URENCO FINANCE N.V.

Amsterdam, the Netherlands.

Annual Report
For the financial year ended 31 December 2022

Legal seat:
Amsterdam,
The Netherlands.
Chamber of Commerce
File number 34236929

URENCO Finance N.V.

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Directors' report

The Board of Directors herewith submits the financial statements of Urenco Finance N.V. ("the Company") for the year ended 31 December 2022.

Board composition
Gerard Tyler was appointed to the Board on 4 April 2014. Ralf ter Haar was appointed to the Board on 1 January 2016. Michael Karaiskos was appointed to the Board on 4 March 2021. All three members of the Board during the year are male.

Due to the position and role of Urenco Finance N.V. within the Urenco Group, the Company is dependent on the availability of directors within the Urenco Group. The Group adheres to all laws pertaining to gender equality. The three directors who represented the company during the year were individuals holding the Urenco Group posts of Chief Financial Officer, Executive Director – Finance & Control, and Group Treasurer. Further information regarding the Board and committees of the Urenco Group to which the Company belongs is available in the Urenco Group annual report and accounts which can be found at www.Urenco.com.

Group structure and legislation changes
Urenco Finance N.V. is a Company incorporated in the Netherlands under the Netherlands Civil Code. The ultimate parent company of Urenco Finance N.V., Urenco Limited is domiciled in the United Kingdom, incorporated in England & Wales. Under Dutch legislation, Urenco Finance N.V. will deposit this annual report to the Dutch Chamber of Commerce.

Corporate governance
The performance of the Company is reported to the Directors monthly using a general ledger system common to the rest of the Urenco Group to which the Company belongs. As part of this process, key accounts within the ledger are subject to a regular reconciliation process conducted and reviewed by different individuals.

Activities
The Company's main activity is to finance the entities within the Urenco Group by raising funds through medium term notes and borrowing by way of loan agreements. The Company has a very low risk appetite with all borrowings being at a fixed rate of interest and all borrowings being denominated in the Company's functional currency resulting in no foreign currency risk.

Result for the period
Urenco Finance N.V. made a loss after tax in the period ended 31 December 2022 of €125,000 (Dec 2021: gain of €600,000). This is mainly due to an increase in the expected credit losses on Group loans receivable following a increase of the outstanding balances of these receivables. All long term debt issued externally was mirrored with Urenco Limited, and interest payable and receivable on these items is equal and offsetting within the current and prior years and anticipated to continue to be going forward.

The solvability, defined as equity as a percentage of the balance sheet total, slightly deteriorated to 0.8% (2021: 0.9%). The Company's liabilities have maturities that are in line with the maturities of the assets.

The liquidity, measured by current assets as a percentage of current liabilities, improved during 2022 to 189.6% (2021: 102.1%)

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

In June 2022 the Company issued €500 million bonds due June 2032.

Directors' report - continued

Risks relating to Urenco Finance N.V.
The main risks the Company faces are with regard to its financial instruments: counterparty credit risk, refinancing risk, interest rate risk, liquidity risk, regulatory risk and fraud risk. Urenco Finance N.V. has a low risk tolerance and seeks to limit these risks by being a wholly owned subsidiary of Urenco Limited, with the sole objective of providing finance to other wholly owned subsidiaries of the Urenco Group. Urenco Group is lent funds based on the same terms and conditions as the external borrowings. External loans are guaranteed by Urenco Limited and the principal operating subsidiaries within the Urenco Group. These risks are therefore actively monitored and managed at the Company and the Group level. The Company does not use derivative financial instruments to hedge its risks.

Counterparty credit risk
Counterparty credit risk is the risk of a loss being sustained by the Company as a result of payment default by the counterparty with whom the Company has placed funds on deposit. The extent of loss, for example, could be the full amount of the deposit. The only counterparty for loans and receivables has been Urenco Limited since 24 April 2017 when, for reasons of simplicity and clarity, the loan structure was rationalised. Copies of the financial statements of Urenco Limited may be obtained from its registered office at Urenco Court, Sefton Park, Bells Hill, Stoke Poges, Buckinghamshire, SL2 4JS.

