

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

	<u>December 31,</u> <u>2019</u>	<u>September 30,</u> <u>2019</u>
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 111,216	\$ 106,426
Accounts receivable, net	281,640	297,427
Prepaid expenses and other current assets	68,138	51,853
Total current assets	<u>460,994</u>	<u>455,706</u>
Marketable securities and investments	25,388	21,865
Property and equipment, net	56,156	53,027
Operating lease right-of-use assets	88,475	-
Goodwill and intangible assets, net	825,334	817,681
Other assets	88,691	85,169
	<u>\$ 1,545,038</u>	<u>\$ 1,433,448</u>
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable and other accrued liabilities	\$ 75,585	\$ 55,572
Accrued compensation and employee benefits	71,780	106,240
Deferred revenue	114,667	111,016
Current maturities on debt	180,000	218,000
Total current liabilities	<u>442,032</u>	<u>490,828</u>
Long-term debt	738,259	606,790
Operating lease liabilities	80,424	-
Other liabilities	43,362	46,063
Total liabilities	<u>1,304,077</u>	<u>1,143,681</u>
Stockholders' equity	240,961	289,767
	<u>\$ 1,545,038</u>	<u>\$ 1,433,448</u>

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

	Quarter Ended December 31,	
	2019	2018
Revenues:		
Transactional and maintenance	\$ 220,374	\$ 194,193
Professional services	44,025	40,808
License	34,105	27,255
Total revenues	298,504	262,256
Operating expenses:		
Cost of revenues	90,758	76,066
Research & development	38,943	35,426
Selling, general and administrative	112,021	100,258
Amortization of intangible assets	1,796	1,502
Restructuring and acquisition-related	3,104	-
Total operating expenses	246,622	213,252
Operating income	51,882	49,004
Other expense, net	(9,987)	(11,848)
Income before income taxes	41,895	37,156
Income tax benefit	(13,026)	(2,851)
Net income	\$ 54,921	\$ 40,007
Basic earnings per share:	\$ 1.89	\$ 1.38
Diluted earnings per share:	\$ 1.82	\$ 1.32
Shares used in computing earnings per share:		
Basic	29,025	28,961
Diluted	30,169	30,336

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

	Quarter Ended December 31,	
	2019	2018
Cash flows from operating activities:		
Net income	\$ 54,921	\$ 40,007
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	7,856	7,967
Share-based compensation	23,145	21,854
Changes in operating assets and liabilities	(28,419)	(24,129)
Other, net	2,862	3,158
Net cash provided by operating activities	<u>60,365</u>	<u>48,857</u>
Cash flows from investing activities:		
Purchases of property and equipment	(6,500)	(6,474)
Net activity from marketable securities	(2,566)	(2,201)
Other, net	55	-
Net cash used in investing activities	<u>(9,011)</u>	<u>(8,675)</u>
Cash flows from financing activities:		
Proceeds from revolving line of credit	117,000	103,000
Payments on revolving line of credit	(367,000)	(35,000)
Proceeds from issuance of senior notes	350,000	-
Proceeds from issuances of common stock	5,091	7,550
Taxes paid related to net share settlement of equity awards	(86,047)	(42,987)
Repurchases of common stock	(60,009)	(82,700)
Other, net	(7,230)	-
Net cash used in financing activities	<u>(48,195)</u>	<u>(50,137)</u>
Effect of exchange rate changes on cash	<u>1,631</u>	<u>(172)</u>
Increase (decrease) in cash and cash equivalents	4,790	(10,127)
Cash and cash equivalents, beginning of period	106,426	90,023
Cash and cash equivalents, end of period	<u>\$ 111,216</u>	<u>\$ 79,896</u>

FAIR ISAAC CORPORATION
REVENUE BY SEGMENT
(In thousands)
(Unaudited)

	Quarter Ended	
	December 31,	
	2019	2018
Applications revenues:		
Transactional and maintenance	\$ 98,837	\$ 97,165
Professional services	34,023	31,462
License	19,318	19,032
Total Applications revenues	<u>\$ 152,178</u>	<u>\$ 147,659</u>
Scores revenues:		
Transactional and maintenance	\$ 107,446	\$ 84,821
Professional services	264	701
License	7,428	161
Total Scores revenues	<u>\$ 115,138</u>	<u>\$ 85,683</u>
Decision Management Software revenues:		
Transactional and maintenance	\$ 14,091	\$ 12,207
Professional services	9,738	8,645
License	7,359	8,062
Total Decision Management Software revenues	<u>\$ 31,188</u>	<u>\$ 28,914</u>
Total revenues:		
Transactional and maintenance	\$ 220,374	\$ 194,193
Professional services	44,025	40,808
License	34,105	27,255
Total revenues	<u>\$ 298,504</u>	<u>\$ 262,256</u>

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

	Quarter Ended December 31,	
	2019	2018
GAAP net income	\$ 54,921	\$ 40,007
Amortization of intangible assets	1,796	1,502
Restructuring and acquisition-related	3,104	-
Stock-based compensation expense	23,145	21,854
Income tax adjustments	(6,762)	(6,219)
Excess tax benefit	(22,018)	(13,233)
Non-GAAP net income	\$ 54,186	\$ 43,911
GAAP diluted earnings per share	\$ 1.82	\$ 1.32
Amortization of intangible assets	0.06	0.05
Restructuring and acquisition-related	0.10	-
Stock-based compensation expense	0.77	0.72
Income tax adjustments	(0.22)	(0.21)
Excess tax benefit	(0.73)	(0.44)
Non-GAAP diluted earnings per share	\$ 1.80	\$ 1.45
Free cash flow		
Net cash provided by operating activities	\$ 60,365	\$ 48,857
Capital expenditures	(6,500)	(6,474)
Free cash flow	\$ 53,865	\$ 42,383

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

About Non-GAAP Financial Measures

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

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

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

	Fiscal 2020 Guidance
GAAP net income	\$ 204
Amortization of intangible assets	5
Restructuring and acquisition-related	4
Stock-based compensation expense	90
Income tax adjustments	(26)
Excess tax benefit	(25)
Non-GAAP net income	\$ 251
GAAP diluted earnings per share	\$ 6.75
Amortization of intangible assets	0.15
Restructuring and acquisition-related	0.12
Stock-based compensation expense	2.96
Income tax adjustments	(0.85)
Excess tax benefit	(0.83)
Non-GAAP diluted earnings per share	\$ 8.30

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