



April 2, 2025

Dear Data I/O Shareholders:

During 2024, Data I/O experienced lower demand for manufacturing capacity and spending on capital equipment, particularly in the automotive segment where we have a strong vertical domain concentration. This decrease in demand is principally attributed to headwinds faced by electric vehicle ("EV") manufacturers in Europe and the Americas, partially offset by a strong EV market in Asia which is expected to continue to grow. This dichotomy reinforces the need to diversify our customers across multiple market verticals.

The most significant development in 2024, however, was a change to our executive leadership. We have streamlined the leadership team and have been aligning our global workforce with our strategic initiatives. In 2025, we began setting our sights on a much larger market and focusing on delivering greater value to a diversified base of customers that includes some of the largest companies throughout the global electronics supply chain.

We have hired proven industry veterans, promoted from within and created new positions. New and existing team members along with invited thought leaders have been deeply involved in discovery within every functional group at Data I/O. This discovery process has led to the implementation of crucial strategic plans to bring Data I/O back to long term profitable growth. We have a new focus on the global distribution, EMS, and service provider customer segments, and are intent on continued investment in delivering solutions to support our customers and accelerate their time to market. As part of this approach, we anticipate a heightened presence in a cross section of customer spending on products and services, from initial device design to scaling commercial production. We will continue to support strong solutions for the automotive industry as well as expand our market reach in IoT, consumer, aerospace/defense, and medical. We will re-engage with our semiconductor partners to deepen our relationships and develop programming solutions for new device technologies driven by advancements in AI and edge computing applications for the automotive, IoT, medical, industrial and consumer applications. We will also look for ways to leverage AI to scale operations to meet this market demand. This will enable Data I/O to keep pace with rapid changes in the market. These are the steps we believe are necessary to become a higher value partner with a broader reach into the global electronics supply chain.

Over the years, the programming vendor ecosystem has been focused on large automated systems. That focus takes away from developing a robust library of device algorithms needed to support a variety of customer applications and market segments. The next generation universal programming platform, manual programming products, and our new consultative sales process will be instrumental in our long-term organic growth across these market segments. Our engineering team is enhancing our current Lumen<sup>®</sup>X platform while creating an impressive roadmap for the future. With a legacy in the programming industry spanning more than 50 years, the Data I/O brand still resonates today. What we are doing now through investments in our platform, our processes and our workforce is expected to create a more efficient and effective organization. We made impressive progress on these initiatives in the first quarter of 2025 and intend to continue on this path throughout the year.

We appreciate your continued support of Data I/O.

Sincerely,

A handwritten signature in black ink, appearing to read "William Wentworth".

William Wentworth, CEO

A handwritten signature in black ink, appearing to read "Sally Washlow".

Sally Washlow, Chair