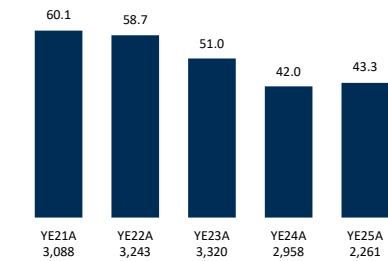


Cleantech future technologies

A selective entry point for institutional capital

Private cleantech is not short of capital; it is short of proof. Climate-tech venture and growth funding reached US\$26.1bn in 1H26A on one provider's count, yet deal numbers fell 25% and about a third of the money went to data centres. We examine whether the main risk has moved from technology to commercial and legal diligence. Our verdict is partly supported: it holds for proven technologies such as batteries and solar, but frontier technologies such as e-fuels and non-lithium storage still carry scale-up risk. In our assessment, for institutional investors, 2026 is a selective entry point (i.e. it is a time investment but only in the right deals, not broadly across the sector) where we infer that contracted revenue and clean IP title are critical to success.

Deal value (US\$bn), bars
Deal count, below the year



Climate-tech VC: deal value (US\$bn) and count

Monday, 12 October 2026

Key Metrics

Funding, 1H26A	US\$bn
Sightline (equity)	26.1
PitchBook (VC deals)	29.2
Net Zero Insights (incl. debt)	41.3
Deal count change, Sightline	-25%
Data-centre share of funding	34%
Battery pack price, 2025	US\$108/kWh
GB battery revenue, Jan-Aug 26	£59k/MW/yr
Ofgem LDES minded-to list	7,645MW

Business Activity

Cleantech future technologies

Cleantech Thematic Research

ACF Equity Research

Analyst: ACF CleanTech Team

enquiries@acfequityresearch.com

- Climate-tech VC US\$26.1bn in 1H26A, but deals fell 25%;
- Ex data centres, 1H26A funding grew about 5% (ACF est.);
- Risk is stage-dependent: technology early, offtake later;
- Verdict: Data partly supports our verdict that diligence is the edge.

1H26A climate-tech funding by provider
US\$bn

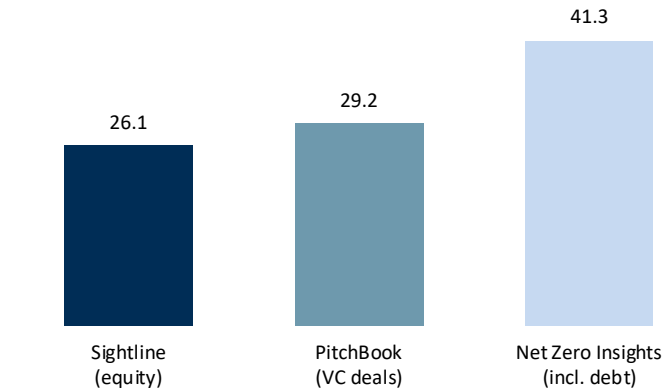


TABLE OF CONTENTS

Investment case	3
Catalysts – Examples for Cleantech Energy	5
Cleantech Key Drivers and Trends.....	6
Funding is Abundant but Concentrated	8
Risk – Hypothesis Testing	9
Storage: Proven Technology, Merchant Risk	11
SAF - Offtake is the Growth Choke	13
Carbon Capture and Recycling	15
Solar and Wind: Mature, Supply-Chain Led	16
Seven Further Themes in the Pipeline.....	18
Seven Further Themes in the Pipeline.....	19
Capital Stack, Valuation and Exits	20
Assessing Impact Claims	22
The 2026 Line-Up Through Our Risk Lens.....	24
Implications and Diligence Screen.....	25
Glossary	26
Methodology and Notes	27
Disclosures	29

TABLE OF EXHIBITS

Exhibit 1:	Climate-tech funding : the headline and the direction differ	8
Exhibit 2:	Founders' top risks: overall and at peak stage.....	9
Exhibit 3:	UK BESS Revenues, 2026 monthly vs forecast	11
Exhibit 4:	Announced vs committed low-emissions hydrogen (Mt).....	13
Exhibit 5:	Retrofit capture cost by CO ₂ source (US\$/t CO ₂ , 2018 US\$)	15
Exhibit 6:	UK CfD strike prices, AR7 and AR7a (£/MWh, 2024 prices).....	16
Exhibit 7:	Further themes: policy, data and the proof point.....	18
Exhibit 8:	UK median pre-money valuation by stage (£m).....	20
Exhibit 9:	Policy pull by theme: instrument, scale and status	22
Exhibit 10:	Pitch line-up by stage and risk class (number of companies)	24
Exhibit 11:	Diligence screen by risk class	25

Investment case

Cleantech is not short of capital; it is short of proof. The scarce asset in 2026 is a company that can show contracted revenue, clean title to its intellectual property (IP) and a financing structure (e.g. options schemes etc.) that survives investor diligence.

Data points on cleantech growth funding vary widely and range between ~US\$25bn and ~US\$40bn, largely because of variance in definitions. Currence (formerly Sightline Climate) in its 1H26A report, states climate-tech venture and growth funding reached US\$26.1bn, up 55% y/y, but deal count fell 25% y/y and low-carbon data centres accounted for 34% vs. 3% y/y of total funding attracted to the sector. Net Zero Insights, a climate-tech data and research firm that tracks funding for investors and companies and includes debt, shows 1H26A funding down about 5% to US\$41.3bn y/y.

A rightward shift in the cleantech risk distribution - We assessed whether the main risk in private cleantech has moved from technology risk to commercial and legal diligence risk (to the right of our risk distribution curve). Our inference is that commercial and legal diligence risk is now the main risk is a hypothesis partly supported by evidence.

The CTVC and Elemental Impact founder [risk] survey (28 Aug 26) of 121 self reporting founders (small cohort), inferred that: Founders that are yet to have a minimum viable product (MVP) on sale cited technology and scale-up risk as their central concern (77% of mentions)., as opposed to say, funding and cash burn runway.

Dramatic change in risk ranking - However, once founders have first customers, there is a dramatic change, the risk of failure focus shifts for half of founders in the cohort to the ability to win more customers and off-takers (52% of mentions). Risk (and so focus) shifts to commercial questions only after the technology works.

Proven technologies still carry commercial risk. Batteries work, but what they earn is volatile: in the UK, monthly revenue varied between £41k to £74k per MW in the first eight months of 2026. Gore Street, a UK-listed battery fund, net asset value per share (NAVPS) fell 27% in the year to March 2026, it cited too many new batteries.

Frontier technologies clearly carry significant first-of-a-kind (FOAK) risk. Nearly all the 16 long-duration storage projects Ofgem proposes to back are lithium-ion batteries or pumped hydro; none of Ofgem's initial list of candidates uses liquid air, a newer technology. According to IATA, the airline trade body, worldwide e-SAF (synthetic sustainable aviation fuel made from H₂ and captured CO₂) capacity running or under construction is just 0.02 Mt, or 3.33% for IATA's estimated 0.6 Mt regulatory requirement by 2030 from the UK and EU.

The legal diligence element of our hypothesis is the least evidenced and relies heavily on our own insights. We found no quantified data on how often, for example, IP defects lead to changes in deal terms, or to deal failure. This is largely because such data remains private. Our suspicion is that IP title defects, for example, are a more common factor than innovators appreciate, mainly because IP development strategy partly embraces using many parties and not a single individual or team innovator.

We base our inference on our own experience of observing deals and because of the lack of credible alternative explanations for deal failure or term negotiation.

Public money is moving into a liminal space that is found between tech innovation and commercial viability - The National Wealth Fund, the UK government's investment bank, has £27.8bn to invest across the economy, note, this is not allocated only for cleantech. The Wealth Fund plans to commit the remaining £19.4bn by 2030/31.

There are significant schemes in place to encourage and support cleantech innovations so that project income is more reliable. For example, Ofgem's **Cap and floor** - limits both the losses and the gains of long-duration energy storage projects. **Contracts for Difference (CfDs)** - give generators a fixed price for each unit of power; and the **SAF revenue certainty mechanism** provides a fixed price for producers of sustainable aviation fuel, which in turn is funded by a levy on hydrocarbon fuel suppliers.

Our research leads us to preference three characteristics – Revenue that is government policy backed; a documented IP chain of title; and a financing plan that allows for FOAK plant (the first in a series of plants) or MVP.

Catalysts – Examples for Cleantech Energy

Within cleantech energy, six decisions between now and the end of 2029 will determine which companies can show contracted revenue or a grid connection, against which they can be financed. A delay to any of these catalysts returns focus back onto the leading risk of policy timing.

1. Ofgem (the energy regulator) final long-duration storage decisions are expected autumn 2026. There are 16 provisionally selected projects totalling 7,645MW that would receive a guaranteed minimum revenue.

2. NESO (the national grid operator) Gate 2 battery offers by late 2026 - A battery with no grid connection date has nil forecast revenues. Gate 2 prioritises 34.5GW of batteries for 2030 against the 23GW to 27GW needed by 2030. This is clear oversupply, meaning some projects are likely to be delayed.

3. AR8 (Allocation Round 8) results – we expect these between Nov 26 and Feb 27 – AR8 determines the renewable power projects that win government price contracts, and so whether the pipeline that started with the AR7 results can continue to grow.

