

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**  
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) April 27, 2022

**FAIR ISAAC CORPORATION**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**001-11689**  
(Commission  
File Number)

**94-1499887**  
(IRS Employer  
Identification No.)

**5 West Mendenhall, Suite 105**  
**Bozeman, Montana**  
(Address of principal executive offices)

**59715**  
(Zip Code)

Registrant's telephone number, including area code 406-982-7276

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value per share	FICO	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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Item 2.02.	Results of Operations and Financial Condition.
Item 9.01.	Financial Statements and Exhibits. Exhibit 99.1
Signature	

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**Item 2.02. Results of Operations and Financial Condition.**

On April 27, 2022, Fair Isaac Corporation (the “Company”) reported its financial results for the quarter ended March 31, 2022. See the Company’s press release dated April 27, 2022, which is furnished as Exhibit 99.1 hereto and incorporated by reference in this Item 2.02.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

<b><u>Exhibit</u></b>	<b><u>Description</u></b>
<a href="#">99.1</a>	<a href="#">Press Release dated April 27, 2022</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

FAIR ISAAC CORPORATION

By /s/ MICHAEL I. MCLAUGHLIN  
Michael I. McLaughlin  
Executive Vice President and Chief Financial Officer

Date: April 27, 2022

## **FICO Announces Earnings of \$3.95 per Share for Second Quarter Fiscal 2022**

### **Revenue of \$357 million vs. \$331 million in prior year**

BOZEMAN, Mont.--(BUSINESS WIRE)--April 27, 2022--FICO (NYSE:FICO), a leading predictive analytics and decision management software company, today announced results for its second fiscal quarter ended March 31, 2022.

#### **Second Quarter Fiscal 2022 GAAP Results**

Net income for the quarter totaled \$104.4 million, or \$3.95 per share, versus \$68.7 million, or \$2.33 per share, in the prior year period.

Net cash provided by operating activities for the quarter was \$122.6 million versus \$153.5 million in the prior year period.

#### **Second Quarter Fiscal 2022 Non-GAAP Results**

Non-GAAP Net Income for the quarter was \$123.7 million versus \$90.2 million in the prior year period. Non-GAAP EPS for the quarter was \$4.68 versus \$3.06 in the prior year period. Free cash flow was \$120.2 million for the current quarter versus \$152.3 million in the prior year period. The Non-GAAP financial measures are described in the financial table captioned "Non-GAAP Results" and are reconciled to the corresponding GAAP results in the financial tables at the end of this release.

#### **Second Quarter Fiscal 2022 GAAP Revenue**

The company reported revenues of \$357.2 million for the quarter as compared to \$331.4 million reported in the prior year period.

"We continue to deliver strong results in an uncertain economic environment," said Will Lansing, chief executive officer. "We're delivering strong top-line growth, and our focus on efficiency has enabled us to deliver expanded margins."

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Revenues for the second quarter of fiscal 2022 across the company's two operating segments were as follows:

- *Scores* revenues, which include the company's business-to-business (B2B) scoring solutions, and business-to-consumer (B2C) scoring solutions, were \$183.7 million in the second quarter, compared to \$168.7 million in the prior year period, an increase of 9%. B2B revenue increased 5%, driven largely by unit price increases and increases in unsecured Originations volumes, partially offset by decreases in Mortgage Origination volumes. B2C revenue increased 18% from the prior year period due to growth at myFICO.com, as well as through our partners.
- *Software* revenues, which include the company's analytics and digital decisioning technology, as well as associated professional services, were \$173.5 million in the second quarter, compared to \$162.6 million in the prior year period, an increase of 7%, primarily attributable to an increase in point-in-time recognition due to a large license deal, partially offset by the sale of the Debt Collections and Recovery product line in June 2021.
  - Year-over-year, Software Annual Recurring Revenue (ARR) was up 11%, consisting of 60% platform ARR growth and 4% non-platform ARR growth. Software Dollar-Based Net Retention Rate was 110% in the second quarter, with platform solutions at 141% and non-platform solutions at 103%.

