

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
Form 10-K**

Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

**For the fiscal year ended August 31, 2021**

Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

**Commission File Number: 1-11869**

**FACTSET RESEARCH SYSTEMS INC.**

(Exact name of Registrant as specified in its charter)



**Delaware**

**13-3362547**

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

**45 Glover Avenue, Norwalk, Connecticut 06850**

(Address of principal executive office, including zip code)

Registrant's telephone number, including area code: **(203) 810-1000**

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class            | Trading Symbols(s) | Name of each exchange on which registered |
|--------------------------------|--------------------|---|
| Common Stock, \$0.01 Par Value | FDS                | New York Stock Exchange                   |
|                                |                    | NASDAQ Global Select Market               |

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically, if any, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

|                         |                                     |                           |                          |
|-------------------------|-------------------------------------|---------------------------|--------------------------|
| Large accelerated filer | <input checked="" type="checkbox"/> | Accelerated filer         | <input type="checkbox"/> |
| Non-accelerated filer   | <input type="checkbox"/>            | Smaller reporting company | <input type="checkbox"/> |
|                         |                                     | Emerging growth company   | <input type="checkbox"/> |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant based upon the closing price of a share of the registrant's common stock on February 26, 2021, the last business day of the registrant's most recently completed second fiscal quarter, as reported by the New York Stock Exchange on that date, was \$11,494,529,303.

As of October 15, 2021, there were 37,640,632 shares of the registrant's common stock outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

Certain information required by Part III of this annual report on Form 10-K is incorporated by reference to our definitive Proxy Statement for our 2021 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission not later than 120 days after August 31, 2021.

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FORM 10-K

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## Special Note Regarding Forward-Looking Statements

FactSet Research Systems Inc. has made statements under the captions Item 1. *Business*, Item 1A. *Risk Factors*, Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations* and in other sections of this Annual Report on Form 10-K that are forward-looking statements. In some cases, you can identify these statements by words such as "may," "might," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "intends," "projects," "indicates," "predicts," "potential," or "continue," and similar expressions.

These forward-looking statements, which are subject to risks, uncertainties and assumptions about us, may include projections of our future financial performance and anticipated trends in our business. These statements are only predictions based on our current expectations, estimates, forecasts and projections about future events. These statements are not guarantees of future performance and involve a number of risks, uncertainties and assumptions. There are many important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements, including the numerous factors discussed under Item 1A. *Risk Factors* in this Annual Report on Form 10-K, that should be specifically considered.

Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. Forward-looking statements speak only as of the date they are made, and actual results could differ materially from those anticipated in forward-looking statements. We do not intend, and are under no duty, to update any of these forward-looking statements after the date of this Annual Report on Form 10-K to reflect actual results, future events or circumstances, or revised expectations.

We intend that all forward-looking statements we make will be subject to safe harbor protection of the federal securities laws as found in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934.

## Part I

### ITEM 1. BUSINESS

#### Business Overview

FactSet Research Systems Inc. and its wholly-owned subsidiaries (collectively, "we," "our," "us," the "Company" or "FactSet") is a global financial data and analytics company with open and flexible technology and a purpose to drive the investment community to see more, think bigger, and do their best work. Our strategy is to become the leading open content and financial analytics platform in the industry that delivers differentiated advantage for our clients' success.

For over 40 years, the FactSet platform has delivered expansive data, sophisticated analytics, and flexible technology that global financial professionals need to power their critical investment workflows. Over 160,000 asset managers and owners, bankers, wealth managers, corporate firms, including private equity and venture capital firms, and others, use our personalized solutions to identify opportunities, explore ideas, and gain a competitive advantage, in areas spanning investment research, portfolio construction and analysis, trade execution, performance measurement, risk management, and reporting across the investment lifecycle.

We provide financial data and market intelligence on securities, companies and industries to enable our clients to research investment ideas, as well as offering them the capabilities to analyze, monitor and manage their portfolios. We combine dedicated client service with open and flexible technology offerings, such as a configurable desktop and mobile platform, comprehensive data feeds, cloud-based digital solutions, and application programming interfaces ("APIs"). Our revenue is primarily derived from subscriptions to our products and services such as workstations, portfolio analytics, and market data.

We advance our industry by comprehensively understanding our clients' workflows, solving their most complex challenges, and helping them achieve their goals. By providing them with the leading open content and analytics platform, an expansive universe of concorded data they can trust, next-generation workflow support designed to help them grow and see their next best action, and the industry's most committed service specialists, FactSet puts our clients in a position to outperform.

We are focused on growing our business through three reportable segments ("segments"): the Americas, EMEA and Asia Pacific. Refer to Note 19, Segment Information, in the Notes to the Consolidated Financial Statements included in Part II, Item 8. of this Annual Report on Form 10-K for further discussion. Within each of our segments, we primarily deliver insight and information through our three workflow solutions: Research & Advisory; Analytics & Trading; and Content & Technology ("CTS").

#### Corporate History

FactSet was founded in 1978 and has been publicly traded since June 1996. We are dual listed on the New York Stock Exchange ("NYSE") and the NASDAQ Stock Market ("NASDAQ") under the symbol "FDS". Fiscal 2021 marked our 43rd year of operations and, while much has changed in both markets and technology, our focus has always been to provide best-in-class products and exceptional client service.

#### Business Strategy

Client needs and market dynamics continue to evolve at an accelerated pace with an increasing demand for differentiated, personalized, and connected data, an ongoing shift to multi-asset class investing, and cost rationalization, as the shift from active to passive investing continues. Clients are seeking new cloud-based solutions that enable self-service and automation, open and flexible systems, and increased efficiencies when integrating and managing data as part of their own broader digital transformations.

FactSet's strategy focuses on building the leading open content and analytics platform that delivers differentiated advantages for our clients' success – in keeping with our purpose of enabling the investment community to see more, think bigger and do their best work. We want to be the trusted partner of choice for clients, to anticipate their needs and provide them with the most innovative solutions to make them more efficient. This includes transforming the way our clients discover, decide, and act on an opportunity using our digital platform; purposefully increasing our pace and speed to market by streamlining how we work; and investing in our future workforce. To execute on our strategy, we plan on the following:

- **Growing our digital platform:** Scaling up our content refinery by providing the most comprehensive and connected inventory of industry, proprietary, and third-party data for the financial community, including granular data for key industry verticals, private companies, wealth, and environmental social and governance ("ESG"). We are driving next-generation workflow solutions by creating personalized and integrated workflows which include targeted solutions for

asset managers, asset owners, sell side, wealth and corporate clients. Our goal is to deliver tangible efficiencies to our clients by connecting data and analytics with a cloud based eco-system, enabling them to manage work more effectively through an integrated investment lifecycle.

- **Delivering execution excellence:** Building a more agile and digital first-minded organization that increases the speed of our product creation and go-to-market strategy. To capitalize on market trends and give our clients innovative tools, we plan to release new products built on a cloud-based digital foundation as well as migrating our existing data and applications to the cloud. Additionally, we expect to rationalize our existing product portfolio to reinvest in higher return products.
- **Driving a growth mindset:** Recruiting, training and empowering a diverse and operationally efficient workforce to drive sustainable growth. To drive a more performance-based culture, we are investing in talent who can create leading technological solutions, efficiently execute our go-to-market strategy and achieve our growth targets.

At the center of our strategy is the relentless focus on our clients and their FactSet experience. We want to be a trusted partner and service provider, offering hyper-personalized digital products for clients to research ideas, uncover relevant insights, and leverage cognitive computing to help get the most out of their data and analytics. Additionally, we continually evaluate business opportunities such as acquisitions and partnerships to help us expand our capabilities and competitive differentiators across the investment portfolio lifecycle.

We are focused on growing our global business in three segments: the Americas, EMEA and Asia Pacific. We believe this geographical strategic alignment helps us better manage our resources, target our solutions and interact with our clients. We further execute on our growth strategy by offering data, products, and analytical applications within our three workflow solutions: Research & Advisory; Analytics & Trading; and CTS.

### **Research & Advisory**

Our Research & Advisory workflow is designed to personalize and automate vital aspects of the research process, providing idea generation, company and market analysis, presentation building and distribution, and research management. Research offerings focus on providing tools that optimize workflows of portfolio managers, buy and sell side analysts, investments bankers, investment relationship professionals and other clients within our expanding user base. Our workstation, mobile, API, and Research Management Solutions ("RMS") easily integrate with our clients' ecosystems, powering a streamlined workflow and enabling users to focus more time on high-value tasks. Our RMS & advisory solutions also enable our wealth clients to provide market leading support across their entire enterprise, including home office, advisory, and client engagement. These solutions deliver essential and integrated content into one flexible platform with global coverage, deep history, and transparency through both FactSet and third-party sourced databases.

### **Analytics & Trading**

Analytics & Trading provides solutions for institutional asset managers and asset owners across the investment portfolio lifecycle, connecting all essential front and middle office investment functions. Fundamental and quantitative research, portfolio construction, order management and trade execution tie into advanced portfolio attribution and performance measurement, risk management, and reporting. The proprietary and third-party models, concorder data, analytics and reporting are in an open framework supporting flexible access through the platform and APIs, and can be deployed as an enterprise system that meets evolving, holistic multi-asset class needs or as individual workflow components that can connect into our clients' investment technology ecosystems.

### **CTS**

CTS focuses on delivering data directly to our clients by leveraging FactSet's core content and technology. Clients seamlessly discover, explore, and access organized and connected content via multiple delivery channels. Whether a client needs market, company, alternative data, or customized client facing digital solutions, we provide structured data through a variety of technologies, such as APIs and cloud infrastructures. Through our Data Management Services ("DMS"), we provide entity mapping and integration of client data. Our symbology links and aggregates a diverse set of content sources to ensure consistency, transparency, and data integrity across a client's business. By enabling our clients to utilize their preferred choice of cloud infrastructure and industry standard databases, programming languages, and data visualization tools, our clients can centralize, integrate, and analyze disparate data sources for faster and more cost-effective decision making.

## **FactSet Clients**

### *Buy-side*

Buy-side clients continue to shift increasingly towards multi-asset class investment strategies and we are well-positioned to be a partner of choice in this space. Our ability to provide enterprise-wide solutions to our clients across their entire workflow, covering virtually every asset class, enables us to compete for greater market share. Buy-side clients primarily include asset managers, asset owners, wealth managers, hedge funds, corporate firms and channel partners. They access our multi-asset-class tools by utilizing our workstations, Analytics & Trading tools, proprietary content, data feeds, APIs and portfolio services.

The buy-side annual subscription value ("ASV") growth rate for fiscal 2021 was 6.5%. Buy-side clients accounted for 83.2% of our ASV as of August 31, 2021. ASV at any point in time represents the forward-looking revenue for the next 12 months from all subscription services currently being supplied to clients and excludes professional service fees, which are not subscription-based.

### *Sell-side*

We deliver comprehensive solutions to sell-side clients including workstation, proprietary and third-party content, productivity tools for Microsoft® Office, web and mobile, and RMS for research authoring and publishing. Our focus remains on expanding the depth of content offered and increasing workflow efficiency for sell-side firms. These firms primarily include broker-dealers, banking and advisory, private equity and venture capital firms.

The sell-side ASV growth rate for fiscal 2021 was 12.0%. Sell-side clients accounted for 16.8% of our ASV as of August 31, 2021.

## **Client and User Additions**

Our total client count as of August 31, 2021 was 6,453, representing a net increase of 578 or 9.8% in the last 12 months, primarily driven by an increase in wealth management and corporate clients as well as third-party data providers. The count includes clients with ASV of \$10,000 and above. As of August 31, 2021 there were 160,932 professionals using FactSet, representing a net increase of 19,796 or 14.0% in the last 12 months, primarily driven by an increase in research, wealth and corporate solutions users.

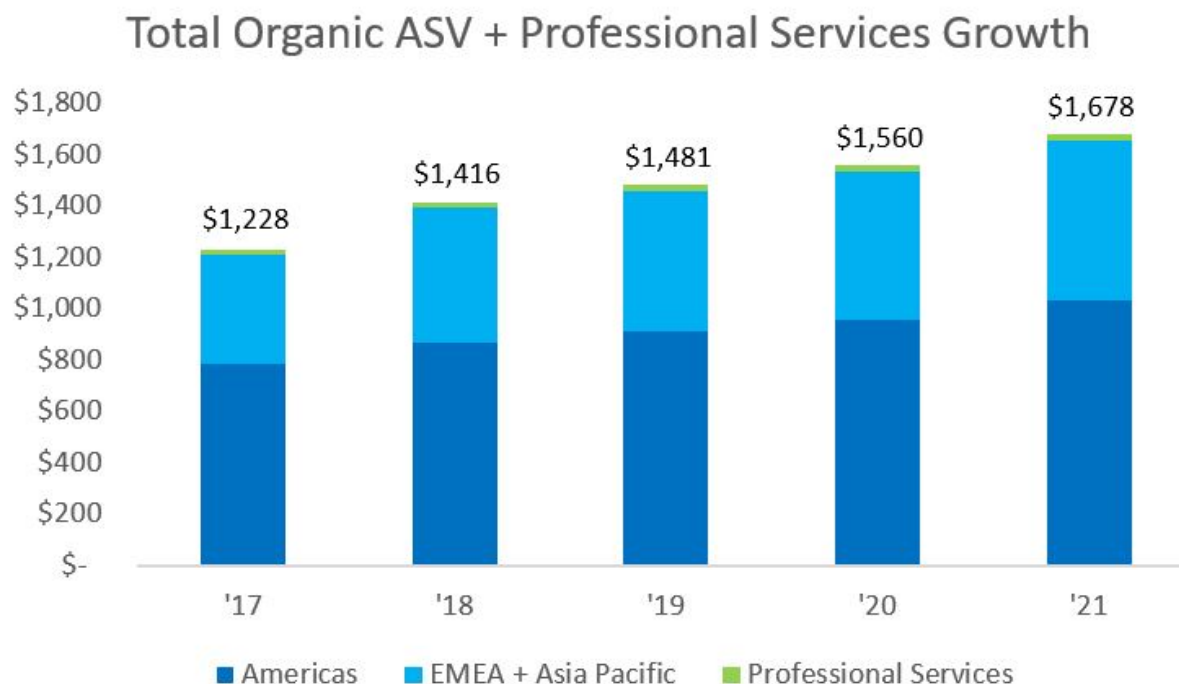
Annual ASV retention was greater than 95% for the period ended August 31, 2021 and August 31, 2020. When expressed as a percentage of clients, annual retention increased to approximately 91% for the period ended August 31, 2021, compared with approximately 90% for the period ended August 31, 2020.

## **Organic ASV plus Professional Services Growth**

Organic ASV plus Professional Services at any point in time equals our forward-looking revenue for the next 12 months from all subscription services currently being supplied to clients, excluding ASV from acquisitions and dispositions completed within the last 12 months and the effects of foreign currency movements on the current year period, plus professional services.

