Sofia Investment Agency, part of Sofia Municipality

12 Gen. Gourko St, Bulgaria
contact@investsofia.com
www.investsofia.com
In recent years, Sofia has developed as an attractive place to invest. The work that’s being done in Sofia brought the city to leading positions in both national and international rankings in terms of employment, infrastructure, quality of life, education, economic growth and increase in the number of visitors. Investors are attracted by Sofia’s location, good connectivity, but most of all, by the qualified and highly-educated population of the city.

Sofia remains the largest regional economy in Bulgaria, providing the highest standard of living. For the last several years, Sofia has been one of the European cities with the highest growth of GDP per capita. The GDP per capita in the city is over twice the average for the country and exceeds the EU average. Sofia accounts for 40% of Bulgaria’s GDP.

By the end of 2017, Sofia had attracted half of the foreign investments in Bulgaria, totalling EUR 12.2 billion or EUR 9,200 per resident, three times the average for the country. A big share of the investments is directed towards high value-added sectors, as Sofia aims to encourage projects in the field of R&D, biotech, creative industries, high value value-added manufacturing and technologies for sustainable city development.

According to the latest FDi Intelligence Global Cities of the Future ranking, Sofia comes up fourth in cost effectiveness and ninth in business friendliness among all large cities worldwide. The fact that Sofia finds its place in a growing number of international rankings indicates an increased interest in the city’s potential.

Sofia is characterized by a good uptake of European funds and has absorbed nearly 1/3 of the total amount of funds, allocated under the Operational Programs, or about BGN 2,700 per person on average. By July 2018, funds, paid out to projects, financed by the EU in both program periods on the territory of Sofia, amounted to BGN 3.613 billion.

The average salary in Sofia exceeds the country’s average by 34%, coming close to the average level in the EU. Given the concentration of highly-educated working-age population, Sofia has the highest employment rate in Bulgaria – 75% for 2017. Furthermore, the city has the lowest unemployment rate in the country, less than 3%.

The city’s financial stability was affirmed by the Standard & Poor's International rating agency, which in 2018 increased Sofia’s investment rating to BBB-, with positive outlook, which is an investment-grade rating.
Due to the systematic effort and investments made in the city's urban environment and cultural sites, Sofia is becoming an increasingly attractive tourist destination. According to the Global Destination Cities Index, in 2017 Sofia was second among the European cities with the highest growth of foreign tourists – an overall increase of 15.2% on annual basis, ahead of cities like Lisbon and Paris.

Our efforts are focused on implementing innovative solutions in city governance and urban development. Sofia is changing and the most important thing is that more and more citizens are taking part in this change. The city develops with a consistent focus on one strategic priority – the improvement of the life of its citizens.

In the last years the city has created a favourable environment for technologies and innovation. We owe the achievements in these areas to the educated and enterprising people of Sofia – the city’s most valuable asset. The future of Sofia is to develop as a green and innovative city and to transform into the digital capital of the region.

""

YORDANKA FANDAKOVA
Mayor of Sofia
SOFIA INVESTMENT AND PRIVATIZATION AGENCY

We support local and foreign businesses in building their success stories in Sofia. Sofia Investment and Privatization Agency is part of Sofia Municipality.

OUR SERVICES ARE FREE OF CHARGE AND INCLUDE:

TAILOR-MADE SOLUTIONS

- Tailor-made solutions for locating your project, business or research activities in Sofia.

INFORMATION AND ANALYSES

- Information and analyses relevant to establishing business activities in Sofia, including strategic strengths, business climate, investment incentives, business costs and location factors such as distribution, work environment and human resources.

BENCHMARK SERVICES

- A comprehensive opportunity and benchmarking service.

FACILITATING CONTACTS

- Facilitating contacts and networks with potential partners, public authorities, research and educational institutions.

ASSISTANCE IN SETTING UP

- Practical assistance in setting up a business in Sofia.

AFTERCARE PROGRAMME

- Aftercare programme to grow your business once you are here.
BULGARIA: AN OVERVIEW

Area: 110 993.6 km²
Population: 7 050 034
Capital: Sofia
Largest city: Sofia (Population: 1 671 330 incl. the surrounding region)
Language: Bulgarian
Time Zone: EET (UTC+2)
EU member since 2007
NATO member since 2004
| **Currency** | EUR 1 = BGN 1.9558 fixed exchange rate  
Bulgarian National Bank |
| **GDP** | EUR 51.7 billion (USD 58.38 billion)  
Bulgarian National Bank (2017) |
| **GDP per capita** | EUR 7 301 (USD 8 250)  
National Statistical Institute (2017) |
| **GDP Annual Growth** | 3.1%  
Bulgarian National Bank (2018) |
| **Sofia’s share of the national GDP** | 40%  
Sofia Economic Profile |
| **GDP Sofia** | EUR 20.52 billion (USD 23.18 billion)  
National Statistical Institute (2017) |
| **GDP per capita Sofia** | EUR 15 490 (USD 17 523)  
National Statistical Institute (2017) |
| **Corporate tax** | 10% |
| **Personal income tax** | 10% |
| **Doing Business rank** | 59 out of 190 countries  
| **Economic Freedom Index** | 47 out of 180 countries  
Heritage Foundation (2018) |
| **Global Competitiveness Index*** | 51 out of 140 countries  
World Economic Forum (2018) |

* + 1.2 points improvement from 2017

Sofia ranks fourth in cost effectivness and ninth in business friendliness among large cities worldwide according to FDi Intelligence Global Cities of the Fututre 2018 ranking.
WHY SOFIA

Here are 10 great reasons to start and grow your business in Sofia.

REGIONAL TALENT HUB

Highly-skilled work force.

5% of the professionals are employed in the creative industries sector.

High level of language fluency in English, Russian, German, Spanish and French.

Over 50% of the population has a university degree.

Over 50,000 people employed in the IT sector.

70,000 people employed in the BPO and SSC sector, working in over 30 languages.

23 universities, 100,000+ university students, 63 research centres, 15+ independent IT schools.

COMPETITIVE BUSINESS COSTS

The lowest overall labor cost per hour in the EU. Low office space costs - €13.5 average price for Class A. One of the lowest industrial energy prices in the EU.

LOW CURRENCY RISK

The Bulgarian lev (BGN) is pegged to the Euro. Investors will avoid additional risk of local currency exchange rate fluctuations, present in other non-Euro-zone countries.

GLOBAL R&D ICT LEADERS ARE ALREADY IN SOFIA

Sofia is a regional ICT center with over 50,000 people employed in the ICT sector; Global leaders like SAP Labs, VMware, IBM, CISCO and many others already operate large R&D centers employing, educating and developing thousands of highly-qualified professionals.
STRATEGIC BUSINESS LOCATION
Use Sofia as your gateway into the markets of Europe and Asia, while setting operations in a EU-member country, part of a 550-million consumer market.

WELL-CONNECTED
One to three-hour flight to most EU capitals.
Sofia Airport – over 6 million passengers per year & 20 min from downtown Sofia.
Well-developed network of public transport, including 40 km of expanding underground metro.

EASY TO START AND GROW YOUR BUSINESS

BUSINESS FRIENDLY TAX RATES
10% One of the lowest corporate taxes in EU. The lowest personal income tax in EU.

EU FUNDING OPPORTUNITIES
Companies registered in Bulgaria have access to EU funds on both national and EU level.

GREAT DIGITAL INFRASTRUCTURE
One of the highest average connection speeds in Europe and the world in both download and upload, with 24 and 15 mbps registered in December, 2018.
SOFIA: AN OVERVIEW

Sofia is one of the oldest cities in Europe. Its history dates back several millennia. In 1879, after a close vote by the Parliament, Sofia became the capital of the newly independent Bulgaria.

Today Sofia is Bulgaria’s capital, its largest city, the centre of the legislative, executive and judiciary power in the country (National Assembly, Presidency, Council of Ministers and all Ministries), the financial, educational, cultural, business and commercial centre and the biggest city-economy in Bulgaria.

Sofia’s population exceeds 1.3 million over an area of 492m², making it the 15th largest city in the European Union.

Sofia’s economy is growing at a rapid pace. The city was ranked among the top 10 best performing cities in Europe in 2017*.

Sofia accounts for 40% of the nation’s GDP and 1/3 of the country’s export. Fourteen percent of the exported goods are produced by the growing ICT sector in the city.

Sofia has one of the most vibrant start-up and entrepreneurial ecosystems in Central and Eastern Europe, due to the abundance of technical talent. The capital available to local startups has played an instrumental role in positioning Sofia on the entrepreneurial map of Europe.

The employment in the sector of the creative industries is also growing.

Sofia acts as a magnet for talent. Twenty-three of Bulgaria’s 51 universities are located in Sofia, with over 100 000 students.

A developed transport infrastructure, with bus, tram and underground public transport, makes Sofia a well-connected city. The largest international airport in the country is just 20 min from downtown Sofia.