Refinancing risk
Refinancing risk is the risk of the Company not being able to issue debt for external reasons beyond the control of the Company. In the first half of 2022, the Company updated its €3 billion Euro medium-term note (EMTN) programme. The Company will continue to regularly review the need for further updates, if appropriate, of its EMTN programme to ensure it has the documentation in place to issue under the EMTN programme should it decide to.

Interest rate risk
As at 31 December 2022, all of the Company's borrowings were at a fixed rate of interest (31 December 2021: 100 per cent).

Liquidity risk
The Company is exposed to liquidity risk given that it has external debt that will need to be repaid. Repayment of this debt will be made using funds received from the parent company, when it repays loans the Company made to it. Please refer to the consolidated accounts of Urenco Limited where investors may analyse the liquidity position of the parent company.

Regulatory risk
Urenco maintains activities across the business to ensure it complies with applicable legislation and regulations.

Fraud risk
The Directors consider the risk of fraud occurring within Urenco Finance N.V. to be low due to the nature of operations of the entity resulting a in number of limited transactions.

All cash transactions are subject to a dual approval process.

It is of paramount importance that all employees of Urenco adopt and uphold its high ethical standards at all times. These standards ensure Urenco carries out its business professionally, fairly and with complete integrity. Urenco has an organisation-wide Code of Conduct, which sets outs a series of non-negotiable behaviours for its employees. The Code includes a zero tolerance approach to bribery and corruption, and a commitment to upholding human rights in all areas of its business. The Code of Conduct is available at the website of Urenco.

Foreign currency sensitivity analysis
All of the loans receivable and payable are denominated in the functional currency and as a result there is no foreign currency risk on these items. The Company is registered for tax purposes in the United Kingdom therefore taxation related balances in sterling are retranslated into euros and are subject to foreign exchange risk.

Directors' report - continued

Employees
The Company has no employees (2021: nil).

Research and development
Due to the nature of its business, the Company has no research and development activities.

Financing
The Company's main activity is to finance the entities within the Urenco Group by raising funds through medium term notes and borrowing by way of loan agreements. Repayment of this debt is made using funds received from the parent company as it repays loans the Company made to it. The bonds issued by the Company that will mature in December 2024 (€500.0 million) and in June 2032 (€500.0 million) are listed on the London Stock Exchange.

Outlook
The Board foresees a continuation of the Company's operations in line with previous years. Urenco Group's funding requirements and intentions to raise funds through Urenco Finance N.V. will determine the level of activities in the future. In forthcoming years, assuming the Company does not change its current long term loan back-to-back structure, the Company expects to generate small net costs, mostly relating to charges of general administration fees.

Statement
The Board hereby declares that, to the best of its knowledge:
- the financial statements for the year ended 31 December 2022 give a true and fair view of the assets, liabilities, financial position and profits or losses of the Company; and
- the Directors' report gives a true and fair view of the position as per 31 December 2022, and of the development and performance during the 2022 financial year of the Company, and the principal risks facing the Company have been described herein.

Board of Directors

6 March 2023
Urenco Finance N.V.

G. Tyler M. Karaiskos R. ter Haar

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INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	**2022** €000	2021 €000
Finance income	3	**25,140**	24,423
Finance costs	4	**(25,265)**	(23,786)
		(125)	637
General administrative expenses		**-**	(47)
(Loss)/Income before tax	5	**(125)**	590
Income tax credit	6	**-**	10
(Loss)/Profit for the year		**(125)**	600

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STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
	€000	€000
Result for the year	**(125)**	600
Other comprehensive income	**-**	-
Total comprehensive result, net of tax	**(125)**	600

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2022

(after appropriation of result for the year)

	Notes	2022	2021
		€000	€000
Assets			
Non-current assets			
Loans receivable from group companies	7	**994,259**	497,874
		994,259	497,874
Current assets			
Receivable from group companies	8	**18,838**	417,796
Tax receivable		**26**	28
Cash and cash equivalents	9	**5**	5
		18,869	417,829
Total assets		**1,013,128**	915,703
Equity and liabilities			
Share capital	10	**45**	45
Retained earnings	11	**7,668**	7,793
Total equity		**7,713**	7,838
Non-current liabilities			
Interest bearing loans and borrowings	13	**995,465**	498,472
		995,465	498,472
Current liabilities			
Accrued interest and other payables	14	**9,950**	409,393
		9,950	409,393
Total liabilities		**1,005,415**	907,865
Total equity and liabilities		**1,013,128**	915,703

