

UVCA

UKRAINIAN VENTURE CAPITAL &
PRIVATE EQUITY ASSOCIATION



STORMY DECADE:

A Ten-Year Retrospective
on the Ukrainian
Investment Landscape

10 Years of Investments:
Growth, Challenges, Prospects,
Trends, Visions, Insights
and Projections

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About UVCA

Ukrainian Venture Capital and Private Equity Association (**UVCA**) is a non-profit organization headquartered in Kyiv, Ukraine, with offices in the EU (Warsaw, Brussels) and the USA (Washington, DC).

UVCA was established in 2014, starting with 7 members and has grown to an investment platform for over 50 members who continue to invest in Ukrainian and global entrepreneurs with outstanding solutions.

UVCA's mission is to promote awareness of Ukraine's achievements and opportunities and to support investors in every aspect, from providing reliable information to establishing international connections at the industry and government levels.

On the other hand, blossoming local technology sector has triggered emergence of new local investors, who certainly benefit from their Western peers sharing their expertise and best practices.

By building a bridge between Ukrainian and global ecosystems, UVCA facilitates the flow of knowledge and capital in both directions.

UVCA shapes the future direction of the venture capital and private equity industry in Ukraine by promoting its investment opportunities, advocating for the interests of private equity investors to policymakers, and improving the local investment and business climate.

FOREWORD

Purpose of the Report:

This report provides a comprehensive overview of the development of the Ukrainian investment market over the past ten years (2014-2024). It aims to summarize key trends, highlight significant deals, analyze the impact of external factors (particularly the full-scale war), and outline future prospects for investment in Ukraine.

Target Audience:

This report is intended for a wide range of readers interested in the Ukrainian investment market, including:

- **Domestic and international investors:** To assess investment opportunities and risks in Ukraine.
- **Business representatives:** To understand market trends and identify potential partners or investment targets.
- **Financial analysts and consultants:** To conduct research and provide recommendations to clients.
- **Government officials and policymakers:** To develop policies aimed at improving the investment climate.
- **Representatives of the academic community and researchers:** As a source of information for scientific research.
- **Journalists and media representatives:** To cover the topic of investment in Ukraine.

Acknowledgments:

We express our sincere gratitude to our partners who provided valuable information, analytics, and expert opinions for this report:

- **AVentures Capital, Capital Times, InVenture Investment Group:** For providing data from their proprietary databases of M&A and venture capital deals.
- **Forbes Ukraine, AIN.UA, Liga.net, Ekonomichna Pravda, Interfax-Ukraine:** For providing information from open sources and analytical materials.
- **KPMG:** For providing data from the "M&A Radar: Ukraine" report
- **Other market participants:** For expert comments and insights.

We also thank everyone who contributed to the preparation of this report for their support and contribution – UVCA members, market experts, stakeholders and partners.

Sincere gratitude to our General Sponsors – Wolf Theiss and Horizon Capital – for their financial support and assistance.

Special thanks to Crowe Mikhailenko for their active and direct participation in the preparation of this report.

FOREWORD



ANDRIY KOLODIUK

UVCA Chairman
of the Supervisory Board

Over the past decade, the Ukrainian investment market has demonstrated resilience and ability to adapt to global challenges. Despite economic and geopolitical difficulties, Ukraine remains a promising environment for investment, especially in innovative industries, agribusiness, and energy. Since 2014, when the market suffered significant losses after Russia's invasion, the Ukrainian investment sector has gone through a difficult but dynamic path of development. Over the past 10 years, more than \$9 billion in investments have been attracted. About 300 international and Ukrainian funds invested in companies, which indicates a high level of confidence in the Ukrainian market. A notable achievement was the emergence of 10 unicorns with international capitalization, which emphasizes the competitiveness of Ukrainian tech companies.

The market also demonstrates high liquidity, especially in the technology sector, where exits occur due to the global integration of Ukrainian companies. These companies have access to the international market, which provides them with the ability to exit investments.

The Ukrainian PE and VC market is already showing active dynamics: about 30 funds are currently attracting new capital worth over \$4 billion, with a strong pipeline of investment projects. This process testifies to the growing confidence in the Ukrainian market and the willingness of

international and local investors to participate in its recovery. Private investors continue to actively support Ukrainian entrepreneurs and SMEs. A key catalyst for investment development is the \$300 million Ukrainian Fund of Funds, which intends to become a driver and market builder of the Ukrainian investment ecosystem.

However, private capital alone is not enough for sustainable development. It is essential that international financial institutions (IFIs) and development funds (DFIs) join direct investment by investing in local funds and the Fund of Funds. This is crucial for creating partnerships that will support and develop Ukrainian business during the war and will become a tool for the development of Ukraine's economy.

Ukrainian funds, with local teams and a deep understanding of the market, are demonstrating strength and resilience even in difficult conditions. Today, the primary goal is to support them in attracting new funding to strengthen the ecosystem and ensure its further growth.

It's time to join forces of private and international capital to invest in reconstruction, innovation and in Ukrainian entrepreneurs who shape the country's future even in the most difficult times and are a source of economic resilience and development.

FOREWORD



DMYTRO KUZMENKO
UVCA CEO

Since 2014, Ukraine has undergone significant transformations that have shaped its investment landscape. Despite political instability and economic fluctuations, and the ongoing war, the Ukrainian market has demonstrated resilience and adaptability, paving the way for promising investment opportunities and exciting exits.

Key features

Growth of the IT Sector: The IT industry became a cornerstone of Ukraine's economy, attracting substantial foreign investment. This growth was driven by highly skilled and ambitious teams, as well as competitive prices, which made Ukraine a center of technological innovation.

Increased Foreign Investment: Over the past decade, there has been a steady inflow of foreign capital into Ukraine, in sectors such as agriculture, energy, and new technologies. This trend highlights the country's potential as an investment destination.

Development of the local VC ecosystem: Increased number of new VC funds, accelerators, and incubators has provided critical support to Ukrainian startups. This process has played a key role in promoting innovation and strengthening the entrepreneurial spirit.

The war, started in 2014, has undoubtedly affected the investment climate. However, it has also opened up new niches, such as defense technologies, which are attracting the attention of both local and international investors. Looking ahead, the Ukrainian PE and VC market is poised for growth,

driven by several key factors:

Focus on Resilience and Innovation: Traditional sectors like agriculture, energy, real estate, infrastructure, logistics, as well as innovative sectors like fintech, blockchain, deep tech and defense tech, are expected to thrive, demonstrating resilience and adaptability, and tend to achieve impressive results in global markets.

Integration with Global Markets: Ukrainian startups are increasingly targeting international clients, enhancing their appeal to foreign investors and facilitating greater integration with global markets.

Supportive ecosystem: Initiatives from organizations like ours (UVCA) create a more supportive environment for investors and entrepreneurs and allow them to build a foundation for more stable collaboration. This will be crucial for attracting capital and stimulating growth.

Opportunities in Reconstruction: The post-war reconstruction phase presents unique investment opportunities, particularly in infrastructure, energy, and housing.

The Ukrainian PE and VC market has shown remarkable resilience over the past decade, overcoming challenges and leveraging opportunities to drive growth. As the country continues to rebuild and innovate, it offers a compelling investment landscape for both local and international players. Given the above-mentioned opportunities, Ukraine is well positioned to become a leading investment destination.

GENERAL PARTNER

“It has been our privilege to be one of the founding members of the Ukrainian Venture Capital & Private Equity Association and to support VC and PE firms investing in Ukraine. In our work with these investors, we draw on the experience we have gained from working with them across Central and Eastern Europe. This allows us to incorporate best practices from more advanced markets while prioritizing the desired business outcomes for investors. We also focus on improving the investment framework in Ukraine by developing and advocating for necessary legislative and regulatory reforms. By combining our legal practice with advocacy efforts, we effectively help our international and Ukrainian clients achieve their business goals.”

” Taras Dumych

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**Where talented people
are in good company**

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Wolf Theiss

Ukraine has long been a focus for private equity and venture capital investors. Prior to 2014, we assisted private equity investors in sectors such as real estate, agriculture, finance, food processing, and logistics. Over the past decade, we have also served as legal counsel for venture capital investments in the rapidly growing Ukrainian tech and IT sectors.

The Ukrainian legal framework is well-equipped to support cross-border VC and PE investments. Although many investments are made in foreign jurisdictions such as the EU and the US, a substantial portion of value is generated in Ukraine, making its laws essential. VC and PE investors should pay close attention to corporate, employment, IP, and regulatory laws, along with exchange control regulations, which are subject to frequent changes.

Consistent **results** ? Guilty.

Wolf Theiss, in partnership with UVCA, has worked to enhance Ukrainian laws and regulations. Key achievements include streamlining foreign investment registration and strengthening Bilateral Investment Treaties, as well as enabling debt-to-equity conversions in limited liability companies. We are currently developing a bill to introduce additional capital into Ukrainian corporate law, allowing VC firms to invest in Ukraine similarly to Delaware or California.

Over the past decade, we have assisted the following VC and PE investors in successfully executing their investments in Ukraine and Ukraine-related international ventures:



GENERAL PARTNER



Horizon Capital



The past decade has tested Ukraine like never before. Social and economic crises, political transformations, and global pandemics have continually challenged the resilience of businesses, society, and the state. Yet through these headwinds, we've not only endured – we've adapted, becoming more agile, innovative, and willing to make bold decisions.

In recent years, the world has seen proof that Ukrainian entrepreneurs – from major corporations to small businesses – can identify growth opportunities even amid war. They embrace new technologies, pivot operations, enter international markets, and attract global capital.

As a leading investment firm in Central and Eastern Europe with over \$1.6 billion in assets under management, Horizon Capital has been channeling investments into Ukraine since 2006. We've played a pivotal role in the country's emergence as a regional leader in sectors such as IT, manufacturing, and agri-food. We've seen firsthand the extraordinary potential of Ukrainian businesses and remain deeply committed to helping shape the country's economic future.

In February 2024, our latest Ukraine-focused vehicle, Horizon Capital Growth Fund IV (HCGF IV), closed at \$350 million—surpassing its original \$250 million target and becoming the largest fund raised since the full-scale invasion. The fund provides growth capital to visionary entrepreneurs leading fast-growing, primarily tech and export-oriented businesses, as well as domestic market champions in Ukraine and Moldova. With more than 80 companies in the pipeline, HCGF IV has already invested in five – including Preply, GoIT, and Viseven – all focused on expanding R&D platforms in Ukraine and scaling their global operations. Our fundraising journey stands as a powerful signal of investor confidence in Ukraine's

future and a testament to the country's resilience and unwavering commitment to its recovery and renewal.

The momentum was further reinforced when Horizon Capital supported a landmark \$1.5 billion transaction involving NJJ Holding, the family office of French investor Xavier Niel, acquiring fixed-line telecom provider Datagroup-Volia and mobile operator Lifecell. This deal marked the first major strategic investment in Ukraine since the start of the war – a milestone Forbes Ukraine called “the M&A deal of the decade.”

The report you are holding provides a comprehensive review of the past ten years, highlighting the key milestones, achievements, and challenges that have shaped Ukraine's investment landscape. But this research is not only retrospective – it is also a valuable guide to emerging trends, helping businesses, investors, and analysts navigate the opportunities ahead.

Looking forward, we firmly believe foreign investment will be the engine of Ukraine's recovery and long-term growth. The opportunity is vast: a thriving IT sector with over 300,000 tech professionals; natural resources valued at \$26 trillion, rivaling those of Australia and Canada; and reconstruction-related investment opportunities estimated at \$1 trillion – the largest in Europe since World War II.

At Horizon Capital, we'll continue to play an active role in Ukraine's future – as a strong, innovative, and investment-friendly economy on the global stage. We're confident the coming decade will bring even greater opportunities, and that Ukrainian entrepreneurs will continue to adapt, grow, and attract global capital – no matter the challenges ahead.

We are grateful to the UVCA team for championing this important initiative and for their continued work in advancing Ukraine's investment potential.

EXECUTIVE PARTNER



DMYTRO MIKHAILENKO

Managing Partner
CROWE MIKHAILENKO

For almost 10 years, the Crowe Mikhailenko Group of Companies has been providing professional support to representatives of Ukrainian private business, mainly small and medium-sized businesses, helping to solve their requests and needs, and taking on a certain educational and mentoring role of preparing entrepreneurs for effective and profitable business activities with international partners, financial institutions, investors. Together with our clients, we shape modern standards of economic activity in accordance with the best international practices and demanding standards of the international network of Crowe Global.

Clearly aware that business development requires resources, investments and responsibility for the consequences of their decisions, we always support our clients on the way to new markets and effective growth. When Private Equity and Venture Capital investors study potential targets for placing investments, Crowe Mikhailenko is one of those companies that will provide professional comprehensive support for such transactions, such as a careful guide to guide the investor through most of the "thresholds and quagmires" of imperfect legislation, fastidious and impartial due dill (legal, tax, financial, market), business plan assessment and feasibility study of an investment project. The experience of the team members who supported M&A, IPO transactions, attracting syndicated bank loans, creating a multi-family office is relevant and effective for creating a "bridge" of

mutual understanding and partnership between Ukrainian companies and foreign investors.

Support of clients from all sectors of the real economy, banking and financial sector, real estate, creative industry and virtual assets, defense and public sector, effective cooperation with the legislative and executive branches of government in Ukraine is our daily work as a consulting company.

I sincerely believe that the coming years will be both a test and a huge opportunity for the Ukrainian economy: the conclusion of investment agreements, the formation of a public capital market, the integration of Ukrainian business into the European and world economy. The ingenuity, will, and invincibility of Ukrainian entrepreneurs, combined with international investments, present a real chance to create a new economic "miracle," I believe in it. We are constantly developing the competencies and expertise of the Crowe Mikhailenko team, adopting new practices and joining the most effective business communities and associations, such as UVCA, so that the words "Invest in Ukraine" are filled with real agreements, contracts, and new joint ventures and help build a free, economically strong, and independent Ukraine.

Contact Crowe Mikhailenko for comprehensive support for private and venture investors in the projects of the UVCA "Invest in Ukraine" program: investoffice@crowe.com.ua

EXECUTIVE PARTNER



Diligent Capital Partners is a mid-market private equity firm focused on investing in the development of the agribusiness infrastructure in Ukraine and the wider Black Sea Region. Its aim is to bring more international private sector financing into the country and region, finding strong opportunities amidst uncertainty. DCP began active operations in 2017, successfully raising funds from both public and private sources to invest in companies in the agribusiness sector with the potential to expand and move up the value curve. Since then, DCP has expanded its bench of investment professionals bringing in, among others, Gilles Mettetal who ran the \$7 billion global agribusiness debt and equity portfolio at EBRD, alongside a team of analysts and transaction execution specialists supported by a back office comprised of legal, compliance and ESG experts.

DCP manages a private equity portfolio which includes Ukraine's largest animal feed and premixes producer, leading port transshipment and oilseeds crusher and educational technology company Preply, a global leader in its field, with further promising investments in Ukraine, Moldova and the region in the pipeline. Today, Ukraine's agricultural output of 67 million tonnes is nearly back to pre-war levels, having increased fivefold since 2000. However, despite its proven resilience, which is all the more impressive given it is one of the least subsidized in the world, to really achieve its potential, targeted capital investment is needed to recapitalize Ukrainian agribusinesses, upgrade the Black Sea Region's food processing infrastructure & modernize regional logistics to unlock growth. DCP is an active and grateful member of UVCA, represented on its Board of Directors over the years by its senior investment professionals, including Maria Mikhailova, Principal (2022), Dan Yakub, COO (2023), and Oleg Sirenko, Partner (2025).

EXECUTIVE SUMMARY

Key Results:

Total Investment Volume
(Estimated 2014–2024):

Approximately
\$8.8-9.2
billion

Note: This is an estimate, as complete data for all years and all deal types was not available. The provided data showed a peak in 2021 of around \$2.7 billion, with significant declines in subsequent years. Averaging and extrapolating give this reasonable, though likely conservative, estimate.

Number of Deals
(2014–2024):

Over
1400 deals
(M&A, VC, PE, and privatizations)

Note: This number is based on the deals listed in the provided files and is likely an undercount due to unreported transactions.

Start preparing to invest today, as tomorrow the best opportunities will be gone



John Patton, Head of EMEA & Asia at Argentem Creek Partners

Invest in Defense Tech. It's a strategic sector—and it's one that can help Ukraine win and rebuild.



Oleksandr Soroka, Serial entrepreneur and investor, Managing Partner at Network VC

My message to the audience is the same one I remind myself of daily: Let's keep doing what we do—and do it to the best of our abilities. Let's never lose hope or belief in ourselves. Life moves forward, and we will endure whatever comes next. We've proven ourselves to be a resilient nation, and that strength comes from believing in a better future.



Roman Nikitov, Co-Head of ICU Ventures



EXECUTIVE SUMMARY Main Conclusions

Main Conclusions (Aventures, Capital Times, InVenture, Forbes, AIN, other sources):

- **Technology Leads:** The technology sector (IT, software, e-commerce, fintech) consistently accounts for the largest share of investment activity (estimated at around 60%).
- **Impact of the War:** The full-scale Russian invasion in 2022 significantly impacted the market, but it has shown resilience.
- **Changing Investor Priorities:** There has been a shift towards investments in Military Tech, Green Energy, agriculture, and infrastructure.
- **Domestic Investors:** Ukrainian FPGs, private investors, and funds have become key players, especially in M&A.
- **International Support:** IFIs (EBRD, IFC) play an important role in financing Ukrainian businesses.
- **Privatization:** Sales of state-owned assets stimulate investment.
- **Adaptation:** Ukrainian companies are adapting to the war by reorienting to exports, finding new markets, and partnerships.

Main Conclusions (KPMG Data):

- **Dominance of M&A:** KPMG focuses exclusively on M&A transactions, providing a different perspective on the market.
- **Domestic Market:** Most M&A transactions (by number) are between Ukrainian companies.
- **Importance of Foreign Investment:** Inbound deals (foreign investment in Ukraine) constitute a larger part of the M&A market by value.
- **Key Sectors:** TMT, agriculture, industry, and consumer goods are key sectors M&A activity.

Overall Conclusion:

This research covers the period from 2014 to 2024. The Ukrainian investment market has gone through significant challenges but has demonstrated resilience and adaptability. The IT sector remains a key driver, but the war has shifted investor priorities, increasing interest in defense technologies, energy, and infrastructure. International support and domestic investment play important roles in the recovery of the economy. All data highlights the importance of M&A transactions in the domestic market, as well as the significant impact of foreign investment.

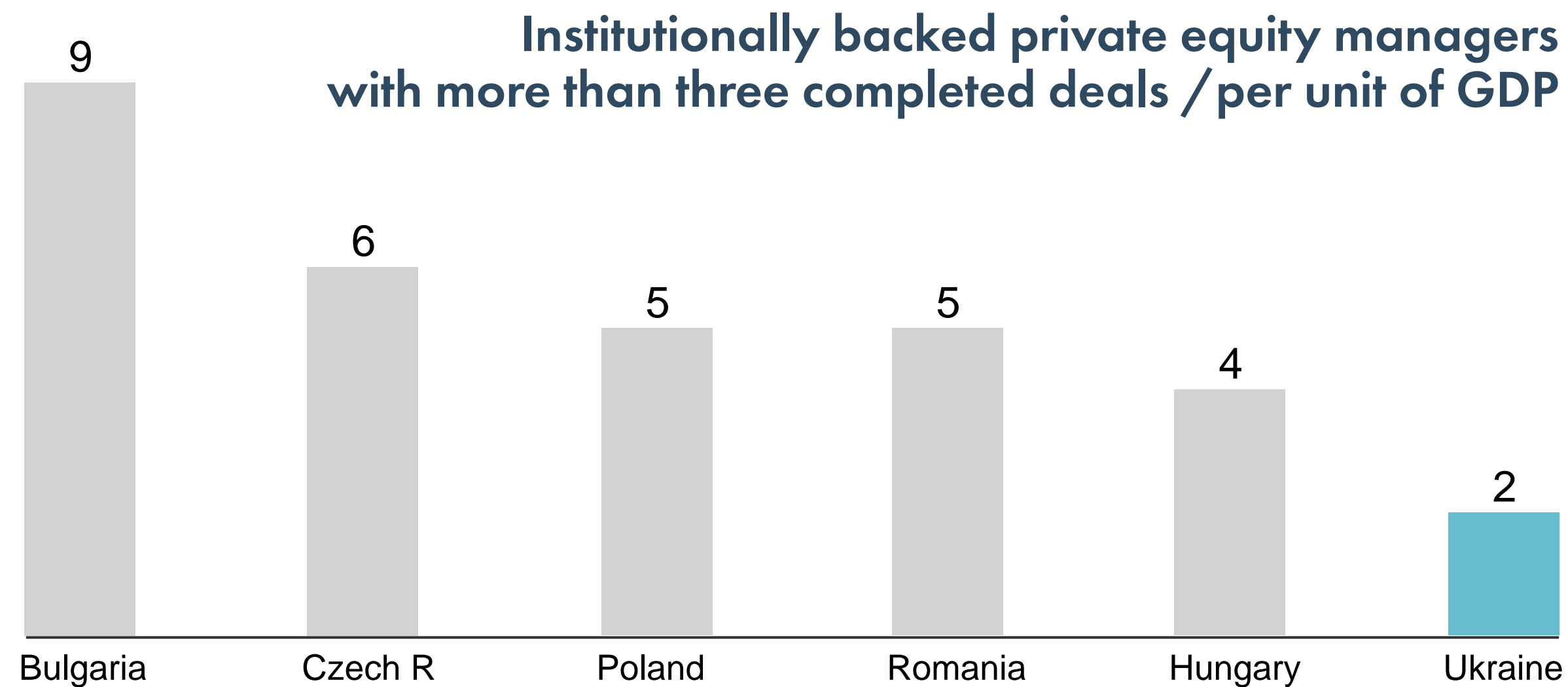
Macro overview: Following the shock of the full-scale invasion, Ukraine's economy has demonstrated remarkable resilience and adaptability, staging a strong rebound. As of 2024, key economic indicators have not only recovered, but in many cases surpassed pre-war levels.

	2014	2021	2022	2024
UAH GDP (UAH trillion)	1.5	5.5	5.2	5.7
USD GDP (\$B)	123	200	142	152
Total Export (\$B)	65	68	45	60
Agri export (\$B)	17	28	23	32
IT Export (\$B)	1.6	7	7.5	10

- Despite the ongoing war and substantial challenges, Ukraine's macroeconomic environment demonstrates significant resilience and adaptive capacity. The robust performance of agriculture and IT sectors underscores the potential for sustained recovery. Fiscal discipline, strategic monetary policy, and international support have collectively underpinned economic stabilization, positioning Ukraine's economy for continued recovery into subsequent years.
- After facing a severe GDP contraction of 29% in 2022 due to Russia's full-scale invasion, Ukraine's economy gradually stabilized. By 2023, Ukraine experienced a modest recovery, with GDP growing approximately 3.2%, driven largely by adaptive business strategies and international financial aid. Ukrainian GDP continued recovery in 2024, reaching \$152B with 7% YoY growth.
- Ukraine's international reserves increased by 8% in 2024, reaching \$43.8 billion, continuing the upward trend since 2023 and reinforcing macroeconomic and financial stability. This build-up was made possible by exceptional international support totaling \$42 billion, alongside the successful placement of FX-denominated domestic debt. These inflows enabled Ukraine to meet its external debt obligations, conduct over \$34 billion in foreign exchange interventions to smooth exchange rate volatility and maintain confidence in the national currency despite ongoing wartime pressures.

Despite the war, Ukrainian exports demonstrated significant resilience and recovery, rebounding to approximately USD 60 billion by 2024. Two sectors, in particular, led this recovery: Agriculture: Agricultural exports recovered swiftly, reaching USD 32 billion by 2024. Ukrainian exporters adapted logistical strategies, finding alternative transport routes to bypass disrupted traditional sea routes. The agriculture sector's resilience reaffirmed Ukraine's pivotal role as a global grain supplier. Information Technology: IT exports continuously grew, reaching approximately USD 10 billion in 2024, driven by global demand for Ukrainian tech services, remote work capabilities, and minimal dependency on physical infrastructure.

From 2014 to 2024, Ukraine's investment ecosystem lacked institutional LPs and saw limited interest from regional and global funds, keeping Ukraine under-invested. Despite worsening conditions after 2022, many local teams remained active and are now raising Ukraine-focused PE funds.



- Ukraine has significantly fewer active fund managers relative to GDP compared to regional benchmarks, primarily due to a lack of available institutional capital for local PE players and limited presence of regional and global funds.
- Since 2022, the situation has further deteriorated, as institutional LPs have largely suspended new commitments to the Ukrainian market.
- Despite these headwinds, several robust Ukrainian teams are actively raising private equity funds.
- Ukrainian PE funds pursue diversified strategies across multiple industries, encompassing not only technology but also agriculture and food processing, infrastructure, green energy, industrials, and other sectors critical to Ukraine's reconstruction and economic development

CEE average: 5 active PE fund managers per \$100B of GDP

Examples of established PE teams



Dragon Capital

Horizon Capital



Building on decades of experience on the ground, local PE teams are leading Ukraine's recovery. With strong track records, established teams and sector-specific strategies, they are raising PE funds to meet the country's urgent investment needs

Fund manager	Diligent Capital Partners	Horizon Capital	Dragon Capital	SD Capital	United Heritage
Key deals in 2014-2024	<ul style="list-style-type: none"> • Allseeds • Yednist Group • Preply 	<ul style="list-style-type: none"> • Intellias • Ajax Systems • Creatio • Aurora 	<ul style="list-style-type: none"> • Caravan Outlet Mall • M10 Lviv Industrial Park • UnexBank • Treeum 	<ul style="list-style-type: none"> • TIS Container Terminal • P&O Maritime Ukraine 	Several major transactions (undisclosed)
Short description and key LPs	Experienced team with a 30-year track record in Ukraine, having completed 25+ PE transactions, backed by FMO and prominent European family offices	Leading PE firm with 30+ years of experience in Ukraine, \$1.6B AUM, \$3B+ capital mobilized, backed by global institutional investors	Investment firm, which deployed over \$1.2B across private equity and real estate since 2001, partnering with global investors, IFIs, and DFIs	Private equity firm with 9+ years of experience in Ukraine	Asset management team investing in Ukraine and across a border CEE region
Funds in the fundraising stage	DCP Ukraine Regional Food Security and Recovery Fund: \$200 mln	Horizon Capital Catalyst Fund: \$350M	Amber Dragon Ukraine Infrastructure Fund I: \$400M Rebuild Ukraine Fund: \$200-250M	Green Recovery Fund: \$175M	United Heritage fund: \$550M-600M
Industry/sector focus	Agribusiness and food processing; technology	Digital infrastructure, energy, construction materials, and other industrial sectors.	Energy, Transport and Digital Infrastructure	Renewable energy, logistics infrastructure	Agriculture, logistics, infrastructure, energy, construction, development

PARTICULAR ATTENTION

Ukrainian Fund of Funds

The Ukrainian Venture Capital and Private Equity Association (UVCA) officially launched the Ukrainian Fund of Funds (FoF) in 2024. This long-awaited initiative is now actively fundraising from investors interested in Ukraine's venture capital (VC) and private equity (PE) ecosystem. The fund aims for an initial size of \$300 million and has appointed Ertan Can, an experienced fund manager based in Luxembourg, to lead its operations.

