



Fair Isaac Corporation

Investor Overview

August, 2023

Safe Harbor

Some of the statements made by us during this meeting, including statements concerning our expectations about future operations and financial results, are forward-looking statements within the meaning of the “Safe Harbor” provisions of the Private Securities Litigation Reform Act of 1995.

These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially, including those risks and uncertainties described from time to time in our SEC reports, including its report on Form 10-K for the fiscal year ended September 30, 2022.

Product roadmaps and similar marketing materials should be considered forward-looking and subject to future change at FICO’s discretion. Future functionality, features or enhancements as shown are FICO’s current projections of the product direction, but are not specific commitments or obligations.

FICO – At A Glance

FICO provides analytics software solutions and services that enable businesses to harness the power of analytics to optimize, automate, and connect decisions to enhance business performance



66

Year History

\$1.38Bn

\$1.32Bn



FY2021

FY2022

Revenue

\$668m

\$555m



FY2021

FY2022

Adj. EBITDA

\$503m

\$416m



FY2021

FY2022

Free Cash Flow



RiskTech
100 2021

#1

In innovations and AI solutions,
Chartis RiskTech 100 Awards



~3,400

Employees



FORRESTER
Leader in Digital Decisioning Platforms



~120

Client Countries

We Offer A Complete Software Platform for Decision Management

FICO SCORE

Credit Risk Scoring

Top credit risk scoring system with 10+ billion credit decisions served per year

Credit Risk
Application Fraud Risk
Small Business Risk
Insurance Risk
Health Care Propensity & Adherence
Custom Scoring Services
Financial Inclusion
Consumer Empowerment
Asset Backed Securities Risk

Customer Domains



Customer Development

Acquisition, Origination & Growth

Analytics-driven customer management system for credit account acquisition, life-cycle management, and engagement

Acquisition
Origination
Account Management
Customer Engagement



Fraud Protection & Compliance

Payments Fraud, Cybersecurity & Compliance

Leading payment card fraud solution with 2.6+ billion payment cards protected

Identity & Authentication
Account Takeover
Application Fraud
Enterprise Payments Fraud
Financial Crimes
AML Compliance
Cybersecurity
Customer Engagement



Decision Management

Analytics, Decisions & Optimization

Comprehensive platform for developing custom decision management solutions

Diagnostic & Descriptive Analytics
Predictive Analytics
Optimization
AI & ML
Decisioning
Business Rules Management
Application Workflow Development

Decision Management Software Platform



FICO® Score - The Standard Measure of Consumer Credit Risk



90%

Of U.S. consumer credit lending decisions use FICO Scores



98.8%

Of total dollars in U.S. Securitizations solely cited FICO Scores as credit risk measure



90

Of the top 100 largest U.S. lenders use FICO Scores



1Bn

Credit-Invisible consumers could get credit through FICO Scores that leverage alternative data



30

Countries outside the U.S. use FICO Scores to improve credit decisions



300M

Consumer accounts have free access to FICO Scores



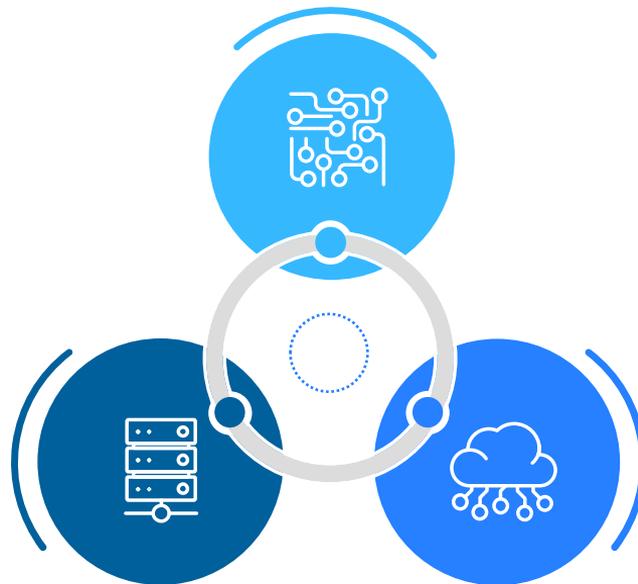
Our Core Market for Decision Management Software has Strong Industry Tailwinds

