

Slovakia

in Figures 2024

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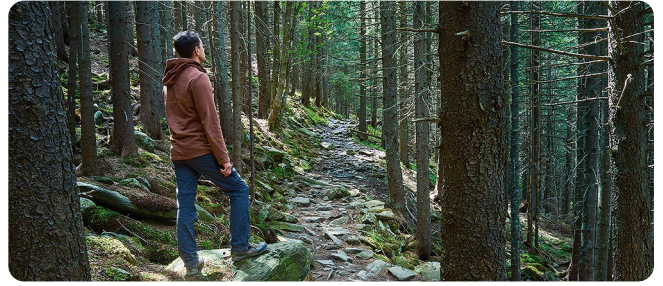
Audit | Tax | Advisory | PwC Legal



Invest in Slovakia



Country with **happy people** – Global rank #29: ranked higher than Spain, Italy, Japan, Portugal, and Greece.



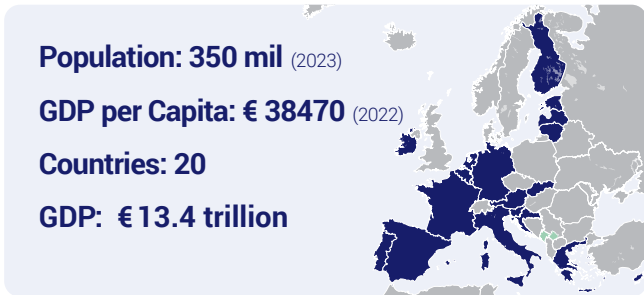
Low-carbon power country – Global rank #16 with 85.2% of low-carbon electricity generation; 2nd in the world in terms of percentage of nuclear power on total electricity generation.



Inexpensive, talented, highly productive, **high quality** and available **labor** force



Highly **productive industries**, **world class services** and **innovative economy**



Currency: Euro. Part of stable **Euro area**

Member of **NATO**



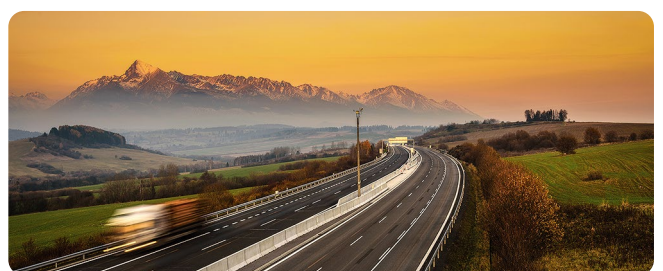
Close proximity to major EU markets - Vienna only 45 min. drive from Bratislava - **easily reachable** from anywhere in the world



Nice place to live - over 100 castles, eight Unesco sites and beautiful mountains, nature, and national parks



Stable politics and **good ratings**



Excellent infrastructure

People and districts



8 regions
79 districts

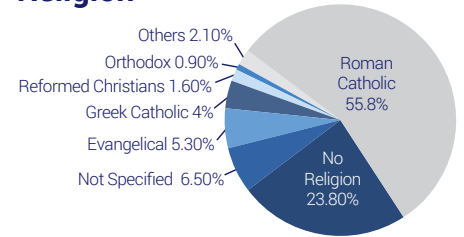


The largest cities and towns in Slovakia (population)

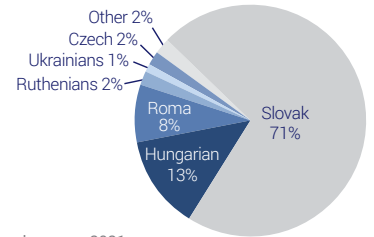


Population: 5.4 mil. (Similar to Denmark, Finland, Singapore, Minnesota, or New Zealand)
Suffrage: Universal at 18 years
Literacy: 99%
Life Expectancy: 78 yrs. females; 71 yrs. males. (2021)
Total Area: 49,000 sq km / 19,000 sq mi (Slightly larger than Denmark, Netherlands or Switzerland. Slightly smaller than Costa Rica.)

