



Mitek

Investor presentation



Nasdaq: MITK
Q2 FY20

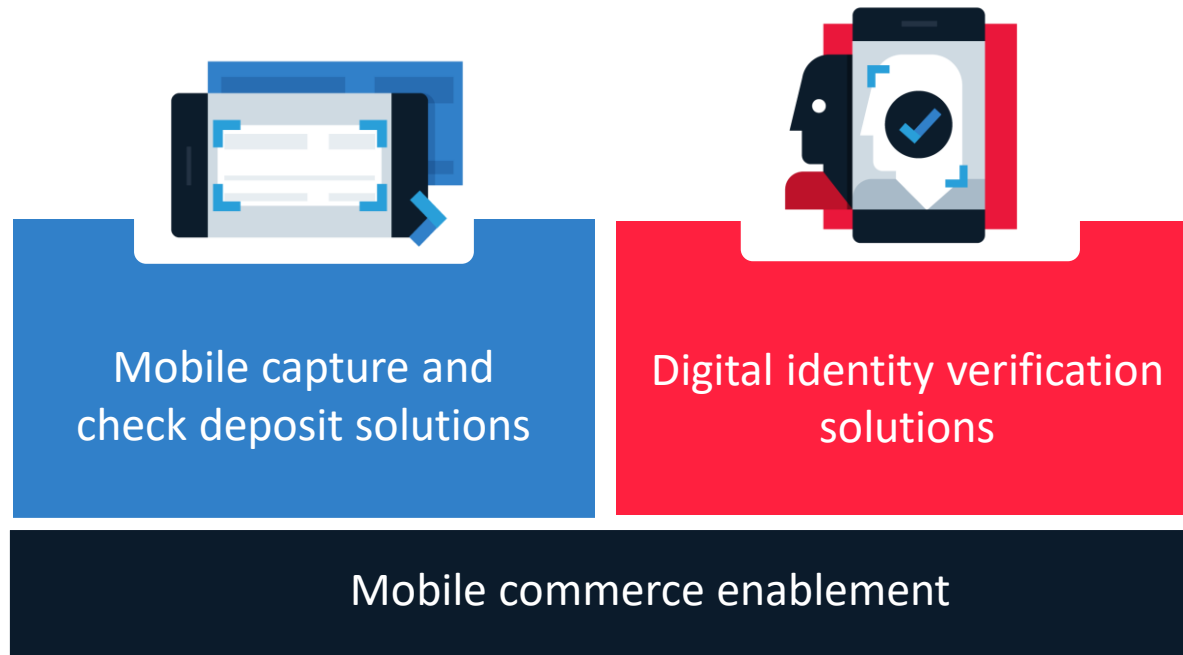
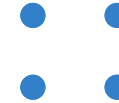
Safe harbor statement

Forward-looking statements contained in this presentation involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause our results to differ materially and adversely from those expressed or implied by such forward-looking statements. Forward-looking statements may include, but are not limited to, statements relating to our outlook or expectations for earnings, revenues, expenses, asset quality, volatility of our common stock, financial condition or other future financial or business performance, strategies, expectations, or business prospects, or the impact of legal, regulatory or supervisory matters on our business, results of operations or financial condition.

Forward-looking statements can be identified by the use of words such as “estimate,” “plan,” “project,” “forecast,” “intend,” “expect,” “anticipate,” “believe,” “seek,” “target” or similar expressions. Forward-looking statements reflect our judgment based on currently available information and involve a number of risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in the section titled “Risk Factors” in our Form 10-K for the fiscal year ended 9/30/19 filed with the SEC on 12/06/19 and any subsequent filings under the Exchange Act and in our other SEC filings. Additionally, there may be other factors that could preclude us from realizing the predictions made in the forward-looking statements. We operate in a continually changing business environment and new factors emerge from time to time. We cannot predict such factors or assess the impact, if any, of such factors on our financial position or results of operations. All forward-looking statements included in this presentation speak only as of the date of this presentation and you are cautioned not to place undue reliance on any such forward-looking statements. Except as required by law, we undertake no obligation to publicly update or release any revisions to these forward-looking statements to reflect any events or circumstances after the date of this presentation or to reflect the occurrence of unanticipated events.

