

URENCO NEDERLAND B.V.

Almelo, the Netherlands

Annual Report
For the financial period ended 31 December 2021

ADDRESS:

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DIRECTOR'S REPORT

The Managing Director herewith submits the Financial Statements of Urenco Nederland B.V. ("the Company" or "UNL") for the year ended 31 December 2021.

Group structure

Urenco Nederland B.V. is a Company domiciled and incorporated in the Netherlands under the Netherlands Civil Code. It is part of the Urenco Group and the ultimate parent Company of UNL, Urenco Limited, is domiciled in the United Kingdom, incorporated in England & Wales.

Activities

The Company's main activities are the enrichment of uranium, and the enrichment or depletion of and trade in stable isotopes. Customers are utilities in the USA, Europe and the Far East, as well as companies in the semi-conductor industry, the medical sector and oil and gas exploration and research institutes in Europe and North America.

Our Strategy

Our strategy sets out what we need to achieve in the long term (five to 15 years), mid-term (three to five years) and short term (12-24 months) under five building blocks: create a winning team – our people; maintain our strong customer base; defend and innovate our core business operations; shape and utilise regulatory frameworks; and promote organic growth. It is driven by our purpose, vision, mission and values and aligns with the Sustainable Development Goals (SDGs) adopted by the United Nations.

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

Our strategy's five building blocks

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

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

We are seeking to shape and utilise regulatory frameworks through actively engaging with stakeholders and decision-making bodies in our target markets and across all aspects of our business. We are actively engaging with the relevant Government departments and authorities to help design the future of civil nuclear power, promoting the evolution of regulatory regimes and continuing to be a reliable partner in the field of international non-proliferation.

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

Our Strategy: priority focus areas

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

- Culture
- Next generation fuels
- Asset strategy
- Sustainability

Culture

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

Over the past year, we have been gathering feedback about our company's culture. There were many positive aspects that our people highlighted and they also provided insight on areas where we can improve, which has been used to inform future work. Our three cultural priorities are to improve leadership, empowerment/accountability and transparency/collaboration.

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

We actively encourage any concerns about behaviours to be raised, directly with colleagues or with line managers who are responsible for addressing issues promptly and confidentially. In addition, there is a whistleblowing mechanism if an individual does not wish to raise an issue directly or feels it has not been dealt with satisfactorily. An alert line with an independent organisation can be contacted free of charge and anonymously. We also take a zero-tolerance approach to bribery and corruption as outlined in our Anti-Bribery and Corruption policy. Integrity is one of our core values and we expect our employees and key stakeholders to act in this manner in all their interactions.

Next generation fuels

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

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

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

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

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

Asset strategy

Urenco's asset strategy defines the investment needed for centrifuge and associated technology refurbishment and replacement, and the future expansion and decommissioning of our plants. It optimises the value of our assets across all sites to enhance our ability to respond flexibly to market developments and opportunities.

Sustainability

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

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

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

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

To support the achievement of our 2040 goal, we have set interim targets for 2030 to ensure we make the progress needed to help keep global temperature rise to below 1.5 degrees:

- Reduce scope 1 & 2 emissions by 50% by 2030 (from a 2019 baseline)
- Reduce scope 3 emissions by 30% by 2030 (from a 2019 baseline)
- Source at least 80% of our electricity from low carbon sources¹

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

Energy use and climate change

Our Energy Savings Group promotes energy efficiency, with a particular focus on electricity usage, which accounts for over half our total scope 1, 2 and 3 emissions. We have implemented a range of efficiency measures, including the installation of speed-controlled motors to pumps and reducing output on various operational systems.

We are committed to managing our climate change impact, not only within our operations but across our value chain. In 2021 we measured these emissions for the third year, gaining a good understanding of where our supply chain impact lies. Purchased goods and services remain the largest part of our scope 3 footprint. This includes both the emissions from the uranium feed that Urenco owns and procures, the equipment required in our operations and the supporting goods and services that keep our business running.

Urenco Nederland created 10 new charging points for employee parking and made provision for an additional 20. In total, there are currently 18 charging points in the car park for employees and visitors, and an additional five at other areas of the site.

In 2021 Urenco Nederland also commissioned a project in which the natural gas consumption of the Recycling Centre can be reduced to zero. Natural gas is currently used to generate steam to condition (humidify) the incoming air of the ventilation system. This system will be replaced with a new one, which will use waste heat from an enrichment plant. In addition, Urenco Nederland has been assessing the feasibility and development of two onsite largescale solar panel installations (solar PV arrays): one on the roof of a building and another on new carports. It is expected this would reduce the site's peak electricity demand by up to 20%, resulting in a year average reduction of 2% from the grid. This is equivalent to a 2,800 MWh reduction and 1,400 tCO₂e avoided, comparable with the usage of a thousand Dutch households.

Inclusion and Diversity

Improving the gender mix within the business is a priority for Urenco and we have updated our goals linked to retention, inclusion, development (including training), succession planning and recruitment. Work is also being expanded to include other critical areas of inclusion and diversity (I&D) beyond gender.

¹ * Low carbon is defined at Urenco as nuclear or renewable sources.

I&D champions have been recruited across the organisation, with a lead champion for each Urenco location, and there has been a successful initial roll out of I&D awareness training.

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

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

Social investment

Urenco has evolved its approach to social investment as a significant element of our refreshed sustainability strategy. In 2021, our Board approved an increased social investment budget and an enhanced programme was developed focused on multi-year partnerships with charitable organisations to maximise social impact, reputational value and employee engagement.

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

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

The aims of the social investment programme are to:

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

Markets overview

SWU price

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

Profit for the year

The revenue for UNL increased slightly (2021: €513m/ 2020: €500m). Net profit performed at €139m, against €154m in 2020. The Stable Isotope program is developing well and is profitable.

Net cash flows from operating activities were €249m (2020: €295m). These cash flows have been utilised to invest in property plant and equipment for €20m (2020: €42m), and the payment of an interim dividend of €130m (2020: €105m).

The financial position, the performance and margins realized have developed in line with budget. Compared to last year both liquidity and solvency of the Company remain strong. This is expected to continue into the coming year.

Risks

Risk management and mitigation is a key area of focus for UNL. Across all areas, UNL works hard to raise risk awareness and has developed a range of measures to help identify, manage and mitigate potential risks and threats which could impact the business. Operating in a heavily regulated industry, the primary focus is managing and mitigating risks through a continuous cycle of identification, analysis, evaluation and response.

We need to ensure that we operate to the highest safety standards to maintain a safe environment for our colleagues and stakeholders. Therefore, we have implemented safety management systems, designed to minimise our risks, whilst regular monitoring ensures compliance with safety standards. We focus on continuous improvement and the detection and remediation of potential hazards before incidents have a chance to occur.

We work closely with our government and regulator in the field of creation of and compliance to safeguard regimes and we continually maintain and review our uranium tracking methods on site.

A common set of safeguards' standards is applied across the organization to ensure non-proliferation and to prevent the misappropriation of uranium materials. Our safeguard programs are also supported by a rigorous accounting and audit approach to the uranium materials we keep on site, in order to ensure that we consistently meet the stringent inspection criteria set by ANVS, IAEA and EURATOM.

We need to ensure the security of fissile material and of our classified technology and assets, particularly with regard to the increasing threat that cybercrime poses to the energy sector. We ensure that we comply with all applicable national and international security requirements and we make sure that we comprehend the nature of new and emerging physical and cyber security threats. The ongoing monitoring of the effectiveness of security policies and arrangements, as well as risk assessment takes place on an ongoing basis.

We are confident that our efforts will support the Urenco Group in sustaining its position as a global leader in enrichment services and enable expansion of our high-tech capabilities to more broadly serve the nuclear industry. The Group and the Company continue to engage in positive interactions with employees, explaining the need for change in an open and transparent way.

As sustainability has risen up the agenda of countries across the world, Urenco and its Board are proud of the organisation's role in facilitating low carbon electricity generation for global consumers. We look forward to continuing to make a valuable contribution long into the future by supporting our customers in the nuclear power industry.

The Company is exposed to foreign currency risks, as some of its customers pay in currencies other than Euros and some costs are incurred in other currencies. On behalf of the Company, the Urenco Group mitigates its exchange rate exposure by hedging a portion of its forecast US dollar revenues. UNL has covered the short and mid-term risk in energy prices.