Religion



Ethnicity



Source: Slovak census 2021

Politics



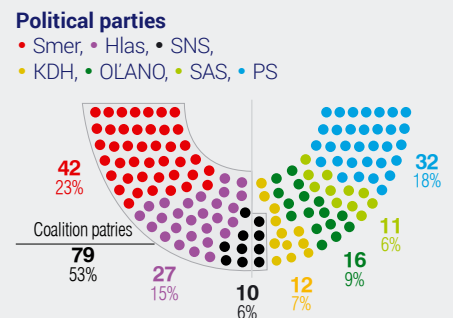
President
Peter Pellegrini
(June 2024 - June 2029)

Prime Minister
Robert Fico
(2023 - 2027)
Smer

Government

Type: Parliamentary democracy
Independence: The Slovak Republic was established on January 1, 1993 (former Czechoslovak Republic established in 1918).
Branches
 Executive - President (head of state), Prime Minister (head of government), Cabinet.
 Legislative - National Council of the Slovak Republic (150 seats).
 Judicial - Supreme Court, Constitutional Court.
 Next parliamentary elections: September 2027

Slovak parliament: 150 seats



Ratings

Slovakia scores higher compared to several Euro area members, including Iceland, Slovenia, Spain, Portugal, Andorra and Italy.

Lowest rating ————— Highest rating
 Source: Trading Economics, Jan. 21, 2024

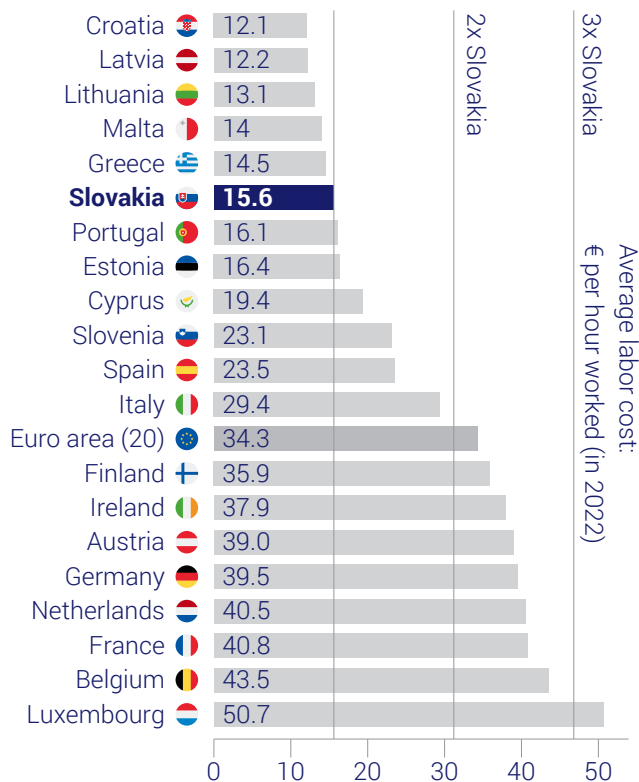
	S&P	FITCH	MOODY	DBRS	SCOPE	JCR	TE
Ireland	AA	AA-	Aa3	AA (low)	AA-	N/A	83
Japan	A+	A	A1	A (high)	A	AAA	77
► Slovakia	A+	A-	A2	A	A	A+	75
Iceland	A+	A-	A2	N/A	N/A	N/A	75
Slovenia	AA-	A	A3	A (high)	A	A+	75
Poland	A-	A-	A2	A	A	A	71
Spain	A	A-	Baa1	A	A-	AA	71
Portugal	A-	A-	A3	A	A-	A	70
Andorra	BBB+	A-	Baa1	N/A	N/A	N/A	65
Italy	BBB	BBB	Baa3	BBB (high)	BBB+	AA-	62
Hungary	BBB-	BBB	Baa2	N/A	BBB	BBB+	60
Greece	BBB-	BBB-	Ba1	BBB (low)	BBB-	N/A	50

Source: Trendingconomics (S&P, Moody's, DBRS, TE) Mar. 23, 2024, en.wikipedia.org/wiki/List_of_countries_by_credit_rating (Scope, JCR), Jan. 4, 2024

Labor market

One of the lowest labor cost in Euro area

Labor costs are among the lowest in Eurozone. Labor laws allow more flexibility for employers than those in most other Eurozone countries.

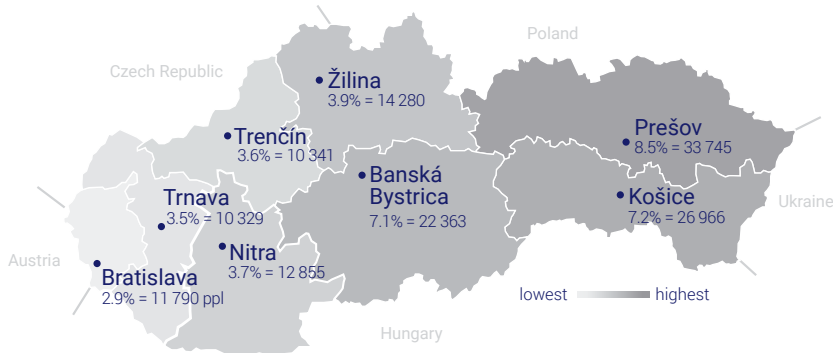


■ Not a member of Eurozone. Source: Eurostat, Jan. 10, 2024

Labor market and availability are **favorable** for employers when **compared to most other** Euro area countries.

