



The
Scottish
National
Investment
Bank

2026
Impact
Report



Impact Report 2026

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About us

The Scottish National Investment Bank is a state-owned development bank. We support innovative businesses and projects through debt, equity and fund investment. As an impact investor, we aim to generate positive, measurable social, economic and environmental impact alongside a commercial return.

Our focus is on patient capital to help solve long-term challenges. This means that for many of our investments the impact we expect to see will grow over time, as the businesses and projects we invest in scale, and our portfolio expands.

About this report

Our annual Impact Report shows how our portfolio is performing against our impact objectives. It's an opportunity for us to show you the positive difference we are making for Scotland's people, environment and economy.

Our 2026 report covers our fourth full year of measuring impact. The data included here summarises the capital committed and our investment impact, up to 31 December 2025¹.



On request, we can produce this document in alternative formats, including large type, Braille, and other languages. If you require this report in an alternative format, please contact enquiries@thebank.scot

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Our impact in numbers

 Improving lives and living standards

325,739 people

Since launch, our investments have positively impacted 325,739 people through regeneration, high quality housing and connectivity.

▲ 2024: 207,042

That's an increase of 118,697 people since 2024.

 Supporting the delivery of affordable housing

983 new homes

Since launch, our investment has supported the building of 983 Scottish homes, available for mid-market rent.

▲ 2024: 742

241 more new homes have been completed since 2024.

 Helping to create and safeguard employment opportunities

3,330 jobs supported

In 2025, our investment portfolio directly supported 2,631 jobs, with a further 699 jobs supported by indirect and induced impacts from the Bank's investments.

▲ 2024: 3,091

That's an increase of 239 jobs since 2024.

 Reducing harmful emissions

235,429 tCO₂e

Since launch, our investment portfolio has avoided, reduced or removed the equivalent of:

 **5,849 full capacity, return flights from Glasgow to London³.**

 **Removing 125,106 cars from UK roads for a full year.**

▲ 2024: 135,531 tCO₂e

An increase of 99,898 tCO₂e avoided, reduced or removed since 2024.

 Creating a positive supply chain spend

£411m

Supply chain spend in Scotland reported by portfolio companies since launch.

▲ 2024: £277m

An additional £134 million in Scottish supply chain spend since 2024.

 Powering innovative research and development

£149.2m

Spend on Research & Development activity reported by innovation-focussed businesses since launch.

▲ 2024: £94m

£55.2 million more R&D spend since 2024.



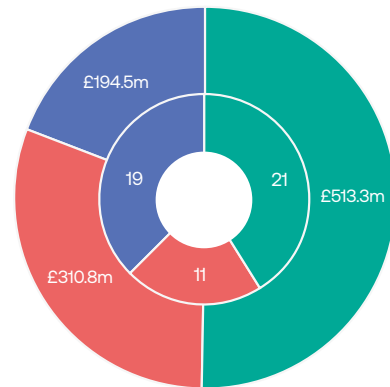
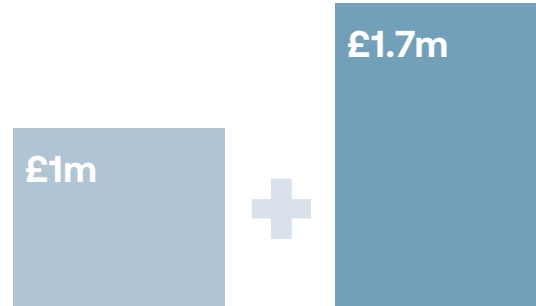
At a glance

The bigger picture

£2.7bn

Committed to the Scottish economy as a result of our engagement with the market.

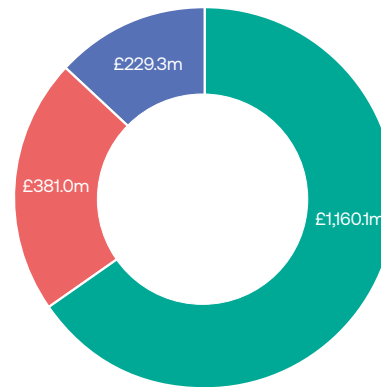
For every **£1 million** that we have committed, our investees have received – on average – an additional **£1.7 million** from other investors.



£1,018.6m

Since launch, we have committed £1,018.6 million across 51² investments

Total investment (£ million) and number of investees by primary mission from launch to 31st December 2025

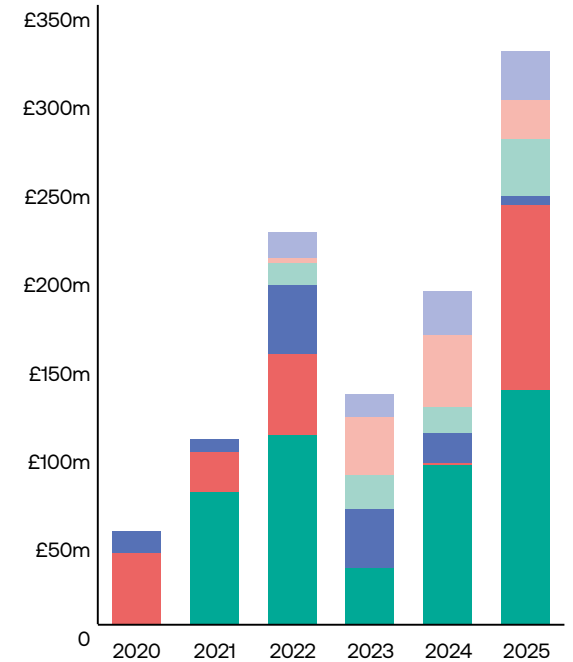


£1,770.5m

Third party capital supported by Bank investment since launch.

Total third party investment by primary mission (£ million) from launch to 31st December 2025.

Total investment (£ million) since launch by primary mission



Key to missions





Investing across Scotland

How many businesses benefited from our support in 2025?

51 investments

In 2025, we had investments in 51 portfolio companies across Scotland⁴.

12 new businesses

Added to our portfolio in 2025.

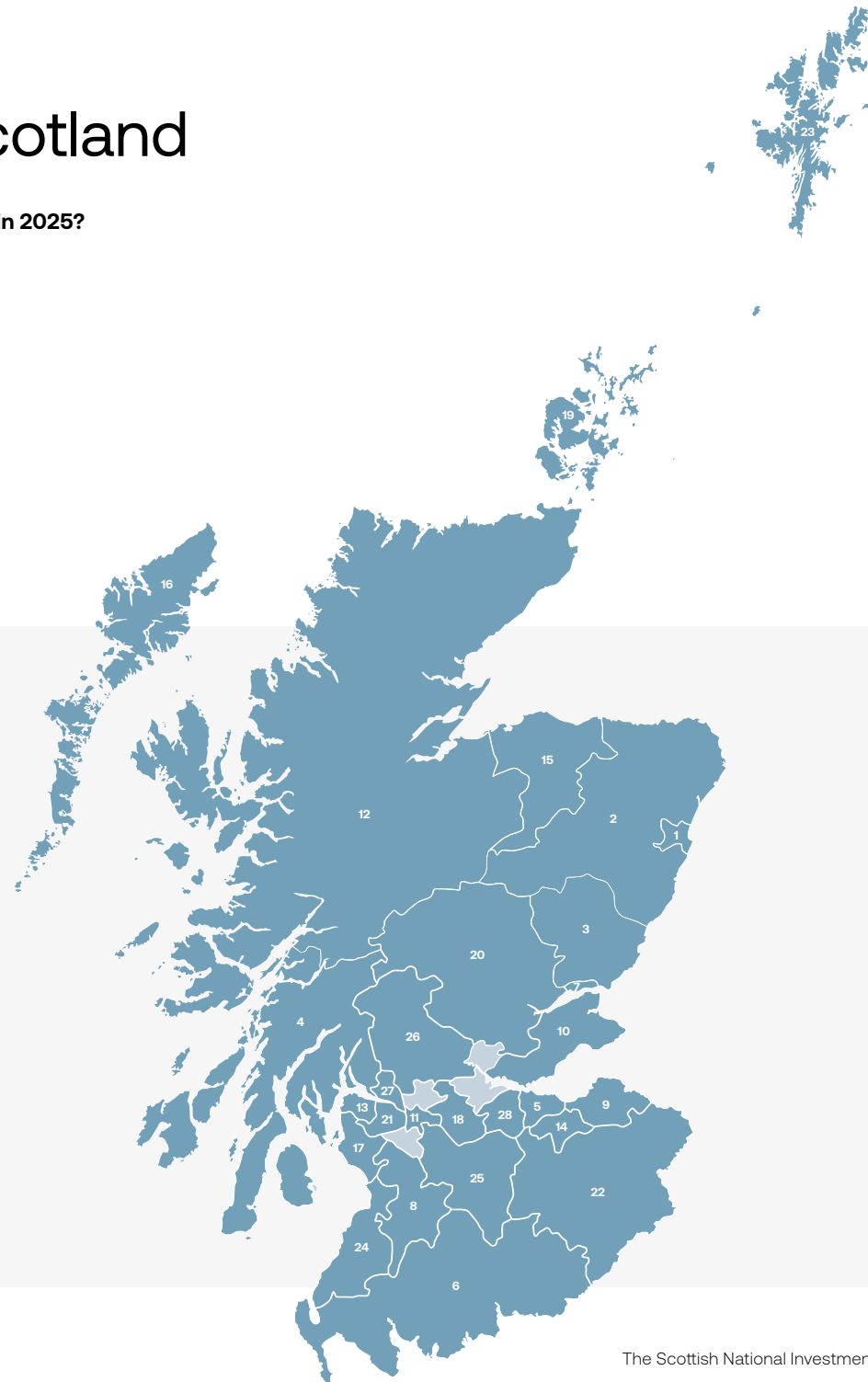
20 existing businesses

Supported with follow-on investment in 2025.