Explosion in Data Volume and Usability

Data volumes have increased at a staggering pace in the last decade, and the availability as well as usability of this data across the enterprise is rapidly increasing

Cutting-Edge Developments in Data Analytics

Advances in AI/ML, computing infrastructure, and analytics techniques have transformed the ways in which data can be applied to business decisions



Trust and Adoption of Cloud-Based SaaS Solutions

Enterprises are rapidly re-platforming to the cloud, including historic laggards such as financial services and healthcare

FICO Offers End-to-End Cloud-Delivered Solutions for Decisions

Complex Data Management

Data preparation, wrangling, cleaning and management

Advanced Analytics and Decisioning

Cutting-edge analytic tools and models applied to business decisions

Decision-Driven Business Outcomes

Industry-leading business rules engine and workflow management tools to create full business process solutions

Delivered in a manner optimized to each client's needs

Public Cloud, Hybrid Cloud, Private Cloud, and On-Prem

Robust Cash Flow Profile & Balance Sheet with Conservative Financial Policy

Robust Cash Flow Profile & Balance Sheet

- Consistent and increasing cash flow generation
- Deeply embedded software and technology solutions with significant innovations that deliver profitable, growing, recurring revenue
- Focused software restructuring and divestitures to focus on highest margin, mission-critical solutions
- Strong liquidity profile with consistent cash generation, supplemented by access to revolving credit facility

Conservative Financial Policy

- Conservative approach to financial leverage
- Well defined return of capital policy
- Focus on organic growth supplemented by tuck-in M&A funded from internally generated cash flow

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/ACV Bookings – Excluding Divestitures

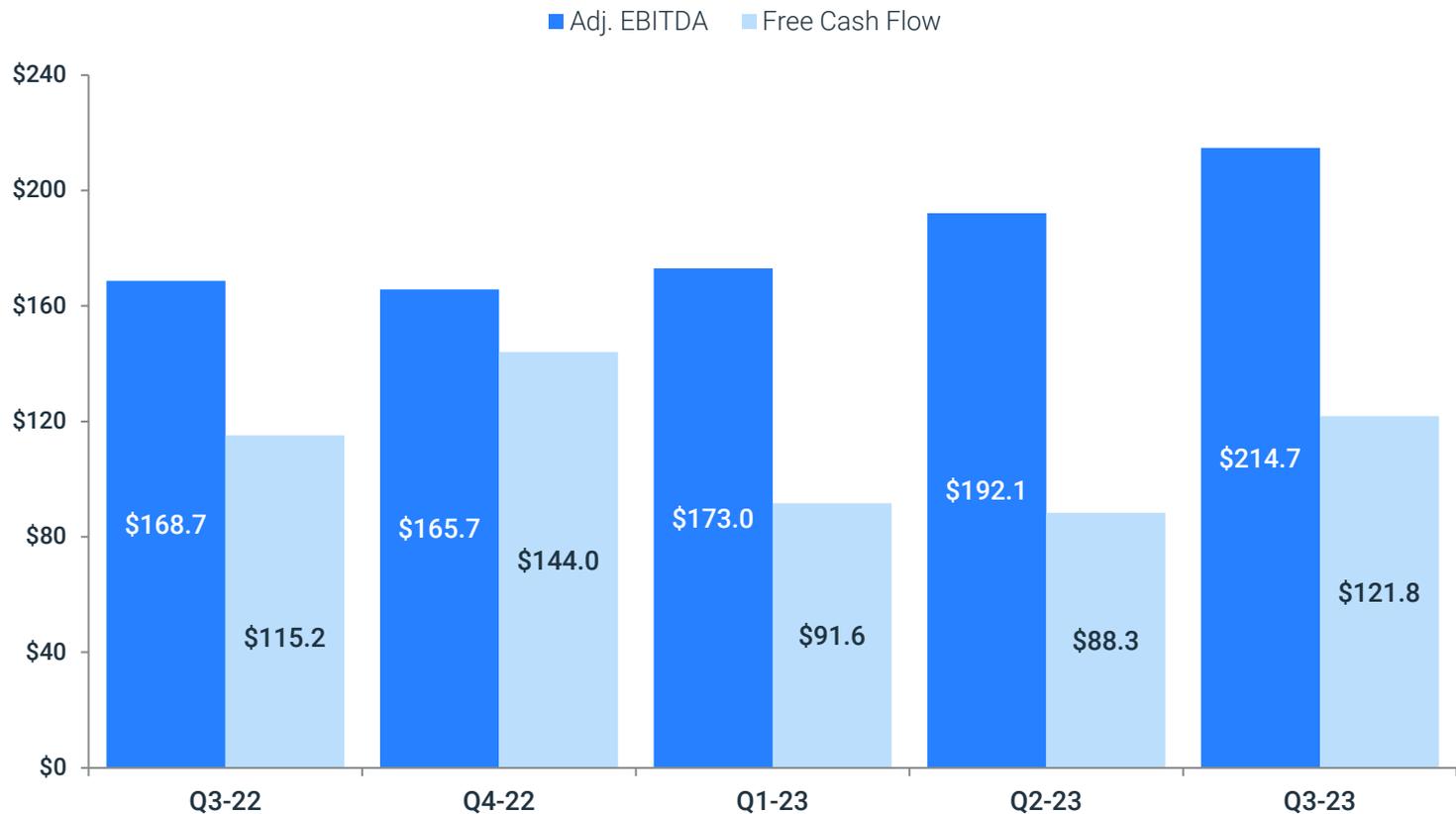
	Q4-21	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	Q3-23
DBNRR								
Platform	146%	146%	144%	137%	129%	130%	146%	142%
Non-Platform	100%	102%	102%	101%	101%	103%	105%	109%
Total	105%	109%	109%	109%	109%	110%	114%	117%

