



Fair Isaac Corporation

Q4 23 Financial Highlights

September 30, 2023



Q4 2023 FINANCIAL HIGHLIGHTS

Metric (In millions, except for EPS)	Q4 -22	Q3 -23	Q4 -23	% Q/Q	% Y/Y
Scores Revenues	\$174.1	\$201.8	\$195.5	-3%	12%
Software Revenues	\$174.7	\$196.9	\$194.2	-1%	11%
Total Revenues as Reported	\$348.8	\$398.7	\$389.7	-2%	12%
Software Revenue Divested	\$6.7	\$0.0	\$0.0	N/A	N/A
Software Revenues ex. Divestiture*	\$168.0	\$196.9	\$194.2	-1%	16%
Total Revenues ex. Divestiture*	\$342.1	\$398.7	\$389.7	-2%	14%
Software ARR*	\$550.1	\$645.9	\$669.4	4%	22%
Software ACV Bookings*	\$29.2	\$21.1	\$28.0	33%	-4%
Non-GAAP Op. Margin**	47%	53%	51%	-4%	9%
Non-GAAP Net Margin**	32%	36%	33%	-8%	3%
Non-GAAP Diluted EPS**	\$4.40	\$5.66	\$5.01	-11%	14%
Adjusted EBITDA**	\$165.7	\$214.7	\$201.0	-6%	21%

* Adjusted to reflect the Q1-23 divestiture

** For a detailed reconciliation, please refer to our Regulation G Disclosure

KEY OPERATING RESULTS

(In millions, except for EPS)

