



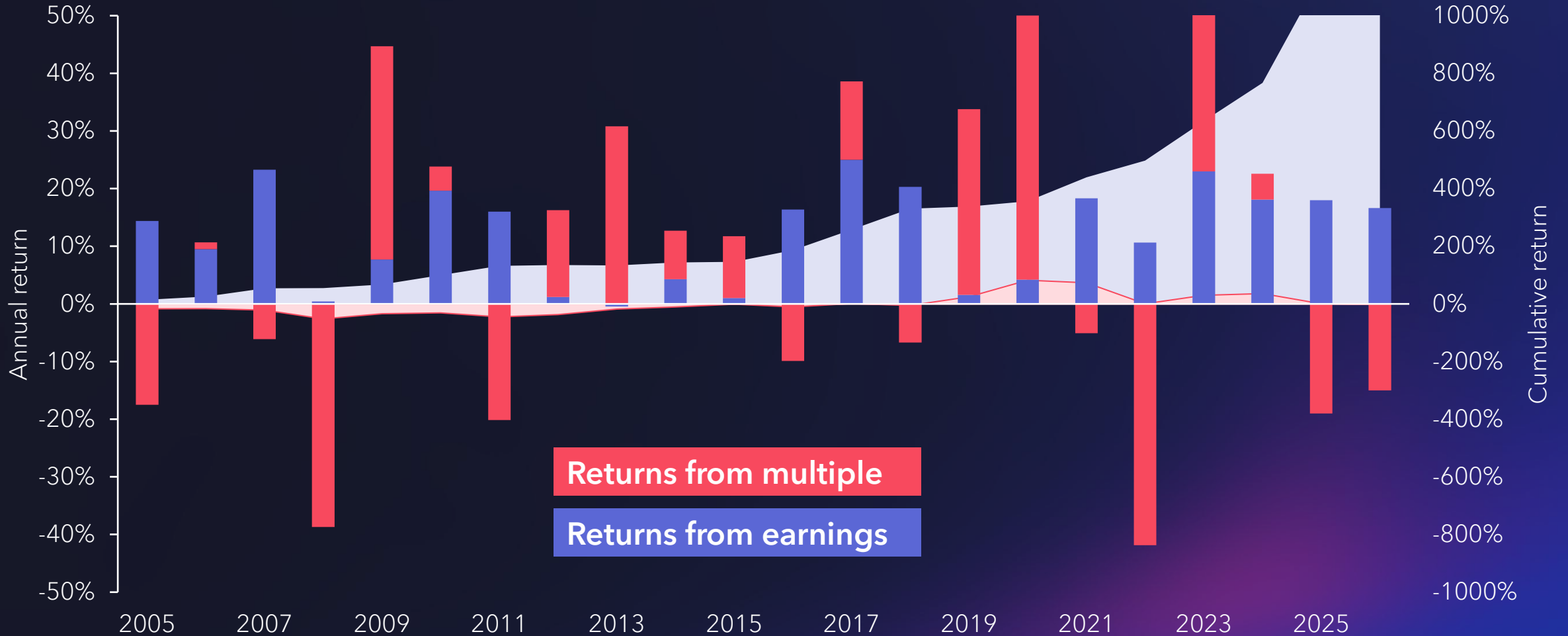
# Software in the age of AI

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# In the long run, earnings growth is the key driver of returns

