FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **2022-05-23** | Period of Report: **2022-03-31**
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FILER

BIO KEY INTERNATIONAL INC

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SIC: **3576** Computer communications equipment

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U.S. SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2022

☐ **TRANSITION REPORT UNDER SECTION 13 OR 15(D) OF THE EXCHANGE ACT**

For the Transition Period from to

Commission file number 1-13463

BIO-KEY INTERNATIONAL, INC.

(Exact Name of registrant as specified in its charter)

Delaware (State or Other Jurisdiction of Incorporation of Organization)	**41-1741861** (IRS Employer Identification Number)

3349 HIGHWAY 138, BUILDING A, SUITE E, WALL, NJ 07719
(Address of Principal Executive Offices)

(732) 359-1100
(Registrant's telephone number, including area code)

Securities registered pursuance to Section 12(b) of the Act:

Title of each class	**Trading Symbol**	**Name of each exchange on which registered**
Common Stock, par value $0.0001 per share	BKYI	Nasdaq Capital Market

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller Reporting Company ☒
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined by rule 12b-2 of the Exchange Act) Yes ☐ No ☒

Number of shares of Common Stock, $.0001 par value per share, outstanding as of May 20, 2022 was 8,416,818**.**

BIO-KEY INTERNATIONAL, INC.

INDEX

PART I — FINANCIAL INFORMATION

BIO-key International, Inc. and Subsidiaries
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2022	December 31, 2021
	(Unaudited)	
ASSETS		
Cash and cash equivalents	$ 5,801,121	$ 7,754,046
Accounts receivable, net	2,553,331	970,626
Due from factor	51,850	49,500
Note receivable, net of allowance	82,000	82,000
Inventory	4,956,472	4,940,660
Prepaid expenses and other	361,365	216,041
Total current assets	13,806,139	14,012,873
Resalable software license rights	46,247	48,752
Investment – debt security, net	452,821	452,821
Equipment and leasehold improvements, net	129,159	69,168
Capitalized contract costs, net	279,789	249,012
Deposits and other assets	8,712	8,712
Note receivable, net of allowance	110,000	113,000
Operating lease right-of-use assets	202,513	254,100
Intangible assets, net	2,646,804	1,298,077
Goodwill	1,720,803	1,262,526
Total non-current assets	5,596,848	3,756,168
TOTAL ASSETS	$ 19,402,987	$ 17,769,041
LIABILITIES		
Accounts payable	$ 1,014,270	$ 427,772
Accrued liabilities	895,453	828,997
Earnout payable – Swivel acquisition	500,000	-
Government loan – BBVA Bank – current portion	123,000	-
Deferred revenue – current	798,830	565,355
Operating lease liabilities, current portion	156,730	177,188
Total current liabilities	3,488,283	1,999,312
Deferred revenue – long term	54,699	67,300
Operating lease liabilities, net of current portion	54,710	86,974
Government loan – BBVA Bank – net of current portion	423,740	
Total non-current liabilities	533,149	154,274
TOTAL LIABILITIES	4,021,432	2,153,586
Commitments and Contingencies		
STOCKHOLDERS' EQUITY		
Common stock — authorized, 170,000,000 shares; issued and outstanding; 8,406,451 and 7,853,759 of $.0001 par value at March 31, 2022 and December 31, 2021, respectively	841	786
Additional paid-in capital	120,899,785	120,190,139
Accumulated other comprehensive income	55,802	-
Accumulated deficit	(105,574,873)	(104,575,470)
TOTAL STOCKHOLDERS' EQUITY	15,381,555	15,615,455
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 19,402,987	$ 17,769,041

The accompanying notes to the condensed consolidated financial statements are an integral part of these statements.

BIO-key International, Inc. and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Unaudited)

	Three months ended March 31, 2022	Three months ended March 31, 2021
Revenues		
Services	$ 395,804	$ 380,022
License fees	1,460,183	478,958
Hardware	85,184	1,029,658
Total revenues	1,941,171	1,888,638
Costs and other expenses		
Cost of services	210,913	175,944
Cost of license fees	73,230	38,969
Cost of hardware	53,298	551,722
Total costs and other expenses	337,441	766,635
Gross Profit	1,603,730	1,122,003
Operating expenses		
Selling, general and administrative	1,797,998	1,516,398
Research, development and engineering	805,266	441,651
Total operating expenses	2,603,264	1,958,049
Operating loss	(999,534)	(836,046)
Other income (expense)		
Interest income	131	2,615
Interest expense	-	(18,000)
Total other income (expense)	131	(15,385)
Net loss	$ (999,403)	$ (851,431)
Comprehensive loss:		
Net loss	$ (999,403)	$ (851,431)
Other comprehensive income – Foreign currency translation adjustment	55,802	-
Comprehensive loss	$ (943,601)	$ (851,431)
Basic and Diluted Loss per Common Share	$ (0.13)	$ (0.11)
Weighted Average Shares Outstanding:		
Basic and Diluted	7,885,008	7,773,688

The accompanying notes to the condensed consolidated financial statements are an integral part of these statements.

BIO-key International, Inc. and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

	Common Stock		Additional Paid-in	Accumulated Other Comprehensive	Accumulated	
	Shares	**Amount**	**Capital**	**Income**	**Deficit**	**Total**
Balance as of January 1, 2022	**7,853,759**	**$ 786**	**$120,190,139**	**$ -**	**$(104,575,470)**	**$ 15,615,455**
Issuance of common stock for directors' fees	9,382	1	22,019	-	-	22,020
Issuance of common stock pursuant to Swivel purchase agreement	269,060	27	599,977	-	-	600,004
Issuance of restricted common stock to employees and directors	274,250	27	(27)	-	-	-
Foreign currency translation adjustment				55,802	-	55,802
Share-based compensation	-	-	87,677	-	-	87,677
Net loss	-	-	-	-	(999,403)	(999,403)
Balance as of March 31, 2022	**8,406,451**	**$ 841**	**$120,899,785**	**$ 55,802**	**$(105,574,873)**	**$ 15,381,555**

The accompanying notes to the condensed consolidated financial statements are an integral part of these statements.

BIO-key International, Inc. and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (Continued)
(Unaudited)

	Common Stock		Additional Paid-in	Accumulated	
	Shares	Amount	Capital	Deficit	Total
Balance as of January 1, 2021	**7,814,572**	**$ 782**	**$119,844,026**	**$ (99,509,689)**	**$ 20,335,119**
Issuance of common stock for directors' fees	2,091	-	7,510	-	7,510
Legal and commitment fees	-	-	(2,709)	-	(2,709)
Issuance of restricted common stock to employees	1,250	-	-	-	-
Share-based compensation	-	-	133,638	-	133,638
Net loss	-	-	-	(851,431)	(851,431)
Balance as of March 31, 2021	**7,817,913**	**$ 782**	**$119,982,465**	**$(100,361,120)**	**$ 19,622,127**

The accompanying notes to the condensed consolidated financial statements are an integral part of these statements.

BIO-key International, Inc. and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
CASH FLOW FROM OPERATING ACTIVITIES:		
Net loss	$ (999,403)	$ (851,431)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation	11,220	25,115
Amortization of intangible assets	54,231	54,016
Amortization of debt discount	-	18,000
Amortization of capitalized contract costs	35,658	22,989
Operating leases right-of-use assets	51,587	57,119
Stock based directors' fees	22,020	7,510
Share based compensation for employees and consultants	87,677	133,638
Bad debts	25,111	-
Change in assets and liabilities:		
Accounts receivable	(904,930)	(884,199)
Due from factor	(2,350)	10,645
Capitalized contract costs	(66,435)	(27,893)
Inventory	(15,812)	(269,500)
Resalable software license rights	2,505	2,521
Prepaid expenses and other	(124,616)	(1,404,654)
Accounts payable	175,341	65,165
Accrued liabilities	45,669	27,465
Deferred revenue	220,874	(128,107)
Operating lease liabilities	(52,722)	(56,958)
Net cash used in operating activities	(1,434,375)	(3,198,559)
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Swivel Secure, net of cash acquired of $729,905	(543,578)	-
Receipt of cash from note receivable	3,000	-
Capital expenditures	(4,459)	(13,307)
Net cash used in investing activities	(545,037)	(13,307)
CASH FLOW FROM FINANCING ACTIVITIES		
Costs to issue notes and common stock	-	(2,709)
Repayments of note payable - PistolStar	-	(250,000)
Net cash used in financing activities	-	(252,709)
Effect of exchange rate changes	26,487	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,952,925)	(3,464,575)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	7,754,046	16,993,096
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 5,801,121	$ 13,528,521

The accompanying notes to the condensed consolidated financial statements are an integral part of these statements.

BIO-key International, Inc. and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Cash paid for:		
Interest	$ -	$ 18,000
Noncash Investing and financing activities		
Accounts receivable acquired from Swivel Secure	$ 702,886	$ —
Equipment acquired from Swivel Secure	$ 65,640	$ —
Other assets acquired from Swivel Secure	$ 20,708	$ —
Estimated intangible assets acquired from Swivel Secure	$ 1,379,589	$ —
Estimated goodwill resulting from the acquisition from Swivel Secure	$ 450,643	$ —
Accounts payable and accrued expenses acquired from Swivel Secure	$ 431,884	$ —
Government loan acquired from Swivel Secure	$ 544.000	$ —
Common stock issued for acquisition of Swivel Secure	$ 600,004	$ —

The accompanying notes to the condensed consolidated financial statements are an integral part of these statements.

BIO-KEY International Inc., and Subsidiaries
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2022 (Unaudited)

1. NATURE OF BUSINESS AND BASIS OF PRESENTATION

Nature of Business

The Company, founded in 1993, develops and markets proprietary fingerprint identification biometric technology and software solutions enterprise-ready identity access management solutions to commercial, government and education customers throughout the United States and internationally. The Company was a pioneer in developing automated, finger identification technology that supplements or compliments other methods of identification and verification, such as personal inspection identification, passwords, tokens, smart cards, ID cards, PKI, credit cards, passports, driver's licenses, OTP or other form of possession or knowledge-based credentialing. Additionally, advanced BIO-key® technology has been, and is, used to improve both the accuracy and speed of competing finger-based biometrics.

Basis of Presentation

The accompanying unaudited interim condensed consolidated financial statements include the accounts of BIO-key International, Inc. and its wholly-owned subsidiaries (collectively, the "Company" or "BIO-key") and are stated in conformity with accounting principles generally accepted in the United States of America, pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") for interim financial reporting. The operating results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year. Pursuant to such rules and regulations, certain financial information and footnote disclosures normally included in the financial statements have been condensed or omitted. Significant intercompany accounts and transactions have been eliminated in consolidation.

In the opinion of management, the accompanying unaudited interim consolidated financial statements contain all necessary adjustments, consisting only of those of a recurring nature, and disclosures to present fairly the Company's financial position and the results of its operations and cash flows for the periods presented. The balance sheet at December 31, 2021 was derived from the audited financial statements, but does not include all of the disclosures required by accounting principles generally accepted in the United States of America. These unaudited interim condensed consolidated financial statements should be read in conjunction with the financial statements and the related notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2021, filed with the SEC on March 31, 2022.

Foreign Currency

The Company accounts for foreign currency transactions pursuant to ASC 830, *Foreign Currency Matters* ("ASC 830"). The functional currency of the Company is the U.S. dollar, which is the currency of the primary economic environment in which it operates. In accordance with ASC 830, monetary balances denominated in or linked to foreign currency are stated on the basis of the exchange rates prevailing at the applicable balance sheet date. For foreign currency transactions included in the statement of operations, the exchange rates applicable on the relevant transaction dates are used. Gains or losses arising from changes in the exchange rates used in the translation of such transactions and from the remeasurement of the monetary balance sheet items are recorded as gain (loss) on foreign currency transactions.

The functional currency of Swivel Secure Europe, SA is the Euro. Under ASC 830, all assets and liabilities are translated into U. S. dollars using the current exchange rate at the end of each fiscal period. Revenues and expenses are translated using the average exchange rates prevailing throughout the respective periods. All transaction gains and losses from the measurement of monetary balance sheet items denominated in Euros are reflected in the statement of operations as appropriate. Translation adjustments are included in accumulated other comprehensive income.

Goodwill and acquired intangible assets

Goodwill is not amortized, but is evaluated for impairment annually, or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The Company has determined that there is a single reporting unit for the purpose of conducting this goodwill impairment assessment. For purposes of assessing potential impairment, the Company estimates the fair value of the reporting unit, based on the Company's market capitalization, and compares this amount to the carrying value of the reporting unit. If the Company determines that the carrying value of the reporting unit exceeds its fair value, an impairment charge would be required. The annual goodwill impairment test will be performed as of December 31st of each year. To date, the Company has not identified any impairment to goodwill.

Intangible assets acquired in a business combination are recorded at their estimated fair values at the date of acquisition. The Company amortizes acquired definite-lived intangible assets over their estimated useful lives based on the pattern of consumption of the economic benefits or, if that pattern cannot be readily determined, on a straight-line basis.

Recently Issued Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses* (Topic 326), referred to herein as ASU 2016-13, which significantly changes how entities will account for credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. ASU 2016-13 replaces the existing incurred loss model with an expected credit loss model that requires entities to estimate an expected lifetime credit loss on most financial assets and certain other instruments. Under ASU 2016-13 credit impairment is recognized as an allowance for credit losses, rather than as a direct write-down of the amortized cost basis of a financial asset. The impairment allowance is a valuation account deducted from the amortized cost basis of financial assets to present the net amount expected to be collected on the financial asset. Once the new pronouncement is adopted by the Company, the allowance for credit losses must be adjusted for management's current estimate at each reporting date. The new guidance provides no threshold for recognition of impairment allowance. Therefore, entities must also measure expected credit losses on assets that have a low risk of loss. For instance, trade receivables that are either current or not yet due may not require an allowance reserve under currently generally accepted accounting principles, but under the new standard, the Company will have to estimate an allowance for expected credit losses on trade receivables under ASU 2016-13. ASU 2016-13 is effective for annual periods, including interim periods within those annual periods, beginning after December 15, 2022 for smaller reporting companies. Early adoption is permitted. The Company is currently assessing the impact ASU 2016-13 will have on its consolidated financial statements.

Management does not believe that any other recently issued, but not yet effective, accounting standard if currently adopted would have a material effect on the accompanying consolidated financial statements.

2. GOING CONCERN

The Company has historically financed our operations through access to the capital markets by issuing secured and convertible debt securities, convertible preferred stock, common stock, and through factoring receivables. The Company currently requires approximately $814,000 per month to conduct operations, a monthly amount that it has been unable to consistently achieve through revenue generation. During 2021, the Company generated approximately $5,114,000 of revenue, which is below its average monthly requirements. With the addition of the Swivel Secure Europe, SA, the Company expects $1,000,000 of additional cash flow to support operations. In addition, the Company is beginning to sell hardware purchased directly for the Nigerian projects to alternative customers. Given the uncertainty of the duration and severity of the current COVID-19 pandemic and the conflict between Ukraine and Russia and their effects on our business operations, sales cycles, personnel, and the geographic markets in which we operate, and numerous other matters of national, regional and global scale, including those of a political, economic, business and competitive nature, the related financial impact cannot be reasonably estimated at this time. As of the date of this report, the Company has enough cash and receivables for twelve months of operations.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

In accordance with ASC 606, *Revenue from Contracts with Customers* ("ASC 606"), revenue is recognized when a customer obtains control of promised services. The amount of revenue recognized reflects the consideration to which the Company expects to be entitled to receive in exchange for these services. To achieve this core principle, the Company applies the following five steps:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to performance obligations in the contract
- Recognize revenue when or as the Company satisfies a performance obligation

Disaggregation of Revenue

The following table summarizes revenue from contracts with customers for the three-month period:

	North America	Africa	EMESA*	Asia	March 31, 2022
License fees	$ 473,070	$ 517,161	$ 390,277	$ 79,675	$ 1,460,183
Hardware	71,900	12,033	1,251	-	85,184
Services	355,632	15,275	24,844	53	395,804
Total Revenues	$ 900,602	$ 544,469	$ 416,372	$ 79,728	$ 1,941,171

	North America	Africa	EMESA*	Asia	March 31, 2021
License fees	$ 368,800	$ -	$ 42,508	$ 67,650	$ 478,958
Hardware	48,795	684,839	265,995	30,029	1,029,658
Services	359,614	-	17,888	2,520	380,022
Total Revenues	$ 777,209	$ 684,839	$ 326,391	$ 100,199	$ 1,888,638

*EMESA – Europe, Middle East, South America

Software licenses
Software license revenue consist of fees for perpetual and subscription licenses for one or more of the Company's biometric fingerprint solutions or identity access management solutions. Revenue is recognized at a point in time once the software is available to the customer for download. Software license contracts are generally invoiced in full on execution of the arrangement.

Hardware
Hardware revenue consists of fees for associated equipment sold with or without a software license arrangement, such as servers, locks and fingerprint readers. Customers are not obligated to buy third party hardware from the Company and may procure these items from a number of suppliers. Revenue is recognized at a point in time once the hardware is shipped to the customer. Hardware items are generally invoiced in full on execution of the arrangement.

Support and Maintenance
Support and maintenance revenue consists of fees for unspecified upgrades, telephone assistance and bug fixes. The Company satisfies its support and maintenance performance obligation by providing "stand-ready" assistance as required over the contract period. The Company records deferred revenue (contract liability) at time of prepayment until the term of the contract ends. Revenue is recognized over time on a ratable basis over the contract term. Support and maintenance contracts are up to one to five years in length and are generally invoiced in advance at the beginning of the term. Support and maintenance revenue for subscription licenses is carved out of the total license cost at 18% and recognized on a ratable basis over the license term.

Professional Services
Professional services revenues consist primarily of fees for deployment and optimization services, as well as training. The majority of the Company's consulting contracts are billed on a time and materials basis, and revenue is recognized based on the amount billable to the customer in accordance with practical expedient ASC 606-10-55-18. For other professional services contracts, the Company utilizes an input method and recognizes revenue based on labor hours expended to date relative to the total labor hours expected to be required to satisfy its performance obligation.

Contracts with Multiple Performance Obligations
Some contracts with customers contain multiple performance obligations. For these contracts, the Company accounts for individual performance obligations separately if they are distinct. The transaction price is allocated to the separate performance obligations on a relative standalone selling price basis. The standalone selling prices are determined based on overall pricing objectives, taking into consideration market conditions and other factors, including the value of the contracts, the cloud applications sold, customer demographics, geographic locations, and the number and types of users within the contracts.

The Company considered several factors in determining that control transfers to the customer upon shipment of hardware and availability of download of software. These factors include that legal title transfers to the customer, the Company has a present right to payment, and the customer has assumed the risks and rewards of ownership.

Accounts receivable from customers are typically due within 30 days of invoicing. The Company does not record a reserve for product returns or warranties as amounts are deemed immaterial based on historical experience.

Costs to Obtain and Fulfill a Contract
Costs to obtain and fulfill a contract are predominantly sales commissions earned by the sales force and are considered incremental and recoverable costs of obtaining a contract with a customer. These costs are deferred and then amortized over a period of benefit determined to be four years. These costs are included as capitalized contract costs on the balance sheet. The period of benefit was determined by taking into consideration customer contracts, technology, and other factors based on historical evidence. Amortization expense is included in selling, general and administrative expenses in the accompanying consolidated statements of operations.

Transaction Price Allocated to the Remaining Performance Obligations

ASC 606 requires that the Company disclose the aggregate amount of transaction price that is allocated to performance obligations that have not yet been satisfied as of March 31, 2022. The guidance provides certain practical expedients that limit this requirement, which the Company's contracts meet as follows:

- The performance obligation is part of a contract that has an original expected duration of one year or less, in accordance with ASC 606-10-50-14.

Deferred revenue represents the Company's remaining performance obligations related to prepaid support and maintenance, all of which is expected to be recognized from one to five years.

Deferred Revenue

Deferred revenue includes customer advances and amounts that have been paid by customer for which the contractual maintenance terms have not yet occurred. The majority of these amounts are related to maintenance contracts for which the revenue is recognized ratably over the applicable term, which generally is 12-60 months. Contracts greater than 12 months are segregated as long term deferred revenue. Maintenance contracts include provisions for unspecified when-and-if available product updates and customer telephone support services. At March 31, 2022 and December 31, 2021, amounts in deferred revenue were approximately $854,000 and $633,000, respectively. Revenue recognized during the three months ended March 31, 2022 and 2021 from amounts included in deferred revenue at the beginning of the period was approximately $234,000 and $305,000, respectively. The Company did not recognize any revenue from performance obligations satisfied in prior periods.

4. SWIVEL SECURE EUROPE, SA ACQUISITION

On March 8, 2022, the Company completed the acquisition of 100% of the issued and outstanding capital stock of Swivel Secure Europe, SA, ('Swivel Secure') based in Madrid, Spain, pursuant to the terms of a stock purchase agreement. The aggregate purchase price consisted of a base purchase price of $1.75 million, subject to closing adjustments based on the closing date working capital, indebtedness and unpaid transaction expenses, and an earn-out of up to $500,000. The earn-out is payable based on Swivel Secure generating $3,000,000 of revenue and $1,000,000 of operating profit during an earn-out period commencing on the closing date and ending on January 31, 2023. The earn-out payment, if any, will be paid at the Company's option, in cash or shares of Company common stock priced at the 20 day volume-weighted average price of the Company's common stock immediately prior to the payment date as reported on the Nasdaq Capital Market. At the closing, the Company made a cash payment of $1.27 million and issued 269,060 shares of common stock of which 89,687 shares were held back by the Company to secure certain indemnification obligations under the stock purchase agreement. The shares of Company common stock were priced at $2.23, the contractual 20 day volume-weighted average price of the Company's common stock immediately prior to the payment date as reported on the Nasdaq Capital Market.

The acquisition has been accounted for as a business combination and, in accordance with ASC 805. The Company recorded the assets acquired and liabilities assumed at their respective fair values as of the acquisition date. The following table summarizes the preliminary purchase price allocation, assuming the earnout will be paid:

Purchase consideration:		
Total cash paid, including working capital adjustment	$	1,273,483
Earnout payable		500,000
Common stock issued		600,004
Total purchase price consideration	$	2,373,487
Fair value of assets acquired and liabilities assumed:		
Cash and cash equivalents	$	729,905
Accounts receivable		702,886
Equipment acquired		65,640
Other assets		20,708
Estimated intangible assets		1,379,589
Estimated goodwill		450,643
Total estimated assets acquired		3,349,371
Accounts payable and accrued expenses		431,884
Government loan		544,000
Total liabilities assumed		975,884
Total estimated fair value of assets acquired and liabilities assumed	$	2,373,487

The fair value of the assets acquired and liabilities assumed was less than the purchase price, resulting in the recognition of goodwill. The goodwill reflected the value of the synergies the Company expected to realize and the assembled workforce.

The estimated intangible assets identified in the purchase price allocation include the customer relationships.

The government loan was issued through BBVA Bank during the COVID-19 pandemic. The loan bears interest at the rate of 1.75% per annum and is payable in monthly installments of approximately $11,900 inclusive of interest from May 2022 through April 2026.

5. ACCOUNTS RECEIVABLE

Accounts receivable are carried at original amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful receivables by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history, and current economic conditions. Accounts receivable are written off when deemed uncollectible.

Accounts receivable at March 31, 2022 and December 31, 2021 consisted of the following:

	March 31, 2022	December 31, 2021
Accounts receivable	$ 2,817,116	$ 1,234,411
Loss on foreign currency	(50,000)	(50,000)
Allowance for doubtful accounts	(213,785)	(213,785)
Accounts receivable, net of allowances for doubtful accounts	$ 2,553,331	$ 970,626

Bad debt expenses (if any) are recorded in selling, general, and administrative expense.

6. SHARE BASED COMPENSATION

The following table presents share-based compensation expenses for continuing operations included in the Company's unaudited condensed consolidated statements of operations:

	Three Months Ended March 31,	
	2022	2021
Selling, general and administrative	$ 92,426	$ 128,944
Research, development and engineering	17,271	12,204
	$ 109,697	$ 141,148

7. FACTORING

Due from factor consisted of the following as of:

	March 31, 2022	December 31, 2021
Original invoice value	$ 108,400	$ 99,000
Factored amount	(56,550)	(49,500)
Balance due from factor	$ 51,850	$ 49,500

The Company entered into an accounts receivable factoring arrangement with a financial institution (the "Factor") which has been extended to October 31, 2022. Pursuant to the terms of the arrangement, the Company, from time to time, sells to the Factor a minimum of $150,000 per quarter of certain of its accounts receivable balances on a non-recourse basis for credit approved accounts. The Factor remits 35% of the foreign and 75% of the domestic accounts receivable balance to the Company (the "Advance Amount"), with the remaining balance, less fees, forwarded to the Company once the Factor collects the full accounts receivable balance from the customer. In addition, the Company, from time to time, receives over advances from the Factor. Factoring fees range from 2.75% to 15% of the face value of the invoice factored and are determined by the number of days required for collection of the invoice. The cost of factoring is included in selling, general and administrative expenses. The cost of factoring was as follows:

	Three Months ended March 31,	
	2022	2021
Factoring fees	$ 18,727	$ 13,347

8. NOTE RECEIVABLE

During the third quarter 2020, the Company loaned $295,000 as an advance to Technology Transfer Institute (“TTI”) to aid in fulfilling the African contracts. The note does not bear any interest if paid within the nine (9) monthly installments beginning December 31, 2020. The note bears a default rate of 5%. Due to the ongoing delays in payment, the Company reserved $100,000 of the note as an allowance. On February 17, 2022, the Company amended the note to modify the payment terms to provide for lower monthly payments, with an updated maturity date on or before December 6, 2023. On May 5, 2022, the Company amended the note to modify the payment terms to eight biweekly installments of $1,000 beginning February 25, 2022, nineteen consecutive monthly installments of $15,000 beginning on July 6, 2022, and $2,000 on or before February 6, 2024. A member of our board of directors served as Chief Executive Officer of TTI until August 12, 2020.

