



Balnord



ilte



TOUGH TECH BY THE TOUGH TEN 2026

AGILE. COMMITTED. PUNCHING ABOVE THEIR WEIGHT.

DEFENCE INNOVATION AND VENTURE ECOSYSTEMS ON EUROPE'S EASTERN FLANK

Finland · Estonia · Latvia · Lithuania · Poland · Czechia · Slovakia · Romania · Hungary · Bulgaria

OCTOBER 2026



Co-funded by
the European Union

TABLE OF CONTENTS

03	Definitions	28	Country profiles
05	Executive summary	29	Finland
06	Foreword	35	Estonia
07	Foreword by partners	42	Latvia
08	Purpose & scope	47	Lithuania
09	Market Overview	59	Poland
10	Sense of urgency	67	Czechia
12	Scale: how big is it?	74	Slovakia
15	Geography: where is it happening?	81	Romania
19	Maturity: how is it growing?	87	Hungary
21	Sectors: what is being funded?	92	Bulgaria
24	Investors: who is funding it?	98	Report contributors
27	Tough Tech investment landscape	110	Glossary

DEFINITIONS

TOUGH TECH

Science- and engineering-led companies operating in the defence, security and resilience (DSR) space across NATO's priority technology areas. Qualitative profiles also cover cognitive warfare; it is excluded from the summary charts.

1. Artificial intelligence (AI)
2. Autonomous systems
3. Quantum technologies
4. Biotechnology and human enhancement technologies
5. Space
6. Hypersonic systems
7. Novel materials and manufacturing
8. Energy and propulsion
9. Next-generation communications networks
10. Cognitive warfare

TOUGH TEN

From the Baltic to the Black Sea, Europe's Eastern Flank is where security needs are most urgent, where defence spending is increasing apace and where the markets are among the most dynamic on the continent. The Tough Ten countries are:

1. Finland
2. Estonia
3. Latvia
4. Lithuania
5. Poland
6. Czechia
7. Slovakia
8. Romania
9. Hungary
10. Bulgaria

PREMISE

***“When the going gets tough,
the tough get going.”***

JOSEPH P. KENNEDY (1888–1969)



Balnord



ilte



TEGOS

EXECUTIVE SUMMARY

Europe's Eastern Flank, the ten countries from Finland to Bulgaria that we call the **Tough Ten**, is where Europe's security needs are most urgent. It is also becoming one of the continent's most dynamic markets for **Tough Tech**: science- and engineering-led companies in defence, security and resilience.

Relative to GDP, the Eastern Flank now allocates a higher average share to defence than the NATO average and venture capital is following. The Tough Ten commit an average of 3.3% of GDP to defence, more than the United States (3.2%) and the NATO average (2.9%). Lithuania (5.4%), Estonia, Latvia and Poland all exceed NATO's 3.5% core-defence spending threshold for 2035, nearly a decade ahead of the deadline. Tough Tech venture investment rose from \$994.5 million in 2025 to about \$1.7 billion so far in 2026 and is projected to reach \$2.3 billion this year, more than double last year's record. For investors, that means committed buyers, urgent demand and long-term spending commitments.

Tough Tech accounts for a substantial share of the region's recorded venture funding. Since 2024, 32% of all venture capital in the region has gone to Tough Tech, twice the share of the rest of Europe (16%). In 2026 alone, the share reached 56% and Tough Tech now takes 87% of all deep-tech funding. Specialist investors find deep deal flow and founders committed to the mission.

Built next to the front line, priced before the rest of the market. The region's technology is battle-tested in Ukraine. Latvian companies have secured orders for 17,000 drones, Ukrainian designs are entering production in Finland and Romania, and Poland plans to build 10,000 interceptors a year. ICEYE shows where the region's companies can go: valued at over €10 billion, it delivered Poland's sovereign radar satellites in under twelve months. Yet most of the region's companies are still early-stage. Rounds are growing while the number of active investors has halved since 2022, leaving a clear opening for new lead investors.

Tough Tech by the Tough Ten 2026 maps the companies, investors and strategic partners shaping this opportunity across ten countries spanning the Baltic to the Black Sea.



Balnørd



ilte



TEGOS

FOREWORD



Viktorija Trimbel
Managing Director
Coinvest Capital
Co-founder & Board Member at
the Defence Angels European
Network

"A year ago, our first Tough Tech by the Tough Ten report set out a conviction born of experience: the ten nations of Europe's Eastern Flank, from Finland to Bulgaria, stand closest to the threat – and are building the technology to counter it. Today, the results speak for themselves.

This second edition updates our map of the funds, companies and breakthroughs that have emerged since. With defence spending at levels unseen since the Cold War, the question for investors is no longer whether to back the region, but whether they can keep pace with it.

Our region understands the urgency. Defence-industrial capacity must scale and innovation must reach production faster. Proximity to the threat gives our founders an advantage others lack: direct feedback from end users and the opportunity to test, iterate and deploy at the speed the battlefield demands.

What they need now is steady circulation, not occasional transfusions. Frequent, smaller orders – with training, support and upgrades built into the contract – give startups reliable revenue and faster feedback. Continuous procurement creates investable demand and investable demand turns startups into the industrial base Europe needs.

I invite you to explore the country deep dives that follow: ten ecosystems, their funds, policies and the companies to watch. And if you share our conviction, join us as a partner for the third edition. The Eastern Flank is moving fast, and mapping it takes many hands."



FOREWORD BY PARTNERS



Patrick Schneider-Sikorsky
Partner
NATO Innovation Fund (NIF)

“Founders across the Eastern Flank are rising to the challenge of a turbulent geopolitical moment, building and scaling technologies that respond directly to today’s most urgent security needs. Their geography gives them real-time insight from end users that few others can match and lets them improve at a speed that benefits frontier markets and NATO’s wider industrial base alike.”



Sandra Golbreich
General Partner
BSV Ventures

“Europe does not have a shortage of exceptional technology. What we still lack is the speed and capital to turn it into companies of global scale. Across the Tough Ten, founders are building technologies that solve very real problems in defence, resilience and critical infrastructure. The next challenge is not proving that they work — it is moving faster from validation to procurement, from first customers to international markets and from venture-backed startups to industrial-scale companies.”



Jarek Pilarczyk
Partner
Balnord

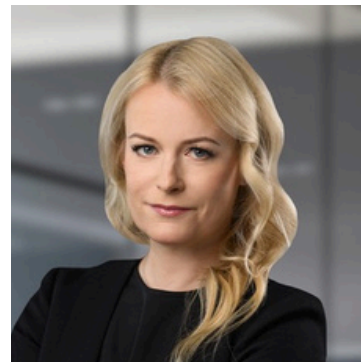
“Capital for defence and dual-use is no longer scarce. Conviction is. Founders on Europe’s Eastern Flank need investors willing to write the first cheque, commit more capital as they grow and stay the course through long, complex development cycles.

We back dual-use because it gives frontier technology a resilient path to scale: defence adoption accelerates commercial development, commercial demand supports scaled production and diversified customers reduce reliance on any single procurement system.”



Petr Šima
Managing Partner
DEPO Ventures

“Most companies in this report began as a few engineers with a hard problem and little money. That is the stage where DEPO Ventures invests. Capital is now coming: since 2024, Tough Tech has taken 32% of venture funding in the Tough Ten, twice the European share. What founders lack is a first paying customer and too many pilots end as pilots. If ministries and primes buy from young companies early, this region will build the firms Europe needs.”



Kadri Kallas
Partner
TEGOS

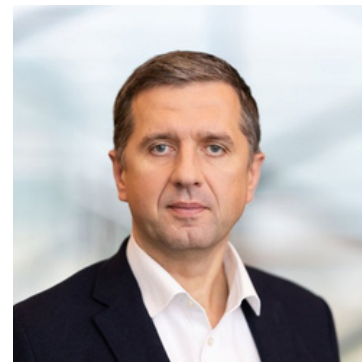
“Sustained investment in the defence sector, especially in early-stage and growth-stage companies, is vital to the security, resilience and economic strength of our region. These companies are developing the technologies and capabilities that Europe will increasingly rely on, but their success requires long-term capital, trusted partnerships and access to cross-border markets. Evolving regulation and market practice can further enable responsible innovation and faster scaling by giving investors greater confidence in transactions, helping to ensure legal compliance and fostering effective cooperation between founders, investors and public institutions through clearer procurement frameworks and sound investment practices.”



Marko Kyyrönen
Managing Partner
Sparkmind Capital

“Europe needs to invest in technologies that can become industries. If we do not back businesses that can scale across Europe and invest to keep them here, who will? A business that scales across Europe can then aim to become a global category leader. Anything short of this is failure!

Follow our work on the Protect Europe Podcast and you will see a lot of the companies and investors featured in this report every week.”



Tadas Gudaitis
Board Member
ILTE

“Facilitating access to funding for defence and dual-use companies is now a core part of ILTE’s mission. Lithuania’s founders are building technologies our security depends on, but capital has to reach them early and at the right scale. By working alongside private investors and EU instruments, we aim to help the strongest companies grow from first contracts into industrial players at home and across Europe.”



PURPOSE & SCOPE

TOUGH TECH BY THE TOUGH TEN 2026 is the second edition of a report mapping mission-critical defence, dual-use and space innovation ecosystems across ten countries on the European Union’s Eastern Flank, from the Baltics to the Black Sea: Finland, Estonia, Latvia, Lithuania, Poland, Czechia, Slovakia, Romania, Hungary and Bulgaria. The report provides a standardised, non-sensitive overview of investment activity, funding availability, key ecosystem stakeholders, startups to watch and policy developments. It is designed to support cross-border cooperation by making it easier to identify opportunities, partners and emerging technology priorities across the region. This edition revisits all ten country profiles and the regional investment landscape, documenting developments since the inaugural report. Its focus is practical: where capital is available, which technologies and companies are attracting attention and how institutions, investors and industrial partners are supporting their growth. For investors, founders, industry and public institutions, Tough Tech by the Tough Ten 2026 offers a shared reference point for building investment, commercial and policy relationships. Behind it lies a common sense of urgency – and a commitment to developing the technologies Europe needs for security and resilience.

INDUSTRIES, SEGMENTS

The startups covered in this report operate in NATO’s priority technology areas. Its qualitative profiles also cover cognitive warfare, which is excluded from the summary charts.

1. Artificial intelligence (AI)
2. Autonomous systems
3. Quantum technologies
4. Biotechnology and human enhancement technologies
5. Space
6. Hypersonic systems
7. Novel materials and manufacturing
8. Energy and propulsion
9. Next-generation communications networks
10. Cognitive warfare

WHAT’S NEXT

We are committed to growing and improving the report each year. We welcome suggestions from readers on what should be added to this report in its next edition, as well as expressions of interest in joining as a contributing partner, as we intend to publish this report on an annual basis. Contact us at info@coinvest.it or reach out to any of the contributing partners.

UNDERLYING DATA

Methods vary by dataset. Dealroom provides records of startups, funding rounds, investors and deals. Defence-spending measures draw on NATO defence-expenditure tables and national Ministry of Defence budgets. Eurostat and IMF data provide macroeconomic denominators and comparable country-level indicators. European Commission and European Defence Fund award lists capture public funding and award activity, while ESA contract records capture space-related activity. National innovation and legal registries are used to verify company status, incorporation and domestic presence. Crunchbase, PitchBook, Reuters, the *Financial Times*, *The Recursive* and other reputable defence publications serve only as secondary cross-checks.

All records are deduplicated, manually curated, date-stamped and source-attributed. Since definitions and inclusion criteria can differ across datasets, labels reflect the source period and the report’s stated data cut-off. Quantitative investment charts use a Dealroom snapshot dated 2 October 2026. Country profiles also include separately dated developments. National defence budgets and NATO expenditure estimates use different definitions and are labelled separately.

MARKET OVERVIEW



**EASTERN FLANK COUNTRIES ARE
PUNCHING ABOVE THEIR WEIGHT**



Balnord



ilte



TEGOS

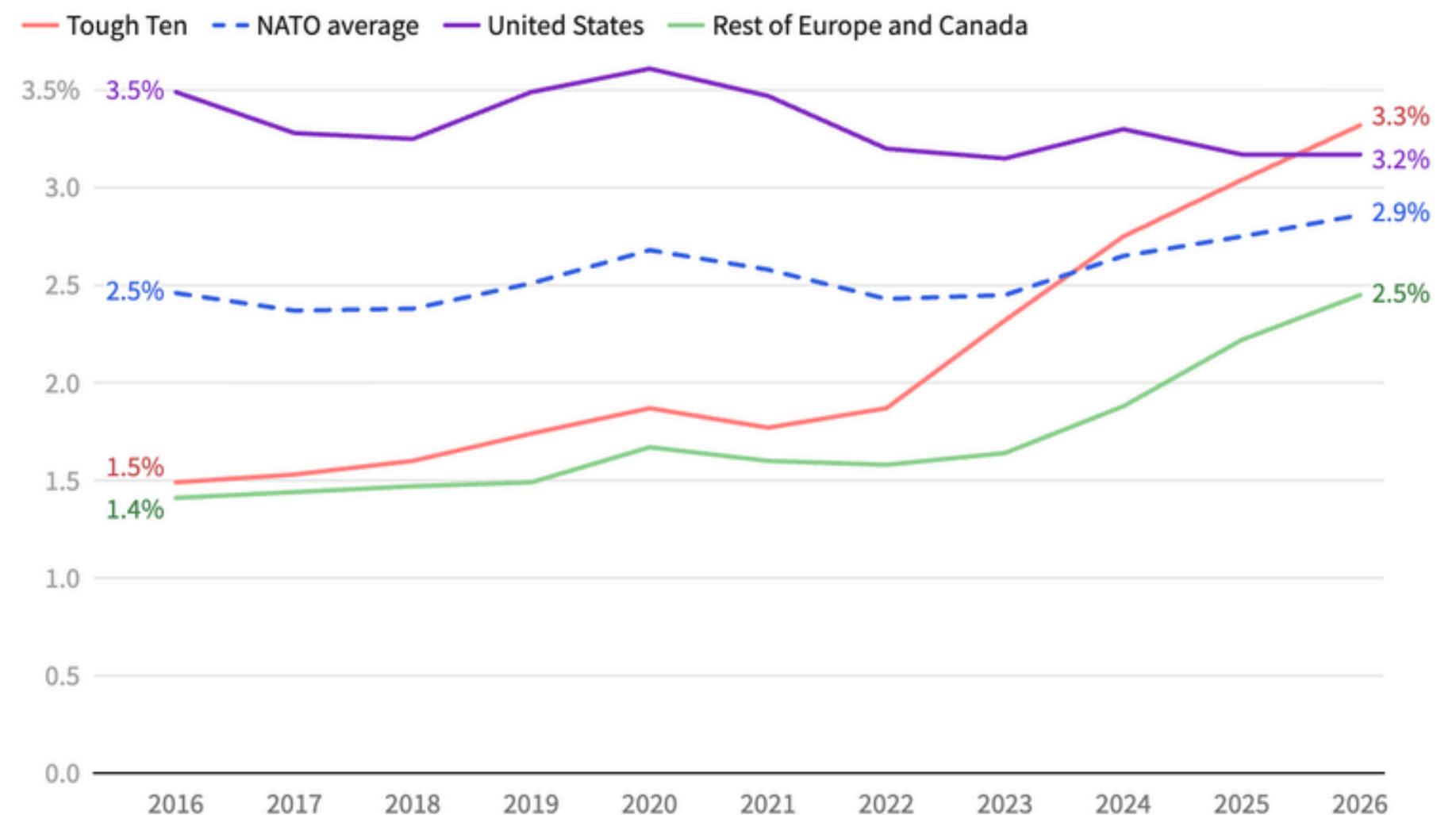


RELATIVE TO GDP, THE TOUGH TEN ARE OUTSPENDING THE US AND NATO ON DEFENCE

In 2026, the Tough Ten countries are committing an average of 3.3% of GDP to defence, which is more than the United States (3.2%) and well above the NATO average (2.9%). A decade ago, they spent less than half of that share.

For investors, this is more than a statistic. It means motivated buyers, multi-year budgets and procurement systems that are being redesigned for speed. Few regions combine such a clear strategic need with such durable public demand. That is the frame for everything that follows in this report.

Defence expenditure of NATO countries as a share of GDP (2016-2026)

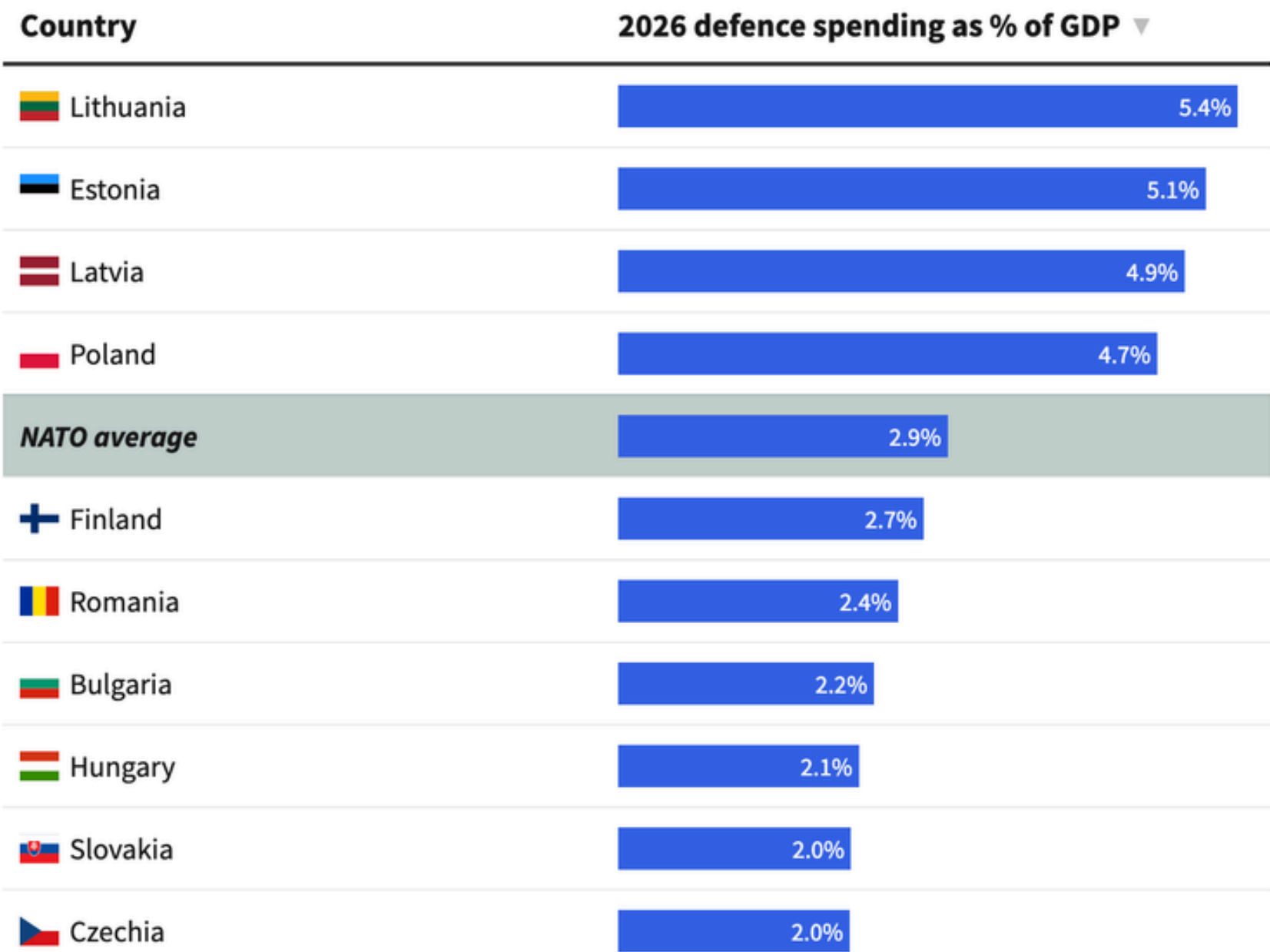


Figures for 2025 and 2026 are estimates. Based on 2021 prices.

Chart: Dealroom.co • Source: [NATO - Defence Investment of NATO Countries \(2016-2026\)](#)

*Tough Ten figure is an unweighted country average.

Defence expenditure of Tough Ten countries as a share of GDP (2026)



Figures are estimates.

Table: Dealroom.co • Source: [NATO - Defence Investment of NATO Countries \(2014-2026\)](#)

SENSE OF URGENCY

LITHUANIA SETS THE PACE

Lithuania leads the Alliance with defence spending of 5.4% of GDP in 2026. Estonia follows at 5.1%, Latvia at 4.9% and Poland at 4.7%. Nearly a decade early, all four exceed the 3.5% core-defence threshold NATO set for 2035 and each spends well above the NATO average of 2.9%.

Across the remaining six countries, defence spending is also substantial. Finland commits 2.7% of GDP, Romania 2.4%, Bulgaria 2.2%, Hungary 2.1%, and Slovakia and Czechia 2.0% each. All ten countries now meet or exceed NATO’s previous 2% benchmark, signalling a region-wide commitment to defence investment.

These nations are identifying capability gaps, committing long-term funding and accelerating the adoption of technologies that address operational needs.

↘ SCALE: HOW BIG IS IT?

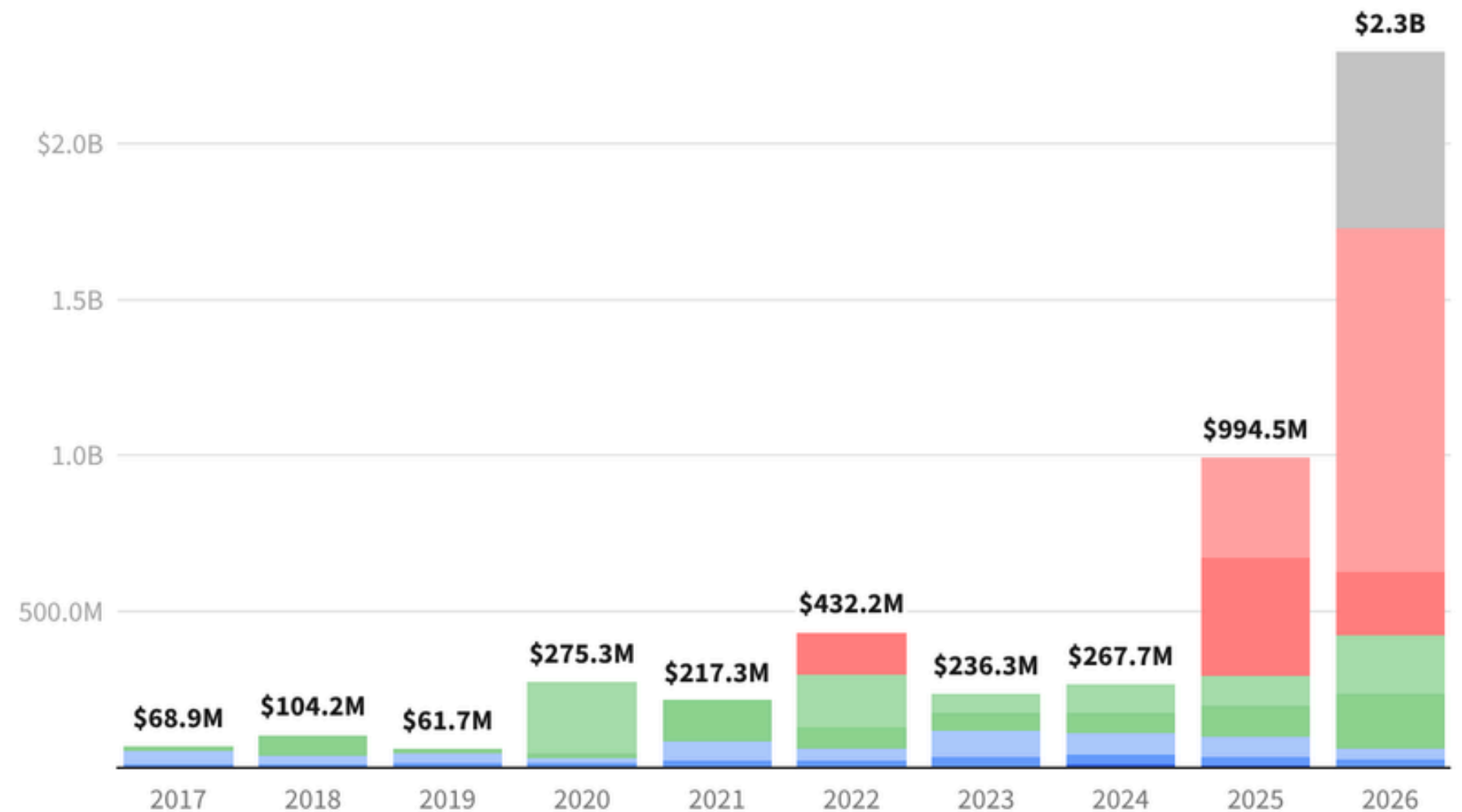
RECORD INVESTMENT, POWERED BY LARGER ROUNDS

Recorded Tough Tech venture investment in the Tough Ten reached \$994.5m in 2025, nearly four times the 2024 total. By the 2 October 2026 data cut-off, the region had already raised about \$1.7bn and, subject to the stated forecasting assumptions, the full year is projected to reach \$2.3bn, more than double last year's record.

Tough Tech is now a rapidly expanding asset class: larger rounds, including transactions above \$250m, account for a growing share of recorded investment. This suggests a maturing market, with more established companies demonstrating viable commercial pathways.

Tough Tech Venture Capital investment in Tough Ten Countries

■ \$0-1m (pre seed) ■ \$1-4m (seed) ■ \$4-15m (series A) ■ \$15-40m (series B) ■ \$40-100m (series C) ■ \$100-250m (mega rounds) ■ \$250m+ (mega+) ■ Projection



Data as of 02/10/2026

Source: Dealroom.co



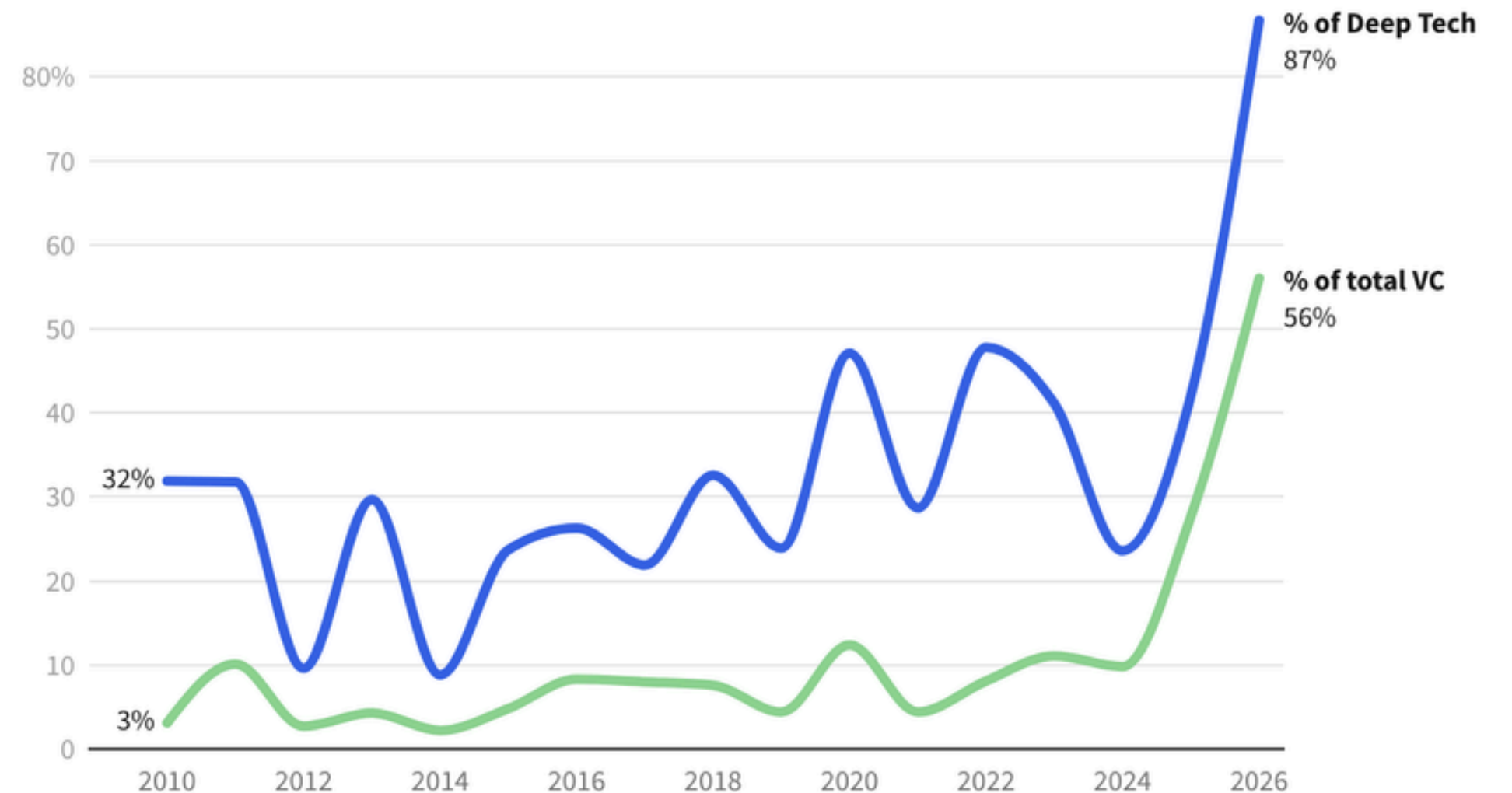
↘ SCALE: HOW BIG IS IT?

