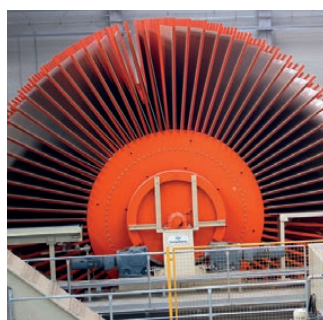
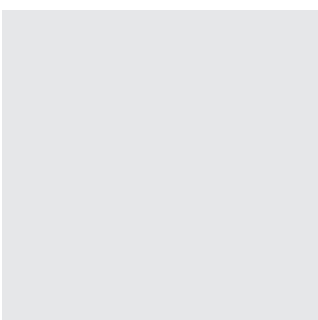
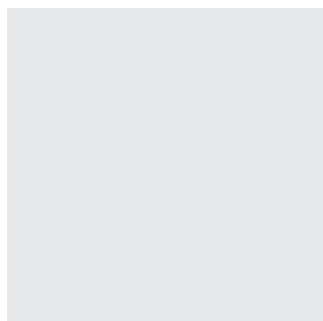
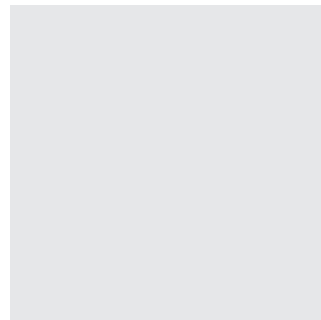
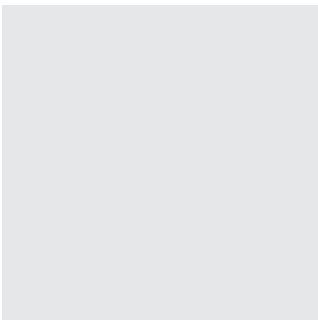
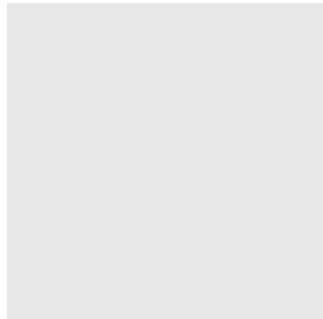
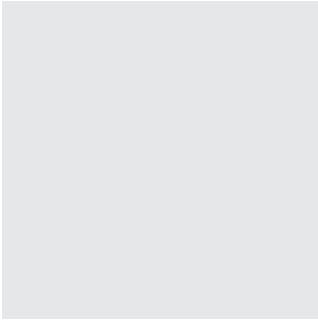


Szombathely Furniture Cluster Hungary



Production Sites

with Furniture Clusters

- 1

SZCZECINEK FURNITURE CLUSTER
 - TVILUM
 - STOL-TAP
 - GRZEŚKOWIAK
 - BHK
 - GREEN ANGEL
 - WOOD TECHNOLOGY INSTITUTE - POZNAŃ
 - ABO