Mitek

A global leader in mobile capture and identity verification



Over 80 million consumers

Over 7,000 customers

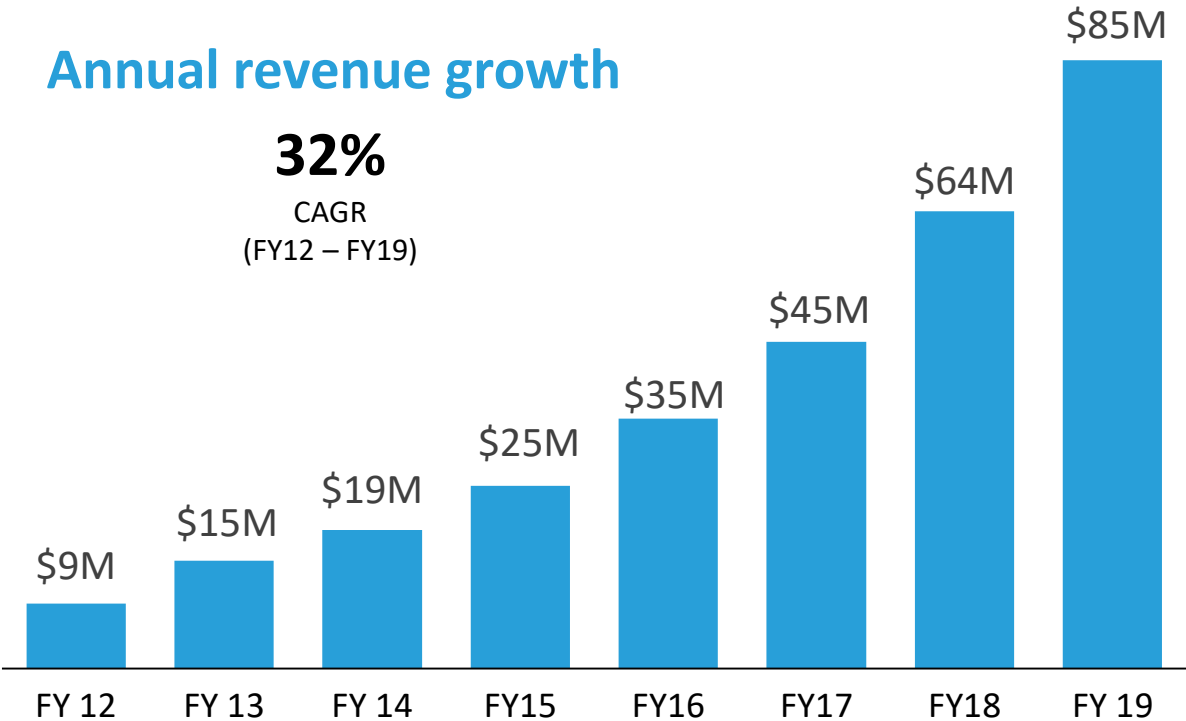
Highly scalable cloud platform business

Utilizing latest AI and machine learning techniques

Patented IP with hundreds of years of technical innovation and expertise

High growth, profitable and cash generation

FY 2019 Highlights



- **33%** revenue growth
- **20%** non-GAAP operating margin
- **\$14.3M** cash from operations

63%
Transactional SaaS
revenue growth

38%
Deposits revenue growth

6,500+
Customers

> 3 billion
Checks deposited

Commerce shifting to digital

LEVERAGING MARKET TRENDS



Digital transformation

Mobile and digital strategies are paramount for commerce and require trust.



Regulatory landscape

Terrorism, identity fraud and rapid globalization have dramatically changed the regulatory landscape.



Economic

Digital transformation reduces cost of acquisition, transaction costs, and increase customer acquisition.



Social

Mobile-first consumers demand offerings with little to no friction for customer on-boarding and service.



Inventors of **Mobile Deposit**[®]



Trusted by nearly 100% of top U.S. banks



Mitek has enabled more
than **3 billion**
mobile deposits



Totaling
\$1.5 trillion in cumulative
check value



Saving banks
\$billions

Trust issues – identity verification taking center stage



[Home](#) > [Security News](#) > [Data Breach](#)

August 19, 2019

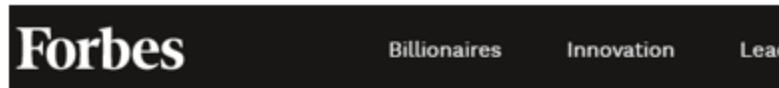
First half 2019 sees 4,000 data breaches exposing 4B records

Online ID verification is seeing a spike in demand driven by COVID-19 

Natasha Lomas @riptari / 9:10 am PDT • March 16, 2020

[Join Extra Crunch](#)

THE WALL STREET JOURNAL.
Equifax to Pay Around \$700M to Resolve Data-Breach Proves



1,029 views | Dec 20, 2019, 10:22am

How Deepfakes Could Become A Threat To Your Identity

The New York Times
Facebook to require Verified Identified for Future Political Ads

THE WALL STREET JOURNAL.

