

INVESTOR PRESENTATION

May 3rd, 2021

Forward Looking Statements

This presentation contains forward-looking statements that involve risks and uncertainties, as well as assumptions that, if proven incorrect, could cause DSP Group's results and projections to differ materially from those expressed or implied by such forward-looking statements. All statements other than statements of historical fact may be deemed forward-looking statements, including statements regarding market expansion of products for new applications and our ability to capture a higher share of those markets, market expansion in Unified Communications, SmartVoice, SmartHome and ULE markets, financial guidance for the second quarter of 2021 and qualitative financial information for the short term and long term. We do not endorse the financial forecasts of any analysts or comment on them if they differ from our own projections. Nothing in this presentation should be construed as a profit forecast. Past performance should not be taken as an indication or guarantee of future performance. Risks and uncertainties that could cause actual results to differ materially include: the extent and length of the shelter-in-place and other restrictions associated with the COVID-19 pandemic and the extent of the negative impact on the demand for consumer electronics and the strain on the global economy; delays in the introduction of new products; disruption in supply chain, slower than expected change in the nature of the residential communications domain; our ability to develop and produce new products at competitive costs and in a timely manner, including Unified Communications, SmartVoice, ULE and home gateway products; the possibility that such products may fail to achieve broad market acceptance; the anticipated annual decline of the cordless telephony market and our ability to offset the decline with revenues from new products; our ability to manage costs; and assumptions pertaining to the level of demand for products that incorporate our technologies. For more information regarding the risks and uncertainties that could cause actual results and projections to differ, as well as risks relating to our business in general, see the discussion in the "Risk Factors" section of our Annual Report on Form 10-K for fiscal year 2020 and other reports that DSP Group has filed with the U.S. Securities and Exchange Commission. Moreover, the full impact of the COVID-19 pandemic continues to evolve as of the date of this presentation. As such, it is uncertain as to the full magnitude that the pandemic will have on our financial condition and the guidance in this presentation about our future results of operations should be considered in light of the uncertainty. Information, opinions, and estimates contained in this presentation are as of May 3rd, 2021. We assume no obligation to update any forward-looking statements or financial guidance, which are subject to change without notice.

Our Voice will be LOUDER this Year!

Capitalizing on our leadership in voice AI
and IoT technologies, well positioned to
disrupt burgeoning markets with a
larger TAM



DSP Group (est. 1986)

Leading global provider
of voice AI and IoT
technologies

>1B

Products w/ DSP
Group Inside

>200

patents
filed/granted

1994

Publicly traded

10

locations

#1

position in VoIP for
Office and Enterprise

350

employees

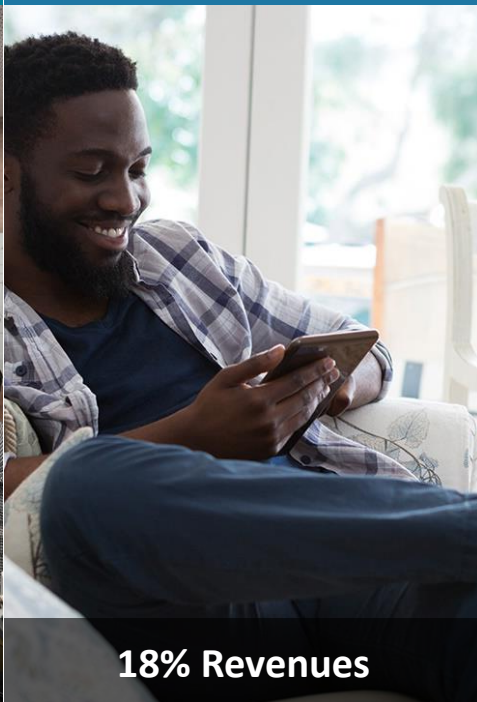
Unified Communications



27% Revenues

- Comprehensive UC SoC offering
- Best in class voice engines and algorithm suite
- HQ audio codecs