Currently, at least 28 Ukraine-focused venture funds and 12 private equity funds are actively raising capital and are the primary targets for the FoF.

Among them are UVCA members such as AVentures Capital, Acrobator VC, Angel One Fund, Almaz Capital, Capital Times, Flyer One Ventures, Hype Ventures, ICU Ventures, Network VC, One Way Ventures, SID Venture Partners, 1991 Ventures, 3X Capital, Argentem Creek Partners, Concorde Capital, Diligent Capital Partners, Dragon Capital, Green Recovery Fund, United Heritage, umgi, others. These funds invest in technology-driven, growth-oriented businesses at early and late stages. Together, they represent over \$4 billion in demand for investment.

The Fund of Funds is set to become a key market-building player, strengthening Ukraine's private equity and investment landscape. It is currently in negotiations with international financial institutions (IFIs) and development finance institutions (DFIs) as well as other investors seeking support and investment to back Ukrainian entrepreneurs and SMEs through experienced Ukraine-focused fund managers.

For any questions regarding the Ukrainian Fund of Funds, please do not hesitate to reach out to: Andrey.Kolodyuk@uvca.eu

SECTION 1: INVESTMENT MARKET DYNAMICS

1.1. Investment Dynamics Over the Years

1.1.1 General Analysis. The Ukrainian investment market during 2014-2024 experienced significant fluctuations caused by both internal and external factors. The period can be roughly divided into several stages:

- **2014-2015: Sharp Decline:** The beginning of Russian aggression, the annexation of Crimea, and the war in Donbas led to a significant decrease in investment activity. Investors were extremely cautious, and many deals were frozen or canceled.
- **2016-2019: Gradual Recovery:** A slow recovery of the investment climate began, with growing interest in IT, e-commerce, and the agricultural sector. Reforms aimed at improving the business environment were implemented.
- **2020: Impact of the COVID-19 Pandemic:** The COVID-19 pandemic led to another decline, but the IT sector and some other industries showed resilience.
- **2021: Peak Investment Activity:** This year was a record year for investment volume, especially due to large deals in IT, energy, and agriculture.
- **2022: Full-Scale Invasion:** A sharp decline in investment due to Russia's full-scale invasion. A shift in investor priorities, a focus on defense tech, forced deals.

- **2023-2024: Adaptation and Recovery:** The market shows signs of adaptation, the number of deals is increasing, but the average deal size is smaller. "Deal of the decade" was closed with a total investment of over \$1 billion. The Defense Tech sector deals play a key role in venture capital deals.

Argentem Creek Partners (ACP) has invested more than \$600 million in Ukrainian logistics, agriculture, metals and mining. Some projects proved to be extremely challenging while at the same time providing valuable experience and even better understanding of local risks. Overall ACP has been enjoying double-digit returns throughout these years and we're planning further expansion in Ukraine.

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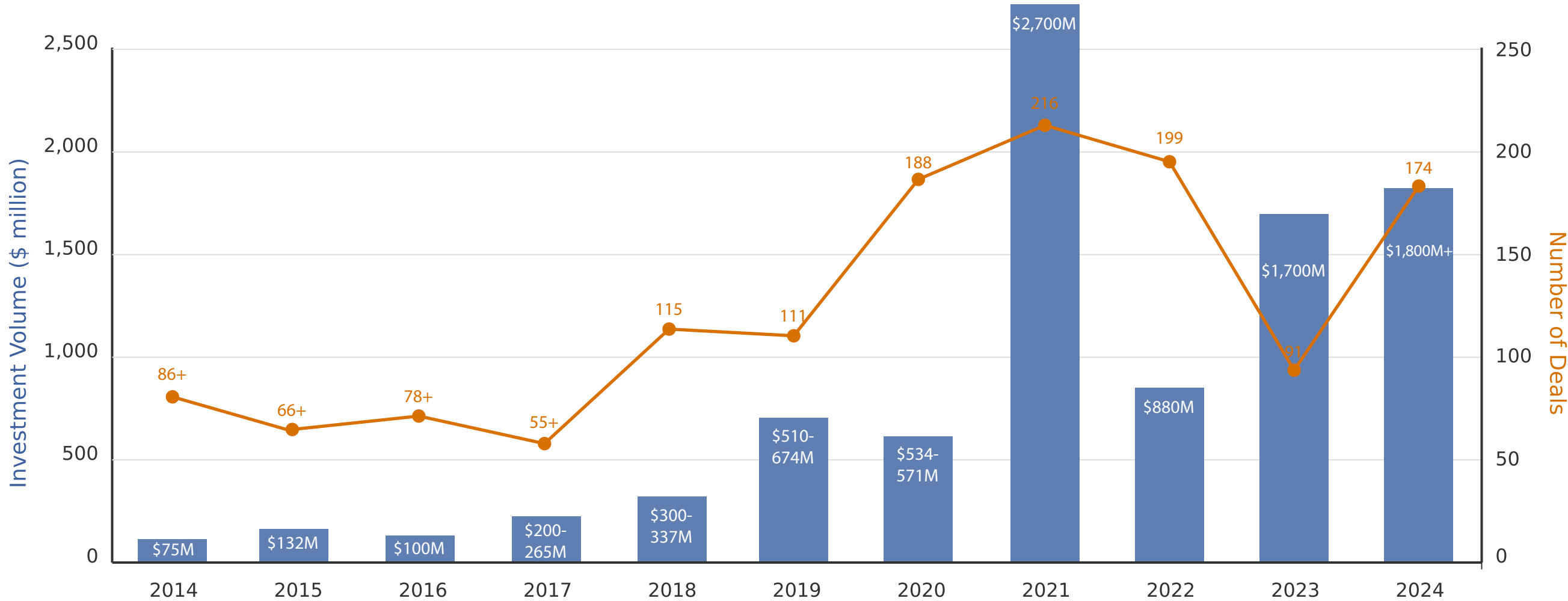
John Patton, Head of EMEA & Asia at Argentem Creek Partners

Table 1.1.1. Dynamics of the Ukrainian Investment Market (2014-2024) (Combined Data)

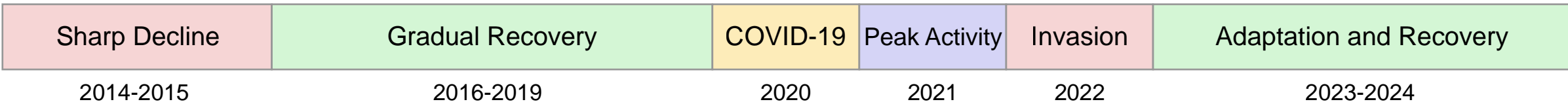
Year	Investment Volume (\$ million) (Estimate)	Number of Deals (Estimate)	Key Events
2014	~50-100	86-88	Beginning of Russian aggression, annexation of Crimea, war in Donbas
2015	~132-146	66-69	Continued decline, extreme investor caution
2016	~100	78-87	Beginning of slow recovery, growing interest in IT, e-commerce
2017	~200-265	55-89	Continued growth, investments in IT outsourcing, product companies
2018	~300-337	~115	Further growth, emergence of the first "unicorns"
2019	~510-674	~111	Growth of interest in the agricultural sector and infrastructure, dominance of domestic M&A deals (KPMG)
2020	~534-571	~188	Decline due to the COVID-19 pandemic, but continued activity in IT
2021	2,700	~216	Peak investment activity, large deals in IT, energy, agriculture
2022	~880	~199	Sharp decline due to the full-scale invasion, focus on defense tech, forced deals
2023	1,700	~91	Gradual recovery, increase in the number of deals, but smaller checks
2024	1,800+	~174	Continued recovery of investment market Closed "deal of the decade" with a total investment of \$1 Bn + Defence Tech sector deals play key role in venture capital deals

Ukrainian Investment Market Dynamics (2014-2024)

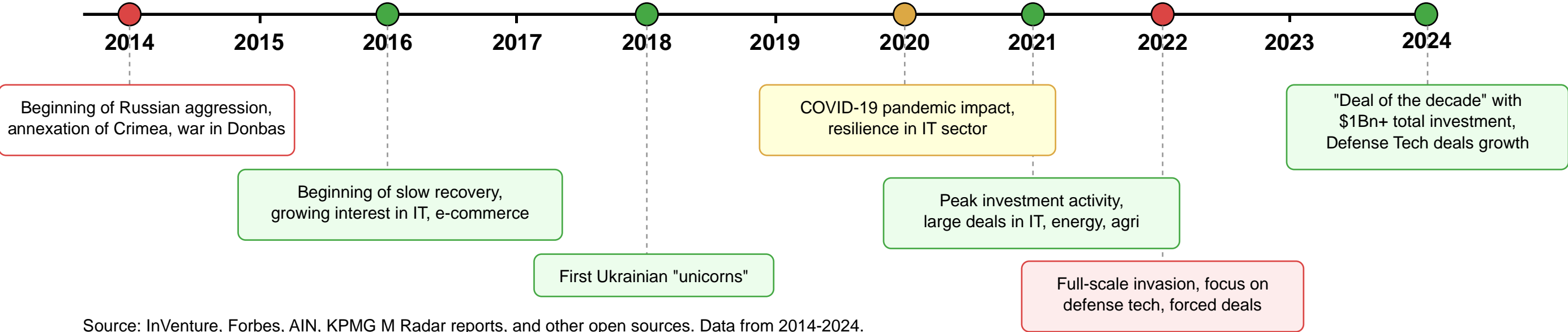
Investment Volume, Number of Deals, and Key Historical Events



Investment Market Stages



Key Market Events Timeline



Source: InVenture, Forbes, AIN, KPMG M Radar reports, and other open sources. Data from 2014-2024.
Note: Numbers are estimates. Some values shown as ranges due to incomplete data for certain years.

I appreciate you covering this past decade, as it truly reflects the decade of war for us Ukrainians—beginning in 2014 and escalating dramatically in 2022. It’s been a turbulent period. Yet, despite the challenges, Ukraine’s investment ecosystem remains resilient. We continue to see adaptability among startups, an even stronger focus on innovation, and growing international investor interest, particularly in high-potential sectors like renewable energy, defense tech, and AI. Of course, access to capital remains a key challenge, and rebuilding investor confidence is something we must all work on together.



John Patton, Head of EMEA & Asia at Argentem Creek Partners

1.2. Distribution by type of transactions

Table 1.2. Structure of M&A transactions according to KPMG data

Type of transaction	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Internal (Domestic)	31.2%	36.1%	43.8%	36.4%	23.9%	30.9%	39.5%	62.3%	n/a	n/a	51.0%	53.1%
Inbound	58.7%	52.8%	43.8%	52.7%	68.7%	63.0%	56.8%	36.2%	n/a	n/a	36.2%	26.5%
Outbound	10.1%	11.1%	12.5%	10.9%	7.5%	6.2%	3.7%	1.5%	n/a	n/a	12.8%	20.4%

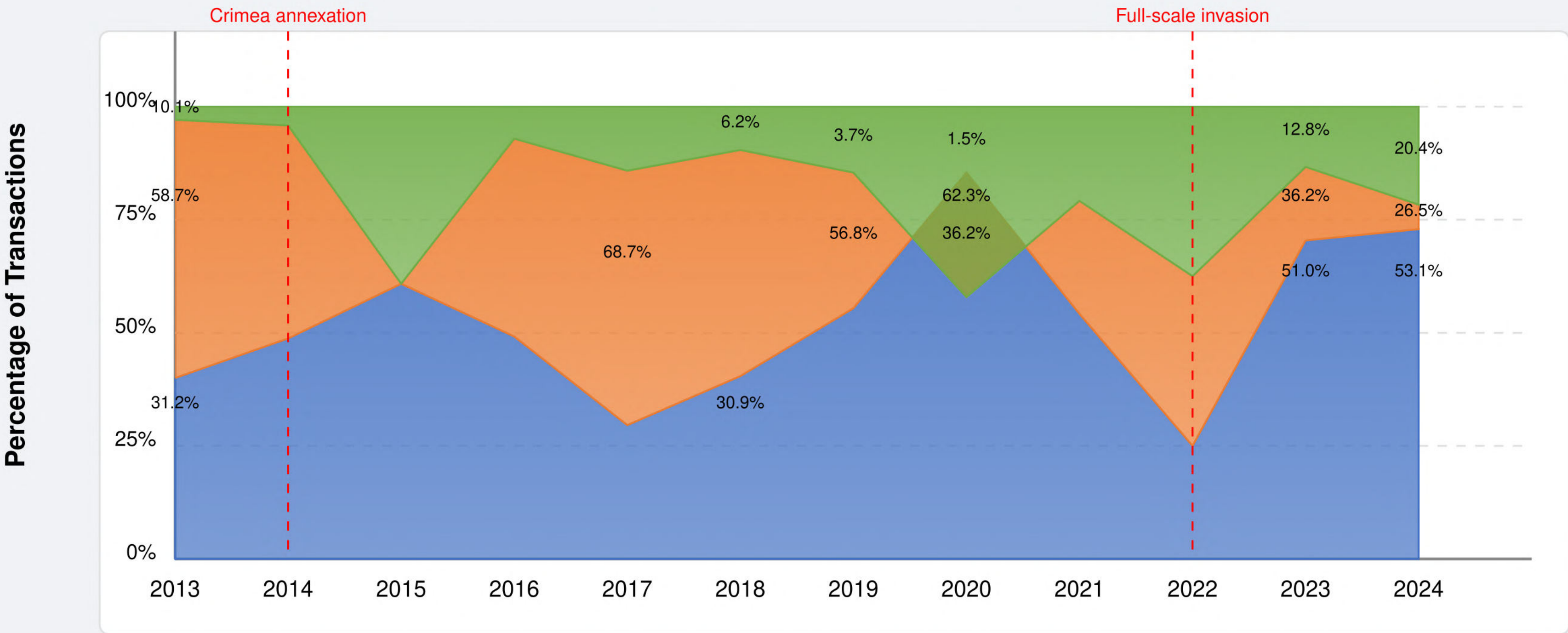
As challenging as the situation is right now, it still provides enormous opportunities for those who understand local realities, have real experience on the ground, and know how to mitigate market-specific risks. Asset prices are currently attractive and backing companies that are well positioned to benefit from Ukraine’s reconstruction is an attractive opportunity within a relatively narrow window.

John Patton, Head of EMEA & Asia at Argentem Creek Partners



Structure of M&A Transactions in Ukraine (2013-2024)

Distribution by Transaction Types - KPMG Data



Internal (Domestic)
Ukrainian buyer, Ukrainian target

Inbound
Foreign buyer, Ukrainian target

Outbound
Ukrainian buyer, foreign target

Dominance of domestic transactions after 2020

Growth in outbound deals post-invasion

Decline in foreign investment (inbound) since 2022

Source: KPMG M Radar reports, 2013-2024

1.3 Key Driving Forces (Combined for Both Data Sets):

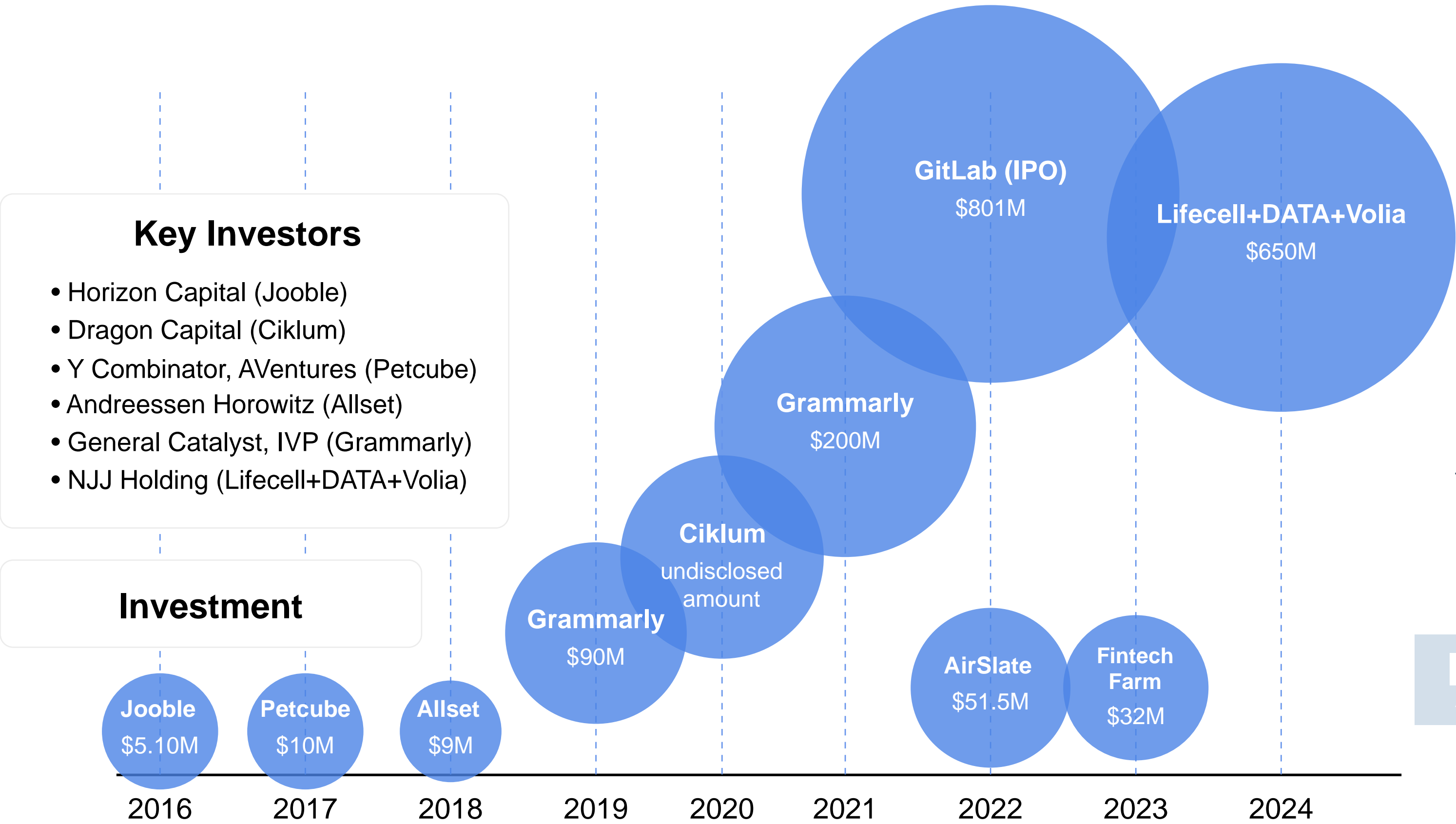
Table 1.3.1: Examples of investments in the IT&T sector (expanded)

Year	Company	Investor(s)	Amount (\$ million) (valuation)
2016 *	Jooble	Horizon Capital	~5-10
2017 *	Petcube	Y Combinator, Almaz Capital, ICU Ventures, AVentures Capital	~10
2018 *	Allset	Greycroft, Andreessen Horowitz, SMRK, Inovo Venture Partners	~8
2019 *	Grammarly	General Catalyst, IVP, Spark Capital	90
2019-2020	Ciklum	Dragon Capital, Recognize Partners	undisclosed amount
2021	Grammarly	Baillie Gifford, BlackRock	200
2021	GitLab (IPO)	(IPO)	801
2022	AirSlate	G Squared, UiPath Ventures	51.5
2023	Fintech Farm	Nordstar	32 (\$100M+)
2024	Lifecell+DATA+Volia	NJJ Holding	650

Asterisk denotes years where data is supplemented from other sources and estimates for completeness.*

Key IT Sector Investments in Ukraine (2016-2024)

Table 1.3.1: Examples of investments in the IT sector



- Key Investors**
- Horizon Capital (Jooble)
 - Dragon Capital (Ciklum)
 - Y Combinator, AVentures (Petcube)
 - Andreessen Horowitz (Allset)
 - General Catalyst, IVP (Grammarly)
 - NJJ Holding (Lifecell+DATA+Volia)

Investment

It's already obvious that many American startups rely heavily on Ukrainian back offices. CTOs, engineering teams, product developers—Ukraine has become a key destination for talent. I'd say nearly every seventh startup we speak to says: "Yes, we have a team in Ukraine" or "Our development is based there." Ukraine has become a well-known and respected jurisdiction for software product development.

“ **Oleksandr Soroka**, Serial entrepreneur and investor, Managing Partner at Network VC

Source: UVCA Analytical Report, 2025 (Circle size proportional to investment value)

International Support:

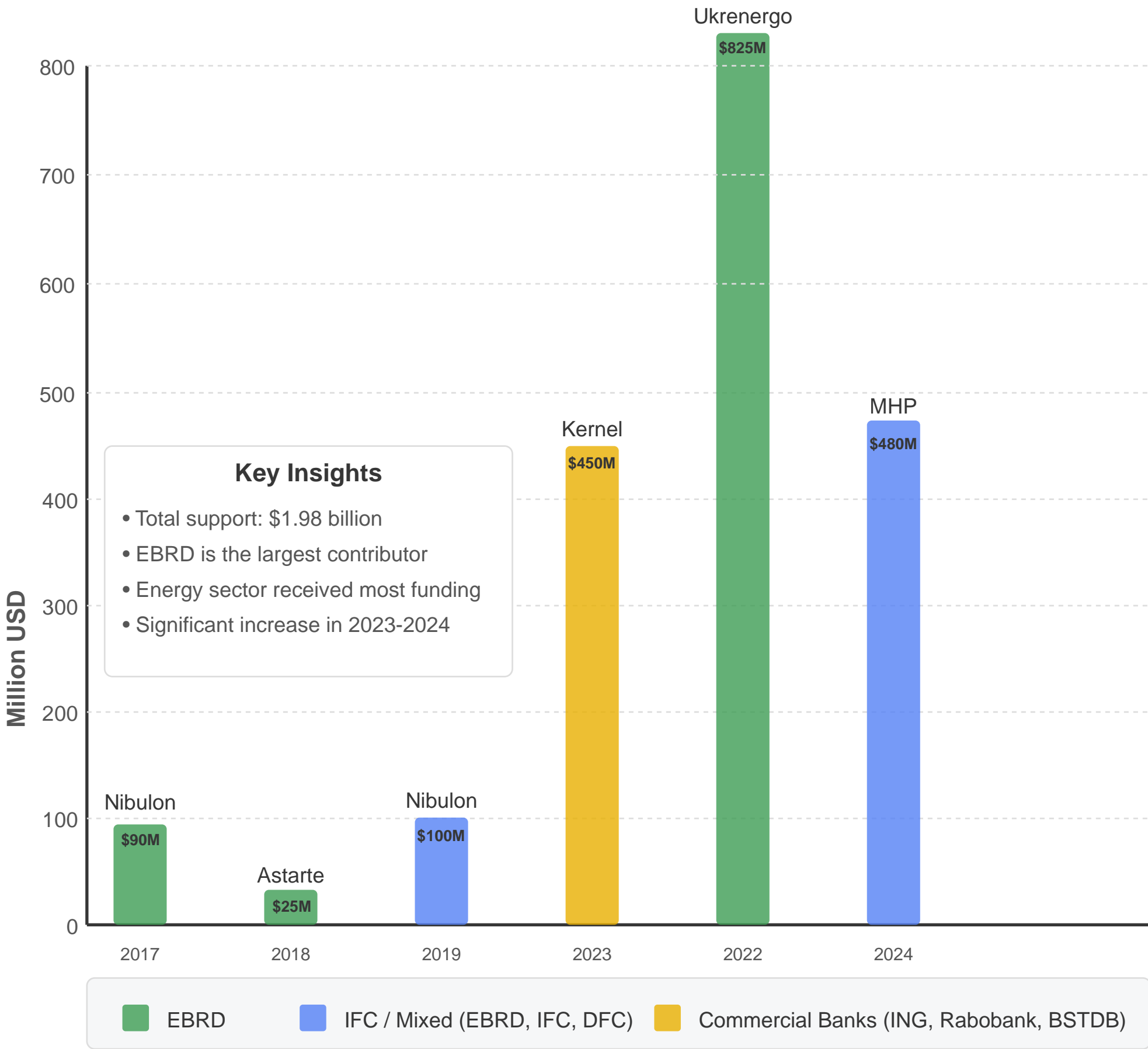
Table 1.3.2 Credit agreements with international financial institutions (expanded)

Year	Company	Creditor	Amount (\$ million) (equivalent)
2017*	Nibulon	EBRD	90
2018*	Astarta	EBRD	25
2019*	Nibulon	IFC	100
2023	Kernel	ING Bank, Rabobank, Black Sea Trade and Development Bank	450
2024	Ukrenergo	EBRD	825
2024	MHP	EBRD, IFC, DFC	480

Added examples of agreements from other sources for illustration of a wider period.*

International Financial Support for Ukrainian Companies

Table 1.3.2: Credit agreements with international financial institutions (2017-2024)