TOUGH TECH HAS BECOME THE REGION'S VENTURE MARKET

In 2026 to date, 56% of all venture capital in the Tough Ten has gone to Tough Tech, up from around 10% in 2024. Tough Tech now also accounts for 87% of all deep-tech investment in the region, meaning that the majority of capital flowing into science- and engineering-led companies is now directed towards defence, security and resilience technologies.

This growing dominance of Tough Tech as a share of venture spending is consistent with stronger security-related demand, increasing responses to government signals and the financing needs of more established companies.

Share of VC funding going to Tough Tech in Tough Ten Countries



Data as of 02/10/2026

Source: Dealroom



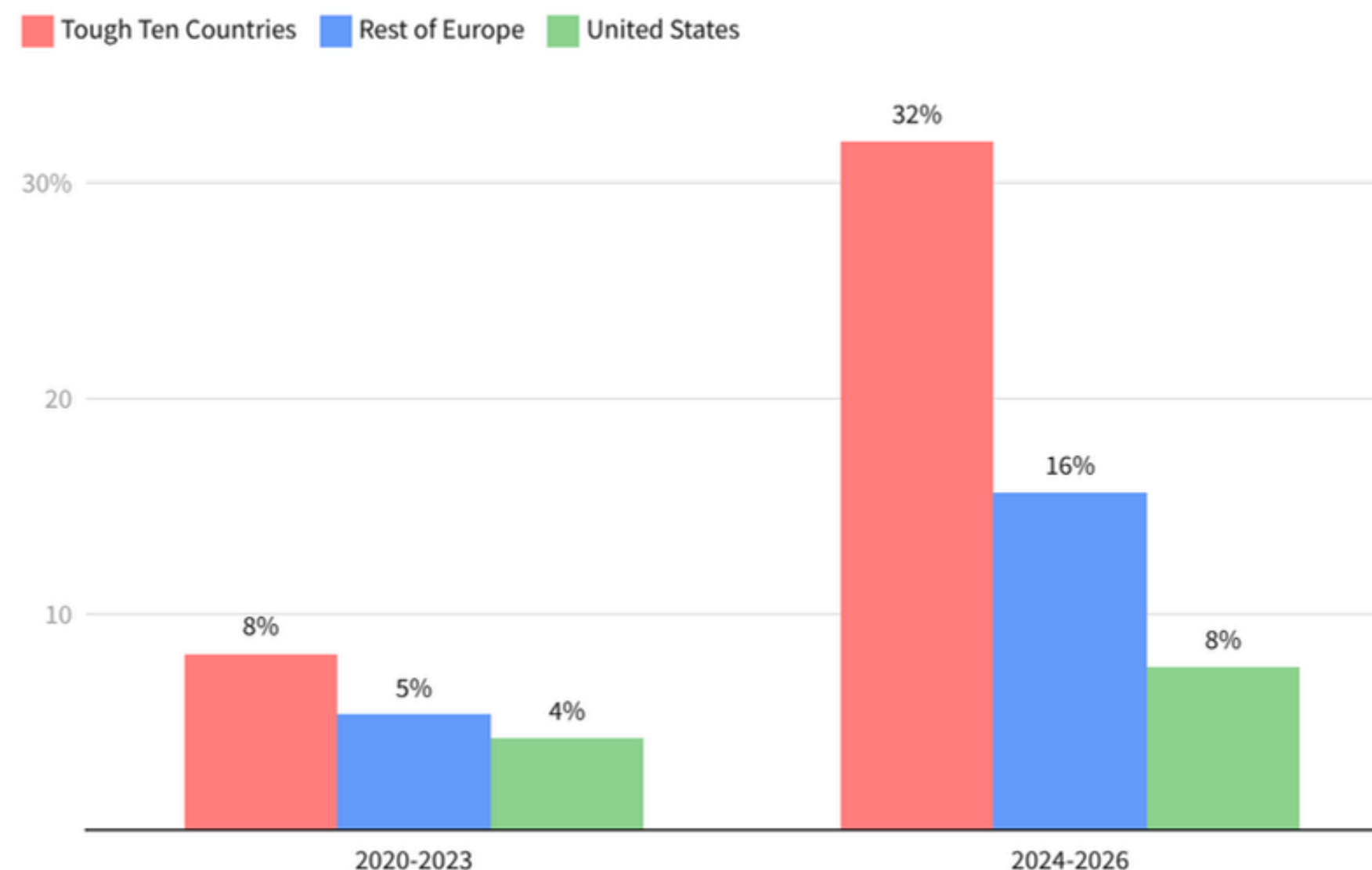
↘ SCALE: HOW BIG IS IT?

THE TOUGH TEN ARE PUNCHING ABOVE THEIR WEIGHT

From 2024 to 2026, Tough Tech attracted 32% of venture investment in the Tough Ten. That is twice the 16% recorded across the rest of Europe and four times the 8% in the United States. In 2020–2023, the gap between the Tough Ten and the rest of Europe was three percentage points. It has widened to sixteen.

All three markets moved in the same direction, but the Tough Ten moved furthest and fastest. Their Tough Tech share quadrupled, from 8% to 32%. In the rest of Europe it roughly tripled, from 5% to 16% and in the US it doubled, from 4% to 8%. Roughly one venture dollar in three in the Tough Ten goes to defence, space, quantum and other Tough Tech companies, compared with one in six in the rest of Europe and one in twelve in the United States.

% Tough Tech in Tough Ten Countries vs Rest of Europe and the United States



Data as of 02/10/2026

Source: Dealroom.co



Balnord



ilte



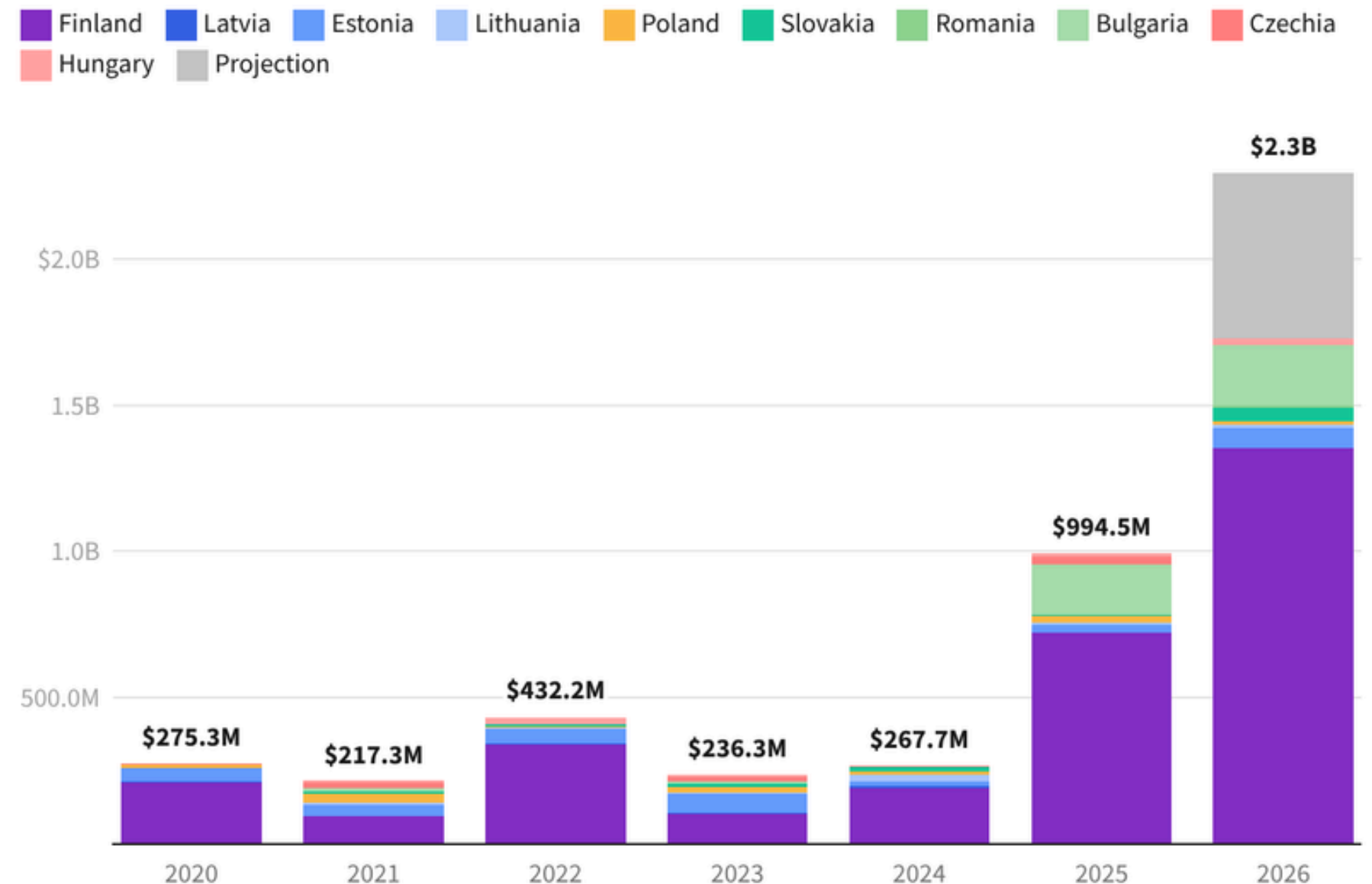
↘ GEOGRAPHY: WHERE IS IT HAPPENING?

FINLAND TAKES THE LEAD IN A GROWING ECOSYSTEM

Finland has attracted roughly \$1.4bn of the approximately \$1.7bn raised across the Tough Ten in 2026 – about four dollars in every five and nearly double the country's 2025 total. Both ICEYE and IQM emerged from Finland's research and university base; IQM's scientific roots reach back to the Low Temperature Laboratory in Otaniemi in the 1970s.

While investment levels across other Tough Ten countries have fluctuated in recent years, the region continues to demonstrate its ability to produce globally competitive Tough Tech companies, with Finland offering a clear example of how research excellence can translate into venture-scale businesses.

Tough Tech VC investment into Tough Ten Countries by country and year



Data as of 02/10/2026

Source: Dealroom.co

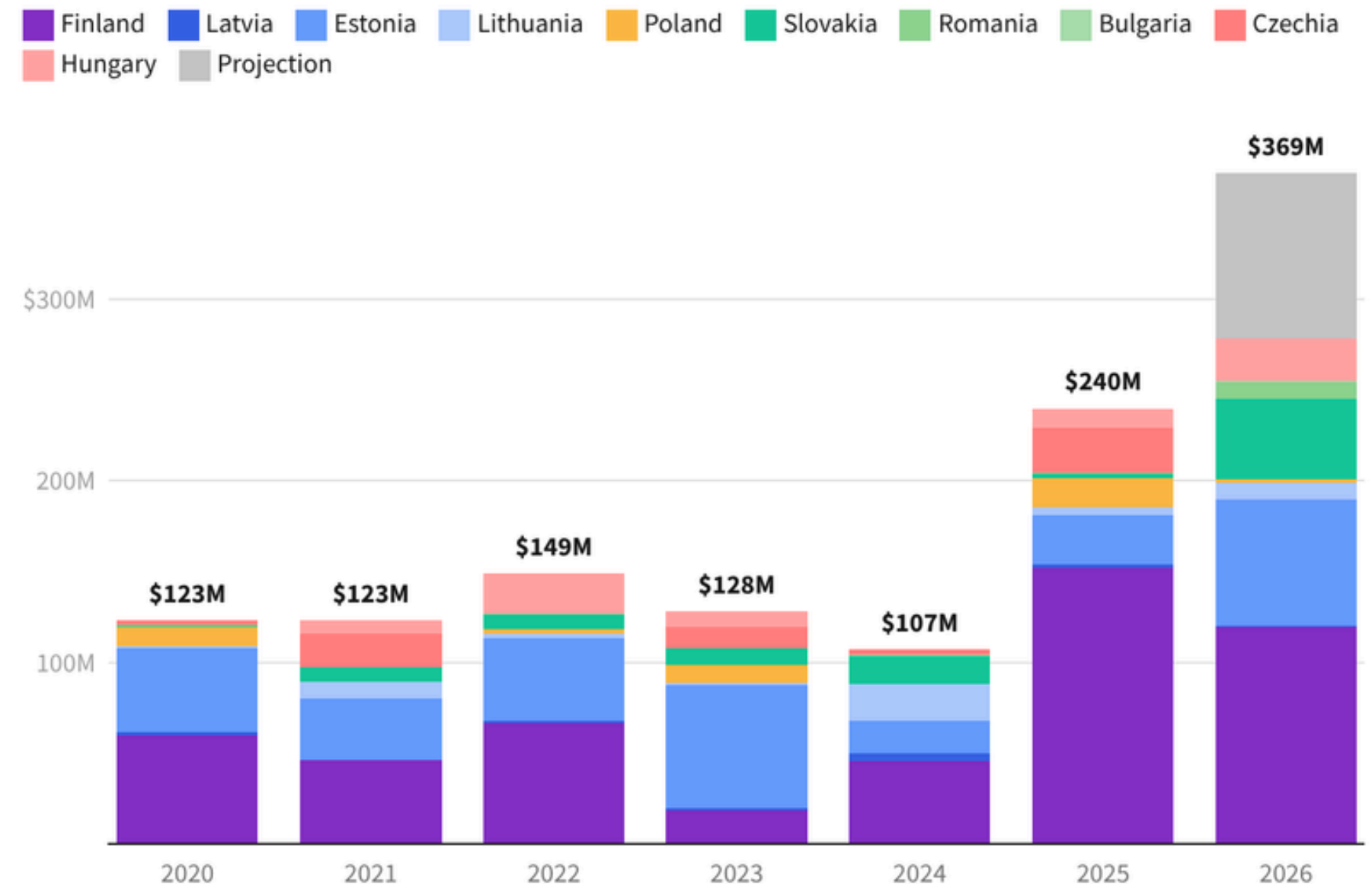
↘ GEOGRAPHY: WHERE IS IT HAPPENING?

BEYOND SPACE AND QUANTUM, ESTONIA EMERGES

The headline totals highlight the region's champions; this broader view reveals its depth. Once space and quantum are excluded, Finland's dominance gives way to a more evenly distributed market. Estonia has nearly tripled its funding intake, raising \$69.4m in 2026 to date, second only to Finland's \$119.7m once space and quantum are excluded.

With 2026 already ahead of last year's full-year total, growth no longer rests on a handful of landmark rounds. Strong companies are emerging across multiple countries and technologies, and the next opportunities are increasingly likely to lie beyond the region's familiar hubs.

Tough Tech VC investment into Tough Ten Countries by country and year, exc Space and Quantum



Data as of 02/10/2026

Source: Dealroom.co



2026 ALONE: A QUARTER OF FUNDING SINCE 2020

Excluding space and quantum, nine months into 2026, Tough Tech startups across the Tough Ten have raised around \$278m. That is roughly a quarter of everything they have attracted since 2020. The capital is arriving, but not evenly. Finland (\$119.7m) and Estonia (\$69.4m) account for more than two-thirds of the year's total and the Nordic-Baltic axis is still carrying the region.

Further down the table, Slovakia is the breakout story, with more than half of its funding since 2020 raised in 2026 alone. Romania has done almost all its fundraising in 2026, albeit from a small base. No disclosed funding is recorded for Czechia in this dataset for 2026 year to date, while Poland has recorded just \$1.9m.

Tough Tech VC funding in Tough Ten Countries, bar chart, exc Space and Quantum

Country	Since 2020 ▾	2026
 Finland	\$508.4M	\$119.7M
 Estonia	\$307.0M	\$69.4M
 Slovakia	\$87.2M	\$44.1M
 Hungary	\$71.7M	\$23.3M
 Czechia	\$61.4M	\$0.0
 Lithuania	\$48.4M	\$9.3M
 Poland	\$41.3M	\$1.9M
 Latvia	\$11.2M	\$385.0K
 Romania	\$10.5M	\$9.8M
 Bulgaria	\$1.1M	\$500.0K

Data as of 02/10/2026

Source: Dealroom.co

THE BALTICS MATCH FINLAND ON STARTUPS, NOT FUNDING

Estonia, Lithuania and Latvia are home to 57 VC-backed Tough Tech startups between them, level with Finland’s 55. On funding levels, however, the gap is significant. Finnish companies have raised \$3.0bn since 2020 and are worth a combined \$18bn. The three Baltic states have raised around \$380m, with a combined value of roughly \$1.5bn.

Poland tells a similar story: 31 startups, but just \$112.7m raised. Bulgaria shows how quickly that can change. With only two startups, it has raised more than \$400m, almost all of it in the last two years. Most of these startups are still early, so it follows that the funding lags behind Finland’s, but with this many of them in the pipeline, bigger rounds should come as they mature.

Tough Tech VC funding in Tough Ten Countries overview

Country	Number of VC-backed startups ▼	Combined Enterprise Value (EV)	VC funding since 2020	VC funding 2025-2026
 Finland	55	\$18.0B	\$3.0B	\$2.1B
 Poland	31	\$534.4M	\$112.7M	\$32.8M
 Estonia	25	\$1.0B	\$313.6M	\$96.6M
 Lithuania	24	\$361.6M	\$55.8M	\$19.8M
 Latvia	8	\$100.7M	\$11.2M	\$1.9M
 Slovakia	8	\$202.1M	\$87.4M	\$46.4M
 Czechia	7	\$183.9M	\$65.0M	\$26.8M
 Hungary	6	\$209.5M	\$71.7M	\$33.6M
 Romania	4	\$44.9M	\$10.5M	\$10.1M
 Bulgaria	2	\$1.2B	\$403.3M	\$380.5M

Data as of 02/10/2026

Source: Dealroom.co

➤ MATURITY: HOW IS IT GROWING?

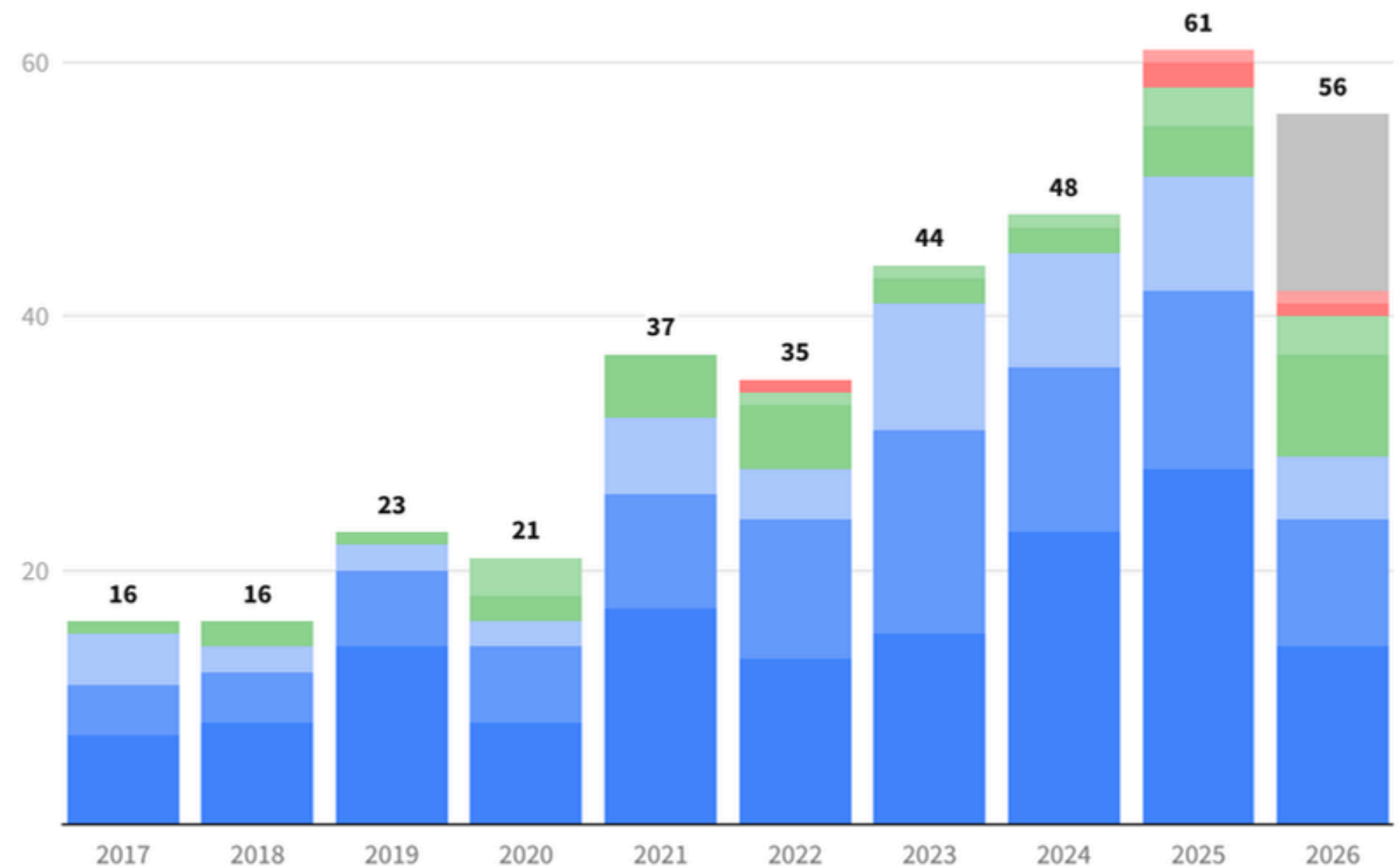
DEAL COUNT QUADRUPLES, LATE-STAGE ROUNDS EXPAND

Tough Tech deal activity in the Tough Ten has nearly quadrupled over the decade, from 16 rounds in 2017 to a record 61 in 2025. Around 56 are projected for 2026.

Deal count is projected to decline modestly in 2026, while capital is becoming more concentrated in larger rounds (see next page). Series B rounds have roughly doubled this year as companies funded earlier reach the growth stage, a sign that the region produces businesses ready for larger cheques. Pre-seed rounds have roughly halved, which leaves a gap at the earliest stage and an opportunity for investors to back the next generation at today's entry prices.

Number of VC rounds of Tough Tech in Tough Ten Countries

■ \$0-1m (pre seed) ■ \$1-4m (seed) ■ \$4-15m (series A) ■ \$15-40m (series B) ■ \$40-100m (series C)
■ \$100-250m (mega rounds) ■ \$250m+ (mega+) ■ Projection



Data as of 02/10/2026

Source: Dealroom.co



↘ MATURITY: HOW IS IT GROWING?

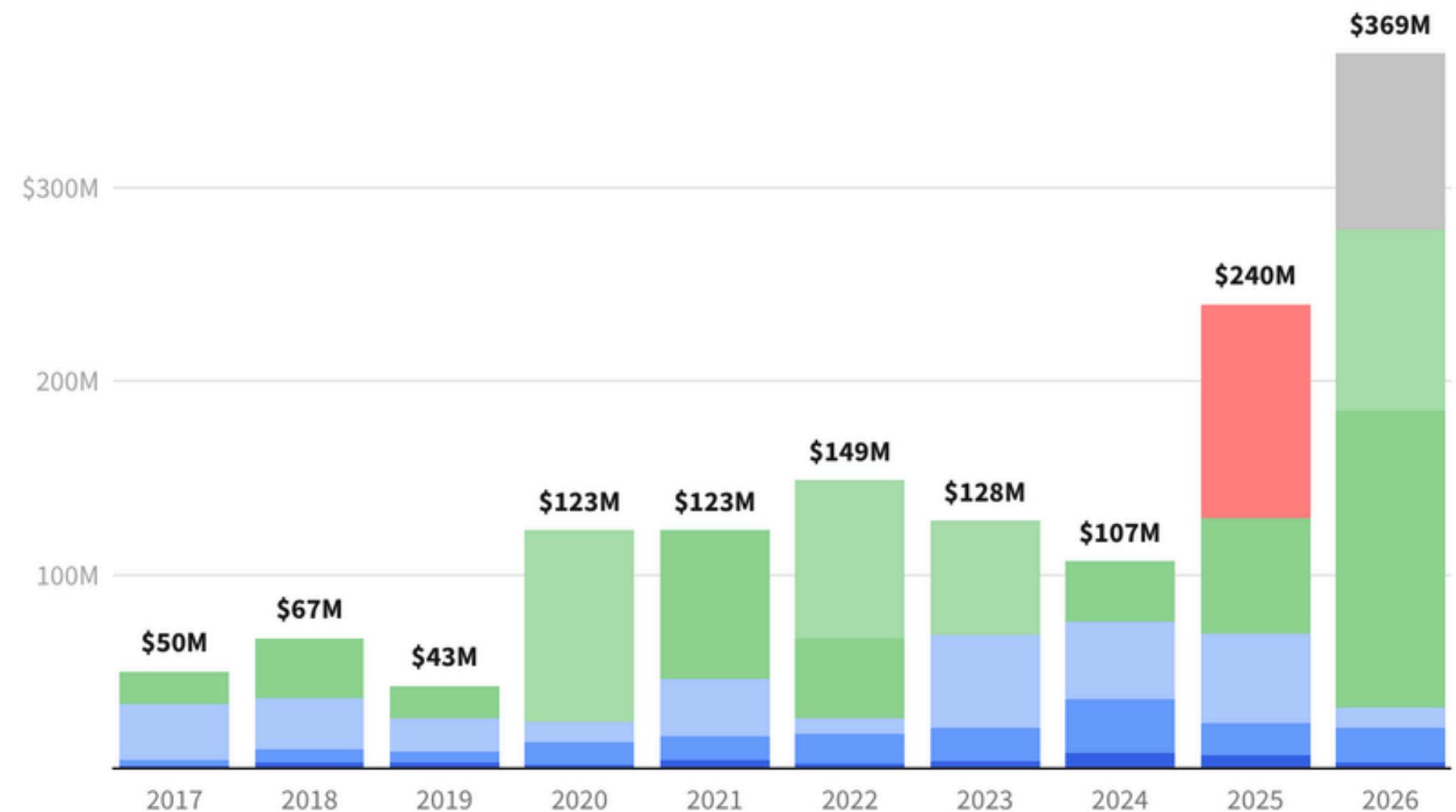
LARGER ROUNDS DRIVE FUNDING OUTSIDE SPACE AND QUANTUM

Last year's total depended on a single round of more than \$100m. This year's does not. Outside space and quantum, the region has already passed its 2025 total without a single mega-deal. Series B and C rounds account for close to nine in every ten dollars invested. Series A funding has fallen sharply this year, which is an opening for investors ready to back the companies that will raise growth rounds in the coming years.

The market is moving towards sustainable scale: companies are raising to build production capacity, secure supply chains and deliver their first substantial contracts.

Tough Tech Venture Capital investment in Tough Ten Countries, exc Space and Quantum

■ \$0-1m (pre-seed) ■ \$1-4m (seed) ■ \$4-15m (series A) ■ \$15-40m (series B) ■ \$40-100m (series C) ■ \$100-250m (mega-rounds) ■ \$250m+ (mega+) ■ Projection



Data as of 02/10/2026

Source: Dealroom.co

Key defence tech segments in the Tough Ten countries

Broader segment	Amount 2026 ▾	Amount since 2020	# rounds 2026	# rounds since 2020
Space and Satellite	\$1.3B	\$2.3B	7	84
Quantum computing, cryptography and sensing	\$135.3M	\$730.1M	8	44
Energy Security and Resilience	\$126.1M	\$411.3M	5	29
Anti-drone solutions	\$89.5M	\$96.6M	7	11
Health Crisis Preparedness	\$26M	\$168.2M	2	31
Drones (UAVs)	\$21.7M	\$58.2M	7	36
C4ISR	\$6.6M	\$26.8M	2	14
AI x defence	\$2.4M	\$186.8M	1	30
Weapons/Defence Systems	\$2.2M	\$6.8M	1	4
Training and Simulation	\$0	\$102.1M	0	6
Wearables for Military	\$0	\$53.2M	1	5
Advanced materials and manufacturing	\$0	\$21.3M	0	7
Advanced Sensing Technology	\$0	\$20.9M	0	10
Ground robotics (UGVs)	\$0	\$800K	0	4
Maritime robotics (USVs and UUVs)	\$0	\$0	0	1

Data as of 02/10/2026

Source: Dealroom.co

SECTORS: WHAT IS BEING FUNDED?

WHERE IS TOUGH TECH CAPITAL CONCENTRATED?

Tough Tech investment in the Tough Ten remains concentrated. Space and quantum have attracted 72% of all funding since 2020 (84% in 2026 alone), reflecting the region’s strong scientific base and established deep-tech champions such as ICEYE and IQM. 2026 is also a breakout year: counter-drone companies raised 93% of their total since 2020 this year and space 57%. Across all segments, 2026 accounts for 41% of everything raised since 2020.

