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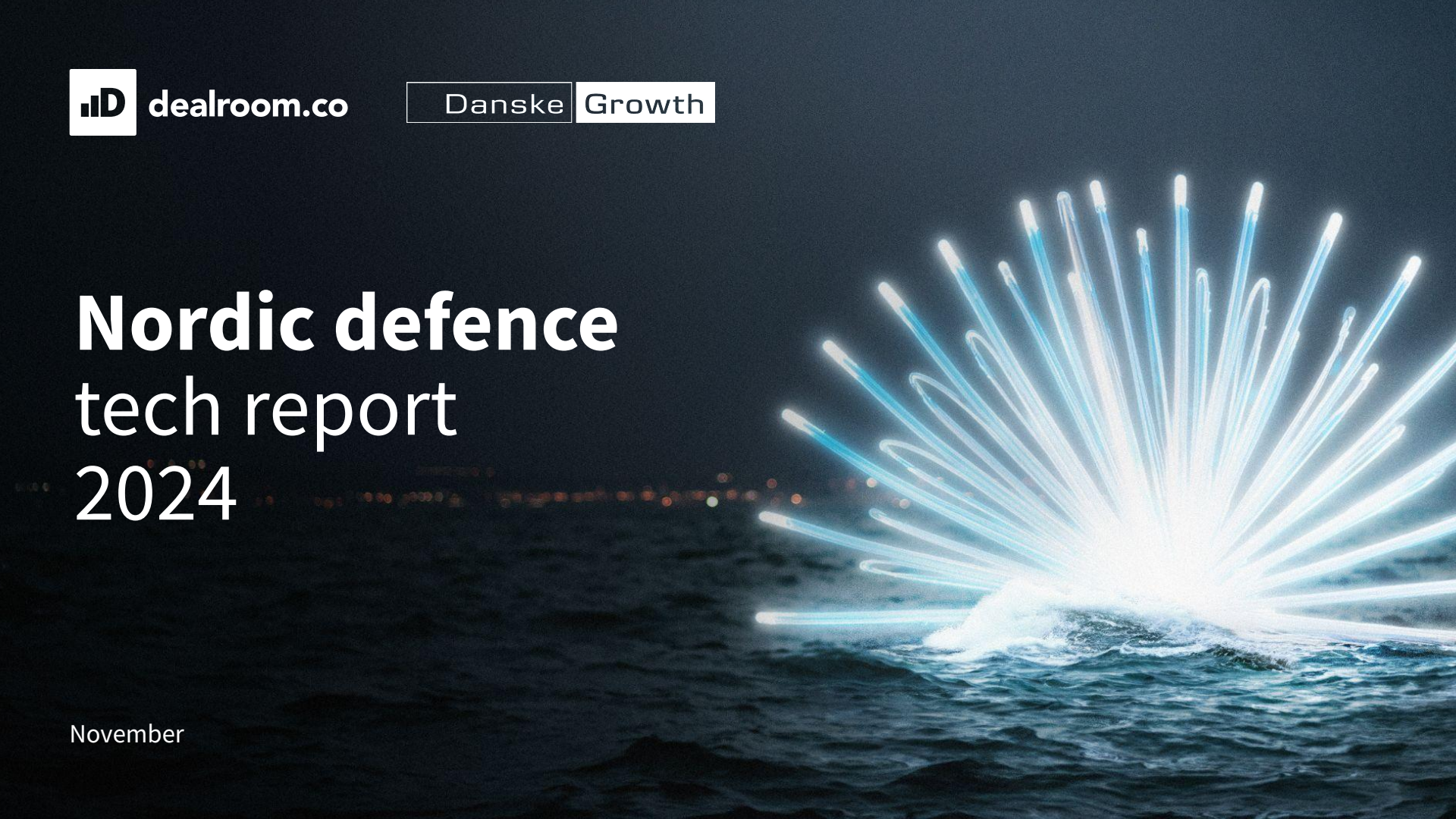
Danske Growth

Nordic defence tech report 2024



November

Introduction

Growing geopolitical tensions and rapid tech advancements underscore the importance of dual-use technologies in shaping Europe's and the Nordics' defence landscapes. These technologies, spanning civilian and military applications, are increasingly critical for national security, economic resilience, and technological leadership.

A European Commission report projects the global defence market will reach **$2.6 trillion by 2030,** with **quantum computing and space tech** playing key roles. Quantum promises breakthroughs in encryption and cybersecurity, while space technologies are essential for intelligence and surveillance. These innovations drive progress not only in defence but also in civilian sectors like telecommunications, energy, and healthcare.

The recent Nordic defence Conference emphasized the urgency of investing in dual-use tech to sustain competitive advantage in both civil and defence realms.

This report delves into dual-use tech investment across the Nordics and Europe, exploring how innovations in quantum and space tech are reshaping the future of defence and beyond.

Key Figures

$1B+
VC investment since 2019

$3.7B
Enterprise Value of Defence & Dual-use startups

76%
Share of Defence & Dual Tech VC funding going to Space and Quantum since 2019

130+
Defence & Dual-use startups in the Nordics

Source: Dealroom.co

The Nordics have lagged behind EU average in defence capabilities*. All are now strongly boosting defence spending, and as of March 2024, all have NATO membership.

Europe sovereignty index as of 2022 - defence

Country	Overall	Commitments	Capabilities
France	8.7	10.0	7.3
Germany	6.8	8.2	5.3
Italy	6.5	6.6	6.5
Netherlands	6.4	7.7	5.1
Belgium	6.3	7.5	5.0
EU	**5.9**	**6.8**	**5.0**
Greece	5.7	5.9	5.6
Spain	5.3	5.3	5.3
Estonia	4.9	7.0	2.9
Poland	4.9	6.3	3.4
Portugal	4.7	5.2	4.1
Slovenia	4.5	6.4	2.6
Denmark	**4.4**	**4.5**	**4.4**
Lithuania	4.3	6.4	2.2
Finland	**4.2**	**6.0**	**2.4**

Country	Overall	Commitments	Capabilities
Czech Rep.	4.2	5.0	3.3
Romania	4.0	4.9	3.1
Sweden	**3.7**	**3.8**	**3.6**
Luxembourg	3.7	4.2	3.2
Cyprus	3.5	5.6	1.4
Austria	3.4	4.5	2.4
Latvia	3.4	4.8	2.0
Croatia	3.2	3.7	2.8
Bulgaria	3.2	3.9	2.5
Slovakia	3.1	3.9	2.3
Hungary	2.9	3.4	2.4
Ireland	2.1	3.1	1.0
Malta	2.1	3.8	0.4

Nordic countries announced ramp-up of defence plans

Denmark plans to raise defence spending to 2.4% of GDP in 2024, exceeding NATO's 2% target. This $26 billion, decade-long plan includes major investments in cyber defence, military intelligence, and conscription to modernize Denmark's military and sustain a 2% spending level by 2030.