Revenues *



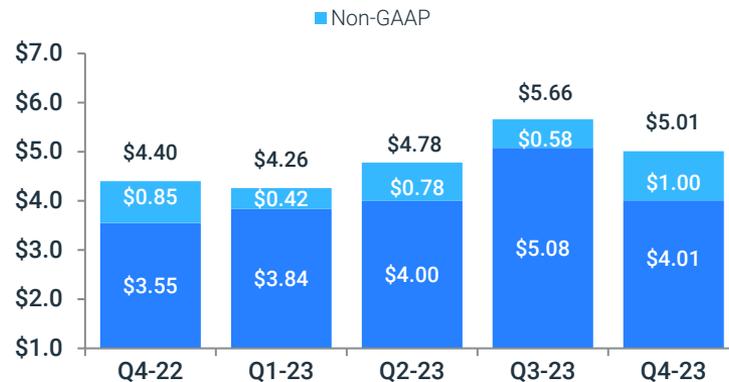
ACV Bookings *



Adjusted EBITDA



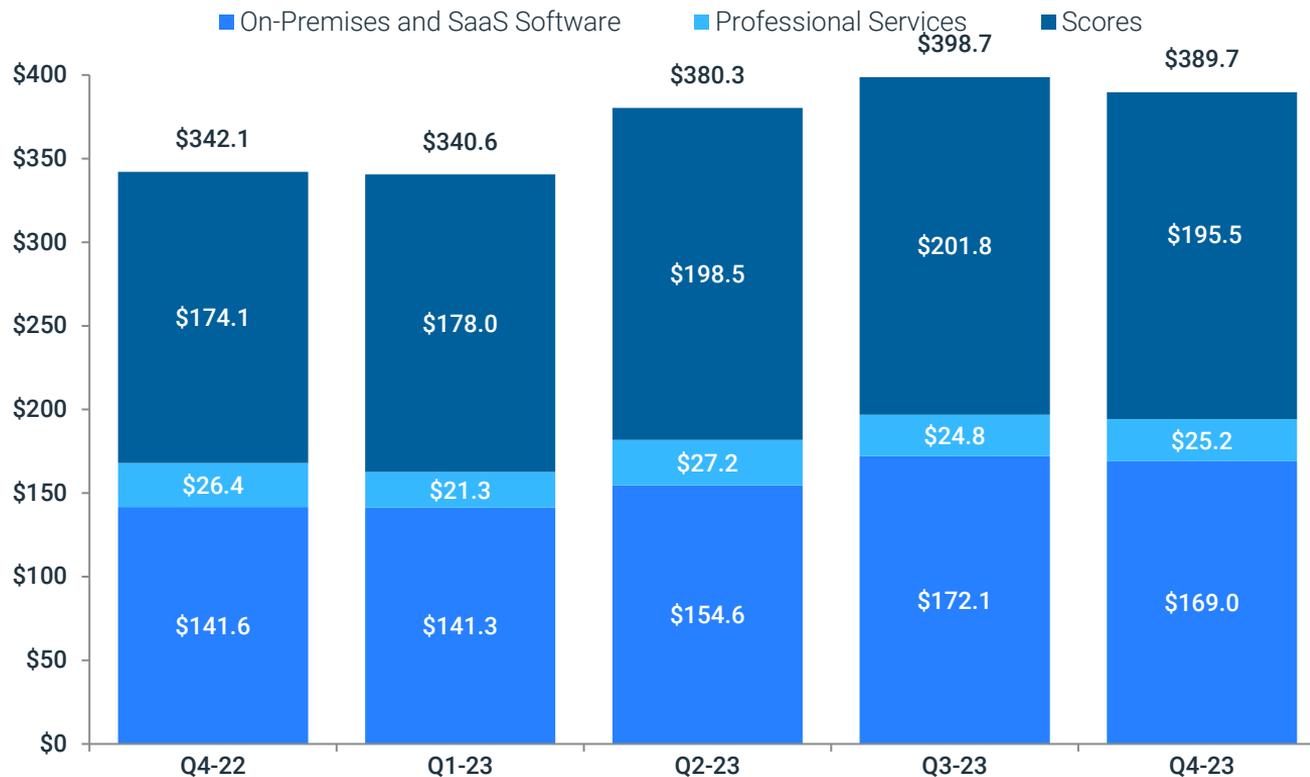
GAAP EPS



* Revenues and ACV Bookings were adjusted to reflect the Q1-23 divestiture

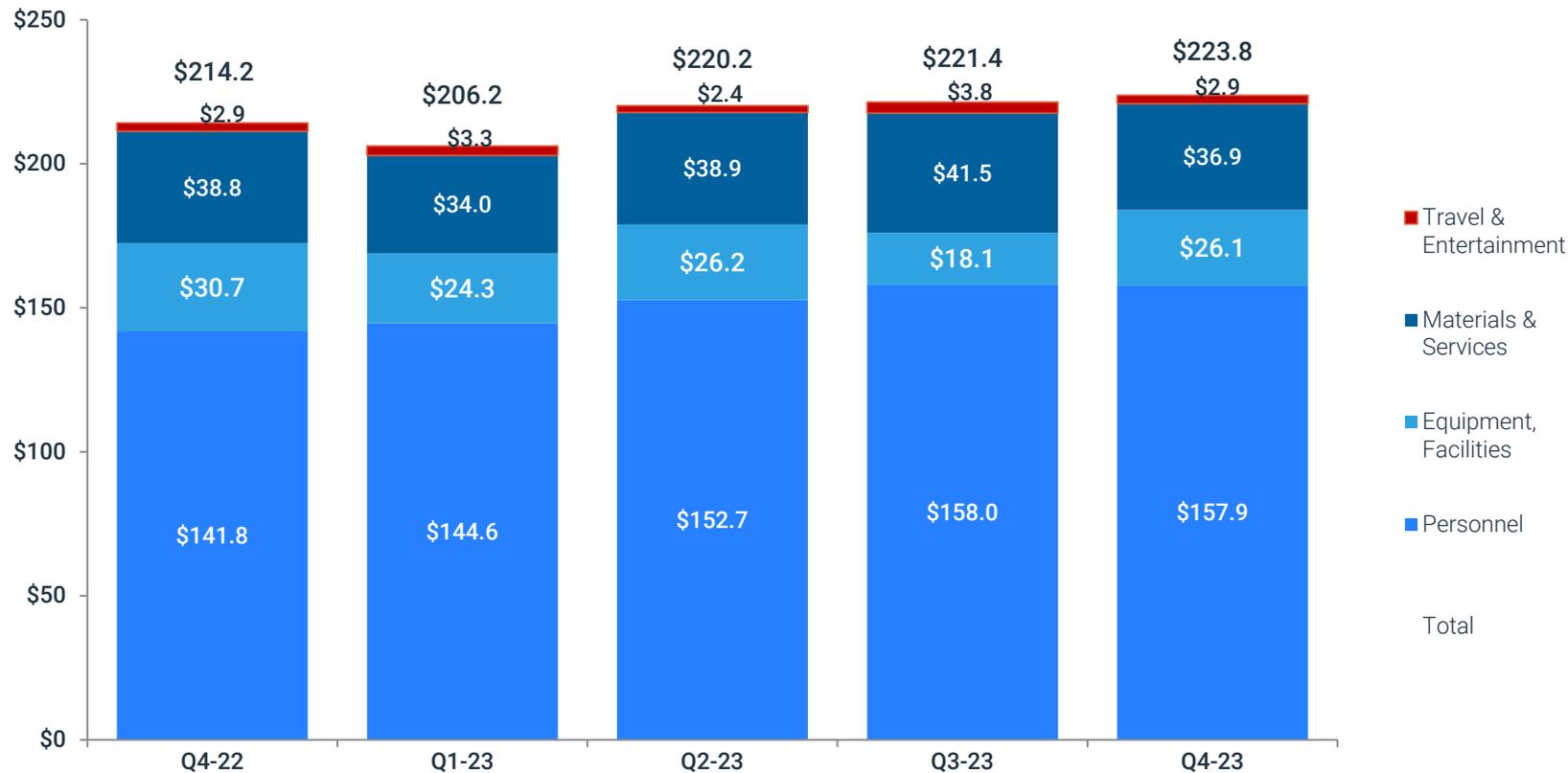
REVENUE TYPE MIX— Excluding Divestiture

(In millions)



EXPENSE REVIEW

(In millions)



SCORES HIGHLIGHTS

Total Scores revenues up 12% vs. Q4 22

B2B revenue up 21% vs. Q4 22

B2C revenue down 6% vs. Q4 22

Mortgage Originations revenues up 147% vs. Q4 22

Auto Originations revenues up 2% vs. Q4 22

Card, Personal Loan and Other Originations revenues down 2% vs. Q4 22



SOFTWARE ARR – Excluding Divestitures

	December 31, 2021	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022	March 31, 2023	June 30, 2023	September 30, 2023
	(In millions)							
ARR								
Platform	\$ 90.9	\$ 95.4	\$ 107.2	\$ 113.1	\$ 132.8	\$ 152.5	\$ 164.1	\$ 173.2
Non-Platform	433.4	430.6	432.3	437.0	450.1	461.0	481.8	496.2
Total	<u>\$ 524.3</u>	<u>\$ 526.0</u>	<u>\$ 539.5</u>	<u>\$ 550.1</u>	<u>\$ 582.9</u>	<u>\$ 613.5</u>	<u>\$ 645.9</u>	<u>\$ 669.4</u>
Percentage								
Platform	17%	18%	20%	21%	23%	25%	25%	26%
Non-Platform	83%	82%	80%	79%	77%	75%	75%	74%
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
YoY Change								
Platform	71%	64%	62%	54%	46%	60%	53%	53%
Non-Platform	3%	3%	2%	2%	4%	7%	11%	14%
Total	11%	10%	10%	10%	11%	17%	20%	22%

ARR is defined as annualized revenue run-rate of on-premises and SaaS software agreements within a quarterly reporting period, and as such is different from the timing and amount of revenue recognized. All components of the licensing and subscription arrangements that are not expected to recur (primarily perpetual licenses) are excluded. If a customer contract contains invoicing amounts that increase over the contract term, then ARR reflects the annualized invoicing amount outlined in the contract for the current reporting period. We calculate ARR as the quarterly recurring revenue multiplied by four.

Platform software is defined as products that can run on our platform today using shared platform capabilities without the need for any custom integrations or modifications (other than what is normally required for products on the platform today).

SOFTWARE DBNRR – Excluding Divestitures

	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	Q3-23	Q4-23
<i>DBNRR</i>								
Platform	146%	144%	137%	129%	130%	146%	142%	145%
Non-Platform	102%	102%	101%	101%	103%	105%	109%	111%
Total	109%	109%	109%	109%	110%	114%	117%	120%

Dollar-Based Net Retention Rate (DBNRR) for any period is calculated by comparing the ARR at the end of the prior comparable quarter (base recurring revenue) to the ARR from that same cohort of customers at the end of the current quarter (retained recurring revenue); we then divide the retained recurring revenue by the base recurring revenue to arrive at the DBNRR.

