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Canada's 2025 Budget. Accelerating Defense and Innovation

Canada's new "Canada Strong" Budget (Nov. 4, 2025) marks a dramatic shift toward defense and industrial strategy. Finance Minister Champagne emphasized that in a world of "fundamental shifts...Budget 2025 represents the largest defense investment in decades". The government unveiled over \$80 billion in five-year defense commitments (including \$9 billion already announced) to rebuild, rearm, and reinvest in the Canadian Armed Forces (CAF). This includes an \$81.8 billion five-year package for military recruitment, infrastructure, vehicles, counter-drone systems and more. In perspective, the 2025–26 alone, defense spending is nearly \$63 billion. Importantly, Ottawa framed these outlays not just as security measures, but as economic and jobs boosters. The budget itself declares that "our renewed commitment to defense will create good, high-paying careers for Canadian workers and drive investments that strengthen our economy and collective resilience", said Carney.



Prime Minister Mark Carney with Canadian Armed Forces personnel. Budget 2025 devotes record investments to the CAF, treating defense as a foundation of national growth and security.

The 2025 budget is historic in scale. Ottawa is meeting its NATO pledge by raising defense spending from about 1.4% of GDP to 2% this year (roughly \$63 billion in 2025–26) and has pledged 5% of GDP by 2035. Prime Minister Mark Carney has even said Canada will quadruple defense spending (versus 2023–24 levels) by the end of the decade. The five-year envelope includes \$17.9 billion for vehicles, counter-drone systems and more, \$6.6 billion for the new Defense Industrial Strategy, and \$6.2 billion for defense partnerships (e.g. support to Ukraine). Industry experts note that the overall new commitments exceed \$80 billion over five years. In sum, Canada will spend roughly \$150 billion on defense in 2025–26 alone, the highest-ever share of GDP. This surge also comes with a major procurement overhaul. The government subsequently created a new Defense Investment Agency to centralize and speed up acquisitions. The Agency will overhaul and streamline Canada's defense procurement, cutting red tape and aligning contracts with industrial benefits. For example, it will ensure purchases tie directly to domestic

supply chains, which leverage the defense procurement as investments in Canadian workers, companies, and technologies. Instead of broad spending, funds will now be used for project-based contracts aimed at developing local industries.

Emphasis on Industrial Policy and Innovation

A central theme of Budget 2025 is treating defense as an industrial and innovation strategy. The budget launches Canada's first-ever Defense Industrial Strategy (DIS), backed by \$6.6 billion over five years to improve access to capital, drive research and innovation, bolster domestic supply chains, and grow Canada's stockpile of critical minerals. FedDev Ontario and others will fund dual-use R&D hubs (e.g. an AI and robotics testing center). The government even earmarked \$1 billion for the Business Development Bank to create a Defense and Security Business Mobilization Program, giving loans and VC to defense tech startups.

As Defense Minister David McGuinty explained during the recent GCXpo in Ottawa, "at the heart of the strategy is you. The innovators, the investors, the risk-takers... You will help us develop the dual-use technologies that are going to shape the future of defense and security", he said. The budget documents emphasize growing our defense sector, increasing the capacity and competitiveness of homegrown defense suppliers. In short, Ottawa is explicitly using a "buy-Canadian" policy and targeted funding to build a domestic military-industrial base. The budget even creates a Bureau of Research (BOREALIS) to co-develop cutting-edge tech with the industry. That's essentially a Canadian DARPA comparable to the United States version (Defense Advanced Research Projects Agency).

Industry watchers praised the innovation angle. The tech community notes that this is an investment budget that finally takes defense seriously, putting defense at the center of Canada's tech commitments. For example, BetaKit observes that Carney's budget includes billions in dual-use innovation, which means funding everything from aerospace and automotive to cyber, AI, and quantum that serve civilian and military applications. Quantum computing alone gets \$334 million to unleash quantum for defense, while cyber and AI labs will be expanded. These commitments show a clear industrial policy shift. Ottawa is betting on Canadian high-tech firms to meet defense needs.

Dual-Use Technologies and Industry Collaborations

A key part of this strategy is the dual-use technology, which are systems that work in both civilian and military roles. Budget 2025 explicitly funds projects in aerospace, autonomy, cybersecurity, biotech and more, all with both commercial and defense value. InDro Robotics, a division of Indrotek is a perfect example. As InDro Robotics' Founder Philip Reece explained, "it's the same kind of technology now that can be rapidly swapped over to defense". In other words, the company's autonomous drones and ground robots, used for things like industrial inspection or disaster response, can quickly be repurposed for military reconnaissance or demining.



Above, InDro's dual-purpose Sentinel inspection robot, which can map environments and detect anomalies, illustrates this crossover.

InDro Robotics' Sentinel inspection robot, which is a multi-terrain autonomous vehicle built for industrial inspection, can also serve in defense roles. InDro emphasizes rapid conversion of its commercial tech into military applications. Philip Reece said "that innovative robots like Sentinel could play a significant role in Canada's Defense Industrial Strategy". In addition, the InDro Cortex system, another product, greatly enhances the capabilities of existing equipment like drones, vehicles, and even tanks, by adding AI-based autonomy. And InDro is no stranger to defense clients. It recently helped demonstrate an AI-based landmine detection system, combining drones, ground robots and neural networks for a DoD project. Such successes underline how Canadian startups have already begun bridging civilian and military needs.