Sofia is a growing tourist destination. The city was second in Europe in growth of international visitors - 15.2% for 2017 **.

*Best-performing Cities, Europe 2017, Milken Institute

**Mastercard Global Destination Cities Index, 2018
THE PEOPLE OF SOFIA

TOTAL POPULATION

Population of Sofia and the surrounding region

Source: NSI data for 2017

[Map showing Surrounding region: 345,901 people, Sofia: 1,325,429 people, Total: 1,671,330 people]

- 23% of Bulgaria's population
- 25% of the total labour force in Bulgaria

Total population of Sofia

Source: NSI
Sofia is the largest city in Bulgaria in terms of population. It is also one of the few cities in the country experiencing population growth and benefiting from overall favourable demographic trends. The population growth in Sofia is supported by the continuing influx of young people to the city, which provides diversity and easy access to workforce. The labour force in the city increased by 26% in the period from 2003 to 2017, or by a total of 147 100 people and currently amounts to 714.5 thousand people. Sofia together with the broader Sofia region (within < 60 km of the city) has a total workforce of over 1M people.

The age group distribution of the population in Sofia is also favourable.

Source: NSI data for 2018
EMPLOYMENT

Sofia has the highest labour participation rate in Bulgaria, above the EU average and the lowest unemployment rate in the country.

The data on employment by economic activity shows the ongoing restructuring of Sofia's economy due to the rapid growth of the ICT and outsourcing industries. The number of employed in these sectors increased by over 50 000 people between 2008 and 2017 and now accounts for nearly 20% of the total employment in Sofia.

Number of employed by sector of economic activity in Sofia

- 179 042: Trade and repairs
- 94 987: Transport, storage and post
- 84 324: Creation and distribution of information & creative products, telecommunications
- 70 038: Manufacturing
- 67 891: Administrative & supporting activities
- 62 158: Professional activities & scientific research
- 49 530: Construction
- 36 817: Hotels and restaurants
- 30 562: Human healthcare and social work
- 18 440: Generation & distribution of electricity, heating and gas
- 16 409: Real estate operations
- 12 521: Other activities
- 11 750: Culture, sport, entertainment
- 9 536: Water supply and sewerage, waste management
- 6 463: Education
- 3 998: Agriculture, forestry and fisheries
- 678: Extractive industry

Source: NSI data for 2017
Average annual employment rate of the population, aged 15-64, in %

<table>
<thead>
<tr>
<th>Year</th>
<th>Bulgaria %</th>
<th>Sofia %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>67.2</td>
<td>64.0</td>
</tr>
<tr>
<td>2009</td>
<td>69.1</td>
<td>65.8</td>
</tr>
<tr>
<td>2010</td>
<td>73.3</td>
<td>69.2</td>
</tr>
<tr>
<td>2011</td>
<td>73.9</td>
<td>69.5</td>
</tr>
<tr>
<td>2012</td>
<td>67.2</td>
<td>58.8</td>
</tr>
<tr>
<td>2013</td>
<td>67.5</td>
<td>60.5</td>
</tr>
<tr>
<td>2014</td>
<td>69.2</td>
<td>61.0</td>
</tr>
<tr>
<td>2015</td>
<td>71.7</td>
<td>62.9</td>
</tr>
<tr>
<td>2016</td>
<td>72.5</td>
<td>63.4</td>
</tr>
<tr>
<td>2017</td>
<td>74.6</td>
<td>66.9</td>
</tr>
</tbody>
</table>

Source: NSI

KNOWLEDGE WORKERS

Much of Bulgaria's 'brain business' is concentrated in Sofia. The city ranks 28th, out of 283 European regions, included in the 2018 Brain Business Jobs Index, with 89.6 brain jobs per 1 000 working-age population. Sofia is increasingly viewed as an alternative for ICT-localization to the leader Bratislava, which has the highest concentration of brain-business jobs of Europe.

Sofia is performing very well in the tech and creative sectors. Some of the specific strengths of the city are in design and IT.

Sofia is 28th among 283 regions in share of the population, engaged in brain jobs.

Source: Europe's Brain Business Jobs Index, 2018
WAGES AND SALARIES

In 2018, the annual gross salary in Sofia was EUR 8,793, showing an increase of almost 10% on annual basis. Although the upward trend is expected to continue, Sofia still has one of the lowest labour costs among the EU capitals.

Average annual gross salary, EUR

IT and the sector of professional services, incl. business process outsourcing (BPO) offer the highest salaries in Sofia. The average salary in the IT sector was three times higher than the average for the city, while in the BPO sector it was 30% above the average for the city.

Total employer cost per EUR 1.00 of net salary - regional comparison

The employee part of the Bulgarian mandatory social security tax amounts to 13.78% of the total cost for employer, while the employer portion varies between 18.92% and 19.62%. The social security contribution in Bulgaria is split 55/45 between the employer and the employee.
Labour Code

Working time

Working days
21 days per month
252 days per year

Annual paid leave
min. 20 days per year

Public holidays in 2019
11 days

Labour contracts

Indefinite contract
Duration: indefinite
Probation period: up to 6 months
Termination notice: 1 month

Term contract
Duration: up to 3 years
Probation period: up to 6 months
Termination notice: 3 months

Overtime
max. 150 hours per year

Overtime compensation:
On working days: 50%
On weekends: 75%
On national holidays: 100%

Maternity leave up to 3 years
(paid by the state, very small employer contribution)

1st year – the state pays 90% of the gross salary, up to a fixed amount
2nd year – the state pays BGN 380 per month
3rd year – without pay
FOREIGN EMPLOYEES AND INITIATIVES FOR ATTRACTING TALENTED LABOUR FORCE

Citizens of all EU and EEA countries, plus Switzerland have the right to reside and work in Bulgaria indefinitely.

All other nationals need a work permit and a long-term visa in order to work or reside in Bulgaria.

The issuance of a work permit is an employer-driven process.

Types of work permits

• **Single work and residence permit** is issued to non-EU nationals who apply to reside in Bulgaria for the purpose of work, or who already have a valid residence permit for purposes other than work.

• **EU Blue Card** is a work permit entitling highly qualified non-EU nationals to reside and work in the country. In October 2017, the requirements for receiving a Blue Card in Bulgaria were eased up and the duration of the employment permit was extended to 4 years. A list of the qualifying professions is published by the Ministry of Labour and Social Policy yearly.

• **Intra-corporate transfer permit**: temporary secondment of a foreigner for work or training purposes, applies only in case of relocation of managers, specialists and trainees.

• **Seasonal employment permit**: non EU-nationals can contract with a local employer for seasonal (up to 90 days) work. In 2017 and 2018, Bulgaria simplified the procedure for registration of seasonal workers.

• **Work permit for posted employees**: non-EU nationals temporary posted to Bulgaria for project-based, limited term services for a maximum of 12 months.

Source: Ministry of Labour and Social Policy, KPMG, 2018
EDUCATION IN SOFIA

UNIVERSITIES IN SOFIA

Sofia is home to 23 of Bulgaria’s 51 universities. The majority of the working-age population in the city, or nearly 51%, hold a university degree. The number of people with tertiary education has grown significantly since 2011, when it was around 40%. The trend is expected to continue as Sofia is not only the city with the highest number of university students in the country, but also attracts graduates from other cities in Bulgaria and abroad.

Share of Sofia population aged 15+ by education level

![Pie chart showing education levels]

- Secondary: 46.2%
- Elementary or lower: 3%
- Higher: 50.8%

Source: Sofia Economic Profile, 2018

Largest universities in Sofia

<table>
<thead>
<tr>
<th>University</th>
<th>Number of students</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sofia University 'St Kliment Ohridski'</td>
<td>20 170</td>
</tr>
<tr>
<td>University of National and World Economy</td>
<td>18 870</td>
</tr>
<tr>
<td>Technical University</td>
<td>9 644</td>
</tr>
<tr>
<td>Medical University</td>
<td>8 311</td>
</tr>
<tr>
<td>New Bulgarian University</td>
<td>7 793</td>
</tr>
</tbody>
</table>

Source: opendata.government.bg; data for 2017

The total number of university students in Sofia is over 100 000 or 40% of all university students in the country.
An increasing number of students, graduating from secondary schools in Bulgaria continue their university education abroad. Germany, UK, Austria and the Netherlands have traditionally been the preferred destinations. According to some estimates, the number of Bulgarians studying abroad averages around 30 000 every year.

**Bulgarian university students abroad by country**

1. Germany (7 326)
2. UK (6 355)
3. Austria (4 000)
4. Netherlands (1 600)
5. France (1 318)
6. USA (1 171)
7. Italy (1 000)
8. Spain (800)

Source: Labour Market in Sofia Report, 2017
An increasing number of graduates are returning to Bulgaria upon graduation. Various information and promotion campaigns of public institutions and the private sector began to target Bulgarian university students abroad. In 2018 alone, the National Centre for Information and Documentation / NACID / has recognized close to 900 foreign-issued diplomas. Most of the diplomas were issued from universities in UK and Russia.

