



# Fair Isaac Corporation

## Q4 21 Financial Highlights

September 30, 2021

## Q4 2021 HIGHLIGHTS

Q4 21 revenue of \$335 million vs. Q4 20 revenue of \$374 million, an 11% decrease

- Scores revenue of \$169 million, a 10% y/y increase
- Software revenue of \$166 million, a 25% y/y decrease

Q4 21 Software ARR of \$524mm vs. \$491, a 7% y/y increase

- Platform ARR of \$75mm, 14% of total ARR, 58% growth vs. prior year

Software Dollar-Based Net Retention Rate (“DBNRR”) of 106%

- Platform DBNRR of 143%

GAAP Net income of \$86 million or \$3.00 per share in Q4 21 vs. \$59 million or \$1.98 per share in Q4 20.

- \$8.0 million restructuring charge in Q4-21 vs \$41.9 million in Q4-20.

Non-GAAP Net income of \$112 million or \$3.92 per share in Q4 21 vs. \$97 million or \$3.25 per share in Q4 20.

Free Cash Flow was \$90 million in Q4 21 vs. \$135 million in Q4 20.

Repurchased 845k shares in Q4 21, 1.9 million shares in Fiscal 2021

## Q4 2021 FINANCIAL HIGHLIGHTS

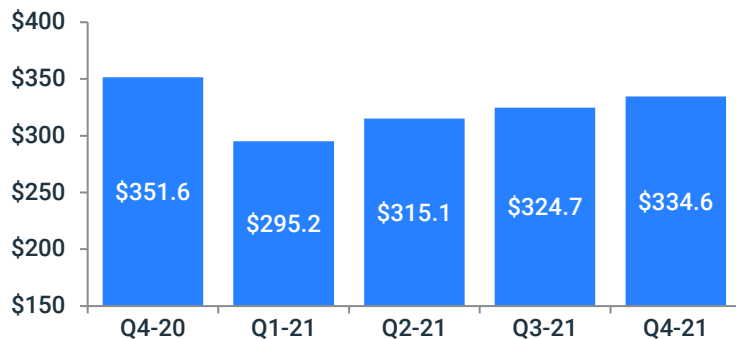
Metric (in millions, except for EPS and Margins)	Q4 20	Q3 21	Q4 21	% Q/Q	% Y/Y	FY 2021
Scores Revenue	\$152.7	\$172.2	\$168.6	(2)%	10%	\$654
Software Revenue	\$221.6	\$166.0	\$166.0	0%	(25)%	\$663
Software Revenue Divested	(\$22.7)	(\$13.5)	\$0.0	N/A	N/A	(\$46)
Software Revenue ex. Divestitures	\$198.9	\$152.5	\$166.0	9%	(17)%	\$617
Total Revenue ex. Divestitures	\$351.6	\$324.7	\$334.6	3%	(-5)%	\$1,271
Software ARR*	\$491.3	\$513.6	\$524.0	2%	7%	\$524.0
Software ACV Bookings*	\$28.9	\$11.6	\$25.8	122%	(11)%	\$62.8
Non-GAAP Op. Margin**	41%	39%	45%	15%	10%	40%
Non-GAAP Net Margin**	26%	29%	33%	14%	27%	29%
Non-GAAP Diluted EPS**	3.25	3.38	3.92	16%	21%	\$13.07
Adjusted EBITDA**	\$159.2	\$138.2	\$156.5	13%	(2)%	\$549

\* Adjusted to reflect FY21 divestitures

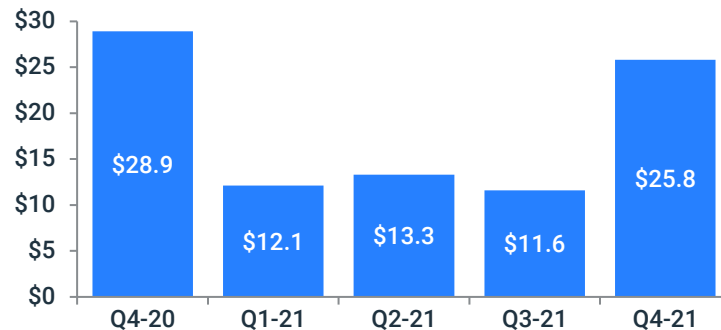
\*\* For a detailed reconciliation, please refer to our Regulation G Disclosure

