



April 1, 2022

Dear Data I/O Shareholder:

2021 was a bounce back year from the depths of the COVID-19 induced automotive recession. We reported strong annual revenue growth of 27% and a doubling of sales for our new SentiX[®] security provisioning platform. Our performance in the fourth quarter and full year was driven by the continuing recovery in the automotive electronics market, solid delivery performance of our factories in challenging conditions, and strength in sales of adapters that support our ever-growing installed base.

2021 was also challenging as we continued to deal with the impact of COVID-19 for the entire year, as well as the related industry impact of semiconductor part shortages. We kept our team safe, delivered for our customers, and improved our already strong financial position. We won 20 new customers and expanded our global lead in programming market share with a focus on automotive electronics and security applications. Industry analysts are forecasting a 10-15% compounded annual growth rate for automotive electronics over the next decade, and we are focused on this market.

As a Data I/O shareholder, you are investing first and foremost in a resilient organization that is well capitalized and accustomed to rapid change and cyclicity. 2022 is our 50th anniversary as a company and we will be highlighting our historical achievements as well as our future plans throughout the year. We plan to continue our strategy of investments in R and D as well as security deployment patents to lead the industry. We will continue to lead in governance, as we welcomed two new directors since our last shareholder meeting.

We appreciate your continued support of Data I/O.

Sincerely,

A handwritten signature in black ink that reads "Anthony Ambrose".

Anthony Ambrose, CEO

A handwritten signature in blue ink that reads "Douglas Brown".

Douglas Brown, Chair