Safe Harbor

“The matters that we discuss today will include forward-looking statements that involve risks factors that could cause Data I/O Corporation’s results to differ materially from management’s current expectations. We encourage you to review the Safe Harbor statement contained in the earnings release as well as our most recent SEC filings for a complete description. Additionally, those forward-looking statements are made as of today, and we take no obligation to update them.”
Who We Are

“Data I/O helps enable the digital world by designing, manufacturing, and selling programming systems to global electronic device manufacturers.”
Data I/O’s programming systems are used by the world’s leading manufacturers, programming centers, and contract manufacturers, to program integrated circuits and bring their devices to life.
## Company Snapshot

### Recent Achievements and Trends

- Focused business strategy that is achieving operating and financial milestones
- Ranked 22nd in Puget Sound Business Journal’s 2015 Fastest Growing Public Companies list
- New products winning in the marketplace
- Automotive electronics driving favorable momentum
- First quarter profitability for the first time in four years despite currency headwinds
- Ongoing efforts to control and reduce manufacturing and SG&A expenses

### Committed to Creating Shareholder Value

- Introduce new “best in class” products that grow market share
- Grow addressable market
- Pursue accretive acquisitions
- Return excess capital to shareholders

### Company Snapshot (1)(2)

<table>
<thead>
<tr>
<th></th>
<th>DAIO</th>
</tr>
</thead>
<tbody>
<tr>
<td>NASDAQ:</td>
<td></td>
</tr>
<tr>
<td>Headquarters:</td>
<td>Redmond, WA</td>
</tr>
<tr>
<td>Established:</td>
<td>1972</td>
</tr>
<tr>
<td>Stock Price:</td>
<td>$3.42</td>
</tr>
<tr>
<td>Market Cap:</td>
<td>$27.5M</td>
</tr>
<tr>
<td>Shares Outstanding:</td>
<td>8.0M</td>
</tr>
<tr>
<td>3 Mos. Avg. Volume:</td>
<td>10,703 shares</td>
</tr>
<tr>
<td>TTM Sales:</td>
<td>$23.0M</td>
</tr>
<tr>
<td>TTM Diluted EPS:</td>
<td>$0.19</td>
</tr>
<tr>
<td>TTM Adjusted EBITDA:</td>
<td>$2.1M</td>
</tr>
<tr>
<td>Cash &amp; Securities:</td>
<td>$8.9M</td>
</tr>
<tr>
<td>Debt</td>
<td>$0.0</td>
</tr>
</tbody>
</table>

(1) Stock price, market cap and volume as of June 30, 2015
(2) Financial figures for the period ended March 31, 2015
Diverse Offering of Market Leading Programming Systems

Diverse Product Offerings

**Automated Off-Line**

**Semi-Automated On-Line**

**Manual Off-Line**

**History of Innovation**

- Data I/O’s products are viewed as the “gold standard” for advanced programming equipment and IP property management solutions.
- Invested $4.7 million in R&D in 2014 to create new products and lower unit costs.
- Increased automated handling capabilities to add capacity, improve small parts handling, traceability, and speed, and lower cost of programming.
- Expanded market opportunity with introduction of low cost handlers for Asia.
- R/D focus on breakthroughs in programming technology to support explosive demand for automotive infotainment solutions using large FLASH memories and microcontrollers.
PSV Product Line

- PSV series programming systems offer customers automated, off-line systems with medium and high volume output, and high rate of change.
- The PSV7000 is the world’s premier automated programming system with the speed, flexibility and fast changeover to handle any job at the lowest total cost of ownership.
- The PSV family of products has proven programming technology and handling capabilities that deliver the lowest total cost of programming.

