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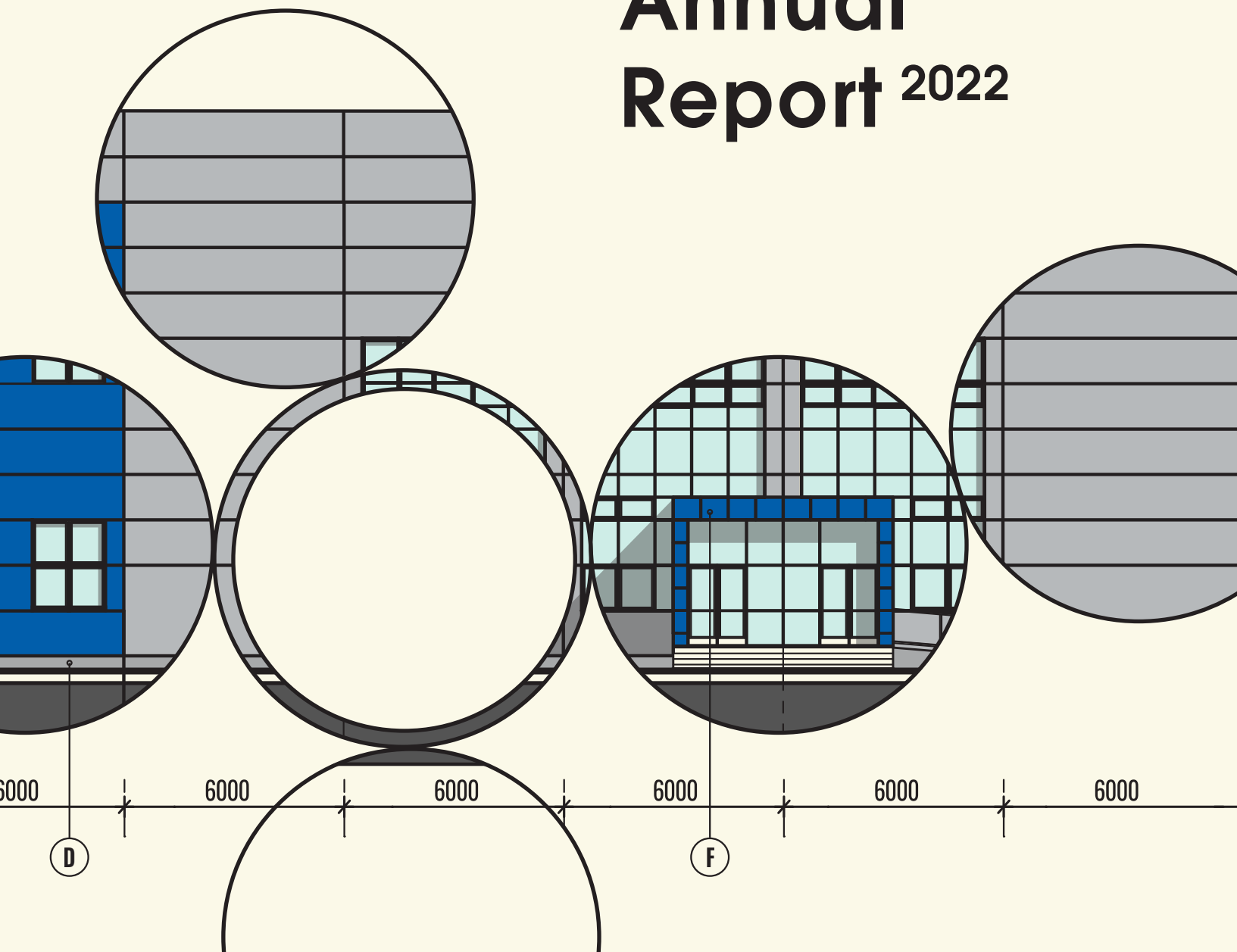
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Annual Report 2022



NEOGRAFIA, a. s.

**Annual
Report 2022**



ANNUAL REPORT 2022

NEOGRAFIA, a. s.

Sučianska 39A

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In Martin, 2023

» for marketing purpose only «

INTRODUCTION

The annual report gives accurate and true view of the company development in the accounting period and also registers some significant events that occurred after the end of the accounting period. The financial statements as a part of its documents, were prepared, approved and published in the due time. The introduction provides a brief summary of selected information, often comparing it to the previous year.

In the evaluated year a new member Mgr. Michal Tkáč joined the Board of Directors. During the whole period, Ing. Ján Račko was managing director and JUDr. Marián Gešper was the chairman of the Supervisory Board. The changes are described in detail in the sections Managing authorities of the year 2022.

The company has achieved the revenues of EUR 49,224,428 (EUR 39,592,417 in 2021) from business activity. From this amount, the sales of the own products achieved EUR 46,120,059 (EUR 36,586.205 in 2021). The profit after taxation was in the amount EUR 138, 871 (EUR -220,540 (loss) in 2021). The factors influencing this result are described in more detail in the Economic evaluation of the results achieved section. From the section of the Business activity, it is clear that the company printed in year 2022 the most saddle stitched (V0 and V1), which, however, do not make up the majority of sales. The absolute majority of production 73.43 % (74.06 % in 2021) relates to the German- and English-speaking markets. Various factors of the global economy have an impact on our business that we cannot influence at all.

The volume of the paper and paperboard purchased was 19,596 tons (25,270 tons in 2021) in the total value of EUR 23,935,000 (1,222.34 euro per ton), in 2021 it was EUR 18,380,000 (727.34 euro per ton).

The Human resources section describes several facts concerning employees. Their average registered number was 420 (428 in year 2021) 45 employees (47 in 2021) were employed, including four graduates of the polygraph apprenticeship program. Additionally, 59 employees (52 in 2021) were removed from register. There were 5 recorded work injuries (7 in 2021). The amount of EUR 67,000 (EUR 61,000 in 2021) was used from the employees' social fund for the employer's social policy.

The section of production is primarily evaluated by losses from complaints. The value of the external complaints achieved 0.07 % (0.22 % in 2021) of the turnover. It was 0.44 % (0.51 % in 2021) by the internal low quality. The company has maintained several ISO standards and certificates described in the Quality management section. Despite the management of the company evaluating the year 2022 as positive, indicated by a positive economic outcome, this optimism did not carry over to the year 2023 which started with very negative economic results.

In addition to the mandatory requirements, the annual report describes many details that can help our business partners to get an idea of the company operation and the results during the accounting period, of the development and indicated direction.

