



NASDAQ: DAIO

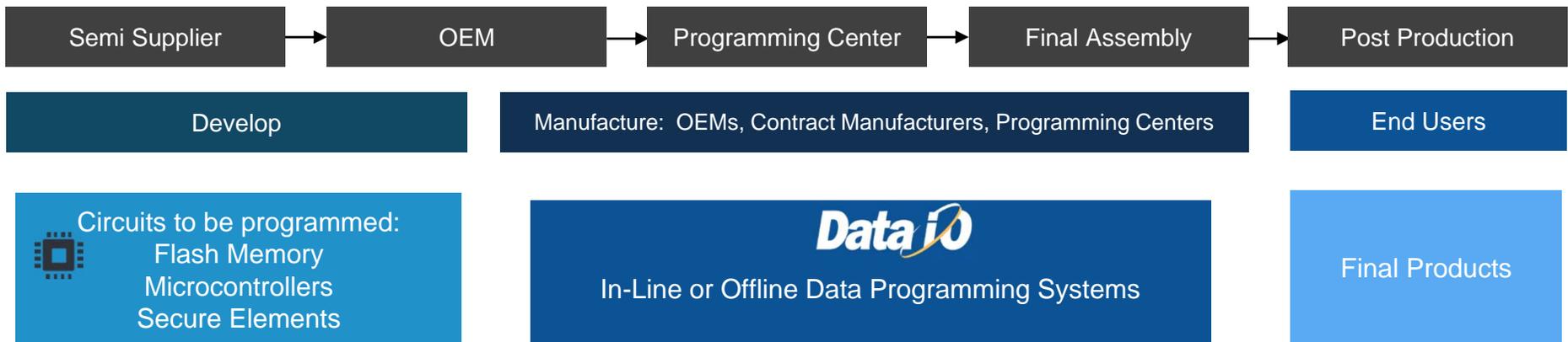
Data I/O Corporation
September 2019
Investor Presentation

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 release 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



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



Company Snapshot



Recent Achievements and Trends

- 5 consecutive years of profitability
- Strong momentum in Automotive and IoT devices
 - 8 of top 9 Auto electronics companies are customers
 - 5-year global supply agreement with Bosch extended by 2.5 years in 3Q18
 - ~60% of revenue from Automotive Electronics customers
- Puget Sound Business Journal's Fastest Growing Public Technology Companies list – 3 consecutive years
- Industry and technology awards for Lumen®X, Universal Flash Storage (UFS), PSV Lines and SentiX™
- Over 250 PSV systems sold
- Traction for SentiX Security Provisioning Platform

Committed to Growing Shareholder Value

- Focusing programmable core competencies on higher growth, higher margin vertical markets
- Differentiated market position through technology leadership and global support
- Approx. 16% of stock held by insiders so that management and Board are aligned with shareholders
- \$2 million buyback approved in 4Q18

Company Snapshot ⁽¹⁾⁽²⁾

NASDAQ:	DAIO
Headquarters:	Redmond, WA
Established:	1972
Stock Price:	\$4.00
Market Cap:	\$33M
Diluted Shares:	8.3M
10-Day Avg. Volume:	25,000 shares
Sales _(TTM) :	\$26.3M
Net Income _(TTM) :	\$1.1M
Diluted EPS _(TTM) :	\$0.14
Adj. EBITDA ⁽³⁾ _(TTM) :	\$3.4M
Cash & Sec. (6/30/19):	\$15.2M (\$1.84/share)
Debt (6/30/19):	\$0.0

(1) Stock price, market cap and volume as of 8/16/19; Source: Yahoo

(2) Financials for the TTM period ended 6/30/19 or as noted

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

Long Term Growth Focus

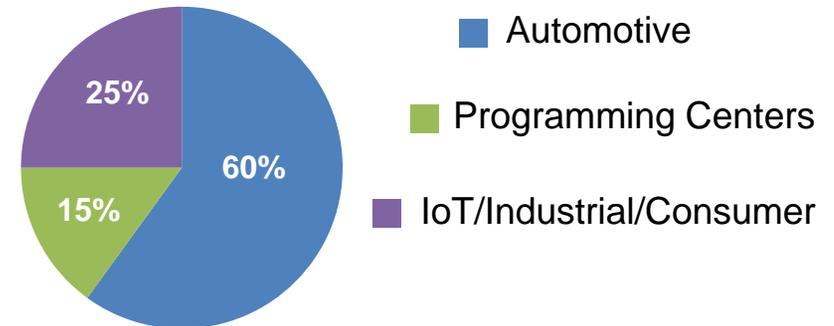
- Growth strategy focused on advanced data and security programming solutions for Automotive Electronics, Internet of Things (IoT) and Industrial markets
 - Expansion of addressable markets
 - Technology leadership through continued heavy R/D investment in intellectual property portfolio
 - Greater balance between capital equipment sales and recurring revenues
- Developing new partnerships for Security Provisioning Platform
- Deploying excess capital and other resources for opportunistic growth; return excess capital to shareholders

Serving Customers Globally in Growing Markets



- The largest programming company in the world, 2-3 times larger than the next programming company
- Global footprint with headquarters in Redmond, USA and subsidiary offices in Shanghai China and Munich Germany

