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

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2023

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

Commission File Number 1-11689

Fair Isaac Corporation

(Exact name of registrant as specified in its charter)

Delaware	**94-1499887**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
5 West Mendenhall, Suite 105 Bozeman, Montana	**59715**
(Address of principal executive offices)	**(Zip Code)**

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

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 (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☒ No

The number of shares of common stock outstanding on July 21, 2023 was 24,857,214 (excluding 63,999,569 shares held by us as treasury stock).

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PART I – FINANCIAL INFORMATION

Item 1. ***Unaudited Financial Statements***

FAIR ISAAC CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	June 30, 2023	September 30, 2022
	(In thousands, except par value data)	
Assets		
Current assets:		
Cash and cash equivalents	163,022	133,202
Accounts receivable, net	384,024	322,410
Prepaid expenses and other current assets	27,965	29,103
Total current assets	575,011	484,715
Marketable securities	32,047	24,515
Other investments	1,253	1,135
Property and equipment, net	11,799	17,580
Operating lease right-of-use assets	26,597	36,688
Goodwill	776,620	761,067
Intangible assets, net	1,192	2,017
Deferred income taxes	50,101	11,803
Other assets	109,949	102,514
Total assets	$ 1,584,569	$ 1,442,034
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	16,787	$ 17,273
Accrued compensation and employee benefits	83,546	97,893
Other accrued liabilities	50,314	66,248
Deferred revenue	127,299	120,045
Current maturities on debt	115,000	30,000
Total current liabilities	392,946	331,459
Long-term debt	1,814,660	1,823,669
Operating lease liabilities	24,619	39,192
Other liabilities	56,320	49,661
Total liabilities	2,288,545	2,243,981
Commitments and contingencies		
Stockholders' deficit:		
Preferred stock ($0.01 par value; 1,000 shares authorized; none issued and outstanding)	—	—
Common stock ($0.01 par value; 200,000 shares authorized, 88,857 shares issued and 24,892 and 25,154 shares outstanding at June 30, 2023 and September 30, 2022, respectively)	249	252
Additional paid-in-capital	1,312,390	1,299,588
Treasury stock, at cost (63,965 and 63,703 shares at June 30, 2023 and September 30, 2022, respectively)	(5,208,553)	(4,935,769)
Retained earnings	3,286,635	2,958,684
Accumulated other comprehensive loss	(94,697)	(124,702)
Total stockholders' deficit	(703,976)	(801,947)
Total liabilities and stockholders' deficit	$ 1,584,569	$ 1,442,034

See accompanying notes.

FAIR ISAAC CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(Unaudited)

	Quarter Ended June 30,		Nine Months Ended June 30,	
	2023	2022	2023	2022
	(In thousands, except per share data)			
Revenues:				
On-premises and SaaS software	$ 172,059	$ 142,537	$ 471,203	$ 417,963
Professional services	24,851	27,074	74,348	77,975
Scores	201,778	179,355	578,273	532,584
Total revenues	398,688	348,966	1,123,824	1,028,522
Operating expenses:				
Cost of revenues	71,846	78,691	228,221	219,688
Research and development	41,455	35,880	118,354	111,247
Selling, general and administrative	108,081	93,248	301,234	287,710
Amortization of intangible assets	275	532	825	1,619
Gain on product line asset sale	—	—	(1,941)	—
Total operating expenses	221,657	208,351	646,693	620,264
Operating income	177,031	140,615	477,131	408,258
Interest expense, net	(24,545)	(18,721)	(71,242)	(48,127)
Other income (expense), net	5,301	(1,000)	7,270	(1,932)
Income before income taxes	157,787	120,894	413,159	358,199
Provision for income taxes	29,029	27,394	85,208	75,357
Net income	128,758	93,500	327,951	282,842
Other comprehensive income (loss):				
Foreign currency translation adjustments	5,072	(22,496)	30,005	(27,841)
Comprehensive income	$ 133,830	$ 71,004	$ 357,956	$ 255,001
Earnings per share:				
Basic	$ 5.16	$ 3.65	$ 13.10	$ 10.75
Diluted	$ 5.08	$ 3.61	$ 12.91	$ 10.63
Shares used in computing earnings per share:				
Basic	24,959	25,634	25,040	26,319
Diluted	25,337	25,867	25,399	26,608

See accompanying notes.

FAIR ISAAC CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
(Unaudited)

(In thousands)	Common Stock Shares	Common Stock Par Value	Additional Paid-in-Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Deficit
Balance at March 31, 2023	25,016	$ 250	$ 1,281,270	$ (5,110,421)	$ 3,157,877	$ (99,769)	$ (770,793)
Share-based compensation	—	—	32,995	—	—	—	32,995
Issuance of treasury stock under employee stock plans	6	—	(1,875)	502	—	—	(1,373)
Repurchases of common stock	(130)	(1)	—	(98,634)	—	—	(98,635)
Net income	—	—	—	—	128,758	—	128,758
Foreign currency translation adjustments	—	—	—	—	—	5,072	5,072
Balance at June 30, 2023	24,892	$ 249	$ 1,312,390	$ (5,208,553)	$ 3,286,635	$ (94,697)	$ (703,976)

(In thousands)	Common Stock Shares	Common Stock Par Value	Additional Paid-in-Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Deficit
Balance at March 31, 2022	25,982	$ 260	$ 1,242,280	$ (4,599,242)	$ 2,774,485	$ (81,199)	$ (663,416)
Share-based compensation	—	—	28,549	—	—	—	28,549
Issuance of treasury stock under employee stock plans	5	1	(1,540)	361	—	—	(1,178)
Repurchases of common stock	(735)	(8)	—	(282,423)	—	—	(282,431)
Net income	—	—	—	—	93,500	—	93,500
Foreign currency translation adjustments	—	—	—	—	—	(22,496)	(22,496)
Balance at June 30, 2022	25,252	$ 253	$ 1,269,289	$ (4,881,304)	$ 2,867,985	$ (103,695)	$ (847,472)

(In thousands)	Common Stock Shares	Common Stock Par Value	Additional Paid-in-Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Deficit
Balance at September 30, 2022	25,154	$ 252	$ 1,299,588	$ (4,935,769)	$ 2,958,684	$ (124,702)	$ (801,947)
Share-based compensation	—	—	89,750	—	—	—	89,750
Issuance of treasury stock under employee stock plans	218	2	(76,948)	17,117	—	—	(59,829)
Repurchases of common stock	(480)	(5)	—	(289,901)	—	—	(289,906)
Net income	—	—	—	—	327,951	—	327,951
Foreign currency translation adjustments	—	—	—	—	—	30,005	30,005
Balance at June 30, 2023	24,892	$ 249	$ 1,312,390	$ (5,208,553)	$ 3,286,635	$ (94,697)	$ (703,976)

(In thousands)	Common Stock Shares	Common Stock Par Value	Additional Paid-in-Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance at September 30, 2021	27,568	$ 276	$ 1,237,348	$ (3,857,855)	$ 2,585,143	$ (75,854)	$ (110,942)
Share-based compensation	—	—	86,363	—	—	—	86,363
Issuance of treasury stock under employee stock plans	242	3	(54,422)	16,509	—	—	(37,910)
Repurchases of common stock	(2,558)	(26)	—	(1,039,958)	—	—	(1,039,984)
Net income	—	—	—	—	282,842	—	282,842
Foreign currency translation adjustments	—	—	—	—	—	(27,841)	(27,841)
Balance at June 30, 2022	25,252	$ 253	$ 1,269,289	$ (4,881,304)	$ 2,867,985	$ (103,695)	$ (847,472)

See accompanying notes.

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

	Nine Months Ended June 30,	
	2023	2022
	(In thousands)	
Cash flows from operating activities:		
Net income	$ 327,951	$ 282,842
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	11,642	15,819
Share-based compensation	89,750	86,363
Deferred income taxes	(37,795)	1,825
Net (gain) loss on marketable securities	(3,854)	7,985
Non-cash operating lease costs	11,215	12,094
Provision for doubtful accounts	1,106	975
Gain on product line asset sale	(1,941)	—
Net loss on sales and abandonment of property and equipment	555	210
Changes in operating assets and liabilities:		
Accounts receivable	(65,005)	12,134
Prepaid expenses and other assets	(1,487)	4,945
Accounts payable	(62)	(2,978)
Accrued compensation and employee benefits	(14,931)	(22,355)
Other liabilities	(20,242)	(33,166)
Deferred revenue	7,964	(2,069)
Net cash provided by operating activities	304,866	364,624
Cash flows from investing activities:		
Purchases of property and equipment	(3,169)	(5,232)
Proceeds from sales of marketable securities	4,969	6,575
Purchases of marketable securities	(8,648)	(8,022)
Proceeds from product line asset sales, net of cash transferred	(6,126)	2,257
Net cash used in investing activities	(12,974)	(4,422)
Cash flows from financing activities:		
Proceeds from revolving line of credit and term loan	339,000	1,010,000
Payments on revolving line of credit and term loan	(265,250)	(855,500)
Proceeds from issuance of senior notes	—	550,000
Payments on debt issuance costs	—	(8,819)
Proceeds from issuance of treasury stock under employee stock plans	15,615	11,117
Taxes paid related to net share settlement of equity awards	(75,443)	(49,027)
Repurchases of common stock	(285,158)	(1,048,027)
Net cash used in financing activities	(271,236)	(390,256)
Effect of exchange rate changes on cash	9,164	(10,238)
Increase (decrease) in cash and cash equivalents	29,820	(40,292)
Cash and cash equivalents, beginning of period	133,202	195,354
Cash and cash equivalents, end of period	$ 163,022	$ 155,062
Supplemental disclosures of cash flow information:		
Cash paid for income taxes, net of refunds of $567 and $1,021 during the nine-month periods ended June 30, 2023 and 2022, respectively	$ 107,081	$ 45,984
Cash paid for interest	$ 86,122	$ 52,058
Supplemental disclosures of non-cash investing and financing activities:		
Purchase of property and equipment included in accounts payable	$ 53	$ 11
Unsettled repurchases of common stock	$ 4,748	$ —

See accompanying notes.

FAIR ISAAC CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Nature of Business

Fair Isaac Corporation

Fair Isaac Corporation (NYSE: FICO) (together with its consolidated subsidiaries, the “Company,” which may also be referred to in this report as “we,” “us,” “our,” or “FICO”) is a leading applied analytics company. We were founded in 1956 on the premise that data, used intelligently, can improve business decisions. Today, FICO’s software and the widely used FICO® Score operationalize analytics, enabling thousands of businesses in nearly 120 countries to uncover new opportunities, make timely decisions that matter, and execute them at scale. Most leading banks and credit card issuers rely on our solutions, as do insurers, retailers, telecommunications providers, automotive lenders, consumer reporting agencies, public agencies, and organizations in other industries. We also serve consumers through online services that enable people to access and understand their FICO® Scores — the standard measure in the U.S. of consumer credit risk — empowering them to increase financial literacy and manage their financial health.

Principles of Consolidation and Basis of Presentation

We have prepared the accompanying unaudited interim condensed consolidated financial statements in accordance with the instructions to Form 10-Q and the applicable accounting guidance. Consequently, we have not necessarily included all information and footnotes required for audited financial statements. In our opinion, the accompanying unaudited interim condensed consolidated financial statements reflect all adjustments (consisting only of normal recurring adjustments, except as otherwise indicated) necessary for a fair presentation of our financial position and results of operations. These unaudited condensed consolidated financial statements and notes thereto should be read in conjunction with our audited consolidated financial statements and notes thereto presented in our Annual Report on Form 10-K for the fiscal year ended September 30, 2022. The interim financial information contained in this report is not necessarily indicative of the results to be expected for any other interim period or for the entire fiscal year.

The condensed consolidated financial statements include the accounts of FICO and its subsidiaries. All intercompany accounts and transactions have been eliminated.

Use of Estimates

We make estimates and assumptions that affect the amounts reported in the financial statements and the disclosures made in the accompanying notes. For example, we use estimates in determining the appropriate levels of various accruals; variable considerations included in the transaction price and standalone selling price of each performance obligation for our customer contracts; labor hours in connection with fixed-fee service contracts; the amount of our tax provision; and the realizability of deferred tax assets. We also use estimates in determining the remaining economic lives and carrying values of acquired intangible assets, property and equipment, and other long-lived assets. In addition, we use assumptions to estimate the fair value of reporting units and share-based compensation. Actual results may differ from our estimates.

New Accounting Pronouncements

Recent Accounting Pronouncements Not Yet Adopted

In October 2021, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2021-08, “*Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*” (“ASU 2021-08”). ASU 2021-08 requires an acquirer in a business combination to recognize and measure contract assets and contract liabilities from acquired contracts using the revenue recognition guidance under Accounting Standards Codification Topic 606, *Revenue from Contacts with Customers*, in order to align the recognition of a contract liability with the definition of a performance obligation. The standard is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, which means that it will be effective for our fiscal year beginning October 1, 2023. Early adoption is permitted. We do not believe that adoption of ASU 2021-08 will have a significant impact on our condensed consolidated financial statements.

We do not expect that any other recently issued accounting pronouncements will have a significant effect on our financial statements.

2. Fair Value Measurements

Fair value is defined as the price that would be received from the sale of an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The accounting guidance establishes a three-level hierarchy for disclosure that is based on the extent and level of judgment used to estimate the fair value of assets and liabilities.

- Level 1 — uses unadjusted quoted prices that are available in active markets for identical assets or liabilities. Our Level 1 assets were comprised of money market funds and certain marketable securities and our Level 1 liabilities included senior notes as of June 30, 2023 and September 30, 2022.
- Level 2 — uses inputs other than quoted prices included in Level 1 that are either directly or indirectly observable through correlation with market data. These include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and inputs to valuation models or other pricing methodologies that do not require significant judgment because the inputs used in the model, such as interest rates and volatility, can be corroborated by readily observable market data. We did not have any assets or liabilities that are valued using inputs identified under a Level 2 hierarchy as of June 30, 2023 and September 30, 2022.
- Level 3 — uses one or more significant inputs that are unobservable and supported by little or no market activity, and that reflect the use of significant management judgment. Level 3 assets and liabilities include those whose fair value measurements are determined using pricing models, discounted cash flow methodologies or similar valuation techniques, and significant management judgment or estimation. We did not have any assets or liabilities that are valued using inputs identified under a Level 3 hierarchy as of June 30, 2023 and September 30, 2022.

The following tables represent financial assets that we measured at fair value on a recurring basis at June 30, 2023 and September 30, 2022:

June 30, 2023	**Active Markets for Identical Instruments (Level 1)**	**Fair Value as of June 30, 2023**
	(In thousands)	
Assets:		
Cash equivalents (1)	$ 27,803	$ 27,803
Marketable securities (2)	32,047	32,047
Total	$ 59,850	$ 59,850

September 30, 2022	**Active Markets for Identical Instruments (Level 1)**	**Fair Value as of September 30, 2022**
	(In thousands)	
Assets:		
Cash equivalents (1)	$ 19,314	$ 19,314
Marketable securities (2)	24,515	24,515
Total	$ 43,829	$ 43,829

(1) Included in cash and cash equivalents on our condensed consolidated balance sheets at June 30, 2023 and September 30, 2022. Not included in these tables are cash deposits of $135.2 million and $113.9 million at June 30, 2023 and September 30, 2022, respectively.

(2) Represents securities held under a supplemental retirement and savings plan for certain officers and senior management employees, which are distributed upon termination or retirement of the employees. Included in marketable securities on our condensed consolidated balance sheets at June 30, 2023 and September 30, 2022.

See Note 7 for the fair value of our senior notes.

There were no transfers between Level 1, Level 2, and Level 3 of the fair value hierarchy during the quarters and nine-month periods ended June 30, 2023 and 2022.

3. Derivative Financial Instruments

We use derivative instruments to manage risks caused by fluctuations in foreign exchange rates. The primary objective of our derivative instruments is to protect the value of foreign-currency-denominated receivable and cash balances from the effects of volatility in foreign exchange rates that might occur prior to conversion to their functional currencies. We principally utilize foreign currency forward contracts, which enable us to buy and sell foreign currencies in the future at fixed exchange rates and economically offset changes in foreign exchange rates. We routinely enter into contracts to offset exposures denominated in the British pound, Euro, and Singapore dollar.

Foreign currency-denominated receivable and cash balances are remeasured at foreign exchange rates in effect on the balance sheet date with the effects of changes in foreign exchange rates reported in other income (expense), net. The forward contracts are not designated as hedges and are marked to market through other income (expense), net. Fair value changes in the forward contracts help mitigate the changes in the value of the remeasured receivable and cash balances attributable to changes in foreign exchange rates. The forward contracts are short-term in nature and typically have average maturities at inception of less than three months.

The following tables summarize our outstanding foreign currency forward contracts, by currency, at June 30, 2023 and September 30, 2022:

	June 30, 2023			
	Contract Amount			Fair Value
	Foreign Currency		USD	USD
	(In thousands)			
Sell foreign currency:				
Euro (EUR)	EUR	11,000	$ 11,942	$ —
Buy foreign currency:				
British pound (GBP)	GBP	13,212	$ 16,700	$ —
Singapore dollar (SGD)	SGD	4,733	$ 3,500	$ —

	September 30, 2022			
	Contract Amount			Fair Value
	Foreign Currency		USD	USD
	(In thousands)			
Sell foreign currency:				
Euro (EUR)	EUR	13,500	$ 13,158	$ —
Buy foreign currency:				
British pound (GBP)	GBP	11,848	$ 13,100	$ —
Singapore dollar (SGD)	SGD	6,169	$ 4,300	$ —

The foreign currency forward contracts were entered into on June 30, 2023 and September 30, 2022; therefore, their fair value was $0 on each of these dates.