Source: nacid.bg

SECONDARY AND PRIMARY EDUCATION IN SOFIA

| 130 124 students, 22% of the students in the country | 38 state secondary schools | 300 schools and professional colleges |
| 175 municipal primary and secondary schools | 63 private schools | 23 professional colleges |

Source: NSI; sofia.bg

SOFTWARE SCHOOLS

Due to rapid expansion of the ICT sector in Sofia, ICT companies are increasingly turning to the high schools and universities in the city to develop joint courses.

The alternative ICT education is also growing in popularity. Over 15 private software academies offer short to mid-term educational programs (6 to 30 months). Courses range from programming and computer graphics to IT project management and sales.

While some programs are targeting people with little or no IT background, others attract developers with 3 -5 years of experience.

The courses are often developed in collaboration with local IT companies in accordance with their labour demands. The number of graduates has already reached several thousand and is growing steadily. Lately, there is an increase in the courses and programs tailored for children.

ENTREPRENEURIAL SKILLS

In 2015 the Bulgarian government ratified the Action Plan Entrepreneurship 2020 – Bulgaria, with over 30 specific measures in accordance with the Entrepreneurship 2020 action plan of the European Commission.
The Pre-school and School Education Act, adopted in 2016, included the education in entrepreneurship and digital skills in the mandatory school curriculum. Currently, over 27,000 students in Sofia, grades 1\textsuperscript{st} to 12\textsuperscript{th}, take classes in entrepreneurship.

The Ministry of Education is implementing measures targeted at broader age groups through the National Strategy for Lifelong Learning 2014-2020. In addition, there are several initiatives focusing on introducing or expanding entrepreneurial education.

Source: Ministry of Education, Ministry of Economy.

**LANGUAGE EDUCATION**

Close to 25 foreign languages form a part of the curriculum in the Bulgarian school system.

**Number of students by foreign language studied per education level in Bulgaria**

<table>
<thead>
<tr>
<th>LANGUAGE/ISCED11</th>
<th>Primary education</th>
<th>Lower secondary education</th>
<th>Upper secondary education</th>
<th>Upper secondary education - general</th>
<th>Upper secondary education - vocational</th>
<th>TOTAL PER LANGUAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>English</td>
<td>199,616</td>
<td>193,013</td>
<td>223,790</td>
<td>116,476</td>
<td>107,314</td>
<td>840,209</td>
</tr>
<tr>
<td>Russian</td>
<td>12,812</td>
<td>32,556</td>
<td>69,353</td>
<td>31,959</td>
<td>37,394</td>
<td>184,074</td>
</tr>
<tr>
<td>German</td>
<td>6,244</td>
<td>12,855</td>
<td>77,037</td>
<td>46,758</td>
<td>30,279</td>
<td>173,173</td>
</tr>
<tr>
<td>French</td>
<td>2,480</td>
<td>4,327</td>
<td>22,535</td>
<td>14,797</td>
<td>7,738</td>
<td>51,877</td>
</tr>
<tr>
<td>Spanish</td>
<td>652</td>
<td>3,405</td>
<td>15,072</td>
<td>13,112</td>
<td>1,960</td>
<td>34,201</td>
</tr>
<tr>
<td>Italian</td>
<td>368</td>
<td>713</td>
<td>3,517</td>
<td>2,434</td>
<td>1,083</td>
<td>8,115</td>
</tr>
<tr>
<td>Other</td>
<td>2,047</td>
<td>1,543</td>
<td>3,412</td>
<td>2,882</td>
<td>530</td>
<td>10,414</td>
</tr>
<tr>
<td>Total</td>
<td>224,219</td>
<td>248,412</td>
<td>414,716</td>
<td>228,418</td>
<td>186,298</td>
<td>1,302,063</td>
</tr>
</tbody>
</table>

Source: Eurostat 2017
FOREIGN LANGUAGE PROFICIENCY IN SOFIA

Sofia is characterized by high level of foreign language fluency. The most commonly spoken languages are English, German and Russian.

EF English Proficiency Index

Source: EF English Proficiency Index, 2018

English is the most preferred foreign language choice in Bulgarian schools. Most of the students in secondary schools with intensive language curriculum in Bulgaria in 2017 also studied English (64,074 students), followed by German (13,283) and French (6,218).

Education in Far Eastern languages in Bulgaria is available mostly in Sofia. It is estimated that over 2,000 students in the city take classes in Japanese, Chinese or Korean. Over 1,000 students study Hebrew and additional 200 take Scandinavian languages such as Norwegian, Danish and Swedish, which are rapidly gaining popularity.

Close to 1/3 of the population between 19 and 34 years self-report that they speak more than one foreign language at an intermediary level, or higher. The most common language combinations are English and Russian, followed by English and German.

Source: Sofia Labour Report 2017
ECONOMY OF SOFIA

ECONOMIC GROWTH

Sofia: BGN 40.13 billion in 2017

Sofia GDP per capita: BGN 28 465 (2.2 times the national average)

Sofia is the biggest city-economy in Bulgaria. It provides close to 40% of the nation's GDP. Due to the strong export and final consumption in the last several years, it has been growing at a rate faster than the EU average. It is export oriented and accounts for 1/3 of the national export, exceeding BGN 24 billion.

Real GDP growth: Sofia and Bulgaria, %

Source: NSI

GDP per capita in Bulgaria and Sofia, BGN

Source: NSI
SOFIA ECONOMY BY SECTOR

Value added at factor costs of non-financial enterprises, in Sofia in %

- Administrative & supporting activities 5.3%
- Professional activities & scientific research 8.8%
- Real estate operations 3.3%
- Generation & distribution of electricity, heating and gas 4.4%
- Construction 5%
- Trade & repairs 25.8%
- Creation and distribution of information & creative products, telecommunications 18.2%

Source: Sofia Economic Profile, 2018

FOREIGN DIRECT INVESTMENT (FDI)

At the end of 2017, the cumulative foreign direct investment in Sofia was EUR 12.2 billion (2000-2017), accounting for exactly 50% of the overall cumulative FDI to Bulgaria.

Cumulative foreign direct investment as of Dec 31* of the year, EUR billion

- 2008: 11.7
- 2009: 12.5
- 2010: 12.5
- 2011: 11.6
- 2012: 11.7
- 2013: 12.1
- 2014: 11.7
- 2015: 12.1
- 2016: 12.2
- 2017: 24.4

Source: Sofia Economic Profile, 2018


- Agriculture 0.1%
- Extractive industry, manufacturing and utilities 14%
- Construction 3.4%
- Trade, repairs, transport, storage, post and tourism 34.3%
- Others 0.8%
- Information and creative products; telecommunications 13.4%
- Real estate 19.8%
- Professional and administrative activities, scientific research 14.2%
- Government, education, healthcare 0.2%

Source: Sofia Economic Profile, 2018#
CURRENCY

The Bulgarian Lev (BGN) is pegged to the EURO at 1.96 BGN per 1 EUR. It will remain pegged until Bulgaria enters the Eurozone.

CREDIT RATINGS

<table>
<thead>
<tr>
<th>Rating Agency</th>
<th>Date</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fitch Ratings</td>
<td>as of December, 2017</td>
<td>BBB/ Stable</td>
</tr>
<tr>
<td>Standard and Poor’s</td>
<td>as of December, 2017</td>
<td>BBB-/Positive</td>
</tr>
<tr>
<td>Moody’s</td>
<td>as of May, 2017</td>
<td>Baa2/ Stable</td>
</tr>
</tbody>
</table>

Credit ratings assigned to Sofia

<table>
<thead>
<tr>
<th>Rating Agency</th>
<th>Date</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard and Poor’s</td>
<td>as of December, 2017</td>
<td>BBB-/Positive</td>
</tr>
</tbody>
</table>

Source: Ministry of Finance of the Republic of Bulgaria
The Bulgarian banking system remains stable with growing assets and capital adequacy and liquidity indicators significantly above the regulatory requirements.

At the end of 2018 there were 26 licensed banks and foreign banks' branches operating in Bulgaria, down by one from the previous year due to an ongoing trend of bank consolidation that is likely to continue in 2019. The market share of the five largest banks was 58.4% in July, 2018.

The majority of the banks operating in Bulgaria are members of international, almost entirely European, banking groups.