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital €000	Retained earnings €000	Total equity €000
As at 1 January 2021	45	7,193	7,238
Total profit and comprehensive result for the year	-	600	600
As at 31 December 2021	45	7,793	7,838
As at 1 January 2022	45	7,793	7,838
Total loss and comprehensive result for the year	-	(125)	(125)
As at 31 December 2022	45	7,668	7,713

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	**2022 €000**	2021 €000
(Loss)/Profit before tax		**(125)**	590
Finance income	3	**(25,140)**	(24,423)
Finance cost	4	**25,265**	23,786
Operating cash flows before movements in working capital		**-**	(47)
Movement in working capital		**(42)**	42
Movement in other payables		**42**	8
Net cash flow from operating activities		**-**	3
Investing activities			
Interest received		**18,789**	34,348
Proceeds from loan assets		**405,025**	534,400
Investments in loan assets		**(496,265)**	-
Net cash flow from investing activities		**(72,451)**	568,748
Financing activities			
Interest paid		**(18,789)**	(34,351)
Repayment of borrowings		**(405,025)**	(534,400)
Proceeds from new borrowings		**496,265**	-
Net cash flow from financing activities		**72,451**	(568,751)
Net movement in cash and cash equivalents		**-**	-
Cash and cash equivalents at start of the year		**5**	5
Cash and cash equivalents at the end of the year	9	**5**	5

Notes to the Financial Statements

1. Authorisation of financial statements & compliance with IFRS

The financial statements of Urenco Finance N.V. for the period ended 31 December 2022 were authorised for issue by the Board of Directors on 6 March 2023 and were signed on the Board's behalf by Gerard Tyler, Mike Karaiskos and Ralf ter Haar.

Urenco Finance N.V. is a company incorporated in the Netherlands under the Netherlands Civil Code. The statutory seat is in Amsterdam, The Netherlands. The business address is Urenco Court, Sefton Park, Bells Hill, SL2 4JS in Stoke Poges, United Kingdom. The nature of Urenco Finance N.V. and its principal activities are financing the Urenco Group to which Urenco Finance N.V. belongs. Urenco Limited is the direct and ultimate holding company of Urenco Finance N.V. and, in addition, the controlling company of the Urenco Group. Urenco Limited is domiciled in the United Kingdom, incorporated in England & Wales.

2. Significant accounting policies

Basis of preparation and presentation
The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code. Urenco Finance N.V.'s financial statements have been prepared under the historical cost basis. The financial statements are presented in Euros which is also the Company's functional currency.

Going concern
After making enquiries, the Directors are satisfied that the Company has access to adequate resources to continue in operational existence for the foreseeable future and continues to adopt the going concern basis in preparing the financial statements. In reaching their conclusion, the Directors have considered the offer of support in the form of the cross guarantees provided by the parent company undertaking, ensuring that the Company is able to settle its liabilities as and when they fall due for a period of not less than 12 months following signing of these financial statements.

Adoption of new and revised accounting standards

Amendments to accounting standards that are mandatorily effective for the current year
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

In the current year, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022. The impact of their adoption on the disclosures or on the amounts reported in these financial statements is assessed below.

International Accounting Standards (IFRS / IAS)	IASB Effective Date - periods commencing on or after	EU endorsed Effective Date - periods commencing on or after
Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022	1 January 2022
Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022	1 January 2022

2. Significant accounting policies – continued

International Accounting Standards (IFRS / IAS)	IASB Effective Date - periods commencing on or after	EU endorsed Effective Date - periods commencing on or after
Mandatory effective statements - continued		
Annual Improvements to IFRS 2018– 2020: • Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a First-time Adopter. • Amendment to IFRS 9 Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities. • Amendment to IFRS 16 Leases – removal of the illustration of the reimbursement of leasehold improvements. • Amendment to IAS 41 Agriculture - Taxation in Fair Value Measurements.	1 January 2022	1 January 2022