Gains (losses) on derivative financial instruments were recorded in our condensed consolidated statements of income and comprehensive income as a component of other income (expense), net, and consisted of the following:

	Quarter Ended June 30,		Nine Months Ended June 30,	
	2023	2022	2023	2022
	(In thousands)			
Gains (losses) on foreign currency forward contracts	$ 494	$ (1,272)	$ 2,107	$ (1,286)

4. Goodwill and Intangible Assets

Amortization expense associated with our intangible assets is reflected as a separate operating expense caption — amortization of intangible assets — and is excluded from cost of revenues and selling, general and administrative expenses within the accompanying condensed consolidated statements of income and comprehensive income. Amortization expense consisted of the following:

	Quarter Ended June 30,		Nine Months Ended June 30,	
	2023	2022	2023	2022
	(In thousands)			
Completed technology	$ 125	$ 125	$ 375	$ 375
Customer contracts and relationships	150	407	450	1,244
Total	$ 275	$ 532	$ 825	$ 1,619

Estimated future intangible asset amortization expense associated with intangible assets existing at June 30, 2023 was as follows:

Year Ending September 30,	(In thousands)
2023 (excluding the nine months ended June 30, 2023)	$ 275
2024	917
Total	$ 1,192

The following table summarizes changes to goodwill during the nine months ended June 30, 2023, both in total and as allocated to our segments. We have not recognized any goodwill impairment losses to date.

	Scores	Software	Total
	(In thousands)		
Balance at September 30, 2022	$ 146,648	$ 614,419	$ 761,067
Foreign currency translation adjustment	—	15,553	15,553
Balance at June 30, 2023	$ 146,648	$ 629,972	$ 776,620

5. Composition of Certain Financial Statement Captions

The following table presents the composition of property and equipment, net and other accrued liabilities at June 30, 2023 and September 30, 2022:

	June 30, 2023	September 30, 2022
	(In thousands)	
Property and equipment, net:		
Property and equipment	$ 101,747	$ 112,411
Less: accumulated depreciation and amortization	(89,948)	(94,831)
Total	$ 11,799	$ 17,580
Other accrued liabilities:		
Interest payable	$ 6,769	$ 21,314
Current operating leases	17,713	19,369
Other	25,832	25,565
Total	$ 50,314	$ 66,248

6. Revolving Line of Credit and Term Loan

We have a $600 million unsecured revolving line of credit and a $300 million unsecured term loan with a syndicate of banks that mature on August 19, 2026. Borrowings under the revolving line of credit and term loan can be used for working capital and general corporate purposes and may also be used for the refinancing of existing debt, acquisitions, and the repurchase of our common stock. The term loan requires principal payments in consecutive quarterly installments of $3.75 million on the last business day of each quarter. In November 2022, we amended our credit agreement to replace the LIBOR reference rate with the Secured Overnight Financing Rate (“SOFR”) reference rate. Interest rates on amounts borrowed under the revolving line of credit and term loan are based on (i) an adjusted base rate, which is the greatest of (a) the prime rate, (b) the Federal Funds rate plus 0.5%, and (c) one-month adjusted term SOFR rate plus 1%, plus, in each case, an applicable margin, or (ii) an adjusted term SOFR rate plus an applicable margin. The applicable margin for base rate borrowings and for SOFR borrowings is determined based on our consolidated leverage ratio. The applicable margin for base rate borrowings ranges from 0% to 0.75% per annum and for SOFR borrowings ranges from 1% to 1.75% per annum. In addition, we must pay certain credit facility fees. The revolving line of credit and term loan contain certain restrictive covenants including a maximum consolidated leverage ratio of 3.5 to 1.0, subject to a step up to 4.0 to 1.0 following certain permitted acquisitions and subject to certain conditions, and a minimum interest coverage ratio of 3.0 to 1.0. The credit agreement also contains other covenants typical of unsecured credit facilities.

As of June 30, 2023, we had $365.0 million in borrowings outstanding under the revolving line of credit at a weighted-average interest rate of 6.723%, and $277.5 million in outstanding balance of the term loan at an interest rate of 6.830%, of which $527.5 million was classified as a long-term liability and recorded in long-term debt within the accompanying condensed consolidated balance sheets. We were in compliance with all financial covenants under this credit agreement as of June 30, 2023.

7. Senior Notes

On May 8, 2018, we issued $400 million of senior notes in a private offering to qualified institutional investors (the “2018 Senior Notes”). The 2018 Senior Notes require interest payments semi-annually at a rate of 5.25% per annum and will mature on May 15, 2026.

On December 6, 2019, we issued $350 million of senior notes in a private offering to qualified institutional investors (the “2019 Senior Notes”). The 2019 Senior Notes require interest payments semi-annually at a rate of 4.00% per annum and will mature on June 15, 2028.

On December 17, 2021, we issued $550 million of additional senior notes of the same class as the 2019 Senior Notes in a private offering to qualified institutional investors (the “2021 Senior Notes,” and collectively with the 2018 Senior Notes and the 2019 Senior Notes, the “Senior Notes”). The 2021 Senior Notes require interest payments semi-annually at a rate of 4.00% per annum and will mature on June 15, 2028, the same date as the 2019 Senior Notes.

The indentures for the Senior Notes contain certain covenants typical of unsecured obligations and we were in compliance as of June 30, 2023.

The following table presents the face values and fair values for the Senior Notes at June 30, 2023 and September 30, 2022:

	June 30, 2023		September 30, 2022	
	Face Value (*)	Fair Value	Face Value (*)	Fair Value
	(In thousands)			
The 2018 Senior Notes	$ 400,000	$ 391,000	$ 400,000	$ 381,500
The 2019 Senior Notes and the 2021 Senior Notes	900,000	819,000	900,000	767,250
Total	$ 1,300,000	$ 1,210,000	$ 1,300,000	$ 1,148,750

(*) The carrying value of the Senior Notes was the face value reduced by the net debt issuance costs of $12.2 million and $14.3 million at June 30, 2023 and September 30, 2022, respectively.

8. Revenue from Contracts with Customers

Disaggregation of Revenue

The following tables provide information about disaggregated revenue by primary geographical market:

	Quarter Ended June 30, 2023			
	Scores	Software	Total	Percentage
	(Dollars in thousands)			
Americas	$ 199,948	$ 145,451	$ 345,399	87 %
Europe, Middle East and Africa	1,486	31,267	32,753	8 %
Asia Pacific	344	20,192	20,536	5 %
Total	$ 201,778	$ 196,910	$ 398,688	100 %

	Quarter Ended June 30, 2022			
	Scores	Software	Total	Percentage
	(Dollars in thousands)			
Americas	$ 177,892	$ 115,331	$ 293,223	84 %
Europe, Middle East and Africa	1,051	36,324	37,375	11 %
Asia Pacific	412	17,956	18,368	5 %
Total	$ 179,355	$ 169,611	$ 348,966	100 %

	Nine Months Ended June 30, 2023			
	Scores	Software	Total	Percentage
	(Dollars in thousands)			
Americas	$ 570,284	$ 384,545	$ 954,829	85 %
Europe, Middle East and Africa	3,988	102,458	106,446	9 %
Asia Pacific	4,001	58,548	62,549	6 %
Total	$ 578,273	$ 545,551	$ 1,123,824	100 %

	Nine Months Ended June 30, 2022			
	Scores	Software	Total	Percentage
	(Dollars in thousands)			
Americas	$ 518,695	$ 319,180	$ 837,875	81 %
Europe, Middle East and Africa	3,796	107,850	111,646	11 %
Asia Pacific	10,093	68,908	79,001	8 %
Total	$ 532,584	$ 495,938	$ 1,028,522	100 %

The following table provides information about disaggregated revenue for our Software segment by deployment method:

	Quarter Ended June 30,		Percentage of revenues		Nine Months Ended June 30,		Percentage of revenues	
	2023	2022	2023	2022	2023	2022	2023	2022
	(Dollars in thousands)							
On-premises software	$ 80,770	$ 70,689	47 %	50 %	$ 219,165	$ 205,943	47 %	49 %
SaaS software	91,289	71,848	53 %	50 %	252,038	212,020	53 %	51 %
Total on-premises and SaaS software	$ 172,059	$ 142,537	100 %	100 %	$ 471,203	$ 417,963	100 %	100 %

The following table provides information about disaggregated revenue for our Software segment by product features:

	Quarter Ended June 30,		Percentage of revenues		Nine Months Ended June 30,		Percentage of revenues	
	2023	2022	2023	2022	2023	2022	2023	2022
	(Dollars in thousands)							
Platform software (*)	$ 40,317	$ 27,806	23 %	20 %	$ 109,827	$ 89,680	23 %	21 %
Non-platform software	131,742	114,731	77 %	80 %	361,376	328,283	77 %	79 %
Total on-premises and SaaS software	$ 172,059	$ 142,537	100 %	100 %	$ 471,203	$ 417,963	100 %	100 %

(*) FICO platform software is a set of interoperable capabilities which use software assets owned and/or governed by FICO for building solutions and services which conform to FICO architectural standards based on key elements of Cloud Native Computing design principles. These standards encompass shared security context and access using FICO standard application programming interfaces.

The following table provides information about disaggregated revenue for our Software segment by timing of revenue recognition:

	Quarter Ended June 30,		Percentage of revenues		Nine Months Ended June 30,		Percentage of revenues	
	2023	2022	2023	2022	2023	2022	2023	2022
	(Dollars in thousands)							
Software recognized at a point in time (1)	$ 25,077	$ 19,869	15 %	14 %	$ 56,073	$ 53,568	12 %	13 %
Software recognized over contract term (2)	146,982	122,668	85 %	86 %	415,130	364,395	88 %	87 %
Total on-premises and SaaS software	$ 172,059	$ 142,537	100 %	100 %	$ 471,203	$ 417,963	100 %	100 %

(1) Includes license portion of our on-premises subscription software and perpetual license, both of which are recognized when the software is made available to the customer, or at the start of the subscription.

(2) Includes maintenance portion and usage-based fees of our on-premises subscription software, maintenance revenue on perpetual licenses, as well as SaaS revenue.

The following table provides information about disaggregated revenue for our Scores segment by distribution method:

	Quarter Ended June 30,		Percentage of revenues		Nine Months Ended June 30,		Percentage of revenues	
	2023	2022	2023	2022	2023	2022	2023	2022
	(Dollars in thousands)							
Business-to-business Scores	$ 148,128	$ 119,010	73 %	66 %	$ 417,907	$ 357,221	72 %	67 %
Business-to-consumer Scores	53,650	60,345	27 %	34 %	160,366	175,363	28 %	33 %
Total	$ 201,778	$ 179,355	100 %	100 %	$ 578,273	$ 532,584	100 %	100 %

We derive a substantial portion of revenues from our contracts with the three major consumer reporting agencies, TransUnion, Equifax and Experian. Revenues collectively generated by agreements with these customers accounted for 42% and 41% of our total revenues in the quarters ended June 30, 2023 and 2022, respectively, with all three consumer reporting agencies each contributing more than 10% of our total revenues in each of the quarters ended June 30, 2023 and 2022. Revenues collectively generated by agreements with these customers accounted for 40% and 39% of our total revenues in the nine months ended June 30, 2023 and 2022, respectively, with three and two consumer reporting agencies each contributing more than 10% of our total revenues in the nine months ended June 30, 2023 and 2022, respectively.

Contract Balances

We record a receivable when we satisfy a performance obligation prior to invoicing if only the passage of time is required before payment is due or if we have an unconditional right to consideration before we satisfy a performance obligation. We record a contract asset when we satisfy a performance obligation prior to invoicing but our right to consideration is conditional. We record deferred revenue when the payment is made or due before we satisfy a performance obligation.

Receivables at June 30, 2023 and September 30, 2022 consisted of the following:

	June 30, 2023	September 30, 2022
	(In thousands)	
Billed	$ 235,564	$ 203,351
Unbilled	201,296	165,386
	436,860	368,737
Less: allowance for doubtful accounts	(4,941)	(4,218)
Net receivables	431,919	364,519
Less: long-term receivables (*)	(47,895)	(42,109)
Short-term receivables (*)	$ 384,024	$ 322,410

(*) Short-term receivables and long-term receivables were recorded in accounts receivable, net and other assets, respectively, within the accompanying condensed consolidated balance sheets.

Deferred revenue primarily relates to our maintenance and SaaS contracts billed annually in advance and generally recognized ratably over the term of the service period. Significant changes in the deferred revenues balances are as follows:

	Nine Months Ended June 30, 2023
	(In thousands)
Deferred revenues, beginning balance (*)	$ 126,560
Revenue recognized that was included in the deferred revenues balance at the beginning of the period	(104,904)
Increases due to billings, excluding amounts recognized as revenue during the period	112,457
Deferred revenues, ending balance (*)	$ 134,113

(*) Deferred revenues at June 30, 2023 included current portion of $127.3 million and long-term portion of $6.8 million that were recorded in deferred revenue and other liabilities, respectively, within the condensed consolidated balance sheets. Deferred revenues at September 30, 2022 included current portion of $120.0 million and long-term portion of $6.6 million that were recorded in deferred revenue and other liabilities, respectively, within the condensed consolidated balance sheets.

Payment terms and conditions vary by contract type, although terms generally include a requirement of payment within 30 to 60 days. In instances where the timing of revenue recognition differs from the timing of invoicing, we have determined our contracts generally do not include a significant financing component. The primary purpose of our invoicing terms is to provide customers with simplified and predictable ways of purchasing our products and services, not to provide customers with financing or to receive financing from our customers. Examples include multi-year on-premises licenses that are invoiced annually with revenue recognized upfront and invoicing at the beginning of a subscription term with revenue recognized ratably over the contract period.

Performance Obligations

Revenue allocated to remaining performance obligations represents contracted revenue that will be recognized in future periods, which is comprised of deferred revenue and amounts that will be invoiced and recognized as revenue in future periods. This does not include:

- Usage-based revenue that will be recognized in future periods from on-premises software subscriptions;
- Consumption-based variable fees from SaaS software that will be recognized in the distinct service period during which it is earned; and
- Revenue from variable considerations that will be recognized in accordance with the “right-to-invoice” practical expedient, such as fees from our professional services billed based on a time and materials basis.

Revenue allocated to remaining performance obligations was $428.7 million as of June 30, 2023, approximately 51% of which we expect to recognize over the next 16 months and the remainder thereafter. Revenue allocated to remaining performance obligations was $357.4 million as of September 30, 2022.

9. Income Taxes

Effective Tax Rate

The effective income tax rate was 18.4% and 22.7% during the quarters ended June 30, 2023 and 2022, respectively, and 20.6% and 21.0% during the nine months ended June 30, 2023 and 2022, respectively. The provision for income taxes during interim quarterly reporting periods is based on our estimates of the effective tax rates for the full fiscal year. The effective tax rate in any quarter can also be affected positively or negatively by adjustments that are required to be reported in the specific quarter of resolution.

A provision enacted as part of the 2017 Tax Cuts and Jobs Act requires companies to capitalize research and experimental expenditures for tax purposes. The provision is effective for fiscal years beginning after December 31, 2021, which means that it was effective for our fiscal year beginning October 1, 2022. While this provision is not expected to have a material impact on our fiscal 2023 effective tax rate, we expect our fiscal 2023 cash tax payments and related deferred tax asset positions to increase significantly compared to fiscal 2022.

The total unrecognized tax benefit for uncertain tax positions was estimated to be $14.3 million and $13.0 million at June 30, 2023 and September 30, 2022, respectively. We recognize interest expense related to unrecognized tax benefits and penalties as part of the provision for income taxes in our condensed consolidated statements of income and comprehensive income. We accrued interest of $1.0 million and $0.5 million related to unrecognized tax benefits as of June 30, 2023 and September 30, 2022, respectively.

10. Earnings per Share

The following table presents reconciliations for the numerators and denominators of basic and diluted earnings per share ("EPS") for the quarters and nine-month periods ended June 30, 2023 and 2022:

	Quarter Ended June 30,		Nine Months Ended June 30,	
	2023	2022	2023	2022
	(In thousands, except per share data)			
Numerator for diluted and basic earnings per share:				
Net income	$ 128,758	$ 93,500	$ 327,951	$ 282,842
Denominator — share:				
Basic weighted-average shares	24,959	25,634	25,040	26,319
Effect of dilutive securities	378	233	359	289
Diluted weighted-average shares	25,337	25,867	25,399	26,608
Earnings per share:				
Basic	$ 5.16	$ 3.65	$ 13.10	$ 10.75
Diluted	$ 5.08	$ 3.61	$ 12.91	$ 10.63

Anti-dilutive share-based awards excluded from the calculations of diluted EPS were immaterial during the periods presented.

11. Segment Information

We are organized into two reportable segments: Scores and Software. Although we sell solutions and services to a large number of end user product and industry markets, our reportable business segments reflect the primary method in which management organizes and evaluates internal financial information to make operating decisions and assess performance.

- *Scores.* This segment includes our business-to-business ("B2B") scoring solutions and services which give our clients access to predictive credit and other scores that can be easily integrated into their transaction streams and decision-making processes. This segment also includes our business-to-consumer ("B2C") scoring solutions, including our myFICO.com subscription offerings.

- *Software*. This segment includes pre-configured analytic and decision management solutions designed for a specific type of business need or process — such as account origination, customer management, customer engagement, fraud detection, and marketing — as well as associated professional services. This segment also includes FICO® Platform, a modular software offering designed to support advanced analytic and decision use cases, as well as stand-alone analytic and decisioning software that can be configured by our customers to address a wide variety of business use cases. These offerings are available to our customers as SaaS or as on-premises software.