Unemployment (February 2024)

Unemployment rate is 5.1% and the number of unemployed people in regions is 142 669.



Source: Central Office of Labour, Social Affairs and Family, Dec. 2023

Labor cost structure (simplified)

	Employee	Employer	Total
Social Security	9.4%	25.2%	34.6%
Healthcare Insurance	4.0%	10.0%	14.0%
Total	13.4%	35.2%	48.6%

The fees are derived from employees' gross salaries

National holidays:
15 days

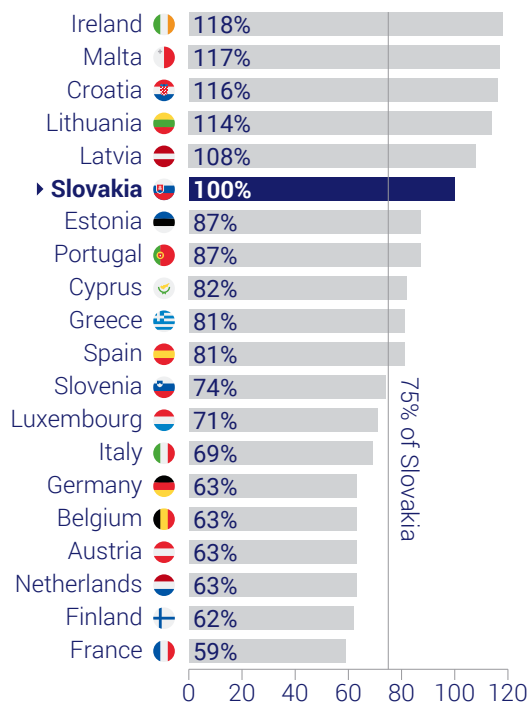
Labor cost and effectiveness

Labor cost in Slovakia in various industries in 2022 (€)

Indicator	Total labor costs	Direct labor costs	Basic (tariff) wages and salaries	Indirect labour costs
Average of the SR	1 987	1 434	1 445	545
Agriculture, forestry, and fishing (A)	1 630	1 173	1 189	441
Industry total (B)	2 017	1 443	1 452	568
Mining and quarrying (C)	2 186	1 522	1 536	649
Manufacturing (D)	1 993	1 430	1 437	558
Electricity, gas supply (E)	3 037	2 096	2 139	897
Water supply, waste (F)	1 730	1 235	1 250	504
Construction (F)	1 616	1 170	1 182	436
Wholesale, retail, trade (G)	1 951	1 411	1 426	526
Transportation, storage (H)	1 836	1 319	1 324	517
Accomm., food service (I)	1 197	882	884	320
Information, communication (J)	3 296	2 366	2 410	887
Financ., insurance activities (K)	3 351	2 396	2 414	937
Real estate activities (L)	1 956	1 412	1 436	520
Profession., techn. activ. (M)	2 323	1 696	1 707	623
Administrative services (N)	1 590	1 158	1 162	429
Public administration, social security (O)	2 106	1 508	1 516	591
Education (P)	1 820	1 318	1 322	499
Health (Q)	2 201	1 600	1 629	580
Arts, recreation (R)	1 710	1 243	1 248	464
Other service activities (S)	1 538	1 130	1 134	409

Source: www.statistics.sk, Feb. 5, 2024

Labor effectiveness in Euro area in 2022 compared to Slovakia's. Index (Slovakia = 100%)



Source: Eurostat, Feb. 16, 2024, calculations by ECENTER

Logistics & ICT infrastructure

Modern and developed infrastructure

Slovakia is easily accessible and has an excellent infrastructure including IT and mobile network.

Easily accessible from Western Europe - Bratislava only 70km from Vienna, Austria.
Direct flights to over 260 destinations are available within 1 hour drive from Bratislava city center.



