

# ASX Release



30 October 2023

## Q1 FY24 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 2023.

### Highlights

- **US\$30.9 million in new Services projects awarded** during the quarter, a 186% increase on Q1 FY23.
- **Services order book at 30 September 2023 of US\$47.2 million**, a 69% increase on 30 June 2023.
- **Total revenue in Q1 FY24 was US\$12.9 million**, an increase of 15% on Q1 FY23.
- **EBITDA for Q1 FY24 of US\$3.4 million**, an increase of 13% on Q1 FY23.
- **Operating net cash outflows for Q1 FY24 of US\$0.1 million**, a US\$0.4 million decrease on Q1 FY23. Net financing cash inflows for Q1 FY24 of US\$4.0 million funded the majority of investing cash outflows of US\$5.9 million.
- **Total cash held at 30 September 2023 was US\$5.9 million** with net cash (excluding AASB 16 leases) at 30 September 2023 of US\$2.3 million.

### Operational update

Services project wins continue to be strong with a record high US\$30.9 million of awards this quarter. Services awards over the last twelve months exceeded US\$70 million.

Revenue of US\$12.9 million was up 15% from Q1 FY23 and EBITDA of US\$3.4 million was up 13% on Q1 FY23 with some services projects impacted by constrained compute resources.

Operating cash outflows of US\$0.1 million were resultant of timing differences on customer receipts. Investing cash outflows include a deposit of US\$3.4 million to the supplier of compute which will be reimbursed and asset financed on receipt of the equipment during Q2 FY24.

Managing Director Dr Matthew Lamont said: “The levels of orders we’ve received this quarter is fantastic, over a third of these orders are MP-FWI workflows which shows the belief we are creating in the market for this technology.

Operational results for the quarter were impacted by constraints in computer resources due to downtime as we upgraded RAM in our existing machines in Houston and we await delivery of US\$7 million of compute ordered in August 2023, due for delivery during November 2023.

A necessary short-term investment was made in a deposit for the new compute ordered in August to expedite delivery, this deposit will be reimbursed to us upon delivery of the equipment. Our balance sheet remains in great shape with a net cash position retained.”





## Revenue

Total revenue was US\$12.9 million for Q1 FY24. The table below summarises the break-down of revenue across the Company's three product lines:

| Product line | Q1 FY24<br>(US\$ million) | Q1 FY23<br>(US\$ million) | Variance Q1 FY24<br>to Q1 FY23 (%) |
|--------------|---------------------------|---------------------------|------------------------------------|
| Services     | 10.8                      | 8.7                       | 24%                                |
| Software     | 1.2                       | 1.5                       | (20%)                              |
| HPCaaS       | 0.9                       | 1.0                       | (10%)                              |
| <b>Total</b> | <b>12.9</b>               | <b>11.2</b>               | <b>15%</b>                         |

Services revenue grew by 24% on Q1 FY23. Services revenue was restricted during the quarter due to a shortage of compute with significant demand on DUG's datacentre assets.

Software revenue fell during the quarter due to a change in revenue recognition policies impacting timing. External HPC revenues contracted marginally to focus compute assets on services projects.

## Cash flow

Net cash outflows from operating activities were US\$0.1 million for Q1 FY24 (Q1 FY23: inflow of US\$0.3 million). Cash was impacted due to timing on invoicing and debtor receipts with trade receivables increasing by US\$3.2 million from 30 June 2023.

Net cash flows from investing activities were US\$5.9 million which included US\$6.8 million of cash outflows for equipment during the quarter. This included a down payment of US\$3.4 million on the previously announced compute purchase<sup>1</sup> which will be reimbursed upon receipt of the compute assets, expected during Q2 FY24. Other capital expenditure included US\$1.0 million in data storage which was also asset financed during the period and US\$1.5 million in RAM upgrades to existing compute assets in the Houston Skybox facility to assist in running large MP-FWI workflows. Offsetting the purchases during the quarter was US\$0.9 million grant income received from the Western Australia State Government<sup>2</sup>.

Net cash inflows from financing activities were US\$4.0 million which included the receipt of US\$4.6 million from the repayment of a loan funded share plan arrangement<sup>3</sup> and US\$0.9 million of asset financing, offset by financing repayments of US\$0.6 million, lease repayments of US\$0.5 million and interest costs of US\$0.3 million.

At 30 September 2023, total cash on hand was US\$5.9 million with gross debt of US\$3.6 million, including US\$2.0 million due to CBA on a term loan facility expiring 1 July 2024.

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

## Ends

<sup>1</sup> Refer ASX Announcement dated 29 August 2023 "Asset Financing Arrangements Executed"

<sup>2</sup> Refer ASX Announcement dated 18 July 2023 "DUG secures A\$5 million in government funding for Geraldton HPC Campus"

<sup>3</sup> Refer ASX Announcement dated 15 August 2023 "DUG receives A\$7.1m from loan funded share plan repayment"



#### For more information:

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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).