28 local authorities

In 2025, our investment portfolio created positive impact in 28 out of 32 Scottish Local Authorities, and in all 8 Regional Economic Partnership areas.

- | | |
|--------------------------|-------------------------|
| 1. Aberdeen City | 15. Moray |
| 2. Aberdeenshire | 16. Na h-Eileanan Siar |
| 3. Angus | 17. North Ayrshire |
| 4. Argyll and Bute | 18. North Lanarkshire |
| 5. City of Edinburgh | 19. Orkney Islands |
| 6. Dumfries and Galloway | 20. Perth and Kinross |
| 7. Dundee City | 21. Renfrewshire |
| 8. East Ayrshire | 22. Scottish Borders |
| 9. East Lothian | 23. Shetland Islands |
| 10. Fife | 24. South Ayrshire |
| 11. Glasgow City | 25. South Lanarkshire |
| 12. Highland | 26. Stirling |
| 13. Inverclyde | 27. West Dunbartonshire |
| 14. Midlothian | 28. West Lothian |





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“The Bank’s role in supporting a resilient, productive and inclusive Scottish economy has never been more important.”

David Ritchie, CEO



Chief Executive Officer's introduction

As the Bank marks its fifth anniversary and reaches £1 billion in committed capital, we have established an organisation built on purpose and shaped by long-term ambition.

This progress has taken place during a period of significant economic challenges. Rising costs, constrained supply chains, labour pressures and a sustained reduction in available investment capital are impacting many businesses across Scotland. Against this backdrop, the Bank's role in supporting a resilient, productive and inclusive Scottish economy has never been more important.

Having been part of the Bank since its earliest days and now serving as CEO, I have seen first-hand the discipline and determination required to navigate these conditions while remaining focused on long-term impact. We invest only where we are confident that capital can deliver meaningful, lasting benefit for Scotland.

As the Bank has matured, our non-financial goals and investment strategy have evolved to reflect the economic context, our long-term impact objectives and our risk appetite as a development bank. We are strengthening how capital is deployed, evolving asset management approaches and exploring opportunities to manage third-party capital.

In the near to medium term, this has sharpened our focus on strengthening Scotland's economic security and productive capacity. In 2025, this included addressing some of Scotland's most urgent challenges through investing in domestic energy infrastructure to futureproof the economy,

addressing socioeconomic challenges through housing and employment, and supporting skills and workforce development to equip people for the jobs of the future.

Impact does not end at the point of investment. We work closely with portfolio companies to help maximise impact within operations and develop responsible business practices. Strong governance and long-term engagement ensure that impact and commercial performance develop together and deliver value for our investees, our shareholder and the people of Scotland.

Equality, diversity and inclusion remain central to how we define success. Building on strong foundations, the Bank's next phase will focus on deepening impact and investing with intent for Scotland's future. Investing in ways that help reduce inequality is essential for unlocking Scotland's economic potential and improving wider social, health and wellbeing outcomes. Progress requires sustained effort and learning, and we remain committed to strengthening the Bank's approach to ensure that investment contributes to a more inclusive economy.

The first five years of the Bank were focused on establishing strong foundations. The years ahead will build on that platform, with a continued focus on deepening impact, refining how capital is deployed and investing with intent for Scotland's future.

David Ritchie
Chief Executive Officer



“As the Bank marks its fifth anniversary and reaches £1 billion in committed capital, we have established an organisation built on purpose and shaped by long-term ambition.”



Reflections from our Chief Investment Officer

As a patient, mission-led impact investor, we're focused on the long-term and how our investment can catalyse change to help build a better Scotland. People's lived experience will have been that 2025 was challenging economically, and we expect continuing headwinds in the year ahead. Despite that, we see many opportunities and after five years a clear picture is emerging of how investing to meet our mission objectives is enabling positive impact. Our investments are enabling transition, delivering jobs and homes, and offering exciting potential for commercial growth and innovation.

Working with others is key to ensuring we can deliver on our missions, and we are continuing to engage with partners to further our impact objectives. This can be seen in initiatives such as the Scottish Impact Investor Readiness programme, jointly run with the Strathclyde Business School, and in our strategic relationships such as working with Scotland's Town Partnerships to design and encourage new and innovative investment opportunities to support the transformation of our communities.

Over the past five years, I'm also proud of how we continue to learn and evolve. The recent BlueMark verification of our impact management practices shows how much progress we've made in continuously improving our processes to rank alongside some of the best impact investors globally.

This year, we've evolved our mission objectives to show more clearly how we will invest to achieve our non-financial aims and we're also refining our investment focus based on our market

experience and insights. In our Investment Strategy we reaffirm our commitment to take on risk as a development bank, in a considered but deliberate way, to target commercial value alongside intentional, non-financial impact in both the short and long-term.

In our innovation mission, we're expanding our focus to be more sector agnostic. We want to back management teams and businesses who have the potential to grow and scale successfully. We're also seeking to develop the pipeline of businesses in Scotland through partnership with our excellent universities and have a clearer focus on the role we play to support leaders, talent and the wider ecosystem to prosper.

To support the transition to a lower carbon economy, we'll continue to invest in businesses in offshore energy supply-chains and infrastructure. We want to help both retain and re-industrialise Scotland's energy industry. We'll also seek to increase our focus on grid infrastructure, electricity transmission and storage to add value across the chain.

In our place mission, we've already stepped up our commitment to tackle the housing emergency, and we'll be doing more in the year ahead to invest directly in housing and to address some of the key areas of failure that have held back the market. We want to enable more people of all ages and backgrounds across Scotland to acquire a good home - it's one of the most meaningful contributions there is to reducing inequality and enriching communities, local economies and people's lives.

Finally, I look forward to continuing to work with the businesses we already have investments in. You can see in this report the difference they're making, and it's important to me that we can add value and collaborate across the portfolio to enable the best possible impact for the people and economy of Scotland. I look forward to working with them, our co-investors, colleagues, and our other partners in the year ahead.

Mark Munro
Chief Investment Officer





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“Impact does not end at the point of investment. We work closely with our portfolio companies to help maximise positive outcomes over time.”

David Ritchie, CEO



Net Zero



Investing in Scotland's future by strengthening our energy security and resilience.



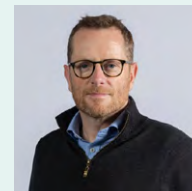
Investing for resilience

“Under our net zero mission we invest to catalyse the transition of Scotland’s energy infrastructure and supply chain to create secure, productive and efficient energy solutions for the country’s future.

We are investing where Scotland already over-indexes and has natural global competitive advantage. This is reflected in our focus on transitioning oil and gas service sector business models with growth potential and applicability in renewables, re-industrialisation of port infrastructure, and supply chain for deep offshore wind.

We are also targeting the protection and repurposing of our national energy infrastructure, with investment in grid and electrification enablers, storage and energy security. Overarching themes across all our investments include decarbonising and circular economy business models to improve resource efficiency.”

Jimmy Williamson
Executive Director, Investment
– Net Zero



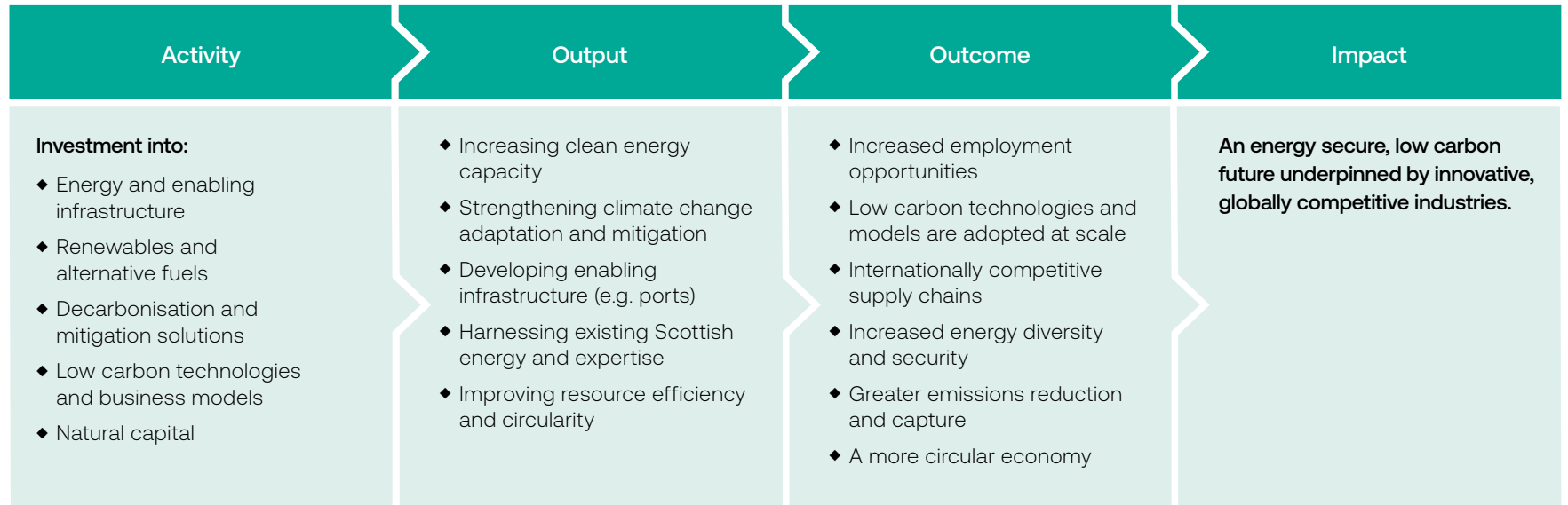


Our impact investment model⁵

Our change model sets out how we target our investment activity to deliver the longer-term outcomes and impact that are needed to build a Scottish economy that is not only green, but also inclusive and thriving.

