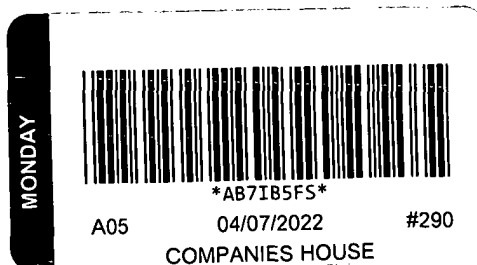


Company Registration No. 04291046

Fair Isaac Europe Limited

Annual Report and Financial Statements

For the year ended 30 September 2021



Fair Isaac Europe Limited

Annual report and financial statements for the year ended 30 September 2021

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Fair Isaac Europe Limited

Officers and professional advisers

Directors

M Scadina
R Deal
D Sanderson
S Weber

Company secretary

M Scadina

Registered office

FICO House
International Square
Starley Way
Birmingham B37 7GN
United Kingdom

Bankers

HSBC
130 New Street
Birmingham
B2 4JU
United Kingdom

Solicitors

Faegre Drinker Biddle & Reath LLP
7 Pilgrim Street
London, EC4V 6LB
United Kingdom

Auditor

Deloitte LLP
Statutory Auditor
Four Brindleyplace
Birmingham
B1 2HZ
United Kingdom

Fair Isaac Europe Limited

Strategic report

The directors present their strategic report for the year ended 30 September 2021.

Business review and principal activities

The principal activities of the company are providing consulting services and to act as a sales agent on behalf of other subsidiary companies within the Fair Isaac group (the group).

The company's ultimate parent company is Fair Isaac Corporation, a company incorporated in the State of Delaware, United States of America and listed on the New York Stock Exchange. Management determined that the functional currency of the company will be in Euros as it holds the European activities.

As shown in the company's profit and loss account on page 11, the company's sales have decreased by 20% to €3,463,146 (2020: €4,327,992), due to a reduction in sales recharge income together with administration costs increasing by 11 % to €1,443,2178 (2020: €1,303,482) due to inflationary increases, this has resulted in a profit before tax of €120,894 (2020: €410,386) and profit after tax of €86,161 (2020: €261,993). This information is used by the company as its Key Performance Indicators to monitor the business.

Section 172 (1) statement

The directors set out their Section 172 (1) statement below. To ensure they act in a way that promotes the success of the company, for the benefit of its members they have regard for matters such as: (amongst other things)

- a. The likely consequences of any decision in the long term,
- b. The interests of the company's employees,
- c. The need to foster the company's business relationships with suppliers, customers and others,
- d. The impact of the company's operations on the community and the environment,
- e. The desirability of the company maintaining a reputation for high standards of business conduct, and
- f. The need to act fairly as between members of the company.

The company is a wholly owned subsidiary, and the directors of this company are also directors of other companies within the group. The decisions that are made by the directors are consistent with the long-term strategic direction of the group as a whole.

The employees are consulted by way of a quarterly engagement survey, with results being published against benchmarks and previous scores, to elicit feedback regarding various matters, including decisions being made by executives, the direction of the business, the ability to perform tasks, work life balance, compensation and rewards, and similar matters. The survey is anonymous, and comments can be added which are considered by senior leaders. There is a global quarterly all hands call, where ongoing results, updates and other information is delivered by the group executive team, the results of the engagement survey and comments are talked about and any action plans are presented. The group encourages staff development and there are performance reviews. Talent is recognised as an important asset of the business with an important role to play in its long-term success and the company rewards by way of, pay rises, bonus plans and the issuance of restricted stock units with a multi-year vesting period as long-term incentive awards. This applies to all companies in the group.

Business relationships are very important to the success of the company and this is recognized by the directors. The company's customers are internal. Suppliers are important as it is difficult for the company to deliver without the support from suppliers and the services they provide. The ultimate parent has set up a new procurement department, during 2020 to manage supplier relationships and ensure all the companies within the group receive the best price for services and good relationships are maintained. The company seeks to pay suppliers in a timely manner.

