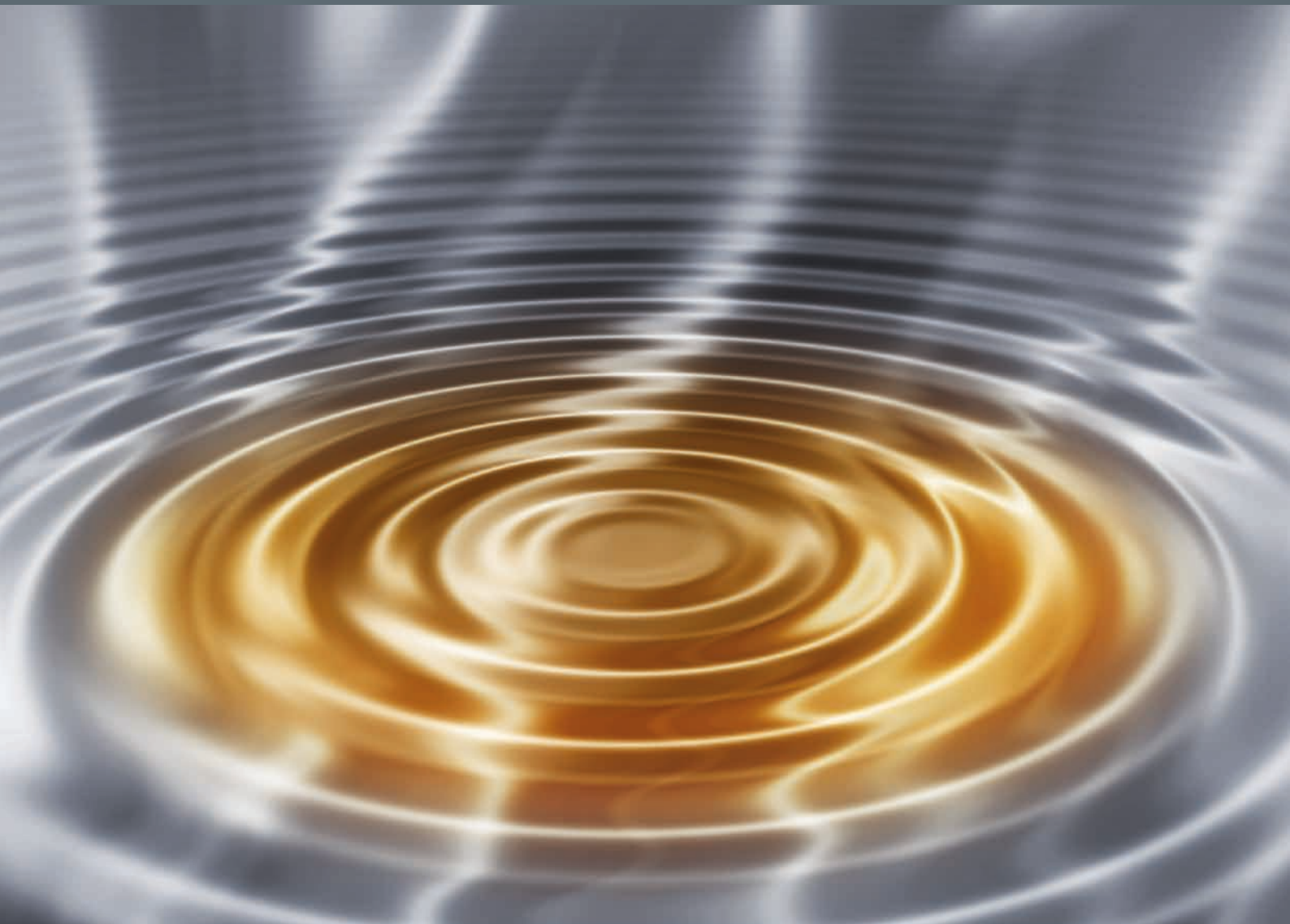




TCA S.p.A.

# 2022 Integrated Annual Report



**TCA**

**Trattamenti Ceneri  
Auroargentifere S.p.A.**

2022 Integrated Annual Report

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## LETTER TO STAKEHOLDERS

Dear Stakeholders,

This Integrated Annual Report describes T.C.A. S.p.A.'s business and financial performance during the year as well as its environmental and social impacts, using qualitative and quantitative indicators.

We run our business conscientiously and responsibly, within the scope of the circular economy, according to a rationale targeted to sustainable growth. Companies are now compelled to pursue greater awareness of social, ethical and environmental issues, alongside the legitimate goal of profit, while building their operations and relationships with stakeholders.

In 2022 T.C.A. S.p.A. (also referred to herein as "TCA" and the "Company") increased its revenues considerably from those of 2021, whereas the profits, although significant, were affected by higher energy costs and the lower value of some metals (especially rhodium and palladium). We still plan to boost investments in research and innovation while focusing on sustainability, so that we can offer high-quality products and services that satisfy our customers' demands (as demonstrated by the obtainment of the extremely prestigious London Platinum and Palladium Market accreditation in July 2022).

Energy costs rose more than fourfold in 2022.

We are setting up a control system intended to realize energy savings. At the same time, we have introduced a plan to buy adjacent properties (remaining unowned portions of warehouses, and developable and non-developable land), and we are planning to build photovoltaic systems (some of which require authorization) in order to produce energy through the use of such extensive surfaces (solar canopies for parking lots and on roofs).

We intend to continue with our constant activity of environmental stewardship and the defense of social values concerning the community in which we operate.

We have cooperated with other companies in the industry to confront and resolve shared problems, from the assignment for recovery of our wastewater to the proposal of an end-of-waste protocol, while constantly seeking to improve the environmental and safety parameters.

We have applied for the environmental authorization required to enlarge the Valenza plant, and we have completed the preliminary work, which was very detailed and involved a joint effort between our technicians and the authorities involved in the process; the issuance of the authorization by the Province of Alessandria is underway, accompanied by all the favorable opinions issued by the Municipalities, the local health agency (USL), the Regional Agency for the Protection of the Environment (ARPA), the National Fire Department (VVF), and all the Provincial Administration departments (viability, environment, emissions, noise).

These results can be pursued with cohesion and are achievable by diligently implementing the principles that are fundamental to our way of doing business, as demonstrated by all those who work for TCA, whom we thank profoundly.

In the market, we have sought out business opportunities that respect sustainability criteria, among others, and we have implemented a model for gathering information to prepare this Report that involves an effective internal control system and ensures the completeness of the information used in the decision-making process of our management, the Board of Directors and the executive committees.

The Board of Directors believes that the control model applied by TCA to assess the exhaustiveness of the information presented herein is satisfactory, and that the information contained herein and the methods for obtaining it allow stakeholders to appreciate the completeness and accuracy that can enable them to make adequately informed decisions.

In keeping with the reports of previous years, the general purpose of this Integrated Annual Report is to supply information that could have a significant impact on TCA S.p.A.'s capacity to create value in the short, medium and long term, for itself and for its stakeholders. To the best of its knowledge and belief, the Board of Directors maintains that the Integrated Annual Report addresses the matters relevant to the stakeholders' decision-making process by explaining how TCA S.p.A. creates value over time and takes into account the Company's impact on itself, its stakeholders and the environment in which it operates.

Yours faithfully,

Marco Manneschi  
TCA Chairman

## METHODOLOGY

TCA S.p.A.'s Integrated Annual Report describes its financial and sustainability performance, business model, corporate governance, risk management, regulatory compliance, strategy, and capitals implemented during 2022.

The document represents the tool with which TCA S.p.A. (also referred to herein as "TCA" or the "Company") communicates with its stakeholders, and is an important occasion for illustrating the tie between business strategies, relationship management and the main activities carried out during the year.

The Integrated Annual Report explains TCA's relationship with the local and international community in terms of human resources, worker health and safety, customer relations, supply relations and environmental impact.

TCA continues to prepare this Report on a voluntary basis, as it is aware of the significance of such matters and in the interest of its stakeholders. In fact, Italian Legislative Decree 254/2016, regarding the mandatory disclosure of non-financial and diversity information, does not apply to the Company. TCA chooses to integrate its financial Annual Report with social and environmental data.

The layout of this report is based on the guiding principles of the International Integrated Reporting Framework <IR>, published in December 2013 and updated in 2021, and by the International Integrated Reporting Council (IIRC), in conformity with the Global Sustainability Reporting Standards published in 2016 and updated in 2021 by the Global Reporting Initiative (GRI), under the "In Accordance" option. The GRI Content Index is included at the end of this report; it sets forth the sustainability topics reported on by the organization.

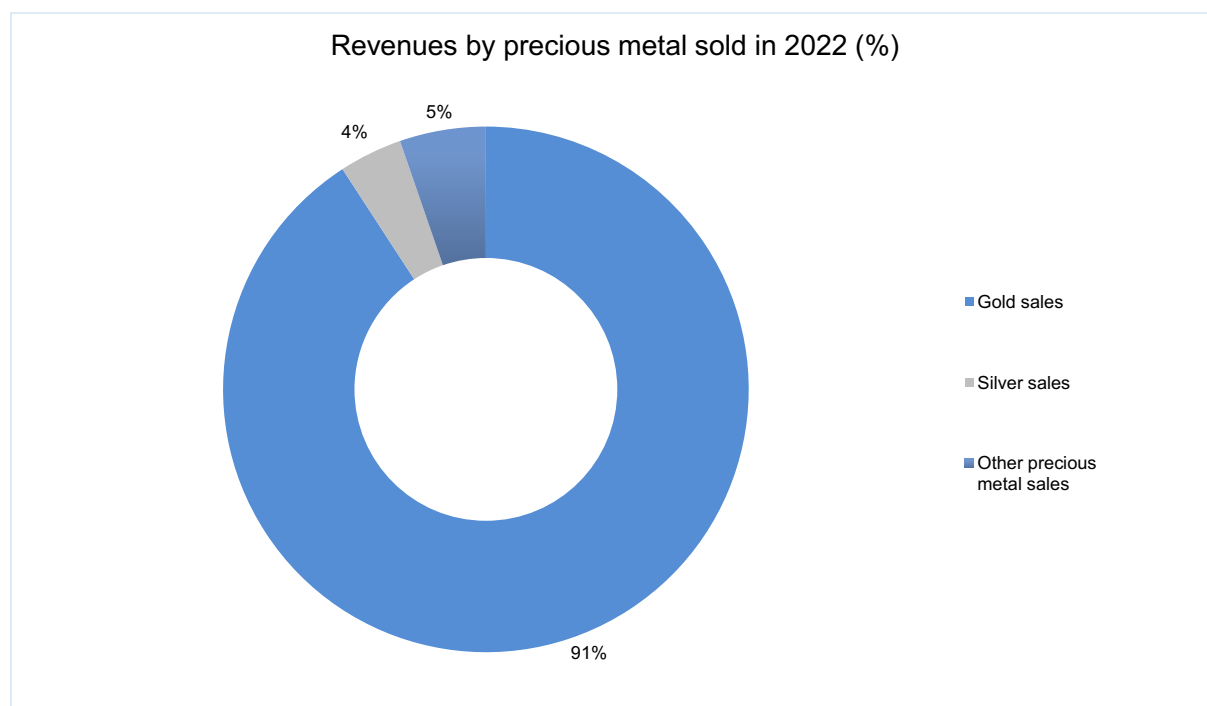
The contents of this Report refer to the year ended December 31, 2022. Data referring to the previous year is provided solely for comparative purposes, to enable an assessment of the business performance over a more extended period of time.

The information herein refers to matters deemed material regarding TCA's three operational facilities, located in Arezzo (headquarters), Vicenza and Valenza.

In order to provide a fair view of the services and ensure reliable information, directly measurable quantities were included while the use of estimates was limited as much as possible.

## HIGHLIGHTS

### Sales



### Balance Sheet Indicators

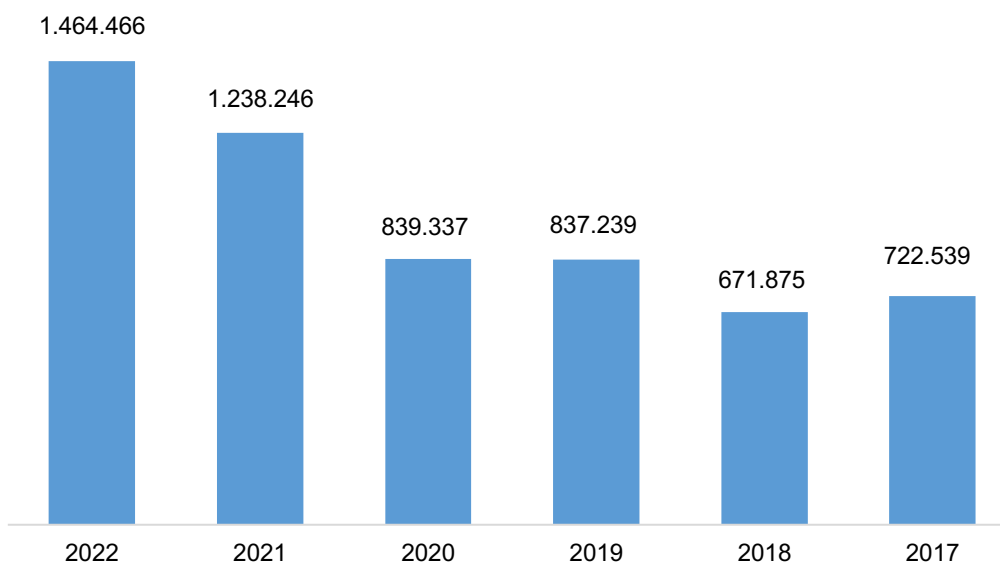
	2022	2021	2020
<b>Total fixed assets (€/000)</b>	28,823	28,183	27,332
<b>Net working capital (€/000)</b>	18,423	22,137	20,859
<b>Equity (€/000)</b>	42,189	46,528	39,810
<b>Capital assets (€/000)</b>	13,365	18,345	12,478



## Revenues

In 2022 TCA produced higher revenues from sales and services than in 2021.

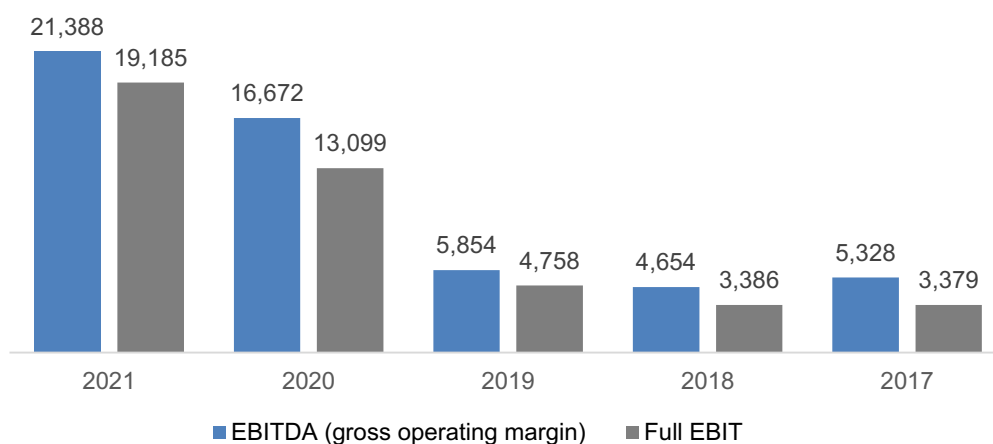
### 2022 revenues (€/000)



## EBITDA

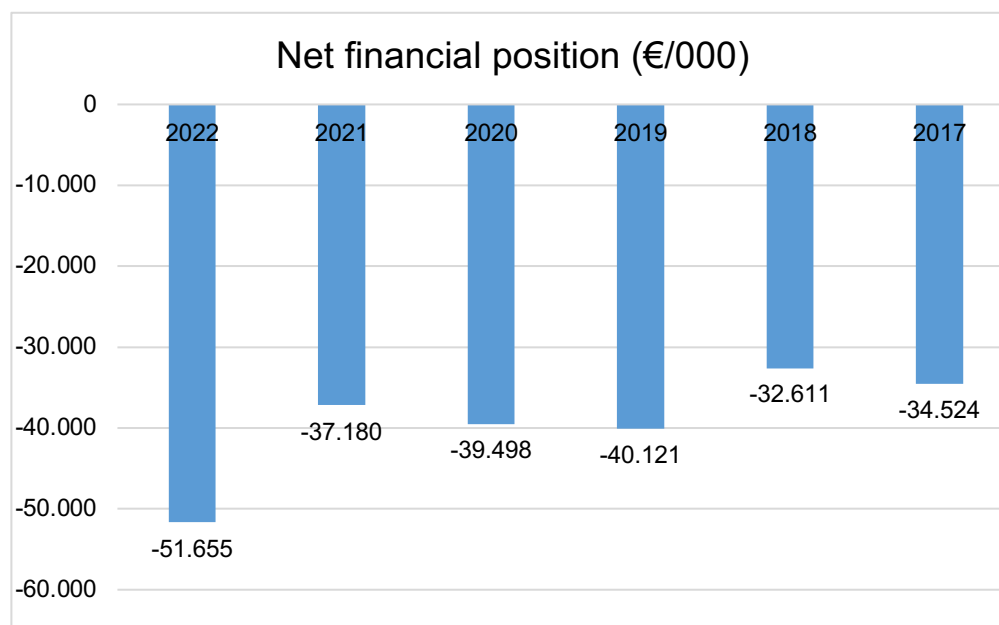
The 2022 EBITDA is € 7 million, down by 66% from that of 2021. The full EBIT is down by 67% from that of 2021.

### EBITDA-EBIT (€/000)



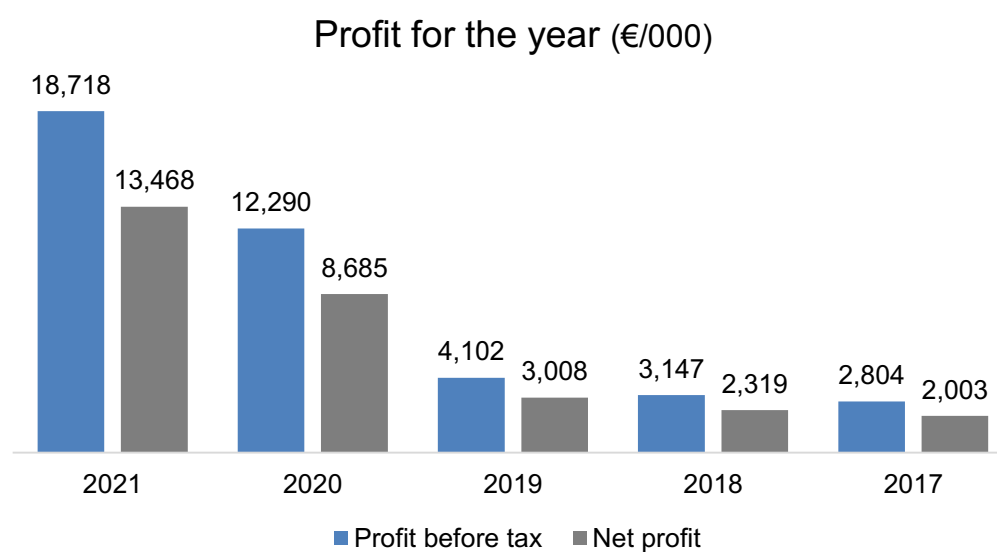
### Net Financial Position

In 2022 the total net financial indebtedness rose by € 14 million (6%).



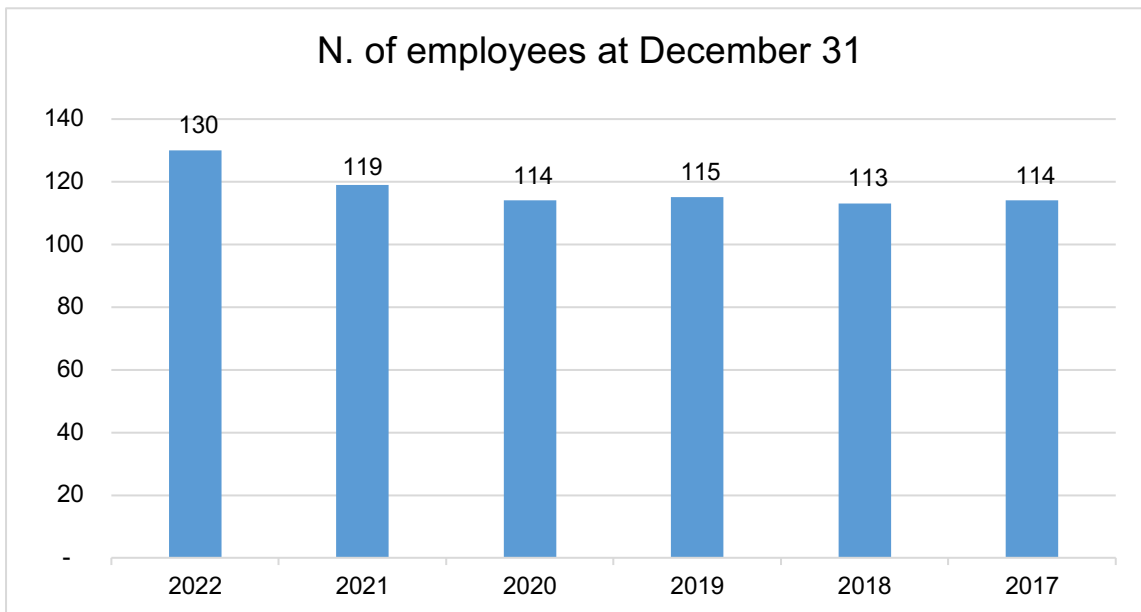
### Net Profit

The net profit fell by 72% compared with the prior year.



## Total Work Force

TCA's total work force has remained stable on average over the past three years.



## Certifications and Other Numbers



**3** Plants



**18** Furnaces at the main plant



**20%** Incoming turnover



**323** Suppliers



**€ 14,000,000** Share capital

# INTEGRATED REPORT ON OPERATIONS

## TCA TRATTAMENTI CENERI AUROARGENTIFERE S.P.A.

### Vision, Mission and Values

Resources are not infinite, but recovering and recycling can make them infinite. Increasing the recovery rate of precious metals means reducing mining costs and the environmental impact: recovery costs less than mining, both financially and in terms of carbon dioxide emissions. Precious metals are present in numerous industrial sectors and, consequently, in many waste materials. Europe produces 8.7 million tons of electronic waste per year and recycles just over 2 million; in the United States less than 20% of electronic scrap and only 10% of personal computers is recycled. Considering that one ton of hardware scrap contains approximately 16 grams of precious metal, obviously the rates of gold and silver recovery could be much higher than they are now. Moreover, 50% to 90% of palladium could be brought back into circulation, whereas currently only 5% to 10% is recycled. Low recovery rates are also found in the jewelry-making, medical and chemical industries. Every day TCA, like a modern Alicanto, the mythological creature that fed exclusively on gold and other precious metals, faces enthusiastically and competently its challenge for a world richer in resources.

#### Services offered:

- Refining
- Laboratory and Research
- Galvanic Technology
- Metals Bank
- Investments

### Our History

TCA started out in Tuscany, in the pulsating heart of the Italian gold and silver district. Founded in 1977 in Arezzo, where it is headquartered, TCA has two other branches, located in Vicenza and Valenza, for a total of more than 100 employees and three plants. Its partners deliver to TCA their extensive experience and in-depth knowledge of the sector acquired in the Tuscan company, a global industry leader. From its initial specialization of treating ashes containing gold and silver, TCA's expertise has grown to encompass platinum, palladium and rhodium recovery as well.

#### Plants:



The main plant is situated in Capolona, just outside Arezzo. It occupies an area of approximately 10,000 covered square meters and 20,000 uncovered square meters, with 13 incineration furnaces and 5 smelting furnaces. The plant has an annual production capacity of 2,000 tons of ashes, 220 tons of pure gold, more than 400 tons of silver, and more than 5 tons of platinum group metals (PGMs).

The Vicenza and Valenza plants are important for distribution and serve as collection and preliminary treatment centers for the materials subsequently handled in Arezzo.

Professional competence, concern for safety and care for the environment are the distinctive strengths of our plants, which have become excellent production centers thanks to the investment plan for

acquiring new technology and updating professional skills. Our experts are in constant contact with international research institutes and are up to date on the current state of the art.

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## Governance

T.C.A. has had a traditional governance model since 2004 when, pursuant to the corporate law reform, it transitioned from the previous structure headed by a Sole Director to that of a Board of Directors consisting of four members, three of whom owned 90% of the share capital. With this governance model the Company created a single, integrated body to represent and identify its ownership and governance.

Corporate data	
Name:	TCA S.p.A.
Registered office:	Zona Industriale, 11 - 52010 Capolona Arezzo
Share capital (€):	14,000,000
Share capital fully paid in:	Yes
Chamber of Commerce number:	00279290514
VAT number:	00279290514
Tax identification number:	00279290514
Legal status:	Joint stock company (S.p.A.)
Classification of economic activity (ATECO):	24.41.00
Company in liquidation:	No
Single-Member Company:	No
Company subject to management and coordination by others:	No

The Board of Directors in office until the approval of the financial statements for the year ended December 31, 2022 consists of 6 men and 2 women: 8 members in total.

It includes the Chairman, Marco Manneschi, as well as Giacomo Rossi and Tommaso Chiarini, who have been with TCA for years, currently work in the sales department, and are full members of the new governance structure. The other Board members are Sara Magnani, Serena Tavanti, Lorenzo Tavanti, Francesco Rossi and Andrea Chiarini.

The two women, accounting for 25% of the total, are both (100%) between 30 and 50 years of age.

The five men, representing 62% of the total, are comprised of 4 members (80%) between 30 and 50 years of age and one member over 50.

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<b>Board of Directors</b>	
<b>Name</b>	<b>Role</b>
Marco Manneschi	Chairman
Sara Magnani	Director
Serena Tavanti	Director
Lorenzo Tavanti	Director
Francesco Rossi	Director
Andrea Chiarini	Director
Tommaso Chiarini	Director
Giacomo Rossi	Director

As per the by-laws, the General Meeting appoints the Board of Directors, whose Chairman is a lawyer, thus an external party and not an executive of TCA. The Board members reflect the shareholders' decisions, and they are elected on the basis of the expertise acquired during their professional life at the Company. With the appointment of the new Board of Directors and the addition of members who have been directly and continuously involved in TCA's business, the shareholders marked a turning point in certain decision-making processes. Their active participation in TCA's daily activities shortens considerably the time needed to make decisions: specific demands in terms of investments, strategies, and decisions regarding ordinary and extraordinary administration are perceived and discussed quickly, and execution is practically immediate. The Board monitors continuously the Company's business, financial and production performance and, assisted by the Integrated Management System for Quality, the Environment, Health and Safety, is able to identify and deal with the impacts on the economy, the environment and the people of the guidelines and strategies planned and adopted.

To this end, the new Board of Director structure has implemented governance policies that include more frequent discussions and meetings (often weekly) than those required by law. During such meetings, the Board members report the needs emerging from new investments in tangible or intangible assets, decisions regarding routine and extraordinary business operations, and the strategic guidelines listed in the agenda. The decision-making process involves analyzing the matters raised and reported, discussing them on the basis of the documentation produced or (in the case of new investments planned) supporting feasibility studies, and passing unanimous resolutions with or without assigning proxies to Board members, as needed to complete all activities directed toward the attainment of the predetermined purpose.

In addition, the Board of Directors is directly involved and actively participates in interdisciplinary meetings aimed to raise awareness about sustainable development.

In order to extensively and arduously identify and manage the impacts of the organization on the economy, on the environment and on individuals, the Board appointed members with specific mandates and delegated senior managers and employees to the functional areas concerning such sectors/areas, assigning to them the responsibility of managing such impacts. They report at least monthly, or with the frequency deemed most appropriate, to the highest governing body on the various matters and issues that emerge. The verification, approval, review and ultimate reporting of the information communicated, including the materiality topics and assessment, are the responsibility of the top management: the process entails gathering qualitative and quantitative information by the responsible delegates, managers and employees, processing it and then sharing it with the top management, which will confirm and approve the information collected and processed.

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The policies drawn up and formalized by TCA are strictly interrelated and integrated with each other. This aims to generate responsible business conduct through its activities and business relationships. The integration of the various policies forms underlying guidance that starts with the responsible sourcing of materials containing precious metals or pure metals, and finishes with the various end markets for precious metal refining and sales, naturally passing through the more strictly operational areas and those with the related connections with institutional stakeholders.

All TCA's employees are informed about and trained on the commitments described in the policies so that the latter may be implemented. In 2022, TCA had four policies: a specific one for the core business, the Responsible Metals Policy; one regarding the Company's commitment to the environment, the Environmental Policy; one regarding the quality objectives in line with the UNI EN ISO 9001:2015 standard, the Quality Policy; and the policy concerning Occupational Health and Safety, in line with the UNI ISO 45001:2018 standard, the Safety Policy. More details on the policies are posted on TCA's website. Following regulatory changes regarding precious metals, in the initial months of 2023, TCA decided to update its Responsible Metals Policy.

The Company monitors the performance of the highest governing body, although there are no specific assessment procedures. TCA does not have a formal procedure for the remuneration of Board of Director members and executive managers. The remuneration of the highest governing body is established for the three-year period at a fixed amount and is determined with the same resolution with which the related powers are assigned.<sup>1</sup>

In accordance with the fairness and transparency principles, and to ensure the trust of its investors and customers, the Company checks to ensure that the employees and contractors do not find themselves in a conflict of interest. A conflict of interest is any situation, occasion or relationship in which, even if only partially, personal interests or those of other associated persons (relatives, friends, acquaintances) or of organizations of which they are directors or managers are involved that could undermine the duty of impartiality. All employees and contractors shall avoid any situation that could generate a conflict of interest with the Company; in particular, any conflict of interest between personal and family economic activities and the roles covered in the Company must be avoided. All the decisions and actions taken by the employees and contractors must be geared toward the greatest advantage possible for the Company, which accordingly sets the following rules:

- the directors and General Manager who have a competing interest, even if partial, with that of the Company may not perform or work on transactions (or participate in the related decisions) through which they have goods belonging to or managed by the Company;
- the Company's employees and contractors may not carry out any business or other professional activity that competes even partly or indirectly with the Company's interests.

Moreover, the Company requires the following obligations:

- to comply with the laws and with the Company's internal regulations in all personal and business relationships outside the Company;
- to refrain from activities or relationships that could be or appear to be in conflict with the obligations deriving from each function of the Company or with the Company's interests;
- to evaluate the advantages and disadvantages that could result to TCA when accepting any engagement in another organization.

The Company's employees and contractors may not, in any way, directly or indirectly participate in or collaborate on any transaction, financial operation or investment of the Company from which they could obtain a profit or other type of personal benefit not provided for under contract, unless expressly approved by the Company. Whoever should become aware even of the possibility of a conflict of interest must immediately inform their superior and the Supervisory Board.

Employees responsible for supplier relations must select the suppliers and manage the supplier relations in accordance with the criteria of impartiality and fairness, avoiding conflicts of interest (even potential ones) with them and reporting to the Company the existence or emergence of such situations.

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<sup>1</sup> No regulations exist for the remuneration of Board of Directors members and executive managers associated with the achievement of targets and results relating to the management of the impacts that TCA could have on the economy, the environment and individuals.

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The Company undertakes to provide immediate and exhaustive disclosure to the various stakeholders if conflicts of interest should regard:

- membership in different Boards of Directors;
- title to shares in the same organization in which they are shareholders, suppliers or other stakeholders;
- the presence of controlling shareholders;
- related parties and the related transactions.

Any issues, whether they refer to the production process, organizational structure or business and financial areas, are communicated promptly by the Managers in charge of such areas to the Board of Directors.

No particular critical concerns emerged during the reporting period, only events whose nature and type qualify them as part of usual and normal Company activities.

In addition to the Board of Directors, the Financial Management Committee consists of Governance members (Finance, Production, Marketing, R&D), Managers and staff directly involved in such areas. It meets on a weekly basis to share and review the information provided by the various business departments and to manage and plan the production processes in line with the sales and financial demands.

