# Chairman's statement

The first half of 2026 saw a sharp and indiscriminate sell-off in public market software companies, reflecting market concerns over the potential negative impact of artificial intelligence ('AI') on established business models. As a result, the valuation multiples of comparable companies used to value HgT's portfolio companies reduced significantly, particularly in the first quarter, before stabilising in the second. Encouragingly, a number of public comparables have since seen a material recovery in H2 to date, with the market now beginning to differentiate between those businesses best placed to benefit from AI, and those considered at greater risk of disruption.

As we have commented before, it is the belief of the Board that underlying trading performance from the HgT portfolio companies rather than short-term movements in valuation multiples drives long-term performance for shareholders.


"The underlying trading performance across the HgT portfolio continues to be strong. The businesses that make up the HgT portfolio are demonstrating performance above the level seen in the prior year, growing profits at 19% on average. While HgT's share price performance during the period was disappointing, this core driver of long-term shareholder value, together with Hg's leadership in AI and a gradual recovery in the M&A market for technology companies, gives the Board grounds for optimism about prospects for the second half of the year."

**Highlights to 30 June 2026 included:**

- **NAV per share total return of -4.9% for H1 2026, with net assets of £2.4 billion**
- **Share price total return of -24.9% with capitalisation of £1.7 billion**
- **LTM revenue and EBITDA growth of 16% and 19% (organic growth of 11% and 17%) respectively for the portfolio, with EBITDA margins of 34%**
- **Reduction in valuation multiples from 25.2x to 22.9x; reduction in portfolio level debt from 7.4x to 6.9x**
- **Investments of £146 million and gross realisations of £134 million during the period, with full exits completed at an average uplift of 31% to carrying value**
- **Available liquid resources of £254 million (including a £375 million credit facility, of which £134 million was drawn at 30 June 2026)**
- **Outstanding commitments to Hg funds of £2.0 billion, of which £1.8 billion is expected to be called over the next four to five years**
- **Share buybacks of £19 million over the period**
- **Hg announced its intention to increase its aggregate strategic ownership of HgT from c.6% to more than 15% over the medium term, with on-market purchases now underway**

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.

In that regard it is encouraging to report last twelve months ('LTM') revenue and EBITDA grew at 16% and 19% respectively, with EBITDA margins of 34%. These figures are very much in line with the levels reported in prior periods and reflect the quality of the HgT portfolio. The fundamental trading performance added 11% to portfolio value over the first half of 2026 however, as noted, this was more than offset by a 13% reduction in valuations due to the contraction in comparable multiples.

The Board has spent considerable time with Hg to understand the risks and opportunities the current environment presents. From these interactions the Board believes that Hg is leading the thinking around how to successfully navigate and benefit from this latest wave of technological innovation. There will inevitably be disruptive effects from this. However, the view of the Board is that the HgT portfolio is well positioned to be a net beneficiary of these changes, a view underpinned by recent successful exit activity.

The Board remains confident in the appropriateness of the HgT investment strategy. The long-term investment case for the mission-critical B2B technology and services businesses that make up the HgT portfolio remains very much intact. Notably, the businesses in the portfolio are typically deeply embedded in their own customers' workflows, hold proprietary domain data built up over many years, and operate in regulated or high-trust environments where switching costs are high. These are characteristics that we believe make them resilient to, and indeed well-placed to benefit from, the application of AI.

Hg's own investments in AI capabilities, including a team of over 150 AI-first specialists and partnerships with leading AI companies such as Anthropic, Replit, Cognition Labs (Devin and now Windsurf), Forethought and Fin (formerly Intercom) are designed to ensure portfolio companies lead this transition. The recent exits of GTreasury, Intelerad and Quantios were each underpinned by AI products built with the support of Catalyst, Hg's in-house AI product incubator. This realisation activity, achieved at material uplifts to HgT's carrying values, provides early evidence of this leadership translating into value.