High speed mobile services with excellent coverage

Various options of high-speed Internet are available through landlines and satellite operators including FTTH (fiber-to-the-home)

Provider	Mobile Network Coverage			Data Connection	
	Population	Pop. 4G	Pop. 5G	Download	Upload
Orange	99.7%	99.1%	66%	1130 Mbps	130 Mbps
Slovak Telekom	99.0%	94.8%	55%	1150 Mbps	131 Mbps
O2	99.7%	97.6%	70%	1024 Mbps	90 Mbps
4ka (SWAN)	99.0%	86.5%	10%	600 Mbs	60 Mbps

Source: Orange, Slovak Telekom, O2, 4ka - Feb. 2024

Great for business centers and centers of excellence



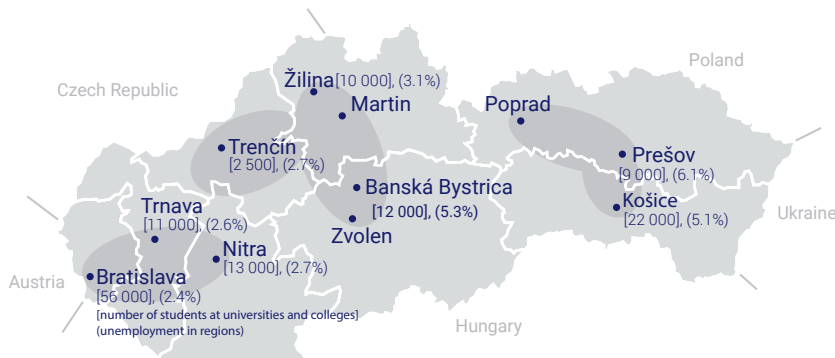
Economy, R&D and knowledge centers

High quality labor: a hub for ICT and shared service centers

Slovakia is noteworthy for having a significant number of X-Large Business Service Centers (BSCs) each employing more than 1000 people. Mature centers provide high value-add services and sophisticated processes for their global or regional operations.

Main Slovak academic and research clusters

Total number of college and university students: 137,000



- 65** centers in Slovakia
- 40,000** employees
- €2,417** - average monthly gross salary in BSCs
- 1.1 billion** - salaries expenditures
- 67%** of staff continued to work remotely by end of August 2022

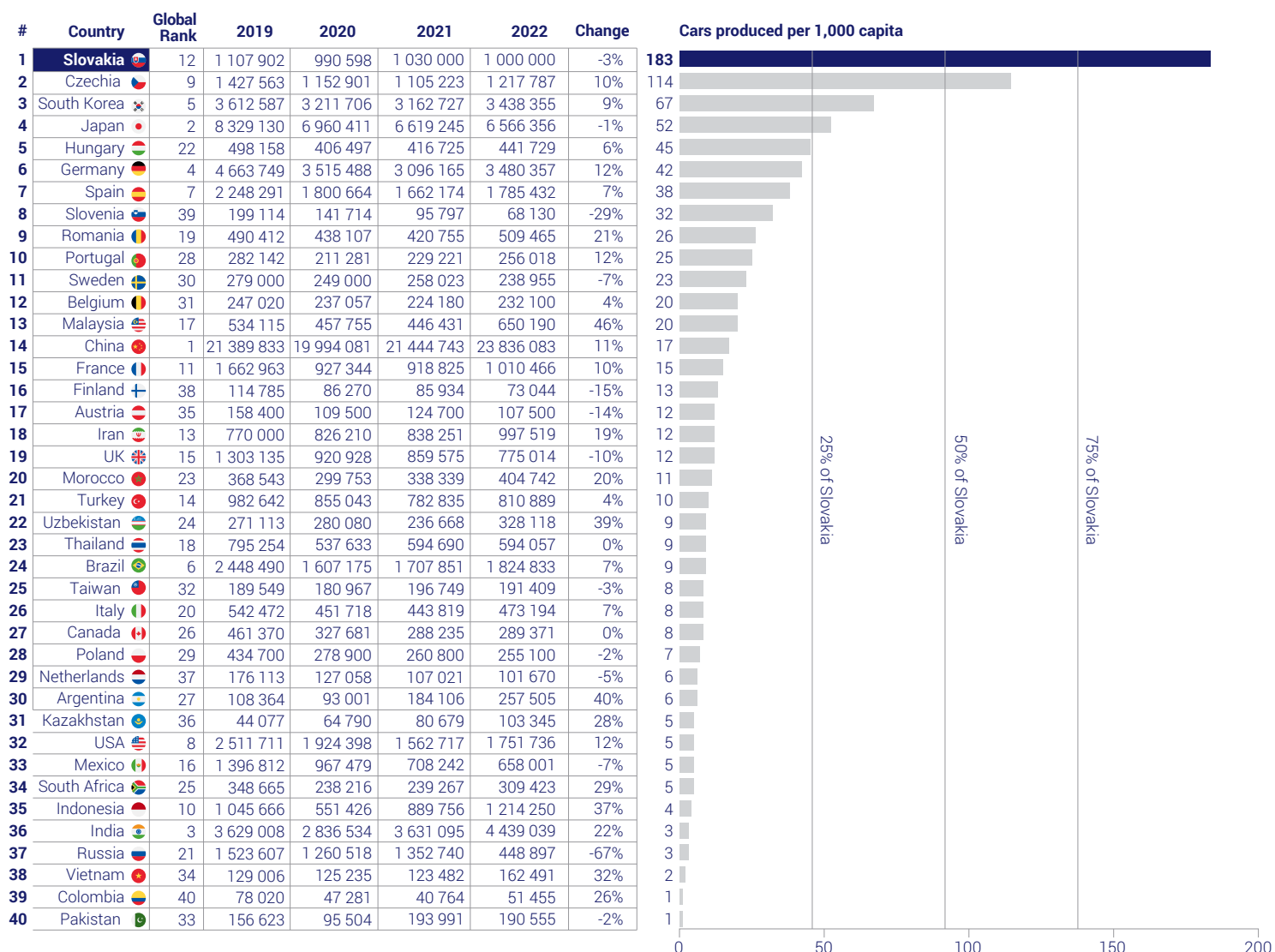
 66% UNIVERSITY EDUCATED	 50.5% WOMEN	 11% FOREIGN NATIONALS
 36.2 AVERAGE AGE	 9% MANAGERS	 1% HEADCOUNT INCREASE

