

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

	<b>June 30, 2019</b>	<b>September 30, 2018</b> <i>* As Adjusted</i>
	<u>                    </u>	<u>                    </u>
<b>ASSETS:</b>		
Current assets:		
Cash and cash equivalents	\$ 78,808	\$ 90,023
Accounts receivable, net	318,044	266,742
Prepaid expenses and other current assets	<u>38,212</u>	<u>39,624</u>
Total current assets	<u>435,064</u>	<u>396,389</u>
Marketable securities and investments	21,726	19,756
Property and equipment, net	52,900	48,837
Goodwill and intangible assets, net	807,446	815,426
Other assets	<u>56,662</u>	<u>50,059</u>
	<u>\$ 1,373,798</u>	<u>\$ 1,330,467</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY:</b>		
Current liabilities:		
Accounts payable and other accrued liabilities	\$ 47,900	\$ 51,276
Accrued compensation and employee benefits	88,543	84,292
Deferred revenue	103,270	103,335
Current maturities on debt	<u>218,000</u>	<u>235,000</u>
Total current liabilities	<u>457,713</u>	<u>473,903</u>
Long-term debt	604,582	528,944
Other liabilities	<u>43,186</u>	<u>40,183</u>
Total liabilities	<u>1,105,481</u>	<u>1,043,030</u>
Stockholders' equity	<u>268,317</u>	<u>287,437</u>
	<u>\$ 1,373,798</u>	<u>\$ 1,330,467</u>

\* Prior-period information has been adjusted for the adoption of ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which we adopted on October 1, 2018.

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

	Quarter Ended June 30,		Nine Months Ended June 30,	
	2019	2018 * As Adjusted	2019	2018 * As Adjusted
Revenues:				
Transactional and maintenance	\$ 226,040	\$ 192,143	\$ 632,012	\$ 555,337
Professional services	44,594	42,836	135,957	132,695
License	43,615	20,014	86,770	55,582
Total revenues	<u>314,249</u>	<u>254,993</u>	<u>854,739</u>	<u>743,614</u>
Operating expenses:				
Cost of revenues	87,215	79,011	248,849	232,936
Research & development	36,972	32,483	110,082	93,976
Selling, general and administrative	102,906	97,391	308,094	283,858
Amortization of intangible assets	1,448	1,571	4,453	5,043
Total operating expenses	<u>228,541</u>	<u>210,456</u>	<u>671,478</u>	<u>615,813</u>
Operating income	85,708	44,537	183,261	127,801
Other expense, net	<u>(7,654)</u>	<u>(6,635)</u>	<u>(28,077)</u>	<u>(19,859)</u>
Income before income taxes	78,054	37,902	155,184	107,942
Provision for income taxes	13,902	8,181	17,644	14,173
Net income	<u>\$ 64,152</u>	<u>\$ 29,721</u>	<u>\$ 137,540</u>	<u>\$ 93,769</u>
Basic earnings per share:	<u>\$ 2.21</u>	<u>\$ 1.00</u>	<u>\$ 4.74</u>	<u>\$ 3.13</u>
Diluted earnings per share:	<u>\$ 2.12</u>	<u>\$ 0.95</u>	<u>\$ 4.54</u>	<u>\$ 2.99</u>
Shares used in computing earnings per share:				
Basic	<u>28,967</u>	<u>29,708</u>	<u>29,000</u>	<u>29,924</u>
Diluted	<u>30,292</u>	<u>31,161</u>	<u>30,295</u>	<u>31,341</u>

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

	Nine Months Ended June 30,	
	2019	2018 * As Adjusted
<b>Cash flows from operating activities:</b>		
Net income	\$ 137,540	\$ 93,769
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	23,734	22,329
Share-based compensation	61,931	54,631
Changes in operating assets and liabilities	(59,682)	(3,931)
Other, net	1,413	(3,709)
Net cash provided by operating activities	<u>164,936</u>	<u>163,089</u>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(18,170)	(24,220)
Net activity from marketable securities	(2,630)	(2,504)
Net cash used in investing activities	<u>(20,800)</u>	<u>(26,724)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from revolving line of credit	167,000	371,000
Payments on revolving line of credit	(109,000)	(480,000)
Proceeds from issuance of senior notes	-	400,000
Payment on senior notes	-	(131,000)
Proceeds from issuances of common stock	16,073	2,492
Taxes paid related to net share settlement of equity awards	(51,208)	(42,872)
Repurchases of common stock	(178,926)	(229,540)
Other, net	-	(7,869)
Net cash used in financing activities	<u>(156,061)</u>	<u>(117,789)</u>
<b>Effect of exchange rate changes on cash</b>	<u>710</u>	<u>(4,265)</u>
Increase (decrease) in cash and cash equivalents	(11,215)	14,311
Cash and cash equivalents, beginning of period	90,023	105,618
Cash and cash equivalents, end of period	<u>\$ 78,808</u>	<u>\$ 119,929</u>

