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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q**

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

**For the quarterly period ended September 30, 2023**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 1-14287

**Centrus Energy Corp.**

**Delaware**  
(State of incorporation)

**52-2107911**  
(I.R.S. Employer Identification No.)

**6901 Rockledge Drive, Suite 800, Bethesda, Maryland 20817**  
(301) 564-3200

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Trading Symbol</u>	<u>Name of Each Exchange on Which Registered</u>
Class A Common Stock, par value \$0.10 per share	LEU	NYSE American

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically, if any, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (\$232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>	Non-accelerated filer	<input type="checkbox"/>
Smaller reporting company	<input type="checkbox"/>	Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

As of November 1, 2023, there were 14,807,255 shares of the registrant's Class A Common Stock, par value \$0.10 per share, and 719,200 shares of the registrant's Class B Common Stock, par value \$0.10 per share, outstanding.

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## Glossary of Certain Terms and Abbreviations

### Centrus Energy Corp. and Related Entities

Board	Centrus Energy Corp.'s Board of Directors
Centrus	Centrus Energy Corp.
Enrichment Corp.	United States Enrichment Corporation
Oak Ridge	Technology and Manufacturing Center in Oak Ridge, Tennessee
Paducah GDP	Paducah Gaseous Diffusion Plant, an enrichment plant in Paducah, Kentucky formerly operated by Enrichment Corp.
Piketon	Centrifuge production facility in Piketon, Ohio
Portsmouth GDP	Portsmouth Gaseous Diffusion Plant, an enrichment plant near Portsmouth, Ohio, formerly operated by Enrichment Corp.
USEC-Government	Enrichment Corp. prior to July 28, 1998, when it was a wholly-owned government corporation

### Other Terms and Abbreviations

2002 DOE-USEC Agreement	June 17, 2002 agreement between Centrus (then known as USEC Inc.) and the DOE
8.25% Notes	8.25% Notes maturing February 2027
Annual Meeting	The Company's annual meeting of shareholders
ARDP	DOE's Advanced Reactor Demonstration Program
ATM	At-the-Market
Class A Common Stock	Centrus' Class A common stock, \$0.10 par value per share
Class B Common Stock	Centrus' Class B common stock, \$0.10 par value per share
Common Stock	Class A Common Stock and Class B Common Stock
D&D	Decontamination & Decommissioning
DOC	U.S. Department of Commerce
DOE	U.S. Department of Energy
EIA	U.S. Energy Information Administration
EU	European Union
Exchange Act	Securities Exchange Act of 1934, as amended
Exchange Agreement	Exchange Agreement entered into by the Company and Kulayba LLC, dated February 2, 2021
GAAP	Generally Accepted Accounting Principles in the United States
HALEU	High Assay Low-Enriched Uranium
HALEU Demonstration Contract	Three-year, \$115 million cost-share contract with DOE signed in 2019 by Centrus' subsidiary, American Centrifuge Operating, LLC, and concluded in November 2022
HALEU Operation Contract	HALEU production contract with DOE signed in 2022
IEA	International Energy Agency
IRC	Internal Revenue Code of 1986
IT	Information Technology
ITC	U.S. International Trade Commission
LEU	Low-Enriched Uranium; term is also used to refer to the Centrus Energy Corp. business segment which supplies commercial customers with various components of nuclear fuel
MB Group	Mr. Morris Bawabeh, Kulayba LLC and M&D Bawabeh Foundation, Inc.
Natural Uranium Hexafluoride	UF <sub>6</sub> component of LEU; Unenriched uranium hexafluoride used as feed material to produce HALEU
NOL	Net Operating Loss

NRC	U.S. Nuclear Regulatory Commission
NUBIL	Net unrealized built-in loss
Orano	Orano Cycle
Orano Supply Agreement	Long-term supply of SWU contained in LEU, signed by United States Enrichment Corporation with Orano in 2018
Order Book	LEU Segment order book of sales under contract
Power MOU	Memorandum of understanding between the DOE and USEC-Government
Price-Anderson Act	Price-Anderson Nuclear Industries Indemnity Act (Section 170 of the U.S. Atomic Energy Act of 1954, as amended)
Rights Agreement	Section 382 Rights Agreement, dated as of April 6, 2016, by and among the Company and Computershare Trust Company, N.A. and Computershare Inc., as rights agent
RSA	1992 Russian Suspension Agreement, as amended
SARs	Stock appreciation rights
SEC	U.S. Securities & Exchange Commission
SWU	Separative work unit
Technical Solutions	The Centrus Energy Corp. business segment which offers technical, manufacturing, engineering, procurement, construction, and operations services to public and private sector customers, i.e. ACO
TENEX	Russian government-owned entity TENEX, Joint-Stock Company
TENEX Supply Contract	Long-term supply of SWU contained in LEU, signed by United States Enrichment Corporation with TENEX in 2011
TRISO	Tri-Structural Isotropic fuel
U <sup>235</sup>	Uranium-235 isotope
UF <sub>6</sub>	Uranium hexafluoride
Voting Agreement Amendment	The Company's amendment to its existing Voting and Nomination Agreement with the MB Group
Voting Rights Agreement	The Company's agreement with the MB Group entered into in December 2022
Warrant	Warrant to purchase common stock of Centrus Energy Corp., held by Kulayba LLC and dated February 2, 2021
New Warrant	Amended Warrant to extend the terms of the Warrant held by Kulayba LLC
WNA	World Nuclear Association

**FORWARD-LOOKING STATEMENTS**  
**CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING INFORMATION**

This Quarterly Report on Form 10-Q of Centrus (the “Company,” “we” or “us”) contains “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. In this context, forward-looking statements mean statements related to future events, which may impact our expected future business and financial performance, and often contain words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “will”, “should”, “could”, “would” or “may” and other words of similar meaning. These forward-looking statements are based on information available to us as of the date of this Quarterly Report on Form 10-Q and represent management’s current views and assumptions with respect to future events and operational, economic and financial performance. Forward-looking statements are not guarantees of future performance, events or results and involve known and unknown risks, uncertainties and other factors, which may be beyond our control.

The factors that could cause actual results to differ materially from the forward-looking statements made by us include those factors discussed herein, including those factors discussed in (a) Part I, Item 1. *Financial Statements (Unaudited)*: Note 12, *Commitments and Contingencies*, (b) Part I, Item 2. *Management’s Discussion and Analysis of Financial Condition and Results of Operations*, (c) Part II, Item 1A. *Risk Factors*, and (d) other factors discussed in the Company’s filings with the SEC.

For Centrus, particular risks and uncertainties that could cause our actual future results to differ materially from those expressed in our forward-looking statements and which are, and may be, exacerbated by any worsening of the global business and economic environment include but are not limited to the following:

**Risks related to the war in Ukraine factors** primarily include:

- risks related to the war in Ukraine and geopolitical conflicts and the imposition of sanctions or other measures by (i) the U.S. or foreign governments, (ii) organizations (including the United Nations, the EU or other international organizations), or (iii) entities (including private entities or persons), that could directly or indirectly impact our ability to obtain, deliver, transport or sell LEU or the SWU and natural uranium hexafluoride components of LEU delivered to us under the TENEX Supply Contract or make related payments or deliveries of natural uranium hexafluoride to TENEX; and
- risks related to the refusal of TENEX to deliver LEU to us if, among other reasons, TENEX is unable to receive payments, or to receive the return of natural uranium hexafluoride, as a result of any government, international or corporate actions or directions or other reasons.

**Risks related to economic and industry factors** primarily include:

- risks related to whether or when government funding or demand for HALEU for government or commercial uses will materialize and at what level;
- risks and uncertainties regarding funding for continuation and deployment of the American Centrifuge technology;
- risks related to (i) our ability to perform and absorb costs under the HALEU Operation Contract, (ii) our ability to obtain contracts and funding to be able to continue operations and (iii) our ability to obtain and/or perform under other agreements;
- risks that (i) we may not obtain the full benefit of the HALEU Operation Contract and may not be able or allowed to operate the HALEU enrichment facility to produce HALEU after the completion of the HALEU Operation Contract or (ii) the HALEU enrichment facility may not be available to us as a future source of supply;
- risks related to our dependence on others, such as TENEX, under the TENEX Supply Contract, Orano under the Orano Supply Agreement and other suppliers (including, but not limited to, transporters) who provide us the goods and services we need to conduct our business;

- risks related to natural and other disasters, including the continued impact of the March 2011 earthquake and tsunami in Japan on the nuclear industry and on our business, results of operations and prospects;
- risks related to financial difficulties experienced by customers or suppliers, including possible bankruptcies, insolvencies, or any other situation, event or occurrence that affect the ability of others to pay for our products or services in a timely manner or at all;
- risks related to pandemics, endemics, and other health crises;
- risks related to the impact and potential extended duration of a supply/demand imbalance in the market for LEU;
- risks related to our ability to sell or deliver the LEU we procure pursuant to our purchase obligations under our supply agreements and the impacts of sanctions or limitations on imports of such LEU, including those imposed under the RSA, international trade legislation and other international trade restrictions;
- risks related to existing or new trade barriers and to contract terms that limit our ability to procure LEU for, or deliver LEU to, customers;
- risks related to pricing trends and demand in the uranium and enrichment markets and their impact on our profitability;
- risks related to the movement and timing of customer orders;
- risks related to our reliance on third-party suppliers and service providers to provide essential products and services to us;
- risks related to the fact that we face significant competition from major LEU producers who may be less cost sensitive or are wholly or partially government owned;
- risks that our ability to compete in foreign markets may be limited for various reasons;
- risks related to the fact that our revenue is largely dependent on our largest customers; and
- risks related to our sales Order Book, including uncertainty concerning customer actions under current contracts and in future contracting due to market conditions, global events or other factors including our lack of current production capability.

**Risks related to operational factors** primarily include:

- risks related to uncertainty regarding our ability to commercially deploy competitive enrichment technology;
- risks related to the potential for demobilization or termination of the HALEU Operation Contract;
- risks that we will not be able to timely complete the work that we are obligated to perform;
- risks related to the government's inability to satisfy its obligations, including supplying government furnished equipment under the HALEU Operation Contract and processing security clearances due to a government shutdown or other reasons; and
- risks related to our ability to perform fixed-price and cost-share contracts such as the HALEU Operation Contract, including the risk that costs that we must bear could be higher than expected.

**Risks related to financial factors** primarily include:

- risks related to our significant long-term liabilities, including material unfunded defined benefit pension plan obligations and postretirement health and life benefit obligations;
- risks related to our 8.25% Notes maturing in February 2027;
- risks of revenue and operating results fluctuating significantly from quarter to quarter, and in some cases, year to year;
- risks related to the impact of financial market conditions on our business, liquidity, prospects, pension assets and insurance facilities;
- risks related to the Company's capital concentration;
- risks related to the value of our intangible assets related to the Order Book and customer relationships;

- risks related to the limited trading markets in our securities;
- risks related to decisions made by our Class B Common Stock stockholders regarding their investment in the Company, including decisions based upon factors that are unrelated to the Company's performance;
- risks that a small number of holders of our Class A Common Stock (whose interests may not be aligned with other holders of our Class A Common Stock) may exert significant influence over the direction of the Company and may be motivated by interests that are not aligned with the Company's other Class A stockholders;
- risks related to (i) the use of our NOL carryforwards and NUBILs to offset future taxable income and the use of the Rights Agreement (as defined herein) to prevent an "ownership change" as defined in Section 382 of the IRC and (ii) our ability to generate taxable income to utilize all or a portion of the NOLs prior to the expiration thereof and NUBILs; and
- risks related to failures or security breaches of our information technology systems.

**Risks related to general factors** primarily include:

- risks related to our ability to attract and retain key personnel;
- risks related to actions, including reviews, that may be taken by the U.S. government, the Russian government, or other governments that could affect our ability to perform under our contractual obligations or the ability of our sources of supply to perform under their contractual obligations to us;
- risks related to our ability to perform and receive timely payment under our agreements with the DOE or other government agencies, including risks and uncertainties related to the ongoing funding by the government and potential audits;
- risks related to changes or termination of our agreements with the U.S. government or other counterparties, or the exercise of contract remedies by such counterparties;
- risks related to the competitive environment for our products and services;
- risks related to changes in the nuclear energy industry;
- risks related to the competitive bidding process associated with obtaining contracts, including government contracts;
- risks that we will be unable to obtain new business opportunities or achieve market acceptance of our products and services or that products or services provided by others will render our products or services obsolete or noncompetitive; and
- risks related to potential strategic transactions that could be difficult to implement, that could disrupt our business or that could change our business profile significantly.

**Risks related to legal and compliance factors** primarily include:

- risks related to the outcome of legal proceedings and other contingencies (including lawsuits and government investigations or audits);
- risks related to the impact of government regulation and policies, including by the DOE and the NRC;
- risks of accidents during the transportation, handling, or processing of toxic hazardous or radioactive material that may pose a health risk to humans or animals, cause property or environmental damage, or result in precautionary evacuations, and lead to claims against the Company;
- risks associated with claims and litigation arising from past activities at sites we currently operate or past activities at sites that we no longer operate, including the Paducah, Kentucky and Portsmouth, Ohio GDPS; and
- other risks and uncertainties discussed in this and our other filings with the SEC.

For a more detailed discussion of these risks and uncertainties and others that could cause actual results to differ materially from those contained in our forward-looking statements, please see our Annual Report on Form 10-K for the year ended December 31, 2022. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this Report. These factors may not constitute all factors that could cause actual results to differ from those discussed in any forward-looking statement. Accordingly, forward-looking statements should not be relied upon as a predictor of actual results. Readers are urged to carefully review and consider the various disclosures made in this report and in our other filings with the SEC that attempt to advise interested parties of the risks and factors that may affect our business. We do not undertake to update our forward-looking statements to reflect events or circumstances that may arise after the date of this Quarterly Report on Form 10-Q, except as required by law.

**CENTRUS ENERGY CORP.**  
**CONSOLIDATED BALANCE SHEETS**  
(Unaudited; in millions, except share and per share data)

	September 30, 2023	December 31, 2022
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 183.3	\$ 179.9
Accounts receivable	9.4	38.1
Inventories	210.8	209.2
Deferred costs associated with deferred revenue	116.0	135.7
Other current assets	12.4	24.2
Total current assets	<u>531.9</u>	<u>587.1</u>
Property, plant and equipment, net of accumulated depreciation of \$4.1 million as of September 30, 2023 and \$3.6 million as of December 31, 2022	6.1	5.5
Deposits for financial assurance	32.3	32.3
Intangible assets, net	41.5	45.7
Deferred tax assets	29.1	26.8
Other long-term assets	3.8	8.1
Total assets	<u>\$ 644.7</u>	<u>\$ 705.5</u>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 44.3	\$ 65.5
Payables under inventory purchase agreements	13.8	43.6
Inventories owed to customers and suppliers	0.4	60.8
Deferred revenue and advances from customers	272.7	273.2
Current debt	6.1	6.1
Total current liabilities	<u>337.3</u>	<u>449.2</u>
Long-term debt	89.6	95.7
Postretirement health and life benefit obligations	83.5	84.5
Pension benefit liabilities	42.2	43.6
Advances from customers	32.8	46.2
Long-term inventory loans	74.7	48.7
Other long-term liabilities	8.6	11.7
Total liabilities	<u>668.7</u>	<u>779.6</u>
Commitments and contingencies (Note 12)		
Stockholders' deficit:		
Preferred stock, par value \$1.00 per share, 20,000,000 shares authorized		
Series A Participating Cumulative Preferred Stock, none issued	—	—
Series B Senior Preferred Stock, none issued	—	—
Class A Common Stock, par value \$0.10 per share, 70,000,000 shares authorized, 14,807,255 and 13,919,646 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively	1.5	1.4
Class B Common Stock, par value \$0.10 per share, 30,000,000 shares authorized, 719,200 shares issued and outstanding as of September 30, 2023 and December 31, 2022	0.1	0.1
Excess of capital over par value	180.2	158.1
Accumulated deficit	(205.8)	(233.9)
Accumulated other comprehensive income	—	0.2
Total stockholders' deficit	<u>(24.0)</u>	<u>(74.1)</u>
Total liabilities and stockholders' deficit	<u>\$ 644.7</u>	<u>\$ 705.5</u>

The accompanying notes are an integral part of these unaudited Consolidated Financial Statements.

**CENTRUS ENERGY CORP.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME**  
(Uaudited; in millions, except share and per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue:				
Separative work units	\$ 40.5	\$ 7.7	\$ 147.4	\$ 106.0
Uranium	—	12.5	39.5	17.4
Technical solutions	10.8	13.0	29.7	44.2
Total revenue	51.3	33.2	216.6	167.6
Cost of Sales:				
Separative work units and uranium	30.4	18.9	126.1	59.8
Technical solutions	9.6	12.0	28.2	38.3
Total cost of sales	40.0	30.9	154.3	98.1
Gross profit	11.3	2.3	62.3	69.5
Advanced technology costs	3.3	5.4	10.8	10.0
Selling, general and administrative	9.3	8.6	27.4	24.4
Amortization of intangible assets	1.4	1.1	4.2	6.2
Special charges for workforce reductions	0.2	—	0.1	0.5
Operating income (loss)	(2.9)	(12.8)	19.8	28.4
Nonoperating components of net periodic benefit loss (income)	(0.6)	(4.4)	0.1	(11.1)
Interest expense	0.4	0.1	0.9	0.1
Investment income	(2.3)	(0.6)	(6.4)	(0.8)
Other income, net	(1.0)	—	(1.0)	—
Income (loss) before income taxes	0.6	(7.9)	26.2	40.2
Income tax expense (benefit)	(7.6)	(1.8)	(1.9)	9.3
Net income (loss) and comprehensive income (loss)	<u>\$ 8.2</u>	<u>\$ (6.1)</u>	<u>\$ 28.1</u>	<u>\$ 30.9</u>
Net income (loss) per share:				
Basic	\$ 0.53	\$ (0.42)	\$ 1.86	\$ 2.12
Diluted	\$ 0.52	\$ (0.42)	\$ 1.82	\$ 2.06
Average number of common shares outstanding (in thousands):				
Basic	15,374	14,623	15,127	14,586
Diluted	15,626	14,623	15,415	14,974

The accompanying notes are an integral part of these unaudited Consolidated Financial Statements.

