

ASX Release

29 October 2024



Q1 FY25 BUSINESS UPDATE

DUG Technology Ltd (ASX: DUG) (“DUG” or the “Company”) is pleased to provide this update on activities for the quarter ended 30 September 2024 (Q1 FY25).

HIGHLIGHTS

- **Total revenue in Q1 FY25 was US\$14.0 million**, an increase of 9% on Q1 FY24.
- **EBITDA for Q1 FY25 of US\$2.6 million**, a decrease of 28%, on Q1 FY24. Reflecting the seasonally lower revenue and margin sales mix, and the impact of DUG’s continued investment in the Middle East, Elastic MP-FWI Imaging, and DUG Nomad throughout the quarter.
- **Operating cash outflows for Q1 FY25 of US\$0.7 million**, compared to a US\$0.1 million cash outflow in Q1 FY24.
- **Total cash held at 30 September 2024 was US\$4.2 million**, with net debt (excluding AASB 16 leases) at 30 September 2024 of US\$22.5 million.
- **US\$12.9 million in new Services projects awarded** during the quarter, maintaining a Services order book at 30 September 2024 of US\$35.4 million.
- **Successful capital raising of A\$30.0 million** in October 2024.

OPERATIONAL UPDATE

Q1 FY25 has seen a continuation of the momentum in FY24. DUG's Services pipeline has doubled between June 2022 and September 2024, driven by strength in the underlying business, a growing presence in the Middle East, and MP-FWI Imaging opportunities.

DUG debuted Elastic MP-FWI Imaging at the IMAGE '24 conference¹ in August. Elastic MP-FWI Imaging is a major technological advancement, as it enables both subsurface structure and rock properties to be produced directly from field data. Following IMAGE '24, we have had strong engagement with both existing and new customers interested in exploring how Elastic MP-FWI Imaging can accelerate their exploration programs and lower their drilling risk. We are pleased to report that 18 Elastic MP-FWI Imaging opportunities have been added to the pipeline since its introduction.

DUG is encouraged by the scale of the opportunities in the Middle East. Through the quarter we have continued to invest to build our presence in the region, hiring local sales, technical and administrative teams, securing an office, and doing demonstrations of DUG’s technology to major companies in the region.

¹ The International Meeting for Applied Geoscience & Energy (IMAGE) is the biggest Geoscience conference of the year, held in Houston, with over 7,000 attendees from 99 countries.



The two DUG Nomad prototypes were on the move during the quarter. DUG displayed one prototype at a Defence supercomputing event in Adelaide to a great reception, with DISP² membership granted in the weeks following. The second prototype was shipped to the United States, to assist DUG's channel partner ADACEN with their sales and marketing activities. ADACEN is an IT solutions company operated by a team of experienced commercial IT, Department of Defence, Energy, and Intelligence community professionals.

Managing Director Dr Matthew Lamont said: "These are very exciting times for DUG. The pipeline, which includes risk-weighted opportunities and leads, is the largest it has ever been. Elastic MP-FWI Imaging has quickly gathered momentum, and significant opportunities for DUG Nomad continue to be unearthed."

FINANCIAL UPDATE

Revenue and EBITDA

Total revenue was US\$14.0 million for Q1 FY25. The table below summarises the break-down of revenue across the Company's three product lines:

Product Line	Q1 FY25 (US\$ million)	Q1 FY24 (US\$ million)	Variance
Services	11.9	10.8	10%
Software	1.6	1.2	29%
HPC	0.5	0.9	(42%)
Total	14.0	12.9	9%

Revenue of US\$14.0 million was up 9% compared to Q1 FY24, reflecting the expected seasonal slowdown in the Northern Hemisphere. EBITDA of US\$2.6 million was down 28% on Q1 FY24. The lower EBITDA margin of 19% for the quarter reflected the seasonally lower revenue and margin sales mix, and the impact of DUG's continued investment in the Middle East, Elastic MP-FWI Imaging, and DUG Nomad throughout the period.

Cash Flow

Operating cash outflows of US\$0.7 million were the result of timing differences with clients who are billed on milestones rather than monthly progress. Investing cash outflows of US\$5.7 million includes the final payments for the AMD EPYC Genoa machines along with some other data centre infrastructure equipment. Financing cash inflows of US\$1.2 million represent a further draw down on the company's asset financing facility, and repayments of existing debt balances.

Capital Raise

In October, DUG successfully completed an institutional placement to raise approximately A\$30.0 million³, at A\$1.90 per share, which represents a 12.8% discount to the prevailing share price⁴. We were delighted that the placement was strongly supported by both existing shareholders and new investors.

The capital raised will be used to accelerate DUG's growth across three key growth opportunities:

- Data centre infrastructure for Elastic MP-FWI Imaging projects

² Defence Industry Security Program (DISP) is necessary to work with the Australian defence force.

³ Refer to [Successful Completion of Institutional Placement](#) announcement or in the [Equity Raise Investor Presentation](#) released to ASX on 17 October 2024.

⁴ Closing DUG share price of A\$2.18 on 15 October 2024.

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- Middle East expansion
 - DUG Nomad

The Company has also announced a Share Purchase Plan⁵ (SPP) to raise an additional A\$5.0 million. Under the SPP, the Company is offering to eligible existing shareholders the opportunity to acquire up to A\$30,000 worth of DUG's ordinary shares at A\$1.90 per Share, without paying any brokerage costs, commissions, or other transaction costs.

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, 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, Kuala Lumpur and Abu Dhabi, supporting a diverse industrial client-base. DUG designs, owns, and operates a network of some of the largest 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.

⁵ Further details are available on [DUG's website](http://www.dug.com) or on ASX.