Source: UVCA Analytical Report, 2025

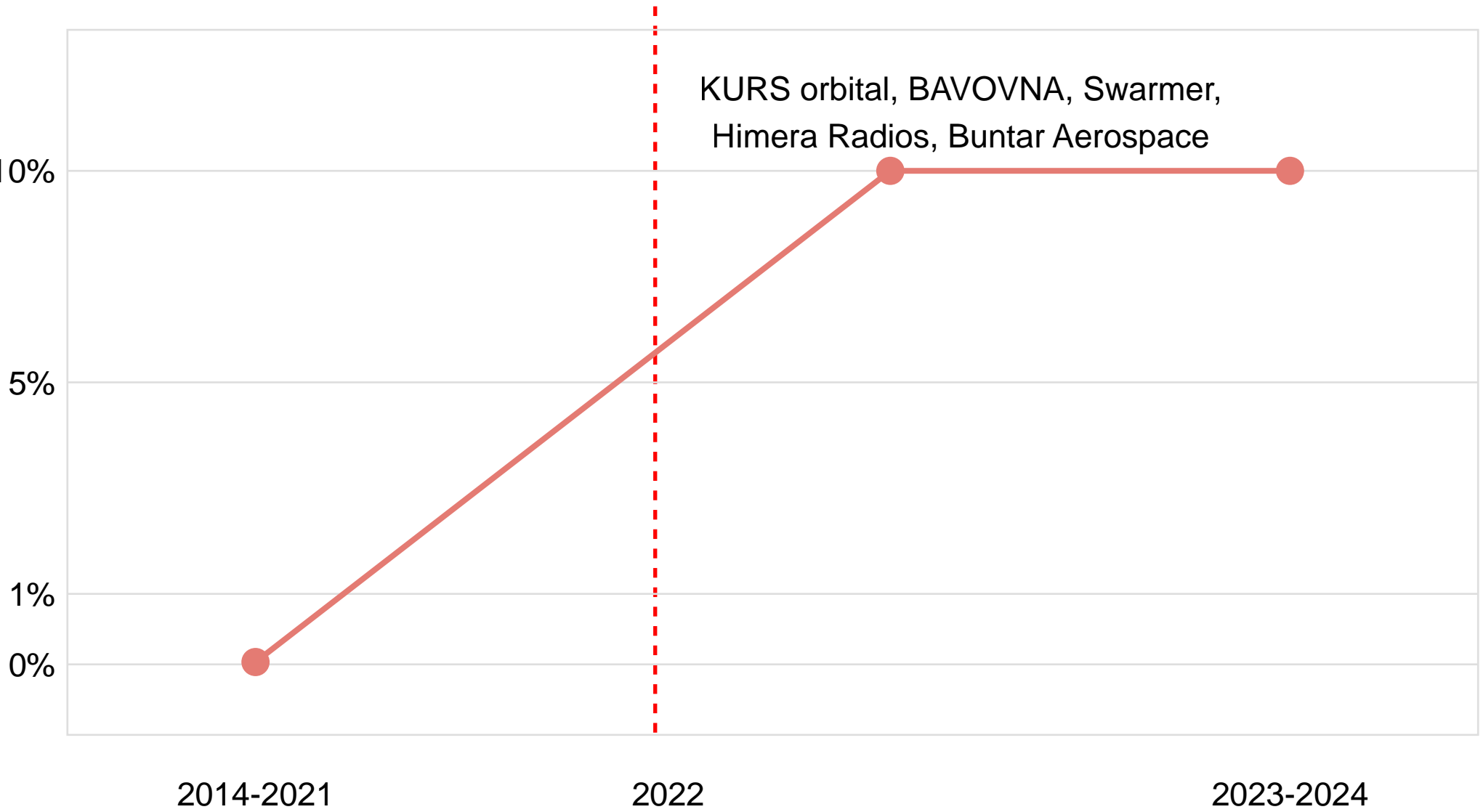
War and Economic Instability:

Table 1.3.3 Change in Investment Structure Due to War

Year	2014-2021	2022	2023	2024
Military Tech	<1%	>8%	>8%	>8%

Military Tech Investment Growth

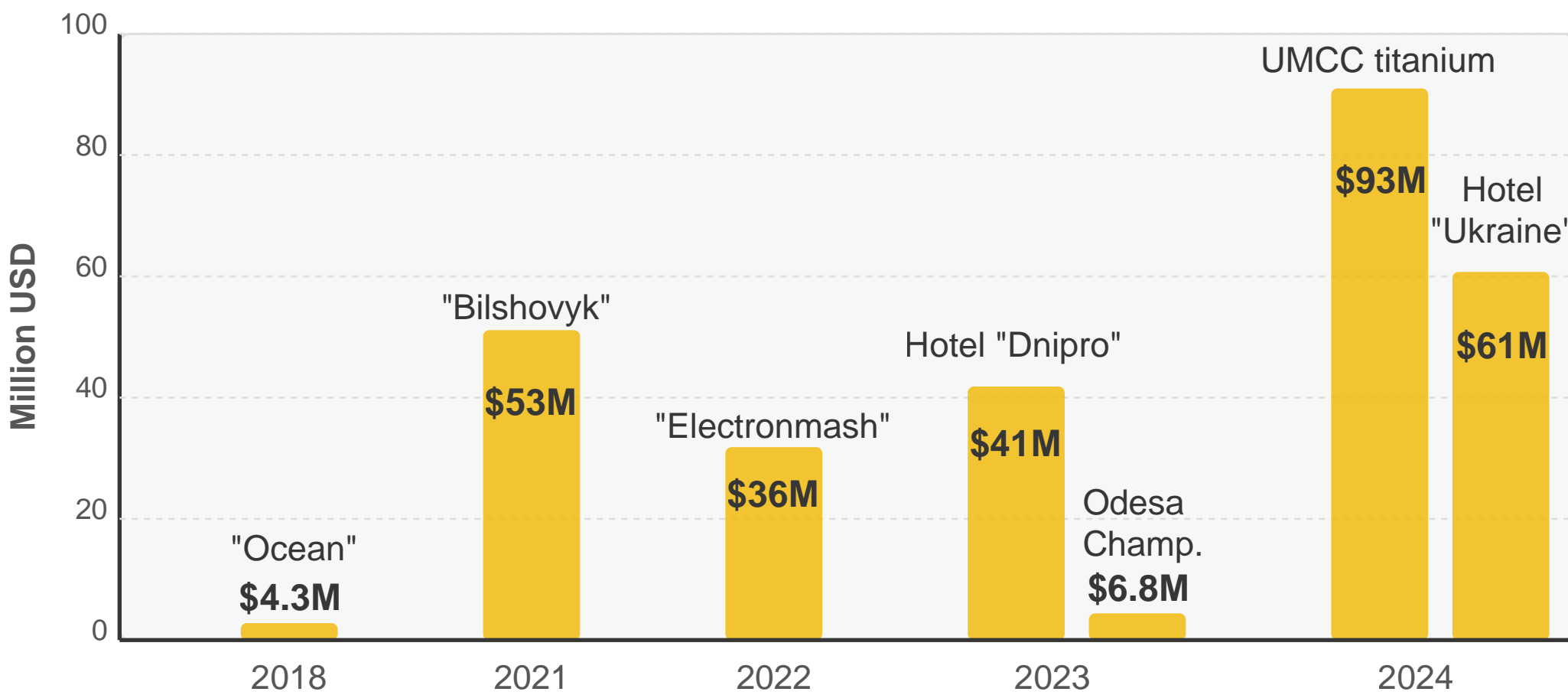
Table 1.3.3: Sector structure change due to war
Full-scale invasion (Feb 2022)



Government Reforms and Privatization:

Table 1.3.4. Examples of Privatization Deals

Key Privatization Deals in Ukraine (2018-2024)



Key Insights

- Strategic asset privatization continued despite war
- Provided important budget revenue
- Diverse asset types
- Total sales exceeded \$300M (2018-2024)
- Peak volume in 2024 (UMCC titanium)
- Consistent growth trend

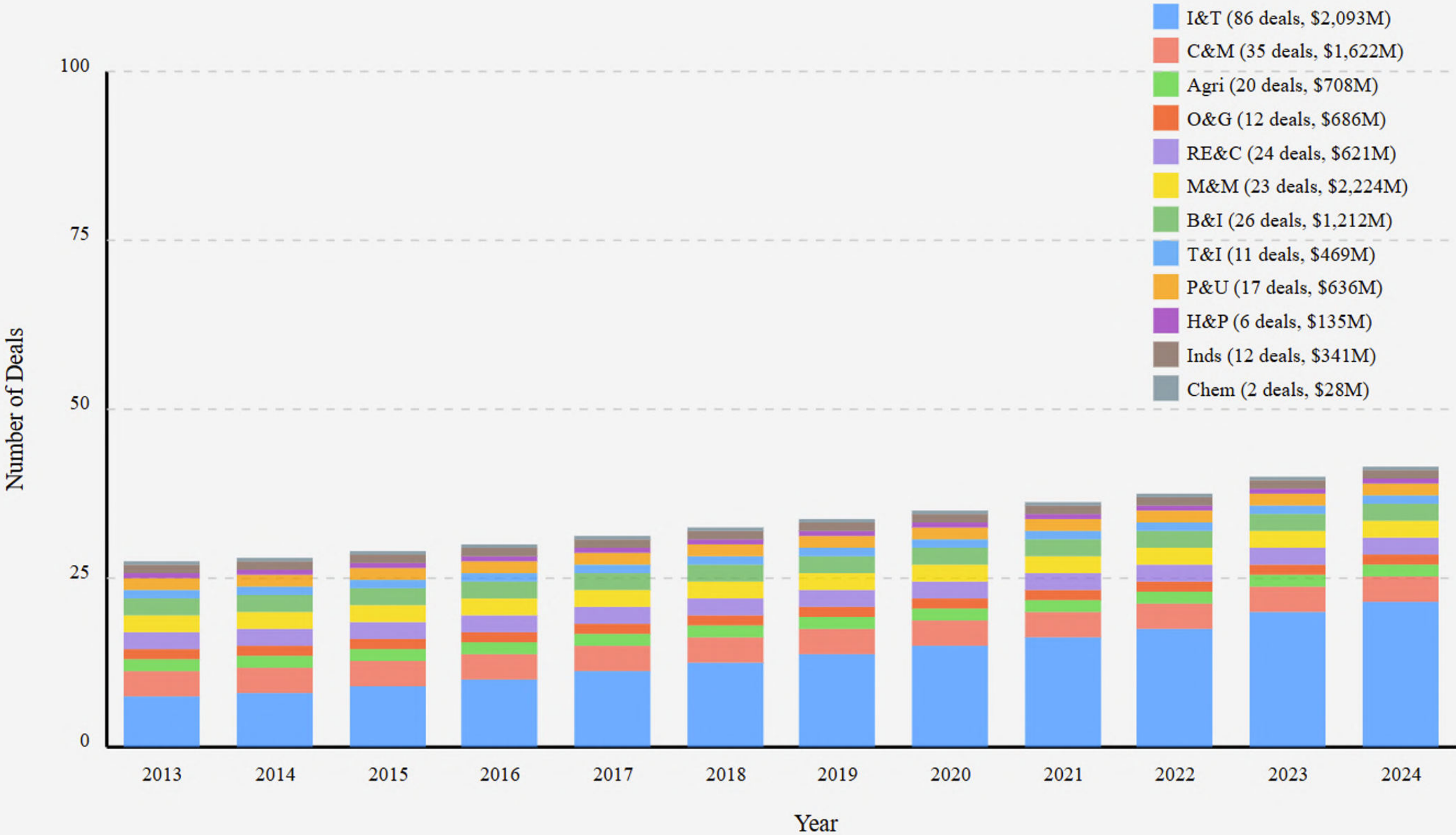
Source: UVCA Analytical Report, 2025

Since the war began, Defense Tech has seen rapid growth. While this is a more specialized sector, interest is high. Ukrainians are now world leaders in this area, with a unique advantage: they can test and iterate products in real combat environments. This has led to the creation of globally competitive—and in some cases, best-in-class—solutions, particularly in unmanned systems and drone technologies.



Oleksandr Soroka, Serial entrepreneur and investor, Managing Partner at Network VC

M&A Deals Distribution Across All Sectors (2013-2024)



1.4. Sectoral section
(according to
KPMG, 2013-2024):

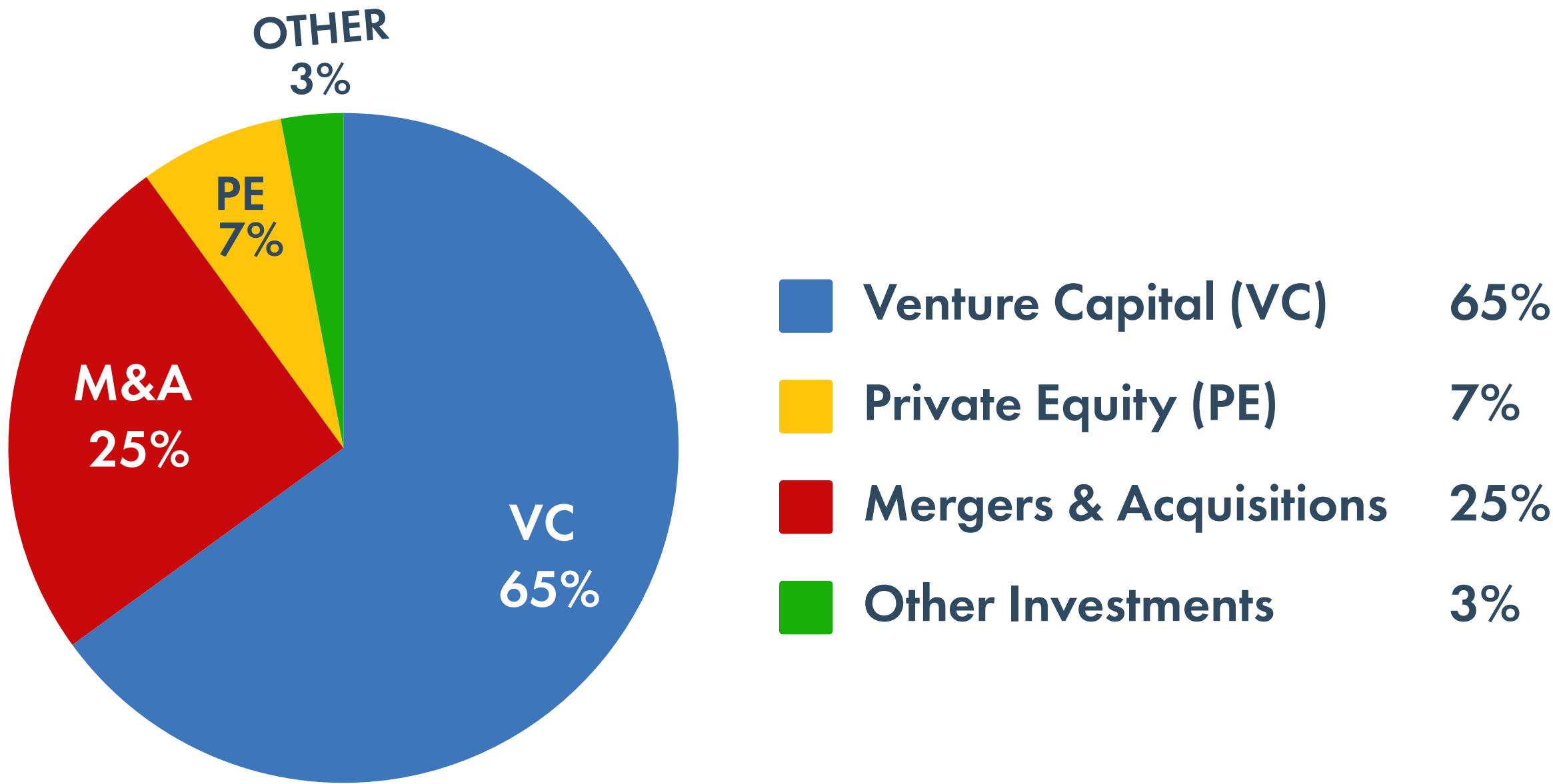
Table 1.4.1 Distribution
of M&A by industry

1.5. Deal Structure Analysis

1.5.1 VC vs. PE:

Table 1.5.1 Investment Structure in Ukraine (Estimate)

Based on estimated data from 2014-2024. Venture Capital dominates the investment landscape, followed by M&A activities. PE and other investments represent smaller but significant portions of the market.



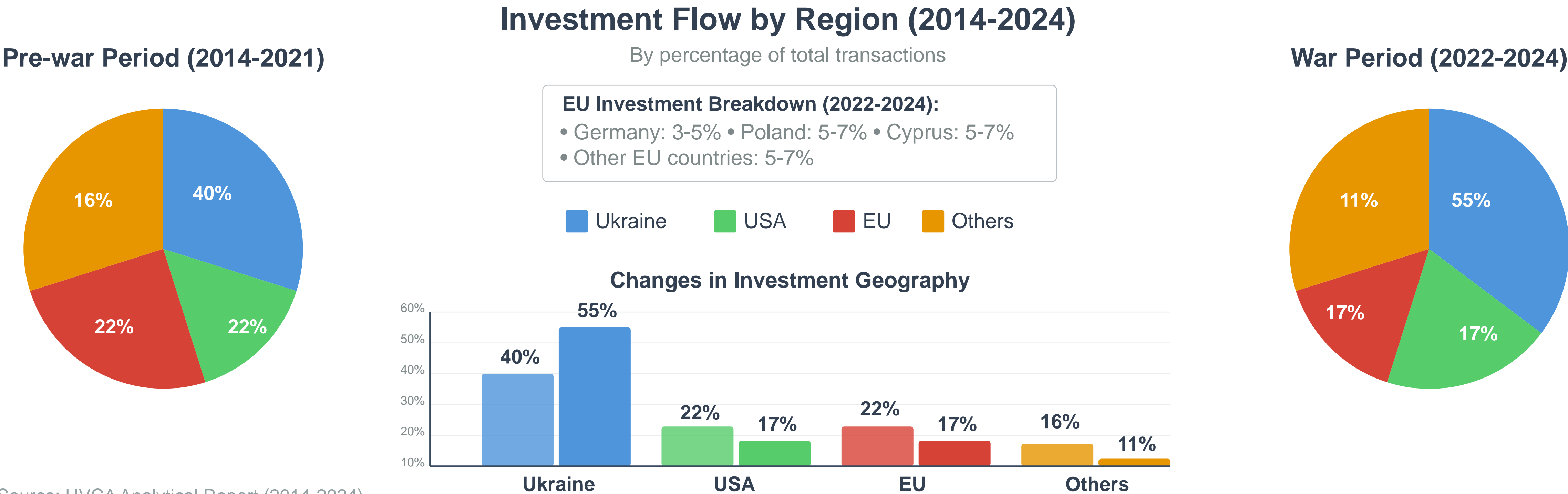
1.5.2. Closed Deals:
(Common for both data sets)

~25% of deals have undisclosed financial data.

1.5.3 Investor/Buyer Geography:

Overview: During 2014-2024, there was a significant presence of both domestic and foreign investors. Prior to 2022, the share of foreign investment was higher, especially in large M&A deals and venture capital rounds. After the full-scale invasion, the activity of foreign investors decreased but did not disappear completely.

Table 1.5.3.1: Geographical structure of investments (by number of transactions, estimate)

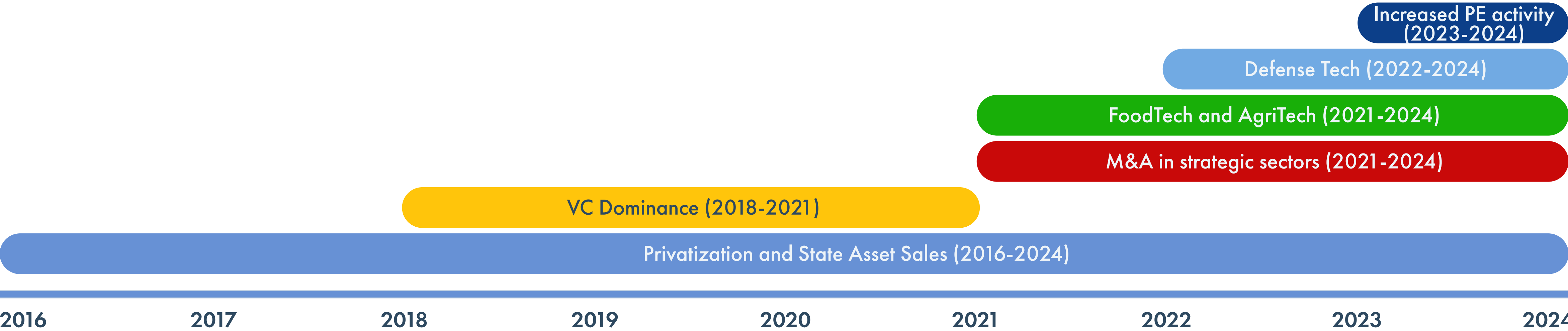


Source: UVCA Analytical Report (2014-2024)

1.6. Trends:

Table 1.6.1 Trends in M&A transactions (Extended)

Trend	Examples
VC Dominance (2018-2021)	Grammarly, GitLab, People.ai, Restream, Preply
Increased PE activity (2023-2024)	Dragon Capital, Horizon Capital, Acquisition of Assets in Bankruptcy/Restructuring
M&A in strategic sectors (2021-2024)	NJJ Capital's acquisition of lifecell and Datagroup-Volia, Metinvest's acquisition of Dnipro Coke and Chemical Plant, Dragon Capital's investments in M10 Industrial Park, Truskavetska (mineral water producer), PowerOne (energy), financial sector and participation in AEROC privatization auction
Defense Tech (2022-2024)	Investments in KURS orbital, Skyeton, Bavovna, Swarmer, Himera Radios, Buntar Aerospace, Osavul
FoodTech and AgriTech (2021-2024)	Investments in KAU, Choice QR, Allset, Foodex24, MHP, Kernel, Continental Farmers Group, Greenleaf (Dragon Capital); Active acquisition of elevators in 2024
Privatization and State Asset Sales (2016-2024)	UMCC Titanium, Hotel "Ukraine", "AEROC", "Bolshevik", "Electronmash", hotel "Dnipro", distilleries, ports



SECTION 2: SECTORAL AND GEOGRAPHICAL ANALYSIS

2.1. Sectoral Analysis

2.1.1. General Overview

Over the period 2014-2024, the Ukrainian investment market exhibited significant sectoral dynamics, influenced by both internal and external factors.

Dominant Sectors (2014-2021):

- **IT and Telecommunications:** Traditionally the largest recipient of investments, especially venture capital. Growth was driven by outsourcing, product companies, fintech, and e-commerce.
- **Agriculture:** Remained a strategically important sector, attracting investments in agricultural holdings, infrastructure (elevators, terminals), and agritech.
- **Construction and Real Estate:** Investments in commercial (offices, shopping centers, warehouses) and residential real estate, especially in Kyiv and major cities.
- **Energy:** Investments in renewable energy (solar and wind power plants), as well as in traditional energy (gas production, electricity distribution companies).

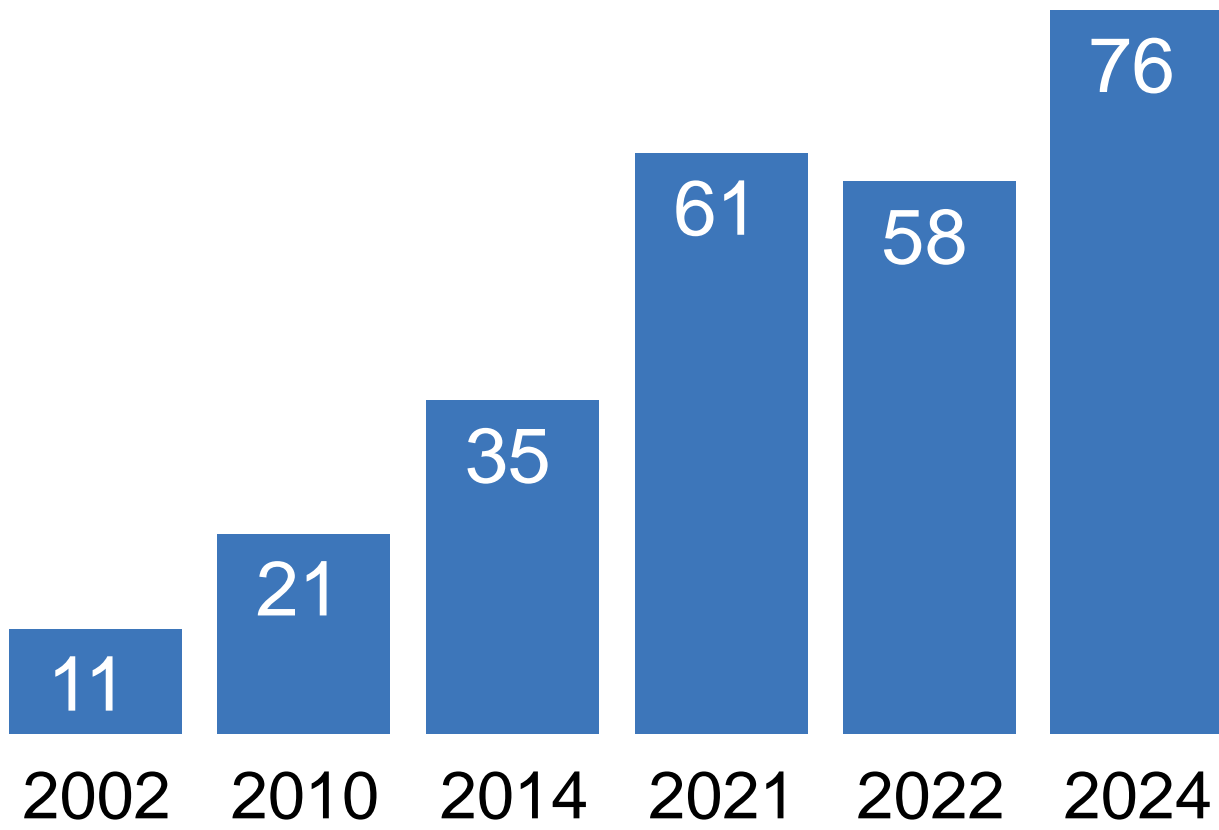
Changes after 2022 (full-scale invasion):

- **Growth of Military Tech:** A sharp increase in investments in defense technologies (drones, communication systems, cybersecurity, troop management software, etc.).
- **Increased focus on energy security:** Growth in investments in renewable energy, energy storage systems, and gas production.
- **Resilience of the agricultural sector:** Agriculture continued to attract investment, but with a focus on logistics, processing, and exports.
- **Decreased activity in other sectors:** Investments in real estate, retail, and other non-critical sectors declined.

Agriculture and food processing remain a cornerstone of Ukraine’s economy, contributing 15% of employment and 41% of total exports. Beyond providing essential hard currency to support macroeconomic stability, the sector plays a pivotal role in global food security—a role that is becoming even more critical as climate change threatens agricultural output in other parts of the world.

	Ukraine	France	EU
Agriculture in GDP (%)	10.6	1.6	1.6
Agriculture share in employment (%)	14.7	2.7	3.8
Agri Food Exports (% of total Exports)	40.6	9.1	8.9

Ukraine agricultural export, in M t



Ukraine’s ranking in global export by commodity (2022/23)

- #1 Corn, Rapeseed
- #2 Sunflower Oil & Meal
- #3 Barley, Rye
- #4 Wheat, Soybean
- #5 Poultry, Rapeseed & Soybean Oil

- Ukraine’s fertile chernozem, extensive arable land, and favorable climate provide a strong natural foundation for efficient, large-scale, and high-yield agricultural production. These geographic advantages allow Ukraine to consistently produce substantial surpluses of grains, oilseeds, and other commodities, underpinning its role as a critical player in global food security.
- The agri sector is central to the Ukraine’s economy, accounting for 10% of GDP and nearly 15% of employment. Rural development in Ukraine is closely linked to that of agriculture, which remains the main income source for people in rural areas.
- In 2014-2022 the sector was demonstrating stable growth, and after 2022, despite the immense challenges posed by Russia’s invasion — including disrupted planting and harvesting seasons, damaged infrastructure, and higher operational risks — Ukraine’s agricultural sector has demonstrated remarkable resilience.
- By 2024, export volumes have exceeded pre-war levels, reaching 41% of Ukraine’s total exports, representing a fivefold increase from its share in 2001. This rebound was made possible by the rapid development of alternative logistical corridors through neighboring countries and stronger ties with regional partners that helped maintain critical trade flows even amid adversity.
- To fully capitalize on rising global demand, substantial investment is urgently needed to rebuild and expand Ukraine’s agri-food supply chain. Several private equity players (including Diligent Capital Partners) have centered their strategies around the agri & food sector to help channel capital into this critical industry.

