



Nasdaq: DAIO

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May 2024

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 impact of global and geopolitical events. 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, 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.

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Data I/O at a Glance

What We Do

We enable global automotive and industrial electronics manufacturing

Solutions

We deliver Programming Equipment, Consumables and Services for Global Manufacturers of Electronic Systems



**Founded in
1972**



Patents



**ISO 9001:2015
Certifications**



**Global Service
& Support**



100

Employees

>57

**US &
International
Patents**

1.5

**Billions of
Devices
Programmed
Annually**

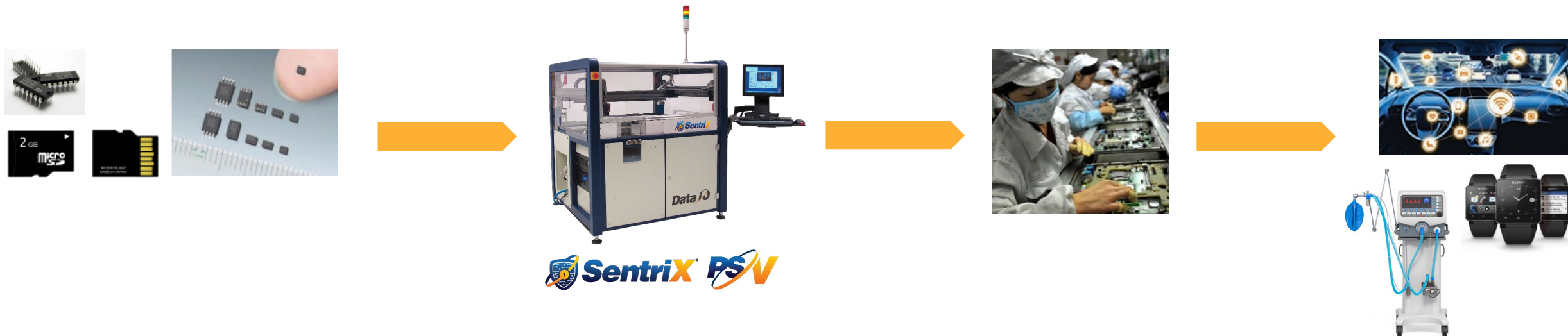
>500

**Automated
Programming
Systems Globally**

>40

**Countries with
Sales & Service**

Supporting the Secure Digital World

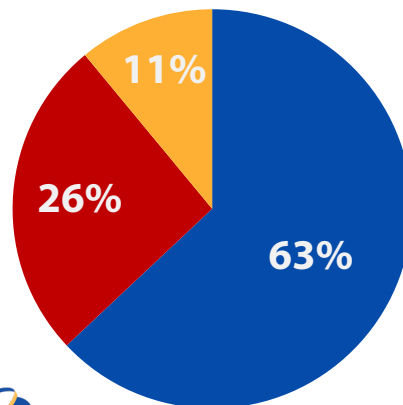


We deliver the most secure and efficient systems to deploy firmware, data and secrets into automotive electronics and IoT devices in high volume electronics manufacturing

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 3 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

