# Urenco Limited

## Interim Financial Statements

## FOR THE 6 MONTHS ENDED 30 JUNE 2023

### Disclaimer

These financial statements and the information contained within them do not constitute an offering of securities or otherwise constitute an invitation or inducement to underwrite, subscribe for or otherwise acquire securities in or issued by any company within the Urenco Group.

This release may include certain forward-looking statements, beliefs or opinions, including statements with respect to the business, financial condition and results of operations of Urenco Limited or other members of the Urenco Group. These statements, which may contain the words “anticipate”, “believe”, “intend”, “estimate”, “expect” and words of similar meaning, reflect the Directors’ beliefs and expectations and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. No representation is made that any of these statements or forecasts will come to pass or that any forecast results will be achieved. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these statements or forecasts. Past performance of Urenco Limited and the other members of the Urenco Group cannot be relied on as a guide to future performance. Any forward-looking statement is based on information available as of the date of the statement. All forward-looking statements contained in this release are qualified by this caution. Urenco Limited expressly disclaims any obligations or undertaking to release any update of, or revisions to, any forward-looking statements in this release. No statement in this release is intended to be a profit forecast and, as a result, any person reviewing this release should not rely on such forward-looking statements.

# The Urenco Group

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

With its head office near London, UK, Urenco's global presence ensures diversity and security of supply for customers through enrichment facilities in Germany, the Netherlands, the UK and the USA. Through our technology and the expertise of our people, the Urenco Group provides safe, cost effective and reliable services, operating within a framework of high environmental, social and governance standards, complementing international safeguards.

Urenco is committed to continued investment in the responsible management of nuclear materials; innovation activities with clear sustainability benefits, such as nuclear medicine, industrial efficiency and research; and nurturing the next generation of scientists and engineers.

For more information, please visit [www.urenco.com](http://www.urenco.com)

## CONTENTS

## CORPORATE INFORMATION

### Board of Directors

**Non-executive Directors**

| | |
|---|---|
| Stephen Billingham | Chairman |
| Mel Kroon | Non-Executive |
| Frank Weigand | Non-Executive |
| Alan Bevan | Non-Executive |
| Miriam Maes | Non-Executive |
| Justin Manson | Non-Executive |
| Michael Harrison | Non-Executive |

**Executive Directors**

| | |
|---|---|
| Boris Schucht | Chief Executive Officer |
| Ralf ter Haar | Chief Financial Officer |

**Registered Office**

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

Registered No.1022786

**Website:**

www.urenco.com

**Auditor**

Deloitte LLP
Statutory Auditor
2 New Street Square
London
EC4A 3BZ

## Summary

- Revenue at €700.3 million, EBITDA at €298.5 million up 13.8% and 6.6% respectively compared to first half 2022.
- Net income down at €32.7 million, predominantly due to increased depreciation charges following the reversal of impairment recognised at 31 December 2022.
- Order Book continues to grow and now stands at €12.0 billion, 11% up since the start of the year.
- Capacity expansion programme on track and new investment confirmed at our US site.
- S&P Global credit rating upgraded from BBB+ to A-.

## Financial Highlights

| | **Six months to 30 June 2023 (unaudited) €m** | Re-stated (iii) Six months to 30 June 2022 (unaudited) €m |
|---|---|---|
| **Revenue** | **700.3** | 615.4 |
| **EBITDA** (i) | **298.5** | 280.0 |
| **EBITDA margin - %** (ii) | **42.6%** | 45.5% |
| **Income from operating activities** | **107.7** | 151.4 |
| **Net income** | **32.7** | 90.1 |
| **Capital expenditure** | **97.0** | 58.9 |
| **Cash generated from operating activities** (iii) | **268.5** | 427.6 |

(i) EBITDA is defined as earnings before exceptional items, interest (including other finance costs), taxation, depreciation and amortisation and results of joint venture and other investments. Depreciation and amortisation are adjusted to remove elements of such charges included in changes to inventories and SWU assets and net costs of nuclear provisions. EBITDA is reconciled to income from operating activities on page 19.

(ii) EBITDA margin - % is defined as EBITDA divided by revenue.

(iii) Cash inflows of €64.7 million previously recorded in Cash generated from operating activities have been re-stated to other sections of the cash flow statement. This is to correctly reflect the nature of the cash inflows and to be consistent with the presentation for the first six months of 2023. Refer to page 16.

**Boris Schucht, Chief Executive of Urenco Group, commenting on the half year results, said:**

“Urenco’s half year results for 2023 show positive momentum for the company in the new energy landscape.

We are acting on the growing support for the nuclear industry and deliver more for our customers, as demand for low-carbon fuel increases. We are committed to supporting customers with their need for security of supply, which has become more pronounced since the Russian invasion of Ukraine. Coupled with the climate crisis and the resulting drive for the world to meet net zero targets, we are continuing to observe an increase in the value of our Order Book as we enter into contracts with existing and new customers for deliveries well into the future.

Urenco’s finances remain robust. Revenue of €700.3 million and EBITDA of €298.5 million are up on H1 2022 (€615.4 million and €280.0 million respectively), due to higher SWU and uranium sales prices and higher volumes of uranium delivered.  Net income of €32.7 million is lower than H1 2022 (€90.1 million), primarily due to increased depreciation expenses, following last year’s reversal of impairment charges against our assets in the USA. We retain a strong balance sheet, with net cash at €622.2 million at the end of June 2023, down €5.0 million from 31 December 2022 (€627.2 million), after having paid €150.0 million in dividends to shareholders in March this year.

Our key priority and therefore a fundamental part of our strategy, is our capacity programme to refurbish and potentially expand the enrichment capacity at each of our four geographic locations. We have already confirmed the first expansion project at our USA site, UUSA, in New Mexico, which is supported by contracts and will see new centrifuges coming online from 2025 onwards. The capacity programme will ensure we are fully equipped for future uranium enrichment requirements.

Urenco recognises that delivery is pivotal and to help achieve this, we are increasing our workforce, ensuring we have the right people and the skills in place to meet growing customer demand. As we do all of this, sustainability remains integral to Urenco and we have a clear roadmap to ensure we reach our net zero target on our direct emissions by 2030, while rapidly ramping up our operations.”

**Outlook and Order Book**

Our role in the nuclear fuel cycle has become more fundamental with the need to decarbonise the world's economies and the drive for energy independence and security in numerous countries. An unsustainable over dependency on fossil fuel imports has seen a change in mindset towards low-carbon nuclear energy in some countries, while other nations have decided to increase or diversify their existing enriched uranium supply, which we are capable of supporting.

SWU (enrichment) spot prices as reported by UxC are increasing. From $125/SWU at the end of 2022, they have shown a rising trend and reached $136/SWU in June 2023.

We are extending existing contracts and signing new ones to maintain and expand our customer base in current and additional markets. We have great visibility on future cash flows through the long-term nature of our order book. Extending to the 2030s, our order book value as of 30 June 2023 is €12.0 billion, based on €/$ of 1 : 1.09 (31 December 2022: €10.8 billion based on €/$ of 1 : 1.07).

As a responsible supplier, we have also commenced a project to expand our Tails Management Facility (TMF) in the UK to process greater tails volumes, which is the by-product of the enrichment process.

We are ramping up operations at our stable and medical isotopes facility to meet increased demand, especially for the medical sector. In addition, we are progressing towards producing advanced fuels for the next generation of nuclear reactors, with the first delivery confirmed for 2025.

We continue to monitor the various political uncertainties that could impact us. We also continue to engage with and be encouraged by the actions of several countries to actively support nuclear. In the first half of 2023, Canada, France, Japan, the UK and the US made a joint statement alongside the G7 Energy Ministers' Meeting to collaborate on nuclear fuel supplies. This was complemented by the leaders of the US and the UK issuing the Atlantic Declaration which specified the development of a civil nuclear partnership between the two countries.

In Ukraine, we are providing support to our customer and their employees.

Our strategy remains focused on ensuring we continue to be a flexible, innovative supplier that can help deliver secure, low carbon and affordable energy to the world.

The principal risks for the Group for the six months ended 30 June 2023 are consistent with those mentioned in the consolidated financial statements of the Group for the year ended 31 December 2022.

## REVIEW OF FINANCIAL RESULTS

**Income Statement for the period ended 30 June 2023**

Revenue for the six months ended 30 June 2023 was €700.3 million, an increase of €84.9 million (13.8%) compared to the same period last year (H1 2022: €615.4 million). The increase in revenue was mainly due to higher SWU revenue (€41.0 million) and Uranium revenue (€51.0 million). SWU delivery volumes were 2.7% lower however average SWU unit prices were 11.4% higher. Uranium delivery volumes were 22.4% higher than the same period last year.

Overall, revenue for 2023 is expected to show a comparable phasing to 2022 and to previous years when sales were weighted towards the second half of the year.

EBITDA for the first half of 2023 was €298.5 million, an increase of €18.5 million (6.6%) from the same period last year (H1 2022: €280.0 million). The increase in EBITDA is due to the increased revenue, however the EBITDA margin at 42.6% is lower than the same period last year (H1 2022: 45.5%) due to higher net costs of nuclear provisions and higher operational costs partially offsetting the higher revenue.

| **€ million (periods ended 30 June)** | **2023** | **2022** | Movement |
|---|---|---|---|
| **Income from operating activities** | **107.7** | **151.4** | (28.9)% |
| Adjustment for depreciation in inventories, SWU assets and nuclear provisions | (40.6) | (40.9) | |
| Add: depreciation and amortisation | 233.0 | 173.8 | |
| Adjustment for share of results of joint venture and other investments | (1.6) | (4.3) | |
| **EBITDA** | **298.5** | **280.0** | 6.6% |
| **EBITDA Margin** | **42.6%** | **45.5%** | |

The net costs of nuclear provisions were €118.4 million for the six months ended 30 June 2023, an increase of €50.1 million (H1 2022: €68.3 million). The net costs for tails provisions in the first half of 2023 were €15.0 million higher than those for the same period last year following higher tails production quantities and revised costing assumptions. Net decommissioning provision costs were €3.1 million higher than the same period last year and provisioned costs for the re-enrichment of low assay feed were €32.0 million higher due to a higher quantity of Low Assay Feed generated.