TCA's Board of Statutory Auditors is composed of the following members:

<b>Board of Statutory Auditors</b>	
<b>Name</b>	<b>Role</b>
Giovanni Grazzini	Chairman of the Board of Statutory Auditors
Fabrizio Cavallini	Standing Statutory Auditor
Pietro Benedetti	Standing Statutory Auditor
Maria Cristina Biondini	Alternate Statutory Auditor
Marco Rossi	Alternate Statutory Auditor

TCA S.p.A. has assigned the external audit of its financial statements to Deloitte & Touche S.p.A.



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## Organizational Model pursuant to Legislative Decree 231/01

Dealings with public entities and institutions are characterized by transparency, ethics and collaboration. As additional assurance of fair conduct toward institutions and all parties involved in its business, in 2014 TCA initiated procedures to comply with Italian **Legislative Decree 231 of June 8, 2001**, which regulates the administrative liability of legal entities.

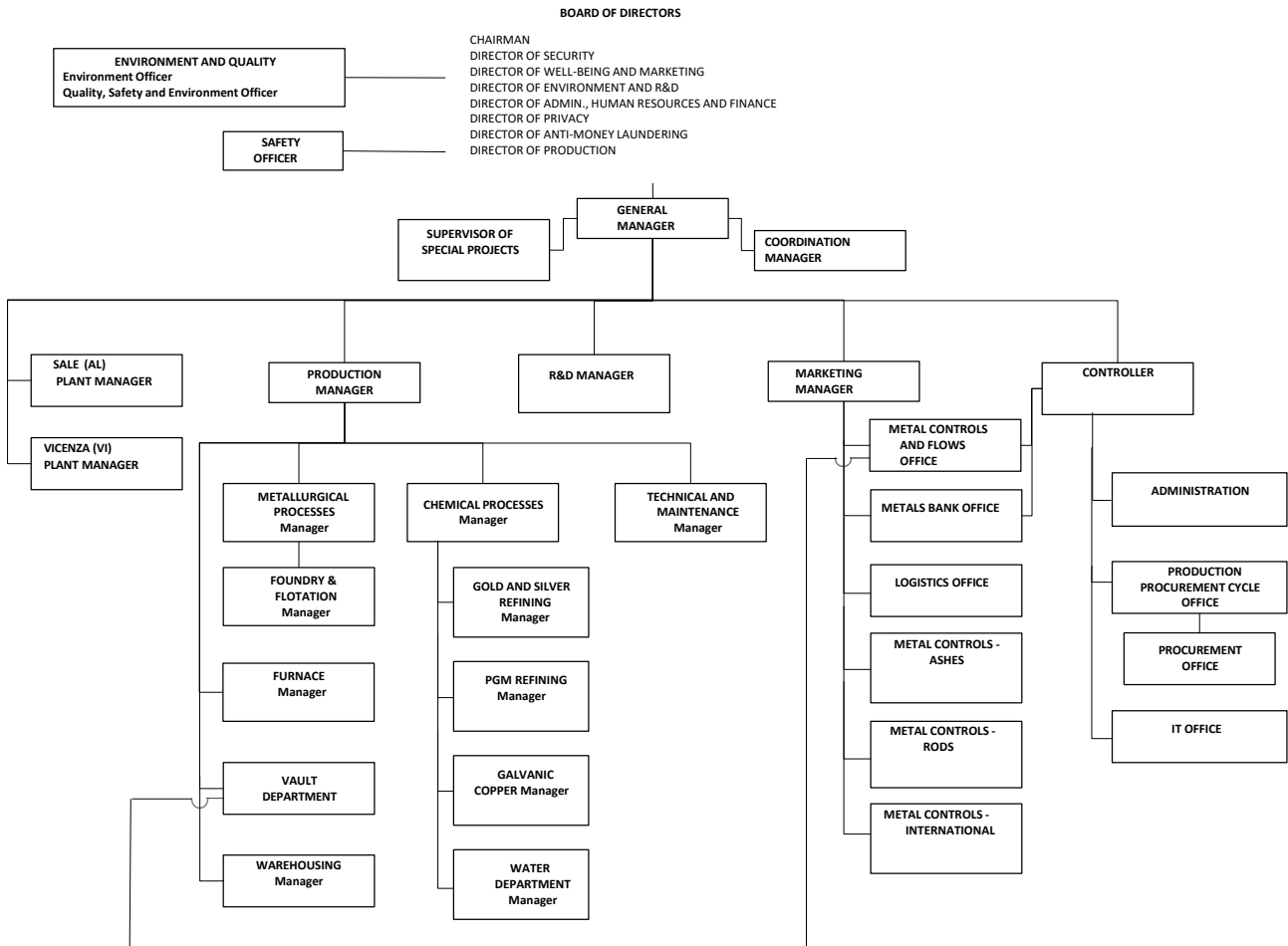
A Board of Directors' resolution adopted the Organizational Model pursuant to Legislative Decree 231/01 and appointed the Supervisory Board. The purpose of the model is to identify the crimes for which TCA could be held responsible (mainly corporate crime, crimes relating to violation of occupational health and safety regulations, and fraud damaging public entities) and to prevent them from being committed. The model is monitored periodically by the Supervisory Board, which is responsible for supervising the model's effectiveness and observance and for updating the model.

In recent years a [Code of Ethics](#) was adopted that sets forth the rights, duties and responsibilities of the Company toward all the stakeholders (employees, suppliers, customers, public entities, shareholders, financial markets).

In the final months 2022, the Company began to draw up a Due Diligence Policy: the policy shall explain the methods of investigating and analyzing both new potential counterparties and existing counterparties, and shall describe the rules and criteria for assigning risk levels to such customers.

Finally, TCA has a [whistleblowing](#) policy to enable any employee or external stakeholder to report their concerns or any other risk identified. A complaint identified or reported, whether confidentially (through the whistleblowing policy) or directly, is immediately processed, analyzed and investigated by the Company's senior management responsible for the area involved: this process aims to identify the remediation of negative effects that TCA might have caused or to which it may have contributed. In this context, the stakeholders are also actively involved, as users included in the complaint procedures and as parties involved in the planning, review, operation and improvement of such procedures.

# TCA S.p.A. Organizational Structure



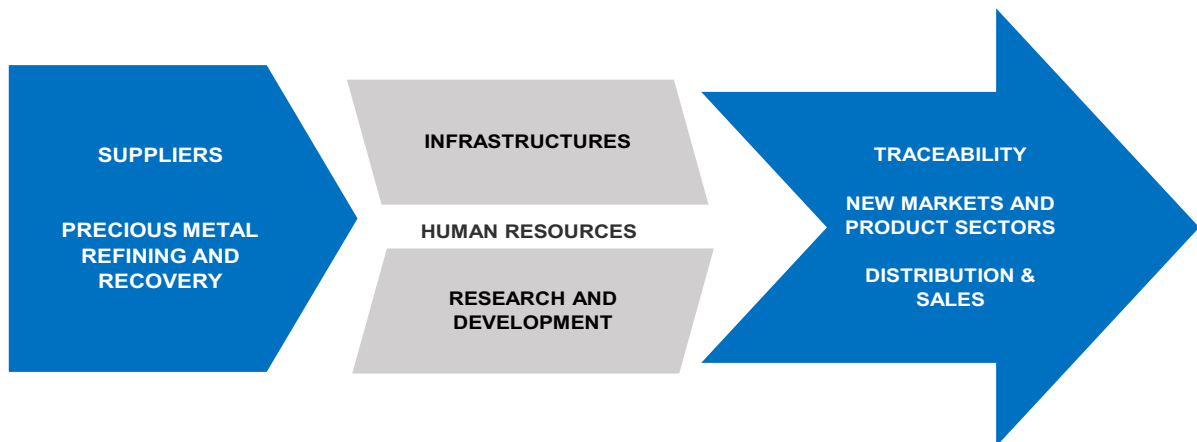
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## Business Model and Value Chain

TCA was founded as a company serving exclusively the gold jewelry industry in Arezzo: at the beginning of the gold supply chain as a supplier of precious metals, and at the end as a refiner and recoverer of precious metals for jewelry manufacturers.

The Company's business grew over the following decades, but the industry crisis that emerged at the beginning of the new millennium called for a serious, thoughtful revision of its business model. TCA has fixed assets, human resources and a production capacity that greatly exceed the requirement of the local and domestic jewelry market. The know-how and experience acquired over decades of business in the metallurgical and chemical sectors, used for precious metal recovery, are behind TCA's diversification and growth. This means diversification of the business model, in terms of the pursuit of new markets, especially abroad, where TCA can make full use of its potential, adding value. It also means new markets and new product sectors, from the manufacturing industry to electronics, the raw chemicals industry to the petrochemical and pharmaceutical industries. The common denominator is the presence of precious metals, even in small quantities, but enough to justify their refining and recovery.

More evidence of the continuous development of the business model is the recent focus on sectors with a substantial use of PGMs: this called for reorganizing and developing the already high capacity for treating and refining platinum, palladium and rhodium, metals used prevalently in industrial applications and characterized by very different cycles and processes from those of the more "traditional" gold and silver ones. In this respect, TCA invested in plant and equipment, thereby increasing considerably its capacity for refining and producing PGMs per unit of time, and invested in scientific and technological research, whereby it obtained very important results that were applied to the processes of treating and recovering precious metals. In this manner the processing time, raw material consumption and environmental impact in terms of waste produced per finished product unit were greatly reduced.



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## **Risk management**

TCA operates within a significant, strict regulatory framework, especially concerning environmental and occupational health and safety matters. For the purpose of full compliance with the compulsory regulations, the Company has adopted an Integrated Management System regarding Quality, Environment, and Health and Safety, through which it intends to monitor and manage risks and critical factors that could arise or occur in its usual, standard production processes or in the performance of any unusual or emergency activities.

The main risks associated with such topics, identified during the business activities as most significant for TCA, are described hereunder:

### **Safety:**

TCA continues to pursue constant improvement in health and safety matters, implementing and monitoring the management of the aspects governed by Legislative Decree 81/2008 (Occupational Safety Code) and the related laws. The risk assessment documents were updated, and in 2022 brought about changes and improvements in working conditions. The Health and Safety training program was continued for employees, including with internal personnel; more than 1,000 training hours were provided in the year. In 2022 the adequacy of the Occupational Health and Safety System was renewed for three years, until May 2025, by the accredited certification body, DNV, under the UNI EN ISO 45001: 2018 standard.

### **Environment:**

The Company continues to take steps to improve the environment.

With respect to the environmental remediation proceedings, the Emergency Safety Measures for groundwater were completed during 2022, arriving at an Operational Safety Enhancement that enables to protect the quality of groundwater.

During 2022, the waste treatment authorization was extended to 2023, pending the completion of the process for the issuance of the Integrated Environmental Authorization.

The Company has been certified by the certification body DNV for years, and the certification under the UNI EN ISO 14001:2015 standard effective until August 2024.

### **Privacy:**

TCA has duly complied with the compulsory privacy code, although it does not have or process internally any sensitive personal data. The Company has implemented a specific management system to comply with the General Data Privacy Regulation (GDPR), which became effective on May 25, 2018.

### **Quality:**

The Quality Management System has been integrated with the Environmental Management System and the Safety Management System, and is managed with the Integrated Management System.

In 2022, the management system was updated to align it better with the actual procedures, management and size of the Company.

The quality standards of previous years were confirmed; they are monitored constantly and managed satisfactorily. The certification of the Integrated Management System under the UNI EN ISO 9001:2015 standard was renewed by the accredited certification body, DNV, for three years, until February 2025.

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### **Responsible Jewellery Council (RJC):**

Given the significant demand emerging from the gold and silver jewelry markets for precious metals certified with such standards, the Company obtained accreditation as a Member of the Responsible Jewellery Council (RJC) in London based on the Code of Practice (COP) issued by the RJC (2019 standard) and the Chain-of-Custody (CoC) standards of 2017.

The Responsible Jewellery Council is a standard setter that oversees the entire jewelry supply chain, from mine to retail. Each supply chain participant contributes with a commitment toward affirmation and observance of responsible sourcing and implementation of responsible business practices.

Following the audit conducted in December 2022 by Bureau Veritas Italia, compliance with the CoC standard was confirmed for gold, silver, platinum and palladium.

### **Financial risk management:**

In accordance with Civil Code Article 2428, paragraph 2, point 6-bis, the following information is provided concerning the use of financial instruments, which is important for assessing the Company's financial position and performance.

Management's objectives were to mitigate the following risks:

**Market risk:** this is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices, interest rates, foreign exchange rates and/or precious metal prices, whether the changes arise from factors specific to the individual instrument or its issuer, or from factors that influence all market-traded instruments. TCA hedges the risk of precious metal price volatility by using forward contracts, gold forward sales, metal-denominated bank accounts, and internally by balancing as much as possible purchases and sales conducted in the same currency. Nevertheless, foreign exchange fluctuations could adversely impact the Company's financial position, performance and cash flows.

**Cash flow risk:** This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In the case of a variable-rate debt instrument, for example, those fluctuations would cause a change in the effective interest rate of the financial instrument. Much of TCA's debt is structured with variable interest rates. The Company manages its cash flow risk by continuously monitoring its various sources of funding and by fixing the interest rate for short-term credit lines through Interest Rate Swaps ("IRS"). This hedging instrument converts the variable interest rate of an underlying financial liability into a fixed interest rate. The fair value of this instrument was € 19,291 at the reporting date.

**Credit risk:** This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. TCA manages insolvency risk on receivables by evaluating its customers' creditworthiness and setting credit limits. In addition, the Company has been insured against insolvency risk on its Metals Bank and Outsourced Processing units for many years. The insurance covers 95% of sales; all credit lines granted and guaranteed by the insurance company are constantly monitored by the latter; each new sales account is checked by performing due diligence using efficient and updated information sources.

**Liquidity risk:** This is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk may emerge from difficulties in obtaining funding for operating activities in time to meet its commitments.

TCA believes that it can meet its commitments associated with loan repayments and budgeted investments by way of cash flows from operating activities, cash on hand, renewed or refinanced bank loans and capital markets as necessary.

The Company's policy is to have adequate funding by way of sufficient credit lines. Its cash flows, funding requirements and cash requirements are monitored and managed so as to ensure effective and efficient management of financial resources.

### **General Business Risks:**

TCA has mapped out the crime risks to identify business activities where crimes could be committed, in compliance with Legislative Decree 231/2001. Mapping is fundamental for identifying the risks and determining policies (preventive protocols) to mitigate them.

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A Management System designed to monitor and manage the risks associated with the sourcing of gold-containing materials was expanded; in fact, in 2022 TCA stepped up its use of the World-Check One database information and entered into a contract with the CERVED Group for the supply of trade information: the contract provides for access to the VISIUS platform which assists the due diligence activity performed in the Compliance Area, supplying information related to the customer due diligence procedures, in compliance with the recent anti-money laundering regulations of Italian Legislative Decree 90/2017, amending Legislative Decree 231/2007, enacting the European Union Fourth Anti-Money Laundering Directive (Directive (EU) 2015/859). The database provides information concerning the criminal records of individuals and criminal sanctions imposed on legal entities regarding financial crimes, money laundering, terrorism, and the financing of militant groups or criminal organizations, and it identifies PEPs (Politically Exposed Persons). The Company has obtained another research tool to complete and add to the information needed to conduct due diligence on new counterparties and stakeholders: it consists of information provided by White List Warranty, an Italian firm whose goal is to supply qualified information for anti-money laundering control and reputational risk purposes, integrating in a relational manner data obtained from Italian public databases (through links based on tax i.d. numbers, VAT i.d. numbers, first and last names and birth dates) and a wide range of third-party databases (Acuris Risk Intelligence). Moreover, in compliance with the legislation to prevent money laundering, in 2022 the Company introduced training and underwent a specific anti-money laundering audit by an external firm, IPQ Tecnologie.

The aforementioned management system was developed according to the Responsible Gold Guidance and Responsible Silver Guidance issued by the London Bullion Market Association (LBMA), the entity from which TCA obtained the status of Good Delivery Refiner of Gold on August 12, 2014 and the status of Good Delivery Refiner of Silver on October 3, 2017, and the Responsible Platinum & Palladium Guidance issued by the London Platinum & Palladium Market (LPPM), the entity from which TCA obtained Good Delivery Refiner status for platinum and palladium on July 12, 2022.

In 2022, pursuant to a specific audit, Deloitte & Touche spa provided assurance that the Management System is fully compliant with the LBMA and LPPM requisites; based on such audits, it verified and endorsed such compliance with the issuance of the related certifications.

### **Reputational risk**

Due to the nature of its business and the context in which it operates, TCA has given much consideration to its reputation in recent years. Through careful analysis, it has identified the impacts that could potentially generate reputational risk and that cause the greatest concern for the business as: I) harm to existing business relationships; II) loss of earnings; III) negative media coverage; IV) limited capacity to develop new business relationships; V) legal disputes; VI) negative brand perception.

Possible causes could be: a) industrial espionage; b) significant legal disputes; c) boycotting of products and services; d) hacking of information systems; e) criminal proceedings; f) factory damages; g) environmental damages.

TCA has appropriate, adequate insurance coverage to meet the crisis management costs and the associated potential financial losses that could ensue from damages and/or incidents that could occur. Since TCA operates in both the trading and the refining and recovery of precious metals, it deals with recurring transactions and long-standing counterparties on a daily basis, but also with new business opportunities. The compliance standards for the Italian and international financial, legal, currency, tax and money-laundering rules and regulations are increasingly stringent. Therefore, TCA has adopted due diligence and Know Your Customer policies in line with such principles, in order to properly qualify and assess the level of risk for each new business relationship and for ongoing business relationships.

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## TCA Stakeholders and material topics

### The Stakeholders

TC believes in the importance of building and maintaining a transparent, ongoing relationship with its stakeholders, and the Integrated Annual Report represents TCA's commitment to constantly strengthening such relationship. It encompasses the reporting process that, in addition to the financial statements, describes to stakeholders the steps and progress made and the objectives set with respect to sustainability.

Since 2016 TCA has defined and implemented a process to identify the main categories of stakeholders, which maps out the key stakeholders.

The results of such analysis are provided below, indicating TCA's key stakeholders:



**Stakeholders** are all those individuals or groups of individuals who influence - or are influenced by - the Company, its activities, its products or services and the related performance.

Due to this broader definition, TCA did not limit itself to including only employees, clients, suppliers, shareholders and lenders, but also added institutions, other refiners, standard setters (LBMA, RJC, etc.), banks, the media, local communities, the environment and the local area.

After identifying the stakeholders, and to strengthen the relationship with them, TCA mapped out the needs and expectations from each one, and the main systems used to maintain a constant, transparent dialogue with them.

This situation is constantly evolving due to the developments of the main business activities and the changes therein. The results of such analysis are provided below; they are also constantly evolving and therefore need to be updated annually.

Stakeholders	Needs and expectations	Main dialogue tools
<b>Employees</b>	<ul style="list-style-type: none"> <li>- Good company climate</li> <li>- Attention to health and safety in the workplace</li> <li>- Adequate collective bargaining</li> <li>- Implementation of rewarding remuneration policies</li> </ul>	<ul style="list-style-type: none"> <li>- Training on organizational values and conduct</li> <li>- Corporate web portal</li> <li>- Periodic communication (email-newsletters)</li> <li>- Communications from top management</li> <li>- Collective bargaining</li> </ul>
<b>Environment and local community</b>	<ul style="list-style-type: none"> <li>- Attention to emissions and water use in areas with water stress</li> <li>- Biodiversity protection</li> </ul>	<ul style="list-style-type: none"> <li>- Environmental plans</li> <li>- Corporate website</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>- Quality services</li> <li>- Compliance with contractual terms</li> <li>- Compliance with compulsory regulations</li> </ul>	<ul style="list-style-type: none"> <li>- Corporate website</li> <li>- Customer satisfaction assessment</li> <li>- Handling of complaints</li> <li>- Marketing communications</li> <li>- On-site visits</li> </ul>
<b>Local community</b>	<ul style="list-style-type: none"> <li>- Less pollution and more respect for the environment</li> <li>- Integration of the community into company activities</li> <li>- Involvement in company initiatives</li> <li>- Employment opportunities</li> </ul>	<ul style="list-style-type: none"> <li>- Corporate website</li> <li>- Meeting and events in local area</li> <li>- Press releases</li> <li>- Activities supporting artistic and cultural heritage in sites of public interest</li> <li>- Sponsorships of cultural and sports activities</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>- Trust-based relationships</li> <li>- Clear and transparent communication</li> <li>- Constant communication</li> </ul>	<ul style="list-style-type: none"> <li>- Corporate website</li> <li>- Constant direct contact</li> <li>- Contractual relationships</li> <li>- Follow-up activities</li> <li>- On-site visits</li> <li>- Trade events and fairs</li> </ul>
<b>Shareholders and Financiers</b>	<ul style="list-style-type: none"> <li>- Financial performance</li> <li>- Publication of financial and other reports</li> </ul>	<ul style="list-style-type: none"> <li>- Corporate website</li> <li>- Financial reports</li> <li>- Shareholder Meetings</li> <li>- Press releases</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>- Transparent communications</li> </ul>	<ul style="list-style-type: none"> <li>- Publication of certifications obtained</li> <li>- Advertising</li> <li>- Press releases</li> <li>- Corporate website</li> </ul>
<b>Banks and credit institutions</b>	<ul style="list-style-type: none"> <li>- Contractual compliance</li> <li>- Financial performance</li> <li>- Publication of financial and other reports</li> </ul>	<ul style="list-style-type: none"> <li>- Financial statements</li> <li>- Business meetings</li> </ul>
<b>Institutions</b>	<ul style="list-style-type: none"> <li>- Regulatory compliance</li> <li>- Attention to waste disposal</li> </ul>	<ul style="list-style-type: none"> <li>- Financial and other reports</li> <li>- Mandatory disclosures</li> <li>- Information upon request</li> <li>- Sponsorships</li> </ul>
<b>Standard setters</b>	<ul style="list-style-type: none"> <li>- Compliance with applicable rules and guidelines</li> <li>- Compliance with contracts stipulated</li> </ul>	<ul style="list-style-type: none"> <li>- Audits</li> <li>- On-site visits</li> <li>- Corporate website</li> </ul>
<b>Other refiners</b>	<ul style="list-style-type: none"> <li>- Transparent communications</li> <li>- Anti-competitive practices</li> </ul>	<ul style="list-style-type: none"> <li>- Start-up activities and process set-up</li> <li>- Meetings</li> <li>- Business dealings</li> </ul>

The stakeholder categories identified demonstrate the context in which TCA operates, which is externally represented by a market made up of: private customers, most of which in Italy; local residents that live in the areas where TCA's activity could potentially have an impact; banks and the financial world in general (rating agencies, partnerships, consultancies, etc.), which have a daily influence on the sales performance in terms of precious metal price variability; suppliers of products



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and services that are also an important external factor for TCA, because they can affect the capability of the organization to achieve the results aimed for, and the employees, who constitute a strength within the organization.

Moreover, given their actual and potential effect on TCA's capacity to regularly supply its products and services, key stakeholders are also the supervisory entities and authorities, such as the Regional Environmental Protection Agency (ARPAT), the Regional Office for environmental and reclamation permits, the Forestry Commission, the local health authorities (USL), etc.

## Material topics and materiality assessment

Aware that the process embarked on in 2016 is increasingly important for the organization, and in order to expand its reporting process, TCA conducts materiality assessment in compliance with the Global Sustainability Standard Board of the Global Reporting Initiative (GRI) and with the Integrated Reporting (<IR>) Framework.

In line with the demands of the new "GRI Standards 2021", TCA updated its materiality assessment to identify aspects to be included in the 2022 Integrated Annual Report, identifying the materiality topics that reflect economic, environmental and social impacts, including the Company's significant impacts on human rights, and that influence stakeholders' valuations and decisions.

In more detail, the updating of the materiality assessment started from an **assessment of the context**, thanks to which impacts were identified that are potentially significant for TCA in consideration of the material topics identified last year, the activities carried out, and the sustainability context in which it operates.

The positive, negative, actual and potential **impacts** were associated with potentially material topics, and a map of significant topics-impacts was designed and submitted to an assessment process considering Scale, Scope and Probability, by TCA's top management. An analysis of the assessment results led to the definition of the most significant impacts for TCA's situation and thus the identification of TCA's new materiality topics.

## List of TCA's prioritized impacts and material topics

TCA's significant positive and negative impacts and the 2022 material topics associated with them are listed below:

MATERIAL TOPIC	Prioritized positive impacts	MATERIAL TOPIC	Prioritized negative impacts
<i>Occupational health and safety</i>	Employees' awareness that they can work in a healthy and safe place	<i>Occupational health and safety</i>	Occurrence of work-related injuries and illnesses of employees and third parties
<i>Reputation, quality and counterparty satisfaction</i>	Counterparties' loyalty and appreciation thanks to service efficiency and reliability	<i>Reputation, quality and counterparty satisfaction</i>	Infringement of counterparties' privacy with consequent complaints and dissemination/loss of their sensitive data
<i>Creation and distribution of economic value</i>	Increase in financial and economic performance as a result of greater involvement and participation of the human resources of the different departments (weekly meetings) in monitoring, managing and coordinating the various processes	<i>Sustainable and transparent procurement</i>	Human rights violations in the value chain (e.g., child labor, forced labor, abuses or violence, etc.)with repercussions on human dignity and on the community's development
<i>Relationships with local community and territory</i>	Local socioeconomic development (e.g., higher employment rate)	<i>Responsible consumption and fight against climate change</i>	Increase in carbon footprint
<i>Business ethics</i>	Employees', counterparties' and other parties' greater awareness and knowledge about ethics and human rights	<i>Personal development and well-being</i>	Employee dissatisfaction and low sense of belonging
<i>Responsible consumption and fight against climate change</i>	Resilience to risks associated with climate change (e.g., extreme weather events)	<i>Relationships with local community and territory</i>	Greater exposure to complaints from the community for the lack of management of the impacts produced by the Company
<i>Personal development and well-being</i>	Higher productivity due to the well-being and professional growth of the employees	<i>Business ethics</i>	Conflicts of interest, incidents of corruption and ESG non-compliance
<i>Sustainable and transparent procurement</i>	Reduction of ESG impacts due to responsible sourcing of materials	<i>Waste management</i>	Pollution caused by improper waste disposal
<i>Water resources management</i>	Reuse/recycling of water resources in the internal cycle of the production process	<i>Diversity, inclusion and equal opportunity</i>	Creation of a non-inclusive, discriminatory workplace

KEY

<span style="color: #90EE90;">■</span>	Social and Relational Capital
<span style="color: #ADD8E6;">■</span>	Human Capital
<span style="color: #90EE90;">■</span>	Natural Capital
<span style="color: #ADD8E6;">■</span>	Financial Capital
<span style="color: #ADD8E6;">■</span>	Intellectual Capital

Each material topic was assigned to a capital, in accordance with the <IR> Framework.

The “protection of human rights” topic present until last year was not deemed material because, in line with the GRI Standards 2021 and in consideration of the industry in which TCA operates, it is considered a cross-cutting theme within the entire document. The “innovation, research and development” topic resulted immaterial in the 2022 materiality assessment, but it is still covered in the Report. With respect to the latest materiality assessment, the nomenclature of some topics was changed to embrace more completely and exhaustively the concept they intend to express and thus to define the contents discussed in the document.

As is evident in the list of prioritized impacts, the positive and negative impacts associated with “worker health and safety” and “reputation, quality and counterparty satisfaction” were deemed significant for TCA. This demonstrates the extreme importance and attention that TCA dedicates to people, both internally to its employees and externally to its counterparties.

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## PERFORMANCE AND CAPITAL ANALYSIS

TCA's value creation is based on various forms of Capital, understood as inputs that the Company increases, changes, consumes and uses during the value creation process.

Pursuant to an internal evaluation of the Company, five "Capitals", or key priority areas, have been identified.

Financial Capital: the pool of funds that is available to an organization for use in its activity, by type of source (debt / equity).

Intellectual Capital: organizational capital such as all processes, systems, procedures useful for business management, plus the set of intangibles (trademarks, patents, etc.) and the organization's know-how.

Human Capital: the set of competencies, capabilities and knowledge of the human resources who work for the organization.

Social and Relational Capital: the intangible resources attributable to the organization's relationships with external parties (suppliers and customers) needed to enhance TCA's image and reputation and to satisfy the customers.

Natural Capital: all renewable and non-renewable environmental resources and processes that provide goods or services that support the organization's activity. The information regards the following topics: energy and water consumption, use of resources and waste management.

### *The Five Capitals*

The following boxes summarize the main inputs identified for each Capital, how TCA produces flows from the various Capitals to meet future demand, and how the Capitals interact with and influence each other to create value.

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## **Financial Capital**

### Key Inputs

- Diversified business activities
- Complementary business activities
- Industrial production growth
- Structurally high precious metal prices, especially for PGMs

### Outputs

- € 1.464 bn in revenues from sales of precious metals and refining for third parties
- net profit up by 18% year-on-year
- Substantial investments: € 14 mln in new plants

### Goals

- Continuous investments to meet logistical demands
- Purchase of more efficient specialized equipment

### Trade-offs

- The new metallurgical plant will contribute to a large expansion of the production capacity, acceleration of the production cycle, improvement in the supply of precious metals, self-funding and greater independence from banks with consequentially less finance costs. TCA remains constantly updated in order to keep up high quality standards, increase productivity and reduce environmental risks.

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## Intellectual Capital

### Key Inputs

- Collaboration with universities and research entities
- Continuous technological research
- Continuous contacts and comparisons with international laboratories
- Laboratory compliant with industry standards
- Certified (UNI EN ISO) managements systems; LBMA, LPPM and RJC accreditation

### Outputs

- Updating various assaying protocols to obtain greater assaying precision and speed
- Development of innovative R&D projects
- Reduction of matte quantity
- Development of new methods to produce LPPM certified palladium and platinum bars
- Optimization of nitrate uptake against changes in grain quality

### Goals

- Development of (new) and improvement of (in use) assaying techniques
- Preparation of new recovery and refinement treatments
- Optimization of existing recovery and refinement treatments

### Trade-offs

- TCA, being accredited by the RJC and LBMA, has consolidated its reputation with its suppliers and customers in the market. This has strengthened partnerships, reduced commercial risks, and increased turnover volumes
- The technological environment affects TCA's capacity to deliver the results expected

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## Human Capital

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### Key Inputs

- Stable employment offer
- Employee health and safety protection
- Enhancement of human resources
- Development of specific training programs
- Fair remuneration policies

### Outputs

- Workforce expansion to 130 employees (+ 11 versus 2021)
- 90% of employees hired with open-ended contract
- Corporate welfare granted in excess of collective bargaining agreement requirement
- More than 1,000 hours of training provided to employees
- Accident rates in line with previous years

### Goals

- Increase the preparation and qualification levels of the human resources through continuous training of the work force and the addition of highly specialized key personnel
- Set annual targets for ongoing improvement in occupational health, safety and hygiene, and check the results obtained

### Trade-offs

- In 2022, TCA invested in research and development, generating economic outcomes in terms of saving time and manufacturing costs, improving the Company and its market competitiveness, expanding know-how, developing innovative processes, increasing technological and production efficiency, and reducing the environmental impact.

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## Social and Relational Capital

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### Key Inputs

- Customer satisfaction evaluation system
- Complaint management system
- Constant communication with customers
- Participation in trade fairs
- Certified (UNI ISO 9001) management system
- Collaboration with local entities and associations

### Outputs

- € 159 k in grants paid to local community in 2022
- Renewal of RJC (CoC and CoP) accreditation
- 89% of suppliers based in Italy, of which 42% in Tuscany

### Goals

- Increase customer loyalty
- Improve timeliness and quality of customer service
- Increase level of customer service
- Strengthen ties with the local community

### Trade-offs

- The product and service quality and related customer loyalty contribute to higher sales revenues and maintaining business continuity

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## Natural Capital

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### Key Inputs

- Certified (UNI EN ISO 14001:2015) environmental management system
- Continued investments in liquid waste and emission management

### Outputs

- Energy consumed: 100,861 Gj
- Scope 1 emissions: 4,374 tCO<sub>2</sub>eq
- Scope 2 (market-based) emissions: 3,188 tCO<sub>2</sub>eq
- Water withdrawal: 17 mega liters
- Waste produced: 13,113 t
- Chemicals used to refine precious metals: 5,509 t

### Goals

- Improvement in internal refining technology
- Timely monitoring of incoming waste
- Identification of preventative measures to avert natural disasters and ensure worker safety
- Implementation of supplier controls

### Trade-offs

- TCA uses processes and technologies that respect the environmental resources so it can reduce as much as possible the impact of its production and economic activities
- Environmental management is supported by environmental training provided to employees
- In recent years, a greater quantity of metals to be refined has led to greater use of chemicals in the metal refining process



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The following sections provide detailed information on the resources used and the relationships with which TCA generates influence (the "Capitals"). They describe, for each Capital, the methods with which TCA interacts with the external environment and the trends, i.e. the increases, decreases or transformations of the Capitals caused by TCA's activities and the related output.