4. SAF revenue certainty mechanism, first allocation round, applications open 1Q27 with contracts issued 4Q28. Producers of sustainable aviation fuel will receive a guaranteed price for up to 230k tonnes p.a. of SAF. Output is far below what the mandates require, so these contracts will determine which projects get built.

5. HAR2 (second UK hydrogen allocation round) awards - 27 shortlisted hydrogen projects await government contracts. A further delay is possible.

6. Engineered carbon removals join the UK ETS (the UK carbon market). Legislation expected YE28E with operations not before YE29E in our assessment.

Cleantech Key Drivers and Trends

Capital is not scarce; proof is. Cleantech is one label that in our analysis can be classified into four different risk classes.

We suspect strongly that this current energy crisis will prove, with hindsight, to be the last time oil and gas dominate inflation and macro-economics.

LCOE stands for levelized cost of electricity. It is the average cost of each unit of power from a plant over its whole life, counting the build cost, running costs and fuel, spread across everything it generates. That lets you compare solar, wind and gas on one basis, usually in pounds or dollars per megawatt-hour.

Classifying cleantech – New investors looking at cleantech often treat it as one sector in which money is scarce and costs fall every year. Our evidence from YE25A and 1H26A gives a different picture on three points: **money is available (not scarce) but goes to projects with contracted revenue and verified IP**; costs have stopped falling for solar and wind; and cleantech is a highly complex set of tech defined sub-sectors.

We conclude that it is **better to classify cleantech investment as types of risk**, not an infinite number of sub-sectors based on technology differences. We currently use a system of four risk classes:

- **Proven technology** with merchant revenue;
- **Policy-contracted technology** with delivery risk;
- **Frontier technology** and;
- **Software and sensing adoption risk** - The risk for software and sensing is whether customers integrate the product and whether pilots are converted into paid, recurring revenues.

Investment available – The International Energy Agency (IEA) in its Jun 26 revised report World Energy Investment 2026 expects energy investment to reach US\$3.4trn, with ~US\$2.2trn going to renewables, nuclear, grids, storage, low-emissions fuels, efficiency and electrification cf. US\$1.2trn for oil, gas and coal.

The growth is in grids – Investment in electricity grids is accelerating. According to the IEA's World Energy Investment annual report 2026, grid investment will reach ~US\$550bn, up nearly 20% y/y and batteries investment will exceed US\$100bn. Spending on renewable power has fallen each year since 2024 to around US\$650bn, partly because solar kit costs have fallen and partly because US and China policy changes have made new projects riskier. Grids and storage together total ~US\$650bn, matching renewable power projects.

Security of energy supply (i.e. ensuring that fuel and power keep flowing) now shapes and directs governmental investment decisions. The IEA called the Middle East conflict the largest energy security crisis the world has faced, and inferred, along with many other organisations and analytical teams, that the crisis is pushing up long-term financing costs.

Resilience and Diversification - The IEA concludes that the outcomes for the current Hormuz/Middle East crisis will be a strong preference for resilience of supply and diversification of energy sources. We suspect strongly that this current energy crisis will prove, with hindsight, to be the last time oil and gas dominate inflation and macro-economics.

Are costs still falling sharply? Whilst battery costs continued to fall sharply in YE25A, solar and wind costs have, effectively, stopped falling. BNEF's (formerly Bloomberg New Energy Finance) average battery pack price fell 8% to US\$108/kWh (US\$139 in 2023, down 22%), stationary storage packs fell 45% to US\$70/kWh, and the levelized cost of four-hour storage fell 27% to US\$78/MWh.

The International Renewable Energy Agency (IRENA) reported that **solar project 2025 average cost of electricity** was flat vs. 2024 at US\$44 per megawatt-hour (MWh). Note that the average cost of solar generated electricity is, nevertheless, down 89% since 2010. BNEF's levelized cost of electricity (LCOE) for new projects was up in 2025 vs. 2024: **solar LCOE** up 6% to US\$39/MWh, **onshore wind LCOE** up 2% to US\$40/MWh, **offshore wind LCOE** up 12% to US\$100/MWh.

Lithium carbonate, a key battery material, was up 102% in price in the 6 months to April 26 (source S&P Global). S&P assessed that this higher LiCO₃ pricing has raised the cost of battery cells using lithium iron phosphate (LFP), common in grid storage, by 15-30% and raised project capex for utility scale battery projects by close to 15%.

Demand is changing shape and concentrating in data centres. The IEA says data-centre electricity use jumped 17% in 2025, ahead of global electricity demand growth of 3%, and will double from this point by 2030. The UK's National Energy System Operator (NESO) expects connected data-centre power consumption to range from ~2.4GW to 5.2GW by 2030.

Policy is diverging. In the US, a vast potential cleantech market, US federal credits for wind and solar have ended for projects that start construction after 4 July 2026 unless such projects are evidenced to be in service by end-2027. In the UK, in stark contrast, the 7th Contracts for Difference auction (AR7) awarded 8.4GW of offshore wind on 20-year contracts with guaranteed prices.

The challenge for project managers is that whilst **investment funds are relatively plentiful**, it now largely flows to projects with contracted revenue and IP control, rather than to technology that is still only a promise (this is in part because most cleantech technologies are proven compared with a decade ago).

Funding is Abundant but Concentrated

Funding is abundant but it is data centre concentrated. Data centres took 34% of Currence's (formerly Sightline's) 1H26A US\$26.1bn total and the 10 largest deals attracted 42% of invested capital. Climate funds raised US\$92bn in YE25A, of which 75% went to 58 mega-funds.

Exhibit 1: **Climate-tech funding: the headline and the direction differ**

Provider	Basis	1H26A (US\$bn)	y/y change
Sightline Climate (re-branded Currence)	Equity venture and growth	26.1	55%
Net Zero Insights	Equity plus debt	41.3	(5%)
PitchBook	VC deals	29.2	n/d
Currence (Sightline) deal count, y/y			(25%)
Sightline low-carbon data centres, share of 1H26A total			34%
Sightline ten largest deals, share of 1H26A total			42%
Sightline implied data-centre funding (US\$bn)		8.9	
Sightline excluding data centres, y/y (ACF est.)			5%

Sources: Currence (Sightline Climate), Net Zero Insights, PitchBook, ACF Equity Research calculations.

Providers measure the same market but disagree on its direction (contraction or expansion). Currence (Sightline) reports US\$26.1bn in 1H26A (up 55%), Net Zero Insights, which includes debt, reports US\$41.3bn (down about 5%), and PitchBook reports US\$29.2bn.

What sits beneath the headline - Low-carbon data centres took 34% of Sightline's 1H26A total and **the 10 largest deals took 42% of capital invested**. Excluding data centres, we estimate cleantech investment growth of ~5%.

Deal count is a better signal. PitchBook's deal count fell ~32%, from 3,320 in YE23A to 2,261 in YE25A, while deal value fell to US\$43bn vs. US\$51bn over the period.

Early-stage funding for young companies is less available. According to Currence, 2025 seed deals fell 19%, and Series A deals, the 3rd round, contracted 22% y/y. In UK climate-tech VC investment fell 67% to US\$1.8bn from its YE23A peak of US\$5.5bn. Hardware funding fell 73% since YE23A (Tech Nation using Dealroom data).

Exits and late-stage money access has improved. PitchBook records US\$28.2bn of climate-tech VC-backed exit value in 1H26A, more than its YE25A total.

Cleantech mega funds, such as EQT, Brookfield, Copenhagen Infrastructure and Brookfield together accounted for US\$ 51bn of climate related deal closes and are pursuing large energy infrastructure projects, rather than start-ups.

Risk – Hypothesis Testing

The exhibit below shows what 3rd party research (2026 CTVC and Elemental Impact founder survey (n=121)) reveals about what founders fear most. The exhibit categorizes the leading perceived failure risks in two ways **i)** as the portion of total risk across the development of a business and **ii)** the business development stage where each risk peaks (% of mentions).

Exhibit 2: **Founders' top risks: overall and at peak stage**

In the exhibit "Overall" column heading is the share of all risks the 121 founders named, across every stage. "Peak stage" is the stage where a risk is named most often, for example, technology and scale-up is 26% of mentions overall but 77% among pre-commercial founders.

A 'mention' is one risk named by a founder.

Risk	Overall (% of mentions)	Peak stage	At peak stage (% of mentions)
Technology performance and scale-up	26%	Pre-commercial	77%
Customer and offtaker acquisition	20%	Early commercial	52%
Permitting	16%	n/d	n/d
Financing (% of founders)			
Capital structure flagged as a top financing challenge	73%		
Project-capital access worsened: slightly	23%		
Project-capital access worsened: significantly	20%		
Project-capital access worsened: total	43%		
Project-capital access improved	32%		

Sources: The 2026 CTVC and Elemental Impact founder survey (n=121), ACF Equity Research calculations.

Pre-commercial risk - The CTVC research indicates that risk is stage-dependent. Technology and scale-up risk attracted 77% of mentions (a 'mention' is one risk named by a founder). This risk profile changes as might be expected after the pre-commercial stage, where customer and off-taker acquisition dominates, reaching 52% at early commercial stage.

