2025

WAR-DRIVEN: THE RISE OF UKRAINIAN DEFENCE TECH AND THE PRIVATE INDUSTRY BEHIND IT

Report on trends, needs, and expectations of Ukrainian defence tech producers towards international partnerships

Tech Force in UA

BRDO
Better Regulation Delivery Office

ABOUT THIS REPORT

Against the backdrop of modern asymmetric warfare, this report equips stakeholders with targeted insights to strengthen Ukraine's defence industry and foster international cooperation.

IT IS AN ESSENTIAL RESOURCE FOR

- European policymakers shaping supportive policies
- Investors assessing market opportunities and risks
- International B2B partners seeking collaboration
- Stakeholders aiming to understand the private sector's capabilities and challenges

ASYMMETRIC WEAPONS PRODUCERS

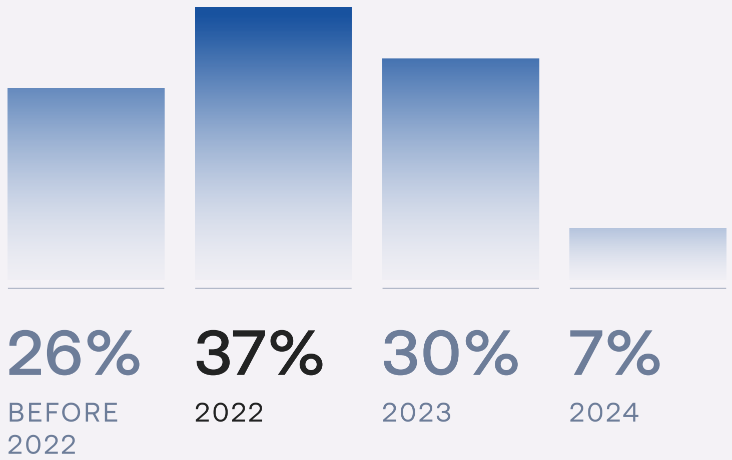
These companies are scaling rapidly to meet demand, as evidenced by a compound average growth rate of

218%

› TFUA MEMBERS' REVENUE GROWTH

2023

› MILTECH FOUNDING/ PIVOT DATE



2024

2025

TFUA Members' Forecasted 2025 Revenue

€4B

REVENUE STREAMS

Diversification of buyers has become a cornerstone of Ukraine's defence tech industry growth. While government contracts remain important, no company relies exclusively on them.

88% of companies depend at least partially on direct procurements by military units, compared to 64% fulfilling government contracts.

ENABLERS OF SUCCESS

New demand from military units, volunteer fundraisers and local governments has made the market much more competitive.

› MAIN GROWTH DRIVERS

24%

Price advantage

45%

Fast time-to-market

45%

Growth in government contracts

55%

Direct orders from military units

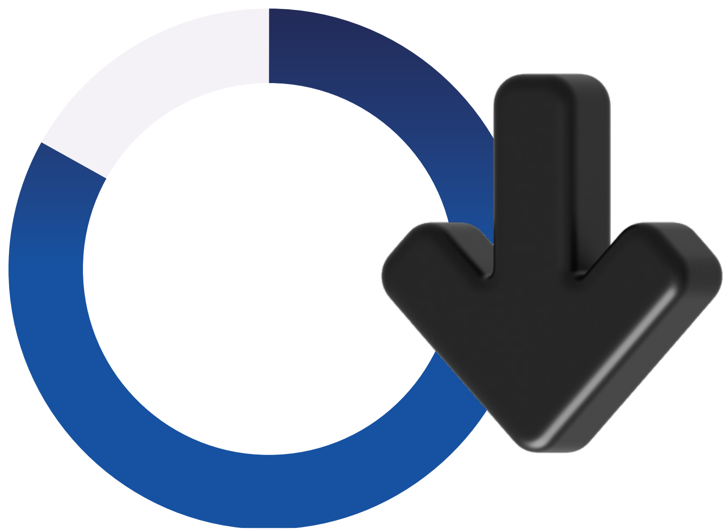
72%

Quality advantage

GROWTH BLOCKERS

Despite the clear boom in the industry, the realities of war have introduced significant obstacles to further defence tech development.