Market share of domestic banks and subsidiaries of foreign banks in Bulgaria

Source: Bulgarian National Bank, 2018
The biggest banks in Bulgaria by assets

- **Unicredit Bulbank** – part of UniCredit Group (Italy)
- **DSK Bank** – part of OTP group (Hungary)
- **United Bulgarian Bank** - part of KBC (Belgium)
- **First Investment Bank**
- **Eurobank Bulgaria** – part of Eurobank (Greece)
- **Raiffeisen Bulgaria** – part of Raiffeisen Bank International (Austria)

Total bank assets in 2018 exceeded EUR 50 billion, following an increase of several percentage points over a year ago. Loans to households and non-financial corporations increased in 2018, reflecting the low interest rates, higher earnings and optimistic economic expectations. The share of gross non-performing loans and advances of the Bulgarian banking system fell to 8.5% at the end of 2018, following a general downward trend, but remains above the EU average. Deposits into the banking system also increased.

Source: Bulgarian National Bank

THE BULGARIAN STOCK EXCHANGE

Bulgarian Stock Exchange – Sofia /BSE/ is the only regulated securities and other financial instruments market in Bulgaria.

MARKET SUPERVISION

The Financial Supervision Commission (FSC) is responsible for stock market supervision. The Commission is an independent state authority whose mission is to protect investors' rights and to enhance the development of a transparent and efficient capital market.
STARTING A BUSINESS IN SOFIA

Establishing new business entity, including with foreign participation, or acquisition of shares of an existing local entity in Bulgaria, is governed by the Commercial Act. There is no limitation on the share participation of foreign legal entities and individuals.

Types of business entity

- Unlimited partnerships
- Limited partnerships
- Limited liability companies (solely-owned limited liability companies)
- Joint-stock companies (solely-owned joint-stock companies)
- Limited partnerships with shares
- Sole traders

No prior permission from government institutions is required except for cases involving banking or insurance activities, investment funds, management companies or investment intermediaries, special concession rights and others.

SETTING UP A COMPANY

The most popular forms of business associations are the limited liability company (OOD) and the joint stock company (AD):

Limited Liability Company (OOD)

- The minimum required capital is EUR 1
- Should have at least 1 Director and 1 Shareholder
- No restrictions for nationality of Directors or Shareholders
- Company incorporation takes 3-4 working days

Joint Stock Company (AD)

- Minimum required capital - EUR 25 000
- Minimum required paid-up capital - 25% of the total capital
- Annual audit
- Should have at least 1 Chairman, 3 Board Members and 1 Shareholder
- No restrictions for nationality of Board members and Shareholders.
## Registering a business - fees and turnaround times

<table>
<thead>
<tr>
<th>Procedure</th>
<th>Time (business days)</th>
<th>Fees (BGN)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implementation of the Articles of association</td>
<td>1 day</td>
<td>none</td>
</tr>
<tr>
<td>Obtaining a notary certified statement of consent and signature specimen of the manager and a verified copy of the company's Articles of incorporation</td>
<td>1 day</td>
<td>BGN 5</td>
</tr>
<tr>
<td>Depositing subscribed capital in the bank</td>
<td>1 day</td>
<td>BGN 10-30</td>
</tr>
<tr>
<td>Registration in the Commercial Register of the Registry Agency</td>
<td>2 days</td>
<td>BGN 55 (for online registration)</td>
</tr>
<tr>
<td>VAT registration</td>
<td>12 days</td>
<td>none</td>
</tr>
<tr>
<td>Registration of fiscal device (cash register)</td>
<td>2 days (simultaneous with previous procedure)</td>
<td>BGN 50-200</td>
</tr>
<tr>
<td>Register employees with National Revenue Agency</td>
<td>Less than one day, online procedure simultaneous with previous procedure</td>
<td>none</td>
</tr>
<tr>
<td>Register commercial object of the company (in case the company will operate commercial sites)</td>
<td>1 week</td>
<td>none</td>
</tr>
</tbody>
</table>

Source: World Bank Doing Business, 2019
## BUSINESS TAXES AND FEES

<table>
<thead>
<tr>
<th>Type</th>
<th>Number of payments</th>
<th>Tax rate</th>
<th>Tax base</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate tax</td>
<td>1</td>
<td>10%</td>
<td>Taxable income</td>
</tr>
<tr>
<td>Value added tax (VAT)</td>
<td>1</td>
<td>20%</td>
<td>Value added</td>
</tr>
<tr>
<td>Employer social security contribution</td>
<td>1</td>
<td>18.92%</td>
<td>Gross monthly salary, up to the monthly ceiling of BGN 3 000</td>
</tr>
<tr>
<td>Communal taxes (non-residential waste</td>
<td>1</td>
<td>10‰ (per</td>
<td>Book value or taxable value of the property or/and the number of the used</td>
</tr>
<tr>
<td>collection tax in Sofia)</td>
<td></td>
<td>mille)</td>
<td>containers.</td>
</tr>
<tr>
<td>Real estate transfer fee</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Notary fee from BGN 30 to 1 531</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>0.1% to 1.5% of the property value</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(max. BGN 6 000)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>A 20% VAT is charged on the notary’s fee.</td>
</tr>
<tr>
<td>Real estate transfer tax</td>
<td>1</td>
<td>2.5%</td>
<td>The taxable value or the selling price (whichever is higher)</td>
</tr>
<tr>
<td>Property tax</td>
<td>1</td>
<td>0.1875%</td>
<td>Book or taxable value (whichever is higher)</td>
</tr>
<tr>
<td></td>
<td>(in 2 installments)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vignette</td>
<td>1-12</td>
<td>From BGN 97 to 2 088 (annual fee for various vehicle types)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Vehicle type</td>
</tr>
<tr>
<td>Vehicle tax</td>
<td>1</td>
<td>BGN 16 to 1 313 (annual fee for various vehicle types)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(in 2 installments)</td>
<td></td>
<td>Vehicle type</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance premium tax</td>
<td>1</td>
<td>2.0%</td>
<td>Insured amount</td>
</tr>
<tr>
<td>Final/One-off tax on some expenses (e.g.</td>
<td>1</td>
<td>10% (exemptions apply)</td>
<td></td>
</tr>
<tr>
<td>representative expenses, social expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>inkind)</td>
<td></td>
<td></td>
<td>Gross expenses</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax on fuel</td>
<td>1</td>
<td>-</td>
<td>Included in the fuel price</td>
</tr>
</tbody>
</table>
**INVESTMENT INCENTIVES**

Investment incentives in Bulgaria are national and local. The investment projects is reviewed and awarded an investment certificate. The certification procedure takes a few weeks.

<table>
<thead>
<tr>
<th>National by Invest Bulgaria Agency</th>
<th>Municipal by Sofia Investment Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Priority Class</strong></td>
<td><strong>Class A</strong></td>
</tr>
<tr>
<td><strong>THRESHOLD</strong></td>
<td>€ 50 M 50 – 150 Jobs</td>
</tr>
<tr>
<td><strong>INCENTIVES</strong></td>
<td></td>
</tr>
<tr>
<td>Shortened administrative procedures</td>
<td>✔</td>
</tr>
<tr>
<td>The right to purchase government or municipal real estate without a tender</td>
<td>✔</td>
</tr>
<tr>
<td>Individual services</td>
<td>✔</td>
</tr>
<tr>
<td>Financing of vocational training</td>
<td>✔</td>
</tr>
<tr>
<td>Social security cash-back</td>
<td>✔</td>
</tr>
<tr>
<td>Financing of supporting infrastructure</td>
<td>✔</td>
</tr>
<tr>
<td>Public-private partnership</td>
<td></td>
</tr>
<tr>
<td>No tax on land status change</td>
<td></td>
</tr>
<tr>
<td>Acquiring public real estate at below market price</td>
<td></td>
</tr>
<tr>
<td>R&amp;D grants</td>
<td></td>
</tr>
</tbody>
</table>

*Class C is awarded for projects within the territory of Sofia Municipality.*
Certification criteria

1. Economic activity*:
To be awarded with Class A, B or Priority certificate, the investment must be in the sector of:

- Manufacturing
- Services including:

High-tech activities in the field of ICT, R&D, Outsourcing of business processes, Activities of head offices, Education, Human health care, Warehousing and support activities for transportation, Accounting and auditing, Architecture and engineering

*High-tech sectors have lower investment volume requirements.

2. Number of new jobs created
3. Location of the investment

Bulgaria has signed Double Taxation Avoidance Agreements with 80 countries.
SOFIA AIRPORT

Sofia Airport is the biggest international airport in Bulgaria.

In 2018, Sofia Airport welcomed almost 7 million passengers, following several years of double digit passenger growth - 30.3% in 2017 and 21.8% in 2016.

In 2018 the airport handled 22 251 tons of cargo.

Aircraft movements

In 2018 London was the most popular destination with 443 198 passengers to and from Sofia Airport, followed by Varna with over three times fewer passengers.

