

# ASX Release

11 October 2022



## Issue of Unlisted Options

DUG Technology Ltd (ASX: DUG) (“**DUG**” or the “**Company**”) advises that 2,378,588 unlisted options with a zero exercise price have been granted under the Company’s Omnibus Long Term Incentive Plan (“**LTIP**”) as approved by shareholders upon listing on the ASX in August 2020.

A total of 1,411,343 zero exercise price options have been granted to the Company’s senior executive team utilising the total remuneration framework in terms of the quantum, as approved by the Board. These awards will be subject to a vesting period of three years (30 June 2025) and the following vesting conditions:

- i. subject to the performance of the volume weighted average price (“**VWAP**”) of an ordinary share in the Company over the 1 month up to and including 30 June 2025 (“**Final Share Price**”); and
- ii. provided that the participant remains continuously employed or engaged by a member of the Group at all times from the Grant Date of the Awards to 30 June 2025.

The Final Share Price condition will be satisfied in accordance with the following schedule:

Final Share Price	Proportion of Awards that will satisfy the Final Share Price performance condition
Final Share Price < \$1.00	Nil
Final Share Price = \$1.00	50%
\$1.00 < Final Share Price < \$2.50	Progressive pro-rata vesting from 50% to 100% (ie on a straight line basis)
Final Share Price ≥ \$2.50	100%

The full terms and conditions of these LTIP executive team awards are detailed in Appendix A.

A further tranche of LTIP have been developed to promote talent retention of certain key individuals outside of the senior executive team, as such the Company has also granted a total of 967,245 zero exercise price options to select employees. The vesting requirements for these Awards are that the participant remain continuously employed or engaged by a member of the Group at all times from the Grant Date of the Awards to 30 June 2025. The full terms and conditions of these LTIP employee retention awards are detailed in Appendix B.

It is proposed that subject to shareholder approval at the forthcoming Annual General Meeting of Shareholders, Managing Director Matt Lamont will be issued 381,352 zero exercise price options on the same terms and conditions as detailed in Appendix A. Further details will be provided in a notice of meeting.

Managing Director, Dr Matthew Lamont said: “Alignment to shareholder outcomes and the retention of talent are key to the success of this business moving forwards. I am delighted with the talent at our disposal here at DUG and look forward to prosperous times ahead.”

This ASX Announcement has been approved for release by the Board of DUG Technology Ltd. An Appendix 3G will be lodged separately.

## **ENDS**

### **For more information:**

DUG Technology Ltd

T. +61 9287 4100

DUG Investor Email: [investor@dug.com](mailto:investor@dug.com)

DUG Investor Centre: [www.dug.com/investor-centre](http://www.dug.com/investor-centre)

## 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](http://www.dug.com).

## Appendix A - Terms and Conditions of LTIP Executive Team Awards

### (a) Nature of Awards and Entitlement

The Awards offered are options. Each Award constitutes a right to receive one (1) ordinary share in the capital of the Company, subject to the Plan Rules and the terms and conditions (as outlined herewith).

### (b) Exercise Price

No consideration is payable upon the exercise of each Option.

### (c) Expiry Date

Each Option will expire at 5.00pm (AWST) on 30 June 2037 ("**Expiry Date**").

Notwithstanding the above, if a participant of vested Awards becomes a leaver (as defined in clause 1.1 of the Plan Rules), the Expiry Date of those vested Awards will be 5.00pm (AWST) on the sixtieth (60) day after a participant becomes a leaver, unless otherwise determined by the Board.

An Option not exercised on or before the Expiry Date will automatically lapse on the Expiry Date and be forfeited.

### (d) Vesting Conditions

An Award will vest when a Vesting Notice in respect of that Award is given (or deemed to be given) to the participant. A Vesting Notice in respect of an Award must be given by the Company when the relevant Vesting Condition(s) set out below have been satisfied or waived in accordance with the Plan Rules.

The Awards will vest:

- i. subject to the performance of the volume weighted average price ("**VWAP**") of an ordinary share in the Company (**Share**) over the 1 month up to and including 30 June 2025 ("**Final Share Price**") (see below for more detail); and
- ii. provided that the participant remains continuously employed or engaged by a member of the Group at all times from the Grant Date of the Awards to 30 June 2025.

The Final Share Price condition will be satisfied in accordance with the following schedule:

<b>Final Share Price</b>	<b>Proportion of Awards that will satisfy the Final Share Price performance condition</b>
Final Share Price < \$1.00	Nil
Final Share Price = \$1.00	50%
\$1.00 < Final Share Price < \$2.50	Progressive pro-rata vesting from 50% to 100% (ie on a straight line basis)
Final Share Price ≥ \$2.50	100%

The Board may (in its discretion) adjust any of the Vesting Conditions or share price calculations if it considers the Vesting Condition or share price calculation (as applicable) is no longer appropriate or applicable (including to exclude the effects of extraordinary events or a reorganisation of the issued share capital of the Company (eg subdivision, consolidation, reduction)).

