estonia
at a glance

Updated: August 2022
Estonia - the most advanced digital society in the world

- an active member and contributor to NATO, the European Union and the Eurozone
- a strong economy with an unprecedented level of transparency in governance
- Estonia’s education system is one of the best in Europe
- Estonian GDP contribution to national defence is approaching 2.5%
- the NATO Cooperative Cyber Defence Centre of Excellence and the eu-LISA headquartered in Tallinn
+ information services and investment preparation
+ investment proposals and visits (including virtual visits)
+ consulting and project management
+ facilitating contacts, negotiation with authorities
+ mediating recruitment services and identifying suitable properties
+ post-investment and aftercare services
estonian investment agency

Top Investment Agency 2018 — 2020 by Site Selection Magazine

2020 — 2021 Invest Estonia in top in Emerging Europe’s annual investment promotion report

Automation at Invest Estonia listed among UNESCO’s global top 100 AI projects in 2022
our global network

We have a real global reach with representatives in following countries:

+ Finland
+ Sweden
+ Norway
+ Germany
+ Benelux
+ the UK
+ the US (Silicon Valley and East Coast)
+ the United Arab Emirates
+ Japan
+ India
+ Singapore
our network in estonia

We have highly qualified representatives at your service in:

+ Tallinn
+ and in 4 main regions of Estonia
business environment
key benefits of estonia

- 'the most advanced digital society in the world' by Wired
- 0% corporate income tax on retained and reinvested profits
- low red tape, transparent and stable legislation
- attractive environment for research and development
- one of the world’s most open and competitive business environments
- highly competitive infrastructure, salary and operating costs
information society indicators

- Entire country is covered with a broadband connection
- 99% of public services are online
- 99% of Estonians have an ID-card
- 1st country to use blockchain on a national level
- 5 days and 2% of GDP per year is saved with digital signatures
- 0% income tax on retained and reinvested profits
digital business environment

98% of companies established online
99% of banking transactions are done online
98% of people declared their income online
92% of population use the internet on a regular basis
international rankings

#1
International Tax Competitiveness Index
Tax Foundation 2021

#1
Digital Health Index
Bertelsmann Foundation 2021

#2
Internet Freedom
Freedom House 2021

#7
EU Digital Economy and Society Index
European Commission 2021

#7
Index of Economic Freedom
The Heritage Foundation 2022

#18
Ease of Doing Business
World Bank 2020
ease of doing business

The simplest and fastest business environment

+ 3 hours to start a company
+ hassle-free e-taxation
+ full automatization in tax reporting
+ e-Residency — Estonian e-services to every world citizen
ease of doing business ranking

credit ratings

AA-
Standard & Poor’s

AA-
Fitch IBCA

A1
Moody’s
political and economical stability

- Low red tape and corruption
- The lowest government debt in Europe
- A balanced and future oriented state budget
e-tax

+ the first public online service since 1999
+ taxes filed in 3 minutes with digital ID
+ pre-filled forms with automated data
+ applies to all types of taxes
+ 98% of income taxes are declared electronically
simple and favourable tax system

<table>
<thead>
<tr>
<th>Tax Type</th>
<th>Rate</th>
<th>To</th>
<th>From</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate income tax on retained and reinvested profits</td>
<td>0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate income tax on distributed profits</td>
<td>20%</td>
<td>14%</td>
<td></td>
</tr>
<tr>
<td>Personal income tax</td>
<td>20%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The standard rate of VAT</td>
<td>20%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The reduced rate is 9% and 0% in some cases</td>
<td>20%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social tax</td>
<td>33%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plus 2.4% unemployment insurance tax</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The land tax rate of the taxable value of the land</td>
<td>0.1%</td>
<td></td>
<td>2.5%</td>
</tr>
</tbody>
</table>
corporate income tax on retained and reinvested profit

ESTONIA: 0%
LITHUANIA: 15%
LATVIA: 0%
FINLAND: 20%
GERMANY: 29.8%

Source: OECD
risk of political instability*

*10 = the lowest risk; 0 = the highest risk

Source: based on IMD World Competitiveness Report 2020
risk of political instability in Estonia

