



FICO: The Decisions Company

Investor Overview

May, 2022

Safe Harbor

Some of the statements made by us during this meeting, including statements concerning our expectations about future operations and financial results, are forward-looking statements within the meaning of the “Safe Harbor” provisions of the Private Securities Litigation Reform Act of 1995.

These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially, including those risks and uncertainties described from time to time in our SEC reports, including its report on Form 10-K for the fiscal year ended September 30, 2021.

Product roadmaps and similar marketing materials should be considered forward-looking and subject to future change at FICO’s discretion. Future functionality, features or enhancements as shown are FICO’s current projections of the product direction, but are not specific commitments or obligations.

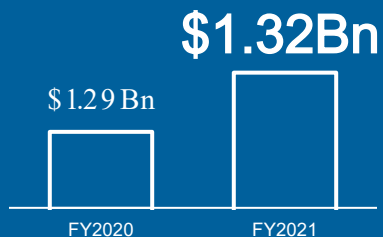
FICO – At A Glance

FICO provides analytics software solutions and services that enable businesses to harness the power of analytics to optimize, automate, and connect decisions to enhance business performance

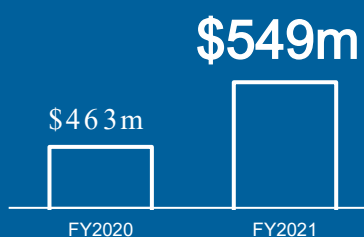


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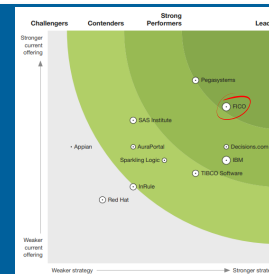
Year History



Revenue



Adj. EBITDA



FORRESTER®

Leader in Digital Decisioning Platforms



#1

In innovations and AI solutions, Chartis RiskTech 100 Awards



~3,700

Employees



96 of 100

End users are largest financial institutions in the US



~120

Client Countries

We Offer A Complete Software Platform for Decision Management

FICO SCORE

Credit Risk Scoring

Top credit risk scoring system with 10+ billion credit decisions served per year

Credit Risk
Application Fraud Risk
Small Business Risk
Insurance Risk
Health Care Propensity & Adherence
Custom Scoring Services
Financial Inclusion
Consumer Empowerment
Asset Backed Securities Risk

Customer Domains



Customer Development

Acquisition, Origination & Growth

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

Acquisition
Origination
Account Management
Customer Engagement



Fraud Protection & Compliance

Payments Fraud, Cybersecurity & Compliance

Leading payment card fraud solution with 2.6+ billion payment cards protected

Identity & Authentication
Account Takeover
Application Fraud
Enterprise Payments Fraud
Financial Crimes
AML Compliance
Cybersecurity
Customer Engagement



Decision Management

Analytics, Decisions & Optimization

Comprehensive platform for developing custom decision management solutions

Diagnostic & Descriptive Analytics
Predictive Analytics
Optimization
AI & ML
Decisioning
Business Rules Management
Application Workflow Development

Decision Management Software Platform



FICO® Score - The Standard Measure of Consumer Credit Risk



90%

Of U.S. consumer credit lending decisions use FICO Scores



98.8%

Of total dollars in U.S. Securitizations solely cited FICO Scores as credit risk measure



90

Of the top 100 largest U.S. lenders use FICO Scores



1Bn

Credit-Invisible consumers could get credit through FICO Scores that leverage alternative data



30

Countries outside the U.S. use FICO Scores to improve credit decisions



300M

Consumer accounts have free access to FICO Scores



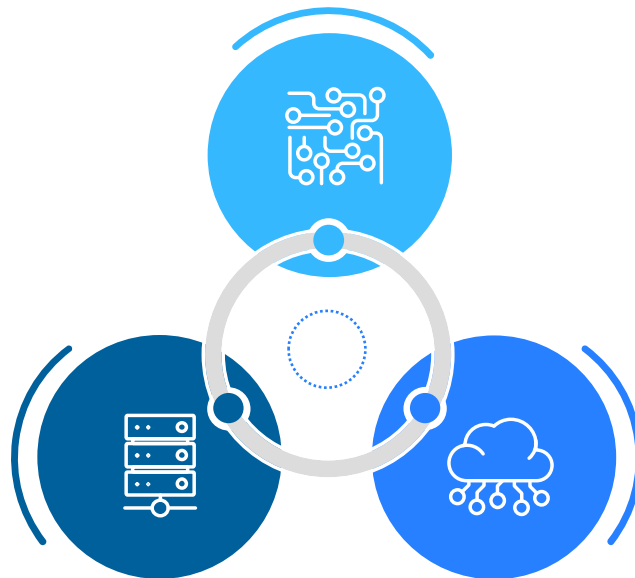
Our Core Market for Decision Management Software has Strong Industry Tailwinds