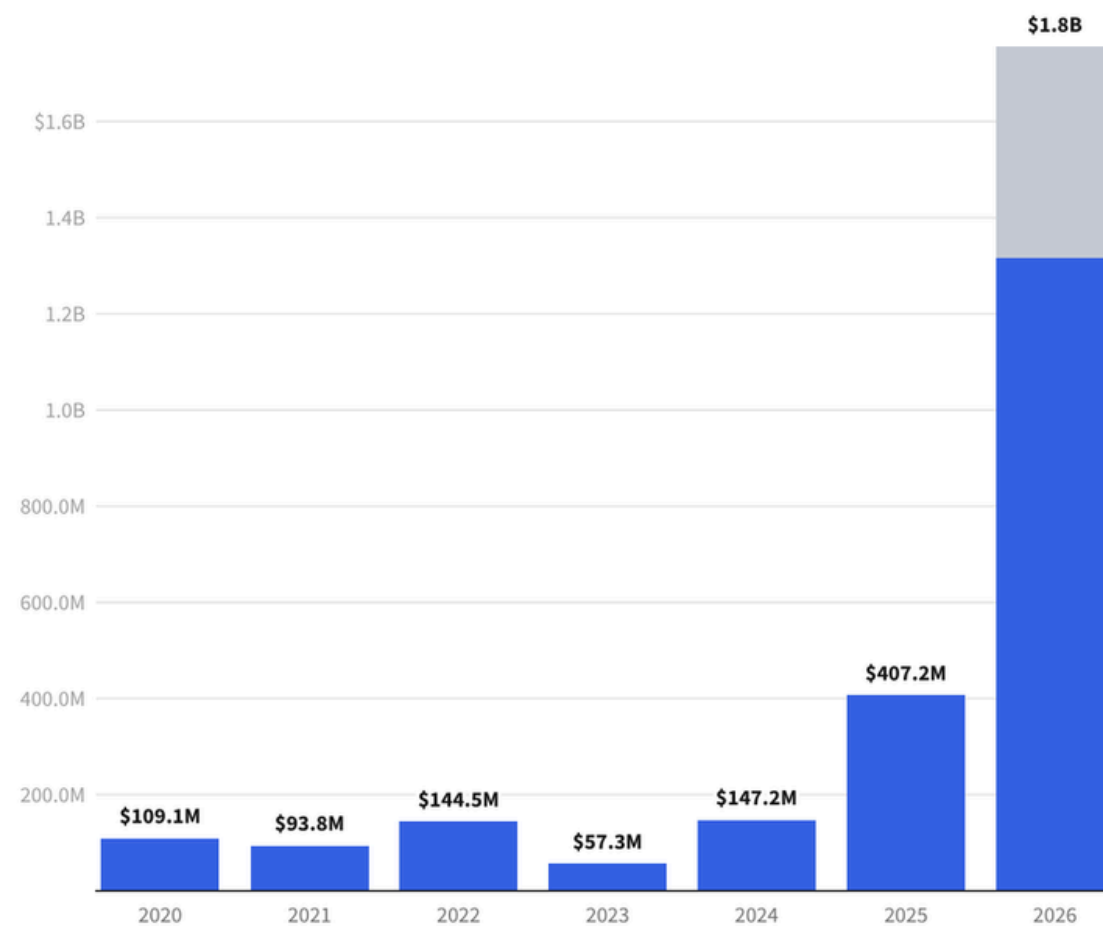
Other strategically important segments remain underfunded. C4ISR*, advanced materials, drones and ground robotics together attracted just 2% of 2026 funding and six segments, from advanced sensing to maritime robotics, show no disclosed funding value for 2026 to date. This points to a gap between Europe’s defence priorities and private capital. Closing it requires evidence of user needs, clear procurement routes, maturing companies and alternative sources of finance. As defence budgets rise, clearer procurement pathways and stronger government demand could unlock investment in these segments and create opportunities for the next generation of defence technology companies.

*C4ISR – Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance

SECTOR INSIGHTS: SPACE, SEMICONDUCTORS AND QUANTUM

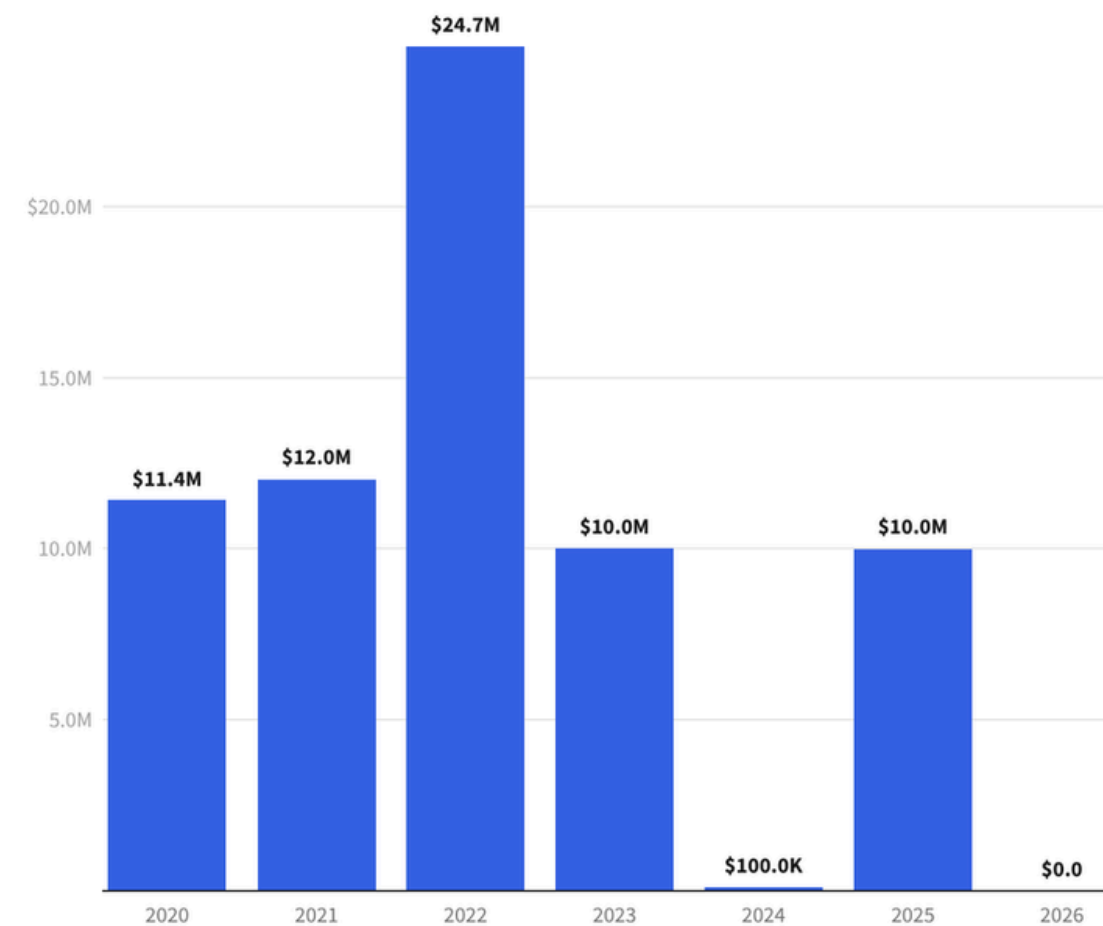
Space is 2026's standout sector: \$1.3bn raised so far, more than in 2020–2025 combined, led by ICEYE. Quantum peaked in 2025 with IQM's pre-listing round; with IQM now public, the question is who comes next. No semiconductor funding rounds are recorded in the dataset for 2026 to date. This indicates limited disclosed venture activity in a technology area that underpins many defence and civilian systems.

SPACE: Tough Tech VC funding by key dual use sectors (space/quantum/semiconductors) in tough tech ten countries



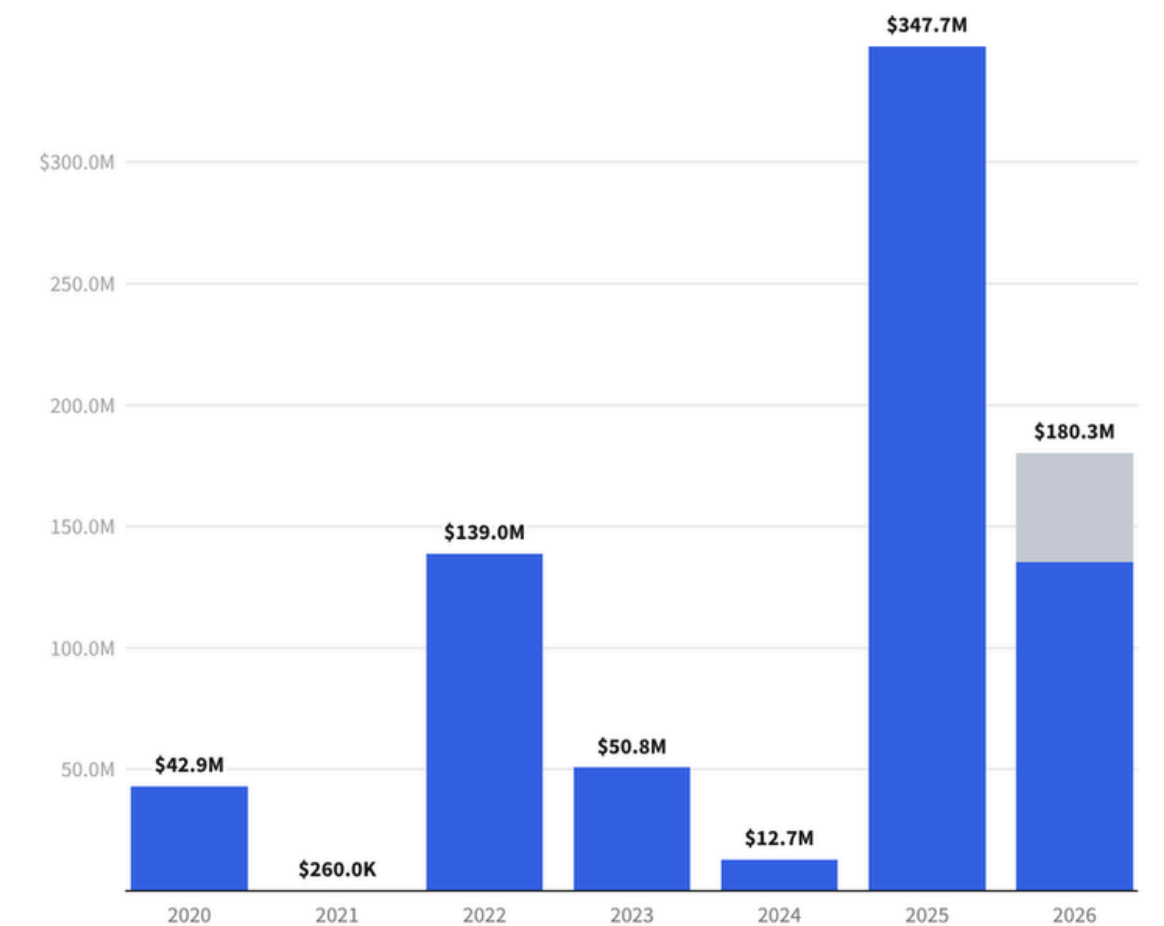
Data as of 02/10/2026
Source: Dealroom.co

SEMICONDUCTORS: Tough Tech VC funding by key dual use sectors (semiconductors) in tough tech ten countries



Data as of 02/10/2026
Source: Dealroom.co

Quantum: Tough Tech VC funding by key dual use sectors (space/quantum/semiconductors) in tough tech ten countries



Data as of 02/10/2026
Source: Dealroom.co

Comparison of VC funding by industries in Europe

Row name	2026 ▼	2020-2026
Enterprise software	\$17.8B	\$90.6B
Tough Tech	\$17.2B	\$48.1B
Health	\$10.3B	\$83.9B
Robotics	\$9.0B	\$21.5B
Energy	\$7.4B	\$67.1B
Defence	\$7.0B	\$12.8B
Security	\$6.7B	\$22.3B
Fintech	\$5.7B	\$96.7B
Semiconductors	\$4.5B	\$13.8B
Space	\$3.8B	\$10.9B
Transportation	\$3.3B	\$56.9B
Hosting	\$2.8B	\$7.4B
Food	\$2.2B	\$30.7B
Engineering and manufacturing equipment	\$2.0B	\$5.6B
Legal	\$1.7B	\$6.5B

Additional 4 rows not shown.

Data as of 02/10/2026

Source: Dealroom

SECTORS: WHAT IS BEING FUNDED?

THE EUROPEAN PICTURE: ASCENT OF TOUGH TECH

Zooming out to Europe as a whole, the shift is just as clear. Measured as a single category, Tough Tech attracted \$17.2bn of venture capital in 2026, close to enterprise software (\$17.8bn). That is already more than a third of everything it has raised since 2020. Enterprise software has raised a fifth of its total this year and fintech just 6%. Recent funding accounts for a substantial share of several Tough Tech segments’ recorded totals. Defence raised \$7.0bn in 2026, more than in the previous six years combined. Space (\$3.8bn) and semiconductors (\$4.5bn) have each raised about a third of their seven-year totals this year and robotics, which partly overlaps with Tough Tech, drew \$9.0bn.

The Tough Ten built these capabilities long before defence tech became mainstream. Since 2020, the region has closed 84 space and satellite rounds and 44 in quantum, cryptography and sensing, producing the engineers, research and companies Europe now urgently needs. As European capital flows into these segments, the Tough Ten are where technical depth meets operational insight from the front line.

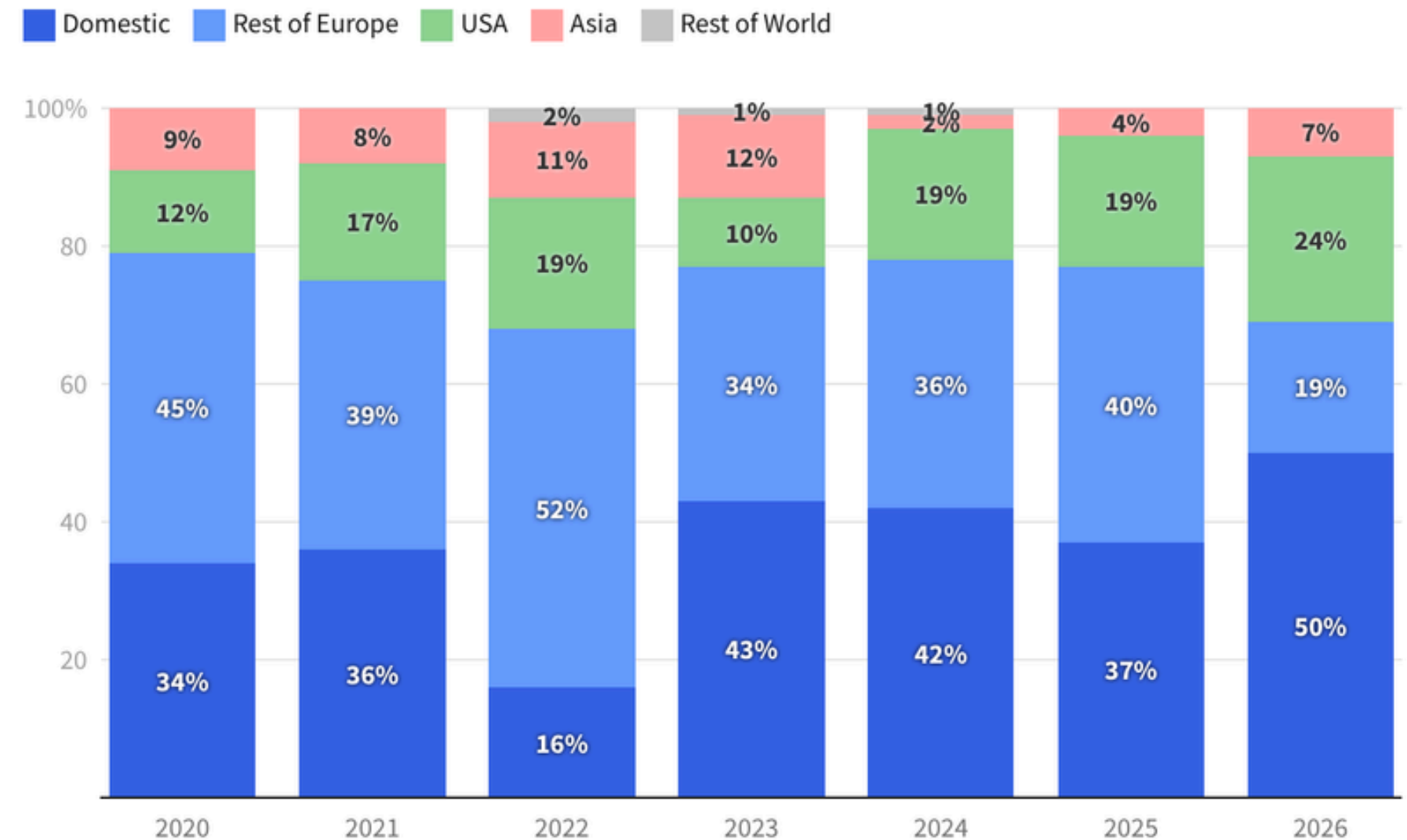
*Industry categories overlap. Tough Tech includes defence, space, semiconductors and parts of security and robotics, and a company may be tagged in more than one category. Figures should not be added together.

DOMESTIC INVESTORS CONTRIBUTE HALF OF THE FUNDING

The Tough Ten's venture capital ecosystem is becoming increasingly self-sustaining. The chart presents the geographic distribution of investors in recorded Tough Tech rounds: domestic investors now account for 50% of Tough Tech funding, up from 34% in 2020, while the rest of Europe's share has more than halved, from 45% to 19%.

A stronger domestic investor base creates a foundation for attracting international capital as companies scale. US investor participation rose by 5 percentage points this year, a sign that the Tough Ten ecosystem is maturing and competing for capital globally.

Tough Tech in Tough Ten countries VC funding by investor HQ



Source: Dealroom.co

➤ INVESTORS: WHO IS FUNDING IT?

UPSIDE: THE DOOR IS OPEN FOR NEW BACKERS

The Tough Ten's Tough Tech investment landscape is consolidating. As shown in the preceding pages, venture funding has surged, domestic investors are taking a larger share and bigger, later-stage rounds are becoming more common. The dataset records 57 participating investors in 2026 to date, compared with 113 across the full year of 2022. More capital is being deployed by fewer investors, pointing to larger cheques and a maturing funding ecosystem.

As companies scale and funding requirements grow, there is room for new investors to lead or co-lead rounds, particularly at the growth stage. The funds behind this report are ready to connect investors with opportunities and share deal flow across all ten countries.

Number of unique investors of Tough Tech in Tough Ten Countries

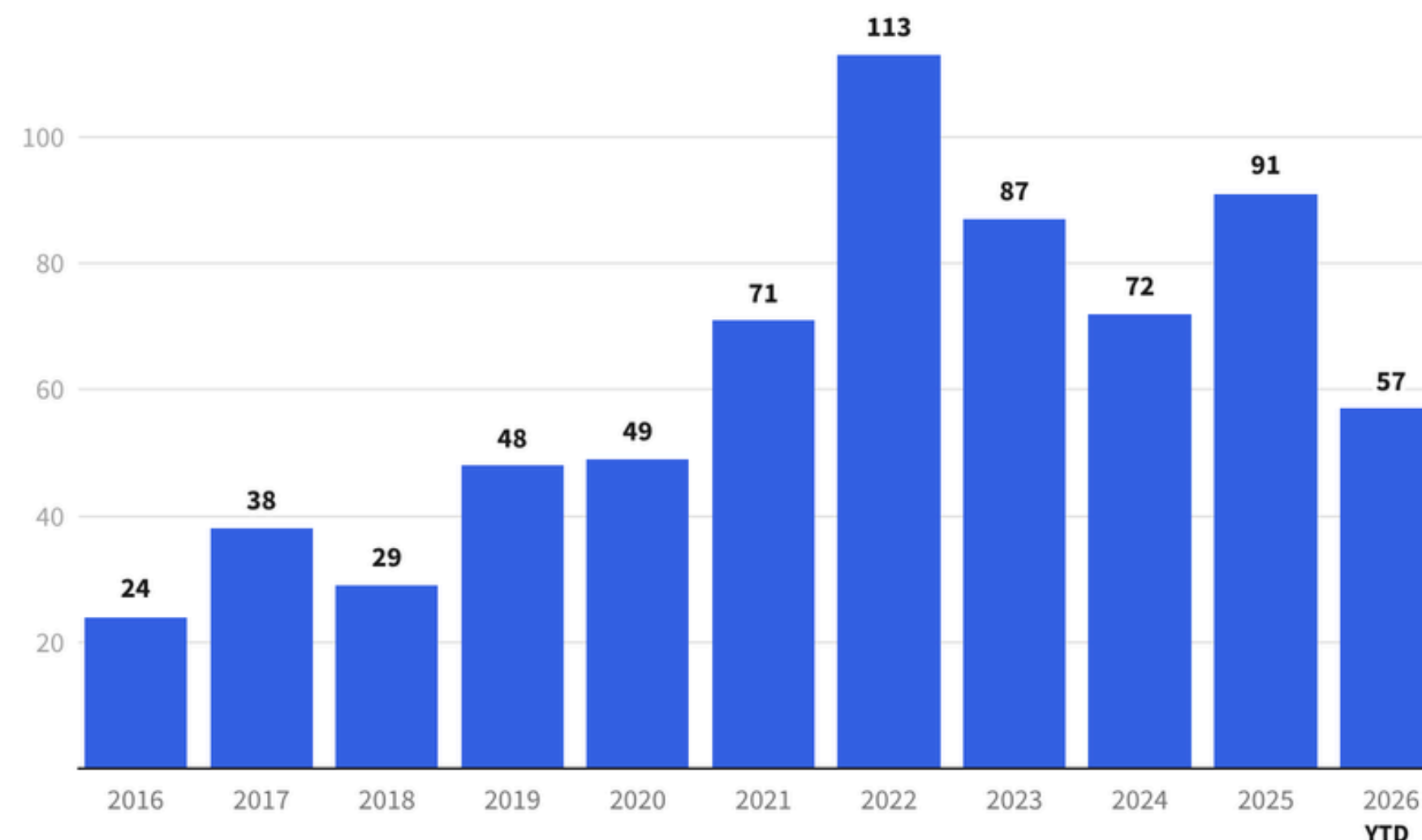


Chart: 2026 data as of 02/10/2026 • Source: Dealroom.co



TOUGH TECH DEALS BY THE VC FUNDS BEHIND THIS REPORT

The contributing funds invest in the region directly: collectively, they have backed 40 unique Tough Tech companies across the Tough Ten, driven by a shared belief that cross-border capital flows among NATO allies are critical for strengthening resilience and enabling real interoperability within the ecosystem. Their capital has been deployed into mission-critical sectors spanning quantum, satellite systems, defence, autonomy and resilience infrastructure.

These funds provide first-hand market insight through their investments and networks across the region – being present on the ground, nearest to the frontier and closest to the companies that are pushing Europe’s eastern-border security and resilience forward.

VC fund & launch date	Tough Tech deals in Tough-Ten countries	Total # of deals by the fund**	Selected Tough Tech investments (October 2026)
Balnord (2024)	5	15	Astrolight, Microamp, Satim
BSV Ventures (2023)	10	42	Airvolve, BlackSwan Space, C2Grid, Kaisense, Repsense, Skycorp Technologies, TrackDeep, Wayren, Yield Systems, Zvook
Coinvest Capital (2018)	17	91	Airvolve, Astrolight, CBRX, Luna Robotics, Monopulse, PD Kinematics, Repsense, Starflight Dynamics, Unmanned Defense Systems, WeSky
DEPO Ventures (2016)	6	55	Skycorp, Twinzo, Wayren, Zvook
NATO Innovation Fund (2023)	4	35*	BSV Ventures, Expeditions, Kelluu
Sparkmind Capital (2026)	1	28***	Occam Industries

* includes 10 fund-of-funds and 25 direct company investments
** includes deals that have been signed but not yet announced
*** includes investments made by the previous fund SMF1

TOUGH TECH INVESTMENT LANDSCAPE

The region's investment story becomes clearer at the company level. Our landscape brings together the region's Tough Tech companies in a single view across ten national markets. It is a valuable resource helping investors identify cross-border opportunities, gives corporates and procurement bodies a starting point for finding partners and suppliers and shows policymakers where capabilities are concentrated and where gaps remain.

Tough Tech startups in Tough Ten countries

POWERED BY

 ILTE

 Coinvest capital

 Depo Ventures

 Balnord

 BSV Ventures

 NATO Innovation Fund - NIF

 TEGOS Legal

 Sparkmind Capital

This landscape maps a selection of defence, dual-use, cybersecurity and space startups from the "Tough Ten", the EU and NATO eastern-flank countries: Finland, Estonia, Latvia, Lithuania, Poland, Czechia, Slovakia, Romania, Hungary and Bulgaria. It is not a complete list of every tough tech company in the region. It is a curated view meant to show the breadth of the ecosystem, from drones and counter-UAS to secure communications, sensing, cyber and space. Companies are grouped by main technology area, and some could fit in more than one category.

Creators  

Last update 30 Sep 2026

Share   

LANDSCAPE VIEW LIST VIEW

Drones, UAVs, UGVs and maritime tech

Combined funding \$ 36M

 Unmanned Systems

 Dronetag

 DefendEye

 Orbotix

 GaltTec

 Origin

 Airvolute

 KrattWorks

 Fixar

 Skycorp T...

 Threed Sy...

 Granta Au...

 Baltic Viper

 Luna Rob...

 Broswarm

 NTservice

 Oinride

 airvolve

 Thrust

 Angler Dr...

 BraveX Aero

 Nomadiu...

 NATRIX

 VAAL Airs...

Other critical infrastructure (e.g. semiconductors, communication)

Combined funding \$ 65M

 Revobeam

 Wayren

 KNL Netw...

 Himera

 RSI Europe

 SensusQ

 Kelluu

 Trackdeep

 S-Transist...

 SI Robotics

 Microamp...

Energy security and resilience

Combined funding \$ 397M

 Steady En...

 Geyser Ba...

 Teraloop

 Skeleton ...

 BroadBit ...

Health crisis preparedness

Combined funding \$ 167M

 DHRIDE T...

 Nexus Dy...

 litegrav

 Resistomap

 AQ Biotech

 Ullmanna

 Sensible ...

 Elnora AI

 AIO

 Bene Meat

 Enifer

 Biomatter

 MindRove

 Turbine AI

Advanced Sensing Technology

Combined funding \$ 128M

 GScan

 Sensmet

 RVmagnet...

 Emberion

 ElFys

 Canatu

 Brolis Sen...

 Aktyvus P...

 AISPECO

 SEC Sec Techn...

 ReFaMo

Advanced Materials and Manufacturing

Combined funding \$ 69M

COUNTRY PROFILES



**DRIVING DEFENCE INNOVATION
WITH ACTION & CAPITAL**



Balnord



FINLAND

Finland combines an established defence industry with strengths in satellite sensing, quantum technologies, secure communications and C-UAS. ICEYE's 2026 financing, IQM's stock-market listing and Sensofusion's completed October 2026 Nasdaq Helsinki IPO of approximately €259m (with proceeds potentially reaching €300m if the over-allotment option is fully exercised) illustrate the emergence of globally significant technology companies and strong access to growth capital.

The Finnish Defence Forces are formalising innovation through PVINTO and PVINYX, while NATO DIANA, VTT test centres, Griffin Tech Days and DEFINE provide routes for companies to validate technologies against military requirements. Challenges remain around procurement at scale: moving from trials and demonstrations to recurring orders from the Defence Forces, industrial production and exports to other NATO markets.

KEY METRICS ↙

- Population ~5.7M, nominal GDP ~€282bn
- Finnish Defence Forces: wartime strength ~280,000 and ~870,000 reservists – one of Europe's strongest air forces and artillery and one of its most robust militaries.
- National defence budget 2026 (defence administration appropriation): €6.6bn. FY2026, including first and second adopted supplementary budgets.
- Other materiel procurement: €1.5bn (Original FY2026 budget).
- NATO defence expenditure: €7.7bn, or 2.7% of GDP (NATO 2026 estimate; cut-off 3 July 2026).
- Equipment share of defence spending (NATO): 36.7% (NATO 2026 estimate; cut-off 3 July 2026).
- EU SAFE loan ceiling: €1bn.



FINLAND



KEY ECOSYSTEM STAKEHOLDERS ↙

The Finnish Ministry of Defence sets the country's capability priorities, while the country's Defence Forces and Logistics Command define requirements, conduct testing and manage procurement. Business Finland finances R&D and commercialisation, Tesi provides state-backed equity investment and Danske Bank provides debt financing to defence companies. Patria anchors Finland's defence-industrial base, supported by specialised suppliers including DA-Group and a broader network of electronics, communications and engineering companies. VTT operates Finland's NATO DIANA accelerator and provides testing infrastructure, while Aalto and the Espoo research cluster connect defence applications with Finland's deep-tech research base. PIA represents the defence and aerospace industry and supports internationalisation, while DEFINE links startups and SMEs with the Defence Forces, primes and testing environments. FAMOUS3 provides a route into multinational European land-systems development.

RECENT DEVELOPMENTS ↙

- The Defence Forces began introducing PVINTO and the separate PVINYX Innovation Unit in 2026 to accelerate military innovation and adoption.
- In June 2026, ICEYE announced a €450m primary Series F, part of a transaction exceeding €1bn including secondary share sales, at a valuation above €10bn; IQM completed its US/Helsinki dual listing in July; and Sensofusion completed a €300m Nasdaq Helsinki IPO in October.
- NATO Innovation Fund led Kelluu's €15m Series A in April 2026; the company later announced a new Joensuu factory to triple airship production.
- Patria and Ukraine's General Cherry agreed to establish drone production in Finland; Patria also began Finnish F-35 forward-fuselage production and F135 engine assembly.
- The Defence Forces ordered 100+ Patria TREMOS mortar systems following pre-series testing, with options for hundreds more.
- Tesi's August 2026 study mapped 574 Finnish defence industry companies, including around 200 defence and dual-use startups, highlighting the rapid expansion of the ecosystem.
- In June 2026, Finland passed a Nuclear Energy Act that simplifies micro-reactor rules, making them easier to deploy, particularly for district heating.