# KEY OPERATING RESULTS

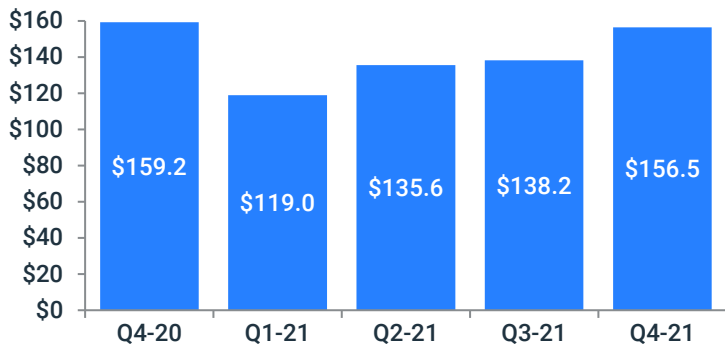
## Revenues \*



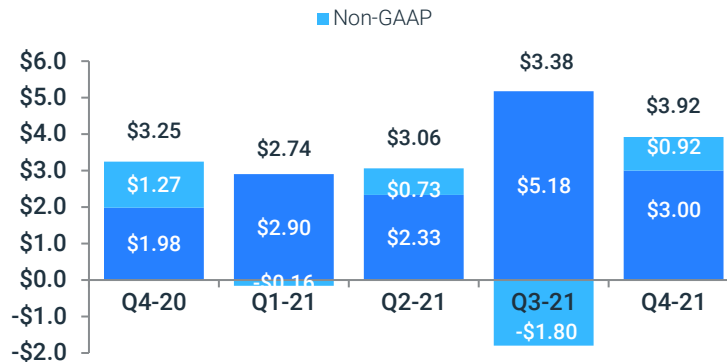
## ACV Bookings \*



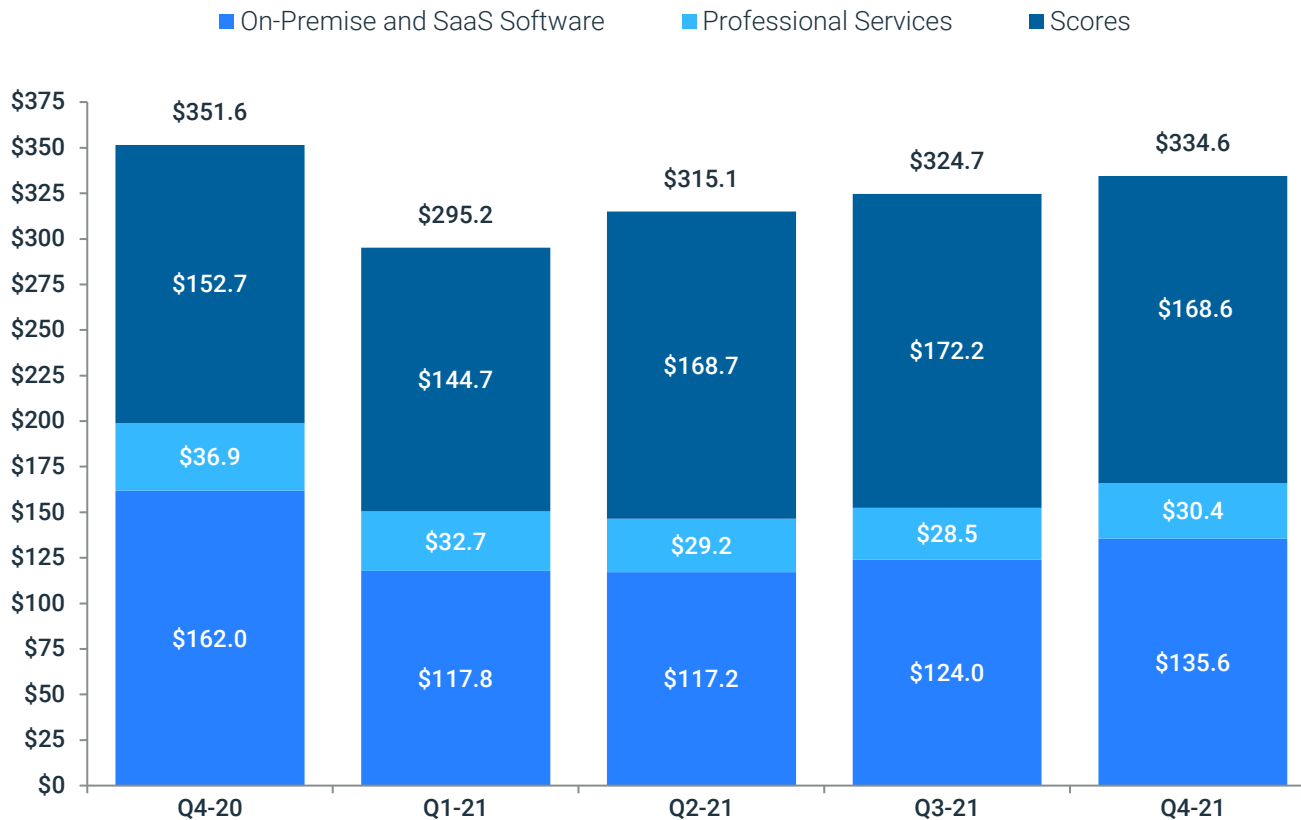
## Adjusted EBITDA



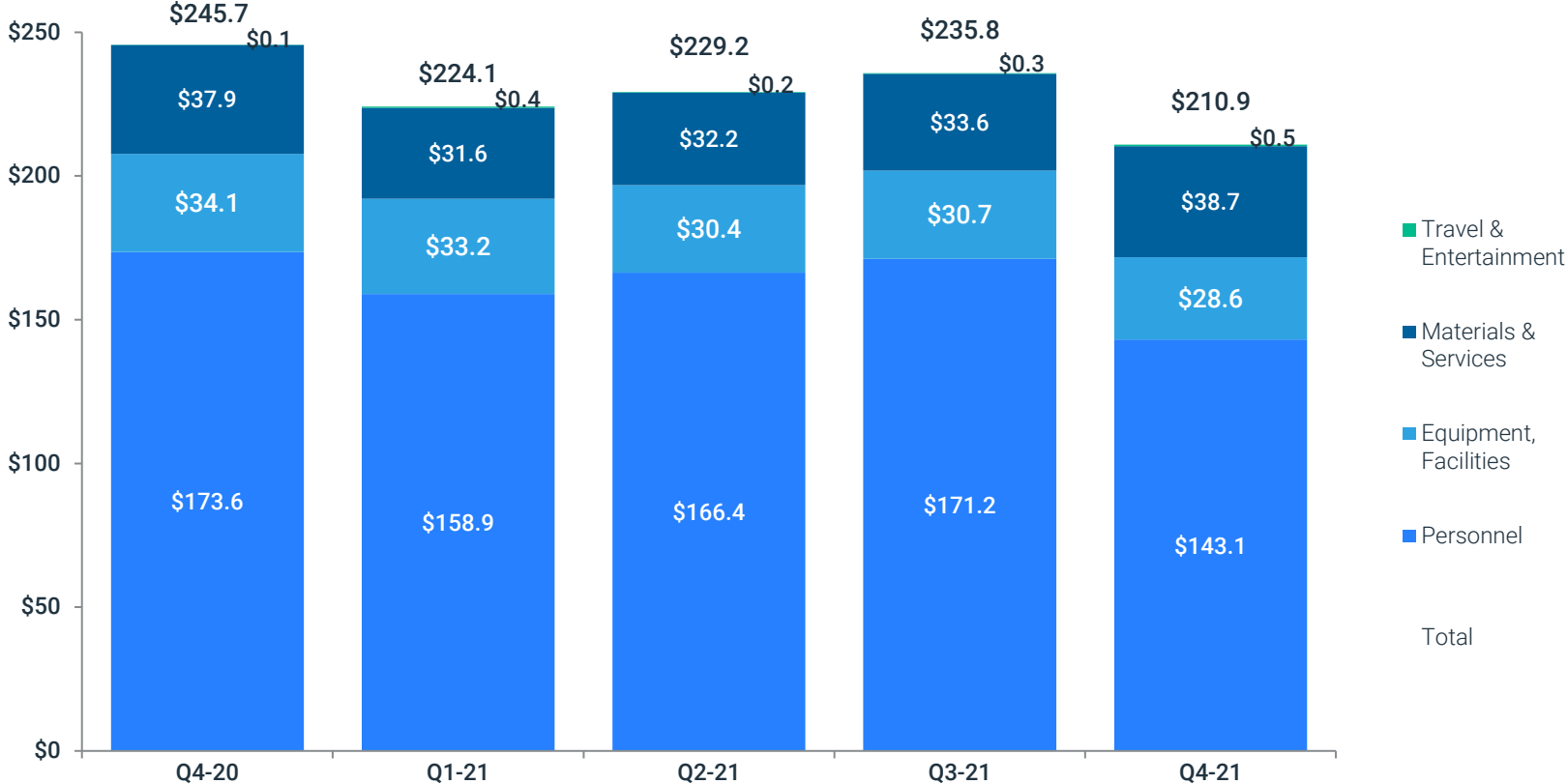
## GAAP EPS



# REVENUE TYPE MIX – Excluding Divestitures



# EXPENSE REVIEW



# SCORES HIGHLIGHTS

Total Scores up 10% vs. Q4 20

