

MITEK SYSTEMS INC
Form 424B5
June 25, 2013
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**Filed pursuant to Rule 424(b)(5)
Registration No. 333-177965**

PROSPECTUS SUPPLEMENT

(to Prospectus dated March 12, 2012)

2,857,142 Shares

Common Stock

We are offering 2,857,142 shares of our common stock pursuant to this prospectus supplement and the accompanying prospectus.

Our common stock is traded on the NASDAQ Capital Market under the symbol MITK . On June 24, 2013, the last reported sale price of our common stock on the NASDAQ Capital Market was \$6.52 per share.

Investing in our common stock involves a high degree of risk. Before buying any shares, you should review carefully the risks and uncertainties described under the heading Risk Factors beginning on page S-7 of this prospectus supplement, on page 3 of the accompanying prospectus and under similar headings in the other documents that are incorporated by reference into this prospectus supplement.

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	PER SHARE	TOTAL
Public offering price	\$ 5.250	\$ 14,999,996
Underwriting discounts and commissions	\$ 0.289	\$ 825,000
Offering proceeds to Mitek Systems, Inc. before expenses	\$ 4.961	\$ 14,174,996

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

We have granted the underwriter an option for a period of 30 days to purchase up to an additional 428,571 shares of our common stock solely to cover over-allotments, if any. If the underwriter exercises the option in full, the total public offering price will be \$17,249,993, the total underwriting discounts and commissions payable by us will be \$948,750, and our total proceeds, before expenses, will be \$16,301,244.

Delivery of the shares of common stock is expected to be made on or about June 28, 2013

William Blair

The date of this prospectus is June 25, 2013

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ABOUT THIS PROSPECTUS

This prospectus supplement and the accompanying prospectus are part of a registration statement on Form S-3 that we filed with the Securities and Exchange Commission (the SEC) utilizing a shelf registration process. This document is in two parts. The first part is this prospectus supplement, including the documents incorporated by reference, which describes the specific terms of this offering. The second part, the accompanying prospectus, including the documents incorporated by reference, provides more general information. Generally, when we refer to this prospectus, we are referring to both parts of this document combined. We urge you to carefully read this prospectus supplement and the accompanying prospectus, and the documents incorporated by reference herein and therein, before buying any of the securities being offered pursuant to this prospectus supplement. This prospectus supplement may add or update information contained in the accompanying prospectus and the documents incorporated by reference therein. To the extent that any statement we make in this prospectus supplement is inconsistent with statements made in the accompanying prospectus or any documents incorporated by reference therein that were filed before the date of this prospectus supplement, the statements made in this prospectus supplement will be deemed to modify or supersede those made in the accompanying prospectus and such documents incorporated by reference therein.

You should rely only on the information contained in this prospectus supplement and the accompanying prospectus, or incorporated by reference herein or therein. We have not authorized anyone to provide you with different information. No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus supplement and the accompanying prospectus. You should not rely on any unauthorized information or representation. This prospectus supplement is an offer to sell only the securities offered hereby, and only under circumstances and in jurisdictions where it is lawful to do so. You should assume that the information in this prospectus supplement and the accompanying prospectus is accurate only as of the date on the front of the applicable document and that any information we have incorporated by reference is accurate only as of the date of the document incorporated by reference, regardless of the date of delivery of this prospectus supplement or the accompanying prospectus, or the date of any sale of a security.

This prospectus supplement contains summaries of certain provisions contained in some of the documents described herein, but reference is made to the actual documents for complete information. All of the summaries are qualified in their entirety by the actual documents. Copies of some of the documents referred to herein have been filed, will be filed or will be incorporated by reference as exhibits to the registration statement of which the accompanying prospectus is a part, and you may obtain copies of those documents as described below under the heading **Where You Can Find Additional Information**.

Unless otherwise mentioned or unless the context requires otherwise, all references in this prospectus to the Company, we, us, our and Mitek refer to Mitek Systems, Inc., a Delaware corporation.

