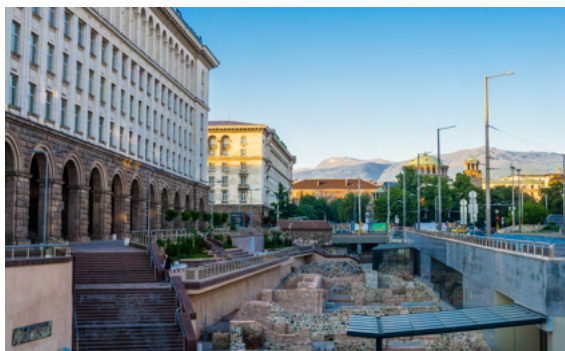


SOFIA BUSINESS DESTINATION

20
22



digital smart dynamic

innovativeSofia



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YORDANKA FANDAKOVA

Mayor of Sofia

Sofia is the undisputed leader of Bulgaria's economy. That is why our city provides the highest standard of living, as well as opportunities for solid education and career development.


Sofia's GDP is close to 60 bn. BGN, which accounts for over 42.8% of the country's economy. Its volume is 5-fold that of Plovdiv and 7-fold that of Varna region's economy.

Sofia's advantages are undisputed – the good infrastructure and transport connectivity which we have consistently been investing in and developing, as well as the attractive investment environment. In 2021 over half of all foreign investments in our country were concentrated in Sofia. One of the leading reasons for that is the large number of highly educated people, Sofia being the city with the highest share of university graduates – over 40% of the region's populace.

In 2021 the net sales revenues of non-financial entities amounted to almost 171 bn. BGN, a 22.6% growth compared to 2020. The highest contributions in 2021 notably came from the trade, energy, and digital services sectors. ICT have a share of 17% in the economy and 8.3 bn. BGN in value added. Sofia's economy continues to be driven by the development of digital services, with ICT being capable of becoming Sofia's biggest economic sector.

Along with Dublin, Brussels, and Tirana, Sofia is a city taking part in the elaboration of a European Framework for the Governance of Digital Rights to the Cities Coalition for Digital Rights. That document is a milestone for the future EU policies for digital environment and smart cities.

For many years now Sofia's financial stability is being confirmed by the international rating's agency S&P Global Ratings, the city's long-term credit rating currently standing at "BBB- stable outlook.

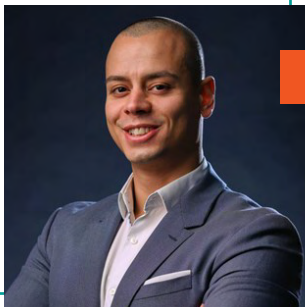


Despite the crisis during the past three years, Sofia Municipality managed to maintain financial discipline, we never stopped investing and supporting all key city sectors without increasing the local taxes.

This year we keep investing in the development of Sofia's strategic infrastructure. We plan to start work on a new 6 km section of Sofia Metro, through Slatina district. We have secured funding for it, so together with the new section going through Poduyane district, where construction is already in progress, a total of 9 km of metro network will be in development in Sofia during 2023. In less than 15 years we constructed 80% of the city's existing metro network. It is a huge success for Sofia, which was supported by over 2.5 bn. BGN in investments secured for the purpose.

We continue developing a major portion of Sofia's interior ring roads – T. Kableshkov Blvd. and Filip Kutev Blvd., as well as the connections to the Northern High-Speed Arch and Ring Road. We are expecting to get under way stage one of the Sofia Green Ring project, which is the largest linear park and provides an opportunity for alternative movement within the city. Implementation of those projects has a huge role to play in taking traffic out, minimizing harmful emissions in ambient air, and improving the quality of life.

Sofia is the fastest developing city, the fast-track rate of work we introduced must not stop. Therefore, our efforts are focused on the application of innovative solutions in urban management and the projects for the city's development.




GENCHO KEREZOV

Deputy Mayor for Digitalization,
Innovation and Economic Development

Sofia continues the trend of accelerated economic and social development. In 2022 the capital managed to maintain and even enhance its competitiveness in a post-pandemic year marked by new crises. In an environment containing tense geopolitical and economic realities it is more important than ever for us to take due care in order to return and accelerate security of both businesses and investors and citizens.

The joined cohesion of the entire progressive business ecosystem results in Sofia being internationally recognizable as an investment and development hub. We continued with our consistent policies to expand our network of collaborations and implement projects, which make Sofia a smart and green city of the future, as well as a secure location. Our consistency resulted in Sofia being chosen as a city under EU's mission 100 Climate-Neutral and Smart Cities of the. Our work is asserting Sofia as one of the recognizable examples of proactive elaboration of EU policies under the Mission. Sofia was also selected as one of the four EU cities responsible for creating the digital rights policy of the entire EU. The policy is being elaborated in order to ensure that principal human rights, such as security, privacy, equal accessibility, freedom of expression, and democracy are incorporated over time into all digital platforms, starting with locally provided digital services and infrastructures. We became an associated partner of EU's quantum cybersecurity initiative EuroQ-CI, whose digital infrastructure has the status of a national security site, with it we will help boost security from crypto threats for Sofia, Bulgaria and the EU going forward.

Our strategic partnership with the Ministry of E-Government progressively operates towards updating of the legislative framework, owing to which digitalization and cyber security will continue developing at a faster pace. We manage to bring together the entire business ecosystem of Sofia to work constructively, with a clear sense of direction, and in synergy with the public objectives, which is universally recognized: we were chosen as Smart City of the Year for South-Eastern Europe, climbing up in global and European rankings as well.



We are attracting new waves of investor interest and progressively transform the capital city's economy. Jointly we manage to build on a model of work, which successfully combines state-of-the art know-how of companies and the direction of Sofia municipality and the feedback received from the citizenry, because that is the only way for the services provided by our city to be truly functional, state-of-the art, and broadly used. Thus, we strengthen the administration digitalization framework provided in the Digital Transformation Strategy.

Sofia is undergoing a transformation, which we are witnessing on a daily basis. We have a huge responsibility precisely in these times, when the global community is facing unprecedented challenges, to increase our efforts towards security and peacefulness of the entire environment but also ensure audibility, dialogue, and unity. What depends on this is not only where and how we are positioned on the global stage, how much investment we attract, and what symbols of innovation we turn into. What depends on this is also the cultivation of a new reality where the citizens can have peace of mind, businesses can be motivated and operating in a favourable environment, families are secure for their future, students are focused in the knowledge that they have countless career opportunity. It does not depend solely on big success but also on numerous small battles and victories of the entire society, which is united and creating, instead of waiting for, a better environment for all.



Dr Maria Popova - Hristova


Chief Executive Officer of Sofia Municipal
Privatization & Investment Agency /Invest Sofia/

Sofia's economy is again the dominant one in the country. Its GDP exceeds 51 bn. BGN, which stands for 42.8% of Bulgaria's economy. Trade, energy, and digital services, are the sectors with the highest share, whereas we expect ICT to become the sector with the biggest contribution to the value added of the city's economic entities.

Sofia quickly overcame the pandemic effects and kept the trend of incoming residents, talent and workforce attraction from the entire country, with its superior opportunities for education and job finding on the labour market. Dynamic development is characteristic of not only Sofia-city but the broad city periphery as well. The multitude of industrial enterprises and logistics bases within the neighbouring adjacent municipalities justify the perspective of Sofia as an investment destination, which encompasses an area much larger than that of Sofia municipality alone.

All of this gives us reason to believe that the efforts made thus far to assert the image of Sofia as a place to make successful business, as well as the support our city is providing to investors in our capital, are efforts in the right direction, as well as an unmistakable sign of the many responsibilities facing us going forward.

During the last year, at the initiative of Mrs. Fandakova and the Chair of the Agency's Supervisory Board, Mr. Nikolay Stoynev, we started a new, business-focused initiative – making available a green card for individualized administrative service. The tool enables quick and easier access of investors and entrepreneurs to a number of services necessary for the implementation of their investment intentions. Up to now Invest Sofia has awarded green cards to Sofia-based companies, whose total amount of planned investments exceeds 130 mil. EUR, while the projected new jobs are over 500.



With consistent efforts we also developed another initiative of ours – the Sofia IS program, which brings together city administration and independent international consultancy companies having operations in our capital city, their expertise covering the entire range of required feasibility activities when surveying the environment and opportunities of Sofia as a location for follow-up investment.

The partners of Sofia IS already above 20, with them we provide free-of-charge support for investors at every step of establishing a business in the capital city – from surveying the overall environment to finding an office location and a team.

We will keep developing follow-up tools to attract businesses and investment, we will keep supporting the key sectors for Sofia, as well as all entrepreneurs in the city. Our capital city has a huge potential and took big strides forward in recent years. It is no accident that one of the key conclusions of the Mapping the Sofia Tech Sector report of the international entrepreneurial organization Endeavor was that the city has a well developed and connected ecosystem of tech companies, with the potential for strong growth in the number of startups, being better positioned than most neighboring countries in South-Eastern Europe. What is further indicated by data is that over the last ten years the city has outgrown its period as a destination for IT outsourcing, whereas most companies established during the same period are in specific niches, such as fintech, AI, development of mobile applications, blockchain, cyber security, etc.

Not only Sofia, but all contemporary cities face shared challenges – environmental impact, overpopulation of some regions and depopulation of others, aging populace, need for proper health and social policies, good residential environment and mobility, and new forms of communication between residents and the local or national government establishments. Inevitably, new technologies will transform urban life, will change the way people move, work, and live. Such technologies will need to be integrated in an inclusive manner so as to be beneficial to people and to how cities function. We believe that Sofia can take a brave step to the future. It is an exciting and responsible task for us to be part of the process of resolving all of the upcoming challenges.



SOFIA MUNICIPALITY

DIGITALIZATION, INNOVATION AND ECONOMIC DEVELOPMENT DEPARTMENT

This department was established in 2020 to support Sofia's development as a smart, digital, innovative, and technologically advanced city.

The new unit consolidates and guides all of the city's digital and smart city projects and supports high-tech and R&D investors in Sofia. It focuses on increasing the number and quality of municipal e-services, open data and smart city projects implementation.



DIGITALIZATION AND SMART CITIES: Supporting Sofia's development as a digital and smart city. Ensuring high quality of life for citizens and the creation of new business opportunities.



INNOVATION: Turning Sofia into a platform for innovation and the development and adoption of new digital services and smart solutions.



THE CITY AS MARKET CREATOR: Turning Sofia into a market for digital products and services created by Sofia-based companies. Identifying or creating markets for digital services at local, national or global levels, and facilitating the access to these markets.



E-SERVICES: Increasing the number and quality of municipal e-services. Reducing the administrative burden and optimizing administrative processes.



COMMUNITY BUILDING: Engaging different stakeholder groups for the purpose of facilitating the digitalization process. Encouraging the participation of various local stakeholders (citizens, NGOs, businesses, academia) with the aims to facilitate the process of digitalization and development of Sofia as a modern and smart city.



FACILITATING CONTACTS: Facilitating contacts and networks with potential international and local partners, public authorities, research and educational institutions.



INFORMATION AND ANALYSES: Providing information and analyses on Sofia's digital and smart city development and economic environment.



As part of the Municipalities, the Privatization and Investment Agency of Sofia provides free support to local and foreign investors to build a successful business in our city. We share their success stories in the country and around the world.

» Consultations related to local and national legislation requirements, assessment of the business environment, and opportunities in specific industries.

» Support at every stage of business creation – initial data gathering, analysis of the business climate, providing suitable contacts and advice on finding the best employees and experts, support in choosing an office/location for production, etc.

» The Municipalities, through the Municipal Agency for Privatization and Investments, stimulate foreign and local investors through the "Investor Class B" program.

» We provide reports, statistics, and analyses on the business climate in Sofia.

» Support for public-private partnerships.

» Assistance in financing startups in priority industries.

» Individualized services.

» Assistance and support for ecosystem development partnerships.

» Assistance in financing startups from European funds, municipal funds, and any other alternative public-private interactions for support.

» Assistance in streamlined administrative procedures.

» Opportunity to purchase municipal land without auction for investors holding a Class B certificate.

» Assistance in legal consultations.

» Consultations on the labor market and human resources.

» Consultations on office, commercial, and industrial real estate.

» Improvement of collaboration with the administration, business, and academic community.

BULGARIA: AN OVERVIEW

Area: 110 993.6 km²

Population: 6 447 710

Capital city: Sofia

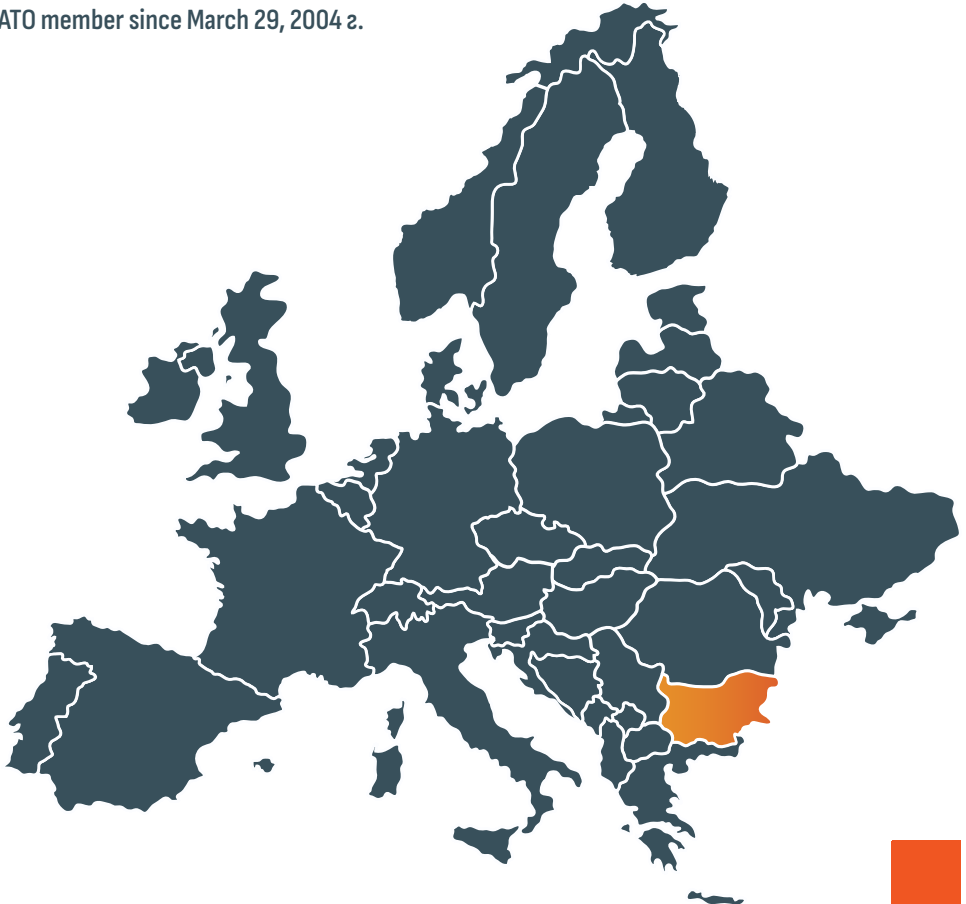
Biggest city: Sofia (population 1 280 334)

Language: : Bulgarian

Time zone: EET (UTC+2)

EU member since January 1, 2007 z.

NATO member since March 29, 2004 z.



BG-EUR EXCHANGE RATE:

1 EUR= 1.95583 BGN
/Bulgarian National Bank/

GDP:

165 384 mil. BGN
NSI (2022)

PER CAPITA GDP:

24 252 BGN
NSI (2022)

GDP GROWTH:

3,4%
NSI (2022)

SOFIA'S SHARE IN THE COUNTRY'S GDP:

43%
IME (2021)

GDP OF SOFIA (CAPITAL) :

59 172 mil. BGN ; 63 719 mil.
BGN with surrounding areas - NSI (2021)

PER CAPITA GDP IN SOFIA:

45 241 BGN
NSI (2021)

CORPORATE TAX:

10%

PERSONAL INCOME TAX :

10%

LEGATUM PROSPERITY INDEX:

48TH out of 167 countries
<https://www.prosperity.com/rankings>

ECONOMIC FREEDOM INDEX:

32nd out of 176 countries
(69,3 pts. out of 100 – Heritage Foundation 2023) –
Economic Freedom Index2023

GLOBAL COMPETITIVENESS INDEX

55th out of 132 countries
(Global Economic Forum 2020)

In 2021 Sofia climbed up the annual rankings of FDI Intelligence and the Financial Times Group for “Technology Cities of the Future 2021”, which is carried out to mark the development of European cities with the most promising perspectives for startups and investments in technology and innovation. The survey includes data from 76 European and evaluates investment opportunities, availability of skilled workforce, and level of infrastructure development.

WHY SOFIA?

10 REASONS TO START AND GROW YOUR BUSINESS IN SOFIA



TALENT HUB



Over **57%** of the populace has **tertiary education**



Highly skilled workforce



5% of the professionals are employed in **creative industries**



Over **90 000** employed in the **IT sector**



Over **70 000** employed in **BPO and SSC** sectors, working in over 30 languages



23 universities, **100 000+** students, **63** research centres, **30+** private IT schools



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



LOW CURRENCY RISK

BGN is pegged to the EUR. Low currency risk for investors compared to other countries outside the Eurozone.



COMPETITIVE BUSINESS COSTS

The lowest overall labor cost per hour in the EU (based on average hourly labor costs). Low office space costs - 15 €/m² average price for Class A offices. Some of the lowest industrial energy prices in the EU.



THE GLOBAL LEADERS IN R&D AND ICT ARE ALREADY IN SOFIA

Sofia is a regional ICT center. Global leaders like SAP Labs, VMWare, IBM, CISCO, Bosch, Coca-Cola, Financial Times already operate large R&D centers, employing, educating, and developing thousands of highly-qualified professionals.



STRATEGIC 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

1-3 hour flights to most European capitals. Sofia Airport has > 7 mil passengers per year – just 20 min. away from downtown Sofia. Well developed public transport network with over 52 km of metro lines.



BUSINESS FRIENDLY TAX RATES

10% one of the lowest corporate taxes EU-wide.
The lowest personal income tax in the EU.



EASY TO START AND GROW YOUR BUSINESS

- » Startup capital just 1 EUR
- » 2-3 workdays to register a company
- » Low fees to register a company



EU FUNDING OPPORTUNITIES

- Companies registered in Bulgaria have access to EU funds for projects on both national and EU level.



WELL-DEVELOPED DIGITAL INFRASTRUCTURE

One of the highest average connection speeds in Europe with 46,22 Mbps speed according to the Worldwide Broadband Speed League.

SOFIA: AN OVERVIEW

With its millennial history, Sofia is one of the oldest cities in Europe. (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 has an area of 492 km². The population is circa 1.3 mil., exceeding 1.5 mil. when surrounding areas are included.

Sofia accounts for circa 43% of the nation's GDP and 1/3 of the country's exports. Sofia's growing share in the country's GDP over the past 20 years is a long-term trend. At the millennium's start Sofia's GDP accounted for 30% of the country's GDP. The per capita GDP is also on the rise. It currently exceeds 45 000 BGN, more than 2-fold above the country average.

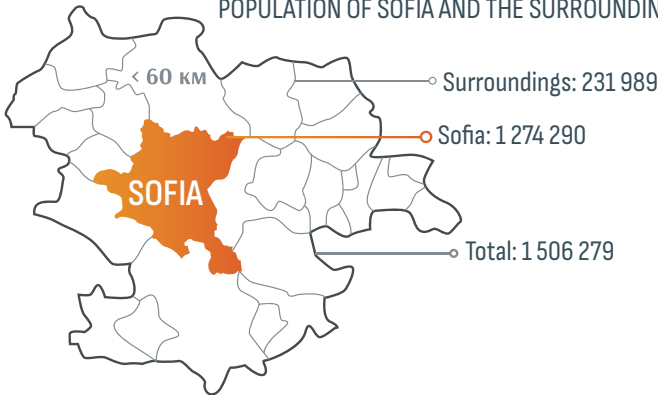
38 bn. BGN is the gross value added of services, which is 86% of the value added in Sofia's economy. The crucial role here is of the IT sector, which is almost entirely concentrated in Sofia. The capital city accounts for nearly 25% of the value added in the country's industrial sector and 50% of the value added of the services sector. That share can reach as much as 80% in sectors such as ICT. The data further reveal that the number of those employed in the IT sector is the fastest growing one. They are almost 100 000, their average pay being 4 000 BGN – the highest for the capital city. Trade has the most people employed at 149 000.

Sofia has one of the most vibrant start-up and entrepreneurial ecosystems in Central and Eastern Europe. The capital available to local startups has played an instrumental role in positioning Sofia on the entrepreneurial map of Europe. The employment rates in the creative industries in Sofia is also on the rise. There are some 100 000 students in the city, 23 of Bulgaria's 54 universities are located in Sofia.

Sofia's economy continues to grow at faster rates than the country average. In 2021 net sales revenues of non-financial entities amounted to almost 171 bn. BGN, growing by 22.6% compared to 2020. The significant growth in enterprise revenues is caused by both the quick recovery of Sofia's economy from the pandemic, as well as by the high inflation rates reported by all economic sectors. Growth in the revenues of Sofia-based companies is observed in almost all sectors, with trade, energy, and digital services having the biggest share. Hotels and restaurants are among the most dynamic sectors last year, as well as culture, sports, and entertainment, which reflects the removal of restrictive measures and the swift recovery of social life in the capital city, in general terms. Well-developed transport infrastructure, public auto, tram, and electric transportation, as well the expanding metro network all make Sofia a well-connected city. The country's biggest international airport is just a 20-minute car ride from downtown Sofia.

DEMOGRAPHICS

POPULATION OF SOFIA AND THE SURROUNDING AREAS



Source: NSI, 2021

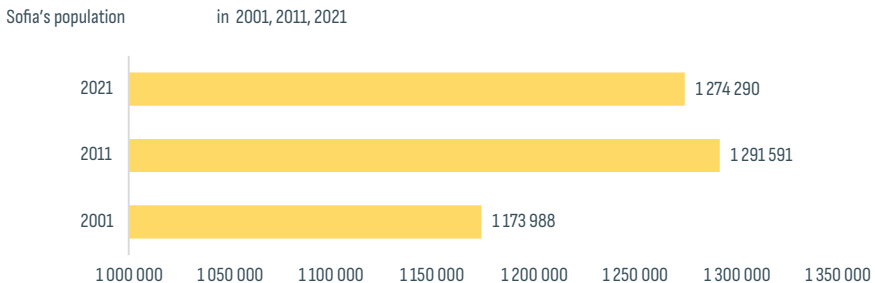
SOFIA'S HUMAN CAPITAL

DEMOGRAPHIC DEVELOPMENT AND SPECIFICS OF SOFIA

Compared to most of the other Bulgarian municipalities, Sofia features good demographic indicators. During the last twenty years the capital has gradually increased its population – from less than 1.2 mill. at the century's start to over 1 280 334 according to the latest 2022 census data. The constant influx of young, active people is key to the capital's potential and directly affects how the local economy and labor market perform, supporting the development of the most dynamic industries.

The 2021 census gives a comprehensive perspective about Sofia's demographic development during the last decade. If we look at the overall population drop, it is an insignificant one just 17 000 compared to the previous, 2011 census, or 1.4%, which is the best performance among all large municipalities in the country.

Sofia's population in 2001, 2011, 2021



Source: NSI

LABOR MARKET

Sofia is one of the fastest developing cities in Bulgaria.

The total population of Sofia reached 1 280 334 in 2022, according to the latest census.

The age structure is crucial and directly impacts the performance of the local economy and labor market.

Structure of Sofia's population by age groups, 2011 u 2021

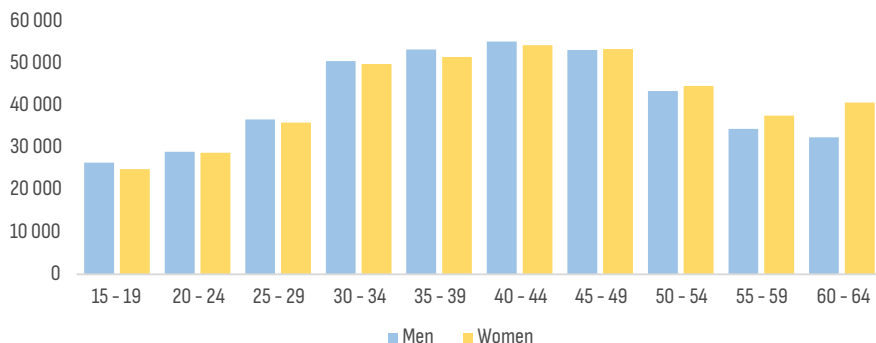


Source: NSI, calculations of IME

The most visible change in Sofia's demographic structure is the aging and the higher average age. While in 2011 Sofia's residents were concentrated in the 20-24 and 30-34 age groups, in 2021 the most numerous are the age groups between 35 and 49 years. These are active age groups where high employment rates are reported, meaning that in Sofia the aging trend is yet to burden the economy. Concurrently, higher number of people in retirement age is reported, they are increasingly considered an underutilized labor market resource. The good news is that the share of children aged <15 is almost 15%, compared to slightly over 12% a decade earlier, which signals a rejuvenation of the workforce going forward.

From the viewpoint of active population – persons aged 15–64 – within a decade their number has shrunk by 92 000. The most tangible drop is in the 20–24 age group, where the population has declined by over 50%, as well as in the 25–29 age group, where the decline is 32%. This is largely explained by the sharp decline in the birth rates in the mid- and late 1990's, which now impacts the current population structure. It should be noted, however, that despite the negative trends Sofia still has one of the most favourable age groups in the country and the least aged population. Insofar as the capital city is also a key magnet for the younger population and talent from other parts of the country, demographic challenges tend not to appear as a factor severely limiting Sofia's development.

Active-age population of Sofia by gender, 2021 census



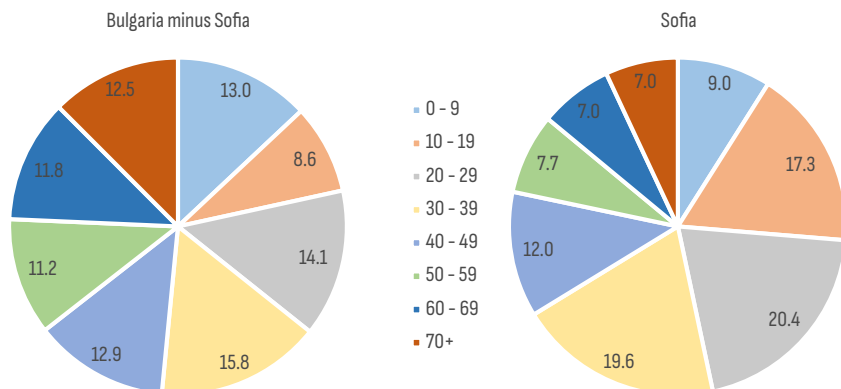
Source: NSI

The relatively good demographic results of Sofia are determined by the favorable natural and mechanic growth. When recalculated vis-à-vis the census data, in 2021 Sofia's natural growth was -7‰, the highest in Bulgaria. Nevertheless, its value is considerably more negative compared to the pre-pandemic period, when the capital city managed to balance birth rates and mortality. The reason for this is the temporary mortality peak during the pandemic – while during the last three years the birth rate stays around 13 200 per year and now even registers a minor growth, mortality soared from a 15 500 pre-pandemic average to 22 000 during 2021. This gives us reason to believe that as the pandemic and extraordinary mortality drift away, we will witness considerable improvement in the capital city's natural growth.

To balance the negative natural growth, Sofia registers positive migration, slightly over 6‰ in 2021 – predictably so, given that it has the most developed labor market in Bulgaria, coupled with the best tertiary education.

According to latest data, Sofia is even more attractive, compared to the pre-pandemic period, the number of new settlers in Sofia being 30 000 in 2021, compared to 23 000 in 2017 . The number of those moving out, however, is also on the rise – 22 000 in 2021, compared to 19 000 in 2017, the peak of leaving Sofia having been in 2020 – as many as 40 000. Moving out of Sofia, however, does not necessarily mean leaving the local economy and labor market, given that a considerable number of people move out to adjacent municipalities – Bozhurishte, Elin Pelin, Kostinbrod, while continuing to work in the capital city. Migration from the big city to its periphery is a process observed countrywide in 2020, it was caused by the pandemic and the associated restrictive measures.