First-of-a-kind (FOAK) finance is the financing of the first example of the item e.g. the first fermenter, the first factory, the first MVP.

Higher contingency costs increase total project cost often requires sponsors to contribute more equity because lenders are frequently reluctant to provide full debt funding against unproven construction and technology risks. E.g. a mature project costs \$100m + 5% contingency – total project cost \$105m, a FOAK costs \$100m + 30% contingency, total project cost \$130m.

Lenders may say their LTV 60% is only against the base cost of a FOAK, e.g. \$100m. This puts greater strain on equity funders and often causes funding deals to fail.

Finance - Capital structure is the most-flagged financing challenge: 73% of founders cite it, and 43% say access to project capital worsened in the past year.

First-of-a-kind finance (FOAK) plants - the first of their type plants are unproved at commercial scale and so attract less lending capital. A US Department of Energy study of FOAK plants found loans obtained were in the loan-to-value or Loan-to-cost (LTV or LTC) range 20% to 60% of project value, vs. LTV or LTC of ~80% for seasoned and tested construction phase solar projects. FOAK contingency reserves were running at 25% to 30% of final project cost.

The challenge for FOAK cleantech may (anecdotally) be increasing, as funds withdraw from this higher risk segment. For example, Bloomberg reported in Feb 26 that Breakthrough Energy has stopped making new investments from its Catalyst fund, a fund that provided project finance for FOAKs. Breakthrough Energy's Catalyst fund was launched in 2021 with over US\$1bn of capital.

Legal risk - we found no published data on how often investors find defects in a company's ownership of its intellectual property (IP) or financing and incentive structures before investing, or how often such defects lower the price. However, anecdotally we believe this is common if not dealt with prior to seeing investors at investment rounds. For example, copyright law shows how IP ownership defects arise.

Under the UK's Copyright, Designs and Patents Act 1988 (CPDA) as amended, an employer generally owns the copyright in work (IP) its employees create in the course of employment, but a contractor keeps the rights to IP, unless a signed written document assigns it back to the investee company. A company that built its software with contractors (a common strategy to disassemble full knowledge and understanding of the software as a practical IP and business strategy protection tactic) may not own what it believes it owns.

By way or a further example, Oxford PV, a private UK maker of solar cells on perovskite on silicon, has reported in Apr 25 that it has licensed its patents exclusively to Trina Solar (688599 Shanghai SE STAR Market, MCAP equivalent US\$3.7bn) for use in China and non-exclusively in Feb 26 to First Solar (FSLR : Nasdaq Growth Segment, MCAP US\$ 19bn) for use in the US. An investor coming to Oxford PV will need and want to know which IP Oxford PV has already licensed away.

We assess that our hypothesis that there is no shortage of funds, there is a shortage of proof, is partly supported by the evidence, and partly relies on our insight. We would change our hypothesis if future surveys showed that founders still ranked technology risk as their biggest risk at the early-commercial stage of projects, or if data from investors' pre-investment checks showed that defects in proof causing deal failure or price changes, for example in IP ownership, are rare.

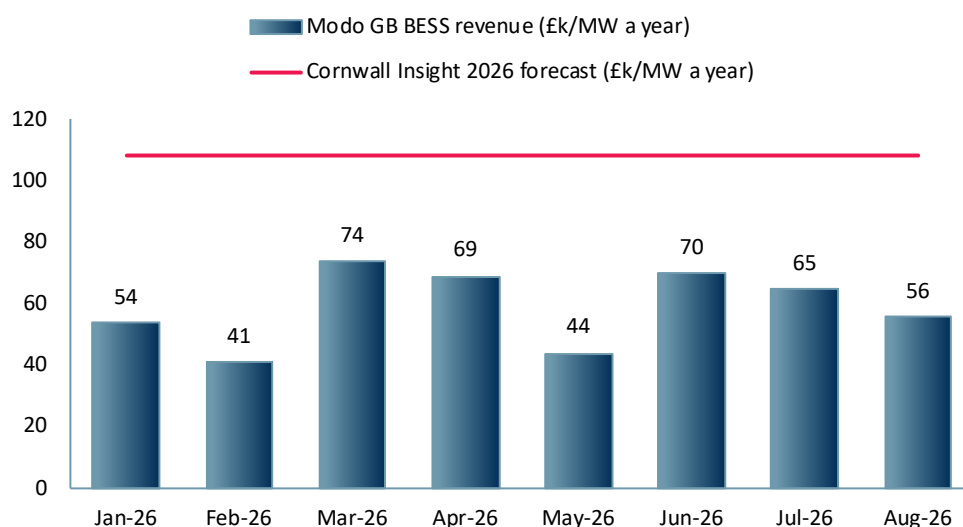
Storage: Proven Technology, Merchant Risk

Merchant risk means that a project's income rises and falls with market prices because there is no price floor or cap and or no long-term contracts available in the market. **UK battery income is well below forecast and the grid queue is too long.** The exhibit below shows UK battery revenues, Jan to Aug 2026 from Modo Energy are substantively lower cf. a 2026 annualised average forecast (£ thousand per MW, annualised) from Cornwall Insight in Oct 24.

Exhibit 3: **UK BESS Revenues, 2026 monthly vs forecast**

The exhibit shows monthly revenue for January to August 2026 (Modo Energy) against a 2026 forecast of £108k per MW (Cornwall Insight, October 2024).

The Modo Energy data collected describes an eight-month average of ~£59k.



Sources: Modo Energy, Cornwall Insight (via Energy-Storage.News), ACF Equity Research calculations. Note: Modo restated Jul-26 from £63k (first published, 6 Aug 2026) to £65k (3 Sep 2026); the later restated figure is shown in our exhibit. The eight-month average is ~£59k.

Global new storage capacity expanded by ~108GW in 2025, an increase of 40% vs. YE24A, according to the IEA. As a result, prices per kWh fell. BloombergNEF's (BNEF's) reported that turnkey (ready to install) battery systems prices, excluding construction and grid connection costs, fell 31% in 2025 vs. 2024 to US\$117/kWh.

These capacity and price trends matter to investors in two ways – cheaper batteries lower the IRR of battery projects, making their building and rollout more attractive to fund. However, more supply means more competition for the same revenue opportunity, a form of merchant risk, in turn reducing scale and margin opportunities, as the UK is now experiencing.

Gore Street Energy Storage Funds' NAV falls – Gore Street is a UK-listed battery fund with investments in the UK, Germany and Texas, it has cut its NAV per share 27% to 74.9p in the year to March 26 and cited oversaturation of battery capacity in some markets. Gore Street's Chair is reported to have said most of the fall reflected lower revenue forecasts from third parties. By way of a reminder, Gore Streets NAV contraction shows how investors are focussed on the valuation of future revenues, not historical ones.

Grid connection queue in the UK is a significant constraint. National Energy System Operator (NESO) runs the project grid connection queue. NESO's reform program, known as Gate 2, gave priority to projects that are ready and needed.

Gate 2 prioritised 83.2GW of batteries, of which 34.5GW are currently expected to connect to the grid by 2030. This 34.5GW contrasts with the 23GW to 27GW that the government's Clean Power 2030 plan says the grid needs. That is 7.5GW to 11.5GW or 28% to 50% supply more than demand. The government and Ofgem the energy regulator, acknowledged in Apr 26 that Gate 2 contains more batteries than needed.

Long-duration storage still carries significant technology risk. The UK's power regulatory Ofgem has indicated which utility scale storage projects it is 'minded to' back under its cap and floor scheme. Of the 16 projects totalling 7,645MW to be delivered, 98% by MW use proven technologies – i.e. 3,630MW of lithium-ion batteries and 3,900MW of pumped hydro.

Only 115MW uses newer, unproven technologies. Explicitly Ofgem is 'minded to' back 50MW of compressed air and 65MW of flow batteries. Ofgem has also explicitly excluded two (2x300MW) liquid-air projects after these projects' technologies failed Ofgem's financial assessment.

Reliance on floor payments for new entrants is growing. Ofgem's final decisions on which projects it will back are expected during autumn 26.

Delivery timing is probably the leading risk for investors. Forecasts on timing vary widely. Modo Energy estimates only 1.1GW of the 7.6GW on Ofgem's 'minded-to-back' list will be online by 2030, this contrasts strongly with consultancy LGP Delta's 4GW forecast online by 2030. Delta LGP advised 7 of the 16 Ofgem 'minded-to back' list of projects.

NESO is the National Energy System Operator, which runs the grid-connection queue. Gate 2 is its reform to speed up connection for projects that are ready and needed.

