



 EMERGING TECH RESEARCH

Vertical Snapshot: Defense Tech

VC trends, industry overview, and market landscape

2025

REPORT PREVIEW

The full report is available through
the PitchBook Platform.

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Executive summary

- **Venture capital is flowing into defense tech at record-breaking levels.** In Q2 2025 alone, investors deployed \$19.1 billion across 165 deals—more than double the \$9.3 billion raised in Q1 and up over 200% from Q2 2024. YTD, defense tech startups have raised \$28.4 billion across 361 deals, putting the sector on pace to surpass 2024's \$37.9 billion total. This growth comes even as broader VC markets remain soft, indicating that defense tech has become a priority for both institutional and strategic investors.
- **Valuations and check sizes are rising as the market matures.** Median pre-money valuations for defense tech startups climbed to \$115 million in 2025, up from \$61.3 million in 2024. Median deal sizes doubled YoY, from \$10 million to \$20 million. These gains reflect not only increased investor appetite but also a sector-wide shift toward backing more mature, dual-use companies with scalable commercial and government opportunities.
- **Public markets are validating the sector's long-term potential.** Companies like Karman Space & Defense, which listed publicly in February 2025, have seen postlisting performance that far exceeds expectations. Karman now trades at around 21x enterprise value (EV)/revenue and about 63x EV/EBITDA, fueled by 23% annual revenue growth and nearly 39% EBITDA expansion. Voyager Technologies debuted in June 2025 and is trading at about 16x to 17x revenue despite ongoing losses. Rocket Lab and Palantir continue to post strong growth and command premium valuations, even at negative or elevated EBITDA multiples, highlighting sustained investor optimism for defense-aligned and dual-use tech.
- **Advanced computing and autonomy secured the most defense tech VC funding over the past year.** Advanced computing & software led all categories with \$16.5 billion invested across 95 deals, followed by autonomous systems with 139 deals totaling \$10.5 billion in aggregate. Sensing, connectivity & security came in third with \$7.9 billion across 125 deals. Investment in these categories demonstrates sustained investor focus on foundational technologies powering next-gen defense capabilities.
- **Autonomous systems remained the dominant category in defense tech VC in Q2.** Funding for autonomous systems rose from \$3.7 billion in 2023 to \$5.3 billion in 2024 and already stands at \$6.7 billion through Q2 2025. While defense systems integration & optimization continue to draw the largest share of investment, every major autonomous subsegment has grown. Unmanned aerial vehicles (UAVs) raised \$1.1 billion in 2024 and \$388 million in Q2 2025, while unmanned ground vehicles (UGVs) raised \$847 million in 2024 and \$765 million already in 2025.
- **Autonomous maritime platforms are seeing explosive growth.** Investment in unmanned surface vessels (USVs) has nearly doubled in just two quarters, rising from \$389.9 million in 2024 to \$729 million in Q2 2025 alone. This acceleration reflects increasing strategic interest in near-shore and naval capabilities amid rising Indo-Pacific tensions and a growing belief that maritime autonomy is central to next-gen deterrence strategies.



