



NEWS RELEASE

INTRUSION Closes Unsecured Notes Financing

3/10/2022

The Transaction Improves the Company's Financial Flexibility and Supports Operational and Strategic Development Opportunities

PLANO, Texas, March 10, 2022 (GLOBE NEWSWIRE) -- INTRUSION Inc. (NASDAQ: INTZ), a leader in cyberattack prevention solutions, today announced that on March 10, 2022, the Company (i) sold an 7.0% unsecured note under a securities purchase agreement with Streeterville Capital, LLC in the aggregate principal amount of \$5,350,000 in exchange for \$5,000,000 less certain reimbursed expenses ("Note 1") and (ii) received an option to sell another 7.0% unsecured note on substantially similar terms ("Note 2" and, together with "Note 1", the "Notes"). The option to sell Note 2 is subject to, among other things, the Company obtaining shareholder approval under Nasdaq rules within 180 days for the issuance of shares of its common stock upon potential redemptions of the Notes in amounts that exceed 19.99% of the outstanding common stock. The Company expects the net proceeds from the issuance of Note 1 to be approximately \$4.7 million and intends to use the proceeds from such issuance for general corporate purposes.

The Notes have an interest rate of 7.0% per annum, which may be increased in certain circumstances. The maturity date of each Note is 18 months from the issuance date of such Note. Beginning six months after the issuance date of the applicable Note, the holder has the right to redeem up to \$500,000 of the outstanding balance of such Note per month. Payments may be made by the Company, generally at the Company's option, (a) in cash, (b) by paying the redemption amount in the form of shares of its common stock with the number of redemption shares being equal to the portion of the applicable redemption amount divided by the Redemption Conversion Price or (c) a combination of cash and shares of its common stock. The "Redemption Conversion Price" will equal 85% multiplied by the average of the two lowest daily volume-weighted average prices per share of the common stock during the 15 trading days immediately preceding the date that the holder delivers notice electing to redeem a portion of the

Note. The Company's right to satisfy the redemption amount in common stock is subject to certain limitations. Additional details regarding the purchase and the terms of the Notes may be found in the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission.

"We are pleased to partner with Streeterville Capital on this transaction to provide INTRUSION additional financial flexibility to support our capital needs while meeting the growing customer demand for sophisticated cybersecurity solutions," said Tony Scott, CEO of INTRUSION. "The additional financing, allows us to prudently invest in Shield, meet our operating needs, and service our capital allocation priorities to best support our strategy and growth, while driving sustainable shareholder value."

Ascendant Capital Markets LLC, a registered broker-dealer and FINRA member firm, served as the sole placement agent on the transaction.

This press release is neither an offer to sell nor a solicitation of an offer to buy the Notes or any other securities and shall not constitute an offer to sell or a solicitation of an offer to buy, or a sale of, the Notes or any other securities in any jurisdiction in which such offer, solicitation or sale is unlawful.

About INTRUSION Inc.

Intrusion, Inc. is a cybersecurity company based in Plano, Texas. The company offers its customers access to their exclusive threat intelligence database containing the historical data, known associations, and reputational behavior of over 8.5 billion IP addresses. After years of gathering global internet intelligence and working exclusively with government entities, the company released its first commercial product in 2021. Intrusion Shield is designed to allow businesses to incorporate a Zero Trust, reputation-based security solution into their existing infrastructure. Intrusion Shield observes traffic flow and instantly blocks known malicious or unknown connections from both entering or exiting a network to help protect against Zero-Day and ransomware attacks. Incorporating Intrusion Shield into a network can elevate an organization's overall security posture by enhancing the performance and decision-making of other solutions in its cybersecurity architecture.

Cautionary Statement Regarding Forward-Looking Information

This release may contain certain forward-looking statements, including, without limitation, forecasts for our capital needs and cash flows for the near future and the potential effects of this recent financing g, which statements reflect management's expectations regarding future events and operating performance. These forward-looking statements speak only as of the date hereof and involve a number of risks and uncertainties. These statements are made under the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995 and involve risks and uncertainties which could cause actual results to differ materially from those in the forward-looking

statements, including, the risk that this financing fails to provide the needed capital for the Company to execute its current business strategies, as well as risks that we have detailed in the Company's most recent reports on Form 10-K and Form 10-Q, particularly under the heading "Risk Factors."

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