



# Mitek

# Investor presentation



Nasdaq : MITK  
Q1 FY20

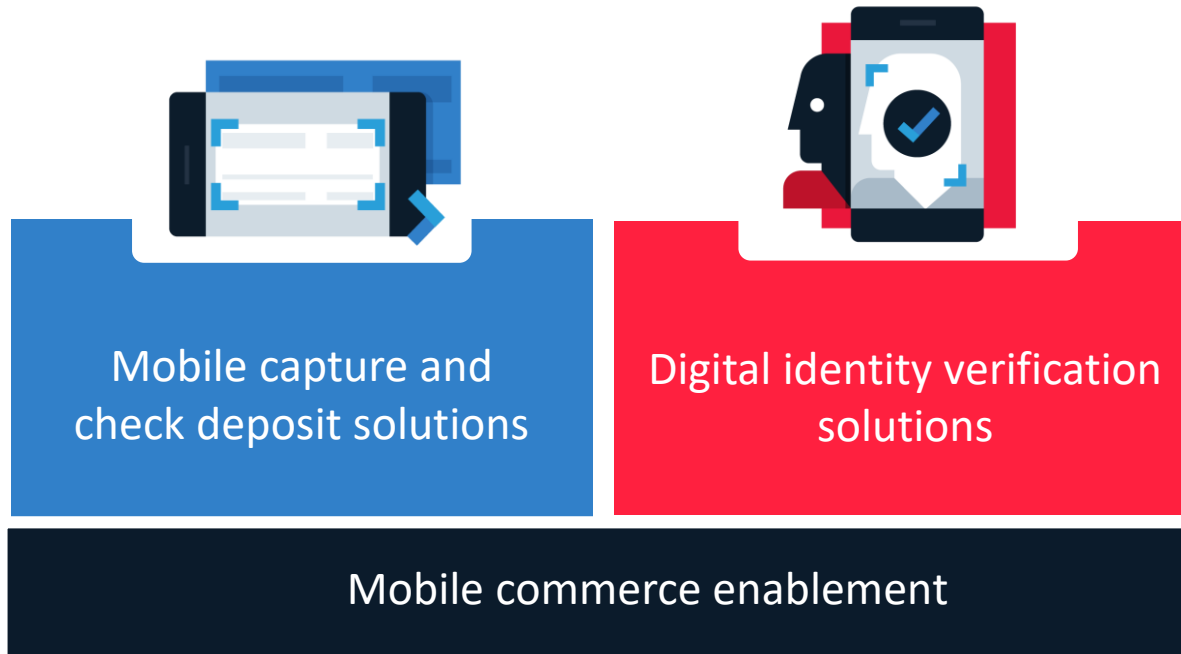
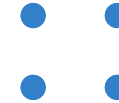
# Safe harbor statement