- 2

SMORGON FURNITURE CLUSTER

- 3

LAPOVO FURNITURE CLUSTER

- 4

SZOMBATHELY FURNITURE CLUSTER

- 5

OXFORD FURNITURE CLUSTER

- 6

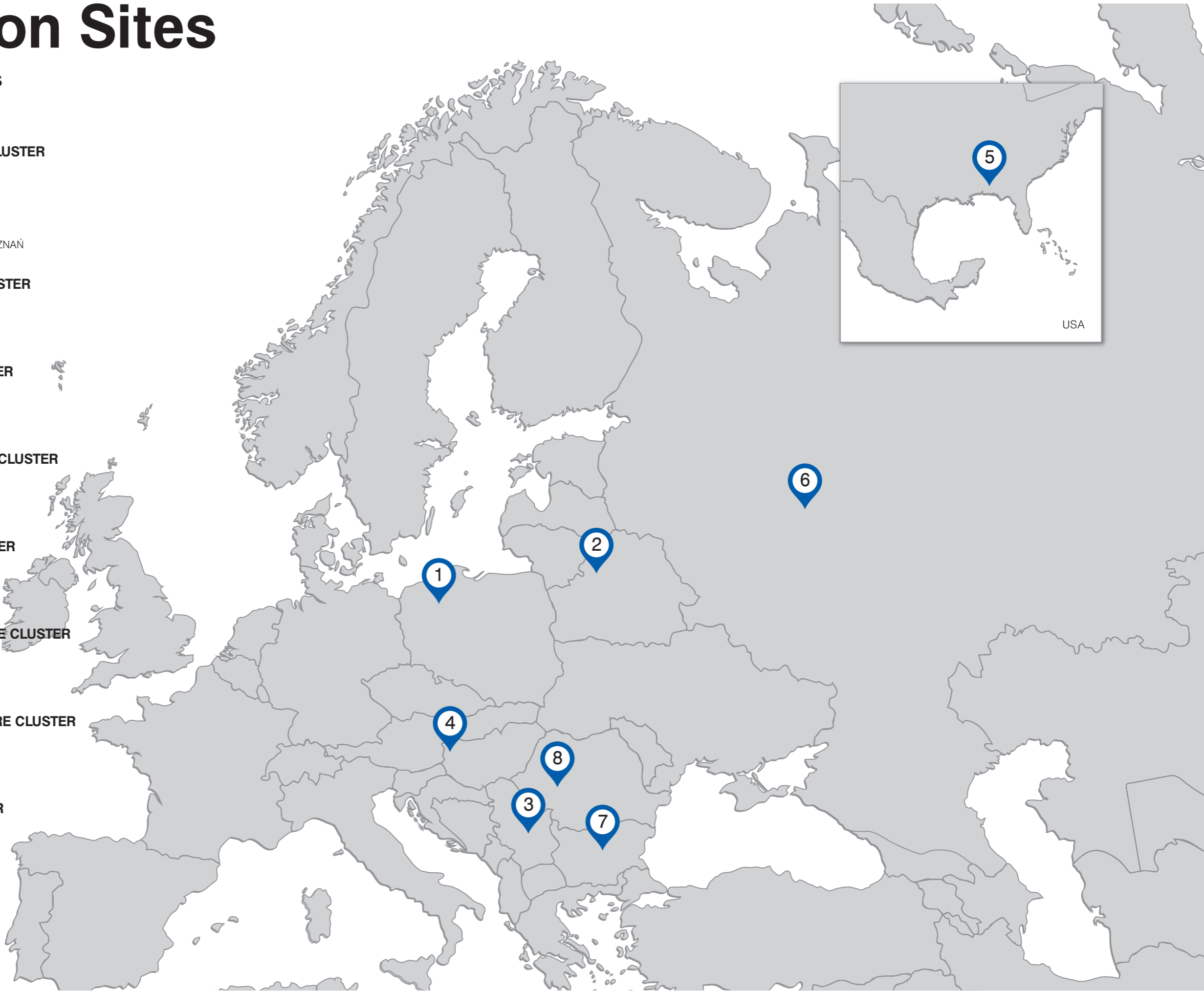
ELEKTROGORSK FURNITURE CLUSTER

- 7

VELIKO TARNOVO FURNITURE CLUSTER

- 8

SEBES FURNITURE CLUSTER



Support for businesses

- We would like to share our location and extend our premises in order to provide our partners with a built area to install furniture production facilities.
- The required infrastructure is already in place: Our location is equipped with high voltage power supply, gas supply, adequate water supply and waste water treatment facilities. Separate meters will be provided for the furniture factory.
- Property tax and local fees are administrated by Kronospan.
- Close proximity between the two manufacturing sites results in near zero transportation costs.
- Just in time delivery of raw and melamine-faced particleboard will result in no stock – which eliminates the burden on cash flow.
- Kronospan will keep the agreed minimum stock levels.
- We would provide you with access to our extensive product portfolio.
- You could benefit from technical support in material processing on-site. Our engineers are experienced in both furniture production technology and equipment – whether that's mechanical, electrical, automation software or robotics.
- Kronospan will support you with administrative issues, including registration of a legal entity, the local register and banks.
- We could also provide support with accounting, tax and payroll regulations as well as reconciliation of local accounting with internal reporting.
- We will assist you with your recruitment process with our HR specialists and database.
- You could receive support from the on-site Kronospan design and marketing department.