Depreciation and amortisation for the six months ended 30 June 2023 was €233.0 million, compared to €173.8 million for the half year 2022, with the increase primarily driven by the reversal of the impairment of our US operations at the end of 2022.

Net finance costs for H1 2023 were higher at €50.5 million, compared to €21.6 million for H1 2022 reflecting lower levels of capitalised interest and higher unwinding of discount on provisions, partially offset by higher interest income on deposits and movements on non-designated derivatives.

In H1 2023 the tax expense was €24.5 million (an effective tax rate (ETR) of 42.8%), a decrease of €15.2 million over the tax expense of €39.7 million for H1 2022 (ETR: 30.6%). The decrease in tax expense arose primarily due to the reduced level of income before tax generated in H1 2023 together with changes in non-taxable and non-deductible amounts, including foreign exchange financing gains and losses that are excluded from tax under the UK Disregard Regulations. This was, however, partially offset by the impact of changes in the jurisdictional split of profits generated.

In the first six months of 2023 net income was €32.7 million, a decrease of €57.4 million compared to net income of €90.1 million in the same period last year. The decrease in net income reflects the higher depreciation and amortisation charge, and higher net finance costs.

The net income margin for H1 2023 was 4.7% (H1 2022: 14.6%).

## REVIEW OF FINANCIAL RESULTS continued

**Cash Flow Statement for the period ended 30 June 2023**

Operating cash flow before movements in working capital was €451.4 million (H1 2022 re-stated: €363.7 million) and cash generated from operating activities was €268.5 million (H1 2022 re-stated: €427.6 million). Refer to page 16. The lower cash flows from operating activities is primarily due to the timing of receivables cash inflows when compared to 2022. Cash inflows in H1 2022 were higher due to 2021 deliveries being concentrated in December, leading to cash inflows primarily in early 2022, whereas the 2022 deliveries were concentrated in November, leading to cash inflows primarily in late 2022 rather than in H1 2023.

Tax paid in the period was €40.4 million (H1 2022: €66.5 million) due to the timing and phasing of cash payments which spans multiple years. Accordingly, net cash flow from operating activities after tax was €228.1 million compared to €361.1 million in H1 2022 re-stated.

In the first six months of 2023 the Group's capital investments were €97.0 million, an increase of €38.1 million compared to €58.9 million for the same period last year. The increase in capital investments is mainly due to capacity maintenance and expansion projects.

Net cash outflow from financing activities in H1 2023 increased to €187.2 million compared to €18.6 million in H1 2022 re-stated.

**Statement of Financial Position as at 30 June 2023**

Property, plant and equipment decreased by €125.2 million in the first half of the year to €5,116.6 million. The movement was predominantly driven by depreciation charges of €227.4 million, partially offset by €87.4 million of additions and €28.6 million of foreign exchange translation gains. The remaining decrease of €13.8 million relates to a combination of write-offs, disposals and reclassifications to intangibles.

Inventories increased in the six months ended 30 June 2023 by €47.9 million to €335.2 million (31 December 2022: €287.3 million). SWU assets increased in the six months ended 30 June 2023 by €117.7 million to €467.3 million (31 December 2022: €349.6 million). Both inventories and SWU assets have increased in the period as production and purchases have exceeded deliveries, which reflects that the phasing of deliveries is concentrated in the second half of the year.

Total provisions as at 30 June 2023 were €3,271.9 million (31 December 2022: €3,078.9 million) of which €68.9 million (31 December 2022: €64.8 million) was included in current liabilities. In H1 2023, additional provisions and the unwinding of discounts were €286.6 million, while utilisation and release of provisions were €117.0 million. Nuclear liabilities and the associated provisions, together with underlying macro-economic assumptions and the required funding capability, are kept under constant review by Urenco.

As at 30 June 2023, the Group held cash and cash equivalents of €593.5 million (31 December 2022: €737.6 million) and short term deposits of €696.6 million (31 December 2022: €572.8 million). Net cash, including lease liabilities of €28.1 million (31 December 2022: €27.3 million), was €622.2 million (31 December 2022: net cash of €627.2 million).

The Group has a €500.0 million sustainability linked revolving credit facility which was signed in October 2021 and runs until 2027, with one remaining optional extension. As at 30 June 2023 the facility was undrawn. The Company's debt rating by Moody's was reconfirmed in April 2023 (Baa1/Stable) and upgraded by S&P Global Ratings from (BBB+/Stable) to (A-/Stable) in June 2023.

Total equity decreased by €110.7 million with retained earnings decreasing by €132.6 million in the period since 31 December 2022. This is primarily due to the net income for H1 2023 of €32.7 million being lower than the dividend paid in March 2023 in respect of 2022 (€150.0 million). The hedging reserve (including cost of hedging reserve) increased by €54.7 million to €43.9 million of cumulative hedging gains (31 December 2022: losses of €10.8 million). The foreign currency translation reserve decreased by €31.4 million to €330.8 million principally due to foreign exchange losses on US assets and the investments revaluation reserve decreased by €1.4 million to €(1.6) million (31 December 2022: €(0.2) million).

**Events after the Statement of Financial Position date**

There are no events after the statement of financial position date that require disclosure.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors of the Company as listed on page 4 hereby confirm that to the best of their knowledge the unaudited interim condensed consolidated set of financial statements has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" as adopted by the UK and gives a true and fair view of the assets, liabilities, financial position and profit and loss of the Urenco Group.

On behalf of the Board

**Boris Schucht**
Chief Executive Officer

**Ralf ter Haar**
Chief Financial Officer

8 August 2023

## INDEPENDENT REVIEW REPORT TO URENCO LIMITED

**Conclusion**

We have been engaged by the Company to review the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2023 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of changes in equity, the condensed consolidated cash flow statement and related notes 1 to 17.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2023 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34.

**Basis for Conclusion**

We conducted our review in accordance with International Standard on Review Engagements ("ISRE") (UK) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in Note 2, the annual financial statements of the group are prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting".

**Conclusion Relating to Going Concern**

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that the Directors have inappropriately adopted the going concern basis of accounting or that the Directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE (UK), however future events or conditions may cause the entity to cease to continue as a going concern.

**Responsibilities of the Directors**

In preparing the half-yearly financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's Responsibilities for the review of the financial information**

In reviewing the half-yearly financial report, we are responsible for expressing to the Company a conclusion on the condensed set of consolidated financial statements in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

**Use of our report**

This report is made solely to the company in accordance with ISRE (UK) 2410. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

**Deloitte LLP**
Statutory Auditor
London, United Kingdom
8 August 2023

## INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

| | Notes | Six months ended 30 June 2023 Unaudited €m | Six months ended 30 June 2022 Unaudited Re-presented(i) €m | Year ended 31 December 2022 Audited €m |
|---|---|---|---|---|
| Revenue from sales of goods and services | 3 | **700.3** | 615.4 | 1,716.5 |
| Changes to inventories of finished goods and work in progress and SWU assets | | **63.6** | 17.7 | (126.9) |
| Raw costs of materials and consumables used | | **(15.0)** | (5.8) | (17.4) |
| Net costs of nuclear provisions | 12 | **(118.4)** | (68.3) | (249.5) |
| Employee costs | | **(119.4)** | (100.6) | (206.9) |
| Depreciation and amortisation | 4 | **(233.0)** | (173.8) | (370.1) |
| Impairment reversal – exceptional item | | **-** | - | 921.4 |
| Other expenses (i) | | **(172.0)** | (137.5) | (307.1) |
| Results of joint venture and other investments | | **1.6** | 4.3 | 5.2 |
| **Income from operating activities** | | **107.7** | 151.4 | 1,365.2 |
| Finance income | | **126.9** | 132.2 | 220.7 |
| Finance costs | | **(177.4)** | (153.8) | (290.2) |
| **Income before tax** | | **57.2** | 129.8 | 1,295.7 |
| Income tax expense(ii) | 5 | **(24.5)** | (39.7) | (122.5) |
| **Net income for the period / year attributable to the owners of the Company** | | **32.7** | 90.1 | 1,173.2 |
| **Earnings per share:** | | **€** | € | € |
| Basic earnings per share | | **0.2** | 0.5 | 7.0 |

(i) For the six months ended 30 June 2022 an amount of €0.1 million that was previously reported on a separate line Restructuring provision release has been reclassified as a credit to Other expenses.