Other InDro/Indrotek technologies follow this pattern. Bravo Zulu, another Indrotek subsidiary, holds licenses to cutting-edge counter-drone systems like the “Drone Ranger”, which was awarded the best drone defense system by the MITRE Corporation. Within Canada, InDro and Bravo Zulu have already collaborated on exercises and deployments with DND and allies. InDro notes that it invents and manufactures technologies that have already assisted the Department of Defense. In each case, the innovation originates in a civil-market product (e.g. a commercial drone or rover) that can be rapidly swapped over to defense. This agility, developing dual-use technologies that can benefit both civilian and military markets, positions Indrotek and its subsidiaries as a strategic partner in Ottawa’s new vision.

InDro Robotics: A Canadian Tech Leader

InDro Robotics, an Ottawa-based subsidiary of Indrotek, stands out as a symbol of Canada’s tech potential. Philip Reece, InDro’s CEO, was featured on CBC’s budget panel, where he stressed that the government must now follow through on its commitments. He said, “this budget is a strong start... Now... we need the Canadian government to follow through and allow innovators like InDro and the many others that are out there to really compete and become those global companies that we deserve to be.”

Reece has been working on InDro since 2014, focusing on robotics, drones, and autonomy. His company’s innovations have already been tested by armies and police around the world. For example, the Sentinel robot (pictured above) was recently demonstrated to the Department of National Defense on a Canadian Forces base. InDro’s clients include global energy firms, utilities and emergency responders, but Reece notes that “this is about more than one company. It’s about building a Canadian defense ecosystem”. That ecosystem includes startups like his, ready to design, develop and deliver cutting-edge tech. Reece is optimistic about Budget 2025’s direction. In a statement on the InDro Robotics site he said, “The Canada Strong budget marks a pivotal moment for Canada’s defense and economic resilience. InDro Robotics welcomes the increased investment and urges the government to now deliver a clear strategy to help Canadian businesses grow into true global leaders, capable of supplying the men and women of the Canadian Armed Forces with the tools and equipment they need and supporting Canada’s trade diversification goals. It is indeed a challenge, and we are up for it.”

Reece added at the CBC interview, “The company has the technology, talent and ambition to answer Ottawa’s call, but it needs supportive policy and procurement processes to scale. InDro Robotics is ready to deliver on Canada’s defense vision. We have the tech, the talent, and the

ambition. Now, we need a clear path from the government.” The new budget’s emphasis on innovation and collaboration suggests that a path may finally be forming.

Indrotek Group: Partnership and Canadian Innovation

Indrotek, the parent company of InDro Robotics and Bravo Zulu, likewise embraces the budget’s direction. Darren Miller, Indrotek’s CEO, expressed appreciation for the federal plan. He noted that the government’s “strong emphasis on defense and innovation” is welcome news for Canadian tech firms. Miller stated that Indrotek is “eager to work with the government and Defense Investment Agency to translate these commitments into action.”

Indrotek and its divisions are “proudly Canadian, and ready to design, develop, deliver, and train Canadians on cutting-edge technologies.” These technological advancements should empower and improve decision-making in civilian and military domains.

This stance resonates with Ottawa’s goals. By all accounts, Indrotek and its subsidiaries fit the government’s criteria. They are domestic innovators with proven track records of supporting DND. For instance, Bravo Zulu’s counter-drone solutions have been shown to international allies, and InDro Robotics’ drones and robots have been used by the Canadian military for training. With Budget 2025 prioritizing commercial-to-military tech conversions, companies like Indrotek are exactly the partners Ottawa is courting.

Conclusion of Building Canada Strong

Budget 2025 explicitly signals a new era of industrial policy in Canada. Instead of importing much of its defense kit, the government is seeking to build its own strength, betting on local innovators. The \$70-billion-plus increase in defense spending, coupled with the Defense Industrial Strategy and new procurement bodies, represents an unprecedented opportunity for the domestic tech sector.

Why It Matters for Investors

For Indrotek, from InDro Robotics' autonomous vehicles to Bravo Zulu's security systems, this could be a turning point. Indrotek is already deeply involved in dual-use projects, working with DND on UAVs, UGVs, sensors and AI. As InDro's CEO emphasized, the goal is to grow these firms into global leaders. With more federal dollars flowing into R&D, pilot programs, and co-development partnerships, Ottawa is finally providing the tools and the demand for that growth.

In short, Canada's 2025 budget lays a foundation for a robust domestic defense industry. It shifts the focus from broad, long-term programs to discrete projects tied to industrial outcomes, quadrupling capacity to meet future threats. As Indrotek CEO Darren Miller noted, "this alignment of policy and industry can be transformative, but it will require collaboration and sustained effort as it comes with challenges and great opportunity. With Indrotek's Canadian roots and proven expertise, the company and its subsidiaries are positioning themselves to deliver on the Canada Strong vision, helping to equip both civilian and military users with next-generation technology.

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