This reduces the volatility of the cash flows. From 1 January 2015 the Company has applied cash flow hedge accounting of net currency exposures arising in future years, which reduces the volatility of net earnings reported through the income statement.

UNL operates under an infinite Nuclear License.

Outlook

In the coming years the business expects to trade in line with current trends. During 2022 investments for efficiency improvement and replacements will be in line with prior years. Headcount is anticipated to slightly decrease, except for selected positions where we want to replace temporary contracts by permanent positions for quality and efficiency reasons. The investment level is expected to maintain in line with the recent level.

Management has established that as things stand today, the outbreak of the coronavirus (COVID-19) has limited impact on Urenco's business. In the Netherlands all nuclear activities have been outlined as vital. This means that currently we are trying to keep all processes upright within the restrictions declared by the Dutch government.

Today, we are deeply concerned about the current developments in Ukraine and our thoughts are with the people suffering as a result of the conflict. As Urenco we have professional contacts and business relationships both with Russia as well as with Ukraine. We are monitoring - and will continue to monitor - the developments in the region closely. We will evaluate the developments and the subsequent sanctions from US, Great Britain and the EU, which will be strictly followed. In doing so, we will work in close contact with our governmental partners and stakeholders.

Statement

The Managing Director hereby declares that, to the best of his knowledge:

- the financial statements for the year ended 31 December 2021 give a true and fair view of the assets, liabilities, financial position and profits or losses of the Company; and
- the director's report gives a true and fair view of the position as per the balance sheet date, and of the development and performance during the 2021 financial year of the Company, and the principal risks facing the Company have been described herein.

There is no policy with regard to male/female seats in board of directors or supervisory board as there is only one director and the members of the supervisory board are the directors from the parent Company.

Almelo, 4 March 2022

Urenco Nederland B.V.

A.S. Louter
Managing Director

A.J.G. Broenink
Head of Finance

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER

		2021	2020
		Results for the year	Results for the year
	Notes	€ 000	€ 000
Revenue from sales of goods and services	3	513,388	500,454
Changes to inventories of finished goods and work in progress ¹		(64,500)	(41,120)
Raw materials and consumables used ¹		(2,858)	(2,451)
Tails provisions created	25	(38,620)	(50,088)
Employee benefits expense	6	(29,095)	(30,572)
Depreciation and amortisation		(63,270)	(66,309)
Group overhead expense	30	(32,118)	(54,443)
Other expenses		(77,910)	(63,576)
Income from operating activities	5	205,017	191,895
Finance income	7	243	1,345
Finance costs	8	(19,618)	(21,159)
Income before tax		185,642	172,081
Income tax expense	9	(46,945)	(17,967)
Profit for the year		138,697	154,114

Certain comparative figures have been reclassified to be in line with this year's presentation.

STATEMENT OF COMPREHENSIVE INCOME

		2021	2020
	Notes	€000	€000
Profit for the year		138,697	154,114
Other comprehensive income			
Items that may be reclassified subsequently to the income statement			
Cash flow hedges – transfers to revenue	24	5,294	13,624
Cash flow hedges – mark to market	24	(44,222)	42,922
Current tax charge on cash flow hedges	9	-	(8,670)
Deferred tax charge on cash flow hedges	9	9,867	(5,472)
		(29,061)	42,404
Total comprehensive income, net of tax		109,636	196,518

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER

		2021	2020
	Notes	€000	€000
Assets			
Non-current assets			
Property, plant and equipment	11	475,828	516,099
Investment property	12	1,609	1,718
Intangible assets	13	255	305
Investments	14	1,494	1,461
Derivative financial instruments	24	4,057	25,307
Deferred tax asset	9	108	-
Contract assets		5,197	2,446
		488,548	547,336
Current assets			
Inventories	15	39,403	30,380
SWU assets	16	594	15,215
Contract assets	17	-	2,581
Trade and other receivables	18	89,049	71,370
Income tax receivable	9	44,062	30,292
Interest bearing receivable	19	495,015	397,678
Derivative financial instruments	24	855	10,311
		668,978	557,827
Total assets		1,157,526	1,105,163
Equity and liabilities			
Equity attributable to equity holders of the parent			
Share capital	20	69,161	69,161
Share premium	21	17,243	17,243
Retained earnings	22	348,968	340,271
Hedging reserve		(12,527)	16,534
Total equity		422,845	443,209
Non-current liabilities			
Provisions	25	629,997	572,769
Derivative financial instruments	24	14,191	6,964
Deferred tax liability	9	-	13,903
Contract liabilities > 1 year	23	26,863	16,764
Lease liabilities		169	275
		671,220	610,675
Current liabilities			
Contract liabilities < 1 year	23	23,810	23,266
Trade and other payables	27	30,187	25,530
Lease liabilities		143	159
Derivative financial instruments	24	9,321	2,324
		63,462	51,279
Total liabilities		734,682	661,954
Total equity and liabilities		1,157,526	1,105,163

STATEMENT OF CHANGES IN EQUITY

	Issued capital €000	Share premium €000	Retained earnings €000	Hedging reserve €000	Total equity: €000
As at 1 January 2021	69,161	17,243	340,271	16,534	443,209
Income from the period	-	-	138,697	-	138,697
Other comprehensive income	-	-	-	(29,061)	(29,061)
Total comprehensive income	-	-	138,697	(29,061)	109,636
Interim dividend distributed to parent company	-	-	(130,000)	-	(130,000)
As at 31 December 2021	69,161	17,243	348,968	(12,527)	422,845
As at 1 January 2020	69,161	17,243	291,157	(25,870)	351,691
Income from the period	-	-	154,114	-	154,114
Other comprehensive income	-	-	-	42,404	42,404
Total comprehensive income	-	-	154,114	42,404	196,518
Interim dividend distributed to parent company	-	-	(105,000)	-	(105,000)
As at 31 December 2020	69,161	17,243	340,271	16,534	443,209

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER

	Notes	2021 €000	2020 €000
Income before tax		185,642	172,081
Adjustments to reconcile Group income before tax to net cash inflows from operating activities:			
Depreciation and amortisation	5	63,270	66,309
Finance income	7	(243)	(1,345)
Finance cost	8	19,618	21,159
non-cash reclassification of revenue hedges		1,243	-
Unrealised foreign exchange		(905)	-
(Increase) / decrease in contract assets		(2,548)	(448)
Increase / (decrease) in provisions	25	43,788	82,770
Increase / (decrease) in contract liabilities		9,728	7,400
Operating cash flows before movements in working capital		319,593	347,926
(Increase) / decrease in inventories		(9,024)	(11,010)
(Increase) / decrease in SWU assets		14,621	18,741
(Increase) / decrease in contract assets		2,587	1,688
Increase/(decrease) in contract liabilities		411	1,028
(Increase) / decrease in receivables		(16,465)	(2,701)
Increase / (decrease) in payables		2,245	(7,963)
Cash generated from operating activities		313,968	347,709
Income taxes paid		(64,859)	(52,256)
Net cash flow from operating activities		249,109	295,453
Investing activities			
Interest received	7	243	119
Purchases of property, plant and equipment	11	(20,442)	(42,295)
Increase investment	14	(33)	(23)
Net cash flow from investing activities		(20,232)	(42,199)
Financing activities			
Interest paid	8	(1,420)	(6,736)
Dividends paid to equity holders	10	(130,000)	(105,000)
Movement in interest bearing loans and borrowings		(97,336)	(21,556)
Repayment of lease liabilities	24	(121)	38
Repayment of borrowings		-	(120,000)
Net cash flow from financing activities		(228,877)	(253,255)
Net (decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at 1 January		-	-
Cash and cash equivalents at 31 December		-	-

1. Authorisation of financial statements & compliance with IFRS

The IFRS financial statements of Urenco Nederland BV (“UNL” or “the Company”) for the year ended 31 December 2021 were authorised for issue by the Board of Directors on 4 March 2022 and were signed on the Board’s behalf by A.S. Louter.

The shares of UNL are held 100% by UEC, domiciled in the United Kingdom, incorporated in England & Wales. The ultimate parent company of UNL, Urenco Limited is domiciled in the United Kingdom, incorporated in England & Wales. UNL is a company domiciled and incorporated in the Netherlands under the Netherlands Civil Code 06070616. The address of the registered office is Drienemansweg 1, 7601 PZ Almelo, The Netherlands. The nature of the Company’s operations are the enrichment of uranium and the enrichment/depletion of and trade in stable isotopes.