(ii) The Income tax expense for the year ended 31 December 2022 includes an exceptional item for the net income tax expense of €33.3 million associated with the pre-tax impairment reversal of the USA operations of €921.4 million. Therefore the post-tax impairment reversal in 2022 was €888.1 million.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Six months ended 30 June 2023 Unaudited | Six months ended 30 June 2022 Unaudited | Year ended 31 December 2022 Audited |
|---|---|---|---|
| | **€m** | €m | €m |
| **Net income for the period/year attributable to the owners of the Company** | **32.7** | 90.1 | 1,173.2 |
| **Other comprehensive income:** | | | |
| **Items that may be reclassified subsequently to the income statement** | | | |
| Cash flow hedges – losses recycled in relation to hedges of revenue | **16.3** | 9.2 | 48.7 |
| Cash flow hedges – losses/(gains) recycled in relation to hedges of debt | **28.9** | 0.9 | (14.2) |
| Cash flow hedges – mark to market gains/(losses) on hedges of revenue | **47.0** | (126.0) | (94.6) |
| Cash flow hedges – mark to market (losses)/gains on hedges of debt | **(11.7)** | 15.4 | 36.3 |
| Movements on cost of hedging reserve (i) | **(6.7)** | 27.2 | (4.8) |
| Deferred tax (expense)/income on financial instruments | **(19.3)** | 19.3 | 6.0 |
| Current tax income/(expense) on financial instruments | **0.2** | (0.2) | 0.2 |
| Exchange differences on hedge reserves (ii) | **-** | 1.2 | 4.8 |
| Total movements to hedging reserves | **54.7** | (53.0) | (17.6) |
| Exchange differences on foreign currency translation of foreign operations | **(62.2)** | 149.2 | 91.7 |
| Net investment hedge – mark to market gains/(losses) | **34.7** | (62.0) | (89.3) |
| Deferred tax income/(expense) on financial instruments | **1.8** | (1.3) | (0.2) |
| Current tax (expense)/income on financial statements | **(5.7)** | 9.8 | 10.5 |
| Share of joint venture exchange difference on foreign currency translation of foreign operations | **-** | - | (0.1) |
| Total movements to foreign currency translation reserve | **(31.4)** | 95.7 | 12.6 |
| Fair value loss on investments in debt instruments measured at FVTOCI | **(1.9)** | - | (0.2) |
| Deferred tax income on investments in debt instruments measured at FVTOCI | **0.4** | - | - |
| Exchange differences on investment revaluation reserve | **0.1** | - | - |
| Total movements to investments revaluation reserve | **(1.4)** | - | (0.2) |
| **Items that will not be reclassified subsequently to the income statement** | | | |
| Actuarial (losses)/gains on defined benefit pension schemes | **(18.6)** | 26.6 | 2.4 |
| Deferred tax income/(expense) on actuarial losses/gains | **4.2** | (7.2) | (1.7) |
| Current tax income on actuarial losses | **0.4** | | 0.6 |
| Share of joint venture actuarial (losses)/gains on defined benefit pension schemes | **(1.7)** | - | 8.5 |
| Share of joint venture deferred tax income/(expense) on actuarial losses/gains on defined benefit pension schemes | **0.4** | - | (2.3) |
| Total movements to retained earnings | **(15.3)** | 19.4 | 7.5 |
| **Other comprehensive income** | **6.6** | 62.1 | 2.3 |
| **Total comprehensive income relating to the period/year attributable to the owners of the Company** | **39.3** | 152.2 | 1,175.5 |

(i) The movements on cost of hedging reserve relate to both Cash Flow and Net Investment Hedges.
(ii) Exchange differences on the hedging reserves arise as a result of the effects of translating the hedging reserves from the functional currency of the entities in which the hedging reserves are held to the Group's presentational currency.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Notes | **30 June 2023 Unaudited €m** | 31 December 2022 Audited €m | 30 June 2022 Unaudited €m |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 7 | **5,116.6** | 5,241.8 | 4,465.2 |
| Investment property | | **5.1** | 5.2 | 5.5 |
| Intangible assets | | **37.2** | 36.6 | 29.8 |
| Investments including joint venture | | **28.0** | 37.4 | 22.6 |
| Nuclear decommissioning trust fund | 13 | **483.2** | 482.1 | - |
| Retirement benefit assets | | **35.1** | 50.4 | 71.8 |
| Restricted cash | | **0.4** | 0.5 | 0.9 |
| Trade and other receivables | | **26.9** | - | - |
| Derivative financial instruments | 11 | **49.5** | 39.8 | 21.9 |
| Deferred tax assets | | **78.0** | 81.0 | 85.2 |
| Contract assets | | **22.9** | 25.5 | 28.5 |
| | | **5,882.9** | 6,000.3 | 4,731.4 |
| **Current assets** | | | | |
| Inventories | | **335.2** | 287.3 | 249.3 |
| SWU assets | | **467.3** | 349.6 | 361.8 |
| Contract assets | | **8.8** | 14.8 | 14.3 |
| Trade and other receivables | | **185.7** | 218.4 | 163.7 |
| Derivative financial instruments | 11 | **20.1** | 29.8 | 17.7 |
| Income tax recoverable | | **90.8** | 88.1 | 132.1 |
| Short term deposits | 8 | **696.6** | 572.8 | 563.9 |
| Cash and cash equivalents | 9 | **593.5** | 737.6 | 790.1 |
| | | **2,398.0** | 2,298.4 | 2,292.9 |
| **TOTAL ASSETS** | | **8,280.9** | 8,298.7 | 7,024.3 |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity attributable to owners of the Company** | | | | |
| Share capital | | **237.3** | 237.3 | 237.3 |
| Additional paid in capital | | **16.3** | 16.3 | 16.3 |
| Investments revaluation reserve | | **(1.6)** | (0.2) | - |
| Retained earnings | | **2,235.9** | 2,368.5 | 1,447.3 |
| Hedging reserves | 10 | **43.9** | (10.8) | (46.2) |
| Foreign currency translation reserve | | **330.8** | 362.2 | 445.3 |
| **Total equity** | | **2,862.6** | 2,973.3 | 2,100.0 |
| **Non-current liabilities** | | | | |
| Interest bearing loans and borrowings | 11 | **1,123.0** | 1,138.0 | 1,135.6 |
| Trade and other payables | | **143.4** | 168.8 | 97.8 |
| Lease liabilities | | **26.0** | 25.9 | 27.2 |
| Provisions | 12 | **3,203.0** | 3,014.1 | 2,836.0 |
| Contract liabilities | | **178.2** | 172.5 | 138.3 |
| Derivative financial instruments | 11 | **52.1** | 75.8 | 102.7 |
| Deferred tax liabilities | | **264.2** | 259.0 | 256.7 |
| Retirement benefit obligations | 14 | **24.5** | 24.4 | 20.5 |
| | | **5,014.4** | 4,878.5 | 4,614.8 |
| **Current liabilities** | | | | |
| Trade and other payables | | **225.3** | 215.7 | 208.9 |
| Lease liabilities | | **2.1** | 1.4 | 3.3 |
| Provisions | 12 | **68.9** | 64.8 | 3.4 |
| Contract liabilities | | **59.6** | 85.5 | 35.0 |
| Derivative financial instruments | 11 | **27.5** | 61.6 | 58.9 |
| Income tax payable | | **20.5** | 17.9 | - |
| | | **403.9** | 446.9 | 309.5 |
| **Total liabilities** | | **5,418.3** | 5,325.4 | 4,924.3 |
| **TOTAL EQUITY AND LIABILITIES** | | **8,280.9** | 8,298.7 | 7,024.3 |

Registered Number 01022786
The financial statements were approved by the Directors and authorised for issue on 8 August 2023.

**Boris Schucht**
Chief Executive Officer

**Ralf ter Haar**
Chief Financial Officer

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Share capital €m | Additional paid in capital €m | Investments revaluation reserve €m | Retained earnings €m | Hedging reserves(i) €m | Foreign currency translation reserve €m | Attributable to the owners of the Company €m |
|---|---|---|---|---|---|---|---|
| As at 31 December 2022 (Audited) | **237.3** | **16.3** | **(0.2)** | **2,368.5** | **(10.8)** | **362.2** | **2,973.3** |
| Income for the period | **-** | **-** | **-** | **32.7** | **-** | **-** | **32.7** |
| Other comprehensive income/(loss) | **-** | **-** | **(1.4)** | **(15.3)** | **54.7** | **(31.4)** | **6.6** |
| Total comprehensive income/(loss) | **-** | **-** | **(1.4)** | **17.4** | **54.7** | **(31.4)** | **39.3** |
| Equity dividend paid | **-** | **-** | **-** | **(150.0)** | **-** | **-** | **(150.0)** |
| As at 30 June 2023 (Unaudited) | **237.3** | **16.3** | **(1.6)** | **2,235.9** | **43.9** | **330.8** | **2,862.6** |

| | Share capital €m | Additional paid in capital €m | Investments revaluation reserve €m | Retained earnings €m | Hedging reserves(i) €m | Foreign currency translation reserve €m | Attributable to the owners of the Company €m |
|---|---|---|---|---|---|---|---|
| As at 31 December 2021 (Audited) | 237.3 | 16.3 | - | 1,487.8 | 6.8 | 349.6 | 2,097.8 |
| Income for the period | - | - | - | 90.1 | - | - | 90.1 |
| Other comprehensive income/(loss) | - | - | - | 19.4 | (53.0) | 95.7 | 62.1 |
| Total comprehensive income/(loss) | - | - | - | 109.5 | (53.0) | 95.7 | 152.2 |
| Equity dividend paid | - | - | - | (150.0) | - | - | (150.0) |
| As at 30 June 2022 (Unaudited) | 237.3 | 16.3 | - | 1,447.3 | (46.2) | 445.3 | 2,100.0 |

(i) The hedging reserves are comprised of a cash flow hedging reserve and a cost of hedging reserve. The analysis for the reconciliation between opening and closing balances for each component is provided in note 10.

## INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

| | Notes | **Six months ended 30 June 2023** | Re-stated (i) (ii) Six months ended 30 June 2022 | Re-stated (ii) Year ended 31 December 2022 |
|---|---|---|---|---|
| | | **Unaudited** | Unaudited | Audited |
| | | **€m** | €m | €m |
| **Income before tax** | | **57.2** | 129.8 | 1,295.7 |
| Adjustments to reconcile Group income before tax to net cash inflows from operating activities: | | | | |
| Results of joint venture and other investments | | **(1.6)** | (4.3) | (5.2) |
| Depreciation and amortisation | 4 | **233.0** | 173.8 | 370.1 |
| Exceptional items | | **-** | - | (921.4) |
| Finance income | 4 | **(126.9)** | (132.2) | (220.7) |
| Finance cost | 4 | **177.4** | 153.8 | 290.2 |
| Loss on write off of property, plant and equipment | | **6.7** | 7.7 | 22.1 |
| Other non-cash operating items (ii) | | **(4.9)** | (9.0) | (3.2) |
| Increase in provisions | | **110.5** | 44.1 | 221.7 |
| **Operating cash flows before movements in working capital** | | **451.4** | 363.7 | 1,049.3 |
| Increase in inventories | | **(50.4)** | (92.5) | (81.1) |
| Increase in SWU assets | | **(115.9)** | (81.0) | (35.3) |
| Decrease in receivables and other debtors | | **16.2** | 200.7 | 132.4 |
| (Decrease)/increase in payables and other creditors (i) (ii) | | **(32.8)** | 36.7 | 68.4 |
| **Cash generated from operating activities** | | **268.5** | 427.6 | 1,133.7 |
| Income taxes paid | | **(40.4)** | (66.5) | (79.5) |
| **Net cash flow from operating activities** | | **228.1** | 361.1 | 1,054.2 |
| **Investing activities** | | | | |
| Interest received | | **10.5** | 11.6 | 21.4 |
| Payments on maturing swaps hedging matured debt | | **-** | (56.5) | (56.5) |
| Maturity of short term deposits | | **302.5** | 210.6 | 678.0 |
| Placement of short term deposits (i) | | **(426.3)** | (231.4) | (722.9) |
| Contributions to nuclear decommissioning trust fund | | **-** | - | (499.3) |
| Purchases of property, plant and equipment | | **(96.4)** | (58.6) | (165.9) |
| Purchase of intangible assets | | **(0.6)** | (0.3) | (0.7) |
| Dividends received from investments and joint venture | | **10.0** | 12.0 | 11.9 |
| **Net cash flow used in investing activities** | | **(200.3)** | (112.6) | (734.0) |
| **Financing activities** | | | | |
| Interest paid | | **(28.5)** | (29.1) | (33.5) |
| Receipts on maturing swaps hedging matured debt | | **-** | 43.6 | 43.6 |
| (Payments)/receipts on maturing forwards and swaps (i) | | **(7.8)** | 25.2 | 46.2 |
| Dividends paid to equity holders | | **(150.0)** | (150.0) | (300.0) |
| Proceeds from new borrowings | | **-** | 497.5 | 496.4 |
| Repayment of borrowings | | **-** | (404.8) | (405.0) |
| Repayment of  lease liabilities | | **(0.9)** | (1.0) | (2.4) |
| **Net cash flow from financing activities** | | **(187.2)** | (18.6) | (154.7) |
| **Net (decrease)/increase in cash and cash equivalents** | | **(159.4)** | 229.9 | 165.5 |
| **Cash and cash equivalents at beginning of period/year** | | **737.6** | 559.5 | 559.5 |
| **Effect of foreign exchange rate changes (i)** | | **15.3** | 0.7 | 12.6 |
| **Cash and cash equivalents at end of the period/year(iii)** | 9 | **593.5** | 790.1 | 737.6 |

(i) Cash inflows of €64.7 million previously recorded in (Decrease)/increase in payables and other creditors have been re-stated to three line items: Placement of short term deposits (€26.9 million), (Payments)/receipts on maturing forwards and swaps (€25.2 million) and Effect of foreign exchange rates (€12.6 million). This is to correctly reflect the nature of the inflows and to be consistent with the presentation for the first six months of 2023.

(ii) Other non-cash items previously recorded in (Decrease)/increase in payables and other creditors have been re-stated to Other non-cash operating items for the six months ended June 2022 (€9.0 million) and the year ended December 2022 (€3.2 million). This is to correctly reflect the nature of the non-cash items and to be consistent with the presentation for the first six months of 2023.

(iii) Additionally, the Group held short term deposits of €696.6 million at 30 June 2023 (31 December 2022: €572.8 million, 30 June 2022: €563.9 million).

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

Urenco Limited is a limited company incorporated in the United Kingdom and registered in England and Wales with company number 01022786. The address of the registered office is given on page 4. Urenco Limited is the ultimate holding company of the Urenco Group. The nature of the Group's operations and its principal activities are set out in note 4.

The Unaudited Interim Condensed Consolidated Financial Statements of the Group were authorised for issue by the Audit Committee on 8 August 2023, under an authority granted by the Board.

### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

**Basis of preparation**

The annual financial statements of Urenco Limited are prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board (IASB). The condensed set of financial statements included in this half-yearly financial report for the six months ended 30 June 2023 have been prepared in accordance with United Kingdom adopted International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

The interim condensed consolidated financial statements do not include all of the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's 2022 Annual Report and Accounts.

The financial information contained in this report is unaudited. The Interim Condensed Consolidated Income Statement, the Interim Condensed Consolidated Statement of Comprehensive Income, the Interim Condensed Consolidated Statement of Financial Position, the Interim Condensed Consolidated Statement of Changes in Equity and the Interim Condensed Consolidated Cash Flow Statement for the interim period to 30 June 2023 have been reviewed by the auditor. Their report to Urenco Limited is set out on page 11. The information for the year ended 31 December 2022 does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006 and has been extracted from the statutory accounts for the year ended on that date, which have been filed with the Registrar of Companies. The report of the auditor on the statutory accounts for the year ended 31 December 2022 was unqualified and did not contain a statement under Section 498(2) or 498(3) of the Companies Act 2006.

**Significant accounting policies**

The accounting policies adopted in the preparation of the Group's interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2022.

The nature of the critical accounting judgements and key sources of estimation uncertainty made by management of the Group and applied in the accompanying condensed consolidated interim financial statements for the six months ended 30 June 2023 are consistent with those applied in the preparation of the consolidated financial statements of the Group for the year ended 31 December 2022. There was no need to update the key sources of estimation uncertainty to calculate the recoverable amount of the US cash generating unit as at 30 June 2023, because no indicators for an impairment have been identified.

**Going concern**

The Directors have assessed the latest forecast future cash flows, including appropriate sensitivities, which indicate that available cash and committed financing facilities in place are sufficient to cover the Group's cash needs for at least twelve months after the date of approval of these interim financial statements. They are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future, and thus they continue to adopt the going concern basis of accounting in accordance with IAS 34 in preparing the interim financial statements. The Directors have considered the situation in Ukraine and have concluded that there is no substantial adverse impact on the going concern assumption.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 3. REVENUES AND SEASONALITY OF OPERATIONS

The large majority of the Group's revenue arises from enrichment services for customers. Deliveries of separative work do not accrue evenly throughout the year. Demand for SWU is mainly driven by the reload demand patterns of the nuclear power plants, which often stretch beyond a year and to some extent can be viewed as seasonal. 36% of the Group's full year revenue was recorded in the first six months of 2022, compared to 34% in 2021. Overall, the phasing of revenue between the first half and second half of 2023 is expected to be broadly similar to 2022.

The Group's revenues are denominated in euros and dollars. Revenues largely relate to the sale of enrichment services, feed and EUP. Sales are predominantly in accordance with long-term fixed price contracts and therefore the order book of existing contracts is not significantly impacted by changes in the market prices.

### 4. SEGMENT INFORMATION

The Urenco Group's principal activity is the provision of a service to enrich uranium to provide fuel for nuclear power utilities, by enriching uranium provided by customers.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers have been identified as the Executive Directors. Operating segments have been identified based on the risk and returns of the Group's major operations. The risks and returns of the Group's operations are primarily determined by the nature of the different activities that the Group engages in, rather than by the geographical location of these operations.

The Group's operating segments are as follows:

- for the enrichment business: the provision of enrichment, associated services, uranium sales and commodity contracts for the nuclear power industry and the construction and operation of the Tails Management Facility at the UK site for deconversion of depleted $UF_6$ into $U_3O_8$.
- for construction of centrifuges: being Enrichment Technology Company Limited (ETC); the research, development, manufacture and installation of plant and equipment for the provision of enrichment services.
- other relates to Head Office based holding and financing companies, Group accounting consolidation adjustments and other entities not forming part of the enrichment business, including Urenco Nuclear Stewardship Limited (UNS), which provides uranium handling services at the Capenhurst facility.

Segment performance is evaluated based on net income or loss which is calculated on the same basis as income or loss from operating activities in the consolidated financial statements. Finance costs and finance income are allocated to the segments in accordance with underlying liabilities and assets. The accounting policies for the reportable segments are the same as the Group's accounting policies.

Urenco also measures and discloses EBITDA, which is a non-IFRS defined financial measure, to assess the Group's overall and segment performance. EBITDA is also used by investors and analysts to evaluate the financial performance of Urenco and its peer companies. EBITDA is reconciled to the relevant IFRS financial measure, Income/(loss) from operating activities in this note.

## 4. SEGMENT INFORMATION continued

Segment information for these businesses for the six months ended 30 June 2023 and 2022 respectively, and for the year ended 31 December 2022, is presented below:

| Six months ended 30 June 2023 – Unaudited | Enrichment business €m | ETC €m | Other (i) €m | Consolidated €m |
|---|---|---|---|---|
| **Revenue** | | | | |
| External sales | **693.7** | **-** | **6.6** | **700.3** |
| **Total Revenue** | **693.7** | **-** | **6.6** | **700.3** |
| | | | | |
| **Result** | | | | |
| Income/(loss) from operating activities | **131.4** | **1.9** | **(25.6)** | **107.7** |
| Finance income | **63.9** | **-** | **63.0** | **126.9** |
| Finance costs | **(67.2)** | **-** | **(110.2)** | **(177.4)** |
| Income/(loss) before tax | **128.1** | **1.9** | **(72.8)** | **57.2** |
| Income tax | **(39.3)** | **-** | **14.8** | **(24.5)** |
| Net income/(loss) for the period | **88.8** | **1.9** | **(58.0)** | **32.7** |
| | | | | |
| **Other information** | | | | |
| Depreciation and amortisation | **230.1** | **-** | **2.9** | **233.0** |
| Depreciation recognised in increased inventories and SWU | **(42.3)** | **-** | **-** | **(42.3)** |
| Depreciation expenses within net costs of nuclear provisions | **1.7** | **-** | **-** | **1.7** |
| Depreciation and amortisation for EBITDA calculation | **189.5** | **-** | **2.9** | **192.4** |
| | | | | |
| Income/(loss) from operating activities | **131.4** | **1.9** | **(25.6)** | **107.7** |
| Depreciation and amortisation for EBITDA calculation | **189.5** | **-** | **2.9** | **192.4** |
| Results of joint venture and other investments | **-** | **(1.9)** | **0.3** | **(1.6)** |
| **EBITDA(ii)** | **320.9** | **-** | **(22.4)** | **298.5** |
| | | | | |
| Capital additions: | | | | |
| Property, plant and equipment | **83.1** | **-** | **4.3** | **87.4** |
| Intangible assets | **0.7** | **-** | **-** | **0.7** |
| | | | | |
| **Segment assets** | **7,141.0** | **26.4** | **1,113.5** | **8,280.9** |
| | | | | |
| **Segment liabilities** | **3,210.3** | **-** | **2,208.0** | **5,418.3** |

(i) Other comprises Head Office based holding and finance companies, Group accounting consolidation adjustments and other entities not forming part of the enrichment business, including Urenco Nuclear Stewardship Limited.