2023 Annual Orders by End Market



- Automotive
- Industrial
- Programming Centers



Market Outlook

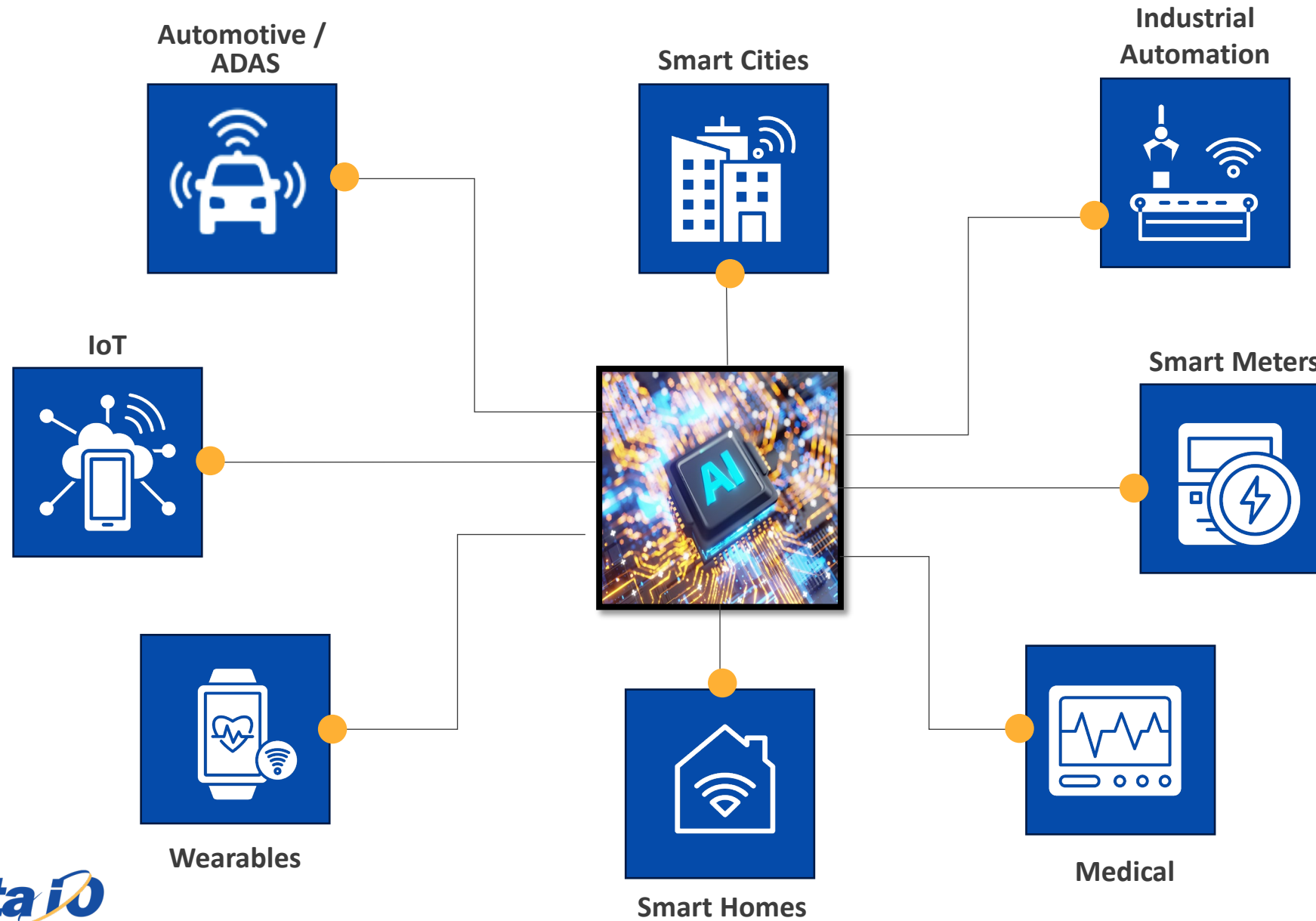
Bringing Devices to Life



Growth Strategies



Emerging Edge AI Applications Drive Broad Market Opportunity



AI Represents a Tremendous Opportunity for DAIO

Involves Our Key Growth Drivers



Growth in Code Size

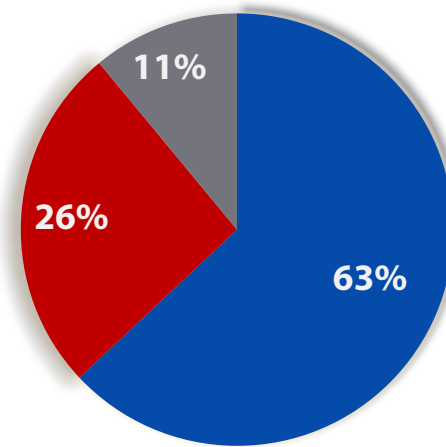