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

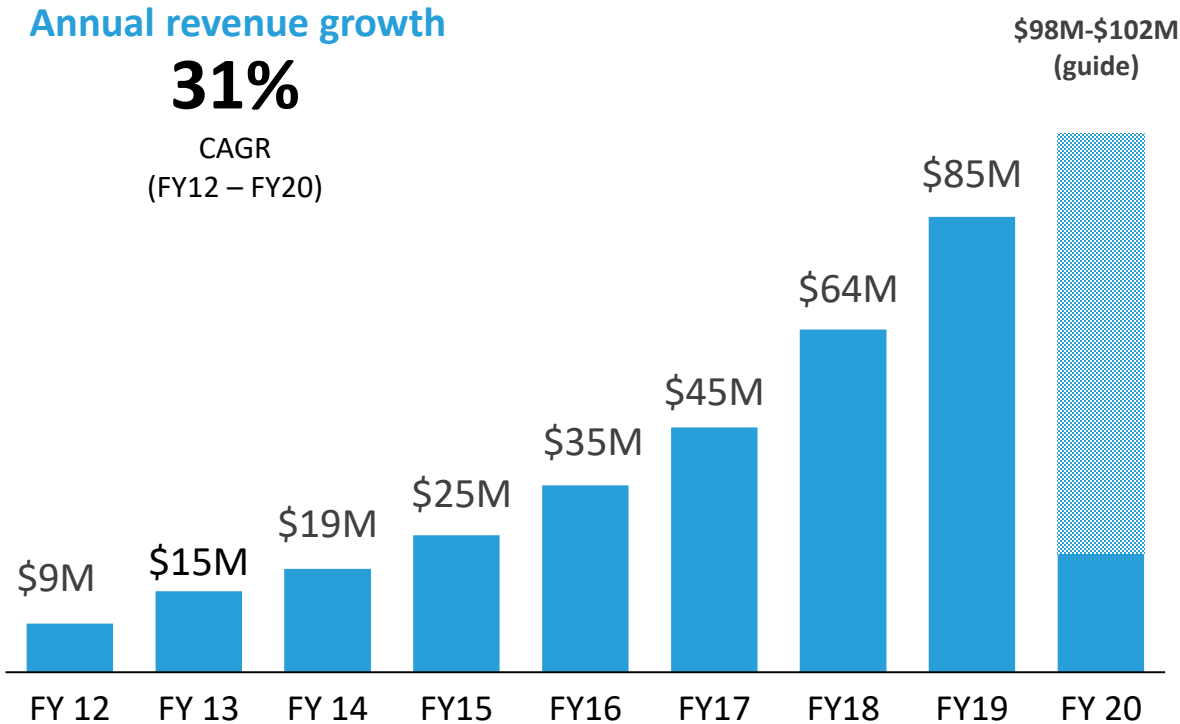
Over 6,500 customers

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%**  
ID SaaS revenue growth

**37%**  
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**<sup>®</sup>



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](#)

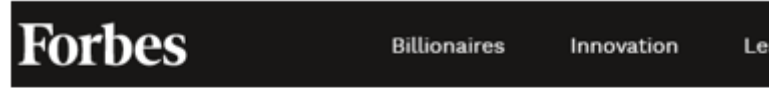
August 19, 2019

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

## TECHNATIVE

PSD2: Pushing businesses across the digital ID verification line

**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.

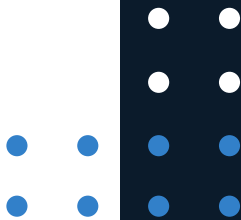
The New ID Theft: Millions of Credit Applicants Who Don't Exist



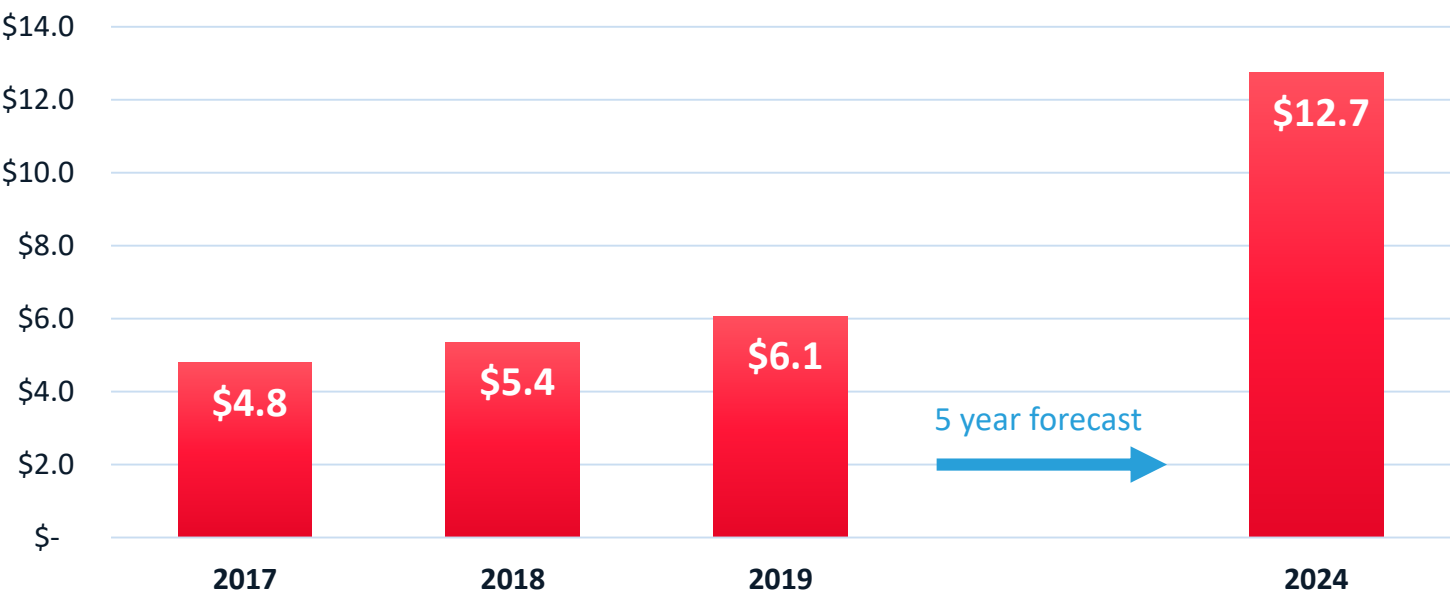
*"The identity of new customers cannot be absolutely verified ("proven"), but high confidence in identity is crucial to protect customers and revenue...."*