## Outlook

The company is updating its previously provided guidance for fiscal 2022:

	Previous Fiscal 2022 Guidance	Updated Fiscal 2022 Guidance
Revenues	\$1.35 billion	\$1.355 billion
GAAP Net Income	\$318 million	\$350 million
GAAP EPS	\$11.29	\$13.11
Non GAAP Net Income	\$397 million	\$429 million
Non GAAP EPS	\$14.12	\$16.08

The Non-GAAP financial measures are described in the financial table captioned "Reconciliation of Non-GAAP Guidance."

## Company to Host Conference Call

The company will host a webcast today at 5:00 p.m. Eastern Time (2:00 p.m. Pacific Time) to report its second quarter fiscal 2022 results and provide various strategic and operational updates. The call can be accessed at FICO's web site at [www.fico.com/investors](http://www.fico.com/investors). A replay of the webcast will be available at our Past Events page through April 27, 2023.

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## **About FICO**

FICO (NYSE: FICO) powers decisions that help people and businesses around the world prosper. Founded in 1956, the company is a pioneer in the use of predictive analytics and data science to improve operational decisions. FICO holds more than 165 US and foreign patents on technologies that increase profitability, customer satisfaction and growth for businesses in financial services, telecommunications, health care, retail and many other industries. Using FICO solutions, businesses in more than 100 countries do everything from protecting 2.6 billion payment cards from fraud, to helping people get credit, to ensuring that millions of airplanes and rental cars are in the right place at the right time.

Learn more at <http://www.fico.com>

Join the conversation at <https://twitter.com/fico> & <http://www.fico.com/en/blogs/>

FICO is a registered trademark of Fair Isaac Corporation in the US and other countries.

### **Statement Concerning Forward-Looking Information**

Except for historical information contained herein, the statements contained in this news release that relate to FICO or its business 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 the impact of COVID-19 on macroeconomic conditions and FICO’s business, operations and personnel, the success of the Company’s business strategy and reengineering initiative, the maintenance of its existing relationships and ability to create new relationships with customers and key alliance partners, its ability to continue to develop new and enhanced products and services, its ability to recruit and retain key technical and managerial personnel, competition, the effects of, and any changes in, laws and regulations applicable to the Company's business or its customers, the failure to protect data privacy and security, the failure to realize the anticipated benefits of any acquisitions or divestitures, and material adverse developments in global economic conditions or in the markets we serve. Additional information on these risks and uncertainties and other factors that could affect FICO's future results are described from time to time in FICO's SEC reports, including its Annual Report on Form 10-K for the year ended September 30, 2021 and its subsequent filings with the SEC. If any of these risks or uncertainties materializes, FICO's results could differ materially from its expectations. Investors are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the date they are made. FICO disclaims any intent or obligation to update these forward-looking statements, whether as a result of new information, future events or otherwise.

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**FAIR ISAAC CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(In thousands)  
(Unaudited)

	<b>March 31, 2022</b>	<b>September 30, 2021</b>
<b>ASSETS:</b>		
Current assets:		
Cash and cash equivalents	\$ 174,219	\$ 195,354
Accounts receivable, net	273,356	312,107
Prepaid expenses and other current assets	34,634	43,513
Total current assets	482,209	550,974
Marketable securities and investments	32,592	33,196
Property and equipment, net	22,897	27,913
Operating lease right-of-use-assets	43,256	47,275
Goodwill and intangible assets, net	786,751	792,284
Other assets	118,780	116,134
	\$ 1,486,485	\$ 1,567,776
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT:</b>		
Current liabilities:		
Accounts payable and other accrued liabilities	\$ 88,456	\$ 100,284
Accrued compensation and employee benefits	61,825	103,506
Deferred revenue	102,481	105,417
Current maturities on debt	130,000	250,000
Total current liabilities	382,762	559,207
Long-term debt	1,664,674	1,009,018
Operating lease liabilities	47,362	53,670
Other liabilities	55,103	56,823
Total liabilities	2,149,901	1,678,718
Stockholders' deficit	(663,416)	(110,942)
	\$ 1,486,485	\$ 1,567,776