Kronospan Worldwide

Production Sites:

- 1

Lungötz, Austria
- 2

Salzburg, Austria
- 3

Chirk, United Kingdom
- 4

Sandebeck, Germany
- 5

Szczecinek, Poland
- 6

Poznan, Poland
- 7

Lampertswalde, Germany
- 8

Sanem, Luxembourg
- 9

Jihlava, Czech Republic
- 10

Pustków, Poland
- 11

Burgas, Bulgaria
- 12

Mielec, Poland
- 13

Danyang, China
- 14

Bischweier, Germany
- 15

Zvolen, Slovakia
- 16

Egorievsk, Russia
- 17

Sebes, Romania
- 18

Bjelovar, Croatia
- 19

Novovolynsk, Ukraine
- 20

Mohacs, Hungary
- 21

Oxford, USA
- 22

Riga, Latvia
- 23

Veliko Tarnovo, Bulgaria
- 24

Ponterosso, Italy
- 25

Spremberg, Germany
- 26

Szombathely, Hungary
- 27

Lapovo, Serbia
- 28

Strzelce Opolskie, Poland
- 29

Brasov, Romania
- 30

Kastamonu, Turkey
- 31

Smorgon, Belarus
- 32

Burgos, Spain
- 33

Salas de los Infantes, Spain
- 34

Elektrogorsk, Russia
- 35

Ufa, Russia
- 36

Mogilev, Belarus
- 37

Auxerre, France
- 38

Le Creusot, France
- 39

Ryomgaard, Denmark
- 40

Clarion, USA
- 41

Grodno, Belarus
- 42

Jaslo, Poland

Furniture Clusters:

- 5

Szczecinek, Poland
- 17

Sebes, Romania
- 21

Oxford, USA
- 23

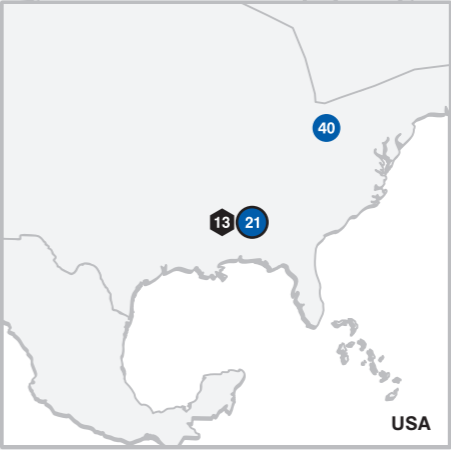
Veliko Tarnovo, Bulgaria
- 26

Szombathely, Hungary
- 27

Lapovo, Serbia
- 31

Smorgon, Belarus
- 34

Elektrogorsk, Russia



Chemical Plants:

- 1

Chirk, United Kingdom
- 2

Burgos, Spain
- 3

Aarhus, Denmark
- 4

Lampertswalde, Germany
- 5

Szczecinek, Poland
- 6

Ostrava, Czech Republic
- 7

Strazske, Slovakia
- 8

Sebes, Romania
- 9

Mogilev, Belarus
- 10

Egorievsk, Russia
- 11

Ufa, Russia
- 12

Kastamonu, Turkey
- 13

Oxford, USA

Distribution Centers:

