

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

Form 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2023

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to .

Commission File Number 001-35231

MITEK SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

87-0418827

(I.R.S. Employer
Identification No.)

600 B Street, Suite 100

San Diego, California

(Address of principal executive offices)

92101

(Zip Code)

(619) 269-6800

(Registrant's telephone number, including area code)

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 (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

There were 46,790,611 shares of the registrant's common stock outstanding as of March 31, 2024.

MITEK SYSTEMS, INC.
FORM 10-Q
For The Quarterly Period Ended December 31, 2023
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PART I
FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

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

	December 31, 2023 (Unaudited)	September 30, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 64,538	\$ 58,913
Short-term investments	59,373	74,700
Accounts receivable, net	35,267	32,132
Contract assets, current portion	17,305	18,355
Prepaid expenses	6,908	3,513
Other current assets	2,573	2,396
Total current assets	185,964	190,009
Long-term investments	—	1,304
Property and equipment, net	2,695	2,829
Right-of-use assets	3,837	4,140
Intangible assets, net	63,173	64,674
Goodwill	127,664	123,548
Deferred income tax assets	13,388	11,645
Contract assets, non-current portion	7,216	5,579
Other non-current assets	1,453	1,647
Total assets	\$ 405,390	\$ 405,375
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 10,169	\$ 7,589
Accrued payroll and related taxes	7,063	10,554
Accrued interest payable	598	305
Income tax payables	51	4,329
Deferred revenue, current portion	18,330	17,360
Lease liabilities, current portion	1,569	1,902
Acquisition-related contingent consideration	—	7,976
Other current liabilities	1,820	1,482
Total current liabilities	39,600	51,497
Convertible senior notes	137,486	135,516
Deferred revenue, non-current portion	1,051	957
Lease liabilities, non-current portion	2,792	2,867
Deferred income tax liabilities, non-current portion	6,757	6,476
Other non-current liabilities	3,906	2,874
Total liabilities	191,592	200,187
Stockholders' equity:		
Preferred stock, \$0.001 par value, 1,000,000 shares authorized, none issued and outstanding	—	—
Common stock, \$0.001 par value, 120,000,000 and 120,000,000 shares authorized, 46,631,594 and 45,591,199 issued and outstanding, as of December 31, 2023 and September 30, 2023, respectively	47	46
Additional paid-in capital	236,447	228,691
Accumulated other comprehensive loss	(7,591)	(14,237)
Accumulated deficit	(15,105)	(9,312)
Total stockholders' equity	213,798	205,188
Total liabilities and stockholders' equity	\$ 405,390	\$ 405,375

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

	Three Months Ended December 31,	
	2023	2022
Revenue		
Software and hardware	\$ 15,980	\$ 26,376
Services and other	20,937	19,327
Total revenue	36,917	45,703
Operating costs and expenses		
Cost of revenue—software and hardware (exclusive of depreciation & amortization)	40	169
Cost of revenue—services and other (exclusive of depreciation & amortization)	5,494	4,900
Selling and marketing	9,856	9,515
Research and development	8,874	7,670
General and administrative	15,538	8,479
Amortization and acquisition-related costs	3,983	4,821
Restructuring costs	48	1,776
Total operating costs and expenses	43,833	37,330
Operating income (loss)	(6,916)	8,373
Interest expense	2,263	2,137
Other income, net	1,642	336
Income (loss) before income taxes	(7,537)	6,572
Income tax benefit (provision)	1,744	(1,846)
Net income (loss)	\$ (5,793)	\$ 4,726
Net income (loss) per share—basic	\$ (0.13)	\$ 0.11
Net income (loss) per share—diluted	\$ (0.13)	\$ 0.10
Shares used in calculating net income (loss) per share—basic	46,294	44,930
Shares used in calculating net income (loss) per share—diluted	46,294	45,634
Comprehensive income		
Net income (loss)	\$ (5,793)	\$ 4,726
Foreign currency translation adjustment	6,544	12,703
Unrealized gain on investments	102	352
Comprehensive income	\$ 853	\$ 17,781

See accompanying notes to condensed consolidated financial statements.

MITEK SYSTEMS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)
(amounts in thousands)

Three Months Ended December 31, 2023

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount				
Balance, September 30, 2023	45,591	\$ 46	\$ 228,691	\$ (9,312)	\$ (14,237)	\$ 205,188
Exercise of stock options	97	—	856	—	—	856
Settlement of restricted stock units	633	1	(1)	—	—	—
Acquisition-related shares issued	311	—	3,471	—	—	3,471
Stock-based compensation expense	—	—	3,430	—	—	3,430
Components of comprehensive income:						
Net loss	—	—	—	(5,793)	—	(5,793)
Currency translation adjustment	—	—	—	—	6,544	6,544
Change in unrealized gain (loss) on investments	—	—	—	—	102	102
Total comprehensive income						853
Balance, December 31, 2023	46,632	\$ 47	\$ 236,447	\$ (15,105)	\$ (7,591)	\$ 213,798

Three Months Ended December 31, 2022

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount				
Balance, September 30, 2022	44,680	\$ 44	\$ 216,493	\$ (17,338)	\$ (28,219)	\$ 170,980
Exercise of stock options	83	—	662	—	—	662
Settlement of restricted stock units	486	1	(1)	—	—	—
Stock-based compensation expense	—	—	2,442	—	—	2,442
Components of comprehensive income:						
Net income	—	—	—	4,726	—	4,726
Currency translation adjustment	—	—	—	—	12,703	12,703
Change in unrealized gain (loss) on investments	—	—	—	—	352	352
Total comprehensive income						17,781
Balance, December 31, 2022	45,249	\$ 45	\$ 219,596	\$ (12,612)	\$ (15,164)	\$ 191,865

See accompanying notes to condensed consolidated financial statements.

MITEK SYSTEMS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(amounts in thousands)

	Three Months Ended December 31,	
	2023	2022
Operating activities:		
Net income (loss)	\$ (5,793)	\$ 4,726
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Stock-based compensation expense	3,430	2,442
Amortization of intangible assets	3,847	4,487
Depreciation and amortization	391	343
Amortization of investment premiums & other	(1,398)	13
Accretion and amortization on debt securities	1,970	1,844
Net changes in estimated fair value of acquisition-related contingent consideration	136	330
Deferred taxes	(1,708)	(3,459)
Changes in assets and liabilities, net of acquisitions:		
Accounts receivable	(2,771)	58
Contract assets	(511)	(5,507)
Other assets	(3,192)	(154)
Accounts payable	2,520	980
Accrued payroll and related taxes	(3,704)	(4,174)
Income taxes payable ⁽¹⁾	(4,254)	5,149
Deferred revenue	857	(1,521)
Restructuring accrual	—	(651)
Other liabilities ⁽¹⁾	717	354
Net cash provided by (used in) operating activities	(9,463)	5,260
Investing activities:		
Purchases of investments	(14,991)	—
Sales and maturities of investments	33,121	18,750
Purchases of property and equipment, net	(241)	(154)
Net cash provided by (used in) investing activities	17,889	18,596
Financing activities:		
Proceeds from the issuance of equity plan common stock	856	662
Payment of acquisition-related contingent consideration	(4,641)	—
Proceeds from other borrowings	707	—
Principal payments on other borrowings	(36)	(36)
Net cash provided by (used in) financing activities	(3,114)	626
Foreign currency effect on cash and cash equivalents	313	574
Net increase in cash and cash equivalents	5,625	25,056
Cash and cash equivalents at beginning of period	58,913	32,059
Cash and cash equivalents at end of period	\$ 64,538	\$ 57,115
Supplemental disclosures of cash flow information:		
Issuance of common stock for acquisition-related contingent consideration	\$ 3,471	\$ —
Cash paid for income taxes	\$ 7,838	\$ 213
Supplemental disclosures of non-cash investing and financing activities:		
Unrealized holding gain on available for sale investments	\$ 102	\$ 352

(1) December 31, 2022 condensed consolidated statement of cash flows reflects reclassifications to conform to the current year presentation.

See accompanying notes to condensed consolidated financial statements.

MITEK SYSTEMS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Mitek Systems, Inc. ("Mitek," the "Company," "we," "us," and "our") is a leading innovator of mobile image capture and digital identity verification solutions. We are a software development company with expertise in artificial intelligence and machine learning. We currently serve more than 7,900 financial services organizations and leading marketplace and financial technology ("fintech") brands around the globe. Customers count on Mitek to deliver trusted and convenient online experiences, detect and reduce fraud, and document Know Your Customer ("KYC") and Anti-Money Laundering ("AML") regulatory compliance. The Company's solutions are embedded in native mobile apps and web browsers to facilitate digital consumer experiences. Mitek's identity verification and authentication technologies and services make it possible for banks, financial services organizations and the world's leading marketplace and sharing platforms to verify an individual's identity during digital transactions, allowing them to reduce risk and meet regulatory requirements. The Company's advanced mobile deposit system enables secure, fast and convenient deposit services. Thousands of organizations use Mitek solutions to optimize the security of mobile check deposits, new account openings and more.

Mitek markets and sells its products and services worldwide through internal, direct sales teams located in the U.S., Europe, and Latin America as well as through channel partners. Our partner sales strategy includes channel partners who are financial services technology providers and identity verification providers. These partners integrate our products into their solutions to meet the needs of their customers, typically provisioning Mitek services through their respective platforms.

Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of the Company as of December 31, 2023 have been prepared in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X and, accordingly, they do not include all information and footnote disclosures required by accounting principles generally accepted in the U.S. ("GAAP"). The Company believes the footnotes and other disclosures made in the financial statements are adequate for a fair presentation of the results of the interim periods presented. The financial statements include all adjustments (solely of a normal recurring nature) which are, in the opinion of management, necessary to make the information presented not misleading. You should read these financial statements and the accompanying notes in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2023, filed with the U.S. Securities and Exchange Commission ("SEC") on March 19, 2024.

Results for the three months ended December 31, 2023, are not necessarily indicative of results for any other interim period or for a full fiscal year.

Principles of Consolidation

The condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses, deferred taxes, and related disclosure of contingent assets and liabilities. On an ongoing basis, management reviews its estimates based upon currently available information. Actual results could differ materially from those estimates. These estimates include, but are not limited to, assessing the collectability of accounts receivable, estimation of the value of stock-based compensation awards, fair value of assets and liabilities acquired, impairment of goodwill, useful lives of intangible assets, fair value of debt derivatives, standalone selling price related to revenue recognition, contingent consideration, and income taxes.

Net Income (Loss) Per Share

For the three months ended December 31, 2023 and 2022, the following potentially dilutive common shares were excluded from the calculation of net income (loss) per share, as they would have been antidilutive (*amounts in thousands*):

	Three Months Ended December 31,	
	2023	2022
Stock options	594	502
RSUs	1,749	860
ESPP common stock equivalents	49	130
Performance options	476	741
Performance RSUs	1,312	296
Convertible senior notes	7,448	7,448
Warrants	7,448	7,448
Total potentially dilutive common shares outstanding	19,076	17,425

The calculation of basic and diluted net income (loss) per share is as follows (*amounts in thousands, except per share data*) :

	Three Months Ended December 31,	
	2023	2022
Net income (loss)	\$ (5,793)	\$ 4,726
Weighted-average shares outstanding—basic	46,294	44,930
Common stock equivalents	—	704
Weighted-average shares outstanding—diluted	46,294	45,634
Net income (loss) per share:		
Basic	\$ (0.13)	\$ 0.11
Diluted	\$ (0.13)	\$ 0.10

Other Borrowings

The Company has certain loan agreements with Spanish government agencies which were assumed when the Company acquired ICAR Vision Systems, S.L. ("ICAR") in 2017. These agreements have repayment periods of five to twelve years and bear no interest. As of December 31, 2023, \$2.0 million was outstanding under these agreements and \$0.2 million and \$1.8 million is recorded in other current liabilities and other non-current liabilities, respectively, in the condensed consolidated balance sheets. As of September 30, 2023, \$1.3 million was outstanding under these agreements and approximately \$0.2 million and \$1.1 million is recorded in other current liabilities and other non-current liabilities, respectively, in the condensed consolidated balance sheets.

Recently Adopted Accounting Pronouncements

The Company did not adopt any new accounting pronouncements in the quarter ended December 31, 2023.

Change in Significant Accounting Policy

The Company's significant accounting policies are disclosed in the Company's audited condensed consolidated financial statements and related notes thereto included in the Company's Annual Report on Form 10-K for the year ended September 30, 2023, filed with the SEC on March 19, 2024. There have been no changes to these accounting policies through December 31, 2023.

Recently Issued Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board ("FASB") issued an Accounting Standards Update ("ASU") 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures amending existing income tax disclosure guidance, primarily requiring more detailed disclosure for income taxes paid and the effective tax rate reconciliation. The ASU is effective for annual reporting periods beginning after December 15, 2024, with early adoption permitted and can be applied on either a prospective or retroactive basis. The Company is currently evaluating the ASU to determine its impact on its income tax disclosures.

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting (ASU 2020-04) and also issued subsequent amendments to the initial guidance (collectively, Topic 848). Topic 848 provides optional guidance for contract modifications and certain hedging relationships associated with the transition from reference rates that are expected to be discontinued. The Company will adopt Topic 848 when the relevant contracts are modified upon transition to alternative reference rates. The Company does not expect the adoption of Topic 848 will have a material impact on the condensed consolidated financial statements.

No other new accounting pronouncement issued or effective during the three months ended December 31, 2023 had, or are expected to have, a material impact on the Company's condensed consolidated financial statements.

2. REVENUE RECOGNITION

Nature of Goods and Services

The following is a description of principal activities from which the Company generates its revenue. Contracts with customers are evaluated on a contract-by-contract basis as contracts may include multiple types of goods and services as described below.