As of August 31, 2021, our Organic ASV plus Professional Services totaled \$1.68 billion, up 7.2% over the prior year comparable period. Organic ASV increased across all our geographic segments, with the majority of the increase related to the Americas, followed by EMEA and Asia Pacific. This increase was driven by additional sales in our workflow solutions, primarily in Analytics & Trading, CTS and Research.

The following chart provides a snapshot of our historic Organic ASV plus Professional Services growth:



#### Financial Information on Geographic Areas

Operating segments are defined as components of an enterprise that have the following characteristics: (i) they engage in business activities from which they may earn revenue and incur expense, (ii) their operating results are regularly reviewed by the chief operating decision maker ("CODM") for resource allocation decisions and performance assessment, and (iii) their discrete financial information is available. At FactSet, our Chief Executive Officer ("CEO") functions as our CODM.

Our operating segments are aligned with how our CODM manages the business and the geographic markets in which we serve, with a primary focus on providing integrated global financial and economic information. Our internal financial reporting structure is based on three reportable segments: the Americas; EMEA; and Asia Pacific. Through fiscal 2021, within each of our segments, we delivered insight and information based on four workflow solutions: Research; Analytics & Trading; CTS; and Wealth. Beginning with our 2022 fiscal year, we have reorganized our workflows into three solutions: Research & Advisory; Analytics & Trading; and CTS, to better align our products and go-to-market strategy. These workflow solutions provide global financial and economic information to investment managers, investment banks and other financial services professionals.

The Americas segment serves our clients throughout North, Central, and South America, with offices in 13 states throughout the United States ("U.S."), including our corporate headquarters in Norwalk, Connecticut, and an office in both Brazil and Canada. The EMEA segment serves our clients in countries in Europe, the Middle East and Africa and maintains office locations in Bulgaria, England, France, Germany, Italy, Latvia, Luxembourg, the Netherlands, South Africa, Spain, Switzerland and the UAE. The Asia Pacific segment serves our clients in countries in Asia and Australia and includes office locations in Australia, China, Hong Kong, India, Japan, the Philippines, and Singapore. Segment revenue reflects sales to our clients based in these respective geographic locations.

Each segment records expenses related to its individual operations with the exception of expenditures associated with our data centers, third-party data costs and corporate headquarters charges, which are recorded by the Americas segment and are not allocated to the other segments. The content collection centers, located in India, the Philippines, and Latvia, benefit all our operating segments, and thus the expenses incurred at these locations are allocated to each segment based on a percentage of revenue. Refer to Note 19, *Segment Information* in the Notes to the Consolidated Financial Statements included in Part II, Item 8. of this Annual Report on Form 10-K for the results of operations and financial information for each of our segments.



The following charts depict revenue related to our reportable segments.

(in millions)



## Human Capital Management

### Who We Are

As of August 31, 2021, we had 37 offices across 20 countries with 10,892 employees, representing an increase of 3.9% in the last twelve months. Of our total employees, 7,080 (65%) were located in Asia Pacific, 2,439 (22%) in the Americas and 1,373 (13%) in EMEA. In order to optimize productivity, we have invested in expanding our footprint and talent pool in India and the Philippines, where we now have a combined workforce of approximately 6,800 employees. Functionally, 22% of our employees are in Sales and Client Solutions; 30% are in Technology & Product Development; 44% are in Content Operations; and 4% are in Corporate Support. As of August 31, 2021 and August 31, 2020, 460 of our employees were represented by mandatory works councils within certain of our French and German subsidiaries. No other FactSet employees are represented by collective bargaining agreements.

### Our Purpose and Values

Our purpose is to drive the investment community to see more, think bigger, and do their best work. Intense client focus and support is a critical component of our strategic aim and operational approach. Our employees are critical to our success and enable us to execute at a high level. We have built a collaborative culture that recognizes and rewards innovation and offers employees a variety of opportunities and experiences. We believe that our continued focus on making our employees a top priority helps us provide high quality insights and information to clients globally.

|  |   |  |   |   |
|--|---|--|---|---|
|  |   |  |   |   |
| <b>Who We Are</b>  | <b>How We Work</b>  | <b>What We Promise</b>   | <b>How We Compete</b>   | <b>What We Aspire To</b>  |
| We are an inclusive community unified by the FactSet spirit of going above and beyond. Our best ideas can come from anyone, anywhere, at any time. | We roll up our sleeves to solve tough problems together. We learn from our successes and our failures and continually push each other to do better. | We continuously look ahead to advance the future of our industry. We relentlessly seek value for our clients because their success is our success. | Our clients see us as part of their team. We win as a team, and we celebrate our wins together. | As big as we grow, as far as our reach, and as successful as we become, we stay connected to our clients and to each other. |

### Employee Engagement

We conduct an annual, anonymous and confidential global employee engagement survey administered by a third party to capture our employees' constructive feedback on a broad range of topics. The survey's scores and comments provide insight on appropriate action to improve our employees' experience and our overall effectiveness as an organization. Aggregated survey results are reviewed by executive and senior leadership and direct managers to analyze and identify company-wide and

individual operational unit focus areas and action plans for improvement. We share survey results with all employees to highlight areas that employees believe are strengths of FactSet and reflect on areas where employees feel there are opportunities for positive change. Progress on initiatives is tracked to ensure that the actions taken address the underlying issues and promote an environment of continuous improvement.

In our fiscal 2021 employee engagement survey, we achieved a 92% response rate, indicating that we heard from the vast majority of our employees. Our overall engagement at the Company level was our highest since we implemented this survey. We increased scores for all questions at the Company level, and in over 10,000 comments received, employees told us that they felt supported through the COVID-19 pandemic and continue to have pride in their work, colleagues, and company. Our highest scores were in the areas of diversity, equity and inclusion and employee's understanding of how they contribute to FactSet's success, reflecting our culture where employees feel that they are treated fairly and are comfortable being themselves.

#### *Diversity, Equity & Inclusion*

We recognize that our best ideas can come from anyone, anywhere, at any time, and help us provide the best solutions for our clients around the globe. We continually seek to expand our workforce with diverse perspectives, backgrounds, and experiences. By fostering a globally inclusive culture, we enable our people to be themselves at work and to join in, be heard, contribute, and grow. Together, we work to recruit, advance, and engage talent at FactSet with an inclusive culture unified by the FactSet spirit of going above and beyond.

In fiscal 2021, we continued our strong commitment to Diversity, Equity & Inclusion ("DE&I") in the following ways:

#### *Governance & Leadership Commitment*

DE&I at FactSet begins with a commitment from our CEO and the entire FactSet leadership team to improve diversity representation as part of our DE&I strategy. In Fiscal 2021, we strengthened our DE&I governance by creating the FactSet Global DE&I Council, consisting of over 20 senior leaders from across FactSet who are empowered to drive our DE&I progress and create strategic accountability for DE&I results. In addition, our senior leaders serve as Executive Sponsors for our Business Resource Groups ("BRGs"), or employee networks.

#### *Global DE&I Strategy*

In fiscal 2021 we refreshed our DE&I strategy and expanded its scope. Our new DE&I strategy consists of three impact areas - Workforce, Marketplace and Society - with twelve levers to drive these impact areas. For Workforce, the levers are leadership commitment, transparency and accountability, people processes, retention and advancement, recruitment, education and engagement, leading ultimately to inclusion, equity and belonging. For Marketplace, our levers are supplier diversity and collaboration with clients, with a goal to increase economic opportunity. For Society, our levers are investments, contributions and corporate voice, designed to drive social justice.

#### *Investment in DE&I Resources*

In order to deliver on our commitments, we have significantly increased our investment in DE&I, both in staffing and budget. This includes the appointment of our first ever Chief DE&I Officer who leads a team of five dedicated DE&I staff globally.

#### *Key DE&I Actions Taken in FY2021*

During fiscal 2021, for the first time, we published our workforce demographics (including sharing our EEO-1 Federal data) in our annual Corporate Responsibility report. By reporting our workforce demographics, we made a visible step in our DE&I commitment as we aspire to change the composition of our employee demographics by 2023 to better include underrepresented groups. For example, we aim to increase the percentage of women at FactSet overall, and specifically the percentage of women in our leadership group (vice president level and above) and in our technical areas. We will continue to report on our progress annually to increase transparency and to facilitate accountability.

Other DE&I actions taken during Fiscal 2021 included: launching new BRGs globally; providing education on DE&I topics across our organization; joining the Human Rights Campaign Business Coalition for the Equality Act and MLT Black Equity At Work; providing opportunities for two employees, on full pay/benefits, to join the CEO Action for Racial Equity Fellowship; holding all-staff DE&I events such as #StopAsianHate; launching our Racial Justice Allies initiative; creating a new Diversity Recruitment role and changing our recruitment processes to mandate diverse interview slates while developing relationships with historically black colleges and universities (HBCUs); and observing Juneteenth as a paid holiday in the U.S.

### *Supporting Our Employees Through COVID-19*

As the onset and spread of the COVID-19 pandemic created uncertainty and anxiety, our highest priority concern has been the health and safety of our employees, our families and our communities. During fiscal 2021, we required the vast majority of our employees at our offices across the globe (including corporate headquarters) to work remotely on a temporary basis, and provided them with support to be able to continue to work productively while being remote. We presented regular all-company meetings led by our CEO and offered extensive benefit resources and mental health support. Employees were offered additional paid time off for COVID-19 illness and family care and to receive and recover from COVID-19 vaccinations.

We have begun to re-open offices and welcome employees back, utilizing a three-phased approach to provide flexibility for employees with a focus on safety. Our offices will not re-open until local authorities permit us to do so and our own criteria and conditions to ensure employees health and safety are satisfied. Additionally, we have been implementing and will continue to support a variety of work options, such as flexible work arrangements permitting remote working or “hybrid” arrangements with the ability to split time between working remotely and in the office.

### *Learning & Development*

At FactSet, we are lifelong learners. We believe that learning and development emboldens our employees, fosters outperformance with a growth mindset, demonstrates our commitment to core values, and contributes to the success of FactSet’s culture and business.

This year we centralized and expanded our Global Learning & Development department, allowing us to better leverage the training, content, product, and technology expertise that exists across our business lines to provide all employees with more opportunities to learn and grow their careers with FactSet. As a commitment to making learning accessible for employees around the world, our CEO and Executive Leadership Team strongly encourage all employees to set aside four hours each month for active learning.

During fiscal 2021, we launched LinkedIn Learning for all FactSet employees, providing curated content by experts in numerous fields, allowing employees to take courses based on their interests, performance goals, and/or professional enrichment. In addition to LinkedIn Learning and other third-party eLearning providers, we create hundreds of in-house eLearnings each year to help our employees learn about our business, industry, clients, and products. In response to the COVID-19 pandemic, all employee education was quickly transitioned to virtual classrooms. As employees adjusted to remote work and a changing world, we offered eLearning on remote working, remote collaboration tools, and mental health.

### *Compensation, Benefits and Well-being*

FactSet offers our employees a broad range of competitive compensation, benefits and well-being programs which are designed to meet the diverse needs of our global employee population and which are reflective of our Company’s values and culture. Offering competitive and performance-focused compensation is essential to our talent strategies regarding recruitment, development, and retention. Programs are designed to be competitive in the markets in which we compete for talent and align with the short and long-term objectives of FactSet and our individual business units.

Our employee compensation may include one or more of the following elements: base salaries, annual incentive awards, sales incentive awards, and equity awards. We differentiate individual salary, bonus and equity awards based on performance against key objectives and how effectively our managers and employees demonstrate behaviors consistent with our values and culture.

FactSet is committed to offering high-quality, affordable, locally competitive benefits options designed to meet the needs of our employees and their families and to support our employees’ physical, emotional, financial, and social well-being at every stage of life. Employees in all FactSet locations globally have access to an Employee Assistance Program, providing employees and their immediate family members access to experienced professional counselors for personal and professional support. In addition to offering access to professional counseling services, we provide our employees and families with education and resources. We provide regular updates on health coverage and resources available through our health plans.

### **Third-Party Content**

We aggregate content from third-party data suppliers, news sources, exchanges, brokers and contributors into our dedicated managed database, which our clients access through our flexible delivery platforms to perform their analysis. We seek to maintain contractual relationships with a minimum of two content providers for each major type of financial data, though certain data sets on which we rely have a limited number of suppliers. We make every effort to assure that, where reasonable, alternative sources are available. We are not dependent on any one third-party data supplier in order to meet the needs of our clients. We have entered into third-party content agreements of varying lengths, which in some cases can be terminated on one

year's notice, at predefined dates, and in other cases on shorter notice. We are not dependent on any one third-party data supplier in order to meet the needs of our clients, with only two data suppliers representing more than 10% of our total data costs for the twelve months ended August 31, 2021.

### **Data Centers and Cloud Computing**

Our business is dependent on our ability to process substantial volumes of data and transactions rapidly and efficiently on our networks and systems. Our global technology infrastructure supports our operations and is designed to facilitate the reliable and efficient processing and delivery of data and analytics to our clients. Our data centers contain multiple layers of redundancy to enhance system performance, including maintaining, processing and storing data at multiple data centers. User connections are load balanced between data centers. In the event of a site failure, equipment problem or localized disaster, the remaining centers have the capacity to handle the additional load. We continue to be focused on maintaining a global technological infrastructure that allows us to support our growing business.

We continue to operate fully redundant data centers in both Virginia and New Jersey in the U.S. that can handle our entire client capacity. In addition, as we look to host more of our infrastructure and products on the cloud, we are migrating select systems and applications to diverse cloud computing regions utilizing premier, market-leading cloud providers.

### **The Competitive Landscape**

We are a part of the financial information services industry, providing financial data, analytics and workflow solutions to the global investment community. This competitive market is comprised of both large, well-capitalized companies and smaller, niche firms including market data suppliers, news and information providers and many third-party content providers that supply us with financial information included in our products. Our largest competitors are Bloomberg L.P., Refinitiv (a London Stock Exchange Group business) and Market Intelligence (an S&P Global business). Other competitors and competitive products include online database suppliers and integrators and their applications, such as BlackRock Solutions, Morningstar Inc. and MSCI Inc. Many of these firms provide products or services similar to our own offerings.

We believe there are high barriers to entry and we expect it would be difficult for another vendor to quickly replicate the extensive data we currently offer. Through our in-depth analytics and client service, we believe we can offer clients a more comprehensive solution with one of the broadest sets of functionalities delivered through a desktop or mobile user interface or through a standardized or bespoke data feed as well as an API. In addition, our applications, including our client support and service offerings, are entrenched in the workflow of many financial professionals given the downloadable functionality, instant data refresh and portfolio analysis/screening capabilities offered. We are entrusted with significant amounts of our clients' own proprietary data, including portfolio holdings. As a result, we believe our products are central to our clients' investment analysis and decision-making.

### **Intellectual Property**

We have registered trademarks and copyrights for many of our products and services and will continue to evaluate the registration of additional trademarks and copyrights as appropriate. We enter into confidentiality agreements with our employees, clients, data suppliers and vendors. We seek to protect our workflow solutions, documentation and other written materials under trade secret, copyright and patent laws. While we do not believe we are dependent on any one of our intellectual property rights, we do rely on the combination of intellectual property rights and other measures to protect our proprietary rights. Despite these efforts, existing intellectual property laws may afford only limited protection.