The Company’s financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (hereinafter: IFRS) and also comply with the financial reporting requirements included in section 9 of Book 2 of the Dutch Civil Code, as far as applicable.

2. Significant accounting policies

Basis of preparation and presentation

UNL is part of the Urenco group (“the group”). Urenco Limited, the parent company of the group is registered in the United Kingdom. UNL financial statements are fully incorporated in the consolidated accounts of the parent company. The group has two main activities, the enriching of uranium and development of plant and equipment for enrichment. UNL is part of the enrichment activity, which is led by Urenco Enrichment Company Limited (“UEC”). UNL is a 100% subsidiary of UEC. The UNL IFRS financial statements have been prepared under the historical cost convention, except for those financial instruments that have been measured at fair value. The carrying values of recognised financial assets and liabilities are carried at amortised cost or are adjusted to record changes in the fair values.

The UNL IFRS financial statements are presented in Euros and all values are rounded to the nearest thousand (€000) except where otherwise indicated. The functional currency of the Company is Euro.

Going concern

In the coming years the business expects to trade in line with current trends. During 2022 investments for efficiency improvement and replacements will be in line with prior years. Headcount is anticipated to slightly decrease, except for selected positions where we want to replace temporary contracts by permanent positions for quality and efficiency reasons.

Management has established that as things stand today, the outbreak of the coronavirus (COVID-19) has limited impact on Urenco’s business. In the Netherlands all nuclear activities have been outlined as vital. This means that currently we are trying to keep all processes upright within the restrictions declared by the Dutch government.

The Director has 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 entity’s cash needs for at least twelve months after the date of approval of these financial statements. He is satisfied that the entity 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.

As a result, we have adopted the going concern principle with regards to our accounting principles.

Adoption of new and amended accounting standards that are mandatorily effective for the current year

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

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

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
Extension to Amendment to IFRS 16 Leases Covid 19-Related Rent Concessions (issued on 31 March 2021)	1 April 2021(i)	1 April 2021(i)
Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) (issued on 25 June 2020)	1 January 2021(ii)	1 January 2021(ii)
Interest Rate Benchmark Reform—Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) (issued on 27 August 2020)	1 January 2021	1 January 2021

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

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

The Director has 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 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 adopted by the EU):

International Accounting Standards (IFRS / IAS)	IASB Effective Date - periods commencing on or after	EU-endorsed effective Date - periods commencing on or after
New standards		
IFRS 17 Insurance contracts (issued on 18 May 2017); including amendments to IFRS17 (issued on 25 June 2020)	1 January 2023	Not yet endorsed
Amendments		
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1); and Deferral of Effective Date Amendment (issued on 15 July 2020)	1 January 2023	Not yet endorsed
Annual Improvements to IFRS 2018–2020		
<ul style="list-style-type: none"> • Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37) • Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) • Reference to the Conceptual Framework (Amendments to IFRS 3) (All issued on 14 May 2020)	1 January 2022	Not yet endorsed
Definition of Accounting Estimates (Amendments to IAS 8) (issued on 12 February 2021)	1 January 2023	Not yet endorsed
Disclosure of Accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2) (Issued on 12 February 2021)	1 January 2023	Not yet endorsed
Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12) (issued on 7 May 2021)	1 January 2023	Not yet endorsed

The Director does not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Company in future periods.

2. Significant accounting policies – continued

Significant estimates and assumptions

In the process of applying UNL's accounting policies, management estimates and assumptions were made. There is a risk that the carrying values of UNL's assets and liabilities could be different should these assumptions be materially incorrect. The main areas of risk are discussed below:

- Provisions for tails disposal and for decommissioning of plant and machinery are made on a discounted basis to meet long-term liabilities. The discounting is unwound annually to recognise progression towards the full escalated cost estimate for eventual safe disposal or decommissioning. The final amounts of these provisions are uncertain but are evaluated based upon the planned operational activity and final capital investment costs involved in successfully achieving safe disposal or decommissioning as well as third party pricing assumptions where available/applicable and the internal cost of deconversion services using TMF. The timing of significant capital projects can change by a number of years, which can significantly change the quantum of the related decommissioning provisions.

The provision for tails is broadly calculated as a rate applicable to the quantity of tails held at the balance sheet date. Consequently, a movement in the rate or quantity of tails held would result in a similar movement in the provision, excluding any changes to assumptions or exchange rate movements associated with translating non-euro denominated provisions to the reporting currency of Euros. Decommissioning costs are also escalated and discounted based upon current operational expectations. These include all costs associated with returning the site to 'brownfield' status. Movements in both provisions, other than capitalised decommissioning costs, are taken directly to the income statement. Capitalised decommissioning costs are included in plant and machinery and are depreciated over the useful life of the underlying plant and machinery. Details of the provisions are given in note 25.

UNL has entered into contracts with embedded derivatives, many of which are designated as accounting hedges (further references are made on page 19). Judgement is applied in management's assessment of the effectiveness of these hedges in particular where the probability and timing of the cash revenues or expenditures (the hedged items) is concerned to which the hedging instruments are related.

Critical accounting judgements

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

Timing of SWU revenue recognition

SWU revenue is recognised at a point in time, not over a period of time. Judgment 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. 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 on delivery. This is supported by the facts that the customer continues to have legal title to the uranium and retains the associated residual risks and rewards of ownership until the point control of SWU transfers to the customer. 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. The overall transaction price under an enrichment contract is allocated to each discrete SWU delivery in accordance with the relative stand-alone selling price. 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 stand-alone selling prices of the additional SWU deliveries, then this is treated as a separate contract. Otherwise the remaining deliveries under the existing contract 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 stand-alone selling price applicable at the date of contract modification.

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.

2. Significant accounting policies – continued

Determination of stand-alone selling price

The stand-alone 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 stand-alone selling prices at the contract inception. Due to the absence of a liquid market for sales of enrichment services or uranium related goods, there is no observable price available when the Group sells such services or goods. Hence judgement is required to determine the appropriate method to calculate the stand-alone selling prices over time for each type of performance obligation. Management assessed that the most appropriate method to determine this stand-alone selling price is an adjusted market assessment approach, whereby management evaluates the enrichment market and estimates a narrow range of prices 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 stand-alone 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.

Revenue recognition

The Company principally operates as a supplier of uranium enrichment services. Customers usually provide UF₆ to the Company 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 U₂₃₅ than natural uranium and depleted uranium having a lower percentage of U₂₃₅ 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 Company 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 Company 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. Contracts may also include volume flexibilities for the customer to take off additional quantities of enrichment services or uranium over and above contractual minimums.

Sale of services

An enrichment contract usually has a series of distinct performance obligations, each one relating to the enrichment of uranium as provided by the customer. The timing of passing of control of the enriched uranium to the customer occurs at the same time when the Company acquires title to the uranium provided by the customer and the point in time when the Company 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 Company allocates a variable amount entirely to a single delivery if the terms of a variable payment relate specifically to the Company'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 Company expects to be entitled in exchange for transferring the promised goods or services to the customer.

2. Significant accounting policies – continued

In typical contracts, price indexation adjustments are allocated to the specific delivery to which they relate. 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 and deferred accordingly. 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.

Revenue from sales of SWU is recorded at the point in time when control of the underlying SWU passes to the customer and therefore there are no contract assets relating to partially completed performance obligations. Any direct costs incurred to fulfil enrichment contracts prior to transfer of control of the SWU to the customer are capitalised and classified as SWU assets on the 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 UF₆ or U₃O₈ 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 Company has transferred control of goods to the buyer. Measurement is based on a judgment of the comparative value of each delivery based on an allocation of the overall value of the contract.

This requires judgment of the stand-alone selling price (SSP) for UF₆ and for U₃O₈. 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 Company's revenue recognition policy

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

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.

Foreign currencies

The Company's functional currency, that is the currency in the main environment in which it operates, is Euro. Transactions in currencies other than the entity's functional currency 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.

2. Significant accounting policies – continued

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. Gains and losses arising on retranslation are included in the income statement. In order to hedge its exposure to certain foreign exchange risks, the Company enters into forward contracts (see page 20 for details of the Company's accounting policies in respect of such derivative financial instruments).

Retirement benefit costs

All rights have been handed over to a multi-employer defined contribution scheme.