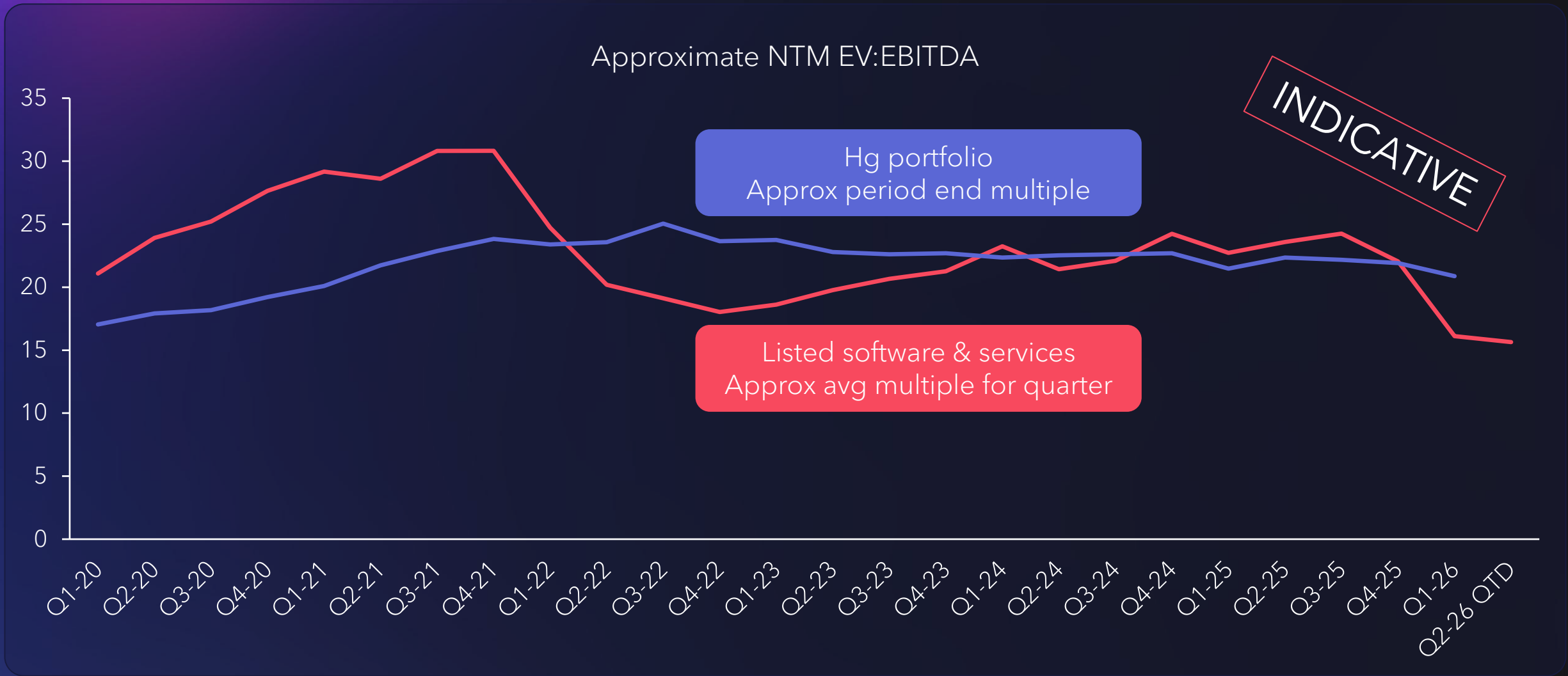
Earnings drive consistent returns. Multiples are much more volatile



Based on IGV ETF (tracks c. 100 US tech companies, mainly software), NTM PE and NTM EPS, sourced from Factset 31/5/26.

Note: stated figure for IGV 2025 NTME earnings growth is 43%, however, this includes a significant distortion in Dec 2025 from an unidentified effect, potentially Strategy's Bitcoin-derived earnings. Unwinding this indicates c. 20% earnings growth and c. 20% multiple contraction. 2026 distortion was lower, but also adjusted; -6% NTM EPS growth YTD actual vs simple average of top 15 relevant software names (>50% of industry by revenue) 8% EPS growth ytd, 16% annualised. PE stated -3% decline, adj -15%. These adjustments include an element of subjective judgement so should be treated as indicative rather than precise.

