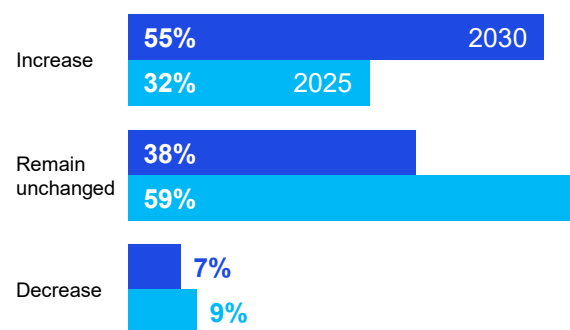


Executive Summary (1/2)

Relevance of CEE region increases further

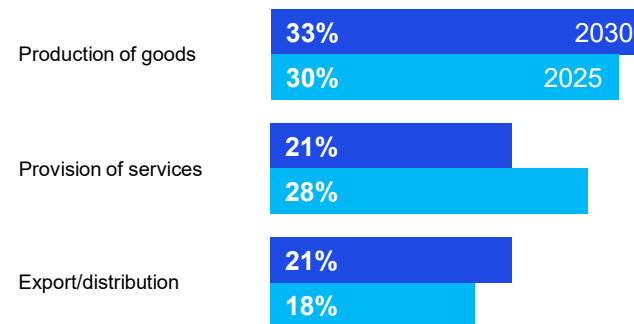
59% of the respondents expect the relevance of the CEE region to remain unchanged over the coming 12 months in terms of its share of sales for the group as a whole. But more than half of the companies (55%) expect the region to become increasingly important for their entire group by 2030 (+23 percentage points) and only 7% expect its relevance to decrease.



Source: KPMG in Germany and German Eastern Business Association, 2025

Investments rise in production and export/distribution

Roughly a third of the companies that plan to invest in CEE are establishing production facilities. Investment in production as well as export/distribution in CEE rises over time (each by 3 percentage points) whereas investment in the provision of services decreases (-7 percentage points).

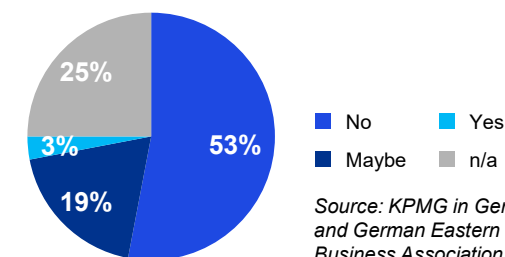


Source: KPMG in Germany and German Eastern Business Association, 2025

22% considering relocating production activities from Germany to CEE in 2025

One in five companies (19%) are considering a relocation in 2025 and 3% are certain that they will relocate their production activities. Most tend to select Poland (37%), Hungary (32%) and Czechia (26%).

However, the majority of companies surveyed (53%) are not yet planning this.



Source: KPMG in Germany and German Eastern Business Association, 2025



The already outstanding relevance of CEE for German groups will increase even further over the next five years. Investments are on the rise specifically in production activities and facilities for export/distribution in CEE. To cope with the domestic challenges, more than one in five are even considering relocating their German production sites to CEE in 2025.

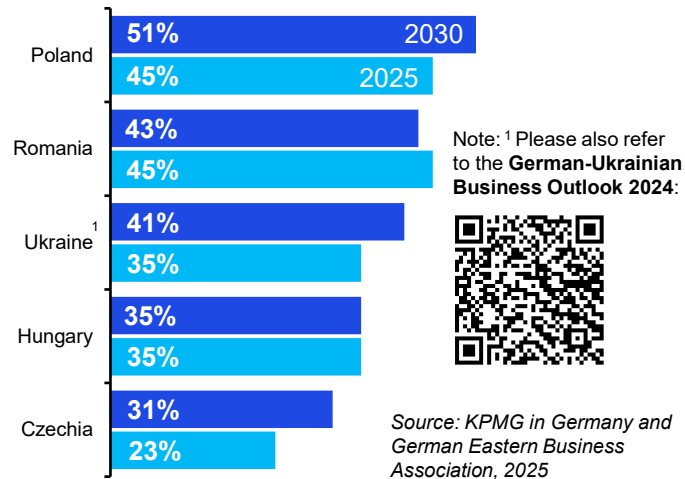


Andreas Glunz
Managing Partner
International Business,
KPMG in Germany

Executive Summary (2/2)

Investments in CEE are and will remain widely distributed in various countries

A variety of countries in CEE are considered investment destinations. Both in 2025 and over the next five years, investment by the companies surveyed will primarily flow to Poland, Romania, Ukraine, Hungary and Czechia.



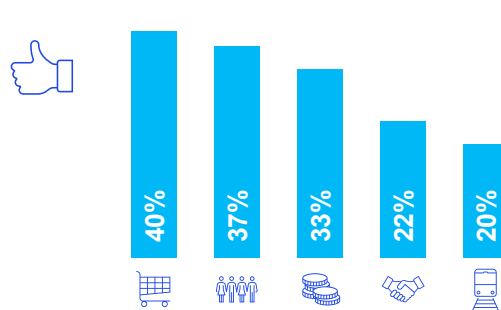
Michael Harms
Managing Director,
German Eastern
Business Association



The region of Central and Eastern Europe is an area full of promise, where the good business opportunities far outweigh the challenges that still exist in some places. We would therefore like to see progress finally being made in deepening the internal market and further EU integration in eastern and south-eastern Europe in order to make this region even more accessible.

Local demand, skilled workers and low labour costs are CEE's top advantages

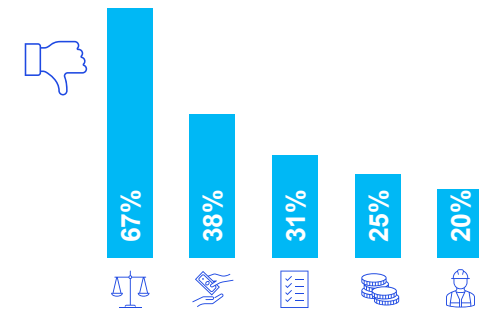
The local demand in CEE is the most important location factor in the CEE region for 40% of the companies. The availability of qualified workers also represents a decisive locational advantage for more than one in three companies (37%), followed closely by the still-low labour costs in the CEE region (33%). Furthermore, respondents appreciate the ease of doing business (22%) and the good logistical infrastructure (20%) in CEE.



Source: KPMG in Germany and German Eastern Business Association, 2025

Security issues, corruption and red tape are the biggest challenges

The ongoing war in Ukraine and the threats to the entire CEE region emanating from Russia have not gone unnoticed. For two thirds of companies (67%) the political risks and lack of security are the most challenging location factors in CEE, followed at a clear distance by the still-prevalent corruption (38%), red tape (31%), rising labour costs (25%) and a shortage of skilled workers (20%).



Source: KPMG in Germany and German Eastern Business Association, 2025