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## Financial Capital

### Business performance

TCA obtained Good Delivery Refiner accreditation for its gold bars in 2014 and for its silver bars in 2017. In 2022 it obtained Good Delivery Refiner accreditation for platinum and palladium as well, ranking among the top 34 players in the world in the precious metal refining industry.

TCA's 2022 revenues from sales and services are 18.3% higher than those of 2021.

However, the mere sale of precious metals (which absolutely generates the most value) does not create significant profits, as metal trading is used to support the industrial services business, which still accounts for nearly all the employment and physical space at the three locations.

In terms of figures:

a) Sales revenues amount to € 1.46 billion;

b) Refining fees reached € 4.7 million.

Bank borrowings increased by 39%, and the trade payables rose by 23%. Net finance costs grew by 120.6%.

The total indebtedness increased by 34%.

The year was characterized by the following factors:

- The completion (at the end of 2022) of the new metallurgical plant;
- The maintenance in 2022 of very high precious metal prices;
- The surge in raw materials costs, and energy costs in particular.

### The Company's characteristics and branch locations

Revenues from precious metal trading rose substantially as a result of the important recovery that took place in the gold and silver jewelry industry. Revenues from refining for third parties performed in the same manner thanks in part to the progressive, constant operational implementation of the new metallurgical plant, with which the Company is also making significant progress in 2023.

TCA's business is diversified, with activities that complement each other or are related to each other. Its largest volume is achieved with industrial companies, as well as gold jewelry companies operating in the Arezzo and Vicenza markets. It also works substantially with businesses in other countries both within and outside the European Union.

### Related parties

TCA did not own any investments in subsidiaries or associates during the year.

### Related-party transactions

The Company did not conduct any transactions with related parties that were not carried out on an arm's length basis.

### Financial highlights

The following reclassified financial statements, shown against the figures of the prior year, provide a clear view of the 2022 performance.

<b>PROFITABILITY RATIOS</b>	<b>2022</b>	<b>2021</b>
Net R.O.E.	9.7%	28.9%
Gross R.O.E.	12.3%	40.2%
R.O.I. (Operating income / invested capital)	4.1%	18.4%
R.O.S.	0.3%	1.6%
<b>COVERAGE INDICATORS</b>		
Equity coverage margin	13,365,535	18,345,468
Equity coverage ratio	1.5	1.7
Invested capital coverage margin	19,355,836	22,667,279
Invested capital coverage ratio	1.7	1.8
Capital assets	13,365,535	18,345,468
<b>GEARING RATIOS</b>		
Debt-to-equity ratio	1.8	1.2
Financial debt ratio	1.6	1.0
<b>SOLVENCY INDICATORS</b>		
Net working capital	18,423,553	22,137,433
Current ratio	1.3	1.4
Treasury margin	-47,523,634	-38,233,246
Acid-test ratio	0.3	0.3
<b>TURNOVER INDICATORS</b>		
Invested capital turnover ratio	12.3	11.8
Receivables turnover ratio	558.3	379.2
Inventory turnover ratio	22.2	20.5
<b>NET DEBT RATIOS</b>		
Net debt/gross operating income	7.3	1.7
Net debt/equity	122.4%	79.9%
<b>OTHER INDICATORS</b>		
Quick ratio	0.3	0.3
Leverage ratio	2.8	2.2
Finance costs / sales	0.1%	0.0%

At December 31, 2022, the Company had precious metals on loan for use or unallocated gold, as stated in the notes to the financial statements.

This specification is necessary because the amounts shown in the financial statements and in the summary above exclude (from the current assets) the value of the metal held on loan for use, and the corresponding amount is excluded from total indebtedness.

The financial indicators regarding TCA's net assets and performance also exclude the value of the metal held under loan-for-use contracts.

The ratios above show a decrease for the profitability indicators, due largely to the precious metal price trend, especially concerning PGM-containing materials. At the same time, more debt is evident as a result of the delayed operational implementation of the new foundry and the average precious metal prices.

In order to provide readers with meaningful information on TCA's financial position and performance, some significant margins and financial ratios are set forth below (these alternative performance measures are not defined as accounting measures by the applicative accounting standards. The accounting method used by the Company could differ from that adopted by other businesses, so the ratios may not be comparable).

**FINANCIAL SUMMARY**

	<b>2022</b>	<b>2021</b>	<b>Change</b>	<b>in %</b>
	(euro/1000)	(euro/1000)	(euro/1000)	
<b>ASSETS</b>				
Receivables due from shareholders	0	0	0	--
Intangible assets	131	118	13	11.0%
Property, plant and equipment	28,555	27,947	608	2.2%
Non-current financial assets	139	118	21	17.8%
Inventories	65,947	60,371	5,576	9.2%
Receivables	8,437	4,801	3,636	75.7%
Current financial assets	0	0	0	--
Cash and bank balances	15,318	10,702	4,616	43.1%
Accrued income and prepaid expenses	932	530	402	75.8%
<b>Total assets</b>	<b>119,459</b>	<b>104,587</b>	<b>14,872</b>	<b>14.2%</b>
<b>LIABILITIES and EQUITY</b>				
Share capital	14,000	14,000	0	0.0%
Reserves	24,083	19,060	5,023	26.4%
Net profit/(loss)	4,106	13,469	-9,363	-69.5%
<b>Total equity</b>	<b>42,189</b>	<b>46,529</b>	<b>-4,340</b>	<b>-9.3%</b>
Provisions for risks and charges	3,101	2,761	340	12.3%
Post-employment benefits	308	318	-10	-3.1%
Payables due after 12 months	2,581	1,243	1,338	107.6%
Payables due within 12 months	70,934	53,418	17,516	32.8%
Accrued expenses and deferred income	344	318	26	8.2%
<b>Total liabilities</b>	<b>77,268</b>	<b>58,058</b>	<b>19,210</b>	<b>33.1%</b>
<b>Total balance</b>	<b>119,457</b>	<b>104,587</b>	<b>14,870</b>	<b>14.2%</b>
<b>INCOME STATEMENT</b>				
	<b>2022</b>	<b>2021</b>	<b>Change</b>	<b>in %</b>
Revenues	1,464,466	1,238,246	226,220	18.3%
Internal production	606	280	326	116.4%
<b>Value of operating production</b>	<b>1,465,072</b>	<b>1,238,526</b>	<b>226,546</b>	<b>18.3%</b>
External operating expenses	1,451,478	1,211,336	240,142	19.8%
<b>Value added</b>	<b>13,594</b>	<b>27,190</b>	<b>-13,596</b>	<b>-50.0%</b>
Cost of personnel	6,475	5,802	673	11.6%
<b>Gross operating income</b>	<b>7,119</b>	<b>21,388</b>	<b>-14,269</b>	<b>-66.7%</b>
Depreciation, amortization, impairment losses and provisions	2,246	2,160	86	4.0%
<b>Operating income</b>	<b>4,873</b>	<b>19,228</b>	<b>-14,355</b>	<b>-74.7%</b>
Non-operating income /(expenses)	1,350	-50	1,400	-2800.0%
Financial items (net of finance costs)	-8	7	-15	-214.3%
<b>Full EBIT</b>	<b>6,215</b>	<b>19,185</b>	<b>-12,970</b>	<b>-67.6%</b>
Finance costs	1,030	467	563	120.6%
<b>Profit/(loss) before tax</b>	<b>5,185</b>	<b>18,718</b>	<b>-13,533</b>	<b>-72.3%</b>
Income tax	1,080	5,250	-4,170	-79.4%
<b>Net profit/(loss)</b>	<b>4,105</b>	<b>13,468</b>	<b>-9,363</b>	<b>-69.5%</b>

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A comparison of the 2022 data with the prior year shows a general decline from the 2021 figures due to lower PGM prices (in 2021 they had appreciated to an extent likely never to be repeated), soaring raw material costs and the delayed operational implementation of the new foundry. In particular: value added -50.0%, EBITDA -67.6%, operating income -74.7% and profit -69.5%. Importantly, the net financial costs increased from € 467 thousand to € 1,013 thousand. The increase is attributable to greater indebtedness and higher interest rates.

Financial indebtedness is shown below against that of the prior year:

<b>NET FINANCIAL INDEBTEDNESS</b>	<b>2022</b>	<b>2021</b>
Short-term bank borrowings	64,401,356	46,681,335
Short-term portion of loans	0	0
<b>Short-term financial payables (+)</b>	<b>64,401,356</b>	<b>46,681,335</b>
Bank deposits	15,315,652	10,698,780
Cash and cash equivalents on hand	2,724	2,902
<b>Cash and bank balances and treasury shares (-)</b>	<b>-15,318,376</b>	<b>-10,701,682</b>
<b>Short-term net financial indebtedness (payables - cash and bank balances)</b>	<b>49,082,980</b>	<b>35,979,653</b>
Long-term portion of loans	2,572,252	1,200,900
Financial receivables	0	0
<b>Medium/long-term net financial indebtedness</b>	<b>2,572,252</b>	<b>1,200,900</b>
<b>Total net financial indebtedness</b>	<b>51,655,232</b>	<b>37,180,553</b>

The table above should be interpreted considering that the Company's working capital consists almost entirely of easily liquidable precious and non-precious metals of very high values.

The financial indebtedness presented above takes into account the nominal values but not the precious metals owned by the Company. By calculating the fine precious metals that are listed on official markets and thus can be sold in the market at any time, at December 31 the net financial indebtedness would be reduced by € 7.1 million (average prices of the last four months of 2022), resulting in:

**2022 short-term net financial indebtedness = € 44.5 million;**

**2021 short-term net financial indebtedness = € 30.8 million;**

Since refined precious metals listed with currencies are fungible, the above table includes the indexes generated by the recalculated net financial indebtedness.

<b>NET DEBT RATIOS</b>	<b>2022</b>	<b>2021</b>
Net debt/gross operating income	6.26	1.44
Net debt/equity	1.06	0.66

#### **Additional information**

- the Company did not enter into any significant transactions with non-independent entities;
- no notices for lack of legal or regulatory compliance were received from authorities.

#### **Subsequent events**

Like in 2021, in consideration of the high precious metal prices, particularly for rhodium, during 2022 the Company initiated transactions to liquidate/monetize batches of precious metals. The transactions will continue in 2023 and, pending the definitive operation at full capacity of the new metallurgical plant, with which ten times the quantities handled currently can be treated, will provide adequate financial support to allow for reducing the net debt.

Thanks to the type of activity performed, but especially to the customer diversification in terms of both type of business and geographical location, TCA succeeded in mitigating the effects of the growing macroeconomic uncertainty and has benefited from gains ensuing from the increase in precious metal prices.

Inflation persists, caused and triggered by the Russo-Ukrainian conflict: on one hand, the conflict has not affected the Company's business directly because of the total absence of any trade relations with entities residing in such countries, but on the other hand it has caused indirect effects consisting of the

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extraordinary, uncontrollable increase in the costs of energy products (electricity and natural gas), factors of production used extensively by TCA. In addition to those real effects, there are more specifically financial ones: due to inflationary pressures, the European Central Bank continuously and abruptly raised interest rates significantly, causing borrowing costs to rise considerably from the second half of 2022.

Therefore, the Company decided to stipulate cap agreements in order to manage the risk of cash flow changes caused by interest rate increases, and interest rate caps were stipulated.

After submitting the relevant application in the last quadrimester of 2022, TCA obtained Good Delivery Refiner status for Platinum and Palladium Sponge (products for industrial use) on January 23, 2023.

### **Business outlook**

TCA continues to pursue diversification of operations, products, services and markets, in keeping with previous years.

Additional gains should be realized in 2023, in part from the operation at full capacity of the new foundry.

The accreditation as a Good Delivery Refiner for gold and silver by the London Bullion Market Association and for platinum and palladium by the London Platinum and Palladium Market facilitates the Company's business in institutional and international markets. The volumes of materials assigned by third parties for refining purposes have fallen, but TCA has been able to refine its own materials to obtain precious metals sold at remunerative prices.

In 2022 the business regarding the treatment of materials aimed at recovering Platinum Group Metals (PGMs) continued to grow strongly, and the Company seized the new market opportunities immediately by putting its excellent refining skills to use.

As noted, in the Trading division, the supply of metal for investment purposes, in various forms and sizes, to Italian and foreign banks, has increased; those banks are currently among the key end markets for the gold produced by the Company.

The maintenance of high precious metal prices in 2022 benefited considerably the turnover from trading and especially from the precious metal refining activities. The prices affect favorably the value of the metals owned, which is magnified by the use of the LIFO valuation method.

The complicated global market trend certainly makes it more complex and difficult to obtain results and meet targets. However, up to now the Company has been capable of maintaining a high standing and rating, especially with banks. It has successfully improved its credit score and diversified its financial leverage very well, essential for sustaining its business.

TCA continues to diversify its services and target markets, which has underpinned its growth strategy in the past. The new Foundry division is expected to begin running at full capacity in 2023. Such investment is expected to increase the production capacity considerably and enhance the efficiency of the metallurgical processes, with significant energy savings and a large reduction of lead time.

All investments will enable to speed up the production cycle and thus aid the supply of precious metals to be refined: this means creating financial support by "liquidating" the working capital, an essential and extremely useful element, especially in view of the uncertain future monetary and credit scenarios.

### **Direct economic value generated and distributed**

TCA uses the parameter of direct economic value generated and distributed to express the economic value that its business activities generated and distributed to certain important stakeholder categories.







The value represents the wealth produced by the Company and distributed to its stakeholders: a reclassified income statement shows how its creation and distribution by TCA created wealth for stakeholders, by presenting the financial effects produced by the business on the main stakeholder categories.

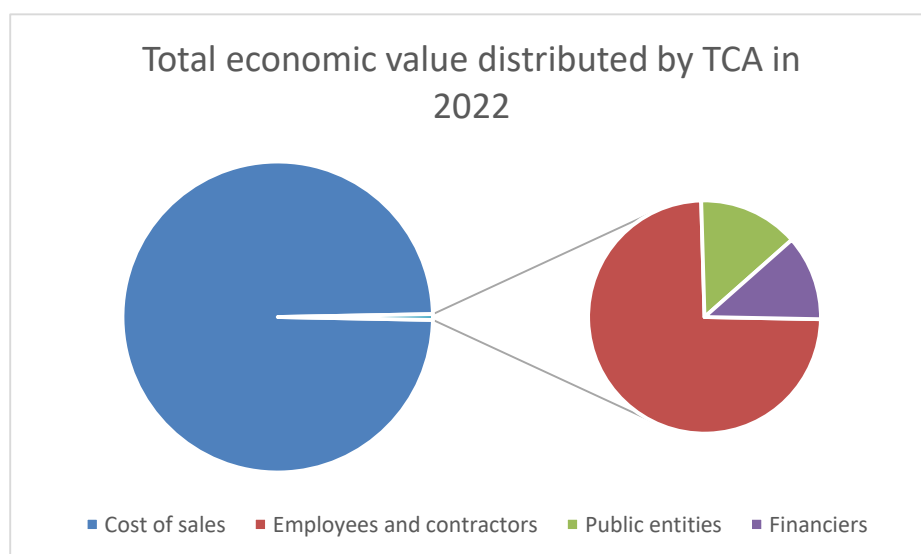
The economic value generated by the Company in 2022 was € 1,466.92 million, versus € 1,238.99 million in 2021. The economic value distributed rose from € 1,216.73 million to € 1,452.23 million in 2022.

The manner in which TCA distributed the economic value is described hereunder.

Distribution of economic value (€/000)	2022	2021
Reclassified cost of sales	1,451,986 €	1,211,854 €
Remuneration of employees and contractors	6,475 €	5,801 €
Remuneration of public entities	1,216 €	5,374 €
Remuneration of Shareholders	8,470 €	6,756 €
Remuneration of financiers	1,030 €	466 €
<b>Total economic value distributed</b>	<b>1,452,238 €</b>	<b>1,216,731 €</b>
<b>Economic value retained</b>	<b>14,685 €</b>	<b>15,504 €</b>

According to an analysis of the economic value generated and distributed by TCA S.p.A. in 2022:

-  More than € 1,451.98 million was distributed to the **cost of sales**, i.e. 99% of the economic value generated by the Company in 2022, in line with the type of business performed by TCA. The cost of sales includes all operating costs, including those for procuring raw materials and services.
-  The value distributed to **personnel** is € 6.4 million.
-  More than € 14.7 million of the economic value generated was invested **in the Company**, and represents depreciation, amortization and the annual allocation to the reserves.
-  Dividends totaling € 8.47 million were distributed to **shareholders**, using the amounts allocated to the extraordinary reserve.
-  The value distributed to **public entities** was € 1.21 million, being the sum of the duties and taxes for the period.
-  The value allocated to **banks and other financiers** was € 1 million, resulting from interest paid on loans.





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## **Investments and manufacture capital**

The capital expenditures totaled more than € 2,000 million in 2022 and regarded, as in previous years, technological upgrading and the enlargement of the Capolona (Arezzo) industrial area, involving primarily plant maintenance and especially plant modernization.

In-house construction work was undertaken in 2022 to expand and create new manufacturing plants. € 136,189 was capitalized.

TCA continues to keep itself updated constantly in order to uphold high quality standards, boost productivity and reduce environmental risks.

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## Intellectual Capital

### Intangible assets and research and development activities

#### Laboratory and research investments

TCA is a research-based company that puts innovation at the heart of all its development projects. In fact, TCA recognizes that innovative processes are the key to success. Operating in highly technological sectors, TCA can perceive the new trends of progress and is ready to embrace them. For this reason, among others, TCA has established strong ties with universities to study solutions to problems relating to precious metal chemicals and metallurgy.

A fundamental factor influencing the Company's targets and its capacity to achieve the results expected is technology: therefore, it is the organization's policy, while safeguarding of worker health and safety, to continually pursue technological innovation and tools to manage and control processes and impacts, in the awareness that technological competitiveness is essential to improving its capacity and results.

In keeping with its internal policies, the TCA laboratory performs assays safely, with automated methods implemented with the best technologies available on the market and monitored by 12 specialized technicians; it is in constant contact with other international laboratories of business counterparties or of international assayers certified for the sampling and assaying of materials treated for refining. It participates regularly in inter-laboratory circuit programs to compare assaying procedures and methods and, naturally, assaying results regarding samples purposely prepared and distributed by higher entities, such as the LBMA (Proficiency Testing Scheme) and the International Precious Metals Institute (IPMI) in the United States, in order to monitor proactively the laboratory results, specifically for the determination of gold and silver. In this context, TCA's Laboratory has always been able to confirm quality levels absolutely in line with those of the other participants and with the standards set by the organizer's regulators. TCA's laboratory is at the forefront PGM assaying as a result of adopting specific procedures to determine the content of PGM alloys and the purity of spongy palladium and platinum produced internally, with the additional possibility of determining the L.O.I. (Loss On Ignition) and L.O.R. (Loss On Reduction). Such protocols enable to verify in relatively adequate time the concentration of PGMs in raw materials at the beginning of the production process and in the finished product at the end of the refining phases. The qualitative level of the L.O.R. assaying was improved through the purchase of a new dedicated furnace, and new assaying protocols were developed to determine platinum alloys (50-99%).

The continuous pursuit of excellent assaying performance is demonstrated by the development and improvement of methods that in 2022 resulted in:

- the consolidation and development of new assaying protocols with the new ICP device from THERMO SCIENTIFIC, which has reduced assaying time considerably while increasing the surveying test range;
- the updating of various assaying protocols to obtain greater precision and speed.

In order to safeguard mutual interests, it is possible to use an independent laboratory, which up to now has confirmed the assay results of TCA's laboratory tests in most cases.

The chemical laboratory selects and applies the most appropriate assay methods for the type of material in order to determine the precious metal content. The laboratory can carry out both gravimetric analysis (cupellation) and instrumental analysis (ICP and WD-XRF) with the utmost precision. Recently, a new portable ED-XRF analyzer was obtained to ensure the speedy and dynamic analysis of incoming materials. The right combination of traditional assaying methods and instrumental methods assures the exact precious metal content of the materials tested, ranging from traces to 100% purity. Having established the composition of the metals, the most appropriate method to recover the precious metal is determined.

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## Research and development ("R&D") expenditure

In 2022 TCA carried out activities meeting the eligibility requirements of Italian Law 160/2019 *et seq.*, and directed substantial resources toward the achievement of the following projects at the Loc. Castelluccio, 11 Capolona (AR) plant:

Project 2: Laboratory research and development of methods to substantially reduce the formation of recovered ammonium hydroxide with the consequential elimination of both the immobilization of the precious metals contained therein and the formation of outgoing solid waste (aggregates from flotation).

Project 3: Laboratory research of rhodium refining techniques through selective precipitation in both salt and metallic form.

TCA incurred R&D expenditure of € 158,703 to develop such projects during the year.

The successful outcome of such innovations is expected to generate positive results in terms of sales, with favorable effects on the Company's profits.

For the R&D activities, TCA intends to use the tax credit available under Law 160/2019, Article 1, paragraph 198/209 as amended by Law 178/2020, Article 1, paragraph 1064 *et seq.*

In accordance with Italian Civil Code Article 2426, point 5, Italian accounting standard (OIC) 24 of the Italian Councils of Accountants and Auditors as revised by the Italian Accounting Board, and Italian Presidential Decree 917/86, Article 108 (Italian Tax Code) and subsequent amendments, the research and development expenditure was treated as a cost for the year and fully expensed in the income statement.

Although legislation allows for choosing whether to expense such costs in the year or to defer the costs over a maximum of five years, it was decided not to capitalize such costs in keeping with the prudence principle, also considering that the recoverableness of such costs through future earnings (an essential requirement for capitalization of R&D costs) can be discerned only through highly subjective random evaluations.

## Sustainability management systems

TCA complies with the international standards for quality, environmental and safety management systems. The Company has obtained UNI EN ISO 9001:2015 certification for the recovery, refining and sale of precious metals. The ISO 9001:2015 standard sets quality standards and ensures production supervision through controls that optimize the efficiency of business processes and ensure high-quality products and services. TCA voluntarily chose to adopt the UNI EN ISO 14001:2015 standard that sets the requirements for an environmental management system to prevent pollution and keep the impact of its activities under control by systematically improving its production performance in a sustainable manner. The Company obtained certification of its safety management system under the UNI EN ISO 45001:2018 standard, which sets the requirements of occupational health and safety systems.

STANDARD	SUBJECT	CERTIFICATION BODY	INITIAL ISSUANCE	LATEST RENEWAL	EXPIRATION
UNI EN ISO 9001	Quality management system	DNV	Feb. 14, 2004	Feb. 12, 2022	Feb. 11, 2025
UNI EN ISO 14001	Environmental management system	DNV	Aug. 3, 2009	Aug. 4, 2021	Aug. 3, 2024
UNI EN ISO 45001	Occupational health and safety management system	DNV	May 5, 2013 <sup>2</sup>	May 5, 2022	May 4, 2025

Below are additional qualifying aspects of the business management:

- TCA INVESTMENT bars are created with the most advanced and qualified technologies in the industry. The 999.9 purity of gold is certified;
- TCA is an Associate Member of the London Bullion Market Association (LBMA) and Patron Member of the International Precious Metals Institute (IPMI);
- TCA undertook the process for London Platinum & Palladium Market (LPPM) accreditation to become one of those metal refineries capable of satisfying the requisites of the Good Delivery standard for Platinum and Palladium (accredited in July 2022);
- TAMPER-PROOF PACKAGING - TCA INVESTMENT bars are preserved and delivered to the customer in a resistant tamper-resistant blister pack containing a guarantee certificate.

### Responsible metals policy

TCA S.p.A. recognizes the risks and potential adverse impacts that may be associated with extracting, trading, handling and exporting minerals from conflict-affected and high-risk areas, and recognizes the responsibility to respect human rights and not contribute to conflict. For this reason, it has formalized the adoption of a policy for responsible precious metal sourcing from conflict-affected and high-risk areas. The Responsible Metals Policy may be downloaded and consulted from the corporate website: [www.tcaspa.com](http://www.tcaspa.com)

<sup>2</sup> ISO 45001 certification was obtained to replace OHSAS 18001, with the first certification on May 5, 2019.

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## **LBMA/LPPM accreditation**

The London Bullion Market Association ("LBMA") sets and oversees the highest standards for refining gold and silver bars in order to ensure that products of exceptional quality and reliability circulate in the precious metals market.

The LBMA produces and publishes Good Delivery Lists presenting refiners whose gold and/or silver meets the acceptability requisites established by the physical/metal precious metals market of London. TCA has officially been listed since 2014. Some of these criteria are:

- at least three years of refining experience;
- annual refined production of at least 10 tons of gold and 30 tons of silver;
- net assets equivalent to at least 15 million pounds sterling;
- proof of ownership and management structures.

The producers submit to periodic quality controls over gold and silver bars: TCA satisfied the LBMA criteria thanks to its ownership, history, production capacity, responsible management and financial standing, and passed the LBMA's strict tests with flying colors, which included examination and assays of gold bars and the analysis of the Company's assaying capabilities by independent referees.

Since 2017 TCA S.p.A. has been officially included in the Silver Good Delivery List. The adopted version of LBMA Responsible Silver Guidance ("RSG"), published in September 2017, is based on the OECD Due Diligence Guidance on the subjects of anti-corruption, anti-money laundering and combating terrorist financing.

The Good Delivery List of accredited gold and silver refiners is managed directly by the London Bullion Market Association. The List presents refiners whose gold and/or silver, produced in the form of bars or grain, meets the required standards for acceptance set by the London physical/metallic precious metals market. The List currently includes 75 Gold Refiners and 82 Silver Refiners.

In 2020 TCA underwent both a Responsible Gold Guidance (RGG) audit, adopting the updated version of the RGG (Version 8) in which the scope was extended to include environmental and social matters, and a Responsible Silver Guidance ("RSG") audit following Version 1. Both audits regarded the gold and silver refining and production activities of 2020, which were continued in 2022.

On July 12, 2022, after its candidacy submitted some months before and following the specific administrative, financial and technical controls foreseen by the accreditation process, TCA obtained Good Delivery Refiner status for platinum and palladium on the London Platinum and Palladium Market (LPPM). Such entity sets and oversees the highest standards for refining platinum and palladium bars in order to ensure that products of exceptional quality and reliability circulate in the precious metals market.

The LPPM compiles and publishes Good Delivery lists, on which are entered refiners whose platinum and/or palladium meets the required standards for acceptance set by the London physical/metallic precious metals market.

In order to comply with Version 8 of the LBMA Responsible Gold Guidance, Version 1 of the LBMA Responsible Silver Guidance and Version 1 of the LPPM Responsible Platinum & Palladium Guidance, TCA integrated the management system to meet the standard requisites, and updated the related processes and practices. The risk assessment procedure again produced positive results with respect to qualification and the monitoring of counterparty risk. In 2021 TCA adopted the new, updated version of the RPPG (Version 2), and in 2022 it adopted the new version of the LBMA Guidance (Version 9).

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### **About the London Bullion Market Association**

The London Bullion Market Association is an international trade association that represents the global over-the-counter market for gold and silver bullion in the form of standard bars. The LBMA undertakes many activities for its members, including setting Good Delivery and Refining standards and criteria, organizing conferences and other events, and acting as a point of contact for other regulatory agencies.

### **About the London Platinum & Palladium Market Association**

The London Platinum & Palladium Market Association is an international trade association that represents the global over-the-counter market for platinum and palladium. The LPPM undertakes many activities for its members, including setting Good Delivery and Refining standards and criteria, organizing conferences and other events, and acting as a point of contact for other regulatory agencies.

### **Responsible Gold & Silver Guidance**

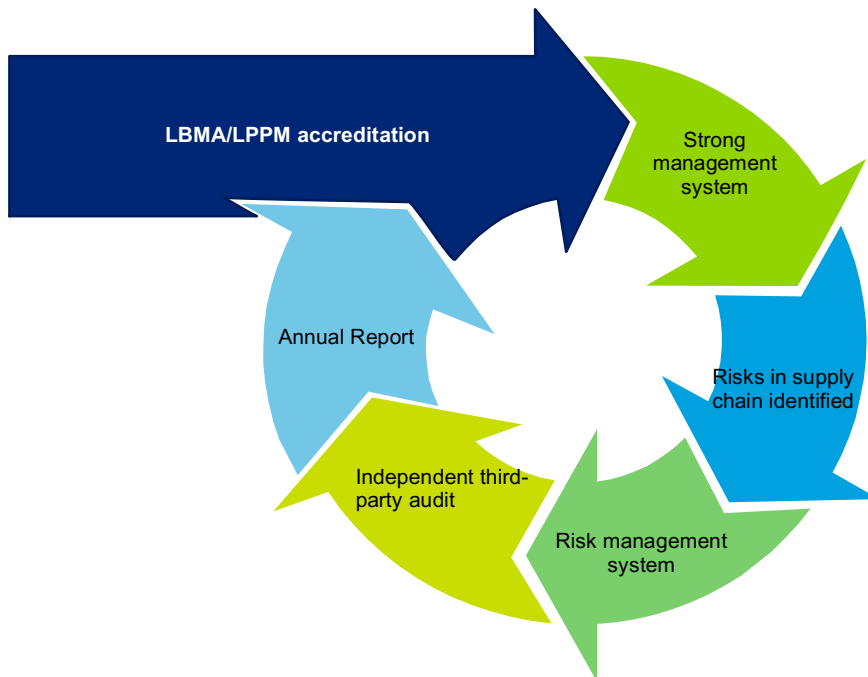
The LBMA set up the Responsible Gold Guidance and the Responsible Silver Guidance for gold and silver refiners in order to combat systematic or widespread abuses of human rights, to avoid contributing to conflict, and to comply with high standards of anti-money laundering and combating the financing of terrorism. This guidance formalizes and consolidates existing high standards of due diligence among all LBMA Good Delivery Refiners.

### **Responsible Platinum & Palladium Guidance**

The LPPM set up the Responsible Platinum & Palladium Guidance for platinum and palladium refiners in order to combat systematic or widespread abuses of human rights, to avoid contributing to conflict, and to comply with high standards of anti-money laundering and combating the financing of terrorism. This guidance formalizes and consolidates existing high standards of due diligence among all LPPM Good Delivery Refiners.

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The following steps were implemented by TCA to obtain LBMA accreditation for gold and silver and LPPM accreditation for platinum and palladium:



TCA voluntarily implemented a responsible gold and silver management system that includes the objectives and policies for the gold and silver supply chains. The Company undertakes to:

- perform adequate diligence that takes into account counterparty risk before initiating any business relationship, continuously monitor the transactions in order to assess the risk of contributing to conflict, money laundering, terrorist financing or serious abuses of human rights, and implement a strategy to respond to the risks identified;
- maintain the documentation regarding the counterparties and the gold and silver transactions in order to demonstrate that appropriate due diligence has been followed;
- develop an ongoing training program for all staff involved in the gold and silver supply chains.

TCA stipulated an agreement with Thomson Reuters for access to the international World-Check One database in order to implement an updated, effective and timely Risk Assessment procedure. This tool is used constantly with unquestionable success, both in the preliminary risk assessment phase and in the subsequent phases of the rating or reassessment of risks associated with business counterparties. In 2022, consistently with previous years, a continuous monitoring service was performed on counterparties selected specifically by the Company for which, due to the transaction and processed metal volumes involved, constant risk assessment is deemed essential.

In accordance with its risk management policies, TCA monitored all those counterparties in 2022 that in the previous three years had not been checked because of their small size or relevance in terms of precious metals purchased/sold.