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

## 4. SEGMENT INFORMATION continued

| **Six months ended 30 June 2022** – **Unaudited** | Enrichment business €m | ETC €m | Other [(i)] €m | Consolidated €m |
|---|---|---|---|---|
| **Revenue** | | | | |
| External sales | 592.2 | - | 23.2 | 615.4 |
| **Total Revenue** | 592.2 | - | 23.2 | 615.4 |
| | | | | |
| **Result** | | | | |
| Income/(loss) from operating activities | 171.2 | 3.9 | (23.7) | 151.4 |
| Finance income | 9.1 | - | 123.1 | 132.2 |
| Finance costs | (38.8) | - | (115.0) | (153.8) |
| Income/(loss) before tax | 141.5 | 3.9 | (15.6) | 129.8 |
| Income tax | (29.5) | - | (10.2) | (39.7) |
| Net income/(loss) for the period | 112.0 | 3.9 | (25.8) | 90.1 |
| | | | | |
| **Other information** | | | | |
| Depreciation and amortisation | 169.5 | - | 4.3 | 173.8 |
| Depreciation recognised in increased inventories and SWU assets | (33.6) | - | - | (33.6) |
| Depreciation expenses within net costs of nuclear provisions | (7.3) | - | - | (7.3) |
| Depreciation and amortisation for EBITDA calculation | 128.6 | - | 4.3 | 132.9 |
| | | | | |
| Income/(loss) from operating activities | 171.2 | 3.9 | (23.7) | 151.4 |
| Depreciation and amortisation for EBITDA calculation | 128.6 | - | 4.3 | 132.9 |
| Results of joint venture and other investments | (0.5) | (3.9) | 0.1 | (4.3) |
| EBITDA[(ii)] | 299.3 | - | (19.3) | 280.0 |
| | | | | |
| Capital additions: | | | | |
| Property, plant and equipment | 78.6 | - | 1.5 | 80.1 |
| Intangible assets | 0.3 | - | - | 0.3 |
| | | | | |
| Segment assets | 5,688.1 | 21.1 | 1,315.1 | 7,024.3 |
| | | | | |
| Segment liabilities | 2,477.0 | - | 2,447.3 | 4,924.3 |

(i) Other comprises Head Office based holding and finance companies, Group accounting consolidation adjustments and other entities not forming part of the enrichment business, including Urenco Nuclear Stewardship Limited.

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

## 4. SEGMENT INFORMATION continued

| Year ended 31 December 2022 – Audited | Enrichment business €m | ETC €m | Other (i) €m | Consolidated €m |
|---|---|---|---|---|
| **Revenue** | | | | |
| External sales | 1,712.8 | - | 3.7 | 1,716.5 |
| **Total Revenue** | 1,712.8 | - | 3.7 | 1,716.5 |
| | | | | |
| **Result** | | | | |
| Income/(loss) from operating activities | 1,382.8 | 13.0 | (30.6) | 1,365.2 |
| Finance income | 39.2 | - | 181.5 | 220.7 |
| Finance costs | (89.5) | - | (200.7) | (290.2) |
| Income/(loss) before tax | 1,332.5 | 13.0 | (49.8) | 1,295.7 |
| Income tax | (117.8) | - | (4.7) | (122.5) |
| Net income/(loss) for the year | 1,214.7 | 13.0 | (54.5) | 1,173.2 |
| | | | | |
| **Other information** | | | | |
| Depreciation and amortisation | 366.5 | - | 3.6 | 370.1 |
| Depreciation recognised in increased inventories and SWU assets | 5.4 | - | - | 5.4 |
| Depreciation expenses within net costs of nuclear provisions | 10.5 | - | - | 10.5 |
| Depreciation and amortisation for EBITDA calculation | 382.4 | - | 3.6 | 386.0 |
| | | | | |
| Income/(loss) from operating activities (post exceptionals) | 1,382.8 | 13.0 | (30.6) | 1,365.2 |
| Exceptional items | (921.4) | - | - | (921.4) |
| Income from operating activities (pre exceptionals) | 461.4 | 13.0 | (30.6) | 443.8 |
| Depreciation and amortisation for EBITDA calculation | 382.4 | - | 3.6 | 386.0 |
| Results of joint venture and other investments | (0.5) | (13.0) | 8.3 | (5.2) |
| EBITDA(ii) | 843.3 | - | (18.7) | 824.6 |
| | | | | |
| Capital additions: | | | | |
| Property, plant and equipment | 284.2 | - | (0.2) | 284.0 |
| Intangible assets | 0.8 | - | - | 0.8 |
| Contract assets | - | - | - | - |
| | | | | |
| Segment assets (iii) | 7,008.1 | 35.8 | 1,254.8 | 8,298.7 |
| | | | | |
| Segment liabilities | 2,980.5 | - | 2,344.9 | 5,325.4 |

(i) Other comprises Head Office based holding and finance companies, Group accounting consolidation adjustments and other entities not forming part of the enrichment business, including Urenco Nuclear Stewardship Limited.
(ii) EBITDA is defined as earnings before exceptional items, interest (including other finance costs), taxation, depreciation and amortisation and results of joint venture and other investments. Depreciation and amortisation are adjusted to remove elements of such charges included in changes to inventories and SWU assets and net costs of nuclear provisions.
(iii) Segment assets have been re-stated with €2.9 million being reclassified from the Other to the ETC segment to correct the previously reported classification, such that the amount of the segment assets of €35.8 million for ETC reconciles with the amount reported within Investments including joint venture in the statement of financial position.

## 5. INCOME TAX

The major components of income tax expense in the consolidated income statement are:

| | **Six months ended 30 June** | | Year ended 31 December |
|---|---|---|---|
| | **2023 Unaudited €m** | 2022 Unaudited €m | 2022 Audited €m |
| **Current tax** | | | |
| UK corporation tax | **(7.9)** | **8.8** | 10.7 |
| Foreign income tax | **43.5** | **33.5** | 103.2 |
| Adjustments in respect of prior periods | **1.7** | **(14.4)** | (10.0) |
| Total current tax expense | **37.3** | **27.9** | 103.9 |
| **Deferred tax** | | | |
| Origination and reversal of temporary differences | **(12.5)** | **(1.9)** | 217.2 |
| Adjustments in respect of prior periods | **(0.3)** | **13.7** | 4.5 |
| Movement in unrecognised deferred tax | **-** | **-** | (203.1) |
| Total deferred tax (income)/expense | **(12.8)** | **11.8** | 18.6 |
| **Income tax expense reported in the consolidated income statement** | **24.5** | **39.7** | 122.5 |

The tax charged in the interim period has been calculated by applying the effective tax rate which is expected to apply to each Group member in the year ending 31 December 2023 to their respective results for the interim period, using rates substantively enacted by the reporting date.

The Group's ETR for the 2023 interim period is 42.8%, which is higher than the 2022 interim period rate of 30.6%. The increase in ETR is predominately due to a change in the jurisdictional split of profits generated, combined with lower accounting profits and a change in prior year adjustments. The impact of this increase was partially offset by changes in non-taxable and non-deductible amounts, including foreign exchange financing gains and losses that are excluded from tax under the UK Disregard Regulations.

The UK corporation tax income of €7.9 million compares favourably to the €8.8 million expense in the prior interim period. This €16.7 million favourable movement arises predominately due to a reduction in the level of UK profits, together with a change in the amount of foreign exchange gains and losses excluded from tax under the UK disregard regulations. The foreign income tax expense has increased by €10.0 million to €43.5 million (H1 2022: €33.5 million) predominately as a result of an increase in the level of foreign profits together with adverse movements in temporary differences.

There were no enacted or announced tax rate changes during H1 2023, and consequently no amounts were recorded during the period relating to revaluing deferred tax balances.

During 2021, an increase in the mainstream rate of UK corporation tax from 19.0% to 25.0%, effective 1 April 2023, was substantively enacted. The average annual UK corporation tax rate for the year ending 31 December 2023 will be 23.5% (2022: 19.0%). The Group's UK deferred tax assets and liabilities have been valued using a 25.0% tax rate (H1 2022: 25.0%).

Urenco assesses its liabilities and contingencies for all tax years open to audit based upon the latest information available. For those matters where it is probable that an adjustment will be made, the Group records its best estimate of these tax liabilities. Inherent uncertainties exist in estimates of tax contingencies due to the complexities of interpretation and changes in tax laws. Whilst Urenco believes it has adequately provided for the outcome of these matters, future results may include favourable or unfavourable adjustments to these estimated tax liabilities in the period the assessments are made, or resolved. The final outcome of tax examinations may result in a materially different outcome than assumed in the tax liabilities.

## 6. DIVIDENDS PAID AND PROPOSED

| | **Six months ended 30 June** | | Year ended 31 December |
|---|---|---|---|
| | **2023** | 2022 | 2022 |
| | **Unaudited** | Unaudited | Audited |
| | **€m** | €m | €m |
| *Amounts recognised as distributions to equity holders in the period:* | | | |
| Final dividend for the year ended 31 December 2022: 89.29 cents per share, €150.0 million paid in March 2023 | **150.0** | - | - |
| Interim dividend for the year ended 31 December 2022: 89.29 cents per share, €150.0 million paid in December 2022 | **-** | - | 150.0 |
| Final dividend for the year ended 31 December 2021: 89.29 cents per share, €150.0 million paid in March 2022 | **-** | 150.0 | 150.0 |
| Total | **150.0** | 150.0 | 300.0 |

The final proposed dividend of €150.0 million for the year ended 31 December 2022 was approved by shareholders on 8 March 2023 and was paid to shareholders on 16 March 2023. No Interim dividend for the year ending 31 December 2023 has been proposed or paid.