SmartVoice



18% Revenues

- VUI SoC offering with low power Edge AI
- HDClear for best in class far field performance
- HQ codecs and ANC

SmartHome (IoT)



15% Revenues

- Wireless IoT infrastructure based on ULE
- Offering superior range, fidelity, RT voice and audio support

Cordless Phones



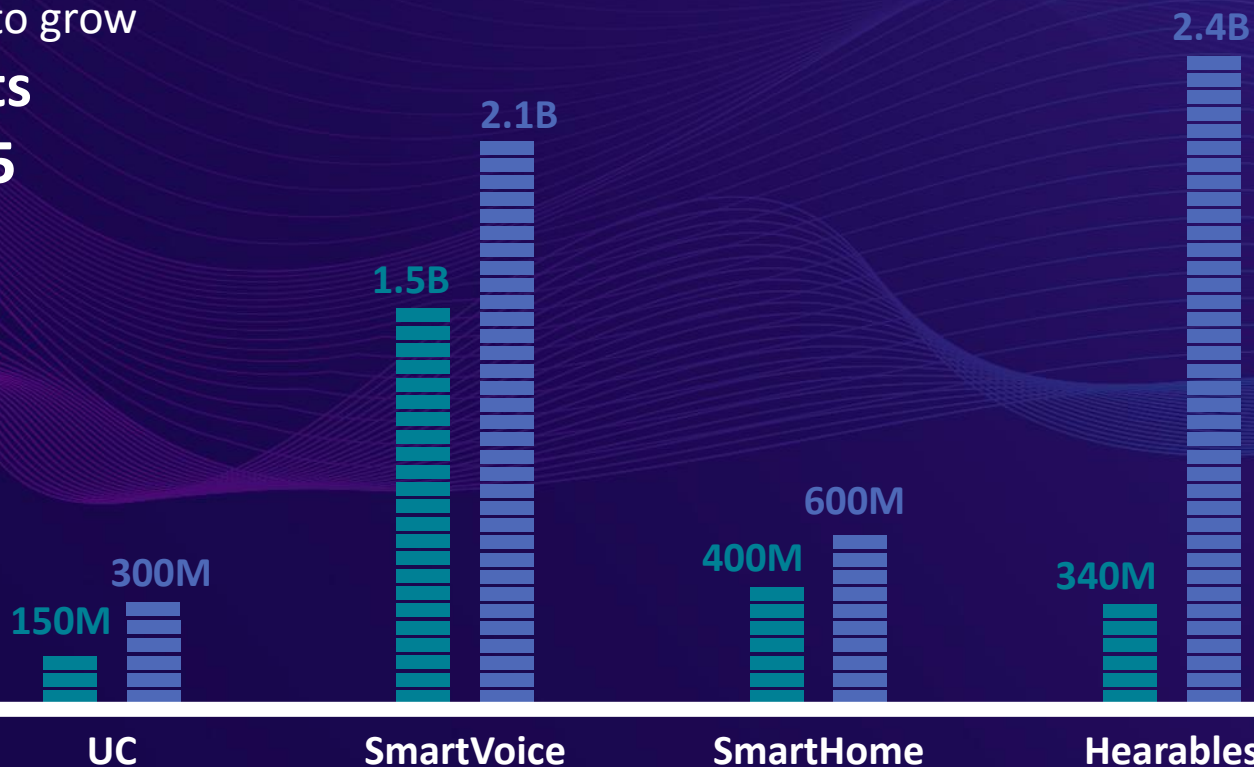
40% Revenues

- SoCs for Cordless phones

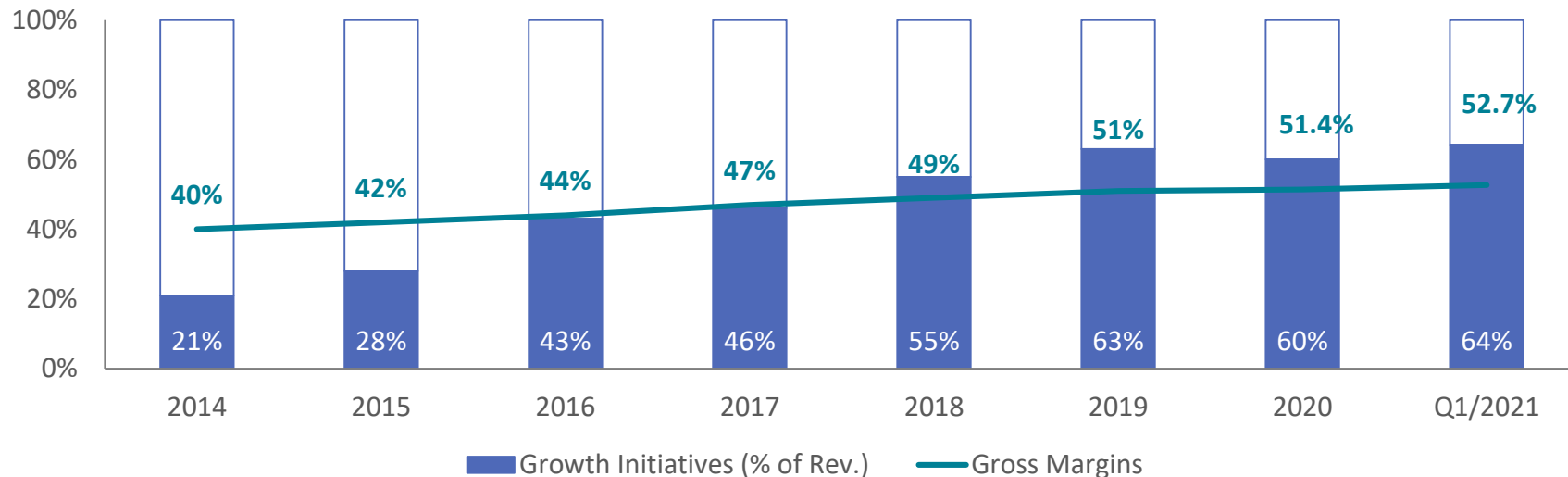
GROWTH

MATURE

Our SAM is expected to grow
45% to 2.9B units
(\$12.5B) by 2025

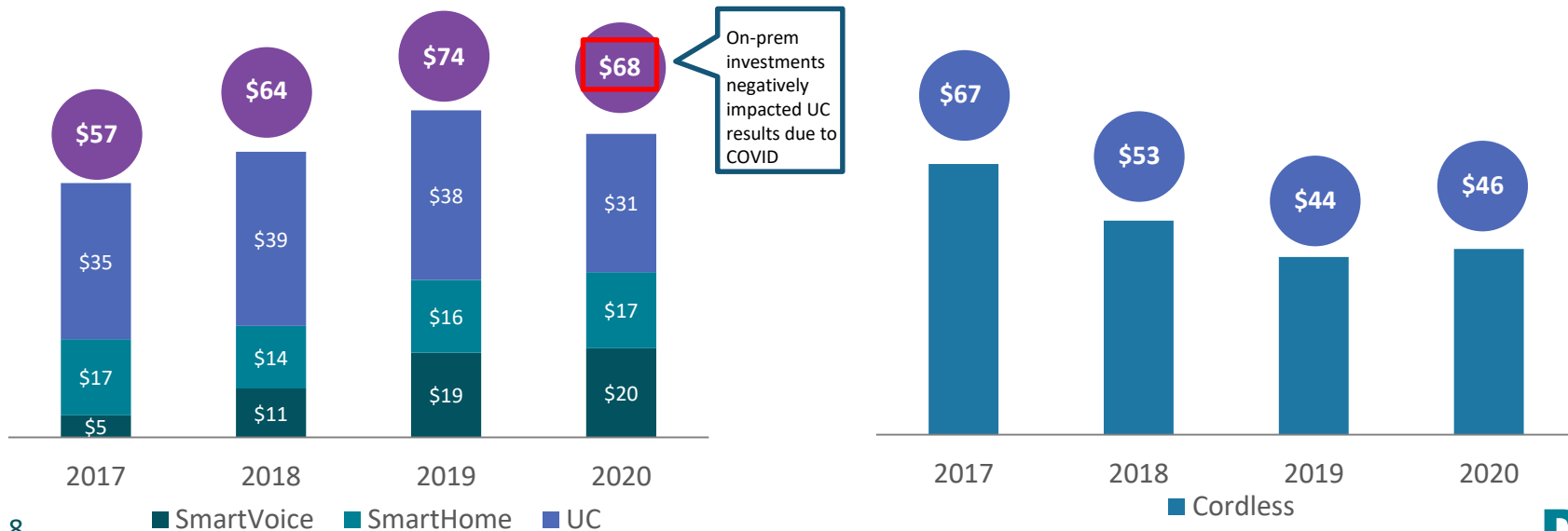


