Bringing Devices to Life

Nasdaq: DAIO

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Safe Harbor

Statements in this presentation concerning economic outlook, expected revenue, expected margins, expected savings, expected results, 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 global COVID-19 pandemic, including the effects on the Company's business from Shanghai's COVID-19 lockdowns and recovery, impact on the demand for the Company's products, and the Russian invasion of Ukraine 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.
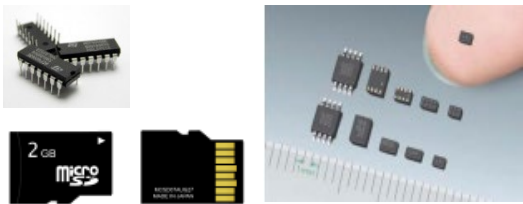
Furthermore, the matters that we discuss today will include forward-looking statements that involve risks factors that could cause Data I/O Corporation's results to differ materially from management's current expectations. We encourage you to review the Safe Harbor statement contained in the earnings releases 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.

Supporting the Secure Digital World

Develop	Manufacture: OEMs, Contract Manufacturers, Programming Centers	Consume: End Users

Silicon Chips to be programmed:
Flash Memory
Microcontrollers
Secure Elements

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Data Programming and Security Provisioning Systems

Final Products

SentriX PSV

We deliver the most secure and efficient systems to deploy firmware, data and secrets into automotive electronics and IoT devices in high volume electronics manufacturing
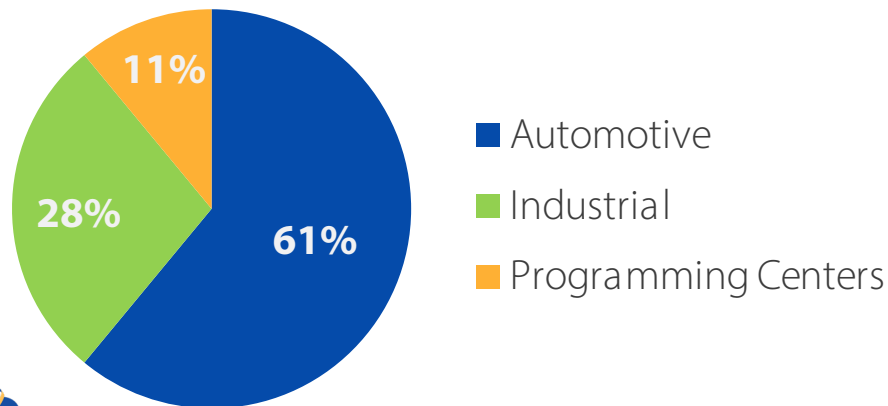
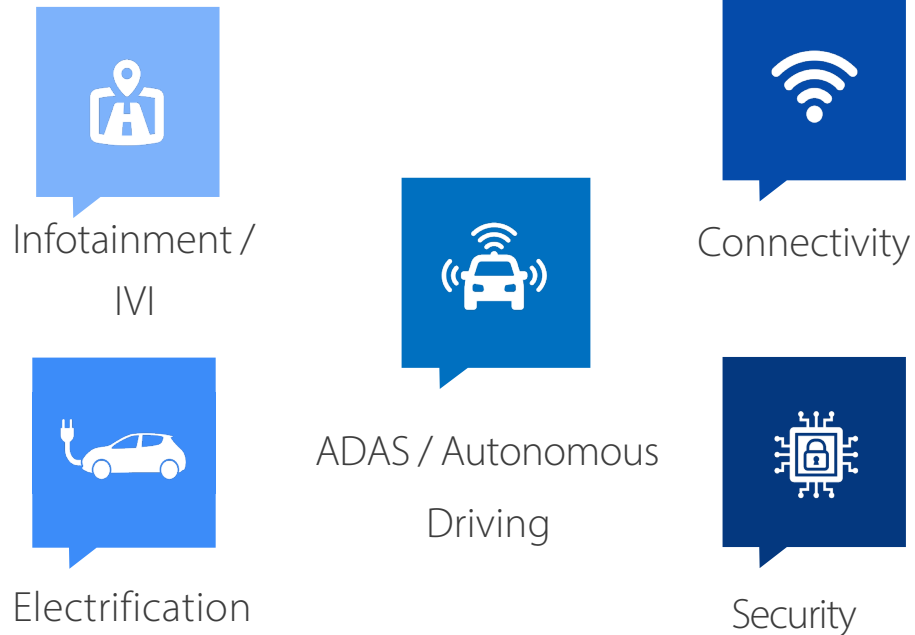Data iO