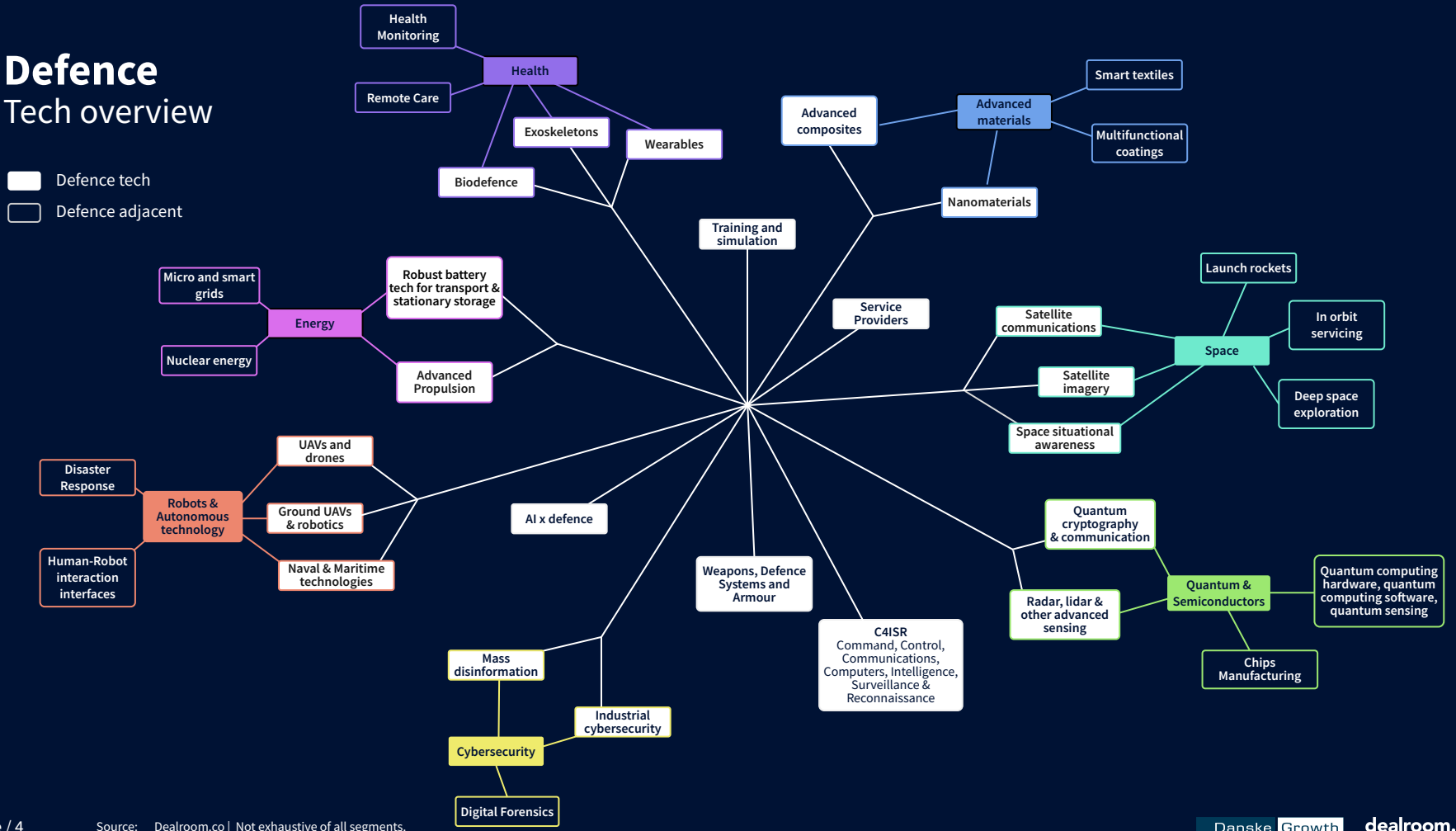
Sweden, the latest Nordic country to join NATO, aims to reach 2.6% of GDP by 2030. Already, Sweden has doubled its defence budget since 2020, allocating around $11 billion in 2024 to meet NATO's 2% GDP target.

Norway announced a "historic boost" in defence spending, with plans to double its budget over the next 12 years by adding €51 billion. This increase will support an expanded industrial base and armed forces, helping Norway meet NATO's 2% goal for the first time in 2024.

Finland, following NATO accession in 2023, will allocate 2.3% of GDP (around €6 billion) to defence in 2024, with a focus on reinforcing border security.

Source: ecfr.eu. *The index evaluates countries' capabilities based on defence spending, troop deployments in joint missions, membership and contributions to military alliances, industrial cooperation, and military equipment. (June 2022)

Defence
Tech overview



Source: Dealroom.co | Not exhaustive of all segments.

Defence terminology.

Dual-use tech

Any startups developing technologies, products or services with disclosed or *clear potential* application in the defence sector.

Examples: quantum technologies, space tech, etc.

Defence

Core company focus are technologies applied for military use.

Examples of Nordic startups:

MYDEFENCE · unbound autonomy · NAD NORDIC AIR DEFENCE · SKY-WATCH

Defence applications

Companies working on different segments and one application is defence.

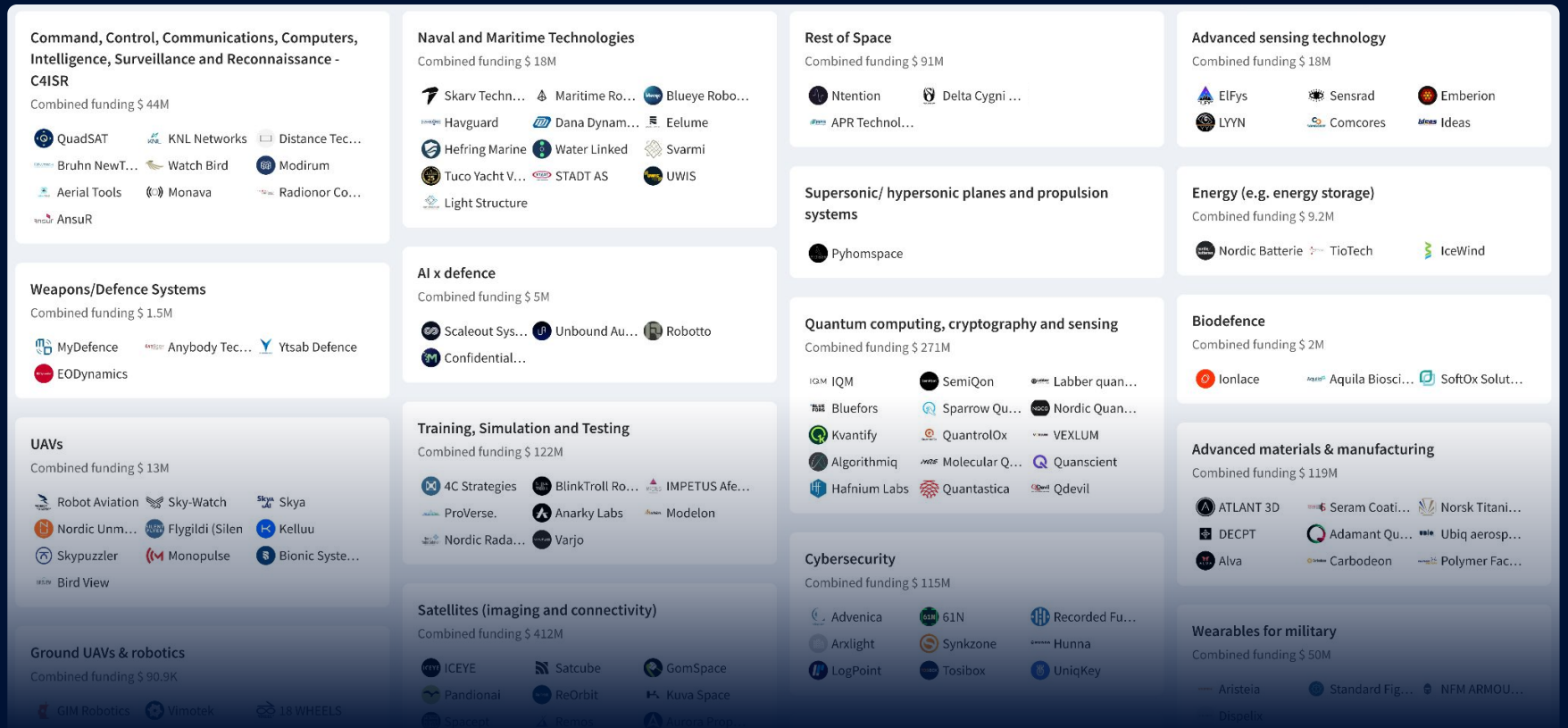
Examples of Nordic startups:

NORDIC UNMANNED · QUADSAT · MARITIME ROBOTICS · GIM ROBOTICS · Aquila bioscience

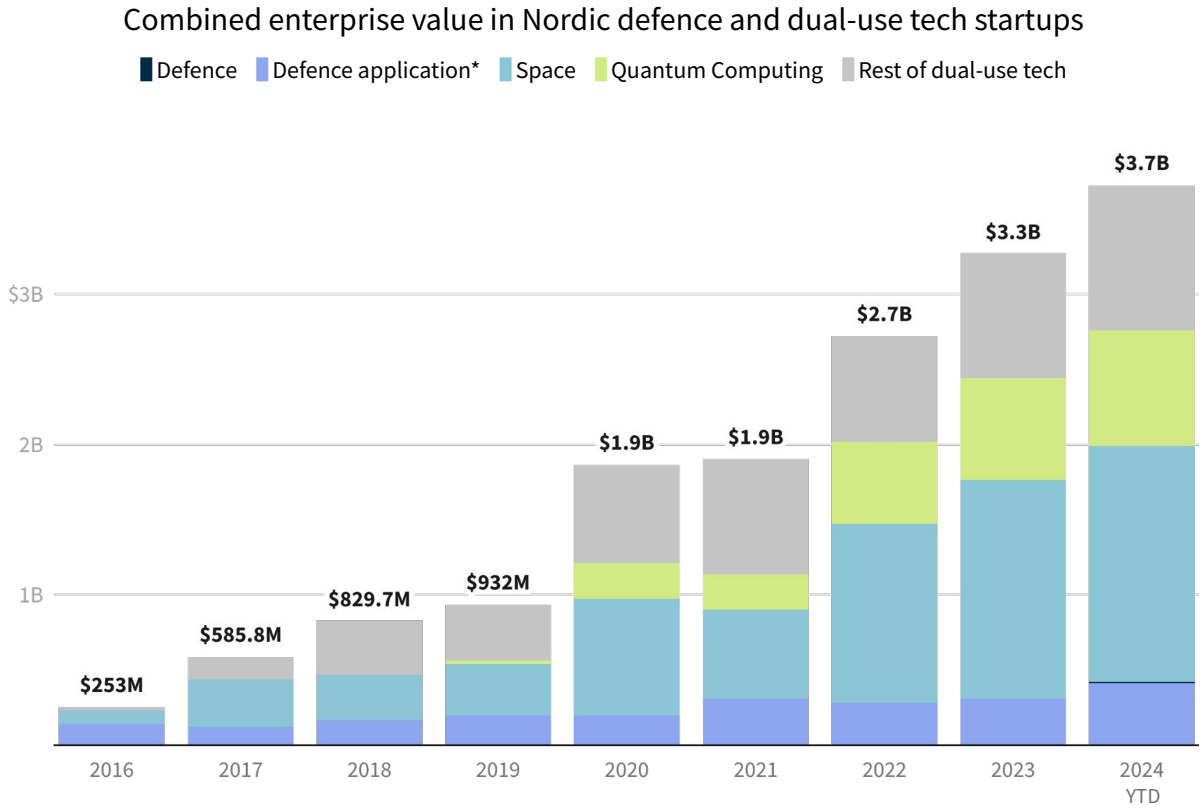
Source: Dealroom.co

130+ Nordics Defence Tech & Dual-use startups

Explore the landscape »



The defence and dual-use tech ecosystem in the Nordics is now worth $3.7B.



Source Dealroom.co | *excluding space and quantum

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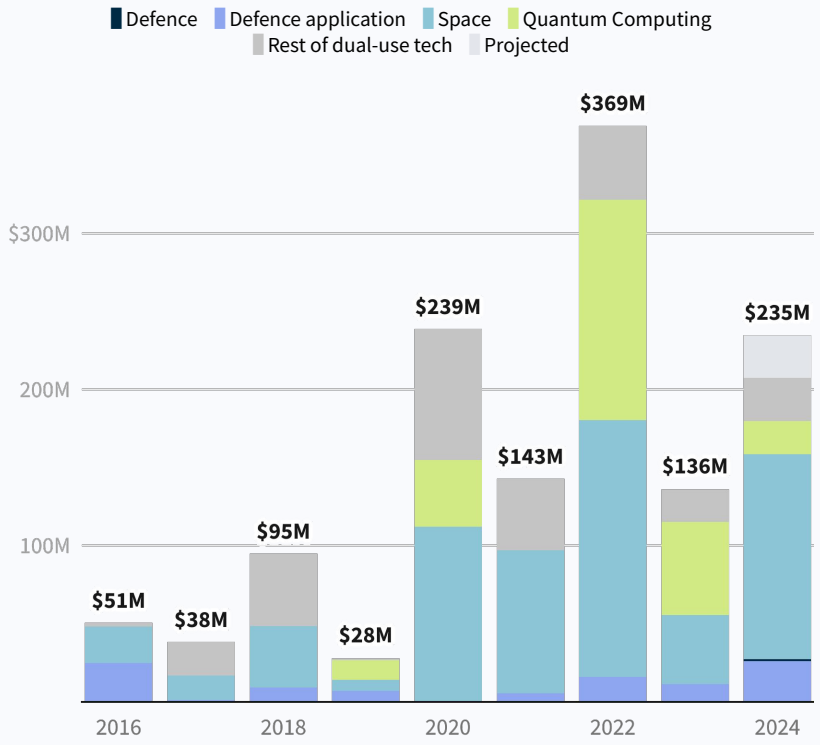
VC Investment in defence & dual-use tech continues to fluctuate yet is on an upward trend, with funding hitting its peak in 2022 at $369M.

VC funding in Nordic defence and dual-use tech startups

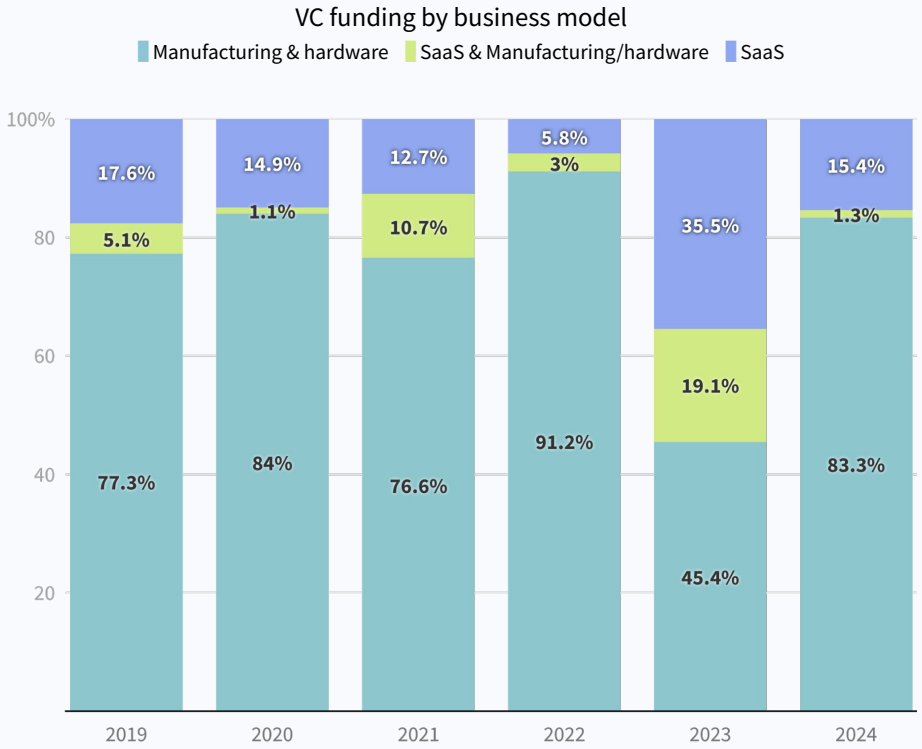


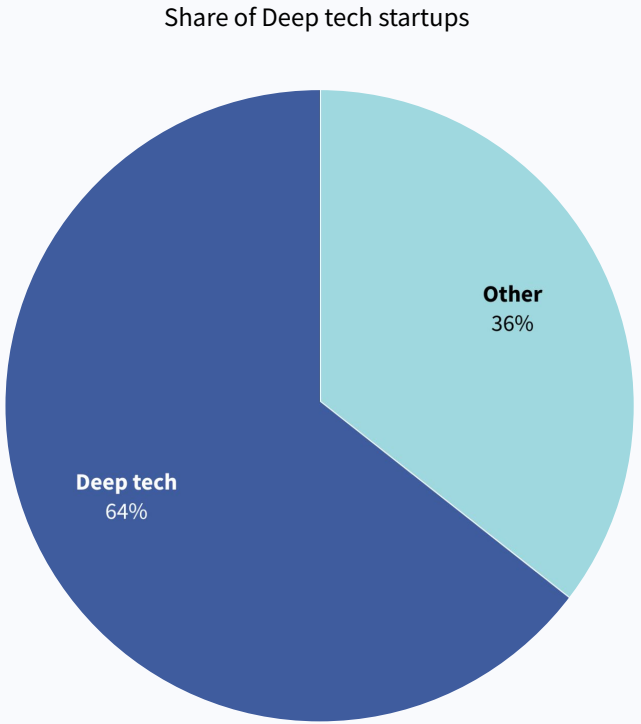
Selected Defence and Defence application rounds* View online »

Company	Amount	Round	Date	Category
SWEGAN	$12M	Series A	Oct 2022	C4ISR - Semiconductors
sensrad	$4.8m	Early VC	Apr 2023	C4ISR - Surveillance
KNL	$9.3m	Late VC	Jan 2016	C4ISR - Communication
QUADSAT	$9.6m	Series A	Mar 2023	C4ISR - Surveillance
SILENT FLYER	$2.2m	Seed	Sep 2023	UAV
HEFRING MARINE	$2.2m	Seed	May 2024	Marine AI
N4D	$1.3M	Seed	Nov 2024	Counter UAV

Source: Dealroom.co | *Space and Quantum rounds highlighted in later slides.