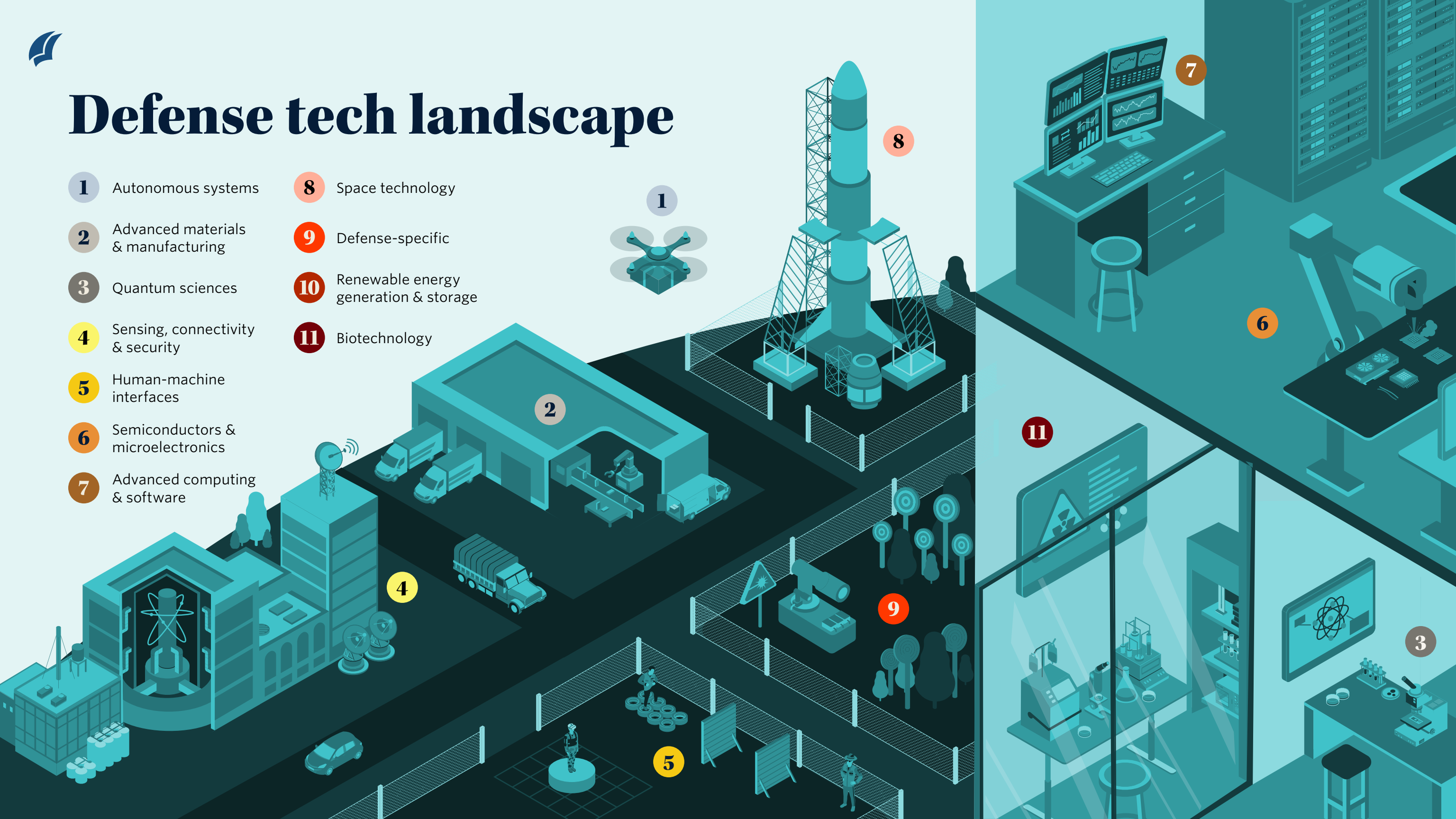
EXECUTIVE SUMMARY

- **Counter-unmanned aerial systems and autonomous manufacturing are rapidly emerging as priorities.** Investment in counter-drone technologies jumped from \$21.2 million in 2023 to \$59.8 million in 2024, then surged to \$324.9 million in YTD 2025 alone. Autonomous manufacturing also continues to draw investor attention, with \$570.3 million raised in 2024 and another \$591.5 million raised through Q2 2025, underscoring an industry-wide effort to automate and fortify defense supply chains.
- **Exit activity is rebounding, with fewer but larger deals.** Following a sluggish 2023 with just 40 exits totaling \$2.3 billion, 2024 saw a significant rebound with 71 exits worth \$18.2 billion in aggregate. So far, 2025 has continued that trend, logging 21 exits YTD totaling a combined \$6.9 billion. While the total number of exits remains below historical peaks, the dollar value indicates that both IPOs and strategic acquisitions are returning in scale, with buyers focusing on high-value, later-stage assets.
- **Defense tech is now firmly in the mainstream of private and public capital markets.** The convergence of rising VC investment, elevated public valuations, and robust government spending signals a structural transformation in the sector. Defense tech is no longer an experimental frontier—it is a central pillar of strategic innovation, national security, and long-term investor theses.



Defense tech landscape

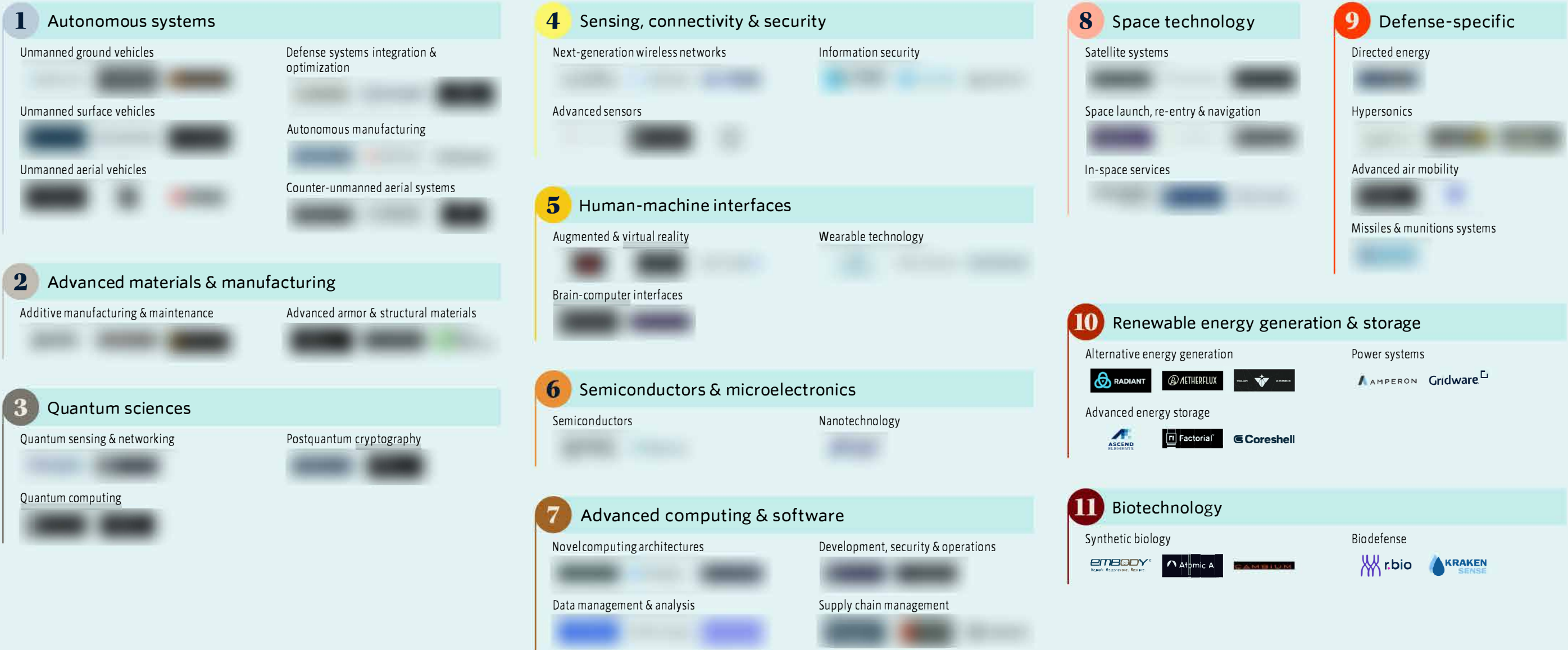
- 1 Autonomous systems
- 2 Advanced materials & manufacturing
- 3 Quantum sciences
- 4 Sensing, connectivity & security
- 5 Human-machine interfaces
- 6 Semiconductors & microelectronics
- 7 Advanced computing & software
- 8 Space technology
- 9 Defense-specific
- 10 Renewable energy generation & storage
- 11 Biotechnology