Our chief operating decision maker ("CODM"), who is our Chief Executive Officer, evaluates segment financial performance based on segment revenues and segment operating income. Segment operating expenses consist of direct and indirect costs principally related to personnel, facilities, IT infrastructure, consulting, travel and depreciation. Indirect costs are allocated to the segments generally based on relative segment revenues, fixed rates established by management based upon estimated expense contribution levels and other assumptions that management considers reasonable. We do not allocate broad-based incentive expense, share-based compensation expense, restructuring and acquisition-related expense, amortization expense, various corporate charges and certain other income and expense measures to our segments. These income and expense items are not allocated because they are not considered in evaluating the segment's operating performance. Our CODM does not evaluate the financial performance of each segment based on its respective assets or capital expenditures; rather, depreciation amounts are allocated to the segments from their internal cost centers as described above.

We have recast certain prior period amounts within this note 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.

The following tables summarize segment information for the quarters and nine-month periods ended June 30, 2023 and 2022:

	Quarter Ended June 30, 2023			
	Scores	Software	Unallocated Corporate Expenses	Total
	(In thousands)			
Segment revenues:				
On-premises and SaaS software	$ —	$ 172,059	$ —	$ 172,059
Professional services	—	24,851	—	24,851
Scores	201,778	—	—	201,778
Total segment revenues	201,778	196,910	—	398,688
Segment operating expense	(24,779)	(121,261)	(42,347)	(188,387)
Segment operating income	$ 176,999	$ 75,649	$ (42,347)	210,301
Unallocated share-based compensation expense				(32,995)
Unallocated amortization expense				(275)
Operating income				177,031
Unallocated interest expense, net				(24,545)
Unallocated other income, net				5,301
Income before income taxes				$ 157,787
Depreciation expense	$ 107	$ 2,093	$ 16	$ 2,216

	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	(21,547)	(123,581)	(34,142)	(179,270)
Segment operating income	$ 157,808	$ 46,030	$ (34,142)	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				$ 120,894
Depreciation expense	$ 182	$ 3,565	$ 26	$ 3,773

	Nine Months Ended June 30, 2023			
	Scores	Software	Unallocated Corporate Expenses	Total
	(In thousands)			
Segment revenues:				
On-premises and SaaS software	$ —	$ 471,203	$ —	$ 471,203
Professional services	—	74,348	—	74,348
Scores	578,273	—	—	578,273
Total segment revenues	578,273	545,551	—	1,123,824
Segment operating expense	(69,177)	(369,270)	(119,612)	(558,059)
Segment operating income	$ 509,096	$ 176,281	$ (119,612)	565,765
Unallocated share-based compensation expense				(89,750)
Unallocated amortization expense				(825)
Unallocated gain on product line asset sale				1,941
Operating income				477,131
Unallocated interest expense, net				(71,242)
Unallocated other income, net				7,270
Income before income taxes				$ 413,159
Depreciation expense	$ 396	$ 7,790	$ 58	$ 8,244

	Nine Months Ended June 30, 2022			
	Scores	Software	Unallocated Corporate Expenses	Total
	(In thousands)			
Segment revenues:				
On-premises and SaaS software	$ —	$ 417,963	$ —	$ 417,963
Professional services	—	77,975	—	77,975
Scores	532,584	—	—	532,584
Total segment revenues	532,584	495,938	—	1,028,522
Segment operating expense	(65,111)	(362,437)	(104,734)	(532,282)
Segment operating income	$ 467,473	$ 133,501	$ (104,734)	496,240
Unallocated share-based compensation expense				(86,363)
Unallocated amortization expense				(1,619)
Operating income				408,258
Unallocated interest expense, net				(48,127)
Unallocated other expense, net				(1,932)
Income before income taxes				$ 358,199
Depreciation expense	$ 563	$ 11,249	$ 83	$ 11,895

12. Contingencies

We are in disputes with certain customers regarding amounts owed in connection with the sale of certain of our products and services. We also have had claims asserted by former employees relating to compensation and other employment matters. We are also involved in various other claims and legal actions arising in the ordinary course of business. We record litigation accruals for legal matters which are both probable and estimable. For legal proceedings for which there is a reasonable possibility of loss (meaning those losses for which the likelihood is more than remote but less than probable), we have determined we do not have material exposure on an aggregate basis.

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

FORWARD-LOOKING STATEMENTS

Statements contained in this report that are not statements of historical fact should be considered forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (the "PSLRA"). In addition, certain statements in our future filings with the Securities and Exchange Commission ("SEC"), in press releases, and in oral and written statements made by us or with our approval that are not statements of historical fact constitute forward-looking statements within the meaning of the PSLRA. Examples of forward-looking statements include, but are not limited to: (i) projections of revenue, income or loss, expenses, earnings or loss per share, the payment or nonpayment of dividends, share repurchases, capital structure and other statements concerning future financial performance; (ii) statements of our plans and objectives by our management or Board of Directors, including those relating to products or services, research and development, and the sufficiency of capital resources; (iii) statements of assumptions underlying such statements, including those related to economic conditions; (iv) statements regarding results of business combinations or strategic divestitures; (v) statements regarding business relationships with vendors, customers or collaborators, including the proportion of revenues generated from international as opposed to domestic customers; and (vi) statements regarding products and services, their characteristics, performance, sales potential or effect in use by customers. Words such as "believes," "anticipates," "expects," "intends," "targeted," "should," "potential," "goals," "strategy," "outlook," "plan," "estimated," "will," variations of these terms and similar expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying such statements. Forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from those in such statements. Factors that could cause actual results to differ from those discussed in the forward-looking statements include, but are not limited to, those described in Part I, Item 1A "Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended September 30, 2022 and in subsequent filings with the SEC. The performance of our business and our securities may be adversely affected by these factors and by other factors common to other businesses and investments, or to the general economy. Forward-looking statements are qualified by some or all of these risk factors. Therefore, you should consider these risk factors with caution and form your own critical and independent conclusions about the likely effect of these risk factors on our future performance. Such forward-looking statements speak only as of the date on which statements are made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made to reflect the occurrence of unanticipated events or circumstances. Readers should carefully review the disclosures and the risk factors described in this and other documents we file from time to time with the SEC, including our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

OVERVIEW

We were founded in 1956 on the premise that data, used intelligently, can improve business decisions. Today, FICO's software and the widely used FICO® Score operationalize analytics, enabling thousands of businesses in nearly 120 countries to uncover new opportunities, make timely decisions that matter, and execute them at scale. Most leading banks and credit card issuers rely on our solutions, as do insurers, retailers, telecommunications providers, automotive lenders, consumer reporting agencies, public agencies, and organizations in other industries. We also serve consumers through online services that enable people to access and understand their FICO® Scores — the standard measure in the U.S. of consumer credit risk — empowering them to increase financial literacy and manage their financial health.

Our business consists of two operating segments: Scores and Software.

Our Scores segment includes our business-to-business ("B2B") scoring solutions and services which give our clients access to predictive credit and other scores that can be easily integrated into their transaction streams and decision-making processes. This segment also includes our business-to-consumer ("B2C") scoring solutions, including our myFICO.com subscription offerings.

Our Software segment includes pre-configured analytic and decision management solutions designed for a specific type of business need or process — such as account origination, customer management, customer engagement, fraud detection, and marketing — as well as associated professional services. This segment also includes FICO® Platform, a modular software offering designed to support advanced analytic and decision use cases, as well as stand-alone analytic and decisioning software that can be configured by our customers to address a wide variety of business use cases. Our offerings are available to our customers as software-as-a-service ("SaaS") or as on-premises software.

Highlights from the quarter and nine months ended June 30, 2023

- Total revenue was $398.7 million during the quarter ended June 30, 2023, a 14% increase from the quarter ended June 30, 2022, and $1.1 billion during the nine months ended June 30, 2023, a 9% increase from the nine months ended June 30, 2022.
- Total revenue for our Scores segment was $201.8 million during the quarter ended June 30, 2023, a 13% increase from the quarter ended June 30, 2022, and $578.3 million during the nine months ended June 30, 2023, a 9% increase from the nine months ended June 30, 2022.
- Annual Recurring Revenue for our Software segment as of June 30, 2023 was $645.9 million, a 20% increase from June 30, 2022.
- Dollar-Based Net Retention Rate for our Software segment was 117% during the quarter ended June 30, 2023.
- Operating income was $177.0 million during the quarter ended June 30, 2023, a 26% increase from the quarter ended June 30, 2022, and $477.1 million during the nine months ended June 30, 2023, a 17% increase from the nine months ended June 30, 2022.
- Net income was $128.8 million during the quarter ended June 30, 2023, a 38% increase from the quarter ended June 30, 2022, and $328.0 million during the nine months ended June 30, 2023, a 16% increase from the nine months ended June 30, 2022.
- Diluted EPS was $5.08 during the quarter ended June 30, 2023, a 41% increase from the quarter ended June 30, 2022, and $12.91 during the nine months ended June 30, 2023, a 21% increase from the nine months ended June 30, 2022.
- Cash flows from operating activities were $304.9 million during the nine months ended June 30, 2023, compared with $364.6 million during the nine months ended June 30, 2022.
- Cash and cash equivalents were $163.0 million as of June 30, 2023, compared with $133.2 million as of September 30, 2022.
- Total debt balance was $1.9 billion as of June 30, 2023 and September 30, 2022.
- Total share repurchases during the quarter ended June 30, 2023 were $98.6 million, compared with $282.4 million during the quarter ended June 30, 2022, and during the nine months ended June 30, 2023 were $289.9 million, compared with $1.0 billion during the nine months ended June 30, 2022.

Key performance metrics for Software segment

Annual Contract Value Bookings (“ACV Bookings”)

Management regards ACV Bookings as an important indicator of future revenues, but they are not comparable to, nor are they a substitute for, an analysis of our revenues and other U.S. generally accepted accounting principles (“U.S. GAAP”) measures. We define ACV Bookings as 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 we exclude perpetual licenses and other software revenues that are non-recurring in nature. For renewals of existing software subscription contracts, we count only incremental annual revenue expected over the current contract as ACV Bookings.

ACV Bookings is calculated by dividing the total expected contract value by the contract term in years. The expected contract value equals the fixed amount — including guaranteed minimums, if any — stated in the contract, plus estimates of future usage-based fees. We develop estimates from discussions with our customers and examinations of historical data from similar products and customer arrangements. Differences between estimates and actual results occur due to variability in the estimated usage. This variability can be the result of the economic trends in our customers’ industries; individual performance of our customers relative to their competitors; and regulatory and other factors that affect the business environment in which our customers operate.

We disclose estimated revenue expected to be recognized in the future related to remaining performance obligations in Note 8 to the accompanying condensed consolidated financial statements. However, we believe ACV Bookings is a more meaningful measure of our business as it includes estimated revenues and future billings excluded from Note 8, such as usage-based fees and guaranteed minimums derived from our on-premises software licenses, among others.

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The following table summarizes our ACV Bookings during the periods indicated:

	Quarter Ended June 30,		Nine Months Ended June 30,	
	2023	2022	2023	2022
	(In millions)			
Total on-premises and SaaS software (*)	$ 21.1	$ 18.7	$ 65.9	$ 55.3

(*) During the quarter ended December 31, 2022, we sold certain assets related to our Siron compliance business. The amounts above exclude this product line for all periods presented.

Annual Recurring Revenue ("ARR")

Accounting Standards Codification Topic 606, *Revenue from Contacts with Customers*, requires us to recognize a significant portion of revenue from our on-premises software subscriptions at the point in time when the software is first made available to the customer, or at the beginning of the subscription term, despite the fact that our contracts typically call for billing these amounts ratably over the life of the subscription. The remaining portion of our on-premises software subscription revenue including maintenance and usage-based fees are recognized over the life of the contract. This point-in-time recognition of a portion of our on-premises software subscription revenue creates significant variability in the revenue recognized period to period based on the timing of the subscription start date and the subscription term. Furthermore, this point-in-time revenue recognition can create a significant difference between the timing of our revenue recognition and the actual customer billing under the contract. We use ARR to measure the underlying performance of our subscription-based contracts and mitigate the impact of this variability. ARR is defined as the 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 our software licensing and subscription arrangements that are not expected to recur (primarily perpetual licenses) are excluded. We calculate ARR as the quarterly recurring revenue run-rate multiplied by four.

The following table summarizes our ARR for on-premises and SaaS software at each of the dates presented:

	September 30, 2021	December 31, 2021	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022	March 31, 2023	June 30, 2023
ARR (*)	(In millions)							
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	— %	3 %	3 %	2 %	2 %	4 %	7 %	11 %
Total	6 %	11 %	10 %	10 %	10 %	11 %	17 %	20 %

(*) During the quarter ended December 31, 2022, we sold certain assets related to our Siron compliance business. The amounts and percentages above exclude this product line at all dates presented.

(**) FICO platform software is a set of interoperable capabilities which use software assets owned and/or governed by FICO for building solutions and services which conform to FICO architectural standards based on key elements of Cloud Native Computing design principles. These standards encompass shared security context and access using FICO standard application programming interfaces.

Dollar-Based Net Retention Rate ("DBNRR")

We consider DBNRR to be an important measure of our success in retaining and growing revenue from our existing customers. To calculate DBNRR for any period, we compare the ARR at the end of the prior comparable quarter ("base ARR") to the ARR from that same cohort of customers at the end of the current quarter ("retained ARR"); we then divide the retained ARR by the base ARR to arrive at the DBNRR. Our calculation includes the positive impact among this cohort of customers of selling additional products, price increases and increases in usage-based fees, and the negative impact of customer attrition, price decreases, and decreases in usage-based fees during the period. However, the calculation does not include the positive impact from sales to any new customers acquired during the period. Our DBNRR may increase or decrease from period to period as a result of various factors, including the timing of new sales and customer renewal rates.

The following table summarizes our DBNRR for on-premises and SaaS software for each of the periods presented:

	Quarter Ended							
	September 30, 2021	December 31, 2021	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022	March 31, 2023	June 30, 2023
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 %

(*) During the quarter ended December 31, 2022, we sold certain assets related to our Siron compliance business. The percentages above exclude this product line for all periods presented.

RESULTS OF OPERATIONS

We are organized into two reportable segments: Scores and Software. Although we sell solutions and services into a large number of end user product and industry markets, our reportable business segments reflect the primary method in which management organizes and evaluates internal financial information to make operating decisions and assess performance.

Segment revenues, operating income, and related financial information, including disaggregation of revenue, are set forth in Note 8 and Note 11 to the accompanying condensed consolidated financial statements.

Revenues

The following tables set forth certain summary information on a segment basis related to our revenues for the quarters and nine-month periods ended June 30, 2023 and 2022:

Segment	Quarter Ended June 30, 2023	Quarter Ended June 30, 2022	Percentage of Revenues 2023	Percentage of Revenues 2022	Period-to-Period Change	Period-to-Period Percentage Change
	(In thousands)				(In thousands)	
Scores	$ 201,778	$ 179,355	51 %	51 %	$ 22,423	13 %
Software	196,910	169,611	49 %	49 %	27,299	16 %
Total	$ 398,688	$ 348,966	100 %	100 %	49,722	14 %

Segment	Nine Months Ended June 30, 2023	Nine Months Ended June 30, 2022	Percentage of Revenues 2023	Percentage of Revenues 2022	Period-to-Period Change	Period-to-Period Percentage Change
	(In thousands)				(In thousands)	
Scores	$ 578,273	$ 532,584	51 %	52 %	$ 45,689	9 %
Software	545,551	495,938	49 %	48 %	49,613	10 %
Total	$ 1,123,824	$ 1,028,522	100 %	100 %	95,302	9 %

Quarter Ended June 30, 2023 Compared to Quarter Ended June 30, 2022

Scores

Scores segment revenues increased $22.4 million due to an increase of $29.1 million in our business-to-business scores revenue, partially offset by a decrease of $6.7 million in our business-to-consumer revenue. The increase in business-to-business scores revenue was primarily attributable to a higher unit price, partially offset by a decrease in volume in mortgage originations. The decrease in business-to-consumer revenue was primarily attributable to a decrease in direct sales generated from the myFICO.com website.

Software

	Quarter Ended June 30, 2023	Quarter Ended June 30, 2022	Period-to-Period Change	Period-to-Period Percentage Change
	(In thousands)		(In thousands)	
On-premises and SaaS software	$ 172,059	$ 142,537	$ 29,522	21 %
Professional services	24,851	27,074	(2,223)	(8)%
Total	$ 196,910	$ 169,611	27,299	16 %

Software segment revenues increased $27.3 million due to a $29.5 million increase in our on-premises and SaaS software revenue, partially offset by a $2.2 million decrease in services revenue. The increase in our on-premises and SaaS software revenue was primarily attributable to an increase in over-time recognition largely driven by SaaS growth and an increase in point-in-time recognition from a multi-year license renewal.

Nine Months Ended June 30, 2023 Compared to Nine Months Ended June 30, 2022

Scores

Scores segment revenues increased $45.7 million due to an increase of $60.7 million in our business-to-business scores revenue, partially offset by a decrease of $15.0 million in our business-to-consumer revenue. The increase in business-to-business scores revenue was primarily attributable to a higher unit price, partially offset by a decrease in volume in mortgage originations. The decrease in business-to-consumer revenue was primarily attributable to a decrease in direct sales generated from the myFICO.com website.

Software

	Nine Months Ended June 30, 2023	Nine Months Ended June 30, 2022	Period-to-Period Change	Period-to-Period Percentage Change
	(In thousands)		(In thousands)	
On-premises and SaaS software	$ 471,203	$ 417,963	$ 53,240	13 %
Professional services	74,348	77,975	(3,627)	(5)%
Total	$ 545,551	$ 495,938	49,613	10 %

Software segment revenues increased $49.6 million due to a $53.2 million increase in our on-premises and SaaS software revenue, partially offset by a $3.6 million decrease in services revenue. The increase in our on-premises and SaaS software revenue was primarily attributable to an increase in over-time recognition largely driven by SaaS growth.