2018 Annual Orders by End Markets



Sample Customers

Automotive

IoT/ Industrial/Consumer

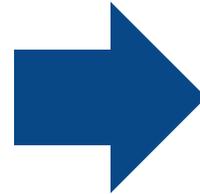


How Data I/O Markets Grow



Market Forces

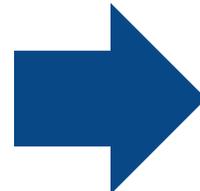
- **IoT and Automotive Growth**
 - **Devices Get Smaller**
 - **Move towards Automation**



Programming Impact

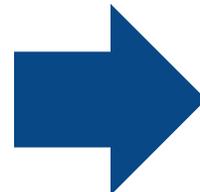
Unit Growth

- **Products will increase their code size as customers want more features**



Bit Growth

- **Products will be more secure, creating new opportunities**



**Added Complexity +
Security Requirements**

Programming Demand = Units x Bits x Security

Market Leading Technology



Industry Leading Products

Automated Handlers



Programming Engines



Managed and Secure Programming Systems



History of Innovation

- Data I/O's products are viewed as the “gold standard” for advanced programming equipment and IP management and security solutions.
- Research and Development focused on:
 - Breakthroughs in programming technology to support explosive demand for automotive infotainment solutions using large FLASH memories and microcontrollers.
 - Security Provisioning Platform technology for Internet of Things applications
 - Introduced Universal Flash Storage (UFS) solution and SentryX™ Security Provisioning Platform
- During the past 15 years, Data I/O has been granted ~50 U.S. and International utility patents. Currently, Data I/O has ~20 U.S. and International utility patents pending.

Data I/O Sets Blistering Pace for Programming Market



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



NPI Award for New **Job Composer** Software Application



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

2X

Doubles Programming Performance w/ TurboBoost™ for Programmers **LUMEN X**

2x increase in programming performance for eMMC devices shown at IPC APEX Expo 2019

2X ↓



Programming Platform Doubles Download Speed & Support Next-Generation Microcontrollers



Scripting Interface Upgrade to **SentriX™ Secure Provisioning System**



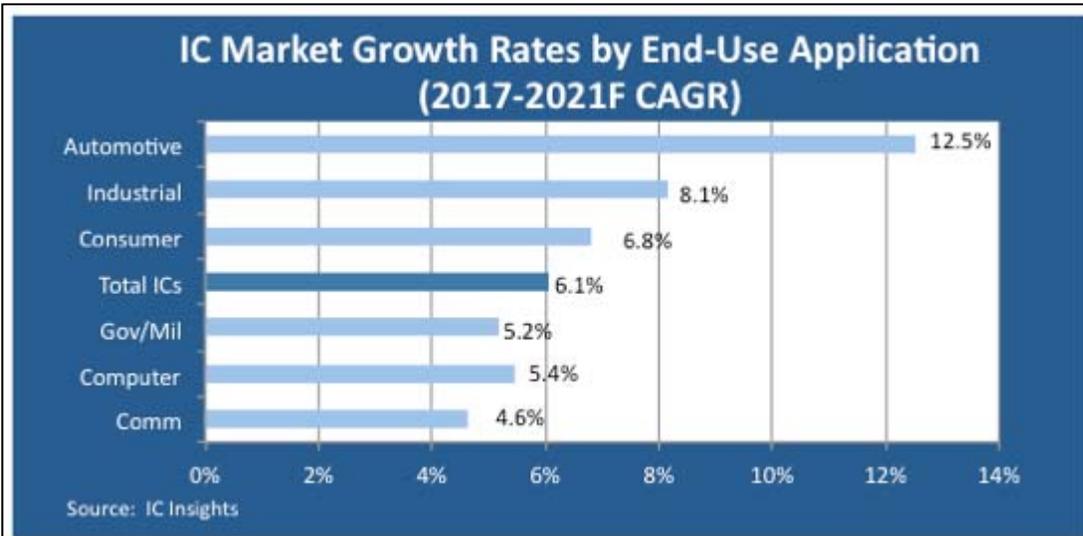
DigiCert's **Certificate Signing Services** via **Data I/O's SentriX® Secure Provisioning System**