Sofia airport: Top destinations in number of passengers

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>London</td>
<td>443 198</td>
</tr>
<tr>
<td>2.</td>
<td>Varna</td>
<td>146 638</td>
</tr>
<tr>
<td>3.</td>
<td>Milan</td>
<td>132 977</td>
</tr>
<tr>
<td>4.</td>
<td>Rome</td>
<td>128 645</td>
</tr>
<tr>
<td>5.</td>
<td>Tel Aviv</td>
<td>127 795</td>
</tr>
<tr>
<td>6.</td>
<td>Amsterdam</td>
<td>125 859</td>
</tr>
<tr>
<td>7.</td>
<td>Brussels</td>
<td>120 406</td>
</tr>
<tr>
<td>8.</td>
<td>Athens</td>
<td>117 935</td>
</tr>
<tr>
<td>9.</td>
<td>Frankfurt</td>
<td>117 402</td>
</tr>
<tr>
<td>10.</td>
<td>Madrid</td>
<td>102 265</td>
</tr>
</tbody>
</table>

Source: Sofia Airport, 2018
HIGHWAY NETWORK

Sofia is part of 3 Pan-European transport corridors. The city is well connected with the rest of Bulgaria and the Black Sea Coast, the city and the port of Bourgas, as well as with the borders with Turkey, Greece (Thessaloniki) and Serbia through the Northern Speed Tangent road, Sofia Ring Road, Trakia Motorway (A1), Hemus Motorway (A2) and Struma Motorway (A3).

TRANSPORT NETWORK

Source: Ministry of Transport
INTERNET CONNECTIVITY

Sofia has one of the highest Internet speeds in Europe. The city has the second highest average internet connection rate in the region, both downloading and uploading – 24 and 15 MBPS respectively.

95% of households in Bulgaria have fixed broadband coverage and 75% of them have ultrafast broadband coverage compared to 97% and 58% in the EU.

A stand-alone monthly broadband subscription for a business client costs from EUR 18 (50 MBPS) to EUR 28 (100 MBPS) per month excl. VAT. Higher speeds of up to 1 GBPS are also available.

Source: Digital Economy and Society Index (DESI) 2018, testmy.net

ACCESS TO UTILITIES

ELECTRICITY

Bulgaria has been a net exporter of electricity in the last 10 years. The country’s power sector has a diverse supply mix consisting of nuclear, hydro, thermal-based and renewable energy generation.

The main electricity supplier in Sofia is CEZ Bulgaria EAD. The Bulgarian Energy Exchange (IBEX) commenced operations in the beginning of 2016 with the establishment of an organized energy wholesale trading market Day-ahead. The Intraday electricity market and the Centralized Market for Bilateral Contracts (CMBC) segment started operating in 2018.

Source: ibex.bg, me.government.bg
Price of electricity for industrial use in Bulgaria is one of the lowest in the EU.

### Price of electricity for non-household consumers (Jan-Jun, 2018)

<table>
<thead>
<tr>
<th>Annual electricity consumption (MWh)</th>
<th>Prices (including all taxes, levies and VAT)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>BGN/kWh</td>
</tr>
<tr>
<td>&lt; 20</td>
<td>0.247</td>
</tr>
<tr>
<td>20 &lt; 500</td>
<td>0.221</td>
</tr>
<tr>
<td>500 &lt; 2 000</td>
<td>0.190</td>
</tr>
<tr>
<td>2 000 &lt; 20 000</td>
<td>0.175</td>
</tr>
<tr>
<td>20 000 &lt; 70 000</td>
<td>0.160</td>
</tr>
<tr>
<td>70 000 ≤ 150 000</td>
<td>0.149</td>
</tr>
<tr>
<td>&gt; 150 000</td>
<td>0.142</td>
</tr>
</tbody>
</table>

Source: NSI

### NATURAL GAS

The major natural gas suppliers in Bulgaria and Sofia are Bulgargaz EAD and Overgas Inc. AD.

### Price of natural gas for non-household consumers (Jan-Jun, 2018)

<table>
<thead>
<tr>
<th>Annual gas consumption in GJ</th>
<th>Prices (including all taxes, levies and VAT)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>BGN/GJ</td>
</tr>
<tr>
<td>&lt; 1000</td>
<td>20.302</td>
</tr>
<tr>
<td>1 000 &lt; 10 000</td>
<td>19.085</td>
</tr>
<tr>
<td>10 000 &lt; 100 000</td>
<td>16.686</td>
</tr>
<tr>
<td>100 000 &lt; 1 000 000</td>
<td>13.173</td>
</tr>
<tr>
<td>1 000 000 ≤ 4 000 000</td>
<td>11.973</td>
</tr>
<tr>
<td>≥ 4 000 000</td>
<td>confidential data</td>
</tr>
</tbody>
</table>

Source: NSI

### WATER & SEWAGE

Sofiyska Voda AD is the water supplier and provider of waste water services in Sofia.

### Price of water for non-household consumers (2018)

<table>
<thead>
<tr>
<th>Water supply, sewerage and waste water treatment</th>
<th>Prices (including all taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>BGN/m3</td>
</tr>
<tr>
<td>Degree of pollution 1</td>
<td>2.406</td>
</tr>
<tr>
<td>Degree of pollution 2</td>
<td>2.729</td>
</tr>
<tr>
<td>Degree of pollution 3</td>
<td>2.917</td>
</tr>
</tbody>
</table>

Source: Sofiyska voda
OFFICE & INDUSTRIAL SPACES

CONSTRUCTION PERMITS

According to a report by the World Bank, completing the construction permitting process for a simple warehouse in Sofia, including connecting it to water and sewerage, requires 18 procedures.

Among Bulgarian cities, Sofia has the easiest and fastest construction permitting process, taking 97 days with a fast-track option at an additional fee for several municipal services. The building quality control index for Bulgaria is 14 (out of 15) with only three countries in the world having a higher score.

Dealing with construction permits in Sofia

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Sofia</th>
<th>Europe and Central Asia</th>
<th>OECD High Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procedures (number)</td>
<td>18</td>
<td>16</td>
<td>12.7</td>
</tr>
<tr>
<td>Time (days)</td>
<td>97</td>
<td>170.1</td>
<td>153.1</td>
</tr>
<tr>
<td>Building quality control index (0-15)</td>
<td>14</td>
<td>12</td>
<td>11.5</td>
</tr>
</tbody>
</table>

Source: Doing Business 2019, World Bank

OFFICE SPACES IN SOFIA

The office space market in Sofia has been growing rapidly in the last several years due to tenants from the growing IT, BPO and SSC sectors in the city.

Existing stock of class A and B office spaces: 1.8-2M m²
Office spaces under construction: 440 000 m²
Rental prices - Class A and B: 8-15 €/m²
Vacancy rate: 8.5-9.5%
Prime yields: 7.75%
New projects awaiting building permits: 250 000 m²

Source: leading real estate agencies for Q4, 2018
INDUSTRIAL SPACES IN SOFIA

The market is dominated by owner-occupied and built-to-suit facilities.

- **Existing stock of industrial spaces**: 1-1.1M m²
- **Industrial spaces under construction**: 200 000 m²
- **Rental prices**: 2.7-5 €/m²
- **Vacancy rate**: <6%
- **Prime yields**: 9%

Source: leading real estate agencies for Q4, 2018

RETAIL SPACES IN SOFIA

- **Existing stock of retail spaces**: 400 000 m²
- **Retail spaces under construction**: 40 000 m²
- **Average rental prices**: 32-39 €/m²
- **Vacancy rate**: 12-15%
- **Prime yields**: 7.25%

Source: leading real estate agencies for Q3, 2018

*The available data is for shopping centres only
SOFIA TECH PARK

The first science and technology park in Bulgaria opened in Sofia in 2015. Sofia Tech Park aims to support the development of the research, innovation and technology capacity of the country. It includes a vast laboratory complex, an innovation forum, an interactive children's center TechnoMagicLand, and an incubator for innovative companies.

**Area:** 40 000 m²

**Laboratory Complex:** 11 high-tech labs

**Incubator:** new batch of innovative companies in 2019

**Innovation Forum:** 1 000 seats and over 100 events

**TechnoMagicLand:** over 40 interactive experiments for children

Sofia ranks 94th in the Smart Cities 2018 Index. The index assesses the degree of implementation of smart technologies in 500 cities around the world.

Source: Sofia Tech Park; Smart Cities Index 2018 by EasyPark
INDUSTRIAL AND LOGISTICS ZONES IN AND AROUND SOFIA

Over 15 industrial and logistics parks are located in or around Sofia, including the biggest economic zone in the region – Sofia-Bozhurishte.

Industrial and logistic parks

Sofia-Bozhurishte economic zone

Sofia-Bozhurishte economic zone is run by the National Company Industrial Zones. The zone is 15 km from the city centre and 23 km from Sofia airport and has an area of 3 038 527 m².
FUNDING

There are multiple sources of financing available to companies and public and private organizations in Bulgaria. The Fund of Funds is the national entity overseeing the management of the financial instruments in the country.