Operating Expenses and Other Income (Expense), Net

The following tables set forth certain summary information related to our condensed consolidated statements of income and comprehensive income for the quarters and nine-month periods ended June 30, 2023 and 2022:

	Quarter Ended June 30,		Percentage of Revenues		Period-to-Period Change	Period-to-Period Percentage Change
	2023	2022	2023	2022		
	(In thousands, except employees)				(In thousands, except employees)	
Revenues	$ 398,688	$ 348,966	100 %	100 %	$ 49,722	14 %
Operating expenses:						
Cost of revenues	71,846	78,691	18 %	23 %	(6,845)	(9)%
Research and development	41,455	35,880	11 %	10 %	5,575	16 %
Selling, general and administrative	108,081	93,248	27 %	27 %	14,833	16 %
Amortization of intangible assets	275	532	— %	— %	(257)	(48)%
Total operating expenses	221,657	208,351	56 %	60 %	13,306	6 %
Operating income	177,031	140,615	44 %	40 %	36,416	26 %
Interest expense, net	(24,545)	(18,721)	(6)%	(5)%	(5,824)	31 %
Other income (expense), net	5,301	(1,000)	2 %	— %	6,301	(630)%
Income before income taxes	157,787	120,894	40 %	35 %	36,893	31 %
Provision for income taxes	29,029	27,394	7 %	8 %	1,635	6 %
Net income	$ 128,758	$ 93,500	32 %	27 %	35,258	38 %
Number of employees at quarter end	3,437	3,367			70	2 %

	Nine Months Ended June 30,		Percentage of Revenues		Period-to-Period Change	Period-to-Period Percentage Change
	2023	2022	2023	2022		
	(In thousands)				(In thousands)	
Revenues	$ 1,123,824	$ 1,028,522	100 %	100 %	$ 95,302	9 %
Operating expenses:						
Cost of revenues	228,221	219,688	20 %	21 %	8,533	4 %
Research and development	118,354	111,247	11 %	11 %	7,107	6 %
Selling, general and administrative	301,234	287,710	27 %	28 %	13,524	5 %
Amortization of intangible assets	825	1,619	— %	— %	(794)	(49)%
Gain on product line asset sale	(1,941)	—	— %	— %	(1,941)	— %
Total operating expenses	646,693	620,264	58 %	60 %	26,429	4 %
Operating income	477,131	408,258	42 %	40 %	68,873	17 %
Interest expense, net	(71,242)	(48,127)	(6)%	(5)%	(23,115)	48 %
Other income (expense), net	7,270	(1,932)	1 %	— %	9,202	(476)%
Income before income taxes	413,159	358,199	37 %	35 %	54,960	15 %
Provision for income taxes	85,208	75,357	8 %	8 %	9,851	13 %
Net income	$ 327,951	$ 282,842	29 %	27 %	45,109	16 %

Cost of Revenues

Cost of revenues consists primarily of employee salaries, incentives, and benefits for personnel directly involved in delivering software products, operating SaaS infrastructure, and providing support, implementation and consulting services; overhead, facilities and data center costs; software royalty fees; credit bureau data and processing services; third-party hosting fees related to our SaaS services; travel costs; and outside services.

The quarter-over-prior year quarter decrease in cost of revenues of $6.8 million was primarily attributable to an $8.8 million decrease in infrastructure and facilities costs and a $1.1 million decrease in direct materials costs, partially offset by a $2.7 million increase in personnel and labor costs. The decrease in infrastructure and facilities costs was primarily attributable to a one-time reimbursement from a third-party data center provider for implementation costs previously incurred. The decrease in direct materials costs was primarily attributable to a decrease in credit bureau data costs associated with decreased business-to-consumer scoring solutions revenue through the myFICO.com website. The increase in personnel and labor costs was primarily attributable to increases in employee time allocated to cost of revenues and headcount. Cost of revenues as a percentage of revenues decreased to 18% during the quarter ended June 30, 2023 from 23% during the quarter ended June 30, 2022, primarily due to the one-time reimbursement from a third-party data center provider for implementation costs previously incurred.

The year-to-date period-over-period increase in cost of revenues of $8.5 million was primarily attributable to a $20.4 million increase in personnel and labor costs and a $1.1 million increase in travel costs, partially offset by an $8.5 million decrease in infrastructure and facilities costs and a $5.1 million decrease in direct materials costs. The increase in personnel and labor costs was primarily attributable to increases in employee time allocated to cost of revenues, increased incentive expense and headcount. The increase in travel costs was primarily attributable to relaxed COVID-19 related restrictions. The decrease in infrastructure and facilities costs was primarily attributable to a one-time reimbursement from a third-party data center provider for implementation costs previously incurred. The decrease in direct materials costs was primarily attributable to a decrease in credit bureau data costs associated with decreased business-to-consumer scoring solutions revenue through the myFICO.com website and a decrease in telecommunications costs to support FICO® Customer Communications Services revenue. Cost of revenues as a percentage of revenues decreased to 20% during the nine months ended June 30, 2023 from 21% during the nine months ended June 30, 2022, primarily due to the one-time reimbursement from a third-party data center provider for implementation costs previously incurred.

Research and Development

Research and development expenses include personnel and related overhead costs incurred in the development of new products and services, including research of mathematical and statistical models and development of new versions of Software products.

The quarter-over-prior year quarter increase in research and development expenses of $5.6 million was primarily attributable to a $4.9 million increase in personnel and labor costs as a result of increases in time allocated to research and development activities, and a $0.6 million increase in infrastructure and facilities costs primarily attributable to increased third-party cloud computing costs. Research and development expenses as a percentage of revenues increased to 11% during the quarter ended June 30, 2023 from 10% during the quarter ended June 30, 2022.

The year-to-date period-over-period increase in research and development expenses of $7.1 million was primarily attributable to a $4.9 million increase personnel and labor costs as a result of increases in time allocated to research and development activities, and a $1.2 million increase in infrastructure and facilities costs primarily attributable to increased third-party cloud computing costs and SaaS costs. Research and development expenses as a percentage of revenues remained consistent at 11% during the nine months ended June 30, 2023 and 2022.

Selling, General and Administrative

Selling, general and administrative expenses consist principally of employee salaries, incentives, commissions and benefits; travel costs; overhead costs; advertising and other promotional expenses; corporate facilities expenses; legal expenses; and business development expenses.

The quarter-over-prior year quarter increase in selling, general and administrative expenses of $14.8 million was primarily attributable to a $10.5 million increase in personnel and labor costs, a $3.2 million increase in marketing and business development costs and a $0.8 million increase in travel costs. The increase in personnel and labor costs was primarily a result of increased fringe benefit costs related to our supplemental retirement and savings plan, increased share-based compensation and increased headcount. The increases in marketing, business development and travel costs were primarily attributable to increased costs for a company-wide marketing event held during the third quarter of both fiscal 2023 and 2022, with higher costs incurred for the fiscal 2023 event due to the increased scope of the event. In addition, we increased advertising and promotional expenses as well as travel costs as COVID-19 related restrictions have been relaxed. Selling, general and administrative expenses as a percentage of revenues remained consistent at 27% during the quarters ended June 30, 2023 and 2022.

The year-to-date period-over-period increase in selling, general and administrative expenses of $13.5 million was primarily attributable to a $7.8 million increase in marketing and business development costs, a $3.4 million increase in travel costs, a $2.3 million increase in outside services expenses and a $3.8 million increase in personnel and labor costs, partially offset by a $4.5 million decrease in facilities and infrastructure costs. The increases in marketing, business development and travel costs were primarily attributable to increased costs for a company-wide marketing event held during the third quarter of both fiscal 2023 and 2022, with higher costs incurred for the fiscal 2023 event due to the increased scope of the event. In addition, as COVID-19 related restrictions have been relaxed, we held more corporate events, increased advertising and promotional expenses and increased travel costs. The increase in outside services expenses was primarily attributable to increased legal and third-party consulting expenses. The increase in personnel and labor costs was primarily a result of increased fringe benefit costs related to our supplemental retirement and savings plan. The decrease in infrastructure and facilities costs was primarily attributable to a decrease in software royalty fees and maintenance, and a favorable adjustment from the termination of an office lease related to our consolidation of office space. Selling, general and administrative expenses as a percentage of revenues decreased to 27% during the nine months ended June 30, 2023 from 28% during the nine months ended June 30, 2022.

Amortization of Intangible Assets

Amortization of intangible assets consists of expense related to intangible assets recorded in connection with our acquisitions. Our finite-lived intangible assets, consisting primarily of completed technology and customer contracts and relationships, are amortized using the straight-line method over periods ranging from five to ten years.

Amortization expense was $0.3 million during the quarter ended June 30, 2023 compared to $0.5 million during the quarter ended June 30, 2022.

Amortization expense was $0.8 million during the nine months ended June 30, 2023 compared to $1.6 million during the nine months ended June 30, 2022.

Gain on Product Line Asset Sale

The $1.9 million gain on product line asset sale during the nine months ended June 30, 2023 was attributable to the sale of certain assets related to our Siron compliance business in the quarter ended December 31, 2022.

Interest Expense, Net

Interest expense includes interest on the senior notes issued in December 2021, December 2019 and May 2018, as well as interest and credit agreement fees on the revolving line of credit and term loan. On our condensed consolidated statements of income and comprehensive income, interest expense is netted with interest income, which is derived primarily from the investment of funds in excess of our immediate operating requirements.

The quarter-over-prior year quarter increase in interest expense of $5.8 million was primarily attributable to a higher average outstanding debt balance, as well as a higher average interest rate on our revolving line of credit and term loan during the quarter ended June 30, 2023.

The year-to-date period-over-period increase in interest expense of $23.1 million was primarily attributable to a higher average outstanding debt balance, as well as a higher average interest rate on our revolving line of credit and term loan during the nine months ended June 30, 2023.

Other Income (Expense), Net

Other income (expense), net consists primarily of unrealized investment gains/losses and realized gains/losses on certain investments classified as trading securities, exchange rate gains/losses resulting from remeasurement of foreign-currency-denominated receivable and cash balances held by our various reporting entities into their respective functional currencies at period-end market rates, net of the impact of offsetting foreign currency forward contracts, and other non-operating items.

The quarter-over-prior year quarter change in other income (expense), net of $6.3 million, from $1.0 million in other expense, net to $5.3 million in other income, net, was primarily attributable to net unrealized gains on investments classified as trading securities in our supplemental retirement and savings plan in the current year period compared to losses in the prior year period, partially offset by an increase in foreign currency exchange losses.

The year-to-date period-over-period change in other income (expense), net of $9.2 million, from $1.9 million in other expense, net to $7.3 million in other income, net, was primarily attributable to net unrealized gains on investments classified as trading securities in our supplemental retirement and savings plan in the current year period compared to losses in the prior year period, partially offset by an increase in foreign currency exchange losses.

Provision for Income Taxes

The effective income tax rate was 18.4% and 22.7% during the quarters ended June 30, 2023 and 2022, respectively, and 20.6% and 21.0% during the nine months ended June 30, 2023 and 2022, respectively. The provision for income taxes during interim quarterly reporting periods is based on our estimates of the effective tax rates for the full fiscal year. The effective tax rate in any quarter can also be affected positively or negatively by adjustments that are required to be reported in the specific quarter of resolution. The effective tax rate for the quarter ended June 30, 2023 was favorably impacted by the release of the valuation allowance previously established for our California state research and development tax credits.

Operating Income

The following tables set forth certain summary information on a segment basis related to our operating income for the quarters and nine-month periods ended June 30, 2023 and 2022.

Segment	Quarter Ended June 30, 2023	Quarter Ended June 30, 2022	Period-to-Period Change	Period-to-Period Percentage Change
	(In thousands)		(In thousands)	
Scores	$ 176,999	$ 157,808	$ 19,191	12 %
Software	75,649	46,030	29,619	64 %
Unallocated corporate expenses	(42,347)	(34,142)	(8,205)	24 %
Total segment operating income	210,301	169,696	40,605	24 %
Unallocated share-based compensation	(32,995)	(28,549)	(4,446)	16 %
Unallocated amortization expense	(275)	(532)	257	(48)%
Operating income	$ 177,031	$ 140,615	36,416	26 %

	Scores				Software			
	Quarter Ended June 30,		Percentage of Revenues		Quarter Ended June 30,		Percentage of Revenues	
	2023	2022	2023	2022	2023	2022	2023	2022
	(In thousands)				(In thousands)			
Segment revenues	$ 201,778	$ 179,355	100 %	100 %	$ 196,910	$ 169,611	100 %	100 %
Segment operating expense	(24,779)	(21,547)	(12)%	(12)%	(121,261)	(123,581)	(62)%	(73)%
Segment operating income	$ 176,999	$ 157,808	88 %	88 %	$ 75,649	$ 46,030	38 %	27 %

The quarter-over-prior year quarter increase in operating income of $36.4 million was primarily attributable to a $49.7 million increase in segment revenues, partially offset by an $8.2 million increase in corporate expenses, a $4.4 million increase in share-based compensation cost, and a $0.9 million increase in segment operating expenses.

At the segment level, the quarter-over-prior year quarter increase in segment operating income of $40.6 million was the result of a $29.6 million increase in our Software segment operating income and a $19.2 million increase in our Scores segment operating income, partially offset by an $8.2 million increase in corporate expenses.

The quarter-over-prior year quarter increase in Scores segment operating income of $19.2 million was due to a $22.4 million increase in segment revenue, partially offset by a $3.2 million increase in segment operating expenses. Segment operating income as a percentage of segment revenue for Scores was 88%, consistent with the quarter ended June 30, 2022.

The quarter-over-prior year quarter increase in Software segment operating income of $29.6 million was due to a $27.3 million increase in segment revenue and a $2.3 million decrease in segment operating expenses. Segment operating income as a percentage of segment revenue for Software increased to 38% from 27%, primarily attributable to an increase in higher-margin license revenue recognized at a point in time, a decrease in sales of our lower-margin professional services, and a one-time reimbursement from a third-party data center provider for implementation costs previously incurred.

Segment	Nine Months Ended June 30, 2023	Nine Months Ended June 30, 2022	Period-to-Period Change	Period-to-Period Percentage Change
	(In thousands)		(In thousands)	
Scores	$ 509,096	$ 467,473	$ 41,623	9 %
Software	176,281	133,501	42,780	32 %
Unallocated corporate expenses	(119,612)	(104,734)	(14,878)	14 %
Total segment operating income	565,765	496,240	69,525	14 %
Unallocated share-based compensation	(89,750)	(86,363)	(3,387)	4 %
Unallocated amortization expense	(825)	(1,619)	794	(49)%
Unallocated gain on product line asset sale	1,941	—	1,941	— %
Operating income	$ 477,131	$ 408,258	68,873	17 %

	Scores				Software			
	Nine Months Ended June 30,		Percentage of Revenues		Nine Months Ended June 30,		Percentage of Revenues	
	2023	2022	2023	2022	2023	2022	2023	2022
	(In thousands)				(In thousands)			
Segment revenues	$ 578,273	$ 532,584	100 %	100 %	$ 545,551	$ 495,938	100 %	100 %
Segment operating expense	(69,177)	(65,111)	(12)%	(12)%	(369,270)	(362,437)	(68)%	(73)%
Segment operating income	$ 509,096	$ 467,473	88 %	88 %	$ 176,281	$ 133,501	32 %	27 %

The year-to-date period-over-period increase of $68.9 million in operating income was primarily attributable to a $95.3 million increase in segment revenues and a $1.9 million gain on product line asset sale, partially offset by a $14.9 million increase in corporate expenses, a $10.9 million increase in segment operating expenses, and a $3.4 million increase in share-based compensation cost.

At the segment level, the year-to-date period-over-period increase of $69.5 million in segment operating income was the result of a $42.8 million increase in our Software segment operating income and a $41.6 million increase in our Scores segment operating income, partially offset by a $14.9 million increase in corporate expenses.

The year-to-date period-over-period $41.6 million increase in Scores segment operating income was attributable to a $45.7 million increase in segment revenue, partially offset by a $4.1 million increase in segment operating expenses. Segment operating income as a percentage of segment revenue for Scores was 88%, consistent with the nine months ended June 30, 2022.

The year-to-date period-over-period $42.8 million increase in Software segment operating income was attributable to a $49.6 million increase in segment revenue, partially offset by a $6.8 million increase in segment operating expenses. Segment operating income as a percentage of segment revenue for Software increased to 32% from 27%, primarily attributable to an increase in higher-margin license revenue recognized at a point in time and a decrease in sales of our lower-margin professional services.

CAPITAL RESOURCES AND LIQUIDITY

Outlook

As of June 30, 2023, we had $163.0 million in cash and cash equivalents, which included $131.7 million held by our foreign subsidiaries. We believe our cash and cash equivalents balances, including those held by our foreign subsidiaries, as well as available borrowings from our $600 million revolving line of credit and anticipated cash flows from operating activities, will be sufficient to fund our working and other capital requirements for at least the next 12 months and thereafter for the foreseeable future, including the $15.0 million principal payments on our term loan due over the next 12 months. Under our current financing arrangements, we have no other significant debt obligations maturing over the next 12 months. For jurisdictions outside the U.S. where cash may be repatriated in the future, the Company expects the net impact of any repatriations to be immaterial to the Company's overall tax liability.