Source: based on IMD World Competitiveness Report 2020
global players in estonia

+ Estonia leads Europe in startups, unicorns and investments per capita
+ Blue-chip global investors’ increased interest — including The Blackstone Group, Tiger Global Management, Sequoia Capital, Index Ventures, EQT Partners, Apax Partners and others
Estonian Startup Ecosystem

- 1400+ startups
- 10 unicorns - #1 per capita in Europe
- Raised around €3.5B in funding since 2010
- Estonian Startup Visa
- Supportive ecosystem
e-residency
e-resident.gov.ee

+ 1st in the world
+ 175+ countries
+ 93,000+ e-Residents to date
+ 22,000+ e-Resident companies
estonia as a testbed

+ self-driving vehicles
+ door-to-door delivery robots
+ smart street lighting
+ smart bicycle parking
why nearshore to estonia?

+ long traditions in manufacturing
+ strong logistical infrastructure
+ business-friendly environment
+ competitive and simple tax system
+ reliable, hard-working, and highly skilled workforce
+ tech mindset and ecosystem
+ various grants — 3M EUR for industrial investments
world class
human capital
smart and hard-working people

+ highly-skilled workforce
+ 86% adults speak at least one foreign language
+ 92% of population use the internet on a regular basis
human capital overview

- Labour participation rate of persons aged 15-74 in 2021: 71.1%
- Unemployment rate of persons aged 15-74 in 2021: 6.2%
- Average monthly gross wages in 2021: 1,548 EUR
- Minimum monthly gross wages for full-time work in 2022: 654 EUR
- General working time: 8 hours a day, 5 days per week
- The duration of the annual vacation: 28 days

Source: Statistics Estonia, 2021
new nordic
business culture

+ pioneers with innovative approach
+ open-minded with touch of a can-do spirit
+ less words - more actions mentality
+ pragmatic and precise
one of the world’s best-educated countries

+ 1st in OECD PISA tests in Europe
+ ICT education from an early stage
+ digital by default
+ lifelong learning strategy with ICT
education system

- **18** Higher Education Institutions
  - ca 45,000 students

- **37** Vocational Education Institutions
  - ca 26,000 students

- **511** General Education Schools
  - ca 157,000 pupils

Source: Statistics Estonia, 2021
sustainable development

+ 10th globally in Sustainable Development Report 2021
+ plan to reach carbon neutrality by 2050
+ Estonia’s air as some of the cleanest air in the world
+ Tallinn crowned the European Green Capital 2023
+ Green Tiger to create a basis for a green economy
economic activity
estonian GDP
by economic activity 2021 (%)

- Other sectors
- Manufacturing
- Transportation and storage
- Information and communication
- Real estate activities
- Construction
- Public administration and defence
- Professional, scientific and technical activities
- Financial and insurance activities
- Education
- Human health and social work activities
- Administrative and support service activities
- Agriculture, forestry and fishing

Source: Statistics Estonia
GDP growth rate

2017: 5.8%
2018: 4.1%
2019: 4.1%
2020: -3.0%
2021: 8.3%

Source: Statistics Estonia
foreign direct investments
FDI stock by country

- Finland: 21%
- Luxembourg: 19%
- Sweden: 13%
- Latvia: 8%
- Belgium: 5%
- Lithuania: 4%

Source: Bank of Estonia, 2021
export & import
goods export by country, share in total

<table>
<thead>
<tr>
<th>Country</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finland</td>
<td>14%</td>
</tr>
<tr>
<td>Latvia</td>
<td>10%</td>
</tr>
<tr>
<td>the US</td>
<td>9%</td>
</tr>
<tr>
<td>Sweden</td>
<td>9%</td>
</tr>
<tr>
<td>Germany</td>
<td>6%</td>
</tr>
<tr>
<td>the Netherlands</td>
<td>6%</td>
</tr>
<tr>
<td>Lithuania</td>
<td>6%</td>
</tr>
</tbody>
</table>