Investment is focused on building Scotland's energy infrastructure and supply chains to enable a smooth transition to renewables, ensuring a low-carbon energy secure future. Transition Finance remains a core pillar of our investment approach. Investment is used to support businesses and their employees to shift away from carbon-intensive industries to cleaner, more sustainable ones, while retaining the skills and experience for which Scotland is internationally recognised.

The distribution of investment across different sectors takes a long-term system-level approach. This will help us build a portfolio that is designed to enable scale and durability of impact over time, rather than simply seeking short-term or isolated emissions reductions.

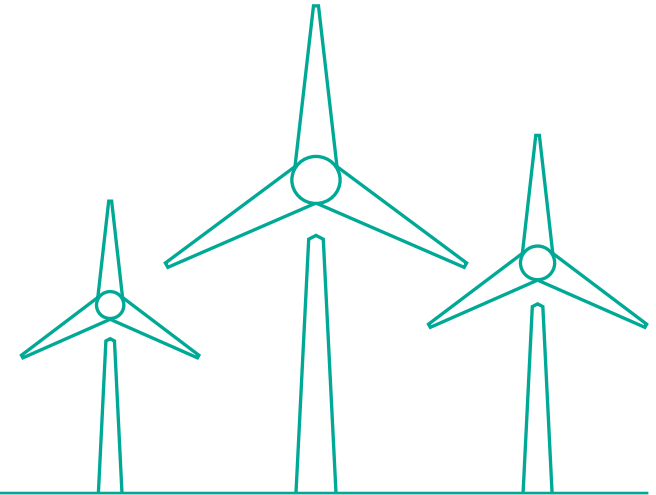




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Growing a low carbon economy

Scotland is internationally recognised as a leader in sustainable technologies, services and industry. We want to ensure that Scotland continues to build the resilient energy and environmental systems of the future. Our investment provides long-term energy security, and supports Scotland's transition to a low carbon economy through a focus on developing energy infrastructure, innovative green technologies and globally competitive supply chains.



£1.8bn

Total Bank and third party capital contribution to our net zero mission since launch

A closer look at the numbers

Amount committed by the Bank, to support businesses and projects contributing* to the shift towards a net zero economy:

£178.3m
in 2025

£575.1m
since launch

53%

27 of 51 businesses and projects in our investment portfolio contribute* to our net zero mission.

Third party capital, associated with Bank investment, to support businesses and projects contributing* to the shift to a net zero economy:

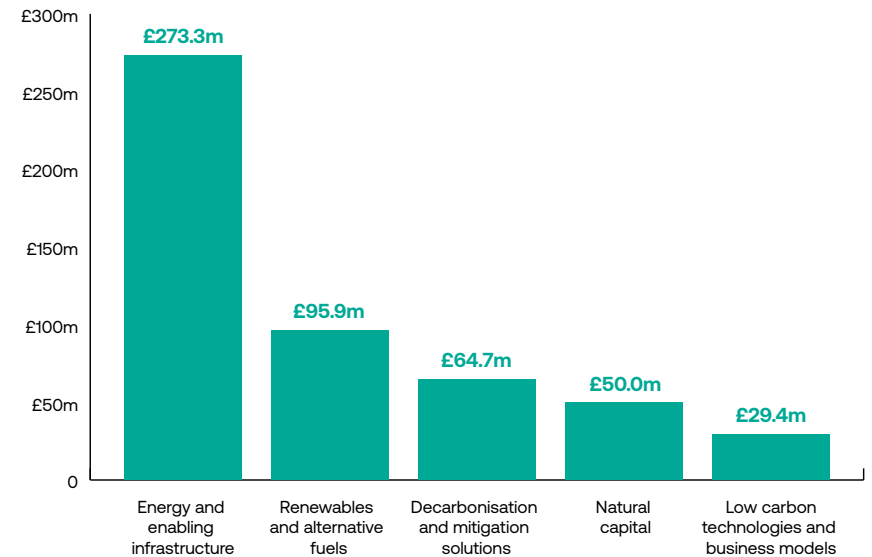
£194.7m
in 2025

£1.2bn
since launch

50%

16 of 32 businesses and projects receiving investment in 2025 (new investment and follow-on) contributed* to our net zero mission.

Primary Net Zero Investment by Sector



*Businesses and projects may contribute to more than one mission. Totals include investment committed to all businesses and projects that deliver net zero objectives, including those that are primarily aligned to other missions



Strengthening energy security

Investing in supply security infrastructure is critical to the long-term economic and environmental wellbeing of Scotland.

Curtailment and intermittency remain significant challenges in the scaling of Scottish renewables. Investment is required to improve low carbon storage and strengthen grid resilience, ensuring that the clean energy we produce can be continuously and reliably utilised. Our investment strategy therefore focuses on both energy generation and the wider infrastructure, to improve grid stability and Scotland's energy security.

1,200 GWh

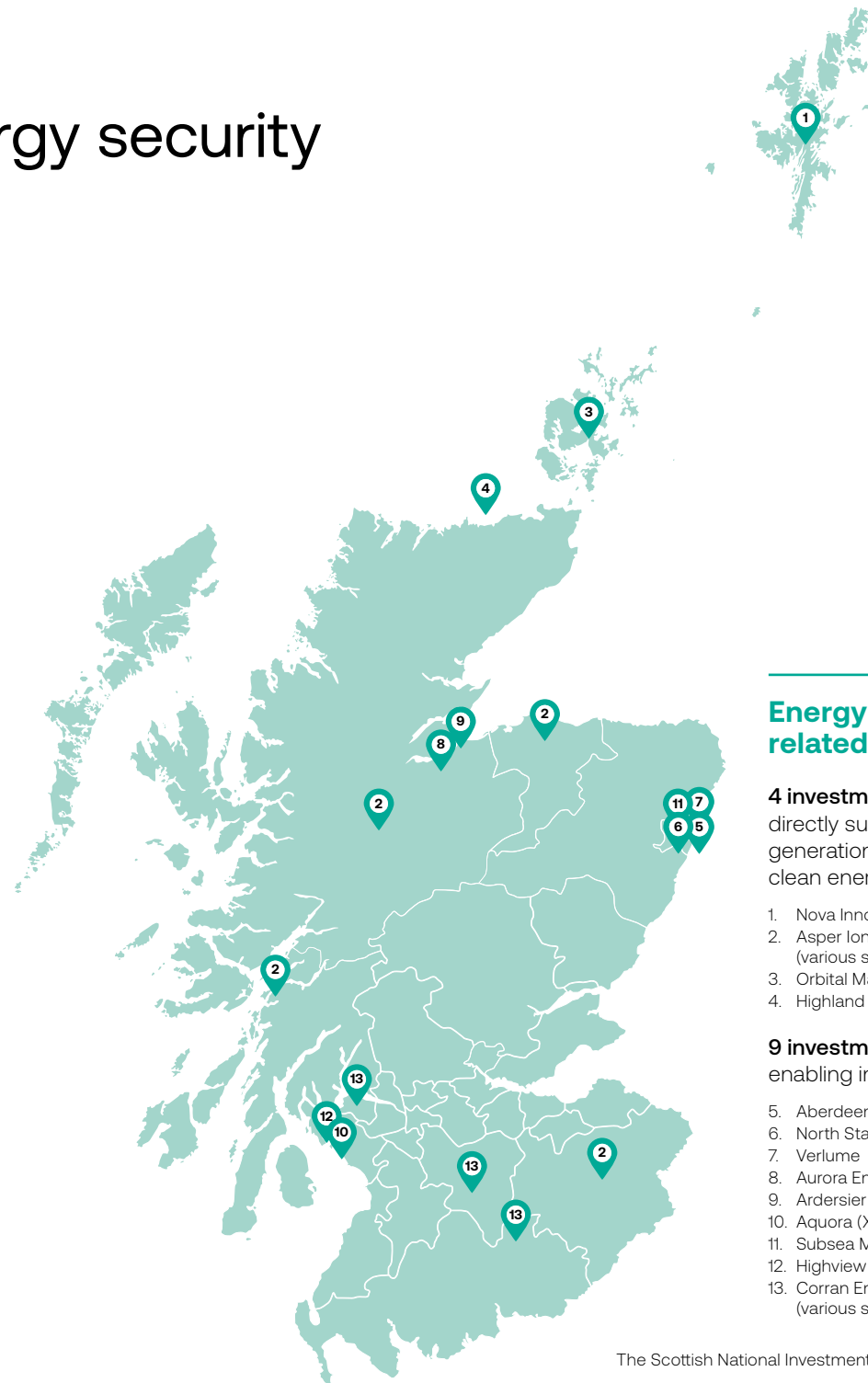
Our portfolio is forecast to support the generation of approximately 1,200 GWh of renewable energy per year by 2030.⁶

Domestic energy generation

In 2025, our investment portfolio generated 3.2 GWh of renewable energy.

3.2 GWh

The equivalent of powering **1,032 homes** for a full year.