For defined contribution schemes the cost paid are immediately recognised in cost.

Taxation

The tax expense represents the sum of the tax currently payable on UNL's taxable income for the year and attributable deferred tax. Further details are contained in note 9.

Current income tax

The tax currently payable is based on taxable income for the year. Taxable income differs from net income 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. UNL'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 income tax relating to items recognised directly in equity is also recognised in equity and not in the income statement.

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.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates and interests in joint ventures, except where UNL 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.

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 on an undiscounted basis, at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

UNL's deferred tax position is calculated using tax rates enacted or substantively enacted by the statement of financial position date.

Property, plant and equipment

Plant and equipment are stated at cost, excluding the costs of day to day servicing, 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. Further details are contained in note 11. Decommissioning assets are also reported under plant and machinery and are measured at net present value of future decommissioning costs and revised for changes. Decommissioning assets are depreciated over 2 – 20 years using the straight-line-method.

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their cost less accumulated depreciation and impairment losses.

2. Significant accounting policies – continued

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees. Depreciation of these assets commences when the assets are commissioned for use.

Office fixtures and fittings and computer equipment are stated at cost less accumulated depreciation and any recognised impairment.

Depreciation is charged so as to write off the cost of assets, other than freehold land and properties under construction, over their estimated useful lives, using the straight-line method, on the following bases:

Buildings	15 - 40 years
Plant and machinery	2 – 20 years
Office fixtures and fittings	12 years
Motor vehicles	4 years
Computer equipment	4 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement. The carrying amount of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying amount may not be recoverable.

Investment property

UNL has elected the cost model to measure investment property, whilst information about the fair value is disclosed in note 12 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 10 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 recognized 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.

2. Significant accounting policies – continued

Intangible assets

Software is stated at cost less accumulated amortization and any recognised impairment.

Amortization is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following basis:

Software	5 years
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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 software is reviewed for impairment when events or changes in circumstances indicate the carrying amount may not be recoverable. Further details are contained in note 13.

Investments

Investments are valued at the lower of costs or market value as long as the company has no significant influence.

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 recognized in the income statement.

The carrying amount of the investment is reviewed for impairment when there is any indication that the carrying amount may not be recoverable. Further details are contained in note 14.

Impairment of property, plant and equipment, investments, investment property and intangible assets and SWU assets and repayments

At each statement of financial position date, UNL reviews the carrying amounts of its property, plant and equipment, investments, investment property and its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, UNL estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less selling costs 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 as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value. For raw materials costs comprise direct material costs; for work-in-progress and finished goods costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

SWU assets

SWU assets are the costs incurred to date in enriching UF6 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.

2. Significant accounting policies – continued

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.

Contract liabilities

Contract liabilities relate to balances due to customers under enrichment contracts or storage service agreements for which the Company 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.

Inventory borrowings

UNL periodically borrows SWU or feed from third parties in order to optimise its operational efficiency and inventory position. During the term of the agreement UNL 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 UNL's weighted average cost would lead to revaluation of both asset and liability. At the end of the loan period UNL returns the SWU or feed to the lender and UNL has the intention to source this from its own production.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position and cash flow statement comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. Currently the Company only has a balance with the ultimate parent company.

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 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.

2. Significant accounting policies – continued

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

Financial assets that do not meet the criteria for being measured at amortised cost are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in the 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 Company recognises a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost and trade receivables. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

The Company always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company’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 Company 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 Company 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 entity 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 entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the entity recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in the consolidated income statement.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into, either at amortised cost or at fair value through profit and loss.

2. Significant accounting policies – continued

Interest-bearing loans and borrowings

Obligations for loans and borrowings are recognised when UNL becomes party to the related contracts and are measured initially at fair value less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently re-measured 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 usually not interest bearing and are stated at amortised cost.

Derivative financial instruments and hedging

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Company uses foreign exchange forward contracts to hedge these exposures.

The Company does not use derivative financial instruments for trading purposes. All derivative 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 re-measured 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. Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken to the 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. UNL settles all financial assets and liabilities on a gross basis and intends to continue to do so.

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 are recognised directly in other comprehensive income and any ineffective portion is recognised immediately in the income statement. The ineffective portion is recorded in finance income or finance costs.

Amounts deferred in other comprehensive income are recognised in the 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.

Provisions

Provisions are recognised when UNL 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 assessed with reasonable certainty. Where the time value of money is material, provisions are discounted using pre-tax rates applicable to the risks specific to the liability and to its geographic location. 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 and for the eventual disposal of tails and are discounted to reflect the expected timing of expenditure in the future. The costs take account of conversion to a different chemical state, intermediate storage, transport and safe disposal.

2. Significant accounting policies – continued

The Company intends to decommission a plant as soon as possible after it has shut down. To meet these possible decommissioning costs, provisions are charged in the accounts for all plant in operation, at a rate considered to be adequate for the purpose. Once a plant has been commissioned, the full discounted cost of decommissioning plant 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.

For the production process the Company uses cylinders. These cylinders are required to be scrapped at the end of their useful life. The Company provides for this cost.

The Company recognises overfeeding provisions. These arise when low assay feed is generated with the aim of converting that into natural feed. The overfeeding provision is comprised of a SWU liability, representing the enrichment activity for the re-feeding process and a tails liability representing the tails generated after completion of the re-feeding process.

Cash Flow statement

The cash flow statement is prepared according to the indirect method.

The funds in the cash flow statement consist of cash and cash equivalents. Cash equivalents can be considered to be highly liquid investments, as well as the balance on the related party account. Cash flows in foreign currencies are translated at an estimated average rate. Corporate income taxes are presented under cash flow from operating activities. Interest received and dividends received are presented under the cash flow from investing activities. Interest paid and dividends paid are presented under the cash flow from financing activities.

NOTES TO THE ACCOUNTS

3. Revenue

	Year ended 31/12/2021	Year ended 31/12/2020
	€000	€000
An analysis of the Company's revenue is as follows:		
Sales of goods and services to external parties	513,388	500,454
	513,388	500,454

In 2021, €5,294k of net losses (2020: €13,624k of net losses) relating to foreign currency hedging activities have been included in sales revenue.

4. Segment information

The operating segment is reported in a manner consistent with the internal reporting provided to the chief decision makers. The chief decision maker has been identified as the Managing Director. The operating segment has been identified based on risk and returns of UNL's major operations. The risks and returns of UNL's operations are primarily determined by the nature of the different activities that UNL engages in, rather than by the geographical location of these operations.

UNL recognises one segment being the enrichment business.

Geographical information

UNL's operations are located in the Netherlands.

The following tables present revenue by location by customer and certain asset information regarding UNL's geographical segments by location, irrespective of the origin of the goods/services and assets:

Year ended 31 December 2021	NL €000	Rest of Europe €000	US €000	Rest of the World* €000	Total €000
Total external revenue	1,099	178,723	230,006	103,560	513,388

Location of non-current assets

Property, plant and equipment	475,828	-	-	-	475,828
Investment property	1,609	-	-	-	1,609

* predominantly Asia

Year ended 31 December 2020	NL €000	Rest of Europe €000	US €000	Rest of the World* €000	Total €000
Total external revenue	1,303	156,057	227,179	115,915	500,454

Location of non-current assets

Property, plant and equipment	516,099	-	-	-	516,099
Investment property	1,718	-	-	-	1,718

* predominantly Asia

5. Income from operating activities before tax and net finance costs

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

	Year ended 31/12/2021 €000	Year ended 31/12/2020 €000
Net foreign exchange (gains)/losses	(881)	1,232
Depreciation of property, plant and equipment and investment property (note 11 and 12)	63,199	66,267
Amortisation of intangible assets (note 13)	71	43
Employee benefits expense (note 6)	29,095	30,572

An analysis of auditors' (Deloitte Accountants B.V.) remuneration for UNL is provided below:

	Year ended 31/12/2021		Year ended 31/12/2020	
	€000	%	€000	%
Audit services:				
Fees payable to the company's auditor for the audit of the company's annual accounts	103	100	103	100
Fees payable to Deloitte Accountants B.V. other services:				
Other services	-	-	-	-
Total	103	100	103	100

6. Employee benefits expense

The average number of UNL employees (including the Managing Director) was:

	Year ended 31/12/2021 Number	Year ended 31/12/2020 Number
Technical	234	231
Commercial	3	3
Administration	48	47
	285	281

	Year ended 31/12/2021 €000	Year ended 31/12/2020 €000
Wages and salaries	20,955	22,860
Social security costs	3,357	3,287
Other pension costs	4,783	4,425
	29,095	30,572

None of the employees are employed outside the Netherlands.

