

## Fair Issac (FICO)

**\$1,731.01** (Stock Price as of 12/25/2025)

Price Target (6-12 Months): **\$1,857.00**

Long Term: 6-12 Months

**Zacks Recommendation:**

**Neutral**

(Since: 12/01/25)

Prior Recommendation: Outperform

Short Term: 1-3 Months

**Zacks Rank: (1-5)**

**3-Hold**

Zacks Style Scores:

VGM: B

Value: F

Growth: A

Momentum: A

## Summary

FICO benefits from strong growth in its Scores segment, driven by increased adoption of its innovative products and solutions. Its expanding portfolio has been a key catalyst. In the fourth quarter, FICO introduced solutions such as the FICO Focused Foundation Model (FFM), a domain-specific generative AI model tailored for financial services. FICO's innovations in credit scoring models, particularly the FICO Score 10T, have also been a major contributor to its success. The launch of the FICO mortgage direct license program further enhanced its market position by promoting competition and offering cost savings to lenders. However, FICO is facing challenges in its Software segment, with flat revenues due to a decline in non-platform revenue from legacy products and lower professional services income. Rising debt levels also remain a concern.

## Data Overview

52 Week High-Low	\$2,217.60 - \$1,300.00
20 Day Average Volume (sh)	184,800
Market Cap	\$41.0 B
YTD Price Change	-13.1%
Beta	1.29
Dividend / Div Yld	\$0.00 / 0.0%
Industry	<a href="#">Computers - IT Services</a>
Zacks Industry Rank	Top 38% (92 out of 243)

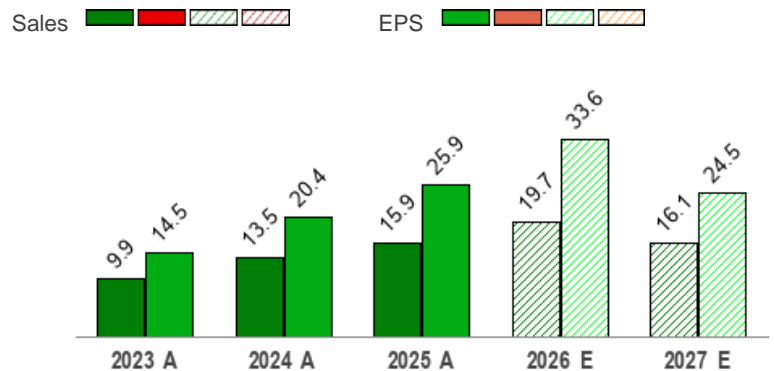
Last EPS Surprise	5.5%
Last Sales Surprise	0.8%
EPS F1 Est- 4 week change	0.0%
Expected Report Date	02/03/2026
Earnings ESP	0.0%

P/E TTM	57.9
P/E F1	43.4
PEG F1	1.5
P/S TTM	20.6

## Price, Consensus & Surprise<sup>(1)</sup>



## Sales and EPS Growth Rates (Y/Y %)<sup>(1)</sup>



## Sales Estimates (millions of \$)<sup>(1)</sup>

	Q1	Q2	Q3	Q4	Annual*
2027	605 E	691 E	738 E	724 E	2,766 E
2026	501 E	606 E	654 E	632 E	2,383 E
2025	440 A	499 A	536 A	516 A	1,991 A

## EPS Estimates<sup>(1)</sup>

	Q1	Q2	Q3	Q4	Annual*
2027	9.84 E	12.78 E	13.85 E	13.21 E	49.73 E
2026	6.97 E	10.50 E	11.56 E	10.91 E	39.93 E
2025	5.79 A	7.81 A	8.57 A	7.74 A	29.88 A

\*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 12/25/2025.

(2) The report's text and the price target are as of 12/02/2025.

## Overview

Fair Isaac Corporation, better known as FICO, offers analytical tools, software and solutions that help in making informed decisions.

Bozeman, MT-based FICO serves a diversified end-market that includes the likes of banks, credit card issuers, insurers, retailers, telecommunication providers, automotive lenders, consumer reporting agencies and public agencies.

