

ASX Release

14 October 2021



DUG Technology Chairman's 2021 AGM address

A good morning to everyone from here in Perth! My name is Wayne Martin. As chairman, and on behalf of the board of DUG Technology I would like to welcome you all to our annual general meeting and thank you for your ongoing interest in our company. This meeting will cover the 12-month financial reporting period ended 30th June 2021.

Today I will take you through the operational update for the year before moving onto the formal agenda and resolutions.

Over the course of the last year we have continued our strategic focus on the high-performance computing as a service business line (or HPC as we call it). Our business model is delivering the results we expected with pleasing third party revenue growth of 145%. This growth is further reinforced by underlying growth in both the number of new signings and in the diversity of sales areas in Australia. New signings span industrials, resources, health, meteorology, radio astronomy, education and research, with key signings including the Harry Perkins Institute of Medical Research and Austal Ltd, a major ship builder. Momentum is continuing to build. As another example we were very pleased to enter into a decade-long partnership with Curtin University to collaborate in the fields of HPC, education and research.

We are very pleased with our achievements with respect to HPC this year and all indications are for growth to continue. Having now executed many contracts in Australia we are ready to leverage our global footprint and expand this business internationally. There will continue to be an increasing demand for HPC-enabled big-data solutions and our reliable, green technology and tailored software and HPC support are proving to be important differentiators in this market.

A balance between economic and environmental sustainability is now front and centre in the HPC business. Our company's green credentials are well established with our patented DUG Cool immersion technology which reduces power consumption by up to 51% and uses 85% less synthetic refrigerants. We have recently unveiled our plans to build the world's first climate-positive HPC campus powered by renewable energy in Geraldton - ultimately to be one of the largest and greenest HPC installations in the world. The campus is to be powered by solar and wind and we are also investigating the use of a novel hydrogen energy storage system. We expect our research on low-cost solutions for hydrogen electrolysis could also have far-reaching implications for both commercial and household applications. The DUG board looks forward to keeping you updated as we continue to progress plans for this exciting project. With our addressable client base of science-aware professionals acutely aware of the environmental and sustainability challenges associated with HPC, DUG sees a massive business opportunity in this area.

For FY21, the company delivered in US dollars \$38.5 million of revenue and \$2 million of underlying EBITDA, compared with \$45.3 million and \$9.2 million respectively in the previous corresponding period. Key drivers included our high-margin segments in HPCaaS and DUG Insight software delivering third party revenue growth of 145% and 4.4% respectively.

Services performance for the year was impacted by the lingering effect of COVID-19 and oil price volatility, which led to subdued activities and delays in project awards. Services revenue declined to \$30.7 million, from \$38.0 million in the previous corresponding period, and the segment generated an EBITDA loss of \$8.5 million. With a challenging year in services behind us, and with the oil price now at a 7-year high we expect this business to regain momentum.

We would like to thank both institutional and retail shareholders for their support in the recent two tranche share placement and share purchase plan. With the share purchase plan closing yesterday, we expect to provide an update on the final results early next week. Proceeds from the raising put the company in a strong position to capitalise on growth opportunities in FY22, with funds being applied to military and space business development, renewable initiatives, purchasing computer equipment, as well as working capital and debt repayment. With increasing market knowledge, key sales areas have also been identified to add structure and focus to our global sales team.

We have also recently announced the appointment of Greg Haskis as Chief Financial Officer. Greg is a chartered accountant and has extensive experience in CFO roles as well as financial and management consulting, including ASX listed CFO experience with the Plan B Group. The board is looking forward to working with Greg as a key member of our executive team.

On behalf of the Board, I would like to acknowledge the significant contribution of our staff over the past 12 months. And to you, our shareholders, I thank you for your support during our first full year as an ASX-listed company and through the recent placement and share purchase plan. The Board and management are committed to driving growth in FY22 and beyond and we look forward to updating you on our progress as the year unfolds.

Authorised for release by the Board of DUG Technology Ltd.

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About DUG

DUG is an ASX listed technology company, headquartered in Australia, that specialises in analytical software development and reliable, green, high-performance computing (HPC). The company is built on a strong foundation of applied science and a history of converting research into practical, real-world solutions. DUG delivers innovative software products and cost-effective, cloud-based HPC as a service backed by bespoke support for technology onboarding.

DUG's expertise in algorithm development and code optimisation enables clients to leverage big data and solve complex problems.

DUG is a global company with offices in Perth, London, Houston and Kuala Lumpur, supporting a diverse industrial client-base that includes radio-astronomy, biomedicine and meteorology, as well as the resource, government and education sectors. DUG designs, owns, and operates a network of some of the largest and greenest supercomputers on Earth. The company continues to invest and innovate at the forefront of software and HPC, working towards a climate-positive future.

To learn more, please visit www.dug.com.