



# ASX Release

27 February 2023

## H1 FY23 Results Release

DUG Technology Ltd (ASX: DUG) (“DUG” or the “Company”) has announced its auditor-reviewed financial results for the half-year ended 31 December 2022 (H1 FY23).

### Highlights<sup>1</sup>

- **DUG delivered its strongest financial performance over a six month period to date:**
  - **Revenue of US\$25.2 million**, up 48% driven by a recovery in Services business
  - **EBITDA of US\$7.6 million**, up from break-even, driven by cost savings and operating leverage from increased revenue
  - **Net Profit after Tax of US\$2.6 million**, up from a loss of US\$5.8 million
- **Operating cash inflow of US\$3.0 million**, up from an outflow of US\$2.5 million, driven by profitability
- **Net debt of US\$2.0 million**, including new asset financing facilities supporting growth capex
- **Order book of US\$28.8 million** at 31 December 2022 up 30% on 30 June 2022
- **Operating cash flows are expected to strengthen further in H2 FY23**

### DUG Managing Director, Matt Lamont said:

“This result demonstrates a return to strength for the business, supported by an improved oil and gas exploration market. Our order intake remains strong, and has grown by 30%, whilst delivering record high revenues for the period. The hard work invested last year in restructuring and optimising the business has paid dividends, with the Company generating a record six month EBITDA and Net Profit after Tax result.

The balance sheet is strong following positive operating cash generation for the period, and we expect this to strengthen further. Timing differences in working capital are expected to unwind in the second half of the year. Debt levels are low and include new financing facilities to fund growth capex.

Trading results over the first two months of H2 FY23 have been strong, with unaudited US\$1.6 million positive operating cash inflows in the month of January 2023 and unaudited EBITDA earnings of US\$2.7 million, including a significant multi-client data sale for US\$2.5 million<sup>2</sup>.

The services business has been the standout performer this period, capitalising on high order intake levels since March 2022. The US business unit has also been a standout, delivering large land and marine processing projects which continue well into FY24.

Momentum continues to build outside of oil and gas with key strategic new wins through agreements with Monash University, University of Western Australia and Murdoch University in recent months. We are working hard to develop this market segment, and see the tremendous value we can offer in our HPCaaS expertise across diverse industries.”

<sup>1</sup> Comparisons to H1 FY22 unless otherwise stated

<sup>2</sup> Refer ASX Announcement dated 2 February 2023 “Significant earnings boost from multi-client data sale”



## Financial results

DUG's revenue grew 48% to US\$25.2 million relative to H1 FY22. Services revenue grew 60% to US\$19.8 million, Software revenues grew 9% to US\$3.2 million, and HPCaaS revenues grew 29% to US\$2.2 million. Revenue growth in Services was driven by a significant strengthening of order intake dating back to March 2022, particularly in the US and UK regions.

The Group's cost base was reset in late 2021, enabling stronger operating leverage as revenues grew beyond pre-pandemic levels. This leverage delivered a record EBITDA result of US\$7.6 million for the period and a Net Profit After Tax of US\$2.6 million.

Gross debt was US\$4.5 million at 31 December 2022 with net debt of US\$2.0 million. Included in gross debt is a term loan with CBA due for expiry in July 2024. This is expected to reduce to US\$2.5 million by 30 June 2023. The growth in revenue and the nature of certain commercial terms in client contracts led to an increase in net working capital of US\$3.4 million from 30 June 2022.

Operating cash flows were US\$3.0 million for the period, relative to an EBITDA of US\$7.6 million due to the investment in working capital during the period. A large portion of this investment is expected to unwind in H2 FY23, supporting improved cash flows for that period.

## Outlook

DUG's Services business order book grew by 30% to US\$28.8 million at 31 December 2022, underpinning revenue for H2 FY23 and beyond. Business development activities remain high with US\$5.8 million of contract wins in January 2023, including the previously announced multi-client data sale of US\$2.5 million.

The Software business continues to grow, with its top billing three clients tied to new long-term contracts. The combined annual revenues for these contracts are in excess of US\$1.3 million.

The HPC business secured strategically important contracts with Monash University, University of Western Australia and Murdoch University. New asset financing facilities in place support growth in this space, enabling the purchase of specialist equipment to suit individual client needs.

Early trading results for the start of H2 FY23 are encouraging, with an unaudited EBITDA of US\$2.7 million and operating cash inflows of US\$1.6 million for the month of January 2023. Unaudited cash on hand at 24 February 2023 is US\$5.4 million, following strong customer receipts pushing the business to a net cash position on that date.

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](http://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.