



July 27, 2017

Mitek Reports Record Revenue in Third Quarter of Fiscal 2017

SAN DIEGO, Calif., July 27, 2017 (GLOBE NEWSWIRE) -- Mitek (NASDAQ:MITK) (www.miteksystems.com), a global leader in mobile capture and identity verification software solutions, today announced its financial results for the third quarter of fiscal 2017 ended June 30, 2017.

Fiscal Third Quarter Financial Highlights

- | Record total revenue of \$11.8 million, up 30% year over year.
- | SaaS revenue of \$2.4 million, up 61% year over year.
- | GAAP net income of \$0.6 million, or \$0.02 per diluted share.
- | Non-GAAP net income of \$2.9 million, or \$0.08 per diluted share.
- | Excluding one-time charges related to the Company's CFO transition, GAAP and Non-GAAP net income per diluted share would have been \$0.04 and \$0.10, up 90% and 35%, respectively, year over year.
- | Cash and investments totaled \$42.9 million at June 30, 2017, up \$3.0 million, or 8% from the second fiscal quarter.

Commenting on the results, James DeBello, Chairman and CEO of Mitek, said:

"Our record revenue was driven by continued growth from our industry leading identity verification and mobile check deposit products, contributing to another strong quarter for Mitek. Our identity solutions squarely address the large and growing consumer identity and access management market and are a significant growth driver for Mitek as businesses look to optimize the digital channel for new customer on-boarding, payments and authentication. Additionally, our mobile deposit solution continues to lead the market as financial institutions drive their customers to the lower cost mobile channel. Our market momentum and competitive advantages in these two growing markets, as well as our strong balance sheet, position us well for continued growth this year and for years to come."

Fiscal 2017 Financial Guidance

For the fiscal year ending September 30, 2017, the Company expects full year total revenue to be between \$44 million and \$45 million, which would represent growth between 27% and 30% year over year. The Company expects to generate a non-GAAP profit margin of at least 20% for fiscal 2017.

Conference Call Information

Mitek management will host a conference call and live webcast for analysts and investors today at 1:30 p.m. Pacific Time (4:30 p.m. Eastern Time) to discuss the Company's financial results.

To listen to the live conference call, parties in the United States and Canada should dial 888-747-4666, access code 4789356. International parties should call 719-457-2643 using access code 4789356. Please dial in approximately 15 minutes prior to the start of the call.

A live and archived webcast of the conference call will be accessible on the "Investor Relations" section of the Company's website at www.miteksystems.com. To access the live webcast, please log in 15 minutes prior to the start of the call to download and install any necessary audio software.

About Mitek

Mitek (MITK) is a global leader in mobile capture and identity verification software solutions. Mitek's identity verification solution allows an enterprise to verify a user's identity during a mobile transaction, enabling financial institutions, payments companies and other businesses operating in highly regulated markets to transact business safely while increasing revenue from the mobile channel. Mitek also reduces the friction in the mobile user experience with advanced data prefill. These innovative mobile solutions are embedded into the apps of more than 5,800 organizations and used by tens of millions of consumers daily for mobile check deposit, new account opening, insurance quoting and more. Learn more at www.miteksystems.com. [(MITK-F)]

Notice Regarding Forward-Looking Statements

Statements contained in this news release relating to the Company's or management's intentions, hopes, beliefs, expectations or predictions of the future, including, but not limited to, statements relating to the Company's long-term prospects and market opportunities are forward-looking statements. Such forward-looking statements are subject to a number of risks and uncertainties, including, but not limited to, risks related to the Company's ability to withstand negative conditions in the global economy, a lack of demand for or market acceptance of the Company's products, the Company's ability to continue to develop, produce and introduce innovative new products in a timely manner or the outcome of any pending or threatened litigation and the timing of the implementation and launch of the Company's products by the Company's signed customers.

Additional risks and uncertainties faced by the Company are contained from time to time in the Company's filings with the U.S. Securities and Exchange Commission (SEC), including, but not limited to, the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2016 and its quarterly reports on Form 10-Q and current reports on Form 8-K, which you may obtain for free on the SEC's website at www.sec.gov. Collectively, these risks and uncertainties could cause the Company's actual results to differ materially from those projected in its forward-looking statements and you are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company disclaims any intention or obligation to update, amend or clarify these forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

Note Regarding Use of Non-GAAP Financial Measures

This news release 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 and acquisition-related costs and expenses. 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.