Table 2.1.1: Distribution of Investments by Sector (by number of deals, estimate, different sources)

Sector	2014-2021 (%)	2014-2021 (%)
IT and Telecommunications	40-50	50-60
Agriculture	15-20	10-15
Construction and Real Estate	10-15	10-15
Energy (incl. renewable)	5-10	10-15
Food Industry	5-10	5-10
Financial Activities	5-10	5-10
Military Tech	<1	>8
Other	5-10	5-10

2.1.2. Sectoral Analysis (KPMG Data, 2013-2024)

General Overview: According to KPMG's "M&A Radar" reports, the following sectors demonstrated the highest activity in the M&A market in Ukraine (by deal value):

- Consumer Goods and Retail (C&M)
- Agriculture (Agri)
- Metallurgy and Mining (M&M)
- Innovation and Technology (I&T)
- Energy and Utilities (P&U)
- Real Estate and Construction (RE&C)
- Transport and Infrastructure (T&I)

The greatest achievement of the last decade is the emergence of seven to eight unicorns—despite all the adversity.

Second, the startup ecosystem has matured significantly and now represents about 5–6% of Ukraine’s GDP and nearly 40% of the country’s total services exports.

Third, while investment in Ukrainian startups declined from nearly \$1 billion pre-war, it rebounded to about \$500 million in 2024—roughly the level we saw in 2020. That’s a strong recovery under the circumstances.

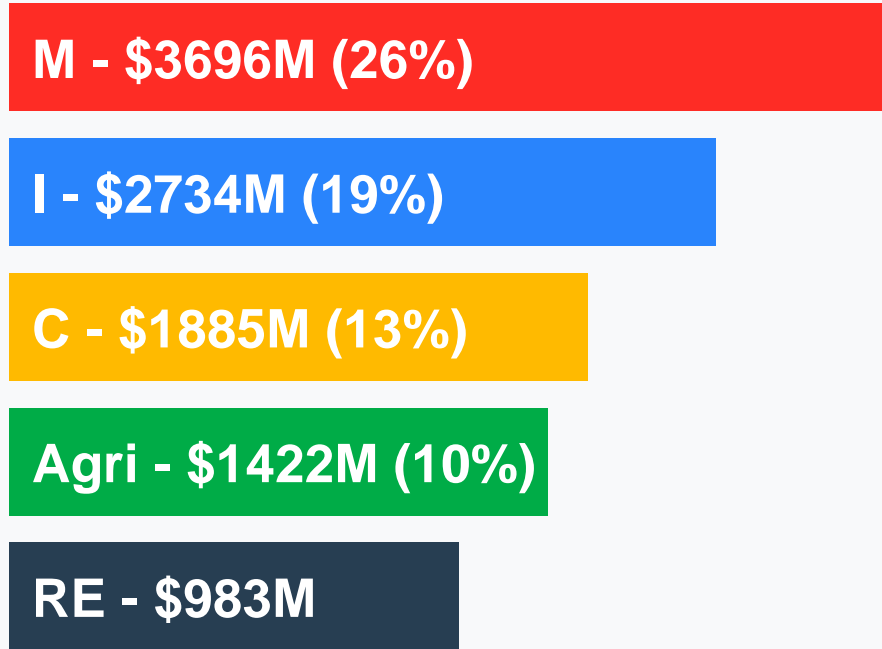
On the downside, beyond the war itself, we continue to face regulatory uncertainty, a lack of legal clarity, and insufficient access to capital. These structural issues still limit the ecosystem's full potential.

” Roman Nikitov, Co-Head of ICU Ventures

Table 2.1.2.: Distribution of M&A Deals by Sector (by value, 2014-2024) - KPMG Data

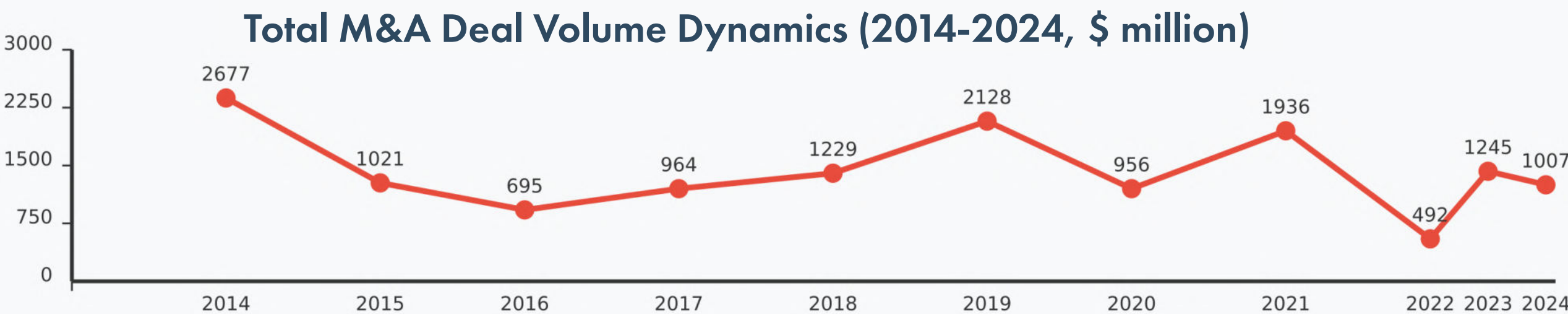
Sector / Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total (\$M):	2677	1021	695	964	1229	2128	956	1936	492	1245	1007
Deals:	25	30	32	20	41	45	33	47	19	44	47
I	-	150	6	122	5	393	184	827	440	265	342
M	1588	188	147	251	820	38	19	550	-	n/a	95
Agri	210	106	-	416	-	100	190	88	42	173	97
C	173	205	105	-	-	754	-	-	-	528	120
RE	-	40	48	23	124	-	205	141	-	193	209
B	311	156	323	40	50	15	20	35	-	n/a	39
O	310	85	-	52	15	460	75	26	-	-	25
P	35	-	27	-	13	225	-	99	-	11	32
T	22	5	-	-	53	57	164	-	-	75	10

Top-5 Sectors (2014-2024)



Trends According to KPMG Data (2014-2024):

- **Instability:** The volume and number of M&A deals fluctuated significantly from year to year, indicating the instability of the investment climate.
- **Sector Diversity:** Investments were distributed across different sectors, but with certain leaders in specific years (e.g., metallurgy in 2014, agriculture in 2017, consumer goods in 2019).
- **Importance of the Domestic Market:** Most M&A deals were domestic, emphasizing the role of Ukrainian companies in consolidating and developing the market.



Source: KPMG M&A Radar Ukraine (2014-2024), UVCA, InVenture and other sources

2.1.3. Examples of Deals by Sector (2014-2024):

IT and Telecommunications:

- NJJ Capital acquisition of Lifecell (\$525M) and Datagroup –Volia (\$120M-200M) in 2024.
- Rentberry (PropTech): raised \$90M in 2024, valuation of \$1 Bn
- Grammarly: raised over \$200 million in 2021, valuation of \$13Bn.
- GitLab: successful IPO in 2021, raised at \$800M, valuation of \$8Bn.
- Creatio: raising \$200M in 2024 (raised at 1.2B valuation)

Agriculture:

- LNZ Group: acquisition of Innovation Center for Processing of Oilseeds and Grains
- Kernel Holding: acquisition of assets in sunflower oil processing and logistics.
- A.G.R. Group: acquisition of agricultural companies.
- Continental Farmers Group: acquisition of an agricultural holding and an elevator.
- SALIC: acquisition of a stake in MHP.

Construction and Real Estate:

- Dragon Capital: acquisition of business centers, shopping centers, warehouse complexes, and development of M10 Industrial Park.
- UDP: sale of a stake in an elite residential complex.
- Acquisition of real estate objects through privatization and the sale of pledged assets.
- Construction of new logistics complexes (e.g., Alterra Group).

Energy:

- DTEK: investments in renewable energy, acquisition of regional power distribution companies.
- Nebras Power: acquisition of solar power plants.
- OKKO Group: plans for wind farm construction, acquisition of a stake in a wind farm project.
- Dragon Capital: investment in gas peaker and battery storage systems
- Investments in gas production (Ukrnafta, Naftogaz).

Food Industry:

- Privatization of distilleries.
- Investments in agricultural product processing (sugar, oil, flour).
- Acquisition of food producers (e.g., "Lubnym'yaso" by MHP).
- Dragon Capital: investments in Truskavetska (mineral water producer) and Greenleaf (healthy sweeteners producer)

Military technologies:

- KURS orbital: raised \$4.0M
- BAVOVNA: raised \$2.7M
- Swarmer: raised \$2.7M
- Himera Radios: raised \$0.52M
- Buntar Aerospace: raised \$1M

Financial Activities:

- Acquisition/sale of banks (Idea Bank for \$34M, Unex Bank).
- Investments in fintech established players (Treeum) and startups (Finmap, Fintech Farm raising \$32M).
- Mergers and acquisitions of insurance companies.

2.2. Geographical Analysis

2.2.1. Domestic Investments:

Main Regions:

- **Kyiv and the Kyiv Region:** Remain the center of investment activity, especially for IT companies, financial institutions, and development projects.
- **Lviv and Western Ukraine:** Growing interest due to business relocation, development of the IT cluster, and proximity to the EU border.
- **Dnipro, Odessa, Kharkiv:** Traditionally important industrial and agricultural centers, but activity has decreased due to the war (especially in Kharkiv).
- **Other Regions:** Investments in the agricultural sector, processing industry, and renewable energy are distributed throughout Ukraine, depending on the region's specialization.

Trends:

- **Shift to the West:** Due to the war, there is a shift in investment activity to the western regions of Ukraine.
- **Development of Regional Centers:** Growing interest in investments in regional centers (Lviv, Ivano-Frankivsk, Vinnytsia, Ternopil).

2.2.2. Foreign Investments:

Main Investor Countries:

- **USA:** Traditionally the largest investor, especially in the IT sector (venture capital funds, technology companies).
- **EU Countries:** Germany, Poland, the Netherlands, Czech Republic, France, Cyprus (often associated with Ukrainian capital).
- **Great Britain:** Investments in IT, finance, real estate.
- **Others:** Israel, Canada, Turkey, Asian countries, Saudi Arabia.

Trends:

- **Decreased Activity:** After the start of the full-scale war, the activity of foreign investors decreased, but interest remains.
- **Focus on Resilient Sectors:** Foreign investors pay more attention to sectors that are less vulnerable to war risks (IT, agriculture, energy).
- **Support through IFIs:** International financial organizations (EBRD, IFC) play an important role in supporting the Ukrainian economy.

2.3. Success Stories

Table 2.3.1 Examples of Success Stories:

Ukrainian Companies Success Stories by Sector
Industry Distribution and Success Metrics

Information Technology (IT)

Grammarly Sector: Artificial Intelligence Valuation: \$13 billion	GitLab Sector: DevOps Valuation: \$8 billion	Creatio Sector: Low-code/No-code Valuation: \$1.2 billion	People.ai and Preply Sectors: Sales and Marketing, EdTech Investments: \$100M and \$70M
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E-commerce

Rozetka
Description: Largest online retailer in Ukraine

Agriculture and Food

MHP
Description: Leader in chicken production

Kernel
Description: Largest sunflower oil producer

Telecommunications

Datagroup-Volia
Description: Major fixed-line and pay-TV operator

Conclusion:
The sectoral structure of investments confirms the importance of the IT sector and the agricultural sector for the Ukrainian economy. With the onset of the full-scale invasion, interest in Military Tech and the energy sector has grown significantly.
Geographically, investment activity is concentrated in Kyiv and the western regions. Foreign investment comes mainly from the USA and EU countries; however, the war has affected the structure and volume of investment.

SECTION 3: THE IMPACT OF WAR

3.2.1. Overview of the War's Impact

General Trends:

- **Sharp Investment Decline in 2022:** Russia's full-scale invasion on February 24, 2022, had a profoundly negative and shocking impact on Ukraine's investment climate. Many deals that were in preparation or negotiation stages were postponed, suspended, or canceled. Both domestic and foreign investors adopted a wait-and-see approach, assessing the risks and consequences of the war.
- **Shift in Investor Priorities:** The war drastically altered investor priorities. There was a surge of interest in sectors related to:
 - **Defense and Security (Military Tech):** Development of drones, communication systems, cybersecurity, troop management software, electronic warfare/electronic intelligence systems, etc. Examples: Investments in Swarmer, BAVOVNA, Himera Radios, Buntar Aerospace.
 - **Energy Independence:** Investments in renewable energy sources (solar and wind power plants), energy storage systems, gas production, and energy efficiency. Examples: DTEK projects, OKKO Group's interest in wind power, Dragon Capital's investments in gas peaker and battery storage systems.
 - **Resilience and Survival:** Sectors providing basic needs (food, medicine, logistics) became more attractive as they demonstrated greater resilience to crisis phenomena. Examples: Investments in agricultural holdings (Kernel, MHP), retail chains (Novus), logistics companies (Nova Poshta).
 - **IT Sector:** Despite the war, the IT sector maintained its attractiveness and served as a refuge for some investments. Examples: Deals with Grammarly, Creatio, Allset, and the acquisition of Ukrainian IT companies by foreign entities (e.g., Intellias acquiring Digitally Inspired).

- **Asset Devaluation:** The value of many Ukrainian assets (companies, real estate, land plots) significantly decreased due to the increased risks associated with the war. This created opportunities for acquiring assets at discounted prices ("distressed" deals) but also increased risks for investors who already held assets in Ukraine.
Examples: Sale of distressed assets through the Deposit Guarantee Fund (e.g., Hotel Dnipro), privatization auctions.
- **Strengthening Role of Domestic Investors:** Foreign investors became more cautious, while Ukrainian investors (financial-industrial groups (FPGs), private investors, venture funds) continued to invest, albeit in smaller volumes and with greater selectivity.
Examples: Activity of Dragon Capital, UFUTURE, ICU Ventures, TAS Group.
- **Business Relocation:** Many companies, especially from frontline regions (Kharkiv, Zaporizhzhia, Donetsk, Luhansk, Kherson Oblasts), were forced to relocate their offices and production facilities to the western and central regions of Ukraine (Lviv, Ivano-Frankivsk, Zakarpattia, Ternopil, Vinnytsia Oblasts), as well as abroad (Poland, Romania, Baltic countries). This led to demand for commercial real estate in safer regions.
Examples: Relocation of IT companies to Lviv and Ivano-Frankivsk, opening of offices by Ukrainian companies in Poland.

Key Figures:

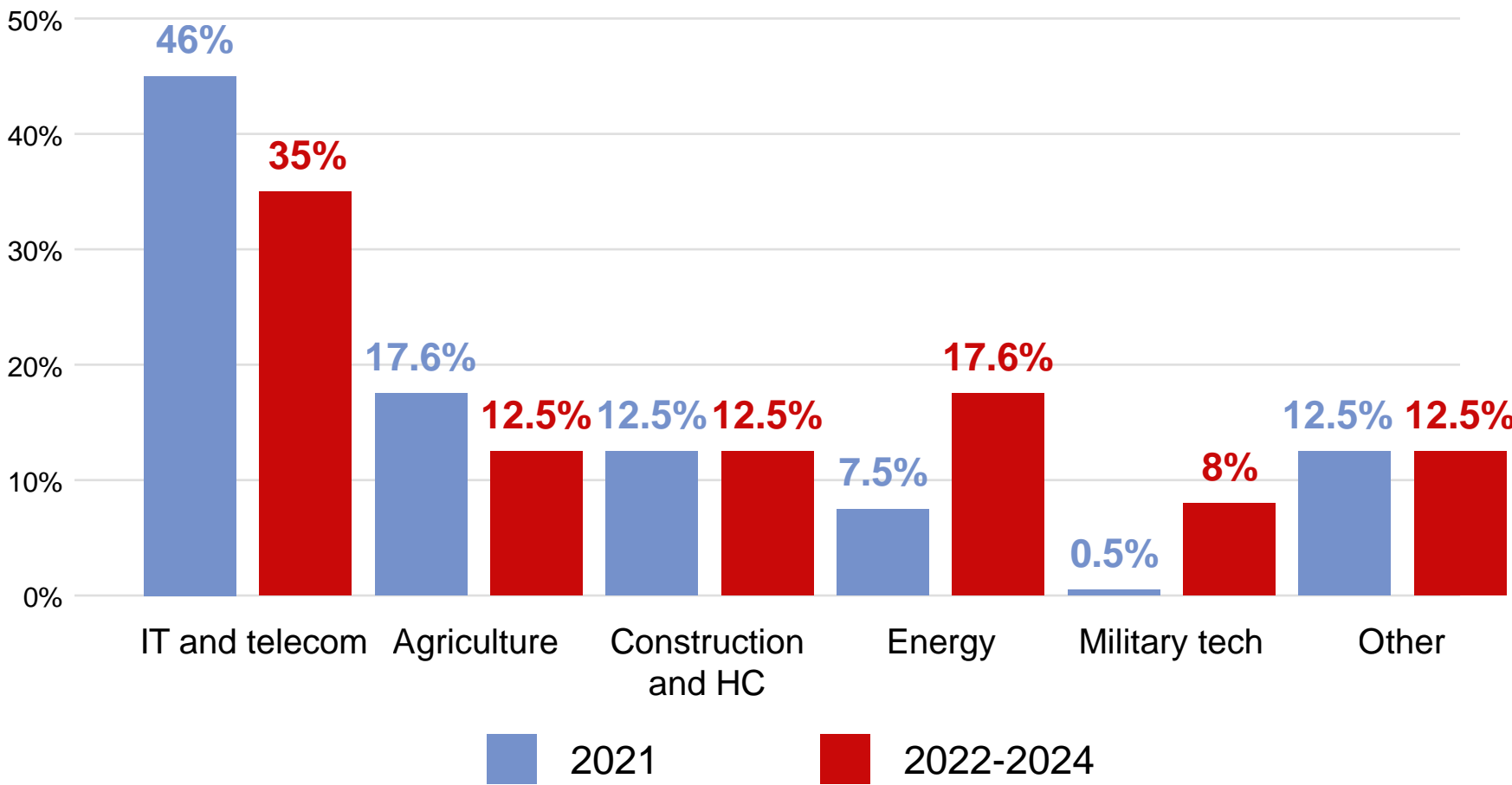
- **Investment Decline in 2022:** According to InVenture estimates, investment volume decreased by 30% or more compared to 2021 (from 2.7 billion to 300 million). Other sources provide even more pessimistic estimates.
- **Foreign Direct Investment (FDI):** According to the National Bank of Ukraine (NBU), the net outflow of FDI in 2022 amounted to \$1.5 billion, compared to a net inflow of \$6.9 billion in 2021. Source: NBU. This indicates a sharp reduction in new foreign investment and capital outflow from the country.
- **Growth of Investment in Military Tech:** Investments in defense technologies increased manyfold after the start of the full-scale war. Exact figures are difficult to assess due to the non-public nature of many deals, but, by some estimates, they exceeded \$200 million in 2022-2024.

Change in Investment Structure:

Table 3.2.1: Change in Investment Structure by Sector (by volume, estimate)

Sector	2021 (%)	2014-2021 (%)	Change	Examples of Deals (2022-2024)
IT and Telecommunications	40-50	50-70	Stable; Trend to decrease	Grammarly, Creatio, Allset, Fintech Farm, Intellias, DataArt, SoftServe, investments in product IT companies, outsourcing
Agriculture	15-20	10-12	Trend to Decrease	Kernel, MHP, A.G.R. Group, Continental Farmers Group, acquisitions of agricultural companies, elevators, investments in processing
Construction and Real Estate	10-15	10-15	Stable	Dragon Capital, UDP, acquisitions of business centers, shopping centers, warehouse complexes, sales of distressed assets, investments in relocation
Energy	5-10	5-18	Increase	DTEK, Nebras Power, Elementum Energy, OKKO Group, investments in solar and wind farms, acquisition of regional power distribution companies, gas production projects, construction of energy storage systems
Military Tech	<1	>8	Increase	Swarmar, Himera Radios, Buntar Aerospace, Osavul, Zibra AI, investments in the development of drones, communication systems, cybersecurity, software, artificial intelligence for military purposes
Other	10-15	10-15	Stable	

Change in Investment Structure by Sector (by volume, estimate)



Comment:

The increase in the share of energy and Military Tech reflects the strategic priorities in wartime conditions – ensuring energy independence and strengthening defense capabilities.

Change in Investor Geography:

Table 3.1.2 Change in Investor Geography

Region/Country	2021 (pre-war period, %)	2022-2024 (wartime period, %)
Ukraine	35-45%	60-70%
USA	20-25%	10-15%
EU (aggregate)	20-25%	10-15%
• Germany	5-7%	3-5%
• Poland	3-5%	5-7%
• Cyprus	5-7%	5-7%
• Other EU countries	7-11%	5-7%
Great Britain	5-7%	5-7%
Other (Israel, Canada, Asia)	5-10%	5-7%

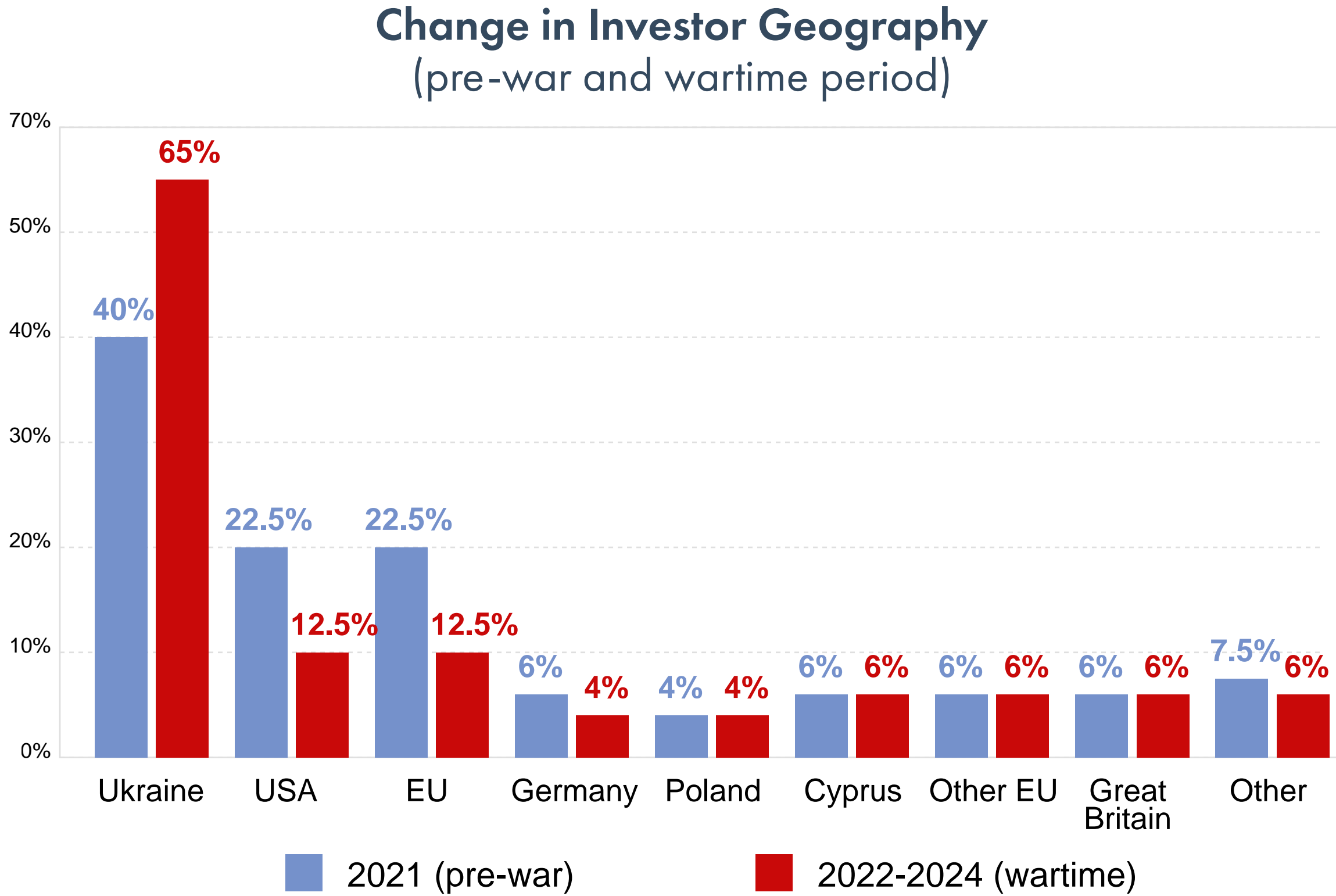
Comment: The increase in the share of domestic investments indicates that Ukrainian businesses, despite the risks, continue to invest in the country, while foreign investors have become more cautious.

Business Losses:

According to the KSE Institute, as of September 2023, the total amount of direct damage caused to Ukraine's infrastructure due to the full-scale Russian invasion was estimated at \$151.2 billion.

According to a survey by the European Business Association (EBA) conducted in September 2024, 43% of companies have experienced direct losses from the war.

Source: EBA.