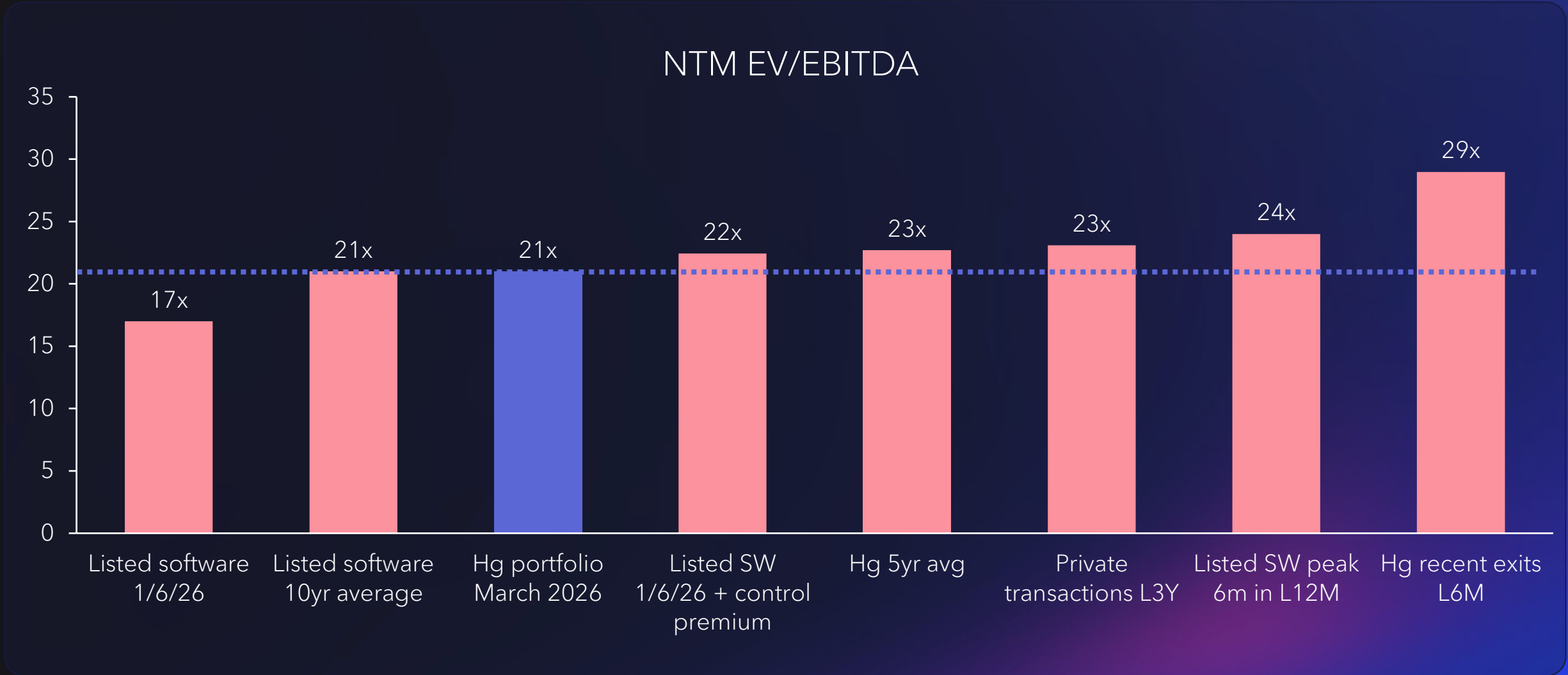
# Share price on any given date is NOT the value of a whole company



Note: Approximate - in Hg's judgement, in order to maximise comparability, it is most appropriate and conservative to use NTM EV:EBITDA for public companies, and compare this to the stated portfolio LTM EV:EBITDA, adjusted by 15% to convert to NTM (reflecting 15% EBITDA growth). LTM figures for public companies may not include the full annual impact of recent M&A, thus provide an excessively high multiple. Hg figures are calculated on an LTM basis which is already pro-forma for the annualised impact of M&A; EBITDA growth has consistently averaged at least 15% over the last 5 years. These figures should be taken as indicative only.

