Jim Strang
Chairman, HgT

> "The first half of 2025 has proven to be a period of considerable uncertainty. The change of government in the United States and the significant variability of policy and actions that ensued have exacerbated what was an already highly volatile environment. Against this backdrop, the companies within the HgT portfolio continued to report robust underlying trading performance, with LTM sales growing at 19% and EBITDA growing at 18% respectively, materially above the growth rates of their quoted peers. However, any appreciation in HgT's NAV per share was substantively affected by the reduction in the valuations of comparable listed companies used to derive the carrying value of the HgT portfolio. The HgT share price declined by 3.8% and the NAV per share by 0.4% in the period."

Chairman's statement

The first half of 2025 was an active period for new investments and realisations. This was accompanied by robust underlying trading performance across the existing portfolio. The deal markets for private equity transactions continued to gradually improve over the period, aided by increased investor confidence and more accommodative conditions in credit markets. Furthermore, the kind of high-quality software businesses that form the HgT portfolio continued to perform despite the challenging macro-economic conditions and are viewed as some of the most attractive areas in which to invest across private markets.

The portfolio delivered strong growth in sales and profitability with LTM sales growth of 19% and EBITDA growth of 18% respectively. The EBITDA margin across the portfolio averaged 33%. Hg continues to refine and enhance its in-house value creation capabilities to support these portfolio companies in reaching their ambitious growth targets, making a significant contribution to performance achieved. Hg consistently invests in its own team to support portfolio value creation and now has over 60 full time team members deployed in this area working collaboratively with portfolio company management teams. AI remains an area of major focus for the value creation team which seeks to lead on how to successfully leverage this new technology through its own work and through a number of strategic partnerships with leading players in AI, notably Anthropic (Claude), Replit, Cognition Labs (Devin and now Windsurf), Forethought, Intercom, and this network continues to grow.

Highlights to 30 June 2025 included:

- **(3.8)% total share price return**
- **(0.4)% NAV per share total return, with net assets of £2.5 billion**
- **LTM revenue and EBITDA growth of 19% and 18% for the portfolio, with an average EBITDA margin of 33%**
- **Investments of £306 million and gross realisations of £165 million**
- **£432 million of liquid resources available, including a £375 million credit facility, which was undrawn at 30 June 2025**
- **£1.4 billion of outstanding commitments to Hg funds to be invested over the next four to five years**

Performance

The NAV of HgT over the first six months of 2025 was largely flat with a 0.4% decline on a total return basis, as the positive contribution from strong trading in the underlying portfolio was offset by a contraction in multiples from companies in the HgT valuation basket and by adverse FX movements (see charts on page 31 for full details). Following a decline in NAV in the first quarter of 2025 (-2.0%), performance was positive in the second quarter (+1.6%) driven by strong earnings growth. HgT's share price saw a total return of -3.8% over the six-month period. On a long-term basis, HgT has seen a share price CAGR on a total return basis of 19.2% p.a. over the past 10 years, outperforming the FTSE All Share index by 12.4% p.a.

Total net assets of HgT at 30 June 2025 were £2.5 billion. An analysis of NAV movements and movement within the underlying portfolio is set out on pages 30 and 31 of this report.

At the end of June 2025, the HgT portfolio consisted of 57 investments, all of which focus on mission-critical B2B software and technology enabled service applications. This portfolio has continued to perform

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.

well, delivering revenue and EBITDA growth of 19% and 18% respectively over the last 12 months, reflecting the defensive growth and recurring revenue nature of these businesses. Profitability continues to be strong with an average EBITDA margin of 33% across the portfolio. These businesses typically exhibit highly predictable forward cash flows and are appropriately financed (on an individual basis), including significant debt covenant flexibility around their financial structures. The average ratio of net debt to EBITDA across the portfolio at the end of the period was 7.4x (December 2024: 7.4x), while the average valuation multiple for the portfolio was 25.7x EV-to-EBITDA (December 2024: 26.1.x), which implies that debt accounts for less than 30% of the average portfolio company capital structure. This allows for a significant equity cushion within the portfolio, reflecting the thoughtful approach to leverage, and is consistent with similar peer companies in the market. Notably, Hg has a dedicated debt capital markets team which continually monitors and manages the capital structures of the underlying portfolio companies to ensure they are as robust and flexible as possible in terms of tenor, interest cost and maturity.

As regards dividends, HgT aims to achieve long-term growth in the net asset value per share and in the share price, rather than to deliver a specific dividend yield, with the dividend primarily determined by the level of income from the underlying portfolio, which can vary over time. As regards the current financial year, the Board HgT has declared an interim dividend of 2.0 pence per share (June 2024: 2.0 pence per share), payable in October.