Growth in Complexity



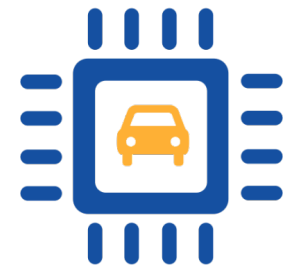
Unit Growth

Impacts ~90% of Our Business

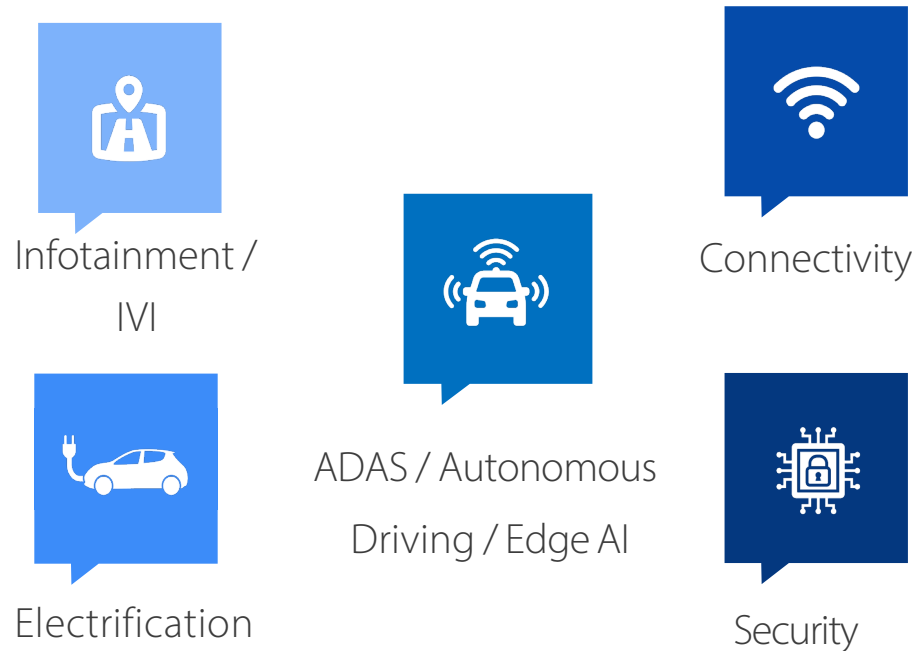


■ Automotive ■ Industrial ■ Programming Centers

Data + Security

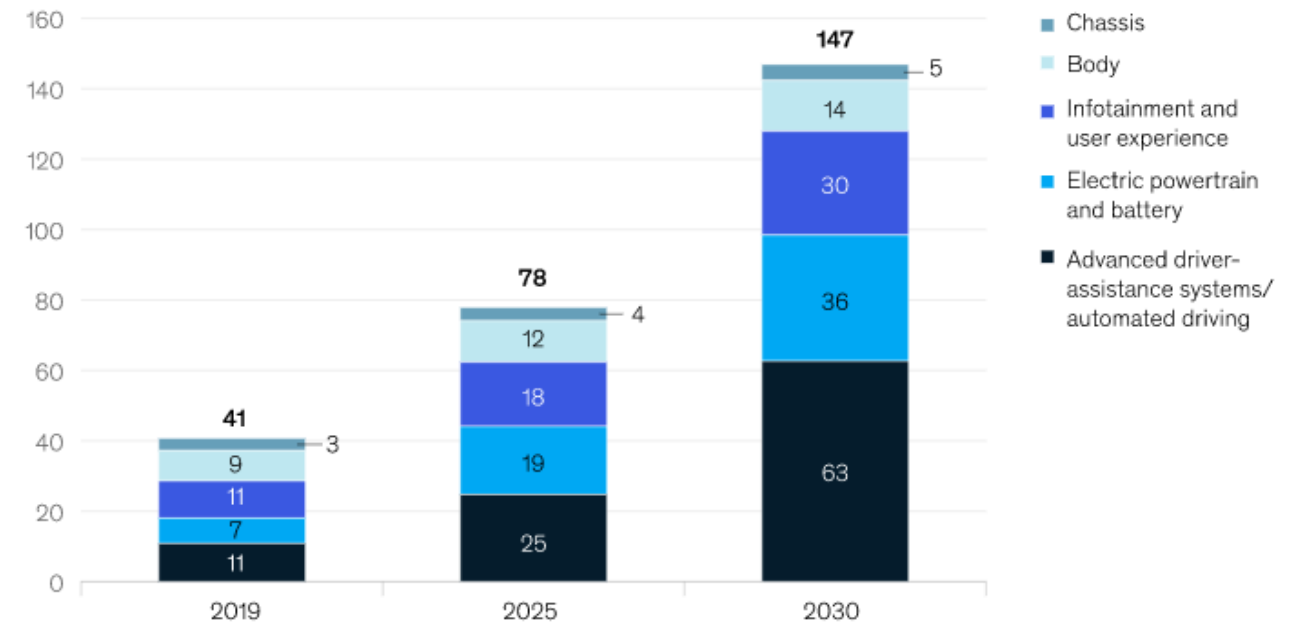


Data I/O Supports Automotive Electronics Growth Areas



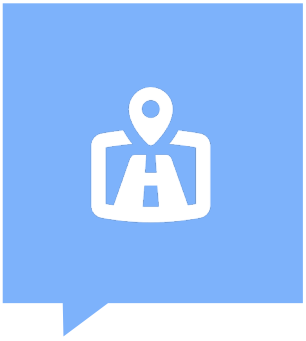
Total Automotive Semiconductor Forecast by Application