Through FICO's online services consumers can access and understand their FICO Scores, which is a standard measure of consumer credit risk in the United States. The FICO Score, which is a three-digit number ranging from 300-850, helps consumers manage their financial health.

FICO reported revenues of \$1.9 billion in fiscal 2025. It has two operating segments, Scores and Software.

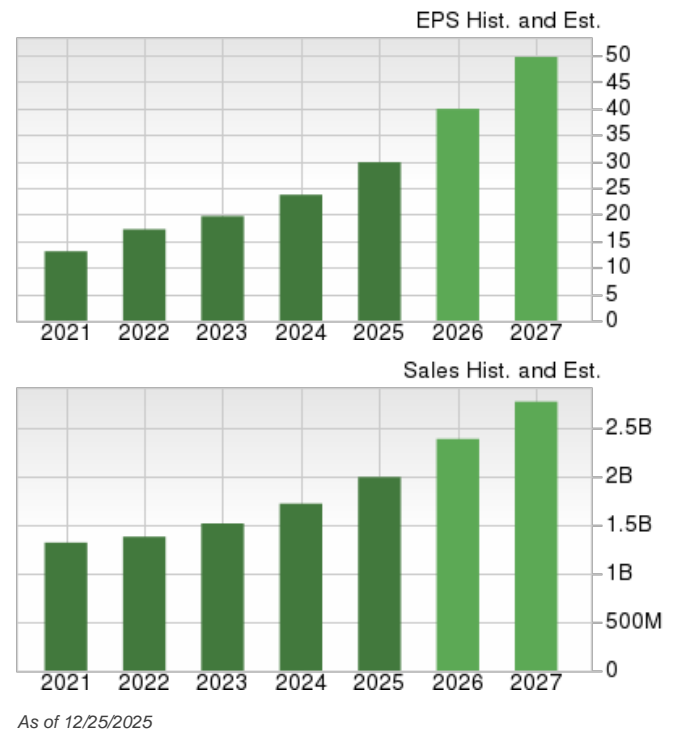
The Scores segment includes business-to-business (B2B) and business-to-consumer (B2C) scoring solutions. While B2B Scores are distributed through major consumer reporting agencies globally, B2C is sold directly to consumers through myFICO.com and other direct-to-consumer channels.

FICO Scores are generated by using FICO's proprietary analytic algorithms on credit data collected and maintained by the three U.S. national consumer reporting agencies, Experian, TransUnion and Equifax. This score is then used across the credit lifecycle. Users of the Scores generally pay the consumer reporting agencies a fee, while the consumer reporting agencies pay an associate fee to FICO.

FICO launched its updated Scores, FICO Score 10 and 10T, in January 2020. FICO Score 9 and FICO Score 8 remain the most distributed scores currently.

The Software segment addresses business consumer needs in terms of customer engagement, including acquisition and pricing, onboarding, servicing and management, and fraud protections in more than 100 countries. FICO Software can be deployed in the cloud using third-party cloud services or on-premise using clients' IT infrastructure.

Most of FICO's solutions run on the FICO Platform, which offers an analytic and decisioning environment and is based on a modular cloud architecture. Annual Recurring Revenue (ARR) from FICO Platform-based products was \$227 million as of Sep 30, 2024, which accounted for 31% of FICO's total software ARR.