INDUSTRIAL AND PROCUREMENT MOMENTUM

Finland's 2026 budget combines major F-35 and other materiel spending with €6bn in new procurement authorisations. Patria began Finnish F-35 component and engine production, while the Defence Forces placed a 100+ system TREMOS order following pre-series deliveries. Patria and General Cherry also agreed to establish Ukrainian-designed drone production in Finland.

FINLAND



LATEST LEGISLATIVE INITIATIVES ↙

- Finland adopted its first National Security Concept 2026–2035, making national security considerations more systematic across government decision-making.
- A proposed foreign-investment screening reform broadens scrutiny of acquisitions involving defence, critical technologies and security of supply.
- Proposed dual-use export-control amendments add certain unmanned aircraft and navigation systems to Finland’s national control list while simplifying parts of the authorisation and reporting regime.
- In 2025 Finland passed a comprehensive pension reform package to enable more investment into funds and increase the risk exposure of the system.

MARKET OUTLOOK ↙

Demand is broadening beyond traditional platforms towards C-UAS, ISR, autonomous systems, secure communications and software-enabled capabilities. For startups, the main commercial opportunity is moving from Finnish Defence Forces trials into recurring orders and prime-contractor supply chains, while NATO and EU programmes provide routes to larger allied markets. Procurement timelines, qualification requirements and working-capital needs remain the principal barriers to scale.

Early-stage capital: first tickets remain scarce for very early-stage defence startups, as Finnish VC has historically focused on gaming and B2B SaaS.

Growth capital: later-stage domestic capital remains limited, although new defence-focused funds are being raised to bridge the gap and the pension reform should increase available capital over the medium to long term.

Energy security: the new Nuclear Energy Act simplifies micro-reactor permitting, a strong signal that Finland intends to grow its nuclear capability.

FUNDING LANDSCAPE ↙

Finland’s defence funding stack now spans angels, specialist VCs, growth capital, debt and public programmes. Defence and dual-use technologies represented 11% of FiBAN’s deal flow in H1 2025, with 202 applications in 2025 versus 130 in 2024 (November 2025 snapshot). FiBAN’s DECOI has also generated angel-led syndicates; early-stage investors include Lifeline Ventures, Innovestor, Voima Ventures and BSV Ventures.

Growth capital has expanded rapidly: Finnish defence and dual-use startups attracted \$410m in VC in 2025, representing 85% of Nordic sector funding (November 2025 snapshot). Sparkmind Capital is raising a €150m growth fund to help companies scale to market. International investors are increasingly active, including NIF’s €15m Kelluu round, while ICEYE’s June 2026 Series F brought together Finnish and international institutional capital.

Tesi’s new 2025–2029 strategy marks a significant shift towards growth capital: its investment capacity doubled to €1.8bn, with larger direct investments in strategic scaleups and industrial projects, including defence tech, alongside fewer but larger fund commitments intended to build internationally competitive Finnish funds. By June 2026, Tesi had made €672m of investment decisions expected to mobilise more than €6.2bn alongside private capital. Its portfolio includes ICEYE, Kelluu, Savox, Verda and Forcit; it also anchored Lifeline Ventures’ €425m Fund VI and committed €15m to Cloudberry’s €30m semiconductor fund. Verda became Finland’s newest unicorn in September 2026, with an oversubscribed Series B raising \$189m.

Public financing complements private capital through Business Finland, EDF programmes including up to €79m for FAMOUS3, Finland’s €1bn SAFE allocation and expanded EIC eligibility. Bank financing is also emerging as part of the capital stack, including Danske Bank lending to defence companies.

FINLAND: COMPANIES TO WATCH

COINVEST CAPITAL Balnord BSV dealroom.co DEPO VENTURES ilte NIF RESILIENCE MEDIA SPARKMIND CAPITAL TEGOS



ATLE DEFENCE TECHNOLOGIES

Software platform merging real-time exercise data with virtual combat simulation.



AURORA PROPULSION TECHNOLOGIES

Propulsion and plasma-brake systems enabling small-satellite manoeuvring/de-orbiting.



BATTLEBOXES

Retrofit sensors and software for tactical storage, providing security monitoring, tamper detection and audit trails.



DISPELIX

See-through, full-colour waveguide displays for a wide range of AR devices.



DISTANCE TECHNOLOGIES

Glasses-free mixed-reality systems for defence vehicle and cockpit displays.



HALIDE ENERGY

Long-duration copper-flow battery systems for energy resilience.



ICEYE

SAR satellites and sovereign intelligence systems.



INSTA

Command-and-control, secure communications, avionics and defence systems integration.



IQM QUANTUM COMPUTERS

Quantum-computing hardware.



KELLUU

Autonomous airships for persistent sensing.

FINLAND: COMPANIES TO WATCH



MARSHALLAI

AI-vision software for border and critical-infrastructure surveillance.



NESTAI

Defence AI, autonomous systems and command-and-control.



PATRIA

Finland's principal defence prime, spanning armoured systems, aviation, lifecycle support and multinational defence programmes.



RAIN

AI-powered real-time monitoring, energy management and operational analytics.



REBELVOLT

Rebelvolt replaces loud and polluting diesel generators with mobile, battery-based e-Generators.



RELOC

ReLoc develops Positioning, Navigation and Timing solutions resistant to GNSS jamming and spoofing.



REORBIT

Modular software-defined microsatellites for communications, navigation and ISR.



SAVOX

Tactical and mission-critical communications and C4ISR.



SEATOM

Nuclear energy reactors to power ships and reduce global emissions by 3%.



SEETRUE TECHNOLOGIES

High-precision, ultra-low-power eye tracking for AR, VR, AI and beyond.

FINLAND: COMPANIES TO WATCH

GOINVEST CAPITAL Balnord BSV dealroom.co DEPO VENTURES ilte NIF RESILIENCE MEDIA SPARKMIND CAPITAL TEGOS



SEMIQON

Semiconductor and cryogenic components for quantum computing.



SENO

Military optronics, smart sights and surveillance systems; part of Millog Group.



SENSOFUSION

C-UAS and electronic-warfare systems.



STEADY ENERGY

LDR-50, a 50 MW thermal small modular reactor for district heating.



SURMA

Naval-stealth and survivability software analysing ships' acoustic and thermal signatures.



TESPACK

Portable solar-battery systems powering off-grid military and rescue operations.



ULTRA TRACE SYSTEM

Chemical-sensor firm detecting explosives and toxic agents for CBRN defence.



VARJO TECHNOLOGIES

High-end mixed-reality systems for military training and simulation.



VIIMA AEROSPACE TECHNOLOGIES

Resilient UAV (Unmanned Aerial Vehicle) manufacturing methods.

ESTONIA

Estonia is rapidly expanding from a software- and startup-led defence ecosystem into domestic defence production. Defence expenditure will reach €2.4bn, or 5.4% of GDP, in 2026, with €1.27bn earmarked for procurement and €3.4bn for ammunition across 2025–2029. Estonia's industrial base is scaling along with demand. Nitrotol opened Estonia's first domestic military explosives facility in nearly a century, while Frankenburg Technologies, Nitrotol, Infinitum Strike and Odin Defence secured production sites at the new Ermistu defence-industrial park. Lockheed Martin is also establishing a Baltic HIMARS sustainment centre in Estonia.

Capital and international integration are increasing in parallel. SmartCap's €100m Defence Fund invested €7m in Frankenburg's €30m round and €2m in Farsight Vision's €7.2m round. Estonian participants also entered 26 successful EDF 2025 projects worth more than €700m collectively, with over €28m of project work allocated directly to Estonian companies.

KEY METRICS ↙

- Population ~1.4M, nominal GDP ~€42bn
- 2026 defence budget: €2.4bn, or 5.4% of GDP.
- Procurement allocation: €1.3bn including VAT (FY2026; rounded).
- NATO defence expenditure: €2.2bn (NATO 2026 estimate; cut-off 3 July 2026).
- Defence spending as % of GDP (NATO): 5.1% (NATO 2026 estimate; cut-off 3 July 2026).
- Equipment share of defence spending (NATO): 40.1% (NATO 2026 estimate; cut-off 3 July 2026).
- EU SAFE loan ceiling: €2.3bn.



ESTONIA



KEY ECOSYSTEM STAKEHOLDERS ↙

The Estonian Ministry of Defence sets capability and industrial priorities, while RKIK/ECDI manages procurement and the country's defence-industrial infrastructure. SmartCap's €100m Defence Fund provides equity capital and now works directly with the Defence Forces' Force Transformation Command on requirements, testing and adoption. Milrem Robotics, Threod Systems, DefSecIntel, Cybernetica and Bittium Estonia anchor capabilities across autonomy, UAVs, surveillance, cyber and communications. Milrem is part of the EDGE Group. TalTech and the University of Tartu provide research capacity. Tehnopol, together with Sparkup Tartu Science Park, operates Estonia's NATO DIANA accelerator and Defence Business Lab, connecting companies with military users and testing environments. The Estonian Defence and Aerospace Industry Association represents the sector, which reached €750m turnover and €450m exports in 2025 and targets €2bn turnover by 2030. Enterprise Estonia supports internationalisation and foreign investment.

RECENT DEVELOPMENTS

- Nitrotol opened Estonia's first military explosives facility in nearly a century at Ämari in January 2026.
- Four companies — Nitrotol, Frankenburg, Infinitum Strike and Odin Defence — signed up for the €50m+ Ermistu defence-industrial park, with production expected from 2027.
- ARCA Baltics announced a €300m North Kiviõli ammunition plant, targeting production in 2028 and up to 1,000 jobs.
- Hexest, a state-owned company, began seeking a strategic investor committing at least €50m to establish domestic RDX production by 2028.
- Estonia allocated €38.2m to defence-industrial infrastructure and €5.8m to defence innovation and R&D in 2026.
- New counter-UAS legislation expanded peacetime drone detection and countermeasure powers for defence, police and critical infrastructure.
- The Ministry of Defence launched Defence Business Lab, a pre-accelerator bringing civilian and deep-tech companies into defence.
- Estonia and Ukraine established a Build with Ukraine framework for joint production, testing and scaling.
- Estonian participants entered 26 EDF projects worth €700m+, securing €28m+ of project work.
- Glazeworks opened as a new hardware hub focused on attracting top talent and e-mobility.

INDUSTRIAL AND PROCUREMENT MOMENTUM

Estonia plans €1.27bn of procurement in 2026 and €3.4bn in ammunition purchases in 2025–2029. Major programmes include IRIS-T deliveries, additional HIMARS-equivalent systems, Chunmoo launchers and the expansion of the K9 fleet to 36. Domestic production is scaling through Ämari and Ermistu, while ARCA's €300m North Kiviõli plant is targeting 155 mm ammunition production from 2028. Lockheed Martin is establishing a €10m Baltic HIMARS sustainment centre in Estonia. Estonia had supplied Ukraine with €40m+ of domestically produced defence products by August 2026. The 2027 Ukraine measure requires ≥40% Estonian production and caps individual product packages at €15m, down from €50m previously.

ESTONIA



Balnord



LATEST LEGISLATIVE INITIATIVES ↙

Estonia adopted a new National Security Concept in June 2026, strengthening comprehensive national defence and the role of businesses and the economy in national security.

The Estonian Defence and Aerospace Industry Association is pushing for localisation requirements to be formally written into defence legislation to strengthen local defence companies.

New counter-UAS legislation has expanded peacetime powers of the Defence Forces, police and critical-infrastructure operators to detect and counter drones.

Legislation adopted in April 2026 has accelerated planning and construction for Estonia's national defence infrastructure, reducing procedural barriers for strategically important projects.

NIS2-related Cybersecurity Act amendments took effect on 1 January 2026, expanding cybersecurity obligations and the range of regulated entities.

MARKET OUTLOOK ↙

Defence and security sales reached approximately €750m in 2025, including €450m in exports, or 60% of turnover. The industry association expects sector sales to exceed €1bn in 2026.

Export capacity is scaling: 522 strategic-goods licences worth nearly €850m were issued in 2025, up 43% year-on-year. Ukraine-related military-goods licences reached €69m.

International production is becoming the next route to scale. Frankenburg and PGZ plan Polish capacity of up to 10,000 interceptors annually, while Milrem is expanding joint development and production with PGZ companies.

The strongest near-term opportunities remain C-UAS, autonomous systems, ISR, battlefield communications and edge AI, where Estonian companies are already securing allied customers and industrial partners.

KEY CHALLENGES:

- Export dependence: €450m of €750m sector turnover in 2025 came from exports.
- Production scale-up: new ammunition capacity still depends on construction, permitting, commissioning and skilled labour.
- Procurement execution: a 2026 audit identified challenges remaining in contract execution; 60,000+ defence assets worth ~€300m were affected by accounting deficiencies.
- Domestic production requirements: the 2027 Ukraine measure requires ≥40% Estonian production and caps product packages at €15m.

ESTONIA



FUNDING LANDSCAPE ↙

SmartCap's €100m Defence Fund invests directly and through other defence funds. Its first fund commitment was €10m to Darkstar Ventures Fund I, a €25m pre-seed/seed military-tech fund investing €0.5–1.5m per company. SmartCap has since invested directly in Frankenburg and Farsight Vision.

Estonia is an investor in the NATO Innovation Fund (NIF). The NIF is a VC fund that invests in and champions deep tech, dual-use companies across the 24 NATO countries backing it to address the Alliance's most pressing technology needs.

The private early-stage layer is expanding. Darkstar is dedicated to military and selected dual-use technologies; Archangel is building a defence-focused investment platform and in September 2026 signed a three-year cooperation agreement with the Estonian Defence Forces; BSV Ventures invests in early-stage deep-tech and dual-use companies including Wayren, TrackDeep, Skycorp and C2Grid.

Superangel is now an active defence investor, including co-leading Sky Spy's \$1.6m pre-seed round in December 2025. Specialist VC entered defence through SensusQ, while Unmanned.VC focuses specifically on seed-stage defence, autonomous and unmanned technologies.

EstBAN provides the angel layer, although defence remains small: only 3% of surveyed members invested in defence innovation in 2025, against €14.1m invested by members across all sectors.

Recent rounds include Frankenburg Technologies €30m Series A, PowerUP €10m Series A, Farsight Vision €7.2m seed and Rollo Robotics €3.7m pre-seed.

Plural remains one of the largest and most flexible seed-to-Series B investors in Europe, backing companies with GDP-level impact potential.

TOP VC INVESTORS IN TOUGH TECH ↙



ESTONIA: COMPANIES TO WATCH



5.0 ROBOTICS

Mobile micro-factories for field manufacturing; strategic investment from Ilavka VC.



BLACKWALL

Web security and traffic-management software; announced a \$100m Series C at a \$2.2bn valuation on 20 October 2026.



C2GRID

Resilient command-and-control and 3D geospatial intelligence for contested environments.



CROSS WATER

Maritime mission platform for defence, security & industry.



DEFSECINTEL SOLUTIONS

Autonomous surveillance and multi-layer C-UAS systems, with deployments and partnerships across NATO markets.



DEFTAK

Drone-launched precision munitions converting reconnaissance drones into strike UAVs.



FARSIGHT

AI-driven geospatial intelligence and autonomy; raised €7.2m seed in 2026 and deployed in Ukraine.



FRANKENBURG TECHNOLOGIES

Low-cost counter-UAS interceptors; building international production partnerships.



HEVI OPTRONICS

Electro-optical surveillance and ISR systems.



KRATTWORKS

EW-resilient ISR and attack drones, including GNSS-denied systems tested through operations in Ukraine.

ESTONIA: COMPANIES TO WATCH

COINVEST CAPITAL Balnord BSV dealroom.co DEPO VENTURES ilte NIF RESILIENCE MEDIA SPARKMIND CAPITAL TEGOS



LENDURAI

Dual-use autonomous drone navigation in GPS/radio-denied environments; raised ~€5.6m seed.



MARDUK TECHNOLOGIES

Passive electro-optical drone detection, classification and targeting systems.



MAX JOULE

High-performance battery cells and systems.



MILREM ROBOTICS

EDGE-owned autonomous ground-systems company and one of Europe's leading UGV suppliers.



NORDA DYNAMICS

GNSS-denied aerial autonomy for strike and defence.



OCCAM INDUSTRIES

Autonomous edge-based drone pilot. Deployed by OEMs across Ukraine.



SENSUSQ

Defence intelligence and data-analysis software; acquired by Quantum Systems in 2026.



SKELETON TECHNOLOGIES

Graphene-ultracapacitor energy storage used by defence systems & ESA.



SKYCORP TECHNOLOGIES

Hydrogen-powered long-endurance UAVs and autonomous systems.



STICKLEBACK ROBOTICS

Semi-submerged autonomous drones for persistent maritime surveillance.

ESTONIA: COMPANIES TO WATCH

COINVEST CAPITAL Balnord BSV dealroom.co DEPO VENTURES ilte NIF RESILIENCE MEDIA SPARKMIND CAPITAL TEGOS



STRATIS INTELLIGENCE

Real-time defence intelligence platform.



TELEARMY

Converts vehicles into remotely controlled UGVs; NATO DIANA finalist.



TELETACTICA

Jamming-resistant comms for UAVs and other unmanned platforms.



TEMPTERNO

The next generation of affordable, high-performance rocket systems.



THISTLE

Mobile counter-drone (C-UAS) systems.



THREOD SYSTEMS

Military UAV and ISR supplier with customers across NATO markets and Ukraine.



TRACKDEEP

AI-based drone detection and pilot localisation; selected for an EDF 2025 project.



WAYREN

Resilient tactical communications and mesh networking; EDF participant and BSV Ventures portfolio company.



ZVOOK

Acoustic detection network for drones, missiles and artillery; deployed in Ukraine.

LATVIA

Latvia's defence-tech ecosystem is shifting from early-stage development towards domestic production and larger-scale procurement. The country's 2026 defence budget totals €2.2bn, or 4.7% of GDP, with a policy goal of keeping up to 30% of major procurement spending in the Latvian economy. Of this, €25.9m is allocated to defence-industry and innovation programmes and at least €100m to drones and unmanned systems. Industrial capacity is expanding rapidly. Rheinmetall plans to build an ammunition plant costing more than €200m, with potential exports worth more than €3bn over ten years; the State Defence Corporation is building the ROLLO 155 mm modular-charge facility; and Dynamit Nobel Defence plans to begin anti-tank mine production in 2028. Latvia is also strengthening its position in autonomous systems: Origin Robotics' BLAZE was selected by France in 2026, while UGVs developed locally by Brasa Defence Systems, Natrix and LV-Teh progressed from testing in 2025 to contracts with Latvia's National Armed Forces.

KEY METRICS ↙

- Population ~1.8M, nominal GDP ~€43bn
- 2026 defence budget: €2.2bn, or 4.7% of GDP.
- Industry and innovation allocation: €25.9m. FY2026 budget; approved allocation.
- NATO defence expenditure: €2.2bn. NATO 2026 estimate; cut-off 3 July 2026.
- Defence spending as % of GDP (NATO): 4.9%. NATO 2026 estimate; cut-off 3 July 2026.
- Equipment share of defence spending (NATO): 40.1%. NATO 2026 estimate; cut-off 3 July 2026.
- EU SAFE loan ceiling: €3.5bn. Council decision, February 2026.



LATVIA



KEY ECOSYSTEM STAKEHOLDERS ↙

The Latvian Ministry of Defence and National Armed Forces set capability priorities, while VALIC manages procurement and logistics. In September 2025, VALIC opened the Autonomous Systems Competence Centre, integrating procurement, testing and adoption of air, land and maritime unmanned systems. The State Defence Corporation leads domestic munitions industrialisation. ALTUM provides public financing and LIAA supports investment and exports; in 2026 LIAA also joined the new Latvia–Ukraine framework for unmanned-systems manufacturing and technology transfer. Key industrial players include Redwire Defence Tech Riga, LMT Defence, Origin Robotics, Brasa Defence Systems, Natrrix and LV-Teh. UniLab Defence became a NATO DIANA accelerator and in 2026 launched a €1.2m national defence pre-accelerator supporting up to ten startups.

RECENT DEVELOPMENTS

- Latvian companies secured €61m in drone orders for Ukraine: €41m for 17,000 drones through Drone Coalition procurement and €20m through bilateral orders.
- The defence-industrial base reached 240+ companies and 123 licensed suppliers, up 29% year-on-year; nine localisation agreements involve 31 Latvian companies.
- Latvia opened the Autonomous Systems Competence Centre and expanded NATO Innovation Range testing at Sēlija, including C-UAS and electronic-warfare trials.
- Latvia and Ukraine agreed to cooperate on unmanned-systems production, technology transfer and joint testing infrastructure in July 2026.
- Dynamit Nobel Defence and State Defence Corporation agreed to establish anti-tank mine production from 2028, adding another domestic munitions segment.
- Military-production projects gained access to Latvia’s accelerated Green Corridor investment regime, while licensing rules for military-goods businesses were simplified.
- LMT-led 5G COMPAD 2.0 advanced military 5G development and testing, extending Latvia’s role in multinational communications and C2 programmes.

INDUSTRIAL AND PROCUREMENT MOMENTUM

Latvia moved from testing to domestic UGV procurement in 2026, awarding Brasa Defence Systems, Natrrix and LV-Teh contracts covering deployment, support and upgrades.

Localisation is increasing: nine agreements involving 31 Latvian companies had been signed by April 2026, while Latvian participation in major capability contracts reached €70m.

Drone procurement reached scale, with Latvian companies receiving €61m of orders for Ukraine, including €41m for 17,000 drones.

Major procurement is increasingly tied to domestic industry: the Skorpion 2 purchase led to planned local anti-tank-mine production, while the 2026 Morana 155 mm selection included local-industry participation among the procurement considerations.

LATVIA



LATEST LEGISLATIVE INITIATIVES ↙

- The Defence Industry and Innovation Strategy 2025–2036 aims for domestic products to account for 20% of National Armed Forces procurement by 2028 and 30% by 2036.
- In 2026, Latvia moved to simplify military-goods licensing, reducing regulatory burdens for defence manufacturers and suppliers.
- Military-production projects can use the Green Corridor, accelerating planning, construction and other administrative procedures.
- Amendments to Cabinet Regulations introduce NATO Standard AASTP-1 as an alternative framework for military ammunition and explosives storage, aligning Latvia's requirements with NATO standards.

MARKET OUTLOOK ↙

Latvia's defence market is moving towards industrial scale: 240+ companies now operate in the sector, with 123 licensed military-goods suppliers. Major capability contracts are expected to generate €285m of long-term work for Latvian industry, while local work packages have already tripled to €70m over three years.

Export validation is improving: Latvian companies secured €61m in Ukraine-related drone orders, while Origin Robotics' BLAZE now has four NATO customers, including France.

The strongest opportunities are UAV/C-UAS, autonomous systems, ammunition and military electronics. The main constraint remains financing the transition from military validation to serial production; a new €35m industrial-capacity programme begins to address that gap.

Localisation: Latvian work in major capability contracts is currently €70m; the policy ambition is for domestic industry to capture 20% of National Armed Forces (NAF) procurement by 2028 and 30% by 2036.

FUNDING LANDSCAPE ↙

- Dedicated defence capital remains limited. The MoD allocated €25.9m to defence industry and innovation in 2026, including €10m for startup growth. A new €35m ALTUM programme finances military and dual-use production capacity, including factories and manufacturing infrastructure, with support potentially reaching €20–25m per project. €139m+ of planned investment across military-production projects has already been endorsed by the MoD.
- Early-stage support includes the €1.2m UniLab Defence programme and a €2.4m MoD grant call, offering up to €300k per company or €500k per consortium.
- Private defence capital remains scarce: LatBAN's first disclosed defence/dual-use syndicate investment was €85k into Exonicus. Latvia has also expanded national co-financing for EDF projects. Latvia has no sizeable dedicated domestic defence VC fund.
- The main financing gap remains growth and production capital between prototype-stage public support and large-scale industrial financing.
- Latvia is an investor in the NATO Innovation Fund (NIF). The NIF is a VC fund that invests in and champions deep tech, dual-use companies across the 24 NATO countries backing it to address the Alliance's most pressing technology needs.

LATVIA: COMPANIES TO WATCH

COINVEST CAPITAL Balnord BSV dealroom.co DEPO VENTURES ilte NIF RESILIENCE MEDIA SPARKMIND CAPITAL TEGOS

ARDLAT

ARDLAT

Ardlat is an innovator in fibre-optic and radio-controlled FPV drone technology.

BRASA
DEFENCE SYSTEMS

BRASA DEFENCE SYSTEMS

Military UGV developer; secured a Latvian Armed Forces contract following 2025 testing.



DEEP SPACE ENERGY

Space-power systems; first Latvian startup selected for NATO DIANA.

DETEXITY

DETEXITY

Detexity specialises in passive optical detection and autonomous tracking of FPV drones.

DK-UNITY

DK UNITY

DK UNITY specialises in facility security and safety, providing video monitoring and analytics solutions.

electrify

ELECTRIFY

Electrify specialises in retrofitting medium-sized electric buses, electric vans and electric minibuses in Europe.

ERASER

ERASER

Military UAV platform manufacturer, handling everything from design to production in-house.

FOFF
INDUSTRIES

FOFF INDUSTRIES

Develops soldier-awareness technology, including FPV detection, mine-proximity sensing and edge-AI overlays.

GORGON
OPTRONICS

GORGON OPTRONICS

Optronics/optics for day/night targeting & sensing.

HARDMODE

HARDMODE

Rapid-deployment private 4G/5G networks designed for disconnected operational environments.

LATVIA: COMPANIES TO WATCH

COINVEST CAPITAL Balnord BSV dealroom.co DEPO VENTURES ilte NIF RESILIENCE MEDIA SPARKMIND CAPITAL TEGOS



ISP OPTICS LATVIA

A manufacturer offering infrared products from high-performance MWIR and LWIR Lens Assemblies to catalogue and custom infrared optical elements.



LMT DEFENCE

Military communications, 5G and systems integration; leads multinational European defence programmes.



NATRIX

Unmanned ground systems; separately contracted by the Armed Forces in 2026.



NEWT21

Advanced Unmanned Surface Vehicles (USVs) and composite solutions for critical missions and diverse civilian applications.



OFFSEQ

Established cybersecurity and threat-intelligence business now developing passive RF detection through DIAL.



ORIGIN ROBOTICS

C-UAS systems; BLAZE has secured customers in four NATO countries, including France.



REDWIRE DEFENSE TECH

Autonomous flight control, avionics, ground control station software, systems integration, design engineering, imaging payloads and airframe fabrication.



SUBMERGE BALTIC

Autonomous underwater systems; signed a cooperation memorandum with Naval Group in 2026.



TEMESO

UAV and aerial-target manufacturer serving military training and testing.



VIC TEC

Manufacturing of high-quality aluminium boats, advanced software development and cutting-edge hardware solutions.

LITHUANIA

For a country of roughly 2.9 million people, Lithuania is generating an unusually large defence-technology demand signal. The 2026 defence budget is €4.8bn, or 5.4% of GDP, while the state is simultaneously expanding local procurement pathways, industrial cooperation, sovereign venture capital and testing infrastructure. This creates a compact market where founders can reach policymakers, end-users, research institutions and investors quickly, especially in drones, counter-UAS, sensors, photonics, secure communications and cyber.

The strategic opportunity is to convert this demand into qualified products, repeat procurement, domestic manufacturing and exportable intellectual property. Lithuania's 2026 story centres on implementation, especially the transition from validated prototypes to serial production.

KEY METRICS ↙

- Population ~2.9M, nominal GDP ~€89.7bn
- 2026 national defence budget: €4.8bn, or 5.4% of GDP.
- Spending commitment: 5–6% of GDP annually during 2026–2030.
- 2026 forecasts: GDP growth 2.7%; inflation 5.1%; investment growth 10.1% (Bank of Lithuania, June baseline).
- Startup ecosystem, 2025: €16.4bn valuation; 5.9-fold growth over five years; €220m raised from 77 investors.
- Defence and dual-use sector: ~100 companies; ~€960m turnover in 2024 (broad ecosystem definition).
- Core strengths: drones, counter-UAS, photonics, sensors, secure communications, cyber and space.
- Support infrastructure: six DIANA test centres, ILTE financing, specialist investors, grants and accelerators.



LITHUANIA



KEY ECOSYSTEM STAKEHOLDERS ↙

Lithuania is positioning itself as a hub for technologies that serve both civilian and military purposes, particularly in the areas of unmanned systems, communications, sensors, space/space-satellite technologies and cybersecurity. The small-state context enables agility and specialisation rather than large-scale heavy-industry dominance. Lithuania's ecosystem encompasses government agencies, sandboxes, dedicated innovation teams within the Armed Forces, academia, industry and startups, as well as public and private investors, with a focus on single- and dual-use technologies.

GOVERNMENT, MILITARY & PUBLIC AGENCIES

Lithuania's defence innovation ecosystem in 2026 is coordinated among three ministries, working together to ensure that innovation priorities align with NATO standards and actual Lithuanian security needs.

- The Ministry of National Defence (MoD) remains the main centre for identifying technological needs of the Armed Forces, defining priorities, ensuring military relevance, testing products, channelling R&D investments, integrating new solutions into the national defence system and supporting cross-sector innovation partnerships.
- The Ministry of the Economy and Innovation (EIMIN) is the driving force for the defence industry's innovation, launching programmes like Vytis (with over €300m capital pooled) and building innovation infrastructure. EIMIN also promotes collaboration between enterprises, research and the armed forces to position Lithuania as a regional defence technology centre.
- The Ministry of Finance ensures adequate, well-managed funding, introducing new financing instruments, including defence bonds, loans and defence-focused venture capital through the national development bank ILTE, and co-managing large investments for defence-sector companies together with EIMIN.