Serving Customers Globally in Growing Markets

- The largest programming company in the world, 2-3 times larger than the next programming company

- Trusted supplier to 18 of the top 20 automotive electronics suppliers

- 20 or more new customers for 2 consecutive years

- Providing mission critical medical applications for Class I and Class II devices

- Global footprint with headquarters in Redmond, WA, USA and subsidiary offices in Shanghai, China and Munich, Germany
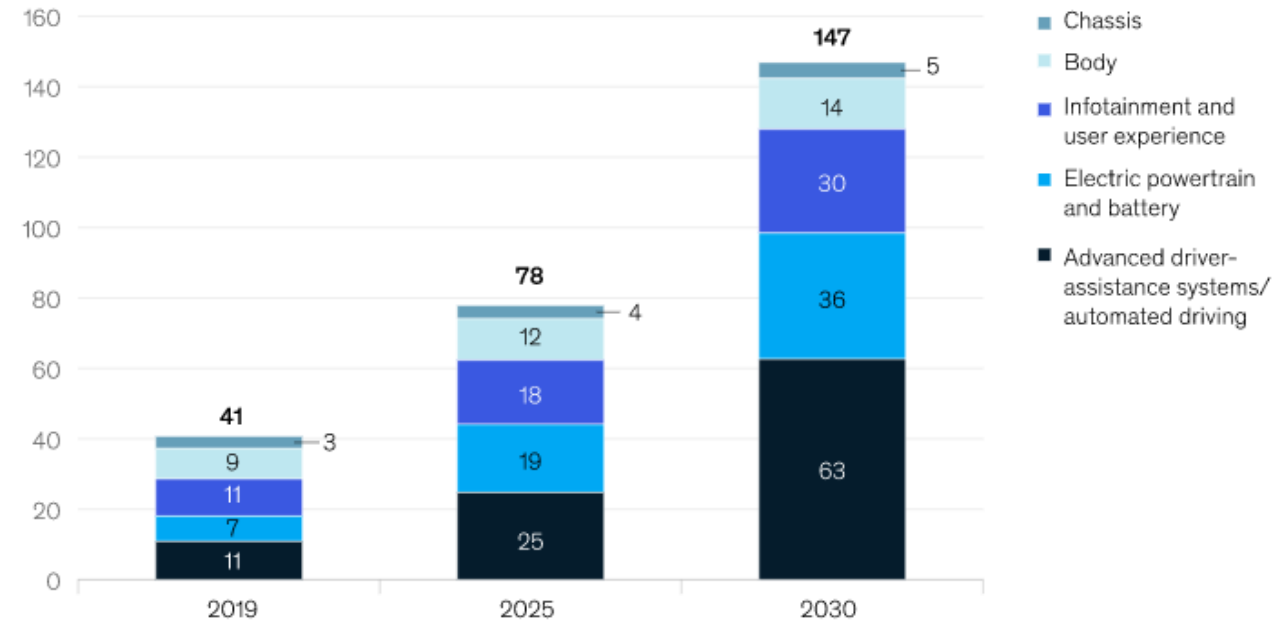
2022 Annual Orders by End Market