B2B revenue up 2% vs. Q4 20\*

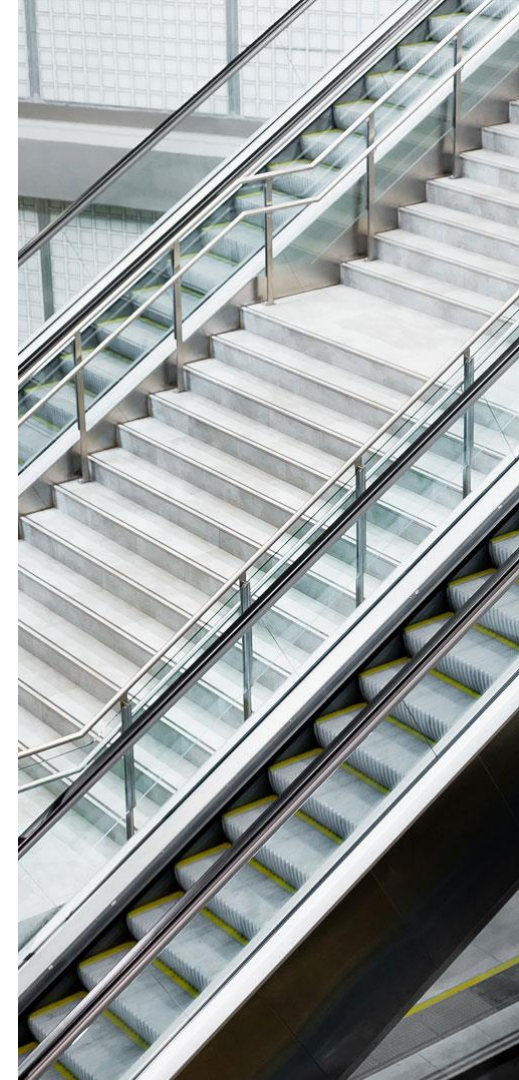
B2C revenue up 32% vs. Q4 20

Mortgage Originations revenues down 18% vs. Q4 20

Auto Originations revenues up 19% vs. Q4 20

Card and Personal Loan Originations revenues up 45% vs. Q4 20

\* Q4 20 had large one-time item, adjusting for that B2B revenue was up 15%



# NEW SOFTWARE PERFORMANCE METRICS

## ARR

A significant portion of revenue from our on-premises software subscriptions is recognized at a point in time under ASC 606, which creates variability period to period and differences in timing of revenue and billing. We use ARR (Annual Recurring Revenue) to measure the underlying performance of our subscription-based contracts. 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.

