

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

	<u>March 31,</u> <u>2022</u>	<u>September 30,</u> <u>2021</u>
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 174,219	\$ 195,354
Accounts receivable, net	273,356	312,107
Prepaid expenses and other current assets	34,634	43,513
Total current assets	<u>482,209</u>	<u>550,974</u>
Marketable securities and investments	32,592	33,196
Property and equipment, net	22,897	27,913
Operating lease right-of-use-assets	43,256	47,275
Goodwill and intangible assets, net	786,751	792,284
Other assets	118,780	116,134
	<u>\$ 1,486,485</u>	<u>\$ 1,567,776</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT:		
Current liabilities:		
Accounts payable and other accrued liabilities	\$ 88,456	\$ 100,284
Accrued compensation and employee benefits	61,825	103,506
Deferred revenue	102,481	105,417
Current maturities on debt	130,000	250,000
Total current liabilities	<u>382,762</u>	<u>559,207</u>
Long-term debt	1,664,674	1,009,018
Operating lease liabilities	47,362	53,670
Other liabilities	55,103	56,823
Total liabilities	<u>2,149,901</u>	<u>1,678,718</u>
Stockholders' deficit	<u>(663,416)</u>	<u>(110,942)</u>
	<u>\$ 1,486,485</u>	<u>\$ 1,567,776</u>

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

	Quarter Ended March 31,		Six Months Ended March 31,	
	2022	2021	2022	2021
Revenues:				
On-premises and SaaS software	\$ 149,088	\$ 125,551	\$ 275,426	\$ 252,006
Professional services	24,365	37,091	50,901	78,399
Scores	183,742	168,719	353,229	313,370
Total revenues	<u>357,195</u>	<u>331,361</u>	<u>679,556</u>	<u>643,775</u>
Operating expenses:				
Cost of revenues	71,794	88,333	140,997	177,861
Research & development	36,387	43,612	75,367	84,263
Selling, general and administrative	96,414	97,272	194,462	191,183
Amortization of intangible assets	543	945	1,087	1,882
Gains on product line asset sales and business divestiture	-	-	-	(7,334)
Total operating expenses	<u>205,138</u>	<u>230,162</u>	<u>411,913</u>	<u>447,855</u>
Operating income	152,057	101,199	267,643	195,920
Other expense, net	(19,572)	(9,375)	(30,338)	(16,136)
Income before income taxes	132,485	91,824	237,305	179,784
Provision for income taxes	28,102	23,150	47,963	24,618
Net income	<u>\$ 104,383</u>	<u>\$ 68,674</u>	<u>\$ 189,342</u>	<u>\$ 155,166</u>
Basic earnings per share:	<u>\$ 3.99</u>	<u>\$ 2.36</u>	<u>\$ 7.10</u>	<u>\$ 5.33</u>
Diluted earnings per share:	<u>\$ 3.95</u>	<u>\$ 2.33</u>	<u>\$ 7.02</u>	<u>\$ 5.23</u>
Shares used in computing earnings per share:				
Basic	<u>26,145</u>	<u>29,087</u>	<u>26,662</u>	<u>29,107</u>
Diluted	<u>26,421</u>	<u>29,531</u>	<u>26,978</u>	<u>29,660</u>

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

	Six Months Ended	
	March 31,	
	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Net income	\$ 189,342	\$ 155,166
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	10,656	13,701
Share-based compensation	57,814	53,338
Changes in operating assets and liabilities	(25,523)	11,188
Other, net	15,195	(1,923)
Net cash provided by operating activities	<u>247,484</u>	<u>231,470</u>
Cash flows from investing activities:		
Purchases of property and equipment	(3,293)	(4,220)
Net activity from marketable securities	(2,628)	(2,115)
Proceeds from product line asset sales and business divestiture	2,257	8,291
Other, net	-	(210)
Net cash provided by (used in) investing activities	<u>(3,664)</u>	<u>1,746</u>
Cash flows from financing activities:		
Proceeds from revolving line of credit and term loan	800,000	251,000
Payments on revolving line of credit and term loan	(806,750)	(121,000)
Proceeds from issuance of senior notes	550,000	-
Proceeds from issuance of treasury stock under employee stock plans	11,117	10,390
Taxes paid related to net share settlement of equity awards	(47,849)	(86,653)
Repurchases of common stock	(760,861)	(250,356)
Other, net	(8,819)	(176)
Net cash used in financing activities	<u>(263,162)</u>	<u>(196,795)</u>
Effect of exchange rate changes on cash	<u>(1,793)</u>	<u>4,021</u>
Increase (decrease) in cash and cash equivalents	(21,135)	40,442
Cash and cash equivalents, beginning of period	195,354	157,394
Cash and cash equivalents, end of period	<u>\$ 174,219</u>	<u>\$ 197,836</u>

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

	Quarter Ended March 31,		Six Months Ended March 31,	
	2022	2021	2022	2021
GAAP net income	\$ 104,383	\$ 68,674	\$ 189,342	\$ 155,166
Amortization of intangible assets	543	945	1,087	1,882
Gains on product line asset sales and business divestiture	-	-	-	(7,334)
Stock-based compensation expense	27,936	28,206	57,814	53,338
Income tax adjustments	(6,677)	(7,271)	(14,170)	(11,757)
Excess tax benefit	(2,495)	(329)	(8,452)	(19,512)
Non-GAAP net income	<u>\$ 123,690</u>	<u>\$ 90,225</u>	<u>\$ 225,621</u>	<u>\$ 171,783</u>
GAAP diluted earnings per share	\$ 3.95	\$ 2.33	\$ 7.02	\$ 5.23
Amortization of intangible assets	0.02	0.03	0.04	0.06
Gains on product line asset sales and business divestiture	-	-	-	(0.25)
Stock-based compensation expense	1.06	0.96	2.14	1.80
Income tax adjustments	(0.25)	(0.25)	(0.53)	(0.40)
Excess tax benefit	(0.09)	(0.01)	(0.31)	(0.66)
Non-GAAP diluted earnings per share	<u>\$ 4.68</u>	<u>\$ 3.06</u>	<u>\$ 8.36</u>	<u>\$ 5.79</u>
Free cash flow				
Net cash provided by operating activities	\$ 122,603	\$ 153,523	\$ 247,484	\$ 231,470
Capital expenditures	(2,398)	(1,175)	(3,293)	(4,220)
Free cash flow	<u>\$ 120,205</u>	<u>\$ 152,348</u>	<u>\$ 244,191</u>	<u>\$ 227,250</u>

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)

	Previous Fiscal 2022 Guidance	Updated Fiscal 2022 Guidance
GAAP net income	\$ 318	350
Amortization of intangible assets	2	2
Stock-based compensation expense	115	115
Income tax adjustments	(30)	(30)
Excess tax benefit	(8)	(8)
Non-GAAP net income	<u>\$ 397</u>	<u>\$ 429</u>
GAAP diluted earnings per share	\$ 11.29	\$ 13.11
Amortization of intangible assets	0.07	0.08
Stock-based compensation expense	4.09	4.31
Income tax adjustments	(1.06)	(1.12)
Excess tax benefit	(0.28)	(0.29)
Non-GAAP diluted earnings per share	<u>\$ 14.12</u>	<u>\$ 16.08</u>

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