

Investor Presentation

Q2 Fiscal 2018

 **Nasdaq** : MITK



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 9/30/17 filed with the SEC on 11/30/17 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.





Global Leader in Mobile Capture and Identity Verification



Mobile Capture and
Check Deposit
Solutions



Digital Identity
Verification Solutions

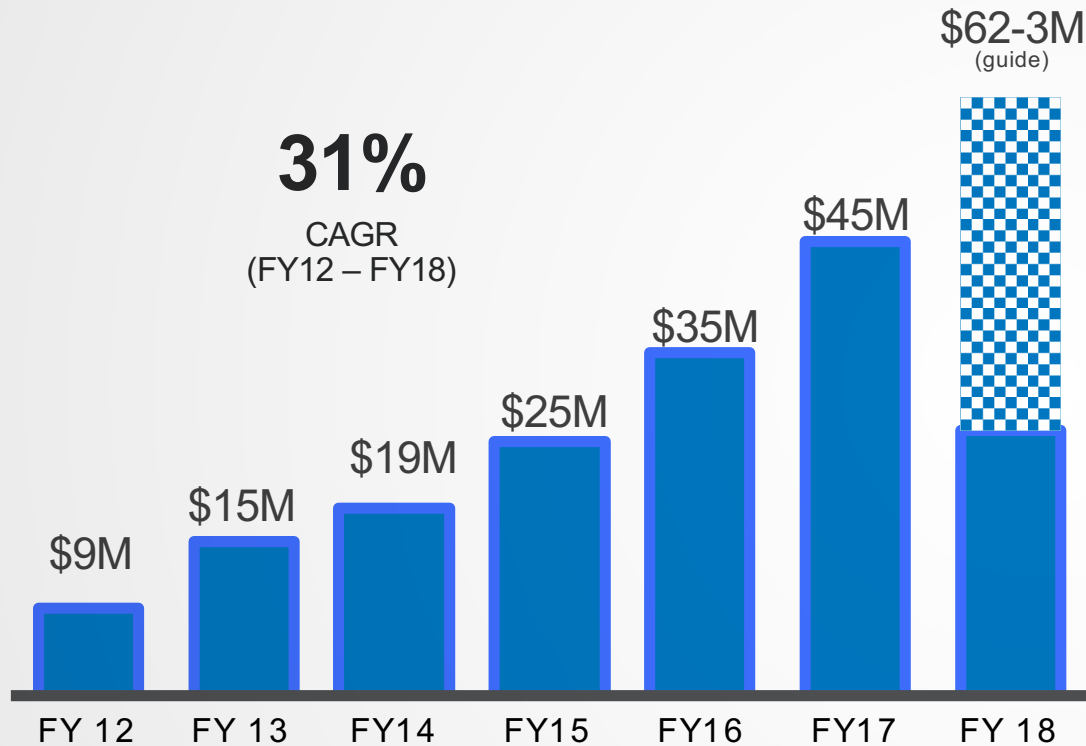
Mobile Commerce
Enablement

- Over 80 million consumers
- Over 6,100 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 & Cash Generation

Annual Revenue (\$M)



FY 2017 Highlights

- 31% Revenue growth
- >20% Operating Margins
- \$10.4M Cash from Operations

90%+

Recurring
Business

50%+

SaaS
Revenue Growth

90%

ID Cloud
Bookings

6,100+

Financial Services
Customers

\$1.5+ Trillion

Mobile Check Deposit
Transaction Value Processed



Inventors of **Mobile Deposit®**

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

Bank Cost per Check Deposit

Branch



ATMs



Mobile
Deposit



Mitek has enabled more
than **2 Billion**
Mobile Deposits

Totaling
\$1.5 trillion in
cumulative check
value

Saving banks
\$ billions



Commerce Shift to Digital

Leveraging Market Trends



Digital Transformation

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



Economic

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



Regulatory

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



Social

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



Trust Issues - Identity Verification Taking Center Stage

THE WALL STREET JOURNAL.