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## ACV Bookings

ACV (Annual Contract Value) 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 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 replaces our previously-disclosed Total Contract Value Bookings.

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## DBNRR

DBNRR (Dollar-Based Net Retention Rate) is a 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.



## SOFTWARE ARR – Excluding Divestitures

	As of							
	December 31, 2019	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2021	June 30, 2021	September 30, 2021
<i>ARR</i>	(In millions)							
<b>Platform</b>	\$ 40.0	\$ 41.1	\$ 43.8	\$ 47.7	\$ 55.1	\$ 60.2	\$ 67.7	\$ 75.2
<b>Non-Platform</b>	446.9	450.3	438.5	443.6	439.9	437.1	445.9	448.8
<b>Total</b>	\$ 486.9	\$ 491.4	\$ 482.3	\$ 491.3	\$ 495.0	\$ 497.3	\$ 513.6	\$ 524.0
<i>Percentage</i>								
<b>Platform</b>	8%	8%	9%	10%	11%	12%	13%	14%
<b>Non-Platform</b>	92%	92%	91%	90%	89%	88%	87%	86%
<b>Total</b>	100%	100%	100%	100%	100%	100%	100%	100%
<i>YoY Change</i>								
<b>Platform</b>	45%	48%	44%	45%	38%	47%	54%	58%
<b>Non-Platform</b>	2%	5%	-3%	-2%	-2%	-3%	2%	1%
<b>Total</b>	5%	7%	0%	1%	2%	1%	7%	7%

ARR is defined as annualized revenue run-rate of on-premises and SaaS software agreements within a quarterly reporting period, and as such is different from the timing and amount of revenue recognized. All components of the licensing and subscription arrangements that are not expected to recur (primarily perpetual licenses) are excluded. If a customer contract contains invoicing amounts that increase over the contract term, then ARR reflects the annualized invoicing amount outlined in the contract for the current reporting period. We calculate ARR as the quarterly recurring revenue multiplied by four.

Platform software is defined as products that can run on our platform today using shared platform capabilities without the need for any custom integrations or modifications (other than what is normally required for products on the platform today).

# SOFTWARE DBNRR – Excluding Divestitures

	Three Months Ended							
	December 31, 2019	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2021	June 30, 2021	September 30, 2021
<b><i>DBNRR</i></b>								
<b>Platform</b>	110%	112%	108%	116%	123%	130%	137%	143%
<b>Non-Platform</b>	101%	103%	95%	96%	97%	96%	100%	100%
<b>Total</b>	103%	105%	98%	99%	100%	100%	105%	106%

