EDISON

DUG Technology

Strong start to the year

Q126 business update

Software and comp services

30 October 2025

DUG Technology reported Q126 year-on-year revenue growth of 19% and new services project awards growth of 9% y-o-y, maintaining a flat services order book versus end-FY25. Progress with international expansion was evident in the first revenue from Brazil and a growing contribution from the Middle East. The EBITDA margin of 25.1% (Q125 18.6%) included an element of costs relating to the new Petronas contract. We expect this contract to start to contribute revenue from Q226, ramping up to the full run rate in FY27. We maintain our forecasts.

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	13.3	70.2
6/25	62.6	15.4	(1.4)	(0.03)	0.00	14.3	N/A
6/26e	79.0	27.5	9.3	0.05	0.00	8.0	33.6
6/27e	92.3	35.8	16.5	0.08	0.00	6.2	18.8

Note: EPS is diluted.

Steady progress in Q126

In its Q126 business update, DUG reported revenue of $16.7m, up 19% y-o-y. Services revenue of $14.4m was up 21% y-o-y, software revenue of $1.6m was flat and high-performance computing-as-a-service (HPCaaS) revenue of $0.7m was up 40% y-o-y. The company received services orders worth $14.1m (+9% y-o-y) and the services order book closed the quarter at $51.9m (+46% y-o-y, flat q-o-q). Management highlighted that Q1 is normally the quietest for project awards. During the quarter, the first revenue was reported from Brazil and revenue from the Middle East continued to grow. Q126 EBITDA of $4.2m was 65% higher year-on-year. Operating cash inflow of $0.4m compared to an outflow of $0.7m in Q125. Cash at the end of Q126 was $12.5m and net debt was $5.7m, compared to $17.4m at the end of FY25.

Petronas contract yet to affect revenue

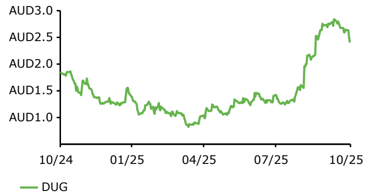
The Petronas contract announced in September has yet to contribute to revenue, although some costs were incurred as preparatory work was undertaken. We estimate that the contract, which involves the provision of software and HPCaaS services, will lead to an H2-weighting for revenue and profit as the contract ramps up to its run rate. We make no change to our forecasts.

Valuation: Growth potential not priced in

Based on a weighted average cost of capital of 9.5% 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 3% and an average EBITDA margin of 36.5% for FY28–35. Using still conservative growth of 5% for FY28–35 and a margin of 38.8% over the same period (flat versus FY27), we estimate that the valuation would increase to A$3.00 per share. This does not include any contribution from DUG Cool (revenue would drop through at a close to 100% margin) or DUG Nomad.

Price	**AUD2.420**
Market cap	**AUD327m**
Net cash/(debt) at end-Q126	$(5.7)m
Shares in issue	135.2m
Free float	79.1%
Code	DUG
Primary exchange	ASX
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	(11.4)	74.7	27.4
52-week high/low		AUD2.9	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

AGM	20 November

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Edison profile page

DUG Technology is a research client of Edison Investment Research Limited

Q126 business update

Exhibit 1: Q126 business update

US$m	Q126	Q125	y-o-y
Revenue			
Services	14.4	11.9	21%
Software	1.6	1.6	0%
HPCaaS	0.7	0.5	40%
Total revenue	16.7	14.0	19%
EBITDA	4.2	2.6	65%
EBITDA margin	25.1%	18.6%	
Services orders	14.1	12.9	9%
Services order book	51.9	35.4	46%
Operating cash inflow	0.4	(0.7)	-157%
Net debt	5.7	22.5	-75%