SAF - Offtake is the Growth Choke

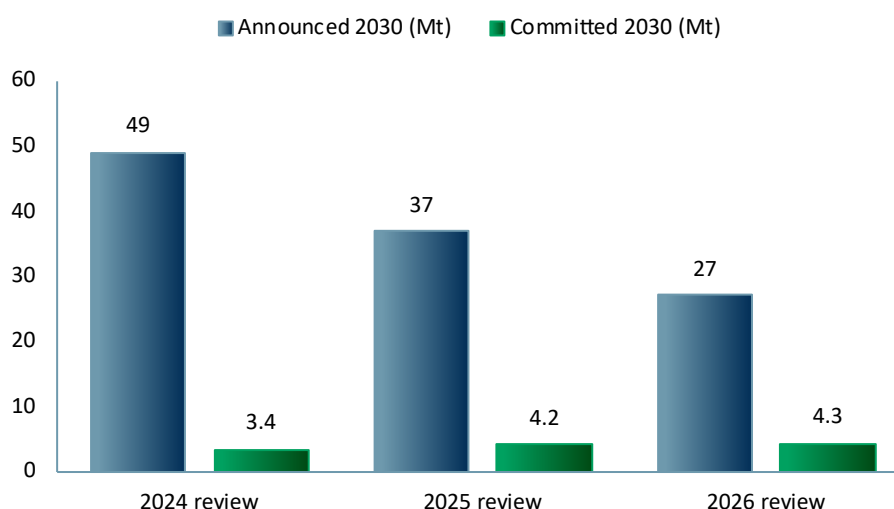
Sustainable Aviation Fuel (SAF) is a so-called drop-in replacement for conventional jet fuel that can be used in existing aircraft engines and airport fuel infrastructure produced from sustainable feedstocks rather than crude oil. SAF is not a single fuel. It is a family of aviation fuels produced from non-fossil sources that are designed to be chemically similar to conventional Jet A-1 kerosene. When SAF is burned, it still emits CO₂. The climate benefit arises because the carbon was recently captured from the atmosphere (biogenic routes) or recycled from captured CO₂ (e-fuels routes), rather than extracted from geological fossil reserves.

Exhibit 4: **Announced vs committed low-emissions hydrogen (Mt)**

SAF=Sustainable Aviation Fuel

Exhibit 4: Announced vs committed 2030 low-emissions hydrogen (Mt), IEA reviews.

Mt=million tonnes



Sources: IEA Global Hydrogen Reviews 2024, 2025 and 2026, ACF Equity Research calculations.

The IEA cut its estimates of low-emissions H₂ production for 2030 by 45% to 27 million tonnes (Mt) in its 2026 review from 49 Mt p.a. published in its 2024 review. In contrast, committed volumes of H₂, those past a final investment decision, rose ~25% to 4.3 Mt up from 3.4 Mt between the two IEA reviews in 2024 and 2026. It is noteworthy that the IEA figures cover hydrogen for all uses, meaning they capture the e-SAF figures for jet fuel. The ~0.6 Mt of e-SAF demand implied by mandates would need at least 0.26 Mt of hydrogen (our estimate), which is under 1% of the IEA pipeline estimates.

Technology is no longer the SAF market choke point, policy stimulating offtake agreements is – H₂+CO₂ to SAF technologies are no longer the choke point on SAF fuel production, the growth constriction is now governments and buyers. Installed electrolysis capacity, the equipment that uses electricity to split water into hydrogen and oxygen, doubled to more than 4GW in 2025, according to the IEA.

Supply for SAF- Decisions to build SAF production facilities have not kept pace with policies to stimulate demand: the IEA reports that new final investment decisions, the formal go-ahead to build a production facility, covered less than 0.8 Mt a year in 2025, down from about 1 Mt a year in each of the two previous years.

Demand for SAF - Buyers are also holding back: of about 1.7 Mt a year of new offtake agreements (contracts to buy SAF) signed in 2025, only about 20%, ~0.34 Mt, were subsequently backed by firm contractual commitments.

The UK's Sustainable Aviation Fuel (SAF) Act 2026 creates a revenue certainty mechanism for SAF producers. It guarantees a price for 230k tonnes of SAF p.a. for 15 years, like a CfD, for SAF producers. The price guarantee is funded by a levy on aviation fuel suppliers. Producers can apply to join the program 1Q27, contracts are due to be awarded 4Q28.

e-fuel plants are measured or rated in MW (the amount of power used per second when running at full load), whereas bio-SAF plant outputs are measured in litres or tonnes of production - why?

For e-SAF (electro fuels), the process starts with electricity:

1. Renewable electricity powers electrolyzers.
2. Electrolyzers produce hydrogen from water.
3. Hydrogen is combined with captured CO₂.
3. The resulting synthesis gas is converted into synthetic kerosene.

If we assume that e-SAF production requires ~20-25 MWh of renewable electricity per tonne of fuel, depending on technology efficiency, then a 100MW plant might produce 35k-45k tonnes of e-SAF p.a. or 45-60m litres p.a.

UK Hydrogen Allocation Rounds (HARs) – Hydrogen is a feedstock for a version of SAF, which may also qualify as e-SAF. The Department for Energy Security and Net Zero (DESNZ) reported that the UK's first Hydrogen Allocation Round (HAR1) awarded 15-year revenue support, worth ~£2bn, to 11 green hydrogen projects with a combined capacity of ~125MW. These projects make hydrogen by splitting water with renewable electricity. 10 of 11 projects had signed contracts by Jul 25. The second round (HAR2) shortlisted 27 projects in Apr 25.

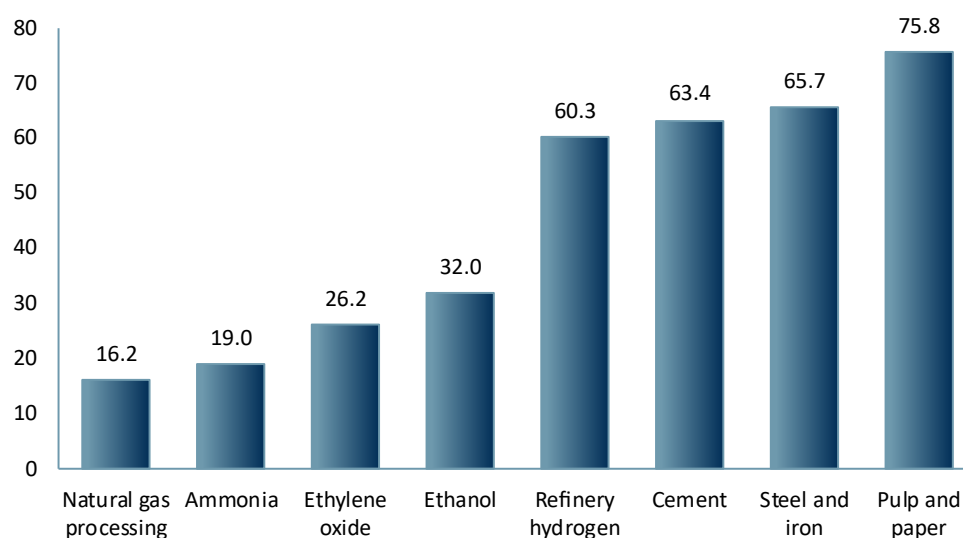
In the UK SAF is mandated but unproven. The UK mandate required 2% of all aviation fuel to be SAF in 2025 and requires 10% in 2030 and 22% in 2040. Provisional data indicates SAF made up 1.6% of UK aviation fuel in 2025, and that it was all derived from used cooking oil. The data also points to 72% of the 1.6% of SAF coming from China.

E-fuels (e-SAF), a frontier technology - E-fuels are currently the least proven route to sustainable aviation fuel. e-SAF is made from hydrogen and captured CO₂ using renewable electricity. IATA, the airline trade body, estimates that e-SAF plants operating or under construction worldwide have capacity of 0.02 Mt a year, vs. an estimated 0.6 Mt of demand implied by mandates due for delivery in 2030. In May 2025 Infinium, a US company, took a final investment decision (the formal go-ahead to build) on a 100MW e-fuels plant in Texas.

Carbon Capture and Recycling

Retrofit costs drive adoption - CCUS is carbon capture, utilisation and storage and is the activity of capturing CO₂ emissions from a factory or power plant and burying or recycling it. Retrofitting is the addition of carbon capture equipment to an existing plant. Whether a CCUS or circular re-use project goes ahead will and must remain a financially driven decision based on the cost of capturing each tonne of CO₂ at an existing plant, if carbon capture is to be a global success. The exhibit below shows the cost of capturing a tonne of CO₂ at an existing plant, by source of CO₂ (in US\$ per tonne, at December 2018 dollars, the capture cost only)

Exhibit 5: Retrofit capture cost by CO₂ source (US\$/t CO₂, 2018 US\$)



CCUS is carbon capture, utilisation and storage: capturing CO₂ from a factory or power plant and burying or reusing it.

Circular means recycling, such as batteries and plastics.

Retrofit means bolting capture equipment onto an existing plant, such as cement, steel or a refinery, rather than building a new one.

Note: retrofit cost of capture only (no compression, transport or storage), December 2018 US dollars, not inflated to 2026 prices. Where NETL gives both cases, low is the 99% capture case and high the 90% capture case; other sources show a single published value. The 99% case for pulp and paper is not published (n/d).

Sources: US DOE National Energy Technology Laboratory, ACF Equity Research calculations. Note: retrofit cost of capture only (no compression, transport or storage), December 2018 US dollars, not inflated to 2026 prices. Where NETL gives both cases, low is the 99% capture case and high the 90% capture case; other sources show a single published value. The 99% case for pulp and paper is not published (n/d).