MANAGING AUTHORITIES OF THE JOINT STOCK COMPANY IN 2022

Supervisory Board

JUDr. Marián Gešper – chairman

Bc. Juraj Javor – member, since 17 January 2022

PhDr. Martin Fejko – member, since 14 April 2022

Alena Švabčíková – member, till 17 January 2022

Ing. Ján Kristeľ – vice chairman, till 13 April 2022

Board of Directors

Mgr. Marek Hanuska – chairman

Mgr. Maroš Smolec – vice chairman

Bc. Marek Nemec – member

Ing. Ján Račko – member

Bc. Vlastimil Uhlár – member

Mgr. Michal Tkáč – member, since 28 August 2022

PhDr. Martin Fejko – member, till 13 April 2022

Management

Ing. Ján Račko – managing director, till 09 May 2023

Ing. Ján Kristeľ – finance director

Ing. Nina Seemann – commercial director

Gabriel Kothaj – executive director

ACTIVITY OF THE JOINT STOCK COMPANY IN 2022

Economic evaluation of the results achieved

The year 2022 will be recorded in modern history as unequivocally unprecedented, both from an economic and a societal perspective. The consequences of the COVID-19 pandemic were still being felt, but humanity had successfully managed to overcome it. The world was looking forward to the recovery of the economy and further economic growth. However, in reality, we witnessed the downfall of many established dogmas, previous records were shattered, and both metaphorical and actual boundaries of sovereign states were crossed.

The first months of the year started auspiciously, with the economy of the eurozone growing, pandemic restrictions easing, people beginning to meet, travel, and return to offices. However, Chinese exports stagnated, partly due to high shipping costs. All of this was accompanied by a rise in the prices of basic commodities, raw materials, and particularly electricity, as well as delivery delays. From 24 February 2022 Europe witnessed an open armed conflict in Ukraine after a long time of relative stability, which further intensified all the mentioned phenomena. Certainty was replaced by uncertainty. The economy accelerated to its highest speed, driven more by panic and market hysteria than genuine societal demand. Economic entities sought to stockpile supplies in an attempt to secure themselves in an uncertain future. This could only lead to record-breaking inflation, extreme fluctuations in supplies, and even greater shortages of basic commodities in the market.

As a logical consequence, the economy began to cool rapidly in the final months of 2022. NEOGRAFIA was not immune to these events. On the contrary, as a company that exports 85 % of its production and imports the majority of its raw materials such as paper, paperboard, inks, and spare parts from abroad, we had to directly face these challenges. We encountered difficulties on a daily basis in almost every aspect of our operations. Our year-end results show that we did not fare poorly. Quite the opposite.

We planned to achieve sales revenue from core activities amounting to EUR 42,593,000 and an added value of EUR 10,443,000. We exceeded the planned revenue from core activities by 10.6 %, reaching EUR 47,127,000.

Of this amount, sales of our own products accounted for EUR 46,120,000 which is EUR 9,534,000 more than in 2021. The achieved added value of EUR 9,849,000 represents 94.3 % of the plan, in which we did not anticipate such a rapid increase in input costs, especially materials and spare parts, but compared to 2021, it increased by EUR 774,000 (+8.5 %). In comparison to 2021, prices of all cost items increased significantly. For example, the price of paper and paperboard increased on average by 63.3 % compared to 2021. Prices of chemicals, colored metals, and fuels also increased significantly. An increase in personal expenses

and expenses for electricity, gas, and water was expected. Although we achieved savings in both of these cost items compared to the plan (personal expenses -2.2 % and electricity, gas, water -10.6 %), there was an increase compared to 2021, despite producing fewer technical units and fewer hours than in 2021. Personal expenses increased by EUR 21,000 compared to 2021, and expenses for electricity, gas, and water increased by EUR 714,000.

To achieve a positive operating result, it was crucial to consistently reflect all increases in direct costs and the majority of overhead cost increases in the realized price, which we managed to do. The achieved positive operating result of EUR 270,000 evidence of this. We exceeded this target by 190 %.

Equally important was ensuring the continuity of our contracted deliveries in conditions of great instability and uncertainty. The supply chains were disrupted, delivery deadlines were extended, and one major paper supplier even completely halted deliveries of paper crucial to us due to a strike. It was necessary to quickly search for alternatives, secure allocations from suppliers, and stock up in advance. This placed high demands on the flexibility, deployment, and negotiation skills of the purchasing and logistics department.

It was necessary to reserve high quantities for key customers. The volume of inventory increased both in quantity and in financial terms. As of 31 December 2022, we had EUR 7,283,000 worth of inventory, with this value being well above EUR 8,000,000 during the summer months.

All of this naturally impacted our cash flow and increased the need for working capital. Some suppliers who did not have insurance limits set for us requested payments before the due date, especially in the first half of the year. We could no longer rely on COVID subsidies or the sale of unnecessary investment assets; there was nothing of the sort in 2022. However, we managed to meet this challenge. Through intensive communication with customers and suppliers, we adjusted payment terms, monitored the payment discipline of buyers, demanded prepayments, and actively evaluated doubtful inventory. Unlike other companies, we did not have to increase our credit exposure; on the contrary, we gradually reduced it. The debt service coverage ratio improved from 1.64 to 2.84, and our net working capital increased from EUR 496,000 to EUR 2,516,000. We fulfilled all our payment obligations arising from loan and lease agreements properly and on time.

In 2022, we recorded a negative result from financial activities amounting to EUR 90,000 We drew almost 100 % of the interest rates available, interest rates started gradually increasing, and we also experienced exchange rate losses due to the movement of EUR against CZK.

However, we exceeded the planned pre-tax profit of EUR 51,000 for the accounting period by 262 % and achieved a profit of EUR 183,000 Considering the challenging and turbulent conditions of the year 2022, we consider this a very good result.

Significant consecutive affairs that occurred after 31 December 2022 (end of the accounting period) until the day of set up of this annual report (21 April 2023)

After 31 December 2022 until the day of set up of this annual report it did not come to the affairs of significant influence on the assets and liabilities of NEOGRAFIA nor on the notes to the financial statements, except of those given below and which are the consequence of the ordinary operation.

During the monitored period, the following personnel changes took place in the company's statutory bodies:

- Supervisory Board voted with effect from 01 February 2023 Mr. Ing. Jozef Makariv as a member of the Board of Directors,
- Supervisory Board dismissed with effect from 18 April 2023 Mr. Ing. Ján Račko from the position of the member of the Board of Directors.

Operating costs – research and development

Research and development operating costs have not been recorded by NEOGRAFIA.

Acquisition of the own funds (stocks, shares, bonds, etc.)

In 2022 the NEOGRAFIA company acquired the own stocks due to their return from employees (stockholders) who finished their labour relation within this year and from stockholders that had decided to return the company stocks.