The Military Institute within the Training and Doctrine Command (TRADOC) serves as the Armed Forces' hub for testing prototypes and emerging technologies in military environments. It provides expert feedback on product suitability and operational, technical and tactical integration; analyses interoperability with existing systems; and advises on adaptations to military doctrine. The Institute supports innovation from concept to prototype and helps ensure the effective practical adoption of new capabilities across the Armed Forces.

The Defence Materiel Agency (GRA) secures the procurement and effective supply of critical resources for the national defence sector. It coordinates defence industry and innovation policy, including market analysis and procurement and facilitates partnerships between the military, business and academia. The Agency also supports testing, access to infrastructure and innovation funding.

The Innovation Agency administers support instruments for defence innovation, including vouchers, grants and sandbox testing programmes. It funds prototyping, technology development and scale-up activities, incubates startups, runs acceleration programmes and fosters local and international R&D networking.

Invest Lithuania attracts foreign investment to the defence sector, connects local companies with international partners and supports access to EU and Lithuanian funding. It also helps implement major investment projects and provides advice on the legal, financial and infrastructure issues relevant to defence innovation.

LITHUANIA



KEY ECOSYSTEM STAKEHOLDERS ↙

ACADEMIC & RESEARCH CENTRES

Lithuania hosts six official NATO DIANA testing centres, integrated into the Alliance’s international innovation ecosystem. The Kaunas University of Technology Faculty of Chemical Technology (KTU CTF) tests NATO priority dual-use innovations and participates in scientific and startup cooperation projects. The Vilnius University Life Sciences Center (VU LSC) provides technology testing, evaluation and acceleration in biotechnology, environmental technologies and new materials, supported by strong laboratory infrastructure and R&D capabilities. Other testing centres operate at some of Lithuania’s largest science, innovation and technology infrastructures, including Visoriai Information Technology Park, Vilnius Tech and specialised laboratories and industrial parks. Through the NATO DIANA programme, they test, validate and pilot innovative products.

Vilnius Tech is a leading contributor, having been named “Service Provider of the Year”. It operates a Digital Defence Competence Centre focused on cybersecurity, artificial intelligence and the practical deployment of technologies to strengthen defence-sector resilience. In partnership with the Lithuanian Air Force and other defence entities, it researches and develops advanced solutions, including military drones and autonomous aviation systems. Vilnius Tech is also an official member and partner of the Lithuanian Space Technology Cluster and facilitates multinational projects with partners including EuroSpaceHub, the University of Technology Sydney (UTS) in Australia and the European Space Agency (ESA).

The Center for Physical Sciences and Technology (FTMC) is one of Lithuania’s largest and most advanced research institutions specialising in defence, aerospace and quantum technology innovation. Its work spans next-generation sensors, advanced communications systems, smart textiles – including radar-evading military uniforms – and AI-driven image and signal processing solutions. A founding member of the Lithuanian Quantum Technologies Association, FTMC leads national and international collaborations, including with Finland’s VTT, in quantum networking, microelectronics and chip design. It also organises the international Quantathon.

Kaunas University of Technology (KTU), together with Tech-Park Kaunas, is one of Lithuania’s main defence and space innovation centres, with strong international partnerships and testing expertise. It is actively involved in international networks including ESA BIC, the European Space Agency’s incubator; the CERN Business Incubator; and the ODIN Network. Tech-Park Kaunas innovation community has more than 100 startups and hosts regional hackathons, prototype testing, certification activities and international competitions.

A €20m investment in the Vytis Defence and Security Innovation Centre in Kaunas will prioritise drone systems for air and maritime operations; autonomous threat detection and response; small reconnaissance satellites; advanced military and secure communications; mobile energy storage, backup power and rapid-deployment infrastructure; photonics and laser technologies; and AI, cybersecurity and autonomous systems. In the port city of Klaipėda, a Military Maritime Innovation Technology Centre (KITC) is being established to bring together business, science and the military to develop, test and adapt maritime, port and defence technologies for the Baltic Sea region.

LITHUANIA



KEY ECOSYSTEM STAKEHOLDERS ↙

PRIVATE INDUSTRY & ASSOCIATIONS

Nearly 100 companies operate in Lithuania in the defence sector, a number that has grown by 18% over the past three years. For about 80 companies, a significant part of their revenue comes from defence products: 73 companies are exporting and 23 companies are exclusively focused on defence solutions. Defence industry revenues are estimated at €960m in 2024, double the level of five years earlier. About 5,000 people work in the entire sector, earning an average monthly salary of €3,130. Lithuania's defence industry associations include:

- Lithuanian Defence and Security Industries Association (LGSPA)
- Lithuanian Defence and Space Industries Association (LGKPA), formerly known as the National Defence Industries Association (NGPA)
- Lithuanian Defence Innovators Industries Association (LGIPA)

NON-GOVERNMENTAL ORGANISATIONS

Lithuania is home to two distinctive NGOs that actively support the total defence concept and enhance societal resilience, while also playing key roles in defence innovation and procurement and military aid to Ukraine.

Blue/Yellow has supported Ukraine's defence since 2014. It transforms donations directly into tangible aid, such as drones, optics, vehicles, helmets and other tactical equipment for Ukrainian warfighters, especially in frontline regions where state or traditional aid is limited. Blue/Yellow's efficiency, direct ties with the Ukrainian military and its rapid response and fundraising capacity make it a respected actor in Europe and worldwide. It contributes to defence innovation by facilitating tech testing with the Ukrainian military, providing battlefield lessons and feedback as well as acting as a large-scale procurement and delivery partner, working flexibly with both individual donors and national governments.

The Lithuanian Riflemen's Union is a unique volunteer, state-supported paramilitary and civic organisation with roots dating to 1919. It unites nearly 17,000 members, offering a legal, transparent way for citizens of all backgrounds to contribute to national defence, civil resistance and crisis management. It focuses on developing resilience, civic education and readiness for emergency response. It acts both in peacetime to train and support society and in wartime as part of Lithuania's military structure, with close cooperation and knowledge transfer to/from Ukrainian warfighters. It organises annual international defence hackathons, shortening the time-to-market for defence innovations and increasing their relevance to end-user needs.

LITHUANIA



LATEST LEGISLATIVE INITIATIVES ↙

Lithuania has adopted major legislative and policy measures to advance its defence and dual-use technology sector. On 16 October 2025, parliament adopted a Ministry of National Defence package, effective 2 November, creating a five-year manufacturing development project status for projects backed by qualifying supply contracts worth at least €1m with planned production in Lithuania and a positive national security assessment. Status holders may use accelerated land and construction procedures and, subject to regulatory conditions, jamming and interception equipment for project implementation and related research. Resolution No. 529, effective 10 July 2026, made the defence and security industry project status usable in practice. The Ministry of the Economy and Innovation performs a five-working-day administrative check; Invest Lithuania performs a twenty-working-day expert review, subject to permitted extensions. Qualifying projects receive priority treatment for specified decisions and special land, planning and construction arrangements.

Order No. V-104, effective 6 February 2026, introduced urgent prototype testing. The Defence Materiel Agency has five working days to decide whether to initiate the process and ten working days to prepare and submit a draft order establishing the testing group. Both deadlines may be extended while missing information is supplied. A new accelerated entry programme for strategic investments, especially in defence and advanced industry – “Investment Highway” – includes a 0% income tax rate for up to 20 years for qualifying projects. The dedicated “Vytis” initiative by EIMIN (€300m budget) consolidates public programmes as a “one-stop shop” for all stages of defence technology development—supporting R&D, testing infrastructure, business incubation, acceleration, global marketing and financial incentives for product developers.

Four ministerial orders issued in August 2026 established procedures for state orders, defence-technology challenges, programme coordination, financing and intellectual property. On 1 September industrial cooperation (offset) was narrowed and simplified. The procurement threshold rose from €5m to over €20m excluding VAT. Defence procurement reform is another 2026 legislative priority. In August the Ministry of National Defence said it would submit draft legislation in autumn to accelerate acquisitions and develop a faster mechanism for mobilisation and wartime purchases.

LEGAL SUPPORT

TEGOS has built up significant experience advising both public-sector institutions and private companies on complex defence-related matters across the Baltic region and offers complimentary initial consultations to defence technology companies. Sorainen law firm runs “Shared Mission”, a pro bono project worth €100,000+ a year, which since 2024 has supported 24 startups from Lithuania, Latvia and Estonia operating in defence, resilience and dual-use. Trinity Jurex law firm offers “Mission Control”, a pro bono programme advising defence and security startups on IP protection, corporate set-up, data protection, public procurement and financing options.

LITHUANIA



MARKET OUTLOOK ↙

Lithuania stands at a strategic inflection point in the development of its defence and dual-use technology ecosystem. By 2030, it aims to triple defence exports, attract at least five well-known foreign defence companies and generate more than €1bn in annual value added from the defence sector. Approximately €1.36bn in new defence industry investment is planned across 12 projects involving companies from Ukraine, Germany, France and Canada, which intend to invest in drones, chemical components, explosives and ammunition.

Despite its relatively small size, Lithuania offers investors and companies opportunities to develop and test dual-use technologies, scale through exports and integrate into European and NATO defence industry networks. Several factors are combining to create strong momentum.

The security environment and Lithuania's strategic position on NATO's Eastern Flank, bordering Russia and Belarus, make innovation and capability development essential. Defence expenditure rising to 5–6% of GDP will provide sustained funding for domestic industry, procurement, dual-use innovation and startups. A rapidly growing dual-use ecosystem, a supportive startup community, accelerator programmes, venture capital interest in single-use and dual-use technologies and available investment capital are creating new opportunities.

Lithuania is focusing on strategically important defence industry clusters: ammunition and explosives; reconnaissance, strike and long-range drones; and the manufacture and maintenance of critical military equipment. These capabilities will strengthen rapid response and operational readiness during conflict. Partnerships with global defence firms and the establishment of local manufacturing and logistics operations also offer export and collaboration opportunities, deepening Lithuania's integration into European and NATO defence supply chains.

RECENT DEVELOPMENTS

- SAFE pre-financing of €956.3m reached Lithuania on 24 June 2026.
- Rheinmetall broke ground at Baisogala on 4 November 2025, scheduling line qualification through the end of 2026 and production ramp-up from 2027.
- ILTE launched the MILInvest 2 manager-selection process on 7 May 2026 and is currently conducting due diligence on the bids received. One or two GP teams will receive a total of €40 million as ILTE's LP contribution and will need to raise private LP contributions before deploying capital into the market. We expect these new funding options to become operational by the end of 2027.
- The Economy and Innovation Ministry announced €8.9m for five strategic defence and security projects in July 2026.
- ETNA Capital acquired a majority stake in Brolis Defence Group in 2026 through a leveraged buyout. The company's announcement states that the founders retain approximately 40%; financial terms were undisclosed.
- AISPECO, a Vilnius maker of modular airborne sensor systems with around 50 systems sold worldwide, agreed in October 2026 to be acquired by Volatus Aerospace (TSX: FLT) for US\$10.5m plus up to \$2.5m in milestone payments.

LITHUANIA



FUNDING LANDSCAPE ↙

While large growth-stage/scale funding is still emerging, Lithuania's defence innovation funding strategy emphasises early-stage investment, R&D grants, accelerator support and linking startups into dual-use/defence procurement opportunities. Lithuanian startups are encouraged to form consortiums and apply to the increasing number of European defence funding programmes. Local defence grants and vouchers are also available. Lithuania is an investor in the NATO Innovation Fund (NIF). The NIF is a VC fund that invests in and champions deep tech, dual-use companies across the 24 NATO countries backing it to address the Alliance's most pressing technology needs.

GRANTS AND R&D FUNDING

The MoD's defence R&D programme amounted to €2.5m for 2021–2023 and €3.5m for 2024–2027. In June 2025, €1m was granted in subsidies to 10 companies to develop and implement defence innovations in next-generation communications, drone detection and neutralisation technologies, advanced sensors and secure detonation control devices.

RSI Europe and Odin Defence have been selected for €29.5m in EU funding for a project linking defence manufacturing in Estonia and Lithuania. RagnaRasa will connect component production in Estonia with final assembly, testing and qualification in Lithuania.

SOFT DEVELOPMENT LOANS

ILTE, the national development bank, offers a number of soft capex & opex loans:

- Specialised defence loans of up to €150m (senior & subordinated) and up to €250m (syndicated), with a loan term <15 years (CAPEX) and <3 years (working capital) at a variable annual interest rate of 1%+ margin plus 6-month EURIBOR.
- Defence investment loans: min amount €50k, term <180 months for business, <240 months for public institutions
- R&D loans "Perspektyva" of up to €10m per company, with a loan term <10 years and a preferential interest rate of 0% from the signing until revenues are received within the first 3–5 years and a fixed interest rate of 2% thereafter. Up to 30% of the loan amount may be written off as a grant. The call is open until 28 February 2029.
- "Startuok" loans for early-stage infrastructure development, production of the first prototypes, licensing, equipment purchases by companies less than three years old, up to €3m per company, with a loan term <10 years and a risk-based competitive rate.

LITHUANIA



FUNDING LANDSCAPE ↙

ACCELERATION PROGRAMMES

BSV Ventures' Deep Tech Accelerator, funded by ILTE with €6.5m, is focused on dual-use deep tech and provides incubation programmes, grants and acceleration with initial investment tickets. 142 startups graduated from its incubation programmes and 40+ startups from acceleration programmes. The NIF is an LP in BSV Ventures' fund (November 2024, NIF's first Baltic investment).

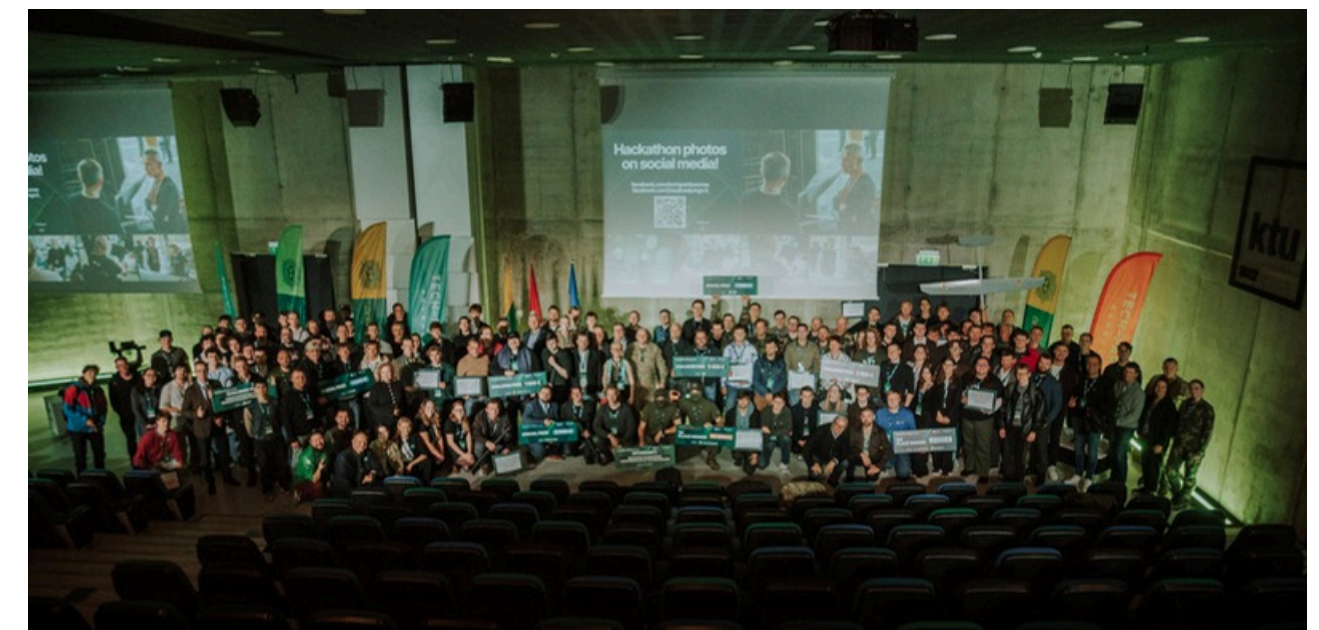
The specialised dual-use accelerator ScaleWolf (funded by ILTE via MILInvest 1 programme) is not taking any new cohorts; however, on 7 May 2026 ILTE launched the MILInvest 2 manager selection: a call for two private GP teams to receive LP contributions of €20m each for dual-use acceleration and early-stage VC funding.

HACKATHONS

The annual defence hackathon "Ugninis skydas" ("Flaming Shield") is organised each October by the Lithuanian Riflemen's Union, Tech-Park Kaunas and partners.

The first-ever international Nordic-Baltic Quantathon for quantum technologies took place in November 2025. Further maritime, space, AI and EUDIS hackathons are organised each year.

The 12th CASSINI Hackathon – Space for Peace and Resilience – is a European Commission initiative implemented by EUSPA (EU Agency for the Space Programme) and will take place in Kaunas on 27–29 November 2026.



LITHUANIA



TOP VC INVESTORS IN TOUGH TECH ↙



COINVEST CAPITAL - Sovereign VC fund with €56m in committed capital, with a mission to facilitate private capital investments. Co-investing with private partners in European startups that bring value to Lithuania. Sector- and stage- agnostic, the first in the region fully authorised to invest in defence, including single-use, since March 2023. Unique in the world incentive, focused on profitable exits – fund’s returns are capped at 4-8% IRR and surplus paid out to eligible private co-investors.



BSV VENTURES – venture capital fund investing in critical/sovereign tech emerging from deep tech, life sciences and dual-use industries. BSV Ventures invests in early-stage R&D-focused teams solving complex technical challenges with large potential for commercial application. Backed by the NATO Innovation Fund (November 2024).



SCALEWOLF – Specialised dual-use pre-accelerator & accelerator (not accepting new applications) and a deep-tech VC Fund.

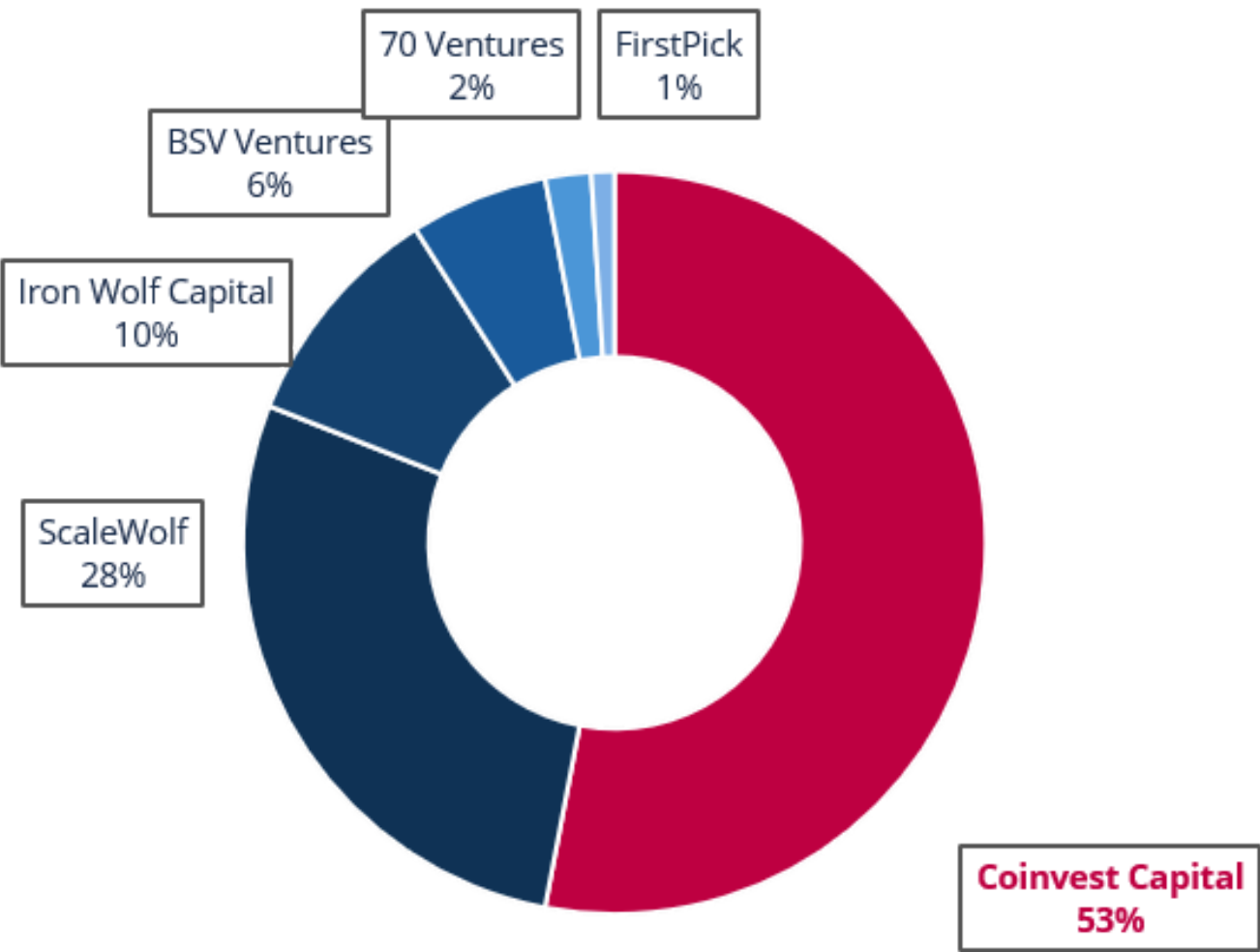


IRON WOLF – deep tech and defence fund, raising a €100m growth fund (first close of €30m in July 2025).

OTHER LOCAL FUNDS AND EARLY-STAGE INVESTORS

Local VC funds FirstPick and Aneli Capital have expressed interest in investing in dual-use technologies and are actively building a pipeline with their new funds. Notable investments are also being made by the members of LitBAN (Lithuanian Business Angel Network) and other private angels or private syndicates, such as NGL Ventures.

LITHUANIAN VC INVESTMENTS IN DOMESTIC DEFENCE STARTUPS (Share of invested capital (%), as of September 2026)



LITHUANIA: COMPANIES TO WATCH

GOINVEST CAPITAL Balnord BSV dealroom.co DEPO VENTURES ilte NIF RESILIENCE MEDIA SPARKMIND CAPITAL TEGOS



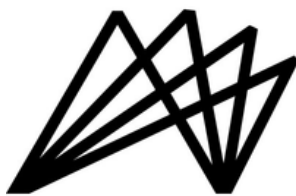
AIRVOLVE

Develops horizontal-axis-rotor technology for tactical airlifts.



AKTYVUS PHOTONICS

Robust lasers for harsh conditions, shock and humidity, with applications in remote sensing and precision targeting.



ASTROLIGHT

Space-to-ground laser communications and optical ground stations for satellite connectivity and deep-space exploration.



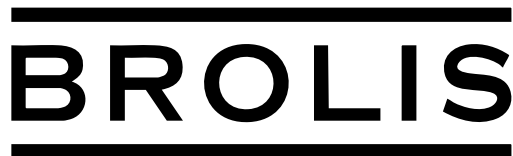
BALTIC VIPER

A cutting-edge, portable ground control solution designed for secure, uninterrupted UAV operation in high-risk environments.



BLACKSWAN SPACE

Autonomy platforms and satellite navigation software for in-orbit servicing, inspection and robotics in the space sector.



BROLIS SENSOR TECHNOLOGY

Advanced photonic and semiconductor technologies, sensors and infrared laser products.



BROSWARM

AI-based defence and demining tech startup using drones and multi-sensor fusion for mine detection and land restoration.



COPLA (CYBER UPGRADE)

Cybersecurity platform for compliance automation, guided risk management and ICT security, focus on fintech resilience.



DELTA BIOSCIENCES

DSP-Field, a bioactive hydrogel wound patch for tactical combat casualty care that soldiers apply at the point of injury without medical training.



GRANTA AUTONOMY

Fully autonomous unmanned aerial vehicles for ISTAR, search & rescue and loitering munitions; offers hardware, gimbals and sensor payloads.

LITHUANIA: COMPANIES TO WATCH

GOINVEST CAPITAL Balnord BSV dealroom.co DEPO VENTURES ilte NIF RESILIENCE MEDIA SPARKMIND CAPITAL TEGOS



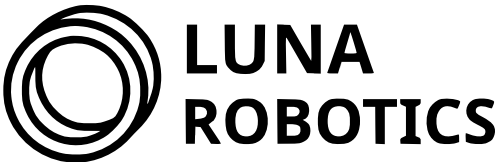
INTEGRATED OPTICS

Ultra-compact lasers and integrated optical devices.



KAISENSE

AI body-tracking and wearable sensor-fusion technology, now applied to defence situational awareness.



LUNA ROBOTICS

Battle-proven FPV drone cameras designed for frontline operators; focus on NATO compatibility and a China-free supply chain.



MAINLINE

AI-powered multi-sensor data fusion for the battlefield.



MONOPULSE

NATO Class I mini-UAVs for ISR and artillery spotting; offers in-house flight control computers, EO/IR payloads, the FMU V6X autopilot and the Hydrohex air-water drone.



NANOAVIONICS

Small satellite mission integrator and manufacturer of CubeSats, nanosatellites and small satellites.



NT SERVICE

Innovative engineering and ICT services and counter-drone (anti-UAV) solutions such as SkyWiper (EDM4S).



ONODRIM

Technology-driven scale-up platform strengthening Europe's defence and industrial foundations.



PEKKLA

Links FPV strike, bomber, ISR platforms and unmanned ground vehicles over mesh, 5G or fibre with relay drones.



PD KINEMATICS

Precision strike technology for unmanned aerial systems.

LITHUANIA: COMPANIES TO WATCH

GOINVEST CAPITAL Balnord BSV dealroom.co DEPO VENTURES ilte NIF RESILIENCE MEDIA SPARKMIND CAPITAL TEGOS



REPSense

AI-driven online disinformation defence tool, scanning video, voice and symbols to detect early propaganda vectors and hostile narratives, to uncover and stop adverse influence networks.



RSI Europe

Long-range smart initiation systems, including remote detonation and controlled initiation FPV drones.



Starflight Dynamics

A German startup with a Lithuanian subsidiary focused on orbital mobility systems and materials & components.



TD Autonomy

Machine-vision and AI-driven autonomy for precision targeting.



Unmanned Defense Systems

Automated systems to integrate DETECT (ISTAR), ENGAGE (loitering munitions) and COMMAND (C2) phases into a full swarm ecosystem.



3P Defence

Modular counter-drone systems for military and civilian protection scenarios.

POLAND

Poland sits at the heart of NATO's Eastern Flank and the emerging Nordic-Baltic-Polish strategic corridor: the connectivity spine running from Scandinavia through the Baltic states to Central Europe and Ukraine, which has become one of the Alliance's top infrastructure and military-mobility priorities since Finland and Sweden joined. As the main logistics hub for military aid to Ukraine—and with the EU's largest SAFE loan allocation, €43.7bn—Poland has restructured its economy around defence at a pace unmatched in Europe. Defence spending exceeds 4.6% of GDP and more than 55% of the defence budget is allocated to equipment procurement rather than personnel, a clear indicator of where defence-technology demand is concentrated. A decade ago, Poland procured mostly off-the-shelf systems from foreign suppliers. Today, it is generating large-scale contracted demand for defence technology and has a space sector spanning satellite manufacturing, SAR imaging and propulsion systems.

KEY METRICS ↙

- Population ~37.3M, nominal GDP ~€1.1tn
- 2026 national defence budget plan: €46.9bn, or 4.6% of GDP.
- Equipment share: 55.9% of the defence budget allocated to equipment.
- EU SAFE loan ceiling: €43.7bn; first of 19 member states to sign.
- ESA commitment: €731m for 2026–2028, including nearly €550m for optional programmes.
- Drone and C-UAS spending 2026: \$6.9bn across procurement programmes.
- Dual-use tech exports: growth from \$67m (2014) to \$2.7bn (2024).
- VC market, all sectors, H1 2026: PLN 4.6bn invested, already above the full-year 2025 total.



POLAND



KEY ECOSYSTEM STAKEHOLDERS ↙

Poland's dual-use and defence innovation ecosystem is among the most dynamic in Central Europe. It combines strong public-sector coordination, large-scale R&D investment and a rapidly expanding network of accelerators, universities and venture funds – increasingly anchored around SAFE-funded procurement demand and NATO programme requirements.

GOVERNMENT, MILITARY & PUBLIC AGENCIES

- Ministry of National Defence (MoD) – coordinates procurement through its Innovation Department using a problem-based challenge model; connects startups to specific capability gaps. Reported PLN 120bn of SAFE-supported contracts signed by late May 2026.
- Armament Agency (Agencja Uzbrojenia) – executes major acquisition programmes: SAN counter-UAS contract (January 2026), LSBSE laser C-UAS/C-RAM market consultation (up to 150 systems) and SAFE-financed procurement pipeline.
- Centre for Artificial Intelligence Implementation (CAII) – focused on applying artificial intelligence to defence decision-making, logistics and autonomy.
- Polish Cyber Command (Dowództwo Komponentu Wojsk Obrony Cyberprzestrzeni, DKWOC) – employs over 5,000 specialists, serving as the core of national cyber defence and protecting both military and civilian critical infrastructure.
- ARGUS – MoD satellite reconnaissance agency – operates POLSARIS: four SAR satellites delivered by ICEYE in under 12 months under a ~€200m contract.
- OSA Centre (ITWL + PGZ) established March 2026 accelerates development and production of loitering munitions and unmanned systems under the Pelargonia programme; test range at Ustka operational from April 2026.
- BGK administers SAFE disbursement through the Armed Forces Support Fund and manages the FBiO and Chrobry capital instruments.
- PGZ (Polska Grupa Zbrojeniowa) is the primary state defence industrial group and consortium lead on major programmes including SAN; principal integration route for acquisition contracts.
- WB Group covers electronics and autonomous systems as the main domestic prime alongside PGZ.
- National Centre for Research and Development (NCBiR) – provides competitive R&D grants to defence and dual-use projects, including the PERUN programme (PLN 723.8m across 29 defence projects).
- PIDU – Polish Dual-Use Chamber launched March 2026 with 100+ member companies spanning defence, dual-use, space and cybersecurity; primary industry voice for the ecosystem.