**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

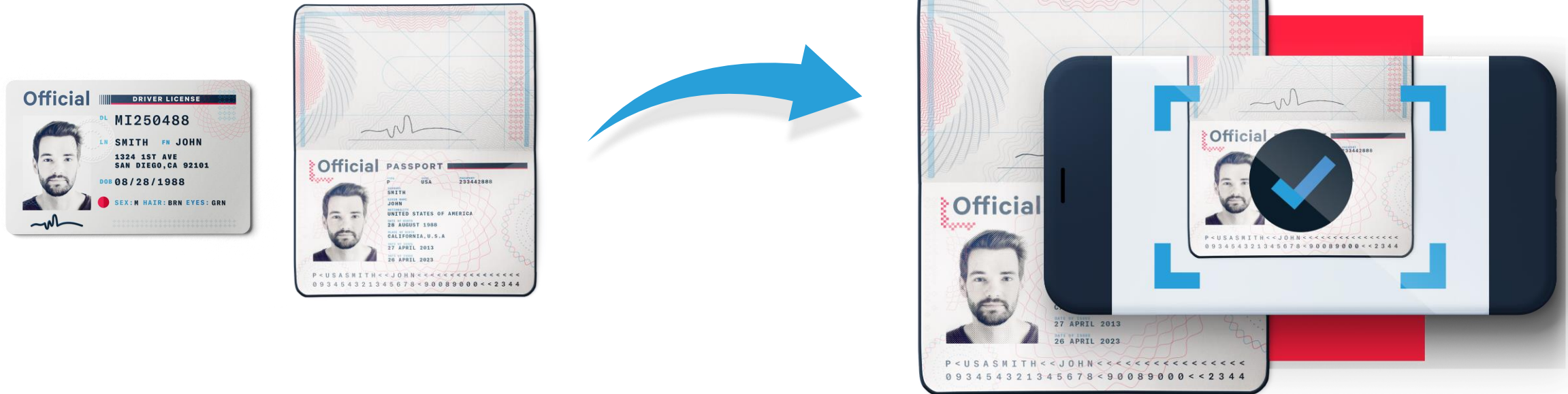


Government



# Mobile Verify<sup>®</sup>

Bridges the gap from the physical to the digital world