### Core Products

<table>
<thead>
<tr>
<th>PSV7000</th>
<th>Description</th>
</tr>
</thead>
</table>
| • Introduced September 2013  
• Cuts the cost of programming by up to 50%  
• Represents new capabilities to handle and program small parts  
• Fastest ramping product and most successful automated handler Data I/O has developed to date |

<table>
<thead>
<tr>
<th>PSV5000</th>
<th>Description</th>
</tr>
</thead>
</table>
| • Introduced April 2015  
• Handler rated up to 1300 parts per hour  
• Well positioned for industrial controls, Internet of Things and consumer electronics applications |

<table>
<thead>
<tr>
<th>PSV3000</th>
<th>Description</th>
</tr>
</thead>
</table>
| • Introduced July 2014  
• Cost-effective entry point  
• Developed for the Asian market  
• First customer win in 2014 Q4 to industrial customer in China |
### Equipment

- 60% of 2014 Sales
- Off-line and in-line programming systems
- Automated systems cost $65,000 to $628,100
- Manual systems cost $675 to $32,400
- Usually last 5-7 years
- Adapters fit to these products

### Consumables

#### Adapters

- Target 25% of sales
- 28% of 2014 Sales
- Usually last 3-24 months

#### Software and Maintenance

- 12% of 2014 Sales
- Annual software upgrades

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- Consumables and equipment sales have similar gross margins
  - Installed base drives recurring consumables sales
- High customer retention
Servicing Customers Globally in Growing Markets

- Data I/O delivers cutting edge products and technology to hundreds of customers around the globe
- Global footprint with headquarters in Redmond, Washington and offices located in Shanghai, China and Munich, Germany
- The only true global programming solutions provider offering local service and engineering support 24/7
- Eight of the top nine automotive electronics companies are customers

### Sample Customers

#### Automotive

Panasonic

DENSO

BOSCH

DELPHI

Fujitsu Ten

#### Consumer & Wireless

Microsoft

Amazon.com

LG

Apple

Google

HUAWEI

#### Industrial

Honeywell

Schneider Electric

Watlow

Schindler

Insta

Danfoss

Miele

### Programming Centers and EMS

Jabil

Wistron

AVNET

MSC Technologies

BVT

Flextronics

Foxconn
The Programming Market is Segmented

Device Programming in Production is done many ways, depending on code size, factory size, device type, and installed equipment.

**Data I/O’s Current Markets**

**Manual Programmers**
- Suitable for Engineering Applications
- Labor intensive
- Declining use in manufacturing
- Competitors: Xeltek, Elnec, and many other smaller companies

**Automated Off-Line and In Line Programmers**
- Suitable for large FLASH, logic, uC and global production applications
- Competitors: BPM, System General, Hi-Lo, and many other smaller companies

**Future Addressable Markets**

**Programming at Test**
- Production Environments
- Cost effect and efficient programming when extra test time available.
- Ideal for small amounts of content
- Large memory files can impact production lines
- Testing hardware is more expensive than off-line programming hardware

**In-System Programming**
- Production environments
- Cost effect and efficient programming
- Ideal for small amounts of content
Positioned for Growth

Gain Market Share

Current Customers/Traditional Markets
- The PSV7000 has reinvigorated Data I/O’s global automotive and industrial customer base
- Winning new and former customers
- Upgrading the installed base
- PSV7000 now deployed on four continents

Expand Market Opportunities

New Customers/New Markets
- PSV3000 automated handler for lower cost markets in Asia
  - expands addressable market by $10M
- Lower Total Cost of Programming to convert Manual to Automated customers
- “Onshoring” opens new opportunities in NA
  - LEAN manufacturing and shorter supply chains lead customers to program locally

Recognized Global Leader

- Eight out of the top nine automotive electronics manufacturers have chosen the PSV7000
- PSV7000 awarded:
  - 2013 Global SMT Award
  - 2014 Circuits Assembly NPI Award
- PSV3000 awarded:
  - 2015 SMT China Vision Award
  - 2015 EM Asia Innovation Award
According to The Clemson University Vehicular Electronics Laboratory, a typical automobile on the road today has over 50 computer controlled electronic systems. http://www.cvel.clemson.edu/auto/systems/auto-systems.html
Instrument Clusters are changing dramatically within the automotive industry. Simple instruments have given way to powerful graphical computers with large FLASH memories.

The Audi TT has upgraded its legacy dashboard technology to the Audi Virtual Cockpit.