- Automotive — 61%
- Industrial — 28%
- Programming Centers — 11%

Data I/O Supports Automotive Electronics Growth Areas

Total Automotive Semiconductor Forecast by Application

Infotainment / IVI

Electrification

ADAS / Autonomous Driving

Connectivity

Security

Automotive-semiconductor market, $ billion

	Chassis
	Body
	Infotainment and user experience
	Electric powertrain and battery
	Advanced driver-assistance systems/ automated driving

2019: 41
- 3
- 9
- 11
- 7
- 11

2025: 78
- 4
- 12
- 18
- 19
- 25

2030: 147
- 5
- 14
- 30
- 36
- 63

Source: McKinsey

Data i0

Billions of Security Enabled Devices

2023 Security Market:

3-4 Billion Units

"Secure" MCUs with Embedded Secure Elements

Standalone Secure Elements
AICs, ESEs, TPMs

"Traditional" MCUs

Smart Card MCUs
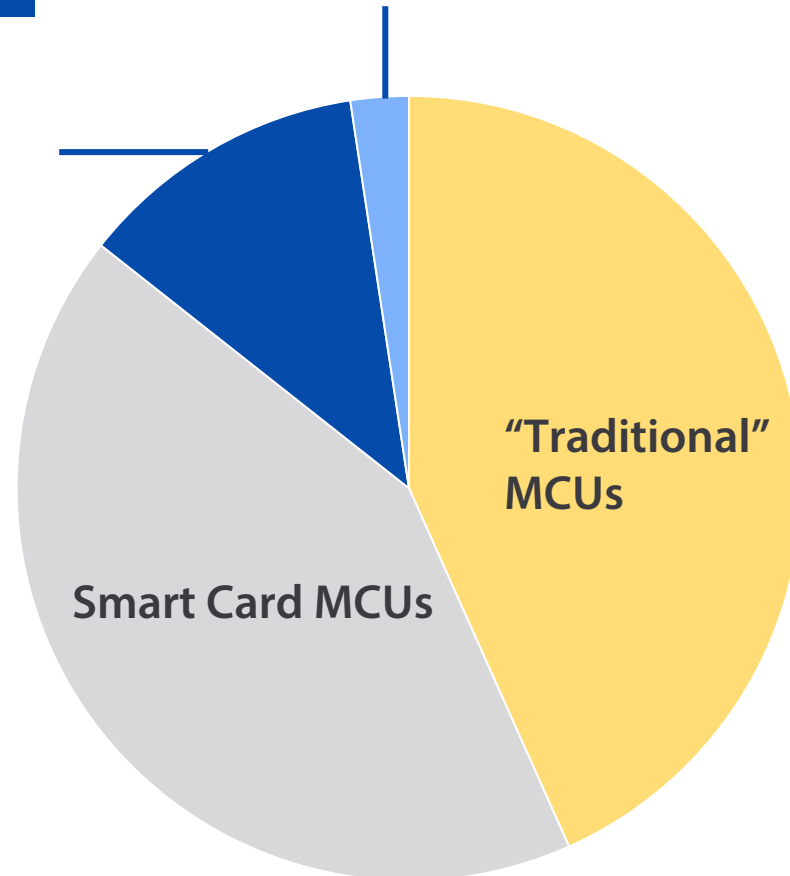
Total Market:

>25 Billion Units

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IoT Device Security by SentriX®

SentriX secures the global electronics supply chain and protects IoT device intellectual property from point of inception to deployment in the field

With more than 20 security patents granted, SentriX from Data I/O offers a unique and highly differentiated approach for a large and fast-growing market addressing unmet cybersecurity concerns

2023 Updates:

- Clients moving in volume production: >100% growth in PPU units in '22

- Noa Leading Co., Ltd offering SentriX® security provisioning services in Japan

- Announced partnership with Nuvoton for new microcontroller family

Brand Protection   **IP Protection**   **Regulation**   **Supply Chain Integrity**

OEMs Using Our Security Provisioning Technology

Electric Vehicle Manufacturer
An electric vehicle manufacturer is using a trusted platform module to secure its supply chain and prevent cloning of its charging network.