	March 31, 2022	December 31, 2021
Note receivable	$ 295,000	$ 295,000
Repayment of note	(3,000)	-
Allowance for doubtful account	(100,000)	(100,000)
Note receivable, net of allowance	192,000	195,000
Current portion, net of allowance	$ 82,000	$ 82,000
Noncurrent portion, net of allowance	$ 110,000	$ 113,000

9. INVENTORY

Inventory is stated at the lower of cost, determined on a first in, first out basis, or net realizable value, and consists primarily of fabricated assemblies and finished goods. Inventory is comprised of the following as of:

	March 31, 2022	December 31, 2021
Finished goods	$ 4,854,866	$ 4,798,203
Fabricated assemblies	101,606	142,457
Total inventory	$ 4,956,472	$ 4,940,660

10. RESALABLE SOFTWARE LICENSE RIGHTS

On December 31, 2015, the Company purchased third-party software licenses in the amount of $180,000 in anticipation of a large pending deployment that has yet to materialize. The Company is amortizing the total cost at the greater of the actual unit cost per license sold or straight line amortization over 10 years A total of $2,505 and $2,521 was charged to cost of sales during the three-month periods ended March 31, 2022 and March 31, 2021, respectively. Since the license purchase, the actual per unit cost (actual usage) of such license rights in the cumulative amount of $133,753 has been charged to cost of sales, with a carrying balance of $46,247 and $48,752 as of March 31, 2022 and December 31, 2021, respectively.

The Company has classified the balance as non-current until a larger deployment occurs.

Estimated minimum amortization expense based on straight-line amortization of the software license rights over the remaining useful life approximates the following:

Years ending December 31	
2022 (nine months remaining)	$ 15,574
2023	18,000
2024	12,673

Total	$ 46,247

11. INVESTMENT IN DEBT SECURITY

The Company purchased a 4,000,000 Hong Kong dollar denominated Bond Certificate with a financial institution in Hong Kong in June 2020. The Bond Certificate translated to $512,821 U.S. Dollars, based on the exchange rate at the purchase date. The Company can invest up to 20,000,000 Hong Kong dollars under the terms of the certificate, bearing interest at 5% per annum. The investment is recorded at amortized cost which approximates fair value was held to maturity. The Company has yet to receive the proceeds and accrued interest from the investment and as such, the debt security was classified as noncurrent. In addition, due to the delay in the receipt of the proceeds, the Company recorded a $60,000 reserve.

12. COMMITMENTS AND CONTINGENCIES

Sales Incentive Agreement with TTI

On March 25, 2020, the Company entered into a sales incentive agreement with TTI. Terms of the agreement include the following:

1. The term of the agreement is one year unless notice to terminate (as defined) is given. The agreement will be automatically extended for additional one-year terms unless terminated.

2. For each $5,000,000 in revenue (up to a maximum of $20,000,000) the Company generates from contracts sourced by TTI during the first year that generates net income of at least 20% (as defined), the Company will pay TTI a sales incentive fee of $500,000 payable by the issuance of 62,500 shares of common stock.

3. In the event that the Company generates from contracts sourced by TTI revenue in excess of $20,000,000, the Company will issue TTI a five-year warrant to purchase 12,500 shares of Common Stock at an exercise price of $12.00 per share for each $1,000,000 of revenue in excess of $20,000,000 (up to a maximum of $25,000,000).

In no event will the Company be obligated to issue more than 250,000 shares of common stock or warrants to purchase more than 62,500 shares of common stock pursuant to this agreement.

There has been no revenue generated from this agreement.

Distribution Agreement

On October 23, 2020, Swivel Secure entered into a distribution agreement with Swivel Secure Limited (“SSL”). Terms of the agreement include the following:

1. The term of the agreement is one year unless notice to terminate (as defined) is given. The agreement will be automatically extended for additional one-year terms unless terminated.

2. SSL appoints Swivel Secure as a non-exclusive distributor of SSL’s products, to market, sell and distribute world-wide, for a defined discount.

3. Swivel Secure is required to meet certain revenue targets with respect to the sale of products during certain quarterly periods, for the 12 month period commencing October 23, 2020. If for any reason, they fail to agree on revenue targets within 30 days of each commencement period, SSL shall be entitled to terminate the agreement by giving Swivel Secure not less than 14 days written notice.

The Company expects the revenue targets to continue to be agreed to, based on historical negotiations and increasing distribution by Swivel Secure.

Litigation

From time to time, we may be involved in litigation relating to claims arising out of our operations in the normal course of business. As of March 31, 2022, the Company was not a party to any pending lawsuits.

13. LEASES

The Company's leases office space in New Jersey, Hong Kong, Minnesota, Spain, and New Hampshire with lease termination dates in 2023, 2022, 2022, and 2022, respectively. The leases include non-lease components with variable payments. The following tables present the components of lease expense and supplemental balance sheet information related to the operating leases, were:

	3 Months ended March 31, 2022	3 Months ended March 31, 2021
Lease cost		
Operating lease cost	$ 55,219	$ 63,973
Total lease cost	$ 55,219	$ 63,973

Balance sheet information	March 31, 2022	December 31, 2021
Operating right-of-use assets	$ 202,513	$ 254,100
Operating lease liabilities, current portion	$ 156,730	$ 177,188
Operating lease liabilities, non-current portion	54,710	86,974
Total operating lease liabilities	$ 211,440	$ 264,162
Weighted average remaining lease term (in years) – operating leases	1.27	1.45
Weighted average discount rate – operating leases	5.50%	5.50%

Supplemental cash flow information related to leases were as follows:

Cash paid for amounts included in the measurement of operating lease liabilities for the three months ended March 31, 2022 and 2021:	$ 65,108	$ 63,812

Maturities of operating lease liabilities were as follows as of March 31, 2022:

2022 (9 months remaining)	$ 131,240
2023	89,226
Total future lease payments	$ 221,466
Less: imputed interest	(9,026)
Total	$ 211,440

14. EARNINGS PER SHARE ("EPS")

The Company's basic EPS is calculated using net income (loss) available to common shareholders and the weighted-average number of shares outstanding during the reporting period. Diluted EPS includes the effect from potential issuance of common stock, such as stock issuable pursuant to the exercise of stock options and warrants and the assumed conversion of preferred stock.

The following table sets forth options and warrants which were excluded from the diluted per share calculation because the exercise price was greater than the average market price of the common shares:

	Three Months Ended March 31,	
	2022	**2021**
Stock options	212,461	212,711
Warrants	4,689,387	4,689,387
Total	4,901,848	4,902,098

15. STOCKHOLDERS' EQUITY

1. Preferred Stock

Within the limits and restrictions provided in the Company's Certificate of Incorporation, the Board of Directors has the authority, without further action by the shareholders, to issue up to 5,000,000 shares of preferred stock, $.0001 par value per share, in one or more series, and to fix, as to any such series, any dividend rate, redemption price, preference on liquidation or dissolution, sinking fund terms, conversion rights, voting rights, and any other preference or special rights and qualifications.

2. Common Stock

Holders of common stock have equal rights to receive dividends when, as and if declared by the Board of Directors, out of funds legally available therefor. Holders of common stock have one vote for each share held of record and do not have cumulative voting rights.

Holders of common stock are entitled, upon liquidation of the Company, to share ratably in the net assets available for distribution, subject to the rights, if any, of holders of any preferred stock then outstanding. Shares of common stock are not redeemable and have no preemptive or similar rights. All outstanding shares of common stock are fully paid and nonassessable.

Issuances of Common Stock

On March 8, 2022, the Company issued 269,060 shares of common stock of which 89,687 shares were held back by the Company to secure certain indemnification obligations under the Swivel Secure stock purchase agreement. The shares of Company common stock were issued at a total cost of $600,004, priced at $2.23, based on the contractual 20 day volume-weighted average price of the Company's common stock immediately prior to the payment date as reported on the Nasdaq Capital Market

On June 18, 2021, the stockholders approved the Employee Stock Purchase Plan. Under the terms of this plan, 789,000 shares of common stock are reserved for issuance to employees and officers of the Company at a purchase price equal to 85% of the lower of the closing price of the common stock on the first day or the last day of the offering period as reported on the Nasdaq Capital Market. Eligible employees are granted an option to purchase shares under the plan funded by payroll deductions. The Board may suspend or terminate the plan at any time, otherwise the plan expires June 17, 2031. On December 31, 2021, 19,484 shares were issued to employees which resulted in a $10,680 non-cash compensation expense for the Company.

Issuances of Restricted Stock

Restricted stock consists of shares of common stock that are subject to restrictions on transfer and risk of forfeiture until the fulfillment of specified conditions. The fair value of nonvested shares is determined based on the market price of the Company's common stock on the grant date. Restricted stock is expensed ratably over the term of the restriction period.

During the three-month periods ended March 31, 2022 and 2021, the Company issued 274,250 and 1,250 shares of restricted common stock to certain employees and the board, respectively. These shares vest in equal annual installments over a three-year period from the date of grant and had a fair value on the date of issuance of $589,638 and $4,550, respectively.

Restricted stock compensation for the three-month period ended March 31, 2022 and 2021 was $39,840 and $17,375, respectively.

Issuances to Directors, Executive Officers & Consultants

During the three-month periods ended March 31, 2022 and 2021 the Company issued 9,382 and 2,091 shares of common stock to its directors in lieu of payment of board and committee fees valued at $20,020 and $7,510, respectively.

Employees' exercise options

During the three-month periods ended March 31, 2022 and 2021, no employee stock options were exercised.

3. Warrants

There were no warrants issued during the three-month periods ended March 31, 2022 and 2021.

16. FAIR VALUES OF FINANCIAL INSTRUMENTS

Cash and cash equivalents, accounts receivable, due from factor, accounts payable and accrued liabilities are carried at, or approximate, fair value because of their short-term nature. The carrying value of the Company's notes and loan payables approximated fair value as the interest rates related to the financial instruments approximated market.

17. MAJOR CUSTOMERS AND ACCOUNTS RECEIVABLE

For the three month periods ended March 31, 2022 and 2021, one customer accounted for 27% of revenues and two customers accounted for 52% of revenues, respectively. Two customers accounted for 44% of current accounts receivable as of March 31, 2022. At December 31, 2021, three customers accounted for 87% of current accounts receivable.

18. SUBSEQUENT EVENTS

On May 12, 2022, the Company issued 7,695 shares of common stock to its directors in payment of meeting fees. Additionally, the Company issued 1,250 shares of restricted stock with three-year vesting period to a new employee. All the shares were issued at $1.95 the closing price on May 12, 2022, as reported on the Nasdaq Capital Market.

On May 16, 2022, the Company issued 1,422 shares of common stock to its directors in payment of committee meeting fees.

The Company has reviewed subsequent events through the date of this filing.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q, including statements regarding our future financial position, business strategy and plans and objectives of management for future operations, are forward-looking statements. The words "anticipate," "believe," "should," "estimate," "will," "may," "future," "plan," "intend" and "expect" and similar expressions generally identify forward-looking statements. 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 and other foreign markets; our ability to integrate the operations and personnel of PistolStar and Swivel Secure into our business; 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, statements of assumption underlying any of the foregoing, and numerous other matters of national, regional and global scale, including those set forth under the caption "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, we undertake no obligation to disclose any revisions to these forward-looking statements, whether as a result of new information, future events, or otherwise.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS.

This Management's Discussion and Analysis of Financial Condition and Results of Operations is provided as a supplement to and should be read in conjunction with our unaudited condensed consolidated financial statements and related information contained herein and our audited financial statements as of December 31, 2021.

Overview

BIO-key International, Inc. (the "Company," "BIO-key," "we," or "us") is a leading identity and access management (IAM) platform provider enabling secure work-from-anywhere for enterprise, education, and government customers. Our vision is to enable any organization to secure streamlined and passwordless workforce, customer, citizen and student access to any online service, workstation, or mobile application, without a requirement to use tokens or phones. Our products include PortalGuard® and PortalGuard Identity-as-a-Service (IDaaS) enterprise IAM, WEB-key® biometric civil and large-scale ID infrastructure, and high-quality, low-cost accessory hardware to provide a full and complete solution for identity-innovating customers.

Built to leverage BIO-key's world-class biometric core platform among 16 other strong authentication factors, BIO-key PortalGuard and hosted PortalGuard IDaaS are platforms that enable our customers to securely and easily assure that only the right people can access the right systems. PortalGuard goes beyond traditional MFA solutions by addressing sizeable gaps, such as allowing roving users to biometrically authenticate at any workstation without using their phones or tokens, eliminating unauthorized account delegation, detecting duplicate users, and accommodating in-person identification.

Millions of people use BIO-key every day to securely access a variety of cloud, mobile and web applications, on-premise and cloud-based servers from all of their devices. Employees, contractors, students and faculty sign in through PortalGuard to seamlessly and securely access the applications they need to do their work, without relying on personal phone use or per-user tokens. Organizations use our platform to securely collaborate with their supply chain and partners, and to provide their customers with flexible, resilient user experiences online or in-person.

Large-scale customer and civil ID customers use our scalable biometric management platform and FBI-certified scanner hardware to manage enrollment, de-duplication and authentication for millions of users. One large bank has enrolled and identifies over 19 million of their customers in branches on a daily basis.

We sell our branded biometric and FIDO authentication hardware as accessories to our IAM platforms, so that customers can have a single vendor providing all components of their IAM solution. We do not mandate the use of BIO-key hardware with our software and services. Our NIST-certified fingerprint biometric platform is unique in that it supports interoperable mixing and matching combinations of different manufactures' fingerprint scanners in a deployment, so that the right scanner can be selected for the right use case, without mandating the user of a particular scanner.

Security-conscious software developers leverage our platform APIs and federation interfaces to securely and efficiently embed biometric and MFA identity capabilities into their software. Our approach to IDaaS allows our customers to efficiently scale their security and identity infrastructures to protect both internal cloud workforce- and external customer-facing applications.

We operate a SaaS business model with customers subscribing to term use of our software for annual recurring revenue. We sell our products directly through our field and inside sales teams, as well as indirectly through our network of channel partners including resellers, system integrators, master agents and other distribution partners. Our subscription fees include a term license of hosted or on-premise product and technical support and maintenance of our platform. We base subscription fees primarily on the products used and the number of users enrolled in our platform. We generate subscription fees pursuant to noncancelable contracts with a weighted average duration of approximately one year.

PortalGuard is used by our customers to manage and secure IT access by their employees, contractors and partners, which we call workforce identity. PortalGuard is also used to manage and secure the identities of an organization's customers through integration of APIs we have developed and industry-standard federation standards, which we call customer identity. We invoice customers in advance in annual and multi-year prepaid installments for subscriptions to our platforms.

Strategic Outlook

Historically, our largest market has been access control within highly regulated industries such as government, financial services, and healthcare. In 2019 we became the go-to biometric authentication provider for board of election offices which continue to deploy our hardware and software to secure internal access to the voter registration database. Upon acquiring PortalGuard in 2020, we now serve the higher education vertical. We have and expect to continue to extend this footprint in 2022 and beyond.

In 2020, we announced that we had secured two contracts with our partner Technology Transfer Institute. The contracts are for large-scale identification projects in Africa and Nigeria. Under the first contract, we will provide biometric authentication to support the infrastructure of a new e-commerce project developed with the expectation to generate more than one million jobs in Nigeria. The second contract provides for BIO-key hardware and software to be used by a leading African telecommunications company to secure internal access to customer data. Currently Africa and the surrounding regions are receiving government funding to expand the use of biometric authentication solutions to help establish trustworthy government programs and reduce fraud. We received our first purchase order related to these contracts in the fourth quarter of 2020 which we shipped in the first quarter of 2021. The COVID-19 pandemic has and may continue to delay the rollout of these programs.

We plan to have a more significant role in the IAM market which continues to expand. We plan to offer customers a suite of authentication options that complement our biometric solutions. The more well-rounded offerings of authentication options will allow customers to customize their approach to authentication all under one umbrella.

We expect to grow our business within government services and highly-regulated industries in which we have historically had a strong presence including financial services, higher education, and healthcare. We believe that continued heightened security and privacy requirements in these industries, and as colleges and universities continue operating in remote environments, we will generate increased demand for security solutions, including biometrics. In addition, we expect that the compatible, yet superior portable biometric user experience offered by our technology for Windows 10 users will accelerate the demand for our computer network log-on solutions and fingerprint readers. Through value add-offerings via direct sales, resellers, and strategic partnerships with leading higher education platform providers, we will continue to grow our installed base.

Our primary sales strategies are focused on (i) increased marketing efforts into the IAM market, (ii) dedicated pursuit of large-scale identification projects across the globe and (iii) growing our channel alliance program which we have grown to more than one hundred and fifty participants and continues to generate incremental revenues.

A second component of our growth strategy is to pursue strategic acquisitions of select businesses and assets in the IAM space. In furtherance of this strategy, we are active in the industry and regularly evaluate businesses that we believe will either provide an entry into new market verticals or be synergistic with our existing operations and in either case, be accretive to earnings. We cannot provide any assurance as to whether we will be able to complete any acquisition and if completed, successfully integrate any business we acquire into our operations.

Recent Developments.

On March 8, 2022, we expanded our sales and support operation into Europe, Africa and the Middle East ("EMEA") by acquiring Swivel Secure Europe, SA. ("Swivel Secure") for up to $2.25 million. Swivel Secure is a Madrid, Spain based provider of IAM solutions serving over 300 customers through a network of channel partners throughout EMEA. Swivel Secure is the exclusive distributer of AuthControl Sentry, AuthControl Enterprise and AuthControl MSP product line in EMEA, excluding the United Kingdom. Swivel Secure maintains a direct sales force with offices in Madrid, Spain and Lisbon, Portugal. There can be no assurance that we will be able to manage Swivel

Secure's business or successfully integrate the business with our historic operations without substantial costs, delays or other operational or financial challenges.

Given the uncertainty of the duration and severity of the current COVID-19 pandemic and the conflict between Ukraine and Russia and their effects on our business operations, sales cycles, personnel, and the geographic markets in which we operate, and numerous other matters of national, regional and global scale, including those of a political, economic, business and competitive nature, the related financial impact cannot be reasonably estimated at this time.

The complications caused by COVID-19 has forced organizations to quickly adapt to a work from home remote business model. This increases the risk of unauthorized users, phishing attacks, and hackers who are eager to take advantage of the challenges of securing remote workers. We believe that biometrics should continue to play a key role in remote user authentication.

Critical Accounting Policies and Estimates

For detailed information regarding our critical accounting policies and estimates, see our financial statements and notes thereto included in this Report and in our Annual Report on Form 10-K for the year ended December 31, 2021. There have been no material changes to our critical accounting policies and estimates from those disclosed in our most recent Annual Report on Form 10-K.

Recent Accounting Pronouncements

For detailed information regarding recent account pronouncements, see Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this report.

RESULTS OF OPERATIONS

THREE MONTHS ENDED MARCH 31, 2022 AS COMPARED TO MARCH 31, 2021

Consolidated Results of Operations - Percent Trend

	Three Months Ended March 31,	
	2022	**2021**
Revenues		
Services	20%	20%
License fees	75%	25%
Hardware	5%	55%
Total Revenues	100%	100%
Costs and other expenses		
Cost of services	11%	9%
Cost of license fees	4%	2%
Cost of hardware	3%	30%
Total Cost of Goods Sold	17%	41%
Gross profit	83%	59%
Operating expenses		
Selling, general and administrative	93%	80%
Research, development and engineering	41%	23%
Total Operating Expenses	134%	103%
Operating loss	-51%	-44%
Other income (expenses)	-%	-1%
Net loss	-51%	-45%

Revenues and cost of goods sold

	Three months ended March 31,			
	2022	**2021**	**$ Change**	**% Change**
Revenues				
Service	$ 395,804	$ 380,022	$ 15,782	4%
License	1,460,183	478,958	981,225	205%
Hardware	85,184	1,029,658	(944,474)	-92%
Total Revenue	$ 1,941,171	$ 1,888,638	$ 52,533	3%
Cost of goods sold				
Service	$ 210,913	$ 175,944	$ 34,969	20%
License	73,230	38,969	34,261	88%
Hardware	53,298	551,722	(498,424)	-90%
Total Cost of goods sold	$ 337,441	$ 766,635	$ (429,194)	-56%

Revenues

For the three months ended March 31, 2022 and 2021, service revenues included approximately $317,000 and $348,000 respectively, of recurring maintenance and support revenue, and approximately $79,000 and $32,000, respectively, of non-recurring custom services revenue. Recurring service revenue decreased 9% in the first quarter of 2022 as compared to the first quarter of 2021 which was due largely to the recognition of annual SaaS revenue versus maintenance renewal contracts. Non-recurring custom services increased due to additional new customer installations and upgrades from on-premise to cloud deployments. As our customer base continues to grow, we expect the service revenue to increase in future periods.

For the three months ended March 31, 2022, license revenue increased to $1,460,183 or 205% from $478,958 during the three months ended March 31, 2021. We increased both the variation and number of customers, including additional revenue from Swivel Secure which we acquired in March of 2022, one large SaaS renewal, and cloud migrations.

Hardware sales decreased $944,474 during the three months ended March 31, 2022 to $85,184 from $1,029,658 during the three months ended March 31, 2021. The decrease was attributable largely to sales in Nigeria and continued expansion of an international government agency in 2021 not recurring in 2022 as expected due to governmental related delays.

Costs of goods sold

For the three months ended March 31, 2022, cost of service increased approximately $35,000 or 20% to $210,913 due to the additional personnel costs associated with the direct support for the PortalGuard installations, compared to $175,944 for the three months ended March 31, 2021. For the three months ended March 31, 2022, license fees increased to $73,230 from $38,969 during the three months ended March 31, 2021, due largely to the increase in revenue. For the three months ended March 31, 2022, hardware costs decreased to $53,298 from $551,722 during the three months ended March 31, 2021, corresponding to the decrease in hardware revenue.

Selling, general and administrative

	Three months ended March 31, 2022	Three months ended March 31, 2021	$ Change	% Change
Selling, general and administrative	$ 1,797,998	$ 1,516,398	$ 281,600	19%

Selling, general and administrative expenses for the three months ended March 31, 2022 increased 19% to $1,797,998 as compared to $1,516,398 for the corresponding period in 2021. This increase was attributable largely to legal and professional fees and expenses incurred in connection with the acquisition of Swivel Secure and increased sales and marketing personnel costs. These increases were offset, in part, by decreases in our operational expenses in Hong Kong, accounting fees, and non-cash compensation.

Research, development and engineering

	Three months ended March 31, 2022	Three months ended March 31, 2021	$ Change	% Change
Research, development and engineering	$ 805,266	$ 441,651	$ 363,615	82%

For the three months ended March 31, 2022, research, development and engineering expenses increased 82% to $805,266 as compared to $441,651 for the corresponding period in 2021. Included in the increase were personnel costs associated with retaining outside services related to the development of our MobileAuth application, and increased non-cash compensation for engineering and development personnel.

Other income (expense)

	Three months ended March 31, 2022	Three months ended March 31, 2021	$ Change	% Change

Other income (expenses)				
Interest income	$ 131	$ 2,615	$ (2,484)	-95%
Interest expense	-	(18,000)	18,000	-100%
Other income (expense)	$ 131	$ (15,385)	$ 15,516	-101%

Other income (expense) for the three month period ended March 31, 2022 consisted of interest income, and for the three month period ending March 31, 2021 related to interest expense from the amortization of debt discounts, net of interest income,

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

Operating activities overview

Net cash used for operations during the three months ended March 31, 2022 was $1.4 million. Items of note included:

- Net positive cash flows related to accounts payable, accrued liabilities and deferred revenue of approximately $442,000.
- Net positive cash flows related to adjustments for non-cash expenses of approximately $287,000.
- Negative cash flows related to changes in accounts receivable and prepayments of approximately $1 million, due to working capital management.

Investing activities overview

Net cash used in investing activites during the three months ended March 31, 2022 was $545,000. This consisted of approximately $4,500 of capital expenditures and $3,000 of receipts from notes receivable and $544,000 (net of cash acquired and currency adjustment) to fund the cash portion of the purchase price for Swivel Secure.

Liquidity and Capital Resources

Since our inception, our capital needs have been principally met through proceeds from the sale of equity and debt securities. We expect capital expenditures to be less than $100,000 during the next twelve months.

Liquidity outlook

At March 31, 2022, our total cash and cash equivalents were approximately $5,801,000, as compared to approximately $7,754,000 at December 31, 2021. At March 31, 2022 we had working capital of approximately $10,318,000.

As discussed above, we have historically financed our operations through access to the capital markets by issuing secured and convertible debt securities, convertible preferred stock, common stock, and through factoring receivables. We currently require approximately $814,000 per month to conduct our operations, a monthly amount that we have been unable to consistently achieve through revenue generation. During for the first three months of 2022, we generated approximately $1,941,000 of revenue, which is below our average monthly requirements. We expect that Swivel Secure will generate positive cash flow in 2022 to further support operations. If we are unable to generate sufficient revenue to fund current operations and execute our business plan, we may need to obtain additional third-party financing. As of the date of this report, we do not expect that we will need to obtain additional financing during the next twelve months.

Our long-term viability and growth will depend upon the successful commercialization of our technologies and our ability to obtain adequate financing. To the extent that we require such additional financing, no assurance can be given that any form of additional financing will be available on terms acceptable to us, that adequate financing will be obtained to meet our needs, or that such financing would not be dilutive to existing stockholders. If available financing is insufficient or unavailable or we fail to continue to generate sufficient revenue, we may be required to further reduce operating expenses, delay the expansion of operations, be unable to pursue merger or acquisition candidates, or in the extreme case, not continue as a going concern.

ITEM 4. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2022. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure. Based on the evaluation of our disclosure controls and procedures as of March 31, 2022, our CEO and CFO concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting during the fiscal quarter ended March 31, 2022, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 6. Exhibits

The following exhibits are being filed or furnished with this quarterly report on Form 10-Q.