VC investments have largely favored manufacturing & hardware, with 64% of nordic startups remaining in deep tech, indicating a focus on long-term innovation over short-term deployment.

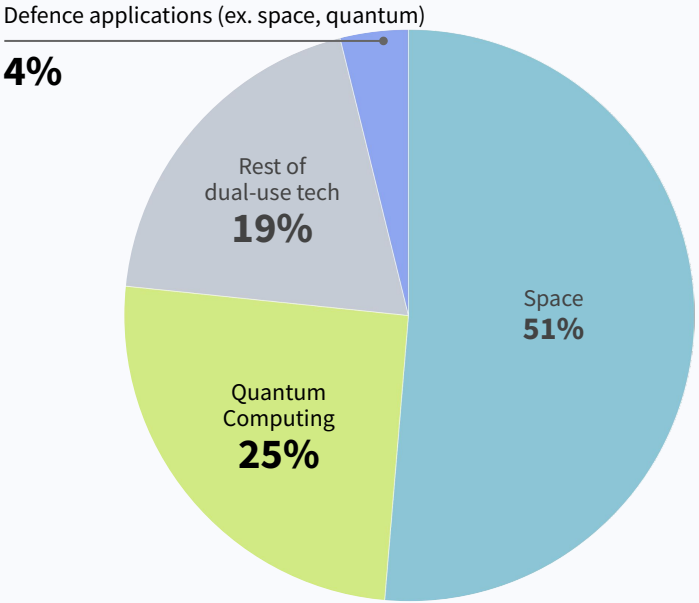




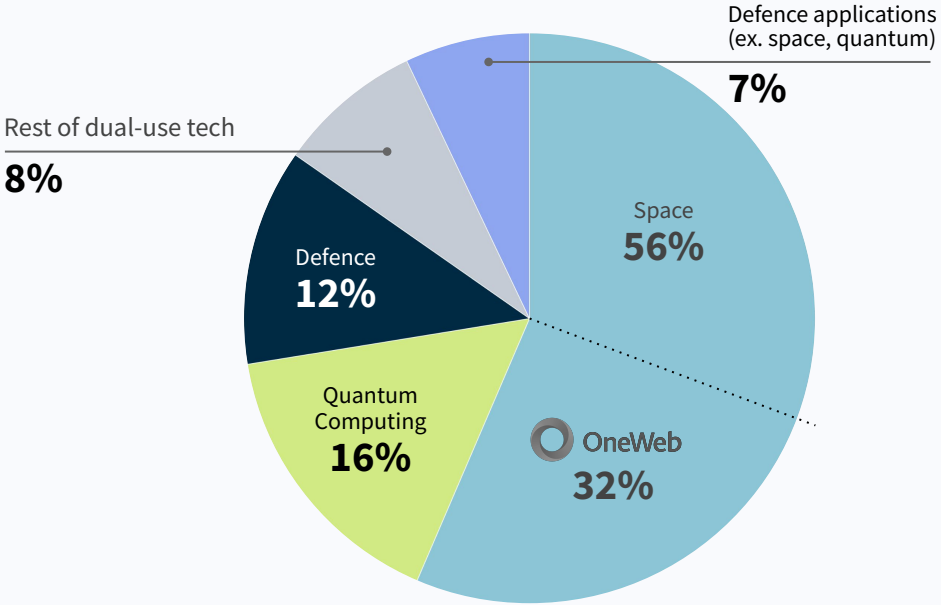
Source: Dealroom.co

Most VC investment in the Nordics has gone towards space and quantum, while the Nordics lag behind European average when it comes to core defence tech.

Nordic VC investment by Dual-use segment (2019 - 2024 YTD)

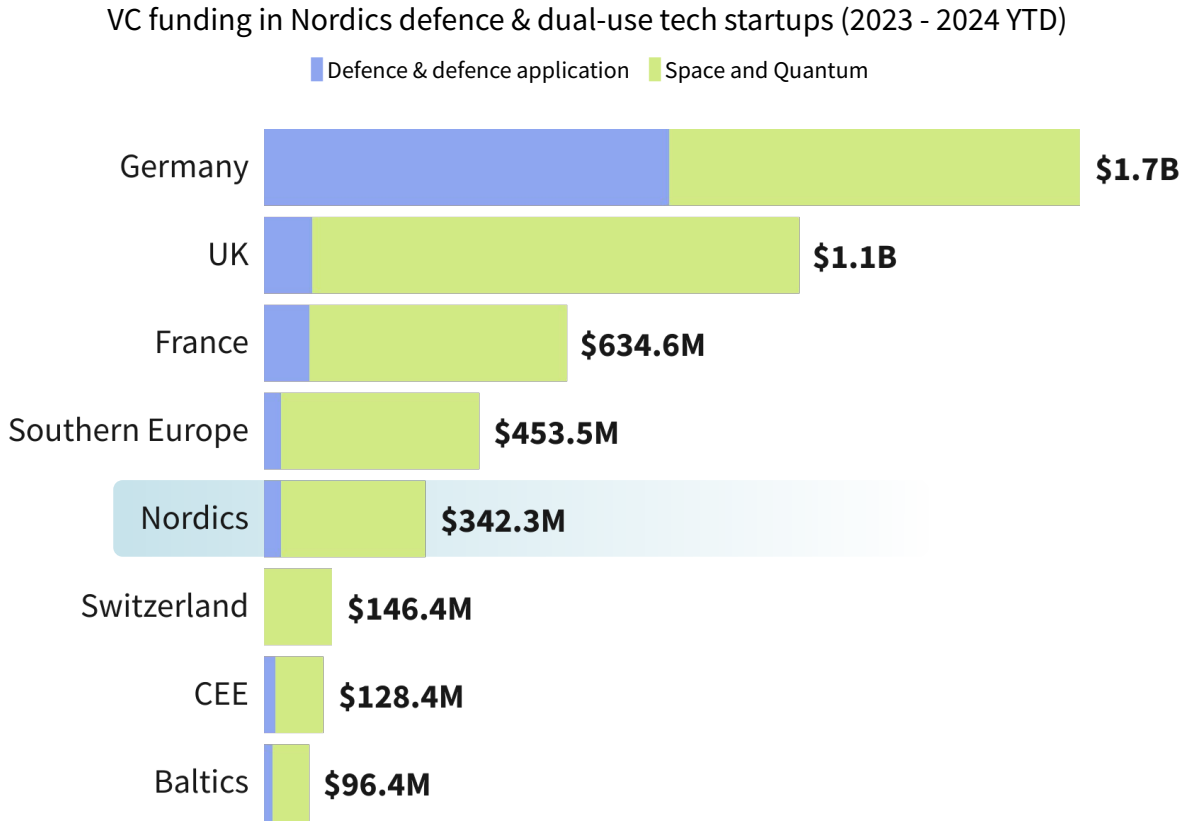


Europe VC investment by Dual-use segment (2019 - 2024 YTD)



Source: Dealroom.co

The Nordics are among the leading European ecosystems for dual-use VC funding.