**CENTRUS ENERGY CORP.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Uunaudited; in millions)

	<b>Nine Months Ended September 30,</b>	
	<b>2023</b>	<b>2022</b>
<b>OPERATING</b>		
Net income	\$ 28.1	\$ 30.9
Adjustments to reconcile net income to cash used in operating activities:		
Depreciation and amortization	4.8	6.7
Accrued loss on long-term contract	(16.7)	(0.5)
Deferred tax assets	(2.3)	8.8
Equity related compensation	2.0	2.2
Revaluation of inventory borrowing	3.5	5.5
Other reconciling adjustments, net	(1.9)	—
Changes in operating assets and liabilities:		
Accounts receivable	28.7	21.8
Inventories	23.0	(98.9)
Inventories owed to customers and suppliers	(60.4)	66.9
Other current assets	13.4	(16.6)
Accounts payable and other liabilities	(2.5)	(1.9)
Payables under inventory purchase agreements	(29.8)	(16.3)
Deferred revenue and advances from customers, net of deferred costs	3.7	(30.4)
Pension and postretirement benefit liabilities	(1.7)	(13.0)
Other changes, net	(0.7)	(0.3)
Cash used in operating activities	<u>(8.8)</u>	<u>(35.1)</u>
<b>INVESTING</b>		
Capital expenditures	<u>(1.1)</u>	<u>(0.6)</u>
Cash used in investing activities	<u>(1.1)</u>	<u>(0.6)</u>
<b>FINANCING</b>		
Proceeds from the issuance of common stock, net	23.2	—
Exercise of stock options	—	0.2
Withholding of shares to fund grantee tax obligations under stock-based compensation plan	(3.0)	(1.9)
Payment of interest classified as debt	(6.1)	(6.1)
Other	<u>(0.2)</u>	<u>(0.3)</u>
Cash provided by (used in) financing activities	<u>13.9</u>	<u>(8.1)</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	<u>(0.6)</u>	<u>—</u>
Increase (decrease) in cash, cash equivalents and restricted cash	3.4	(43.8)
Cash, cash equivalents and restricted cash, beginning of period (Note 3)	212.4	196.8
Cash, cash equivalents and restricted cash, end of period (Note 3)	<u>\$ 215.8</u>	<u>\$ 153.0</u>
Non-cash activities:		
Reclassification of stock-based compensation liability to equity	\$ —	\$ 10.6
Adjustment of right to use lease assets from lease modification	\$ 4.2	\$ —
Property, plant and equipment included in accounts payable and accrued liabilities	\$ 0.3	\$ —

The accompanying notes are an integral part of these unaudited Consolidated Financial Statements.

**CENTRUS ENERGY CORP.**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT**  
(Uaudited; in millions, except per share data)

	Preferred Stock, Series B	Common Stock, Class A, Par Value \$0.10 per Share	Common Stock, Class B, Par Value \$0.10 per Share	Excess of Capital Over Par Value	Accumulated Deficit	Accumulated Other Comprehensive Income	Total
<b>Balance at December 31, 2021</b>	\$ —	\$ 1.4	\$ 0.1	\$ 140.7	\$ (284.6)	\$ 0.5	\$ (141.9)
Net loss for the three months ended March 31, 2022	—	—	—	—	(0.4)	—	(0.4)
Options exercised	—	—	—	0.2	—	—	0.2
Reclassification of stock-based compensation liability to equity	—	—	—	10.6	—	—	10.6
Stock-based compensation shares withheld for employee taxes	—	—	—	(1.9)	—	—	(1.9)
Other comprehensive loss	—	—	—	—	—	(0.1)	(0.1)
Stock-based compensation	—	—	—	0.5	—	—	0.5
<b>Balance at March 31, 2022</b>	<b>\$ —</b>	<b>\$ 1.4</b>	<b>\$ 0.1</b>	<b>\$ 150.1</b>	<b>\$ (285.0)</b>	<b>\$ 0.4</b>	<b>\$ (133.0)</b>
Net income for the three months ended June 30, 2022	—	—	—	—	37.4	—	37.4
Other comprehensive loss	—	—	—	—	—	(0.1)	(0.1)
Stock-based compensation	—	—	—	0.8	—	—	0.8
<b>Balance at June 30, 2022</b>	<b>\$ —</b>	<b>\$ 1.4</b>	<b>\$ 0.1</b>	<b>\$ 150.9</b>	<b>\$ (247.6)</b>	<b>\$ 0.3</b>	<b>\$ (94.9)</b>
Net loss for the three months ended September 30, 2022	—	—	—	—	(6.1)	—	(6.1)
Other comprehensive loss	—	—	—	—	—	(0.1)	(0.1)
Stock-based compensation	—	—	—	0.8	—	—	0.8
<b>Balance at September 30, 2022</b>	<b>\$ —</b>	<b>\$ 1.4</b>	<b>\$ 0.1</b>	<b>\$ 151.7</b>	<b>\$ (253.7)</b>	<b>\$ 0.2</b>	<b>\$ (100.3)</b>

The accompanying notes are an integral part of these unaudited Consolidated Financial Statements.

**CENTRUS ENERGY CORP.**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT**  
(Uaudited; in millions, except per share data)

	Preferred Stock, Series B	Common Stock, Class A, Par Value \$0.10 per Share	Common Stock, Class B, Par Value \$0.10 per Share	Excess of Capital Over Par Value	Accumulated Deficit	Accumulated Other Comprehensive Income	Total
<b>Balance at December 31, 2022</b>	\$ —	\$ 1.4	\$ 0.1	\$ 158.1	\$ (233.9)	\$ 0.2	\$ (74.1)
Net income for the three months ended March 31, 2023	—	—	—	—	7.2	—	7.2
Issuance of common stock	—	0.1	—	23.1	—	—	23.2
Stock-based compensation shares withheld for employee taxes	—	—	—	(1.9)	—	—	(1.9)
Other comprehensive loss	—	—	—	—	—	(0.1)	(0.1)
Stock-based compensation	—	—	—	1.2	—	—	1.2
<b>Balance at March 31, 2023</b>	<b>\$ —</b>	<b>\$ 1.5</b>	<b>\$ 0.1</b>	<b>\$ 180.5</b>	<b>\$ (226.7)</b>	<b>\$ 0.1</b>	<b>\$ (44.5)</b>
Net income for the three months ended June 30, 2023	—	—	—	—	12.7	—	12.7
Stock-based compensation shares withheld for employee taxes	—	—	—	(1.1)	—	—	(1.1)
Stock-based compensation	—	—	—	0.4	—	—	0.4
<b>Balance at June 30, 2023</b>	<b>\$ —</b>	<b>\$ 1.5</b>	<b>\$ 0.1</b>	<b>\$ 179.8</b>	<b>\$ (214.0)</b>	<b>\$ 0.1</b>	<b>\$ (32.5)</b>
Net income for the three months ended September 30, 2023	—	—	—	—	8.2	—	8.2
Other comprehensive loss	—	—	—	—	—	(0.1)	(0.1)
Stock-based compensation	—	—	—	0.4	—	—	0.4
<b>Balance at September 30, 2023</b>	<b>\$ —</b>	<b>\$ 1.5</b>	<b>\$ 0.1</b>	<b>\$ 180.2</b>	<b>\$ (205.8)</b>	<b>\$ —</b>	<b>\$ (24.0)</b>

The accompanying notes are an integral part of these unaudited Consolidated Financial Statements.

**CENTRUS ENERGY CORP.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. BASIS OF PRESENTATION**

**Basis of Presentation and Principles of Consolidation**

The unaudited Consolidated Financial Statements of Centrus (the “Company”), which include the accounts of the Company, its principal subsidiary, Enrichment Corp., and its other subsidiaries, as of September 30, 2023, and for the three and nine months ended September 30, 2023, and 2022, have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). The unaudited Consolidated Balance Sheet as of December 31, 2022, was derived from audited Consolidated Financial Statements, but does not include all disclosures required by generally accepted accounting principles in the United States (“GAAP”). In the opinion of management, the unaudited Consolidated Financial Statements reflect all adjustments, including normal recurring adjustments, necessary for a fair statement of the financial results for the interim period. Certain information and notes normally included in financial statements prepared in accordance with GAAP have been omitted pursuant to such rules and regulations. All material intercompany transactions have been eliminated. The Company’s components of comprehensive income for the three and nine months ended September 30, 2023 and 2022, are insignificant.

Operating results for the three and nine months ended September 30, 2023, are not necessarily indicative of the results that may be expected for the year ending December 31, 2023. The unaudited Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and related notes and *Management's Discussion and Analysis of Financial Condition and Results of Operations* included in the Annual Report on Form 10-K for the year ended December 31, 2022.

**Significant Accounting Policies**

The accounting policies of the Company are set forth in Note 1, *Summary of Significant Accounting Policies*, of the Consolidated Financial Statements in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022. There has not been a material change to the Company’s accounting policies since that report, except as noted below.

*Foreign Currency*

The Company records foreign currency transaction gains and losses, realized and unrealized, and foreign exchange gains and losses due to re-measurement of monetary assets and liabilities that are not denominated in U.S. dollars in other income, net in the consolidated statements of operations.

## 2. REVENUE AND CONTRACTS WITH CUSTOMERS

### Disaggregation of Revenue

The following table presents revenue from SWU and uranium sales disaggregated by geographical region based on the billing addresses of customers (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
United States	\$ 16.9	\$ 7.4	\$ 148.4	\$ 27.3
Foreign	23.6	12.8	38.5	96.1
<b>Revenue - SWU and uranium</b>	<b>\$ 40.5</b>	<b>\$ 20.2</b>	<b>\$ 186.9</b>	<b>\$ 123.4</b>

Refer to Note 13, *Segment Information*, for disaggregation of revenue by segment. SWU sales are made primarily to electric utility customers and uranium sales are made primarily to other nuclear fuel related companies. Technical Solutions revenue resulted primarily from services provided to the U.S. government and its contractors. SWU and uranium revenue is recognized at a point in time and Technical Solutions revenue is generally recognized over time based on direct costs incurred or the right to invoice method (in situations where the value transferred matches the Company's billing rights) as the customer receives and consumes the benefits.

### Accounts Receivable

	September 30, 2023		December 31, 2022	
	(in millions)			
Accounts receivable:				
Billed	\$	2.1	\$	29.0
Unbilled *		7.3		9.1
<b>Accounts receivable</b>	<b>\$</b>	<b>9.4</b>	<b>\$</b>	<b>38.1</b>

\* Billings under certain contracts in the Technical Solutions segment are invoiced based on approved provisional billing rates. Unbilled revenue represents the difference between actual costs incurred and invoiced amounts. The Company expects to invoice and collect the unbilled amounts after actual rates are submitted to the customer and approved. Unbilled revenue also includes unconditional rights to payment that are not yet billable under applicable contracts pending the compilation of supporting documentation.

### Contract Liabilities

The following table presents changes in contract liability balances (in millions):

	September 30, 2023	December 31, 2022	Year-To-Date Change
<b>Accrued loss on HALEU Operation Contract:</b>			
Current - <i>Accounts payable and accrued liabilities</i>	\$ 3.3	\$ 20.0	\$ (16.7)
Deferred revenue - current	\$ 242.5	\$ 258.4	\$ (15.9)
Advances from customers - current	\$ 30.2	\$ 14.8	\$ 15.4
Advances from customers - noncurrent	\$ 32.8	\$ 46.2	\$ (13.4)

Previously deferred sales and advances from customers recognized in revenue totaled \$23.6 million and \$59.7 million in the nine months ended September 30, 2023 and 2022, respectively.

#### *LEU Segment*

The SWU component of LEU typically is bought and sold under contracts with deliveries over several years. The Company's agreements for natural uranium hexafluoride and uranium concentrate sales generally are shorter-term, fixed-commitment contracts. The Company's sales under contract in the Order Book extend to 2030. As of September 30, 2023 and December 31, 2022, the Order Book was approximately \$1.0 billion. The Order Book represents the estimated aggregate dollar amount of revenue for future SWU and uranium deliveries under contract and includes approximately \$306 million and \$319 million of *Deferred Revenue and Advances from Customers* at September 30, 2023 and December 31, 2022, respectively.

Most of the Company's customer contracts provide for fixed purchases of SWU during a given year. The Company's Order Book is partially based on customers' estimates of the timing and size of their fuel requirements and other assumptions that are subject to change. For example, depending on the terms of specific contracts, the customer may be able to increase or decrease the quantity delivered within an agreed range. The Company's Order Book estimate also is based on the Company's estimates of selling prices, which may be subject to change. For example, depending on the terms of specific contracts, prices may be adjusted based on escalation using a general inflation index, published SWU price indicators prevailing at the time of delivery, and other factors, all of which are variable. The Company uses external composite forecasts of future market prices and inflation rates in its pricing estimates.

#### *Technical Solutions Segment*

Revenue for the Technical Solutions segment, representing the Company's technical, manufacturing, engineering, procurement, construction, and operations services offered to public and private sector customers, is recognized over the contractual period as services are rendered.

In 2019, the Company entered into a cost-share contract with the DOE, the HALEU Demonstration Contract, to deploy a cascade of centrifuges to demonstrate production of HALEU for advanced reactors. The DOE agreed to reimburse the Company for 80% of its costs incurred in performing the contract. The DOE modified the contract several times to increase the total contract funding to \$173.0 million and to extend the period of performance to November 30, 2022. The impact to *Cost of Sales* in the nine months ended September 30, 2023 and 2022, is \$0 and \$0.5 million, respectively, for previously accrued contract losses attributable to work performed in the periods. As of September 30, 2023, a total of \$19.6 million of previously accrued contract losses have been realized and the accrued contract loss balance included in *Accounts Payable and Accrued Liabilities* as of September 30, 2023 and December 31, 2022 is \$0. The Company has recorded revenue up to the funded amount of \$173.0 million and received aggregate cash payments under the HALEU Demonstration Contract of \$171.2 million through September 30, 2023.

In 2022, DOE elected to move the operational portion of the HALEU demonstration to a subsequent, competitively awarded contract that allows for a much longer period of operation than would have been possible under the original contract. On November 10, 2022, after a competitive solicitation, the DOE awarded the HALEU Operation Contract to the Company and work began on December 1, 2022. The base contract value is approximately \$150 million in two phases through 2024. Phase 1 includes an approximately \$30 million cost share contribution from Centrus matched by approximately \$30 million from the DOE to complete construction of the cascade, begin operations and produce the initial 20 kilograms of HALEU UF<sub>6</sub> by no later than December 31, 2023. On October 11, 2023, the Company announced that it began enrichment operations in Piketon, Ohio. On November 7, 2023, the Company announced that it made its first delivery of HALEU to the DOE, completing Phase 1 by successfully demonstrating its HALEU production process.

Phase 2 of the HALEU Operation Contract includes continued operations and maintenance, and production for a full year at an annual production rate of 900 kilograms of HALEU UF<sub>6</sub>. The DOE will own the HALEU produced from the demonstration cascade and Centrus will be compensated on a cost-plus-incentive-fee basis, with an expected Phase 2 contract value of approximately \$90 million, subject to Congressional appropriations. The HALEU Operation Contract also gives DOE options to pay for up to nine additional years of production from the cascade beyond the base contract; those options are at the DOE's sole discretion and subject to the availability of Congressional appropriations.

Under the HALEU Operation Contract, DOE is obligated to provide the 5B cylinders necessary to collect the output of the cascade, but supply chain challenges have created difficulties for DOE in securing enough 5B cylinders for the entire year. Centrus' delivery of the 900 kilograms is subject to the ability of DOE to provide the 5B cylinders on a timeline that allows for continuous production throughout the year. Centrus anticipates that any potential bottleneck in obtaining 5B cylinders will be temporary and that the supply chain for the 5B cylinders will ramp up over time now that HALEU production is under way.

To support the DOE in mitigating the risk of delayed delivery of 5B cylinders, the Company received technical direction from the DOE to procure compliant 5B cylinders and components while the contractual obligation to furnish compliant 5B cylinders under the HALEU Operation Contract continues to rest with the DOE. The Company is also performing additional work on infrastructure and facility repairs under DOE's technical direction. On September 28, 2023, the DOE modified the HALEU Operation Contract to incorporate additional scope, which are not subject to cost-share, for infrastructure and facility repairs, and costs associated with 5B cylinder refurbishment, for an estimated additional contract value of \$5.8 million. On October 19, 2023, the DOE provided additional funding of \$5.5 million for the additional scope under the HALEU Operation Contract.

The impact to *Cost of Sales* in the three and nine months ended September 30, 2023 is \$5.4 million and \$16.7 million, respectively, for previously accrued contract losses attributable to work performed in the period. As of September 30, 2023, a total of \$18.0 million of previously accrued contract losses has been realized. At September 30, 2023 and December 31, 2022, the remaining accrued contract loss balance of \$3.3 million and \$20.0 million, respectively, is included in *Accounts Payable and Accrued Liabilities*. The HALEU Operation Contract is funded incrementally and the DOE currently is obligated for costs up to approximately \$38.8 million of the \$125.9 million estimated transaction price for Phase 1, Phase 2, and additional scope work. The Company has received aggregate cash payments under the HALEU Operation Contract of \$22.1 million through September 30, 2023.

The Company does not have a contractual obligation to perform work in excess of the funding provided by the DOE. If the DOE does not commit to additional costs above the existing funding, the Company may incur material additional costs or losses in future periods that could have an adverse impact on its financial condition and liquidity.

### **3. CASH, CASH EQUIVALENTS AND RESTRICTED CASH**

The following table reconciles the Company's cash, cash equivalents and restricted cash as presented on the Consolidated Balance Sheets to amounts on the Consolidated Statements of Cash Flows (in millions):

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
Cash and cash equivalents	\$ 183.3	\$ 179.9
Deposits for financial assurance - current (a)	0.2	0.2
Deposits for financial assurance - noncurrent	32.3	32.3
<b>Total cash, cash equivalents and restricted cash</b>	<b>\$ 215.8</b>	<b>\$ 212.4</b>

(a) Deposits for financial assurance - current is included within *Other Current Assets* in the Consolidated Balance Sheets.

The Company has \$14.3 million denominated in euros as of September 30, 2023 and recorded \$0.6 million in transaction losses in the three and nine months ended September 30, 2023.

The following table provides additional detail regarding the Company's deposits for financial assurance (in millions):

	September 30, 2023		December 31, 2022	
	Current	Long-Term	Current	Long-Term
Collateral for Inventory Loans	\$ —	\$ 29.8	\$ —	\$ 29.8
Workers Compensation	—	2.4	—	2.4
Other	0.2	0.1	0.2	0.1
<b>Total deposits for financial assurance</b>	<b>\$ 0.2</b>	<b>\$ 32.3</b>	<b>\$ 0.2</b>	<b>\$ 32.3</b>

The Company has provided financial assurance to states in which it was previously self-insured for workers' compensation in accordance with each state's requirements in the form of a surety bond or deposit that is fully cash collateralized by Centrus. Each surety bond or deposit is subject to reduction and/or cancellation, as each state determines the likely reduction of workers' compensation obligations pertaining to the period of self-insurance. In March, May, and October 2022, the Company entered into three inventory loans that each required a cash deposit into an escrow fund. See Note 4, *Inventories*.

