

DUG Technology

Contract award

Awarded material software contract

DUG Technology has been awarded a significant contract with Petronas to provide software and HPCaaS services for a minimum three-year term. After paying a managed services partner to undertake part of the contract, the net minimum contract value of \$18.2m is equivalent to c \$6m revenue per annum. We have upgraded our forecasts factoring in a small contribution in FY26 before run-rate revenue is reached in FY27.

Year end	Revenue (\$m)	EBITDA (\$m)	PBT (\$m)	EPS (\$)	DPS (\$)	EV/EBITDA (x)	P/E (x)
6/24	65.5	16.6	8.0	0.02	0.00	11.4	56.2
6/25e	62.6	15.4	(1.4)	(0.03)	0.00	12.3	N/A
6/26e	76.8	25.6	9.0	0.05	0.00	7.4	27.8
6/27e	87.5	31.6	15.6	0.08	0.00	6.0	16.0

Note: EPS is diluted.

Software & HPCaaS contract win with Petronas

DUG has announced that it has signed a letter of award (LoA) with Petronas Digital, a subsidiary of Malaysia's national energy company. Under the terms of the LoA, DUG will provide Petronas with dedicated compute and storage capacity as well as access to its full DUG Insight processing and imaging software, which includes elastic multi-parameter full waveform inversion imaging. Petronas's technical teams will be able to use this to perform advanced sub-surface processing and imaging workflows as well as to host third-party applications. DUG is partnered with Cegal, a Norwegian software and consulting services business specialising in the energy sector. Cegal will be responsible for delivering the managed services scope of the contract.

Upgrading forecasts

The LoA has a term of three years with an option to extend for a further two years at Petronas's discretion. The minimum total contract value is \$23.8m with further upside potential once the scope is finalised. Of this, \$5.6m will be payable to Cegal. The project is expected to be delivered in phases through the remainder of CY25 and to be fully commissioned around Q1 CY26. This is subject to signing the formal contract, which is expected by the end of the month. The net minimum contract value of \$18.2m is equivalent to annual revenue of c \$6m over the three-year term. We have upgraded our FY26 revenue forecast by 2.8% and FY27 by 5.9%, resulting in EBITDA upgrades of 8.2% in FY26 and 16.5% in FY27.

Valuation: New contract drives upside

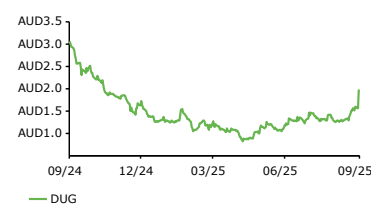
Based on our upgraded forecasts, a WACC of 9.6% and a long-term growth rate of 2%, using a reverse discounted cash flow analysis we estimate the share price is only factoring in modest growth of 4% for FY28–35 and a drop in the EBITDA margin to 31%. Using still conservative growth of 5% for FY28–35 and a margin of 36.1% over the same period (flat versus FY27), we estimate that the valuation would increase to A\$2.64 per share (up from A\$2.15). This does not include any contribution from DUG Cool (revenue would drop through at a close to 100% margin) or DUG Nomad.

Software and comp services

3 September 2025

Price	AUD1.960
Market cap	AUD264m
Net cash/(debt) at end FY25	\$(17.4m)
Shares in issue	134.7m
Free float	79.1%
Code	DUG
Primary exchange	ASX
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	54.1	58.4	(36.7)
52-week high/low		AUD3.2	AUD0.9

Business description

DUG Technology provides geoscience data analysis, imaging and interpretation services and software, as well as high-performance computing-as-a-service (HPCaaS).