Software and Hardware

Software and hardware revenue is generated from on premise software license sales, as well as sales of hardware scanner boxes and on premise appliance products. Software is typically sold as a time-based license with a term of one to three years. For software license agreements that are distinct, the Company recognizes software license revenue upon delivery and after evidence of a contract exists. Hardware revenue is recognized at a point in time upon shipment and after evidence of a contract exists.

Services and Other

Services and other revenue is generated from the sale of software as a service ("SaaS") products and services, maintenance associated with the sale of on premise software licenses and consulting and professional services. The Company's SaaS offerings give customers the option to be charged upon their incurred usage in arrears ("Pay as You Go"), or commit to a minimum spend over their contracted period, with the ability to purchase unlimited additional transactions above the minimum during the contract term. Revenue related to Pay as You Go contracts are recognized based on the customer's actual usage, in the period of usage. For contracts which include a minimum commitment, the Company is standing ready to provide as many transactions as desired by the customer throughout the contract term, and revenue is recognized on a ratable basis over the contract period including an estimate of usage above the minimum commitment. Usage above minimum commitment is estimated by looking at historical usage, expected volume, and other factors to project out for the remainder of the contract term. The estimated usage-based revenues are constrained to the amount the Company expects to be entitled to receive in exchange for providing access to its platform. If professional services are deemed to be distinct, revenue is recognized as services are performed. The Company does not view the signing of the contract or the provision of initial setup services as discrete earnings events that are distinct.

Significant Judgments in Application of the Guidance

The Company uses the following methods, inputs, and assumptions in determining amounts of revenue to recognize:

Identification of Performance Obligations

For contracts that contain multiple performance obligations, which include combinations of software licenses, maintenance, and services, the Company accounts for individual goods or services as a separate performance obligation if they are distinct. The good or service is distinct if the good or service is separately identifiable from other items in the arrangement and if a customer can benefit from it on its own or with other resources that are readily available to the customer. If these criteria are not met, the promised goods or services are accounted for as a combined performance obligation.

Determination of Transaction Price

The transaction price is determined based on the consideration to which the Company will be entitled in exchange for transferring products or services to the customer. The Company includes any fixed charges within its contracts as part of the total transaction price. To the extent that variable consideration is not constrained, the Company includes an estimate of the variable amount, as appropriate, within the total transaction price and updates its assumptions over the duration of the contract. As a practical expedient, the Company does not adjust the transaction price for the effects of a significant financing component if, at contract inception, the period between customer payment and the transfer of goods or services is expected to be one year or less.

Assessment of Estimates of Variable Consideration

Many of the Company's contracts with customers contain some component of variable consideration; however, variable consideration will only be included in the transaction price to the extent it is probable that a significant reversal of revenues recognized will not occur when the uncertainty associated with the variable consideration is resolved. The Company may constrain the estimated transaction price in the event of a high degree of uncertainty as to the final consideration amount owed because of an extended length of time over which the fees may be adjusted or due to uncertainty surrounding collectability. The Company estimates variable consideration in its contracts primarily using the expected value method as the Company believes this method represents the most appropriate estimate for this consideration, based on historical usage trends, the individual contract considerations, and its best judgment at the time.

Allocation of Transaction Price

The transaction price, including any discounts, is allocated between separate goods and services in a contract that contains multiple performance obligations based on their relative standalone selling prices. The standalone selling prices are based on the prices at which the Company separately sells each good or service. For items that are not sold separately, the Company estimates the standalone selling prices using available information such as market conditions and internally approved pricing guidelines. In certain situations, primarily transactional SaaS revenue described above, the Company allocates variable consideration to a series of distinct goods or services within a contract. The Company allocates variable payments to one or more, but not all, of the distinct goods or services or to a series of distinct goods or services in a contract when (i) the variable payment relates specifically to the Company's efforts to transfer the distinct good or service and (ii) the variable payment is for an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to its customer.

Disaggregation of Revenue

The following table presents the Company's revenue disaggregated by major product category (amounts in thousands):

Major product category	Three Months Ended December 31,	
	2023	2022
Deposits software and hardware	\$ 14,048	\$ 24,453
Deposits services and other	7,029	5,828
Deposits revenue	21,077	30,281
Identity verification software and hardware	1,932	1,923
Identity verification services and other	13,908	13,499
Identity verification revenue	15,840	15,422
Total revenue	\$ 36,917	\$ 45,703

Contract Balances

The following table provides information about contract assets and contract liabilities from contracts with customers (amounts in thousands):

	December 31, 2023	September 30, 2023	December 31, 2022	September 30, 2022
Contract assets, current	\$ 17,305	\$ 18,355	\$ 6,223	\$ 7,037
Contract assets, non-current	7,216	5,579	10,741	4,218
Contract liabilities (deferred revenue), current	18,330	17,360	12,647	21,350
Contract liabilities (deferred revenue), non-current	1,051	957	1,236	1,775

Contract assets, reported within a separate line in current assets and the other non-current assets line in the condensed consolidated balance sheets, primarily result from when the right to consideration is conditional upon factors other than the passage of time. Contract liabilities primarily relate to advance consideration received from customers (deferred revenue), for which transfer of control occurs, and therefore revenue is recognized as services are provided. Contract balances are reported in a net contract asset or liability position on a contract-by-contract basis at the end of each reporting period. The Company recognized \$9.1 million and \$6.6 million of revenue during the three months ended December 31, 2023, and 2022, respectively, which was included in the contract liability balance at the beginning of each such period. Unbilled receivables are included within accounts receivable, net on the condensed consolidated balance sheets and were \$0.6 million and \$0.9 million as of December 31, 2023 and September 30, 2023, respectively.

Contract assets, current and contract liabilities (deferred revenue), current, for the three months ended December 31, 2022 have been revised, as previously disclosed in Note 15 in the Annual Report on Form 10-K for the year ended September 30, 2023, filed with the SEC on March 19, 2024. These immaterial revisions are made for consistency.

Contract Costs

Contract costs included in other current and non-current assets on the condensed consolidated balance sheets totaled \$2.4 million and \$2.6 million as of December 31, 2023 and September 30, 2023, respectively. Contract origination costs consist primarily of: (1) sales commissions and incentive payments made to the Company's direct and indirect sales personnel, and (2) the associated payroll taxes and fringe benefit costs associated with the payments to the Company's employees. Contract origination costs are amortized based on the transfer of goods or services to which the asset relates, including consideration of the expected customer benefit period. Contract fulfillment costs related to goods or services transferred under a specific anticipated contract have historically been immaterial. These costs are included in selling and marketing expenses in the condensed consolidated statement of operations and comprehensive income and totaled \$0.4 million during each of the three months ended December 31, 2023 and 2022. There were no impairment losses recognized during both the three months ended December 31, 2023 and 2022 related to capitalized contract costs.

3. INVESTMENTS

The following tables summarize investments by type of security as of December 31, 2023 and September 30, 2023 (amounts in thousands):

December 31, 2023:	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Market Value
Available-for-sale securities:				
U.S. Treasury, short-term	\$ 31,755	\$ 15	\$ (83)	\$ 31,687
Commercial paper, short-term	18,622	—	—	18,622
Corporate debt securities, short-term	9,054	51	(41)	9,064
Total	<u>\$ 59,431</u>	<u>\$ 66</u>	<u>\$ (124)</u>	<u>\$ 59,373</u>

September 30, 2023:	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Market Value
Available-for-sale securities:				
U.S. Treasury, short-term	\$ 40,329	\$ 1	\$ (76)	\$ 40,254
Corporate debt securities, short-term	34,545	—	(99)	34,446
U.S. Treasury, long-term	1,371	—	(67)	1,304
Total	<u>\$ 76,245</u>	<u>\$ 1</u>	<u>\$ (242)</u>	<u>\$ 76,004</u>

All of the Company's investments are designated as available-for-sale debt securities. As of December 31, 2023 and September 30, 2023, the Company's short-term investments have maturity dates of less than one year from the balance sheet date and the Company's long-term investments have maturity dates of greater than one year from the balance sheet date. The contractual maturities of the available-for-sale securities held at December 31, 2023 are as follows: \$59.4 million within one year and none beyond one year to five years. As of September 30, 2023, the contractual maturities of the available-for-sale securities were \$74.7 million within one year and \$1.3 million beyond one year to five years.

The following tables represent the fair value hierarchy of the Company's investments and acquisition-related contingent consideration as of December 31, 2023 and September 30, 2023, respectively (*amounts in thousands*):

		Quoted Prices in	Significant Other	Significant
	Balance	Active Markets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
December 31, 2023:				
Assets:				
Short-term investments:				
U.S. Treasury	\$ 31,687	\$ 31,687	\$ —	\$ —
Commercial paper	18,622	—	18,622	—
Corporate debt securities	9,064	—	9,064	—
Total short-term investments at fair value	59,373	31,687	27,686	—
Total assets at fair value	\$ 59,373	\$ 31,687	\$ 27,686	\$ —
September 30, 2023:				
Assets:				
Short-term investments:				
U.S. Treasury	\$ 40,254	\$ 40,254	\$ —	\$ —
Corporate debt securities	34,446	—	34,446	—
Total short-term investments at fair value	74,700	40,254	34,446	—
Long-term investments:				
U.S. Treasury	1,304	1,304	—	—
Total long-term investments at fair value	1,304	1,304	—	—
Total assets at fair value	\$ 76,004	\$ 41,558	\$ 34,446	\$ —
Liabilities:				
Acquisition-related contingent consideration	\$ 7,976	\$ —	\$ —	\$ 7,976
Total liabilities at fair value	\$ 7,976	\$ —	\$ —	\$ 7,976

- Level 1: Includes investments in U.S. Government and agency securities, which are valued based on recently executed transactions in the same or similar securities.
- Level 2: Corporate debt securities. Corporate debt securities are valued using quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

As of December 31, 2023, no acquisition-related contingent consideration is recorded in the condensed consolidated balance sheets. The Company recorded the acquisition date fair value based on the likelihood of contingent earnout payments related to the Company's acquisition of ID R&D Inc., as part of the consideration transferred. The earnout payments consist of cash payments and issuances of Common Stock and are subsequently remeasured to fair value each reporting date. Additionally, for contingent consideration to be settled in a variable number of shares of Common Stock, the Company used the most recent Mitek share price as reported by the Nasdaq Capital Market to determine the fair value of the shares expected to be issued. The Company previously classified the contingent consideration as Level 3, due to the lack of relevant observable inputs and market activity. The second earnout period ended on May 28, 2023 and the Company recorded the value based on the calculated final payout and reclassified the contingent consideration as Level 2 during the third quarter of fiscal 2023. The contingent consideration was settled during the three months ended December 31, 2023.

The following table includes a roll-forward of the contingent consideration liability during the three months ended December 31, 2023 (amounts in thousands):

Balance at September 30, 2023	\$	7,976
Expenses recorded due to changes in fair value		136
Cash payment of contingent consideration associated with the ID R&D acquisition		(4,641)
Issuance of common stock as contingent consideration associated with the ID R&D acquisition		(3,471)
Balance at December 31, 2023	\$	—

4. GOODWILL AND INTANGIBLE ASSETS

Goodwill

The Company had a goodwill balance of \$ 127.7 million at December 31, 2023, representing the excess of costs over fair value of assets of businesses acquired. The following table summarizes changes in the balance of goodwill during the three months ended December 31, 2023 (amounts shown in thousands):

Balance at September 30, 2023	\$	123,548
Foreign currency effect on goodwill		4,116
Balance at December 31, 2023	\$	127,664

Intangible Assets

Intangible assets include the value assigned to purchased completed technology, customer relationships, trade names and covenants not to compete. The estimated useful lives for all of these intangible assets range from three to seven years and they are amortized on a straight-line basis. Intangible assets as of December 31, 2023 and September 30, 2023, respectively, are summarized as follows (amounts in thousands, except for years):

December 31, 2023:	Weighted Average Amortization Period (in years)	Cost	Accumulated Amortization	Net
Completed technologies	6.9	\$ 95,761	\$ 40,262	\$ 55,499
Customer relationships	4.7	25,168	21,710	3,458
Trade names	5.0	7,088	3,109	3,979
Covenants not to compete	3.0	600	363	237
Total intangible assets		\$ 128,617	\$ 65,444	\$ 63,173

September 30, 2023:	Weighted Average Amortization Period (in years)	Cost	Accumulated Amortization	Net
Completed technologies	6.9	\$ 95,761	\$ 39,254	\$ 56,507
Customer relationships	4.7	25,168	21,396	3,772
Trade names	5.0	7,088	2,967	4,121
Covenants not to compete	3.0	600	326	274
Total intangible assets		\$ 128,617	\$ 63,943	\$ 64,674

Amortization expense related to acquired intangible assets was \$ 3.8 million and \$4.5 million during the three months ended December 31, 2023 and, 2022, respectively, and is recorded within amortization and acquisition-related costs on the condensed consolidated statements of operations and comprehensive income.

The estimated future amortization expense related to intangible assets for each of the five succeeding fiscal years is expected to be as follows (amounts in thousands):

	Estimated Future Amortization Expense
2024	11,305
2025	13,895
2026	12,647
2027	11,488
2028	9,769
Thereafter	4,069
Total	<u>\$ 63,173</u>

5. STOCKHOLDERS' EQUITY

Stock-Based Compensation Expense

The following table summarizes stock-based compensation expense related to restricted stock units ("RSUs"), stock options, and Employee Stock Purchase Plan ("ESPP") shares, which was allocated as follows (amounts in thousands):

	Three Months Ended December 31,	
	2023	2022
Cost of revenue	\$ 129	\$ 126
Selling and marketing	820	491
Research and development	1,041	554
General and administrative	1,440	1,271
Stock-based compensation expense included in expenses	<u>\$ 3,430</u>	<u>\$ 2,442</u>

No options were granted in either of the three months ended December 31, 2023 or 2022. As of December 31, 2023, the Company had \$ 33.7 million of unrecognized compensation expense expected to be recognized over a weighted-average period of approximately 2.7 years.

