



General Lithuania's Micromobility industry overview

2022-07-28

Business friendly and cost-efficient environment

- 1st in European Economic Recovery Index (Euromonitor Recovery Index, 2021)
- 3rd lowest corporate tax in CEE region (KPMG, 2020)
- Optimal cost and quality ratio: ranked alongside Ireland, Germany, Sweden for its business environment with fast-track business establishment programs, at the same time offering the cost-levels comparable to Poland, Hungary, Romania, Bulgaria (Eurostat, 2020 / World Bank's Doing Business 2020)
- Individual free of charge Government assistance through Invest Lithuania
- Lithuania's manufacturing industry is the backbone of the country's economy, generating 20% of the total GDP

Available talented workforce and flexible labor conditions

- 2,8M population
- 1,7M labor pool, 200.000 working in manufacturing, 105.000 students, 36% study STEM-related programs, 20.000 study mechanics and electronics
- 60% of population with higher education
- 52% speak at least two languages (most commonly used: English, German, Russian, Danish, Norwegian)
- 10% attrition rate
- One of the lowest unionization levels in the EU (10%)

▪ One of the lowest saturation rates in CEE

- Lithuania still has one of the least saturated manufacturing labour markets in CEE. With 12% of the entire workforce (residents aged 15 to 64) working in manufacturing, Lithuania is second in the region. Such a moderate level of saturation, combined with strong industry expertise and a business-friendly environment, brings tangible value to newcomers. It allows companies to both quickly establish an initial team and to rapidly ramp up.

Favorable logistics infrastructure

- Three airports and ice-free sea port
- 12% of Lithuania's GDP comes from transportation and warehousing (EU average 5%) (Statistics Lithuania, 2019)
- 11% export growth in 2019 (Eurostat, 2020)
- 2nd in CEE for quality of roads (Eurostat, 2020)
- ~2500 warehousing and logistics companies (Logistics Market Overview, Verslo Zinios, 2020)

Strong Government support

- Green Corridor for large-scale projects with 0% corporate profit tax for 20 years and VIP services
- 7 Free Economic Zones with ready-to-use infrastructure and significant tax exemptions
- Up to 50% coverage for capital investment and job creation costs (previously up to 25%)
- Coverage for training costs (scheme to become available in 2022)
- Coverage for R&D costs available
- Coverage for apprenticeship costs

Micromobility industry

- Micromobility market size is expected to grow approximately more than 3.5 times – from \$56 billion in 2022 to \$198 billion in 2030
- Number of FDI projects in Europe sharply increased, from 2 or 3 projects usually to 7 projects last year
- Lithuania stands out as an attractive location for Micromobility companies because of our available workforce, cost and quality ratio, attractive financial support, infrastructure, business environment and a strong focus on sustainability

Micromobility opportunities:

- **Rising environmental concern**

(Micromobility reduces the number of cars on the road and lowers the environmental footprint)

- **Smart cities initiatives & infrastructure**

(Cities are trying to reduce the number of cars and make streets more bike-friendly)

- **Cost-efficient mindset**

(With increasing electricity and fuel prices, micromobility stands out as an attractive option)

Micromobility challenges:

- **Global component shortage(inc. semicon)**

(The global component shortage has left bike retailers without the ability to sell complete bikes)

- **Cost of shipping containers**

(The price of containers increased almost nine times from 2019 to 2022)

Success stories

Pon Bike – one of the biggest bike manufacturers PonBike decided to choose Lithuania for their second manufacturing plant. The factory in Lithuania will have annual production capacity of 600,000 bikes and will be equipped to produce bikes for multiple brands across the company's portfolio

Baltik Vairas - the leading e-bike and bicycle manufacturer in Nordics and CEE. With a current annual manufacturing capacity of up to 350,000 bicycles per year, Baltik Vairas is a long-term partner for well-known and established Western European bicycle brands. The company currently produces 1,700 different models on 6 different production lines

Key rankings

- **1st in the EU | Greenfield FDI Performance Index**

The Greenfield FDI Performance Index measures the appeal of countries as destinations for greenfield FDI relative to their GDP

(Source: fDi Intelligence, 2021)

- **2nd in the CEE | Manufacturing Risk Index**

The Manufacturing Risk Index addresses changes in the manufacturing sector output, assessing how political, economic, technological, and environmental risks are managed during portfolio assessment and site selection

(Source: Cushman & Wakefield, 2021)

- **8th out of 165 | Economic Freedom Ranking**

The Economic Freedom Ranking assesses how attractive the investment environment is for businesses (tax system, legal framework and property rights, monetary policy, international trade conditions, business regulations, industrial relations, etc.)

(Source: Fraser Institute, 2021)

- **15th out of 165 | Energy Transition Index**

The Energy Transition Index (ETI) benchmarks countries on the performance of their energy system, as well as their readiness to transition to a secure, sustainable, affordable, and reliable energy future

(Source: World Economic Forum, 2021)

- **5th out of 64 | Digital Skills**

The IMD World Digital Competitiveness Ranking measures countries' capacity to use digital technologies for transformation in the face of health-related and economic crises

(Source: World Digital Competitiveness Ranking (IMD), 2021)