



## **BIO-key Secures \$2.2M in Funding via Promissory Note Financing**

WALL, NJ – December 22, 2022 - [BIO-key International, Inc.](#) (NASDAQ: BKYI) an innovative provider of Identity and Access Management (IAM) and Identity-Bound Biometric (IBB) solutions, today announced the sale of a \$2.2M, six-month 10% Secured Promissory Note to AJB Capital Investments LLC. Proceeds from the financing will be used for general working capital purposes.

“As we look to opportunities next year, we elected to secure short-term funding to enhance our financial position,” commented CEO Michael DePasquale. “Today’s debt financing makes the most sense for our company and stakeholders in today’s market environment. We are confident in BIO-key’s global outlook in 2023 and our ability to service our obligations under the Note. We expect to enter the year with roughly \$7M in annual recurring SaaS revenues from software contracts, a solid pipeline of customer opportunities, and hardware inventory that we look to convert to cash.”

The Note was issued at an original issue discount of 9% and can be extended by the Company for an additional six months at a 12% annual interest rate. In connection with the Note, BIO-key issued to the investor 700,000 shares of common stock in payment of a commitment fee and a five-year warrant to purchase 200,000 shares of common stock at an exercise price of \$3.00 per share. In the event the Note is paid in full within six months, BIO-key will repurchase 350,000 of the shares initially issued to the investor for aggregate payment of \$1.00.

Upon an event of default, in addition to standard and customary remedies, the note can be converted into shares of common stock at a conversion price equal to the 10 day volume weighted average sales price of the Company’s common stock on the date of conversion, subject to a cap. The aggregate number of shares of common stock issued at the closing plus the additional shares issuable upon exercise of the warrant and potential conversion of the Note are capped at 1,684,576, or 19.9% of the Company’s issued and outstanding shares.

BIO-key has agreed to file a registration statement, for the public resale of the Shares and the Warrant Shares, which is required to be effective within 180 days after the closing date.

Maxim Group LLC served as the placement agent in connection with the forgoing transaction.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of any such state or jurisdiction.

**About BIO-key International, Inc. ([www.BIO-key.com](http://www.BIO-key.com))**

BIO-key has over two decades of expertise in providing authentication technology for thousands of organizations and millions of users and is revolutionizing authentication with biometric-centric, multi-factor identity and access management (IAM) solutions, including its PortalGuard IAM solution, that provides convenient and secure access to devices, information, applications, and high-value transactions. BIO-key's patented software and hardware solutions, with industry-leading biometric capabilities, enable large-scale on-premises and cloud-based Identity-as-a-Service (IDaaS) solutions, as well as customized enterprise solutions.

**BIO-key Safe Harbor Statement**

All statements contained in this press release other than statements of historical facts are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995 (the "Act"). The words "estimate," "project," "intends," "expects," "anticipates," "believes," and similar expressions are intended to identify forward-looking statements. Such forward-looking statements are made based on management's beliefs, as well as assumptions made by, and information currently available to, management pursuant to the "safe harbor" provisions of the Act. These statements are not guarantees of future performance or events and are subject to risks and uncertainties that may cause actual results to differ materially from those included within or implied by such forward-looking statements. These risks and uncertainties include, without limitation, our history of losses and limited revenue; our ability to raise additional capital; our ability to protect our intellectual property; changes in business conditions; changes in our sales strategy and product development plans; changes in the marketplace; continued services of our executive management team; security breaches; competition in the biometric technology and identity access management industries; market acceptance of biometric products generally and our products under development; our ability to execute and deliver on contracts in Africa; our ability to expand into Asia, Africa, Europe, and other foreign markets; fluctuations in foreign currency exchange rates; the duration and severity of the current coronavirus COVID-19 pandemic and its effect on our business operations, sales cycles, personnel, and the geographic markets in which we operate; the duration and extent of continued hostilities in Ukraine and its impact on our European customers; delays in the development of products and statements of assumption underlying any of the foregoing as well as other factors set forth under the caption see "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2021 and other filings with the Securities and Exchange Commission. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date made. Except as required by law, the Company undertakes no obligation to disclose any revision

to these forward-looking statements whether as a result of new information, future events, or otherwise.

**Engage with BIO-key**

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