Source: Statistics Estonia, 2021
services export by country, share in total

Source: Bank of Estonia, 2021
goods import by country, share in total

Source: Statistics Estonia, 2021
services import by country, share in total

- Germany: 34%
- Finland: 9%
- Sweden: 6%
- Latvia: 5%
- Lithuania: 5%
- the UK: 5%

Source: Bank of Estonia, 2021
goods export by commodity, share in total

- Machinery and mechanical appliances: 23%
- Mineral products: 17%
- Wood and articles of wood: 10%
- Base metals and articles of base metal: 8%
- Miscellaneous manufactured articles: 8%

Source: Statistics Estonia, 2021
goods import by commodity, share in total

- machinery and mechanical appliances: 21%
- mineral products: 16%
- vehicles, aircraft, vessels & base metals and articles of linked transport equipment: 10%
- base metal: 10%
- products of the chemical or allied industries: 9%

Source: Statistics Estonia, 2021
export of services by type of service

- other business services: 28%
- transport: 27%
- telecommunications, computer and IT services: 17%
- travel: 9%
- construction: 8%
- maintenance and repair services: 4%

Source: Bank of Estonia, 2021
import of services by type of service

- Telecommunications, computer and IT services: 41%
- Transport: 24%
- Other business services: 16%
- Travel: 10%
- Construction: 2%
- Financial services: 2%

Source: Bank of Estonia, 2021
key sectors

ICT

Business services

Bioeconomy and timber

FinTech

Electronics

Food industry

Transport and logistics
information and communication technologies

+ round 4800 companies
+ round 6% of entire workforce
+ 9% of GDP
+ 3.8B EUR turnover
+ over 130 countries worldwide using Estonian ICT solutions
business services

+ high employee productivity and innovation
+ exceptional talent pool
+ regional market leader in IT shared services
+ ability to manage global tasks and improve processes
+ EU LISA and NATO CCDCOE
bioeconomy and timber

+ 51% of Estonia is covered by forest
+ the largest wooden house exporter in Europe
+ a full value chain for export-oriented activity
+ a pioneer in Biomass
+ modern technologies with active implementation of ICT
+ 99% of financial transactions are done digitally
+ over 170 FinTechs
+ forerunner with global success: Wise
+ efficient and agile business models
+ expertise in enterprise-grade solutions
electronics and mechatronics

+ 93% share of exports in sales
+ over 250 companies in the sector
+ modern technology and automated manufacturing processes
+ fully collaborative ecosystem for R&D, prototyping and production
+ excellent hub for both in-house and outsourced production and distribution
food industry

+ 22% organic agricultural area
+ 16% of total manufacturing industry
+ by branches: dairy products (23%) and meat products (20%)
+ ca 700 companies in food production
+ modern equipment utilised in production and packaging
+ 33% of output exported
transport and logistics

+ strategic location between the Nordic, EU and CIS markets
+ among the closest EU airports to Asia for airfreight
+ deep-water, ice-free ports all year round
+ 3 free trade zones
+ high-quality, globally integrated supply chain management
Rail Baltica
Rail Baltica

A rail transport infrastructure project that will integrate the Baltics into the European rail network.

+ Length: 870 km
+ New 1,435 mm double track railway line
+ Top speed up to 249 km/h (passenger), 120 km/h (freight)
+ Planned completion: 2024
+ More than €5 bn investment in the region
Helsinki-Tallinn Connection

Around the year

Helsinki City Center

2h

Around

Tallinn Ülemiste

30 min

in the year 2040?
Helsinki-Tallinn Tunnel

A proposed undersea train tunnel connecting Finnish and Estonian capitals.

THE ESTIMATED CONSTRUCTION COST

16 bill. €

+ Submarine length: 50 km (the longest of its kind in the world)
+ Diameter: 14 m
+ 215 m below sea level at its deepest
+ Estimated beginning of construction: 2025
thank you!