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



Facebook demands ID verification for big Pages, 'issue' ad buyers

SCIENTIFIC AMERICAN

The Facebook Controversy: Privacy Is Not the Issue

The real danger is that the information and social platforms on the internet are being corrupted in the service of con men, political demagogues and thieves

Venture Beat

Expanding verification could slow the spread of fake news on Twitter

JAVELIN

"Digital channels have exposed the vulnerabilities inherent in the traditional identity verification process..." These vulnerabilities contribute to record rates of identity fraud."

- Al Pascual, SVP, Research and Head of Fraud & Security

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






Western Union to Pay \$600M Over Failures in AML

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

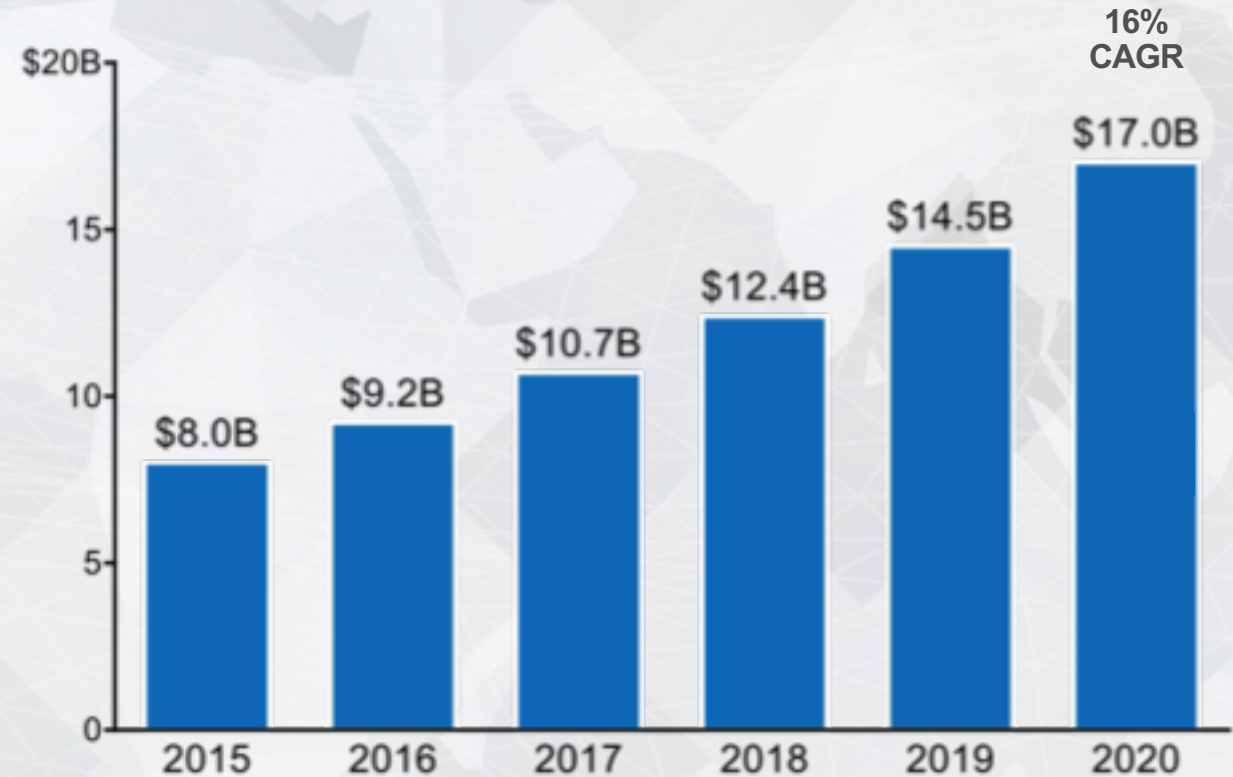


Addressing a Global \$10B Market Growing at 16% CAGR

Priority Identity Verification Verticals

-  Financial Services
-  Telecom
-  Sharing Economy
-  Travel
-  Healthcare
-  Insurance
-  Government

Consumer Identity & Access Management Market



Innovators in Identify Verification

Takes **Mobile Deposit** proven AI technology to the next level with **Mobile Verify**