	Amount	Purchase stock price	Nominal stock value	Purchase value of own stocks	Nominal value of own stocks	Share on the capital stock
State to 1 January 2022	63,504			1,778,563	2,108,333	11.57 %
Acquired own stocks	1,595	33.20	33.20	52,954	52,954	0.29 %
Acquired own stocks	20	4.65	33.20	93	664	0.01 %
State to 31 December 2022	65,119			1,831,610	2,151,951	11.87 %

Development of the corporation in accordance with content of the § 20 of the the accounting law

	2022	2021	2020
Basic coefficients:			
Profit before taxation and interests (EBIT)	285,638 €	-164,777 €	157,808 €
EBITDA	2,595,226 €	2,147,275 €	2,653,222 €
Operating profit (excluding the sale of fixed assets)	270,287 €	-239,927 €	-438,761 €
Added value	9,849,241 €	9,079,410 €	8,951,365 €
Margins:			
Gross margin	20.01 %	22.90 %	24.20 %
EBITDA margin	5.27 %	5.40 %	7.20 %
Indebtedness:			
Total indebtedness	41.03 %	40.60 %	37.50 %
Share of the capital stock on the balance amount	58.97 %	59.40 %	62.50 %
Coverage of debt service	2.84	1.65	1.51
Liquidity:			
Liquidity III.	1.20	1.04	1.16
Financial accounts / Assets	0.03 %	0.70 %	2.00 %
Rentability:			
Return on sales (ROS)	0.30 %	-0.60 %	0.10 %
Return on own capital	0.67 %	-1.10 %	0.20 %
Activity measure			
Inventory turnover (days)	58.00	59.00	45.00
Receivables turnover (days)	62.00	66.00	60.00
After sales services – external claims			
Amount	69.00	56.00	50.00
Discounts applied by claims	31,770 €	80,103 €	53,344 €

The auditor's report on the annual account audit for the year 2022 including the appendix related to this annual report, audited financial statement for the year 2022 (in the accounting record registry filed in the separate section) is available on the following link (as well as on the legal address of the company):

<https://www.registeruz.sk/cruz-public/domain/accountingentity/show/159343>

Purchase of paper and other materials

Purchase of paper and other materials in the NEOGRAFIA corporation is controlled by the internal documents:

- » Regulation n. PR-03/0-09 Obligatory principles of purchasing of materials and services valide in a. s. NEOGRAFIA,
- » Regulation n. PR-02/2-09 Signature and disposition rights valide in a. s. NEOGRAFIA.

Based on these documents purchase of paper and other materials is controlled by the internal statute of the Purchasing Board. On the basis of tenders, this internal body decides about the main suppliers of materials whose annual purchase value exceeds the amount of EUR 4,980 Part of the direct materials is defined by the customer and they are ordered, purchased and consumed for a specific order without the approval of the Purchasing Board. All purchases of materials and services with an annual turnover of less than EUR 4,980 are procured through quotations from at least three suppliers.

Procurement of paper and paperboard is based on the price lists sent by suppliers of standard quality at least two weeks before the beginning of the quarter. An overview of purchase prices by suppliers, types, weights and measuring units (sheets, kilograms) is submitted to the Purchasing Board who decide about the main suppliers for the given period and the price for each item listed in the paper and paperboard commercial pricelist for calculating price offers. The biggest suppliers of NEOGRAFIA, who altogether supplied 70 % of all paper and materials purchases in the year 2022, were:

SAPPI, UPM, MONDI, PAPIER UNION, NORSKE SKOG, EUROPAPIER, POLO, HUBER, KODAK, FLINT, ESKA, HENKEL.

Volume of the paper and paperboard procured achieved 19,596 tons in the total value of EUR 23,935,000. The next material purchases for the year 2022 were in the volume of EUR 6,003,000.

The purchasing department always negotiates about the paper prices on basis of the comparison with the **EUWID PAPER** document (for the German market, as a basic reference), in order to keep the NEOGRAFIA company competitive against the European printers of our size. The purchase and development of prices in 2022 were marked by a sharp destabilization of the market, closing paper companies' production capacities, resulting in a shortage of paper and materials, and the constant increase in prices due to rising energy costs and the war in Ukraine. The situation in the paper market began to stabilize at the end of 2022.

Business activity and printing market in 2022

Trends in printing have been influenced by the pandemic crisis, two years of lockdowns, months of war conflict of our Eastern neighbours, dramatic increase in the cost of energies, raw material inputs and living costs for the people all over the world. Increase in the prices of paper, consumables, and services along with energy costs have become the most serious business problem of printing companies.

In the long term, electronization of social life has been causing the decrease of printing production, thus even graphic paper consumption. Buying paper at lower prices effort caused, in the short term, stockpile and sale of paper production capacities. In the year 2022 there was a demand revival in the book production which was caused by catching up with the reduced production from the previous year. Great problems with maritime transport from China, lack of containers as well as long delivery periods caused the shift of a large part of production back to Europe. The continuation of the trend in the following year will depend on the price of production in Europe. In the year 2022 the result were the full capacities in printing companies which had managed to respond on time and had had enough material. The prices rise and will continue to rise, not only the prices of paper and paperboard, but also the prices of aluminium press plates, inks, glues, and packaging and laminating films. The prices of gas, electricity and shipping costs must be translated into production costs. Printing paper production and consumption in Europe will continue to decline, although according to the European Statistical office EUROSTAT the book production in Europe should be growing in the upcoming years.

The year 2022 was very complicated for Slovak polygraphy. There was a monthly price growth in 9 out of 12 expenditure household groups. The most remarkable effect on the month-on-month change was caused by the rising prices of groceries followed by the housing and energy costs. Then it was the sharp growth in fuel costs. These inflationary pressures would also adversely affect the printing industry since printing media products are the first the people remove from their shopping basket when cutting the expenditures due to economic recession. Optimistic development of the results for 2022 was caused by production outages in China and by transferring a great number of contracts to Europe. Following lockdown measures, publishing houses tried to recommence the halted printing production and get their products to the market before their competitors as soon as possible. In the second half of 2022, this production and publishing activity panic subsided evidently and sober consideration of publication scheme as well as budgets took place, taking the rising inputs and the presumption of people's reduced demand for printing media products into account. Transfer to digital form will be seen in a large portfolio of products (leaflet and catalogue production). Periodicals are also expected to be reduced in product volume for lower income groups.

