



# Fair Isaac Corporation

## Q3 22 Financial Highlights

June 30, 2022

## Q3 2022 FINANCIAL HIGHLIGHTS

Metric (in millions, except for EPS and Margins)	Q3-21	Q2-22	Q3-22	% Q/Q	% Y/Y
Scores Revenue	\$172.2	\$183.7	\$179.4	-2%	4%
Software Revenue	\$166.0	\$173.5	\$169.6	-2%	2%
Total Revenue as Reported	\$338.2	\$357.2	\$349.0	-2%	3%
Software Revenue Divested	\$13.5	\$0.0	\$0.0	0%	-100%
Software Revenue ex. Divestitures*	\$152.5	\$173.5	\$169.6	-2%	11%
Total Revenue ex. Divestitures*	\$324.7	\$357.2	\$349.0	-2%	7%
Software ARR*	\$513.6	\$550.3	\$560.9	2%	9%
Software ACV Bookings*	\$11.6	\$20.6	\$19.0	-8%	64%
Non-GAAP Op. Margin**	39%	51%	49%	-4%	26%
Non-GAAP Net Margin**	29%	35%	33%	-6%	14%
Non-GAAP Diluted EPS**	\$3.38	\$4.68	\$4.47	-4%	32%
Adjusted EBITDA**	\$138.2	\$184.6	\$173.5	-6%	26%