In the normal course of business, we evaluate the merits of acquiring technology or businesses, or establishing strategic relationships with or investing in these businesses. We may elect to use available cash and cash equivalents to fund such activities in the future. In the event additional needs for cash arise, or if we refinance our existing debt, we may raise additional funds from a combination of sources, including the potential issuance of debt or equity securities. Additional financing might not be available on terms favorable to us, or at all. If adequate funds were not available or were not available on acceptable terms, our ability to take advantage of unanticipated opportunities or respond to competitive pressures could be limited.

Summary of Cash Flows

	Nine Months Ended June 30,		Period-to-Period Change
	2023	2022	
	(In thousands)		
Cash provided by (used in):			
Operating activities	$ 304,866	$ 364,624	$ (59,758)
Investing activities	(12,974)	(4,422)	(8,552)
Financing activities	(271,236)	(390,256)	119,020
Effect of exchange rate changes on cash	9,164	(10,238)	19,402
Increase (decrease) in cash and cash equivalents	$ 29,820	$ (40,292)	70,112

Cash Flows from Operating Activities

Our primary method for funding operations and growth has been through cash flows generated from operating activities. Net cash provided by operating activities decreased to $304.9 million during the nine months ended June 30, 2023 from $364.6 million during the nine months ended June 30, 2022. The $59.8 million decrease was attributable to a $54.6 million decrease in non-cash items and a $50.3 million decrease due to the timing of receipts and payments in our ordinary course of business. The decrease was partially offset by a $45.1 million increase in net income.

Cash Flows from Investing Activities

Net cash used in investing activities increased to $13.0 million for the nine months ended June 30, 2023 from $4.4 million for the nine months ended June 30, 2022. The $8.6 million increase was primarily attributable to an $8.4 million decrease in cash proceeds from the product line asset sales, net of cash transferred.

Cash Flows from Financing Activities

Net cash used in financing activities decreased to $271.2 million for the nine months ended June 30, 2023 from $390.3 million for the nine months ended June 30, 2022. The $119.0 million decrease was primarily attributable to a $762.9 million decrease in repurchases of common stock, partially offset by a $550.0 million decrease in proceeds from the issuance of senior notes, an $80.8 million decrease in proceeds, net of payments, on our revolving line of credit, and a $26.4 million increase in taxes paid related to net share settlement of equity awards.

Repurchases of Common Stock

In October 2022, our Board of Directors approved a new stock repurchase program replacing our previously authorized program. This program is open-ended and authorizes repurchases of shares of our common stock up to an aggregate cost of $500.0 million in the open market or in negotiated transactions.

We expended $98.6 million and $282.4 million during the quarters ended June 30, 2023 and 2022, respectively, and $289.9 million and $1.0 billion during the nine months ended June 30, 2023 and 2022, respectively, under our previously authorized stock repurchase programs and the October 2022 program. As of June 30, 2023, we had $236.9 million remaining under the October 2022 program.

Revolving Line of Credit and Term Loan

We have a $600 million unsecured revolving line of credit and a $300 million unsecured term loan with a syndicate of banks that mature on August 19, 2026. Borrowings under the revolving line of credit and term loan can be used for working capital and general corporate purposes and may also be used for the refinancing of existing debt, acquisitions, and the repurchase of our common stock. The term loan requires principal payments in consecutive quarterly installments of $3.75 million on the last business day of each quarter. In November 2022, we amended our credit agreement to replace the LIBOR reference rate with the Secured Overnight Financing Rate (“SOFR”) reference rate. Interest rates on amounts borrowed under the revolving line of credit and term loan are based on (i) an adjusted base rate, which is the greatest of (a) the prime rate, (b) the Federal Funds rate plus 0.5%, and (c) one-month adjusted term SOFR rate plus 1%, plus, in each case, an applicable margin, or (ii) an adjusted term SOFR rate plus an applicable margin. The applicable margin for base rate borrowings and for SOFR borrowings is determined based on our consolidated leverage ratio. The applicable margin for base rate borrowings ranges from 0% to 0.75% per annum and for SOFR borrowings ranges from 1% to 1.75% per annum. In addition, we must pay certain credit facility fees. The revolving line of credit and term loan contain certain restrictive covenants including a maximum consolidated leverage ratio of 3.5 to 1.0, subject to a step up to 4.0 to 1.0 following certain permitted acquisitions and subject to certain conditions, and a minimum interest coverage ratio of 3.0 to 1.0. The credit agreement also contains other covenants typical of unsecured credit facilities.

As of June 30, 2023, we had $365.0 million in borrowings outstanding under the revolving line of credit at a weighted-average interest rate of 6.723%, and $277.5 million in outstanding balance of the term loan at an interest rate of 6.830%, of which $527.5 million was classified as a long-term liability and recorded in long-term debt within the accompanying condensed consolidated balance sheets. We were in compliance with all financial covenants under this credit agreement as of June 30, 2023.

Senior Notes

On May 8, 2018, we issued $400 million of senior notes in a private offering to qualified institutional investors (the “2018 Senior Notes”). The 2018 Senior Notes require interest payments semi-annually at a rate of 5.25% per annum and will mature on May 15, 2026. On December 6, 2019, we issued $350 million of senior notes in a private offering to qualified institutional investors (the “2019 Senior Notes”). The 2019 Senior Notes require interest payments semi-annually at a rate of 4.00% per annum and will mature on June 15, 2028. On December 17, 2021, we issued $550 million of additional senior notes of the same class as the 2019 Senior Notes in a private offering to qualified institutional investors (the “2021 Senior Notes,” and collectively with the 2018 Senior Notes and the 2019 Senior Notes, the “Senior Notes”). The 2021 Senior Notes require interest payments semi-annually at a rate of 4.00% per annum and will mature on June 15, 2028, the same date as the 2019 Senior Notes. The indentures for the Senior Notes contain certain covenants typical of unsecured obligations. As of June 30, 2023, the carrying value of the Senior Notes was $1.3 billion and we were in compliance with all financial covenants under these obligations.

CRITICAL ACCOUNTING ESTIMATES

We prepare our consolidated financial statements in conformity with U.S. GAAP. These accounting principles require management to make certain judgments and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. We periodically evaluate our estimates including those relating to revenue recognition, goodwill and other long-lived assets — impairment assessment, share-based compensation, income taxes and contingencies and litigation. We base our estimates on historical experience and various other assumptions that we believe to be reasonable based on the specific circumstances, the results of which form the basis for making judgments about the carrying value of certain assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and such differences could be material to our financial condition and results of operations. Critical accounting estimates are those that involve a significant level of estimation uncertainty and have had or are reasonably likely to have a material impact on our financial condition and results of operations.

You should carefully consider the critical accounting estimates disclosed in Part II, Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of our Annual Report on Form 10-K for the fiscal year ended September 30, 2022 (“Annual Report on Form 10-K”). There have been no significant changes from the critical accounting estimates disclosed in our Annual Report on Form 10-K.

New Accounting Pronouncements

For information about recent accounting pronouncements not yet adopted and the impact on our consolidated financial statements, refer to Part I, Item 1, “Unaudited Financial Statements,” Note 1, “Nature of Business” in our accompanying Notes to Condensed Consolidated Financial Statements.

Item 3. *Quantitative and Qualitative Disclosures about Market Risk*

Market Risk Disclosures

We are exposed to market risk related to changes in interest rates and foreign exchange rates. We do not use derivative financial instruments for speculative or trading purposes.

Interest Rate

We maintain an investment portfolio consisting of bank deposits and money market funds. The funds provide daily liquidity and may be subject to interest rate risk and fall in value if market interest rates increase. We do not expect our operating results or cash flows to be affected to any significant degree by a sudden change in market interest rates. The following table presents the principal amounts and related weighted-average yields for our investments with interest rate risk at June 30, 2023 and September 30, 2022:

	June 30, 2023			September 30, 2022		
	Cost Basis	Carrying Amount	Average Yield	Cost Basis	Carrying Amount	Average Yield
	(Dollars in thousands)					
Cash and cash equivalents	$ 163,022	$ 163,022	3.43 %	$ 133,202	$ 133,202	1.23 %

On May 8, 2018, we issued $400 million of senior notes in a private placement to qualified institutional investors (the “2018 Senior Notes”). On December 6, 2019, we issued $350 million of senior notes in a private offering to qualified institutional investors (the “2019 Senior Notes”). On December 17, 2021, we issued $550 million of additional senior notes of the same class as the 2019 Senior Notes in a private placement to qualified institutional investors (the “2021 Senior Notes” and collectively with the 2018 Senior Notes and 2019 Senior Notes, the “Senior Notes”). The fair value of the Senior Notes may increase or decrease due to various factors, including fluctuations in market interest rates and fluctuations in general economic conditions. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Capital Resources and Liquidity” for additional information on the Senior Notes. The following table presents the face values and fair values for the Senior Notes at June 30, 2023 and September 30, 2022:

	June 30, 2023		September 30, 2022	
	Face Value (*)	Fair Value	Face Value (*)	Fair Value
	(In thousands)			
The 2018 Senior Notes	400,000	391,000	400,000	381,500
The 2019 Senior Notes and the 2021 Senior Notes	900,000	819,000	900,000	767,250
Total	$ 1,300,000	$ 1,210,000	$ 1,300,000	$ 1,148,750

(*) The carrying value of the Senior Notes was the face value reduced by the net debt issuance costs of $12.2 million and $14.3 million at June 30, 2023 and September 30, 2022, respectively.

We have interest rate risk with respect to our unsecured revolving line of credit and term loan. Interest rates on amounts borrowed under the revolving line of credit and term loan are based on (i) an adjusted base rate, which is the greatest of (a) the prime rate, (b) the Federal Funds rate plus 0.5%, and (c) one-month adjusted term SOFR rate plus 1%, plus, in each case, an applicable margin, or (ii) an adjusted term SOFR rate plus an applicable margin. The applicable margin for base rate borrowings and for SOFR borrowings is determined based on our consolidated leverage ratio. The applicable margin for base rate borrowings ranges from 0% to 0.75% per annum and for SOFR borrowings ranges from 1% to 1.75% per annum. A change in interest rates on this variable rate debt impacts the interest incurred and cash flows, but does not impact the fair value of the instrument. As of June 30, 2023, we had $365.0 million in borrowings outstanding under the revolving line of credit at a weighted-average interest rate of 6.723% and $277.5 million in outstanding balance of the term loan at an interest rate of 6.830%.

Foreign Currency Forward Contracts

We maintain a program to manage our foreign exchange rate risk on existing foreign-currency-denominated receivable and cash balances by entering into forward contracts to sell or buy foreign currencies. At period end, foreign-currency-denominated receivable and cash balances held by our various reporting entities are remeasured into their respective functional currencies at current market rates. The change in value from this remeasurement is then reported as a foreign exchange gain or loss for that period in our accompanying condensed consolidated statements of income and comprehensive income and the resulting gain or loss on the forward contract mitigates the foreign exchange rate risk of the associated assets. All of our foreign currency forward contracts have maturity periods of less than three months. Such derivative financial instruments are subject to market risk.

The following tables summarize our outstanding foreign currency forward contracts, by currency, at June 30, 2023 and September 30, 2022:

	June 30, 2023				
	Contract Amount			Fair Value	
	Foreign Currency		USD	USD	
	(In thousands)				
Sell foreign currency:					
Euro (EUR)	EUR	11,000	$ 11,942	$	—
Buy foreign currency:					
British pound (GBP)	GBP	13,212	$ 16,700	$	—
Singapore dollar (SGD)	SGD	4,733	$ 3,500	$	—

	September 30, 2022				
	Contract Amount			Fair Value	
	Foreign Currency		USD	USD	
	(In thousands)				
Sell foreign currency:					
Euro (EUR)	EUR	13,500	$ 13,158	$	—
Buy foreign currency:					
British pound (GBP)	GBP	11,848	$ 13,100	$	—
Singapore dollar (SGD)	SGD	6,169	$ 4,300	$	—

The foreign currency forward contracts were entered into on June 30, 2023 and September 30, 2022, respectively; therefore, their fair value was $0 on each of these dates.

Item 4. *Controls and Procedures*

Evaluation of Disclosure Controls and Procedures

An evaluation was carried out under the supervision and with the participation of FICO’s management, including the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), of the effectiveness of the design and operation of FICO’s disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of the end of the period covered by this quarterly report. Based on that evaluation, the CEO and CFO have concluded that FICO’s disclosure controls and procedures were effective as of June 30, 2023 to ensure that information required to be disclosed by FICO in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms. In addition, the disclosure controls and procedures are designed to ensure that information required to be disclosed is accumulated and communicated to management, including the CEO and CFO, allowing timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

No change in FICO’s internal control over financial reporting was identified in connection with the evaluation required by Rules 13a-15 or 15d-15 of the Exchange Act that occurred during the period covered by this quarterly report and that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. *Legal Proceedings*

Not applicable.

Item 1A. *Risk Factors*

In addition to the other information set forth in this Quarterly Report, you should carefully consider the factors discussed in Part I, Item 1A "Risk Factors" in our Annual Report on Form 10-K for our fiscal year ended September 30, 2022 (our "Annual Report on Form 10-K"). The risks discussed in our Annual Report on Form 10-K could materially affect our business, financial condition and future results. The risks described in our Annual Report on Form 10-K are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be insignificant also may materially and adversely affect our business, financial condition or operating results in the future. There have been no material changes from the risk factors disclosed in our Annual Report on Form 10-K.

Item 2. *Unregistered Sales of Equity Securities and Use of Proceeds*

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (2)
April 1, 2023 through April 30, 2023	36,156	$ 691.28	35,000	$ 310,631,550
May 1, 2023 through May 31, 2023	43,623	$ 760.74	42,500	$ 278,299,545
June 1, 2023 through June 30, 2023	52,614	$ 788.65	52,500	$ 236,897,062
	132,393	$ 752.86	130,000	$ 236,897,062

(1) Includes 2,393 shares delivered in satisfaction of the tax withholding obligations resulting from the vesting of restricted stock units held by employees during the quarter ended June 30, 2023.

(2) In October 2022, our Board of Directors approved a new stock repurchase program replacing our previously authorized January 2022 program. This program is open-ended and authorizes repurchases of shares of our common stock up to an aggregate cost of $500.0 million in the open market or in negotiated transactions.

Item 3. *Defaults Upon Senior Securities*

Not applicable.

Item 4. *Mine Safety Disclosures*

Not applicable.

Item 5. *Other Information*

Trading Arrangements

On May 26, 2023, Eva Manolis, a member of our Board of Directors, entered into a pre-arranged trading plan that is intended to satisfy the affirmative defense of Rule 10b5-1(c) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). This plan provides for the exercise of vested stock options representing, and the associated sale of, up to 7,692 shares of our common stock in the aggregate, and terminates on the earlier of the close of market on May 24, 2024 or the date all shares are sold thereunder.

On June 2, 2023, James Wehmann, our Executive Vice President, Scores, entered into a pre-arranged trading plan that is intended to satisfy the affirmative defense of Rule 10b5-1(c) of the Exchange Act. This plan provides for the sale of up to 8,508 shares of our common stock in the aggregate, and terminates on the earlier of the close of market on May 31, 2024 or the date all shares are sold thereunder.

Item 6. ***Exhibits***

Exhibit Number	Description
3.1	Composite Restated Certificate of Incorporation of Fair Isaac Corporation. (Incorporated by reference to Exhibit 3.2 to the Company's Form 10-Q for the quarter ended December 31, 2009).
3.2	By-laws of Fair Isaac Corporation. (Incorporated by reference to Exhibit 3.1 to the Company's Form 10-Q for the quarter ended December 31, 2009).
10.1	Letter Agreement, effective as of May 15, 2023, by and between Fair Isaac Corporation and Steven P. Weber (Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on May 15, 2023).
10.2	Market Share Unit Agreement, dated as of June 5, 2023, by and between Fair Isaac Corporation and William J. Lansing (Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on June 7, 2023).
10.3	Non-Statutory Stock Option Agreement, dated as of June 5, 2023, by and between Fair Isaac Corporation and William J. Lansing (Incorporated by reference to Exhibit 10.2 to the Company's Form 8-K filed on June 7, 2023).
10.4 *	Form of Executive Restricted Stock Unit Award Agreement (U.S.) under the 2021 Long-Term Incentive Plan (for Executive Vice Presidents and above).
10.5 *	Form of Executive Non-Statutory Stock Option Agreement (U.S.) under the 2021 Long-Term Incentive Plan (for Executive Vice Presidents and above).
10.6 *	Form of Executive Performance Share Unit Agreement under the 2021 Long-Term Incentive Plan (for Executive Vice Presidents and above).
10.7 *	Form of Market Share Unit Agreement under the 2021 Long-Term Incentive Plan (for Executive Vice Presidents and above).
31.1 *	Rule 13a-14(a)/15d-14(a) Certifications of CEO.
31.2 *	Rule 13a-14(a)/15d-14(a) Certifications of CFO.
32.1 *	Section 1350 Certification of CEO.
32.2 *	Section 1350 Certification of CFO.
101.INS *	Inline XBRL Instance Document.
101.SCH *	Inline XBRL Taxonomy Extension Schema Document.
101.CAL *	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF *	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB *	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE *	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104 *	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

* Filed herewith.

SIGNATURES

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

FAIR ISAAC CORPORATION

DATE: August 2, 2023

By /s/ STEVEN P. WEBER

Steven P. Weber
Executive Vice President and Chief Financial Officer
(for Registrant as duly authorized officer and
as Principal Financial Officer)

DATE: August 2, 2023

By /s/ MICHAEL S. LEONARD

Michael S. Leonard
Vice President and Chief Accounting Officer
(Principal Accounting Officer)

Exhibit 10.4

Fair Isaac Corporation
2021 Long-Term Incentive Plan
Executive Restricted Stock Unit Award Agreement (U.S.)