#### 4. INVENTORIES

Centrus holds uranium at licensed locations (e.g., fabricators) in the form of natural uranium hexafluoride and as the uranium component of LEU in transit to meet book transfer requests by customers and suppliers. Centrus also holds SWU as the SWU component of LEU at licensed locations or in transit to meet book transfer requests by customers and suppliers. Fabricators process LEU into fuel for use in nuclear reactors. Components of inventories are as follows (in millions):

	September 30, 2023			December 31, 2022		
	Current Assets	Current Liabilities (a)	Inventories, Net	Current Assets	Current Liabilities (a)	Inventories, Net
Separative work units	\$ 25.3	\$ —	\$ 25.3	\$ 24.1	\$ —	\$ 24.1
Uranium	185.5	0.4	185.1	185.1	60.8	124.3
<b>Total</b>	<b>\$ 210.8</b>	<b>\$ 0.4</b>	<b>\$ 210.4</b>	<b>\$ 209.2</b>	<b>\$ 60.8</b>	<b>\$ 148.4</b>

(a) This includes inventories owed to suppliers for advances of uranium.

Inventories are valued at the lower of cost or net realizable value.

The Company also may borrow SWU or uranium from customers or suppliers, in which case the Company will record the SWU and/or uranium and the related liability for the borrowing using a projected and forecasted purchase price over the borrowing period. In March 2023, the Company borrowed UF<sub>6</sub> which was recorded to inventory at a value of \$22.5 million. The inventory value was recorded based on the estimated fair market value of the inventory on the date of borrowing. The Company performs quarterly revaluations of the *Long-Term Inventory Loans* reflecting an updated projection of the timing and sources of inventory to be used for repayment. These revaluations were recorded to *Cost of Sales* and resulted in an increase to the related liability of \$0.6 million and \$3.5 million, for the three and nine months ended September 30, 2023, respectively, and \$0 and \$5.5 million for the three and nine months ended September 30, 2022, respectively. At September 30, 2023, the total liability of borrowed inventory was \$84.6 million, of which \$74.7 million was recorded in *Long-Term Inventory Loans* and \$9.9 million was recorded in *Accounts Payable and Accrued Liabilities*. At December 31, 2022, the total liability of borrowed inventory was \$58.6 million, of which \$48.7 million was recorded in *Long-Term Inventory Loans* and \$9.9 million was recorded in *Accounts Payable and Accrued Liabilities*.

## 5. INTANGIBLE ASSETS

Intangible assets originated from the Company's reorganization and application of fresh start accounting as of the date the Company emerged from bankruptcy, September 30, 2014, and reflect the conditions at that time. The intangible asset related to the Company's sales Order Book is amortized as the Order Book, existing at emergence, is reduced, principally as a result of deliveries to customers. The intangible asset related to customer relationships is amortized using the straight-line method over the estimated average useful life of 15 years. Amortization expense is presented below gross profit on the Consolidated Statements of Operations and Comprehensive Income. Intangible asset balances are as follows (in millions):

	September 30, 2023			December 31, 2022		
	Gross Carrying Amount	Accumulated Amortization	Net Amount	Gross Carrying Amount	Accumulated Amortization	Net Amount
Sales order book	\$ 54.6	\$ 40.7	\$ 13.9	\$ 54.6	\$ 39.9	\$ 14.7
Customer relationships	68.9	41.3	27.6	68.9	37.9	31.0
<b>Total</b>	<b>\$ 123.5</b>	<b>\$ 82.0</b>	<b>\$ 41.5</b>	<b>\$ 123.5</b>	<b>\$ 77.8</b>	<b>\$ 45.7</b>

## 6. DEBT

A summary of debt is as follows (in millions):

	Maturity	September 30, 2023		December 31, 2022	
		Current	Long-Term	Current	Long-Term
<b>8.25% Notes:</b>	Feb. 2027				
Principal		\$ —	\$ 74.3	\$ —	\$ 74.3
Interest		6.1	15.3	6.1	21.4
<b>Total</b>		<b>\$ 6.1</b>	<b>\$ 89.6</b>	<b>\$ 6.1</b>	<b>\$ 95.7</b>

Interest on the Company's 8.25% Notes is payable semi-annually in arrears as of February 28 and August 31 based on a 360-day year consisting of twelve 30-day months. The 8.25% Notes were issued in connection with a troubled debt restructuring; therefore, all future interest payment obligations on the 8.25% Notes are included in the carrying value of the 8.25% Notes. As a result, interest payments are reported as a reduction in the carrying value of the 8.25% Notes and not as interest expense. As of September 30, 2023 and December 31, 2022, \$6.1 million of interest was recorded as current and classified as *Current Debt* in the Consolidated Balance Sheets. Additional terms and conditions of the 8.25% Notes are described in Note 8, *Debt*, of the Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

## 7. FAIR VALUE

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value of assets and liabilities, the following hierarchy is used in selecting inputs, with the highest priority given to Level 1, as these are the most transparent or reliable:

- Level 1 assets include investments with quoted prices in active markets that the Company has the ability to liquidate as of the reporting date.
- Level 2 assets include investments in U.S. government agency securities, corporate and municipal debt whose estimates are valued based on observable inputs, other than quoted prices.
- Level 3 assets include investments with unobservable inputs, such as third-party valuations, due to little or no market activity.

*Financial Instruments Recorded at Fair Value (in millions):*

	September 30, 2023				December 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Assets:</b>								
Cash and cash equivalents	\$ 183.3	\$ —	\$ —	\$ 183.3	\$ 179.9	\$ —	\$ —	\$ 179.9
Deferred compensation asset (a)	3.0	—	—	3.0	2.4	—	—	2.4
<b>Liabilities:</b>								
Deferred compensation obligation (a)	\$ 3.0	\$ —	\$ —	\$ 3.0	\$ 2.4	\$ —	\$ —	\$ 2.4

(a) The deferred compensation obligation represents the balance of deferred compensation plus net investment earnings. The deferred compensation plan is funded through a rabbi trust. Trust funds are invested in mutual funds for which unit prices are quoted in active markets and are classified within Level 1 of the valuation hierarchy.

There were no transfers between Level 1, 2 or 3 during the periods presented.

#### Other Financial Instruments

As of September 30, 2023, and December 31, 2022, the Consolidated Balance Sheets carrying amounts for *Accounts Receivable*, *Accounts Payable and Accrued Liabilities* (excluding the deferred compensation obligation described above), and *Payables under Inventory Purchase Agreements* approximate fair value because of their short-term nature.

The carrying value and estimated fair value of long-term debt were as follows (in millions):

	September 30, 2023		December 31, 2022	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
8.25% Notes	\$ 95.7 <sup>(b)</sup>	\$ 71.0	\$ 101.8 <sup>(b)</sup>	\$ 68.8

<sup>(a)</sup> Based on bid/ask quotes as of or near the balance sheet date, which are considered Level 2 inputs based on the frequency of trading.

<sup>(b)</sup> The carrying value of the 8.25% Notes consists of the principal balance of \$74.3 million and the sum of current and noncurrent interest payment obligations until maturity. Refer to Note 6, *Debt*.

#### 8. PENSION AND POSTRETIREE HEALTH AND LIFE BENEFITS

The Company provides retirement benefits to certain employees and retirees under two qualified defined benefit pension plans, one postretirement health and life benefit plan and two disqualified plans.

The components of net periodic benefit costs (credits) for the defined benefit pension plans were as follows (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Service costs	\$ 0.7	\$ 0.7	\$ 2.2	\$ 2.0
Interest costs	6.9	4.7	20.8	14.3
Amortization of prior service costs (credits), net	—	(0.1)	(0.1)	(0.2)
Remeasurement gain	(0.9)	—	(0.9)	—
Expected return on plan assets (gains)	(7.7)	(8.9)	(23.2)	(26.7)
<b>Net periodic benefit costs (credits)</b>	<b>\$ (1.0)</b>	<b>\$ (3.6)</b>	<b>\$ (1.2)</b>	<b>\$ (10.6)</b>

The components of net periodic benefit costs for the postretirement health and life benefit plan were as follows (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Interest costs	\$ 1.2	\$ 0.9	\$ 3.7	\$ 2.7
Amortization of prior service costs (credits), net	(0.1)	—	(0.1)	(0.1)
<b>Net periodic benefit costs</b>	<b>\$ 1.1</b>	<b>\$ 0.9</b>	<b>\$ 3.6</b>	<b>\$ 2.6</b>

The Company reports service costs for its defined benefit pension plans and its postretirement health and life benefit plans in *Cost of Sales and Selling, General and Administrative Expenses*. The remaining components of net periodic benefit (credits) costs are reported as *Nonoperating Components of Net Periodic Benefit Loss (Income)*.

During the third quarter of 2023, the Company determined that it was probable that lump sum payouts for 2023 would be greater than the annual service and interest cost components of the annual net periodic benefit cost for one of its defined benefit pension plans, triggering a remeasurement. The Company's defined benefit obligations for its pension plans was \$527.3 million at December 31, 2022, of which \$30.6 million related to this plan. The remeasurement resulted in a decrease in the benefit obligation and a corresponding net actuarial gain of \$0.9 million for the three and nine months ended September 30, 2023. There were no pension plan remeasurements in the three and nine months ended September 30, 2022.

On October 12, 2023, the Company entered into an agreement with an insurer ("Insurer") for one of its defined benefit plans to purchase a group annuity contract and transferred approximately \$186.5 million of its pension plan obligations to the insurer. The purchase of the group annuity contract was funded directly by the assets of the pension plan of approximately \$171.4 million. The purchase resulted in a transfer of benefit administrative responsibilities for approximately 1,400 beneficiaries effective December 1, 2023. The Company estimates that the income related to the pension settlement recognized in the fourth quarter will be approximately \$15.1 million, dependent upon the final settlement and pricing of the annuity transaction. The settlement charge will be recognized in nonoperating components of net periodic benefit loss (income) in our consolidated statements of operations.

## 9. INCOME TAXES

Centrus follows the asset and liability approach to account for deferred taxes. Deferred tax assets and liabilities are recognized for the anticipated future tax consequences of temporary differences between the balance sheet carrying amounts of assets and liabilities and their respective tax bases. A valuation allowance is provided if it is more likely than not that all, or some portion, of the deferred tax assets may not be realized. The ultimate realization of the net deferred tax assets is dependent upon generating sufficient taxable income in future years when deferred tax assets are recoverable or are expected to reverse.

Centrus evaluated both positive and negative evidence that was objectively verifiable to determine the amount of the federal valuation allowance that was required on Centrus' federal deferred tax assets. Centrus has visibility on a significant portion of revenue in the LEU segment for 2023 through 2026, primarily from its long-term sales contracts. In the third quarter of 2023, Centrus released \$7.7 million of the valuation allowance against federal net deferred taxes as a discrete item for the three months ended September 30, 2023. Centrus determined that the positive evidence of increased forecasted future income in the LEU segment based on existing sales Order Book and supply contracts along with commodity market forward pricing indicators, supported the release of the federal valuation allowance. However, due to lack of objectively verifiable information in later years, it was determined that forecasted future income was not sufficient to realize all the deferred tax assets. Therefore, Centrus recorded a partial release of its federal valuation allowance.

Going forward, Centrus will continue to evaluate both positive and negative evidence that would support any further changes to the remaining valuation allowances. Such evidence in its technical solutions segment may include signing new contracts which could have a significant impact on pre-tax income, follow on-work related to the HALEU program, or abandonment of the commercial deployment of the centrifuge technology. Such evidence in our LEU segment may include renewing SWU sales contracts with existing customers and/or signing new SWU sales or purchase contracts with significantly higher or lower margins than currently forecasted. Additional evidence in the LEU segment may include potential deferrals in the timing of deliveries requested by its customers, which would impact revenue recognition timing. The impact of these and other potential positive and negative events will be weighed and evaluated to determine if the valuation allowance should be increased or decreased in the future.

## 10. NET INCOME (LOSS) PER SHARE

Basic net income (loss) per share is calculated by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the period. In calculating diluted net income (loss) per share, the number of shares is increased by the weighted average number of potential common shares related to stock compensation awards including restricted stock, stock options, stock appreciation rights and notional stock units, and the warrant. No dilutive effect is recognized in a period in which a net loss has occurred.

The weighted average number of common and common equivalent shares used in the calculation of basic and diluted income (loss) per share are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
<b>Numerator (in millions):</b>				
Net income (loss)	\$ 8.2	\$ (6.1)	\$ 28.1	\$ 30.9
<b>Denominator (in thousands):</b>				
Average common shares outstanding - basic	15,374	14,623	15,127	14,586
Potentially dilutive shares related to stock compensation awards and warrant	252	—	288	388
<b>Average common shares outstanding - diluted</b>	<b>15,626</b>	<b>14,623</b>	<b>15,415</b>	<b>14,974</b>
<b>Net income (loss) per share (in dollars):</b>				
Basic	\$ 0.53	\$ (0.42)	\$ 1.86	\$ 2.12
Diluted	\$ 0.52	\$ (0.42)	\$ 1.82	\$ 2.06
Common stock equivalents excluded from the diluted calculation because they would have been antidilutive (in thousands)	—	401	1	—

## 11. STOCKHOLDERS' EQUITY

### *Common Stock Issuance*

Pursuant to a sales agreement with its agents, the Company sold, through its ATM offering at the market price, an aggregate of 722,568 shares of its Class A Common Stock in the three months ended March 31, 2023, for a total of \$24.4 million. After expenses and commissions paid to the agents, the Company's proceeds totaled \$23.4 million. Additionally, the Company recorded direct costs of \$0.2 million related to the issuance. The shares of Class A Common Stock were issued pursuant to the Company's shelf registration statement on Form S-3 (File No. 333-239242), which became effective on August 5, 2020, and two prospectus supplements dated December 31, 2020 and December 5, 2022, respectively. The Company has used and/or intends to use the net proceeds from this offering for working capital and general corporate purposes including, but not limited to, capital expenditures, working capital, investment in technology development and deployment, repayment of indebtedness, potential acquisitions and other business opportunities. There were no sales of Class A Common Stock through the ATM offering in the three months ended September 30, 2023 or the nine months ended September 30, 2022.

## *2023 Shelf Registration*

The Company filed a shelf registration statement on Form S-3 (Registration Statement No. 333-272984) with the SEC on June 28, 2023, which became effective on July 10, 2023. Pursuant to this shelf registration statement, the Company may offer and sell up to \$200 million in securities, in aggregate. The Company retains broad discretion over the use of the net proceeds from the sale of the securities offered. Unless otherwise specified in any prospectus supplement, we currently intend to use the net proceeds from the sale of our securities offered under this prospectus for working capital and general corporate purposes including, but not limited to, capital expenditures, working capital, repayment of indebtedness, potential acquisitions and other business opportunities. Pending any specific application, we may initially invest funds in short-term marketable securities or apply them to the reduction of indebtedness.

## *Rights Agreement*

On June 20, 2023, the Company entered into a Fifth Amendment to the Rights Agreement, which amends the Rights Agreement, dated as of April 6, 2016, by and among the Company, and Computershare Trust Company, N.A. and Computershare Inc., as rights agent, as amended by (i) the First Amendment to the Rights Agreement dated as of February 14, 2017, (ii) the Second Amendment to the Rights Agreement dated as of April 3, 2019, (iii) the Third Amendment to the Rights Agreement dated as of April 13, 2020, and (iv) the Fourth Amendment to the Rights Agreement dated as of June 16, 2021.

The Fifth Amendment to the Rights Agreement (i) increases the purchase price for each one one-thousandth (1/1000th) of a share of the Company's Series A Participating Cumulative Preferred Stock, par value \$1.00 per share, from \$18.00 to \$160.38; and (ii) extends the Final Expiration Date (as defined in the Rights Agreement) from June 30, 2023 to June 30, 2026.

The Fifth Amendment was not adopted as a result of, or in response to, any effort to acquire control of the Company. The Fifth Amendment has been adopted in order to preserve for the Company's stockholders the long-term value of the Company's net operating loss carry-forwards for United States federal income tax purposes and other tax benefits.

## *Awards under Executive Incentive Plan*

Notional stock units are a component of the 2019 Executive Incentive Plan for participating executives for the three-year period ending December 31, 2021. The plan payouts were settled in Class A Common Stock in April 2021 and March 2022. In April 2020, notional stock units and SARs were granted to participating executives with a vesting period ending in April 2023.

These awards were initially determined to be likely settled in cash, and compensation cost for the notional stock units and SARs were re-measured each reporting period based on the trading price of the Company's Class A Common Stock and the cumulative vested costs were accrued in *Accounts Payable and Accrued Liabilities or Other Long-Term Liabilities*. In February 2022, the Compensation, Nominating and Governance Committee of the Board determined that remaining notional stock units granted in 2019 and 2020 would be paid in shares of the Company's Class A Common Stock. The related obligation of \$10.6 million was reclassified from *Accounts Payable and Accrued Liabilities* to *Excess of Capital over Par Value* in the first quarter of 2022 based on the market share price at the time of the Board's decision. In the first quarter of 2022, the Company withheld \$1.9 million of shares that vested during the period for the purpose of funding the grantees' tax withholding obligations under the terms of the stock-based compensation plan.

In March 2022, restricted stock was granted to participating executives with a vesting period ending in March 2025. In March 2023, restricted stock was granted to participating executives with a vesting period ending in March 2026. The March 2022 and 2023 awards are payable in shares of the Company's Class A Common Stock subject to achieving a threshold level of cumulative net income over the vesting period. The grant-date fair value is included in *Excess of Capital Over Par Value* as the value is amortized over the vesting period.

The plan payouts for the 2020-2022 performance period were settled in Class A Common Stock in March and April 2023. In the first quarter of 2023, the Company withheld \$1.9 million of shares that vested during the period for the purpose of funding the grantees' tax withholding obligations under the terms of the stock-based compensation plan.

## 12. COMMITMENTS AND CONTINGENCIES

### Commitments under SWU Purchase Agreements

#### TENEX

The Russian government-owned entity TENEX is a major supplier of SWU to the Company. Under the 2011 TENEX Supply Contract, the Company purchases SWU contained in LEU received from TENEX, and the Company delivers natural uranium hexafluoride to TENEX for the LEU's uranium component. The LEU that the Company obtains from TENEX is subject to quotas under the RSA and U.S. legislation adopted in 2020 and to other restrictions applicable to commercial Russian LEU. Further, the ability of the Company or TENEX to perform under the TENEX Supply Contract is subject to (i) sanctions or restrictions that might be imposed by Russia, the United States, or other countries as a result of the war in Ukraine, or otherwise, (ii) customers and other parties who may object to receiving or handling Russian LEU or SWU, or (iii) suppliers and service providers seeking to limit their involvement with business related to Russia.