## 7. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired assets and capitalised costs with a value of €87.4 million (six months ended 30 June 2022: €80.1 million; year ended 31 December 2022: €284.0 million), relating to property, plant and equipment. The majority of this cost relates to assets for the enrichment plants.

See also note 15 for capital commitments.

## 8. SHORT TERM DEPOSITS

| | **At 30 June** | | At 31 December |
|---|---|---|---|
| | **2023** | 2022 | 2022 |
| | **Unaudited** | Unaudited | Audited |
| | **€m** | €m | €m |
| Short term deposits | **696.6** | 563.9 | 572.8 |

Short-term bank deposits comprise deposits with an original maturity of more than three months and with an end date less than 12 months from the date of the statement of financial position.

## 9. CASH AND CASH EQUIVALENTS

| | **At 30 June 2023 Unaudited €m** | 2022 Unaudited €m | At 31 December 2022 Audited €m |
|---|---|---|---|
| Cash | **193.4** | 125.2 | 212.6 |
| Cash equivalents | **400.1** | 664.9 | 525.0 |
| Cash and cash equivalents | **593.5** | 790.1 | 737.6 |

Cash comprises cash at bank and in hand. Cash at bank earns or pays interest at floating rates based on the banks' current account rates. Cash equivalents comprise on demand deposits, together with short-term highly liquid investments that are readily convertible to a known amount of cash and that are subject to an insignificant risk of changes in value. The carrying amount of these assets approximates to their fair value.

The Group has pledged as collateral several bank accounts and short term deposits to banks that have provided standby letters of credit in favour of the NRC to provide assurance that funds are available when needed to pay for decommissioning and tails liabilities of UUSA.

The carrying value of the collateral accounts at 30 June 2023, which earn interest at a variable rate, was €89.1 million (30 June 2022: €193.9 million; 31 December 2022: €144.3 million).

## 10. HEDGING RESERVES

### Hedging reserve - summary

| | Period ended 30 June 2023 Unaudited €m | Period ended 30 June 2022 Unaudited €m | Year ended 31 December 2022 Audited €m |
|---|---|---|---|
| As at 1 January | **4.8** | 19.2 | 19.2 |
| Other comprehensive income/(loss): | | | |
| Cash flow hedges – losses recycled in relation to hedges of revenue | **16.3** | 9.2 | 48.7 |
| Cash flow hedges – losses/(gains) recycled in relation to hedges of debt | **28.9** | 0.9 | (14.2) |
| Cash flow hedges – mark to market gains/(losses) on hedges of revenue | **47.0** | (126.0) | (94.6) |
| Cash flow hedges – mark to market (losses)/gains on hedges of debt | **(11.7)** | 15.4 | 36.3 |
| Deferred tax (expense)/income on financial instruments | **(21.1)** | 26.5 | 4.8 |
| Current tax income/(expense) on financial instruments | **0.2** | (0.2) | 0.2 |
| Exchange differences | **0.5** | 1.1 | 4.4 |
| Other comprehensive income/(loss) | **60.1** | (73.1) | (14.4) |
| Carried forward as at 30 June/31 December | **64.9** | (53.9) | 4.8 |

### Cost of hedging reserve - summary

| | Period ended 30 June 2023 Unaudited €m | Period ended 30 June 2022 Unaudited €m | Year ended 31 December 2022 Audited €m |
|---|---|---|---|
| As at 31 December | **(15.6)** | (12.4) | (12.4) |
| Other comprehensive income/(loss): | | | |
| Movements before tax | **(6.7)** | 27.2 | (4.8) |
| Deferred tax income/(expense) | **1.8** | (7.2) | 1.2 |
| Exchange differences | **(0.5)** | 0.1 | 0.4 |
| Other comprehensive (loss)/income | **(5.4)** | 20.1 | (3.2) |
| Carried forward as at 30 June/31 December | **(21.0)** | 7.7 | (15.6) |

### Hedging reserves - totals

| | | | |
|---|---|---|---|
| Carried forward as at 30 June/31 December | **43.9** | (46.2) | (10.8) |

**Hedging reserve**
The hedging reserve is a separate component of equity used to record changes in the fair values of cash flow hedging instruments.

**Cost of hedging reserve**
The cost of hedging reserve is a separate component of equity used to record changes in the fair value of the currency basis spread as included in the fair value of financial instruments that are in a hedge relationship and the changes in the fair value of the forward points of forward foreign exchange contracts that are hedging future revenue.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 11. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

**Hedging activities and derivatives**

**Revenue related hedges**

The Group maintains a rolling portfolio of forward foreign exchange contracts ("FFECs") designated as cash flow hedges against forecast revenues receipted in foreign currencies. This is in order to hedge contracts denominated in euros and US dollars to the underlying European enrichment entities' functional currencies, which are split between sterling and euro.

As at 30 June 2023, the net liability of the FFECs was €1.5 million (31 December 2022: net liability of €48.3 million), with the movement driven both by long dated contracts maturing and the strengthening of GBP to Euro and USD. The vast majority of FFECs are designated as cash flow hedges, with the gains and losses deferred in the hedge reserve and the cost of hedging reserve within equity.

During the period, €16.3 million of hedging losses (H1 2022: losses of €9.2 million) were recycled to revenues due to the maturing of contracts in effective hedging relationships.

**Borrowing related hedges**

The Group uses Cross Currency Interest Rate Swaps ("CCIRSs") to hedge its euro and yen debt instruments into sterling as they are held by Urenco Limited, a sterling functional currency entity. The Group's portfolio of CCIRSs help to manage the foreign exchange volatility which would be recognised through the income statement.

The CCIRSs are split into two legs, the first leg swaps foreign currency denominated debt into sterling, and is designated as a cash flow hedge, and the second leg swaps sterling into US dollar and is designated as a net investment hedge of the Group's investment in US subsidiaries (Urenco USA Inc. and Louisiana Energy Services LLC).

As at 30 June 2023, the Group's portfolio of CCIRSs was held at a liability of €18.7 million (31 December 2022: liability of €27.8 million).

The notional value of currency swaps in a net investment hedge detailed above, total $0.5 billion (31 December 2022: $0.5 billion) and hedge the Group's investment in US subsidiaries (Urenco USA Inc. and Louisiana Energy Services LLC). Also included in loans at 30 June 2023 were borrowings of €0.6 billion (31 December 2022: €0.6 billion), which have been designated as hedges of the net investment in the Group's European subsidiaries. Gains or losses on the retranslation of these borrowings are transferred to other comprehensive income to offset any gains or losses on translation of the net investment in subsidiaries.

**Uranium commodity contracts**

Uranium commodity contracts are contracts to buy or sell uranium commodities that do not meet the own use exemption under IFRS 9. The fair value of such contracts was a net asset of €10.2 million as at 30 June 2023 (31 December 2022: net asset of €8.3 million). The fair value has increased due to new deals transacted in 2023.

**Borrowing**

The Group has an undrawn €500.0 million medium term revolving credit facility which matures in 2026.

As at 30 June 2023, total non-current interest bearing loans and borrowings were €1,123.0 million (31 December 2022: €1,138.0 million).

## 11. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES continued

### Borrowing and repayment of debt continued

The calculation of net cash as at 30 June 2023 and 31 December 2022 is set out below:

| | **At 30 June 2023 €m** | At 31 December 2022 €m |
|---|---|---|
| Non-current interest bearing loans and borrowings | **1,123.0** | 1,138.0 |
| Non-current lease liabilities | **26.0** | 25.9 |
| Current lease liabilities | **2.1** | 1.4 |
| Less: Short term deposits | **(696.6)** | (572.8) |
| Less: Cash and cash equivalents | **(593.5)** | (737.6) |
| Less: Nuclear decommissioning trust fund | **(483.2)** | (482.1) |
| Net (cash)/debt | **(622.2)** | (627.2) |

### Fair values

The carrying value of all financial assets and financial liabilities is approximately equal to their fair values, except for the interest bearing loans and borrowings. The carrying value and fair value of these interest bearing loans are set out in the following table.

| | **Period ended 30 June 2023** | | Year ended 31 December 2022 | |
|---|---|---|---|---|
| | **Book value €m** | **Fair value €m** | Book value €m | Fair value €m |
| Financial liabilities measured at amortised cost | **1,123.0** | **1,141.2** | 1,138.0 | 1,138.5 |

### Fair value disclosures

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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. Fair value of interest rate swaps is the net present value of all expected future cash flows based on current market rates taking due account of counterparty credit risk and own credit risk. Fair value of commodity contracts is the risk adjusted present value of the difference between the contract price and the current forward price multiplied by the volume of the agreed sales or purchases.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 11. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES continued

As at 30 June 2023, the investments held within the nuclear decommissioning trust fund valued at €391.7 million were measured at fair value using level 1 hierarchy inputs and investments valued at €91.5 million were measured at fair value using level 2 hierarchy inputs.

Investments held within the nuclear decommissioning trust fund classified as level 2 were previously classified as level 1. At 31 December 2022 these investments were considered to be valued from quoted market prices in an active market given transactional data close to the balance sheet date. At 30 June 2023, due to a lack of transactional data, the valuation of the investments has been derived from proxy price curves of similar traded instruments and the investments therefore are disclosed as level 2. The valuation technique and the inputs used in the fair value measurement of these investments have not changed.