Growth Initiatives Comprise Majority of Revenues and Drive Higher Gross Margins



Growth Initiatives Drive Future Growth and Leadership in Voice AI and IoT Technologies

Revenues in millions



UC Market Expected to Recover Following a Rocky Year

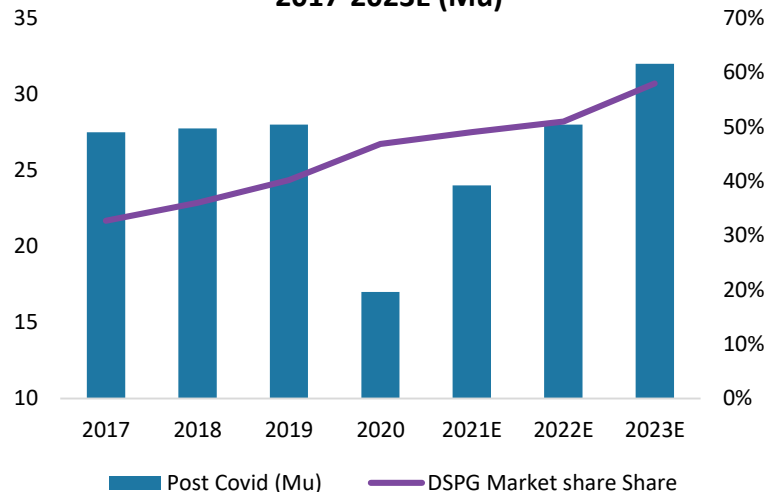
Businesses are gradually returning back to offices

Shift of IT budgets towards renewed investments on office re-modelling

Transition to a hybrid model supporting on-prem and remote work

New UC product design cycle emerging incorporating new use cases and higher performance to meet the new work space

**Global shipments of Office Collaboration endpoints
2017-2023E (Mu)**



DSP Group is in Unique Position to Leverage its expertise in Voice & Acoustics to serve the UC Market Dynamics

1

Increased Demand for **On-Prem** devices. DSP Group is leading vendor to all top UC providers.

2

WFH drives higher demand for headsets, speakers and VC endpoints leveraging DSP Group's portfolio of EdgeAI, VUI and UC

3

Newer players as well as incumbents are in the process of defining and building new HW and SW designed to fit with the **hybrid working model**