The outcome of such monitoring in 2022 was in line with expectations. During the annual analysis regarding LBMA accreditation, TCA identified some activities to be implemented in 2023 to improve and strengthen the Due Diligence and Risk Assessment systems, while introducing a new Due Diligence survey that includes ESG aspects. In 2022 the survey was sent to suppliers and customers, and a new Risk Assessment that includes such ESG aspects will be drawn up.

TCA also implemented the steps illustrated above for LPPM accreditation of palladium and platinum, in part by continuously monitoring suppliers and customers, as for gold and silver.

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## Responsible Jewellery Council (RJC) Certification

In view of the current end markets for gold jewelry production, which require supply chain players to comply with ever-stricter anti-money laundering regulations (such as the American Dodd-Frank Act) and to be accredited by international bodies, TCA renewed its Responsible Jewellery Council (RJC) certification in February 2022. TCA obtained accreditation as a Member of the Responsible Jewellery Council (RJC) in London based on the Code of Practice (COP) issued by the RJC in 2013 and updated in 2019, and the Chain-of-Custody (CoC) standards of 2017. Pursuant to the audit conducted on December 14, 2022, TCA obtained the renewal of the RJC Chain of Custody (CoC) certification based on the 2017 standards.

The Code-of-Practice standard promotes and defines responsible ethical, human rights, social, and environmental practices, applicable to all RJC Members throughout the precious metals supply chain. The main topics dealt with and audited regard respect for human rights, employee rights and dignified working conditions, metal and diamond provenance claims, compliance with occupational health and safety regulations, and compliance with and safeguarding of environmental regulations.

The Chain-of-Custody standard supports responsibly sourced products in jewelry supply chains. Accordingly, the main topics dealt with and audited regard the management system and responsibilities, internal material controls, controls over independent contractors and service companies, eligible recycled/existing materials, eligible material declarations, Chain-of-Custody (CoC) initiation and transfer documents and conflict-sensitive sourcing.

### About the Responsible Jewellery Council

The Responsible Jewellery Council (RJC) is a not-for-profit organization whose mission is to promote responsible ethical, human rights, social, and environmental practices in the gold jewelry and diamond industries, from mine to retail. The organization proposes to reinforce consumer confidence in the precious metals industry by advancing responsible ethical, human rights, social, and environmental practices throughout the jewelry supply chain. RJC's goal is to encourage as many businesses and organizations as possible to implement responsible practices: participants in the RJC system demonstrate that their business practices meet the ordinary responsible practice standards and benefit from international certification. RJC certification helps Members enhance their reputation, as well as the reputations of their suppliers and customers. This undertaking contributes to the creation and reinforcement of business partnerships, reduction of trade risks, and establishment of a solid, secure basis for sustainable growth.



## Key RJC concepts



### Chain of Custody

**Chain of Custody** occurs when **CoC Material** is created on basis of Eligible Material Declaration, and **transferred** from one Entity to another by issuance of a CoC Transfer Document



### Segregation

Compulsory or voluntary **isolation** of the **material** from contact with other materials considered ineligible.



### Eligible material

Material with **Eligible Material Declaration** from Certified CoC entity, which is transferred under the RJC Chain-of-Custody standard. Eligible Material may be one or more **Mined Material, Recycled Material** (sourced from suppliers with RJC certification or screened according to Know-Your-Customer requirements) or **Grandfathered** (stocks of Material that existed before the CoC standard came into effect, with a reliable record demonstrating its date of ownership, extraction and/or manufacture).



### Know Your Customer

**Principles** that require businesses to establish the identity of organizations with which they deal, to **know** their business relationships and to **react** to situations that appear **suspicious**.

1

### Self-Assessment

- Conducted by the Member in accordance with the certification scope
- Preparation for Certification Audit by independent third-party RJC accredited auditors

2

### Audit

- Conducted by independent third-party RJC accredited auditors
- Selects a representative sample to review from certification scope
- Evidence-based assessment of conformance

3

### Reporting

- Auditor prepares Audit Report including Statement of Conformance for the RJC
- Additional Report for the Member
- Member implements corrective action plan, where required

4

### Certification decision

- RJC reviews Audit Report for clarity and completeness, and issues Certification based on the Report
- Certification details posted on website
- Members can use RJC Certification logo

5

### Periodic reviews

- Mid-term review may be required.
- Re-certification audit is required at end of certification period
- Conducted to confirm continuing conformance and to address changes

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## Human Capital

Employment stability and continuity, human resource and skill enhancement, and health and safety protection are TCA's top priorities with respect to its employees. TCA contributes to the preservation and development of local human capital in the local area by way of job creation; in fact, 80% of the employees reside in or around the Capolona (Arezzo) headquarters.

### Human resource management policies

Personal enhancement and professional development, key factors to evolve and grow the business, are an integral part of TCA's cultural heritage and value system. The Company emphasizes the promotion of a corporate climate marked by mutual respect and trust among the employees. Human resource management and development are based on a precise definition of roles and responsibilities, on training as a tool for building knowledge, skills and capabilities, on effective communication of the Company's policies and strategies, and on keeping dialogue open and constructive with workers' representatives and labor unions.

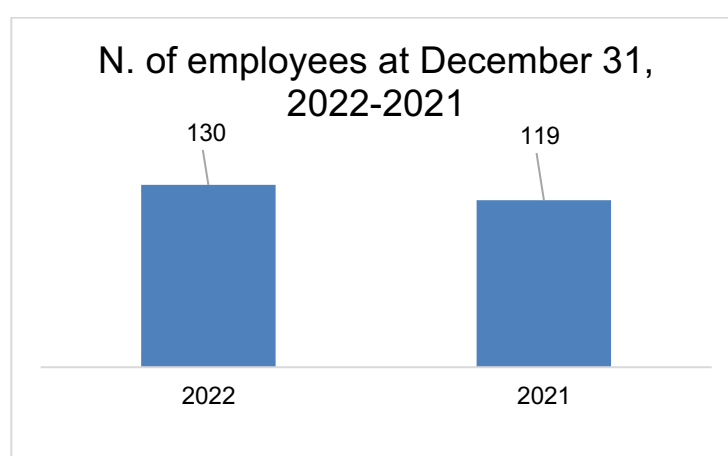
### Work force composition and characteristics

The work force grew during the year; at December 31, 2022 there were 130 employees, 11 more than at the end of the previous year.

Considering the personnel composition per category, TCA has achieved an excellent structural level and a good balance among the various professional areas.

*Total number of employees by employee category and gender as at December 31*

	2022			2021		
	Men	Women	Total	Men	Women	Total
Upper management	5	-	5	5	-	5
Lower management	7	1	8	4	1	5
White-collar and blue-collar employees	97	20	117	91	18	109
<b>Total</b>	<b>109</b>	<b>21</b>	<b>130</b>	<b>100</b>	<b>19</b>	<b>119</b>



In 2022, 90% of the employees were employed under an open-ended contract, down slightly from the prior year; 96% of the employees work full-time, the same as last year. In detail:

*Total number of employees by gender and type of contract as at December 31*

	2022			2021		
	Men	Women	Total	Men	Women	Total
Open-ended contract	98	19	111	125	18	111
Fixed-term contact	1	4	5	7	1	8
<b>Total</b>	<b>109</b>	<b>21</b>	<b>130</b>	<b>100</b>	<b>19</b>	<b>119</b>

*Total number of employees by gender and full-time/part-time contract as at December 31*

	2022			2021		
	Men	Women	Total	Men	Women	Total
Full-time contract	108	17	125	99	15	114
Part-time contract	1	4	5	1	5	5
<b>Total</b>	<b>109</b>	<b>21</b>	<b>130</b>	<b>100</b>	<b>19</b>	<b>119</b>

In observance of equal opportunity, TCA's work force includes 9 employees of protected categories.

In 2022, most employees (63%) were aged 31 to 50, and 16% were below 30 years of age (down from the 18% of the prior year). All of TCA S.p.A.'s employees are covered by national bargaining agreements.

*Total number of employees by employee category and age range as at December 31*

	2022				2021			
	< 30	31-50	> 50	Total	< 30	31-50	> 50	Total
Upper management	-	3	2	5	-	3	2	5
Lower management	-	8	-	8	-	5	-	5
White-collar and blue-collar	21	71	25	117	21	66	22	109
<b>Total</b>	<b>21</b>	<b>82</b>	<b>27</b>	<b>130</b>	<b>21</b>	<b>74</b>	<b>24</b>	<b>119</b>

For 2022, the ratio of the highest remuneration within the Company to the median value of all employees' remuneration (excluding the person with the highest remuneration) is 6.8, and in terms of the annual percentage change for the two types of remuneration, the ratio is 0.9%.<sup>3</sup>

## Corporate well-being

Accountability at all levels, teamwork and constant improvement are the key success factors for achieving new goals.

<sup>3</sup> The increase in the total remuneration of the person with the highest remuneration is 6%, whereas the median increase in annual remuneration for all employees, excluding that person, is 7%.

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TCA seeks to develop and motivate its entire work force through:

- the communication and sharing of corporate, individual and team objectives;
- control over the results obtained and related feedback;
- teamwork and knowledge of business processes;
- the development of specific training programs to build up professional skills at all levels;
- the implementation of remuneration policies that ensure internal fairness, competition with the market and recognition of the results achieved.

Moreover, TCA offers additional benefits to its employees, such as life insurance for managers and supplementary insurance policies for certain employees, and since June 2020, a corporate welfare platform can be accessed by TCA's upper management, lower management, white-collar and blue-collar employees. The corporate welfare platform consists of several sections that employees can choose from to spend their welfare allowance.

Last year, TCA allocated € 600 and € 1,200 annually for the next three years.

Some of the services available on the platform are:

- Healthcare services;
- Education (daycare centers, primary and secondary schools, universities / summer and winter camps / textbooks);
- Public transport passes;
- Supplementary retirement funds;
- Shopping or gas vouchers;
- Recreation and sports;
- Long-term care.

The Company continued to promote responsibility and inclusion within the organization among the decision makers and persons in charge of coordination and development. Each contract was reviewed, and the work contribution was awarded with bonuses. Under Company policy, salary increases are used to increase the involved professionals' dedication to the business mission and to develop a greater propensity to improving business processes.

In keeping with such approach, TCA is evaluating the possibility of adopting remuneration policies, structured on the basis of specific performance indicators by area/division, that include well-being benefits.

After the draft agreement stipulated in May 2017 and the green light from the union meetings, the new Italian collective bargaining agreement (CCNL) applicable to goldsmiths, silversmiths and jewelers was signed. The most important news regards the introduction of an amount allocated to corporate well-being that will grow over the years. The amounts will be made available as well-being benefits, which can be allocated to pensions, healthcare, the reimbursement of school fees or expenses, assistance to dependents and other care services. As agreed with the employees, TCA granted fringe benefits in 2022 in the form of shopping vouchers.

The new agreement provides for additional well-being initiatives. First, the supplementary pension fund was expanded by increasing the Company's contribution to the Cometa Fund (industry pension fund) from 1.2% to 1.6% of the salary, whereas the employee's contribution remained the same (1.2%). Second, concerning healthcare, the new collective bargaining agreement extended the access to the Metasalute healthcare fund to family members of employees. In addition, the amount charged to Company more than doubled: from € 72 for the year to € 156.

Consistently with previous years, no cases of discrimination emerged regarding any of the Company's employees in 2022, demonstrating TCA's care for the merits of each one of its employees.

Seventeen people left TCA in 2022, resulting in an outgoing rate of 13%, in line with that of the prior year. Twenty-six people were hired, representing an incoming rate of 20% of the total employees, up from that of the prior year.

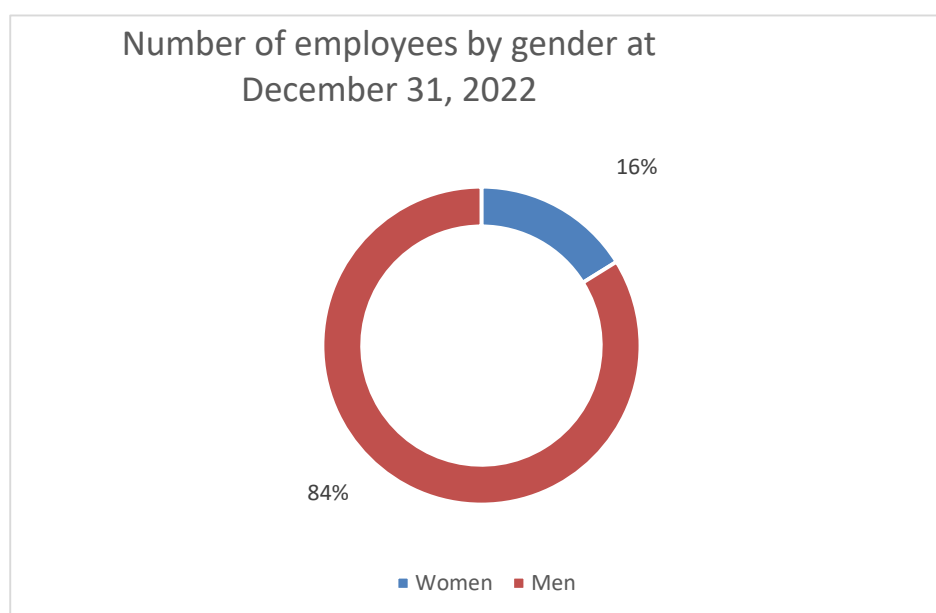
*Incoming employees by gender and age range*

	2022			2021		
	Men	Women	Total	Men	Women	Total
Age <30 years	10	3	13	10	-	10
Age 31-50 years	11	-	11	4	3	7
Age >50 years	2	-	2	-	1	1
<b>Total</b>	<b>23</b>	<b>3</b>	<b>26</b>	<b>14</b>	<b>4</b>	<b>18</b>
<b>Incoming rate (%)</b>	<b>88%</b>	<b>11%</b>	<b>100%</b>	<b>77%</b>	<b>23%</b>	<b>100%</b>

*Outgoing employees by gender and age range*

	2022			2021		
	Men	Women	Total	Men	Women	Total
Age <30 years	8	1	9	4	-	4
Age 31-50 years	5	-	5	6	1	7
Age >50 years	3	-	3	-	2	2
<b>Total</b>	<b>16</b>	<b>1</b>	<b>17</b>	<b>10</b>	<b>3</b>	<b>13</b>
<b>Outgoing rate (%)</b>	<b>94%</b>	<b>6%</b>	<b>100%</b>	<b>77%</b>	<b>23%</b>	<b>100%</b>

16% of TCA's employees is female, mainly white-collar employees (women account for 17% of white-collar employees). The rate is not high, but it reflects an industry (manufacturing) in which women's participation is typically low for historical and cultural reasons. The gender gap is in line with that of recent years.



## Training and human resource enhancement

TCA considers staff training and staying up to date on specific topics to be essential to the business.

Its human resource management handles training and refresher programs for all employees, making them responsible for the continuous improvement of their conduct in keeping with the Company's objectives, and to hone the skills necessary for ensuring high-quality products and services.

The Company draws up a training plan, a document in which training activities for all the Company's employees are described and scheduled.

The 2022 training investment to promote TCA's industrial activities and the professional development of the work force is summarized in the following data:

- approximately 1,000 total training hours, involving 130 employees;
- specialized training on occupational health and safety;
- specialized training for the LBMA audit, on Responsible Gold Guidance and Responsible Silver Guidance, analysis of the principles of the Responsible Gold Policy, the topics of traceability and monitoring with a focus on the new trade information collection service, monitoring money laundering risk, and adequate checks over customers based on current regulations, on the Responsible Jewellery Council's guidelines and procedures for managing Chain-of-Custody flows, and a course about the LPPM in which the Responsible Sourcing Programme regarding platinum and palladium was explained.

*General training hours (on quality, health and safety, the environment)*

2021						
	Men		Women		Total	
	n. hours	Average per person	n. hours	Average per person	n. hours	Average per person
Upper management	-	-	-	-	-	-
Lower management	24	6	-	-	24	4.8
White-collar and blue-collar	2,682	29.4	148	8.22	2,830	25.9
<b>Total</b>	<b>2,706</b>	<b>27.1</b>	<b>148</b>	<b>7.79</b>	<b>2,854</b>	<b>24</b>

2022						
	Men		Women		Total	
	n. hours	Average per person	n. hours	Average per person	n. hours	Average per person
Upper management	-	-	-	-	-	-
Lower management	-	-	-	-	-	-
White-collar and blue-collar	1,024	10.56	49	2.45	1,073	9.17
<b>Total</b>	<b>1,024</b>	<b>9.4</b>	<b>49</b>	<b>2.33</b>	<b>1,073</b>	<b>8.25</b>

*Training hours for LMBA Compliance Audit*

2021						
	Men		Women		Total	
	n. hours	Average per person	n. hours	Average per person	n. hours	Average per person
Upper management	6	1.2	-	-	6	1.2
Lower management	-	-	-	-	-	-
White-collar and blue-collar	20	0.22	14	0.77	34	0.31
<b>Total</b>	<b>26</b>	<b>0.26</b>	<b>14</b>	<b>0.73</b>	<b>40</b>	<b>0.33</b>

2022						
	Men		Women		Total	

	n. hours	Average per person	n. hours	Average per person	n. hours	Average per person
Upper management	6	1.20	-	-	6	1.20
Lower management	-	-	-	-	-	-
White-collar and blue-collar	14	0.14	16	0.8	30	0.25
<b>Total</b>	<b>20</b>	<b>0.18</b>	<b>16</b>	<b>0.76</b>	<b>36</b>	<b>0.27</b>

TCA continued to invest in research and development in 2022 and decided to retain highly qualified persons responsible solely for research. The investment in know-how is necessary to guarantee the Company's market competitiveness over the long term.

Moreover, during 2022 all the employees and Board of Director members received information and training on the anti-corruption policies and procedures.

When the Covid-19 pandemic occurred, TCA immediately gave the Administrative department the possibility to work remotely. During 2022 TCA continued to offer flexible on-site hours in order to meet the needs of its employees.

## Health and safety

TCA has always believed in and invested in the improvement of the health and safety conditions of both its employees and others, going beyond the legal requirements, in order to reduce and possibly eliminate the risk of accidents occurring. TCA maintained its compliance with the requirements of Legislative Decree 81/2008 (Occupational Safety Code) while updating and fully supplementing the risk assessment and guaranteeing the mandatory training to all employees. In April 2021 TCA was audited by the entity responsible for verifying the certification of the occupational health and safety system, under the ISO 45001:2018 standard.

In May 2022, when the three-year validity expired, TCA was audited for the renewal of the certification.

The safety management system includes the following offices and factories: the TCA S.p.A. factories in Castelluccio 11 and via 2 Giugno (Arezzo), the factory in Sale (Alessandria), and the factory in Altavilla Vicentina (Vicenza). The management system is designed to reduce the possibility of accidents, risk factors and liability for any accidents that do occur: the system has enhanced safety management in the work environment, with accountability assigned to the individuals in charge of work activities especially in the areas most exposed to risk. The risk assessment document is constantly updated and is monitored on a monthly basis. The specialized training is satisfactory and up to date on the new safety and environmental regulations. The employer, assisted by the person in charge of the Prevention and Protection Service, the Company's Physician, and the Employees' Safety Representative, assesses the risks and implements prevention and protection measures to eliminate and reduce risks, and provide for the ongoing improvement in workers' health and safety conditions. The managers, persons in charge of safety and workers collaborate with the structure, organized along the lines of the department and the organization to ensure an accurate and dynamic flow of information.

The results are constantly monitored and analyzed to pursue continuous improvement through the analysis of indicators (monitoring of near misses, accidents, and accident severity and frequency).

Four accidents were reported in 2022, up slightly from the 3 of the prior year.

The analysis and assessment of health and safety risks involve all the input and output processes, and the customers and contractors that interact directly with TCA are included in the boundary.

The activities to promote employee health include TCA's stipulation of an agreement with a health insurer that offers health services in addition to those of the occupational health surveillance and provides for supplying medical examinations, screenings, diagnostic tests, and additional healthcare services not covered by the national healthcare system to all its employees. This is part of a welfare package that the Company has made available to its employees.

The 2022 indicators of employee health and safety are summarized in the table below:

*TCA employee injuries at the workplace*

<b>Number of injuries</b>	<b>2022</b>	<b>2021</b>
Number of fatalities as a result of work-related injury	-	-
Number of high-consequence work-related injuries (excluding fatalities)	-	-
Number of recordable work-related injuries <sup>4</sup>	4	3
<b>Rate of fatalities as a result of work-related injury</b>	-	-
<b>Rate of high-consequence work-related injuries (excluding fatalities)</b>	-	-
Rate of recordable work-related injuries <sup>5</sup>	20.08	16.6

*Main types of injuries*

<b>Types of injuries</b>	<b>2022</b>	<b>2021</b>
Sprained or bruised limb		2
Cut	1	1
Acid burn		
Allergic reaction		
Bruising trauma	2	
<b>Musculoskeletal trauma</b>	1	
<b>Total</b>	<b>4</b>	<b>3</b>

Four injuries occurred in 2022, up from the 3 of the previous year. The most recurring type of injury is sprained or bruised limbs, followed by one injury from a cut and one from musculoskeletal trauma.

<sup>4</sup> A high-consequence work-related injury is one that results in an injury from which the worker cannot, does not, or is not realistically expected to recover fully to pre-injury health status within 6 months.

<sup>5</sup> The injury rate was calculated by dividing the total number of injuries by the total number of hours worked (199,159 in 2022 and 180,672 in 2021), using a multiplication factor of 1,000,000.



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## *Social and Relational Capital*

### **Customer relationships**

In TCA, focus on the customer is very important because it is possible to obtain new special requests or requirements from customers that can identify demand for new types of products. Indeed, TCA's goal is for its products to meet the market demands. Different communication methods may be used with its customers, but TCA aims to maintain active, continuous communication for each relationship in order to guarantee trustworthiness and reliability to the customer. For this reason, ways to improve communication management are continuously proposed.

#### **Trade fairs and conferences in which TCA participated:**

- Vicenza Oro, January 2022
- OroArezzo, May 2022
- London Platinum Week, May 2022
- Asia Pacific Precious Metals Conference (APPMC) in Singapore, June 2022
- International Precious Metals Institute (IPMI) Conference, June 2022
- LBMA Conference in Barcelona, October 2022
- Chemical Pharmaceutical Ingredients (CPhi) Frankfurt, November 2022

For years TCA has participated in the most important trade fairs of the industry, including Oro Arezzo, the trade fair for Italian-made gold jewelry where prestigious buyers meet in Arezzo and which was held in January and in September, VicenzaOro, and Platinum Week, where events and seminars are organized on precious metal use in recovery, refining and trading, and trends are analyzed, including stock market prices and banking and financial implications.

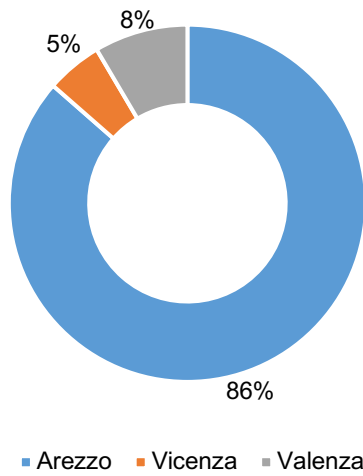
TCA also participates in the International Precious Metals Institute (IPMI), the largest international association of refiners, bankers and financial institutions, merchants, private and public sector groups, and the general precious metals community, in order to exchange information on activities deriving from precious metal recovery and on technology use.

We were also present in Singapore for the APPMC and in Bologna for the LBMA conference, two events that attract all LBMA counterparties and where the most important refineries dealing with high-grade materials meet.

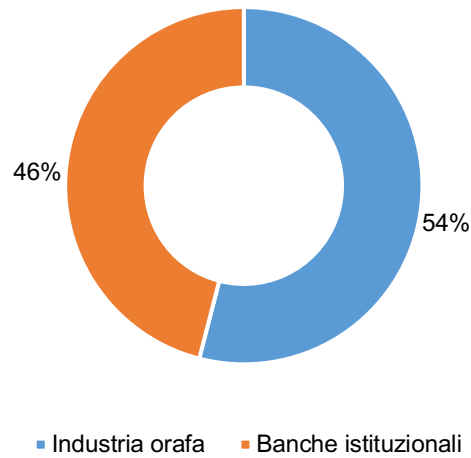
With a view to broadening its scope, the 2022 marketing strategy aimed to strengthen TCA's market position with respect to recycling spent catalysts containing platinum, palladium and rhodium originating from the domestic and international pharmaceutical industry. For this reason, the Company decided to participate in the most important international trade fair, the CPhi (Chemical Pharmaceutical Ingredients) event, held in November 2022 in Frankfurt. The conference highlighted the important appeal of such industry given the high profitability of potential pharmaceutical scrap containing large quantities of recoverable PGMs.

Due to the good five-year performance of the Italian and European pharmaceutical industry, and aware of the important need for PGMs in the production cycle to develop active principles, TCA put forth greater marketing efforts in the local and European pharmaceutical market, solidifying its existing market positions with major players, and launched marketing campaigns.

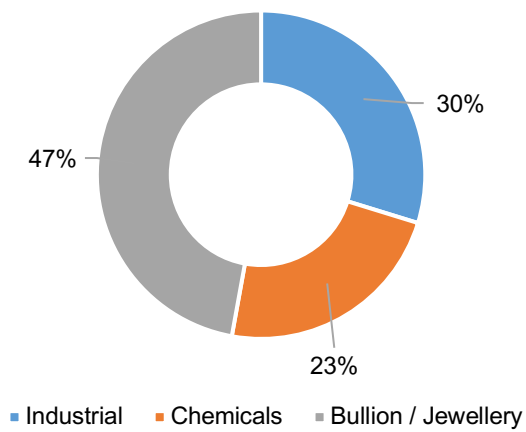
### 2022 revenues by plant



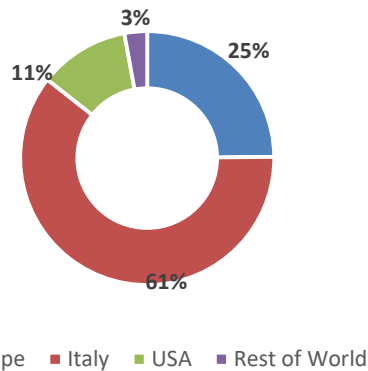
### 2022 trading revenues by business segment



### 2022 revenues by product division



## 2022 revenues by geographical area



### Quality system and customer satisfaction

TCA complies with the international standards for quality, environmental and safety management systems. The Company has obtained UNI EN ISO 9001:2015 certification for the recovery, refining and sale of precious metals. The standard sets quality requisites and ensures production supervision through controls that optimize the efficiency of business processes and ensure high-quality products and services.

#### Certified quality: audits conducted and received

During 2022, external audits of the quality management system (ISO 9001) were performed by the certification body, DNV. Internal audits were also conducted, with positive results.

The audits received and conducted were organized by/at some companies certified by the RJC and LBMA, and in many cases they were organized by TCA's and the counterparty's Environmental, Health and Safety Managers.

TCA deduces the customer satisfaction level from day-to-day contacts for sales purposes, but often these assessments cannot be documented, so it has set up a system to collect and document information to create a customer satisfaction record. With this system, reports of customer satisfaction or dissatisfaction are received and processed, and areas that can be improved are identified. In all cases where customer dissatisfaction is shown from the reports, TCA evaluates opportune improvement measures (corrective and/or preventive actions) in order to adopt the right measures to achieve customer satisfaction.

In the event of a customer complaint, the handling of the account is assigned to the Quality, Environment and Safety Manager, who determines the actions to be taken and the management to involve within 15 days from receiving the claim.

Customer complaints are forwarded immediately to the Quality, Environment and Safety Manager, who contacts the customer, helps the customer find a solution to the problem, and investigates whether any nonconformity is attributable to TCA.

If nonconformity is found, the Manager determines the corrective actions to be applied to the internal procedures in order to reduce or eliminate the future possibility of repeating the error that enabled non-compliant products or services to be offered to the customer and agrees on the implementation of such actions with the respective persons in charge.

As in previous years, in 2022 no episodes of nonconformity occurred regarding consumer privacy violations or health and safety impacts of the products supplied to customers.

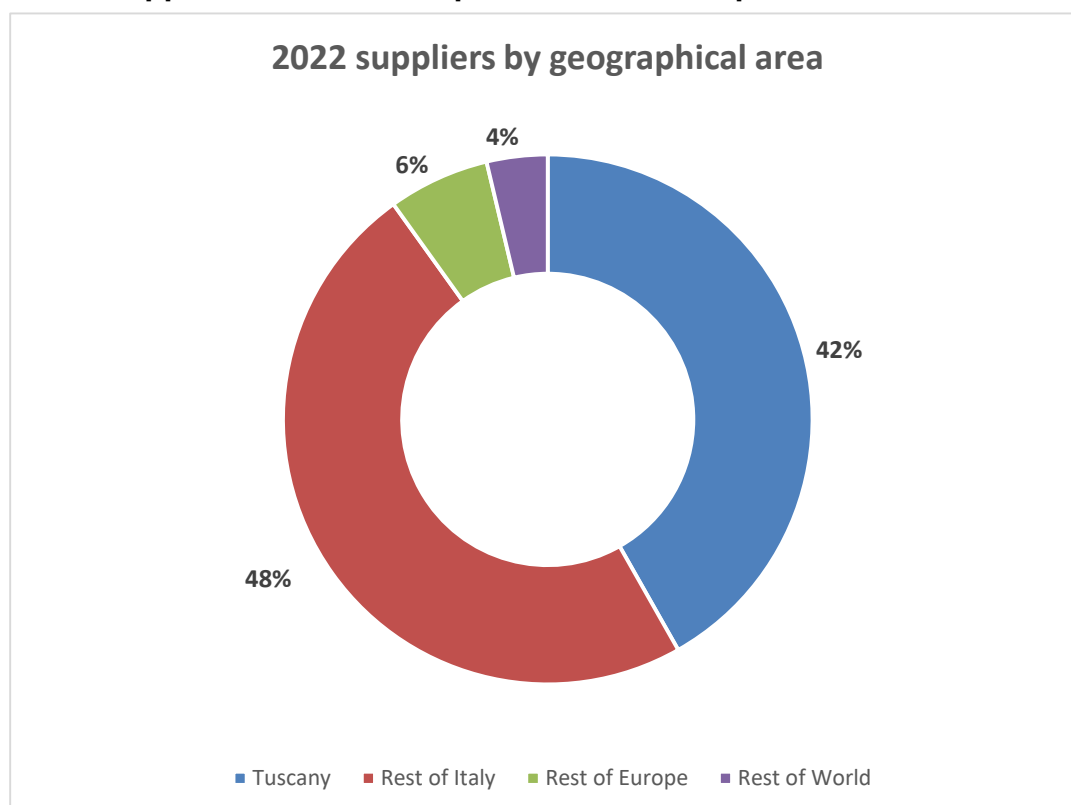
TCA has always been motivated by the satisfaction of its customers and the other parties involved, conscious that only the performance of a consistently reliable, punctual and efficient service may improve its market position.

Management recognizes that a quality system compliant with the UNI EN ISO 9001:2015 standard can contribute effectively to the achievement of such results. Therefore, they are committed to meeting the applicable requisites and improving continuously through the constant application of the system. In 2022 the entire management system was reviewed for the purpose of improving its use and applicability to the Company, which over the years has grown and has improved its performance: The manual was updated and the procedures, operational instructions and operational forms were reviewed. Since the system must always best represent the Company, the updating process is constantly evolving.