The Group's derivative financial instruments were measured at fair value (recurring measurement) using level 2 hierarchy inputs:

| | **At 30 June 2023 €m** | At 31 December 2022 €m |
|---|---|---|
| **Financial assets at fair value** | | |
| Nuclear decommissioning trust fund | **483.2** | 482.1 |
| Forward Foreign Exchange Contracts – hedged | **51.6** | 38.1 |
| Forward Foreign Exchange Contracts – non hedged | **2.1** | 16.4 |
| Cross Currency Interest Rate Swaps – hedged | **5.2** | 5.9 |
| Commodity contracts at fair value– non hedged | **10.7** | 9.2 |
| Total assets measured at fair value | **552.8** | 551.7 |
| | | |
| **Financial liabilities at fair value** | | |
| Forward Foreign Exchange Contracts – hedged | **(51.8)** | (95.2) |
| Forward Foreign Exchange Contracts – non hedged | **(3.4)** | (7.6) |
| Cross Currency Interest Rate Swaps – hedged | **(23.9)** | (33.7) |
| Commodity contracts at fair value– non hedged | **(0.5)** | (0.9) |
| Total liabilities measured at fair value | **(79.6)** | (137.4) |
| | | |
| Nuclear decommissioning trust fund | **483.2** | 482.1 |
| Net FFEC liability | **(1.5)** | (48.3) |
| Net CCIRS liability | **(18.7)** | (27.8) |
| Net commodity assets at fair value | **10.2** | 8.3 |
| Total net assets | **473.2** | 414.3 |

### 12. PROVISIONS

| **Six months ended 30 June 2023** | **Tails €m** | **Decommissioning of plant and machinery €m** | **Re-enrichment of low assay feed €m** | **Other €m** | **Total €m** |
|---|---|---|---|---|---|
| As at 1 January 2023 – Audited | **1,778.1** | **1,083.6** | **185.7** | **31.5** | **3,078.9** |
| Additional provision | **116.1** | **11.3** | **106.2** | **2.3** | **235.9** |
| Unwinding of discount | **31.2** | **17.7** | **1.7** | **0.1** | **50.7** |
| Utilisation of provision | **(11.3)** | **(3.3)** | **(89.6)** | **(5.6)** | **(109.8)** |
| Release of provision | **(3.3)** | **(3.0)** | **-** | **(0.9)** | **(7.2)** |
| Exchange difference | **16.0** | **7.0** | **-** | **0.4** | **23.4** |
| As at 30 June 2023 – Unaudited | **1,926.8** | **1,113.3** | **204.0** | **27.8** | **3,271.9** |
| Included in current liabilities | | | | | **68.9** |
| Included in non-current liabilities | | | | | **3,203.0** |
| | | | | | **3,271.9** |

## 12. PROVISIONS continued

| Six months ended 30 June 2022 | Tails €m | Decommissioning of plant and machinery €m | Re-enrichment of low assay feed €m | Other €m | Total €m |
|---|---|---|---|---|---|
| As at 1 January 2022 – Audited | 1,582.5 | 1,001.6 | 120.6 | 20.4 | 2,725.1 |
| Additional provision | 110.5 | 10.6 | 49.4 | 2.6 | 173.1 |
| Unwinding of discount | 24.2 | 14.1 | 1.0 | 0.1 | 39.4 |
| Utilisation of provision | (6.7) | (6.0) | (64.8) | (4.1) | (81.6) |
| Release of provision | (23.6) | (3.2) | - | (0.6) | (27.4) |
| Exchange difference | 9.7 | (2.4) | 2.9 | 0.6 | 10.8 |
| As at 30 June 2022 – Unaudited | 1,696.6 | 1,014.7 | 109.1 | 19.0 | 2,839.4 |
| Included in current liabilities | | | | | 3.4 |
| Included in non-current liabilities | | | | | 2,836.0 |
| | | | | | 2,839.4 |

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

The net costs of nuclear provisions of €118.4 million (H1 2022: €68.3 million, FY 2022: €249.5 million) recognised in the income statement are set out below:

**Six months ended 30 June 2023**

| | Tails disposal €m | Decommissioning of plant and machinery €m | Re-enrichment low assay feed €m | Total €m |
|---|---|---|---|---|
| Additional provision for the period | **116.1** | **1.1** | **106.2** | **223.4** |
| Release of provision | **(3.3)** | **(1.2)** | **-** | **(4.5)** |
| Utilisation of provision(i) (ii) | **(10.9)** | **-** | **(89.6)** | **(100.5)** |
| Charged/(credited) to income statement H1 2023 | **101.9** | **(0.1)** | **16.6** | **118.4** |

**Six months ended 30 June 2022**

| | Tails disposal €m | Decommissioning of plant and machinery €m | Re-enrichment low assay feed €m | Total €m |
|---|---|---|---|---|
| Additional provision for the period | 110.5 | - | 49.4 | 159.9 |
| Release of provision | (23.6) | (3.2) | - | (26.8) |
| Utilisation of provision(ii) | - | - | (64.8) | (64.8) |
| Charged/(credited) to income statement H1 2022 | 86.9 | (3.2) | (15.4) | 68.3 |

## 12. PROVISIONS continued

| Year ended 31 December 2022 | Tails disposal €m | Decommissioning of plant and machinery €m | Re-enrichment low assay feed €m | Total €m |
|---|---|---|---|---|
| Additional provision in the year | 270.7 | 17.9 | 205.6 | 494.2 |
| Change in discount rates | (54.4) | (2.3) | - | (56.7) |
| Release of provision | (40.3) | (5.8) | - | (46.1) |
| Utilisation of provision(ii) | - | - | (141.9) | (141.9) |
| Charged to income statement 2022 | 176.0 | 9.8 | 63.7 | 249.5 |

(i) The utilisation of the tails provision is recognised in the income statement within ‘net costs of nuclear provisions’. This is credited to the income statement to reverse the tails processing costs consolidated within the Group as the income statement charge for these costs was incurred when the tails was created.

**(ii)** The utilisation of the provision for re-enrichment of the low assay feed is recognised in the income statement within ‘net costs of nuclear provisions’. The expenditure incurred in re-enriching the low assay feed is initially recognised in the income statement (e.g. employee costs, energy costs, depreciation and tails provisions). The utilisation is credited to the income statement to reverse the costs of re-enrichment as the income statement charge for these costs was incurred when the material was produced through the creation of the re-enrichment of low asset feed provision.

### Discount rates for tails and decommissioning provisions

The inflation rate and the risk free discount rate have been calculated on a jurisdiction specific basis. The outcome for the calculation as at 30 June 2023 was that these rates remain within the acceptable ranges determined for the rates as at 31 December 2022 and therefore they remain unchanged. The applicable rates for both the 2023 half year and 2022 year end are as follows:

| | Inflation Rate | Nominal Discount Rate | Real Discount Rate |
|---|---|---|---|
| | **30 Jun 2023** | **30 Jun 2023** | **30 Jun 2023** |
| USA | 2.20% | 3.45% | 1.22% |
| UK | 2.10% | 3.50% | 1.37% |
| Germany | 2.20% | 3.00% | 0.78% |
| The Netherlands | 2.20% | 3.10% | 0.88% |

### Provision for tails

The enrichment process generates depleted uranium (‘tails’). Provision has been made on a discounted basis for the eventual safe disposal of the tails. The costs take account of conversion to a different chemical state, intermediate storage, transport and safe disposal and include the depreciation of capital cost of the facility that will perform these tasks.

The final amount of the provision is currently uncertain but is evaluated based upon the planned operational activity involved in successfully achieving safe disposal in accordance with regulatory requirements. The planned costs are based on historic experience, operational assumptions, internal cost forecasts and third party contract prices for the relevant parts of the disposal cycle. A key area of uncertainty remains the unit cost of deconversion in Europe which will remain uncertain until such time that all future kilns to be commissioned are operational. The TMF has entered into operation and the amount deconverted is ramping up. The availability and cost of a repository suitable for the final disposal of depleted $U_3O_8$ is a key judgement and the level of uncertainty varies widely across the four countries in which Urenco operates. These costs are escalated where appropriate based on current expectations of inflation and discounted to provide a present value cost per unit, or tails rate, which is applied to the quantity of tails held at the statement of financial position date.

During the period the tails provision increased by €116.1 million (year to 31 December 2022: €216.3 million) due to tails generated in that period and an increase in the applied tails rate. Expenditure incurred during the period for the safe deconversion, storage and disposal of tails of €11.3 million (year to 31 December 2022: €6.9 million) have been utilised against the provision. A provision release of €3.3 million (year to 31 December 2022: €40.3 million) was recorded reflecting the impact of a review of various key underlying assumptions, an optimisation of operations and the impact of the reduction in higher assay tails, associated with enrichment service contracts.

**12. PROVISIONS continued**

It is expected that €921.6 million of the tails provision will be used within the next 10 years, €727.7 million of the provision will be used within the next 10 to 30 years and €277.5 million will be used within the next 30 to 100 years. The tails provisions held at 30 June 2023 comprised €1,755.8 million (31 December 2022: €1,620.3 million) of discounted future cash flows and €171.0 million (31 December 2022: €157.8 million) of discounted future depreciation of assets currently at cost held for the purpose of meeting tails liabilities.

**Provision for decommissioning of plant and machinery**

The Directors intend to decommission plant and machinery as soon as practicably possible after it is taken out of use. The enrichment plants will be disassembled, declassified, decommissioned and the sites returned to ‘greenfield’ or ‘brownfield’ status. Uranium containers will be cleaned, dismantled and scrapped. To meet these eventual costs of decommissioning, provisions are recognised in the financial statements, for all plant and machinery in operation, at amounts considered to be adequate for the purpose.

The final amount of the provision is currently uncertain but is evaluated based upon the planned operational activity involved in successfully achieving full decommissioning of any plant or equipment used in enrichment activities, in accordance with the Directors’ intention and regulatory requirements. The planned costs are based on historic experience and price estimates for the relevant activities and processes of the decommissioning cycle, which include deconstruction, decontamination and disposal of all materials involved in the enrichment process. 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.

During the period the decommissioning provision increased by €11.3 million (year to 31 December 2022: €82.6 million) due to the installation of additional plant and machinery of €1.1 million (year to 31 December 2022: €1.5 million), additional container purchases of €9.9 million (year to 31 December 2022: €26.2 million) and €0.3 million due to revised assumptions surrounding the decommissioning of plant and machinery (year to 31 December 2022: €54.9 million). Of the €11.3 million (year to 31 December 2022: €82.6 million) addition to the decommissioning provision, €1.1 million (year to 31 December 2022: €15.6 million) has been expensed to the Income Statement and €10.2 million (year to 31 December 2022: €67.0 million) has been recognised in decommissioning assets. A provision release of €3.0 million (year to 31 December 2022: €5.8 million) was recorded reflecting the disposal of some cylinders previously used for storage of uranium and a change in costing assumptions within the decommissioning models.