Next events

Q126 business update	End October
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Analyst

Katherine Thompson +44 (0)20 3077 5700

tmt@edisongroup.com

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Changes to forecasts

Exhibit 1: Changes to forecasts

		FY26e	FY26e			FY27e	FY27e	
		Old	New	Change	y-o-y	Old	New	Change
Revenues	\$m	74.7	76.8	2.8%	22.7%	82.6	87.5	5.9%
EBITDA	\$m	23.6	25.6	8.2%	65.4%	27.1	31.6	16.5%
EBITDA margin		31.6%	33.3%	1.7pp	8.6pp	32.8%	36.1%	3.3pp
Reported operating profit	\$m	10.7	12.7	18.1%	393.1%	14.2	18.7	31.4%
Reported operating margin		14.4%	16.5%	2.1pp	12.4pp	17.2%	21.4%	4.1pp
Reported PBT	\$m	7.0	9.0	27.7%	N/A	11.1	15.6	40.1%
Reported net income	\$m	4.9	6.3	27.7%	N/A	7.8	10.9	40.1%
Reported basic EPS	\$	0.037	0.047	27.7%	N/A	0.059	0.082	40.1%
Reported diluted EPS	\$	0.036	0.046	27.7%	N/A	0.057	0.080	40.1%
Net debt/(cash)	\$m	10.8	9.3	-14.5%	-46.8%	(0.0)	(5.6)	16133.1%
Revenues								
Services	\$m	62.6	62.6	0.0%	20.8%	69.5	69.5	0.0%
Software	\$m	9.6	11.6	21.4%	39.7%	10.5	14.3	36.0%
HPCaaS	\$m	2.5	2.5	1.1%	4.1%	2.5	3.6	43.5%
Services order book								
Services order book	\$m	57.9	57.9	0.0%	11.4%	62.2	62.2	0.0%
Services order intake								
Services order intake	\$m	68.6	68.6	0.0%	4.7%	73.8	73.8	0.0%