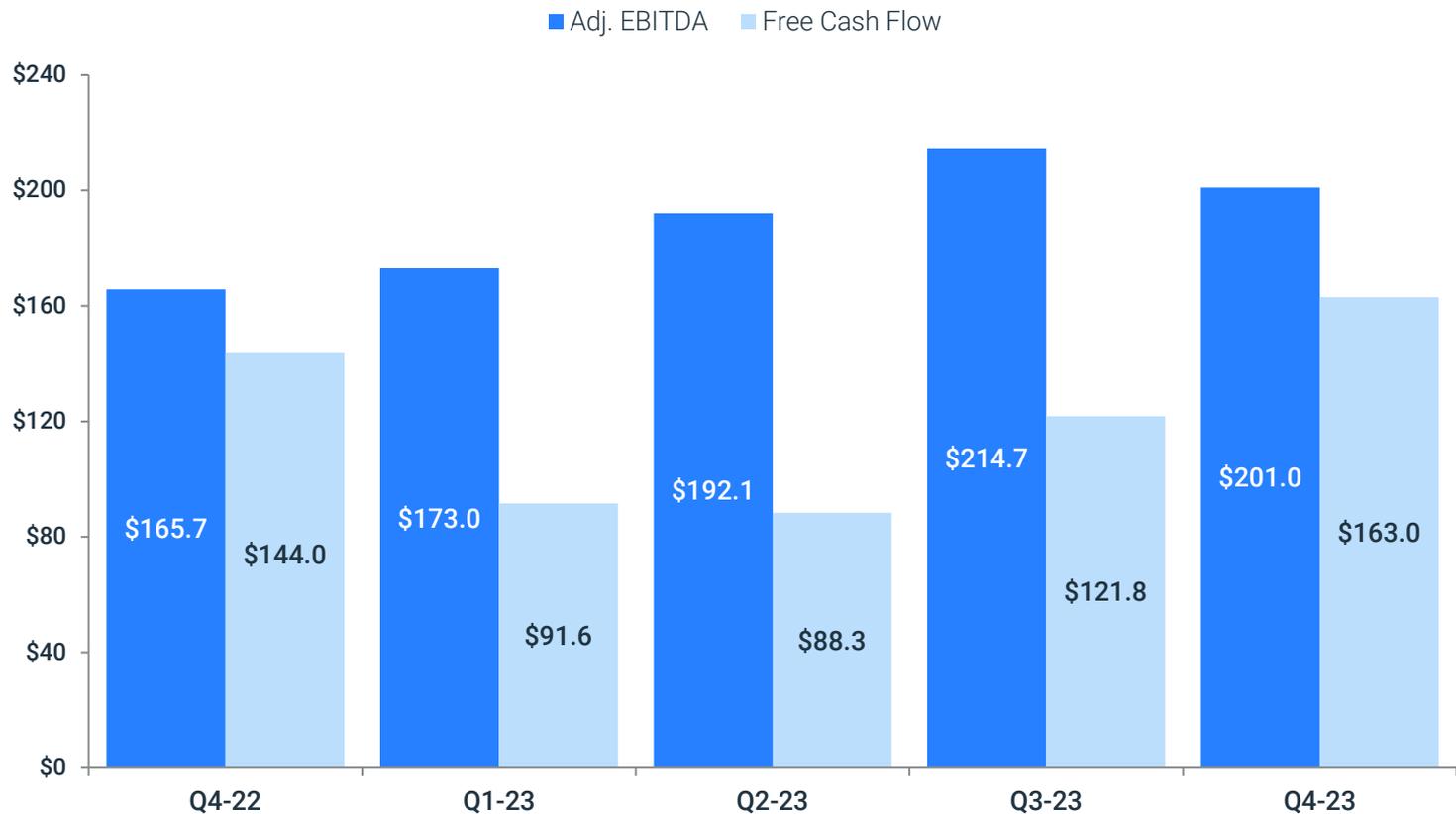
SOFTWARE ACV BOOKINGS - Excluding Divestitures

	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	Q3-23	Q4-23
	(In millions)							
Total ACV Bookings	\$ 16.4	\$ 20.2	\$ 18.7	\$ 29.2	\$ 21.5	\$ 23.3	\$ 21.1	\$ 28.0

Annual Contract Value Bookings (ACV Bookings) are the average annualized value of software contracts signed in the current reporting period that generate current and future on-premises and SaaS software revenue. We only include contracts with an initial term of at least 24 months and exclude perpetual licenses and other revenues that are non-recurring in nature.