Dividend re-investment plan: page 63 of this report.

Dividend: see page 63 of this report.

“Trading across the portfolio remains robust, delivering strong growth in sales and profitability at attractive margins, the key driver of long-term performance for HgT and its shareholders. Despite the challenging market conditions, Hg continues to deliver a steady flow of liquidity events across the portfolio.”

Investments and realisations

HgT saw significant continued investment activity over the first half of 2025, with a total of £306 million of new and follow-on capital deployed over the period in nine transactions, including further investments into IFS, P&I, Citation and a new investment in Scopevisio. This total includes £34 million of co-investment (on which HgT does not pay management fees or performance fees). Further investments to finance bolt-on M&A are an area which Hg has highlighted as particularly attractive in the current environment and where the sector-leading businesses across the portfolio can improve their relative market positions, product and service offering.

Post-period, investment of £53 million was made into A-LIGN, a new portfolio company, including a £4.0 million co-investment, which completed in August 2025, and £17 million into Payworks, a Canadian leader in total workforce management, which was announced in September 2025.

HgT has increased its exposure to co-investments over the period, with further investment expected over the next twelve months. HgT currently has just over 10% of net assets in co-investment (vs 9% in December 2024) in line with HgT's long-term goal of 10-15%. Increasing the allocation to co-investments allows HgT to utilise more fully its available liquid resources, to improve returns and to reduce the overall fee for shareholders.

Despite the challenging market conditions, Hg delivered a number of liquidity events across the portfolio. Over the period under review, six such transactions were completed, including the full and partial exits of smartTrade and Trackunit with additional proceeds generated from partial sales of P&I and Citation. In aggregate, HgT saw £165 million in realisations from the underlying portfolio, representing 7% of opening net assets. This continues a track record of strong realisation activity, which has generated liquidity of 24% of opening net assets on average for the preceding five financial years.

Exits over the last 12 months (LTM) achieved an average of 11% above carrying value. Valuations remain an area of continued focus for the HgT Audit Valuation and Risk Committee ('AVRC'), with a long-term record of exits above carrying values.

This realisation activity continues to distinguish Hg in a market environment where generating liquidity remains challenging. Hg's recent record of delivering more than £9 billion of total realisation proceeds to its investors (including HgT) over the last two years highlights the fundamental strengths and attractiveness of the underlying portfolio to both trade and financial buyers.

Portfolio transaction activity: see pages 36 to 39 of this report.

Fundraising

In line with HgT's long-term investment model, a number of new commitments were made in the period to the next series of funds being raised by Hg. Hg continues to demonstrate a disciplined approach to fundraising, matching their desired fund size targets to the deal opportunities they are tracking. In Q1 2025, HgT committed $1.0 billion to Hg's Saturn 4 fund, with additional new commitments in July to Hg Genesis 11 of €350 million and Hg Mercury 5 of €150 million. All new fund commitments benefit from a subscription facility, meaning that Hg Saturn 4 will be drawn from 2026 and Hg Genesis 11 and Hg Mercury 5 anticipate the first capital calls in 2027. The Board has the ability to further increase these Hg Genesis and Hg Mercury commitments in later quarters as those fundraisings progress. These commitments will also benefit from sitting behind subscription facilities. As for previous vintages, HgT maintains its specific 'opt out' right on these new fund commitments (see Balance sheet section below).

As shareholders will be aware, committing to Hg's future funds is the single greatest lever HgT has to support the long-term growth in NAV. Participating in this latest fundraising process will continue to underpin HgT's long-term growth while the sizing of these commitments is appropriate for the financial resources available to the company. HgT continues to participate in this vintage as Hg's largest single client.

Hg funds: see page 24 of this report.

Capital Allocation

As part of the Board of HgT's commitment to shareholders, our primary objective is to maximise investment returns through a disciplined approach to the allocation of available liquid resources. This incorporates the ongoing monitoring by the Board, working with the Manager, of forecast cash flows and estimated returns. As I have stated in past reports, the Board continually seeks ways to improve the effectiveness of governance. As part of this process, much attention has been devoted to the topic of capital allocation, including listening to shareholder feedback. The approach, framework and tools adopted are set out below.

Investments

At the core of the capital allocation policy is the imperative to drive compelling investment returns for shareholders. HgT has delivered strong shareholder returns to investors over a period of more than two decades, a fact highlighted by the Association of Investment Companies ('AIC').

