

RESILIENT NAV PERFORMANCE DRIVEN BY STRONG TRADING IN THE UNDERLYING PORTFOLIO AND CONTINUED REALISATION ACTIVITY IN A CHALLENGING MACRO ENVIRONMENT

London, 11 March 2024: HgCapital Trust plc ('HgT'), today announces its annual results for the year ended 31 December 2023.

HgT provides investors with a listed vehicle to invest in unquoted businesses managed by Hg, Europe's largest investor in software & services companies.

The objective of HgT is to provide shareholders with consistent long-term returns in excess of the FTSE All-Share Index by investing predominantly in unquoted businesses where value can be created through strategic and operational change.

This objective has been demonstrated with a 10-year share price total return of +18.8% p.a.

Highlights over 2023 include:

- **Strong portfolio trading continued to be the main driver of performance, contributing to a total return NAV increase of 11.1%, closing the year at 500.5p NAV per share and net assets of £2.3 billion.**
- **Share price total return of +26.2% over the year, closing at 434.5p per share and a market capitalisation of £2.0 billion.**
- **Discount narrowed from 23% to 13%.**
- **Continued investment, with £74 million of new and further investments by HgT across the core investment clusters targeted by Hg; with a further estimated £148 million of transactions signed pending closing in 2024.**
- **£324 million of realisations, with full and partial realisations at an average uplift of 25% to the carrying value at 31 December 2022; an estimated further £191m of realisations signed and due to complete in 2024.**

For the third year in a row, HgT tops a list of investment companies that would have made investors more than £1 million, according to research from The Association of Investment Companies (AIC).

Investing the full ISA allowance annually from 1999 to 2023, a total of £306,560, and reinvesting the dividends in HgT shares would have generated a tax-free amount of over £2.2m by 31 January 2024.

Jim Strang, Chairman of HgT, commented:

Past performance is not a reliable indicator of future results. The value of shares and the income from them can go down as well as up as a result of market and currency fluctuations and investors may not get back the amount they originally invested.

“HgT delivered a resilient performance in 2023, successfully navigating challenging market conditions. The portfolio maintained strong underlying performance over the year with sales and EBITDA across the top 20 investments (76% of the portfolio) growing at 25% and 30% respectively. Investment activity was notably lower in the first half of 2023 than seen in previous years, as the Manager took a cautious stance on investment activity. However, a stabilisation in market conditions supported an increase in activity for the kind of highly sought-after companies that constitute the portfolio, throughout the second half of the year.”

David Toms, Head of Research at Hg, commented:

“During a period of increased volatility, the resilience of the Hg portfolio has been demonstrated with valuations and profitability remaining stable. HgT’s companies are characterised by visible and greater than 90% recurring revenues, attractive margins of over 30% and by the ability to grow EBITDA organically by 10 to 15% each year, with further growth coming from M&A activity. These characteristics provide exceptional resilience when the cycle swings downward and form a stable platform for accelerating growth when market conditions recover.”

SUMMARY PERFORMANCE

	29 February 2024	% Total return	31 December 2023	31 December 2022	% Total return
NAV per share	500.4p	-0.0%	500.5p	456.6p	+11.1%
Share price	440.0p	+1.3%	434.5p	350.5p	+26.2%
FTSE All-Share Index		-1.1%			+7.9%
		YTD 2024 Movement			2023 Movement
Net Asset Value	£2.3bn	+£0m	£2.3bn	£2.1bn	+£201m

Source: Hg, Factset. All references to total return allow for all historic dividends being reinvested

Note: Hg undertakes full revaluations of the portfolio on a quarterly basis, the next process being 31 March 2024, therefore the movement in unrealised value of the portfolio to the end of February 2024 is attributable to FX only.

PERFORMANCE OVERVIEW

Net assets of £2.3 billion, with continued long-term outperformance of the FTSE All-Share over one, three, five, ten and twenty-year periods:

- NAV per share of 500.5p, a total annual return of +11.1% to 31 December 2023.
- Share price total return of +26.2% over the year.
- Proposed final dividend of 4.5p per share (full year dividend of 6.5p per share).

Strong double-digit growth from the top 20 portfolio:

- Revenue and EBITDA growth of 25% and 30% respectively across the top 20 investments (76% of the portfolio) over the last twelve months, EBITDA margins of 31%.

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- Valuation multiple (EV/EBITDA) of 26.1x and net debt to EBITDA ratio of 7.4x for the top 20 investments (76% of the portfolio).

Continued portfolio activity and commitments to drive future value:

- £324 million of realisations, including full and partial exits, refinancings and secondary Hg fund transactions.
- Continued investment with £74 million invested on behalf of HgT into companies that Hg (the Manager) has known for many years and have demonstrated a track record of strong performance across market cycles.
- Further commitments of c. £183 million to Hg Funds, with total outstanding commitments at 31 December 2023 of £1.2 billion. These will be deployed over the next three to four years.

POST PERIOD TO 29 FEBRUARY 2024

- Pro forma NAV per share of 500.4p.
- Pro forma Net assets of £2.3 billion.
- Share price of 440.p, performance of +1.3% since 31 December 2023.

Realisations and investments

- The sale of Argus that completed in February 2024 represented the fourth material realisation event announced by Hg over the prior four weeks, including partial realisations in IRIS, Visma and GGW resulting in c. \$3.5 billion of proceeds that will be returned to Hg clients, including c. £191 million to HgT, once these transactions close in 2024.
- Estimated £148 million invested by HgT, primarily into four new and existing investments.

Liquid resources and commitments

- Further £25m increase to the revolving credit facility agreed in March 2024 bringing the total facility to £375m, with the term extended to three years, until March 2027.
- Available liquid resources (including the credit facility increase) post-completion of all announced transactions and the full year dividend payable in May 2024, are £700 million (31% of 29 February pro-forma NAV).
- Outstanding commitments of £957 million (42% of 29 February pro-forma NAV). We expect these to be drawn down over the next three to four years.

OUTLOOK

Commentary from Hg (the Manager):

The combination of the long-term nature of listed private equity investment with the types of business that Hg invests in, and robust double-digit growth in trading is expected to continue to drive long-term performance

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- Against a challenging macro environment, Hg's portfolio has demonstrated resilient performance.
- This has been underpinned by the underlying portfolio companies which remain focused on selling business-critical and non-discretionary software and services to their customers with predictable levels of recurring revenue.
- An improving investment environment supports a likely increase in deployment in 2024.
- Further liquidity events are anticipated over the next twelve months.

- Ends -

HgT's 2023 Annual Report, results presentation and an animated presentation from Hg to accompany the results are available to view at: <http://www.hgcapitaltrust.com/>.

For further details:

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About HgCapital Trust plc

HgCapital Trust plc is an investment company whose shares are listed on the London Stock Exchange (HGT.L). HGT gives investors exposure, through a liquid vehicle, to a portfolio of high-growth unquoted companies, managed by Hg, an experienced and well-resourced private equity firm with a long-term track record of delivering superior risk-adjusted returns for its investors.

For further details, see www.hgcapitaltrust.com and www.hgcapital.com

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