Defense tech VC ecosystem market map

This market map is an overview of venture-backed or growth-stage companies that have received venture capital or other notable private investments. [Click to view the full map on the PitchBook Platform.](#)



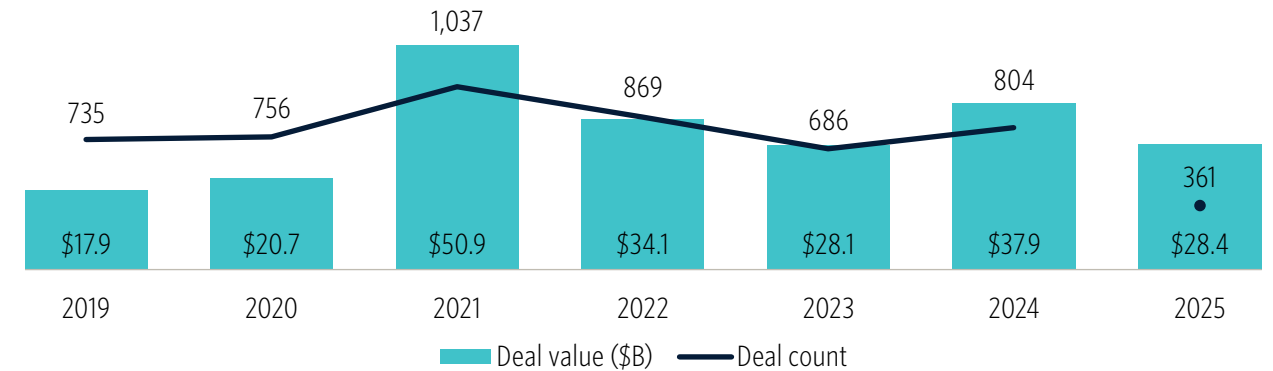


VC activity

Venture capital continues to flow into defense tech, with investors committing \$19.1 billion across 165 deals in Q2 2025. That figure is more than double the \$9.3 billion invested in Q1 across 196 deals, representing a 106.5% quarter-over-quarter increase and a 203.7% jump over Q2 2024. Defense tech is clearly on an upward trajectory. Across the trailing 12 months, the sector drew \$54.8 billion across 769 deals, lifting its share of total VC funding to 7.9%, even as the broader market softened. On a year-to-date basis, defense tech startups have raised \$28.4 billion across 361 deals in 2025 so far, putting the sector on pace to surpass the \$37.9 billion deployed across 804 deals in 2024. That 2025 total has already exceeded full-year 2023 funding, further reinforcing the bullish momentum. Median pre-money valuations have also climbed to \$115 million in 2025, up from \$61.3 million in 2024, while median deal sizes have doubled YoY from \$10 million in 2024 to \$20 million in 2025. This resilience shows that institutional and strategic backers view defense innovation as a hedge against macroeconomic uncertainty and as a lever for unlocking government and enterprise spending.