Exhibit No.	Description
2.1	Stock Purchase Agreement dated February 2, 2022, by and among BIO-key International, Inc., Alex Rocha, and Swivel Secure Europe, SA. (Previously filed as Exhibit 2.1 to the Current Report on Form 8-K of the Company dated February 2, 2022)
2.2	Amendment No. 1 to Stock Purchase Agreement by and among BIO-key International, Inc., Alex Rocha and Swivel Secure Europe, SA (Previously filed as Exhibit 2.1 to the Current Report on Form 8-K of the Company dated March 4, 2022)
10.1*	Management Services Agreement dated March 8, 2022 by and among Swivel Aman- FZCO , Swivel Secure Europe, SA, and Alex Rocha.
10.2*	Option Agreement dated March 8, 2022 by and between BIO-key International, Inc., Alex Rocha.
10.3*+	Distribution Agreement dated October 23, 2020 by and between Swivel Secure Europe, SA and Swivel Secure Limited.
10.4*+	Deed of Variation dated January 29, 2022 by and between Swivel Secure Europe, SA and Swivel Secure Limited.
31.1*	Certificate of CEO of Registrant required under Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended
31.2*	Certificate of CFO of Registrant required under Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended
32.1*	Certificate of CEO of Registrant required under 18 U.S.C. Section 1350
32.2*	Certificate of CFO of Registrant required under 18 U.S.C. Section 1350
101.INS	Inline XBRL Instance

101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation
101.DEF	Inline XBRL Taxonomy Extension Definition
101.LAB	Inline XBRL Taxonomy Extension Labels
101.PRE	Inline XBRL Taxonomy Extension Presentation
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.
\+ Certain portions of this exhibit (indicated by "[***]") have been omitted as the Registrant has determined that such portions are (a) not material and (b) would likely cause competitive harm to the Registrant if publicly disclosed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	BIO-Key International, Inc.
Dated: May 23, 2022	/s/ MICHAEL W. DEPASQUALE Michael W. DePasquale Chief Executive Officer
Dated: May 23, 2022	/s/ CECILIA C. WELCH Cecilia C. Welch Chief Financial Officer

Exhibit 10.1

MANAGEMENT SERVICES AGREEMENT

THIS MANAGEMENT SERVICES AGREEMENT (this "**Agreement**") is made as of March 8, 2022 (the "**Effective Date**"), by and among Swivel Aman – FZCO, a United Arab Emirates Free Zone Company (the "**Company**"), Swivel Secure Europe, S.A., a company incorporated under the laws of Spain (Company No. ES A87886347) (the "**Provider**"), and Alex Rocha ("**Rocha**" and, together with the Company and the Provider, the "**Parties**", and each individually, a "**Party**").

RECITALS

WHEREAS, on February 2, 2022, Provider, BIO-key International, Inc., a Delaware corporation (the "**Buyer**"), and Rocha entered into that certain Stock Purchase Agreement, pursuant to which Buyer agreed to purchase all of the issued and outstanding shares of capital stock of Provider from the Seller (the "**Purchase Agreement**");

WHEREAS, in connection with the Purchase Agreement, the Buyer and Rocha entered into that certain Option Agreement pursuant to which the Buyer had the option to purchase one hundred percent (100%) of the equity interests or assets of the Company;

WHEREAS, pursuant to Section 5.11 of the Purchase Agreement, Buyer, Provider and Rocha agreed that the Parties would enter into this Agreement, pursuant to which Provider will manage and operate the Company in exchange for one hundred percent (100%) of all revenues of the Company, less any expenses of the Company and reasonable reserves for taxes and other liabilities, as described in greater detail herein; and

WHEREAS, the Parties now desire to enter into this Agreement to reflect the relationship between the parties and describe with specificity the services to be provided by Provider hereunder.

AGREEMENT

NOW THEREFORE, in consideration of the recitals, which are hereby incorporated in and made a part of this Agreement as if set forth in their entirety below, and the respective covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Parties, and intending to be bound, the Parties hereby covenant and agree as follows:

1. Term; Right to Renew; Termination.

(a) Term. This Agreement shall commence on the Effective Date and continue for a period of three (3) years thereafter (the "**Initial Term**"). Immediately following the Initial Term, this Agreement shall automatically renew for additional one-year periods (each, a "**Subsequent Term**", and together with the Initial Term, the "**Term**"), unless Provider provides notice to the Company of its intent to terminate the Agreement at least ninety (90) days prior to the end of the then-current Term.

(b) Termination by the Provider. The Provider shall have the right to terminate this Agreement prior to the end of the Term for any reason at any time, by delivering written notice to the Company.

(c) Termination by the Company. The Company shall have the right to terminate this Agreement prior to the end of the Term, by delivering written notice to the Provider, stipulating the effective date of termination, upon the occurrence of any one of the following events: (i) upon the occurrence of a Provider Default (as defined in Section 11) that is not cured within the applicable cure period; or (ii) any grossly negligent, intentional or willful misconduct by the Provider.

(d) Effect of Termination. Upon termination of this Agreement, neither Party shall have any further obligation hereunder except for: (i) any and all obligations accruing prior to the termination (including payment of any earned, but unpaid, Management Fees); (ii) the obligations, promises and covenants that were expressly made to extend beyond termination; and (iii) any obligations to repay or reimburse amount(s) advanced by the Provider or its affiliates to the Company or third parties on behalf of the Company.

(e) No Further Obligations. Except as expressly set forth in Section 1(d), the Provider shall not be entitled to any other payments or benefits under this Agreement following termination of this Agreement.

2. Covenants of the Company and Rocha. During the Term, neither the Company nor Rocha may take any of the following actions without the prior written consent of Provider:

(i) issue any new equity of the Company, transfer any equity of the Company, admit any new owner of the Company, or issue or transfer any instrument convertible into any equity of the Company or exercisable for any equity of the Company;

(ii) advance any additional capital contributions to the Company or make any other loans or other advances to the Company;

(iii) declare, set aside, or pay any dividend or make any distribution with respect to the equity of the Company or redeem, purchase, or otherwise acquire any of the equity of the Company;

(iv) cause the Company to sell or otherwise transfer any material asset of the Company outside of the ordinary course of business consistent with past practice;

(v) cause the Company to incur any indebtedness outside of the ordinary course of business, or encumber or pledge any assets of the Company or any equity interests of the Company;

(vi) appoint, elect or remove any managers or principal officers of the Company or otherwise amend or violate any of the Company's organizational documents;

(vii) change the business or business plan of the Company;

(viii) adopt or amend the annual budget for the Company;

(ix) approve any Sale of the Company (or similar transaction with respect to any subsidiaries of the Company);

(x) cause the Company, by the purchase of the capital stock, equity securities or assets, or otherwise, any other business, or enter into a joint venture, partnership or network affiliation with any other entity;

(xi) hire or terminate any employee for which the aggregate obligation of the Company (for compensation, bonus, severance and other related benefits) exceeds $50,000 in a calendar year;

(xii) cause the Company to make any consulting, advisory, compensatory or other payments to any affiliate of the Company or Rocha;

(xiii) make any investments or sales not in the ordinary course of business, or capital expenditures for the Company or its affiliates;

(xiv) cause the Company to incur or guarantee any indebtedness, standby letter of credit or similar loan;

(xv) enter into, execute and/or perform (A) any agreement or related agreements reasonably expected to create obligations for the Company of greater than $50,000 in the aggregate or (B) any agreement, transaction or other arrangement with an affiliate of the Company, its members or their affiliates;

(xvi) amend or waive any non-competition agreement or obligation of the Company;

(xvii) form or dissolve any subsidiaries of the Company;

(xviii) change accounting firms or the accounting or tax policy of the Company, including tax elections, or file tax returns;

(xix) amend or waive any provision of the Company's operating agreement; or

(xx) enter into any agreement, contract, commitment or arrangement to take any of the actions set forth above.

For purposes of this Section 2(b), "Sale of the Company" means (a) any consolidation or merger of the Company with or into any other person, any transfer of equity interests, or any other transaction or series of transactions, in each case as a result of which the Persons holding equity interests (directly or indirectly) immediately prior to such consolidation or merger in the aggregate own, directly or indirectly, less than a majority of the voting power or value of the surviving entity immediately after such consolidation or merger; or (b) a sale, lease, exclusive license or other disposition of all or substantially all of the assets of the Company, taken as a whole.

3. Management Services.

(a) During the Term, the Provider shall provide services to the Company as set forth on Exhibit A (the "**Management Services**"). The Management Services may be amended from time-to-time in a signed writing by the Parties (and such amendment shall replace Exhibit A).

4. Management Fees and Expenses.

(a) The Parties acknowledge and agree as good and valuable compensation for the Provider providing the Management Services, the Company shall pay to the Provider a "**Management Fee**" equal to one hundred percent (100%) of the Company's total revenues, minus the Company's total expenses (including, for this purpose, all taxes assessed against the Company in connection with the Company's operations and reasonable reserves for taxes and other liabilities as reasonably determined by the Provider and the Company, but excluding the Management Fee), for the applicable time period. The Management Fee shall be paid in arrears, within thirty (30) days of the end of each calendar month, and shall be accompanied by invoices, payment records or other documentation reasonably acceptable to Provider regarding any direct expenses deducted from the Management Fee.

(b) The Company shall reimburse the Provider for reasonable and necessary out-of-pocket expenses incurred by the Provider or its affiliates in connection with providing the Management Services, provided the Provider provides the Company with reasonable documentation of such expenses in accordance with the Company's expense reimbursement policy. The Company shall promptly pay such expenses no later than thirty (30) days following the date which the Provider submits to the Company an invoice for such expenses.

5. Independent Contractor Status; Authority; Outside Activities.

(a) Independent Contractor. The relationship of the Provider to the Company is that of an independent contractor and none of the provisions of this Agreement shall be construed to or shall create a relationship of agency, representation, joint venture, ownership, control or employment between the Parties, and it is understood and agreed that the Provider, its employees and agents are at all times acting and performing the Management Services pursuant to this Agreement as independent contractors and not as employees of the Company, and for all purposes, including federal and state tax purposes, no employee or agent of the Provider will not be treated as an employee with respect to the rendering of the Management Services. As such, the Company shall not withhold taxes with respect to the Management Fee. The Company shall not control or direct the manner or methods by which the Provider performs the Management Services.

(b) Authority of the Provider. The Company hereby exclusively grants to the Provider such authority and power necessary for the Provider to undertake and perform its responsibilities, duties and obligations hereunder to the fullest extent permitted under applicable laws or regulations.

(c) Outside Activities. The Company and Rocha hereby acknowledge and agree that the Provider has had, and from time to time may have, outside activities or interests that conflict or may conflict with the interests of the Company (collectively, "**Outside Activities**"), including investment opportunities, providing services similar to the Management Services to other entities, or providing goods or services that compete with the goods and services provided by the Company. The Company and Rocha hereby acknowledge and consent to the Provider engaging in the Outside Activities and acknowledge that the Provider does not have any duty to communicate or offer any opportunity or the existence of any Outside Activities to the Company.

6. Representations and Warranties of the Company and Rocha. The Company and Rocha represent, warrant and covenant to the Provider that as of the Effective Date:

(a) the Company has been duly organized, and is validly existing as a United Arab Emirates Free Zone Company;

(b) the Company is duly qualified to carry on its business, is in good standing in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities makes such qualification necessary;

(c) the Company has full right, power and authority, and has taken all company action necessary, to enter into this Agreement and be bound by and carry out its obligations thereunder, none of which require the consent of any other person or entity;

(d) the Company has complied with all requirements for the operation of its business and operations in accordance with the laws applicable to the Company, in all material respects;

(e) neither the Company nor Rocha is a party to any agreement with any third party other than Provider regarding any sale, option to purchase, merger, reorganization, pledge, hypothecation or other similar transaction with respect to the equity of the Company or the sale of any assets of the Company except in the ordinary course of business consistent with past practice;

(f) the execution and delivery of this Agreement, and the performance by the Company of its obligations pursuant hereto, did not and will not constitute a breach of, or a default under, any other agreement or obligation applicable to the Company, including any of its governing documents;

(g) upon execution and delivery of it by the Company, this Agreement will constitute the valid and binding obligation of the Company, enforceable in accordance with its terms, except to the extent that such enforcement shall be limited by bankruptcy, insolvency, moratorium and other laws affecting the rights of creditors generally; and

(h) all information supplied by the Company or its agents to the Provider or its agents as of the date hereof is true, complete and correct and does not fail to state a material fact necessary to make any of such information not misleading.

7. Representations and Warranties of the Provider. The Provider represents, warrants and covenants to the Company that as of the Effective Date:

(a) the Provider is a corporation which was duly organized and is validly existing under the laws of the country of Spain;

(b) the Provider is duly qualified to carry out its business, and is in good standing in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities makes such qualifications necessary;

(c) the Provider has the full right, power and authority, and has taken all corporate action necessary, to enter into this Agreement and be bound by the terms of this Agreement, none of which require the consent of any other person or entity;

(d) the Provider has complied with all requirements for the operation of its business and operations in accordance with the laws applicable to the Provider, in all material respects;

(e) the execution and delivery of this Agreement and the performance by the Provider of its obligations pursuant to this Agreement do not and will not constitute a breach of or a default under any other agreement or obligation applicable to the Provider, including its organizational documents; and

(f) upon execution and delivery of this Agreement by the Provider, this Agreement will constitute the valid and binding obligation of the Provider enforceable in accordance with its terms except to the extent that such enforcement shall be limited by bankruptcy, insolvency, moratorium and other laws affecting the rights of creditors generally.

8. Limitation of Liability.

NEITHER PARTY NOR ANY OF ITS AFFILIATES, MEMBERS, STOCKHOLDERS, OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS SHALL BE LIABLE FOR ANY CONSEQUENTIAL, INCIDENTAL, EXEMPLARY, PUNITIVE, INDIRECT OR SPECIAL DAMAGES OF ANY NATURE ARISING FROM BREACH OF WARRANTY, BREACH OF CONTRACT, NEGLIGENCE OR ANY OTHER LEGAL THEORY, WHETHER IN TORT OR CONTRACT, INCLUDING WITHOUT LIMITATION LOST PROFITS, EVEN IF SUCH PARTY HAS BEEN APPRISED OF THE LIKELIHOOD OF SUCH DAMAGES OCCURRING. IN NO EVENT SHALL EITHER PARTY OR ANY OF ITS AFFILIATES, MEMBERS, STOCKHOLDERS, OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS BE LIABLE FOR ANY DIRECT DAMAGES IN EXCESS OF THE AGGREGATE AMOUNTS PAID BY THE COMPANY TO PROVIDER IN THE TWELVE (12) MONTH PERIOD PRECEDING THE DATE OF THE EVENT GIVING RISE TO THE CLAIM FOR SUCH DIRECT DAMAGES.

9. Confidential Information. The Parties acknowledge that each Party (the "**Receiving Party**") shall have access to material, records, data and information regarding the other Party (the "**Disclosing Party**") not generally available to the public ("**Confidential Information**"). Accordingly, the Receiving Party shall hold in confidence and will not directly or indirectly disclose, use, copy or make lists of any such Confidential Information except to the extent authorized in writing by the Disclosing Party, as required by law or any competent administrative agency, or as otherwise is reasonably necessary or appropriate in connection with the performance pursuant to this Agreement by the Receiving Party. Confidential Information includes: (a) concepts, (b) business plans and theories, (c) employee training materials and programs, (d) software, (e) policies and procedures, (f) specifications, calculations, data, notes and memoranda, code books, methods of operation, strategies and plans and contracts, (g) financial information, (h) professional fee information, (i) salary and compensation information, (j) cost and profit information, (k) record keeping practices, (l) administrative and operational matters and practices, (m) customer and vendor information, (n) development and research work, (o) marketing programs, plans and proposals, (p) other information about internal systems, processes, concepts, practices, and procedures and (q) other information that is proprietary or confidential to the Disclosing Party.

10. Company Default; the Provider's Remedies. For purposes of this Agreement, a "**Company Default**" shall be defined as a breach by the Company to perform its covenants and obligations under this Agreement, provided the Company shall be provided thirty (30) days after receipt of written notice from the Provider to the Company identifying such failure or non-performance to cure such breach. Notwithstanding the foregoing, (a) no cure period shall be provided if the breach is not curable, and (b) if a cure period is permitted, it shall automatically be reduced in duration to an appropriate period of time if curing such breach in such thirty (30)-day period would cause an adverse effect on the Provider or the Company. Upon the occurrence of a Company Default (and upon the conclusion of the cure period, if permitted), the Provider may, at its sole option and in its sole discretion, elect to: (a) pursue all remedies available at law and equity (including action for damages and specific performance; (b) seek resolution and remedies as provided in this Agreement; or (c) terminate this Agreement pursuant to Section 1(b), effective immediately, upon delivery of written notice to the Company. Any action for damages by the Provider may include the Provider's reasonable attorneys' fees, costs, expert fees and any other reasonable, actual out-of-pocket costs of the Provider associated with the work completed by or on behalf of the Provider in connection with seeking remedy for a Company Default, subject to Section 8.

11. Provider Default; the Company's Remedies. For purposes of this Agreement, a "**Provider Default**" shall be defined as a breach by the Provider to perform its covenants and obligations under this Agreement, provided the Provider shall be provided thirty (30) days after receipt of written notice from the Company to the Provider identifying such failure or non-performance to cure such breach. Notwithstanding the foregoing, (a) no cure period shall be provided if the breach is not curable, and (b) if a cure period is permitted, it shall be automatically reduced in duration to an appropriate period of time if curing such breach in such thirty (30)-day period would cause an adverse effect on the Company. Upon the occurrence of a Provider Default (and the conclusion of the cure period, if permitted), the Company may, at its sole option and in its sole discretion, elect to: (a) pursue all remedies available at law and equity (including action for damages and specific performance); (b) seek resolution and remedies as provided in this Agreement; or (c) terminate this Agreement pursuant to Section 1(c), effective immediately, upon delivery of written notice to the Provider. Any action for damages by the Company may include the Company's reasonable attorneys' fees, costs, expert fees and any other reasonable, actual out-of-pockets cost of the Company associated with the work completed by or on behalf of the Company in connection with seeking remedy for a Provider Default, subject to Section 8.

12. Waiver. The failure of a Party to enforce any provision of this Agreement at any time, to exercise any election or option provided herein, or to require at any time the performance of any provisions herein will not in any way constitute a waiver of such provision.

13. Severability. If any provision of this Agreement is held to be invalid or unenforceable for any reason whatsoever, the remaining provisions shall remain valid and unimpaired, and shall continue in full force and effect.

14. Amendment. This Agreement may only be amended by a written amendment, signed by each Party.

15. Assignment. This Agreement may not be assigned by the Company or Rocha without the Provider's prior written consent. The Provider may assign this Agreement to any party for any reason without the consent of the Company.

16. Entire Agreement. This Agreement contains all of the terms and conditions agreed upon by the Parties and this Agreement supersedes all other agreements oral or otherwise regarding the subject matter hereof.

17. Counterparts. This Agreement may be executed in any number of counterparts (by actual, electronic (.PDF) or facsimile delivery), each of which when so executed and delivered shall be taken to be an original; but such counterparts shall together constitute one and the same document.

18. Notices. Notices. All notices, requests, demands, claims and other communications hereunder will be in writing. Any notice, request, demand, claim or other communication hereunder shall be deemed duly given (a) when delivered personally to the recipient, (b) one (1) business day after being sent to the recipient by reputable overnight courier service (charges prepaid), (c) one (1) business day after being sent to the recipient by electronic mail or (d) four (4) business days after being mailed to the recipient by certified or registered mail, return receipt requested and postage prepaid, and addressed to the intended recipient as set forth below. Any Party may change the address to which notices, requests, demands, claims and other communications hereunder are to be delivered by giving the other Parties notice in the manner herein set forth.

If to the Provider:

Swivel Secure Europe, S.A.
3349 Highway 138, Building A, Suite E
Wall, NJ 07719
Attention: Michael DePasquale, CEO

If to the Company:

Swivel Aman - FZCO
____
____
____
Attention:
E-mail:

If to Rocha:

Alex Rocha
Calle Punto Mobi 4
28805 Alcala de Henares
Madrid, Spain
Attention: Alex Rocha

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties agree to be bound as of the date first written above.

PROVIDER:

Swivel Secure Europe, S.A.,
a company incorporated under the laws of Spain

By: /s/ James Sullivan
Name: James Sullivan
Title: Director

By: /s/ Cecilia Welch
Name: Cecilia Welch
Title: Director

COMPANY:

Swivel Aman – FZCO,
a United Arab Emirates Free Zone Company

By: /s/ Alex Rocha
Name: Alex Rocha
Title: ______________________

ROCHA:

/s/ Alex Rocha
Alex Rocha

EXHIBIT A

MANAGEMENT SERVICES

Day-to-day operation of the business, including sales efforts, collection efforts, depositing any customer payments, marketing efforts, identifying and recruiting individuals to work at and operate the Company, and accounting services.

Exhibit 10.2

OPTION AGREEMENT

This Option Agreement is made and entered into this 8th day of March, 2022, by and between BIO-key International, Inc., a Delaware corporation (the "Buyer"), and Alex Rocha (the "Seller").

RECITALS

A. Buyer, Seller, and Swivel Secure Europe, S.A., a company incorporated under the laws of Spain (Company No. ES A87886347) ("Swivel Secure"), are parties to that certain Stock Purchase Agreement dated February 2, 2022 (the "Purchase Agreement"), pursuant to which Buyer agreed to purchase and Seller agreed to sell all of the issued and outstanding shares of capital stock of Swivel Secure;

B. Pursuant to Section 5.11 of the Purchase Agreement, Buyer and Seller agreed to enter into this Option Agreement providing for Buyer to purchase 100% of the equity interests in or 100% of the assets of Swivel Aman – FZCO, a United Arab Emirates Free Zone Company (the "Company"); and

C. Seller owns 100 % of the equity interests of the Company.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. **GRANT OF OPTION.** The Seller hereby grants to the Buyer, or its designee or assignee, the exclusive right and option to be exercised on or before the end of the Option Term to purchase 100% of the equity interests in the Company (the "Equity Interests") or up to 100% of the assets of the Company (the "Assets"), as determined by Buyer, its designee or assignee, as applicable, in its sole and absolute discretion.

2. **PURCHASE PRICE**. If the option is exercised, the purchase price for the Equity Interests or Assets, as applicable, shall be One Dollar ($1.00). All dollar figures or $ herein shall refer to lawful currency of the United States.

3. **EXERCISE OF OPTION.** The option shall be deemed fully exercised if written notice of election to exercise is given by the Buyer, its designee or assignee, to the Seller by delivery of such notice to the Seller at the address set forth next to the Seller's signature at the end of this Option Agreement at any time on or before the Option Termination Date.

4. **NEGATIVE COVENANTS.** Prior to the earlier of the exercise or expiration of this option, Seller shall not, and shall not agree to, sell, assign, gift, transfer or otherwise dispose of any of the Equity Interests. Prior to the earlier of the exercise or expiration of this option, the Company shall not, and shall not agree to (a) sell, assign, gift, transfer or otherwise transfer any Assets except in the ordinary course of business consistent with past practice or (b) issue, sell, distribute or grant any equity interest in the Company or any option, warrant or other right to purchase any equity interest in the Company.

5. **AFFIRMATIVE COVENANT**. In the event that Buyer, its designee or assignee determines to exercise this option to purchase the Assets, Seller shall take, and shall cause the Company to take, all actions, execute and deliver all such documents, instruments, conveyances and assurances, and take all such further actions as may be reasonably required to transfer the Assets to Buyer, its designee or assignee and give effect to the transactions contemplated by this Option Agreement.

6. **DATE OF CLOSING**. From and after delivery of the notice of election set forth in Section 3, the parties hereto shall, and shall cause their respective affiliates to, use commercially reasonable efforts to close the purchase and sale of the Equity Interests or Assets as soon as reasonably practicable after delivery of such notice of election.

7. **OPTION TERM.** The term of the option (the "Option Term") shall commence on the date hereof and shall terminate at midnight, February 2, 2025 (the "Option Termination Date").

8. **CLOSING DOCUMENTS.** Subject to performance by the Buyer and the Seller of their respective obligations hereunder, the Buyer, or its designee or assignee, as applicable, shall execute, as necessary, and deliver at the closing, documents standard and customary to evidence a transaction of this nature, and any other agreements documents, instruments, conveyances and assurances as Buyer, its designee or assignee reasonably request, and take all such further actions as Buyer, its designee or assignee determine are reasonably required to transfer the Assets or Equity Interests to Buyer, its designee or assignee and give effect to the transactions contemplated by this Option Agreement.

9. **FURTHER ASSURANCES.** Each of the parties hereto shall, and shall cause their respective affiliates designees or assigns to, execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Option Agreement and give effect to the transactions contemplated by this Option Agreement.

10. **NO PARTNERSHIP OR JOINT VENTURE CREATED HEREBY.** Nothing in this Option Agreement shall be interpreted as creating a partnership or joint venture between the Buyer and the Seller.

11. **ENTIRE AGREEMENT; INCORPORATION.** This Option Agreement contains the entire understanding of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings between the parties with respect to such subject matter. The recitals are incorporated by reference as if set forth herein.

12. **SUCCESSORS AND ASSIGNS.** Seller may not assign this Option Agreement or its rights under this Option Agreement without the prior written consent of the Buyer. Buyer may assign this Option Agreement and its rights under this Option Agreement to any person without the consent of Seller. This Option Agreement, and the rights and obligations of the parties, shall be binding upon, and inure to the benefit of, the parties and their respective successors and assigns.

13. **AMENDMENT, MODIFICATION, AND WAIVER.** No amendment, modification, or waiver of any condition, provision, or term shall be valid or of any effect unless made in writing, signed by the party or parties to be bound or a duly authorized representative, and specifying with particularity the extent and nature of such amendment, modification, or waiver. Any waiver by any party of any default of another party shall not affect or impair any right arising from any subsequent default.

