BIO-key™

Nasdaq: BKYI

Biometric Security Solutions for Convenient ID & Authentication

September 2019

www.bio-key.com

Safe Harbor Language

All statements contained in this presentation 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 ability to develop new products and evolve existing ones, customer and market acceptance of biometric solutions generally and our specific offerings, our ability to expand sales within existing customer relationships, and our ability to attract and retain key personnel.

For a more complete description of these and other risk factors that may affect the future performance of BIO-key International, Inc., see "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2018 and its 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. The Company undertakes no obligation to disclose any revision to these forward-looking statements to reflect events or circumstances after the date made.

Biometrics for ID & Authentication

BIO-key provides proven, easy-to-use biometric software & hardware for:

- User & device authentication
- Enterprise infrastructure & data protection
- Cloud applications
- Consumer products

BIO-key's powerful security layer protects against unauthorized access, identity theft, fraud and other threats. ***Unlike passwords, security cards or tokens, BIO-key confirms the actual presence of the individual in each transaction.***

Financial and reputation costs of major security breaches (CapitalOne; Equifax; Yahoo; SEC; Deloitte, Marriott) show value/ROI of security & data protection to enterprises.

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BKYI at a Glance

Positioned to achieve positive cash flow in 2019 at mid-point of guidance

NASDAQ	**BKYI**
Recent Price	$0.70
52-Week Range	$0.61 - $1.85
Market Cap	~$10M
2018 Revenue	$4.0M
2018 Adj. Gross Margin	66%*
2019 Revenue Guidance	$6M-$12M
Break-even Revenue	$7-$8M*
Price/Sales (midpoint of 2019 guidance)	1.1x

** Excludes non-cash amortization of software license rights.*

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Software Products & Services

(68% of 2018 Revenue)

Microsoft Active Directory

- **Vector Segment Technology™ VST** Algorithm converts fingerprint data into digital templates
- **WEB-key™** - Secure transport of biometric data from device -> cloud -> device
- **ID Director & ID Director for SAML:** One-touch biometric authentication within Microsoft Active Directory environment (a leading network protocol) without costly integration

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Hardware Readers

(25% of 2018 Revenue)

- Full line of secure, easy-to-use, value priced **fingerprint readers** for enterprises and consumers
- **Windows 7, 8.1 and 10** and **Android** solutions
- MSRPs from $39.95 to $90; ~ 60% gross margin

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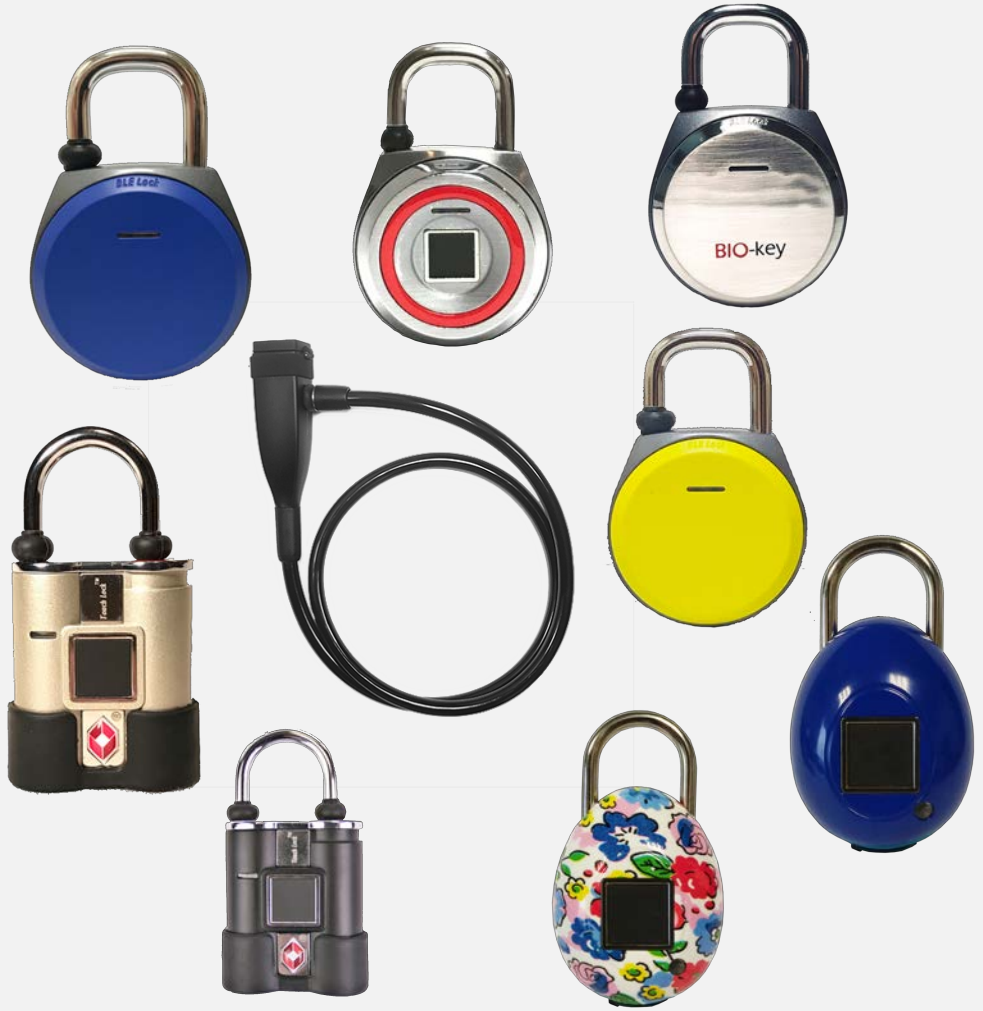
Biometric Locks