Fair Isaac Europe Limited

Strategic report (continued)

The directors consider the impact of the company's operations on the community and the environment as very important and engaged with a company to analyse carbon emissions for this company. The corporate Environmental Management Plan was formally reviewed for the year.

The directors consider fairness within the company to be important, promoting equal opportunities and pay, including through a pay banding structure which applies to all employees, inclusion training and initiatives to encourage women and others to fulfil their potential. Training is available to all in many different forms.

Principal risks and uncertainties

Competitive pressure is a continuing risk for the company, which could result in it losing sales. The company manages this risk by providing added value services and maintaining strong relationships with customers.

There is foreign currency risk where transactions are denominated in a currency other than Euro. All exchange gains and losses are taken to the profit and loss account; however, the foreign exchange risk is managed by hedging exposure, by the US ultimate parent company. There are no hedging contracts in the name of Fair Isaac Europe Limited.

Coronavirus ("Covid 19") was declared a global pandemic in March 2020. The impact of Covid 19 on the business and the risks associated with its impact on future trading performance is discussed in more detail in the going concern section in the Directors' report.

Employees

Details of the average number of employees and related costs can be found in note 3 to the financial statements on page 17 and 18.

One of Fair Isaac Corporation's core values includes the commitment to develop the employees by equipping them with the skills and knowledge needed for success in both their current and future roles.

Approved by the Board of Directors and
signed on behalf of the Board on: 30 June 2022.

DocuSigned by:

Steve Weber

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S Weber
Director

Fair Isaac Europe Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 September 2021.

In the strategic report, details of the principal risks and uncertainties are discussed, along with details of financial results in the Business review section and forms part of this report by cross reference.

Financial risk management objectives and policies

In order to ensure the company has sufficient funds for its ongoing operations and future activities, the financing and liquidity of the company is managed in conjunction with the US parent treasury function.

All trade is carried out subject to the company's standard credit terms and normal terms and conditions. The debtors' ledger is reviewed on a regular basis to determine the age of the debt and any necessary provision is made accordingly.

Going concern

The company does not contract outside of the Ultimate parent company and its subsidiaries (group) and is consequently heavily reliant on demand for the products of other group companies, deriving income streams from sales and implementation work contracted through fellow group companies.

Net current assets at the year end were €2.8m (2020: €2.7m). As detailed in note 8, €1m (2020: €0.7m) of intercompany balances were payable by the company on demand at the year end. This was offset by €0.6m (2020: €2.6m) due from other group companies to the company (note 7). Intercompany balances are settled regularly. The company had a cash balance of €4.0m at the year end (2020: €2.1m). As at 23 June 2022, the cash balance was €3.2m.

The trading performance and liquidity of the company is dependent on the financial performance of the group, Fair Isaac Corporation. The ultimate parent has provided a signed letter of support stating that the US parent will provide financial support to the company, if needed, for at least a period of 12 months from the date of signing the financial statements.

The directors of the company have also received confirmation that the intercompany balances due to the parent company at the year end will, if necessary, not be recalled for a period of at least 12 months from the date of signing the financial statements.

The directors have assessed whether the parent company would be able to provide sufficient support if required. The group has considerable financial resources and operates long-term contracts with customers across different geographic areas and industries. The Group business model has a high percentage of recurring revenue and generates a substantial amount of free cash flow each quarter. The group generated €368 million (equivalent to \$424 million) of cash during 2021. The directors are therefore confident of US parent financial support if needed.

The directors believe both the company and the group are well placed to manage business risks successfully despite the current uncertain economic outlook and will continue in operational existence for at least 12 months from the date of signing the financial statements. Accordingly, the going concern basis is adopted in preparing the annual report and financial statements.

Dividends

The directors recommended a final dividend of €nil (2020: €nil). No additional dividends were declared or paid up to the date of these financial statements.

Fair Isaac Europe Limited

Directors' report (continued)

Ethics

Fair Isaac Corporation recognises the importance of business ethics and to conducting our business with absolute integrity. All employees are fully encouraged to act in accordance with its code of business conduct and ethics to promote honest and ethical conduct on the part of employees and others who act for and on behalf of Fair Isaac Corporation.

