

Why SLOVAKIA



Key facts
WHY SLOVAKIA
should be your
next investment
destination



Closer Than You Think

GENERAL INFORMATION

Total Area 49,035 km²
Population 5.4 million
Capital City Bratislava
Member Of European Union, Eurozone,
Schengen Area, OECD, WTO, NATO
Time Zone GMT +1 hour

SLOVAKIA is situated in the geographical centre of Europe and is accessible from all key European economic hubs. As a fully integrated EU member, Slovakia is a part of its internal market, which means that around 500 million EU citizens can be easily accessed.



10 REASONS

Why Consider **SLOVAKIA** as Your Investment Destination

1

LOCATION

Strategic location in the heart of Europe with great export potential

2

SAFETY & STABILITY

One of the safest and politically most stable countries in Europe

(source: Credit Insurance Group Credendo)

3

EUROZONE

A member of the Eurozone since 2009 as one of the few in Central & Eastern Europe

4

QUALIFIED WORKFORCE

Cost-effective, skilled and loyal labour force with excellent multilingual skills

5

PRODUCTIVITY

The highest labour productivity rate in Central & Eastern Europe

(source: OECD)

6

INVESTOR-FRIENDLINESS

The Slovak government is continuously increasing the quality of local business & investment environment

7

INNOVATIVE ECOSYSTEM

The highest share of higher added-value jobs in CEE, ready for new investments into R&D and innovation

8

OPENNESS

One of the most export-oriented and open economies in the EU

(source: Eurostat)

9

DEVELOPED INFRASTRUCTURE

Developed and steadily growing infrastructure network with regards to road, railway & flight connections

10

INCENTIVES

Attractive investment incentives scheme and special tax regimes for R&D activities

The Most Open Economy in the EU

EXPORT (% OF GDP)

3RD PLACE IN THE EU

97.5%

Export Of
Goods

4TH PLACE IN THE EU

99.4%

Export Of
Goods & Services

Source: Eurostat 2023 (data for 2022)



SLOVAKIA'S Main Export Markets

Intra—EU trade accounts for 80% of Slovakia's exports (Germany 21%, Czech Republic 12%, Hungary 9%), while outside the EU — to United Kingdom 4%, United States 3% and 3% to China.

21%

Germany

12%

Czech Republic

9%

Hungary

Productive & Skilled Labour Force

In **SLOVAKIA**, investors can find a workforce which excels in three major areas — productivity, qualification & labour costs. **SLOVAKIA** is a regional leader in labor productivity, while remaining cost-competitive on the regional as well as the European level.



LABOUR PRODUCTIVITY IN CEE GDP per hour worked



Pillars of the Slovak Economy

SLOVAKIA prides itself on its industrial heritage which has provided a stable base for the development of certain sectors such as automotive or electronics.

Interesting Facts & Rankings

1

AMONG WORLD LEADERS IN AUTOMATION

Slovakia belongs to top 25 countries with the highest number of installed robots in the manufacturing industries per 10,000 employees.

4

CONSTRUCTIVE LABOUR RELATIONS

Slovakia records the lowest number of lost working days due to industrial actions in Europe (per 1,000 employees).

2

THE GREENEST ENERGY MIX AMONG THE V4 COUNTRIES

Compared to V4 countries (CZ, HU, PL) Slovakia has the biggest share of energy from renewable sources on total production of electricity (22.4 %). In total, more than 82% of power in Slovakia was produced from low-carbon sources (renewables and nuclear energy) in 2022.

5

HARD-WORKING LABOUR FORCE

Slovakia has the highest percentage of people working at night & weekends in the CEE.

3

THE HIGHEST PROPORTION OF HIGHER ADDED-VALUE JOBS

Employment in high- and medium-high technology manufacturing sectors and in knowledge-intensive services as a share of total employment is the highest in the region.

Over the last decade, global corporations representing various sectors have selected **SLOVAKIA** as the top location for their expansion in the CEE region.