Products integrating SmartVoice Solutions

> 30 Vendors

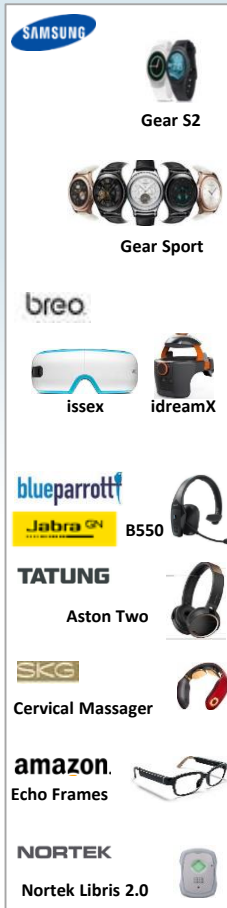
> 70 products

> 100Mu shipped

SmartSpeaker



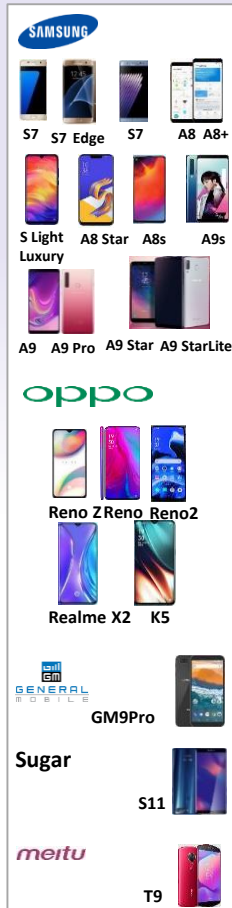
Wearable



Tablet



Smartphone



IoT



Edge AI Expands The Reach of Our Solutions

PCs



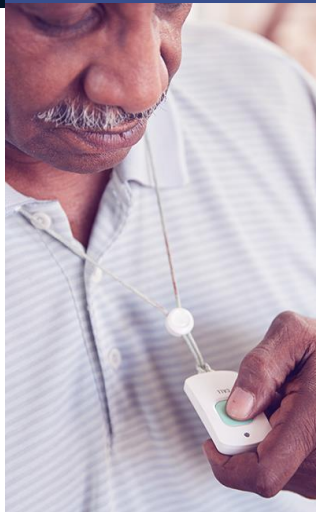
- ✓ Audible Event Sensing
- ✓ Proximity
- ✓ Noise reduction
- ✓ Far field voice
- ✓ Voice call algorithms

Industrial IoT



- ✓ Environmental Sensing
- ✓ Proximity
- ✓ Predictive Maintenance
- ✓ Far field voice

Healthcare



- ✓ Predictive Maintenance
- ✓ Proximity
- ✓ Environmental Sensing
- ✓ Far field voice
- ✓ Voice call algorithms

Appliances



- ✓ Predictive Maintenance
- ✓ Proximity
- ✓ Noise reduction
- ✓ Far field voice
- ✓ Environmental Sensing

Security



- ✓ Audible Event Monitoring
- ✓ Proximity
- ✓ Noise reduction
- ✓ Far field voice
- ✓ Voice call algorithms

Automotive



- ✓ Predictive Maintenance
- ✓ Proximity
- ✓ In Car ANC
- ✓ Far field voice
- ✓ Voice call algorithms

Successfully Leveraging ULE Unique Flavors in Security and Smart Home Markets

Unparallel Benefits Make a Difference

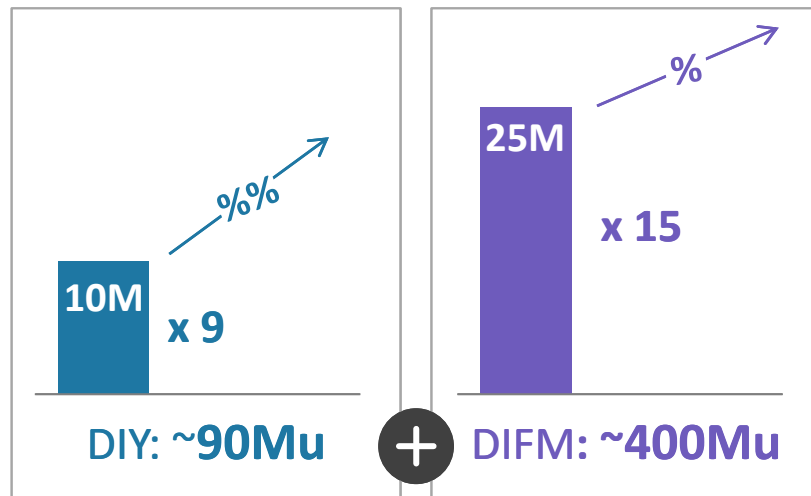
The only technology
offers interference free
spectrum band