The New ID Theft: Millions of Credit Applicants Who Don't Exist

Gartner

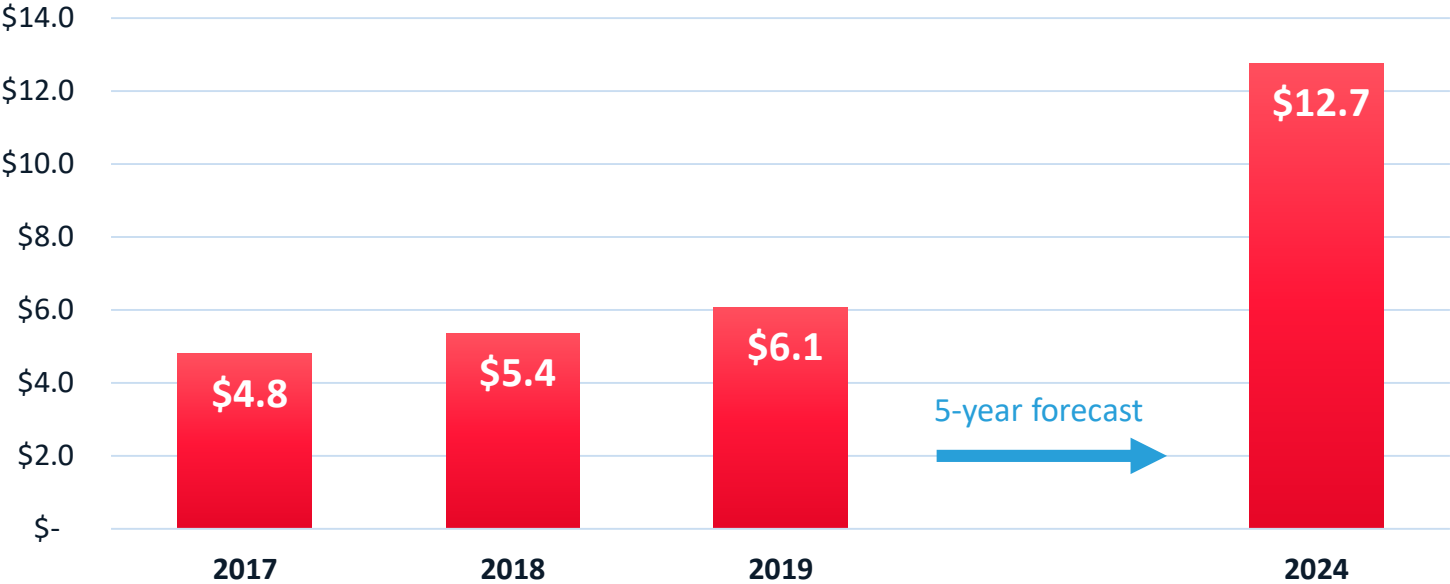
"The identity of new customers cannot be absolutely verified ("proven"), but high confidence in identity is crucial to protect customers and revenue..."

Wells Fargo Advisors Fined with \$3.5M for Failing to Comply with AML Rules

Addressing a global \$12B market, growing at 16% CAGR*



Total market size in the identity verification space
from 2017 to a 2024 projection in US\$ billions



MARKETS AND MARKETS: Identity and Access Management Market & Consumer IAM Market
* (2019-2024)

MARKET VERTICALS



Financial services



Telecom



Sharing economy



Travel



Healthcare



Insurance



Government

Mobile Verify[®]