Driving AI transformation

## Performance

HgT's NAV total return for H1 2026 was -4.9%, comprising a decline of 5.4% in the first quarter followed by a broadly flat +0.5% in the second quarter as public market valuations stabilised. On a long-term basis, HgT has achieved a NAV and share price total return of 15.1% p.a. and 14.4% p.a. respectively over the past 10 years, outperforming the FTSE All-Share Index return of 8.7% p.a. over the same period.

HgT's total net assets at 30 June 2026 were £2.4 billion, with NAV per share of 530.7 pence. An analysis of NAV movements and movement within the underlying portfolio is set out on pages 34 and 35 of this report.

At 30 June 2026, the HgT portfolio comprised around 60 investments, all of which focus on mission-critical B2B vertical software and technology-enabled service companies. The portfolio companies have continued to report positive trading, as noted above. This performance reflects the defensive growth and recurring revenue characteristics of businesses whose products sit at the core of customer workflows and are built on deep domain expertise, and which benefit from significant customer integration and long-term contractual relationships.

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. Reflecting strong growth in earnings over the first half, the portfolio companies delevered, with the average ratio of net debt to EBITDA declining to 6.9x (31 December 2025: 7.4x). The average valuation multiple for the portfolio reduced to 22.9x EV-to-EBITDA (31 December 2025: 25.2x) over the same period, which implies that debt accounts for around 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 proactively 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. This team has been active throughout the first half of the year where four of the existing investments in the portfolio have been recapitalised on more favourable terms than their existing debt structures.

## Dividends

Regarding 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. For the current half year, the Board of HgT has declared an interim dividend of 2.0 pence per share (H1 2025: 2.0 pence per share), payable in October, contributing towards the Board's guidance that 5.0 pence per share represents a reasonable basis for the annual dividend floor. This disciplined approach to income distribution sits alongside the Board's broader capital allocation framework, set out below, which prioritises reinvestment in long-term NAV growth over yield.

Dividend: see page 65

Dividend re-investment plan: see page 65

## Investments

HgT invested £146 million in the first half of 2026, including new investments in OneStream and Rightsline, and further investment in Septeo and Teamworks, of which £46 million was fee-free co-investment. Co-investments now represent c.11% of NAV, in line with HgT's long-term goal of 10 to 15%.

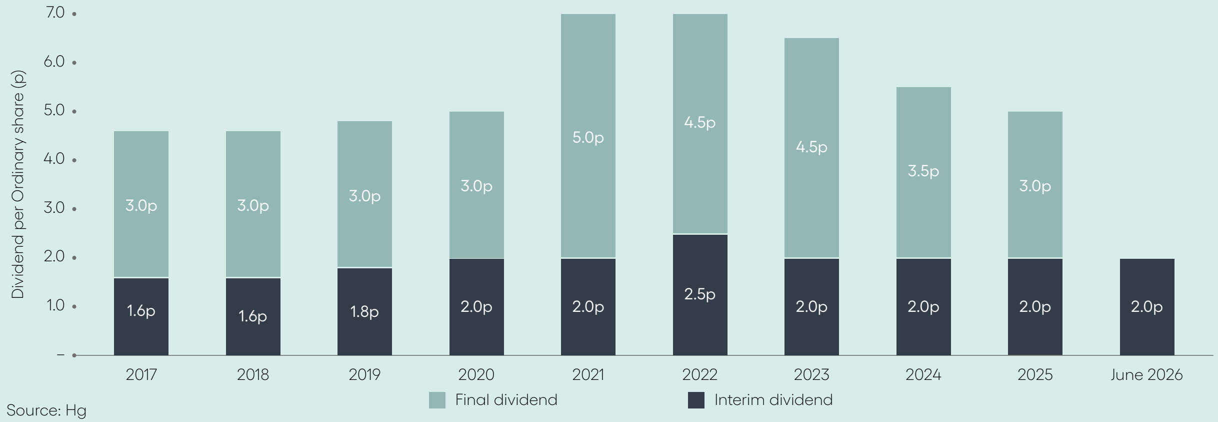
In April, HgT invested £84 million in OneStream, alongside other institutional investors via the Hg Saturn 4 fund. Hg subsequently completed an over-subscribed syndication of $1.5 billion of OneStream equity alongside the Hg Saturn 4 fund. As part of the syndication, HgT invested an additional $9 million (£7 million) in OneStream as a co-investor, increasing its aggregate investment in the business to £91 million. In a separate transaction, Hg agreed the partial sell-down of over €500 million of equity in Septeo Group at the 31 December 2025 valuation to a group of institutional investors. As part of this transaction, HgT took the opportunity to convert c.€45 million (£39 million) of its existing exposure in Septeo via the Hg Genesis 9 fund into fee-free co-investment, co-investing in a structure alongside the new investors coming into the business.

