



Fair Isaac Corporation

Q3 23 Financial Highlights

June 30, 2023



Q3 2023 FINANCIAL HIGHLIGHTS

Metric (In millions, except for EPS)	Q3-22	Q2-23	Q3-23	% Q/Q	% Y/Y
Scores Revenue	\$179.4	\$198.5	\$201.8	2%	13%
Software Revenue	\$169.6	\$181.8	\$196.9	8%	16%
Total Revenue as Reported	\$349.0	\$380.3	\$398.7	5%	14%
Software Revenue Divested	\$8.1	\$0.0	\$0.0	N/A	N/A
Software Revenue ex. Divestiture*	\$161.5	\$181.8	\$196.9	8%	22%
Total Revenue ex. Divestiture*	\$340.9	\$380.3	\$398.7	5%	17%
Software ARR*	\$539.5	\$613.5	\$645.9	5%	20%
Software ACV Bookings*	\$18.7	\$23.3	\$21.1	-9%	13%
Non-GAAP Op. Margin**	49%	49%	53%	8%	8%
Non-GAAP Net Margin**	33%	32%	36%	13%	9%
Non-GAAP Diluted EPS**	\$4.47	\$4.78	\$5.66	18%	27%
Adjusted EBITDA**	\$168.7	\$192.1	\$214.7	12%	27%