Assessment of impact

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

New standards and interpetations

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	EU endorsed Effective Date - periods commencing on or after
Standards		
IFRS 17 Insurance Contracts (issued on 18 May 2017); including Amendments to IFRS 17 (issued on 25 June 2020)	1 January 2023	1 January 2023
Amendments		
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1); and Deferral of Effective Date Amendment (issued on 15 July 2020)	1 January 2024	Not yet endorsed
Non-current Liabilities with Covenants (Amendments to IAS 1) (issued on 31 October 2022)	1 January 2024	Not yet endorsed
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) (issued on 22 September 2022)	1 January 2024	Not yet endorsed
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

2. Significant accounting policies – continued

New standards and interpetations – continued

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

Critical accounting judgements and key sources of estimation uncertainty
In the process of applying IFRS, the Directors are required to make significant estimates, assumptions and judgements. There could be a risk that the carrying values of the entity's assets and liabilities could be different should assumptions be materially incorrect. The main area of risk is:

- Estimates are made regarding fair values of loans receivable as disclosed in Note 13. The measurement of the value of these loans receivable are based on the fair value of the external Euro bonds.
- Judgement is made as to the recoverability of loans receivable from Group companies (expected credit loss). The percentage of loss allowance is based on the cashflow forecasts of the debtor entity.

Interest income
Interest income is accrued on a time basis by reference to the principal outstanding using 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.

Interest expense
Interest expense is calculated by applying the effective interest rate to the debt instrument. This is the rate that exactly discounts estimated future cash payments through the expected life of the debt instrument to the gross carrying amount of the debt instrument on initial recognition.

Foreign currency translation
The functional currency of the Company is the Euro. Transactions in other currencies are initially reported using the exchange rate at the date of the transaction. Gains and losses from the settlement of such transactions and gains and losses on translation of monetary assets and liabilities denominated in other currencies are included in income.

Taxation
The tax charge/ credit represents the current tax on Urenco Finance N.V.'s result for the year.

Current income tax
The current tax payable is based on taxable income for the year. Urenco Finance N.V.'s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred income 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 balance sheet 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 income 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 income.

2. Significant accounting policies – continued

Loans receivable
The loans receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans receivable are initially recorded at fair value including transaction cost, and subsequently carried at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the loans are derecognised or impaired, as well as through the amortisation process.

Loans receivable are assessed individually for impairment at each statement of financial position date. A provision for expected credit loss is recognised against the carrying value based on the credit rating of the debtor, the term of the loan receivable and the number of days past the contractual due date for loan and interest payments.

A financial asset is derecognised when the contractual cash flows from the asset expire or when the Company transfers the rights to receive the contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Cash and cash equivalents
Cash and cash equivalents in the statement of financial position and cash flow statement comprise cash at bank and short-term deposits with an original maturity of three months or less.

Financial liabilities
Financial liabilities include loans, interest payable and accrued expenses. The financial liabilities are initially measured at fair value and subsequently measured at amortised cost.

Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at fair value and subsequently at amortised cost.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities, are recognised in finance income or finance cost.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Trade payables
Trade payables are usually not interest bearing and are stated at cost as their maturity is within one year.

3. Finance income

	2022 **€000**	2021 €000
Interest income from group companies:		
United Kingdom	**25,140**	23,783
Reversal of expected credit loss	**-**	640
	25,140	24,423

4. Finance costs

	Maturity	2022 €000	2021 €000
Interest expense relating to:			
€534.4 million Eurobond	**15 Feb 21**	**-**	1,703
€405 million Eurobond	**5 Aug 22**	**3,544**	9,702
€500 million Eurobond	**2 Dec 24**	**12,398**	12,378
€500 million Eurobond	**13 Jun 32**	**9,199**	-
Increase of expected credit loss		**123**	-
Foreign exchange losses on sterling tax balance		**1**	
Bank interest/charges		**-**	3
		25,265	23,786

5. Income before tax

Included within income before tax is:	2022 €000	2022 %	2021 €000	2021 %
Audit services: Fees payable to the Company's auditor for the audit of the Company's annual accounts	**-**	**-**	42	100
Total	**-**	**-**	34	100

The audit fee of €51,500 for the audit of the financial statements of the Company for the year was borne by Urenco Limited.

The number of employees during the year was NIL (2021: NIL).