Publishers' editorial schedule of publishing houses have been changing. They have been optimistically envisaging that their production will incur the same

amount of costs. However, it is evident that, at increased costs, a lower number of projects will be made with the same budget next year. Publication schemes have been modified on average to $\frac{1}{2}$ or $\frac{3}{4}$ of their previous size (number of projects). At the same time, since the printing products sales development is difficult to predict and the majority of publishing houses are dependent on the current external storage capacities, the number of produced items has been decreasing. There is a decline in the sale as well as marketing of certain products, which results in extending the storage period, increasing storage costs and limited possibility of accepting new products to the storage. This financial commitment is detrimental to the solvency of the publishers.

Compared to the previous period when the publishers more or less accepted the increase in production costs of their products, in the following period the price will play important role in placing the production of the publishers to the individual producers. On the one hand, the publishers accept the fact that their products are made at a higher price concerning the increased inputs, on the other hand, they are bound to keep the price of their product still acceptable for the final consumer buying their product while keeping their margin necessary for their existence. Thus, in this period, more than before, a requirement for a certain standardisation of production and the used materials emerges, the result of which is to maintain the price level for the final consumer as much as possible. Printing company that will be able to meet the condition of keeping a certain acceptable price level the best will be more successful in obtaining the contracts from the market where they will be less accessible than in the current period. In the following period it will be necessary to put major effort into saving energies, reducing costs and increasing labour productivity. The development of gas and electricity prices will only cause another significant cost increase. A way for the companies to survive is through the work intensification on organisational and technical measures for the reduction of energy consumption and effective sales promotion to use the available production capacities at the maximum.

Evaluation of the business plan performance in the year 2022 by groups, territories, bindings and assortment

Sales revenue target plan of EUR 42,637,000 was achieved at 108 % and the actual revenues for the year 2022 amounted to EUR 46,120,000.

Exceeding the sales revenue plan was not linked only to the often declared increased input prices, which is clearly demonstrable especially by the value of cover allowance, cleansed of materials price.

Target plan of cover allowance 17.65 million euros was implemented at 99.6 % with the value of cover allowance 17.58 million euros.

The following graphs show the share of particular sales groups of billing by binding types and the share of assortments on revenues in the year 2022.

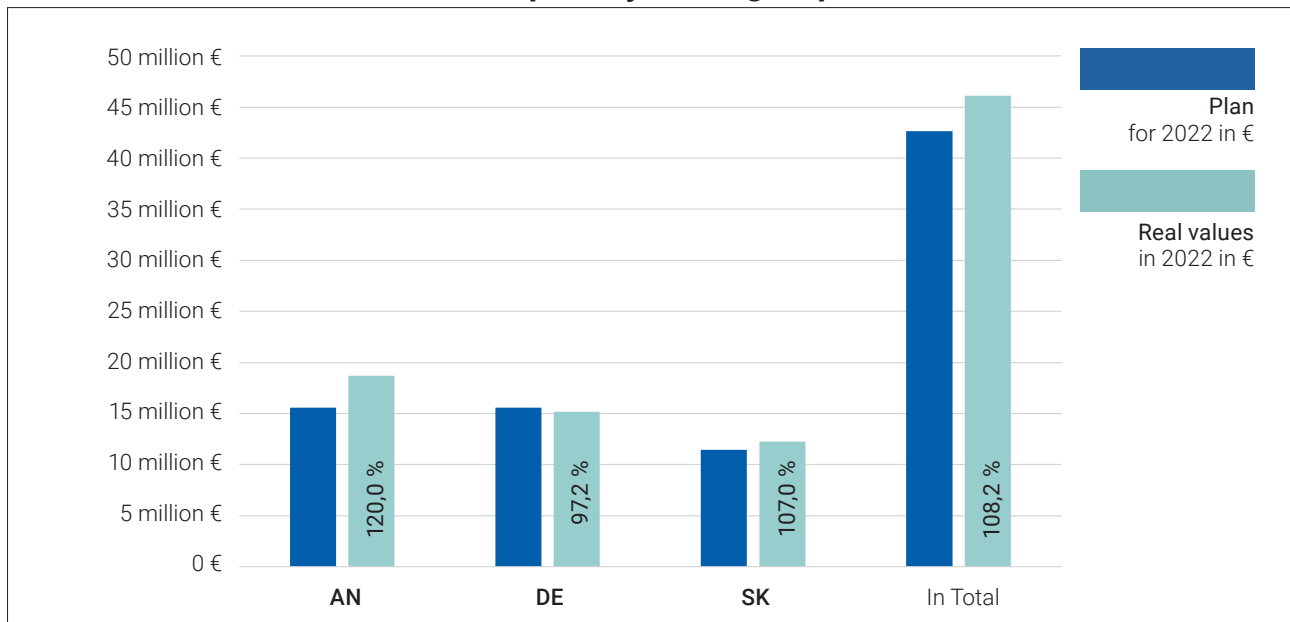
Shortcuts meaning:

AN means territory: Great Britain, Ireland, Belgium, Netherlands, Finland, Sweden, Croatia, Slovenia, Hungary, Spain, France, Poland, Romania, USA.

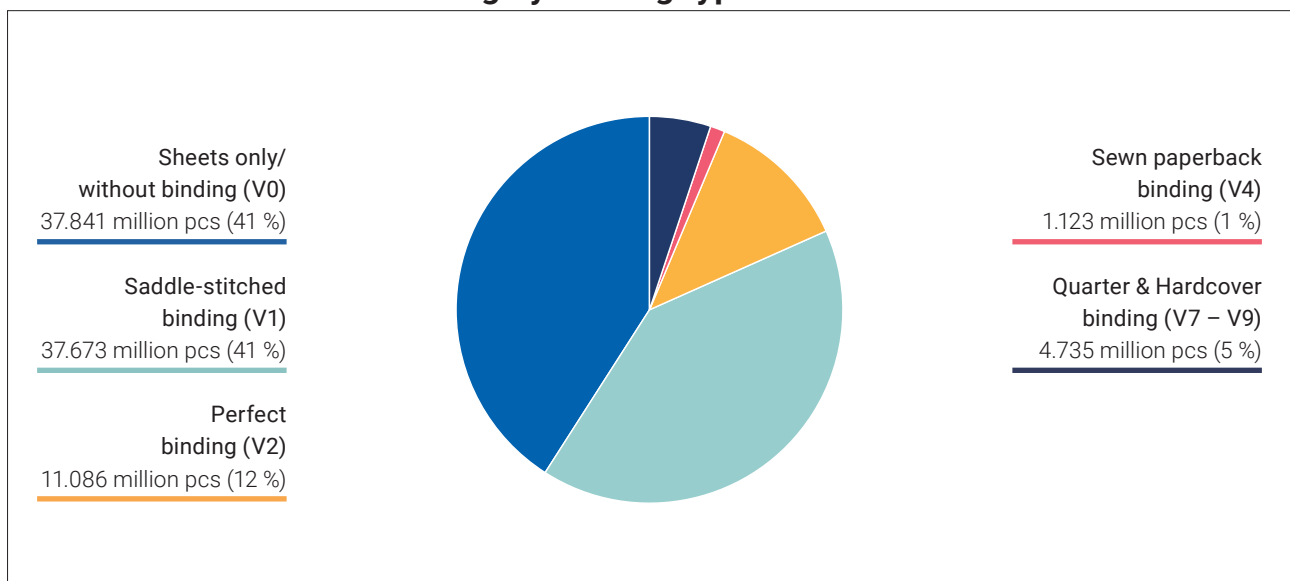
DE means territory: Germany, Swiss, Austria.