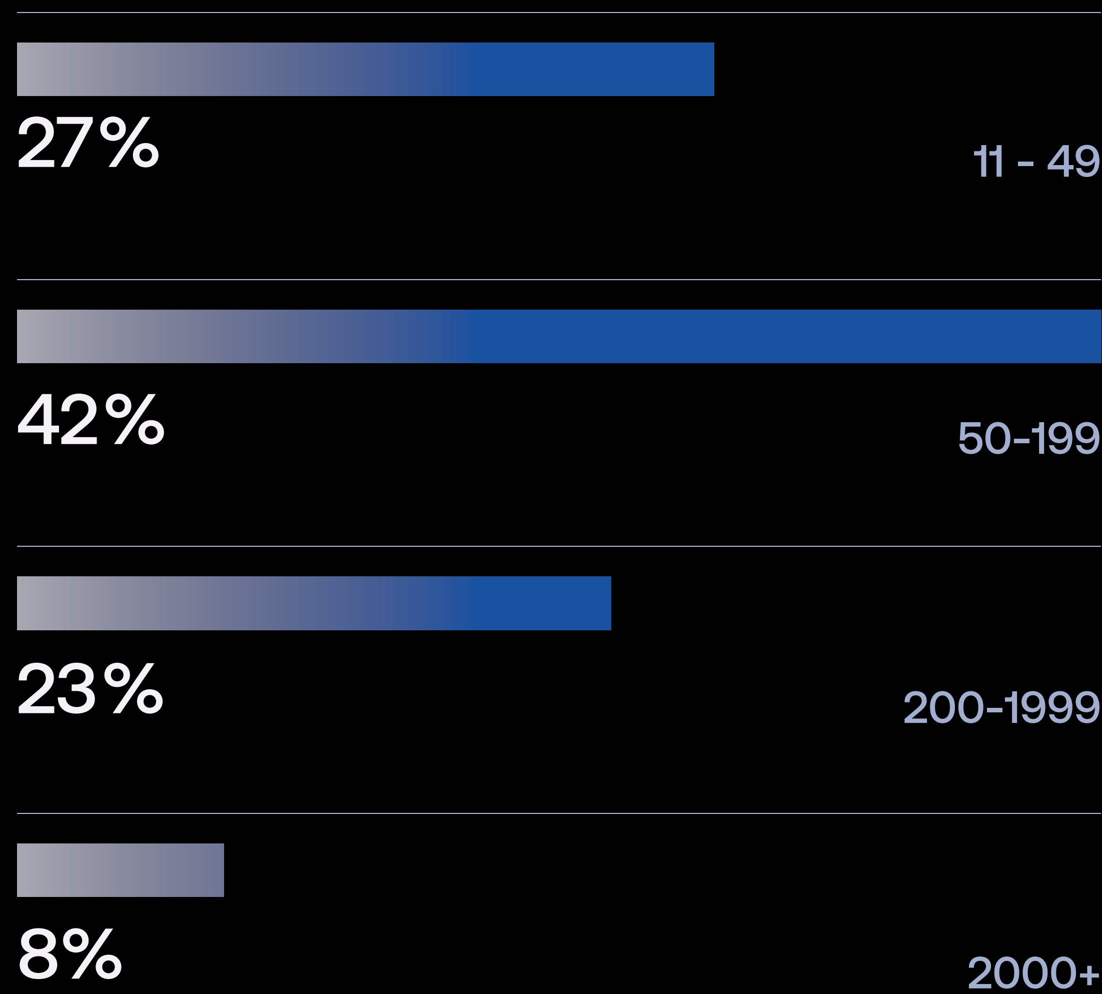
79% indicate short-term contracts as a blocker



HUMAN CAPITAL

The majority of defence tech producers employ tens to hundreds of employees, reflecting their startup-like structure and flexibility.