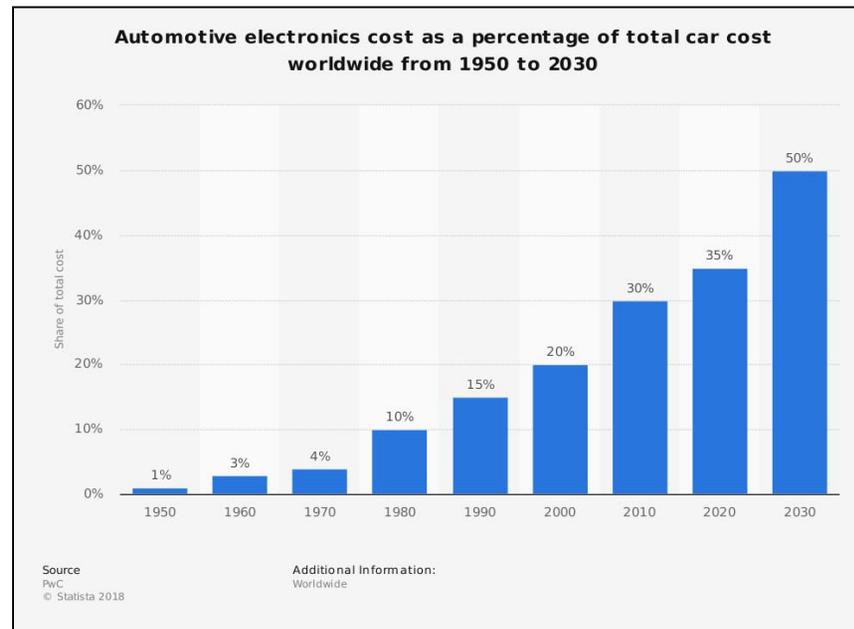


Market Outlook

Automotive & Industrial Semi Growth Drives Programming Market



Automotive & Industrial continue to be fastest growing segments



Automotive Electronics Evolution



Addressing Macro Trends in Automotive

Visteon®



Analog to Digital



Device & Cloud Connectivity



Electric Vehicles



ADAS to Autonomous

Cockpit of the Future

Visteon®



Smart Mobile Assistant

Fully Digital

- Large, curved digital displays
- Haptic, knob-on-glass for tactile feedback



Connected

- Access to cloud data and services
- Hybrid cloud/edge computing



Automated

- Advanced active safety features
- Self-driving under specific conditions



Learning

- Machine learning based solutions
- Improved voice and identification features

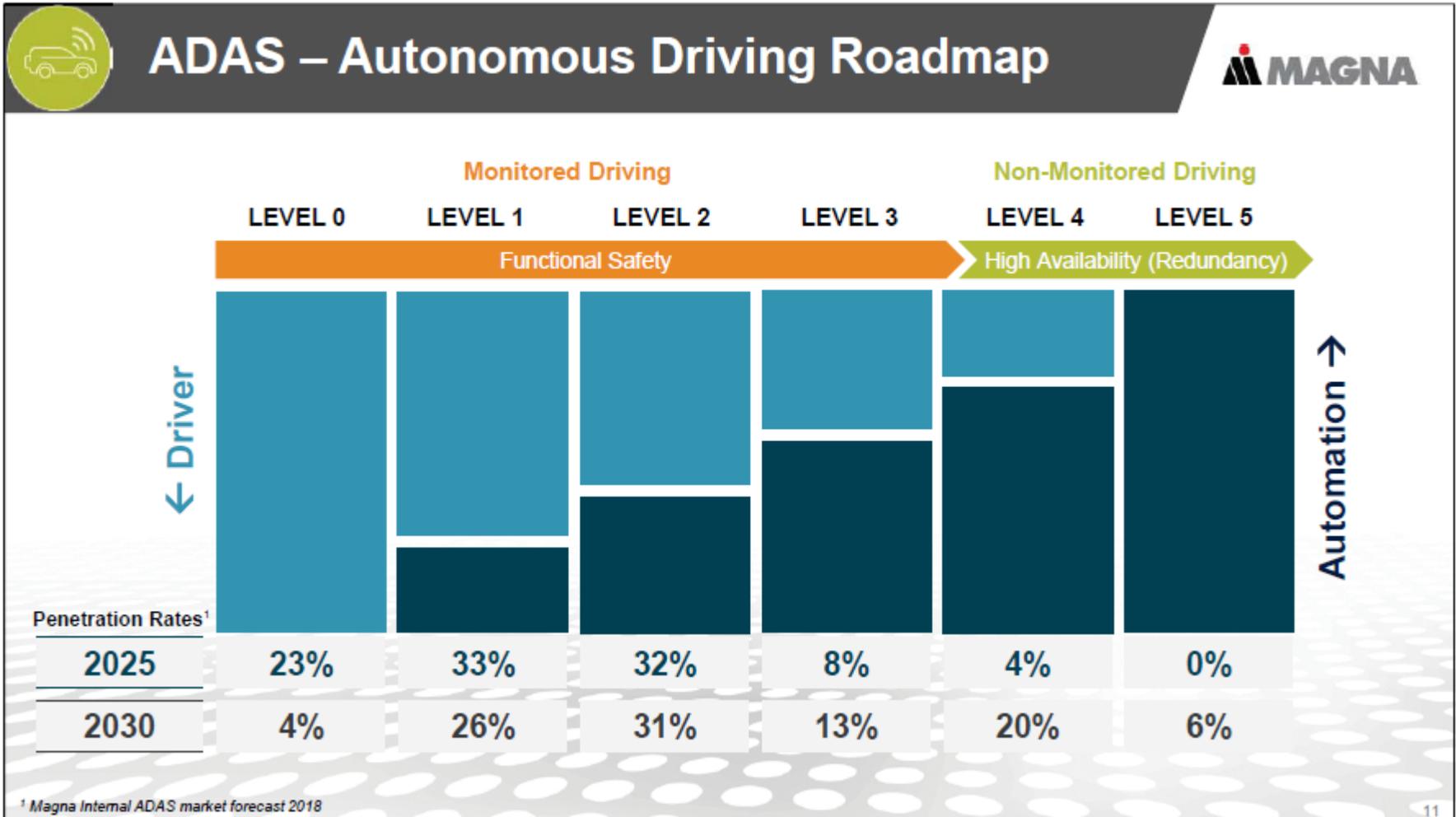


Voice Enabled

- Conversational cockpit assistant
- Natural language voice interaction



ADAS Penetration Over Time



Substantial Growth in Electronics Subsystems Well Before Fully Autonomous Driving