Age distribution of new settlers in Sofia and in the rest of Bulgaria, %, 2021



Source: NSI, IME calculations

What also matters to the labor market developments is the profile of those migrating to the capital city. According to 2021 data, nearly half of new settlers in Sofia were aged <29, and if we expand the scope to include those aged up to 39, that combined shares exceeds 2/3 of the total. The big difference to the migration profile to the rest of the country is determined mostly by the attractiveness and high level of both secondary and tertiary education in Sofia, as well as by the relatively high pay and diversity of jobs offered by the local labor market. Be that as it may, the positive, youth-dominated migration processes make Sofia's economy more competitive and attractive investment-wise, while also enhancing its growth potential going forward.

Workers coming in from other settlements during the day are also key to Sofia's labor market. According to data from the 2021 census, Sofia receives 58 000 such workers, nearly 8% of all employed in the capital city.



The most tangible sources of workforce are the adjacent small municipality from Sofia (region) and Pernik, which are economically and infrastructurally very well connected to Sofia. Daily worker migration is a key factor for Sofia's development, while also resulting in higher incomes and quality of living in Sofia's broad periphery.

COVID 19 AND THE LABOR MARKET

Sofia's economy went through tempestuous years. The pandemic and severe restrictions in 2020 stamped their mark by interrupting years of strong growth and hitting disproportionately various domains of Sofia's economy. Nevertheless, Sofia, maintained its competitive advantages and quickly regained its pace. In 2021 the capital city registered strong growth, driven by the usual drivers – fronted by the digital sector, the recovery in the trade, tourism, and entertainment sectors, but also by the huge revenue growth of energy companies.

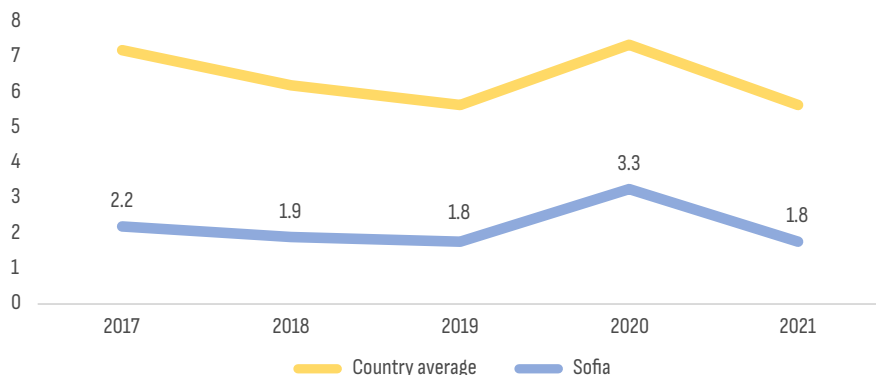
Sofia is one of the regions to relatively quickly return to employment growth following the pandemic. In 2020 the employment rate of those aged 15 - 64 registered a decline by 2 %m down to 74.4%. In 2021 the employment rate rose to 74.4%, which is among the highest not just on a regional, but also on a municipal level. The swift trend reversal is evidence of the flexibility and large resources on the Sofia labor market in a year when a number of regions registered continued declines in employment, despite the loosening of the restrictions and the economic recovery.

LABOR MARKET

UNEMPLOYMENT AND PROFILE OF UNEMPLOYED PERSONS

The Sofia labor market traditionally registers better performance indicators compared to the other regions in Bulgaria. This is particularly evident in the unemployment dynamics over the last five years – even though the capital city follows the general country trend, the unemployment rate registered in the labor bureaus is 3- to 4-fold lower than the country average. Another impressive fact is that unemployment during the crisis-ridden 2020, when the restrictive measures and the shutting down of numerous businesses resulted in record unemployment rates, did not soar as aggressively in Sofia. This is mostly a result of the employment structure in the municipality, where the ICT and outsourcing sectors play a particularly prominent role, continuing to create new jobs even during the pandemic. Meanwhile, Sofia managed to recover faster from the temporary shock, with unemployment dropping down to just 1.8% of the economically active populace in 2021, the lowest rate out of all 265 municipalities in Bulgaria.

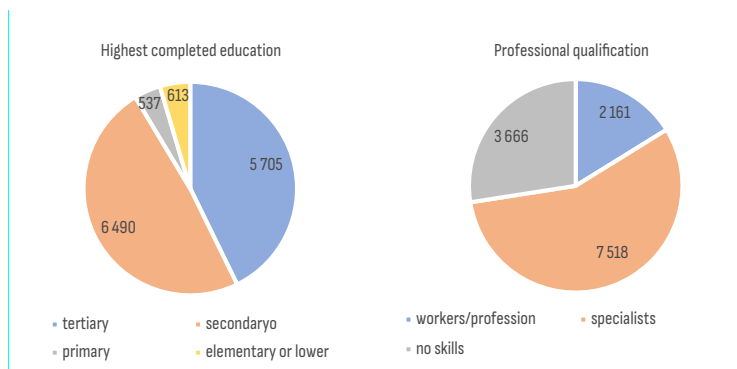
Unemployment rate dynamics in Sofia and Bulgaria, 2016–2021, %




Source: Employment Agency

The unemployed persons profile is also indicative of the structure and specifics of the labor market in the municipality. Those people should rather be seen as a resource to grow the capital city's economy. In 2021 the number of those registered in the employment bureaus for >1 year stood at 456, or 0.07% of the economically active ones. In other words, nearly all registered unemployed persons in Sofia manage to find a job fairly quickly, which is a sign of a flexible and adaptable labor market generating suitable jobs. Nearly half of the unemployed persons in Sofia have tertiary education, while the share of those with primary education or less is negligible; at the same time, the unemployed persons with no skills are less than ¼ of the total. This largely explains the absence of permanent unemployment – it certainly appears that all unemployed persons in Sofia spend a relatively short time in between jobs.

Educational profile of the registered unemployed persons in Sofia in 2021, %



Source: Employment Agency



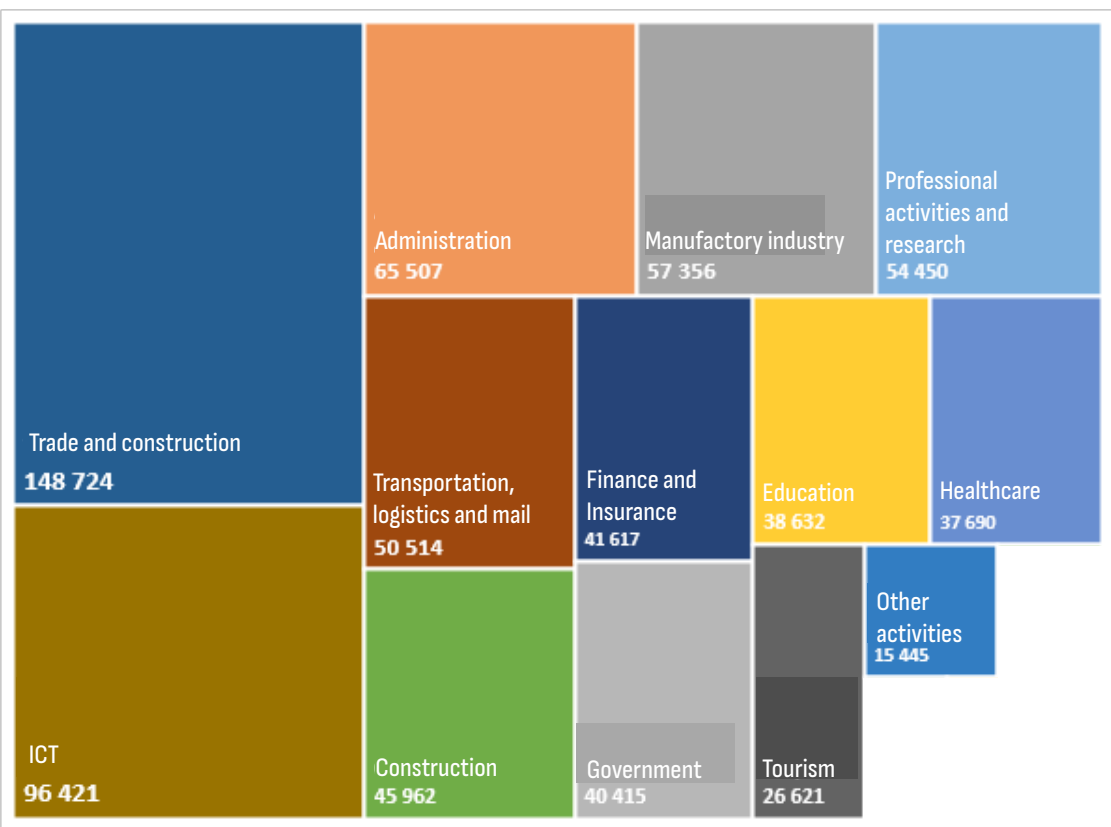
This is also important for potential investors in municipality, as they can rely on having access to a well skilled workforce and not really having to deal with group, who have permanently lost work habits and skills. Another interesting thing is the ratio of the number of unemployed persons to the number of vacant jobs – in Sofia in late 2022 there were just three unemployed persons per vacant job, also adding the proviso that not all new vacant jobs (especially in Sofia) are necessarily posted with the employment bureaus, while the country average ratio is 4:1, even exceeding 8:1 in some regions. Even after the labor market shrank sharply, there tends to be competition for employees in the capital city and many vacant jobs, rather than any significant problem with unemployment.

The Employment Agency also disseminates data about the registered unemployed persons in the capital city's individual districts (coming from the employment bureaus), which enables evaluation of the labor market's functioning on an even lower level. What makes an impression here is that there are no distinct differences among the various parts of the capital city, most being positioned within the 1.2 – 1.8% unemployment range, the only exception being Krasna Polyana with 2.3%. The biggest nominal concentration of unemployed persons is in Lyulin – a little over 1 000, as well as in Mladost – a little below 900, but this is mostly attributable to the big population in those two quarters. The biggest number of vacant jobs, on the other hand, is reported in the districts of Vrabnitsa and Sredets. Data about Sofia's individual districts demonstrate a strongly uniform performance of the local labor market, which is partly predetermined by the high mobility of the workforce it covers.

The number of those employed under an employment- or formal employment (public service) relation in the capital city reached 761 000 in 2021, growing by 14 000 persons compared to the preceding year but lower by 7 000 compared to the labor market's record-breaking year of 2019. Trade is the biggest sector, employment-wise, with slightly <150 000 workers, with information technologies and telecommunications now ranged second, with 96 000 employees. Administrative and ancillary activities, professional activities and R&D, which include outsourced services, are also among the bigger sectors. Essentially, the digital domains, which covers various sectors, is now the leader on the labor market in Sofia.

Compared to 2020, nearly all sectors register growth in the number of employed persons, that growth being most distinct in ICT (9%), as well as healthcare (4%) and culture & entertainment (5%). If we compare employment to that in the pre-covid year of 2019, however, we find out that many sectors have not recovered – the hotels & restaurants sectors, which was particularly hard hit by the pandemic and restrictions, has lost 20% of its employees, the real estate operations, culture, sports & entertainment have each lost 10%. The digital sector is the fastest one to add jobs, registering a 13% growth within the two years. There is also significant growth in agriculture at 10%, but that sector only employs slightly over 2 000 in the capital city.

Persons employed under employment- or formal employment relation in Sofia (2021)



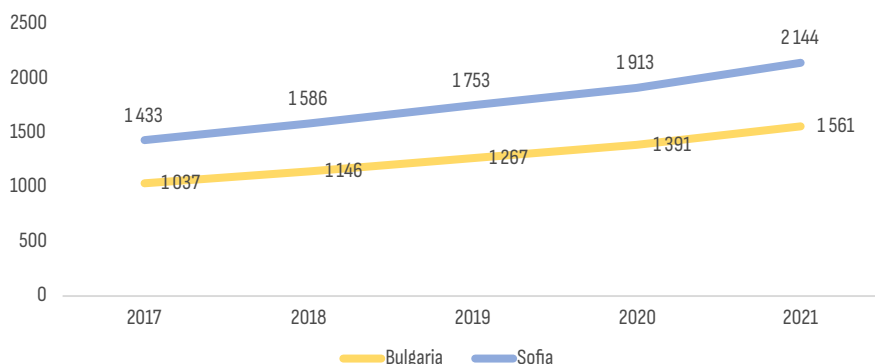
Source: NSI

Sofia attracts people from many nearby settlements, their day-to-day migration enabling the capital city to considerably increase its workforce. In addition, rapid industrial development within Sofia's periphery also determines much higher labor mobility and various career opportunities. The solid workforce educational structure in Sofia supports the local economy's profile and is favorable for the development of the tech sector and high value added services.

Despite contraction of the national economy, salaries both countrywide and specifically in Sofia have kept growing both during the crisis-ridden 2020 and in 2021. According to most recent data, the average gross monthly remuneration of persons employed under an employment- or a formal employment relation in the capital city exceeded 2 000 BGN for the first time. What makes an impression here is that the faster recovery of Sofia's economy comes along with a faster rate of salary growth compared to the country overall.

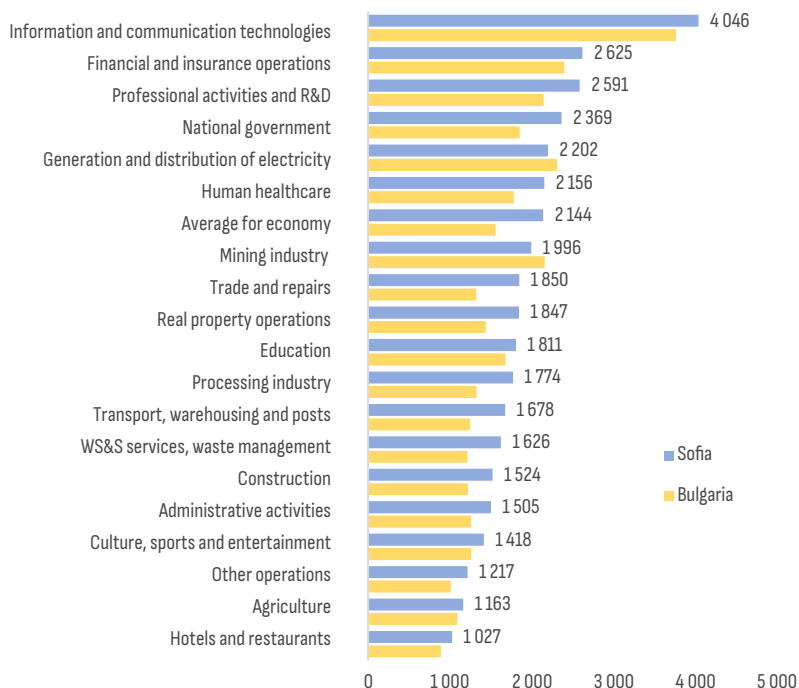
Even though salaries in Sofia considerably exceed the country average ones in all of the local economy's sectors, there are sizable variations among the sectors. Predictably, the leader is the ICT sector, where remunerations during 2021 already exceeded 4 000 BGN per month, followed by finance and professional activities (2 600 BGN), as well as national government (2 400 BGN). On the other hand remuneration in hotels and restaurants remains very low – slightly over 1 000 BGN per month, but there one has to consider the impact of a significant portion of undeclared income. In terms of dynamics, average growth of salaries in Sofia during 2021 was 14%, but here there are also sizable variations among the sectors. The leader is the hotels and restaurants sector, with a gross salary growth of over 1/5, mainly because salaries were kept down during 2020. Significant growth (22%) was also registered by the human healthcare and welfare work sector, in result of the increased remuneration of young physicians, combined with add-ons during the pandemic.

Average gross monthly salary of persons employed under an employment- or a formal employment relation, Sofia and Bulgaria, 2017-2021



Source: NSI

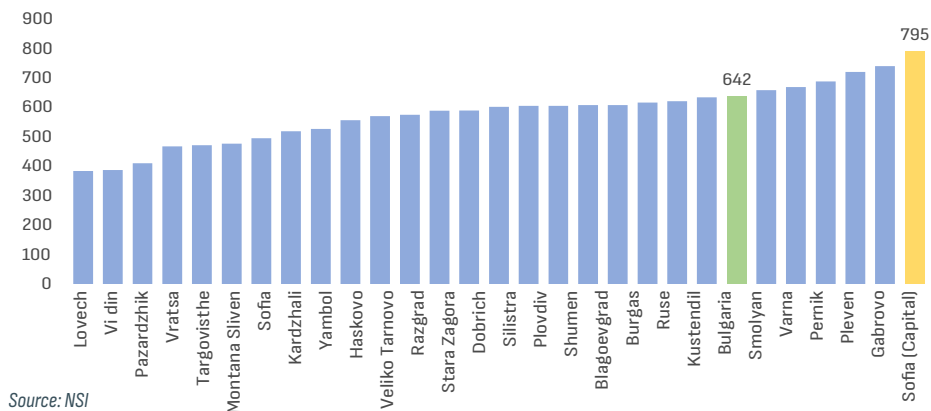
Average gross monthly salary of persons employed under an employment- or a formal employment relation, by economic activities, Sofia and Bulgaria, 2021



Source: NSI

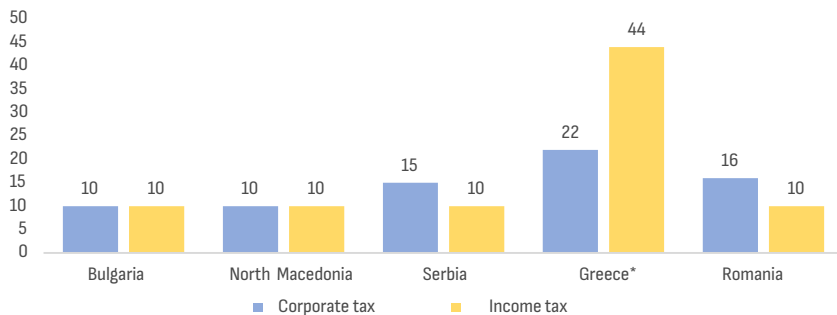
Owing to high salaries and very good labor market performance, high employment levels and low unemployment rate, Sofia ranks first among all regions in terms of household income. In 2021 the average income per household member stood at 795 BGN per month, compared to 642 BGN country average and nearly 2-fold more than Lovech and Vidin where incomes are lowest. The considerably higher incomes in Sofia are also the reason why the capital city is at the bottom of the poverty rankings – 11.3% of its populace is beneath the poverty line for the country in 2020, twice less than the country average and 4-fold less compared to Vidin, the region with the highest number of poor people. However, an increase was registered compared to the preceding year by 2.2 percentage points, while for the first time in a decade the share of poor people in Sofia exceeded 10% of the population. This is probably a result from the fast rise of the poverty line, as well as the temporary shock on the labor market and the uneven salary dynamics among individual sectors. The labor market's swift recovery in 2021, however, will probably bring about a fresh correction in the poverty risk, given that the fastest salary growths are in sectors, where nominal levels are not among the highest ones.

Average monthly gross salary by person of household by district, Bulgaria (2021)



In consequence of the very diverse levels of remuneration in Sofia, a gradual upwards trend is registered in the inequality indicators in recent years. While in 2017 the Gini coefficient of income inequality stood at slightly over 42, in 2021 it already surpassed 45. Generally, any considerable growth in inequality would mean social structure issues, given that the reason is a decline in the income of the poorer layers of society. At this stage, however, it is the opposite case in Sofia – during the economic upturn in the 2nd part of the decade the incomes of upper income groups rise significantly faster, which is the main reason why the inequality gap is widening. The explanation partly lies also in the profiling of Sofia's economy in the high tech domain, insofar as this brings about higher salaries for those employed in that domain compared to the other economic activities.

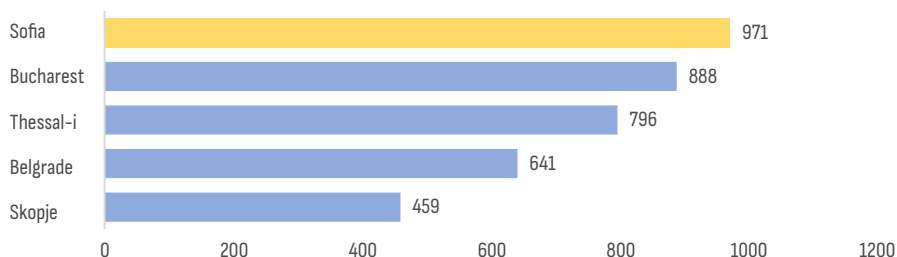
Even after the crisis Sofia remains one of the most attractive investment destinations in the area, especially in the domain of high tech and service outsourcing. There are reasons for this: both the well-skilled workforce and the advantages bestowed by the country's EU membership and the good connectivity of Bulgaria's capital.



Source: IME, Trading economics * Income tax in Greece is progressive, the highest rate being 44%

As at 2022, Bulgaria (and accordingly Sofia) has the lowest direct taxes in the area, which provides it with comparative advantages, compared to its regional competitors. Among the featured countries the trend is to reduce direct taxes, whereas over the last three years Romania and Greece reduced the amount of their direct taxes – in Romania the personal income tax, whereas in Greece – the corporate tax. Tax levels in North Macedonia, on the other hand, are similar to those in Bulgaria, but the country is yet to accede to the EU, which poses further barriers to its investor attractiveness. Despite the tax environment in the area becoming more competitive, Sofia keeps its advantages, also from the perspective of macroeconomic predictability of the flat tax rate introduced 15 years ago.

Average net monthly salary, November 2022, EUR



*Source: Numbeo * The data was provided by site users and may be inconsistent with the official stats*

In the near past lower salaries in Sofia were among the factors attracting investors to the city. During the last two years, however, according to the comparative net salaries data, as published in the Numbeo website, the Bulgarian capital has not only outpaced its competitors but is even increasing the distance to them, approaching 1 000 EUR in net salary as at late 2022, nearly a hundred euros more than Bucharest and over 2-fold above Skopje. In result, it is also becoming increasingly attractive for highly skilled workers seeking a higher standard of living. Insofar as ICT is the driver of Sofia's economy, the preemptive rise of salaries will likely continue over the coming years, also driving up the standard of living of those employed in the other economic activities.

PERSONS EMPLOYED IN THE KNOWLEDGE DOMAIN

Sofia ranks 22nd out of a total of 267 European regions in terms of concentration of highly knowledge-based job positions in 2022. This is indicated by the new Geography of Europe's Brain Business Jobs index: 2022 of the European Centre for Policy Reform and Entrepreneurship. The survey explores where in Europe knowledge industries are evolving most dynamically and underscores their significance for the future income and productivity growth in Europe.

Compared to the other European regions, Sofia stands out in the tech and creative sectors, as well as in telecommunications, pharmacy, programming, advertising and marketing surveys, where it performs above the European average.

The mandatory social security contribution is divided between employer and employee in a 55/45 ratio. Employees pay 13.78% of the total costs, while employers pay in between 18.92% and 19.62% to the national budget.

Minimum salary as at 2022 – 710.00 BGN

Maximum social security income for 2022 is 3 400 BGN per month.

LABOR CODE



WORKDAYS IN 2022
Avg. 21 days per month,
248 days per year *законна*



PAID ANNUAL LEAVE
minimum 20 days per year



NATIONAL HOLIDAYS DURING 2022
13 days



PERMANENT EMPL-T CONTRACT
Duration: no limit
Probationary period: up to 6 months
Notice period: 1 month

EMPLOYMENT CONTRACTS



TERMED EMPL-T CONTRACT
Duration: up to 3 yrs.
Probation period: up to 6 months
Notice period: 3months



OVERTIME
No more than
300 workhours per year
Remuneration: +50%
On off-days: +75%
On national holidays: +100%



LABOR CODE
WORKING HOURS
MATERNITY LEAVE

up to 3 years
year 1 – government pays to the worker 90% of the monthly gross employment salary, up to a certain fixed amount
year 2 – government pays 650 BGN per month
year 3 – no allowances

FOREIGN EMPLOYEES AND TALENT ACQUISITION INITIATIVES

Nationals of all EU member states, the European Economic Area, and Switzerland are entitled to stay and work in Bulgaria. Representatives of any other nationalities need a work permit and a long-term visa in order to work and live in the country. Work permit issuance is an employer-driven process.

Type 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.
- 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. Recently, 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.



BULGARIAN STARTUP VISA

Our country already has a Startup visa, which helps entrepreneurs, who are non-EU nationals, to establish and grow their startup company in Bulgaria. It is issued by the Ministry of Innovation and Growth for a 1-year period and serves as a certificate for a high-tech innovation project. The Startup visa aims to attract highly specialized entrepreneurs from non-EU countries, who want to start a high value added business.

The following infographic presents detailed application information.

Bulgarian start-up visa



1 WHAT?

Certificate for a high-tech and/or innovative project that helps foreign entrepreneurs (non-EU citizens) to found and develop their startup company in Bulgaria

HOW to apply?

An online application is submitted in Bulgarian or in English to the Ministry of Innovation and Growth



3 WHAT INFORMATION IS FILLED IN?

Brief information about the applicant name, identity document; country of origin; phone number; e-mail; education; workplace Brief information about the company - name, company registration number - Unique identifier or equivalent, registered office and country where the company is registered, if applicable
• Pitch deck (basic information about the high-tech and/or innovative project) (title/name; presentation of the activity, product and/or services; financial calculations/analyses and forecasts for the approximate amount of production and for the growth of income and expenses for the next 3 years from the date of submission of the application; market, sales, customer and partnership analysis; human resources information

WHAT DOCUMENTS APPLY?

1. A copy of the identity document with the photo;
2. Business plan and presentation of the project;
3. Valid patent document (if applicable);
4. Investment contract for no less than BGN 100,000 + recommendation from the relevant fund for the applicant's contribution to the project (if applicable);
5. Contract or letter of intent for investment from a fund for equity and risk investing in the Republic of Bulgaria for no more than less than BGN 100,000 (if applicable);
6. Seal of Excellence under the Horizon 2020 programs or - Horizon Europe" (if applicable);
7. Distinction at a competition in the field of innovation and entrepreneurship (if applicable);
8. Published at least two scientific articles, when applicable;
9. A document for a completed degree of education, when applicable;
10. Bank or equivalent document;
11. Information on realized sales for the last two years, when applicable;
12. Letters of intent or partnership agreements with Bulgarian partners, when applicable.



4 WHO REVIEWS THE APPLICATION AND EVALUATES THE PROJECT?

Expert council at the Ministry of Innovation, including representatives of the state, academia and business.

WHAT IS THE DEADLINE FOR THE PROJECT CONSIDERATION?

30 days after submitting the application.

HOW IS THE PROJECT EVALUATED?

There are 6 evaluation criteria:

- Applicant's means of support - max. three months
- Financial projections and available capital - R& Max 3m,
- Client network max. 1 m.
- Investments max. 1 m.
- Valid patent or valid certificate for utility model registration max. 1 m. - Business plan and presentation max. 5L -
- The project must collect a minimum of 8 points.

IS THERE A FEE FOR ISSUING A STARTUP VISA?

No, there is no fee.



5 WHAT IS THE VALIDITY PERIOD OF THE STARTUP VISA?

1 year from the date of issue. B which cases the Startup Visa is revoked? • The foreigner has provided incorrect data and/or has not notified the MIR of changes that have occurred within the legal deadline. • Changes in circumstances prevent the performance of project- Violations of Bulgarian legislation were found, which hinder the implementation of the project.

IS THE STARTUP VISA SUFFICIENT FOR THE RESIDENCE OF A FOREIGNER IN BULGARIA?

No. The startup visa is only one of the mandatory conditions for issuing a long-term residence permit (for a period of up to 1 year).



EDUCATION IN SOFIA

Tertiary education

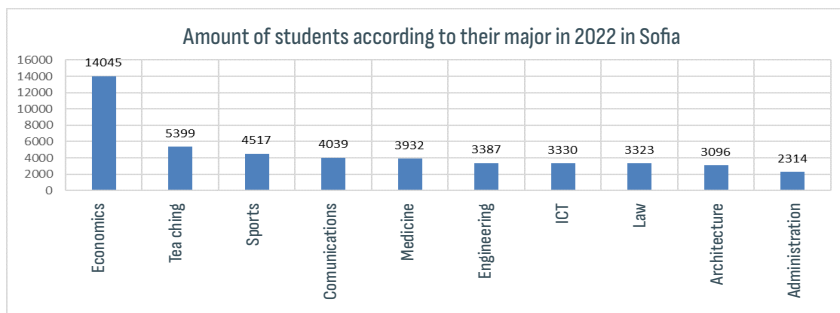
The capital city is the biggest education hub in the country. The city is home to 23 out of the total of 52 accredited tertiary education establishments. It also has the highest percentage of university graduates compared to the country's total population. In 2022 over 57% of the population aged 25-64 in Sofia had tertiary education, while <4% have primary or lower.

