases of €23.3 million (2022: €26.2 million) and €38.7 million due to revised assumptions surrounding the decommissioning of plant and machinery (2022: €54.9 million). Of the €38.7 million (2022: €54.9 million) resulting from revised assumptions as detailed below, €17.7 million (2022: €15.6 million) has been expensed to the Income Statement and €21.0 million (2022: €39.3 million) has been recognised in decommissioning assets. The impact of the revised assumptions mainly relate to the rebasing of costing assumptions in line with 2023 inflationary pressures offset by a net increase in forward discount rates. The impact of the net change in real discount rates resulted in a reduction of the decommissioning provision by €44.9 million (2022: €33.5 million), of which €4.7 million (2022: €2.3 million) has been expensed to the Income Statement and €40.2 million (2022: €31.2 million) has been recognised in decommissioning assets.

Further information on nuclear provisions can be found on pages 157 to 159.

Nuclear Decommissioning Trust Fund

The Group, via its subsidiary LES, continues to operate a Nuclear Decommissioning Trust Fund ("NDT"), in order to satisfy the requirements of the US NRC that it provides financial assurance for its decommissioning and tails liabilities. The NDT has been established under a Trust agreement and funds that were contributed by LES into the NDT 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 2023 was €490.9 million. See note 32 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 2023 was €9.6 million (2022: €26.0 million net surplus). This decrease of €16.4 million was due to a reduction in the net surplus assets of the UK pension scheme of €14.3 million and an increase in the retirement benefit obligation of the German pension scheme of €2.1 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 €1,048.9 million (2022: €1,133.7 million). The lower cash flows from operating activities primarily reflect the movement of working capital balances compared to 2022 and lower operating cash flows before movements in working capital. In the current year, sales deliveries were closer to the year end when compared to the prior year, resulting in higher trade receivables balances at the end of 2023. This was partly offset by higher creditor balances at the end of 2023 when compared to 2022.

Tax paid in the period was €82.3 million (2022: €79.5 million) due to the timing and phasing of cash payments which can often span multiple years.

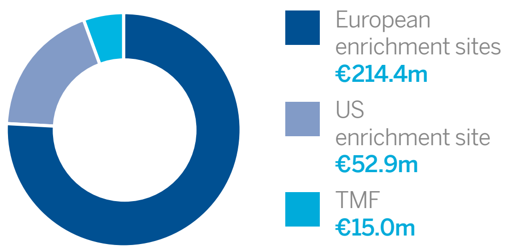
Accordingly, net cash flows from operating activities were lower at €966.6 million (2022: €1,054.2 million).

Capital expenditure[1]

In 2023 the Group invested a total of €282.3 million (2022: €184.0 million), representing expenditure on core enrichment assets.

Investment in TMF in 2023 was €15.0 million (2022: €18.9 million, 2021: €25.9 million), a decrease of €3.9 million following the commencement of active commissioning in 2022.

Capital expenditure

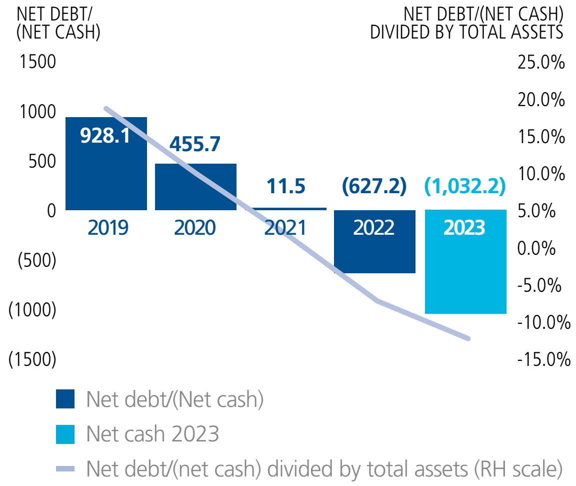


Capital structure

The Group's total equity decreased by €4.3 million during the year to €2,969.0 million (2022: €2,973.3 million). Retained earnings decreased by €47.1 million (reflecting the net income of €269.8 million and losses of €16.9 million in other comprehensive income for the year, less €300.0 million of dividends paid during the year). The foreign currency translation reserve decreased by €22.8 million, primarily due to foreign exchange losses on property, plant and equipment ("PPE") held in US dollars partly offset by foreign exchange gains on PPE held in pounds sterling as a result of the weakening of the US dollar and the strengthening of pounds sterling against the euro. There was also an increase in hedging reserve (including cost of hedging reserve) of €65.1 million and an increase in the investments revaluation reserve of €0.5 million. The movement in the hedging reserve is primarily associated with mark to market gains on cash flow hedges, which protect the Group's future revenues in foreign currencies.

Net cash[2], after deducting debt and lease liabilities of €28.4 million (2022: €27.3 million), was €1,032.2 million (2022: net cash €627.2 million).

Net debt/(net cash) and total assets



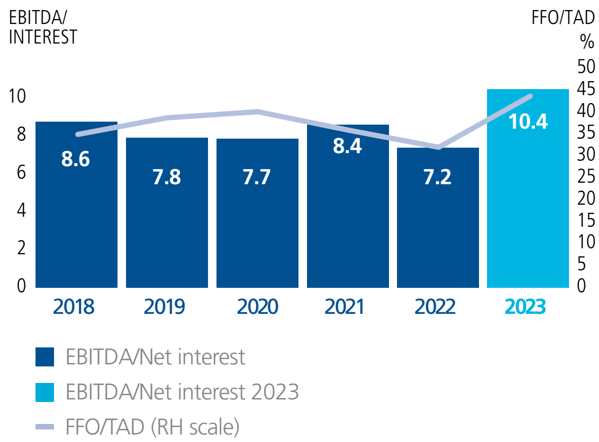
The Group monitors its capital structure through the use of financial ratios, principally those of net debt to total assets and funds from operations to total adjusted debt (FFO/TAD). The Group targets an FFO/TAD ratio that results in a strong investment grade credit rating.

The FFO/TAD ratio at the end of 2023 increased to 43.6%, compared to 32.8% at the end of 2022.

FFO was higher by €106.8 million due to higher EBITDA and lower net interest on bank borrowings. TAD was lower by €213.0 million, primarily reflecting an increase in cash and short term deposits of €384.1 million, partially offset by an increase in tails and decommissioning provisions of €210.5 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 2023. Details of the FFO/TAD calculation are set out in note 29 of the Group's Consolidated Financial Statements.

The Group's interest cover also remains strong at 10.4x (2022: 7.2x). Details of the interest cover calculation are set out in note 29 of the Group's Consolidated Finance Statements.

Five-year summary funding ratios



[1] Capital expenditure includes net cash flows on the purchases of property, plant and equipment and intangible assets of €278.4 million and the decrease of capital accruals of €3.9 million (included in working capital payables).

[2] Net cash/debt is defined in the Glossary on page 183 and the calculation is set out on page 182.

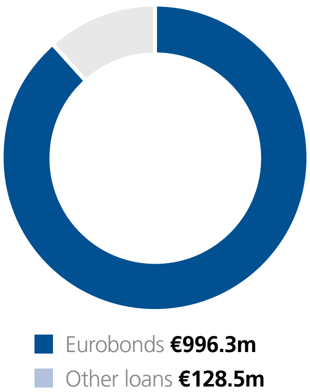
Funding position

Liquidity continues to remain strong as a result of cash flow generation. As at 31 December 2023, the Group had €500 million (2022: €500 million) of undrawn committed bank facilities, as well as cash, cash equivalents and short term deposits of €1,694.5 million (2022: €1,310.4 million).

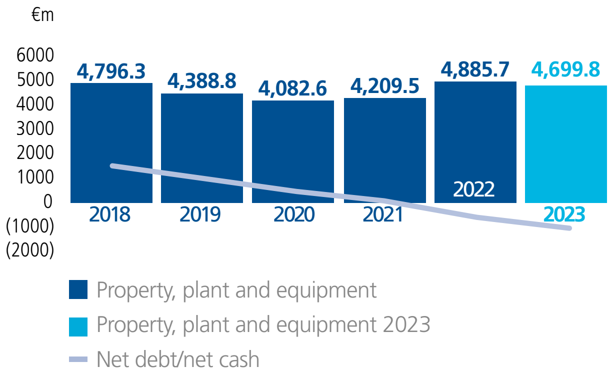
The Group's funding position remains robust and continues to be underpinned by our established order book, which gives high levels of revenue visibility and robust EBITDA margins, resulting in strong cash flow generation.

The Group's debt is rated by Moody's (Baa1/Stable) and Standard & Poor's (A-/Stable). During the year the Standard & Poor's credit rating was upgraded from BBB+ to A-.

Interest bearing loans and borrowings



Property, plant and equipment* vs net cash



* Excluding Decommissioining Assets

Funding programme

The Group's funding strategy is to:

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

The average time to maturity of the Group's debt at 31 December 2023 was 5.8 years (at 31 December 2022: 6.9 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 notional value of €428.5 million (2022: €442.5 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 October 2023, an interim dividend of €150.0 million for the year ended 31 December 2023 was paid to shareholders and a final dividend of €150.0 million was paid in respect of 2022 in March 2023.

The Board has approved a final dividend of €150.0 million to be paid in March 2024. 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 2023, the Company had distributable reserves available of €1,000.6 million (31 December 2022: €974.1 million).

Order book

Urenco has a strong order book which extends into the 2040s with an approximate value at 31 December 2023 of €14.7 billion based on €/$ of 1 : 1.10 (2022: €10.8 billion based on €/$ of 1 : 1.07).

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.

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

Company structure

The Board of Directors

The Board approve 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.

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 and a Trustee of the UK charity, Leonard Cheshire.

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.

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 and the clean-energy transition. 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 the energy transition, such as the German section of the World Energy Council.

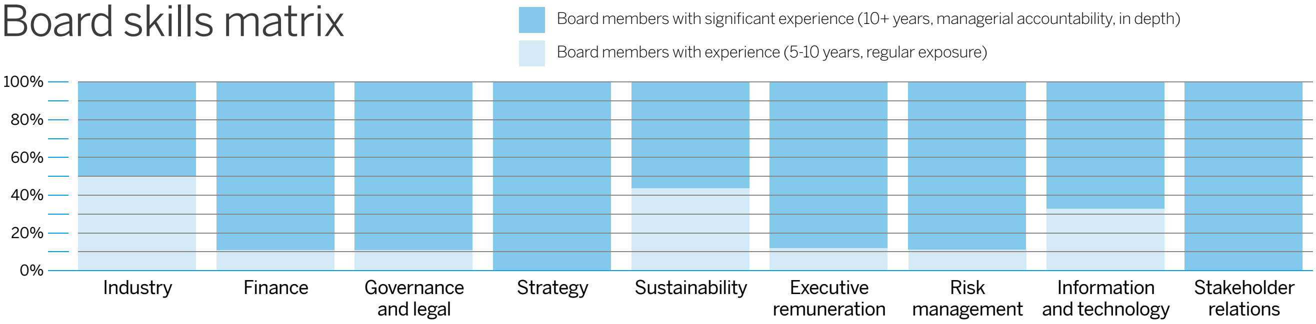
He has sat on several supervisory boards as a non-executive, including the regional energy provider Stadtwerke Rostock AG, and continues to sit on the supervisory board of Flughafen Wien AG, which runs Vienna and Malta airports.

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 13 March 2024 and signed on behalf of the Board by:

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 October 2018.

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

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., Member of the Supervisory 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.

Renee Jones-Bos

Non-Executive Director

Renee joined the Urenco Board in October 2023.

Her senior Dutch Government positions have included being the Dutch Ambassador to the USA and to Russia, Secretary General of the Ministry of Foreign Affairs, and Ambassador at Large for Human Rights. Her Board positions during her Foreign Service career included the Board of Trustees of the Roosevelt Study Centre, the Board of Directors of the World Resource Institute and the Supervisory Board of the LUMC (University Hospital in Leiden). She has also been a Special Envoy on Medical Isotopes for the Ministry of Health of the Netherlands.

Renee's current Board positions include: Chair of the Supervisory Board of Museum Hermitage Amsterdam, Member of the Supervisory Board of Royal Boskalis Westminster, Advisor Geopolitical affairs Rijk Zwaan company, Chair of the Supervisory Board of Investico and member of the Advisory Board of the Hague Centre for Strategic Studies.

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 leading the team at E.ON responsible for the group's inorganic strategy and associated portfolio measures, Alan is also responsible for managing E.ON's shareholdings in Urenco, as well as several other of E.ON's non-core shareholdings. Alan has over 30 years' experience in the energy and utilities sector and began his current role in 2010.

Justin Manson

Non-Executive Director and Chair of the Sustainability Committee

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.

He is a board member of Enrichment Investments Limited and Enrichment Holdings Ltd and of Gasrec Ltd where he is Chair of the Audit Committee and the Finance Committee.

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 Executive Director at Caliburn, a leading independent investment bank in Australia, and Director at Credit Suisse First Boston/BZW.

Michael is currently a Non-Executive Director of Network Rail and a Director of 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 a charity for civil servants.

Miriam Maes retired from the Board in 2023 as Dutch appointed Non-Executive Director and we welcomed Renee Jones Bos to this position. The Board of Urenco greatly appreciates and thanks Miriam for the significant contribution that she made to the company over eight years.

Registered number
01022786

Registered office
Urenco Limited
Urenco Court
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Buckinghamshire SL2 4JS

Auditors
Deloitte LLP
2 New Street
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Governance

Consolidated Financial Statements

For the year ended 31 December 2023

02 Governance

Our approach to corporate governance and how we have applied this in 2023

03 Financial statements

The audited financial statements of Urenco for the year ended 31 December 2023

Governance
Corporate Governance

Ensuring good governance at Urenco

Strong governance is key to everything we do at Urenco. Our policy on corporate governance is to follow principles of strong governance, transparent reporting and Urenco's core values. The Board is ultimately responsible for ensuring Urenco implements an effective system of governance, risk management and internal control, and does this by working closely with Executive leadership.

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 committed to upholding the principles of good governance as defined by the Code. The Board believes that in 2023 Urenco fulfilled the principles and provisions of the Code to the extent that they are applicable to private companies, except for the following provisions that we are either unable to comply with, due to our ownership structure and the governance arrangements set out in our constitutional documents and shareholder agreements or where there are alternative arrangements in place:

- Provision 5: the Board considered the three workforce engagement methods set out in the Code and determined that none of them are appropriate for Urenco given the established workforce engagement activities already taking place on a regular basis.
- Provisions 10, 11, 12, 17, 24 and 32 relating to independence of Non-Executive Directors and Board Committee members: our Non-Executive Directors do not meet the independence criteria as set out in the Code as they are appointed by our shareholders in accordance with our shareholder agreements.
- Provision 17: Urenco has a combined Remuneration and Appointments Committee and follows the process set out in its constitutional documents with respect to appointments.

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 2023 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 (resigned 30 September 2023)
• Justin Manson	Chair of the Sustainability Committee
• Alan Bevan	
• Michael Harrison	
• Renee Jones-Bos	(appointed 30 October 2023)

Executive Directors

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

The Directors of the Company as at the date of the Annual Report are shown on pages 62 and 63 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.

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.

Governance
Corporate Governance continued

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.

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	• Capacity programme	14
Interests of employees	• Chairman's Foreword • Case Study: Board Visit to Capenhurst	5 69
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	• Chairman's Foreword • Case Study: Partnership with Energoatom • Case Study: Nuclear fuel agreement with Bulgaria • Stakeholder engagement • Case Study: Supplier Day at Almelo	5 14 14 32 to 35 34
Impact of the Company's operations on the community and environment	• Sustainability • Net Zero • Taskforce for Climate-related Financial Disclosures Statement • Sustainability Committee Report	20 to 30 22 to 23 37 76
Reputation for high standards of business conduct	• Sustainability • Audit Committee Report • Risks and risk management	20 to 30 70 to 75 48 to 53
Risk	• TCFD Governance section • Risks and risk management	37 48 to 53

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 35 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 pages 32 to 35 (Key stakeholder engagements in 2023).

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 as well as pages 32 to 35 (Stakeholder engagement), 70 to 75 (Audit Committee Report), 76 (Sustainability Committee Report), and 77 to 83 (Remuneration 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. Engagement with, and feedback from shareholders informs the decision-making process. For the 2023 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 suppliers 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 impact: During the Board's visit to Capenhurst in October 2023, Board members visited two charitable partners in the local area to hear first-hand about their ongoing positive work in the community and how Urenco's donations and volunteering work have contributed. Following this, the Board considered and approved the annual social investment budget for 2024. In making its decision the Board had regard to key stakeholder groups including local communities in the surrounding area of each site and recognised the impact of their decision on those who would ultimately benefit. For further information on social impact activities during the year, please see pages 28 to 30 (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.

Capacity expansion: During 2023, the Board took three separate principal investment decisions to increase capacity in the Netherlands, USA and Germany. In making these decisions, the Board took into account the likely consequences of these decisions in the long term and considered and engaged with key stakeholder groups, including customers and employees. Engagement with key suppliers informed the Board's decisions. The impact on local communities and the environment were also considered important factors.

Modern Slavery Statement: During the year, the Board reviewed and approved the Group's Modern Slavery Statement, conscious of the need to ensure that processes are in place to prevent modern slavery in the Group's supply chain and to maintain its reputation for high standards of business conduct.

Board meetings

The Board meets regularly throughout the year in order to effectively discharge its duties. During 2023, the Board met five times[1].

Each year, the Board plans to hold one meeting at a Urenco enrichment facility. In 2023, as outlined in the case study on page 69, that meeting was held at Capenhurst.

Board meetings attendance

	Number of meetings in 2023	Meetings attended
Alan Bevan	5	5
Stephen Billingham	5	5
Michael Harrison	5	5
Renee Jones-Bos	1	1
Mel Kroon	5	5
Miriam Maes	3	3
Justin Manson	5	5
Boris Schucht	5	5
Ralf ter Haar	5	5
Frank Weigand	5	4

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 2023 review included strategic, material operational and compliance risks, and are detailed on pages 48 to 53.

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 responsibility for reviewing and examining the effectiveness of the Company's internal controls and risk management systems to the Audit Committee.

[1] In addition to the five scheduled meetings, three ad hoc meeting were arranged to discuss specific items. Of the Directors who were in office at the time, Alan Bevan and Miriam Maes were unable to attend one of these ad hoc meetings.

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 which supervise the Company from the non-proliferation perspective is set out in the Treaty of Almelo.

History and wider governance

The Company was founded in 1970 following the signing of the Treaty of Almelo by the governments of the Federal Republic 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 effectively supervising 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 USA 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 Capenhurst

In October 2023, the Board visited the Capenhurst site in the UK.

During the visit, the Board took a site tour of the Capenhurst facility, visiting locations for many of the ongoing strategic projects. The tour also included visits to the enrichment plants, tails deconversion facility and nuclear stewardship. At each of the locations, members of the Board had the opportunity to discuss the various projects with employees and had an opportunity to see first-hand the procedures taking place on safety and sustainability.

While at Capenhurst, members of the Board visited two key outreach programmes, Passion for Learning and the Port Grocery. The CEO of Passion for Learning and her team gave members of the Board a tour of their facility and explained how Urenco's Capenhurst site had enabled them to reach underprivileged children in Ellesmere Port through after-school 'Enrichment Clubs'. They explained that the social deprivation in parts of Ellesmere Port leads to young children becoming a forgotten generation, and with Urenco's assistance, they are able to reach not only the children but their extended families, giving them a different perspective on what opportunities are available.

Port Grocery tackles social deprivation by addressing two key issues - 'food waste' and 'food poverty'. The Port Grocery is open for anyone in the community to join, and there are no eligibility criteria; anyone can benefit from the high-quality, low-cost food it will provide. The CEO of Port Grocery, took members of the Board around their warehouse facility and then to their sister facility, 'Port in a Storm,' a mental health well-being café, whose initial setup was funded by the Capenhurst site. They explained that due to the engagement of employees at the site who helped with the refurbishment of both premises, they have been in a position to help hundreds of people in the immediate communities. The service is so successful that those with Mental Health issues are being directed their way by local health professionals.

Governance
Audit Committee Report

Chair of the Audit Committee 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 2023.

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 and compliance). The Committee provides updates and, where appropriate, recommendations to the Board on these matters.

During 2023, 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 faced by the Group (see details of these on pages 48 to 53);
- 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 4 March 2024 and the Terms of Reference were updated following Board approval on 13 March 2024.