Sources: Slovak Statistics Office, Feb. 2024; Ministry of Education, Feb. 2024; Central Office of Labour, Social Affairs and Family, Jan. 2024

Source: AmCham - Business Service Center Forum 2023

Global leader in cars produced per capita

Cars produced per 1,000 inhabitants in 2022



Source: OICA, Feb. 10, 2024; Audi, BMW, JLR, data not reported for India



Automotive superpower

Slovakia is an automotive superpower. Various top-of-the-line models are assembled in Slovakia.

Slovakia is likely to become the next superpower for batteries for electric vehicles.



Production starting in 2026

Economic forecast

Indicator (Slovakia, if not mentioned otherwise)	in	Real										Forecast				
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	
GDP related																
GDP in current prices	bil.EUR	76.3	80.1	81.3	84.7	89.9	94.4	93.4	100.3	109.6	121.5	131.5	138.7	144.3	150.5	
Slovak Republic*	%	2.7	5.2	1.9	2.9	4	2.5	-3.3	4.9	1.7	1.3	2.5	2.8	2.8	2.7	
Czech Republic*	%	2.3	5.4	2.5	5.2	3.2	3	-5.5	3.6	2.3	0.2	2.3	2.9	2.7	2.5	
Germany*	%	2.2	1.5	2.2	2.7	1	1.1	-3.8	3.2	1.8	-0.5	0.9	2	1.9	1.3	
Euro area*	%	1.4	2	1.9	2.6	1.8	1.6	-6.1	5.6	3.3	0.7	1.2	1.8	1.7	1.5	
European Union*	%	1.7	2.5	2	3.1	2.3	2	-5.6	5.9	3.6	0.7	1.5	2.1	2	1.8	
United States*	%	2.3	2.7	1.7	2.2	2.9	2.3	-2.8	5.9	2.1	2.1	1.5	1.8	2.1	2.1	
World*	%	3.5	3.4	3.2	3.8	3.6	2.8	-2.8	6.3	3.5	3	2.9	3.2	3.2	3.1	
Russia*	%	0.7	-2	0.2	1.8	2.8	2.2	-2.7	5.6	-2.1	2.2	1.1	1	1	0.9	
Household consumption real growth	%	1.8	2.6	3.5	6.2	6.6	5.4	1.0	6.0	18.6	8.5	6.2	4.4	4.2	4.0	
Government consumption real growth	%	4.1	6.0	3.2	4.3	4.8	10.3	5.9	8.2	6.8	10.9	8.6	4.8	4.0	3.4	
CPI Growth (Consumer Price Index - Inflation)	%	-0.1	-0.3	-0.5	1.3	2.5	2.7	1.9	3.2	12.7	10.7	4.9	2.6	2.5	2.4	
Creation of Gross fixed capital (real growth)	%	3.0	21.4	-9.2	2.9	2.8	6.7	-10.9	3.5	4.5	11.3	7.2	3.9	-4.2	0.2	
HICP (Eurozone)	%	0.4	0.2	0.2	1.5	1.8	1.2	0.3	2.6	8.4	5.8	2.8	2.2	2.1	2.1	
Labor related																
Average monthly salary real growth	%	4.2	3.3	3.8	3.3	3.6	5.0	1.8	3.6	-4.5	-0.5	2.5	2.3	1.9	1.8	
Salaries as % of GDP	%	29.7	29.8	31.1	31.8	32.4	33.5	34.5	34.1	34.2	34.0	33.9	33.9	34.1	34.1	
Employees compensation as % of GDP	%	43.9	44.2	45.7	47.1	47.9	49.3	50.7	50.2	49.5	49.1	49.3	49.4	49.8	50.0	
Average Nominal Monthly Salary Growth	%	4.1	2.9	3.3	4.6	6.2	7.8	3.8	6.9	7.7	10.2	7.5	5.0	4.4	4.3	
Average Nominal Monthly Salary	€	858	883	912	954	1 013	1 092	1 133	1 211	1 304	1 437	1 545	1 622	1 693	1 765	
Private Sector	€	853	877	900	941	998	1 061	1 084	1 157	1 261	1 384	1 496	1 576	1 653	1 731	