3.2. International Support

Table 3.2.1: International Support Programs for Ukraine (Expanded)

Program	Organization	Description	Examples of Investments/Support
Ukraine Facility Plan (from 2024 to 2027)	EU, G7, IMF, EIB, others	The Ukraine Facility Plan envisages the implementation of structural reforms in the public sector (69 reform), a number of economic reforms (16 investment indicators) aimed at developing the business climate and entrepreneurship, as well as steps to develop priority sectors that can ensure rapid economic growth.	The first pillar is direct support to the state budget – EUR 38.27 billion, including EUR 33 billion in loans and EUR 5.27 billion in grants; The second pillar is a special investment instrument to cover risks in priority sectors – EUR 6.97 billion; The third pillar is technical support for reforms and interest coverage on loans, including those received earlier – EUR 4.76 billion.
Horizon Europe	EU	EU program for funding research and innovation, including support for Ukrainian startups and research projects.	Funding for Ukrainian startups and research projects in IT, agritech, and energy.
Business Support Programs	USAID	Grants, technical assistance, and consulting for Ukrainian businesses.	Grants for small and medium-sized enterprises, export support, business relocation.
Credit Lines and Guarantees	EBRD, IFC, EIB, DFC, MIGA	Financing for Ukrainian companies, especially in the infrastructure, energy, and agricultural sectors.	Loans to MHP, Kernel, Ukrenergo, Nova Poshta, Astarta; guarantees for Credo Bank, Oschadbank; investments in Ukrenergo bonds.
Ukraine Support Fund	Google for Startups	Grants and support for Ukrainian startups.	Funding for Ukrainian startups in IT, defense tech, and education.
Ukraine Trust Fund	EIB	Fund for financing recovery projects and supporting the Ukrainian economy.	Financing infrastructure reconstruction projects, support for small and medium-sized businesses.
Investment Guarantees, Risk Insurance	DFC, MIGA	Instruments to reduce risks for investors operating in Ukraine.	War risk insurance, guarantees for investment projects.



Key Contributions:

- **Stimulating Innovation:** Funding research and development, especially in areas critical during wartime (defense, energy, cybersecurity).
- **Supporting Relocation and Adaptation:** Assisting companies in relocating businesses, adapting to new conditions, and entering new markets.
- **Ensuring Liquidity:** Providing loans, guarantees, and grants to maintain the financial stability of Ukrainian companies.
- **Infrastructure Reconstruction:** Financing projects to rebuild damaged infrastructure (energy, transport, housing).
- **Promoting Foreign Investment Attraction:** Providing guarantees, co-investing, and reducing investment risk.

Cases (expanded):

EBRD: Provided MHP with \$25 million for the construction of a biogas plant, a \$20 million loan to the Ukrainian grain operator GNT, up to \$24.5 million equity commitment to Dragon Capital's M10 Industrial Park, \$3 million to the company Ecosoft, support for the expansion of the Ukrainian retail chain NOVUS, and a loan of \$13 million to Nova Poshta. The total volume of EBRD financing in Ukraine since the beginning of the war has exceeded €3 billion.

IFC: Provided a loan of \$480 million to MHP.

Google for Startups: Provided grants to Ukrainian startups through the Ukraine Support Fund totaling \$10 million.

EIB: Invested in the Horizon Capital fund, created the Ukraine Trust Fund with a capital of €400 million.

USAID: Provided grants and technical support totaling over \$1.4 billion.

DFC (US International Development Finance Corporation): Announced investments in Horizon Capital projects, as well as providing loans to Ukrainian businesses.

MIGA (World Bank Group): Dragon Capital's M10 Industrial Park secured \$9 million in 10-year war-risk guarantees.

3.3. Market Adaptation

Startup Responses:

- **Reorientation to Export**

Examples: Preply, Allset, Respeecher.

- **Development of Wartime Products**

Examples: KURS orbital, BAVOVNA, Skyeton, Swarmer, Himera Radios, Buntar Aerospace.

- **Participation in International Support Programs**

Examples: Participation of Ukrainian startups in Google for Startups, Techstars, Y Combinator programs.

- **Flexibility and Adaptability**

Investor Responses:

- **Decreased Activity**

- **Change of Focus**

Examples: Horizon Capital's investment in GoIT, investments in defense tech startups.

- **Support for Existing Portfolio Companies**

Examples: Additional funding rounds for Preply, Creatio.

- **Increased Role of Domestic Investors**

Examples: Activity of Dragon Capital, UFUTURE, ICU Ventures, TAS Group.

- **Emergence of New Funds**

Examples: Flyer One Ventures, SID Venture Partners, 7 Wings.

Business Adaptation Cases (expanded):

- **Restream:** A multistreaming platform (founded by Ukrainians) that allows users to stream video to different platforms simultaneously. After the start of the war, the company actively supported Ukrainian streamers by providing them with free access to premium features. **Quantitative indicators:** Not disclosed, but the company has attracted significant investment and expanded its operations.
- **Ajax Systems:** A manufacturer of security systems (Ukraine), which quickly adapted to wartime conditions, expanding production and launching new products to protect critical infrastructure facilities. **Quantitative indicators:** Increased production volumes, entry into new markets.
- **Rozetka:** The largest online retailer in Ukraine, which was able to resume operations after significant destruction of logistics infrastructure and continued development. **Quantitative indicators:** Resumption of operations of most stores, expansion of the product range.
- **Nova Poshta:** The leader in the express delivery market, which adapted its operations to wartime conditions, ensuring the delivery of humanitarian aid and essential goods, as well as expanding the network of branches abroad. **Quantitative indicators:** Increase in the number of branches, expansion of delivery geography.
- **MHP:** An agricultural holding that, despite losing some assets, continues to invest in expanding production and exports. **Quantitative indicators:** Increase in production and export volumes.
- **Finmap:** A money accounting service for businesses, which became free for Ukrainian entrepreneurs.
- **IT companies with offices in frontline cities:** Many IT companies that had offices in Kharkiv, Zaporizhzhia, Mykolaiv, and other cities close to the combat zone were forced to relocate their employees and offices to safer regions of Ukraine or abroad (for example, to Poland, Romania).


Analytics (expanded):

- **Catalyst for Defense Tech:** The war became a catalyst for the development of the defense tech sector in Ukraine. Many new startups and projects emerged, aimed at developing innovative solutions for defense and security. This sector has significant potential for growth and attracting investment from both domestic and foreign investors.
Source: Reports of venture funds, media publications, data on investment deals.
- **Resilience and Adaptability:** Ukrainian companies demonstrated a high level of adaptability and resilience, quickly reorienting to new needs and markets. This allowed them not only to survive but, in some cases, even to increase their business volumes.
Source: Company reports, interviews with business leaders, analytical materials from consulting companies.
- **Importance of International Support:** International support (financial, technical, expert) plays a key role in the survival and recovery of Ukrainian businesses, especially for startups and small and medium-sized enterprises.
Source: Reports from the EBRD, IFC, USAID, Google for Startups, data on grant programs.
- **Changing Investment Landscape:** The war has led to a change in the investment landscape in Ukraine. New opportunities for investment have emerged (defense tech, energy, reconstruction), but risks have also increased. Investors are becoming more cautious, but at the same time, there are those who are ready to invest in Ukraine, despite the war.
- **Potential for Recovery:** Despite the war, Ukraine retains its investment attractiveness due to its technological potential, skilled workforce, agricultural sector, and geographical location. Post-war recovery could be a powerful stimulus for attracting investment.
- **State policy:** An important factor is the state policy to support business, attract investment, create a favorable investment climate, fight corruption and ensure the rule of law.

At the same time, Defense Tech has become not only relevant but urgent. There's a growing group of venture funds with a deep interest in this area. Personally, I believe that the number of global conflicts will increase over the next decade, and with that, the defense sector will expand significantly. Right now, Ukrainians are at the very cutting edge of these technologies.

Oleksandr Soroka, Serial entrepreneur and investor, Managing Partner at Network VC





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SECTION 4: INVESTMENT IMPACT ASSESSMENT

Introduction

This section analyzes the impact of investments on Ukraine's economic and social development during the 2014-2024 period. The assessment of impact is carried out across several key areas:

1. Economic Impact:

- Job creation.
- Contribution to GDP.
- Development of innovation and technology.
- Increased export potential.
- Budget revenues (taxes, fees).
- Infrastructure development.

2. Social Impact:

- Improved living standards for the population.
- Human capital development (education, professional training).
- Support for communities and social initiatives.
- Improved environmental situation.
- Facilitating the reintegration of veterans.

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4.1. Economic Impact

4.1.1. Job Creation:

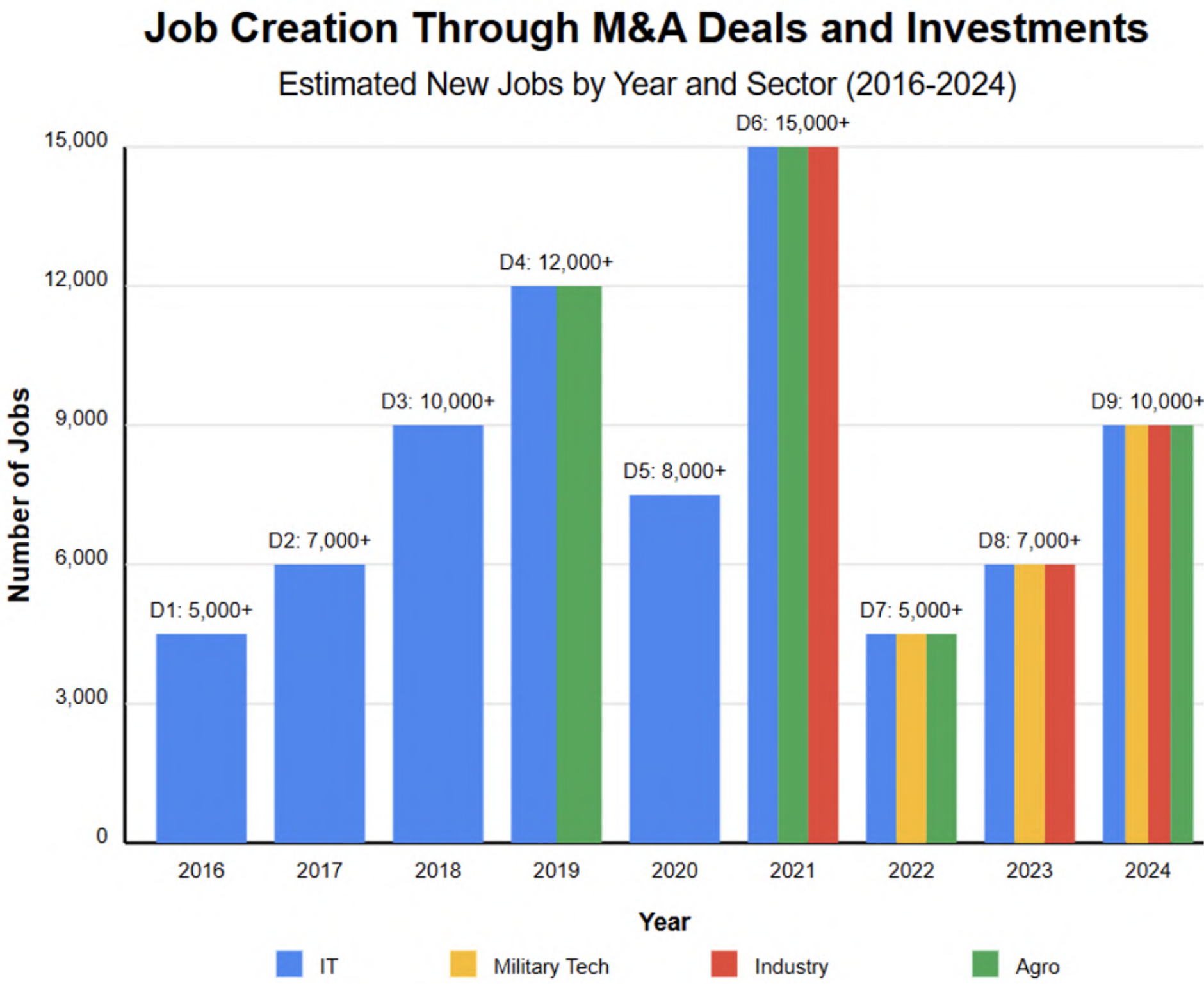
General Data: Investments, especially in the IT sector, industry, and agriculture, have contributed to the creation of new jobs in Ukraine. According to estimates, tens of thousands of jobs were created in the IT sector alone between 2014 and 2024 (exact figures require clarification, but we are talking about at least 50,000 new jobs, and possibly significantly more). The war has led to significant job losses, but investments in defense technologies and business relocation have partially offset these losses.

Table 4.1.1

Estimate of new job creation through M&A deals and investments
(based on publicly available data)

Year	Sector	Number of jobs created (Estimate)	
2016	IT	5 000+	InVenture, AIN.UA
2017	IT	7 000+	InVenture, AIN.UA
2018	IT	10 000+	InVenture, AIN.UA
2019	IT, Agro	12 000+	InVenture, Forbes, KPMG
2020	IT	8 000+	InVenture, AIN.UA
2021	IT, Agro, Industry	15 000+	InVenture, Forbes, Liga.net
2022	IT, Military Tech, Agro	5 000+	InVenture, AIN.UA, Forbes, DOU
2023	IT, Military Tech, Industry	7 000+	InVenture, AIN.UA, Forbes, DOU
2024	IT, Military Tech, Industry, Agro	10 000+	InVenture, AIN.UA, Forbes, DOU

Note: The figures provided are approximate estimates based on investment data, industry specifics, and information from open sources. Exact data on job creation within each M&A deal is often not disclosed.



Cases (with additions and quantitative indicators):

- **Grammarly:** Expansion of offices in Ukraine (Kyiv, Kharkiv, Odesa before the war) and abroad (USA, Canada). Creation of hundreds of jobs for developers, linguists, marketers, and customer support specialists. Investment amount: over \$200 million (2021).
- **Ajax Systems:** Expansion of security systems production in Ukraine (Kyiv). Creation of new jobs in manufacturing, R&D, sales, and marketing. Investment amount: Not disclosed, but the company is actively investing in expansion. Geography: Exports to over 169 countries worldwide.
- **MHP, Kernel:** Investments in expanding production and modernization (e.g., construction of a biogas plant). Creation of jobs in the agricultural sector (poultry farms, processing plants). Investment amount: Hundreds of millions of dollars over 2014-2024. Geography: Ukraine, as well as exports to over 80 countries worldwide.
- **Kernel:** Investments in expanding production, logistics infrastructure (terminals, elevators). Creation of jobs in agriculture, transport, and logistics. Investment amount: Hundreds of millions of dollars over 2014-2024. Geography: Ukraine, as well as exports to many countries around the world.
- **Nova Poshta:** Development of logistics infrastructure (new terminals, branches, expansion of the vehicle fleet). Creation of thousands of jobs in logistics, courier delivery, and IT. Investment amount: Hundreds of millions of hryvnias over 2014-2024. Geography: Ukraine, as well as expansion into the markets of Poland, Lithuania, Czech Republic, Romania, Germany, and Slovakia.
- **Relocation of IT Companies:** The relocation of IT companies (e.g., SoftServe, EPAM, Luxoft) to the western regions of Ukraine created demand for jobs in Lviv, Ivano-Frankivsk, Ternopil, and other cities.

4.1.2. Contribution to GDP:

General Data: The IT sector and agriculture are among the key sectors of the Ukrainian economy, generating a significant share of GDP. Investments in these sectors contribute to GDP growth. Precise figures for the impact of investments on GDP require additional research using macroeconomic models, but it is estimated that the IT sector's contribution to Ukraine's GDP in some years was up to 3-5%.

Example: According to IT Ukraine Association, the export of computer services from Ukraine in 2023 increased, reaching over \$8 billion.

Cases (with additions):

- **Grammarly:** As a unicorn company, it contributes to Ukraine's GDP through tax payments, job creation, and indirectly influences economic growth. Estimated Contribution: Exact figures are not disclosed, but it is a significant contribution.
- **Ajax Systems:** The growth of the company's exports contributes to an increase in foreign exchange earnings and positively affects the country's balance of payments, and therefore, GDP. Export Geography: Over 169 countries.
- **MHP, Kernel:** Expansion of production and export of agricultural products increases the agricultural sector's contribution to GDP. Export Geography: Dozens of countries worldwide.
- **Nova Poshta:** Investments in logistics infrastructure contribute to the development of domestic and foreign trade, which positively impacts GDP. Geography: Ukraine and neighboring countries.

4.1.3. Development of Innovation and Technology:

General Data: Investments in venture projects and startups, especially in the IT sector, contribute to the development of innovation and technology in Ukraine. New products and services are emerging, and advanced technologies (artificial intelligence, blockchain, cloud computing) are being implemented.

Cases (with additions):

- **Grammarly:** Development of innovative solutions in the field of artificial intelligence for natural language processing. Investments: Over \$200 million. Geography: Global market.
- **GitLab:** Development of a DevOps platform used by developers around the world. IPO: 2021, valuation over \$10 billion. Geography: Global market.
- **People.ai:** Creation of an AI-based platform for sales and marketing management. Investments: Over \$100 million. Geography: Global market.
- **Creatio:** Development of a low-code platform for business process automation. Investments: \$200 million (2024). Geography: Global market.
- **Ajax Systems:** Development of innovative security systems. Geography: Exports to over 169 countries.
- **BAVOVNA, Swarmer, Himera Radios, Buntar Aerospace, Osavul:** Development of innovative drones, communication systems, software, etc. Geography: Ukraine, with a focus on international markets.

4.1.4. Increasing Export Potential:

General Data: Investments in export-oriented companies (IT outsourcing, product IT companies, agricultural holdings) contribute to an increase in the export of goods and services, which positively affects Ukraine's trade balance.

Cases (with additions):

- **IT Outsourcing:** Ukrainian IT companies (SoftServe, EPAM, Luxoft, GlobalLogic, Ciklum, Intellias, etc.) provide services to clients around the world, generating significant export revenue (billions of dollars per year). Geography: USA, EU, UK, Canada, Israel, and other countries.
- **Agricultural Holdings:** MHP, Kernel, Astarta export significant volumes of agricultural products (grain, oil, poultry meat). Geography: EU, Middle East, Africa, Asia.
- **Product IT Companies:** Grammarly, Preply, Allset, Restream, and others sell their products and services on the global market. Geography: Global market.
- **Ajax Systems:** Exports security systems to over 169 countries worldwide.

4.1.5. Budget Revenues:

General Data: Investments contribute to an increase in tax revenues to the budget (income tax, VAT, payroll taxes). Privatization of state-owned assets also generates significant revenues.

Example: According to the State Property Fund, privatization in 2023 generated UAH 3.83 billion (USD 104 million at the time) for the budget.

4.1.6. Infrastructure Development:

General Data: Investments in infrastructure projects (construction of roads, bridges, ports, airports, logistics centers, energy infrastructure) contribute to economic development and improve quality of life.

Cases (with additions):

- **Telecommunications:** the acquisition of Lifecell + DATA group + Volia, known as the "Deal of the Decade", involves raising funding from EBRD and IFC for \$435M
- **Construction of New Terminals in Ports:** For example, the construction of the Neptune grain terminal by Cargill and MV Cargo (investments exceeding \$150 million). Also, Kernel's projects.
- **Modernization of Railway Infrastructure:** Investments by Ukrzaliznytsia in upgrading rolling stock and infrastructure (tens of millions of dollars annually, attracting EBRD loans).
- **Road Construction:** Implementation of road construction and repair projects with the participation of foreign investors and IFIs (exact investment amounts are difficult to estimate, but we are talking about significant volumes).
- **Construction of Logistics Complexes:** Nova Poshta (investments in new terminals - tens of millions of dollars), Rozetka, Dragon Capital (acquisition and development of warehouse complexes).
- **Energy:** DTEK (investments in renewable energy - hundreds of millions of dollars)

4.2. Social Impact:

4.2.1. Improving the Standard of Living of the Population:

General Data: The creation of new jobs, rising wages, and the development of social infrastructure (schools, hospitals, kindergartens) contribute to improving the standard of living of the population.

Cases (with additions and quantitative indicators):

- **Opening of New IT Offices:** Creation of jobs with high salaries for IT specialists. Example: Expansion of Grammarly, SoftServe, and EPAM offices in Ukraine (thousands of jobs). According to IT Ukraine Association, the average salary in the IT sector in 2023 was significantly higher than the national average (exact figures depend on specialization and experience, but we are talking about 2-5 times higher salaries). Source: IT Ukraine Association, DOU.ua (developer surveys)
- **Expansion of Production:** Creation of jobs in manufacturing enterprises. Example: Investments by MHP, Kernel, and Astarta in expanding production (thousands of jobs). According to the State Statistics Service of Ukraine, the average salary in agriculture and the food industry grew during 2016-2021 but then decreased due to the war. Source: State Statistics Service of Ukraine, company reports.
- **Housing construction:** Did not have examples in the given documentation

4.2.2. Human Capital Development:

General Data: Investments in education, professional training, and research contribute to the development of human capital, improving worker skills and creating new knowledge and technologies.

Cases (with additions and quantitative indicators):

- **Investments in IT Education:** Opening of new IT schools, courses, and support for educational initiatives (e.g., Mate academy, GoIT). Investment amounts: tens of millions of dollars (e.g., Horizon Capital's investment in GoIT). Number of graduates: Thousands of students complete various IT courses annually. Source: AIN.UA, DOU.ua, company reports.
- **Company Cooperation with Universities:** Creation of joint educational programs, laboratories, and internships for students. Example: Cooperation of IT companies (SoftServe, EPAM, GlobalLogic) with Ukrainian universities (KPI, LNU named after Franko, KhNURE, etc.).
- **Support for Scientific Research:** Funding of research projects in the fields of IT, agrotechnology, and energy. Example: Investments in R&D centers of Ukrainian and international companies (e.g., Grammarly, Ajax Systems, EBRD investments in scientific research).
- **Support of Defense-Tech industry:** Creating new high-skilled jobs. Example: Swarmer: development of innovative drones. Example: Himera Radios: creation of innovative secure communication systems.

4.2.3. Support for Communities and Social Initiatives:

General Data: Many companies implement social projects aimed at supporting communities, developing infrastructure, and helping vulnerable groups of the population, especially during the war.

Cases (with additions and quantitative indicators):

- **Support for the Army:** Many companies provide financial and material assistance to the Armed Forces of Ukraine (hundreds of millions of hryvnias). Example: Nova Poshta (transfers significant funds to the needs of the army), Rozetka (provides discounts on goods for the military), MHP (provides the army with food), Kernel (finances the purchase of equipment), Ajax Systems (provides security systems). Source: Company reports, publications in the media.
- **Humanitarian Aid:** Assistance to those affected by the war, internally displaced persons. Example: Activities of foundations established by Ukrainian entrepreneurs and companies (e.g., the "Come Back Alive" Foundation, the Serhiy Prytula Foundation). Volumes of assistance: Hundreds of millions of hryvnias. Source: Foundation reports, publications in the media.
- **Social Projects of Companies:** For example, the construction of kindergartens, sports grounds, and support for local communities. Example: Social programs of MHP, Kernel, and Astarta in the regions where they operate.

4.2.4. Improving the Environmental Situation:

General Data: Investments in renewable energy, energy efficiency, and environmentally friendly technologies contribute to improving the environmental situation, reducing emissions of harmful substances, and preserving natural resources.

Cases (with additions and quantitative indicators):

- **Construction of Solar and Wind Power Plants:** Reduction of greenhouse gas emissions. Example: DTEK projects (construction of wind farms, solar power plants), investments by Nebras Power, Elementum Energy. Investment amounts: Hundreds of millions of dollars. CO2 emissions reduction: Tens of thousands of tons per year (depending on the capacity of the stations). Source: Company reports, publications in the media.
- **Implementation of Energy-Efficient Technologies at Enterprises:** Reduction of energy consumption and reduction of negative impact on the environment. Example: Modernization of production at MHP, Kernel, and Astarta enterprises.
- **Investments in Waste Recycling:** Contributing to solving the problem of garbage and environmental pollution. Example: Madoqua Renewables project in Ternopil.

4.2.5. Promoting the Reintegration of Veterans:

General Data: Some companies and startups are creating programs to support veterans, helping them adapt to civilian life, acquire new professions, and find employment. Also in Ukraine there are separate initiatives for veteran businesses.

Cases (with additions):

- **Lobster:** A startup offering programming courses for veterans. The founders of the startup are themselves combat veterans.
- **Veteran Hub:** An organization that provides support to veterans in various areas (employment, legal assistance, psychological support).
- **Reintegration programs:** Many IT companies offer retraining and employment programs for veterans.
- **Veteran Business:** There are funds and accelerators that support business initiatives of veterans.

4.3. Analytical Data (Sources):

Government Reports:

- Ministry of Economy of Ukraine: Statistics on investments, employment, GDP, exports.
- State Statistics Service of Ukraine: Data on wages, employment, and economic activity.
- National Bank of Ukraine: Data on investments, balance of payments.
- Ministry of Social Policy of Ukraine: Data on social programs and support for vulnerable groups of the population.
- Ministry of Veterans Affairs of Ukraine: Data and policies regarding the reintegration of veterans.

Independent Research:

- AVentures Capital, Capital Times, InVenture, Dragon Capital, Concorde Capital, UVCA: Reports and analytical materials on the investment market of Ukraine.
- KPMG Data: KPMG's M&A Radar Ukraine (for other years)
- International Consulting Companies (McKinsey, Deloitte, PwC): Studies of the Ukrainian economy, individual industries, and the investment climate.
- Center for Economic Strategy (CES): Analytical materials on economic policy, reforms, and investments.

Industry Associations:

- IT Ukraine Association: Data and analytics on the IT sector of Ukraine.
- Ukrainian Agribusiness Club (UCAB): Data and analytics on the agricultural sector of Ukraine.
- European Business Association (EBA): Assessments of the investment climate, business surveys.
- American Chamber of Commerce in Ukraine (AmCham): Assessments of the investment climate, business surveys.

Conclusions:

- Investments have a significant positive impact on the economic and social development of Ukraine, contributing to job creation, GDP growth, innovation development, export growth, and budget revenues.
- The greatest impact is observed in the IT, agriculture, energy, and infrastructure sectors, but other sectors also benefit from investment.
- The war has shifted investor priorities and the structure of investments but has not completely stopped the investment process. New areas of investment related to defense, reconstruction, and resilience have emerged.
- International support plays a key role in the recovery and development of the Ukrainian economy, especially in the context of war.
- To further attract investment, it is necessary to improve the investment climate, fight corruption, carry out reforms, ensure stability, and actively work to attract foreign capital for the reconstruction of Ukraine.
- Ukrainian businesses demonstrates a high level of adaptability and innovation, which is the key to success in wartime and post-war recovery.

SECTION 5: PROJECTIONS



Introduction

This section is dedicated to forecasting the development of the Ukrainian investment market for the period 2025-2029. The scenarios are built on the basis of:

1. Estimates of the IMF, the World Bank, the EBRD and other international organizations.
2. Trends of 2014–2024 and adaptive ability of Ukrainian business.
3. Theories of scenario planning (Shell) and theories of economic cycles (Kondratiev, Minsky).

For each scenario, the following are given:

- Macroeconomic forecast (GDP, inflation, exchange rate, budget, external balance).
- Dynamics of private and venture investments.
- Key industry trends (agriculture, industry, logistics, IT, energy, defense industry).
- Specifics of exports, domestic demand, business relocation, and M&A activity.

