Nasdaq: DAIO

Anthony Ambrose

March 2023

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 expected effects on the Company's business from Shanghai's COVID-19 lockdowns, the duration and scope, impact on the demand for the Company's products, the pace of recovery for the COVID-19 pandemic to subside, 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.

Investment in DAIO

- Publicly traded pure play targeting the rapidly growing automotive electronics and industrial/factory automation markets

- High operating leverage, $17M in NOLs and no debt -- $1.30 per share in cash

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

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

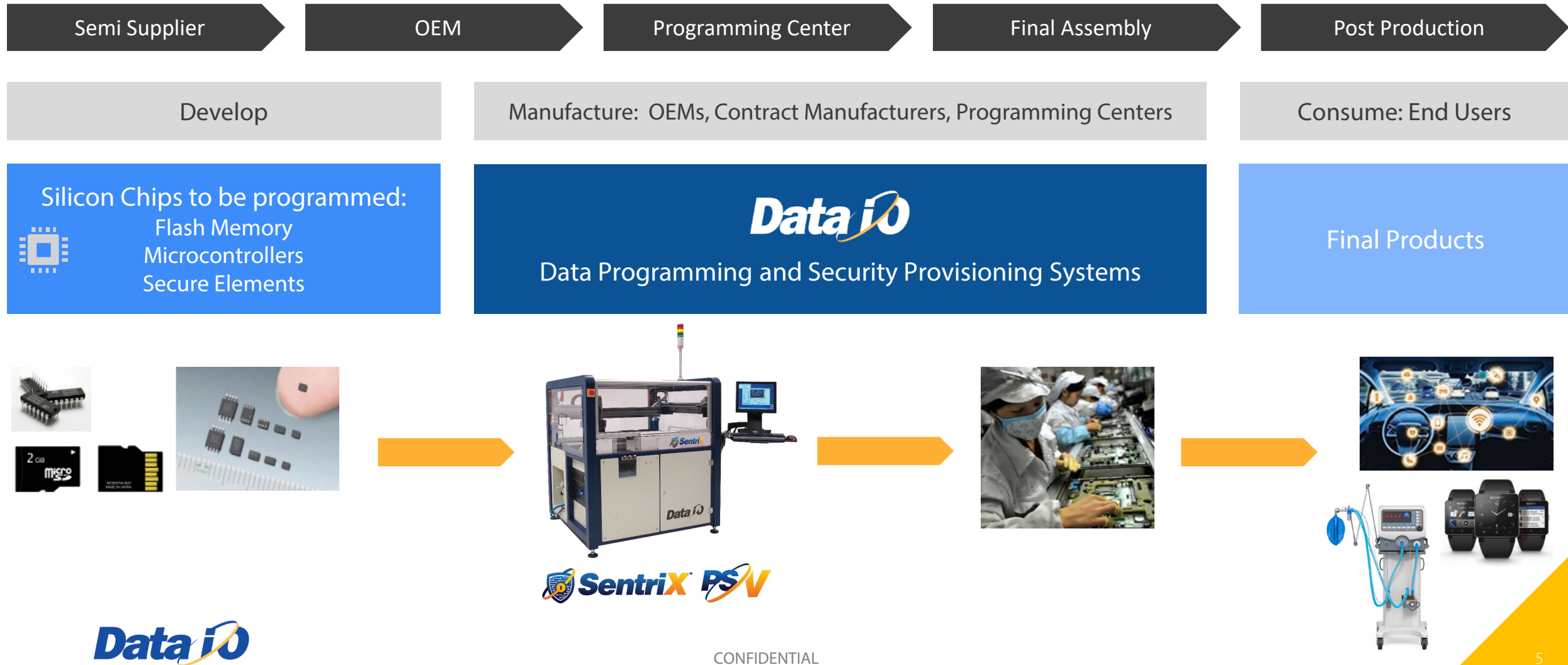| 100	>57	1.5	>440	>40
Employees	**US & International Patents**	**Billions of Devices Programmed Annually**	**Automated Programming Systems Globally**	**Countries with Sales & Service**

Supporting the Secure Digital World

Data I/O's programming systems are used by the world's leading manufacturers to securely program chips and bring their devices to life.