New **VOLVO CARS** facility with production capacity of 250,000 purely electric vehicles per year will start operation in 2026 in Košice

01 AUTOMOTIVE

The automotive industry has a strong tradition in **SLOVAKIA** and became the most important sector and driving force of the Slovak economy. Over the past 30 years it has been an important source of foreign direct investment as well as industrial innovation.

more than 1 million vehicles produced in 2022

261,000 people employed directly and indirectly in the automotive industry

50% share of automotive industry and machinery production on total industrial production

Apart from the four operating carmakers, the Slovak automotive industry is also defined by its well-developed and high quality supplier network. As **SLOVAKIA** is well located within the European automotive production hub, Tier 1–2 suppliers can also benefit from a wider regional market.



1st place in the world in the car production per 1,000 inhabitants



Currently, 13 electric or partly electric models are being produced in **SLOVAKIA**. There is also a growing number of e-mobility suppliers.



45% share of the MEI on the industrial production



The Machinery & Equipment Industry (MEI) in **SLOVAKIA** represents one of the key pillars of the Slovak economy. It has a strong historical background and maintains its stable position in the Slovak industry.

02 MACHINERY & EQUIPMENT INDUSTRY

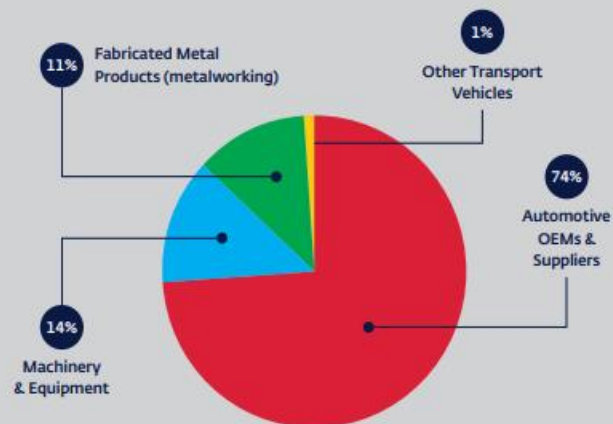
The MEI sector is of crucial importance, not only because of its contribution to the GDP and foreign trade balance, but also for its potential to create jobs and generate innovations.

€ 40.2 BN. sales revenue

39% of all industrial jobs

860+ companies active in the sector (20+ FTEs)

DIFFERENT SUBSECTORS OF MEI (based on turnover)



The MEI in **SLOVAKIA** is closely linked to the automotive industry which is the highest contributor to investments in **SLOVAKIA**. However, it is not the only driver of the sector. Other crucial subsectors of the MEI are machinery, metalworking and production of other transportation vehicles.

03 AEROSPACE

In the space sector, **SLOVAKIA** follows up on its decades of experience in international research programmes as well as participating in two manned space missions.



SLOVAKIA has become the newest associate member of ESA, which brings new opportunities in the sector

45+ companies directly involved in the space sector with 50+ more active in related areas

€ 108+ MIL. revenues generated by companies directly involved in the space sector

SLOVAKIA's researchers have been actively involved in major international missions including Rosetta, BepiColombo, JUICE or JEM-EUSO. These solid research capacities along with a strong base of companies working with electronics, high-precision machinery, progressive materials & ICT have contributed to the recent dynamic growth of space industry.

NUMBER OF COMPANIES DIRECTLY INVOLVED IN SPACE SECTOR



The Slovak aviation industry builds on an old tradition of Slovak inventions, such as early 20th century parachute or late 19th century helicopter prototype.

€ 135 MIL. revenues generated by the aviation sector

1,400 employees in aircraft production, maintenance & training

Currently, the sector is represented by companies developing and producing fast ultralight aircrafts, gyrocopters or even several prototypes of flying cars, as well as innovative training simulators and ICT systems.



The Slovak EECI reflects both — traditional electronics manufacturing (power generators, telephones, radios, etc.) and new trends especially connected to the growing automotive industry (electric motors, microelectronics, sensors).