- 1

Mouscron, Belgium
- 2

Tárnok, Hungary
- 3

Sofia, Bulgaria
- 4

Samara, Russia
- 5

Saint Petersburg, Russia
- 6

Kiev, Ukraine
- 7

Dnepropetrovsk, Ukraine
- 8

Penza, Russia
- 9

Ulyanovsk, Russia
- 10

Moscow, Russia
- 11

Yekaterinburg, Russia
- 12

Novosibirsk, Russia
- 13

Rostov-on-Don, Russia
- 14

Krasnodar, Russia
- 15

Goole, United Kingdom
- 16

Chatham, United Kingdom
- 17

Istanbul, Turkey
- 18

Nicosia, Cyprus
- 19

Kazan, Russia
- 20

Tbilisi, Georgia
- 21

Baku, Azerbaijan
- 22

Shanghai, China
- 23

Kaunas, Lithuania
- 24

Torun, Poland
- 25

Vtachikon, Slovakia

Ports and Own Ships:

- 1

Gandia, Spain
- 2

Aarhus, Denmark
- 3

Szczecin, Poland
- 4

Constanta, Romania
- 5

Enns, Austria
- m/v

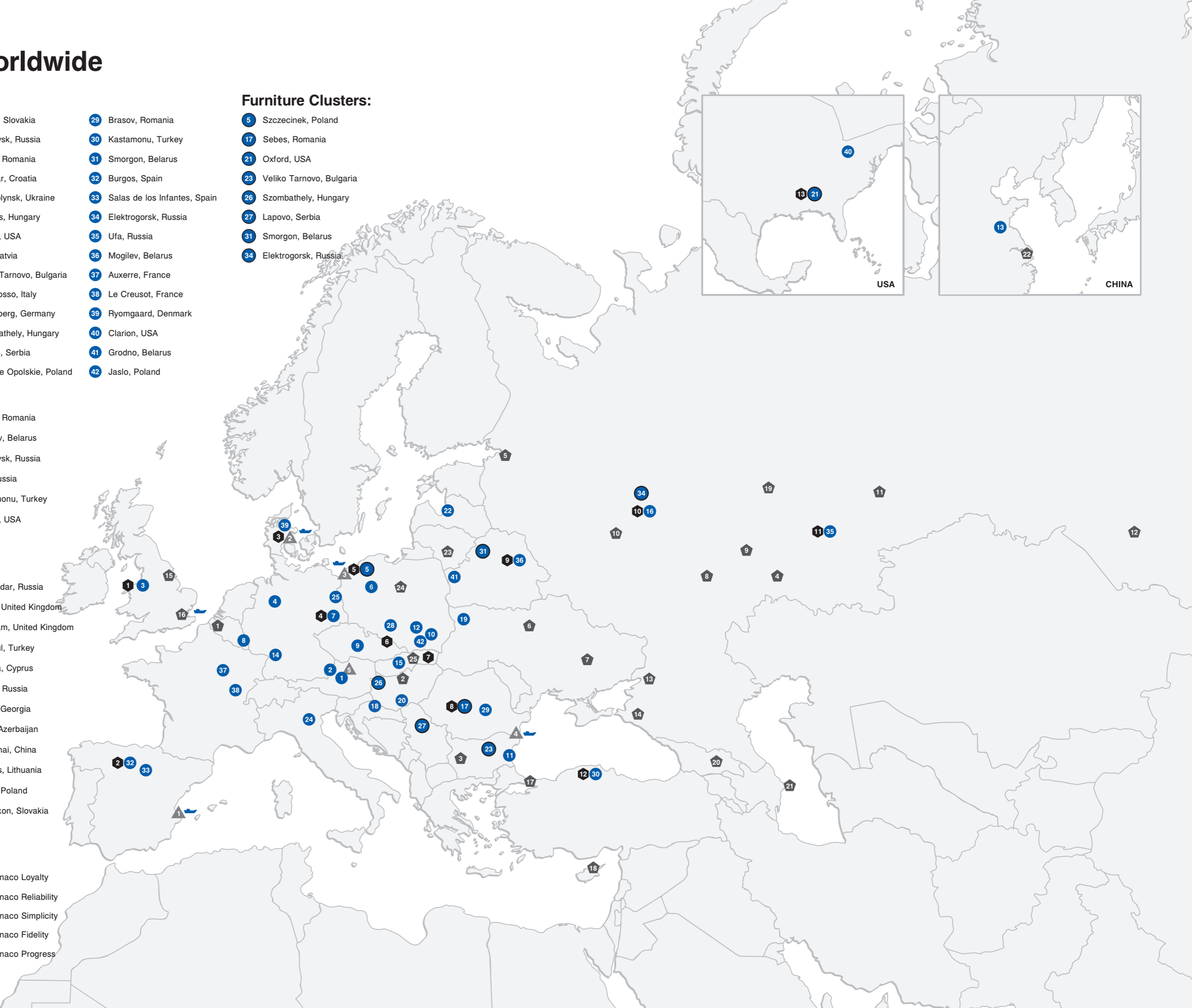
Spanaco Loyalty
- m/v

Spanaco Reliability
- m/v

Spanaco Simplicity
- m/v

Spanaco Fidelity
- m/v

Spanaco Progress



Kronospan

Excellence in Transforming Wood

Over 120 years of manufacturing experience

Our core activity is the manufacture of wood-based panel products (particleboard, MDF and OSB) and related value added products. Vertical integration enables Kronospan to lead the way in both cost and innovation. We have invested in developing a vertically integrated supply chain that allows us to constantly improve upon and perfect every aspect of our products.

Focus on the European Market

Kronospan has more than 40 production facilities and is the world leader in the manufacture of wood-based panels. For the last 20 years our major projects have been undertaken in Eastern Europe and Russia.

Wealth creation in the medium and long term

Being privately owned means that we take a long term view rather than focusing on short term achievements.

Decentralized organization

Kronospan is made up of several manufacturing groups. This allows decision making by local management. As a result we can be close to our customers, our suppliers of goods and services and our people. This provides a strong platform for growth. The structure also allows us to ring fence political and economic risks where appropriate. With this we get more commitment, more ideas which allow individuals and the company to grow.

Customer service