ADJUSTED EBITDA & FREE CASH FLOW

(In millions)



BALANCE SHEET REVIEW

(In millions)	Q4-22	Q3-23	Q4-23	YoY Var	QoQ Var
ASSETS					
Cash & Investments	\$ 158.9	\$ 196.3	\$ 171.0	8%	-13%
Accounts Receivable & Other Current Assets	351.5	412.0	419.7	19%	2%
Goodwill & Intangibles, net	763.1	777.8	774.2	1%	0%
Other	168.5	198.5	210.4	25%	6%
Total Assets	\$ 1,442.0	\$ 1,584.6	\$ 1,575.3	9%	-1%
LIABILITIES					
Current Liabilities	\$ 331.4	\$ 393.0	\$ 367.7	11%	-6%
Noncurrent Liabilities	1,912.5	1,895.6	1,895.6	-1%	0%
Total Liabilities	2,243.9	2,288.6	2,263.3	1%	-1%
Stockholders' Deficit	(801.9)	(704.0)	(688.0)	-14%	-2%
Total Liabilities & Stockholders' Deficit	\$ 1,442.0	\$ 1,584.6	\$ 1,575.3	9%	-1%
METRICS					
Leverage Covenant (max 3.5)	2.67	2.47	2.30	(0.37)	(0.17)
Interest Coverage Covenant (min 3.0)	9.70	7.88	7.88	(1.82)	0.00
Days Sales Outstanding	96 days	99 days	102 days	6 days	3 days

SEGMENT PROFITABILITY

	Year Ended September 30, 2022			
	Scores	Software	Unallocated Corporate Expenses	Total
	(In thousands)			
Segment revenues:				
On-premises and SaaS software	\$ —	\$ 564,751	\$ —	\$ 564,751
Professional services	—	105,876	—	105,876
Scores	706,643	—	—	706,643
Total segment revenues	706,643	670,627	—	1,377,270
Segment operating expense	(87,288)	(487,505)	(142,647)	(717,440)
Segment operating income	\$ 619,355	\$ 183,122	\$ (142,647)	659,830
Unallocated share-based compensation expense				(115,355)
Unallocated amortization expense				(2,061)
Operating income				542,414
Unallocated interest expense, net				(68,967)
Unallocated other expense, net				(2,138)
Income before income taxes				\$ 471,309
Depreciation expense	\$ 723	\$ 14,412	\$ 107	\$ 15,242

	Year Ended September 30, 2023			
	Scores	Software	Unallocated Corporate Expenses	Total
	(In thousands)			
Segment revenues:				
On-premises and SaaS software	\$ —	\$ 640,182	\$ —	\$ 640,182
Professional services	—	99,547	—	99,547
Scores	773,828	—	—	773,828
Total segment revenues	773,828	739,729	—	1,513,557
Segment operating expense	(92,757)	(498,538)	(156,426)	(747,721)
Segment operating income	\$ 681,071	\$ 241,191	\$ (156,426)	\$ 765,836
Unallocated share-based compensation expense				(123,847)
Unallocated amortization expense				(1,100)
Unallocated gain on product line asset sale				1,941
Operating income				642,830
Unallocated interest expense, net				(95,546)
Unallocated other income, net				6,340
Income before income taxes				\$ 553,624
Depreciation expense	\$ 485	\$ 9,550	\$ 71	\$ 10,106

We have recast certain prior period amounts to conform to the way we internally managed and monitored segment performance during the current fiscal year, reflecting immaterial movements of business activities between segments and changes in cost allocations.

Revenues – \$1.675 billion

GAAP Net Income – \$490 million

GAAP Earnings per Share – \$19.45

Non-GAAP Net Income – \$566 million

Non-GAAP Earnings per Share – \$22.45



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