### **Research & Product Development Costs**

A key aspect of our growth strategy is to offer new solutions and enhance our existing products and applications by making them faster with more reliable data. We strive to rapidly adopt new technology that can improve our products and services. We do not have a separate research and product development department, but rather rely on these departments to work closely with our strategists, product managers, sales and other client-facing specialists to develop new products and process innovations and enhance existing products. These costs primarily consist of personnel-related expenses, such as salaries and related benefits for our product development, software engineering and technical support departments and, if not capitalized, are included in employee compensation (found within of Cost of Services expense and Selling, general, and administrative ("SG&A") in the Consolidated Statements of Income). Research and product development costs include the salary and benefits for our product development, software engineering and technical support staff working on these initiatives. We incurred research and product development costs of \$250.1 million, \$224.0 million, and \$214.7 million during fiscal years 2021, 2020, and 2019, respectively.

## **Government Regulation**

We are subject to reporting requirements, disclosure obligations and other recordkeeping requirements of the Securities and Exchange Commission ("SEC") and the various local authorities that regulate each location in which we operate. Our P.A.N. Securities, LP subsidiary is a member of the Financial Industry Regulatory Authority, Inc. and is a registered broker-dealer under Section 15 of the Securities Exchange Act of 1934. P.A.N. Securities, LP, as a registered broker-dealer, is subject to Rule 15c3-1 under the Securities Exchange Act of 1934, which requires that we maintain minimum net capital requirements. We claim exemption under Rule 15c3-3(k)(2)(i).

## **Corporate Contact Information**

FactSet was founded as a Delaware corporation in 1978, and our principal executive office is in Norwalk, Connecticut.

Mailing address of FactSet's headquarters: 45 Glover Avenue Norwalk, CT 06850

Telephone number: +1 (203) 810-1000

Website address: [www.factset.com](http://www.factset.com)

## **Available Information**

Through the Investor Relations section of our website (<https://investor.factset.com>), we make available free of charge the following filings as soon as practicable after they are electronically filed with, or furnished to, the SEC: our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Proxy Statements for the annual stockholder meetings, Reports on Forms 3, 4 and 5, and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended. The SEC maintains a website that contains reports, proxy and information statements and other information that we file with the SEC at [www.sec.gov](http://www.sec.gov).

Additionally, we broadcast our quarterly earnings calls live via the investor relations section of our website. We also provide notifications of news or announcements regarding our financial performance, including investor events and press and earnings releases on our investor relations website. The contents of this website section are not intended to be incorporated by reference into this Annual Report on Form 10-K or in any other report or document we file with the SEC and any reference to this section of our website is intended to be inactive textual references only.

**Executive Officers of the Registrant**

The following table shows FactSet's current executive officers:

| Name of Officer       | Age | Office Held with FactSet   | Officer Since |
|-----------------------|-----|--|---------------|
| F. Philip Snow        | 57  | Chief Executive Officer  | 2014          |
| Linda S. Huber        | 63  | Executive Vice President, Chief Financial Officer  | 2021          |
| Rachel R. Stern       | 56  | Executive Vice President, Chief Legal Officer, Global Head of Strategic Resources and Secretary          | 2009          |
| Gene D. Fernandez     | 54  | Executive Vice President, Chief Technology and Content Officer   | 2017          |
| Robert J. Robie       | 43  | Executive Vice President, Head of Analytics & Trading Solutions  | 2018          |
| Helen L. Shan         | 54  | Executive Vice President, Chief Revenue Officer  | 2018          |
| Daniel Viens          | 64  | Executive Vice President, Chief Human Resources Officer  | 2018          |
| Goran Skoko           | 60  | Executive Vice President, Managing Director EMEA and Asia Pacific, Head of Research & Advisory Solutions | 2019          |
| Kristina W. Karnovsky | 42  | Executive Vice President, Chief Product Officer  | 2021          |
| Jonathan Reeve        | 53  | Executive Vice President, Head of Content & Technology Solutions   | 2021          |

**F. Philip Snow – Chief Executive Officer.** Mr. Snow was named Chief Executive Officer effective July 1, 2015. Prior to that, Mr. Snow held the title of President. He began his career at FactSet in 1996 as a Consultant, before moving to Asia to hold positions in the Tokyo and Sydney offices. Following his move back to the U.S. in 2000, Mr. Snow held various sales leadership roles prior to assuming the role of Senior Vice President, Director of U.S. Investment Management Sales in 2013. Mr. Snow received a Bachelor of Arts in Chemistry from the University of California at Berkeley and a Master of International Management from the Thunderbird School of Global Management. He has earned the right to use the Chartered Financial Analyst designation.

**Linda S. Huber - Executive Vice President, Chief Financial Officer.** Ms. Huber was appointed Executive Vice President, Chief Financial Officer of FactSet in October 2021. As Chief Financial Officer, she is responsible for FactSet's global finance organization and oversees all financial functions, including accounting, corporate development, financial planning and analysis (FP&A), treasury, tax, and investor and media relations. Prior to joining FactSet, Ms. Huber served as Chief Financial Officer and Treasurer at MSCI Inc. Prior to joining MSCI, she served as Executive Vice President and Chief Financial Officer of Moody's Corporation from May 2005 to June 2018. Earlier in her career, Ms. Huber served in several increasingly senior roles in financial services, including Executive Vice President and Chief Financial Officer at U.S. Trust Company, a subsidiary of Charles Schwab & Company, Inc.; Managing Director at Freeman & Co.; Vice President of Corporate Strategy and Development and Vice President and Assistant Treasurer at PepsiCo.; Vice President of Energy Investment Banking Group at Bankers Trust Co.; and Associate in the Natural Resources Group at The First Boston Corp. Ms. Huber also held the rank of Captain in the U.S. Army. Ms. Huber earned an MBA from the Stanford Graduate School of Business and a B.S. degree in business and economics from Lehigh University.

**Rachel R. Stern – Executive Vice President, Chief Legal Officer, Global Head of Strategic Resources and Secretary.** Ms. Stern was appointed Executive Vice President, Chief Legal Officer and Global Head of Strategic Resources and Secretary in October 2018. In addition to her role in the Legal Department, Ms. Stern is also responsible for Compliance, Facilities Management and Real Estate Planning and the administration of our offices in Hyderabad, Manila and Riga. Ms. Stern joined FactSet in January 2001 as General Counsel. Ms. Stern is admitted to practice in New York, Washington D.C., and as House Counsel in Connecticut. Ms. Stern received a Bachelor of Arts from Yale University, a Master of Arts from the University of London and a Juris Doctor from the University of Pennsylvania Law School.

**Gene D. Fernandez – Executive Vice President, Chief Technology and Content Officer.** Mr. Fernandez was appointed Chief Technology and Content Officer in July 2021. He joined FactSet as Chief Technology and Product Officer in November 2017 from J.P. Morgan, where he served as the Chief Technology Officer, New Product Development. In this role, he developed the strategy and built the engineering function responsible for new product innovation. During a decade at J.P. Morgan, Mr. Fernandez held various other roles, including Chief Technology Officer for Client Technology and Research and Banking



Information Technology. Prior to J.P. Morgan, he worked at Credit Suisse and Merrill Lynch. Mr. Fernandez received a Bachelor of Science in Computer Science and Economics from Rutgers University.

**Robert J. Robie – Executive Vice President, Head of Analytics & Trading Solutions.** Mr. Robie was appointed Executive Vice President, Head of Analytics & Tradition Solutions in September 2018. In his current role, he oversees strategy, research, development and engineering for Analytics & Trading platforms. Mr. Robie joined FactSet in July 2000 as a Product Sales Specialist. During his tenure at FactSet, Mr. Robie has held several positions of increased responsibility, including Senior Director of Analytics and Director of Global Fixed Income. Although Mr. Robie joined FactSet in 2000, he did work at BTN Partners from 2004 through 2005 in their quantitative portfolio management and performance division, before returning to continue his career with FactSet. Mr. Robie holds a Bachelor of Arts in Economics and Fine Arts from Beloit College.

**Helen L. Shan – Executive Vice President, Chief Revenue Officer.** Ms. Shan was appointed Executive Vice President, Chief Revenue Officer effective May 3, 2021. As the Chief Revenue Officer, she is responsible for driving revenue growth by managing global sales, client solutions, and marketing. Ms. Shan joined FactSet as Chief Financial Officer in September 2018 where she oversaw all financial functions at FactSet. Prior to that, she was at Marsh McLennan Companies, where she served in a variety of roles, including as the company's Corporate Treasurer and also as Chief Financial Officer for Mercer, a professional services firm where she was responsible for global financial reporting and performance, operational finance, investments, and corporate strategy. Preceding that, Ms. Shan also served as the Vice President and Treasurer for Pitney Bowes Inc. and served as a Managing Director at J.P. Morgan. In September 2018, Ms. Shan joined the Board of Directors of EPAM Systems Inc., a global provider of digital platform engineering and software development services. Ms. Shan holds dual degrees with a Bachelor of Science and a Bachelor of Applied Science from the University of Pennsylvania's Wharton School of Business and School of Applied Science and Engineering. Ms. Shan also has a Master of Business Administration from Cornell University's SC Johnson College of Business.

**Daniel Viens – Executive Vice President, Chief Human Resources Officer.** Mr. Viens was appointed Executive Vice President Chief Human Resources Officer in October 2021. Mr. Viens joined FactSet in September 1998 as a Vice President, Director of Human Resources and has held several leadership positions of increased responsibility in Human Resources. Prior to joining FactSet, Mr. Viens was a Director of Human Resources for First Data Solutions and Donnelly Marketing (a former company of Dun & Bradstreet), where he developed significant Human Resources acumen. Mr. Viens graduated from Boston University, and holds both a Master's Degree from Eastern Illinois University in Clinical Psychology and a Master of Business Administration from Columbia University.

**Goran Skoko – Executive Vice President, Managing Director EMEA and Asia Pacific, Head of Research & Advisory Solutions.** Mr. Skoko was appointed Executive Vice President, Managing Director EMEA and Asia Pacific and Head of Research & Advisory in July 2021. In his current role, Mr. Skoko is responsible for providing direction to address the product and content needs for EMEA and Asia Pacific clients while also focusing on increased deployment and building community with our Research & Advisory solutions. Prior to that, Mr. Skoko was Executive Vice President, Managing Director EMEA and Asia Pacific and Head of Wealth Solutions. He joined FactSet in 2004 as a Senior Product developer and has held a number of positions of increased responsibility. Prior to FactSet, he spent 16 years in various engineering and product management roles at Thomson Financial. Mr. Skoko earned his B.S. in Physics and Computer Science from Fordham University.

**Kristina W. Karnovsky – Executive Vice President, Chief Product Officer.** Ms. Karnovsky was appointed Executive Vice President, Chief Product Officer in July 2021. In her current role she works across the entire product portfolio to deliver a differentiated advantage for clients and support their success. Prior to this role, Ms. Karnovsky was Head of Research Solutions. Ms. Karnovsky joined FactSet in 2001 as a Consultant and spent over a decade building FactSet's sell-side business in Sales leadership roles. Ms. Karnovsky earned a bachelor's degree from the University of Scranton.

**Jonathan Reeve – Executive Vice President, Head of Content & Technology Solutions.** Mr. Reeve was appointed Executive Vice President, Head of Content & Technology Solutions at FactSet in October 2021. As Head of Content & Technology Solutions, he oversees and leads the development of FactSet's off-platform products, including financial data solutions, application technologies, and the delivery of FactSet proprietary and third-party content over our data feeds, API's, Open FactSet Marketplace, and cloud-delivery solutions. Mr. Reeve joined FactSet in April 2020 as Senior Vice President and Head of Content & Technology Solutions. Prior to joining FactSet, Mr. Reeve led Connectivity, Feeds and Desktop Businesses at Intercontinental Exchange (ICE). Earlier in his career, he held various positions at S&P Global, including Chief Data Officer and Head of Product & Content for the S&P Market Intelligence Division. Mr. Reeve earned a B.A in Economics from Concordia University in Montreal.

## Additional Information

Additional information with respect to our business is included in the following pages and is incorporated herein by reference:

|   | Page(s) |
|---|---------|
| <a href="#">Management's Discussion and Analysis of Financial Condition and Results of Operations</a> | 30      |
| <a href="#">Quantitative and Qualitative Disclosures about Market Risk</a>                            | 47      |
| <a href="#">Notes to the Consolidated Financial Statements</a>  | 59      |

## ITEM 1A. RISK FACTORS

The following risks could materially and adversely affect our business, financial condition, results of operations, and cash flows and, as a result, the trading price of our common stock could decline. These risk factors do not identify all risks that we face; our operations could also be affected by factors that are not presently known to us or that we currently consider to be immaterial to our operations. Due to risks and uncertainties, known and unknown, our past financial results may not be a reliable indicator of future performance, and historical trends should not be used to anticipate results or trends in future periods. Investors should also refer to the other information set forth in this Annual Report on Form 10-K, including Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations* and our Consolidated Financial Statements including the related Notes. Investors should carefully consider all risks, including those disclosed here, before making an investment decision.

### Technology & Data Security Risks

#### *Loss, corruption and misappropriation of data and information relating to clients and others*

Many of our products, as well as our internal systems and processes, involve the collection, retrieval, processing, storage and transmission through a variety of media channels of our own, as well as supplier and customer, proprietary information and sensitive or confidential data. We rely on, and continuously invest in, a complex system of internal processes and controls, along with policies, procedures and training, designed to protect data that we receive in the ordinary course of business, including information from client portfolios and strategies. However, these measures do not guarantee security, and improper access to or release of confidential information may still occur through, for example, employee error or malfeasance, system error, other inadvertent release, failure to properly purge and protect data, or cyberattack. Additionally, the maintenance and enhancement of our systems may not be completely effective in preventing loss, unauthorized access or misappropriation. Data misappropriation, unauthorized access or data loss could instill a lack of confidence in our products and systems and damage our brand, reputation and business. Breaches of security measures could expose us, our clients or the individuals affected to a risk of loss or misuse of this information, potentially resulting in litigation and liability for us, as well as the loss of existing or potential clients and suppliers. Many jurisdictions in which we operate have laws and regulations relating to data privacy and protection of personal information, including the European Union General Data Protection Regulation, which became effective May 25, 2018, California's Consumer Privacy Act, which became effective January 1, 2020, and China's Personal Information Protection Law, which becomes effective November 1, 2021. These laws contain requirements regarding the handling of personal and sensitive data, including our use, protection and the ability of persons whose data is stored to correct or delete such data about themselves. The law in this area continues to develop and the changing nature of privacy laws could impact our processing of personal and sensitive information related to our content, operations, employees, clients, and suppliers, and may expose us to claims of violations.