Superior range

Natural support in
real-time two way voice

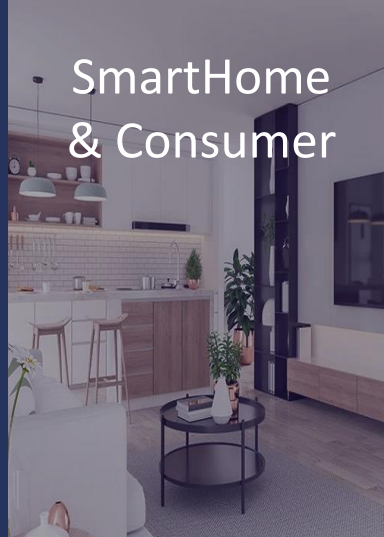


Security Market Install Base (# of Devices in Millions)



More Leading Companies Adopting ULE as Their Primary IoT Solution

SmartHome & Consumer



vtech®



Deutsche
Telekom

EUROTRONIC
Technology GmbH

GOLDEN MARK



PROTECH

Panasonic

SERCOM



JAEZ ROPISTIA CORPORATION

HKT



Security



blue
by ADT

verisure



Electronic Engineering Ltd

WNC



Industrial



NT network thermostat



zipato®

CODICO®

Focused on Cash Flows

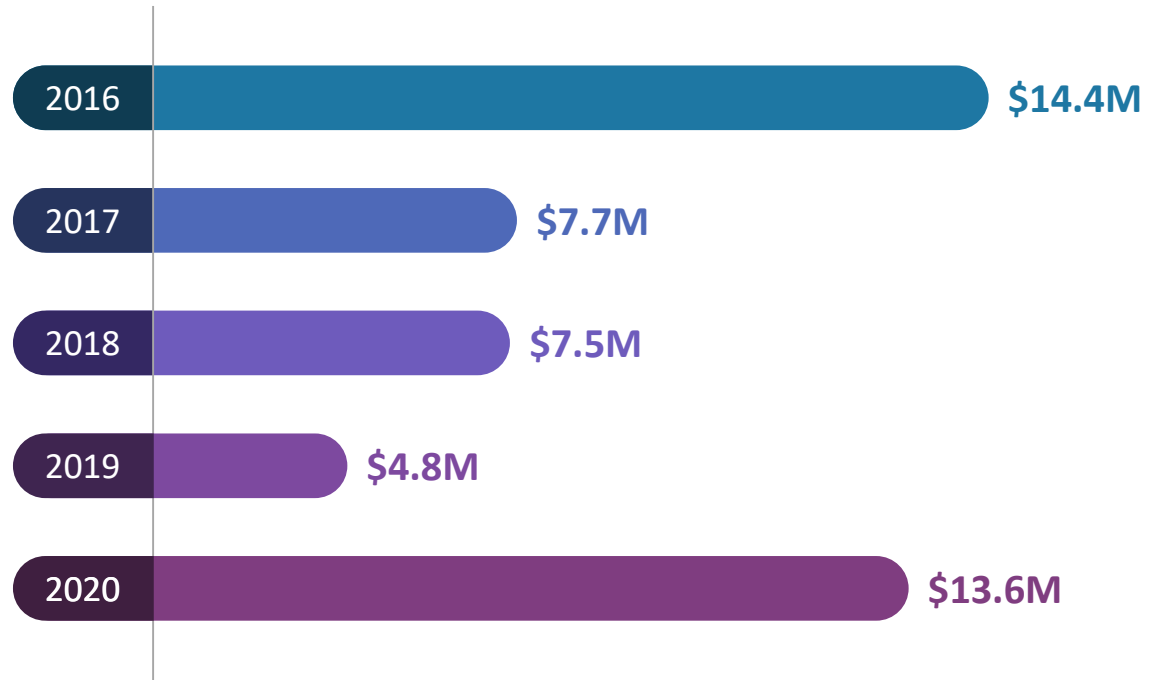
Free Cash Flows *
Last Five Years (US \$)