We obtained the industry and market data in this prospectus supplement, the accompanying prospectus and the incorporated documents from our own research as well as from industry and general publications, surveys and studies conducted by third parties. These data involve a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary is not complete and does not contain all of the information that you should consider before investing in the securities offered by this prospectus. You should read this summary together with the entire prospectus supplement and the accompanying prospectus, including our financial statements, the notes to those financial statements and the other documents that are incorporated by reference in this prospectus supplement and the accompanying prospectus, before making an investment decision. See Risk Factors beginning on page S-7 of this prospectus supplement for a discussion of the risks involved in investing in our securities.

Mitek Systems, Inc.

Our Business

Mitek Systems, Inc. is engaged in the development, sale and service of its proprietary software solutions related to mobile imaging solutions and intelligent character recognition software.

We apply our patented technology in image capture, correction and intelligent data extraction in the mobile financial and business applications market. Our technology for extracting data from any image taken using camera-equipped smartphones and tablets enables the development of consumer-friendly software products that use the camera as a simple mechanism to enter data and complete transactions. Users take a picture of the document and our products correct image distortion, extract relevant data, route images to their desired location and process transactions through users' financial institutions.

Our Mobile Deposit[®] product is software that allows users to remotely deposit a check using their camera-equipped smartphone or tablet. As of March 31, 2013, 889 financial institutions have signed agreements to deploy Mobile Deposit[®], and 445 of these financial institutions have deployed Mobile Deposit[®] to their customers. Our list of Mobile Deposit[®] customers includes 35 of the top 50 U.S. retail banks and payment processing companies, as ranked by SNL Financial for the fourth quarter of 2012. Other mobile imaging software solutions we offer include Mobile Photo Bill Pay, a mobile bill payment product that allows users to pay their bills using their camera-equipped smartphone or tablet, Mobile Balance Transfer, a product that allows credit card issuers to provide an offer to users and allows such users to transfer an existing credit card balance by capturing an image of the user's current credit card statement, Mobile Enrollment, a product that enables users to enroll their checking account as a funding source for mobile payments by taking a photo of a blank check with their camera-equipped smartphone or tablet, and Mobile Photo Quoting, a product that enables users to receive insurance quotes by using their camera-equipped smartphone or tablet to take a picture of their driver's license and insurance card. Our mobile imaging software solutions can be deployed on all major smartphone and tablet operating systems.

We market and sell our mobile imaging software solutions through channel partners or directly to enterprise customers and end-users that typically purchase licenses based on the number of transactions or subscribers that use our mobile software. Our mobile imaging software solutions are often embedded in other mobile banking or enterprise applications developed by banks, insurance companies or their partners, and marketed under their own proprietary brand.

Product and Technology Overview

Our family of mobile imaging solutions and intelligent character recognition software is provided as a software platform.

Our proprietary character recognition software is used to enable the automation of costly, labor-intensive business functions. Our technology processes images of documents in many ways, including quality

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analysis, image repair, document identification and the extraction of hand-printed and machine-printed text. Our capabilities can be deployed on any back office, industrial or desktop scanner, or on camera-equipped smartphones or tablets, to optimize and extract data from any scanned or photographed check, bill or other financial document. Our capabilities include mobile document capture, image repair and optimization, optical character recognition and intelligent character recognition, dynamic data location, distributed capture, courtesy amount recognition and legal amount recognition, and image analysis of signatures.

Our proprietary, patented technology is able to read and extract data from an image of financial and identity documents, in essence turning camera-equipped smartphones and tablets into virtual scanning devices.

Our patented technology combines our core character recognition technology with advanced mobile image processing capabilities that transform a four-color photograph of a document into a digital image that is equivalent in size, resolution and quality to scanned documents. Unlike scanned documents, mobile photographs of documents captured by smartphones and tablets are exposed to variable lighting conditions and various angles and focal distances. Raw photos of documents taken by a smartphone or tablet may be of an unknown size and resolution from the original document and are often geometrically distorted, skewed or warped. As a result, the raw mobile document image is virtually unusable without our technology. Our technology uses advanced algorithms designed to identify and correct geometric and optical distortions and automatically correct each mobile document image.

