



Data I/O Reports First Quarter 2024 Results

Bookings Momentum Continues with Orders of \$8.1 Million in the Quarter

Major Milestone with 500th PSV System Sale

Redmond, WA -- April 25, 2024 -- Data I/O Corporation (NASDAQ: DAIO), the leading global provider of advanced security and data deployment solutions for microcontrollers, security ICs and memory devices, today announced financial results for the first quarter ended March 31, 2024.

First Quarter 2024 Highlights

- Net sales of \$6.1 million; bookings of \$8.1 million
- Quarter-end backlog of \$4.5 million
- Gross margin as a percentage of sales of 52.8%
- Net loss of (\$807,000) or (\$0.09) per share
- Adjusted EBITDA* of (\$364,000)
- Cash & Equivalents of \$12.0 million; no debt
- 5 new customer wins
- Achieved major milestone with the sale of 500th PSV system

*Adjusted EBITDA is a non-GAAP financial measure. A reconciliation is provided in the tables of this press release.

Management Comments

Commenting on the first quarter ended March 31, 2024, Anthony Ambrose, President and CEO of Data I/O Corporation, said, "We had a strong bookings quarter, which included our 500th PSV family system order. Bookings reached the highest level in 11 quarters, aided by strength in the Programming Center market and 5 new customer and location wins in the first quarter of 2024, driven by ever growing and increasingly complex programming requirements. These short term and long term achievements underscore why the PSV family is recognized as the most successful automated programming system in the industry.

"Our revenues for the first quarter were slightly lower than anticipated due to the timing of system orders and deliveries. Backlog was \$4.5 million at the end of the quarter and most of these orders are expected to be shipped and recognized as revenue in the second half of 2024. Looking forward, we see strength in EMEA and Asia, as the Americas region digests the strong CAPEX orders from the prior 2 years for the next 1 to 2 quarters.

“Our focus is growth from the Automotive, Industrial and Programming Center markets worldwide combined with tighter spending controls, process efficiencies and operating leverage. In the first quarter, we continued to reduce operating expenses while expanding our market penetration. This approach to disciplined growth remains a priority in 2024.”

Financial Results

Net sales in the first quarter 2024 were \$6.1 million, down 16% compared with \$7.2 million in the first quarter of 2023. The decrease from the prior year period primarily reflects timing of shipments on new bookings and comparison to a favorable post-lockdown recovery one year ago. First quarter 2024 bookings were \$8.1 million, up 41% from the prior year on strong opportunity conversion in Europe and Asia. Backlog increased \$1.7 million in the first quarter to \$4.5 million as of March 31, 2024.

Gross margin as a percentage of sales was 52.8% in the first quarter 2024, as compared to 59.5% in the prior year period. The difference in gross margin as a percentage of sales primarily reflects lower sales volume on relatively fixed manufacturing and service costs and product mix. Ongoing initiatives to reduce direct product costs partially offset the sales decline and product mix impacts.

Operating expenses in the first quarter 2024 were under \$4.1 million, down \$53,000 or 1% from the prior year period. First quarter operating expenses are typically higher than other quarters of the year due to public company costs including audit, regulatory filings and NASDAQ fees. First quarter R&D and SG&A expenses of \$1.6 million and \$2.5 million, respectively, were marginally lower compared to the prior year period with compensation and inflationary increases offset by continued efficiency improvements and cost reduction efforts.

Net loss in the first quarter 2024 was (\$807,000), or (\$0.09) per share, compared with net income of \$95,000, or \$0.01 per share, in the first quarter of 2023. The decline was due largely to lower revenue, its impact on gross margin offset by lower operating expenses, higher interest earnings and a small gain on foreign currency transactions. Adjusted earnings before interest, taxes, depreciation and amortization (“Adjusted EBITDA”), which excludes equity compensation, was (\$364,000) in the first quarter 2024, compared to Adjusted EBITDA of \$502,000 in the first quarter 2023.

The Company’s balance sheet remained strong with cash of \$12.0 million at the end of the first quarter compared to \$12.3 million on December 31, 2023. Cash declined as expected due to higher cash expenses paid annually in the first quarter. Inventory at \$6.4 million at the end of the first quarter increased slightly from \$5.9 million on December 31, 2023, due to lower revenue. Data I/O had net working capital of \$18.1 million on March 31, 2024 compared to \$18.4 million on December 31, 2023. The company continues to have no debt.

Conference Call Information

A conference call discussing financial results for the first quarter ended March 31, 2024 will follow this release today at 2 p.m. Pacific Time/5 p.m. Eastern Time. To listen to the conference call, please dial 412-317-5788. A replay will be made available approximately one hour after the conclusion of the call. To access the replay, please dial 412-317-0088, access code 7614033. The conference call will also be simultaneously webcast over

the Internet; visit the Webcasts and Presentations section of the Data I/O Corporation website at www.dataio.com to access the call from the site. This webcast will be recorded and available for replay on the Data I/O Corporation website approximately one hour after the conclusion of the conference call.

About Data I/O Corporation

Since 1972, Data I/O has developed innovative solutions to enable the design and manufacture of electronic products for automotive, Internet-of-Things, medical, wireless, consumer electronics, industrial controls and other electronics devices. Today, our customers use Data I/O's data programming solutions and security deployment platform to secure the global electronics supply chain and protect IoT device intellectual property from point of inception to deployment in the field. OEMs of any size can program and securely provision devices from early samples all the way to high volume production prior to shipping semiconductor devices to a manufacturing line. Data I/O enables customers to reliably, securely, and cost-effectively bring innovative new products to life. These solutions are backed by a portfolio of patents and a global network of Data I/O support and service professionals, ensuring success for our customers. Learn more at dataio.com/Company/Patents.

