



# FICO: The Decisions Company

Investor Overview

March 2022

## 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, 2019.

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.

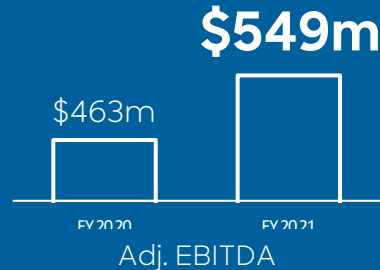
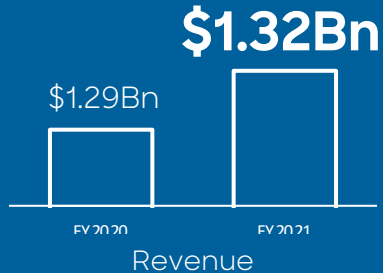
# FICO – At A Glance

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



65

Year History



#1

In innovations and AI solutions, Chartis RiskTech 100 Awards



~3,700

Employees



96 of 100

End users are largest financial institutions in the US



~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



Acquisition, Origination & Growth

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

Acquisition  
Origination  
Account Management  
Customer Engagement



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



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

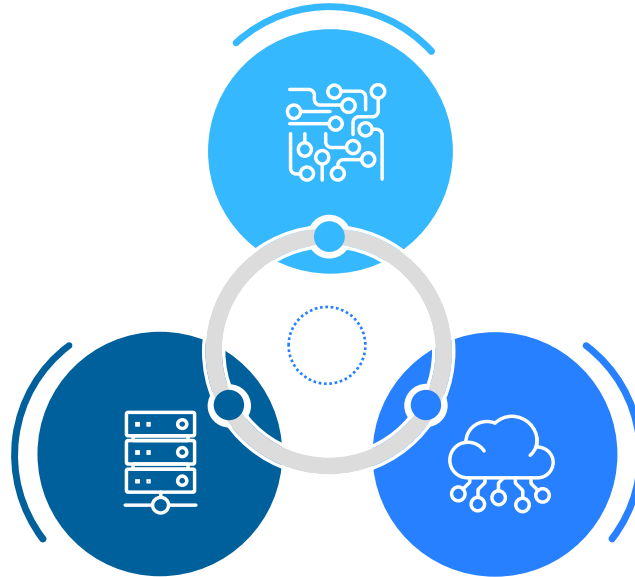
# Our Core Market for Decision Management Software has Strong Industry Tailwinds

## 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

	As of							
	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021
<b>ARR</b>	(In millions)							
<b>Platform</b>	\$ 41.1	\$ 43.8	\$ 47.7	\$ 55.1	\$ 60.2	\$ 67.7	\$ 75.2	\$ 92.2
<b>Non-Platform</b>	450.3	438.5	443.6	439.9	437.1	445.9	448.8	454.4
<b>Total</b>	\$ 491.4	\$ 482.3	\$ 491.3	\$ 495.0	\$ 497.3	\$ 513.6	\$ 524.0	\$ 546.6
<b>Percentage</b>								
<b>Platform</b>	8%	9%	10%	11%	12%	13%	14%	17%
<b>Non-Platform</b>	92%	91%	90%	89%	88%	87%	86%	83%
<b>Total</b>	100%	100%	100%	100%	100%	100%	100%	100%
<b>YoY Change</b>								
<b>Platform</b>	48%	44%	45%	38%	47%	54%	58%	67%
<b>Non-Platform</b>	5%	-3%	-2%	-2%	-3%	2%	1%	3%
<b>Total</b>	7%	0%	1%	2%	1%	7%	7%	10%

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

	Three Months Ended							
	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021
<i><b>DBNRR</b></i>								
<b>Platform</b>	112%	108%	116%	123%	130%	137%	143%	143%
<b>Non-Platform</b>	103%	95%	96%	97%	96%	100%	100%	102%
<b>Total</b>	105%	98%	99%	100%	100%	105%	106%	109%