SLOVAKIA has over 120 years of experience in electronics & electrical components industry



04 ELECTRONICS & ELECTRICAL COMPONENTS

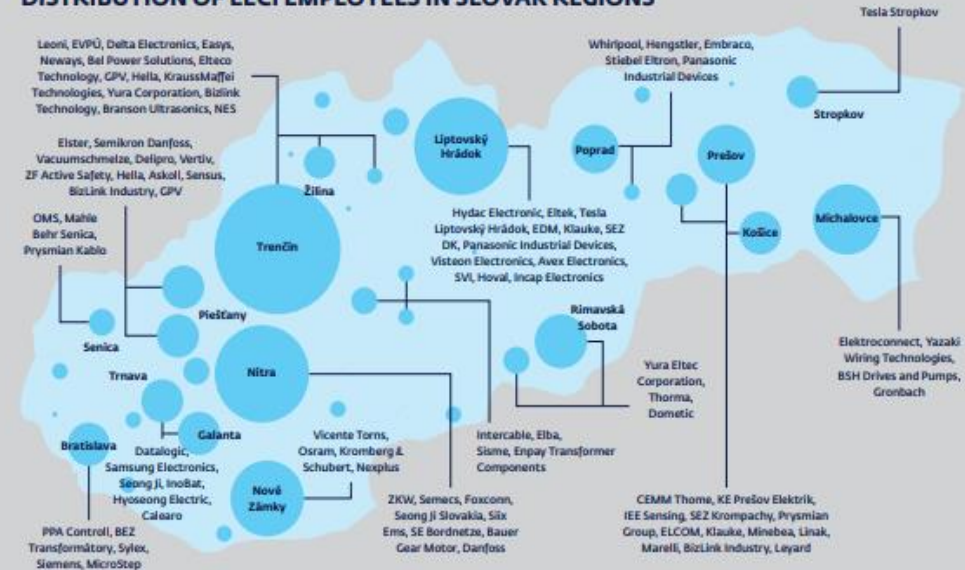
The electronics & electrical components industry (EECI) is one of the strongest contributors to the country's GDP and is also one of the biggest employers in the country.

9% share of EECI on total manufacturing production

41,600+ people employed in the EECI

207 companies in EECI (20+ FTEs)

DISTRIBUTION OF EECI EMPLOYEES IN SLOVAK REGIONS



Source: SARIO Materials, Finstat, 2023 (data for 2022). Companies involved in space sector — SARIO calculation compiled from data of 46 companies identified as space and space-related business in related sectors & with relevant technologies.

Source: Statistical Office of the SR, Yearbook of Industry of the SR 2022, SARIO

05 CHEMICAL & PHARMACEUTICAL INDUSTRY

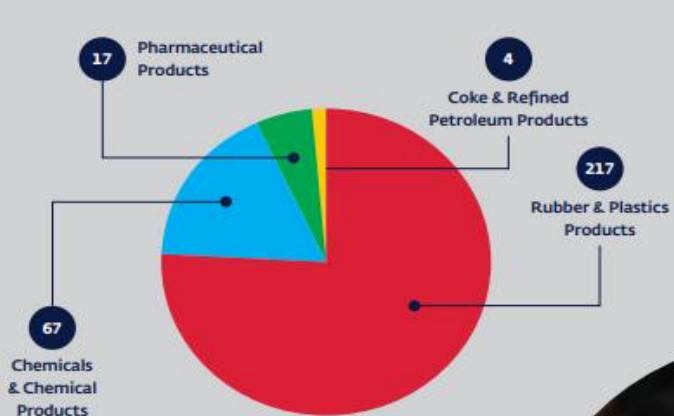
The chemical industry has traditionally been one of the largest sectors of the Slovak economy. This industry includes a diversified portfolio of hundreds of different products ranging from petrochemicals, rubber and plastic products to pharmaceuticals.

€ 10.81 BN.
revenues of the
chemical industry*

+40,000
people employed
in the chemical industry*

9%
share of the chemical industry on
the industrial production*

NUMBER OF COMPANIES DIRECTLY INVOLVED IN THE CHEMICAL
& THE PHARMACEUTICAL INDUSTRY (only the companies with 20+ employees are included)



INNOVATIVE
SLOVAK BIOTECH COMPANIES
MultiplexDX creates & develops 98% accurate revolutionary cancer diagnostic tests. Glycanostics develops prostate diagnostic products with 95%+ accuracy, as well as assay kits for other types of cancer and non-oncological diseases.