\* Adjusted to reflect FY21 divestitures

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



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# KEY OPERATING RESULTS

Revenues \*



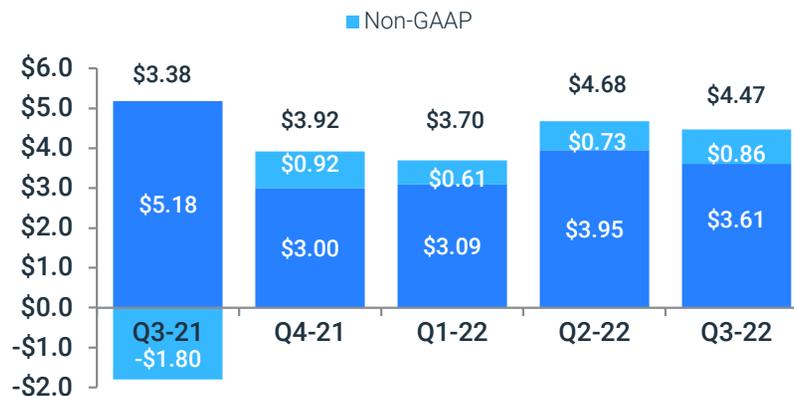
ACV Bookings \*



Adjusted EBITDA

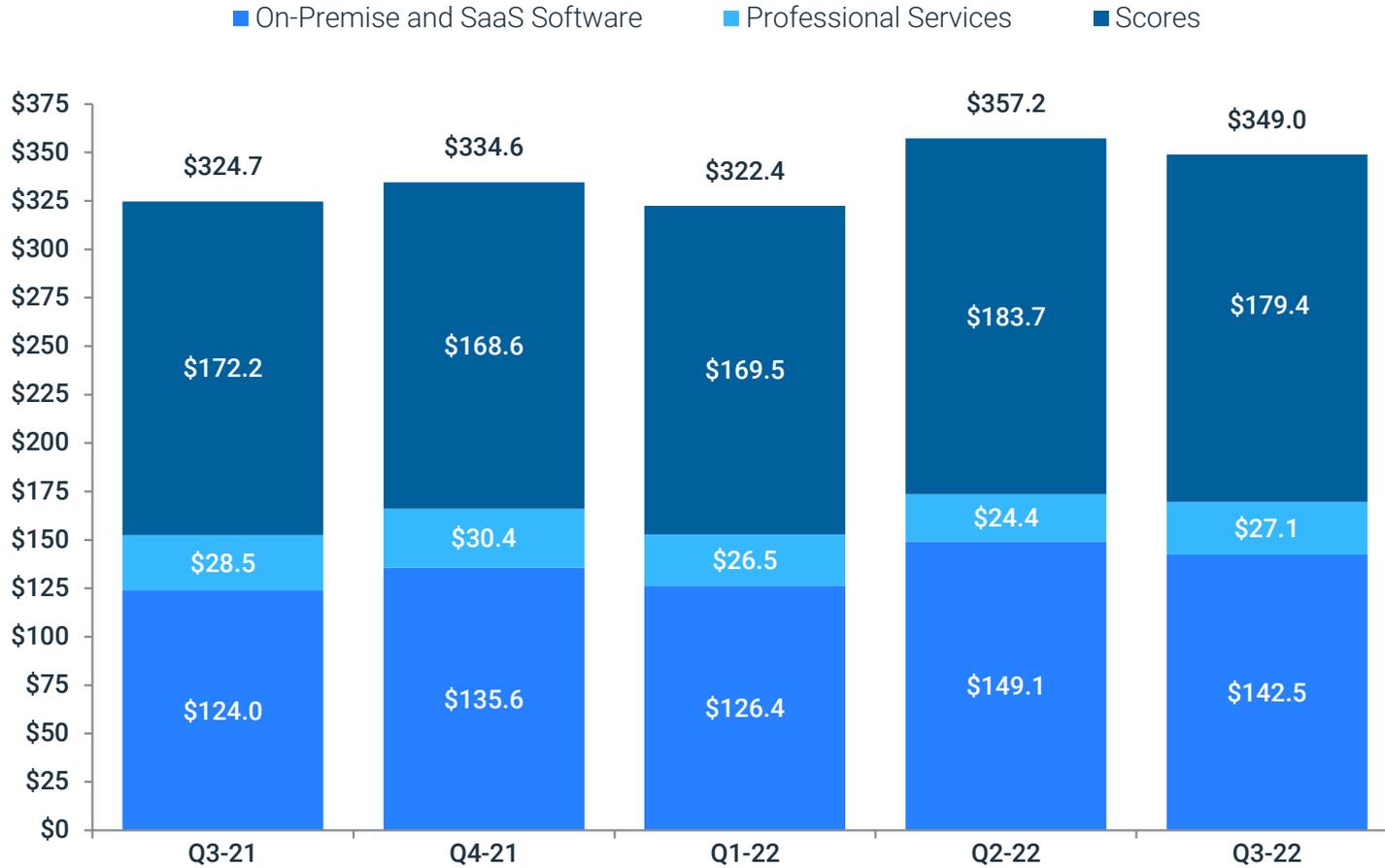


GAAP EPS

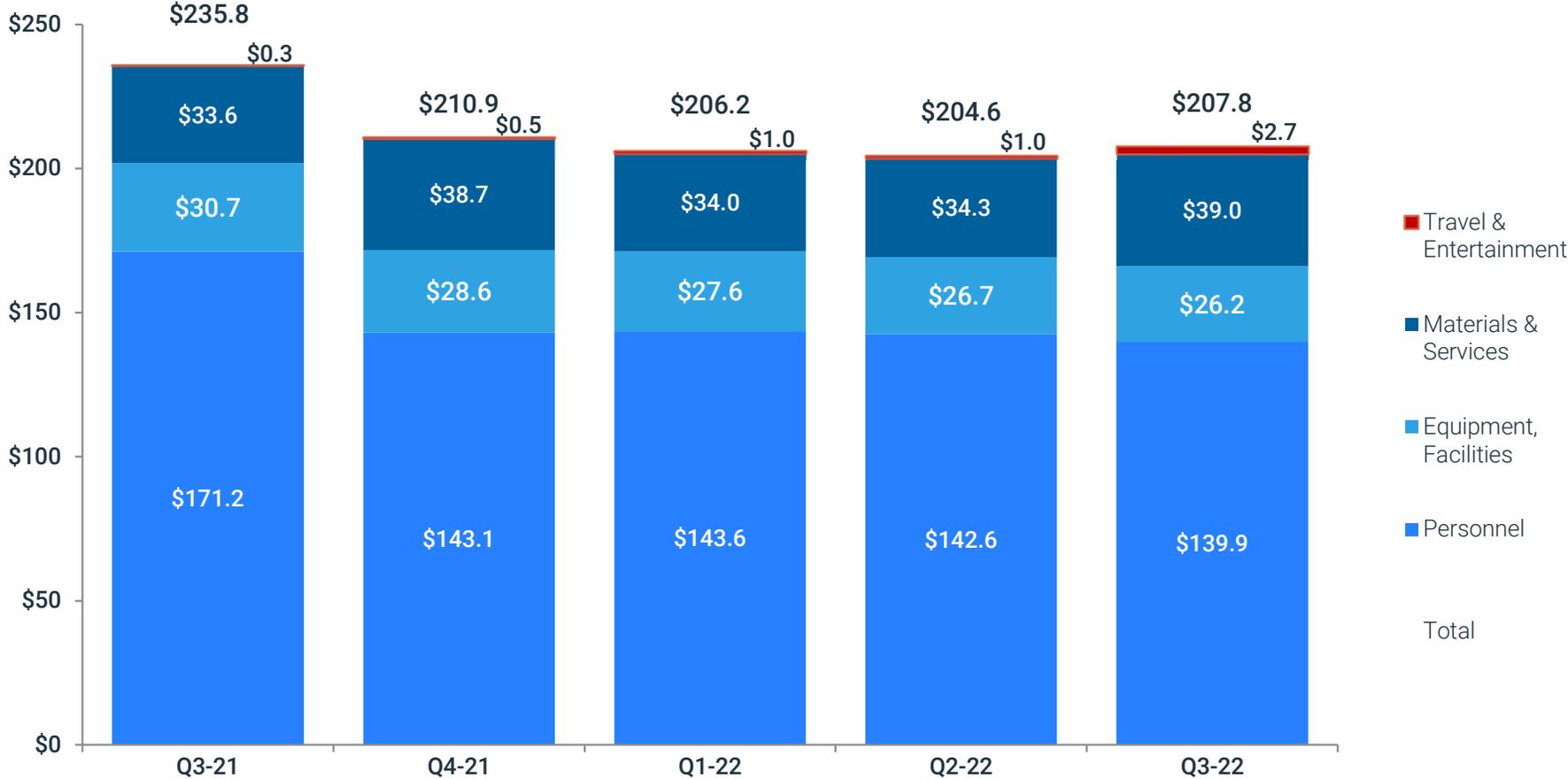


\* Revenues and ACV Bookings were adjusted to reflect FY21 divestitures

# REVENUE TYPE MIX – Excluding Divestitures



# EXPENSE REVIEW



## SCORES HIGHLIGHTS

Total Scores revenues up 4% vs. Q3 21

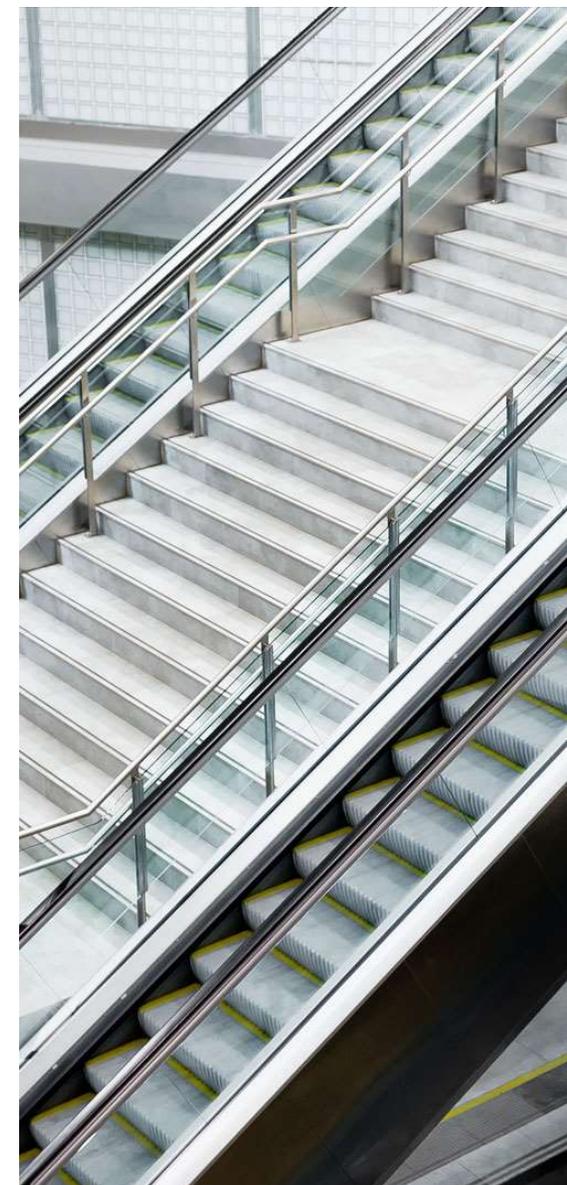
B2B revenue up 3% vs. Q3 21