Water Meter OEM
Heated and chilled water metering is being mandated in Germany and requires strong security to protect revenue, secure their supply chain, and meet regulations.

Logistics Solution Provider
A logistics technology provider uses hardware Roots of Trust to protect user data and maintain privacy.

Smart Lock Company
Smart locks and the brands of the OEMs manufacturing them depend on robust security and low power consumption found in hardware security-based microcontrollers

Artificial Intelligence Accelerator Chip Manufacturer
An AI Accelerator Chip is using a trusted platform module to enable robust hardware-based identity.

Industrial Marking OEM
An industrial marking and traceability solutions OEM protects accessory revenue and enables supply chain integrity with a secure microcontroller.

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Financial Overview

Data io

Company Snapshot

Recent Achievements and Trends

- Global Leader in programming revenue. Over 465 PSV systems sold since inception in 2013 representing over 1.5 billion units/year capacity in the installed base

- Strong momentum in Automotive Electronics for long-term growth

  - 18 of the top 20 Automotive Electronics companies are customers. ~61% of 2022 orders from Automotive Electronics customers
  - Analysts forecast 10-15% CAGR for Automotive Semiconductors through 2030

- Emerging SentriX Security Provisioning Platform; doubling of revenue in 2021 and 2022 with key wins in Automotive, Artificial Intelligence, Intelligent metering

Committed to Growing Shareholder Value

- Focusing programming core competencies on higher growth, higher margin vertical markets with greater recurring/consumable sales. Target to reach over 50% recurring revenue within 3-5 years

- Differentiated market position through technology leadership and global support.

- Approx. 13% of stock (fully diluted) held or managed by insiders so that management and Board are aligned with shareholders

Company Snapshot [1][2]

NASDAQ:	DAIO
Headquarters:	Redmond, WA
Established:	1972
Recent Stock Price:	$3.80
Market Cap:	$33M
Diluted Shares:	9.0M
10-Day Daily Avg. Volume:	19,100 shares
Sales (TTM):	$29.1M
Net Income (TTM):	$1.9M
Diluted EPS (TTM):	$0.11
Adj. EBITDA[3] (TTM):	$3.6M
Cash & Sec. (6/30/23):	$11.9M ($1.32/share)
Debt (6/30/23):	$0.0

(1) Stock price, market cap and volume as of 7/31/23 at market close; Source: Yahoo
(2) Financials for the TTM period ended 6/30/23 or as noted
(3) Adj. EBITDA is a non-GAAP financial measure. A reconciliation is provided in this presentation

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Investment in DAIO

- Publicly traded pure play industry leader in the rapidly growing automotive electronics and IoT/industrial/factory automation markets

- High operating leverage, $22M in NOLs and no debt -- $1.32 per share in cash

- Optionality with SentriX® security deployment; multiple ways of software monetization targeting all cloud-based and IoT ecosystems
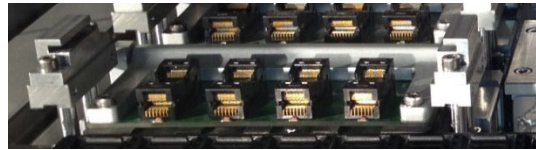
Growing Recurring Revenue Mix

Capital Equipment

- Approx. 57% of 2022 sales
- Data programming and security provisioning systems
- Automated systems cost $68K-$677K
- Manual systems cost $10K-$52K
- Usually last 5-7 years
- Adapters fit to these products
- Installed base drives recurring consumables sales