Semi Supplier	OEM	Programming Center	Final Assembly	Post Production

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

Silicon Chips to be programmed: Flash Memory Microcontrollers Secure Elements	Data I/O — Data Programming and Security Provisioning Systems	Final Products

SentriX PSV

Company Snapshot

Recent Achievements and Trends

- Global Leader in programming revenue. Over 440 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:	$4.46
Market Cap:	$40M
Diluted Shares:	8.9M
3-M Daily Avg. Volume:	29,000 shares
Sales (TTM):	$24.2M
Net Income (TTM):	$(1.1)M
Diluted EPS (TTM):	$(0.13)
Adj. EBITDA[3] (TTM):	$1.3M
Cash & Sec. (9/30/22):	$11.5M ($1.30/share)
Debt (12/31/22):	$0.0

(1)   Stock price, market cap and volume as of 2/28/23; Source: Yahoo
(2)   Financials for the TTM period ended 12/31/22 or as noted
(3)   Adj. EBITDA is a non-GAAP financial measure. A reconciliation is provided in this presentation
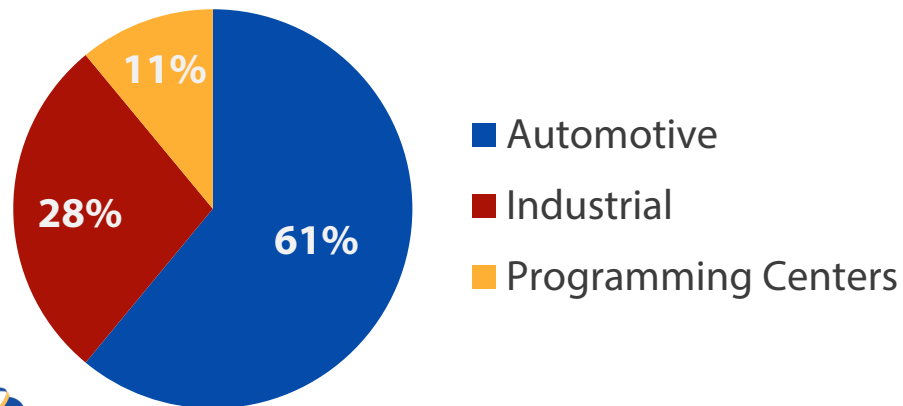
Market Outlook

Data I/O

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

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

AUTOMOTIVE

BOSCH ALPSALPINE MARELLI Continental Panasonic Valeo KOSTAL ADAYO BYD DENSO BorgWarner Visteon HARMAN LG MAGNA APTIV DENSO TEN DESAY SV automotive TRW vitesco HITACHI Inspire the Next JVCKENWOOD Stoneridge TESLA HYUNDAI MOBIS

CUSTOMERS

IOT/INDUSTRIAL/ MEDICAL/CONSUMER

Schindler JOHN DEERE amazon.com PHILIPS TOSHIBA Google LG Microsoft Honeywell Miele Danfoss SONY Schneider Electric iRobot INSTA TCL SIEMENS hp STILL

PROGRAMMING CENTERS & EMS

WATLOW ARROW Zollner AVNET wistron PEGATRON FOXCONN PLEXUS flex JABIL Celestica SCC Kimball Electronics btv technologies Salcomp SEMITRON SANMINA siix eisu

Data IO

Analysts Predict a Tripling of Automotive Silicon Content in 10 years

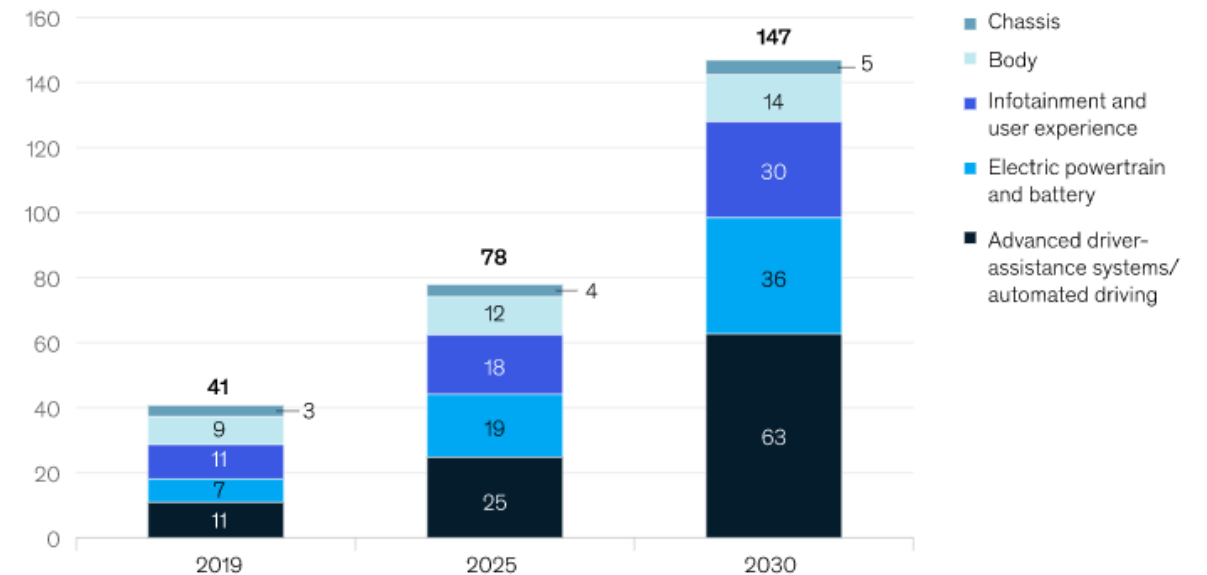## Growth in Global Semiconductor Market Value by Vertical Market