SK means territory: Slovakia and Czechia.

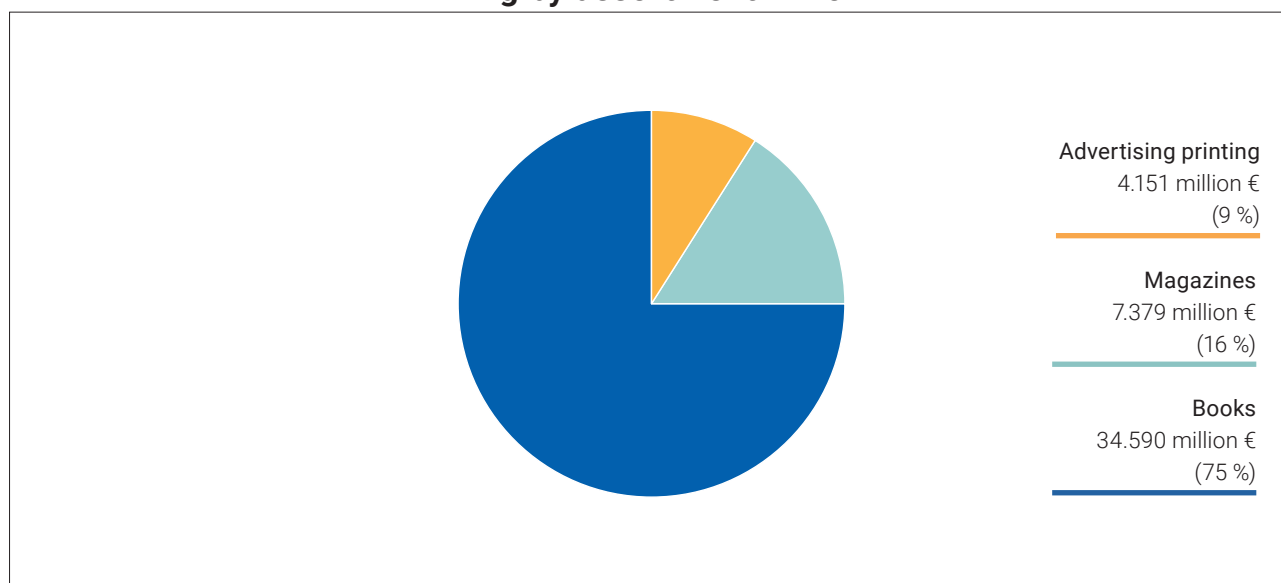
Fulfilment of plan by sales groups in 2022



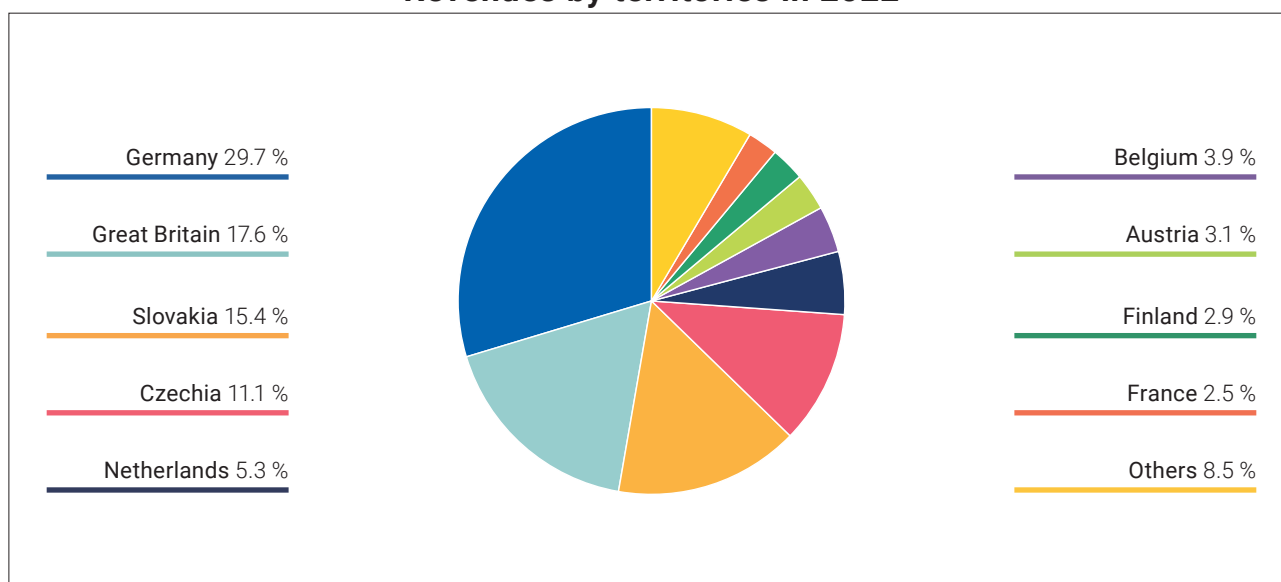
Billing by binding types in 2022



Billing by assortment in 2022



Revenues by territories in 2022



Human resources

The plan of personnel costs and labour force hiring for the year 2022 was processed according to the requirements of its amount. On the one hand, there was the requirement for its add-on because of the minimum wage increase and the need for the stabilisation of the employees who expected the rise in wages considering the increasing inflation rate. On the other hand, there was the requirement for the cost reduction to achieve the adopted business plan in generating the profits. Despite the rise of the minimum wage by 3.7 %, the plan of personnel costs and labour force hiring adopted at a level higher by only 1.8 % than the actual one in the year 2021. The actual amount of personnel costs for the year 2022 was eventually

by EUR 161,000 lower than planned. The savings have been achieved mainly in the agreement on the work outside the employment relationship (temporary workers), in the reduction of overtime work, work on holiday, on Saturdays, on Sundays, and in the leaving or retirement section. Eventually, the actual costs for the year 2022 were the same as in the year 2021. Based on the achievements of collective bargaining the wages in the year 2022 were generally increased by 0.13 euros per hour or by 20 euros per month. The average registered recalculated number of employees for the year 2022 was 420 employees, which represents a year-on-year decrease of 8 and a decrease of 6 employees in comparison to the planned number of employees.