7. Finance income

	Year ended 31/12/2021 €000	Year ended 31/12/2020 €000
Interest income other	243	119
Credits to income statement from non-designated derivatives	-	1,226
	243	1,345

8. Finance costs

	Year ended 31/12/2021 €000	Year ended 31/12/2020 €000
Interest on related parties loans	-	5,642
Interest payable other	14	18
Related parties interest payable	1,405	1,089
Debits to income statement from non-designated derivatives	4,759	-
Unwinding of discount on provisions	13,440	14,410
	19,618	21,159

9. Income tax

The major components of income tax expense for the years ended 31 December 2021 and 2020 are:

	Year ended 31/12/2021 €000	Year ended 31/12/2020 €000
Current income tax		
Dutch corporation tax	52,292	57,342
Adjustments in respect of current income tax of prior periods	(1,203)	(32,556)
Current income tax charge / (credit)	51,089	24,786
Deferred income tax (see Deferred income tax analysis below)		
Accelerated depreciation facility	(2,448)	1,228
Depreciation investment property	(30)	(33)
Movement in deco / tails / cylinder / overfeeding provisions	(1,727)	(7,876)
Expected credit loss	61	(143)
Lease	-	4
Adjustments in respect of deferred income tax of prior periods	-	1
Deferred income tax charge / (credit)	(4,144)	(6,819)
Income tax expense reported in the income statement	46,945	17,967

Income tax related to items charged or credited directly to other comprehensive income

	Year ended 31/12/2021 €000	Year ended 31/12/2020 €000
Current tax relating to effective cash flow hedging	-	8,670
Deferred tax relating to effective cash flow hedging	(9,867)	5,472
Income tax charge / (credit) reported in equity	(9,867)	14,142

The charge for the year can be reconciled to the income per the income statement as follows:

	Year ended 31/12/2021		Year ended 31/12/2020	
	€000	%	€000	%
Income before tax	185,642		172,081	
Weighted at the Dutch statutory income tax rate of 25% (2020: 25%)	46,411	25.0	43,020	25.0
Adjustments in respect of income tax of previous years	(1,203)	(0.7)	(32,556)	(18.9)
Adjustments in respect of deferred tax of previous years	-	-	1	-
Tax effect of rate change in deferred tax	132	0.1	1,784	1.0
Tax effect of non-deductible expenses	1,605	0.9	5,718	3.3
Income tax expense reported in income statement	46,945	25.3	17,967	10.4

9. Income tax - continued

Deferred income tax

Deferred income tax at 31 December relates to the following:

	Statement of financial position		Income statement	
	31/12/2021 €000	31/12/2020 €000	Year ended 31/12/2021 €000	Year ended 31/12/2020 €000
Deferred tax assets				
Other temporary differences	28,955	27,259	(1,696)	(8,048)
Unrealised effective cash flow hedging	4,356			
Deferred tax assets	33,311	27,259		
Deferred tax liabilities				
Unrealised effective cash flow hedging	-	(5,511)	-	-
Fixed assets (accelerated depreciation facility)	(33,203)	(35,651)	(2,448)	1,228
Adjustments in respect of deferred tax of previous years			-	1
Deferred tax liabilities	(33,203)	(41,162)	(4,144)	(6,819)
Net deferred tax asset/(liability)	108	(13,903)		

Other temporary differences contains a.o. cylinder provision (€9,780k), decommissioning provision (€9,215k) and tails provision (€9,202k).

During 2020, the previously enacted reduction in the Netherlands mainstream corporation tax rate from 25.0% to 21.7% was cancelled.

In 2021, an increase in the Netherlands mainstream corporate tax rate from 25.0% to 25.8%, effective 1 January 2022, was enacted. As a result, the company's Dutch deferred tax assets and liabilities have been valued using a 25.8% future tax rate (2020: 25.0%). This change in rate results in an additional €132k expense (2020: €1,784k expense) to the income statement and a €135k credit to other comprehensive income (2020: €6k credit).

The Netherlands corporate tax rate for the year ended 31 December 2021 remained at 25.0% (2020: 25.0%) which has been used for current tax calculations.

10. Dividends paid and proposed

	Year ended 31/12/2021 €000	Year ended 31/12/2020 €000
Declared and paid during the year		
Amounts recognised as distribution to equity holders in the period:		
Interim dividend for the year ended 31 December 2021 of 855.25 Euro per ordinary share. (2020: Interim dividend of 690.78 Euro per ordinary share)	130,000	105,000
	130,000	105,000
Proposed for approval at the Annual General Meeting		
Proposed final dividend for the year ended 31 December	-	-

The final dividend is subject to approval by shareholders at the Annual General Meeting and has not been presented as a liability in these financial statements.

11. Property, plant and equipment

	Freehold land & buildings	Plant & machinery	Fixtures & fittings	Motor vehicles	Assets under construction	Total
2021	€000	€000	€000	€000	€000	€000
Cost as at 1 January 2021	208,922	1,614,239	66,962	15,850	64,919	1,970,892
Additions	2,250	(2,946)	3,447	35	20,034	22,820
Transfers	5,462	35,731	417	16	(41,627)	(1)
Disposals	(153)	-	-	-	-	(153)
Cost as at 31 December 2021	216,481	1,647,024	70,826	15,901	43,326	1,993,558
Accumulated depreciation as at 1 January 2021	146,210	1,237,742	55,685	15,156	-	1,454,793
Charge for the year	8,137	50,572	4,127	254	-	63,090
Disposals	(153)	-	-	-	-	(153)
Accumulated depreciation as at 31 December 2021	154,194	1,288,314	59,812	15,410	-	1,517,730
Carrying amount as at 1 January 2021	62,712	376,497	11,277	694	64,919	516,099
Carrying amount as at 31 December 2021	62,287	358,710	11,014	491	43,326	475,828

All land, buildings and other tangible fixed assets are carried at historic cost less accumulated depreciation and impairment losses (if any). The category of fixtures and fittings comprises office fixtures and fittings and computer equipment. Assets under construction comprise of cost which will subsequently be capitalised as property, plant, equipment, investment property or intangible assets.

	Freehold land & buildings	Plant & machinery	Fixtures & fittings	Motor vehicles	Assets under construction	Total
2020	€000	€000	€000	€000	€000	€000
Cost as at 1 January 2020	205,432	1,575,440	60,331	15,436	66,607	1,923,246
Additions	36	25,218	5,816	359	17,630	49,059
Transfers	3,454	14,872	815	95	(19,318)	(82)
Disposals	-	(1,291)	-	(40)	-	(1,331)
Cost as at 31 December 2020	208,922	1,614,239	66,962	15,850	64,919	1,970,892
Accumulated depreciation as at 1 January 2020	138,294	1,185,565	51,464	14,638	-	1,389,961
Charge for the year	7,916	53,462	4,221	558	-	66,157
Disposals	-	(1,285)	-	(40)	-	(1,325)
Accumulated depreciation as at 31 December 2020	146,210	1,237,742	55,685	15,156	-	1,454,793
Carrying amount as at 1 January 2020	67,138	389,875	8,867	798	66,607	533,285
Carrying amount as at 31 December 2020	62,712	376,497	11,277	694	64,919	516,099

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

	2021	2020
	€000	€000
Cost at 31 December	122,235	127,435
Depreciation at 31 December	(75,071)	(65,381)
Carrying amount at 31 December	47,164	62,054

Included in motor vehicles are the following amounts relating to right of use leased vehicles:

	2021	2020
	€000	€000
Cost at 31 December	820	785
Depreciation at 31 December	(508)	(353)
Carrying amount at 31 December	312	432

12. Investment property

2021	Land €000	Building €000	Total €000
Cost as at 1 January 2021	733	1,917	2,650
Additions	-	-	-
Cost as at 31 December 2021	733	1,917	2,650
Depreciation as at 1 January 2021	-	932	932
Charge for the year	-	109	109
Depreciation as at 31 December 2021	-	1,041	1,041
Carrying amount as at 1 January 2021	733	985	1,718
Carrying amount as at 31 December 2021	733	876	1,609

The investment property relates to land and buildings acquired by UNL in 2005. The cost includes the purchase price of €2,650k. An independent valuation of the investment property was undertaken in 2019. The fair value has been assessed by the Director using a discounted cash flow valuation method. The fair value, determined based on internal validation, at 31 December 2021 was €1,609. No formal valuation has been conducted on the investment property held by the Company.