TOP COMPANIES FROM THE CHEMICAL & PHARMACEUTICAL INDUSTRY

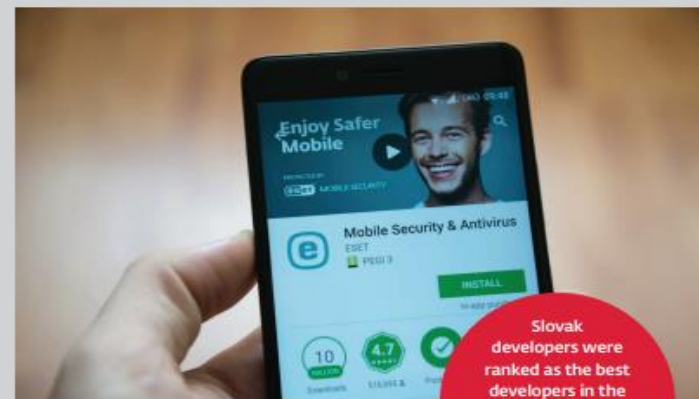
RUBBER & PLASTICS
Continental Matador Rubber, Chemosvit Folie, ContiTech Vibration Control, Continental Tires Slovakia

PHARMACEUTICAL INDUSTRY
Saneca Pharmaceuticals, Biotika, HBM Pharma, Unimed Pharma

CHEMICALS & CHEMICAL PRODUCTS
Duslo, Fortischem, BASF, Meroco

COKE & REFINED PETROLEUM
Slovnaft, Probugas

The majority of IT services in SLOVAKIA are provided by service centers and software houses. On top of that, traditional activities of telecommunication operators are gradually expanding beyond their standard services and building a more diversified portfolio is becoming an integrated part of their business.



Slovak developers were ranked as the best developers in the world as measured by programming skills testing program

06 INFORMATION & COMMUNICATION TECHNOLOGIES

The information & communication technologies (ICT) sector has a solid position in the Slovak economy. This is demonstrated by the presence of foreign owned companies such as Deutsche Telekom IT & Telecommunications, Asseco, Accenture, Soitron, Atos as well as strong domestic companies such as Eset, Sygic.