2020 Incentive Plan

In January 2020, the Company's Board of Directors (the "Board") adopted the Mitek Systems, Inc. 2020 Incentive Plan (the "2020 Plan") upon the recommendation of the Compensation Committee of the Board. On March 4, 2020, the Company's stockholders approved the 2020 Plan. The total number of shares of Common Stock reserved for issuance under the 2020 Plan is 4,500,000 shares plus such number of shares, not to exceed 107,903, as remained available for issuance under the 2002 Stock Option Plan, 2006 Stock Option Plan, 2010 Stock Option Plan, and 2012 Incentive Plan (collectively, the "Prior Plans") as of January 17, 2020, plus any shares underlying awards under the Prior Plans that are terminated, forfeited, cancelled, expire unexercised or are settled in cash after January 17, 2020. As of December 31, 2023, (i) 2,381,995 RSUs and 1,203,203 performance-based restricted stock unit awards ("Performance RSUs") were outstanding under the 2020 Plan, (ii) 4,481,932 shares of Common Stock were reserved for future grants under the 2020 Plan, and (iii) stock options to purchase an aggregate of 337,456 shares of Common Stock and 8,850 RSUs were outstanding under the Prior Plans.

On October 2, 2023, the Company held an annual meeting of its stockholders (the "Annual Meeting"). At the Annual Meeting, the Company's stockholders approved an amendment and restatement of the 2020 Plan to increase the number of shares authorized for issuance thereunder by 5,108,000 shares (the 2020 Plan as so amended and restated, the "A&R 2020 Plan").

The A&R 2020 Plan had been previously approved, subject to stockholder approval, by the Company's Board of Directors (the "Board"), upon recommendation of the Compensation Committee of the Board, on August 9, 2023. A summary of the A&R 2020 Plan was included in the Company's definitive proxy statement for the Annual Meeting filed with the U.S. Securities and Exchange Commission on August 22, 2023, as supplemented and amended on September 19, 2023 (the "Proxy Statement").

Employee Stock Purchase Plan

In January 2018, the Board adopted the ESPP. On March 7, 2018, the Company's stockholders approved the ESPP. The total number of shares of Common Stock reserved for issuance thereunder is 1,000,000 shares. As of December 31, 2023, (i) 729,124 shares have been issued to participants pursuant to the ESPP and (ii) 270,876 shares of Common Stock were reserved for future purchases under the ESPP. The Company commenced the initial offering period on April 2, 2018.

The ESPP enables eligible employees to purchase shares of Common Stock at a discount from the market price through payroll deductions, subject to certain limitations. Eligible employees may elect to participate in the ESPP only during an open enrollment period. The offering period immediately follows the open enrollment window, at which time ESPP contributions are withheld from the participant's regular paycheck. The ESPP provides for a 15% discount on the market value of the stock at the lower of the grant date price (first day of the offering period) and the purchase date price (last day of the offering period). The Company recognized \$0.1 million in stock-based compensation expense related to the ESPP in each of the three months ended December 31, 2023 and 2022.

Director Restricted Stock Unit Plan

In January 2011, the Board adopted the Mitek Systems, Inc. Director Restricted Stock Unit Plan, as amended and restated (the "Director Plan"). On March 10, 2017, the Company's stockholders approved an amendment to the Director Plan to increase the number of shares of Common Stock available for future grants. The total number of shares of Common Stock reserved for issuance thereunder is 1,500,000 shares. The Director Plan expired on December 31, 2022. As of December 31, 2023, (i) 259,513 RSUs were outstanding under the Director Plan and (ii) no shares of Common Stock were reserved for future grants under the Director Plan.

Stock Options

The following table summarizes stock option activity under the Company's equity plans during the three months ended December 31, 2023:

	Number of Shares	Weighted- Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding at September 30, 2023	651,269	\$ 7.37	3.6	\$ 2,185
Granted	—	\$ —		
Exercised	(96,634)	\$ 8.85		169
Canceled	—	\$ —		
Outstanding at December 31, 2023	554,635	\$ 7.11	4.0	3,291
Vested and Expected to Vest at December 31, 2023	554,635	\$ 7.11	4.0	3,291
Exercisable at December 31, 2023	554,635	\$ 7.11	4.0	3,291

The Company recognized \$9,000 and \$0.1 million in stock-based compensation expense related to outstanding stock options during the three months ended December 31, 2023 and 2022, respectively. As of December 31, 2023, the Company had no unrecognized compensation expense related to outstanding stock options.

Aggregate intrinsic value represents the value of the Company's closing stock price on the last trading day of the fiscal period in excess of the weighted-average exercise price, multiplied by the number of options outstanding and exercisable. There were no options granted during either of the three months ended December 31, 2023 or 2022.

Restricted Stock Units

The following table summarizes RSU activity under the Company's equity plans during the three months ended December 31, 2023:

	Number of Shares	Weighted-Average Fair Market Value Per Share
Outstanding at September 30, 2023	2,188,296	\$ 11.49
Granted	1,078,233	11.16
Settled	(445,729)	11.17
Canceled	(61,167)	11.88
Outstanding at December 31, 2023	2,759,633	11.40

The cost of RSUs is determined using the fair value of Common Stock on the award date, and the compensation expense is recognized ratably over the vesting period. The Company recognized \$2.3 million and \$1.6 million in stock-based compensation expense related to outstanding RSUs during the three months ended December 31, 2023 and 2022, respectively. As of December 31, 2023, the Company had \$24.6 million of unrecognized compensation expense related to outstanding RSUs expected to be recognized over a weighted-average period of approximately 2.9 years.

Performance Restricted Stock Units

The following table summarizes Performance RSU activity under the Company's equity plans during the three months ended December 31, 2023:

	Number of Shares	Weighted-Average Fair Market Value Per Share
Outstanding at September 30, 2023	730,393	\$ 13.37
Granted	700,846	10.85
Settled	(187,454)	11.23
Canceled	(40,582)	13.31
Outstanding at December 31, 2023	1,203,203	12.24

The cost of Performance RSUs is determined using a Monte Carlo simulation to estimate the fair value on the award date, and the compensation expense is recognized ratably over the vesting period. The Company recognized \$1.0 million and \$0.7 million in stock-based compensation expense related to outstanding Performance RSUs during the three months ended December 31, 2023 and 2022, respectively. As of December 31, 2023, the Company had \$9.0 million of unrecognized compensation expense related to outstanding RSUs expected to be recognized over a weighted-average period of approximately 2.1 years.

6. INCOME TAXES

The Company's tax provision for interim periods is determined using an estimate of the annual effective tax rate, adjusted for discrete items arising in that quarter. In each quarter, management updates the estimate of the annual effective tax rate, and any changes are recorded in a cumulative adjustment in that quarter. The quarterly tax provision and quarterly estimate of the annual effective tax rate are subject to significant volatility due to several factors, including management's ability to accurately predict the portion of income (loss) before income taxes in multiple jurisdictions, the tax effects of our stock-based compensation awards, and the effects of acquisitions and the integration of those acquisitions.

For the three months ended December 31, 2023 and 2022, the Company recorded an income tax benefit of \$1.7 million and an income tax provision of \$1.8 million, respectively, which yielded an effective tax rate of 23% and 28%, respectively. The difference between the U.S. federal statutory tax rate and the Company's effective tax rate for the three months ended December 31, 2023 and 2022 was primarily due to a mix of worldwide income, the impact of non-deductible executive compensation as well as the impact of state taxes, and federal and state research and development credits on the tax provision.

7. CONVERTIBLE SENIOR NOTES

The carrying values of the 0.75% convertible notes due 2026 issued by the Company in an initial aggregate principal amount of \$ 155.3 million (the "2026 Notes") are as follows (*amounts in thousands*):

2026 Notes:	December 31, 2023	September 30, 2023
Principal amount	\$ 155,250	\$ 155,250
Less: unamortized discount and issuance costs, net of amortization	(17,764)	(19,734)
Carrying amount	\$ 137,486	\$ 135,516

In February 2021, the Company issued \$ 155.3 million aggregate principal amount of the 2026 Notes (including the Additional Notes, as defined below). The 2026 Notes are senior unsecured obligations of the Company. The 2026 Notes were issued pursuant to an Indenture, dated February 5, 2021 (the "Indenture"), between the Company and UMB Bank, National Association, as trustee. The Indenture includes customary covenants and sets forth certain events of default after which the 2026 Notes may be declared immediately due and payable and sets forth certain types of bankruptcy or insolvency events of default involving the Company after which the 2026 Notes become automatically due and payable. The Company granted the initial purchasers of the 2026 Notes (collectively, the "Initial Purchasers") a 13-day option to purchase up to an additional \$20.25 million aggregate principal amount of the 2026 Notes (the "Additional Notes"), which was exercised in full. The 2026 Notes were purchased in a transaction that was completed on February 5, 2021. As of January 13, 2024 ("Date of Noncompliance"), the Company was not in compliance with certain of the covenants in the Indenture as a result of the Company not timely filing its Form 10-K for the fiscal year ended September 30, 2023 ("Form 10-K") with the SEC. As a result of not being in compliance, the 2026 Notes began to accrue additional special interest of 0.25% of the outstanding principal of the 2026 Notes for the 90 days after the Date of Noncompliance and 0.50% of the outstanding

principal of the 2026 Notes for the 91st through 180th day after the Date of Noncompliance. The Company subsequently did not timely file its Form 10-Q for the quarter ended December 31, 2023 with the SEC. The Company filed its Form 10-K with the SEC on March 19, 2024. As of the filing of this Quarterly Report on Form 10-Q for the period ended December 31, 2023, the Company is in compliance with the covenants in the Indenture as all of its required annual and quarterly reports to date have been filed with the SEC.

The 2026 Notes will mature on February 1, 2026, unless earlier redeemed, repurchased or converted. The 2026 Notes bear interest from February 5, 2021 at a rate of 0.750% per year payable semiannually in arrears on February 1 and August 1 of each year, beginning on August 1, 2021. The 2026 Notes will be convertible at the option of the holders at any time prior to the close of business on the business day immediately preceding August 1, 2025, only under the following circumstances: (1) during any calendar quarter commencing after the calendar quarter ending on June 30, 2021, if the last reported sale price per share of Common Stock exceeds 130% of the conversion price for each of at least 20 trading days during the 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter; (2) during five consecutive business days immediately after any five consecutive trading day period (such five consecutive trading day period, the "measurement period") in which the trading price per \$1,000 principal amount of notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price per share of the Common Stock on such trading day and the conversion rate on such trading day; (3) upon the occurrence of certain corporate events or distributions on the Common Stock. On or after August 1, 2025, until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert all or any portion of their 2026 Notes, in multiples of \$1,000 principal amount, at the option of the holder regardless of the foregoing circumstances. Upon conversion, the Company may satisfy its conversion obligation by paying and/or delivering, as the case may be, cash and, if applicable at the Company's election, shares of the Common Stock, based on the applicable conversion rate(s); provided that the Company will be required to settle conversions solely in cash unless and until the Company (i) receives stockholder approval to increase the number of authorized shares of the Common Stock and (ii) reserves such amount of shares of the Common Stock for future issuance as required pursuant to the Indenture that governs the 2026 Notes. The conversion rate for the 2026 Notes will initially be 47.9731 shares of the Common Stock per \$1,000 principal amount of 2026 Notes, which is equivalent to an initial conversion price of approximately \$20.85 per share of the Common Stock. The initial conversion price of the 2026 Notes represents a premium of approximately 37.5% to the \$15.16 per share last reported sale price of the Common Stock on February 2, 2021. The conversion rate is subject to adjustment under certain circumstances in accordance with the terms of the Indenture.

The net proceeds from this offering were approximately \$149.7 million, after deducting the Initial Purchasers' discounts and commissions and the Company's estimated offering expenses related to the offering. The Company used approximately \$9.3 million of the net proceeds from the offering to pay the cost of the Notes Hedge, after such cost is partially offset by the proceeds from the Warrant Transactions described below. The Initial Purchasers exercised their option to purchase Additional Notes in full and the Company used a portion of the net proceeds from the sale of such Additional Notes to enter into additional Notes Hedges, after such cost is partially offset by the proceeds from the additional Warrant Transactions, with the Option Counterparties (as defined below). The Company intends to use the remainder of the net proceeds from the offering for general corporate purposes, which may include working capital, capital expenditures, and potential acquisitions and strategic transactions.

As of December 31, 2023, the number of authorized and unissued shares of Common Stock that are not reserved for other purposes is sufficient to settle the 2026 Notes into equity. Accordingly, the Company may settle conversions of notes through payment or delivery, as the case may be, of cash, shares of Common Stock or a combination of cash and shares of Common Stock, at the Company's election.

In accounting for the issuance of the 2026 Notes, the conversion option of the 2026 Notes was deemed an embedded derivative requiring bifurcation from the 2026 Notes ("host contract") and separate accounting as an embedded derivative liability, as a result of the Company not having the necessary number of authorized but unissued shares of its Common Stock available to settle the conversion option of the 2026 Notes in shares. The proceeds from the 2026 Notes were first allocated to the embedded derivative liability and the remaining proceeds were then allocated to the host contract. On February 5, 2021, the fair value of the embedded derivative liability representing the conversion option was \$33.2 million and the remaining \$116.5 million was allocated to the host contract. The difference between the principal amount of the 2026 Notes and the fair value of the host contract (the "debt discount") is amortized to interest expense using the effective interest method over the term of the 2026 Notes.