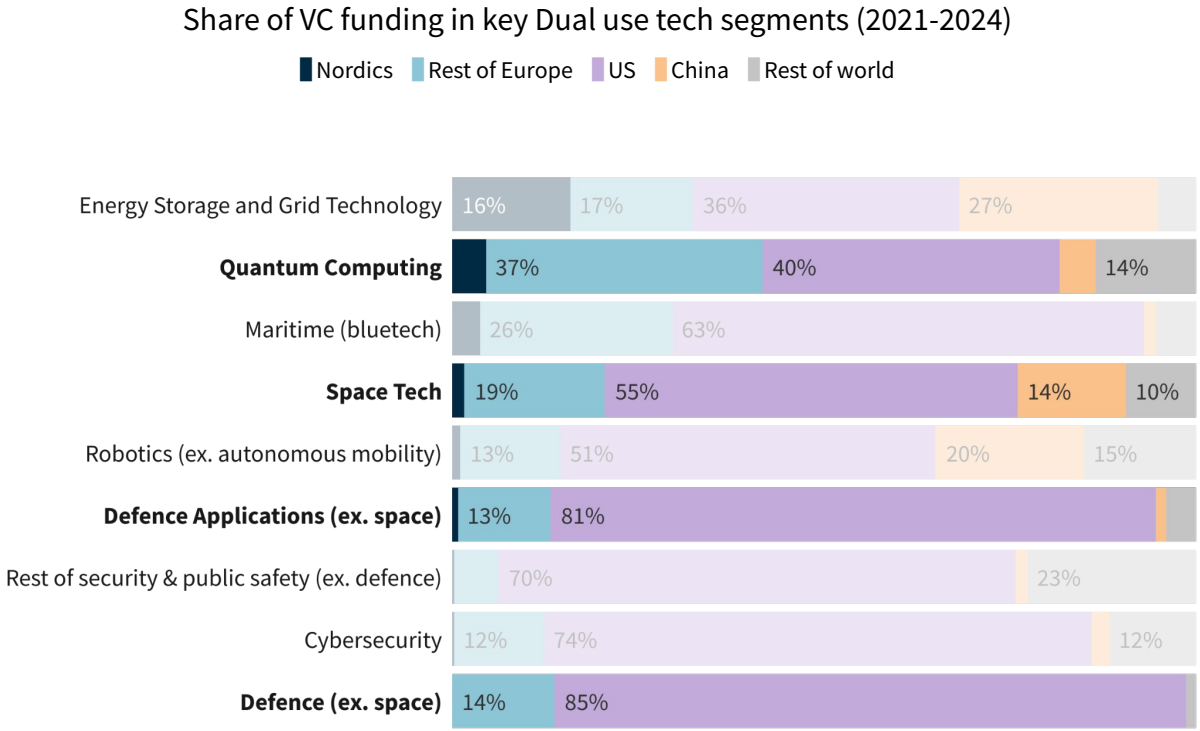
Source Dealroom.co

1 The rise of defence and dual use tech

2 Ecosystem Today

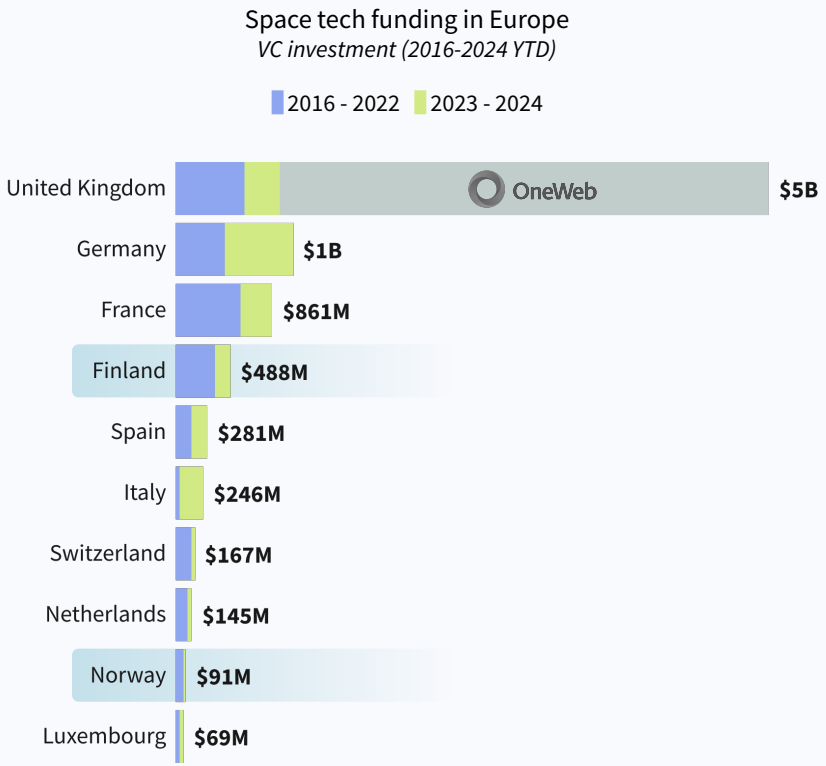
3 Industry Perspectives

The leading dual-use tech sectors in the Nordics include quantum computing and space tech.



Source Dealroom.co | Shaded sectors are considered an important topic for resilience but not considered defence or dual-use tech by default.

Finland has emerged as a Space Tech forerunner in the Nordics and Europe.

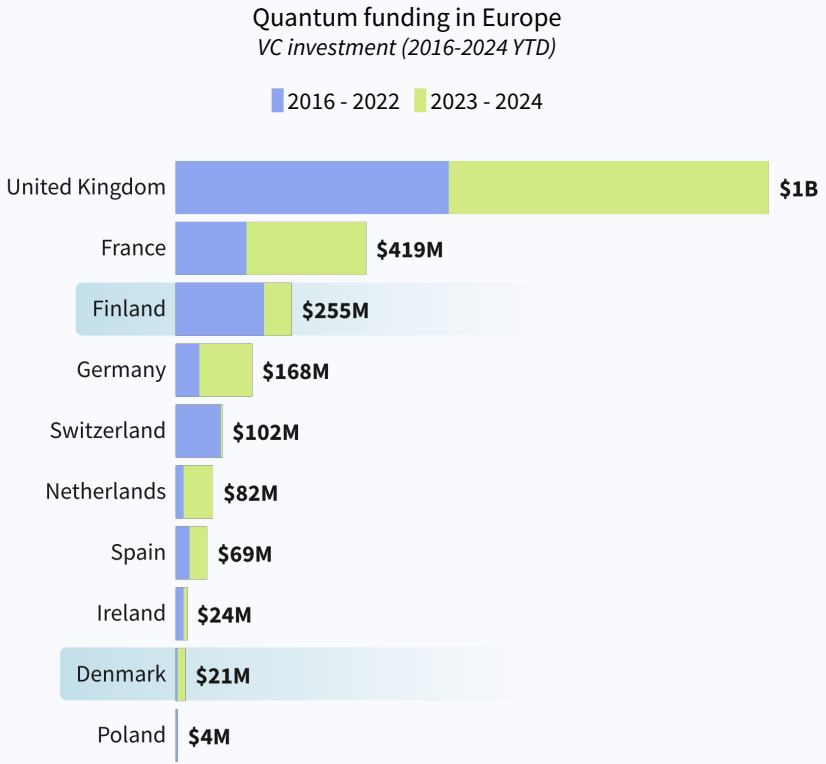


Select top rounds by Space Tech startups in the Nordics since 2023.

NAME	LAST ROUND	DATE	LOCATIO
ICEYE ICEYE delivers unmatched persiste…	$93.0m GROWTH EQUITY VC	Apr 2024	Espoo,
Terra Labs Offering a tool to monitor land an…	€4.0m SEED	Mar 2024	Stockholm, Swe
Kuva Space Improving life on Earth through da…	€16.6m SERIES A	Nov 2023	Espoo,
QuadSAT Providing flexible and cost-effectiv…	$9.6m SERIES A	Mar 2023	Odense,
Solar Foods Introducing a game-changing natu…	€8.0m SERIES B	Nov 2023	Helsinki
ReOrbit Bringing technology together to s…	$7.4m SEED	Aug 2023	Helsinki

Source: Dealroom.co | Data up until H1 2024

Finland and Denmark are leaders for Quantum investment in Europe.



Select top rounds by Quantum startups in the Nordics since 2023.