The Board seeks to maintain this impressive track record by continuing to access the repeatable returns delivered by the Hg investment platform over the long-term. HgT's commitments to Hg funds ensure that HgT maintains exposure to Hg's deal flow, which is the single biggest driver of investment opportunities with the potential to generate long-term returns. As such, the first priority of the Board is to ensure that HgT is positioned to access these returns to the fullest extent possible, at acceptable levels of risk. This includes co-investment opportunities (free of management fees and performance fees), in what remains an attractive investment environment.

Buybacks

From time to time, market conditions can create divergence between the share price of HgT and its net asset value. The Board, the Manager and HgT's broker monitor such divergence closely, following a clearly defined share buyback framework. The Board has developed a process with a number of 'triggers' set by absolute and relative levels of share price discount over various time periods. Where two or more such 'triggers' are activated, the Board formally considers the appropriateness of buying back shares, giving due regard to the relative merits and opportunity costs of doing so on long term NAV growth.

Dividends

Dividends payable by the company are in part determined by the levels of income that are generated by the underlying assets of the portfolio. As deal structures used by Hg have evolved, the level of income generated has trended lower in recent years, albeit it can easily vary from one year to the next. In this context, the Board has in recent years guided shareholders to viewing 5p per share as a reasonable basis for a dividend 'floor'.

Business Model – Dividends: see page 15.

Shareholder information – Dividends: see page 63.

Debt facility

The final element of the capital allocation policy relates to the use of leverage. HgT maintains a Revolving Credit Facility of £375 million (c.15% of net assets) to support the implementation of the investment strategy.

Balance sheet

A key role of the Board is to balance considerations of HgT's future commitments to Hg funds, balance sheet and cash position, while maintaining a clear focus on risk. This is a continuous cycle of activity which has to adapt to unpredictable events. HgT has invested in upgrading the systems used to manage this process, aligning them with similar tools that Hg uses to manage its own cash-flow forecasting. As a result, the Board benefits from the ability to assess the various scenarios with a greater degree of granularity which should enhance the quality of decision making.

As one of the tools used to manage the balance sheet, HgT has a revolving credit facility to support the investment programme and to improve balance sheet efficiency. In 2024, HgT increased its facility to £375 million, representing c.15% of NAV, consistent with the historical sizing of this facility. This will aid HgT's future cash flow management, allowing it to remain more fully-invested across the cycle.

As a reminder, HgT benefits from an 'opt out' clause within its underlying investment agreements with Hg (please refer to business model on page 14 for further details), which provides a useful risk management tool as the Board seeks to manage and optimise the HgT balance sheet.

Impact and sustainability

The Board and the Manager, Hg, continue to increase their focus on using sustainability as a value creation tool. We share a firmly held view that not only should the financial returns to shareholders be attractive but, they must be delivered in a manner which is consistent with our responsibility to society. As a technology investor, the Board understands the need to ensure that those businesses in which we invest reduce their carbon footprint and contribute to tackling climate change.

The UN Principles for Responsible Investment (UNPRI) assessment of Hg's approach to responsible investment is 5* (94%) for policies and stewardship and 5* (97%) for Private Equity, and the Board of HgT meets regularly with the Hg Responsible Investment team to ensure that Hg's work is well understood and endorsed by the Board. As we have previously reported, Hg launched The Hg Foundation in 2020 – a charitable enterprise which provides funding and operational support to initiatives across Europe, the UK and the US. The Hg Foundation's goal is to have an impact on the development of those skills and learning most required for employment within the technology industry, focusing on individuals who might otherwise experience barriers to access this education. The Foundation is funded by the Hg management company and its team members.

Sustainability: see page 26 of Hg's review.

The Hg Foundation: see page 27 of Hg's review.

Reporting and Transparency

The Board continues to look at ways to increase the effectiveness of communications for shareholders.

As part of this initiative, HgT now provides preliminary trading updates post period ends, which provide our shareholders with earlier guidance on the performance of HgT ahead of the full year and interim results, but after review by the HgT Audit Valuation and Risk Committee ('AVRC') and approval by the HgT Board.

HgT has also engaged with third-party marketing specialists to increase the scope and reach of its marketing activities in the UK and overseas, where regulations permit.

The HgT website and social media presence are constantly reviewed in order to continue to improve our dissemination of information to all shareholders and there are additional initiatives in progress to further increase shareholder engagement.

