

ASX Release



28 August 2023

FY2023 Results Release

DUG Technology Ltd (ASX: DUG) (“DUG” or the “Company” or the “Group”) is pleased to announce its audited financial results for the year ended 30 June 2023 (“FY2023”).

Highlights¹

- **DUG delivers record breaking profitability**
 - Revenue of US\$50.9 million, up 51% driven by a 70% increase in Services revenue
 - EBITDA of US\$15.1 million, a record high, up 436%
 - Net Profit after Tax of US\$4.9 million, a record high, up 153%
 - Operating Cash Inflows of US\$13.4 million, a record high, up 3,253%
- **DUG’s order book and balance sheet position the Company well for FY2024**
 - Order book of US\$27.9 million at 30 June 2023, up 26%
 - Cash of US\$8.0 million, up 201%
 - Net cash of US\$5.2 million, up from net debt of US\$1.8 million
- **Record single month services contract wins of US\$18.6 million in July 2023**

DUG Managing Director, Matt Lamont said:

“We’ve had a great year and broken a number of financial records along the way. The significant turnaround in our Services business was particularly enjoyable as we expanded into new markets and commercialised our Multi-parameter FWI Imaging technology with great effect. In total we secured almost US\$50 million in new services projects during FY2023.

The Software and HPC businesses both grew and attracted several new customers to DUG during the year, most notably one new customer on a five-year software licence agreement worth US\$3.2 million.

Our cash generation has been a standout for the year, delivering US\$13.4 million in operating cash flows. This has transformed our balance sheet with the Company now in a strong net cash position, which has further improved into FY2024.

We’re investing in our Houston data centre, adding US\$7 million of new computers to support the growth in our Services business. We will asset finance this purchase.

In July 2023, we agreed a A\$5 million grant from the WA State Government to contribute to the construction costs of our new Geraldton HPC Campus. At capacity it will be one of the largest HPC centres in the world. This is an exciting project and will be transformational for the business, enabling significant growth in the medium term.

The outlook for our oil and gas business continues to be strong, evidenced through the signing of US\$18.6 million of new work in the month of July 2023 – another record! On top of our 30 June 2023 order book of US\$27.9 million we are expecting a strong FY2024.”

¹ Comparisons to the financial year ended 30 June 2022 unless otherwise stated



Financial Results

DUG's revenue grew 51% to US\$50.9 million. Services revenue increased by 70% to US\$40.3 million, a record high. Software revenue increased by 8% to US\$6.6 million and HPC grew by 2% to US\$4.0 million.

Profitability was at a record high in FY2023 following strong revenues with EBITDA of US\$15.1 million (up 436%) and Net Profit After Tax of US\$4.9 million (up 153%). The Group's cost base was reset in late 2021. Careful cost control and enhanced profitability of projects has enabled revenue growth without significant growth in the cost base.

Cash on hand was US\$8.0 million at 30 June 2023 with gross debt of US\$2.8 million. Net cash of US\$5.2 million compared to a net debt position at 30 June 2022 of US\$1.8 million. Included in gross debt is a US\$2.5 million term loan with CBA due for expiry in July 2024 which is expected to be repaid during FY2024.

Operating cash flows were at a record high of US\$13.4 million which was an increase of 3,253% on FY2022 following strong earnings for the year. DUG invested US\$3.1 million in new capital equipment for the year to support its Services business.

Outlook

The Services order book grew by 26% to US\$27.9 million at 30 June 2023 and has grown further following a record high month of order intake in July 2023 with US\$18.6 million of new orders secured last month. DUG is well positioned for a strong FY2024 in its Services business.

New hardware will be installed in the Houston datacentre during October 2023 to support new Services projects, the US\$7 million investment will be asset financed.

The outlook for Software and HPC also looks strong with several software evaluations underway with potential customers. The sales teams for all three business lines have been strengthened recently.

The Group's cash position has strengthened since 30 June 2023 following the receipt of the first instalment of the WA State Government grant of A\$1.25 million and a A\$7.1 million repayment of a loan funded share plan loan.

The Group expects to support all planned initiatives through its balance sheet with the support of asset financing for new compute and storage assets along with cash generated from operations.

This ASX Announcement has been approved for release by the Board of DUG Technology Ltd.

Ends

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About DUG

DUG is an ASX-listed technology company, headquartered in Australia, that specialises in analytical software development, big-data services and reliable, green, high-performance computing (HPC). DUG 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 delivers a comprehensive geoscience offering backed by over two decades of experience and a focus on R&D. DUG maximises the value of seismic data with customised services, software and HPC solutions enabled by innovative technology - including Multi-parameter FWI Imaging.

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.