(7% of 2018 Revenue)

Security and ease-of-use of biometrics and Bluetooth incorporated in **“TouchLock™” padlock line:**

- **Consumer padlock, travel lock, bike lock, and heavy duty padlocks** with biometric and/or Bluetooth controls
- Convenient, secure, easy to use
- Eliminates costs, delays and lost productivity from lost keys or forgotten passwords
- MSRPs from $39.99 to $99.99; ~ 40% gross margin



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Use Cases for BIO-key

- **Compelling Event** – Either Responding or Planning for an event/security breach.
- **Compliance** for Highly Regulated Industries (NIST tested and FIPS 201 compliant readers)
- **Securing Shared Workstations / Call Centers**
- **Providing Multi-factor Authentication** within an Organization's existing structure.

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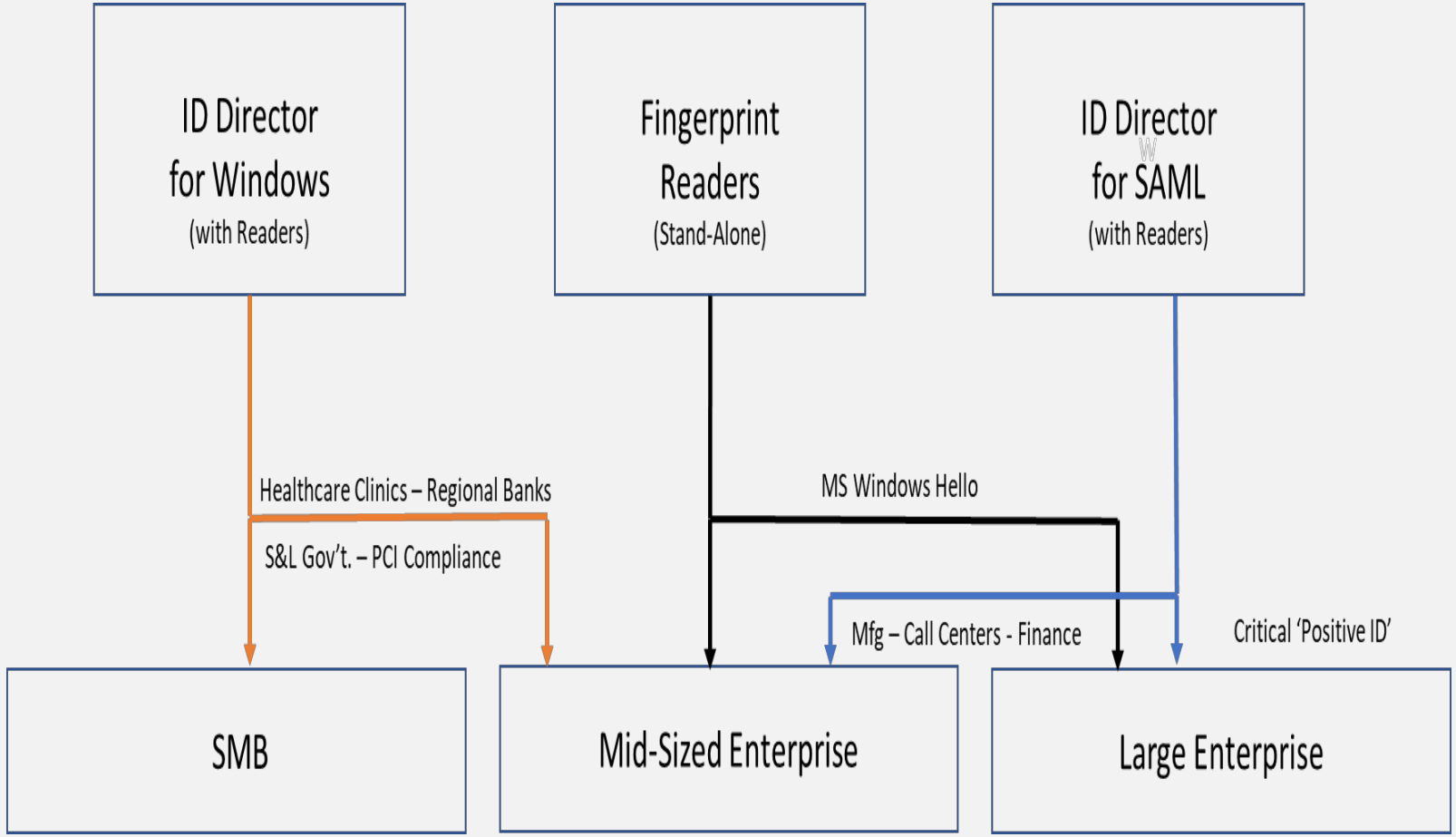
Sales Strategy – Product & Target Markets

