

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 5, 2020

MITEK SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-35231
(Commission File Number)

87-0418827
(IRS Employer
Identification No.)

600 B Street, Suite 100
San Diego, California
(Address of principal executive offices)

92101
(Zip Code)

Registrant's telephone number, including area code: (619) 269-6800

Not Applicable
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instructions A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	MITK	The NASDAQ Capital Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On November 5, 2020, Mitek Systems, Inc. (the “Company”) issued a press release regarding the Company’s financial results for the fourth quarter and fiscal year ended September 30, 2020. The full text of the Company’s press release is attached hereto as Exhibit 99.1.

In accordance with General Instruction B.2 of Form 8-K, the information in this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

Effective November 3, 2020, Kimberly S. Stevenson was appointed to the Board of Directors of the Company (the “Board”).

Currently, the Company provides its outside directors with \$125,000 in annual equity compensation which generally is granted in November of each year. This year, in order to better align each Director’s equity compensation with their annual term of service, the Company will make a pro-rata equity grant of \$37,000, which is intended to compensate each director for the period beginning November 16, 2020 and ending March 3, 2021 (the anticipated date of our annual stockholder meeting date). Following the annual stockholder meeting, the Company will then resume its normal equity granting practice, with the vesting term to commence upon election to the board at such meeting and ending upon the next year’s annual meeting date. Accordingly, in connection with Ms. Stevenson’s appointment to the Board, she will receive a grant, on or about November 16, 2020, of restricted stock units of the Company with an initial value of \$37,000 which units will fully vest on March 3, 2021. The number of shares of Company common stock subject to this restricted stock unit award will be calculated based on the closing price of the Company’s common stock on the date of grant. As a non-employee director, Ms. Stevenson will be entitled to receive the Company’s standard fees for her service as a member of the Board.

The Company intends to enter into its standard form of indemnification agreement with Ms. Stevenson, a copy of which was filed as Exhibit 10.21 to the Company’s Form 10-K filed with the Securities and Exchange Commission (the “SEC”) on December 5, 2014.

On November 5, 2020, the Company issued a press release announcing the appointment of Ms. Stevenson as a member of the Board, a copy of which is attached as Exhibit 99.1 and incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits. The exhibits shall be deemed to be filed or furnished, depending on the relevant item requiring such exhibit, in accordance with the provisions of Item 601 of Regulation S-K (17 CFR 229.601) and Instruction B.2 to this form.

Exhibit Number	Description
99.1	Press Release issued on November 5, 2020
104	Cover Page Interactive Data File, formatting Inline Extensible Business Reporting Language (iXBRL)

Exhibit Index

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Mitek Surpasses \$100 Million in Annual Revenue and Sets Financial Records

Strong growth fueled by increased demand for both mobile deposit and identity verification

SAN DIEGO, CA, November 5, 2020 - Mitek (NASDAQ: MITK, www.miteksystems.com) today reported record financial results for both its fiscal 2020 fourth quarter and full year ended September 30, 2020. Total fourth quarter revenue increased 22% and full year revenue increased 20% year over year. These results were fueled by an increase in demand for both mobile deposit and identity verification capabilities, as more people and businesses transact online.

Fiscal Fourth Quarter 2020 Financial Highlights

- Total revenue increased 22% year over year to \$30.6 million in a record quarter.
- GAAP net income was \$5.0 million, or \$0.12 per diluted share.
- Non-GAAP net income increased 31% year over year to a record \$11.4 million, or \$0.26 per diluted share.
- Cash flow from operations was \$6.7 million.
- Total cash and investments were \$62.0 million at the end of the fiscal fourth quarter.

Fiscal 2020 Full Year Financial Highlights

- Total revenue increased 20% year over year to a record \$101.3 million.
- GAAP net income was \$7.8 million, or \$0.18 per diluted share.
- Non-GAAP net income increased 66% year over year to a record \$28.6 million, or \$0.67 per diluted share.
- Full year cash flow from operations was \$24.1 million.

Commenting on the results, Max Carnecchia, CEO of Mitek, said:

“Fiscal 2020 was another outstanding year for Mitek and our third consecutive year with record revenue for each quarter. Mitek’s strong financial performance reflects the team’s commitment to helping our customers and partners navigate this challenging environment as they accelerate their digital transformation.”