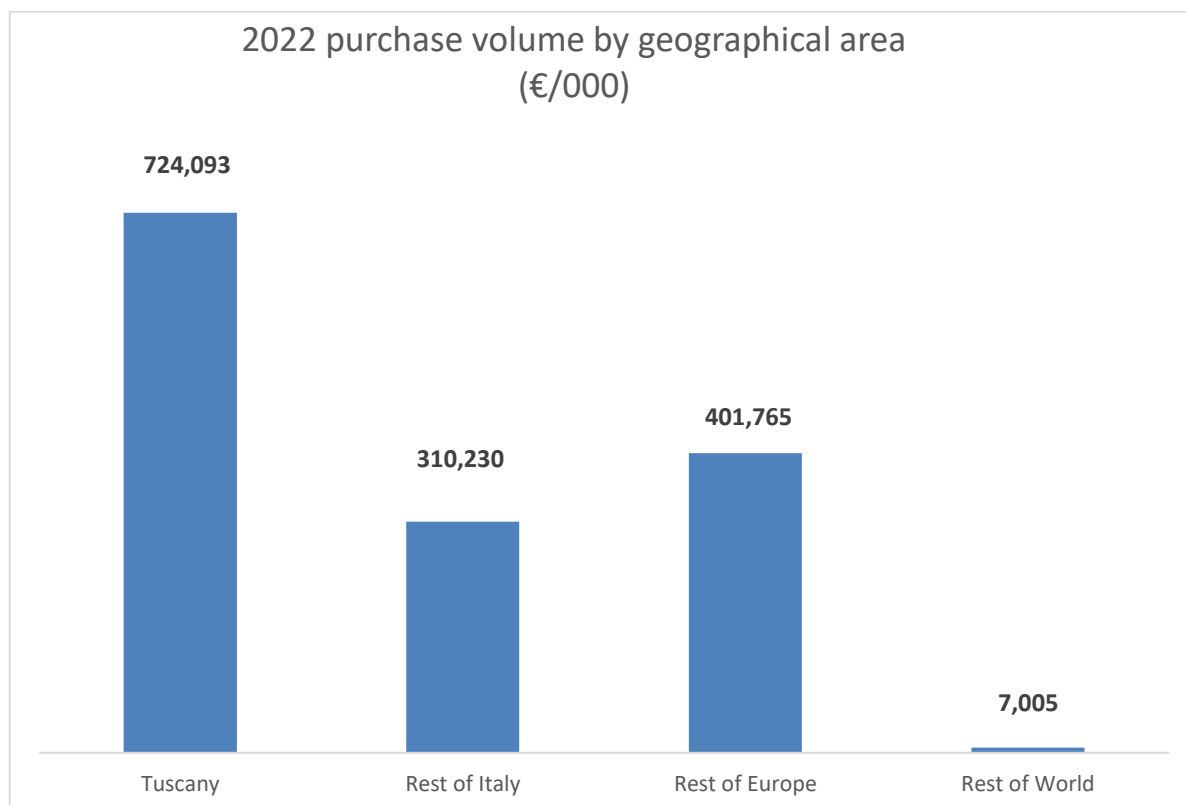
To achieve this, the Company works toward increasing customer loyalty, improving the time needed to carry out the service requested by customers, and expanding the level of assistance offered to customers.

<b>Complaints</b>	<b>2022</b>	<b>2021</b>
n. of complaints received in the year	-	-
n. of complaints resolved by December 31	-	-

### Supplier and business partner relationships



In TCA, procurement is regulated by procedures set up to ensure that the products purchased to process orders and the consumables, vehicles, equipment and services procured externally that influence product and service quality meet the quality, environmental and safety requirements specified by contract and the Company's standards. Such features are communicated clearly by TCA to its suppliers, since it is responsible for ensuring that the supplies purchased correspond to the specifications defined in the sale to the customer.



The number of suppliers and respective monetary values involved in the supply of precious metals (the Company's core business) were considered; in 2022 they amounted to € 1.4 billion. 90% of the volumes were purchased from suppliers in Italy, and 42% of those refer to suppliers in Tuscany.

The suppliers selected must have systems capable of assuring:

- the prevention of manufacturing nonconformity;
- timely activation of necessary corrective actions;
- the supply of only products compliant to the specified requirements.

To this end, TCA has developed an internal methodology to evaluate the supplier's ability to meet the specified requirements and has set up procedures to activate and expand information channels. The procurement process begins with the Company's identification of the need for certain supplies.

Supplier selection and evaluation entails the evaluation of all aspects of the supplier relationship, including the technical, logistical, environmental, safety, administrative and commercial aspects, and the evaluation results are used to establish whether the potential supplier should be selected and, if so, the type and extent of control that should be put into place in relation to the reliability identified and the characteristics of the supplies.

As envisioned in the prior year's report, during 2022 TCA supplemented its current supplier evaluation system through a stricter analysis of social and environmental matters (in line with the

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updated LBMA guidelines). The process included sending surveys with ESG additions to suppliers and collecting information that will enable to expand the risk assessment with those factors as well.

TCA holds quality and environmental management system certifications under the UNI EN ISO 9001:2015 and UNI EN ISO 14001:2015 standards, is accredited as a Good Delivery Refiner by the LBMA and LPPM (the latter for platinum and palladium), and is certified by the Responsible Jewellery Council of London according to the Code of Practice – CoP criteria updated in 2019 and based on the 2017 Chain-of-Custody (CoC) standards for gold, silver, platinum and palladium.

Potential suppliers having the same management system certifications or accreditation are considered better qualified.

**SUMMARY OF RELATIONSHIP WITH SUPPLIERS:**

- Seek, evaluate and select suppliers according to the need for a specific type of product or service
- File the technical/business documentation regarding the supplier in the supplier register
- Evaluate, monitor and review suppliers over the course of the supplier relationship (value for money, quality of product/service supplied, meeting of deadlines, certifications held)

Qualified suppliers are listed in a register, managed and kept on file by the Purchasing Manager, who is also responsible for checking that the qualification is maintained, during the course of each supplier relationship, through a periodic review of the supply quality. The evaluation methods include examining specific requisites, based on the type of supplier and commodity sector of the products and services supplied.

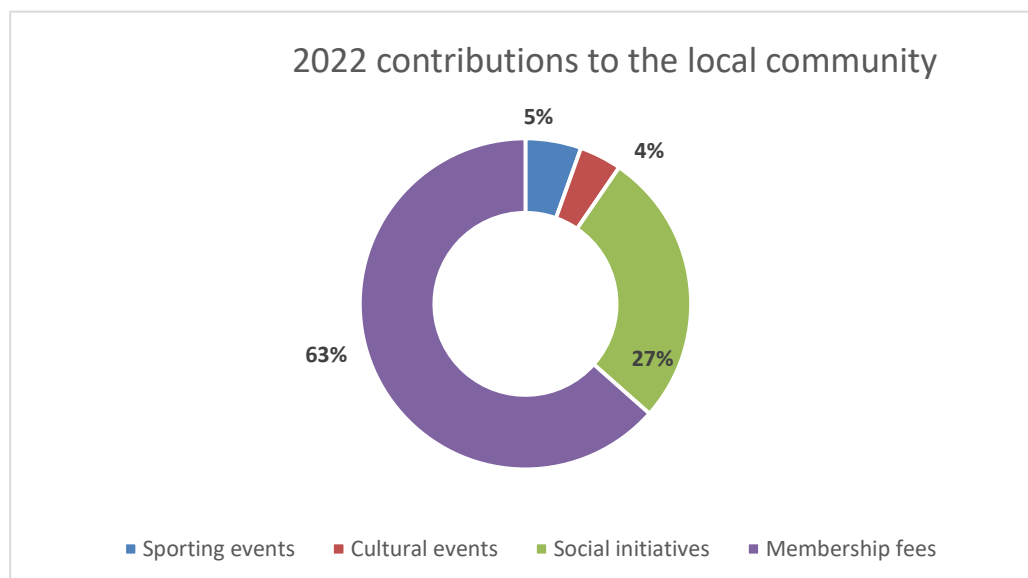
**Good Delivery Refiner**

Only refiners whose bars have been accredited by the LBMA as meeting the minimum standards for trading on the London market appear in the Good Delivery List.

The LBMA produces Good Delivery Lists for gold and silver bars specifying the names of the accredited refiners, their listing date and the marking details of their bars. Because of the stringent assaying and bar quality criteria that applicants must meet to attain accreditation, the Lists are universally recognized as the *de facto* standard for the quality of gold and silver bars.

The specifications for Good Delivery gold and silver bars include acceptable weight in troy ounces, fineness, physical appearance (including marks and surface quality).

## Relationships with the Community and Institutions



TCA is sensitive to the needs of the area in which it operates. It has activated constructive dialogue and solid collaboration with the local community and institutions, and has supported various types of charity, cultural and social events. This focus aims at sharing with the local community an awareness of the Company's activities, in order to strengthen a climate of mutual trust and appreciation. In addition, TCA has directly supported numerous sporting, social and cultural events through donations and sponsorships totaling € 57,603; including membership fees paid during the year, the total contribution to the community exceeded € 159 thousand, up from the € 129 thousand of 2021.

The increase in contributions to the community underscores the growing commitment already demonstrated by the Company over the years to initiatives involving the community where it operates.

The monetary values of support to the community are as follows:

Support to community €	2022	2021
<b>Sporting events</b>	8,586	17,600
<b>Cultural events</b>	6,500	17,200
<b>Social initiatives</b>	42,517	41,458
<b>Membership fees</b>	100,039	49,531
<b>Total</b>	<b>159,664</b>	<b>129,789</b>

The Company's initiatives regard support for the various cultural and social areas of interest of the local community through sponsorships for local events and cultural shows, contributions to charitable initiatives and volunteer work.

TCA is evaluating the designation of the school building in Castelluccio purchased in 2015, as it is still being used by the Castelluccio public administration.

TCA is a member of the General Confederation of Italian Industry, "Confindustria", Toscana Sud section, within which the Arezzo Energy Consortium was established in recent years. The Consortium handles purchases of electricity by parties operating in the free market at particularly advantageous rates, which are available to many businesses that are and are not Confindustria members. TCA's CFO, Andrea Susi, is a member of the Consortium's Management Committee, governing body of the consortium group.

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## TCA communications

During 2022, TCA set up many activities designed to communicate externally its values, principles, and contribution to raising the awareness of sustainability issues.

Essentially, it created a long-term communication strategy described in a document that contains information on the stance that the Company has decided to adopt for all communication activities.

The strategy covers in depth the following aspects:

- the environment in which the Company operates;
- its key market;
- its business objectives;
- the values it pursues;
- an analysis of the value proposition of goods/services offered;
- a competitor analysis;
- benchmarking in terms of products/characteristics/communication;
- the current brand positioning;
- an analysis of the Company's target audience and media consumption.

The document also provides guidelines for the communication goals to be pursued, tone chosen, desired brand positioning, and a list of possible and usable messages.

The strategy demonstrates how important TCA considers it is to prioritize relationships, information and training with and for the community, using transparent processes and spreading knowledge about how the Company works.

Also in 2022, TCA worked toward strengthening the corporate messages in the Communication Strategy, using the most appropriate number of channels owned or paid. With this aim the Company carried out many projects, including:

- the “**2022 TCA Rediscover Value Calendar**” in collaboration with Associazione Crescere (a volunteer organization for the intellectually disabled), whose creation was useful for transmitting an important message, carefully stated on the first page of the calendar: “Value is everywhere: in any individual, in ourselves and in our daily actions, in the places we go, in the experiences of each person, in time and in the way we choose to use it. Value is in any material with which we enter into contact. Wealth, transformation and growth reside in the value we decide to recognize, in an endless journey.”
- The “**Star(t) Care Project**”, a summer camp offered in the month of June by TCA, planned and carried out together with Associazione Crescere ODV and the teaching farm Casa del Pietro, both of which operate in the local area.
- The “**Guided Tour Program**”, which offers any external person the possibility to visit the Company and get to know the world of raw material recovery. A very important project, building on the success of the 2021 Circular Event, to promulgate the correct narrative of TCA as a Company that performs a useful service in the circular economy and is firmly willing to disclose know-how and promote transparency. The program obtained participation and visits from different groups and was published and promoted through articles dedicated to raising awareness about the initiative.
- The **partnership with Adecco e Manpower**, aimed at creating a correct narrative of the functions of TCA's department and defining a professional path for the resources of the local community.

In 2022, TCA concentrated on the strategic selection of media partners and, by scouting out opportunities, produced a list of potential partners at a local, national and international level. In this manner, the Company developed relationships with various Italian publishers, leaving a more driven international development to 2023.

Much content was produced, ensuring a monthly bulletin but, most importantly, useful information. The activity was carried out also to properly position the brand on the internet and in the press. The main newspaper headlines speaking of the importance of TCA in the treatment of gold- and silver-containing ash were in ‘La Nazione’, which highlighted the model that TCA represents as a result of

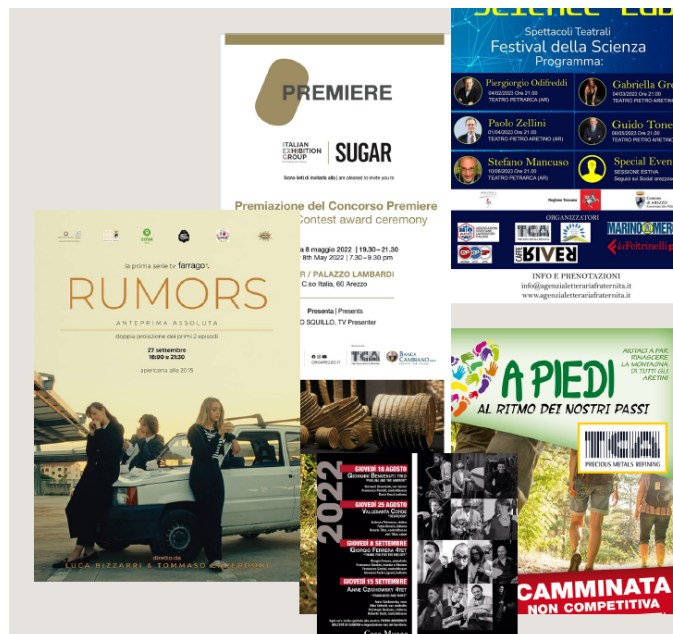


its membership in the Responsible Jewellery Council, and 'Il Sole24Ore', which referred to TCA's excellence in precious metal recovery in the global arena.

The content was also a tool with which the Company attached importance to its staff and through which it promoted the visible relationship with its partners, starting with a multifaceted communication process, pursuing a systemic concept. An example of this strategy includes working with the newspaper 'La Nazione', with which TCA could transmit important messages and values of the Company.

Thanks to these partnerships, the brand appeared on local, national and foreign channels. TCA has not only been mentioned in the press, but also on the internet, on social media and in out-of-home (OOH) signage. The choice of the sponsorships was important and strategic, for the purpose of associating meaningful and socially useful messages with the brand.

For example, very satisfactory was the decision to sponsor youth initiatives such as "Rumors", a television series created by Farrago APS, an association that has received awards from the Region of Tuscany, among others, and "Arezzo Science Lab", a series of scientific meetings whose speakers have included great philosophers, Nobel Prize winners and persons of worldwide renown.



Among the many projects realized in 2022 was "Trasforma", a portal that intends to provide to designers of products and services information on the possibility to recover raw materials, in order to promote ecodesign. The project was carried out in partnership with the University of Bologna and with directors of the Chemistry of the Environment of such university, the School of Advanced Training for the Ecological Transition, and the Ecomondo Scientific Technical Committee.

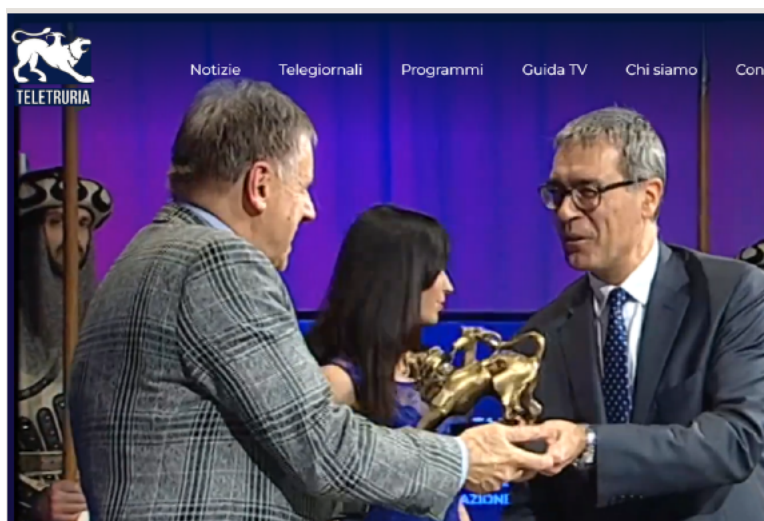
TCA signed an agreement to take the **Life Cycle Assessment (LCA) for 4 metals**. The data will be used to create a snapshot of the least impactful recovery possibilities and to request competitors and other players to join the end-of-waste process, for the purpose of creating a recovery chain.

In addition, content was designed and created for a generalist audience, intended to promote information about and dissemination of ecological habits. Specifically, TCA designed with a professor specialized in environmental chemistry the content and production of a television format called "Tracking Ecology", which was broadcast locally and regionally by a television station, thanks to which we disclosed information on sustainability and practical, daily and feasible advice.

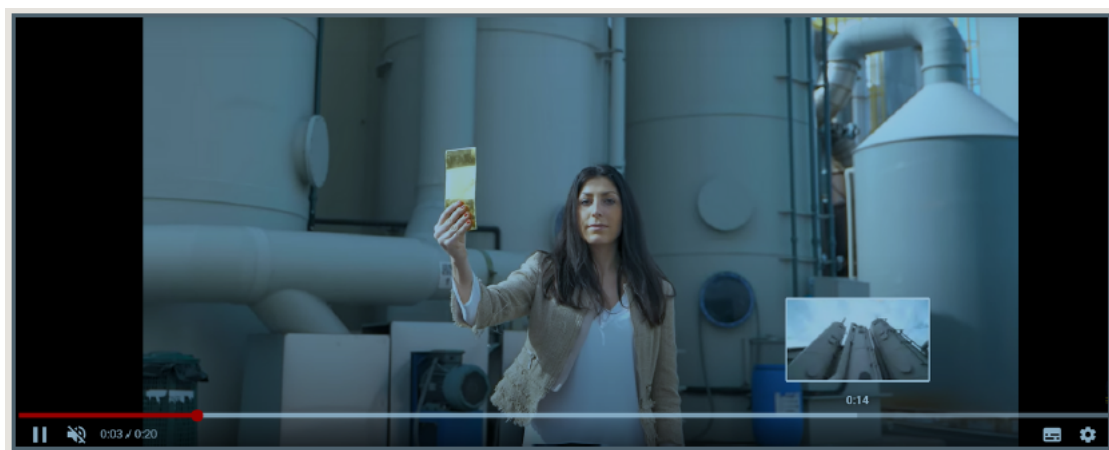
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Other important projects were carried out:

- “**Park Project**”, centered on the requalification of the green area for children in Castelluccio. When the proposal was accepted, communications commenced with the Administration, which led to the formulation of budgets and plans for the work. The requalified area was recently inaugurated with refreshments with the community, which participated in high numbers.
- The creation of the “Work with Us” web page, prompting the receipt of candidacies through the publication of the page on the website and through dedicated advertising content in the local magazines most widely read for job seeking.
- A customer satisfaction survey, which investigated the quality of the service, for the purpose of designing a simple and more effective user experience system for the public and for the collection and organization of the results.
- “**Gold Chimera Award**”, assigned by Teletruria to TCA for its commitment, its sustainability campaign and its dissemination of relevant messages.



In addition, with the participation of the staff, the **2022 TCA commercial** was designed and created by professional video makers and dubbers. The commercial was distributed on various channels, associated with the content of the publishers involved, such as il Sole24Ore, and promoted throughout 2022 on Teletruria, as well as always being accessible on YouTube.



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In the second half of 2022, the redesigning of TCA's website was begun, an essential asset that had not provided enough information, energy, reports and accuracy in documenting certain terms with data. For this, the Company has paved the way toward information and the conjunction of what it wishes and can say and what interests the market.

This point was the object of a careful search engine optimization (SEO) analysis commissioned to an external supplier that TCA used to design the right website navigation structure and the related information. The new website went live in 2023.

The information divulged on the website was properly designated to maximize the investment, including in terms of the repercussions on TCA's positioning and recognition, and on the use of the same material by the organization for the various purposes needed. For such reason, the information was harmonized using graphic restyling that provided visual uniformity.

Moreover, the Company created a repository dedicated to the employees, with the purpose of providing them with ready, consistent institutional communication tools and not leaving the brand identity to personal management.

During 2022, plans to be present on LinkedIn and train employees on the use of social media were implemented. TCA now has an adequately attended LinkedIn profile, a relational and communication channel with interesting content on the Company and on the world of recycling.

Finally, merchandising goods were created such as reusable water bottles and baseball caps, distributed in part during some sporting events sponsored by the Company.



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## Natural Capital

TCA is run by management that combines conducting business with sustainability. Two key factors are an integral part of our mission, constituting a driving force for business growth: continuous innovation and respect for the environment. TCA pursues its growth objectives responsibly and sustainably, upholding extremely high professional and managerial standards and deploying the most eco-friendly procedures and technologies so as to reduce the impact of its manufacturing and business activities.

Always seeking to attain the highest quality standards, TCA has successfully undertaken a strong internationalization strategy and has built new, important business relationships with the largest global players in the precious metal refining and trading business.

## Environmental policy and management system

### Environmental policies and certification

TCA's primary activity is the recovery of precious metals (gold, silver, platinum, palladium, rhodium) from special solid, liquid, and muddy waste and from scrap deriving from jewelry and similar production. The Company's secondary activity is the electrolytic recovery and refining of copper from waste materials generated by the primary activity. TCA carries out waste disposal and recovery in accordance with the specific authorization issued by the Region of Tuscany. These are production processes with important environmental considerations: TCA deals with them comprehensively, systematically, consistently and with integrity, as part of the continual improvement of its production processes. Periodic audits assess the compliance of the environmental management system with the current UNI EN ISO 14001:2015 standard.

As mentioned previously, the Company registered the substances and materials subject to the European REACH regulations, both as a manufacturer and as a downstream user. The substances registered/notified as producers are copper, silver, gold, palladium, platinum and rhodium in the massive form.

To comply with the above policies, the Company engages in the following environmental activities:

- Pursuit of improvement in internal processing technologies in order to reduce the environmental impact and better safeguard worker health and safety;
- Monitoring of all significant environmental aspects to assess their effects;
- Confronting of risks and opportunities for the Company, including those relating to environmental matters;
- Identification of preventive actions to avoid natural disasters and worker safety crises;
- Introduction to Life Cycle Thinking which will lead, in the long term, to the formulation of a Life Cycle Assessment process to evaluate the number of impacts produced by the organization;
- Energy mapping and setting of the consumption baseline by division/utility.

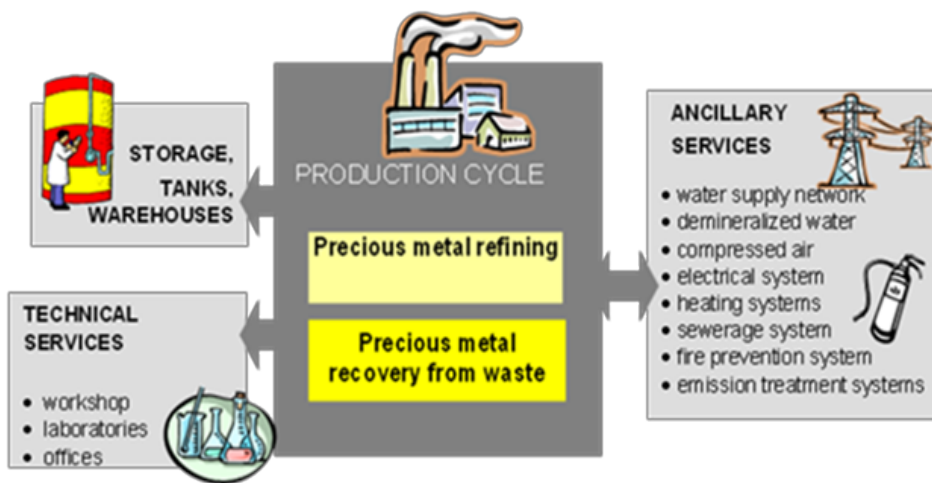
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## TCA environmental impacts

The 2022 environmental assessment revealed TCA's significant environmental aspects: atmospheric emissions, energy consumption, waste generation, and soil and subsoil monitoring.

TCA is awaiting the issuance of the new Integrated Environmental Authorization for the Capolona plant, which envisions greater quantities of authorized manageable waste, and which will soon result in an amendment to the authorization procedures, including them all within the Single Authorization.

TCA's production activities are briefly illustrated below. They also include technical, ancillary and storage services assisting the main activities carried out on site.



## Emissions and abatement systems

All the amounts found during the atmospheric emission controls are within the legal limits. There was only one case of exceeding the legal limit of the carbon monoxide parameter in a 10-minute period in 2022. The incident was caused by a refining system breakdown; the refining system was repaired promptly and it recovered quickly. This incident resulted in the only fine imposed on TCA in 2022.

TCA constantly monitors all the emissions deriving from its refining equipment. To avoid diffusing externally the substances used in the production cycle, significant emissions have appropriate abatement systems. The systems are maintained in full working order and are checked continuously to ensure their proper operation. All authorized emissions are monitored regularly by qualified independent laboratories, according to a predetermined schedule.

<b>Average Emissions in mg/Nm<sup>3</sup></b>	<b>2022</b>	<b>2021</b>
Nitrogen oxides	43.3	127.8
Sulfur oxides	19.04	2.50
Hydrogen chloride	7.22	1.27
Carbon monoxide	0.63	1.47
Heavy metals	0.066	0.087
Particulate matter (PM)	0.65	1.31

The 2021 data was calculated on the most significant emission, called E2-Burning. As of 2022, the data reflects the average of all the significant emissions.

## Energy management

The energy sources used in TCA are electricity (to power the equipment), natural gas (used for incineration, post-combustion, smelting furnaces, boilers to produce steam and heating), and diesel oil (used only to power the generator/fire pump motors and to propel the internal handling of merchandise). The Company is licensed to produce electricity with its generator, capable of producing 276 kWh to keep some preferential utilities working.

## Energy consumption

<b>Description</b>	<b>Unit of measurement</b>	<b>2022</b>	<b>GJ</b>	<b>2021</b>	<b>GJ</b>
Electricity	kWh	6,976,029	25,114	6,380,514	22,970
Natural gas	m <sup>3</sup>	2,120,389	74,856	1,996,608	70,486
Diesel oil	liters	24,590	891	28,438	1,030
<b>Total</b>	-		<b>100,861</b>		<b>94,486</b>

TCA performed the energy diagnosis at the Capolona plant to comply with Italian Legislative Decree 102/2014. The energy diagnosis aimed to provide information on the energy consumption of the plant and identify the presence and technical-economic feasibility of interventions to reduce energy consumption.

Italian Legislative Decree 102/2014 on energy efficiency requires some types of companies (large companies and energy-intensive companies), including TCA, to make an energy diagnosis.

The direct and indirect carbon dioxide emissions associated with TCA's activity are divided into two scopes:

- Direct emissions (Scope 1): direct greenhouse gas (GHG) emissions due to the Company's direct consumption of fuel (e.g., natural gas, diesel oil and gasoline);
- Indirect emissions (Scope 2): GHG emissions deriving from the consumption of electricity, heat and steam obtained and consumed by the Company.



Scope 1 emissions <sup>6</sup>	Unit of measurement	2022	2021
Natural gas	tCO <sub>2</sub> eq	4,307.7	4,035.8
Diesel oil	tCO <sub>2</sub> eq	66.4	76.9
<b>Total Scope 1 emissions</b>	<b>tCO<sub>2</sub>eq</b>	<b>4,374.0</b>	<b>4,112.8</b>

The emissions produced by the Company in 2022 were generated by the consumption described above. Direct emissions include those related to the use of natural gas for the heating system and diesel oil for the generator and for the transportation and internal handling of merchandise. At the end of 2022, Scope 1 emissions were 6% higher than those of the prior year due to an increase in production.

Scope 2 emissions	Unit of measurement	2022	2021
Electricity (market-based) <sup>7</sup>	tCO <sub>2</sub> eq	3,188.0	2,929
Electricity (location-based) <sup>8</sup>	tCO <sub>2</sub>	2,343.9	2,010

The Scope 2 emissions were calculated with two distinct market-based and location-based methods. The first value is based on the location of the company (location-based): it is the result of the calculation of GHG emissions deriving from the production of electricity in the area where the energy is consumed. The second value is based on the market in which the company operates (market-based). According to the market-based method, the Scope 2 emissions of 2022 were 8.86% higher than those of 2021. Under the location-based method, the Scope 2 emissions of 2022 were 16% higher than in the prior year due to an increase in production and thus greater use of production equipment.

## Water requirement and waste management

In 2022 the total water withdrawal was 17,200 m<sup>3</sup><sup>9</sup>. Most water was sourced from waterworks, and the remainder from rainwater and groundwater harvesting.

For their operations, all the local units source their water from the municipal water distribution network, wells, rainwater, liquid waste and water-based raw materials. The annual requirement is approximately 17,000 m<sup>3</sup>, and the variable factors are initial rainwater treatment and extraction from piezometers.

<sup>6</sup> The emission factor used to calculate Scope 1 emissions for natural gas and diesel oil is: DEFRA - UK Government GHG Conversion Factors for Company Reporting (2022).

<sup>7</sup> The emission factor used to calculate Scope 2 market-based emissions is: AIB\_Residual Mix (2022).

<sup>8</sup> The emission factor used to calculate Scope 2 location-based emissions is: TERNA - International comparison table. The data is expressed in non-equivalent carbon dioxide.

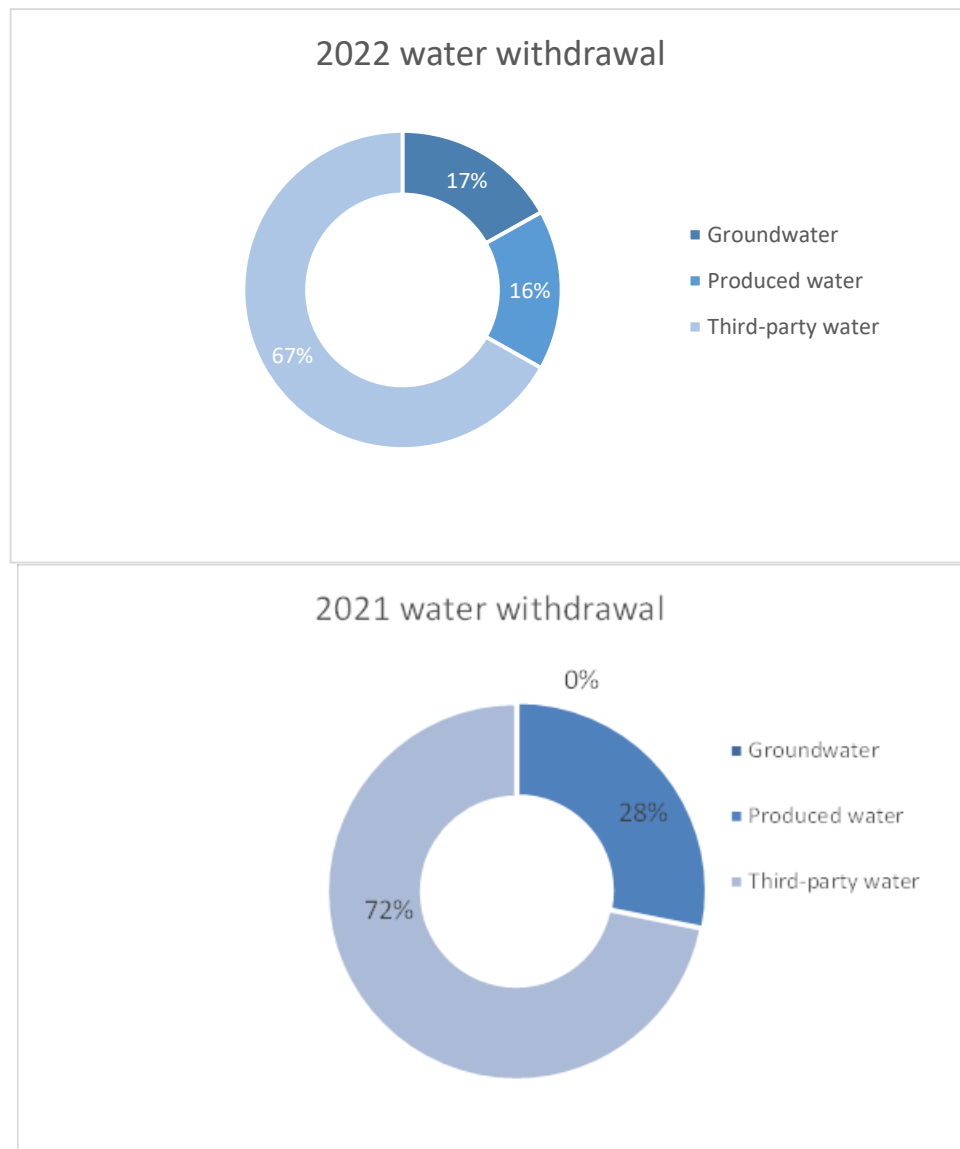
<sup>9</sup> The water withdrawal refers solely to the Capolona (Arezzo) site because the consumption for the other locations is exclusively for sanitary use and the quantities are immaterial.