FUND OF FUNDS

The Fund of Funds (FoF) manages BGN 1.2 billion under four operational programs: OP „Human Resources Development “, OP „Innovation and Competitiveness “, OP „Environment “and OP „Regions in Growth “.

FUTURE DEVELOPMENT OF THE LOCAL INVESTMENT INDUSTRY

According to the Bulgarian Venture Capital Association (BVCA), the equity capital for innovation and growth is estimated to triple over the next 24 months.
THE START-UP ECOSYSTEM IN SOFIA

Over 9% of the adult population (18-64 yrs) was in the process of starting a business or owned a new (<3.5 years old) business in 2017, almost double the average for the country of 4.8%. The new business ownership rate in Sofia is also higher, which implies that new ventures survive longer if created in Sofia, a result of better opportunity recognition or better skills and resources available to Sofia-based entrepreneurs.*

Sofia has one of the most vibrant startup and entrepreneurial ecosystems in Central and Eastern Europe, with a startup association, business angel association and angel investment clubs.

First-time entrepreneurs can resort to local incubators and pre-accelerator programs to get knowledge and guidance on starting a business. In addition, the VC community in Sofia supports scaling startups and companies in the growth stage.

*Source: Global Entrepreneurship Monitor Bulgaria Annual Report 2016/17
Bulgarian-based equity funds

Source: Bulgarian Private Equity & Venture Capital Association (BVCA)
IN LATE 2015, FORBES MAGAZINE RANKED SOFIA IN THE TOP 10 CITIES WORLDWIDE TO START A BUSINESS.
COWORKING SPACES IN SOFIA

Sofia has over 25 tech, art, social and other coworking spaces.

Betahaus | Sofia was the first shared office space in the city followed by SOHO. Puzl CowOrKing is the biggest IT coworking space on the Balkans and a double winner of CESA’s Award for Best Coworking in CEE. The newest addition to the ecosystem is Campus X – a shared office and incubator for tech companies.

1. DIGITAL CO-WORKING SPACES
   - Betahaus
   - Puzl CowOrKing
   - Work&Share
   - 1HUB
   - init Lab
   - Mastilo
   - MAKR Space
   - Co Share HIVE
   - Smart Space
   - Cherryz.work
   - CampusX

2. CULTURAL CO-WORKING SPACES
   - SOHO
   - Malkite 5
   - Cosmos Coworking Camp
   - Cre8
   - Generator
   - Trevor Workspaces

3. THE EXPERIMENTALISTS
   - Sofia Tech Park Incubator
   - Microsoft Innovation Center
   - JA Hambar
   - CleanTech accelerator's co-working space
   - Networking Zone

4. SOCIAL CO-WORKINGS
   - NGO House
   - MOVE Together
   - OvertAim

5. UPCOMING IN 2019
   - Resonator
   - Missia 23 (Lina Creative Hub)
   - The Nest

Source: EDIT BG map of the co-working spaces in Bulgaria, Puzl CowOrKing, Sofia Investment Agency
IT AND START UP EVENTS IN SOFIA

Sofia is developing as an IT, innovation and entrepreneurial hub of the Balkans. In addition to the daily meetups, knowledge-sharing events and highly specialised conferences, Sofia hosts several of the flagship event in South East Europe, including Digitalk, WEBIT and Innovation Explorer.

- **FEB**
  - Innovation Explorer
    - February 21, 2019

- **MAR**
  - ICU Sofia
    - March 7, 2019
  - TEDx Vitosha
    - March 9, 2019
  - Annual Fintech Summit
    - March 13, 2019

- **MAY**
  - Webit Festival Europe
    - May 13-15, 2019
  - Total Chaos
    - May 16-18, 2019
  - JPrime Conference
    - May 28-29, 2019
  - DigitalK
    - May 30-31, 2019

- **JUN**
  - Startup Live Sofia
    - June 22-23, 2019

- **AUG**
  - Dev.BG Annual Conference
    - last week of August 2019

- **OCT**
  - HackConf
    - October 11-13, 2019

- **NOV**
  - BEGE EXPO
    - November 2019
  - Eastern European Gaming Summit
    - November 2019
  - Global Tech Summit
    - TBA
SOFIA: PRIORITY INDUSTRIES

INFORMATION TECHNOLOGY (IT)

IT is one of the fastest growing sectors in Sofia. Its share of the city economy exceeds 6%, showing a growth of over 50% since 2011. In 2017 alone, the growth of the share of IT in Sofia's economy was close to 20%.

The sector is almost entirely export oriented. In 2017 foreign exchange earnings from the ICT sector in Sofia accounted for 14% of Sofia's and 6% of Bulgaria's total export earnings.

Close to 90% of the technology companies in Bulgaria and the majority of the Bulgarian IT professionals work in Sofia.

The wider sector of Creation and Distribution of Information & Creative Products and Telecommunications employed close to 85,000 people or 12% of the total workforce in Sofia for 2017. The sector accounts for 18.2% of Sofia economy in terms of value added at factor cost and has attracted 13.4% of the cumulative FDI in Sofia.

**Bulgarian IT sector, 2018**

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in operational revenue compared to 2012</td>
<td>109.4%</td>
</tr>
<tr>
<td>Annual growth in the IT sector in 2017</td>
<td>18.8%</td>
</tr>
<tr>
<td>Annual increase in working positions in 2017</td>
<td>15%</td>
</tr>
<tr>
<td>Estimated annual increase in working positions in 2018</td>
<td>10%</td>
</tr>
</tbody>
</table>

Source: BASSCOM Barometer 2018

Sofia ranks 2nd among the Top 10 fastest growing tech centres in Europe in terms of annual growth of active members of the ecosystem. The IT sector in Sofia has one of the highest labour productivity in the country.

Source: State of the European Tech Report, 2018

**Bulgaria is the EU country with the highest share of women in ICT - 31.2%.

Source: Eurostat 2017
FINTECH

Bulgaria has the highest number of fintech companies in South-Eastern Europe. Over 70 fintech companies operate in the country, most of them in Sofia.

Bulgaria is often used as a test market, while the strategy of the companies is to work globally. There is a growing trend for fintech and traditional financial institutions like banks to develop new solutions jointly.

Source: Bulgarian Fintech Association, SeeNews Southeast Europe Fintech and Innovations 2018 industry report
OUTSOURCING AND SHARED SERVICES

Sofia is a preferred destination for IT and business process outsourcing and shared services centres of multinational companies, due to the city’s developed digital infrastructure and the availability of multilingual talent.

Global Services Location Index regional comparison

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Financial Attractiveness</th>
<th>People Skills and Availability</th>
<th>Business Environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td>Poland</td>
<td>2.63</td>
<td>1.38</td>
<td>1.68</td>
</tr>
<tr>
<td>15</td>
<td>Bulgaria</td>
<td>2.99</td>
<td>0.95</td>
<td>1.61</td>
</tr>
<tr>
<td>16</td>
<td>Czech Republic</td>
<td>2.44</td>
<td>1.17</td>
<td>1.87</td>
</tr>
<tr>
<td>18</td>
<td>Romania</td>
<td>2.84</td>
<td>1.13</td>
<td>1.49</td>
</tr>
<tr>
<td>26</td>
<td>Hungary</td>
<td>2.53</td>
<td>1.09</td>
<td>1.67</td>
</tr>
<tr>
<td>42</td>
<td>Slovakia</td>
<td>2.32</td>
<td>1.00</td>
<td>1.69</td>
</tr>
</tbody>
</table>

Source: A.T. Kearney Global Services Location Index, 2017

SHARED SERVICES

Large multinational companies from the FMCG, Agriculture, Logistics, Finance and Insurance, Healthcare, and Media industries have chosen Sofia for their shared service centres operating with HR, F&A, IT, Logistics, Procurement & Trade Execution, Sales and Customer Care functions. Bulgaria is associated with developed IT skills and is a major SSC hub for Europe and the Middle East.

Average annual costs per one FTE (thousand USD)

<table>
<thead>
<tr>
<th></th>
<th>$2K</th>
<th>$3K</th>
<th>$4K</th>
<th>$5K</th>
<th>$25K</th>
</tr>
</thead>
<tbody>
<tr>
<td>Warsaw</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sofia</td>
<td>$1K</td>
<td>$2K</td>
<td>$2K</td>
<td>$3K</td>
<td>$16K</td>
</tr>
<tr>
<td>Delhi</td>
<td>$1K</td>
<td>$1K</td>
<td>$2K</td>
<td>$2K</td>
<td>$10K</td>
</tr>
<tr>
<td>US</td>
<td>$4K</td>
<td>$5K</td>
<td>$7K</td>
<td>$8K</td>
<td>$42K</td>
</tr>
</tbody>
</table>

Source: SSON Analytics
OUTSOURCING

Sofia-based operations provide IT, Knowledge Process, HR process, Finance and Accounting and other business process outsourcing services, in addition to the standard voice services.