The TENEX Supply Contract originally was signed with commitments through 2022, but was modified in 2015 to give the Company the right to reschedule certain quantities of SWU of the original commitments into the period 2023 and beyond, in return for the purchase of additional SWU in those years. The Company has exercised this right to reschedule in each year through December 31, 2022. As a result of exercising this right to reschedule, the Company has purchase commitments that could extend through 2028.

The TENEX Supply Contract provides that the Company must pay for all SWU in its minimum purchase obligation each year, even if it fails to submit orders for such SWU. In such a case, the Company would pay for the SWU, but have to take the unordered SWU in the following year.

Pricing terms for SWU under the TENEX Supply Contract are based on a combination of market-related price points and other factors. This formula was subject to an adjustment at the end of 2018 that reduced the unit costs of SWU under this contract in 2019 and for the duration of the contract.

## *Orano*

In 2018, the Company entered into the Orano Supply Agreement with a French company, Orano Cycle, for the long-term supply of SWU contained in LEU. The Orano Supply Agreement subsequently was assigned by Orano Cycle to its affiliate, Orano CE. Under the amended Orano Supply Agreement, the supply of SWU runs through 2030. The Orano Supply Agreement provides significant flexibility to adjust purchase volumes, subject to annual minimums and maximums in fixed amounts that vary year by year. The pricing for the SWU purchased by the Company is determined by a formula that uses a combination of market-related price points and other factors and is subject to certain floors and ceilings.

### **Milestones Under the 2002 DOE-USEC Agreement**

The Company's predecessor, USEC Inc., and DOE signed the 2002 DOE-USEC Agreement dated June 17, 2002, pursuant to which the parties made long-term commitments directed at resolving issues related to the stability and security of the domestic uranium enrichment industry. The 2002 DOE-USEC Agreement requires Centrus to develop, demonstrate and deploy advanced enrichment technology in accordance with milestones, including the deployment of a commercial American Centrifuge Plant, and provides for remedies in the event of a failure to meet a milestone under certain circumstances, including terminating the 2002 DOE-USEC Agreement, revoking Centrus' access to DOE's centrifuge technology that is required for the success of the Company's ongoing work with the American Centrifuge technology, requiring Centrus to transfer certain rights in the American Centrifuge technology and facilities to DOE, and requiring Centrus to reimburse DOE for certain costs associated with the American Centrifuge technology. The 2002 DOE-USEC Agreement provides that if a delaying event beyond the control and without the fault or negligence of Centrus occurs that could affect Centrus' ability to meet the American Centrifuge Plant milestones under the 2002 DOE-USEC Agreement, DOE and the Company will jointly meet to discuss in good faith possible adjustments to the milestones as appropriate to accommodate the delaying event. In 2014, the 2002 DOE-USEC Agreement and other agreements between the Company and DOE were assumed by Centrus subject to an express reservation of all rights, remedies and defenses by DOE and the Company under those agreements. DOE and the Company have agreed that all rights, remedies and defenses of the parties with respect to any missed milestones and all other matters under the 2002 DOE-USEC Agreement continue to be preserved, and that the time limits for each party to respond to any missed milestones continue to be tolled.

### **Legal Matters**

From time to time, the Company is involved in various pending legal proceedings, including the pending legal proceedings described below.

In 1993, USEC-Government entered into a lease for the Paducah and Portsmouth GDPS with the DOE. As part of that lease, DOE and USEC-Government also entered into a Power MOU regarding power purchase agreements between DOE and the providers of power to the GDPS. Under the Power MOU, DOE and USEC-Government agreed upon the allocation of rights and liabilities under the power purchase agreements. In 1998, USEC-Government was privatized and became Enrichment Corp., now a principal subsidiary of the Company. Pursuant to legislation authorizing the privatization, the lease for the GDPS, which included the Power MOU as an Appendix, was transferred to Enrichment Corp., and Enrichment Corp. was given the right to purchase power from DOE. The Paducah GDP was shut down in 2013 and released by Enrichment Corp. in 2014. On August 4, 2021, DOE informally informed Enrichment Corp. that the Joppa power plant, which had supplied power to the Paducah GDP, was planned to undergo D&D. According to DOE, the power purchase agreement with Electric Energy Inc. requires DOE to pay for a portion of the D&D costs of the Joppa power plant, and DOE has asserted that a portion of the DOE liability is the responsibility of Enrichment Corp. under the Power MOU in the amount of approximately \$9.6 million. The Company is assessing DOE's assertions including whether all or a portion of any such potential liability had been previously settled. The Company has not formed an opinion on the merits of DOE's claim nor is it able to estimate its potential liability, if any, for such claim and no expense or liability has been accrued.

On May 26, 2019, the Company, Enrichment Corp., and six other DOE contractors who have operated facilities at the Portsmouth GDP in Piketon, Ohio (including, in the case of the Company, the American Centrifuge Plant site located on premises currently leased from DOE) were named as defendants in a class action complaint filed by Ursula McGlone, Jason McGlone, Julia Dunham, and K.D. and C.D., minor children by and through their parent and natural guardian Julia Dunham (collectively, the “McGlone Plaintiffs”) in the U.S. District Court in the Southern District of Ohio, Eastern Division. The complaint seeks damages for alleged off-site contamination allegedly resulting from activities on the Portsmouth GDP site. The McGlone Plaintiffs are seeking to represent a class of (i) all current or former residents within a seven-mile radius of the Portsmouth GDP site and (ii) all students and their parents at the Zahn’s Corner Middle School from 1993-present. Since its initial filing, the complaint has been amended four times, the latest of which was filed on March 18, 2021. Likewise, based on motions brought by the Company, Enrichment Corp. and the other DOE contractors, the court has dismissed ten of the fifteen claims and dismissed claims brought on behalf of the minor children. As such, the case continues in the discovery stage of litigation. The Company and Enrichment Corp. believe that its operations at the Portsmouth GDP site were fully in compliance with the NRC’s regulations. Further, the Company and Enrichment Corp. believe that any such liability should be indemnified by DOE under the Price-Anderson Act. The Company and Enrichment Corp. have provided notifications to DOE required to invoke indemnification under the Price-Anderson Act and other contractual provisions.

On June 8, 2022, the Company, Enrichment Corp., and six other DOE contractors who operated facilities at the Portsmouth GDP were named as defendants in a complaint filed by Brad Allen Lykins, as administrator of the estate of Braden Aaron Lee Lykins in the U.S. District Court in the Southern District of Ohio, Eastern Division (“Lykins Complaint”). In March 2021, Brayden Lykins, who was thirteen years old, passed away from leukemia. The complaint alleges that the defendants released radiation into the environment in violation of the Price-Anderson Act causing Lykins’ death and seeks monetary damages. On August 30, 2022, the Company, Enrichment Corp., and the other defendants filed their answer to the Lykins Complaint. The Company and Enrichment Corp. believe that their operations at the Portsmouth GDP site were fully in compliance with the NRC’s regulations. Further, the Company and Enrichment Corp. believe that any such liability should be indemnified by DOE under the Price-Anderson Act. The Company and Enrichment Corp. have provided notifications to DOE required to invoke indemnification under the Price-Anderson Act and other contractual provisions.

On March 8, 2023, the Company, Enrichment Corp., and six other DOE contractors who operated facilities at the Portsmouth GDP were named as defendants in a complaint filed by Christian C. Rose in the U.S. District Court in the Southern District of Ohio, Eastern Division (“Rose Complaint”). The Rose Complaint alleges that the defendants released radiation into the environment in violation of the Price-Anderson Act causing injuries and death and seeks monetary damages. On May 15, 2023, the Company, Enrichment Corp. and the other defendants filed their answers to the Rose Complaint. The Company and Enrichment Corp. believe that their operations at the Portsmouth GDP site were fully in compliance with the NRC’s regulations. Further, the Company and Enrichment Corp. believe that any such liability should be indemnified by DOE under the Price-Anderson Act. The Company and Enrichment Corp. have provided notifications to the DOE required to invoke indemnification under the Price-Anderson Act and other contractual provisions.

Centrus is subject to various legal proceedings and claims, either asserted or unasserted, which arise in the ordinary course of business. While the outcome of these claims cannot be predicted with certainty, other than the above, Centrus does not believe that the outcome of any of these legal matters, individually and in the aggregate, will have a material adverse effect on its cash flows, results of operations, or consolidated financial condition.

### 13. SEGMENT INFORMATION

Gross profit is the Company's measure for segment reporting. There were no intersegment sales in the periods presented. Refer to Note 2, *Revenue and Contracts with Customers*, for additional details on revenue for each segment. The following table presents the Company's segment information (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
<b>Revenue</b>				
LEU segment:				
Separative work units	\$ 40.5	\$ 7.7	\$ 147.4	\$ 106.0
Uranium	—	12.5	39.5	17.4
<b>Total</b>	<b>40.5</b>	<b>20.2</b>	<b>186.9</b>	<b>123.4</b>
Technical Solutions segment	10.8	13.0	29.7	44.2
<b>Total revenue</b>	<b>\$ 51.3</b>	<b>\$ 33.2</b>	<b>\$ 216.6</b>	<b>\$ 167.6</b>
<b>Segment Gross Profit</b>				
LEU segment	\$ 10.1	\$ 1.3	\$ 60.8	\$ 63.6
Technical Solutions segment	1.2	1.0	1.5	5.9
<b>Gross profit</b>	<b>\$ 11.3</b>	<b>\$ 2.3</b>	<b>\$ 62.3</b>	<b>\$ 69.5</b>

#### *Revenue from Major Customers (10% or More of Total Revenue)*

In the three months ended September 30, 2023, three customers in the LEU segment individually represented \$14.9 million, \$12.5 million, and \$8.7 million of revenue. In the nine months ended September 30, 2023, two customers in the LEU segment individually represented \$54.1 million and \$47.8 million of revenue. One customer in the Technical Solutions segment individually represented \$10.7 million and \$29.4 million of revenue in the three and nine months ended September 30, 2023, respectively.

In the three months ended September 30, 2022, two customers in the LEU segment individually represented \$12.6 million and \$7.3 million of revenue. In the nine months ended September 30, 2022, two customers in the LEU segment individually represented \$44.9 million and \$19.2 million of revenue. One customer in the Technical Solutions segment individually represented \$11.7 million and \$35.7 million of revenue in the three and nine months ended September 30, 2022, respectively.

## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

*The following discussion should be read in conjunction with, and is qualified in its entirety by reference to, the unaudited Consolidated Financial Statements and related notes appearing elsewhere in this report.*

*This discussion contains forward-looking statements that involve risks and uncertainties. Actual results could differ significantly from the results discussed in the forward-looking statements particularly in light of the economic, social, and market uncertainty created by, among other things, the war in Ukraine. See "Forward-Looking Statements" at the beginning of this Quarterly Report on Form 10-Q.*

### **Overview**

Centrus Energy Corp., a Delaware corporation ("Centrus," the "Company", "we" or "us"), is a trusted supplier of nuclear fuel components and services for the nuclear power industry, which provides a reliable source of carbon free energy. References to "Centrus", the "Company", "our", or "we" include Centrus Energy Corp. and its wholly owned subsidiaries as well as the predecessor to Centrus, unless the context indicates otherwise.

Centrus operates two business segments: (a) LEU, which supplies various components of nuclear fuel to commercial customers from our global network of suppliers, and (b) Technical Solutions, which provides advanced engineering, design, and manufacturing services to government and private sector customers and is deploying uranium enrichment and other capabilities necessary for production of advanced nuclear fuel to power existing and next-generation reactors around the world.

Our LEU segment currently provides most of the Company's revenue and involves the sale of enriched uranium, the fissile component of nuclear fuel primarily to utilities that operate commercial nuclear power plants. The majority of these sales are for the enrichment component of LEU, which is measured in SWU. Centrus also sells natural uranium (the raw material needed to produce LEU) and occasionally sells uranium concentrates, uranium conversion or LEU with the natural uranium hexafluoride and SWU components combined into one sale.

LEU is a critical component in the production of nuclear fuel for reactors that produce electricity. We supply LEU and its components to both domestic and international utilities for use in nuclear reactors worldwide. We provide LEU from multiple sources, including our inventory, medium and long-term supply contracts, and spot purchases. As a long-term supplier of LEU to our customers, our objective is to provide value through the reliability and diversity of our supply sources.

Published spot price indicators for SWU reached historic highs in April 2009 at \$163 per SWU. In the years following the 2011 Fukushima accident in Japan, spot prices declined more than 75%, bottoming out in August 2018 at \$34 per SWU. This was followed by a slow and steady rise, reaching \$56 per SWU by December 31, 2021. In 2022, spot prices increased substantially, reaching \$110 per SWU by December 31, 2022. In 2023, spot prices continue to increase, reaching \$138 on September 30, 2023. This represents an increase of 25% since the beginning of the year and 306% over the 2018 historic low. This surge in the SWU spot price beginning in 2022 has been driven by uncertainty created as a result of Russia's invasion of Ukraine, coupled with growing interest in nuclear power as a source of reliable carbon-free energy.

When Russian supply is included, the uranium enrichment segment of the global nuclear fuel market is oversupplied. But without Russian supply, the global market for uranium enrichment would be undersupplied. Changes in the supply-demand balance and in the competitive landscape arising from the war in Ukraine may continue to affect pricing trends, change customer spending patterns, and create uncertainty in the uranium market. At the same time, there remains uncertainty about future demand for nuclear power generation. To address these changes and uncertainties, we will continue to evaluate opportunities to grow our business organically or through acquisitions and other strategic transactions.

Our Technical Solutions segment is dedicated to the restoration of America's domestic uranium enrichment capability to play a critical role in meeting U.S. national security and energy security requirements and advancing America's nonproliferation, energy, and climate objectives. Our Technical Solutions segment also is focused on repairing broken and vulnerable supply chains, providing clean energy jobs, and supporting the communities in which we operate. Our goal is to deliver major components of the next-generation nuclear fuels that will power the future of nuclear energy as it provides reliable carbon-free power around the world.

Under the HALEU Demonstration Contract, Centrus completed construction of a cascade of sixteen AC100M centrifuges in Piketon, Ohio, for the DOE to demonstrate HALEU production. The HALEU Demonstration Contract was originally set to expire on June 1, 2022. However, the DOE extended the HALEU Demonstration Contract to November 30, 2022 with closeout activities to be completed this year. Due to challenges the DOE experienced in providing withdrawal cylinders as government furnished equipment, the DOE elected to change the scope of the HALEU Demonstration Contract and moved the operational portion of the demonstration to a new, competitively awarded contract that provides for operations beyond the term of the HALEU Demonstration Contract. DOE incrementally funded the HALEU Demonstration Contract with total funding to date of \$173.0 million.

On November 10, 2022, after a competitive solicitation, the DOE awarded the HALEU Operation Contract to the Company and work began on December 1, 2022. The base contract value is approximately \$150 million in two phases through 2024. Phase 1 includes an approximately \$30 million cost share contribution from Centrus matched by approximately \$30 million from the DOE to complete construction of the cascade, begin operations and produce the initial 20 kilograms of HALEU UF<sub>6</sub> by no later than December 31, 2023.

Phase 2 of the contract includes continued operations and maintenance, and production for a full year at an annual production rate of 900 kilograms of HALEU UF<sub>6</sub>. The DOE will own the HALEU produced from the demonstration cascade and Centrus will be compensated on a cost-plus-incentive-fee basis, with an expected Phase 2 contract value of approximately \$90 million, subject to Congressional appropriations. The HALEU Operation Contract also gives DOE options to pay for up to nine additional years of production from the cascade beyond the base contract; those options are at the DOE's sole discretion and subject to the availability of Congressional appropriations. Concurrently, pursuant to an amendment to our lease for the Piketon facility, the DOE assumed all D&D liabilities arising out of the HALEU Operation Contract.

Under the HALEU Operation Contract, DOE is obligated to provide the 5B cylinders necessary to collect the output of the cascade, but supply chain challenges have created difficulties for DOE in securing enough 5B cylinders for the entire year. Centrus' delivery of the 900 kilograms is subject to the ability of DOE to provide the 5B cylinders on a timeline that allows for continuous production throughout the year. Centrus anticipates that any potential bottleneck in obtaining 5B cylinders will be temporary and that the supply chain for the 5B cylinders will ramp up over time now that HALEU production is under way.

To support the DOE in mitigating the risk of delayed delivery of 5B cylinders, the Company received technical direction from the DOE to procure compliant 5B cylinders and components while the contractual obligation to furnish compliant 5B cylinders under the HALEU Operation Contract continues to rest with the DOE. The Company is also performing additional work on infrastructure and facility repairs under DOE's technical direction. On September 28, 2023, the DOE modified the HALEU Operation Contract to incorporate additional scope for infrastructure and facility repairs, and costs associated with 5B cylinder refurbishment, for an estimated additional contract value of \$5.8 million. On October 19, 2023, the DOE provided additional funding of \$5.5 million for the additional scope under the HALEU Operation Contract. DOE is funding the contract incrementally with total funding to date of \$38.8 million. The Company's goal is to ultimately scale up production of HALEU, to meet the needs of new and existing reactors as well as national security and other U.S. government requirements for enriched uranium, subject to funding and/or off-take commitments.

On February 9, 2023, the Company announced that construction and initial testing of the demonstration cascade and most of the support systems were complete. On June 12, 2023, following the completion of its operational readiness reviews, the NRC issued a letter authorizing the Company to introduce uranium hexafluoride into the HALEU cascade of centrifuges. This is a critical milestone in advancing toward the production of HALEU and the final NRC approval required before starting enrichment operations. During the third quarter of 2023, the Company completed construction of the remaining support systems, including a fissile materials storage area, for HALEU storage. On September 6, 2023, the Company announced that it was conducting final system tests and other preparations so that production of HALEU could begin. On September 21, 2023, the NRC granted final approval for the company to produce the quantity of HALEU required by Phase 1 of the contract. On October 11, 2023, the Company announced that it began enrichment operations in Piketon, Ohio. On November 7, 2023, the Company announced that it made its first delivery of HALEU to the DOE, completing Phase 1 by successfully demonstrating its HALEU production process.

The DOE is contemplating awarding additional contracts to ensure availability of HALEU for the ARDP and for the advanced reactor market in general, and received a \$700 million congressional appropriation from the Inflation Reduction Act as a first step in establishing a domestic supply chain for HALEU. On June 5, 2023, the DOE issued two draft requests for proposals (“RFPs”) seeking public comment, the first focusing on production of HALEU and the second focusing on deconversion of HALEU into different forms used to fabricate fuels needed by various advanced reactor developers. Centrus submitted comments in response to the draft RFPs to ensure the RFP promotes deployment of HALEU capacity to meet U.S. commercial and government needs for HALEU produced with U.S. technology. The Company expects to submit a bid once a final RFP is issued, with the goal of expanding HALEU production capability at the Piketon facility, subject to availability of funding and/or off-take commitments. At the present, it is not clear whether DOE will adopt the Company’s RFP comments.