We aim to be the most service-oriented supplier in our sector. Our extensive market coverage and wide product range give us a significant competitive advantage. At Kronospan, we are close to our customers and our locations are a maximum of 400 km or 8 hours by truck from our customers which is a key advantage resulting in reduced transport costs, hence Kronospan can offer the best package.

Advanced technology

We have pioneered many of our industry's key advances and will continue to lead product development and innovation in the future. Our production asset quality is also first class. We are here to lead, not to follow; using for example state-of-the-art filter technology.

Cost leadership

Although our structure is decentralised we benchmark our production sites and with the support of our technical shared service centre ensure that they remain efficient low cost producers.

Local financing

Financing is obtained at a local level and we look for long term banking relationships. Our aim is to keep foreign exchange risks under control and therefore require finance as much as possible locally.

Central support

We use shared services where it is important and only centralise when and where it makes sense.

Environmental responsibility

Our aim is to manufacture with the least environmental impact and the maximum raw material yield – no waste.



Inspiration and innovation

Kronospan is the global leader in the production of wood-based boards and panels. Our products are used everywhere: from floors and furniture to frame constructions. With over 100 years of market presence, we have accumulated a wealth of experience in many markets, continuously innovating and investing ever since the inception of our firm. All of this continues to translate into Kronospan's new products, systems and advanced technologies.

Kronospan's global product range, which is divided into Kronodesign, Kronobuild and Krono Original, offers unlimited design opportunities to make high-quality furniture, interiors or buildings.



Accessibility

Szombathely is the 10th largest city in Hungary. It is the administrative center of Vas county in the North-West of Hungary, located near the border with Austria. Szombathely is the oldest city in Hungary.