Modern Infotainment and Instrument Clusters, such as Audi’s Virtual Cockpit, feature CPU’s and large FLASH memory arrays, often with 20+ GB of content.
PSV Line Positioned For Growth in Automotive Electronics

Data I/O’s PSV product line is uniquely positioned to service automobile electronic manufacturers requirements for large FLASH programming

### Automotive Electronics Programming Requirements Presents New Challenges

- Large FLASH cannot be programmed using the same post placement equipment as small microcontrollers
  - Programming at Test is not possible for large FLASH
  - In System Programming (ISP) systems cannot keep up with multi GByte images due to slow busses and interfaces
  - Line TPT decreases and cost increases unacceptable
- Auto manufacturers require:
  - Quality, reliability, configuration control, traceability, global support, intellectual property protection

### Data I/O Solutions Uniquely Positioned for Automotive Electronics

- Large FLASH memory arrays have been programmed by Data I/O for over a decade
- High Speed programming engines capable of reading and writing at device specifications
- Highest Quality programming engines with proven reliability, yield and retention
- Large Capacity Systems for maximum throughput and low operating cost
- Integrated Laser Marking and 3D co-planarity inspection for highest quality
- Traceability, Job Statistics retention, rollback capability
- Strong Industry Relationships
- Proven Global Deployment
PSV7000 Answers Automotive Electronics Manufacturers Needs

“We were able to do the work of two to three competitive systems with one PSV7000 from Data I/O” -- Global Automotive Infotainment Leader

PSV7000
Velocity, Versatility, Value

Large Capacity, High-Speed and Configurable Programming

Integrated Laser Marking

Superior Small-Parts Handling Capabilities

Traceability, Job Statistics Retention
In an automotive infotainment application, Data I/O’s current PSV7000 technology lowered the total cost of programming for a customer to $0.15 per circuit compared to competitive offerings that had a total cost of programming of $0.25 per circuit.

<table>
<thead>
<tr>
<th>Image Size</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job #1</td>
<td>4GB</td>
</tr>
<tr>
<td>Job #2</td>
<td>8GB</td>
</tr>
<tr>
<td>Job #3</td>
<td>30GB</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PSV7000 Configuration</th>
<th>Qty.</th>
</tr>
</thead>
<tbody>
<tr>
<td>FC3 Programmers per system</td>
<td>14</td>
</tr>
<tr>
<td>(non DDR)</td>
<td></td>
</tr>
<tr>
<td>Tape I/O</td>
<td>1</td>
</tr>
<tr>
<td>Automatic Tray Feeder</td>
<td>1</td>
</tr>
<tr>
<td>Laser Marking</td>
<td>1</td>
</tr>
<tr>
<td>Number of PSV7000 Systems</td>
<td>2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Competitor</th>
<th>Qty.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Programmers per system</td>
<td>9</td>
</tr>
<tr>
<td>w/DDR (25Mhz)</td>
<td></td>
</tr>
<tr>
<td>Tape I/O</td>
<td>1</td>
</tr>
<tr>
<td>Automatic Tray Feeder</td>
<td>1</td>
</tr>
<tr>
<td>Laser Marking</td>
<td>1</td>
</tr>
<tr>
<td>Competitor</td>
<td>3</td>
</tr>
</tbody>
</table>
Acceptance of electronic automotive technology is in its infancy. As more smart content is put into cars, programming requirements will continue to increase from today’s standards.

The self-driving vehicle revolution
An illustration of potential growth

| Era 1: Fully autonomous vehicles (AVs) being developed for consumers |
| Era 2: Consumers begin to adopt AVs |
| Era 3: AVs become the primary means of transport |

1. AVs are already a reality in industrial fleets
2. Car OEMs begin to assess strategic impact
3. New mobility models begin to emerge
4. The after-sales service landscape is reshaped
5. Insurers shift from covering individuals to covering technical failures
6. Supply chain and logistics are redefined
7. AVs free up to 50 minutes a day for drivers
8. Parking space is reduced by billions of square meters
9. Vehicle crashes fall by 90%, saving billions of dollars
10. AV technology accelerates development of robots for consumer use

Registered Vehicles with IoT Application by Region
World Market, Forecast 2013 - 2030

Source: Mckinsey & Company

Source: ABI Research
Long-Term Growth Influenced by Internet of Things

Connectivity + Intelligence + Security = Demand for Programming

According to Gartner:
- Endpoints of the Internet of Things (IoT) will grow at a 35.2% CAGR from 2013 through 2020, reaching an installed base of 25.0 billion units
- In 2020, 8.3 billion "things" will ship, with more than half of them consumer applications
- IoT will support total services spending of about $263.0 billion in 2020

Source: [www.gartner.com/doc/2880717](http://www.gartner.com/doc/2880717)

According to McKinsey & Company:
- Each smart device requires, at a minimum, a microcontroller to add intelligence to the device, one or more sensors to allow for data collection, one or more chips to allow for connectivity and data transmission, and a memory component.