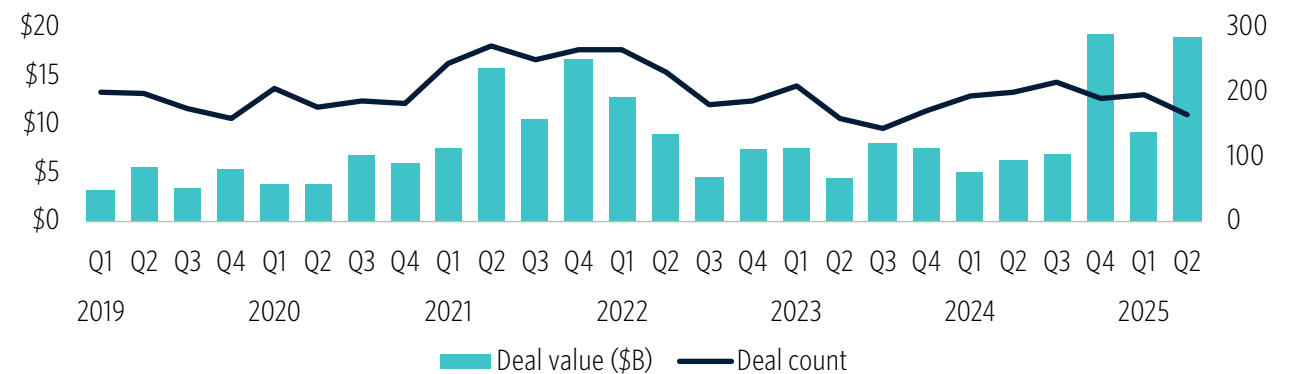
Public markets continue to reflect that confidence. Karman Space & Defense, now trading around \$51 per share, has seen its valuation rise to about 19x EV/trailing 12-months (TTM) revenue and roughly 74x EV/TTM EBITDA, after a successful IPO in February 2025 (up from an IPO price of \$22). As of July 30, 2025, the company delivered \$362 million in TTM revenue—a 23% year-over-year increase—while its TTM EBITDA reached nearly \$95 million, reflecting strong operational growth. Voyager Technologies, after its June 2025 debut, is trading at about 15x EV/TTM revenue despite ongoing net losses and just under 6% TTM revenue growth, highlighting persistent investor optimism even for unprofitable names in the sector. Rocket Lab, with shares hovering near \$46, has posted TTM revenue growth of nearly 65% but remains EBITDA-negative (-\$173 million over the past 12 months) and now trades around 47x EV/revenue, with EV/EBITDA no longer meaningful due to continued losses. Meanwhile, Palantir, trading around \$159, recorded

Defense tech VC deal activity



Source: PitchBook • Geography: Global • As of June 30, 2025

Defense tech VC deal activity by quarter



Source: PitchBook • Geography: Global • As of June 30, 2025



VC ACTIVITY

39% revenue growth YoY in Q1 2025 (up 33% over the past 12 months), with valuation multiples reaching approximately 118x EV/revenue and about 845x EV/EBITDA.

Within defense tech, autonomous systems remains a clear leader. Total funding jumped from \$3.7 billion in 2023 to \$5.3 billion in 2024 and already stands at \$6.7 billion through Q2 2025. Defense systems integration & optimization continues to command the largest share, but every subsegment has grown. Unmanned aerial vehicles raised \$1.1 billion in 2024 and is pacing at \$388.1 million in Q2 2025. Unmanned ground vehicles pulled in \$847.4 million in 2024 and \$765 million so far this year.

Most striking is the doubling of investment in USVs. After \$389.9 million in 2024, USV startups already secured \$729 million in Q2 2025. That surge reflects heightened investor focus on near-shore and naval capabilities for the potential conflict in the Pacific as tensions with China rise. Startups building autonomous maritime platforms now sit squarely at the intersection of technology innovation and great-power competition.

Technologies that counter UASs also drew renewed interest, climbing from \$21.2 million raised in 2023 to \$59.8 million in 2024 and \$324.9 million in 2025 as of Q2. Autonomous manufacturing rounds jumped nearly fivefold in 2024 to \$570.3 million and remained robust at \$591.5 million through Q2, underscoring a broader push to automate defense supply chains.