FLASH Memory Growth in the Connected and Autonomous Vehicle

Data iO

ADAS / Autonomous Car
8 GB to 16GB

Connectivity
4 GB to 16GB

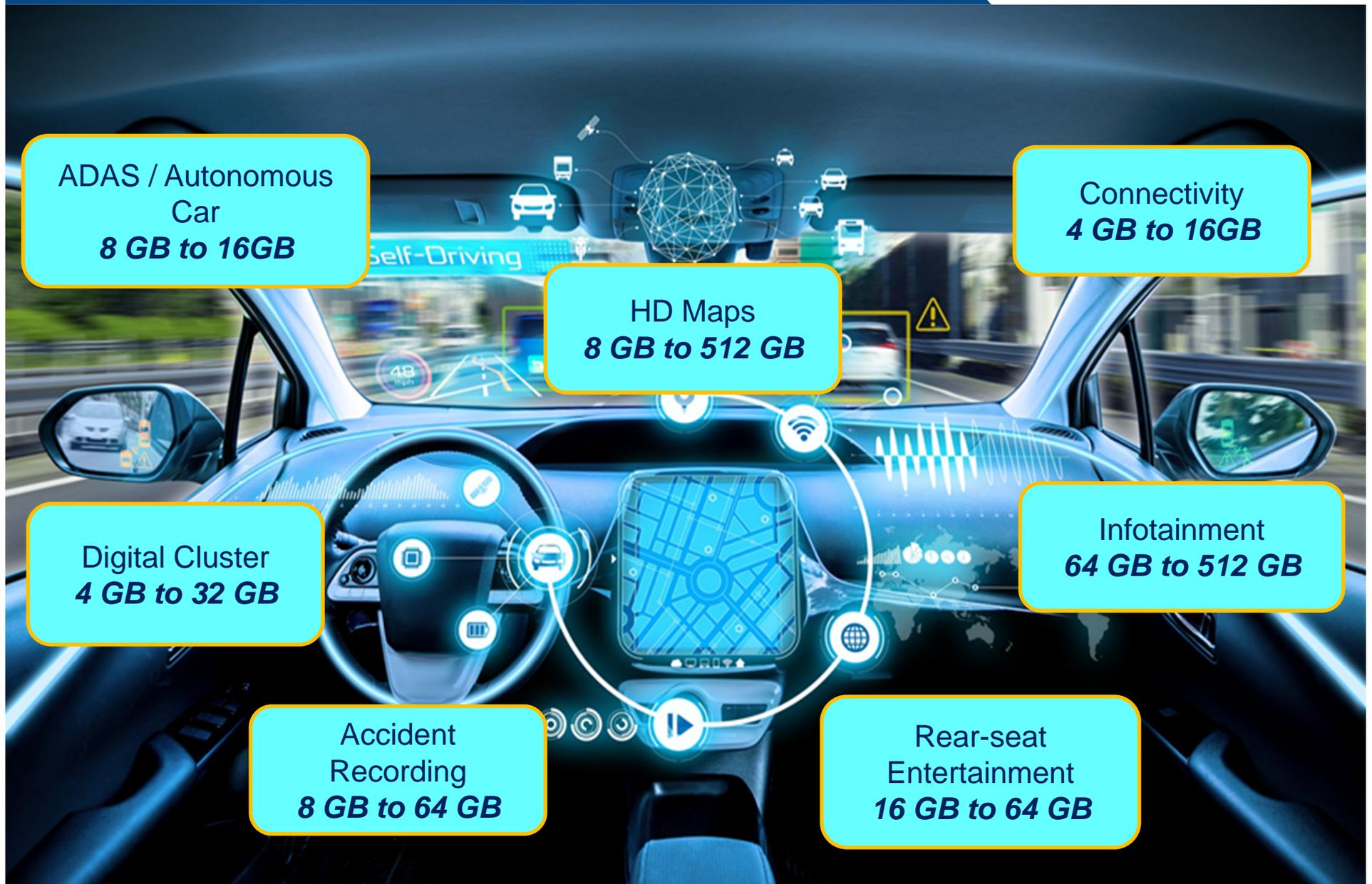
HD Maps
8 GB to 512 GB

Digital Cluster
4 GB to 32 GB

Infotainment
64 GB to 512 GB

Accident Recording
8 GB to 64 GB

Rear-seat Entertainment
16 GB to 64 GB



Western Digital support Automotive Grade UFS devices

6 out of the top 9 automotive electronics manufacturers are transitioning from eMMC to UFS