Post-period, HgT completed investments of £7 million in Street Group, a provider of vertical software and AI to the UK residential property sector, and £17 million in Nourish, a provider of software for the UK social and community care sector.

## Realisations

Despite the turbulent market conditions, Hg delivered seven liquidity events in the first half of 2026, generating gross proceeds to HgT of £134 million, representing 5% of opening net assets. This included the full exits of Intelerad

### Ten-year dividend history




Source: Hg
Historic dividends restated for the 10:1 share-split completed in May 2019.

and Geomatikk, at an average uplift to carrying value of 31%, and the partial exit of Septeo. HgT also received proceeds from the recapitalisations of Lucanet, AMDT, Fonds Finanz and Ncontracts, demonstrating continued appetite from lenders for Hg credits.

Post-period, Hg agreed the full realisation of Quantios to Vista Equity Partners, with HgT's share of proceeds amounting to £13 million at an uplift of 31% to carrying value. Quantios provides a further example of AI-driven value creation translating directly into buyer appetite. Central to the transaction was a product-led AI strategy developed with the support of Hg Catalyst, which contributed to the premium achieved. Alongside GTreasury and Intelerad, this demonstrates how upfront investment in a portfolio company's AI product suite is translating into premium exit values and gives the Board further confidence in the valuation basis applied to the wider HgT portfolio.

Valuations remain an area of continued focus for the HgT Audit, Valuation and Risk Committee ('AVRC'), with back-testing of exit valuations providing comfort over carrying values. Year to date realisations, including the post-period exit of Quantios, were completed at an average uplift of 31% to carrying value, consistent with the 10-year average of 29%.

For further detail on portfolio transaction activity: see pages 40 and 41 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, we have given further thought this year to how capital allocation is presented, 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').

theaic.co.uk

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 the Hg fund family 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 priority of the Board is to ensure that HgT is well positioned to access these returns, at acceptable levels of risk. This includes taking up co-investment opportunities (free of management fees and performance fees). 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 paid by shareholders.

#### 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. In doing so, the Board remains mindful that periods of share price volatility can coincide with attractive investment opportunities within the portfolio and therefore seeks to balance short-term discount management with the long-term objective of compounding NAV for shareholders. In the first half of the year, HgT bought back £19 million worth of shares.

#### Dividends

Dividends payable by HgT 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 that 5.0 pence per share is a reasonable basis for a dividend 'floor'.

Business Model – Dividends: see page 17
Shareholder information – Dividends: see page 65

#### Debt facility

The final element of the capital allocation policy relates to the use of short-term credit facilities, providing HgT with a working capital buffer that augments the cashflows from portfolio exits in support of the investment strategy.

Post-period, HgT agreed to extend and upsize the company's revolving credit facility. The expiration date was extended from March 2027 to September 2029, and the total credit available increased from £375 million to £450 million, with significant further upsizing above £450 million available on an uncommitted basis at no additional cost to HgT unless utilised. The increase in facility size is in line with the company's liquidity management strategy and is sized proportionately to the balance sheet and to HgT's outstanding commitments to the latest funds in the Hg fund family.