Bridging the gap between the physical and digital world



Current methods



Face-to-face interaction



Data from Credit Bureaus



KBA



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



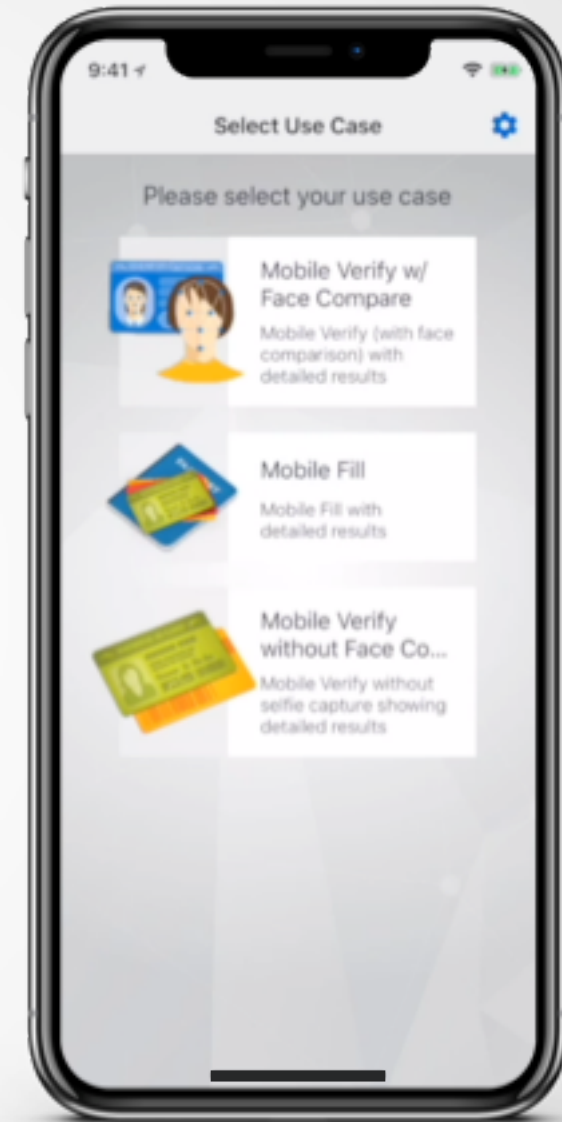
Mobile Docs™

Submit Supporting
Documents

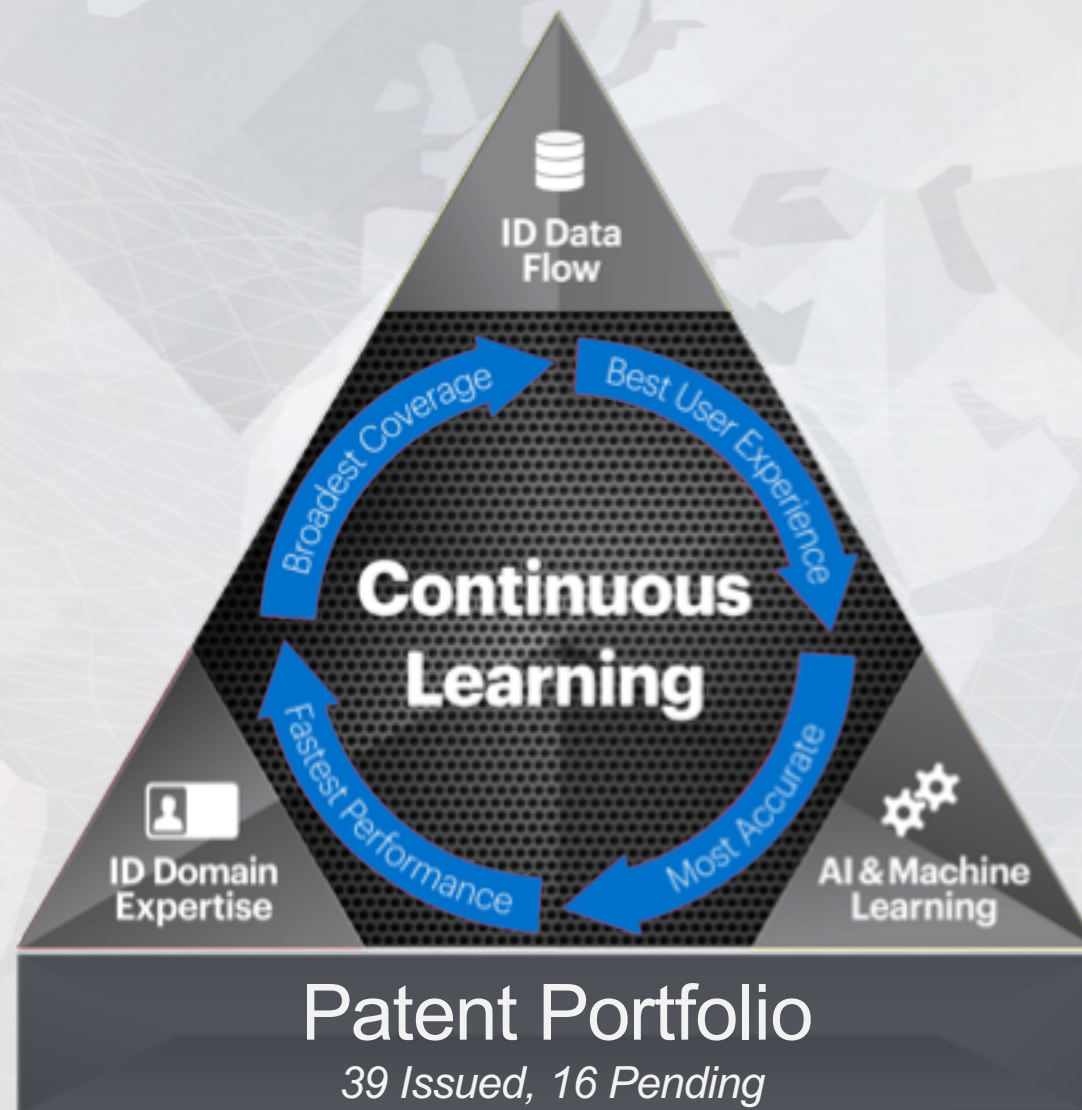


Mobile Verify®

Recorded Demo



The Mitek Advantage: Continuous Learning ID Engine



Mitek Customers and Partners

In addition to 6,100 US financial institutions, some of Mitek's rapidly growing list of customers and partners include...



AllianceData.



Morgan Stanley



Kabbage®



CaixaBank



credit karma



MARICOPA
COMMUNITY COLLEGES



ABN-AMRO



PayPal



experian™

PALLADIUM
HOTEL GROUP



Mobile Verify®

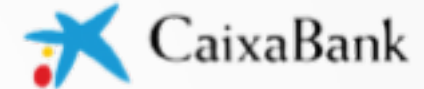
Success Stories



"Mobile Verify® helps us provide a fast and easy experience for our customers while ensuring that we're complying with local laws and regulations ..."



"We share Mitek's passion for creating superior consumer experiences through technology innovation. We are always seeking ways to streamline our in-store credit application process and Mitek's technology helps Synchrony's Mobile Apply ..."



"We have integrated the iCAR [A Mitek company] automated identity identification solution. We view Mitek as a strong, established identity verification solutions provider ..."



"We chose to partner with Mitek using their Mobile Verify product, as it is easy to use and scalable..."



"Mitek's scalable identity verification solution is speeding up the registration process, enabling us to keep up with the enormous rise in requests...."