($ billions)
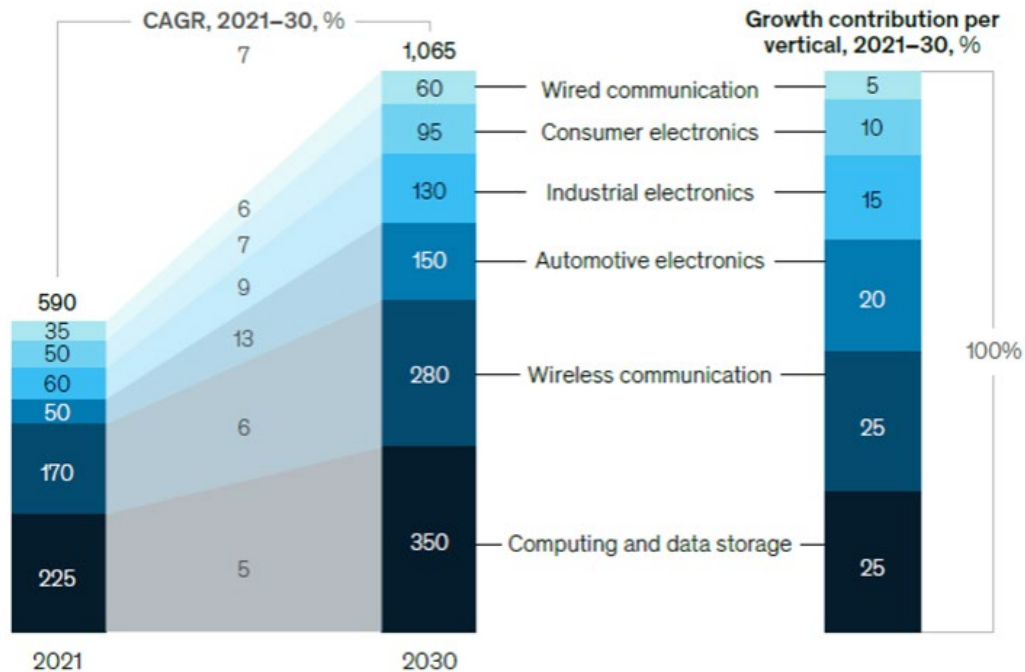
Note: Figures are approximate.

Source: McKinsey & Company report, April 2022

Total Automotive Semiconductor Forecast by Application

Automotive Electronics Growth Areas

Infotainment/ IVI	Electrification	ADAS/Autonomous Driving	Connectivity	Security
2D map / application	New powertrain	Sensors	Vehicle	Ridesharing
Heads-up display	Charging infrastructure	High performance computing	Infrastructure	Car sharing
Digital cluster	Better technology	Big data / analytics	Cloud	Flexible bus
	Modularization	Artificial intelligence / deep learning	Wearables & personal devices	Micromobility
		Navigation & guidance		Delivery
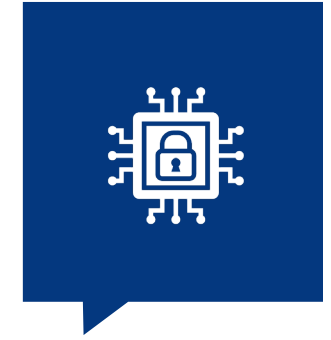
IoT Growth Across a Number of Markets

Global IoT Market Forecast [in billion connected IoT devices]