B2C revenue up 7% vs. Q3 21

Mortgage Originations revenues down 25% vs. Q3 21

Auto Originations revenues up 12% vs. Q3 21

Card and Personal Loan Originations revenues up 37% vs. Q3 21



## SOFTWARE ARR – Excluding Divestitures

	September 30, 2020	December 31, 2020	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021	March 31, 2022	June 30, 2022
<b>ARR</b>	<b>(In millions)</b>							
<b>Platform</b>	\$ 47.7	\$ 55.1	\$ 60.2	\$ 67.7	\$ 75.2	\$ 92.2	\$ 96.7	\$ 108.4
<b>Non-Platform</b>	443.6	439.9	437.1	445.9	448.8	454.4	453.6	452.5
<b>Total</b>	\$ 491.3	\$ 495.0	\$ 497.3	\$ 513.6	\$ 524.0	\$ 546.6	\$ 550.3	\$ 560.9
<b>Percentage</b>								
<b>Platform</b>	10%	11%	12%	13%	14%	17%	18%	19%
<b>Non-Platform</b>	90%	89%	88%	87%	86%	83%	82%	81%
<b>Total</b>	100%	100%	100%	100%	100%	100%	100%	100%
<b>YoY Change</b>								
<b>Platform</b>	45%	38%	47%	54%	58%	67%	60%	60%
<b>Non-Platform</b>	-2%	-2%	-3%	2%	1%	3%	4%	1%
<b>Total</b>	1%	2%	1%	6%	7%	10%	11%	9%

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

	Q4-20	Q1-21	Q2-21	Q3-21	Q4-21	Q1-22	Q2-22	Q3-22
<b><i>DBNRR</i></b>								
<b>Platform</b>	116%	123%	130%	137%	143%	143%	141%	135%
<b>Non-Platform</b>	96%	97%	96%	100%	100%	102%	103%	101%
<b>Total</b>	99%	100%	100%	105%	106%	109%	110%	108%