Mitek is committed to providing convenience while preventing fraud in the digital world. The company’s technology ensures that more businesses can transact digitally and secure their platforms through easy, fast and secure identity verification. Also, Mitek remains the clear market leader with its remote check deposit solution, with thousands of financial organizations using its products, and more than four billion transactions processed.

New Board Member

Today, Mitek announced the appointment of Kimberly S. Stevenson to its Board of Directors. Ms. Stevenson is a technology innovator who has transformed processes at some of the industry’s leading companies including Lenovo, Intel, DXC Technology, and IBM. She is currently a senior vice president and general manager at NetApp, Inc. In addition, she serves on the board of directors for Skyworks Solutions, Inc. and Boston Private Financial Holdings and previously held board positions with Riverbed Technology, Cloudera, and the National Center for Women and Information Technology. Ms. Stevenson has a Masters in Business Administration from Cornell University and a Bachelor of Science degree from Northeastern University.

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 access the live call, dial 800-353-6461 (US and Canada) or +1 334-323-0501 (International) and give the participant passcode 2685329.

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. In addition, a phone replay will be available approximately two hours following the end of the call, and it will remain available for one week. To access the call replay dial-in information, please [click here](#).

About Mitek

Mitek (NASDAQ: MITK) is a global leader in mobile capture and digital identity verification built on the latest advancements in computer vision and artificial intelligence. Mitek's identity verification solutions enable organizations to verify an individual's identity during digital transactions to reduce risk and meet regulatory requirements, while increasing revenue from digital channels. More than 7,500 organizations use Mitek to enable trust and convenience for mobile check deposit, new account opening and more. Mitek is based in San Diego, Calif., with offices across the U.S. and Europe. Learn more at www.miteksystems.com. [(MITK-F)]

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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, the extent to which the COVID-19 outbreak and measures taken in response thereto impact our business, results of operations and financial condition, 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, 2019, 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, acquisition-related costs and expenses, costs associated with our strategic process, executive transition costs, restructuring costs, 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 financial statements, 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)

	September 30, 2020	September 30, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 19,986	\$ 16,748
Short-term investments	40,035	16,502
Accounts receivable, net	15,612	14,938
Contract assets	5,187	2,350
Prepaid expenses	1,338	1,487
Other current assets	1,968	2,105
Total current assets	<u>84,126</u>	<u>54,130</u>
Long-term investments	1,963	1,552
Property and equipment, net	3,610	4,231
Right-of-use assets	5,407	—
Goodwill and intangible assets	54,958	57,041
Deferred income tax assets	13,484	16,596
Other non-current assets	5,606	2,347
Total assets	<u>\$ 169,154</u>	<u>\$ 135,897</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 3,909	\$ 3,555
Accrued payroll and related taxes	8,882	6,410
Deferred revenue, current portion	7,973	5,612
Lease liabilities, current portion	1,819	—
Acquisition-related contingent consideration	753	1,036
Restructuring accrual	—	1,526
Other current liabilities	1,020	1,909
Total current liabilities	<u>24,356</u>	<u>20,048</u>
Deferred revenue, non-current portion	1,597	736
Lease liabilities, non-current portion	5,327	—
Deferred income tax liabilities	4,649	5,555
Other non-current liabilities	982	2,225
Total liabilities	<u>36,911</u>	<u>28,564</u>
Stockholders' equity:		
Preferred stock, \$0.001 par value, 1,000,000 shares authorized, none issued and outstanding, as of September 30, 2020 and September 30, 2019	—	—
Common stock, \$0.001 par value, 60,000,000 shares authorized, 41,779,853 and 40,367,456 issued and outstanding, as of September 30, 2020 and September 30, 2019, respectively	42	40
Additional paid-in capital	146,518	132,160
Accumulated other comprehensive loss	(323)	(4,061)
Accumulated deficit	(13,994)	(20,806)
Total stockholders' equity	<u>132,243</u>	<u>107,333</u>
Total liabilities and stockholders' equity	<u>\$ 169,154</u>	<u>\$ 135,897</u>