Learn more at dataio.com

Forward Looking Statement and Non-GAAP financial measures

Statements in this news release concerning economic outlook, expected revenue, expected margins, expected savings, expected results, expected expenses, orders, deliveries, backlog and financial positions, semiconductor chip shortages, supply chain expectations, as well as any other statement that may be construed as a prediction of future performance or events are forward-looking statements which involve known and unknown risks, uncertainties and other factors which may cause actual results to differ materially from those expressed or implied by such statements.

Forward-looking statement disclaimers also apply to the demand for the Company's products and the impact from geopolitical conditions including any related international trade restrictions. These factors include uncertainties as to the ability to record revenues based upon the timing of product deliveries, shipping availability, installations and acceptance, accrual of expenses, coronavirus related business interruptions, changes in economic conditions, part shortages and other risks including those described in the Company's filings on Forms 10-K and 10-Q with the Securities and Exchange Commission (SEC), press releases and other communications.

Non-GAAP financial measures, such as EBITDA and Adjusted EBITDA, excluding equity compensation, should not be considered a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. We believe that these non-GAAP financial measures provide meaningful supplemental information regarding the Company's results and facilitate the comparison of results.

Contacts:

Gerald Ng
Vice President and CFO
Data I/O Corporation
6645 185th Ave. NE, Suite 100
Redmond, WA 98052
Investor-Relations@dataio.com

Darrow Associates, Inc.
Jordan Darrow
(512) 551-9296
jdarrow@darrowir.com

- tables follow -

DATA I/O CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)
(UNAUDITED)

| | Three Months Ended | |
|--|---------------------------|--------------|
| | March 31, | |
| | 2024 | 2023 |
| Net Sales | \$6,099 | \$7,231 |
| Cost of goods sold | <u>2,879</u> | <u>2,929</u> |
| Gross margin | 3,220 | 4,302 |
| Operating expenses: | | |
| Research and development | 1,582 | 1,625 |
| Selling, general and administrative | <u>2,498</u> | <u>2,508</u> |
| Total operating expenses | <u>4,080</u> | <u>4,133</u> |
| Operating income (loss) | (860) | 169 |
| Non-operating income (loss): | | |
| Interest income | 80 | 35 |
| Foreign currency transaction gain (loss) | <u>14</u> | <u>(74)</u> |
| Total non-operating income (loss) | <u>94</u> | <u>(39)</u> |
| Income (loss) before income taxes | (766) | 130 |
| Income tax (expense) benefit | <u>(41)</u> | <u>(35)</u> |
| Net income (loss) | <u>(\$807)</u> | <u>\$95</u> |
| | | |
| Basic earnings (loss) per share | (\$0.09) | \$0.01 |
| Diluted earnings (loss) per share | (\$0.09) | \$0.01 |
| Weighted-average basic shares | 9,023 | 8,818 |
| Weighted-average diluted shares | 9,023 | 9,029 |

DATA I/O CORPORATION
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)
(UNAUDITED)

| | <u>March 31,</u> <u>2024</u> | <u>December 31,</u> <u>2023</u> |
|---|---------------------------------|------------------------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$11,999 | \$12,341 |
| Trade accounts receivable, net of allowance for credit losses of \$71 and \$72, respectively | 4,822 | 5,707 |
| Inventories | 6,372 | 5,875 |
| Other current assets | 739 | 690 |
| TOTAL CURRENT ASSETS | 23,932 | 24,613 |
| Property, plant and equipment – net | 1,044 | 1,359 |
| Other assets | 1,228 | 1,429 |
| TOTAL ASSETS | \$26,204 | \$27,401 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | \$1,544 | \$1,272 |
| Accrued compensation | 1,318 | 2,003 |
| Deferred revenue | 1,606 | 1,362 |
| Other accrued liabilities | 1,271 | 1,438 |
| Income taxes payable | 45 | 113 |
| TOTAL CURRENT LIABILITIES | 5,784 | 6,188 |
| Operating lease liabilities | 562 | 702 |
| Long-term other payables | 226 | 192 |
| STOCKHOLDERS' EQUITY | | |
| Preferred stock - | | |
| Authorized, 5,000,000 shares, including 200,000 shares of Series A Junior Participating | | |
| Issued and outstanding, none | - | - |
| Common stock, at stated value - | | |
| Authorized, 30,000,000 shares | | |
| Issued and outstanding, 9,024,959 shares as of March 31, 2024 and 9,020,819 shares as of December 31, 2023 | 23,019 | 22,731 |
| Accumulated earnings (deficit) | (3,452) | (2,645) |
| Accumulated other comprehensive income | 65 | 233 |
| TOTAL STOCKHOLDERS' EQUITY | 19,632 | 20,319 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$26,204 | \$27,401 |

DATA I/O CORPORATION
NON-GAAP FINANCIAL MEASURE RECONCILIATION

| | Three Months Ended | |
|--|---------------------------|--------------|
| | March 31, | |
| | 2024 | 2023 |
| (in thousands) | | |
| Net Income (loss) | (\$807) | \$95 |
| Interest (income) | (80) | (35) |
| Taxes | 41 | 35 |
| Depreciation and amortization | 201 | 158 |
| EBITDA earnings | (\$645) | \$253 |
| Equity compensation | 281 | 249 |
| Adjusted EBITDA, excluding equity compensation | <u>(\$364)</u> | <u>\$502</u> |