Source: McKinsey on Semiconductors Number 4, Autumn 2014

IoT Semiconductor Revenue by Electronic Equipment

http://www.gartner.com/newsroom/id/2895917
Financial Overview

**Annual Sales (in millions)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$-</td>
</tr>
<tr>
<td>2010</td>
<td>$25.0</td>
</tr>
<tr>
<td>2011</td>
<td>$30.0</td>
</tr>
<tr>
<td>2012</td>
<td>$30.0</td>
</tr>
<tr>
<td>2013</td>
<td>$25.0</td>
</tr>
<tr>
<td>2014</td>
<td>$20.0</td>
</tr>
</tbody>
</table>

**Annual Net Income (in millions)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$(8.0)</td>
</tr>
<tr>
<td>2010</td>
<td>$(6.0)</td>
</tr>
<tr>
<td>2011</td>
<td>$(4.0)</td>
</tr>
<tr>
<td>2012</td>
<td>$(2.0)</td>
</tr>
<tr>
<td>2013</td>
<td>$-</td>
</tr>
<tr>
<td>2014</td>
<td>$2.0</td>
</tr>
</tbody>
</table>

2015 First-Quarter Highlights

(On a year-over-year basis unless noted):

- Net sales of $5.9 million, up 23%
- Net income of $49,000, or $0.01 per diluted share compared to a net loss of $343,000, or $0.04 per share
- Adjusted EBITDA excluding equity compensation was $265,000
- Sales reduced by about $400,000 due to currency
- Bookings of $5.2 million driven by continued strength in global automotive and European markets

Net income includes impairment charges of $31,000 and $2.4 million taken in 2013 and 2012, respectively
Balance Sheet and Capital Structure Overview

**Annual Adjusted EBITDA**

<table>
<thead>
<tr>
<th>Year</th>
<th>EBITDA (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$(4.0)</td>
</tr>
<tr>
<td>2010</td>
<td>$4.0</td>
</tr>
<tr>
<td>2011</td>
<td>$4.0</td>
</tr>
<tr>
<td>2012</td>
<td>$(2.0)</td>
</tr>
<tr>
<td>2013</td>
<td>$2.0</td>
</tr>
<tr>
<td>2014</td>
<td>$6.0</td>
</tr>
</tbody>
</table>

EBITDA adjusted for restructuring charges and stock based compensation

**Enterprise Value (in thousands)**

<table>
<thead>
<tr>
<th>Metric</th>
<th>Amount (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Cap (1)</td>
<td>$27,514</td>
</tr>
<tr>
<td>Total Debt (2)</td>
<td>0</td>
</tr>
<tr>
<td>Total Cash (2)</td>
<td>$8,921</td>
</tr>
<tr>
<td>Enterprise Value</td>
<td>$18,593</td>
</tr>
<tr>
<td>Diluted Shares Outstanding (2)</td>
<td>8,045</td>
</tr>
</tbody>
</table>

(1) At June 30, 2015
(2) At March 31, 2015

**Overview**

- Important to maintain strong balance sheet
- Financial flexibility allows the company to:
  - Withstand downturns in semiconductor cycle
  - Invest in organic and acquisitive growth opportunities
- $5.9 million returned to shareholders in form of 2012 share repurchase program
- Impairment charges of $31,000 and $2.4 million were taken in 2013 and 2012, respectively

**At March 31, 2015:**

- $8.9 million in cash and cash equivalents
  - Approximately 36% held in U.S.
- No debt
- $13.0 million of working capital
- Total stockholders’ equity of $13.8 million, or $1.72 per share outstanding
- NOLs of approximately $19.0 million
Financial Model

- 2012 and 2013 cost cutting significantly lowered Data I/O’s breakeven point
- Ongoing cost improvement initiatives
- Operating leverage produces meaningful incremental profitability
Positioned for Long-Term Growth

Market Expansion

Strong Brand with Leading Products

Strong Balance Sheet

Seasoned Management

Significant Operating Leverage

Global Sales and Infrastructure

Improved CAPEX Environment