The share of university diploma holders in the capital is over twice as high, while the share of those having primary or lower education is over three times lower than the country average. Such distribution is mostly predetermined by two factors. On one hand, Sofia is the country's major university hub, with a significant percentage of those completing their tertiary education staying on in the city. On the other hand, the municipality's economic structure and the sizable share of services therein predetermine the higher educational requirements to the workforce.

Major universities in Sofia

University	Number of students
Sofia University St. Kliment Ohridsky	20 256
University of National and World Economy	17312
Technical University	9797
New Bulgarian University	9403
Medical University	8845

Source: Rating System of Tertiary Schools in Bulgaria web portal



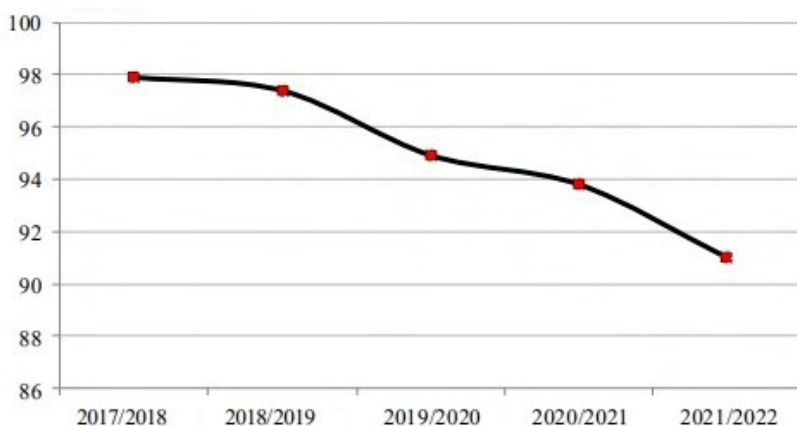
Source: Rating System of Tertiary Schools in Bulgaria web portal

During the academic year 2021/2022 91 000 studied in universities and specialized tertiary schools to acquire the educational-qualification (EQD) degree of “bachelor” and “master”. 17 400 graduated in 2021, whereof 8 900 as Bachelor, and 8 400 – as Master.

As at 31.12.2021, 3 564 doctoral students study in Sofia. Compared to 2020, their number has decline by 95 persons, or by 2.6%. Foreign doctoral students in Sofia are 381, or 10.7%.

During the academic year 2021/2022 2 597 students studied to acquire the educational-qualification (EQD) degree of “vocational bachelor” in colleges, their number dropping, when compared to 2020, by 243 persons, or by 8.6%. Instructors at colleges are 269, whereof 79, or 29.4%, are hired under main employment contracts.

Students in universities, specialized tertiary schools, and colleges in the region of Sofia (capital city)



Source: NSI, “Education in Republic of Bulgaria 2022”

According to stats, the number of students in Sofia has been declining over the past five years. This is due to the overall demographic trend – the generation enrolling in tertiary education institutions since the middle of the decade matches the demographic “nadir” characteristic of the record low birth rates in the late 1990’s. Nevertheless, the capital remains a leader in the country in terms of the share of students from the overall population, with 72 students per 1 000 population.

Universities in the capital city are increasingly striving to create partner connections on international level.

This is suggested by the 2022 data concerning joint curricula with foreign universities. 24 Bulgarian tertiary education institutions offer a total of 77 joint curricula, where nearly 5 200 students and 64 doctoral students studies during the spring of 2022, The oldest active joint curriculum was established between Technical University – Sofia and the Karlsruhe Institute of Technology, teaching in German the specialty of General Mechanical Engineering for aspiring Bachelors and Masters. Technical University – Sofia also hosts two of the most recent joint curricula established in 2022 together with seven European universities, in the specialties of Telecommunication and Mechanical Engineering. New Bulgarian University has also had a new joint curriculum since 2022 with the University of York, United Kingdom – in the specialties of English and Professional Communication.

Number of joint curricula between Sofia tertiary schools and foreign-based tertiary schools in 2022



Source: Rating System of Tertiary Schools in Bulgaria web portal

The Times Higher Education 2022 global ranking of tertiary schools contains 2 Bulgarian universities, both in Sofia – SU St. Kliment Ohridsky and Technical University-Sofia.

Sofia is a hub of not only tertiary education, but also of school education.

The general education- and specialized schools in Sofia during the academic year 2021/22 were 239. Compared to the previous year, there are 5 more general education schools. Pupils number 117 900, compared to the previous year, the pupils in this educational degree level increased by 1.4%. Teachers (incl. teaching headmasters and assistant headmasters) in general education- and specialized schools during the academic year 2021/2022 were 10 800, or 2.4% fewer compared to the previous year.

Vocational education is less pronounced within the school education system in Sofia but this definitely does not mean that there is no interest in such education. During the academic year 2021/2022 vocational training took place in 5 arts schools, 4 sports schools, and 29 vocational secondary schools.

The total number of those studying under vocational curricula is 21 600. Boys are predominant in vocational education, accounting for 60.2% of the total number of students in this educational degree.

Among the professional directions interest is strongest in the specialties of Transport Equipment Technician, Computer System Technician, Electrician, and Economist. Such preferences largely reflect the gradually growing role of high-tech services in Sofia's economy. There is every reason to expect increasing interest in the vocational directions associated with the ICT sector in the coming years.

Preschool education

During the academic year 2021/2022 282 autonomous kindergartens were in operation in Sofia, with 44 600 children enrolled therein. The scope of children at this educational level, as calculated via the group net enrollment coefficient, for the academic year 2021/2022 was 81.6%, or 2.3 percentage points more compared to the previous year. The average number of children attending a kindergarten in the capital city is 158, one group being formed by an average of 24 children. The pedagogical staff employed in kindergartens is 4 200. Child level teachers are 3 800, or 90.4% of pedagogical staff.

During the academic year 2021/2022 85 private kindergartens were officially registered in Sofia. These are attended by 4 301 children, or 9.6% of all enrolled in kindergartens.



35



²²The group net coefficient of children enrolled in kindergartens is calculated percentage-wise, as a ratio between the number of children in kindergartens, aged 3–6, and the population number for the same age group

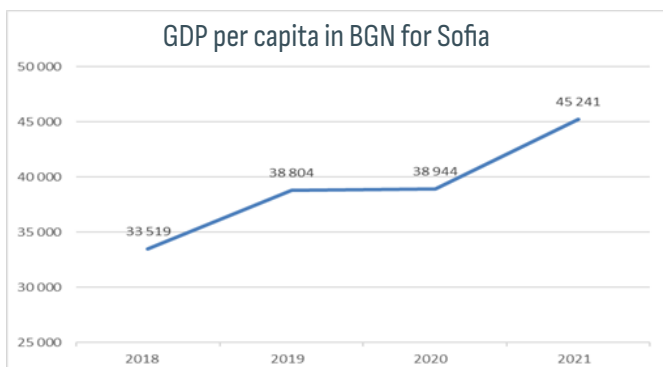
Sofia's economy dominates the country's economic map. The capital city's gross domestic product (GDP) was over 59 bn. BGN in 2021, accounting for 43% of Bulgaria's economy. As a matter of comparison – the capital city's economy is 6-fold bigger than that of Plovdiv region and 7- fold bigger than that of Varna region.

Distribution of the number of companies by region in Bulgaria:

Region	Number of Companies	Percentage
Sofia (Capital)	59,172	43%
Dobrich	10,333	7%
Varna	8,389	6%
Plovdiv	6,472	5%
Shumen	6,236	4%
Sliven	4,547	3%
Kardzhali	3,785	3%
Gabrovo	3,179	2%
Lovech	3,112	2%
Montana	2,976	2%
Yambol	2,905	2%
Razgrad	2,768	2%
Targovishte	2,691	2%
Kustendil	2,179	2%
Pernik	2,091	2%
Smolyan	2,045	1%
Silistra	1,892	1%
Vidin	1,892	1%
Blagoevgrad	1,731	1%
Ruse	1,691	1%
Veliko Tarnovo	1,601	1%
Pleven	1,456	1%
Pazardzhik	1,408	1%
Vratsa	1,367	1%
Haskovo	1,321	1%
Stara Zagora	1,321	1%
Sofia	1,321	1%
Burgas	1,321	1%
Shumen	1,321	1%
Sliven	1,321	1%
Kardzhali	1,321	1%
Gabrovo	1,321	1%
Lovech	1,321	1%
Montana	1,321	1%
Yambol	1,321	1%
Razgrad	1,321	1%
Targovishte	1,321	1%
Kustendil	1,321	1%
Pernik	1,321	1%
Smolyan	1,321	1%
Silistra	1,321	1%
Vidin	1,321	1%

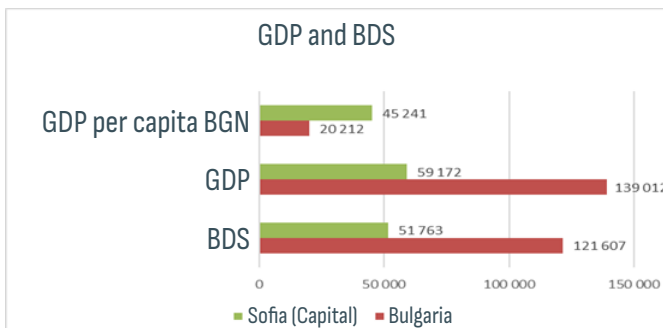
Source: NSI, GDP – regional level

Sofia plays a growing role in the country's economy. This results in an influx of population to the capital city, which attracts staff and talent from all over the country, due to the much better education and labor market opportunities. During a 20-year period Sofia has increased its share in the national economy from under 30% at the millennium's start to 43% in 2021. The 2021 census reported that 19.5% of Bulgaria's population resides in Sofia – compared to 17.5% in 2011, illustrating that the capital city's weight on the economic map is twice the size of its population. In 2021 per capita GDP in Sofia reached 45 200 BGN, over 2.2-fold above the country average Bulgaria. Over a four-year period (2018 – 2021) per capita GDP in Sofia registered a growth of nearly 26% compared to the 19% for the country overall.



Source: NSI Macroeconomic statistics

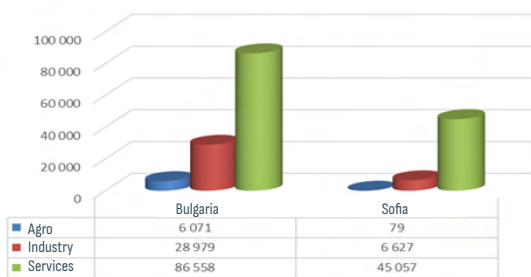
The capital city considerably outstrips the other economic centers in the country even after differences in scale are factored in, this being the outcome of the capital city's complete domination in the services sector.



*Data about preceding years have been modified in accordance with the revision of national accounts in October 2022

Sofia's economy is traditionally dominated by the services sector. In 2021 the gross value added of the services sector exceeded 45 bn. BGN, which stands for over 87% of the gross value added of Sofia's economy, compared to the services sector's share in the national economy, which is around 71%. The industrial sector's gross value added exceeds 6,6 bn. BGN and accounts for almost 13% of the gross value added of Sofia's economy. Industry generates circa 24% of the total value added in the country, reflecting the more balanced distribution of industrial enterprises in the country. Vis-a-vis the national economy, Sofia gets almost 1/4 Bulgaria's industrial value added and over 1/2 of the services sector's value added.

Gross added value by sectors in Sofia and Bulgaria 2021 BGN millions



Source: NSI

Sofia's economic characteristics are complemented by regional impacts and development of the peripheral areas of the capital city. Numerous industrial enterprises and logistics centres are outside the capital city, within adjacent municipalities. Sofia region, which is where the most municipalities closely associated with Sofia's economy are located, is also the region with the strongest pronounced industrial characteristics. The industrial value added of Sofia (region) exceeded 2 bn. BGN in 2021, being generated by mining and processing enterprises in the Srednogorie area, as well as by the operations of industrial enterprises located in the capital city's immediate vicinity – such as, the territory of Bozhurishte and Kostinbrod.

SOFIA'S ECONOMY BY SECTORS

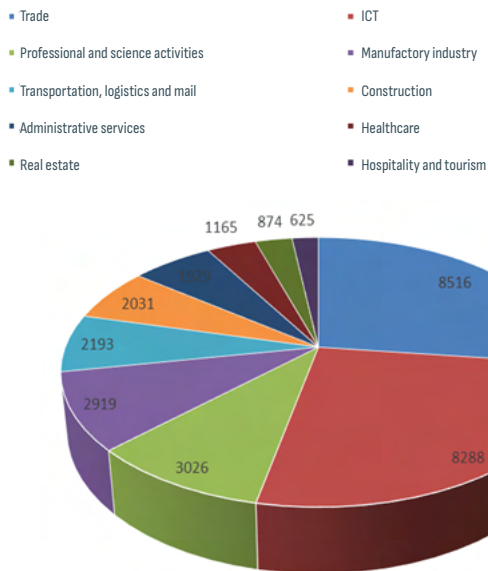
In 2021 the gross value added of non-financial enterprises in Sofia reached 32,7 bn. BGN. The value added of the trade sector amounts to 8,5 bn. BGN, while the ICT services sector's value added reached 8,3 bn. BGN.

In fact, over half of the value added of non-financial enterprises in the capital city's area is generated by these two sectors alone.

Sustainable growth is registered by digital technologies. The ICT are expected to gain the highest share of the value added of enterprises in Sofia in the coming years.

The professional sector's value added exceeds 3 bn. BGN, that sector also being affected by the digital environment and the development of the services market in Sofia.

Value added of non-financial enterprises in Sofia (mil. BGN, 2021)

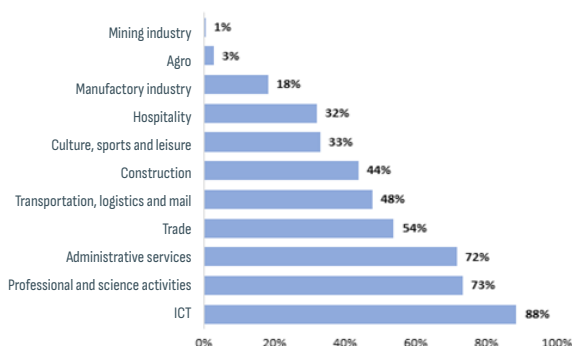


Source: NSI

Sofia's economy is notable for the higher average value added of employees, which is the result of accumulated investments and recruitment of the best skilled staff. In 2021 the value added per employee in Sofia exceeded 50 000 BGN, as compared to circa 35 000 BGN in the national economy. The highest value added per employee in Sofia is in the ICT sector, to the amount of circa 88 000 BGN per employee. The value added per employee in the real properties sector is 84 000 BGN, which is the outcome of rapid development of the real property market in the capital city and number of transactions in recent years. The next highest values added are the professional sector (63 000 BGN) and trade (56 000 BGN).

The sectoral distribution of value added clearly illustrates the key role played by Sofia in the national economy. The Sofia region-based enterprises account for 88% of the value added of all enterprises countrywide in the ICT sector, as well as 72-73% of the value added of all enterprises in the domain of professional and administrative services. In the trade, transport, and construction sectors the value added of enterprises in the Sofia region is around half of the national value added.

Value added of enterprises in Sofia as a share of all enterprises countrywide, selected sectors (% , 2021)



Source: NSI

OVERVIEW OF MAJOR SECTORS DURING THE PANDEMIC YEAR

The severe restrictive measures associated with the pandemic during 2020 disproportionately affected various sectors of the capital city's economy. Nevertheless, Sofia stayed competitive and regained its pace relatively quickly.

In 2021 Sofia's economy registered strong growth in the digital sector, recovery in trade, tourism, and entertainment, as well as growth in the revenues of energy companies. In 2021 the net sales revenues of non-financial enterprises in the capital city are nearly 171 bn. BGN, growing by 22.6% compared to 2020.

Net sales revenues of non-financial enterprises in Sofia (mil. BGN)



Source: NSI

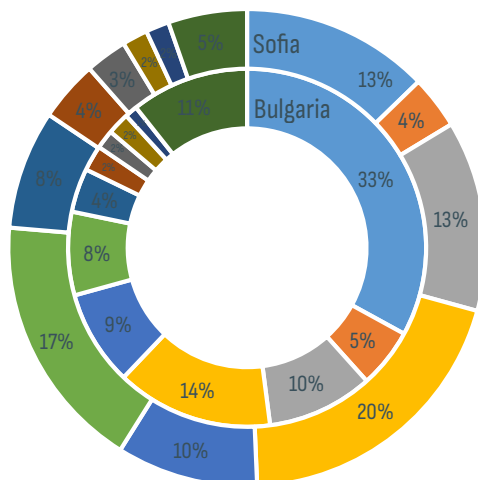
The value of the output generated by enterprises in Sofia reached 81 bn. BGN, with a 7% growth reported in 2021.

Economic situation in the capital city differs considerably from that countrywide. The manufacturing sector provides just 13% of the output in Sofia, that share being 33% in the national economy. The major sectors of Sofia's economy are trade, with 20% of enterprise output, and ICT with 17% of enterprise output. The digital sector kept growing this year, continuously increasing its share.

Construction is also one of the leading sectors in Sofia's economy, contributing 13% of the output generated. It successfully went through the pandemic in 2020 and registered record growth, however, in 2021 construction took a significant step back, being the only sector in the capital city to have a significant decline of both output and sales revenues – a drop in the order of 25%.

Share of sectors in the output generated in Sofia and Bulgaria (%, 2021)

- Processing industry
- Electricity generation and distribution
- Construction
- Trade and repairs
- Transport, warehousing, and postal services
- ICT
- Professional activities and R&D
- Administrative activities
- Real estate transactions
- Hotels and restaurants
- Culture, sports, and entertainment
- Other operations



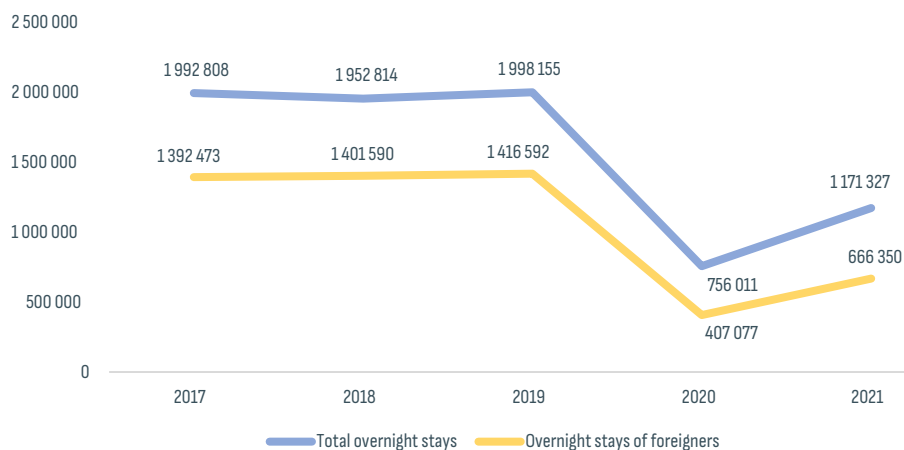
Source: NSI

DYNAMICS AND SPECIFICS OF TOURISM IN SOFIA

In the pre-pandemic years the capital city asserted itself as a leading destination for urban tourism in Bulgaria and the surrounding region. It is the outcome from both the city's development and the easier access attributable to frequent low-tariff flights, as well as from the increasingly popular online platforms for short-term rentals. Other significant factors include affordable prices in public catering establishments, entertainment locations, and other associated services Sofia when compared to other European capital, making it even more attractive. Apart from tourism travel, the capital city is also a leading destination for business travel in the country. The pandemic had a severely negative impact on tourism travel in 2020, but swift recovery was observed in 2021 and 2022.



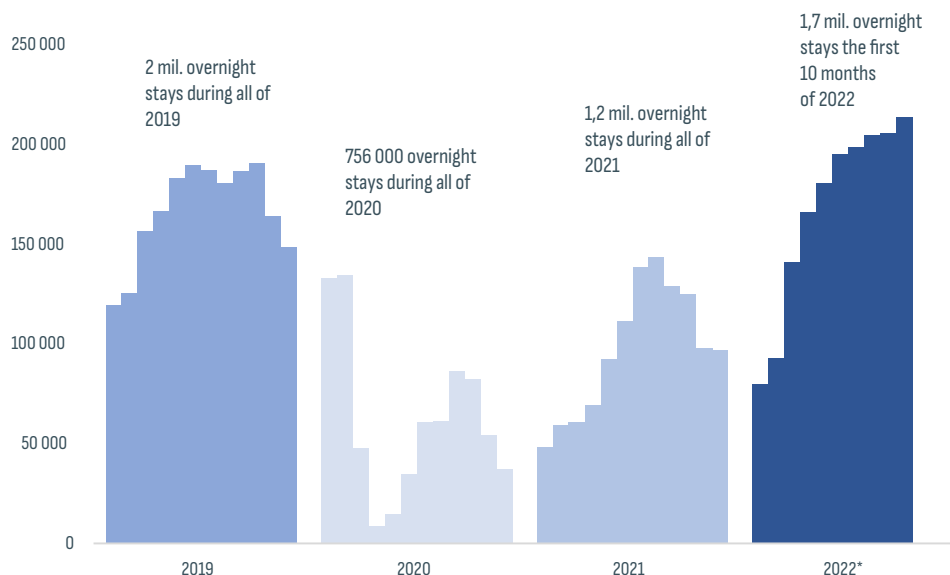
Number of overnight stays in Sofia, foreigners included, 2017-2021




Source: NSI

Up to 2019 the number of overnight stays in the capital city stayed relatively stable – some 2 mil. overnight stays per year, over 1.4 mil. of those by foreigners. Suspension of nearly all air traffic and the severe restrictions on travel and social life during the pandemic year of 2020 dealt a heavy blow to tourism in Sofia, the overnight stays plummeting below 800 000 for the entire year. In 2020 there were months with almost total absence of foreign tourists in the capital city. The total number of persons staying a night or more in Sofia in 2020 was barely 420 000, compared to over 1 mil. prior to the pandemic. In 2021, when most restrictions were lifted and vaccination became common, a resurgence of tourism travel was observed, with nearly 1.2 mil. overnight stays and 600 000 persons staying overnight being registered in Sofia. The recovery of tourism visits and overnight stays by Bulgarians is almost total, whereas data concerning foreigners indicate that international tourism recovered only partially in 2021. In 2022 there was already near complete recovery with 1.7 mil. overnight stays and 800 000 persons staying overnight being registered over just the first 10 months of the year. Considering the upwards trend during the year, one can assert that by the end of 2022 the return to the pre-pandemic numbers of tourism travel to Sofia is complete, incl. in regards to foreigners. This undoubtedly has a positive effect on the capital city, as made evident by the dynamic urban environment and the positive data in the sectors of trade, transport, hotels and restaurants. According to latest data, the main countries of origin of tourists in Sofia are Izrael, Greece, Germany, UK, and Italy.

Humber of overnight stays in Sofia, by months (2019-2022)



Source: NSI



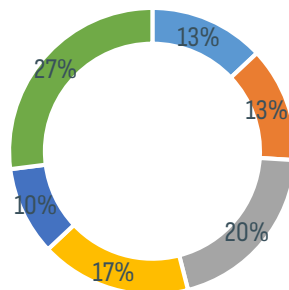
platforms, 2 100 properties in the capital city are posted for short-term rentals as at Q3 of 2022, 98% of those being on Airbnb. A decline is observed in that type of properties, compared to peak of 3 000 in the pre-pandemic year, but also a minor increase, when compared to nadir of early 2021, most likely in result of the properties being used for longer-term rentals. That type of properties alone increases the available beds in the capital city by at least 4–5 000. Throughout 2021 Sofia generated revenues from overnight stays to the amount of 88 mil. BGN – an increase when compared to the reported 60 mil. BGN for 2020, but nearly 2-fold less than the 167 mil. BGN generated in 2019. During the first 10 months of 2022 revenues reached 143 mil. BGN, illustrating that recovery is now a fact of life. When the overall benefit for Sofia's economy from the tourism industry are evaluated, one has to also factor in the other spending, which usually is between 2-fold to 3-folder higher than the cost of the overnight stays. Thus, evaluation of the total inflows from tourist visits to Sofia is to the order of at least 300– 400 mil. BGN in 2021.

THE CONSTRUCTION MARKET AND ITS EMERGENCE FROM THE PANDEMIC

Sofia's economy reported significant growth in 2021 Net sales revenues of non-financial enterprises in the capital city reached almost 171 bn. BGN, a 22.6% growth compared to 2020. The significant growth in company revenues was caused by both the swift recovery of Sofia's economy, as well as the high inflation reported in all economic sectors. Revenue increase of Sofia-based companies is observed in almost all sectors, with trade, energy, and digital services having the biggest contribution in 2021. Construction is also among the leading sectors of Sofia's economy, generating 13% of the output produced. In 2021, however, construction took a significant step back, being the only sector in the capital city to have a significant decline of both output and sales revenues – a drop in the order of 25%. Unlike other sectors, construction successfully went through the pandemic, reporting record growth in 2020. In 2021 the dynamic changed, with Sofia's economy returning to its usual drivers – fronted by the digital sector, supported by increased money circulation in trade, and the considerable revenues of the energy sector.

Share of major sectors in the output generated in Sofia (% , 2021)

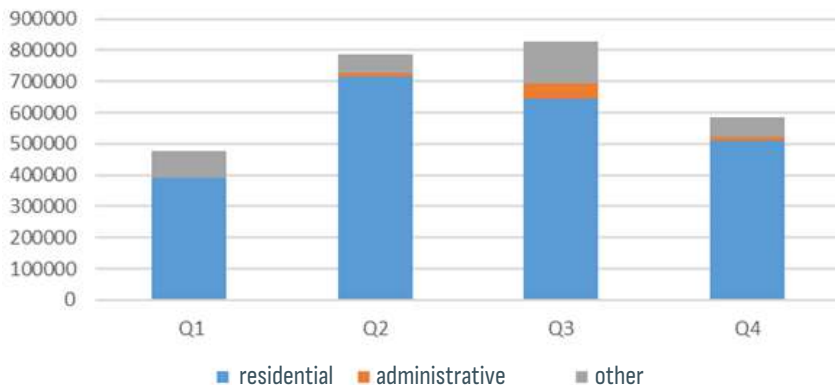
- Processing industry
- Construction
- Trade and repairs
- Information and communication technologies
- Transport, warehousing, and postal services
- Other operations



Source: NSI

Construction permits issued for new buildings in 2022 in Sofia

Area of the issued permits per square meter for 2022

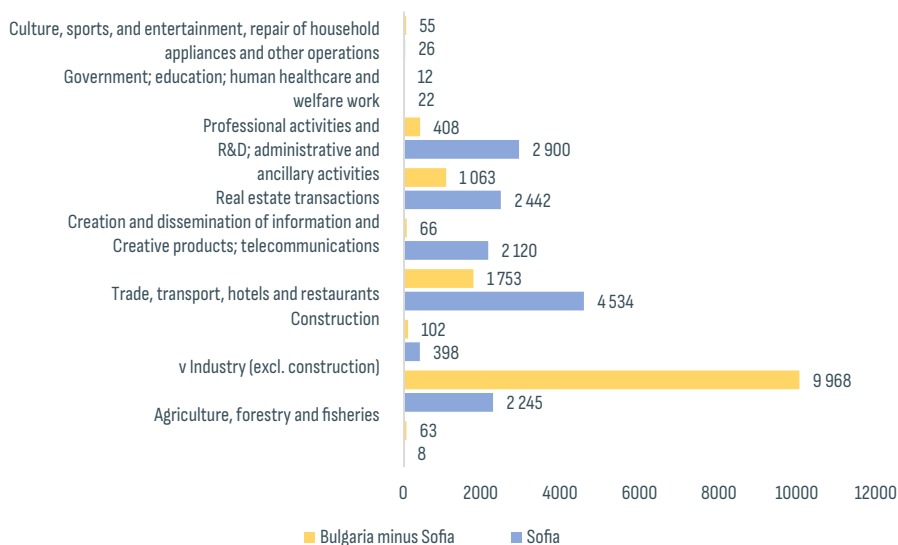


Source: NSI

FOREIGN DIRECT INVESTMENTS

Given that it accounts for nearly 43% of the national economy, it comes as no surprise that Sofia is almost a hub of investment activity in the country. As at the end of 2021 the capital city concentrated 14.7 out of a total of 28.2 bn. EUR of accumulated foreign investments in the overall economy of Bulgaria. When weighted vis-à-vis the population in Sofia, foreign capital reaches 11 200 EUR per capita, compared to 4 100 EUR per capital for Bulgaria overall. Foreign investments, especially in the flagship sectors, are among the crucial factors underlying the swift growth of both Sofia, as well as its adjacent and closely associated peripheral municipalities.