In 2017, the outsourcing turnover in Bulgaria totalled EUR 2.1 billion and contributed 4.8% of Bulgaria’s GDP. The sector is still growing and it is estimated that by 2021 the outsourcing activities will constitute 7.9% of the national economy and reaching EUR 4.0 billion in value.

**BPO and ITO revenue in Bulgaria (billion EUR)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total ITO</th>
<th>Total BPO</th>
<th>Total Outsourcing</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>0.41</td>
<td>0.67</td>
<td>1.15</td>
</tr>
<tr>
<td>2014</td>
<td>0.51</td>
<td>0.81</td>
<td>1.32</td>
</tr>
<tr>
<td>2015</td>
<td>0.61</td>
<td>1.03</td>
<td>1.64</td>
</tr>
<tr>
<td>2016</td>
<td>0.74</td>
<td>1.06</td>
<td>1.8</td>
</tr>
<tr>
<td>2017</td>
<td>0.89</td>
<td>1.24</td>
<td>2.13</td>
</tr>
<tr>
<td>2018</td>
<td>1.05</td>
<td>1.44</td>
<td>2.49</td>
</tr>
<tr>
<td>2019</td>
<td>1.24</td>
<td>1.68</td>
<td>2.92</td>
</tr>
<tr>
<td>2020</td>
<td>1.45</td>
<td>1.95</td>
<td>3.4</td>
</tr>
<tr>
<td>2021</td>
<td>1.71</td>
<td>2.27</td>
<td>3.98</td>
</tr>
</tbody>
</table>

Source: Bulgarian Outsourcing Association, 2018

Bulgaria was named Europe's top outsourcing destination for 2015 by the National Outsourcing Association – UK and ranks 15th in A.T. Kearney's Global Services Location Index (GSLI) for 2017.

**BPO IN SOFIA**

Over 80% of the outsourcing companies and more than 90% of the employed in the sector are in Sofia and account for 20% of all companies in the city.

In the period 2013-2017 the number of companies grew steadily with an average growth rate of 10%. The number of the employed increased even faster, by 17.3%. The main foreign markets of the Sofia-based outsourcing companies are USA, UK, and Germany.

**Number of outsourcing companies in Sofia by sector**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>ITO</td>
<td>193</td>
</tr>
<tr>
<td>HRO</td>
<td>57</td>
</tr>
<tr>
<td>KPO</td>
<td>19</td>
</tr>
<tr>
<td>Voice-based BPO</td>
<td>65</td>
</tr>
<tr>
<td>Other BPO</td>
<td>54</td>
</tr>
<tr>
<td>FAO</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: Bulgarian Outsourcing Association, 2018
CREATIVE INDUSTRIES

Sofia is the centre of cultural and creative industries in Bulgaria. Latest NSI statistics from 2016 show that 2/3 of the sector and 3/4 of the employed are concentrated in Sofia.

There are 7,500 creative companies in Sofia or just over 6% of all enterprises in the city. Most of their products and services are export-oriented.
Close to 33,000 people or nearly 5% of the employed in Sofia work in the creative industries sector. Employment in the sector is still growing.

**FILM INDUSTRY IN SOFIA**

Sofia is home to an active service sector, focusing on the film industry. Many professional organizations bringing together film directors and producers are also based in the city. Sofia is home of one of the leading film production studios in Europe.

Bulgaria’s biggest film school (NAFTA) is located in Sofia.

Since its first edition in 1997, the Sofia Film Festival has emerged to become the Balkans’ largest and most important film festival.

In 2014, Sofia joined the network of creative cities of UNESCO, and was awarded the title 'City of Film'.
TOURISM

Sofia is second in Europe in growth of international visitors for 2017 and is among the TOP 5 cities in Europe with the highest overall growth of international visitors for 2009 – 2017, with an average increase of 9% per year.

Top cities in Europe by annual growth of international visitors, 2018

- Sofia 15.2%
- Lisbon 14.6%
- Munich 12.9%
- Warsaw 12.3%
- Istanbul 16.8%

Source: Mastercard Global Destination Index, 2018

In 2017, Sofia was visited by 1,346,993 tourists, 65% of which foreigners. The number of foreign tourists in Sofia increased by 19.4% - from 738,697 in 2016 to 882,142 in 2017.

The number of tourists visiting Sofia has been on the rise since 2009, but is particularly notable in the last couple of years. In 2017, for a second year in a row, Sofia had a double-digit growth of the number of visitors, close to 13%. The number of nights spent also increased by 14% in 2016 and 15% in 2017.
## Sofia visitors

<table>
<thead>
<tr>
<th></th>
<th>Total number of tourists</th>
<th>Tourist growth (%)</th>
<th>Number of foreign tourists</th>
<th>Share of foreign tourists (%)</th>
<th>Growth of foreign tourists (%)</th>
<th>Number of nights spent</th>
<th>Growth of nights spent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>1 061 522</td>
<td>9.7%</td>
<td>640 621</td>
<td>60%</td>
<td>9.4%</td>
<td>1 872 978</td>
<td>8.5%</td>
</tr>
<tr>
<td>2016</td>
<td>1 197 564</td>
<td>12.8%</td>
<td>738 697</td>
<td>62%</td>
<td>15.3%</td>
<td>2 126 462</td>
<td>14%</td>
</tr>
<tr>
<td>2017</td>
<td>1 346 993</td>
<td>12.5%</td>
<td>882 142</td>
<td>65%</td>
<td>19.4%</td>
<td>2 444 684</td>
<td>15%</td>
</tr>
</tbody>
</table>

Source: Sofia Tourism Administration

## TOP 10 countries by number of visitors to Sofia

<table>
<thead>
<tr>
<th>Country</th>
<th>Visits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Italy</td>
<td>69 574</td>
</tr>
<tr>
<td>UK</td>
<td>64 716</td>
</tr>
<tr>
<td>Germany</td>
<td>61 585</td>
</tr>
<tr>
<td>Greece</td>
<td>57 734</td>
</tr>
<tr>
<td>Israel</td>
<td>51 472</td>
</tr>
<tr>
<td>Turkey</td>
<td>44 602</td>
</tr>
<tr>
<td>USA</td>
<td>41 460</td>
</tr>
<tr>
<td>France</td>
<td>34 379</td>
</tr>
<tr>
<td>Spain</td>
<td>33 033</td>
</tr>
<tr>
<td>Romania</td>
<td>30 737</td>
</tr>
</tbody>
</table>

* Source: Sofia Tourism Administration
MANUFACTURING

The total output volume of the manufacturing industry was slightly above EUR 4.35 billion or 14% of Sofia’s economy for 2017. The city’s share of the total manufacturing production of the country was 13.6%. A total of 70 000 people, or 13% of all employed in the city work in the sector.

By the end of 2017, manufacturing in Sofia had attracted EUR 1.7 billion of foreign direct investment.

Source: Sofia Investment Agency Manufacturing Report, 2019 & Sofia Economic Profile, 2018

Manufacturing industry in Sofia by output
in EUR thousand

<table>
<thead>
<tr>
<th>Industry</th>
<th>Output in EUR thousand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food products</td>
<td>697 757</td>
</tr>
<tr>
<td>Base metals</td>
<td>562 206</td>
</tr>
<tr>
<td>Electrical equipment</td>
<td>373 525</td>
</tr>
<tr>
<td>Metal products (excl. machines and equipment)</td>
<td>338 444</td>
</tr>
<tr>
<td>Products of non-metal mineral materials</td>
<td>320 719</td>
</tr>
<tr>
<td>Computer, communication, electronic and optical products</td>
<td>308 816</td>
</tr>
<tr>
<td>Rubber and plastic products</td>
<td>207 556</td>
</tr>
<tr>
<td>Printing</td>
<td>205 494</td>
</tr>
<tr>
<td>Cars, trailers, machinery and equipment</td>
<td>217 279</td>
</tr>
<tr>
<td>Repair and installation of machinery and equipment</td>
<td>177 234</td>
</tr>
<tr>
<td>Drugs</td>
<td>157 241</td>
</tr>
<tr>
<td>Clothing</td>
<td>156 169</td>
</tr>
<tr>
<td>Beverages</td>
<td>144 727</td>
</tr>
<tr>
<td>Chemical products</td>
<td>95 003</td>
</tr>
<tr>
<td>Furniture</td>
<td>81 839</td>
</tr>
<tr>
<td>Paper, textile, wood and leather</td>
<td>93 923</td>
</tr>
<tr>
<td>Production not classified elsewhere</td>
<td>234 181</td>
</tr>
</tbody>
</table>

Source: NSI, IME, data for 2017
LIVING IN SOFIA

COST OF LIVING

Sofia remains one of the most affordable EU capitals.