BASELINE SCENARIO: "MODERATE STABILIZATION"

Key assumption: the intensity of hostilities in 2025 is decreasing significantly, but a peace agreement has not been reached. External support continues at the level of 2022-2024, the global economy avoids a new recession.

	2025	2026	2027
Real GDP growth	+2–3 %	+4–5 %	+4 %
Inflation (December, yoy)	≈10 %	7–8 %	5–6 %
UAH/US\$ exchange rate (average)	42–45	40–44	38–42
Private equity and venture capital investments	+7–10% per year	+8–10% per year	+8 % per year

According to World Bank, EBRD and EIB estimates, Ukraine’s reconstruction needs already amount to about \$524 billion (nearly three times the country’s expected 2024 GDP), so international assistance (over \$100 billion provided since 2022) will remain crucial for maintaining macro-financial stability.

BASELINE SCENARIO: "MODERATE STABILIZATION"

5.1.1 Macroeconomics and finance

GDP growth has slowed due to security risks and high defense spending, but is gradually reviving under the influence of the resumption of business and logistics routes.

Inflation is declining due to the NBU's tight monetary policy and the recovery of imports of goods.

The budget maintains a significant deficit (~15–20% of GDP) covered by donor grants and soft loans; public debt is gradually decreasing in % of GDP.

The balance of payments is maintained by MFA packages and transfers from labor migrants; the NBU's reserves remain above \$25 billion.

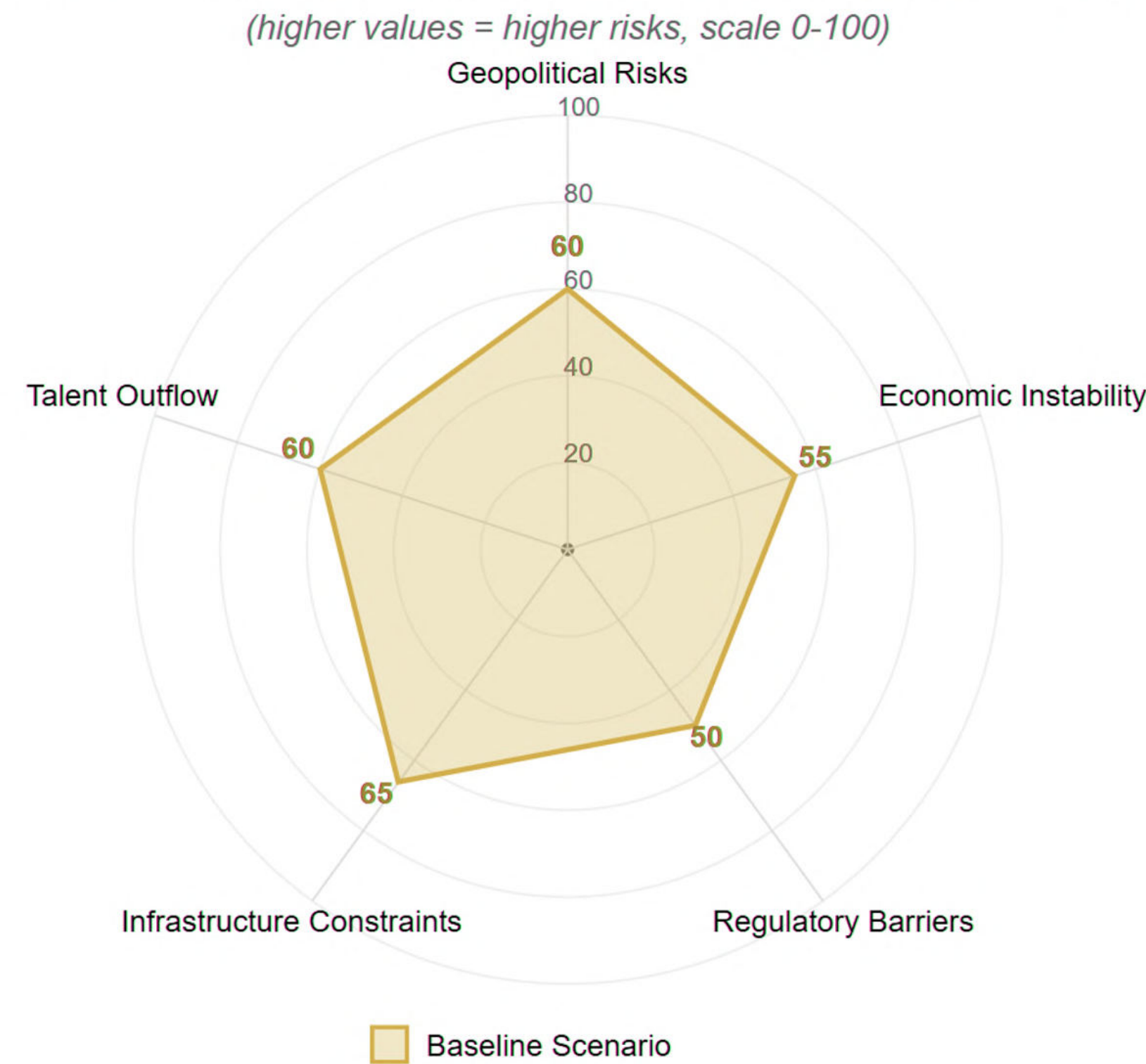
Globally, the baseline scenario assumes the world economy avoids a recession: global GDP growth in 2025 is around 3.0–3.3% (the IMF projects 3.3%), with the U.S. growing ~2.5–2.7% and the Eurozone about 1% (picking up to ~1.4% in 2026 as conditions improve). Worldwide, inflation is on a downward trajectory (~4–5%), allowing major central banks to cautiously begin easing monetary policy. Energy prices are assumed to stabilize oil around \$70–75/barrel absent new shocks, and EU natural gas markets balanced thanks to diversified supplies. Nonetheless, risks remain elevated: any escalation of the war or global upheaval (for example, in China) could worsen the outlook.

The baseline scenario builds in cautious optimism without a sharp post-war boom. Ukraine will make gradual progress on reforms and EU integration: official EU accession talks are expected to begin in 2025, spurring regulatory alignment with EU norms. However, anti-corruption and judicial reforms advance only moderately, tempering investor confidence.

Overall, the baseline scenario represents a relative stabilization of the economy amid a protracted but contained conflict.

BASELINE SCENARIO: "MODERATE STABILIZATION"

Baseline Scenario: Investment Climate Risk Factors



Source: UVCA Analytical Report, Section 5 (2025-2029), 2025

5.1.2 Investments

- **Foreign direct investment (FDI)** remains limited in the near term: most Western investors adopt a “wait-and-see” stance until security risks clearly recede and reform progress becomes evident.
- **Internal investments** are the main driver of recovery (relocation, infrastructure repair).
- The investment structure shifts only slowly – domestic investors continue to play a dominant role in 2025, similar to during the war. We may see isolated major deals involving Western funds or strategic investors in the most resilient sectors (IT, food processing, renewable energy), but broad-based FDI inflows are unlikely until the conflict decisively abates.
- **The venture capital market** is growing by 7-10% every year, but key “large” funds are returning only closer to 2027-2028. Venture funds already active in Ukraine will keep supporting local startups (especially in IT and defense tech), but few new international players will enter before peace.
- **M&A transactions** take place in segments where assets have lost value (banks, agricultural holdings, energy). The M&A market will see some activity in distressed assets: local investors (potentially backed by government programs) may acquire struggling banks, industrial facilities or agribusinesses at deep discounts.

Key Investment Trends:

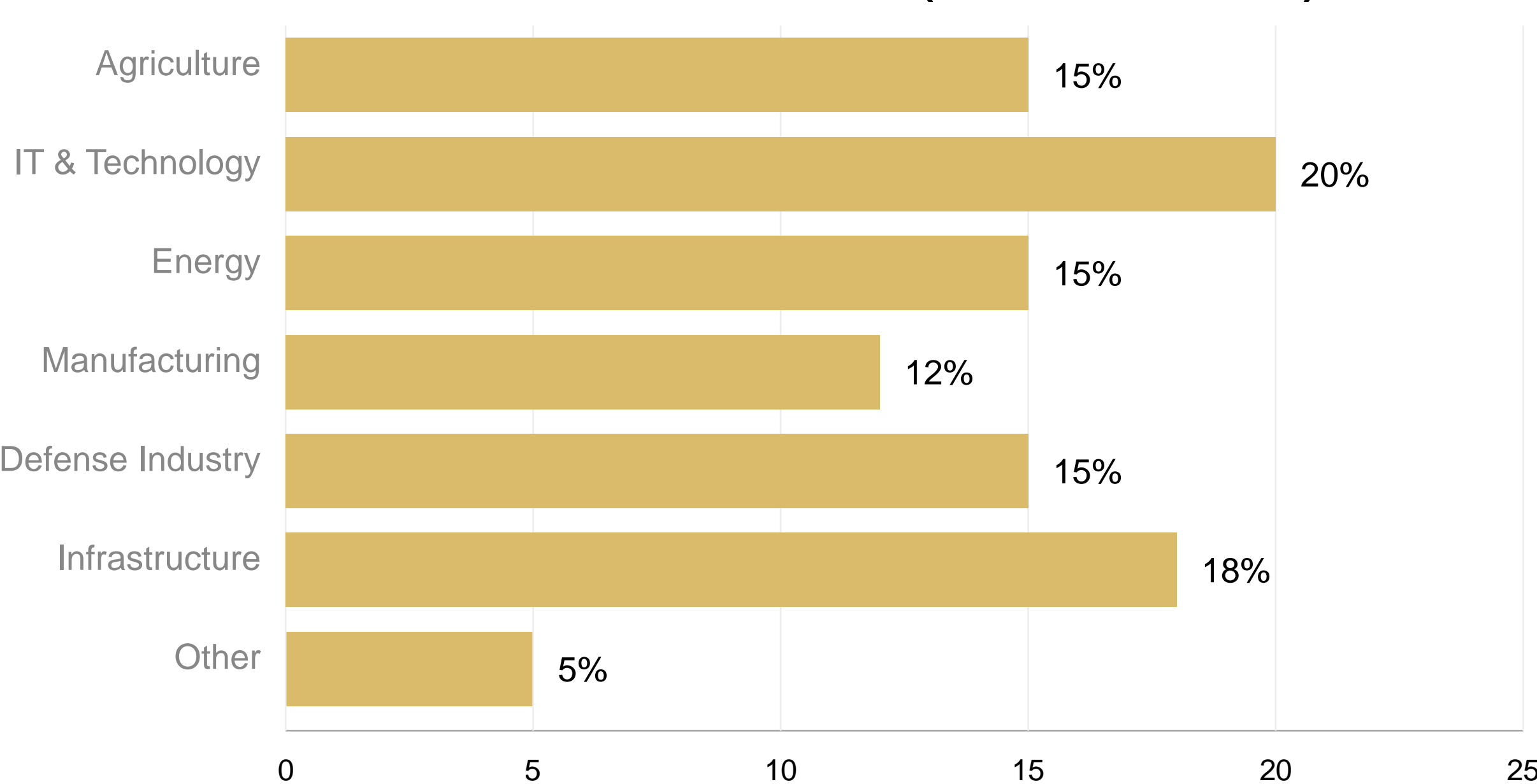
- Priority for critical infrastructure
- Investments in military and security technologies
- Cautious expansion in safer regions
- Gradual rebuilding of damaged facilities
- Support for critical export capabilities

BASELINE SCENARIO: "MODERATE STABILIZATION"

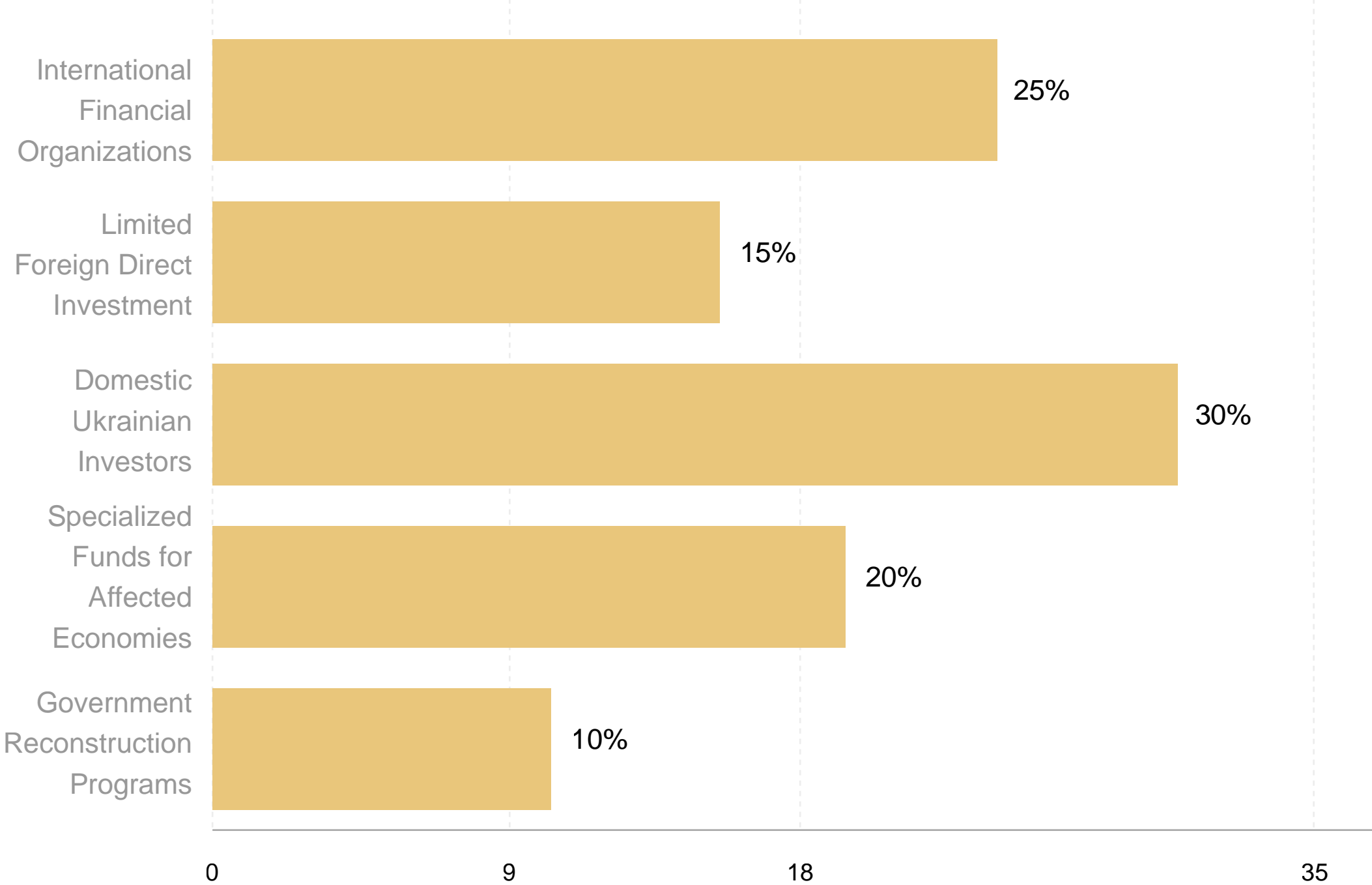
Investment Distribution by Sector: Baseline Scenario

Projected total volume: \$2-3 billion annually by 2027-28

Sectoral Investment Distribution (% of total volume)



Investment Sources (% of total volume)



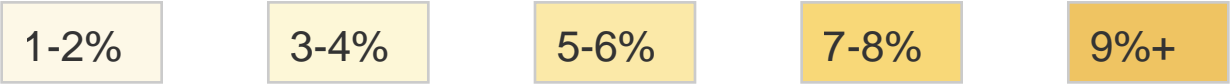
BASELINE SCENARIO: "MODERATE STABILIZATION"

Sectoral Outlook: Baseline Scenario

Heatmap of projected sector growth (annual % GDP)

Sector	2025	2026	2027	2028-29
Agriculture	+2%	+3%	+5%	+4%
Manufacturing	+1%	+3%	+4%	+5%
IT & Technology	+5%	+7%	+8%	+7%
Energy	+2%	+3%	+4%	+5%
Defense Industry	+6%	+7%	+5%	+4%
Infrastructure	+3%	+5%	+5%	+4%
Retail & Consumer Market	+2%	+3%	+4%	+5%
Pharmaceuticals	+2%	+3%	+3%	+4%
Financial Sector	+1%	+2%	+3%	+4%

Growth Intensity Scale



Key characteristics of the baseline scenario:

- Gradual decrease in combat intensity without full end of war in 2025
- Moderate international financial support (~\$20B annually)
- Limited investments due to continuing security risks
- Slow progress in reforms and European integration
- Partial functioning of ports and transport corridors

Key growth points:

- IT & Technology: highest growth indicators (7-8%) due to relative sector resilience
- Defense Industry: stable growth (5-7%) due to necessity of supplying the army
- Infrastructure: moderate growth (4-5%) focused on critical repairs
- Agriculture: gradual recovery (up to 5% in 2027) with subsequent stabilization
- Manufacturing: slow recovery (1-5%) due to security risks for production

BASELINE SCENARIO: "MODERATE STABILIZATION"

Export-Oriented vs Domestic Sectors: Baseline Scenario

In the baseline scenario, export-oriented industries (like agriculture, metals, IT) recover gradually and face both external and internal hurdles.

Ukrainian merchandise exports in 2025 will likely remain ~30–40% below pre-war volumes, although the gap will slowly narrow as new trade routes open and production stabilizes. Domestic demand improves but is constrained by households' reduced incomes; it is propped up somewhat by government spending. Businesses focused on the domestic market (retail, services, construction) see uneven growth – primarily in safer regions and segments with post-war demand (repairs, transportation, healthcare). Some companies continue to operate in relocated form, establishing themselves in new regions away from conflict zones. Government programs support local production and SME lending, helping to sustain baseline-level activity. There is no mass exodus of businesses abroad in the baseline – most firms hold on waiting for stability to expand at home.

PESSIMISTIC SCENARIO: "PROTRACTED CONFLICT AND STAGNATION"

Key assumption: the war is moving into a long phase of positional warfare with no prospects for peace until 2027; a decrease in the volume of donor assistance. The conflict becomes drawn out or “frozen” for years without resolution. In such conditions, security risks remain extremely high, infrastructure continues to suffer periodic destruction (even if less intense than at the 2022–23 peak), and a significant portion of the country stays directly or indirectly affected by hostilities.

	2025	2026	2027
Real GDP growth	-1 %...+1 %	-0,5 %...+1 %	+1-2 %
Inflation (December, yoy)	+15-20 %	+12-15 %	+8-10 %
UAH/US\$ exchange rate (average)	50–60	55–65	50–60
Private equity and venture capital investments	-10...0 % per year	0–5 % per year	+5 % per year

GDP: New recession – IMF forecasts -1.7% in 2024 and -1% in 2025

Inflation: high due to energy and food shortages, devaluation.

PESSIMISTIC SCENARIO: "PROTRACTED CONFLICT AND STAGNATION"

5.1.1 Macroeconomics and finance

On the global stage, the pessimistic scenario overlaps with a world recession in 2024–2025: for example, the U.S. might slide into downturn (as high interest rates to fight inflation finally bite), Europe could see near-zero or negative growth, and China might face financial turmoil due to a property market crisis. Global growth could slow to under 2.5% – effectively a stagflationary environment (weak growth coupled with >6% inflation).

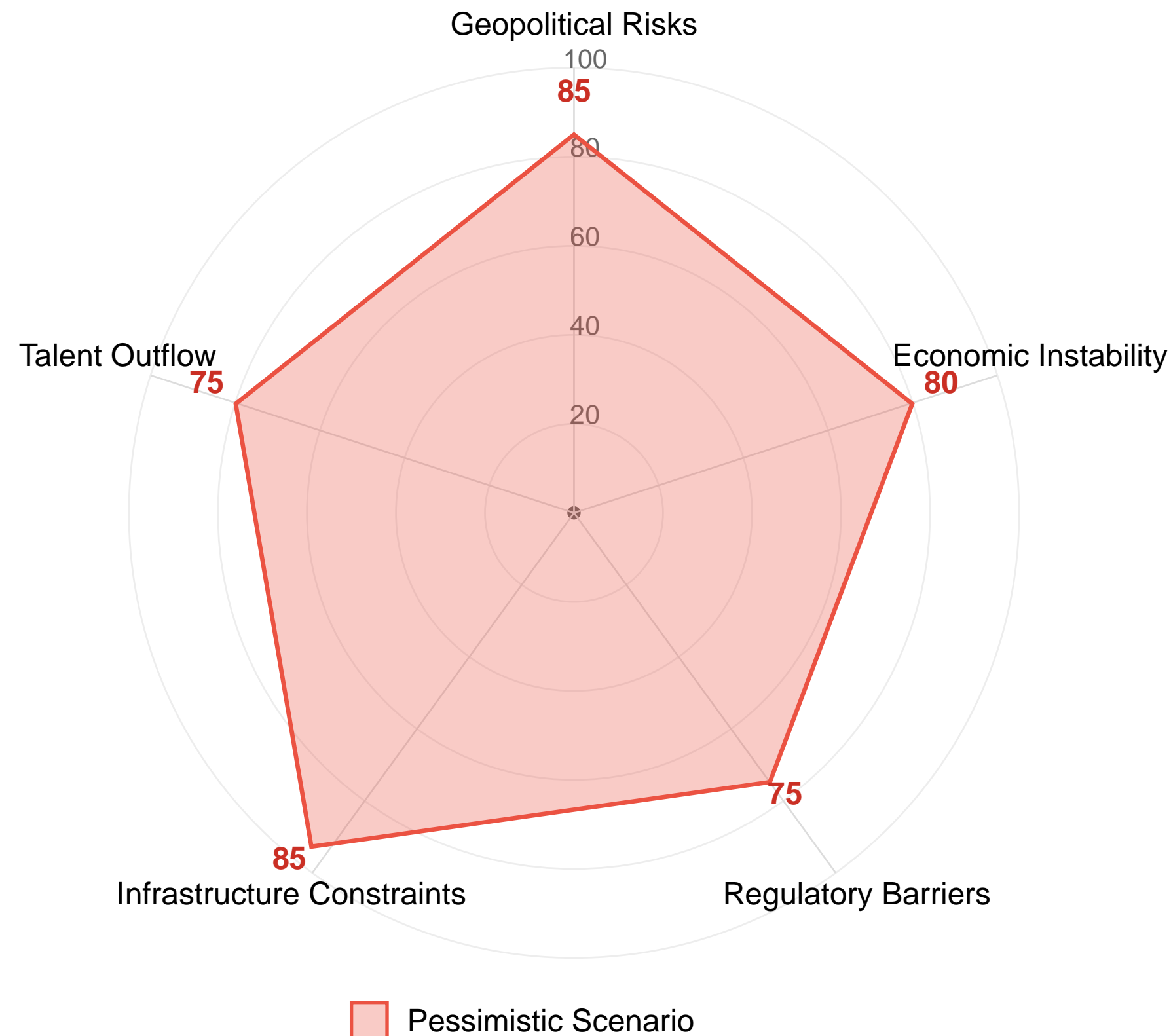
Commodity prices might actually fall due to weak demand (oil perhaps ~\$60/barrel or lower), which would squeeze Russia's revenues but also deprive Ukraine of some export income (metals, food become cheaper). In 2025, the U.S. under this scenario turns more inward: a new, more isolationist administration could scale back global engagement, and support for Ukraine becomes contentious domestically. Protectionist trade policies intensify – the U.S. might even impose broad new import tariffs, sparking trade conflicts. Europe faces its own crises – an energy crunch could re-emerge (say, from Middle East instability or a full cutoff of remaining Russian gas transit), plus increased pressure from new refugee waves (from Africa or the Middle East), forcing the EU to divert budgets to internal social and defense needs at the expense of aid to Ukraine. China's growth in the pessimistic scenario is sluggish (~3–4%); it curtails foreign investments and perhaps leans closer to Russia economically (as relations with the West deteriorate). Russia's economy, despite sanctions, manages to muddle through by converting to a war footing: after an anomalous rise in 2024 (due to war spending), in 2025 it slows to ~1% or less. Essentially, Russia becomes a "militarized economy" with minimal growth, yet sufficient to fund continued aggression. High inflation (~10%) and labor shortages plague Russia, but the regime endures for now.

Thus, under the pessimistic scenario, external conditions offer little help to Ukraine: the world is preoccupied with its own downturn or crises, and the aggressor has not been broken from within. In terms of cycle theory, this resembles a prolonged "depressive phase" or a 1970s-style scenario where shocks produce global stagflation.

PESSIMISTIC SCENARIO: "PROTRACTED CONFLICT AND STAGNATION"

Pessimistic Scenario: Investment Climate Risk Factors

(higher values = higher risks, scale 0-100)



Source: UVCA Analytical Report, Section 5 (2025-2029), 2025

Investments blocked due to high risks, minimal state investments.

Foreign private capital virtually stays out – the risks are simply too high. Investment is dominated by government spending and IFI funds, and those are directed mostly toward keeping the country running (budget support, emergency infrastructure repairs) rather than business development. FDI is minimal: there may be only isolated cases where an investor is willing to gamble on a potentially huge long-term payoff by buying assets at rock-bottom. Ukrainian entrepreneurs are also constrained: most either shelve expansion plans or focus on only the most essential, quick-return projects needed for survival (basic goods, repairs, logistics). The venture market experiences a “winter”: very few new deals, startups survive on previously raised capital or grants. By 2029, the economy loses competitiveness and falls behind technologically as investment and innovation dry up.

The pessimistic scenario could lead to deindustrialization – a loss of much of the previously built industrial base. Some industrial enterprises will simply deteriorate beyond use without modernization by 2029.