Преки чуждестранни инвестиции с натрупване в София и останалата част на България, млн. евро, 2021 г.

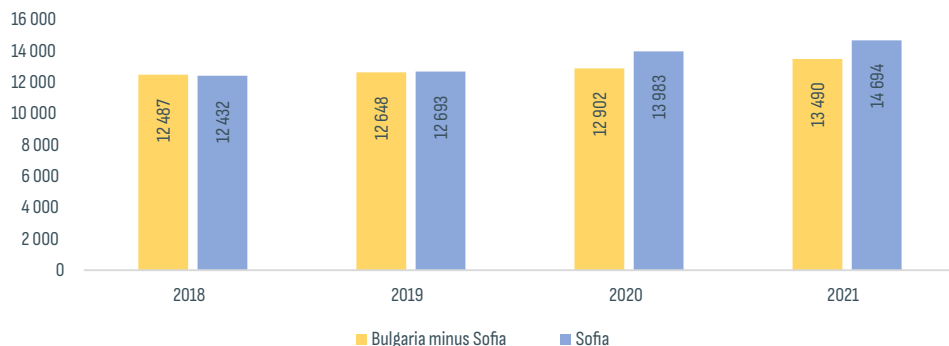


Source: NSI, calculations of IME

The sectoral distribution of foreign investments in Sofia and the rest of the country yet again emphasize the considerable differences in the economic structuring. The capital city attracts more foreign capital in all sectors, except for industry and agriculture. Particularly visible is the concentration in ICT – Sofia reported 2.1 bn. EUR of foreign investments, compared to barely 66 mil. EUR in the rest of the country.

In outsourcing operations, the capital city also has a big advantage – 2.9 bn. EUR of foreign capital, compared to 408 mil. For the country. At this point in time, despite the market saturation expectations, the concentration of investments in high tech in the capital city continues to play the role of a key driver for the local economy's development. Distribution of investments is more uniform in transport, tourism, and trade, which is explained by the strong flow of tourists to the seaside and mountain resorts, as well as the sizable expansion of retail chains beyond Sofia and the development of logistics centers. It should be factored in, however, that when looked at in aggregate, transport, tourism, and trade are still sectors where the most foreign capitals are invested in Sofia – a total of over 4,5 bn. EUR, accumulated, as at the end of 2021.

Accumulated foreign direct investments in Sofia and the rest of Bulgaria (mil. EUR, 2018-2021)



Source: NSI

When considered in dynamic terms, the volume of foreign investments in Sofia maintained relative stability until the pandemic onset, registering a significant growth afterwards. The biggest contribution to growth during the past two years was provided by R&D, professional and administrative activities, incl. outsourcing of services – an over 1.1 bn. EUR growth or 65% during the 2019-2021 period. ICT also report growth in foreign capital invested – an almost 400 mil. EUR growth or 23% for the same period. Extra growth of foreign capital, to the order of 250-300 mil. EUR, is reported in industry, as well as by the aggregated sector of trade, transport, hotels & restaurants. Growth of foreign investments in Sofia in recent years clearly illustrates the overall trend of swift recovery of Sofia's economy from the pandemic, as well as the leading role of high tech.

FOREIGN CURRENCY

The centralized exchange rate of the Bulgarian lev is pegged at 1 EUR = 1.95583 BGN. In summer 2020 Bulgaria was officially admitted to the currency mechanism ERM I, the so-called “waiting room” for the Eurozone. According to European rules, the exchange rate must not deviate by more than 15% in the course of at least two years, so that the stay in ERM II could be considered a successful one. Bulgarian lev’s accession to the currency mechanism is an expected economic move, which is planned in the supranational agreements between Bulgaria and the EU. The currency convergence mechanism is an auspicious domain for the development of Bulgaria’s economy, which presumes reasonable objectives and decisions.

CREDIT RATINGS

S&P	BBB	Stable	November 2022
Moody's	Baa1	Stable	October 2020
Fitch	BBB	Positive	November 2022
Scope Ratings	BBB+	Stable	December 2021

Source: Ministry of Finance

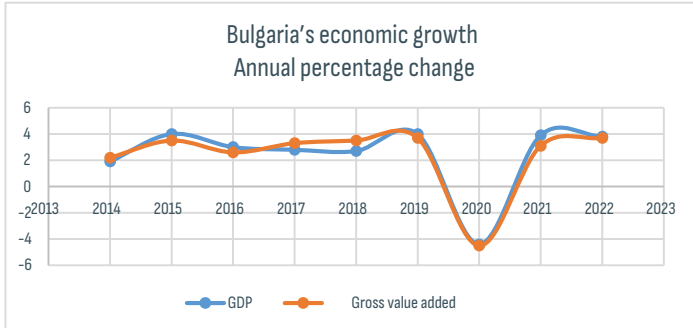
Credit rating of Sofia

S&P	August , 2022	BBB	Stable
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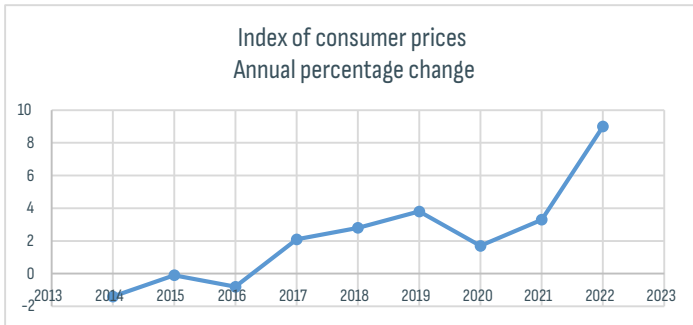
Source: Ministry of Finance



MACROECONOMIC INDICATORS

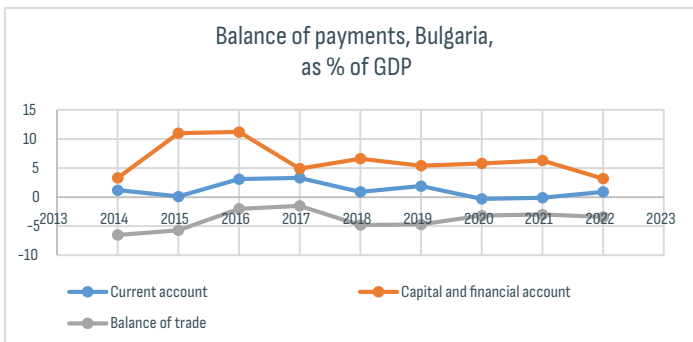


Source: Bulgarian National Bank



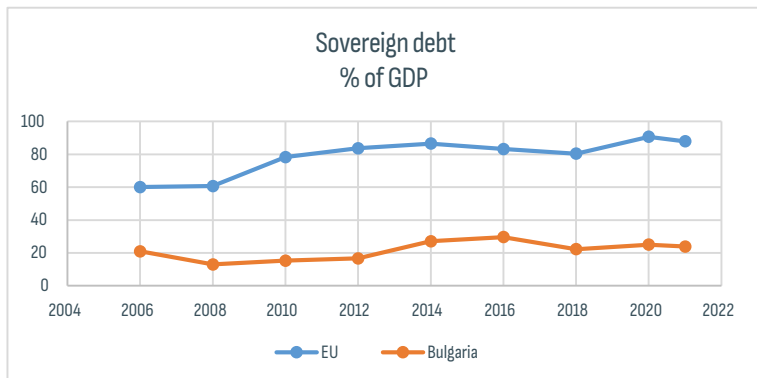
Source: Bulgarian National Bank

*The 2022 data are presented as an average value until Q3 inclusive

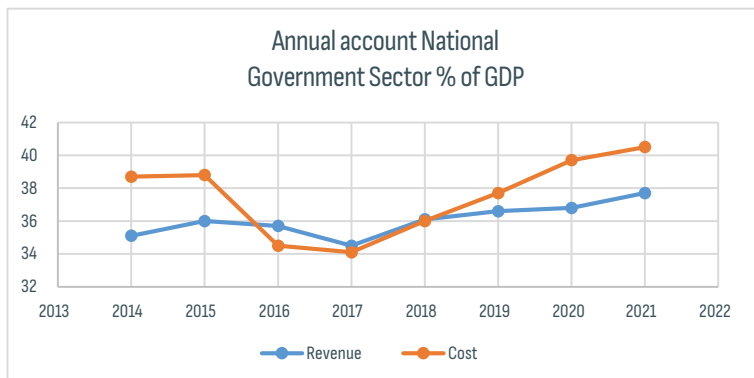


Source: Bulgarian National Bank

*The 2022 data are from Q3



Source: NSI



Source: Bulgarian National Bank



SOFIA'S ECONOMY AND ITS EMERGENCE FROM THE PANDEMIC

In late 2022 Bulgaria finds itself amid conditions of continued political instability and tangible economic risks caused by the high inflation rate and the expected slowdown of the European and local economies in 2023. Nevertheless, Sofia's profile and competitive advantages keep shaping positive expectations in the medium term. The influx of staff and talent from the rest of the country, as well as post-pandemic resumption of international traffic outline a dynamic social environment in the coming years, along with development potential. The flagship role of the digital sector, which successfully came through the pandemic and reported strong dynamics over the past two years, presumes continuing growth of investments, value added, and number of jobs in the sector. Even though digital companies started penetrating into the country's secondary centers, Sofia keeps dominating and remains the main destination for tech companies.

Data from the 2021 census also reveal the capital city's potential as an investment destination, which spans beyond the administrative boundaries of Sofia municipality. Sofia attracts people from numerous nearby settlements, with the day-to-day migration enabling the capital city to considerably increase its workforce. In addition, the impetuous growth of industry in Sofia's periphery also spurs much higher labor mobility in the region and various career growth opportunities. The very good education structure of the Sofia workforce supports the local economy's profile and is favorable for the development of the tech sector and high value-added services.

BANKING SYSTEM

In November 2022 the banking system's assets grew by 199 mil. BGN. (0.1%) to reach 151.2 bn. BGN. Debt securities and the credit portfolio grow on a monthly basis. Due to the decline in the Cash, Cash Balances at Central Banks, and Other Sight Deposits position, its share in the structure of balance sheet assets declines to 18.2% (from 18.9% at October's end). At November's end, the share of debt securities is 15.3%, while the share of loans and advances is 62.2% (respectively, 15.0% u 61.6% at October's end). The liquidity coverage ratio as at November 30, 2022 was 260.2% (compared to 253.5% at October's end). The liquidity buffer amounts to 39.7 bn. BGN., while the net liquidity outflows are – 15.3 bn. BGN. (compared to 38.4 bn. BGN. and 15.1 bn. BGN. at October's end, respectively). The total gross loans and advances increase on a monthly basis by 980 mil. BGN. (1.0%) to 97.7 bn. BGN. at November's end. Receivables from credit institutions decline by 131 mil. BGN. (1.1%) to 11.9 bn. BGN. The banking system's Gross Credit Portfolio 2 grows by 1.1 bn. BGN. (1.3%) up to 85.7 bn. BGN. Compared to October's end, loans to non-financial enterprises and households increased by 635 mil. BGN. (1.4%) and 413 mil. BGN. (1.2%), respectively. Also on the rise are loans for the national government sector (by 33 mil. BGN., 3.3%) and those for other financial enterprises (by 30 mil. BGN., 0.5%). At November's end deposits in the banking system amount to 130.1 bn. BGN., whereas compared to October's end they grow by 34 mil. BGN. (0.03%). Household deposits grew by 482 mil. BGN. (0.7%), while those of other financial enterprises – by 464 mil. BGN. (12.2%). Deposits of credit institutions declined (by 570 mil. BGN., 6.9%), those of non-financial enterprises – by 336 mil. BGN., 0.8%, as well as those of the national government sector (c 5 mil. BGN., 0.1%). Compared to October's end own equity in the banking system's balance sheet grew by 240 mil. BGN. (1.4%) reaching 17.0 bn. BGN. at 30 November, 2022, under the impact of growing earnings during the reporting period, as well as positive dynamics in the accumulated other comprehensive income. As at November 30, the banking system's earnings are 1.9 bn. BGN., 570 mil. BGN. (43.1%) more than the earnings reported for the 11 months of 2021. The expenses for impairment of financial assets not reported at fair value into earnings or loss, declined by 18 mil. BGN. (3.6%) compared to those accrued as at 30 November, 2021 and amounted to 474 mil. BGN at November's end, 2022.



Grouping of banks, as at November 30, 2022

The Banking Supervision department of BNB groups banks in order to outline the dynamics of processes in the banking system. The grouping does not entail any rating elements and must not be interpreted as an appraisal of their financial position. The banks' placement in the groups depends on the amount of their assets at the end of each reporting period. Group One consists of the 5 largest banks, based on their total assets for each reporting period, Group Two – consists of the other banks, while Group Three comprises the branches of foreign banks in Bulgaria.

» Group One

- 1.UniCredit Bulbank
- 2.DSK Bank
- 3.EuroBank
- 4.United Bulgarian Bank
- 5.First Investment Bank

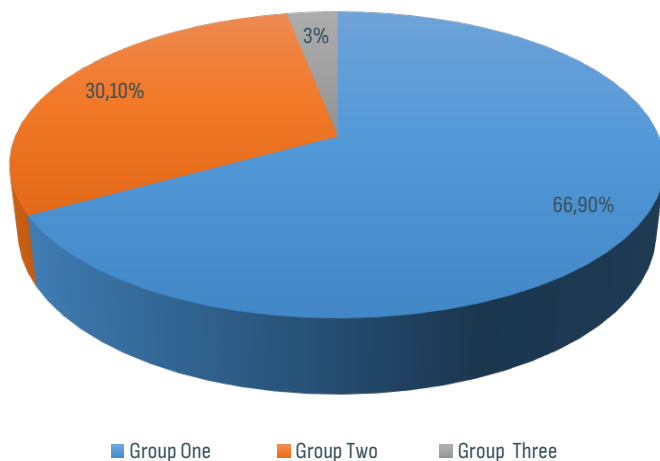
» Group Two

- 1.KBC Bank Bulgaria
- 2.Central Cooperative Bank
- 3.Alianz Bank Bulgaria
- 4.ProCredit Bank (Bulgaria)
- 5.Bulgarian Development Bank
- 6.Investbank
- 7.Bulgarian-American Credit Bank
- 8.International Asset Bank
- 9.Municipal Bank
- 10.TBI Bank
- 11.Commercial Bank "E"
- 11.Texim Bank
- 12.Tokuda Bank

» Group Three

- 1.Citibank Europe – Bulgaria branch
- 2.ING Bank N.V. – Sofia branch
- 3.BNP Pariba Personal Finance S.A. – Bulgaria branch
- 4.BNP Pariba S.A. –Sofia branch
- 5.TG Ziraat Banksi –Sofia branch
- 6.Varengold Bank, Sofia branch
- 7.Bigbank AS – Bulgaria branch

Market share by amount of assets at the end of 2021



The five biggest bank, according to the classification of the Banking Supervision department of BNB, fall into the s-called Group One banks, account for 66.9% of the total amount of assets in the banking system. At the end of 2020 their market share was 66.6%. At 31 December 2021, the market share of Group Two banks declined from 30.2% to 30.1%, while the share of Group Three banks, where branches of foreign banks are placed, declined from 3.2% to 3%.

Source: BNK

BULGARIAN STOCK EXCHANGE

Bulgarian Stock Exchange – Sofia AD (BSE) is a public company, which enables banks, investment brokers, company managers, pension-social security companies, insurance companies, and other companies or individual investors to buy or sell shares of publicly traded joint-stock companies, special-purposes vehicles, investment funds, bonds, compensatory instruments, and other less popular financial instruments. The main aspiration of BSE vis-à-vis the investors is to ensure equal access to market information and equal terms of participation in the trading of securities, whereas vis-à-vis Bulgarian businesses – to assert the stock exchange as a fundamental tool in the economy, whenever sources of funding are sought.



FINANCIAL SUPERVISION

The Financial Supervision Commission /FSC/ of Republic of Bulgaria is a specialized national regulatory body overseeing the financial system, outside the banking sector, where supervision is carried out by Bulgarian National Bank. It is a body independent of the Council of Ministers and reports its operations before the parliament. The main mission of FSC is to enhance the development of a transparent and efficient capital market.

STARTING A BUSINESS IN SOFIA

Establishing a 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 interest of foreign legal entities and individuals.

Types of business companies:

- Unlimited partnerships
- Joint-stock companies (sole-owner joint-stock companies)
- Limited partnerships
- Limited partnerships with shares
- Limited liability companies (sole-owner limited liability companies)
- Sole merchants

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.

FEES AND TURNAROUND TIMES FOR REGISTERING A BUSINESS

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

Limited Liability Company (OOD)

Trade or holding activities:

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

Joint Stock Company (AD)

- Minimum required capital - 25 000 EUR
- Minimum required paid-up capital - 25% of the total capital
- Must have at least 1 Board Chair, 3 Board Members and 1 Shareholder
- No nationality restrictions for Board members and Shareholders
- Annual audit

Registering a business – fees and turnaround times

Procedure	Time (business days)	Fee
Implementation of the minutes from the constituent meeting	1 day	none
Obtaining a notarized statement of consent and signature specimen of the manager, and a verified copy of the company's Articles of incorporation	1 day	5 BGN
Depositing the subscribed capital in the bank	1 ay	10 -30 BGN
Registration in the Commercial Register of the Registry Agency	2 days	55 BGN for online registering
VAT registration	12 days	няма
Purchase and registration of fiscal device (cash register)	2 days	50 - 200 BGN
Registering the employees with the National Revenue Agency	Less than one day, online procedure simultaneous with previous procedure	none
Registering the commercial site of the company (in case the company will operate commercial sites)	1 week	none

TAXES AND FEES

Tax/fee	No. of payments	Tax rate	Tax base
Corporate tax	1	10%	Taxable income
Value -added tax (VAT)	1	9% [temporary rate, effective until 31 December 2022, stated in the Bill of Amendment of the Value Added Tax Act (BoA of VAT Act). 20%	Value added
Social security contributions	1	19.30%	Gross salary (monthly cap is 3 4 00 BGN)
Utility fees (non -residential waste collection tax in Sofia)	1 (4 instalments)	10 % (promiles)	Book value and/or number of waste containers used
Notarial Real estate transfer fee	1	30 to 1531 BGN + 0.1% - 1.5% of the property value (max . 6 000 BGN) 20% VAT is charged on notarial fees	Tax assessment value or the sale price (whichever is higher)
Real estate transfer tax	1	3%	Tax assessment value or the sale price (whichever is higher)
Property tax	1 (in 2 installments)	1.87 5%	Tax assessment value or the sale price (whichever is higher)
Vignette *	1 - 12	97 - 2 088 BGN (Annual charge for various vehicle types)	Vehicle type
Vehicle tax **	1 (in 2 installments)	16 - 1 313 BGN (Annual tax for various vehicle types)	Vehicle type
Insurance premium tax	1	2.0%	Insured value
Final/ one -off tax on some expenses (e.g. hospitality expenses, social expenses in -kind)	1	10% (there are exceptions)	Gross expenses
Tax on fuel	1	-	Incorporated in the fuel price

* 2022 Vignette

**Vehicle tax: 83 BGN for a 4-year old vehicle being at EURO 6 standard and registered in Sofia

INVESTMENT INCENTIVES

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

	National, issued by the Bulgarian government, via the Bulgarian Investment Agency			Local, issued by Sofia Municipality, via the Invest Sofia Agency
	Priority	Class A	Class B	Class C*
Amount of investment	€ 50 M 50-150 jobs	€ 1- 5 M 25-150 jobs	€ 599 K - 2 M 10-100 jobs	up to 1 M >1 job
Fast-tracked administrative procedures	✓	✓	✓	✓
Right to purchase government or municipal properties without tender or competition	✓	✓	✓	✓
Individualized servicing	✓	✓		✓
Financial support for vocational training	✓	✓	✓	
Refund of the social security expenses	✓	✓	✓	
Funding for the development of supporting infrastructure	✓	✓		
Public-private partnerships	✓			
No tax imposed when land status is changed	✓			
Right to acquire properties below arm's length prices	✓			
Subsidies for R&D	✓			

* Class C is awarded for projects within the territory of Sofia municipality

CERTIFICATION CRITERIA

1. Sector*:

To be awarded with Class A, B or Priority certificate, the investment must be in the sector of:

- Manufacturing
- Services including: High-Tech Operations 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 and number of jobs criteria.

2. New jobs created

3. Location of the investment

Bulgaria has signed double taxation treaties with 80 countries.

ARBITRATION COURT

There are numerous independent arbitration courts in Sofia that resolve civil and commercial property disputes, and also disputes aimed at filling gaps in a contract or its adjustments to newly arisen circumstances between parties, natural persons or legal entities. At this stage arbitration is mostly applicable to commercial disputes. It is governed by the framework of the existing applicable law and has long-standing traditions in Bulgaria



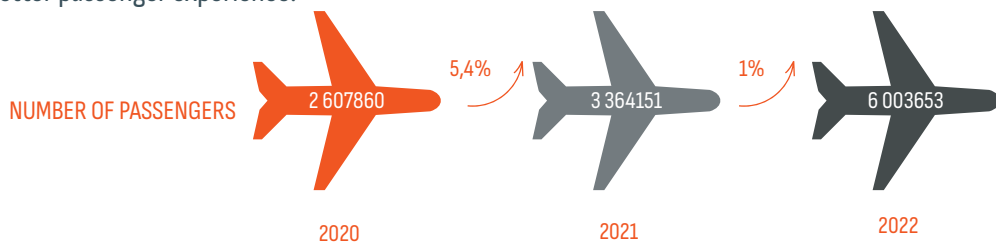
TRANSPORT AND CONNECTIVITY

SOFIA AIRPORT

Sofia has the largest airport in Bulgaria. Sofia Airport consists of two passenger terminals and two cargo terminals. Over 30 airlines carry out regular passenger or cargo flights, as well as seasonal tourism programs from and to Sofia. SIA research indicates that during the period 2015–2018 Sofia Airport opened lines to over 45 new destinations, while the number of passengers increased at a rate, which is among the highest for the 100 busiest airports in Europe. Development of low-cost flights also has a significant effect on the airport's workload. Out of over 7.1 million passengers on the eve of the pandemic (2019), over half flew a low-cost airline.

The travel restrictions introduced in 2020 posed significant challenges to the development of air transport in the country overall and of Sofia Airport in particular. Relatively swift recovery was observed in 2021, however, with the number of passengers during summer reaching 65–70% of their level during the pre-pandemic year of 2019. Europe is expecting to see a recovery of passenger traffic to the pre-pandemic levels as late as 2025.

In 2022 Sofia Airport served 6 003 653 passengers, which is considerably more than 2020 but also 1 mil. passengers less compared to 2019. The new concessionaire, selected in 2019 for the next 35 years, envisages the construction of a third terminal by 2030 and upgrade of the existing two terminals, development of new parking lots, reconstructions and improvements for the purpose of better passenger experience.



Passengers traveling on international regular lines in 2022 were 5 461 290, which is 17% less than 2019. 232 260 passengers flew to out seaside cities, an 18% decline. Charter passengers during the same period register an over 15%, numbering 250 521. Last year's top destinations were London, with over 400 000 passengers, Frankfurt with over 140 000 passengers, and Vienna with almost the same number of passengers.

SOFIA AIRPORT: TOP DESTINATIONS BY NUMBER OF PASSENGERS, 2020

1. London

2. Frankfurt

3. Vienna



INTERNET CONNECTIVITY

Sofia has one of the highest internet speeds in Europe in terms of both download and upload of information – respectively, 58.24 and 46.02 megabits per second (mbps). In 2021 Bulgaria exceeded the EU average in terms of both coverage of high-speed broadband next generation access (93% compared to 90% for EU), as well as the coverage of fixed very high capacity networks (VHCN) (85% compared to 70% for EU). To provide VHCN the optic lines to buildings (OLB) technology is used. OLB coverage increase from 75% in 2020 to 85% in 2021 (49% to 61% I rural areas). In terms of dissemination of fixed broadband internet access 63% of the households have coverage (compared to 78% for EU). In terms of connectivity, Bulgaria performs very well as regards OLB coverage (85% of the households, compared to 50% for EU). A monthly internet subscription for business clients ranges from BGN 35 / EUR 18 (50 mbps) to circa BGN 55 /EUR 28 (100 mbps), net of VAT. Higher speeds of up to 1 GBPS are also available.

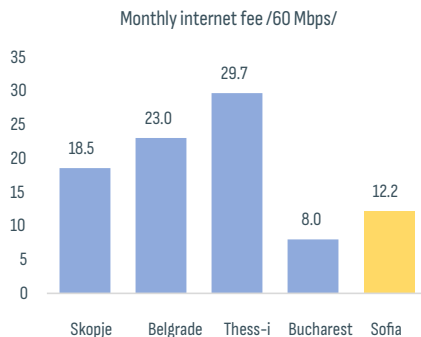
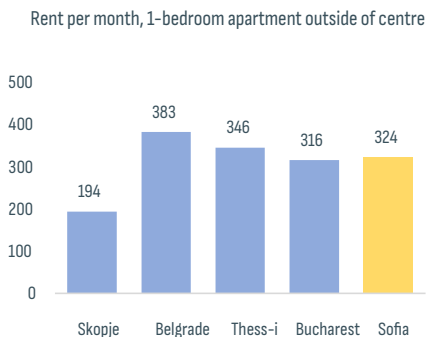
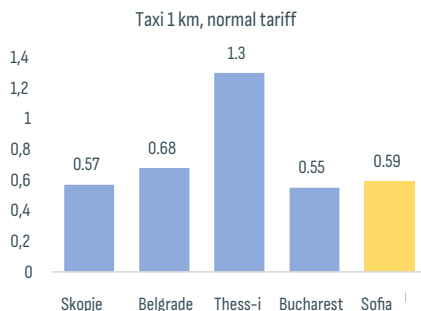
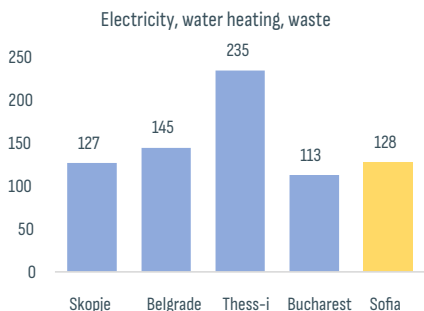
Source: <https://digital-strategy.ec.europa.eu/en/policies/countries-digitisation-performance>
testmy.net

ACCESS TO UTILITIES

A price comparison of the basic services ranks Sofia midway among the other big cities in the region. According to Numbeo, the average rate of utilities expenses for a medium apartment (85 sq. m.) and for a kilometer of taxi ride in late 2021 was only lower in Bucharest and Skopje. The standard of living and wages rise faster in Sofia than in the other reviewed cities. Bulgaria's capital is already catching up with Thessaloniki in terms of rents.

Sofia keeps some of the lowest prices of internet access for households, especially when compared to Thessaloniki. Reference checks in specialized sites reveal that Bulgaria's capital also boasts some of the highest average speeds of internet access, far ahead of Skopje and Thessaloniki.

Price of selected services in Sofia, Belgrade, Skopje, Thessaloniki and Bucharest, November 2022, EUR



*Source: Numbeo * Data provided by the site user, so may be inconsistent with official data*

OFFICE SPACES IN SOFIA

In 2022 the office space market in Sofia sustained a significant change, which has to do with the adoption of a flexible more od work and space optimization by many companies. The growth of business – office expansion link was actually severed. Remote work enabled many companies, especially those in the IT and BPO domain, to expand without renting further space. This means that despite the stabilized levels of rental agreements signed in 2022, the market is still unable to return to its 2018-2019 volumes.



2.5 M m²

**Available office space
classes A and B**



198 K m²

**Office space
in development**



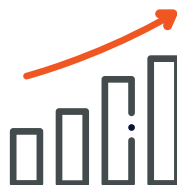
8-15 €/m²

**Rental prices –
classes A and B**



16.6%

Vacant spaces



7.75-8%

Prime yield

Source: Aibest annual report 2022

INDUSTRIAL SPACES IN SOFIA

The market is dominated by owner-occupied and built-to-suit developments. Nevertheless, over half of the office space in development are speculative. Most tenants are companies from the logistics and trade sectors, incl. e-trade.