Directors

The directors, during the year and subsequently, to the date of this report are as follows:

M Scadina
D Sanderson
R Deal
S Weber

Future developments

The directors consider that the company will continue with its principal activities for the foreseeable future.

Energy and Carbon Reporting

No disclosure relating to energy and carbon reporting has been made as the company has not consumed more than 40,000 kwh of energy during the year.

Other information

Company made no political contributions in the period. The company has a branch in France as defined in section 1046(3) of the Companies Act 2006, outside the UK. The Company has made no indemnity provisions in the reporting year and since the balance sheet date.

Research and development

Employees of the company engage in research and development projects of other FICO companies, where Intellectual property is held, and all costs are written off in the period.

Subsequent events

As a result of the situation between Russia and Ukraine, the group made the decision to terminate all current relationships with customers in Russia and Belarus and not pursue any further business in these regions.

Auditor

Each of the persons who is a director at the date of approval of these financial statements confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to reappoint Deloitte will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board on: 30 June 2022.

DocuSigned by:

Steve Weber

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S Weber
Director

Directors' responsibility statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and The Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Fair Isaac Europe Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Fair Isaac Europe Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 September 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of the company which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 14.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (FRC's) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent auditor's report to the members of Fair Isaac Europe Limited (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditor's report to the members of Fair Isaac Europe Limited (continued)

Extent to which the audit was considered capable of detecting irregularities, including

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty

We discussed among the audit engagement team including relevant internal specialists such as tax and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud with respect to impairment of the carrying amount of the investment in Fair Isaac España S.L., and our specific procedures performed to address it are described below;

- a. performed design and implementation of management's review control for impairment.
- b. challenged management's assumptions used in the computation of value in use for the investment.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Fair Isaac Europe Limited

Independent auditor's report to the members of Fair Isaac Europe Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Louise Clamp FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom

Date: 30 June 2022

Fair Isaac Europe Limited

Profit and loss account

For the year ended 30 September 2021

	Note	2021 € Total	2020 € Restated Total
Turnover	2	3,463,146	4,327,992
Cost of sales		(1,899,035)	(2,614,124)
Gross profit		1,564,111	1,713,868
Administrative expenses		(1,443,217)	(1,303,482)
Operating profit		120,894	410,386
Profit before taxation	4	120,894	410,386
Tax on profit	5	(34,733)	(148,393)
Profit after taxation		86,161	261,993

Refer to note 12 for details of the prior year restatement.

All results in the current year are derived from continuing operations. There is no other comprehensive income for the current and preceding financial years other than those disclosed in the profit and loss account. Accordingly, no separate statement of other comprehensive income has been presented.

The notes on pages 13 – 24 form part of these financial statements.

Fair Isaac Europe Limited

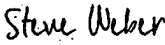
Balance sheet As at 30 September 2021

	Note	2021 €	2020 € Restated
Fixed assets			
Investments	6	3,447,670	3,447,670
		<u>3,447,670</u>	<u>3,447,670</u>
Current assets			
Debtors	7	592,144	2,654,919
Cash at bank and in hand		4,043,080	2,100,078
		<u>4,635,224</u>	<u>4,754,997</u>
Creditors: amounts falling due within one year	8	(1,855,526)	(2,061,460)
Net current assets		<u>2,779,698</u>	<u>2,693,537</u>
Total assets less current liabilities		<u>6,227,368</u>	<u>6,141,207</u>
Net assets		<u>6,227,368</u>	<u>6,141,207</u>
Capital and reserves			
Called up share capital	9	2	2
Share premium account		9,999	9,999
Profit and loss account		<u>6,217,367</u>	<u>6,131,206</u>
Shareholders' funds		<u>6,227,368</u>	<u>6,141,207</u>

Refer to note 12 for details of the prior year restatement.