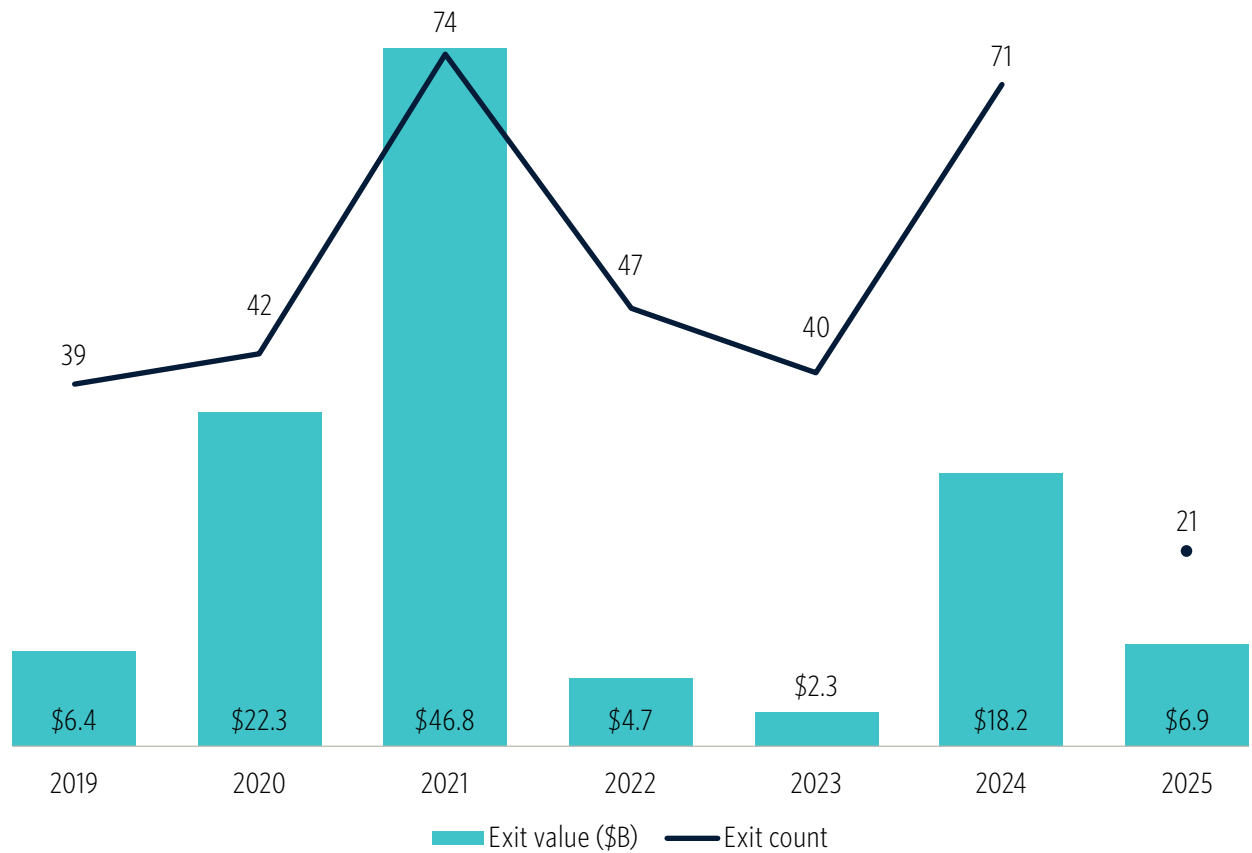
Exit activity mirrors these funding trends. After a lull in 2023—just 40 exits worth \$2.3 billion in aggregate—2024 delivered 71 exits totaling \$18.2 billion in aggregate. Large acquisitions and revived IPOs drove that rebound. YTD, 2025 has seen 21 exits for \$6.9 billion in total, suggesting that M&A and public-market channels are normalizing with fewer but larger exits.

Taken together, the numbers tell a clear story. Investors are backing more mature defense tech companies with larger checks. Public markets are rewarding dual-use innovators. And strategic acquirers are once again active. From autonomous surface vessels to space-focused IPOs, defense tech is moving from niche experimentation into the mainstream of both private and public capital markets.