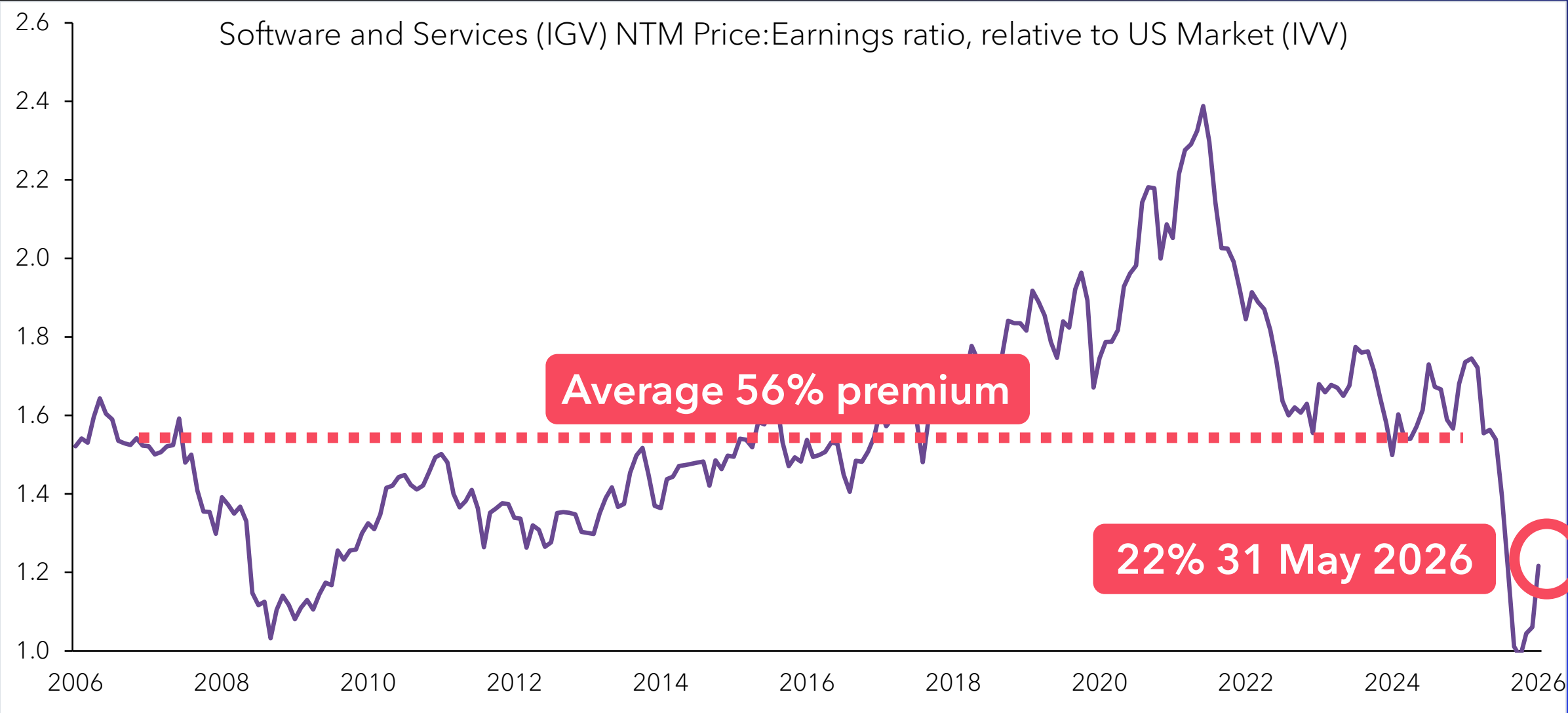
Source: Factset, HgT reports, 31/05/26; listed S&S based on IGV ETF average quarterly multiple.

# Hg's multiples sit centrally in a range of scenarios



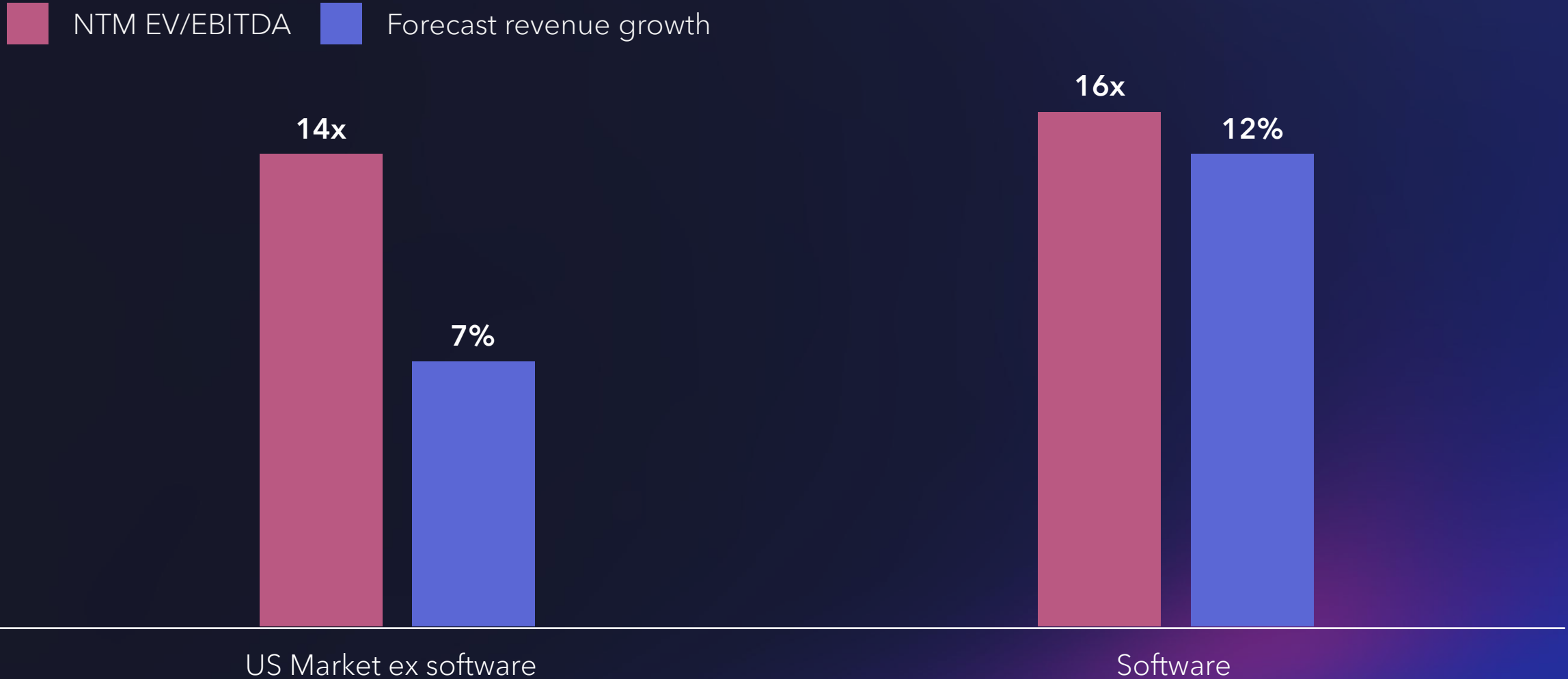
Notes: Hg recent exits based on average 38% EV premium to book value achieved by Intelrad, Gtreasury and Geomatikk, applied to overall portfolio multiple. Listed software highest 6m average in last year is period May-October 2025. Private transactions based on Hg's private comp set used in quarterly valuations. Hg 5yr average is based on quarterly data as-reported by HgT, adjusted by 15% to reflect NTM vs LTM basis. Listed software today with control premium adds 32% to current multiples, based on analysis produced for Hg by a major investment bank. Hg 10yr average is based on quarterly or 6-monthly (pre 2020) data as-reported by HgT, adjusted by 15% to convert LTM to NTM. Listed software multiples are all based on IGV as reported by Factset as of 1/6/2026.