In the second quarter of fiscal 2022, the stockholders of the Company approved an increase to the number of authorized shares of Common Stock, to an amount sufficient to settle the conversion of the 2026 Notes. As a result of the increase to the number of authorized shares of Common Stock, the Company reclassified the embedded conversion derivative to additional paid-in capital.

As of December 31, 2023, the embedded conversion derivative is included in additional paid-in capital in the condensed consolidated balance sheets and will not be remeasured provided the requirements to qualify for the scope exception in Accounting Standards Codification ("ASC") 815-10-15-74(a) continue to be met.

Debt issuance costs for the issuance of the 2026 Notes were approximately \$ 5.5 million, consisting of initial purchasers' discount and other issuance costs. In accounting for the transaction costs, the Company allocated the total amount incurred to the 2026 Notes. Transaction costs were recorded as debt issuance cost (presented as contra debt in the condensed consolidated balance sheet) and are being amortized using the effective interest method to interest expense over the term of the 2026 Notes.

The following table presents the total amount of interest cost recognized relating to the 2026 Notes (amounts in thousands):

	Three Months Ended December 31,	
	2023	2022
Contractual interest expense	\$ 293	\$ 293
Amortization of debt discount and issuance costs	1,970	1,844
Total interest expense recognized	\$ 2,263	\$ 2,137

The derived effective interest rate on the 2026 Notes host contract was determined to be 6.71%, which remains unchanged from the date of issuance. The remaining unamortized debt discount was \$17.8 million as of December 31, 2023, and will be amortized over approximately 2.1 years.

Convertible Senior Notes Hedge and Warrants

In connection with the pricing of the 2026 Notes, the Company entered into the Notes Hedge with Bank of America, N.A., Jefferies International Limited and Goldman Sachs & Co. LLC (the "Option Counterparties"). The Notes Hedge provided the Company with the option to acquire, on a net settlement basis, approximately 7.4 million shares of Common Stock at a strike price of \$ 20.85, which is equal to the number of shares of Common Stock that notionally underlie and correspond to the conversion price of the 2026 Notes. The Company also entered into Warrant Transactions with the Option Counterparties relating to the same number of shares of the Common Stock, subject to customary anti-dilution adjustments. The strike price of the Warrant Transactions is \$26.53 per share, which represents a 75.0% premium to the last reported sale price of the Common Stock on the Nasdaq Capital Market on February 2, 2021, and is subject to certain adjustments under the terms of the Warrant Transactions.

The Company was initially required to settle the Notes Hedge in cash, as they did not qualify for the scope exception for contracts involving an issuer's own equity in ASC 815 and were accounted for as a derivative asset. Upon initial purchase, the Notes Hedge was recorded in convertible senior notes hedge at \$33.2 million in our condensed consolidated balance sheets. In the second quarter of fiscal 2022, the stockholders of the Company approved an increase to the number of authorized shares of Common Stock, to an amount sufficient to settle the conversion of the 2026 Notes. As a result of the increase to the number of authorized shares of Common Stock, the Company reclassified the Notes Hedge to additional paid-in capital.

As of December 31, 2023, the Notes Hedge is included in additional paid-in capital in the condensed consolidated balance sheet and will not be remeasured provided the requirements to qualify for the scope exception in ASC 815-10-15-74(a) continue to be met and the Company had not purchased any shares under the Notes Hedge.

As a result of the Warrant Transactions, the Company is required to recognize incremental dilution of earnings per share to the extent the average share price is over \$26.53 for any fiscal quarter. During the three months ended December 31, 2023, there was no dilution of earnings per share. The Warrant Transactions expire over a period of 80 trading days commencing on May 1, 2026 and may be settled in net shares of Common Stock or net cash at the Company's election. Upon initial sale, the Warrant Transactions were recorded as an increase in additional paid-in capital within stockholders' equity of \$23.9 million. As of December 31, 2023, the Warrant Transactions had not been exercised and remained outstanding.

8. COMMITMENTS AND CONTINGENCIES

Legal Proceedings

Claim Against ICAR

On June 11, 2018, a claim was filed before Court of First Instance 5 (Juzgado de Primera Instancia) of Barcelona, Spain, the first instance court in the Spanish civil procedure system, against ICAR. The claim, also directed towards Mr. Xavier Codó Grasa, the former controlling shareholder of ICAR and its current General Manager at the time the claim was filed, was brought by the Spanish company Global Equity & Corporate Consulting, S.L. for an alleged breach by ICAR of a services agreement entered into in the context of the sale of all of the shares in ICAR to Mitek Holding B.V., a wholly owned subsidiary of the Company. ICAR responded to the claim on September 7, 2018. After several postponements as a consequence of the COVID-19 pandemic, on March 3, 2022 the trial was held. On June 7, 2022, the Court of First Instance 5 of Barcelona issued a judgment which fully upheld the claim and declared that Mr. Xavier Codó Grasa and ICAR had to pay the amount and damages claimed by Global Equity & Corporate Consulting, S.L. equal to €0.8 million (or \$0.8 million as of December 31, 2023), plus the interest accrued and the legal fees.

ICAR and Mr Xavier Codó Grasa submitted an appeal against this judgment on July 13, 2022. Global Equity & Corporate Consulting, S.L. filed an opposition to that appeal on September 2, 2022. The next procedural step will be the voting and issuing of the ruling on the appeal. Global Equity & Corporate Consulting, S.L. requested the provisional enforcement of the judgment, asking

ICAR and Mr. Xavier Codó Grasa to deposit the damages awarded plus 30% to cover the possible interests that may continue to accrue during the appeal (€1.1 million in total) with the Court.

According to the terms of the sale and purchase agreement concerning the acquisition of the shares in ICAR, Mitek Holding B.V. is to be indemnified in respect of any damages suffered by ICAR and/or Mitek Holding B.V. in respect of this claim. As a consequence, the escrow (€0.9 million) was released pursuant to the provisional enforcement of the judgment, and Mr. Xavier Codó Grasa deposited the remaining €0.2 million. Global Equity & Corporate Consulting, S.L. also requested that ICAR and Mr. Xavier Codó Grasa bear the costs of the provisional enforcement. This amounted to €16,475 for the accrued interests and €10,995 as legal costs. ICAR and Mr. Xavier Codó Grasa have complied with this request, having such amounts charged to the damages deposited with the Court.

Third Party Claims Against the Company's Customers

The Company receives indemnification demands from end-user customers who received third party patentee offers to license patents and allegations of patent infringement. Some of the offers and allegations have resulted in ongoing litigation. The Company is not a party to any such litigation. License offers to and infringement allegations against the Company's end-customers were made by Lighthouse Consulting Group, LLC; Lupercal, LLC; Pebble Tide, LLC; Dominion Harbor Group, LLC; and IP Edge, LLC, which appear to be non-practicing entities ("NPEs")—often called "patent trolls"—and not the Company's competitors. These NPEs may seek to extract settlements from our end-customers, resulting in new or renewed indemnification demands to the Company. At this time, the Company does not believe it is obligated to indemnify any customers or end-customers resulting from license offers or patent infringement allegations by the companies listed above. However, the Company could incur substantial costs if it is determined that it is required to indemnify any customers or end-customers in connection with these offers or allegations. Given the potential for impact to other customers and the industry, the Company is actively monitoring the offers, allegations and any resulting litigation.

On July 7, 2018, United Services Automobile Association ("USAA") filed a lawsuit against Wells Fargo Bank, N.A. ("Wells Fargo") in the Eastern District of Texas alleging that Wells Fargo's remote deposit capture systems (which in part utilize technology provided by the Company to Wells Fargo through a partner) infringe four USAA owned patents related to mobile deposits (the "First Wells Lawsuit"). On August 17, 2018, USAA filed a second lawsuit (the "Second Wells Lawsuit" and together with the First Wells Lawsuit, the "Wells Lawsuits") against Wells Fargo in the Eastern District of Texas asserting that an additional five patents owned by USAA were infringed by Wells Fargo's remote deposit capture system. In neither lawsuit was the Company named in the Complaint as an infringer nor at any time did USAA allege specifically that the Company's products by themselves infringed any of the asserted patents. Subsequently, on November 6, 2019, a jury in the First Wells Lawsuit found that Wells Fargo willfully infringed at least one of the Subject Patents (as defined below) and awarded USAA \$200 million in damages. In the Second Wells Lawsuit, USAA dropped two of the patents from the litigation, and the judge in the case found that one of the remaining three patents was invalid. On January 10, 2020, a jury in the Second Wells Lawsuit found that Wells Fargo willfully infringed at least one of the patents at issue in that case and awarded USAA \$ 102 million in damages. No Mitek product was accused of infringing either of the two patents in question in the Second Wells Lawsuit as the litigation involved broad banking processes and not the Company's specific mobile deposit features. USAA and Wells Fargo subsequently reached a settlement, and on April 1, 2021 the Court granted the parties' joint motion and stipulation of dismissal of the Wells Lawsuits with prejudice.

Wells Fargo filed petitions for *Inter Partes* Review ("IPR") with the Patent Trial and Appeal Board ("PTAB") challenging the validity of the four patents in the First Wells Lawsuit. Three of those four petitions were instituted, while one (relating to U.S. Patent No. 9,818,090 ("the '090 Patent")) was denied institution. On November 24, 2020, and January 26, 2021, the PTAB issued final written decisions determining that Wells Fargo had not demonstrated by a preponderance of the evidence that any claims of the U.S. Patent Nos. 8,977,571 ("the '571 Patent"), 8,699,779 ("the '779 Patent"), or 9,336,517 ("the '517 Patent") were unpatentable.

On September 30, 2020, USAA filed suit against PNC Bank (the "First PNC Lawsuit") in the Eastern District of Texas alleging infringement of U.S. Patent Nos. 10,482,432 ("the '432 Patent") and 10,621,559. These two patents are continuations of an asserted patent in the Second Wells Lawsuit and relate to similar subject matter. On October 19, 2020, PNC Bank's integration partner, NCR Corporation, sent an indemnification demand to the Company requesting indemnification from all claims related to the First PNC Lawsuit. The complaint against PNC Bank does not claim that any Company product infringes any of the asserted patents. At this time, the Company does not believe it is obligated to indemnify NCR Corporation or end-users of NCR Corporation resulting from the patent infringement allegations by USAA. On December 4, 2020, USAA filed an amended complaint against PNC Bank also asserting two patents at issue in the First Wells Lawsuit—the '779 Patent and the '571 Patent. On February 2, 2021, NCR Corporation sent a second indemnification demand to the Company requesting indemnification of the claims described in the amended complaint. On March 31, 2021, USAA filed another suit against PNC Bank in the Eastern District of Texas alleging infringement of two patents from the Second Wells Lawsuit, U.S. Patent Nos. 10,013,605 ("the '605 Patent") and 10,013,681 ("the '681 Patent") (the "Second PNC Lawsuit"). On July 7, 2021, USAA filed a third lawsuit against PNC Bank (the "Third PNC Lawsuit" and together with the First PNC Lawsuit and the Second PNC Lawsuit, the "PNC Lawsuits") asserting infringement of U.S. Patents 10,769,598; 10,402,638; and 9,224,136. A jury trial was held in May 2022 on the consolidated First PNC Lawsuit and Second PNC Lawsuit. The jury found that PNC willfully infringed at least one patent claim and awarded USAA \$218 million in damages. The Court denied PNC Bank's equitable defenses and entered a Final Judgment in the consolidated First PNC Lawsuit and Second PNC Lawsuit on August 19, 2022.

A jury trial was held in September 2022 on the Third PNC Lawsuit. The jury found that PNC infringed at least one patent claim and awarded USAA \$4.3 million in damages. The Court entered a Final Judgment in the Third PNC Lawsuit on February 16, 2023.

While neither the Wells Lawsuits nor the PNC Lawsuits name the Company as a defendant, given (among other factors) the Company's prior history of litigation with USAA and the continued use of the Company's products by its customers, on November 1, 2019, the Company filed a complaint in the U.S. District Court for the Northern District of California seeking declaratory judgment that its products do not infringe the '779 Patent, the '571 Patent, the '517 Patent, and the '090 Patent (collectively, the "Subject Patents"). On January 15, 2020, USAA filed motions requesting the dismissal of the declaratory judgment of the Subject Patents and transfer of the case to the Eastern District of Texas, both of which the Company opposed. On April 21, 2020, the Court in the Northern District of California transferred the Company's declaratory judgment action to the Eastern District of Texas and did not rule on USAA's motion to dismiss. On April 28, 2021, the Court in the Eastern District of Texas granted USAA's motion to dismiss the Company's declaratory judgment action on jurisdictional grounds. The Court's ruling did not address the merits of the Company's claim of non-infringement. The Company appealed the ruling on the motion to dismiss and the decision to transfer the declaratory judgment action from California to Texas to the U.S. Court of Appeals for the Federal Circuit. The Federal Circuit heard oral argument on the Company's appeal on April 4, 2022 and on May 20, 2022, issued an opinion vacating and remanding the district court's order granting USAA's motion to dismiss. On August 1, 2022, the parties submitted additional briefing to the district court in light of Federal Circuit's opinion. The court held another hearing on USAA's motion to dismiss the Company's declaratory judgment action on jurisdictional grounds, and once again granted USAA's motion to dismiss on February 23, 2023. The Company timely filed a notice of appeal to the U.S. Court of Appeals for the Federal Circuit. The appeal is fully briefed, and the Company is awaiting oral argument. The Company continues to believe that its products do not infringe the Subject Patents and will vigorously defend the right of its end-users to use its technology.

