



Fair Isaac Corporation

Q1 23 Financial Highlights

December 31, 2022



Q1 2023 FINANCIAL HIGHLIGHTS

Metric (In millions, except for EPS)	Q1-22	Q4-22	Q1-23	% Q/Q	% Y/Y
Scores Revenue	\$169.5	\$174.1	\$178.0	2%	5%
Software Revenue	\$152.9	\$174.7	\$166.9	-4%	9%
Total Revenue as Reported	\$322.4	\$348.8	\$344.9	-1%	7%
Software Revenue Divested	\$8.6	\$6.7	\$4.3	N/A	N/A
Software Revenue ex. Divestiture*	\$144.3	\$168.0	\$162.6	-3%	13%
Total Revenue ex. Divestiture*	\$313.8	\$342.1	\$340.6	0%	9%
Software ARR*	\$524.3	\$550.1	\$582.9	6%	11%
Software ACV Bookings*	\$16.4	\$29.2	\$21.5	-26%	31%
Non-GAAP Op. Margin**	45%	47%	49%	4%	9%
Non-GAAP Net Margin**	32%	32%	31%	-3%	-3%
Non-GAAP Diluted EPS**	\$3.70	\$4.40	\$4.26	-3%	15%
Adjusted EBITDA**	\$151.9	\$165.7	\$173.0	4%	14%

* Adjusted to reflect the Q1-23 divestiture

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

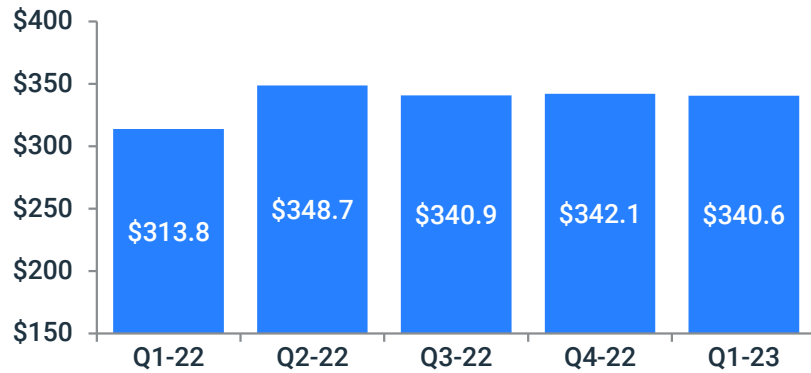


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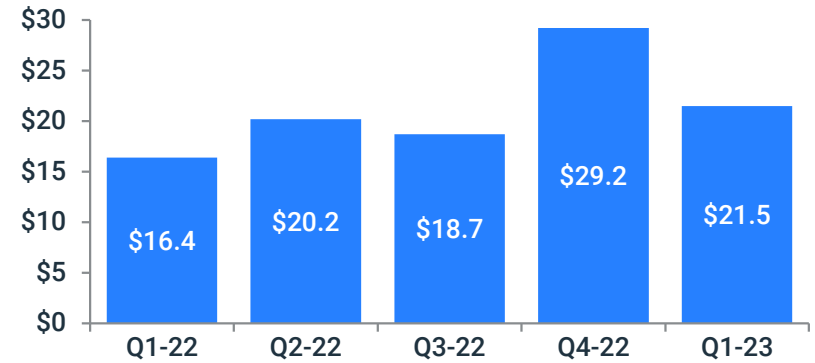
KEY OPERATING RESULTS

(In millions, except for EPS)