The war in Ukraine has contributed to a significant increase in market prices for enrichment and (along with proposals to limit imports of LEU from Russia) prompted calls for public and private investment in new, domestic uranium enrichment capacity not only for HALEU production but also for LEU production to support the existing fleet of reactors. As a result, Centrus is exploring the opportunity to deploy LEU enrichment alongside HALEU enrichment to meet a range of commercial and U.S. government requirements, which would bring cost synergies while increasing revenue opportunities. Our ability to deploy LEU and/or HALEU enrichment, and the timing, sequencing, and scale of those capabilities, is subject to the availability of funding and/or off-take commitments.

The Energy Act of 2020, which was signed into law in December 2020, requires the DOE to establish a program to support the availability of HALEU for civilian domestic research, development, demonstration, and commercial use. The Energy Act also reauthorized DOE nuclear energy research, development, demonstration, and commercial application activities, including advanced fuel, research and development for advanced reactors, used fuel technologies, and integration of nuclear energy systems for both existing plants and advanced nuclear concepts. It also authorized the funding of an ARDP which was launched by the DOE in May 2020. There are a number of advanced reactors under development that would use HALEU. Nine of the ten advanced reactor designs selected by the DOE for its ARDP will require HALEU. Various agencies of the U.S. government, including the U.S. Department of Defense, the Defense Advanced Research Projects Agency, and the DOE are building microreactors which demonstrates the focus on both the development of microreactors and HALEU. We believe our investments in advanced enrichment technology and our progress in demonstrating HALEU production will position the Company to meet the needs of government and commercial customers in the future as they deploy advanced reactors and next generation fuels and also offers potential cost synergies for a return to LEU production.

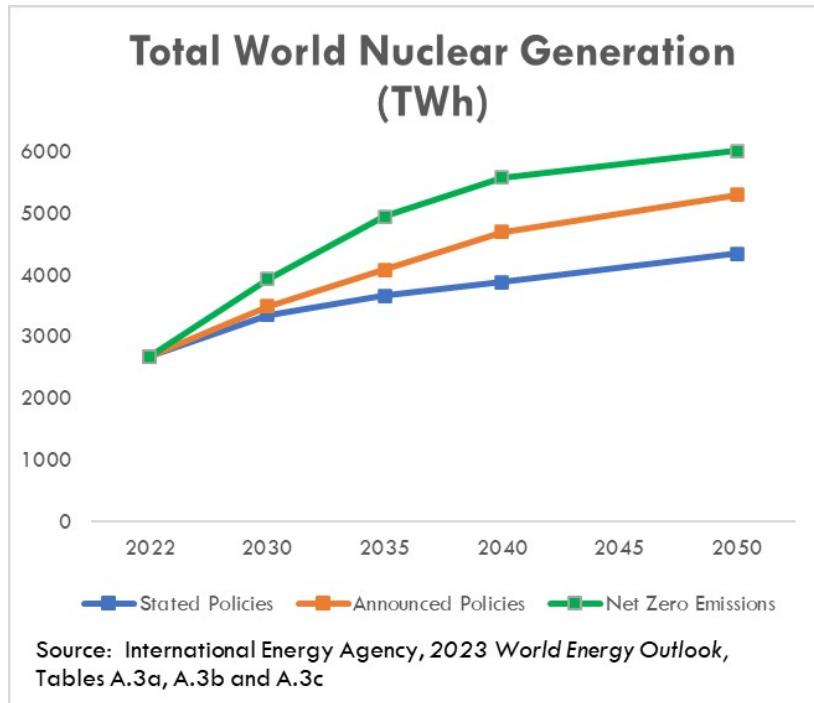
We are also actively considering and expect to consider potential strategic transactions from time to time, which could involve, without limitation, acquisitions and/or dispositions of businesses or assets, joint ventures or investments in businesses, products or technologies or changes to our capital structure. For further discussion, refer to *Liquidity and Capital Resources* in this Quarterly Report on Form 10-Q.

## **Market Conditions and Outlook**

The global nuclear industry outlook has begun to improve after many years of decline or stagnation. The development of advanced small and large-scale reactors, innovative advanced fuel types, and the commitment of nations to begin deploying nuclear power or to increase the share of nuclear power in their nations has created optimism in the market. Part of the momentum has resulted from efforts to lower greenhouse gas emissions to combat climate change and improve health and safety.

According to the WNA, as of September 2023, there were 60 reactors under construction worldwide, about a third of which are in China. The United States, with over 90 operating reactors, remains the world's largest market for nuclear fuel. The nuclear industry in the United States, Japan, and Europe faces headwinds as well as opportunities. In the United States, the industry has been under pressure from the expansion of subsidized renewable energy as well as relatively low-cost natural gas resources in recent years, although natural gas prices in the U.S. electricity sector tripled between 2020 and 2022 according to data from the EIA. Twelve U.S. reactors have prematurely shut down in the past ten years and others could shut down in the next few years. At the same time, one large reactor is currently under construction, and the DOE recently released a report outlining a pathway to deployment of approximately 200 gigawatts of additional capacity by 2050 which would triple the nuclear energy capacity in the United States.

The IEA projects that global nuclear energy generation will grow substantially in the next three decades. In the IEA's 2023 *World Energy Outlook*, nuclear generation is forecasted to grow by 25 percent by 2030 and 45 percent by 2040 under the "Stated Policies" scenario. In the "Net Zero Emissions by 2050" scenario, nuclear generation would grow by 47 percent by 2030 and more than double by 2040.



As a consequence of the March 2011 earthquake and tsunami in Japan, over 60 reactors in Japan and Germany were taken offline, and other countries curtailed or slowed their construction of new reactors or accelerated the retirement of existing plants. Eleven reactors in Japan have restarted, additional reactors are expected to restart through 2024, and more of Japan's reactors are expected to restart in subsequent years. Due to the war in Ukraine, the EU is encouraging its member countries to reconsider the planned early retirement of existing plants in order to reduce reliance on Russian gas imports.

In October 2020, the DOC reached an agreement with the Russian Federation on an extension of the RSA, a trade agreement that allows for Russian-origin nuclear fuel to be exported to the United States in limited quantities. The two parties agreed to extend the agreement through 2040 and to set aside a significant portion of the quota for Centrus' shipments to the United States through 2028 to perform under our TENEX Supply Contract. This outcome allowed for sufficient quota for Centrus to continue serving its utility customers and support its investments in building new capacity. Use of this quota is subject to compliance with limitations under the RSA. These limitations include a requirement that we return natural uranium to TENEX for the LEU we receive under the TENEX Supply Contract at approximately the same time that we deliver the LEU to our customers. Our ability to meet this requirement depends on the capacity or willingness of the facilities where natural uranium is supplied to us by customers, to allow us to deliver this natural uranium to TENEX. We were recently notified by one facility that it will no longer receive natural uranium for TENEX. As a result, we will need to rely to a greater extent on deliveries at other processors or explore other options in order to comply with the RSA's natural uranium delivery requirement.

On July 13, 2023, the Company and TerraPower, LLC ("TerraPower") entered into a memorandum of understanding ("MOU") to expand their collaboration aimed at establishing commercial-scale, domestic production capabilities for HALEU to fuel the Natrium TM reactor that TerraPower is building in Wyoming. Under this MOU, the Company and TerraPower will collaborate to ensure the Natrium demonstration reactor has access to HALEU at the milestones necessary to meet the project's 2030 operation date. Subject to a definitive agreement to be negotiated, Centrus will work toward scaling up production capacity with additional centrifuge cascades to meet TerraPower's fuel requirements.

On August 28, 2023, the Company and Oklo Inc. ("Oklo") announced a new MOU to support the deployment of Oklo's advanced fission powerhouses and advanced nuclear fuel production in Southern Ohio subject to a definitive agreement to be negotiated. Oklo and Centrus plan to enter into a broad range of collaboration programs supporting the development and operation of Oklo's Aurora powerhouses, including supply of HALEU produced by Centrus at the Piketon, Ohio facility. Centrus also intends to buy clean, reliable, and affordable energy from Oklo's planned Ohio plants to power its HALEU production facility.

The war in Ukraine has escalated tensions between Russia and the international community. As a result, the United States and other countries have imposed, and may continue imposing, additional sanctions and export controls against certain Russian products, services, organizations and/or individuals. While sanctions imposed to date do not preclude the import of Russian uranium products into the United States, it is possible that additional restrictions could be added in the future that would affect our ability to purchase and re-sell Russian uranium enrichment, or implement the TENEX Supply Contract, which could have a negative material impact on our business. Further, sanctions by the United States, Russia or other countries may impact our ability and cost to transport, export, import, take delivery, or make payments related to the LEU we purchase and may require us to increase purchases from non-Russian sources to the extent available. For example, due to restrictions imposed by Canada on the ability of Canadian persons and entities to provide ocean transportation services to Russia, a permit is required for our shipper, a Canadian company, to transport the LEU that we procure under the TENEX Supply Contract to the United States. A Canadian permit issued to our shipper was recently extended to July 2024, but for so long as the sanctions remain in place, the shipper will require further extensions for us to continue to use the shipper for imports of this LEU beyond July 2024.

In response to the war in Ukraine, there have been proposals in the U.S. Congress and elsewhere to ban imports of uranium products that could cut off or reduce our ability to import LEU in one or more years under the TENEX Supply Contract. None of these proposals have been adopted as of the date of this filing, but in a recent fact sheet on the need for the U.S. Congress to provide additional funding for domestic initiatives, including \$2.2 billion for U.S. enrichment capacity, the White House stated that a long-term ban on enriched uranium imports from the Russian Federation into the United States is needed for this funding to be successful.

The proposals represent a significant risk to our business because the TENEX Supply Contract is the major source of supply that the Company relies upon today to meet its delivery obligations and to earn the revenues needed to fund our advanced technology work. We are following these proposals closely and taking steps where possible to request changes that would improve prospects of securing a waiver if sanctions are imposed. However, given that our ability to secure a timely waiver is not assured under any circumstances, we believe these proposals could pose a risk of significant harm to our business if enacted.

The expanding sanctions imposed by the United States and foreign governments on the mechanisms used to make payments to Russia and to obtain services including transportation have increased the risk that implementation of the TENEX Supply Contract may be disrupted in the future. Accordingly, we continue to monitor the situation closely and assess the potential impact of any new sanctions and how the impact on the Company might be mitigated.

For further discussion of these risks and uncertainties, refer to Part I, Item 1A, *Risk Factors* in our Annual Report on Form 10-K for the year ended December 31, 2022.

## **Operating Results**

Our revenues, operating results, and cash flows can fluctuate significantly from quarter to quarter and year to year. Our Order Book in the LEU segment consists primarily of long-term, fixed commitment contracts, and we have visibility on a significant portion of our revenue for 2023-2027.

Given the current uncertainty and disruption in the market, due to, among other things, the war in Ukraine, we are no longer providing guidance on our results of operations for 2023. Please see *Forward Looking Statements* at the beginning of this Quarterly Report on Form 10-Q.

Our Order Book in the LEU segment extends to 2030. As of September 30, 2023 and December 31, 2022, our Order Book was approximately \$1.0 billion. The Order Book is the estimated aggregate dollar amount of revenue for future SWU and uranium deliveries, and includes approximately \$0.3 billion of deferred revenue and advances from customers as of September 30, 2023, whereby customers have made advance payments to be applied against future deliveries. No orders in our Order Book are considered at risk related to customer operations. However, these medium and long-term contracts are subject to significant risks and uncertainties, including existing import laws and restrictions such as the RSA, which limits imports of Russian uranium products into the United States and applies to our sales using material procured under the TENEX Supply Contract, as well as the potential for additional sanctions and other restrictions affecting the Company or its suppliers, in response to the evolving situation regarding the war in Ukraine.

Our future operating results are subject to uncertainties that could affect results either positively or negatively. Among the factors that could affect our results are the following:

- Armed conflicts, including the war in Ukraine, government actions and other events or third-party actions that disrupt supply chains, production, transportation, payments, and importation of nuclear materials or other critical supplies or services;
- The potential for sanctions and other measures affecting the importation, sales or purchases of SWU or uranium or goods or services required for the sale, purchase, transportation or delivery of such SWU or uranium;
- The availability and terms of additional purchases or sales of SWU and uranium;
- Conditions in the LEU and energy markets, including pricing, demand, operations, government restrictions on imports, exports or investments, and regulations of our business and activities and those of our customers, suppliers, contractors, and subcontractors;
- Timing of customer orders, related deliveries, and purchases of LEU or LEU components;

- Costs of and future funding and demand for HALEU;
- Financial market conditions and other factors that may affect pension and benefit liabilities and the value of related assets;
- The outcome of legal proceedings and other contingencies;
- Potential use of cash for strategic or financial initiatives;
- Actions taken by customers and suppliers, including actions that might affect existing contracts;
- The government's inability to satisfy its obligations, including supplying government furnished equipment under its agreements with the Company or processing security clearances due to a shutdown or other reasons; and
- Market, international trade, and other conditions impacting Centrus' customers and the industry.

For further discussion of these uncertainties, refer to Part I, Item 1A, *Risk Factors*, in our Annual Report on Form 10-K for the year ended December 31, 2022.

## **Revenue**

We have two reportable segments: the LEU segment and the Technical Solutions segment.

Revenue from our LEU segment is derived primarily from the following:

- sales of the SWU component of LEU,
- sales of natural uranium hexafluoride, uranium concentrates or uranium conversion, and
- sales of enriched uranium product that include both the natural uranium hexafluoride and SWU components of LEU.

Our Technical Solutions segment reflects our technical, manufacturing, engineering, and operations services offered to public and private sector customers, including engineering and testing activities as well as technical and resource support currently being performed by the Company. This includes the HALEU Operation Contract and other contracts with public and private sector customers.

## **SWU and Uranium Sales**

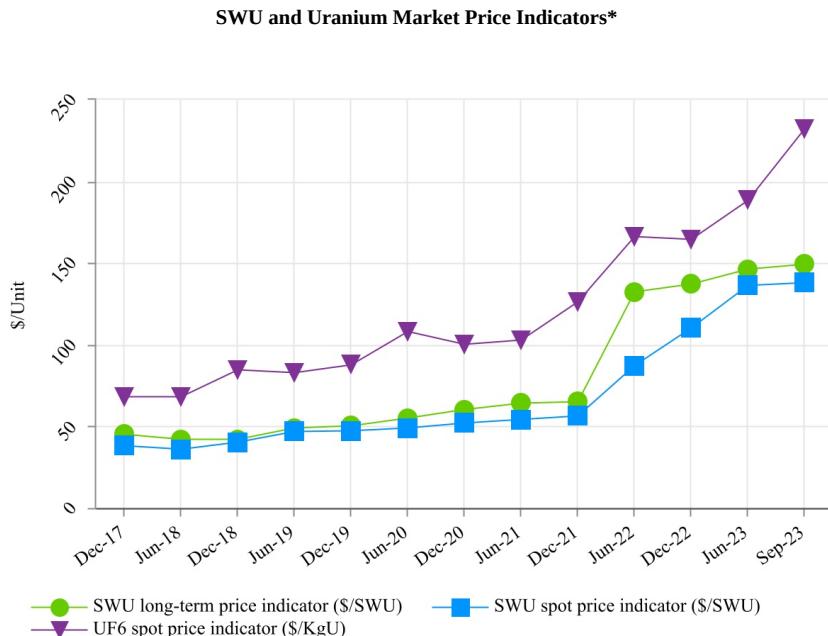
Revenue from our LEU segment accounted for approximately 79% and 86% of our total revenue for the three and nine months ended September 30, 2023, respectively. The majority of our customers are domestic and international utilities that operate nuclear power plants, with international sales constituting approximately 42% of revenue from our LEU segment since 2021. Our agreements with electric utilities are primarily medium and long-term fixed-commitment contracts under which our customers are obligated to purchase a specified quantity of the SWU component of LEU from us. Contracts where we sell both the SWU and natural uranium hexafluoride components of LEU to utilities or where we sell natural uranium hexafluoride to utilities and other nuclear fuel related companies are generally shorter-term, fixed-commitment contracts. Individual customer orders for the SWU component of LEU fulfilled in the nine months ended September 30, 2023 averaged approximately \$6.4 million per order. As a result, a relatively small shift in the timing of customer orders for LEU may cause significant variability in our operating results year over year.

Utility customers, in general, have the option to make payment but defer receipt of SWU and uranium products purchased from Centrus beyond the contractual sale period, resulting in the deferral of costs and revenue recognition. Refer to Note 2, *Revenue and Contracts with Customers*, of the Consolidated Financial Statements for further details.

Our financial performance over time can be affected significantly by changes in prices for SWU and natural uranium hexafluoride. Market prices for SWU and uranium significantly declined from 2011 until mid-2018, when they began to trend upward. More recently, market uncertainty in the wake of the Russian invasion of Ukraine has driven SWU and uranium prices sharply higher. Since our sales Order Book includes contracts awarded to us in previous years, the average SWU price billed to customers typically lags published price indicators by several years. While some sales reflect the low prices prevalent in recent years, certain older contracts included in our sales Order Book have prices that are significantly above current market prices.

Recent proposals to severely limit or cut off supply of LEU from Russia have drawn attention to the potential for significant tightening of supplies in the market. Russian enrichment plants represent 46% of the world's capacity, and Russian capacity significantly exceeds its domestic needs. According to data from the WNA, the annual enrichment requirements of reactors worldwide outside of Russia vastly exceeds the available supply of non-Russian enrichment, which potentially threatens the viability of some reactors, including those in the United States. While inventories and increased production at non-Russian plants may mitigate the shortfall, these options would not fully replace Russian supply. Deployment of new capacity ultimately could replace Russian enrichment but this capacity will take a number of years and significant funding from private and/or government sources to come online.

The following chart summarizes long-term and spot SWU price indicators, and a spot price indicator for UF<sub>6</sub>, as published by TradeTech, LLC in *Nuclear Market Review*:



\* Source: *Nuclear Market Review*, a TradeTech publication, [www.uranium.info](http://www.uranium.info)

Our contracts with customers are denominated primarily in U.S. dollars, and, although revenue has not been materially affected by changes in the foreign exchange rate of the U.S. dollar, we may have a competitive price advantage or disadvantage in obtaining new contracts in a competitive bidding process depending upon the weakness or strength of the U.S. dollar. Under a customer contract that commenced deliveries in 2023, payments are denominated in euros and may be subject to exchange rate risk. Costs of our primary competitors are denominated in other currencies. Our contracts with suppliers are primarily denominated in U.S. dollars. We have a SWU supply agreement, commencing in 2023, with prices payable in a combination of U.S. dollars and euros, but with a contract-defined exchange rate.