---

## Reasons To Buy:

- ▲ Fair Isaac, or FICO, is benefiting from the strong adoption of its FICO Scores. Its B2B score business remains a dominant player in the consumer credit scoring market and enjoys substantial pricing power due to a lack of competition. FICO Scores play an important part in the credit lifecycle, but its charges are minimal for an end-borrower as the fees are paid by the three U.S. national consumer reporting agencies, Experian, TransUnion and Equifax. The Scores are heavily used in the asset-backed securitizations and FICO has expanded its reach to mortgage-backed securities with the recent adoption by the CrossCountry Mortgage, the nation's number three retail mortgage lender.
- ▲ FICO Score 10T offers greater precision in making lending decisions. FICO Score 10T can enable an increase in mortgage originations of up to 5% (without taking on additional credit risk) or reduce default risk and losses by up to 17%. The improvements in the predictive power of FICO Score 10T help lenders avoid unexpected credit risk and better control default rates while making more competitive credit offers to more consumers. The improved features are expected to drive adoption, thereby boosting FICO Scores' top-line growth in the near term.
- ▲ Fair Isaac's enhancements to the FICO Platform Power Customer Connections earlier in 2023 enabled enterprise-wide transformation. It improved the customer experience with hyper-personalization and significantly boosted enterprise transformation success rates. Recently, FICO announced more than 20 enhancements to the FICO platform that allow enterprises to integrate data and analytics into operational decision-making strategies. These innovative features are expected to boost the adoption rate in the near term.
- ▲ FICO's innovative portfolio has been a major growth driver. It has a solid patent trove with 198 U.S. and 29 foreign active patents, with an additional 75 patent applications filed and pending. In December 2023, FICO received ten patents related to digital decisioning, fraud detection, machine learning, and responsible AI. The patent trove provides a boost to the FICO Platform and other FICO software solutions. The FICO Platform enables businesses to absorb data, gain deep new insights through the use of AI and machine learning, make hyper-personalized decisions at scale, and deliver world-class business outcomes.
- ▲ FICO's capability of generating strong free cash flow makes it an attractive investment. At the end of the fourth-quarter fiscal 2025, free cash flow was \$210.8 million. Strong liquidity helps it aggressively buy back shares. In the fourth quarter of fiscal 2025, FICO repurchased 358K shares.

FICO is benefiting from the strong adoption of its FICO Scores, strong demand for the FICO platform, expanding clientele, and strong free cash flow generating ability.

---

## Reasons To Sell:

- ▼ Slowing mortgage origination volume due to higher interest rates is expected to hurt FICO's top-line revenue growth in 2025. Moreover, FICO plans to invest in the software platform and cybersecurity, which is expected to keep margin expansion under pressure.
- ▼ Fair Isaac, or FICO, faces stiff competition in the software segment. In the fraud solutions market, it faces competition from Nice Actimize, Experian, Pegasystems, BAE Systems Applied Intelligence, SAS, ACI Worldwide, IBM, Feedzai, and Featurespace. In the customer origination market, Experian, Equifax, Moody's, Meridian Link, and CGI are FICO's competitors. In the customer management market, Experian and SAS, while in the marketing services market, FICO competes with Pegasystems, Equifax, Experian, SAS, Adobe, and Salesforce. In the decision platform market, Pegasystems, IBM, and SAS are FICO's main competitors.
- ▼ FICO has a leveraged balance sheet. As of Sept. 30, 2025, the company had \$134 million of cash and cash equivalents and marketable securities, which compares unfavorably with the company's consolidated indebtedness of \$2.06 billion.

FICO is expected to suffer from lower mortgage origination volume, additional investment in software platforms and cybersecurity, and a leveraged balance sheet.

## Last Earnings Report

### Fair Isaac Q4 Earnings Top Estimates, Revenues Rise Y/Y

Fair Isaac reported fourth-quarter fiscal 2025 non-GAAP earnings of \$7.74 per share, which surpassed the Zacks Consensus Estimate by 5.45% and jumped 18.3% year over year.

Revenues of \$515.8 million beat the consensus mark by 0.78% and increased 13.6% year over year. The Americas, EMEA, and Asia Pacific contributed 87%, 8% and 5% to total revenues, respectively. Scores (60.4% of revenues) increased 25% year over year to \$311.6 million.

**FY Quarter Ending** **9/30/2025**

Earnings Reporting Date	Nov 05, 2025
Sales Surprise	0.78%
EPS Surprise	5.45%
Quarterly EPS	7.74
Annual EPS (TTM)	29.91

### FICO's Top-Line Details

Software revenues, which include Fair Isaac's analytics and digital decisioning technology, as well as associated professional services, declined 0.2% year over year to \$204.2 million.

Software Annual Recurring Revenues (ARR) increased 4% year over year, consisting of 16% platform ARR growth but a 2% decline in non-platform ARR. Software Dollar-Based Net Retention Rate was 102% in the fiscal fourth quarter, with platform software at 112% and non-platform software at 97%. On-premises and SaaS Software (35.4% of revenues) increased 0.4% year over year to \$182.4 million. Professional services (4.2% of revenues) were \$21.8 million, down 4.8% year over year.