May 2022

Your Global IoT Market Research Partner

Number of global active IoT Connections (installed base) in Bn

Actuals until Q4/2021
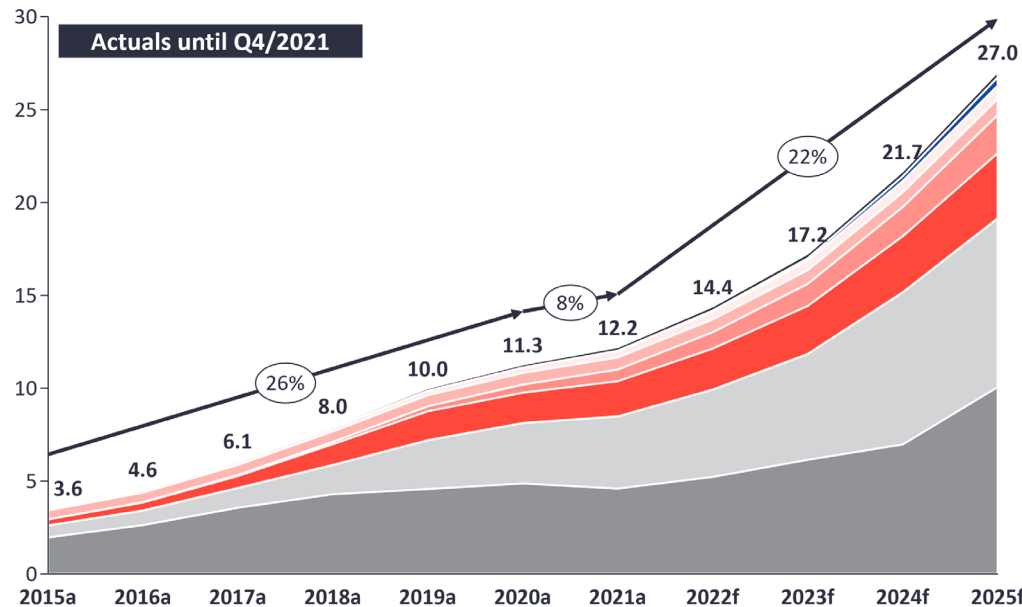
CONNECTIVITY TYPE	CAGR 20-21	CAGR 21-25
Wireless Neighborhood Area Networks (WNAN)	17%	11%
5G IoT	-	159%
Other	22%	20%
Wired IoT	4%	7%
LPWA	42%	34%
Legacy Cellular (2G/3G/4G)	16%	17%
Wireless Local Area Networks (WLAN)	19%	24%
Wireless Personal Area Networks (WPAN)	-6%	22%

XX% = CAGR

Note: IoT Connections do not include any computers, laptops, fixed phones, cellphones or tablets. Counted are active nodes/devices or gateways that concentrate the end-sensors, not every sensor/actuator. Simple one-directional communications technology not considered (e.g., RFID, NFC). Wired includes Ethernet and Fieldbuses (e.g., connected industrial PLCs or I/O modules); Cellular includes 2G, 3G, 4G; LPWAN includes unlicensed and licensed low-power networks; WPAN includes Bluetooth, Zigbee, Z-Wave or similar; WLAN includes Wi-fi and related protocols; WNAN includes non-short range mesh, such as Wi-SUN; Other includes satellite and unclassified proprietary networks with any range.
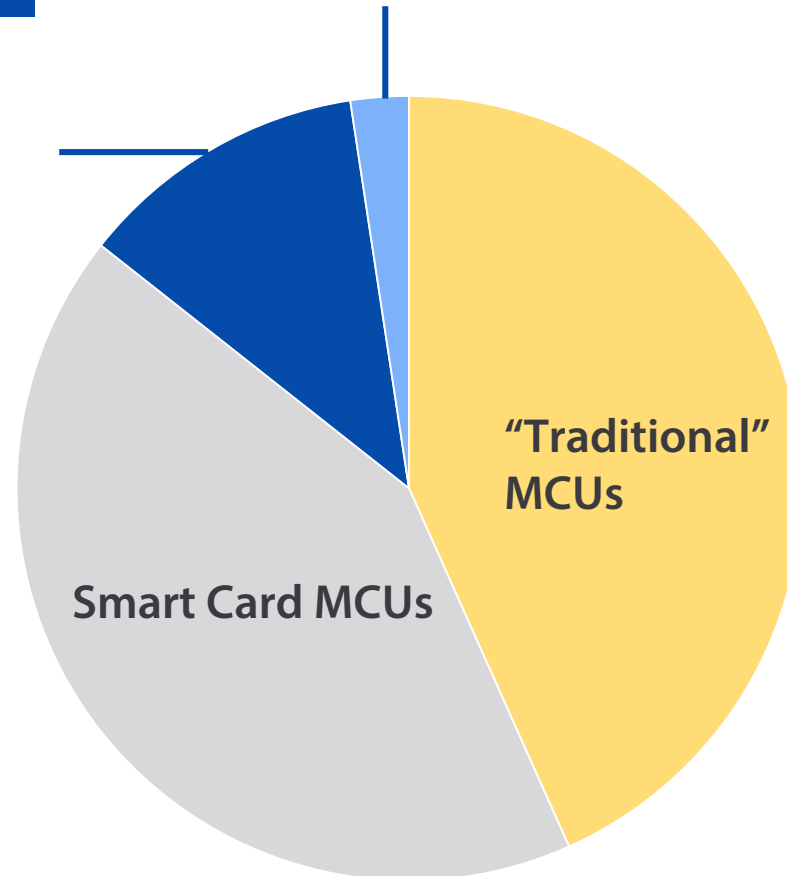
Source: IoT Analytics Research 2022. We welcome republishing of images but ask for source citation with a link to the original post and company website.

