

FAIR ISAAC CORPORATION
Supplemental Non-GAAP Financial Measures
(In thousands except per share data)
(Unaudited)

The following is a reconciliation of the company's GAAP to Non-GAAP items.

	Fiscal Year 2018	Quarter Ended September 30, 2018	Quarter Ended June 30, 2018	Quarter Ended March 31, 2018	Quarter Ended December 31, 2017	Fiscal Year 2017	Quarter Ended September 30, 2017	Quarter Ended June 30, 2017	Quarter Ended March 31, 2017	Quarter Ended December 31, 2016
Operating Income										
Operating income, as reported	\$ 206,437	\$ 70,078	\$ 48,376	\$ 48,079	\$ 39,904	\$ 177,200	\$ 60,803	\$ 41,429	\$ 40,041	\$ 34,927
Amortization of intangible assets	6,594	1,551	1,571	1,684	1,788	12,709	2,712	3,365	3,312	3,320
Restructuring and acquisition-related	-	-	-	-	-	4,471	-	4,471	-	-
Stock-based compensation expense	74,813	20,183	18,882	19,238	16,510	61,222	17,676	14,315	14,712	14,519
Non-GAAP operating income (segment operating income)	\$ 287,844	\$ 91,812	\$ 68,829	\$ 69,001	\$ 58,202	\$ 255,602	\$ 81,191	\$ 63,580	\$ 58,065	\$ 52,766
Revenues	\$ 1,032,474	\$ 279,790	\$ 259,505	\$ 257,858	\$ 235,321	\$ 932,169	\$ 253,205	\$ 230,986	\$ 228,378	\$ 219,600
Non-GAAP operating margin	28%	33%	27%	27%	25%	27%	32%	28%	25%	24%
Net Income										
Net income, as reported	\$ 142,415	\$ 50,480	\$ 32,361	\$ 32,275	\$ 27,299	\$ 128,256	\$ 40,044	\$ 25,227	\$ 25,084	\$ 37,901
Amortization of intangible assets	6,594	1,551	1,571	1,684	1,788	12,709	2,712	3,365	3,312	3,320
Restructuring and acquisition-related	-	-	-	-	-	4,471	-	4,471	-	-
Stock-based compensation expense	74,813	20,183	18,882	19,238	16,510	61,222	17,676	14,315	14,712	14,519
Realized gain on cost-method investment	(10,000)	(10,000)	-	-	-	-	-	-	-	-
Income tax adjustments	(18,858)	(3,503)	(5,484)	(5,177)	(4,696)	(24,316)	(6,515)	(7,272)	(5,542)	(4,987)
Excess tax benefit	(22,253)	(7,556)	(1,635)	(1,551)	(11,511)	(24,746)	(1,198)	(2,685)	(3,602)	(17,261)
Tax Cuts and Jobs Act	21,614	6,774	1,420	1,665	11,755	-	-	-	-	-
Non-GAAP net income	\$ 194,325	\$ 57,929	\$ 47,115	\$ 48,134	\$ 41,145	\$ 157,596	\$ 52,719	\$ 37,421	\$ 33,964	\$ 33,492
Revenues	\$ 1,032,474	\$ 279,790	\$ 259,505	\$ 257,858	\$ 235,321	\$ 932,169	\$ 253,205	\$ 230,986	\$ 228,378	\$ 219,600
Non-GAAP net margin	19%	21%	18%	19%	17%	17%	21%	16%	15%	15%
Diluted Earnings per Share										
Diluted earnings per share, as reported	\$ 4.57	\$ 1.64	\$ 1.04	\$ 1.03	\$ 0.86	\$ 3.98	\$ 1.25	\$ 0.78	\$ 0.78	\$ 1.16
Amortization of intangible assets	0.21	0.05	0.05	0.05	0.06	0.39	0.08	0.10	0.10	0.10
Restructuring and acquisition-related	-	-	-	-	-	0.14	-	0.14	-	-
Stock-based compensation expense	2.40	0.66	0.61	0.61	0.52	1.90	0.55	0.44	0.46	0.45
Realized gain on cost-method investment	(0.32)	(0.33)	-	-	-	-	-	-	-	-
Income tax adjustments	(0.60)	(0.11)	(0.18)	(0.17)	(0.15)	(0.75)	(0.20)	(0.23)	(0.17)	(0.15)
Excess tax benefit	(0.71)	(0.25)	(0.05)	(0.05)	(0.36)	(0.77)	(0.04)	(0.08)	(0.11)	(0.53)
Tax Cuts and Jobs Act	0.69	0.22	0.05	0.05	0.37	-	-	-	-	-
Non-GAAP diluted earnings per share	\$ 6.23	\$ 1.89	\$ 1.51	\$ 1.54	\$ 1.30	\$ 4.89	\$ 1.65	\$ 1.16	\$ 1.05	\$ 1.03
Reconciliation to Adjusted EBITDA										
Net income, as reported	\$ 142,415	\$ 50,480	\$ 32,361	\$ 32,275	\$ 27,299	\$ 128,256	\$ 40,044	\$ 25,227	\$ 25,084	\$ 37,901
Interest expense, net	31,311	9,512	8,223	7,116	6,460	25,790	6,387	6,653	6,578	6,172
Provision for income taxes	45,595	21,030	9,380	8,527	6,658	23,068	14,158	10,104	8,052	(9,246)
Other expense (income), net	(12,884)	(10,944)	(1,588)	161	(513)	86	214	(555)	327	100
Amortization of intangible assets	6,594	1,551	1,571	1,684	1,788	12,709	2,712	3,365	3,312	3,320
Depreciation	22,633	5,981	5,348	5,510	5,794	22,980	5,936	5,697	5,738	5,609
Stock-based compensation expense	74,813	20,183	18,882	19,238	16,510	61,222	17,676	14,315	14,712	14,519
Restructuring and acquisition-related	-	-	-	-	-	4,471	-	4,471	-	-
Adjusted EBITDA	\$ 310,477	\$ 97,793	\$ 74,177	\$ 74,511	\$ 63,996	\$ 278,582	\$ 87,127	\$ 69,277	\$ 63,803	\$ 58,375
Revenues	\$ 1,032,474	\$ 279,790	\$ 259,505	\$ 257,858	\$ 235,321	\$ 932,169	\$ 253,205	\$ 230,986	\$ 228,378	\$ 219,600
Adjusted EBITDA as a percent of revenues	30%	35%	29%	29%	27%	30%	34%	30%	28%	27%
Reconciliation To Free Cash Flow										
Net cash provided by operating activities	\$ 223,052	\$ 59,963	\$ 85,079	\$ 49,233	\$ 28,777	\$ 225,644	\$ 54,221	\$ 72,026	\$ 66,419	\$ 32,978
Reduced by cash flow items:										
Capital expenditures	31,299	7,079	13,109	7,067	4,044	19,828	5,036	5,189	5,284	4,319
Dividends paid	-	-	-	-	-	1,238	-	-	620	618
Free cash flow	\$ 191,753	\$ 52,884	\$ 71,970	\$ 42,166	\$ 24,733	\$ 204,578	\$ 49,185	\$ 66,837	\$ 60,515	\$ 28,041
Revenues	\$ 1,032,474	\$ 279,790	\$ 259,505	\$ 257,858	\$ 235,321	\$ 932,169	\$ 253,205	\$ 230,986	\$ 228,378	\$ 219,600
Free cash flow as a percent of revenues	19%	19%	28%	16%	11%	22%	19%	29%	26%	13%

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