The financial statements of Fair Isaac Europe Limited, (registered number 04291046), were approved and authorised for issue by the Board of Directors on: 30 June 2022

Signed on behalf of the Board of Directors

DocuSigned by:

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S Weber
Director

Fair Isaac Europe Limited

Statement of changes in equity Year ended 30 September 2021

	Note	Called up share capital €	Share premium account €	Profit and loss account €	Total €
As at 1 October 2019		2	9,999	5,869,213	5,879,214
Loss for financial year and total comprehensive expense	-	-	-	(1,434,210)	(1,434,210)
As at 30 September 2020 (as reported)	9	2	9,999	4,435,003	4,445,004
Correction of error affecting profit for the year (as restated)		-	-	1,696,203	1,696,203
As at 30 September 2020 (as restated)	9	2	9,999	6,131,206	6,141,007
Profit for financial year and total comprehensive income		-	-	86,161	86,161
As at 30 September 2021	9	2	9,999	6,217,367	6,227,368

Refer to note 12 for details of the prior year restatement.

Fair Isaac Europe Limited

Notes to the financial statements For the year ended 30 September 2021

1. Accounting policies

The financial statements are prepared under the historical cost convention and in accordance with United Kingdom Accounting Standards and applicable law, including FRS 102 “The financial reporting standard applicable in the UK and The Republic of Ireland”. The company is exempt from preparing consolidated financial statements under section 401 of the Companies Act 2006 on the grounds that it is itself a wholly owned subsidiary undertaking of Fair Isaac Software Holdings Limited, a company registered in England and Wales. These financial statements, therefore, present information about the individual undertaking and not about its group. These financial statements are separate financial statements.

Going concern

The company does not contract outside of the group and is consequently heavily reliant on demand for the products of other group companies, deriving income streams from sales and implementation work contracted through fellow group companies.

Net current assets at the year end were €2.8m (2020: €2.7m). As detailed in note 8, €1m (2020: €0.7m) of intercompany balances were payable by the company on demand at the year end. This was offset by €0.6m (2020: €2.6m) due from other group companies to the company (note 7). Intercompany balances are settled regularly. The company had a cash balance of €4.0m at the year end (2020: €2.1m). As at 23 June 2022, the cash balance was €3.2m.

The trading performance and liquidity of the company is dependent on the financial performance of the group, Fair Isaac Corporation. The ultimate parent has provided a signed letter of support stating that the US parent will provide financial support to the company, if needed, for at least a period of 12 months from the date of signing the financial statements.

The directors of the company have also received confirmation that the intercompany balances due to the parent company at the year end will, if necessary, not be recalled for a period of at least 12 months from the date of signing the financial statements.

The directors have assessed whether the parent company would be able to provide sufficient support if required. The group has considerable financial resources and operates long-term contracts with customers across different geographic areas and industries. The group business model has a high percentage of recurring revenue and generates a substantial amount of free cash flow each quarter. The group generated €368 million (equivalent to \$424 million) of cash during 2021. The directors are therefore confident of US parent financial support if needed.

General information and basis of accounting

The company is incorporated in United Kingdom under the Companies Act 2006. The company is a private company limited by shares and is registered in England and Wales. The address of the company’s registered office is shown on page 1.

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available in respect of its separate financial statements, as it is a wholly-owned subsidiary undertaking of Fair Isaac Corporation, a company incorporated in the State of Delaware, United States of America, whose consolidated financial statements include the results of the company and are publicly available as detailed in note 13. Exemptions have been taken in relation to presentation of a cash flow statement, intra-group transaction, remuneration of key management personnel, financial instruments and share based payments.

Investments

Fixed asset investments are shown at cost less provision for impairment. Impairment review is carried out by management annually.

Fair Isaac Europe Limited

Notes to the financial statements (continued) For the year ended 30 September 2021

1. Accounting policies (continued)

Turnover

The company derives its income from recharging its sales services recognised quarterly and consulting services recognised monthly, to other intra-group companies and turnover is stated net of value added tax.