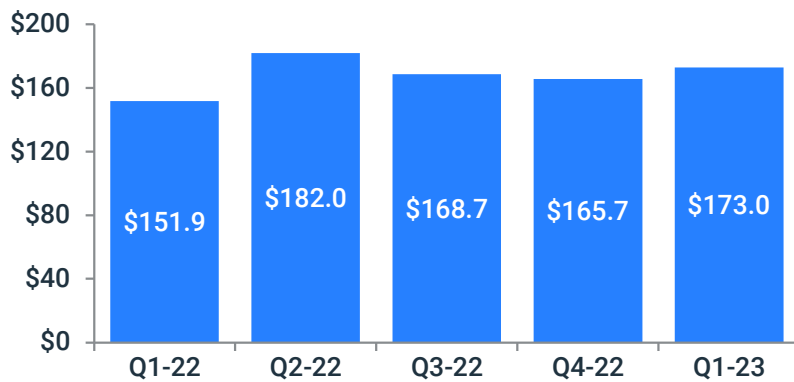
Revenues *



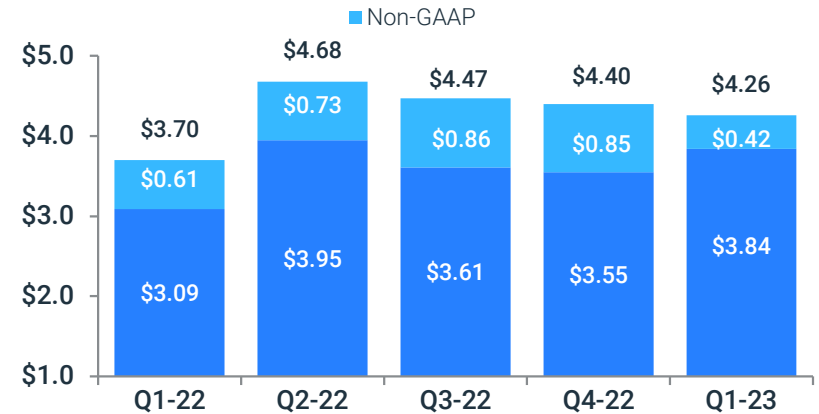
ACV Bookings *



Adjusted EBITDA



GAAP EPS

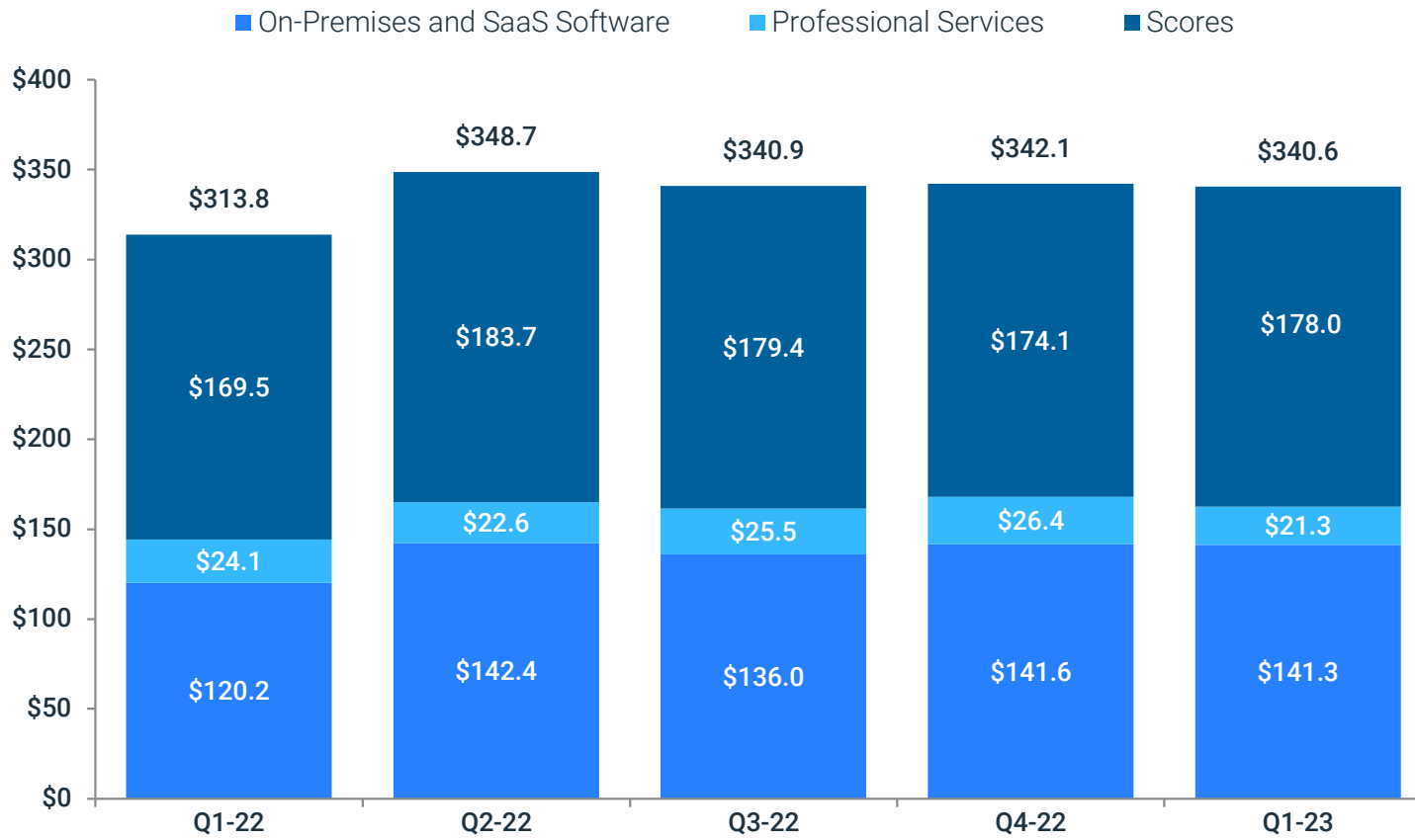


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* Revenues and ACV Bookings were adjusted to reflect the Q1-23 divestiture