Billions of Security Enabled Devices

2023 Security Market:

3-4 Billion Units

Standalone Secure Elements
AICs, ESEs, TPMs

"Secure" MCUs with Embedded Secure Elements

"Traditional" MCUs

Smart Card MCUs

Total Market:

>25 Billion Units

Source: ABI Research, Company Estimates

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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 SentriX® Technology

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.

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

Electric Meter OEM
A large smart meter manufacturer is using pre-programmed provisioning to secure their supply chain and protect their revenue and brand.

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.

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

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

Global Deployment

SentriX Service Providers*

Silicon Partners

Technology Partners

*Announced deployments

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Our Opportunity with SentriX

- The Internet of Things is a huge growth market, with security of supply chain and protection of firmware top of mind

- Data I/O and SentriX partners provide a scalable, easy to develop and deploy service for customers of all sizes. Initial applications are the 'tip of the iceberg' of what is possible with SentriX

- Next generation SentriX Security Deployment as-a-Service including updated hardware and SentriX Product Creator™ to support fully customizable and SentriX GO™ pre-configured security profiles

- Data I/O can now scale SentriX capabilities to over 440 PSV family systems already deployed

- Business model for SentriX drives high margin recurring revenue growth

- Long term, the data programming and security provisioning markets converge

Financial Overview

Data I/O

Financial Overview

2022 Highlights

- Net sales of $24.2 million

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

- Year-end backlog of $4.8 million

- Gross margin as a percentage of sales of 54.5%

- Net loss of ($1,120,000) or ($0.13) per share

- Adjusted EBITDA* of $1.3 million

- Cash & Equivalents of $11.5 million; no debt

- Automotive Electronics 61% of bookings for 2022

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

- Deployment of over 440 PSV systems worldwide

- 21 new customer wins

Additional 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

- 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

- 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.

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 consistent with 2022, except for variability in incentive compensation, sales commissions, and currency

- 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 $17 million in the USA, with foreign subsidiaries subject to local taxes

Balance Sheet and Capital Structure Overview

Balance Sheet Highlights

At December 31, 2022:

- $11.5 million in cash and cash equivalents
- No debt
- $17.6 million of net working capital
- Total stockholders' equity of $19.1 million, or approx. $2.14 per diluted share outstanding
- EV/Sales at 1.18[3]
- NOLs of approximately $17.0 million

Balance Sheet Strategy

- Important to maintain strong balance sheet in a cyclical industry, with ~57% of revenues from capital equipment 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 cyclicality

Enterprise Value ($k)

Market Cap[1]	$ 40,000
Plus Total Debt[2]	0
Less Total Cash[2]	$ 11,500
Enterprise Value	$ 28,500
Diluted Shares Outstanding[2]	8,942,000

[1] At 2/28/23   [2] At 12/31/22   [3] Sales based on TTM through 12/31/22 financial results
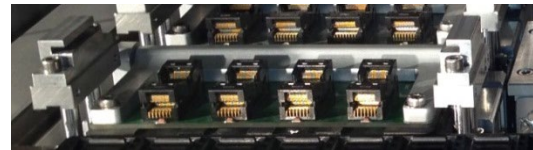
Growing Recurring Revenue Mix