Automotive-semiconductor market, \$ billion



Source: McKinsey

Automotive Electronics Growth Areas

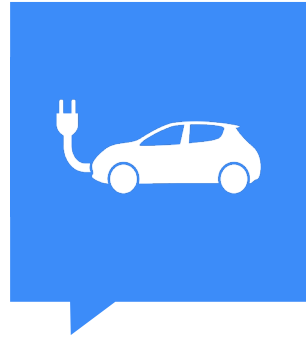


Infotainment/ IVI

2D map / application

Heads-up display

Digital cluster



Electrification

New powertrain

Charging
infrastructure

Better technology

Lower costs



ADAS/Autonomous Driving/Edge AI

Sensors

High performance
computing

Big data / analytics

Artificial intelligence / deep
learning

Navigation & guidance



Connectivity

Vehicle

Infrastructure

Cloud

Wearables &
personal devices



Security

Ridesharing

Car sharing

Flexible bus

Micromobility

Fleet Management

IoT Device Security by SentiX[®]

SentiX 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, SentiX from Data I/O offers a unique and highly differentiated approach for a large and fast-growing market addressing unmet cybersecurity concerns

Current market including standalone elements and MCUs in need of security estimated at 4 billion units.

SentiX Momentum:

- Clients moving in volume production
- SentiX[®] software and PPU revenue increased over 150% in '23
- 3Q23 major customer win in solar energy
- Noa Leading Co., Ltd offering SentiX[®] 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 Manufacturer 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.



Financial Overview

Bringing Devices to Life



Company Snapshot

Recent Achievements and Trends

- Global Leader in programming revenue. Over 500 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.
 - 63% of 2023 orders from Automotive Electronics customers
 - Analysts forecast 10-15% CAGR for Automotive Semiconductors through 2030
- Emerging SentiX Security Provisioning Platform; significant growth in software and PPU revenue; key wins in automotive, artificial intelligence, intelligent metering, solar energy

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



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Company Snapshot ⁽¹⁾⁽²⁾

NASDAQ:	DAIO
Headquarters:	Redmond, WA
Established:	1972
Recent Stock Price:	\$3.01
Market Cap:	\$27.4M
Diluted Shares:	9.1M
3-Month Daily Avg. Volume:	19,000 shares
Sales _(TTM) :	\$26.9M
Net Income _(TTM) :	(\$416,000)
Diluted EPS _(TTM) :	(\$0.05)
Adj. EBITDA ⁽³⁾ _(TTM) :	\$1.4M
Cash & Sec. (3/31/24):	\$12.0M (\$1.36/share)
Debt (3/31/24):	\$0.0

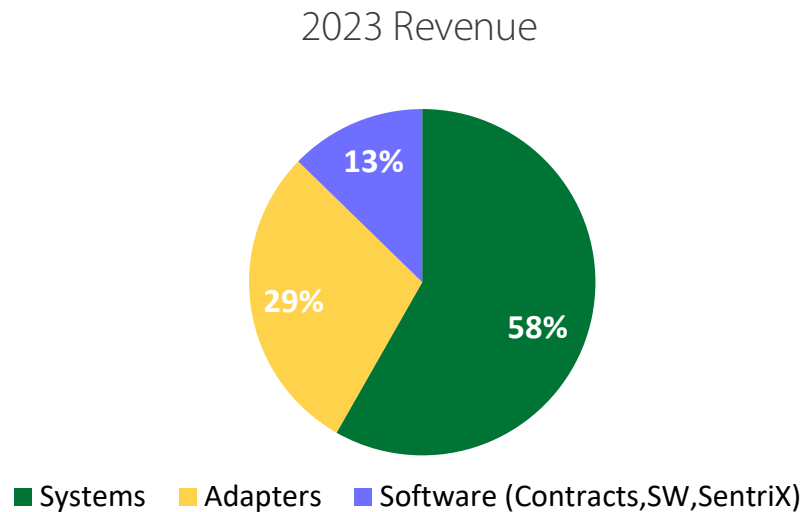
(1) Stock price, market cap and volume as of 5/20/24 intraday trading; Source: Yahoo

