
Update on the reduction in royalty revenue due to the conflict in Ukraine and logistical constraints on the automotive industry

As advised in our announcement of 1 June, DataDot Technology Ltd (ASX:DDT) (**the Company**) has been continually assessing the potential impact on its royalty revenue as a result of the conflict in Ukraine.

A material proportion of the Company's royalty revenue has been derived from our South African distributor (Datadot South Africa) who distribute automotive related product via third parties into the European and Russian Federation automotive markets. These third parties have ceased distribution to the Federation for the foreseeable future as a result of international sanction regimes.

In addition to the Ukrainian situation, it has now become evident that the slowdown in European vehicle sales as a result of the logistical constraints impacting the vehicle industry world-wide has led to larger than planned stock holdings by the distributors' key European clients. It is likely that this will lead to a reduction in new product orders for the first-half FY 23 while these stock levels are utilised.

Based on the publically available assessments of the Ukraine conflict it is now anticipated that it is highly unlikely that sales into the Federation will resume during FY 23. While it is more difficult to assess the time-frame around a return to more normal supply chains in the automotive industry, the company is anticipating a further reduction in its automotive related royalty revenue during first-half FY 23 with a return to previous levels in the second-half FY 23 as the industry's logistical constraints ease.

While the full extent of the cumulative impact of these external factors on royalty revenue will be evident in the company's first-half FY 23 results the company enjoys a very strong financial base, remains debt free and is still actively engaging with prospective new clients in the automotive sector. Considerable progress is also being made in the development of new product offerings and expansion of our non-automotive market.

An update on the company's progress will be provided with the release of our FY 22 results.

This announcement is authorised for release by the Board of Directors.

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