The refinancing process attracted strong support from both existing and new lenders, allowing HgT not only to increase the quantum of credit available but also to lower the costs to the company. The margin on the revolving credit facility has been reduced to 3.00% over SONIA with a commitment fee of 1.15%, both more favourable than the previous terms of 3.40% and 1.30% respectively. This is testament to the quality of the portfolio, the manager and the Hg Capital Solutions team who led the negotiations with the lenders.

## Balance sheet

A key role of the Board is to balance HgT's future commitments to Hg funds against its 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, and HgT continues to invest in the systems used to manage this process, aligning them with the tools Hg itself uses for cash-flow forecasting, which allows the Board to assess a range of scenarios with a greater degree of granularity. In addition, the Board has a number of tools at its disposal to manage liquidity risk should circumstances dictate.

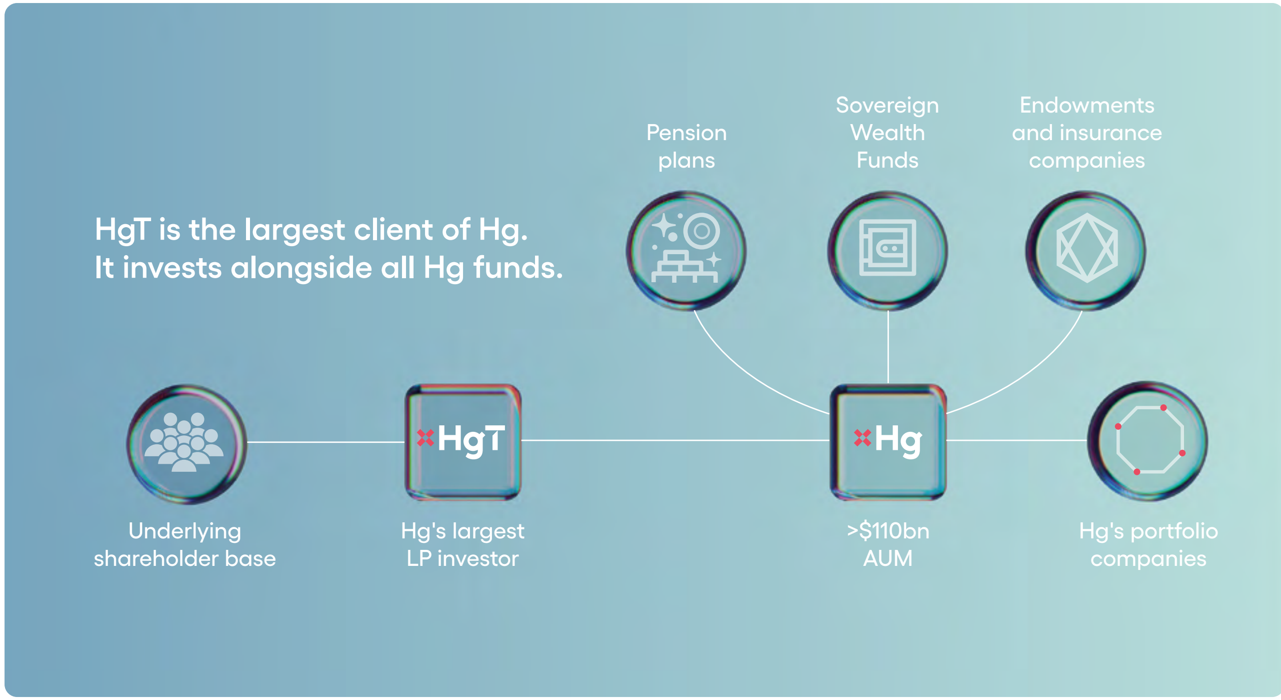
Available liquid resources were £254 million at 30 June 2026 (31 December 2025: £368 million), including HgT's revolving credit facility, of which £134 million was drawn at the period end (31 December 2025: £36 million drawn).