Market Opportunities, Challenges and Risks

The increase in the acceptance of mobile banking by financial institutions and their customers has helped drive our recent growth in revenue. In the past year, we experienced a significant increase in the number of financial institutions that have integrated and launched our mobile applications, particularly our Mobile Deposit[®] application, as part of their offering of mobile banking choices for their customers. We believe that financial institutions see our patented solutions as a way to provide an enhanced retail customer experience in mobile banking.

To sustain our growth in 2013 and beyond, we believe we must continue to offer mobile applications that address a growing market for mobile banking and mobile imaging solutions sold into other vertical markets. Factors adversely affecting the pricing of or demand for our mobile applications, such as competition from other products or technologies, any decline in the demand for mobile applications, or negative publicity or obsolescence of the software environments in which our products operate, could result in lower revenues or gross margins. Further, because most of our revenues are from a single type of technology, our product concentration may make us especially vulnerable to market demand and competition from other technologies, which could reduce our revenues.

The implementation cycles for our software and services by our channel partners and customers can be lengthy, often a minimum of three to six months and sometimes longer for larger customers and require significant investments. For example, as of March 31, 2013, we executed agreements indirectly through channel partners or directly with customers covering 889 Mobile Deposit[®] customers, 445 of whom have completed implementation and launched Mobile Deposit[®] to their 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.

We derive revenue predominately from the sale of licenses to use the products covered by our patented technologies, such as our Mobile Deposit[®] application, and to a lesser extent by providing maintenance and professional services for the products we offer. The revenue we derive from the sale of such licenses is primarily derived from the sale to our channel partners of licenses to sell the applications we offer. Revenues related to most of our licenses for mobile products are required to be recognized up front upon satisfaction of all applicable

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revenue recognition criteria. The recognition of future revenues from these licenses is dependent upon a number of factors, including 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 the last few quarters, sales of licenses to one or two channel partners have comprised a significant part of our revenue each quarter. This is attributable to the timing of when a particular channel partner renews or purchases a license from us and does not represent a dependence on any 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 end-users. However, in that case, we or other channel partners must establish a relationship with the end-user, which could take time to develop, if it develops at all.

We have numerous competitors in the mobile payments industry, many of which have greater financial, technical, marketing and other resources than we do. However, we believe our patented imaging and analytics technology, our growing portfolio of products for the financial services industry and our position as a pure play mobile-payments company provides us with a competitive advantage. To remain competitive, we must be able to continue to offer products that are attractive to the ultimate end-user and that are secure, accurate and convenient. We intend to continue to further strengthen our portfolio of products through research and development to help us remain competitive. We may have difficulty meeting changing market conditions and developing enhancements to our software applications on a timely basis in order to maintain our competitive advantage. Our continued growth will ultimately depend upon our ability to develop additional applications and attract strategic alliances to sell such technologies.

Recent Developments

Although we have not yet completed our third quarter of fiscal 2013, which will end on June 30, 2013, the following information reflects our estimate of revenue results based on currently available information.

We currently expect total revenue for the three months ended June 30, 2013 to be in the range of \$3.3 million to \$3.7 million.

Our revenue and financial results for the three months ended June 30, 2013 may differ materially from our expectations as our third quarter is not yet complete and additional developments and adjustments may arise between now and the time revenue and other financial results for this period are finalized.

The revenue estimate set forth above is not necessarily indicative of the results to be expected for any future period. It should be read in conjunction with the financial statements and the related notes and Management's Discussion and Analysis of Financial Condition and Results of Operations for prior periods included in the documents that are incorporated by reference in this prospectus supplement.

Our Corporate Information

We were incorporated in the state of Delaware on May 29, 1986. Our executive offices are located at 8911 Balboa Ave., Suite B, San Diego, California 92123, and our telephone number is (858) 309-1700. We maintain an Internet website at www.miteksystems.com. Information contained in or accessible through our website does not constitute part of this prospectus and investors should not rely on any such information in deciding whether to purchase our common stock.