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
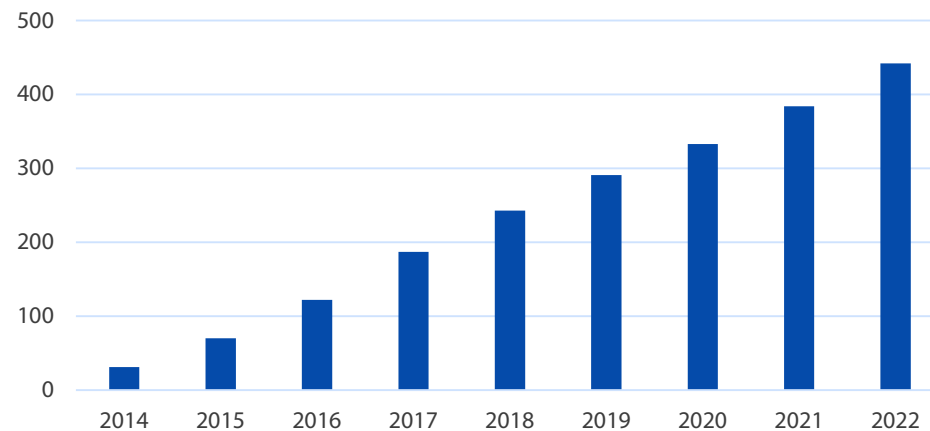- Usually last 3-24 months
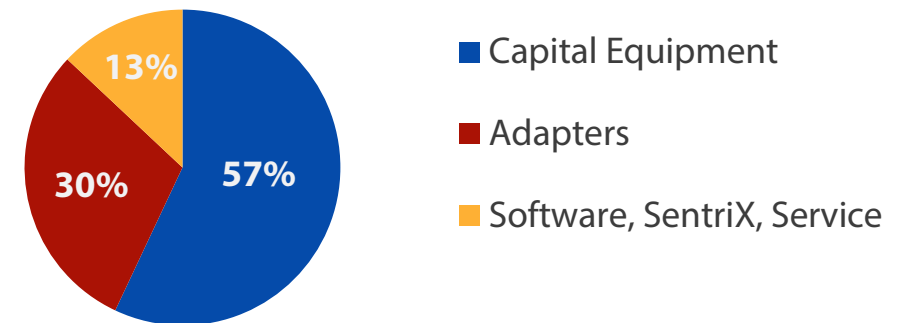

Software, SentriX, Service

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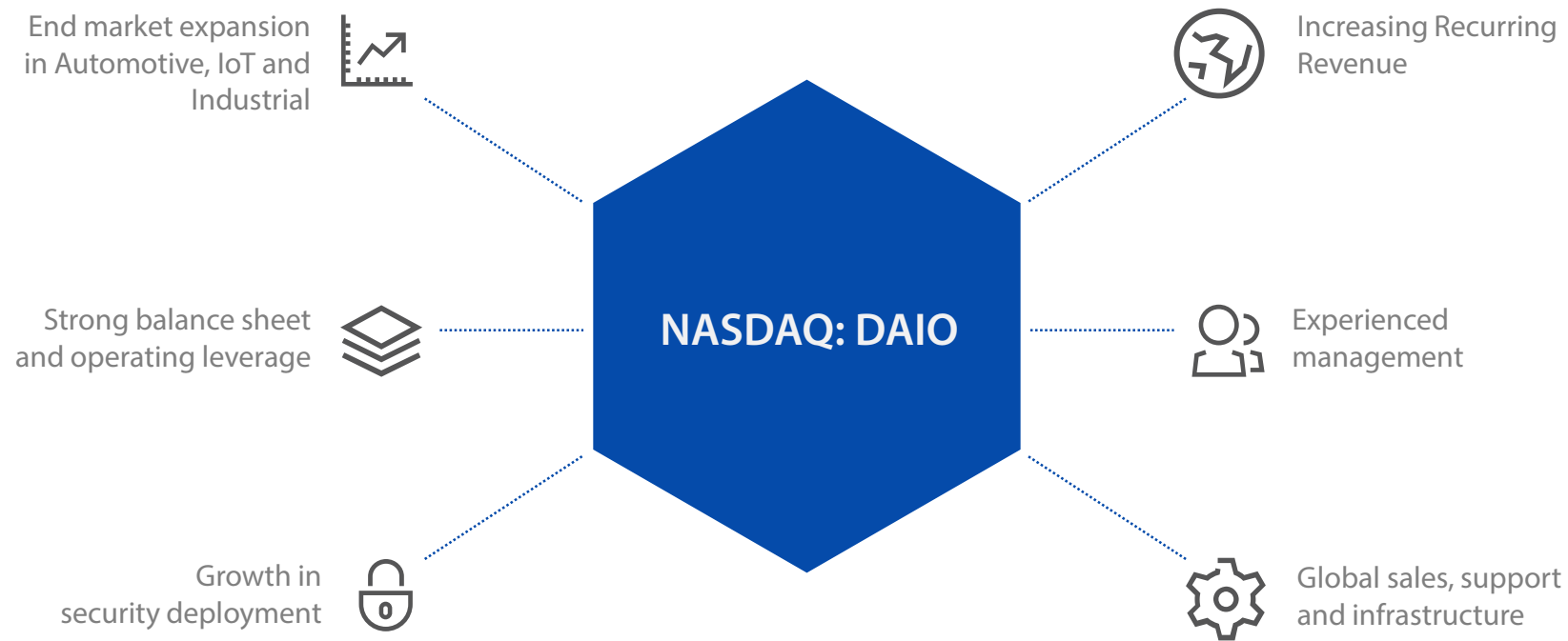- Device supports
- SentriX software and pay per use revenues