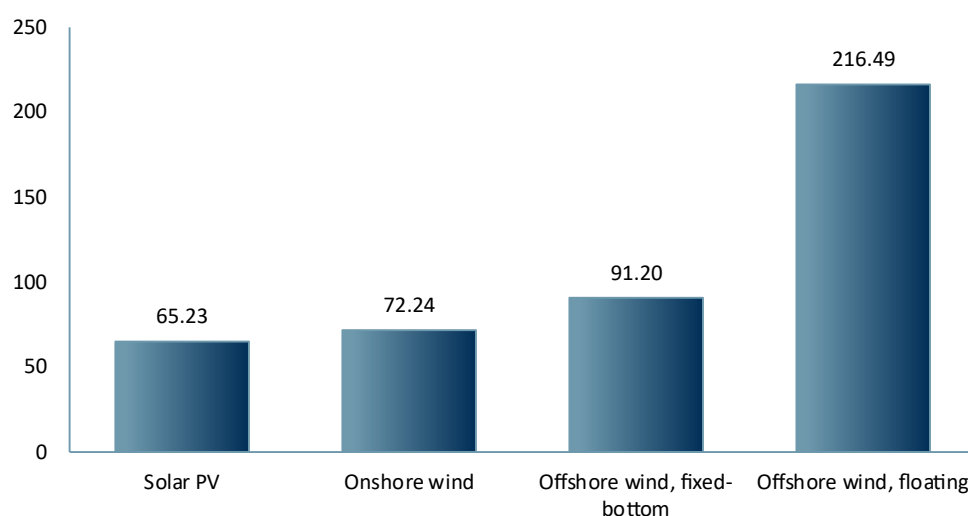
Our axiom, retrofit costs drive CCUS adoption above, means that a business selling carbon capture technology succeeds or fails on its cost per tonne of CO₂, and not on whether the technology works. For example, consider a high carbon emitter such as a non-green cement works. According to industry sources e.g. the US Department of Energy's NETL, industrial CO₂ capture costs range from ~US\$59 to ~US\$76 a tonne, and compressing, transporting and storing that CO₂ brings the full chain cost to ~US\$130 to ~US\$150 a tonne (about £98 to £113 at current FX). A UK emitter that does not capture its CO₂ pays the UK Emissions Trading Scheme (ETS) price, which was £57 a tonne in Sep 25. This suggests that capture therefore costs £41 to £56 a tonne more than paying the price to emit. That suggests an innovation opportunity or the need for subsidies.

According to the Global Carbon Budget 2024 global CO₂ emissions were ~41.6bn tonnes in 2024, 2% greater than 2023.

Solar and Wind: Mature, Supply-Chain Led

The exhibit below shows guaranteed prices for new UK power projects, by technology: AR7 and AR7a auctions (£ per MWh, 2024 prices). The key inference from the exhibit is that the less mature the technology is, the higher the guaranteed price needs to be. Floating offshore wind requires 3.3 times the price of solar. Ceteris paribus – solar will always win because photons are for all practical considerations infinite, ubiquitous and free in a way no other energy sources are, and so marginal cost tends to zero.

Exhibit 6: UK CfD strike prices, AR7 and AR7a (£/MWh, 2024 prices)



Sources: DESNZ, Regen, Carbon Brief, Energy UK, ACF Equity Research calculations.

Globally a record 664GW of solar capacity was installed in 2025. Both BNEF and SolarPower Europe, a European industry body, forecast that installations will fall in 2026 for the first time in more than 20 years, in the range 649GW to 612GW (down 8% at the low installations forecast), the decline is due mostly to a contraction in China's installations.

Solar in global oversupply - Global solar module production capacity is ~1,315GW p.a., which is over 100% more than the 643GW shipped in 2025. Listed manufacturers appear to have lost more than RMB 50bn (~US\$7bn) in 2025. We infer that low module prices help developers but are driving manufacturers out of business. We understand that in Aug 26, eight [8] polysilicon producers pledged not to sell below cost.

Guaranteed prices are what let banks lend to renewable projects. In the UK's 7th Contracts for Difference (CfD) auction (AR7, Jan 26) the government awarded 8.4GW of offshore wind 20-year contracts, at £91.20 per MWh for turbines fixed to the seabed in England and Wales and about £216 per MWh for floating turbines. A separate round, AR7a (February 2026), awarded 4.9GW of solar at £65.23 per MWh and 1.3GW of onshore wind at £72.24 per MWh.

AR7 offshore prices were about 10% above AR6 in real terms. Critics of the AR process note the offshore budget rose by £890m; Energy UK puts new-build gas at about £147/MWh.

In each case the generator is guaranteed the auction price for each unit of power it produces, and lenders will lend against that revenue. It is therefore important that proof of such contracts is provided to investors and that these contracts stand up to due diligence investigations.

Delivery is the risk – a contract only pays out if the project is built, risk lies in delays and cancellations. Of the 8.4GW awarded in AR7, 5.2GW is not due to start operating until 2030 or 2031. And even with AR7, the UK is about 7GW short of our estimated 43GW of offshore wind that the government's Clean Power 2030 plan requires as a minimum].

In solar and wind, considered technologically mature, two unrelated technologies are unproven at scale. These are Tandem solar cells and floating wind turbines.

Tandem solar cells stack a layer of **perovskite** (a crystal material) on top of a silicon cell to capture more sunlight. LONGi announced a certified efficiency of 35.5% in Jul 26, but lenders lack evidence (proof) that such cells will last 25 years or more, so the cells are not yet "bankable" (acceptable to a lender as security).

Floating wind turbines, which are mounted on **floating platforms** and can be installed in deeper water, are also, in our view, a frontier technology: only ~277MW of floating wind turbines were operating at the end of 2025.

Seven Further Themes in the Pipeline

Exhibit 7: Further themes: policy, data and the proof point

Theme	Policy hook	Latest data	Proof to ask for
Heat electrification	Warm Homes Plan: £15bn public investment and a £7,500 heat pump grant	UK retrofit installs +9% to about 53,000 in YE25A, then -22% in 1H26A	Installer capacity, cost per install and demand that survives grant changes
Thermal and demand flexibility	Clean Flexibility Roadmap: consumer-led flexibility from 1.6GW (2024) to 10-12GW (2030)	£5,000/kW Capacity Market termination fee for unproven demand response	A passed test certificate and contracted customers, not pilots
New nuclear and firm power	Advanced Nuclear Framework, open since March 2026; not a funding mechanism	Sizewell C: £6.4bn allocated before FID; FID July 2025 at about £38bn	Place in the four-stage pipeline and a funded route to construction
Methane monitoring	UK zero routine flaring and venting by 2030; EU importer duties from 1 January 2027	IEA: 124Mt a year, about 70% abatable, over 35Mt at no net cost	Operator contracts and measurement that regulators accept
Industrial biotech	£380m engineering biology funding, £184m for scale-up infrastructure	UK fermentation capacity 29.5m litres, over 99% at six commercial sites	Access to mid-scale fermentation capacity
Sustainable materials and packaging	EU packaging rules from 12 August 2026; UK plastic base fee £423 a tonne	WRAP: plastic packaging does not necessarily prolong the life of uncut produce	Life-cycle evidence and customer specification
AI for physical efficiency and fleets	UK automated passenger service permits in force from 15 May 2026	23% of warehouses fully integrated	Pilot-to-contract conversion and integration time

Sources: DESNZ, GOV.UK, IEA, NSTA, BBIA, Kardex and Peerless Research Group, ACF Equity Research Analysis.

Seven themes sit outside the core sectors above in this thematic, but we believe should be of some interest to investors. They differ less in technology than in what must be proven first.

UK retrofit heat pump installs rose 9% to about 53,000 in YE25A but fell 22% in 1H26A, despite a £7,500 grant.

Thermal and demand flexibility - DESNZ's Clean Flexibility Roadmap (July 2025) aims to raise consumer-led flexibility, meaning households and small businesses cutting their electricity consumption or moving its timing on request, from 1.6GW in 2024 to 10-12GW by 2030.

This impacts the Capacity Market, which pays providers to be available when the grid is stressed and penalises failure. An unproven demand response provider, one with no delivery record, must pass a test after the auction, and if it fails it pays a termination fee of £5,000 per MW of de-rated capacity [check: unit] on agreements won in auctions from 2026.

Seven Further Themes in the Pipeline

The Advanced Nuclear Framework - The Framework is DESNZ policy for privately led small and advanced modular reactors. Its entry route is the Advanced Nuclear Pipeline, a register of projects the government judges credibly deliverable “Within 10 years” so a project must be “seeking to commence construction within 10 years of joining”. The Pipeline is not a funding scheme, so funding comes separately.

Sizewell C by way of contrast is a large-scale reactor that the government funded. DESNZ had allocated £6.4bn by 2 Jun 25 (£3.9bn under the development scheme plus £2.5bn under the investment scheme). The decision was signed on 22 Jul 25, at a target cost of about £38bn in 2024 prices, with a 44.9% government stake.

Methane measurement - The IEA estimates fossil operations emit 124Mt of methane a year, around 70% abatable with existing technology and over 35Mt at no net cost. Demand for methane measured is driven by regulatory change. In the UK routine flaring and venting must end by 2030, and EU importer duties start on 1 January 2027.