Between 2011 2022, was the average recalculated number decreased by 334 employees, which in percentage terms represents a decrease of 44 %. At the beginning of the year 2022 the measures in relation to the disease of COVID-19 were still in force. In the month of January, the compulsory weekly testing of the unvaccinated employees was provided in the company's premises by the personnel department staff and fire brigade staff. Since 26 February 2022 the first phase of releasing the measures began and subsequently the situation stabilised. The highest rate of absences of the employees due to sick leave, treatment of family members, or quarantine was recorded in the months of February, March, and December 2022. In the period from 1 January 2022 to 31 December 2022, 45 employees entered into employment and 59 people were removed from the register. Of this number, 16 employees terminated their employment by agreement due to retirement, 8 employees terminated their employment without giving a reason, 3 employees terminated their employment by agreement due to wage reasons, 9 employees terminated their employment in probationary period, with 6 employees the employment was terminated in the probationary period by the employer, and with 6 employees the employment was terminated immediately. The biggest changes, in terms of acceded and resigned employees, were in the department of bookbinding in Sučianska street, bookbinding in Volgogradská street, production waste and sheet-fed printing.

During the year, 569 participants took part in training events. The activity in this field was mainly focused to ensure the compulsory trainings resulting from the relevant regulations. In December 2022, organisation directive Education Academy, education of employees was approved. The aim is to create an educational system which will enable to acquire, deepen, and innovate the knowledge, expertise, skills, and experience so that every employee of the company can meet the requirements of his post successfully and professionally, satisfy his training needs in conformity with the interests and values of the company, and in harmony with his development.

Education Academy will cover the needs and interests of all employees, give all equal opportunities, and enable them to acquire new knowledge and deepen, improve, and extend the experience gained through education and training to date. The aim of the education system is to increase the quality of the products and services offered, satisfy the customers, reduce the number of complaints, improve

the cooperation with suppliers, enhance the loyalty of employees, accelerate the adaptation, and increase the flexibility of employees.

In 2022, we employed other 4 graduates who took part in the dual education to be prepared for the profession. They started to work at the workplaces of the sheet folding, SCODIX operation, and sheet-fed printing. We continue to cooperate with the secondary school of commerce and services in the system of dual education and secondary school training.

NEOGRAFIA company pays special attention to the occupational health and safety protection. The actions are mainly focused on the ergonomic adjustment of workplaces, compliance with the prescribed work procedures when working with the machine equipment, to reduce noise exposure, implementation of a system of the manually handled loads. Preventive measures include the system of regular trainings and regular medical examinations of employees by a specialist of the occupational health service. In the year 2022, we recorded 5 registered work injuries, which represents a year-on-year decrease in their number by 2.

To implement the company's social policy, we used the funds in the amount of EUR 67,000. The highest share (36 %) went to employee meal allowances and 28 % of the used social fund was used for employee regeneration.

In November 2022, a satisfaction survey of employees was carried out, in which 32 % of employees took part. An update of the Code of Conduct and company values was made (Tradition, Cooperation, Ambition). Internal communication, employees' awareness and involvement, is being attended to more intensely. In the second half of the year 2022, the process of unification of the names of working positions as well as updating the work descriptions, which will continue even in the following year.

Production activity

By the number of the softcover bindings made we reached the approximate level of 98 % of the previous year. In case of the sewn binding, we have stopped the decrease and the number of the bound units increased by approximately 22 %. However, a more remarkable decline in number, up to 25 %, was seen in case of hardcover bindings.

In general, in the year 2022 we recorded a drop in the number of the produced technical units in rotary printing by 17 %. This is, unfortunately, a long-term trend. Slight drop, by 5 %, was seen in the sheet-fed printing, which was caused by frequent failures as well as lower availability of spare parts for the key printing machines.

During almost the entire year of 2022 we had to fight with the lack of qualified labour force for the finishing services, machine operators as well as supporting staff. The lack of mechanical and electrical maintenance workers seems to be a significant problem. Organisational changes and optimisation of production

processes, which we launched during previous year, continued even in 2022. They included, in particular, the arrangements for planned reimplementations of ERP, MIS, as well as the application platform for the production data collection. We expect the result to be leaner processes throughout the whole company, from the business department through purchase department to production and technical department. The most significant change will be the complete transition to a new system of capacity planning, operational and trend analysis of production data. The first graduation year of the dual education system saw an important result. We managed to adapt some graduates to the challenging offset and refine printing operation. Dual education system is the key source of qualified labour force for us in the future.

In the year 2022, we concentrated the investments on increasing permeability of finishing procedures in the bookbinding department in Sučianska Street. We brought about a project for the installation of a new folding machine more effective in capacity. The machine is going to be installed in the first quarter of 2023.

Quality management

Product quality and keeping the agreed delivery dates belong to the basic indicators of the production efficiency. In general, it is a measure of efficiency and robustness of the implemented control systems.

Losses from external complaints, in other words which affected customer satisfaction with the quality level of our products, began to improve through the enhancement of input, operational, and particularly output control.

Additionally, the previously implemented system of pre-checking orders with higher added value had contributed to the improvements. Total losses from external claims from turnover in 2022 (0.07 %) decreased in comparison to the year 2021 (0.22 %) by 0.15 % from turnover. The established goal of 0.13 % from the total turnover has been achieved. The goal for the year 2023 contrary to 2022 (0.13 %) is given tighter 0.12 %.

Losses from internal low-quality in 2022 (0.40 %) decreased in comparison to the year 2021 (0.51 %) by 0,07 % from turnover. It has not managed to achieve the goal of 0.41 %. In comparison to the year 2022 (0.41 %), the goal for 2023 is stated tighter to 0.40 %.

NEOGRAFIA is a holder of certificates of the control systems in accordance with the international standards and processing tails:

ISO 9001:2015 QUALITY MANAGEMENT SYSTEMS specifies requirements on the quality control system and declares the ability to permanently supply the products fulfilling the requirements of customers, the legal and other binding requirements.

By continuous enhancement of the implemented system, we endeavour to increase satisfaction of the customers and the interested parties.

ISO 12647-2:2013 and its implementation enables us to standardize the process of printing, to increase predictability of printing and improves possibility of the mutual check of the hard copy proofs and the printed products and thereby it ensures better quality of printing.

Environment and corporate social responsibility

NEOGRAFIA is a modern company, taking care about the quality, environment, safety and protection of health by work, socio-economic needs and other binding requirements.