In April, May, and June 2020, the Company filed petitions for IPR with the PTAB of the U.S. Patent & Trademark Office challenging the validity of the Subject Patents. On November 6 and 17, 2020, the PTAB decided to exercise its discretion and deny institution of the four petitions due to the alleged relationship between the Company and Wells Fargo, who previously filed petitions for IPR on the Subject Patents. The PTAB did not address the merits of the Company's petitions or the prior art cited in those petitions. The Company continues to believe that the prior art cited in the petitions renders all the claims of the Subject Patents invalid. On each of December 6, 2020, December 17, 2020, and February 23, 2021, the Company filed requests for rehearing and Precedential Opinion Panel ("POP") review of the four denied IPR petitions. The Patent Office denied the requests for rehearing and for POP review.

In September 2020, the Company filed an additional two petitions for IPR with the U.S. Patent & Trademark Office challenging the validity of the '681 Patent and the '605 Patent—two of the patents at issue in the Second Wells Lawsuit. In March 2021, the PTAB decided not to institute the two petitions.

On July 7, July 14, and July 21, 2021, PNC Bank filed six additional petitions for IPR with the U.S. Patent & Trademark Office challenging the validity of the '779 Patent, the '571 Patent, the '559 Patent, and the '432 Patent. On August 27, 2021, PNC filed two additional petitions for IPR challenging the validity of the '681 Patent and the '605 Patent. In October and November of 2021, PNC Bank filed four more petitions for IPR challenging the validity of the '638 Patent, the '136 Patent, and the '598 Patent. The Patent Office denied institution with respect to the petitions challenging the '432 Patent, the '605 Patent, the '681 Patent, and the '638 Patent, but instituted *inter partes* review on the petitions relating to the '779 Patent, the '571 Patent, the '559 Patent, and the '598 Patent—finding a reasonable likelihood that at least one challenged patent claim was invalid. The U.S. Patent & Trademark Office issued a final written decision in each of the IPRs challenging the '779 Patent, the '571 Patent, and the '559 Patent and found all challenged claims of each patent unpatentable. USAA filed requests for rehearing and requests for POP review. The requests for POP review and for rehearing were denied in March 2023.

On August 16, 2021, USAA filed suit against BBVA USA ("BBVA") in the Eastern District of Texas alleging infringement of the same patents at issue in the PNC Lawsuits. While the Company's IPR petitions were mentioned in the complaint, the Company was not named as a defendant or mentioned in connection with any alleged infringement. BBVA then sent the Company an indemnification demand on September 7, 2021. For the same reasons discussed above in connection with PNC Bank and the PNC Lawsuits, the Company does not believe it is obligated to indemnify BBVA. On June 6, 2022, the Court granted the parties' request to administratively close the case and stay all deadlines in view of the pending appeal in the PNC Lawsuits.

On July 29, 2022, USAA filed another patent infringement lawsuit against Truist Bank ("Truist") in the Eastern District of Texas. The lawsuit alleges infringement of the '090 Patent, the '432 Patent, and the U.S. Patent No. 11,182,753 ("the '753 Patent"). The Company was not named as a defendant or mentioned in connection with any alleged infringement. On October 5, 2022, Truist's integration partner, NCR Corporation, sent an indemnification demand to the Company requesting indemnification from all claims related to the lawsuit. For the same reasons discussed above in connection with the PNC Lawsuits, the Company does not believe it is obligated to indemnify NCR Corporation or end-users of NCR Corporation resulting from the patent infringement allegations by USAA. On October 7, 2022, Truist filed a motion to transfer venue to the Western District of North Carolina. The motion was denied on April 8, 2023. On December 30, 2022, Truist filed a motion for leave to file counterclaims against USAA alleging patent infringement of U.S. Patent Nos. 7,336,813; 7,519,214; 8,136,721; and 9,760,797, which was granted on April 8, 2023. On March 13,

2023, USAA moved for leave to file a First Amended Complaint, adding an additional allegation of patent infringement of U.S. Patent No. 11,544,944 ("the '944 Patent"). On April 4, 2023, Truist sent another indemnification demand to the Company requesting indemnification related to the lawsuit. On May 3, 2023, USAA moved for leave to file a Second Amended Complaint, adding an additional allegation of patent infringement of U.S. Patent No. 11,625,770 ("the '770 Patent"). On May 30, 2023, Truist sent another indemnification demand to the Company requesting indemnification related to the Second Amended Complaint. On October 6, 2023, the parties filed a Notice of Settlement and Joint Motion and Stipulation of Dismissal. All claims and causes of action between the parties were dismissed with prejudice on October 10, 2023 in view of the settlement.

In October and November of 2022, Truist filed a petition for IPR with the U.S. Patent & Trademark Office challenging the validity of the '090 Patent, the '432 Patent, and the '753 Patent. The Patent Office instituted the petitions directed to the '090 and '753 Patents, but denied institution of the petition directed to the '432 Patent. In view of the settlement between USAA and Truist, the IPRs were withdrawn.

The Company incurred legal fees of \$0.6 million and \$0.3 million in the three months ended December 31, 2023 and 2022, respectively, related to third party claims against our customers. Such fees are included in general and administrative expenses in the condensed consolidated statement of operations and comprehensive income.

Claim Against UrbanFT, Inc.

On July 31, 2019, the Company filed a lawsuit against one of its customers, UrbanFT, Inc. ("UrbanFT") in the United States District Court for the Southern District of California (case No. 19-CV-1432-CAB-DEB). UrbanFT is delinquent in payment and attempted to justify its non-payment by asserting that the Company is or may be infringing on purported UrbanFT patents. The Company filed such lawsuit to collect the delinquent payments and to obtain a declaratory judgment of non-infringement of five purported UrbanFT patents. UrbanFT filed an answer and later asserted infringement of two of the five patents-at-issue in the Company's lawsuit against UrbanFT. The Company thereafter filed counterclaims seeking a declaration that the two patents now asserted by UrbanFT are invalid in addition to being not infringed. During the course of the litigation, the Company learned that a judgment had been entered against UrbanFT's affiliates and its predecessor owner in which an Oregon court ordered that the patents in issue revert to a prior owner, Mr. Stevens, because UrbanFT's affiliates did not pay the purchase price owed to the prior owner. On September 8, 2020, the Company filed a motion for summary judgment on its breach of contract claim. On September 15, 2020, the district court issued an order to show cause regarding jurisdiction over patent issues in light of the Oregon judgment. On December 17, 2020, the district court dismissed Mitek's claims for declaratory judgment of non-infringement and UrbanFT's counterclaims for patent infringement and related affirmative defenses based on infringement of the patents for lack of subject matter jurisdiction because UrbanFT does not own the patents. The district court then dismissed the remaining state law claims without prejudice to refiling in state court.

On December 18, 2020, the Company filed a new suit against UrbanFT in the Superior Court of the State of California, County of San Diego (case no. 37-2020-00046670-CU-BC-CTL) asserting claims for breach of contract, open book account, and monetary damages. UrbanFT filed an answer and did not assert any cross-claims. The Company filed a motion for summary judgment which was heard on April 15, 2022. The Court granted the Company's motion and on June 2, 2022, entered a judgment in favor of the Company for \$1.7 million in compensatory damages, plus costs, including attorney's fees. The Court awarded the Company \$2,600 in costs plus \$0.6 million in attorneys' fees for a total judgment of \$ 2.3 million. The time for UrbanFT to appeal the \$1.7 million in compensatory damage judgment has expired but the time for UrbanFT to appeal the attorneys' fee and cost award has not. No appeal has been filed.

On August 2, 2023, the Company filed a separate lawsuit against Richard Steggall, UFT (North America), LLC fka Urban FT LLC; Urban FT Group, Inc; Urban FT Client Solutions, LLC; UFT Professional Services, LLC; and X-35 Financial Technologies, in the San Diego Superior Court, (case No. 37-2023-00033005-CU-FR-CTL) ("Fraud Conveyance Action"). The Fraud Conveyance Action alleges that the Mr. Steggall orchestrated a scheme to strip UFT (North America), LLC of any assets and effectively transfer the Urban FT business to other entities he owns and controls, all to avoid the Company's collection efforts. The Fraud Conveyance Action also alleges that Mr. Steggall funnels Urban FT's revenues through a web of other entities he owns and controls, all to ensure that creditors, including the Company, cannot collect their debts. The parties have started discovery.

On February 23, 2024, the Court set the Fraud Conveyance Action for trial on March 14, 2025. Separately, the Company filed two motions to compel discovery set for April 12, 2024. The defendants have filed a motion to quash the Company's subpoena to Chase Bank and the defendants filed an Order to Show Cause to hold the Company in contempt for violating the parties' Protective Order. The Company anticipates filing its own motion for sanctions against defendants for their frivolous contempt motion.

Claim Against Maplebear, Inc (dba Instacart):

On December 13, 2021, Mitek filed a lawsuit against Maplebear Inc., d/b/a Instacart ("Instacart"), in California Superior Court – San Diego County (Case No. 37-2021-00052089-CU-BC-CTL) (the "Instacart Lawsuit"). Mitek alleged causes of action for breach of contract as well as breach of the implied covenant and requested over \$2.0 million in damages.

On August 3, 2018 Instacart entered into a Master Services Agreement (the "Master Services Agreement") with Mitek agreeing to purchase a subscription to Mitek's Mobile Verify Advanced service. On June 19, 2020, the parties entered into a second Order Form in connection with the Master Services Agreement. The Order Form had a term of June 18, 2020 to December 31, 2023 and called for an annual commitment of \$1.2 million. On September 23, 2021, Instacart sent a letter to Mitek purporting to outline breaches under the Master Services Agreement. Mitek responded on November 11, 2021, refuting Instacart's claims and offering to engage in further discussions. Instacart thereafter sent a Notice of Termination of the Master Services Agreement dated November 24, 2021.

The Parties participated in mediation on March 15, 2022. The mediation did not result in the resolution of the case and, following mediation, the Parties stipulated that Instacart's response to Mitek's complaint would be due on April 27, 2022. In lieu of filing a response to the complaint, Instacart elected to file a Motion to Transfer Venue to the County of San Francisco, which the Court denied, thereby keeping the case in the County of San Diego.

On November 28, 2022, Instacart filed a cross-complaint against Mitek alleging: (1) Fraudulent Inducement; (2) Intentional Misrepresentation; (3) False Advertising; (4) Fraudulent Business Practices; (5) Unlawful Business Practices; (6) Unfair Business Practices; (7) Breach of Contract; and (8) Breach of the Implied Covenant of Good Faith and Fair Dealing. On January 27, 2023, Mitek filed a demurrer to the cross-complaint (the functional equivalent of a motion to dismiss). Both Parties also filed motions to compel further responses to written discovery requests. The Court did not decide the demurrer or the motions to compel before the Parties resolved and dismissed the case.

On September 29, 2023, the Parties reached an agreement to resolve the case. The terms of the settlement were completed and, on October 24, 2023, the Company filed a Request for Dismissal, signed by counsel for both parties and asking the clerk of the Court to dismiss the Company's complaint and causes of action as well as Instacart's cross-complaint and causes of action. The Court entered the Request for Dismissal on October 24, 2023 and dismissed the Parties' respective claims with prejudice.

Biometric Information Privacy Act Claims

On December 16, 2021, the Company was sued in a putative class action in the Circuit Court of Cook County, Illinois alleging that the Company had violated the Illinois Biometric Information Privacy Act ("BIPA") with respect to identity verification services that the Company provided to its customer HyreCar, Inc. ("HyreCar") for HyreCar's customers in Illinois (the "BIPA Lawsuit"). Plaintiff claimed that the Company had not obtained the required consent to collect and use Plaintiff's biometric information, and that Plaintiff and a class of similarly situated individuals therefore are entitled to statutory damages under BIPA.

The Company removed the BIPA Lawsuit to the U.S. District Court for the Northern District of Illinois, and on March 4, 2022 the Company filed a Motion to Compel Arbitration based on HyreCar's terms and conditions requiring HyreCar customers to arbitrate on an individual (non-class) basis (the "Arbitration Motion"). On May 4, 2022 the trial court denied the Arbitration Motion. On December 21, 2022, the trial court's ruling was upheld on appeal, and the case subsequently was remanded back to the trial court.

On March 10, 2023, Plaintiff filed an Amended Complaint adding a second named plaintiff, who is also a HyreCar end-user, but otherwise not materially changing the allegations. On March 27, 2023, the Company filed a Motion to Dismiss or, in the Alternative, to Strike Class Allegations.

On May 11, 2023, and after the Company's Motion to Dismiss or, in the Alternative, to Strike Class Allegations had been fully briefed, Plaintiffs filed a Motion for Leave to File a Second Amended Complaint seeking to add two new named plaintiffs, who are end-users of the Company's customers Instacart and Roadie, and to remove one named plaintiff. The Company opposed the Motion for Leave.

On September 13, 2023, Plaintiffs filed a Notice of Voluntary Dismissal. On September 14, 2023, the Court dismissed the lawsuit without prejudice, ending the litigation.

Other Legal Matters

In addition to the foregoing, the Company is subject to various claims and legal proceedings arising in the ordinary course of its business. The Company accrues for such liabilities when it is both (i) probable that a loss has occurred and (ii) the amount of the loss can be reasonably estimated in accordance with ASC 450, *Contingencies*. While any legal proceeding has an element of uncertainty, the Company believes that the disposition of such matters, in the aggregate, will not have a material effect on the Company's financial condition or results of operations.