Total: \$48M

Total Cash Position as of
March 31st, 2021

(US \$): **\$129.1M**

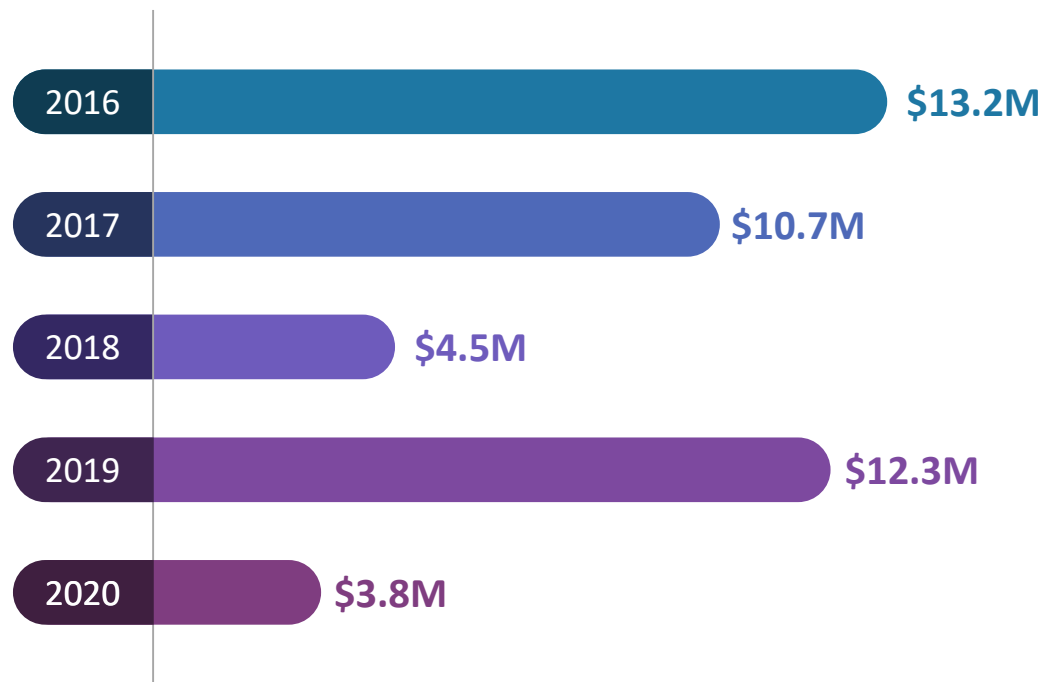
No Debt



Cash flows from operations minus Capex

Shareholder Friendly Approach

Share Buyback
Last five Years (US \$)
Total: \$44.5M



Q2 2021 Quarterly Guidance

(Non GAAP)

Revenues

\$34M-\$36M

Gross Margins

52.0%-53.0%

OpEx

\$15.0M-\$17.0M

EPS

\$0.08-\$0.10

Short & Long-Term Target Model



	2020 Actual	Short Term	Long Term
Revenues	\$114.8M	13%-18%	15%-20%
Non-GAAP Gross Margin	51.4%	50%-53%	53%-56%
Non-GAAP R&D	28%	24%-28%	17%-22%
Non-GAAP Operating Expenses	48%	42%-47%	30%-35%
Non-GAAP Operating Margin	3%	8%-12%	15%-20%

Key Takeaways



Reached an inflection point, growth initiatives accounts for over 60% of revenues stating 2019