Energy generation related investments

4 investments directly supporting the generation of domestic clean energy production:

1. Nova Innovation
2. Asper Iona LP (various sites across Scotland)
3. Orbital Marine Power
4. Highland Wind

9 investments in enabling infrastructure:

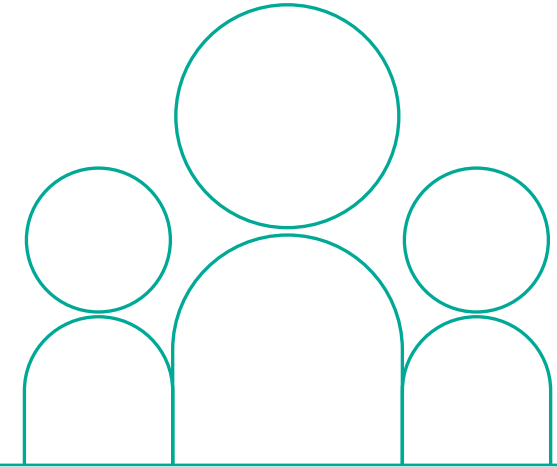
5. Aberdeen Harbour
6. North Star
7. Verlume
8. Aurora Energy Services
9. Ardersier
10. Aquora (XLCC)
11. Subsea Micropiles
12. Highview
13. Corran Environmental LP (various sites across Scotland)



Delivering a just transition

Our investments are designed to deliver employment and (re)-training opportunities across the renewables and energy sector. The focus is on high quality, skilled jobs, ensuring workers and communities, especially those previously engaged in the oil and gas sector, experience a positive and just transition as Scotland moves towards a low carbon future.

2,232

 jobs in net zero employment supported in 2025

For the third year, net zero aligned investment continues to provide the largest number of jobs within our portfolio. This reflects our investment focus on supporting the development of renewable infrastructure and supply chain transition. These projects are ideally placed to support a just transition, as they often require a comparable skill set to those historically employed in the oil and gas industry. The diverse technical and skilled labour requirements of these projects provide high-quality jobs, along with opportunities for re-training existing professionals and the development of young people.

This can be seen within our portfolio:

- ◆ Primary net zero investment accounted for over **80%** of all reported apprenticeships and internships in 2024 and 2025.
- ◆ **63%** of reporting net zero investees provided their employees with the opportunity to participate in formal training or CPD training in 2025, which is above the portfolio average of 59.5%.

2,232

Total number of jobs supported by portfolio businesses and projects that contribute* to the shift to a net zero economy during 2025⁷.

▲ **2024: 2,097**

109

Average number of jobs supported per net zero investment, where net zero was identified as primary mission.

▲ **2024: 107**

603

Transition jobs supported directly through Bank investment, as self-reported by portfolio companies.

▼ **2024: 711**

83.2%

Percentage of total apprenticeships and interns reported across the portfolio during 2025 that were attributed to investment where net zero was identified as the primary mission.

*Businesses and projects may contribute to more than one mission.



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Developing a skilled workforce



Aurora Energy Services

Up to
£38m
investment

Bank investment

Up to £38 million to strengthen and expand Aurora's network of regional training hubs, enhancing operational capacity and supporting critical infrastructure across the green energy supply chain.

Driving the energy transition

Aurora provides essential delivery capability to the renewable energy sector. This spans wind turbine construction, installation and maintenance, alongside providing integrated Engineering, Procurement and Construction (EPC) services to the oil and gas industry and the power transmission sector. This end-to-end capability strengthens supply chain resilience, supports project delivery at scale and contributes to improved asset performance and lifecycle efficiency. Through innovation, including Encomara's SQUID technology for floating offshore wind, Aurora is also supporting more efficient deployment models – reducing installation risk, lowering emissions and enabling earlier generation.

Supporting skills development

Aurora's Renewable Energy Training Centre in Inverness – complemented by facilities in Aberdeen, Wick and Huntly – supports the development of a skilled workforce aligned to industry demand. Having trained over 1,000 individuals in its first year, the centre is expected to support more than 2,000 workers annually, contributing to the pipeline of talent required for offshore wind growth.

Enabling a just transition

The investment supports workforce transition from oil and gas into renewables while helping to build the capabilities required to deliver Scotland's long-term energy transition and wider economic opportunity.

“As someone transitioning from a 20 plus year career in the military, one of the biggest challenges I found entering the wind industry was simply getting in front of employers. Being part of the Military to Wind programme with Aurora Energy Services has completely changed that. It's not just training – it provides direct access to employers and guaranteed interview opportunities, which is something that's very difficult to achieve as a new entrant. As a result, I've already secured two positive job offers, which really demonstrates the programme's value in turning military experience into real employment opportunities.”

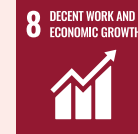
Jason McLaughlin
Military to Wind
programme participant



Place



Transforming communities, making them places where everyone thrives.



Investing for opportunity

“Place sits at the heart of the Bank’s purpose, because a thriving, fair and productive Scottish economy depends on strong, sustainable and inclusive communities.

By investing in high quality, energy efficient homes, local infrastructure, and opportunities that strengthen employment and skills, we help ensure that people can live and work in the places they choose to call home.

Place is not only central to our investment strategy, but vital to Scotland’s long term resilience: addressing the housing emergency, supporting regional economic development, and enabling more equitable access to social and economic opportunity. Through patient capital and partnership, we are helping to create the conditions for prosperous local economies, where businesses can grow, people can thrive, and investment flows into communities across the country.”

Nicola Douglas
Executive Director, Investment
– Place



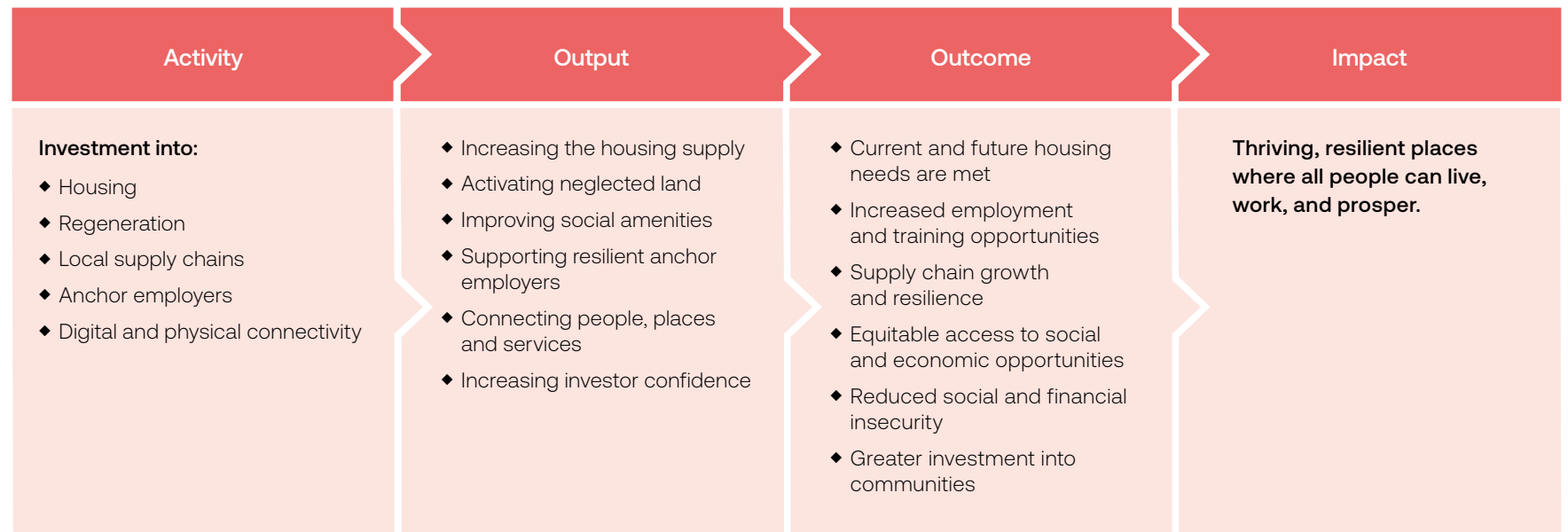


Our impact investment model

Our change model sets out how our investment activity contributes towards achieving the long-term impact we want to deliver for Scotland. The outputs delivered translate directly into lived benefits for individuals and communities and demonstrates a clear line of sight from capital deployed to real-world change.

Our investment strategy aims to tackle the root causes of place-based inequality, not just its symptoms, and we are building a portfolio that can deliver the outputs (homes, jobs, improved connectivity) that we know are the foundations to securing the long-term social and economic outcomes needed to help our communities thrive.

Addressing these challenges is complex and requires strategic investment to deliver outcomes at both a local and national level. That's why we have established a 'market creation' function within the Bank to address issues in sectors such as housing, where there is significant potential for investment impact, but where coordination with delivery partners and patient capital is needed over the longer term to develop sustainable investable opportunities. We have already seen the success of this approach through our recent housing investments. We will continue to work with stakeholders and develop insights on the steps required to unlock greater levels of investment, along with a pipeline of opportunities in these markets to ensure we can continue to deliver impact for people in the places they want to live and work.

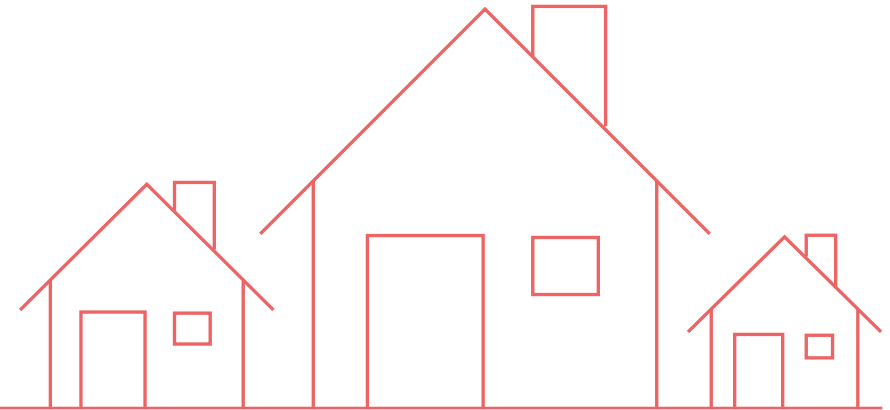




Building affordable, efficient homes

Our portfolio is forecast to support the build of up to 1,593 new homes in Scotland by 2030.