6. Income tax

The Company has been tax resident in the United Kingdom since 1 January 2016 and consequently is subject to United Kingdom taxation on its profits from that date onwards.

a) Analysis of tax credit in the profit and loss account

	2022 €000	2021 €000
Current tax:		
Corporation tax on profits for the year	**-**	(10)
Total tax credit on profit on ordinary activities	**-**	(10)

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6. Income tax - continued

b) Factors affecting tax credit for the year

The tax assessed for the year is higher than (2021: lower than) the average standard rate of corporation tax in the United Kingdom of 19% (2021: 19%). The differences are explained below:

	2022	2021
	€000	€000
(Loss)/Profit before tax	**(125)**	590
(Loss)/Profit before tax multiplied by the average standard rate of corporation tax in the UK of 19% (2021: 19%)	**(24)**	112
Effects of:		
Revised credit losses on loans receivable	**24**	(122)
Total tax credit reported in income statement	**-**	(10)

c) Factors that may affect future tax charges

An increase in the mainstream rate of UK corporation tax from 19% to 25%, effective from 1 April 2023, was enacted during 2021. The annual UK corporation tax rate for the year ended 31 December 2022 remained at 19% (2021: 19%).

7. Loans receivable – Non-current

	Urenco Ltd	Urenco Ltd
	2022	2021
	€000	€000
Loans at start of year	**500,000**	905,025
Loans issued	**500,000**	-
Loans reclassified to current assets (note 8)	**-**	(405,025)
Loans at end of year	**1,000,000**	500,000
Expected credit loss	**(1,206)**	(1,084)
Expected credit loss reclassified to current assets (note 8)	**-**	486
Net Loans at end of year	**998,794**	499,402
Opening deferred interest	**(1,528)**	(2,989)
Transfer to current	**-**	350
Capitalised bond issue costs	**(3,735)**	-
Movement	**728**	1,111
Closing deferred interest	**(4,535)**	(1,528)
Opening balance at start of year	**497,874**	900,953
Closing balance at end of year	**994,259**	497,874

As at 31 December 2022 there are two (31 December 2021: two) loans to the parent company, that mirror the terms of the external bonds issued by the Company as disclosed in Note 12.

7. Loans receivable – Non-current - continued

Deferred interest

Certain notes have been issued below par value. The resulting discount is accounted for using the effective interest method. The effective interest method is a method of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including transaction costs and other premiums or discounts) through the expected life of the financial asset to the net carrying amount on initial recognition.

8. Other receivables (current)

	2022	2021
	€000	€000
Current account shareholder	**8,888**	8,930
Loans receivable (note 7)	**-**	405,025
Expected Credit loss reclassification from Loans (note 7)	**-**	(486)
Deferred interest transfer to current (note 7)	**-**	(350)
Interest receivable Urenco Limited	**9,950**	4,677
Other receivables	**18,838**	417,796

The current account with the shareholder represents amounts repayable on demand by the parent company Urenco Limited on which no interest is chargeable.

9. Cash and cash equivalents

Cash and cash equivalents comprises solely cash at bank that is freely available to the Company. The carrying amount of these assets approximates to their fair value.

10. Share capital

	2022	2021
	€000	€000
Authorised:		
2,000 ordinary shares of € 100 each	**200**	200
Issued and fully paid:		
450 ordinary shares of € 100 each	**45**	45

There are no movements in share capital and the number of shares during the years 2022 and 2021.

11. Retained earnings

	Retained earnings €000
As at 1 January 2021	7,193
Total comprehensive result, net of tax	600
As at 31 December 2021	7,793
As at 1 January 2022	7,793
Total comprehensive result, net of tax	(125)
As at 31 December 2022	7,668

12. Financial risk management objectives and policies

The Company's principal financial instruments comprise loans to group companies, and borrowings from financial institutions. The main purpose of these financial instruments is to raise finance for the Urenco Group's operations to which Urenco Finance N.V. belongs.

The Company has a policy not to undertake any speculative trading in financial instruments.