Exciting position and momentum in three dynamic markets



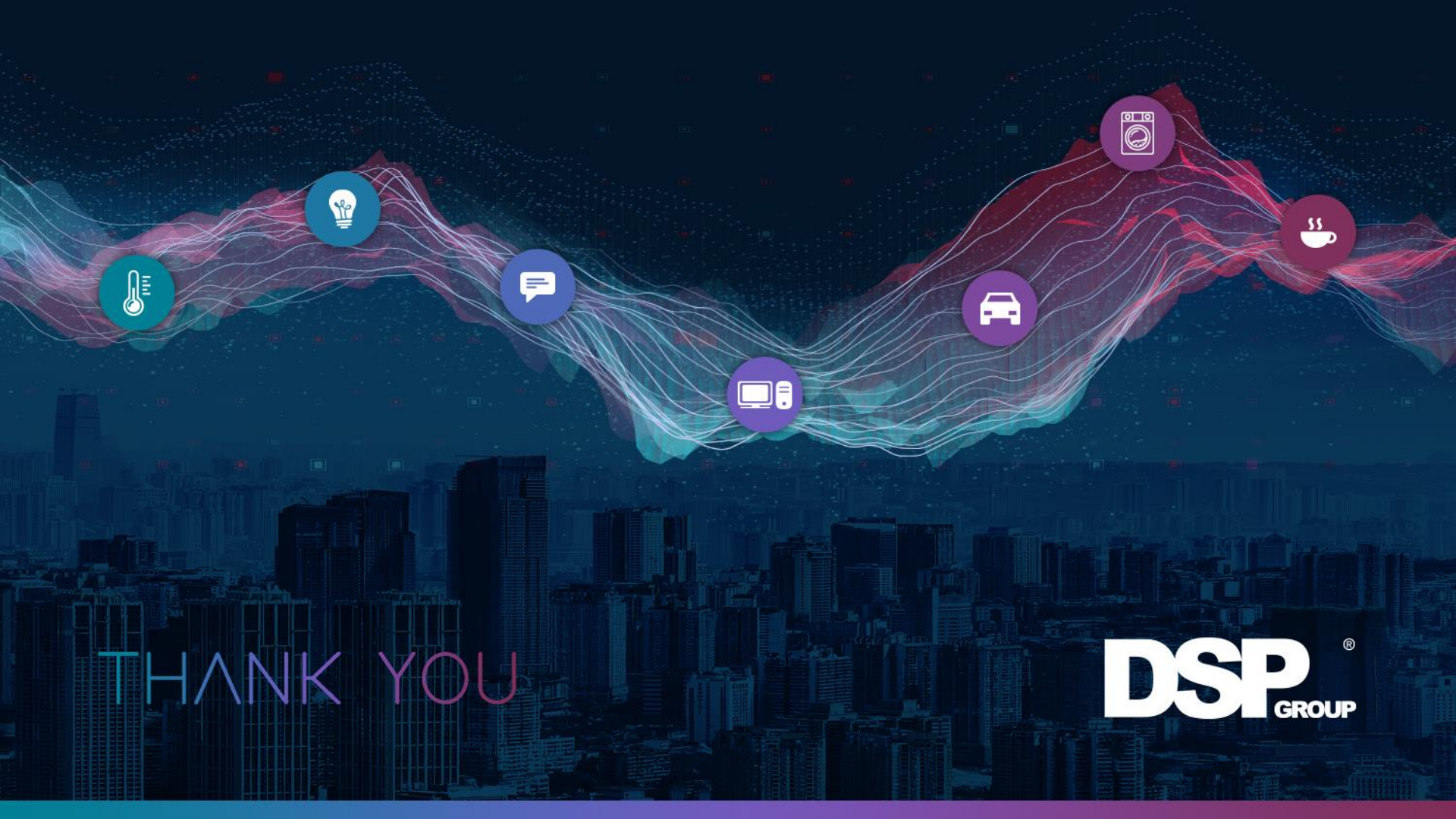
Established franchise businesses in three highly valuable and thriving verticals



Financially disciplined, strong balance sheet and shareholder friendly



Well positioned for significant long term revenue growth and continued margin expansion in 2021 and beyond



THANK YOU

DSP®
GROUP