1,593 new homes



Scotland has a housing crisis. In 2025, 13 of 32 Scottish Councils⁸ declared a housing emergency and Shelter Scotland's YouGov poll⁹ estimated 42% of adults across Scotland are struggling with the condition, security, suitability or affordability of their home, or have faced discrimination while trying to find one. Over 15,000 new affordable homes are estimated to be required each year (2026 – 2031) across Scotland to address current needs. The crisis, which is contributing to rising levels of poverty and inequality, has been driven by demand outstripping supply across both the private and social housing sectors, alongside the broader cost of living challenges, where house and rental prices have outpaced wages.

We have responded to this challenge by increasing our housing investment, focusing not just on numbers of units but on developing quality homes across all tenures that are energy efficient and located in areas of high demand. This allows individuals and families to stay in the communities where they want to live and work, at a cost they can afford.

£131.3m

Amount committed by the Bank, since launch, to support the build of new homes.

983

Since launch, our investment has supported the building of 983 Scottish homes, available for mid-market rent.

▲ 2024: 742

290

Since launch, our investment has supported the provision of 290 bedspaces to prevent homelessness of vulnerable individuals and families. Of these, 42 are in Scotland.



Meeting local housing needs

Our investment activity

Our portfolio has supported **six** housing investments over a number of locations, each meeting different local needs:

New Avenue Living – supplying affordable MMR in city locations

1. The Foundry
2. Royston Road
3. Birchwood Brae
4. New Harbour Way
5. The Wisp
6. Newhall Street
7. Seacole Square
8. Oxgangs Green
9. Ropeworks
10. Millerhill

Strathcarron Homes – supporting local first-time buyers

11. Nitshill

Social and Sustainable Capital – addressing homelessness

12. Dundee
- Various across England

DITT Construction – providing affordable island accommodation

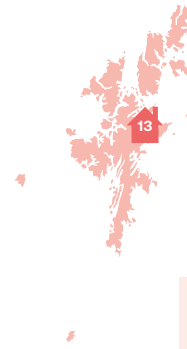
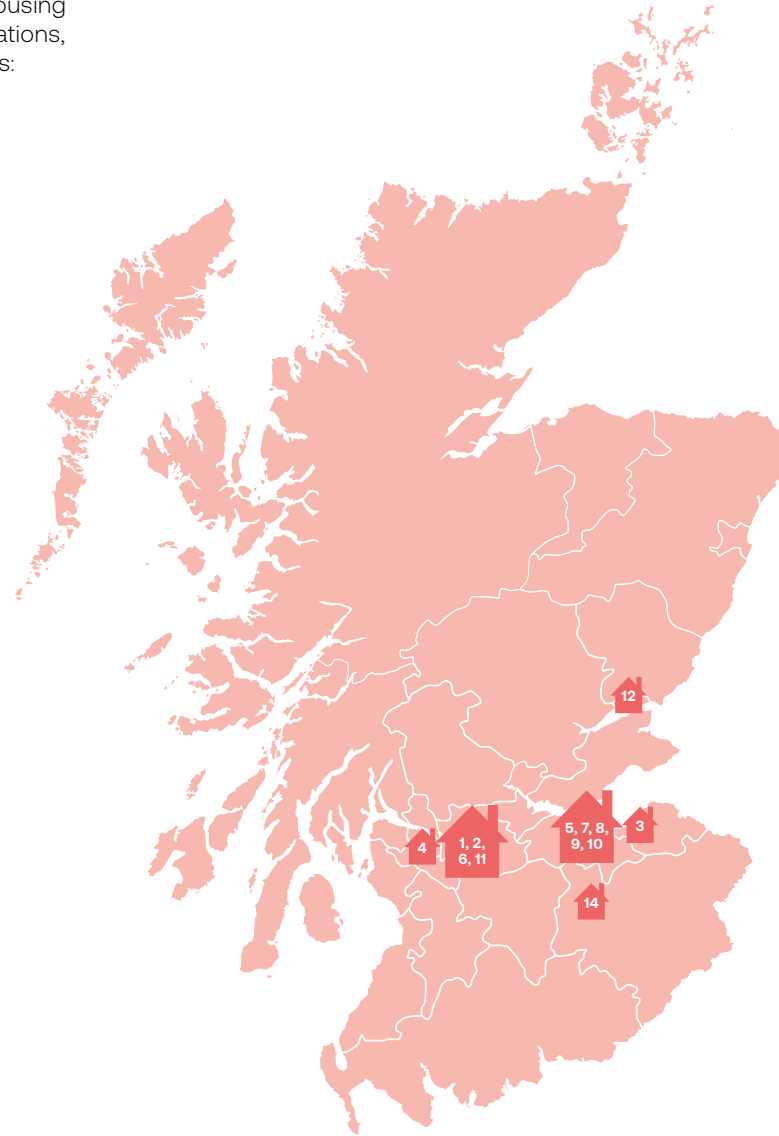
13. Lerwick

Whiteburn Projects Ltd – addressing rural housing demand

14. Peebles

Octopus Capital – creating affordable and energy efficient homes

Various across Scotland and England



DITT Construction



Whiteburn Projects Ltd



Strathcarron Homes



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Supplying quality, affordable homes at scale



Octopus Capital

£50m
investment

Bank investment

Investing £50 million to supply high-quality, energy-efficient affordable homes at scale.

Reducing the cost of living

Chronic housing shortages, coupled with high housing and energy costs, severely and disproportionately impact low-income households and families, driving poverty and inequality across our communities. Increasing the supply of quality, energy efficient housing across all tenures is key to building resilient and diverse communities that can thrive now and in the future.

Our investment in Octopus Capital directly addresses this challenge. Our £50 million investment will unlock up to 1,000 Zero Bills homes across Scotland and England, offering affordable and intermediate rental properties where residents won't have to pay a penny for their home energy bill for at least 5-10 years.

The investment will also introduce for the first time in Scotland, an intermediate rent tenure where both rent and energy costs will be discounted by around 20% compared to market renting.

The Bank's capital will all be deployed in Scotland and will enable a minimum of £100 million to be invested in Scottish developments. The homes will be offered to key workers on a first priority basis, allowing individuals and their families to create a home in the communities they chose to live and work in.

“The Bank’s increasing activity in housing, including working with Homes for Scotland members, is a welcome and important step in tackling Scotland’s housing emergency. Unlocking £100 million through this investment in Octopus Capital will help support the delivery of high-quality, affordable and sustainable homes in the rental sector.

Scotland urgently needs increased delivery across all tenures. With additional capital for housing now committed to the Bank, we look forward to more investments aimed at supporting SME housebuilders, unlocking sites and accelerating the delivery of the homes Scotland needs.”

Jane Wood
CEO, Homes for Scotland



Innovation



Driving Scotland's growth and productivity by supporting scale-ups to reach their potential.



Investing for productivity

“Supporting innovation centres on the Bank’s core objective to drive a more competitive and productive economy. Backing high-growth and scalable businesses, investment in innovation aims to drive positive economic impact and improve the lives of Scottish people.

Supporting Scotland’s clusters of global expertise, the Innovation team works closely with private capital in the market. Innovation now has a proven track record of unlocking over £229.3m* private investment to Scotland’s economy.”

Jane Reoch
Executive Director, Investment
- Innovation



*Total third party investment by primary mission from launch to 31 December 2025.

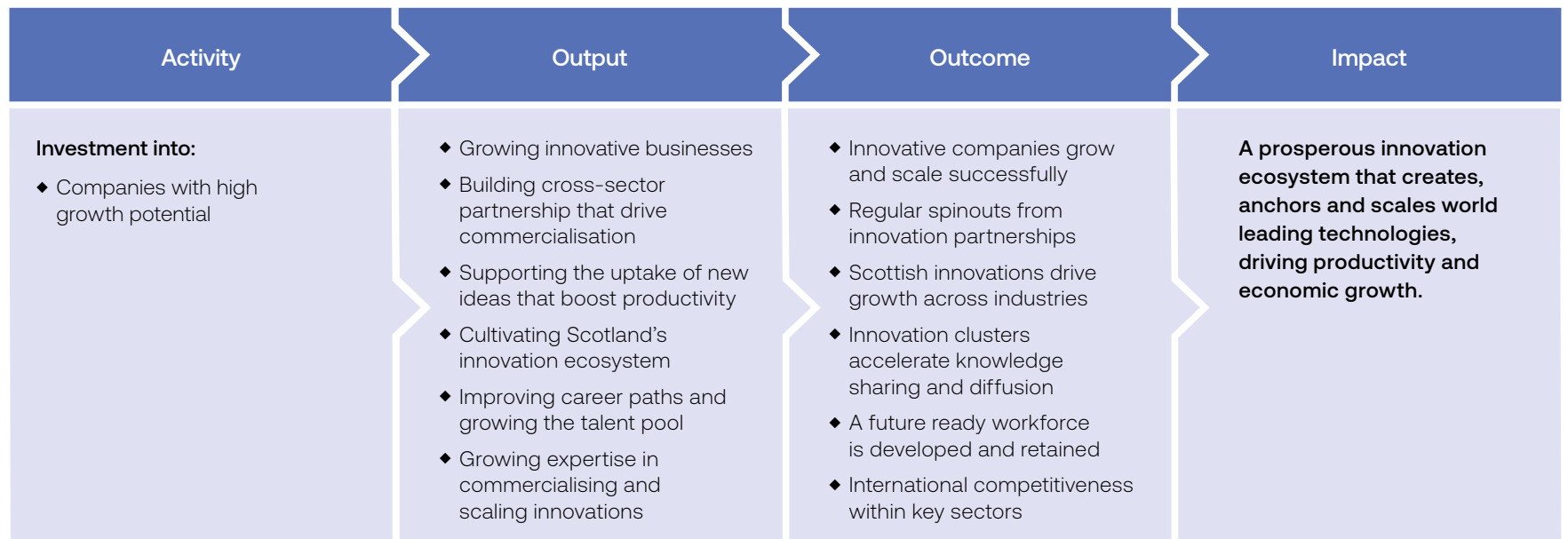


Our impact investment model

High productivity supports economic growth and underpins Scotland's ability to deliver its broader social and environmental goals. There are several important factors in improving productivity, which include supporting the development of technical or sectoral clusters and equipping our workforce with the knowledge, skills and opportunity to capitalise on the industries and technologies of the future. Getting this right through targeted investment will help ensure Scotland remains globally competitive and has the human capital and economic base to meet future challenges.