9. LEASES

Leases

The Company leases office and research and development facility leases under non-cancelable operating leases for various terms through 2030. Certain lease agreements include renewal options, rent abatement periods, and rental increases throughout the

term. As of December 31, 2023, the weighted-average remaining lease term for the Company's operating leases was 4.4 years and the weighted-average discount rate was 3.5%.

As of December 31, 2023, the Company had operating ROU assets of \$ 3.8 million. As of December 31, 2023, total operating lease liabilities of \$4.4 million were comprised of current lease liabilities of \$ 1.6 million and non-current lease liabilities of \$ 2.8 million. As of September 30, 2023, the Company had operating ROU assets of \$4.1 million. As of September 30, 2023, total operating lease liabilities of \$ 4.8 million were comprised of current lease liabilities of \$1.9 million and non-current lease liabilities of \$ 2.9 million.

The Company recognized \$0.5 million of operating lease costs in each of the three months ended December 31, 2023 and 2022. Operating lease costs are included within cost of revenue, selling and marketing, research and development, and general and administrative expenses, dependent upon the nature and use of the ROU asset, in the Company's condensed consolidated statement of operations and comprehensive income.

The Company paid \$0.6 million in operating cash flows for operating leases in the three months ended December 31, 2023.

Maturities of operating lease liabilities as of December 31, 2023 were as follows (amounts in thousands):

	Operating leases	
2024 - remaining	\$	1,416
2025		743
2026		732
2027		644
2028		431
2029 and thereafter		600
Total lease payments		4,566
Less: amount representing interest		(205)
Present value of future lease payments	\$	4,361

10. REVENUE CONCENTRATION

For the three months ended December 31, 2023, the Company derived revenue of \$ 9.7 million from two customers, with such customers accounting for 16% and 10% of the Company's total revenue, respectively. For the three months ended December 31, 2022, the Company derived revenue of \$19.4 million from two customers, with such customers accounting for 29% and 13% of the Company's total revenue, respectively. The corresponding accounts receivable balances of customers from which revenues were in excess of 10% of total revenue were \$11.2 million and \$12.5 million at December 31, 2023 and 2022, respectively.

From a geographic perspective, approximately 72% of the Company's total long-term assets as of each of December 31, 2023 and September 30, 2023, are associated with the Company's international subsidiaries. From a geographic perspective, approximately 22% and 23% of the Company's total long-term assets excluding goodwill and other intangible assets as of December 31, 2023 and September 30, 2023, respectively, are associated with the Company's international subsidiaries.

The United States and the United Kingdom were the only countries that accounted for more than 10% of the Company's revenue in the three months ended December 31, 2023. The United States was the only country that accounted for more than 10% of the Company's revenue in the three months ended December 31, 2022. Revenue for the three months ended December 31, 2023 and 2022 were as follows (amounts in thousands):

	Three Months Ended December 31,	
	2023	2022
United States	\$ 28,429	\$ 38,427
United Kingdom	3,846	NA
All other countries	4,642	7,276
Total revenue	\$ 36,917	\$ 45,703

11. SUBSEQUENT EVENTS

On February 13, 2024 (the "Closing Date"), the Company, A2iA Corp., and ID R&D, Inc. (jointly and severally, individually and collectively, "Borrower") entered into a Loan and Security Agreement (the "Credit Agreement") with Silicon Valley Bank, a division of First-Citizens Bank & Trust Company (the "Bank"). Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Credit Agreement.

The Credit Agreement provides for a revolving line of credit whereby Borrower may borrow up to \$ 35.0 million (the "Revolving Line") with an additional \$15.0 million to be advanced under the Revolving Line at the sole discretion of the Bank. The Revolving Line is secured on a first priority basis by Borrower's assets. Any newly formed or acquired subsidiary of Borrower or any Guarantor, will either join the Credit Agreement as a co-borrower or become a Guarantor under the Credit Agreement, as determined by the Bank in its sole discretion. Borrower intends to use the Revolving Line for working capital and general business purposes.

The Revolving Line terminates, and any outstanding principal amount of all advances made thereunder, and any accrued and unpaid interest thereon, become immediately due and payable on the earlier of (a) the three year anniversary of the Closing Date and (b) the date that is within 90 days of the maturity date of the "2026 Convertible Note" if such notes are outstanding as of such date. "2026 Senior Convertible Note" means the existing unsecured Indebtedness issued pursuant to that certain Indenture between the Company as issuer and UMB Bank, National Association as Indenture Trustee dated as of February 5, 2021, which provide for the issuance from time to time of debentures, notes or other debt instruments of Borrower, to be issued in one or more series.

Borrowings under the Credit Agreement generally bear interest at a variable rate equal to (a) term SOFR plus a specified margin or (b) WSJ prime plus a specified margin, in each case which will be adjusted based on the Company's net leverage ratio at the time of borrowing. Borrower must also pay Bank (i) a commitment fee of \$87,500 and (ii) an "Unused Revolving Line Facility Fee" of 0.25% per annum of the average unused portion of the Revolving Line.

The Credit Agreement contains representations, warranties, and negative and affirmative covenants customary for transactions of this type. These include covenants limiting the ability of Borrower, and any of their subsidiaries, subject to certain exceptions and baskets, to, among other things, (i) incur indebtedness, (ii) incur liens on their assets, (iii) enter into any merger or consolidation with, or acquire all or substantially all of the equity or property of, another person, (iv) dispose of any of their business or property, (v) make or permit any payment on subordinated debt, or (vi) pay any dividend, make any other distribution, or redeem any equity.

The Credit Agreement contains customary events of default and also provides that an event of default includes any default resulting in a right by third parties to accelerate maturity of indebtedness in excess of \$500,000. If any event of default occurs and is not cured within applicable grace periods set forth in the Credit Agreement or waived, all loans and other obligations could become due and immediately payable and the facility could be terminated. In addition, Borrower may be required to deposit cash with the Bank in an amount equal to 105% of any undrawn letters of credit denominated in U.S. Dollars or 115% of any undrawn letters of credit denominated in a foreign currency.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

This Quarterly Report on Form 10-Q (this "Form 10-Q"), contains "forward-looking statements" that involve risks and uncertainties, as well as assumptions that, if they never materialize or they prove incorrect, could cause our results to differ materially and adversely from those expressed or implied by such forward-looking statements. The forward-looking statements are contained principally in this Item 2—"Management's Discussion and Analysis of Financial Condition and Results of Operations" and Part II, Item 1A—"Risk Factors," but appear throughout this Form 10-Q. 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, our customers, and markets generally, 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," "will," "would," "could," "can," "may", 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 Part II, Item 1A—"Risk Factors" in this Form 10-Q and in our other filings with the U.S. Securities and Exchange Commission (the "SEC"), including our Annual Report on Form 10-K for the fiscal year ended September 30, 2023, filed with the SEC on March 19, 2024 ("2023 Annual Report"). 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 Form 10-Q speak only as of the date of this Form 10-Q 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 Form 10-Q or to reflect the occurrence of unanticipated events.

In this Form 10-Q, unless the context indicates otherwise, the terms "Mitek," "the Company," "we," "us," and "our" refer to Mitek Systems, Inc., a Delaware corporation and its subsidiaries.

Overview

Mitek Systems, Inc. ("Mitek," the "Company," "we," "us," and "our") is a leading innovator of mobile image capture and digital identity verification solutions. We are a software development company with expertise in artificial intelligence and machine learning. We currently serve more than 7,900 financial services organizations and leading marketplace and financial technology ("fintech") brands around the globe. Customers count on Mitek to deliver trusted and convenient online experiences, detect and reduce fraud, and document Know Your Customer ("KYC") and Anti-Money Laundering ("AML") regulatory compliance. Our solutions are embedded in native mobile apps and web browsers to facilitate digital consumer experiences. Mitek's identity verification and authentication technologies and services make it possible for banks, financial services organizations and the world's leading marketplace and sharing platforms to verify an individual's identity during digital transactions, allowing them to reduce risk and meet regulatory requirements. Our advanced mobile deposit system enables secure, fast and convenient deposit services. Thousands of organizations use Mitek solutions to optimize the security of mobile check deposits, new account openings and more.

Mitek markets and sells its products and services worldwide through internal, direct sales teams located in the U.S., Europe, and Latin America as well as through channel partners. Our partner sales strategy includes channel partners who are financial services technology providers and identity verification providers. These partners integrate our products into their solutions to meet the needs of their customers, typically provisioning Mitek's services through their respective platforms.

First Quarter Fiscal 2024 Highlights

- Revenue for the three months ended December 31, 2023 was \$36.9 million, a decrease of 19% compared to revenue of \$45.7 million in the three months ended December 31, 2022.
- Net loss was \$5.8 million, or negative \$0.13 per diluted share, during the three months ended December 31, 2023, compared to net income of \$4.7 million, or \$0.10 per diluted share, during the three months ended December 31, 2022.
- Cash used in operating activities was \$9.5 million for the three months ended December 31, 2023, compared to cash provided by operating activities of \$5.3 million for the three months ended December 31, 2022.
- We added new patents to our portfolio during the first quarter of fiscal 2024 bringing our total number of issued patents to 98 as of December 31, 2023. In addition, we have 13 domestic and international patent applications pending as of December 31, 2023.

Market Opportunities, Challenges & Risks

We believe that financial institutions, fintechs, and other companies see our patented solutions as a way to provide a superior digital customer experience to meet growing consumer demands of trust and convenience online and, at the same time, assist them in meeting regulatory requirements. The value of digital transformation to our customers is a possible increase in top line revenue and a reduction in the cost of sales and service. As the use of new technology increases, so does associated fraud and cyber-attacks. The negative outcomes of fraud and cyber-attacks encompass financial losses, brand damage, and loss of loyal customers. We predict growth in our deposits business as a result of the increased consumer adoption of digital financial services provided to them by their banks and identity verification products based on current trends in payments, online lending, more stringent regulations, growing usage of sharing apps and online marketplaces, and the ever-increasing demand for digital services.

Factors adversely affecting the pricing of, or demand for, our digital solutions, such as competition from other products or technologies, any decline in the demand for digital transactions, or negative publicity or obsolescence of the software environments in which our products operate, could result in lower revenues or gross margins. Further, because substantially all of our revenues are from a few types of technology, our product concentration may make us especially vulnerable to market demand and competition from other technologies, which could reduce our revenues.

The sales cycle for our software and services can be lengthy and the implementation cycles for our software and services by our channel partners and customers can also be lengthy, often as long as six months and sometimes longer for larger customers. If implementation of our products by our channel partners and customers is delayed or otherwise not completed, our business, financial condition, and results of operations may be adversely affected.

Revenues related to most of our on premise licenses for mobile products are required to be recognized up front upon satisfaction of all applicable revenue recognition criteria. Revenue related to our software as a service ("SaaS") products is recognized ratably over the life of the contract or as transactions are used depending on the contract criteria. The recognition of future revenues from these licenses is dependent upon a number of factors, including, but not limited to, the term of our license agreements, the timing of implementation of our products by our channel partners and customers, and the timing of any re-orders of additional licenses and/or license renewals by our channel partners and customers.

During each of the last few years, sales of licenses to one or more channel partners have comprised a significant part of our revenue each year. This is attributable to the timing of renewals or purchases of licenses and does not represent a dependence on any single channel partner. If we were to lose a channel partner relationship, we do not believe such a loss would adversely affect our operations because either we or another channel partner could sell our products to the end-users that had purchased products from the channel partner we lost. However, in that case, we or another channel partner must establish a relationship with the end-users, which could take time to develop, if it develops at all.

We have a growing number of competitors in the mobile image capture and identity verification industry, many of which have greater financial, technical, marketing, and other resources. However, we believe our patented mobile image capture and identity verification technology, our growing portfolio of products and geographic coverage for the financial services industry, and our market expertise gives us a distinct competitive advantage. To remain competitive, we must continue to offer products that are attractive to the consumer as well as being secure, accurate, and convenient. To help us remain competitive, we intend to further strengthen performance of our portfolio of products through research and development as well as partnering with other technology providers.

Results of Operations

Comparison of the Three Months Ended December 31, 2023 and 2022

The following table summarizes certain aspects of our results of operations for the three months ended December 31, 2023 and 2022 (amounts in thousands, except percentages):

	Three Months Ended December 31,									
			Percentage of Total Revenue				Increase (Decrease)			
	2023	2022	2023	2022			\$		%	
Revenue										
Software and hardware	\$ 15,980	\$ 26,376	43	%	58	%	\$ (10,396)	(39)	%	
Services and other	20,937	19,327	57	%	42	%	1,610	8	%	
Total revenue	\$ 36,917	\$ 45,703	100	%	100	%	\$ (8,786)	(19)	%	
Cost of revenue	5,534	5,069	15	%	11	%	465	9	%	
Selling and marketing	9,856	9,515	27	%	21	%	341	4	%	
Research and development	8,874	7,670	24	%	17	%	1,204	16	%	
General and administrative	15,538	8,479	42	%	19	%	7,059	83	%	
Amortization and acquisition-related costs	3,983	4,821	11	%	11	%	(838)	(17)	%	
Restructuring costs	48	1,776	—	%	4	%	(1,728)	97	%	
Interest expense	2,263	2,137	6	%	5	%	126	6	%	
Other income, net	1,642	336	4	%	1	%	1,306	389	%	
Income tax benefit (provision)	1,744	(1,846)	5	%	(4)	%	3,590	194	%	
Net income (loss)	\$ (5,793)	\$ 4,726	16	%	(10)	%	\$ (10,519)	(223)	%	

Revenue

Total revenue decreased \$8.8 million, or 19%, to \$36.9 million in the three months ended December 31, 2023 compared to \$45.7 million in the three months ended December 31, 2022. Software and hardware revenue decreased \$10.4 million, or 39%, to \$16.0 million in the three months ended December 31, 2023 compared to \$26.4 million in the three months ended December 31, 2022. This decrease is primarily due to an existing customer having entered into a significant multiyear Mobile Deposit® contract and the license revenue associated with the full contract term was recognized in the three months ended December 31, 2022, which did not recur, and a decrease in sales of our legacy identify verification software and hardware products in the three months ended December 31, 2023. These decreases were partially offset by an increase in sales of our ID R&D biometrics software products. Services and other revenue increased \$1.6 million, or 8%, to \$20.9 million in the three months ended December 31, 2023 compared to \$19.3 million in the three months ended December 31, 2022. This increase is primarily due to higher maintenance and transactional SaaS revenue from our deposit products of \$1.3 million and higher revenues from our identity verification products of \$0.3 million in the three months ended December 31, 2023 compared to the same period in 2022.