The property rental income earned by UNL from its investment property, all of which is leased out under operating leases, amounted to €127k (2020: €125k). Direct operating expenses arising on the investment property amounted to €10k (2020: €10k). Rental income is recognised within revenue.

2020	Land €000	Building €000	Total €000
Cost as at 1 January 2020	733	1,917	2,650
Additions	-	-	-
Cost as at 31 December 2020	733	1,917	2,650
Depreciation as at 1 January 2020	-	822	822
Charge for the year	-	110	110
Depreciation as at 31 December 2020	-	932	932
Carrying amount as at 1 January 2020	733	1,095	1,828
Carrying amount as at 31 December 2020	733	985	1,718

13. Intangible assets

	31/12/2021 Customer contracts €000	31/12/2020 Customer contracts €000	31/12/2021 Software €000	31/12/2020 Software €000	31/12/2021 Total €000	31/12/2020 Total €000
Cost as at 1 January	2,996	2,996	12,570	12,266	15,566	15,262
Additions	-	-	20	222	20	222
Transfers	-	-	1	82	1	82
Cost as at 31 December	2,996	2,996	12,591	12,570	15,587	15,566
Amortisation as at 1 January	2,996	2,996	12,265	12,222	15,261	15,218
Charge for the year	-	-	71	43	71	43
Amortisation as at 31 December	2,996	2,996	12,336	12,265	15,332	15,261
Carrying amount as at 1 January	-	-	305	44	305	44
Carrying amount as at 31 December	-	-	255	305	255	305

14. Investments

UNL has 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. UNL committed to limited capital of € 1.5 million in TTF. Up to the end of 2021 €1,494k was called up (2020: €1,461k).

15. Inventories

	31/12/2021	31/12/2020
	€000	€000
Raw materials	22,001	20,331
Work-in-progress ¹	915	-
Finished goods ¹	16,487	10,049
	39,403	30,380

¹ as at 31 December 2020 an amount of €1.8m was incorrectly presented as Work-in-progress rather than Finished goods. This has been re-presented by decreasing Work-in-progress from €1.8m to €0m and by increasing Finished goods from €8.3m to €10.0 million.

No provision has been taken into account.

16. SWU assets

	31/12/2021	31/12/2020
	€000	€000
SWU assets	594	15,215
	594	15,215

SWU assets are the costs incurred to date in enriching UF6 to fulfil enrichment contracts with customers.

17. Contract assets

	31/12/2021	31/12/2020
	€000	€000
Contract assets	-	2,581
	-	2,581

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.

18. Trade and other receivables (current)

	31/12/2021	31/12/2020
	€000	€000
Trade receivables	86,334	63,618
Other receivables	20	(4)
Taxation (VAT)	970	5,612
Other accrued income	1,725	2,144
	89,049	71,370

The average credit period taken on sales of goods and services is 30 days (2020: 30 days). Trade receivables can carry interest in accordance with contract conditions. Trade receivables are stated at amortised cost less a loss allowance for expected credit losses. Trade receivables comprises an expected credit loss of €366k (2020: €537k). All trade and other receivables are expected to be received within 2022.

For terms and conditions relating to related party receivables, refer to note 30.

The Company considers that the carrying amount of trade and other receivables approximates their fair value.

19. Interest bearing receivable

Interest bearing receivable is the internal account with Urenco Ltd, UNL's ultimate parent company. The average interest rate for 2021 was -0.3% (2020: -0.3%). This is calculated using a floating rate of one month EURIBOR plus a margin of 0.15%.

20. Share capital

	31/12/2021 €000	31/12/2020 €000
Authorised:		
510,000 ordinary shares of € 455 each	232,050	232,050
Issued and fully paid:		
152,002 ordinary shares of € 455 each	69,161	69,161

There were no movements in share capital or the number of shares during the years 2021 and 2020.

21. Share premium

	31/12/2021 €000	31/12/2020 €000
Share premium	17,243	17,243

There were no movements in share premium during the years 2021 and 2020.

The share premium reserve is fully exempt from distribution under Dutch tax legislation.

22. Retained earnings

	Retained earnings €000
As at 1 January 2020	291,157
Profit for the year	154,114
Equity dividends paid	(105,000)
As at 1 January 2021	340,271
Profit for the year	138,697
Equity dividends paid	(130,000)
As at 31 December 2021	348,968

23. Contract liabilities

Contract liabilities relate to the Company's obligations to transfer enrichment services to a customer for which the Company has received consideration or recognised a receivable prior to transferring control to the underlying good or service.

	31/12/2021 €000	31/12/2020 €000
As at 1 January	40,030	31,600
Revaluation within the Group	504	(607)
Delivered during the year	(20,797)	4,854
Payments received in year	30,936	4,183
As at 31 December	50,673	40,030

Included in Contract liabilities is both the current and non-current position of the statement of financial position. The above balance includes €23,810k (2020: €23,267k) as due within one year.

Revenue recognised during the year mainly related to deliveries made in the year for which the customer made payments in advance in 2021. The current contract liabilities balance at year-end relates to deferred income for SWU deliveries to be recognised as revenue in 2022. The non-current contract liabilities balance at year-end relates to deferred income for SWU deliveries to be recognised as revenue during the period from 2023 to 2031.

24. Financial risk management objectives and policies

UNL's principal financial liabilities comprise related parties financing and trade payables. The main purpose of these financial instruments is to raise finance for UNL's operations. UNL also has various financial assets such as trade receivables and cash, which arise directly from its operations. All financial instruments are unsecured. No collateral is pledged or received in respect of UNL's financial instruments.

It is, and has been throughout 2021 and 2020, UNL's policy that no speculative trading in financial instruments shall be undertaken.

The main risks arising from UNL's financial instruments are credit risk, interest rate risk, foreign currency risk and liquidity risk. The management reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

UNL's principal financial assets are trade and other receivables, interest bearing receivable and derivative financial instruments, which represent UNL's maximum exposure totalling €584,919k (2020: €455,933k).

The Urenco Group trades on behalf of UNL only with creditworthy third parties, who are mainly other participants in the nuclear fuel supply chain. It is Urenco Group's policy that all customers wishing to trade on credit are subject to an internal approval process based on a system of credit scoring similar to that used by external rating agencies. 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. Historically, there has been no payment default by any counterparty trading with the Urenco Group under this procedure.

With respect to credit risk arising from other financial assets of UNL, comprising cash and cash equivalents and derivative financial instruments, UNL's credit risk is the risk of default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The counterparty for all derivative financial instruments is Urenco Limited, the ultimate parent company of Urenco Group. Counterparties for cash and cash equivalents are banks with investment-grade credit ratings assigned by international credit-rating agencies.

Interest rate risk

All financing agreements are entered through the Urenco Group. Of the loans on the UNL balance sheet 0% have a fixed rate of interest (2020: 100%).

The entity's exposure to interest rates on financial assets and liabilities are detailed in the section about liquidity risk management of this note.

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, all financial instruments with fixed interest rates that are carried at amortised cost are not subject to interest rate risk as defined in IFRS 7.

Changes in the 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 income-related sensitivities.

The following demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of UNL's income before tax (through the impact on floating rate borrowings).

If market interest rates had been 100 basis points higher/(lower) at 31 December 2021, interest expense would not change as the interest rate on all debt is fixed. (2020: fixed rates). Interest income varies and therefore would change by €5m.

24. Financial risk management objectives and policies - continued

Foreign currency risk

Foreign currency risks as defined by IFRS 7 arise on account of financial instruments being denominated in a currency that is not the functional currency and being of a monetary value.

UNL has transactional currency exposures as a result of approximately 56% (2020: 61%) of its revenues being denominated in US dollars, whilst currently a minimal amount of its costs are US dollar-based.

In order to mitigate these exposures, from 1 January 2015, UNL's policy has been to hedge its net contracted US dollar exposure (i.e. cash revenues less cash costs) with forward currency contracts. All hedging contracts are taken out with Urenco Limited.