* 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 *



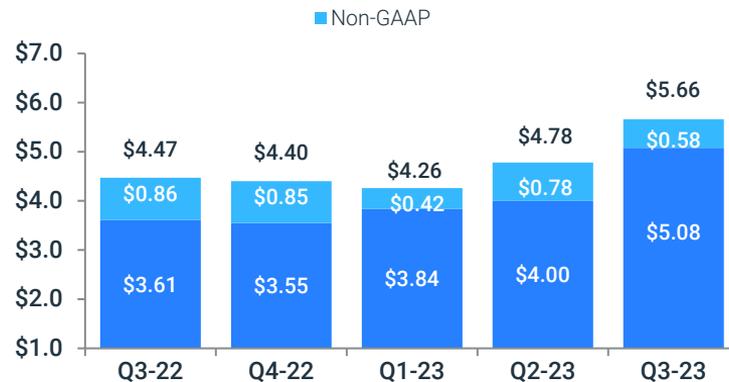
ACV Bookings *



Adjusted EBITDA



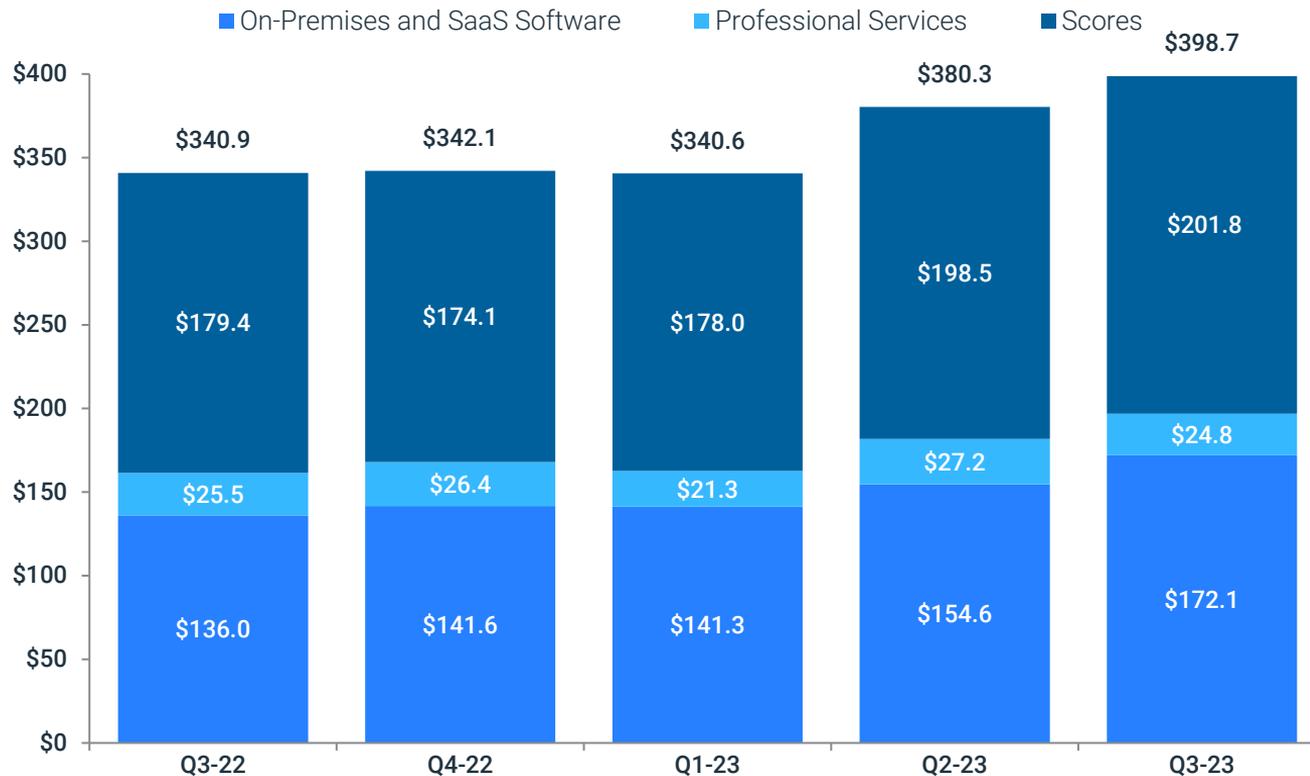
GAAP EPS



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

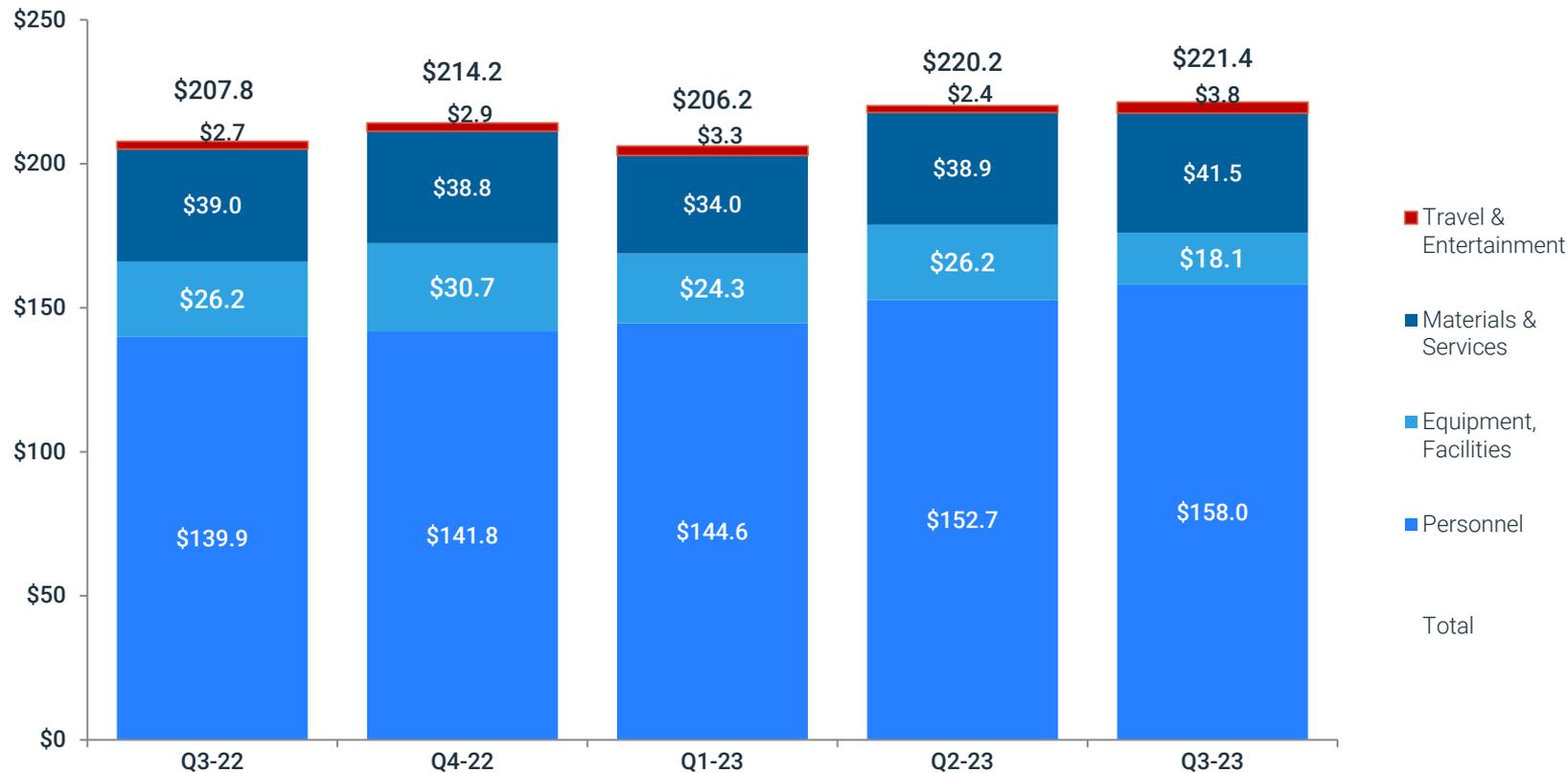
REVENUE TYPE MIX— Excluding Divestiture

(In millions)



EXPENSE REVIEW

(In millions)



SCORES HIGHLIGHTS

Total Scores revenues up 13% vs. Q3 22

B2B revenue up 24% vs. Q3 22

B2C revenue down 11% vs. Q3 22

Mortgage Originations revenues up 135% vs. Q3 22

Auto Originations revenues up 5% vs. Q3 22

Card, Personal Loan and Other Originations revenues up 2% vs. Q3 22



SOFTWARE ARR – Excluding Divestitures

	September 30, 2021	December 31, 2021	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022	March 31, 2023	June 30, 2023
(In millions)								
ARR								
Platform	\$ 73.6	\$ 90.9	\$ 95.4	\$ 107.2	\$ 113.1	\$ 132.8	\$ 152.5	\$ 164.1
Non-Platform	427.7	433.4	430.6	432.3	437.0	450.1	461.0	481.8
Total	\$ 501.3	\$ 524.3	\$ 526.0	\$ 539.5	\$ 550.1	\$ 582.9	\$ 613.5	\$ 645.9
Percentage								
Platform	15%	17%	18%	20%	21%	23%	25%	25%
Non-Platform	85%	83%	82%	80%	79%	77%	75%	75%
Total	100%	100%	100%	100%	100%	100%	100%	100%
YoY Change								
Platform	61%	71%	64%	62%	54%	46%	60%	53%
Non-Platform	0%	3%	3%	2%	2%	4%	7%	11%
Total	6%	11%	10%	10%	10%	11%	17%	20%

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

	Q4-21	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	Q3-23
<i>DBNRR</i>								
Platform	146%	146%	144%	137%	129%	130%	146%	142%
Non-Platform	100%	102%	102%	101%	101%	103%	105%	109%
Total	105%	109%	109%	109%	109%	110%	114%	117%

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.