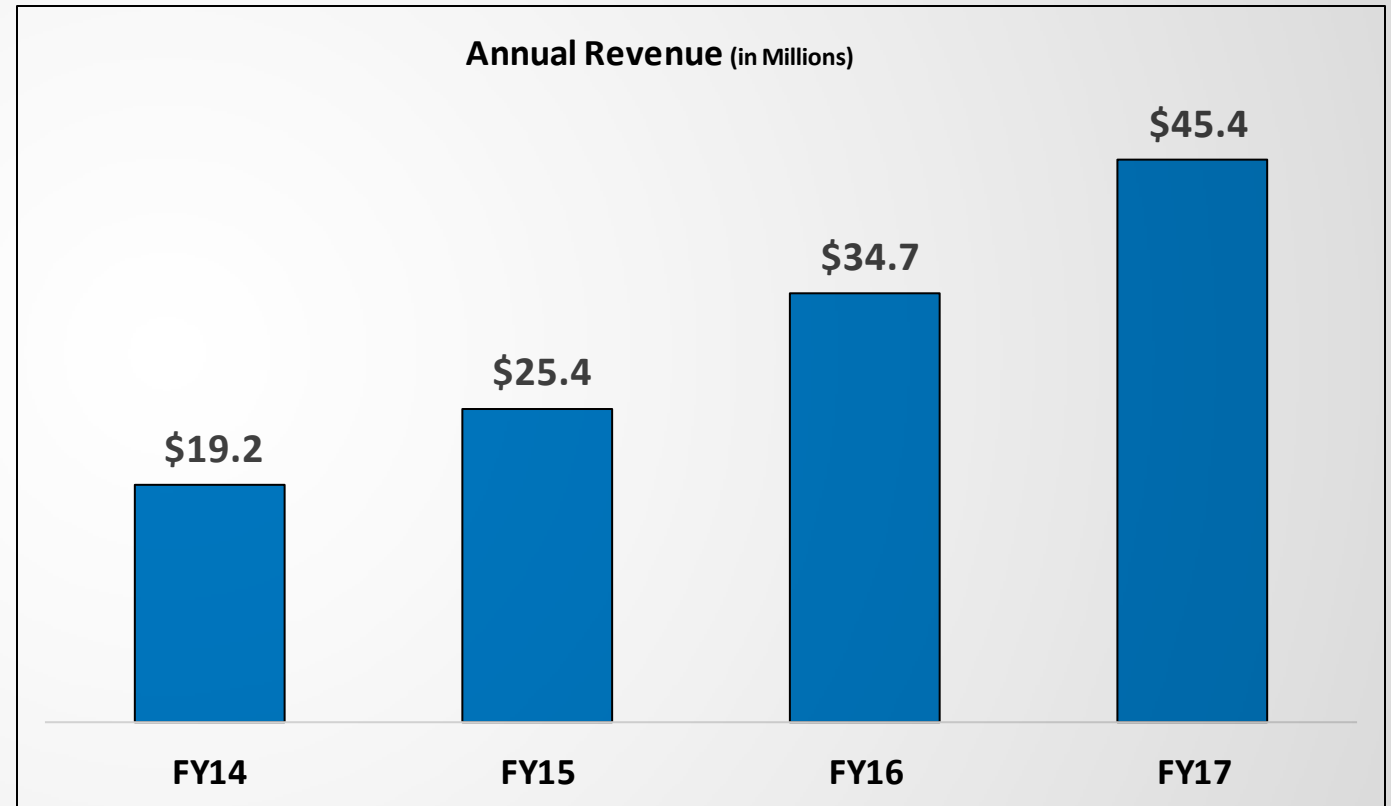


"I am pleased that we have found a partner such as Mitek ..."



FY17 Financial Performance (ending September 30, 2017)

- **\$45.4M revenue, up 31% YOY**
 - 71% Payments (up 23%)
 - 29% ID (up 54%)
- **SaaS revenue \$7.8M, up 51% YOY**
- **24% Non-GAAP Operating Margin**
- **\$14.1M GAAP net income or \$0.40 per diluted share***
- **\$10.9M non-GAAP net income or \$0.31 per diluted share**
- **\$10.4M in cash flow from operations**



Q2'18 Financial Performance (ending March 31, 2018)

- **\$14.3 revenue, up 25% YOY**
- **SaaS revenue \$3.3M, up 91% YOY**
- **ID business up 109% YOY**
- **14% Non-GAAP Operating Margin**
- **\$1.2M GAAP net loss or \$0.3 per diluted share**
- **\$2.1M non-GAAP net income or \$0.06 per diluted share**
- **\$1.0M cash flow from operations**
- **\$45.3M cash & equivalents**