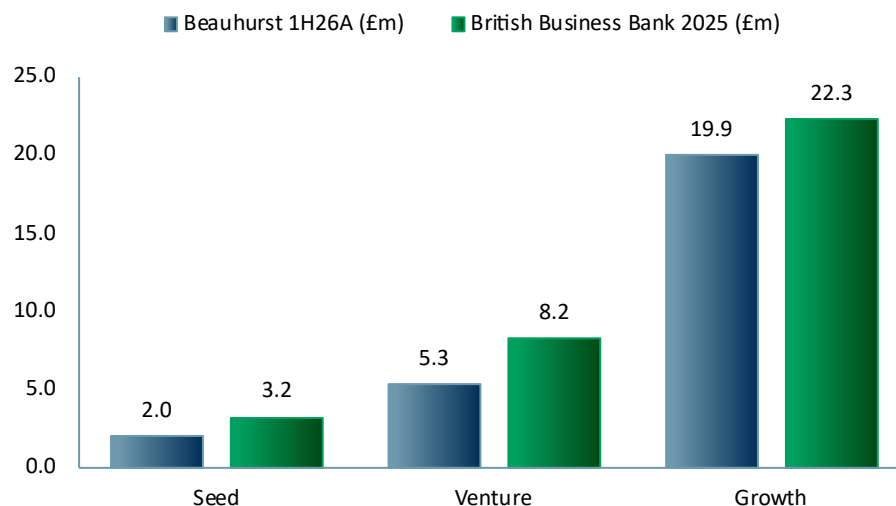
Industrial Biotech - UK fermentation capacity is 29.5m litres, over 99% of which is concentrated at six commercial sites. Government has allocated £184m to scale-up fermentation infrastructure. Access to mid-scale plant, and not the laboratory science, is therefore the first diligence test for industrial biotech.

Sustainable materials and packaging - EU packaging rules now apply as of 12 Aug 26. UK plastic packaging producers paid a £423 a tonne base fee in 2025-26, which creates pull for alternative materials. WRAP found plastic packaging does not necessarily prolong the life of uncut fresh produce, but there are solutions that do and adding 24 to 72 hours life is financial significant.

AI for fleets - UK automated passenger service permits came into force on 15 May 2026. It is a highly competitive market, but the UK is, both an attractive market and a leader in developing AI fleets services and technology.

Capital Stack, Valuation and Exits

Exhibit 8: UK median pre-money valuation by stage (£m)



Sources: Beauhurst, British Business Bank, ACF Equity Research calculations. Note: all-sector UK medians, not cleantech-specific; Beauhurst reports half-year medians and the British Business Bank full-year 2025 medians, and stage definitions differ. The Beauhurst growth figure is an ACF calc.: prior-period £25.9m less the reported 23% fall.

Early-stage cleantech companies are often financed by a varied range of sources, each source attaches conditions that can affect later fundraising capability and any sale conditions. Government grants often come first.

For example, Innovate UK's DRIVE35 provides £4bn through to 2035 to automotive supply chains, it comes with Scale-Up grants of £2.5m to £20m. However, Innovate UK's standard terms mean it can suspend or end a grant if the investee company changes owner.

Tax-advantaged equity schemes (EIS and VCT) can cap how much a company can raise, they exclude some activities.

Strategic investors, which are often understood as large companies investing for commercial reasons, often seek rights that can deter other bidders.

Pre-money valuation is what a company is judged to be worth before a new investment.

Beauhurst, a UK company-tracking firm, reports that median pre-money valuations 1H26A were £2.0m for seed-stage companies and £5.3m for venture-stage companies, and about £19.9m for growth-stage companies, 23% lower y/y.

Mansion House Accord is a voluntary pledge - The 17 signatories are: Aegon UK, Aon, Aviva, Legal & General, LifeSight, M&G, Mercer, NatWest Cushon, Nest, Now Pensions, Phoenix Group, Royal London, Smart Pension, The People's Pension, SEI, TPT Retirement Solutions and Universities Superannuation Scheme.

The Mansion House Accord is a voluntary pledge by 17 UK pension providers to invest at least 10% of their defined contribution (DC) default funds in private markets by 2030, with at least half of that in the UK. The signatories include Aviva, Legal & General, M&G, Nest, Phoenix Group and Royal London [full list of 17 given in the blue pullouts].

The British Growth Partnership, a vehicle backed by Aegon UK, NatWest Cushon, M&G and the British Business Bank, reached a first close of £200m in April 2026, which equates to the first batch of investor commitments.

Trade sale is the most likely cleantech exit - Currence counted 152 climate-tech exits 1H26A, up 68% y/y. About 135 of these exits, 89%, were acquisitions. The inference is that sale to another company (trade sale) is the most likely exit for most companies.

The stock market listing route is open but narrow: According to Net Zero Insights in 2026 (to 20th July) there were 20 listings of venture-backed climate-tech companies, including mergers with special purpose acquisition companies (SPACs), a mechanism with which we are not enormously enamoured, but which when used well has its place. This number of listings compares with 107 in 2021. Most cleantech listings end up on US exchanges.

Bessemer Venture Partners, a US venture capital firm, studied 394 companies funded in the first wave of cleantech investment (2006 to 2011). The research suggested that cleantech that succeeded needed >US\$1b of investment and took about 11 years to reach an initial public offering. Significantly, that runway is longer than the 10-year life of a typical venture fund.

Companies are staying private longer - and raising more rounds. Industry data suggests that hard-tech companies acquired in 2025 had undertaken an average of 7.4 equity funding rounds prior to sale, up from 5.7 vs. 2023. Corporate (strategic) investors took part in 13.8% of climate-tech deals in 2025. Corporate investors often ask for three rights: **pro rata** (the right to invest in later rounds to keep their percentage), **anti-dilution** (protection if a later round is priced lower) and, sometimes, **first refusal** (the right to match any offer to buy the company).

The first refusal right can deter other bidders, so investors should check these terms in diligence, which means that companies need to check them prior to a round and prior to agreeing a strategic (corporate) investment.

Assessing Impact Claims

Government support creates contracted revenue for cleantech, but support is not ubiquitous. Therefore, investors must examine carefully which schemes an investee can access. **Environmental impact claims** – Often companies will state how much carbon their product will save (an "impact claim"). These claims, if overstated, are referred to as greenwashing.

Greenwashing creates many problems for companies indulging in the practice – it creates legal and reputational risk for investors. For example, a fund cannot safely be labelled sustainable if it invests in a company that is greenwashing. Investors should test both the policy support and the claim before accepting a company's valuation, which is to say that investee companies must get third party validation (proof) prior to attracting investors for these items including valuation.

The exhibit below sets out a selection of UK and EU government support by area: the scheme, its size, and its status as of 6 October 2026.

Exhibit 9: Policy pull by theme: instrument, scale and status

'Pull' is a buzzword used to describe demand created by government support.

Area	Instrument	Scale	Status at 6 October 2026
Home heat	Warm Homes Plan and £7,500 heat pump grant	£15bn public investment	Live; retrofit installs down 22% in 1H26A
Offshore wind	CfD Allocation Round 7	8.4GW; £91.20/MWh fixed, about £216/MWh floating	Awarded 14 January 2026
Long-duration storage	Ofgem cap and floor, Window 1	16 projects, 7,645MW	Minded-to; final decisions expected autumn 2026
Hydrogen	Hydrogen Allocation Round 2	27 shortlisted projects, about 765MW	No award found by 1 October 2026
New nuclear	Advanced Nuclear Framework and National Wealth Fund	£27.8bn of National Wealth Fund capital	Open since 4 March 2026; no grant funding
Methane	NSTA flaring and venting rule; EU importer duties	Zero routine flaring and venting by 2030; EU duties from 1 January 2027	Commission asked states not to fine importers for 2027-2029
Industrial biotech	Engineering biology funding	£380m, of which £184m scale-up	Initial allocations, June 2025
Packaging	EU packaging regulation; UK producer fees	UK plastic base fee £423 a tonne	EU rules apply from 12 August 2026
Automotive supply chain	DRIVE35 grants	£4bn to 2035; Scale-Up grants £2.5m to £20m	Live; first two Scale-Up awards £22m, April 2026
Private capital	EIS and VCT; Mansion House Accord	Company limit £10m a year; at least 10% of default funds in private markets by 2030	EIS and VCT limits in force from 6 April 2026; Accord voluntary

Sources: GOV.UK, DESNZ, Ofgem, NSTA, Advanced Propulsion Centre, European Commission, HMRC, ACF Equity Research Analysis. Note: status is as of 6 October 2026. The EU methane element is a non-binding Commission Recommendation; HAR2 status is the absence of an award on the GOV.UK project page.

Scope 1 measures direct emissions from a company's own operations.

Scope 2 measures emissions from the electricity and heat a company buys.

Scope 3 captures all other emissions in a company supply chain and from customers' use of its products.

The GHG Protocol, the main accounting standard, says avoided emissions must not be subtracted from a company's footprint.

Companies often claim that their products avoid emissions: for example, that a heat pump avoids the emissions of the gas boiler it replaces. These "avoided emissions" are not part of a company's own carbon footprint, which is measured in three scopes 1,2 and 3. The GHG Protocol, the main accounting standard, says avoided emissions must not be subtracted from a company's footprint.

How investors can or should test a claim. Investors are likely to ask the investee company for a life-cycle assessment (LCA), which measures a product's environmental impact from raw materials to disposal, conducted to the international standards ISO 14040 and 14044 and independently reviewed under ISO 14071:2024.