# Public market software valuations: unusually low software premium



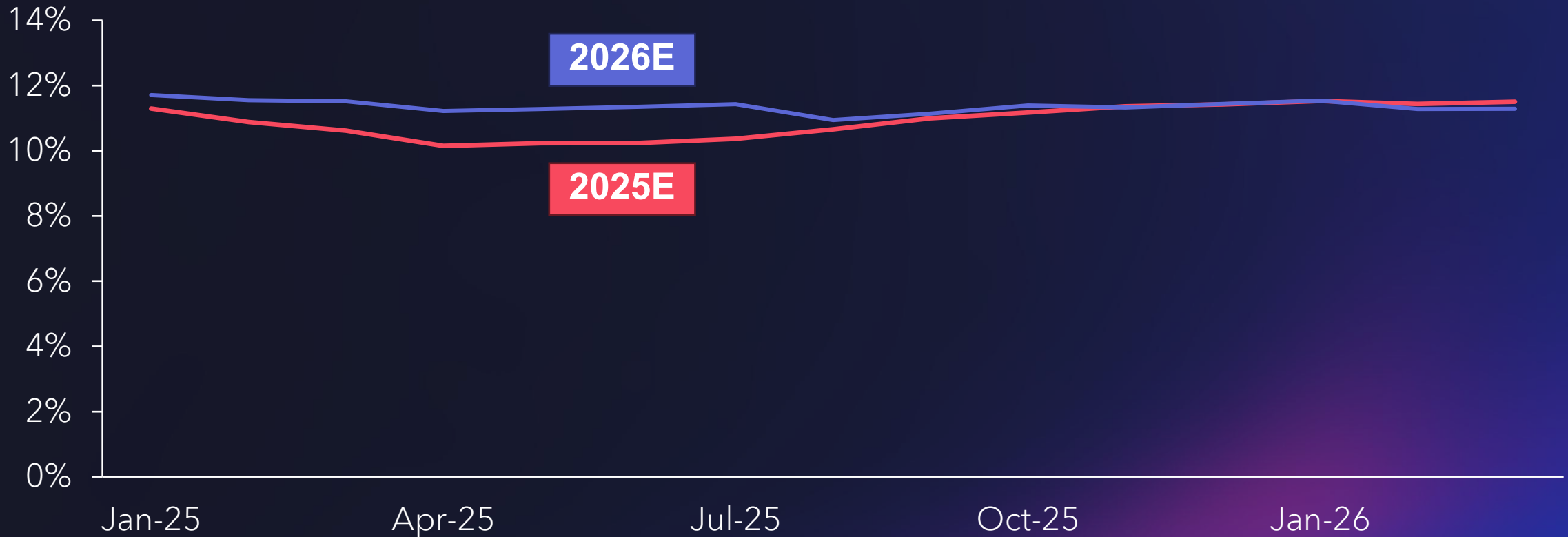
Source: Hg analysis as at 31 May 2026, Factset IGV and IVV ETFs used represent, respectively, US Software and Services, and the broad US equity market.