Data I/O PSV-x000 Installed Base Growth

2022 Revenue Diversification

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

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

Strong Bookings Through 2022 and Backlog Create Forward Upside

Impact of Semi Shortages Abating

…with Near Term Catalysts, including EV Growth and Regulatory Acts

Thank You!

NASDAQ: DAIO

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

Backup & Financial Reconciliation

An Experienced Team of Technology Leaders

Anthony Ambrose - President and CEO

Anthony Ambrose joined Data I/O in October 2012 as President, CEO and a Board Member. With a passion for product development and new technology, he led product divisions and global engineering teams at Intel and Radisys for over a decade, creating the standard high-volume server platforms in enterprise and telecom markets. Mr. Ambrose earned a Bachelor of Science in Engineering, Magna cum Laude, from Princeton University, and completed the Stanford Graduate School of Business Director Symposium. He has two US patents granted and is often requested to speak on connected and mobility innovations within the automotive electronics, industrial information technology, IoT and medical industries.

Joel Hatlen - Vice President, COO and CFO

Joel Hatlen joined Data I/O in September 1991 and has been our Vice President, Chief Financial Officer, Secretary and Treasurer since January 1998. He served as Chief Accounting Officer since February 1997 and served as Corporate Controller from December 1993 to December 1997. Previously, he was Tax Manager and Senior Tax Accountant. From September 1981 until joining Data I/O, Joel was employed by Ernst & Young LLP as a Certified Public Accountant, where his most recent position was Senior Manager. Joel holds a Master's in Taxation from Golden Gate University and a Bachelor's in Business Administration in Accounting from Pacific Lutheran University.

Rajeev Gulati - Vice President and CTO

Rajeev Gulati joined Data I/O in July 2013 and is our Chief Technology Officer and Vice President of Engineering. Prior to Data I/O, Rajeev served as Director of Software Engineering for AMD responsible for tools, compiler strategy and execution from 2006 to 2013. He has an extensive background in software, systems and applying technology to develop new markets. Previously, he served as Director of Strategy and Planning at Freescale from 2004 to 2006; as Director of Embedded Products at Metrowerks from 2000 to 2004 and Director of Compilers, Libraries & Performance Tools from 1997 to 2000 and programmer positions at Apple Computer, IBM and Pacific-Sierra Research. Rajeev holds a Master's of Science in Electrical & Computer Engineering from the University of Texas, Austin and a BE in Electrical Engineering from Delhi College of Engineering, New Delhi.

Michael Tidwell - Vice President Marketing & Business Development

Michael joined Data I/O in May 2019 and brings a wealth of experience in Software, Security and Product Management to Data I/O. Prior to Data I/O, he was Vice President of Marketing & Business Development at Tignis, an AI and machine learning startup. From 2012 to 2018 Michael was head of Marketing and Business Development at Sansa Security, a leading software security IP provider that was sold to ARM Holdings. Prior to Sansa, Michael was Vice President of Business and Market Development at BSQUARE Corporation. Michael has a Master's of Science in Electrical Engineering from the University of Washington and a Bachelor's of Electrical Engineering (Summa Cum Laude) from Georgia Institute of Technology.