- Sell **End-to-End solutions** to target *Small & Medium Sized Businesses* (SMBs) w/ critical use cases for authentication utilizing ID Director and BIO-key Readers
- Seed other Enterprise Accounts with **BIO-key Readers** leveraging Microsoft partnership and Windows Hello
- Market **ID Director for SAML** to mid- and large enterprises as an ideal solution for critical application areas and use cases



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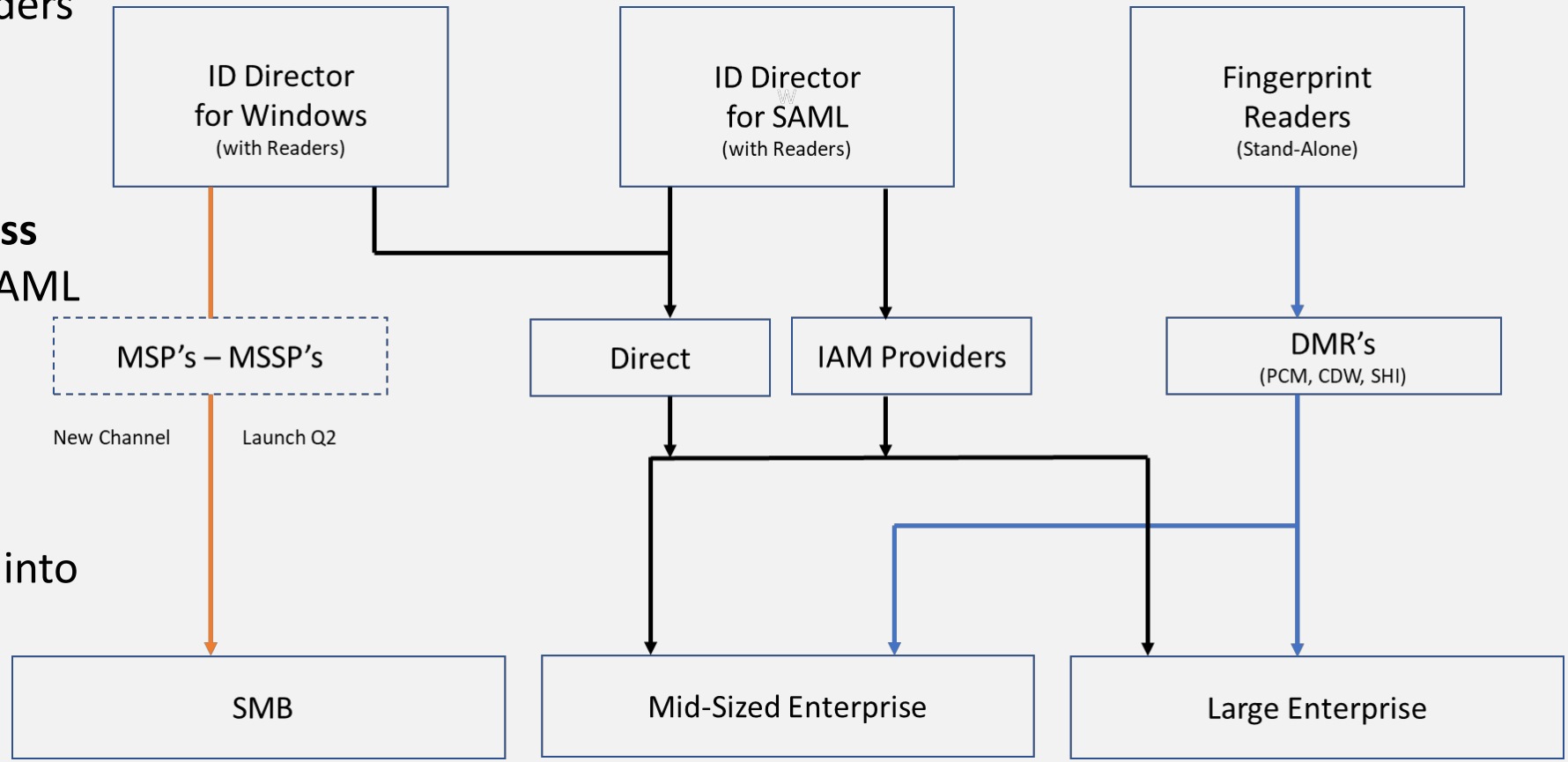
Sales Strategy – Go-To-Market

