



ASX Release

Monday, 22 February 2021

DUG grows revenue across all segments as it continues transition to Software and HPCaaS

Note all figures are in US\$ million unless otherwise stated.

DUG Technology Ltd (**ASX:DUG**) (**DUG** or the **Company**), designer, builder and operator of some of the largest and greenest specialist high-performance computing (HPC) installations in the world, today announced its financial results for the six months ended 31 December 2020 (H1 FY21) that saw the Company continue its successful transition to high performance compute-as-a-service (HPCaaS) across multiple sectors.

H1 FY21 highlights (vs H1 FY20):

- Revenue up 7.2% to \$24.2 million
- Statutory NPAT of \$(4.4) million, underlying NPAT of \$(0.9) million excluding non-recurring and listed company costs
- 12% growth year-on-year (yoy) in DUG Insight software revenue
- 86% growth half-on-half growth in high performance compute-as-a-service (HPCaaS) revenue, continuing the Company's pivot to HPCaaS and Software
- Services revenue recovered 7% from the H2 FY20 low, despite tough conditions in the oil & gas sector
- Underlying EBITDA of \$4.2 million, proving resilient through the market turmoil

Commenting on the H1 FY21 results, DUG Founder and Managing Director Matt Lamont CEO said:

“It is pleasing to see DUG’s Software and HPCaaS offerings gaining momentum. Our Software, HPCaaS and scientific data analysis for the global technology, science and resource sectors, provides our clients with direct access to world-class HPC facilities, algorithms and visualisation software.

“During the half we won clients outside the oil & gas industry, validating our industry expansion strategy. This included signing The Harry Perkins Institute of Medical Research, a landmark partnership. Our deep-seated software, algorithm and HPC knowledge, expertise and support means clients do not need to build and maintain HPC knowledge, skills, computer rooms, software stacks and machines themselves. They see the value in outsourcing and partnering with us to meet their evolving needs.

“After a modest recovery in Services revenues half-on-half (hoh), the start of the second half sees us responding to an increased level of activity in the oil & gas industry as the oil price recovers and stabilises and the industry aims to add as well as reinstate projects in 2021 as economies around the world transition to ‘the new normal’.

“HPCaaS is an enormous high growth global market driven by industries needing to solve ever more complex big data problems. DUG is well positioned to service the oil & gas industry while also

providing our products into a broader set of exciting new domains including radio astronomy, genealogy, biomedical research, meteorology and universities.”

Top line growth and resilient EBITDA

DUG delivered 7.2% hoh growth in revenue to \$24.2 million. While revenue has not yet recovered to the pre COVID levels set in H1 FY20, positive trends were apparent throughout the half in DUG’s key operating segments.

Revenue in the DUG Insight software suite, was up 12% yoy to \$3.0 million. New client signings in DUG McCloud drove the growth in revenue of DUG Insight. This segment has similar demand drivers to HPCaaS and is packaged as part of an overall DUG McCloud solution.

DUG’s super reliable on-demand HPCaaS had a successful half, with 86% hoh revenue growth to \$1.3 million revenue. HPCaaS is a productised evolution of the Company’s expertise in HPC, where clients access powerful and highly secure compute, with the advantage of full software and algorithm support. HPCaaS growth for the half reflected a combination of growing committed compute contracts and burst revenue. Committed contracts provide strong recurring revenue visibility going forward.

Services revenue was up 7% hoh, but still down on the record H1 FY20 (\$19.9 million). The Services segment is largely exposed to the oil & gas sector, where the Company has long been known for its leading capability in probabilistic modelling and visualisation of seismic data. While industry conditions were volatile during 2020, DUG retained and won projects over H1 FY21 that underpinned the revenue outcome.

The Company’s underlying EBITDA of \$4.2 million proved resilient against the tough oil & gas market backdrop (H2 FY20: \$4.1 million, H1 FY20: \$5.1 million). DUG’s solid EBITDA margin of 17% was supported by scale benefits coming through Software and HPCaaS, where margins reached 53% (H1 FY20: 47%) and 41% respectively (H1 FY20: 11%).

Diversifying and expanding client base

DUG is building recurring revenue from new industry applications, as well as in the Company’s traditional oil & gas base. With a key focus on identifying new opportunities, DUG added new customers in the medical research, public health and oil & gas industries during the half.

Commenting on the growth and diversification of DUG’s client base, Dr Lamont said: “The agreement with The Harry Perkins Institute of Medical Research was a landmark signing for DUG Technology, providing entry into the medical sector. The Perkins is one of Australia’s leading medical research institutes, with more than 250 researchers located on three hospital campuses in Perth. It now has access to HPC cycles and software using *DUG McCloud* - a client-focused collaborative cloud platform that enables clients to combine DUG’s three main offerings [HPC, services and software] with their own codes and expertise, to suit their needs and desired outcomes. The Perkins will use DUG’s high-performance compute and storage capability to conduct analysis using genomics and other bioinformatics heavy technologies.”

Equinor was a key example of an oil & gas major, where DUG displaced the existing major third-party cloud provider with DUG McCloud. Equinor is now using DUG Insight software and HPCaaS to power their internal Geoscience.

Cautiously optimistic outlook

Commenting on DUG's outlook, Dr Lamont said: "While the Board is confident in DUG's medium to long term prospects, a cautiously optimistic stance is appropriate for the remainder of FY21.

"Committed HPC contracts and recurring software revenue provide a solid base from which to grow into new areas, and we are receiving keen interest in HPCaaS, Software and McCloud from prospective clients across several sectors.

"With our world-class team of around 260 data scientists, research physicists, mathematicians, and software engineers with core competencies in HPC, scientific R&D and scientific data analysis, and over 29 petaflops of computing power in operation or due for completion in our award-winning custom-designed and built supercomputers, we are ideally placed to provide substantial compute and storage capabilities to meet the needs of the world's most advanced computing operations.

"Similarly, green shoots have begun to re-emerge in the oil & gas sector, with the recovery in the oil price driving an uplift in proposal activity.

Authorised for release by Matt Lamont, Managing Director of DUG Technology Ltd.

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About DUG

DUG is a technology company at the forefront of high-performance computing with a strong foundation in applied physics. DUG's innovative hardware and software solutions for the global technology and resource sectors enable clients to leverage large and complex datasets. The Company provides cloud-based, high-performance computing as a service (HPCaaS), multi-tiered support for technology onboarding and code optimisation, and integrated services. DUG has offices in Perth, London, Houston and Kuala Lumpur. The Company designs, owns and operates some of the largest and greenest supercomputers on Earth.

To learn more, please visit www.dug.com