Bridges the gap from the physical to the digital world



Mobile Verify replaces current methods

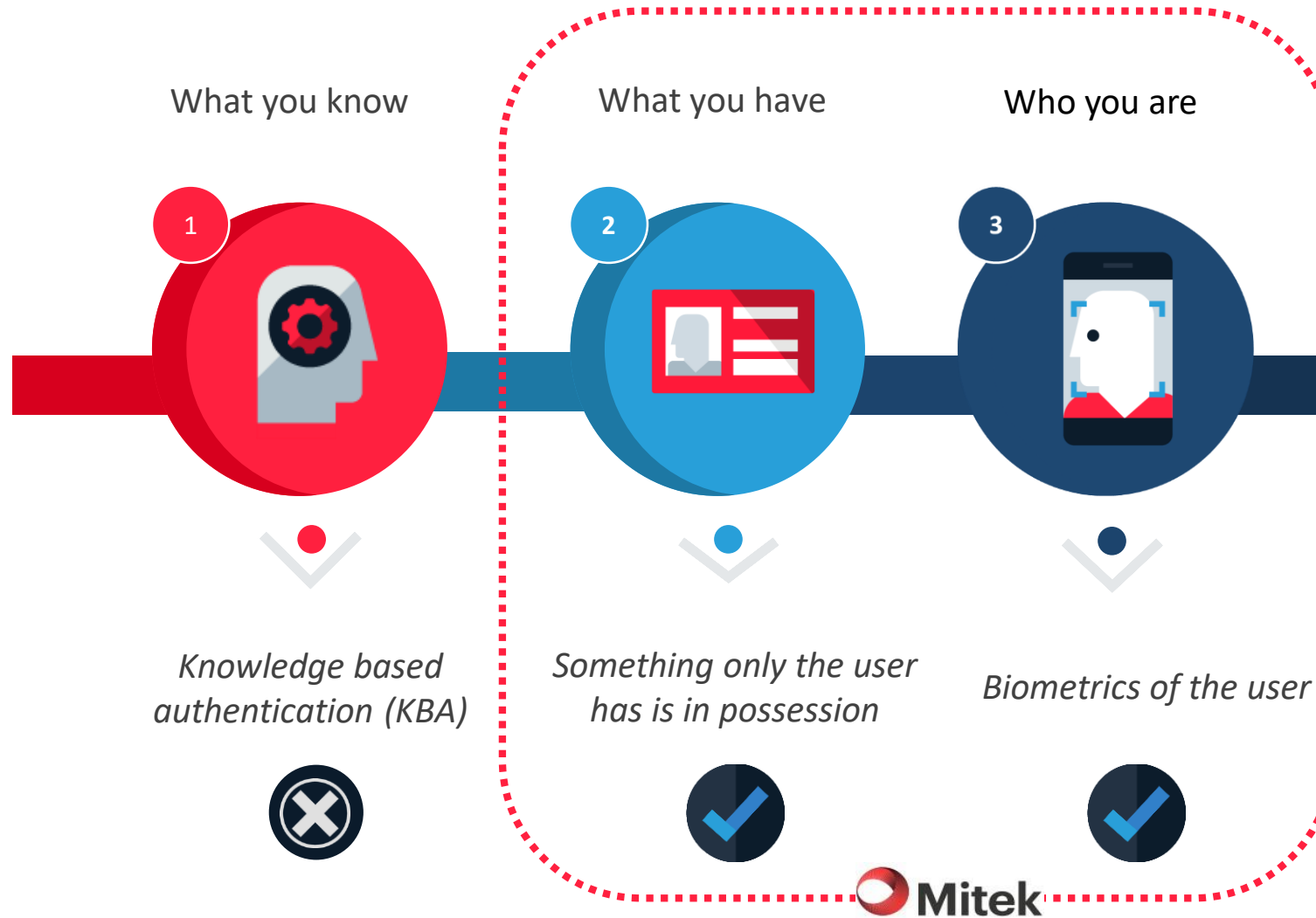


Face-to-face interaction

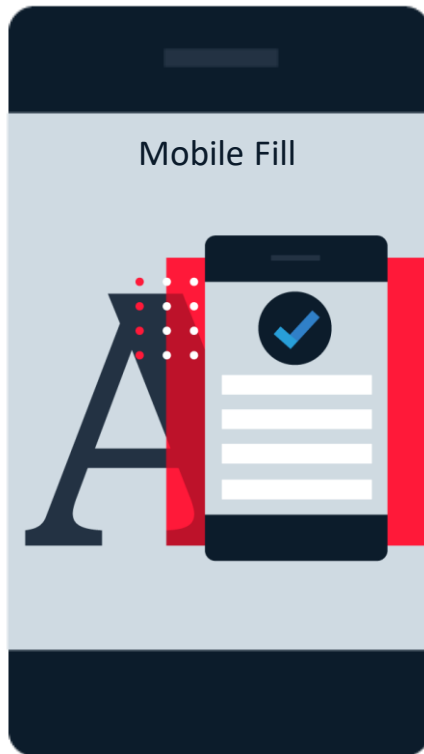
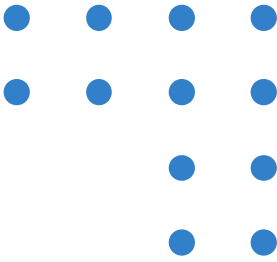
Data from credit bureaus