# Similar multiples, but very different growth prospects



# Revenue growth forecasts showing no impending slowdown

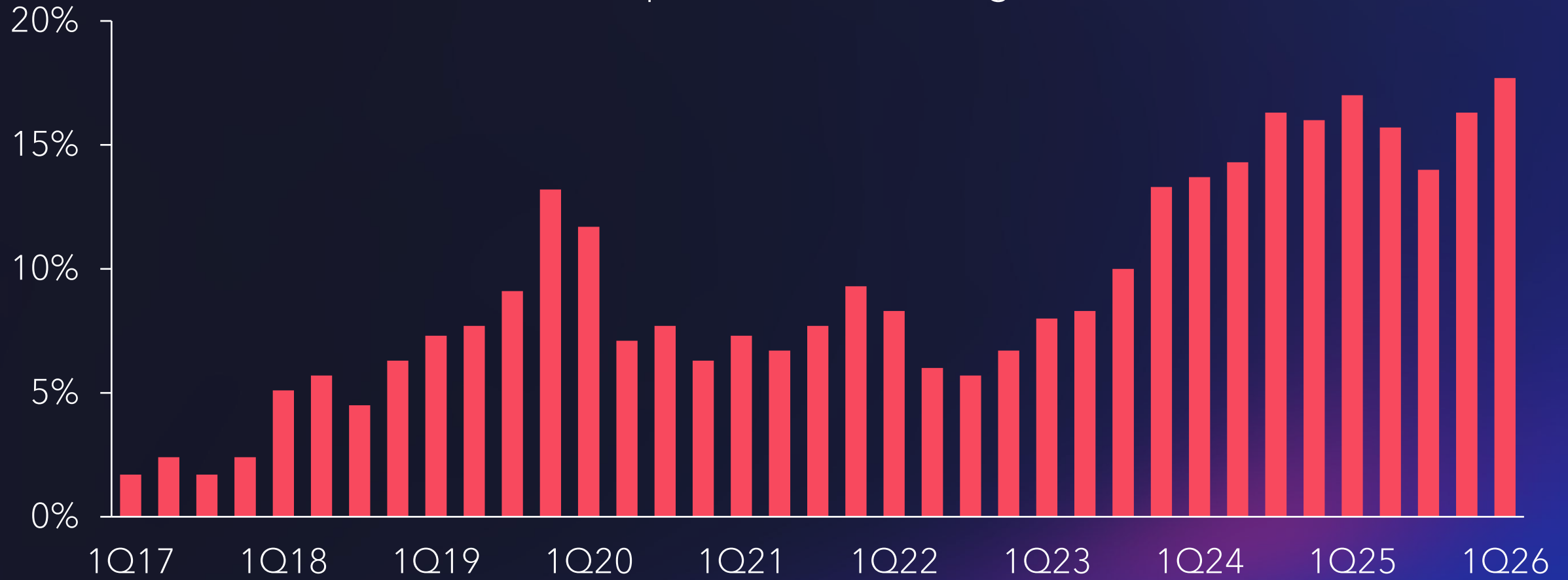
Evolution of revenue growth expectations for 2025 and 2026  
 Simple average of c. 140 listed software companies.



Past performance is not a reliable indicator of future results.  
 Note: Based on proprietary Hg dataset of c. 140 listed software companies.

# The new growth budget is AI

“Which projects are seeing the largest spend increases?”  
% of respondents choosing AI



# But spend is not evenly distributed

## Where the Money is Flowing in Enterprise AI



Source: A16z analysis and publicly reported data from AI-native startups.  
Note: Numbers rounded to avoid false precision.

## Continued robust software growth...

- ... as incumbents participate in the new opportunities created by AI.
- Early winners starting to emerge at platform layer, apps layer will take longer.

## Incremental AI disclosures - the missing link

- Operational metrics demonstrating progress
  - - e.g. pull requests, token usage (hotly debated<sup>1</sup>), products in market
- Initial *ad hoc* disclosures, evolving to meaningful quantitative datapoints.

## Quantifiable AI success by incumbent software companies

- Inflection in revenue and earnings growth, led by AI

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