Mobile Verify replaces current methods

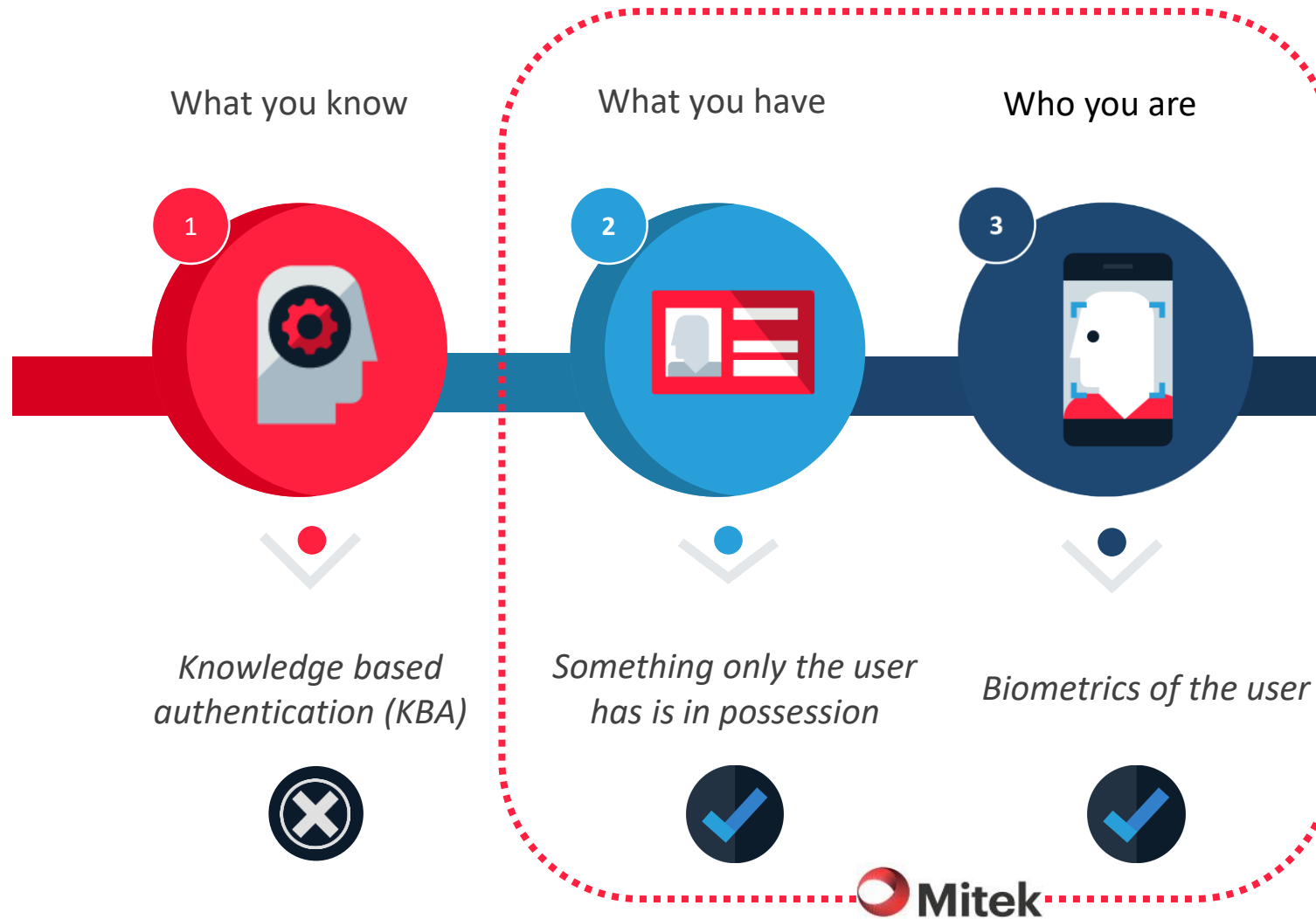


Face-to-face interaction

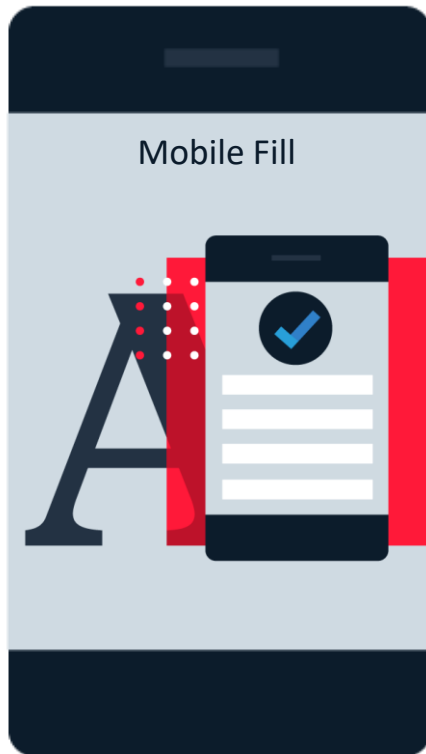
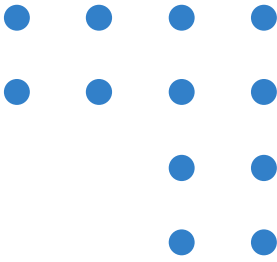
Data from credit bureaus