Each environmental aspect is assessed by assigned a score for each ratio and combining the scores achieved, in order to obtain different levels of materiality.

The approach on which the environmental management system adopted by TCA is based is consistent with a life cycle prospect. Based on the context of the organization and considering the significant environmental aspects, compliance obligations and associated risks, the organization determined and assessed the level of control and influence it can apply to the various elements of the life cycle (as explained in the previous paragraph, such controls are attributable exclusively to the waste production phase and research and development of the optimal product process).

With such process, TCA aims to recover incoming water in its production cycles as much as possible, concentrating the outgoing effluents and discharging liquid waste only at authorized facilities.

TCA also has the possibility of effectively checking the aspect of waste and liquid production; in fact, it has specific indicators and actions adopted to intervene materially.





## Water withdrawal <sup>10</sup>

Withdrawal source (MI)	2022		2021	
	All areas	Areas with water stress	All areas	Areas with water stress
<b>Groundwater</b>	<b>2.9</b>	<b>2.9</b>	-	-
Freshwater	2.9	2.9	-	-
Other water	-	-	-	-
<b>Produced water</b>	<b>2.8</b>	<b>2.8</b>	<b>2</b>	<b>2</b>
Freshwater	2.8	2.8	2	2
Other water	-	-	-	-
<b>Third-party water</b>	<b>11.5</b>	<b>11.5</b>	<b>5.1</b>	<b>5.1</b>
Freshwater	11.5	11.5	5.1	5.1
Other water	-	-	-	-
<i>of which produced water</i>	-	-	-	-
<b>Total</b>	<b>17.2</b>	<b>17.2</b>	<b>7.1</b>	<b>7.1</b>

With respect to wastewater discharge, a significant portion of the plant's water consumption is met through recycling, from both rainwater runoff, harvested by the plant's drainage surfaces, and from the aqueous portion of liquid raw materials. The wastewater generated by the TCA plant is emptied into the public sewer system (domestic wastewater, rainwater after what is harvested), or disposed of as waste (wastewater from processes and abatement systems). No industrial waste is discharged from the local units.

## Wastewater discharge

	2022		2021	
	All areas	Areas with water stress	All areas	Areas with water stress
<b>Produced water</b>	<b>3.2</b>	<b>3.2</b>	<b>10.3</b>	<b>10.3</b>
<b>Other water</b>	<b>3.3</b>	<b>3.3</b>	<b>10.8</b>	<b>10.8</b>
<b>Total</b>	<b>6.5</b>	<b>6.5</b>	<b>21</b>	<b>21</b>

In accordance with the Environmental Management System adopted, TCA monitors waste generation data continuously, ensures proper waste disposal, promotes the separation of waste and favors recycling. Waste is sent for treatment, disposal and/or recycling using authorized transporters.

In 2022 the review of the waste management system initiated in 2020 with waste acceptance procedures went on to cover the waste manual, operating procedures, operating instructions and operations modules. The process is still underway. The implementation of a waste acceptance table enables TCA to improve its controls over incoming materials and processing. The due diligence

<sup>10</sup> Water stress is the ability, or lack thereof, to meet the human and ecological demand for water; it can refer to the availability, quality, or accessibility of water; it is based on subjective elements and is assessed differently depending on societal values, such as the suitability of water for drinking or the requirements to be afforded to ecosystems (this definition comes from the "CEO Water Mandate, Corporate Water Disclosure Guidelines, 2014").

In order to assess its impact in sensitive locations, TCA identified the plants located in areas with water stress based on the water stress indicator provided by the Aqueduct Water Risk Atlas of the World Resources Institute. The Capolona (Arezzo) plant is the only one located in an area with water stress.

process performed on waste service providers has increased the levels of observation and control in a potentially risky area. All outgoing waste was screened, and now the waste transporters and disposal firms that work with TCA and the associated costs are tracked.

In 2022 an operations module was added to the management system to perform audits on the equipment of third parties that handle our outgoing waste. The checklist covers legislative, approval and organizational aspects. The first plant inspections took place in 2022. Details of the waste produced by the Company in 2021 and 2022 are set forth below. The data excludes domestic waste.

#### 2022 waste by disposal method

Disposal method <sup>11</sup>	Unit of measurement	Hazardous on-site	Hazardous off-site	Non-hazardous on-site	Non-hazardous off-site	Total	% total
D9	t		507.5		9,635.9	10,143.4	77.4%
D15	t		749.5		977.1	1,726.6	13.2%
D8	t					0	0.0%
R4	t		915.2		121.2	1,036.4	7.9%
R13	t		11.9		181.4	193.3	1.5%
D14	t		2.1			2.1	0.0%
R12	t				10.8	10.8	0.1%
<b>TOTAL</b>	<b>t</b>		<b>2,186.2</b>		<b>10,926.4</b>	<b>13,113</b>	<b>100.0%</b>

#### 2021 waste by disposal method

Disposal method <sup>7</sup>	Unit of measurement	Hazardous on-site	Hazardous off-site	Non-hazardous on-site	Non-hazardous off-site	Total	% total
D9	t		598.47		7,721.57	8,320.04	0.1%
D15	t		483.72		1,999.81	2,883.534	22.1%
D8	t				0.3	0.3	0.003%
R4	t		38.17		131.85	170.01	1.5%
R13	t		36.05		225.98	262.03	2.3%
D14	t						
R12	t						
<b>TOTAL</b>	<b>t</b>		<b>1,156</b>		<b>10,382</b>	<b>11,236</b>	<b>100.0%</b>

As indicated in the tables, waste production rose slightly, by 16.7%, in 2022. Hazardous waste, which accounts for a small share of the total waste produced, increased by 89%, whereas non-hazardous waste increased by 5.2% compared with 2021. The substantial percentage increase in the hazardous waste produced is attributable to the assignment to an authorized external plant of a large quantity of intermediate materials whose recovery could not be completed internally.

<sup>11</sup> The waste disposal method codes are those listed in Annex B, "Disposal Operations", and Annex C, "Recycling Operations", in Section IV of Italian Legislative Decree 152/2006.

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## Materials consumed

TCA pays close attention to the consumption of raw materials processed and the chemicals used in production because it is aware of how important they are for obtaining high-quality products on one hand, and of their environmental impact on the other. Chemical consumption is particularly significant for the Company, and for this reason it is monitored continuously in order to reduce the use of chemicals and keep production processes as efficient as possible. The use of chemicals in the production process tended to be stable in 2022, since technological and industrial progress means less intensive use of precious metals than in the past: a necessary consequence of this is the acquisition and treatment of increasingly different raw materials that have progressively lower precious metal concentrations. The chemicals used to refine gold and silver (the two most important metals in terms of quantities processed) are hydrochloric acid and nitric acid. Another important substance is sodium hydroxide, needed to neutralize the acid solutions produced by the chemical reactions and to reduce the potentially harmful substances released. Other substances are used to refine other metals, such as platinum and palladium.

The materials consumed by the Company are listed hereunder, specifically considering the chemicals used to process raw materials.

<b>Secondary materials</b>			
<b>Type of material</b>	<b>Unit of measurement</b>	<b>2022</b>	<b>2021</b>
Hydrochloric acid	t	338	308
Nitric acid	t	401	343
Other acids	t	43	38
Sodium carbonate	t	455	343
Liquid oxygen	t	4272	4302
<b>Total</b>	<b>t</b>	<b>5,509</b>	<b>5,334</b>

There were no particular imbalances in 2022 compared with the 2021 data. The trend of improvement continued for all data and indicators, especially as regards the consumption of raw materials and energy per product unit.

## Balance Sheet

Dec. 31, 2022

Dec. 31, 2021

### Balance Sheet

#### Assets

#### B) Non-current assets

##### I - Intangible assets

3) industrial patent and intellectual property rights	220	112
4) concessions, licenses, trademarks, and similar rights	129,417	116,132
7) other intangible assets	1,040	1,634
<b>Total intangible assets</b>	<b>130,677</b>	<b>117,877</b>

##### II - Property, plant and equipment

1) land and buildings	12,353,802	12,432,454
2) plant and machinery	14,821,813	8,150,554
3) industrial and commercial equipment	271,197	192,023
4) other tangible assets	605,458	289,700
5) tangible assets under construction and advances	502,415	6,882,485
<b>Total property, plant and equipment</b>	<b>28,554,686</b>	<b>27,947,216</b>

##### III - Non-current financial assets

##### 1) investments in

d-bis) other undertakings	102,991	102,991
<b>Total equity investments</b>	<b>102,991</b>	<b>102,991</b>

##### 2) non-current receivables

##### d-bis) other receivables

due within next year	0	-
due after next year	16,342	15,442
<b>Total other receivables</b>	<b>16,342</b>	<b>15,442</b>
<b>Total receivables</b>	<b>16,342</b>	<b>15,442</b>

4) derivative assets	19,290	0
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<b>Total non-current financial assets</b>	<b>138,623</b>	<b>118,433</b>
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<b>Total non-current assets (B)</b>	<b>28,823,985</b>	<b>28,183,526</b>
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#### C) Current assets

##### I - Inventories

1) raw and ancillary materials and consumables	65,471,946	60,200,100
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	Dec. 31, 2022	Dec. 31, 2021
2) work in progress and semi-finished products	469,941	170,172
4) finished products and goods	175	407
5) advances	5,126	0
<b>Total inventories</b>	<b>65,947,187</b>	<b>60,370,679</b>
<b>II - Current receivables</b>		
<b>1) trade receivables</b>		
due within next year	2,623,287	3,265,315
<b>Total trade receivables</b>	<b>2,623,287</b>	<b>3,265,315</b>
<b>5-bis) tax credits</b>		
due within next year	4,906,313	334,721
due after next year	83,924	0
<b>Total tax credits</b>	<b>4,990,237</b>	<b>334,721</b>
5-ter) deferred tax assets	765,217	631,634
<b>5-quater) other receivables</b>		
due within next year	57,796	569,245
<b>Total other receivables</b>	<b>57,796</b>	<b>569,245</b>
<b>Total receivables</b>	<b>8,436,537</b>	<b>4,800,916</b>
<b>IV - Cash and bank balances</b>		
1) bank and postal deposits	15,315,652	10,698,780
2) checks outstanding	0	0
3) cash and cash equivalents on hand	2,724	2,902
<b>Total cash and bank balances</b>	<b>15,318,375</b>	<b>10,701,683</b>
<b>Total current assets (C)</b>	<b>89,702,100</b>	<b>75,873,278</b>
<b>D) Accrued income and prepaid expenses</b>	<b>932,283</b>	<b>529,845</b>
<b>Total assets</b>	<b>119,458,368</b>	<b>104,586,650</b>
<b>Liabilities</b>		
<b>A) Equity</b>		
I - Share capital	14,000,000	14,000,000
III - Revaluation reserves	3,646,075	3,646,075
IV - Legal reserve	2,897,302	2,223,857
VI - Other reserves, disclosed separately		
Extraordinary reserve	17,524,116	13,199,571
Reserve for unrealized gains on currency exchange	898	0

	Dec. 31, 2022	Dec. 31, 2021
Other sundry reserves	2	2
Total other reserves	17,525,017	13,199,573
VII - Cash flow hedge reserve	14,659	(9,400)
IX - Profit/(loss) for the year	4,106,467	13,468,888
Total equity	42,189,520	46,528,994
<b>B) Provisions for risks and charges</b>		
2) for taxes, including deferred tax	4,905	360
3) derivative liabilities	1	12,368
4) other provisions	3,095,738	2,748,120
Total provisions for risks and charges	3,100,644	2,760,848
<b>C) Provision for post-employment benefits</b>	308,494	318,155
<b>D) Payables</b>		
4) bank borrowings		
due within next year	64,401,356	46,681,335
due after next year	2,572,252	1,200,900
Total bank borrowings	66,973,608	47,882,235
7) trade payables		
due within next year	4,045,952	3,562,412
due after next year	0	-
Total trade payables	4,045,952	3,562,412
12) current tax liabilities		
due within next year	912,233	1,619,674
due after next year	0	41,908
Total current tax liabilities	912,233	1,661,582
13) social security		
due within next year	419,045	436,862
due after next year	8,911	0
Total social security	427,956	436,862
14) other payables		
due within next year	1,155,640	1,117,791
due after next year	0	-
Total other payables	1,155,640	1,117,791
Total payables	73,515,389	54,660,881
<b>E) Accrued expenses and deferred income</b>	344,321	317,771

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	<b>Dec. 31, 2022</b>	<b>Dec. 31, 2021</b>
<b>Total liabilities</b>	119,458,368	104,586,650

## Income statement

	Dec. 31, 2022	Dec. 31, 2021
<b>Income statement</b>		
<b>A) Value of production</b>		
1) revenues from sales and services	1,464,466,287	1,238,246,323
2) change in inventories of work in progress, semi-finished products and finished products	469,709	170,244
4) increases in fixed assets due to internally produced work	136,189	109,807
5) non-operating income		
grants for operating expenses	1,125,502	5,354
other	733,583	454,636
Total non-operating income	1,859,085	459,990
Total value of production	1,466,931,271	1,238,986,365
<b>B) Cost of sales</b>		
6) raw and ancillary materials, consumables and goods	1,443,052,262	1,203,042,002
7) services	11,636,870	8,618,858
8) leases and rentals	1,890,201	1,780,943
9) personnel		
a) wages and salaries	4,532,608	4,100,831
b) social security costs	1,395,397	1,252,145
c) post-employment benefits	322,622	280,269
e) other costs	224,444	168,515
Total cost of personnel	6,475,071	5,801,761
10) depreciation, amortization and impairment losses		
a) amortization of intangible assets	117,555	102,335
b) depreciation of property, plant and equipment	1,700,354	1,372,927
d) writedowns of current receivables and liquid assets	7,285	10,950
Total depreciation, amortization and impairment losses	1,825,194	1,486,213
11) change in inventories of raw and ancillary materials, consumables and goods	(5,101,674)	(2,105,980)
12) risk allowances	420,310	674,042
14) sundry operating expenses	509,006	510,154



	Dec. 31, 2022	Dec. 31, 2021
Total cost of sales	1,460,707,239	1,219,807,993
<b>Difference between value of production and cost of sales (A-B)</b>	<b>6,224,032</b>	<b>19,178,372</b>
<b>C) Financial income and costs</b>		
16) other financial income		
d) income from other sources		
other	46,075	26,932
Total income from other sources	46,075	26,932
Total other financial income	46,075	26,932
17) interest expense and other finance costs		
other	1,030,353	466,684
Total interest expense and other finance costs	1,030,353	466,684
17- bis) gains /(losses) on currency exchange	(53,681)	(20,177)
Total financial income and costs (15 + 16 - 17 + - 17-bis)	(1,037,959)	(459,930)
<b>Income before taxes (A - B + - C + - D)</b>	<b>5,186,073</b>	<b>18,718,442</b>
<b>20) Income tax</b>		
current taxes	1,216,242	5,374,170
deferred tax expense and income	(136,636)	(124,616)
Total income taxes	1,079,606	5,249,554
<b>21) Profit/(loss) for the year</b>	<b>4,106,467</b>	<b>13,468,888</b>

## Cash Flow Statement, indirect method

	Dec. 31, 2022	Dec. 31, 2021
Cash Flow Statement, indirect method		
A) Cash flow from operating activities (indirect method)		
Profit/(loss) for the year	4,106,467	13,468,888
Income tax	1,079,606	5,249,554
Interest expense/(income)	1,037,959	459,930
(Gains)/Losses on disposals of assets	(4,775)	2,159
1) Profit/(loss) for the year before income taxes, interest, dividends and gains/losses on disposals	6,219,257	19,180,531
Adjustments for non-cash items not recognized in working capital		
Allocations to provisions	750,217	965,261
Depreciation and amortization	1,817,909	1,475,262
Other increases/(decreases) for non-cash items	(7,597)	(6,900)
Total adjustments for non-cash items not recognized in working capital	2,560,529	2,433,623
2) Cash flow before changes in working capital	8,779,786	21,614,154
Changes in working capital		
Decrease/(increase) in inventories	(5,576,508)	(2,276,225)
Decrease/(increase) in trade receivables	634,743	(942,869)
Increase/(decrease) in trade payables	483,540	800,273
Decrease/(increase) in accrued income and prepaid expenses	(402,438)	(29,072)
Increase/(decrease) in accrued expenses and deferred income	26,550	179,878
Other decreases/(other increases) in working capital	(4,998,054)	(1,857,766)
Total changes in working capital	(9,832,167)	(4,125,781)
3) Cash flow after changes in working capital	(1,052,381)	17,488,373
Other adjustments		
Interest received/(paid)	(1,037,959)	(459,930)
(Income tax paid)	(1,079,606)	(5,249,554)
(Use of provisions)	(400,430)	(368,349)
Total other adjustments	(2,517,995)	(6,077,833)

	Dec. 31, 2022	Dec. 31, 2021
Net cash from/(used in) operating activities (A)	(3,570,376)	11,410,540
<b>B) Cash flow from investing activities</b>		
Intangible assets		
(Investments)	(2,472,309)	(2,224,766)
Divestments	169,260	15,822
Intangible assets		
(Investments)	(130,354)	(127,541)
Divestments	(1)	1
Non-current financial assets		
Divestments	(900)	691
Net cash (used in) investing activities (B)	(2,434,304)	(2,335,793)
<b>C) Cash flow from financing activities</b>		
External funding		
Increase/(decrease) in short-term bank borrowings	17,720,021	(3,616,570)
Loans raised	2,900,000	8,000,000
(Repayments of loans)	(1,528,648)	(13,083,498)
Own funding		
(Dividends and advances on dividends paid)	(8,470,000)	(6,756,820)
Net cash from/(used in) financing activities (C)	10,621,373	(15,456,888)
Net increase/(decrease) in cash and cash equivalents (A ± B ± C)	4,616,693	(6,382,141)
Cash and cash equivalents at the beginning of the year		
Bank and postal deposits	10,698,780	17,079,252
Cash and cash equivalents on hand	2,902	4,570
Total cash and cash equivalents at the beginning of the year	10,701,682	17,083,822
Cash and cash equivalents at the end of the year		
Bank and postal deposits	15,315,652	10,698,780
Checks outstanding	0	0
Cash and cash equivalents on hand	2,724	2,902
Total cash and cash equivalents at the end of the year	15,318,375	10,701,683

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## Notes to the Financial Statements - Introduction

The financial statements for the year ended December 31, 2022, consisting of the balance sheet, income statement, cash flow statement and these notes to the financial statements, were drawn up in compliance with the regulations currently in force (Italian Civil Code Article 2423 et seq). The legislation on which the financial statement preparation was based was interpreted and supplemented by the accounting standards established by the *Organismo Italiano di Contabilità* (Italian Accounting Board), using the most updated versions thereof pursuant to Legislative Decree 139/2015, implementing EU Directive n. 34/2013.

Where lacking, the standards issued by the International Accounting Standards Board (IASB) were applied, insofar as they are consistent with Italian regulations.

The following is specified:

1. the financial statements correspond to the accounting records, which are duly kept;
2. the financial statements have been prepared with transparency and present a true and fair view of TCA's financial position, financial performance, cash flows and net profit as at and for the year ended December 31, 2022;
3. no exceptional events required using the derogations allowed by Civil Code Articles 2423, paragraph 4 and 2423 bis, paragraph 2;
4. the balance sheet and income statement layouts correspond to the prescribed layouts; in particular:
  - no balance sheet or income statement headings have been aggregated;
  - no assets or liabilities fall under multiple headings of the balance sheet layout provided by Civil Code Article 2425;
  - items required to be stated separately by the Italian Civil Code are included in the balance sheet and income statement, only when such items are present. In the same manner, items preceded by Arabic numerals and lowercase letters are omitted when their amounts are zero;
5. these notes to the financial statements contain the disclosures, information and statements required by Italian Civil Code Article 2427;
6. in compliance with Civil Code Article 2423, paragraph 5, the amounts of the balance sheet and income statement are denominated in whole euros, without the use of decimals.

### **Accounting policies**

The same accounting policies used in the prior year were followed to prepare the financial statements.

### **Basis of preparation**

With respect to the financial statement items, in compliance with Civil Code Articles 2423, 2423 bis and 2426:

- the financial statements were prepared in accordance with the prudence principle, on a going concern basis and considering the economic function of the assets and liabilities concerned (with substance prevailing over form);
- only profits realized within the reporting period were recognized;
- income and expenses were recognized on an accrual basis, when earned and incurred, irrespective of their collection or payment date;
- risks and losses pertaining to the reporting period were recognized even if discovered afterward;
- dissimilar items grouped into a single entry were measured separately;

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- the accounting policies adopted were the same as those used for the previous financial year;
  - income and expenses were classified pursuant to Interpretive Document 1 of the "Interpretazioni" Series of Italian Accounting Standard 12 of the Italian National Council of Accountants and the Italian Accounting Standards Commission, in the revised version of the Italian Accounting Board.

The Company did not conduct any transactions with related parties that were not carried out on an arm's length basis.

In accordance with Civil Code Article 2427 (§22 ter), TCA is not party to any agreements that are not represented in the balance sheet that could generate significant risks and/or benefits, which should be described for a better understanding of the financial statements.

The Report on Operations provides information regarding TCA's business activity and significant events occurring after the reporting date.

Transactions in foreign currency are translated into the presentation currency (Euro) at the exchange rate prevailing on the transaction dates and the difference between such values and the amounts effectively paid or received is recognized in the income statement under item 17 bis, "gains and losses on currency exchange".

Receivables and payables in foreign currency that are outstanding on the reporting date are translated at the end-of-period exchange rates. The resulting gains and losses realized on currency translation are recognized in the income statement under item 17 bis, "gains and losses on currency exchange".

Accordingly, the current receivables and payables include items deriving from such transformation, and any subsequent differences emerging on the settlement date of the items will be recognized in the subsequent reporting period.

The net balance of currency translation is a gain, so part of equity was allocated to an undistributable reserve.

### **Derogation from accounting standards**

No exceptional events occurred requiring derogation from Civil Code Article 2423. Any exceptions or peculiarities associated with the specific industry in which TCA operates are reported herein.

The significant accounting policies used to prepare the financial statements are described hereunder.

### **Going concern assumption**

The financial statement items of the reporting period and those of the prior year were measured on a going concern basis, in accordance with Italian accounting standard (OIC) 11, § 21.

With respect to the events described in the "provisions for risks and charges" section, the stated actions were intended to ensure the maximum level of protection and suitability of TCA's responses to the investigations underway and their possible developments. Therefore, the Directors, supported by the opinion expressed by their lawyers, believe that the Company will be able to maintain business continuity in the foreseeable future,

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## **Non-current assets:**

### **Intangible assets**

Intangible assets are recognized with the agreement of the Board of Statutory Auditors, as necessary, at their original purchase price net of the amortization calculated over the remaining useful life of the asset.

Intangible assets are amortized annually on a straight-line basis using the following rates:

33.3% for software;

20% for unamortized capitalized costs.

If an impairment loss is identified in addition to amortization, the asset is written down accordingly; the original value is reinstated in future periods, adjusted solely by depreciation, if the reasons for the writedowns cease to apply.

### **Property, plant and equipment**

Property, plant and equipment are stated at their historical cost, which includes their installation costs and the revaluations performed pursuant to Laws 342/2000 and 72/1983, Decree-Law 185/2008, enacted into Law 2/2009, and Decree Law 104/2020.

Improvements are capitalized, as are all other expenses that prolong the lives of assets.

As in previous reporting periods, depreciation is calculated over the estimated useful life of the asset.

The depreciation rates have not changed from the previous reporting period.

Most depreciable assets were depreciated using the rates established by the Ministerial Decrees of October 29, 1974 and December 31, 1988, which are considered to adequately account for normal wear and tear in the specific industry in which TCA operates. Other assets, whose useful life was measured on the basis of past experience, were assigned specific depreciation rates in order to more faithfully represent the financial performance and financial position, and to apply correctly the accounting policy that has always been used. The depreciation rates for assets that began to be used during the reporting period were reduced to half for the individual assets, under the assumption that such rates represent a reasonable approximation of the purchases of such assets in the year.

The annual depreciation rates applied are summarized in the table below, the numeration of which corresponds to the sub-item numbers in the financial statements:

- 1 Buildings 3.0%
- 1 Lightweight structures 10.0%
- 2 Special-purpose plant and machinery 6.67-12.5%
- 2 General-purpose plant and machinery 6.67-10.0%
- 2 Security and control equipment 30%
- 3 Equipment 25.0%
- 4 Furniture 12.0%

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4 Electronic office machines 20.0%

4 Motor vehicles 20-25%

The current market values and economic values associated with the future production capacity of the assets are no less than the carrying values of the assets.

As described subsequently, in 2020 TCA revalued some tangible assets using the benefit available under Law Decree 104/2020, Article 110.

The revaluation amount was determined with a sworn professional estimate drawn up by a specialized independent firm.

If an impairment loss is identified in addition to depreciation, the asset is written down accordingly; the original value is reinstated in future periods, adjusted solely by depreciation, if the reasons for the writedowns cease to apply.

No writedowns were necessary under Civil Code Article 2426 § 1 and § 3 because no potential impairment losses were identified, as per Italian accounting standard 9.

### **Financial assets**

The (other) equity investments are valued according to the general criteria of acquisition cost plus any additional consideration paid, less any impairment losses.

There are no financial receivables maturing after one year for which the amortized cost method needed to be used.

### **Inventories**

As noted subsequently, consistently with previous reporting periods, inventories are stated by grouping together all the metals owned into raw materials and measuring them as a whole.

Inventories are stated at the lower of purchase cost (for raw materials) or production cost (for work in progress and finished goods) and market value.

The following criteria was adopted to measure purchase cost or production cost:

- raw materials consisting of precious and base metals are measured with the LIFO method on an annual basis;
- other raw and ancillary materials and consumables are stated at their average purchase price;
- work in progress and finished products are measured on the basis of their production costs (generally consisting strictly of the related processing costs).

Consistently with previous reporting periods, raw materials, specifically precious and non-precious metals that were not in a pure state at the end of the period, were measured by taking into account the average standard costs that will be incurred for refining them. This activity is always necessary so that metals included in inventories can be sold or used in production. The net value resulting from the algebraic sum of the foregoing amounts corresponds to the value of materials in stock containing precious metals.

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## **Receivables**

Receivables are measured at their estimated realizable value. The nominal value of trade receivables is adjusted to estimated realizable value by means of a provision for doubtful accounts taking into consideration the debtor's solvency, the period in which the receivable falls due, any litigation in progress, general economic conditions, the business segment and country risk of each customer and all enforceable guarantees.

The amortized cost method was not used because the effects were deemed immaterial, since the transaction costs, commissions paid between the parties and all other differences between the initial value and the maturity value are of little significance, and the receivables are short-term.

## **Cash and bank balances**

Cash and bank balances are recorded at their nominal value. Balances denominated in foreign currency are translated at the end-of-period exchange rate.

## **Accrued income, prepaid expenses, accrued expenses and deferred income**

The items represent portions of income and expenses that pertain to the period, but are receivable/payable in future periods, and portions of income and expenses received/paid within the period, but that pertain to future periods, in observance of the accrual basis of accounting and the matching principle.

The conditions that resulted in the initial recognition of long-term prepayments, accruals and deferrals were verified, and adjustments were made as necessary.

## **Provisions for risks and charges**

Provisions for risks and charges are appropriated to cover determinate losses whose timing and/or amount were uncertain at the reporting date. The provisions reflect the best possible estimate based on the information available.

The provisions were estimated in observance of the prudence principle and the accrual basis, and no general risk provisions were set up without economic justification.

Contingent liabilities were recognized in the financial statements and accounted for in the provisions insofar as they are deemed probable and the related cost can be estimated reasonably.

Derivatives designated to hedge future cash flows are stated at their related market value, as required by Italian accounting standard 32. A specific (negative) reserve has been entered as a contra-entry in equity.

## **Provision for post-employee benefits**

The provision for post-employment benefits represents the obligation accrued as at the reporting date toward all TCA's employees, calculated according to the law and the employment contracts currently in force.



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This provision is subject to indexed revaluation and corresponds to the total indemnities accrued to the employees at the reporting date, net of any advances paid. It shows the amount that would be payable to the employees if their employment service period should terminate on that date.

Pursuant to Leg. Decree 252 of December 5, 2005 and subsequent legislation, post-employment benefit obligations that have accrued since 2007 were classified based on the following considerations:

- the decision of employees to assign their accrued post-employment benefits to a pension fund (private or set up by trade unions);
- the decision of employees to keep their accrued post-employment benefits with the employer; since TCA has more than 50 employees, this entails paying the benefits into the Treasury Fund set up at the Italian social security institute ("INPS"). At the reporting date, the accrued amounts for the pension funds and those for the INPS Treasury Fund were classified as "social security payables" in the balance sheet under liabilities sub-item D.

Hence, the provision allocated represents TCA's actual obligation toward the employees on the Company's payroll at the end of the reporting period, net of any advances paid.

It was used for advances, severance pay, substitute tax and additional payments made to social security authorities and the INPS Treasury Fund.

### **Payables**

Payables are stated at their nominal value, adjusted for any returns or billing adjustments, which is considered to represent their estimated settlement value. Trade payables are discounted to their present value only if the nominal value of the payables exceeds materially the market price of the goods purchased with short-term payment, and if the payment extension granted is considerably beyond the subsequent period. Payables for employees' accrued vacation time and deferred compensation, including social security, are stated on the basis of the amount that would be payable if the related employment should terminate on the reporting date.

The amortized cost method was not used for payables because the effects were deemed immaterial, since the transaction costs, commissions paid between the parties and all other differences between the initial value and the maturity value are of little significance.

### **Derivative instruments**

Derivative instruments are financial assets recognized at their fair value.

Derivatives are designated as hedging instruments when, at the beginning of the hedging relationship, a close correlation exists between the characteristics of the item hedged and those of the hedging instrument, and the hedge effectiveness, verified regularly, is high.

When derivatives cover the risk of variability in the future cash flows of the instruments hedged (cash flow hedge), the effective portion of the gains and losses on the derivative instrument is recognized in equity. Gains and losses associated with the ineffective portion of the hedge are recognized in the income statement. When the related transaction is realized, the accumulated gains and losses recognized in equity up to that point are recognized in the income statement.

Therefore, changes in the fair value of the derivatives are recognized in a specific equity reserve (item AVII, "cash flow hedge reserve") whereby the effects of the cash flow hedged may be offset; any

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ineffective portion is recognized in items D18 and D19. The cash flow hedge reserve is recognized net of the related deferred tax assets/liabilities.

### **Income and expenses**

All income and expenses were calculated in accordance with the prudence principle and the accrual basis of accounting.

Revenues from sales of products are recognized at the time of transfer of ownership.

Financial income and revenues from services are recognized on an accrual basis.

Grants for operating expenses are accounted for in observance of the matching principle, when it is certain that the grant will be received.

### **Income tax**

Income taxes are calculated on the basis of a prudent interpretation of the tax legislation currently in force and are recognized both in the income statement and in the balance sheet under "current tax liabilities", net of any taxes paid in advance during the year. If the balance of taxes due is less than the advances paid, the resulting receivable is recognized among the balance sheet assets as "tax credits".

Deferred tax assets and liabilities, if any, derive from temporary differences between the carrying amounts of assets and liabilities and their tax base. Deferred tax assets and liabilities are calculated at the rates expected to apply in the period in which the liability is settled or the asset realized, considering the rates currently in force or those expected to be issued in the future.

Deferred tax assets and liabilities are offset when a legal right to offset the current tax assets and liabilities exists, and when they refer to taxes due to the same tax authority; otherwise the deferred tax liabilities are recognized as "provisions for risks and charges" and the deferred tax assets are recognized as "tax credits". Permanent tax differences raise the overall rate of taxation on the annual income.