Composition of the Audit Committee

The Committee comprises three members:

- Frank Weigand (Non-Executive Director and Committee Chair)
- Renee Jones-Bos (Non-Executive Director)
- Michael Harrison (Non-Executive Director)

Miriam Maes left the Committee upon her resignation from the Board on 30 September 2023. Renee Jones-Bos replaced Miriam Maes and Michael Harrison replaced Justin Manson on the Committee, with effect from 1 December 2023.

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 2023, 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 2023	Meetings attended
Frank Weigand	5	5
Miriam Maes[3]	4	4
Justin Manson[4]	4	4
Michael Harrison[4]	1	1
Renee Jones Bos[5]	1	1

[1] As a non-listed company, the Company is not subject to the UK Corporate Governance Code but is committed to applying the principles of the Code to the extent they are applicable to a company without listed shares.
[2] 2 March, 27 June, 8 August, 11 October and 12 December.
[3] Miriam Maes resigned as a Director and member of the Audit Committee on 30 September 2023
[4] Michael Harrison replaced Justin Manson as a member of the Audit Committee on 1 December 2023
[5] Renee Jones-Bos joined the Audit Committee on 1 December 2023

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 2023, the external auditor provided updates on the corporate governance and accounting standards as part of their audit. The key topics covered related in particular to the impact of potential changes to the UK Corporate Governance code in relation to internal controls. Further updates were provided by other external companies on capital expenditure control best practice and cyber security.

The Committee Chair and the General Counsel conducted an internal effectiveness review of the Committee's performance in February 2024, based on a framework provided by an external audit firm, and reported the results in the March 2024 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.

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

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

Activities of the Audit Committee during the year

Internal controls and risk

During 2023, 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 control.

These included reviews and monitoring of:

- The 2022 Annual Report and the 2023 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 Ransomware and Cyber Incident Response, Procurement, Fraud Controls, Site Policies Procedures and Financial controls and Capital Project controls;
- 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, the Group's tax policy and publication of the Group's tax strategy;
- Group Treasury activities and financing provisions in the Group's funding arrangements;
- The Group's insurance strategy and policy;
- The annual update of the Group's pension liabilities and assets;
- The Company's alignment to the UK Corporate Governance Code[6];
- The Company's approach to the Task Force on Climate-Related Financial Disclosures (TCFD);
- The external auditors observations and findings from testing elements of the Group's control environment as part of the external audit; 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 financial reporting requirements.

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

[6] 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 is committed to applying the principles of the Code to the extent they are applicable to a company without listed shares.

Governance

Audit Committee Report continued

Significant issues related to the financial statements

The Committee challenged and 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 challenges and 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:

- **European enrichment business - tails provisioning**

  Issue background

  The European enrichment sites' tails provisions reflect the costs of storing, the unit cost of deconverting tails at the Tails Management Facility (TMF) in the UK and final repository costs. 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 Kiln 3 and 4 expansion project, forecast 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 31 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 2023, European tails provisions were reviewed to ensure they continued to appropriately reflect the latest management estimates relating to: the total anticipated TMF capital expenditure referred to above; any changes in forecast throughput and cost assumptions related to an optimisation of tails management operations across the Group; the impact of the reduction in higher assay tails associated with enrichment services contracts; and the discount and inflation rates applied in calculating provisions.

  During 2023 the tails provision increased by €248 million due to tails generated during 2023, an increase in the applied tails rate driven by inflationary pressures on cost assumptions, partially offset by changes 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 a revision to real discount rates in all 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 consistently applied during the year and continues to use both the latest forecasts and long term historical rates to determine a range.

  These matters were discussed with the external auditor, both to understand their work, and to facilitate the Committee's challenge to management in this area. The external auditor has reported this as a key audit matter in their Auditor's Report.

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

- **Group provisioning for decommissioning liabilities**

  Issue background

  Following a review of the Group's decommissioning provisions in 2023, an additional provision of €66 million has been recognised. This increase was predominantly driven by installed centrifuges and cylinders brought in use during the year, and increases driven by inflationary pressures on cost assumptions, partially offset by changes in real discount rates.

  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 consistently applied 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 31 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 2023, the valuation of the decommissioning provisions was increased by €39 million due to revised assumptions of which €18 million was recognised in the income statement and €21 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 their work, and to facilitate challenges to management in this area. The external auditor has reported this as a key audit matter in their Auditor's Report.

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

Governance
Audit Committee Report continued

- **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 2023 Urenco has re-assessed the standalone selling prices for SWU as a result of continued market volatility following the invasion of Ukraine in 2022. Higher forecasted long term prices for SWU have led management to conclude that it is appropriate to increase the standalone selling prices for new sales contracts negotiated and signed, from July 2023.

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

  Committee response

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

  The Committee considered any observations and findings made by the external auditors as part of their reporting within their oral and written reports presented on 12 December 2023. The Group's external auditor has disclosed in their report to the Audit Committee that they are satisfied with management's conclusion to, for sales contracts negotiated and signed from July 2023, 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. A deferral of profit on feed sales was recognised at 31 December 2023. The Committee reviewed the management report provided to them on 4 March 2024, which included a section setting out the method of calculating the profit deferral. The Committee was satisfied that the feed profit deferral was calculated appropriately.

  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 correctly.

Financial and business reporting

At its meeting on 4 March 2024, 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 is 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 2023 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.

Governance
Audit Committee Report continued

Financial Reporting Council (FRC) correspondence

During the year the FRC's Corporate Reporting Review team carried out a review of the Group's Annual report and accounts for the year ended 31 December 2022. This was a limited scope review based solely on our Annual report and accounts and the team undertaking the review did not therefore benefit from detailed knowledge of our business or an understanding of the underlying transactions entered into. Urenco was selected as part of the FRC's thematic review of the UK's largest private companies and the review was focused on the strategic report, presentation of primary statements, revenue, financial instruments, judgements and estimates, provisions and contingencies, together with associated accounting policies.

The review highlighted two questions requiring a response; (i) relating to the classification of amounts due to group undertakings as non-current on the parent company balance sheet, and (ii) relating to the classification of payments on maturing swaps hedging matured debt as an investing activity in the cash flow statement. Management provided written explanations on both matters to the FRC, and committed to include further information / enhanced descriptions on both matters going forwards. The FRC wrote to the Group on 6 February 2024 to thank them for their responses and confirmed that this concluded the FRC's consideration of the Group's 2022 Annual report and accounts.

We have responded to the FRC and thanked them for their observations. The Committee Chairman reviewed the Group's responses to the FRC before their issue, and the subsequent letter received, and is satisfied that the Company has appropriately addressed their enquiries.

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.

Although the Company is not required to tender the external audit, the Committee has decided to carry out an audit tender in the first half of 2024. A key reason for this voluntary tender is to comply with best practice in the UK, which recommends that an audit tender is performed every ten years, while the Company last tendered the audit in 2011. The new auditor, if there would be a change in auditor, will be in place for the financial year ending on 31 December 2026.

The Committee reviewed the effectiveness of the external auditor during 2023. This process related to the audit of the 2022 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 4 March 2024. Urenco's Auditor Independence Policy includes the definition of prohibited non-audit services, which corresponds with applicable rules on auditor independence and with the Ethical Standards issued by the Audit Practices Board in the UK.

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

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

Risk management and 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, and management has put in place 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 improvement, 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.

Governance

Audit Committee Report continued

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 2023, the Head of Risk and Internal Audit regularly provided relevant updates to the Committee covering financial, operational, compliance and commercial risks resulting from audits, including any mitigations 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 initiated in 2022 and an enhanced anti-fraud framework implemented in 2023. Both activities progressed across the Group to enhance overall internal control framework in Urenco. These initiatives are a matter of good practice and were in response to anticipated Audit & Governance reform requirements (the Reforms). In addition, our Global Assurance Providers Forum began work on development of an Audit and Assurance Policy. The assurance providers forum is part of the 'Three Lines' model, which is our risk management, internal control and assurance framework, see page 48. Whilst the Reforms did not pass into legislation, the FRC has since published the UK Corporate Governance Code 2024 instituting elements of reform which are set to be effective from 2025/2026. Urenco remains committed to upholding the principles of the Code noting that certain elements could be adopted voluntarily in view of Urenco's corporate status.

In line with the principles set out in the UK Corporate Governance Code, the Board completed an annual review of the Group's systems of risk management and internal controls in 2023. 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 2023, as in previous years, the Internal Audit function conducted the review for the Audit Committee which gave its approval.

The annual review of risk management and internal control completed across the group in 2023 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 in risk based cycles. Assurance activity is prioritised to address key risks and is delivered Groupwide, from Head office to local sites and local offices.

The Internal Audit function carries out risk-based audits across the Group 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 review by 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 2024 and the performance of the Head of Risk and Internal Audit in delivering the 2023 internal audit plan. No issues or concerns were highlighted.

Frank Weigand
Chair of the Audit Committee
13 March 2024

Governance
Sustainability Committee Report

Chair of the Sustainability Committee Statement

Justin Manson
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 2023.

During 2023, 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 Group's approach to sustainability can be found on pages 20 to 30 of the Strategic Report.

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:

- Justin Manson (Committee Chair and Non-Executive Director)
- Renee Jones-Bos (Non-Executive Director)
- Frank Weigand (Non-Executive Director)
- Boris Schucht (Chief Executive Officer)

Miriam Maes stepped down as Committee Chair upon her retirement from the Board on 30 September 2023. Justin Manson was appointed as Committee Chair on 1 December 2023. Renee Jones-Bos replaced Michael Harrison as a member of the Committee on 1 December 2023.

The Committee met three times in 2023.[1] The membership and attendance record of the Committee members during 2023 is set out below.

	Number of meetings in 2023	Meetings attended
Justin Manson	1	1
Renee Jones-Bos	1	1
Miriam Maes	2	2
Michael Harrison	2	2
Frank Weigand	3	3
Boris Schucht	3	3

Activities of the Sustainability Committee during the year:

In 2023, the Committee:

- Monitored the implementation of the sustainability programme, reviewed performance against the current sustainability KPIs and approved the 2024 sustainability KPIs;
- Reviewed the Group's approach to the materiality analysis that was conducted in 2023;
- Reviewed the content and approach to the Group's Net Zero Transition Plan prior to publication on the Urenco website;
- Reviewed the Group's approach to external ESG ratings and emerging legislation on ESG reporting requirements;
- Reviewed the outcome of the Group's Demographic and Inclusion Survey and provided oversight of the ongoing culture programme; and
- Reviewed the Group's social impact principles and partnerships and endorsed the annual social investment budget

Approval

On behalf of the Sustainability Committee.

Justin Manson
Chair of the Sustainability Committee
13 March 2024

[1] 2 March, 27 June and 12 December.

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 2023.

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 2023. 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 13 March 2024.

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.

The Chairman of the Board, the Chief Executive Officer and the Chief People & Culture Officer were in attendance. 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	Meetings attended
Alan Bevan	3	3
Mel Kroon	3	3
Justin Manson	3	3
Frank Weigand	3	3

Key issues in 2023

During 2022 the Remuneration and Appointments Committee:

- Reviewed 2023 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 13 March 2024

Mel Kroon
Chair of the Remuneration and Appointments Committee
13 March 2024

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 £0.87 to €1 for 2023 (2022: £0.85 to €1)

Single total figure of remuneration for each Director (audited)

The remuneration of the Executive Directors for the years 2023 and 2022 was made up as follows:

2023	Base salary and Fees[1] €	Pensions[2] €	Benefits €	Sub-total Fixed pay €	Performance related bonuses[3] €	LTIP[4] €	Sub-total Variable pay €	Total 2023 €
Executive Directors								
Boris Schucht	**662,393**	**92,735**	**126,964**	**882,092**	**748,657**	**811,674**	**1,560,331**	**2,442,423**
Ralf ter Haar	**518,033**	**71,571**	**88,240**	**677,844**	**576,274**	**626,400**	**1,202,674**	**1,880,518**
Total	**1,180,426**	**164,306**	**215,204**	**1,559,936**	**1,324,931**	**1,438,074**	**2,763,005**	**4,322,941**

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	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

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 2023 (2022: 125%).

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.

The remuneration of the Non-Executive Directors for the years 2023 and 2022 was made up as follows:

2023	Fees[1] €	Pensions €	Benefits €	Sub-total Fixed pay €	Performance related bonuses €	LTIP €	Sub-total Variable pay €	Total 2023 €
Non-Executive Directors								
Stephen Billingham	**292,870**	**-**	**-**	**292,870**	**-**	**-**	**-**	**292,870**
Alan Bevan	**60,645**	**-**	**-**	**60,645**	**-**	**-**	**-**	**60,645**
Michael Harrison	**60,645**	**-**	**-**	**60,645**	**-**	**-**	**-**	**60,645**
Renee Jones-Bos[2]	**10,513**	**-**	**-**	**10,513**	**-**	**-**	**-**	**10,513**
Mel Kroon[3]	**67,030**	**-**	**-**	**67,030**	**-**	**-**	**-**	**67,030**
Miriam Maes	**53,355**	**-**	**-**	**53,355**	**-**	**-**	**-**	**53,355**
Justin Manson	**68,626**	**-**	**-**	**68,626**	**-**	**-**	**-**	**68,626**
Frank Weigand	**82,991**	**-**	**-**	**82,991**	**-**	**-**	**-**	**82,991**
Total	**696,674**	**-**	**-**	**696,674**	**-**	**-**	**-**	**696,674**

Governance
Remuneration Report continued

2022	Fees[1] €	Pensions €	Benefits €	Sub-total Fixed pay €	Performance related bonuses €	LTIP €	Sub-total Variable pay €	Total 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[3]	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

[1] Non-Executive Directors' fees are increased in line with the average pay rises paid to Urenco employees based in the UK.
[2] Renee Jones-Bos was appointed to the Urenco Board as a Non-Executive Director in October 2023, replacing Miriam Maes who resigned in September 2023.
[3] 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.

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 2023	**1,334,201**	**1,008,360**	
Foreign exchange adjustments	**-**	**16,499**	
LTIP 2020 paid during the year[1]	**(771,758)**	**(589,187)**	2022
LTIP 2021 accrued during the year	**420,410**	**323,703**	2023
LTIP 2022 accrued during the year	**171,178**	**132,442**	2024
LTIP 2023 accrued during the year	**184,017**	**141,688**	2025
Total LTIP accrual at 31 December 2023	**1,338,048**	**1,033,505**	

[1] Boris Schucht was awarded rights in the LTIP 2019 as part of his remuneration package upon 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 of 31 December 2023, Boris Schucht and Ralf ter Haar were participants to the LTIP 2021, LTIP 2022 and LTIP 2023.

Governance
Remuneration Report continued

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.

LTIP 2023:

The LTIP 2023 has a grant date early within the year 2023 and a performance period of three years running from 1 January 2023. The scheme matures on 31 December 2025 and vests in 2026.

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

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

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

(vi) 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 2023) 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.

	2023 €m	2022 €m	% increase/ (decrease)
Total employee pay	**250.3**	206.9	21.0%
Retained earnings	**2,321.4**	2,368.5	(2.0)%
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 2023 by external remuneration consultants Mercer Kepler. The Chief Executive Officer and Chief Financial Officer both received a 7.5% increase in base salary for the 2023 calendar year, compared to 2022. 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 of 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 table 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 2023 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 and continues to operate for 2023. 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 continue to 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 2023, 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 for 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 13 March 2024.

Mel Kroon
Chair of the Remuneration and Appointments Committee

13 March 2024

Governance
Directors' Report

The Directors present their Annual Report and Accounts for the year ended 31 December 2023.

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 66 to 69 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 €269.8 million (2022: net profit €1,173.2 million). The net profit for 2022 included an exceptional item of €888.1 million relating to the 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 (2022: €150.0 million). This is scheduled to be paid in March 2024. The final dividend, together with the interim dividend of €150.0 million (2022: €150.0 million) paid in October 2023, means a total dividend of €300.0 million (2022: €300.0 million) will relate to the 2023 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 2022 of €150.0 million was paid in March 2023. 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 59.

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 2 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 16 to 19 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 54 to 59. 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 (€14.7 billion extending to the next twenty years (2022: €10.8 billion)) provides a strong foundation for the future. The Group has adequate financial resources, which include cash and cash equivalents and short term bank deposits totalling €1.7 billion on 31 December 2023 (2021: €1.3 billion). 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 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 57.

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 (2022: €nil) to local political parties. As part of the Group's commitment to the communities in which it operates, contributions totalling €848,000 (2021: €762,000) were made during the year to local charities and community projects.

Events after the reporting period

As of 13 March 2024, 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 to ensure 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 on 31 December 2023 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 67.

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 2023, the Company had an average of 29 days purchases owed to trade creditors (2022: an average of 28 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 2023, with comparative data for 2022. These include Urenco Limited, Urenco ChemPlants Limited, Urenco Enrichment Company Limited, Urenco Nuclear Stewardship Limited and Urenco UK Limited. These businesses are based at two sites, an enrichment and operations facility in Capenhurst and a large office in Stoke Poges. Further energy and carbon disclosures relating to the whole Group can be found within the Strategic Report on pages 20 and 30.

UK energy consumption and greenhouse gas emissions

Approximately 92% of our UK energy use in 2023 related to the consumption of purchased electricity (2022: 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 2023		**Year ended 31 December 2022**	
		GWh (million kWh)	**tonnes CO_2e**	GWh (million kWh)	tonnes CO_2e
Scope 1	Natural gas restated[2]	**13.16**	**2,408**	15.89	2,900
	Diesel for generators	**0.11**	**27**	0.16	41
	Diesel for fleet	**0.24**	**56**	0.18	44
	Fuel oil	**0.77**	**207**	0.79	212
	Biodiesel	**-**	**-**	0.04	1
	Total	**14.28**	**2,698**	17.06	3,198
Scope 2	Purchased electricity	**163.05**	**33,763 (location based carbon factor applied[1]) - (market based carbon factor applied[1])**	164.28	31,769 (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 restated[3]	**0.65**	**158**	0.37	92
Total		**177.98**	**36,619 (location based carbon factor applied[1]) 2,856 (market based carbon factor applied[1])**	181.71	35,059 (location based carbon factor applied[1]) 3,290 (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 2023, 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 2022 for natural gas have been restated from 15.64 GWh to 15.89 GWh and from 2,855 tonnes CO_2e to 2,900 tonnes CO_2e due to the correction of an error in the 2022 natural gas data.

(3) The amount in 2022 for fuel used in hire cars and in personal cars on business use has been restated from 0.52 GWh to 0.37 GWh due to the correction of an error in the 2022 fuel data.

Emissions intensity

Tonnes CO_2e/tSWU[4] UK output in 2023 is 8.14 using location based reporting (2022: 7.78). Tonnes CO_2e/tSWU[4] UK output in 2023 is 0.63 (2022: 0.72) using market based reporting. Under this method, the carbon benefit of purchasing 'Zero Carbon for Business' nuclear electricity is taken into account. This latter method has been chosen as it is the primary method Urenco uses to measure production output.

(4) SWU: separative work units, as defined on page 183.

Governance
Directors' Report continued

Streamlined energy and carbon reporting continued

Energy efficiency actions undertaken in the UK in 2023 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 0.8% in 2023 compared to the previous year (2022: 1.5% decrease). Location based emissions have increased, despite less electricity being consumed, due to the UK electricity carbon intensity increasing by approximately 7%, as compared to 2022. This is due to an increase in natural gas used for generating electricity and a decrease in renewable energy generation. Urenco measures progress towards net zero targets using the market based approach, and as such scope 2 emissions remain unchanged at zero tonnes of carbon dioxide equivalent for all UK sites. Energy efficiency measures implemented as part of the 2023 programme are forecasted to achieve approximately 1,850 MWh of electricity savings by the end of the year (2022: 2,800 MWh savings). Examples include:

- Plant LED lighting upgrades at the Capenhurst site, annual saving of 1,841 MWh.
- Plant optimisation upgrade at Capenhurst site, 10 MWh in year reduction, annual saving of 61 MWh in future years.

In 2023 Urenco continued assessments of solar PV arrays at all of our operating sites as part of our Net Zero Programme. 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.