#### *Successful prohibited data access and other cyber-attacks and the failure of cyber-security systems and procedures*

In providing our digital-enabled services to clients, we rely on information technology infrastructure that is managed internally along with placing reliance on third-party service providers for critical functions. We and these third-party service providers are subject to the risks of system failures and security breaches, including cyber-attacks (including those sponsored by nation-states, terrorist organizations, or global corporations seeking to illicitly obtain technology or other intellectual property), such as phishing scams, hacking, viruses, denials of service attacks, tampering, intrusions, physical break-ins, ransomware and malware as well as employee errors or malfeasance. In some cases, these risks might be heightened when employees are working remotely. Our and our vendors' use of mobile and cloud technologies may increase our risk for such threats. Our protective systems and procedures and those of third parties to which we are connected, such as cloud computing providers, may not be effective against these threats. Our information technology systems must be constantly updated and patched to protect against known vulnerabilities and to optimize performance. While we have dedicated resources responsible for maintaining appropriate levels of cybersecurity and implemented systems and processes intended to help identify cyberattacks and protect and remediate our network infrastructure, we are aware that these attacks have become increasingly frequent, sophisticated, and difficult to



detect and, as a result, we may not be able to anticipate, prevent or detect all such attacks. We also may be impacted by a cyberattack targeting one of our vendors or within our technology supply chain or infrastructure. Our contracts with service providers typically require them to implement and maintain adequate security controls, but we may not have the ability to effectively monitor these security measures. As a result, inadequacies of the third-party security technologies and practices may not be detected until after a security breach has occurred. These risks may be heightened in connection with employees working from remote work environments, as our dependency on certain service providers, such as video conferencing and web conferencing services, has significantly increased. In addition, to access our network, products and services, customers and other third parties may use personal mobile devices or computing devices that are outside of our network environment and are subject to their own security risk. We could suffer significant damage to our brand and reputation: if a cyber-attack or other security incident were to allow unauthorized access to, or modification of, clients' or suppliers' data, other external data, internal data or information technology systems; if the services provided to clients were disrupted; or if products or services were perceived as having security vulnerabilities. The costs we would incur to address and resolve these security incidents would increase our expenses. These types of security incidents could also lead to lawsuits, regulatory investigations and claims, loss of business and increased legal liability. Cyberattacks, security breaches or third-party reports of perceived security vulnerability to our systems, even if no breach has occurred, also could damage our brand and reputation, result in litigation, regulatory actions, loss of client confidence and increased legal liability. We also make acquisitions periodically. While significant effort is placed on addressing information technology security issues with respect to the acquired companies, we may inherit such risks when these acquisitions are integrated into our infrastructure.

***A prolonged or recurring outage at our data centers and other business continuity disruptions at facilities could result in reduced service and the loss of clients***

Our clients rely on us for the delivery of time-sensitive, up-to-date data and applications. Our business is dependent on our ability to process substantial volumes of data and transactions rapidly and efficiently on our computer-based networks, database storage facilities, and other network infrastructure, which are located across multiple facilities globally. If we experience significant growth of our customer base or increases in the number of products or services or in the speed at which we are required to provide products and services, it may strain our systems. Additionally, our systems and networks may become strained due to aging or end-of-life technology that we have not yet updated or replaced. Our computer operations, as well as our other business centers, and those of our suppliers and clients, are vulnerable to interruption by fire, natural disaster, power loss, telecommunications failures, terrorist attacks, acts of war, civil unrest, internet failures, computer viruses, security breaches, and other events beyond our reasonable control. In addition, in the remote work environments, the daily activities and productivity of our workforce is now more closely tied to key vendors, such as video conferencing services, consistently delivering their services without material disruption. Our ability to deliver information using the internet and to operate in a remote working environment may be impaired because of infrastructure failures, service outages at third-party internet providers, malicious attacks, or other factors. We maintain back-up facilities and certain other redundancies for each of our major data centers to minimize the risk that any such event will disrupt those operations. However, a loss of our services involving our significant facilities may materially disrupt our business and may induce our clients to seek alternative data suppliers. Any such losses or damages we incur could have a material adverse effect on our business. Although we seek to minimize these risks through security measures, controls, back-up data centers and emergency planning, there can be no assurance that such efforts will be successful or effective. Additionally, we may also face significant increases in our use of power and data storage and may experience a shortage of capacity and increased costs associated with such usage.

***Transition to new technologies, applications and processes could expose us to unanticipated disruptions***

The technology landscape is constantly evolving. To remain competitive, we must adapt and migrate to new technologies, applications and processes. Use of more advanced technologies and infrastructure is critical to the development of our products and services, the scaling of our business for future growth, and the accurate maintenance of our data and operations. The implementation of new technologies and infrastructure, such as migration to new cloud-based systems, is complex and can involve substantial expenditures as well as risks inherent in the conversion to any new system, including potential loss of information and disruption to operations. We may experience unanticipated interruption and delay in the performance and delivery of certain of our products and services. Certain of our technologies are also dependent upon third-party providers to maintain adequate systems to protect the security of our confidential information and data. Failure by our providers to maintain appropriate security could result in unauthorized access to our systems or a network disruption that could further lead to improper disclosure of confidential information or data, regulatory penalties and remedial costs. Any disruption to either the provider's systems or the communication links between us and the provider could negatively affect our ability to operate our data systems and could impair our ability to provide services to our clients. If the services to our clients are disrupted, or if there is unauthorized access to the confidential information of our clients or our vendors, we could suffer significant damage to our brand and reputation and lose clients. We also may incur increased operating expenses to recover data, repair or remediate systems, equipment or facilities, and to protect ourselves from such disruptions. As we increase our reliance on third-party

systems, our exposure to damages from services disruptions may increase, and we may incur additional costs to remedy damages caused by these disruptions.

***Use of open source software could introduce security vulnerabilities, impose unanticipated restrictions on our ability to commercialize our products and services, and subject us to increased costs***

We use open source code in our software development and incorporate it into our products and internal systems. The use of open source code may entail greater risks than the use of third-party commercial software. Open source licensors generally do not provide warranties or other contractual protections regarding infringement claims or the quality or security of the code. Some open source licenses provide that if we combine our proprietary applications with the open source software in a certain manner, we could be required to release the source code of our proprietary applications to the public. This would allow our competitors to create similar products with less development effort and time and ultimately put us at a competitive disadvantage. We have implemented procedures to control the use of source code so as to mitigate this risk; however, the terms of many open source licenses are also ambiguous and have not been interpreted by U.S. or other courts. Therefore, there is a risk that our internal procedures controlling the use of open source code could fail, or that the licenses could be construed in a manner that imposes unanticipated conditions or restrictions on us. If any of this were to occur, we could be required to seek alternative third-party licenses at increased costs or reduced scope, to re-engineer products or systems, or potentially to discontinue the licensing of certain products. Any remedial actions could divert resources away from our development efforts, be time intensive and have a significant cost.

**Strategy & Market Demand Risks**

***Competition in our industry may cause price reductions or loss of market share***

We continue to experience intense competition across all markets for our products, with competitors ranging in size from smaller, highly specialized, single-product businesses to multi-billion-dollar companies. While we believe the breadth and depth of our suite of products and applications offer benefits to our clients that are a competitive advantage, our competitors may offer price incentives to attract new business. Future competitive pricing pressures may result in decreased sales volumes and price reductions, resulting in lower revenue and ASV. Weak economic conditions may also result in clients seeking to utilize lower-cost information that is available from alternative sources. The impact of cost-cutting pressures across the industries we serve could lower demand for our products. Clients within the financial services industry that strive to reduce their operating costs may seek to reduce their spending on financial market data and related services, such as ours. If our clients consolidate their spending with fewer suppliers, by selecting suppliers with lower-cost offerings or by self-sourcing their needs for financial market data, our business could be negatively affected.

***The continued shift from active to passive investing could negatively impact user count growth and revenue***

The predominant investment strategy today is still active investing, which attempts to outperform the market. The main advantage of active management is the expectation that the investment managers will be able to outperform market indices. They make informed investment decisions based on their experiences, insights, knowledge and ability to identify opportunities that can translate into superior performance. The main advantage of passive investing is that it closely matches the performance of market indices. Passive investing requires little decision-making by investment managers and low operating costs which result in lower fees for the investor. A continued shift to passive investing, resulting in an increased outflow to passively managed index funds, could reduce demand for the services of active investment managers and consequently, the demand of our clients for our services.

***A decline in equity and/or fixed income returns may impact the buying power of investment management clients***

Approximately 83% of our ASV is derived from our investment management clients. The profitability and management fees of these clients are tied to assets under management. An equity market decline not only depresses the value of assets under management but also could cause a significant increase in redemption requests from our clients' customers, further reducing their assets under management. Reduced client profits and management fees may cause our clients to cut costs. Moreover, extended declines in the equity and fixed income markets may reduce new fund or client creation. Each of these developments may result in lower demand from investment managers for our services and workstations, which could negatively affect our business.

***Uncertainty in the global economy and consolidation in the financial services industry may cause us to lose clients and users***

Many of our clients are investment banks, asset managers, wealth advisors, and other financial services entities. Uncertainty in the global economy or a lack of confidence in the global financial system could negatively impact our clients, which could cause a corresponding negative impact on our business results. Mergers, consolidation or contraction of our clients in the financial services industry also could directly impact the number of clients and prospective clients and users of our products and services. If our clients merge with or are acquired by other entities that are not our clients, or that use fewer of our products and services, they may discontinue or reduce their use of our products and services. Thus, economic uncertainty, lack of confidence in the global financial system, and consolidation in this sector could adversely affect our business, financial results and future growth.

***Volatility in the financial markets may delay the spending pattern of clients and reduce future ASV growth***

The decision on the part of large institutional clients to purchase our services often requires management-level sponsorship and typically depends upon the size of the client, with larger clients having more complex and time-consuming purchasing processes. The process is also influenced by market volatility. These characteristics often lead us to engage in relatively lengthy sales efforts. Purchases (and incremental ASV) may therefore be delayed as uncertainties in the financial markets may cause clients to remain cautious about capital and data content expenditures, particularly in uncertain economic environments. The COVID-19 pandemic may increase this risk as it may curtail our client's spending and lead them to delay or defer purchasing decisions or product service implementations, or cause them to cancel or reduce their spending with us, which could negatively impact our revenues and future growth.

***Failure to develop and market new products and enhancements that maintain our technological and competitive position and failure to anticipate and respond to changes in the marketplace for our products and customer demands***

The market for our products is characterized by rapid technological change, including methods and speed of delivery, changes in client demands, development of new investment instruments and evolving industry standards. The direction of these trends can render our existing products less competitive, obsolete or unmarketable. As a result, our future success will continue to depend upon our ability to identify and develop new products and enhancements that address the future needs of our target markets and to respond to their changing standards and practices. We may not be successful in developing, introducing, marketing, licensing and implementing new products and enhancements on a timely and cost-effective basis or without impacting the stability and efficiency of existing products and customer systems. Further, any new products and enhancements may not adequately meet the requirements of the marketplace or achieve market acceptance. We must make long-term investments and commit significant resources before knowing whether these investments will eventually result in products and services that satisfy our clients' needs and generate revenues required to provide the desired results. Our failure or inability to anticipate and respond to changes in the marketplace, including competitor and supplier developments, may also adversely affect our business, operations and growth.

Errors or defects can exist at any point in a product's life cycle, but are more frequently found after the introduction of new products or enhancements to existing products. Despite internal testing and testing by clients, our products may contain errors. We may also experience delays while developing and introducing new products for various reasons, such as difficulties in licensing data inputs. Defects, errors, or delays in our products that are significant, or are perceived to be significant, could result in rejection or delay in market acceptance, damage to our reputation, loss of revenue, lower rate of license renewals or upgrades, diversion of development resources, product liability claims or regulatory actions, or increases in service and support costs.

We have provisions in our client contracts to limit our exposure to potential liability claims brought by clients based on the use of our products or services or our delay or failure to provide services. Contracts with customers also increasingly include service level requirements and audit rights to review our security. Many of our customers in the financial services sector are also subject to regulations and requirements to adopt risk management processes commensurate with the level of risk and complexity of their third-party relationships, and provide rigorous oversight of relationships that involve certain "critical activities," some of which may be deemed to be provided by us. Any failure on our part to comply with the specific provisions in customer contracts could result in the imposition of various penalties, which may include termination of contracts, service credits, suspension of payments, contractual penalties, adverse monetary judgments, and, in the case of government contracts, suspension from future government contracting. Even if the outcome of any claims brought against us were ultimately favorable, such a claim would require the time and attention of our management, personnel, as well as financial and other resources and potentially pose a significant disruption to our normal business operations.

***Failure to identify, integrate, or realize anticipated benefits of acquisitions and strains on resources as a result of growth***

There can be no assurance that we will be able to identify suitable candidates for successful acquisition at acceptable prices. Additionally, there may be integration risks or other risks resulting from acquired businesses. Our ability to achieve the expected returns and synergies from past and future acquisitions and alliances depends in part upon our ability to integrate the offerings, technology, sales, administrative functions and personnel of these businesses effectively into our core business. We cannot guarantee that our acquired businesses will perform at the levels anticipated. In addition, past and future acquisitions may subject us to unanticipated risks or liabilities or disrupt operations.

Growth, such as the addition of new clients and acquisitions, puts demands on our resources, including our internal systems and infrastructure. These may require improvements or replacement to meet the additional demands of a larger organization. Further, the addition of new clients and the implementation of such improvements would require additional management time and resources. These needs may result in increased costs that could negatively impact results of operations. Failure to implement needed improvements, such as improved scalability, could result in a deterioration in the performance of our internal systems and negatively impact the performance of our business.

***Failure to maintain reputation***

We enjoy a positive reputation in the marketplace. Our ability to attract and retain clients and employees is affected by external perceptions of our brand and reputation. Reputational damage from negative perceptions or publicity could affect our ability to attract and retain clients and employees and our ability to maintain our pricing for our products. Although we monitor developments for areas of potential risk to our reputation and brand, negative perceptions or publicity could have a material adverse effect on our business and financial results.

**Operational Risks**

***Failure to enter into, renew or comply with contracts supplying new and existing data sets or products on competitive terms***

We collect and aggregate third-party content from data suppliers, news sources, exchanges, brokers and contributors into our own dedicated online service, which clients access to perform their analyses. We combine the data from these sources into our own dedicated databases. Clients have access to the data and content found within our databases. These databases are important to our operations as they provide clients with key information. We have entered into third-party content agreements of varying lengths, which in some cases can be terminated on one year's notice at predefined dates, and in other cases on shorter notice. Some of our content provider agreements are with competitors, who may attempt to make renewals difficult or expensive. We seek to maintain favorable contractual relationships with our data suppliers, including those that are also competitors. However, we cannot control the actions and policies of our data suppliers and we may have data suppliers who provide us with notice of termination, or exclude or restrict us from use of their content, or only license such content at prohibitive cost. Additionally, despite our efforts to comply with our third-party data supplier agreements, there can be no assurances that third-parties may not challenge our use of their content, which could result in increased licensing costs, loss of rights, and costly legal actions. Certain data sets that we rely on have a limited number of suppliers, although we make every effort to assure that, where reasonable, alternative sources are available. We are not dependent on any one third-party data supplier in order to meet the needs of our clients, with only two data suppliers representing more than 10% of our total data costs for the twelve months ended August 31, 2021. Our failure to be able to maintain these relationships, or the failure of our suppliers to deliver accurate data or in a timely manner, or the occurrence of a dispute with a vendor over use of their content, could increase our costs and reduce the type of content and products available to our clients, which could harm our reputation in the marketplace and adversely affect our business.