(2) Financials for the TTM period ended 3/31/24 or as noted

(3) Adj. EBITDA is a non-GAAP financial measure. A reconciliation is provided in this presentation

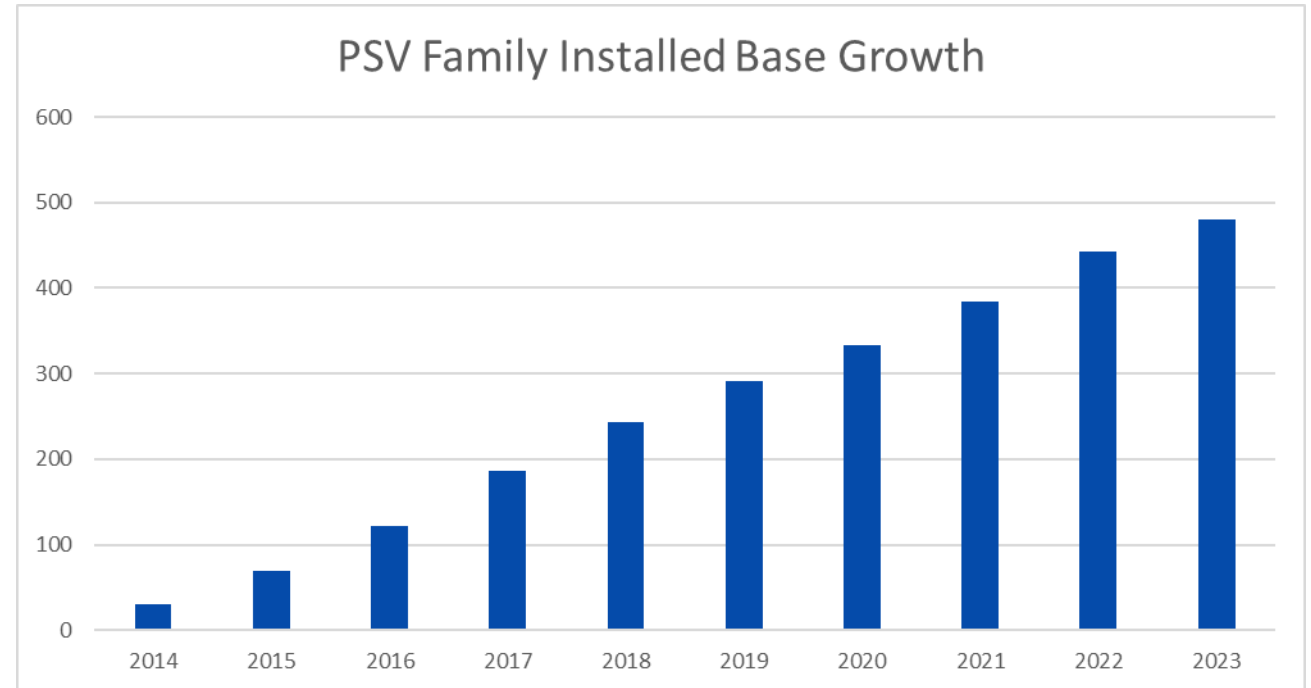
Growing Recurring Revenue Mix - Systems

Growth in PSV system installed base is catalyst for diversification in recurring revenue mix



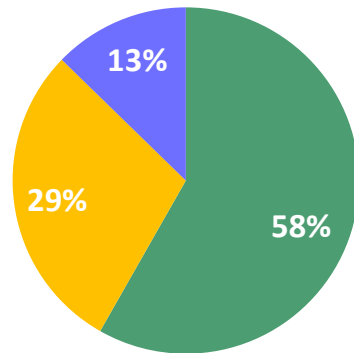
More systems in the field drives an increase in:

- Adapter sales
- Field upgrades
- Software
- Service
- SentiX revenue



Growing Recurring Revenue Mix - Adapters

2023 Revenue



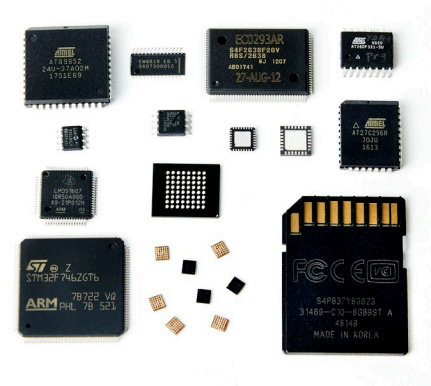
■ Systems ■ Adapters ■ Software (Contracts, SW, SentiX)

Adapter Revenue Growth Drivers:

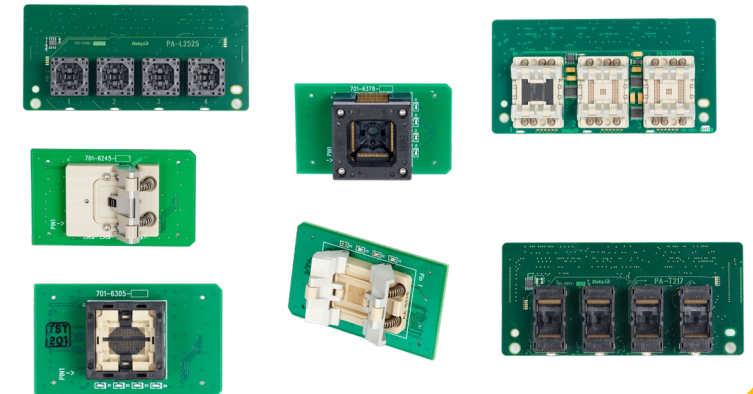
- More systems deployed in the field
- High system utilization = repeat adapter orders
- New customers / projects = new adapters
- Multisource semiconductor devices = new algorithms and adapters



New projects drive
different semiconductor devices

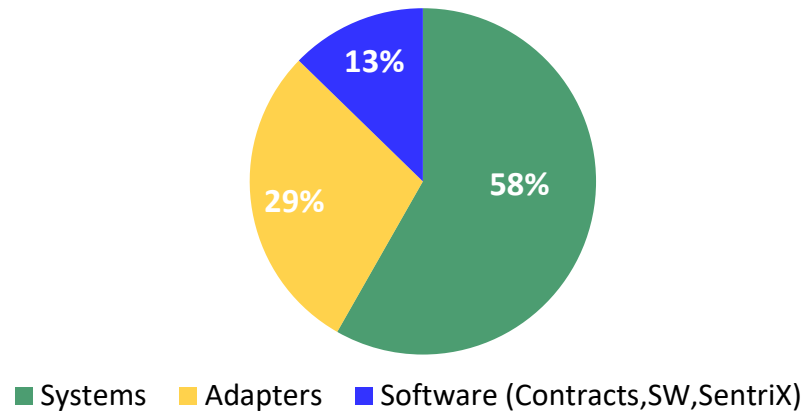


Different semiconductor devices
drive new adapters



Growing Recurring Revenue Mix – Software, SentiX, Service

2023 Revenue



Software, SentiX, Service Revenue Growth Drivers:

- New customers / projects = new algorithms for new adapters
- More systems = more service contracts
- New software and licensed new features extends system capability and performance
 - ConneX[®]
 - SentiX[®]
 - VerifyBoost[™]
 - TurboBoost[™]
 - NexTeach[™]
- SentiX = new pay-per-use business model