14. **SEVERABLE PROVISIONS.** Each provision, section, sentence, clause, phrase, and word of this Option Agreement is intended to be severable. If any provision, section, sentence, clause, phrase, or word hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of this Option Agreement which remainder shall be valid and enforceable to the fullest extent permitted by applicable law.

15. **CAPTIONS, HEADINGS, OR TITLES.** All captions, headings, or titles in the paragraphs or sections of this Option Agreement are inserted for convenience of reference only and shall not constitute a part of this Option Agreement as a limitation of the scope of the particular paragraphs or sections to which they apply.

16. **ATTORNEYS' FEES**. If any party institutes any action to interpret or enforce this Option Agreement, or to recover damages for breach of this Option Agreement, the prevailing party shall be entitled to recover costs of suit or arbitration and to recover actual and reasonable attorneys' fees.

17. **NEW JERSEY LAW.** This Agreement shall be construed and enforced in accordance with the laws of the State of New Jersey.

18. **COUNTERPARTS**. This Option Agreement may be executed in counterparts, including via electronic means, each of which shall be deemed an original for all purposes, and both of which together shall constitute and be deemed one and the same agreement.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Option Agreement as of the date set forth above.

Dated as of the date first set forth above.

Seller's address:	**SELLER:**
Calle Punto Mobi 4 28805 Alcala de Henares Madrid, Spain	/s/ Alex Rocha ALEX ROCHA
Buyer's address	**BUYER:**
3349 Highway 138 Building A, Suite E Wall, NJ 07719	BIO-KEY INTERNATIONAL, INC.
	By:/s/ Michael DePasquale Name: Michael DePasquale Title: Chief Executive Officer

Exhibit 10.3

SPECIFIC TERMS IN THIS EXHIBIT HAVE BEEN REDACTED BECAUSE SUCH TERMS ARE NOT MATERIAL AND WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED. SUCH TERMS HAVE BEEN MARKED AT THE APPROPRIATE PLACE WITH THREE ASTERISKS (***)

DATED 23 October 2020

(1) SWIVEL SECURE LIMITED

and

(2) SWIVEL SECURE EUROPE S.A.

DISTRIBUTOR AGREEMENT

THIS AGREEMENT is dated and is made **BETWEEN:**

(1) **SWIVEL SECURE LIMITED** a company incorporated in England with company number 04068905 whose registered office is at 1200 Century Way, Thorpe Park, Leeds, LS15 8ZA **("Swivel");** and

(2) **SWIVEL SECURE EUROPE S.A.,** a company incorporated under the laws of Spain (Company No. ES A87886347) with its principal place of business at Av. Juan Carlos I, n°13 - 12° planta (Torre Garena), Alcala de Henares, 28806 Madrid, Spain **("SSE")** (the **"Distributor")**

(each a **"Party"** and together the **"Parties")**

WHEREAS:

Swivel is to appoint the Distributor as a non-exclusive distributor of Swivel's products in the Territory on the terms set out in this Agreement.

IT IS AGREED:

1. **DEFINITIONS**

1.1 In this Agreement the following expressions have the following meanings:

"Business Day"	means a day (other than a Saturday or Sunday) on which banks are generally open for the conduct of normal banking business in London and, if the Distributor is incorporated outside the United Kingdom, in the Distributor's country of incorporation;
"Commencement Date"	means the date of this Agreement;
"Customer"	means a person who has contracted to purchase any Product from the Distributor or its VARs;
"Intellectual Property Rights"	means all industrial and intellectual property rights of Swivel arising in connection with the Products including without limitation, the rights of Swivel in patents , trade and service marks (whether registered or unregistered), domain names, inventions (whether or not capable of protection by registration), know how, registered designs, unregistered design rights, copyrights, databases, applications for any of the foregoing together with the right to make such applications and copyright in all manufacturing data, drawings, specifications, manuals, instructions, plans, designs, topographies, websites and computer programs together with all information of a confidential nature and all rights under any agreement between Swivel and any third party in relation to the use of any of the above in any jurisdiction;
"Products"	means all those products of Swivel described in schedule 1 together with any products of Swivel added to schedule 1 by Swivel in accordance with clause 2.3;

"Revenue Target"	has the meaning given in clause 5.4;
"Term"	means the period during which this Agreement is in force as determined in accordance with clause 2.2;
"Territory"	means world wide;
"Trade Marks"	means any registered or unregistered trade or service mark owned by Swivel and used in connection with the Products and such other marks or names as Swivel may from time specify in connection with the Products; and
"VAR"	means value added reseller.

1.2 In interpreting this Agreement:

1.2.1 references to clauses and schedules are to Clauses and schedules of this Agreement unless stated otherwise;

1.2.2 references to the singular include the plural and vice versa and references to a gender include both genders;

1.2.3 references to a **"person"** include an individual, firm, unincorporated association or body corporate;

1.2.4 the headings to this Agreement shall be ignored;

1.2.5 where reference is made to a statutory provision this includes all prior and subsequent enactments, amendments and modifications relating to that provision and any regulations made under it;

1.2.6 general words introduced by the word "other" shall not be given a restrictive meaning because they are preceded by words indicating a particular class of acts, matters or things; and

1.2.7 general words shall not be given a restrictive meaning because they are followed by particular examples intended to be embraced by the general words.

2. **APPOINTMENT**

2.1 Swivel appoints the Distributor and the Distributor agrees to serve Swivel as its non exclusive distributor of the Products within the Territory. Swivel grants to the Distributor the non-exclusive right, for the Term, to market, sell and distribute the Products in the Territory. On the Commencement Date, the Distributor shall, unless otherwise agreed by Swivel in writing, pay to Swivel the accreditation fee of Swivel.

2.2 This Agreement will start on the Commencement Date and, subject always to the provisions for earlier termination contained in this Agreement, shall continue in force for an initial term of one year and shall automatically continue in force for further terms of one year commencing on the anniversary of the Commencement Date unless either Party has given to the other written notice that it does not wish the Agreement to continue beyond the end of the then current term of one year no later than 30 days before the end of such term.

2.3 Swivel reserves the right at its sole discretion upon at least 30 days' notice to:

2.3.1 add new products to schedule 1 by providing to the Distributor a copy of schedule 1 reflecting such additions or other changes; and

2.3.2 modify, alter, improve or change any or all of the Products by amending schedule 1 to reflect such changes.

2.4 The Distributor hereby acknowledges and agrees that Swivel has the right at all times in the Territory to itself market, sell, distribute and otherwise deal in any manner whatsoever in or with the Products and all other of its products.

2.5 Subject to the other provisions of this Agreement Swivel shall supply the Distributor with such Products as the Distributor shall order in accordance with the provisions of this Agreement.

3. **PROVISIONS RELATING TO THE TRADE MARKS AND INTELLECTUAL PROPERTY RIGHTS**

3.1 Swivel grants to the Distributor the right to use the Trade Marks in marketing, promoting and selling Products provided that, when using the Trade Marks, the Distributor shall comply with the following conditions:

3.1.1 the Distributor shall use the appropriate Trade Marks in referring to a Product in any advertisement or publication or in the use, marketing, distribution or sale of the Products;

3.1.2 the Distributor shall follow the directions of Swivel concerning the presentation and manner of use of the Trade Marks including directions concerning the representation of marks as registered;

3.1.3 all goodwill generated in any Trade Mark by virtue of the Distributor's use shall be deemed to accrue to Swivel and the Distributor shall if so requested execute appropriate documents to transfer the goodwill to Swivel and shall upon termination of this Agreement cease to use the Trade Marks and to refer to itself as associated with Swivel in any way;

3.1.4 the Trade Marks shall not be used in association with any products other than the Products;

3.1.5 the Distributor shall not act in any manner which may cause the Trade Marks to be adversely affected or come into disrepute or lose goodwill;

3.1.6 the Distributor shall use the Trade Marks in accordance with and as set out in any brand manual supplied by Swivel.

3.2 The Distributor shall not alter or remove any copyright notices or other proprietary notices in or on the Products.

3.3 The Distributor acknowledges and agrees that at all times Swivel shall own the originals and all copies of the Products, all improvements, adaptations, updates and other modifications howsoever made to the Products and all Intellectual Property Rights relating to the Products and the Distributor shall not acquire any rights of any kind in relation thereto.

3.4 If requested and at Swivel's expense, the Distributor shall execute all documents and do all further acts and things requested by Swivel in any relevant country within the Territory to protect, record and enforce Swivel's Intellectual Property Rights in the Products.

3.5 The Distributor shall not copy, modify, alter, enhance, decompile, disassemble, or reverse engineer the Products.

3.6 The Distributor agrees that it shall not contest the validity of any Intellectual Property Rights of Swivel nor their applicability to the Products. In the event that the Distributor breaches this condition then Swivel may at its discretion terminate this Agreement forthwith.

3.7 In the event of any infringement of any third party's intellectual property rights Swivel at its option, shall be entitled to replace the relevant Product or any infringing part thereof with a compatible, functionally equivalent and non-infringing product, or to modify such Product or take any other action so that it becomes non-infringing. Should such option not be reasonably available within 30 days of the notification of the proven infringement to Swivel, then this Agreement may be terminated at the option of either Party upon 30 days written notice.

3.8 Swivel shall indemnify the Distributor in respect of any proven claim that the normal use or possession of any Product infringes the intellectual property rights of any third party, provided that:

3.8.1 the Distributor notifies Swivel immediately it becomes aware of any claim or threatened claim that the Product infringes the intellectual property rights of that third party;

3.8.2 Swivel is given immediate and complete control of such claim;

3.8.3 the Distributor makes no admissions or statements without Swivel's prior written consent except where Distributor is legally required to do so;

3.8.4 the Distributor gives Swivel all reasonable assistance at Swivel's expense with such claim; and

3.8.5 the Distributor does not enter into any settlement of any such claim without the prior written consent of Swivel.

4. **PROVISIONS RELATING TO THE ORDERING, DELIVERY AND SALE OF PRODUCTS**

4.1 The Distributor shall give orders and make forecasts of its requirements for Products and each order when accepted by Swivel shall constitute a separate contract.

4.2 All purchase orders from the Distributor for Products shall be accepted by Swivel at its office at 1200 Century Way, Thorpe Park, Leeds, LS15 8ZA or such other location as Swivel shall notify to the Distributor from time to time upon the terms and conditions contained herein. A purchase order is considered as accepted by Swivel unless Swivel has notified the Distributor in writing within 3 Business Days that that order has not been accepted as placed. Each order when accepted by Swivel will constitute a separate contract.

5. **PRICES, PAYMENT AND REVENUE TARGETS**

5.1 The price of Products to the Distributor is the then current applicable standard retail price from Swivel's price list, less the applicable discount percentage set out in schedule 2. The Distributor hereby acknowledges and agrees that it has received a copy of Swivel's current price list as at the date of this Agreement and Swivel agrees to provide the Distributor with updated price lists promptly following their production. The prices set out in the price list of Swivel in existence on the date of this Agreement shall apply until the Distributor receives another price list from Swivel.

5.2 All prices in Swivel's price list are exclusive of any taxes and duties.

5.3 All payments to be made by the Distributor under or in connection with this Agreement shall be made by no later than 30 days following receipt of the relevant invoice, in full, in immediately available funds and free of any set-off or counterclaim or any other deduction whatsoever. If the Distributor fails to pay any sum payable by it to Swivel under this Agreement on its due date, it shall pay interest on the unpaid sum at a rate per annum equal to ten per cent from the due date until the date of actual payment as well after as before judgement.

5.4 The Distributor is required to meet certain revenue targets (each a **"Revenue Target")** with respect to the sale of Products in the Territory during certain quarterly periods during the Term. The Revenue Targets for the 12 month period commencing on the Commencement Date are set out in schedule 4. If the Revenue Targets for the 12 month period commencing on the Commencement Date are for any reason not set out in schedule 4, the Parties shall agree such Revenue Targets within 30 days of the Commencement Date and if they fail to agree such Revenue Targets within such period, Swivel shall be entitled to terminate this Agreement by giving to the Distributor not less than 14 days written notice.

5.5 The Parties shall agree the Revenue Targets for each 12 month period which follows the initial 12 month term of this Agreement by no later than the final day of the then current 12 month period. If the Parties fail to agree such Revenue Targets by such date, Swivel shall be entitled to terminate this Agreement by giving to the Distributor not less than 14 days written notice.

5.6 If any Revenue Target is not satisfied in respect of a quarterly period, Swivel shall be entitled to terminate this Agreement by giving to the Distributor not less than 14 days written notice.

5.7 The Distributor shall provide such information as Swivel shall request for the purpose of enabling Swivel to determine whether a Revenue Target has been met.

6. **DUTIES AND OBLIGATIONS OF SWIVEL**

6.1 Swivel shall during the period of twelve months following the Commencement Date make available (at the Distributor's cost, unless otherwise agreed) employees of Swivel at either Swivel's or the Distributor's premises for a period of not more than five days for the purpose of training selected employees of the Distributor in the promotion, sale and operation of Products.

6.2 Swivel shall make available to the Distributor at no cost, in the English language, in electronic format such sales and technical literature and documentation as is made generally available by Swivel in respect of the Products.

6.3 Any technical consultancy and technical or marketing support provided by the Swivel which is requested by the Distributor outside of the agreed standard support and maintenance arrangements between the Parties will be provided by Swivel at its then current consultancy rates plus expenses.

6.4 Swivel shall provide with its software Products a standard end-user licence agreement.

6.5 Swivel shall ensure that Distributor is provided with all of the benefits set out in Part B of schedule 6.

6.6 Swivel shall, while this Agreement is in existence, provide each of the services set out in schedule 3 for the benefit of the Distributor.

7. **DUTIES AND OBLIGATIONS OF THE DISTRIBUTOR**

7.1 The Distributor shall at all times while this Agreement is in existence:

7.1.1 ensure that one of its staff is made responsible for the overall relationship between Swivel and the Distributor,

7.1.2 provide a comprehensive service (either directly or through sub-contractors) for the implementation and support of the Products in the Territory to standards reasonably acceptable to Swivel.

7.1.3 not hold Itself out or permit itself to be held out as Swivel's agent or representative and the Distributor acknowledges it has no authority to legally bind Swivel in any way (including any action resulting in Swivel becoming liable to any party),

7.1.4 not without Swivel's prior written approval make any representation in respect of any of the Products except such representations as are contained in Swivel's current user manuals or standard product literature,

7.1.5 in the meeting of its obligations set out in this Agreement at all times (i) use reasonable skill and care, (ii) ensure services provided are to a satisfactory quality, (iii) do (or omit to do) nothing which causes or is likely to cause the reputation of Swivel (and its products and services) to be adversely affected, and (iv) avoid making any false representations as to Swivel's current or future products or services (and to check in advance with Swivel in the case of any doubt), 7.1.6 contact Swivel promptly with written details of any complaints or difficulties experienced by customers which are not or cannot be readily solved by the Distributor, and ensure that any reasonable requests for information made by Swivel relating to the Distributor's business pursuant to this Agreement are promptly and accurately answered,

7.1.7 provide a summary of sales achieved within 14 days of the beginning of each month, together with sales forecasts for the following 12 months,

7.1.8 maintain adequate facilities with which to demonstrate the Products to VARs and potential VARs,

7.1.9 comply with each of the obligations of the Distributor set out in Part A of schedule 6,

7.1.10 recognize and apply the price discounts granted by Swivel to its duly appointed VARs.

7.2 Within 30 days of the execution by both Parties of this Agreement, the Distributor shall, with Swivel's assistance, develop a marketing plan (the **"Marketing Plan")** and the Parties shall agree the Marketing Plan.

7.3 The Distributor shall within 7 days of the Commencement Date complete and return to Swivel the Distributor Main Contacts List in the form set out in schedule 5.

8. **TERMINATION**

8.1 Either Party may terminate this Agreement forthwith by notice in writing if the other is in breach of this Agreement and shall have failed to remedy the breach within 30 days (7 days in the case of a failure by the Distributor to pay any amount due to Swivel) of the receipt of a request in writing from the Party not in breach that the breach be remedied.

8.2 In addition to other rights of termination contained herein, either Party (the **"non Defaulting Party")** shall be entitled to terminate this Agreement forthwith by notice in writing to the other (the **"Defaulting Party")** if:

8.2.1 any judgment or order of a court of competent jurisdiction made against the Defaulting Party is not stayed or complied with within 7 days or an encumbrancer takes possession of the whole or any part of the assets, rights or revenues of the Defaulting Party or a distress or other process is levied or enforced upon any of the assets, rights or revenues of the Defaulting Party and is not discharged within 7 days; or

8.2.2 the Defaulting Party stops or suspends payment of its debts or is, or is deemed to be, unable to, or admits inability to, pay its debts as they fall due or commences negotiations with one or more of its creditors with a view to the general rescheduling of all or any of its debts or proposes or enters into any composition or other arrangement for the benefit of its creditors generally or any class thereof; or

8.2.3 the Defaulting Party is adjudicated or found bankrupt or insolvent or any step is taken or bona fide proceedings are commenced for the winding-up, administration or dissolution of the Defaulting Party or for the appointment of a liquidator, administrator, receiver or similar officer in respect of the Defaulting Party or of the whole or any part of its assets, rights or revenues (other, in any case, than a voluntary winding-up in connection with a solvent corporate restructuring); or

8.2.4 any ,event occurs or proceeding is taken with respect to the Defaulting Party in any jurisdiction to which it is subject which has an effect equivalent or similar to any of the events mentioned in paragraphs 8.2.1, 8.2.2 or 8.2.3.

8.3 The termination of this Agreement however arising will be without prejudice to the rights and duties of the Parties accrued prior to termination. The clauses in this Agreement · which expressly or impliedly have effect after termination will continue to be enforceable notwithstanding termination.

9. **FORCE MAJEURE**

Neither Party shall be liable to the other Party in any manner whatsoever for any failure or delay in performing its obligations under this Agreement due to force majeure which expression for the purposes of this Agreement means any cause beyond the reasonable control of the Party in question including, but not limited to, governmental actions, war, riots, civil commotion, fire, flood, epidemic, labour disputes (including labour disputes involving the work force or any part thereof of the Party in question), restraints or delays affecting shipping or carriers, inability or delay in obtaining supplies of adequate or suitable materials, currency restrictions and act of God provided that:-

9.1.1 the date for performance of the contractual obligation which has been delayed by the force majeure event shall be deemed suspended only for a period equal to the delay caused by such event;

9.1.2 the Party seeking to exempt itself from liability by virtue of the provisions of this clause shall give written notice to the other Party within 7 days of becoming aware of the force majeure event and shall at all times use all reasonable endeavours to mitigate the effect of the force majeure event.

10. **CONFIDENTIALITY**

Neither of the Parties shall at any time during the continuance of this Agreement, or for a period of two years after its termination, disclose to any person other than its officers, employees and professional advisers, on a needs to know basis, any of the terms and conditions of this Agreement and/or any agreement entered into pursuant to or in connection with it and/or any information relating to the other Party's affairs or business or method of carrying on business. This obligation of non-disclosure shall not apply to any information which:

10.1.1 was, prior to the date of this Agreement, in the public domain or which falls into the public domain other than by breach of this Agreement by the Party to whom such information has been disclosed; or

10.1.2 is lawfully received by the Party to whom the information is disclosed from a third party which is not subject to an obligation of confidentiality owed to the Party disclosing such information or in respect of which such information is confidential; or

10.1.3 is required to be disclosed by any applicable law or regulation or by any judicial authority.

If, in compliance with this clause 10, a Party shall disclose any information, the disclosure of which is restricted by this clause 10, to any of its officers, employees and/or professional advisers, it shall notify them of the obligations contained in this clause 10 and cause them to comply with such obligations.

11. **DATA PROTECTION**

11.1 The Parties shall each comply with the data protection provisions as set out in Schedule 7.

12. **LIMITATION OF LIABILITY**

12.1 Neither Party excludes or limits liability to the other Party for fraud (including fraudulent misrepresentation) or for death or personal injury arising from its negligence.

12.2 Neither Party shall be responsible or liable to the other Party for, and shall not pay, any amount of special, incidental, consequential or other indirect damages whatsoever, including, but without limitation, damages based on lost revenue, loss of business profits, loss of business information, business interruption, loss of goodwill, loss of anticipated savings or otherwise, regardless of whether advised of the possibility of such losses in advance.

12.3 Subject to clause 12.1 and without prejudice to clause 12.2, the aggregate liability of Swivel under or in connection with this Agreement shall not exceed the aggregate amounts paid by the Distributor to Swivel under this Agreement in the twelve months immediately prior to the date of the relevant claim or the date of the first of a number of connected claims.

12.4 Each Party shall use its reasonable endeavours to mitigate any loss for which the other Party is responsible.

12.5 The provisions of this clause 12 will survive termination of this Agreement.

13. **SEVERABILITY**

The illegality, invalidity or unenforceability of any clause shall not affect the legality, validity or enforceability of the remainder. If any such clause is found by any competent court or authority to be illegal, invalid or unenforceable the Parties agree that they will substitute provisions in a form as similar to the offending provisions as is possible without thereby rendering them illegal, invalid or unenforceable but without imposing on either Party any obligation greater than is contained in the offending provision.

14. **RELATIONSHIP OF PARTIES**

14.1 Each of the Parties hereto is an independent contractor and nothing contained in this Agreement shall be construed to imply that there is any relationship between the Parties of partnership or of principal/agent or of employer/employee nor are the Parties hereby engaging in a joint venture and accordingly neither of the Parties shall have any right or authority to act on behalf of the other nor to bind the other by contract or otherwise, unless expressly permitted by the terms of this Agreement.

14.2 Each of the Parties shall bear its own costs in connection with preparation and negotiation of this Agreement and any agreement entered into pursuant to this Agreement.

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15. **ASSIGNMENT**

The Distributor may not assign and/or transfer all or any of its rights and/or obligations under this Agreement without the prior written consent of Swivel.

16. **ENTIRE AGREEMENT**

16.1 Each Party acknowledges that this Agreement together with all documents entered into or to be entered into under its terms (a) together constitutes the entire agreement and understanding between the Parties with respect to the subject matter of this Agreement and (b) in relation to such subject matter supersedes all prior discussions, understanding and agreements between the Parties and their agents.

16.2 Each Party also agrees that in entering into this Agreement and the documents referred to in it is not relying on any statements, warranties, or representations given or made (whether negligently or Innocently and whether express or implied), or any acts or omissions by or on the part of any other Party or by or on the part of any other person not a Party to this Agreement in relation to the subject matter of this Agreement, except those expressly set out in this Agreement and any other documents referred to above and it shall have no rights or remedies with respect to such subject matter otherwise than under this Agreement and the documents executed at the same time as it or referred to in it.

17. **REPRESENTATIONS AND WARRANTIES**

17.1 Swivel represents and warrants to the Distributor on the date of this Agreement that:

17.1.1 this Agreement constitutes its legal, valid and binding obligations enforceable in accordance with its terms;

17.1.2 it has the power to execute this Agreement and to perform its obligations under this Agreement and all necessary corporate, shareholder and other action has been taken to authorize the execution of this Agreement by it and the performance of its obligations under this Agreement.

17.2 the Distributor represents and warrants to Swivel on the date of this Agreement that:

17.2.1 this Agreement constitutes its legal, valid and binding obligations enforceable in accordance with its terms;

17.2.2 it has the power to execute this Agreement and to perform its obligations under this Agreement and all necessary corporate, shareholder and other action has been taken to authorize the execution of this Agreement by it and the performance of its obligations under this Agreement; and

17.2.3 employees and representatives of the Distributor have the proper skill, training and background to perform the services to be performed by the Distributor pursuant to this Agreement in a competent and professional manner.

17.3 **Product warranties**

Swivel warrants to the Distributor that the Products delivered under this Agreement will be free from defects in materials and workmanship effective for ninety days, beginning on the date of Swivel's original shipment of the Products to the Distributor and ending on the ninety first day or upon resale to a Customer by the Distributor, whichever first occurs. Provided that (i) the Distributor has notified Swivel of a defect in the Products during the applicable warranty period and (ii) Swivel has confirmed such Products to be defective after the Distributor has returned them to Swivel, as Swivel's exclusive remedy for breach of warranty, Swivel will replace any such Product at no charge to the Distributor.

18. **VARIATIONS**

No amendment or variation to this Agreement shall be effective unless in writing and signed by a director or other duly authorized officer of each of the Parties hereto.

19. **WAIVER**

19.1 A failure by a Party to exercise, or a delay in exercising, any right or remedy under this Agreement shall not constitute a waiver of the right or remedy or a waiver of any other rights or remedies which that Party may otherwise have and no single or partial exercise of any right or remedy under this Agreement :shall prevent any further exercise of the right or remedy or the exercise of any other right or remedy.

19.2 Any waiver of a breach of any of the terms of this Agreement or of any default under this Agreement shall not be deemed a waiver of any subsequent breach or default and shall not affect the other terms of this Agreement.

20. **NATURE OF RIGHTS**

The rights and remedies provided by this Agreement are additional to and do not exclude any rights or remedies provided by law

21. **NOTICES**

21.1 Any notice or other communication under or in connection with this Agreement shall be in writing in the English language and sent marked for the attention of the CEO or Managing Director and shall be delivered personally or sent by pre-paid registered or recorded delivery post (and air mail if overseas) or by facsimile or other electronic media, to the Party intended to receive the notice or communication at its address set out in this Agreement or such other address as that Party may specify by notice in writing to the Party giving the notice.

21.2 In the absence of evidence of earlier receipt, any notice or other communication shall be deemed to have been duly given:-

21.2.1 if delivered personally, when left at the address referred to in clause 21.1

21.2.2 if sent by mail, other than air mail, two days after posting it;

21.2.3 if sent by air mail, seven days after posting it; and

21.2.4 if sent by facsimile or other electronic media, when clearly received in full provided that a copy of the notice or communication is also put into the post in accordance with clause 21.1 within 24 hours following the despatch of the initial version.

22. **GOVERNING LAW**

The Parties agree that any disputes arising under or in any way connected with the subject matter of this Agreement (whether of a contractual or tortious nature or otherwise) shall be subject to English law and to the exclusive jurisdiction of the English courts.