NAME	LAST ROUND	DATE	LOCATION
IQM Quantum Computers European leader in superconducti…	€22.9m SERIES A	Aug 2023	Espoo
Algorithmiq Develops algorithms to solve curre…	€13.7m SERIES A	Jun 2023	Helsinki
Kvantify Solving difficult computational ch…	€10.0m SEED	Jul 2024	Copenhagen
Sparrow Quantum Sparrow Quantum offers world-le…	€4.1m SEED	May 2023	Copenhagen
Quanscient Simulation-as-a-Service platform …	€3.9m SEED	Apr 2023	Tampere
QuantrolOx QuantrolOx pioneers Quantum ED…	€3.6m SEED	Mar 2023	Espoo

Source: Dealroom.co | Data up until H1 2024

Where are Nordics defence startups based?

Helsinki, Stockholm, Copenhagen, Aalborg, Trondheim and Oslo host most defence tech, space and quantum startups.

Finland shows a very strong centralization in Helsinki, while Denmark, Sweden and Norway show multiple hubs.

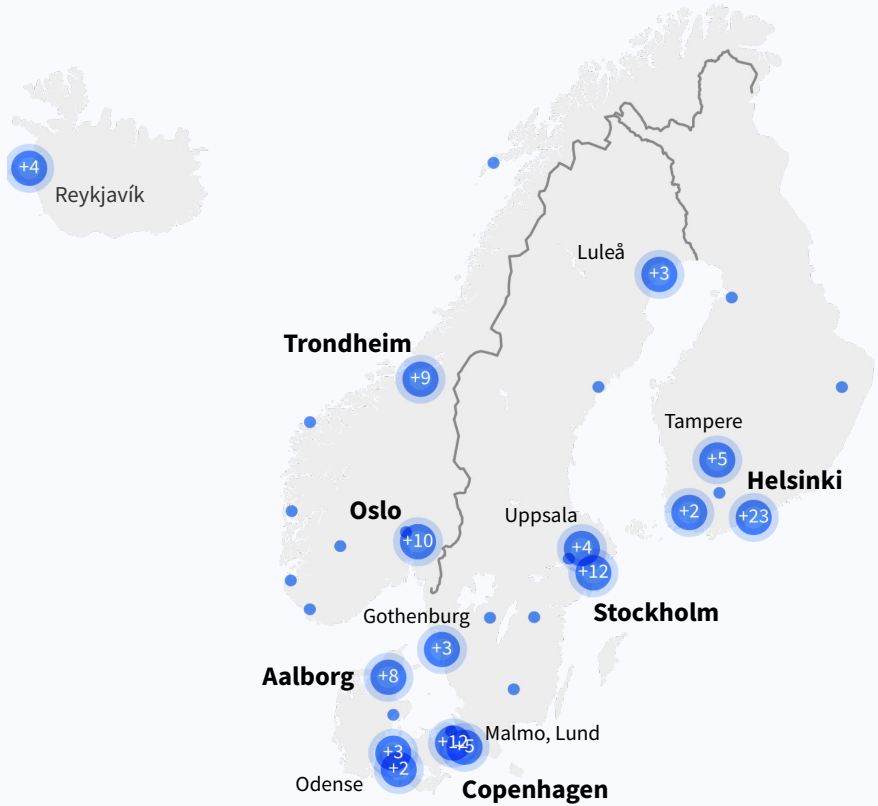
In **Denmark**, Aalborg and Copenhagen emerge as key hubs. Aalborg hosts notable activity thanks to the Aalborg University (AAU), and the presence of mature defence industry players and army outposts. Odense also shows up with its robotics hub.

In **Sweden**, Stockholm is the main hub, followed by Uppsala, Gothenburg, Luleå and Malmo & Lund.

In **Norway**, Trondheim follows Oslo to host notable activity in maritime technologies coming from offshore expertise.

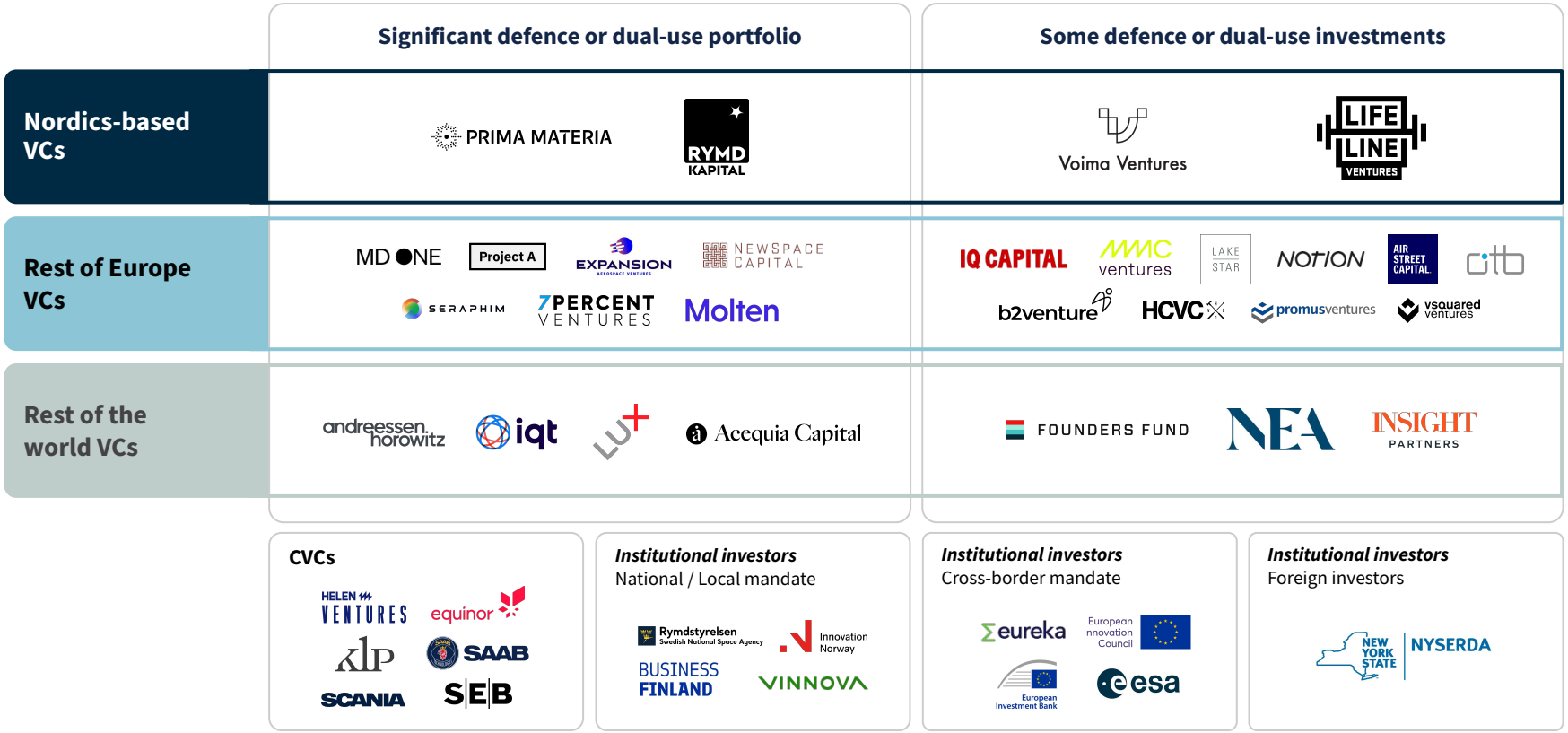
Iceland is concentrated in Reykjavík.

Distribution of Nordic defence & dual-use startups



Source: Dealroom.co

The Nordics defence and dual-use investor landscape.



Source: Dealroom.co | Investors shown are not exhaustive for graphical reasons. Selection based on total number of investments in Defence and Dual-use tech
*Prima Materia is Nordic based but has notable backed Helsing in Germany. | All investors have regional experience in the Nordics and Dual-use tech startups

European Defence Fund in a snapshot.