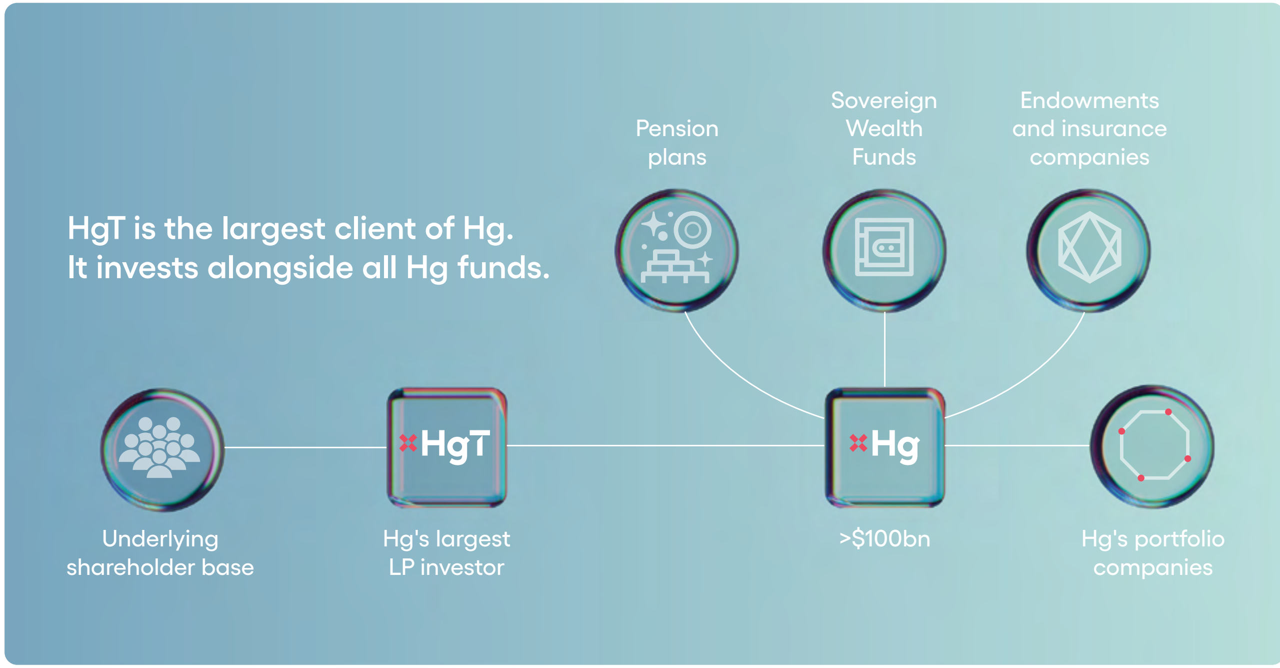
HgT website: hgcapitaltrust.com

Board and governance

In late 2024 we commenced the process to find a new Non-Executive Director and an external search firm was engaged to support the Nomination Committee and the Board in delivering a successful outcome, noting the skills and experience which would be most additive to HgT.

We were pleased to announce in July the appointment of Graham Paterson to the Board. Graham is an experienced investment professional with over 25 years' experience in private equity and as a chartered accountant, brings a unique combination of skills and personal strengths that are highly complementary to HgT now, and as we continue to execute our strategy of investing in a portfolio of high-growth private companies in the software and services sector.

On appointment to HgT, he joined the Audit, Valuation and Risk Committee, the Nomination Committee and the Management Engagement Committee. Subject to his election at the Company's 2026 Annual General Meeting ('AGM') in May 2026, Graham will take on the role of HgT's Chair of the Audit, Valuation and Risk Committee, replacing Richard Brooman, who will retire from the Board at the conclusion of that AGM.



Nomination Committee report see page 106 of the 2024 Annual Report governance section.

Prospects

The elevated risk levels discussed in the 2024 Annual Report remained a factor over the first six months of 2025 and HgT has continued to navigate these. Amongst key external risks, both geo-political risk and cyber risk are expected to remain elevated, and the environment in which HgT operates remains volatile. Risk is very much front and centre of the considerations of the Board. We continue to refine and enhance the tools and processes used to identify, articulate and mitigate the risks HgT faces.

While aware of the uncertain world in which HgT is operating and the potential impact on factors such as foreign exchange and public valuations, which remain outside of the company's control, the Board remains positive on the outlook for trading across the portfolio.

HgT benefits from the outstanding quality of Hg as manager and from the successful investment strategy Hg has developed, investing in resilient businesses with strong repeat revenue B2B models, which solve key business problems for their numerous customers around the world. The investment "machine" that drives the performance of HgT is working well, delivering attractive new opportunities for the portfolio while continuing to successfully monetise successful exits from the mature assets HgT holds. Trading across the portfolio remains robust, delivering strong growth in sales and profitability at attractive margins, the key driver of long-term performance for HgT and its shareholders.

Jim Strang
Chairman
12 September 2025