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

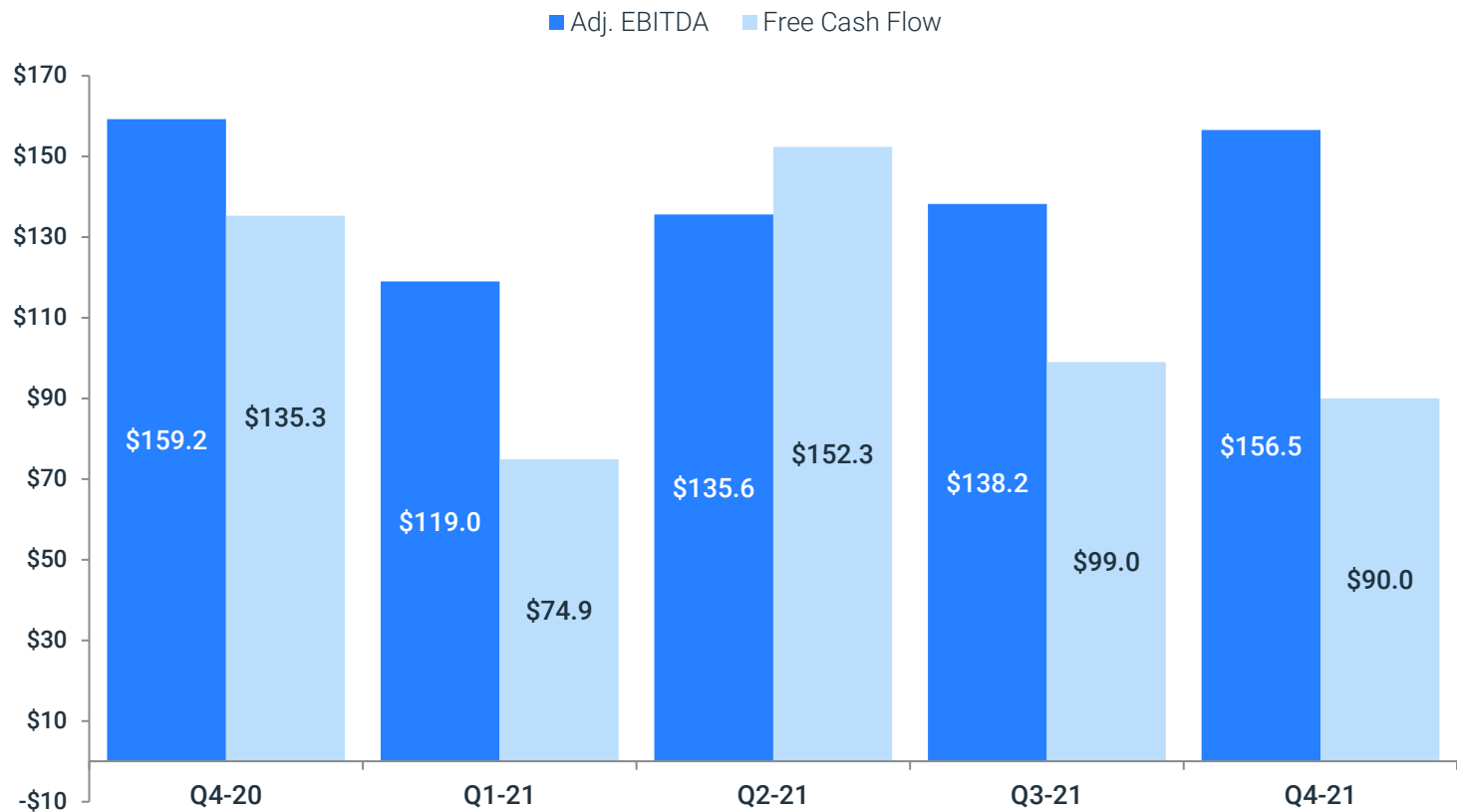
# SOFTWARE ACV BOOKINGS

	Three Months Ended							
	December 31, 2019	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2021	June 30, 2021	September 30, 2021
	(In millions)							
<b>Total ACV Bookings</b>	\$ 12.5	\$ 7.7	\$ 9.1	\$ 28.9	\$ 12.1	\$ 13.3	\$ 11.6	\$ 25.8

	Fiscal Year Ended		Period-to-Period Change	Period-to-Period Percentage Change
	September 30, 2020	September 30, 2021		
	(In millions)		(In millions)	
<b>Total ACV Bookings</b>	\$ 58.2	\$ 62.8	\$ 4.6	8%

Annual Contract Value Bookings (ACV Bookings) are the average annualized value of software contracts signed in the current reporting period that generate current and future on-premises and SaaS software revenue. We only include contracts with an initial term of at least 24 months and exclude perpetual licenses and other revenues that are non-recurring in nature.

