



ASX Release

Friday, 30 October 2020

DUG Technology Chairman's 2020 AGM address

On behalf of the Board of DUG Technology, it is a pleasure to address you, our shareholders, at our 2020 Annual General Meeting, our first as a publicly listed company. This meeting covers the 12-month financial reporting period ended 30 June 2020. Needless to say, it has been an extremely exciting year and not without its challenges.

Today, I will take you through the operational update for the year before progressing through the formal agenda and resolutions.

DUG has experienced a considerable journey, from a two-man start-up operating out of a garage to a listed company on the ASX, with 314 employees across four international offices. From the very beginning, we have been building our own high-performance computing systems and developing software to process and visualise huge data sets. Today we run some of the “largest” and “greenest” data centers in the world.

We are all proud of what DUG has achieved over the past 17 years. These achievements form an incredibly strong foundation for future strategic growth, and we are excited about what that future holds both for us as a company, and also our clients and team members.

DUG successfully listed on the ASX on 12 August 2020. The IPO was strongly supported by cornerstone investors and the market with oversubscription resulting in the early closure of the Offer. The IPO raised A\$26 million of funding and was undertaken at a market capitalisation of over A\$130 million.

Over the past 12 months as we headed into our IPO, your Board was significantly strengthened with the appointments of Michael Malone, founder of iiNet Limited, and Mark Puzey, ex-KPMG. Mark also chairs our Audit and Risk Committee.

In FY20, DUG's pivot to High Performance Computing as a Service or HPC as a Service, and broadening of its client base beyond the resource sector, began to take hold.

Revenue from ordinary activities in FY20 of US\$49.4 million represented a decrease of US\$2.7 million on the prior year. The decline was primarily in the Services division as COVID-19 delayed the commencement of new projects in the last quarter of the financial year, moving them into FY21. Revenue in the HPC division increased by 30.5% in FY20, and we are very excited by the growth trajectory we see for HPC as a Service.

With a comparable cost base of US\$49.5 million, EBITDA and operating results before net finance expenses and taxation were impacted similarly by lower than expected revenue in the last quarter of the financial year. FY20 EBITDA was US\$9.2 million compared with US\$11.8 million in the prior year (restated for the impact of changes in accounting standards relating to leases).

We remain well capitalised for growth with US\$24 million cash on our balance sheet.

Over the past 12 months, we have broadened our client base to include non-resource companies and organisations. HPC is at the forefront of our growth strategy to sell HPC cycles and storage across multiple industries requiring substantial computing power.

Historically, most of DUG's traditional clients have been in the resources sector where we currently generate most of our revenue from scientific data analysis services. However, since 2019 we have

been providing HPC as a Service, scientific data analysis services and software solutions to a broader range of clients including radio astronomy, biomedical research, meteorology and universities.

We continue to make a concerted effort to diversify our client base and strengthen our relationships to provide long term, sustainable growth.

Louise Bower, DUG Technology's Chief Financial Officer over the past 11 years and an Executive Director for the past 6 years will cease her executive role in November, and continue as a Non-executive Director. On behalf of the Board I would like to thank Louise for the tremendous work she has done in her executive role and we all look forward to her continued involvement as a Non-executive Director and supportive shareholder.

Bhavesh Morar, a qualified executive in financial, commercial and risk management, will assume the CFO role as of 2 November 2020, with Louise continuing to support DUG from November 2020 to the end of February 2021 with a comprehensive transition of her executive responsibilities to Bhavesh, particularly in the lead up to DUG Technology's FY21 half year financial results.

On behalf of the Board, I would like to thank our staff for the tremendous effort and contribution they have made to DUG over the past 12 months. Finally, I would like to thank you, our shareholders for your continued support, and we look forward to updating you on the progress we are achieving in our growth strategy over FY21 and beyond.

I look forward to the year ahead and the opportunities it will present for DUG to excel. The future is bright, the future is orange.

Authorised for release by Matt Lamont, Managing Director of DUG Technology Ltd.

ENDS

For more information:

Investors

Ronn Bechler, Market Eye

T +61 400 009 774

E ronn.bechler@marketeye.com.au

Media

Tristan Everett, Market Eye

T +61 403 789 096

E tristan.everett@marketeye.com.au

DUG Investor Email: investor@dug.com

DUG Investor Centre: www.dug.com/investor-centre

About DUG

DUG is a technology company at the forefront of high-performance computing with a strong foundation in applied physics. DUG's innovative hardware and software solutions for the global technology and resource sectors enable clients to leverage large and complex datasets. The Company provides cloud-based, high-performance computing as a service (HPCaaS), multi-tiered support for technology onboarding and code optimisation, and integrated services. DUG has offices in Perth, London, Houston and Kuala Lumpur. The Company designs, owns and operates some of the largest and greenest supercomputers on Earth.

To learn more, please visit www.dug.com

In addition, to help you understand DUG's technology proposition and scale of operations, please watch:

- "Pedal to the Bare Metal" at: <https://www.youtube.com/watch?v=Wqs-C77oDHE>
- Time lapse video of the build out of DUG's data centre in Houston that can accommodate a 150PF supercomputer, and currently has 21PF installed at: <https://www.youtube.com/watch?v=eJ98oWk7AuM&feature=youtu.be>.