E70
E75



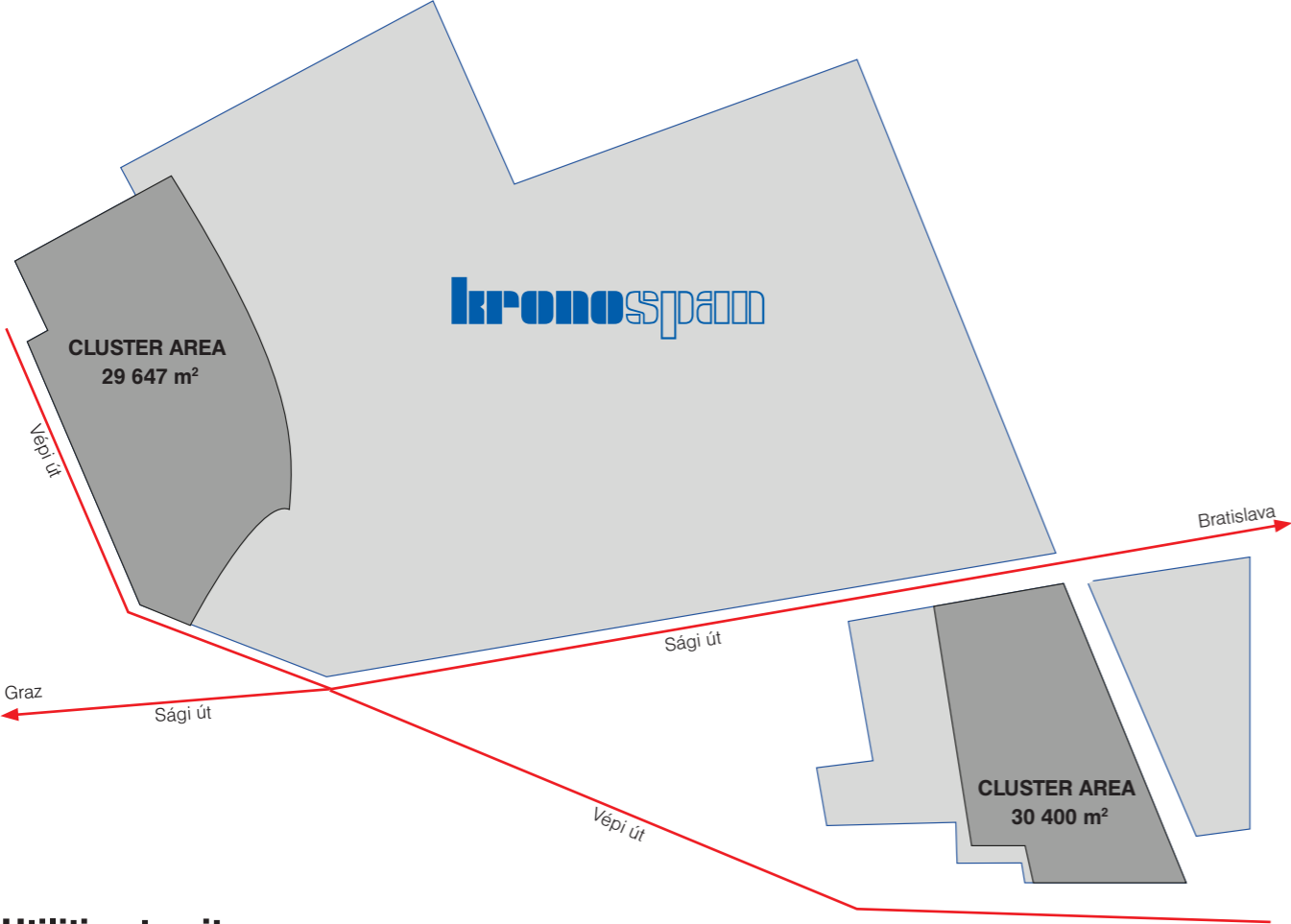
Key facts

| | |
|-------------------|-------------------------------|
| Population | 9.78 million |
| Area | 93 030 km ² |
| Official Language | Hungarian |
| Main Religion | Christianity |
| Capital City | Budapest: 1.75 million people |
| Currency | Forint |
| GDP (2018) | \$ 155.703 billion |
| GDP pc (2018) | \$ 15 923 |