23. **THIRD PARTY RIGHTS**

A person who is not a party to this Agreement shall have no rights pursuant to the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement.

SCHEDULE 1

Products

1 Swivel Authentication Appliance

2 Swivel Software

3 Swivel Maintenance

4 Swivel Professional Services

SCHEDULE 2

Discounts

The applicable discount to the Distributor shall depend upon the particular Product which the Distributor purchases from the Supplier and the class of Reseller to which the Distributor is to sell such Product, as laid out in Swivel's Partner Program. The applicable discount shall also be subject to the Supplier's deal registration program. The Distributor shall be entitled to a percentage discount which is the applicable percentage discount to the relevant class of Reseller for the particular Product plus [***]%.

SCHEDULE 3

SERVICES TO BE PROVIDED BY SWIVEL SECURE LIMITED

1. Provide at least three ongoing commercialised reference customers that the Distributor can openly have communications access with.

2. Respond within a period of one Business Day to any referral to it from the Distributor which arises as a result of any failure of a Swivel product sold by Swivel to the Distributor to perform in accordance with Swivel's product documentation, provided that Swivel shall not be obliged to respond to and/or take any action in response to any referral from the Distributor where another party, for example a VAR, is contractually obliged to take any remedial action required in connection with the circumstances giving rise to such referral and/or the referral arises as a result of any person (a) modifying any Swivel product, or (b) operating a Swivel product in an operating environment not approved by Swivel, or (c) using a Swivel product improperly, or (d) the improper installation of any Swivel products.

3. Ensure that its products continue to operate under all operating environments and conditions specified in Swivel's product documentation.

4. Ensure that Swivel's product documentation is kept current and is updated on an annual basis.

SCHEDULE 4

REVENUE TARGETS

The revenue targets for the period up to and including __________2020 are:

Quarterly Period	REVENUE TARGET Aggregate revenues within the stated Quarterly Period to be achieved by the Distributor from sales of Products
_________ 2019 to (and including) 2019	€ _________
_________ 2019 to (and including) 2019	€ _________
_________ 2019 to (and including) 2019	€ _________
_________ 2020 to (and including) 2020	€ _________

SCHEDULE 5

Distributor Main Contacts List

Relationship Manager: ____

Tel: ______________________________ Fax: ______________________________

Email Address: _______________ Mob: ______________________________

SCHEDULE 6

DISTRIBUTOR PROVISIONS

PART A- Distributor Obligations

Distributor shall

- provide a comprehensive service (Levels 1 and 2) of technical support to its clients to standards reasonably acceptable to Swivel
- establish sales objectives and a detailed business plan within 30 days of the Commencement Date
- ensure that two systems engineers are fully trained and certified by Swivel within 30 days from the Commencement Date
- ensure that sales training offered by Swivel is undertaken by the majority of its sales force
- provide monthly a sales pipeline report, a monthly sales forecast report and a monthly sales out report

PART B - Benefits to the Distributor

Distributor will be entitled to:

- AuthControl Sentry all company NFR (not for resale) license
- Receive a Distribution Partner Plaque
- Sales and Marketing collateral, soft and hard copies (hard copy limits apply)
- Use of Swivel Secure Distribution Partner logo (guidelines apply)
- Regular partner updates
- Swivel Secure field sales support available for 5 days at no cost to help with customer and prospect installations. Distributor will be responsible for travel costs.
- Co-funded field marketing programs
- Initial 2-day technical training course for 10 people at no charge
- Initial 1-day sales training at no charge
- Priority inclusion in beta testing (subject to availability)
- Joint participation in conferences, tradeshows, seminars (advance booking)

SCHEDULE 7

Data Protection Provisions

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Schedule 7 (Data Processing Provisions), the following terms shall have the following meanings:

"Data Controller", "Data Processor", "Data Subject", "Personal Data" and **"processing"** all have the meanings given to those terms in DP Laws (and related terms such as **"process"** shall have corresponding meanings);

"DP Laws" means any applicable law, enactment, regulation, regulatory policy, by law, ordinance or subordinate legislation relating to the processing, privacy, and use of Personal Data, as applicable to the Distributor and/or the Supplier, including:

(a) the Regulation of the European Parliament and of the Council on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) ("GDPR");

(b) the Data Protection Act 2018;

(c) the Privacy and Electronic Communications (EC Directive) Regulations 2003 (as may be amended by the proposed Regulation on Privacy and Electronic Communications);

(d) any legislation that, in respect of the United Kingdom, replaces, or enacts into United Kingdom domestic law, the GDPR, the proposed Regulation on Privacy and Electronic Communications or any other law relating to data protection, the processing of personal data and privacy as a consequence of the United Kingdom leaving the European Union; and/or

(e) any judicial or administrative interpretation of them, any guidance, guidelines, codes of practice, approved codes of conduct or approved certification mechanisms issued by any relevant Supervisory Authority.

"Personal Data Breach" means any breach of security leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, any Personal Data;

"Special Categories of Personal Data" means personal data described in Article 9(1) of the GDPR; and

"Supervisory Authority" means any local, national or multinational agency, department, official, parliament, public or statutory person or any government or professional body, regulatory or supervisory authority, board or other body responsible for administering DP Laws.

2. DATA CONTROLLER STATUS

2.1 The Parties acknowledge that each Party may disclose or make available to the other Party Personal Data for the of selling Products to Customers.

3. DATA CONTROLLER STATUS

3.1 Each Party is a Data Controller in respect of the Personal Data it discloses or makes available to the other Party and each Party will process Personal Data as a separate and independent Data Controller for the purposes of this Agreement.

4. SHARED PERSONAL DATA

4.1 The following types of Personal Data will be shared between the Parties during the Term of this Agreement:

4.1.1 name, address, telephone number, mobile telephone number, email address, work job title (the **"Shared Personal Data").**

4.2 Special Categories of Personal Data will not be shared between the Parties.

4.3 The Shared Personal Data must not be irrelevant or excessive with regard to the agreed purpose of the Agreement

5. DATA SHARING PROVISIONS

5.1 Each Party shall be individually and separately responsible for complying with the obligations that apply to it as a Data Controller under any applicable DP Laws in relation to the Personal Data processed under this Agreement, in particular but without limitation:

5.1.1 ensuring that there is a lawful basis on which Personal Data is processed by it (including its transfer of the Personal Data to the other Party under this Agreement);

5.1.2 ensuring that the transparency disclosure requirements of applicable DP Laws are satisfied by providing the required information to Data Subjects where applicable (including its transfer to the other Party of the Personal Data under this Agreement); and

5.1.3 ensuring that it keeps Personal Data secure at all times, including by implementing and maintaining at its cost and expense, appropriate technical and organisational measures in relation to its processing of the Personal Data so as to ensure a level of security appropriate to the risks that are presented by the processing, in particular from accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to Personal Data transmitted, stored or otherwise processed.

5.2 Notwithstanding paragraph 5.1, each Party shall ensure all Personal Data are accurate prior to any sharing with the other Party under this Agreement, and shall take reasonable steps to ensure such Personal Data remains accurate on an ongoing basis, notifying the other Party within a reasonable time in the event it receives updates or corrections to any of such Personal Data, where it is reasonable to do so.

5.3 Each Party shall provide reasonable assistance, information and co-operation as regards data protection matters where requested by the other Party in respect of Personal Data shared between them pursuant to this Agreement, including:

5.3.1 In respect of any matter which in the reasonable opinion of the other Party is required for ensuring that Party's continued compliance with DP Laws;

5.3.2 in respect of any claim and/or exercise or purported exercise of rights by a Data Subject under the DP Laws or any investigation or enforcement activity by any lawful data protection Supervisory Authority, which relates to or is connected with the other Party's processing of Personal Data pursuant to this Agreement;

5.3.3 in respect of any Personal Data Breach, without undue delay provide such information as the other Party may require under DP Laws in order to report such Personal Data Breach to the Supervisory Authority;

5.3.4 if it is contacted or approached in relation to any claim and/or exercise or purported exercise of rights by a Data Subject under DP Laws; and/or

5.3.5 in the event of any investigation or enforcement activity by any Supervisory Authority.

5.4 Neither Party shall do or permit anything to be done through any act or omission that would cause the other Party to incur any liability under DP Laws.

5.5 If the Parties determine that it is necessary to transfer Personal Data to a country outside the European Economic Area, the Parties shall be responsible for ensuring that such transfer is effected by way of a legally enforceable mechanism for transfers of Personal Data as may be permitted under DP Laws from time to time, including where appropriate the model clauses as set out in Annexure 1 to this Agreement.

ANNEXURE 1
MODEL CLAUSES

DATA TRANSFER AGREEMENT

PARTIES

(1) **SWIVEL SECURE LIMITED** a company incorporated in England and Wales with registered number 04068905 whose registered address is at 1200 Century Way, Thorpe Park, Leeds, LS15 8ZA **'data exporter';** and

(2) **SWIVEL SECURE EUROPE S.A.,** a company incorporated under the laws of Spain (Company No. ES A87886347) with its principal place of business at Av. Juan Carlos I, n°13 - 12° planta (Torre Garena), Alcala de Henares, 28806 Madrid, Spain **("SSE") 'data importer'**

each a 'party'; together 'the parties'.

1. DEFINITIONS

1.1 For the purposes of the clauses:

"personal data", "special categories of data/sensitive data", "process/processing", "controller", "processor", "data subject" and **"supervisory authority/authority"** shall have the same meaning as in Directive 95/46/EC of 24 October 1995 (whereby "the authority" shall mean the competent data protection authority in the territory in which the data exporter is established);

the **"data exporter"** shall mean the controller who transfers the personal data;

the **"data importer"** shall mean the controller who agrees to receive from the data exporter personal data for further processing in accordance with the terms of these clauses and who is not subject to a third country's system ensuring adequate protection;

"clauses" shall mean these contractual clauses, which are a free-standing document that does not incorporate commercial business terms established by the parties under separate commercial arrangements.

1.2 The details of the transfer (as well as the personal data covered) are specified in Annexure 3, which forms an integral part of the clauses.

Obligations of the data exporter

The data exporter warrants and undertakes that:

The personal data have been collected, processed and transferred in accordance with the laws applicable to the data exporter.

It has used reasonable efforts to determine that the data importer is able to satisfy its legal obligations under these clauses.

It will provide the data importer, when so requested, with copies of relevant data protection laws or references to them (where relevant, and not including legal advice) of the country in which the data exporter is established.

It will respond to enquiries from data subjects and the authority concerning processing of the personal data by the data importer, unless the parties have agreed that the data importer will so respond, in which case the data exporter will still respond to the extent reasonably possible and with the information reasonably available to it if the data importer is unwilling or unable to respond. Responses will be made within a reasonable time.

It will make available, upon request, a copy of the clauses to data subjects who are third party beneficiaries under clause (Ill), unless the clauses contain confidential information, in which case it may remove such information. Where information is removed, the data exporter shall inform data subjects in writing of the reason for removal and of their right to draw the removal to the attention of the authority. However, the data exporter shall abide by a decision of the authority regarding access to the full text of the clauses by data subjects, as long as data subjects have agreed to respect the confidentiality of the confidential information removed. The data exporter shall also provide a copy of the clauses to the authority where required.

Obligations of the data importer

The data importer warrants and undertakes that:

It will have in place appropriate technical and organisational measures to protect the personal data against accidental or unlawful destruction or accidental loss, alteration, unauthorised disclosure or access, and which provide a level of security appropriate to the risk represented by the processing and the nature of the data to be protected.

It will have in place procedures so that any third party it authorises to have access to the personal data, including processors, will respect and maintain the confidentiality and security of the personal data. Any person acting under the authority of the data importer, including a data processor, shall be obligated to process the personal data only on instructions from the data importer. This provision does not apply to persons authorised or required by law or regulation to have access to the personal data.

It has no reason to believe, at the time of entering into these clauses, in the existence of any local laws that would have a substantial adverse effect on the guarantees provided for under these clauses, and it will inform the data exporter (which will pass such notification on to the authority where required) if it becomes aware of any such laws.

It will process the personal data for purposes described in Annexure 3, and has the legal authority to give the warranties and fulfil the undertakings set out in, these clauses.

It will identify to the data exporter a contact point within its organisation authorised to respond to enquiries concerning processing of the personal data, and will co operate in good faith with the data exporter, the data subject and the authority concerning all such enquiries within a reasonable time. In case of legal dissolution of the data exporter, or if the parties have so agreed, the data importer will assume responsibility for compliance with the provisions of clause (l)(e).

At the request of the data exporter, it will provide the data exporter with evidence of financial resources sufficient to fulfil its responsibilities under clause (Ill) (which may include insurance coverage).

Upon reasonable request of the data exporter, it will submit its data processing facilities, data files and documentation needed for processing to reviewing, auditing and/or certifying by the data exporter (or any independent or impartial inspection agents or auditors, selected by the data exporter and not reasonably objected to by the data importer) to ascertain compliance with the warranties and undertakings in these clauses, with reasonable notice and during regular business hours. The request will be subject to any necessary consent or approval from a regulatory or supervisory authority within the country of the data importer, which consent or approval the data importer will attempt to obtain in a timely fashion.

It will process the personal data, at its option, in accordance with:

the data protection laws of the country in which the data exporter is established; or

the relevant provisions of any Commission decision pursuant to Article 25(6) of Directive 95/46/EC, where the data importer complies with the relevant provisions of such an authorisation or decision and is based in a country to which such an authorisation or decision pertains, but is not covered by such authorisation or decision for the purposes of the transfer(s) of the personal data; or

the data processing principles set forth in Annexure 2.

Data importer to indicate which option it selects: (h)(iii)

It will not disclose or transfer the personal data to a third party data controller located outside the European Economic Area (EEA) unless it notifies the data exporter about the transfer and:

the third party data controller processes the personal data in accordance with a Commission decision finding that a third country provides adequate protection; or

the third party data controller becomes a signatory to these clauses or another data transfer agreement approved by a competent authority in the EU; or

data subjects have been given the opportunity to object, after having been informed of the purposes of the transfer, the categories of recipients and the fact that the countries to which data is exported may have different data protection standards; or

with regard to onward transfers of sensitive data, data subjects have given their unambiguous consent to the onward transfer.

Liability and third party rights

Each party shall be liable to the other parties for damages it causes by any breach of these clauses. Liability as between the parties is limited to actual damage suffered. Punitive damages (i.e., damages intended to punish a party for its outrageous conduct) are specifically excluded. Each party shall be liable to data subjects for damages it causes by any breach of third-party rights under these clauses. This does not affect the liability of the data exporter under its data protection law.

The parties agree that a data subject shall have the right to enforce as a third party beneficiary this clause and clauses (l)(b), (l)(d), (l)(e), (ll)(a), (ll)(c), (ll)(d), (ll)(e), (ll)(h), (ll)(i), (lll)(a), (V), (Vl)(d) and (VII) against the data importer or the data exporter, for their respective breach of their contractual obligations, with regard to his personal data, and accept jurisdiction for this purpose in the data exporter's country of establishment. In cases involving allegations of breach by the data importer, the data subject must first request the data exporter to take appropriate action to enforce his rights against the data importer; if the data exporter does not take such action within a reasonable period (which under normal circumstances would be one month), the data subject may then enforce his rights against the data importer directly. A data subject is entitled to proceed directly against a data exporter that has failed to use reasonable efforts to determine that the data importer is able to satisfy its legal obligations under these clauses (the data exporter shall have the burden to prove that it took reasonable efforts).

Law applicable to the clauses

These clauses shall be governed by the law of the country in which the data exporter is established, with the exception of the laws and regulations relating to processing of the personal data by the data importer under clause (ll)(h), which shall apply only if so selected by the data importer under that clause.

Resolution of disputes with data subjects or the authority

In the event of a dispute or claim brought by a data subject or the authority concerning the processing of the personal data against either or both of the parties, the parties will inform each other about any such disputes or claims, and will cooperate with a view to settling them amicably in a timely fashion.

The parties agree to respond to any generally available non-binding mediation procedure initiated by a data subject or by the authority. If they do participate in the proceedings, the parties may elect to do so remotely (such as by telephone or other electronic means). The parties also agree to consider participating in any other arbitration, mediation or other dispute resolution proceedings developed for data protection disputes.

Each party shall abide by a decision of a competent court of the data exporter's country of establishment or of the authority which is final and against which no further appeal is possible.

Termination

In the event that the data importer is in breach of its obligations under these clauses, then the data exporter may temporarily suspend the transfer of personal data to the data importer until the breach is repaired or the contract is terminated.

In the event that:

the transfer of personal data to the data importer has been temporarily suspended by the data exporter for longer than one month pursuant to paragraph (a);

compliance by the data importer with these clauses would put it in breach of its legal or regulatory obligations in the country of import;

the data importer is in substantial or persistent breach of any warranties or undertakings given by it under these clauses;

a final decision against which no further appeal is possible of a competent court of the data exporter's country of establishment or of the authority rules that there has been a breach of the clauses by the data importer or the data exporter; or

a petition is presented for the administration or winding up of the data importer, whether in its personal or business capacity, which petition is not dismissed within the applicable period for such dismissal under applicable law; a winding up order is made; a receiver is appointed over any of its assets; a trustee in bankruptcy is appointed, if the data importer is an individual; a company voluntary arrangement is commenced by it; or any equivalent event in any jurisdiction occurs.

then the data exporter, without prejudice to any other rights which it may have against the data importer, shall be entitled to terminate these clauses, in which case the authority shall be informed where required. In cases covered by (i), (ii), or (iv) above the data importer may also terminate these clauses.

Either party may terminate these clauses if (i) any Commission positive adequacy decision under Article 25(6) of Directive 95/46/EC (or any superseding text) is issued in relation to the country (or a sector thereof) to which the data is transferred and processed by the data importer, or (ii) Directive 95/46/EC (or any superseding text) becomes directly applicable in such country.

The parties agree that the termination of these clauses at any time, in any circumstances and for whatever reason (except for termination under clause (Vl)(c)) does not exempt them from the obligations and/or conditions under the clauses as regards the processing of the personal data transferred.

Variation of these clauses

The parties may not modify these clauses except to update any information in Annexure 3, in which case they will inform the authority where required. This does not preclude the parties from adding additional commercial clauses where required.

Description of the transfer

The details of the transfer and of the personal data are specified in Annexure 3. The parties agree that Annexure 3 may contain confidential business information which they will not disclose to third parties, except as required by law or in response to a competent regulatory or government agency, or as required under clause (l)(e). The parties may execute additional annexes to cover additional transfers, which will be submitted to the authority where required.

Annexure 3 may, in the alternative, be drafted to cover multiple transfers.

Dated: 19 October 2020.

ANNEXURE2

DATA PROCESSING PRINCIPLES

1. Purpose limitation: Personal data may be processed and subsequently used or further communicated only for purposes described in Annexure 3 or subsequently authorised by the data subject.

2. Data quality and proportionality: Personal data must be accurate and, where necessary, kept up to date. The personal data must be adequate, relevant and not excessive in relation to the purposes for which they are transferred and further processed.

3. Transparency: Data subjects must be provided with information necessary to ensure fair processing (such as information about the purposes of processing and about the transfer}, unless such information has already been given by the data exporter.

4. Security and confidentiality: Technical and organisational security measures must be taken by the data controller that are appropriate to the risks, such as against accidental or unlawful destruction or accidental loss, alteration, unauthorised disclosure or access, presented by the processing. Any person acting under the authority of the data controller, including a processor, must not process the data except on instructions from the data controller.

5. Rights of access, rectification, deletion and objection: As provided in Article 12 of Directive 95/46/EC, data subjects must, whether directly or via a third party, be provided with the personal information about them that an organisation holds, except for requests which are manifestly abusive, based on unreasonable intervals or their number or repetitive or systematic nature, or for which access need not be granted under the law of the country of the data exporter. Provided that the authority has given its prior approval, access need also not be granted when doing so would be likely to seriously harm the interests of the data importer or other organisations dealing with the data importer and such interests are not overridden by the interests for fundamental rights and freedoms of the data subject. The sources of the personal data need not be identified when this is not possible by reasonable efforts, or where the rights of persons other than the individual would be violated. Data subjects must be able to have the personal information about them rectified, amended, or deleted where it is inaccurate or processed against these principles. If there are compelling grounds to doubt the legitimacy of the request, the organisation may require further justifications before proceeding to rectification, amendment or deletion. Notification of any rectification, amendment or deletion to third parties to whom the data have been disclosed need not be made when this involves a disproportionate effort. A data subject must also be able to object to the processing of the personal data relating to him if there are compelling legitimate grounds relating to his particular situation. The burden of proof for any refusal rests on the data importer, and the data subject may always challenge a refusal before the authority.

6. Sensitive data: The data importer shall take such additional measures (e.g. relating to security) as are necessary to protect such sensitive data in accordance with its obligations under clause (II).

7. Data used for marketing purposes: Where data are processed for the purposes of direct marketing, effective procedures should exist allowing the data subject at any time to 'opt out' from having his data used for such purposes.

8. Automated decisions: For purposes hereof 'automated decision' shall mean a decision by the data exporter or the data importer which produces legal effects concerning a data subject or significantly affects a data subject and which is based solely on automated processing of personal data intended to evaluate certain personal aspects relating to him, such as his performance at work, creditworthiness, reliability, conduct, etc. The data importer shall not make any automated decisions concerning data subjects, except when:

(a)

(i) such decisions are made by the data importer in entering into or performing a contract with the data subject, and

(ii) the data subject is given an opportunity to discuss the results of a relevant automated decision with a representative of the parties making such decision or otherwise to make representations to that parties.

or

(b) where otherwise provided by the law of the data exporter.

ANNEXURE 3
DESCRIPTION OF THE TRANSFER

Data subjects
The personal data transferred concern the following categories of data subjects

Potential customers who may purchase the data exporter's products from the data importer, where the data importer is acting as a reseller of the data exporter outside of the EEA.

Purposes of the transfer(s)

The transfer is made for the following purposes: to allow the data importer to provide relevant contact details of customers to the data exporter.

Categories of data

The personal data transferred concern the following categories of data: name, address, telephone number, mobile telephone number, email address, work address, work email address, of potential customers.

Recipients

The personal data transferred may be disclosed only to the following recipients or categories of recipients: certain employees, contractors and agents of the data importer who need to receive the personal data for the purposes described above.

Sensitive data (if appropriate)

The personal data transferred concern the following categories of sensitive data: no sensitive personal data will be transferred.

Data protection registration information of data exporter (where applicable):

- ICO Data Protection Register, Registration number: N/A

Additional useful information (storage limits and other relevant information): N/A
Contact points for data protection enquiries

IN WITNESS WHEREOF this Agreement has been entered into the day and year first above written

SIGNED by
SWIVEL SECURE LIMITED

/s/ Carl Singler
Name: Carl Singler
Title: CFO

SIGNED by
THE DISTRIBUTOR

/s/ Alex Rocha
Name: Alex Rocha
Title: Director

Exhibit 10.4

SPECIFIC TERMS IN THIS EXHIBIT HAVE BEEN REDACTED BECAUSE SUCH TERMS ARE NOT MATERIAL AND WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED. SUCH TERMS HAVE BEEN MARKED AT THE APPROPRIATE PLACE WITH THREE ASTERISKS (***)

DEED OF VARIATION

THIS DEED OF VARIATION is dated 26 January 2022 and made **BETWEEN:**

(1) **SWIVEL SECURE LIMITED,** a company incorporated in England with registered number 04068905 and whose registered office is at 1200 Century Way, Thorpe Park, Leeds, England, LS15 8ZA **("Swivel");** and;

(2) **SWIVEL SECURE EUROPE S.A.,** a company incorporated under the laws of Spain (Company No. ES A87886347) with its principal place of business at Av. Juan Carlos I, n°13 - 12° planta (Torre Garena), Alcala de Henares, 28806 Madrid, Spain **("SSE")** {the **"Distributor").**

WHEREAS:

(A) Swivel and the Distributor entered into an agreement on 23 October 2020 (the **"Agreement")** pursuant to which Swivel agreed to appoint the Distributor as a non-exclusive distributor of Swivel's products.

(B) Swivel and the Distributor have now agreed to amend certain terms of the Agreement on the terms and subject to the conditions contained in this Deed of Variation.

NOW IT **IS AGREED** as follows:

1 Interpretation

1.1 Definitions

1.1.1 Unless the context otherwise requires and save as mentioned below, words and expressions defined in the Agreement shall have the same meanings when used in this Deed of Variation.

1.1.2 In this Deed of Variation, the term **"Effective Date"** shall mean 1 February 2022.

1.2 Interpretation of Revised Agreement

1.2.1 References in the Agreement to **"this Agreement"** shall unless the context otherwise requires, be references to the Agreement as amended by this Deed of Variation and words such as **"herein", "hereof', "hereunder", "hereafter", "hereby"** and **"hereto",** where they appear in the Agreement, shall be construed accordingly.

1.2.2 A reference to a clause or to an Appendix shall, save where the contrary is expressed to be the case, be to a clause of or, as the case may be, an Appendix to this Deed of Variation and references for this Deed of Variation shall include its recitals and Appendices.

2 Amendments to The Agreement

2.1 With effect from the Effective Date, the Agreement shall be amended as follows:

2.1.1 The recital in the Agreement shall be deleted and replaced with:

"Swivel is to appoint the Distributor as its exclusive distributor of Swivel's products in the Territory on the terms set out in this Agreement."

2.1.2 The definition of **"Territory"** in clause 1.1 of the Agreement shall be deleted and replaced with:

""Territory" means EMEA (Europe, Middle East and Africa), but excluding the United Kingdom and Republic of Ireland;"

2.1.3 The following definitions shall be inserted at clause 1.1 of the Agreement:

""Contract Year" means a period of 12 months (or such shorter period if this Agreement is terminated earlier), commencing on 1 February 2022 and/or each anniversary of 1 February 2022."

"Parent" means any entity that is the direct beneficial owner of more than 50% of the issued shares or securities of the Distributor from time to time."