In 2023 we began preparations for the next phase of the Energy Savings Opportunity Scheme (ESOS). Audits will be undertaken in 2024, in line with updates to the ESOS process announced in 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 2023, published by Department for Energy Security & Net Zero. Please note UK emissions reported as part of the Group emissions presented on page 23 apply the location based carbon factor sourced from the International Energy Agency (2023) 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 13 March 2024. The Directors' Report has been approved for issue by the Board of Directors on 13 March 2024.

By order of the Board.

Ralf ter Haar
Director

13 March 2024

[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 13 March 2024.

By order of the Board.

Ralf ter Haar
Director

13 March 2024

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 2023

03 Financial statements

The audited financial statements of Urenco for the year ended 31 December 2023

Financial statements

Independent Auditor's Report to the members of Urenco Limited

Report on the audit of the financial statements

1. 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 2023 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 statements of financial position;
- the consolidated and Parent Company statements of changes in equity;
- the consolidated cash flow statement;
- the related notes to the consolidated financial statements 1 to 37; 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).

2. 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.

3. Summary of our audit approach

Key audit matters

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

- Macroeconomic assumptions adopted for the tails and decommissioning provisions;
- European enrichment business tails provision; and
- Enrichment site decommissioning provision.

Materiality

The materiality that we used for the Group financial statements was €25 million which was determined on the basis of 5.8% of the three-year rolling average income before tax excluding exceptional items.

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 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.

Additionally, we performed specified balance audit procedures on three entities in the Urenco Group.

Our full scope audit and specified balance scope audit procedures cover total assets (98% of Group total), revenue (100% of Group total) and income before tax (97% of Group total).

Significant changes in our approach

We have concluded that US enrichment site impairment reversal no longer represents a key audit matter for the 31 December 2023 year-end audit. This is due to there being no indicators of impairment of the US enrichment site in the year, and continued positive market dynamics for the relevant entity.

Financial statements

Independent Auditor's Report to the members of Urenco Limited continued

In addition, following completion of our risk assessment procedures, we concluded that the Group's enrichment site decommissioning provision reflected a decreased level of risk from the prior year. This was due to the largely unchanged nature of Urenco's decommissioning and capacity expansion plans in the current year, noting that there was significant market uncertainty in 2022 which has now stabilised.

4. 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:

- reviewing the forecast liquidity throughout the going concern period, including how management intend to repay borrowings falling due within the period, as well as an assessment of current financing facilities including the nature of undrawn facilities and repayment terms;
- assessment of the consistency of the forecasts with the business model;
- evaluating the assumptions used in the forecasts, including consideration of the current macroeconomic conditions and geopolitical tensions;
- 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.

5. 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.

5.1. Macroeconomic assumptions adopted for the tails and decommissioning provisions

Key audit matter description

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 when identifying the appropriate methodology to derive discount and inflation rates, to ensure that the rates reflect current market conditions. As a result, we consider this to represent an area for potential fraud.

As detailed in note 31, the change in real discount rates during the year has led to a €152 million credit (2022: €54 million charge) to the consolidated income statement due to the impact on tails provisions, and a further €5 million credit (2022: €2 million charge) relating to the decommissioning provision. Sensitivity analysis is also provided in note 31, detailing that a 0.5% (50 basis point) reduction in the real discount rate would lead to an increase in the tails and decommissioning provisions of €217 million and €143 million (2022: €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 (the net impact of discount rates and inflation is referred to as the real discount rate). Due to the level of judgement and the potential for bias in determining the rates, we identified macroeconomic assumptions as a key audit matter.

This key audit matter is included as a significant matter related to the financial statements within the Audit Committee report on page 72 discussed within the sections on tails and decommissioning liabilities. Further details on the macroeconomic assumptions are also provided in note 31 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 controls over the estimation and approval of inflation and discount rates;
- 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 tails and decommissioning provisions were appropriate.

Financial statements

Independent Auditor's Report to the members of Urenco Limited continued

5.2. European enrichment business tails provision

Key audit matter description

Management continue to base a significant portion of the European enrichment sites' tails provisions using the estimated future de-conversion cost of processing tails through the Tails Management Facility ('TMF'). 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 2023, Urenco recognised a €1,519 million (31 December 2022: €1,383 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 future 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 (including internally generated estimates), macroeconomic assumptions, capital costs of commissioning additional facilities, and likely de-conversion 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.

In particular, the future TMF throughput remains uncertain, and represents a key assumption within the estimate of the European tails provision because 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 construction plans to Urenco.

The other key management estimates in valuing this European tail provision are macroeconomic assumptions, being the inflation and discount rate applied to recognise the provision at a present value cost, as discussed in the key audit matter at section 5.1.

This key audit matter is included as a significant matter related to the financial statements within the Audit Committee report on page 72, and is a key source of estimation uncertainty within note 2 to the consolidated financial statements on page 108. Further details on the tails provision are also provided in note 31 to the consolidated financial statements on page 158.

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

In assessing the European enrichment business tails provision, we:

- obtained an understanding of the relevant controls over management's tails provision processes;
- challenged the senior operational management to understand the risks and status of the TMF ramp-up to nameplate capacity, including current limiting factors and estimated contingency levels;
- challenged the key assumptions in relation to the 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 management on the feasibility of achieving budgeted forecast and nameplate capacity by comparing actual operational data to that budgeted for 2023 and assessing the throughput projection model assumptions against publicly available external technical and engineering reports, and operational experience;
  - assessed the competence, capability and objectivity of management's experts where cost estimates were internally generated;
- assessed the mechanical accuracy of the TMF de-conversion cost model;
- 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 made relating to the key sources 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.

5.3. Enrichment site decommissioning provision

Key audit matter description

Decommissioning activity involves the deconstruction, decontamination and disposal of centrifuges and related infrastructure. As at 31 December 2023, the provision was €1,168 million (31 December 2022: €1,084 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 as discussed in the key audit matter in section 5.1.

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

This key audit matter is included as a significant matter related to the financial statements within the Audit Committee report on page 72, and is a key source of estimation uncertainty within note 2 to the consolidated financial statements on page 108. Further details on the site decommissioning provision are also provided in note 31 to the consolidated financial statements on page 159.

Financial statements

Independent Auditor's Report to the members of Urenco Limited continued

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

In assessing the Enrichment site decommissioning provision, we:

- obtained an understanding of the relevant controls over the site decommissioning provision processes at each component as well as the Group-wide controls;
- understood the rationale for the updates made in the 2023 provision including to certain internally generated cost assumptions;
- 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;
- evaluated the cost assumptions made by comparing them against underlying support;
- assessed and benchmarked the reasonableness of discount and inflation macroeconomic assumption rates to external market data and relevant industry peers;
- evaluated the useful economic lives of plant and machinery and the effect of this on decommissioning timings; and
- assessed the disclosures made relating to the key sources of estimation uncertainty.

Key observations

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

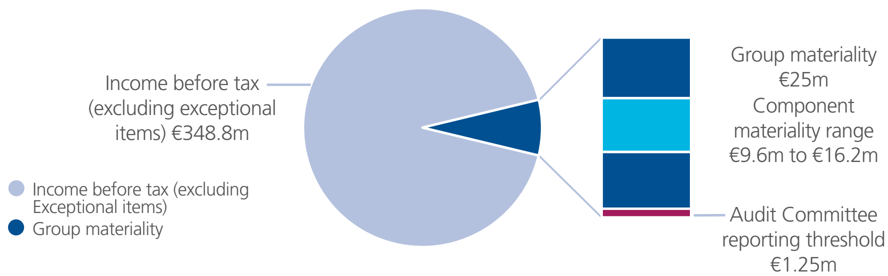
6. Our application of materiality

6.1. 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 (2022: €25.0 million)	€16.2 million (2022: €17.1 million)
Basis for determining materiality	5.8% of the three-year rolling average adjusted income before tax, being income before tax excluding exceptional items (as defined in note 4) (2022: 4.7% of the three-year rolling average adjusted income before tax).	Materiality equates to 1.3% of net assets (2022: 1.5% of net assets) for the Parent Company, which is capped at approximately 65% of group materiality.
Rationale for the benchmark applied	We have determined that the three-year average adjusted income before tax provides an appropriately consistent basis for determining materiality, which is reflective of the size, scale and long term contracted nature 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 net assets (2022: below 2%).	We have determined that net assets is the most relevant benchmark as the primary purpose of the company is that of a holding company.



Financial statements

Independent Auditor's Report to the members of Urenco Limited continued

6.2. 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% (2022: 70%) of Group materiality	70% (2022: 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; b. The higher risk nature of the industry; and c. The number and volume of misstatements in interim and prior year	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of €1.25 million (2022: €1.25 million), 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.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

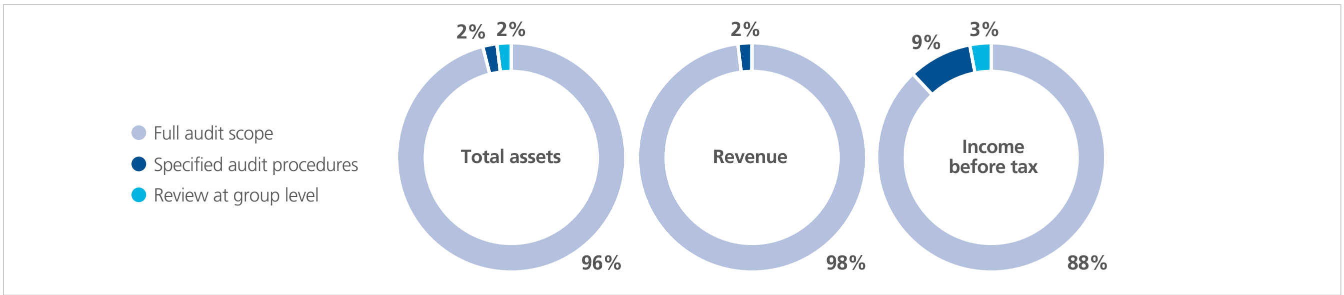
Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level.

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 operating the TMF (Urenco ChemPlants Limited), and the UK head office entities, which are significant to the Group.

We also performed specified balances audit scope balances on three entities within the Urenco Group.

Our full scope audit and specified balances audit scope procedures cover total assets (2023: 98%, (2022: 96%), of Group total), revenue (2023: 100%, (2022: 98%) of Group total) and income before tax (2023: 97%, (2022: 96%) 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 full scope audit or specified audit procedures.



7.2. 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. In addition, we tested relevant controls in relation to specific assertions of both revenue and operating expenses.

Following the execution of our work, we have not been able to rely on general IT controls and as a result, we were unable to adopt a controls reliance strategy in respect of revenue and operating expenses.

Financial statements

Independent Auditor's Report to the members of Urenco Limited continued

7.3. Our consideration of climate-related risks

As highlighted in management's climate related disclosures on pages 36-47 of the Annual Report and note 2 of the financial statements, the Group is exposed to the transitional impacts of climate change on its business and operations.

We reviewed management's climate change risk assessment and the impact on the financial statements. We also considered the impact of climate change in our risk assessment procedures in conjunction with our assessment of the balances. Management's assessment included an overview of nuclear power's role in the energy transition to net zero and physical impacts of climate change on the Group's facilities and operations.

With the involvement of our climate change specialists, we have performed the following procedures:

- made enquiries with senior management to understand the potential impact of climate change risk including the potential changes to nuclear power's role in the energy transition to net zero and physical risks to the Group's facilities and operations; and
- read the climate-related statements made by management including the Task Force on Climate-related Financial Disclosures (TCFD) and considered whether these were in line with our understanding obtained through the course of the audit and consistent with the financial statements.

7.4. 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 the European enrichment sites by the UK Group team in September and February. All stock counts were performed in person. A combination of in person and 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.

8. 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.

9. 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.

10. 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.

Financial statements

Independent Auditor's Report to the members of Urenco Limited continued

11. 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.

11.1. Identifying and assessing potential risks related to irregularities

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

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for Directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit, the Directors and the Audit Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's sector;
- 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;
  - 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, pensions and IT 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; macroeconomic assumptions (as used in the tails and 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 Revenue from Contracts with Customers ("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.

11.2. Audit response to risks identified

As a result of performing the above, we identified macroeconomic assumptions adopted for the tails and decommissioning provisions and the European enrichment business tails provision 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, internal audit, the Audit Committee 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;
- assessing the Group's revenue recognition for compliance with IFRS 15, including evaluating the standalone selling price range determined and the associated accounting treatment for compliance with IFRS 15 on signed and amended contracts in the year and recalculating the extent of any revenue accruals or deferrals; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

Financial statements

Independent Auditor's Report to the members of Urenco Limited continued

Report on other legal and regulatory requirements

12. 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.

13. Matters on which we are required to report by exception

13.1. 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.

13.2. Directors' remuneration

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

We have nothing to report in respect of this matter.

14. 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

13 March 2024

Financial statements
Consolidated Income Statement

For the year ended 31 December 2023

	Notes	**2023** Result for the year €m	2022 Result for the year €m
Revenue	3	**1,922.3**	1,716.5
Changes to inventories of work in progress, finished goods and SWU assets		**(285.8)**	(126.9)
Costs of raw materials and consumables used		**(31.4)**	(17.4)
Net costs of nuclear provisions	31	**(87.2)**	(249.5)
Employee costs	7	**(250.3)**	(206.9)
Depreciation and amortisation	5	**(465.1)**	(370.1)
Impairment reversal – exceptional item	6	**-**	921.4
Other expenses	5	**(386.8)**	(307.1)
Results of joint venture and other investments	16	**26.1**	5.2
Income from operating activities	5	**441.8**	1,365.2
Finance income	8	**124.4**	220.7
Finance costs	9	**(217.4)**	(290.2)
Income before tax		**348.8**	1,295.7
Income tax expense[i]	6,10	**(79.0)**	(122.5)
Net income for the year attributable to the owners of the Company		**269.8**	1,173.2
Earnings per share		**€**	€
Basic earnings per share	12	**1.6**	7.0

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

Financial statements
Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

	Notes	2023 €m	2022 €m
Net income for the year attributable to the owners of the Company		**269.8**	1,173.2
Other comprehensive income:			
Items that have been or may be reclassified subsequently to the income statement			
Cash flow hedges – losses recycled in relation to hedges of revenue	27	**42.9**	48.7
Cash flow hedges – losses/(gains) recycled in relation to hedges of debt	27	**23.4**	(14.2)
Cash flow hedges – mark to market gains/(losses) on hedges of revenue	27	**42.7**	(94.6)
Cash flow hedges – mark to market (losses)/gains on hedges of debt	27	**(25.1)**	36.3
Movements on cost of hedging reserve[i]	27	**4.1**	(4.8)
Deferred tax (expense)/income on financial instruments	10	**(23.8)**	6.0
Current tax income on financial instruments	10	**0.2**	0.2
Exchange differences on hedging reserves[ii]	27	**0.7**	4.8
Total movements to hedging reserves		**65.1**	(17.6)
Exchange differences on foreign currency translation of foreign operations		**(62.8)**	91.7
Net investment hedge – mark to market gains/(losses)		**48.9**	(89.3)
Deferred tax expense on financial instruments		**(2.8)**	(0.2)
Current tax (expense)/income on financial instruments		**(6.0)**	10.5
Share of joint venture exchange differences on foreign currency translation of foreign operations		**(0.1)**	(0.1)
Total movements to foreign currency translation reserve		**(22.8)**	12.6
Fair value gains/(losses) on investments in debt instruments measured at FVTOCI		**0.6**	(0.2)
Deferred tax expense on investments in debt instruments measured at FVTOCI		**(0.1)**	-
Total movements to investments revaluation reserve		**0.5**	(0.2)
Items that will not be reclassified subsequently to the income statement			
Actuarial (losses)/gains on defined benefit pension schemes	33	**(20.8)**	2.4
Deferred tax income/(expense) on actuarial (losses)/gains	10	**4.9**	(1.7)
Current tax income on actuarial (losses)/gains		**0.3**	0.6
Share of joint venture actuarial (losses)/gains on defined benefit pension schemes		**(1.7)**	8.5
Share of joint venture deferred tax income/(expense) on actuarial (losses)/gains on defined benefit pension schemes		**0.4**	(2.3)
Total movements to retained earnings		**(16.9)**	7.5
Other comprehensive income		**25.9**	2.3
Total comprehensive income for the year attributable to the owners of the Company		**295.7**	1,175.5

(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 2023

	Notes	31 December 2023 €m	31 December 2022 €m
Assets			
Non-current assets			
Property, plant and equipment, including right-of-use assets	13	**5,084.8**	5,241.8
Investment property	14	**4.6**	5.2
Intangible assets	15	**42.8**	36.6
Investments including joint venture	16	**53.4**	37.4
Nuclear decommissioning trust fund	32	**490.9**	482.1
Retirement benefit assets	33	**36.1**	50.4
Restricted cash	18	**0.4**	0.5
Trade and other receivables	19	**39.8**	-
Derivative financial instruments	30	**53.7**	39.8
Deferred tax assets	10	**70.9**	81.0
Contract assets	22	**24.0**	25.5
		5,901.4	6,000.3
Current assets			
Inventories	20	**352.9**	287.3
SWU assets	21	**416.7**	349.6
Contract assets	22	**5.4**	14.8
Trade and other receivables	23	**267.9**	218.4
Derivative financial instruments	30	**25.9**	29.8
Income tax recoverable		**81.7**	88.1
Short term bank deposits	24	**809.9**	572.8
Cash and cash equivalents	25	**884.6**	737.6
		2,845.0	2,298.4
Total assets		**8,746.4**	8,298.7
Equity and liabilities			
Equity attributable to the owners of the Company			
Share capital	26	**237.3**	237.3
Additional paid in capital	26	**16.3**	16.3
Investments revaluation reserve	27	**0.3**	(0.2)
Hedging reserves	27	**54.3**	(10.8)
Foreign currency translation	27	**339.4**	362.2
Retained earnings		**2,321.4**	2,368.5
Total equity		**2,969.0**	2,973.3
Non-current liabilities			
Trade and other payables	34	**248.5**	168.8
Interest bearing loans and borrowings	30	**625.3**	1,138.0
Lease liabilities	30	**25.2**	25.9
Provisions	31	**3,260.6**	3,014.1
Contract liabilities	28	**208.3**	172.5
Derivative financial instruments	30	**38.6**	75.8
Deferred tax liabilities	10	**267.0**	259.0
Retirement benefit obligations	33	**26.5**	24.4
		4,700.0	4,878.5
Current liabilities			
Trade and other payables	34	**404.2**	215.7
Interest bearing loans and borrowings	30	**499.5**	-
Lease liabilities	30	**3.2**	1.4
Provisions	31	**83.1**	64.8
Contract liabilities	28	**44.4**	85.5
Derivative financial instruments	30	**21.1**	61.6
Income tax payable		**21.9**	17.9
		1,077.4	446.9
Total liabilities		**5,777.4**	5,325.4
Total equity and liabilities		**8,746.4**	8,298.7

The financial statements were approved by the Board of Directors and authorised for issue on 13 March 2024.
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 2023

	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 2022	**237.3**	**16.3**	**(0.2)**	**2,368.5**	**(10.8)**	**362.2**	**2,973.3**
Income for the year	**-**	**-**	**-**	**269.8**	**-**	**-**	**269.8**
Other comprehensive income/(loss)	**-**	**-**	**0.5**	**(16.9)**	**65.1**	**(22.8)**	**25.9**
Total comprehensive income/(loss)	**-**	**-**	**0.5**	**252.9**	**65.1**	**(22.8)**	**295.7**
Equity dividends paid (see note 11)	**-**	**-**	**-**	**(300.0)**	**-**	**-**	**(300.0)**
As at 31 December 2023	**237.3**	**16.3**	**0.3**	**2,321.4**	**54.3**	**339.4**	**2,969.0**

	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

[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 27.