On occasion, we will accept payment for SWU in the form of natural uranium hexafluoride. Revenue from the sale of SWU under such contracts is recognized at the time LEU is delivered and is based on the fair value of the natural uranium hexafluoride at contract inception, or as the quantity of natural uranium hexafluoride is finalized, if variable.

Cost of sales for SWU and uranium is based on the amount of SWU and uranium sold and delivered during the period and unit inventory costs. Unit inventory costs are determined using the average cost method. Changes in purchase costs have an effect on inventory costs and cost of sales. Cost of sales includes costs for inventory management at off-site licensed locations and also includes certain legacy costs related to former employees of the Portsmouth GDP and Paducah GDP.

#### **Technical Solutions**

Our Technical Solutions segment reflects our technical, manufacturing, engineering, and operations services offered to public and private sector customers, including the American Centrifuge engineering, procurement, construction, manufacturing, and operations services being performed under the HALEU Operation Contract. With our government and private sector customers, we seek to leverage our domestic enrichment technology and experience, engineering know-how, and precision manufacturing facility to assist customers with a range of engineering, design, and advanced manufacturing projects, including the production of fuel for next-generation nuclear reactors and the development of related facilities. We continue to invest in advanced technology because of the potential for future growth into new areas of business for the Company, while also preserving our unique workforce at our Technology and Manufacturing Center in Oak Ridge, Tennessee, and our production facility near Piketon, Ohio.

## Results of Operations

### Segment Information

The following tables present elements of the accompanying Consolidated Statements of Operations and Comprehensive Income that are categorized by segment (dollar amounts in millions):

#### ***Three Months Ended September 30, 2023 Compared with Three Months Ended September 30, 2022***

	Three Months Ended September 30,		\$ Change	% Change
	2023	2022		
<b>LEU segment</b>				
Revenue:				
SWU revenue	\$ 40.5	\$ 7.7	\$ 32.8	426 %
Uranium revenue	—	12.5	(12.5)	(100)%
<b>Total</b>	<b>40.5</b>	<b>20.2</b>	<b>20.3</b>	<b>100 %</b>
Cost of sales	30.4	18.9	11.5	61 %
<b>Gross profit</b>	<b>\$ 10.1</b>	<b>\$ 1.3</b>	<b>\$ 8.8</b>	<b>677 %</b>
<b>Technical Solutions segment</b>				
Revenue	\$ 10.8	\$ 13.0	\$ (2.2)	(17)%
Cost of sales	9.6	12.0	(2.4)	(20)%
<b>Gross profit</b>	<b>\$ 1.2</b>	<b>\$ 1.0</b>	<b>\$ 0.2</b>	<b>20 %</b>
<b>Total</b>				
Revenue	\$ 51.3	\$ 33.2	\$ 18.1	55 %
Cost of sales	40.0	30.9	9.1	29 %
<b>Gross profit</b>	<b>\$ 11.3</b>	<b>\$ 2.3</b>	<b>\$ 9.0</b>	<b>391 %</b>

### Revenue

Revenue from the LEU segment was \$40.5 million and \$20.2 million for the three months ended September 30, 2023 and 2022, respectively, an increase of \$20.3 million (or 100%). The increase was due to the \$32.8 million increase in SWU revenue, partially offset by the \$12.5 million decrease in uranium revenue for the three months ended September 30, 2023. The increase in SWU revenue was due to a 326% increase in the volume of SWU sold and a 25% increase in the average price of SWU sold.

Revenue from the Technical Solutions segment was \$10.8 million and \$13.0 million for the three months ended September 30, 2023 and 2022, respectively, a decrease of \$2.2 million (or 17%). The decrease was primarily related to the transition from the HALEU Demonstration Contract to the HALEU Operation Contract in late 2022. For the three months ended September 30, 2023, the HALEU Operation Contract generated \$8.9 million in revenue. The HALEU Demonstration Contract generated \$1.3 million in revenue for the three months ended September 30, 2023, compared to \$11.7 million in revenue for the same period in 2022.

#### *Cost of Sales*

Cost of sales for the LEU segment was \$30.4 million and \$18.9 million for the three months ended September 30, 2023 and 2022, respectively, an increase of \$11.5 million (or 61%). The increase was due to a \$23.9 million increase in SWU costs, partially offset by a \$12.4 million decrease in uranium costs. The increase in SWU costs reflected a 326% increase in the volume of SWU sold and a 13% increase in the average unit cost of SWU sold. Cost of sales for the three months ended September 30, 2023 included \$0.6 million for the revaluation of inventory loans.

Cost of sales for the Technical Solutions segment was \$9.6 million and \$12.0 million for the three months ended September 30, 2023 and 2022, respectively, a decrease of \$2.4 million (or 20%). The decrease was related to a decrease of \$10.8 million of costs associated with the HALEU Demonstration Contract and a decrease in costs of approximately \$1.0 million associated with other contracts, partially offset by \$9.4 million of costs incurred for the HALEU Operation Contract. For details on HALEU Demonstration Contract and HALEU Operation Contract accounting, refer to *Technical Solutions Segment* above.

#### *Gross Profit*

Gross profit for the LEU segment was \$10.1 million and \$1.3 million for the three months ended September 30, 2023 and 2022, respectively, an increase of \$8.8 million (or 677%). The increase for the three months ended September 30, 2023 was due primarily to the specific contract and pricing mix of SWU contracts and the timing of their deliveries quarter over quarter. This was reflected by an increase in the volume of SWU sold and an increase in the average profit margin per SWU.

Gross profit for the Technical Solutions segment was \$1.2 million and \$1.0 million for the three months ended September 30, 2023 and 2022, respectively, an increase of \$0.2 million (or 20%). The increase was attributable to the transition of work performed under the HALEU Demonstration Contract to the HALEU Operation Contract in late 2022.

**Nine Months Ended September 30, 2023 Compared with Nine Months Ended September 30, 2022**

	Nine Months Ended September 30,		\$ Change	% Change
	2023	2022		
<b>LEU segment</b>				
Revenue:				
SWU revenue	\$ 147.4	\$ 106.0	\$ 41.4	39 %
Uranium revenue	39.5	17.4	22.1	127 %
<b>Total</b>	<b>186.9</b>	<b>123.4</b>	<b>63.5</b>	<b>51 %</b>
Cost of sales	126.1	59.8	66.3	111 %
<b>Gross profit</b>	<b>\$ 60.8</b>	<b>\$ 63.6</b>	<b>\$ (2.8)</b>	<b>(4)%</b>
<b>Technical Solutions segment</b>				
Revenue	\$ 29.7	\$ 44.2	\$ (14.5)	(33)%
Cost of sales	28.2	38.3	(10.1)	(26)%
<b>Gross profit</b>	<b>\$ 1.5</b>	<b>\$ 5.9</b>	<b>\$ (4.4)</b>	<b>(75)%</b>
<b>Total</b>				
Revenue	\$ 216.6	\$ 167.6	\$ 49.0	29 %
Cost of sales	154.3	98.1	56.2	57 %
<b>Gross profit</b>	<b>\$ 62.3</b>	<b>\$ 69.5</b>	<b>\$ (7.2)</b>	<b>(10)%</b>

*Revenue*

Revenue from the LEU segment was \$186.9 million and \$123.4 million for the nine months ended September 30, 2023 and 2022, respectively, an increase of \$63.5 million (or 51%). The increase was due to a \$41.4 million increase in SWU revenue and a \$22.1 million increase in uranium revenue. The SWU revenue increase was primarily related to a 123% increase in the volume of SWU sold, partially offset by a 38% decrease in the average price of SWU sold.

Revenue from the Technical Solutions segment was \$29.7 million and \$44.2 million for the nine months ended September 30, 2023 and 2022, respectively, a decrease of \$14.5 million (or 33%). The decrease was primarily related to the transition from the HALEU Demonstration Contract to the HALEU Operation Contract in late 2022. For the nine months ended September 30, 2023, the HALEU Operation Contract generated \$27.0 million of revenue. The HALEU Demonstration Contract generated \$1.6 million in revenue for the nine months ended September 30, 2023 compared to \$35.7 million in revenue for the same period in 2022. The remaining decrease was attributable to a decrease in revenue generated by other contracts.

*Cost of Sales*

Cost of sales for the LEU segment was \$126.1 million and \$59.8 million for the nine months ended September 30, 2023 and 2022, respectively, an increase of \$66.3 million (or 111%). The increase was due to a \$47.6 million increase in SWU costs and a \$18.7 million increase in uranium costs. The SWU cost increase was primarily related to a 123% increase in the volume of SWU sold, partially offset by a 6% decrease in the average unit cost of SWU. Cost of sales for the nine months ended September 30, 2023 and 2022, included \$3.5 million and \$5.5 million, respectively, for the revaluation of inventory loans.

Cost of sales for the Technical Solutions segment was \$28.2 million and \$38.3 million for the nine months ended September 30, 2023 and 2022, respectively, a decrease of \$10.1 million (or 26%). The decrease was related to a reduction in costs of approximately \$28.6 million associated with the HALEU Demonstration Contract and a reduction in costs of approximately \$9.2 million related to other contracts, partially offset by \$27.7 million of costs incurred for the HALEU Operation Contract. For details on HALEU Demonstration Contract and HALEU Operation Contract accounting, refer to “*Technical Solutions Segment*” above.

#### *Gross Profit*

Gross profit for the LEU segment was \$60.8 million and \$63.6 million for the nine months ended September 30, 2023 and 2022, respectively, a decrease of \$2.8 million (or 4%). The decrease for the nine months ended September 30, 2023 was due primarily to the specific contract and pricing mix of SWU contracts and the timing of their deliveries quarter over the period. This was reflected by a decrease in the average profit margin per SWU, partially offset by an increase in the volume of SWU sold and an increase in uranium gross profit.

Gross profit for the Technical Solutions segment was \$1.5 million and \$5.9 million for the nine months ended September 30, 2023 and 2022, respectively, a decrease of \$4.4 million (or 75%). The decrease was attributable to the transition of work performed under the HALEU Demonstration Contract to the HALEU Operation Contract in late 2022. In 2022, the HALEU Demonstration Contract transitioned to invoicing of all costs whereas most of the invoicing under the HALEU Operation Contract reflected a 50% cost-share.

#### *Non-Segment Information*

The following tables present elements of the accompanying Consolidated Statements of Operations and Comprehensive Income that are not categorized by segment (dollar amounts in millions):

#### *Three Months Ended September 30, 2023 Compared with Three Months Ended September 30, 2022*

	Three Months Ended September 30,		\$ Change	% Change
	2023	2022		
Gross profit	\$ 11.3	\$ 2.3	\$ 9.0	391 %
Advanced technology costs	3.3	5.4	(2.1)	(39)%
Selling, general and administrative	9.3	8.6	0.7	8 %
Amortization of intangible assets	1.4	1.1	0.3	27 %
Special charges for workforce reductions	0.2	—	0.2	n/a
Operating loss	(2.9)	(12.8)	9.9	77 %
Nonoperating components of net periodic benefit income	(0.6)	(4.4)	3.8	86 %
Interest expense	0.4	0.1	0.3	300 %
Investment income	(2.3)	(0.6)	(1.7)	(283)%
Other income, net	(1.0)	—	(1.0)	n/a
Income (loss) before income taxes	0.6	(7.9)	8.5	108 %
Income tax benefit	(7.6)	(1.8)	(5.8)	(322)%
<b>Net income (loss) and comprehensive income (loss)</b>	<b>\$ 8.2</b>	<b>\$ (6.1)</b>	<b>\$ 14.3</b>	<b>234 %</b>

#### *Advanced Technology Costs*

Advanced technology costs were \$3.3 million and \$5.4 million for the three months ended September 30, 2023 and 2022, respectively, a decrease of \$2.1 million (or 39%). Advanced technology costs consist of American Centrifuge work and related expenses that are outside of our customer contracts in the Technical Solutions segment, including bid and proposal activities and work to improve our centrifuge technology.

#### *Nonoperating Components of Net Periodic Benefit Income*

Nonoperating components of net periodic benefit income was \$0.6 million and \$4.4 million for the three months ended September 30, 2023 and 2022, respectively, a decrease of \$3.8 million (or 86%). Nonoperating components of net periodic benefit income consist primarily of the expected return on plan assets and the remeasurement related to lump sum payouts, partially offset by interest cost as the discounted present value of benefit obligations nears payment, as described in Note 8, *Pension and Postretirement Health and Life Benefits* of the Consolidated Financial Statements.

#### *Investment Income*

Investment income was \$2.3 million and \$0.6 million for the three months ended September 30, 2023 and 2022, respectively, an increase of \$1.7 million (or 283%). The Company's investment income represents interest earned on operating cash, which is primarily held in money market accounts. The increase was due primarily to an increase in interest rates.

#### *Income Tax Benefit*

Income tax benefit was \$7.6 million and \$1.8 million for the three months ended September 30, 2023 and 2022, respectively, an increase of \$5.8 million (or 322%). Income tax benefit in all periods resulted from applying the annual effective tax rate to the quarterly income from continuing operations adjusted for discrete items. In addition, a decrease to the federal tax valuation allowance of \$7.7 million was recorded during the three months ended September 30, 2023. For the three months ended September 30, 2022, there was no change to the tax valuation allowance. For more information about the valuation allowance, see Note 9, *Income Taxes*, of the Consolidated Financial Statements and Note 13, *Income Taxes*, in our Consolidated Financial Statements on Form 10-K for the year ended December 31, 2022.

#### *Net Income (Loss) and Comprehensive Income (Loss)*

Net income was \$8.2 million compared to a net loss of \$6.1 million for the three months ended September 30, 2023 and 2022, respectively, a change of \$14.3 million (or 234%). The change of \$14.3 million was primarily attributable to a \$8.8 million increase in gross profit from the LEU segment, a \$5.8 million increase in income tax benefit, and a \$0.2 million increase in gross profit from the Technical Solutions segment, partially offset by a \$3.8 million decrease in nonoperating components of net periodic benefit income.

**Nine Months Ended September 30, 2023 Compared with Nine Months Ended September 30, 2022**

	Nine Months Ended September 30,		\$ Change	% Change
	2023	2022		
Gross profit	\$ 62.3	\$ 69.5	\$ (7.2)	(10)%
Advanced technology costs	10.8	10.0	0.8	8 %
Selling, general and administrative	27.4	24.4	3.0	12 %
Amortization of intangible assets	4.2	6.2	(2.0)	(32)%
Special charges for workforce reductions	0.1	0.5	(0.4)	(80)%
Operating income	19.8	28.4	(8.6)	(30)%
Nonoperating components of net periodic benefit loss (income)	0.1	(11.1)	11.2	101 %
Interest expense	0.9	0.1	0.8	800 %
Investment income	(6.4)	(0.8)	(5.6)	(700)%
Other income, net	(1.0)	—	(1.0)	n/a
Income before income taxes	26.2	40.2	(14.0)	(35)%
Income tax expense (benefit)	(1.9)	9.3	(11.2)	(120)%
<b>Net income and comprehensive income</b>	<b>\$ 28.1</b>	<b>\$ 30.9</b>	<b>\$ (2.8)</b>	<b>(9)%</b>

*Selling, General and Administrative*

Selling, general and administrative costs were \$27.4 million and \$24.4 million for the nine months ended September 30, 2023 and 2022, respectively, an increase of \$3.0 million (or 12%). This increase was due primarily to an increase in employee-related expenses, including equity related compensation.

*Amortization of Intangible Assets*

Amortization of intangible assets was \$4.2 million and \$6.2 million in the nine months ended September 30, 2023 and 2022, respectively, a decrease of \$2.0 million (or 32%). Amortization expense for the intangible asset related to the September 2014 Order Book is a function of SWU sales volume under that Order Book, and amortization expense for the intangible asset related to customer relationships is amortized on a straight-line basis.

*Nonoperating Components of Net Periodic Benefit Loss (Income)*

Nonoperating components of net periodic benefit loss (income) netted to a loss of \$0.1 million and income of (\$11.1) million for the nine months ended September 30, 2023 and 2022, respectively, a change of \$11.2 million (or 101%). Nonoperating components of net periodic benefit loss (income) consist primarily of the expected return on plan assets and the remeasurement related to lump sum payouts, partially offset by interest cost as the discounted present value of benefit obligations nears payment, as described in Note 8, *Pension and Postretirement Health and Life Benefits*, of the Consolidated Financial Statements.

*Investment Income*

Investment income was \$6.4 million and \$0.8 million in the nine months ended September 30, 2023 and 2022, respectively, an increase of \$5.6 million (or 700%). The Company's investment income represents interest earned on operating cash, which is primarily held in money market accounts. The increase was due primarily to an increase in interest rates.

#### *Income Tax Expense (Benefit)*

Income tax benefit was \$1.9 million and income tax expense was \$9.3 million in the nine months ended September 30, 2023 and 2022, respectively, a decrease to the income tax expense of \$11.2 million (or 120%). Income tax benefit for the nine months ended September 30, 2023 resulted from applying the annual effective tax rate to year-to-date income from continuing operations adjusted for discrete items, and a decrease of \$7.7 million to the federal tax valuation allowance. Income tax expense for the nine months ended September 30, 2022 resulted from applying the annual effective tax rate to year-to-date income from continuing operations adjusted for discrete items. There was no change to the tax valuation allowance during the nine months ended September 30, 2022. For more information about the valuation allowance, see Note 9, *Income Taxes*, of the Consolidated Financial Statements and Note 13, *Income Taxes*, in our Consolidated Financial Statements on Form 10-K for the year ended December 31, 2022.

#### *Net Income and Comprehensive Income*

Net income was \$28.1 million and \$30.9 million in the nine months ended September 30, 2023 and 2022, respectively, a decrease of \$2.8 million (or 9%). The decrease was primarily attributable to a decrease in nonoperating components of net periodic benefit income of \$11.2 million, a decrease in gross profit of \$4.4 million in the Technical Solutions segment and \$2.8 million in the LEU segment, partially offset by a \$11.2 million increase in income tax benefit and a \$5.6 million increase in investment income.

## **Liquidity and Capital Resources**

As of September 30, 2023, the Company had a consolidated cash and cash equivalents balance of \$183.3 million. In addition, there was \$29.8 million of restricted cash related to three inventory loans, which required a cash deposit into an escrow fund. See Note 3, *Cash, Cash Equivalents, and Restricted Cash* of the Consolidated Financial Statements. The Company anticipates having adequate liquidity to support our business operations for at least the next 12 months from the date of this Quarterly Report. Our view of liquidity is dependent on, among other things, conditions affecting our operations, including market, international trade restrictions, sanctions and other conditions, the level of expenditures and government funding for our services contracts and the timing of customer payments. Liquidity requirements for our existing operations are affected primarily by the timing and amount of customer sales and our inventory purchases.