Interest receivable

Interest receivable is credited to the profit and loss account in the period in which it is earned.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and provision for any impairment. Depreciation is provided on all tangible fixed assets and charged to administration expenses, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful lives as follows:

Computer software and equipment	3 years
Furniture, fixtures and fittings	7 years
Long property leasehold	Term of Leasehold

Fully depreciated assets still in use are retained in the financial statements. Residual value is calculated on prices prevailing at the date of acquisition or revaluation.

Leases

Operating lease rentals payable or receivable are charged or credited to the profit and loss account in equal instalments over the lease term.

Foreign currencies

The functional and presentation currency of the company is Euros. Foreign currency transactions are converted into Euros at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Euros at the rates ruling on the balance sheet date. These translation differences are taken to the profit and loss account.

Taxation

Current taxation is provided at amounts expected to be paid (or recovered) using the tax rate and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are only recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Pensions

The group operates certain defined contribution schemes for certain employees. Contributions are charged to the profit and loss account as they become payable.

Share based payments

Fair Isaac Corporation issues equity settled share based payments to certain employees in the form of restricted stock units (RSUs), which are granted and issued at \$0.00 cost to the employee. These units generally vest at 25% on the four anniversaries following the grant date and should the employee leave the company all unvested RSUs are forfeited.

We measure stock-based compensation cost at the grant date based on the fair value of the award and recognize it as an expense, net of estimated forfeitures, over the vesting or service period, as applicable, of the stock award. The cost is recharged by US parent and hence there is no equity entry.

Fair Isaac Europe Limited

Notes to the financial statements (continued) For the year ended 30 September 2021

1. Accounting policies (continued)

Cash

Cash in hand includes cash and deposits with banks. Bank overdrafts are shown within borrowings in current liabilities.

Trade debtors

Trade debtors are amounts due from customers for services performed in the ordinary course of business. They are initially recognised at the transaction price and subsequently measured at amortised cost, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss (held for trading), and loans and receivables. The classification depends on the purpose for which the financial assets were acquired and is determined at point of initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except where the maturity is greater than twelve months when they are included in non-current assets and comprise receivables and cash.

Recognition and measurement

Financial assets held at fair value through profit and loss are initially recognised at fair value. Subsequent changes in fair value are presented in the profit and loss account within interest income or expense in the period in which they arise, unless designated as part of a hedge. Loans and receivables are carried at amortised cost. Financial assets are de-recognised when the rights to receive cash flows have expired.

Financial liabilities

Classification

The Company classifies its financial liabilities as other financial liabilities measured at amortised cost using the Effective Interest Rate (EIR) method.

Recognition and measurement

Other financial liabilities are recognised as the amount advanced net of any directly attributable transaction cost. Finance costs calculated in accordance with this policy are recognised in finance costs in the income statement. Financial liabilities are derecognised only when the obligation specified in the contract is discharged cancelled or expires. Finance costs calculated in accordance with this policy are recognised in finance costs in the income statement.

Creditors

Obligations to pay for goods and services are recognised initially at fair value and subsequently measured at amortised cost.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Fair Isaac Europe Limited

Notes to the financial statements (continued) For the year ended 30 September 2021

1. Accounting policies (continued)

There were no critical accounting judgements that would have a significant effect on the amounts recognised in the financial statements or key sources of estimation uncertainty at the balance sheet date that would have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

2. Turnover

An analysis of turnover by activity and geography as follows:

	2021 €	2020 €
By activity		
Consultancy Services	2,266,054	1,879,046
Sales Services	1,197,092	2,448,946
	<u>3,463,146</u>	<u>4,327,992</u>
	2021 €	2020 €
By client location		
United Kingdom	2,730,989	2,986,127
The Americas	277,306	740,559
Europe	454,851	601,306
	<u>3,463,146</u>	<u>4,327,992</u>

3. Information regarding directors and employees

The average number of persons employed, calculated on a monthly weighted average basis (including directors) during the year is as follows:

	2021 Number	2020 Number
Average monthly number of people employed (including directors)		
Sales and marketing	4	5
Development	5	1
Support and consultancy	1	5
	<u>10</u>	<u>11</u>