***Increased accessibility to free or relatively inexpensive information sources may reduce demand for our products***

Each year, an increasing amount of free or relatively inexpensive information becomes available, particularly through the internet, and this trend may continue. The availability of free or relatively inexpensive information may reduce demand for our products. While we believe our service offering is distinguished by such factors as customization, timeliness, accuracy, ease-of-use, completeness and other value-added factors, if users choose to obtain the information they need from public or other sources, our business, results of operations, and cash flows could be adversely affected.

***Inability to hire and retain key qualified personnel***

Our business is based on successfully attracting, motivating and retaining talented and diverse employees. Creating a diverse and inclusive environment that promotes empowerment and engagement is key to our ability to attract, retain, and develop talent. Competition for talent, especially engineering personnel, is strong. We need technical resources such as engineers to help

develop new products and enhance existing services. We rely upon sales personnel to sell our products and services and maintain healthy business relationships. Our future success also is dependent on the continued service and performance of the members of our senior leadership team. All of these personnel possess business and technical capabilities that are difficult to replace. If we are unsuccessful in our recruiting efforts, or if we are unable to retain key employees, our ability to develop and deliver successful products and services may be adversely affected and could have a material, adverse effect on our business.

***Operations outside the United States involve additional requirements and burdens that we may not be able to control or manage successfully***

In fiscal 2021, approximately 40% of our revenue related to operations located outside the U.S. In addition, a significant number of our employees, approximately 78%, are located in offices outside the U.S. We expect our growth to continue outside the U.S., with non-U.S. revenues accounting for an increased portion of our total revenue in the future. Our non-U.S. operations involve risks that differ from or are in addition to those faced by our U.S. operations. These risks include difficulties in developing products, services and technology tailored to the needs of non-U.S. clients, including in emerging markets; different employment laws and rules; rising labor costs in lower-wage countries; difficulties in staffing and managing personnel that are located outside the U.S.; different regulatory, legal and compliance requirements, including in the areas of privacy and data protection, anti-bribery and anti-corruption, trade sanctions and currency controls, marketing and sales and other barriers to conducting business; social and cultural differences, such as language; diverse or less stable political, operating and economic environments and market fluctuations; civil disturbances or other catastrophic events that reduce business activity; limited recognition of our brand and intellectual property protection; differing accounting principles and standards; restrictions on or adverse tax consequences from entity management efforts; and changes in U.S. or foreign tax laws. If we are not able to adapt efficiently or manage the business effectively in markets outside the U.S., our business prospects and operating results could be materially and adversely affected.

***The current COVID-19 pandemic and other global public health epidemics may adversely impact our business, our future results of operations and our overall financial performance***

Our business could be materially and adversely affected by the risk, or the public perception of risk, related to a pandemic or widespread health crisis, such as the current COVID-19 pandemic. A significant outbreak, epidemic or pandemic of contagious diseases in the human population could result in a widespread health crisis adversely affecting the broader economies, financial markets and overall demand for our products. In addition, any preventative or protective actions that governments implement or that we take in respect of a global health crisis, such as travel restrictions, quarantines or site closures, may interfere with the ability of our employees, vendors, and data suppliers to perform their respective responsibilities and obligations relative to the conduct of our business, including our ability to gather content. Such results could have a material adverse effect on our operations, business, financial condition, results of operations, or cash flows.

Our operations have been affected by a range of external factors related to the COVID-19 pandemic that are not within our control. For example, many jurisdictions have imposed a wide range of restrictions on the physical movement of our employees and vendors to limit the spread of COVID-19. While to date the COVID-19 pandemic has not had a material negative impact on our financial condition, results of operations, or cash flows, due to the ongoing uncertainty related to the duration, magnitude and impact of the COVID-19 pandemic, its potential effects on our business remain uncertain. The COVID-19 pandemic may still have a substantial impact on our employees' or vendors' productivity, which could result in our operations, including our ability to gather content, suffering, and in turn our results of operations, cash flows, and overall financial performance may be impacted. Furthermore, if our employees incur substantial medical expenses due to COVID-19, our expenses may increase due to our self-funded employee medical insurance model. Our management is focused on mitigating the effects of COVID-19 on our business, which has required and will continue to require a substantial investment of their time and may delay their other efforts. The continued impact of COVID-19 may also increase the severity or likelihood of the other risks described in this Item, any of which could have a material effect on us.

We continue to closely monitor the impact of the COVID-19 pandemic and continually assess its potential effects on our business. In response to the COVID-19 pandemic, we implemented a business continuity plan with a dedicated incident management team to respond quickly and provide ongoing guidance. However, given the dynamic nature of these circumstances, the full impact of the COVID-19 pandemic cannot be reasonably estimated at this time. The extent to which our business, financial condition, results of operations, or cash flows are affected by COVID-19 will depend in part on future developments which cannot be accurately predicted and are uncertain, as there are no comparable recent events that provide guidance as to the potential effect of the spread of a global pandemic. The impact of the COVID-19 pandemic depends upon various uncertainties, including the ultimate geographic spread of the virus, the severity of the virus, the duration of the outbreak, and actions that may be taken by governmental authorities to contain the virus. This situation is changing continually, and additional effects may arise that we are not presently aware of or that we currently do not consider to be significant risks to our operations. If we are not able to respond to and manage the impact of such events effectively, our business and financial

condition could be negatively impacted. Refer to Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations - COVID-19 Update* for additional information.

## **Legal & Regulatory Risks**

### ***Legislative and regulatory changes in the environments in which we and our clients operate***

As a business, we are subject to numerous laws and regulations in the U.S. and in the other countries in which we operate. These laws, rules, and regulations, and their interpretations, may change in the future or conflict, and compliance with these changes may increase our costs or cause us to make changes in or otherwise limit our business practices. In addition, the global nature and scope of our business operations make it more difficult to monitor areas that may be subject to regulatory and compliance risk. If we fail to comply with any applicable law, rule, or regulation, we could be subject to claims and fines and suffer reputational damage. Uncertainty caused by political change globally, and complex relationships across countries, including the U.S. and nations in Europe and Asia, heightens the risk of regulatory uncertainty.

Many of our clients operate within a highly regulated environment and must comply with governmental legislation and regulations. The U.S. regulators have increased their focus on the regulation of the financial services industry. Increased regulation of our clients may increase their expenses, causing them to seek to limit or reduce their costs from outside services such as ours. Additionally, if our clients are subjected to investigations or legal proceedings they may be adversely impacted, possibly leading to their liquidation, bankruptcy, receivership, reduction in assets under management, or diminished operations, which would adversely affect our revenue. Recent regulatory changes that we believe might materially impact us and our clients include:

#### *MiFID*

In the European Union, the new version of the Markets in Financial Instruments Directive (recast), also known as "MiFID II" became effective in January 2018. Prior to the effectiveness of the UK's withdrawal from the European Union on January 1, 2021, the UK laws and regulations implementing MiFID II were modified to transpose aspects of EU law and address deficiencies that would have otherwise been created as a result of the withdrawal. MiFID II built upon many of the initiatives introduced through MiFID and is intended to help improve the functioning of the European Union single market by achieving a greater consistency of regulatory standards. MiFID originally became effective in 2007. We believe that compliance with MiFID II requirements is time-consuming and costly for the investment managers who are subject to it and will cause clients to adapt their pricing models and business practices significantly. These increased costs may impact our clients' spending and may cause some investment managers to lose business or withdraw from the market, which may adversely affect demand for our services. However, MiFID II may also present us with new business opportunities for new service offerings. We continue to monitor the impact of MiFID II on the investment process and trade lifecycle. We also continue to review the application of key MiFID II requirements and plan to work with our clients to navigate through them.

#### *Brexit*

On January 31, 2020, the United Kingdom formally left the European Union when the UK-EU Withdrawal Agreement became effective. Under the Withdrawal Agreement, a transition period began that ran until December 31, 2020. On January 1, 2021, the UK left the EU Single Market and Customs Union, as well as all EU policies and international agreements. As a result, the free movement of persons, goods, services and capital between the UK and the EU ended, and the EU and the UK formed two separate markets. On December 24, 2020, the EU reached a trade agreement with the UK (the "Trade Agreement") The Trade Agreement offers UK and EU companies preferential access to each other's markets, ensuring imported goods will be free of tariffs and quotas; however, economic relations between the UK and EU will now be on more restricted terms than existed previously. The Trade Agreement does not incorporate the full scope of the services sector, and businesses such as banking and finance face uncertainty. In March, 2021, the UK and EU have agreed on a framework for voluntary regulatory cooperation and dialogue on financial services issues between the two countries in a Memorandum of Understanding (the "MOU"), which is expected to be signed after formal steps are completed, although this has not yet occurred. At this time, we cannot predict the impact that the Trade Agreement, the MOU or any future agreements on services, particularly financial services, will have on our business and our clients. It is possible that new terms may adversely affect our operations and financial results. We continue to evaluate our own risks and uncertainty related to Brexit, and partner with our clients to help them navigate the fluctuating international markets. This uncertainty may have an impact on our clients' expansion or spending plans, which may in turn negatively impact our revenue or growth.



### ***Adverse resolution of litigation or governmental investigations***

We are party to lawsuits in the normal course of our business. Litigation and governmental investigations can be expensive, lengthy and disruptive to normal business operations. Moreover, the results of complex legal proceedings are difficult to predict. Unfavorable resolution of lawsuits could have a material adverse effect on our business, operating results or financial condition. For additional information regarding legal matters, see Item 3. *Legal Proceedings*, of this Annual Report on Form 10-K.

### ***Third parties may claim we infringe upon their intellectual property rights or may infringe upon our intellectual property rights***

We may receive notice from others claiming that we have infringed upon their intellectual property rights. Responding to these claims may require us to enter into royalty and licensing agreements on unfavorable terms, incur litigation costs, enter into settlements, stop selling or redesign affected products, or pay damages and satisfy indemnification commitments with our clients or suppliers under contractual provisions of various license arrangements. Additionally, third parties may copy, infringe or otherwise profit from the unauthorized use of our intellectual property rights, requiring us to litigate to protect our rights. Certain countries may not offer adequate protection of proprietary rights. If we are required to defend ourselves or assert our rights or take such actions mentioned, our operating margins may decline as a result. We have incurred, and expect to continue to incur, expenditures to acquire the use of technology and intellectual property rights as part of our strategy to manage this risk.

### ***Additional cost due to tax assessments resulting from ongoing and future audits by tax authorities as well as changes in tax laws***

In the ordinary course of business, we are subject to changes in tax laws as well as tax examinations by various governmental tax authorities. The global and diverse nature of our business means that there could be additional examinations by governmental tax authorities and the resolution of ongoing and other probable audits which could impose a future risk to the results of our business. In August 2019 and July 2021, we received Notices of Intent to Assess (the "Notices") additional sales/use taxes, interest and underpayment penalties from the Commonwealth of Massachusetts Department of Revenue relating to prior tax periods. Based upon a review of the Notices, we believe the Commonwealth may assess sales/use tax, interest and underpayment penalties on previously recorded sales transactions. We filed an appeal to the Notices and we intend to contest any such assessment, if assessed, and continue to cooperate with the Commonwealth's inquiry. Further, on August 10, 2021, we received a letter (the "Letter") from the Commonwealth relating to additional prior tax periods, requesting sales information to determine if a notice of intent to assess should be issued to FactSet with respect to these tax periods. Based upon a preliminary review of the Letter, we believe the Commonwealth might seek to assess sales/use tax, interest and underpayment penalties on previously recorded sales transactions. Due to the uncertainty surrounding the assessment process, we are unable to reasonably estimate the ultimate outcome of these matters and, as such, have not recorded a liability as of August 31, 2021. We believe that we ultimately will prevail if we are presented with a formal assessment; however, if we do not prevail, the amount could have a material impact on our consolidated financial position, results of operations and cash flows.

Changes in tax laws or the terms of tax treaties in a jurisdiction where we are subject to tax could have an impact on our taxes payable.

### **Financial Market Risks**

#### ***Exposure to fluctuations in currency exchange rates and the failure of hedging arrangements***

Due to the global nature of our operations, we conduct business outside the U.S. in several currencies including the British Pound Sterling, Euro, Indian Rupee, and Philippine Peso. To the extent our international activities increase in the future, our exposure to fluctuations in currency exchange rates may increase as well. To manage this exposure, we utilize derivative instruments (such as foreign currency forward contracts). By their nature, all derivative instruments involve elements of market and credit risk. The market risk associated with these instruments resulting from currency exchange movements is expected to offset the market risk of the underlying transactions, assets and liabilities being hedged. Credit risk is managed through the continuous monitoring of exposure to the counterparties associated with these instruments. Our primary objective in holding derivatives is to reduce the volatility of earnings with changes in foreign currency. Although we believe that our foreign exchange hedging policies are reasonable and prudent under the circumstances, our attempt to hedge against these risks may not be successful, which could cause an adverse impact on both our results of operations and cash flows.

***Business performance may not be sufficient to meet financial guidance or publicly disclosed long-term targets***

We provide public, full-year financial guidance based upon assumptions regarding our expected financial performance, including our ability to grow revenue and organic ASV plus professional services, to meet our planned expenses and maintain a certain tax rate, and our ability to achieve our profitability targets. We can provide no assurances that we will be able to maintain the levels of growth and profitability that we have experienced in the past, or that our growth strategies will be successful. If we are unable to successfully execute on our strategies to achieve our growth objectives and retain our existing clients, or if we experience higher than expected operating costs or taxes, we risk not meeting our full-year financial guidance or may find it necessary to revise such guidance during the year.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

**ITEM 2. PROPERTIES**

Our corporate headquarters is located at 45 Glover Avenue in Norwalk, Connecticut. We lease our headquarters location, which is 173,164 square feet, and also lease the other locations listed in the table below. We have data content collection offices located in India, the Philippines and Latvia. Additionally, we have data centers that support our technological infrastructure located in New Jersey and Virginia.