Outstanding commitments to Hg funds stood at £2.0 billion at 30 June 2026, of which £1.8 billion is expected to be called over the next four to five years. The remaining £200 million is not expected to be called. Committing to Hg's future funds remains the single greatest lever HgT has to support long-term growth in NAV. All new fund commitments benefit from a subscription facility, allowing HgT the same delayed drawdowns available to other institutional investors. HgT does not expect the first investments by Hg Genesis 11 and Hg Mercury 5 (together representing c.£850 million of commitments) until early 2027, with the first capital calls to follow in early 2028. As mentioned earlier, HgT maintains its right to opt out of these commitments without penalty.

## Impact and sustainability

The Board and the Manager, Hg, continue to focus on sustainability as a value creation tool. We share a firmly held view that financial returns to shareholders must be delivered in a manner consistent with our responsibility to society. The UN Principles for Responsible Investment ('UNPRI') assessment of Hg's approach to responsible investment remains 5* (100%) across all four areas of policy coverage, AUM coverage, senior-level oversight and accountability, and responsibility for implementation, and the Board meets regularly with Hg's Responsible Investment team to ensure Hg's work is well understood and endorsed by the Board.

Sustainability and the Hg Foundation: see page 29




## Reporting and transparency

The Board continues to look at ways to increase the effectiveness of communications with shareholders. HgT has provided trading updates since 2024 ahead of full year and interim results, following review by the HgT AVRC and approval by the Board.

Alongside this, HgT continues to broaden the reach of its shareholder communications more generally. The Company has engaged with third-party marketing specialists in the UK and overseas, where regulations permit, and hosted a Capital Markets Day in June, giving shareholders and analysts direct access to Hg's thinking on AI and its implications for the portfolio. Presentation materials and recordings from the event are available on the HgT website.

HgT website: hgcapitaltrust.com

HgT's presence on social media also continues to grow, with an increasing focus on LinkedIn content spanning AI-focused case studies from across the portfolio, wider perspectives from Hg's own team, and contributions from external voices across the portfolio and the wider AI industry. We encourage shareholders to follow HgT's channels to access this content, and additional initiatives are in progress to increase engagement further.