Our Investment Strategy prioritises investment in SMEs that have the potential to scale. This is because data consistently demonstrates that scaleups are more productive than their peers and that they prioritise innovation and efficiency. In the UK, Scaleups are estimated to contribute the equivalent of 50% of the SMEs and mid-sized firms' total output despite only constituting 0.8% of the UK business population¹⁰. Investment in scaleups can therefore have an outsized impact on the economy and the areas that the Bank wants to support – productivity, commercial growth, competitiveness, knowledge exchange and skills development.

However, although SMEs account for 99% of all UK firms, they face significant constraints in improving their productivity and achieving their growth potential. External factors – such as increased competition from lower-cost countries, volatile global trade and tariff uncertainty, high inflation and higher labour costs that erode margins – can disproportionately impact smaller businesses. They typically have less capacity in staffing and finance, and don't have the economies of scale to absorb sustained or multiple external challenges. Over the past year, while we have observed the impact of these challenges in our portfolio, we remain committed to developing Scotland's innovative businesses and recognise the potential that they present within different sectors and geographies across Scotland.

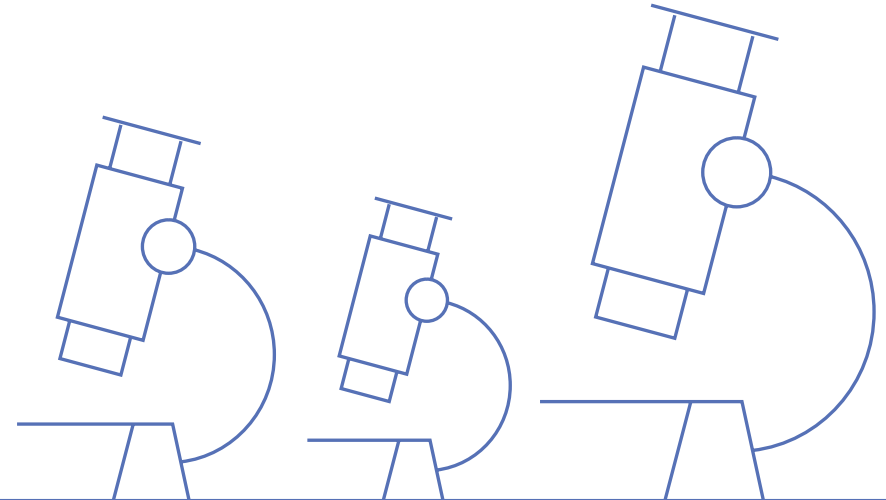




Powering research and development (R&D)

£772.9m

Total Bank and third party capital contribution to our innovation mission since launch



£149.2m

Spend on R&D activity reported by innovation-focused businesses since launch.

▲ 2024: £94m

292

Number of patents reported as being supported by our investment since launch. **54** patents were reported as being issued across all businesses supporting the innovation mission in 2025.

61.9%

of innovation focused businesses contributed to developing new products, services or processes in 2025.

R&D spending, and the associated innovation generated, is a key driver of economic growth and productivity. Scotland has a strong research base, and generates more spinouts per capita than any other UK region, but continues to struggle to translate this into business R&D and high-growth firms. This is observed in Scotland's Business Enterprise R&D (BERD) and Higher Education R&D (HERD) figures. These show that Scotland is in the top quartile ranking for HERD expenditure as a share of GDP, sitting above the UK, EU and OECD average. For BERD expenditure¹¹ however, Scotland is ranked in the second quartile of the OECD countries, falling behind the UK, EU and OECD average.

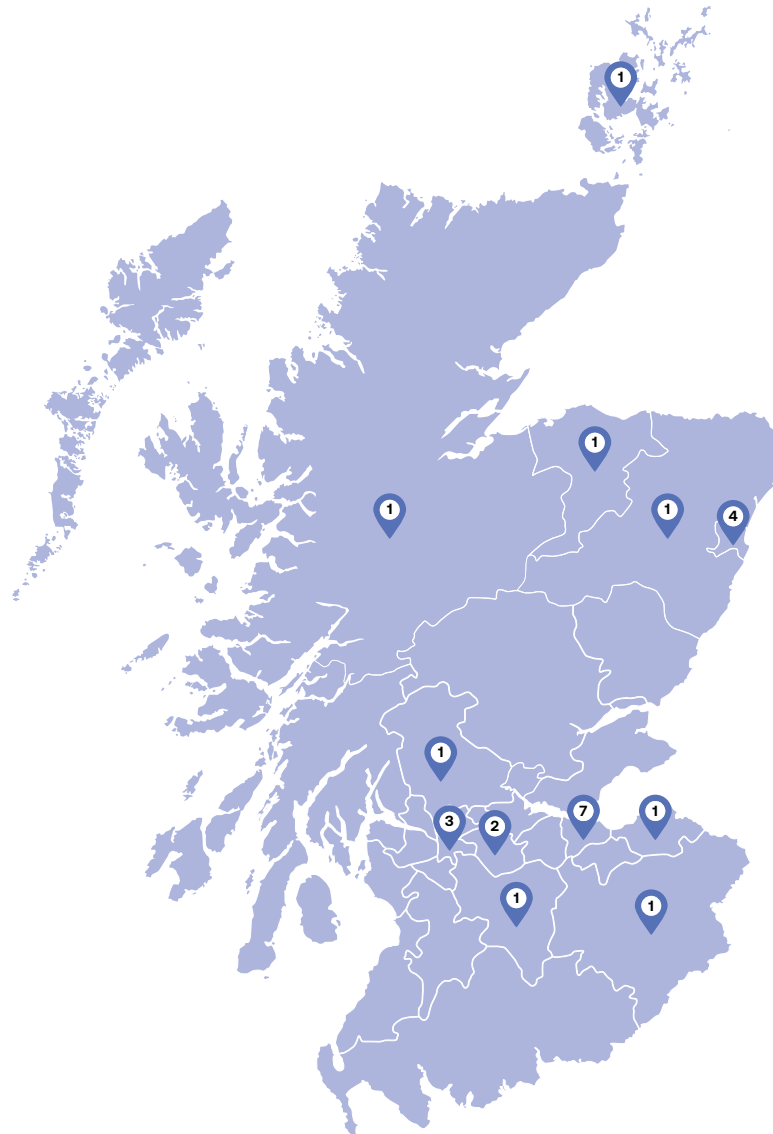
To fulfil Scotland's potential, investment is needed to turn academic R&D and innovation into scalable commercial products and processes. Our investment approach seeks to bridge that gap, focusing on innovative companies who prioritise R&D and those requiring funding to grow beyond the university spinout stage.



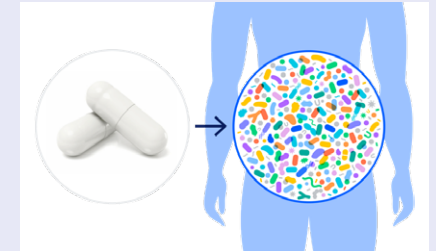
Innovating across Scotland

29 Innovation-aligned investees across 14 local authorities

Aberdeen City	4
Aberdeenshire	1
City of Edinburgh	7
East Lothian	1
Glasgow City	3
Highland	1
Moray	1
North Lanarkshire	2
Orkney Islands	1
Renfrewshire	2
Scottish Borders	1
Shetland Islands	1
South Lanarkshire	1
Stirling	1
Multiple	2



Innovatium



Enterobiotix



iGii



Automating for efficiency

Launchpad

£1.5m
investment

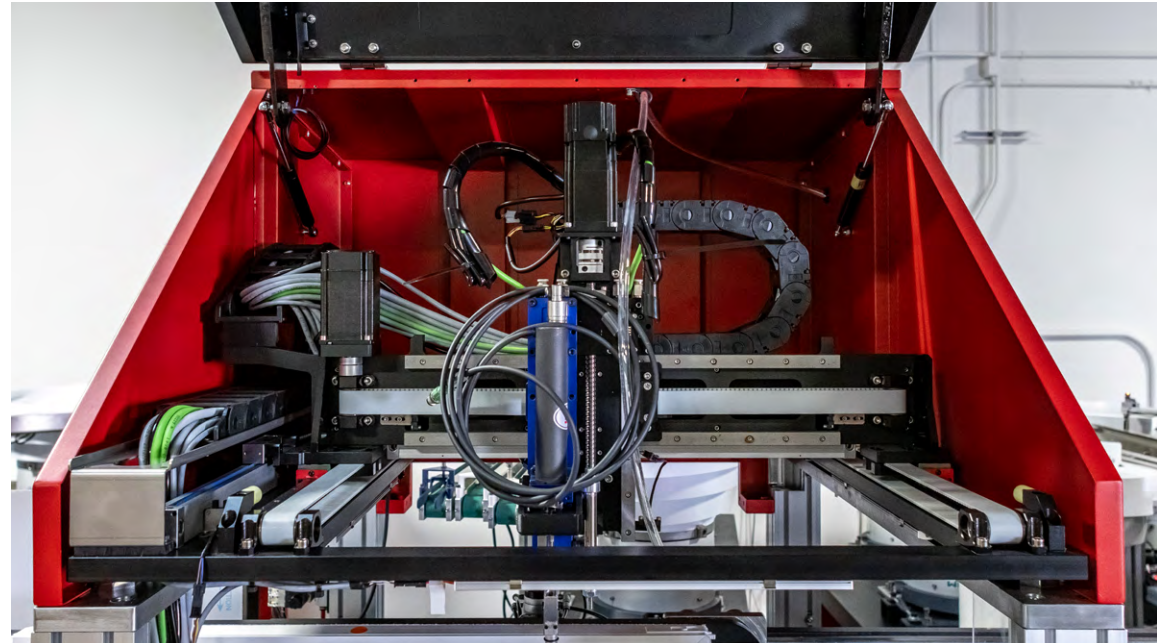
Bank investment

£1.5m to accelerate development of innovative AI robotic technology.