Adapters

- Approx. 30% of 2022 sales
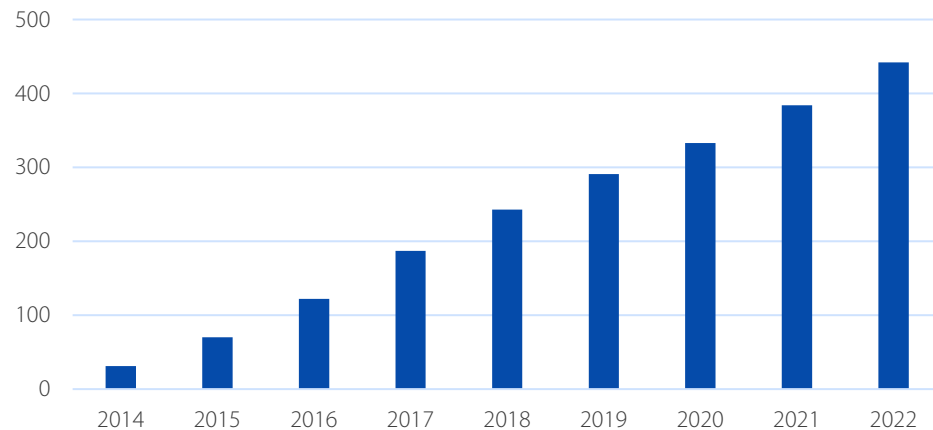- Usually last 3-24 months
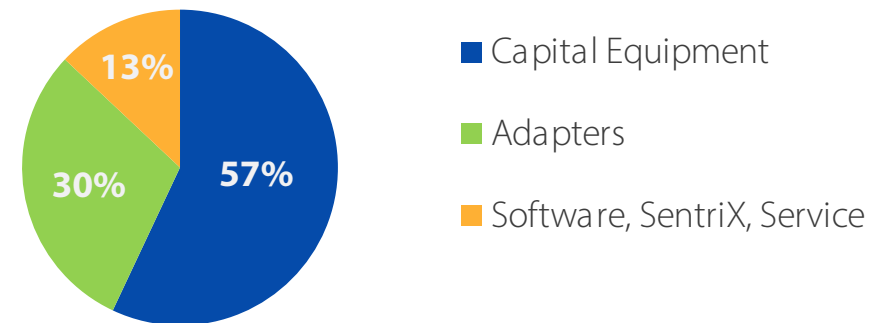
Software, SentriX, Service

- Approx. 13% of 2022 sales
- Annual software/service contracts
- Device supports
- SentriX software and pay per use revenues