We believe the amount of leased space as of August 31, 2021 is adequate for our current needs and that additional space can be available to meet any future needs.

| <b>Segment</b>   | <b>Leased Location</b>      |
|------------------|-----------------------------|
| Americas         | Austin, Texas               |
|                  | Boston, Massachusetts       |
|                  | Chicago, Illinois           |
|                  | Jackson, Wyoming            |
|                  | Lakewood, Colorado          |
|                  | Los Angeles, California     |
|                  | Minneapolis, Minnesota      |
|                  | New York, New York          |
|                  | Norwalk, Connecticut        |
|                  | Piscataway, New Jersey      |
|                  | Reston, Virginia            |
|                  | San Francisco, California   |
|                  | Toronto, Canada             |
| Youngstown, Ohio |                             |
| EMEA             | Amsterdam, the Netherlands  |
|                  | Avon, France                |
|                  | Cologne, Germany            |
|                  | Dubai, United Arab Emirates |
|                  | Frankfurt, Germany          |
|                  | Johannesburg, South Africa  |
|                  | London, England             |
|                  | Luxembourg City, Luxembourg |
|                  | Milan, Italy                |
|                  | Paris, France               |
|                  | Riga, Latvia                |
|                  | Sofia, Bulgaria             |
|                  | Zurich, Switzerland         |
| Asia Pacific     | Chennai, India              |
|                  | Hong Kong, China            |
|                  | Hyderabad, India            |
|                  | Manila, the Philippines     |
|                  | Melbourne, Australia        |
|                  | Mumbai, India               |
|                  | Shanghai, China             |
|                  | Singapore                   |
|                  | Sydney, Australia           |
| Tokyo, Japan     |                             |

### **ITEM 3. LEGAL PROCEEDINGS**

From time to time, we are subject to legal proceedings, claims and litigation arising in the ordinary course of business, including intellectual property litigation. Based on currently available information, our management does not believe that the ultimate outcome of these unresolved matters against us, individually or in the aggregate, is likely to have a material adverse effect on our consolidated financial position, annual results of operations and cash flows. However, these matters are subject to inherent uncertainties and management's view of these matters may change in the future.

### **ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

**Part II**

**ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

*(a) Market Information, Holders and Dividends*

*Market Information* – Our common stock is listed on the NYSE and NASDAQ under the symbol FDS. The following table sets forth, for each fiscal period indicated, the high and low sales prices per share of our common stock as reported on the NYSE:

|             | First     | Second    | Third     | Fourth    |
|-------------|-----------|-----------|-----------|-----------|
| <b>2021</b> |           |           |           |           |
| High        | \$ 357.92 | \$ 357.69 | \$ 365.77 | \$ 383.21 |
| Low         | \$ 303.11 | \$ 294.21 | \$ 302.92 | \$ 319.65 |
| <b>2020</b> |           |           |           |           |
| High        | \$ 289.98 | \$ 310.25 | \$ 307.97 | \$ 363.64 |
| Low         | \$ 233.09 | \$ 275.12 | \$ 195.22 | \$ 279.01 |

*Holders of Record* – As of October 15, 2021, we had approximately 2,346 holders of record of our common stock. However, because many of our shares of common stock are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of stockholders represented by these record holders. The closing price of our common stock on October 15, 2021, was \$380.22 per share as reported on the NYSE.

*Dividends* - During fiscal years 2021 and 2020, our Board of Directors declared the following dividends on our common stock:

| Year Ended         | Dividends per Share of Common Stock | Record Date       | Total \$ Amount (in thousands) | Payment Date       |
|--------------------|-------------------------------------|-------------------|--------------------------------|--------------------|
| <b>Fiscal 2021</b> |                                     |                   |                                |                    |
| First Quarter      | \$ 0.77                             | November 30, 2020 | \$ 29,266                      | December 17, 2020  |
| Second Quarter     | \$ 0.77                             | February 26, 2021 | \$ 29,141                      | March 18, 2021     |
| Third Quarter      | \$ 0.82                             | May 31, 2021      | \$ 30,972                      | June 17, 2021      |
| Fourth Quarter     | \$ 0.82                             | August 31, 2021   | \$ 30,845                      | September 16, 2021 |
| <b>Fiscal 2020</b> |                                     |                   |                                |                    |
| First Quarter      | \$ 0.72                             | November 29, 2019 | \$ 27,291                      | December 19, 2019  |
| Second Quarter     | \$ 0.72                             | February 28, 2020 | \$ 27,251                      | March 19, 2020     |
| Third Quarter      | \$ 0.77                             | May 29, 2020      | \$ 29,188                      | June 18, 2020      |
| Fourth Quarter     | \$ 0.77                             | August 31, 2020   | \$ 29,283                      | September 17, 2020 |

Future dividend payments will depend on our earnings, capital requirements, financial condition and other factors considered relevant by us, and is subject to final determination by our Board of Directors.

*(b) Recent Sales of Unregistered Securities*

There were no sales of unregistered equity securities during fiscal 2021.

*(c) Issuer Purchases of Equity Securities*

The following table provides a month-to-month summary of the share repurchase activity under our current share repurchase program during the three months ended August 31, 2021:

(in thousands, except per share data)

| Period      | Total number of shares purchased <sup>(1)</sup> | Average price paid per share | Total number of shares purchased as part of publicly announced plans or programs <sup>(2)</sup> | Maximum number of shares (or approximate dollar value) that may yet be purchased under the plans or programs <sup>(2)</sup> |
|-------------|---|------------------------------|---|---|
| June 2021   | 7,721   | \$ 336.66                    | 5,000   | \$ 290,699  |
| July 2021   | 173,398   | \$ 342.32                    | 172,526   | \$ 231,635  |
| August 2021 | 89,870  | \$ 360.83                    | 88,000  | \$ 199,893 <sup>(3)</sup>   |
|             | 270,989   |                              | 265,526   |   |

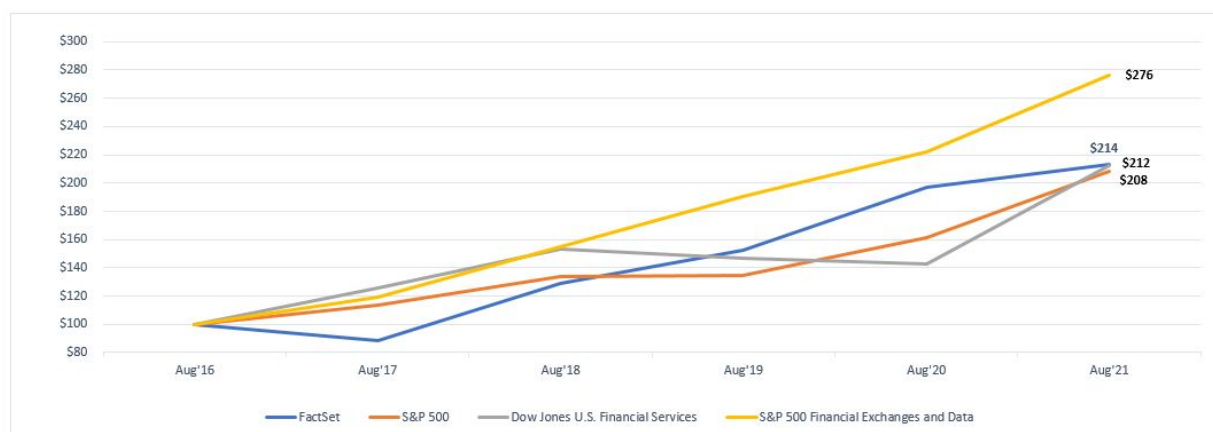
- (1) Includes 265,526 shares purchased under the existing share repurchase program, as well as 5,463 shares repurchased from employees to cover their cost of taxes due upon the vesting or exercise of stock-based awards.
- (2) Repurchases may be made from time to time in the open market and privately negotiated transactions, subject to market conditions. No minimum number of shares to be repurchased has been fixed. There is no timeframe to complete the share repurchase program and it is expected that share repurchases will be paid using existing and future cash generated by operations.
- (3) On March 23, 2021, the Board of Directors of FactSet approved a \$205.6 million increase to the existing share repurchase program. As of August 31, 2021, a total of \$199.9 million remained available for future share repurchases under the program.

Securities Authorized for Issuance under Equity Compensation Plans – refer to Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters* of this Annual Report on Form 10-K.

### Stock Performance Graph

The annual changes for the five-year period shown in the graph below assume \$100 had been invested in our common stock, the Standard & Poor’s 500 Index, the Dow Jones U.S. Financial Services Index, and the S&P 500 Financial Exchange and Data Index on August 31, 2016, or the origination date of each respective index.

The total cumulative dollar returns shown on the graph represent the value that such investments would have had on August 31, 2021. Stockholder returns over the indicated period are based on historical data and should not be considered indicative of future stockholder returns.



|   | 2016   | 2017   | 2018   | 2019   | 2020   | 2021   |
|---|--------|--------|--------|--------|--------|--------|
| FactSet Research Systems Inc.           | \$ 100 | \$ 88  | \$ 129 | \$ 153 | \$ 197 | \$ 214 |
| S&P 500 Index                           | \$ 100 | \$ 114 | \$ 134 | \$ 135 | \$ 161 | \$ 208 |
| Dow Jones U.S. Financial Services Index | \$ 100 | \$ 126 | \$ 153 | \$ 147 | \$ 142 | \$ 212 |
| S&P 500 Financial Exchanges and Data    | \$ 100 | \$ 119 | \$ 155 | \$ 191 | \$ 222 | \$ 276 |

*The information contained in the above graph shall not be deemed to be soliciting material or filed or incorporated by reference in future filings with the SEC, or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, except to the extent that we specifically incorporate it by reference into a document filed under the Securities Act of 1933 or the Securities Exchange Act of 1934.*

## **ITEM 6. SELECTED FINANCIAL DATA**

The information required by Item 301 and Item 302 of Regulation S-K has been omitted as we have adopted the changes to Item 301 and Item 302 of Regulation S-K contained in SEC Release No. 33-10890.

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read in conjunction with the Consolidated Financial Statements and related Notes included in Item 8. Financial Statements and Supplementary Data, of this Annual Report on Form 10-K. For a similar detailed discussion comparing fiscal 2020 and 2019, refer to Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations within our Annual Report on Form 10-K for the year ended August 31, 2020. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed below. Factors that could cause such differences include, but are not limited to, those identified below and those discussed in Item 1A. Risk Factors of this Annual Report on Form 10-K.

MD&A is designed to provide a reader of our financial statements with a narrative from the perspective of our management on our financial condition, results of operations, liquidity and certain other factors that may affect our future results. Our MD&A is presented in the following sections:

- Executive Overview
- Annual Subscription Value ("ASV")
- Client and User Additions
- Employee Headcount
- Results of Operations
- Non-GAAP Financial Measures
- Liquidity and Capital Resources
- Off-Balance Sheet Arrangements
- Foreign Currency
- Critical Accounting Estimates
- New Accounting Pronouncements

### Executive Overview

FactSet Research Systems Inc. and its wholly-owned subsidiaries (collectively, "we," "our," "us," the "Company" or "FactSet") is a global financial data and analytics company with open and flexible technology and a purpose to drive the investment community to see more, think bigger, and do their best work. Our strategy is to become the leading open content and financial analytics platform in the industry that delivers differentiated advantage for our clients' success.

For over 40 years, the FactSet platform has delivered expansive data, sophisticated analytics, and flexible technology that global financial professionals need to power their critical investment workflows. Over 160,000 asset managers and owners, bankers, wealth managers, corporate firms, including private equity and venture capital firms, and others use our personalized solutions to identify opportunities, explore ideas, and gain a competitive advantage, in areas spanning investment research, portfolio construction and analysis, trade execution, performance measurement, risk management, and reporting across the investment lifecycle.

We provide financial data and market intelligence on securities, companies and industries to enable our clients to research investment ideas, as well as offering them the capabilities to analyze, monitor and manage their portfolios. We combine dedicated client service with open and flexible technology offerings, such as a configurable desktop and mobile platform, comprehensive data feeds, cloud-based digital solutions, and application programming interfaces ("APIs"). Our revenue is primarily derived from subscriptions to our products and services such as workstations, portfolio analytics, and market data.

We advance our industry by comprehensively understanding our clients' workflows, solving their most complex challenges, and helping them achieve their goals. By providing them with the leading open content and analytics platform, an expansive universe of conformed data they can trust, next-generation workflow support designed to help them grow and see their next best action, and the industry's most committed service specialists, FactSet puts our clients in a position to outperform.

We are focused on growing our business through three reportable segments ("segments"): the Americas, EMEA and Asia Pacific. Refer to Note 19, Segment Information, in the Notes to the Consolidated Financial Statements included in Part II, Item 8. of this Annual Report on Form 10-K for further discussion. Within each of our segments, we primarily deliver insight and information through our three workflow solutions: Research & Advisory; Analytics & Trading; and Content & Technology ("CTS").

## Business Strategy

Client needs and market dynamics continue to evolve at an accelerated pace with an increasing demand for differentiated, personalized, and connected data, an ongoing shift to multi-asset class investing, and cost rationalization as the shift from active to passive investing continues. Clients are seeking new cloud-based solutions that enable self-service and automation, open and flexible systems, and increased efficiencies when integrating and managing data as part of their own broader digital transformations.

FactSet's strategy focuses on building the leading open content and analytics platform that delivers differentiated advantages for our clients' success – in keeping with our purpose of enabling the investment community to see more, think bigger and do their best work. We want to be the trusted partner of choice for clients, to anticipate their needs and provide them with the most innovative solutions to make them more efficient. This includes transforming the way our clients discover, decide, and act on an opportunity using our digital platform; purposefully increasing our pace and speed to market by streamlining how we work; and investing in our future workforce. To execute on our strategy, we plan on the following:

- **Growing our digital platform:** Scaling up our Content Refinery by providing the most comprehensive and connected inventory of industry, proprietary, and third-party data for the financial community, including granular data for key industry verticals, private companies, wealth, and environmental social and governance ("ESG"). Driving next-generation workflow solutions by creating personalized and integrated solutions to streamline workflows which includes solutions for asset managers, asset owners, sell side, wealth and corporate clients. Our goal is to deliver tangible efficiencies to our clients by connecting data and analytics with a cloud based eco-system, enabling them to manage work more effectively through an integrated investment lifecycle.
- **Delivering execution excellence:** Building a more agile and digital first-minded organization that increases the speed of our product creation and go-to-market strategy. To capitalize on market trends and give our clients innovative tools, we plan to release new products built on a cloud-based digital foundation as well as migrating our existing data and applications to the cloud. Additionally, we expect to rationalize our existing product portfolio to reinvest in higher return products.
- **Driving a growth mindset:** Recruiting, training and empowering a diverse and operationally efficient workforce to drive sustainable growth. To drive a more performance-based culture, we are investing in talent who can create leading technological solutions, efficiently execute our go-to-market strategy and achieve our growth targets.

At the center of our strategy is the relentless focus on our clients and their FactSet experience. We want to be a trusted partner and service provider, offering hyper-personalized digital products for clients to research ideas, uncover relevant insights, and leverage cognitive computing to help get the most out of their data and analytics. Additionally, we continually evaluate business opportunities such as acquisitions and partnerships to help us expand our capabilities and competitive differentiators across the investment portfolio lifecycle.

We are focused on growing our global business in three segments: the Americas, EMEA and Asia Pacific. We believe this geographical strategic alignment helps us better manage our resources, target our solutions and interact with our clients. We further execute on our growth strategy by offering data, products, and analytical applications within our three workflow solutions: Research & Advisory; Analytics & Trading; and CTS.