8 out of the top 9 automotive electronics suppliers choose Data I/O

Data I/O Delivers Automotive UFS



**Lumen®X
Programmer**



LumenX with 4 UFS Interface Boards



PSV System



**Maximum Performance
Maximum Flexibility
Investment Protection for Customers**

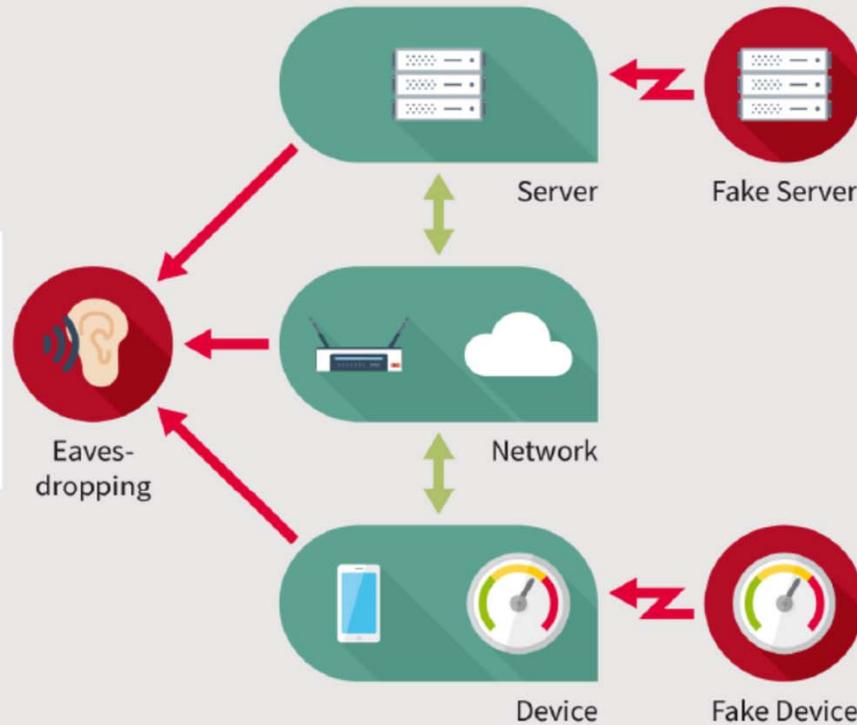
IoT Market Segmentation



Consumer	Mobility	Energy	Industry & Logistics	ICT	Healthcare	Others
Smart Home 	Cars 	Solar PV 	Industrial Motor Controls & Drives 	Data Centers 	Medical Equipment 	Advertising 
Major Home Appliances 	Trucks & Buses 	Wind Power 	Automation Equipment 	Cellular Networks 	Assisted Living 	Retail 
Small Home Appliances 	Construction Agricultural Vehicles 	Other Power Generation 	Building Automation 	Other WAN 	Lifestyle 	Gambling 
Consumer Electronics (incl. Wearables) 	Traction 	Energy Storage Systems 	Logistics 	Wireless LAN & PAN 		Defense 
Lighting 	Light Electric Vehicles 	Transmission & Distribution 				Aerospace 
Smartcards 		Smart Meters 				
Smartphones & Tablets 		Charging Stations 				
Desktops & Notebooks 						

Security threats for IoT

An **Eavesdropper** listening in on data or commands can reveal confidential information about the operation of the infrastructure.



A **Fake Server** sending incorrect commands can be used to trigger unplanned events, to send some physical resource (water, oil, electricity, etc.) to an unplanned destination, and so forth.

A **Fake Device** injecting fake measurements can disrupt the control processes and cause them to react inappropriately or dangerously, or can be used to mask physical attacks.

IoT Market Drivers - Multi-year Secular Growth

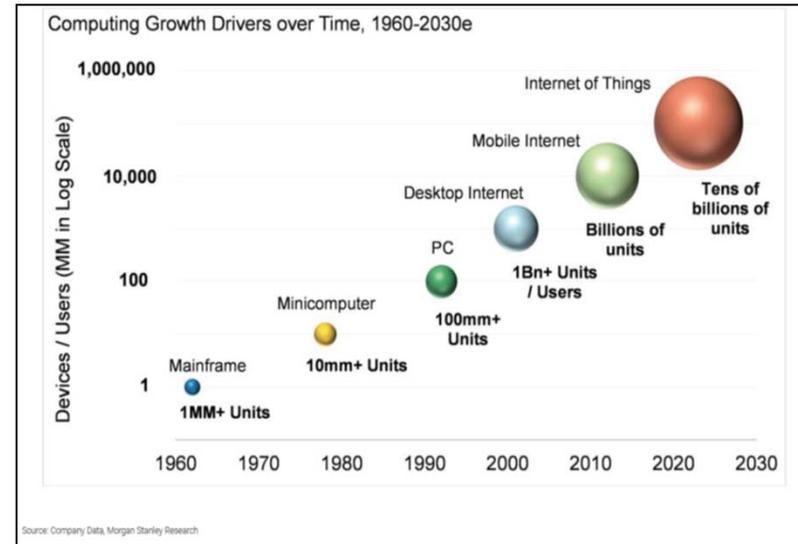


- The IoT is forecast to be bigger than the mobile internet and desktop markets

“We believe nearly every single industry will eventually migrate to an IoT model yielding 50 billion connected devices by 2020.”

Needham & Company, November 27, 2015

- ...But Security Issues are top of mind and must be addressed



Computing

NSA Hacking Chief: Internet of Things Security Keeps Me Up at Night

The leader of the National Security Agency is putting industrial control systems on a secure.

by Tom Simonite January 2015

The trend to connect devices to the Internet is making life easier for consumers and businesses—but also keeping...