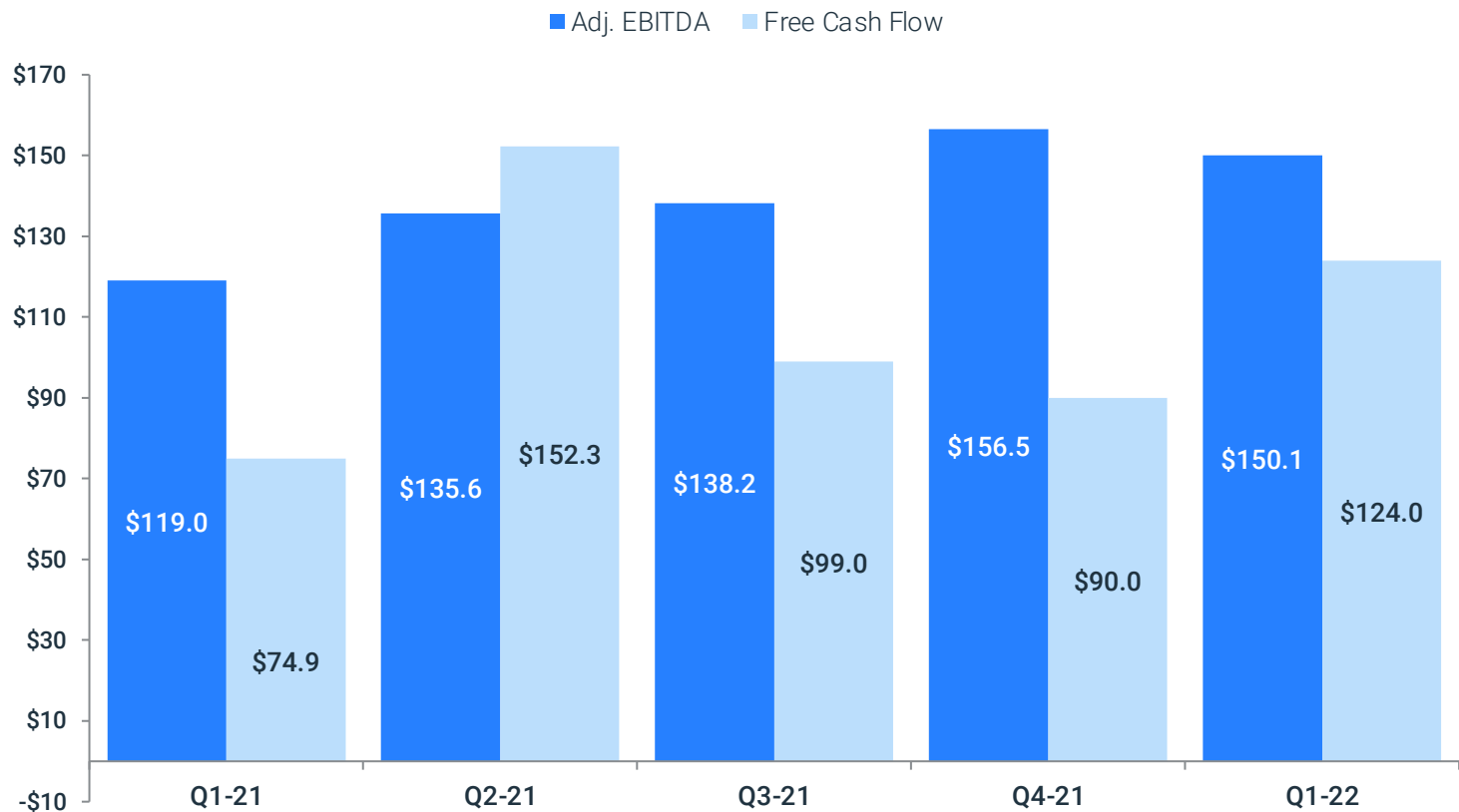
Dollar-Based Net Retention Rate (DBNRR) for any period is calculated by comparing the ARR at the end of the prior comparable quarter (base recurring revenue) to the ARR from that same cohort of customers at the end of the current quarter (retained recurring revenue); we then divide the retained recurring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

# SOFTWARE ACV BOOKINGS - Excluding Divestitures

	Three Months Ended							
	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021
	(In millions)							
<b>Total ACV Bookings *</b>	\$ 7.7	\$ 9.1	\$ 28.9	\$ 12.1	\$ 13.3	\$ 11.6	\$ 25.8	\$ 16.6