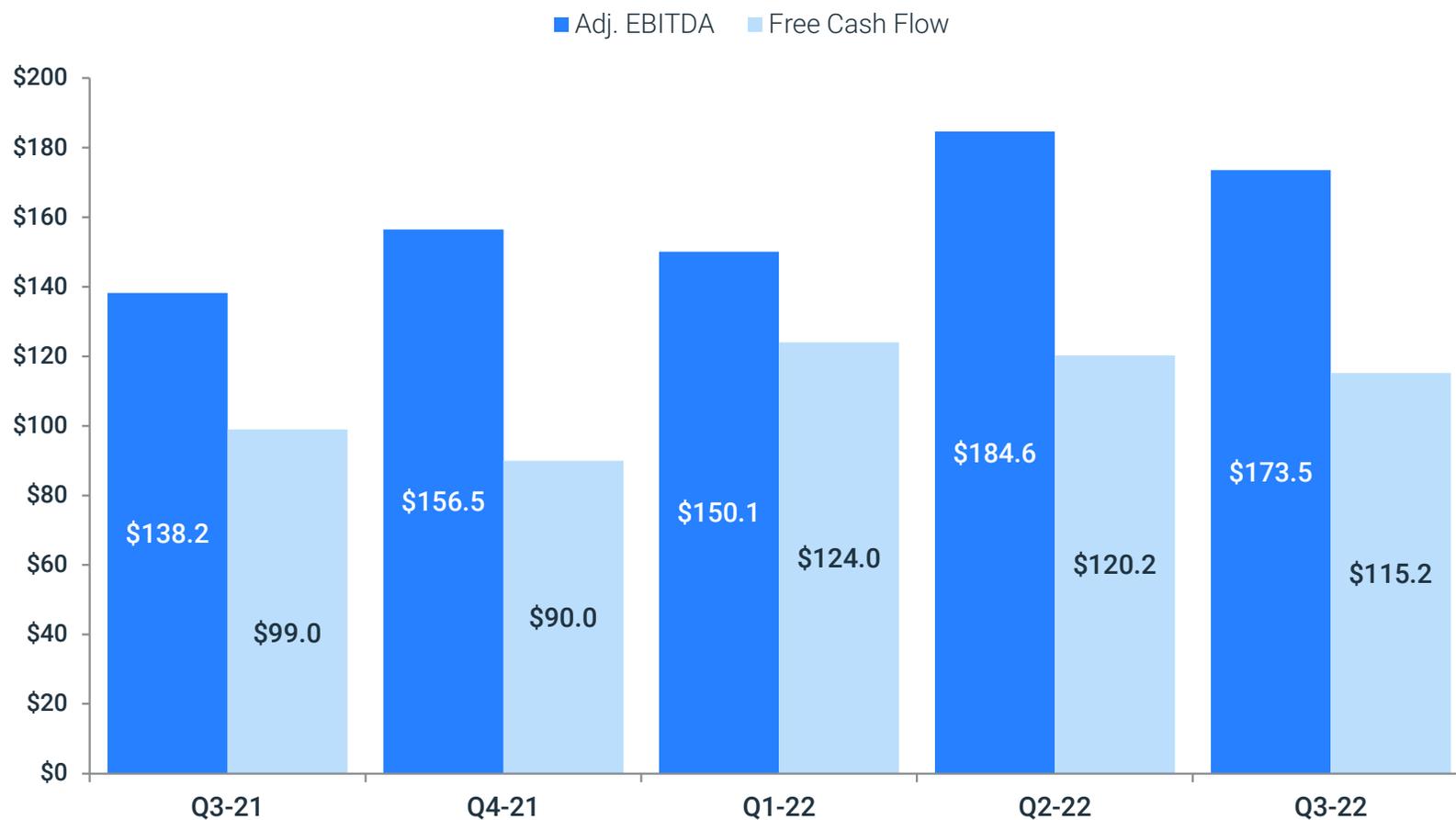
Dollar-Based Net Retention Rate (DBNRR) for any period is calculated by comparing the ARR at the end of the prior comparable quarter (base recurring revenue) to the ARR from that same cohort of customers at the end of the current quarter (retained recurring revenue); we then divide the retained recurring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

## SOFTWARE ACV BOOKINGS – Excluding Divestitures

	Q4-20	Q1-21	Q2-21	Q3-21	Q4-21	Q1-22	Q2-22	Q3-22
	<b>(In millions)</b>							
<b>Total ACV Bookings</b>	\$ 28.9	\$ 12.1	\$ 13.3	\$ 11.6	\$ 25.8	\$ 16.6	\$ 20.6	\$ 19.0