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.

	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



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

GAAP to Non-GAAP Reconciliation

	Fiscal Year 2023	Quarter Ended June 30, 2023	Quarter Ended March 31, 2023	Quarter Ended December 31, 2022	Fiscal Year 2022	Quarter Ended September 30, 2022	Quarter Ended June 30, 2022	Quarter Ended March 31, 2022	Quarter Ended December 31, 2021
Operating Income									
Operating income, as reported	\$ 477,131	\$ 177,031	\$ 159,761	\$ 140,339	\$ 542,414	\$ 134,156	\$ 140,615	\$ 152,057	\$ 115,586
Amortization of intangible assets	825	275	275	275	2,061	442	532	543	544
Gain on product line asset sale	(1,941)	-	-	(1,941)	-	-	-	-	-
Share-based compensation expense	89,750	32,995	27,053	29,702	115,354	28,991	28,549	27,936	29,878
Non-GAAP operating income (segment operating income)	\$ 565,765	\$ 210,301	\$ 187,089	\$ 168,375	\$ 659,829	\$ 163,589	\$ 169,696	\$ 180,536	\$ 146,008
Revenues	\$ 1,123,824	\$ 398,688	\$ 380,266	\$ 344,870	\$ 1,377,270	\$ 348,748	\$ 348,966	\$ 357,195	\$ 322,361
Non-GAAP operating margin	50%	53%	49%	49%	48%	47%	49%	51%	45%
Net Income									
Net income, as reported	\$ 327,951	128,758	101,550	97,643	\$ 373,541	90,699	93,500	104,383	84,959
Amortization of intangible assets	825	275	275	275	2,061	442	532	543	544
Gain on product line asset sale	(1,941)	-	-	(1,941)	-	-	-	-	-
Share-based compensation expense	89,750	32,995	27,053	29,702	115,354	28,991	28,549	27,936	29,878
Income tax adjustments	(22,046)	(8,314)	(6,818)	(6,914)	(28,055)	(7,043)	(6,842)	(6,677)	(7,493)
Excess tax benefit	(11,734)	(818)	(612)	(10,304)	(9,125)	(595)	(78)	(2,495)	(5,957)
Adjustment to tax reserves and valuation allowance	(9,500)	(9,500)	-	-	-	-	-	-	-
Non-GAAP net income	\$ 373,305	\$ 143,396	\$ 121,448	\$ 108,461	\$ 453,776	\$ 112,494	\$ 115,661	\$ 123,690	\$ 101,931
Revenues	\$ 1,123,824	\$ 398,688	\$ 380,266	\$ 344,870	\$ 1,377,270	\$ 348,748	\$ 348,966	\$ 357,195	\$ 322,361
Non-GAAP net margin	33%	36%	32%	31%	33%	32%	33%	35%	32%
Diluted Earnings per Share									
Diluted earnings per share, as reported	\$ 12.91	\$ 5.08	\$ 4.00	\$ 3.84	\$ 14.18	\$ 3.55	\$ 3.61	\$ 3.95	\$ 3.09
Amortization of intangible assets	0.03	0.01	0.01	0.01	0.08	0.02	0.02	0.02	0.02
Gain on product line asset sale	(0.08)	-	-	(0.08)	-	-	-	-	-
Share-based compensation expense	3.53	1.30	1.06	1.17	4.38	1.13	1.10	1.06	1.09