The main risks the Company faces are with regard to its financial instruments: counterparty credit risk, refinancing risk, interest rate risk and liquidity risk. Urenco Finance N.V. has a low risk tolerance and seeks to limit these risks by being a wholly owned subsidiary of Urenco Limited, with the sole objective of providing finance to other wholly owned subsidiaries of the Urenco Group. Urenco Group is lent funds based on the same terms and conditions as the external borrowings. External loans are guaranteed by Urenco Limited and the principal operating subsidiaries within the Urenco Group. These risks are therefore actively monitored and managed at the Company and the Group level. The Company does not use derivative financial instruments to hedge its risks.

Counterparty credit risk

Counterparty credit risk is the risk of a loss being sustained by the Company as a result of payment default by the counterparty with whom the Company has placed funds on deposit. The extent of loss, for example, could be the full amount of the deposit. The main counterparty for receivables is Urenco Limited.

No collateral is pledged or received in respect of the financial instruments. External loans are guaranteed by Urenco Limited and the principal operating subsidiaries within the Urenco Group, being Urenco UK Limited, Urenco Nederland B.V., Urenco Deutschland GmbH and Louisiana Energy Services LLC. All off balance sheet arrangements are disclosed in note 15.

Refinancing risk

Refinancing risk is the risk of the Company not being able to issue debt for external reasons beyond the control of the Company. In the first half of 2022, the Company updated its €3 billion Euro medium-term note (EMTN) programme. The Company will continue to regularly review the need for further updates, if appropriate, of its EMTN programme to ensure it has the documentation in place to issue under the EMTN programme should it decide to.

Interest rate risk

As at 31 December 2022, all of the Company's borrowings and long term loan receivables were at a fixed rate of interest (31 December 2021: 100 per cent). To the extent that debt obligations have floating interest rates, the Company's interest charge will change due to changes in the market interest rates, and any such change could be adverse as well as favourable.

Interest rate sensitivity analysis

Changes in the market interest rates of non-derivative financial instruments with fixed interest rates only affect income if these are measured at their fair value. As such, financial instruments with fixed interest rates that are carried at amortised cost do not cover the interest rate risk as defined in IFRS 7 and accordingly changes in the interest rates will not result in significant changes in the profit and equity.

12. Financial risk management objectives and policies– continued

Liquidity risk
The Company is exposed to liquidity risk given that it has external debt that will need to be repaid. Repayment of this debt will be made using funds received from the Parent Company when it repays loans the Company made to it or by refinancing the debt under the EMTN programme.

Foreign currency sensitivity analysis
Tax balances at the end of the year in Sterling are subject to foreign exchange revaluation. A 10% increase in the value of the Euro against Sterling would result in a €2,634 foreign exchange gain in the income statement (2021: €2,688). A 10% reduction on the value of the Euro against Sterling would result in a €2,634 foreign exchange loss in the income statement (2021: €2,688). The company believes the factors considered in preparing the sensitivity analysis to be a fair approximation of possible actual changes.

Bond maturity

The table below summarises the maturity profile of the Company's financial liabilities at 31 December based on contractual undiscounted payments, including loan principal and future interest payments:

2022	**On demand €000**	**Less than 3 months €000**	**3 – 12 months €000**	**1 – 5 years €000**	**> 5 years €000**	**Total €000**
Interest bearing loans	**-**	**-**	**-**	**500,000**	**500,000**	**1,000,000**
Interest payments	**-**	**-**	**28,125**	**76,875**	**81,250**	**186,250**
	-	**-**	**28,125**	**576,875**	**581,250**	**1,186,250**

2021	On demand €000	Less than 3 months €000	3 – 12 months €000	1 – 5 years €000	> 5 years €000	Total €000
Interest bearing loans	-	-	405,025	500,000	-	905,025
Interest payments	-	-	20,988	23,750	-	44,738
	-	-	426,013	523,750	-	949,763

On 9 May 2022 the Company repurchased and cancelled all outstanding August 2022 Eurobonds for a price of €405.0 million. The total amount paid to the bond holders was €411.9 million, which included interest of €6.9 million.

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

Funds required for the repayment in May 2022 were provided by the parent company, Urenco Limited and in accordance to the contractual arrangements with Urenco Finance N.V. The proceeds from the new Eurobond issued in June were lent to Urenco Limited.

Capital management
Capital of the Urenco Group is managed by Urenco Limited. Urenco Finance N.V. is tasked with raising the required finance for the Urenco Group. Dividends will be proposed by the Directors within the framework of Dutch law and regulations.