1.1-1.3 M m²

Available industrial spaces classes A and B



365,240 m²

Industrial space in development



4.25- 4.6 €/m²

Rental prices



1.4 %

Vacant space



7.25%

Prime yield

Source: lading real estate agencies, Q3 of 2020 data

RETAIL SPACES SOFIA



391-425K m²

Available retail spaces



176 000 m²

Retail space in development



35 €/m²

Average rental price



6.6 %

Vacant space



7.5%

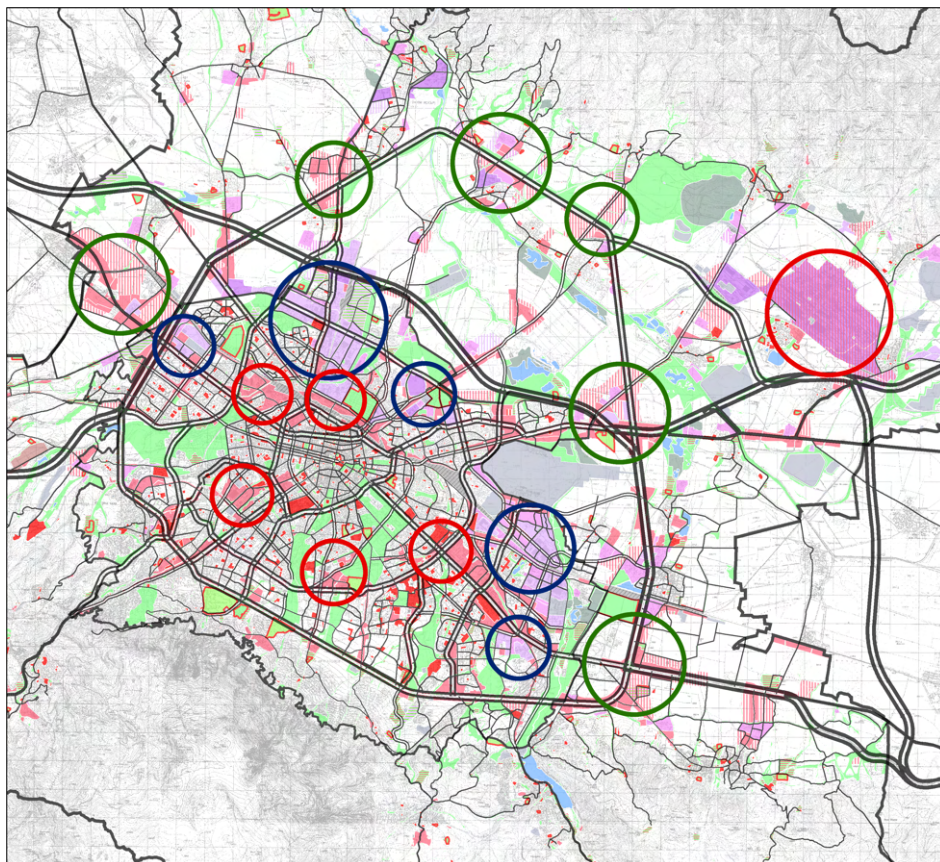
Prime yield

Source: Cushman & Wakefield report 2022 z.

SOFIA – AN ENTREPRENEURIAL HUB IN THE REGION

Sofia remains one of the most attractive investment destinations in the region, particularly in the domain of high-tech and service outsourcing. The reasons for this are both the well skilled workforce and the advantages derived from the country's EU membership, and the good infrastructural connectivity of Bulgaria's capital. As at 2022, Sofia has the lowest direct taxes in the region, giving it competitive edge over its regional competitors. Even though the tax environment in the region is increasingly competitive, Sofia keeps its advantages, including those from the perspective of macroeconomic predictability of the flat tax rate introduced 15 years ago.

MANUFACTURING-WAREHOUSING AREAS IN SOFIA



Source: https://nag.sofia.bg/FileBrowser/File?path=esoft/planove/OUP-2009_All_2009-08-10/13.pdf

BUSINESS ZONES

1. Todor Alexandrov BZ – Vazrazhdane district
2. Center BZ – Sredets district
3. Sofia-Square zone /in development/ - Vazrazhdane district
4. Hladilnika zone – Lozenets district
5. Capital Fort zone
6. Business Park Sofia
7. Bulgaria Blvd.
8. Sofia Airport zone
9. Kambanite zone
10. Garitage park
11. NV tower
12. Every Business Center
13. Trade Center Europe
14. Interpred
15. Fairplay Business Hub

Source: <http://www.isofmap.bg/>

INDUSTRIAL ZONES/PARKS

Image: Sofia Tech Park



SOFIA TECH PARK

The company's main goal is implementation of projects, which aim to directly benefit the development of the R&D, innovation, and technology capacity of Republic of Bulgaria. For that purpose Sofia Tech Park AD will partner with private and public clients in order to create and manage a unique innovation environment, create and implement educational programs, while providing support services as regards commercialization of new technologies, products, and services.

Line of business: The priority domains for development and business of Sofia Tech Park are ICT, life sciences, green energies, entrepreneurship, innovations, and support for start-up businesses. The park consists of several separate units interconnected by synergy, whose objective is development of innovations, technologies, science, and entrepreneurship.

- INCUBATOR
- LABORATORY COMPLEX
- EXPERIMENTARIUM
- THE JOHN ATANASOFF INNOVATION FORUMOB"

Source: <https://sofiatech.bg/about-us/>

The Discoverer supercomputer at Sofia Tech Park was launched in 2021 and is among the 100 most powerful machines in the world.

ELIN PELIN INDUSTRIAL PARK

Region: Sofia

Municipality: Elin Pelin

Location: south-western part of the town of Elin Pelin

Name: ELIN PELIN INDUSTRIAL PARK

Area: a total of 1 600 000 sq. m.

Operations hosted: The area is intended as a transport-logistics hub, it also hosts environmentally friendly consumer goods production facilities and hi-tech.

Infrastructure:

roads – railway line – in the proximity of Elin Pelin railway station and Stolnik railway station power supply – within the site water conduit – 3 km from the plot

gas – it is possible to gasify the area since the transmission gas conduit passes around 1 km away, offshoots with the required diameter may be laid, sewerage – 3 km from the plot, telecommunications – 3 km from the plot

Advantages:

- In proximity of city of Sofia and crucial infrastructure connections and sites, as well as in proximity of Bulgaria's biggest airport
- in proximity of grade I roads – E79, E83, E871 and E772
- In proximity of two railway stations (Elin Pelin and Stolnik), which have good infrastructure

Companies operating within the area: Overgas AD (natural gas), Bogaris Bul (investment), Paladin Property Development (real estate), Glorient Investment OOD (real estate)

<https://www.bcci.bg/bulgarian/zones/index.php?zone=42>

GORNA MALINA INDUSTRIAL ZONE

Region: Sofia

Municipality: Gorna Malina

Location: village of Gorna Malina

Name: GORNA MALINA INDUSTRIAL ZONE

Owners: Gorna Malina Municipality and private companies

Area: a total of 153 619 sq. m. – it is possible to expand the zone by about 200 000 sq. m. of privately owned land.

Operations hosted: The best developed economic sectors in Gorna Malina are the consumer goods industry, food and beverages industry, and mechanical engineering. There is currently a plan to develop a manufacturing zone and warehousing space. Only environmentally friendly industries will operate in the zone.

Infrastructure: roads, power supply, water conduit, sewerage.

Vacant space: land

Nearby cities, population: city of Sofia – 2 million residents.

Brief presentation: The zone is furnished with a water conduit (for both drinking and industrial needs) and sewerage in top condition. Power supply of 63 kV is available at the boundary of each plot in the zone. The site is still not gasified but the Municipality's plans are to bring the gas transmission infrastructure to the zone's boundaries within a year.

Apart from the well-developed infrastructure, the Industrial Zone also boasts the following advantages:

- Proximity to the largest market for consumer goods and services in Bulgaria;
- Vacant plots;
- Favourable geographic location and resources available to develop environmentally friendly and cultural tourism;
- Clean environment.

Other information:

- Specific incentives offered by the municipal authorities to potential investors include:
- Preferential price for rental or purchase of properties and plots;

- Fast-tracked periods for issuance of construction permits and other business licenses;
- Interaction with all institutions affecting the business;
- Help in the search for qualified staff.

<https://www.bcci.bg/bulgarian/zones/index.php?zone=41>

INDUSTRIAL PARK – SOFIA EAST

Region: Sofia

Municipality: Elin Pelin

Name: INDUSTRIAL PARK – SOFIA EAST

Owners: ROSSLIN CAPITAL PARTNERS BULGARIA LTD.

Area: 700 000 sq. m.

Activities hosted: Logistics and consumer goods industry. The complex offers a complete range of solutions tailored to the client's particular needs – rental of speculative space, rented built-to-suit buildings, as well as sale of zoned plots having access to infrastructure, they are offered with a turnkey option.

Services provided: Warehousing, office, and manufacturing premises conforming to international standards and client expectations. Owners and tenants are offered a broad range of services (security, fire-fighting plant, controlled access, parking lots for passenger vehicles and trucks), while bank offices, cafeterias, a motel, a petrol station, a conference unit and recreation areas are intended for those working at or visiting the park.

Infrastructure: Roads, railway line – bordering the plot, airport – 23 km from Sofia Airport, power supply, water supply, gas, sewerage, telecommunications

Nearby cities, population: city of Sofia – 2 mil.

INDUSTRIAL PARK – SOFIA EAST will feature:

- Three checkpoints
- Green areas throughout the complex
- Two-façade and single-façade buildings enabling both cross docking and conventional warehousing
- One industrial gate per 600 sq. m. of warehouse space
- In-built office units on level two, above the loading-unloading areas, at a 1/10 office-to-warehouse ratio
- Flexible dimensioning of the rental areas – modules of minimum divisible area enabling flexibility of the rented space
- Retail outlets within the project
- Zoned plots with access to infrastructure, intended for built-to-suit and sale

<https://www.bcci.bg/bulgarian/zones/index.php?zone=46>

PETARCH INDUSTRIAL PARK

Region: Sofia

Municipality: Kostinbrod

Location: village of Petarch

Line of business according to registration details: Purchase and sale of real estate, letting of real estate, real estate management, importation and exportation of goods and services, domestic and international trade, consultancy services, hotel and tourism services, trade representation and agency, as well as any other business not prohibited by law.

<https://www.bcci.bg/bulgarian/zones/index.php?zone=44>

BOZHURISHTA INDUSTRIAL PARK

Total area: 2 983 692 m²

Investors on board: 35

Investment: over 546.4 M BGN

Sofia-Bozhurishte Industrial Park is a priority project of NCIZ (National Company Industrial Zones), having already attracted 35 investors from the country and abroad in a number of sectors, including car-making, high tech, warehousing and logistics operations.

The industrial park has an area of nearly 3 million sq. m. and offers plots with developed infrastructure, with the options for power supply, water supply, residential and rainwater sewerage, gasification, optics.

Location:

- In the immediate vicinity of Sofia
- 23 kilometers to Sofia Airport
- 5 km from the motorway to Greece
- 2 km from the motorway to Serbia
- In the immediate vicinity of the international road connecting Europe and Turkey
- Direct connection to the railway network
- A metro station project in the near future

Investment projects in the zone exceed BGN 546.4 million in value.

The German company BHTC is the first investor at Sofia-Bozhurishte Industrial Park – since 2013. The BHTC plant manufactures conditioning systems for over 30 car makers worldwide. The German company's project cost BGN 150 million and opened 650 new jobs.

The largest investor in the park is the Danish company JYSK. On an area of 300 000 sq. m. JYSK develops a distribution center for South-Eastern Europe. The Danish company's investment project in the park near Sofia amounts to BGN 200 million.

Source: Sofia-Bozhurishte Industrial Park (nciz.bg)



EXISTENCE OF EFFECTIVE LOGISTICS CONNECTIONS AND BASES

The city's economic development attracts logistics and manufacturing bases in industrial zones in the suburbia. There is increased demand for logistics services and increased investment in new logistics parks. This partly has to do with the complicated passage through borders during 2020-2022 due to the restrictions imposed by the covid pandemic, which forced many manufacturers to hoard more raw materials, storing them in warehouse bases close to the manufacturing location.

The market of logistics spaces in 2022 is characterized by high activity of the projects commenced. The specific thing is that the bulk of new development of warehousing and manufacturing premises is for own use. The inflation hike and increased construction-operating expenses resulted in a considerable increase in the rental levels for logistics spaces.

Numerous industrial enterprises and logistics bases are located beyond the limits of Sofia, actually in adjacent or nearby municipalities. Sofia (region), which includes a large portion of the municipalities most closely associated with Sofia-s economy, is also the region with the most prominent industrial profile.

Source: „Cushman & Wakefield Forton“

Bulgarian Property Developments EOOD

BPD is leading owner, operator and developer of industrial real estate in Bulgaria. The company leases modern distribution facilities to manufacturers, retailers, transportation companies, third-party logistics providers and other enterprises. We are suitable choice for customers seeking a wide range of industrial real estate services in emerging markets, where we have significant experience.

Our corporate vision is being a leader in a rapidly changing market environment via innovative decisions and management by a team of professionals with key competences.

Presently, there are three logistics parks in operation, namely:

- Logistics Part BPD Sofia East I, square area of the property: 19 650 sq. m. and rental space: 9 758 sq. m.
- Logistics Part BPD Sofia East k II, square area of the property: 8 251 sq. m. and rental space: 4 322 sq. m.
- Project BPD Sofia South, square area of the property: 92 000 sq. m., warehousing premises with office modules, total built-up area 26 230 sq. m.

Upcoming is the opening of two new logistics parks in 2023, total area > 45 000 sq. m. – BPD Sofia-West and BPD Sofia Airport.

<https://www.bpdplc.com/tagove/%D1%81%D0%BE%D1%84%D0%B8%D1%8F>

Sofia Logistics Park

Logistics Park Sofia is a state-of-the-art complex of warehouses, offices and retail spaces. It is located in the village of Ravno Pole, Elin Pelin municipality, Sofia district, in a strategic location between the motorways Trakia (A1 / E80) and Hemus (A2 / E79), close to Sofia airport and the ring road of the capital.

The park is a logistic facility covering over 200,000 sq. m, and consisting of four storage sections, offering a capacity of 27,000 sq. m. for development of warehouse and industrial premises at the first stage (first storage section), another 31 000 sq. m. at the second stage (second storage section), 31 000 sq. m. at the third stage (third storage section) and 26 000 sq. m. in the fourth stage (fourth storage section), the total area will be over 115,000 sq. m.

<https://logisticsparksofia.com/>

Bozhurishte Logistics Park

Logistics

Located just 15 km from the centre of Sofia

Convenient access to the E-80 Belgrade-Istanbul International Road

Immediate proximity to the Ring Road and Struma highway

Adjacent to the former military airport near Bozhurishte
Access to a functioning railway line
Convenient public transport with an own bus stop servicing the park
500 m. away from Lyulin METRO
On the opposite side of SCHENKER Bulgaria
A truly International strategic location

<https://lpb.bg/about-us/>

STARS Logistics Center

The company Stars EOOD was established in 2008, its main line of business is in the domain of logistics and transport.

The company arranges FTL and LTL transportation of cargoes by road, air, and sea to any point in the world:

- loading and unloading of FTL and LTL trucks;
- short-term and long-term warehousing;
- cross docking;
- full service of LTL lines;
- door-to-door delivery within Bulgaria and throughout Europe;

Address: 36 Chepinsko Shosse St

<https://stars-bg.com/#izlojeniq-i-proekti>



East Ring Logistics Park

Located within Elin Pelin municipality, the park is in a traditional industrial area, just 25 minutes away from downtown Sofia. Being within the two major motorways of Hemus (A 2/E79) and Trakia (A1/E80), East Ring covers an area of 220 000 sq. m., with the capacity to develop 90 000 sq. m. of warehousing and industrial facilities.

Presently, four dry warehouses operate in the park, total area 25 600 sq. m. They are buildings 1, 2, 5, and 6, each having an area of 6 400 sq. m. The buildings are suitable for dry storage and/or consumer goods manufacturing.

IN the immediate vicinity of:

- Sofia Ring Road (6 min.)
- Elin Pelin railway station (5min.) and Sofia Airport (20 min.)
- Downtown Sofia (25 min.)
- Quick exit to key transportation routes – Trakia and Hemus motorways
- Built-to-suit opportunity
- Traditional industrial area
- Close to settlements offering efficient workforce and traditional experience in manufacturing and servicing operations (Elin Pelin, Ravno Pole, Novi Han, Lozen and Lesenovo)
- Elin Pelin Municipality is supportive of the industry's development

<https://www.sofiaeastring.com/bg/index>

K M LOGISTICS

KM Logistics Ltd. is a freight forwarding company established in 2007 and situated in Sofia. The company's main line of business is to provide high-grade, financially relieved freight-forwarding, transportation, and logistics services. The transport lines of KM Logistics are mainly the routes Germany – Belgium – the Netherlands and France-Hungary-Greece-Bulgaria but services are available across Europe.

The logistic structure spreads over an area of 27 000 sq. m. and is divided at the following cities:

Sofia – 6000 sq. m.

Athens – 5000 sq. m.

Thessaloniki – 3000 sq. m.

Budapest – 10 000 sq. m.

Rhede / Germany / - 3000 sq. m

<http://www.kmlogistics.eu/bg/about>

UPCOMING OPENING:

CTP Europe, the biggest operator of logistics-industrial parks in Central and Eastern Europe, is preparing the development of two logistics-industrial parks – Sofia East and Sofia West, with over 100 000 sq. m. each, within Sofia's city limits. The company identifies as location advantages for CTPark Sofia West that it is located next to major residential areas of Obleya, Nadezhda and Lyulin with all public transport connections to downtown Sofia (20 min.) and close to the Ring Road (2 min. drive).

CTP Sofia East Park is located next to Sofia Airport and has every public transport connection to downtown Sofia, to the major boulevard Botevgradsko Shosse (10 min. car ride to downtown Sofia), direct access to and from the Ring Road, which is in turn connected to the A2 Hemus highway and A1 Trakia Highway, and via the Northern high-speed Ring Road arch – to A3 Struma highway towards Greece and North Macedonia and to the A6 highway towards Serbia and the EU.

The intention is to commence construction works this year and finalize them within 12 months. CTP is developing pattern buildings under their own standard and counts such predictability as an advantage. The warehousing premises are class A, high-rack warehouse with 12.5 m of usable height and floor load-bearing capacity of 5 t per sq. m., with numerous ramps and all necessary facilities.

Both locations are in Sofia – adjacent to the Ring Road. That makes them suitable for the so-called urban logistics – last mile deliveries, for which the company had originally stated its development intentions. That type of services is in demand among online merchants, distributors, pharmaceutical companies, and FMCG companies.

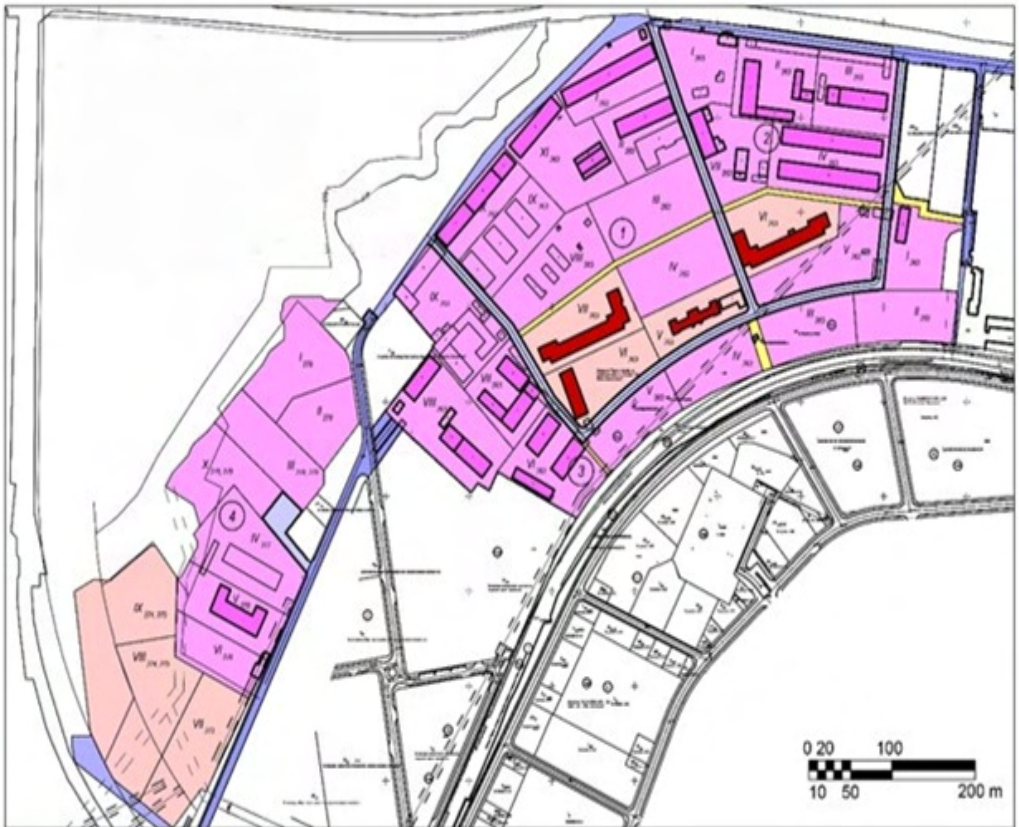
Source: <https://www.ctp.eu/industrial-warehouse-office-finder/bulgaria/>



INDUSTRIAL PARK SOFIA WEST

The total square area of Industrial Park Sofia West is 312 830 m². The park is located within Sofia's city limits, 8 km away from downtown Sofia and 20 km. away from Sofia Airport. The Industrial Park Sofia West development project envisages development of a „smart“ manufacturing-communication infrastructure, „green“ and „smart“ transportation, smart water & waste management, renewable energy, energy-efficient buildings, green areas, etc.

DEVELOPMENT CONCEPT OF INDUSTRIAL PARK SOFIA-WEST



Source: <http://nciz.bg/proekti/industrialen-park-sofiya-zapad-89.html>

INDUSTRIAL AND LOGISTICS PARKS IN AND AROUND SOFIA

SOFIA-BOZHURISHTA ECONOMIC ZONE

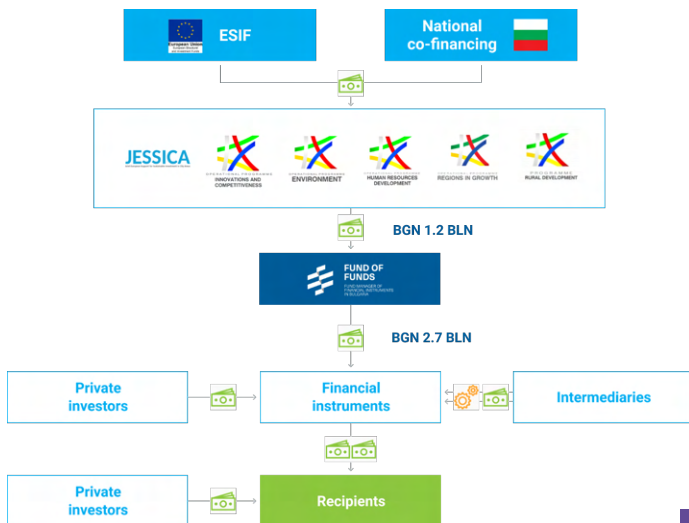
The Sofia-Bozhurishte Economic Zone is managed by the National Company Economic Zones. The zone is located 15 km from downtown Sofia and 23 km from Sofia Airport. The zone's area is 3 038 527 m².

KREMIKOVITZI INDUSTRIAL AREA

The area of the former steel mill "Kremikovtzi" represents a unique real estate consisting of 7.4 M m² of brownfield land. The area has the infrastructure and all the necessary prerequisites to again become the largest industrial zone in Bulgaria. The plot is clear of old buildings and unnecessary underground infrastructure. In the vicinity of the former steel mill there are a number of government and private plots, suitable for industrial and logistics facilities. The area has the potential to become one of the largest industrial hubs in the EU. The development of the area is a priority for both the local and the national governments.

FUNDING

In recent years the business funding opportunities are growing concurrently with the increased activity of Bulgarian startups and entrepreneur communities. The main body overseeing the management of financial instruments on a national level is the Fund of Funds. Payments to end beneficiaries have risen by 46.5% compared to 31.12.2021, with 193 share investments having been implemented.



Source: Fund of funds

FUND OF FUNDS

The body overseeing the management of financial instruments on a national level is the government-controlled Fund of Funds.

Fund of Funds manages cash funds under four operational programs: OP “Human Resources Development”, OP “Innovation and Competitiveness”, OP “Regions in Growth” and OP “Environment”.

As at the end of 2022 the company agreed resources for implementation/management under the operational programs to a total amount of 1.2 bn. BGN (92.8% of the executed Financial Agreements) with 31 operating agreements having been signed to commit investments until 31.12.2023. The funds disbursed to end beneficiaries amount to 385 mil. BGN. Contracts have been entered into with nearly 2 100 under all financial instruments. Payments to end beneficiaries have grown by 46.5% compared 31.12.2021, with 193 share investments having been committed.

The recently adopted Recovery and Resilience Plan envisages significant funds for the development of financial instruments supporting SME’s.

Financial instruments implemented with EU funds are applied in compliance with European and national legislation, incl. in regards to the state aid rules.

The Fund Manager of Financial Instruments in Bulgaria (FIBFM) carries out the functions of a Fund of Funds (FoF) – it allocates public funds from EU programs and national co-funding via specialized funding schemes (financial instruments).

FIBFM supports entrepreneurs by:

- ensuring efficient spending of EU funds;
- creating a more auspicious business environment in support of employment, promoting development in Bulgaria;
- providing easier access to financial resources for the private and public sectors in Bulgaria via innovative and flexible forms of finance;
- supporting business competitiveness and resilience;
- giving an opportunity for development of innovative business ideas;
- supporting projects with growth potential;
- enhancing the quality of living in cities and rural areas.



MUNICIPAL GUARANTEE FUND

For the purpose of supporting and promoting innovations and startups MGFSME announced in 2018, in Sofia Municipality, a Funding Program for Innovative and/or Startup Enterprises (FPISE). The program is a specialized guarantee scheme of MGFSME and was elaborated in pursuance of the Innovation Strategy for Smart Specialization of Sofia (ISSS of Sofia).

The fund provides guarantees for loans extended to SME's, which have an economically beneficial program but cannot raise sufficient bank collateral. The Funding Program for Innovative and/or Startup Enterprises and a general guarantee scheme are both implemented.

The Accelerator Startup Sofia program was also elaborated in support of startups. Its budget is 100 000 BGN and aims to make small enterprises bankable.

BULGARIAN SMALL AND MEDIUM ENTERPRISES PROMOTION AGENCY /BSMEPA/

BSMEPA supports implementation of the government policy for achievement of the following strategic objectives:

- maintain sustainable economic growth;
- enhance the competitiveness of Bulgarian enterprises and stimulate their development;



- promote entrepreneurial spirit;
- support high-tech and innovative production processes;
- grow the public-private partnership;
- sustainable economic development;
- efficient overseas economic cooperation.

Achievement of the strategic objectives includes specific measures, which are funded by the BSMEPA budget.

BULGARIAN DEVELOPMENT BANK

Program: InvestEU

The InvestEU is planned as a major instrument of the European Commission, which will focus on sustainable development, small businesses, and innovations. Its period of operation is 2021 – 2027, while its main objective is to support investments, provide access to funding and promote recovery, environmentally friendly growth, employment, and well-being Europe-wide.

Funding opportunities offered by BDB:

- SME technological upgrade program
- On-lending funding;
- Project funding;
- Investment funding;
- Finance for green energy.

The updated **Operational Strategy of BDB /2021 – 2023/** envisages that 20% of the new loans granted would be “green” in accordance with ESG.

Application of the “green” taxonomy is a dynamic process – how to turn a presently unsustainable economic operation into a sustainable, zero carbon emissions one. Small and medium companies must also prepare for that transition.