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The Offering

Issuer	Mitek Systems, Inc.
Common stock offered by us	2,857,142 shares of common stock (or 3,285,713 shares of common stock if the underwriter exercises its option to purchase additional shares in full).
Common stock outstanding after this offering	29,904,838 shares of common stock (or 30,333,409 shares of common stock if the underwriter exercises its option to purchase additional shares in full).
Over-allotment option	428,571 shares of common stock.
Use of proceeds	We expect the net proceeds from this offering will be approximately \$13.9 million (or \$16.0 million if the underwriter exercises its option to purchase additional shares in full) after deducting underwriting discounts and commissions, as described in Underwriting, and estimated offering expenses payable by us. We intend to use the net proceeds from this offering for general corporate purposes, including, among other things, working capital requirements. Pending such uses, we intend to invest the net proceeds in short-term, investment grade securities. See Use of Proceeds on page S-20 of this prospectus supplement.
NASDAQ Capital Market symbol	MITK
Risk factors	This investment involves a high degree of risk. See Risk Factors beginning on page S-7 of this prospectus supplement and in the documents incorporated by reference into this prospectus supplement for a discussion of factors you should carefully consider before deciding to invest in our common stock.
The number of shares of our common stock to be outstanding immediately after the closing of this offering is based on 27,047,696 shares of common stock outstanding as of June 7, 2013 and excludes, as of that date:	
	2,668,393 shares of common stock issuable upon the exercise of outstanding stock options at a weighted average exercise price of \$3.99 per share;
	677,504 shares of common stock issuable upon the vesting and settlement of outstanding restricted stock units;
	6,667 shares of common stock issuable upon exercise of outstanding warrants to purchase common stock;
	980,529 shares of common stock available for future grant under our 2012 Incentive Plan (the 2012 Plan); and

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525,000 shares of common stock available for future grant under our Director Restricted Stock Unit Plan (the Director Plan).

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The following table sets forth a summary of our historical financial data as of the dates and for each of the periods indicated. The historical financial data as of and for the years ended (i) September 30, 2010 is derived from our audited financial statements and (ii) September 30, 2011 and September 30, 2012 is derived from our audited financial statements, which are incorporated by reference into this prospectus supplement. The historical financial data as of and for the six months ended March 31, 2012 and March 31, 2013 is derived from our unaudited financial statements, which are incorporated by reference into this prospectus supplement. The historical results presented below are not necessarily indicative of results that can be expected for any future period and should be read in conjunction with the section entitled "Use of Proceeds" included elsewhere in this prospectus supplement, as well as "Management's Discussion and Analysis of Financial Condition and Results of Operations," appearing in Item 7 of our Annual Report on Form 10-K for the fiscal year ended September 30, 2012 and our Annual Report on Form 10-K for the fiscal year ended September 30, 2011 and our audited and unaudited financial statements incorporated by reference herein. See the sections entitled "Where You Can Find Additional Information."

	September 30, 2010	Fiscal Year Ended September 30, 2011 (in thousands)	September 30, 2012	Six Months Ended March 31, 2012	March 31, 2013 (unaudited)
Statement of Operations					
Revenue					
Software	\$ 3,211	\$ 8,123	\$ 6,387	\$ 3,397	\$ 4,746
Maintenance and professional services	1,908	2,143	2,706	1,314	1,788
Total revenue	5,119	10,266	9,093	4,711	6,534
Operating costs and expenses					
Cost of revenue-software	515	662	540	257	347
Cost of revenue-maintenance and professional services	435	510	724	355	410
Selling and marketing	930	2,411	3,450	1,563	2,681
Research and development	2,003	2,996	6,664	2,910	3,044
General and administrative	1,620	3,431	5,596	2,463	3,817
Total costs and expenses	5,503	10,010	16,974	7,548	10,299
Operating (loss) income	(384)	256	(7,881)	(2,837)	(3,765)
Other income (expense), net					
Interest and other expense, net	(298)	(428)	(240)	(129)	(73)
Interest income	2	49	277	146	86
Total other income (expense), net	(296)	(379)	37	17	13
Loss before income taxes	(680)	(123)	(7,844)	(2,820)	(3,752)
Provision for income taxes	(2)	(2)	4	(1)	(1)
Net loss	\$ (682)	\$ (125)	\$ (7,840)	\$ (2,821)	\$ (3,753)
Balance Sheet Date (at period end)					
Cash, cash equivalents and investments	\$ 1,305	\$ 16,261	\$ 14,607	\$ 17,436	\$ 15,311
Deferred revenue	831	873	1,632	1,547	2,437
Long-term debt	680				
Total stockholders' equity	1,001	18,055	13,557	16,939	11,912