The Company's capital consists of Share Capital and retained earnings. There are no externally imposed capital requirements. Management regularly monitors the capital balances and would take action should a deficit be identified. There have been no changes to the requirements or processes for capital management.

12. Financial risk management objectives and policies– continued

Fair values

Set out below is a comparison by category of book values and fair values of the Company's financial assets and liabilities as at 31 December 2022 and 31 December 2021:

	Carrying value 2022 €000	**Fair value 2022 €000**	Carrying value 2021 €000	Fair value 2021 €000
Financial assets				
Loans receivable (long term)	**994,259**	**915,274**	497,874	526,021
Cash and short-term deposits	**5**	**5**	5	5
Current account shareholder	**8,888**	**8,888**	8,930	8,930
Current interest bearing receivables	**-**	**-**	404,189	409,050
Interest receivable group companies	**9,950**	**9,950**	4,677	4,677
Financial liabilities				
Interest bearing loans and borrowings (long term)	**995,465**	**916,480**	498,472	526,620
Current interest bearing borrowings	**-**	**-**	404,675	409,535
Interest payable	**9,950**	**9,950**	4,677	4,677

All financial assets and financial liabilities are held at amortised cost.

The Company uses the following hierarchy for determining and disclosing the fair value of financial assets and liabilities 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.

The fair values of interest bearing bonds and borrowings shown in the table above are categorised as level 1 with market values having been used to determine the fair value of Urenco Finance N.V.'s listed Eurobonds based on the published prices. The fair value of loans receivable has been derived from the published prices of Urenco Finance N.V.'s listed Eurobonds, using the joint liability for the credit risk of the group as a whole as input factor and hence classified as level 2.

Loans receivable and payable are initially recorded at fair value and subsequently measured at amortised cost. Financial assets consist of cash and loans receivables.

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13. Interest bearing loans and borrowings

At 31 December	Nominal interest rate %	Effective interest rate %	Maturity	**2022 €000**	2021 €000
Non-current					
Other loans:					
(1) €405 million Eurobond	2.25%	2.41%	5 Aug 22	**-**	405,025
(2) €500 million Eurobond	2.375%	2.49%	2 Dec 24	**500,000**	500,000
(3) €500 million Eurobond	3.25%	3.336%	13 Jun 32	**500,000**	-
				1,000,000	905,025
Capitalised finance costs				**(4,535)**	(1,878)
Total loans and borrowings				**995,465**	903,147
Total Current				**-**	(404,675)
Carrying amount interest bearing loans and borrowings				**995,465**	498,472

Movements on Interest bearing loans and borrowings

On 9 May 2022, the Company repaid bonds of €405.0 million with an original maturity date of 5 August 2022 (2021: €534.4 million with maturity date of 15 February 2021). The Company issued new bonds of €500 million due to mature on the 13th June 2032. The other movement during the year was the capitalisation of bond issue costs of €3,735k, inclusive of €1,050k discount upon issuance, relating to the new bond and the amortisation of Capitalised finance costs of €1,078k (2021: €1,172k).

Deferred interest

Certain notes have been issued below par value. The resulting discount is accounted for using the effective interest method. The effective interest method is a method of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including transaction costs and other premiums or discounts) through the expected life of the financial liability to the net carrying amount on initial recognition.

14. Other payables (current)

	Maturity	**2022 €000**	2021 €000
Accrued interest relating to:			
€405 million Eurobond	5 Aug 2022	**-**	3,720
€500 million Eurobond	2 Dec 2024	**957**	956
€500 million Eurobond	13 Jun 2032	**8,993**	-
Audit provision		**-**	42
		9,950	4,718
Bonds maturing August 2022		**-**	404,675
		9,950	409,393

Other payables comprise interest payable, audit provisions and issued bonds maturing within 12 months.

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15. Off balance sheet arrangements

The external loans issued by the Company are guaranteed by Urenco Limited and the principal operating subsidiaries within the Urenco Group as disclosed in note 12 counterparty credit risk.