Cost of Revenue

Cost of revenue includes personnel costs related to billable services and software support, direct costs associated with our hardware products, hosting costs, and the costs of royalties for third party products embedded in our products. Cost of revenue increased \$0.4 million, or 9%, to \$5.5 million in the three months ended December 31, 2023 compared to \$5.1 million in the three months ended December 31, 2022. As a percentage of revenue, cost of revenue increased to 15% in the three months ended December 31, 2023 from 11% in the three months ended December 31, 2022. The increase in cost of revenue is primarily due to an increase in transactional SaaS revenue during the three months ended December 31, 2023 compared to the same period in 2022.

Selling and Marketing Expenses

Selling and marketing expenses include payroll, employee benefits, stock-based compensation, and other headcount-related costs associated with sales and marketing personnel. Selling and marketing expenses also include non-billable costs of professional services personnel, advertising expenses, product promotion costs, trade shows, and other brand awareness programs. Selling and marketing expenses increased \$0.4 million, or 4%, to \$9.9 million in the three months ended December 31, 2023 compared to \$9.5 million in the three months ended December 31, 2022. The increase in selling and marketing expense is primarily due to higher personnel-related and other costs of \$0.7 million, partially offset by lower marketing and other costs of \$0.3 million in the three months ended December 31, 2023 compared to the same period in 2022.

Research and Development Expenses

Research and development expenses include payroll, employee benefits, stock-based compensation, third party contractor expenses, and other headcount-related costs associated with software engineering and mobile capture science. Research and development expenses increased \$1.2 million, or 16%, to \$8.9 million in the three months ended December 31, 2023 compared to \$7.7 million in the three months ended December 31, 2022. The increase in research and development expenses is primarily due to higher personnel-related and other costs of \$1.6 million, partially offset by lower third-party contractor and other expenses of \$0.4 million, in the three months ended December 31, 2023 compared to the same period in 2022.

General and Administrative Expenses

General and administrative expenses include payroll, employee benefits, stock-based compensation, and other headcount-related costs associated with finance, legal, administration, and information technology functions, as well as third party legal, accounting, and other administrative costs. General and administrative expenses increased \$7.1 million, or 83%, to \$15.5 million in the three months ended December 31, 2023 compared to \$8.5 million in the three months ended December 31, 2022. The increase in general and administrative expenses is primarily due to higher audit, accounting and tax fees of \$2.1 million, third-party and professional fees of \$1.8 million, higher legal expenses of \$1.7 million, higher personnel-related and other costs of \$1.5 million, during the three months ended December 31, 2023 compared to the same period in 2022.

Amortization and acquisition-related costs

Amortization and acquisition-related costs include amortization of intangible assets, adjustments recorded due to changes in the fair value of contingent consideration, and other costs associated with acquisitions. Amortization and acquisition-related costs decreased \$0.8 million, or 17%, to \$4.0 million in the three months ended December 31, 2023 compared to \$4.8 million in the three months ended December 31, 2022. The decrease in amortization and acquisition-related costs is primarily due to a decrease in amortization expense of intangible assets from previous acquisitions that had been fully amortized of \$0.6 million and a smaller increase in the fair value of acquisition-related contingent consideration associated with the ID R&D acquisition of \$0.2 million relative to the same period in 2022, during the three months ended December 31, 2023 compared to the same period in 2022.

Restructuring Costs

Restructuring costs consist of employee severance obligations and other related costs. Restructuring costs were \$48,000 in the three months ended December 31, 2023 compared to \$1.8 million in the three months ended December 31, 2022. As the restructuring plan was initially implemented in June 2022, it was primarily completed during the 2022 calendar year and therefore restructuring costs decreased in the three months ended December 31, 2023 as compared to the three months ended December 31, 2022.

Interest Expense

Interest expense includes the amortization of debt discount and issuance costs and coupon interest accrued on our 0.75% convertible senior notes due 2026 (the "2026 Notes"). Interest expense was \$2.3 million for the three months ended December 31, 2023 and consisted of \$2.0 million of amortization of debt discount and issuance costs and \$0.3 million of interest incurred. Interest expense was \$2.1 million for the three months ended December 31, 2022 and consisted of \$1.8 million of amortization of debt discount and issuance costs and \$0.3 million of interest incurred.

Other Income, Net

Other income, net includes interest income net of amortization and net realized gains or losses on our marketable securities portfolio, and foreign currency transactional gains or losses. Other income, net increased \$1.3 million, or 389%, to \$1.6 million net income in the three months ended December 31, 2023 compared to \$0.3 million net income in the three months ended December 31, 2022. The increase was primarily due to higher interest income net of amortization of \$0.9 million and higher foreign currency exchange transactional gains of \$0.8 million, partially offset by an increase in other expenses of \$0.3 million in the three months ended December 31, 2023 as compared to the same period in 2022.

Income Tax Benefit (Provision)

For the three months ended December 31, 2023, we recorded an income tax benefit of \$1.7 million which yielded an effective tax rate of 23%. For the three months ended December 31, 2022, we recorded an income tax provision of \$1.8 million, or an effective tax rate of 28%. The difference between the U.S. federal statutory tax rate and our effective tax rate for the three months ended December 31, 2023 and 2022 was primarily due to a mix of worldwide income, the impact of non-deductible executive compensation as well as the impact of state taxes, and federal and state research and development credits on the tax provision.

Liquidity and Capital Resources

Cash generated from operations has historically been our primary source of liquidity to fund operations and investments to grow our business. Our additional sources of liquidity include available cash balances and proceeds from the issuance of the 2026 Notes (as defined below). On December 31, 2023, we had \$123.9 million in cash and cash equivalents and investments compared to \$134.9 million on September 30, 2023, a decrease of \$11.0 million, or 8%. In summary, our cash flows from continuing operations were as follows (*amounts in thousands*):

	Three Months Ended December 31,	
	2023	2022
Cash provided (used) by operating activities	\$ (9,463)	\$ 5,260
Cash provided by investing activities	17,889	18,596
Cash provided (used) by financing activities	(3,114)	626

Cash Flows from Operating Activities

Cash flows related to operating activities are dependent on net income, adjustments to net income and changes in working capital. Net cash used in operating activities during the three months ended December 31, 2023 was \$9.5 million and resulted primarily from net loss of \$5.8 million and net non-cash charges of \$6.7 million, partially offset by unfavorable changes in operating assets and liabilities of \$10.3 million. Net cash provided by operating activities during the three months ended December 31, 2022 was \$5.3 million and resulted primarily from net income of \$4.7 million and net non-cash charges of \$6.0 million, partially offset by unfavorable changes in operating assets and liabilities of \$5.5 million. The decrease in cash provided by operating activities of \$14.7 million during the three months ended December 31, 2023 compared to three months ended December 31, 2022 was primarily due to our net loss and related decrease in income taxes payable and an increase in accounts receivable.

Cash Flows from Investing Activities

Net cash provided by investing activities was \$17.9 million during the three months ended December 31, 2023, which consisted primarily of net sales and maturities of investments of \$18.1 million, partially offset by capital expenditures of \$0.2 million. Net cash provided by investing activities was \$18.6 million during the three months ended December 31, 2022, which consisted primarily of net sales and maturities of investments of \$18.8 million partially offset by capital expenditures of \$0.2 million. The decrease in cash provided by investing activities of \$0.7 million during the three months ended December 31, 2023 compared to three months ended December 31, 2022 was primarily due to a decrease in net sales and maturities of investments.

Cash Flows from Financing Activities

Net cash used in financing activities was \$3.1 million during the three months ended December 31, 2023, primarily due to the payment of \$4.6 million of acquisition-related contingent consideration, partially offset by \$0.8 million of net proceeds from the issuance of equity plan Common Stock and \$0.7 million of proceeds from other borrowings. Net cash provided by financing activities was \$0.6 million during the three months ended December 31, 2022, primarily due to repurchases and retirements of our Common Stock. The decrease in cash provided by financing activities of \$3.7 million during the three months ended December 31, 2023 compared to three months ended December 31, 2022 was primarily due to the payment of acquisition-related consideration partially offset by proceeds from other borrowings in the three months ended December 31, 2023.

0.75% Convertible Senior Notes due 2026

In February 2021, the Company issued \$155.3 million aggregate principal amount of the 2026 Notes (including the Additional Notes, as defined below). The 2026 Notes are senior unsecured obligations of the Company. The 2026 Notes were issued pursuant to an Indenture, dated February 5, 2021 (the "Indenture"), between the Company and UMB Bank, National Association, as trustee. The Indenture includes customary covenants and sets forth certain events of default after which the 2026 Notes may be declared immediately due and payable and sets forth certain types of bankruptcy or insolvency events of default involving the Company after which the 2026 Notes become automatically due and payable. The Company granted the initial purchasers of the 2026 Notes

(collectively, the "Initial Purchasers") a 13-day option to purchase up to an additional \$20.25 million aggregate principal amount of the 2026 Notes (the "Additional Notes"), which was exercised in full. The 2026 Notes were purchased in a transaction that was completed on February 5, 2021. As of January 13, 2024 ("Date of Noncompliance"), the Company was not in compliance with certain of the covenants in the Indenture as a result of the Company not timely filing its Form 10-K for the fiscal year ended September 30, 2023 ("Form 10-K") with the SEC. As a result of not being in compliance, the 2026 Notes began to accrue additional special interest of 0.25% of the outstanding principal of the 2026 Notes for the 90 days after the Date of Noncompliance and 0.50% of the outstanding principal of the 2026 Notes for the 91st through 180th day after the Date of Noncompliance. The Company subsequently did not timely file its Form 10-Q for the quarter ended December 31, 2023 with the SEC. The Company filed its Form 10-K with the SEC on March 19, 2024. As of the filing of this Quarterly Report on Form 10-Q for the period ended December 31, 2023, the Company is in compliance with the covenants in the Indenture as all of its required annual and quarterly reports to date have been filed with the SEC.

The net proceeds from this offering were approximately \$149.7 million, after deducting the Initial Purchasers' discounts and commissions and the Company's estimated offering expenses related to the offering. The 2026 Notes will mature on February 1, 2026, unless earlier redeemed, repurchased or converted. The 2026 Notes bear interest from February 5, 2021 at a rate of 0.750% per year payable semiannually in arrears on February 1 and August 1 of each year, beginning on August 1, 2021. The 2026 Notes will be convertible at the option of the holders at any time prior to the close of business on the business day immediately preceding August 1, 2025, only under the following circumstances: (1) during any calendar quarter commencing after the calendar quarter ending on June 30, 2021, if the last reported sale price per share of the Company's Common Stock exceeds 130% of the conversion price for each of at least 20 trading days during the 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter; (2) during five consecutive business days immediately after any five consecutive trading day period (such five consecutive trading day period, the "measurement period") in which the trading price per \$1,000 principal amount of notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price per share of the Common Stock on such trading day and the conversion rate on such trading day; and (3) upon the occurrence of certain corporate events or distributions on the Common Stock. On or after August 1, 2025, until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert all or any portion of the 2026 Notes, in multiples of \$1,000 principal amount, at the option of the holder regardless of the foregoing circumstances. Upon conversion, the Company may satisfy its conversion obligation by paying and/or delivering, as the case may be, cash and, if applicable at the Company's election, shares of Common Stock, based on the applicable conversion rate(s); provided that the Company will be required to settle conversions solely in cash unless and until the Company (i) receives stockholder approval to increase the number of authorized shares of the Common Stock and (ii) reserves such amount of shares of the Common Stock for future issuance as required pursuant to the indenture that will govern the 2026 Notes. The conversion rate for the 2026 Notes will initially be 47.9731 shares of the Common Stock per \$1,000 principal amount of 2026 Notes, which is equivalent to an initial conversion price of approximately \$20.85 per share of the Common Stock. The initial conversion price of the 2026 Notes represents a premium of approximately 37.5% to the \$15.16 per share last reported sale price of the Common Stock on February 2, 2021. The conversion rate is subject to adjustment under certain circumstances in accordance with the terms of the Indenture. The impact of the convertible feature will be dilutive to our earnings per share when our average stock price for the period is greater than the conversion price.

In connection with the issuance of the 2026 Notes, we entered into transactions for convertible notes hedge (the "Notes Hedge") and warrants (the "Warrant Transactions"). The Notes Hedge was entered into with Bank of America, N.A., Jefferies International Limited and Goldman Sachs & Co. LLC, and provided the Company with the option to acquire, on a net settlement basis, approximately 7.4 million shares of Common Stock at a strike price of \$20.85, which is equal to the number of shares of Common Stock that notionally underlie and corresponds to the conversion price of the 2026 Notes. The cost of the Notes Hedge was \$33.2 million. The Notes Hedge will expire on February 1, 2026, equal to the maturity date of the 2026 Notes. The Notes Hedge is expected to reduce the potential equity dilution upon conversion of the 2026 Notes if the daily volume-weighted average price per share of our Common Stock exceeds the strike price of the Notes Hedge.