POLAND



KEY ECOSYSTEM STAKEHOLDERS ↙

ACADEMIA, RESEARCH & SCIENCE CENTRES

- Polish Science Foundation (FNP) - Since 1991, it has been supporting scientists, funding top-level research, shaping the quality of science in Poland.
- Military University of Technology (WAT) – National leader in military R&D, specialising in weapons systems, communications and advanced materials.
- Warsaw University of Technology (PW) – Contributes cutting-edge research in AI, robotics and autonomous systems for defence applications.
- Łukasiewicz Network covers aerospace, materials and robotics R&D; multiple institutes serve as DIANA-affiliated test centres.
- Space Research Centre, Polish Academy of Sciences (CBK PAN) – Conducts advanced work in satellite technologies, communications and remote sensing.
- PCSS (Poznań Supercomputing) operates PIONIER-Q: at over 1,700 km, the longest quantum key distribution fibre network in Europe.
- Fahrenheit Union of Universities (Gdańsk) – A regional research consortium across:
- Gdańsk University of Technology – Specialised in telecommunications, radio and IT systems. Hosts the NATO DIANA Living Lab, opened March 2026 in Gdańsk – focused on maritime, port security and Baltic corridor technologies.
- University of Gdańsk – Research leader in quantum computing and photonic materials.
- Medical University of Gdańsk – Applies AI and imaging to biomedical and defence-health innovations.

INNOVATION PROGRAMMES & TESTING FACILITIES

- IDA Bootcamp – Accelerates the adaptation of civilian technologies for defence applications and integrates startups into procurement-ready pipelines.
- FORT Kraków – Operated by AGH University and Kraków Technology Park, it hosts NATO DIANA Accelerator Poland, offering acceleration, validation and testing facilities for dual-use startups.
- Eastern Shield Programme – Provides testing and demonstration environments for border security innovations and surveillance systems.
- Pomeranian Special Economic Zone (Gdańsk) – Operates maritime-focused test facilities at the Gdańsk Science and Technology Park, enabling startups to validate technologies in operational coastal conditions.

POLAND



KEY ECOSYSTEM STAKEHOLDERS ↙

INVESTMENT ENTITIES & FUNDING ORGANISATIONS

On the institutional side, PFR Ventures and BGK anchor the public co-investment infrastructure across Innovate Poland, Future Tech Poland, PFR Deep Tech and the FBiO/Chrobry instruments. NCBiR provides competitive R&D grants and co-investment through programmes including PERUN. EIB Group and EIF provide direct lending and fund-of-funds capital through the InvestEU Defence Equity Facility. The NATO Innovation Fund has a regional office in Warsaw.

PFR Ventures is the largest fund investor in CEE, with more than 100 funds in its portfolio, which have made over 1,150 investments.

National Centre for Research and Development (NCBiR) – provides competitive R&D grants to defence and dual-use projects, including the PERUN programme (PLN 723.8m across 29 defence projects).

LATEST LEGISLATIVE INITIATIVES ↙

Poland enacted a dense set of legislative changes across defence, space, cyber and trade in the reporting period.

The SAFE loan agreement (€43.7bn ceiling) was implemented via government resolution, with €6.6bn disbursed by the end of May 2026. A defence investment special act exempts drone and counter-drone procurement from standard public procurement law, accelerating access for technology suppliers. The Strategic Goods Trading Act amendment (April 2026) extended dual-use export licence validity from one to two years and reduced waiting periods by half. Poland's first Space Activity Act (April 2026) established a licensing regime for commercial operators and a national space objects register. The National Cybersecurity System amendment (April 2026) implements NIS2, extends coverage to space and manufacturing sectors and sets compliance deadlines through April 2027. An amendment to the Armed Forces Deployment Act broadens the legal basis for forward operations and self-defence responses without requiring separate NATO or EU authorisation.

POLAND



MARKET OUTLOOK ↙

Poland's geography has become a strategic asset in its own right. As the primary logistics corridor for military aid to Ukraine and the connecting node between Scandinavia, the Baltic states and Central Europe, Poland sits at the centre of NATO's most active operational theatre, giving technology companies access to live requirements, short validation cycles and a government with genuine procurement urgency.

Poland's defence and dual-use technology market has crossed a structural threshold. SAFE, with €43.7bn available through 2030 and PLN 120bn of contracts already signed, has shifted procurement from aspiration to execution. More significantly, SAFE's requirement of at least 65% European (EU/EEA/Ukraine) component value, together with the Polish government's stated intention to keep around 90% of spending in the domestic economy, is transforming Poland from a buyer's market into a production location. Major primes have switched from selling to Poland to building in Poland.

Kongsberg is investing up to €230m in two facilities in northern Poland for counter-UAS and unmanned maritime systems. MBDA opened its first Polish facility in September 2026. Anduril signed a contract for local production of Barracuda-500M turbojet cruise missiles at WZL-2 in Bydgoszcz, with rising European content under SAFE terms. Hyundai Rotem is assembling K2PL tanks in Gliwice with domestically sourced sensors and navigation systems, a deliberate entry point for Polish technology suppliers. Saab's Orka submarine contract, signed in June 2026, includes a joint venture with PGZ for subsurface maintenance and unmanned underwater systems.

The space sector runs on a different but equally compelling logic. Poland's ESA commitment is €731m for 2026–2028, including nearly €550m for optional programmes, with the sector generating over €100m in annual revenue at 24% annual growth since 2020. POLSARIS, four SAR satellites delivered to the Polish military in under 12 months, demonstrates that domestic space companies can execute at government scale. Strategic programmes in Earth observation and communications are expected to generate significant downstream demand as ESA optional programme allocations begin in H2 2026.

On the digital infrastructure side, NATO awarded Google a sovereign cloud contract for its JATEC centre in Bydgoszcz in November 2025 and Poland joined the EuroHPC joint procurement for an AI gigafactory in July 2026, targeting at least 75,000 accelerators with a potential value exceeding PLN 10bn. Poland is positioning itself as sovereign digital infrastructure for the Alliance, not only as a hardware market.

POLAND



FUNDING LANDSCAPE ↙

Poland has built Central Europe's most layered funding ecosystem for dual-use and defence technologies, combining EU instruments, sovereign capital, regional programmes and private venture capital. Polish VC investment reached €797m in 2025, driven by mega-rounds such as ICEYE's €150m raise and ElevenLabs' €171m raise. Deep-tech accounted for 25 transactions in 2025, compared with 19 in 2024.

PFR Ventures remains the backbone of the ecosystem. It supports more than 100 funds whose portfolios include more than 1,150 investments. Its dedicated dual-use programme, PFR Deep Tech, aims to deploy approximately PLN 300m into funds focused on defence and frontier technologies, with Balnord and Expeditions Fund among the first fund managers to receive support. Balnord Fund I, backed by PFR Ventures Deep Tech, the EIF and BGK under the InvestEU Defence Equity Facility, closed oversubscribed, exceeding its original €70m target. The government's Innovate Poland initiative, launched in November 2025, is mobilising more than PLN 4bn from PFR, BGK, EIF and PZU to support approximately 250 companies. It is complemented by the PLN 1.5bn Future Tech Poland fund of funds, launched in January 2026. New sovereign instruments are addressing gaps in later-stage and infrastructure financing. The FBiO and Chrobry instruments under Poland's KPO recovery programme make available PLN 15.7bn in loans and PLN 6.7bn in equity, with PLN 6.26bn earmarked for dual-use infrastructure and PLN 2.46bn for cybersecurity; the first funding calls are expected in the second half of 2026. NCBiR's PERUN programme has deployed PLN 723.8m across 29 defence R&D projects, while further STEP calls, each worth PLN 500m, are planned at NCBiR and PARP, pending approval of amendments to the FENG programme.

Two further developments mark a structural shift in Poland's capital base. EIB Group signed a record €8bn in financing in Poland in 2025 and, in early 2026, made its first direct defence loan in the country: €33m to WZL-1 for a maintenance facility in Dęblin. It also committed €300m to BGK to support two dual-use observation satellites. Poland is an investor in the NATO Innovation Fund (NIF). The NIF is a VC fund that invests in and champions deep tech, dual-use companies across the 24 NATO countries backing it to address the Alliance's most pressing technology needs.

The ecosystem is further supported by approximately 30 active VC funds, regional programmes including Drone Valley in Podkarpackie (PLN 1.2bn), as well as programmes in Śląskie (PLN 1.6bn) and Lubelskie (more than PLN 1bn), a PLN 400m BGK credit line for dual-use technologies and broader EIC access, expanded in June 2026 to cover defence and dual-use technologies. Over the past three years, three specialist funds have emerged as relevant players at European scale: OTB Ventures, focused on Series A investments in deep tech and space; Expeditions Fund, focused on early-stage defence; and Balnord, focused on early-stage deep tech and dual-use. Together, they reflect the increasing specialisation of Poland's venture-capital market beyond generalist investors.



POLAND: COMPANIES TO WATCH



ADVANCED PROTECTION SYSTEMS
Anti-drone radar and neutralisation systems protecting military bases, airports and critical infrastructure across NATO and commercial sites.



CREOTECH INSTRUMENTS
Designs, builds and integrates advanced space electronics and satellite systems, offering ESA-certified manufacturing and flight-proven technologies.



DEFENCEBAY
C2 layer connecting sensors, operators and effectors for autonomous C-UAS operations.



ENWAVE
LEO relay constellation for always-on encrypted satellite connectivity.



EYCORE
Specialised SAR payload developer creating satellite radar imaging technology for Earth observation with advanced RF signal processing capabilities.



FLYFOCUS
Full-stack UAV and avionics manufacturer with NATO-aligned components and direct military contracts.



INVINCIBLE MACHINES
Autonomous counter-UAS cannon neutralising micro-drones at a fraction of missile-based interception costs.



MICROAMP
Manufacturing 5G mmWave radio equipment and private networks for industrial, government and telecom clients.



MUOTECH
Muon tomography for non-invasive 3D imaging of energy, nuclear and military infrastructure.



PERF DRONE SYSTEMS
Frequency-hopping, AES-256 encrypted drone radiolinks for GPS-denied and contested environments.

POLAND: COMPANIES TO WATCH



QUANTUM QUEST

AI-enabled autopilot systems for autonomous air, sea and land platforms, delivering mission-specific control cores with integrated navigation, tracking and seamless deployment capabilities.

SENTINEL EAGLE

SENTINEL EAGLE

Autonomous adaptable carrier. One long-endurance airframe, various sensor payloads, visual navigation that works without GNSS.



REAKTO

Autonomous drone infrastructure for 24/7 critical infrastructure monitoring. LUC-certified for BVLOS operations.



SYBILLA TECHNOLOGIES

Automated optical surveillance systems for space traffic management, operating a passive optical sensor network across six continents.



REVOBEAM

Intelligent anti-jamming antennas for UAVs to maintain secure wireless communication in hostile and challenging environments.



VECTOR BALTIC

AI-driven vessel OSINT, AIS spoofing detection and hybrid threat scoring for the Baltic Sea.



SATIM

AI models for object detection on SAR imagery, delivering ship, aircraft and vehicle classification for military and maritime situational awareness.



VIDOC SECURITY LAB

Automated detection and remediation of security vulnerabilities in defence software supply chains.



SEMIQA

Analogue AI accelerator chips enabling ultra-low-power neural network inference for satellites, UAVs and edge IoT devices.



XOPERO

Zero-trust backup and recovery solutions with SphereCyberX architecture, delivering ransomware protection and data resilience.

CZECHIA

Czechia has emerged as a significant player in the European defence and security sector, experiencing unprecedented growth. With NATO-basis defence spending of 2% of GDP in 2024 and 1.9% in 2025 and commitments to reach 3% by 2030 and 5% by 2035, the Czech defence ecosystem presents substantial opportunities for investors, policymakers and industry stakeholders.

A strong industrial and manufacturing base provides leverage for partners willing to scale up and collaborate. The broader Innovation Strategy for 2019–2030 provides a framework for transferring defence technologies to civilian markets, with an emphasis on dual-use development. Opportunities arise from sustained budget growth, ongoing Ukrainian demand, European collaborative R&D, dual-use technology transfer and a growing interest in quantum computing and space tech.

KEY METRICS ↙

- Population ~10.7M, nominal GDP ~€347.3bn (2025, current prices)
- NATO defence expenditure 2026: 2% of GDP. NATO 2026 estimate; cut-off 3 July 2026.
- Arms exports: €3.7bn in 2024; official military-material exports reached €4.7bn in 2025 (a trade measure that includes activity beyond domestic value added).
- Ecosystem: 230+ defence companies employing 25,000+ people, increasingly focused on AI, aerospace, autonomous systems, cybersecurity and advanced sensors.
- Export dependence: ~90% of defence production is exported, making international market access critical.
- R&D: 1.8% of GDP (2023), with 60% from business sources.



CZECHIA



KEY ECOSYSTEM STAKEHOLDERS ↙

GOVERNMENT, MILITARY & PUBLIC AGENCIES

- Ministry of Defence (MoD) – Oversees national defence policy, armed forces development and procurement. Current priorities include force modernisation, ammunition stockpiling and cyber-defence capability building.
- AMOS (Inter-Governmental Defence Cooperation Agency) – Manages government-to-government procurement and coordinates the Czech Ammunition Initiative for Ukraine.
- Ministry of Industry and Trade (MIT) – Supervises export licensing, dual-use technology control and defence industry policy.
- CzechBusiness (formerly CzechInvest) – National investment and innovation agency; supports startups, manages the NATO DIANA accelerator in Prague (branded as DefenceHUB) and runs programmes to attract R&D and build the defence-tech ecosystem. CzechInvest and CzechTrade were merged into the new agency CzechBusiness on 1 August 2026, with full integration due by 1 January 2027.
- Technology Agency of the Czech Republic (TA CR) – Funds applied defence and dual-use research through dedicated programmes such as PRODEF.
- National Office for Cyber and Information Security (NUKIB) – Serves as the national cybersecurity authority responsible for protecting critical information infrastructure.
- VZLU AEROSPACE is the national centre for research, development, innovation and testing for the aerospace industry. It serves as a test bed and integrator for major space missions and will support the growth of the aerospace ecosystem in the coming years.

INNOVATION HUBS & RESEARCH CENTRES

- DefenceHUB (Prague, run by CzechBusiness) – National platform connecting startups, corporates and research entities across the defence and dual-use ecosystem.
- Prague Innovation Institute – Facilitates cooperation between academia, government and private sector on advanced technology projects.
- JIC – Innovation agency founded in 2003 by the City of Brno together with the South Moravian Region.
- Cybersecurity Innovation Hub Brno – Cluster linking universities, cybersecurity firms and NUKIB to develop and commercialise advanced cyber-defence solutions.
- Technology Incubation & Technology Acceleration Programme – State-supported incubator/accelerator funding early-stage tech ventures, including those in aerospace and security.
- ESA Business Incubation Centre Czech Republic – Supports space and dual-use applications of satellite and communication technologies.

CZECHIA



KEY ECOSYSTEM STAKEHOLDERS ↙

INDUSTRY & MAJOR COMPANIES

- Czechoslovak Group (CSG) – One of Central Europe’s largest defence industrial holdings, comprising over 100 companies in vehicles, ammunition, radar and aerospace; leading exporter and active in international acquisitions.
- Sellier & Bellot – Historic ammunition manufacturer and key NATO supplier.
- Aero Vodochody – Aircraft producer specialising in training and light-combat platforms.
- COLT CZ Group – Major small-arms manufacturer with global operations and recent acquisitions abroad.
- Tatra Trucks – Long-standing producer of off-road and military vehicles integrated within CSG.
- Meopta – Optika – Precision optics and electro-optical systems supplier for both defence and civilian markets.
- PBS Velká Bíteš (PBS Group) – Engine, propulsion and turbine manufacturer with significant foreign investment participation. Supplies UAV and cruise missile manufacturers in the US and across Europe.
- LPP Holding – Established manufacturer focusing on new technologies, UAVs, UGVs.

CZECHIA



LATEST LEGISLATIVE INITIATIVES ↙

Recent legislative changes in the Czech defence sector include the Defence Financing Act, effective from 1 July 2023, which secures long-term budget stability by mandating minimum defence expenditure of 2% of GDP. This enables strategic, multi-year procurement and addresses historic underinvestment.

Public-procurement reforms introduced between 2022 and 2024 aim to align Czech procedures with EU directives, reduce administrative burdens and permit contract modifications without new tenders, although calls remain for separate legislation to accelerate acquisitions further. The National Public Procurement Strategy for 2024–2028 focuses on value-based procurement, fostering innovation and SME access and promoting competition on quality as well as price. Updates to EU dual-use export controls came into effect in November 2025, expanding the list of controlled technologies to include quantum computing, semiconductor equipment and advanced materials. Czech startups in these fields will therefore need to classify their products early and obtain export licences.

The Armaments and Defence Industry Support Strategy, approved in 2022, aims to ensure security of supply through the domestic industry, balance NATO and EU standards with national sovereignty and support responsible military exports.

Finally, dialogue between the Ministry of Defence and the Czech Banking Association during 2024–2025 has led to improved support for defence-sector financing, although European regulations continue to pose challenges for bank involvement.

MARKET OUTLOOK ↙

The 2026 budget, passed in March 2026, puts core MoD spending at around 1.7% of GDP (~CZK 155bn) and in May 2026 the Prime Minister said the 2% target would probably be missed. Planned spending continues to support modernisation efforts such as procurement of F-35 fighters, CV90 IFVs, artillery, ammunition stockpiles, infrastructure upgrades and personnel development. Key technological priorities include autonomous systems, robotics, cyber defence, artificial intelligence, advanced sensors, drone technology and new energy solutions.

Export opportunities are robust, with Ukraine emerging as a major destination for Czech defence products—accounting for over 40% of exports in 2024—and partnerships for ammunition, armoured vehicles and joint ventures. The Czech industry is also strengthening its role within NATO and EU supply chains, particularly in ammunition production, radar systems and participation in European Defence Fund projects, as well as collaborations with international defence companies.

Strengths lie in a well-established industrial base, NATO/EU access and a supportive startup ecosystem, but challenges include a small domestic market, limited demand for local emerging technologies, SME fragmentation, financial and regulatory limitations and a shortage of skilled labour.

Meanwhile, demand from Ukraine is fluctuating. In the short term (2025–2027), defence exports are expected to stabilise at around €4bn annually, with ammunition production nearing capacity and 10–20 defence tech startups securing seed funding each year. Key developments include preparations for F-35 introduction, SPYDER system deployment, joint Czech-Ukrainian ammunition production, maturing satellite capabilities and promising quantum technology breakthroughs.

CZECHIA



FUNDING LANDSCAPE ↙

The Czech defence funding landscape combines private venture capital, state-backed investment and government grants. Early investments include Ukrainian and US firms specialising in AI-powered weapon localisation, drone navigation, quantum software and synthetic data. Other active Czech VC firms include Tech Horizons, DEPO Ventures, Credo Ventures, Rockaway Ventures, J&T Ventures and Tensor Ventures, which back both defence and broader technology initiatives.

Czechia is an investor in the NATO Innovation Fund (NIF). The NIF is a VC fund that invests in and champions deep tech, dual-use companies across the 24 NATO countries backing it to address the Alliance's most pressing technology needs. The NATO DIANA accelerator, run in the country by CzechBusiness (formerly CzechInvest), offers funding and mentoring for advanced-technology startups, with Czech companies such as Atomiver, Dronetag and Infrahex participating. The RRF Czech Republic Fund of Funds, managed by the European Investment Fund, channels €55 million into early-stage digital startups through specialised VCs. Czechia lacks a substantial sovereign fund and the vast majority of public funding relies on EU sources.

Czech entities are also active in the €8 billion European Defence Fund, participating in multiple international projects. Other grant mechanisms include the EIC Accelerator, TA CR Standard Programmes and Czech Science Foundation grants. Current trends point to rising international interest in Czech-backed Ukrainian defence technology, a growing focus on dual-use technologies, increased corporate venturing and significant funding rounds in cybersecurity.

TOP VC INVESTORS IN TOUGH TECH ↙



Rockaway Ventures has been investing in areas where the Rockaway Capital group has deep expertise, primarily in retail and e-commerce, travel & hospitality, digital logistics, digital media, cybersecurity, defence, CleanTech and PropTech.



Tensor Ventures explores deep tech innovation's frontiers and invests in uncharted territories.



DEPO Ventures invests in pre-seed startups building European resilience through emerging disruptive technologies, with increased interest in space and dual-use technologies.



Tech Horizons connects frontier technologies, strategic investments and purpose. Presto Ventures and Czechoslovak Group (CSG), the industrial and technology group, joined forces to launch Tech Horizons fund, backing global companies at the forefront of defence, security and resilience tech.

CZECHIA: COMPANIES TO WATCH



ATOMIVER
Nitrogen-doped graphene (SC-GN3) for supercapacitors and energy storage.



DRONETAG
Develops a solution for safe and efficient drone traffic management in the European airspace.



E2B
Autonomous AI agents in air-gapped sandboxes for military cyber and tactical data operations.



FOXFOUR AI
Onboard vision processing and autonomous control systems for aerospace and unmanned aerial vehicles (UAVs).



GROUNDCOM
Builds and operates networks of ground stations for LEO satellites in VHF, UHF, S and X bands.



INFRAHEX
Advanced multispectral concealment textile, currently in the second round of NATO DIANA Acceleration.



IP FABRIC
Network infrastructure visibility and analytics solution helping enterprise network and security teams.



PARTORY
Digital factory network connecting engineering capacity with demand.



RESISTANT AI
Document fraud detection and transaction monitoring software.



SAFETICA
Czech software company that delivers data protection solutions for businesses of all types and sizes.

CZECHIA: COMPANIES TO WATCH

GOINVEST CAPITAL Balnord BSV dealroom.co DEPO VENTURES ilte NIF RESILIENCE MEDIA SPARKMIND CAPITAL TEGOS



SPACEMANIC

A turnkey nanosatellite mission provider focused on delivering flight-proven CubeSat platforms.



STELLAR NUCLEAR

Advanced nuclear energy systems for sustainable space exploration, empowering ESA and global missions.



TALSEC

Talsec delivers in-app protection and a user safety suite for the fintech industry.



THREATMARK

Brings trust to the digital world by providing cutting-edge fraud prevention solutions.



TRL SPACE

Satellite design, mission analysis, production, launch coordination, drones.



TROPIC SQUARE

Digital security company which designs and manufactures open-architecture secure element chips.



UGVR MACHINERY

Unmanned amphibious vehicles with customisable modules for combat, logistics and demining across challenging terrains.



VRGINEERS

Professional VR and MR headsets for pilot training.



WHALEBONE

Whalebone provides zero-disruption, DNS-based cybersecurity solutions for telcos, ISPs, enterprises and public institutions.



ZAITRA

A company focused on Earth observation, machine learning and space technologies.

SLOVAKIA

Slovakia is turning its automotive, aerospace and electronics base into a more consequential defence-industrial platform. Defence spending is holding at 2.0% of GDP, while CSG-owned ZVS Holding is tied into a seven-year ammunition framework worth up to €58bn and has secured a disclosed order worth more than €100m to supply components to Poland's Dezamet. At the same time, slower GDP growth and weaker manufacturing demand are increasing the economic importance of defence. The technology layer remains smaller but is becoming more connected to European programmes. CulturePulse joined NATO DIANA's 2026 Challenge cohort, Aliter is participating in the EU's STRATUS programme and companies such as Tropozond s.r.o., the Slovak manufacturing operation of the Skyeton group, are building capability in unmanned systems, sensing and data.

KEY METRICS ↙

- Population ~5.4M, nominal GDP ~€137bn
- National defence budget 2026: €2.9bn; MoD capital expenditure €1.1bn (FY2026 budget chapter).
- NATO defence expenditure: €2.9bn, or 2.0% of GDP; equipment share 25.2%. NATO 2026 estimate; cut-off 3 July 2026.
- R&D intensity: 1% of GDP (up from 0.9%), below the EU average; €279m budgeted for 2026 under the national R&D and innovation action plan.
- Arms exports: €2.4bn in 2025 (2.2% of total exports), up from €1.1bn in 2024 – above €2bn for the first time.
- EU SAFE loan ceiling: €2.3bn, largely to help finance the ZVS ammunition framework and existing procurement.
- Major export categories: 155 mm artillery ammunition, Zuzana 2 howitzers, Božena demining systems, electronic warfare and defence electronics.



SLOVAKIA



KEY ECOSYSTEM STAKEHOLDERS ↙

Slovakia's defence and dual-use innovation ecosystem is evolving through coordinated government action, industrial cooperation and growing participation in European defence programmes. The country leverages strong cross-border ties – particularly with Czechia and Visegrád partners – alongside active engagement in NATO DIANA and the European Defence Fund.

GOVERNMENT, MILITARY & PUBLIC AGENCIES

- Ministry of Defence (MoD) – Leads defence procurement, coordinates European Defence Fund (EDF) participation and manages modernisation projects. Current focus areas include joint procurement with Czechia, supply-chain resilience and promotion of NATO DIANA participation for Slovak startups.
- Ministry of Economy (MoE) – Oversees export licensing, dual-use technology control and innovation support through SARIO (Slovak Investment and Trade Development Agency) and the Slovak Innovation and Energy Agency (SIEA).
- Ministry of Foreign and European Affairs (MFEA) – Manages security diplomacy, arms export authorisation and promotion of Slovak defence products abroad; organises defence-tech showcases and trade missions.
- Research, Development and Innovation Authority (VAIA) – Defines national R&D priorities, coordinates funding schemes and ensures alignment with EU research frameworks.
- SARIO (Slovak Investment and Trade Development Agency) – Facilitates international partnerships and FDI, including a Memorandum of Understanding with Axiom Space to integrate Slovak firms into global aerospace and defence supply chains.
- National Security Authority – administers Slovakia's NIS2-related cybersecurity amendments, which took effect on 1 January 2025.

INNOVATION HUBS & SUPPORT PROGRAMMES

- NATO DIANA Network – access to test centres, mentorship and accelerator programmes across the Alliance; validated in 2026 by CulturePulse's Challenge-cohort selection.
- Slovak AI Digital Innovation Hub – Supports dual-use AI development, automation and secure data applications for defence and civilian sectors.
- University Technology Transfer Offices – Facilitate commercialisation of R&D results and cooperation with industry; particularly active at Slovak University of Technology (STU) and Technical University of Košice (TUKE).
- East Slovak Space Cluster – formed around ESA BIC Slovakia; members include TUKE, Pavol Jozef Šafárik University, the Slovak Academy of Sciences, Deutsche Telekom IT Solutions Slovakia and SARIO.
- International capital – BlueYard Capital and Y Combinator are also active, though most Slovak companies continue to seek funding abroad and defence-specific equity rounds remain rare, with grants still dominating.

SLOVAKIA



KEY ECOSYSTEM STAKEHOLDERS ↙

INDUSTRY ASSOCIATIONS & CLUSTERS

- ZBOP (Association of Defence and Security Industry of the Slovak Republic) – Represents 70+ companies, advocates for export promotion, workforce development and integration into international value chains; maintains close cooperation with Czech industry associations.
- Slovak Innovation Centre for Defence and Security Technologies (ICE) – Conducts strategic analysis, promotes best practices and recommends creation of a permanent national defence cluster; emphasises integration into NATO DIANA and European innovation networks.
- ZVS Holding / MSM (Czechoslovak Group subsidiary) – Slovakia's ammunition-manufacturing anchor; holds the up-to-€58bn seven-year framework and the newly disclosed contract, worth more than €100m, to supply components to Poland's Dezemet.
- DMD Group / Konštrukta-Defence – wider land-systems industrial base alongside ZVS/MSM.
- Aliter Technologies – communications and systems-integration engineering; participant in the EU's STRATUS research programme; holds a high-level security clearance, positioning it for Slovakia's quantum-resistant-encryption transition.
- Skyeton / Tropozond s.r.o. – Slovak manufacturing operation of the Skyeton group, producing the Raybird-3 (ACS-3) reconnaissance drone; sited to bypass Ukraine's wartime export restrictions and sell internationally from a Slovak base.
- ESET – Slovakia's best-known, internationally operating cybersecurity company; an established anchor for the country's NIS2 and quantum-resistant-encryption compliance wave.
- Decent Cybersecurity – Piešťany-based cyber provider holding NATO, EU and national security clearance; works on post-quantum cryptography, quantum-resistant cybersecurity and blockchain-based data integrity for aerospace, space and unmanned-systems clients, positioning it alongside Aliter for the same encryption transition.

SLOVAKIA



LATEST LEGISLATIVE INITIATIVES ↙

Recent legislative changes affecting Slovakia's defence sector cover export controls, procurement, R&D incentives, cybersecurity and EU policy integration. Act No. 392/2011 governs trade in defence products, with export licensing overseen by the Ministry of Economy in coordination with the Ministries of Defence and Foreign Affairs. The law enforces strict compliance with UN, EU and OSCE sanctions, requires end-user certification and anti-re-export clauses and imposes fines for violations. Although Slovakia suspended direct arms transfers to Ukraine in 2023, private defence exports have increased and dual-use controls now cover components linked to Russian supply chains, in line with EU regulations.