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



# GAAP to Non-GAAP Reconciliation

	Quarter Ended		Fiscal Year	Quarter Ended		Fiscal Year	Quarter Ended		Fiscal Year	Quarter Ended	
	2022	December 31, 2021		2021	September 30, 2021		June 30, 2021	2021		March 31, 2021	December 31, 2020
<b>Operating Income</b>											
Operating income, as reported	\$ 115,586	\$ 115,586	\$	\$ 505,489	\$ 115,185	\$	\$ 194,384	\$	\$ 101,199	\$	\$ 94,721
Amortization of intangible assets	544	544		3,255	563		810		945		937
Restructuring and impairment charges	-	-		7,957	7,957		-		-		-
Gains on product line asset sales and business divestiture	-	-		(100,139)	-		(92,805)		-		(7,334)
Stock-based compensation expense	29,878	29,878		112,457	28,358		30,761		28,206		25,132
Non-GAAP operating income (segment operating income)	\$ 146,008	\$ 146,008	\$	\$ 529,019	\$ 152,063	\$	\$ 133,150	\$	\$ 130,350	\$	\$ 113,456
Revenues	\$ 322,361	\$ 322,361	\$	\$ 1,316,536	\$ 334,578	\$	\$ 338,183	\$	\$ 331,361	\$	\$ 312,414
Non-GAAP operating margin	45%	45%		40%	45%		39%		39%		36%
<b>Net Income</b>											
Net income, as reported	\$ 84,959	\$ 84,959	\$	\$ 392,084	\$ 85,720	\$	\$ 151,198	\$	\$ 68,674	\$	\$ 86,492
Amortization of intangible assets	544	544		3,255	563		810		945		937
Restructuring and impairment charges	-	-		7,957	7,957		-		-		-
Gains on product line asset sales and business divestiture	-	-		(100,139)	-		(92,805)		-		(7,334)
Stock-based compensation expense	29,878	29,878		112,457	28,358		30,761		28,206		25,132
Income tax adjustments	(7,493)	(7,493)		(9,090)	(8,724)		11,391		(7,271)		(4,486)
Excess tax benefit	(5,957)	(5,957)		(23,998)	(1,925)		(2,561)		(329)		(19,183)
Non-GAAP net income	\$ 101,931	\$ 101,931	\$	\$ 382,526	\$ 111,949	\$	\$ 98,794	\$	\$ 90,225	\$	\$ 81,558
Revenues	\$ 322,361	\$ 322,361	\$	\$ 1,316,536	\$ 334,578	\$	\$ 338,183	\$	\$ 331,361	\$	\$ 312,414
Non-GAAP net margin	32%	32%		29%	33%		29%		27%		26%
<b>Diluted Earnings per Share</b>											
Diluted earnings per share, as reported	\$ 3.09	\$ 3.09	\$	\$ 13.40	\$ 3.00	\$	\$ 5.18	\$	\$ 2.33	\$	\$ 2.90
Amortization of intangible assets	0.02	0.02		0.11	0.02		0.03		0.03		0.03
Restructuring and impairment charges	-	-		0.27	0.28		-		-		-
Gains on product line asset sales and business divestiture	-	-		(3.42)	-		(3.18)		-		(0.25)
Stock-based compensation expense	1.09	1.09		3.84	0.99		1.05		0.96		0.84
Income tax adjustments	(0.27)	(0.27)		(0.31)	(0.31)		0.39		(0.25)		(0.15)
Excess tax benefit	(0.22)	(0.22)		(0.82)	(0.07)		(0.09)		(0.01)		(0.64)
Non-GAAP diluted earnings per share	\$ 3.70	\$ 3.70	\$	\$ 13.07	\$ 3.92	\$	\$ 3.38	\$	\$ 3.06	\$	\$ 2.74
<b>Reconciliation to Adjusted EBITDA</b>											
Net income, as reported	\$ 84,959	\$ 84,959	\$	\$ 392,084	\$ 85,720	\$	\$ 151,198	\$	\$ 68,674	\$	\$ 86,492
Interest expense, net	12,195	12,195		40,092	10,490		10,018		9,943		9,641
Provision for income taxes	19,861	19,861		81,058	19,746		36,694		23,150		1,468
Other expense (income), net	(1,429)	(1,429)		(7,744)	(771)		(3,526)		(567)		(2,880)
Amortization of intangible assets	544	544		3,255	563		810		945		937
Depreciation	4,098	4,098		20,319	4,459		5,050		5,225		5,585
Stock-based compensation expense	29,878	29,878		112,457	28,358		30,761		28,206		25,132
Restructuring and impairment charges	-	-		7,957	7,957		-		-		-
Gains on product line asset sales and business divestiture	-	-		(100,139)	-		(92,805)		-		(7,334)
Adjusted EBITDA	\$ 150,106	\$ 150,106	\$	\$ 549,339	\$ 156,522	\$	\$ 138,200	\$	\$ 135,576	\$	\$ 119,041
Revenues	\$ 322,361	\$ 322,361	\$	\$ 1,316,536	\$ 334,578	\$	\$ 338,183	\$	\$ 331,361	\$	\$ 312,414
Adjusted EBITDA as a percent of revenues	47%	47%		42%	47%		41%		41%		38%
<b>Reconciliation To Free Cash Flow</b>											
Net cash provided by operating activities	\$ 124,881	\$ 124,881	\$	\$ 423,816	\$ 91,754	\$	\$ 100,592	\$	\$ 153,523	\$	\$ 77,947
Reduced by cash flow items:											
Capital expenditures	895	895		7,569	1,777		1,572		1,175		3,045
Free cash flow	\$ 123,986	\$ 123,986	\$	\$ 416,247	\$ 89,977	\$	\$ 99,020	\$	\$ 152,348	\$	\$ 74,902
Revenues	\$ 322,361	\$ 322,361	\$	\$ 1,316,536	\$ 334,578	\$	\$ 338,183	\$	\$ 331,361	\$	\$ 312,414
Free cash flow as a percent of revenues	38%	38%		32%	27%		29%		46%		24%