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



## BALANCE SHEET REVIEW

(In Millions)	Q3-21	Q2-22	Q3-22	YoY Var	QoQ Var
<b>ASSETS</b>					
Cash & Investments	\$ 272.0	\$ 206.8	\$ 181.6	-33%	-12%
Accounts Receivable & Other Current Assets	319.3	308.0	318.2	0%	3%
Goodwill & Intangibles, net	797.9	786.8	775.1	-3%	-1%
Other	200.0	184.9	181.9	-9%	-2%
<b>Total Assets</b>	<b>\$ 1,589.2</b>	<b>\$ 1,486.5</b>	<b>\$ 1,456.8</b>	<b>-8%</b>	<b>-2%</b>
<b>LIABILITIES</b>					
Current Liabilities	\$ 544.8	\$ 382.8	\$ 383.9	-30%	0%
Noncurrent Liabilities	919.6	1,767.1	1,920.4	109%	9%
<b>Total Liabilities</b>	<b>1,464.4</b>	<b>2,149.9</b>	<b>2,304.3</b>	<b>57%</b>	<b>7%</b>
<b>Stockholders' Equity</b>	<b>124.8</b>	<b>(663.4)</b>	<b>(847.5)</b>	<b>-779%</b>	<b>28%</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$ 1,589.2</b>	<b>\$ 1,486.5</b>	<b>\$ 1,456.8</b>	<b>-8%</b>	<b>-2%</b>
<b>METRICS</b>					
<b>Leverage Covenant (max 3.5)</b>	<b>1.62</b>	<b>2.70</b>	<b>2.84</b>	<b>1.22</b>	<b>0.14</b>
<b>Interest Coverage Covenant (min 3.0)</b>	<b>14.14</b>	<b>12.67</b>	<b>11.29</b>	<b>(2.85)</b>	<b>(1.38)</b>
<b>Days Sales Outstanding</b>	<b>87 days</b>	<b>80 days</b>	<b>86 days</b>	<b>(1 day)</b>	<b>6 days</b>

# SEGMENT PROFITABILITY

	Quarter Ended June 30, 2021			
	Scores	Software	Unallocated Corporate Expenses	Total
	(In thousands)			
Segment revenues:				
On-premises and SaaS software	\$ —	\$ 130,230	\$ —	\$ 130,230
Professional services	—	35,752	—	35,752
Scores	172,202	—	—	172,202
Total segment revenues	172,202	165,982	—	338,184
Segment operating expense	(25,418)	(145,796)	(33,820)	(205,034)
Segment operating income	<u>\$ 146,784</u>	<u>\$ 20,186</u>	<u>\$ (33,820)</u>	133,150
Unallocated share-based compensation expense				(30,761)
Unallocated amortization expense				(810)
Unallocated gains on product line asset sales and business divestiture				92,805
Operating income				194,384
Unallocated interest expense, net				(10,018)
Unallocated other income, net				3,526
Income before income taxes				<u>\$ 187,892</u>
Depreciation expense	<u>\$ 159</u>	<u>\$ 4,854</u>	<u>\$ 38</u>	<u>\$ 5,051</u>

	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	(19,207)	(122,048)	(38,015)	(179,270)
Segment operating income	<u>\$ 160,148</u>	<u>\$ 47,563</u>	<u>\$ (38,015)</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>



## FY2022 GUIDANCE

Revenue – \$1.355 billion

GAAP Net Income\* – \$350 million

GAAP Earnings per Share\* – \$13.11

Non-GAAP Net Income – \$429 million

Non-GAAP Earnings per Share – \$16.08

\*FY21 GAAP Net Income and EPS included a gain on sale of product lines of \$100 million, or \$2.68 per share.



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