ISO 14001:2015 ENVIRONMENTAL MANAGEMENT SYSTEMS specifies the requirements for the environment control system that we use for continuous systematic improvement of the environmental care. To improve efficiency of the implemented system in order to minimize negative impacts on the environment, we have implemented the programs to prevent pollution, to sort the waste, to reduce energy consumption, to use resources rationally, to protect water and climate.

ISO 45001:2018 OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEMS specifies requirements on the control system of occupational health and safety and together with the legislative requirements it gives us a scope for systematic and permanently sustainable improvement of the working environment in term of the occupational health and safety management. We insist on prevention by identification of dangerous situations and by detection of the "potential accidents".

The certificate of the FSC processing chain (License code FSC® C020353) requires keeping the requirements of the FSC-STD-40-004 V3-0 standard. This certificate is a guarantee to the customer that the product marked by the FSC label comes from responsibly forest treated in compliance with the FSC and from controlled sources. In supplier chain, there is a controlled origin of the wood raw material as well as the requirements for the occupational health and safety.

The certificate of the PEFC processing chain (License code: PEFC/23-31-57) requires keeping the requirements of the PEFC ST 2002:2013 v2 standard. This certificate is a guarantee to the customer that the product marked by the PEFC label comes from responsibly forest treated in compliance with the PEFC and from controlled sources. In supplier chain, there is a controlled origin of the wood raw material as well as the requirements for the occupational health and safety.

The environment is very important to us and due to this we also **produce climate-neutral products** by compensation of emissions and by supporting the environmental projects all around the world. Our potential to reduce emissions has been determined and we are gradually reducing our impact on global warming through environmental management programs.

The NEOGRAFIA company is conscious of the importance of the social responsibility, it is a member of the **Sedex** ethical trade membership organization and fulfils the requirements of the 4-pillar **SMETA** audit, focused on keeping the legislative requirements, safety and occupational health protection, environmental protection and principals of the business ethics. Our company follows the conditions of the international Book Chain Project, the schemes as well as the ethical standards of the business partners.

The NEOGRAFIA company was evaluated as the most trustworthy provider of sustainability ratings in the EcoVadis field. It achieved a score of 61/100 with a percentile of 82. This result ranks our company among the top 18 percent of the best-rated printing companies by EcoVadis. In recognition of this achievement, NEOGRAFIA, a. s., was awarded the **EcoVadis Silver Medal**.

We got the global localization GLN number of the **GS1** system that serves to simplify the international trade.



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Investments

In terms of investments, the year 2022 was conservative, with the implementation of strategically significant investments planned gradually in the upcoming calendar

years. The total investment costs achieved EUR 65,500. In 2022, we focused on developing a project to increase the throughput in sheet folding. The installation of a new, significantly more powerful machine will take place in the fourth quarter of 2023. It will be capable of processing sheets in the B1 format. In the following years, we plan to continue investing in machinery in this segment, aiming to achieve a gradual standardization of formats.

Overview of investments in 2022

	Amount in €	Date	Production center
Buildings			
BUS STOP	4,100	December 2022	PROPERTY MANAGEMENT
Machines and equipment			
ŠKODA OCTAVIA	21,800	January 2022	TRANSPORT
ŠKODA OCTAVIA COMBI	19,800	March 2022	TRANSPORT
ŠKODA SCALA	13,800	May 2022	TRANSPORT
X-RITE EXACT STANDARD 2	6,000	November 2022	QUANTITY MANAGEMENT
TOTAL AMOUNT	65,500		

Investments for the period from 1 January 2023 to 21 April 2023

	Amount in €	Date	Production center
Machines and equipment			
FOLDING MACHINE MBO K8 RS	491,600	February 2023	POSTPRESS
TOTAL AMOUNT	491,600		

We have installed the world's fastest folding machine "MBO K8 RS/6 S-KTL". It is capable of production speeds up to 275 m/min. The Vaculift infeed system was re-engineered for increased performance and an intelligent sheet control monitoring system has been equipped to ensure that the paper is always under control at these speeds. With this machine we are able to maximize our printing machines usage. As a result, we have the potential to process our jobs faster than ever before.

Planned and ongoing investments and projects for 2023

- Installation of a photovoltaic power plant on the roofs of our warehouses, the project will be implemented thanks to the support of the EU within the framework of the Operational Programme Quality of the Environment,
- Reconstruction of the AB building on the Volgogradská street and its subsequent long-term lease to the state railway company ZSSK which is the initiator of this activity.

NEOGRAFIA MACHINERY



PRE PRESS & PRESS	2x CTP	2x Kodak Magnus VLF Q2400
	7x SHEET-FED OFFSET	KBA Rapida 145-8 HEIDELBERG XL-145 +L 2x MANROLAND R904 MANROLAND R705 +L MANROLAND R706 +L HEIDELBERG XL-75 +L
	3x WEB-FED OFFSET	LITHOMAN 3 LITHOMAN 4 ZIRKON
POST PRESS	4x CUTTING	2x Seypa Wohlenberg 168 Perfecta 168 TS
	8x FOLDING	5x Heidelberg Stahl MBO T960 MBO K8-RS Petratto Cordoba
	2x GATHERING	Kolbus ZU 832 Meccanotecnica Uniplex MX 4
	5x BOOK SEWING	4x Aster 220 Astronic 180
	3x SADDLE STITCHING	Heidelberg ST 400 Müller Martini Prima Ferag Unidrum
	3x PERFECT BINDING	Kolbus KM 411 Kolbus BF 530 (with Kolbus KM 600)
	2x WIRE BINDING	RENZ MOBI 500 RENZ AP 360
	2x CASEMAKING	2x Kolbus DA 270
FINISHING	1x DIGITAL ENHANCMENT	Scodix ULTRA 202 PRO
	2x FOIL STAMPING	Kolbus PE 48 Heidelberg Cylinder
	2x LAMINATING	Billhöffer EK TL2 Komfi Sagitta 76
	3x FOIL & PAPER BANDING	2x ATS MSX 420 Bandall
PACKING	5x PACKING	3x KALLFASS SITMA POLYMATIC 750 CMC 2500