Explosion in Data Volume and Usability

Data volumes have increased at a staggering pace in the last decade, and the availability as well as usability of this data across the enterprise is rapidly increasing

Cutting -Edge Developments in Data Analytics

Advances in AI/ML, computing infrastructure, and analytics techniques have transformed the ways in which data can be applied to business decisions



Trust and Adoption of Cloud -Based SaaS Solutions

Enterprises are rapidly re -platforming to the cloud, including historic laggards such as financial services and healthcare

FICO Offers End -to -End Cloud -Delivered Solutions for Decisions

Complex Data Management

Data preparation, wrangling, cleaning and management

Advanced Analytics and Decisioning

Cutting-edge analytic tools and models applied to business decisions

Decision - Driven Business Outcomes

Industry-leading business rules engine and workflow management tools to create full business process solutions

Delivered in a manner optimized to each client's needs

Public Cloud, Hybrid Cloud, Private Cloud, and On-Prem

Robust Cash Flow Profile & Balance Sheet with Conservative Financial Policy

Robust Cash Flow Profile & Balance Sheet

- Consistent and increasing cash flow generation
- Deeply embedded software and technology solutions with significant innovations that deliver profitable, growing, recurring revenue
- Focused software restructuring and divestitures to focus on highest margin, mission-critical solutions
- Strong liquidity profile with consistent cash generation, supplemented by access to revolving credit facility

Conservative Financial Policy

- Conservative approach to financial leverage
- Well defined return of capital policy
- Focus on organic growth supplemented by tuck-in M&A funded from internally generated cash flow

SOFTWARE ARR – Excluding Divestitures

	As of							
	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021	March 31, 2022
<i>ARR</i>	(In millions)							
Platform	\$ 43.8	\$ 47.7	\$ 55.1	\$ 60.2	\$ 67.7	\$ 75.2	\$ 92.2	\$ 96.7
Non-Platform	438.5	443.6	439.9	437.1	445.9	448.8	454.4	453.6
Total	\$ 482.3	\$ 491.3	\$ 495.0	\$ 497.3	\$ 513.6	\$ 524.0	\$ 546.6	\$ 550.3
<i>Percentage</i>								
Platform	9%	10%	11%	12%	13%	14%	17%	18%
Non-Platform	91%	90%	89%	88%	87%	86%	83%	82%
Total	100%	100%	100%	100%	100%	100%	100%	100%
<i>YoY Change</i>								
Platform	44%	45%	38%	47%	55%	58%	67%	60%
Non-Platform	-3%	-2%	-2%	-3%	2%	1%	3%	4%
Total	0%	1%	2%	1%	6%	7%	10%	11%

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							
	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021	March 31, 2022
<i>DBNRR</i>								
Platform	108%	116%	123%	130%	137%	143%	143%	141%
Non-Platform	95%	96%	97%	96%	100%	100%	102%	103%
Total	98%	99%	100%	100%	105%	106%	109%	110%