Knowledge base authentication

# Verifying digital users requires **new technology**

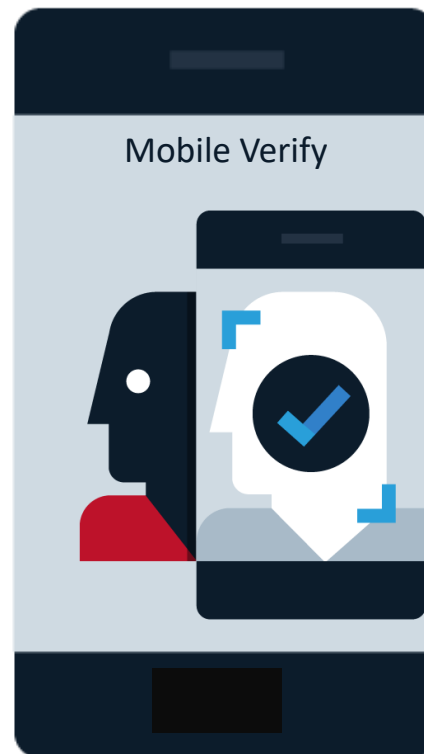


# Identity **products**



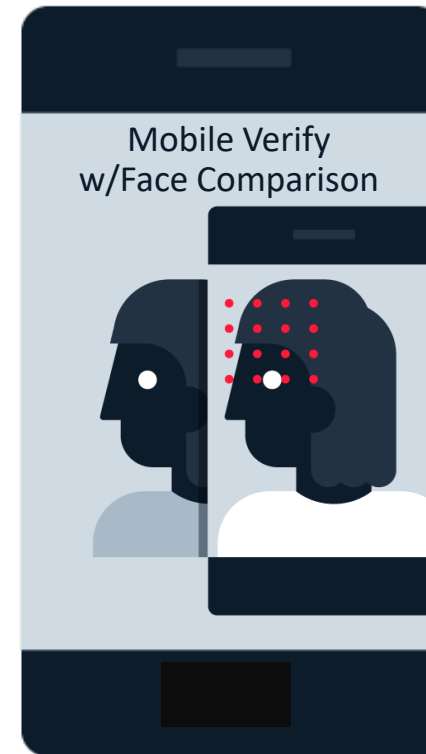
## Mobile Fill®

Fast and accurate  
automated data capture



## Mobile Verify®

Real-time ID document  