Financial statements
Consolidated Cash Flow Statement

For the year ended 31 December 2023

	Notes	2023 €m	Re-stated[i] 2022 €m
Income before tax		**348.8**	1,295.7
Adjustments to reconcile Group income before tax to net cash flows from operating activities:			
Results of joint venture and other investments	16	**(26.1)**	(5.2)
Depreciation and amortisation	5	**465.1**	370.1
Exceptional items	6	**-**	(921.4)
Finance income	8	**(124.4)**	(220.7)
Finance costs	9	**217.4**	290.2
Loss on disposal/write offs of property, plant and equipment		**9.9**	22.1
Other non-cash operating items[i]		**(8.1)**	(3.2)
Increase in provisions		**108.8**	221.7
Operating cash flows before movements in working capital		**991.4**	1,049.3
Decrease/(increase) in inventories		**75.5**	(81.1)
Increase in SWU assets		**(63.9)**	(35.3)
(Increase)/decrease in receivables and other debtors		**(80.8)**	132.4
Increase in payables and other creditors[i]		**126.7**	68.4
Cash generated from operating activities		**1,048.9**	1,133.7
Income taxes paid		**(82.3)**	(79.5)
Net cash flow from operating activities		**966.6**	1,054.2
Investing activities			
Interest received		**46.9**	21.4
Payments on maturing swaps that were held for net investment hedging purposes		**-**	(56.5)
Maturity of short term deposits		**818.5**	678.0
Placement of short term deposits		**(1,055.6)**	(722.9)
Contributions to nuclear decommissioning trust fund		**-**	(499.3)
Purchases of property, plant and equipment		**(276.9)**	(165.9)
Purchases of intangible assets		**(1.5)**	(0.7)
Dividends received from investments and joint venture	16	**10.2**	11.9
Net cash flow from investing activities		**(458.4)**	(734.0)
Financing activities			
Interest paid		**(56.0)**	(33.5)
Receipts on maturing swaps hedging matured debt		**-**	43.6
Receipts on maturing forwards and swaps		**7.8**	46.2
Dividends paid to equity holders	11	**(300.0)**	(300.0)
Proceeds from new borrowings		**-**	496.4
Repayment of borrowings		**-**	(405.0)
Repayment of lease liabilities		**(2.9)**	(2.4)
Net cash flow from financing activities		**(351.1)**	(154.7)
Net increase in cash and cash equivalents		**157.1**	165.5
Cash and cash equivalents at 1 January		**737.6**	559.5
Effect of foreign exchange rate changes		**(10.1)**	12.6
Cash and cash equivalents at 31 December[ii]	25	**884.6**	737.6

[i] Other non-cash items previously recorded in Increase in payables and other creditors have been re-stated to Other non-cash operating items for the year ended December 2022 (€3.2 million). This is to correctly reflect the nature of the non-cash items and to be consistent with the presentation for the year ended December 2023.

[ii] In addition to Cash and cash equivalents, the Group held Short term bank deposits of €809.9 million (2022: €572.8 million).

Financial statements
Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

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 pages 2 and 45.

2. Significant accounting policies

Basis of preparation and presentation

The Group financial statements are 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 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 (€14.7 billion extending to the next twenty years (2022: €10.8 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 €1.7 billion at 31 December 2023 (2022: €1.3 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.

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 2023 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2022, 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 2023. 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
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
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
International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12) Application of the exception and disclosure of that fact, effective 23 May 2023	1 January 2023	1 January 2023
International Tax Reform – Pillar Two Model Rules (Amendments to IAS12) – Other disclosure requirements	1 January 2023	1 January 2023

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

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
Amendments to IAS 1 Presentation of Financial Statements • Non-current Liabilities with Covenants • Deferral of Effective Date Amendment (published 15 July 2020) Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) (published 23 January 2020)	1 January 2024	1 January 2024
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	1 January 2024	1 January 2024
Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	1 January 2024	1 January 2024
Lack of Exchangeability (Amendment to IAS 21)	1 January 2025	Not yet endorsed

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

Basis of consolidation

The Group consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. The financial statements also incorporate the Company's share of the results of its joint venture using the equity method made up to 31 December each year.

A Nuclear Decommissioning Trust fund (NDT) has been consolidated from the date of its establishment in November 2022. See note 32 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.

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.

Critical accounting judgements

- **Assessment of feed profit deferral**
  A feed headroom test is performed to ascertain whether feed sold during a given accounting period was owned by the Group or was deemed to be borrowed. The headroom test deducts material loaned to the Group and feed borrowings inherent within low assay feed from total inventory owned at the Balance Sheet date. The headroom test for the current year has identified a shortfall of feed and the profit earned on sales from borrowed feed has been deferred to a later period. A reversal of deferred profits will be recognised when the feed shortfall has reduced.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

2. Significant accounting policies continued

Critical accounting judgements and key sources of estimation uncertainty continued

Critical accounting judgements continued

- **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 2023, the Directors concluded that the composition of the two key CGUs remained the same.

- **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 goods or services. 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 2023

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.

- **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. Further details of deferred tax assets and the relevant sensitivity are given in note 10.

- **Tails provisions and decommissioning provisions**
  Provisions for tails disposal and for decommissioning of plant and machinery and final disposal of cylinders 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 the Tails Management Facility (TMF). To determine the TMF deconversion rate, estimates are required about the forecast annual throughput, number of kilns, to be commissioned and associated timing with sensitivities disclosed in note 31. 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 34. The key estimates are the TMF deconversion rate, the assumed Department of Energy (DoE) final disposal cost embedded within the US tails rate, the discount rate, inflation rate and timing of cash flows, for which sensitivity analysis is provided in note 31.

  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% (2022: 2.10% to 2.20%) per annum and discounted at rates varying from 2.70% to 4.00% (2022: 3.00% to 3.50%), 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 on a significant proportion of main decommissioning cost drivers. 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 31.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

2. Significant accounting policies continued

Critical accounting judgements and key sources of estimation uncertainty continued

Key sources of estimation uncertainty continued

- **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 33.

Impact of climate change and the transition to net zero

In preparing these financial statements for the year ended 31 December 2023, management has taken into account the Group's commitments regarding its transition to net zero and the impact of climate change. In 2021, Urenco announced its commitment to achieving net zero carbon emissions by 2040 as part of The Climate Pledge (partner organisation of the UN's Race to Zero Campaign). Management has also identified a number of significant climate-related risks and opportunities, as set out within the Task Force on Climate-related Financial Disclosures (TCFD) in the Strategic report.

Management makes critical accounting judgements and relies on various sources of estimation uncertainty that may be affected by climate-related factors. These judgements and uncertainties play a crucial role in determining the carrying values of assets and liabilities, as well as the recognition of income and expenses. The following key areas reflect the impact of climate-related considerations on our accounting judgements and estimation processes:

- **Property, plant and equipment**
  As part of the TCFD work performed during 2023, management identified a number of climate-related physical risks that could impact the future resilience and longevity of the Groups PP&E. Separately, the transition risks and opportunities modelled by Management, would give rise to a future production capacity requirement and/or additional capital expenditure for Urenco, which varies significantly depending on the future installed global nuclear capacity. Urenco is committed to monitoring and managing a range of future climate-related risks and opportunities and understanding the possible impact on the Group's PP&E net book value.
- **Revenue**
  Climate-related factors can influence revenue recognition. This could lead to opportunities if 'net zero premiums' were to emerge. Extreme weather events, however, could result in a loss of production capacity. Management assesses the risks and opportunities impacting revenue recognition, taking into account potential future global scenarios in relation to demand for nuclear energy.
- **Provisions**
  The decommissioning of nuclear facilities involves significant costs and long term planning. Climate-related considerations play a role in assessing the potential impacts on decommissioning costs. This includes evaluating the risks associated with weather events, such as extreme heat and wind, which could affect the integrity of nuclear facilities and impact the timing and cost of future decommissioning activites. Currently, the expected timing and cost of decommissioning activities is not considered to be materially impacted by climate-related risks, however, management will continue to review the facts and circumstances.

Urenco is committed to vigilantly monitoring and assessing the potential financial impacts of climate-related events. The risk management process and scenario analysis consider these contingencies to enhance resilience and adaptability in the face of evolving climate risks and opportunities. More information can be found in the TCFD section of the Strategic report.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

2. Significant accounting policies continued

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 ^{235}U than natural uranium and depleted uranium having a lower percentage of ^{235}U than natural uranium. The SWU contained in EUP is calculated using an industry standard formula based on the physics of enrichment.

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

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

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

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

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 'requirements 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 as 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.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

2. Significant accounting policies continued

Revenue recognition continued

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 the sale 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.

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. Refer to critical accounting judgements within this note. 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.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

2. Significant accounting policies continued

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.

Leases 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.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date 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 or useful life of the underlying asset. 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.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

2. Significant accounting policies continued

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).

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.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

2. Significant accounting policies continued

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.

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

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

2. Significant accounting policies continued

Property, plant and equipment continued

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.

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.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

2. Significant accounting policies continued

Intangible assets continued

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.

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, limited to a carrying amount that 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 leads to a 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 inventories.

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 2023

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 not 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 NDT 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 the 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 30. 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 gains/(losses) 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 2023

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").

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, trade receivables and contract assets. 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 and contract assets. 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 2023

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 agreements (International Swaps and Derivatives Association) with some financial counterparties that give a right to net settlement under mutual agreement only. ISDA is a trade organisation of participants in the market for over-the-counter derivatives, and has created a standardised contract (the ISDA Master Agreement) governing derivative transactions. Urenco settles all financial assets and liabilities on a gross basis and intends to continue to do so.

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationship meets all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The treatment of gains and losses arising from revaluing derivatives designated as hedging instruments depends on the nature of the hedging relationship as follows:

Cash flow hedges

Changes in the fair value of derivative financial instruments that are designated and are effective as hedges of highly probable future cash flows (revenue related hedges) and borrowing related hedges are recognised directly in other comprehensive income and any ineffective portion is recognised immediately in the consolidated income statement. The ineffective portion is recorded in finance income or finance costs.

Amounts deferred in other comprehensive income are recognised in the consolidated income statement in the same period in which the hedged item affects net income or loss. These amounts are recorded in the same line of the income statement as the hedged item.

In the case of hedged forecast transactions that result in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

2. Significant accounting policies continued

Derivative financial instruments and hedging 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.

Financial statements
Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

2. Significant accounting policies continued

Derivative financial instruments and hedging continued

Cost of hedging reserve continued

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.

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. Provisions are estimated based on the individual most likely outcome at the end of the reporting period. 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 2023

3. Revenue

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

	Year ended 31/12/23 €m	Year ended 31/12/22 €m
Sales of goods and services	**1,914.1**	1,705.4
Net fair value gain on commodity contracts	**8.2**	11.1
Total revenue	**1,922.3**	1,716.5

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 €42.9 million (2022: net loss €48.7 million) (see note 30). 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, are disclosed in note 20 and the fair value of these contracts are disclosed in note 30.

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 €85.2 million (2022: €63.2 million).

Revenue from one customer (2022: 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 €290.6 million (2022: €240.3 million) and represented 15.1% (2022: 14.0%) 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 and operation of the Tails Management Facility at the UK site for deconversion of depleted UF_6 into U_3O_8.
- 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 and the joint venture in ETC, which performs activities relating to research, development, manufacturing and installation of plant and equipment for the provision of enrichment services.

Segment performance is evaluated based on net income or loss before tax 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. EBITDA is reconciled to the relevant IFRS financial measure, income/(loss) from operating activities in this note.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

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 2023	Enrichment business €m	Other (i) €m	Consolidated €m
Revenue			
External sales	1,896.4	25.9	1,922.3
Total external revenue	1,896.4	25.9	1,922.3
Result			
Income/(loss) from operating activities	426.7	15.1	441.8
Finance income	137.0	(12.6)	124.4
Finance costs	(124.4)	(93.0)	(217.4)
Income/(loss) before tax	439.3	(90.5)	348.8
Other information			
Total depreciation and amortisation	460.7	4.4	465.1
Add: depreciation recognised in increased inventories and SWU assets	6.5	-	6.5
Add: depreciation expenses within net costs of nuclear provisions	(0.6)	-	(0.6)
Depreciation and amortisation for EBITDA calculation	466.6	4.4	471.0
Income/(loss) from operating activities	426.7	15.1	441.8
Depreciation and amortisation	466.6	4.4	471.0
Results of joint venture and other investments	(0.1)	(26.0)	(26.1)
EBITDA(ii)	893.2	(6.5)	886.7
Capital additions:			
Property, plant and equipment	350.5	12.0	362.5
Intangible assets	1.7	-	1.7
Segment assets	6,781.6	1,964.8	8,746.4
Segment liabilities	3,521.3	2,256.1	5,777.4

(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 and the share of the results and assets of the ETC joint venture.

(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 2023

4. Segment information continued

Year ended 31 December 2022	Enrichment business re-presented[iv] €m	Other re-presented[iv] €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	(17.6)	1,365.2
Finance income	39.2	181.5	220.7
Finance costs	(89.5)	(200.7)	(290.2)
Income/(loss) before tax[ii]	1,332.5	(36.8)	1,295.7
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	(17.6)	1,365.2
Exceptional items	(921.4)	-	(921.4)
Income from operating activities (pre-exceptionals)	461.4	(17.6)	443.8
Depreciation and amortisation	382.4	3.6	386.0
Results of joint venture and other investments	(0.5)	(4.7)	(5.2)
EBITDA[iii]	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[iv]	6,810.2	1,488.5	8,298.7
Segment liabilities[iv]	3,000.2	2,325.2	5,325.4

(i) Other re-presented 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 and the share of results and the assets of the ETC joint venture. From 2023 ETC has been reported within Other, while previously this was reported in a separate segment. For the reason of consistency the segment Other has been re-presented for the year ended 31 December 2022 to also include the amounts relating to ETC.

ii) From 2023 segment performance is evaluated based on Income/(loss) before tax, while previously this was based on Net income/(loss). For consistency reasons the rows on Income tax and Net income/(loss) have been removed for 2022.

iii) 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.

iv) Segment assets have been reclassified between segments with a €197.9 million decrease in the Enrichment business segment and a €197.9 million increase in the Other segment. Segment liabilities have been reclassified with a €19.7 million increase in the Enrichment business and a €19.7 million decrease in the Other segment. The reclassifications were in relation to allocations of tax balances between segments.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

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 2023	**UK €m**	**Rest of Europe €m**	**US €m**	**Rest of the world €m**	**Consolidated €m**
Total external revenue	**186.2**	**664.2**	**898.3**	**173.6**	**1,922.3**
Location of non-current assets					
Property, plant and equipment	**2,170.8**	**883.0**	**2,031.0**	**-**	**5,084.8**
Investment property	**3.2**	**1.4**	**-**	**-**	**4.6**
Intangible assets	**17.7**	**7.0**	**18.1**	**-**	**42.8**

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

5. Income from operating activities

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

	Year ended 31/12/23 €m	Year ended 31/12/22 €m
Net costs of nuclear provisions movements (note 31)	**87.2**	249.5
Depreciation of property, plant and equipment (note 13)	**455.1**	356.1
Depreciation of investment property (note 14)	**0.6**	0.4
Amortisation of intangible assets (note 15)	**9.4**	13.6
Depreciation and amortisation	**465.1**	370.1
Exceptional items (note 6)	**-**	921.4
Employee costs (note 7)	**250.3**	206.9
Energy, utilities, maintenance and ETC costs	**151.1**	137.0
Operating costs[i]	**182.0**	167.4
Administrative and other costs	**52.4**	8.8
Expense relating to short term leases	**0.8**	0.5
Government grants	**(2.0)**	(5.4)
Research and development costs	**5.3**	2.2
Operating foreign exchange gains[ii]	**(4.0)**	(5.9)
Operating foreign exchange losses[ii]	**1.6**	2.2
Expected credit losses	**(0.4)**	0.3
Other expenses	**386.8**	307.1

[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).

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

5. Income from operating activities continued

Auditor's remuneration

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

	Year ended 31/12/23 €m	Year ended 31/12/22 €m
Audit of the financial statements	**1.2**	1.2
Audit of subsidiaries	**1.0**	0.9
Total audit fees	**2.2**	2.1
Non-audit services	**0.2**	0.4
Total fees	**2.4**	2.5

The total audit fees in 2023 include an amount of €0.1 million for work carried out in 2022 related to the audit of the financial statements.

Details of the Company's policy on the use of the auditor for non-audit services, the reason why the auditor was used and how the auditor's independence and objectivity was safeguarded are set out in the Audit Committee Report on page 52. No services were provided pursuant to contingent fee arrangements.

Non-audit services mainly relate to the interim review performed by the Group's auditor, Deloitte LLP.

6. Exceptional items

During the year there were no exceptional items (2022: pre-tax exceptional gain of €921.4 million and related tax charge of €33.3 million).

The 2022 pre-tax exceptional gain was composed of a reversal of impairment charges previously recognised in 2016 and 2019 on the USA operations cash generating unit, with the related tax impacts detailed in note 10.

The impairment reversal in 2022 was driven by a substantial increase of the long term forecast market prices for uncontracted SWU sales.

7. Employee costs

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

	Year ended 31/12/23 Number	Year ended 31/12/22 Number
Technical	**1,331**	1,163
Commercial	**41**	41
Administration	**611**	542
	1,983	1,746

Their aggregate remuneration comprised:

	Year ended 31/12/23 €m	Year ended 31/12/22 €m
Wages and salaries	**225.9**	186.8
Capitalised employee costs	**(21.9)**	(19.1)
Social security costs	**23.3**	20.6
Pension costs	**23.0**	18.6
	250.3	206.9

Directors' emoluments (page 78):

	Year ended 31/12/23 €m	Year ended 31/12/22 €m
Emoluments	**3.6**	3.2
Amounts received under long term incentive scheme	**1.4**	1.4
	Number	Number
Members of defined contribution pension schemes	**2**	2

In respect of the highest paid Director:

	Year ended 31/12/23 €m	Year ended 31/12/22 €m
Emoluments	**2.3**	2.1
Pensions and taxable pension supplements	**0.1**	0.1
	2.4	2.2

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

8. Finance income

	Year ended 31/12/23 €m	Year ended 31/12/22 €m
Interest on bank and other deposits	**50.2**	15.5
Interest on contract assets	**1.0**	0.8
Interest on cross currency interest rate swaps	**20.1**	18.0
Net interest income on defined benefit pension schemes	**1.8**	0.6
Net gains on non-designated derivatives	**6.5**	0.6
Amortisation of gains on financial instruments	**-**	0.5
Net gains nuclear decommissioning trust fund	**23.0**	1.2
Foreign exchange gains on financing activities	**21.8**	183.5
	124.4	220.7

9. Finance costs

	Year ended 31/12/23 €m	Year ended 31/12/22 €m
Interest on bank borrowings and other loans	**43.1**	41.2
Interest on cross currency interest rate swaps	**31.6**	24.9
Interest expense on lease liabilities	**1.9**	1.3
Unwinding of discount on provisions	**102.3**	79.8
Surety bond	**2.4**	3.6
Foreign exchange losses on financing activities	**45.7**	164.6
Less: capitalised interest expense[i]	**(9.6)**	(25.2)
	217.4	290.2

[i] Capitalised interest expense has substantially reduced during the year due to a reduction in the average amount of qualifying assets under construction, driven by the assets of the TMF being used from the end of 2022.

10. Income tax

The major components of income tax expense for the year ended 31 December are:

Consolidated income statement	Year ended 31/12/23 €m	Year ended 31/12/22 €m
Current tax		
UK corporation tax	**(1.3)**	10.7
Foreign income tax	**92.2**	103.2
Adjustments in respect of prior periods	**(2.2)**	(10.0)
Total current tax expense	**88.7**	103.9
Deferred tax (see Deferred income tax analysis below)		
Origination and reversal of temporary differences	**(8.5)**	217.2
Adjustments in respect of prior periods	**(1.2)**	4.5
Movement in unrecognised deferred tax	**-**	(203.1)
Total deferred tax (income)/expense	**(9.7)**	18.6
Income tax expense reported in the consolidated income statement	**79.0**	122.5

Income tax on exceptional items within the income statement

There were no exceptional items recorded during 2023.