Internet of Things: Shoddy security and IoT hackers are putting human lives at risk

Experts say need for IoT security isn't overhyped

NEWS ANALYSIS

Hackers demonstrated first ransomware for IoT thermostats at DEF CON

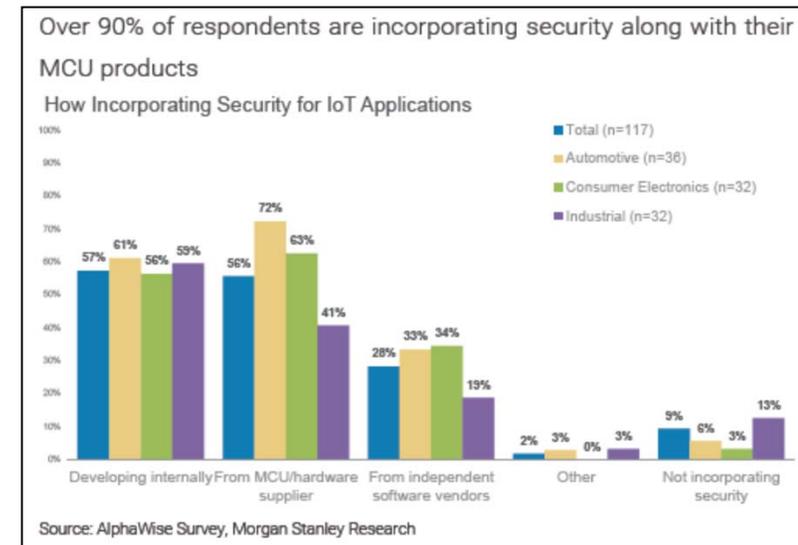
MORE LIKE THIS

- Thugs developing ransomware for Android
- Cryptoworms: The future of ransomware
- Your router won't protect you when smartphones smart homes

on IDG Answers

How to set network location in Windows so that PC can be seen by other...

IN THE



SentriX™ Security Provisioning Platform

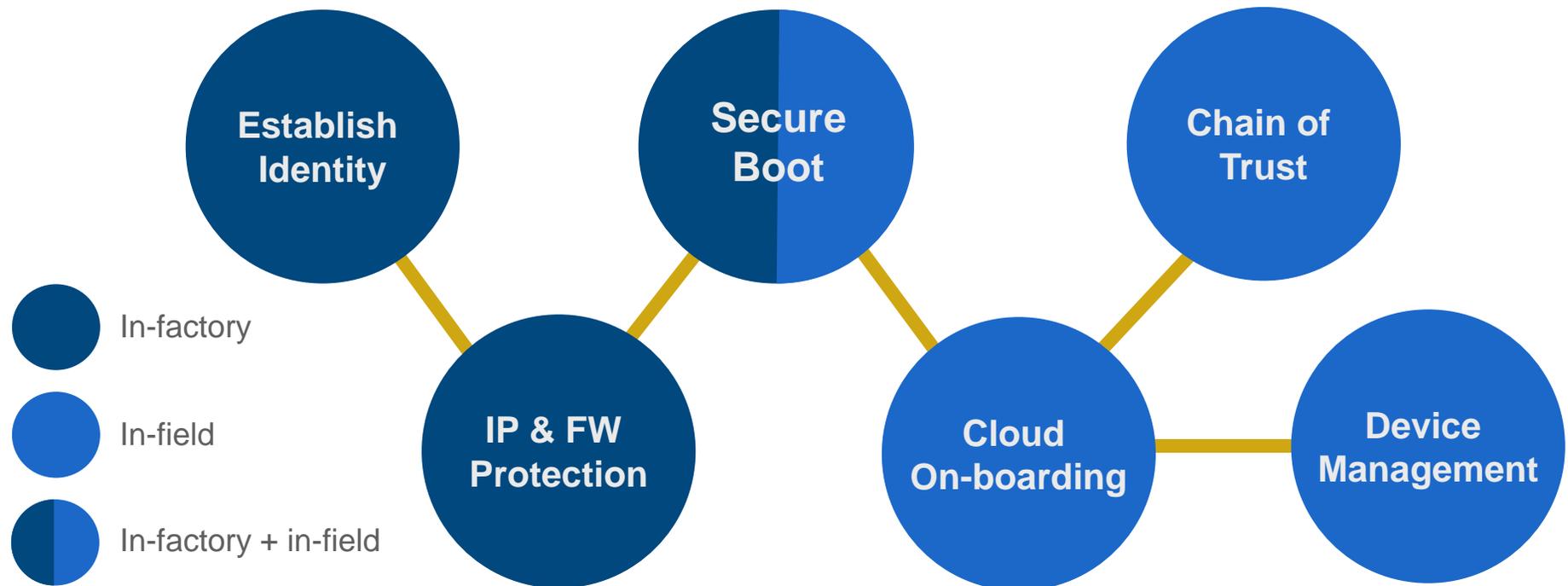


Secure Programming Center Premise

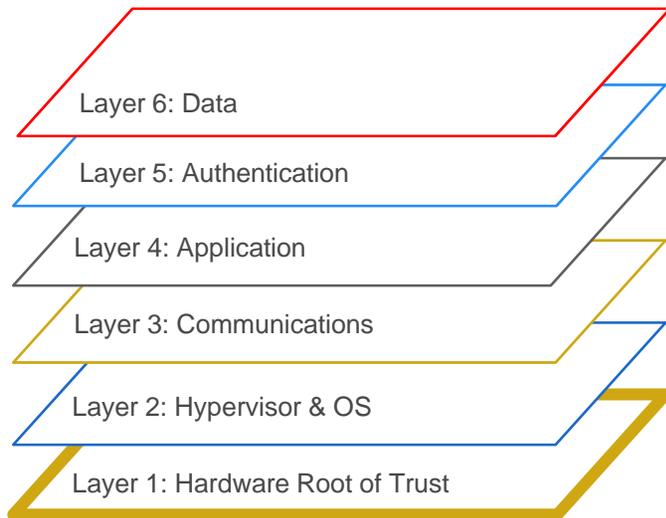


February 28, 2018: Best of Show with Embedded Award for the SentriX Security Provisioning Platform