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

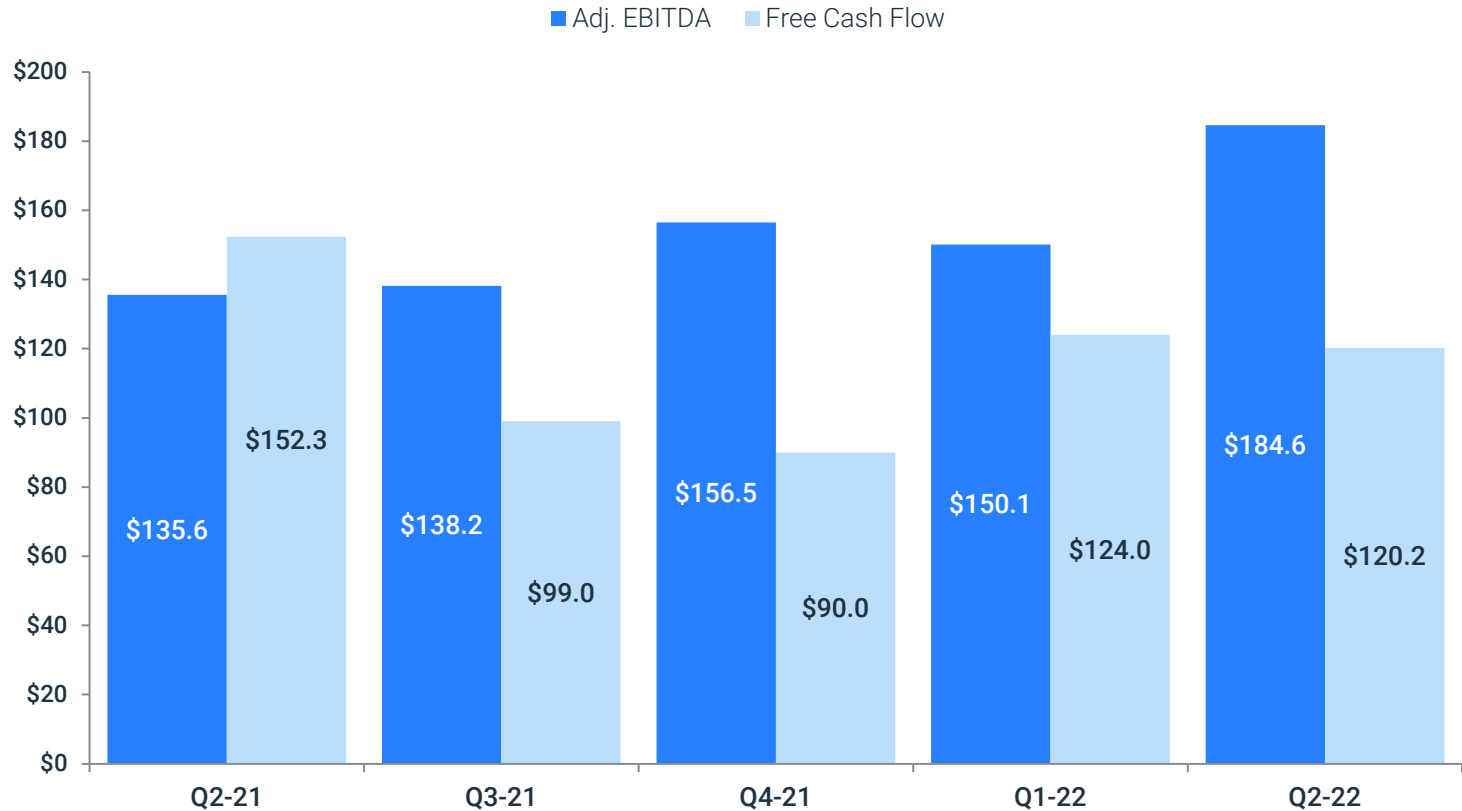
SOFTWARE ACV BOOKINGS - Excluding Divestitures

	Three Months Ended							
	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021	March 31, 2022
	(In millions)							
Total ACV Bookings	\$ 9.1	\$ 28.9	\$ 12.1	\$ 13.3	\$ 11.6	\$ 25.8	\$ 16.6	\$ 20.6

	Six Months Ended		Period-to-Period Change	Period-to-Period Percentage Change
	March 31, 2021	March 31, 2022		
	(In millions)		(In millions)	
Total ACV Bookings	\$ 25.4	\$ 37.2	\$ 11.8	46%