NUMBER OF EMPLOYEES



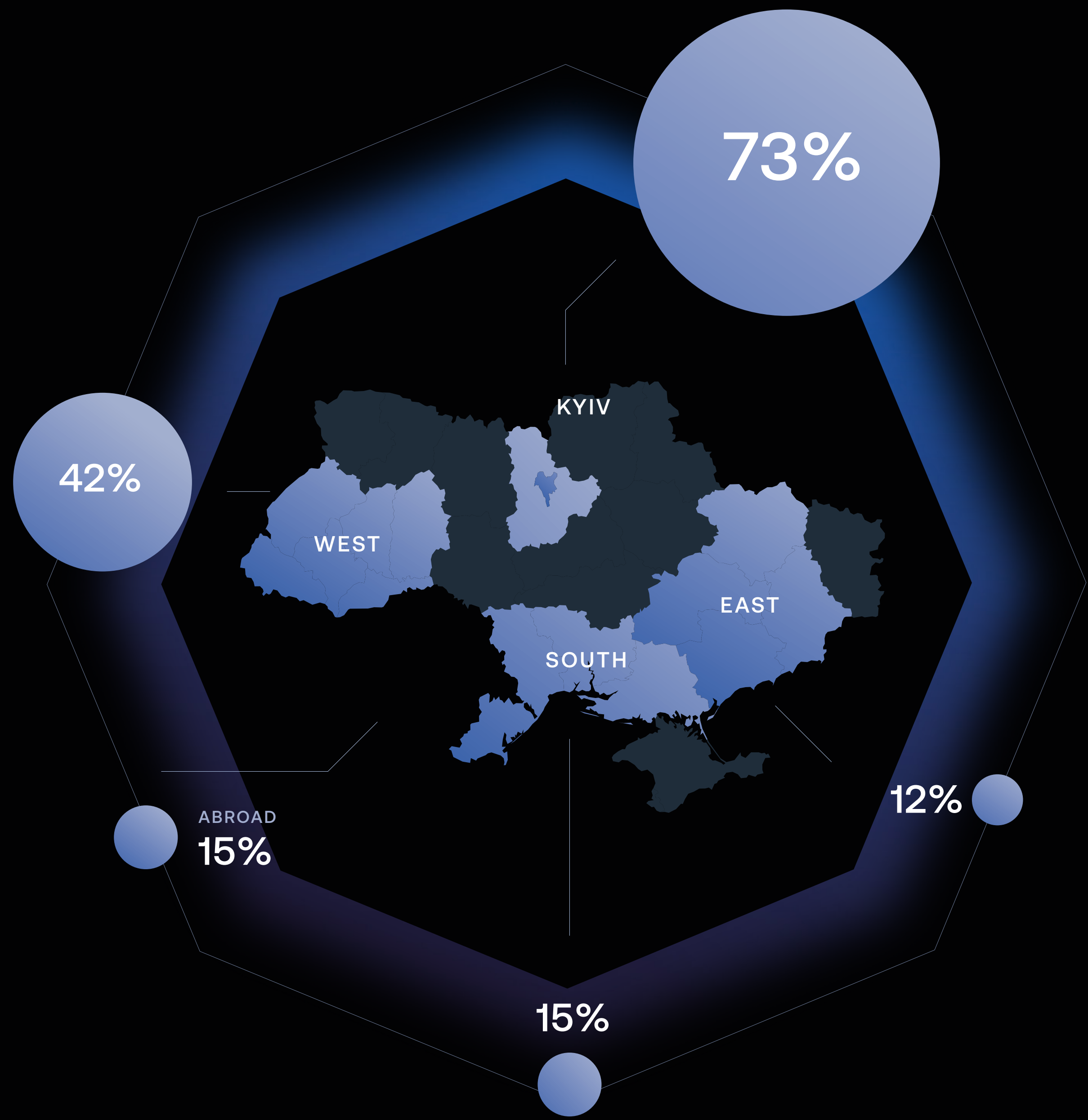
PRODUCTION GEOGRAPHY

40%+

operate five or more facilities, often spread across different regions.