Leading SentriX Enabled Use Cases

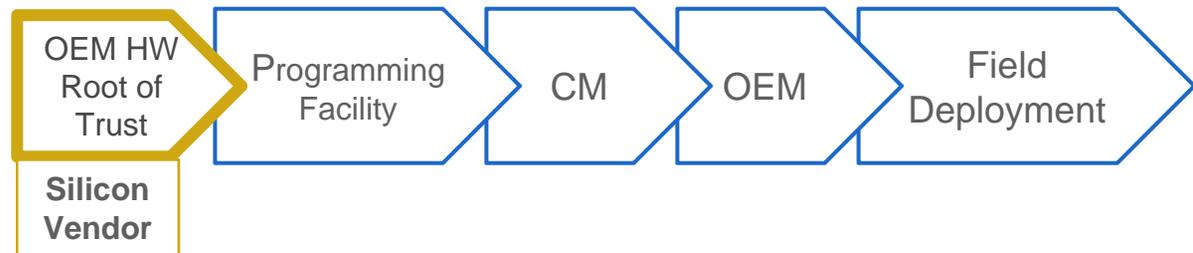


Security By Design



Security Layers

IoT requires a chain of trust built on a secure and **provisioned** hardware root of trust.



New Partnerships for Growth



Technology Partners



Silicon Partners



SECURE CONNECTIONS
FOR A SMARTER WORLD



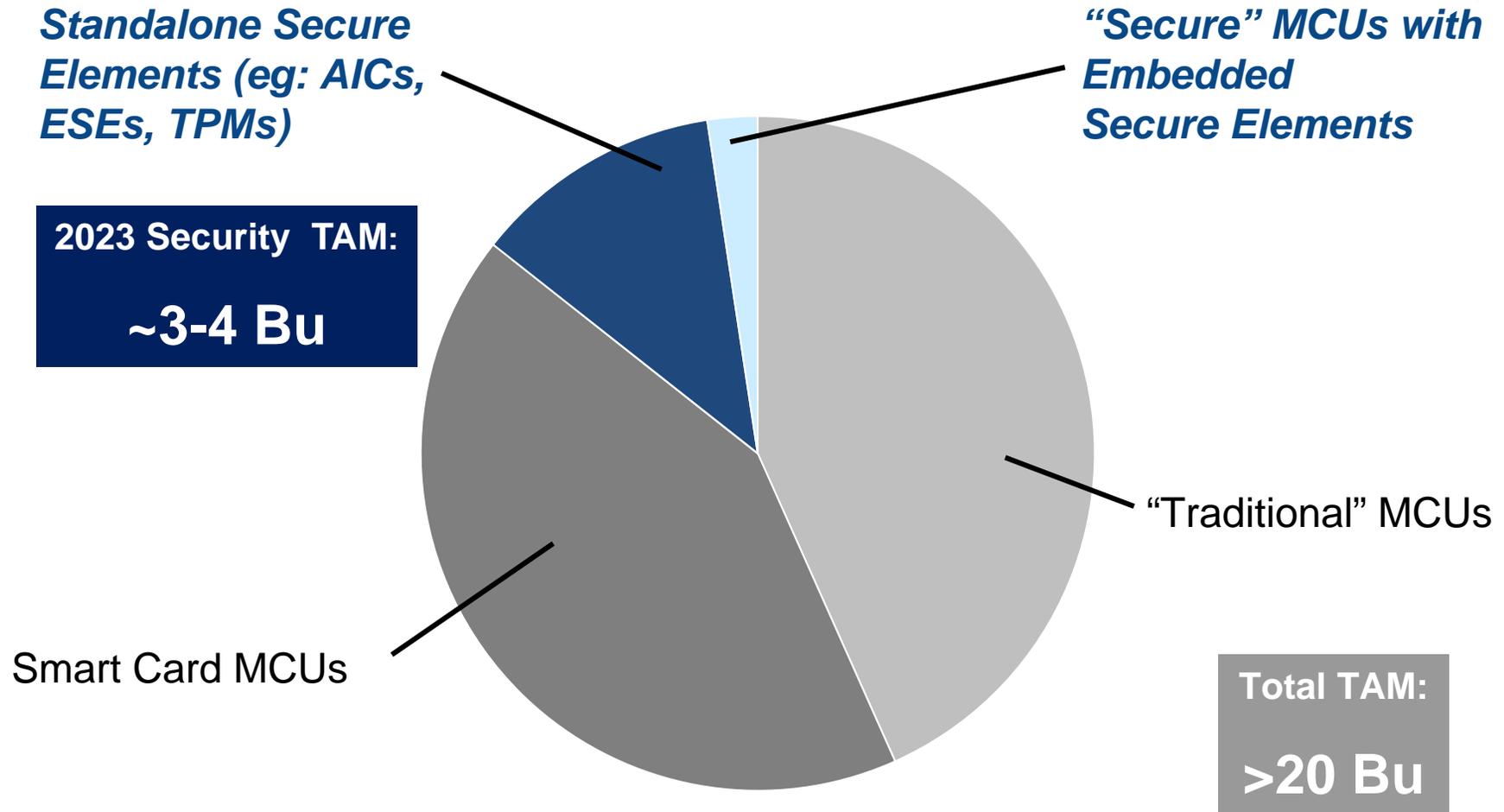
Distribution Partners



SentriX Plan: Securing IoT Devices for OEMs of any Size and Volume

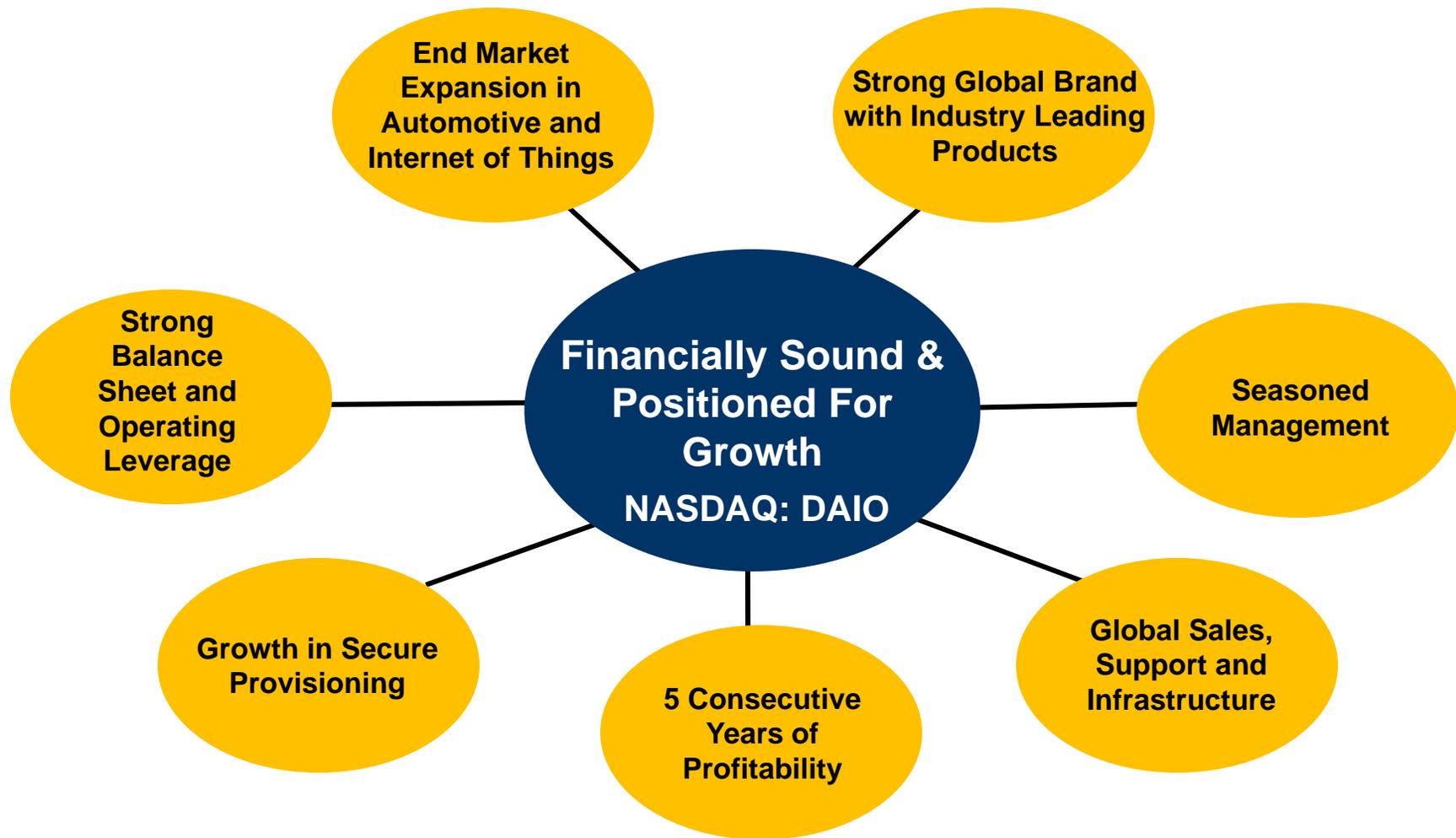
- Deployment in October 2017 of first SentriX Security Provisioning System; 5 deployed at 6/30/19
- Additional Industry support announcements from 2018 through 2019
- Revenue Recognition: scaling begins 2019 with multiyear ramp from win to revenue

The Opportunity: Billions of Security Enabled Devices



Source: ABI Research

Investment Merits: Positioned for Long-Term Growth



Thank You!

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

Adjusted EBITDA Reconciliation – 2Q19



NON-GAAP FINANCIAL MEASURE RECONCILIATION

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2019	2018	2019	2018
(in thousands)				
Net Income	\$127	\$486	\$153	\$616
Interest (income)	(10)	(9)	(22)	(16)
Taxes	27	42	(2)	87
Depreciation and amortization	220	277	424	506
EBITDA earnings	\$364	\$796	\$553	\$1,193
Equity compensation	364	473	650	650
Adjusted EBITDA earnings, excluding equity compensation	<u>\$728</u>	<u>\$1,269</u>	<u>\$1,203</u>	<u>\$1,843</u>