Public Sector	€	877	906	957	1 005	1 072	1 216	1 320	1 409	1 464	1 632	1 728	1 792	1 847	1 899	
Labor Productivity (real growth)	%	1.3	3.1	-0.4	0.7	2.0	1.5	-1.5	5.4	0.0	1.1	1.8	2.3	1.6	2.1	
Unit labour cost	%	0.7	0.6	2.7	4.3	3.9	5.3	5.4	1.4	6.0	8.6	6.3	2.8	3.1	2.5	
Employment	1,000 ppl	2 205	2 267	2 321	2 372	2 420	2 445	2 399	2 385	2 427	2 431	2 439	2 451	2 457	2 457	
Employment: average growth	%	1.3	2.0	2.4	2.2	2.0	1.0	-1.9	-0.6	1.8	0.1	0.3	0.5	0.2	0.0	
Unemployment rate	%	13.2	11.5	9.6	8.1	6.5	5.8	6.7	6.8	6.1	5.9	5.8	5.7	5.8	5.8	
Export /products and services/ (real growth)	%	3.7	6.6	5.0	3.7	5.1	0.8	-6.3	10.5	3.0	-1.2	5.2	5.2	6.4	5.1	
Import /products and services/ (real growth)	%	4.5	8.5	4.8	4.1	4.8	2.2	-8.1	11.7	4.2	-6.5	9.1	4.7	4.9	4.3	
Exchange rate end of year USD/EUR	USD to €	1.23	1.09	1.05	1.18	1.14	1.11	1.22	1.13	1.06	1.06	1.12	1.15	1.16	1.17	
Exchange rate end of year JPY/EUR	JPY to €	146.98	132.50	122.35	133.68	127.61	121.27	126.32	128.82	142.85	155.00	151.00	144.00	144.00	144.00	
Exchange rate end of year CHF/EUR	CHF to €	1.20	1.08	1.07	1.17	1.13	1.09	1.08	1.04	0.99	0.97	1.00	1.02	1.02	1.02	
Exchange rate end of year CZK/EUR	CZK to €	27.63	27.03	27.03	25.66	25.84	25.49	26.30	25.23	24.26	24.50	24.50	24.30	24.30	24.30	
Euribor (3 month average)	%	0.21	-0.02	-0.26	-0.33	-0.32	-0.36	-0.43	-0.55	0.34	3.43	3.88	3.47	3.14	2.98	
Slovak 10-year bonds yield (average)	%	2.17	0.91	0.58	0.98	0.97	0.32	0.06	-0.06	2.09	3.73	4.06	3.92	3.83	3.79	
German 10-year bonds yield (average)	%	1.31	0.55	0.11	0.39	0.48	-0.22	-0.48	-0.34	1.17	2.53	2.78	2.65	2.56	2.51	
Crude oil (average price)	€/bl	74.6	48.3	40.7	48.6	60.6	57.3	37.8	60.0	94.0	76.4	75.4	68.8	65.0	62.3	
ECB Key Interest Rate	%	0.16	0.05	0.01	0.00	0.00	0.00	0.00	0.00	0.57	3.80	4.38	3.97	3.64	3.48	
Euribor (3 month average)	%	0.21	-0.02	-0.26	-0.33	-0.32	-0.36	-0.43	-0.55	0.34	3.43	3.88	3.47	3.14	2.98	
Savings Interest Rates	%	0.77	0.58	0.42	0.27	0.21	0.18	0.13	0.10	0.12	0.66	1.00	0.94	0.86	0.82	
Net disposable income per household member	%	382.9	420.1	429.3	444.9	461.2	475.3	490.8	488.8	465.9	469.7	476.0	491.7	498.4	506.5	
Deposits	(bil. €)	45.2	48.4	52.1	54.8	58.2	61.1	64.2	67.9	71.4	76.0	79.6	83.5	86.1	88.7	
EU Funds	(mil. €)	1 897	4 096	1 289	1 439	2 069	2 186	2 469	2 366	2 482	4 936	1 870	1 748	1 723	1 974	
- in public sector	(mil. €)	1 146	2 654	578	654	998	1 019	1 051	1 059	1 228	2 645	852	814	775	799	
- in private sector	(mil. €)	751	1 443	712	785	1 070	1 166	1 418	1 307	1 253	2 291	1 018	933	948	1 175	
Sole proprietors	1 000	364	367	384	386	379	389	378	383	390	388	387	388	386	384	