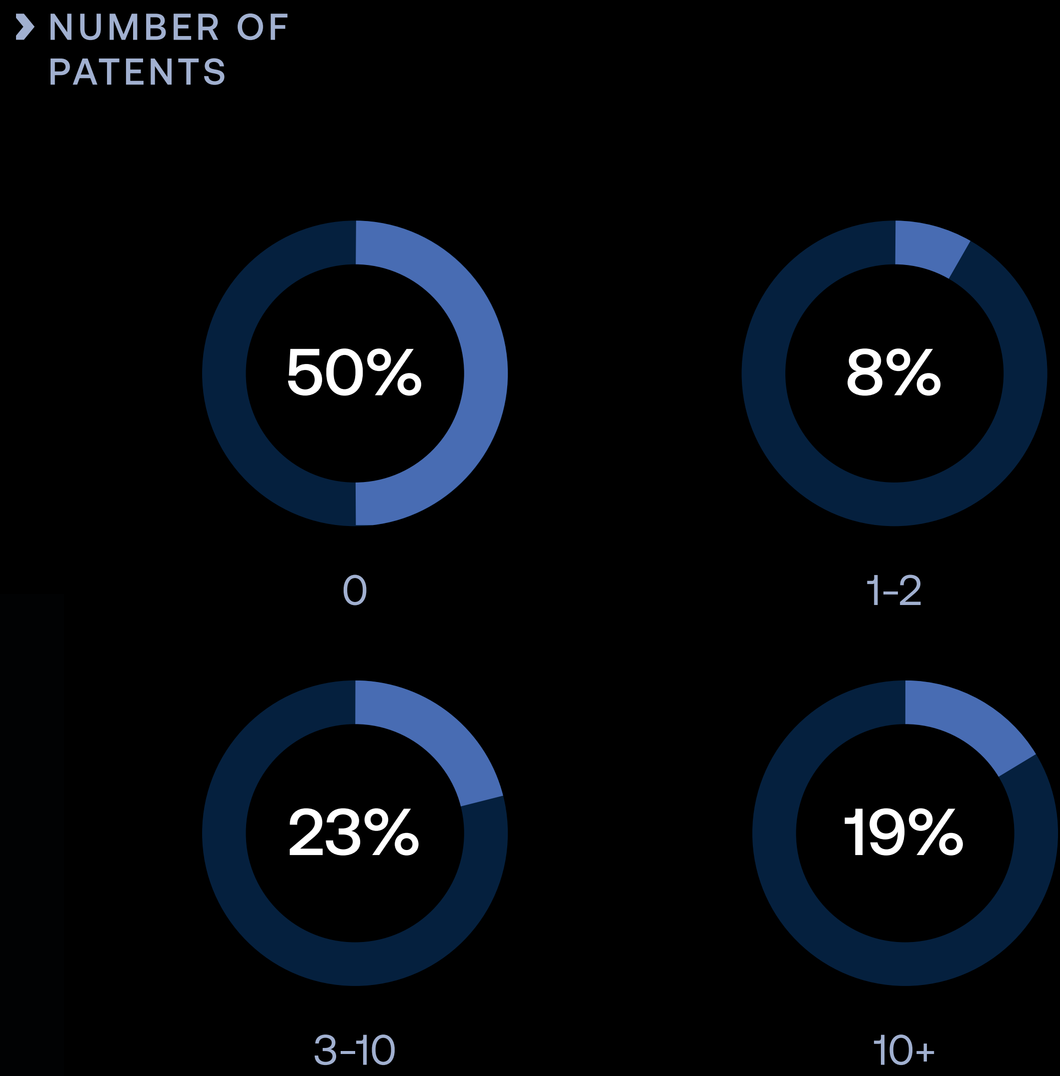
3 months

Median time to establish a new production site



INNOVATION AND R&D

Ukrainian defence tech producers have embraced rapid innovation cycles centered on continuous feedback.