In accordance with the prudence principle, deferred tax assets are recognized only if reasonable certainty exists that future taxable income will be sufficient to allow absorbing costs that will be deductible in the future based on current tax legislation.

Deferred tax assets and liabilities are calculated on all cumulative temporary differences of the year at the tax rates that will apply when the temporary differences reverse, as enacted by the tax legislation in force at the reporting date.

### **Use of estimates**

The preparation of financial statements under Italian GAAP requires management to use estimates and assumptions that affect the values of the assets and liabilities reported in the balance sheet and disclosures concerning contingent assets and liabilities at the reporting date. The estimates and assumptions are based on past experience and other relevant factors. Therefore, it is possible that in the future the actual results may differ from the current estimates, requiring significant adjustments to be made to asset values, which are obviously unforeseeable and cannot be estimated at this time. Estimates were used primarily for allocations to the provision for doubtful accounts, the valuation of inventories, amortization, depreciation, asset impairment and other allowances and provisions. The

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estimates and assumptions are reviewed periodically, and the effects of any changes thereof are reflected immediately in the income statement.

### **COVID-19**

TCA did not opt, in the reporting period or the two previous periods, to make exceptions to the accounting principles or policies, including to the going concern assessment

### **Emphasis of derogations and special situations**

The financial statements were approved using the extended time limit of 180 days, as decided by the Board of Directors.

## **Notes to the Financial Statements - Assets**

### ***Non-current assets***

#### **Intangible assets**

##### Changes in intangible assets

The balance sheet values result from the movements and transactions presented in the table below.

Any changes that are not accounted for in the tables, such as impairment and reclassifications, did not occur.

The fully amortized intangible assets at the beginning of the year are eliminated from the costs and accumulated amortization. For this reason, the final balances (cost and accumulated amortization) might differ from the amounts recalculated manually, but the balances remain the same.

	Industrial patent and intellectual property rights	Concessions, licenses, trademarks, and similar rights	Other intangible assets	Total intangible assets
<b>Amount at beginning of the year</b>				
<b>Cost</b>	140	283,365	132,447	415,952
<b>Accumulated amortization</b>	(28)	(167,233)	(130,814)	(298,075)
<b>Carrying amount</b>	112	116,132	1,634	117,877
<b>Annual changes</b>				
<b>Increases due to purchases</b>	170	130,184	-	130,354
<b>Annual amortization</b>	62	116,899	594	117,555
<b>Total changes</b>	108	13,285	(594)	12,799
<b>Amount at end of the year</b>				
<b>Cost</b>	310	413,549	132,447	546,306
<b>Accumulated amortization</b>	(90)	(284,132)	(131,408)	(415,630)
<b>Carrying amount</b>	220	129,417	1,040	130,677

No internally generated development costs were capitalized in the year.

Item B) I. 4 consists of licenses to use software, some of which is owned, and item B) I 7 consists of remaining expenses incurred for the Vicenza facility and deferred charges capitalized in previous years.

## Property, plant and equipment

Changes in property, plant and equipment

The balance sheet values result from the movements and transactions presented in the table below:

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Tangible assets under construction and advances	Total property, plant and equipment
<b>Amount at beginning of the year</b>						
<b>Cost</b>	13,395,139	19,423,134	869,238	2,093,342	6,882,485	42,663,338
<b>Revaluations</b>	1,505,642	1,730,630	86,541	218,186	0	3,540,999
<b>Accumulated depreciation</b>	(2,468,328)	(12,943,267)	(763,755)	(2,021,828)	0	(18,197,178)
<b>Impairment</b>	0	(59,942)	0	0	0	(59,942)
<b>Carrying amount</b>	12,432,454	8,150,554	192,023	289,700	6,882,485	27,947,216
<b>Annual changes</b>						
<b>Increases due to purchases</b>	285,219	588,990	164,644	355,255	1,078,201	2,472,309
<b>Reclassifications (of carrying amount)</b>	6,237	7,256,470	2,985	81,418	(7,458,271)	(111,161)
<b>Decreases due to disposals (of carrying amount)</b>	18,800	0	0	34,525	0	53,325
<b>Annual depreciation</b>	351,308	1,174,203	88,455	86,389	0	1,700,355
<b>Total changes</b>	(78,652)	6,671,257	79,174	315,759	(6,380,070)	607,468
<b>Amount at end of the year</b>						
<b>Cost</b>	13,667,795	27,237,401	1,036,867	2,495,490	502,415	44,939,968
<b>Revaluations</b>	1,505,642	1,730,630	86,541	218,186	0	3,540,999
<b>Accumulated depreciation</b>	(2,819,636)	(14,086,277)	(852,210)	(2,108,217)	0	(19,866,340)
<b>Impairment</b>	-	(59,942)	0	0	0	(59,942)
<b>Carrying amount</b>	12,353,802	14,821,813	271,197	605,458	502,415	28,554,686

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### **Change in property, plant and equipment:**

Capital expenditures were made to upgrade and renovate production plants in order to restructure and renovate the industrial area.

The capitalization of assets built in-house does not include interest and finance costs, nor has it done so in previous periods. Capital expenditures on property, plant and equipment, which reached € 2,472,309 in 2022, were invested in technological upgrading and the enlargement of the Capolona (Arezzo) industrial area, as in previous years, involving primarily plant maintenance and especially plant modernization.

In-house construction work was undertaken in 2022 to expand and create new manufacturing plants. € 136,189 was capitalized.

In 2017 the planning of an important investment was begun, consisting of building the New Metallurgical Division: the plan involved building a new factory to house new melting equipment. The completion of the work, originally expected for 2019, has been delayed for various reasons, not the least among which the Covid-19 outbreak. In 2022, the new metallurgical plant began operating. Because it is very complex, the anticipated productivity levels have not been reached yet.

### **Revaluations:**

As noted, in **2008** TCA chose to revalue its buildings under Law Decree 185/2008. The revaluation was performed on the basis of an appraisal drawn up by independent professionals engaged specifically for such purpose, who used the criteria of the most probable market value. The net carrying amount of the assets at the reporting date was € 3,973,904 and the appraisal value reported was € 5,158,922; the amount of the revaluation is € 1,185,018.

TCA accounted for the revaluation by using the hybrid method (elimination of accumulated depreciation and revaluation of the residual cost) considering that the buildings would be maintained and updated constantly and regularly in the future, and that the actual loss in value would still be less than the depreciation calculated on the basis of the technical depreciation process; in other words, it was believed that the buildings would retain significant residual value even at the end of their use and depreciation process.

The revaluation reserve, entered net of the revaluation tax originally classified as a tax liability and by now paid in full, was increased to reflect this.

According to the Board of Directors, the higher values reported in 2008 still exist, so the revalued amounts were maintained.

In **2014**, the value of the buildings purchased in 2011 and 2013, which included the land on which the buildings stand, was reclassified. The value of the buildings was separated and accounted for on the basis of internal estimates made by TCA, and the value of the land was calculated as the residual amount.

At the same time a provision was prudently entered at liability item B.3 for estimated environmental recovery costs, considering that the area was purchased recently, and TCA does not know what production activities had been performed there.

In **2020**, in accordance with Decree Law 104/2021, after conducting a careful review of the values of the buildings and plants used for its operating activities, assisted by a specific appraisal requested of a specialized, independent firm (which reported the future usability of such assets), TCA revalued some assets.

Higher economic values were prudently assigned, which however do not exceed the current values. Taking into account the estimated remaining useful life, which appears longer than what was estimated when the assets were purchased or constructed, TCA decided to apply the method of reducing the accumulated depreciation, deemed more consistent with the values and the estimated duration of the single assets revalued.

The accounting methodology applied (reduction of accumulated depreciation and, for the difference, increase in depreciable cost) required revising the depreciation schedules of the capital assets revalued.

The derogation was expressly established by Decree Law 104/2021, Article 110, and entails the payment of a 3% substitute tax recognized directly in payables. Although not required to do so, the Company also commissioned a sworn estimate to a specialized firm (ROUX Italia) for an "independent" review of the fairness of the values assigned and the remaining useful life. The provision, entered under liabilities, is net of the substitute tax allocated to the payables.

In detail, the 2020 revaluations were as follows:

	<b>Buildings</b>	<b>Plants</b>
Decrease in accumulated depreciation	2,087,177.26	1,516,919.25
Increase in depreciable cost	55,000.00	108,699.10

#### **Impairment:**

The impairment noted in the table refers to a 2015 writedown.

#### **Finance leases**

TCA did not stipulate any finance leases.

#### **Non-current financial assets**

The non-current receivables refer to deposits paid for services.

#### **Changes in equity investments, investment securities and non-current derivative assets**

The equity investments recognized among the non-current financial assets refer to a non-controlling interest in Genergy spa.

	<b>Investments in other undertakings</b>	<b>Total equity investments</b>	<b>Derivative assets</b>
<b>Amount at beginning of the year</b>			
<b>Cost</b>	132,742	132,742	0
<b>Impairment</b>	29,751	29,752	-
<b>Carrying amount</b>	102,991	102,991	0
<b>Annual changes</b>			
<b>Increases due to purchases</b>	0	0	0

	Investments in other undertakings	Total equity investments	Derivative assets
Revaluations conducted during the year	-	-	19,290
Total changes	0	0	19,290
Amount at end of the year			
Cost	132,742	132,742	0
Impairment	29,751	29,751	19,290
Carrying amount	102,991	102,991	19,290

Genergy s.p.a. is a company promoted by the Arezzo Industrial Association that produces electricity from renewable energy sources.

It has photovoltaic power plants and hydropower plants, whose total capacity is 1.6 megawatts (MW).

Genergy SpA is an investor of Genegypt (Egyptian company), which currently has no value, and has a stake in BCC Anghiari e Stia amounting to € 20,735. It also has a stake in Confidi Imprese Toscane amounting to € 516.

Genergy is not currently a supplier of TCA spa.

## Changes and maturities of non-current receivables

The non-current receivables refer to guarantee deposits paid under contracts and, in acknowledgment of TCA's intention to continue using the related services in the future, they are considered due after the next year, consistently with previous reporting periods.

	Amount at beginning of the year	Annual changes	Amount at end of the year	Due within the year	Due after the year
Other non-current receivables	15,442	900	16,342	0	16,342
Total non-current receivables	15,442	900	16,342	0	16,342

Asset item B.III does not include any receivables due after five years.

All the receivables are due from Italian parties.



## Non-current receivables by geographical area

Geographical area	Other non-current receivables	Total non-current receivables
Italy	16,342	16,342
<b>Total</b>	<b>16,342</b>	<b>16,342</b>

## Current assets

### Inventories

	Amount at beginning of the year	Annual change	Amount at end of the year
<b>Raw and ancillary materials and consumables</b>	60,200,100	5,271,846	65,471,946
<b>Work in progress and semi-finished products</b>	170,172	299,769	469,941
<b>Finished products and goods</b>	407	(232)	175
<b>Advances</b>	0	5,126	5,126
<b>Total inventories</b>	<b>60,370,679</b>	<b>5,576,509</b>	<b>65,947,187</b>

Inventories consist mainly of precious metals that TCA accounts for as raw materials since they are used for all TCA's activities (industrial processing for metal refining and the metals bank).

In accordance with the accounting standards adopted, the lower of the purchase or production cost and the realizable value based on market prices was used.

In line with previous years, the annual LIFO method was used for all metals in stock on December 31, 2022.

With relatively constant goods in stock, this enables to limit the effects of metal price fluctuations on profit and loss. On the other hand, accounting values differ considerably from recent market values, especially when precious metals prices are constantly rising, as they have been in the past two years, reaching record levels.

The LIFO reserve, calculated as the difference between the accounting values and the average prices of the last four months of 2022, exceeds the carrying amount by € 73,691,555. The LIFO reserve recognized in the 2021 financial statements was € 65,225,443, that of 2020 was € 84,312,836, and that of 2019 was € 45,445,484.

The value of the metals in stock also takes into account the average refining costs for metals not in a pure state as at December 31, 2022. With the calculation of those costs, the value is aligned with the market value.

The work in progress and finished products consist of processing work and are measured at the average production cost on the basis of the factors used.

## Current receivables

Changes and maturities of current receivables

	Amount at beginning of the year	Annual change	Amount at end of the year	Due within the year	Due after the year
<b>Current trade receivables</b>	3,265,315	(642,028)	2,623,287	2,623,287	-
<b>Tax credits</b>	334,721	4,655,516	4,990,237	4,906,313	83,924
<b>Current tax assets</b>	631,634	133,583	765,217		
<b>Other current receivables</b>	569,245	(511,449)	57,796	57,796	-
<b>Total current receivables</b>	4,800,916	3,635,622	8,436,537	7,587,396	83,924

TCA insures its trade receivables with a leading firm in the business and seeks to keep the credit lines within the limits granted by the firm. Any exceptions are authorized by the Board of Directors.

Current receivables by geographical area

Geographical area	Italy	Rest of Europe	USA	Other	Total
<b>Current trade receivables</b>	2,010,177	530,299	59,461	23,350	2,623,287
<b>Tax credits</b>	4,990,237	-	-	-	4,990,237
<b>Current tax assets</b>	765,217	-	-	-	765,217
<b>Other current receivables</b>	57,796	-	-	-	57,796
<b>Total current receivables</b>	7,823,427	530,299	59,461	23,350	8,436,537

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## Cash and bank balances

The item includes cash on hand, bank deposits, cash funds and demand deposits that are readily convertible into cash and are not exposed to material fluctuation risk.

The composition of the item and the changes for the period are summarized in the table below:

	Amount at beginning of the year	Annual change	Amount at end of the year
<b>Bank and postal deposits</b>	10,698,780	4,616,872	15,315,652
<b>Checks outstanding</b>	0	0	0
<b>Cash and cash equivalents on hand</b>	2,902	(178)	2,724
<b>Total cash and bank balances</b>	10,701,683	4,616,694	15,318,375

## Accrued income and prepaid expenses

	Amount at beginning of the year	Annual change	Amount at end of the year
<b>Accrued income</b>	0	2,852	2,852
<b>Prepaid expenses</b>	529,845	399,586	929,431
<b>Total accrued income and prepaid expenses</b>	529,845	402,438	932,283

The prepaid expenses include prepaid insurance of € 334,480, long-term prepayments of € 12,831, € 413,737.00 for water and natural gas (MET ENERGIA), € 64,521.00 for business information agencies (CERVED GROUP and INFOCERT), and € 44,032.00 in bank fees and commissions (various bank letters of credit).

## Notes to the Financial Statements - Liabilities and Equity

### Equity

The changes in the equity of the past year are set forth in the table below:

#### Changes in equity

	Amount at beginning of the year	Allocation of prior period profit/(loss)		Other changes		Profit/(loss) for the year	Amount at end of the year
		Assignment of dividends	Other allocations	Increases	Decreases		
Share capital	14,000,000	-	-	-	-		14,000,000
Revaluation reserves	3,646,075	-	-	-	-		3,646,075
Legal reserve	2,223,857	-	-	673,445	-		2,897,302
Other reserves							
Extraordinary reserve	13,199,571	-	-	12,794,545	(8,470,000)		17,524,116
Reserve for unrealized gains on currency exchange	0	-	-	898	-		898
Other sundry reserves	2	-	-	-	-		2
Total other reserves	13,199,573	0	-	12,795,443	(8,470,000)		17,525,017
Cash flow hedge reserve	(9,400)	-	-	24,059	-		14,659
Profit/(loss) for the year	13,468,888	0	(13,468,888)	-	-	4,106,467	4,106,467
Total equity	46,528,994	0	(13,468,888)	13,492,947	(8,470,000)	4,106,467	42,189,520

## Other sundry reserves

Description	Amount
Rounding off to euro	2
<b>Total</b>	<b>2</b>

The increases in the legal reserve and extraordinary reserve are attributable to the allocation of the previous year's profit (5% and 95%, respectively).

The decrease in the extraordinary reserve is due to distributions to shareholders in 2022.

### Availability and use of equity

	Amount	Source / nature	Use possibilities	Available portion	Use in previous three years
					for other reasons
Share capital	14,000,000			-	-
Revaluation reserves	3,646,075	profits	ABC	3,646,075	(8,687)
Legal reserve	2,897,302	profits	B	-	-
Other reserves					
Extraordinary reserve	17,524,116	profits	ABC	17,524,116	(8,977,920)
Reserve for unrealized gains on currency exchange	898	profits	AB	898	-
Other sundry reserves	2			2	-
<b>Total other reserves</b>	<b>17,525,017</b>			<b>17,525,016</b>	<b>(8,977,920)</b>
Cash flow hedge reserve	14,659	profits		-	-
<b>Total</b>	<b>38,083,054</b>			<b>21,171,091</b>	<b>(8,986,607)</b>
Undistributable portion				900	
Distributable portion				21,170,191	

Key: A: for capital increase B: for loss coverage C: for distribution to shareholders D: for other statutory obligations E: other

## Source, use and distribution of other sundry reserves

Description	Amount	Source / nature	Use possibility	Available portion
Rounding off to euro	2	profits	ABC	2
<b>Total</b>	<b>2</b>			

Key: A: for capital increase B: for loss coverage C: for distribution to shareholders D: for other statutory obligations E: other

Letters A, B and C have the following meanings:

A = reserves that can be distributed to shareholders;

B= reserves that can be used for loss coverage;

C= reserves that can be used to increase share capital.

TCA has no additional statutory restraints (table item E).

The reserves for which no letter is shown cannot be distributed or used to cover losses or to increase share capital.

By law, the legal reserve may be used solely to cover losses.

Share capital consists of 14,000 ordinary shares with a par value of € 1,000 per share.

TCA did not issue any dividend-paying shares or convertible bonds, or any other securities or similar items.

### Changes in cash flow hedge reserve

	Cash flow hedge reserve
Amount at beginning of the year	(9,400)
Annual changes	
Increase due to change in fair value	24,059
Decrease due to change in fair value	0
Amount at end of the year	14,659

Pursuant to the adoption of the accounting standards, the fair value of derivatives must be recognized by TCA in the balance sheet.

The difference between the change in the reserve and the change in the risk provisions (liability item B) is the result of the change in the deferred tax assets associated with Interest Rate Swaps.

The 2022 cash flow hedge reserve is € 14,660.

## Provisions for risks and charges

The provision for taxes refers to potential deferred tax liabilities of € 118 calculated on the temporary differences between the taxable income and the related statutory income, which will be absorbed in the following period.

Derivative liabilities are not present in 2022 (the IRS have a positive M2M value).

The other risks and charges consist of estimated future costs for restoring / cleaning up the land on which the buildings purchased in 2011 and 2013 are located, which has been separated from the value of the buildings, and costs regarding a work-related accident involving two employees in 2016, the amount for which has not been requested yet but has been determined under Legislative Decree 231/2001.

In 2020 a risk provision of € 2,000,000 was set up, and then increased by € 474,042 in 2021 and by € 420,310 in 2022, for a dispute against TCA regarding the management and handling of materials stocked at the industrial site: the provision serves as an amount restricted to ensure compliance with any penalty and/or restitution measures in the *Registro Generale Notizie di Reato* (General Registry of Crime Reports or "R.G.N.R.") Criminal Proceedings Case 1322/2020. The additional amount was computed on the basis of the Public Prosecutor's recalculation of unjust enrichment included in the notice of the conclusion of the investigations sent to the Company at the end of 2022. For a more in-depth analysis of the matter, please see the information reported after the table below.

In this regard, TCA believes that it has acted appropriately and has complied with the applicative legal obligations. TCA also has dedicated personnel, and for years has undergone controls by the Supervisory Body pursuant to Legislative Decree 231 and obtained the environmental certification.

During the year part of the provision for cyclical maintenance was used, calculated with a time period of ten years and referring to precious metal production equipment, recognized on an accrual basis in accordance with Italian accounting standard (OIC) 31.

	Provision for taxes, including deferred tax	Derivative liabilities	Other provisions	Total provisions for risks and charges
<b>Amount at beginning of the year</b>	360	12,368	2,748,120	2,760,848
<b>Annual changes</b>				
<b>Allocation for the year</b>	4,545	0	420,310	424,855
<b>Use in the year</b>	0	12,367	72,692	85,059
<b>Total changes</b>	4,545	(12,367)	347,618	339,796
<b>Amount at end of the year</b>	4,905	1	3,095,738	3,100,644

The following information explains the developments of the legal proceedings reported in the 2021 financial statements, whose content is referred to herein.

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R.G.N.R. Case 1322/2020. The case, which concerns the allegedly mistaken classification of waste output as non-hazardous, was transferred to the Florence District Prosecutor's Office and added to Case 962/2018, in which TCA's current President and TCA are being investigated as well as other parties for other situations. At this point, the Public Prosecutor has filed the notice pursuant to Code of Criminal Procedure Article 415 bis alleging crimes contemplated by Criminal Code Articles 452 quaterdecies, 452 bis and 452 nonies, and the crime contemplated by Leg. Decree 152/2006, Article 258 in relation to Criminal Code Article 483. The President asked to be heard by the Public Prosecutor and, on that occasion, while reaffirming that he was not involved in any alleged misconduct whatsoever, reiterated the correctness of the Company's actions. In fact, the claims emerge from the allegedly mistaken classification of waste output, a classification in place for more than 15 years during which the Company was repeatedly inspected by the control bodies without the classification ever being disputed, not even merely hypothetically. As reported in the 2021 financial statements, the preventive and corrective actions implemented by TCA include setting aside € 2,895,000.00 for the judicial authorities as an extremely prudent measure to avoid any precautionary measures that could adversely affect its reputation. TCA remains convinced that its previous management acted in compliance with the environmental regulations, having classified its waste as non-hazardous on the basis of a careful assessment of the origin thereof ("furnace slag originating from precious metal recovery operations" stated in the fourth section of the Environmental Code, Attachment D, points 10.06.01 and 10.07.01), and in any event with a lack of willful misconduct. Nevertheless, the supervisory body has requested the Company's legal advisers for their opinion on the merits of the accusation, and the lawyers have put forth multiple reasons supporting TCA's non-involvement in any of the alleged wrongdoing, *a fortiori* if intentional. On December 15, 2022, based on the deeds under investigation in Case 962/2018, the Region of Tuscany initiated an administrative proceeding to identify, pursuant to Leg. Decree 152/06, Article 244, the party responsible for alleged environmental pollution in the area of the company Lerose. On such occasion TCA spa presented multiple reasons supporting its complete non-involvement in the alleged incident.

R.G.N.R. Case 4628/2020. Upon the outcome of the events described in the notes to the 2021 financial statements and the second seizure (discussed in the next paragraph), TCA acted to eliminate the heap of slag, part of which was sent for flotation after the removal of solids and part of which was sent to the recycling firm UMICORE of Antwerp. The Public Prosecutor did not intervene any further in the case. The measure accepting the petition for release from seizure remains (because it has not been challenged), and contains a favorable prognostic opinion ("absence of fumus"), although it was issued at a precautionary level. The Company expects to complete the removal of the heap by June 2023.

R.G.N.R. Case 4778/2021. Concerning the events reported in the notes to the 2021 financial statements, with a measure dated August 2, 2022 the Preliminary Investigating Judge (GIP) accepted the request for annulment of the second seizure of the heap of slag on the basis of the *ne bis in idem* principle (stating that it was the same heap on which the Court had already expressed an opinion with the February 22, 2022 measure deeming that *fumus* did not exist in the Public Prosecutor's action). The release took place on August 9, 2022. On December 5, 2022 the GIP accepted the petition for release from seizure of the warehouses as per parcel 411 and the emission pipe. The case is still at an investigative phase and, as opposed to R.G.N.R. Case 1322/2020, the Company decided not to allocate any provision for it because no possible or potential cost is identifiable due to the Preliminary Hearing Judge's (GUP's) ruling and the financial immateriality of the possible damage, since no formalized element exists within the Public Prosecutor's investigations.

The risk of losing the cases described above is considered merely possible by TCA's management, the external experts involved, and the lawyers assisting the Company in the cases.



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## Provision for post-employment benefits

The provision represents TCA's obligation as at December 31, 2022 toward the employees on the Company's payroll at that date, net of any advances paid.

It was used for advances, severance pay, substitute tax and additional payments made to social security authorities and the INPS Treasury Fund.

The difference between the provision changes and the expenditure recognized in the income statement is attributable to the payments made directly into pension funds, and does not generate an increase in the provision. In other words, the payments made to INPS are not part of the provision because the liability remains with the social security authorities.

	Provision for post-employment benefits
Amount at beginning of the year	318,155
Annual changes	
Allocation for the year	322,622
Use in the year	332,283
Total changes	(9,661)
Amount at end of the year	308,494

## Payables

### Changes and maturities of payables

Trade payables are shown net of trade discounts; cash discounts are accounted for at the time of payment. The nominal value was adjusted for returns or rebates (billing adjustments) to the extent of the amount stipulated with the counterparty.

The current tax liabilities include income taxes and withholding taxes due on employee and free-lance salaries and charges paid in December.

The following information is provided on the payable items.

"Other payables" consists primarily of amounts due to employees for accrued compensation and accumulated vacation pay.

No payables are secured by collateral consisting of Company assets.

All the other payables refer to obligations contracted with Italian parties.

	Amount at beginning of the year	Annual change	Amount at end of the year	Due within the year	Due after the year
<b>Bank borrowings</b>	47,882,235	19,091,373	66,973,608	64,401,356	2,572,252
<b>Trade payables</b>	3,562,412	483,540	4,045,952	4,045,952	0
<b>Current tax liabilities</b>	1,661,582	(749,349)	912,233	912,233	0
<b>Social security</b>	436,862	(8,906)	427,956	419,045	8,911
<b>Other payables</b>	1,117,791	37,849	1,155,640	1,155,640	0
<b>Total payables</b>	54,660,881	18,854,507	73,515,389	70,934,226	2,581,163

On October 29, 2018, a new € 2,000,000 loan maturing on October 28, 2028 was taken out from Banca Cambiano. There are no remaining balances due after 5 years.

No new unsecured loans were taken out during the year.

The bank borrowings were € 66,973,608 at December 31, 2022, compared with the € 47,882,235 of 2021 and € 56,706,589 of 2020. They include the principal, interest and transaction costs accrued and due.

The short-term credit lines are backed by Interest Rate Swap agreements whose terms are reported later in these notes.

Such transactions were designated solely to hedge cash flows, and were conducted to protect short-term indebtedness from the risk of interest rate fluctuations.

### Payables by geographical area

Geographical area	Italy	Rest of Europe	USA	Other	Total
<b>Bank borrowings</b>	66,973,608	0	-	-	66,973,608
<b>Trade payables</b>	3,750,344	185,471	0	110,137	4,045,952
<b>Current tax liabilities</b>	912,233	-	-	-	912,233
<b>Social security</b>	427,956	-	-	-	427,956
<b>Other payables</b>	1,155,640	-	-	-	1,155,640
<b>Total payables</b>	73,219,781	185,471	0	110,137	73,515,389

## Payables secured by collateral

TCA has no payables secured by mortgages, pledges, liens or guarantees.

	Payables secured by collateral			Payables not secured by collateral	Total
	Payables secured by mortgages	Payables secured by pledges	Payables secured by special liens		
Bank borrowings	-	-	-	66,973,608	66,973,608
Trade payables	-	-	-	4,045,952	4,045,952
Current tax liabilities	-	-	-	912,233	912,233
Social security	-	-	-	427,956	427,956
Other payables	-	-	-	1,155,640	1,155,640
<b>Total payables</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>73,515,389</b>	<b>73,515,389</b>

## Accrued expenses and deferred income

	Amount at beginning of the year	Annual change	Amount at end of the year
Accrued expenses	105,035	929	105,964
Deferred income	212,736	25,621	238,357
<b>Total accrued expenses and deferred income</b>	<b>317,771</b>	<b>26,550</b>	<b>344,321</b>

The accrued expenses include interest expense on metal accounts and supplies of natural gas and propane gas.

The deferred income refers to the grant for plant and equipment in the form of a tax credit obtained to purchase new capital goods, which was deferred in parallel with the depreciation schedules.

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## Notes to the Income Statement

All income and expenses were calculated in accordance with the prudence principle and the accrual basis of accounting.

Revenues from sales of products are recognized at the time of transfer of ownership.

Financial income and revenues from services are recognized on an accrual basis.

Grants for operating expenses are accounted for in observance of the matching principle, when it is certain that the grant will be received.

Use of estimates: The preparation of financial statements under Italian GAAP requires management to use estimates and assumptions that affect the values of the assets and liabilities reported in the balance sheet and disclosures concerning contingent assets and liabilities at the reporting date. The estimates and assumptions are based on past experience and other relevant factors. Therefore, it is possible that in the future the actual results may differ from the current estimates, requiring significant adjustments to be made to asset values, which are obviously unforeseeable and cannot be estimated at this time. Estimates were used primarily for allocations to the provision for doubtful accounts, the valuation of inventories, amortization, depreciation, asset impairment and other allowances and provisions. The estimates and assumptions are reviewed periodically, and the effects of any changes thereof are reflected immediately in the income statement.

## Value of production

The value of production had the following changes in the year:

Value of production	2021	Change	2022	% change
1) Revenues from sales and services	1,238,246,323	226,219,964	1,464,466,287	18.3%
2) Change in inventories of work in progress, semi-finished products and finished products	170,244	299,465	469,709	175.9%
4) Increases in fixed assets due to internally produced work	109,807	26,382	136,189	24.0%
5) Grants for operating expenses	5,354	1,120,148	1,125,502	20921.7%
5) Other	454,636	278,947	733,583	61.4%
Total value of production	1,238,986,365	227,944,906	1,466,931,271	18.4%

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## Revenues from sales and services by business segment

The revenues are reported below by the main business segments.

Business segment	2022
Gold sales	1,329,964,663
Silver sales	56,884,044
Other income	77,617,580
<b>Total</b>	<b>1,464,466,287</b>

The total revenue from refining increased from € 4,262,207 to € 4,705,933 €.

## Revenues from sales and services by geographical area

The revenues from sales and services are reported below by geographical area.

Geographical area	2022
Italy	1,277,518,023
Rest of Europe	23,483,360
USA	27,771,273
Other	135,693,631
<b>Total</b>	<b>1,464,466,287</b>

In 2022 TCA carried out activities meeting the eligibility requirements of Italian Law 160/2019 *et seq.*, and directed substantial resources toward the achievement of the following projects at the Loc. Castelluccio, 11 Capolona (AR) plant:

Project 2 - Laboratory research and development of methods to substantially reduce the formation of recovered ammonium hydroxide with the consequential elimination of both the immobilization of the precious metals contained therein and the formation of outgoing solid waste (aggregates from flotation)

Project 3 - Laboratory research of rhodium refining techniques through selective precipitation in both salt and metallic form.

TCA incurred R&D expenditure of € 158,703 to develop such projects during the year.

The successful outcome of such innovations is expected to generate positive results in terms of sales, with favorable effects on the Company's profits.

For the R&D activities, TCA intends to use the tax credit available under Law 160/2019, Article 1, paragraph 198/209 as amended by Law 178/2020, Article 1, paragraph 1064 *et seq.*

In accordance with Italian Civil Code Article 2426, point 5, Italian accounting standard (OIC) 24 of the Italian Councils of Accountants and Auditors as revised by the Italian Accounting Board, and Italian Presidential Decree 917/86, Article 108 (Italian Tax Code) and subsequent amendments, the research and development expenditure was treated as a cost for the year and fully expensed in the income statement.

Although legislation allows for choosing whether to expense such costs in the year or to defer the costs over a maximum of five years, it was decided not to capitalize such costs. We believe that the prudence principle should prevail, also considering that the recoverableness of such costs through future earnings (an essential requirement for capitalization of R&D costs) can be discerned only through highly subjective random evaluations.