Source: Ministry of Finance of the Slovak Republic, Nov. 2023, *IMF, Dec. 11, 2023

Taxes, state aid, subsidies, and support

Simple tax system; Available state aid

The tax system is compliant with EU tax systems

- Corporate income tax: 21%, 15% for taxpayers (including individual entrepreneurs) with income (revenues) of less than EUR 49,790. Capital gains tax for corporate entities: 21% (participation exemption possible if specific conditions are met)

Withholding tax

- Interest, royalties: 19% (35% withholding tax may apply to payments to jurisdictions which have not signed a double tax treaty or tax information exchange agreement with Slovakia, and to non-cooperative jurisdictions on the EU blacklist).
- The withholding tax rate may be reduced by an applicable Double Tax Treaty or EU Directive, the beneficial ownership must be proved to apply such benefit.
- Dividends paid to individuals from profits posted after 1 January 2017 are in general subject to a 7% tax rate. Dividends paid to legal entities domiciled in the EU or other treaty jurisdictions are in general not subject to tax.
- Dividends paid to, or received from, residents (individuals or legal entities) of non-treaty jurisdictions are subject to a special tax of 35%.
- Thin capitalization rules do not permit tax deduction of interest and other financing charges on loans provided between related parties in excess of 25% of adjusted EBITDA. This also applies to cash-pooling and back-to-back funding arrangements.
- From 1 January 2024, additional interest limitation rules will apply to loan agreements concluded after 31 December 2023. This rule establishes a threshold of EUR 3 mil. for net interest costs (interest income less interest expenses). When the net interest costs exceed the threshold, they could be deducted up to 30% of tax EBITDA. A company should first check the application of the interest limitation rule and if this

is not applicable apply the existing thin capitalization rules.

Other

- Transfer pricing rules apply to intra-group transfers and statutory documentation requirements are in place.
- Pillar II will apply in Slovakia from 31 December 2023, although the draft law has not yet been adopted. The qualified minimum domestic tax rule will apply from 31 December 2023, and the income inclusion rule is postponed for 5 years.

R&D super-deduction and patent box

- Tax exemption of 50% of income from intangibles (e.g. patent, software) created by a Slovak taxpayer, and 50% of income from selling goods manufactured on the basis of a protected patent or a utility model.
- R&D super-deduction: taxpayers undertaking R&D are entitled to an extra deduction of 100% of qualifying R&D costs and expenses from their tax base.
- Deduction of expenses (costs) for investments: the goal is to support higher added-value investments linked to Industry 4.0. This provides an additional deduction of an expense (cost) from 15% to 55% of the tax depreciation charge on the invested assets in the respective taxable period.

Personal income

- Personal Income tax: 19% and 25% if annual tax base is more than EUR 47,537.98 for 2024.
- Capital gains tax for individuals: 19% (exemption for listed shares may apply). From 1 January 2024, an exemption for non-listed shares will be in place.

Value Added Tax

- 20% on most products and services. 10% on textbooks, print media, most healthcare related

products, specific basic and healthy food items, accommodation, restaurant services, sports facilities and fitness centres. 5% on renovation, reconstruction and delivery of a building, including the land which meets the conditions of state-supported rental housing.