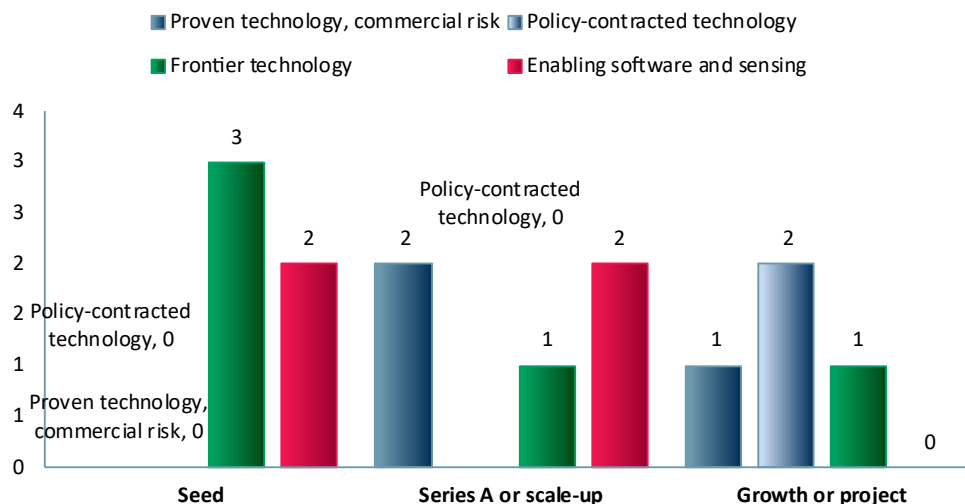
In A Guide for Investors and Businesses produced by the WBCSD -With respect to Avoided Emissions & Climate Investing, Project Frame, and the Impact Convergence Forum, the authors state that existing frameworks in finance and the real economy are not fully aligned, and businesses and investors are not consistently utilizing the same approaches for AE (avoided emissions) assessment and disclosure.

Why it matters legally. Exaggerated claims now expose firms to legal risk. For example, the UK's Financial Conduct Authority's (FCA) anti-greenwashing rule has applied to FCA-authorised firms since 31 May 24. Since Apr 25, the Competition and Markets Authority (CMA) can fine firms up to 10% of global turnover under consumer law. **From 27 September 2026 the EU has banned generic environmental claims.**

Reporting rules - UK sustainability reporting standards apply to listed companies for accounting periods starting on or after 1 January 2027, on a "comply or explain" basis: a company must follow the reporting standards or say why it has not. Private companies on the other hand will likely be forced to meet the standards through investor requests rather than legal obligation, in exchange for capital.

The 2026 Line-Up Through Our Risk Lens

Exhibit 10: Pitch line-up by stage and risk class (number of companies)



Sources: Event application forms (company-supplied, unverified), ACF Equity Research calculations. Note: class and stage are ACF's reading of each application form, not company statements. Forms are company-supplied, unverified and confidential to the organiser; they are shown in aggregate only and ACF has no relationship with any of the 14 companies.

This is thematic research was launched at and published as a follow up to the Brown Rudnick 10th Annual Clean Technology Pitch Event on 7th Oct 26.

Fourteen companies pitched at the launch event. ACF has no financial or research relationship with any of the companies that pitched, and the figures below come from application forms supplied by the organiser, are company-supplied and unverified, and appear only in aggregate.

We have classified the companies that pitched in aggregate using our own risk filter. Pitching companies may or may not agree with our ACF derived risk classifications - 3 of the 14 pitching companies are proven technology, 2 policy-contracted, 5 frontier and 4 enabling software and sensing.

We understand that five companies are raising seed rounds of up to £3m, five Series A or scale-up rounds of £3m to £10m, and four growth or project rounds of £7m to £75m. Asks total about £155m on 2 October 2026 exchange rates. The median ask is ~£4m. Beahurst's research suggests the UK seed median is £2.0m.

Implications and Diligence Screen

Institutional capital, ceteris paribus, should price our four risk classes differently: **proven technology** with merchant revenue, **policy-contracted technology** with delivery risk, **frontier technology with scale-up** and offtake risk, and **enabling software and sensing** with integration and conversion risk. The exhibit sets out what we believe the diligence must prove for of our risk classes.

Our conclusions would change if evidence pointed to **early-commercial stage** founders ranking technology risk first rather than new client and offtake wins first. In addition, our conclusions would change if diligence data showed legal defects are rare, or if companies without contracted revenue were financed on the same terms as companies with government contracts.

Exhibit 11: **Diligence screen by risk class**

Risk class	Examples	Dominant risk	What diligence must prove
Proven technology, merchant revenue	GB batteries, utility solar	Price saturation, grid queue	Revenue stack under stress; connection offer and date; fire-safety record
Policy-contracted technology	Offshore wind, CCUS clusters, LDES, SAF, hydrogen	Delivery, milestones, counterparty	Contract terms and milestones; consents; funded construction path
Frontier technology	Non-lithium LDES, e-fuels, DAC, tandem cells	Scale-up and offtake	Independent test data; firm offtake; IP chain of title
Enabling software and sensing	Fleet and site optimisation, methane sensing, flexibility software	Pilot-to-contract conversion, integration time	Converted contracts and recurring revenue; integration time; data and IP ownership; regulated customer demand
Circular economy	Battery and plastics recycling	Feedstock and margin	Feedstock contracts; cost versus Chinese capacity; regulatory demand

Sources: ACF Equity Research Analysis, CTVC and Elemental Impact, Ofgem, DESNZ, Modo Energy, IEA. Note: ACF judgement; the evidence behind each class is set out in the storage, hydrogen, and SAF, CCUS and circular, solar and wind, further themes, and line-up sections of the note.

Glossary

AR7	Allocation Round 7. The seventh UK Contracts for Difference auction for renewable power; results came in January 2026.
ASA	Advance subscription agreement. Cash paid before shares issue; EIS relief starts only when shares are issued.
CCUS	Carbon capture, utilisation and storage. Capturing industrial or power CO ₂ and storing or using it.
CfD	Contract for difference. A UK government-backed contract paying a generator the gap between strike and market price.
DAC	Direct air capture. Technology that removes CO ₂ directly from ambient air.
EIS and VCT	Enterprise Investment Scheme and Venture Capital Trust. UK tax-relief routes into small companies (30% and 20%).
ETS	Emissions Trading Scheme. The UK cap-and-trade market in which UK Allowances are priced per tonne of CO ₂ .
FID	Final investment decision. The point at which a project's funding and construction are formally committed.
FOAK	First of a kind. The first commercial-scale plant of a new technology, with the highest financing risk.
HAR	Hydrogen Allocation Round. The UK process for awarding hydrogen production contracts.
LCOE	Levelized cost of electricity. The average lifetime cost per unit of power, used to compare generation sources.
LDES	Long-duration energy storage. Storage that discharges for many hours; Ofgem's scheme uses a cap and floor.
SAF	Sustainable aviation fuel. A drop-in jet fuel made from waste oils or from hydrogen and captured CO ₂ .
SMR	Small modular reactor. A low-output nuclear reactor built from factory-made modules.

Methodology and Notes

A selective entry point means a suitable time to put money to work, but only into carefully chosen deals, not across the whole sector. It sits between "buy the theme" and "stay out". Investors call the first a broad entry and the second a wait. It is not a standard market term.

In our note, the logic runs as follows. If the main risk is whether the technology works, that is hard for an investor to assess, and results tend to be all-or-nothing, so there is no sensible way to be selective. If the main risk has moved to contracts, buyers, consents and who owns the IP, those elements can be checked in diligence. The note assesses that idea and finds it partly supported.

Capital is plentiful (US\$26.1bn in the 1H26A) and proof is scarce. Skilled diligence can therefore separate companies with contracted revenue, clean IP title and a sensible financing structure from those without.

This note examines one hypothesis: that the main risk in private cleantech has shifted from technology risk to commercial and legal diligence risk, making 2026 a selective entry point (a suitable time to invest but only into carefully selected deals). Evidence comes from official and primary sources where retrieved, and from specialist data providers (Sightline Climate (now Currence), PitchBook, Net Zero Insights, BloombergNEF, Modo Energy, CTVC).

Market definitions vary: Sightline counts equity venture and growth funding, PitchBook counts VC deals and Net Zero Insights debt+equity, we show all three.

We found no quantified source on IP defects or post-diligence price changes, so the legal half of the hypothesis rests on UK statute and practitioner commentary. Figures are current to 6 October 2026 unless stated.

Judgements and arithmetic are ACF's own and are flagged. This is research for information only, not a recommendation to buy, sell or hold any security.

14 companies pitched at the launch event for this thematic; ACF has no relationship with any of them. Line-up figures come from company-supplied, unverified forms provided by the organiser and are shown only in aggregate, using Bank of England spot rates of 2 October 2026 (US\$1 = £0.755, €1 = £0.851) and range mid-points; class and stage are our reading of forms, and we express no view on any company.

PitchBook restated YE25A deal value from US\$42.2bn (February 2026) to US\$43.3bn (May 2026); we use the later figure. Modo's July 2026 GB battery revenue of £63k was later restated to £65k, which leaves our eight-month average at ~£59k. The IEA and the Hydrogen Council measure hydrogen pipelines differently; we use the IEA Global Hydrogen Review series throughout.