## Cost of sales

The cost of sales had the following changes:

Cost of sales	2021	Change	2022	% change
6) Raw and ancillary materials, consumables and goods	1,203,042,002	240,010,260	1,443,052,262	20.0%
7) Services	8,618,858	3,018,012	11,636,870	35.0%
8) Leases and rentals	1,780,943	109,258	1,890,201	6.1%
9) Personnel	5,801,761	673,310	6,475,071	11.6%
10) Depreciation, amortization and impairment losses	1,486,213	338,981	1,825,194	22.8%
11) Change in inventories of raw and ancillary materials, consumables and goods	-2,105,980	-2,995,694	-5,101,674	142.2%
12) Risk allowances	674,042	-253,732	420,310	-37.6%
14) Sundry operating expenses	510,154	-1,148	509,006	-0.2%
Total cost of sales	1,219,807,993	240,899,246	1,460,707,239	19.7%

## Financial income and costs

The financial items had the following changes for the year:

Financial income and costs	2021	Change	2022	% change
16) Other financial income	26,932	19,143	46,075	71.1%
17) Interest expense and other finance costs	466,684	563,669	1,030,353	120.8%
17- bis) Gains /(losses) on currency exchange	-20,177	-33,504	-53,681	166.0%
Total financial income and costs (15 + 16 - 17 + - 17-bis)	-459,930	-578,029	-1,037,959	125.7%

Below is a breakdown of item C) 17 bis:

GAINS AND LOSSES ON CURRENCY EXCHANGE	2022
LOSSES ON CURRENCY EXCHANGE	-210,230
LOSSES ON TRANSLATION TO DEC. 31 EXCHANGE RATE	-2,937
GAINS ON CURRENCY EXCHANGE FROM FINANCIAL ITEMS	1,904
GAINS ON CURRENCY EXCHANGE FROM GOLD SALES	155,836
GAINS ON TRANSLATION TO DEC. 31 EXCHANGE RATE	1,746
<b>17- bis) Gains /(losses) on currency exchange</b>	<b>-53,681</b>

## Interest expense and other finance costs by type of debt

	Interest expense and other finance costs
<b>Bonds issued</b>	0
<b>Bank borrowings</b>	628,842
<b>Other</b>	401,511
<b>Total</b>	1,030,353

"Other" comprises the interest related to precious metal purchases from suppliers and margin trading.

## Income tax

Current taxes are calculated on the basis of a prudent interpretation of the tax legislation currently in force.

TCA accounted for the income taxes for the year on an accrual basis, so prepaid taxes are recognized in balance sheet asset item C.II.4 as "deferred tax assets" and deferred tax in liability item B.2 as "provisions for taxes, including deferred tax", with income taxes as the contra account.

Taking into account the assumptions on which temporary differences between the taxable income and the related statutory income are based, and in accordance with the prudence principle, the Directors accounted for deferred tax assets only to the extent that reasonable certainty exists for their future recovery on the basis of current tax legislation. Deferred tax assets and liabilities are calculated at the rates expected to apply in the period in which the tax effect will materialize.

Accordingly, income statement item 20 consists of deferred tax (expense and income), calculated as shown in the attachment to these notes, and current taxes, calculated as described in this section.

Taxes had the following changes:

Income tax	2021	Change	2022	% change
Current taxes	5,374,170	-4,157,928	1,216,242	-77.4%
Deferred tax expense and income	-124,616	-12,020	-136,636	9.6%
Total income taxes	5,249,554	-4,169,948	1,079,606	-79.4%

The following reconciliation statement presents information on the tax differences between the theoretical (pre-tax) taxable income and the actual taxable income:

Tax reconciliation	IRES	IRAP
Pre-tax financial statement result	5,186,073	5,186,073
Income statement item B9		6,475,071
Income statement items B10 c) and d)		7,285
Income statement item B12		420,310
Income statement item B16		-46,075
Income statement item B17		1,030,353
Income statement item B17bis		53,681
IMU IMI IMIS property taxes on capital properties	86,031	
Non-deductible TAXES	167	
VEHICLE costs	13,662	
Non-deductible DEPRECIATION	305	
ALLOC. to PROV. from risks and charges	420,310	
Losses on CURRENCY EXCHANGE	1,438	



Other NON-DEDUCTIBLE costs	57,258	
Prior period taxes on currency exchange gains	1,499	
GAINS on CURRENCY EXCHANGE	-1,146	
Supplementary forms of post-employment benefits	-11,663	
Deductible portion of IMU IMI IMIS property taxes	-86,031	
Super-DEPRECIATION and LEASES 40%	-47,609	
Super-DEPRECIATION and LEASES 30%	-33,469	
Other NON-DEDUCTIBLE income	-1,152,993	
Use of provision for expenses and risks	-72,692	
Deduction of prior period currency exchange losses.	-600	
10% IRAP deductible from IRES	-46,550	
IRAP deductible from IRES (on personnel)	-48,383	
ACE deduction	-350,114	
Directors and independent contractors in B7/14		561,704
CREDIT LOSSES in B14		456,467
IMU IMI IMIS property taxes on capital properties		86,031
Non-deductible TAXES		168
Other NON-DEDUCTIBLE costs		61,851
Use of provisions in B5		-72,692
Collected receivables previously recognized as losses		-32,120
Other NON-DEDUCTIBLE income		-1,120,873
IRAP tax wedge		-5,976,867
INCOME SUBJECT TO IRES AND IRAP if >0	3,915,492	7,090,367
Tax rates	24.0%	3.9%
Net taxes	939,718	276,524

In the Balance Sheet, the income tax payables are stated net of advances and of the tax credits used to offset them. The following table presents the netting.

<b>Netting of income tax with advances and withholding tax</b>	<b>IRES</b>	<b>IRAP</b>
Tax due	939,718	276,524
Advances paid	-4,557,345	-825,258
Withholding taxes paid	-7,005	0
<b>Total (positive = payable, negative = credit)</b>	<b>-3,624,632</b>	<b>-548,734</b>

The deferred tax assets and liabilities are as follows:

<b>Offsetting of deferred tax assets and liabilities</b>	<b>Euro</b>
Decrease/(increase) in DEFERRED TAX ASSETS (I/S item 20)	-133,584
Increase/(decrease) in DEFERRED TAX LIABILITIES (I/S item 20)	4,545
Adjustment to deferred tax assets not recognized in I/S	-2,968
Adjustment to deferred tax liabilities not recognized in I/S	-4,630
<b>TOTAL DEFERRED TAX ASSETS/LIABILITIES in I/S</b>	<b>-136,637</b>

## Deferred tax assets and liabilities and effects thereof

	<b>IRES</b>	<b>IRAP</b>
<b>A) Temporary differences</b>		
<b>Total deductible temporary differences</b>	3,165,300	142,202
<b>Total taxable temporary differences</b>	20,436	0
<b>Net temporary differences</b>	(3,144,864)	(142,202)
<b>B) Tax effects</b>		
<b>Provision for deferred tax liabilities /(assets) at the beginning of the year</b>	(678,651)	(5,546)
<b>Deferred tax liabilities (assets) of the year</b>	(76,116)	0
<b>Provision for deferred tax liabilities /(assets) at the end of the year</b>	(754,767)	(5,546)

## Deductible temporary differences

Description	Amount at end of prior period	Annual change	Amount at end of reporting period	IRES rate	IRES tax effect	IRAP rate	IRAP tax effect
IRS derivatives	12,367	(12,367)	0	24.00%	0	0.00%	0
Losses on currency translation	600	838	1,438	24.00%	345	0.00%	0
Building revaluation	142,204	0	142,204	24.00%	34,129	3.90%	5,546
Alloc. to risk provision	2,674,042	347,618	3,021,660	24.00%	725,198	0.00%	0

## Taxable temporary differences

Description	Amount at end of prior period	Annual change	Amount at end of reporting period	IRES rate	IRES tax effect	IRAP rate	IRAP tax effect
Gains on currency translation	1,499	(353)	1,146	24.00%	275	0.00%	0
Derivative assets	0	19,290	19,260	24.00%	4,630	0.00%	0

The average tax rate for the year was 23.36%, versus 28.71% for the previous year. The overall tax rate is calculated from the corporate income tax ("IRES") and the regional business tax ("IRAP") applied to the income before taxes.

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## Notes to the Financial Statements - Additional Information

TCA does not own any investments in entities other than those disclosed as financial assets.

TCA did not capitalize any finance costs as assets presented in the balance sheet or in these notes to the financial statements.

TCA has no commitments other than those reported at the bottom of the balance sheet and described in these notes to the financial statements.

TCA did not receive income of any kind from equity investments.

In compliance with the disclosure requirements of the Italian Civil Code, the following information is disclosed:

- TCA did not issue any financial instruments;
- Liability item D does not include any amounts due to shareholders;
- TCA does not own any investments in partnerships;
- TCA is not subject to the direction and coordination of any other company or entity;
- TCA did not conduct any transactions with related parties for material amounts, or any transactions that were not carried out on an arm's length basis.

### Regulations on transparency of government grants

This information is provided in the section containing the disclosures required by Law 124, Article 1, paragraph 125 of August 4, 2017.

## Work force

	Average number
Upper management	5
Lower management	7
White-collar employees	41
Blue-collar employees	70
Other employees	8
<b>Total personnel</b>	<b>131</b>

The Report on Operations provides more detailed information on this subject.

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## Remuneration, advances and loans granted to Directors and Statutory Auditors and commitments undertaken on their behalf

	Directors	Statutory Auditors
Remuneration	503,044	56,368

The contractual fees for the independent auditing firm amount to € 33,000.

## Categories of shares issued by the Company

Description	Opening number	Opening nominal value	Number of shares subscribed during the year	Nominal value of shares subscribed during the year	Closing number	Closing nominal value
Ordinary shares	14,000	14,000,000	0	0	14,000	14,000,000

## Off-balance sheet commitments, guarantees and contingent liabilities

TCA held third-party metals at the end of the year, specifically:

### A) Metals on loan

Metal	Gold	Silver	Palladium	Platinum	Rhodium
Loan for use	126,977.55	0.00	0.00	0.00	0.00
Mitsubishi Corp. export advance	62,784.44	2,535,112.65	0.00	0.62	0.97
Standard Bank export advance	131,419.12	16,292,678.10	-196,362.78	50,615.27	0.00
SCMI Ltd. export advance	98,777.75	5,302,817.74	0.14	0.09	363.46
Banca Cambiano export advance	240,585.34	0.00	0.00	0.00	0.00
UniCredit AG export advance	71,538.04				
<b>Total Quantity</b>	<b>732,082.24</b>	<b>24,130,608.49</b>	<b>-196,362.64</b>	<b>50,615.98</b>	<b>364.43</b>

Corresponding to the following:

Metal	Quantity	€/gr.	Amount €
Gold	732,082.24	54.54	39,926,773.52
Silver	24,130,608.49	0.71	17,037,318.24
Palladium	-196,362.64	56.42	-11,079,407.01
Platinum	50,615.98	31.11	1,574,490.60
Rhodium	364.43	385.28	140,408.71
<b>Total</b>			<b>47,599,584.06</b>

### B) Metal held for refining

Metal	Quantity	€/gr.	Amount €
Gold	438,546.80	54.54	23,917,748.18
Silver	16,194,439.92	0.71	11,434,018.61
Platinum	40,307.28	31.11	1,253,821.98
Palladium	90,606.22	56.42	5,112,292.03
Rhodium	0.00	385.28	-
<b>Total</b>			<b>41,717,880.80</b>

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## Subsequent events

TCA continues to pursue diversification of operations, products, services and markets, in keeping with previous years.

The Company intends to proceed with the business policies that have characterized the past two years, seeking to seize the opportunities generated by the high value of precious metals.

The complicated evolution of international markets makes achieving results and meeting targets certainly more complex and difficult.

Additional improvements and corrective measures are planned for the new Foundry division in 2023. Such investment is expected to increase the production capacity and enhance the efficiency of the metallurgical processes, characterized by sizable energy savings and a reduction of lead time.

All investments will enable TCA to speed up the production cycle and thus will aid the supply of precious metals to be refined: this means creating financial support by "liquidating" the working capital, an essential and extremely useful element, especially in view of the uncertain future monetary and credit scenarios.

The global crisis, the increase in raw material costs and above all the increase in the cost of energy (both natural gas and electricity) are impacting TCA's expenses substantially, but the current margins (deriving from the increase in value of precious metals) are making the situation sustainable.

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## Information on derivative instruments required by Italian Civil Code Article 2427-bis

The short-term credit lines are backed by Interest Rate Swap agreements whose terms are set forth below:

Notional principal amount: € 2,000,000

Starting date: June 11, 2020

Ending date: June 12, 2023

Variable-rate payer: BPER Banca S.p.A.

Variable rate: 3-month Euribor

Fixed-rate payer: T.C.A S.p.A.

Fixed rate: 0.52%

Liability hedged: Medium/long-term loan

Fair value at December 31, 2022: € 2,370.

Notional principal amount: € 3,000,000

Starting date: July 8, 2020

Ending date: July 10, 2023

Variable-rate payer: Intesa San Paolo S.p.A.

Variable rate: 3-month Euribor

Fixed-rate payer: T.C.A S.p.A.

Fixed rate: 0.42%

Liability hedged: Medium/long-term loan

Fair value at December 31, 2022: € 7,912.

Notional principal amount: € 2,500,000

Starting date: December 31, 2020

Ending date: September 30, 2023;

Variable-rate payer: UniCredit S.p.A.

Variable rate: 3-month Euribor

Fixed-rate payer: T.C.A S.p.A.

Fixed rate: 0.45%

Liability hedged: Medium/long-term loan

Fair value at December 31, 2022: € 9,009.



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Such transactions, designated solely to hedge cash flows, were conducted to protect short-term indebtedness from the risk of interest rate fluctuations.

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## Information required by Law 124, Article 1, paragraph 125 of August 4, 2017

In accordance with Law 124/2017, Article 1, paragraph 125, we inform you that: "the government aid and *de minimis* aid received are listed in the RNA (State Aid Register)", which should be referred to for the related information.

TCA received State aid in the form of tax credits (on investments in capital goods and in research and development) and guarantees from Mediocredito Centrale on the loans obtained.

The extract from the State Aid Register is reported below:

FROM	TO	REF	MAXIMUM	GRANTED
March 19, 2020	Jan. 27, 2021	3.1	800,000.00	73,986.19
Jan. 1, 2022	Dec. 31, 2022	3.1		25,985.34
Jan. 1, 2021	Dec. 31, 2021	<i>demin</i>		5,000.00
March 19, 2020	Jan. 27, 2021	3.2		5,500,000.00
Jan. 28, 2022	Dec. 31, 2022	3.2		2,900,000.00
March 1, 2022	Dec. 31, 2022	2.2		16,000,000.00

The above amounts represent the initial gross amounts and not - for items 2.2 and 3.2 - the remaining amount payable.

Sections 3.2 and 2.2 refer to guaranteed loans due respectively for COVID 19 and the UKRAINE crisis.

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## Proposal for allocation of profit or settlement of loss

The Board of Directors proposes to the shareholders to allocate the entire annual profit of € 4,106,467.00 to the extraordinary reserve.

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## Notes to the Financial Statements - Final section

These financial statements, which consist of the Balance Sheet, Income Statement and Notes to the Financial Statements, present a true and fair view of TCA's financial position, financial performance and cash flows for the reporting period, and correspond to the accounting records.

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## Statement of financial statement compliance

Pursuant to Law 340/2000, Article 31, paragraph 2-*quinqüies*, I, Carlo Marmorini, as intermediary, hereby state that this document corresponds to the original one filed at the Company.

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## REPORTS

### *Board of Statutory Auditors' Report*

#### **BOARD OF STATUTORY AUDITORS' REPORT FOR THE SHAREHOLDERS**

##### **PURSUANT TO CIVIL CODE ARTICLE 2429**

For the Shareholders of TCA S.p.A.

During the year ended December 31, 2022, the activity of the Board of Statutory Auditors was based on the law and on the standards of conduct established for Boards of Statutory Auditors of unlisted companies by the Italian National Councils of Accountants and Accounting Experts published in December 2020 and effective from January 1, 2021.

This report informs you about such activity and the results achieved.

The December 31, 2022 financial statements of TCA S.p.A., drawn up in compliance with the Italian regulations governing their preparation, and which show a profit of € 4,106,467.00, have been submitted to your review.

The firm responsible for the external audit of the accounts, Deloitte & Touche spa, has delivered to us its report dated May 18, 2023 containing an unqualified opinion.

As stated in the Independent Auditors' Report, the December 31, 2022 financial statements give a true and fair view of the Company's financial position, financial performance and cash flows and were drawn up in accordance with the Italian laws that govern their preparation.

Although the Board of Statutory Auditors is not responsible for the external audit, it performed the supervisory activities on the financial statements foreseen by Regulation 3.8 of the Standards of Conduct for Boards of Statutory

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Auditors of unlisted companies, consisting of a concise overall control intended to verify that the financial statements have been prepared correctly. The independent auditors are responsible for verifying the correspondence to the accounting records.

**1) Oversight activity pursuant to Civil Code Article 2403 *et seq.***

The Board of Statutory Auditors (also referred to herein as simply the "Board") supervised the observance of the law and the Company's by-laws and the compliance with the principles of sound administration, concerning in particular the adequacy of the organizational structures, the administrative and accounting systems and their proper operation.

The Board attended the general meetings of the shareholders and meetings of the Board of Directors and, based on the information available, did not find any violations of the law or by-laws, nor any transactions that were manifestly risky, hazardous, in potential conflict of interest or such as to compromise the integrity of the Company's net worth.

The Board obtained, in part during the meetings held, information concerning the general business performance and the expected business developments, as well as on the most significant transactions, in terms of size or characteristics, carried out by the Company and, based on the information obtained, has no issues to report thereon.

We promptly exchanged with the external auditors information relevant for the performance of our oversight activity.

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The Board met with and obtained information from the Supervisory Body. No issues emerged from the meetings regarding the proper implementation of the Organizational Model and information flows.

The Board gathered information on and monitored the adequacy and functioning of the Company's organizational, administrative and accounting structure, including through information obtained from department heads, and have no issues to report thereon.

No claims contemplated by Italian Civil Code Article 2408 were received from the shareholders.

No legal opinions were issued by the Board of Statutory Auditors during the year.

During our supervisory controls, as described above, no additional material issues emerged that should be mentioned in this report, except for the current legal matter pending, concerning the General Registry of Crime Report ("R.G.N.R.") Case numbers 1322/2020, 4628/2020 and 4778/2022, for which the notes to the financial statements provide adequate, detailed information, like in the prior year, and the developments of which are being monitored constantly by this Board.

## **2. Observations on the financial statements**

To the best of our knowledge, in preparing the financial statements the Directors did not deviate from regulatory law as per Civil Code Article 2423, paragraph 5.

Pursuant to the resolution passed by the Board of Directors on March 23, 2023 and the subsequent decision taken on April 27, 2023, the ordinary General



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Meeting for the approval of the financial statements was convened within the maximum time limit of 180 days from the end of the reporting period.

As noted, the Company assigned the three-year (2020 - 2022) external audit to Deloitte & Touche, which issued an unqualified opinion on the financial statements for the year ended December 31, 2022, as shown in the copy of the report obtained by the Board, which states that: *“the financial statements give a true and fair view of the financial position of TCA S.p.A. as at December 31, 2022 and of its financial performance and its cash flows for the year then ended in accordance with the Italian laws governing financial statements”*.

### **3. Observations and proposals on financial statement approval**

Considering the results of our activity and the opinion stated in the Auditors' Report issued by the independent auditors, we ask that the shareholders approve the financial statements for the year ended December 31, 2022, as they have been drawn up by the Directors.

The Board of Statutory Auditors agrees with the proposal for the full allocation of profit as presented by the Directors in the notes to the financial statements.

*Capolona; May 23, 2023*

Board of Statutory Auditors

*Giovanni Grazzini* (Chairman)

*Pietro Benedetti* (Statutory Auditor)

*Fabrizio Cavallini* (Statutory Auditor)

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## Independent Auditors' Report

# Deloitte.

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### INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of  
T.C.A. S.p.A.

#### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

##### Opinion

We have audited the financial statements of T.C.A. S.p.A. (the "Company"), which comprise the balance sheet as at December 31, 2022, the statement of income and statement of cash flows for the year then ended and the explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with the Italian law governing financial statements.

##### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Italian law governing financial statements, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

Sede Legale: Via Tortona, 25 - 20144 Milano | Capitale Sociale: Euro 10.328.220,00 i.v.

Codice Fiscale/Registro delle Imprese di Milano Monza Brianza Lodi n. 03049560166 - R.E.A. n. MI-1720239 | Partita IVA: IT 03049560166

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**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS****Opinion pursuant to art. 14, paragraph 2 (e) of Legislative Decree 39/10**

The Directors of T.C.A. S.p.A. are responsible for the preparation of the report on operations of T.C.A. S.p.A. as at December 31, 2022, including its consistency with the related financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of T.C.A. S.p.A. as at December 31, 2022 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the report on operations is consistent with the financial statements of T.C.A. S.p.A. as at December 31, 2022 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by  
**Gianni Massini**  
Partner

Florence, Italy  
May 18, 2023

*This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.*

## ATTACHMENTS

### *Description of material topics*

#### KEY

- Social and Relational Capital
- Human Capital
- Natural Capital
- Financial Capital
- Intellectual Capital

MATERIAL TOPIC	Prioritized positive impacts
<i>Occupational health and safety</i>	Employees' awareness that they can work in a healthy and safe place
<i>Reputation, quality and counterparty satisfaction</i>	Counterparties' loyalty and appreciation thanks to service efficiency and reliability
<i>Creation and distribution of economic value</i>	Increase in financial and economic performance as a result of greater involvement and participation of the human resources of the different departments (weekly meetings) in monitoring, managing and coordinating the various processes
<i>Relationships with local community and territory</i>	Local socioeconomic development (e.g., higher employment rate)
<i>Business ethics</i>	Employees', counterparties' and other parties' greater awareness and knowledge about ethics and human rights

<i>Responsible consumption and fight against climate change</i>	Resilience to risks associated with climate change (e.g., extreme weather events)
<i>Personal development and well-being</i>	Higher productivity due to the well-being and professional growth of the employees
<i>Sustainable and transparent procurement</i>	Reduction of ESG impacts due to responsible sourcing of materials
<i>Water resources management</i>	Reuse/recycling of water resources in the internal cycle of the production process

<b>MATERIAL TOPIC</b>	<b>Prioritized negative impacts</b>
<i>Occupational health and safety</i>	Occurrence of work-related injuries and illnesses of employees and third parties
<i>Reputation, quality and counterparty satisfaction</i>	Infringement of counterparties' privacy with consequent complaints and dissemination/loss of their sensitive data
<i>Sustainable and transparent procurement</i>	Human rights violations in the value chain (e.g., child labor, forced labor, abuses or violence, etc.)with repercussions on human dignity and on the community's development
<i>Responsible consumption and fight against climate change</i>	Increase in carbon footprint

<i>Personal development and well-being</i>	Employee dissatisfaction and low sense of belonging
<i>Relationships with local community and territory</i>	Greater exposure to complaints from the community for the lack of management of the impacts produced by the Company
<i>Business ethics</i>	Conflicts of interest, incidents of corruption and ESG non-compliance
<i>Waste management</i>	Pollution caused by improper waste disposal
<i>Diversity, inclusion and equal opportunity</i>	Creation of a non-inclusive, discriminatory workplace

## *Correlation of <IR> framework, material topics and GRI aspects*

<b>Capitals</b>	<b>Material topics</b>	<b>GRI Aspects<sup>12</sup></b>
Financial Capital	Creation and distribution of economic value	GRI 201
Social and Relational Capital	Sustainable and transparent procurement	GRI 204, 301
Social and Relational Capital	Reputation, quality and counterparty satisfaction	NA
Social and Relational Capital	Relationships with local community and territory	GRI 413
Intellectual Capital	Business ethics	GRI 205, 206
Natural Capital	Responsible consumption and fight against climate change	GRI 302, 305
Natural Capital	Waste management	GRI 306
Natural Capital	Water resources management	GRI 303
Human Capital	Diversity, inclusion and equal opportunity	GRI 405
Human Capital	Personal development and well-being	GRI 401, 404
Human Capital	Occupational health and safety	GRI 403

<sup>12</sup> Material topics that are not attributable to a specific aspect of the GRI are shown as "not applicable" (NA)



## Boundary and impact of material topics

Material topics	Boundary		GRI Topic Reconciliation
	Where impact occurs	Type of impact	
Business ethics	TCA S.p.A.	Caused by the organization	Anti-corruption
	TCA S.p.A.	Caused by the organization	Socioeconomic compliance
	TCA S.p.A.	Caused by the organization	Environmental compliance
	TCA S.p.A.	Caused by the organization	Anti-competitive practices
Relationships with local community and territory	TCA S.p.A.	Caused by the organization	Local community
Creation and distribution of economic value	TCA S.p.A.	Caused by the organization	Economic performance
Personal development and well-being	TCA S.p.A.	Caused by the organization	Training Employment
Occupational health and safety	TCA S.p.A.	Caused by the organization	Occupational health and safety
Sustainable and transparent procurement	TCA S.p.A.	Caused by the organization and directly associated through a business relationship	Procurement practices
Responsible consumption and fight against climate change	TCA S.p.A.	Caused by the organization and directly associated through a business relationship	Emissions
Water resources management	TCA S.p.A.	Caused by the organization and directly associated through a business relationship	Water
Waste management	TCA S.p.A.	Caused by the organization and directly associated through a business relationship	Waste
Reputation, quality and counterparty satisfaction	TCA S.p.A.	Caused by the organization	N.A.
Diversity, inclusion and equal opportunity	TCA S.p.A.	Caused by the organization	Diversity and equal opportunity Non-discrimination

## GRI Content Index

TCA's 2022 Integrated Annual Report has been prepared in accordance with the *GRI Standards: In accordance*. The following list reports TCA's information based on the GRI Standards referring to the materiality analysis conducted. The information includes the page that may be referred to in the document.

<b>Statement of use</b>	TCA S.p.A. has reported the information listed in the following GRI Content Index Table, for the period from January 1, 2022 to December 31, 2022, in accordance with the GRI Standards (In Accordance approach).
<b>GRI 1 used</b>	GRI 1: Foundation 2021

GRI Standard	Disclosure	Location	Omission		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
<b>GRI 2: General disclosures (2021)</b>					
<b>Organization and reporting practices</b>					
2-1	Organizational details	Page 13			
2-2	Entities included in the organization's sustainability reporting	Page 6			
2-3	Reporting period, frequency and contact points	Page 6			
2-4	Restatements of information	During 2022, no revisions were made to the information included in the 2021 Integrated Report			
2-5	External assurance	Page 16			
<b>Activities and workers</b>					
2-6	Activities, value chain and other business relationships	Page 19; 62-66			
2-7	Employees	Page 50-57			

2-8	Workers who are not employees	During 2022, there were two temporary workers			
<b>Governance</b>					
2-9	Governance structure and composition	Page 13-18			
2-10	Nomination and selection of the highest governance body	Page 14			
2-11	Chair of the highest governance body	Page 14			
2-12	Role of the highest governance body in overseeing the management of impacts	Page 14-16			
2-13	Delegation of responsibility for managing impacts	Page 14-16			
2-14	Role of the highest governance body in sustainability reporting	Page 14-16			
2-15	Conflicts of interest	Page 16-17			
2-16	Communication of critical concerns	Page 16			
2-17	Collective knowledge of the highest governance body	Page 14-16			
2-18	Evaluation of the performance of the highest governance body	Page 15			
2-19	Remuneration policies	Page 15			

2-20	Process to determine remuneration	Page 15			
2-21	Annual total compensation ratio	Page 51			
<b>Strategy, politics and practices</b>					
2-22	Statement on sustainable development strategy	Page 4-5			
2-23	Policy commitments	Page 14-17			
2-24	Embedding policy commitments	Page 14-17			
2-25	Processes to remediate negative impacts	Page 17			
2-26	Mechanisms for seeking advice and raising concerns	Page 17			
2-27	Compliance with laws and regulations	During 2022, no cases of non-compliance with laws and regulations were found			
2-28	Membership associations	Page 66			
<b>Stakeholder engagement</b>					
2-29	Approach to stakeholder engagement	Page 24-27			
2-30	Collective bargaining agreements	Page 51			
<b>MATERIAL TOPICS</b>					
<b>GRI 3: Management of material topics (2021)</b>					
3-1	Process to determine material topics	Page 24-27			
3-2	List of material topics	Page 27			

3-3	Management of material topics	Page 26-27			
<b>MATERIAL TOPIC: Creation and distribution of economic value</b>					
<b>GRI 201 Economic performance (2016)</b>					
3-3	Management of material topics	Page 26-27			
201-1	Direct economic value generated and distributed	Page 40-41			
<b>MATERIAL TOPIC: Sustainable and transparent procurement</b>					
<b>GRI 204 Procurement practices (2016)</b>					
3-3	Management of material topics	Page 26-27			
204-1	Proportion of spending on local suppliers	Page 63			
<b>MATERIAL TOPIC: Business ethics</b>					
<b>GRI 205 Anti-corruption (2016)</b>					
3-3	Management of material topics	Page 26-27			
205-2	Communication and training about anti-corruption policies and procedures	Page 55			
205-3	Confirmed incidents of corruption and actions taken	During 2022, no incidents of corruption were reported			
<b>GRI 206 Anti-competitive behavior (2016)</b>					
3-3	Management of material topics	Page 26-27			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	During 2022, no legal action was taken for anti-competitive behavior, anti-trust, or monopoly practices			
<b>MATERIAL TOPIC: Responsible consumption and fight against climate change</b>					
<b>GRI 301 Materials (2021)</b>					
3-3	Management of material topics	Page 26-27			

301-1	Materials used by weight and volume	Page 77			
<b>GRI 302 Energy (2016)</b>					
3-3	Management of material topics	Page 26-27			
302-1	Energy consumption within the organization	Page 72			
<b>GRI 305 Emissions (2016)</b>					
3-3	Management of material topics	Page 26-27			
305-1	Direct (Scope 1) GHG emissions	Page 73			
305-2	Energy indirect (Scope 2) GHG emissions	Page 73			
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Page 72			
<b>MATERIAL TOPIC: Water resources management</b>					
<b>GRI 303 Water and effluents (2018)</b>					
3-3	Management of material topics	Page 26-27			
303-1	Interactions with water as a shared resource	Page 73-75			
303-2	Management of water discharge-related impacts	Page 73-75			
303-3	Water withdrawal by source	Page 75			
303-4	Water discharge	Page 75			
<b>MATERIAL TOPIC: Waste management</b>					
<b>GRI 306 Waste (2020)</b>					
3-3	Management of material topics	Page 26-27			
306-1	Waste generation and significant waste-related impacts	Page 75-77			
306-2	Management of significant waste-related impacts	Page 75-77			
306-3	Waste generated	Page 75-77			

306-4	Waste diverted from disposal	Page 76			
306-5	Waste directed to disposal	Page 76			
<b>MATERIAL TOPIC: Personal development and well-being</b>					
<b>GRI 401 Employment (2016)</b>					
3-3	Management of material topics	Page 26-27			
401-1	New employee hires and employee turnover	Page 53			
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 51-52			
<b>GRI 404 Training and Education (2016)</b>					
3-3	Management of material topics	Page 26-27			
404-1	Average hours of training per year per employee	Page 54-55			
<b>MATERIAL TOPIC: Diversity, inclusion and equal opportunity</b>					
<b>GRI 405 Diversity and equal opportunity (2016)</b>					
3-3	Management of material topics	Page 26-27			
405-1	Diversity of governance bodies and employees	Page 13-14; 50			
<b>GRI 406 Non-discrimination (2016)</b>					
3-3	Management of material topics	Page 26-27			
406-1	Incidents of discrimination and corrective actions taken	During 2022, no incidents of discrimination were reported			
<b>MATERIAL TOPIC: Occupational health and safety</b>					
<b>GRI 403 Occupational Health and Safety (2018)</b>					
3-3	Management of material topics	Page 26-27			

403-1	Occupational health and safety management system	Page 55			
403-2	Hazard identification, risk assessment, and incident investigation	Page 55			
403-3	Occupational health services	Page 55			
403-4	Worker participation, consultation, and communication on occupational health and safety	Page 55			
403-5	Worker training on occupational health and safety	Page 54			
403-6	Promotion of worker health	Page 56			
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Page 55-57			
403-9	Work-related injuries	Page 56-57			
<b>MATERIAL TOPIC: Relationships with local community and territory</b>					
<b>GRI 413 Local Communities (2016)</b>					
3-3	Management of material topics	Page 26-27			
413-1	Operations with local community engagement, impact assessments, and development programs	Page 65-66			



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