Procurement reforms under Act No. 179/2024, effective from 1 August 2024, raise the small-scale contract threshold and simplify procurement categories, giving defence purchases greater flexibility. Defence procurement remains subject to transparency requirements and EU directives. R&D incentives include a super-deduction regime that allows companies to offset qualifying research costs against tax, along with patent-box benefits for income from intellectual property.

The Security Strategy emphasises NATO defence, digital transformation and cybersecurity, identifies Russia as the primary threat and supports domestic cyber firms. Security clearances are tiered, with companies such as Aliter Technologies and Decent Cybersecurity holding high-level certifications. EU defence-policy integration under the ReArm Europe plan provides funding and procurement opportunities for Slovak firms, while the EU's activated national escape clause permits specified, temporary deviations from expenditure and corrective paths for increased defence spending through 2028, subject to applicable limits and fiscal-sustainability conditions.

MARKET OUTLOOK ↙

Between 2025 and 2030, Slovakia's defence sector will be driven by the need to modernise ground and air systems, invest in digital capabilities and adopt emerging technologies such as autonomous vehicles, AI, advanced sensors and cybersecurity. Modernisation efforts will focus on replacing main battle tanks, upgrading infantry fighting vehicles, acquiring armoured carriers and improving air defence with both long- and medium-range systems. Digital transformation is already under way through enhanced radar networks, command infrastructure and secure communications, with growing emphasis on cyber resilience.

Slovak companies are integrating into NATO and EU supply chains through procurement, joint ventures and multinational initiatives, leveraging niche expertise in demining, artillery and cybersecurity. The country's strategic location and manufacturing heritage support its role as a logistics hub and security partner, but challenges persist, including reliance on foreign subsystems, skills shortages, limited domestic R&D investment, a small internal market and regulatory complexity. Despite these constraints, opportunities arise from increased NATO and EU defence budgets, post-war reconstruction needs in Ukraine and growth in dual-use technologies. Collaboration with Western and regional partners is expanding through technology transfer, co-development and offset agreements, while Czech–Slovak industrial cooperation and regional initiatives are deepening integration further.

The outlook for 2026–2027 points to sustained defence spending, strong arms exports, increased venture-capital activity and greater participation in European Defence Fund projects. Upside scenarios include accelerated NATO spending, major acquisitions of Slovak startups, the emergence of unicorn dual-use firms and the formation of a regional innovation hub. Several structural risks could slow or redirect the flow of capital and talent into the DSR ecosystem: cyclical economic downturns, the relocation of skilled workers and the concentration of contracts and supply-chain influence among a small number of large international prime contractors, which can limit competition and growth of domestic and smaller allied suppliers.

SLOVAKIA



RECENT DEVELOPMENTS ↙

- NATO DIANA validation. CulturePulse is Slovakia's only company selected into NATO DIANA's 2026 Challenge cohort, placed in the Data-Assisted Decision-Making category for psychologically realistic digital twins.
- Arms exports more than double. 2025 export figures show Slovak arms exports reaching €2.39bn (2.2% of total exports), up from €1.13bn (1.1%) in 2024 – the first time exports have passed €2bn, indicating that ammunition and land-systems build-out translates into external sales.
- ZVS/CSG ammunition framework signed (December 2025). Up to €58bn over seven years to supply 155 mm artillery, 120 mm tank and 30/35 mm cannon ammunition to Slovakia and other EU states, financeable through SAFE.
- Separate CSG–Dezamet contract. A separate contract signed in July and announced in August 2026 gives ZVS a main manufacturing role in more than €100m of components for Poland's Dezamet.
- SAFE borrowing approved. Slovakia has approved SAFE borrowing against its €2.3bn ceiling to support procurement, including expenditure within existing budget plans.
- ESA BIC Slovakia's first open call. It ran from 4 December 2025 to 15 February 2026, offering up to €60,000 per selected startup plus coaching, legal and IP support across a multi-hub model in Košice, Bratislava and Žilina, targeting 25 supported space-tech startups over five years.
- EDF selections. Current European Defence Fund selections include Slovak entities in autonomous-system cyber resilience and digital engineering, running alongside Aliter Technologies' participation in the EU's STRATUS programme.
- 19-point national R&D action plan adopted (May 2026). The government approved a new national R&D and innovation action plan for 2026–2028, updating the 2023 strategy and replacing the 2011 Minerva 2.0 framework.

SLOVAKIA



FUNDING LANDSCAPE ↙

Slovakia’s funding landscape for defence and dual-use technologies is developing, with a growing but still small venture-capital presence. Notable funds include the state-backed Venture to Future Fund, regional investor ZAKA VC and the €150m Tech Horizons, which focuses on defence, security and dual-use technologies in NATO countries.

State investment comes from Slovak Investment Holding, which has deployed more than €100m in strategic sectors and from the European Structural and Investment Funds, which support R&D and digital transformation but fund defence only indirectly. Slovakia is an investor in the NATO Innovation Fund (NIF). The NIF is a VC fund that invests in and champions deep tech, dual-use companies across the 24 NATO countries backing it to address the Alliance’s most pressing technology needs.

Slovakia’s involvement in the European Defence Fund (EDF) has so far seen four companies benefit from the 2023 call. The EDF, with an €8bn budget for 2021–2027, supports projects in nanotechnology, AI and sensors, but domestic awareness and capacity to apply remain limited. The Act in Support of Ammunition Production (ASAP) and the NATO DIANA Accelerator provide further grant opportunities, with Slovak companies participating in recent rounds.

National R&D incentives include a super tax deduction for R&D costs, a patent-box regime for income from intellectual property and additional investment incentives for technology transfer and industrial R&D. Despite these measures, Slovakia’s R&D investment still lags behind the EU target. However, rising defence budgets, expanding EU funding and greater mobilisation of private capital suggest growing opportunities for the sector.

TOP VC INVESTORS IN TOUGH TECH ↙



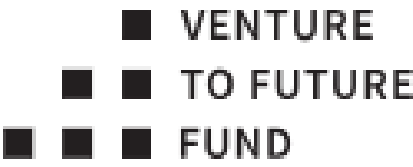
Neulogy invests in deep-tech companies, leveraging CEE engineering talent.



ZAKA is a seed and pre-seed fund investing in US and European startups in healthcare and life sciences, deep tech and industrial tech.



Vision Ventures invests in pre-seed and seed-stage technology startups based in Slovakia, up to €1.6m per startup, across sectors including AI, robotics, medtech, drones, consumer and enterprise applications.



Venture to Future Fund – state-backed Slovak VC fund dedicated to nurturing the growth of innovative local ventures.

SLOVAKIA: COMPANIES TO WATCH

COINVEST CAPITAL Balnord BSV dealroom.co DEPO VENTURES ilte NIF RESILIENCE MEDIA SPARKMIND CAPITAL TEGOS



AIRVOLUTE

Autonomous drones and flight-control technology for business applications.



ALITER TECHNOLOGIES

Communications and systems-integration engineering; participant in the EU's STRATUS research programme.



CULTUREPULSE

AI-powered insights for high-risk decision-making with psychologically realistic digital twins. Slovakia's only company in NATO DIANA's 2026 cohort.



ESET

Cybersecurity company, a natural anchor for the country's NIS2 and quantum-resistant-encryption compliance wave.



RVMAGNETICS

Passive sensor technology, based on proprietary MicroWire, with industrial and dual-use applications.



SEC TECHNOLOGIES

Stand-off CBRN (chemical/biological) detection using proprietary laser technology (Falcon 4G).



SENSIBLE BIOTECHNOLOGIES

Novel mRNA manufacturing paradigm to establish critical biomanufacturing infrastructure for global biosecurity.



SKYETON/TROPOZOND S.R.O.

Tropozond s.r.o., a Skyeton group company, operates a Slovak manufacturing facility for Raybird UAVs.



TWINZO

3D digital-twin technology for industrial monitoring and control, with potential dual-use applications.



3IPK

Software-as-a-service blockchain solutions for digital management of aerospace processes, products and supply chains.

ROMANIA

Romania is moving from defence ambition into industrial execution. Its approved 2026 defence budget is reported at 2.5% of GDP. A €5.7bn SAFE-backed contract package with Rheinmetall will expand domestic production across armoured vehicles, air defence, ammunition and naval systems. Romania also enters this cycle with established aerospace and cyber capabilities, the EU's European Cybersecurity Competence Centre in Bucharest and a strategically important position on NATO's Black Sea flank.

The newer layer lies in drones, autonomy and software. Romania joined NATO's Drone Edge initiative in 2026, while OVES Enterprise and Ukraine's EDRONE are building local military-drone production, with plans to scale from roughly 1,000 to as many as 10,000–15,000 units per month as demand develops. Private venture capital remains comparatively thin, leaving the larger opportunity in converting rising defence expenditure into qualified local suppliers, specialised software, components and repeat industrial contracts.

KEY METRICS ↙

- Population ~19M, nominal GDP ~€380bn
- 2026 defence budget: RON 49.4bn, or 2.5% of GDP.
- Equipment allocation: RON 18.8bn, 38.1% of the approved budget. FY2026 approved budget; 20 March release.
- NATO defence expenditure: ~€8.5bn.
- Defence spending as % of GDP (NATO): 2.4%, up from 2.2% in 2025.
- Equipment share of defence spending (NATO): 37.8%.
- EU SAFE loan ceiling: €16.7bn. First pre-financing tranche of €2.5bn (15% of the allocation) received 26 August 2026.



ROMANIA



KEY ECOSYSTEM STAKEHOLDERS ↙

GOVERNMENT, MILITARY & PUBLIC AGENCIES

Romania's defence innovation governance involves multiple institutions operating under NATO and EU frameworks:

- Ministry of National Defence (MApN) – Defines national capability priorities, manages procurement and directs defence modernisation programmes. MApN also represents Romania in NATO DIANA and European Defence Fund (EDF) projects.
- General Directorate for Armaments (DGA) – Oversees acquisitions and technical requirements, ensuring compatibility with NATO standards.
- ROMARM S.A. – State-owned defence holding (15 subsidiaries) producing ammunition, armoured systems and drones; key industrial base but burdened by low efficiency and limited export orientation.
- National Cyber Security Directorate (DNSC) – Leads national cybersecurity strategy and incident coordination; collaborates with NATO CCDCOE and the European Union Agency for Cybersecurity (ENISA).
- Romanian Space Agency (ROSA) – Coordinates national space and satellite activities; Romania participates in ESA missions and EDF space-related programmes.
- European Cybersecurity Competence Centre (ECCC) – Headquartered in Bucharest since 2023, the ECCC acts as the EU's main body for cybersecurity research and funding allocation, positioning Romania at the centre of EU cyber policy.

INDUSTRY, ACADEMIA & RESEARCH ENTITIES

- AEROSTAR S.A. (Bacău) – Romania's leading private aerospace and defence manufacturer. Provides aircraft maintenance (MRO), produces components for Lockheed Martin, Elbit and Airbus, and is certified under NATO AQAP standards. Acts as a model of operational efficiency within Romania's defence industry.
- GDELS-Romania (General Dynamics European Land Systems) – Operates the armoured vehicle production and maintenance facility in Bucharest and Măgurele, supplying the Piranha V 8x8 vehicles for the Romanian Army.
- Airbus Defence and Space Romania – Bucharest-based subsidiary (~150 employees).
- Airbus Helicopters Romania – Ghimbav (Braşov) joint venture with IAR, assembling and servicing helicopters.
- INCAS (National Institute for Aerospace Research "Elie Carafoli") – Public R&D institute developing UAV prototypes and participating in ESA and EDF projects.
- IAR Braşov (Ghimav) – Helicopter manufacturer and maintainer for military and civil use; active in IAR-330 Puma modernisation.
- Avioane Craiova – Manufacturer of the IAR-99 jet trainer.
- ICI Bucharest (National Institute for Research and Development in Informatics) – National leader in cybersecurity and digital transformation research; co-organises dual-use innovation workshops with EDF and NATO partners.

ROMANIA



FUNDING LANDSCAPE ↙

Romania's defence/dual-use financing is led by EU and sovereign instruments, with early-stage VC and accelerators gaining traction. The SAFE defence-loans envelope and PNRR/REF equity vehicle are the core pillars; transatlantic financing complements them via the US FMF direct loan. Private VC depth is improving but still thinner than in Western Europe. Romania is an investor in the NATO Innovation Fund (NIF). The NIF is a VC fund that invests in and champions deep tech, dual-use companies across the 24 NATO countries backing it to address the Alliance's most pressing technology needs.

PUBLIC FINANCING AND R&D SUPPORT

EU SAFE (Security Action for Europe) – sovereign loans to the Romanian state (not grants): allocation of €16.7bn (second-largest in the EU). The first pre-financing tranche of €2.5bn was received on 26 August 2026.

European Defence Fund (EDF): Romanian actors participate in cross-border consortia (aerospace, autonomy, C4ISR); grants flow via standard EDF calls.

PNRR – Recovery Equity Fund (REF): €400m fund-of-funds under EIF management; capital deployed into Romanian GPs (e.g., initial €80m to four funds).

Cyber R&D anchor: The European Cybersecurity Competence Centre (ECCC) headquarters in Bucharest coordinates EU cyber R&D/funding programmes (Digital Europe, Horizon Europe).

SOFT DEVELOPMENT LOANS & TRANSATLANTIC FINANCING

US Foreign Military Financing (FMF) direct loan – \$920m (Sept 2024): signed to support Romania's defence modernisation and procurement.

Export/credit support: Exim Banca Românească provides export credit/guarantees and state-backed lines relevant to defence suppliers.

TOP VC INVESTORS IN TOUGH TECH ↙

VC INVESTORS

InnovX-BCR Accelerator – Corporate accelerator (BCR Bank, part of Erste Group) with a dedicated Cybersecurity & defence cohort under EIT Digital and Microsoft partnership. Provides €50k–€250k convertible support and access to EU/NATO DIANA programmes.

GapMinder Venture Partners – Romania's most active private VC in cybersecurity and enterprise infrastructure. Cyscale, OutThink and TypingDNA confirm direct involvement in cyber-defence-related use cases.

ACCELERATORS & INNOVATION PROGRAMMES

Techcelerator: Romania's lead accelerator; runs security/dual-use tracks and Investors' Day with partners including NATO DIANA, Google for Startups, ROTSA, EIT Digital. ROTSA (Romanian Tech Startups Association) – Organises the EUDIS Defence Hackathon Romania, connecting startups with EDF and ECCC representatives.

SecurIT & Horizon Europe Clusters – Provide grants and mentorship to Romanian companies developing cybersecurity, AI and secure communications technologies.

DIANA participation: Romania has been among the most active applicant pools into NATO DIANA challenge rounds, signalling a rising pipeline.

HACKATHONS / ECOSYSTEM EVENTS

EUDIS/Investors' Day pipelines: Regular national events connect founders with EDF/DIANA/ECCC stakeholders and investors (Bucharest Tech Week editions).

DefCamp (Bucharest): one of Europe's prominent cybersecurity events, feeding talent and deal flow into dual-use/cyber startups.

ROMANIA



LATEST LEGISLATIVE INITIATIVES ↙

Romania has introduced a series of legislative and policy measures to modernise its defence and dual-use technology sector, aligning procurement and R&D frameworks with NATO and EU standards.

The Defence Procurement Law (GEO 124/2023) updated national acquisition rules, introducing mandatory offset and technology-transfer obligations of up to 100% of contract value for large programmes; streamlined approval procedures for foreign suppliers; and expanded eligibility for SMEs and innovative companies in public tenders.

In 2024, the government adopted tax incentives for R&D and prototype development, including accelerated depreciation and a deduction of up to 50% for defence-related R&D expenses.

Romania's National Cybersecurity Strategy (2022–2027) strengthened institutional coordination under the DNSC and implemented new standards for critical-infrastructure protection.

At the European level, participation in EU SAFE and EDF programmes is supported through harmonised legal frameworks enabling joint testing, data-sharing and cross-border procurement. The government also reaffirmed its long-term defence-spending commitment with a focus on domestic industrial participation and co-production under NATO programmes.

MARKET OUTLOOK ↙

Romania stands at a pivotal moment in transforming its defence and dual-use technology ecosystem. Large EU and NATO funding inflows, domestic policy reforms and growing private participation position the country to become a regional cybersecurity and aerospace hub by the late 2020s.

Key drivers include:

- Strategic geography — NATO's southeastern anchor on the Black Sea, hosting the Multinational Division South-East HQ and Aegis Ashore system, attracting allied investment.
- Strong EU capital inflows — €16.7bn from SAFE, plus continuous EDF participation and €400m under the PNRR Recovery Equity Fund, underpin a decade of modernisation.
- Cybersecurity and AI leadership — The ECCC in Bucharest consolidates EU cyber R&D; private champions such as Bitdefender and Safetech Innovations provide export-ready technologies.
- Industrial clusters — aerospace manufacturing around Bacău (AEROSTAR) and Braşov (IAR, Airbus) strengthens Romania's integration into NATO logistics and MRO chains.
- Accelerator activity — programmes such as Techcelerator and InnovX-BCR channel early-stage talent towards dual-use and DIANA-linked opportunities.

Although challenges persist, from institutional complexity to efficiency constraints and slow commercialisation, the combination of strategic geography, EU and NATO partnerships and a maturing innovation base gives Romania the potential to emerge as a dual-use and cyber innovation node in Eastern Europe.

ROMANIA



RECENT DEVELOPMENTS ↙

- Rheinmetall mega-contract (29 May 2026). €5.7bn SAFE-funded order. Delivery 2028–2030; over 50% of production value in Romania or via local collaboration.
- SAFE pre-financing received. Romania received €2.5bn of its first SAFE tranche on 26 August 2026, confirmed by MAPN against a €16.7bn facility.
- Multilateral procurement integration. Romania joined NATO's Drone Edge collective drone-procurement initiative and an 11-nation Saab GlobalEye surveillance-aircraft buy and signed the declaration establishing a new Canada-led Defence, Security and Resilience Bank.
- Drone industrial base scaling. Carfil S.A. (ROMARM subsidiary, Braşov)/Periscope Aviation in serial production of Cuda and Sirin FPV kamikaze drones since November 2025; OVES Enterprise (Cluj)/Ukrainian manufacturer EDRONE signed a joint venture (28 July 2026) for a Cluj-Napoca facility targeting 10,000–15,000 units/month at scale across up to 27 models, first units due autumn 2026.
- Rheinmetall footprint. Over €500m committed to a propellant/gunpowder plant in Victoria.
- Romania has advanced its transition to fifth-generation air power, acquiring 32 F-35A Lightning II aircraft, with further growth projected; full operational capability is expected in 2034–2040.
- Under a joint European procurement initiative involving the French and Romanian MoDs and MBDA, Romania has signed an air defence acquisition contract that will strengthen its short-range air defence.
- INCAS selected into NATO DIANA's 2026 Challenge cohort. ROTSA separately hosted a 2026 EUDIS Defence Hackathon.
- BraveX Aero/Romaero. €4m 2026 funding round; combined production target rising from 17 units/month (2026) to 30/month (2028); the jet-powered Vimana line has completed development validation and delivered its first Romanian-built unit to a paying client.
- Orbotix opens Braşov drone factory (12 May 2026). Romanian-Spanish autonomous-systems firm inaugurated a facility in Ghimbav (near Braşov) for its Wasper-1 and Vigil-1 drone platforms, with a targeted capacity of up to 800 units/month as operations scale; signed an MoU with Romaero for joint development and NATO-standard production. BraveX and other Romanian defence-tech firms exhibited at the launch event.
- Cyber Swarm's \$50m Series A (May 2026). Romania's largest 2026 deep-tech round (\$250m valuation, led by international investors), although the company is now headquartered in the US.

ROMANIA: COMPANIES TO WATCH

COINVEST CAPITAL Balnord BSV dealroom.co DEPO VENTURES ilte NIF RESILIENCE MEDIA SPARKMIND CAPITAL TEGOS



BITDEFENDER

Global leader in endpoint security and threat intelligence.



BLACK BULLET

Secure software development and red teaming.



BRAVEX AERO

Hybrid VTOL UAVs for defence and logistics.



CODA INTELLIGENCE

AI-powered vulnerability management.



CYBERGHOST

Major VPN and online privacy provider.



D3 CYBER

Cloud governance and virtual CISO services.



HACK & FIX

Penetration testing and red-team services.



RISE

Romanian InSpace Engineering, CubeSats and GNSS interference monitoring.



SAFETECH INNOVATIONS

Managed security services and SOC operations.



TYPINGDNA

Behavioural biometrics for secure authentication.

HUNGARY

Hungary is rebuilding its defence-industrial base around domestic production, technology transfer and dual-use R&D. Its modernisation drive has created new capacity in armoured vehicles, ammunition and aerospace, while research infrastructure in autonomy, AI and cybersecurity adds a broader technology layer. Hungary has met NATO's previous 2% defence-spending benchmark and is now committed to the Alliance's new 2035 spending framework. A substantial defence industrial base was built over the past decade, including NATO DIANA-linked testing capabilities and several major defence joint ventures. Following the April 2026 parliamentary election and the formation of a new government, the questions for investors concern how public procurement, state ownership and EU integration will be approached in the future. The answers will shape whether Hungary's industrial base can generate a deeper pipeline of independent, venture-scale companies.

KEY METRICS ↙

- Population ~9.7M, nominal GDP ~€206.2bn (2024, KSH)
- NATO defence expenditure: HUF 1.9tn, or 2.1% of GDP. NATO 2026 estimate; cut-off 3 July 2026. Indicative target ~2.5% by 2030.
- Zrínyi Defence and Armed Forces Development Programme: Lynx IFVs, artillery and ammunition; completion extended from 2026 to 2030 due to fiscal constraints.
- Government change: Péter Magyar's Tisza party won the April 2026 election on a pro-EU, anti-corruption mandate.
- EU SAFE: indicative allocation €16.2bn; not yet approved by the European Commission and under an internal anti-corruption review.
- 4iG/N7 Defence: review ordered of all contracts signed with 4iG Group under Viktor Orbán.



HUNGARY



KEY ECOSYSTEM STAKEHOLDERS ↙

GOVERNMENT, MILITARY & PUBLIC AGENCIES

- Ministry of Defence (MoD) – capability planning, acquisitions, offsets/industrial cooperation.
- Defence Innovation Research Institute (VIKI/DIRI, est. 2023) – MoD’s innovation arm; scouting, calls (UAV/cyber), testing/mentoring, liaison with units. It also facilitates EDF/NATO programme participation. The MoD separately signed a defence-innovation cooperation agreement with EDGE Group (UAE) in 2025.
- Védelmi Beszerzési Ügynökség (VBU) – procurement and armaments management agency.
- MoD Development Department – coordinates major programmes and JV integration.
- National Research, Development and Innovation Office (NKFIH/NRDI) – defence and security sub-programme (HUF 2bn pilot). New calls launched in 2026 total nearly HUF 120bn.
- National Cyber Security Centre; Hungarian Space Office.

STATE/JOINT-VENTURE & PRIVATE INDUSTRY

- Rheinmetall Hungary / Zalaegerszeg (Lynx IFV factory, ammunition projects) – cornerstone JV for land systems and R&D.
- Airbus Hungary (Gyula) – helicopter component factory and apprentice/innovation centre.
- N7 Defence Zrt (state and 4iG), HDI holding, HM Arzenál (state; weapons, ammunition, electronics), Videoton (electronics, international partnerships), REMRED (space).
- Association of Hungarian Defence Manufacturers (MVSZ) – networking & policy voice.

ACADEMIA, RESEARCH & TESTING

- HUN-REN SZTAKI – robotics/AI; National Laboratory for Autonomous Systems (land/air).
- Budapest University of Technology & Economics (BME) – aeronautics, drones; UPN/NUPS (military tech and aviation).
- ZalaZONE Proving Ground / Innovation Centre – autonomous and defence mobility testing; hackathons/pilots.

HUNGARY



FUNDING LANDSCAPE ↙

VENTURE CAPITAL & ACCELERATION

- Private VC: Day One Capital (deep-tech/AI), others selectively; scale capital still scarce.
- Accelerators: Design Terminal, sector programmes around ZalaZONE; defence focus growing from a low base.
- Allied instruments: NATO DIANA participation; Hungary is an investor in the NATO Innovation Fund (NIF). The NIF is a VC fund that invests in and champions deep tech, dual-use companies across the 24 NATO countries backing it to address the Alliance's most pressing technology needs.

SOFT DEVELOPMENT CAPITAL / SOVEREIGN

- Economic Defence Fund underpinning industrial JVs (factories for IFV, ammunition).
- Hiventures (state VC) – cornerstone sovereign GP; occasional dual-use deals; two new funds HUF 18bn (2025) and seed matching €28.5m over three years.
- EDIOP Plus digitalisation & innovation envelope HUF 182bn+; Fast Track (HUF 5bn) for research commercialisation.
- ZalaZONE Innovation Fund – co-funding for automotive/UAS with defence.

GRANTS & R&D

- NRDI defence & security innovation pilot HUF 2bn (grants for early projects).
- EU frameworks – participation via EDF projects; PESCO collaborations in armoured, UAS, etc.
- SAFE (EU defence loans) – €16.2bn allocation stalled: not approved by the European Commission and undergoing an internal anti-corruption review.

ECOSYSTEM

- Hacktivity, Hungarian Cybersecurity Summit, NATO Innovation Week – community, talent and deal-flow touchpoints.
- ZalaZONE/industry hackathons (autonomy/UAS), university challenge programmes; selected Hungarian teams in NATO innovation challenges (logistics/UAS).

HUNGARY



LATEST LEGISLATIVE INITIATIVES ↙

Hungary's defence innovation landscape is more state-driven than startup-led. Most funding flows through major joint ventures with Rheinmetall, Airbus and state entities such as N7 Defence, leaving limited room for early-stage ventures to lead projects. As a result, while Hungary hosts strong industrial and research capacity, notably in autonomous systems, space and cybersecurity, the number of independent, venture-scale defence or dual-use startups remains small, though those that exist are technologically advanced and increasingly integrated into EU and NATO programmes.

Zrínyi Defence and Armed Forces Development Programme: a strategy, launched in 2017 and ongoing, guiding military development. It has led to reforms and laws to facilitate defence-industry growth, including the 2019 amendment giving the MoD flexibility to invest in or create companies.

Defence Industry Incentives: In 2021, Hungary passed a government decree classifying defence-industry investments as a high priority, meaning faster permitting, tax breaks and eligibility for VIP subsidies, similarly to how it treats major automotive investments. This legal framework was used to expedite the Rheinmetall factory, including by removing the need for certain lengthy local approvals. A 2022 tax-law change also gave employees in defence R&D a slight tax benefit to help attract talent.

Innovation Institute: VIKI was established in February 2023 as a new entity under the MoD.

Education and Training: Recognising human-capital needs, a 2020 law allowed the MoD to fund special programmes at civilian universities. By 2023, the MoD was funding cybersecurity courses at three universities and a military technology faculty at the University of Public Service. This allows the MoD to finance educational institutions and tailor curricula to defence needs, including AI, cyber and logistics.

MARKET OUTLOOK ↙

Hungary's strategy couples sovereign industrial capacity with autonomy & robotics R&D, anchored by the Rheinmetall JV, ZalaZONE and SZTAKI. EDF and NATO programmes provide external routes to scale; SAFE could add financing if Hungary's plan receives the required approvals.

Key drivers:

- Heavy on-shore production (IFV, ammunition) and technology transfer into local supply chains.
- Autonomous systems edge via ZalaZONE and National Lab (land/air UxS, AI/robotics).
- State VC (Hiventures), EDIOP Plus and new matching funds to support early-stage companies.
- Allied partnerships (Germany, France, Israel, Turkey) broaden access to programmes and markets.

Academic-to-applied conversion is improving but uneven. If JV knowledge transfer and VIKI pipelines convert into supplier depth, Hungary can emerge as a regional node for land-systems MRO/manufacturing and autonomous defence mobility, with selective strengths in cyber/AI tooling tied to national labs and university clusters.

HUNGARY: COMPANIES TO WATCH

GOINVEST CAPITAL Balnord BSV dealroom.co DEPO VENTURES ilte NIF RESILIENCE MEDIA SPARKMIND CAPITAL TEGOS



AXOFLOW

Security data pipelines that collect, classify, enrich and route telemetry for SIEM, security analytics and investigations.



C3S

CubeSats and payload electronics for commercial and defence missions; supplier to ESA and Hungarian national space programmes.



PERCIV.AI

AI for radar perception, enabling autonomous vehicles from cars to robots to understand their environment.



REMRED

Designs and manufactures aerospace and defence-grade components for satellites, launchers and high-reliability electronics.



RIPTIDES

Cybersecurity automation for machine-to-machine identity trust; applicable to autonomous and defence sensor systems.



SEON

Fraud prevention, digital-risk detection, identity verification and anti-money-laundering compliance.

BULGARIA

Bulgaria is shifting from gradual defence modernisation towards a broader industrial build-out. Defence spending has risen above 2% of GDP and a national plan adopted in June 2026 charts a path to 5% by 2035. A €3.3bn SAFE loan adds substantial financing for new capabilities and domestic production, including ammunition and radar programmes.

A private technology layer is strengthening alongside this public investment. EnduroSat is developing the former Dobroslavtsi airbase into a major space and defence R&D and production hub, while Dronamics' partnership with HENSOLDT is extending the Black Swan platform into airborne early warning and ISTAR. The next test is execution: turning SAFE financing, European programmes and projects such as the planned Rheinmetall-VMZ ammunition venture into operating capacity, qualified suppliers and a deeper pipeline of investable defence and dual-use companies.