In the prior year, an exceptional item of €921.4 million was recognised on a pre-tax basis and €888.1 million 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 prior year 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 prior year 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.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

10. Income tax continued

Income tax related to items charged or credited directly to other comprehensive income	Year ended 31/12/23 €m	Year ended 31/12/22 €m
Current tax		
Arising on financial instruments reported in hedging reserves	**(0.2)**	(0.2)
Arising on financial instruments reported in currency translation reserve	**6.0**	(10.5)
Arising on actuarial (losses)/gains on defined benefit pension schemes	**(0.3)**	(0.6)
Total current tax expense/(income)	**5.5**	(11.3)
Deferred tax		
Arising on financial instruments reported in hedging reserves	**23.8**	(6.0)
Arising on financial instruments reported in currency translation reserve	**2.8**	0.2
Arising on actuarial (losses)/gains on defined benefit pension schemes	**(4.9)**	1.7
Arising of fair value gains/(losses) on investments in debt instruments measured as FVTOCI	**0.1**	-
Total deferred tax expense/(income)	**21.8**	(4.1)
Income tax expense/(income) reported in the consolidated statement of comprehensive income	**27.3**	(15.4)

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

	Year ended 31/12/23 €m	Year ended 31/12/23 %	Year ended 31/12/22 €m	Year ended 31/12/22 %
Income before tax	**348.8**		1,295.7	
Weighted at the average UK statutory income tax rate of 23.5% (2022: 19.0%)	**82.0**	**23.5**	246.2	19.0
Adjustments in respect of income tax of prior periods	**(3.4)**	**(1.0)**	(5.5)	(0.4)
Tax effect of (non-taxable)/non-deductible items	**(9.4)**	**(2.7)**	8.2	0.6
Movement in unrecognised deferred tax	**-**	**-**	(203.1)	(15.7)
Effect of different foreign tax rates	**9.8**	**2.8**	73.6	5.7
Deferred tax rate difference to headline tax rate	**-**	**-**	3.1	0.3
Income tax expense reported in consolidated income statement	**79.0**	**22.6**	122.5	9.5

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 annual average UK corporation tax rate for the year ended 31 December 2023 increased to 23.5% (2022: 19.0%). The Group's UK deferred tax assets and liabilities have been valued using a 25.0% future tax rate (2022: 25.0%).

The Group has applied the temporary exception issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS 12 relating to Pillar Two income taxes. Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

During 2023, the government of the UK, where Urenco Limited is resident, enacted Pillar Two income tax legislation which will first apply to the Group in its financial year commencing on 1 January 2024. The Group has material operations in four jurisdictions, being the UK, the Netherlands, Germany and the USA. The headline tax rate applicable to the Group's operations in each of these jurisdictions is greater than 15%.

The Group has performed an assessment of its potential exposure to Pillar Two income taxes in each of these jurisdictions using the most recent available information regarding the actual financial performance of the constituent entities of the Group, together with its most recent qualifying country-by-country report, based on its current understanding of the rules and guidance. The Group has also performed a similar assessment using internal forecast financial information relating to the year ending 31 December 2024. Based on these assessments, the Group expects to meet one or more of the temporary safe harbours in each of its four material jurisdictions, and as such it does not expect a potential exposure to Pillar 2 top-up taxes to arise for the foreseeable future.

The Group is continuing to assess the impact of the Pillar Two income taxes legislation on its future financial performance.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

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	
	2023 **€m**	2022 re-presented[ii] €m	**2023** **€m**	2022 re-presented[ii] €m
Deferred tax (liabilities)/assets				
Relating to corporate interest restriction	**18.5**	-	**18.2**	-
Relating to fair value movements on financial instruments	**(6.2)**	(6.0)	**(0.1)**	(1.5)
Relating to fixed assets[i]	**(353.8)**	(329.5)	**1.0**	3.2
Relating to other temporary differences	**9.4**	21.4	**(4.6)**	0.9
Relating to prior years	**-**	-	**1.0**	25.2
Relating to provisions	**60.8**	51.9	**(3.2)**	(0.3)
Relating to retirement benefits	**(8.9)**	(12.6)	**(0.7)**	(0.8)
Relating to start-up costs	**0.4**	0.8	**(0.5)**	-
Relating to tax losses	**12.8**	15.0	**(7.2)**	(1.7)
Total deferred tax liabilities	**(267.0)**	(259.0)		
Deferred tax assets/(liabilities)				
Relating to fair value movements on financial instruments	**(8.9)**	6.4	**0.1**	(1.0)
Relating to fixed assets[i]	**(241.2)**	(298.6)	**39.3**	(223.9)
Relating to other temporary differences	**(4.8)**	18.8	**(20.0)**	16.6
Relating to prior year	**-**	-	**0.2**	(29.7)
Relating to provisions	**248.2**	239.4	**23.7**	43.2
Relating to retirement benefits	**3.4**	2.9	**-**	(0.2)
Relating to start-up costs	**3.5**	8.5	**(4.8)**	(5.7)
Relating to tax losses	**70.7**	103.6	**(32.7)**	(46.0)
Valuation allowance	**-**	-	**-**	203.1
Total deferred tax assets	**70.9**	81.0		
Deferred tax expense			**9.7**	(18.6)

(i) Fixed assets consists of (a) property, plant and equipment, (b) investment property, and (c) intangible assets.

(ii) In May 2021 the International Accounting Standards Board issued targeted amendments to IAS 12, to specify how companies should account for deferred tax related to assets and liabilities arising from a single transaction, such as decommissioning assets and provisions. The amendments are effective from 1 January 2023, which is the date from which the Group adopted the amendments.

The Group previously accounted for deferred taxes on decommissioning assets and provisions as a single transaction on a net basis. Following the changes to IAS 12, deferred taxes on decommissioning assets are now presented separately to deferred taxes on provisions. For consistency, the comparative information has been re-presented as set-out below:

	2022 Consolidated statement of financial position			2022 Consolidated income statement		
	Previous	Movement	Re-presented	Previous	Movement	Re-presented
	€m	€m	€m	€m	€m	€m
Deferred tax (liabilities)/assets						
Fixed assets	(305.7)	(23.8)	(329.5)	8.1	(4.9)	3.2
Provisions	28.1	23.8	51.9	(5.2)	4.9	(0.3)
Deferred tax assets/(liabilities)						
Fixed assets	(253.6)	(45.0)	(298.6)	(214.7)	(9.2)	(223.9)
Provisions	194.4	45.0	239.4	34.0	9.2	43.2

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 €31.6 million (2022: €29.1 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 2023, a 10% increase or decrease in future taxable profits in the plan period would not lead to any change (2022: no change) in the amount of the net US deferred tax assets recognised. At 31 December 2023, as shown in the above table, a valuation allowance totalling €nil (2022: €nil) was provided against gross deferred tax assets.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

10. Income tax continued

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.

11. Dividends paid and proposed

	Year ended 31/12/23 €m	Year ended 31/12/22 €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 2022 of 89.29 cents per share (2021: 89.29 cents per share)	**150.0**	150.0
Interim dividend for the year ended 31 December 2023 of 89.29 cents per share (2022: 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 2023 of 89.29 cents per share (2022: 89.29 cents per share)	**150.0**	150.0

The Dividend Policy is set out on page 59. 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 31/12/23	Year ended 31/12/22
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	**269.8**	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	**269.8**	1,173.2
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	**1.6**	1.7
Basic earnings per share for the exceptional item	**-**	5.3
Basic earnings per share post-exceptional item	**1.6**	7.0

There has been no movement in the number of issued ordinary shares during the year (see note 26).

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 2023

13. Property, plant and equipment

2023	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 2023	**3,534.8**	**7,772.8**	**234.2**	**22.5**	**320.8**	**11,885.1**
Additions	**5.3**	**99.6**	**15.3**	**1.9**	**240.4**	**362.5**
Transfers (see note 15)	**20.2**	**121.0**	**12.8**	**2.2**	**(171.4)**	**(15.2)**
Disposals	**(2.4)**	**(71.3)**	**(1.1)**	**(0.9)**	**-**	**(75.7)**
Written off	**-**	**-**	**-**	**-**	**(8.7)**	**(8.7)**
Exchange adjustments	**(17.7)**	**(45.6)**	**(0.5)**	**-**	**4.8**	**(59.0)**
Cost as at 31 December 2023	**3,540.2**	**7,876.5**	**260.7**	**25.7**	**385.9**	**12,089.0**
Depreciation as at 1 January 2023	**917.8**	**5,517.7**	**186.6**	**21.2**	**-**	**6,643.3**
Charge for the year	**108.8**	**327.9**	**17.4**	**1.0**	**-**	**455.1**
Transfers	**0.2**	**(0.8)**	**0.6**	**-**	**-**	**-**
Disposals	**(2.4)**	**(47.3)**	**(1.1)**	**(0.9)**	**-**	**(51.7)**
Written off	**-**	**-**	**-**	**-**	**-**	**-**
Exchange adjustments	**(11.7)**	**(30.1)**	**(0.7)**	**-**	**-**	**(42.5)**
Depreciation as at 31 December 2023	**1,012.7**	**5,767.4**	**202.8**	**21.3**	**-**	**7,004.2**
Carrying amount as at 1 January 2023	**2,617.0**	**2,255.1**	**47.6**	**1.3**	**320.8**	**5,241.8**
Carrying amount as at 31 December 2023	**2,527.5**	**2,109.1**	**57.9**	**4.4**	**385.9**	**5,084.8**

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 2023 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 €15.2 million (2022 €18.4 million) to intangible assets.

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

Financial statements
Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

13. Property, plant and equipment continued
Included in the table on the previous page are right-of-use assets as noted below.

Right-of-Use Assets

2023	Land and buildings €m	Plant and machinery €m	Fixtures and fittings €m	Motor vehicles €m	Total €m
Cost as at 1 January 2023	27.0	1.2	0.8	0.9	29.9
Additions	1.2	-	-	0.4	1.6
Disposals	(0.2)	-	-	(0.3)	(0.5)
Exchange adjustments	0.5	-	-	-	0.5
Cost as at 31 December 2023	28.5	1.2	0.8	1.0	31.5
Depreciation as at 1 January 2023	2.6	0.8	0.3	0.5	4.2
Charge for the year	1.2	0.2	0.2	0.2	1.8
Disposals	(0.2)	-	-	(0.3)	(0.5)
Exchange adjustments	-	-	-	-	-
Depreciation as at 31 December 2023	3.6	1.0	0.5	0.4	5.5
Carrying amount as at 1 January 2023	24.4	0.4	0.5	0.4	25.7
Carrying amount as at 31 December 2023	24.9	0.2	0.3	0.6	26.0

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

The Group leases several assets including buildings, plant and machinery and motor vehicles. Additions to the right-of-use assets during 2023 were €1.6 million (2022: €0.3 million).

The maturity analysis of lease liabilities is presented in note 30.

At 31 December 2023, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to €350.4 million (2022: €219.8 million) principally in relation to centrifuge components, equipment and buildings.

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

	2023 €m	2022 €m
Cost as at 31 December	758.6	716.7
Depreciation as at 31 December	(373.6)	(355.1)
Carrying amount as at 31 December	385.0	361.6

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

13. Property, plant and equipment continued

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

	2023 €m	2022 €m
Cost as at 31 December	**706.6**	695.2
Depreciation as at 31 December	**(195.7)**	(171.8)
Carrying amount as at 31 December	**510.9**	523.4

The borrowing costs capitalisation rate of assets under construction was 4.51% (2022: 2.30%).

14. Investment property

2023	**Total €m**
Cost as at 1 January 2023	**8.5**
Exchange adjustments	**0.1**
Cost as at 31 December 2023	**8.6**
Depreciation as at 1 January 2023	**3.3**
Charge for the year	**0.6**
Exchange adjustments	**0.1**
Depreciation as at 31 December 2023	**4.0**
Carrying amount as at 1 January 2023	**5.2**
Carrying amount as at 31 December 2023	**4.6**

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 2023 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 2023.

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 2023 under this method was €7.6 million (31 December 2022: €8.1 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 (2022: €0.9 million). Associated direct operating expenses amounted to €0.1 million (2022: €0.2 million). Rental income is recognised within revenue.

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

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

15. Intangible assets

2023	Licence costs €m	Other software assets €m	Customer contracts €m	Waiver payments €m	Assets under development €m	Total €m
Cost as at 1 January 2023	75.2	120.3	3.0	6.5	-	205.0
Additions	1.5	0.2	-	-	-	1.7
Transfers (see note 13)	-	7.8	-	-	7.4	15.2
Disposals	-	(0.1)	-	-	-	(0.1)
Written off	-	(1.3)	-	-	-	(1.3)
Exchange adjustments	(1.1)	-	-	0.1	-	(1.0)
Cost as at 31 December 2023	75.6	126.9	3.0	6.6	7.4	219.5
Amortisation as at 1 January 2023	51.4	107.5	3.0	6.5	-	168.4
Charge for the year	2.9	6.5	-	-	-	9.4
Transfers	-	-	-	-	-	-
Disposals	-	(0.1)	-	-	-	(0.1)
Written off	-	(0.6)	-	-	-	(0.6)
Exchange adjustments	(0.4)	(0.1)	-	0.1	-	(0.4)
Amortisation as at 31 December 2023	53.9	113.2	3.0	6.6	-	176.7
Carrying amount as at 1 January 2023	23.8	12.8	-	-	-	36.6
Carrying amount as at 31 December 2023	21.7	13.7	-	-	7.4	42.8

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.

The transfers in 2023 relate to transfers from property, plant and equipment to other items of intangible assets.

Included in Intangible assets are the following amounts relating to capitalised interest costs:

	2023 €m	2022 €m
Cost as at 31 December	3.2	3.0
Depreciation as at 31 December	(1.8)	(1.8)
Carrying amount as at 31 December	1.4	1.2

The borrowing costs capitalisation rate of assets under construction was 4.51% (2022: 2.30%).

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

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

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:

	2023 €m	2022 €m
Share of the joint venture statement of financial position		
Non-current assets	**60.1**	42.9
Current assets	**65.3**	80.2
Share of gross assets	**125.4**	123.1
Non-current liabilities	**(22.0)**	(40.3)
Current liabilities	**(51.6)**	(47.0)
Share of gross liabilities	**(73.6)**	(87.3)
Group's share of net assets	**51.8**	35.8

	Year ended 31/12/23 €m	Year ended 31/12/22 €m
Share of joint venture results		
Total revenue	**89.2**	64.8
Group's share of profit for the year	**27.4**	13.0
Consolidation adjustments	**(1.4)**	(8.3)
Share of results of joint venture	**26.0**	4.7

	2023 €m	2022 €m
Share of net assets of joint venture		
As at 1 January	**35.8**	28.2
Group's share of profit for the year	**27.4**	13.0
Cash received from dividends	**(10.0)**	(11.5)
Group's share of other comprehensive income	**(1.4)**	6.1
As at 31 December	**51.8**	35.8

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 2023

16. Investments continued

Other Investments

	€m
Cost as at 1 January 2023	**1.6**
Additions	**-**
Cost as at 31 December 2023	**1.6**
Carrying value as at 1 January 2023	**1.6**
Carrying value as at 31 December 2023	**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 2023 Urenco has invested €nil (2022: €0.1 million) in the fund which is held at cost. During the year a dividend of €0.1 million (2022: €0.5 million) has been received.

	€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

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

	31/12/23 €m	31/12/22 €m
Restricted cash	**0.4**	0.5

19. Trade and other receivables (non-current)

	31/12/23 €m	31/12/22 €m
Prepayments	**39.8**	0.0

Prepayments relate to amounts that we pay to our suppliers in advance and for which the associated goods or services are expected to be provided after 2024.

20. Inventories

	31/12/23 €m	31/12/22 €m
Raw materials	**190.3**	215.9
Work-in-progress	**70.5**	57.6
Finished goods	**30.0**	13.8
Finished goods held at fair value	**62.1**	-
	352.9	287.3

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.

€282.9 million of Inventories was recognised as an expense in 2023 (2022: €149.1 million).

Finished goods held at fair value relate to uranium commodity contract inventories within the scope of IFRS 9 which arise due to timing differences between the commodity purchase and sale transactions.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

21. SWU assets

	31/12/23 €m	31/12/22 €m
SWU assets	**416.7**	349.6

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

22. 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.

	2023 €m	2022 €m
As at 1 January	**40.3**	48.0
Revenue recognised during the year	**4.8**	2.6
Reversal of accrued revenue	**(14.8)**	(13.4)
Exchange difference	**(0.9)**	3.1
As at 31 December	**29.4**	40.3
Included in current assets	**5.4**	14.8
Included in non-current assets	**24.0**	25.5
	29.4	40.3

Revenue recognised during the year related substantially to two contracts that had been modified during 2019 and 2022 which resulted in a re-measurement of the revenue to be recognised for the duration of the contract in accordance with the relative stand-alone price. Revenue reversed during the year related substantially to two contracts that had been modified during 2020 and 2021, which resulted in a re-measurement of the revenue to be recognised for the duration of the contract in accordance with the relative stand-alone selling price. It is expected that most of the accrued revenue at 31 December 2023 will reverse after 2024.

23. Trade and other receivables (current)

	31/12/23 €m	31/12/22 €m
Trade receivables	**163.1**	154.2
Trade receivables due from related parties (see note 37)	**4.0**	2.8
Other receivables	**58.2**	36.5
Prepayments	**42.6**	24.9
	267.9	218.4

The trade and other receivables disclosed above are 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 2023 is 15 days (2022: 16 days).

The increase in trade receivables is mainly due to the timing of when invoices were raised compared to the prior year, with a higher proportion of invoices being raised just before the year end in 2023.

For terms and conditions relating to related party receivables, refer to note 37.

At the year end date, trade receivables past their due date totalled €0.3 million (2022: €0.3 million).

The Group does not hold any collateral or other credit enhancements over any of its trade receivables nor does it have a legal right of offset against any amounts owed by the Group to the customer.

Trade receivables are stated net of a provision for expected credit losses of €1.0 million (2022: €1.4 million), wholly relating to receivables arising from revenue contracts.

24. Short term deposits

	31/12/23 €m	31/12/22 €m
Short term deposits	**809.9**	572.8

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 2023

25. Cash and cash equivalents

	31/12/23 €m	31/12/22 €m
Cash	**509.1**	212.6
Cash equivalents	**375.5**	525.0
Total cash and cash equivalents	**884.6**	737.6

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. Pledged bank accounts allow a discount to the standby letter of credit fees charged. There is no restriction in place to utilise these accounts if the Group decides to do so. The carrying value of these variable interest earning collateral accounts as at 31 December 2023, was €139.7 million (31 December 2022: €144.3 million).

26. Share capital

	31/12/23 €m	31/12/22 €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 2023

27. Reserves

The reserves outlined in the consolidated statement of changes in equity 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. Net investment hedges (after tax) of €285.4 million (2022: €319.0 million) are carried forward as at 31 December 2023 as an offset against the surplus carried forward in the foreign currency translation reserve.

Hedging reserves

This is a combination of the cash flow hedging reserve and the cost of hedging reserve for which further explanation is provided below separately for each reserve.

Hedging reserve – summary

	Year ended 31/12/23 €m	Year ended 31/12/22 €m
As at 1 January	**4.8**	19.2
Other comprehensive income/(loss):		
Cash flow hedges – losses recycled in relation to hedges of revenue	**42.9**	48.7
Cash flow hedges – losses/(gains) recycled in relation to hedges of debt	**23.4**	(14.2)
Cash flow hedges – mark to market gains/(losses) on hedges of revenue	**42.7**	(94.6)
Cash flow hedges – mark to market (losses)/gains on hedges of debt	**(25.1)**	36.3
Deferred tax (expense)/income on financial instruments	**(22.6)**	4.8
Current tax income on financial instruments	**0.2**	0.2
Exchange differences	**1.1**	4.4
Other comprehensive income/(loss)	**62.6**	(14.4)
As at 31 December	**67.4**	4.8

Cost of hedging reserve – summary

	Year ended 31/12/23 €m	Year ended 31/12/22 €m
As at 1 January	**(15.6)**	(12.4)
Other comprehensive income/(loss):		
Movements before tax	**4.1**	(4.8)
Deferred tax (expense)/income	**(1.2)**	1.2
Exchange differences	**(0.4)**	0.4
Other comprehensive income/(loss)	**2.5**	(3.2)
As at 31 December	**(13.1)**	(15.6)

Hedging reserves – totals

As at 31 December	**54.3**	(10.8)

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

28. 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.

	2023 €m	2022 €m
As at 1 January	**258.0**	188.7
Revenue recognised during the year	**(85.2)**	(63.2)
Other movements during the year	**84.3**	131.8
Exchange difference	**(4.4)**	0.7
As at 31 December	**252.7**	258.0
Included in current liabilities	**44.4**	85.5
Included in non-current liabilities	**208.3**	172.5
	252.7	258.0

Revenue recognised during the year mainly related to deliveries made in the year for which the customer made payments in advance in 2022. Other movements during the year were mainly driven by customer payments in the year of €26.0 million in advance of deliveries to be made in 2024, and €48.1 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 2024. 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 2025 to 2032 and contracted storage services to be provided by Urenco Nuclear Stewardship Limited to be recognised during the period from 2025 to 2077 for which the consideration was received in advance.