Knowledge base authentication

Verifying digital users requires **new technology**

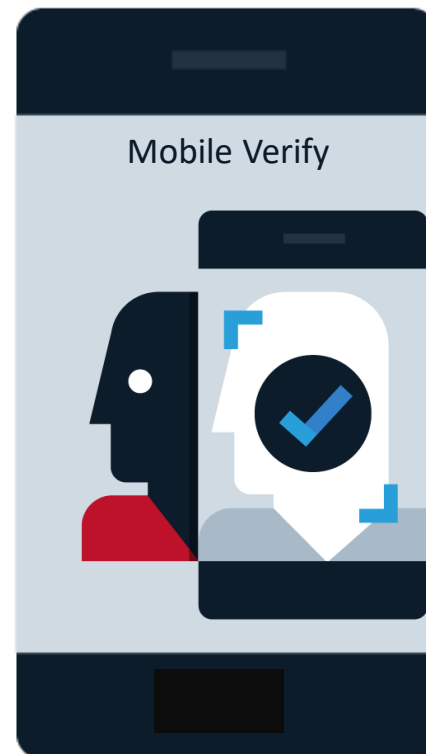


Identity **products**



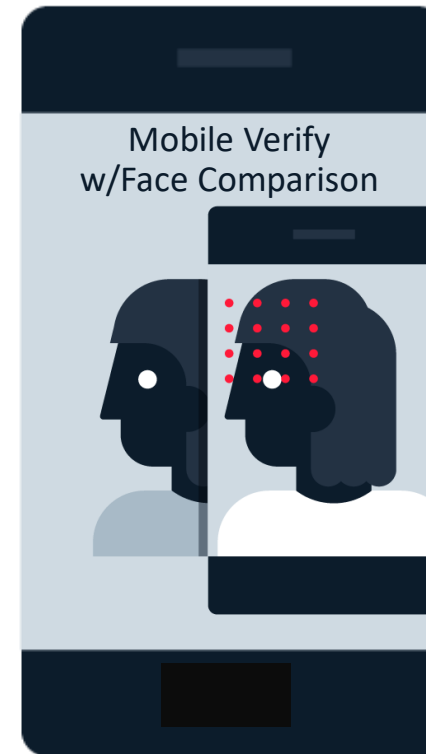
Mobile Fill®

Fast and accurate
automated data capture



Mobile Verify®

Real-time ID document
authentication



Face Comparison

Ties the **person** to
their ID Document

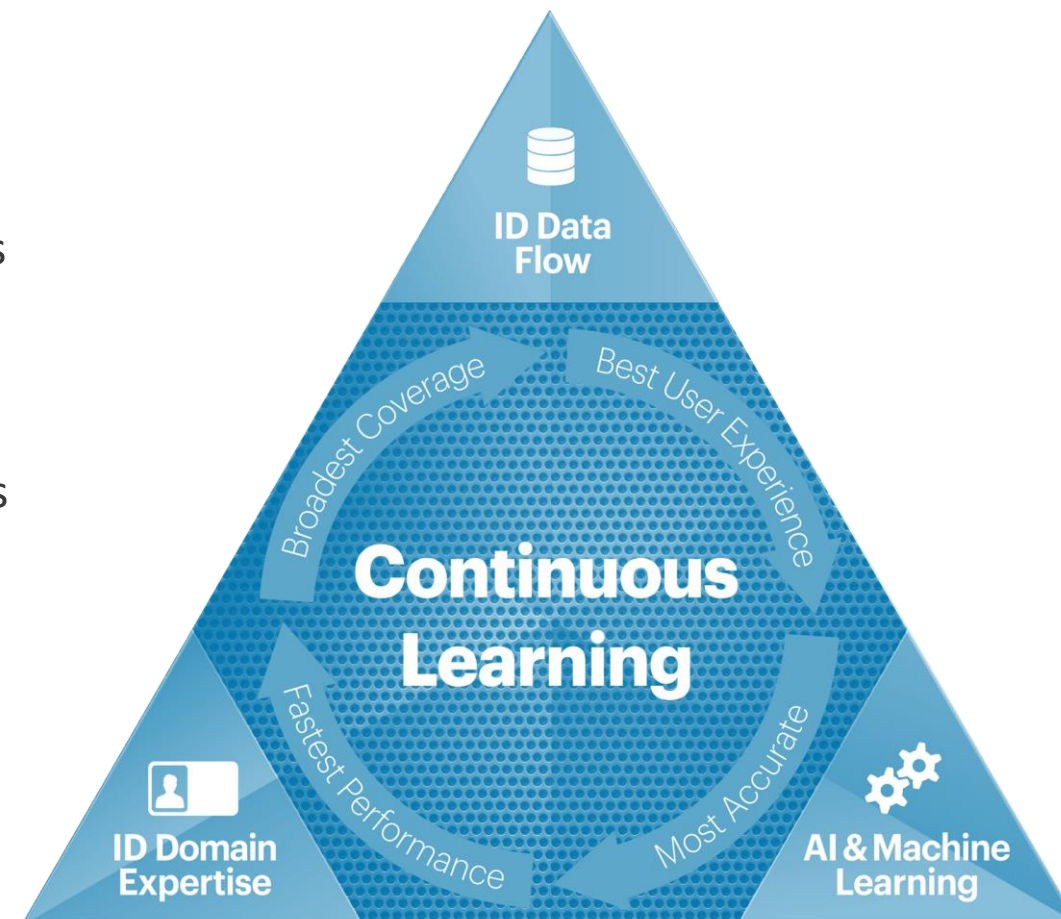
Mobile Verify[®]