UNL receives their part of both realised and unrealised hedging gains and losses, based on the sharing ratio for the year. The sharing ratio is the UNL part of the total production of Urenco's European enrichment sites.

The following table demonstrates the sensitivity to changes in euro against the dollar:

	Change in €/ US\$ rate	Effect on income before tax €m	Effect on equity €m
2021	+10%	3.6	45.2
	-10%	(4.4)	(55.3)
2020	+10%	6.2	56.8
	-10%	(7.6)	(69.4)

Liquidity risk

UNL, as part of the Urenco Group, plans its funding operations and monitors the risk of a shortage of funds on a monthly basis, using a forward planning model that considers the maturity of existing borrowings, projected capital expenditure and projected cash flows from operations.

At 31 December 2021, no company's interest bearing loans and borrowings have matured (2020: 100%). The related parties current account will be part of the financing structure of the company and could be repaid within the year.

The table below summarises the maturity profile of the company's financial liabilities at 31 December based on contractual undiscounted payments:

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 and borrowings ¹	-	-	-	-	-	-
Interest bearing current account ¹	-	-	-	-	-	-
Interest payments on interest bearing loans	-	-	-	-	-	-
Foreign exchange contracts	-	3,141	6,958	19,356	-	29,455
Trade and other payables	-	3,789	25,920	478	-	30,187
	-	6,930	32,878	19,834	-	59,642

¹ Excludes actual interest payments.

24. Financial risk management objectives and policies - continued

2020	On demand	Less than 3 months	3 – 12 months	1 – 5 years	> 5 years	Total
	€000	€000	€000	€000	€000	€000
Interest bearing loans and borrowings ¹	-	-	-	-	-	-
Interest bearing current account ¹	-	-	-	-	-	-
Interest payments on interest bearing loans	-	-	-	-	-	-
Foreign exchange contracts	-	733	6,054	9,714	-	16,501
Trade and other payables	-	40,990	1,637	716	-	43,343
	-	41,723	7,691	10,430	-	59,844

¹ Excludes actual interest payments.

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.

Cash flow hedges

The Company maintains a rolling portfolio of forward foreign exchange contracts (FFECs) designated as cash flow hedges against forecast revenue received in US Dollars.

As at 31 December 2021, the net liability of these hedges is € 18.6 million, disclosed in the fair value table below.

During the period, €5.3 million of hedging losses (year ending 31 December 2020: losses of €13.6 million) were recycled to revenue due to the maturing of contracts in effective hedging relationships.

Fair values

The company makes yearly a comparison by class of the carrying amounts and fair values of the Company's financial instruments that are carried in the financial statements.

The fair values of all items have been calculated by discounting the future cash flows at prevailing interest rates. At the end of 2021 there is no difference between the fair value and the book value.

The recognised financial instruments are not subject to an enforceable master netting arrangement or similar agreement.

Fair value disclosures

As at 31 December 2021, the Company held the following instruments measured at fair value, all at Level 2 hierarchy:

Assets and liabilities measured at fair value

	2021	2020
	Level 2	Level 2
	€000	€000
Financial assets at fair value through profit and loss		
Forward foreign exchange contracts – hedged	4,912	35,618
Total assets measured at fair value	4,912	35,618
Financial liabilities at fair value through profit and loss		
Forward foreign exchange contracts – hedged	23,512	9,288
Total liabilities measured at fair value	23,512	9,288

Derivative financial instruments are initially recognised, categorised as level 2 and are subsequently re-measured 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.

24. Financial risk management objectives and policies - continued

Total liabilities from financing activities

As at 31 December 2021, the Company held the following liabilities from financing activities, measured at book value:

	2020	Cash flows	Other	2021
	€'000s	€'000s	movements €'000s	€'000s
Non-current borrowings	-	-	-	-
Non-current lease liabilities	275	-	(106)	169
Current lease liabilities	159	(171)	156	144
Total liabilities from financing activities	434	(171)	50	313

25. Provisions

	Tails €000	Decommissioning of plant and machinery €000	Cylinder €000	Overfeeding & Other €000	Total €000
At 1 January 2021	315,161	167,147	69,394	21,067	572,769
Additional provision in the year	53,327	4,518	6,686	9,475	74,006
Release of provision in year	-	(4,517)	(1,807)	-	(6,324)
Revaluation of provision in year	6,059	(665)	-	-	5,394
Unwinding of discount	7,475	3,761	1,908	296	13,440
Utilisation of prepayments	(15,711)	-	-	-	(15,711)
Utilisation of provision	(258)	(910)	(591)	(11,818)	(13,577)
At 31 December 2021	366,053	169,334	75,590	19,020	629,997
Included in current liabilities					
Included in non-current liabilities					629,997

	Tails €000	Decommissioning of plant and machinery €000	Cylinder €000	Overfeeding & Other €000	Total €000
At 1 January 2020	251,438	138,131	54,160	31,860	475,589
Additional provision in the year	50,088	15,842	17,854	7,626	91,410
Release of provision in year	(2,457)	-	(3,460)	(3,045)	(8,962)
Revaluation of provision in year	5,235	10,536	-	-	15,771
Unwinding of discount	8,122	4,144	1,624	520	14,410
Utilisation of prepayments	-	-	-	-	-
Utilisation of provision	2,735	(1,506)	(784)	(15,894)	(15,449)
At 31 December 2020	315,161	167,147	69,394	21,067	572,769
Included in current liabilities					
Included in non-current liabilities					572,769

Provision for tails

The enrichment process generates depleted uranium (“tails”). Provision has been made on a discounted cash flow basis for all estimated future costs 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.

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 which will remain until such time that the Tails Management Facility project has been completed and the deconversion plant has been commissioned. A 10% increase in the forecast TMF deconversion price would increase tails provisions by € 28.2 million and a 10% decrease in the forecast TMF deconversion price would decrease tails provisions by € 28.0 million. 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.

Management has considered the applicable inflation rate of 1.75% per annum (2020: 1.75% per annum) and the risk-free discount rate of 2.25% per annum (2020: 2.25% per annum) The real discount rate remains at 0.49% (2020: 0.49%). The provision will be used within the next 100 years.

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 0.25% reduction in the real discount rate would lead to an increase of the provision by € 5.4 million, whilst a 0.25% increase in the real discount rate would lead to a decrease of the provision by € 5.3 million.

Provision for decommissioning of plant and machinery

The Directors intend to decommission the plant as soon as practicably possible after it is taken out of use. The enrichment plants will be disassembled, declassified, decommissioned and the site returned to ‘brownfield’ status. To meet these

eventual costs of decommissioning, provision is recognised in the financial statements, for all plant and machinery in operation, at amounts considered to be adequate for the purpose.

The final amount of the provision is currently uncertain but is evaluated based upon the planned operational activity involved in successfully achieving full decommissioning of any plant or equipment used in enrichment activities, in accordance with the Directors' intention and regulatory requirements. The planned costs are based on historic experience and price estimates for the relevant activities and processes of the decommissioning cycle, which include deconstruction, decontamination and disposal of all materials involved in the enrichment process. A key area of uncertainty remains the cost for disposal of waste streams arising from the decommissioning process. A 10% increase/decrease in either the volume or cost of waste to be disposed of would increase/decrease decommissioning provisions by € 4.2 million. These costs are escalated based on current expectations of inflation and discounted to provide a present value cost based on the expected useful life of the asset in use and timing of subsequent decommissioning activity. Further description of the estimates and assumptions applied are given in note 2.25. **Provisions - continued**

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 in use and timing subsequent decommissioning activity.

Management has considered the applicable inflation rate of 1.75% per annum (2020: 1.75% per annum) and the risk-free discount rate of 2.25% per annum (2020: 2.25% per annum) The real discount rate remains at 0.49% (2020: 0.49%),. It is expected that this provision will be used over the next 30 years.

The provision for decommissioning plant and machinery is dependent on certain assumptions and estimates, such as timing of decommissioning and the applicable discount and inflation rates. A 0.25% reduction in the real discount rate would lead to an increase of the provision by € 6.7 million, whilst a 0.25% increase in the real discount rate would lead to a decrease of the provision by € 6.3 million. A delay of 2 years to all decommissioning activities would reduce the provision by € 2.3 million.

In 2021 a regular review has taken place. Both the timing of the decommissioning and the technical execution have been updated. Also, the input parameters have been adjusted based upon latest technical knowhow. Aligning to the definition more radioactive contaminated areas have been brought in scope of this provision.