Economic zone

in Szombathely

We offer at your disposal
more than 140 000 m²
potential area



Utilities to site

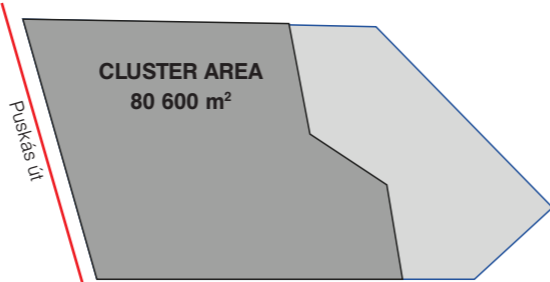
| gas | electricity | water |
|--------|-------------|--------|
| supply | supply | supply |

Easy access

| | | | |
|---------|-----------|---------------|-------------|
| 127 km | 141 km | 171 km | 227 km |
| to Graz | to Vienna | to Bratislava | to Budapest |

Distance from ports

| | | |
|------------|----------|-----------|
| 408 km | 385 km | 387 km |
| to Trieste | to Koper | to Rijeka |



Vacant rentable buildings are available in the city with an area of ~ 5 000 m². Located in: Puskás street.

Development

facts and figures

Great investment location

Thanks to its favorable location, its stable macroeconomics and investor-friendly political environment, Hungary is a perfect investment location.

What makes Hungary so appealing?

- Hungary is located in Central Eastern Europe at the crossroads of four main pan-European corridors.
- You can make the most of the country's strategic location: easy access to both Western and Eastern European markets.
- Highly qualified workforce, strong education system, one technical university (with engineering, wood sciences and applied arts faculty) as cluster member In Sopron, one other technical university within Szombathely, educational center of local technical high schools as cluster member.
- Good working culture, efficiency and flexibility of Hungarian employees.
- The country is a full member of the European Union since 2004, which makes it easy for companies to reach more than 500 million people in the EU and another 200 million to the East.
- CIT 9% (lowest in EU).

Due to given features of Hungary: „In the latest ranking of fDi Magazine, a Financial Times Group publication, Budapest was defined the **most attractive city for foreign direct investment (FDI) in Eastern Europe in 2014-2015.**

Human capital

- highly-qualified workforce with creative & innovative attributes
- high level of know-how
- four universities in Hungary appear in the respected QS World University Rankings (which claim to be the most widely read university comparison of the world's top 800 universities) for 2014/15
- large number of high quality research institutions are testament to Hungary's traditional strengths in science and technology
- low cost of labor helps competitiveness
 - gross minimum wage: 149 000 HUF, cca ~ 465 EUR
 - guaranteed gross minimum wage (for qualified workforce): 195 000 HUF ~610 EUR
 - average earnings: 355 000 HUF, cca ~1100 EUR

Current potential

of Kronospan in Hungary

750 000 m³ of Particleboard

48 000 000 m² of Melamine Faced Boards

2 500 000 m² of Mirror Gloss

100 000 000 m² of Impregnated paper

30 000 m² of Cement Bonded Particleboard

Kronospan

in Hungary

- 1939** Construction of the sawmill in Szombathely, Hungary
- 1952** Transformation into a state-owned company: The West – Hungarian Sawmill
- 1959** The first particleboard producer in Hungary
- 1966** Construction of a second particleboard line begins
- 1974** Merger between the two largest regional wood-industry companies
- 1976** Melamine Faced Particleboard production starts
- 1977** Product range expands: Cement Bonded Particleboard
- 1992** Formation of the company as a corporation FALCO Zrt.
- 1997** First post-forming factory in Hungary: production of Worktops and Table Top
- 2007** Takeover by Kronospan
- 2008** Investments of € 25 million in quality improvements as well as in capacity enhancements
- 2012** Investment of € 15 million in a brand new Mirror Gloss manufacturing plant
- 2013-14** € 40 million investment into a new continuous particleboard press line and sending line
- 2015-16** Investment of € 20 million into 2 new melamine facing lines
- 2018** Investment of € 47 million into UTWS



Business environment

Hungary is an open economy and particular emphasis is placed on encouraging foreign investment. Partnership with potential investors is considered a national priority; special attention is paid to the needs of companies already settled in Hungary and to the further improvement of the business climate.