2.1.4 Clause 2.1 of the Agreement shall be deleted and replaced with:

"Swivel appoints the Distributor and the Distributor agrees to serve Swivel as its exclusive distributor of the Products within the Territory. Swivel grants to the Distributor the exclusive right, for the Term, to market, sell and distribute the Products in the Territory."

2.1.5 In clause 2.2 of the Agreement, the words:

(a) "an initial term of one year" shall be deleted and replaced with the words "an initial term ending on 31 January 2027"; and

(b) "the anniversary of the Commencement Date" shall be deleted and replaced with the words "1 February 2027 and extending each 1 February thereafter".

2.1.6 Clauses 2.4, 5.4, 5.5 and 5.6 of the Agreement shall be deleted in their entirety.

2.1.7 The following clause 4.3 shall be added to the Agreement:

"4.3 The Distributor undertakes to place orders of Products with a minimum total net price of £[***] every Contract Year of the Term **("Minimum Order").** In the event that the Distributor breaches this condition then Swivel may at its discretion notify the Distributor of such breach in writing, and if the Distributor fails to place new additional orders of Products to reach the Minimum Order for that Contract Year **("Shortfall Orders")** within 90 days of the date of the notice from Swivel, the Distributor's exclusive rights in the Territory granted pursuant to clause 2.1 of this Agreement shall terminate and the Distributor shall be appointed as its non-exclusive distributor of the Products within the Territory only. For the avoidance of doubt, any Shortfall Orders in respect of a Contract Year shall not be included in the calculation of the Minimum Order for a following Contract Year."

2.1.8 In clause 5.3 of the Agreement, the words:

(a) "30 days" shall be deleted and replaced with the words "60 days"; and

(b) "ten per cent" shall be deleted and replaced with the words "three per cent".

2.1.9 The following clauses shall be added to the Agreement:

"6.7 Swivel shall, no later than 01 April 2022, deposit the source code of its software Products in escrow with NCC Group. Swivel shall ensure that the deposited version of the source code is the current version of the software and that the deposited version is kept up to date as the software is modified or-upgraded. Swivel shall pay any fees under the escrow agreement with NCC Group.

6.8 Where Swivel is unable to procure compliance with clause 6.7 is respect of any third party software, it shall agree with the Distributor a suitable alternative to escrow that affords the Distributor equivalent protection.

6.9 If any event described in clauses 8.2.1 to 8.2.4 of this Agreement occurs with respect to Swivel, the Distributor shall be entitled to obtain the release of the source code from escrow, and Swivel hereby grants to the Distributor a royalty-free and non-exclusive license to use, support, modify and enhance the source code version of the software to the extent necessary to allow the Distributor to carry out bug fixing and support existing customers."

2.1.10 In the first paragraph of clause 10 of the Agreement, "officers, employees and professional advisers" shall be deleted and replaced with "officers, employees, professional advisers and Parent", and in the final paragraph of clause 10 of the Agreement "officers, employees and/or professional advisers" shall be deleted and replaced with "officers, employees, professional advisers and/or Parent".

2.1.11 Schedule 2 of the Agreement shall be deleted and replaced with Appendix 2 of this Deed of Variation.

2.1.12 The definition of **"DP Laws"** in Schedule 7 of the Agreement shall be deleted and replaced with:

"DP Laws" means any applicable law, enactment, regulation, regulatory policy, by law, ordinance or subordinate legislation relating to the processing, privacy, and use of Personal Data, as applicable to the Distributor and/or the Supplier, including:

(a) the Regulation of the European Parliament and of the Council on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) ("EU GDPR");

(b) the Data Protection Act 2018;

(c) the Privacy and Electronic Communications (EC Directive) Regulations 2003 (as may be amended by the proposed Regulation on Privacy and Electronic Communications);

(d) the EU GDPR as it forms part of domestic law in the United Kingdom by virtue of section 3 of the European Union (Withdrawal) Act 2018 (including as further amended or modified by the laws of the United Kingdom or a part of the United Kingdom from time to time) ("UK GDPR"); and/or

(e) any judicial or administrative interpretation of them, any guidance, guidelines, codes of practice, approved codes of conduct or approved certification mechanisms issued by any relevant Supervisory Authority."

2.1.13 The following definition shall be inserted in paragraph 1.1 of Schedule 7 of the Agreement:

"GDPR" means the EU GDPR or the UK GDPR (as applicable);"

3 Miscellaneous

3.1 Continuation of Agreement

Save as amended by this Deed of Variation, the provisions of the Agreement shall continue in full force and effect and the Agreement and this Deed of Variation shall be read and construed as one instrument.

3.2 Counterparts

This Deed of Variation may be executed in any number of counterparts and by the different parties on separate counterparts, each of which when so executed and delivered shall be an original but all counterparts shall together constitute one and the same instrument.

4 Governing Law

The parties agree that any disputes arising under or in any way connected with the subject matter of this Deed of Variation (whether of a contractual or tortious nature or otherwise) shall be subject to English law and to the exclusive jurisdiction of the English courts.

5 The Contracts (Rights of Third Parties) Act 1999

No terms of this Deed of Variation is enforceable under the Contracts (Rights of Third Parties) Act 1999 by a person who is not a party to this Deed of Variation.

IN WITNESS whereof the parties hereto have caused this Deed of Variation to be duly executed the day and year first above written.

EXECUTED as a deed by **SWIVEL SECURE LIMITED,** acting by Carl Singler, a director, and Janak Basnet, a director

/s/ Carl Singer
/s/ Janak Basnet

EXECUTED as a deed by **SWIVEL SECURE EUROPE S.A.,** acting by Alex Rocha, a director,

/s/ Alex Rocha

Appendix 1

SCHEDULE 2

Discounts

1. For the purpose of clause 5.1 of this Agreement, the applicable discount percentage to the Distributor shall be:

   (a) if, as at the date of acceptance of a purchase order by Swivel pursuant to clause 4.2 of this Agreement **("Acceptance"),** the Distributor's total revenue with respect to the sale of Products in the Territory during the then current Contract Year **("Total Revenue")** is £[****] or less, [***]%; or

   (b) if, as at the date of Acceptance, the Distributor's Total Revenue is more than £[****], [***]%.

2. For the avoidance of doubt, the applicable discount percentage for a purchase order shall be the percentage calculated at the date of Acceptance, and no retrospective additional discount will be applied should the Distributor receive a [***]% discount on a purchase order pursuant to paragraph 1(a) above and the Distributor's Total Revenue later exceeds £[***] after the Acceptance of that purchase order.

3. At the end of each Contract Year, the Distributor will provide Swivel with evidence which is reasonably satisfactory to Swivel to verify the Distributor's Total Revenue as of the date of Acceptance of each purchase order placed by Distributor in that Contract Year. If it is identified that the applicable percentage discount applied to a purchase order was incorrect, either the Distributor will pay to Swivel the amount of any under-payment or Swivel will pay to the Distributor the amount of any over-payment (as applicable).

Exhibit 31.1

CERTIFICATION

I, Michael W. DePasquale, certify that:

1. I have reviewed this quarterly report on Form 10-Q of BIO-key International, Inc. (the "Company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting;

5. The Company's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Dated: May 23, 2022

/s/ Michael W. DePasquale
Michael W. DePasquale
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Cecilia C. Welch, certify that:

1. I have reviewed this quarterly report on Form 10-Q of BIO-key International, Inc. (the "Company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting;

5. The Company's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Dated: May 23, 2022

/s/ Cecilia C. Welch
Cecilia C. Welch
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of BIO-key International, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael W. DePasquale, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

BIO-KEY INTERNATIONAL, INC.

By:/s/ Michael W. DePasquale
Michael W. DePasquale
Chief Executive Officer

Dated: May 23, 2022

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of BIO-key International, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Cecilia Welch, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of The Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

BIO-KEY INTERNATIONAL, INC.

By:/s/ Cecilia C. Welch
Cecilia C. Welch
Chief Financial Officer

Dated: May 23, 2022

Document And Entity Information - shares	3 Months Ended Mar. 31, 2022	May 20, 2022
Document Information [Line Items]		
Entity Central Index Key	0001019034	
Entity Registrant Name	BIO KEY INTERNATIONAL INC	
Amendment Flag	false	
Current Fiscal Year End Date	--12-31	
Document Fiscal Period Focus	Q1	
Document Fiscal Year Focus	2022	
Document Type	10-Q	
Document Quarterly Report	true	
Document Period End Date	Mar. 31, 2022	
Document Transition Report	false	
Entity File Number	1-13463	
Entity Incorporation, State or Country Code	DE	
Entity Tax Identification Number	41-1741861	
Entity Address, Address Line One	3349 HIGHWAY 138, BUILDING A, SUITE E	
Entity Address, City or Town	WALL	
Entity Address, State or Province	NJ	
Entity Address, Postal Zip Code	07719	
City Area Code	732	
Local Phone Number	359-1100	
Title of 12(b) Security	Common Stock, par value $0.0001 per share	
Trading Symbol	BKYI	
Security Exchange Name	NASDAQ	
Entity Current Reporting Status	Yes	
Entity Interactive Data Current	Yes	
Entity Filer Category	Non-accelerated Filer	
Entity Small Business	true	
Entity Emerging Growth Company	false	
Entity Shell Company	false	
Entity Common Stock, Shares Outstanding		8,416,818

Condensed Consolidated Balance Sheets (Current Period Unaudited) - USD ($)	Mar. 31, 2022	Dec. 31, 2021
ASSETS		
Cash and cash equivalents	$ 5,801,121	$ 7,754,046
Accounts receivable, net	2,553,331	970,626
Due from factor	51,850	49,500
Financing Receivable, after Allowance for Credit Loss, Current, Total	82,000	82,000
Inventory	4,956,472	4,940,660
Prepaid expenses and other	361,365	216,041
Total current assets	13,806,139	14,012,873
Resalable software license rights	46,247	48,752
Investment – debt security, net	452,821	452,821
Equipment and leasehold improvements, net	129,159	69,168
Capitalized contract costs, net	279,789	249,012
Deposits and other assets	8,712	8,712
Note receivable, net of allowance	110,000	113,000
Operating lease right-of-use assets	202,513	254,100
Intangible assets, net	2,646,804	1,298,077
Goodwill	1,720,803	1,262,526
Total non-current assets	5,596,848	3,756,168
TOTAL ASSETS	19,402,987	17,769,041
LIABILITIES		
Accounts payable	1,014,270	427,772
Accrued liabilities	895,453	828,997
Earnout payable – Swivel acquisition	500,000	0
Government loan – BBVA Bank – current portion	123,000	0
Deferred revenue – current	798,830	565,355
Operating lease liabilities, current portion	156,730	177,188
Total current liabilities	3,488,283	1,999,312
Deferred revenue – long term	54,699	67,300
Operating lease liabilities, net of current portion	54,710	86,974
Government loan – BBVA Bank – net of current portion	423,740	
Total non-current liabilities	533,149	154,274
TOTAL LIABILITIES	4,021,432	2,153,586
Commitments and Contingencies		
STOCKHOLDERS' EQUITY		
Common stock — authorized, 170,000,000 shares; issued and outstanding; 8,406,451 and 7,853,759 of $.0001 par value at March 31, 2022 and December 31, 2021, respectively	841	786
Additional paid-in capital	120,899,785	120,190,139
Accumulated other comprehensive income	55,802	0
Accumulated deficit	(105,574,873)	(104,575,470)
TOTAL STOCKHOLDERS' EQUITY	15,381,555	15,615,455

TOTAL LIABILITIES AND STOCKHOLDERS’ EQUITY	$ 19,402,987	$ 17,769,041

Condensed Consolidated Balance Sheets (Current Period Unaudited) (Parentheticals) - $ / shares	Mar. 31, 2022	Dec. 31, 2021
Common stock, shares authorized (in shares)	170,000,000	170,000,000
Common stock, shares issued (in shares)	8,406,451	7,853,759
Common stock, shares outstanding (in shares)	8,406,451	7,853,759
Common stock, par value (in dollars per share)	$ 0.0001	$ 0.0001

Condensed Consolidated Statements of Operations and Comprehensive Loss (Unaudited) - USD ($)	3 Months Ended	
	Mar. 31, 2022	Mar. 31, 2021
Revenues		
Revenue from Contract with Customer, Including Assessed Tax	$ 1,941,171	$ 1,888,638
Costs and other expenses		
Costs and other expenses	337,441	766,635
Gross Profit	1,603,730	1,122,003
Operating expenses		
Selling, general and administrative	1,797,998	1,516,398
Research, development and engineering	805,266	441,651
Total operating expenses	2,603,264	1,958,049
Operating loss	(999,534)	(836,046)
Other income (expense)		
Interest income	131	2,615
Interest expense	0	(18,000)
Total other income (expense)	131	(15,385)
Net loss	(999,403)	(851,431)
Comprehensive loss:		
Net loss	(999,403)	(851,431)
Foreign currency translation adjustment	55,802	0
Comprehensive loss	$ (943,601)	$ (851,431)
Basic and Diluted Loss per Common Share (in dollars per share)	$ (0.13)	$ (0.11)
Weighted Average Shares Outstanding:		
Basic and Diluted (in shares)	7,885,008	7,773,688
Service [Member]		
Revenues		
Revenue from Contract with Customer, Including Assessed Tax	$ 395,804	$ 380,022
Costs and other expenses		
Costs and other expenses	210,913	175,944
License [Member]		
Revenues		
Revenue from Contract with Customer, Including Assessed Tax	1,460,183	478,958
Costs and other expenses		
Costs and other expenses	73,230	38,969
Hardware [Member]		
Revenues		
Revenue from Contract with Customer, Including Assessed Tax	85,184	1,029,658
Costs and other expenses		
Costs and other expenses	$ 53,298	$ 551,722

Condensed Consolidated Statements of Stockholders' Equity (Unaudited) - USD ($)	Common Stock [Member]	Additional Paid-in Capital [Member]	AOCI Attributable to Parent [Member]	Retained Earnings [Member]	Total
Balance (in shares) at Dec. 31, 2020	7,814,572				
Balance at Dec. 31, 2020	$ 782	$ 119,844,026		$ (99,509,689)	$ 20,335,119
Issuance of common stock for directors' fees (in shares)	2,091				
Issuance of common stock for directors' fees	$ 0	7,510		0	7,510
Issuance of restricted common stock to employees and directors (in shares)	1,250				
Issuance of restricted common stock to employees and directors	$ 0	0		0	0
Foreign currency translation adjustment					0
Share-based compensation	0	133,638		0	133,638
Net loss	0	0		(851,431)	(851,431)
Legal and commitment fees	$ 0	(2,709)		0	(2,709)
Balance (in shares) at Mar. 31, 2021	7,817,913				
Balance at Mar. 31, 2021	$ 782	119,982,465		(100,361,120)	19,622,127
Balance (in shares) at Dec. 31, 2021	7,853,759				
Balance at Dec. 31, 2021	$ 786	120,190,139	$ 0	(104,575,470)	15,615,455
Issuance of common stock for directors' fees (in shares)	9,382				
Issuance of common stock for directors' fees	$ 1	22,019	0	0	22,020
Issuance of common stock pursuant to Swivel purchase agreement (in shares)	269,060				
Issuance of common stock pursuant to Swivel purchase agreement	$ 27	599,977	0	0	600,004
Issuance of restricted common stock to employees and directors (in shares)	274,250				
Issuance of restricted common stock to employees and directors	$ 27	(27)	0	0	0
Foreign currency translation adjustment			55,802	0	55,802

Share-based compensation	0	87,677	0	0	87,677
Net loss	$ 0	0	0	(999,403)	(999,403)
Balance (in shares) at Mar. 31, 2022	8,406,451				
Balance at Mar. 31, 2022	$ 841	$ 120,899,785	$ 55,802	$ (105,574,873)	$ 15,381,555

Condensed Consolidated Statements of Cash Flows (Unaudited) - USD ($)	3 Months Ended	
	Mar. 31, 2022	Mar. 31, 2021
CASH FLOW FROM OPERATING ACTIVITIES:		
Net loss	$ (999,403)	$ (851,431)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation	11,220	25,115
Amortization of intangible assets	54,231	54,016
Amortization of debt discount	0	18,000
Amortization of capitalized contract costs	35,658	22,989
Operating leases right-of-use assets	51,587	57,119
Stock based directors' fees	22,020	7,510
Share based compensation for employees and consultants	87,677	133,638
Bad debts	25,111	0
Change in assets and liabilities:		
Accounts receivable	(904,930)	(884,199)
Due from factor	(2,350)	10,645
Capitalized contract costs	(66,435)	(27,893)
Inventory	(15,812)	(269,500)
Resalable software license rights	2,505	2,521
Prepaid expenses and other	(124,616)	(1,404,654)
Accounts payable	175,341	65,165
Accrued liabilities	45,669	27,465
Deferred revenue	220,874	(128,107)
Operating lease liabilities	(52,722)	(56,958)
Net cash used in operating activities	(1,434,375)	(3,198,559)
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Swivel Secure, net of cash acquired of $729,905	(543,578)	0
Receipt of cash from note receivable	3,000	0
Capital expenditures	(4,459)	(13,307)
Net cash used in investing activities	(545,037)	(13,307)
CASH FLOW FROM FINANCING ACTIVITIES		
Costs to issue notes and common stock	0	(2,709)
Repayments of note payable - PistolStar	0	(250,000)
Net cash used in financing activities	0	(252,709)
Effect of exchange rate changes	26,487	0
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,952,925)	(3,464,575)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	7,754,046	16,993,096
CASH AND CASH EQUIVALENTS, END OF PERIOD	5,801,121	13,528,521
Cash paid for:		
Interest	0	18,000
Noncash Investing and financing activities		
Accounts receivable acquired from Swivel Secure	702,886	0

Equipment acquired from Swivel Secure	65,640	0
Other assets acquired from Swivel Secure	20,708	0
Estimated intangible assets acquired from Swivel Secure	1,379,589	0
Estimated goodwill resulting from the acquisition from Swivel Secure	450,643	0
Accounts payable and accrued expenses acquired from Swivel Secure	431,884	0
Common stock issued for acquisition of Swivel Secure	600,004	0
Swivel Secure Europe [Member]		
Noncash Investing and financing activities		
Government loan acquired from Swivel Secure	$ 544.000	$ 0

Condensed Consolidated Statements of Cash Flows (Unaudited) (Parentheticals)	3 Months Ended Mar. 31, 2022 USD ($)
Cash acquired from purchase	$ 729,905

Note 1 - Nature of Business and Basis of Presentation	3 Months Ended Mar. 31, 2022
Notes to Financial Statements	
Business Description and Accounting Policies [Text Block]	1. NATURE OF BUSINESS AND BASIS OF PRESENTATION

1. NATURE OF BUSINESS AND BASIS OF PRESENTATION

Nature of Business

The Company, founded in 1993, develops and markets proprietary fingerprint identification biometric technology and software solutions enterprise-ready identity access management solutions to commercial, government and education customers throughout the United States and internationally. The Company was a pioneer in developing automated, finger identification technology that supplements or compliments other methods of identification and verification, such as personal inspection identification, passwords, tokens, smart cards, ID cards, PKI, credit cards, passports, driver's licenses, OTP or other form of possession or knowledge-based credentialing. Additionally, advanced BIO-key® technology has been, and is, used to improve both the accuracy and speed of competing finger-based biometrics.

Basis of Presentation

The accompanying unaudited interim condensed consolidated financial statements include the accounts of BIO-key International, Inc. and its wholly-owned subsidiaries (collectively, the "Company" or "BIO-key") and are stated in conformity with accounting principles generally accepted in the United States of America, pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") for interim financial reporting. The operating results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year. Pursuant to such rules and regulations, certain financial information and footnote disclosures normally included in the financial statements have been condensed or omitted. Significant intercompany accounts and transactions have been eliminated in consolidation.

In the opinion of management, the accompanying unaudited interim consolidated financial statements contain all necessary adjustments, consisting only of those of a recurring nature, and disclosures to present fairly the Company's financial position and the results of its operations and cash flows for the periods presented. The balance sheet at December 31, 2021 was derived from the audited financial statements, but does not include all of the disclosures required by accounting principles generally accepted in the United States of America. These unaudited interim condensed consolidated financial statements should be read in conjunction with the financial statements and the related notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2021, filed with the SEC on March 31, 2022.

Foreign Currency

The Company accounts for foreign currency transactions pursuant to ASC 830, *Foreign Currency Matters* ("ASC 830"). The functional currency of the Company is the U.S. dollar, which is the currency of the primary economic environment in which it operates. In accordance with ASC 830, monetary balances denominated in or linked to foreign currency are stated on the basis of the exchange rates prevailing at the applicable balance sheet date. For foreign currency transactions included in the statement of operations, the exchange rates applicable on the relevant transaction dates are used. Gains or losses arising from changes in the exchange rates used in the translation of such transactions and from the remeasurement of the monetary balance sheet items are recorded as gain (loss) on foreign currency transactions.

The functional currency of Swivel Secure Europe, SA is the Euro. Under ASC 830, all assets and liabilities are translated into U. S. dollars using the current exchange rate at the end of each fiscal period. Revenues and expenses are translated using the average exchange rates prevailing throughout the respective periods. All transaction gains and losses from the measurement of monetary balance sheet items denominated in Euros are reflected in the statement of operations as appropriate. Translation adjustments are included in accumulated other comprehensive income.

Goodwill and acquired intangible assets

Goodwill is not amortized, but is evaluated for impairment annually, or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The Company has determined that there is a single reporting unit for the purpose of conducting this goodwill impairment assessment. For purposes of assessing potential impairment, the Company estimates the fair value of the reporting unit, based on the Company's market capitalization, and compares this amount to the carrying value of the reporting unit. If the Company determines that the carrying value of the reporting unit exceeds its fair value, an impairment charge would be required. The annual goodwill impairment test will be performed as of December 31st of each year. To date, the Company has not identified any impairment to goodwill.

Intangible assets acquired in a business combination are recorded at their estimated fair values at the date of acquisition. The Company amortizes acquired definite-lived intangible assets over their estimated useful lives based on the pattern of consumption of the economic benefits or, if that pattern cannot be readily determined, on a straight-line basis.

Recently Issued Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses* (Topic 326), referred to herein as ASU 2016-13, which significantly changes how entities will account for credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. ASU 2016-13 replaces the existing incurred loss model with an expected credit loss model that requires entities to estimate an expected lifetime credit loss on most financial assets and certain other instruments. Under ASU 2016-13 credit impairment is recognized as an allowance for credit losses, rather than as a direct write-down of the amortized cost basis of a financial asset. The impairment allowance is a valuation account deducted from the amortized cost basis of financial assets to present the net amount expected to be collected on the financial asset. Once the new pronouncement is adopted by the Company, the allowance for credit losses must be adjusted for management's current estimate at each reporting date. The new guidance provides no threshold for recognition of impairment allowance. Therefore, entities must also measure expected credit losses on assets that have a low risk of loss. For instance, trade receivables that are either current or not yet due may not require an allowance reserve under currently generally accepted accounting principles, but under the new standard, the Company will have to estimate an allowance for expected credit losses on trade receivables under ASU 2016-13. ASU 2016-13 is effective for annual periods, including interim periods within those annual periods, beginning after December 15, 2022 for smaller reporting companies. Early adoption is permitted. The Company is currently assessing the impact ASU 2016-13 will have on its consolidated financial statements.

Management does not believe that any other recently issued, but not yet effective, accounting standard if currently adopted would have a material effect on the accompanying consolidated financial statements.

Note 2 - Going Concern	3 Months Ended Mar. 31, 2022
Notes to Financial Statements	
Substantial Doubt about Going Concern [Text Block]	2. GOING CONCERN The Company has historically financed our operations through access to the capital markets by issuing secured and convertible debt securities, convertible preferred stock, common stock, and through factoring receivables. The Company currently requires approximately $814,000 per month to conduct operations, a monthly amount that it has been unable to consistently achieve through revenue generation. During 2021, the Company generated approximately $5,114,000 of revenue, which is below its average monthly requirements. With the addition of the Swivel Secure Europe, SA, the Company expects $1,000,000 of additional cash flow to support operations. In addition, the Company is beginning to sell hardware purchased directly for the Nigerian projects to alternative customers. Given the uncertainty of the duration and severity of the current COVID-19 pandemic and the conflict between Ukraine and Russia and their effects on our business operations, sales cycles, personnel, and the geographic markets in which we operate, and numerous other matters of national, regional and global scale, including those of a political, economic, business and competitive nature, the related financial impact cannot be reasonably estimated at this time. As of the date of this report, the Company has enough cash and receivables for twelve months of operations.

Note 3 - Revenue From Contracts With Customers	3 Months Ended Mar. 31, 2022

Notes to Financial Statements

Revenue from Contract with Customer [Text Block]

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

In accordance with ASC 606, *Revenue from Contracts with Customers* ("ASC 606"), revenue is recognized when a customer obtains control of promised services. The amount of revenue recognized reflects the consideration to which the Company expects to be entitled to receive in exchange for these services. To achieve this core principle, the Company applies the following five steps:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to performance obligations in the contract
- Recognize revenue when or as the Company satisfies a performance obligation

Disaggregation of Revenue

The following table summarizes revenue from contracts with customers for the three-month period:

	North America	Africa	EMESA*	Asia	March 31, 2022
License fees	$473,070	$517,161	$ 390,277	$ 79,675	$1,460,183
Hardware	71,900	12,033	1,251	-	85,184
Services	355,632	15,275	24,844	53	395,804
Total Revenues	$900,602	$544,469	$ 416,372	$ 79,728	$1,941,171

	North America	Africa	EMESA*	Asia	March 31, 2021
License fees	$368,800	$ -	$ 42,508	$ 67,650	$ 478,958
Hardware	48,795	684,839	265,995	30,029	1,029,658
Services	359,614	-	17,888	2,520	380,022
Total Revenues	$777,209	$684,839	$ 326,391	$100,199	$1,888,638

*EMESA – Europe, Middle East, South America

Software licenses
Software license revenue consist of fees for perpetual and subscription licenses for one or more of the Company's biometric fingerprint solutions or identity access management solutions. Revenue is recognized at a point in time once the software is available to the customer for download. Software license contracts are generally invoiced in full on execution of the arrangement.