VENTURE AND EQUITY FINANCE FUNDS

Venture and equity finance funds where startups and SME's can seek funding for their business development through:

- BlackPeak Capital
- BrightCap Ventures
- Capital Investments Fund
- Eleven Ventures
- Empower Capital
- Impetus Capital
- Innovation Capital
- Innovation Starter Accelerator
- LaunchHub Ventures
- Morningside Hill
- Neo Ventures
- Neveq
- New Vision 3 Fund
- PostScriptum Ventures
- Rosslyn Capital Partners
- Silverline Capital
- Sofia Angels Ventures
- Vitosha Venture Partners

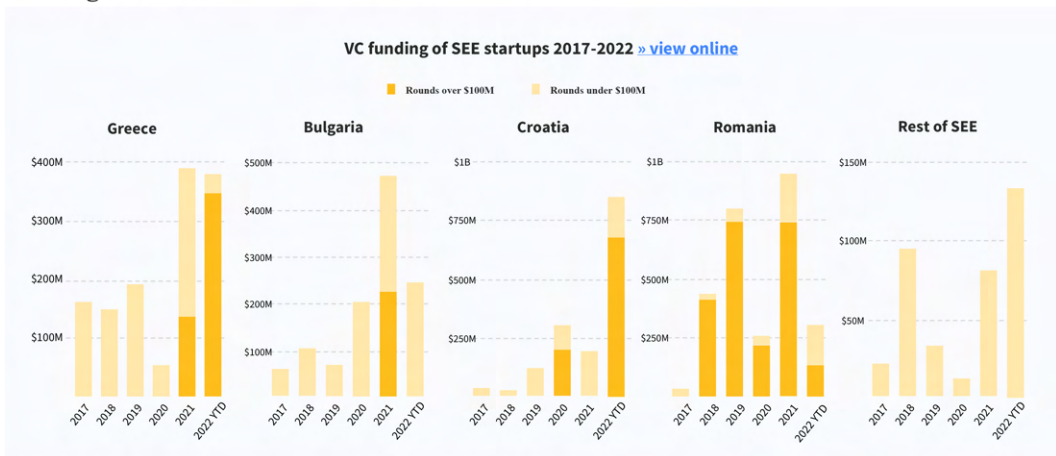
Bulgaria is the leader in Central and Eastern Europe as regards the venture capital funds indicator:

Bulgaria leads SEE in number of locally-based funds.



Източник: Dealroom.co.

Bulgaria has received the highest volume of VC funding when excluding megarounds.



Източник: Dealroom.co.

EIF | B V < A | European Venture Capital Association | dealroom.co

SME GROWTH MARKET BEAM

There are more and more successful IPO's (initial public offerings) in Bulgaria, with the support of Bulgarian Stock Exchange and a quickly growing number of ambitious domestic investors, who assist the development of Bulgarian businesses.

SME Growth Market BEAM is organized by Bulgarian Stock Exchange (BSE).

Its main functions are:

- Alternative funding for the operations of small and medium business under more relaxed terms, which considerably reduce the administrative burden;
- Free promotion and opportunity to gain publicity in the business- and financial circles in the country and abroad;
- Issuance of various financial instruments for the purpose of funding operations and growing company equity – shares, bonds, warrants, depositary receipts, etc.;
- Easier follow-up listing on BSE's main market, where tax privileges can be used, including when a business exit decision has been made;
- Bigger companies with SME status may also be listed on this market, the restriction being that after admission to trading their market capitalization must not exceed 200 mil. EUR over the following 3 years;

Beamuplab

Beamuplab is a program for promoting and encouraging the growth of Bulgarian startups, small and medium-sized companies. It is an initiative of Bulgarian Stock Exchange, under the auspices of the Ministry of Finance; it is implemented in partnership with the Fund of Funds, the Bulgarian Development Bank, the European Bank for Reconstruction and Development, the European Investment Bank, the Bulgarian Association of Licensed Investment Intermediaries, the Bulgarian Startup Association and the Bulgarian Private Equity and Venture Capital Association.

The goal of the program is to distinguish promising and innovative Bulgarian companies with sustainable business models, to make them visible for potential investors as well as to strengthen their knowledge of the financing opportunities.

Via the Ministry of Innovations and Growth (MIG) a resource of over 1 bn. BGN is provided in the shape of equity financial instruments for Bulgarian entrepreneurs.

Equity instruments come through the following channels:

- 550 mil. BGN under the new Competitiveness and Innovations at Enterprises Program (CIEP), which will be provided to business via the Fund of Funds;
- 120 mil. BGN under the new Research and Innovations Program (RIP) in support of entrepreneurs in Bulgaria for more research development in the businesses;
- 360 mil. BGN managed by the European Investment Fund under the Recovery Plan.

DISC INITIATIVE

In order to tackle the investment shortflow in Central, Eastern and South-Eastern Europe (CESEE) in the digital economy, the European Commission, together with the European Investment Bank, the European Investment Fund, the European Bank for Recovery and Development, and the World Bank, set up the DISC initiative (Digital Innovation and Scale-up Initiative).

The purpose of the Digital Innovation and Scale-up (DISC) Initiative is to connect innovators with investors.

The target financing tools of DISC are tailored to both the early stage and the scale-up phase of digital startups, which require riskier financing and are underserved by the traditional finance sector. DISC also offers a technical assistance programme with the goal to strengthen the institutional capacity of public agencies to design, develop and implement digital innovation programmes. Finally, DISC will boost investment in the enabling environment for innovation and entrepreneurship, with a focus on cross border digital infrastructure and digital skills projects. DISC is intended for startups involved in technologies, such as AI, Blockchain, Internet of Things /IoT/ and scale-up companies.

THE START-UP ECOSYSTEM IN SOFIA

The startup ecosystem in South-Eastern Europe is the fastest developing one in Europe. During a 10-year period /2012 -2022/, the number of startup companies in that region has grown 50-fold. Investment by local funds in South-Eastern Europe have soared from 218 mil. USD in 2017 to 1.3 bln. USD in 2022.

Our country is the second most attractive one for offices of foreign startups and an undisputed leader in the number of venture investment funds – 18 in total, being also one of the leading investment hubs for our region.

Venture capital aimed at domestic companies reached 251 mil. USD over the past 18 months. With over 1 000 in the country, employing some 20-25 000 staff, Bulgaria is the most beneficial location in the Balkans for starting a business. Projections say that a year or two from now there will be new “unicorns” in our country.

The three most developed industries in South-Eastern Europe are corporate software, fintech, and transport. The total estimation of startups in those industries exceeds 24 bln. USD.

Sofia is definitely a city boasting one of the best developed startup ecosystems in Central and Eastern Europe and can safely be called a startup hub on the Balkans.

Sofia's startup ecosystem was affected by the global economic crisis. The pandemic effects slowed down the startup companies' development.



Three years after COVID-19's inception the sectors, which started introducing considerable innovations, accelerated their digital transformation, and maintained their operations, have emerged:

- online trade;
- logistics;
- corporate software solutions;
- banking;
- arms's length solutions for household- and business users;
- communications and education;
- healthy lifestyle applications.

The companies offering solutions in those domains expanded. They managed to become catalysis for other startups as well.

Some of the advantages available for startups on the Bulgarian market:

- highly skilled staff with engineering backgrounds;
- our country being positioned as a technology destination, which enables access to the global markets;
- low corporate tax- and social security burden;
- lower living expenses compared to other EU countries;
- opportunity to start a business with a low starting investment.

Innovative Sofia's program Sandbox for Innovative Solutions was established in support of entrepreneurs, it is intended for pilot projects testing innovative technology solutions relevant to urban challenges. Through that program solutions will be sought for environmental, educational, transport, entrepreneurial, and other challenges. The purpose is to create in Sofia a suitable work environment for innovative elaborations of Sofia-based companies for issues identified by the city administration.

Within the premises of Sofia Tech Part an Incubation Program was created, aiming at startups incorporated in Bulgaria and developing technologies and/or innovations in one of the following domains: information and communication technologies, green and clean energy, as well as life sciences.

According to data of the Bulgarian Private Equity and Venture Capital Association, the funds available to startup innovative business are almost 1 bln. BGN.

In 2022 issuance of a Startup Visa was introduced in Bulgaria for third country nationals – a certificate for a high tech and/or innovative business project.

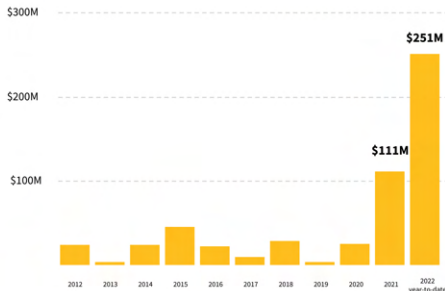
Important forums for entrepreneurs, which are held in Sofia:

- Webit
- Digitalk
- Startup Weekend Sofia.

FOCUS ON – BULGARIA

More funds were raised in the last 18 months than ever before in Bulgaria.

New Funds Raised in Bulgaria » [view online](#)



Selected Bulgarian VC Funds based on Dealroom Prominence Rank 2022



LAUNCHHub Ventures

74 Portfolio Companies
\$101M Raised

Selected Investments:

ferryhopper
Gtmhub fintechOS



Vitosha Venture partners

48 Portfolio Companies
\$30M Raised

Selected Investments:

ECONIC petmail quendoo



Eleven Ventures

121 Portfolio Companies
\$78M Raised

Selected Investments:

DRONAMICS Gtmhub Payhawk

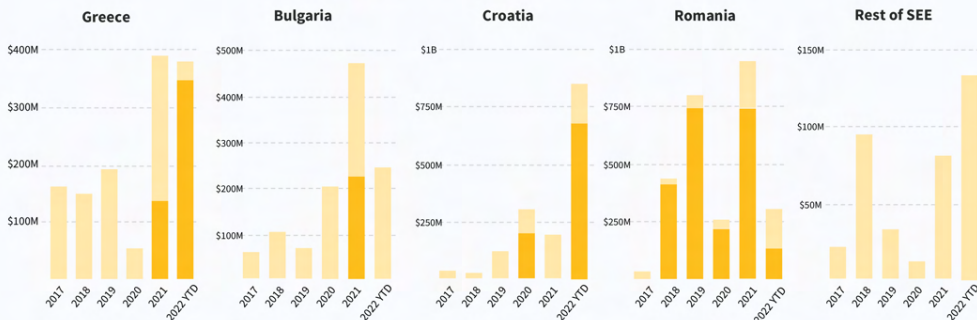


dealroom.co

Bulgaria has received the highest volume of VC funding when excluding megarounds.

VC funding of SEE startups 2017-2022 » [view online](#)

■ Rounds over \$100M ■ Rounds under \$100M



: Dealroom.co.

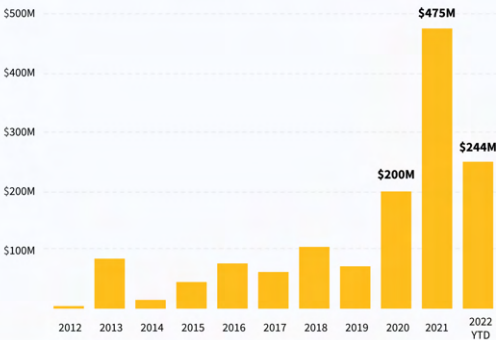


dealroom.co

During 2021-2022 the number of venture capital funds in Bulgaria went up

FOCUS ON – BULGARIA
2022 is already the second highest year for VC investment into Bulgarian startups, only behind record-breaking 2021.

Investments into Bulgarian startups [view online](#)

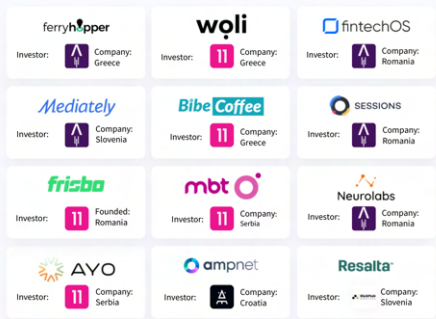


EIF | EVCA | European Venture Capital Association | dealroom.co

Bulgaria was one of the leading investment hubs in South-Eastern Europe in 2022.

Bulgaria is one of the leading investor hubs in SEE.

Selected Investments by Bulgaria-based investors in SEE



Top number of selected investments by Bulgarian investors across the region since 2015



Source: Dealroom.co.

EIF | EVCA | European Venture Capital Association | dealroom.co



COWORKING SPACES IN SOFIA

In result of the changes occurring in the world of business in recent years, coworking spaces became an alternative and a successful workplace model.

Coworking has become a common term for a flexibl workspace bringing together entrepreneurs and freelancers. This office market segment is increasingly attracting small enterprizes and companies.

The hybrid model of working established itself as a default choice for most companies in recent years. As a result of that transformation of the mode of work and for the purpose of providing employee comfort, there is increased demand for flexibl workspaces.

Sofia has been asserting itself as a competitive office location in this segment. Following the global trend, with a growing number of coworking spaces, the capital city is the country's leader:

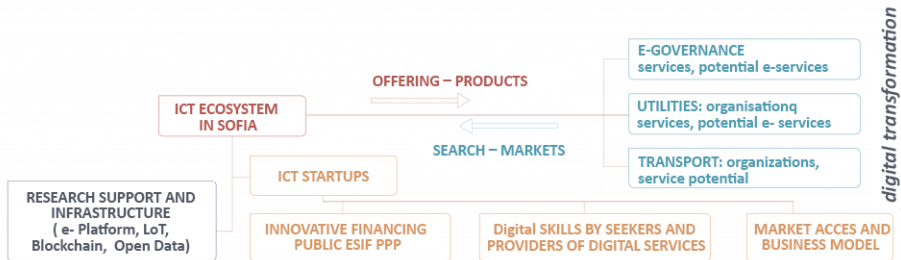
- CampusX <https://www.campusx.company/>
- Sketch CoWorking / Sketch – Office Space & Workspace Solutions
- Entract 127 / Entract 127 | My Event Place
- Barter COMMUNITY HUB / Barter - Community Hub | Eat, Play, Learn and Share! (barter-hub.com)
- Trevor Workspaces – Lozenets / Trevor Workspaces | IT Offices and Coworking Spaces in Sofia, Bulgaria – Lozenets Coworking Space Sofia
- Groworking Space by Sofia Tech Park / Groworking – Coworking space for teams, innovators, nomads...
- Puzl CowOrKing / Puzl CowOrKing | The Best IT Coworking in CEE
- betahaus sofia / coworking office sofia betahaus

- Work and Share Coworking Space / Coworking space Sofia- Work & Share (workandshare.io)
- 1Hub / 1Hub | Sofia | Facebook
- Cherryz Work / cherryzwork.com
- Overtaim Park Coworking / Coworking Space at Overtaim Park Coworking Space, Sofia | Coworker
- KORNER / Korner Coworking Sofia - All-included coworking in the very heart of Sofia (kornersofia.bg)
- This Way / www.thisway.com
- Regus Sofia Airport / Coworking Space at Regus Sofia, Airport, Sofia | Coworker
- Regus - Sofia, West / Coworking Space at Regus Sofia City West, Sofia | Coworker
- Regus- Sofia, Parliament / Coworking Space at Regus Sofia, Parliament, Sofia | Coworker
- Cre8 Coworking Hub / CRE8 – Coworking and cosharing community space, located in the heart of Sofia, Bulgaria
- Ko-Op Coworking and Art / KO-OP | Coworking, Art Space, Event Hosting in Sofia, Bulgaria
- Networking Premium Coworking / Networking | Premium Coworking Spaces | Sofia | Plovdiv | Bulgaria
- Malkite 5 / Malkume 5 / Malkite 5 Coworking Space | Sofia | Facebook
- SOHO - Sofia Holistic Coworking Company / Soho.bg
- MyFlex Coworking&Serviced Offices / Coworking Space in Sofia | My Flex
- JA Startup Hambar / JA Startup Hambar (jabulgaria.org)
- Zona21 / https://zona21.bg/
- SODA Workspaces / Home | SODA Workspaces
- Groworking Space by Sofia Tech Park / Groworking – Coworking space for teams, innovators, nomads...
- Microsoft Innovation Center / Microsoft Innovation Center Bulgaria | Facebook
- Resonator Co - Innovation Hub
- Home (rsntr.com)
- Missia 23 / https://missia23.com/
- HOUR SPACE / HOUR SPACE | Sofia
- CoShare Hive / Coshare HIVE
- Coworking by MOVE BG / Coworking by MOVE.BG
- NAMASA co-working and co-living space / Namasa - Coliving.com
- CO&WO Coworking café / Coworking Space at CO&WO Coworking café, Sofia | Coworker
- NGO HOUSE / NGO House »
- Best Coworking Spaces in Sofia | StartupBlink

Projections say the demand levels will persist in 2023 as well.

DIGITAL SOFIA

Sofia was selected as the Smart City of the Year /2022/ for South-Eastern Europe at the biggest event for high tech services in the region – SEE INNOVATION, TECHNOLOGY AND SOURCING SUMMIT, making the Balkan region a leading destination for high value added services.



An addition factor: public innovation policy


Sofia has achieved a high-grade level of the services, which support both businesses and citizens. To facilitate the Sofia residents a webpage has been created on Sofia Municipality's e-services site, containing quick links to online administrative services, which are accessible without one needing to go to a counter to obtain them.

E-administrative services can be requested from Sofia Municipality just through the Single Portal for requesting, paying, and providing e-service from the state. Sofia is added to Ministry of E-Government's Single Portal for e-services to citizens and businesses. It is a crucial practice intended for the successful implementation of e-government in Republic of Bulgaria, with direct benefits to citizens, businesses, and administration. He portal has over 170 municipal e-services for residents and businesses.

Sofia's residents can opt for electronic remote payment of local taxes and fees, electronic admission to kindergartens, nurseries, and first grade at school.

The NAG.MOBILE application elaborated by the Architecture and Town Planning division of SM was set up to the benefit of citizens. It contains information about detailed zoning plans, development, cadastral map, culture monuments, and all issued administrative acts. It is digitalized and publicly accessible.

The application provides free-of-charge information about all administrative acts issued by the Architecture and Town Planning division and by all 24 district administrations of Sofia Municipality.



E-identification is the most significant project in the domain of digital transformation in Sofia next year. The objective is to make the connection between citizens and Sofia Municipality via phone. There is also high level of digitalization in Sofia's public transport. Over 5 000 devices have been installed in all vehicles in the city. Payment of fares is possible via touch-and-go payments, directly with bank cards and with the electronic SOFIA CITY CARD. According to Urban Mobility Center's data, over 70% of the tickets purchased are digital ones.

Based on actual data generated by the e-ticket purchase system, over 50 public transport vehicle timetables have been optimized in recent months.

E-bus on request is a new project. Its route may be changed via an application, depending on the demands by users. Within the project the Sofiacoin application has been introduced into operation, having two objectives – encourage people to move around the city in a more environmental-friendly manner and provide information about the most commonly used routes.

The new electronic residence registration change service is one of the public administration's most innovative services. The residence registration enables access to voting, registering a child in 1st school grade, utility services, etc. The benefits are economic, cultural, and social ones, since use of QES and a push towards a more digitalized society are both boosted. The portal stands for a new standard of e-administrative services. The financial and material resources were secured from the Sandbox for Innovative Solutions program. It enables provision of budgets to pilot projects, which are potentially scalable. The teams of Innovative Sofia and Green Sofia are involved in the project.

The mayor of Sofia Municipality, Yordanka Fandakova, and QUASAR center announced the start of Bulgaria's National Plan for setting up quantum communication infrastructure. The quantum communication network in Bulgaria, which is being implemented within the European EuroQCI initiative is focused on the setting up of a single quantum communication network throughout the European Union, which aims to ensure Europe's cybersecurity and communication sovereignty. In Bulgaria the network's setting up will be coordinated by the QUASAR National Quantum Communication Center at the Robotics Institute of BAS.

SOFIA: PRIORITY INDUSTRIES

The IT sector is one of the fastest growing ones in Sofia. Presently, its share in the city's economy is 17%, registering an over 50% growth since 2011, with almost 20% coming since 2017. The IT industry is almost entirely export-oriented. Nearly 90% of tech companies in Bulgaria and the majority of Bulgarian IT specialists work in Sofia.

Bulgaria is the country with the highest number of fintech companies in South-Eastern Europe – over 70, most being based in Sofia.

Sofia is the center of cultural and creative industries in Bulgaria. 86.4% of the sector are concentrated in the city. 3/4 of all people employed in the sector in Bulgaria work in Sofia. Over 6% of all enterprises in the capital city hail from the creative sector. Most of their output is exported. Nearly 5% of all people employed in Sofia work in the creative industries sector, which includes advertising, architecture, crafts, design, cinema, interactive entertainment, video games, etc.

In recent years Sofia has been transitioning its economy to higher value-added sectors, while the fast-paced development is dictated by the processing industries and IT.

Robotics & automation is a sector that has been registering development in recent years, with Sofia hosting the vast majority of such companies. According to the PARA-prepared sector mapping, 100% of the multinational companies covered have operations in Sofia, while over 75% of Bulgarian companies have Sofia operations.

Bulgaria has a significant potential for investment in high-tech, artificial intelligence, and carbon-neutral industrial zones. Those segments create favorable conditions for attracting large-scale manufacturing processes to the country.



SOFIA: PRIORITY INDUSTRIES

INFORMATION TECHNOLOGIES (IT)

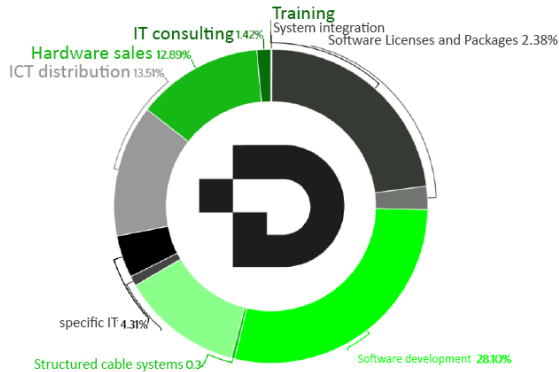
The investments in cultural and creative industries has the potential to generate jobs, innovation and productivity, improve the quality of life in places, stimulate new ideas and thinking within the community and influence a wide range of policy priorities. It is quite obvious that the creative industries and local administrations have mutual benefits from such a collaboration. These benefits can be achieved through direct investment tailored to the needs of the creative industries (through physical infrastructure, skills, networks and business support). 5% of the workforce in Sofia works for the sector. It includes advertising, architecture, crafts, design, cinema, interactive entertainment, video games and more.

Creative Sofia in numbers:

7,500 creative companies, more than 33,000 employees, 3/4 of the sector in Bulgaria is concentrated in Sofia.

At the beginning of 2020, the implementation of MediaMotorEurope, an international project financed under the Horizon 2020 program, started. Bulgaria participates in it through the Sofia City of Knowledge Cluster. MediaMotor Europe aims to attract the attention of European high-tech innovators in the media industry to solve the most important challenges and support them in developing media solutions of the future. MediaMotor Europe Innovation Hub in Sofia will be a one-stop help for high-tech and media companies to become more competitive in terms of their business and production processes, products / services, using the latest technologies and business models. It will be a regional (Sofia) open physical and virtual collaboration space with the express mission of fostering innovation through learning and sharing ideas. The innovation hub will focus on joint innovation, innovative community, openness and diversity. As geographical proximity is considered crucial, the hub will act as a regional contact point and entry portal and thus strengthen the city's innovation ecosystem.

IT market segments

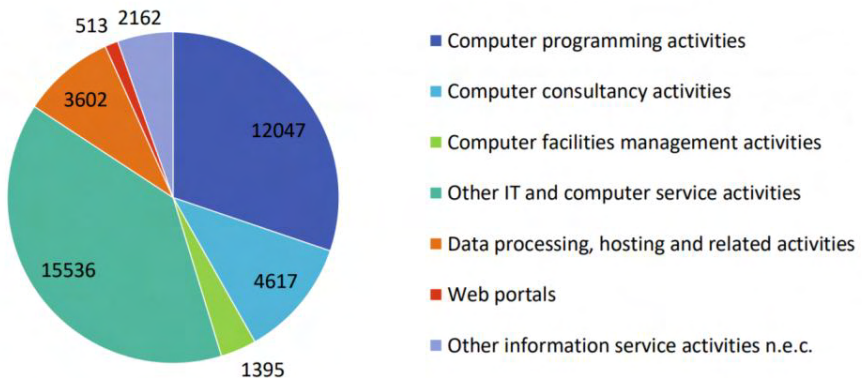


Source: Digitalk 101, 2022

Bulgaria is in the TOP 3 of the countries with the most and best skilled IT specialists per capita. Our country hosts the INSAIT Institute for Computer Science, Artificial Intelligence, and Technology, which is the biggest in Eastern Europe.

The Bulgarian software development market has some 24 000 professionals working at 400 companies. There is a fairly large number of R&D offices of global software engineering corporations in the country, such as HP, SAP, Johnson Controls, Oracle, CISCO u ProSyst.

Distribution of employees in the software development sector:



Source: Outsourcing Software Development in Ukraine vs Bulgaria - DedicatedTeams

According to data from the annual report of Pentalog /Pentalog-report-2022/, Sofia is in the top 10 (ranked 6th) in the best developers world ranking.

WORLD RANKING BEST DEVELOPERS

COUNTRIES

01	MOLDOVA 60,85%
02	MEXICO 60,03%
03	ROMANIA 58,91%
04	UKRAINE 58,17%
05	UNITED STATES 56,92%
06	UNITED KINGDOM 56,77%
07	POLAND 55,07%
08	BELGIUM 54,20%
09	FRANCE 53,23%
10	VIETNAM 53,20%

CITIES

CHISINAU (MOLDOVA) 61,11%	01
KIEV (UKRAINE) 59,70%	02
BUCHAREST (ROMANIA) 57,67%	03
IASI (ROUMANIA) 57,59%	04
HANOI (VIETNAM) 57,08%	05
SOFIA (BULGARIA) 56,93%	06
LONDON (UNITED KINGDOM) 56,15%	07
LYON (FRANCE) 54,13%	08
BRUXELLES (BELGIUM) 49,03%	09
MONTREAL (CANADA) 48,48%	10

Source: <https://www.pentalog.com/blog/it-outsourcing/best-developers-in-the-world-pentalog-report-2022/>

Which country has the best developers

Rank	Country	Score Index
1	China	100%
2	Russia	99,9%
3	Poland	98,0%
4	Switzerland	97,9%
5	Hungary	100%
6	Japan	92,1%
7	Taiwan	91,2%
8	France	91,2%
9	Czech Republic	90,7%
10	Italy	90,2%
11	Ukraine	88,7%
12	Bulgaria	87,2%
13	Singapore	87,1%
14	Germany	84,3%
15	Finland	84,3%
16	Belgium	84,1%
17	Hong Kong	83,6%
18	Spain	83,4%
19	Australia	83,2%
20	Romania	81,9%
21	Canada	81,7%
22	South Korea	81,7%
23	Vietnam	81,1%
24	Greece	80,8%
25	Sweden	79,9%

Rank	Country	Score Index
26	Netherlands	78,9%
27	Chile	78,4%
28	United States	78,0%
29	United Kingdom	77,7%
30	Turkey	77,5%
31	India	76,0%
32	Ireland	75,9%
33	Mexico	75,7%
34	Denmark	75,6%
35	Israel	74,8%
36	Norway	74,6%
37	Portugal	74,2%
38	Brazil	73,4%
39	Argentina	72,1%
40	Indonesia	71,8%
41	New Zealand	71,6%
42	Egypt	69,3%
43	South Africa	68,3%
44	Bangladesh	67,8%
45	Colombia	66,0%
46	Philippines	63,8%
47	Malaysia	61,8%
48	Nigeria	61,3%
49	Sri Lanka	60,4%
50	Pakistan	57,4%

Source: HackerRank

Source: <https://www.griddynamics.com/global-team-blog/which-country-has-best-web-developers>

In 2020 the Skillvalue platform ranked Bulgaria 14th among the countries with the best software developers in the world. In 2021 Bulgaria placed 12th in that ranking.

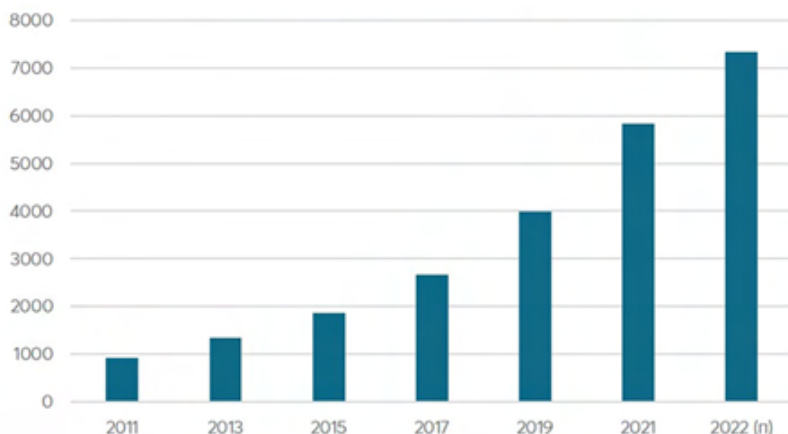
According to the same platform's 2022 data about the 10 countries and cities in the world having the best IT specialists in 2022, Bulgaria already placed 10th in working with specified technology, while the city of Sofia placed 6th in the Best Developers category.