Value Added Software



With VerifyBoost – significant performance enhancement



Two-way integration capability to a factory MES system via APIs



Security Provisioning



Financial Outlook

2024

Double-digit bookings growth with back-end loaded revenue

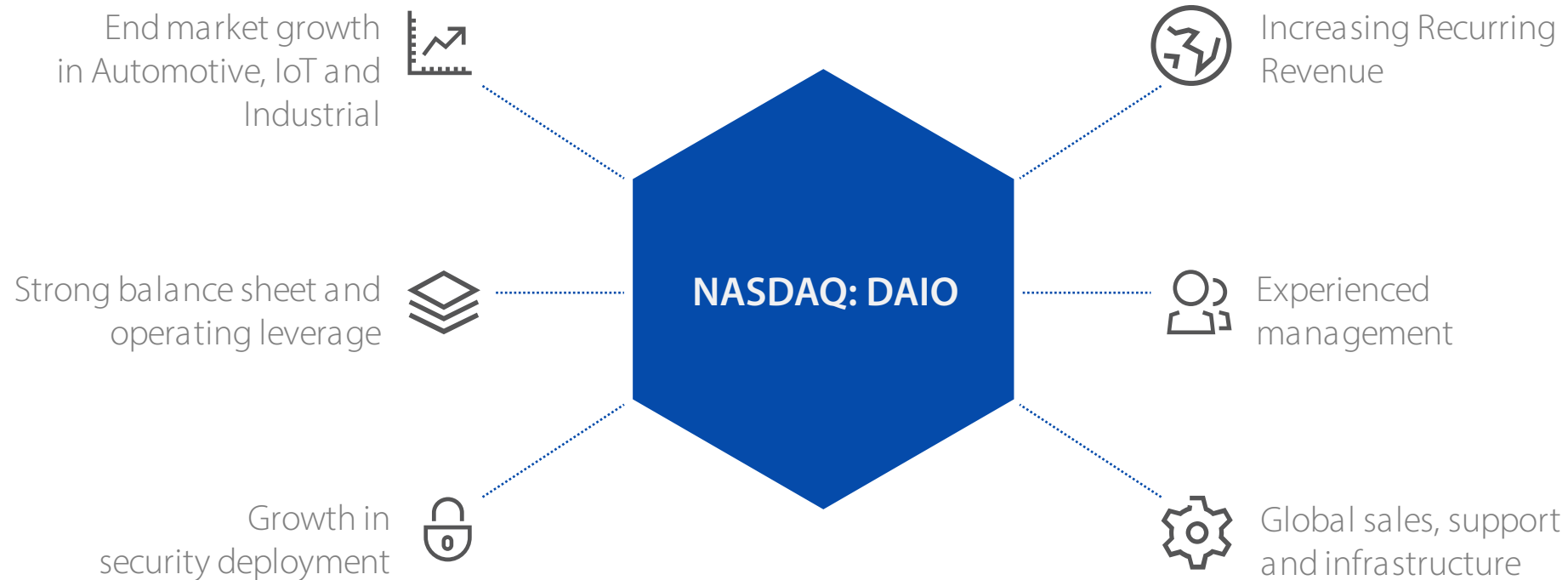
GM% mid-to-high 50% range

Continued operating expenses and inventory management controls

Strong operating leverage in model – approximately 40% of sales

Continue to have no debt

Investment Merits: Positioned for Long-Term Growth



Long Term Secular Growth in Automotive Electronics and Secure IoT Devices Programmed with Data I/O Technology, Systems and Software



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



Optionality with SentiX® security deployment; multiple ways of software monetization targeting all cloud-based and IoT ecosystems