## Fiscal 2021 Year in Review

Revenue for the fiscal year 2021 was \$1.6 billion, an increase of 6.5% from the prior year. Revenue increased across our operating segments, primarily in the Americas, followed by EMEA and Asia Pacific, supported by increased revenue from each of our workflow solutions, mainly in Analytics & Trading, followed by CTS and Wealth. Revenue also grew due to the benefit from our annual price increase. The revenue growth of 6.5% was primarily attributed to organic revenue growth, which excludes the effects of acquisitions and dispositions completed in the last 12 months, changes in foreign currency rates in all periods presented and the deferred revenue fair value adjustments from purchase accounting (Refer to *Results of Operations, Non-GAAP Financial Measures* in this MD&A for further discussion on organic revenue).

Operating income increased 7.8% and diluted earnings per share ("EPS") increased 7.4% compared with the prior year. This increase in operating income and EPS was primarily driven by revenue growth of 6.5%, a decrease in non-compensatory employee related expenses, an impairment of an investment that occurred in fiscal 2020 and a decrease in professional fees. This increase was partially offset by higher spend in employee compensation, including stock-based compensation and

increased computer-related expenses. Additionally, EPS benefited from a reduction in interest expense and diluted weighted average shares outstanding compared with the prior year period.

Our clients and users reached new highs of 6,453 and 160,932, respectively, in fiscal 2021. Over the last 12 months, we returned \$382.6 million to stockholders in the form of share repurchases and dividends.

As of August 31, 2021, our employee count was 10,892, up 3.9% in the past 12 months, due primarily to an increase in net new employees of 6.6% in Asia Pacific and 0.7% in EMEA, partially offset by a decrease of 1.5% in the Americas. Of our total employees, as of August 31, 2021, 7,080 were located in Asia Pacific, 2,439 were located in the Americas and 1,373 were located in EMEA. Our centers of excellence, located in India, the Philippines, and Latvia, primarily focus on content collection that benefits all our segments.

We garnered multiple awards during fiscal 2021, with honors spanning multiple workflows, including research, risk, performance, trading, and wealth management. Our expanding suite of datasets stood out, most notably in the ESG and alternative categories, for its depth and innovation in delivery mechanisms. We were recognized by over thirty industry awards and rankings reports, including winning three categories in WatersTechnology's 2021 Inside Market Data & Inside Reference Data awards: best alternative data provider, best ESG data provider, and best overall data or service provider for 2021.

### **Client Service / Customer Success**

Our client service teams are a critical component of our comprehensive value proposition, and include a versatile group of financial data and modeling experts, with extensive knowledge of financial markets and FactSet solutions. Our client service teams take a consultative approach to understand our clients' challenges and objectives to strategically leverage our workflow solutions and deliver support of the highest standard. Our clients have continuous access to our support desk, trained to respond to both project and technical support questions. A client-centric approach is foundational to our ongoing achievements, therefore client satisfaction is critical to how we measure our success. According to our global client satisfaction survey, greater than 94% of respondents were satisfied or very satisfied with our support. We believe that these strong relationships help ensure continued high rates of retention and account expansion.

### **COVID-19 Update**

A novel strain of coronavirus, now known as COVID-19 ("COVID-19"), was first reported in December 2019, and it has since extensively impacted the global health and economic environment, with the World Health Organization characterizing COVID-19 as a pandemic on March 11, 2020. In response to the COVID-19 pandemic, we implemented a business continuity plan with a dedicated incident management team to respond quickly and provide ongoing guidance so that we could continue offering our clients uninterrupted products, services and support while also protecting our employees. We believe these actions have been successful and that the pandemic, and our responses, have not significantly affected the financial results for our 2021 fiscal year.

At the outset of the pandemic, we required the vast majority of our employees at our offices across the globe (including our corporate headquarters) to work remotely and implemented global travel restrictions for our employees. Since that time, we have begun to re-open many of our offices globally, utilizing a three-phased approach to provide flexibility for employees wishing to work from our offices with a focus on social distancing and safety while acting consistently with applicable local regulations. We anticipate that the ability to open offices will vary significantly from region to region based on a number of factors, including the availability of COVID-19 vaccines and the spread of COVID-19 variants. We have worked with local organizations to procure vaccines for our employees and encouraged them to get vaccinated. Our offices will not re-open fully until local authorities permit us to do so and our own criteria and conditions to ensure employee health and safety are satisfied.

As of August 31, 2021, there have been minimal interruptions in our ability to provide our products, services and support to our clients. Working remotely has had relatively little impact on the productivity of our employees, including our ability to gather content. We continue to work closely with our clients to provide consistent access to our products and services and have remained flexible to achieve client priorities.

Based on our success in working in a remote environment during the COVID-19 pandemic, we expect to implement a new work standard under which employees in many of our locations, where permitted by local laws and regulations, and where the role permits, will have the opportunity to choose between different work arrangements. These include working either in a hybrid arrangement, where an employee can split time between working from the office and working from a pre-approved remote location, or a fully remote arrangement, where an employee can work entirely from a pre-approved remote location.



Our revenue, earnings, and ASV are relatively stable and predictable as a result of our subscription-based business model. To date, the COVID-19 pandemic has not had a material negative impact on our revenue, earnings or ASV. We incurred additional expenses at the start of the COVID-19 pandemic, particularly relating to equipment to enable our employees to support our clients while working remotely, which were not material to our fiscal 2021 results. As we have continued to work in remote and hybrid environments, reductions in discretionary spending, particularly travel and entertainment, have more than offset any related increased expenses. Given our transition to our new work standard, we anticipate that many of these expense reductions will continue going forward, as we incur less travel and entertainment spending than we did pre-pandemic and seek to reduce our spending on office space that is no longer necessary in our new work environment.

Refer to Item 1A. *Risk Factors* of this Annual Report on Form 10-K for further discussion of the potential impact of the COVID-19 pandemic on our business.

## Annual Subscription Value ("ASV")

As of August 31, 2021, organic annual subscription value ("organic ASV") plus Professional Services totaled \$1.7 billion, an increase of 7.2% over August 31, 2020. Organic ASV increased across all our geographic segments with the majority of the increase related to the Americas, followed by EMEA and Asia Pacific.

We believe ASV reflects our ability to grow recurring revenue and generate positive cash flow and is the key indicator of the successful execution of our business strategy.

- "ASV" at any point in time represents our forward-looking revenue for the next 12 months from all subscription services currently being supplied to client, excluding revenues from Professional Services.
- "Organic ASV" at any point in time equals our ASV excluding ASV from acquisitions and dispositions completed within the last 12 months and the effects of foreign currency movements on the current year period.
- "Professional Services" are revenues derived from project-based consulting and implementation.
- "Organic ASV plus Professional Services" at any point in time equals the sum of Organic ASV and Professional Services.

## Organic ASV plus Professional Service

The following table presents the calculation the calculation of Organic ASV plus Professional Services as of August 31, 2021. With proper notice provided as contractually required, our clients can add to, delete portions of, or terminate service, subject to certain limitations.

| <i>(in millions)</i>                                      | As of August 31, 2021 |         |
|---|-----------------------|---------|
| As reported ASV plus Professional Services <sup>(1)</sup> | \$                    | 1,688.3 |
| Currency impact <sup>(2)</sup>                            |                       | 1.6     |
| Acquisition ASV <sup>(3)</sup>                            |                       | (11.4)  |
| Organic ASV plus Professional Services                    | \$                    | 1,678.5 |
| <i>Organic ASV plus Professional Services growth rate</i> |                       | 7.2 %   |

(1) Includes \$24.1 million in Professional Services fees as of August 31, 2021.

(2) The impact from foreign currency movements.

(3) Acquired ASV from acquisitions completed within the last 12 months.

As of August 31, 2021, Organic ASV plus Professional Services was \$1.7 billion, an increase of 7.2% compared with August 31, 2020. The increase in year-over-year Organic ASV was largely attributed to existing clients, followed by new client sales and existing client price increases, partially offset by existing client cancellations.

Organic ASV increased across all our geographic segments with the majority of the increase related to the Americas, followed by EMEA and Asia Pacific. This increase was driven by additional sales in our workflow solutions, primarily in Research, followed by Analytics & Trading and CTS. Sales increased in Research mainly due to higher demand for our workstations. Sales increased in Analytics & Trading mainly from our portfolio analytics, portfolio reporting, performance and reporting, front office, and risk and quantitative solutions. CTS sales increased primarily due to core and premium content sets, specifically related to company financial data and data management solutions.

### Segment ASV

As of August 31, 2021, ASV from the Americas was \$1,039.4 million, an increase from \$956.6 million as of August 31, 2020. Americas organic ASV increased to \$1029.2 million as of August 31, 2021, a 7.4% increase compared with August 31, 2020.

As of August 31, 2021, ASV from EMEA was \$450.0 million, an increase from \$426.0 million as of August 31, 2020. EMEA organic ASV increased to \$451.3 million as of August 31, 2021, a 5.6% increase compared with August 31, 2020.

As of August 31, 2021, Asia Pacific ASV was \$174.7 million, an increase from \$156.5 million as of August 31, 2020. Asia Pacific organic ASV increased to \$174.6 million as of August 31, 2021, a 12.3% increase compared with August 31, 2020.

The increase in organic ASV across all our geographic segments was largely attributed to increased sales to existing clients, followed by new client sales and existing client price increases, partially offset by existing client cancellations. The increased organic ASV in the Americas was primarily driven by increased sales for Research, followed by higher sales of Analytics & Trading and CTS. The EMEA organic ASV increase was mainly driven by higher sales of CTS followed by Analytics & Trading. The Asia Pacific organic ASV increase was primarily due to increased sales of Research, Analytics & Trading, and CTS.

### Buy-side and Sell-side Organic ASV Growth

Buy-side and sell-side Organic ASV growth rates at August 31, 2021, compared with August 31, 2020, were 6.5% and 12.0%, respectively. Buy-side clients account for approximately 83% of our Organic ASV, consistent with the prior year period, and primarily include asset managers, asset owners, wealth managers, hedge funds and corporate firms. The remainder of our Organic ASV is derived from sell-side firms and primarily include broker-dealers, banking and advisory, private equity and venture capital firms.

### Client and User Additions

|                        | As of and for the<br>Year Ended August 31, |         |        |
|------------------------|--|---------|--------|
|                        | 2021                                       | 2020    | Change |
| Clients <sup>(1)</sup> | 6,453                                      | 5,875   | 9.8 %  |
| Users <sup>(2)</sup>   | 160,932                                    | 141,136 | 14.0 % |

(1) The client count includes clients with ASV of \$10,000 and above.

(2) In the second quarter of fiscal 2021, we revised our user count methodology to include users across all our products, including workstations, StreetAccount and other workflow solutions. The prior year user count was adjusted to reflect this change for comparison purposes.

Our client count includes clients with ASV of \$10,000 and above. Our total client count was 6,453 as of August 31, 2021, a net increase of 9.8%, or 578 clients in the last 12 months, mainly due to an increase in corporate and wealth management clients and third-party data providers. The client count increase was mainly driven by demand for our integrated content and workflow solutions, which are further enhanced by our continued investment in product innovation. As part of our long-term growth strategy, we continue to focus on expanding and cultivating relationships with our existing client base through sales of workstations, applications, services and content.

As of August 31, 2021, there were 160,932 professionals using FactSet, representing a net increase of 14.0%, or 19,796 users, in the last 12 months, primarily driven by an increase in wealth advisory professionals from our wealth management clients, as well as an increase in sell-side users from our banking clients. The increase in users was mainly due to a new wealth management client, improvement in our client retention and increased new hiring at our banking clients.

Annual ASV retention was greater than 95% of ASV for the period ended August 31, 2021 and August 31, 2020. When expressed as a percentage of clients, annual retention was approximately 91.0% for the period ended August 31, 2021, an improvement from approximately 90% for the period ended August 31, 2020.

### Employee Headcount

As of August 31, 2021, our employee headcount was 10,892, up 3.9% in the past 12 months, due primarily to an increase in net new employees of 6.6% in Asia Pacific and 0.7% in EMEA, partially offset by a decrease of 1.5% in the Americas. Of our total

employee headcount at August 31, 2021, 7,080 were located in Asia Pacific, 2,439 were located in the Americas and 1,373 were located in EMEA.

## Results of Operations

For an understanding of the significant factors that influenced our performance during fiscal 2021 and 2020, the following discussion should be read in conjunction with the Consolidated Financial Statements and related Notes included in Item 8. of this Annual Report on Form 10-K.

The following table summarizes the results of operations for the periods described:

| (in thousands, except per share data)  | Years ended August 31, |              |             |          |
|--|------------------------|--------------|-------------|----------|
|  | 2021                   | 2020         | \$ Change   | % Change |
| Revenue                                | \$ 1,591,445           | \$ 1,494,111 | \$ 97,334   | 6.5 %    |
| Cost of services                       | \$ 786,400             | \$ 695,446   | \$ 90,954   | 13.1 %   |
| Selling, general and administrative    | \$ 331,004             | \$ 359,005   | \$ (28,001) | (7.8)%   |
| Operating income                       | \$ 474,041             | \$ 439,660   | \$ 34,381   | 7.8 %    |
| Net income                             | \$ 399,590             | \$ 372,938   | \$ 26,652   | 7.1 %    |
| Diluted earnings per common share      | \$ 10.36               | \$ 9.65      | \$ 0.71     | 7.4 %    |
| Diluted weighted average common shares | 38,570                 | 38,646       |             |          |

### Revenue

Revenue increased 6.5% to \$1.6 billion in fiscal 2021, compared with \$1.5 billion from the same period in the prior year. The increase in revenue was largely attributed to increased sales to existing clients, followed by new client sales and existing client price increases, partially offset by existing client cancellations. Revenue increased across all our segments, primarily from the Americas, followed by EMEA and Asia Pacific, driven by increased revenue in all our workflow solutions, mainly in Analytics & Trading, CTS, and Research, compared with the prior year. Organic revenue increased to \$1.6 billion for the fiscal year ended 2021, a 6.3% increase over the prior year period. (Refer to Item 7. *Results of Operations, Non-GAAP Financial Measures* in the MD&A of this Annual Report on Form 10-K for further discussion on organic revenue).

The revenue growth of 6.5% was composed of organic revenue growth of 6.3%, a 30 basis point increase from foreign currency exchange rate fluctuations, partially offset by a 10 basis point decrease from deferred revenue fair value adjustments from purchase accounting and acquisition-related revenue.