Scores include FICO's business-to-business (B2B) scoring solutions and business-to-consumer (B2C) scoring solutions. B2B revenues increased 29% year over year, driven primarily by higher unit prices and an increase in volume of mortgage originations. B2C revenues rose 8% year over year due to increased revenues from myFICO.com business and indirect channel partners.

Mortgage originations revenues rose 55% year over year. Auto originations revenues increased 24% year over year. Credit card, personal loan, and other origination revenues are up 7% year over year.

### FICO's Operating Details

Research and development expenses, as a percentage of revenues, expanded 10 basis points (bps) on a year-over-year basis to 9.9%.

Selling, general, and administrative expenses, as a percentage of revenues, decreased 270 bps year over year to 24.3%.

Non-GAAP Operating margin was 54% in the fiscal fourth quarter of 2025 compared with 52% in the year-ago quarter.

Adjusted EBITDA increased 18.3% year over year to \$286.6 million in the reported quarter. The adjusted EBITDA margin in the fiscal fourth quarter of 2025 was 55.6% compared with 53.4% in the fiscal fourth quarter of 2024.

### FICO's Balance Sheet & Cash Flow

As of Sept. 30, 2025, FICO had \$134 million in cash and cash equivalents, and total debt was \$3.06 billion.

Cash flow from operations was \$223.6 million in the fiscal fourth quarter compared with \$286.2 million in the prior quarter. Free cash flow was \$210.8 million for the reported quarter compared with \$276.2 million reported in the prior quarter.

In the fiscal fourth quarter, FICO repurchased 358K shares.

### FICO Reiterates Fiscal 2026 Guidance

For fiscal 2026, FICO anticipates revenues of \$2.35 billion.

Non-GAAP earnings are projected to be \$38.17 per share.

## Recent News

On Nov. 20, FICO announced a strategic partnership with Plaid to launch an enhanced cash-flow-powered UltraFICO Score that integrates real-time consumer-permissioned data for improved, simplified credit risk assessment.

On Nov. 6, FICO announced that PostFinance is expanding its use of FICO Falcon Fraud Manager and FICO CCS to strengthen AI-driven fraud protection and real-time customer communications across millions of daily transactions.

On Nov. 5, FICO announced that Xactus became the first verification provider to finalize a multi-year agreement for the FICO Mortgage Direct License Program, enabling direct delivery of FICO Scores to lenders with potential savings of up to 50% on per-score fees.

On Oct. 29, FICO announced that SharperLending Solutions, a subsidiary of Xactus, is offering the FICO Score Mortgage Simulator on its Credit Platform to help mortgage professionals assess how credit changes may impact borrowers' FICO Scores.

On Oct. 1, FICO launched the FICO Mortgage Direct License Program, a new direct-to-reseller licensing approach that allows tri-merge resellers to calculate and distribute FICO Scores directly, cutting lender costs by up to 50% and reducing reliance on the three nationwide credit bureaus.

On Sept. 23, FICO unveiled the FICO Focused Foundation Model for Financial Services, including the Focused Language Model and Focused Sequence Model, designed to deliver higher accuracy, trust, and Responsible AI in GenAI applications.

On Sept. 18, FICO announced that Swisscard AECS GmbH has extended its use of the FICO Platform with AI-powered optimisation to enhance credit limit management and customer experience.

On Sept. 16, FICO released its inaugural FICO Score Credit Insights Report, highlighting how student loan repayment, shifting payment priorities, and generational differences are reshaping U.S. consumer credit behavior.

On Sept. 4, FICO released a global study with Corinium showing financial institutions are shifting focus from GenAI hype to Responsible AI standards, with 56% of CAOs/CAIOs citing Responsible AI as a top driver of ROI.

On Sept 2, FICO announced the return of its Educational Analytics Challenge for the 2025–26 school year, partnering with HBCUs to train the next generation of data scientists through real-world AI and language model challenges.

On Aug. 20, FICO announced a multi-year U.S. partnership with Chelsea FC to promote financial literacy and empower consumers through its Score A Better Future initiative.