Key stats*

98
Organizations backed in the Nordics

€220M
Grants awarded to Nordic organizations since 2021

10%
Share of total EDF grants going to the Nordics since 2021

Selected EDF-backed organizations in the Nordics

VC backed startups

- QUADSAT
- Modelon
- SPINVERSE
- clavister
- UWIS
- APR Technologies

Other startups & SMEs

- Nordic Radar Solutions
- POLYMER FACTORY
- BRUHN NEWTECH
- isaware
- SOFT-OX
- TUCO MARINE GROUP

Corporates

- telenor
- SAAB
- Bittium
- KONGSBERG
- Patria
- bertin exensor

Universities/ research centres

- POLYMER FACTORY
- DANISH TECHNOLOGICAL INSTITUTE
- FFI Forsvarets forskningsinstitutt
- FOI
- SPACE INVENTOR
- IFE Institute for Energy Technology

> ***Nordic countries are perceived as high-tech countries with many qualified entities in the defence sector – many of those participate in EDF projects.***

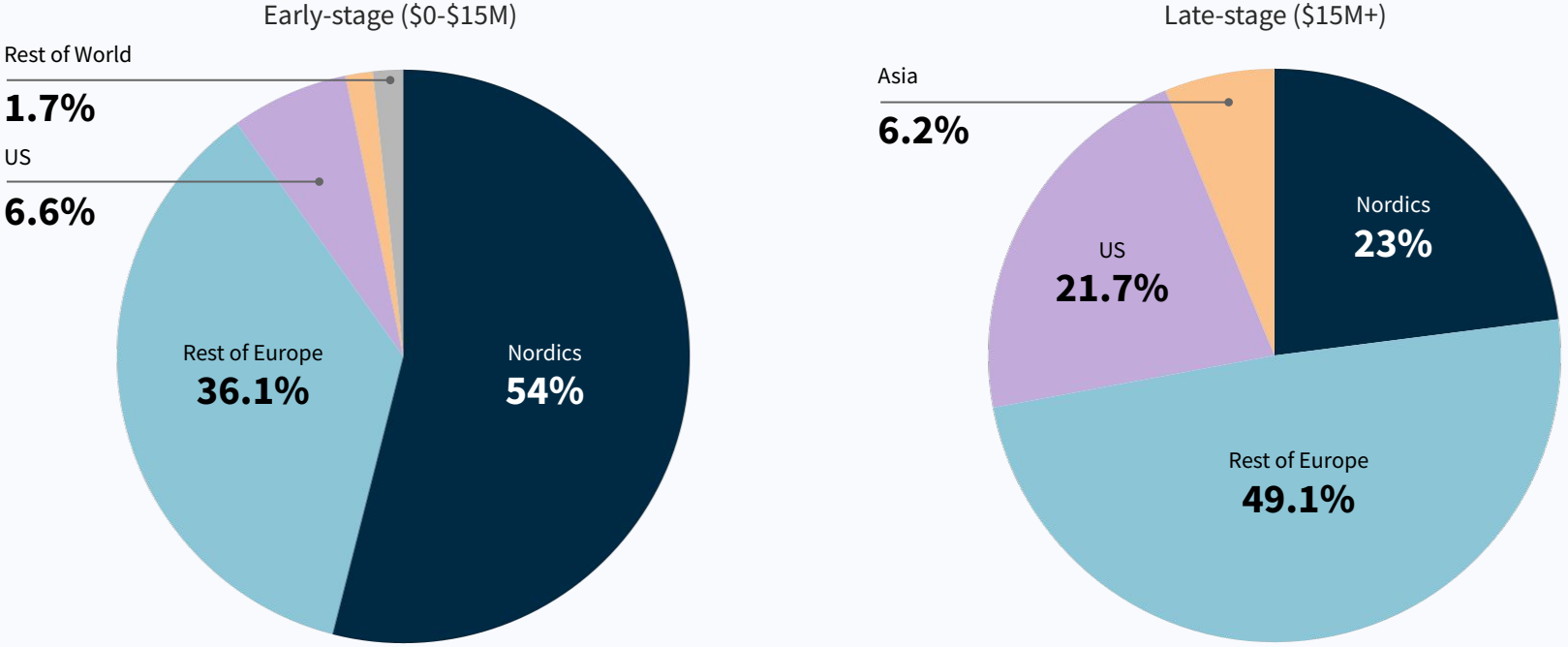
The European Defence Fund (EDF) supports entities across EU Member States and Norway to develop innovative, collaborative defence capability solutions."

Daniel Johansson
Policy Officer Defence Research and Innovation
European Commission

Source: Dealroom.co | Data from Financial Transparency System (2021 - 2023) analyzed by Dealroom | Selected EDF-backed organisations in the Nordics are not exhaustive to universities and research centres for graphical reasons.

Over 50% of early-stage VC funding comes from Nordics investors, but fall to less than a quarter at growth stage, where the US claims over 20%.

VC funding by investor location in Nordic defence and dual-use tech startups



Source: Dealroom.co | Nearly no investor from China. Only notable case is Tencent investments in IQM Quantum computers

3 Industry Perspectives

To shed light on the perception and sentiment of the Nordic VC community, 9 VCs from Sweden, Finland, and Denmark share their insights.

Insights from interviews with:

Inka Mero
Founder & Managing Partner at Voima Ventures

Alberte Schmidt Koefoed
Investment Manager at PSV

Timo Ahopelto
Founding Partner at Lifeline Ventures

Magnus Bergman
Founding and General Partner Luminar Ventures

Jasenko Hadzic
Principal at BackingMinds

Paavo Raisanen
Partner at Maki.vc

Nima Tisdall
CEO at Nordic Makers

Magnus Hambleton
Investor at byFounders

Niels Vejrup Carlsen
Founding Partner at Final Frontier

The growing value of defence tech investments

From being a low interest area for VCs, Defence and Dual-use is recognised as a necessity and driver of rapid innovation - creating a significant shift in perception of Nordic VCs.

"Everything changed when Russia invaded Ukraine — nowadays, a significant fraction of the best founders I speak to are founding defence tech companies. This renewed interest in the space combined with the boom in AI and hardware innovation is going to change the industry for the better, very quickly."

Magnus Hambleton
Investor at byFounders

"The nature of warfare is rapidly changing, with drones and advanced, cost-effective weaponry set to play a major role in future security strategies. This shift calls for new solutions that enhance defence capabilities in a rapidly changing landscape."

Timo Ahopelto
Founding Partner at Lifeline Ventures

"defence-focused companies attract highly committed founders, often motivated by a sense of mission to protect society. These entrepreneurs are obsessed with their mission, often putting personal stakes on the line."

Magnus Bergman
General Partner at Luminar Ventures

"We're seeing a noticeable rise in new defence tech startups seeking support, with interest and proposals coming in regularly. This marks a real change from just a few years ago, where defence was rarely a focus for emerging companies. Indicating a significant shift in the perception of defence tech investors."

Alberte Schmidt Koefoed
Investment Manager at PSV

Source: Insights from interviews carried out by Danske Growth

Nordic VCs show a clear preference for dual-use technologies that enable scalable growth across civilian and defence markets.

AI and Quantum Computing

AI and quantum computing are recognized for their transformative dual-use potential in both defence and commercial sectors.

"AI is disrupting the entire global economy right now — Defence is not going to be an exception. It is hard to overestimate how much AI will impact defence in the coming years."

Cybersecurity

As reliance on digital infrastructure grows, the demand for robust cybersecurity becomes critical across both defence and civilian sectors.

"Cyber resilience isn't just defence; it's essential across sectors."

Drones

In Ukraine, drones using general-purpose components are transforming military strategies.

"Technological advancements in drone and detection systems are enhancing drone capabilities, lowering costs, and facilitating wider adoption across both defence and civilian sectors."

Space Technology

Space technology, particularly satellite systems, plays a crucial dual-use role in both defence and civil sectors, enhancing communication, navigation, and surveillance capabilities.

"Space tech has strong dual-use relevance, especially in critical communications."

Semiconductors and Photonics

They serve as essential building blocks for both defence and civil technologies, enabling advancements in AI and high-performance computing.

"Next-generation semiconductor designs fit naturally within defence, but have massive civil potential."

Advanced Materials and Energy Solutions

Materials can become pivotal for innovation and efficiency across industries, including defence.

"Advanced Materials can be game changers in many areas, as an example, quantum dots enabling affordable mass production of short-wave infrared sensors"

Source: Insights from interviews carried out by Danske Growth

There are several bottlenecks defence tech startups have to face in the Nordics and in Europe.

1 **Regulatory Hurdles:** The defence tech landscape is marked by "higher requirements in terms of regulations," which create processes that are "more time-consuming" and "cumbersome." These complexities often lead to "real locking effects" that hinder investment progress.

2 **International Expansion:** Expanding into international markets is challenging due to "confidentiality issues" and different regulations across countries. Even moving "from one country to another" can be difficult because of sovereignty concerns and varying regulations within Europe.