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

ADJUSTED EBITDA & FREE CASH FLOW



GAAP to Non - GAAP Reconciliation

	Quarter Ended			Quarter Ended				
	Fiscal Year	March 31,	December 31,	Fiscal Year	September 30,	June 30,	March 31,	December 31,
	2022	2022	2021	2021	2021	2021	2021	2020
Operating Income								
Operating income, as reported	\$ 267,643	\$ 152,057	\$ 115,586	\$ 505,489	\$ 115,185	\$ 194,384	\$ 101,199	\$ 94,721
Amortization of intangible assets	1,087	543	544	3,255	563	810	945	937
Restructuring and impairment charges	-	-	-	7,957	7,957	-	-	-
Gains on product line asset sales and business divestiture	-	-	-	(100,139)	-	(92,805)	-	(7,334)
Stock-based compensation expense	57,814	27,936	29,878	112,457	28,358	30,761	28,206	25,132
Non-GAAP operating income (segment operating income)	\$ 326,544	\$ 180,536	\$ 146,008	\$ 529,019	\$ 152,063	\$ 133,150	\$ 130,350	\$ 113,456
Revenues	\$ 679,556	\$ 357,195	\$ 322,361	\$ 1,316,536	\$ 334,578	\$ 338,183	\$ 331,361	\$ 312,414
Non-GAAP operating margin	48%	51%	45%	40%	45%	39%	39%	36%
Net Income								
Net income, as reported	\$ 189,342	104,383	84,959	\$ 392,084	85,720	151,198	68,674	86,492
Amortization of intangible assets	1,087	543	544	3,255	563	810	945	937
Restructuring and impairment charges	-	-	-	7,957	7,957	-	-	-
Gains on product line asset sales and business divestiture	-	-	-	(100,139)	-	(92,805)	-	(7,334)
Stock-based compensation expense	57,814	27,936	29,878	112,457	28,358	30,761	28,206	25,132
Income tax adjustments	(14,170)	(6,677)	(7,493)	(9,090)	(8,724)	11,391	(7,271)	(4,486)
Excess tax benefit	(8,452)	(2,495)	(5,957)	(23,998)	(1,925)	(2,561)	(329)	(19,183)
Non-GAAP net income	\$ 225,621	\$ 123,690	\$ 101,931	\$ 382,526	\$ 111,949	\$ 98,794	\$ 90,225	\$ 81,558
Revenues	\$ 679,556	\$ 357,195	\$ 322,361	\$ 1,316,536	\$ 334,578	\$ 338,183	\$ 331,361	\$ 312,414
Non-GAAP net margin	33%	35%	32%	29%	33%	29%	27%	26%
Diluted Earnings per Share								
Diluted earnings per share, as reported	\$ 7.02	\$ 3.95	\$ 3.09	\$ 13.40	\$ 3.00	\$ 5.18	\$ 2.33	\$ 2.90
Amortization of intangible assets	0.04	0.02	0.02	0.11	0.02	0.03	0.03	0.03
Restructuring and impairment charges	-	-	-	0.27	0.28	-	-	-
Gains on product line asset sales and business divestiture	-	-	-	(3.42)	-	(3.18)	-	(0.25)
Stock-based compensation expense	2.14	1.06	1.09	3.84	0.99	1.05	0.96	0.84
Income tax adjustments	(0.53)	(0.25)	(0.27)	(0.31)	(0.31)	0.39	(0.25)	(0.15)
Excess tax benefit	(0.31)	(0.09)	(0.22)	(0.82)	(0.07)	(0.09)	(0.01)	(0.64)
Non-GAAP diluted earnings per share	\$ 8.36	\$ 4.68	\$ 3.70	\$ 13.07	\$ 3.92	\$ 3.38	\$ 3.06	\$ 2.74
Reconciliation to Adjusted EBITDA								
Net income, as reported	\$ 189,342	\$ 104,383	\$ 84,959	\$ 392,084	\$ 85,720	\$ 151,198	\$ 68,674	\$ 86,492
Interest expense, net	29,406	17,211	12,195	40,092	10,018	10,490	9,943	9,641
Provision for income taxes	47,963	28,102	19,861	81,058	19,746	36,694	23,150	1,468
Other expense (income), net	932	2,361	(1,429)	(7,744)	(771)	(3,526)	(567)	(2,880)
Amortization of intangible assets	1,087	543	544	3,255	563	810	945	937
Depreciation	8,122	4,024	4,098	20,319	4,459	5,050	5,225	5,585
Stock-based compensation expense	57,814	27,936	29,878	112,457	28,358	30,761	28,206	25,132
Restructuring and impairment charges	-	-	-	7,957	7,957	-	-	-
Gains on product line asset sales and business divestiture	-	-	-	(100,139)	-	(92,805)	-	(7,334)
Adjusted EBITDA	\$ 334,666	\$ 184,560	\$ 150,106	\$ 549,339	\$ 156,522	\$ 138,200	\$ 135,576	\$ 119,041
Revenues	\$ 679,556	\$ 357,195	\$ 322,361	\$ 1,316,536	\$ 334,578	\$ 338,183	\$ 331,361	\$ 312,414
Adjusted EBITDA as a percent of revenues	49%	52%	47%	42%	47%	41%	41%	38%
Reconciliation To Free Cash Flow								
Net cash provided by operating activities	\$ 247,484	\$ 122,603	\$ 124,881	\$ 423,816	\$ 91,754	\$ 100,592	\$ 153,523	\$ 77,947
Reduced by cash flow items:								
Capital expenditures	3,292	2,397	895	7,569	1,777	1,572	1,175	3,045
Dividends paid	-	-	-	-	-	-	-	-
Free cash flow	\$ 244,192	\$ 120,206	\$ 123,986	\$ 416,247	\$ 89,977	\$ 99,020	\$ 152,348	\$ 74,902
Revenues	\$ 679,556	\$ 357,195	\$ 322,361	\$ 1,316,536	\$ 334,578	\$ 338,183	\$ 331,361	\$ 312,414
Free cash flow as a percent of revenues	36%	34%	38%	32%	27%	29%	46%	24%