Source: DUG

Exhibit 2: Financial summary

$'m	2020	2021	2022	2023	2024	2025	2026e	2027e
Year end 30 June	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT								
Revenue	45.3	38.5	33.8	50.9	65.5	62.6	79.0	92.3
EBITDA	9.6	(1.7)	2.8	15.1	16.6	15.4	27.5	35.8
Normalised operating profit	0.6	(9.1)	(4.9)	8.6	9.3	2.6	13.0	19.6
Amortisation of acquired intangibles	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exceptionals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Share-based payments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reported operating profit	**0.6**	**(9.1)**	**(4.9)**	**8.6**	**9.3**	**2.6**	**13.0**	**19.6**
Net Interest	(7.1)	(3.8)	(1.6)	(1.2)	(1.3)	(4.0)	(3.7)	(3.1)
Joint ventures & associates (post tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exceptionals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit Before Tax (norm)	(6.5)	(12.9)	(6.5)	7.5	8.0	(1.4)	9.3	16.5
Profit Before Tax (reported)	(6.5)	(12.9)	(6.5)	7.5	8.0	(1.4)	9.3	16.5
Reported tax	(5.1)	(3.0)	(2.8)	(2.5)	(4.7)	(3.0)	(2.8)	(5.0)
Profit After Tax (norm)	**(11.7)**	**(15.9)**	**(9.3)**	**4.9**	**3.3**	**(4.4)**	**6.5**	**11.6**
Profit After Tax (reported)	**(11.7)**	**(15.9)**	**(9.3)**	**4.9**	**3.3**	**(4.4)**	**6.5**	**11.6**
Minority interests	(0.0)	(0.1)	0.1	0.1	(0.6)	0.5	0.0	0.0
Discontinued operations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income (normalised)	**(11.7)**	**(16.0)**	**(9.2)**	**5.0**	**2.8**	**(3.9)**	**6.5**	**11.6**
Net income (reported)	**(11.7)**	**(16.0)**	**(9.2)**	**5.0**	**2.8**	**(3.9)**	**6.5**	**11.6**
Basic average number of shares outstanding (m)	63	96	114	118	118	129	133	133
EPS - basic normalised ($)	(0.185)	(0.166)	(0.081)	0.042	0.023	(0.030)	0.049	0.087
EPS - normalised fully diluted ($)	(0.185)	(0.166)	(0.081)	0.041	0.023	(0.030)	0.048	0.085
EPS - basic reported ($)	(0.185)	(0.166)	(0.081)	0.042	0.023	(0.030)	0.049	0.087
Dividend ($)	0	0	0	0	0	0	0	0
Revenue growth (%)	(13.0)	(15.2)	(12.2)	50.9	28.6	(4.5)	26.2	17.0
EBITDA Margin (%)	21.1	(4.5)	8.3	29.6	25.4	24.7	34.8	38.8
Normalised Operating Margin (%)	1.3	(23.8)	(14.5)	17.0	14.2	4.1	16.4	21.3
BALANCE SHEET								
Fixed Assets	38.9	38.3	29.5	28.7	56.3	55.4	59.5	52.0
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	55.8	48.3
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	28.9	37.9
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	14.7	17.2
Cash & cash equivalents	12.4	10.0	2.7	8.0	9.4	16.4	5.7	13.1
Other	1.1	1.0	1.7	1.2	0.9	3.7	4.1	3.2
Current Liabilities	(26.9)	(26.6)	(9.8)	(15.1)	(25.5)	(21.5)	(22.6)	(23.2)
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	53.8	65.3
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	53.7	65.3
CASH FLOW								
Op Cash Flow before WC and tax	9.6	(1.7)	2.8	15.1	16.6	15.4	27.5	35.8
Working capital	0.4	2.0	0.8	0.6	(2.4)	(4.9)	(1.9)	(1.9)
Exceptional & other	(2.6)	(2.3)	(3.9)	(2.3)	(1.9)	(2.2)	(3.2)	(3.2)
Tax	(1.0)	(0.8)	(0.1)	0.1	(0.2)	(2.7)	0.0	(0.8)
Net operating cash flow	6.3	(2.8)	(0.4)	13.4	12.1	5.6	22.4	29.9
Capex	(3.2)	(6.2)	(1.5)	(3.1)	(31.3)	(8.4)	(18.2)	(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	0.5	18.6
Opening net debt/(cash)	41.5	45.7	25.7	14.2	7.5	25.7	17.4	17.4
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	17.4	(0.8)
Closing net debt/(cash) excluding leases	27.2	7.7	1.8	(5.2)	(8.2)	(16.4)	(5.7)	(13.1)

Source: DUG, Edison Investment Research

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