Fair Isaac Europe Limited

Notes to the financial statements (continued) For the year ended 30 September 2021

3. Information regarding directors and employees (continued)

	2021 €	2020 €
Staff costs during the year (excluding directors)		
Wages and salaries (i)	1,931,824	2,785,659
Social security costs	637,996	629,096
Share based payment	111,080	101,166
	<u>2,680,900</u>	<u>3,515,921</u>

- (i) All staff costs include €1,861,475 included in cost of sales, the remaining €70,349 relates to administrative expenses (2020: €2,516,576, € 269,083 respectively).
- (ii) The emoluments of the directors are paid by the company that employs them, being the ultimate parent company or a fellow subsidiary, as their services to Fair Isaac Europe Limited are incidental to their services provided to other group companies. The emoluments are not recharged. Accordingly, no emoluments have been disclosed in these financial statements in respect of the directors.

4. Profit before taxation

Profit before taxation is stated after charging/(crediting):

	2021 €	2020 €
Foreign exchange losses/(gains)	<u>1,307</u>	<u>(2,521)</u>

Audit fees of €17,500, (2020: €16,000) for auditing the financial statements were borne by Fair Isaac Services Limited, a fellow subsidiary undertaking and are not repayable. There were no non-audit services provided by the auditor in either year.

Fair Isaac Europe Limited

Notes to the financial statements (continued) For the year ended 30 September 2021

5. Tax on profit

	2021 €	2020 €
<i>Current tax</i>		
United Kingdom corporation tax	42,957	121,865
Adjustments in respect of prior period	987	(5,881)
Double tax relief	(19,877)	(98,786)
Foreign tax	41,860	132,107
Foreign tax - adjustments in respect of prior period	(32,313)	10,754
Total current tax	33,614	160,059
<i>Deferred tax</i>		
Origination and reversal of timing differences	1,119	(11,102)
Change in tax rates	-	(564)
Total deferred tax	1,119	(11,666)
Total tax charge on profit	34,733	148,393

The tax assessed for the year is lower than the standard rate of corporation tax in the United Kingdom at 19% (2020: 19%). The differences are explained below:

	2021 €	2020 € Restated
Profit before taxation	120,894	410,386
Tax on profit/loss at standard UK corporation rate of 19% (2020: 19%)	22,970	77,973
<i>Effects of:</i>		
Expenses not deductible for tax purposes	-	24,454
Adjustments in respect of prior periods	(31,326)	4,873
Foreign tax	21,983	33,606
Stock option expense	21,106	19,222
Others	-	(11,171)
Adjustment for closing deferred tax to average rate of 19% to 20% (2020: 19.0%)	-	(564)
Total tax charge for the year	34,733	148,393

Factors affecting future tax charge

The standard rate of tax applied to reported profit on ordinary activities is 19% (2020:19%). In the finance bill 2021, the government announced an increase in corporation tax rate from 19% to 25%, with effect from 1 April 2023, we continue to use 19% for the valuation of deferred tax assets and liabilities. If all of the deferred tax balances were to reverse at 25%, the impact on the closing deferred tax position would be to increase the deferred tax asset by EUR 4,845.

Fair Isaac Europe Limited

Notes to the financial statements (continued) For the year ended 30 September 2021

6. Investments

	2021 €	2020 € Restated
Subsidiary undertakings (i)	<u>3,447,670</u>	<u>3,447,670</u>

The movements in investments held as fixed assets during the year were as follows:

	Investments in subsidiary undertakings € (restated)
Cost	
At 1 October 2020 and 30 September 2021	3,447,670
Net book value	
At 1 October 2020 and 30 September 2021	<u>3,447,670</u>

Refer to note 12 for details of the prior year restatement.