Market Leading Technology

Industry Leading Products

Automated Handlers

Programming Engines

Security Deployment Platforms

History of Innovation

Data I/O's products are viewed as the "gold standard" for advanced programming equipment, IP management and security solutions

Research and Development focused on:

- Security Deployment Platform technology for Internet of Things and Automotive applications

- Programming technology to support explosive demand for automotive electronics using large FLASH Memory and microcontroller devices

- Integration into the Cloud and Factory MES Systems

During the past 15 years, Data I/O has been granted ~57 U.S. and International utility patents. Currently, Data I/O has approximately 20 patents related to the SentriX platform and security provisioning technology

Over 35 Industry Awards

Service Excellence Award for World-Class **Device Programming**

NPI Award & Mexico Technology Award for New **Job Composer** Software Application

Technology Award, 5th Industry Award for Universal Flash Storage **(UFS) Support** on LumenX

Adjusted EBITDA Reconciliation

NON-GAAP FINANCIAL MEASURE RECONCILIATION

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2022	**2021**	**2022**	**2021**
(in thousands)				
Net Income (loss)	$510	($205)	($1,120)	($555)
Interest (income)	(23)	-	(34)	(11)
Taxes	(17)	(107)	683	112
Depreciation and amortization	120	150	560	667
EBITDA earnings (loss)	$590	($162)	$89	$213
Equity compensation	241	279	1,176	1,238
Adjusted EBITDA, excluding equity compensation	$831	$117	$1,265	$1,451

Adjusted EBITDA Reconciliation – 2014-2022

NON-GAAP FINANCIAL MEASURE RECONCILIATION

(in thousands)	Twelve Months Ended December 31,								
	2022	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Net Income (loss)	($1,120)	($555)	($3,964)	($1,187)	$1,606	$5,449	$1,656	$927	$1,099
Interest (income) expense	($34)	($11)	($14)	($53)	($37)	($29)	($44)	($105)	($159)
Taxes	$683	$112	$387	$31	$291	($288)	$36	($5)	$7
Depreciation and amortization	$560	$667	$815	$868	$955	$822	$602	$542	$593
EBITDA earnings (loss)	$89	$213	($2,776)	($341)	$2,815	$5,954	$2,250	$1,359	$1,540
Equity compensation	$1,176	$1,238	$1,467	$1,171	$1,230	$714	$520	$435	$400
Restructure/Impairment charge	-	-	943	-	-	-	-	-	$13
Adjusted EBITDA earnings (loss), excluding equity compensation and restructure/impairment charge	$1,265	$1,451	($366)	$830	$4,045	$6,668	$2,770	$1,794	$1,953

Income Statement

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2022	**2021**	**2022**	**2021**
Net Sales	$7,271	$6,357	$24,217	$25,835
Cost of goods sold	3,233	2,900	11,007	11,115
Gross margin	4,038	3,457	13,210	14,720
Operating expenses:				
Research and development	1,478	1,626	6,083	6,635
Selling, general and administrative	1,933	2,026	7,876	8,358
Total operating expenses	3,411	3,652	13,959	14,993
Operating income (loss)	627	(195)	(749)	(273)
Non-operating income (loss):				
Interest income	23	-	34	11
Gain on sale of assets	(1)	21	57	21
Foreign currency transaction gain (loss)	(156)	(138)	221	(202)
Total non-operating income (loss)	(134)	(117)	312	(170)
Income (loss) before income taxes	493	(312)	(437)	(443)
Income tax (expense) benefit	17	107	(683)	(112)
Net income (loss)	$510	($205)	($1,120)	($555)
Basic earnings (loss) per share	$0.06	($0.02)	($0.13)	($0.06)
Diluted earnings (loss) per share	$0.06	($0.02)	($0.13)	($0.06)
Weighted-average basic shares	8,816	8,621	8,741	8,545
Weighted-average diluted shares	8,942	8,621	8,741	8,545

Balance Sheet

	December 31, 2022	December 31, 2021
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$11,510	$14,190
Trade accounts receivable, net of allowance for doubtful accounts of $147 and $89, respectively	4,992	3,995
Inventories	6,751	6,351
Other current assets	645	737
TOTAL CURRENT ASSETS	23,898	25,273
Property, plant and equipment – net	1,072	946
Other assets	2,195	2,838
TOTAL ASSETS	$27,165	$29,057
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$1,366	$1,373
Accrued compensation	1,670	2,496
Deferred revenue	1,575	1,507
Other accrued liabilities	1,596	1,413
Income taxes payable	112	-
TOTAL CURRENT LIABILITIES	6,319	6,789
Operating lease liabilities	1,500	2,277
Long-term other payables	237	138
COMMITMENTS	-	-
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, 8,816,381 shares as of December 31, 2022 and 8,621,007 shares as of December 31, 2021	21,897	20,886
Accumulated earnings (deficit)	(3,131)	(2,011)
Accumulated other comprehensive income	343	978
TOTAL STOCKHOLDERS' EQUITY	19,109	19,853
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$27,165	$29,057