Transforming manufacturing through AI

Launchpad is increasing the accessibility of manufacturing by applying AI and advanced robotics to radically improve the cost and development time for automation. Traditional manufacturing robots are often expensive and inflexible because all the capabilities and actions need to be hard coded. Launchpad transforms this through AI, and an adaptable hardware and software design. This is essential for companies that want to evolve and iterate products quickly and it is especially valuable for smaller firms (98% of manufacturers) that don't have internal automation and robotics expertise and have limited budgets.

US-based Launchpad has set up operations in Edinburgh, which includes its global R&D hub. The investment by the Bank helped catalyse Launchpad's Edinburgh growth, exposing the Company to the breadth and depth of Scotland's AI and robotics talent. The £1.5m investment will be used to accelerate the development of Launchpad's technology whilst meeting demand from customers in the US, UK and Europe.



“Launchpad has built a technology that is helping manufacturers manage the optimal integration of humans and robots. We see AI tools such as those being pioneered by Launchpad, as reimagining the manufacturing industry and revitalising local economies.”

Jon Quick
CEO of Launchpad



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Scaling for success

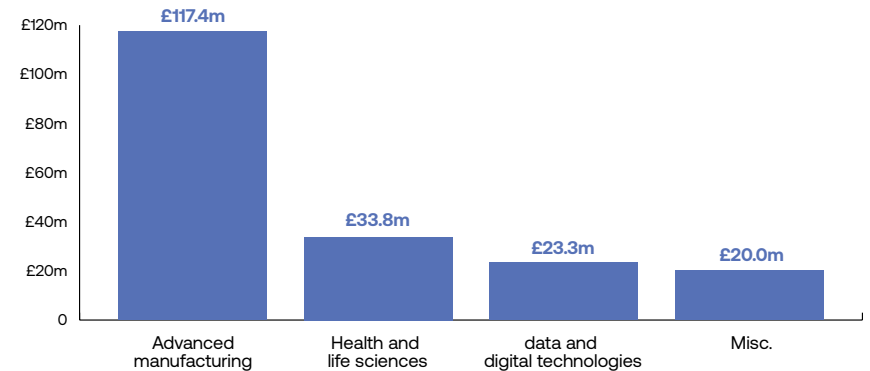
78.1%

78.1% (£282.7m) of our innovation investment is in businesses and projects that are developing scalable technologies*.

We know that innovative businesses tend to grow faster than their peers¹², and that while scale ups account for only 0.52% of the total SME population in Scotland, they deliver around a third of the total SME turnover and are more productive than similar companies¹³. That is why our Investment Strategy focuses on identifying and investing in SME businesses that have the greatest potential to scale their products or services – boosting jobs, knowledge and expertise in Scotland.

Sectors supported

Primary innovation investment by sector



Pulpex

£10m investment

Bank investment:

£10m to support the construction of a manufacturing facility near Glasgow.



Sustainability at scale:

Pulpex directly addresses the over-reliance on single-use plastics and glass through the development of a unique, fibre-based bottle solution free from hidden plastic. The bottles are manufactured from sustainably sourced wood pulp that is designed to be recycled in the same way as paper or card in normal household recycling streams. Its patented and scalable technology results in a recyclable and biodegradable end-product with a lower carbon impact versus current glass or plastic packaging formats.

Our £10m investment supports Pulpex to bring their manufacturing to Scotland. The new facility will be capable of manufacturing 40m bottles per year and create 35 new jobs.

“With the Bank’s support, Pulpex is scaling a global exemplar in executing sustainable packaging right here in Glasgow. This investment creates skilled local roles, strengthens community impact and gives Scottish brands a tangible route to achieving their 2030 plastic reduction commitments through a fibre-based bottle.”

Scott Winston, Pulpex Managing Director and Chief Science and Sustainability Officer

*Businesses and projects may contribute to more than one mission.



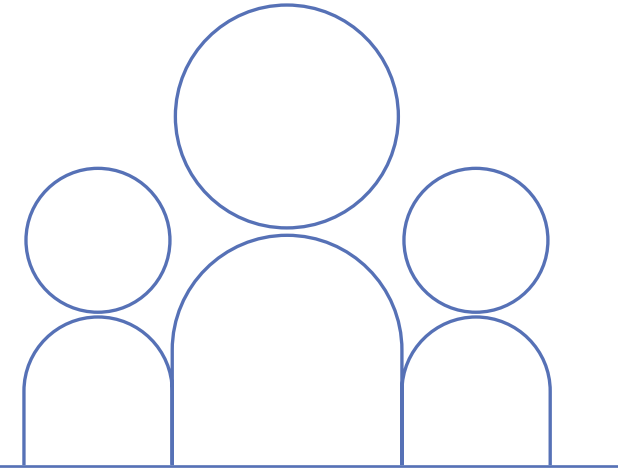
Upskilling for the future

Investing in future talent through providing well paid, quality work provides social benefits through higher living standards for those employed in innovative sectors. It's also crucial to boosting the growth of individual companies, and to broadening and deepening the availability of skilled workers in the wider economy.

1,515 Jobs in innovation-based companies supported in 2025*

▼ 2024: 1,642

Permanent employment associated with innovation-based investment fell during 2025, both in real terms and in respect of the average number of roles supported per investment. This reflects the challenging operating environment of 2025, and a move towards fixed term contracts to manage costs¹⁴. Despite this, our portfolio data suggests that, for the third year, investment in innovation businesses continues to provide the highest number of jobs per £ of committed investment. It offers fewer low/unskilled roles than our other investments, demonstrating the skilled employment profile of these businesses as well as the economic benefit of investing in the innovation ecosystem.



50

Average number of jobs supported per innovation investment, where innovation was identified as the primary mission.

▼ 2024: 57

4.5%

of all low or unskilled roles reported across the portfolio were in innovation businesses in 2025. Investment associated with innovation has the smallest proportion of low or unskilled roles in our portfolio when compared with investment associated with net zero or place.

*Businesses and projects may contribute to more than one mission.



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“Across our portfolio
we invest for a
positive future
for Scotland.”

Mark Munro, Chief Investment Officer

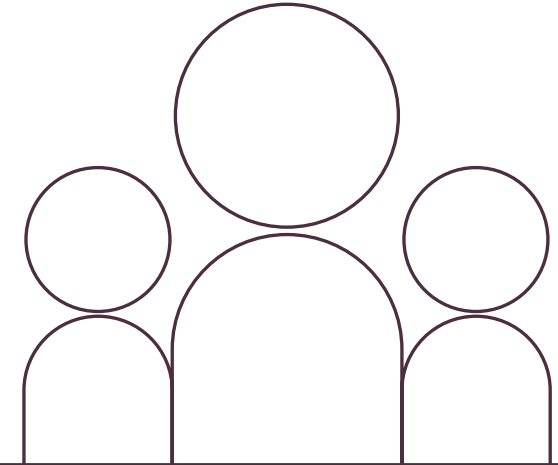


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Providing quality employment

In 2025, the Bank's investment directly supported around 2,631 jobs. The resulting indirect and induced impacts from this investment supported a further 699 jobs across the Scottish economy¹⁵.

3,330

 jobs supported in 2025

83

The average number of jobs supported per investment.

▲ 2024: 79

59

Additional jobs associated with the Bank's investment in 2025.

▼ 2024: 342

125

Apprenticeships or internships supported within our portfolio¹⁶.

▼ 2024: 139

59.5%

Businesses who responded indicated that they offer formal training or continuing professional development programme for employees.

▲ 2024: 52.9%

Beyond the numbers: focusing on quality employment

Our investments are designed not only to provide employment opportunities but to ensure that employment is fair and high quality.

The provision of quality work has positive effects for employees, businesses and society through increasing productivity, job satisfaction, reduced absenteeism and improved retention and recruitment, which in turn supports broader economic growth and greater social equality.

In practice, this means that we invest in businesses that:

- ◆ offer skills enhancement and training opportunities to ensure workforce development.
- ◆ provide fair paid, secure work with appropriate employee protections, increasing employee wellbeing and boosting productivity.
- ◆ engage, respect and value their workforce, which is linked to positive and innovation orientated organisational cultures.

100% of our investees are aligned with Scotland's Fair Work First principles.



Providing quality employment¹⁷

Employment across our missions*

2025 was a challenging year for many businesses in Scotland, which is reflected in our portfolio employment data. High energy and labour costs, supply chain disruption and on-going global uncertainty created a difficult operational backdrop. For many of our portfolio businesses – especially the smaller, earlier stage innovation focused companies – this led to staff retrenchment. This pattern was seen across Scotland, with the Federation of Small Businesses (FSB) reporting that more Scottish businesses are expected to downsize, close or sell over the

coming 12 months than grow. The employment outlook for small Scottish businesses also fell to its worst level on record in Q4 2025, with over 21% of FSB survey respondents reporting reduced headcounts¹⁸.