Source: Edison Investment Research

Exhibit 2: Financial summary

\$m	2020	2021	2022	2023	2024	2025	2026e	2027e
Year end 30 June	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT								
Revenue	45.3	38.5	33.8	50.9	65.5	62.6	76.8	87.5
EBITDA	9.6	(1.7)	2.8	15.1	16.6	15.4	25.6	31.6
Normalised operating profit	0.6	(9.1)	(4.9)	8.6	9.3	2.6	12.7	18.7
Amortisation of acquired intangibles	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exceptionals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Share-based payments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reported operating profit	0.6	(9.1)	(4.9)	8.6	9.3	2.6	12.7	18.7
Net Interest	(7.1)	(3.8)	(1.6)	(1.2)	(1.3)	(4.0)	(3.7)	(3.1)
Joint ventures & associates (post tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exceptionals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit Before Tax (norm)	(6.5)	(12.9)	(6.5)	7.5	8.0	(1.4)	9.0	15.6
Profit Before Tax (reported)	(6.5)	(12.9)	(6.5)	7.5	8.0	(1.4)	9.0	15.6
Reported tax	(5.1)	(3.0)	(2.8)	(2.5)	(4.7)	(3.0)	(2.7)	(4.7)
Profit After Tax (norm)	(11.7)	(15.9)	(9.3)	4.9	3.3	(4.4)	6.3	10.9
Profit After Tax (reported)	(11.7)	(15.9)	(9.3)	4.9	3.3	(4.4)	6.3	10.9
Minority interests	(0.0)	(0.1)	0.1	0.1	(0.6)	0.5	0.0	0.0
Discontinued operations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income (normalised)	(11.7)	(16.0)	(9.2)	5.0	2.8	(3.9)	6.3	10.9
Net income (reported)	(11.7)	(16.0)	(9.2)	5.0	2.8	(3.9)	6.3	10.9
Basic average number of shares outstanding (m)	63	96	114	118	118	129	133	133
EPS - basic normalised (\$)	(0.185)	(0.166)	(0.081)	0.042	0.023	(0.030)	0.047	0.082
EPS - normalised fully diluted (\$)	(0.185)	(0.166)	(0.081)	0.041	0.023	(0.030)	0.046	0.080
EPS - basic reported (\$)	(0.185)	(0.166)	(0.081)	0.042	0.023	(0.030)	0.047	0.082
Dividend (\$)	0	0	0	0	0	0	0	0
Revenue growth (%)	(13.0)	(15.2)	(12.2)	50.9	28.6	(4.5)	22.7	14.0
EBITDA Margin (%)	21.1	(4.5)	8.3	29.6	25.4	24.7	33.3	36.1
Normalised Operating Margin (%)	1.3	(23.8)	(14.5)	17.0	14.2	4.1	16.5	21.4
BALANCE SHEET								
Fixed Assets	38.9	38.3	29.5	28.7	56.3	55.4	51.1	46.9
Intangible Assets	0.3	0.5	0.5	0.6	0.6	0.5	0.6	0.6
Tangible Assets	37.9	37.1	28.9	27.9	52.5	51.7	47.5	43.2
Investments & other	0.7	0.7	0.0	0.2	3.2	3.1	3.1	3.1
Current Assets	21.2	17.7	9.5	18.4	23.8	36.1	37.0	41.9
Stocks	0.5	0.8	0.3	2.6	4.3	4.3	4.3	4.3
Debtors	7.2	5.9	4.9	6.6	9.3	11.7	14.3	16.3
Cash & cash equivalents	12.4	10.0	2.7	8.0	9.4	16.4	13.8	18.0
Other	1.1	1.0	1.7	1.2	0.9	3.7	4.5	3.3
Current Liabilities	(26.9)	(26.6)	(9.8)	(15.1)	(25.5)	(21.5)	(22.6)	(23.1)
Creditors	(3.0)	(2.4)	(2.9)	(6.5)	(7.6)	(4.9)	(6.0)	(6.5)
Tax and social security	0.0	0.0	0.0	0.0	(2.4)	0.0	0.0	0.0
Short-term borrowings	(18.5)	(19.9)	(3.6)	(4.6)	(10.6)	(11.2)	(11.2)	(11.2)
Other	(5.4)	(4.3)	(3.3)	(4.0)	(4.8)	(5.4)	(5.4)	(5.4)
Long-Term Liabilities	(40.0)	(15.9)	(13.4)	(11.1)	(24.6)	(22.7)	(12.0)	(1.3)
Long-term borrowings	(39.7)	(15.8)	(13.3)	(10.9)	(24.5)	(22.6)	(11.9)	(1.2)
Other long-term liabilities	(0.2)	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Net Assets	(6.7)	13.4	15.8	20.9	30.0	47.3	53.6	64.5
Minority interests	(0.0)	0.1	(0.0)	(0.1)	0.5	(0.0)	(0.0)	(0.0)
Shareholders' equity	(6.7)	13.5	15.8	20.8	30.5	47.2	53.5	64.4
CASH FLOW								
Op Cash Flow before WC and tax	9.6	(1.7)	2.8	15.1	16.6	15.4	25.6	31.6
Working capital	0.4	2.0	0.8	0.6	(2.4)	(4.9)	(1.5)	(1.5)
Exceptional & other	(2.6)	(2.3)	(3.9)	(2.3)	(1.9)	(2.2)	(3.5)	(3.5)
Tax	(1.0)	(0.8)	(0.1)	0.1	(0.2)	(2.7)	0.0	0.0
Net operating cash flow	6.3	(2.8)	(0.4)	13.4	12.1	5.6	20.5	26.6
Capex	(3.2)	(6.2)	(1.5)	(3.1)	(31.3)	(8.4)	(8.2)	(8.2)
Acquisitions/disposals	0.0	0.2	0.0	0.1	0.0	0.0	0.0	0.0
Net interest	(2.1)	(2.1)	(1.3)	(1.2)	(1.4)	(4.2)	(3.7)	(3.1)
Equity financing	0.0	17.4	11.7	0.0	5.0	20.2	0.0	0.0
Dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.9	0.0	0.0	0.0
Net Cash Flow	1.0	6.5	8.5	9.2	(14.7)	13.2	8.6	15.3
Opening net debt/(cash)	41.5	45.7	25.7	14.2	7.5	25.7	17.4	9.3
FX	0.1	0.0	(0.2)	(0.2)	(0.1)	0.0	0.0	0.0
Other non-cash movements	(5.4)	13.5	3.2	(2.3)	(3.3)	(5.0)	(0.5)	(0.5)
Closing net debt/(cash)	45.7	25.7	14.2	7.5	25.7	17.4	9.3	(5.6)
Closing net debt/(cash) excluding leases	27.2	7.7	1.8	(5.2)	(8.2)	(16.4)	(13.8)	(17.9)

Source: DUG, Edison Investment Research

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