Cylinder

Uranium cylinders will be cleaned, dismantled and scrapped. To meet these eventual costs a provision has been recognised in the financial statements at amounts considered to be adequate for the purpose. The planned costs are based on historic experience and price estimates for the relevant activities. 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 in use and timing of subsequent decommissioning activity.

Management has considered the applicable inflation rate of 1.75% per annum (2020: 1.75% per annum) and the risk-free discount rate of 2.75% per annum (2020: 2.75% per annum). The real discount rate remains at 0.98% (2020: 0.98%).

Overfeeding & other provisions

UNL has entered into the process of generating increased EUP quantities by setting the plants to operate at "high tails" mode. In this mode the plants consume more feed for a given quantity of SWU and the resulting tails material is less depleted than would usually occur, containing quantities of U²³⁵ that would be economically viable to re-enrich at a point in the future. As feed material is generally owned by the customer, a provision is required to "unlock" the U²³⁵ in this high tails/poor feed. The provision is released if the depleted feed is re-enriched or disposed.

Other provisions contain personnel provisions.

26. Retirement benefit obligations

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 2023. 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. The contract has been renewed per 1 January 2022. Under this agreement PGB will administer the pension rights of the employees of UNL and pay benefits to pensioners. UNL is required to contribute premiums to PGB, which are set on an annual basis as a percentage of the pensionable salary, currently 32.45% (2020: 30.4%). 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 of PGB was 111.5% at 31 December 2021.

27. Trade and other payables (current)

	31/12/2021	31/12/2020
	€000	€000
Trade payables	12,838	15,198
Other payables	8,192	2,528
Accruals	9,157	7,804
	30,187	25,530

Trade and other payables principally comprise amounts outstanding for trade purchases and on-going costs. The average credit period taken for trade purchases is 19 days (2020: 25 days).

The Director considers that the carrying amount of trade payables approximates to their fair value.

UNL has already entered into commitments relating to trade and other payables amounting to €39.2 million (2020: €27.7 million) at balance sheet date.

28. Lease arrangements

UNL as lessee

In compliance to IFRS 16 commercial leases on certain motor vehicles and items of machinery has been transferred to the balance sheet as 2019.

In accordance with IFRS 16 we have identified any lease over short life and low value assets. The expenses recognised in the income statement for these leases amount to €129k in 2021 (€196k in 2020).

29. Contingent liabilities

The Company is party to composite guarantees of borrowings of the group from various private placements which, at the statement of financial position date, amounted to €1.5 billion (2020 €2.5 billion). The directors do not expect any liability to arise under these guarantees.

At 31 December 2021, UNL had entered into contractual commitments for the investment in property, plant and equipment amounting to €9,897k (2020: €8,125k).

30. Related party transactions

Trading transactions

During the year, UNL entered into the following transactions with the following related parties:

	Sales of good & services		Purchases of goods, services & interest		Amounts owed by related parties		Amounts owed to related parties	
	Year ended 31/12/2021 €000	Year ended 31/12/2020 €000	Year ended 31/12/2021 €000	Year ended 31/12/2020 €000	Year ended 31/12/2021 €000	Year ended 31/12/2020 €000	Year ended 31/12/2021 €000	Year ended 31/12/2020 €000
UEC	-	-	19,072	43,156	-	-	-	-
ULTD	1,537	6,207	15,291	19,022	495,539	398,085	-	-
UD	19,796	3,645	33,783	-	-	-	-	-
LES	23,258	4,342	-	-	-	-	-	-
USI	-	-	223	308	-	-	-	-
ETC	-	-	21,728	19,891	-	-	1,620	1,536
RWE	-	1,802	322	320	-	-	-	-

Besides the transactions mentioned above also a dividend of €130 million (2020: €105m) was paid to the shareholder.

UEC Ltd (Urenco Enrichment Company Limited) is the parent company of the enrichment division of the Urenco Group, of which UNL is part.

ULTD (Urenco Limited) is the ultimate parent company of the Urenco Group.

UD (Urenco Deutschland GmbH) is part of the enrichment division to which UNL belongs and is a sister company of UNL.

LES (Louisiana Energy Services LLC) is part of the enrichment division to which UNL belongs and is a sister company of UNL.

USI (Urenco Stable Isotopes NA) is part of the enrichment division to which UNL belongs and is a sister company of UNL.

ETC (Enrichment Technology Company Ltd) is the technology division of the Urenco Group and a joint venture with a third party .

RWE is one of the shareholders of Urenco Limited.

Sales of goods, services and interest charges to related parties and purchases of goods, services and interest charged by them were made under normal trading terms.

In 2016, a related party agreement relating to services provided by UEC was executed. The agreement calculates charges for services as a percentage of UNL turnover, instead of cost and reflects the increased activities and value created by UEC. Included in sales to LES is €3.33m (2020: €3.08m) for licensing of intellectual property resulting from a related party agreement.

It is a valuation of the knowledge brought to the USA on how to run an enrichment plant.

The amounts outstanding are unsecured and will be settled through related parties account with ULTD. No guarantees have been given or received.

31. Remuneration board of directors

The remuneration of the board of directors:

	31/12/2021 €000	31/12/2020 €000
Short-term employee benefits	451	403
Aggregate pension contributions	27	25

The members of the Supervisory Board have not received any remuneration from the Company. Their remuneration was paid by and charged in the accounts of other Group companies.

32. Appropriation of result

Appropriation of net profit

It is proposed to add the net profit of €135,596m to retained earnings.

Interim dividends of €130 million have been paid out in October 2021. The dividend has been charged to retained earnings.

Appropriation of result for the financial year 2020

The annual report 2020 is determined in the general meeting of shareholders held on 18 March 2021. The general meeting of shareholders has determined the appropriation of result in accordance with the proposal being made to that end.

33. Events after balance sheet date

Management has established that as things stand today, the outbreak of the coronavirus (COVID-19) has limited impact on Urenco's business. In the Netherlands all nuclear activities have been outlined as vital. This means that currently we are trying to keep all processes upright within the restrictions declared by the Dutch government.

Today, we are deeply concerned about the current developments in Ukraine and our thoughts are with the people suffering as a result of the conflict. As Urenco we have professional contacts and business relationships both with Russia as well as with Ukraine. We are monitoring - and will continue to monitor - the developments in the region closely. We will evaluate the developments and the subsequent sanctions from US, Great Britain and the EU, which will be strictly followed. In doing so, we will work in close contact with our governmental partners and stakeholders.

No further subsequent events have occurred, which should have been accounted for or disclosed in the 2021 annual report of Urenco Nederland B.V.

Almelo, 4 March 2022
Urenco NEDERLAND B.V.

A.S. Louter
Managing Director

C.R. Chater
Member of the Supervisory Board

B. Schucht
Member of the Supervisory Board

R. ter Haar
Member of the Supervisory Board

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 23 of the company statutory regulations the following has been presented concerning the appropriation of the result:

1. The profit is at disposal of the general meeting of shareholders.
2. The company is only allowed to pay out profit if the equity is more than the authorized share capital and the reserves which are statutory required.
3. Pay out of profit occurs after signing of the financial statements which shows that the pay-out is permitted.
4. The general meeting of shareholders can decide to pay out interim dividend if this complies with sub 2.
5. The general meeting of shareholders can decide to pay out on shares if this complies with sub 2.
6. Dividend not claimed after five years will expire and fall to the company.

Independent auditor's report

To the shareholders and the Supervisory Board of URENCO Nederland B.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2021 INCLUDED IN THE ANNUAL ACCOUNTS

Our opinion

We have audited the accompanying financial statements 2021 of URENCO Nederland B.V., based in Almelo, the Netherlands.

In our opinion the accompanying financial statements give a true and fair view of the financial position of URENCO Nederland B.V. as at 31 December 2021, and of its result and its cash flows for 2021 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. The statement of financial position as at 31 December 2021.
2. The following statements for 2021: the income statement, the statements of comprehensive income, changes in equity and cash flows.
3. The notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of URENCO Nederland B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL ACCOUNTS

In addition to the financial statements and our auditor's report thereon, the annual accounts contain other information that consists of:

- Director's Report.
- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Zwolle, March 4, 2022

Deloitte Accountants B.V.

Signed on the original: A.R.H. Niamut