Terms and Conditions*

1. **Grant of Restricted Stock Units**. The Company hereby grants to you, subject to the terms and conditions in this Executive Restricted Stock Unit Award Agreement (the "Agreement") and subject to the terms and conditions of the Plan, an Award of the number of Stock Units (the "Units") specified on the cover page of this Agreement. Each Unit represents the right to receive one Share and will be credited to an account in your name maintained by the Company or its agent. This account shall be unfunded and maintained for book-keeping purposes only, with the Units simply representing an unfunded and unsecured obligation of the Company.

2. **Restrictions on Units**. Neither this Award nor the Units subject to this Award may be sold, assigned, transferred, exchanged or encumbered other than by a transfer upon your death in accordance with your will, by the applicable laws of descent and distribution or pursuant to a beneficiary designation submitted in accordance with Section 6(d) of the Plan (to the extent such designation is valid under applicable law). Any attempted transfer in violation of this Section 2 shall be of no effect and may result in the forfeiture of all Units. The Units and your right to receive Shares in settlement of the Units under this Agreement shall be subject to forfeiture as provided in Section 4 of this Agreement until satisfaction of the vesting conditions set forth in Section 3 of this Agreement.

3. **Vesting of Units**.

(a) Scheduled Vesting. If you remain a Service Provider to the Company or any of its Affiliates continuously from the Grant Date specified on the cover page of this Agreement, then the Units will vest in the numbers and on the dates specified in the vesting schedule on the cover page of this Agreement.

(b) Continued Vesting. Notwithstanding Section 3(a), vesting of the Units will continue in accordance with the vesting schedule specified on the cover page of this Agreement if your Service to the Company or any Affiliate terminates because of your Retirement and the following conditions are satisfied: (i) you commenced discussions with the Company's Chief Executive Officer or most senior human resources executive regarding your retirement from Service at least 12 full months prior to the date your Service terminates (the "Retirement Date") and (ii) during the period beginning on your Retirement Date and ending on the final day of the vesting schedule specified on the cover page, you: (a) continue to be available to provide Service as requested and (b) do not become employed by or otherwise provide paid services to any other entity or organization; provided, however, that you may be permitted to serve as an independent director on the board of directors for one or more entities that are not competitive with the Company's business so long as any such service as an independent director is reviewed and approved in advance by the Committee. For the avoidance of doubt, if you fail to comply with the conditions in this Section 3(b), you will forfeit all unvested Units.

• To the extent any capitalized term used in this Agreement is not defined, it has the meaning assigned to it in the Plan as the Plan currently exists or as it is amended in the future.

For purposes of this Award, "Retirement" means the termination of your employment when (i) you (A) are age 55 or older, (B) have at least five years of continuous Service as an employee (which must be immediately preceding the date of termination) and (C) have served at least five cumulative years as an Executive Vice President (or higher level) of the Company (while both (B) and (C) must be satisfied, periods of time served as an Executive Vice President (or higher level) under (C) may also be counted toward the five years of continuous Service requirement under (B)), and (ii) the sum of your age as of the date of your termination plus your years of Service as an employee equals at least 75. Any Units that vest pursuant to this Section 3(b) shall be paid to you not later than 74 days after the applicable vesting date of the Units as specified on the cover page of this Agreement.

(c) Accelerated Vesting. Vesting of the Units will be accelerated if your Service to the Company or any Affiliate terminates because of your death or Disability, as provided in Section 6(e)(2) of the Plan. Vesting will also be accelerated under the circumstances described in Section 12(d) of the Plan and may be accelerated by action of the Committee in accordance with Sections 3(b)(2), 12(b)(3) and 12(c) of the Plan. Vesting may also be accelerated upon the occurrence of events and in accordance with the terms and conditions specified in any other written agreement you have with the Company.

4. **Service Requirement**. Except as otherwise provided in accordance with Sections 3(b) or 3(c) of this Agreement, if you cease to be a Service Provider to the Company or any of its Affiliates prior to the vesting date(s) specified on the cover page of this Agreement, you will forfeit all unvested Units.

5. **Leave of Absence**. Your Service will be deemed continuing while you are on a leave of absence approved by the Company in writing or guaranteed by applicable law or other written agreement you have entered into with the Company (an "Approved Leave"). If you do not resume providing Service to the Company or any Affiliate following your Approved Leave, your Service will be deemed to have terminated upon the expiration of the Approved Leave.

6. **Settlement of Units**. After any Units vest pursuant to Sections 3(a) or 3(c) of this Agreement, the Company shall, as soon as practicable (but in any event within the period specified in Treas. Reg. § 1.409A-1(b)(4) to qualify for a short-term deferral exception to Section 409A of the Code), cause to be issued and delivered to you, or to your validly designated beneficiary or estate in the event of your death, one Share in payment and settlement of each vested Unit (the date of such issuance being the "Settlement Date"). After any Units vest pursuant to Section 3(b) of this Agreement, the Company shall, as soon as practicable (but in any event within the period specified in Treas. Reg. § 1.409A–3(d)), cause to be issued and delivered to you, one Share in payment and settlement of each vested Unit. Delivery of the Shares shall be effected by the electronic delivery of the Shares to a brokerage account maintained for you at E*TRADE or another broker designated by the Company, or by another method provided by the Company, and shall be subject to the tax withholding provisions of Section 7 of this Agreement and the compliance provisions of Section 15 of this Agreement.

7. **Tax Consequences and Withholding**. You acknowledge that, regardless of any action taken by the Company, the ultimate liability for all income tax, social insurance or other tax-related items related to your participation in the Plan and legally applicable to you (the "Tax-Related Items") is and remains your responsibility and may exceed the amount actually withheld by the Company. You further acknowledge that the Company (a) makes no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Award or the Shares acquired pursuant to the Award, and (b) does not commit to and is under no obligation to structure the terms of the grant or any aspect of the Award to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you are subject to Tax-Related Items in more than one jurisdiction, you acknowledge that the Company (or your employer, if different) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to the tax withholding event, you agree to make arrangements to satisfy all Tax-Related Items. In this regard, you authorize the Company to satisfy any applicable withholding obligation for the Tax-Related Items through an automatic Share withholding procedure (the "Share Withholding Method"). Under the Share Withholding Method, the Company or its agent will withhold, upon the tax withholding event, a portion of the Shares with a Fair Market Value (measured as of such date) sufficient to cover the Tax-Related Items; provided, however, that the number of any Shares so withheld shall not exceed the number necessary to satisfy the Company's withholding obligation using the applicable minimum statutory withholding rate or such other rate as may be permitted under the Plan up to the maximum rate applicable in your jurisdiction. You will be deemed to have been issued the full number of Shares subject to the vested Units, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items.

In the event the Committee determines that the Share Withholding Method would be problematic under applicable tax or securities laws or would result in materially adverse accounting consequences, you authorize the Company to collect the Tax-Related Items through, one of the following alternative methods:

(a) the use of the proceeds from a next-day sale of the Shares issued to you, provided that (i) such sale is permissible under the Company's trading policies governing its securities, (ii) you make an irrevocable commitment, on or before a Settlement Date, to effect such sale of the Shares, and (iii) the transaction is not otherwise deemed to constitute a prohibited loan under Section 402 of the Sarbanes-Oxley Act of 2002

(b) delivery of your authorization to E*TRADE (or another broker designated by the Company) to transfer to the Company from your account at such broker the amount of such Tax-Related Items;

(c) withholding from your wages or other cash compensation paid to you by the Company; and/or

(d) any other method approved by the Company and permitted under applicable law.

In the event of any over-withholding, you will have no entitlement to the over-withheld amount in Shares and such amounts will be refunded to you in cash in accordance with applicable law.

The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if you fail to comply with your obligations in connection with the Tax-Related Items.

8. **<u>No Shareholder Rights Before Settlement</u>**. The Units subject to this Award do not entitle you to any rights of a shareholder of the Company. You will not have any of the rights of a shareholder of the Company in connection with the grant of Units subject to this Award unless and until Shares are issued to you upon settlement of the Units as provided in Section 6 of this Agreement.

9. **<u>Discontinuance of Service</u>**. This Agreement does not give you a right to continued Service with the Company or any Affiliate, and the Company or any such Affiliate may terminate your Service at any time and otherwise deal with you without regard to the effect it may have upon you under this Agreement.

10. **<u>Governing Plan Document</u>**. This Agreement and the Award are subject to all the provisions of the Plan, and to all interpretations, rules and regulations which may, from time to time, be adopted and promulgated by the Committee pursuant to the Plan. If there is any conflict between the provisions of this Agreement and the Plan, the provisions of the Plan will govern.

11. **<u>No Advice Regarding Grant</u>**. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying Shares. You understand and agree that you should consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

12. **<u>Choice of Law and Venue</u>**. This Award and Agreement will be interpreted and construed in accordance with and governed by the laws of the State of Minnesota, and all Participants agree to the exclusive venue and jurisdiction of the State and Federal Courts located in Hennepin County, Minnesota and waive any objection based on lack of jurisdiction or inconvenient forum. Any action relating to or arising out of this Plan must be commenced within one year after the cause of action accrued. This provision will not apply to Participants who primarily reside and work in California.

13. **<u>Binding Effect</u>**. This Agreement will be binding in all respects on your heirs, representatives, successors and assigns, and on the successors and assigns of the Company.

14. **<u>Compliance with Law</u>**. Notwithstanding any other provision of the Plan or this Agreement, unless there is an exemption from any registration, qualification or other legal requirement applicable to the Shares, the Company shall not be required to deliver any Shares issuable upon settlement of the Units prior to the completion of any registration or qualification of the shares under U.S. federal, state or foreign securities or exchange control law or under rulings or regulations of the U.S. Securities and Exchange Commission ("SEC") or of any other

governmental regulatory body, or prior to obtaining any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval the Company shall, in its absolute discretion, deem necessary or advisable. You understand that the Company is under no obligation to register or qualify the Shares with the SEC or any state or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the Shares. Further, you agree that the Company shall have unilateral authority to amend the Agreement without your consent to the extent necessary to comply with securities or other laws applicable to the issuance of the Shares.

15. **Insider Trading Policy**. You acknowledge that you are subject to the Company's insider trading policy as set forth in the "Statement of Company Policy as to Trades in the Company's Securities By Company Personnel and Confidential Information" and that you are responsible for ensuring compliance with the restrictions and requirements therein.

16. **Imposition of Other Requirements**. The Company reserves the right to impose other requirements on your participation in the Plan, on the Award and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

17. **Electronic Delivery and Participation**. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

18. **Section 409A of the Code**. The Units as provided in this Agreement and any issuance of Shares or payment pursuant to this Agreement are intended to either be exempt from or comply with Section 409A of the Code so as not to subject you to payment of any additional tax, penalty or interest imposed under Section 409A of the Code. The provisions of this Award shall be construed and interpreted to avoid the imputation of any such additional tax, penalty or interest under Section 409A of the Code yet preserve (to the nearest extent reasonably possible) the intended benefit payable to you.

19. **Compensation Recovery Policy**. To the extent that any compensation paid or payable pursuant to this Agreement is considered "incentive-based compensation" within the meaning and subject to the requirements of Section 10D of the Exchange Act, such compensation shall be subject to potential forfeiture or recovery by the Company in accordance with any compensation recovery policy adopted by the Board or any committee thereof in response to the requirements of Section 10D of the Exchange Act and any implementing rules and regulations thereunder adopted by the SEC or any national securities exchange on which the Stock is then listed. This Agreement may be unilaterally amended by the Company to comply with any such compensation recovery policy.

20. **<u>Waiver</u>**. You acknowledge that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by you or any other Participant.

21. **<u>Severability</u>**. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

By accepting this Award in the manner prescribed by the Company, you agree to all the terms and conditions described in this Agreement and in the Plan document.

Fair Isaac Corporation
2021 Long-Term Incentive Plan
Executive Non-Statutory Stock Option Agreement (U.S.)

Option Terms and Conditions*

1. **Grant of Stock Options.** The Company hereby grants to you, subject to the terms and conditions in this Executive Non-Statutory Stock Option Agreement (the "Agreement") and subject to the terms and conditions of the Plan, an option to purchase the number of Shares specified on the cover page of this Agreement (the "Option").

2. **Non-Statutory Stock Option**. This Option is not intended to be an "incentive stock option" within the meaning of Section 422 of the Code and will be interpreted accordingly.

3. **Vesting and Exercise Schedule**. This Option will vest and become exercisable as to the portion of Shares and on the dates specified on the cover page to this Agreement, so long as you remain a Service Provider or you meet the conditions set forth in Section 6 of this Agreement. The vesting and exercise schedule is cumulative, meaning that to the extent the Option has not already been exercised and has not expired, terminated or been cancelled, you or the person otherwise entitled to exercise the Option as provided in this Agreement may at any time purchase all or any portion of the Shares that may then be purchased under that schedule.

Vesting and exercisability of this Option will be accelerated during the term of the Option if your Service to the Company or any Affiliate terminates because of your death or Disability, as provided in Section 6(e)(2) of the Plan. Vesting and exercisability will also be accelerated under the circumstances described in Section 12(d) of the Plan and may be accelerated (or, as applicable, waived) by action of the Committee in accordance with Sections 3(b)(2), 12(b)(2), 12(b)(3) and 12(c) of the Plan. Vesting and exercisability may also be accelerated upon the occurrence of events and in accordance with the terms and conditions specified in any other written agreement you have with the Company.

4. **Expiration**. This Option will expire and will no longer be exercisable at 5:00 p.m. Central Time on the earliest of:

(a) the expiration date specified on the cover page of this Agreement;

(b) the expiration of any applicable period specified in Section 6(e) of the Plan during which this Option may be exercised after your termination of Service, except as set forth in Section 6 of this Agreement;

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* To the extent any capitalized term used in this Agreement is not defined, it has the meaning assigned to it in the Plan as the Plan currently exists or as it is amended in the future.

(c) if the Committee has taken action to accelerate exercisability in accordance with Sections 3(b)(2), 12(b)(3) or 12(c) of the Plan, the expiration of any applicable exercise period specified by the Committee pursuant to such action;

(d) the date (if any) fixed for cancellation of this Option pursuant to Section 12(b)(2) or 12(d) of the Plan; or

(e) the expiration of any applicable period specified in any other written agreement you have with the Company providing for accelerated vesting and exercisability.

5. **Service Requirement**. Except as otherwise provided in Section 6 of this Agreement or Section 6(e) of the Plan, and as may otherwise be provided by action of the Committee in accordance with Sections 12(b)(3) or 12(c) of the Plan, this Option may be exercised only while you continue to provide Service to the Company or an Affiliate as a Service Provider, and only if you have continuously provided such Service since the date this Option was granted.

6. **Retirement**. Notwithstanding Section 5 of this Agreement, vesting of this Option will continue in accordance with the vesting schedule specified on the cover page to this Agreement if your employment with the Company or any Affiliate terminates because of your Retirement and the following conditions are satisfied: (a) you commenced discussions with the Company's Chief Executive Officer or most senior human resources executive regarding your retirement from employment at least 12 full months prior to the date your employment terminates (the "Retirement Date") and (b) during the period beginning on your Retirement Date and ending on the final day of the vesting schedule specified on the cover page, you: (i) continue to be available to provide Service as requested and (ii) do not become employed by or otherwise provide paid services to any other entity or organization; provided, however, that you may be permitted to serve as an independent director on the board of directors for one or more entities that are not competitive with the Company's business so long as any such service as an independent director is reviewed and approved in advance by the Committee. For the avoidance of doubt, if you fail to comply with the conditions in this Section 6, you will forfeit the unvested portion of this Option. Upon your retirement in accordance with the Retirement Conditions, this Option may be exercised only until the 12-month anniversary of the date that the final portion of this Option vests, as set forth in the vesting schedule on the cover page to this Agreement.

For purposes of this Award, "Retirement" means the termination of your employment when (1) you (A) are age 55 or older, (B) have at least five years of continuous Service as an employee (which must be immediately preceding the Retirement Date) and (C) have served at least five cumulative years as an Executive Vice President (or higher level) of the Company (while both (B) and (C) must be satisfied, periods of time served as an Executive Vice President (or higher level) under (C) may also be counted toward the five years of continuous Service requirement under (B)), and (2) the sum of your age as of the date of your termination plus your years of Service as an employee equals at least 75.

7. **Leave of Absence**. Your Service will be deemed continuing while you are on a leave of absence approved by the Company in writing or guaranteed by applicable law or other

written agreement you have entered into with the Company (an “Approved Leave”). If you do not resume providing Service following your Approved Leave, your Service will be deemed to have terminated upon the expiration of the Approved Leave.

8. **Exercise of Option**. Subject to Section 5 of this Agreement and to the Company’s policies governing trading in its securities, the vested and exercisable portion of this Option may be exercised through use of the account maintained for you at E*TRADE or another automated electronic platform approved by the Company or through delivery to the Company’s Stock Administration office of written notification of exercise that states the number of Shares to be purchased and is signed or otherwise authenticated by the person exercising this Option. If the person exercising this Option is not the Optionee, he or she also must submit appropriate proof of his or her right to exercise this Option.

9. **Payment of Exercise Price**. When you submit your notice of exercise pursuant to Section 8 of this Agreement, you must include payment of the exercise price of the Shares being purchased through one or a combination of the following methods:

(a) your personal check, a cashier’s check or money order;

(b) to the extent permitted by law, a broker-assisted cashless exercise in which you irrevocably instruct a broker to deliver proceeds of a sale of all or a portion of the Shares for which the Option is being exercised to the Company in payment of the exercise price of such Shares, and, to the extent consistent with Section 10 of this Agreement, in payment of Tax-Related Items (as defined below);

(c) by delivery to the Company or its designated agent of unencumbered Shares having an aggregate Fair Market Value on the date of exercise equal to the exercise price of the Shares for which the Option is being exercised; or

(d) by a reduction in the number of Shares to be delivered to you upon exercise, such number of Shares to be withheld having an aggregate Fair Market Value on the date of exercise equal to the exercise price of the Shares for which the Option is being exercised.