Hardware
Hardware revenue consists of fees for associated equipment sold with or without a software license arrangement, such as servers, locks and fingerprint readers. Customers are not obligated to buy third party hardware from the Company and may procure these items from a number of suppliers. Revenue is recognized at a point in time once the hardware is shipped to the customer. Hardware items are generally invoiced in full on execution of the arrangement.

Support and Maintenance

Support and maintenance revenue consists of fees for unspecified upgrades, telephone assistance and bug fixes. The Company satisfies its support and maintenance performance obligation by providing "stand-ready" assistance as required over the contract period. The Company records deferred revenue (contract liability) at time of prepayment until the term of the contract ends. Revenue is recognized over time on a ratable basis over the contract term. Support and maintenance contracts are up to one to five years in length and are generally invoiced in advance at the beginning of the term. Support and maintenance revenue for subscription licenses is carved out of the total license cost at 18% and recognized on a ratable basis over the license term.

Professional Services

Professional services revenues consist primarily of fees for deployment and optimization services, as well as training. The majority of the Company's consulting contracts are billed on a time and materials basis, and revenue is recognized based on the amount billable to the customer in accordance with practical expedient ASC 606-10-55-18. For other professional services contracts, the Company utilizes an input method and recognizes revenue based on labor hours expended to date relative to the total labor hours expected to be required to satisfy its performance obligation.

Contracts with Multiple Performance Obligations

Some contracts with customers contain multiple performance obligations. For these contracts, the Company accounts for individual performance obligations separately if they are distinct. The transaction price is allocated to the separate performance obligations on a relative standalone selling price basis. The standalone selling prices are determined based on overall pricing objectives, taking into consideration market conditions and other factors, including the value of the contracts, the cloud applications sold, customer demographics, geographic locations, and the number and types of users within the contracts.

The Company considered several factors in determining that control transfers to the customer upon shipment of hardware and availability of download of software. These factors include that legal title transfers to the customer, the Company has a present right to payment, and the customer has assumed the risks and rewards of ownership.

Accounts receivable from customers are typically due within 30 days of invoicing. The Company does not record a reserve for product returns or warranties as amounts are deemed immaterial based on historical experience.

Costs to Obtain and Fulfill a Contract

Costs to obtain and fulfill a contract are predominantly sales commissions earned by the sales force and are considered incremental and recoverable costs of obtaining a contract with a customer. These costs are deferred and then amortized over a period of benefit determined to be four years. These costs are included as capitalized contract costs on the balance sheet. The period of benefit was determined by taking into consideration customer contracts, technology, and other factors based on historical evidence. Amortization expense is included in selling, general and administrative expenses in the accompanying consolidated statements of operations.

Transaction Price Allocated to the Remaining Performance Obligations

ASC 606 requires that the Company disclose the aggregate amount of transaction price that is allocated to performance obligations that have not yet been satisfied as of March 31, 2022. The guidance provides certain practical expedients that limit this requirement, which the Company's contracts meet as follows:

- The performance obligation is part of a contract that has an original expected duration of one year or less, in accordance with ASC 606-10-50-14.

Deferred revenue represents the Company's remaining performance obligations related to prepaid support and maintenance, all of which is expected to be recognized from one to five years.

Deferred Revenue

Deferred revenue includes customer advances and amounts that have been paid by customer for which the contractual maintenance terms have not yet occurred. The majority of these amounts are related to maintenance contracts for which the revenue is recognized ratably over the applicable term, which generally is 12-60 months. Contracts greater than 12 months are segregated as long term deferred revenue. Maintenance contracts include provisions for unspecified when-and-if available product updates and customer telephone support services. At March 31, 2022 and December 31, 2021, amounts in deferred revenue were approximately $854,000 and $633,000, respectively. Revenue recognized during the three months ended March 31, 2022 and 2021 from amounts included in deferred revenue at the beginning of the period was approximately $234,000 and $305,000, respectively. The Company did not recognize any revenue from performance obligations satisfied in prior periods.

Note 4 - Swivel Secure Europe, SA Acquisition	3 Months Ended Mar. 31, 2022
Notes to Financial Statements	
Business Combination Disclosure [Text Block]	

4. SWIVEL SECURE EUROPE, SA ACQUISITION

On March 8, 2022, the Company completed the acquisition of 100% of the issued and outstanding capital stock of Swivel Secure Europe, SA, ('Swivel Secure') based in Madrid, Spain, pursuant to the terms of a stock purchase agreement. The aggregate purchase price consisted of a base purchase price of $1.75 million, subject to closing adjustments based on the closing date working capital, indebtedness and unpaid transaction expenses, and an earn-out of up to $500,000. The earn-out is payable based on Swivel Secure generating $3,000,000 of revenue and $1,000,000 of operating profit during an earn-out period commencing on the closing date and ending on January 31, 2023. The earn-out payment, if any, will be paid at the Company's option, in cash or shares of Company common stock priced at the 20 day volume-weighted average price of the Company's common stock immediately prior to the payment date as reported on the Nasdaq Capital Market. At the closing, the Company made a cash payment of $1.27 million and issued 269,060 shares of common stock of which 89,687 shares were held back by the Company to secure certain indemnification obligations under the stock purchase agreement. The shares of Company common stock were priced at $2.23, the contractual 20 day volume-weighted average price of the Company's common stock immediately prior to the payment date as reported on the Nasdaq Capital Market.

The acquisition has been accounted for as a business combination and, in accordance with ASC 805. The Company recorded the assets acquired and liabilities assumed at their respective fair values as of the acquisition date. The following table summarizes the preliminary purchase price allocation, assuming the earnout will be paid:

Purchase consideration:	
Total cash paid, including working capital adjustment	$1,273,483
Earnout payable	500,000
Common stock issued	600,004
Total purchase price consideration	$2,373,487
Fair value of assets acquired and liabilities assumed:	
Cash and cash equivalents	$ 729,905
Accounts receivable	702,886
Equipment acquired	65,640
Other assets	20,708
Estimated intangible assets	1,379,589
Estimated goodwill	450,643
Total estimated assets acquired	3,349,371
Accounts payable and accrued expenses	431,884
Government loan	544,000
Total liabilities assumed	975,884
Total estimated fair value of assets acquired and liabilities assumed	$2,373,487

The fair value of the assets acquired and liabilities assumed was less than the purchase price, resulting in the recognition of goodwill. The goodwill reflected the value of the synergies the Company expected to realize and the assembled workforce.

The estimated intangible assets identified in the purchase price allocation include the customer relationships.

The government loan was issued through BBVA Bank during the COVID-19 pandemic. The loan bears interest at the rate of 1.75% per annum and is payable in monthly installments of approximately $11,900 inclusive of interest from May 2022 through April 2026.

Note 5 - Accounts Receivable	3 Months Ended Mar. 31, 2022
Notes to Financial Statements	
Loans, Notes, Trade and Other Receivables Disclosure [Text Block]	5. ACCOUNTS RECEIVABLE Accounts receivable are carried at original amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful receivables by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history, and current economic conditions. Accounts receivable are written off when deemed uncollectible. Accounts receivable at March 31, 2022 and December 31, 2021 consisted of the following:

	March 31, 2022	December 31, 2021
Accounts receivable	$ 2,817,116	$ 1,234,411
Loss on foreign currency	(50,000)	(50,000)
Allowance for doubtful accounts	(213,785)	(213,785)
Accounts receivable, net of allowances for doubtful accounts	$ 2,553,331	$ 970,626

Bad debt expenses (if any) are recorded in selling, general, and administrative expense.

Note 6 - Share Based Compensation	3 Months Ended Mar. 31, 2022
Notes to Financial Statements	
Share-Based Payment Arrangement [Text Block]	6. SHARE BASED COMPENSATION The following table presents share-based compensation expenses for continuing operations included in the Company's unaudited condensed consolidated statements of operations:

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Selling, general and administrative	$ 92,426	$ 128,944
Research, development and engineering	17,271	12,204
	$ 109,697	$ 141,148

Note 7 - Factoring	3 Months Ended Mar. 31, 2022

Notes to Financial Statements

Factoring [Text Block]

7. FACTORING

Due from factor consisted of the following as of:

	March 31, 2022	December 31, 2021
Original invoice value	$ 108,400	$ 99,000
Factored amount	(56,550)	(49,500)
Balance due from factor	$ 51,850	$ 49,500

The Company entered into an accounts receivable factoring arrangement with a financial institution (the "Factor") which has been extended to October 31, 2022. Pursuant to the terms of the arrangement, the Company, from time to time, sells to the Factor a minimum of $150,000 per quarter of certain of its accounts receivable balances on a non-recourse basis for credit approved accounts. The Factor remits 35% of the foreign and 75% of the domestic accounts receivable balance to the Company (the "Advance Amount"), with the remaining balance, less fees, forwarded to the Company once the Factor collects the full accounts receivable balance from the customer. In addition, the Company, from time to time, receives over advances from the Factor. Factoring fees range from 2.75% to 15% of the face value of the invoice factored and are determined by the number of days required for collection of the invoice. The cost of factoring is included in selling, general and administrative expenses. The cost of factoring was as follows:

	Three Months ended March 31, 2022	Three Months ended March 31, 2021
Factoring fees	$ 18,727	$ 13,347

Note 8 - Note Receivable	3 Months Ended Mar. 31, 2022

Notes to Financial Statements

Notes Receivable [Text Block]

8. NOTE RECEIVABLE

During the third quarter 2020, the Company loaned $295,000 as an advance to Technology Transfer Institute ("TTI") to aid in fulfilling the African contracts. The note does not bear any interest if paid within the nine (9) monthly installments beginning December 31, 2020. The note bears a default rate of 5%. Due to the ongoing delays in payment, the Company reserved $100,000 of the note as an allowance. On February 17, 2022, the Company amended the note to modify the payment terms to provide for lower monthly payments, with an updated maturity date on or before December 6, 2023. On May 5, 2022, the Company amended the note to modify the payment terms to eight biweekly installments of $1,000 beginning February 25, 2022, nineteen consecutive monthly installments of $15,000 beginning on July 6, 2022, and $2,000 on or before February 6, 2024. A member of our board of directors served as Chief Executive Officer of TTI until August 12, 2020.

	March 31, 2022	December 31, 2021
Note receivable	$ 295,000	$ 295,000
Repayment of note	(3,000)	-
Allowance for doubtful account	(100,000)	(100,000)
Note receivable, net of allowance	192,000	195,000
Current portion, net of allowance	$ 82,000	$ 82,000
Noncurrent portion, net of allowance	$ 110,000	$ 113,000

Note 9 - Inventory	3 Months Ended Mar. 31, 2022

Notes to Financial Statements

Inventory Disclosure [Text Block]

9. INVENTORY

Inventory is stated at the lower of cost, determined on a first in, first out basis, or net realizable value, and consists primarily of fabricated assemblies and finished goods. Inventory is comprised of the following as of:

	March 31, 2022	December 31, 2021
Finished goods	$ 4,854,866	$ 4,798,203
Fabricated assemblies	101,606	142,457
Total inventory	$ 4,956,472	$ 4,940,660

Note 10 - Resalable Software License Rights	3 Months Ended Mar. 31, 2022
Notes to Financial Statements	
Research, Development, and Computer Software Disclosure [Text Block]	10. RESALABLE SOFTWARE LICENSE RIGHTS On December 31, 2015, the Company purchased third-party software licenses in the amount of $180,000 in anticipation of a large pending deployment that has yet to materialize. The Company is amortizing the total cost at the greater of the actual unit cost per license sold or straight line amortization over 10 years A total of $2,505 and $2,521 was charged to cost of sales during the three-month periods ended March 31, 2022 and March 31, 2021, respectively. Since the license purchase, the actual per unit cost (actual usage) of such license rights in the cumulative amount of $133,753 has been charged to cost of sales, with a carrying balance of $46,247 and $48,752 as of March 31, 2022 and December 31, 2021, respectively. The Company has classified the balance as non-current until a larger deployment occurs. Estimated minimum amortization expense based on straight-line amortization of the software license rights over the remaining useful life approximates the following:

Years ending December 31		
2022 (nine months remaining)	$	15,574
2023		18,000
2024		12,673
Total	$	46,247

Note 11 - Investment in Debt Security	3 Months Ended Mar. 31, 2022
Notes to Financial Statements	
Investments in Debt and Marketable Equity Securities (and Certain Trading Assets) Disclosure [Text Block]	11. INVESTMENT IN DEBT SECURITY The Company purchased a 4,000,000 Hong Kong dollar denominated Bond Certificate with a financial institution in Hong Kong in June 2020. The Bond Certificate translated to $512,821 U.S. Dollars, based on the exchange rate at the purchase date. The Company can invest up to 20,000,000 Hong Kong dollars under the terms of the certificate, bearing interest at 5% per annum. The investment is recorded at amortized cost which approximates fair value was held to maturity. The Company has yet to receive the proceeds and accrued interest from the investment and as such, the debt security was classified as noncurrent. In addition, due to the delay in the receipt of the proceeds, the Company recorded a $60,000 reserve.

Note 12 - Commitments and Contingencies	3 Months Ended Mar. 31, 2022
Notes to Financial Statements	
Commitments Disclosure [Text Block]	12. COMMITMENTS AND CONTINGENCIES Sales Incentive Agreement with TTI On March 25, 2020, the Company entered into a sales incentive agreement with TTI. Terms of the agreement include the following: 1. The term of the agreement is one year unless notice to terminate (as defined) is given. The agreement will be automatically extended for additional one-year terms unless terminated. 2. For each $5,000,000 in revenue (up to a maximum of $20,000,000) the Company generates from contracts sourced by TTI during the first year that generates net income of at least 20% (as defined), the Company will pay TTI a sales incentive fee of $500,000 payable by the issuance of 62,500 shares of common stock. 3. In the event that the Company generates from contracts sourced by TTI revenue in excess of $20,000,000, the Company will issue TTI a five-year warrant to purchase 12,500 shares of Common Stock at an exercise price of $12.00 per share for each $1,000,000 of revenue in excess of $20,000,000 (up to a maximum of $25,000,000). In no event will the Company be obligated to issue more than 250,000 shares of common stock or warrants to purchase more than 62,500 shares of common stock pursuant to this agreement. There has been no revenue generated from this agreement. Distribution Agreement On October 23, 2020, Swivel Secure entered into a distribution agreement with Swivel Secure Limited (“SSL”). Terms of the agreement include the following: 1. The term of the agreement is one year unless notice to terminate (as defined) is given. The agreement will be automatically extended for additional one-year terms unless terminated. 2. SSL appoints Swivel Secure as a non-exclusive distributor of SSL’s products, to market, sell and distribute world-wide, for a defined discount. 3. Swivel Secure is required to meet certain revenue targets with respect to the sale of products during certain quarterly periods, for the 12 month period commencing October 23, 2020. If for any reason, they fail to agree on revenue targets within 30 days of each commencement period, SSL shall be entitled to terminate the agreement by giving Swivel Secure not less than 14 days written notice. The Company expects the revenue targets to continue to be agreed to, based on historical negotiations and increasing distribution by Swivel Secure. Litigation From time to time, we may be involved in litigation relating to claims arising out of our operations in the normal course of business. As of March 31, 2022, the Company was not a party to any pending lawsuits.

Note 13 - Leases	3 Months Ended Mar. 31, 2022
Notes to Financial Statements	
Lessee, Operating Leases [Text Block]	13. LEASES The Company's leases office space in New Jersey, Hong Kong, Minnesota, Spain, and New Hampshire with lease termination dates in 2023, 2022, 2022, and 2022, respectively. The leases include non-lease components with variable payments. The following tables present the components of lease expense and supplemental balance sheet information related to the operating leases, were:

	3 Months ended March 31, 2022	3 Months ended March 31, 2021
Lease cost		
Operating lease cost	$ 55,219	$ 63,973
Total lease cost	$ 55,219	$ 63,973

Balance sheet information	March 31, 2022	December 31, 2021
Operating right-of-use assets	$ 202,513	$ 254,100
Operating lease liabilities, current portion	$ 156,730	$ 177,188
Operating lease liabilities, non-current portion	54,710	86,974
Total operating lease liabilities	$ 211,440	$ 264,162
Weighted average remaining lease term (in years) – operating leases	1.27	1.45
Weighted average discount rate – operating leases	5.50%	5.50%

Supplemental cash flow information related to leases were as follows:

Cash paid for amounts included in the measurement of operating lease liabilities for the three months ended March 31, 2022 and 2021:	$ 65,108	$ 63,812

Maturities of operating lease liabilities were as follows as of March 31, 2022:

2022 (9 months remaining)	$ 131,240
2023	89,226
Total future lease payments	$ 221,466
Less: imputed interest	(9,026)
Total	$ 211,440

Note 14 - Earnings Per Share ("EPS")	3 Months Ended Mar. 31, 2022
Notes to Financial Statements	
Earnings Per Share [Text Block]	14. EARNINGS PER SHARE ("EPS") The Company's basic EPS is calculated using net income (loss) available to common shareholders and the weighted-average number of shares outstanding during the reporting period. Diluted EPS includes the effect from potential issuance of common stock, such as stock issuable pursuant to the exercise of stock options and warrants and the assumed conversion of preferred stock. The following table sets forth options and warrants which were excluded from the diluted per share calculation because the exercise price was greater than the average market price of the common shares:

	Three Months Ended March 31,	
	2022	**2021**
Stock options	212,461	212,711
Warrants	4,689,387	4,689,387
Total	4,901,848	4,902,098

Note 15 - Stockholders' Equity	3 Months Ended
	Mar. 31, 2022
Notes to Financial Statements	
Stockholders' Equity Note Disclosure [Text Block]	

15. STOCKHOLDERS’ EQUITY

1. Preferred Stock

Within the limits and restrictions provided in the Company’s Certificate of Incorporation, the Board of Directors has the authority, without further action by the shareholders, to issue up to 5,000,000 shares of preferred stock, $.0001 par value per share, in one or more series, and to fix, as to any such series, any dividend rate, redemption price, preference on liquidation or dissolution, sinking fund terms, conversion rights, voting rights, and any other preference or special rights and qualifications.

2. Common Stock

Holders of common stock have equal rights to receive dividends when, as and if declared by the Board of Directors, out of funds legally available therefor. Holders of common stock have one vote for each share held of record and do not have cumulative voting rights.

Holders of common stock are entitled, upon liquidation of the Company, to share ratably in the net assets available for distribution, subject to the rights, if any, of holders of any preferred stock then outstanding. Shares of common stock are not redeemable and have no preemptive or similar rights. All outstanding shares of common stock are fully paid and nonassessable.

Issuances of Common Stock

On March 8, 2022, the Company issued 269,060 shares of common stock of which 89,687 shares were held back by the Company to secure certain indemnification obligations under the Swivel Secure stock purchase agreement. The shares of Company common stock were issued at a total cost of $600,004, priced at $2.23, based on the contractual 20 day volume-weighted average price of the Company’s common stock immediately prior to the payment date as reported on the Nasdaq Capital Market

On June 18, 2021, the stockholders approved the Employee Stock Purchase Plan. Under the terms of this plan, 789,000 shares of common stock are reserved for issuance to employees and officers of the Company at a purchase price equal to 85% of the lower of the closing price of the common stock on the first day or the last day of the offering period as reported on the Nasdaq Capital Market. Eligible employees are granted an option to purchase shares under the plan funded by payroll deductions. The Board may suspend or terminate the plan at any time, otherwise the plan expires June 17, 2031. On December 31, 2021, 19,484 shares were issued to employees which resulted in a $10,680 non-cash compensation expense for the Company.

Issuances of Restricted Stock

Restricted stock consists of shares of common stock that are subject to restrictions on transfer and risk of forfeiture until the fulfillment of specified conditions. The fair value of nonvested shares is determined based on the market price of the Company's common stock on the grant date. Restricted stock is expensed ratably over the term of the restriction period.

During the three-month periods ended March 31, 2022 and 2021, the Company issued 274,250 and 1,250 shares of restricted common stock to certain employees and the board, respectively. These shares vest in equal annual installments over a three-year period from the date of grant and had a fair value on the date of issuance of $589,638 and $4,550, respectively.

Restricted stock compensation for the three-month period ended March 31, 2022 and 2021 was $39,840 and $17,375, respectively.

Issuances to Directors, Executive Officers & Consultants

During the three-month periods ended March 31, 2022 and 2021 the Company issued 9,382 and 2,091 shares of common stock to its directors in lieu of payment of board and committee fees valued at $20,020 and $7,510, respectively.

Employees' exercise options

During the three-month periods ended March 31, 2022 and 2021, no employee stock options were exercised.

3. Warrants

There were no warrants issued during the three-month periods ended March 31, 2022 and 2021.

Note 16 - Fair Values of Financial Instruments	3 Months Ended Mar. 31, 2022
Notes to Financial Statements	
Fair Value Disclosures [Text Block]	16. FAIR VALUES OF FINANCIAL INSTRUMENTS Cash and cash equivalents, accounts receivable, due from factor, accounts payable and accrued liabilities are carried at, or approximate, fair value because of their short-term nature. The carrying value of the Company's notes and loan payables approximated fair value as the interest rates related to the financial instruments approximated market.

Note 17 - Major Customers and Accounts Receivables	3 Months Ended Mar. 31, 2022
Notes to Financial Statements	
Concentration Risk Disclosure [Text Block]	17. MAJOR CUSTOMERS AND ACCOUNTS RECEIVABLE For the three month periods ended March 31, 2022 and 2021, one customer accounted for 27% of revenues and two customers accounted for 52% of revenues, respectively. Two customers accounted for 44% of current accounts receivable as of March 31, 2022. At December 31, 2021, three customers accounted for 87% of current accounts receivable.

Note 18 - Subsequent Events	3 Months Ended Mar. 31, 2022
Notes to Financial Statements	
Subsequent Events [Text Block]	18. SUBSEQUENT EVENTS On May 12, 2022, the Company issued 7,695 shares of common stock to its directors in payment of meeting fees. Additionally, the Company issued 1,250 shares of restricted stock with three-year vesting period to a new employee. All the shares were issued at $1.95 the closing price on May 12, 2022, as reported on the Nasdaq Capital Market. On May 16, 2022, the Company issued 1,422 shares of common stock to its directors in payment of committee meeting fees. The Company has reviewed subsequent events through the date of this filing.

Significant Accounting Policies (Policies)	3 Months Ended Mar. 31, 2022
Accounting Policies [Abstract]	
Basis of Accounting, Policy [Policy Text Block]	*Basis of Presentation* The accompanying unaudited interim condensed consolidated financial statements include the accounts of BIO-key International, Inc. and its wholly-owned subsidiaries (collectively, the "Company" or "BIO-key") and are stated in conformity with accounting principles generally accepted in the United States of America, pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") for interim financial reporting. The operating results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year. Pursuant to such rules and regulations, certain financial information and footnote disclosures normally included in the financial statements have been condensed or omitted. Significant intercompany accounts and transactions have been eliminated in consolidation. In the opinion of management, the accompanying unaudited interim consolidated financial statements contain all necessary adjustments, consisting only of those of a recurring nature, and disclosures to present fairly the Company's financial position and the results of its operations and cash flows for the periods presented. The balance sheet at December 31, 2021 was derived from the audited financial statements, but does not include all of the disclosures required by accounting principles generally accepted in the United States of America. These unaudited interim condensed consolidated financial statements should be read in conjunction with the financial statements and the related notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2021, filed with the SEC on March 31, 2022.
Foreign Currency Transactions and Translations Policy [Policy Text Block]	*Foreign Currency* The Company accounts for foreign currency transactions pursuant to ASC 830, *Foreign Currency Matters* ("ASC 830"). The functional currency of the Company is the U.S. dollar, which is the currency of the primary economic environment in which it operates. In accordance with ASC 830, monetary balances denominated in or linked to foreign currency are stated on the basis of the exchange rates prevailing at the applicable balance sheet date. For foreign currency transactions included in the statement of operations, the exchange rates applicable on the relevant transaction dates are used. Gains or losses arising from changes in the exchange rates used in the translation of such transactions and from the remeasurement of the monetary balance sheet items are recorded as gain (loss) on foreign currency transactions. The functional currency of Swivel Secure Europe, SA is the Euro. Under ASC 830, all assets and liabilities are translated into U. S. dollars using the current exchange rate at the end of each fiscal period. Revenues and expenses are translated using the average exchange rates prevailing throughout the respective periods. All transaction gains and losses from the measurement of monetary balance sheet items denominated in Euros are reflected in the statement of operations as appropriate. Translation adjustments are included in accumulated other comprehensive income.
Goodwill and Intangible Assets, Policy [Policy Text Block]	*Goodwill and acquired intangible assets* Goodwill is not amortized, but is evaluated for impairment annually, or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The Company has determined that there is a single reporting unit for the purpose of conducting this goodwill impairment assessment. For purposes of assessing potential impairment, the Company estimates the fair value of the reporting unit, based on the Company's market capitalization, and compares this amount to the carrying value of the reporting unit. If the Company determines that the carrying value of the reporting unit exceeds its fair value, an impairment charge would be required. The annual goodwill impairment test will be performed as of December 31st of each year. To date, the Company has not identified any impairment to goodwill.

Intangible assets acquired in a business combination are recorded at their estimated fair values at the date of acquisition. The Company amortizes acquired definite-lived intangible assets over their estimated useful lives based on the pattern of consumption of the economic benefits or, if that pattern cannot be readily determined, on a straight-line basis.