<table>
<thead>
<tr>
<th>Utilities</th>
<th>Transportation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic (electricity, heating, cooling, water, garbage) for 85m² apartment</td>
<td>One-way ticket (public transport)</td>
</tr>
<tr>
<td>88.23 €</td>
<td>Taxi 1 km (normal tariff)</td>
</tr>
<tr>
<td>1 min. of prepaid mobile tariff - local (no discounts or plans)</td>
<td></td>
</tr>
<tr>
<td>0.15 €</td>
<td>Monthly internet fee (60 Mbps or More, Unlimited Data, Cable/ADSL)</td>
</tr>
<tr>
<td>1 min. of prepaid mobile tariff - local (no discounts or plans)</td>
<td></td>
</tr>
<tr>
<td>0.15 €</td>
<td>Taxi 1 km (normal tariff)</td>
</tr>
<tr>
<td>Restaurants</td>
<td></td>
</tr>
<tr>
<td>Meal, inexpensive restaurant</td>
<td></td>
</tr>
<tr>
<td>5.11 €</td>
<td></td>
</tr>
<tr>
<td>Meal for 2 people, mid-range restaurant, three-course</td>
<td></td>
</tr>
<tr>
<td>25.56 €</td>
<td></td>
</tr>
<tr>
<td>Water 0.33-litre bottle</td>
<td></td>
</tr>
<tr>
<td>0.56 €</td>
<td></td>
</tr>
</tbody>
</table>

Rent per month

<table>
<thead>
<tr>
<th>Rent per month</th>
<th>Sofia</th>
<th>Ljubljana</th>
<th>Vilnius</th>
<th>Prague</th>
<th>Bratislava</th>
<th>Budapest</th>
<th>Warsaw</th>
<th>Poznan</th>
<th>Bucharest</th>
<th>Belgrade</th>
<th>Sofia</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 bedroom apartment city centre</td>
<td>335.29 €</td>
<td>335.29 €</td>
<td>335.29 €</td>
<td>335.29 €</td>
<td>335.29 €</td>
<td>335.29 €</td>
<td>335.29 €</td>
<td>335.29 €</td>
<td>335.29 €</td>
<td>335.29 €</td>
<td>335.29 €</td>
</tr>
<tr>
<td>1 bedroom apartment outside of centre</td>
<td>257.87 €</td>
<td>257.87 €</td>
<td>257.87 €</td>
<td>257.87 €</td>
<td>257.87 €</td>
<td>257.87 €</td>
<td>257.87 €</td>
<td>257.87 €</td>
<td>257.87 €</td>
<td>257.87 €</td>
<td>257.87 €</td>
</tr>
<tr>
<td>3 bedroom apartment city centre</td>
<td>617.87 €</td>
<td>617.87 €</td>
<td>617.87 €</td>
<td>617.87 €</td>
<td>617.87 €</td>
<td>617.87 €</td>
<td>617.87 €</td>
<td>617.87 €</td>
<td>617.87 €</td>
<td>617.87 €</td>
<td>617.87 €</td>
</tr>
<tr>
<td>3 bedroom apartment outside of centre</td>
<td>446.41 €</td>
<td>446.41 €</td>
<td>446.41 €</td>
<td>446.41 €</td>
<td>446.41 €</td>
<td>446.41 €</td>
<td>446.41 €</td>
<td>446.41 €</td>
<td>446.41 €</td>
<td>446.41 €</td>
<td>446.41 €</td>
</tr>
</tbody>
</table>

Cost of living - comparison

Local purchasing power

Ljubljana | Vilnius | Prague | Bratislava | Budapest | Warsaw | Poznan | Bucharest | Belgrade | Sofia |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>74.70</td>
<td>56.97</td>
<td>77.13</td>
<td>72.75</td>
<td>75.54</td>
<td>77.31</td>
<td>74.63</td>
<td>58.75</td>
<td>40.25</td>
<td>60.66</td>
</tr>
</tbody>
</table>

Source: Numbeo, 2018
INTERNATIONAL SCHOOLS IN SOFIA

Primary and secondary schools

- British School of Sofia*
- Anglo-American School of Sofia*
- The American College of Sofia
- “Erich-Kästner” German school*
- Deutsche Schule
- French Lyceum Victor Hugo*
- Italian Lyceum
- Russian Lyceum*

*with a kindergarten

PUBLIC TRANSPORT

Sofia has an extensive bus and tram public transport system and an expanding rapid transit network.

The Sofia Metro connects the city with Sofia Airport’s Terminal 2, Sofia Business Park, most of the business zones in the city, the Inter Expo Center, the Central Railway and Bus Station and largest residential areas.

It currently operates 35 stations on 2 lines over the length of 40 km. Line 3 will add 21 km and 21 new stations by 2020, when the total capacity of the Metro will reach 0.5 million passengers per day. There are plans for further extension to the Southwest and the Northeast, and to the Vitosha Mountain ski lifts.
The Metro has reduced the number of vehicles moving in Sofia by about 55,000 and allows for time savings of 110,000+ hours per day. With the construction of Metro Line 3, the traffic in Sofia is expected to further decrease by 20% and the amount of saved greenhouse gas emissions to reach 90,000 tonnes per year.

Source: Sofia Metropolitan; Sofia Tourism and Air Transport Market report by Sofia Investment Agency, 2018

Sofia Metro

NIGHT PUBLIC TRANSPORT

Night public transport was introduced in Sofia in April, 2018. The four night lines connect large neighbourhoods in the city with the city centre. The buses run from midnight until 4 a.m.
CULTURAL LIFE

NATIONAL HISTORY MUSEUM
with over 650,000 cultural artefacts it is one of the largest history museums on the Balkans.

“IVAN VAZOV” NATIONAL THEATRE
is one of the major landmarks in Sofia and the largest and the oldest theatre in the country.

ALEXANDER NEVSKY CATHEDRAL
is one of the largest Eastern Orthodox cathedrals in the world.

NATIONAL ART GALLERY
With 9 locations around Sofia, this is the largest art institution in Bulgaria.

THE BOYANA CHURCH
is famous for its medieval frescoes, included in 1979 in UNESCO's World Cultural and Natural Heritage Convention.
MUZEIKO
A modern educational space for children, provoking interest in science, technology and arts.

BASILICA ST. SOFIA AND NECROPOLIS
The 5th-century BC necropolis of the ancient city of Serdica (current-day Sofia) is now open to the public. The medieval Basilica of St. Sofia gave the name to the city.

KVADRAT 500
28 halls featuring 2000 art pieces from the collection of the National Gallery.

SOFIA HISTORY MUSEUM
8 halls telling the story of Sofia.

SOFIA OPERA AND BALLET
The National Opera and Ballet welcomes world-renowned performers and is one of the major cultural attractions in the city.
**FESTIVALS**

**Sofia Film Fest**
The largest film festival in Bulgaria and one of the leading cinema events in Central and Eastern Europe, Sofia Film Fest was included in ‘Variety’ magazine’s list of top 50 film festivals worldwide.

**FOTOFABRIKA**
An international festival and platform for high-quality professional photography, part of the official Cultural Calendar of Sofia Municipality.

**The International A to JazZ Festival**
is spreading the jazz spirit for three days in July. Since 2011 the festival has welcomed more than 100 000 visitors.

**Sofia Science Festival**
An innovative event dedicated to the achievements of young scientists and researchers from Bulgaria and abroad, attracting both children and grown-ups.

**Sofia Spring Book Fair**
Annual event with literary readings, book presentations and more.

**Sofia Music Weeks**
is the premier classical music event in Bulgaria and the region, including concerts, opera and ballet permanences and master classes between March and July every year.

**The European Music Festival**
a series of classical concerts taking place from April to mid-June every year in Sofia.

**Sofia Theater Festival**
and the prestigious Ikar Awards for performing arts take place since 1974 on March 27th, the World Theatre Day.

**World Theatre in Sofia**
brings international theatre and dance productions and leading performers from all over the world.
MOUNT VITOSHA

Vitosha Mountain National Park overlooks the city of Sofia and offers a variety of recreational activities like hiking, skiing, mountain biking and rock climbing, just 30 minutes from the city centre. The mountain is accessible by public transport and is encompassed by a good network of lifts, trails and mountain huts. Plans for connecting the city's Metro system with the Simeonovo ski lifts were announced in 2018.

Two ski centres and several ski runs, with an option for night skiing, operate on Vitosha. Festivals and events organized in the park include an international folklore festival and the "Vitosha 100 km" ultra marathon.
**THERMAL SPRINGS**

Sofia has 30 thermal springs, with water suitable for drinking and medical treatments, SPA procedures and recreation. Bankya Mineral Bath has the potential to become one of the largest SPA and wellness centres in Bulgaria and is expected to re-open for visitors by 2020, after a renovation.

**SOFIA - CITY OF SPORT**

In 2014, ACES Europe designated Sofia the European Capital of Sport for 2018. At present, the city is declared a permanent holder of the title European Capital of Sport and the Mayor of Sofia – an Honorary President of ACES Europ for 2019.