However, if the Committee determines, in any given circumstance, that payment of the exercise price with Shares pursuant to subsection (c) above or by authorizing the Company to retain Shares pursuant to subsection (d) above is undesirable for any reason, you will not be permitted to pay any portion of the exercise price in that manner. Moreover, if the Committee determines that payment of the exercise price by one of the methods specified above is required or desirable for legal or administrative reasons, you will be required to pay the exercise price by such method.

10. **Tax Consequences and Withholding**. You acknowledge that, regardless of any action taken by the Company, the ultimate liability for all income tax, social insurance, payroll tax, payment on account, or other tax-related items related to your participation in the Plan and legally applicable to you (the “Tax-Related Items”) is and remains your responsibility and may exceed the amount, if any, actually withheld by the Company. You further acknowledge

that the Company (a) makes no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Option, including but not limited, the grant, vesting or exercise of the Option or subsequent sale of Shares acquired at exercise, and (b) does not commit to and is under no obligation to structure the terms of the grant or any aspect of the Option to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you are subject to Tax-Related Items in more than one jurisdiction, you acknowledge that the Company (or your employer, if different) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, you agree to make arrangements acceptable to the Company to satisfy all Tax-Related Items. In this regard, you authorize the Company (or its agent), at its discretion, to satisfy any withholding obligation for the Tax-Related Items by one of the following methods:

(i) withholding from proceeds of the sale of Shares acquired at exercise of the Option either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization without further consent);

(ii) delivery of your authorization to E*TRADE (or another broker designated by the Company) to transfer to the Company from your account at such broker the amount of such Tax-Related Items;

(iii) withholding from your wages or other cash compensation paid to you by the Company; and/or

(iv) any other method approved by the Company and permitted under applicable law.

Depending on the withholding method and to the extent permitted under the Plan and applicable law, the Company may withhold for Tax-Related Items by considering minimum statutory withholding rates or up to the maximum rate applicable in your jurisdiction. In the event of any over-withholding, you will have no entitlement to the over-withheld amount in Shares and such amounts will be refunded to you in cash in accordance with applicable law.

The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares if you fail to comply with your obligations in connection with the Tax-Related Items.

11. **Delivery of Shares**. As soon as practicable after the Company receives the notice of exercise and exercise price provided for above and determines that all conditions to exercise and delivery of Shares, including the Tax-Related Items withholding provisions of Section 10 and the compliance provisions of Section 19 of this Agreement, have been satisfied, it will arrange for the delivery of the Shares being purchased. Delivery of the Shares shall be effected by the electronic delivery of the Shares to a brokerage account maintained for you at E*TRADE (or another broker designated by the Company), or by another method provided by the Company. All Shares so issued will be fully paid and nonassessable.

12. **Transfer of Option**. During your lifetime, only you (or your guardian or legal representative in the event of legal incapacity) may exercise this Option except in the case of a transfer described below. You may not assign or transfer this Option other than (a) a transfer upon

your death in accordance with your will, by the laws of descent and distribution or pursuant to a beneficiary designation submitted in accordance with Section 6(d) of the Plan, (b) pursuant to a qualified domestic relations order, or (c) by gift to any “family member” (as defined in General Instruction A.1(a)(5) to Form S-8 under the Securities Act of 1933). Following any such transfer, this Option shall continue to be subject to the same terms and conditions that were applicable to this Option immediately prior to its transfer and may be exercised by such permitted transferee as and to the extent that this Option has become exercisable and has not terminated in accordance with the provisions of the Plan and this Agreement.

13. **No Shareholder Rights Before Delivery of Shares**. Neither you nor any permitted transferee of this Option will have any of the rights of a shareholder of the Company with respect to any Shares subject to this Option until such Shares have been delivered to you or your permitted transferee pursuant to Section 11 of this Agreement. No adjustments shall be made for dividends or other rights if the applicable record date occurs before such delivery has been effected, except as otherwise described in the Plan.

14. **Discontinuance of Service**. This Agreement does not give you a right to continued Service with the Company or any Affiliate, and the Company or any such Affiliate may terminate your Service at any time and otherwise deal with you without regard to the effect it may have upon you under this Agreement.

15. **Governing Plan Document**. This Agreement and Option are subject to all the provisions of the Plan, and to all interpretations, rules and regulations which may, from time to time, be adopted and promulgated by the Committee pursuant to the Plan. If there is any conflict between the provisions of this Agreement and the Plan, the provisions of the Plan will govern.

16. **No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying Shares. You understand and agree that you should consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

17. **Choice of Law and Venue**. This Option and Agreement will be interpreted and construed in accordance with and governed by the laws of the laws of the State of Minnesota and you agree to the exclusive venue and jurisdiction of the State and Federal Courts located in Hennepin County, Minnesota and waive any objection based on lack of jurisdiction or inconvenient forum. Any action relating to or arising out of this Plan must be commenced within one year after the cause of action accrued. This provision will not apply to you if you primarily reside and work in California.

18. **Binding Effect**. This Agreement will be binding in all respects on your heirs, representatives, successors and assigns, and on the successors and assigns of the Company.

19. **Compliance with Law.** Notwithstanding any other provision of the Plan or this Agreement, unless there is an exemption from any registration, qualification or other legal requirement

applicable to the Shares, the Company shall not be required to deliver any Shares issuable upon exercise of the Option prior to the completion of any registration or qualification of the shares under any U.S. federal, state or foreign securities or exchange control law or under rulings or regulations of the U.S. Securities and Exchange Commission ("SEC") or of any other governmental regulatory body, or prior to obtaining any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval the Company shall, in its absolute discretion, deem necessary or advisable. You understand that the Company is under no obligation to register or qualify the Shares with the SEC or any state or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the Shares. Further, you agree that the Company shall have unilateral authority to amend the Agreement without your consent to the extent necessary to comply with securities or other laws applicable to the issuance of the Shares.

20. **Insider Trading Policy**. You acknowledge that you are subject to the Company's insider trading policy as set forth in the "Statement of Company Policy as to Trades in the Company's Securities By Company Personnel and Confidential Information," and you are responsible for ensuring compliance with the restrictions and requirements therein. Further, you may be subject to U.S. insider trading restrictions and/or market abuse laws, which may affect your ability to accept, acquire, sell or otherwise dispose of Shares or rights to Shares (e.g., the Option) or rights linked to the value of Shares during such times as you are considered to have "inside information" regarding the Company (as defined by the laws in the U.S.). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under the Company's insider trading policy.

21. **Imposition of Other Requirements**. The Company reserves the right to impose other requirements on your participation in the Plan, on the Option and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

22. **Electronic Delivery and Participation**. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

23. **Compensation Recovery Policy**. To the extent that any compensation paid or payable pursuant to this Agreement is considered "incentive-based compensation" within the meaning and subject to the requirements of Section 10D of the Exchange Act, such compensation shall be subject to potential forfeiture or recovery by the Company in accordance with any compensation recovery policy adopted by the Board or any committee thereof in response to the requirements of Section 10D of the Exchange Act and any implementing rules and regulations thereunder adopted by the SEC or any national securities exchange on which the Stock is then listed. This Agreement may be unilaterally amended by the Company to comply with any such compensation recovery policy.

24. **<u>Waiver</u>**. You acknowledge that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by you or any other Participant.

25. **<u>Severability</u>**. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

By accepting this Option in the manner prescribed by the Company, you agree to all the terms and conditions described in this Agreement and in the Plan document.

PARTICIPANT	FAIR ISAAC CORPORATION
	By: ______________________
______________________	Title: ______________________

Executive Performance Share Unit Award Agreement

Fair Isaac Corporation
2021 Long-Term Incentive Plan

Performance Share Unit Agreement
Grant Number:

This Performance Share Unit Award Agreement (this "Agreement"), dated [_______ __], 20[__] (the "Grant Date"), is by and between [Name] (the "Participant"), and Fair Isaac Corporation, a Delaware corporation (the "Company"). Any term capitalized but not defined in this Agreement will have the meaning set forth in the Company's 2021 Long-Term Incentive Plan (the "Plan").

In the exercise of its discretion to grant Awards under the Plan, the Committee has determined that the Participant should receive an Award of performance share units under the Plan. This Award is subject to the following terms and conditions:

1. **<u>Grant of Performance Share Units</u>**. The Company hereby grants to the Participant an Award consisting of performance share units (the "Units") in an amount initially equal to the Target Number of Units specified on Appendix A to this Agreement. The number of Units that may actually be earned and become eligible to vest pursuant to this Award can be between 0% and 200% of the Target Number of Units, but may not exceed the Maximum Number of Units specified on Appendix A to this Agreement. Each Unit that is earned pursuant to Section 3 of this Agreement and vests pursuant to Section 4 of this Agreement represents the right to receive one share of the Company's common stock as provided in Section 7 of this Agreement. The Award will be subject to the terms and conditions of the Plan and this Agreement.

2. **<u>Restrictions on Units</u>**. Neither this Award nor the Units subject to this Award may be sold, assigned, transferred, exchanged or encumbered other than a transfer upon death in accordance with the Participant's will, by the laws of descent and distribution or pursuant to a beneficiary designation submitted by the Participant in accordance with Section 6(d) of the Plan. Any attempted transfer in violation of this Section 2 shall be of no effect and may result in the forfeiture of all Units. The Units and the Participant's right to receive Shares in settlement of the Units under this Agreement shall be subject to forfeiture as provided in this Agreement until satisfaction of the conditions for earning and vesting the Units as set forth in Section 3 and Section 4, respectively, of this Agreement.

3. **<u>Earned Units</u>**. Whether and to what degree the Units will be earned (the "Earned Units") during the period starting on October 1, 20[__] and ending on September 30, 20[__] (the "Performance Period") will be determined by whether and to what degree the Company has satisfied the applicable performance goal(s) for the Performance Period as set forth in <u>Appendix A</u> to this Agreement. Any Units that are not designated as Earned Units at the conclusion of the Performance Period in accordance with this Section 3 will be forfeited.

4. **Vesting of Earned Units**. Subject to Section 6 of this Agreement, if the Participant remains a Service Provider continuously from the Grant Date, then ⅓ of the Earned Units will vest on each of December [__], 20[__], December [__], 20[__], and December [__], 20[__]. The period from October 1, 20[__] through December [__], 20[__] is referred to as the "Vesting Period."

5. **Service Requirement**. Except as otherwise provided in accordance with Section 6 of this Agreement, if you cease to be a Service Provider prior to the vesting dates specified in Section 4 of this Agreement, you will forfeit all unvested Units. Your Service will be deemed continuing while you are on a leave of absence approved by the Company in writing or guaranteed by applicable law or other written agreement you have entered into with the Company (an "Approved Leave"). If you do not resume providing Service to the Company or any Affiliate following your Approved Leave, your Service will be deemed to have terminated upon the expiration of the Approved Leave.

6. **Effect of Termination of Service or Change in Control.**

(a) Except as may be provided under the remainder of this Section 6, upon termination of Service during the Performance Period for any reason other than retirement in accordance with the Retirement Conditions, death or Disability, all Units will be immediately forfeited without consideration.

(b) Upon (i) termination of Service during the Performance Period due to death or Disability, the Target Number of Units subject to this Award will be deemed Earned Units and will vest in full upon such termination, or (ii) a Change in Control during the Performance Period as a result of which the Company does not survive as an operating company or survives only as a subsidiary of another entity (a "Business Combination"), the Target Number of Units subject to this Award will be deemed Earned Units and will vest in full upon or immediately before, and conditioned upon, the consummation of the Business Combination. Any remaining Units that do not vest as provided in this Section 6(b) will be immediately forfeited without consideration. In connection with a Change in Control during the Performance Period that is not a Business Combination, the Committee may provide in its discretion that the Target Number of Units subject to this Award will be deemed Earned Units and will vest in full upon the occurrence of the Change in Control or upon the termination of the Participant's Service as an employee within 12 months following the Change in Control.

(c) Except as may be provided by the Committee pursuant to Section 6(d) or (e), upon termination of Service during the Vesting Period for any reason other than retirement in accordance with the Retirement Conditions, death or Disability, all Earned Units that have not vested will be immediately forfeited without consideration.

(d) Upon (i) termination of Service during the Vesting Period due to death or Disability, all Earned Units will vest in full upon such termination, or (ii) a Business Combination during the Vesting Period, all Earned Units will vest in full upon or immediately before, and conditioned upon, the consummation of the Business Combination. In connection with a Change in Control during the Vesting Period that is not a Business

Combination, the Committee may provide in its discretion that all Earned Units will vest in full upon the occurrence of the Change in Control or upon the termination of the Participant's Service as an employee within 12 months following the Change in Control.

(e) Notwithstanding anything to the contrary in this Agreement, the Units shall continue to be earned in accordance with Section 3 of this Agreement and vest over the Vesting Period in accordance with Section 4 of this Agreement if your Service to the Company or any Affiliate terminates because of your Retirement and the following conditions are satisfied: (i) you commenced discussions with the Company's Chief Executive Officer or most senior human resources executive regarding your retirement from Service at least 12 full months prior to the date your Service terminates (the "Retirement Date") and (ii) during the period beginning on your Retirement Date and ending on the final day of the Vesting Period, you: (a) continue to be available to provide Service as requested and (b) do not become employed by or otherwise provide paid services to any other entity or organization; provided, however, that you may be permitted to serve as an independent director on a board of directors for an entity that are not competitive with the Company's business so long as any such service as an independent director is reviewed and approved in advance by the Committee. For the avoidance of doubt, if you fail to comply with the conditions in this Section 6(e), you will forfeit all unvested Earned Units.

For purposes of this Agreement, "Retirement" means the termination of your employment when (i) you (A) are age 55 or older, (B) have at least five years of continuous Service as an employee (which must be immediately preceding the date of termination) and (C) have served at least five cumulative years as an Executive Vice President (or higher level) of the Company (while both (B) and (C) must be satisfied, periods of time served as an Executive Vice President (or higher level) under (C) may also be counted toward the five years of continuous Service requirement under (B)), and (ii) the sum of your age as of the date of your termination plus your years of Service as an employee equals at least 75. Any Units that vest pursuant to this Section 6(e) shall be paid to you not later than 74 days after the applicable vesting date of the Units as specified in Section 4 of this Agreement.

7. **Settlement of Units**. After any Units vest pursuant to Section 4 or Section 6 of this Agreement, the Company shall, as soon as practicable (but in any event within the period specified in Treas. Reg. § 1.409A-1(b)(4) to qualify for a short-term deferral exception to Section 409A of the Code), cause to be issued and delivered to the Participant, or to the Participant's designated beneficiary or estate in the event of the Participant's death, one Share in payment and settlement of each vested Unit (the date of each such issuance being a "Settlement Date"). After any Units vest pursuant to Section 6(e) of this Agreement, the Company shall, as soon as practicable (but in any event within the period specified in Treas. Reg. § 1.409A-3(d)), cause to be issued and delivered to you, one Share in payment and settlement of each vested Unit. Delivery of the Shares shall be effected by the electronic delivery of the Shares to a brokerage account maintained for the Participant at E*TRADE (or another broker designated by the Company or the Participant), or by another method provided by the Company, and shall be subject to the tax withholding provisions of Section 8 of this Agreement and compliance with all applicable legal requirements, including compliance with the requirements of applicable federal and state securities laws, and shall be in complete satisfaction and settlement of such vested Units. Notwithstanding the foregoing,

the Committee may provide that the settlement of any Earned Units that vest in accordance with Section 6(b)(ii) or 6(d)(ii) of this Agreement will be made in the amount and in the form of the consideration (whether stock, cash, other securities or property, or a combination thereof) to which a holder of a Share was entitled upon the consummation of the Business Combination (without interest thereon) (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares).

8. **Tax Consequences and Withholding**. As a condition precedent to the settlement of the Units, the Participant is required to make arrangements acceptable to the Company for payment of any federal, state or local withholding taxes that may be due as a result of the settlement of the Units ("Withholding Taxes"), in accordance with Section 14 of the Plan.

Until such time as the Company provides notice to the contrary, it will collect the Withholding Taxes through an automatic Share withholding procedure (the "Share Withholding Method"), unless other arrangements acceptable to the Company have been made. Under such procedure, the Company or its agent will withhold, upon the tax withholding event, a portion of the Shares with a Fair Market Value (measured as of such date) sufficient to cover the amount of such taxes; provided, however, that the number of any Shares so withheld shall not exceed the number necessary to satisfy the Company's required tax withholding obligations using the applicable minimum statutory withholding rate or such other rate as may be permitted under the Plan up to the maximum rate applicable in your jurisdiction.

In the event that the Committee determines that the Share Withholding Method would be problematic under applicable tax or securities laws or would result in materially adverse accounting consequences, you authorize the Company to collect Withholding Taxes through one of the following methods:

(a) delivery of the Participant's authorization to E*TRADE (or another broker designated by the Company or the Participant) to transfer to the Company from the Participant's account at such broker the amount of such Withholding Taxes;

(b) the use of the proceeds from a next-day sale of the Shares issued to the Participant, provided that (i) such sale is permissible under the Company's trading policies governing its securities, (ii) the Participant makes an irrevocable commitment, on or before a Settlement Date, to effect such sale of the Shares, and (iii) the transaction is not otherwise deemed to constitute a prohibited loan under Section 402 of the Sarbanes-Oxley Act of 2002; or

(c) any other method approved by the Company.