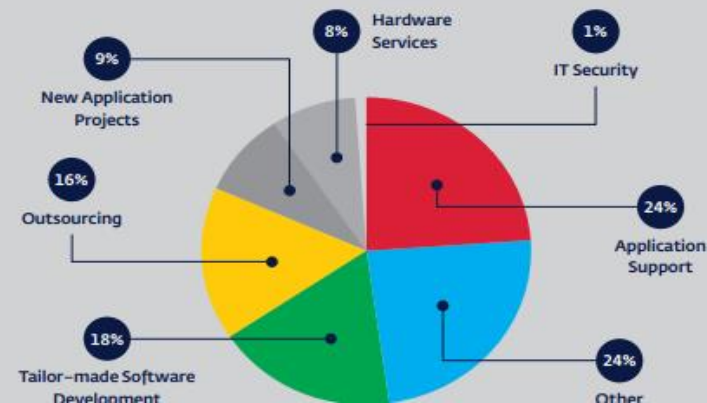
5%
ICT contribution to
Slovak GDP

105,000
jobs in ICT
sector

66
games development
companies & studios

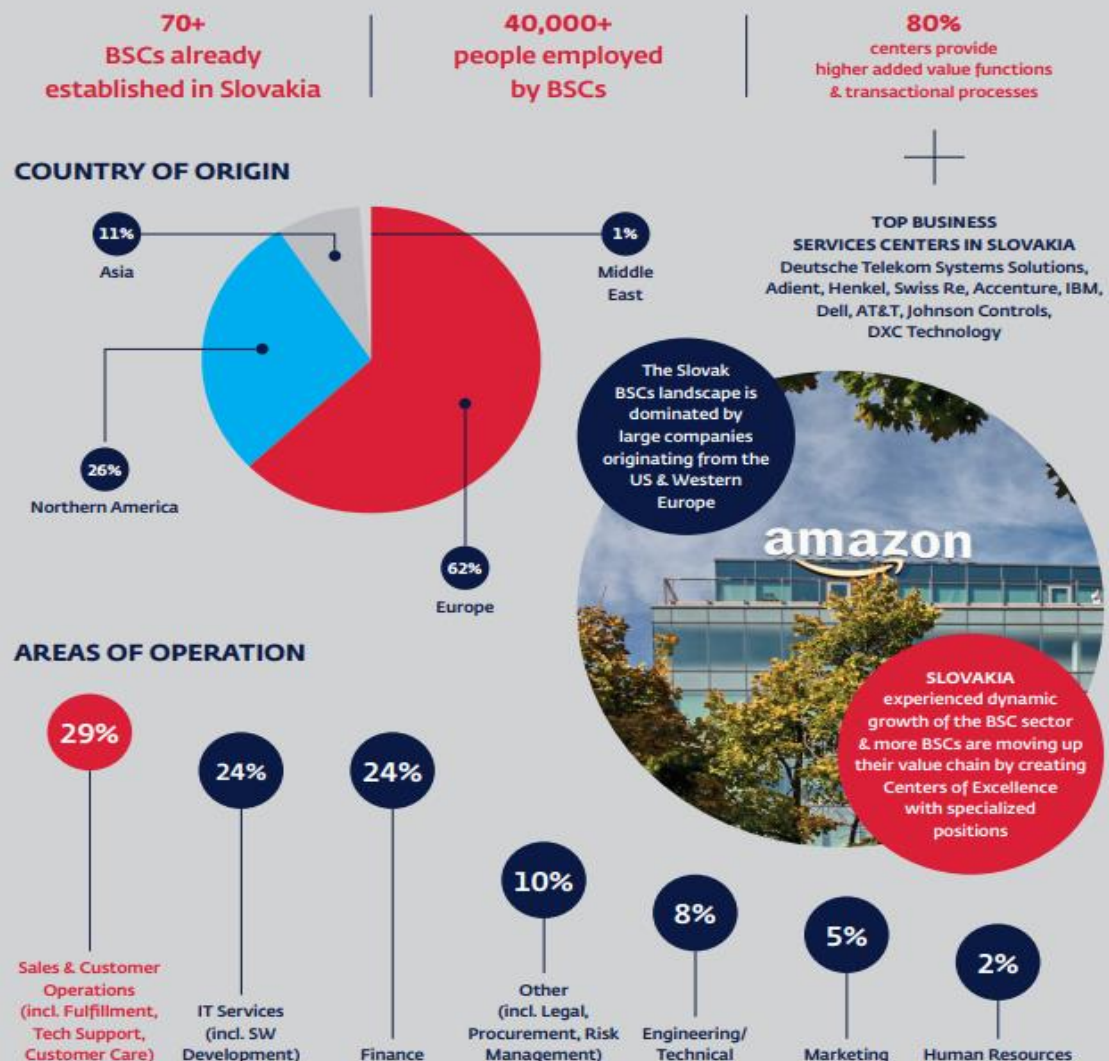
IT SERVICE MARKET IN SLOVAKIA

ICT technologies became an integrated part of the daily life in SLOVAKIA. Their role continues to grow which is reflected by steadily raising adaptability of the Slovak population to ICT technologies.



07 BUSINESS SERVICE CENTER (BSCs)

Thanks to the availability of labour force and its language skills BSCs in SLOVAKIA are evolving towards centers with higher added-value with greater emphasis on quality of their services.



NATIONAL STRATEGY FOR RESEARCH, DEVELOPMENT AND INNOVATION 2030

The national strategy, adopted by the Slovak Government in March 2023, presents a vision of how to make Slovakia a better place for research, development and innovation. Thanks to complex reforms and new investments, Slovakia will transform its industry, accelerate economic growth and become again more attractive destination for highly qualified talent and companies creating high added value. The strategy includes an action plan with a set of 91 measures to increase the innovation performance of Slovakia.

08 RESEARCH & DEVELOPMENT

As a top priority, the Government of the Slovak Republic is determined to attract and support investments with high added value and innovation potential.