The Company believes its Order Book in our LEU segment is a source of stability for our liquidity position. Subject to market conditions, we see the potential for growing uncommitted demand for LEU during the next few years with accelerated open demand in 2025 and beyond.

Cash resources and net sales proceeds from our LEU segment fund technology costs that are outside of our customer contracts in the Technical Solutions segment and general corporate expenses, including cash interest payments on our debt. We believe our investment in advanced U.S. uranium enrichment technology will position the Company to meet the needs of our customers as they deploy advanced reactors and next generation fuels. We signed the three-year HALEU Demonstration Contract with DOE in October 2019. Under the HALEU Demonstration Contract, the Company contributed its required contribution through November 30, 2021. The program began May 31, 2019, when Centrus and DOE signed a preliminary letter agreement that allowed work to begin while the full contract was being finalized. Our cost-share HALEU Demonstration Contract period of performance ended in November 2022.

On November 10, 2022, the Company was awarded the HALEU Operation Contract. The HALEU Operation Contract provides for a 50/50 cost share contract for Phase 1 of the base contract to complete the cascade, begin operations and complete the initial, small quantity demonstration HALEU. Phase 2 includes continued operations and maintenance on a cost-plus-incentive-fee basis. Finally, the HALEU Operation Contract includes options for the government to unilaterally extend performance for up to an additional nine years comprised of three options of three years each, also on a cost-plus-incentive-fee basis. The Company's goal is to modularly scale up the facility as demand for HALEU grows in the commercial and government sectors, subject to the availability of funding and/or contracts to purchase the output of the plant.

Although the Company believes demand for HALEU will emerge over the next several years, there are no guarantees about whether or when government or commercial demand for HALEU will materialize, and there are a number of technical, regulatory, and economic hurdles that must be overcome for these fuels and reactors that will use these fuels to come to the market. For further discussion, refer to Part I, Item 1A, *Risk Factors*, in our Annual Report on Form 10-K for the year ended December 31, 2022.

If funding by the U.S. Government of gas centrifuge technology is reduced or discontinued, or we are not awarded a future DOE contract to continue to operate the cascade, such actions may have a material adverse impact on our ability to deploy the American Centrifuge technology and on our liquidity.

Capital expenditures of approximately \$1.0 million are anticipated over the next 12 months.

On October 12, 2023, the Company entered into an agreement with an insurer (“Insurer”) for one of its defined benefit plans to purchase a group annuity contract and transferred approximately \$186.5 million of its pension plan obligations to the insurer. The purchase of the group annuity contract was funded directly by the assets of the pension plan of approximately \$171.4 million. The purchase resulted in a transfer of benefit administrative responsibilities for approximately 1,400 beneficiaries effective December 1, 2023. The Company estimates that the income related to the pension settlement recognized in the fourth quarter will be approximately \$15.1 million, dependent upon the final settlement and pricing of the annuity transaction. The settlement charge will be recognized in nonoperating components of net periodic benefit loss (income) in our consolidated statements of operations.

We are also actively considering and expect to consider potential strategic transactions from time to time, which at any given time may be in various stages of discussion, diligence, or negotiation. These could involve, without limitation, acquisitions and/or dispositions of businesses or assets, joint ventures or investments in businesses, products or technologies, or changes to our capital structure. In connection with any such transaction, we would seek to satisfy these needs through a combination of working capital, cash generated from operations, or additional debt or equity financing.

The change in cash, cash equivalents and restricted cash from our Consolidated Statements of Cash Flows are as follows on a summarized basis (in millions):

	Nine Months Ended September 30,	
	2023	2022
Cash used in operating activities	\$ (8.8)	\$ (35.1)
Cash used in investing activities	(1.1)	(0.6)
Cash provided by (used in) financing activities	13.9	(8.1)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(0.6)	—
<b>Increase (decrease) in cash, cash equivalents and restricted cash</b>	<b>\$ 3.4</b>	<b>\$ (43.8)</b>

#### *Operating Activities*

For the nine months ended September 30, 2023, net cash used in operating activities was \$8.8 million. The net decrease was primarily due to approximately \$251.0 million of disbursements for operations, of which approximately \$200.0 million relates to payments for LEU inventory deliveries and cash outflows for the Technical Solutions segment, with the remaining disbursements including corporate administration, benefits claims, and advanced technology costs. These cash outflows were partially offset by approximately \$242.0 million in cash collected from customers, investment income, and reimbursements for postretirement health and life benefits paid by the Company.

In the nine months ended September 30, 2022, net cash used in operating activities was \$35.1 million. The net decrease was due to an increase in payments made to suppliers of approximately \$24.0 million as well as a decrease in cash collected from customers of approximately \$24.0 million, which resulted from the timing of customer shipments and related contract terms. This remaining difference was primarily related to a reduction in disbursements from prior year for our Technical Solutions segment.

#### *Investing Activities*

Capital expenditures were \$1.1 million and \$0.6 million for the nine months ended September 30, 2023 and 2022, respectively.

## *Financing Activities*

For the nine months ended September 30, 2023, cash of \$23.2 million was provided from the net proceeds related to the issuance of 722,568 shares of Class A Common Stock under an ATM offering. For both the nine months ended September 30, 2023 and 2022, payments of \$6.1 million of interest classified as debt are classified as a financing activity. Refer to Note 6, *Debt*, of the Consolidated Financial Statements regarding the accounting for the 8.25% Notes maturing in February 2027.

### *Working Capital*

The following table summarizes the Company's working capital (in millions):

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
Cash and cash equivalents	\$ 183.3	\$ 179.9
Accounts receivable	9.4	38.1
Inventories, net	210.4	148.4
Current debt	(6.1)	(6.1)
Deferred revenue and advances from customers, net of deferred costs	(156.7)	(137.5)
Other current assets and liabilities, net	(45.7)	(84.9)
<b>Working capital</b>	<b>\$ 194.6</b>	<b>\$ 137.9</b>

We are managing our working capital to seek to improve the long-term value of our LEU and Technical Solutions businesses and are planning to continue funding the Company's qualified pension plans because we believe these uses of working capital are in the best interest of all stakeholders. We expect that any other uses of working capital will be undertaken in light of these strategic priorities and will be based on the Company's determination as to the relative strength of its operating performance and prospects, financial position, and expected liquidity requirements. In addition, we expect that any such other uses of working capital will be subject to compliance with contractual restrictions to which the Company and its subsidiaries are subject, including the terms and conditions of our 8.25% Notes. We continually evaluate alternatives to manage our capital structure, and may opportunistically repurchase, exchange, or redeem Company securities.

### *Common Stock Issuance*

The Company sold an aggregate of 722,568 shares of its Class A Common Stock at the market price for a total of \$24.4 million during the nine months ended September 30, 2023. After expenses and commissions paid to the agents, the Company's proceeds totaled \$23.4 million. Additionally, the Company recorded direct costs of \$0.2 million related to the issuance. The shares of Class A Common Stock were issued pursuant to the Company's shelf registration statement on Form S-3 (File No. 333-239242), which became effective on August 5, 2020, and two prospectus supplements dated December 31, 2020 and December 5, 2022, respectively. The Company has used and/or intends to use the net proceeds from this offering for working capital and general corporate purposes including, but not limited to, capital expenditures, investment in technology development and deployment, repayment of indebtedness, potential acquisitions and other business opportunities. There were no sales of Class A Common Stock through the ATM offering in the nine months ended September 30, 2022.

## *2023 Shelf Registration*

The Company filed a shelf registration statement on Form S-3 (Registration Statement No. 333-272984) with the SEC on June 28, 2023, which became effective on July 10, 2023. Pursuant to this shelf registration statement, the Company may offer and sell up to \$200 million in securities, in aggregate. The Company retains broad discretion over the use of the net proceeds from the sale of the securities offered. Unless otherwise specified in any prospectus supplement, we currently intend to use the net proceeds from the sale of our securities offered under this prospectus for working capital and general corporate purposes including, but not limited to, capital expenditures, working capital, repayment of indebtedness, potential acquisitions and other business opportunities. Pending any specific application, we may initially invest funds in short-term marketable securities or apply them to the reduction of indebtedness.

## *Rights Agreement*

On June 20, 2023, the Company entered into a Fifth Amendment to the Rights Agreement, which amends the Rights Agreement, dated as of April 6, 2016, by and among the Company, and Computershare Trust Company, N.A. and Computershare Inc., as rights agent, as amended by (i) the First Amendment to the Rights Agreement dated as of February 14, 2017, (ii) the Second Amendment to the Rights Agreement dated as of April 3, 2019, (iii) the Third Amendment to the Rights Agreement dated as of April 13, 2020, and (iv) the Fourth Amendment to the Rights Agreement dated as of June 16, 2021.

The Fifth Amendment to the Rights Agreement (i) increases the purchase price for each one one-thousandth (1/1000th) of a share of the Company's Series A Participating Cumulative Preferred Stock, par value \$1.00 per share, from \$18.00 to \$160.38; and (ii) extends the Final Expiration Date (as defined in the Rights Agreement) from June 30, 2023 to June 30, 2026.

The Fifth Amendment was not adopted as a result of, or in response to, any effort to acquire control of the Company. The Fifth Amendment has been adopted in order to preserve for the Company's stockholders the long-term value of the Company's net operating loss carry-forwards for United States federal income tax purposes and other tax benefits.

## *Capital Structure and Financial Resources*

Interest on the 8.25% Notes is payable semi-annually in arrears as of February 28 and August 31 based on a 360-day year consisting of twelve 30-day months. The 8.25% Notes are guaranteed on a subordinated and limited basis by, and secured by substantially all assets of, Enrichment Corp. The 8.25% Notes mature on February 28, 2027. Additional terms and conditions of the 8.25% Notes are described in Note 6, *Debt*, of the Consolidated Financial Statements and Note 8, *Debt*, of the Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

## *Contractual Commitments*

There have been no material changes to our contractual commitments from those discussed in our Annual Report on Form 10-K for the year ended December 31, 2022.

#### *DOE Technology License*

We have a non-exclusive license in DOE inventions that pertain to enriching uranium using gas centrifuge technology. The license agreement with DOE provides for annual royalty payments based on a varying percentage (1% up to 2%) of our annual revenues from sales of the SWU component of LEU produced by us using DOE centrifuge technology. There is a minimum annual royalty payment of \$100,000 and the maximum cumulative royalty over the life of the license is \$100 million. There is currently no commercial enrichment facility producing LEU using DOE centrifuge technology. We are continuing to advance our U.S. centrifuge technology that has evolved from DOE inventions at specialized facilities in Oak Ridge with a view to deploying a commercial enrichment facility over the long term once market conditions recover.

#### *Off-Balance Sheet Arrangements*

Other than our SWU purchase commitments and the license agreement with DOE relating to the American Centrifuge technology, there were no material off-balance sheet arrangements at September 30, 2023.

#### **Critical Accounting Policies Estimates**

There have been no significant changes to the critical accounting estimates disclosed in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2022.

#### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

There have been no material changes to our market risks from those discussed in our Annual Report on Form 10-K for the year ended December 31, 2022.

#### **Item 4. Controls and Procedures**

##### *Evaluation of Disclosure Controls and Procedures*

Centrus maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed by Centrus in reports it files or submits under the Securities Exchange Act of 1934, as amended, (the "Exchange Act") is recorded, processed, summarized and reported in the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate to allow for timely decisions regarding required disclosures.

As of September 30, 2023, the end of the period covered by this Quarterly Report, our management performed an evaluation, under the supervision and with the participation of the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act). Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective.

##### *Changes in Internal Control Over Financial Reporting*

There were no changes in our internal control over financial reporting during the quarter ended September 30, 2023, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II**

### **Item 1. Legal Proceedings**

Refer to Note 12, *Commitments and Contingencies — Legal Matters*, of our Consolidated Financial Statements in Part I of this Quarterly Report.

### **Item 1A. Risk Factors**

There have been no material changes to the Risk Factors described in Part I, Item 1A, *Risk Factors*, in our Annual Report on Form 10-K for the year ended December 31, 2022.

### **Item 5. Other Information**

None of our directors or executive officers adopted or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K) during the period covered by this Quarterly Report.

**Item 6. Exhibits**

<b><u>Exhibit No.</u></b>	<b><u>Description</u></b>
10.1	<a href="#"><u>Modification 4 to Agreement, dated September 28, 2023, by and between American Centrifuge Operating, LLC and the U.S. Department of Energy. (a)</u></a>
10.2	<a href="#"><u>Modification 5 to Agreement, dated October 19, 2023, by and between American Centrifuge Operating, LLC and the U.S. Department of Energy. (a)</u></a>
10.3	<a href="#"><u>Letter agreement, dated April 28, 2023, by and between Joint Stock Company “TENEX” and United States Enrichment Corporation (certain information has been omitted because the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed). (a)</u></a>
31.1	<a href="#"><u>Certification of the Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a). (a)</u></a>
31.2	<a href="#"><u>Certification of the Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a). (a)</u></a>
32.1	<a href="#"><u>Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350. (a)</u></a>
101	Unaudited Consolidated Financial Statements from the Quarterly Report on Form 10-Q for the quarter ended September 30, 2023, filed in interactive data file (formatted as Inline XBRL).
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

(a) Filed herewith.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**Centrus Energy Corp.**

November 8, 2023

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/s/ Kevin J. Harrill

**Kevin J. Harrill**

Senior Vice President, Chief Financial Officer, and Treasurer  
(Duly Authorized Officer and Principal Financial Officer)

<b>AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT</b>			1. CONTRACT ID CODE	PAGE OF PAGES 1      3
2. AMENDMENT/MODIFICATION NO. <b>P00004</b>	3. EFFECTIVE DATE See Block 16C	4. REQUISITION/PURCHASE REQ. NO. See Schedule	5. PROJECT NO. (If applicable)	
6. ISSUED BY  U.S. Department of Energy Idaho Operations Office 1955 Fremont Avenue Idaho Falls ID 83415	CODE 892432	7. ADMINISTERED BY (If other than Item 6)  U.S. Department of Energy Idaho Operations Office 1955 Fremont Avenue Idaho Falls ID 83415	CODE 00701	
8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code)  American Centrifuge Operating, LLC Attn: Charles Kerner 6901 Rockledge Dr Ste 800 Bethesda MD 208171867			(X)	9A. AMENDMENT OF SOLICITATION NO.
				9B. DATED (SEE ITEM 11)
			X	10A. MODIFICATION OF CONTRACT/ORDER NO. 89243223CNE000030
				10B. DATED (SEE ITEM 13) 11/30/2022
CODE <b>L8VHV5CNBV97</b>	FACILITY CODE	11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS		

The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers  is extended.  is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing Items 8 and 15, and returning \_\_\_\_\_ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or electronic communication which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGEMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by letter or electronic communication, provided each letter or electronic communication makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)  
See Schedule      Net Increase:      \$350,000.00

**13. THIS ITEM ONLY APPLIES TO MODIFICATION OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.**

- |           |                                                                                                                                                                                                                       |
|-----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| CHECK ONE | A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.                                                                      |
|           | B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation data, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b). |
|           | C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:                                                                                                                                              |
| X         | D. OTHER (Specify type of modification and authority)<br>Incremental Funding; FAR 52.232-22 Limitation of Funds; FAR 43.103(a) Bilateral; 52.243-2 Changes-Cost-Re                                                    |

E. IMPORTANT: Contractor  is not  is required to sign this document and return \_\_\_\_\_ copies to the issuing office.

**14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)**

UEI: L8VHV5CNBV97

The purpose of this amendment to the Contract is to:

- Incorporate added scope, estimated cost and fee to the Contract for Facility Infrastructure Repair(CLIN 0006) and 5B Cylinder Support(CLIN 0007).
- Install equipment on approximately 45 manhole covers in accordance with recommendations completed through the NRC security inspection process. Remove and disposition the former Russian trailer which has fallen into a state of disrepair and is in risk of damaging the security fencing.

Continued ...