(e) **Exercise Period**

Once vested, the Options are exercisable at any time on or prior to the Expiry Date (**“Exercise Period”**).

(f) **Vesting on a change of control**

Notwithstanding clause 6 of the Plan Rules, if a ‘Change of Control Event’ (as defined in the Plan Rules) occurs, or the Board determines for the purpose of the Plan that a ‘Change of Control Event’ is likely to occur, all unvested Awards will automatically vest unless the Board determines otherwise.

(g) **Leaver**

If a participant of vested Awards becomes a leaver (as defined in clause 1.1 of the Plan Rules), the Expiry Date of those vested Awards will be 5.00pm (AWST) on the sixtieth (60) day after a participant becomes a leaver, unless otherwise determined by the Board.

Clause 6 of Schedule 2 of the Plan Rules sets out the forfeiture of Awards, including if a participant becomes a Leaver.

(h) **Forfeiture of Awards**

Clause 6 of Schedule 2 of the Plan Rules sets out the forfeiture of Awards, including if a participant becomes a Leaver.

(i) **Disposal restrictions**

Awards may not be disposed of by the participant, or otherwise dealt with, unless the disposal is approved by the Board in its absolute discretion or is effected by force of law on death or legal incapacity by their personal representative.

Except as set out in the Company’s Securities Trading Policy, the Plan Rules and applicable laws, no specific disposal restrictions apply to any Resulting Shares that a participant receives as a result of the exercise of their awards.

(j) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified in the Notice of Exercise.

(k) **Exercise Date**

A Notice of Exercise is only effective on and from the date of receipt of the Notice of Exercise (**“Exercise Date”**).

(l) **Exercise of Awards**

Following the deemed issue of a Confirmation Notice in respect of an Award, a participant may exercise that Award by:

- i. delivering an Exercise Notice to (or as directed by) the Company; and

at any time:

- i. between the date of provision (or deemed date of provision) of the Confirmation Notice and the Expiry Date relating to that Award; and
- ii. when the participant is permitted to exercise Awards under the Securities Trading Policy.

If the participant does not exercise their Award by the Expiry Date, that Award will automatically lapse and be forfeited.

(m) **Settlement Mechanism**

All Awards will be Equity Settled only and not Cash Settled.

As soon as practicable after the valid exercise of an Award the Company will arrange for the requisite number of Resulting shares to be issued. The Company may fulfil a validly exercised Award by issuing, allocating and/or causing to be transferred the number of Shares to which the participant is entitled.

(n) **Resulting Shares to rank pari passu**

All Resulting Shares issued on exercise of the Options will rank pari passu in all respects with the Shares of the same class for the time being on issue except for any rights attaching to the Shares by reference to a record date prior to the date of the allotment or transfer of the Resulting Shares.

(o) **Listing**

The Company will apply for quotation on the ASX of the Resulting Shares issued within the time required by the ASX Listing Rules after the date of allotment.

(p) **Adjustment of Awards**

Clause 9 of Schedule 2 of the Plan Rules sets out how Awards will be adjusted upon.

- i. a reconstruction of the issued capital in the Company (including any subdivision, consolidation, reduction or cancellation of such issued capital);
- ii. a bonus issue of Shares; and
- iii. a rights issue.

(q) **Participation in new issues**

Subject to clauses 9.1 to 9.3 (inclusive) of Schedule 2 of the Plan Rules, during the currency of any Awards and prior to their exercise, the holders of Awards are not entitled to participate in any new issues of Shares of the Company as a result of their holding of Awards.

(r) **Employee Share Trust**

The Company may require the participant to hold any Resulting Shares via an employee share trust. Under an employee share trust structure, the trustee of the employee share trust would be registered as the legal owner of the Resulting shares but the participant would be the beneficial owner. All dividends on the Resulting Shares will be provided to the participant and the participant will have the ability to control voting rights.

## Appendix B - Terms and Conditions of the LTIP Retention Awards

### (a) Nature of Awards and Entitlement

The Awards offered are options. Each Award constitutes a right to receive one (1) ordinary share in the capital of the Company, subject to the Plan Rules and the terms and conditions (as outlined herewith).

### (b) Exercise Price

No consideration is payable upon the exercise of each Option.

### (c) Expiry Date

Each Option will expire at 5.00pm (AWST) on 30 June 2037 ("**Expiry Date**").