29. 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 during 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 2023

29. 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 2023	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	-	-	261.2	5.4	23.5	-
AA+	-	-	-	3.2	467.4	-
AA	-	-	0.7	-	-	-
AA-	4.0	-	-	-	-	-
A+	-	466.7	214.6	-	-	42.8
A	11.3	343.2	304.8	-	-	15.2
A-	24.5	-	103.3	-	-	11.3
BBB+	41.6	-	-	20.8	-	-
BBB	3.1	-	-	-	-	-
BBB-	0.1	-	-	-	-	-
B+	29.8	-	-	-	-	-
B	34.0	-	-	-	-	-
CCC+	0.1	-	-	-	-	-
CCC	0.3	-	-	-	-	-
CCC-	10.8	-	-	-	-	-
Unrated	65.7	-	-	-	-	10.3
	225.3	809.9	884.6	29.4	490.9	79.6

Presented within the short term bank deposits for 2023, are amounts of €209.0 million (2022: short term bank deposits and Cash and cash equivalents €178.0 million and €72.0 million), 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, as disclosed within note 23, are unrated.

	Financial assets at amortised cost				Financial assets at fair value	
As at 31 December 2022	Restated[(i)] 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	-	-	-	-	-
BB-	0.1	-	-	-	-	-
B+	0.2	-	-	-	-	-
B	23.3	-	-	-	-	-
CCC+	6.3	-	-	-	-	-
CCC-	2.1	-	-	-	-	-
Unrated	47.3	-	-	-	-	9.2
	193.5	572.8	737.6	40.3	482.1	69.6

(i) This column has been restated to a total amount of €193.5 million, while previously the total amount was €218.4 million. The difference of €24.9 million related to prepayments that were classified as unrated, reducing the balance for unrated receivables from €72.2 million to €47.3 million. Prepayments have been excluded as these balances are not financial assets.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

29. 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. Changes in the credit rating of a debtor would result in a change in the percentage for the loss allowance to be applied per the provision matrix. Note 23 includes further details on the loss allowance for these assets.

Short term bank deposits, cash and cash equivalents and nuclear decommissioning trust fund

With respect to credit risk arising from other financial assets of the Group, comprising cash and cash equivalents, short term deposits and investments in the nuclear decommissioning trust fund, 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.

Urenco has assumed that the credit risk on these financial assets has not increased significantly since initial recognition because these assets are determined to have low credit risk at the reporting date.

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 2023, the Group does not hold any financial derivatives to exchange the difference between fixed and variable interest rates.

The Group's interest cover is calculated by dividing EBITDA by net interest excluding capitalised interest, foreign exchange gains and losses on financing activities and gains and losses from non-designated derivatives.

	Reference in financial statements	**Year ended 31/12/23 €m**	Year ended 31/12/22 €m
EBITDA	Note 4	**886.7**	824.6
Net interest	Note 8 & 9	**93.0**	69.5
Less			
Capitalised interest	Note 9	**9.6**	25.2
Foreign exchange gain/(loss) on financing activities	Note 8 & 9	**(23.9)**	18.9
Gain/(loss) on non-designated derivatives	Note 8	**6.5**	0.6
		85.2	114.2
Interest Cover		**10.4**	7.2

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.

Financial statements
Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

29. Financial risk management objectives and policies continued

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the reporting date. The analysis is prepared assuming the amount of the cash balances receivable at the 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.

		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
2023	**+1%**	**8.1**	**8.8**	**0.2**	**(2.1)**
	-1%	**(8.1)**	**(8.8)**	**(0.2)**	**2.1**
2022	+1%	5.7	7.4	-	(2.8)
	-1%	(5.7)	(7.4)	-	2.8

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 of 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 69% (2022: 68%) of its revenues being denominated in US dollars, whilst currently only approximately 21% (2022: 40%) of its costs are US dollar-based.

The Group also has transactional currency exposures as a result of approximately 37% (2022: 35%) 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 associated cash flow hedges the gross revenue is designated as the hedged item.

For the hedges of highly probable forecast sales and purchases, as the critical terms (i.e. the notional amount, currency and life) 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 Group is exposed to translation currency risk as a result of its net investments in US and European operations whereas the functional currency of Urenco Limited is sterling. The risk is that the US dollar and 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 2023

29. 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
2023	**+10%**	**-**	**32.5**	**-**	**137.8**	**0.6**	**43.3**
	-10%	**-**	**(39.7)**	**-**	**(174.0)**	**(0.8)**	**(53.0)**
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)

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 reduced.

The Group exposures to hedged positions in 2023 have reduced due to rebalancing revenue 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 with 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's 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 (2022: €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 2023, 44.4% (2022: nil%) 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 2023 based on contractual undiscounted payments:

2023	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	**-**	**535.4**	**94.0**	**762.3**	**1,391.7**
Trade and other payables	**404.2**	**-**	**248.5**	**-**	**652.7**
Lease liabilities	**0.9**	**2.2**	**8.0**	**97.3**	**108.4**
Derivative financial liabilities					
Cross currency swaps (receipts)	**-**	**(616.2)**	**-**	**(128.5)**	**(744.7)**
Cross currency swaps payments	**-**	**618.3**	**15.2**	**213.3**	**846.8**
Foreign exchange (receipts)	**(3.6)**	**(14.6)**	**(23.0)**	**-**	**(41.2)**
Foreign exchange payments	**3.3**	**13.9**	**35.8**	**-**	**53.0**
	404.8	**539.0**	**378.5**	**944.4**	**2,266.7**

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

29. Financial risk management objectives and policies continued

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.

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 and current tax expenses. 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.

	Reference in financial statements	**Year ended 31/12/23 €m**	Year ended 31/12/22 €m
Net cash (see page 146)	Note 30	**(1,032.2)**	(627.2)
Total assets	Group Balance Sheet	**8,746.4**	8,298.7
Net cash to total assets		**(11.8%)**	(7.6%)

Financial statements
Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

29. Financial risk management objectives and policies continued

Capital management continued

	Reference in financial statements	Year ended 31/12/23 €m	Year ended 31/12/22 Re-stated[i] €m
EBITDA	Note 4	**886.7**	824.6
Less:			
Net interest on bank borrowings and other loans	Note 8 & 9[ii]	**17.1**	(34.9)
Unwinding of discount on provisions	Note 9	**(102.3)**	(79.8)
Current tax expenses	Note 10	**(88.7)**	(103.9)
Funds from operations (FFO)		**712.8**	606.0
Interest bearing loans and borrowings	Note 30	**1,124.8**	1,138.0
Cash and short term bank deposits	Group Balance Sheet	**(1,694.5)**	(1,310.4)
Investments in nuclear decommissioning trust fund	Group Balance Sheet	**(490.9)**	(482.1)
Lease liabilities	Group Balance Sheet	**28.4**	27.3
Pensions deficit	Group Balance Sheet	**26.5**	24.4
Deferred tax on pensions deficit	Note 10	**(3.4)**	(2.8)
Tails and decommissioning provisions	Note 31	**3,072.2**	2,861.7
Depreciation within tails provisions	Note 31	**(160.9)**	(157.8)
Deferred tax on provisions	Note 10	**(309.0)**	(291.3)
Deferred tax on depreciation within tails provisions[iii]		**40.9**	40.1
Total adjusted debt (TAD)		**1,634.1**	1,847.1
FFO/TAD		**43.6%**	32.8%

(i) In 2023 the Group has redefined its definition of FFO from EBITDA adjusted for interest costs, current tax expenses and pension obligations to EBITDA adjusted for interest costs and current tax. The 2022 calculation of FFO has been restated from €601.9 million to €606.0 million to reflect this change resulting in an increase in FFO/TAD from 31.4% to 31.6%. Further, the 2022 amount for deferred tax on provisions has been re-presented, as described in note 10, from (€225.5) million to (€291.3) million, resulting in a reduction of TAD from €1,915.0 million to €1,847.1 million and an increase in FFO/TAD from 31.6% to 32.8%.

(ii) Net interest on bank borrowings and other loans is calculated as Finance income less Finance costs excluding capitalised interest, foreign exchange gains and losses on financing activities, gains and losses from non-designated derivatives and unwinding of discount on provisions.

(iii) Deferred tax on depreciation within tails provisions is calculated by multiplying each jurisdiction's share of the depreciation within tails provision adjustment by its respective headline deferred tax rate.

30. Other financial assets and financial liabilities

Interest bearing loans and borrowings

	Effective interest rate %	Maturity	2023 €m	2022 €m
Non-current				
€500 million Eurobond	2.38%	Dec 24	**-**	499.0
€500 million Eurobond	3.25%	Jun 32	**496.8**	496.5
Yen 20 billion Loan Agreement	6.24%	Apr 38	**128.5**	142.5
			625.3	1,138.0
Current				
€500 million Eurobond	2.38%	Dec 24	**499.5**	-
			1,124.8	1,138.0

As at 31 December 2023 all of the Group's borrowings are at a fixed rate of interest (2022: 100% fixed).

Amounts recognised in the income statement are interest expense of €43.1 million (2022: €41.2 million).

There were no drawings under the €500 million revolving credit facility at the end of the year (2022: none utilised of the €500 million). The maturity of this committed facility was extended in the current year from 29th October 2026 to the 23rd October 2028.

Net cash

The Group had a total net cash position of €1,032.2 million as at 31 December 2023 (31 December 2022: net cash €627.2 million).

Debt is split between euro denominated debt of €996.3 million (31 December 2022: €995.5 million) and yen denominated debt of €128.5 million (31 December 2022: €142.5 million).

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

30. Other financial assets and financial liabilities continued

Interest bearing loans and borrowings continued

Net cash continued

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 €428.5 million (31 December 2022: €442.5 million) and euro denominated debt of €696.3 million (31 December 2022: €695.5 million).

The value of net cash has moved from €627.2 million to a net cash position of €1,032.2 million principally due to cash generated operationally during the year.

The calculation of Net cash as at 31 December is set out below:

	2023 €m	2022 €m
Non-current interest bearing loans and borrowings	**625.3**	1,138.0
Current interest bearing loans and borrowings	**499.5**	-
Non-current lease liabilities	**25.2**	25.9
Current lease liabilities	**3.2**	1.4
Less: Short term deposits	**(809.9)**	(572.8)
Less: Cash and cash equivalents	**(884.6)**	(737.6)
Less: Nuclear decommissioning trust fund	**(490.9)**	(482.1)
Net cash	**(1,032.2)**	(627.2)

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 2023, the net asset of the FFECs was €36.2 million (31 December 2022: net liability of €48.3 million), with the movement driven principally by the US dollar forward rates weakening 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. A small minority of FFECs have been de-designated from hedge relationships and, therefore, their gains and losses are recognised in the income statement.

During the year, €42.9 million of hedging losses (2022: losses of €48.7 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 2023 was $516.5 million (31 December 2022: $516.5 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 2023, the Group's portfolio of CCIRSs was held as a liability of €21.9 million (31 December 2022: liability of €27.8 million). The movement in the year of €5.9 million is mainly attributable to net gains on derivatives which benefitted from a weakening US dollar.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

30. Other financial assets and financial liabilities continued

Hedging activities and derivatives continued

Borrowing related hedges continued

Included in loans at 31 December 2023 were borrowings of €585.0 million (31 December 2022: €575.0 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.

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 per 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:

2023	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	**1.12**	**(525.0)**	**5.8**	**10.1**	**(11.5)**
1 to 2 years	**1.10**	**(595.0)**	**9.8**	**18.2**	**(3.7)**
2 to 3 years	**1.10**	**(394.0)**	**8.7**	**14.8**	**-**
3 to 4 years	**1.14**	**(145.0)**	**2.2**	**2.2**	**-**
USD/GBP		**USD**			
Within one year	**1.28**	**(159.0)**	**5.8**	**4.1**	**(4.3)**
1 to 2 years	**1.33**	**(155.5)**	**6.4**	**1.2**	**(6.8)**
2 to 3 years	**1.18**	**(55.0)**	**2.8**	**4.1**	**(0.3)**
3 to 4 years	**1.22**	**(25.0)**	**1.1**	**1.1**	**-**
EUR/GBP		**EUR**			
Within one year	**0.89**	**(150.5)**	**3.9**	**3.5**	**(0.6)**
1 to 2 years	**0.89**	**(159.4)**	**1.9**	**1.6**	**-**
2 to 3 years	**0.91**	**(134.1)**	**2.0**	**1.5**	**(0.2)**
3 to 4 years	**0.92**	**(32.6)**	**0.6**	**0.6**	**-**
				63.0	**(27.4)**
Not designated and charged to income					
EUR/GBP		**USD**			
Within one year	**0.94**	**(7.0)**	**-**	**0.6**	**-**
				0.6	**-**
Cross currency interest rate swaps					
Cash flow hedges					
EUR/GBP		**EUR**			
Within one year	**0.86**	**300.0**	**(3.9)**	**2.0**	**-**
				2.0	
Net investment hedges					
USD/GBP		**USD**			
Within one year	**1.25**	**(321.4)**	**15.9**	**3.7**	**-**
				3.7	**-**

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

30. Other financial assets and financial liabilities continued

Borrowing related hedges continued

2023	Average exchange rate	Nominal amount FC m	Fair value +gain/(loss) €m	Fair value asset €m	Fair value liability €m
Internally bificated instruments designated as cash flow and net investment hedges					
JPY/GBP		**JPY**			
More than 4 years	**201.61**	**20,000**	**(23.1)**	**-**	**50.3**
USD/GBP		**JPY**			
More than 4 years	**1.97**	**(195.5)**	**17.5**	**-**	**(77.9)**
				-	**(27.6)**
Commodity contracts not designated and charged to income					
Within one year				**1.9**	**(4.7)**
1 to 2 years				**1.2**	**-**
2 to 3 years				**1.3**	**-**
3 to 4 years				**1.4**	**-**
More than 4 years				**4.5**	**-**
				10.3	**(4.7)**
Total				**79.6**	**(59.7)**
Of which – non-current				**53.7**	**(38.6)**
Of which – current				**25.9**	**(21.1)**

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)

Financial statements
Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

30. Other financial assets and financial liabilities continued

2022	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/EUR		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	-
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)
Internally bificated instruments designated as cash flow and net investment hedges					
JPY/GBP		JPY			
More than 4 years	201.61	-	25.5[i]	-	71.8
USD/GBP		USD			
More than 4 years	1.97	(195.5)	(20.5)[i]	-	(93.3)
					(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)

[i] A fair value loss of €26.6 million was previously presented on a net basis for derivatives designated in part as cash flow hedges and in part as net investment hedges. In representing the 2022 comparative amounts on a gross basis it was found that the former net amount was misstated and has been subsequently corrected to a net value gain of €5.0 million.

No financial instruments were settled during the year and recognised in the net investment hedging reserve (2022: loss of €56.5 million). External debt to the amount of €585.0 million (31 December 2022: €575.0 million) has been utilised as hedge instruments for net investment hedge purposes.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

30. Other financial assets and financial liabilities 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.

2023	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	**42.7**	**9.2**	**42.9**	**Revenue**
Debt related hedges	**(25.1)**	**(2.1)**	**23.4**	**Finance income/ costs**
Net investment hedges				
CCIRS derivative instruments hedging U.S operations	**36.4**	**(3.0)**	**n/a**	**n/a**
Debt instruments hedging European subsidiaries	**12.5**	**-**	**n/a**	**n/a**

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	(55.9)	(0.4)	n/a	n/a
Debt instruments hedging European subsidiaries	(33.4)	-	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 of the Group's financial instruments as at 31 December that are carried in the financial statements:

	Book value 2023 €m	Book value 2022 €m
Financial assets		
Trade and other receivables(i)	**225.3**	193.5
Investments in nuclear decommissioning trust fund	**490.9**	482.1
Derivative financial assets at fair value through profit or loss		
Forward foreign exchange contracts – hedged	**63.0**	38.1
Forward foreign exchange contracts – non-hedged	**0.6**	16.4
Cross currency interest rate swaps	**5.7**	5.9
Commodity contracts at fair value	**10.3**	9.2
Short term bank deposits	**809.9**	572.8
Cash and cash equivalents	**884.6**	737.6
Total	**2,490.3**	2,055.6

(i) Trade and other receivables exclude prepayments of €82.4 million (2022: €24.9 million).

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

30. Other financial assets and financial liabilities continued

Fair values continued

	Book value 2023 €m	Book value 2022 €m
Financial liabilities		
Financial liabilities measured at amortised cost		
Fixed rate borrowings	**1,124.8**	1,138.0
Trade and other payables	**652.7**	384.5
Derivative financial liabilities at fair value through profit or loss		
Forward foreign exchange contracts – hedged	**27.4**	95.2
Forward foreign exchange contracts – non-hedged	**-**	7.6
Cross currency interest rate swaps	**27.6**	33.7
Commodity contracts at fair value	**4.7**	0.9
Total	**1,837.2**	1,659.9

The carrying values of the financial assets and liabilities disclosed above approximate to their fair value with the exception of Financial liabilities measured at amortised cost. The fair value of these financial liabilities at December 2023 is €1,162.2 million (2022: €1,138.5 million).

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

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.

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 for assets and liabilities measured at fair value.

Fixed rate borrowings are measured at amortised cost and additionally the fair value is disclosed in the table above. The fair value of fixed rate borrowings has been measured at level 1 for the Eurobonds and level 2 for the Yen Loan Agreement.

There have been no changes in the valuation techniques of the level 1 and 2 measurements.