Ofgem's long-duration storage list is a so-called "minded-to" decision, and final decisions in autumn 2026 may change this list. Modo (1.1GW online by 2030) and LCP Delta (4GW) differ on delivery timing.

Founder-survey shares are shares of mentions in multi-select questions from a small voluntary sample (n=121), they show direction by stage, not market incidence.

Two DESNZ documents give the AR7 floating strike price as £216.46/MWh (press release) and £216.49/MWh (results table); we show ~£216/MWh.

Heat pump counts differ by definition: DESNZ counts ~53,000 MCS-certified retrofit installs in YE25A, the Heat Pump Association about 125,000 sales (incs. new build).

Line-up ask total of about £155m is indicative. Beauhurst reports 1H26A valuation medians and the British Business Bank 2025 medians; the growth figure of about £19.9m is our arithmetic on Beauhurst's 23% fall from £25.9m.

Check the Independence of Research

As a result of MiFID II and the unbundling of commissions in the UK and Europe and various comparable unbundling legislation originating in the US, over time, the payment models for research have changed. This also means that nano to mid-cap and even some larger cap companies can no longer obtain research via their broker or investment banking relationship as it is no longer commercially viable to do so.

Investment (equity) research has always been a business and, as such, has always been paid for. Over its evolution since the 1920s investment research has been paid for using a variety of models. Since the 1950s investment research has been paid for after production and publication either via trading commissions, transaction fees (money raising, IPO, M&A etc.), via stock payments, opaque retainer structures or cross subsidization - investment research paid for in these ways is subject to opaque high levels of bias and is recognized as such and now legislated against by US, UK and EU regulators.

We recommend readers in any market or geography request the following checks are carried out and answered as indicated below in order to obtain investment research that is as independent and with as few biases as possible:

Is the research MIFID II compliant	YES	☒
Is the research provided by a broker and paid for after it has been produced.	NO	☒
Is the research potentially cross subsidized by other investment banking services.	NO	☒
Is the research potentially or actually paid for in shares or other financial instruments.	NO	☒
Has the research been paid for in advance of production via cleared funds.	YES	☒

I, Christopher Nicholson, hereby confirm that ACF Equity Research Ltd.'s investment research products conform to the above five [5] checks.

Christopher Nicholson
Managing Director
Head of Research
ACF Equity Research Ltd

To make an exception to the above principles for one client would be to damage our research brand and the investment all other clients past, present and future have or will make in our independent research services.

Disclosures

Important Research Disclosures

Christopher Nicholson (Head of Research) certifies that (1) the views expressed in this report accurately reflect our personal views about all of the subject companies and securities and (2) no part of our compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this report.

The analyst(s) responsible for preparing this report received compensation on the basis of a fixed fee paid in advance and is not in any way contingent upon positive opinions and conclusions in its research report. ACF Equity Research does not engage in investment banking, which would create a conflict of interest.

ACF Equity Research's policy is to update research reports as it deems appropriate, based on developments with the subject company, the sector, or the market that may have a material impact on the research views or opinions stated herein.

ACF Equity Research's policy is only to publish investment research that is impartial, independent, clear, fair, and not misleading.

Conflicts of Interest

ACF Equity Research does at its sole discretion engage in the business of investment research production and related services such as capital markets general and specific advice for which it receives a fixed fee payable in advance with companies that are the subject of its research reports and **where this is the case it is clearly stated at the bottom of the first page of the report that the company that is the subject of the report is a client of ACF Equity Research.** Although ACF Equity Research does not permit these factors to compromise its objectivity investors should proceed on the basis that such financial relationships may create a conflict of interest that could affect the objectivity of this report.

This report is not intended to provide personal investment advice. The opinions herein do not consider individuals' circumstances, objectives, needs, or goals, and therefore are not recommendations of any securities, financial instruments, or investment strategies. The reader of this report must make its, his, or her own independent decisions regarding any securities or financial instruments mentioned herein.

This report is not in any sense an offer or solicitation for the purchase or sale of a security or financial instrument. The statements herein have been taken from sources we believe to be reliable, but such statements are made without any representation as to accuracy or completeness or otherwise, except with respect to any disclosures relative to ACF Equity Research or its research analysts. Opinions expressed are our own unless otherwise stated and are subject to change without notice.

In the United Kingdom (UK) ACF Equity Research is regulated by the Financial Conduct Authority (FCA). **In the US** neither ACF Equity Research nor its analyst(s) are a FINRA registered broker-dealer or investment adviser and ACF Equity Research does not provide investment banking services.

This report belongs to ACF Equity Research and is not attributable to the company featured in its report and is based solely on publicly available information about the company featured in the report.

INDEPENDENCE & DISTRIBUTION

ACF Equity Research Ltd is a provider of issuer-pays research with a clearly defined independent ethic. ACF produces accurate, clear, focused research aimed at a professional investment audience. ACF has excellent distribution capabilities and always aims to provide access without restriction to the widest professional audience. ACF offers a range of additional services to support its clients.

DISCLAIMER

This communication is for informational purposes only. It is not intended as an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. [The opinions expressed in this report herein do not take into account individual investor circumstances, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies to particular clients. The recipient of this report must make its own independent decisions regarding any securities or financial instruments mentioned herein.] ACF Equity Research Ltd has based this document on information obtained from sources it believes to be reliable, but which it has not independently verified. Neither ACF Equity Research Ltd. nor any of its directors, officers, employees or agents shall have any liability, however arising, for any error, inaccuracy or incompleteness of fact or opinion in this research report or lack of care in this research report's preparation or publication, or any losses or damages which may arise from the use of this research report. All market prices, data and other information are not warranted as to completeness or accuracy and are subject to change without notice. [Past performance is not necessarily a guide to future performance and no representation or warranty, express or implied, is made by ACF Equity Research Ltd. with respect to future performance. Any recommendation or opinion contained in this research report may become outdated as a consequence of changes in the environment in which the issuer of the securities under analysis operates, in addition to changes in the estimates and forecasts, assumptions and valuation methodology used herein.]

IMPORTANT DISCLOSURES FOR U.S. INVESTORS

This research report was prepared by ACF Equity Research Ltd., a company authorized to engage in securities activities in the United Kingdom. ACF Equity Research Ltd. is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended. Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through, a registered broker-dealer in the United States. The analyst who prepared this research report is not registered or qualified with the Financial Industry Regulatory Authority ("FINRA") and may not be associated with a U.S. broker dealer and as such, would not be subject to applicable restrictions under FINRA Rules on communications with a subject company, public appearances and trading securities held by a research analyst account.

[Investing in any non-U.S. securities or related financial instruments (including ADRs) discussed in this research report may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the U.S. Securities and Exchange Commission. Information on such non-U.S. securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in effect within the United States.]

LEGAL NOTICE

This report is for authorized use by the intended recipient(s) only. It may contain proprietary material, confidential information and/or be subject to legal privilege. No part of the content of this research report may be copied, forwarded or duplicated in any form or by any means without the prior consent of ACF Equity Research Ltd. and ACF Equity Research Ltd. accepts no liability whatsoever for the actions of third parties in this respect.

IMPORTANT ADDITIONAL DISCLOSURES FOR U.K. INVESTORS

The information in this report has been prepared by ACF Equity Research Ltd (ACF). The research is published for information purposes only. It is not intended as an offer or solicitation for the purchase or sale of any securities or any financial instruments.

ACF has based this document on information obtained from sources it believes to be reliable but which it has not independently verified. All market prices, data and other information are not warranted as to completeness or accuracy and are subject to change without notice. Any comments or statements made herein do not necessarily reflect those of ACF Equity Research Limited. The material should not be regarded by recipients as a substitute for the exercise of their own judgment. Past performance does not guarantee future performance.

The analyst(s) responsible for covering the securities in this report receive compensation based upon, among other factors, the overall profitability of ACF which may, from time to time, solicit business from any of the companies referred to in this report. The analyst(s) responsible for covering securities in this report may not hold a position in any or related securities in this report in ACF's sector universe or in any other sector in which ACF carries out research. The company does not hold any position in the securities mentioned in this report.

This research report and its contents are intended for professional investors and not for retail investors. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of the investment research. ACF Equity Research Limited is authorised and regulated by the Financial Conduct Authority. However the contents of this research report are produced as if ACF Equity Research Limited is unregulated and consequently this report does not contain investment recommendations or ratings.

ACF, its directors, employees and agents accept no liability whatsoever for any loss or damage of any kind arising out of the use of all or part of these materials. The information in this report is provided with the understanding that ACF is not acting in a fiduciary capacity. Certain laws and regulations impose liabilities which cannot be disclaimed. This disclaimer shall in no way constitute a waiver or limitation of any rights a person may have under such laws and/or regulations. Copyright © 2026 ACF Equity Research all rights reserved. Additional information is available upon request.

Copyright 2026 ACF Equity Research Ltd. All rights reserved.

ACF Equity Research Limited, 125 Old Broad Street, London, EC2N 1AR, U.K.

Tel: +44 (020) 7558 8974

Website: www.acfequityresearch.com