ICT is the sector where software development is the leader, aspiring to rank first in terms of revenues in Bulgaria's economy within 5 years.

Based on historical accumulation and trends, the software sector is projected to become structurally fundamental. Accelerated digitalization of businesses and the public sector is the cause for such projections. According to forecast data, the software sector will underpin the competitiveness of all industries. The revenue growth expected for the sector is 25.9%, reaching 7.34 bln. BGN in 2022. In 2021 the growth was 1.22 bln. BGN higher compared to the preceding year 2020, whereas over the last 10 years the sector has grown its operating revenues over 6-fold.

Expectations are that in 2022 the software sector would reach 4.5% vis-à-vis Bulgaria's GDP, that share having grown threefold over the last 10 years. Such success was achieved with just 50 000 staff in the sector, clearly showing that they have a significant contribution to Bulgaria's economy.

Revenues in millions of BGN



Source: BASCOM Barometer

Trade

The 100 biggest companies in Sofia-Region have the remarkable 14.7 bln. BGN of revenues in 2021, compared to 2020 the growth in turnover of those companies exceeds 2 bln. BGN. The leader is the processing industry with the impressive over 10 bln. BGN of turnover in 2021. Those billions are distributed among several subsectors, led by the metals subsector with 7.6 bln. BGN of turnover and nearly 2 000 staff. Those revenues are concentrated in 84 companies in the region. Ranked next is the machinery, with 1.7 bln. BGN of turnover and a stable number of staff - nearly 9 000. Coming next are chemistry, the food industry, furniture making.



Author: Lupa.bg

Sofia has traditionally attracted tourists from all over the world having diverse interests in the ancient cultural-historical heritage, diverse natural resources, and congress tourism. With its rich culture calendar, which features over 60 large-scale international events a year, it is Bulgaria's culture hub.

The city's dynamic economic development also contributes to the growth in tourist flow.

Sofia registered a 77% growth in tourists for H1 of 2022, compared to H1 of 2021, being an increasingly recognizable tourism destination both among European capitals and big European cities, and also among capitals in the region.

On the foreign markets, the leaders in terms of number of tourists are Germany, Romania, Israel, Italy, USA, Greece, etc. There has been growing interest in Sofia as a tourism destination from UK nationals since the year's start.

The new tourist products are also marketed to the capital city's guests – Wine Map of Sofia, Get to Know Sofia's Avians map, and STREET ART SOFIA map.

CREATIVE INDUSTRIES

Investments in the cultural and creative industries (CCI) have the potential of generating jobs, innovations, and productivity, of improving the quality of life, of promoting new ideas and thinking within the community, and of exerting influence on a broad range of political priorities.

5% of the workforce in Sofia is employed in the sector. It includes advertising, architecture, crafts, design, cinema, interactive entertainment, video games, etc.

Creative Sofia in numbers:

Sofia is a creative economy city. According to experts from the Observatory of Cultural Economy /UNWE/, this sector has ranked fourth in Sofia's economy for 13 successive years, regardless of the Covid crisis in 2020.

The turnover of Bulgaria's culture sector in 2020 reached 7.8 bln. BGN, considerably below the 8.95 bln. BGN for 2019. Nearly 6.1 bln. BGN out of the 2020 totals go to Sofia. The vast portion of culture activities, investments, and employment in the culture sector are based in Sofia. The number of organizations in the arts, culture, and creative industries, cultural heritage, and cultural tourism in 2020 stood at 23 818, with 12 374 thereof being based in Sofia.

BIOTECHNOLOGY

Startups in the domain of medicine & biotech, as well as R&D centers are successfully developing in Sofia.

The biotech sector and the life sciences sector are among the fastest growing ones globally in recent years. That is also the case in Bulgaria and mostly in Sofia, with the COVID-19 pandemic just further accelerating innovation creation in the sector. A growing number of startups in medicine, biotech and life sciences are observed in Sofia.

Sofia Municipality, Sofia Tech Park and the Biotech & Health Cluster signed a Memorandum of Cooperation, marking the begging of the Sofia Bio Center, the first of its kind in our country. It was created to pool together the efforts of experts, scientists, practitioners, researchers, academic institutions, startups, globally operating companies, incubators, tech transfer companies, journalists, marketing- and PR experts, working for the advancement of biotechnologies and life sciences in Bulgaria. Sofia Bio Center initiates partnerships and joint projects among the academic, research, industrial, and regional communities, aiming to position Sofia on the international map in the domain of biotech and life sciences. Within it the newest sectors in the biotech domain are developing – synthetic biology, systematic biology, biomedical device manufacturing, and bioinformatics.

The following organizations are successfully operating in the biotech domain:

BioSeek is an integrated, multi-component online platform created to facilitate the searching of science data about research in the life sciences domain.

A Bulgarian team started a platform, which operates via a brand-new semantic search algorithm. The search engine is intended for scientists and medics working on the development of new treatments and operates a graphic database, research visualization tools, publication modules, etc.

BioSeek indexes a large diversity of items – diseases, genes, medicines, pathways, and guides you through the selection of the best hit, providing dynamic suggestions in a structured, faceted list.

Health & Life Science Cluster Bulgaria is a professional NGO committed to the building of a resilient ecosystem in the in the life sciences sector. The focus on technology among its members includes discovery of medicines, pharmacy, 3D bioprinting, genetic companies, clean technologies and environmentally friendly solutions, agrotechnology, and food technology.

The Sofia-based Micar21 is among the 250 included in the global survey entitled Services for the Discovery of New Medicinal Molecules 2018-2030

Micar21 is a "factory" for the discovery of new medicinal molecules. The company has found a niche, which is capable of creating significant social impact by improving the quality of life via new medicinal small molecules of blockbuster drugs for a large class of diseases.

As another success example it is important to note a project linking biotech, healthcare, IT, life sciences, and pharmacy. It is the European biotech conference Biotech Atelier. The conference brings together scientists, business leaders, international experts, influential think tanks to connect, exchange and generate new ideas for innovations, entrepreneurship, and business development. Since it is the main network platform for the region, the international forum's purpose is to connect the dots, encourage innovations, and create new cooperation opportunities.


AEROSPACE INDUSTRY IN SOFIA

Recent years have witnessed the fast-paced development of the aerospace industry, which has been caused by the entry of numerous private companies and intensified competition. This has resulted in the emergence of new opportunities for access to and use of aerospace. Those opportunities have also supported the development of the aerospace sector in our country, which is also partly a result from the commenced process of Bulgaria accession to the European Space Agency (ESA). This opens up exceptional opportunities for the development of the Bulgarian economy, sciences, and businesses, to a domain with high return on investment and high value added. Due to stronger scientific and economic interest in the aerospace industry, an increasing number of companies and government institutions turn their attention to the industry.

Development of Bulgarian science in the domain of aerospace engineering and communications in our country enables the development of the industry of the future.

Training of future personnel for the aerospace industry takes place in Sofia, in Sofia University's Faculty of Physics, which is ranked highest in international rankings among all tertiary education institutions in Bulgaria.





The European aerospace industry employs some 34 000 staff. The aerospace industry imposes significant challenges and promotes development of new technologies with immediate application:

- creation of new services based on the data generated by the aerospace infrastructure – navigation, observation of Earth from outer space, telecommunications, etc.;
- use of space technologies with non-space applications.

One of the most significant indirect benefits from those is the increase in production and the creation of numerous high-tech companies. The need to create new products and services with application in both the aerospace operations, as well as in the human life improvement leads to new technologies generated by aerospace operations. Those are created and developed in all sectors of human activities, such as:

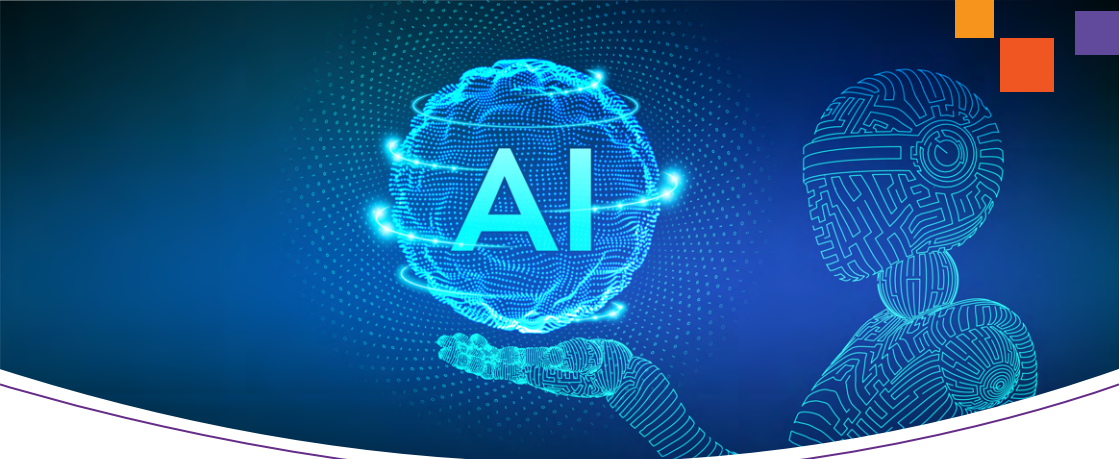
- creation of comprehensive products and services of high reliability, which operate in adverse environments;
- creation of autonomous and roboticized systems borrowed from space applications;
- creation of new, highly effective energy sources;
- systems for management and monitoring of natural resources, their effective usage and renewal.

EnduroSat is one success example – a Bulgarian startup developing nano satellites flying in Earth's lower orbit and providing an accessible satellite connection with numerous applications for businesses and science.

EnduroSat is the main partner and founder of the biggest educational platform for space science and technology in Europe – Spaceport, as well as the biggest practical education program for space technology – Space Challenges.

ARTIFICIAL INTELLIGENCE (AI)

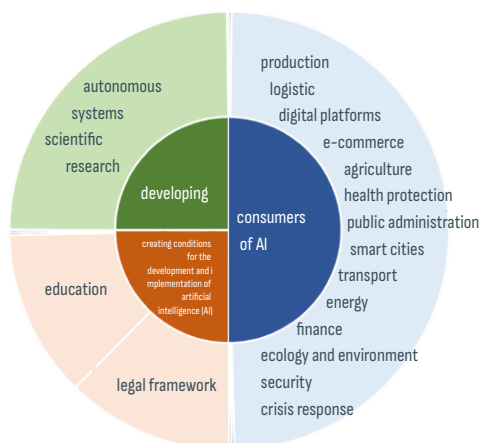
In recent decades artificial intelligence (AI) has stood out with its fast-paced technology progress. Medical diagnostics, education, trade, scientific discovery, gaming are just some of the sectors with this technology has application. The term AI is widely used to denote software solutions, programs, and projects aimed at the execution of tasks from the domain of human intelligence, including decision-making, visual perception, language comprehension, and speech recognition. The high level of technology development offers opportunities for even larger scale penetration by AI into diagnostics, precision surgical operations via robots, aid devices for people with reduced eyesight, and usage of many other technological innovations of direct benefit to humans.



National Artificial Intelligence Strategy

In 2020 the Bulgarian Ministry of Transport, Information Technology and Communications published a new draft strategy - Concept for the Development of Artificial Intelligence in Bulgaria until 2030.

The Smart Cities Concept envisages that AI will underlie the decision-making technologies in the smart city. City sites will be connected via sensors communicating with one another in the Internet of Things, generating huge volumes of data via which AI comprehends and optimizes the physical world in order to turn the city into a better place to live in. Optimization of transport routes and efficiency of transport junctions is another area of AI application. One of the first functionalities is the traffic analysis data from internet-connected cameras for the purpose of support urban management – reduce traffic jams and air pollution.



Sectors and their connection to the creation and use of AI

Source: www.mtc.government.bg

Despite global challenges in recent years, Bulgarian companies are developing their teams and are using AI technology, placing our country third in Europe's Top 3 in this indicator.

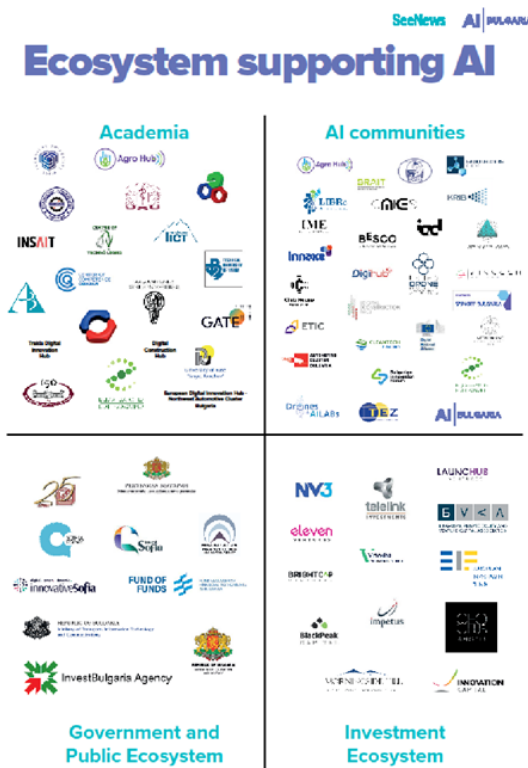
According to AI Report 2022, which surveys the state of affairs of AI in Bulgaria, including its transformations and trends, an increasing number of companies are interested in using AI to create innovative solutions.

The total revenues of Bulgarian AI developers reached the record-breaking 25.7 mil. In 2021, an over 35% jump compared to the 2019 revenues.

Bulgarian entrepreneurs in the AI domain have a solid presence on a local level – 70% of companies in the region are solely owned by Bulgarian individuals or companies.

An upward trend is observed in the number of specialists employed in this domain, in 2020 there was a record-breaking 25% annual growth rate.

In 2021 nearly 40% of those employed in the sector were involved in R&D operations, compared to 29% in 2020.





In 2022 the Institute for Computer Science, Artificial Intelligence, and Technology /INSAIT/ was established in Sofia.

INSAIT is based in Sofia, Bulgaria and is the first institute in Eastern Europe offering work conditions on a global level.

The institute is structured as a special unit of Sofia University St. Kliment Ohridsky and was established in partnership with the Swiss ETH Zurich and EPFL, two of the best technology universities worldwide. Leading scientists from American, European, and Israeli universities and research labs steer and consult the institute.

INSAIT's main focus is on science achievements: recruiting international scientists with exceptional achievement and training next-generation students and technology leaders in the AI domain.

According to Prof. Godwasser /Turing Award Winner, UC Berkeley and MIT backgrounds/, INSAIT is a pioneering initiative with the potential to establish Eastern Europe as a world class destination for computer sciences and research in the AI domain.

The Artificial Intelligence and CAD Systems Laboratory performs research activities at Sofia Tech Park. The laboratory aims, in collaboration with research organizations and industrial clusters, to become a leading center that facilitates the access to specialized software and CAD systems and contributes to the development and maintenance of highly qualified specialists in the field of artificial intelligence. Research activities are carried out in the area of Artificial Intelligence in Smart Energy Grids, such as selection and validation of data to resolve various business tasks, design of suitable machine learning and AI solutions enabling real-time collection and analysis of data, etc.

Establishment of the Bulgarian Ecosystem for Artificial Intelligence is underpinned by: Artificial Intelligence Cluster Bulgaria association, LIBRe foundation, United Drone Society association, Biotechnology and Health Cluster association, and Integration of Emerging Technology Cluster association. These exchange information, knowledge, and ideas and will perform expert-level consultancy. They carry out active dialogue with government institutions, the academic, businesses, and the general public, presenting the opportunities for artificial intelligence's safe integration in the social and business processes in our country.

FINTECH

In 2021 156 fintech companies operated in Bulgaria, their revenues amounting to 1.8 bln. BGN or 1.3% of the country's GDP, as reported by the Bulgarian Fintech Association (BFA) in the 2022 Annual Fintech Report. Despite the global economic instability, the available data indicate that the total revenues of fintech companies have grown by c 24.6%, while as regards those employed in the sector, a 25%

growth in employment is registered, reaching the record-breaking level for this industry of 11 862 staff in 2021. One of the main reasons for this is probably attributable to the average gross pay – 3 248 BGN, two-fold above the country average. The sector's staff demographics keeps the trend from previous years, with 44% of the staff still being females, while the staff average age is 35.4. Fintech is the most attractive sector for venture capital investment.

Data from the Annual Fintech Report of BFA reveal that investment in Bulgaria's fintech industry registers record values and considerable growth, which is attributable to the beneficial environment for development of entrepreneurship. During the 2017-2021 period, investments in the Bulgarian fintech companies have grown nearly ten-fold, from 1.3 mil. BGN to over 10 mil. BGN in 2021. Compared to the overall venture capital invested in Bulgarian companies, fintech stands for of all venture capital investment, turning fintech into the most attractive industry to invest in during 2021.

According to 2023 forecast data, the fintech industry in our country will continue to develop with a 290% average revenue growth.

In 2021 a number of companies registered impressive growth in operating revenues. The highest growth of 636% was achieved by Phos, followed by Crypto.com and Payslip – 388% and 291%, respectively.

The first Bulgarian unicorn Payhawk, which was established in Bulgaria and is estimated at 1 bln. USD, is ranked 4th with 267% growth in operating revenues, followed by Iris Solutions, licensed experts in open banking.

In 2021 the fintech sector registered a historical revenue growth – 25%, reaching 1.8 bln. BGN, despite the lower number of newly established companies. In comparison, the 2020 revenues in the sector amount to 1.4 bln. BGN, while average growth over the last five years is 12%. This is revealed by the data in the Annual Fintech Report of Bulgarian Fintech Association (BFA) on the sector's development.

The same trend is also observed in operating revenues, which registered a 33% for the 2020 – 2021 period, reaching 1.5 bln. BGN in 2021. This offers evidence that Bulgarian fintech organizations are stable, mature, and prepared to take a bigger share in the global fintech market. They are located mostly in large cities – Sofia, Varna, and Plovdiv.

The sector leaders in revenues are:

- the digital payments segment – 54%, which is hardly surprising, given that it is also the segment with the highest number of operating companies – 44.
- providers of company technologies –14%, working on API management, cloud computations, artificial intelligence, machine learning, and natural language processing.
- digital asset platforms – 9% share.

Women continue to play a crucial role in the Bulgarian fintech sector, being 44% of all employees.

BULGARIA

FINTECHS



156 FinTech
Companies



11 Payment
Institutions



8 E-money
Institutions

INVESTMENTS



€5.35 million
invested in
2021



5 Bulgarian
investors active
in FinTech



1/5 of all 2021
Bulgarian
VC investments

EDUCATION



51 higher
educational
institutions



18 universities
teaching
Informatics



12,900
enrolled
in STEM

WORKFORCE



11,862 employed
in the industry



44% of employed
are women



€ 1,659
average gross
salary

Source: Bulgarian Fintech Association

OUTSOURCING IN SOFIA AND SHARED BUSINESS SERVICES

The outsourcing industry has a significant share in the country's economy, with the larger part thereof being based in Sofia. It serves clients from Western Europe, North America, and Asia, most of them being in the biggest global companies rankings. The Sofia-based companies carry out outsourcing of: IT services (ITO), knowledge processes (KPO), human resources (HRO), finance and accounting (FAO) and outsourcing of other business services (BPO).

Bulgaria is one of main hubs of the outsourcing industries in Eastern Europe.

According to data from the annual report of the sectoral association AIBEST, revenues of the outsourced services companies in Bulgaria grew by 22.5% in 2021, reaching 4.22 bln. EUR. Compared to 2020, growth in the sector was twice bigger. The outsourcing companies 2021 revenues were 5.9% of Bulgaria's gross domestic product (GDP).

The outsourcing industry's operating revenues exceeded 10.7 bln. EUR in the South-Eastern European countries in 2020, growing by 4.9% compared to 2019. Outsourced IT services (ITO) generated 5.7 bln. EUR, registering a 6.8% annual growth, while outsourcing of business processes (BPO) brought in a further 5 bln. EUR (+5% compared to 2019). This is revealed by the AIBEST report data.

At that rate of sector development, revenues are expected to double in the coming years, generating 8.9 bln. EUR by the end of 2025.

In 2021 the earnings growth increased by 47.2% to reach 468.4 mil. EUR. Growth was also registered in the profit margin - 11.1%, the highest value registered over the last five years.

Sofia is one of the most attractive outsourcing destinations. Our country is preferred by high tech companies. Important competitive advantages include: educated workforce, low taxes and staff costs, Bulgaria's EU membership, strategic location, and infrastructural connectivity. On a global scale the costs-value added ratio is among the very best.

Some 80% of the outsourcing companies and specialists are Sofia residents.

In recent years there has been a change in the structure of foreign investment and in companies' development plans in our country. According to global trends in the outsourcing industry, some companies are looking for new growth opportunities and exporting, apart from their manufacturing, a number of services, which are then concentrated in new shared services centers in our country. Their services in turn are used by all of the parent company's subsidiaries.

The challenges to the outsourced services industry are to invest more in own products and create staff training centers.

The shared services centers (SSC) boom.

There is a change in the sector – an increasing number of outsourcing centers provide more innovative services with higher value added. The SSCs of large international companies (mostly from Germany, the Netherlands, and USA) that were established over the last 5 years carry out numerous activities in finance and accounting, trade, human resources, IT services, and even support of research activities.

Ever greater variety of industries now rely on such multi-disciplinary capabilities of the centers in Bulgaria and Romania, where 90% of those SSC's have been established. They started from financial institutions, telecom and tech companies, now covering retail chains, logistics, and industry.

The operating revenues of all SSC's in South-Eastern Europe in 2020 were 1.6 bln. EUR, or some 15% of the total outsourcing market. The specialists hired there exceed 35 000 or 14 % of those employed in the outsourcing sector.

OUTSOURCED BUSINESS SERVICES IN SOFIA

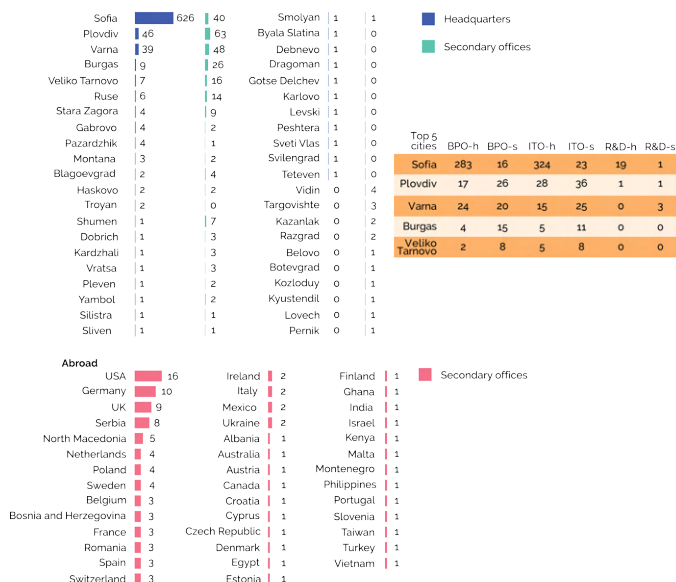
The outsourced services in our country mostly take place in the capital. It is so because the capital has the highest workforce concentration as well as the highest number of experts. Presently, over 600 companies for outsourcing services operate in Bulgaria, apart from Sofia, growth of the outsourced services companies is also registered in Plovdiv, Varna, and Burgas. The migration trend in the sector is guided by the search for new talent outside the biggest cities.

The major foreign markets serviced by the Sofia-based companies are: USA, UK, Germany, the Netherlands, Switzerland, France, Austria, Belgium, Italy, Sweden, Australia, Russia, China, and India.

The trend illustrates that the differences between BPO and ITO are becoming blurred, with many companies developing their own solutions for the purpose of higher efficiency and better cost optimization.

Source: AIBEST Annual Report 2022

Number of outsourcing companies in major cities



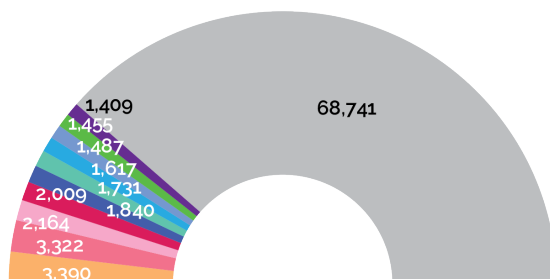
In 2019 Sofia University, jointly with the Association for Innovations, Business Services, and Technologies (AIBEST) set up a new Master's Program – „Outsourcing Projects and Companies“. This illustrates a positive trend and a growing need to nurture experts in this domain.

SHARED SERVICES CENTRES

As a development trend of the market in our country over the last year, the analysis singles out the double-digit growth in the number of shared services centers (SSC) operating in our country, which include accounting, staff administration, etc.

This is the sub-sector employing 1/5 of all employees in this industry. During the last year alone employment in this type of companies grew by nearly 25%. The largest share of wages paid out is generated by the shared services centers, where wages amounted to EUR 12.3 million, five-fold above the industry-average. This is also in line with the double-digit growth in the number of businesses in the sub-sector during last year. A number of companies assign the accounting, tax, and payroll processes to an external professional provider.

Top 10 outsourcing companies by full-time number of employees for 2019.



- Callpoint New Europe
- Sutherland Global Services Bulgaria
- SiTel Bulgaria
- Concentrix Services Bulgaria
- VMWare Bulgaria
- Other Companies
- Enterprise Services Bulgaria
- IBM Bulgaria
- S Group Human Capital
- Hewlett-Packard Global Delivery Bulgaria Center
- Paysafe Bulgaria

Source: AIBEST Annual Report 2022



CREATIVE INDUSTRIES

Sofia is the national center of the cultural and creative industries. The main indicators of the economic significance of arts, cultural and creative industries, cultural heritage, and cultural tourism – value added by factor costs, persons employed, turnover, number of organizations, foreign direct investment – display a concentration in the city ranging between 52% and 99%. Those numbers allow us to call Sofia a creative economy city.

Year	2019	2020	2021	2022
GDP /%/	0,5	0,4	0,4	0,4

However, the number of persons employed in the sector has registered a decline due to the Covid19 pandemic. The sector was the hardest hit by the measures tackling dissemination of the virus, so a considerable part of the guild of visual artists, designers, cinema staff, musicians, and other representatives of the creative industries reskilled and started practicing other professions. This is a European scale trend. According to an EY study entitled Europe's Recovery, Cultural and Creative Industries Before and After COVID-19", in 2020 they generated revenues amounting to EUR 444 billion, which is a decline of EUR 199 billion compared to 2019, or nearly 31%.

Despite such data, Sofia has kept its place as a national center of the cultural and creative industries. The major indicators for the arts, cultural and creative industries, cultural heritage, and culture tourism, in terms of their economic significance - value added, persons employed, turnover, number of organizations, foreign direct investment – registered growth during the period. This is mostly due to the developers of video content and to digital content.

FILM INDUSTRY

The film industry is mostly developed in Sofia. This is where all leading training and work centers in this domain are based. The city also hosts one of the leading filmmaking studios in Europe – Nu Boyana Films. The National Academy of Theatre and Film Arts Krastyu Sarafov (NATFA) – Sofia is the biggest in Bulgaria. Similar to the other industries, this one also suffered a considerable downturn due to the Covid 19 crisis, with 5 Bulgarian and 11 foreign productions having been shot during 2020 in Bulgaria, 6 of these being shot in one of the biggest studios in our country. The global cinema industry is still looking for ways to make films safely and is slowly recovering from the initial slump. Nevertheless, the global film companies Netflix and Disney show interest in shooting in our country, which is evidence to the development of the film industry in Bulgaria.

GAMING INDUSTRY

Gaming is among the fastest growing creative industries in Sofia. There are currently over 75 gaming companies in Sofia, including subsidiaries of global leaders, and established Bulgarian studios. Games covering the entire range are developed here, while virtual reality is increasingly taking hold in our daily lives.

The Covid pandemic-affected trends in the gaming industry indicate that this sector is experiencing changes as well. Video game companies are registering significant sales growth precisely due to the restrictions imposed on people's daily lives. Apart from the big hike of earnings, also registered here are changes towards increased financial stake of mobile games.

Ongoing trainings are carried out in the gaming industry in Bulgaria – GAME DEV, which are free and paid for by ARC Academy. A portal has been developed – <https://gameindustry.bg/> – wherein anyone interested may find detailed information about the gaming industry in Bulgaria, such as news, projects, and festivals.