Data I/O PSV-x000 Installed Base Growth

2022 Revenue Diversification

- Capital Equipment — 57%
- Adapters — 30%
- Software, SentriX, Service — 13%

Financial Overview

Second Quarter 2023 Highlights

- Net sales of $7.4 million; bookings of $7.6 million

- Quarter-end backlog of $3.8 million

- Gross margin as a percentage of sales of 59.1%

- Net income of $300,000 or $0.03 per share

- Adjusted EBITDA* of $869,000

- Cash & Equivalents of $11.9 million; no debt

- Automotive Electronics 63% of YTD bookings

- SentriX® pay-per-use revenue growth
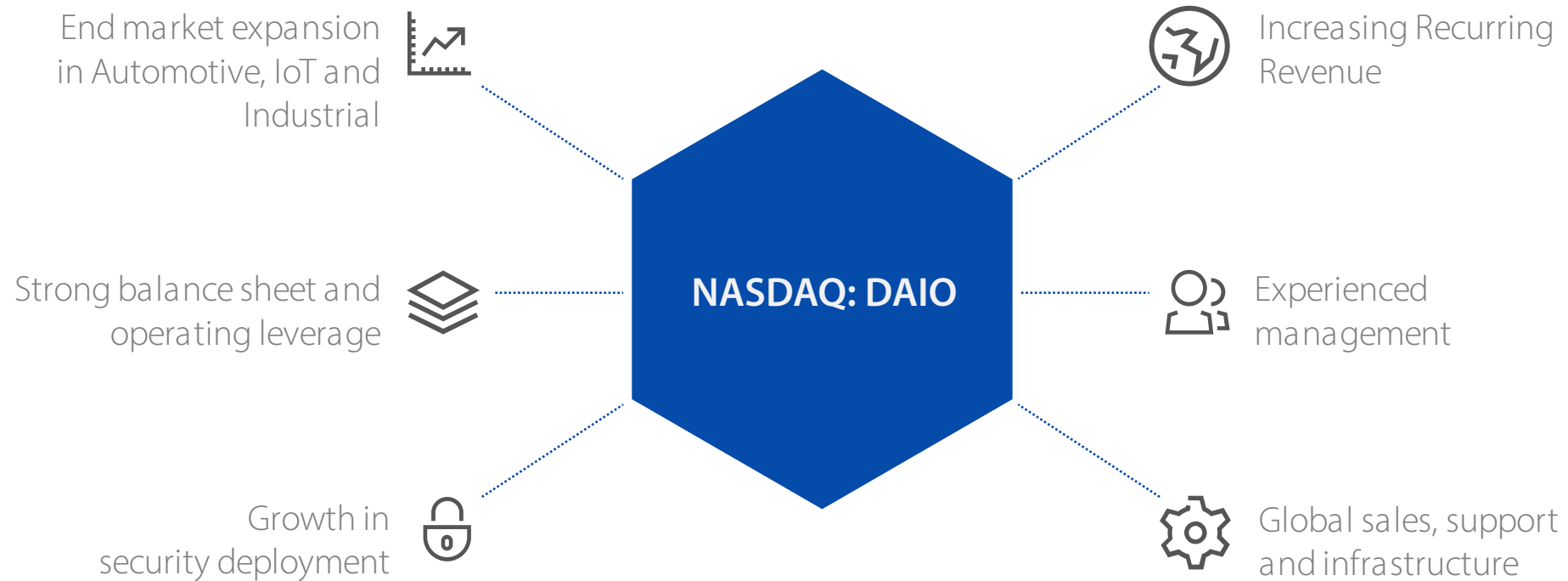
- 5 new customer wins

2022 Full Year Insights

- Net sales up 11% in 2H22 from prior year period; 4Q22 up 14% from 4Q21

- FX reduced revenues in 2022 by est. $1M

- Total recurring/consumable revenues 43% of 2022 net sales, up from 42% in 2021

- Bookings of $26.4 million which are a 4-year high

- 4Q22 bookings of $6.8M reached highest level for any 4Q since 2019

- Worldwide installed base of PSV systems grew by 58 systems in 2022 to over 440 systems

- Second consecutive year with 20 or more new customer wins

- SentriX® bookings and revenue increased over 100% for second consecutive year

- Record volume of SentriX programmed parts in 2022

*Adjusted EBITDA is a non-GAAP financial measures. A reconciliation is provided in the tables of this presentation.

Data i/O

Financial Outlook for 2023

- Positioned for revenue growth, increased net income and cash flow generation in 2023

- Double-digit revenue growth in 2023, consistent with the long-term double-digit semiconductor growth rate in the automotive electronics industry

- Gross margins expected to be in the mid-to-high 50% range for the year

- Operating expenses expected to be higher than 2022 primarily due to increased R&D spending, sales commissions, variable compensation and currency effects

- Recurring revenues expected to continue to increase toward 50% of consolidated revenue in 3-5 years

- Strong operating leverage in model – approximately 40% of sales

- NOLs of approximately $22 million in the USA, with foreign subsidiaries subject to local taxes

Investment Merits: Positioned for Long-Term Growth

End market expansion in Automotive, IoT and Industrial

Increasing Recurring Revenue

NASDAQ: DAIO

Strong balance sheet and operating leverage

Experienced management

Growth in security deployment

Global sales, support and infrastructure

Long Term Secular Growth in Automotive Electronics And Secure IoT devices

Programmed with Data I/O Technology, Systems and Software

Thank You!

NASDAQ: DAIO

**For more information, please go to
https://www.dataio.com/Company/Investor-Relations/Data-I-O-Profile**