Investments in the nuclear decommissioning trust fund are initially recognised and categorised as level 1. Except for €23.5 million (2022: €2.5 million) which was held in money market funds as at 31 December 2023, 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.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

30. 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:

	2023 €m	2022 €m
Financial assets at fair value		
Nuclear decommissioning trust fund	**490.9**	482.1
Forward foreign exchange contracts – hedged	**63.0**	38.1
Forward foreign exchange contracts – non hedged	**0.6**	16.4
Cross currency interest rate swaps	**5.7**	5.9
Commodity contracts at fair value	**10.3**	9.2
Total assets measured at fair value	**570.5**	551.7
Financial liabilities at fair value		
Forward foreign exchange contracts – hedged	**(27.4)**	(95.2)
Forward foreign exchange contracts – non hedged	**-**	(7.6)
Cross currency interest rate swaps	**(27.6)**	(33.7)
Commodity contracts at fair value	**(4.7)**	(0.9)
Total liabilities measured at fair value	**(59.7)**	(137.4)
Nuclear decommissioning trust fund	**490.9**	482.1
Net FFEC asset/(liability)	**36.2**	(48.3)
Net CCIRS liability	**(21.9)**	(27.8)
Net commodity assets at fair value	**5.6**	8.3
Total net asset	**510.8**	414.3

Total liabilities from financing activities

As at 31 December 2023, the Group held the following liabilities from financing activities, measured at book value:

	2022	Cash flow	Non-cash flow				2023
	€m	Cash in/ (out) flows €m	Foreign exchange movement €m	Fair value changes €m	Additions & transfers €m	Interest €m	€m
Non-current borrowings	1,138.0	-	(14.1)	0.9	(499.5)	-	625.3
Current borrowings	-	-	-	-	499.5	-	499.5
Lease liabilities	27.3	(2.9)	0.5	-	1.6	1.9	28.4
Total borrowings	**1,165.3**	**(2.9)**	**(13.6)**	**0.9**	**1.6**	**1.9**	**1,153.2**
CCIRS internally bificated[(i)]	21.6	(3.9)	0.5	5.6	-	3.9	27.7
CCIRS hedging debt	(5.9)	(6.1)	0.1	3.9	-	6.0	(2.0)
CCIRS hedging investments	12.1	(1.6)	0.1	(15.9)	-	1.5	(3.8)
Total liabilities	**1,193.1**	**(14.5)**	**(12.9)**	**(5.5)**	**1.6**	**13.3**	**1,175.1**
Less: Non financing activities	(33.7)	5.5	(0.6)	10.3	-	(5.4)	(23.9)
Total liabilities from financing activities	**1,159.4**	**(9.0)**	**(13.5)**	**4.8**	**1.6**	**7.9**	**1,151.2**

(i) The CCIRS internally bifurcated for the purpose of hedging is excluded from financing activities in its entirety. This derivative converts the Yen debt to a fixed US dollar equivalent and has been utilised to hedge the U.S investments. The Group considers this, on balance, as an investing activity and would disclose future settlement of the derivative within Investing activities of the Consolidated cash flow statement.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

30. 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

2023	Cash and receivables €m	Financial instruments €m	Derivatives €m	Non-financial assets €m	Total €m
Assets					
Amortised cost					
Nuclear decommissioning trust fund	**23.5**	**-**	**-**	**-**	**23.5**
Restricted cash	**0.4**	**-**	**-**	**-**	**0.4**
Trade and other receivables	**225.3**	**-**	**-**	**-**	**225.3**
Short term bank deposits	**809.9**	**-**	**-**	**-**	**809.9**
Cash and cash equivalents	**884.6**	**-**	**-**	**-**	**884.6**
Fair value through other comprehensive income					
Nuclear decommissioning trust fund	**-**	**467.4**	**-**	**-**	**467.4**
Derivative financial instruments	**-**	**-**	**68.7**	**-**	**68.7**
Fair value through profit & loss					
Derivative financial instruments	**-**	**-**	**10.9**	**-**	**10.9**
Non-financial assets					
Property, plant and equipment, including right-of-use assets	**-**	**-**	**-**	**5,085.3**	**5,085.3**
Investment property	-	-	-	4.6	4.6
Intangible assets	-	-	-	42.3	42.3
Investments including joint venture	-	-	-	53.4	53.4
Retirement benefit assets	-	-	-	36.1	36.1
Deferred tax assets	-	-	-	70.9	70.9
Contract assets	-	-	-	29.4	29.4
Inventories	-	-	-	352.9	352.9
SWU assets	-	-	-	416.7	416.7
Trade and other receivables	-	-	-	82.4	82.4
Income tax recoverable	-	-	-	81.7	81.7
Total	**1,943.7**	**467.4**	**79.6**	**6,255.7**	**8,746.4**

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

30. Other financial assets and financial liabilities continued

2022	Cash and receivables €m	Financial instruments €m	Derivatives €m	Non-financial assets €m	Total €m
Assets					
Amortised cost					
Nuclear decommissioning trust fund	2.5	-	-	-	2.5
Restricted cash	0.5	-	-	-	0.5
Trade and other receivables	193.5	-	-	-	193.5
Short term bank deposits	572.8	-	-	-	572.8
Cash and cash equivalents	737.6	-	-	-	737.6
Fair value through other comprehensive income					
Nuclear decommissioning trust fund	-	479.6	-	-	479.6
Derivative financial instruments	-	-	44.0	-	44.0
Fair value through profit & loss					
Derivative financial instruments	-	-	25.6	-	25.6
Non-financial assets					
Property, plant and equipment, including right-of-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
Retirement benefit assets	-	-	-	50.4	50.4
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	-	-	-	24.9	24.9
Income tax recoverable	-	-	-	88.1	88.1
Total	1,506.9	479.6	69.6	6,242.6	8,298.7

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

30. Other financial assets and financial liabilities continued

Classification of assets and liabilities continued

2023	Loans and payables €m	Derivatives €m	Other financial liabilities €m	Non-financial liabilities €m	Total €m
Liabilities					
Amortised cost					
Trade and other payables	**652.7**	**-**	**-**	**-**	**652.7**
Interest bearing loans and borrowings	**1,124.8**	**-**	**-**	**-**	**1,124.8**
Lease liabilities	**-**	**-**	**28.4**	**-**	**28.4**
Fair value through other comprehensive income					
Derivative financial instruments	**-**	**55.0**	**-**	**-**	**55.0**
Fair value through profit & loss					
Derivative financial instruments	**-**	**4.7**	**-**	**-**	**4.7**
Non-financial liabilities					
Provisions	**-**	**-**	**-**	**3,343.7**	**3,343.7**
Contract liabilities	**-**	**-**	**-**	**252.7**	**252.7**
Deferred tax liabilities	**-**	**-**	**-**	**267.0**	**267.0**
Retirement benefit obligations	**-**	**-**	**-**	**26.5**	**26.5**
Income tax payable	**-**	**-**	**-**	**21.9**	**21.9**
Total	**1,777.5**	**59.7**	**28.4**	**3,911.8**	**5,777.4**

2022	Loans and payables €m	Derivatives €m	Other financial liabilities €m	Non-financial liabilities €m	Total €m
Liabilities					
Amortised cost					
Trade and other payables	384.5	-	-	-	384.5
Interest bearing loans and borrowings	1,138.0	-	-	-	1,138.0
Lease liabilities	-	-	27.3	-	27.3
Fair value through other comprehensive income					
Derivative financial instruments	-	128.9	-	-	128.9
Fair value through profit & loss					
Derivative financial instruments	-	8.5	-	-	8.5
Non-financial liabilities					
Provisions	-	-	-	3,078.9	3,078.9
Contract liabilities	-	-	-	258.0	258.0
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

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

31. Provisions

	Tails provision €m	Decommissioning of plant and machinery €m	Re-enrichment of low assay feed €m	Other €m	Total €m
At 1 January 2023	**1,778.1**	**1,083.6**	**185.7**	**31.5**	**3,078.9**
Additional provision in the year	**248.1**	**66.0**	**209.7**	**44.7**	**568.5**
Unwinding of discount	**62.8**	**35.7**	**3.5**	**0.3**	**102.3**
Utilisation of provision	**(23.9)**	**(11.0)**	**(193.0)**	**(7.4)**	**(235.3)**
Release of provision	**(164.9)**	**(8.4)**	**-**	**(2.6)**	**(175.9)**
Exchange difference	**3.7**	**2.4**	**(1.0)**	**0.1**	**5.2**
At 31 December 2023	**1,903.9**	**1,168.3**	**204.9**	**66.6**	**3,343.7**
Included in current liabilities					**83.1**
Included in non-current liabilities					**3,260.6**
					3,343.7

	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

The net costs of nuclear provisions of €87.2 million (2022: €249.5 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	**248.1**	**17.7**	**209.7**	**475.5**
Change in discount rates	**(151.7)**	**(4.7)**	**-**	**(156.4)**
Release of provision	**(13.2)**	**(3.7)**	**-**	**(16.9)**
Utilisation of provision[(i) (ii)]	**(22.0)**	**-**	**(193.0)**	**(215.0)**
Charged to income statement 2023	**61.2**	**9.3**	**16.7**	**87.2**

	Tails provision €m	Decommissioning of plant and machinery €m	Re-enrichment of low assay feed €m	Total €m
Additional provision in the year	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[(ii)]	-	-	(141.9)	(141.9)
Charged to income statement 2022	176.0	9.8	63.7	249.5

[(i)] The utilisation of the tails provision is recognised in the income statement within 'net costs of nuclear provision'. This is credited to the income statement to reverse the tails processing costs included within the Group as the income statement charge for these costs was incurred when the tails were created.

[(ii)] 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 assay feed provision.

Financial statements
Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

31. Provisions continued

Discount Rates for tails and decommissioning provisions

Management has calculated the applicable inflation rate and the risk free discount rate for 2023 on a jurisdiction specific basis. The forecast inflation rates is set in accordance with both short and long term inflation projections taking into account Central Bank's target rates. The discount rate is determined on the basis of yield curves for long term bond yields weighted against the maturity of nuclear liabilities. These rates are detailed as follows:

	Inflation Rate		Nominal Discount Rate		Real Discount Rate	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
USA	2.20%	2.20%	4.00%	3.45%	1.76%	1.22%
UK	2.10%	2.10%	4.00%	3.50%	1.86%	1.37%
Germany	2.10%	2.20%	2.70%	3.00%	0.59%	0.78%
The Netherlands	2.10%	2.20%	2.70%	3.10%	0.59%	0.88%

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 facility has ramped up deconversion throughput to nameplate capacity. A 10% increase in the forecast TMF throughput would reduce tails provisions by €61.6 million (2022: €56.6 million) and a 10% decrease in the forecast TMF throughput would increase tails provisions by €60.5 million (2022: €56.6 million).

The availability and cost of a repository suitable for the final disposal of depleted U_3O_8 is a key judgement and the level of uncertainty varies widely across the four countries in which Urenco operates. These costs are escalated where appropriate based on current expectations of inflation and discounted to provide a present value cost per unit, or tails rate, which is applied to the quantity of tails held at the statement of financial position date.

Further description of the estimates and assumptions applied is given in note 2. A key area of uncertainty in the US remains the rate charged by the US Department of Energy (DOE) for the deconversion, storage and disposal of tails which will remain uncertain until such time that these activities are performed. A 10% increase in the forecast DOE rate would increase tails provisions by €35.5 million (2022: €36.5 million) and a 10% decrease in the forecast DOE rate would decrease tails provisions by €35.5 million (2022: €36.5 million).

During the year the tails provision increased by €248.1 million (2022: €216.3 million) due to tails generated in that period, an increase in the applied tails rate which was partially offset by a net increase in real discount rates. 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 €23.9 million (2022: €6.9 million) has been utilised against the provision. A provision release of €164.9 million (2022: €40.3 million) was recorded primarily as a result of the net increase in real discount rates and also following 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 €902.2 million of the tails provision will be used within the next 10 years, €739.6 million of the provision will be used within the next 10 to 30 years and €262.1 million will be used within the next 30 to 100 years. The tails provisions held at 31 December 2023 comprised €1,743.0 million (2022: €1,620.3 million) of discounted future cash flows and €160.9 million (2022: €157.8 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 €217.2 million, whilst a 0.50% increase in the real discount rate would lead to a decrease of the provision by €166.9 million. A delay of 5 years to all disposal activities would reduce the provision by €124.6 million (2022: €103.5 million) and an advancement by 5 years of all disposal activities would lead to an increase in the provision of €115.3 million (2022: €97.6 million).

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

31. 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 €87.3 million (2022: €81.4 million[iv]). 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 €66.0 million (2022: €82.6 million) due to the installation of additional plant and machinery of €4.0 million (2022: €1.5 million), additional container purchases of €23.3 million (2022: €26.2 million) and €38.7 million due to revised assumptions surrounding the decommissioning of plant and machinery (2022: €54.9 million). Of the €38.7 million (2022: €54.9 million) resulting from revised assumptions, €17.7 million (2022: €15.6 million) has been expensed to the Income Statement and €21.0 million (2022: €39.3 million) has been recognised in decommissioning assets. The impact of the revised assumptions mainly relate to the rebasing of costing assumptions in line with 2023 inflationary pressures which was partially offset by a net increase in forward discount rates. The impact of the net change in real discount rates resulted in a reduction of the decommissioning provision by €44.9 million (2022: €33.5 million), of which €4.7 million (2022: €2.3 million) has been expensed to the Income Statement and €40.2 million (2022: €31.2 million) 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 50 years.

The provision for decommissioning plant and machinery is dependent on certain assumptions and estimates, such as timing of decommissioning and the applicable discount and inflation rates. A 0.50% reduction in the real discount rate would lead to an increase of the provision by €142.9 million, whilst a 0.50% increase in the real discount rate would lead to a decrease of the provision by €120.5 million. A delay of 5 years to all decommissioning activities would reduce the provision by €72.5 million (2022: €60.1 million)and an advancement of all decommissioning activities would lead to an increase in the provision of €67.5 million (2022: €56.8 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 €209.7 million (2022: €205.6 million) due to the creation of low assay feed and reduced by €193.0 million (2022: €141.9 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 deferred profit on sales of feed, personnel provisions, restoration provisions and restructuring provisions.

The restoration provisions at 31 December 2023 include a provision of €7.8m (2022: €8.5m) for land restoration at the Capenhurst site. The final amount that will be incurred is uncertain, and may differ from the amount that is currently provided for. Uncertainty in this regard is dependent on the outcome of the investigation works on other areas of the Capenhurst site, which are expected to be completed in 2024, where the potential liability cannot be currently reliably measured.

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.

[iv] Management has changed the basis and included indirect costs when determining current and prior year impacts for sensitising the volume of waste within the decommissioning provisions. The prior year comparative figure was therefore restated in line with the newly adopted approach.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

32. 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.

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.

During the year LES contributed €nil (2022: €499.3 million) into the NDT. The contibution made in 2022 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 fair value of the funds held in the NDT as at 31 December 2023 was €490.9 million (31 December 2022: €482.1 million) and was comprised of debt securities of €467.4 million (31 December 2022: €479.2 million) and other investments of €23.5 million (31 December 2022: €2.9 million).

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

	Year ended 31 December 2023 €m	Year ended 31 December 2022 €m
As at 1 January	**482.1**	-
Contributions	**-**	499.3
Interest income	**23.0**	1.3
Unrealised fair value gains/(losses)	**0.6**	(0.2)
Exchange differences	**(14.8)**	(18.3)
As at 31 December	**490.9**	482.1

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

33. 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.

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% (2022: 19.08 – 32.49%). 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 112.5% at 31 December 2023.

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 2023. 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:	**2023 %**	2022 %
Discount rate	**3.2-4.8**	3.6-5.0
Expected rate of salary increases	**3.3-4.0**	3.3-4.1
Future pension increases	**2.0-3.0**	2.0-3.1

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:	**2023 years**	2022 years	**2023 years**	2022 years
Life expectancy at age 60 for a male currently aged 60	**27.1**	27.7	**25.4**	25.2
Life expectancy at age 60 for a female currently aged 60	**29.0**	29.7	**29.1**	28.9
Life expectancy at age 60 for a male currently aged 40	**28.7**	29.5	**28.3**	28.2
Life expectancy at age 60 for a female currently aged 40	**30.9**	31.2	**31.4**	31.2

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

33. Retirement benefit obligations continued

Mortality tables:	UK	Germany
2023	**S3PMA year of birth tables for males and S3FMA middle year of birth tables for females with appropriate age weightings using CMI 2022 projections 1.5% minimum improvements p.a**	**Heubeck table 2018 G**
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

Investment Policy

The Urenco UK Pension Scheme owns investments that support its defined benefit obligations and are managed to match its expected pension liabilities. It employs a liability driven investment (LDI) approach which substantially hedges interest rate and inflation exposures within the pension scheme. The fund assets are invested in both Growth investments, with underlying investments in diversified growth funds, and Defensive investments, with underlying investments in property funds, bonds funds and an LDI portfolio run by professional fund managers. The intention is for the scheme to reach a state of financial maturity such that it will no longer require additional financial contributions from Urenco. The trustee believes that ESG factors may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole.

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 2023 for the Group's retirement benefit schemes would have had the effects shown in the table below. The sensitivity analysis presented below may not be representative of the actual change in the defined benefit obligation as it is unlikely that the changes in assumptions would occur in isolation of one another as some assumptions may be correlated.

		(Increase)/decrease in retirement benefit obligations €m
Discount rate	Effect of increase in discount rate by +0.25% at 31 December 2023	**10.0**
	Effect of decrease in discount rate by -0.25% at 31 December 2023	**(10.5)**
Inflation rate	Effect of increase in inflation rate by +0.25% at 31 December 2023	**(7.8)**
	Effect of decrease in inflation rate by -0.25% at 31 December 2023	**7.4**

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

	Year ended 31/12/23 €m	Year ended 31/12/22 €m
Current service cost	**(0.8)**	(1.7)
Net interest income on defined benefit pension schemes	**1.8**	0.6
	1.0	(1.1)

The net interest income has been included in the consolidated income statement within finance income.

The amount charged to the income statement in respect of defined contribution pension schemes was €21.3 million (2022: €16.9 million).

The actual return on scheme assets was a gain of €1.8 million (2022: loss €146.1 million).

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

33. Retirement benefit obligations continued

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

	Year ended 31/12/23 €m	Year ended 31/12/22 €m
Actuarial (losses)/gains	**(20.8)**	2.4
Exchange gain/(loss)	**1.2**	(3.2)
	(19.6)	(0.8)

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	**2023 €m**			2022 €m		
	Total	**Funded schemes**	**Unfunded schemes**	Total	Funded schemes	Unfunded schemes
At 1 January	**(295.6)**	**(271.4)**	**(24.2)**	(474.4)	(443.6)	(30.8)
Current service cost	**(0.8)**	**(0.4)**	**(0.4)**	(1.7)	(1.1)	(0.6)
Interest cost	**(14.5)**	**(13.6)**	**(0.9)**	(8.1)	(7.7)	(0.4)
Actuarial (losses)/gains	**(6.3)**	**(4.4)**	**(1.9)**	157.2	150.6	6.6
Benefits paid to members	**14.4**	**13.5**	**0.9**	14.3	13.3	1.0
Foreign exchange	**(5.8)**	**(5.8)**	**-**	17.1	17.1	-
At 31 December	**(308.6)**	**(282.1)**	**(26.5)**	(295.6)	(271.4)	(24.2)

The average duration of the defined benefit obligation at 31 December 2023 is 13.8 years (2022: 13.9 years).

Movements in the fair value of plan assets	**2023 €m**	2022 €m
At 1 January	**321.6**	494.7
Interest income	**16.3**	8.7
Actuarial losses	**(14.5)**	(154.8)
Contributions by employer	**1.3**	6.6
Benefits paid to members	**(13.5)**	(13.3)
Foreign exchange	**7.0**	(20.3)
At 31 December	**318.2**	321.6

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

	2023 €m	2022 €m
Retirement benefit asset	**36.1**	50.4
Retirement benefit liability	**(26.5)**	(24.4)
Net retirement benefit surplus	**9.6**	26.0

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

	Fair value of assets	
	2023 €m	2022 €m
Growth investments	**49.2**	52.1
Defensive investments	**269.0**	269.5
	318.2	321.6

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 (2024) is €1.5 million.

Financial statements
Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

34. Trade and other payables

Current

	31/12/23 €m	31/12/22 €m
Trade payables	**172.5**	51.7
Other payables	**105.4**	16.3
Accruals	**94.7**	84.3
Amounts due to joint venture	**31.6**	63.4
	404.2	215.7

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 29 days (2022: 28 days). The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

Non-current

	31/12/23 €m	31/12/22 €m
Other payables	**248.5**	168.8

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 2023 have been classified as non-current payables because they are expected to be returned after 2024.

35. Contingent liabilities

The Group has provided assurance to the NRC in the form of letters of credit, surety bonds and a Nuclear Decommissioning Trust Fund that funds are available when needed to pay for nuclear liabilities for UUSA. The total amount of these assurances at 31 December 2023 exceeds the value of the recognised nuclear liabilities of UUSA in the consolidated statement of financial position at the same date by €241.7 million. These assurances exceed the nuclear liabilities recognised, because they use the undiscounted decommissioning and tails costs as their base. See note 32 for details on the fair value of the investments held in the Nuclear Decommissioning Trust Fund.

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.

36. Events after the statement of financial position date

As of 13 March 2024, no other material structural changes or business events have occurred that might serve to alter any of the disclosures contained in the 2023 financial statements.

37. 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 33.

Financial statements

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

37. Related party transactions continued

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 31/12/23 €m	Year ended 31/12/22 €m	**Year ended 31/12/23 €m**	Year ended 31/12/22 €m	**31/12/23 €m**	31/12/22 €m	**31/12/23 €m**	31/12/22 €m
DESNZ	**26.2**	30.4	**-**	-	**3.9**	2.8	**-**	-
E.ON	**-**	-	**1.5**	11.7	**-**	-	**-**	-
RWE	**-**	-	**7.9**	0.4	**-**	-	**0.7**	-
ETC[(i)]	**-**	-	**99.2**	80.1	**0.1**	2.8	**31.5**	60.6

(i) These amounts are 100% of the sales/purchases and amounts due to Enrichment Technology Company Limited.

The Department for Energy Security and Net Zero (DESNZ), E.ON SE (E.ON) and RWE AG (RWE) are related parties of the Group because of their indirect shareholdings in Urenco Limited. DESNZ is a department of the UK government, which has taken over some of the responsibilities of the former department for Business, Energy and Industrial Strategy (BEIS) from February 2023. The amounts reported under DESNZ 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. The amounts due by related parties represent the net amount after deduction for a loss allowance for expected credit losses.

The Enrichment Technology Company Limited pension scheme is administered as part of the Urenco UK pension scheme. Included in Urenco's share of results of Joint Venture and Investments is 50% of the Enrichment Technology Company Limited Income Statement income/expense and assets/liabilities arising from retirement benefit obligations. Included in the amounts recognised in the share of results of joint venture in respect of the UK defined benefit scheme is a net income of €0.2 million (2022: €1.1 million net expense). Included in the share of net assets of the joint venture is a recognised asset of €2.2 million (2022: €4.0 million) relating to the net surplus in the UK defined benefit scheme.

During the year, Group companies contributed €23.0 million (2022: €18.6 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 77.