It is expected that this provision will be used over the next 50 years.

**Re-enrichment of low assay feed**

Provisions for the future re-enrichment of low assay feed are calculated using assumptions on the amount of separative work that will be required in the future and the cost of providing enrichment capacity to perform that work. This cost includes the safe disposal of any resultant tails material. During the period, the provisions relating to the future re-enrichment of low assay feed increased by €106.2 million (year to 31 December 2022: €205.6 million) due to the creation of low assay feed and reduced by €89.6 million (year to 31 December 2022: €141.9 million) due to expenditure incurred on the re-enrichment of low assay feed. Both the increase and reduction are reported within net nuclear provision movements.

**Other provisions**

These comprise provisions relating to personnel provisions, restoration provisions and restructuring provisions.

The majority of the other provisions will be utilised over the next ten years and are not materially sensitive to discount rates.

## 13. NUCLEAR DECOMMISSIONING TRUST FUND

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

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

The Trust shall be irrevocable and shall continue until terminated, in whole or in part, at the written agreement of LES, the Trustee and the NRC that the Trust is no longer needed under the NRC Licence, or by the Trustee and the NRC if LES ceases to exist. Upon termination of the Trust all remaining funds less final trust administration fees and expenses shall be delivered to LES or its successor.

LES has signed an engagement letter with an Investment manager, setting out their role and responsibilities regarding investment advisory services. The investment manager needs to abide with the Investment policy statement issued by LES, which sets out the roles of LES and the investment manager, the investment objectives, risk tolerance, permitted and non-permitted investments by the NDT and activities relating to investment monitoring and control. The initial investment strategy is to invest solely in low-risk US government backed securities. All investments are made in US dollar to match the currency of the decommissioning and tails liabilities. The long-term investment strategy is under consideration and may be updated in the future.

The fair value of the funds held in the NDT as at 30 June 2023 was €483.2 million (31 December 2022: €482.1 million) and was comprised of debt securities of €481.8 million (31 December 2022: €479.2 million) and other investments of €1.4 million (31 December 2022: €2.9 million).

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

| | **Period ended 30 June 2023 Unaudited €m** | Period ended 30 June 2022 Unaudited €m | Year ended 31 December 2022 Audited €m |
|---|---|---|---|
| As at 1 January | **482.1** | - | - |
| Contributions | **-** | - | 499.3 |
| Interest income | **12.2** | - | 1.3 |
| Unrealised fair value losses | **(1.9)** | - | (0.2) |
| Exchange differences | **(9.2)** | - | (18.3) |
| As at 30 June/31 December | **483.2** | - | 482.1 |

## 14. RETIREMENT BENEFIT OBLIGATIONS

The Group operates pension schemes in the UK, Germany, the Netherlands and the USA. Some are defined benefit schemes (two in total); others are defined contribution schemes and are funded externally. The defined benefit schemes comprise both funded and unfunded schemes. No other post-retirement benefits are currently provided by the Group. ETC forms part of the Urenco's defined benefit pension schemes. Assets and liabilities are allocated on a notional basis by employee to enable correct accounting across the subsidiaries.

There was a €15.4 million decrease in the overall Group net pension surplus during the six month period ended 30 June 2023 (30 June 2022: €31.0 million increase in overall Group net pension surplus; 31 December 2022: €5.7 million increase in overall Group net pension surplus). This decrease in the overall Group net pension surplus was driven by a decrease of the UK retirement benefit assets due to a reduction in the fair value of investments.

During the period, Group companies contributed €11.3 million (30 June 2022: €9.0 million) for the benefit of employees into post-employment benefit plans.

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

The Group closed the UK defined benefit pension scheme for further accrual from 5 April 2017 for most Group employees.

## 15. COMMITMENTS AND CONTINGENCIES

**Contingent Liabilities**

The Group has provided assurance to the NRC in the form of both a nuclear decommissioning trust fund and letters of credit and surety bonds that funds are available when needed to pay for nuclear liabilities for UUSA. The total amount of these assurances at 30 June 2023 exceeds the value of the recognised nuclear liabilities of UUSA in the consolidated statement of financial position at the same date by €159.1 million (31 December 2022: €588.6 million). These assurances exceed the nuclear liabilities recognised, because they use the undiscounted decommissioning and tails costs as their base.

The Group is subject to various claims which arise in the ordinary course of business. The Group believes that a material liability arising from these claims is remote.

**Capital commitments**

At 30 June 2023 the Group had capital commitments of €272.0 million (30 June 2022: €74.4 million; 31 December 2022: €219.8 million) principally relating to property, plant and equipment mainly comprised of centrifuge components, equipment and buildings.

## 16. RELATED PARTY TRANSACTIONS

During the period, Group companies entered into the following transactions with the following related parties who are not members of the Group. The following table provides the total amount of transactions which have been entered into with related parties during the six months ended 30 June 2023 and 30 June 2022 (both Unaudited) and the balances with related parties at 30 June 2023 (Unaudited) and at 31 December 2022 (Audited):

## 16. RELATED PARTY TRANSACTIONS continued

| | Sales of Goods & Services Period ended | | Purchases of Goods & Services Period ended | | Amounts Owed by Related Parties Period ended | | Amounts Owed to Related Parties Period ended | |
|---|---|---|---|---|---|---|---|---|
| | **30/06/23** | 30/06/22 | **30/06/23** | 30/06/22 | **30/06/23** | 31/12/22 | **30/06/23** | 31/12/22 |
| | **€m** | €m | **€m** | €m | **€m** | €m | **€m** | €m |
| DESNZ | **12.7** | 17.3 | **-** | - | **-** | 2.8 | **-** | **-** |
| E.ON | - | - | **4.3** | 6.6 | **-** | - | **-** | **-** |
| RWE | - | - | **0.2** | 0.2 | **-** | - | **-** | **-** |
| ETC(i) | **-** | - | **38.0** | 31.5 | **-** | 2.8 | **33.3** | 60.6 |

(i) These amounts are 100% of the sales/purchases and amounts due from/to the Enrichment Technology Company Limited.

The Department for Energy Security and Net Zero (DESNZ), E.ON SE (E.ON) and RWE AG (RWE) are related parties of the Group because of their indirect shareholdings in Urenco Limited. DESNZ is a department of the UK government, which has taken over some of the responsibilities of the former department for Business, Energy and Industrial Strategy (BEIS) from February 2023. The amounts reported under DESNZ include transactions with the NDA. Enrichment Technology Company Limited is a related party due to the Group's 50% shareholding in the joint venture. Sales of goods and services to related parties and purchases of assets, goods and services from them were made under the Group's normal trading terms.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. The amounts due by related parties represent the net amount after deduction for a loss allowance for expected credit losses.

The Enrichment Technology Company Limited pension scheme is administered as part of the Urenco pension scheme. Included in Urenco's results of joint venture and other investments is 50% of the Enrichment Technology Company Limited Income Statement charges and liabilities arising from retirement benefit obligations. Included in the amount in the results of joint venture and other investments is a charge of €1.2 million relating to defined benefit schemes (30 June 2022 €0.8 million). Included in the share of net assets of the joint venture is €15.1 million relating to pension liabilities (31 December 2022: €15.1 million) and €2.2 million relating to a retirement benefit asset (31 December 2022: €4.0 million).

During the period, Group companies contributed €11.3 million (30 June 2022: €9.0 million) for the benefit of employees into post-employment benefit plans.

### Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

| | **Six months ended 30 June** | | Year ended 31 December |
|---|---|---|---|
| | **2023** | 2022 | 2022 |
| | **Unaudited** | Unaudited | Audited |
| | **€m** | €m | €m |
| Short-term employee benefits | **1.6** | 1.5 | 3.2 |
| Long-term incentive benefits | **0.9** | 0.9 | 1.4 |
| | **2.5** | 2.4 | 4.6 |

### Directors' transactions

None of the directors has had a loan from the Company or any other transaction with the Company other than remuneration for their services as a Director, covered above.

## 17. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

There are no events after the statement of financial position date that require disclosure.

## DEFINITIONS

**Capital Expenditure** – Reflects investment in property, plant and equipment plus the prepayments in respect of fixed asset and intangible asset purchases for the period.

**EBITDA** – Earnings before exceptional items, interest (including other finance costs), taxation, depreciation and amortisation and results of joint venture and other investments. Depreciation and amortisation are adjusted to remove elements of such charges already included in changes to inventories and SWU assets and net costs of nuclear provisions.

**EBITDA Margin %** – EBITDA as a percentage of total revenue.

**EUP –** Enriched Uranium Product, i.e. $UF_6$ enriched, typically, to between 3% and 5% $U_{235}$ content.

**Net Costs of Nuclear Provisions** – The net costs charged to the income statement associated with the creation and release of provisions for tails, decommissioning and re-enrichment of low assay feed.

**Net Debt/Net Cash** – Loans and borrowings (current and non-current) plus obligations under leases less cash and cash equivalents, short term deposits and investments in the nuclear decommissioning trust fund.

**Net Finance Costs** – Finance costs less finance income net of capitalised borrowing costs and including costs/income of non-designated hedges and charges/reversals of expected credit losses on financial assets.

**Net Income** – Income for the period attributable to equity holders of the parent.

**NRC** – The Nuclear Regulatory Commission is an independent agency of the US government established under the Energy Reorganization Act of 1974 to ensure adequate protection of the public health and safety, the common defence and security, and the environment in the use of nuclear materials in the USA.

**Order Book** – includes both contracted and substantially agreed business estimated on the basis of “requirements” and “fixed commitment” contracts.

**Other Operating and Administrative Expenses** – Expenses comprising Raw costs of materials and consumables used, Employee costs, Restructuring charges, and Other expenses, but excluding the Net costs of nuclear provisions.

**Revenue** – Revenue from sale of goods and services and net fair value gains/losses on commodity contracts.

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

**Tails (Depleted $UF_6$)** – Uranium hexafluoride that contains a lower concentration than the natural concentration (0.711%) of $U_{235}$ isotope.

**Uranium related sales** – Sales of uranium in the form of $UF_6$, $U_3O_8$ or the $UF_6$ component of EUP.