Government’s measures

In order to improve the business climate, the Hungarian government:

- reduced the CORPORATE TAX RATE to the lowest level in the CEE region (9%)
- created a new, even more FLEXIBLE LABOR CODE in favor of employers
- restructured TERTIARY EDUCATION in accordance with labor market expectations
- introduced a new act on VOCATIONAL TRAINING in favor of business needs
- created FREE ENTERPRISE ZONES with special tax and contribution allowances
- introduced the JOB PROTECTION ACTION PLAN to improve the situation of certain groups of employees by reducing employer costs
- entered into STRATEGIC AGREEMENTS with numerous companies

Subsidies for investment projects in Hungary

The Hungarian Government, through an intermediary, offers a wide range of investment incentives in order to assist you with a prosperous investment in Hungary.

1. Cash grants
 - a. Subsidy with Individual Government Decision (EKD)
 - b. EU co-financed tenders
2. Development tax allowance
3. Training subsidy
4. Workshop establishment aid
5. Social tax allowance
6. Job creation subsidy

EU co-financed tenders

In the 7-year financial period of the European Union between 2014 and 2020 Hungary will be entitled to approximately EUR 40 billion of financial source.

Generally it can be said that this period will be characterized by the following:

- 60 % of the sources granted by the European Union will be spent on economic development (instead of the 20 % allocated in the previous period)
- the support of the SMEs, R&D and rural development will be more pronounced

EU funds are available for a number of development goals, like asset acquisition, infrastructural development, new construction, renovation, service development, job creation and financing human resources costs.

Legal environment & tax system

Hungarian legislative provisions are fundamentally harmonized with European law.

| | | |
|------------------------------|------------------|--------------|
| Corporate Income Tax | | 9% |
| Value Added-Tax (VAT) | general VAT rate | 27% |
| | reduced VAT rate | 18%* or 5%** |

* e.g. bread, milk, accommodation services

** e.g. journals, books, medicines and central heating

Great infrastructure

On land, water and air

Companies can benefit from the outstanding efficiency and added value derived from Hungary’s superb transport infrastructure and its long-established logistics industry.

Hungary can offer:

- strategic position in the heart of the continent
- major transport junctions in the CEE region – makes it increasingly important as a regional distribution center
- Hungary is an integral part of the Trans-European Transport Network (TEN-T)
- is located at the crossroads of four Trans-European and two ERTMS (European Rail Traffic Management System) corridors, enabling easy access to all parts of Europe
- major European ports are nearby, as are the growing markets of CEE, CIS and SEE
- has the third highest road density in Europe after Belgium and the Netherlands
- national public road network is of 32,000 km including 1,680 km expressways
- extensive railway network of 7,718 km, connections to main seaports
- Záhony, the Hungarian border city plays a significant role in the East-West rail transport: this is where the European standard gauge railway network meets the eastern broad gauge system, and the transfer takes approximately 19 to 22 days to China
- The Danube-Rhine-Main Canal and the Danube–Black Sea Canal connect Hungary to Rotterdam and Constanta via Western Europe’s industrial heartland
- The country’s main international airport is in Budapest; the city of Debrecen, Győr (Pér), Pécs and the town of Sármellék at Lake Balaton also operate international airports

Telecommunication

- Hungary has a highly-developed telecommunications system (100% coverage) & broadband network
- Services are available from three operators, all of which are majority or fully owned by Western European operators.



kronospan-express.com