Quarterly Revenue (in Millions)



Acquisition of A2iA (Artificial intelligence and image analysis)

- **“Combines two market leaders in image recognition and processing, creating powerful force with deep expertise in image analytics”** - Bob Meara, Sr Analyst at Celent
- **€42.5M Purchase Price: €24.4M cash and €18.1M Mitek Stock** (2.5M shares)
- **Adds accretive revenue: €12.9M Revenue and €1.7M Operating Income in 2017**
- **A2iA's Research Labs doubles the size of the existing Mitek Labs team**
 - Creates large private research group of PhD scientists in computer vision, machine learning and artificial intelligence for this industry.
- **Solidifies leadership position in Mobile Deposit®**
 - Makes Mitek the global standard in check imaging across all channels: mobile, RDC, ATM and branch.
 - Used by Top US Banks, 100% UK banks, 90% French and Brazilian banks and >75,000 ATMS
- **Acquisition completed May 23, 2018**



Financial Guidance

- **Fiscal 2018** (ending Sept. 30, 2018):
 - \$62M to \$63M in revenue, ~ 37% to 39% growth
 - Non-GAAP profit margins between 15% - 16%
- **Q3 2018** (ending June, 2018):
 - \$15.0M to \$15.5M in revenue, ~ 27% to 31% growth YOY
 - OpEx of \$13.5M to \$14.0M (Non-GAAP, including COGS)

Guidance updated May 23, 2018



Investment Highlights



High-growth and Profitable Cloud Company

Secular Trends Driving Adoption:
Digital Transformation, Data Breaches, Increased Regulations

\$10 Billion Global Market Growing @ 16%+

Dominant and Proven Mobile Capture Winner.
80+ Million Users

6,100+ Customers, Including ...



Unique and Patented Technology

Experienced Management Team



Thank You!



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 and the deferred tax benefit. 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,	
	2018	2017	2018	2017
Net income (loss)	\$ (1,160)	\$ 1,217	\$ (6,896)	\$ 610
Non-GAAP adjustments:				
Acquisition-related costs and expenses	1,203	518	2,462	1,036
Litigation costs	—	—	50	—
Stock compensation expense	2,058	1,223	3,947	2,308
Income tax effect of pre-tax adjustments	(978)	—	(1,938)	—
Impact of tax reform on deferred taxes	—	—	4,417	—
Cash tax difference ⁽¹⁾	1,024	—	1,136	—
Non-GAAP net income	2,147	2,958	3,178	3,954
Non-GAAP income per share—basic	\$ 0.06	\$ 0.09	\$ 0.09	\$ 0.12
Non-GAAP income per share—diluted	\$ 0.06	\$ 0.08	\$ 0.09	\$ 0.11
Shares used in calculating non-GAAP net income per share—basic	34,976	32,786	34,587	32,582
Shares used in calculating non-GAAP net income per share—diluted	36,667	34,815	36,526	34,818

(1) The Company's non-GAAP net income per share is calculated using the cash tax rate of 3%. 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 loss for the three and six months ended March 31, 2018 was negative 9% and negative 117%, respectively.



Non-GAAP Net Income Reconciliation

(amounts in thousands except share data)

	Twelve Months Ended September 30,	
	2017	2016
Net income	\$ 14,092	\$ 1,959
Non-GAAP adjustments:		
Acquisition-related costs and expenses	2,356	2,176
Litigation costs	51	460
Stock compensation expense	5,478	4,079
Benefit related to the release of deferred tax asset valuation allowance	(11,035)	—
Non-GAAP net income	10,942	8,674
Non-GAAP income per share - basic	\$ 0.33	\$ 0.27
Non-GAAP income per share - diluted	\$ 0.31	\$ 0.26
Shares used in calculating non-GAAP net income per share - basic	33,082,999	31,586,535
Shares used in calculating non-GAAP net income per share - diluted	35,537,218	33,818,501

