



ASX Release

27 February 2024

H1 FY24 Results Release

DUG Technology Ltd (ASX: DUG) (“DUG” or the “Company”) is announcing its auditor-reviewed financial results for the half-year ended 31 December 2023 (H1 FY24).

Highlights¹

- **DUG delivered a strong financial performance over the six month period, compared with H1 FY23.**
 - **Revenue of US\$30.0 million**, up 23%
 - Services business revenue increased by 28%
 - Software business revenue increased by 9%
 - **EBITDA of US\$7.1 million**, up 3%. This EBITDA result includes US\$2.3 million spent on third party compute. Additional compute is necessary until the previously announced compute upgrades² are fully operational (expected to be complete by late April). Once complete, this upgrade effectively doubles DUG’s compute capacity.
 - Net Profit after tax of US\$1.3 million compared to US\$1.9 million.
- **Operating cash inflow of US\$6.2 million**, up from an inflow of US\$3.0 million in H1 FY23
- **Cash on hand of US\$11.7 million with net cash of US\$1.1 million**, including new asset financing facilities at reporting date.
- **Services order book of US\$40.5 million** at 31 December 2023 up 45% on 30 June 2023.
- **Operating cash flows are expected to strengthen further in H2 FY24.**

DUG Managing Director, Matt Lamont said:

“This result demonstrates further strengthening of our business, driven by increased momentum in the Oil & Gas exploration & production sector. Our Services wins grew strongly by 64% on H1 FY23, whilst delivering record high revenues for the period.

The Company recorded EBITDA of US\$ 7.1m. For the first time we incurred third party compute costs; these costs are expected to cease when the compute upgrade is complete. It has been significantly more expensive to purchase third party compute than it is for DUG to provide its own.

The balance sheet is stronger following positive operating cash generation for the period, operating profit and employee loan funded share repayments. We expect this to strengthen further. Debt levels are low and include new financing facilities to fund growth capex.

The outlook for our Services business continues to strengthen, evidenced by the signing of US\$40.6 of million new Services work in the reported period. We have discussed previously the potential of our unique MP-FWI algorithm to disrupt the seismic processing and imaging market. It is pleasing to note that after offering services based on MP-FWI for two years, we believe DUG

¹ Comparisons to H1 FY23 unless otherwise stated.

² Refer ASX announcement dated 2 February 2024 “Update regarding new compute”.



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still has a unique offering and we continue to see the momentum building behind this game changing technology. The sales of Services based on MP-FWI are the sole reason for the compute upgrades.

We are very pleased to have opened a new office. A Geophysical Manager to co-ordinate the Middle East business development and operations has moved with his family to Abu Dhabi. We expect to add a key technical geophysicist to his team shortly.”

Financial Results

DUG’s revenue grew 23% to US\$30.0 million relative to H1 FY23. Services revenue grew 28% to US\$25.3 million, Software revenues grew 9% to US\$2.6 million compared to H1 FY23 and HPCaaS revenues declined 7% to US\$2.0 million compared to H1 FY23, mainly due to one off projects in the prior period.

EBITDA recorded was US\$7.1 million for the period and a Net Profit after tax of US\$1.3 million.

Cash on hand was US\$11.7 million at 31 December 2023 with gross debt of US\$ 10.6 million, excluding lease liabilities. Included in gross debt is a term loan with CBA due for expiry in July 2024 which is expected to be fully repaid. Asset finance debt increased to US\$ 8.9 million compared to US\$ 0.3 million at 30 June 2023. Net cash was US\$1.1 million compared to net debt of US\$2.0 million at 31 December 2022.

Operating cash flows were US\$6.2 million for the period, which was an increase of 103% on H1 FY23.

Outlook

DUG’s Services order book grew by 45% to US\$40.5 million compared to 30 June 2023, underpinning revenue for H2 FY24 and beyond.

The outlook for software looks strong growing by 9% to \$2.6 million, with new opportunities being pursued outside renewals from existing clients.

The Group expects to continue supporting all planned activities through its balance sheet with support of asset financing for new compute and storage 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, Kuala Lumpur and Abu Dhabi, supporting a diverse industrial client-base. 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.