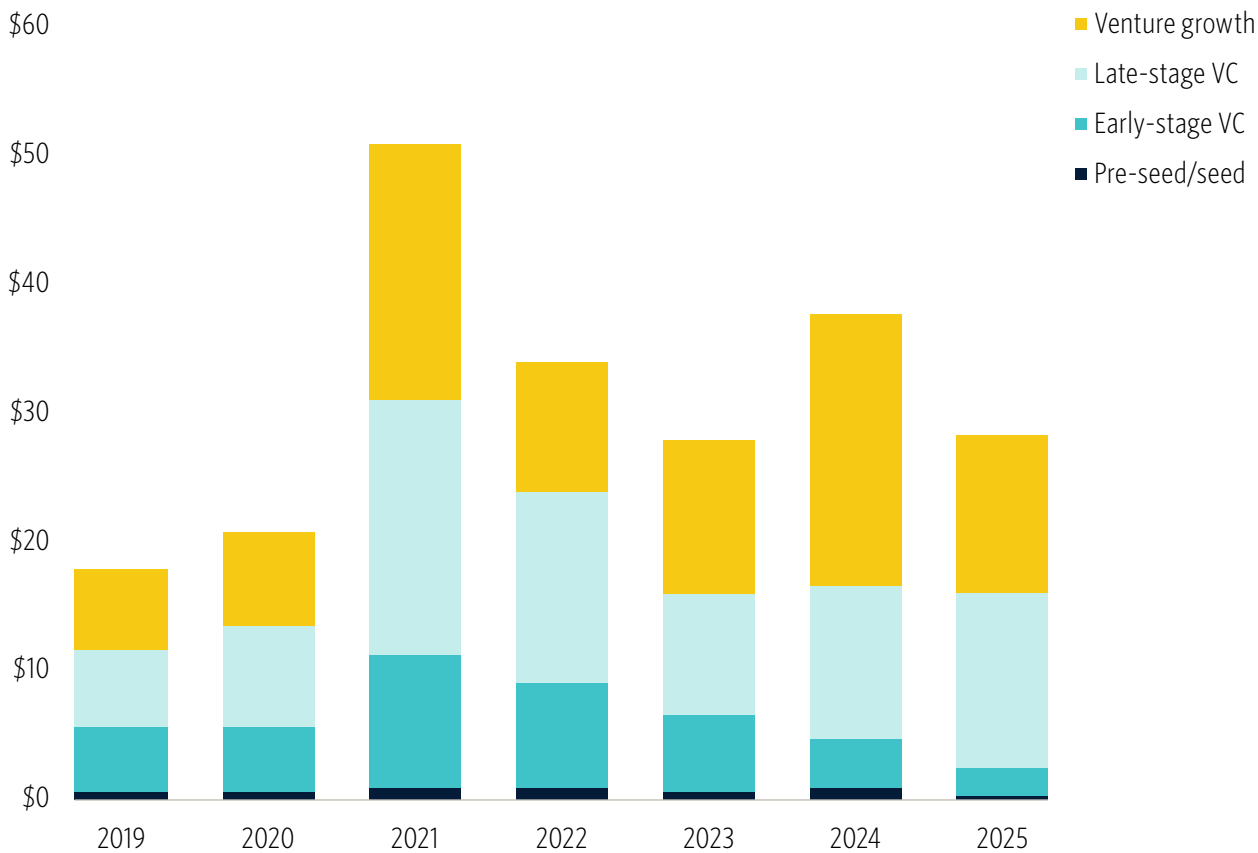
VC ACTIVITY

Defense tech VC exit activity



Source: PitchBook • Geography: Global • As of June 30, 2025

Defense tech VC deal value (\$B) by stage

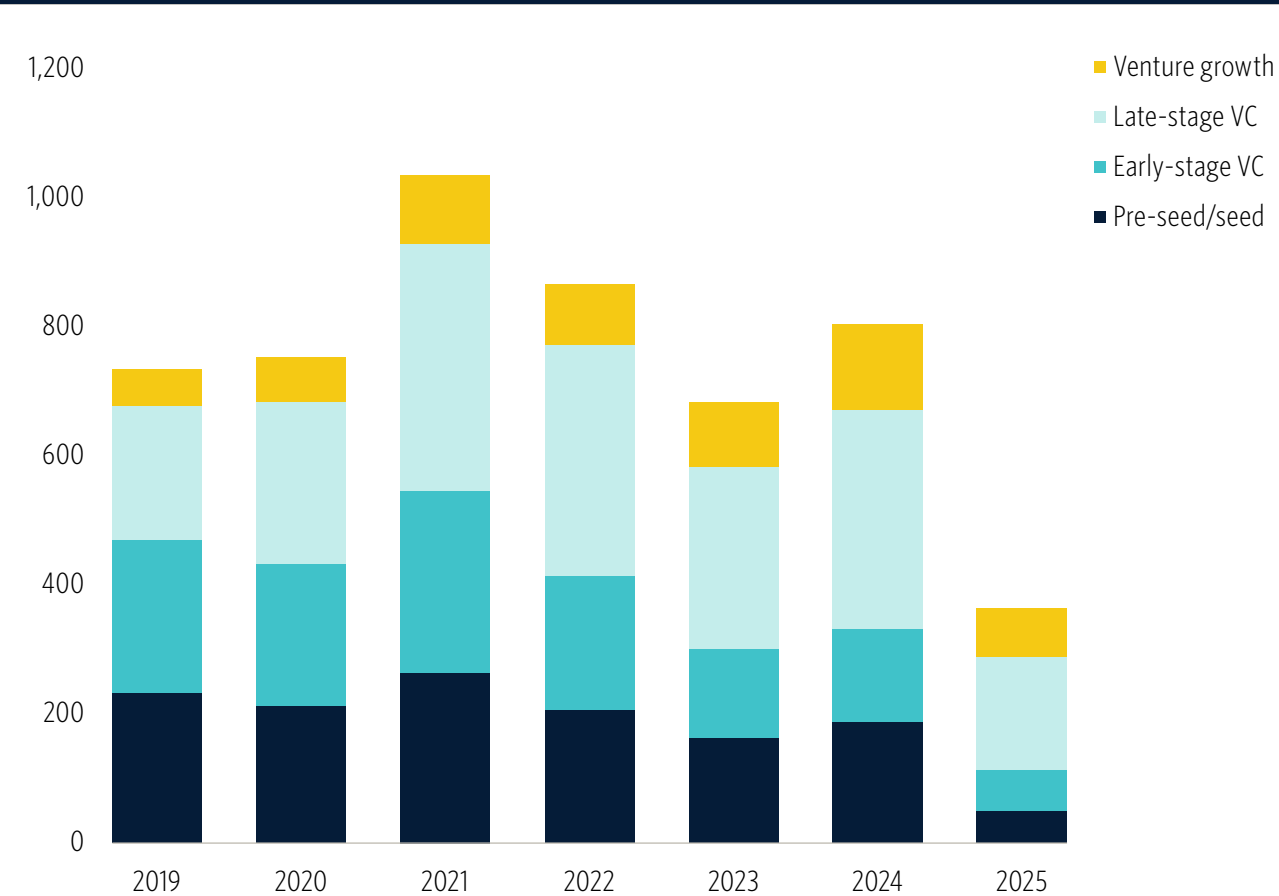


Source: PitchBook • Geography: Global • As of June 30, 2025



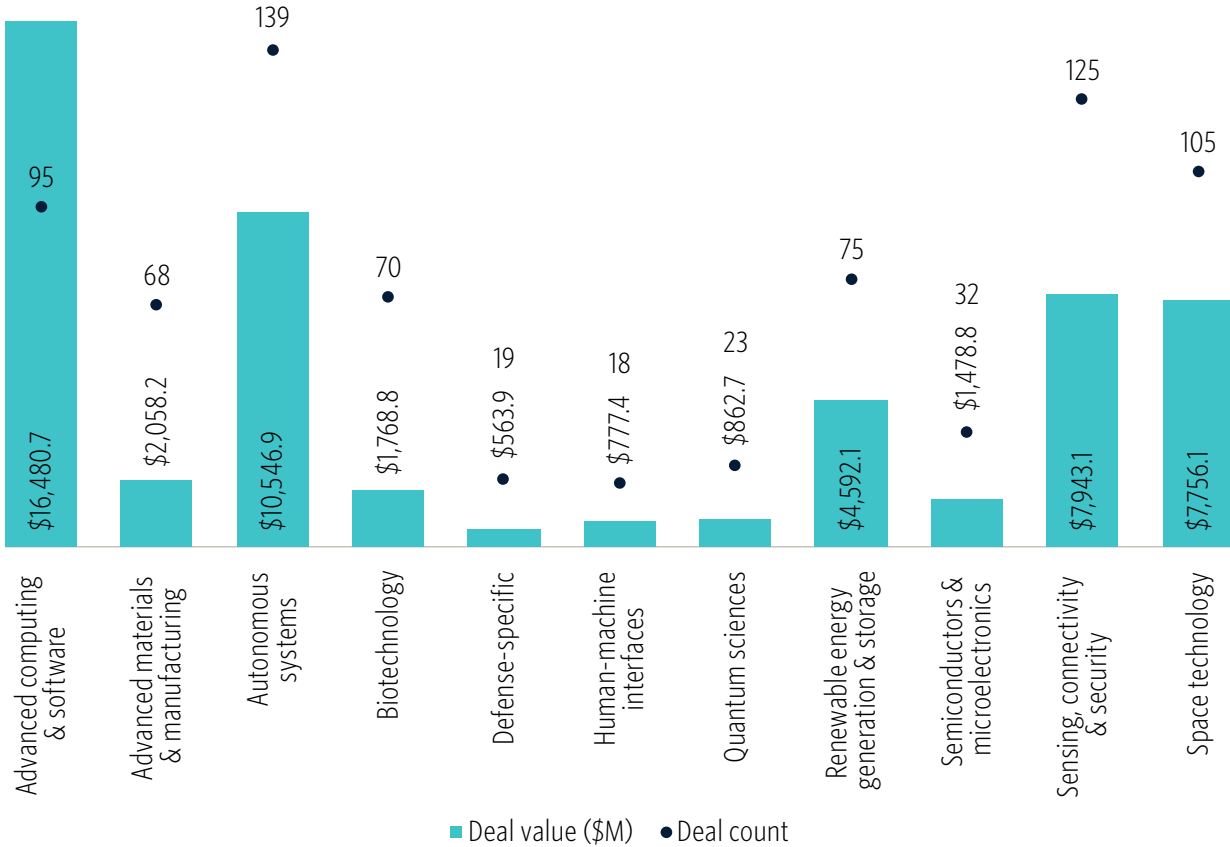
VC ACTIVITY

Defense tech VC deal count by stage