**FAIR ISAAC CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
(In thousands, except per share data)  
(Unaudited)

	Quarter Ended March 31,		Six Months Ended March 31,	
	2022	2021	2022	2021
Revenues:				
On-premises and SaaS software	\$ 149,088	\$ 125,551	\$ 275,426	\$ 252,006
Professional services	24,365	37,091	50,901	78,399
Scores	183,742	168,719	353,229	313,370
Total revenues	<u>357,195</u>	<u>331,361</u>	<u>679,556</u>	<u>643,775</u>
Operating expenses:				
Cost of revenues	71,794	88,333	140,997	177,861
Research & development	36,387	43,612	75,367	84,263
Selling, general and administrative	96,414	97,272	194,462	191,183
Amortization of intangible assets	543	945	1,087	1,882
Gains on product line asset sales and business divestiture	-	-	-	(7,334)
Total operating expenses	<u>205,138</u>	<u>230,162</u>	<u>411,913</u>	<u>447,855</u>
Operating income	<u>152,057</u>	<u>101,199</u>	<u>267,643</u>	<u>195,920</u>
Other expense, net	<u>(19,572)</u>	<u>(9,375)</u>	<u>(30,338)</u>	<u>(16,136)</u>
Income before income taxes	<u>132,485</u>	<u>91,824</u>	<u>237,305</u>	<u>179,784</u>
Provision for income taxes	<u>28,102</u>	<u>23,150</u>	<u>47,963</u>	<u>24,618</u>
Net income	<u>\$ 104,383</u>	<u>\$ 68,674</u>	<u>\$ 189,342</u>	<u>\$ 155,166</u>
Basic earnings per share:	<u>\$ 3.99</u>	<u>\$ 2.36</u>	<u>\$ 7.10</u>	<u>\$ 5.33</u>
Diluted earnings per share:	<u>\$ 3.95</u>	<u>\$ 2.33</u>	<u>\$ 7.02</u>	<u>\$ 5.23</u>
Shares used in computing earnings per share:				
Basic	<u>26,145</u>	<u>29,087</u>	<u>26,662</u>	<u>29,107</u>
Diluted	<u>26,421</u>	<u>29,531</u>	<u>26,978</u>	<u>29,660</u>

**FAIR ISAAC CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In thousands)  
(Unaudited)

	<b>Six Months Ended</b>	
	<b>March 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 189,342	\$ 155,166
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	10,656	13,701
Share-based compensation	57,814	53,338
Changes in operating assets and liabilities	(25,523)	11,188
Other, net	15,195	(1,923)
Net cash provided by operating activities	247,484	231,470
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(3,293)	(4,220)
Net activity from marketable securities	(2,628)	(2,115)
Proceeds from product line asset sales and business divestiture	2,257	8,291
Other, net	-	(210)
Net cash provided by (used in) investing activities	(3,664)	1,746
<b>Cash flows from financing activities:</b>		
Proceeds from revolving line of credit and term loan	800,000	251,000
Payments on revolving line of credit and term loan	(806,750)	(121,000)
Proceeds from issuance of senior notes	550,000	-
Proceeds from issuance of treasury stock under employee stock plans	11,117	10,390
Taxes paid related to net share settlement of equity awards	(47,849)	(86,653)
Repurchases of common stock	(760,861)	(250,356)
Other, net	(8,819)	(176)
Net cash used in financing activities	(263,162)	(196,795)
<b>Effect of exchange rate changes on cash</b>	(1,793)	4,021
Increase (decrease) in cash and cash equivalents	(21,135)	40,442
Cash and cash equivalents, beginning of period	195,354	157,394
Cash and cash equivalents, end of period	\$ 174,219	\$ 197,836