9. **No Shareholder Rights**. The Units subject to this Award do not entitle the Participant to any rights of a shareholder of the Company's common stock. The Participant will not have any of the rights of a shareholder of the Company in connection with the grant of Units subject to this Agreement unless and until Shares are issued to the Participant upon settlement of the Units as provided in Section 7 of this Agreement.

10. **Governing Plan Document**. This Agreement and the Award are subject to all the provisions of the Plan, and to all interpretations, rules and regulations which may, from time to time, be adopted and promulgated by the Committee pursuant to the Plan. If there is any conflict between the provisions of this Agreement and the Plan, the provisions of the Plan will govern.

11. **Choice of Law**. This Agreement will be interpreted and enforced under the laws of the state of Minnesota (without regard to its conflicts or choice of law principles).

12. **Binding Effect**. This Agreement will be binding in all respects on the Participant's heirs, representatives, successors and assigns, and on the successors and assigns of the Company.

13. **Discontinuance of Service**. This Agreement does not give the Participant a right to continued Service with the Company or any Affiliate, and the Company or any such Affiliate may terminate the Participant's Service at any time and otherwise deal with the Participant without regard to the effect it may have upon the Participant under this Agreement.

14. **Section 409A of the Code**. The Units as provided in this Agreement and any issuance of Shares or payment pursuant to this Agreement are intended to either be exempt from or comply with Section 409A of the Code so as not to subject you to payment of any additional tax, penalty or interest imposed under Section 409A of the Code. The provisions of this Agreement shall be construed and interpreted to avoid the imputation of any such additional tax, penalty or interest under Section 409A of the Code yet preserve (to the nearest extent reasonably possible) the intended benefit payable to you.

15. **Compensation Recovery Policy**. To the extent that any compensation paid or payable pursuant to this Agreement is considered "incentive-based compensation" within the meaning of (i) the Company's Executive Officer Incentive Compensation Recovery Policy, (ii) any similar or superseding policy adopted by the Board or any committee thereof or (iii) Section 10D of the Exchange Act and any implementing rules and regulations thereunder adopted by the Securities and Exchange Commission or any national securities exchange on which the Company's common stock is then listed, such compensation shall be subject to potential forfeiture or recovery by the Company in accordance with such policies, laws, rules or regulations.

By executing this Agreement, the Participant accepts this Award and agrees to all the terms and conditions described in this Agreement and in the Plan document.

PARTICIPANT	FAIR ISAAC CORPORATION
______________________________	By: ______________________________
	Title: ______________________________

Fair Isaac Corporation
2021 Long-Term Incentive Plan

Market Share Unit Agreement
Grant Number:

This Market Share Unit Award Agreement (this "Agreement"), dated December [__], 20[__] (the "Grant Date"), is by and between [Name] (the "Participant"), and Fair Isaac Corporation, a Delaware corporation (the "Company"). Any term capitalized but not defined in this Agreement will have the meaning set forth in the Company's 2021 Long-Term Incentive Plan (the "Plan").

In the exercise of its discretion to grant Awards under the Plan, the Committee has determined that the Participant should receive an Award of market share units under the Plan (the "Units"). This Award is subject to the following terms and conditions:

1. **Grant of Market Share Units**. The Company hereby grants to the Participant an Award consisting of [_____] Units (the "Target Units"), subject to possible decrease to as few as 0 Units and to possible increase to as many as [_____] Units as provided by this Agreement. Each Unit that has been earned pursuant to Section 3 of this Agreement and vests pursuant to Section 4 of this Agreement represents the right to receive one share of the Company's common stock as provided in Section 7 of this Agreement. The Award will be subject to the terms and conditions of the Plan and this Agreement.

2. **Restrictions on Units**. Neither this Award nor the Units subject to this Award may be sold, assigned, transferred, exchanged or encumbered other than a transfer upon death in accordance with the Participant's will, by the laws of descent and distribution or pursuant to a beneficiary designation submitted by the Participant in accordance with Section 6(d) of the Plan. Any attempted transfer in violation of this Section 2 shall be of no effect and may result in the forfeiture of all Units. The Units and the Participant's right to receive Shares in settlement of the Units under this Agreement shall be subject to forfeiture as provided in this Agreement until satisfaction of the conditions for earning and vesting the Units as set forth in Section 3 and Section 4 of this Agreement, respectively.

3. **Earned Units**. Whether and to what degree the Units are earned will be determined by the relationship between the Company's total shareholder return performance relative to that of a benchmark index during three performance periods: Performance Period 1 will start on [December 1], 20[__] and end on [November 30], 20[__], Performance Period 2 will start on [December 1], 20[__] and end on [November 30], 20[__], and Performance Period 3 will start on [December 1], 20[__] and end on [November 30], 20[__] (each, a "Performance Period"). The Performance Periods may be adjusted under the circumstances and to the extent specified in Section 6(b) of this Agreement.

   (a) The number of Units subject to this Award that will be deemed earned at the conclusion of Performance Period 1 (the "Period 1 Earned Units") will equal ⅓ of the number of Target Units multiplied by the Relative Return Factor (calculated in accordance with Appendix A to this Agreement) applicable to Performance Period 1, rounded down to the nearest whole Unit in case of a fraction.

(b) The number of Units subject to this Award that will be deemed earned at the conclusion of Performance Period 2 (the "Period 2 Earned Units") will equal ⅓ of the number of Target Units multiplied by the Relative Return Factor applicable to Performance Period 2, rounded down to the nearest whole Unit in case of a fraction.

(c) The number of Units subject to this Award that will be deemed earned at the conclusion of Performance Period 3 (the "Period 3 Earned Units") will equal the number of Target Units multiplied by the Relative Return Factor applicable to Performance Period 3, rounded down to the nearest whole Unit in case of a fraction, minus the sum of the Period 1 Earned Units and the Period 2 Earned Units; provided that if a negative number results from the calculation of Period 3 Earned Units, the number of Period 3 Earned Units will be deemed to be 0.

(d) Any Units that are not deemed to be Period 1 Earned Units, Period 2 Earned Units, or Period 3 Earned Units in accordance with this Section 3 will be forfeited without consideration.

4. **Vesting of Earned Units**. Subject to Section 6 of this Agreement, if the Participant remains a Service Provider continuously from the Grant Date, then all Period 1 Earned Units will vest as of December [__], 20[__], all Period 2 Earned Units will vest as of December [__], 20[__], and all Period 3 Earned Units will vest as of December [__], 20[__].

5. **Service Requirement**. Except as otherwise provided in accordance with Section 6 of this Agreement, if you cease to be a Service Provider prior to the vesting dates specified in Section 4 of this Agreement, you will forfeit all unvested Units. Your Service will be deemed continuing while you are on a leave of absence approved by the Company in writing or guaranteed by applicable law or other written agreement you have entered into with the Company (an "Approved Leave"). If you do not resume providing Service to the Company or any Affiliate following your Approved Leave, your Service will be deemed to have terminated upon the expiration of the Approved Leave.

6. **Effect of Termination of Service or Change in Control.**

(a) Except as provided under the remainder of this Section 6, upon termination of Service prior to the final vesting date, any unvested Units will be immediately forfeited without consideration.

(b) Upon a Change in Control as a result of which the Company does not survive as an operating company or survives only as a subsidiary of another entity (a "Business Combination") that is consummated before the end of Performance Period 3, the following provisions apply:

(i) Each Performance Period during which the Business Combination occurs will be truncated so that it ends on the date the Business Combination is consummated (each, an “Adjusted Performance Period”).

(ii) The number of Units deemed earned at the conclusion of each Adjusted Performance Period (the “Adjusted Period Earned Units”) will be calculated as specified in Section 3(a), (b), or (c) of this Agreement, as applicable, using the modified calculation of the Relative Return Factor set forth in Appendix A.

(iii) A portion of the Adjusted Period Earned Units for each Adjusted Performance Period will vest in full upon or immediately before, and conditioned upon, the consummation of the Business Combination, with such portion determined by multiplying the number of Adjusted Period Earned Units for that Adjusted Performance Period by a fraction, the numerator of which equals the number of days contained in the Adjusted Performance Period and the denominator of which equals the number of days contained in the Performance Period without adjustment (the “Accelerated Units”).

(iv) The number of Adjusted Period Earned Units in excess of the number of Accelerated Units for each Adjusted Performance Period (the “Time-Based Units”) will vest ratably on the [__] day of each month during the period beginning with the consummation of the Business Combination and ending on December [__], 20[__], provided the Participant’s Service as an employee with the acquiring or surviving entity in the Business Combination (or with any of its affiliated entities) continues without interruption. If the Participant experiences an involuntary termination of Service for reasons other than Cause during such vesting period, the Time-Based Units will vest in full.

(c) In connection with a Change in Control that is not a Business Combination and that is consummated before the end of Performance Period 3, the Committee may provide in its discretion that some or all of the unearned and unvested Units subject to this Award will be deemed earned and will vest in full upon the occurrence of the Change in Control or upon the termination of the Participant’s Service as an employee within 12 months following the Change in Control.

(d) In connection with a Change in Control that is consummated after the end of Performance Period 3 but before December [__], 20[__], the Period 3 Earned Units will vest in full upon the consummation of such a Change in Control.

(e) In connection with a termination of Service due to death or Disability before the end of Performance Period 3, a number of Units equal to the Target Units minus the sum of any vested Period 1 Earned Units and vested Period 2 Earned Units will vest in full upon such termination. In connection with a termination of Service due to death or Disability after the end of Performance Period 3 but before December [__], 20[__], the Period 3 Earned Units will vest in full upon such termination.

(f) Notwithstanding anything to the contrary in this Agreement, the Units will continue to be earned and vest in accordance with Sections 3 and 4 of this Agreement if your Service to the Company or any Affiliate terminates because of your Retirement and the following conditions are satisfied: (i) you commenced discussions with the Company's Chief Executive Officer or most senior human resources executive regarding your retirement from Service at least 12 full months prior to the date your Service terminates (the "Retirement Date") and (ii) during the period beginning on your Retirement Date and ending on the final day of the vesting periods set forth in Section 4 of this Agreement, you: (a) continue to be available to provide Service as requested and (b) do not become employed by or otherwise provide paid services to any other entity or organization; provided, however, that you may be permitted to serve as an independent director on the board of directors for one or more entities that are not competitive with the Company's business so long as any such service as an independent director is reviewed and approved in advance by the Committee. For the avoidance of doubt, if you fail to comply with the conditions in this Section 6(f), you will forfeit all unvested Earned Units.

For purposes of this Agreement, "Retirement" means the termination of your employment when (i) you (A) are age 55 or older, (B) have at least five years of continuous Service as an employee (which must be immediately preceding the date of termination) and (C) have served at least five cumulative years as an Executive Vice President (or higher level) of the Company (while both (B) and (C) must be satisfied, periods of time served as an Executive Vice President (or higher level) under (C) may also be counted toward the five years of continuous Service requirement under (B), and (ii) the sum of your age as of the date of your termination plus your years of Service as an employee equals at least 75. Any Units that vest pursuant to this Section 6(f) shall be paid to you not later than 74 days after the applicable vesting date of the Units as specified in Section 4 of this Agreement.

7. **Settlement of Units**. After any Units vest pursuant to Section 4 or Section 6 of this Agreement, the Company shall, as soon as practicable (but in any event within the period specified in Treas. Reg. § 1.409A-1(b)(4) to qualify for a short-term deferral exception to Section 409A of the Code), cause to be issued and delivered to the Participant, or to the Participant's designated beneficiary or estate in the event of the Participant's death, one Share in payment and settlement of each vested Unit (the date of each such issuance being a "Settlement Date"). After any Units vested pursuant to Section 6(f) of this Agreement, the Company shall, as soon as practicable (but in any event within the period specified in Treas. Reg. § 1,409A-3(d)), cause to be issued and delivered to you, one Share in payment and settlement of each vested Unit. Delivery of the Shares shall be effected by the electronic delivery of the Shares to a brokerage account maintained for the Participant at E*TRADE (or another broker designated by the Company or the Participant), or by another method provided by the Company, and shall be subject to the tax withholding provisions of Section 8 of this Agreement and compliance with all applicable legal requirements, including compliance with the requirements of applicable federal and state securities laws, and shall be in complete satisfaction and settlement of such vested Units. Notwithstanding the foregoing, (i) the settlement of each Time-Based Unit that vests in accordance with Section 6(b)(iv) of this Agreement will be made in the amount and in the form of the consideration (whether stock, cash, other securities or property, or a combination thereof) to which a holder of a Share was entitled upon the consummation of the Business Combination (without interest thereon) (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares), and (ii) the Committee may provide for the settlement of Adjusted Period Earned Units that vest in accordance with

Section 6(b)(iii) of this Agreement or for the settlement of Period 3 Earned Units that vest under the circumstances specified in Section 6(d) of this Agreement on the same basis as described in the preceding clause (i).

8. **Tax Consequences and Withholding**. As a condition precedent to the delivery of Shares in settlement of the Units, the Participant is required to make arrangements acceptable to the Company for payment of any federal, state or local withholding taxes that may be due as a result of the settlement of the Units (“Withholding Taxes”), in accordance with Section 14 of the Plan.

Until such time as the Company provides notice to the contrary, it will collect the Withholding Taxes through an automatic Share withholding procedure (the “Share Withholding Method”), unless other arrangements acceptable to the Company have been made. Under such procedure, the Company or its agent will withhold, upon the tax withholding event, a portion of the Shares with a Fair Market Value (measured as of such date) sufficient to cover the amount of such taxes; provided, however, that the number of any Shares so withheld shall not exceed the number necessary to satisfy the Company’s required tax withholding obligations using the applicable minimum statutory withholding rate or such other rate as may be permitted under the Plan up to the maximum rate applicable in your jurisdiction.

In the event that the Committee determines that the Share Withholding Method would be problematic under applicable tax or securities laws or would result in materially adverse accounting consequences, you authorize the Company to collect Withholding Taxes through one of the following methods:

(a) delivery of the Participant’s authorization to E*TRADE (or another broker designated by the Company or the Participant) to transfer to the Company from the Participant’s account at such broker the amount of such Withholding Taxes;

(b) the use of the proceeds from a next-day sale of the Shares issued to the Participant, provided that (i) such sale is permissible under the Company’s trading policies governing its securities, (ii) the Participant makes an irrevocable commitment, on or before a Settlement Date, to effect such sale of the Shares, and (iii) the transaction is not otherwise deemed to constitute a prohibited loan under Section 402 of the Sarbanes-Oxley Act of 2002; or

(c) any other method approved by the Company.

9. **No Shareholder Rights**. The Units subject to this Award do not entitle the Participant to any rights of a shareholder of the Company’s common stock. The Participant will not have any of the rights of a shareholder of the Company in connection with the grant of Units subject to this Agreement unless and until Shares are issued to the Participant upon settlement of the Units as provided in Section 7 of this Agreement.

10. **Governing Plan Document**. This Agreement and the Award are subject to all the provisions of the Plan, and to all interpretations, rules and regulations which may, from time to time, be

adopted and promulgated by the Committee pursuant to the Plan. If there is any conflict between the provisions of this Agreement and the Plan, the provisions of the Plan will govern.

11. **Choice of Law**. This Agreement will be interpreted and enforced under the laws of the state of Minnesota (without regard to its conflicts or choice of law principles).

12. **Binding Effect**. This Agreement will be binding in all respects on the Participant's heirs, representatives, successors and assigns, and on the successors and assigns of the Company.

13. **Discontinuance of Service**. This Agreement does not give the Participant a right to continued Service with the Company or any Affiliate, and the Company or any such Affiliate may terminate the Participant's Service at any time and otherwise deal with the Participant without regard to the effect it may have upon the Participant under this Agreement.

14. **Section 409A of the Code**. The Units as provided in this Agreement and any issuance of Shares or payment pursuant to this Agreement are intended to either be exempt from or comply with Section 409A of the Code so as not to subject you to payment of any additional tax, penalty or interest imposed under Section 409A of the Code. The provisions of this Agreement shall be construed and interpreted to avoid the imputation of any such additional tax, penalty or interest under Section 409A of the Code yet preserve (to the nearest extent reasonably possible) the intended benefit payable to you.

15. **Compensation Recovery Policy**. To the extent that any compensation paid or payable pursuant to this Agreement is considered "incentive-based compensation" within the meaning of (i) the Company's Executive Officer Incentive Compensation Recovery Policy, (ii) any similar or superseding policy adopted by the Board or any committee thereof or (iii) Section 10D of the Exchange Act and any implementing rules and regulations thereunder adopted by the Securities and Exchange Commission or any national securities exchange on which the Company's common stock is then listed, such compensation shall be subject to potential forfeiture or recovery by the Company in accordance with such policies, laws, rules or regulations.

By executing this Agreement, the Participant accepts this Award and agrees to all the terms and conditions described in this Agreement and in the Plan document.

PARTICIPANT	FAIR ISAAC CORPORATION
______________________	By:
	Title:

EXHIBIT 31.1

CERTIFICATIONS

I, William J. Lansing, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Fair Isaac Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2023

/s/ WILLIAM J. LANSING

William J. Lansing
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATIONS

I, Steven P. Weber, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Fair Isaac Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2023

/s/ STEVEN P. WEBER

Steven P. Weber

Executive Vice President and Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION UNDER SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned certifies that this periodic report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in this periodic report fairly presents, in all material respects, the financial condition and results of operations of Fair Isaac Corporation.

Date:	August 2, 2023	/s/ WILLIAM J. LANSING
		William J. Lansing
		Chief Executive Officer

EXHIBIT 32.2

**CERTIFICATION UNDER SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned certifies that this periodic report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in this periodic report fairly presents, in all material respects, the financial condition and results of operations of Fair Isaac Corporation.

Date:	August 2, 2023	/s/ STEVEN P. WEBER
		Steven P. Weber
		Executive Vice President and Chief Financial Officer