OUR PRODUCTS ASSORTMENT



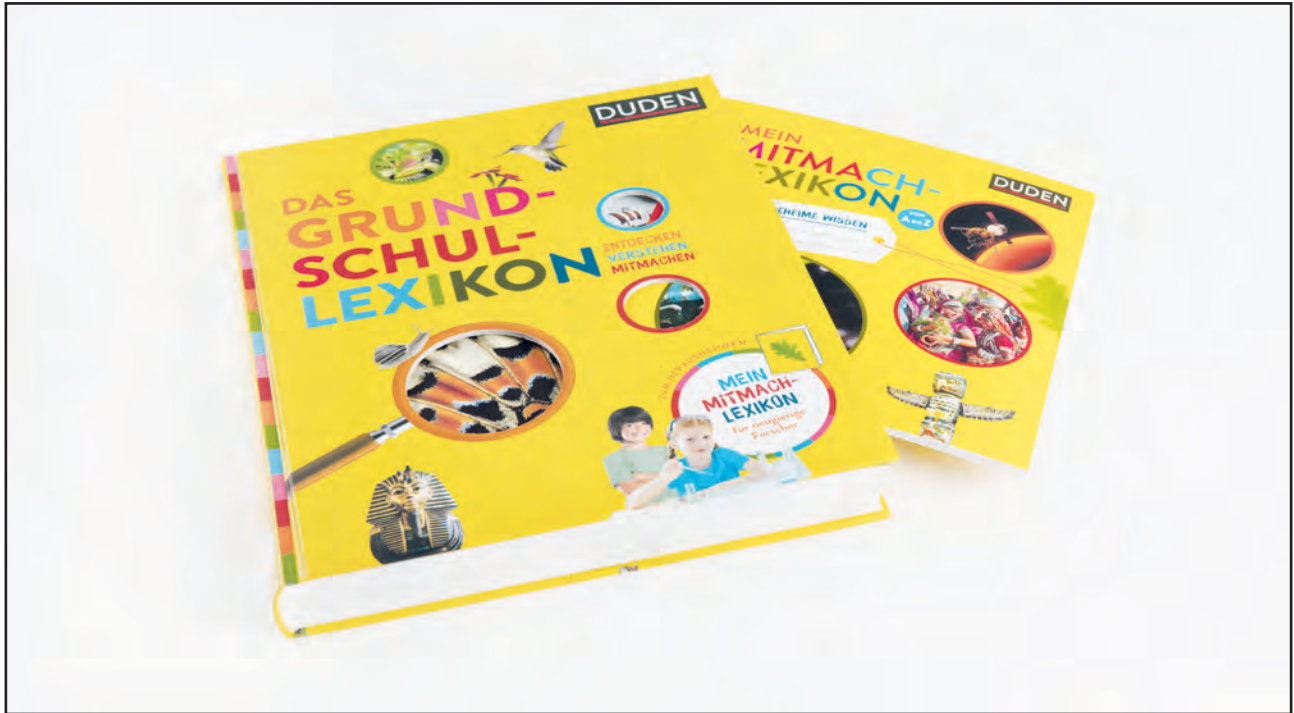
FLEXO BINDING



UNIQUE CODES / with or without scratch of layer



TITLES WITH POCKETS



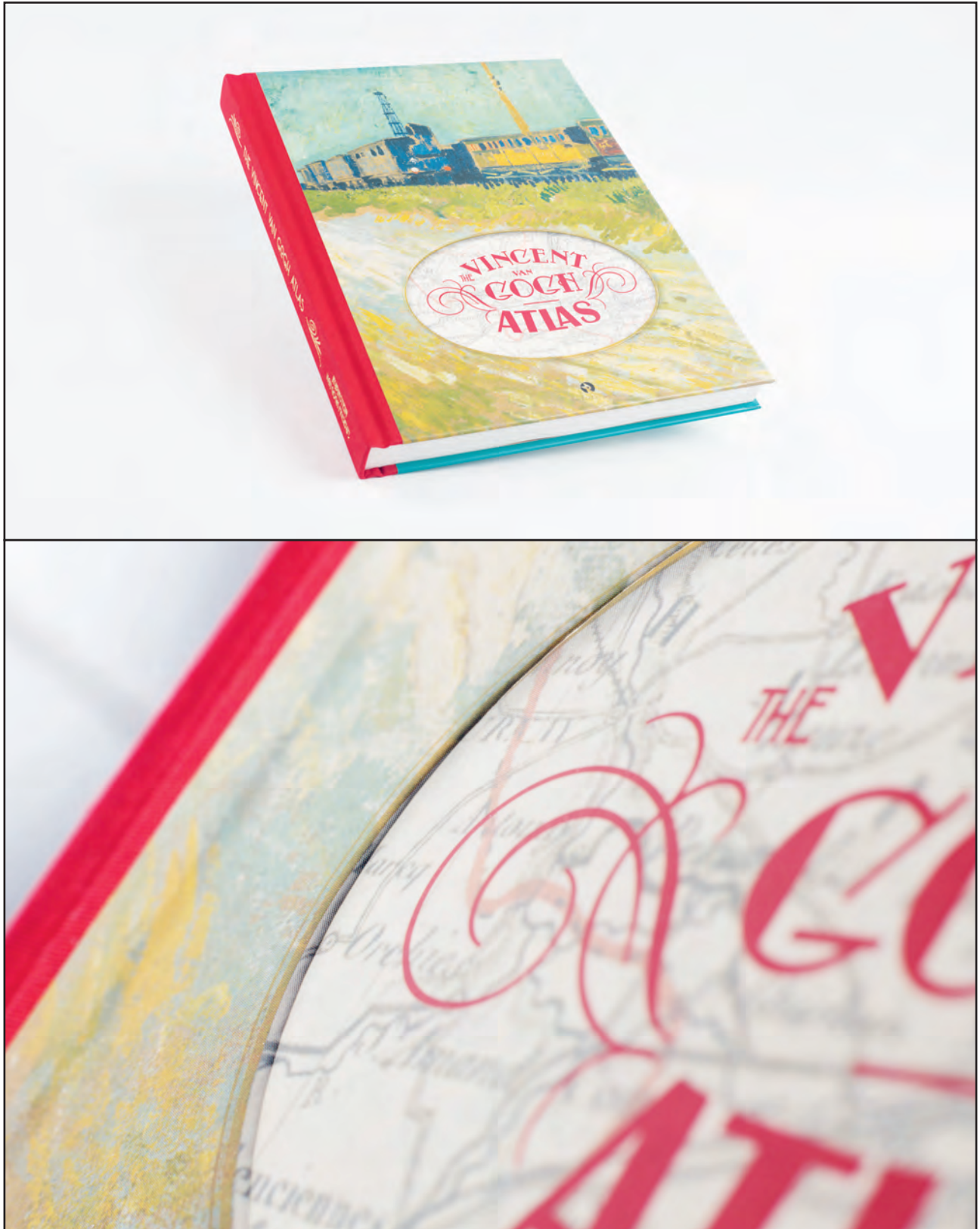
SLIPCASES



DIGITAL 3D & SPOT UV VARNISHING



BLIND STAMPING



FOIL STAMPING





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