**FAIR ISAAC CORPORATION**  
**NON-GAAP RESULTS**  
(In thousands, except per share data)  
(Unaudited)

	Quarter Ended March 31,		Six Months Ended March 31,	
	2022	2021	2022	2021
GAAP net income	\$ 104,383	\$ 68,674	\$ 189,342	\$ 155,166
Amortization of intangible assets	543	945	1,087	1,882
Gains on product line asset sales and business divestiture	-	-	-	(7,334)
Stock-based compensation expense	27,936	28,206	57,814	53,338
Income tax adjustments	(6,677)	(7,271)	(14,170)	(11,757)
Excess tax benefit	(2,495)	(329)	(8,452)	(19,512)
Non-GAAP net income	<u>\$ 123,690</u>	<u>\$ 90,225</u>	<u>\$ 225,621</u>	<u>\$ 171,783</u>
GAAP diluted earnings per share	\$ 3.95	\$ 2.33	\$ 7.02	\$ 5.23
Amortization of intangible assets	0.02	0.03	0.04	0.06
Gains on product line asset sales and business divestiture	-	-	-	(0.25)
Stock-based compensation expense	1.06	0.96	2.14	1.80
Income tax adjustments	(0.25)	(0.25)	(0.53)	(0.40)
Excess tax benefit	(0.09)	(0.01)	(0.31)	(0.66)
Non-GAAP diluted earnings per share	<u>\$ 4.68</u>	<u>\$ 3.06</u>	<u>\$ 8.36</u>	<u>\$ 5.79</u>
Free cash flow				
Net cash provided by operating activities	\$ 122,603	\$ 153,523	\$ 247,484	\$ 231,470
Capital expenditures	(2,398)	(1,175)	(3,293)	(4,220)
Free cash flow	<u>\$ 120,205</u>	<u>\$ 152,348</u>	<u>\$ 244,191</u>	<u>\$ 227,250</u>

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

**About Non-GAAP Financial Measures**

To supplement the consolidated GAAP financial statements, the company uses the following non-GAAP financial measures: non-GAAP net income, non-GAAP EPS, and free cash flow. Non-GAAP net income and non-GAAP EPS exclude the impact of amortization expense, share-based compensation expense, restructuring and acquisition-related, excess tax benefit, and adjustment to tax valuation allowance items. Free cash flow excludes capital expenditures and dividends paid. The presentation of these financial measures is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP.

Management uses these non-GAAP financial measures for financial and operational decision-making and as a means to evaluate period-to-period comparisons. Our management believes these non-GAAP financial measures provide meaningful supplemental information regarding our performance and liquidity by excluding certain items that may not be indicative of recurring business results including significant non-cash expenses. We believe management and investors benefit from referring to these non-GAAP financial measures in assessing our performance when planning, forecasting and analyzing future periods. These non-GAAP financial measures also facilitate management's internal comparisons to historical performance and liquidity as well as comparisons to our competitors' operating results. We believe these non-GAAP financial measures are useful to investors because they allow for greater transparency with respect to key measures used by management in its financial and operating decision-making.

**FAIR ISAAC CORPORATION**  
**RECONCILIATION OF NON-GAAP GUIDANCE**  
(In millions, except per share data)  
(Unaudited)

	Previous Fiscal 2022 Guidance	Updated Fiscal 2022 Guidance
GAAP net income	\$ 318	350
Amortization of intangible assets	2	2
Stock-based compensation expense	115	115
Income tax adjustments	(30)	(30)
Excess tax benefit	(8)	(8)
Non-GAAP net income	<u>\$ 397</u>	<u>\$ 429</u>
GAAP diluted earnings per share	\$ 11.29	\$ 13.11
Amortization of intangible assets	0.07	0.08
Stock-based compensation expense	4.09	4.31
Income tax adjustments	(1.06)	(1.12)
Excess tax benefit	(0.28)	(0.29)
Non-GAAP diluted earnings per share	<u>\$ 14.12</u>	<u>\$ 16.08</u>

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

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