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

	Three Months Ended September 30,		Twelve Months Ended September 30,	
	2020	2019	2020	2019
Revenue				
Software and hardware	\$ 17,972	\$ 14,377	\$ 54,152	\$ 46,845
Services and other	12,666	10,641	47,158	37,745
Total revenue	<u>30,638</u>	<u>25,018</u>	<u>101,310</u>	<u>84,590</u>
Operating costs and expenses				
Cost of revenue—software and hardware	1,045	1,121	3,303	3,711
Cost of revenue—services and other	2,532	2,108	9,889	8,555
Selling and marketing ⁽¹⁾	7,302	5,946	27,646	24,550
Research and development ⁽¹⁾	6,096	5,141	22,859	21,873
General and administrative	5,902	4,118	22,284	19,861
Acquisition-related costs and expenses	1,691	2,202	6,575	7,563
Restructuring costs	—	(147)	(114)	3,067
Total operating costs and expenses	<u>24,568</u>	<u>20,489</u>	<u>92,442</u>	<u>89,180</u>
Operating income (loss)	6,070	4,529	8,868	(4,590)
Other income, net	61	350	541	602
Income (loss) before income taxes	6,131	4,879	9,409	(3,988)
Income tax benefit (provision)	(1,135)	(1,597)	(1,595)	3,264
Net income (loss)	<u>\$ 4,996</u>	<u>\$ 3,282</u>	<u>\$ 7,814</u>	<u>\$ (724)</u>
Net income (loss) per share—basic	<u>\$ 0.12</u>	<u>\$ 0.08</u>	<u>\$ 0.19</u>	<u>\$ (0.02)</u>
Net income per share—diluted	<u>\$ 0.12</u>	<u>\$ 0.08</u>	<u>\$ 0.18</u>	<u>\$ (0.02)</u>
Shares used in calculating net income (loss) per share—basic	<u>41,770</u>	<u>40,252</u>	<u>41,410</u>	<u>39,341</u>
Shares used in calculating net income (loss) per share—diluted	<u>43,101</u>	<u>41,635</u>	<u>42,533</u>	<u>39,341</u>

(1) September 30, 2019 consolidated statements of operations reflect reclassifications to conform to the current year presentation.

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

	Three Months Ended September 30,		Twelve Months Ended September 30,	
	2020	2019	2020	2019
Net income (loss)	\$ 4,996	\$ 3,282	\$ 7,814	\$ (724)
Non-GAAP adjustments:				
Acquisition-related costs and expenses	1,691	2,202	6,575	7,563
Intellectual property litigation costs	1,186	515	3,217	849
Insurance settlement received ⁽¹⁾	—	(1,000)	—	(1,000)
Costs associated with strategic process	—	—	—	1,224
Executive transition costs ⁽²⁾	—	—	—	251
Stock compensation expense	2,439	2,346	9,551	9,637
Restructuring costs	—	(147)	(114)	3,067
Income tax effect of pre-tax adjustments	(1,067)	(879)	(4,267)	(4,851)
Cash tax difference ⁽³⁾	2,173	2,426	5,832	1,264
Non-GAAP net income	11,418	8,745	28,608	17,280
Non-GAAP income per share—basic	\$ 0.27	\$ 0.22	\$ 0.69	\$ 0.44
Non-GAAP income per share—diluted	\$ 0.26	\$ 0.21	\$ 0.67	\$ 0.42
Shares used in calculating non-GAAP net income per share—basic	41,770	40,252	41,410	39,341
Shares used in calculating non-GAAP net income per share—diluted	43,101	41,635	42,533	41,259

- (1) The insurance settlement received in the fourth quarter of fiscal 2019 relates to the recovery of litigation costs incurred in prior fiscal years. This amount is included in general and administrative expenses in the consolidated statements of operations.
- (2) Comprised of costs associated with the transition of the company's former 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.
- (3) 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 for the three months ended September 30, 2020 and 2019 was 19% and 33%, respectively. The company's effective tax rate used for the purposes of calculating GAAP net income for the twelve months ended September 30, 2020 and 2019 was 17% and 82%, respectively.

Investor Contact:

Todd Kehrli or Jim Byers
MKR Group, Inc.

mitk@mkr-group.com