- Launch **new sales channel** in Q2 for ID Director for Windows solution set through managed-service-providers and managed-security-service-providers.
- **Partnerships with Identity Access Mgt. Providers** to sell BIO-key SAML solution into Enterprise to supplement direct sales efforts
- Leverage existing direct market **reseller relationships** & expand into new agreements to sell more Readers to larger Enterprises.



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Strong IP Protection

13 U.S. Patents; two recently issued:

UTILIZATION of BIOMETRIC DATA (Patent 10,002,244)

- ***Enables BIO-key to capitalize on the transition of mobile devices to in-screen, "under glass" biometric sensors*** **–** though patent is broad enough to apply to sensors anywhere on a device.
- Patent leverages continuous stream of partial fingerprint, facial or other biometric captures that occur as user interacts with a device. Technique enables a continuous, passive authentication for greater security with little impact to workflow.

ADAPTIVE SHORT LISTS & ACCELERATION of BIOMETRIC DATABASE SEARCH (Patent 10,025,831)

- ***An indexing method for quickly & iteratively searching a large scale database of biometric records.***
- Large-scale Automated Fingerprint Identification Systems like that used by the FBI were once the exclusive province of big-budget agencies and enterprises.
- BIO-key's method uses 1 or more scans of a database with varying parameters, narrowing the field of candidates each pass. The approach powers a unique advantage in delivering cost-effective, 1-to-many ID solutions that avoid costly and computer-intensive brute force scans.

Working Capital

	June 30, 2019
Current Assets (1)	$2.7M
Less: Accts. Payable & Accrued Liab.	$1.7M
Proforma (cash basis) Working Capital	$1.0M

(1) Excludes $1.1M of intangible software license rights.
(2) In July, BIO-key issued a $3.06M principal, senior secured convertible note. At closing, a total of $2.55M was funded. $918,000 is due 180 days after funding, $1,071,000 is due in 270 days, and the remaining balance is due in 12 months. The Note is convertible by the Investor into BKYI shares at $1.50 per share. BIO-key has the right to prepay the Note in full at any time without penalty.

Investment Considerations:

- **Solid revenue growth from $3M in 2016 to $6-12M expected in 2019 with positive projected cash flow @mid-point.**
- **Range due to timing of $6M in software license orders expected in 2019 from Chinese customer.**
- **Expanded Sales Effort Under New Leadership** – Leveraging data driven customer prospecting tools to expand sales reach under newly appointed chief revenue officer
- **Expanded Global footprint:** Strategic partnerships with leading technology providers across Asia
- **Microsoft Partnership –** Leveraging intensive marketing highlighting elimination of passwords in latest releases; drives software and reader sales
- **Broad Base of Software Applications –** focus on highly regulated industries: financial services, healthcare, government & protecting high value data in shared access environments: e.g. data centers, work stations
- **Hardware Products -** Expanding distribution for BIO-key fingerprint readers, smart padlocks and bicycle locks
- **IoT or Biometrics of Things (BoT) –** Embedded modules and connected lock technology for industrial uses
- **Ongoing R&D for New Applications –** teaming with strategic partners and OEMs.