Fair Isaac Europe Limited

Notes to the financial statements (continued) For the year ended 30 September 2021

6. Investments (continued)

Investments at 30 September 2021 consisted of direct investments in the following subsidiary undertakings:

	% of ordinary share Country of incorporation Country of legal registration Country of administration	% of ordinary share Capital paid up Rights held	Nature of business
Direct subsidiary undertakings			
Fair Isaac Turkey Yazilim ve Danismanlik Hizmetleri Limited Sirketi	Turkey	100%	Marketing, promotion and technical implementation of FICO products in Turkey and surrounding European area.
Fair Isaac Lithuania, UAB	Lithuania	100%	Technical implementation of FICO products in Lithuania and surrounding European area.
Fair Isaac Italy S.r.l.	Italy	100%	Marketing, promotion and technical implementation of FICO products in Italy and surrounding European area.
Fair Isaac Polska sp. z o.o.	Poland	100%	Marketing and promotion of FICO products in Poland and surrounding European area.
Fair Isaac Nordics AB	Sweden	100%	Marketing and promotion of FICO products in Sweden and surrounding European area.
Fair Isaac España S.L.	Spain	100%	Marketing and promotion of FICO products in Spain and surrounding European area.
FICO Middle East FZ-LLC	Dubai	100%	Marketing and promotion of FICO products in Middle East

The registered address of Fair Isaac Turkey Yazilim ve Danismanlik Hizmetleri Limited Sirketi is Palladium Tower, Barbaros Mahallesi, Kardelen Sokak No: 2, Kat: 9, Atasehir, Istanbul, Turkey 34750.

The registered address of Fair Isaac Lithuania, UAB is J. Jasinskio g. 16B, LT-03163, Vilnius, Lithuania

The registered address of Fair Isaac Italy S.r.l. is 3, Piazza Filippo Meda, Milan 20121, Italy

The registered address of Fair Isaac Polska sp. z o.o. is ul. Boleslaw Prusa 2, 00-493 Warsaw, Poland

The registered address of Fair Isaac Nordics AB is Box 180, 101 23 Stockholm, Sweden

The registered address of Fair Isaac España S.L. is Calle Nuria 36, Planta 2º, 28034 Madrid, España

The registered address of FICO Middle East FZ-LLC is C-310, Floor 3, Office Park Block C, Dubai, United Arab Emirates

Fair Isaac Europe Limited

Notes to the financial statements (continued) For the year ended 30 September 2021

7. Debtors

	2021 €	2020 €
Amounts due from fellow subsidiary undertakings (i)	576,723	2,636,165
Deferred tax asset (see note 11)	15,341	16,460
Other taxes and social securities	80	2,294
	<u>592,144</u>	<u>2,654,919</u>

(i) Unsecured and non interest bearing and repayable on demand.

8. Creditors: Amounts falling due within one year

	2021 €	2020 €
Trade creditors	1,712	3,098
Amounts due to fellow subsidiary undertakings (i)	1,027,035	691,051
Corporation tax payable	51,472	124,855
Other taxation and social security	74,580	155,427
Other creditors	204,535	150,704
Accruals	496,192	936,325
	<u>1,855,526</u>	<u>2,061,460</u>

(i) Amounts owed are unsecured and non-interest bearing and repayable on demand.

9. Called up, allotted and fully paid share capital

	2021 €	2020 €
Authorised:		
10,000 ordinary shares €1 each		
Called up, allotted and fully paid:		
At 1 October 2 ordinary shares of €1 each	<u>2</u>	<u>2</u>
At 30 September 2 ordinary shares of €1 each	<u>2</u>	<u>2</u>

10. Share based payments

Description of Stock Option and Share Plans

Fair Isaac Corporation, a Delaware corporation and listed on the NYSE under the ticker "FICO" ("Fair Isaac"), has equity awards outstanding under the 2012 Long-Term Incentive Plan ("2012 Plan"). Under the 2012 Plan, Fair Isaac may grant stock options, stock appreciation rights, restricted stock, restricted stock units and common stock to officers, key employees and non-employee directors of Fair Isaac and its subsidiaries.