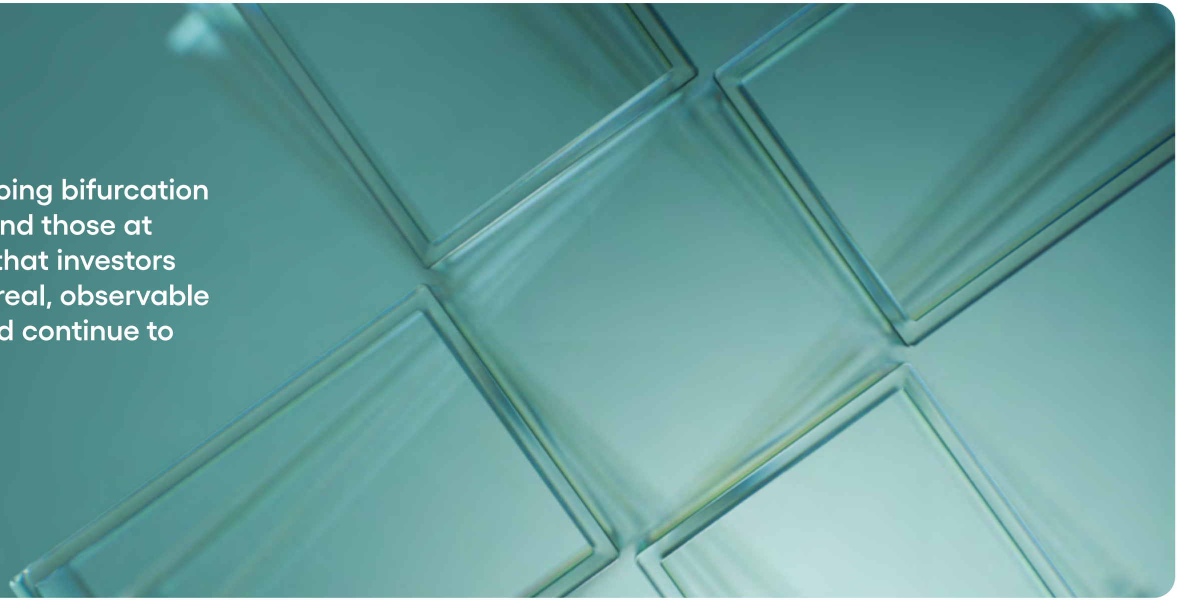
HgT LinkedIn

## Board and governance

Following his election at the Company's 2026 Annual General Meeting ('AGM') on 7 May 2026, Graham Paterson took on the role of Chairman of the AVRC at the conclusion of that AGM, succeeding Richard Brooman, who retired from the Board after 18 years of service to HgT. This transition reflects the orderly succession planning the Nomination Committee has overseen since Graham's appointment to the Board in July 2025.

On behalf of all the HgT stakeholders I would like to extend my deepest thanks to Richard for his many years

> "The second half of 2026 is anticipated to see ongoing bifurcation between businesses that are net beneficiaries of AI and those at greater risk of disruption. The Board's expectation is that investors will reward companies that are able to demonstrate real, observable AI traction, such as those within the HgT portfolio, and continue to discount those that cannot."
>
> **Jim Strang**
> Chairman, HgT



of service to HgT. Richard's contribution to the success of HgT has been immense. Over his tenure, the market capitalisation has grown from £239 million to £1.8 billion (as at 31 March 2026). This very visible sign of the success he helped steward does not speak to the countless ways he has worked tirelessly for the benefit of HgT and to support his colleagues on the Board. His Board colleagues have all benefited from his wisdom, calmness and thoughtful advice over many years.

## Prospects

Public market volatility in software was the defining feature of the first quarter, and the Board has followed developments closely throughout the period. While this volatility affected HgT's share price, the Board remains confident in the outlook for the portfolio. Continued strong trading, combining consistent growth with strong margins, and a pattern of realisations completed at uplifts to carrying value, have reinforced that confidence throughout the period. HgT's shares ended the period at a discount of c.29% to NAV, compared to c.10% at the start of the year, prior to the sell-off in public software. While the discount has since narrowed to c.22% at 10 September 2026, this remains materially wider than historic levels and, in the view of both the Board and the Manager, does not reflect the value or the future prospects of the underlying portfolio. The Board remains in close dialogue with the Manager and its advisers on the tools available to address the resulting discount to net asset value, as set out in the capital allocation section above.

Further to the announcements on 4 June and 8 September, Hg has continued to increase its strategic investment in the company post period-end, increasing alignment with HgT shareholders. The company will notify the market when it crosses further reportable thresholds in accordance with the Disclosure Guidance and Transparency Rules, allowing shareholders to monitor progress.

As discussed further in the Manager's Update, the second half of 2026 is anticipated to see ongoing bifurcation between businesses that are net beneficiaries of AI and those at greater risk of disruption. The Board's expectation is that investors will reward companies that are able to demonstrate real, observable AI traction such as those within the HgT portfolio and continue to discount those that cannot. Hg's focus on mission-critical, deeply embedded software, underpinned by proprietary data and deep domain expertise, means the portfolio is well placed to participate in the opportunities AI presents, rather than simply absorb its disruptive effects.

The Board remains very mindful of the broader risks that continue to affect valuations and sentiment, including geopolitical uncertainty, cyber risk and foreign exchange volatility, and maintains a strong focus on disciplined risk management and scenario planning in response. Notwithstanding this, the Board remains positive about HgT's long-term outlook, supported by access to Hg's investment platform and market-leading AI value creation capabilities, the continued strong trading reported by portfolio companies and recent realisation activity at significant premiums to carrying value.

Jim Strang
Chairman
11 September 2026