Demo



The Mitek advantage: continuous learning engine






- **Data flow:** Millions of transactions processed every month allow Mitek to train and test algorithms based on real-world examples
- **ID document experts:** Hundreds of ID Document experts provide human intelligence as needed to create training sets and provide a quality metric on our algorithms
- **AI & machine learning:** Mitek's proprietary technology is built by a robust team of PhD and MS scientists with expertise in computer vision, data science, and deep learning



Some of Mitek's customers and partners



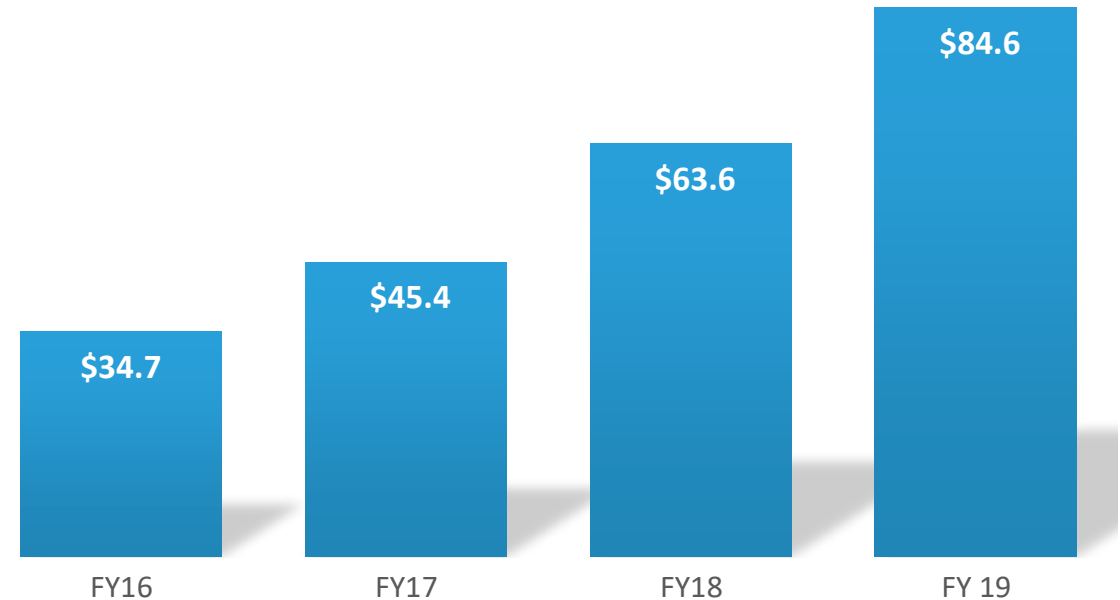
Identity verification **customer references**

				
<p>“I am pleased that we have found a partner such as Mitek that enables us to achieve our customer experience ambitions for onboarding and, simultaneously, meet the ever-growing requirements for ‘reliable’ identification.”</p> <p>Theo van Bon, Chief Operations Officer</p>	<p>“Mobile Verify™ helps us provide a fast and easy experience for our customers while ensuring that we’re complying with local laws and regulations. It replaces tedious and often paper based processes, dramatically increasing accuracy while reducing the time it takes to identify both parties in the transaction”</p> <p>Nash Ali, Head of Online Risk at MoneyGram</p>	<p>“Mitek is providing us the unique balance between technology and humans verifying our customers identities.”</p> <p>Joel Meyer, Chapter Lead Client Process, Transformation Office</p>	<p>“We have integrated Mitek’s icar automated identity identification solution. We view Mitek as a strong, established identity verification provider and believe they will deliver additional capabilities to our platform giving us a competitive edge.”</p> <p>Jan Manuel Tabero, CIO, Consumer Finance</p>	<p>“We use identity verification at the beginning of our enrollment process. This allows us to potentially reduce friction by pre-populating data on an application from the identity document.”</p> <p>Brian Swanson, EVP Consumer Banking</p>

FY19 financial performance (ending September 30, 2019)