COMPONENTS SOURCING

28%

of companies source at least half of their components domestically.

Initially, many manufacturers relied on Commercial-Off-The-Shelf Chinese components to enable rapid production scaling.

01

As demand for more advanced and secure systems increased, companies began sourcing higher-quality parts from Europe and the US.

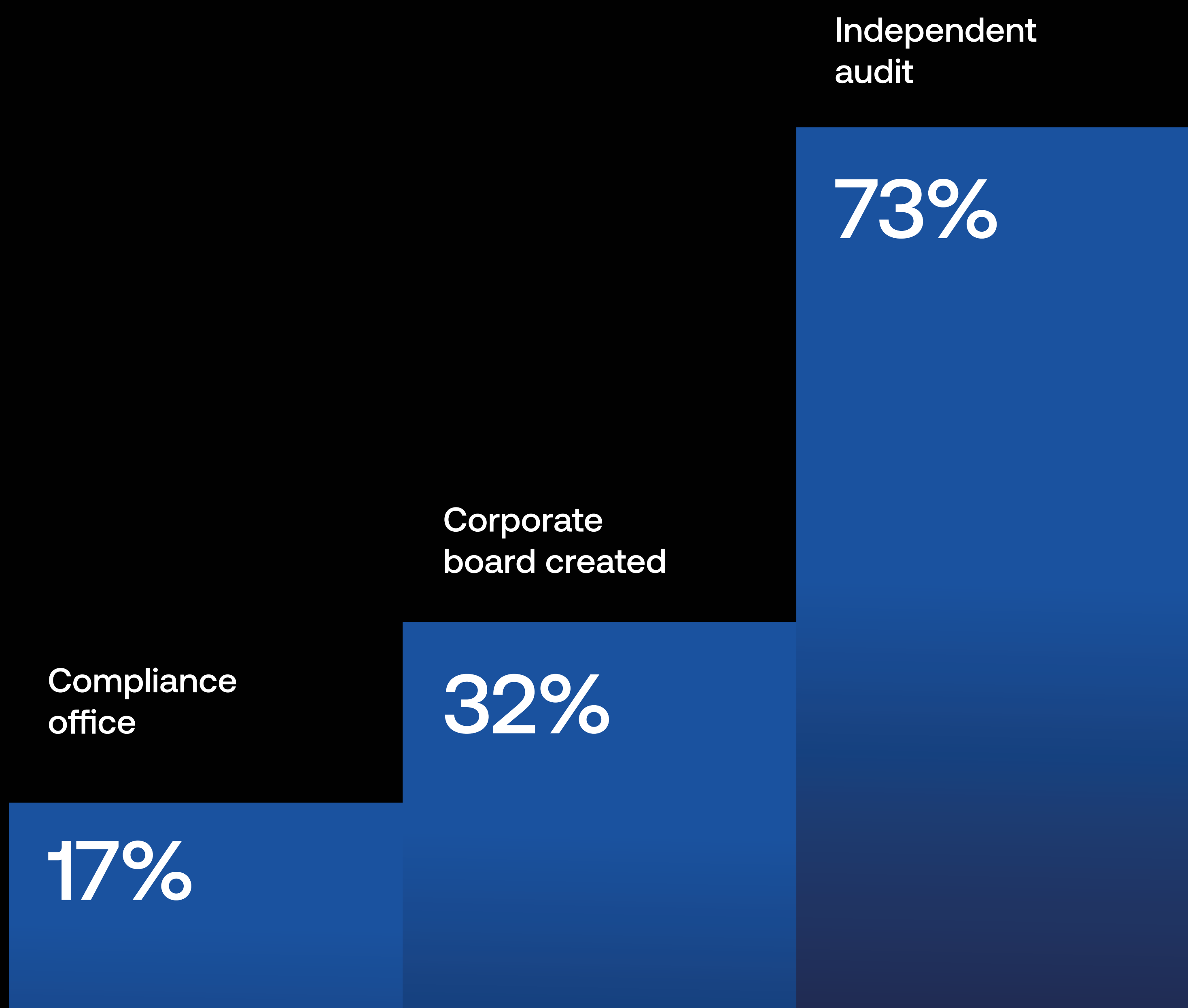
02

In response to geopolitical tensions and export restrictions, Ukrainian defence tech producers have gradually started localizing component production.