3 **Talent Acquisition:** Finding qualified personnel is a significant bottleneck, with one VC noting that "sometimes it's hard to recruit talent with the specialised and deep technical knowledge required for the defence tech sector."

4 **Funding Limitations:** There is a critical need for public-private partnerships to create an accelerator that can support "long-term investments." Without securing funds for an accelerator that can operate for 5-10 years, "we won't see a significant transformation" in the defence tech landscape.

5 **Access to Capital:** "Governments are blocking the investment" from foreign VCs into companies deemed "critical assets." This restriction limits startups' access to European capital, which may not have the same financial strength as US counterparts.

6 **Procurement Complexity:** Startups face challenges with "supply requirements" when they begin to secure large government contracts. This complexity can prevent them from fulfilling essential agreements, limiting their growth potential.

Source: Insights from interviews carried out by Danske Growth

Nordic VCs acknowledge dual-tech promise, with mixed views on civil vs. defence priority.

Most Nordic VCs prioritize a civil-first strategy, focusing on scalability, exit potential, and market flexibility. defence is seen as an additional revenue stream and a way to accelerate growth, rather than the primary focus.

However, some VCs view a defence-first approach as advantageous, with government funding and immediate market needs offering stability in the early stages.

"Defence offers stability, but it's the civilian markets that lead with scale."

Magnus Bergman
Luminar Ventures

"Defence can provide long-term contracts, helping to mitigate risk as startups grow, gradually expand into civilian markets."

Timo Ahopelto
Lifeline Ventures

"We focus on game changing deep tech. Selling to governments for defence can provide a major business acceleration, while civilian markets drive competitiveness.

Inka Mero
Voima Ventures

"We see value in both sectors, but civil comes first due to its broader and more sustainable market potential."

Jasenko Hadzic
BackingMinds

"Defence applications can stabilize early growth, but it's the civil potential that ultimately drives valuation."

Paavo Raisanen
Maki.vc

"We're exploring dual-use cases, but there's hesitancy due to the ethical concerns around pure defense tech"

Nima Tisdall
Nordic Makers

Source: Insights from interviews carried out by Danske Growth

A few words on our methodology.

What is a startup?

Companies designed to grow fast. Generally, such companies are VC-investable businesses. Sometimes they can become very big (e.g. $1B+ valuation). When startups are successful, they develop into scaleups (>50 people), grownups (>500 people) and result in big companies. Only companies founded since 1990 are included in this report.

Blog post: **What is a Startup?**

Industries, Segments

Dealroom's Intelligence Unit has developed a proprietary technology taxonomy that acts as a foundation and helps navigate existing and emerging technologies. We welcome suggestions and feedback at support@dealroom.co.

Blog post: **Tech taxonomy**

Dual-use tech definition

Dual-use technology startups include companies that develop products and services that can be used in both civilian and military sectors. These startups contribute with their core technologies toward enhancing national security and defence (defence applications) or advancing civilian industries like healthcare, infrastructure, and energy (civilian applications).

Venture Capital, Investors

Investment are referred to by their round labels such as Seed, Series A, B, C, … late stage, and growth equity. VC investments excludes debt or other non-equity funding, lending capital, grants and ICOs.

Buyouts, M&A, secondary rounds, and IPOs are treated as exits: excluded from funding data, but included in exit data.

Underlying Data

Dealroom's proprietary database and software aggregate data from multiple sources: harvesting public information, user-submitted data verified by Dealroom, data engineering. Data is verified and curated with an extensive manual process.

The data on which this report builds is available via **app.dealroom.co**. For more info please visit dealroom.co or contact **support@dealroom.co**.

Venture Capital, Investors

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About Danske Bank Growth

Danske Bank is a leading Nordic bank with a global presence. Danske Bank Growth is part of Danske Bank and the one-stop bank for growth companies.

Understanding the unique challenges of scaling a company, Danske Bank Growth provides tailored advisory services, financial solutions, and strategic insights to help businesses on a venture journey realize their ambitions. Catering to fast-growing companies across various sectors, it offers essential setup services initially, followed by specialized guidance and scalable solutions as businesses progress through their growth phases.

Learn more at danskebankgrowth.com

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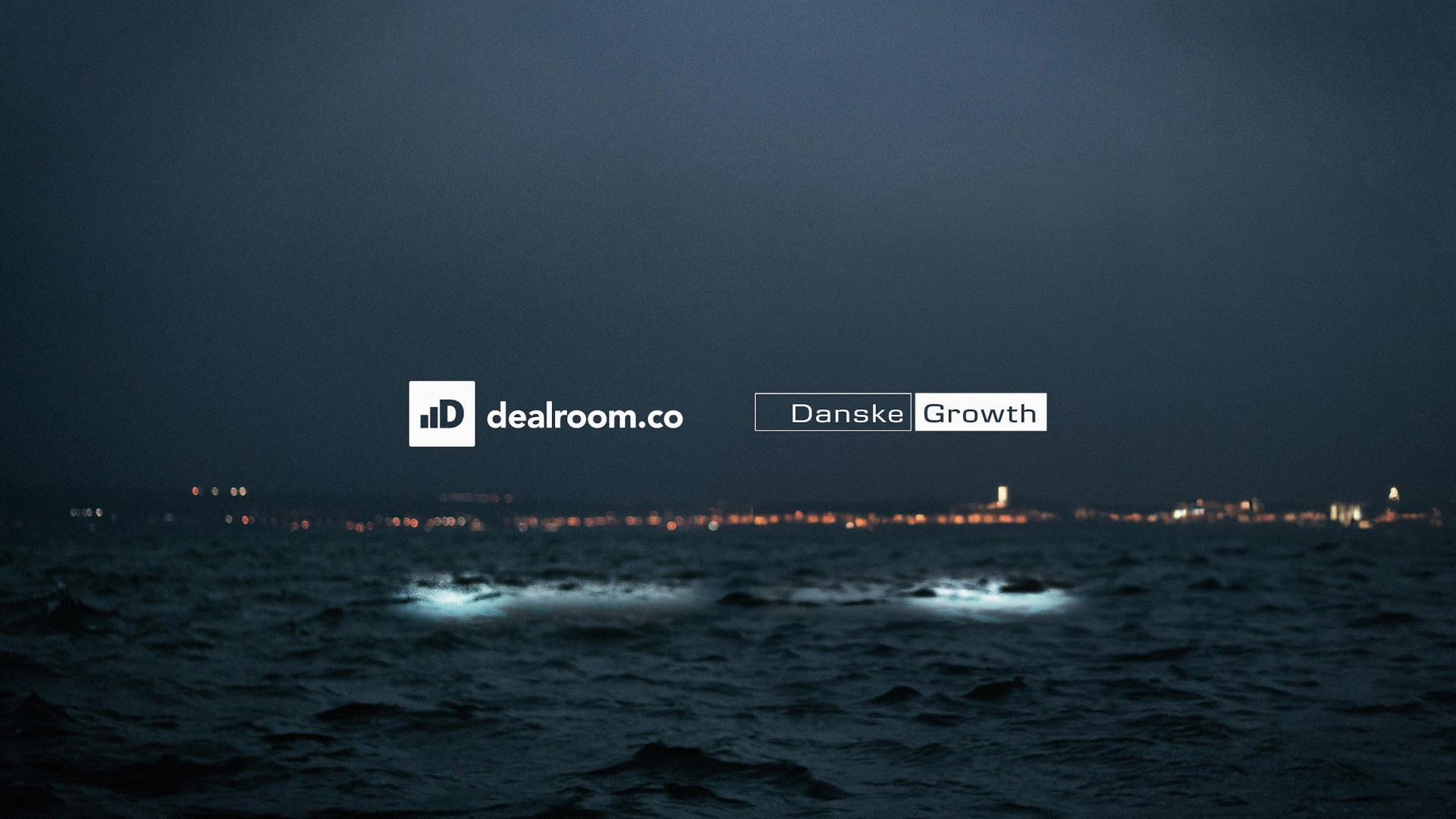
Global startup & venture capital intelligence platform.

Dealroom.co is the foremost data provider on startup, early-stage and growth company ecosystems in Europe and around the globe.

Founded in Amsterdam in 2013, we now work with many of the world's most prominent investors, entrepreneurs and government organizations to provide transparency, analysis and insights on venture capital activity.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