- \$84.6M revenue, up 33% YOY
 - 67% Deposits (up 37%)
 - 33% ID (up 25%)
- Transactional SaaS revenue \$21.4M, up 63% YOY
- 20% non-GAAP operating margin
- \$0.7M GAAP net loss or \$(0.02) per diluted share
- \$17.3M non-GAAP net income or \$0.42 per diluted share, up 57%
- \$14.3M in cash flow from operations

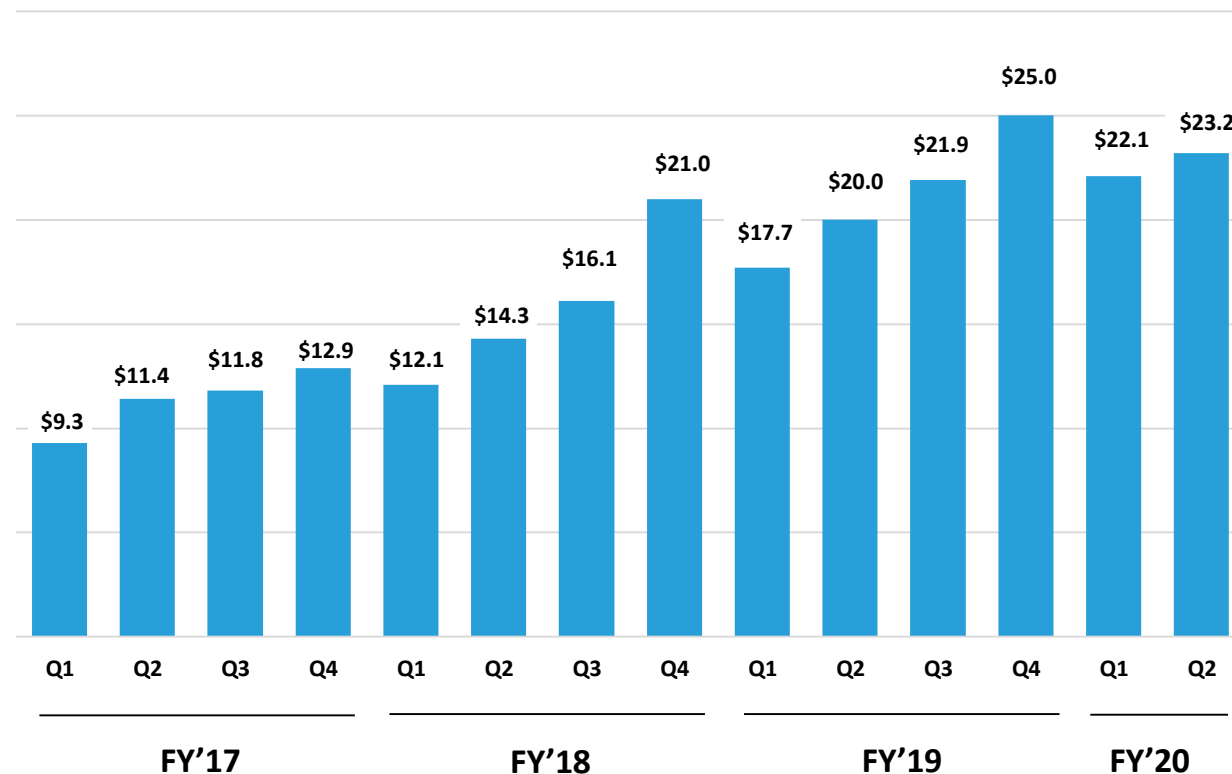
Annual Revenue (in Millions)



Q2'20 financial performance (ending March 31, 2020)

- \$23.2M revenue, up 16% YOY
- Transactional SaaS revenue \$7.4M, up 38% YOY
- 23% non-GAAP operating margin
- \$0.9M GAAP net income or \$0.02 per diluted share
- \$5.4M non-GAAP net income or \$0.13 per diluted share
- \$3.2M in cash flow from operations
- \$42.5M cash & equivalents

Quarterly Revenue (in Millions)