authentication



## Face Comparison

Ties the **person** to  
their ID Document

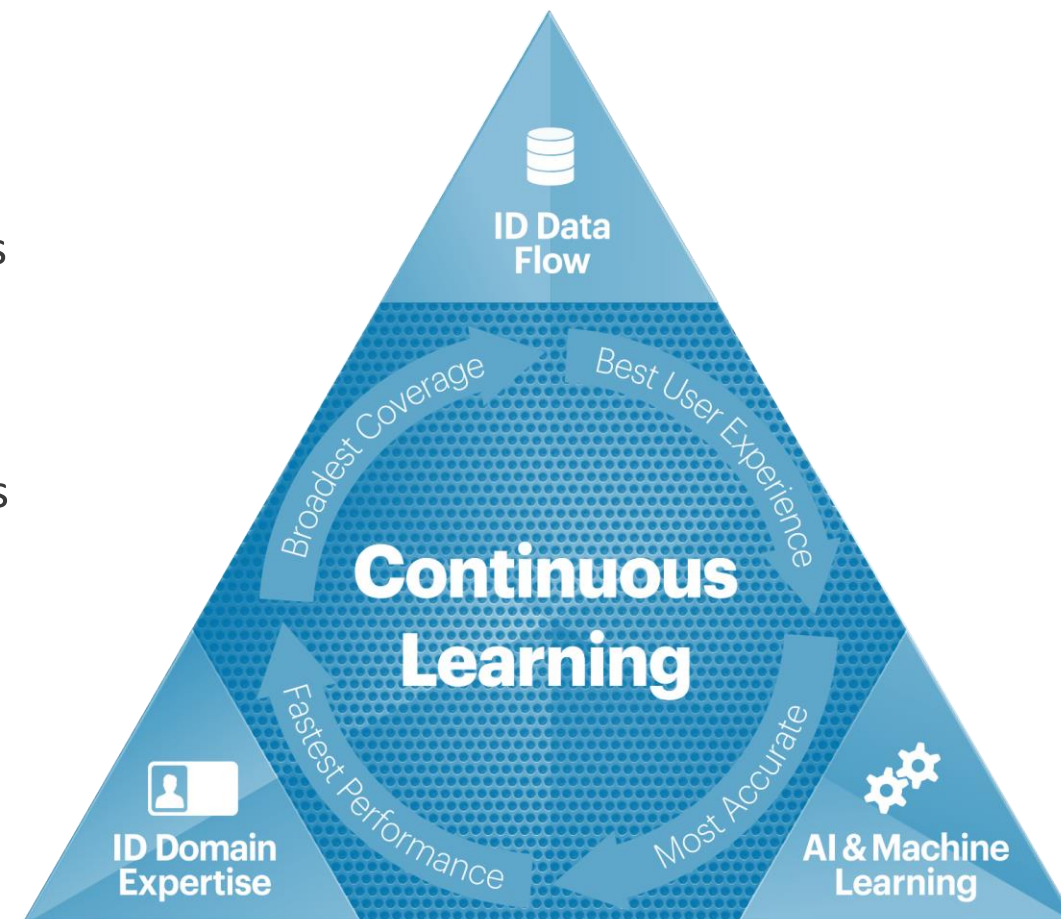
# Mobile Verify<sup>®</sup>

## 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



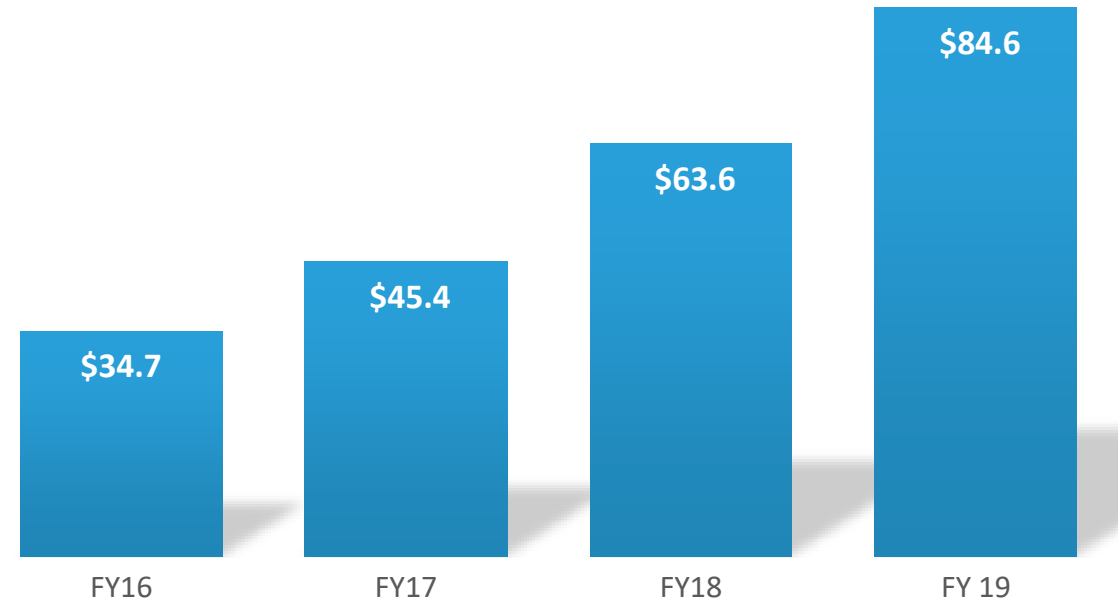
# Identity verification **customer references**