Companies with R&D can benefit from special tax regime — an additional 100% of their R&D costs can be deducted from their tax base

KEY FACTS WHY CONSIDER SLOVAKIA FOR R&D

- 1 Highly qualified labour force at affordable costs
- 2 Many production plants in high-tech industries
- 3 Established cooperation between companies & local universities
- 4 Broad R&D and innovation network
- 5 Presence of R&D centres & technology clusters
- 6 R&D incentives

09 SLOVAK INDUSTRY 4.0 SOLUTIONS

SLOVAKIA belongs to the top 25 countries with the highest number of installed industrial robots in the manufacturing industries per employee. Such background generates a significant potential for product and process innovations as well as an implementation of the latest Industry 4.0 solutions.

SARIO INNOVATION SERVICES

The matching platform of SARIO, connecting the needs of large investors established in Slovakia with capacities and competencies of advanced and innovative Slovak technology companies providing mainly industry 4.0 and advanced IT solutions.

300+
innovative companies
in our database

33
innovation events since
September 2017

180+
presentations of shortlisted
Slovak companies

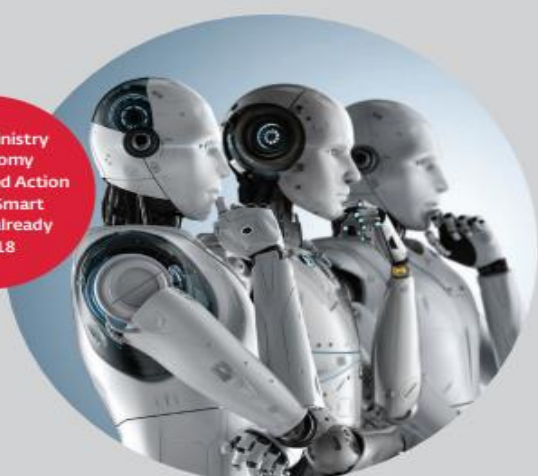
SLOVAK INNOVATIVE COMPANIES MAINLY FOCUS ON, BUT ARE NOT LIMITED TO

01 INDUSTRY
automation, predictive maintenance, quality control, digital factory solutions

02 PRODUCT DEVELOPMENT
design, prototyping, testing, tooling

03 SERVICES SECTOR
software automation, outsourcing, cybersecurity, big data and AI

Slovak Ministry of Economy has approved Action Plan for Smart Industry already in 2018



EXAMPLES OF UNIQUE SLOVAK SOLUTION PROVIDERS
Tangent Works, Anasoft, Trivita Data, Brain IT, Ditis, Photoneo, Marpex, IxWorx Dorps, CEIT, Sova Digital, Matador Automation, Infotech, Manex, Rossum Integration, eDocu, MTS, Bost—Stimba, Igrow, Merchant

Source: SARIO (2022); International Federation of Robotics (2023, latest data from 2021)

Investment Incentives



Districts in Bratislava region are excluded from the investment aid scheme

MAXIMUM REGIONAL INVESTMENT AID INTENSITY

The primary goal of the investment incentives is to motivate investors to place their new projects in regions with higher unemployment and to attract projects with higher added value.



- 40%
- 50% +10% additional incentives for medium-sized enterprises
- 60% +20% additional incentives for small and micro-sized enterprises

ELIGIBLE PROJECTS
The Act on Investment Incentives divides the projects, which may be supported, into four categories:

- industrial production
- technology centers
- combined projects of industrial production and technology center
- shared services centers

- ELIGIBLE COSTS**
- Costs of land acquisition
 - Costs of buildings acquisition & construction
 - Costs of new technological equipment and machinery acquisition
 - Intangible long-term assets — licences, patents, etc.
 - Rent of new land/building
 - or
 - Total wage costs of all new employees calculated over a period of 2 years

- FORMS OF INVESTMENT INCENTIVES**
- Corporate income tax relief
 - Cash grant
 - Contributions for the newly created jobs
 - Rent/Sale of real estate for a discounted price

*An amendment to the Governmental Regulation no. 195/2018 Coll. is currently in the legislation process. Map of maximum intensities above already reflects these changes (maximum aid intensity in the Western Slovakia increased from 30% to 40%). Please contact us at invest@sario.sk for more information (including minimum conditions).

Positive regional contribution of a new investment projects shall be concluded based on these categories — investment location, number of jobs created, average gross monthly salary of new employees, expected added value and possible qualification of a project respecting definition of a priority area