KEY METRICS ↙

- Population ~6.4M, nominal GDP ~€116bn
- National defence budget 2026: €2.6bn; Ministry of Defence capital expenditure €868.9m (FY2026 Budget Act, Article 11).
- NATO defence expenditure: €2.7bn, or 2.2% of GDP. NATO 2026 estimate.
- Equipment share of defence spending (NATO): 29.4%. NATO 2026 estimate.
- R&D intensity: 0.8% of GDP (2024, Eurostat) – the EU's 4th-lowest, well below the EU average of 2.2% and the 3% target.
- Exports: arms and ammunition = 5.5% of 2025 exports (\$2.6bn); top regional exporter to Poland, Romania, Czechia and Ukraine.
- EU SAFE loan ceiling: €3.3bn; €489.3m received 28 August 2026, earmarked for 155 mm ammunition and seven 3D radars.



BULGARIA



KEY ECOSYSTEM STAKEHOLDERS ↙

GOVERNMENT, MILITARY & PUBLIC AGENCIES

- Ministry of Defence (MoD) – sets capability priorities; the Procurement Agency & Investment Directorate run acquisitions; Joint Forces Command drives operational demand. No dedicated innovation unit; closest are the Bulgarian Defence Institute “Prof. Tsvetan Lazarov” (2009, DIANA test centre) and the Sofia Tech Park Defence Innovation Centre (2025).
- Ministry of Innovation and Digital Transformation (MIDT) – coordinates innovation policy, business support, digital government and cybersecurity. Established in May 2026 by merging the Ministry of Innovation and Growth with the Ministry of Electronic Governance.
- SRTI-BAS – space/ESA/Copernicus interface (no standalone space agency).
- Bulgarian Development Bank (BDB) – mandated to expand lending access for defence SMEs. Defence Industry Support Programme (working capital, guarantees, leasing).
- Defence export/licensing within the Ministry of Economy structure facilitates international sales.
- Industry associations – Bulgarian Defence Industry Association (state & private members).
- State primes – Arsenal AD, VMZ Sopot (Rheinmetall JV unresolved – see Recent Developments), Kintex, TEREM.

ECOSYSTEM

- HEMUS International Defence Exhibition (Plovdiv) – biennial regional expo.
- Shabla live-fire drills/expo – contractor demonstrations to MoD.
- Regional/B9 formats (2024–2025) – emphasis on joint defence-industry capacity.
- 4 confirmed NATO DIANA test centres – GATE Institute (Sofia University, Big Data/AI), Bulgarian Defence Institute, Nikola Vaptsarov Naval Academy, R&D&I Consortium/Sofia Tech Labs.
- Technical University of Sofia – engineering/robotics/AI pipeline.

INDUSTRY & RESEARCH

- VMZ Sopot (state munitions), Arsenal JSCo. (small arms), Opticoelectron (optronics/optics), TEREM (maintenance/repair), MTG Dolphin (shipbuilding/MRO).
- International partnerships – co-production/MRO arrangements with US/EU primes (e.g., F-16 programme support).
- Sofia Tech Park – Defence Innovation Centre (2025) – testing, prototyping; focus on drones/advanced systems in partnership with Bulgarian Defence Institute.
- Private manufacturers – Samel-90 (Samjet loitering munitions), Dunarit AD, Armstechno, Armaco JSC, MARS Armor.

BULGARIA



MARKET OUTLOOK ↙

There has been incremental but real convergence with NATO/EU peers. The traditional state-owned industrial base (ammunition, small arms) is scaling fastest in terms of absolute output, and a small but visible venture-backed dual-use segment (EnduroSat, Dronamics, Bronia.ai, WiseBee and now Wiser Technology on the software side) is giving the sector its clearest growth-equity opportunities. EU-level and sovereign capital is arriving faster than the domestic joint-venture and contracting structures necessary to absorb it. If that gap closes and NATO DIANA integration (M.A.D.A.R.A., 2027) seeds further validation for Bulgarian dual-use R&D, the country is well positioned to develop its ammunition-export base and its two clearest venture successes (EnduroSat, Dronamics) into a broader regional space/drone/cyber cluster by 2028–2030.

Bulgaria's government approved a Defence Innovation Strategy 2024–2030 that lays out its goals: to build dual-use R&D capacity, engage SMEs in defence supply chains and increase participation in European programmes. Implementation will be key.

One policy already in motion is improving education-industry links: Bulgaria is introducing defence tech modules in university engineering curricula, hoping to steer more graduates into defence projects. Also, procurement reform is on the agenda; Bulgaria plans to simplify rules to allow smaller companies to bid on defence projects, breaking the monopoly of a few state-owned players.

Given Bulgaria's size, it will focus on select areas where it can be competitive. Drone technology and space/satellite services are two such areas, supported by Dronamics and EnduroSat. Cybersecurity is another, building on its IT sector. Bulgaria might also capitalise on its biotech and pharma sector for military medicine innovations — Sofia has a strong medical research community.

Growth areas: Cybersecurity, AI, secure comms, satellite tech, autonomous drones, advanced materials

Opportunity areas: Improve access to talent, simplify institutional structures, enable access to contracts and commercial opportunities for local startups

Key drivers: SAFE moving from ratified to disbursed; BDTIB Strategy now formal; 8+ live EDF projects.

Private capital validation: EnduroSat's \$153m hub, Dronamics × HENSOLDT's "100% Made in Europe" ISTAR platform. Four DIANA test centres plus M.A.D.A.R.A.'s 2027 accelerator launch.

Execution risks: F-16 delivery slip to 2028; 21.8% personnel shortfall; R&D intensity still the EU's 4th-lowest. Flagship deals (EnduroSat, Dronamics) are funded by international capital, not domestic institutional money — the same pattern as Romania's Cyber Swarm.

BULGARIA



FUNDING LANDSCAPE ↙

Bulgarian venture funding for defence remains relatively small, but EU programmes are stepping in. Bulgarian entities won EDF projects in areas like soldier systems (one project on advanced camouflage materials includes a Bulgarian research lab). The Bulgarian Ministry of Innovation has also started a Defence Innovation Accelerator in partnership with Sofia Tech Park, aiming to incubate startups focused on cybersecurity and AI for defence.

In defence tech, the biggest name is Dronamics, a Sofia-based startup building long-range cargo UAVs. In June 2025, Dronamics announced that it had been put forward for an equity investment of up to €30m under the EIC's Strategic Technologies for Europe Platform (STEP). This is on top of prior funding (EIC grants and private capital) the company raised. Dronamics' success (it is Europe's first licensed cargo drone airline) has put Bulgaria on the map in aerospace innovation.

Despite Bulgaria's strong industrial heritage and growing deep-tech scene, the pool of startups that fit the scope of this report remains comparatively limited. The country's defence sector has historically revolved around state-owned manufacturers and export-oriented arms plants rather than startup-driven innovation. Public support for defence and dual-use activity includes EDF research and development grants, EUDIS innovation support and SAFE loans for member-state procurement. These instruments play different roles alongside private venture investment. As a result, while Bulgaria excels in traditional production—ammunition, optics, robotics and satellite engineering—the startup pipeline for modern defence and dual-use solutions is still small, fragmented and at an early stage. Hence, we include only those startups with verifiable dual-use, cybersecurity, or aerospace applications, reflecting the realistic maturity level of Bulgaria's defence-innovation ecosystem today.

TOP VC INVESTORS IN TOUGH TECH ↙



New Vision 3 Fund (NV3 / NEVEQ III) – Cyber, storage, telecom, autonomy | Ticket: €500k–€2m - One of Bulgaria's most active tech investors; backed Bronia.ai – AI-powered acoustic detection and source localisation for defence, public safety and industrial applications.



Vitosha Ventures – €26m Fund I, 107 portfolio companies, defence-listed vertical.

International capital – Riot Ventures, Google Ventures, Lux Capital, the European Innovation Council Fund and Shrug Capital participated in EnduroSat's \$104m round (30 October 2025); EnduroSat announced a \$205m financing round on 16 September 2026, co-led by Riot Ventures and Atreides Management. Peter Thiel and Google Ventures back the Dobroslavtsi hub; BlackPeak Capital, Cogito Capital and Taiwania Capital co-led Alcatraz AI's \$35m new-investor tranche.

- NATO DIANA / M.A.D.A.R.A. – Sofia Tech Park selected; accelerator to join DIANA network in 2027.
- Strategic Technologies and Defence Fund – €30m, FMFIB-managed, still in administrator-selection phase – no capital deployed yet.
- BDB Defence Industry Support Programme – case-by-case lending/guarantees.

Bulgaria is an investor in the NATO Innovation Fund (NIF). The NIF is a VC fund that invests in and champions deep tech, dual-use companies across the 24 NATO countries backing it to address the Alliance's most pressing technology needs.

BULGARIA



RECENT DEVELOPMENTS ↙

- SAFE loan disbursing. €3.3bn ratified 31 July 2026; first €489.3m tranche received 28 August 2026.
- National Plan adopted (10 June 2026). Targets 5% of GDP on defence by 2035 – supersedes the old 3.5%-by-2032 target.
- Rheinmetall–VMZ Sopot JV still unformed. The ministry announced a strategic agreement in October 2025, but there is no founding agreement or secured financing and the site is disputed; new government restarting talks from scratch as of July 2026.
- EnduroSat’s planned Dobroslavtsi hub (August 2026). EnduroSat signed a memorandum of understanding with the Bulgarian government to develop the former military airbase into a space-and-defence R&D and production centre.
- Dronamics × HENSOLDT (February 2026). Joint unmanned ISTAR/AEW platform combining the Black Swan UAV with HENSOLDT’s mission suite; HENSOLDT’s 12 February 2026 announcement states an endurance of more than 24 hours for the Black Swan (stated capability, not a demonstrated result) and plans demonstrations later in 2026. The companies describe it as “100% Made in Europe”.
- Defence Technological and Industrial Base (BDTIB) Strategy adopted (16 April 2026). National defence-industrial roadmap to 2035 – now being tested by the VMZ/Rheinmetall dispute.
- NIS2 Cybersecurity Act amendments in force (13 February 2026). Expanded covered-entity scope, tighter incident-reporting timelines.
- Sofia Tech Park selected for NATO DIANA. M.A.D.A.R.A. accelerator confirmed to join the network in 2027.
- Rohde & Schwarz × Wiser Technology MoU (4 June 2026). German defence-electronics group signs a memorandum of understanding with Wiser to explore cooperation across defence, security, aerospace and mission-critical digital systems.
- Modernisation slippage. F-16 Block 70 full operational readiness pushed to 2028; Gripen lease stopgap under discussion.

BULGARIA: COMPANIES TO WATCH



ALCATRAZ AI

AI facial-authentication and anti-tailgating systems for physical access control, including aviation and critical infrastructure.



BRONIA.AI

AI-powered acoustic detection and source localisation for defence, public safety and industrial applications.



DRONAMICS

Developer of the Black Swan cargo UAV (350 kg payload, 2,500 km range); pivoting towards dual-use ISR and tactical resupply applications.



ENDUROSAT

Leading European nanosatellite and data-as-a-service provider; dual-use satellite constellations and secure communications platforms for ESA and NATO partners.



MILARA INTERNATIONAL

Robotics/automation and CNC-machining group producing industrial and military-grade unmanned ground vehicles, robotic manufacturing systems and semiconductor-equipment components.



NEUROMORPHICA

Building neuromorphic event-driven vision systems for real-time threat detection.



WISEBEE

Autonomous cybersecurity platform for mid-market organisations, with auto-remediation.



WISER TECHNOLOGY

Software engineering company building real-time, AI-driven software solutions.



REPORT CONTRIBUTORS

DRIVING DEFENCE INNOVATION
WITH ACTION & CAPITAL



Balnord



ACKNOWLEDGEMENTS



WE CORDIALLY THANK ALL OUR CONTRIBUTORS AND THE TEAM BEHIND THE REPORT.

IN ALPHABETICAL ORDER:

- Ada Chai
- Amalia Kontesi
- Anita Galdina
- Colin Brown
- Dalia Tamašauskaitė-Žilienė
- Erik Bhullar
- Erwan Cozanet
- Harriet Archer
- Inese Hazenfusa
- Ingrid Kovacic
- Jan Lukacevic
- Jarek Pilarczyk
- Kadri Kallas
- Lorenzo Chiavarini
- Luke Lantsoght Bartoli
- Marko Kyyrönen
- Matas Balėnas
- Marilyn Valend
- Mirko Kikkamägi
- Patrick Schneider-Sikorsky
- Petr Šima
- Sandra Golbreich
- Silvija Berštautienė
- Tadas Gudaitis
- Vesa Laakso
- Viktorija Trimbel
- Vivian Lepparu
- Wojciech Drewczynski

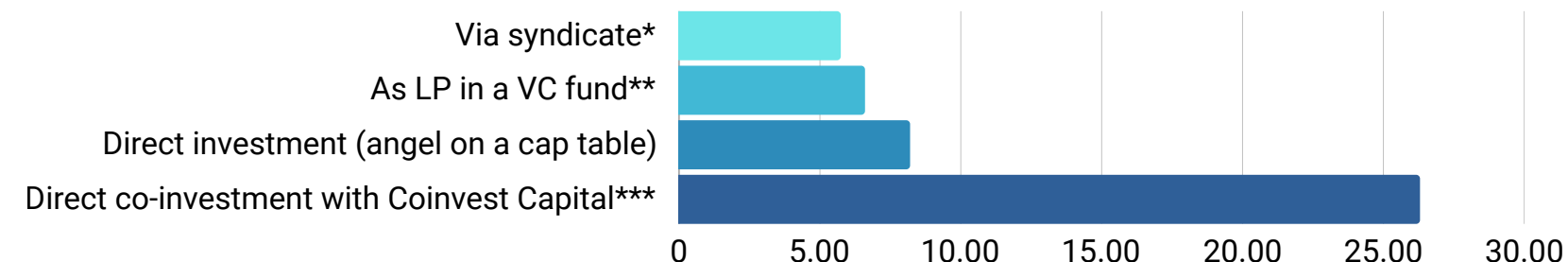


Austėja Lazaravičiūtė
Editor-in-Chief

WHO WE ARE

- An evergreen sovereign VC with committed capital of €56m, co-investing in European startups that bring value to Lithuania.
- An active market player: #1 by deal count in Lithuania in 2023, 2024 and 2025 (Dealroom), #3 in CEE in 2024 (Pitchbook), #7 in Europe in Q2 2025 (Sifted)
- Sector- and stage-agnostic, well aligned with the long R&D cycles of the space, defence, deep tech and life sciences industries.
- Two co-investment models and a mix thereof:
 - Unique in the world, results-based profit-sharing incentive for investors - we cap our IRR at 4-8% and transfer surplus to eligible private co-investors
 - Equal terms (pari passu)
- No minimum ticket for co-investors, max ticket per startup: €3m
- We can lead, co-lead, or follow, performing independent due diligence on every deal, no auto-matching.
- We act as market catalyst & gap filler - up to 75% in a profit-sharing structure, up to 50% on pari passu terms.

SAME EXIT, DIFFERENT RETURN POTENTIAL



KEY ASSUMPTIONS

Same assumption in calculations - €1m invested, exit for €10m in 5 years

*syndicates can be structured in different ways with a different cost structure, this sample includes both admin and success fees

** based on assumptions that the overall return of a fund after 10-12 years will be at least the same as in this sample

*** based on an assumption that Coinvest Capital VC added extra €3m at max 75%/25% and capped its return at 8% annual IRR.

DEFENCE PORTFOLIO HIGHLIGHTS:



ASTROLIGHT



UNMANNED DEFENSE SYSTEMS



REPSENSE



LUNA ROBOTICS

LUNA ROBOTICS



PD KINEMATICS



MONOPULSE



STARFLIGHT DYNAMICS



AIRVOLVE

Balnord

HIGH-CONVICTION INVESTOR IN FRONTIER & DUAL-USE TECHNOLOGIES

Baltic Sea Region & Northern Europe

Backing technologies critical to Europe's autonomy, resilience and reindustrialisation.

STAGE	INITIAL TICKET	FUND I	APPROACH
Pre-Seed & Seed	€0.5 - 3m	\$100m+	Lead / Co-Lead



Marcin P.
Kowalik
Managing Partner



Aleksander
Dobrzyniecki
General Partner



Jarek Pilarczyk
Partner

SELECTED PORTFOLIO



Microamp

Resilient private 5G mmWave networks

Microamp builds ultra-high-speed, low-latency private wireless networks for industry, critical infrastructure and defence. Its software-defined mmWave technology enables secure, multi-gigabit connectivity in interference-heavy and contested environments.

2026 highlight: €6.5m EIC Accelerator funding to develop its next-generation Any-G mmWave AI-RAN platform.



AI-powered intelligence for hybrid threats

Osavul uses AI to identify hostile intent across information, cyber and physical domains – from influence operations and cyberattacks to sabotage of critical infrastructure. Its technology is trusted by NATO and by government and defence institutions worldwide.

2026 highlight: €8.5m Series A led by 33N Ventures, with Balnord, G+D Ventures and 42CAP.



Actionable intelligence from SAR imagery

SATIM turns complex Synthetic Aperture Radar imagery into actionable intelligence, automatically detecting and classifying vessels, aircraft and vehicles. Its technology supports defence, intelligence and commercial Earth-observation applications.

SATIM technology is already deployed within Rheinmetall's satellite reconnaissance programme for the Bundeswehr and integrated with leading SAR ecosystems.

FULL PORTFOLIO → balnord.vc/portfolio



ANDRIUS
MILINAVIČIUS



SANDRA
GOLBREICH



JANA
BUDKOVSKAJA



ERIK
BHULLAR

Investment geography: Europe's North-East Nations (Nordics, Baltics, Poland, Czechia)

Industry focus: Deep tech = product/technology rooted in a scientific or engineering breakthrough.

Investment thesis/purpose: A venture capital fund investing in critical/sovereign tech emerging from deep tech, life sciences and dual-use technology industries. BSV Ventures invests in early-stage R&D-focused teams solving complex technical challenges with large potential for commercial application. Backed by the NATO Innovation Fund (November 2024).

DEFENCE PORTFOLIO HIGHLIGHTS:



Early warning before hostile narratives escalate. A European security company with AI-powered narrative and risk intelligence to monitor information operations across broadcast, social and video, for defence, government and StratCom teams. <https://repsense.io/>



Stop drone threats before they reach the perimeter and find who is flying them. AI-powered drone detection, tracking and pilot localisation for critical infrastructure, public safety and defence. <https://trackdeep.ai/>



Battlefield-proven early warning against air threats. AI-powered acoustic sensor networks that detect, identify and locate threats in the air and over water, integrating seamlessly with existing defence systems. <https://www.zvook.tech/en>



Eyes in the sky for hours, even where GPS is jammed. Hydrogen-powered drones with onboard compute, built for long, autonomous flight in GNSS-denied environments, for defence, emergency response and critical-infrastructure inspection. <https://www.skycorp.tech/>



Enabling organisations to use quantum computers for forecasting, risk and anomaly detection and decision-making. Their AI foundation models automate quantum hardware calibration, cutting noise and stabilising execution on today's available hardware. <https://firstqfm.com/>



Keeping forces connected when networks are jammed or under attack. Their US-patented, software-defined mesh solves interoperability across radios, LTE and 5G networks, keeping data moving across land, sea and air in harsh and contested environments. <https://wayren.ee/>



Securing Europe's supply of critical metals from its own e-waste and spent ammunition. Their chemical-free recycling plants recover copper, gold and rare-earth metals, with mobile plants that come to the recycler, decentralising the infrastructure. <https://www.impactpcb.com/>



Round-the-clock power for bases and critical sites from local solar and wind, with no lithium supply risk. Their aqueous copper flow battery stores 4 to 12+ hours of energy and is built to last 20+ years and 25,000 cycles, with zero lithium fire-risk. <https://halide.energy/>



Global startup & venture capital intelligence platform.

Dealroom.co is a global intelligence platform for discovering and tracking the most promising companies, technologies and ecosystems. Clients include many of the world’s foremost organisations such as Sequoia, Accel, Index Ventures, NATO Innovation Fund, NATO DIANA, European Defence Fund, ESA, McKinsey, BCG, Deloitte, Google, AWS, Microsoft, Stripe.

Dealroom partners closely with local tech ecosystem development agencies and enablers, to create a comprehensive multi-dimensional blueprint of the tech ecosystem, including capital, talent, innovation, entrepreneurship and overall economic dynamism.



Contributors to this report:



Lorenzo Chiavarini
Head of Research



Luke Lantsoght Bartoli
Research Associate



Erwan Cozanet
Research Associate



HQ: Prague, Czechia
Investment geography: Europe

A €30m fund backing Europe's boldest early-stage innovators, utilising emerging and disruptive technologies for building critical infrastructure & European resilience.

Industry focus: Space & Defence, Cybersecurity, FinTech.

DEPO builds on the history of angel funds with 50+ invested companies and invests first tickets of €200k-€500k in the pre-seed phase.

The current regional focus is the entire continent of Europe, including Ukraine.

DEPO hosts the Engaged Investments Conference, where CEE investors meet.



CEE TECH PORTFOLIO

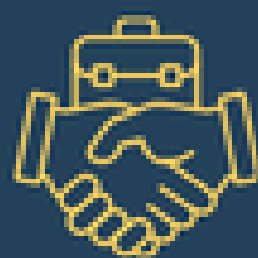




Investments for the Lithuanian Economy

ilte

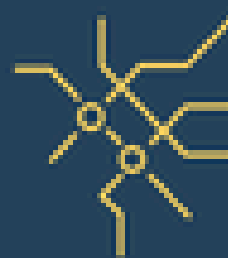
National
Development
Bank



**Empowering business
start-ups and
expansion**



**Supporting
Innovative
Start-ups**



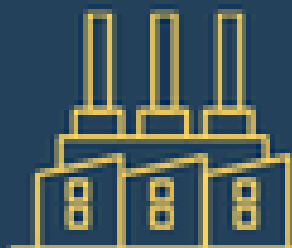
**Investing in
Infrastructure**



**Strengthening
National
Defense**



**Advancing Energy
projects**



**Boosting
Industry**



**Financing
Agriculture**



1,6 BILLION EUR
Portfolio Under Management

**Loans | Guarantees | Venture Capital |
Compensation**

**Supporting businesses | Agriculture |
Public sector**



The NATO Innovation Fund is a venture capital firm that sets the direction for NATO's defence, security and resilience (DSR) ecosystem. We invest in and champion deep tech, dual-use companies across the 24 NATO countries backing us to address the Alliance's most pressing needs and protect our nations.

€1bn+

under management and growing

30+

direct and fund investments

15-year

fund, with reserves for follow-on rounds

What we do:

- **deliver capability** - adoption-ready deep tech for Allied needs
- **support promising strategic technologies** with dual-use potential and
- **expand market capacity** through fund-of-funds and seed investments that catalyse local ecosystems

Investment approach: Seed to Series B rounds in DSR and dual-use tech meeting Allied capability gaps, across our 24 LP nations.

♦ PORTFOLIO HIGHLIGHTS

KELLUU

Direct investment · Finland

Operates the world's largest fleet of autonomous, hydrogen-powered airships – a persistent aerial data layer between satellites and drones, for defence, critical infrastructure and environmental intelligence.

kelluu.com

Expeditions

Fund investment · Poland

A leading early-stage investor in European security, backing ambitious founders at the intersection of security and deep tech.

expeditionsfund.com

BSV

Fund investment · Lithuania

A leading Pre-Seed and Seed investor in deep tech, life sciences and dual-use technologies, enabling early-stage innovators from the Baltics and the EU to build and scale internationally.

bsv.ventures

RESILIENCE MEDIA



Resilience Media is an independent publication focused on defence, security and resilience. It is run by tech media and industry professionals who care about the defence and security of their democracies. Resilience Media is a mission-driven business that champions the role of startups and the tech sector in defence and national security by bringing together the public sector and tech sector at events and by covering their stories in our media outlet.

SPARKMIND* CAPITAL

Sparkmind Capital is currently raising its second fund (€150m hard cap), focused on making investments of €5m–€15m in companies with €5m–€50m in revenue to fund their early growth and help them go to market in Europe.

Space, energy, cyber, advanced materials and military are the key domains.

The fund has 5 GPs and 8 venture partners and focuses on the Nordics, Baltics, Poland and Ukraine.

Follow us on the **Protect Europe Podcast**, where each week we profile the most talented Founders and best Investors and LPs in the DSR space. Also, once a month, on **Category Leaders Podcast**, we tell the story of the best in the world, based in Europe companies such as ASML, BAE Systems and the Norwegian Sovereign Wealth Fund.

Website: <https://sparkmind.capital/security/>
[YouTube](#), [Spotify](#), [Substack](#)

Podcasts

CHOOSE A SHOW

Protect Europe Podcast (PEP) (63) Category Leaders (10) Investor (26)

OR CHOOSE A DOMAIN

Military (18) Advanced Materials (13) Cyber (8) Energy (8) Space (8)

OR CHOOSE A COUNTRY

Lithuania (4) Estonia (8) Poland (4) Ukraine (8) Norway (2) Denmark (3) Sweden (5) Finland (14)



Europe has the Capital: We need more Ambition



EDT: The Capital Europe Needs to Keep Its Technology



SeAtom: Building Nuclear-Capable Shipping



About us

TEGOS is one of the largest commercial law firms in the Baltics, with more than 30 years of experience and over 210 lawyers across Estonia, Latvia and Lithuania. TEGOS advises businesses, investors and organisations on their most important legal matters, combining strong local expertise with a regional perspective and international reach.

Defence Industry at TEGOS

We help defence sector companies grow with legal clarity in complex environments, guided by deep regulatory insight and interdisciplinary expertise.

Our expertise is trusted by leading defence and dual-use technology companies. We have advised on high-stakes investments, international tenders, national security compliance and export control matters. We are also active participants in strengthening regional security through our legal work and our public commitments.

Areas of expertise:

- International sanctions
- Intellectual property protection
- Regulatory compliance
- Public procurement in the defence and security sectors
- Contract drafting and negotiation
- Financing solutions for defence and security companies
- Market entry legal assistance and product launch support
- Cybersecurity and data protection
- Mergers and acquisitions

Primary contacts for the defence industry:



Mirko Kikkamägi

Counsel

+372 5660 0826
mirko.kikkamagi@tegos.legal
Liivalaia 36, Tallinn, **Estonia**



Inese Hazenfusa

Partner

+371 2646 8654
inese.hazenfusa@tegos.legal
Elizabetes 63-11, Riga, **Latvia**



Matas Balėnas

Partner

+370 687 51 217
matas.balenas@tegos.legal
Konstitucijos Ave. 21A, Vilnius, **Lithuania**

GLOSSARY

SCOPE AND INVESTMENT



Deep tech – Technologies rooted in scientific or engineering breakthroughs, typically requiring substantial research, technical validation and development before commercialisation.

Defence tech – Technologies developed primarily for military users and missions, including combat systems, intelligence, protection, communications and operational support.

Dual-use – Technologies with both civilian and military applications, including innovations developed in commercial markets and adapted for defence.

Funding round – A financing event in which a company raises capital from one or more investors. Round labels and stage classifications follow the underlying dataset.

Non-dilutive funding – Funding, such as an equity-free grant, provided without reducing existing shareholders' ownership in a company.

Tough Tech – The report's umbrella term for high-impact, science- and engineering-led technologies central to defence, dual-use, cyber and space innovation ecosystems.

Tough Ten – The ten countries covered by this report: Bulgaria, Czechia, Estonia, Finland, Hungary, Latvia, Lithuania, Poland, Romania and Slovakia. The grouping comprises the Bucharest Nine (B9) and Finland.

Venture capital (VC) – Investment in privately held companies with high growth potential, generally in exchange for equity. Investors seek returns through company growth and an eventual exit.

INSTITUTIONS AND PROGRAMMES



DIANA (Defence Innovation Accelerator for the North Atlantic) – NATO's accelerator for dual-use innovation, providing selected companies with funding, mentoring, defence expertise and access to testing facilities.

EDF (European Defence Fund) – The EU programme supporting collaborative defence research and development, primarily through grants to cross-border projects involving companies and research organisations.

EDIP (European Defence Industry Programme) – An EU programme supporting defence industrial readiness, production capacity, common procurement and security of supply.

EUDIS (EU Defence Innovation Scheme) – Innovation support within the EDF, helping startups, smaller companies and other innovators develop, demonstrate and commercialise technologies for defence.

SAFE (Security Action for Europe) – An EU financing instrument providing long-term loans to Member States for defence investment and procurement.

TECHNOLOGY AND CAPABILITIES



AI (artificial intelligence) – Computer systems that perform tasks such as recognising patterns, interpreting information, generating content and supporting decisions.

Autonomous systems – Systems capable of performing specified tasks without continuous human control. The degree of autonomy depends on the system, its operating conditions and the task.

C4ISR (Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance) – Capabilities that connect information gathering, situational awareness, decision-making and the coordination of military operations.

TRL (technology readiness level) – A nine-level scale of technological maturity, ranging from basic principles observed (TRL 1) to a system proven in operational use (TRL 9).

EDTs (emerging and disruptive technologies) – Technologies with the potential to substantially change defence capabilities and operations, including AI, autonomy, quantum technologies, biotechnology and advanced materials.

UAV / UAS (unmanned aerial vehicle / unmanned aircraft system) – UAV refers to the aircraft; UAS includes the aircraft and the equipment needed to control and operate it. Also described as uncrewed.

UGV (uncrewed ground vehicle) – A ground-based vehicle operating without an onboard driver, using remote control, autonomous functions or a combination of both.



TOUGH TECH BY THE TOUGH TEN



Find a full report online

www.investingfordefence.com