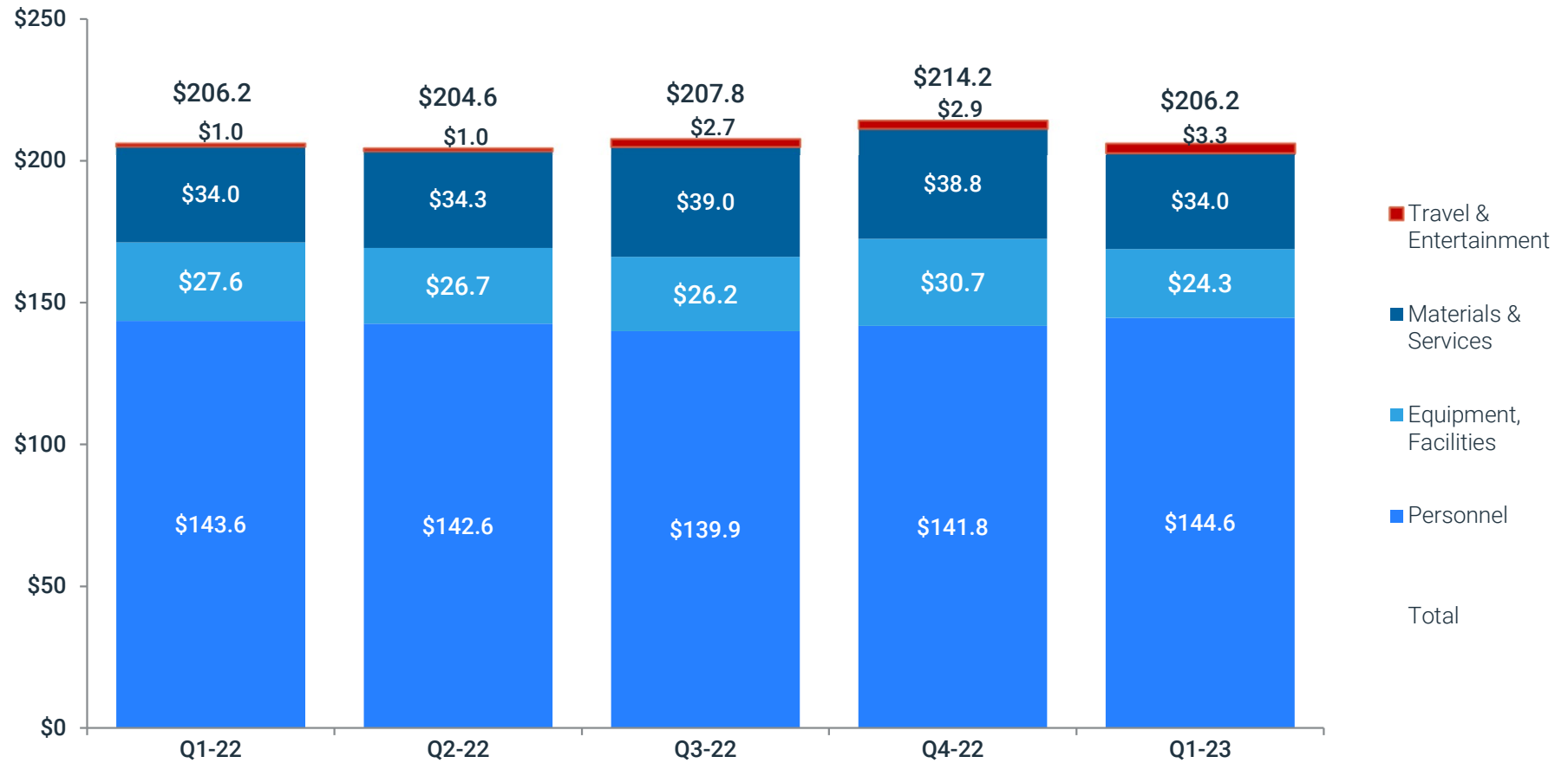
REVENUE TYPE MIX – Excluding Divestiture

(In millions)



EXPENSE REVIEW

(In millions)