TOURISM

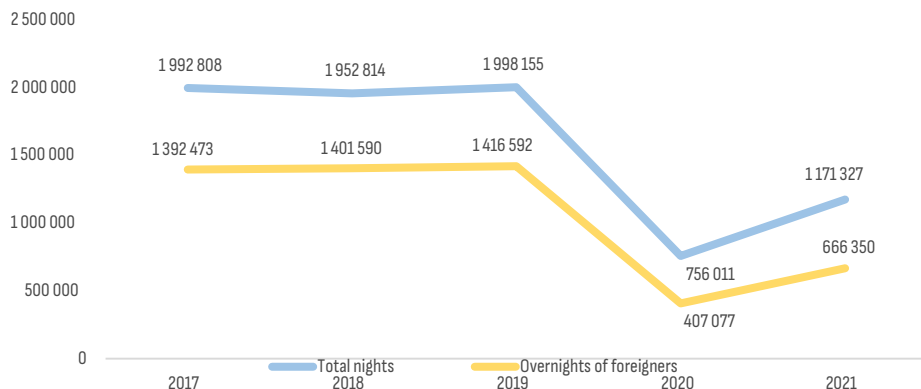
In result of the swift expansion of low-cost airlines and the online platforms for short-term rentals, Sofia became a much more connected, accessible, and popular urban tourism destination in recent years. The pandemic, however, had a devastating effect on tourism, with tourism travel practically ceasing during the first Covid-19 wave in 2020. Recovery is already observed in 2021, but it will take time due to the continuing restrictive measures and slow vaccination process in the country.

In 2019 visitors to the capital numbered 1.16 million, with the total number of night-stays being nearly 2 million, with 786 000 of the visitors being foreigners. In 2020 the total number of visitors shrank to 420 000, whereof just 221 000 were foreigners, in result of the impact of the restrictive measures and the suspension of nearly all international traffic during the March-June period. Nevertheless, in 2021 tourist traffic is gradually recovering, with the capital having been visited by 140-150 000 persons per month during the summer months.

The share of Bulgarians, however, is higher compared to the pre-pandemic period. Compared to seaside and mountain resorts, the capital maintains more balance between Bulgarian and foreign visitors, in all likelihood due to business trips within the country. Such a conclusion is also supported by the low number of night-stays per person – less than 2 per Sofia visitor, which matches more the profile of business trips and urban tourism during weekends. In terms of dynamics, in the years preceding the pandemic we were witnessing mostly growth in the number of visits by foreigners – by over 1/3 within five years, with no significant change in the visiting Bulgarians.

Official stats indicate that the beds available for accommodation in Sofia were some 13 400 in 2020. We need to add to that number, however, those registered on online platforms, which are not covered by the NSI surveys. According to AirDNA, the properties listed in Airbnb alone are nearly 3 000, adding a further 5–6 000 beds. Such a considerable expansion, which is enabled by the broad reception of online platforms, also helps assert the capital as a popular tourism destination.

Number of night-stays in Sofia, including foreigners (2017–2021)



Source: NSI

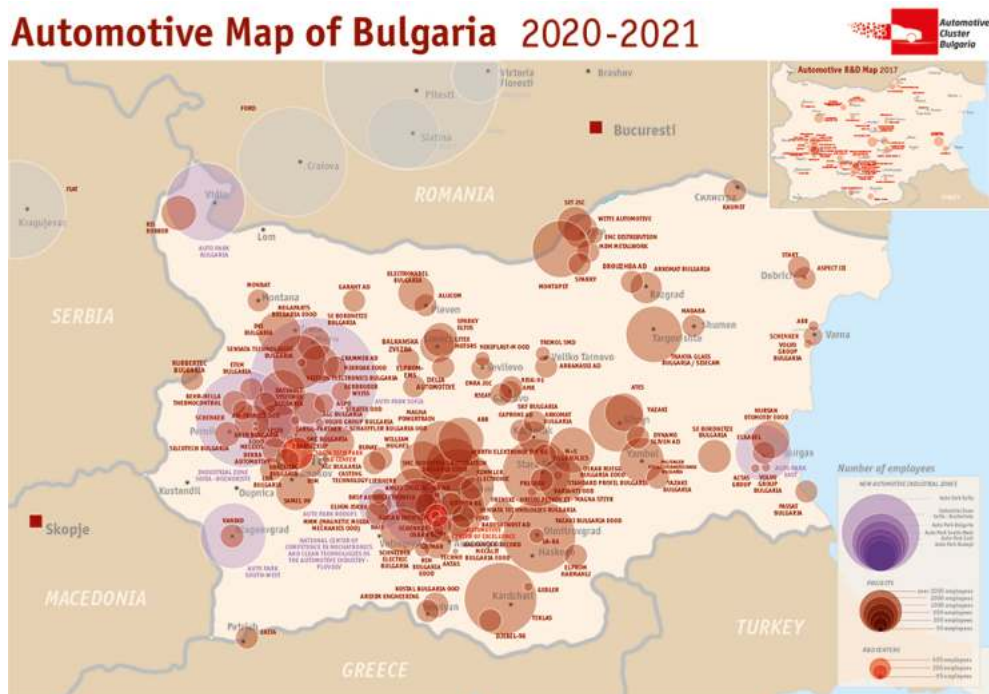
MANUFACTURING

In 2020 the output produced by the processing industry in the capital declined by over BGN 1 billion (or 7%) compared to the pre-crisis year 2019, down to BGN 9.7 billion. The decline mostly reflects the interruption of the supply chains during the period of the most severe crisis in the spring of 2020 and the shrinking in the domestic demand for the output of Bulgarian processing enterprises. According to preliminary data, in November 2021 the seasonally adjusted index of industrial output grew by 1.4% compared to October 2021. In November 2021 the seasonally adjusted index of industrial output grew by 13.2% compared to the same month of 2020. This sector is driven by several large, key enterprises of mostly export orientation, with the key sub-sectors being manufacturing of metallic items, foods, and beverages. Despite the high share of services during several years prior to the crisis, industrial activities have experienced fast-paced development. Sofia is an example of a municipality generating a high percentage of GDP from manufacturing operations.

AUTOMOTIVE SECTOR

The automotive industry is on the verge of becoming a leading one in Bulgaria. Despite the pandemic, many of the manufacturers in this sector are experiencing their best moment in time, with the number of those employed in this sector being higher than prior to the crisis. Companies in the country's automotive industry now exceed 300. They provide jobs to 69 000 persons, with the threshold of 70 000 staff soon to be surpassed. The share of the automotive industry in Bulgaria's economy is between 10% and 12%. A survey of the Automotive Cluster reveals that there is potential for that share to exceed 20%. According to the Cluster, the automotive industry may double again in the coming years and become a leading economic sector in the country. Sofia is still the most attractive destination, followed by Plovdiv and Shumen.

Automotive Map of Bulgaria 2020-2021



OVERVIEW OF THE BULGARIAN AUTOMOTIVE INDUSTRY

- » Turnover is expected to double in 2023
- » Some 10 % of the country's GDP
- » Over 300 automotive companies in Bulgaria in 2021

Source: Automotive Cluster Bulgaria



ROBOTICS

Over 950 mil. BGN in revenues, over 5 000 employees, over 30 companies developing robots, autonomous systems or software and components for such systems in Bulgaria. Sofia hosts some of the leading units for research and development in the robotics domain. In turn, use of robots and automated solutions in warehouses and logistics sites registers a permanent, sustainable growth of over 40% per year, according to the latest research of the International Federation of Robotics (IFR).

Automated warehouses have been developing at breath-taking speed as a business sector, especially during a pandemic period, all of this being a result of growing costs attributable to the challenges from the users' higher expectations for larger and faster deliveries. According to a survey by the Professional Association of Robotics and Automation, however, just 15% of businesses in Bulgaria are automated.

Presently, there are 202 industrial robots in 18 manufacturing operations. We are advancing at a very good pace, increasing numbers of Bulgarian young people are trained in robotics courses.

LIFE IN SOFIA

Utilities

Basic (electricity, heating, water supply, waste) for an apartment from 85m2 €124

Monthly mobile phone fee incl. 1000 min and 5 GB data € 10

Monthly internet fee (over 60 mbps, Unlimited Data, Cable/ADSL) € 12

restaurants

Single menu, middle class restaurant €10

Menu for two (three-course), restaurant middle class €40

Water 0.33 l € 0.8

Supermarket

Milk (liter) € 1.53

Bread € 1.00

Chicken meat (kg) € 7.17

Source: Numbeo 2022

Transportation

Ticket (city transport) € 0.82

Annual card (city transport) €187

Taxi – 1 km mileage (regular fare) € 0.6

Restaurants Fuel (liter) € 1.64

Shared scooters €0.77 + €0.16/min.

Shared and cars €2 – 3.25 + €0.15 – €0.25/min.

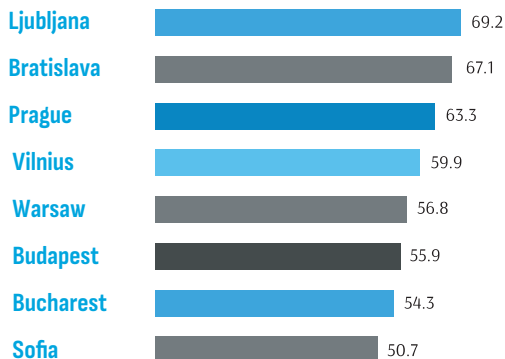
One-room apartment outside the city center €327

One bedroom apartment in the city center €424

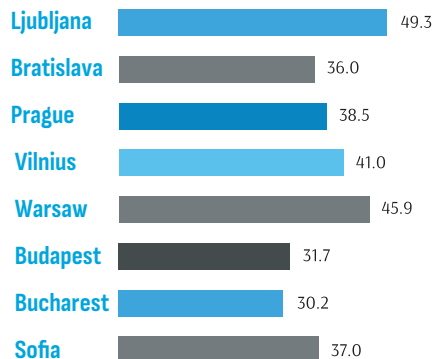
Three-room apartment In the city center € 792

Three-room apartment outside the city center €547

Cost of Living Index



Purchasing power index



Source: Numbeo 2022

INTERNATIONAL SCHOOLS SOFIA

Primary and secondary schools:

- » Anglo-American School of Sofia*
- » British School of Sofia*
- » The American College of Sofia
- » American English Academy*
- » Britanica Park School*
- » Deutsche Goethe Schule*
- » Erich-Kästner" Private German School*
- » Reina Sofía private secondary school *
- » Victor Hugo French Lyceum*
- » Italian Lyceum
- » Russian Lyceum*
- » St George International School*
- » Maple Bear Canadian School*
- » ESPA private secondary school*
- » Izzi Science for Kids private primary school
- » Darbi College

*includes a kindergarten



PUBLIC TRANSPORT

The network of public transport in Sofia is well developed and includes various transportation methods. Within Sofia Municipality the passengers are served by metro trans, trolleybuses, trams, city buses, suburban buses, electric buses. Furthermore, a PPP-based service for shared use of electrical scooters is also in operation.

Sofia has a developed bicycle infrastructure in place with a total of 49.51 km of bicycle lanes, Sofia Municipality's ambition being to soon have a service for public use of rented bicycles.

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 Centre, the Central Railway Station and Central Bus Station, and the largest residential areas. Sofia Metro currently has a total of 52 km of railway lines, with 47 stations in operation. The transportation capacity of Sofia Metro is 50 000 passengers per hour, with the minimum interval between trains being 180 seconds.

Source: Metrolipiten EAD; Urban Mobility Centre

» *Line M 1 - Slivnitsa - Business Park
(Lyulin - Mladost)*

- 16 stations (13 general M 4)

» *Line M 2 - Obelya - Vitosha
(Nadezhda - Lozenets)*

- 12 stations

» *Line M 3 - Hadji Dimitar - Gorna Banya
(Hadji Dimitar - Ovcha Kupel)*

- 12 stations

» *Line M 4 - Obelya - Sofia Airport*

- 20 stations (13 general M 1)





Sofia Metro map

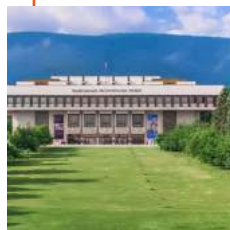


CULTURAL LIFE

Sofia is one of the most ancient cities on the continent with its own cultural contribution history. The city is one of the oldest settlements in Europe and abounds with churches, monasteries and museums. Sofia has a unique cultural and historical resource that combines remarkable examples of the construction type and architectural ensembles from the eras of Antiquity, the Middle Ages, after the Liberation and the architecture of the 20th century. Total of about 1720 more important immovable cultural properties are registered on the territory of the Metropolitan Municipality values such as 830 are located in the central city area, of which 110 are national meaning. Among them, the Boyan church is of world importance. The agglomeration is of particular importance of the so-called monasteries "Sofia Holy Mountain".



THE MEMORIAL TEMPLE "ST. ALEXANDER NEVSKI" is the most magnificent and monumental symbol of the city of Sofia. The largest active Orthodox church in Bulgaria and the second largest the size of the Balkan Peninsula. The highest bell tower is with height 50.52 m, the temple has a total of 12 bells. In the crypt of the church houses the museum of Christian art.



NATIONAL HISTORY MUSEUM

The National History Museum is one of the largest and rich historical museums on the Balkan peninsula with over 700,000 cultural monuments. They are exhibited in the halls of the museum only 10% of all these values and monuments.



"IVAN VAZOV" NATIONAL THEATRE

is one of the main sights of Sofia, as well as the first and most authoritative professional and academic theatre of Bulgaria.



NATIONAL ART GALLERY

The National Art Gallery is the largest and representative museum of Bulgarian fine art in the country. It is housed in the building of the former royal palace (declared a cultural monument in 1978)



THE NATIONAL PALACE OF CULTURE

The largest multi-functional complex in the Southeast Europe and one of the modern symbols of Sofia.



NATIONAL ARCHAEOLOGICAL MUSEUM

owns a collection of Thracian gold from the Bronze Age, silver treasures and ancient artefacts.



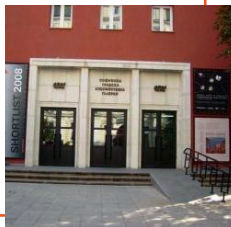
SOFIA HISTORY MUSEUM

The Regional History Museum - Sofia reveals the millennial history of the Bulgarian capital. It has 8 halls revealing the history of the city, in the old building of the city bath. An architectural jewel from the beginning of the 20th century.



SOFIA THEATER

is the largest municipal theatre in the city. Some of the productions have English subtitles.



SOFIA CITY ART GALLERY

owns one of the most significant collections of Bulgarian art: 3,500 paintings, 800 sculptures, 2,800 graphics and drawings. Its role is to present the facts from Bulgarian cultural history in analytical and contemporary terms way, as well as to actively intervene in artistic processes through original and memorable projects.

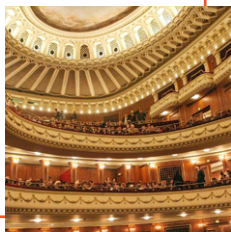
BOYANA CHURCH
is famous for its medieval frescoes, and since 1979 it has been included in the list of world cultural heritage of UNESCO.



"SAINT SOPHIA" BASILICA

The Basilica "St. Sofia" was built in Roman times Emperor Constantine the Great. The building of the operating today church is from the beginning of the 6th century. The image of the basilica is a symbol, included in the coat of arms of the capital. There is a museum in its basement unparalleled in the world, preserved eighteen centuries of history in the necropolis of the ancient Roman city of Serdica.

THE NATIONAL LIBRARY "ST. ST. CYRIL AND METHODIUS"
is the largest library in the country and the oldest cultural institute of post-liberation Bulgaria.



THE SOFIA OPERA AND BALLET

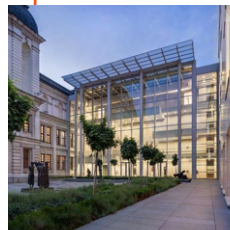
is one of the main cultural attractions in the city and reception world famous performers.



BULGARIA HALL

is the main center for stage performances in Bulgarian and foreign performers and musical ensembles - concerts, competitions, sound recordings, reviews, festivals, lectures, etc.

SQUARE 500
Square 500 – the newest and largest building of The National Gallery, where in 28 rooms on four levels are exhibited nearly 2000 works in Bulgarian and foreign languages artists.



MUSEIKO

is the largest science center for children in Eastern Europe with over 130 interactive games on an area of 2,000 sq.m.

TECHNOMEDICLAND
An interactive technology center for children and youth who want to get to know science and technology up close. It has nearly 1300 square meters of area. The main hall is equipped with nearly 40 interactive and cognitive experiments from the field of natural sciences, mathematics and information technologies.



In June 2019, UNICEF placed Bulgaria among the 20 best countries for families with children in the EU and the OECD.



FESTIVALS

SOFIA FILM FEST is one of the leading cinema events in Central and Eastern Europe, included in the "Variety" magazine ranking of the top 50 world festivals.

A TO JAZZ tells the story of jazz over three days in July. Since 2011, the festival has welcomed over 100,000 people and world-famous jazz musicians such as Branford Marsalis, Christian McBride, Robert Glasper, Kenny Garrett, Roy Hargrove, Dianne Reeves.

PHOTOFACTORY: Annual festival and international platform for professional photography. The festival is part of the Cultural Events Calendar of Sofia Municipality.

SOFIA SCIENCE FESTIVAL : The country's first and only festival for the achievements of scientists and young researchers from Bulgaria and abroad, directed both to youth and adults.

SOFIA MUSIC WEEKS: Since 1970, the festival has been one of the most important international music events in the region. The program of the festival includes concerts, opera, ballet, scientific conferences in the field of music theory, photo exhibitions, screenings of filmed operas, master classes.

EUROPEAN MUSIC FESTIVAL : One of the most renowned events for classical music in Sofia. Its program includes concerts with symphonic and chamber music, jazz, film music, as well as an event for children.

OPERA IN THE PARK has been bringing open-air opera and ballet performances for 10 years one of Sofia's parks.

WORLD THEATRE IN SOFIA hosts world-famous theatre and dance productions and performers from all over the world in Sofia.

SPRING BOOK FAIR is an annual event that features literary readings, book launches and other events suitable for all ages.

SOFIA SUMMER FEST - THE SUMMER FESTIVAL OF SOFIA: 78 DAYS CULTURAL PROGRAM IN THE CENTER OF THE CAPITAL - the festival offers a rich program: theatre, cinema, music, children's shows, book launch, delicious food and real festival experience

VITOSHA

Vitosha mountain is located only 30 minutes from the city center. The mountain offers recreational activities such as hiking, skiing, mountain biking and rock climbing. Vitosha is also accessible from public transport and is surrounded by a good network of lifts, trails and mountain lodges. Plans were announced to connect the subway to the ski lifts in Simeonovo. Vitosha offers two ski centres and several ski slopes, including a night ski slope. During the summer season Vitosha gathers guests for several annual events and festivals, including the international one folklore festival "Vitosha" and the ultramarathon "Vitosha 100 km".

MINERAL SPRINGS

In Sofia there are about 30 deposits of mineral springs that can be used both for drinking as well as for medicinal purposes, SPA and entertainment.

SOFIA – CITY OF SPORTS

Sofia received the title "World Capital of Sports" for 2024. The distinction is awarded thanks to the large-scale and activity that developed the city as a European capital of sports in recent years. In 2022, the Foundation's team directed its efforts in several onboards:

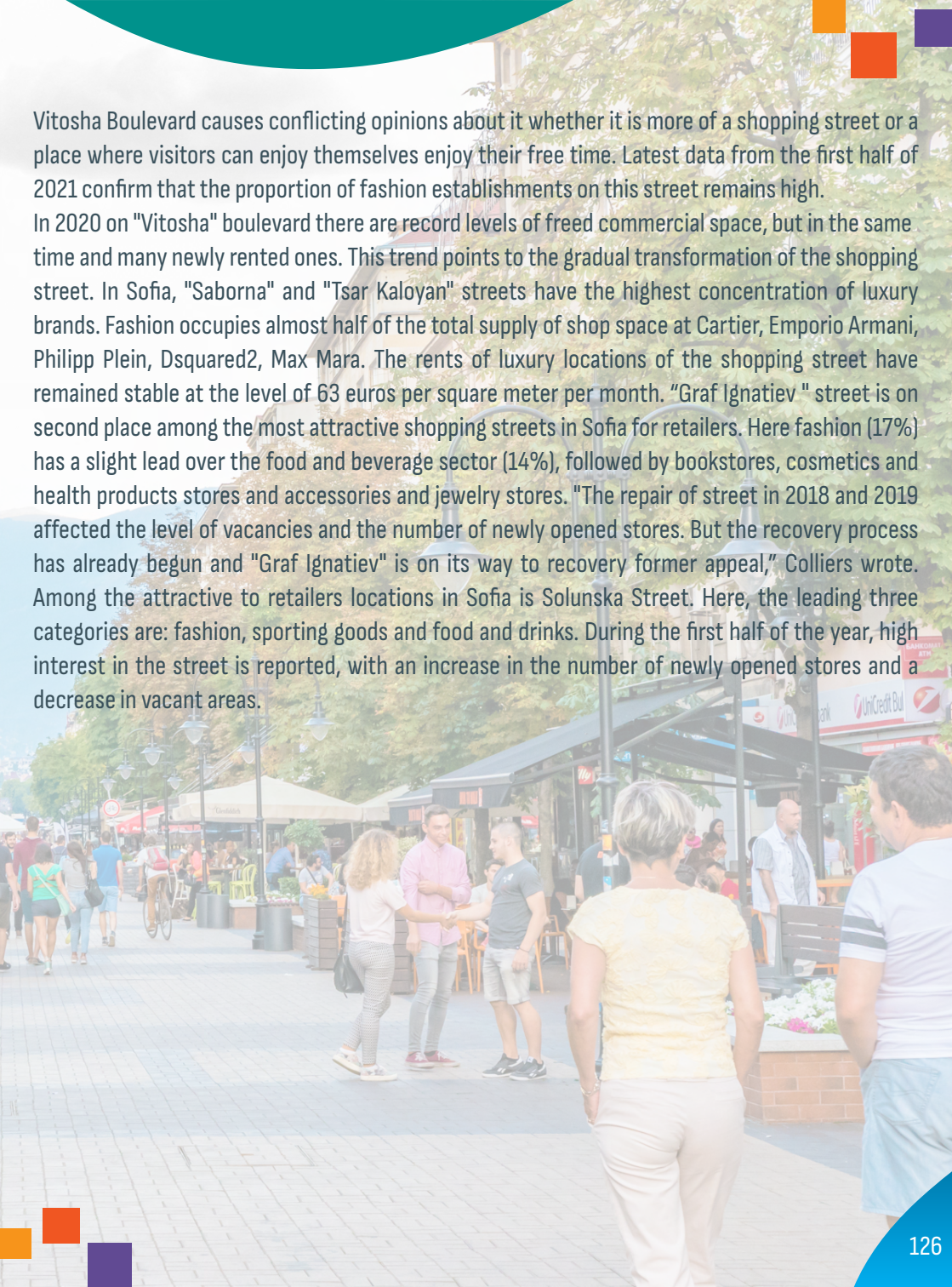
Expansion of the social commitment of the Foundation by organising new forms and sports activities for people with special needs. Sofia marathon held for the first time in 1983. It is part of the list of IAAF Bronze Label events of International Association of Athletics Federations. 5KM RUN is held every Saturday in the morning in the South Park of Sofia. It includes children, elderly people, people with disabilities, parents with strollers, even pets. The two large artificial lakes near Sofia Pancharevo and Iskar – offer opportunities for water skiing, wakeboarding and rowing. Wakeboarding enthusiasts prefer Kazichene Hydropark, right next to the Ring Road of Sofia. The Struma River, an hour's drive south, is a favourite spot for kayaking and rafting in Bulgaria. The 84-kilometer Iskar River Gorge is another popular trekking area north of Sofia.





SHOPPING STREETS IN *Sofia*

After the last few years affected by the global pandemic, interest in commercial streets is coming back. Their previously considered weaknesses such as the fragmented ownership, the lack of centralized coordination and accessibility to the stores from outside, have now become strengths. The main shopping streets in Sofia have proven its sustainability in recent years and this trend is expected to continue. Revived there is interest from merchants in various categories such as sports, cosmetics, bookstores and stores for home. Large chains continue to seek greater proximity to their customers and opening a high street site will be among their priorities. The five most popular categories of shopping streets in Sofia, from the point of view of share of leased areas vs the general offer, are fashion, food and drink, which includes cafes, restaurants and establishments for fast food, services, accessories and jewelry, and groceries. The mix of these categories is gradually shifting from a strong dominance of fashion and food and drink in 2016 to a more balanced distribution in the first half of 2021. The trend is expected to the various categories represented on the shopping streets continued to increase. "A row of small, specialised grocery stores opened their doors on shopping streets in Sofia, increasing variety in most food categories such as dairy, meat, fish, nuts, chocolates, organic products and cosmetics," states the consulting company Colliers. As a result, the share of the grocery sector increased from 3% in 2016 to 7% in the first half of 2021. At the same time, the food and beverage sector of the shopping streets, which experienced difficulties in its work, looked for new solutions in business support such as larger gardens to restaurants, online activity, delivery of meals to homes, subscriptions, vouchers and increasing the range of foods offered. Closures during the pandemic proved to be particularly challenging for grocery stores as well fashion that did not have an online channel. An emerging trend is the introduction of physical try-on at pick-up points for clothes ordered online. They enable customers to quickly try the goods and return them easily if they are not satisfied. While this has an added advantage for retailers as their goods are returned fast and in excellent condition, and are ready to be re-listed without a discount in the price, notes Colliers.



Vitosha Boulevard causes conflicting opinions about it whether it is more of a shopping street or a place where visitors can enjoy themselves enjoy their free time. Latest data from the first half of 2021 confirm that the proportion of fashion establishments on this street remains high. In 2020 on "Vitosha" boulevard there are record levels of freed commercial space, but in the same time and many newly rented ones. This trend points to the gradual transformation of the shopping street. In Sofia, "Saborna" and "Tsar Kaloyan" streets have the highest concentration of luxury brands. Fashion occupies almost half of the total supply of shop space at Cartier, Emporio Armani, Philipp Plein, Dsquared2, Max Mara. The rents of luxury locations of the shopping street have remained stable at the level of 63 euros per square meter per month. "Graf Ignatiev " street is on second place among the most attractive shopping streets in Sofia for retailers. Here fashion (17%) has a slight lead over the food and beverage sector (14%), followed by bookstores, cosmetics and health products stores and accessories and jewelry stores. "The repair of street in 2018 and 2019 affected the level of vacancies and the number of newly opened stores. But the recovery process has already begun and "Graf Ignatiev" is on its way to recovery former appeal," Colliers wrote. Among the attractive to retailers locations in Sofia is Solunska Street. Here, the leading three categories are: fashion, sporting goods and food and drinks. During the first half of the year, high interest in the street is reported, with an increase in the number of newly opened stores and a decrease in vacant areas.

USEFUL LINKS

<https://www.sofia-da.eu/>

Association for the Development of Sofia is a resource center for research, analysis, innovation and experiment, which creates conditions and fosters a permanent dialogue between civil society, business, the Sofia Municipality and academic institutions.

<https://youare.sofia.bg/>

"You are Sofia" is a platform of the Metropolitan Municipality, which aims to provide easy access to information for citizens and guests of the city.

<https://myhealth.bg/>

The myHalth platform is the electronic health portal of the Metropolitan Municipality. Through it you can find a field list of all municipal medical facilities: dental centres, diagnostic-consultative centres, medical centres, multi-specialty hospitals for active treatment, specialized hospitals, specialized centres: suitable specialists according to Your needs; to make an online appointment with the chosen doctor, as well as current news.

<http://zoosofia.eu/>

The site of the Zoological Garden of Sofia where you can get up-to-date news about everything interesting happening at the zoo. You will also find information about the Environmental Science and Education Center and the Zoo and the initiatives it organises. You will also find detailed information about the donation and volunteer campaigns in which you can get involved. You can also take your Virtual Walk and get to know the interesting Animal Species that are located on the territory of the Zoo in our Capital.

<https://sofia2018.bg/>

Sofia was designated as the European Capital of Sports in 2018. On the site Sofia2018.bg you will receive up-to-date news and information about the sports events organized with the support of the Sofia - European Capital of Sports Foundation, you will find a calendar of upcoming tournaments, a full map of the Bicycle Lanes of Sofia, projects, photos from past events, information on how to become a volunteer and how to maintain an active lifestyle.



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