- Registration is obligatory for entities with revenues exceeding EUR 49,790 in a period of 12 consecutive months.

Other taxes

- Excise tax on certain types of goods: mineral oils, spirits, beer, wine, tobacco products, electricity, coal and natural gas.
- Real estate tax covers land tax, tax on apartments and non-residential premises in apartment buildings, and tax on buildings.
- Land tax is assessed by municipalities, and rates vary depending on the type of land and its location.
- The rate of tax on apartments and non-residential premises and tax on buildings depends on the municipality. The final tax is calculated with reference to floor area and other physical attributes of the property.
- No real estate transfer tax, stamp duties or capital taxes apply.
- Special taxes are imposed on certain assets or businesses (e.g. vehicle road tax for cars for business purposes, special levy in regulated industries, insurance tax on non-life insurance if risk is located in Slovakia).

Stimulus laws

- Act No. 57/2018 Coll. on regional investment aid
- Act No. 595/2003 Coll. on income tax, as amended

- Act No. 5/2004 Coll. on employment services, as amended

- Act No. 358/2015 Coll. on adjustment of certain relations in state aid and de minimis aid and amendments to certain acts (State Aid Act)

- Regulation 195/2018 Coll. on maximum intensity of investment aid and the amount of investment aid in individual regions of the Slovak Republic

Regional investment aid intensity in regions

Bratislava:	0%
Western Slovakia:	40%
Central Slovakia:	40%
Eastern Slovakia:	50%

Percentage value represents the maximum level of state aid contribution per project in a specific region. If the investment is implemented in a territory eligible for support from the Just Transformation Fund (JTF), the maximum aid intensity may be increased by 10%.

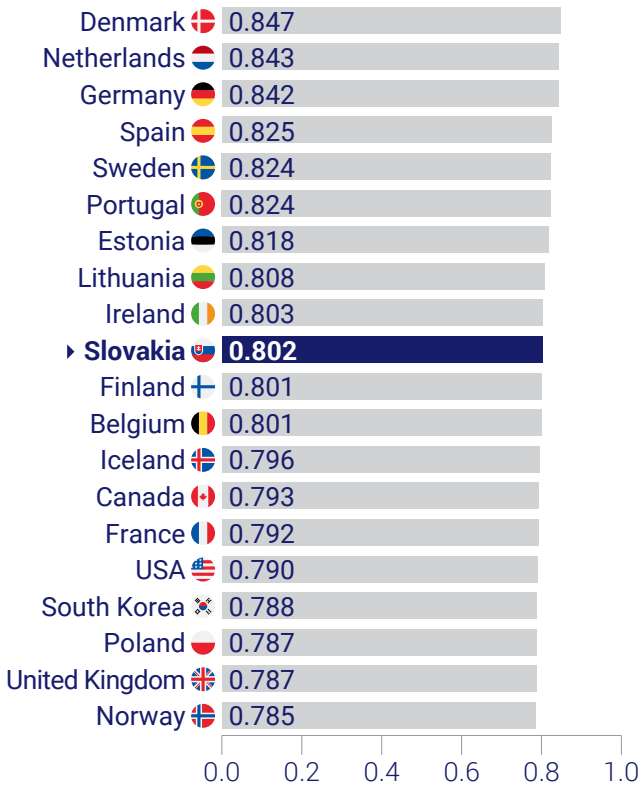
Maximum aid intensities may be increased by 20% for small enterprises and by 10% for medium-sized enterprises.

Eligible projects:

- industrial production
- technology centres
- combined project of industrial production and technology centre
- shared services centres

Top remote work destinations 2023

The index is composed of four elements: Cyber safety, Economic safety, Digital & physical infrastructure, and Social safety.



Source: <https://nordlayer.com/global-remote-work-inde>, Feb. 26, 2024



PA MATTERS

INTERNATIONALLY AWARDED
PUBLIC AFFAIRS AGENCY
 SLOVAKIA & CZECH REPUBLIC



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Sustainability is not a
 beauty contest

It's about impact, not image. And what do you prioritise when the clock is ticking? Difficult choices need to be made, real conversations need to be held. Because making impact requires collaborative action. In sectors, value chains, with governments and banks.

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Society is transitioning to a low-carbon economy. So are our clients, and so is ING. We finance a lot of sustainable activities, but we still finance more that's not. See how we're progressing on ing.com/climate.



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