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

	Quarter Ended		Nine Months Ended	
	June 30,		June 30,	
	2019	2018	2019	2018
	* As Adjusted		* As Adjusted	
Applications revenues:				
Transactional and maintenance	\$ 100,385	\$ 91,102	\$ 294,624	\$ 277,743
Professional services	33,989	33,783	101,432	108,288
License	31,263	13,773	59,055	39,297
Total applications revenues	<u>\$ 165,637</u>	<u>\$ 138,658</u>	<u>\$ 455,111</u>	<u>\$ 425,328</u>
Scores revenues:				
Transactional and maintenance	\$ 112,949	\$ 89,876	\$ 300,133	\$ 243,323
Professional services	392	559	1,994	1,613
License	1,805	394	3,105	1,427
Total scores revenues	<u>\$ 115,146</u>	<u>\$ 90,829</u>	<u>\$ 305,232</u>	<u>\$ 246,363</u>
Decision Management Software revenues:				
Transactional and maintenance	\$ 12,706	\$ 11,165	\$ 37,255	\$ 34,271
Professional services	10,213	8,494	32,531	22,794
License	10,547	5,847	24,610	14,858
Total decision management software revenues	<u>\$ 33,466</u>	<u>\$ 25,506</u>	<u>\$ 94,396</u>	<u>\$ 71,923</u>
Total revenues:				
Transactional and maintenance	\$ 226,040	\$ 192,143	\$ 632,012	\$ 555,337
Professional services	44,594	42,836	135,957	132,695
License	43,615	20,014	86,770	55,582
Total revenues	<u>\$ 314,249</u>	<u>\$ 254,993</u>	<u>\$ 854,739</u>	<u>\$ 743,614</u>

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

	Quarter Ended June 30,		Nine Months Ended June 30,	
	2019	2018 * As Adjusted	2019	2018 * As Adjusted
GAAP net income	\$ 64,152	\$ 29,721	\$ 137,540	\$ 93,769
Amortization of intangible assets	1,448	1,571	4,453	5,043
Stock-based compensation expense	19,595	18,882	61,931	54,630
Income tax adjustments	(5,290)	(5,450)	(17,103)	(15,294)
Excess tax benefit	(4,289)	(1,635)	(20,023)	(14,697)
Tax Cuts and Jobs Act	-	1,436	-	6,906
Non-GAAP net income	<u>\$ 75,616</u>	<u>\$ 44,525</u>	<u>\$ 166,798</u>	<u>\$ 130,357</u>
GAAP diluted earnings per share	\$ 2.12	\$ 0.95	\$ 4.54	\$ 2.99
Amortization of intangible assets	0.05	0.05	0.15	0.16
Stock-based compensation expense	0.65	0.61	2.04	1.74
Income tax adjustments	(0.17)	(0.17)	(0.56)	(0.49)
Excess tax benefit	(0.14)	(0.05)	(0.66)	(0.47)
Tax Cuts and Jobs Act	-	0.05	-	0.22
Non-GAAP diluted earnings per share	<u>\$ 2.50</u>	<u>\$ 1.43</u>	<u>\$ 5.51</u>	<u>\$ 4.16</u>
Free cash flow				
Net cash provided by operating activities	\$ 68,290	\$ 85,079	\$ 164,936	\$ 163,089
Capital expenditures	(7,526)	(13,109)	(18,170)	(24,220)
Free cash flow	<u>\$ 60,764</u>	<u>\$ 71,970</u>	<u>\$ 146,766</u>	<u>\$ 138,869</u>

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

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**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)

		<b>Fiscal 2019 Guidance</b>
GAAP net income	\$	173
Amortization of intangible assets		6
Stock-based compensation expense		85
Income tax adjustments		(25)
Excess tax benefit		(25)
Non-GAAP net income	\$	<u>214</u>
GAAP diluted earnings per share	\$	5.75
Amortization of intangible assets		0.20
Stock-based compensation expense		2.82
Income tax adjustments		(0.81)
Excess tax benefit		(0.83)
Non-GAAP diluted earnings per share	\$	<u>7.12</u>

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

**About Non-GAAP Financial Measures**

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