SCORES HIGHLIGHTS

Total Scores revenues up 5% vs. Q1 22

B2B revenue up 11% vs. Q1 22

B2C revenue down 6% vs. Q1 22

Mortgage Originations revenues down 42% vs. Q1 22

Auto Originations revenues up 24% vs. Q1 22

Card and Personal Loan Originations revenues up 19% vs. Q1 22



SOFTWARE ARR – Excluding Divestitures

	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022
(In millions)								
ARR								
Platform	\$ 58.2	\$ 66.0	\$ 73.6	\$ 90.9	\$ 95.4	\$ 107.2	\$ 113.1	\$ 132.8
Non-Platform	418.5	425.6	427.7	433.4	430.6	432.3	437.0	450.1
Total	\$ 476.7	\$ 491.6	\$ 501.3	\$ 524.3	\$ 526.0	\$ 539.5	\$ 550.1	\$ 582.9
Percentage								
Platform	12%	13%	15%	17%	18%	20%	21%	23%
Non-Platform	88%	87%	85%	83%	82%	80%	79%	77%
Total	100%	100%	100%	100%	100%	100%	100%	100%
YoY Change								
Platform	48%	58%	61%	71%	64%	62%	54%	46%
Non-Platform	-4%	1%	0%	3%	3%	2%	2%	4%
Total	0%	6%	6%	11%	10%	10%	10%	11%

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

	Q2-21	Q3-21	Q4-21	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23
<i>DBNRR</i>								
Platform	134%	142%	146%	146%	144%	137%	129%	130%
Non-Platform	95%	100%	100%	102%	102%	101%	101%	103%
Total	99%	104%	105%	109%	109%	109%	109%	110%

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.

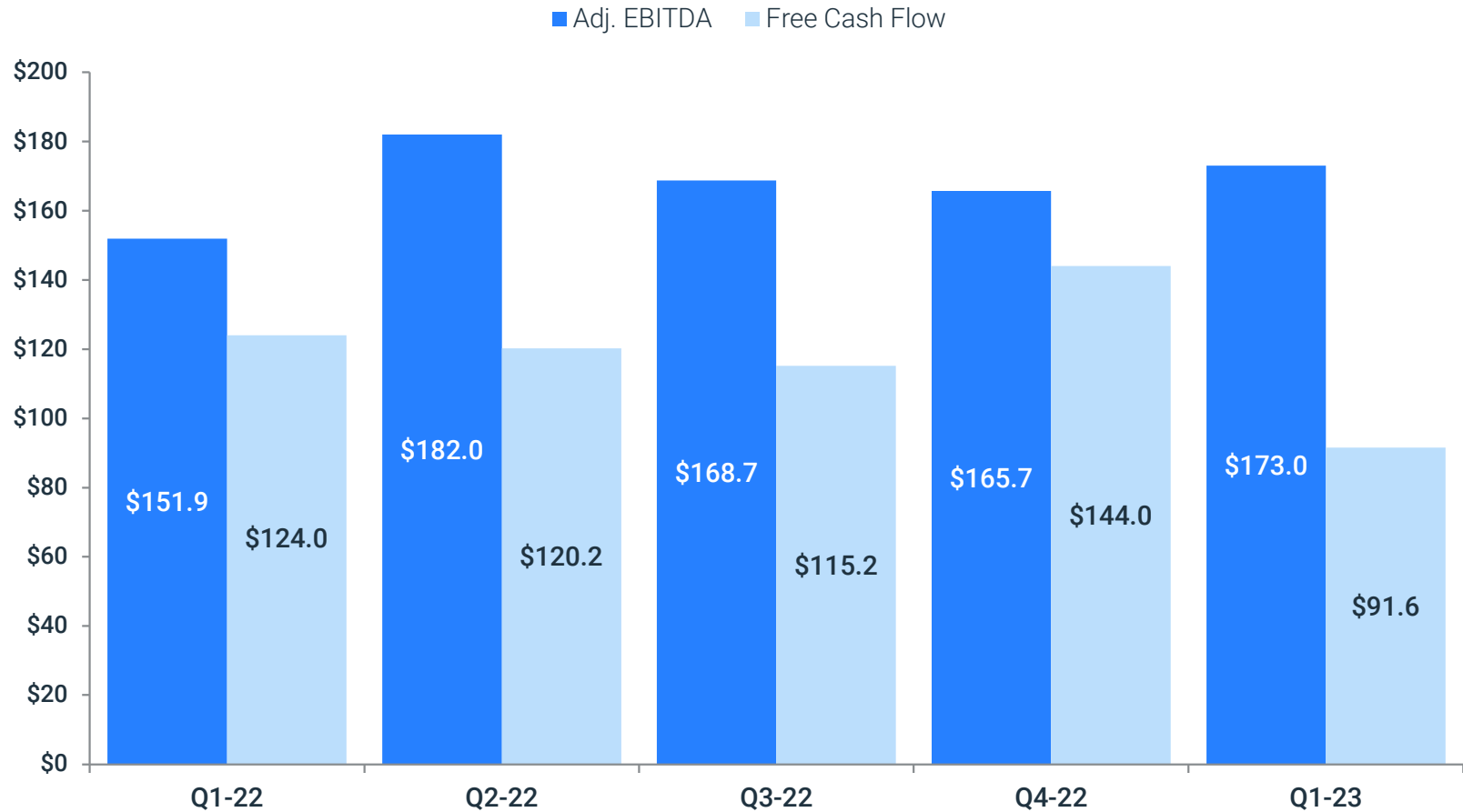
SOFTWARE ACV BOOKINGS – Excluding Divestitures