Except as provided herein, all terms and conditions of the document referenced in Item 9 A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print) <b>Kerner, Charles W</b>	Digitally signed by Kerner, Charles W Date: 2023.09.29 11:57:52 -04'00'	16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) <b>Jeffrey C. Fogg</b>	16B. UNITED STATES OF AMERICA Digitally signed by Jeffrey C. Fogg Date: 2023.09.29 10:15:39 06'00' (Signature of Contracting Officer)	16C. DATE SIGNED 09/28/2023
15B. CONTRACTOR/OFFEROR  (Signature of person authorized to sign)	15C. DATE SIGNED	STANDARD FORM 30 (REV. 11/2016) Prescribed by GSA FAR (48 CFR) 53.243		

Previous edition unusable

<b>CONTINUATION SHEET</b>	REFERENCE NO. OF DOCUMENT BEING CONTINUED 89243223CNE000030/P00004	PAGE 2	OF 3		
NAME OF OFFEROR OR CONTRACTOR American Centrifuge Operating, LLC					
ITEM NO. (A)	SUPPLIES/SERVICES (B)	QUANTITY (C)	UNIT (D)	UNIT PRICE (E)	AMOUNT (F)
00001	<p>3. Obligate \$150,000 to CLIN 0006(new), changing the total CLIN 0006 obligations from \$0 to \$150,000.</p> <p>4. Obligate \$200,000 too CLIN 0007(new), changing the total CLIN 0007 obligations from \$0 to \$200,000.</p> <p>See attachment Contract 89243223CNE000030 Rev. 03 - (9-29-23).pdf</p> <p>All other terms and conditions remain the same.</p> <p>Payment:</p> <p>OR for Idaho  <a href="https://vipers.doe.gov">https://vipers.doe.gov</a>        Any questions, please contact        by call/email 855-384-7377 or        VipersSupport@hq.doe.gov</p> <p>Period of Performance: 12/01/2022 to 12/31/2024</p> <p>Change Item 00001 to read as follows(amount shown is the total amount):</p> <p>Completion of Cascade, Initial Cascade Operation, and Production of 20 kilograms (kg) of HALEU (Phase 1)        Line item value is: \$29,418,741.50        Incrementally Funded Amount: \$28,270,000.00        Requisition No: 23NE000030, 23NE000080, 23NE000111, 23NE000166</p> <p>Accounting Info:        05350-2023-60-302218-25233-2721136-0000000-0000000        -0000000 Fund: 05350 Appr Year: 2023 Allottee: 60        Report Entity: 302218 Object Class: 25233        Program: 2721136 Project: 0000000 WFO: 0000000        Local Use: 0000000        Funded: \$0.00        Accounting Info:        07900-2023-60-302218-25233-2721136-0000000-0000000        -0000000 Fund: 07900 Appr Year: 2023 Allottee: 60        Report Entity: 302218 Object Class: 25233        Program: 2721136 Project: 0000000 WFO: 0000000        Local Use: 0000000        Funded: \$0.00        Accounting Info:        05350-2023-60-302218-25233-2721136-0000000-0000000        -0000000 Fund: 05350 Appr Year: 2023 Allottee: 60        Report Entity: 302218 Object Class: 25233        Program: 2721136 Project: 0000000 WFO: 0000000        Continued ...</p>				29,418,741.50

<b>CONTINUATION SHEET</b>	REFERENCE NO. OF DOCUMENT BEING CONTINUED 89243223CNE000030/P00004	PAGE 3	OF 3
NAME OF OFFEROR OR CONTRACTOR American Centrifuge Operating, LLC			
ITEM NO. (A)	SUPPLIES/SERVICES (B)	QUANTITY (C)	UNIT (D)
	UNIT PRICE (E)	AMOUNT (F)	
00006	<p>Local Use: 0000000 Funded: \$0.00 Accounting Info: 07900-2023-60-302218-25233-2721136-0000000-0000000 -0000000 Fund: 07900 Appr Year: 2023 Allottee: 60 Report Entity: 302218 Object Class: 25233 Program: 2721136 Project: 0000000 WFO: 0000000 Local Use: 0000000 Funded: \$0.00 Accounting Info: 07900-2023-60-302218-25233-2721136-0000000-0000000 -0000000 Fund: 07900 Appr Year: 2023 Allottee: 60 Report Entity: 302218 Object Class: 25233 Program: 2721136 Project: 0000000 WFO: 0000000 Local Use: 0000000 Funded: \$0.00  Add Item 00006 as follows:</p> <p>CLIN 0006 Additional Scope - Infrastructure and Facility Repairs Line item value is: \$1,051,128.00 Incrementally Funded Amount: \$150,000.00 Requisition No: 23NE000315</p> <p>Accounting Info: 07900-2023-60-302218-25233-2721136-0000000-0000000 -0000000 Fund: 07900 Appr Year: 2023 Allottee: 60 Report Entity: 302218 Object Class: 25233 Program: 2721136 Project: 0000000 WFO: 0000000 Local Use: 0000000 Funded: \$150,000.00</p>		1,051,128.00
00007	<p>Add Item 00007 as follows:</p> <p>CLIN 0007 Scope: Supports costs associated with 5B Cylinder Refurbishment Line item value is: \$4,762,488.00 Incrementally Funded Amount: \$200,000.00 Requisition No: 23NE000275</p> <p>Accounting Info: 07900-2023-60-302218-25233-2721136-0000000-0000000 -0000000 Fund: 07900 Appr Year: 2023 Allottee: 60 Report Entity: 302218 Object Class: 25233 Program: 2721136 Project: 0000000 WFO: 0000000 Local Use: 0000000 Funded: \$200,000.00</p>		4,762,488.00



<b>AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT</b>			1. CONTRACT ID CODE	PAGE OF PAGES 1      3
2. AMENDMENT/MODIFICATION NO. <b>P00005</b>	3. EFFECTIVE DATE See Block 16C	4. REQUISITION/PURCHASE REQ. NO. 24NE00004	5. PROJECT NO. (If applicable)	
6. ISSUED BY  U.S. Department of Energy Idaho Operations Office 1955 Fremont Avenue Idaho Falls ID 83415	CODE 892432	7. ADMINISTERED BY (If other than Item 6)  U.S. Department of Energy Idaho Operations Office 1955 Fremont Avenue Idaho Falls ID 83415	CODE 00701	
8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code)  American Centrifuge Operating, LLC Attn: Charles Kerner 6901 Rockledge Dr Ste 800 Bethesda MD 208171867			(x) 9A. AMENDMENT OF SOLICITATION NO.	
			9B. DATED (SEE ITEM 11)	
			x 10A. MODIFICATION OF CONTRACT/ORDER NO. 89243223CNE000030	
			10B. DATED (SEE ITEM 13) 11/30/2022	
CODE <b>L8VHV5CNBV97</b>	FACILITY CODE	11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS		

The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers  is extended.  is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing Items 8 and 15, and returning \_\_\_\_\_ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or electronic communication which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGEMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by letter or electronic communication, provided each letter or electronic communication makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)  
See Schedule      Net Increase: \$5,463,616.00

**13. THIS ITEM ONLY APPLIES TO MODIFICATION OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.**

- |           |                                                                                                                                                                                                                       |
|-----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| CHECK ONE | A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.                                                                      |
|           | B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation data, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b). |
|           | C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:                                                                                                                                              |
| X         | D. OTHER (Specify type of modification and authority)<br>Incremental Funding; FAR 52.232-22 Limitation of Funds;                                                                                                      |

E. IMPORTANT: Contractor  is not  is required to sign this document and return \_\_\_\_\_ copies to the issuing office.

**14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)**

UEI: L8VHV5CNBV97

The purpose of this amendment to the Contract is to:

- Provide Incremental Funding to CLIN 0006 in the amount of \$901,128.00, changing the total obligation from \$150,000.00 to \$1,051,128.00.
- Provide Incremental Funding to CLIN 0007 in the amount of \$4,562,488, changing the total obligation from \$200,000.00 to \$4,762,488.00.

See attachment Contract 89243223CNE000030 Rev. 04.pdf

Continued ...

Except as provided herein, all terms and conditions of the document referenced in Item 9 A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print)	16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print)		
Jeffrey C. Fogg			
15B. CONTRACTOR/OFFEROR  (Signature of person authorized to sign)	15C. DATE SIGNED	16B. UNITED STATES OF AMERICA  (Signature of Contracting Officer)	16C. DATE SIGNED 10/19/2023

Previous edition unusable

STANDARD FORM 30 (REV. 11/2016)  
Prescribed by GSA FAR (48 CFR) 53.243

<b>CONTINUATION SHEET</b>	REFERENCE NO. OF DOCUMENT BEING CONTINUED 89243223CNE000030/P00005	PAGE 2	OF 3
NAME OF OFFEROR OR CONTRACTOR American Centrifuge Operating, LLC			
ITEM NO. (A)	SUPPLIES/SERVICES (B)	QUANTITY (C)	UNIT (D)
	All other terms and conditions remain the same. Payment: OR for Idaho <a href="https://vipers.doe.gov">https://vipers.doe.gov</a> Any questions, please contact by call/email 855-384-7377 or VipersSupport@hq.doe.gov Period of Performance: 12/01/2022 to 12/31/2024  Change Item 00006 to read as follows(amount shown is the total amount):  00006 CLIN 0006 Additional Scope - Infrastructure and Facility Repairs Line item value is: \$1,051,128.00 Incrementally Funded Amount: \$1,051,128.00  Accounting Info: 07900-2023-60-302218-25233-2721136-0000000-0000000 -0000000 Fund: 07900 Appr Year: 2023 Allottee: 60 Report Entity: 302218 Object Class: 25233 Program: 2721136 Project: 0000000 WFO: 0000000 Local Use: 0000000 Funded: \$0.00 Accounting Info: 07900-2024-60-302218-25233-2721136-0000000-0000000 -0000000 Fund: 07900 Appr Year: 2024 Allottee: 60 Report Entity: 302218 Object Class: 25233 Program: 2721136 Project: 0000000 WFO: 0000000 Local Use: 0000000 Funded: \$901,128.00  Change Item 00007 to read as follows(amount shown is the total amount):  00007 CLIN 0007 Scope: Supports costs associated with 5B Cylinder Refurbishment Line item value is: \$4,762,488.00 Incrementally Funded Amount: \$4,762,488.00  Accounting Info: 07900-2023-60-302218-25233-2721136-0000000-0000000 -0000000 Fund: 07900 Appr Year: 2023 Allottee: 60 Report Entity: 302218 Object Class: 25233 Program: 2721136 Project: 0000000 WFO: 0000000 Local Use: 0000000 Funded: \$0.00 Accounting Info: Fund: 07900 Appr Year: 2024 Allottee: 60 Report Entity: 302218 Object Class: 25233 Program: Continued ...		UNIT PRICE (E)
			AMOUNT (F)
			1,051,128.00
			4,762,488.00

<b>CONTINUATION SHEET</b>	REFERENCE NO. OF DOCUMENT BEING CONTINUED 89243223CNE000030/P00005	PAGE 3	OF 3		
NAME OF OFFEROR OR CONTRACTOR American Centrifuge Operating, LLC					
ITEM NO. (A)	SUPPLIES/SERVICES (B)	QUANTITY (C)	UNIT (D)	UNIT PRICE (E)	AMOUNT (F)
	2721136 Project: 0000000 WFO: 0000000 Local Use: 0000000 Funded: \$4,562,488.00				



# United States Enrichment Corporation

A Centrus Energy Corp. Subsidiary

**John M.A. Donelson**

*Senior Vice President & Chief Marketing Officer*

(301) 564-3402 *phone*

(240) 630-7808 *fax*

April 27, 2023

Business Confidential Proprietary Information

Ms. Maria N. Vladimirova

Deputy General Director for Commerce

TENEX, Joint-Stock Company

Ozerkovskaya nab., 28 bld. 3

Moscow, 115184, Russia

Subject: Lease of \*\*\*\*\* 30B Cylinders

Dear Ms. Vladimirova:

1. \*\*\*\*\* USEC shall, if agreed by TENEX by countersigning of this letter (“Letter Agreement”), lease to TENEX the \*\*\*\* Cylinders listed in Exhibit 1 (the “Cylinders 1”) and the \*\*\*\* Cylinders listed in Exhibit 2 (the “Cylinders 2”), in each case under the terms below of this Letter Agreement (“Lease”).

2. \*\*\*\*\*

3. \*\*\*\*\*.

4. \*\*\*\*\*

AO "TexchA63KcnopT"  
Bx. N2 006-05/2742-KT oT 28.04.2023

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Ms. Maria N. Vladimirova  
April 27, 2023  
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\*\*\*\*\*.

5. \*\*\*\*\*.

6. \*\*\*\*\*.

7. \*\*\*\*\*

8. TENEX shall only have the right to make use of the Cylinders in Cylinders 1 and 2 for the limited purpose of filling them with EUP at \*\*\*\*\* and shipping them from the facility where they are filled through St. Petersburg, Russia directly to the United States for delivery to U.S. utility customers of TENEX at one or more of the following commercial nuclear fuel fabrication plants (each a “Plant” and collectively, the “Plants”):

(a) the Richland nuclear fuel fabrication facility operated by Framatome, Inc. at 2101 Horn Rapids Road, Richland, Washington, 99354 USA;

(b) the nuclear fuel fabrication facility operated by Global Nuclear Fuel – Americas at 3901 Castle Hayne Road, Wilmington, North Carolina, 28401 USA; or

(c) the Columbia Fuel Fabrication Facility operated by Westinghouse Electric Company, LLC at 5801 Bluff Rd, Hopkins, South Carolina, 29061 USA.

The Plants shall be the only destinations to which the EUP shall be transported in the Cylinders. Further, the Cylinders shall only be used by TENEX to transport EUP once. They may not be reused by TENEX or any other party prior to being returned to USEC under Paragraph 14.

9. \*\*\*\*\*



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\*\*\*\*\*.

10. \*\*\*\*\*

11. \*\*\*\*\*.

12. \*\*\*\*\*.

13. I\*\*\*\*\*.

14. \*\*\*\*\*.

15. Neither Party shall be obligated to \*\*\*\*\*. In consideration for the Lease of the Cylinders in Cylinders 1 and 2, TENEX agrees that, notwithstanding any contrary term of the TSC, \*\*\*\*\*.

16. In consideration of TENEX's agreement to Paragraph 15, USEC hereby agrees to \*\*\*\*\*.



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17. TENEX warrants that all EUP in each of the Cylinders in Cylinders 1 and Cylinders 2 that are provided by USEC to TENEX under this Letter Agreement shall, upon import into the United States, be fully covered by an export limit (quota) allocated to TENEX under the Russian Uranium Suspension Agreement that has been unconditionally approved under contract and import approvals by the U.S. Commerce Department and that USEC shall not have to use the export limit (quota) allocated to USEC under the Russian Uranium Suspension Agreement for such EUP, including any heels left in the Cylinders after emptying. \*\*\*\*\*

18. \*\*\*\*\*.

(a) \*\*\*\*\*.

(b) \*\*\*\*\*.

19. \*\*\*\*\*.

20. \*\*\*\*\*

(a) \*\*\*\*

(b) \*\*\*\*\*.

(c) \*\*\*\*\*



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\*\*\*\*\*.

(d) \*\*\*\*\*.

(e) \*\*\*\*\*.

21. Warranties

- (a) USEC warrants that each Cylinder is \*\*\*\*\*
- (b) TENEX hereby warrants the following with respect to the Cylinders in Cylinders 1 and Cylinders 2:

(i) Each Cylinder shall only be employed in accordance with the U.S. Nuclear Regulatory Commission or Department of Transportation certificate or authorization applicable to the Cylinder.

(ii) The Cylinders shall only be used for the purposes, and within the timing, set forth in Paragraphs 2 through 8 above.

(iii) The EUP transported in the Cylinders shall be used solely to manufacture commercial nuclear fuel in the United States for U.S. commercial nuclear reactors;



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(iv) The EUP and the Cylinders shall be used exclusively for peaceful, non-explosive and non-military purposes;

(v) The Cylinders and any EUP they contain shall only be used in compliance with all applicable laws and regulations of the Russian Federation, the United States and any other country in which the Cylinders may be located or transit;

(vi) The Cylinders, and any EUP they contain, shall only be used in compliance with the Russian Uranium Suspension Agreement (as defined in the TSC), as amended, and related authorities (such as Section 8118 of the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 42 U.S.C. 2297h et seq. (2008), as amended by Section 2007 of the Consolidated Appropriations Act, 2021, and the Statement of Administrative Intent (Feb. 2, 2010)) and any other applicable restrictions, including sanctions, now in effect or that may be adopted in the future by the government of any country or international organization with jurisdiction over the matters set forth herein, including the U.S. and Russian governments.

(c) \*\*\*\*\*.

22. \*\*\*\*\*.

23. \*\*\*\*\*.

24. \*\*\*\*\*. \*\*\*\*\*.

25. This Letter Agreement is executed as a stand-alone agreement and not as a supplement to the TSC. Except with respect to Paragraphs 15 and 16, which shall be considered modifications or waivers under Section 20.04 of the TSC, the TSC shall not be affected by this Letter Agreement. Any capitalized terms used, but not defined, in this Letter Agreement shall have the meanings ascribed to such terms in the TSC.

26. This Letter Agreement shall be governed by and construed in accordance with the laws of New York, without reference to its conflict of laws rules. The U.N. Convention on Contracts for the International Sale of Goods shall not apply to this Letter Agreement.

27. Any controversy or claim arising out of or relating to this Letter Agreement, or the breach thereof, that is not resolved by mutual agreement shall be finally settled by arbitration in accordance with the Arbitration Rules of the International Chamber of Commerce. The seat of arbitration shall be New York, U.S.A or such other location as may be mutually agreed. The language to be used in the arbitral proceedings shall be English. The arbitrator(s) shall have the authority to grant specific performance. Neither Party shall invoke sovereign immunity in the arbitral proceedings or enforcement of any arbitral award. Each Party shall pay its own costs of arbitration, including the costs for its legal representation and assistance and costs of any experts or other witnesses utilized by such Party, and shall share equally the common costs for the arbitration, including any fees of the arbitrator.

28. Each Party shall treat this Letter Agreement, and any dispute resolution under Paragraph 27, as confidential, proprietary information, and shall not disclose any part of such information to any other person or entity, other than its officers, directors, or employees or the officers, directors or employees of its parent companies, or legal advisors, without the prior written consent of the other Party. Notwithstanding the foregoing, each Party may disclose such information to the extent required by applicable law or regulation or to comply with the Russian Uranium Suspension Agreement or applicable rules and regulations of the U.S. or Russian governments, or as may be required to enforce the Party's rights or comply with such Party's obligations, under this Letter Agreement, the Russian Uranium Suspension Agreement or applicable law. In making any permitted disclosure, the disclosing Party shall seek to minimize disclosure or secure a non-disclosure commitment for the disclosure to the extent feasible.

29. This Letter Agreement shall be effective as of date on which TENEX has placed its signature in the space provided below and delivered a fully executed original to USEC.

30. This Letter Agreement may be executed in multiple counterparts, which taken together shall constitute an original without the necessity of both Parties signing the same page or the same documents, and may be executed by signatures to electronically transmitted counterparts in lieu of original documents. Signatures transmitted by electronic mail via a Portable Document Format (PDF) file shall be considered original signatures.

Sincerely,

\*\*\*\*\*

John M.A. Donelson



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Ms. Maria N. Vladimirova

April 27, 2023

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Agreed on behalf of TENEX, Joint-Stock Company

\*\*\*\*\*

(signature)

Maria N. Vladimirova

(name)

Deputy General Director  
for Commerce

(title)

April 28, 2023

(date)



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Exhibit 1: List of Cylinders 1

Exhibit 1: List of Cylinders 1

\*\*\*\*\*



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Exhibit 2: List of Cylinders 2

\*\*\*\*\*



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Exhibit 3: Certificate from U.S. Internal Revenue Service



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE

CERTIFICATION  
PROGRAM

Date



Taxpayer: Company name  
TIN:  
Tax Year:

I certify that the above corporation has filed a U.S. corporation Income Tax Return, Form 1120, as a resident of the United States of America in the sense of the Double Tax Treaty between the Russian Federation and the United States of America.

Signature  
and  
position

Form 6166 (Rev. 6-2008)  
Catalog Number 43134V



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**CERTIFICATION OF CHIEF EXECUTIVE OFFICER**

I, Daniel B. Poneman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Centrus Energy Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting that are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 8, 2023

/s/ Daniel B. Poneman  
**Daniel B. Poneman**  
President and Chief Executive Officer

---

**CERTIFICATION OF CHIEF FINANCIAL OFFICER**

I, Kevin J. Harrill, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Centrus Energy Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting that are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 8, 2023

/s/ Kevin J. Harrill

**Kevin J. Harrill**

Senior Vice President, Chief Financial Officer, and Treasurer

CERTIFICATION OF CEO AND CFO PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report on Form 10-Q of Centrus Energy Corp. for the period ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), pursuant to 18 U.S.C. § 1350, Daniel B. Poneman, President and Chief Executive Officer, and Kevin J. Harrill, Senior Vice President, Chief Financial Officer, and Treasurer, each hereby certifies, that, to his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Centrus Energy Corp.

November 8, 2023

/s/ Daniel B. Poneman

**Daniel B. Poneman**  
President and Chief Executive Officer

November 8, 2023

/s/ Kevin J. Harrill

**Kevin J. Harrill**  
Senior Vice President, Chief Financial Officer, and Treasurer