Fair Isaac Europe Limited

Notes to the financial statements (continued) For the year ended 30 September 2021

10. Share based payments (continued)

Restricted stock units (RSUs) are granted and issued at \$0.00 cost to the employee. These units generally vest at 25% on the four anniversaries following the grant date and should the employee leave the Company all unvested RSUs are forfeited. Performance RSU grants are made to executives of Fair Isaac who serve as board members of the Company, these awards may be granted with differing vesting schedules and specific performance targets.

Vice Presidents can exchange up to 50% of their Restricted Stock Units award for stock options on an economically-equivalent basis.

Determining Fair Value

We measure stock-based compensation cost at the grant date based on the fair value of the award and recognize it as an expense, net of estimated forfeitures, over the vesting or service period, as applicable, of the stock award.

Share based payment charges to Fair Isaac Europe Limited totalled €111,080 for 2021 (2020: €101,166).

Details of the Restricted Stock Units outstanding during the year are as follows:

Restricted Stock Units

	2021		2020	
	Number of share options	Weighted average exercise price (US\$)	Number of share options	Weighted average exercise price (US\$)
Outstanding at the beginning of the period	1,100	0.00	5,029	0.00
Granted during the period	329	0.00	752	0.00
Proir year adjustment	164		(366)	
Forfeited in period	-	0.00	-	0.00
Released during the period	(461)	0.00	-	0.00
Transferred to Fair Isaac España S.L.	-		(4,315)	
Outstanding at the end of the period	<u>1,132</u>	<u>0.00</u>	<u>1,100</u>	<u>0.00</u>

Exercisable at the end of the period

Financial Year of grant	Normal date of exercise	No. of shares 2021	No. of shares 2020
2017	2017-2021	-	110
2018	2018-2022	82	-
2019	2019-2023	158	238
2020	2020-2024	563	752
2021	2021-2025	329	-
		<u>1,132</u>	<u>1,100</u>

Fair Isaac Europe Limited

Notes to the financial statements (continued) For the year ended 30 September 2021

11. Deferred tax

	Note	€
At 1 October 2020		16,460
Charge to profit and loss account in the period	5	(1,119)
At 30 September 2021		15,341

The deferred tax asset recognised in the financial statements is:

	2021 €	2020 €
Other short term timing differences	15,341	16,460
	15,341	16,460

Deferred tax assets of €15,341 (2020: €16,460) have been recognised as the company expects to generate taxable profits for the foreseeable future.

12. Prior year restatement in respect of investments

In the prior period, an impairment of €1,696,203 in relation to the investment in Spain was recognised. However, the recoverable amount of the investment was incorrectly determined, to the extent that no impairment should have been recognised. This has been identified in the year ended 30 September 2021 and accordingly the prior year numbers have been restated as per below;

	As originally presented in year- ended 30 September 2020 €	As restated in year-ended 30 September 2020 €
Administrative expenses	(2,999,685)	(1,303,482)
Operating (loss)/profit	(1,285,817)	410,386
(Loss)/profit after taxation	(1,434,210)	261,993
Investments	1,751,467	3,447,670
Profit and loss account	4,435,003	6,131,206
Net assets/ Shareholder's fund	4,445,004	6,141,207
Effective tax reconciliation (note 6)		
- Impairment of investment		311,107

13. Subsequent events

As a result of the situation between Russia and Ukraine, the group made the decision to terminate all current relationships with customers in Russia and Belarus and not pursue any further business in these regions.

14. Parent company and ultimate controlling party

The immediate parent company is Fair Isaac Software Holdings Limited, a company incorporated in England and Wales. Fair Isaac Corporation, a company incorporated in the state of Delaware, United States of America, with principal executive offices at 5 West Mendenhall, Suite 105, Bozeman, Montana 59715 and listed on the New York Stock Exchange, is the company's ultimate controlling party at the balance sheet date and the parent undertaking of the largest and smallest group of undertakings for which group financial statements are drawn up and of which the reporting company is a member. The registered address of Fair Isaac Corporation is 251 Little Falls Drive, Wilmington, Delaware, 19808.

Copies of the consolidated financial statements of Fair Isaac Corporation are available on the web site at www.fico.com.