	Q2-21	Q3-21	Q4-21	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23
	(In millions)							
Total ACV Bookings	\$ 12.9	\$ 11.0	\$ 24.5	\$ 16.4	\$ 20.2	\$ 18.7	\$ 29.2	\$ 21.5

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)	Q1-22	Q4-22	Q1-23	YoY Var	QoQ Var
ASSETS					
Cash & Investments	\$ 197.4	\$ 158.9	\$ 167.4	-15%	5%
Accounts Receivable & Other Current Assets	299.8	351.5	344.0	15%	-2%
Goodwill & Intangibles, net	790.8	763.1	773.2	-2%	1%
Other	175.3	168.5	174.1	-1%	3%
Total Assets	\$ 1,463.3	\$ 1,442.0	\$ 1,458.7	0%	1%
LIABILITIES					
Current Liabilities	\$ 321.8	\$ 331.4	\$ 355.0	10%	7%
Noncurrent Liabilities	1,679.8	1,912.5	1,905.8	13%	0%
Total Liabilities	2,001.6	2,243.9	2,260.8	13%	1%
Stockholders' Deficit	(538.3)	(801.9)	(802.1)	49%	0%
Total Liabilities & Stockholders' Deficit	\$ 1,463.3	\$ 1,442.0	\$ 1,458.7	0%	1%
METRICS					
Leverage Covenant (max 3.5)	2.66	2.67	2.68	0.02	0.01
Interest Coverage Covenant (min 3.0)	13.75	9.70	8.59	(5.16)	(1.11)
Days Sales Outstanding	83 days	96 days	95 days	12 days	(1 day)

SEGMENT PROFITABILITY

	Quarter Ended December 31, 2021			
	Scores	Software	Unallocated Corporate Expenses	Total
	(In thousands)			
Segment revenues:				
On-premises and SaaS software	\$ —	\$ 126,338	\$ —	\$ 126,338
Professional services	—	26,536	—	26,536
Scores	169,487	—	—	169,487
Total segment revenues	169,487	152,874	—	322,361
Segment operating expense	(21,164)	(118,037)	(37,152)	(176,353)
Segment operating income	\$ 148,323	\$ 34,837	\$ (37,152)	146,008
Unallocated share-based compensation expense				(29,878)
Unallocated amortization expense				(544)
Operating income				115,586
Unallocated interest expense, net				(12,195)
Unallocated other income, net				1,429
Income before income taxes				\$ 104,820
Depreciation expense	\$ 192	\$ 3,877	\$ 29	\$ 4,098

	Quarter Ended December 31, 2022			
	Scores	Software	Unallocated Corporate Expenses	Total
	(In thousands)			
Segment revenues:				
On-premises and SaaS software	\$ —	\$ 144,560	\$ —	\$ 144,560
Professional services	—	22,322	—	22,322
Scores	177,988	—	—	177,988
Total segment revenues	177,988	166,882	—	344,870
Segment operating expense	(21,296)	(121,117)	(34,082)	(176,495)
Segment operating income	\$ 156,692	\$ 45,765	\$ (34,082)	168,375
Unallocated share-based compensation expense				(29,702)
Unallocated amortization expense				(275)
Unallocated gain on product line asset sale				1,941
Operating income				140,339
Unallocated interest expense, net				(22,800)
Unallocated other income, net				364
Income before income taxes				\$ 117,903
Depreciation expense	\$ 151	\$ 2,974	\$ 22	\$ 3,147

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.

FY2023 GUIDANCE

Revenue – \$1.463 billion

GAAP Net Income – \$401 million

GAAP Earnings per Share – \$16.00

Non-GAAP Net Income – \$487 million

Non-GAAP Earnings per Share – \$19.42



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