

ASX Release

30 August 2022



FY2022 Results Release

DUG Technology Ltd (ASX: DUG) (“**DUG**” or the “**Company**”) today announced its audited financial results for the year ended 30 June 2022 (FY2022).

Highlights

- Significant improvement in profitability and cash generation in the second half of the financial year following restructure of the Services business line and improving market conditions
- Growth of 46% in High-Performance Computing As A Service (HPCaaS) revenue to \$3.9 million and 18% in Software revenue to \$6.1 million
- Strong order book of \$22.2 million of Services revenue for FY2023. Softened FY2022 Services revenue, down 23% to \$23.7 million resulting from poor market conditions in the 2021 calendar year
- FY2022 EBITDA of \$2.7 million, all earned during the second half of the year following the Services business line restructure
- Improved balance sheet following debt refinance with CBA, gross debt decreased 75% to \$4.5 million at 30 June 2022 with net debt of \$1.8 million down 77% on FY2021
- Operating cash inflows of \$2.1 million for the second half of FY2022 with a total operating cash outflows of \$0.4 million for the year.

Financial results

DUG’s total revenue fell 12% to \$33.7 million relative to FY2021. HPCaaS and Software revenues both grew during FY2022 with a softening of Services revenue attributable to poor market conditions during the first half of the year.

EBITDA improved to \$2.7 million from a loss of \$1.7 million in FY2021 following a restructure of the cost base commencing November 2021, enabling a much-improved EBITDA performance during the second half of the financial year on similar revenue levels.

Included within EBITDA were non-recurring redundancy costs of \$1.1 million, offset by a non-recurring gain on remeasurement of a lease liability of \$1.1 million resulting in Underlying EBITDA of \$2.8 million, up 86% from FY2021 of \$1.5 million.

Financing costs were reduced materially following progressive debt reductions throughout the year, together with FY2022 savings of non-recurring FY2021 costs relating to the IPO and previously issued convertible notes.

DUG’s balance sheet was strengthened during the year by a capital raise with the issue of 18.6 million new shares raising \$12.4 million and refinancing the CBA debt facility in June 2022, extending the maturity date to 1 July 2024. These factors reduced gross debt by 75% to \$4.5 million and net debt by 77% to \$1.8 million. Importantly, the refinancing of facilities with CBA enables the Group to secure alternative funding to support growth through asset financing.



Outlook

DUG commenced FY2023 with an order book of \$22.2 million for its Services business line, this represents 94% of the total FY2022 services revenue. Further project wins in July and August 2022 have already taken locked in Services revenue for FY2023 beyond FY2022 levels.

DUG's Multi-parameter FWI Imaging has now launched with strong interest from the oil and gas industry. The Group is currently working through in excess of a dozen projects including trials and expects further interest following further technical presentations at the IMAGE22 conference in Houston. This technology has the potential to revolutionise the industry and be very significant for DUG going forward.

Software sales are expected to perform well in FY2023 with further investment in our sales teams and ongoing product development bringing new customers to the platform.

HPCaaS is expected to continue to grow, supported by an increased sales presence and by the recent accreditation of ISO9001 (Quality Management Systems) and ISO27001 (Information Security Management Systems) which will provide further opportunities.

DUG does not intend on issuing earnings guidance for FY2023.

DUG Managing Director, Matt Lamont said:

“This was a challenging year with a number of external factors working against the company including low oil prices early in the year. The Company has shown incredible resilience in the restructure of the business.”

“FY2023 will be an exciting year for DUG with the size of our services business order book and building momentum on our Multi-parameter FWI Imaging technology which has the potential to be a transformative technology leapfrogging event.”

This ASX Announcement has been approved 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.

Forward Looking Statements

This announcement includes forward-looking statements. These statements relate to the Company's expectations, beliefs, intentions or strategies regarding the future. These statements can be identified by the use of words like "will", "believe", "progress", "anticipate", "intend", "expect", "may", "seek", "towards", "enable", "budget", "estimate", "contemplate" and similar words or expressions.

The forward-looking statements reflect the Company's views and assumptions with respect to future events as of the date of this announcement and are subject to a variety of unpredictable risks, uncertainties, and other unknowns. Actual and future results and trends could differ materially from those set forth in such statements due to various factors, many of which are beyond our ability to control or predict. Given these uncertainties, no one should place undue reliance on any forward-looking statements attributable to the Company, or any of its affiliates or persons acting on its behalf. The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent required by applicable laws. Neither the Company nor any other person, gives any representation, warranty, assurance, nor will guarantee that the occurrence of the events expressed or implied in any forward-looking statement will actually occur. To the maximum extent permitted by law, the Company and each of its advisors, affiliates, related bodies corporate, directors, officers, partners, employees and agents disclaim any responsibility for the accuracy or completeness of any forward-looking statements whether as a result of new information, future events or results or otherwise.