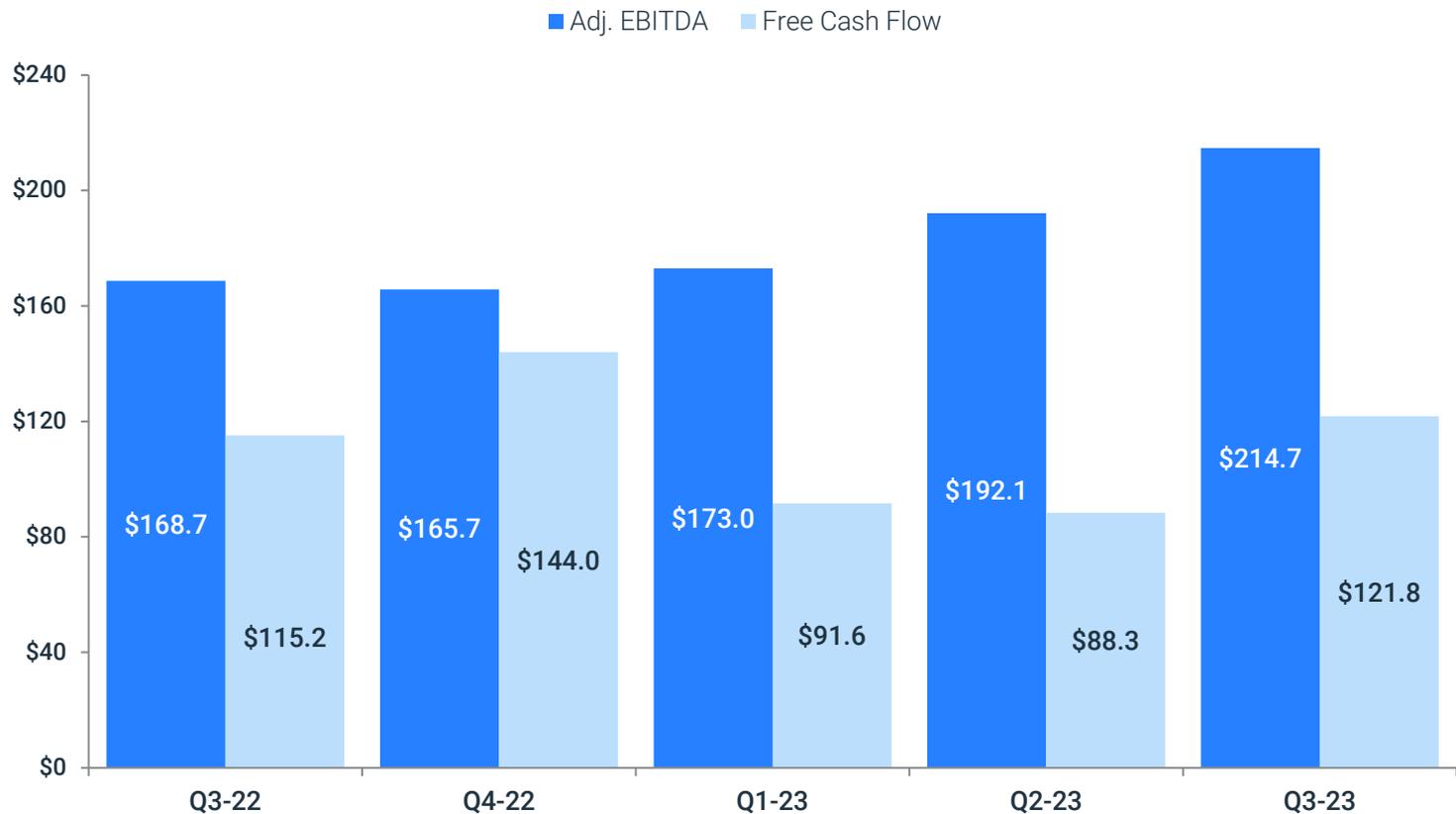
SOFTWARE ACV BOOKINGS - Excluding Divestitures