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RISK FACTORS

*An investment in our common stock involves a substantial risk of loss. You should carefully consider these risk factors, together with all of the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus, as modified and superseded pursuant to Rule 412 under the Securities Act of 1933, as amended (the Securities Act), before you decide to invest in our common stock. The occurrence of any of the following risks could harm our business. In that case, the trading price of our common stock could decline, and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our operations. You should also refer to the other information contained in this prospectus supplement and the accompanying prospectus or incorporated by reference herein or therein, including our financial statements and the notes to those statements and the information set forth under the heading *Cautionary Note Regarding Forward-Looking Statements*.*

Risks Associated With Our Business

We have a history of losses and we may not achieve profitability in the future.

Our operations resulted in a net loss of \$7,839,996 and \$125,057 for the years ended September 30, 2012 and 2011, respectively. We have a history of losses and may continue to incur significant losses for the foreseeable future. As of September 30, 2012, we had an accumulated deficit of \$23,459,391. Our future profitability depends upon many factors, including several that are beyond our control. These factors include, without limitation:

changes in the demand for our products and services;

loss of key customers or contracts;

the introduction of competitive software;

the failure to gain market acceptance of our new and existing products;

the failure to successfully and cost effectively develop, introduce and market new products, services and product enhancements in a timely manner; and

the timing of recognition of revenue.

In addition, we incur significant legal, accounting, and other expenses related to being a public company. As a result of these expenditures, we will have to generate and sustain increased revenue to achieve and maintain future profitability.

We may need to raise additional capital to fund continuing operations and an inability to raise the necessary capital or to do so on acceptable terms could threaten the success of our business.

We currently anticipate that our available capital resources, including our credit facility and operating cash flow, will be sufficient to meet our expected working capital and capital expenditure requirements for at least the next 12 months. However, such resources may not be sufficient to fund the long-term growth of our business. If we determine that it is necessary to raise additional funds, we may choose to do so through strategic collaborations, licensing arrangements, public or private equity or debt financing, a bank line of credit, or other arrangements. We cannot be sure that any additional funding, if needed, will be available on terms favorable to us or at all. Furthermore, any additional equity or equity-related financing may be dilutive to our stockholders, new equity securities may have rights, preferences or privileges senior to those of existing holders of our shares of common stock, and debt or equity financing, if available, may subject us to restrictive covenants and

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significant interest costs. If we obtain funding through a strategic collaboration or licensing arrangement, we may be required to relinquish our rights to certain of our technologies, products or marketing territories. If we are unable to obtain the financing necessary to support our operations, we may be required to defer, reduce or eliminate certain planned expenditures or significantly curtail our operations.

Our ability to utilize our net operating loss carryforwards and certain other tax attributes may be limited.

Federal and state tax laws impose restrictions on the utilization of net operating loss (NOL) and tax credit carryforwards in the event of an ownership change as defined by Section 382 of the Internal Revenue Code of 1986, as amended (Section 382). Generally, an ownership change occurs if the percentage of the value of the stock that is owned by one or more direct or indirect five percent shareholders increases by more than 50 percentage points over their lowest ownership percentage at any time during the applicable testing period (typically, three years). Under Section 382, if a corporation undergoes an ownership change, the corporation's ability to use its pre-change NOL carryforwards and other pre-change tax attributes to offset its post-change income may be limited. The Company has not completed a study to assess whether an ownership change has occurred or whether there have been multiple ownership changes since the Company became a loss corporation as defined in Section 382. Future changes in our stock ownership, which may be outside of our control, may trigger an ownership change. In addition, future equity offerings or acquisitions that have equity as a component of the purchase price could result in an ownership change. If an ownership change has occurred or does occur in the future, utilization of the NOL carryforwards or other tax attributes may be limited, which could potentially result in an increased future tax liability to us.

We currently derive substantially all of our revenue from a single type of technology. If this technology and the related products do not achieve or continue to achieve market acceptance, our business, financial condition and results of operations would be adversely af