Data iO

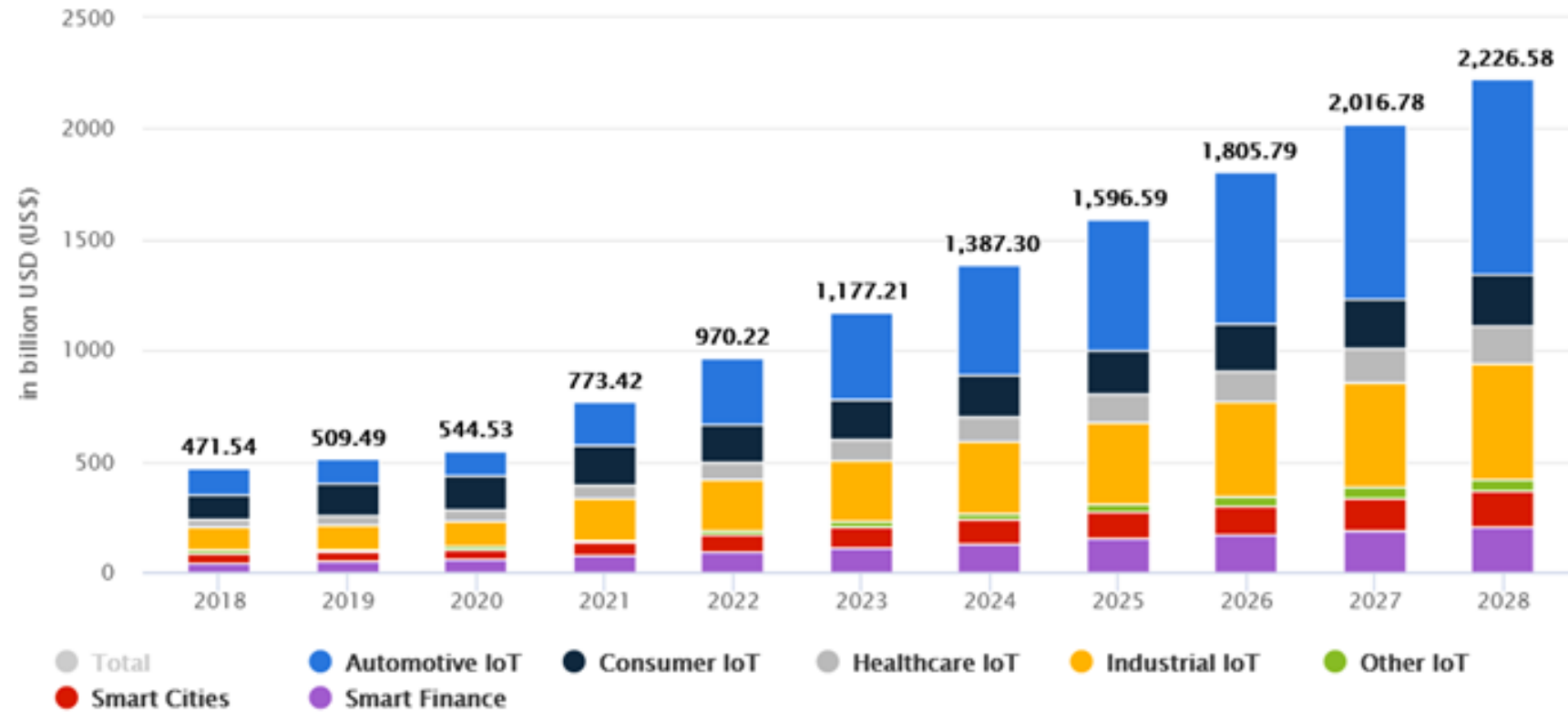
Thank You!

NASDAQ: DAIO

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

Data iO

IoT Growth Across a Number of Markets



Source: Statista Market Insights: <https://www.statista.com/outlook/tmo/internet-of-things/worldwide#revenue>

2023 Annual Financial Outlook

2023 OUTLOOK

Revenue growth, driving margins, improving cash flow and investing in our future

Double-digit revenues growth

Recurring revenues toward 50% in 3-5 years

GM% mid-to-high 50% range

Benefit from operating expenses and inventory management controls

Strong operating leverage in model – approximately 40% of sales

Continue to have no debt

2023 RESULTS

- ✓ Revenue grew, margins improved, cash up and invested in our future
- ✓ 16% revenues growth
- ✓ Recurring revenues up 13% '22 to '23
- ✓ 57.7% in '23 vs 54.5% in '22
- ✓ Benefit from operating expenses and inventory management controls
- ✓ Strong operating leverage in model – approximately 40% of sales
- ✓ No debt at end of year; cash balance increased 7% YoY

Balance Sheet and Capital Structure Overview

Balance Sheet Highlights

At March 31, 2024:

- \$12.0 million in cash and cash equivalents
- No debt
- \$18.1 million of net working capital
- Total stockholders' equity of \$19.6 million, or approx. \$2.15 per diluted share outstanding
- EV/Sales at 0.6⁽³⁾
- NOLs of approximately \$15.0 million

Balance Sheet Strategy

- Important to maintain strong balance sheet in a cyclical industry, with ~58% of revenues from system sales
- Financial flexibility allows the company to:
 - Invest in organic and acquisitive growth opportunities for the long term
 - Develop recurring revenue streams
 - Maintain strategy during cyclical

Enterprise Value (\$K)

Market Cap⁽¹⁾	\$ 27,400
Plus Total Debt⁽²⁾	0
Less Total Cash⁽²⁾	<u>\$ 12,000</u>
Enterprise Value	\$ 15,400
Diluted Shares Outstanding⁽²⁾	9,100,000

⁽¹⁾ At 5/20/24 intraday ⁽²⁾ At 3/31/24 ⁽³⁾ Sales based on TTM through 3/31/24 financial results