	Q4-21	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	Q3-23
	(In millions)							
Total ACV Bookings	\$ 24.5	\$ 16.4	\$ 20.2	\$ 18.7	\$ 29.2	\$ 21.5	\$ 23.3	\$ 21.1

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)	Q3-22	Q2-23	Q3-23	YoY Var	QoQ Var
ASSETS					
Cash & Investments	\$ 181.6	\$ 168.6	\$ 196.3	8%	16%
Accounts Receivable & Other Current Assets	318.2	383.5	412.0	29%	7%
Goodwill & Intangibles, net	775.1	775.8	777.8	0%	0%
Other	181.9	174.5	198.5	9%	14%
Total Assets	\$ 1,456.8	\$ 1,502.4	\$ 1,584.6	9%	5%
LIABILITIES					
Current Liabilities	\$ 383.9	\$ 373.3	\$ 393.0	2%	5%
Noncurrent Liabilities	1,920.4	1,899.9	1,895.6	-1%	0%
Total Liabilities	2,304.3	2,273.2	2,288.6	-1%	1%
Stockholders' Deficit	(847.5)	(770.8)	(704.0)	-17%	-9%
Total Liabilities & Stockholders' Deficit	\$ 1,456.8	\$ 1,502.4	\$ 1,584.6	9%	5%
METRICS					
Leverage Covenant (max 3.5)	2.84	2.65	2.47	(0.37)	(0.18)
Interest Coverage Covenant (min 3.0)	11.29	7.97	7.88	(3.41)	(0.09)
Days Sales Outstanding	86 days	90 days	99 days	13 days	9 days

SEGMENT PROFITABILITY

	Quarter Ended June 30, 2022			
	Scores	Software	Unallocated Corporate Expenses	Total
	(In thousands)			
Segment revenues:				
On-premises and SaaS software	\$ —	\$ 142,537	\$ —	\$ 142,537
Professional services	—	27,074	—	27,074
Scores	179,355	—	—	179,355
Total segment revenues	179,355	169,611	—	348,966
Segment operating expense	(21,547)	(123,581)	(34,142)	(179,270)
Segment operating income	<u>\$ 157,808</u>	<u>\$ 46,030</u>	<u>\$ (34,142)</u>	169,696
Unallocated share-based compensation expense				(28,549)
Unallocated amortization expense				(532)
Operating income				140,615
Unallocated interest expense, net				(18,721)
Unallocated other expense, net				(1,000)
Income before income taxes				<u>\$ 120,894</u>
Depreciation expense	<u>\$ 182</u>	<u>\$ 3,565</u>	<u>\$ 26</u>	<u>\$ 3,773</u>

	Quarter Ended June 30, 2023			
	Scores	Software	Unallocated Corporate Expenses	Total
	(In thousands)			
Segment revenues:				
On-premises and SaaS software	\$ —	\$ 172,059	\$ —	\$ 172,059
Professional services	—	24,851	—	24,851
Scores	201,778	—	—	201,778
Total segment revenues	201,778	196,910	—	398,688
Segment operating expense	(24,779)	(121,261)	(42,347)	(188,387)
Segment operating income	<u>\$ 176,999</u>	<u>\$ 75,649</u>	<u>\$ (42,347)</u>	210,301
Unallocated share-based compensation expense				(32,995)
Unallocated amortization expense				(275)
Operating income				177,031
Unallocated interest expense, net				(24,545)
Unallocated other income, net				5,301
Income before income taxes				<u>\$ 157,787</u>
Depreciation expense	<u>\$ 107</u>	<u>\$ 2,093</u>	<u>\$ 16</u>	<u>\$ 2,216</u>

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.

UPDATED FY2023 GUIDANCE

Revenue – \$1.50 billion

GAAP Net Income – \$428 million

GAAP Earnings per Share – \$16.90

Non-GAAP Net Income – \$500 million

Non-GAAP Earnings per Share – \$19.70



Fair Isaac Corporation

Q3 23 Financial Highlights

June 30, 2023