# ADJUSTED EBITDA & FREE CASH FLOW



# BALANCE SHEET REVIEW

\$ in Millions	4Q '20	3Q '21	4Q '21	YoY Var	QoQ Var
<b>ASSETS</b>					
Cash & Investments	\$184.0	\$272.0	\$228.6	24%	-16%
Accounts Receivable & Other Current Assets	\$376.7	\$319.3	\$355.6	-6%	11%
Goodwill and Intangibles, net	\$821.6	\$797.9	\$792.3	-4%	-1%
Other	\$223.9	\$200.0	\$191.3	-15%	-4%
<b>Total Assets</b>	<b>\$1,606.2</b>	<b>\$1,589.2</b>	<b>\$1,567.8</b>	<b>-2%</b>	<b>-1%</b>

<b>LIABILITIES</b>					
Current Liabilities	\$414.5	\$544.8	\$559.2	35%	3%
Noncurrent Liabilities	\$860.6	\$919.6	\$1119.5	30%	22%
<b>Total Liabilities</b>	<b>\$1,275.1</b>	<b>\$1,464.4</b>	<b>\$1,678.7</b>	<b>32%</b>	<b>15%</b>
<b>Stockholders Equity</b>	<b>\$331.1</b>	<b>\$124.8</b>	<b>\$(110.9)</b>	<b>-133%</b>	<b>-189%</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$1,606.2</b>	<b>\$1,589.2</b>	<b>\$1,567.8</b>	<b>-2%</b>	<b>-1%</b>

<b>METRICS</b>					
Leverage (Max 3.5x)	1.62	1.62	2.07	0.45	0.45
Interest Coverage (Min 3.0)	10.97	14.14	13.89	2.92	-0.25
Days Sales Outstanding	95 Days	87 Days	96 Days	1 Day	9 Days

# SEGMENT PROFITABILITY

	Year Ended September 30, 2021			
	Scores	Software	Unallocated Corporate Expenses	Total
	(In thousands)			
Segment revenues:				
On-premises and SaaS software	\$ —	\$ 517,888	\$ —	\$ 517,888
Professional services	—	144,501	—	144,501
Scores	654,147	—	—	654,147
Total segment revenues	654,147	662,389	—	1,316,536
Segment operating expense	(93,463)	(557,242)	(136,812)	(787,517)
Segment operating income	<u>\$ 560,684</u>	<u>\$ 105,147</u>	<u>\$ (136,812)</u>	<u>\$ 529,019</u>
Unallocated share-based compensation expense				(112,457)
Unallocated amortization expense				(3,255)
Unallocated restructuring and impairment charges				(7,957)
Unallocated gains on product line asset sales and business divestiture				100,139
Operating income				505,489
Unallocated interest expense, net				(40,092)
Unallocated other income, net				7,745
Income before income taxes				<u>\$ 473,142</u>
Depreciation expense	\$ 667	\$ 19,505	\$ 147	\$ 20,319

	Year Ended September 30, 2020			
	Scores	Software	Unallocated Corporate Expenses	Total
	(In thousands)			
Segment revenues:				
On-premises and SaaS software	\$ —	\$ 584,576	\$ —	\$ 584,576
Professional services	—	181,439	—	181,439
Scores	528,547	—	—	528,547
Total segment revenues	528,547	766,015	—	1,294,562
Segment operating expense	(74,237)	(635,949)	(144,704)	(854,890)
Segment operating income	<u>\$ 454,310</u>	<u>\$ 130,066</u>	<u>\$ (144,704)</u>	<u>439,672</u>
Unallocated share-based compensation expense				(93,681)
Unallocated amortization expense				(4,993)
Unallocated restructuring and impairment charges				(45,029)
Operating income				295,969
Unallocated interest expense, net				(42,177)
Unallocated other income, net				3,208
Income before income taxes				<u>\$ 257,000</u>
Depreciation expense	\$ 617	\$ 22,418	\$ 418	\$ 23,453

During the fourth quarter of fiscal 2021, we changed from three operating segments, Applications, Decision Management Software and Scores, to two operating segments, Software and Scores. As a result, we modified the presentation of our segment financial information with retrospective application to all prior periods presented.

# FY2022 GUIDANCE

Revenue – \$1.35 billion

GAAP Net Income\* – \$318 million

GAAP Earnings per Share\* – \$11.29

Non-GAAP Net Income – \$397 million

Non-GAAP Earnings per Share – \$14.12

\*FY21 GAAP Net Income and EPS included a gain on sale of product lines of \$95 million, or \$3.23 per share.



# Fair Isaac Corporation

## Q4 21 Financial Highlights

September 30, 2021