As in 2024, the largest number of jobs in our portfolio (overall and average per investment) was seen in our net zero businesses, which reflects the larger scale of investment compared with our other missions. Despite seeing the largest number of job losses during 2025, data continues to show – for the third year running – that investment in innovation businesses provides

the highest number of jobs provided per £ of committed investment, with 51 jobs safeguarded or created for every £10 million the Bank has committed, compared with 47 in net zero businesses and 26 in place.

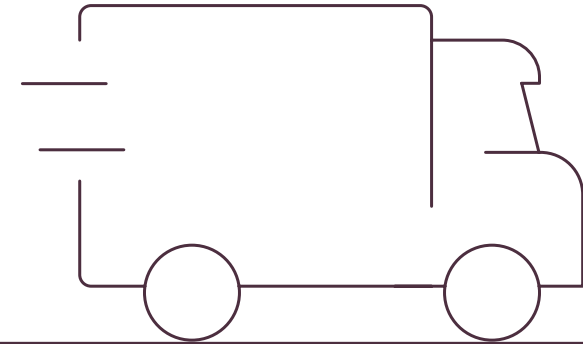
The average number of jobs supported per investment within our place mission has grown significantly over the past three years (43 in 2023, 64 in 2024, and 93 in 2025), reflecting a number of investments in businesses who act as anchor employers in their location¹⁹.

	Net Zero	Place	Innovation	Total
Direct impacts	1,371	574	686	2,631
Indirect impacts	232	33	55	320
Induced impacts	256	50	73	379
Total	1,859	657	814	3,330
Average jobs supported per investment	109	93	50	83
Total difference to 2024 Jobs supported since 2024	+133	+206	-100	+239
Average difference to 2024 Average jobs supported per investment since 2024	+2	+29	-7	+4

*Employment numbers are shown by primary mission objective.



Supporting a competitive supply chain



£411m Supply chain spend in Scotland since launch

£134m

Total supply chain spend in Scotland in 2025.

27%

of total supply chain spend by reporting portfolio businesses was expended in Scotland in 2025²⁰.

▼ **2024: 31.4%**

2025 supply chain data from across our portfolio demonstrates an in-year downturn in total spend and the proportion that is spent in Scotland, compared with 2024. This reflects a number of factors internal to the portfolio – including the completion of infrastructure projects in 2024, a number of companies entering funding rounds and holding off on larger spends, and two companies entering administration. Also significant is the picture at a national level. High interest rates, a rising Consumer Price Index (CPI)²¹ and changes to employer taxes contributed to increased transport, labour and logistics costs, resulting in financial pressures for businesses and reduced supply chain spend.

	2023			2024			2025		
	Scottish supply chain spend	Total supply chain spend	% Scottish	Scottish supply chain spend	Total supply chain spend	% Scottish	Scottish supply chain spend	Total supply chain spend	% Scottish
Net Zero	£53.1m	£163.2m	32.5%	£114.8m	£423.0m	27.1%	£113.6m	£398.8m	28.5%
Place	£32.7m	£48.6m	67.1%	£45.6m	£67.3m	67.7%	£15.9m	£72.2m	22.0%
Innovation	£6.5m	£30.1m	21.7%	£8.2m	£45.8m	18.0%	£4.5m	£25.6m	17.7%
Total	£92.3m	£242.0m	38.1%	£168.6m	£536.2m	31.4%	£134.0m	£496.7m	27.0%



Responsible and Ethical Investment²²

As a responsible investor, we are committed to investing in businesses, projects and funds that both support the delivery of impact and share our wider economic, environmental and social values. Our Responsible and Ethical Investment Policy sets out the Bank's standards, our requirements of investees and the 'red lines' for sectors and activities that we will not invest in.

Economic

100% ◀▶

of portfolio businesses receiving direct investment are aligned with Fair Work First principles.

100% ◀▶

of portfolio businesses pay direct permanent employees at least the real Living Wage.

100% ◀▶

of portfolio businesses don't inappropriately utilise zero-hour contracts²³.

Environmental

87.5% ▲

of portfolio businesses and funds have a Carbon Management Plan and/or Net Zero Strategy or equivalent.

65.0% ▲

of portfolio businesses and funds utilise an Environmental and Social Management System/Framework.

Social

66.7% ▼

of portfolio businesses and funds undertake gender pay gap analysis.

12.5% ▲

of portfolio businesses and funds have an equal gender balance on the Board²⁴.

89.7% ▲

of portfolio businesses and funds have an Equality, Diversity and Inclusion (EDI) Policy.

Governance

92.3% ▲

of portfolio businesses and funds hold formalised corporate governance policies.

12.5% ▲

of portfolio funds hold an ESG policy.

56.4% ▲

of portfolio businesses and funds have at least 50% of Board members that are Non-Executive Directors.

Modern slavery

The Bank has a zero-tolerance approach to modern slavery. We are committed to acting ethically and with integrity in all our business dealings and relationships. We will implement and enforce effective systems and controls to ensure modern slavery is not taking place anywhere in our own business or supply chains and will require businesses in which we invest to operate their own policies and processes to comply with modern slavery legislation.

Within our investment activity, we view human rights risks and issues through the lens of the UN Guiding Principles on Business and Human Rights and will assess the salience of human rights risks and issues in all our investments. Where salient risks are identified, including within supply chains, we will undertake appropriate human rights due diligence and require actions to reduce and manage human rights risks.



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1. Investment impact is measured and reported on a calendar year basis. Companies are typically only required to provide impact data after the first 6 months of investment and hence may be excluded from some reporting metrics until data is available. Further investments were made by the Bank in the final quarter of the 2025-26 Financial Year, which are not captured in this report. As of 31/3/2026, the Bank had committed £1.15 billion, with a further £1.89 billion investment committed alongside the Bank.
2. As of 31 December 2025, three companies – Circularity Scotland Limited, M Squared Lasers Limited and Krucial – had entered administration. A further three companies Orbex, Trojan Energy and PneumoWave entered the process of administration or liquidation during Q1 2026. Trojan Energy completed a sale, which has allowed the existing network of c.1,500 charge points to be operated and maintained, therefore continuing the positive net zero impact associated with the Bank's investment.
3. Flights are estimated based on a British Airways Airbus A319-100 with 144 passengers travelling from Glasgow International to London Heathrow (556 km) and calculated using the relevant UK Government GHG Conversion Factors for Company Reporting: (Domestic to/from UK Average passenger) $0.22928 \text{ kgCO}_2\text{e/passenger km}$: $556 \times 0.22928 = 0.12747968 \text{ tCO}_2\text{e} \times 144 = 18.357 \text{ tCO}_2\text{e}$ for capacity flight.
4. Figures include Circularity Scotland (CSL), M Squared Lasers Limited and Krucial, which are now in administration. A further three companies Orbex, Trojan Energy and PneumoWave entered the process of administration or liquidation during Q1 2026.
5. Our Theory of Change model sets out how the Bank's investment activity will lead to positive change, which we measure in terms of outputs and outcomes. We use a contribution approach, recognising that our investment cannot deliver the intended impact alone. Our Investment Strategy and market engagement are designed to enable and shape the conditions required to achieve long-term sustainable impact in Scotland.
6. Based on business as usual from current generation and projected generation from our investment portfolio.
7. Jobs supported total includes direct, indirect and induced jobs associated with any investment that contributes to the delivery of the Bank's Net Zero mission.
8. <https://spice-spotlight.scot/2025/05/15/scotlands-housing-emergency-one-year-on/>
9. Scotland's housing emergency now impacting 2.3 million adults – [Shelter Scotland](#)
10. [ScaleUp Annual Review 2025](#).
11. [Expenditure and Components of GERD - Gross expenditure on research and development Scotland 2023 - gov.scot](#)
12. [Innovative growers: A view from the top | McKinsey](#)
13. [Scaling Up Scotland looks at our strengths, weaknesses and potential to grow | Scottish National Investment Bank](#)
14. Fixed term contracts are not included in the calculations shown, see employment methodology outlined in accompanying technical annex document.
15. In previous editions of this report, 2019 multipliers were used, representing the last available pre-Covid 19 pandemic year available at the time of publication. 2022 multipliers are now available, representing a suitable proxy for post pandemic modelling. The pandemic had large impacts on the structures and behaviours within the economy which will influence the scale of indirect and induced benefits realised through the Bank's investments.
16. Apprenticeships/internships supported include through direct employment, or where otherwise the investee has provided direct sponsorship support.
17. Employment data excludes Circularity Scotland (CSL), M Squared Lasers Limited and Krucial. The Bank recognises that these investments supported jobs over the period in which they were active but – given these organisations are now in administration – they have been excluded from this analysis. Employment data includes reporting portfolio businesses only.
18. FSB Scotland Small Business Index, Q4, 2025 by Federation of Small Businesses – Issuu
19. Employment reporting is limited to identifying employees on permanent contracts. The employment numbers and supply chain benefit across the Place mission and for investments in the development of net zero infrastructure projects is likely under-reported given our exclusion of construction roles in the calculations and the predominance of fixed term contracts in these sectors.
20. Supply chain spend includes CapEx and may have significant variance across years.
21. [Consumer price inflation, UK - Office for National Statistics](#)
22. 11 companies were not required to report for 2025. See Annex page 12.
23. The Bank recognises that appropriate use of zero hours contracts may offer mutual benefit to employee and employer when it is mutually requested.
24. To account for Boards which may be small or contain an odd number of individuals, we include Boards where there may be a 60/40 in favour of either gender. This is in line with Women on Boards diversity targets which advocates for a 40:40:20 target for board gender diversity; 40% male, 40% female and 20% fluctuation either way.



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