Notwithstanding the above, if a participant of vested Awards becomes a leaver (as defined in clause 1.1 of the Plan Rules), the Expiry Date of those vested Awards will be 5.00pm (AWST) on the sixtieth (60) day after a participant becomes a leaver, unless otherwise determined by the Board.

An Option not exercised on or before the Expiry Date will automatically lapse on the Expiry Date and be forfeited.

### (d) Vesting Conditions

An Award will vest when a Vesting Notice in respect of that Award is given (or deemed to be given) to the participant. A Vesting Notice in respect of an Award must be given by the Company when the relevant Vesting Condition(s) set out below have been satisfied or waived in accordance with the Plan Rules.

The Awards will vest provided that the participant remains continuously employed or engaged by a member of the Group at all times from the Grant Date of the Awards to 30 June 2025.

### (e) Exercise Period

Once vested, the Options are exercisable at any time on or prior to the Expiry Date ("**Exercise Period**").

### (f) Vesting on a change of control

Notwithstanding clause 6 of the Plan Rules, if a 'Change of Control Event' (as defined in the Plan Rules) occurs, or the Board determines for the purpose of the Plan that a 'Change of Control Event' is likely to occur, all unvested Awards will automatically vest unless the Board determines otherwise.

### (g) Leaver

If a participant of vested Awards becomes a leaver (as defined in clause 1.1 of the Plan Rules), the Expiry Date of those vested Awards will be 5.00pm (AWST) on the sixtieth (60) day after a participant becomes a leaver, unless otherwise determined by the Board.

Clause 6 of Schedule 2 of the Plan Rules sets out the forfeiture of Awards, including if a participant becomes a Leaver.

**(h) Forfeiture of Awards**

Clause 6 of Schedule 2 of the Plan Rules sets out the forfeiture of Awards, including if a participant becomes a Leaver.

**(i) Disposal restrictions**

Awards may not be disposed of by the participant, or otherwise dealt with, unless the disposal is approved by the Board in its absolute discretion or is effected by force of law on death or legal incapacity by their personal representative.

Except as set out in the Company's Securities Trading Policy, the Plan Rules and applicable laws, no specific disposal restrictions apply to any Resulting Shares that a participant receives as a result of the exercise of their awards.

**(j) Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified in the Notice of Exercise.

**(k) Exercise Date**

A Notice of Exercise is only effective on and from the date of receipt of the Notice of Exercise ("Exercise Date").

**(l) Exercise of Awards**

Following the deemed issue of a Confirmation Notice in respect of an Award, a participant may exercise that Award by:

- i. delivering an Exercise Notice to (or as directed by) the Company; and

at any time:

- i. between the date of provision (or deemed date of provision) of the Confirmation Notice and the Expiry Date relating to that Award; and
- ii. when the participant is permitted to exercise Awards under the Securities Trading Policy.

If the participant does not exercise their Award by the Expiry Date, that Award will automatically lapse and be forfeited.

**(m) Settlement Mechanism**

All Awards will be Equity Settled only and not Cash Settled.

As soon as practicable after the valid exercise of an Award the Company will arrange for the requisite number of Resulting shares to be issued. The Company may fulfil a validly exercised Award by issuing, allocating and/or causing to be transferred the number of Shares to which the participant is entitled.



(n) **Resulting Shares to rank pari passu**

All Resulting Shares issued on exercise of the Options will rank pari passu in all respects with the Shares of the same class for the time being on issue except for any rights attaching to the Shares by reference to a record date prior to the date of the allotment or transfer of the Resulting Shares.

(o) **Listing**

The Company will apply for quotation on the ASX of the Resulting Shares issued within the time required by the ASX Listing Rules after the date of allotment.

(p) **Adjustment of Awards**

Clause 9 of Schedule 2 of the Plan Rules sets out how Awards will be adjusted upon.

- i. a reconstruction of the issued capital in the Company (including any subdivision, consolidation, reduction or cancellation of such issued capital);
- ii. a bonus issue of Shares; and
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(q) **Participation in new issues**

Subject to clauses 9.1 to 9.3 (inclusive) of Schedule 2 of the Plan Rules, during the currency of any Awards and prior to their exercise, the holders of Awards are not entitled to participate in any new issues of Shares of the Company as a result of their holding of Awards.

(r) **Employee Share Trust**

The Company may require the participant to hold any Resulting Shares via an employee share trust. Under an employee share trust structure, the trustee of the employee share trust would be registered as the legal owner of the Resulting shares but the participant would be the beneficial owner. All dividends on the Resulting Shares will be provided to the participant and the participant will have the ability to control voting rights.