Source: PitchBook • Geography: Global • As of June 30, 2025

TTM defense tech VC deal activity by segment

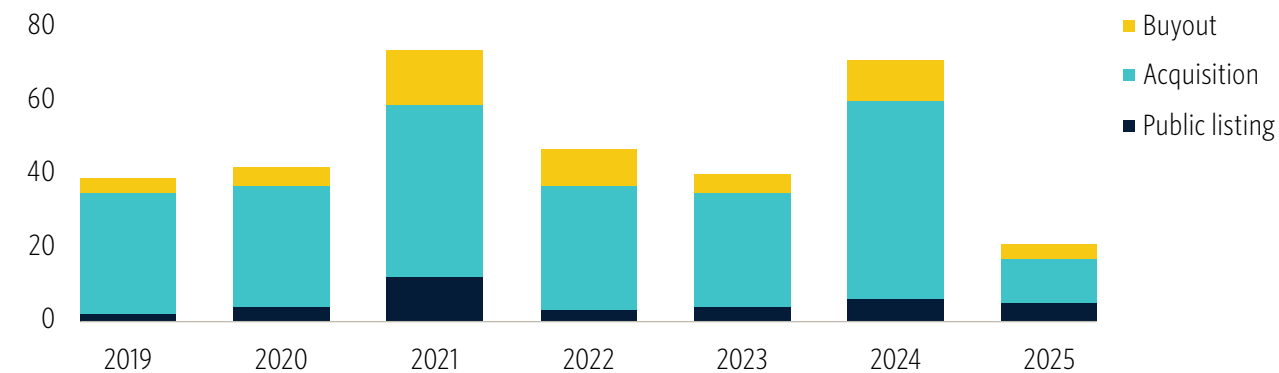


Source: PitchBook • Geography: Global • As of June 30, 2025



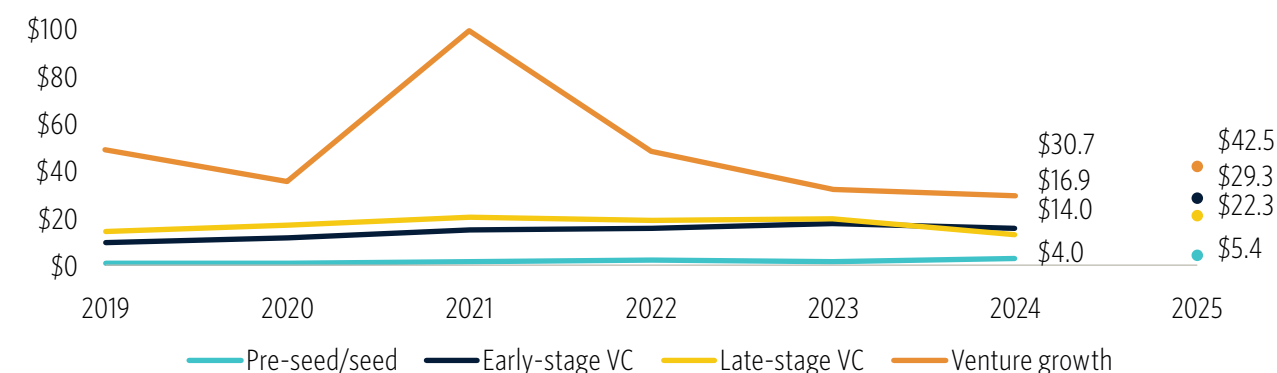
VC ACTIVITY

Defense tech VC exit count by type



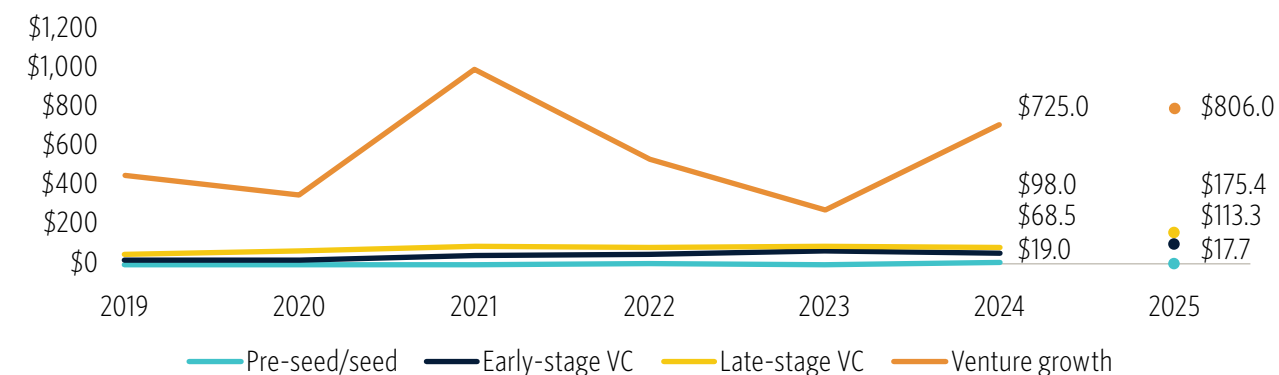
Source: PitchBook • Geography: Global • As of June 30, 2025

Median defense tech VC deal value (\$M) by stage

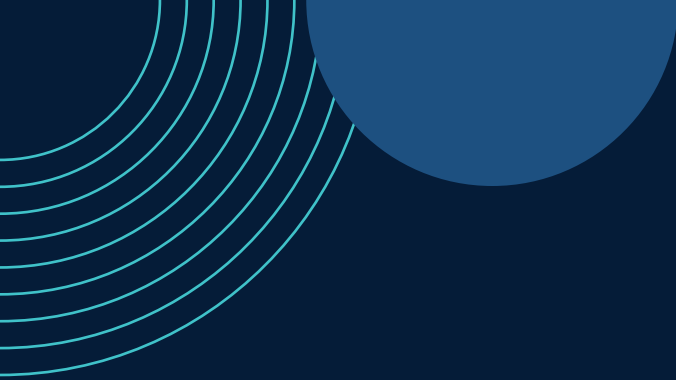


Source: PitchBook • Geography: Global • As of June 30, 2025

Median defense tech VC pre-money valuation (\$M) by stage



Source: PitchBook • Geography: Global • As of June 30, 2025



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