				
<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)**

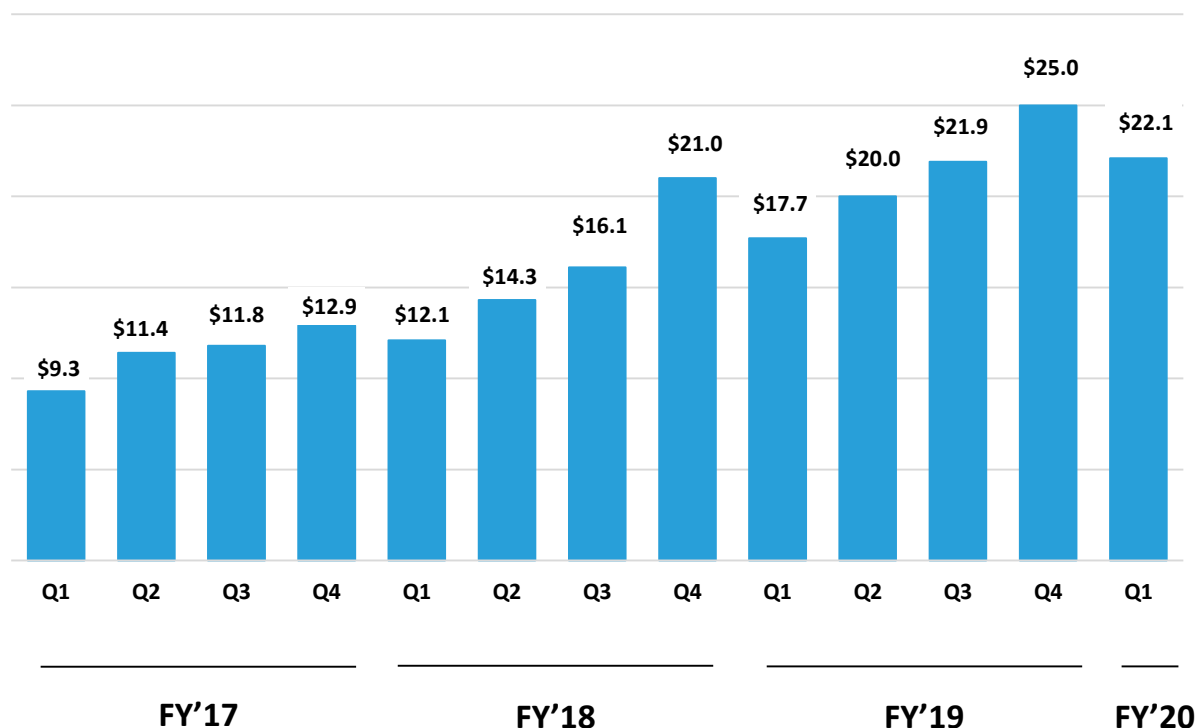




# Q1'20 financial performance

- \$22.1M revenue, up 25% YOY
- Transactional SaaS revenue \$6.1M, up 39% YOY
- 21% non-GAAP operating margin
- \$0.6M GAAP net income or \$0.01 per diluted share
- \$5.0M non-GAAP net income or \$0.12 per diluted share
- \$5.2M in cash flow from operations
- \$39.9M cash & equivalents

Quarterly Revenue (in Millions)





## Financial guidance



**Fiscal 2020** (ending Sept. 30, 2020):

\$98M to \$102M in revenue, ~ 16% to 21% growth  
Non-GAAP operating margins between 20% - 22%

**Q2 2020** (ending Mar. 31, 2020):

\$23.0M to \$23.5M in revenue, ~ 15% to 18% growth YOY  
OpEx of \$18.0M to \$18.5M (Non-GAAP, including COGS)



# 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



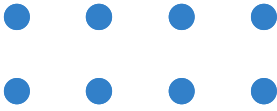
**6500+ CUSTOMERS**

6400 FS customers in  
the US and hundreds  
more in Europe



# 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 December 31,	
	2019	2018
Net income (loss)	\$ 560	\$ (3,191)
Non-GAAP adjustments:		
Acquisition-related costs and expenses	1,608	1,827
Litigation costs	473	—
Costs associated with strategic process	—	864
Executive transition costs(1)	—	251
Stock compensation expense	2,303	2,670
Income tax effect of pre-tax adjustments	(1,008)	(1,261)
Cash tax difference(2)	1,050	(114)
Non-GAAP net income	4,986	1,046
Non-GAAP income per share—basic	\$ 0.12	\$ 0.03
Non-GAAP income per share—diluted	\$ 0.12	\$ 0.03
Shares used in calculating non-GAAP net income per share—basic	40,615	38,247
Shares used in calculating non-GAAP net income per share—diluted	41,828	40,117

# 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 2% 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 December 31, 2019 and 2018 was 7% and negative 30%, respectively.