	Year ended 31/12/23 €m	Year ended 31/12/22 €m
Short term employee benefits	**3.6**	3.2
Long term employee benefits	**1.4**	1.4
Total	**5.0**	4.6

Directors' transactions

No Director has ever had a loan from the Company or any other transaction with the Company other than remuneration for their services as a Director, as detailed in the Remuneration report on page 77.

Registered number
01022786

Financial statements

Company Financial Statements

For the year ended 31 December 2023

Company Financial statements

Financial statements
Directors' Responsibilities Statement

For the year ended 31 December 2023

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 13 March 2024.

By order of the Board:

Ralf ter Haar
Director

13 March 2024

Financial statements

Company Statement of Financial Position

For the year ended 31 December 2023

	Notes	2023 €m	2022 €m
Non-current assets			
Property, plant and equipment	5	**15.5**	24.1
Intangible assets	6	**13.9**	8.3
Investments in subsidiaries and associate	7	**294.9**	294.9
Amounts due from Group undertakings	8	**2,813.0**	3,236.6
Deferred tax asset	3	**24.6**	15.9
Derivative financial instruments	14	**55.9**	76.2
Retirement benefit assets	15	**8.4**	10.3
		3,226.2	3,666.3
Current assets			
Amounts due from Group undertakings	8	**140.5**	146.1
Trade and other receivables	8	**169.2**	129.1
Derivative financial instruments	14	**40.4**	86.5
Short term deposits	9	**809.9**	572.8
Cash and cash equivalents	10	**739.7**	582.5
		1,899.7	1,517.0
Total assets		**5,125.9**	5,183.3
Current liabilities			
Amounts due to Group undertakings	12	**3,038.6**	2,495.5
Trade and other payables	13	**67.0**	91.3
Lease liabilities		**1.1**	0.7
Derivative financial instruments	14	**34.7**	74.7
		3,141.4	2,662.2
Non-current liabilities			
Interest bearing loans and borrowings	11	**128.5**	142.5
Amounts due to Group undertakings	12	**496.8**	1,025.0
Lease liabilities		**4.0**	4.5
Derivative financial instruments	14	**83.9**	103.6
Other payables		**4.4**	4.5
		717.6	1,280.1
Total liabilities		**3,859.0**	3,942.3
Net assets		**1,266.9**	1,241.0
Equity			
Share capital	16	**237.3**	237.3
Retained earnings	17	**1,030.7**	1,006.6
Hedging reserve	17	**(1.1)**	(2.9)
Total equity		**1,266.9**	1,241.0

Registered Number 01022786

The net income for the financial year of the Parent Company amounts to €306.0 million (2022: €249.3 million).

The financial statements were approved by the Board of Directors and authorised for issue on 13 March 2024.

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 2023

	Share capital €m	**Retained earnings €m**	**Hedging reserve €m**	**Attributable to the owners of the Company €m**
As at 1 January 2023	**237.3**	**1,006.6**	**(2.9)**	**1,241.0**
Income for the period	**-**	**306.0**	**-**	**306.0**
Other comprehensive income (note 17)	**-**	**18.1**	**1.8**	**19.9**
Total comprehensive income	**-**	**324.1**	**1.8**	**325.9**
Equity dividends paid (note 4)	**-**	**(300.0)**	**-**	**(300.0)**
As at 31 December 2023	**237.3**	**1,030.7**	**(1.1)**	**1,266.9**

	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

Financial statements

Notes to the Company Financial Statements

For the year ended 31 December 2023

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 184. 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. For further details please see page 84.

Adoption of new and revised accounting standards

Several standards, interpretations and amendments to existing standards became effective on 1 January 2023, as detailed on page 105 of the Group accounts, none of which had a material impact on the Company.

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 2023 was £0.87 to €1 (2022: £0.85 to €1) and the year-end rate was £0.87 to €1 (2022: £0.89 to €1).

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 statements

Notes to the Company Financial Statements continued

For the year ended 31 December 2023

1. Significant accounting policies continued

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.

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.

At Group level derivative financial instruments are transacted with third parties, for the purposes of hedging forecast revenues, and these are accounted for as cash flow hedges. The Company recharges these derivatives to the relevant operating subsidiaries that are forecast to generate the revenue. Recharges are based on the same terms and conditions as the external derivatives to which they relate. The Company classifies the fair value of these intercompany derivative financial instruments as Intercompany balances – embedded forward foreign exchange contracts. The external forward exchange contracts allocated to subsidiaries are disclosed in note 30 of the Group financial statements.

Other significant accounting policiess

Other significant accounting policies are consistent with the Group accounts.

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:	**2023 Number**	2022 Number
Technical	**49**	38
Administration	**197**	175
	246	213

Their aggregate remuneration comprised:	**Year ended 31/12/23 €m**	Year ended 31/12/22 €m
Wages and salaries	**41.2**	34.1
Social security costs	**4.6**	3.8
Pension costs	**2.7**	2.3
	48.5	40.2

Financial statements

Notes to the Company Financial Statements continued

For the year ended 31 December 2023

2. Employee benefits expense continued

Directors' emoluments (page 77):	**Year ended 31/12/23 €m**	Year ended 31/12/22 €m
Emoluments	**3.6**	3.2
Amounts receivable under long term incentive scheme	**1.4**	1.4
	Number	Number
Members of defined contribution schemes	**2**	2

In respect of the highest paid Director:	**Year ended 31/12/23 €m**	Year ended 31/12/22 €m
Emoluments	**2.3**	2.1
Pensions and taxable pension supplements	**0.1**	0.1
	2.4	2.2

3. Taxation

Deferred tax

Deferred tax balances recognised at 31 December 2023 and 31 December 2022 are as follows:	**2023 €m**	2022 €m
Relating to property, plant and equipment and intangible assets	**(2.0)**	(1.9)
Relating to tax losses	**12.6**	14.7
Relating to other temporary differences	**2.2**	1.6
Relating to fair value movements on financial instruments	**(4.6)**	4.1
Relating to corporate interest restriction	**18.5**	-
Relating to retirement benefits	**(2.1)**	(2.6)
Total deferred tax asset	**24.6**	15.9

The deferred tax charge recognised in the income statement was €8.3 million (2022: tax charge €8.8 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.

Please refer to note 10 of the Group Financial Statements for details of the Group's assessment of the potential impact that the Pillar Two income tax legislation is expected to have.

4. Dividends paid and proposed

	Year ended 31/12/23 €m	Year ended 31/12/22 €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 2022 of 89.29 cents per share (2021: 89.29 cents per share)	**150.0**	150.0
Interim dividend for the year ended 31 December 2023 of 89.29 cents per share (2022: 89.29 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 2023 of 89.29 cents per share (2022: 89.29 cents per share)	**150.0**	150.0

The 2023 final dividend of €150 million is subject to approval by shareholders at the Annual General Meeting on 13 March 2024 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 2023

5. Property, plant and equipment

	Land and buildings €m	Fixtures and fittings €m	Assets under construction €m	Total €m
Cost as at 1 January 2023	**5.7**	**9.4**	**16.0**	**31.1**
Additions	**0.1**	**-**	**10.7**	**10.8**
Transfers between accounts	**-**	**7.9**	**(19.0)**	**(11.1)**
Disposals	**(0.2)**	**-**	**-**	**(0.2)**
Written off	**-**	**-**	**(4.5)**	**(4.5)**
Exchange adjustments	**0.1**	**0.2**	**0.4**	**0.7**
Cost as at 31 December 2023	**5.7**	**17.5**	**3.6**	**26.8**
Depreciation as at 1 January 2023	**1.2**	**5.8**	**-**	**7.0**
Charge for the year	**0.6**	**3.8**	**-**	**4.4**
Disposals	**(0.2)**	**-**	**-**	**(0.2)**
Exchange adjustments	**-**	**0.1**	**-**	**0.1**
Depreciation as at 31 December 2023	**1.6**	**9.7**	**-**	**11.3**
Carrying amount as at 31 December 2022	**4.5**	**3.6**	**16.0**	**24.1**
Carrying amount as at 31 December 2023	**4.1**	**7.8**	**3.6**	**15.5**

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 2023 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 €11.1 million (2022 €17.7 million) 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 2023	**5.7**
Additions	**0.1**
Disposals	**(0.2)**
Exchange adjustments	**0.1**
Cost as at 31 December 2023	**5.7**
Depreciation as at 1 January 2023	**1.3**
Charge for the year	**0.6**
Disposals	**(0.2)**
Exchange adjustments	**-**
Depreciation as at 31 December 2023	**1.7**
Carrying amount as at 31 December 2022	**4.4**
Carrying amount as at 31 December 2023	**4.0**

6. Intangible assets

	Software assets €m	Assets under development €m	Total €m
Cost as at 1 January 2023	**31.5**	**-**	**31.5**
Transfers between accounts	**5.6**	**5.5**	**11.1**
Written off	**(1.3)**	**-**	**(1.3)**
Exchange adjustments	**0.7**	**-**	**0.7**
Cost as at 31 December 2023	**36.5**	**5.5**	**42.0**
Amortisation as at 1 January 2023	**23.2**	**-**	**23.2**
Charge for the year	**4.8**	**-**	**4.8**
Written off	**(0.4)**	**-**	**(0.4)**
Exchange adjustments	**0.5**	**-**	**0.5**
Amortisation as at 31 December 2023	**28.1**	**-**	**28.1**
Carrying amount as at 31 December 2022	**8.3**	**-**	**8.3**
Carrying amount as at 31 December 2023	**8.4**	**5.5**	**13.9**

Financial statements

Notes to the Company Financial Statements continued

For the year ended 31 December 2023

7. Investments in subsidiaries and associate

	Share in subsidiary and associated undertakings €m
Cost as at 1 January 2023 and 31 December 2023	**527.8**
Impairment as at 1 January 2023 and 31 December 2023	**(232.9)**
Carrying amount as at 1 January 2023 and 31 December 2023	**294.9**

Details of the Company's subsidiaries and associate at 31 December 2023 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	Dormant	(1)		100
U-Battery Developments Limited	Dormant	(1)	(i)	100
U-Battery Canada Limited	Dormant	(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 2023

8. Trade and other receivables

	31/12/23 €m	31/12/22 €m
Amounts due from Group undertakings (<12 months)	**140.5**	146.1
Amounts due from Group undertakings (>12 months)	**2,813.0**	3,236.6
Other receivables	**6.8**	6.3
Corporation tax receivable	**99.6**	87.6
Prepayments and accrued income	**62.8**	35.2
	3,122.7	3,511.8

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 2.12% (2022: 2.33%) on current balances and 3.09% (2022: 2.40%) on non-current balances. The maturity dates of the non-current balances vary from 2026 to 2058.

The amounts due from Group undertakings are stated net of a provision for expected credit losses of €0.2 million (2022: €4.3 million) which has been offset against the intercompany current account and €3.4 million (2022: €4.0 million), which has been offset against the intercompany loan balances.

Prepayments and accrued income includes interest accrued on intercompany receivables of €39.2 million (2022: €25.5 million).

9. Short term deposits

	31/12/23 €m	31/12/22 €m
Short term deposits	**809.9**	572.8

Short term bank deposits comprise deposits which are not readily convertible to a known amount of cash or are subject to a more than insignificant risk of changes in value. Generally these are deposits with an original maturity of more than three months and with an end date less than 12 months from the date of the statement of financial position.

10. Cash and cash equivalents

	31/12/23 €m	31/12/22 €m
Cash	**364.2**	57.6
Cash equivalents	**375.5**	524.9
Total cash and cash equivalents	**739.7**	582.5

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

		31/12/23 €m	31/12/22 €m
Bank and other loans repayable:			
Greater than 5 years:			
Yen 20 billion Loan Agreement	6.24%	**128.5**	142.5
Total non-current		**128.5**	142.5

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 2023

12. Amounts due to Group undertakings

	31/12/23 €m	31/12/22 €m
Current liabilities	**3,038.6**	2,495.5
Non-current liabilities	**496.8**	1,025.0
	3,535.4	3,520.5

Intercompany accounts included in amounts due to Group undertakings are subject to interest. The average annual rate prevailing in the year was 4.04% (2022: 1.48%) on current balances and 2.96% (2022: 2.65%) on non-current balances.

Intercompany payables are not secured on the Company's assets. Current intercompany liabilities of €3,038.6 million (2022: €2,495.5 million) are either due within one year or are repayable on demand. Non-current intercompany liabilities of €nil million (2022: €528.5 million) mature between one and five years and €496.8 million (2022: €496.5 million) after five years.

13. Trade and other payables

	31/12/23 €m	31/12/22 €m
Accruals	**30.9**	31.8
Trade payables	**12.0**	5.1
Amounts due to related parties	**23.1**	53.7
Other taxes and social security costs	**1.0**	0.7
	67.0	91.3

Accruals includes interest accrued on intercompany payables of €9.9 million (2022: €13.5 million).

14. Derivative financial instruments

Categories of financial instruments at fair value

	Amounts due within one year		**Amounts due after more than one year**	
	31/12/23 €m	31/12/22 €m	**31/12/23 €m**	31/12/22 €m
Financial assets at fair value through profit and loss				
Intercompany balances – embedded forward foreign exchange contracts	**16.4**	59.9	**10.6**	42.5
Interest rate/cross currency contracts	**5.7**	-	**-**	5.9
Forward foreign exchange contracts	**18.3**	26.6	**45.3**	27.8
Total assets measured at fair value	**40.4**	86.5	**55.9**	76.2
Financial liabilities at fair value through profit and loss				
Intercompany balances – embedded forward foreign exchange contracts	**(18.3)**	(14.0)	**(45.3)**	(27.9)
Interest rate/cross currency contracts	**-**	-	**(27.6)**	(33.7)
Forward foreign exchange contracts	**(16.4)**	(60.7)	**(11.0)**	(42.0)
Total liabilities measured at fair value	**(34.7)**	(74.7)	**(83.9)**	(103.6)

Financial statements
Notes to the Company Financial Statements continued

For the year ended 31 December 2023

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 2023 to take account of the requirements of IAS19R in order to assess the liabilities of the scheme at 31 December 2023. Scheme assets are stated at their market values at the reporting dates.

Main assumptions:

Key financial assumptions	**2023**	2022
Discount rate	**4.8%**	5.0%
Salary increases	**4.0%**	4.1%
Pension increases	**3.0%**	3.1%

Mortality assumptions	**2023**	2022
Life expectancy at age 60 for a male currently aged 60	**27.1**	28.3
Life expectancy at age 60 for a female currently aged 60	**29.0**	30.0
Life expectancy at age 60 for a male currently aged 40	**28.7**	30.5
Life expectancy at age 60 for a female currently aged 40	**30.9**	31.7

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

	Market value 2023 €m	Market value 2022 €m
Equities	**7.3**	7.7
Bonds	**39.9**	40.0
Total market value of scheme assets	**47.2**	47.7
Present value of scheme liabilities	**(38.8)**	(37.4)
Pension asset	**8.4**	10.3

Movement in present value of benefit obligation	**2023 €m**	2022 €m
At 1 January	**(37.4)**	(63.4)
Interest cost	**(1.9)**	(1.1)
Actuarial (losses)/gains	**(0.6)**	23.0
Benefits paid to members	**1.9**	1.7
Exchange difference	**(0.8)**	2.4
At 31 December	**(38.8)**	(37.4)
At 31 December	**(37.4)**	(63.4)

Financial statements

Notes to the Company Financial Statements continued

For the year ended 31 December 2023

15. Retirement benefit obligations continued

Movements in the fair value of plan assets	2023 €m	2022 €m
At 1 January	**47.7**	71.0
Interest income	**2.4**	1.2
Actuarial losses	**(2.1)**	(20.4)
Contribution by employer	**-**	0.5
Benefits paid to members	**(1.9)**	(1.7)
Exchange difference	**1.1**	(2.9)
At 31 December	**47.2**	47.7

Components of pension cost	2023 €m	2022 €m
Interest on pension scheme liabilities	**(1.9)**	(1.1)
Interest on scheme assets	**2.4**	1.2
Total pension cost recognised in income statement	**0.5**	0.1
Actuarial (losses)/gains	**(2.7)**	2.6
Total pension movement recognised in the Statement of Comprehensive Income	**(2.7)**	2.6

	2023 €m	2022 €m
Present value of defined benefit obligation	**(38.8)**	(37.4)
Fair value of plan assets	**47.2**	47.7
Recognised asset at 31 December	**8.4**	10.3

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 2023 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 31/12/23 €m
Discount rate	
Effect of increase in discount rate by +0.25% at 31 December 2023	**1.3**
Effect of decrease in discount rate by -0.25% at 31 December 2023	**(1.4)**
Inflation rate	
Effect of increase in inflation rate by +0.25% at 31 December 2023	**(1.2)**
Effect of decrease in inflation rate by -0.25% at 31 December 2023	**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 2024 are expected to be €nil (2023 actual contributions: €nil) 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 2023 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 €2.7 million (2022: €1.8 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 2023

16. Called up share capital

	31/12/23 €m	31/12/22 €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 2021 and 1 January 2022	1,098.1
Net profit for the year 2022	249.3
Dividends paid	(300.0)
Actuarial gain on retirement benefit obligation	2.6
Deferred tax on actuarial gain	(0.7)
Foreign exchange translation differences	(42.7)
As at 31 December 2022 and 1 January 2023	**1,006.6**
Net profit for the year 2023	**306.0**
Dividends paid	**(300.0)**
Actuarial loss on retirement benefit assets	**(2.7)**
Deferred tax on actuarial loss	**0.7**
Foreign exchange translation differences	**20.1**
As at 31 December 2023	**1,030.7**

The €1.8 million gain in the Hedging reserve (2022: €3.3 million loss) relates to fair value movements recognised on debt instruments that are designated in a hedge relationship.

As at 31 December 2023, the Company had distributable reserves available of €1,000.6 million (2022: €974.1 million).

Financial statements

Notes to the Company Financial Statements continued

For the year ended 31 December 2023

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 31/12/23 €m	Year ended 31/12/22 €m
ETC(i)	**0.3**	0.7

(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 31/12/23 €m	Year ended 31/12/22 €m
ETC(i)	**23.1**	53.7

(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 77.

	Year ended 31/12/23 €m	Year ended 31/12/22 €m
Short term employee benefits	**3.6**	3.2
Long term employee benefits	**1.4**	1.4
	5.0	4.6

Directors' transactions

No Director has ever had a loan from the Company or any other transaction with the Company other than remuneration for their services as a Director, as detailed in the Remuneration report on page 77.

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 €378.6 million (2022: €691.3 million). The Directors do not expect any liability to arise under these guarantees.

20. Events after the reporting period

As of 13 March 2024, no other material structural changes or business events have occurred that might serve to alter any of the disclosures contained in the 2023 financial statements.

Glossary

AMR
Advanced modular reactor; a next generation nuclear reactor generally smaller in scale than those used in modern day power plants, with some requiring higher assay fuels.

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.

ESG
Environmental, Social and Governance.

ETC
Enrichment Technology Company Limited – a joint venture company jointly owned with Orano. 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% ^{235}U 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 and current tax expenses. 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.

GHG
Greenhouse gases, which contribute to climate change by trapping infrared radiation in the Earth's atmosphere. These include carbon dioxide (CO_2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluourocarbons (PFCs), sulphur hexafluoride (SF6), and nitrogen trifluoride (NF3).

GHG emissions are categorised into scope 1, 2, and 3, as defined under the GHG Protocol Corporate Standard.

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% ^{235}U 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 ^{235}U 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.

National Enrichment Facility
Urenco's enrichment facility located in New Mexico, USA.

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.

Glossary continued

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.

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
The French energy group that holds 50% of the shares in ETC.

Order book
Includes both contracted or 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.

SBTi
Science Based Targets initiative.

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.

SMR
Small modular reactor; a next generation nuclear reactor, smaller than those used in modern day power plants but generally larger in scale to AMRs.

STEM
Science, Technology, Engineering and Mathematics.

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

Tails or DU
Depleted uranium hexafluoride (UF_6) that contains a lower concentration than the natural concentration (0.711%) of the ^{235}U isotope.

Tails Management Facility (TMF)
The facility constructed and operated by Urenco ChemPlants Limited at Urenco’s site in Capenhurst, UK, that manages the deconversion of Tails into stable uranium oxide (U3O8). 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.

TRIR
Total recordable injury rate, a recognized measure of occupational health and safety based on the number of incidents reported and the number of workers present.

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.

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