



Biometric ID Solutions Provider BIO-key Closes Purchase of Identity and Access Management Provider PistolStar and Completes Convertible Note Placement

Wall, NJ, July 1, 2020 - [BIO-key International, Inc.](#) (NASDAQ: BKYI), an innovative provider of biometric authentication and security solutions, today announced the completion of its purchase of PistolStar Inc., an established provider of large-scale on-premise and Identity-as-a-Service (IDaaS) identity and access management (IAM) solutions, for \$2.5 million.

The acquisition, which is expected to be immediately accretive to BIO-key's revenue and operating income, was partially funded by \$1.575 million in proceeds from the sale of a \$1.811 million Senior Secured Convertible Note to Lind Global Macro Fund, LP. The note is convertible into shares of BIO-key common stock at a price of \$1.16 per share and is secured by a first priority lien on substantially all of BIO-key's assets and properties.

PistolStar's flagship product is PortalGuard®, a highly regarded enterprise multifactor authentication and single sign-on platform deployed and used by millions of users at hundreds of customers around the world.

PortalGuard delivers a flexible but uniform cloud or workstation multifactor authentication logon experience to secure enterprise user authentication and cloud application access. PortalGuard supports nearly every cloud authentication federation standard, all major directories, and a wide variety of authenticators, including BIO-key's world-class biometric solutions.

BIO-key CEO Michael DePasquale commented, "The PistolStar acquisition is an exciting strategic initiative that expands BIO-key's multifactor authentication capabilities beyond our core strength in biometrics so that we can offer a complete suite of Identity Access Management and Identity-as-a-Service solutions to a broader universe of enterprise customers.

"The financing's 12-month repayment schedule and above-market conversion price provided an attractive source of capital for our company, as we progress toward initial cash flows from our contracts in Africa and capitalize on our strong position to solve enterprise security vulnerabilities created by the rapid increase in work-from-home, resulting from the global coronavirus pandemic."

PistolStar Founder and President, Tom Hoey, added, "The combination of PistolStar and BIO-key creates a more comprehensive suite of multifactor solutions with a much larger addressable market and far greater opportunities for both companies. Importantly, PortalGuard's customized multi-factor configuration capabilities, combined with the deep biometric expertise of BIO-key, will provide a very compelling solution to address diverse user populations and budgets."

The principal amount of the Note is due and payable in nine equal monthly installments of \$201,250 beginning four months after closing. BIO-key has the right to prepay the Note in full at any time without penalty, in which case the Investor will have the option of converting 25% of the outstanding principal amount of the Note into common stock at \$1.16 per share. At closing, the investor was issued a five-year warrant to purchase 1,425,000 shares of common stock at a fixed exercise price of \$1.16 per share. The Warrant is immediately exercisable.

Maxim Group LLC served as placement agent in connection with the private placement 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)

BIO-key is revolutionizing authentication with biometric solutions that enable convenient and secure access to devices, information, applications and high-value transactions. BIO-key's software and hardware finger scanning solutions offer secure, user-friendly and attractively priced alternatives to passwords, PINs, tokens and security cards, enabling enterprises and consumers to secure their networks and devices as well as their information in the cloud.

About The Lind Partners (www.thelindpartners.com)

The Lind Partners is an institutional fund manager and leading provider of growth capital to small- and mid-cap companies publicly traded in the US, Canada, Australia and the UK. Lind targets high growth sectors such as technology, biotech, clean-tech, mining and oil & gas. Founded in 2011, Lind has completed over 70 direct investments for more than \$850 million in total value and has an established reputation as a flexible and supportive capital partner to investee companies.

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 industry; 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 and other foreign markets; 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; 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, 2019 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. Additionally, there may be other factors of which the Company is not currently aware that may affect matters discussed in forward-looking statements and may also cause actual results to differ materially from those discussed. In particular, the consequences of the coronavirus outbreak to economic conditions and the industry in general and the financial position and operating results of our company in particular have been material, are changing rapidly, and cannot be predicted.

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Investor & Media Contacts

William Jones, David Collins

Catalyst IR

212-924-9800

bkyi@catalyst-ir.com