Mitek investment highlights

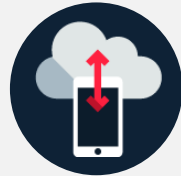
Market



\$12BN TAM

Leveraging
macroeconomic trends.
Industry growing at 16%
CAGR

Growth



DIGITAL

High growth,
profitable and cash
generation

Technology



AI & PATENTS

Unique and
patented technology

Leadership



THOUGHT LEADERS

Experienced
management team



Proven



80M+ USERS

Dominant and
proven mobile
capture pioneer

Trusted

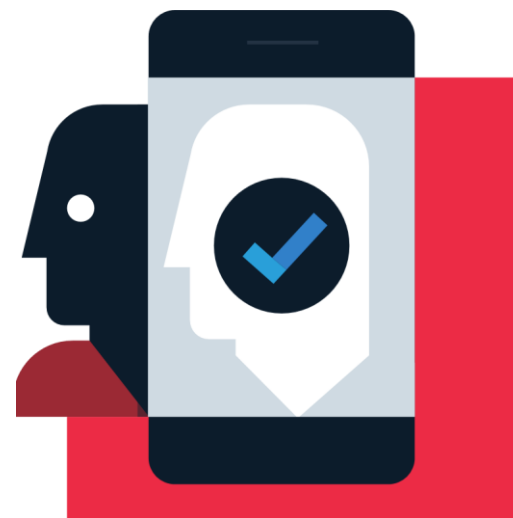


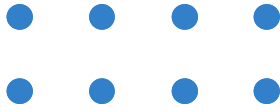
7,000+ CUSTOMERS

Globally across
financial services,
fintech and
marketplaces



Thank you





Appendices

Note regarding use of non-GAAP financial measures

This presentation contains non-GAAP financial measures for non-GAAP net income and non-GAAP net income per share that exclude stock compensation expenses, intellectual property litigation costs, acquisition-related costs and expenses, costs associated with our strategic process, executive transition costs, restructuring costs, insurance settlement, income tax effect of pre-tax adjustments and the cash tax difference. These financial measures are not calculated in accordance with generally accepted accounting principles (GAAP) and are not based on any comprehensive set of accounting rules or principles. In evaluating the Company's performance, management uses certain non-GAAP financial measures to supplement financial statements prepared under GAAP. Management believes these non-GAAP financial measures provide a useful measure of the Company's operating results, a meaningful comparison with historical results and with the results of other companies, and insight into the Company's ongoing operating performance. Further, management and the Board of Directors utilize these non-GAAP financial measures to gain a better understanding of the Company's comparative operating performance from period-to-period and as a basis for planning and forecasting future periods. Management believes these non-GAAP financial measures, when read in conjunction with the Company's GAAP financials, are useful to investors because they provide a basis for meaningful period-to-period comparisons of the Company's ongoing operating results, including results of operations against investor and analyst financial models, which helps identify trends in the Company's underlying business and provides a better understanding of how management plans and measures the Company's underlying business.

Non-GAAP net income reconciliation

(amounts in thousands except share data)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2020	2019	2020	2019
Net income (loss)	\$ 908	\$ (716)	\$ 1,468	\$ (3,907)
Non-GAAP adjustments:				
Acquisition-related costs and expenses	1,579	1,773	3,187	3,600
Litigation costs	561	—	1,034	—
Costs associated with strategic process	—	219	—	1,083
Executive transition costs(1)	—	—	—	251
Stock compensation expense	2,308	2,353	4,611	5,023
Restructuring costs	(114)	—	(114)	—
Income tax effect of pre-tax adjustments	(997)	(976)	(2,005)	(2,237)
Cash tax difference(2)	1,184	85	2,234	(29)
Non-GAAP net income	5,429	2,738	10,415	3,784
Non-GAAP income per share—basic	\$ 0.13	\$ 0.07	\$ 0.26	\$ 0.10
Non-GAAP income per share—diluted	\$ 0.13	\$ 0.07	\$ 0.25	\$ 0.09
Shares used in calculating non-GAAP net income per share—basic	41,022	38,926	40,817	38,583
Shares used in calculating non-GAAP net income per share—diluted	42,028	40,808	42,030	40,561

Non-GAAP net income reconciliation cont.

(amounts in thousands except share data)

- (1) Comprised of costs associated with the transition of the company's executive officers. Our non-GAAP financial measures exclude these transition costs as we believe that such expense is inconsistent with the normally recurring operations of our company and the inclusion of these costs makes it difficult to make period-to-period comparisons of our operating performance.
- (2) The company's non-GAAP net income is calculated using a cash tax rate of 0% and 3% in fiscal years 2020 and 2019, respectively. The estimated cash tax rate is the estimated tax payable on the company's tax returns as a percentage of estimated annual non-GAAP pre-tax net income. The company uses an estimated cash tax rate to adjust for the historical variation in the effective book tax rate associated with the reversal of valuation allowances, the utilization of research and development tax credits, and the utilization of loss carryforwards which currently have an overall effect of reducing taxes payable. The company believes that the cash tax rate provides a more transparent view of the company's operating results. The company's effective tax rate used for the purposes of calculating GAAP net income (loss) for the three months ended March 31, 2020 and 2019 was 17% and 53%, respectively. The company's effective tax rate used for the purposes of calculating GAAP net income (loss) for the six months ended March 31, 2020 and 2019 was 13% and 35%, respectively.