Key Investment Trends:

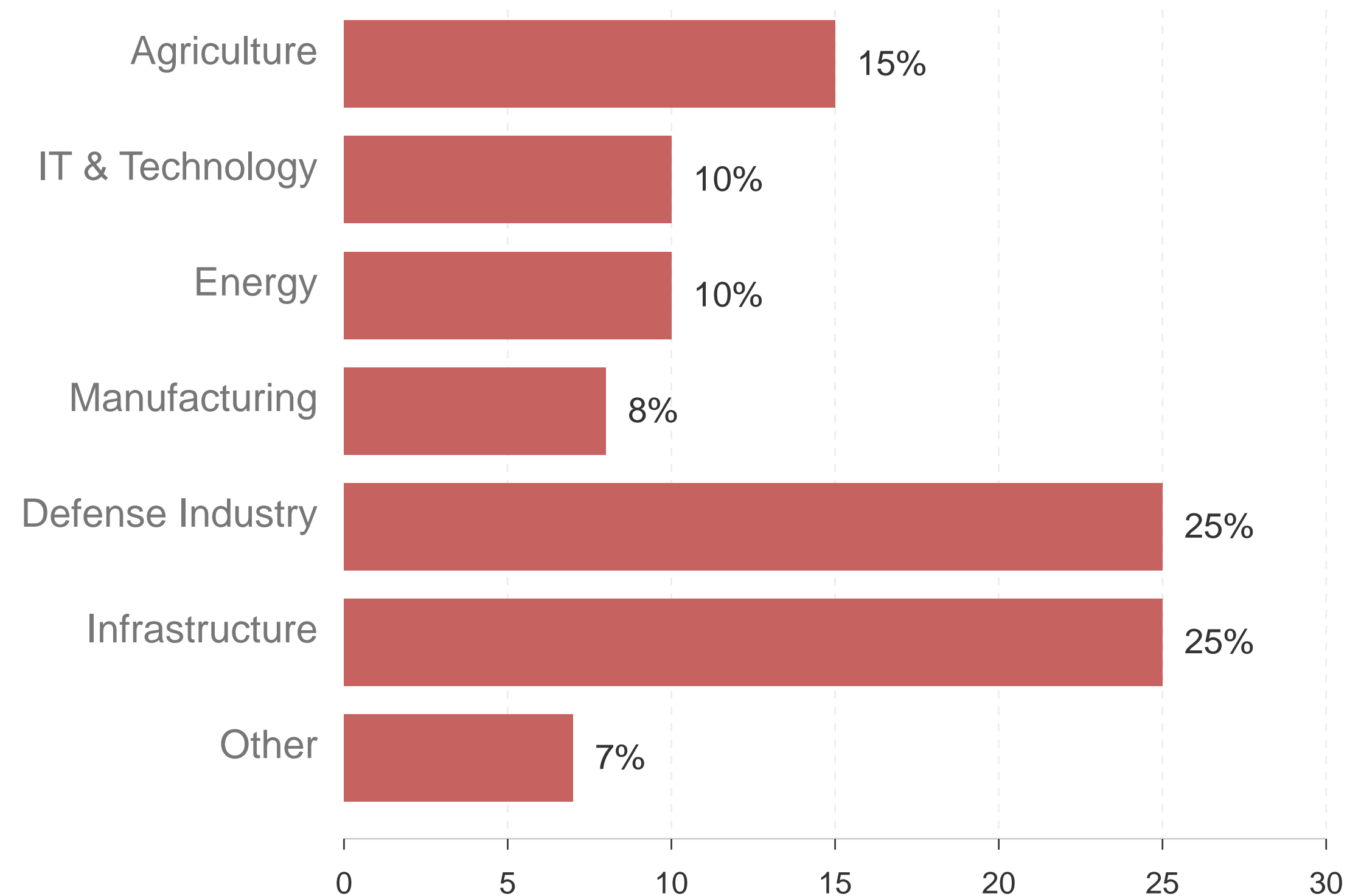
- Emergency response and critical repairs
- Priority for defense industry
- Focus on basic survival needs
- Minimal commercial development
- Fragmented and localized investments

PESSIMISTIC SCENARIO: "PROTRACTED CONFLICT AND STAGNATION"

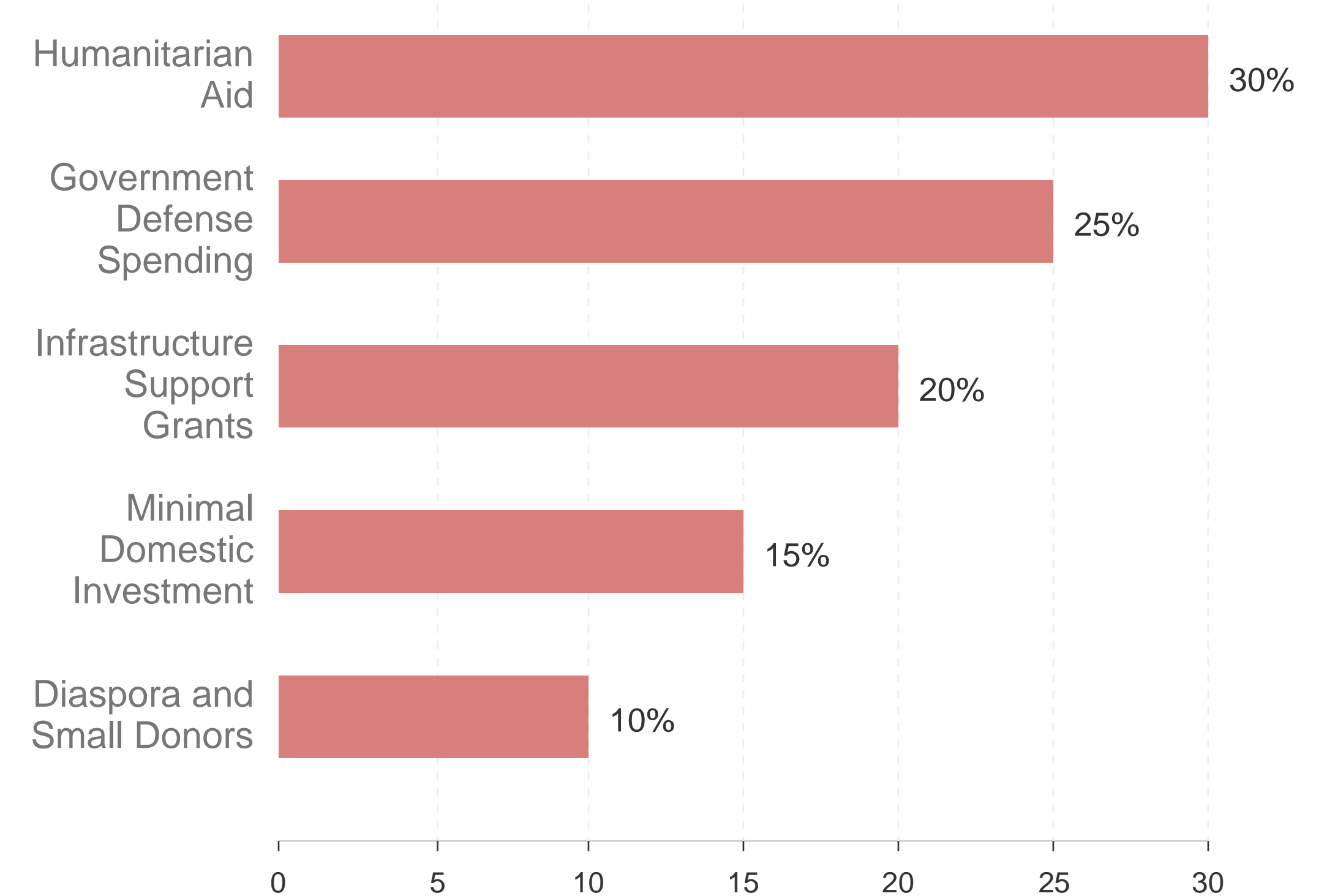
Investment Distribution by Sector: Pessimistic Scenario

Projected total volume: Stagnant or declining investments

Sectoral Investment Distribution (% of total volume)



Investment Sources (% of total volume)



PESSIMISTIC SCENARIO: "PROTRACTED CONFLICT AND STAGNATION"

Sectoral Outlook: Pessimistic Scenario

Heatmap of projected sector growth/decline (annual % GDP)

Sector	2025	2026	2027	2028-29
Agriculture	-2%	-3%	+1%	+2%
Manufacturing	-5%	-3%	-1%	0%
IT & Technology	-4%	-2%	0%	+1%
Energy	-6%	-4%	-2%	-1%
Defense Industry	+4%	+3%	+2%	+1%
Infrastructure	-3%	-1%	0%	+1%
Retail & Consumer Market	-8%	-5%	-2%	0%
Pharmaceuticals	-1%	0%	+1%	+2%
Financial Sector	-6%	-4%	-2%	-1%

Growth/Decline Intensity Scale



Key characteristics of the pessimistic scenario:

- Protracted conflict without resolution until 2029
- Continued destruction of infrastructure and production facilities
- Increasing "donor fatigue" and reduction in foreign aid
- Limited access to export markets due to port blockades
- Outflow of skilled professionals and capital abroad
- Systemic economic stagnation (0% GDP) or recession

Key sectoral trends:

- Energy: largest decline (-6% in 2025) due to continued infrastructure damage
- Retail & Consumer Market: sharp contraction (-8% in 2025) due to falling household incomes
- Manufacturing: prolonged decline due to destruction and limited market access
- Defense Industry: only sector with stable growth due to prioritization
- Agriculture and Pharmaceuticals: minimal recovery in 2027-2029

PESSIMISTIC SCENARIO: "PROTRACTED CONFLICT AND STAGNATION"

Export-Oriented vs Domestic Sectors: Pessimistic Scenario

The pessimistic scenario is characterized by a sharp tilt toward the domestic market at the expense of exports.

Export sectors suffer from loss of markets and logistics: e.g. metal and chemical exports down perhaps 80–90%, agri exports down over 50% vs pre-war. Meanwhile, businesses oriented to the domestic market fare relatively better (though overall volumes are smaller). Domestic demand is mostly served by Ukrainian producers since imports of many goods are difficult (due to currency controls and logistics); this actually helps some local industries (food, simple consumer goods) stay afloat. But overall, the domestic market itself has shrunk with the population and incomes. The government increasingly intervenes – elements of a “wartime economy” emerge: price controls on essentials, rationing, direct state support to keep certain factories running. The private sector, especially large firms, partly goes into “survival mode” or moves capital abroad to hedge risks.

By 2029, Ukraine risks losing its position in global markets for its main exports and will need significant time and investment to regain them after the war. At the same time, the domestic economy has become highly aid-dependent; internal markets are sustained largely by government and humanitarian spending, undermining the normal competitive business environment.

OPTIMISTIC SCENARIO: "RAPID RECOVERY AND INVESTMENT BOOM"

Key assumption is a peace agreement or a sustainable truce in the first half of 2025, a powerful "post-war Marshall" program.

	2025	2026	2027
Real GDP growth	+4-5 %	+10-12 %	+8-10 %
Inflation (December, yoy)	7-8 %	5-6 %	4-5 %
UAH/US\$ exchange rate (average)	38–40	36–38	35–37
Private equity and venture capital investments	+15-20 % per year	+18-25 % per year	+15-20 % per year

"Marshall Plan": grants and loans \$30-35 billion in 2025

FDI: rapid entry of strategic investors into banks, real estate, energy, and industrial parks.

Venture capital: the appearance of 2-3 new unicorns, the average check doubles.

Industry breakthrough: agrotech startups, nearshoring in industry, a big boom in construction and infrastructure, new RES plants and green hydrogen.

OPTIMISTIC SCENARIO: "RAPID RECOVERY AND INVESTMENT BOOM"

5.1.1 Macroeconomics and finance

A crucial factor is the scale of external financing: after peace, international partners (the U.S., EU, IMF, World Bank, etc.) would launch a Marshall Plan-like effort for Ukraine, providing tens of billions of dollars in grants and concessional loans annually for rebuilding infrastructure and the economy. In this optimistic case, external aid in 2025 could exceed \$35 billion, jump-starting reconstruction on an unprecedented scale.

Geopolitical conditions are also favorable: the United States maintains strong bipartisan support for Ukraine regardless of the 2024 election outcome, and the new U.S. administration (even if leadership changes) continues policies of robust backing for Ukraine's defense and reconstruction. Protectionist tendencies in the U.S. wane – threats of new tariffs or trade wars recede, and instead there is renewed transatlantic cooperation in trade. The global economy in this scenario performs better than baseline: world growth in 2025 could exceed 3.5%, approaching historical averages. Monetary policy easing (rate cuts by the Fed and ECB) happens sooner thanks to faster disinflation, which stimulates investment worldwide. The Eurozone in 2025 modestly outperforms baseline expectations ~1.5% growth (versus ~1% baseline), accelerating to ~2% in 2026, as the energy crisis is firmly resolved and EU budgets reallocate some defense spending toward growth (including aid to Ukraine). China's economy also follows an upbeat trajectory: Beijing manages ~2% GDP under the weight of sanctions, loss of oil revenue, and military setbacks; internal political turmoil is possible, further eroding Russia's capacity to continue aggression.

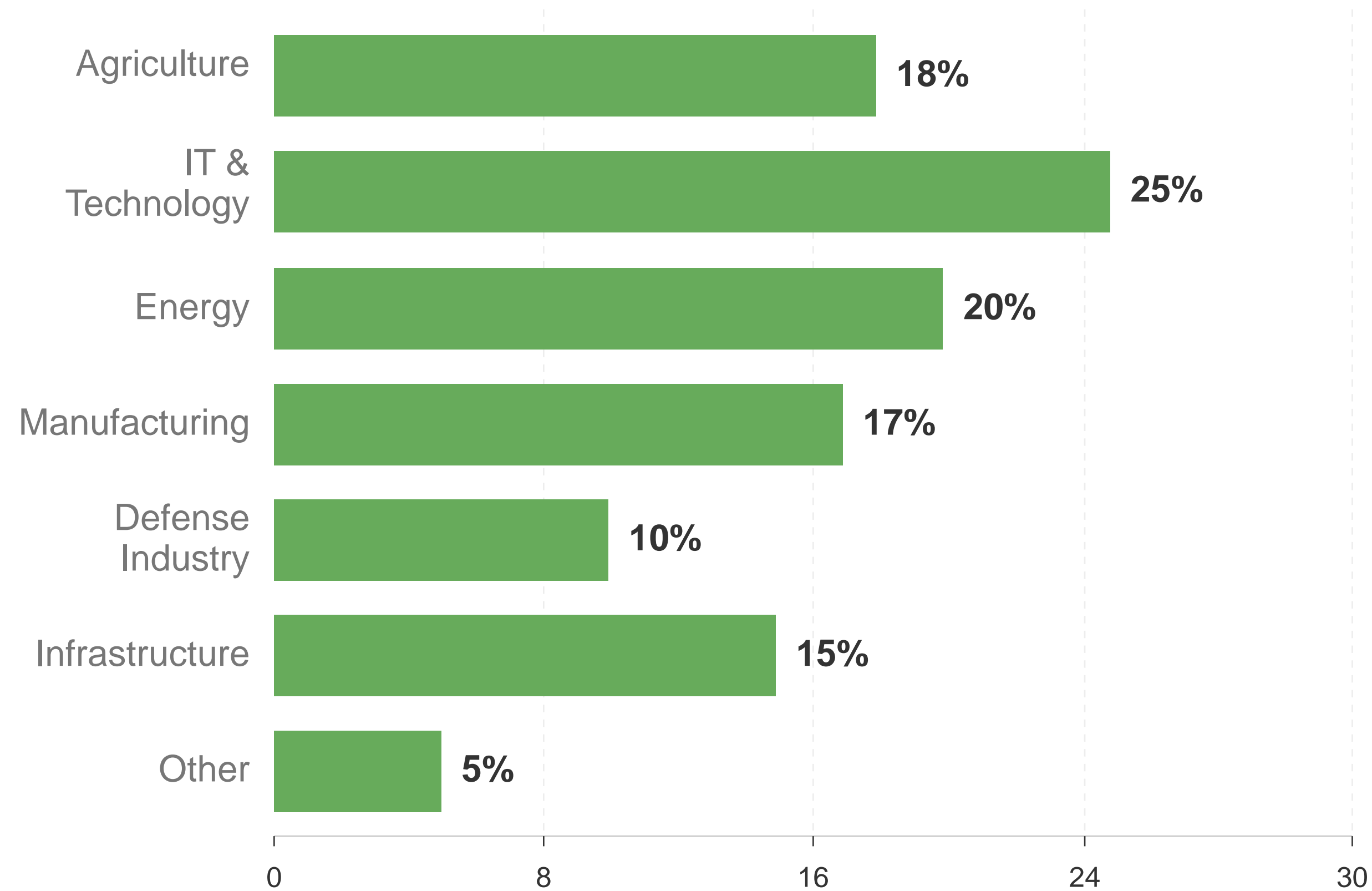
In summary, the optimistic scenario represents a swift onset of peace and an economic surge, bolstered by a supportive global environment. In cycle terms, this corresponds to a transition from depression to expansion (in Minsky's terms, a shift from "discredited expectations" to a new wave of confidence and investment), and in Kondratiev long-wave terms – the potential start of a new upswing, fueled by technological renewal and reconstruction.

Key Investment Trends:

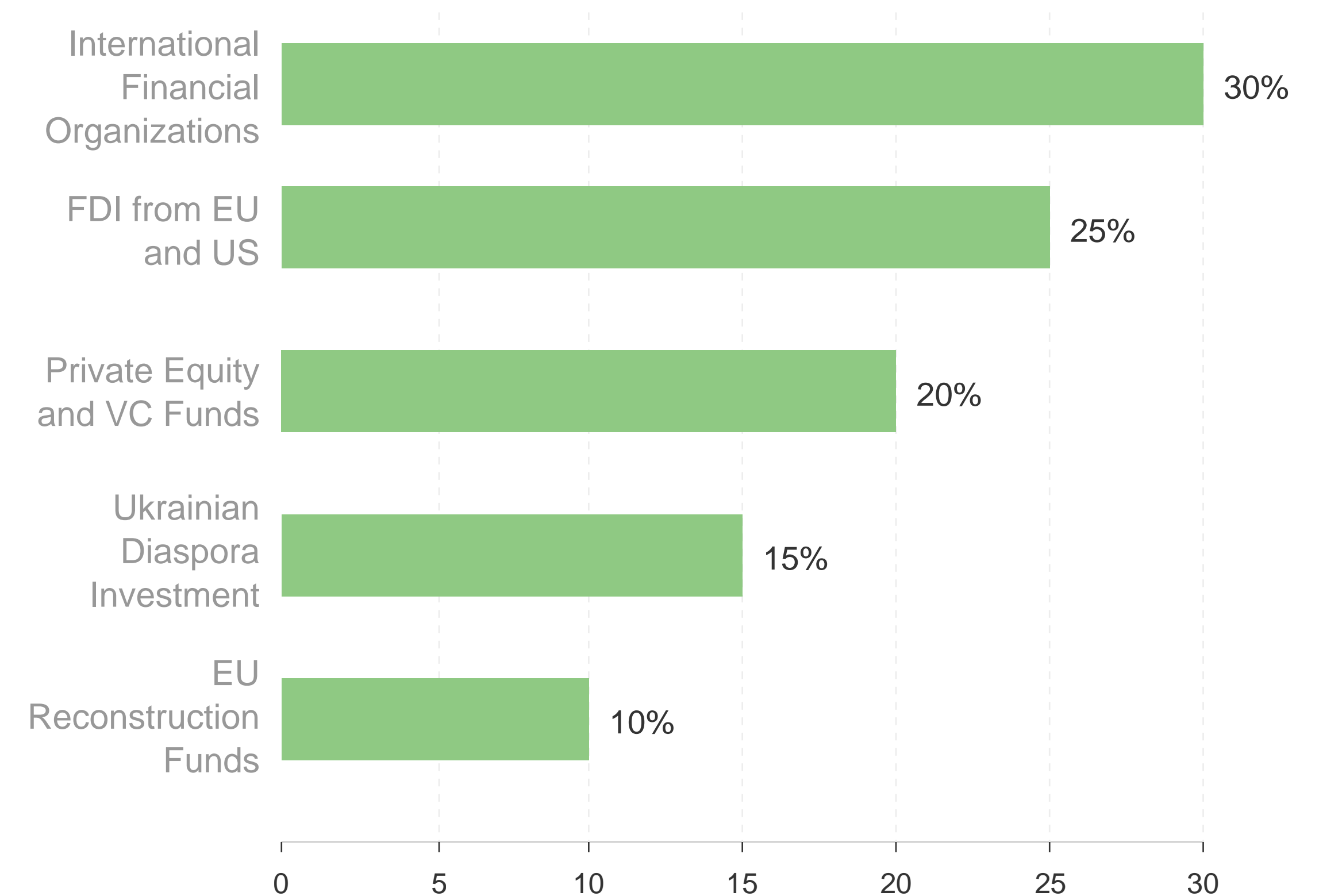
- Focus on modernization and technological upgrade
- Integration with European supply chains
- Energy transformation toward green energy
- Development of high-tech startups and ecosystem
- Export-oriented manufacturing

OPTIMISTIC SCENARIO: "RAPID RECOVERY AND INVESTMENT BOOM"

Sectoral Investment Distribution (% of total volume)



Investment Sources (% of total volume)



OPTIMISTIC SCENARIO: "RAPID RECOVERY AND INVESTMENT BOOM"

Sectoral Outlook: Optimistic Scenario

Heatmap of projected sector growth (annual % GDP)

Sector	2025	2026	2027	2028-29
Agriculture	+4%	+8%	+10%	+12%
Manufacturing	+3%	+10%	+15%	+15%
IT & Technology	+8%	+12%	+15%	+18%
Energy	+5%	+8%	+12%	+15%
Defense Industry	+10%	+12%	+8%	+6%
Infrastructure	+6%	+10%	+12%	+10%
Retail & Consumer Market	+5%	+10%	+12%	+12%
Pharmaceuticals	+4%	+6%	+8%	+10%
Financial Sector	+3%	+5%	+8%	+10%

Growth Intensity Scale



Key characteristics of the optimistic scenario:

- Rapid end of war (first half of 2025) with achievement of stable peace
- Large-scale recovery program like "Marshall Plan" (>\$35B per year)
- Double-digit growth rates in key sectors from 2026-2027
- Strong influx of foreign direct investment and return of specialists
- Rapid EU integration and restoration of export capabilities

Key growth points:

- IT & Technology: leads with growth up to 18% in 2028-29 due to technological innovation
- Manufacturing: strong recovery (15%) through investor return and EU integration
- Energy: significant growth (up to 15%) through transformation and "green transition"
- Defense Industry: high growth in early years (10-12%) with gradual reduction in pace
- Agriculture: sustained growth to 12% with transition to high added value

Comparative Scenario Table: Key Indicators

The table below summarizes key macroeconomic and investment metrics for each scenario:

Scenario	GDP Growth (real)	Inflation (year-end)	Investment Dynamics	Investment Dynamics
Optimistic	Strong post-war boom: cumulative +15–20% over 2025–27 (double-digit annual growth in 2026–27)	~7% by 2029; currency stabilizes / appreciates	Massive FDI inflows after 2025; investment grows 5–20% annually; return to pre-war investment levels by 2026; thriving M&A and venture markets	Rapid end to war in 2025; successful reforms & fast EU accession; Marshall-Plan aid >\$30B/yr; favorable global backdrop (global growth >3.5%, early monetary easing, constructive China, Russia's economy crisis)
Baseline	Moderate recovery: +2–3% in 2025; +4–5% in 2026–27; return to ~\$2–3B annual investment by 2027–28	~10% (end-2025) ~5% (2029); gradual currency depreciation (~45 UAH/USD)	Gradual investment growth (7–10%/yr); pre-war investment volume regained by ~2027; cautious return of M&A and VC deals	Protracted but easing conflict (no full peace before 2026); reforms progress moderately; large ongoing external support (~\$20B/yr); world economy avoids recession (global ~3%, US ~2.6%, EU ~1%)
Pessimistic	Stagnation: ~0% in 2025 (±); ~0–2% in 2026–29 (near-zero growth)	>15% (2025) with risk of 20%; currency under severe pressure (devaluation likely)	Stagnant or minimal investment (2–5% growth or even decline); "investment winter" till decade's end; FDI almost nil (only IFI support for basics)	War continues through 2029 ("frozen" conflict); donor fatigue leads to reduced aid; global recession 2024–25 (world <2.5%, US recession, EU ~0%, China crisis); new trade wars & US isolationism; Russia's economy militarized but avoids collapse

Note: Figures are illustrative to highlight scenario differences. Actual outcomes may vary. GDP growth and inflation are approximate scenario-average values. Investment volumes include domestic and foreign private investment, loans, M&A etc. All scenarios assume continued significant Western aid, but volumes differ markedly.

Sectoral Performance by Scenario (2025-2027)

(% of pre-war levels or growth rates)

Sector	Pessimistic	Baseline	Optimistic
Agricultural Sector	Grain harvest: <40M tons	Grain harvest: 50-55M tons	Grain harvest: 60-70M tons
Manufacturing	40-50% of pre-war capacity	60-70% of pre-war capacity	80-90% of pre-war capacity
IT Sector	0-2% growth	+5-10% annually	+15-20% annually
Energy	50% of pre-war capacity	70% of pre-war capacity	90-100% of pre-war capacity
Defense/Dual-use	~10% of investments	10-15% of investments	15-20% of investments
Consumer Market	-15% retail turnover	+5-7% retail turnover	+15-20% retail turnover
Logistics	Ports blocked	+25-30% investment	Full EU integration

Key UVCA Recommendations for Each Scenario

Pessimistic:

- Crisis consulting, cost optimization
- Debt restructuring
- Personnel retention programs
- Critical sector monitoring

Baseline:

- Comprehensive risk management
- Logistics audit and optimization
- Remote work software solutions
- Business scenario planning

Optimistic:

- Foreign capital attraction
- Large infrastructure project structuring
- M&A advisory support
- Joint venture formation

5.4. Sectoral Forecasts

Table 5.4.1: Projected Investment Structure by Sector (2025-2029)

Sector	Forecast (share of total investment volume)	Rationale
IT and Telecommunications	25-35%	Retention of leadership, but possible slowdown in growth rates. Development of product companies, artificial intelligence, cybersecurity, fintech.
Agriculture	15-20%	Recovery of the agricultural sector, investments in processing, logistics, and agritech.
Energy (incl. renewable)	15-20%	Investments in restoring energy infrastructure, developing renewable energy, and increasing energy efficiency.
Military Tech (Defence & Dual-Use)	10-15%	Continued growth of investments in defense technologies, development of drones, communication systems, and cybersecurity.
Construction and Real Estate	10-15%	Reconstruction of housing and infrastructure, demand for commercial real estate in safer regions.
Other	10-15%	Investments in the food industry, pharmaceuticals, transport, logistics, and other sectors.