Income tax adjustments	(0.87)	(0.33)	(0.27)	(0.27)	(1.06)	(0.28)	(0.26)	(0.25)	(0.27)
Excess tax benefit	(0.46)	(0.03)	(0.02)	(0.40)	(0.35)	(0.02)	(0.00)	(0.09)	(0.22)
Adjustment to tax reserves and valuation allowance	(0.37)	(0.37)	-	-	-	-	-	-	-
Non-GAAP diluted earnings per share	\$ 14.70	\$ 5.66	\$ 4.78	\$ 4.26	\$ 17.22	\$ 4.40	\$ 4.47	\$ 4.68	\$ 3.70
Reconciliation to Adjusted EBITDA									
Net income, as reported	\$ 327,951	\$ 128,758	\$ 101,550	\$ 97,643	\$ 373,541	\$ 90,699	\$ 93,500	\$ 104,383	\$ 84,959
Interest expense, net	71,242	24,545	23,897	22,800	68,966	20,839	18,721	17,211	12,195
Provision for income taxes	85,208	29,029	35,919	20,260	97,768	22,411	27,394	28,102	19,861
Other expense (income), net (1)	(1,447)	(3,068)	514	1,107	(4,603)	(1,047)	(3,735)	(174)	353
Amortization of intangible assets	825	275	275	275	2,061	442	532	543	544
Depreciation	8,242	2,214	2,881	3,147	15,241	3,346	3,773	4,024	4,098
Share-based compensation expense	89,750	32,995	27,053	29,702	115,354	28,991	28,549	27,936	29,878
Gain on product line asset sale	(1,941)	-	-	(1,941)	-	-	-	-	-
Adjusted EBITDA	\$ 579,830	\$ 214,748	\$ 192,089	\$ 172,993	\$ 668,328	\$ 165,681	\$ 168,734	\$ 182,025	\$ 151,888
Revenues	\$ 1,123,824	\$ 398,688	\$ 380,266	\$ 344,870	\$ 1,377,270	\$ 348,748	\$ 348,966	\$ 357,195	\$ 322,361
Adjusted EBITDA as a percent of revenues	52%	54%	51%	50%	49%	48%	48%	51%	47%
Reconciliation To Free Cash Flow									
Net cash provided by operating activities	\$ 304,866	\$ 122,623	\$ 89,803	\$ 92,440	\$ 509,450	\$ 144,826	\$ 117,140	\$ 122,603	\$ 124,881
Reduced by cash flow items:									
Capital expenditures	3,169	793	1,526	850	6,029	797	1,939	2,398	895
Free cash flow	\$ 301,697	\$ 121,830	\$ 88,277	\$ 91,590	\$ 503,421	\$ 144,029	\$ 115,201	\$ 120,205	\$ 123,986
Revenues	\$ 1,123,824	\$ 398,688	\$ 380,266	\$ 344,870	\$ 1,377,270	\$ 348,748	\$ 348,966	\$ 357,195	\$ 322,361
Free cash flow as a percent of revenues	27%	31%	23%	27%	37%	41%	33%	34%	38%

Note: The numbers may not sum to total due to rounding.

(1) Excludes gains and losses from securities held under a supplemental retirement and savings plan for certain officers and senior management employees, as the offsetting entries are included (as compensation expenses) in operating expenses, resulting in a net zero impact to the company's net income.

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