New Accounting Pronouncements, Policy [Policy Text Block]

Recently Issued Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses* (Topic 326), referred to herein as ASU 2016-13, which significantly changes how entities will account for credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. ASU 2016-13 replaces the existing incurred loss model with an expected credit loss model that requires entities to estimate an expected lifetime credit loss on most financial assets and certain other instruments. Under ASU 2016-13 credit impairment is recognized as an allowance for credit losses, rather than as a direct write-down of the amortized cost basis of a financial asset. The impairment allowance is a valuation account deducted from the amortized cost basis of financial assets to present the net amount expected to be collected on the financial asset. Once the new pronouncement is adopted by the Company, the allowance for credit losses must be adjusted for management's current estimate at each reporting date. The new guidance provides no threshold for recognition of impairment allowance. Therefore, entities must also measure expected credit losses on assets that have a low risk of loss. For instance, trade receivables that are either current or not yet due may not require an allowance reserve under currently generally accepted accounting principles, but under the new standard, the Company will have to estimate an allowance for expected credit losses on trade receivables under ASU 2016-13. ASU 2016-13 is effective for annual periods, including interim periods within those annual periods, beginning after December 15, 2022 for smaller reporting companies. Early adoption is permitted. The Company is currently assessing the impact ASU 2016-13 will have on its consolidated financial statements.

Management does not believe that any other recently issued, but not yet effective, accounting standard if currently adopted would have a material effect on the accompanying consolidated financial statements.

Note 3 - Revenue From Contracts With Customers (Tables)	3 Months Ended
	Mar. 31, 2022
Notes Tables	
Disaggregation of Revenue [Table Text Block]	

	North America	Africa	EMESA*	Asia	March 31, 2022
License fees	$473,070	$517,161	$ 390,277	$79,675	$1,460,183
Hardware	71,900	12,033	1,251	-	85,184
Services	355,632	15,275	24,844	53	395,804
Total Revenues	$900,602	$544,469	$ 416,372	$79,728	$1,941,171

	North America	Africa	EMESA*	Asia	March 31, 2021
License fees	$368,800	$ -	$ 42,508	$ 67,650	$ 478,958
Hardware	48,795	684,839	265,995	30,029	1,029,658
Services	359,614	-	17,888	2,520	380,022
Total Revenues	$777,209	$684,839	$ 326,391	$100,199	$1,888,638

Note 4 - Swivel Secure Europe, SA Acquisition (Tables)	3 Months Ended Mar. 31, 2022
Notes Tables	
Schedule of Recognized Identified Assets Acquired and Liabilities Assumed [Table Text Block]	

Purchase consideration:	
Total cash paid, including working capital adjustment	$1,273,483
Earnout payable	500,000
Common stock issued	600,004
Total purchase price consideration	$2,373,487
Fair value of assets acquired and liabilities assumed:	
Cash and cash equivalents	$ 729,905
Accounts receivable	702,886
Equipment acquired	65,640
Other assets	20,708
Estimated intangible assets	1,379,589
Estimated goodwill	450,643
Total estimated assets acquired	3,349,371
Accounts payable and accrued expenses	431,884
Government loan	544,000
Total liabilities assumed	975,884
Total estimated fair value of assets acquired and liabilities assumed	$2,373,487

Note 5 - Accounts Receivable (Tables)	3 Months Ended Mar. 31, 2022
Notes Tables	
Schedule of Accounts, Notes, Loans and Financing Receivable [Table Text Block]	

	March 31, 2022	December 31, 2021
Accounts receivable	$2,817,116	$1,234,411
Loss on foreign currency	(50,000)	(50,000)
Allowance for doubtful accounts	(213,785)	(213,785)
Accounts receivable, net of allowances for doubtful accounts	$2,553,331	$ 970,626

Note 6 - Share Based Compensation (Tables)	3 Months Ended Mar. 31, 2022

Notes Tables

Share-Based Payment Arrangement, Expensed and Capitalized, Amount [Table Text Block]

	Three Months Ended March 31,	
	2022	2021
Selling, general and administrative	$ 92,426	$128,944
Research, development and engineering	17,271	12,204
	$109,697	$141,148

Note 7 - Factoring (Tables)	3 Months Ended Mar. 31, 2022
Notes Tables	
Schedule of Accounts, Notes, Loans and Financing Receivable [Table Text Block]	(table below)

	March 31, 2022	December 31, 2021
Accounts receivable	$2,817,116	$1,234,411
Loss on foreign currency	(50,000)	(50,000)
Allowance for doubtful accounts	(213,785)	(213,785)
Accounts receivable, net of allowances for doubtful accounts	$2,553,331	$ 970,626

Factoring Fees [Table Text Block]

	Three Months ended March 31, 2022	Three Months ended March 31, 2021
Factoring fees	$18,727	$13,347

Factored Accounts Receivable [Member]

Notes Tables

Schedule of Accounts, Notes, Loans and Financing Receivable [Table Text Block]

	March 31, 2022	December 31, 2021
Original invoice value	$108,400	$ 99,000
Factored amount	(56,550)	(49,500)
Balance due from factor	$ 51,850	$ 49,500

Note 8 - Note Receivable (Tables)	3 Months Ended Mar. 31, 2022

Notes Tables

Schedule of Accounts, Notes, Loans and Financing Receivable [Table Text Block]

	March 31, 2022	December 31, 2021
Accounts receivable	$2,817,116	$1,234,411
Loss on foreign currency	(50,000)	(50,000)
Allowance for doubtful accounts	(213,785)	(213,785)
Accounts receivable, net of allowances for doubtful accounts	$2,553,331	$ 970,626

Notes Receivable [Member]

Notes Tables

Schedule of Accounts, Notes, Loans and Financing Receivable [Table Text Block]

	March 31, 2022	December 31, 2021
Note receivable	$ 295,000	$ 295,000
Repayment of note	(3,000)	-
Allowance for doubtful account	(100,000)	(100,000)
Note receivable, net of allowance	192,000	195,000
Current portion, net of allowance	$ 82,000	$ 82,000
Noncurrent portion, net of allowance	$ 110,000	$ 113,000

Note 9 - Inventory (Tables)	3 Months Ended Mar. 31, 2022
Notes Tables	
Schedule of Inventory, Current [Table Text Block]	

	March 31, 2022	December 31, 2021
Finished goods	$4,854,866	$4,798,203
Fabricated assemblies	101,606	142,457
Total inventory	$4,956,472	$4,940,660

Note 10 - Resalable Software License Rights (Tables)	3 Months Ended Mar. 31, 2022
Software License Rights [Member]	
Notes Tables	
Schedule of Finite-Lived Intangible Assets, Future Amortization Expense [Table Text Block]	Years ending December 31 2022 (nine months remaining) $15,574 2023 18,000 2024 12,673 Total $46,247

Note 13 - Leases (Tables)	3 Months Ended Mar. 31, 2022

Notes Tables

Lessee, Operating Lease, Costs, Assets and Liabilities [Table Text Block]

	3 Months ended March 31, 2022	3 Months ended March 31, 2021
Lease cost		
Operating lease cost	$ 55,219	$ 63,973
Total lease cost	$ 55,219	$ 63,973
Balance sheet information	**March 31, 2022**	**December 31, 2021**
Operating right-of-use assets	$ 202,513	$ 254,100
Operating lease liabilities, current portion	$ 156,730	$ 177,188
Operating lease liabilities, non-current portion	54,710	86,974
Total operating lease liabilities	$ 211,440	$ 264,162
Weighted average remaining lease term (in years) – operating leases	1.27	1.45
Weighted average discount rate – operating leases	5.50%	5.50%
Cash paid for amounts included in the measurement of operating lease liabilities for the three months ended March 31, 2022 and 2021:	$ 65,108	$ 63,812
2022 (9 months remaining)	$ 131,240	
2023	89,226	
Total future lease payments	$ 221,466	
Less: imputed interest	(9,026)	
Total	$ 211,440	

Note 14 - Earnings Per Share ("EPS") (Tables)	3 Months Ended Mar. 31, 2022
Notes Tables	
Schedule of Antidilutive Securities Excluded from Computation of Earnings Per Share [Table Text Block]	

	Three Months Ended March 31,	
	2022	2021
Stock options	212,461	212,711
Warrants	4,689,387	4,689,387
Total	4,901,848	4,902,098

Note 2 - Going Concern (Details Textual) - USD ($)	3 Months Ended		12 Months Ended
	Mar. 31, 2022	Mar. 31, 2021	Dec. 31, 2021
Monthly Cash Requirement to Conduct Operations and Pay Dividend Obligations	$ 814,000		
Revenue from Contract with Customer, Including Assessed Tax	1,941,171	$ 1,888,638	$ 5,114,000
Additional Expected Revenue From Acquisitions	$ 1,000,000		

Note 3 - Revenue From Contracts With Customers (Details Textual) - USD ($)	3 Months Ended		
	Mar. 31, 2022	Mar. 31, 2021	Dec. 31, 2021
Percentage of Support and Maintenance Revenue to License Cost	18.00%		
Contract with Customer, Liability, Total	$ 854,000		$ 633,000
Contract with Customer, Liability, Revenue Recognized	$ 234,000	$ 305,000	
Minimum [Member]			
Capitalized Contract Cost, Amortization Period (Month)	12 months		
Maximum [Member]			
Capitalized Contract Cost, Amortization Period (Month)	60 months		

Note 3 - Revenue From Contracts With Customers - Disaggregation of Revenue (Details) - USD ($)	3 Months Ended		12 Months Ended
	Mar. 31, 2022	Mar. 31, 2021	Dec. 31, 2021
Revenue from Contract with Customer, Including Assessed Tax	$ 1,941,171	$ 1,888,638	$ 5,114,000
North America [Member]			
Revenue from Contract with Customer, Including Assessed Tax	900,602	777,209	
South America [Member]			
Revenue from Contract with Customer, Including Assessed Tax	544,469	684,839	
EMESA [Member]			
Revenue from Contract with Customer, Including Assessed Tax	[1] 416,372	326,391	
Asia [Member]			
Revenue from Contract with Customer, Including Assessed Tax	79,728	100,199	
License [Member]			
Revenue from Contract with Customer, Including Assessed Tax	1,460,183	478,958	
License [Member] | North America [Member]			
Revenue from Contract with Customer, Including Assessed Tax	473,070	368,800	
License [Member] | South America [Member]			
Revenue from Contract with Customer, Including Assessed Tax	517,161	0	
License [Member] | EMESA [Member]			
Revenue from Contract with Customer, Including Assessed Tax	[1] 390,277	42,508	
License [Member] | Asia [Member]			
Revenue from Contract with Customer, Including Assessed Tax	79,675	67,650	
Hardware [Member]			
Revenue from Contract with Customer, Including Assessed Tax	85,184	1,029,658	
Hardware [Member] | North America [Member]			
Revenue from Contract with Customer, Including Assessed Tax	71,900	48,795	
Hardware [Member] | South America [Member]			
Revenue from Contract with Customer, Including Assessed Tax	12,033	684,839	
Hardware [Member] | EMESA [Member]			
Revenue from Contract with Customer, Including Assessed Tax	[1] 1,251	265,995	

Hardware [Member] | Asia [Member]		
Revenue from Contract with Customer, Including Assessed Tax	0	30,029
Service [Member]		
Revenue from Contract with Customer, Including Assessed Tax	395,804	380,022
Service [Member] | North America [Member]		
Revenue from Contract with Customer, Including Assessed Tax	355,632	359,614
Service [Member] | South America [Member]		
Revenue from Contract with Customer, Including Assessed Tax	15,275	0
Service [Member] | EMESA [Member]		
Revenue from Contract with Customer, Including Assessed Tax	24,844	17,888
Service [Member] | Asia [Member]		
Revenue from Contract with Customer, Including Assessed Tax	$ 53	$ 2,520

[1] EMESA – Europe, Middle East, South America

Note 4 - Swivel Secure Europe, SA Acquisition (Details Textual) - USD ($)		3 Months Ended		47 Months Ended
	Mar. 08, 2022	Mar. 31, 2022	Mar. 31, 2021	Apr. 30, 2026
Payments to Acquire Businesses, Gross		$ 543,578	$ (0)	
Share Price (in dollars per share)	$ 2.23			
Forecast [Member] | Government Loan [Member] | BBVA Bank [Member]				
Debt Instrument, Interest Rate, Stated Percentage				1.75%
Debt Instrument, Periodic Payment, Principal				$ 11,900
Swivel Secure Europe [Member]				
Business Acquisition, Percentage of Voting Interests Acquired	100.00%			
Business Combination, Base Purchase Price	$ 1,750,000			
Business Combination, Contingent Consideration, Liability, Total	500,000			
Business Combination, Contingent Consideration Earnout Payable, Revenue to Trigger Payment	3,000,000			
Business Combination, Contingent Consideration Earnout Payable, Operating Profit to Trigger Payment	1,000,000			
Payments to Acquire Businesses, Gross	$ 1,270,000			
Business Acquisition, Equity Interest Issued or Issuable, Number of Shares (in shares)	269,060			
Business Combination, Indemnification Assets, Amount as of Acquisition Date	$ 89,687			

Note 4 - Swivel Secure Europe, SA Acquisition - Assets Acquired and Liabilities Assumed (Details) - USD ($)	Mar. 08, 2022	Mar. 31, 2022	Dec. 31, 2021
Estimated goodwill		$ 1,720,803	$ 1,262,526
Swivel Secure Europe [Member]			
Total cash paid, including working capital adjustment	$ 1,273,483		
Earnout payable	500,000		
Common stock issued	600,004		
Total purchase price consideration	2,373,487		
Cash and cash equivalents	729,905		
Accounts receivable	702,886		
Equipment acquired	65,640		
Other assets	20,708		
Estimated intangible assets	1,379,589		
Estimated goodwill	450,643		
Total estimated assets acquired	3,349,371		
Accounts payable and accrued expenses	431,884		
Government loan	544,000		
Total liabilities assumed	975,884		
Total estimated fair value of assets acquired and liabilities assumed	$ 2,373,487		

Note 5 - Accounts Receivable - Summary of Accounts Receivable (Details) - USD ($)	3 Months Ended		
	Mar. 31, 2022	Mar. 31, 2021	Dec. 31, 2021
Accounts receivable	$ 2,817,116	$ 1,234,411	
Loss on foreign currency	(50,000)	(50,000)	
Allowance for doubtful accounts	(213,785)	(213,785)	
Accounts receivable, net of allowances for doubtful accounts	$ 2,553,331	$ 970,626	$ 970,626

Note 6 - Share Based Compensation - Expenses for Continuing Operations (Details) - USD ($)	3 Months Ended	
	Mar. 31, 2022	Mar. 31, 2021
Share-based compensation expense	$ 109,697	$ 141,148
Selling, General and Administrative Expenses [Member]		
Share-based compensation expense	92,426	128,944
Research and Development Expense [Member]		
Share-based compensation expense	$ 17,271	$ 12,204

Note 7 - Factoring (Details Textual)	3 Months Ended Mar. 31, 2022 USD ($)
Factoring Arrangement, Minimum Amount of Accounts Receivable Per Quarter	$ 150,000
Minimum [Member]	
Factoring Fees Percent	2.75%
Maximum [Member]	
Factoring Fees Percent	15.00%
Geographic Distribution, Foreign [Member]	
Percentage Of Accounts Receivable Remitted By Factor	35.00%
Geographic Distribution, Domestic [Member]	
Percentage Of Accounts Receivable Remitted By Factor	75.00%

Note 7 - Factoring - Due From Factor (Details) - USD ($)	Mar. 31, 2022	Dec. 31, 2021
Original invoice value	$ 108,400	$ 99,000
Factored amount	(56,550)	(49,500)
Balance due from factor	$ 51,850	$ 49,500

Note 7 - Factoring - Fees (Details) - USD ($)	3 Months Ended	
	Mar. 31, 2022	Mar. 31, 2021
Factoring fees	$ 18,727	$ 13,347

Note 8 - Note Receivable (Details Textual) - USD ($)	Feb. 06, 2024	Jul. 06, 2022	Feb. 25, 2022	9 Months Ended Sep. 30, 2021	Mar. 31, 2022	Dec. 31, 2021	Mar. 31, 2021	Sep. 30, 2020
Financing Receivable, after Allowance for Credit Loss, Current, Total					$ 82,000	$ 82,000	$ 82,000	$ 295,000
Receivable with Imputed Interest, Effective Yield (Interest Rate)				5.00%				
Accounts Receivable, Allowance for Credit Loss, Ending Balance						$ 100,000		
Notes Receivable, Periodic Payment			$ 1,000					
Forecast [Member]								
Notes Receivable, Periodic Payment	$ 2,000	$ 15,000						

Note 8 - Note Receivable - Summary of Note Receivable (Details) - USD ($)	3 Months Ended			
	Mar. 31, 2022	Mar. 31, 2021	Dec. 31, 2021	Sep. 30, 2020
Note receivable	$ 295,000	$ 295,000		
Repayment of note	(3,000)	0		
Allowance for doubtful account	(100,000)	(100,000)		
Note receivable, net of allowance	192,000	195,000		
Current portion, net of allowance	82,000	82,000	$ 82,000	$ 295,000
Note receivable, net of allowance	$ 110,000	$ 113,000	$ 113,000	

Note 9 - Inventory - Components of Inventory (Details) - USD ($)	Mar. 31, 2022	Dec. 31, 2021
Finished goods	$ 4,854,866	$ 4,798,203
Fabricated assemblies	101,606	142,457
Total inventory	$ 4,956,472	$ 4,940,660

Note 10 - Resalable Software License Rights (Details Textual) - USD ($)		3 Months Ended			
	Dec. 31, 2015	Mar. 31, 2022	Mar. 31, 2021	Mar. 31, 2017	Dec. 31, 2021
Amortization of Intangible Assets		$ 54,231	$ 54,016		
Software License Rights [Member]					
Payments to Acquire Software	$ 180,000				
Finite-Lived Intangible Asset, Useful Life (Year)				10 years	
Amortization of Intangible Assets		2,505	$ 2,521		
The 2015 Software License [Member]					
Cumulative Amount of Amortization Expense, Net of Credits		133,753			
Software License Rights		$ 46,247			$ 48,752

Note 10 - Resalable Software License Rights - Amortization Expense (Details) - Software License Rights [Member]	Mar. 31, 2022 USD ($)
2022 (nine months remaining)	$ 15,574
2023	18,000
2024	12,673
Total	$ 46,247

Note 11 - Investment in Debt Security (Details Textual) - Debt Security, Corporate, Non-US [Member]	Sep. 30, 2021 USD ($)	Jun. 30, 2020 HKD ($)	Dec. 31, 2019 USD ($)	Dec. 31, 2019 HKD ($)
Debt Securities, Held-to-Maturity, Amortized Cost, before Allowance for Credit Loss, Current			$ 512,821	$ 4,000,000
Limit of Bond		$ 20,000,000		
Investment in Held-to-maturity Debt Securities, Interest Rate		5.00%		
Debt Securities, Held-to-maturity, Allowance for Credit Loss, Noncurrent	$ 60,000			

Note 12 - Commitments and Contingencies (Details Textual) - Technology Transfer Institute [Member] - Sales Incentive Agreement With TTI [Member] - USD ($)	3 Months Ended		
	Mar. 25, 2020	Mar. 31, 2022	Mar. 31, 2021
Related Party Agreement, Term (Year)	1 year		
Related Party Transaction, Revenue Needed to Trigger Payment of Sales Incentive Fee	$ 5,000,000		
Related Party Transaction, Revenue to Trigger Payment of Sales Incentive Fee, Percent of Net Income, Minimum	20.00%		
Related Party Transaction, Sales Incentive Fee For Each 5 Million Revenue	$ 500,000		
Stock Issuable for Sales Incentive Fee Per Each 5 Million Revenue (in shares)	62,500		
Related Party Transaction, Maximum Revenue, Warrants Issuable	$ 25,000,000		
Revenue from Related Parties		$ 0	$ 0
Warrants Issuable for Each 1 Million Revenue in Excess of 20 Million [Member]			
Warrants and Rights Outstanding, Term (Year)	5 years		
Class of Warrant or Right, Number of Securities Called by Warrants or Rights (in shares)	12,500		
Class of Warrant or Right, Exercise Price of Warrants or Rights (in dollars per share)	$ 12.00		
Maximum [Member]			
Related Party Transaction, Maximum Revenue to Trigger Payment of Sales Incentive Fee	$ 20,000,000		
Class of Warrant or Right, Number of Securities Called by Warrants or Rights (in shares)	62,500		
Stock Issuable for Sales Incentive Agreement (in shares)	250,000		

Note 13 - Leases - Operating Lease Balance Sheet Information (Details) - USD ($)	3 Months Ended		
	Mar. 31, 2022	Mar. 31, 2021	Dec. 31, 2021
Operating lease cost	$ 55,219	$ 63,973	
Total lease cost	55,219	63,973	
Operating lease right-of-use assets	202,513		$ 254,100
Operating lease liabilities, current portion	156,730		177,188
Operating lease liabilities, non-current portion	54,710		86,974
Total operating lease liabilities	$ 211,440		$ 264,162
Weighted average remaining lease term (in years) – operating leases (Year)	1 year 3 months 7 days		1 year 5 months 12 days
Weighted average discount rate – operating leases	5.50%		5.50%
Cash paid for amounts included in the measurement of operating lease liabilities for the three months ended March 31, 2022 and 2021:	$ 65,108	$ 63,812	
2022 (9 months remaining)	131,240		
2023	89,226		
Total future lease payments	221,466		
Less: imputed interest	(9,026)		
Total	$ 211,440		$ 264,162

Note 14 - Earnings Per Share ("EPS") - Securities Excluded From the Diluted Per Share Calculation (Details) - Exercise Price Greater Than Average Market Price Of Common Shares [Member] - shares	3 Months Ended	
	Mar. 31, 2022	Mar. 31, 2021
Antidilutive securities (in shares)	4,901,848	4,902,098
Share-Based Payment Arrangement, Option [Member]		
Antidilutive securities (in shares)	212,461	212,711
Warrant [Member]		
Antidilutive securities (in shares)	4,689,387	4,689,387

Note 15 - Stockholders' Equity (Details Textual) - USD ($)			3 Months Ended		12 Months Ended
	Mar. 08, 2022	Jun. 18, 2021	Mar. 31, 2022	Mar. 31, 2021	Dec. 31, 2020
Preferred Stock, Shares Authorized (in shares)			5,000,000		
Preferred Stock, Par or Stated Value Per Share (in dollars per share)			$ 1		
Stock Issued During Period, Value, Acquisitions			$ 600,004		
Share-based Payment Arrangement, Expense			109,697	$ 141,148	
Shares Issued, Value, Share-Based Payment Arrangement, after Forfeiture, Total			$ 22,020	$ 7,510	
Share-Based Compensation Arrangement by Share-Based Payment Award, Options, Exercises in Period (in shares)			0	0	0
Common Stock [Member]					
Stock Issued During Period, Value, Acquisitions			$ 27		
Shares Issued, Shares, Share-Based Payment Arrangement, after Forfeiture, Total (in shares)			9,382	2,091	
Shares Issued, Value, Share-Based Payment Arrangement, after Forfeiture, Total			$ 1	$ 0	
Common Stock [Member] | Director [Member]					
Shares Issued, Shares, Share-Based Payment Arrangement, after Forfeiture, Total (in shares)			9,382	2,091	
Shares Issued, Value, Share-Based Payment Arrangement, after Forfeiture, Total			$ 20,020	$ 7,510	
Restricted Stock [Member]					
Share-based Payment Arrangement, Expense			$ 39,840	$ 17,375	
Stock Issued During Period, Shares, Restricted Stock Award, Forfeited (in shares)			274,250	1,250	
Share-Based Compensation Arrangement by Share-Based Payment Award, Award Vesting Period (Year)			3 years		
Share-based Compensation Arrangement by Share-based Payment Award, Options, Grants in Period, Fair Value			$ 589,638	$ 4,550	
Employee Stock Purchase Plan [Member]					
Common Stock, Capital Shares Reserved for Future Issuance (in shares)		789,000			
Share-based Compensation Arrangement by Share-based Payment Award, Purchase Price of Common Stock, Percent		85.00%			
Stock Issued During Period, Shares, Employee Stock Purchase Plans (in shares)		19,484			
Share-based Payment Arrangement, Expense		$ 10,680			

Swivel Secure Europe [Member]	
Business Acquisition, Equity Interest Issued or Issuable, Number of Shares (in shares)	269,060
Business Combination, Indemnification Assets, Amount as of Acquisition Date	$ 89,687
Stock Issued During Period, Value, Acquisitions	$ 600,004
Business Acquisition, Share Price (in dollars per share)	$ 2.23

Note 17 - Major Customers and Accounts Receivables (Details Textual) - Customer Concentration Risk [Member]	3 Months Ended		12 Months Ended
	Mar. 31, 2022	Mar. 31, 2021	Dec. 31, 2021
Revenue Benchmark [Member]			
Concentration Risk, Number of Major Customers	1	2	
Revenue Benchmark [Member] | One Customer [Member]			
Concentration Risk, Percentage	27.00%		
Revenue Benchmark [Member] | Two Customers [Member]			
Concentration Risk, Percentage		52.00%	
Accounts Receivable [Member]			
Concentration Risk, Number of Major Customers	2		3
Accounts Receivable [Member] | Two Customers [Member]			
Concentration Risk, Percentage	44.00%		
Accounts Receivable [Member] | Three Customers [Member]			
Concentration Risk, Percentage			87.00%

Note 18 - Subsequent Events (Details Textual) - $ / shares			3 Months Ended	
	May 16, 2022	May 12, 2022	Mar. 31, 2022	Mar. 08, 2022
Share Price (in dollars per share)				$ 2.23
Restricted Stock [Member]				
Share-Based Compensation Arrangement by Share-Based Payment Award, Award Vesting Period (Year)			3 years	
Subsequent Event [Member]				
Share Price (in dollars per share)		$ 1.95		
Subsequent Event [Member] | Restricted Stock [Member] | Share-Based Payment Arrangement, Employee [Member]				
Share-Based Compensation Arrangement by Share-Based Payment Award, Equity Instruments Other than Options, Grants in Period (in shares)		1,250		
Share-Based Compensation Arrangement by Share-Based Payment Award, Award Vesting Period (Year)		3 years		
Subsequent Event [Member] | Common Stock [Member] | Director [Member] | Stock Issued in Lieu of Board Fees [Member]				
Shares Issued, Shares, Share-Based Payment Arrangement, before Forfeiture (in shares)	1,422	7,695		