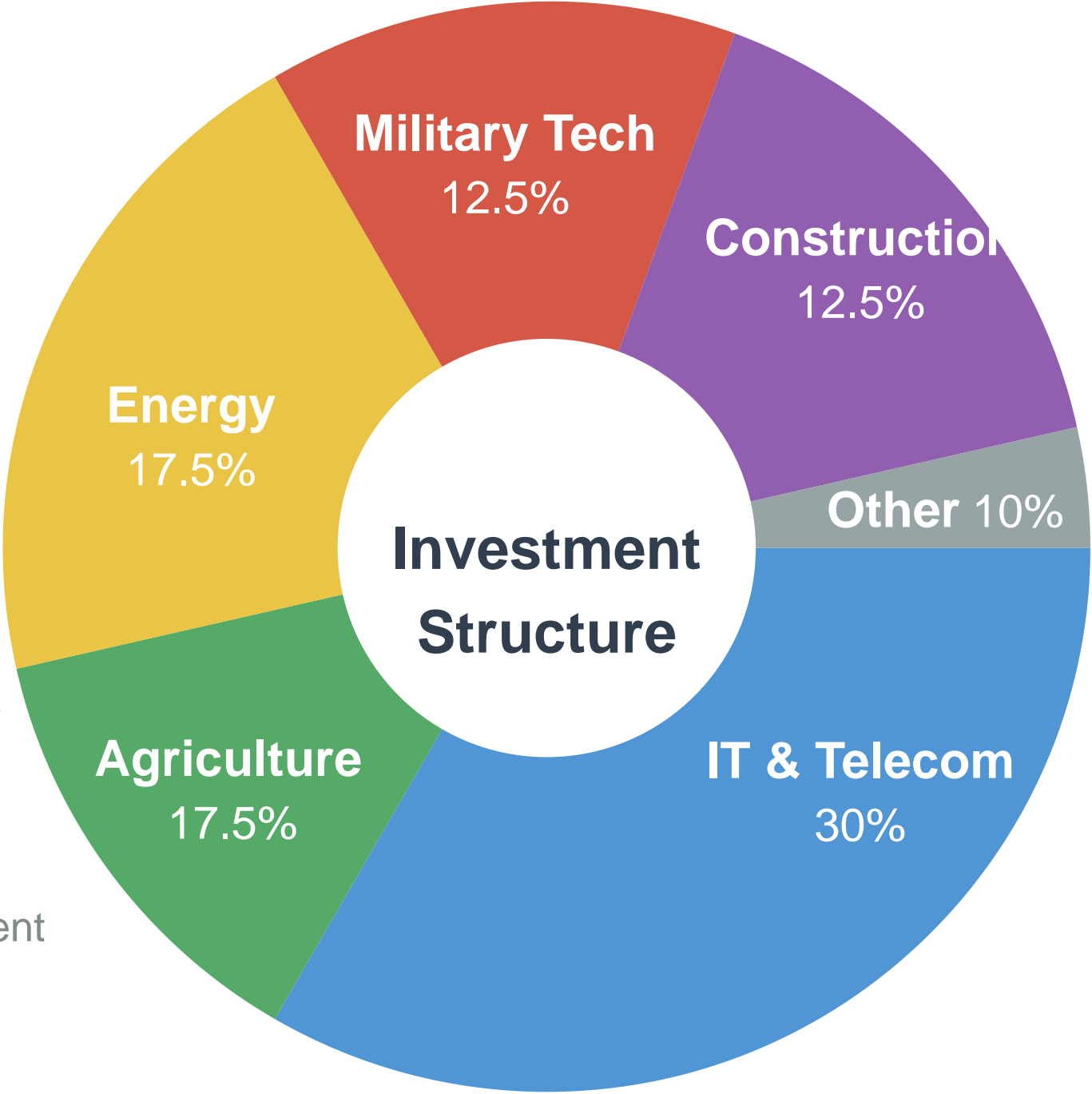
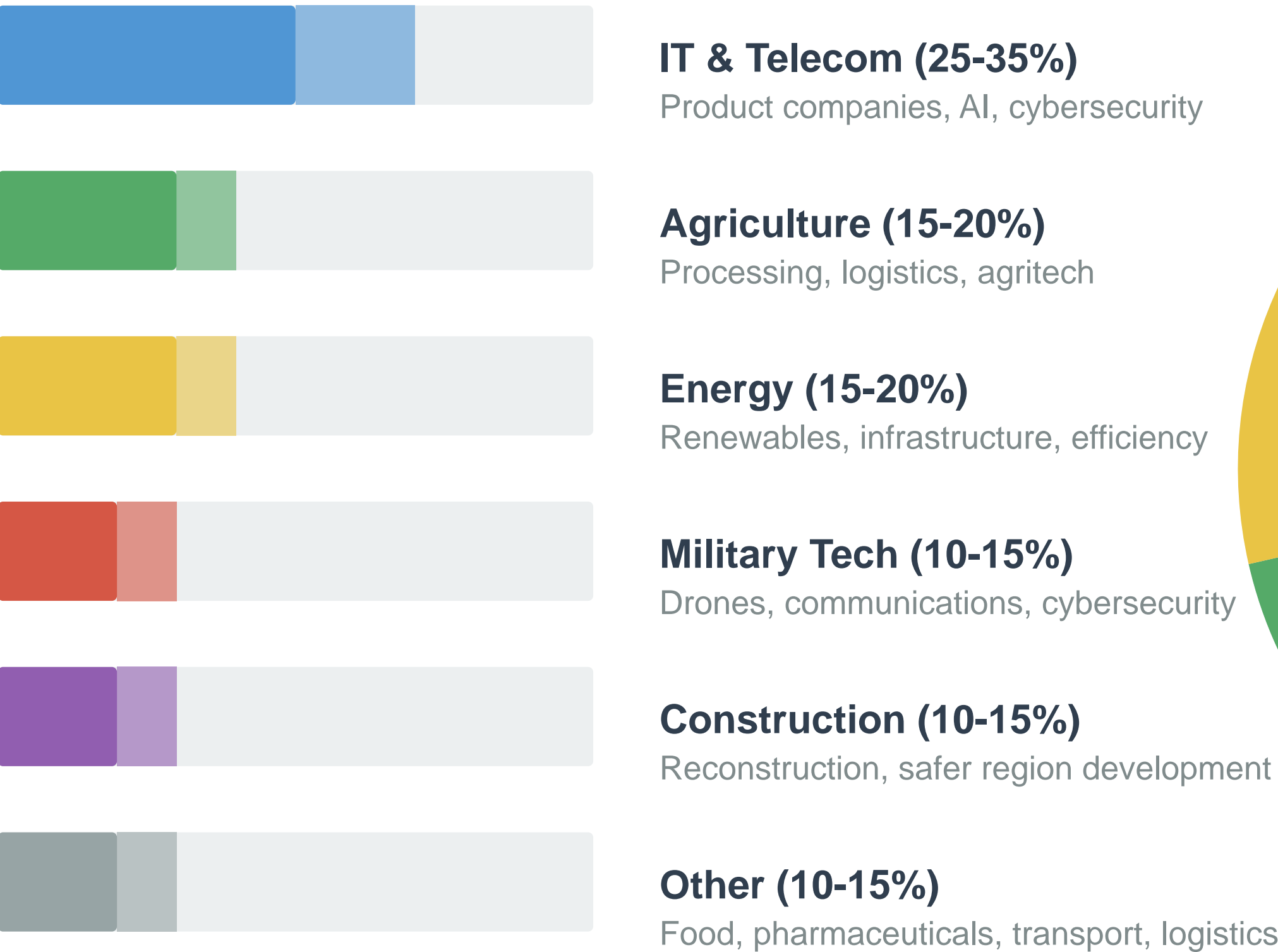
Also, a major area of opportunity is defense tech. Ukraine has the talent, innovation, and real-time testing environments that are unique. Some Ukrainian startups are building technologies that don't exist anywhere else in the world—we're pioneering in many areas. As horrible as it sounds, real-world conditions have pushed rapid innovation in this space.

Roman Nikitov, Co-Head of ICU Ventures



5.4. Sectoral Forecasts

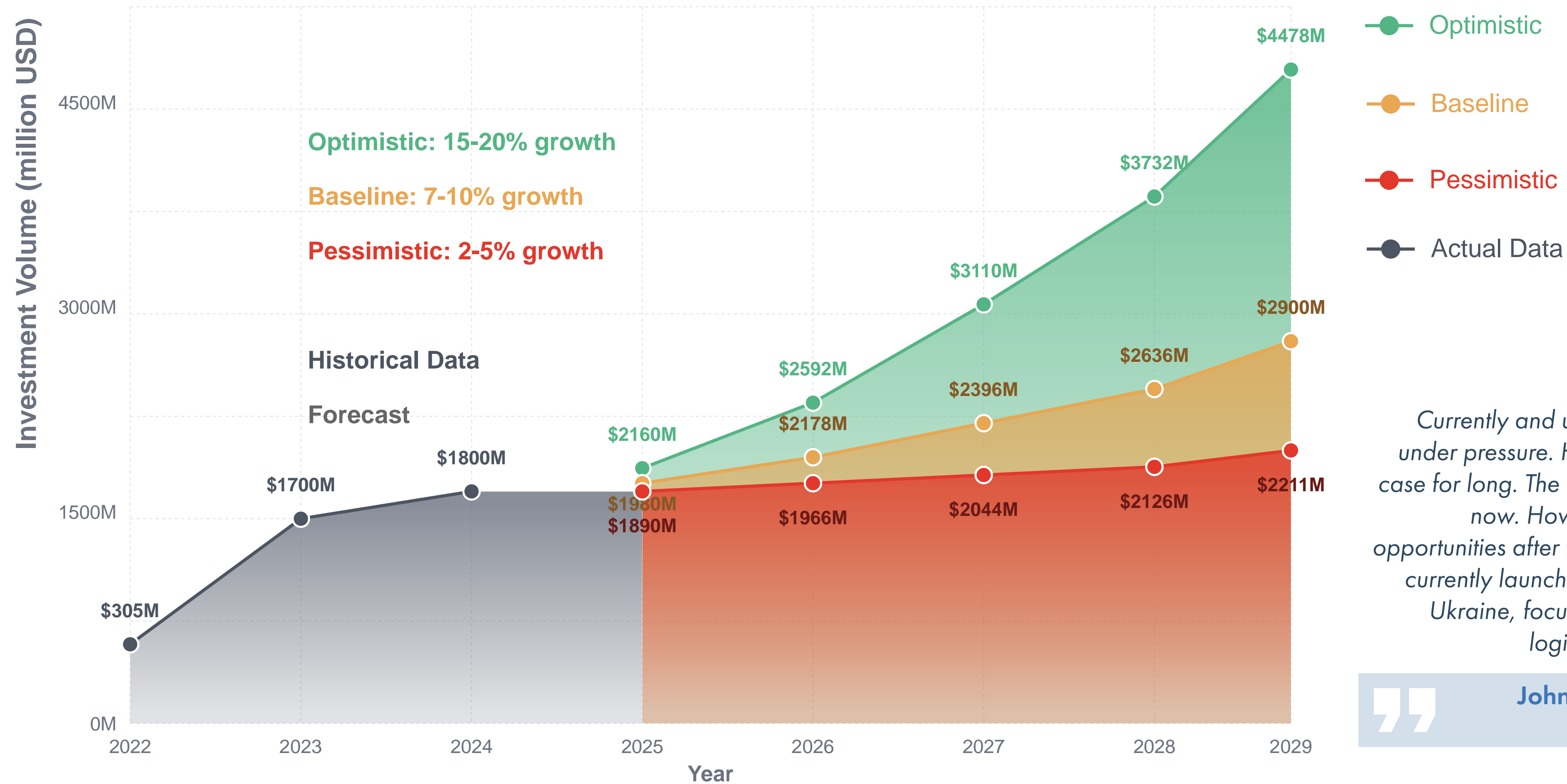
Table 5.4.1: Projected Investment Structure by Sector (2025-2029)



Post-War Investment Outlook

- Ukraine begins economic recovery by 2027-2028
- Defense tech becomes a new export specialty
- Foreign direct investment predicted to increase
- Energy independence becomes a national priority

Table 5.4.2 Scenarios for Changes in the Ukrainian Investment Market in 2025-2029



Currently and understandably, asset prices are under pressure. However, this will not remain the case for long. The best opportunities are to be had now. However, there will still be excellent opportunities after this period of dislocation. We're currently launching a new \$500 million fund for Ukraine, focused on critical minerals, energy, logistics, agri, tech and health care.



John Patton, Head of EMEA & Asia at Argentem Creek Partners

Key Sectors and Rationale:

Military Tech: Demand for innovative defense solutions will remain high. Ukraine has the potential to become a regional hub for the development and production of defense technologies.

- **Rationale:** Ongoing war, the need to modernize the Armed Forces of Ukraine, the global trend of increasing defense spending.
- **Examples of Potential Investments:** Development and production of drones, electronic warfare/electronic intelligence systems, cybersecurity, troop management software, communication tools.

AgriTech: Technologies that improve efficiency, sustainability, and yield will be in demand.

- **Rationale:** Agriculture is a key sector of the Ukrainian economy, the need for modernization, increased productivity, adaptation to climate change.
- **Examples of Potential Investments:** Precision agriculture, drones, farm management systems, biotechnology, agricultural product processing.

Green & Decentralization Energy: Restoration of energy infrastructure, transition to more sustainable energy sources, global climate goals.

- **Rationale:** Energy security, decarbonization of the economy, international obligations of Ukraine.
- **Examples of Potential Investments:** Solar and wind power plants, bioenergy, energy storage systems, energy-efficient technologies.

IT & Software: Retention of leadership, but possibly slower growth rates. Development of product companies, artificial intelligence, cybersecurity, fintech.

- **Rationale:** High level of qualification of Ukrainian IT specialists, competitive salaries, global demand for IT services.
- **Examples of Potential Investments:** Software development, outsourcing, cloud computing, artificial intelligence, cybersecurity, fintech.

Reconstruction and Infrastructure: The need to rebuild damaged infrastructure will create significant demand for investment.

- **Rationale:** The need to rebuild housing, roads, bridges, energy networks, and social infrastructure.
- **Examples of Potential Investments:** Construction of housing, roads, bridges, energy facilities, social infrastructure facilities.

Logistics: Changes in logistics supply, increase in exports and imports, construction of terminals and hubs.

- **Examples:** Investments in Nova Poshta, the development of terminals in ports.

It's understandable that investors want certainty—that their capital is protected, that their contracts won't be challenged in court, and that the companies and teams they support operate within a clear legal framework. In this context, Ukraine's role as a back office for R&D and engineering continues to function well. It's a working model—and one that already brings real financial value.



Oleksandr Soroka, Serial entrepreneur and investor, Managing Partner at Network VC

5.5. Regional Forecasts

Ukraine:

- **Western Ukraine:** Will become a center for business relocation, development of IT clusters, logistics hubs, and production.
- **Central Ukraine:** Recovery of industry, agriculture, and infrastructure.
- **Eastern and Southern Ukraine:** Recovery after de-occupation, investments in reconstruction, development of ports (subject to the unblocking of sea routes).
- **Kyiv:** Preservation of the status of a business and innovation center, investments in IT, real estate, and the financial sector.

Eastern Europe: Ukraine can become a key hub for technology and innovation companies seeking to enter the Eastern European markets. Increased cooperation with Poland, the Baltic countries, and other neighbors. Example: Investments by Polish companies in the Ukrainian IT sector (Euvic Group, Pracuj Ventures).

MENA (Middle East and North Africa): Possible increase in investments from MENA countries, especially in agriculture and energy (both traditional and renewable). Examples: Investments by SALIC in MHP, interest of Qatari companies in Ukrainian energy.

Global: Ukrainian startups will continue to seek opportunities to enter global markets, especially in the US and the EU.

5.6. Venture Development Index

Metrics:

- **Growth in Investment Volumes:** Tracking the total amount of investment in Ukrainian startups and companies.
- **Number of Funds:** Monitoring the number of active venture capital funds, private equity funds, and angel investors in Ukraine.
- **Successful Exits:** Tracking the number and value of successful exits (IPOs, acquisitions) of Ukrainian companies.
- **Startup Ecosystem Development:** Assessing the growth of incubators, accelerators, and other startup support organizations.
- **Talent Pool:** Tracking the size and quality of the Ukrainian talent pool, especially in technology and innovation.
- **Legislative and Regulatory Environment:** Improving legislation, simplifying business operations, protecting investor rights.
- **Geopolitical Stability:** End of the war, establishment of peace, security guarantees.

As members of the Ukrainian Private Equity & Venture Capital Association, we have an important role to play—promoting Ukraine’s potential, connecting investors and entrepreneurs, and contributing to policymaking to help create a more transparent and capital-friendly environment. Every effort—whether by entrepreneurs, investors, or policymakers—to be a reliable counterpart strengthens international confidence in Ukraine. I truly believe that, despite the challenges, there is a bright future ahead. These turbulent times will eventually give way to a period of unleashed potential, and both foreign and local investors will have meaningful opportunities.



Roman Nikitov, Co-Head of ICU Ventures

5.7. Risks and Challenges

- **Continuation of the War:** The main risk that deters investment.
- **Economic Instability:** High inflation, exchange rate fluctuations, budget deficit.
- **Corruption and the Judicial System:** Distrust of the judicial system, corruption risks.
- **Brain Drain:** Emigration of qualified specialists, especially from the IT sector.
- **Infrastructure Constraints:** Damaged infrastructure, problems with logistics, energy supply.
- **Regulatory Barriers:** Complexity of doing business, bureaucracy, imperfect legislation.

5.8. Opportunities

- **Reconstruction of Ukraine:** The need to rebuild damaged infrastructure will create significant demand for investment.
- **Technological Potential:** Ukraine has a strong IT sector, skilled personnel, and potential for innovation.
- **Agricultural Sector:** Agriculture remains a strategically important sector of the economy.
- **Geographical Location:** Ukraine has an advantageous geographical location, making it attractive for the transit of goods and services.
- **European Integration:** The prospect of joining the EU creates additional incentives for investors.

Defense-tech: Ukraine is becoming a world leader in the design and implementation of new military technologies.

5.9. Conclusions and Recommendations

- The Ukrainian investment market has significant potential for recovery and growth after the end of the war.
- The key sectors for investment will be IT, agriculture, energy, reconstruction, and Military Tech.
- To attract investment, it is necessary to improve the investment climate, fight corruption, carry out reforms, ensure the rule of law, and guarantee security.
- International support (financial, technical, expert) will play an important role.
- Ukrainian businesses need to adapt to new conditions, seek new markets and opportunities, and invest in innovation and development.
- State policy should be aimed at stimulating investment, creating favorable conditions for doing business, supporting export-oriented industries, and developing human capital.

One key to success is robust structuring of investments to protect against fraud, which remains a heightened risk in most emerging markets. Judicial reform has improved the quality of justice in the higher courts but there are still significant issues in lower courts that leave room for abuse by bad faith litigants.

Argentem Creek Partners (ACP) is a SEC registered investment fund focused on special situations in Emerging Markets. ACP spun out from Cargill's Black River in 2015 and since that time one of its markets has been Ukraine where the team invested more than \$600 million in a range of transactions focused on the real economy investments including agriculture, logistics, metals and mining.



John Patton, Head of EMEA & Asia at Argentem Creek Partners

GLOSSARY

AgriTech (Agricultural Technology): The application of technology to agriculture, including farming practices, crop management, livestock management, and supply chain optimization. This often involves software, data analytics, drones, sensors, and other advanced tools.

AI (Artificial Intelligence): The simulation of human intelligence processes by machines, especially computer systems. This includes tasks like learning, reasoning, problem-solving, perception, and natural language understanding.

Angel Investor: A high-net-worth individual who provides capital for a business start-up, usually in exchange for convertible debt or ownership equity. They often invest at very early stages.

Asset Purchase: The acquisition of specific assets of a company (e.g., buildings, equipment, land) rather than the entire company itself.

B2B (Business-to-Business): A business model where a company sells its products or services to other businesses, rather than directly to consumers.

B2C (Business-to-Consumer): A business model where a company sells its products or services directly to individual consumers.

Blockchain: A distributed, decentralized, public ledger that records transactions across many computers. It is the underlying technology for cryptocurrencies, but has many other applications.

Bootstrapping: Starting and growing a business using only the founder's personal savings and revenue from the business, without external investment.

Cloud Computing: The delivery of computing services (servers, storage, databases, networking, software, analytics, intelligence) over the Internet ("the cloud").

Crowdfunding: Raising funds from a large number of people, typically via the Internet. This can be through donations, pre-orders, or in exchange for equity or rewards.

CRM (Customer Relationship Management): A system for managing a company's interactions with current and potential customers.

Cybersecurity: The practice of protecting computer systems, networks, and data from unauthorized access, use, disclosure, disruption, modification, or destruction.

Data Science: An interdisciplinary field that uses scientific methods, processes, algorithms, and systems to extract knowledge and insights from structured and unstructured data.

Deal Flow: The rate at which an investor receives investment proposals or opportunities.

Defense Tech (Military Tech): Technology developed and used for military and defense purposes. This can include weaponry, communication systems, surveillance equipment, software, and more.

DevOps: A set of practices that combines software development (Dev) and IT operations (Ops) to shorten the systems development life cycle and provide continuous delivery with high software quality.

Digital Transformation: The integration of digital technology into all areas of a business, fundamentally changing how it operates and delivers value to customers.

Distressed Assets: Assets (companies, properties, etc.) that are being sold at a significantly reduced price due to financial difficulties or other problems faced by the owner.

Due Diligence: The process of investigating and verifying the financial, legal, and operational aspects of a company before making an investment or acquisition.

EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization): A measure of a company's operating performance. It is calculated by taking a company's earnings and adding back interest expenses, taxes, depreciation, and amortization.

E-commerce: The buying and selling of goods and services over the Internet.

EdTech (Educational Technology): The use of technology to enhance teaching and learning.

ERP (Enterprise Resource Planning): A system that integrates various business processes and functions (e.g., finance, HR, supply chain) into a single platform.

EV (Enterprise Value): A measure of a company's total value, often used as a more comprehensive alternative to market capitalization. It includes market capitalization, debt, minority interest, and preferred shares, minus cash and cash equivalents.

Exit (Exit Strategy): The method by which an investor or business owner plans to liquidate their investment in a company (e.g., through an IPO, sale to a strategic buyer, or management buyout).

Export Revenue: Revenue generated from the sale of goods or services to foreign countries.

Fintech (Financial Technology): The use of technology to improve and automate financial services.

FoodTech: The use of technology in the food sector.

FPG (Financial-Industrial Group): A large, diversified holding company that typically controls businesses in multiple industries. Common in Ukraine and other post-Soviet countries.

Fundraising: The process of seeking and acquiring financial investments for a company or project.

Gamedev (Game Development): The process of creating video games.

Greenfield Investment: A form of foreign direct investment where a parent company starts a new venture in a foreign country by constructing new operational facilities from the ground up.

GLOSSARY

Hardware: The physical components of a computer system or other electronic device.

HoReCa (Hotel, Restaurant, Cafe/Catering): The hotel, restaurant, and catering industry.

IFI (International Financial Institution): An organization established by multiple countries to provide financing and advice for economic and social development projects (e.g., EBRD, IFC, World Bank).

IPO (Initial Public Offering): The process of offering shares of a private corporation to the public in a new stock issuance.

IT (Information Technology): The use of computers, software, and networks to store, process, and transmit information.

IT Outsource: Outsourcing of work to an external IT services provider.

Lead Investor: The investor who takes the largest stake and often sets the terms in an investment round.

LLM (Large Language Model): A type of artificial intelligence that can generate text, translate languages, write different types of creative content, and answer your questions informatively.

M&A (Mergers and Acquisitions): Transactions in which the ownership of companies, other business organizations, or their operating units are transferred or combined.

Marketplace: An online platform that connects buyers and sellers of goods or services.

Military Tech: Technology developed for use in military or defense applications.

NDA (Non-Disclosure Agreement): A legal contract that obligates parties to keep certain information confidential.

NPL (Non-Performing Loan): A loan that is in default or close to being in default.

PE (Private Equity): Investment in non-publicly listed companies.

Pitch Deck: A brief presentation, often created using PowerPoint, Keynote, or Prezi, used to provide an overview of a business plan to potential investors.

Pre-Seed Round: The earliest stage of funding for a startup, typically from angel investors or friends and family.

Product Company: A company that develops and sells its own software products.

R&D (Research and Development): Activities undertaken to discover new knowledge, develop new products or processes, or improve existing ones.

Round (Funding Round): A stage of fundraising for a startup.

SaaS (Software as a Service): A software licensing and delivery model in which software is licensed on a subscription basis and is centrally hosted.

Seed Round: The first official equity funding stage. It typically represents the first official money that a business venture or enterprise raises.

Series A/B/C: Subsequent rounds of funding for a startup, usually from venture capital firms.

Startup: A young company founded by one or more entrepreneurs to develop a unique product or service and bring it to market.

Strategic Investor: An investor (often a corporation) that invests in a company for strategic reasons (e.g., to gain access to new technology, markets, or distribution channels) rather than purely for financial return.

Term Sheet: A non-binding agreement outlining the basic terms and conditions of an investment.

TMT (Technology, Media and Telecommunications): A grouping of industries.

Unicorn: A privately held startup company valued at over \$1 billion.

Valuation: The process of determining the economic worth of a company.

VC (Venture Capital): Financing that investors provide to startup companies and small businesses that are believed to have long-term growth potential. VC generally comes from well-off investors, investment banks, and any other financial institutions.

Specific Terms related to the Ukrainian Context:

FOP (ФОП - Фізична особа-підприємець): Individual Entrepreneur - a simplified form of business registration in Ukraine.

Hryvnia (UAH): The national currency of Ukraine.

Oblast: A region or province in Ukraine.

Rada (Verkhovna Rada): The parliament of Ukraine.

State Property Fund of Ukraine: The government agency responsible for managing and privatizing state-owned assets.

InVenture: a Ukrainian investment company.

Deposit Guarantee Fund: a fund guaranteeing the return of deposits to individuals



UKRAINIAN VENTURE CAPITAL &
PRIVATE EQUITY ASSOCIATION

WE INVEST IN UKRAINE!

UVCA and its members stand at the forefront of a transformative mission: bridging the gap between innovative entrepreneurs and forward-thinking investors, and advocating for policies that foster transparency and an investment-friendly environment. As the nation navigates through challenging times, this mission holds the promise of creating a fertile ground for growth and collaboration.

Despite the obstacles Ukraine faces today, there is an undeniable resilience and determination within the country. These turbulent times, while difficult, are temporary. They serve as a reminder of the strength required to rebuild and grow.

Once the current challenges disappear, limitless opportunities will emerge. Ukraine is uniquely positioned to become a global hub—a place where innovators, entrepreneurs, and investors from around the world can come together to collaborate, build, and thrive.

UVCA envisions a future where Ukraine not only recovers but also leads the global investment ecosystem, promoting mutual benefit for all participants. By fostering trust, promoting transparency, and embracing innovation, Ukraine has the potential to inspire international confidence and establish itself as a cornerstone of global economic progress.

And, UVCA and its members are not just witnesses to this transformation, they are its active participants, empowering the feeling that Ukraine's bright future is not just a possibility but an inevitability.

JOIN US!

To contribute to the growth and development of the Ukrainian investment ecosystem, participate in UVCA projects and events, or explore UVCA membership opportunities, we invite you to contact us:

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