In addition, the Warrant Transactions provided us with the ability to acquire up to 7.4 million shares of our Common Stock. The Warrant Transactions will expire ratably during the 80 trading days commencing on and including May 1, 2026 and may be settled in net shares of Common Stock or net cash at the Company's election. We received \$23.9 million in cash proceeds from the Warrant Transactions. As a result of the Warrant Transactions, the Company is required to recognize incremental dilution of earnings per share to the extent the average share price is over \$26.53 for any fiscal quarter.

As of April 15, 2024, the 2026 Notes were not convertible, therefore, we had not purchased any shares under the Notes Hedge and the Warrant Transactions had not been exercised and remain outstanding. See Note 7. "Convertible Senior Notes," of the notes to condensed consolidated financial statements included in Part I, Item 1 of this Form 10-Q for more information relating to the Notes Hedge and Warrant Transactions.

Other Liquidity Matters

At December 31, 2023, we had investments of \$59.4 million, designated as available-for-sale debt securities, which consisted of commercial paper, corporate issuances, and asset-backed securities, carried at fair value as determined by quoted market prices for identical or similar assets, with unrealized gains and losses, net of tax, and reported as a separate component of stockholders' equity.

All securities for which maturity or sale is expected within one year are classified as "current" on the condensed consolidated balance sheets. All other securities are classified as "long-term" on the condensed consolidated balance sheets. At December 31, 2023, we had \$59.4 million of our available-for-sale securities classified as current and none of our available-for-sale securities classified as long-term. At September 30, 2023, we had \$74.7 million of our available-for-sale securities classified as current and \$1.3 million of our available-for-sale securities classified as long-term.

We had working capital of \$146.4 million at December 31, 2023 compared to \$138.5 million at September 30, 2023. We do not have any other material cash requirements other than those related to leases as described in Note 8. "Commitments and Contingencies" of the notes to the condensed consolidated financial statements included in Part I, Item 1 of this Form 10-Q. Based on our current operating plan, we believe the current cash and cash equivalents and cash expected to be generated from operations will be adequate to satisfy our working capital needs for at least the next twelve months from the date the financial statements are filed.

Changes in Critical Accounting Estimates

Our discussion and analysis of our financial condition and results of operations are based on our condensed consolidated financial statements and accompanying notes, which have been prepared in accordance with accounting principles generally accepted in the U.S. The preparation of the condensed consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and the related disclosure of contingent assets and liabilities. We review our estimates on an on-going basis, including those related to revenue recognition, stock-based compensation, income taxes and the valuation of goodwill, intangibles and other long-lived assets. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions. The critical accounting policies and estimates used in the preparation of our condensed consolidated financial statements are described in Item 7—"Management's Discussion and Analysis of Financial Condition and Results of Operations," in our 2023 Annual Report.

There have been no material changes to our critical accounting estimates from those disclosed in our 2023 Annual Report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

For a complete discussion of the Company's quantitative and qualitative disclosures about market risks, see the section titled Quantitative and Qualitative Disclosures About Market Risks in our 2023 Annual Report. Except as described below, there has been no material change in this information as of December 31, 2023.

Interest Rates

The primary objective of our investment activities is to preserve principal while at the same time maximizing after-tax yields without significantly increasing risk. To achieve this objective, we maintain our investment portfolio of cash equivalents and marketable securities in a variety of securities, including corporate debt securities, commercial paper, certificates of deposit, and asset-backed securities. We have not used derivative financial instruments in our investment portfolio, and none of our investments are held for trading or speculative purposes. Short-term and long-term debt securities are generally classified as available-for-sale and consequently are recorded on the condensed consolidated balance sheets at fair value with unrealized gains or losses reported as a separate component of accumulated other comprehensive income, net of estimated tax. As of December 31, 2023, our marketable securities had remaining maturities between approximately one and 10 months and a fair market value of \$59.4 million, representing 15% of our total assets.

The fair value of our cash equivalents and debt securities is subject to change as a result of changes in market interest rates and investment risk related to the issuers' credit worthiness. We do not utilize financial contracts to manage our investment portfolio's exposure to changes in market interest rates. A hypothetical 100 basis point increase or decrease in market interest rates would not have a material impact on the fair value of our cash equivalents and debt securities due to the relatively short maturities of these investments. While changes in market interest rates may affect the fair value of our investment portfolio, any gains or losses will not be recognized in our results of operations until the investment is sold or if the reduction in fair value was determined to be an other-than-temporary impairment.

Foreign Currency Risk

As a result of past acquisitions, we have operations in the United Kingdom, France, the Netherlands, and Spain that are exposed to fluctuations in the foreign currency exchange rate between the U.S. dollar, the Euro, the Ruble, and the British pound sterling. The functional currency of our French, Dutch, and Spanish operations is the Euro and the functional currency of our United Kingdom operations is the British pound sterling. Our results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the Euro. Translation adjustments resulting from translating the functional currency

financial statements into U.S. dollar equivalents are reported separately in the condensed consolidated statements of operations and comprehensive income (loss).

Inflation

We do not believe that inflation had a material effect on our business, financial condition or results of operations during either of the three months ended December 31, 2023 or 2022. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition and results of operations.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We maintain disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that are designed to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required financial disclosures.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures as of the end of the period covered by this Form 10-Q pursuant to Exchange Act Rules 13a-15(b) and 15d-15(b). In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control – Integrated Framework (2013)*. We recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were not effective as December 31, 2023 due to the previously reported material weaknesses at September 30, 2023, that continued to exist.

Notwithstanding the identified material weaknesses, management believes the condensed consolidated financial statements included in this Form 10-Q present fairly, in all material respects, the Company's financial position, results of operations and cash flows as of and for the periods presented, in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP").

Remediation of Previously Reported Material Weaknesses in Internal Control Over Financial Reporting

As previously reported in our 2023 Annual Report, the Company identified material weaknesses related to the following:

- Management did not design and maintain effective controls related to the precision of the Company's review over the initial valuation and subsequent remeasurement of the contingent consideration liability recognized as part of the consideration transferred in the ID R&D Acquisition.
- Management did not have sufficient internal technical resources, or adequate oversight of the Company's third-party tax advisor, to appropriately identify, evaluate, and review certain inputs and assumptions that affect the US, foreign, and consolidated tax accounts.
- Management did not maintain effective controls related to the financial statement close process to ensure the completeness and accuracy of certain amounts and disclosures, specifically related to balance sheet account reconciliations and the Company's review and preparation of the consolidation and financial statements.
- Management did not design or maintain effective controls over the review of the accounting for business combinations, including accounting for transaction costs and deferred taxes.
- Management did not design and maintain effective controls to ensure proper revenue recognition, specifically related to the accounting review of customer contracts.
- Management did not perform sufficient risk assessment procedures in order to design and implement effective controls, including consideration of improper segregation of duties, for substantially all of the Company's financial statement areas.
- Management did not design or maintain effective information technology general controls over logical access and program change management for certain key information systems used in the financial reporting process.
- Management did not design or maintain controls to verify the completeness and accuracy of information used by control owners in the operation of controls across substantially all of the Company's financial statement areas.

- Management did not maintain sufficient evidence of the operation of certain management review controls and activity level controls across substantially all of the Company's financial statement areas.
- Management did not perform timely and ongoing evaluations to ascertain whether components of internal control are present and functioning.

Remediation Plan for Existing Material Weaknesses in Internal Control over Financial Reporting

In order to address and resolve the material weaknesses, management, with oversight from the Company's Audit Committee, has developed a detailed plan for remediation, which includes:

- Evaluating skill set gaps and hiring additional accounting, financial reporting, and compliance personnel (including internal and external resources), as needed, with relevant public company accounting and financial reporting experience to develop and implement additional policies, procedures, and controls;
- Providing ongoing training for key personnel responsible for internal control over financial reporting;
- Enhancing or designing and implementing a comprehensive and continuous risk assessment process that identifies and assesses risks of material misstatement across the entity and helps ensure that related internal controls are properly designed and in place to respond to those risks in the Company's financial statements and financial reporting;
- Enhancing or designing and implementing controls over the completeness and accuracy of information used in financial reporting; and,
- Enhancing or designing and implementing process-level controls and effective general information technology controls relevant to all of the Company's financial reporting processes.

The Company is committed to remediating the material weaknesses and is making progress in that effort. The actions the Company is taking are subject to ongoing senior management review, as well as oversight from the Company's Audit Committee. When fully implemented and operational, the Company believes the measures described above will remediate the underlying causes of the control deficiencies that gave rise to the material weaknesses and strengthen the Company's internal control over financial reporting. These remediation efforts are in process as of the fiscal quarter ended December 31, 2023. The Company will not be able to fully remediate these material weaknesses until these steps have been completed and have been operating effectively for a sufficient period of time. The Company may also identify additional measures that may be required to remediate the material weaknesses in the Company's internal control over financial reporting, necessitating further action.

Changes in Internal Control over Financial Reporting

The Company is in the process of implementing processes and procedures to remediate the material weaknesses noted above. There have been no changes in the Company's internal control over financial reporting during the quarter ended December 31, 2023 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II
OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The information in Note 8 of the notes to the condensed consolidated financial statements included Part I, Item I of this Form 10-Q is incorporated herein by reference.

ITEM 1A. RISK FACTORS

While we attempt to identify, manage, and mitigate risks and uncertainties associated with our business to the extent practical under the circumstances, some level of risk and uncertainty will always be present. Item 1A—"Risk Factors" in our 2023 Annual Report describes some of the risks and uncertainties associated with our business, which we strongly encourage you to review. These risks and uncertainties have the potential to materially affect our business, financial condition, results of operations, cash flows, projected results, and future prospects. There have been no material changes in our risk factors from those disclosed in our 2023 Annual Report.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

There were no unregistered sales of the Company's equity securities during the quarter ended December 31, 2023, that were not previously disclosed in a Current Report on Form 8-K.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

During the fiscal quarter ended December 31, 2023, none of our directors or officers (as defined in Section 16 of the Securities Exchange Act of 1934, as amended) adopted or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement," as defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

Exhibit No.	Description	Incorporated by Reference from Document
2.1**+	Purchase Agreement, dated March 23, 2022, by and among the persons whose names and addresses are set out in Schedule I and Mitek Systems, Inc.	(1)
3.1	Restated Certificate of Incorporation of Mitek Systems, Inc., as amended.	(2)
3.2	Certificate of Amendment of Restated Certificate of Incorporation of Mitek Systems, Inc.	(3)
3.3	Third Amended and Restated Bylaws of Mitek Systems, Inc.	(4)
3.4	Certificate of Designation of Series B Junior Participating Preferred Stock.	(5)
10.1#	Offer Letter, dated December 1, 2023, by and between Mitek Systems, Inc. and David Lyle.	(6)
10.2	Loan and Security Agreement, dated February 13, 2024, by and among Silicon Valley Bank, Mitek Systems, Inc. A2IA Corp and ID R&D, Inc.	(7)
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.	*
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.	*
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	*
101.INS	Inline XBRL Instance Document. The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.	*
101.SCH	Inline XBRL Taxonomy Extension Schema Linkbase Document.	*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.	*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.	*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.	*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.	*
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).	*

* Filed herewith.

** Non-material schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company hereby undertakes to furnish supplemental copies of any of the omitted schedules and exhibits upon request by the SEC.

Management contract, compensatory plan arrangement.

(1) Incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the SEC on March 23, 2022.

(2) Incorporated by reference to Exhibit 3.1 to the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2014, filed with the SEC on December 5, 2014.

(3) Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on March 8, 2022.

(4) Incorporated by reference to Exhibit 3.3 to the Company's Annual Report on Form 10-K filed with the SEC on March 19, 2024.

(5) Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on October 23, 2018.

(6) Incorporated by reference to Exhibit 10.30 to the Company's Annual Report on Form 10-K filed with the SEC on March 19, 2024.

(7) Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on February 14, 2024.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

April 15, 2024

MITEK SYSTEMS, INC.

By: /s/ Scipio Maximus Carnecchia

Scipio Maximus Carnecchia

Chief Executive Officer

(Principal Executive Officer)

By: /s/ David Lyle

David Lyle

Chief Financial Officer

(Principal Financial and Accounting Officer)

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

Pursuant to Rule 13a-14(a) adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Scipio Maximus Carnecchia, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Mitek Systems, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

April 15, 2024

/s/ Scipio Maximus Carnecchia

Scipio Maximus Carnecchia

Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION OF CHIEF FINANCIAL OFFICER

Pursuant to Rule 13a-14(a) adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, David Lyle, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Mitek Systems, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

April 15, 2024

/s/ David Lyle

David Lyle
 Chief Financial Officer
 (Principal Financial and Accounting Officer)

CERTIFICATIONS
PURSUANT TO SECTION 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Each of the undersigned, in his capacity as the principal executive officer or principal financial officer of Mitek Systems, Inc. (the "Company"), as the case may be, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

1. This Quarterly Report of the Company on Form 10-Q for the period ended December 31, 2023 (this "Quarterly Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in this Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

April 15, 2024

/s/ Scipio Maximus Carnecchia

Scipio Maximus Carnecchia

Chief Executive Officer

(Principal Executive Officer)

April 15, 2024

/s/ David Lyle

David Lyle

Chief Financial Officer

(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission ("SEC") or its staff upon request.

This certification accompanies this Quarterly Report to which it relates, is not deemed filed with the SEC and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act (whether made before or after the date of this Quarterly Report), irrespective of any general incorporation language contained in such filing.