The Company is exposed to a number of joint contingent liabilities due to its position within the Urenco Group. The Company has the following contingent liability exposures:

A joint contingent liability as a result of a cross guarantee for loans entered into by Urenco Limited amounting to €142.5 million (2021: €152.8 million) and guaranteed by the Company, Urenco UK Limited, Urenco Nederland B.V., Urenco Deutschland GmbH, Urenco Enrichment Company Limited, Urenco ChemPlants Limited, Urenco USA Holdings Limited, Urenco USA Inc. and Louisiana Energy Services LLC.

Banking facilities consisting of €500 million multicurrency revolving credit facility, undrawn and a Surety Bond held by Louisiana Energy Services LLC of €383.9 million (2021: €361.5 million) guaranteed by the Company, Urenco Limited and the principal operating entities being Urenco UK Limited, Urenco Nederland B.V. and Urenco Deutschland GmbH.

An amount of €136.5 million (2021: €44.9 million) as guarantors under International Swap and Derivative Association (ISDA) agreements together with Urenco Limited and the principal operating entities being Urenco UK Limited, Urenco Nederland B.V., Urenco Deutschland GmbH and Louisiana Energy Services LLC.

Management considers it highly unlikely that the contingent liabilities disclosed above would become a recognised liability on the Statement of Financial Position.

16. Related party transactions

Transactions between the Company and Urenco Limited, which is a related party, have been disclosed in Note 7 and Note 3.

No Director has ever received a loan from the Company or any other transaction with the Company. Key management consists of the three Directors; G. Tyler, M Karaiskos and R. ter Haar.

The remuneration of the Directors was paid by, and charged in, the accounts of another Urenco Group company, and no amounts were reimbursed by this Company. From the perspective of the Company, this is not at an arms' length basis.

17. Appropriation of result for the financial year 2022

The 2021 annual report was determined in the general meeting of shareholders held on 8 March 2022. The general meeting of shareholders determined the appropriation of result in accordance with the proposal being made in the annual report.

The Board of Directors proposes to allocate the net loss for 2022 to retained earnings. Pending the decision of the Annual General Meeting of Shareholders, the net loss for the year of €125,000 (2021: €600,000 net income) has been deducted from the retained earnings.

18. Events after the balance sheet date

As of 6 March 2023, no other material structural changes or business events have occurred that might serve to alter any of the disclosures contained in the 2022 financial statements.

19. Cash flow statement

The cash flow statement has been drawn up using the indirect method. With this method, the net result is adjusted for items in the income statement that have no impact on cash flows in the year under review and for changes in items in the balance sheet whose income and expenses are not considered to impact cash flows. The cash position in the cash flow statement comprises cash and cash equivalents.

20. Expected credit losses

The below table is a reconciliation of the opening and closing expected credit losses on financial assets.

	As at 1 January	Due to changes in receivable	Due to changes in recoverability	Reclassification	As at 31 December
	€000	€000	€000	€000	€000
Long term receivables	598	608	-	-	1,206
Short term receivables	495	(485)	-	-	10
	1,093	123	-	-	1,216

The Company recognises an expected credit loss based on the forecast cashflows of the debtor from which the receivables are due. The total expected credit loss provision has increased as the value of additional loans provided to the parent company has exceeded the repayments on loans from the parent company and hence the total financial assets increased in value.

Board of Directors

6 March 2023
Urenco Finance N.V.

G. Tyler M. Karaiskos R. ter Haar

Other information

Independent auditor's report
Reference is made to the auditor's report as included hereinafter.

Statutory rules concerning appropriation of result
In Article 22 of the Company's statutory regulations the following has been presented concerning the appropriation of the result:

1. The allocation of profits earned in a financial year shall be determined by the General Meeting.
2. Distributions can only take place up to the amount of the Distributable part of the net assets.
3. Distribution of profits shall take place after the adoption of the Annual Accounts from which it appears it is approved.
4. The General Meeting may resolve to pay distributions from the reserves or an account of the profits of the current financial year, provided that the aggregate amount of such distributions will not exceed the amount of the Distributable part of the net assets, which has to be evidenced by an interim balance sheet within the meaning of and in accordance with article 2:105 of the Dutch Civil Code.
5. The General Meeting may, subject to due observance of paragraph 2, resolve to make payments to the charge of any reserve which need not to be maintained by virtue of the law.
6. A claim of a shareholder for payment of a dividend shall be barred after five years have elapsed.