03

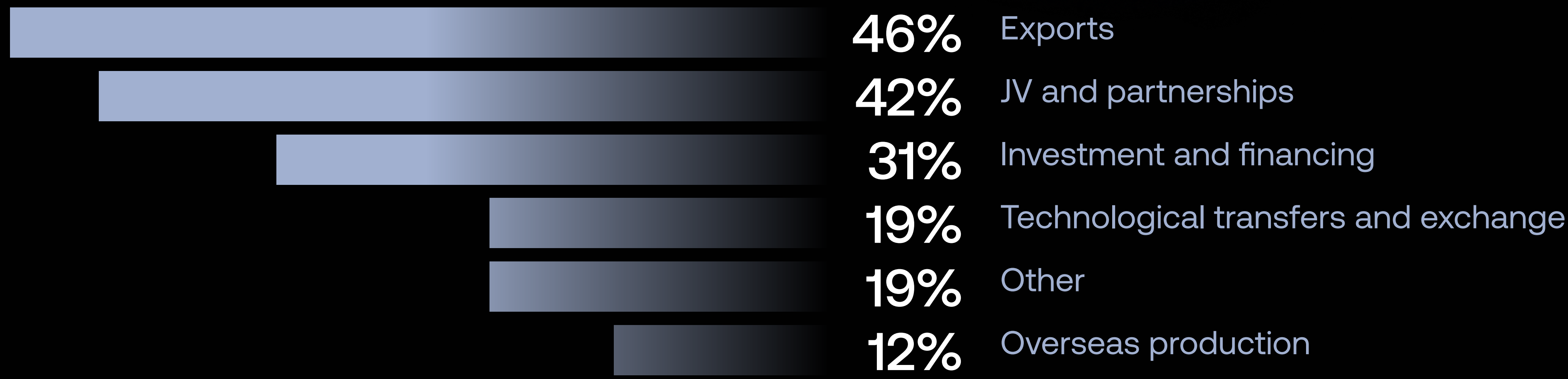
LEGAL STRUCTURING & CORPORATE GOVERNANCE

ELEMENTS OF COMPLIANCE POLICIES

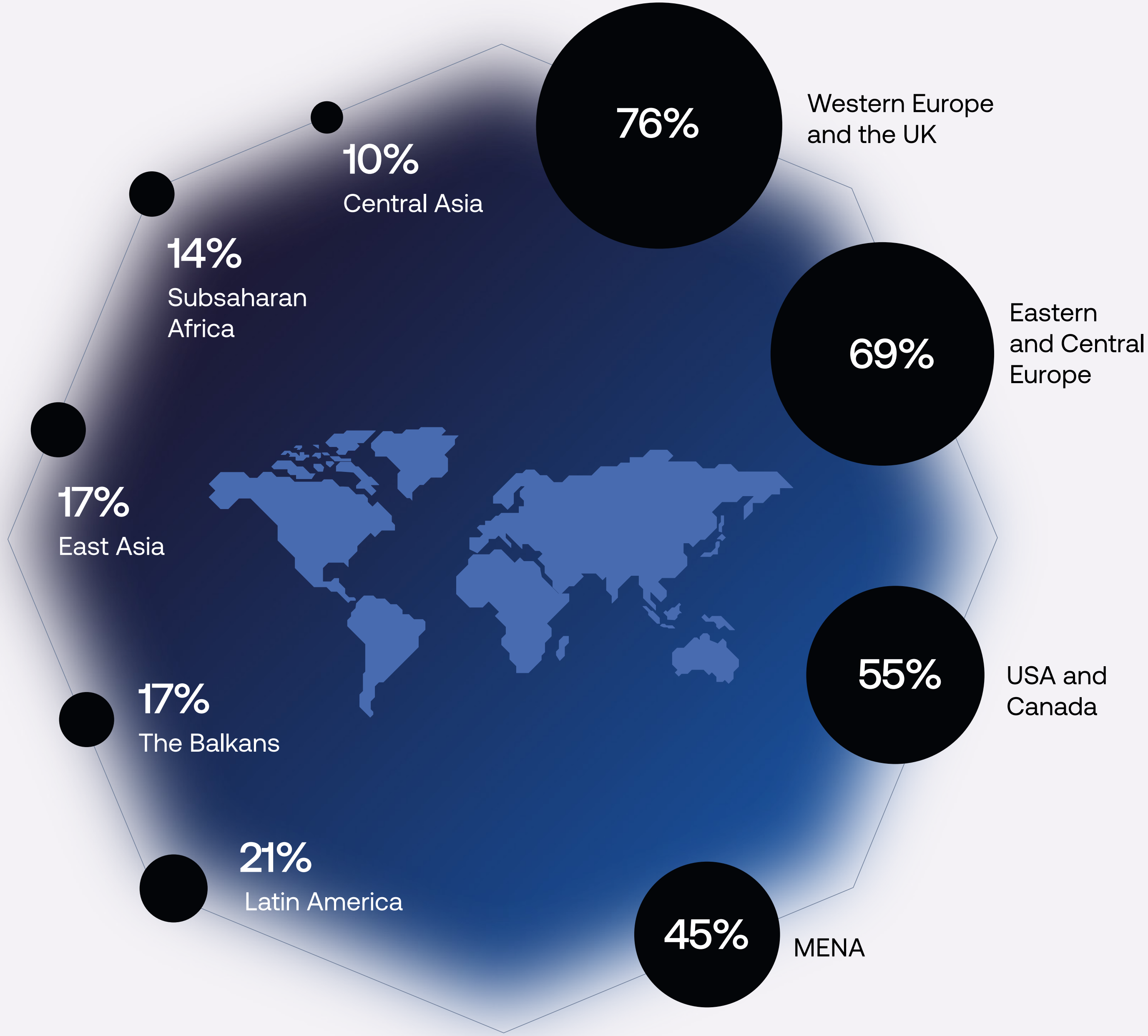


INTERNATIONAL COOPERATION

PRIORITIES IN INTERNATIONAL BUSINESS DEVELOPMENT



POTENTIAL EXPORT MARKETS



INVESTMENTS

R&D is the primary driver for defence tech producers seeking capital, with scaling up production a close second.

REASONS TO LOOK FOR INVESTMENTS

69%
R&D

59%
SCALING UP

48%
ENTERING NEW GEOGRAPHIC MARKETS

38%
ENTERING NEW PRODUCT MARKETS

7%
OTHER

POLICY RECOMMENDATIONS

To EU Member States' governments

Facilitate Innovative Procurement

Leverage Bilateral Cooperation with Ukraine

To the European Union and European Union institutions

Seize the Current Strategic Window

Ensure Full Program Access for Ukraine

Provide Guarantees and Financial Tools

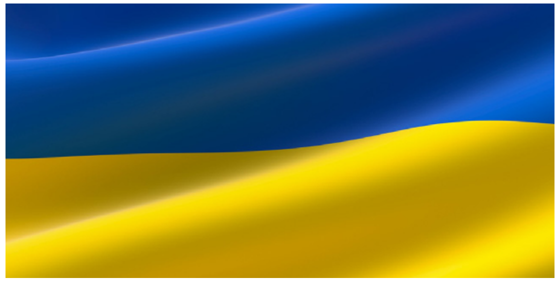
POLICY RECOMMENDATIONS

To the European industry

Enter and Partner with the Ukrainian Market

Mutual Supply and Technology Exchange

To the Government of Ukraine



Streamline Export Regulations

Facilitate Industry–EU Alignment

Ease Currency and Investment Regulations