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Management

- **Michael W. DePasquale – CEO** 25+ years in executive management, sales and marketing.
- **Kelvin Wong – MD HK Subsidiary,** co-founder of China Goldjoy Group; 14+ years in manufacturing and marketing management, including biometrics & payments.
- **Cecilia Welch – CFO** 20+ years of tech operational and financial management experience.
- **Fred Corsentino – CRO** 30+ years of developing and building inside / outside enterprise sales teams with a focus on advanced technology and security.
- **Mira LaCous – CTO** 30+ years solution development and product management.
- **Jim Sullivan – SVP Global Sales** 20+ years enterprise sales in identity and access management, including with key customers IDF, Capitec Bank, NCR & Omnicell.
- **Scott Mahnken – VP Marketing** 20+ years product and services marketing

Thank You!

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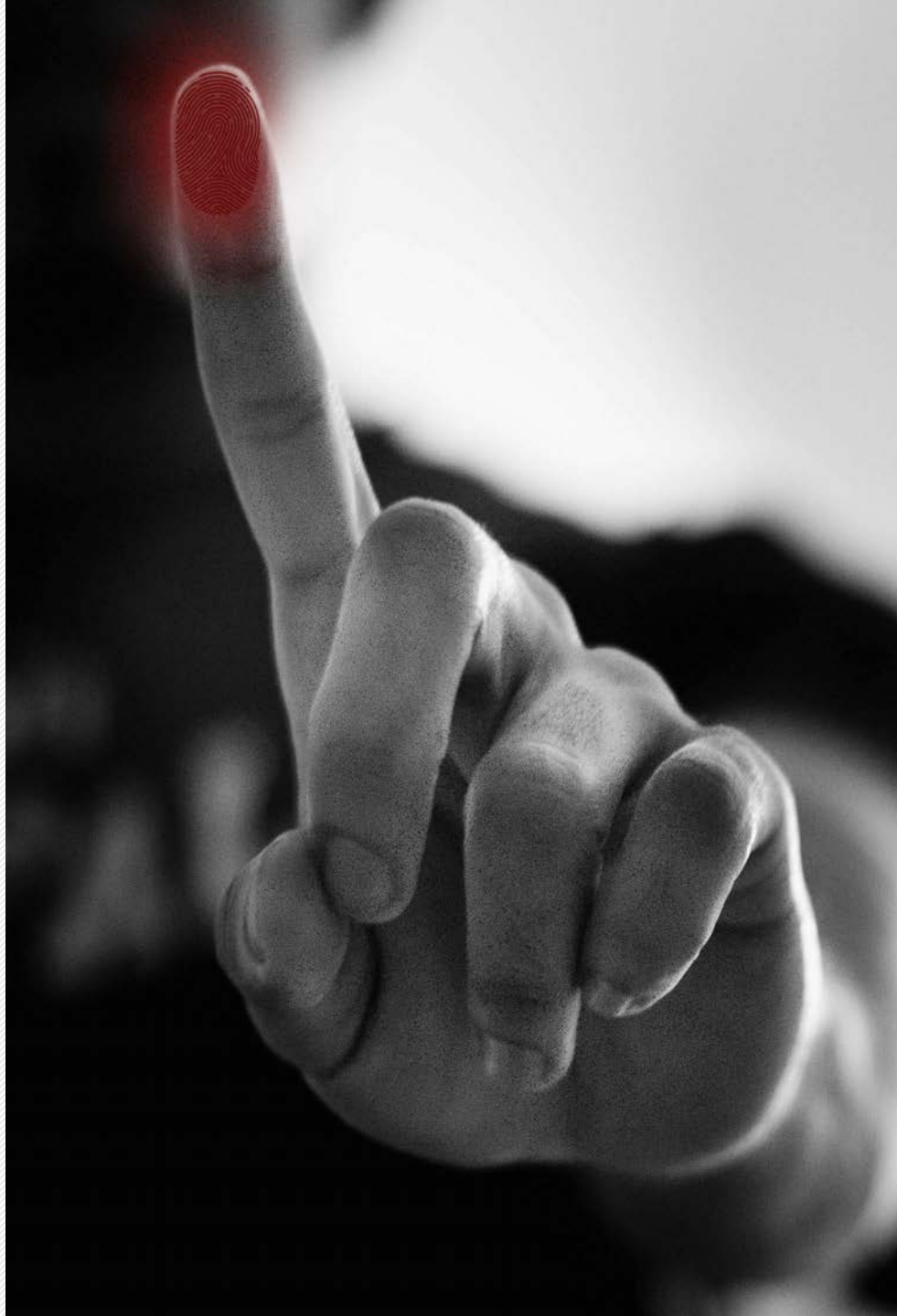

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