MITEK SYSTEMS, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)
(amounts in thousands except share data)

	June 30, 2017 (Unaudited)	September 30, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 9,299	\$ 9,010
Short-term investments	29,001	24,863
Accounts receivable, net	6,405	4,949
Other current assets	1,323	1,485
Total current assets	46,028	40,307
Long-term investments	4,616	1,952
Property and equipment, net	546	440
Goodwill and intangible assets	5,288	5,646
Other non-current assets	62	40
Total assets	<u>\$ 56,540</u>	<u>\$ 48,385</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,828	\$ 1,318
Accrued payroll and related taxes	3,361	3,263

Deferred revenue, current portion	3,960	3,391
Other current liabilities	370	355
Total current liabilities	9,519	8,327
Deferred revenue, non-current portion	89	259
Other non-current liabilities	789	314
Total liabilities	10,397	8,900
Stockholders' equity:		
Preferred stock, \$0.001 par value, 1,000,000 shares authorized, none issued and outstanding	—	—
Common stock, \$0.001 par value, 60,000,000 shares authorized, 33,497,690 and 32,781,704 issued and outstanding, as of June 30, 2017 and September 30, 2016, respectively	33	33
Additional paid-in capital	76,457	71,036
Accumulated other comprehensive loss	(31)	(42)
Accumulated deficit	(30,316)	(31,542)
Total stockholders' equity	46,143	39,485
Total liabilities and stockholders' equity	\$ 56,540	\$ 48,385

MITEK SYSTEMS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(amounts in thousands except share data)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2017	2016	2017	2016
Revenue				
Software	\$ 7,464	\$ 5,760	\$ 21,244	\$ 16,046
SaaS, maintenance and consulting	4,334	3,345	11,242	8,985
Total revenue	11,798	9,105	32,486	25,031
Operating costs and expenses				
Cost of revenue-software	404	157	772	679
Cost of revenue-SaaS, maintenance and consulting	778	636	2,131	1,776
Selling and marketing	3,487	2,940	11,029	7,956
Research and development	2,652	1,940	7,504	5,460
General and administrative	3,363	2,182	8,348	6,537
Acquisition-related costs and expenses	630	556	1,666	1,640
Total operating costs and expenses	11,314	8,411	31,450	24,048
Operating income	484	694	1,036	983
Other income, net	149	45	281	111
Income before income taxes	633	739	1,317	1,094
Income tax provision	(17)	—	(91)	(95)
Net income	\$ 616	\$ 739	\$ 1,226	\$ 999
Net income per share - basic	\$ 0.02	\$ 0.02	\$ 0.04	\$ 0.03
Net income per share - diluted	\$ 0.02	\$ 0.02	\$ 0.03	\$ 0.03
Shares used in calculating net income per share - basic	33,023,622	31,823,386	32,732,323	31,477,723
Shares used in calculating net income per share - diluted	35,609,724	34,531,964	35,033,374	33,461,787

MITEK SYSTEMS, INC.
NON-GAAP NET INCOME (LOSS) RECONCILIATION
(Unaudited)
(amounts in thousands except share data)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2017	2016	2017	2016
Income before income taxes	\$ 633	\$ 739	\$ 1,317	\$ 1,094
Add back:				
Acquisition-related costs and expenses	630	556	1,666	1,640
Litigation costs	—	186	—	413
Stock compensation expense	1,637	947	3,945	3,108
Non-GAAP income before income taxes	2,900	2,428	6,928	6,255
Non-GAAP provision for income taxes	(17)	—	(91)	(95)
Non-GAAP net income	2,883	2,428	6,837	6,160
Non-GAAP income per share - basic	\$ 0.09	\$ 0.08	\$ 0.21	\$ 0.20
Non-GAAP income per share - diluted	\$ 0.08	\$ 0.07	\$ 0.20	\$ 0.18
Shares used in calculating non-GAAP net income per share - basic	33,023,622	31,823,386	32,732,323	31,477,723
Shares used in calculating non-GAAP net income per share - diluted	35,609,724	34,531,964	35,033,374	33,461,787

Follow Mitek on LinkedIn: <http://www.linkedin.com/company/mitek-systems-inc>

Follow Mitek on Twitter: @miteksystems

Connect with Mitek on Facebook: <http://www.facebook.com/MitekSystems>

See Mitek on YouTube: <http://www.youtube.com/miteksystems>

Read Mitek's latest blog post: <http://www.miteksystems.com/blog>

Investor Contact:

Todd Kehrlí or Jim Byers

MKR Group, Inc.

mitk@mkr-group.com

 Primary Logo

Source: Mitek Systems, Inc.

News Provided by Acquire Media