On June 24, FICO announced the integration of its FICO Score Mortgage Simulator with MeridianLink Mortgage Credit Link, enabling resellers and lenders to simulate credit behavior changes and analyze loan options for better rates.

On June 19, FICO announced a new \$1 billion stock repurchase program, allowing open-market or negotiated buybacks, following the completion of its previous repurchase plan ending June 2025.

On June 11, FICO announced that Guild Mortgage has adopted FICO Score 10 T for non-GSE loans to enhance credit access using advanced analytics.

## Valuation

Fair Isaac shares have increased 1.6% in the past six-month period and 24.6% over the trailing 12-month period. Stocks in the Zacks sub-industry have decreased 10.1% whereas the Zacks Computer and Technology sector is up 27.8% in the past six-month period. Over the past year, stocks in the Zacks sub-industry have declined 20% while the sector has returned 26.7%.

The S&P 500 index is up 17.8% in the past six-month period and 16.1% in the past year.

The stock is currently trading at 50.35X forward 12-month earnings, which compares with 24.33X for the Zacks sub-industry, 28.71X for the Zacks sector, and 23.57X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 100.83X and as low as 23.39X, with a five-year median of 48.42X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$1,857 price target reflects 52.87X forward 12-month earnings.

The table below shows summary valuation data for FICO

Valuation Multiples - FICO					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	50.35	24.33	28.71	23.57
	5-Year High	100.83	39.69	30.04	23.82
	5-Year Low	23.39	24.04	18.7	15.73
	5-Year Median	48.42	29.16	26.45	21.19
P/S F12M	Current	17.06	16.37	6.73	5.33
	5-Year High	28.43	23.39	7.40	5.5

EV/Sales TTM	5-Year Low	6.08	13.12	4.24	3.83
	5-Year Median	12.14	18.09	6.29	5.04
	Current	22.33	17.19	8.14	5.75
	5-Year High	34.96	27.18	8.36	5.81
	5-Year Low	7.65	14.21	4.17	3.77
	5-Year Median	14.64	18.91	6.92	5.12

As of 12/01/2025

Source: Zacks Investment Research



## Industry Analysis<sup>(1)</sup> Zacks Industry Rank: Top 38% (92 out of 243)



## Top Peers<sup>(1)</sup>

Company (Ticker)	Rec	Rank
Endava PLC Sponsored...(DAVA)	Neutral	4
Dynatrace, Inc. (DT)	Neutral	3
MSCI Inc (MSCI)	Neutral	3
Nutanix (NTNX)	Neutral	3
TaskUs, Inc. (TASK)	Neutral	3
Taboola.com Ltd. (TBLA)	Neutral	2
Unisys Corporation (UIS)	Neutral	3
Wix.com Ltd. (WIX)	Neutral	3

## Industry Comparison<sup>(1)</sup> Industry: Computers - It Services

	FICO	X Industry	S&P 500	MSCI	TBLA	WIX
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	2	3
VGM Score	B	-	-	D	A	C
Market Cap	41.04 B	2.26 B	39.21 B	43.71 B	1.25 B	5.92 B
# of Analysts	5	4	22	5	1	4
Dividend Yield	0.00%	0.00%	1.39%	1.24%	0.00%	0.00%
Value Score	F	-	-	F	A	C
Cash/Price	0.00	0.10	0.04	0.01	0.10	0.27
EV/EBITDA	45.80	9.96	14.70	27.85	9.17	40.52
PEG Ratio	1.49	1.80	2.24	NA	NA	0.82
Price/Book (P/B)	NA	2.92	3.34	NA	1.25	NA
Price/Cash Flow (P/CF)	65.04	16.52	15.40	32.30	12.42	33.45
P/E (F1)	43.35	16.42	19.90	33.84	9.39	15.22
Price/Sales (P/S)	20.61	2.27	3.12	14.31	0.66	3.07
Earnings Yield	2.31%	5.13%	5.01%	2.95%	10.65%	6.57%
Debt/Equity	-1.52	0.05	0.56	-2.87	0.08	-4.03
Cash Flow (\$/share)	26.61	0.94	8.98	18.01	0.35	3.15
Growth Score	A	-	-	B	A	B
Hist. EPS Growth (3-5 yrs)	22.97%	6.86%	8.16%	16.36%	NA	NA
Proj. EPS Growth (F1/F0)	33.63%	10.10%	8.50%	13.09%	NA	8.45%
Curr. Cash Flow Growth	37.26%	1.42%	6.86%	13.50%	22.83%	137.94%
Hist. Cash Flow Growth (3-5 yrs)	17.13%	7.79%	7.48%	16.54%	55.03%	74.34%
Current Ratio	0.83	1.62	1.18	0.88	1.06	1.62
Debt/Capital	NA%	12.95%	38.01%	NA	7.51%	NA
Net Margin	32.75%	3.28%	12.78%	40.03%	1.34%	7.20%
Return on Equity	-43.97%	8.34%	17.00%	-110.94%	8.12%	-102.59%
Sales/Assets	1.10	0.91	0.53	0.57	1.17	0.93
Proj. Sales Growth (F1/F0)	19.70%	5.49%	5.84%	9.80%	9.20%	13.40%
Momentum Score	A	-	-	C	F	F
Daily Price Chg	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1 Week Price Chg	-5.23%	-1.49%	2.32%	3.12%	-0.99%	2.51%
4 Week Price Chg	-3.69%	0.97%	1.75%	3.38%	5.37%	10.09%
12 Week Price Chg	-3.01%	-10.42%	3.23%	3.74%	29.73%	-31.39%
52 Week Price Chg	-16.08%	-17.54%	14.81%	-4.78%	11.34%	-52.91%
20 Day Average Volume	184,800	887,178	2,745,060	691,783	1,643,248	1,129,100
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	0.00%	0.00%	0.00%	0.00%	0.00%	-4.02%
(F1) EPS Est 12 week change	10.70%	2.59%	0.64%	0.78%	4.17%	7.28%
(Q1) EPS Est Mthly Chg	0.00%	0.00%	0.00%	0.00%	0.00%	-18.05%



## Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

### Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

### Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

### Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	F
Growth Score	A
Momentum Score	A
VGM Score	B

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

## Disclosures

**This report contains independent commentary to be used for informational purposes only. The analysts contributing to this report do not hold any shares of this stock. The analysts contributing to this report do not serve on the board of the company that issued this stock. The EPS and revenue forecasts are the Zacks Consensus estimates, unless otherwise indicated in the report's first-page footnote.** Additionally, the analysts contributing to this report certify that the views expressed herein accurately reflect the analysts' personal views as to the subject securities and issuers. ZIR certifies that no part of the analysts' compensation was, is, or will be, directly or indirectly, related to the specific recommendation or views expressed by the analyst in the report.

Additional information on the securities mentioned in this report is available upon request. This report is based on data obtained from sources we believe to be reliable, but is not guaranteed as to accuracy and does not purport to be complete. Any opinions expressed herein are subject to change.

ZIR is not an investment advisor and the report should not be construed as advice designed to meet the particular investment needs of any investor. Prior to making any investment decision, you are advised to consult with your broker, investment advisor, or other appropriate tax or financial professional to determine the suitability of any investment. This report and others like it are published regularly and not in response to episodic market activity or events affecting the securities industry.

This report is not to be construed as an offer or the solicitation of an offer to buy or sell the securities herein mentioned. ZIR or its officers, employees or customers may have a position long or short in the securities mentioned and buy or sell the securities from time to time. ZIR is not a broker-dealer. ZIR may enter into arms-length agreements with broker-dealers to provide this research to their clients. Zacks and its staff are not involved in investment banking activities for the stock issuer covered in this report.

ZIR uses the following rating system for the securities it covers. **Outperform-** ZIR expects that the subject company will outperform the broader U.S. equities markets over the next six to twelve months. **Neutral-** ZIR expects that the company will perform in line with the broader U.S. equities markets over the next six to twelve months. **Underperform-** ZIR expects the company will underperform the broader U.S. equities markets over the next six to twelve months.

No part of this report can be reprinted, republished or transmitted electronically without the prior written authorization of ZIR.