### Revenue by Segment

| (in thousands)       | Years ended August 31, |              |           |          |
|----------------------|------------------------|--------------|-----------|----------|
|                      | 2021                   | 2020         | \$ Change | % Change |
| Americas             | \$ 1,008,046           | \$ 943,649   | \$ 64,397 | 6.8 %    |
| % of revenue         | 63.3 %                 | 63.2 %       |           |          |
| EMEA                 | \$ 427,700             | \$ 406,498   | \$ 21,202 | 5.2 %    |
| % of revenue         | 26.9 %                 | 27.2 %       |           |          |
| Asia Pacific         | \$ 155,699             | \$ 143,964   | \$ 11,735 | 8.2 %    |
| % of revenue         | 9.8 %                  | 9.6 %        |           |          |
| Consolidated Revenue | \$ 1,591,445           | \$ 1,494,111 | \$ 97,334 | 6.5 %    |

Americas revenue increased 6.8% to \$1,008.0 million in fiscal 2021, compared with \$943.6 million from the same period in the prior year. The increase in revenue was largely attributed to increased sales to existing clients, followed by new client sales and existing client price increases, partially offset by existing client cancellations. This revenue growth was mainly due to increased sales in all of our workflow solutions, primarily in Analytics & Trading and CTS. The revenue growth of 6.8% was due to

organic revenue growth of 6.3% and a 50 basis point increase in acquisition-related revenue and deferred revenue fair value adjustments from purchase accounting.

EMEA revenue increased 5.2% to \$427.7 million in fiscal 2021, compared with \$406.5 million from the same period in the prior year. The increase in revenue was largely attributed to increased sales to existing clients, followed by new client sales and existing client price increases, partially offset by existing client cancellations. This revenue growth was mainly due to increased sales in all of our workflow solutions, primarily in CTS and Analytics & Trading. The revenue growth of 5.2% was driven by organic revenue growth of 3.7%, a 110 basis point increase from foreign currency exchange rate fluctuations and a 40 basis point increase from deferred revenue fair value adjustments from purchase accounting.

Asia Pacific revenue increased 8.2% to \$155.7 million in fiscal 2021, compared with \$144.0 million from the same period in the prior year. The increase in revenue was largely attributed to increased sales to existing clients, followed by new client sales and existing client price increases, partially offset by existing client cancellations. The revenue growth was mainly due to increased sales in all of our workflow solutions, primarily in Analytics & Trading. The revenue growth of 8.2% was due mainly to organic revenue growth of 8.0% and a 20 basis point increase from foreign currency exchange rate fluctuations.

#### Revenue by Workflow Solution

Revenue increased 6.5% for fiscal 2021, compared with the same period in the prior, primarily driven by Analytics & Trading and CTS. The increase in Analytics & Trading was mainly driven by increased sales in our portfolio reporting, portfolio analytics, risk and quantitative solutions and performance and reporting. CTS sales increased primarily due to core and premium content sets, specifically related to company financial data and data management solutions.

### Operating Expenses

| (in thousands)                               | Years ended August 31, |              | \$ Change | % Change |
|--|------------------------|--------------|-----------|----------|
|  | 2021                   | 2020         |           |          |
| Cost of services                             | \$ 786,400             | \$ 695,446   | \$ 90,954 | 13.1 %   |
| Selling, general and administrative ("SG&A") | 331,004                | 359,005      | (28,001)  | (7.8)%   |
| Total operating expenses                     | \$ 1,117,404           | \$ 1,054,451 | \$ 62,953 | 6.0 %    |
| Operating income                             | \$ 474,041             | \$ 439,660   | \$ 34,381 | 7.8 %    |
| Operating Margin                             | 29.8 %                 | 29.4 %       |           | 1.4 %    |

### Cost of Services

Cost of services increased 13.1% to \$786.4 million in fiscal 2021 compared with \$695.4 from the same period in the prior year. Cost of services, expressed as a percentage of revenue, was 49.4% during fiscal 2021, an increase of 290 basis points over the prior year period. This increase was primarily due to an increase in employee compensation costs, including stock-based compensation, and computer-related expenses.

Employee compensation costs increased 150 basis points mainly due to higher annual base salaries and a net increase in employee headcount of 408 employees, with the majority of the compensation from new employee headcount included in cost of services, an increase in year-over-year variable compensation, and an increase in stock based compensation expense. Computer-related expenses increased by 150 basis points, primarily due to increased technology investments related to our migration to cloud-based hosting services, licensed software arrangements, and a 30 basis point increase in the amortization of intangibles, due to a higher investment in capitalized software that has been placed into service. This increase was partially offset by increased capitalization of compensation costs related to development of our internal-use software projects, as well as a shift in headcount to lower cost locations.

### Selling, General and Administrative

Selling, general and administrative ("SG&A") expenses decreased 7.8% to \$331.0 million during fiscal 2021, compared with \$359.0 million from the same period in the prior year. SG&A expenses, expressed as a percentage of revenue, were 20.8% in fiscal 2021, a decrease of 320 basis points over the prior year period. This decrease was primarily due to a decrease in non-

compensatory employee related expenses, an impairment on an investment in a company in fiscal 2020, and a decrease in professional fees, partially offset by increased compensations costs.

Non-compensatory employee-related expenses, inclusive of travel, entertainment and office expenses, decreased 150 basis points, mainly due to restrictions and impacts related to the COVID-19 pandemic, as most employees continued to work from home. The prior year investment impairment resulted in a 110 basis point decrease in the current year. Professional fees decreased 50 basis points, primarily due to the completion of certain projects to support our technology plan and business transformation activities and lower tax consulting and accounting fees, compared with the prior year period. The decrease was partially offset by an increase in employee compensation costs of 70 basis points, primarily driven by higher annual base salaries and a net increase in employee headcount, as well as higher variable compensation expense.

### Operating Income and Operating Margin

Operating income increased 7.8% to \$474.0 million in fiscal 2021 compared with \$439.7 million in the prior year. Operating income increased primarily due to revenue growth, inclusive of our annual price increase, a reduction in non-compensatory employee related expenses, a prior year investment impairment, decreased professional fees and occupancy costs, partially offset by an increase in employee compensation costs, including stock-based compensation, and computer-related expenses. Operating income was negatively impacted by movements in foreign currency exchange rates on a year-over-year basis. Our operating margin increased in fiscal 2021 to 29.8%, compared with 29.4% for fiscal 2020. Operating margin increased primarily due to a decrease in non-compensatory employee related expenses, a prior year investment impairment, decreased professional fees and occupancy costs, partially offset by higher employee compensation costs and computer-related expenses.

### Operating Income by Segment

Our internal financial reporting structure is based on three reportable segments, the Americas, EMEA and Asia Pacific. Refer to Note 19, *Segment Information*, for further discussion regarding our segments.

| (in thousands)                | Years ended August 31, |            | \$ Change | % Change |
|-------------------------------|------------------------|------------|-----------|----------|
|                               | 2021                   | 2020       |           |          |
| Americas                      | \$ 218,180             | \$ 182,037 | \$ 36,143 | 19.9 %   |
| EMEA                          | 159,704                | 165,317    | (5,613)   | (3.4)%   |
| Asia Pacific                  | 96,157                 | 92,306     | \$ 3,851  | 4.2 %    |
| <i>Total Operating Income</i> | \$ 474,041             | \$ 439,660 | \$ 34,381 | 7.8 %    |

#### Americas

Americas operating income increased 19.9% to \$218.2 million during fiscal 2021, compared with \$182.0 million from the prior year. The increase was primarily due to revenue growth of 6.8%, inclusive of our annual price increase, a reduction in non-compensatory employee related expenses, a prior year investment impairment and lower professional fees, partially offset by an increase in employee compensation expense and computer-related expenses.

Non-compensatory employee related expenses, inclusive of travel, entertainment and office expenses, decreased mainly due to restrictions and impacts related to the COVID-19 pandemic. Professional fees decreased, primarily due to the completion of certain projects to support our technology plan and business transformation activities, as well as lower tax consulting fees, compared with the prior year period. The expense decreases were partially offset by higher employee compensation expense, mainly due to increased annual base salaries, an increase in year-over-year variable compensation, partially offset by higher capitalization of compensation costs related to development of our internal-use software projects, and increases in computer-related expenses, due to increased technology investments, including costs from cloud-based hosting and licensed software arrangements. Additionally, amortization of intangible assets increased, primarily due to a higher investment in capitalized software that has been placed into service.

*EMEA*

EMEA operating income decreased 3.4% to \$159.7 million during fiscal 2021, compared with \$165.3 million from the prior year. The decrease in EMEA operating income was primarily due to an increase in employee compensation costs, bad debt expense, and amortization of intangibles, partially offset by revenue growth of 5.2%, inclusive of our annual price increase and a reduction in non-compensatory employee related expenses. Operating income was negatively impacted by movements in foreign currency exchange rates on a year-over-year basis. Employee compensation increased primarily due to a net increase in employee headcount over the past 12 months, increased annual base salaries, higher variable compensation and higher vacation expense. Non-compensatory employee related expenses, inclusive of travel, entertainment and office expenses, decreased, mainly due to restrictions and impacts related to the COVID-19 pandemic, partially offset by investment in technology to allow employees to work from home.

*Asia Pacific*

Asia Pacific operating income increased 4.2% to \$96.2 million during fiscal 2021, compared with \$92.3 million from the prior year. The increase in Asia Pacific operating income was mainly due to revenue growth of 8.2%, inclusive of our annual price increase, and a reduction in non-compensatory employee related expenses, partially offset by an increase in employee compensation costs. Operating income was favorably impacted by movements in foreign currency exchange rates on a year-over-year basis. Non-compensatory employee related expenses, inclusive of travel, entertainment and office expenses, decreased, mainly due to restrictions and impacts related to the COVID-19 pandemic, partially offset by investments in technology to allow employees to work from home. Employee compensation increased mainly due to a 6.6% increase in our Asia Pacific workforce in the last 12 months and increased annual base salaries.

**Income Taxes, Net Income and Diluted Earnings per Share**

| <i>(in thousands)</i>             | Years ended August 31, |            | \$ Change | % Change |
|-----------------------------------|------------------------|------------|-----------|----------|
|                                   | 2021                   | 2020       |           |          |
| Provision for income taxes        | \$ 68,027              | \$ 54,196  | \$ 13,831 | 25.5 %   |
| Net income                        | \$ 399,590             | \$ 372,938 | \$ 26,652 | 7.1 %    |
| Diluted earnings per common share | \$ 10.36               | \$ 9.65    | \$ 0.71   | 7.4 %    |

**Income Taxes**

The fiscal 2021 provision for income taxes was \$68.0 million, compared with \$54.2 million in fiscal 2020, an increase of 25.5%. The increase was primarily due to net changes in jurisdictional pre-tax book income in fiscal 2021, compared with the prior year. Additionally, the increase was driven by a \$4.4 million lower windfall tax benefit from stock-based compensation for fiscal 2021, compared with fiscal 2020, changes in tax rates in certain jurisdictions, and a lower benefit from finalizing prior year tax returns of \$1.2 million. The increase was partially offset by the impact of the true-up of certain foreign deferred tax balances, and higher research and development tax credits.

**Net Income and Diluted Earnings per Share**

Net income increased 7.1% to \$399.6 million during fiscal 2021 compared with \$372.9 million in fiscal 2020. Diluted earnings per share increased 7.4% to \$10.36 in fiscal 2021 compared with \$9.65 in fiscal 2020. Net income and diluted EPS increased primarily due to increased operating income and a reduction in interest expense, partially offset by an increase in the provision for income taxes. Interest expense decreased as a result of a decrease in LIBOR compared with the prior year, which reduced the interest rate under our 2019 Revolving Credit Facility. Refer to Note 13, Debt of the Notes to the Consolidated Financial Statements included in Item 8. of this Annual Report on Form 10-K for more information on LIBOR and the 2019 Revolving Credit Facility.

**Non-GAAP Financial Measures**

To supplement the financial measures prepared in accordance with generally accepted accounting principles in the United States ("GAAP"), we use non-GAAP financial measures including organic revenue, adjusted operating margin, adjusted net income and adjusted diluted earnings per share. The reconciliations of these non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP are show in the tables below. These non-GAAP financial measures should not be considered in isolation from, as a substitute for, or superior to, financial measures reported in accordance with GAAP. Moreover, these non-GAAP financial measures have limitations in that they do not reflect

all the items associated with the operations of the business as determined in accordance with GAAP. Other companies may calculate similarly titled non-GAAP financial measures differently than we do, limiting the usefulness of those measures for comparative purposes.

Despite the limitations of these non-GAAP financial measures, we believe these adjusted financial measures and the information they provide are useful in viewing our performance using the same tools that management uses to gauge progress in achieving our goals. Adjusted measures may also facilitate comparisons to our historical performance.

The table below provides an unaudited reconciliation of revenue to adjusted revenue and organic revenue.

| <i>(In thousands)</i>                                 | Twelve Months Ended |                    | \$ Change | % Change |
|---|---------------------|--------------------|-----------|----------|
|   | 2021                | August 31,<br>2020 |           |          |
| Revenue   | \$ 1,591,445        | \$ 1,494,111       | \$ 97,334 | 6.5 %    |
| Deferred revenue fair value adjustment <sup>(1)</sup> | 539                 | 4,192              | (3,653)   | (87.1)%  |
| Adjusted revenue                                      | 1,591,984           | 1,498,303          | 93,681    | 6.3 %    |
| Acquired revenue <sup>(2)</sup>                       | (4,119)             | —                  | (4,119)   |          |
| Currency impact <sup>(3)</sup>                        | 4,472               | —                  | 4,472     |          |
| Organic revenue                                       | \$ 1,592,337        | \$ 1,498,303       | \$ 94,034 | 6.3 %    |

(1) The amortization effect of the purchase accounting adjustment on the fair value of acquired deferred revenue.

(2) Revenues from acquisitions completed within the last 12 months.

(3) The impact from foreign currency movements over the past 12 months.

The table below provides an unaudited reconciliation of operating income, operating margin, net income and diluted EPS to adjusted operating income, adjusted operating margin, adjusted net income and adjusted diluted EPS.

| <i>(In thousands, except per share data)</i>              | Twelve Months Ended<br>August 31, |            | Change |
|---|-----------------------------------|------------|--------|
|   | 2021                              | 2020       |        |
| Operating income  | \$ 474,041                        | \$ 439,660 | 7.8 %  |
| Deferred revenue fair value adjustment                    | 539                               | 4,192      |        |
| Intangible asset amortization                             | 23,257                            | 22,269     |        |
| Impairment of Investment                                  | —                                 | 16,500     |        |
| Transformation costs <sup>(1)</sup>                       | 14,113                            | 16,478     |        |
| Restructuring / severance                                 | 5,028                             | 51         |        |
| Real estate charges                                       | 716                               | 4,253      |        |
| Adjusted operating income                                 | \$ 517,694                        | \$ 503,403 | 2.8 %  |
| Operating margin  | 29.8 %                            | 29.4 %     |        |
| Adjusted operating margin <sup>(2)</sup>                  | 32.5 %                            | 33.6 %     |        |
| Net income  | \$ 399,590                        | \$ 372,938 | 7.1 %  |
| Deferred revenue fair value adjustment                    | 456                               | 3,385      |        |
| Intangible asset amortization                             | 19,672                            | 17,773     |        |
| Impairment of Investment                                  | —                                 | 16,500     |        |
| Transformation costs <sup>(1)</sup>                       | 11,938                            | 13,171     |        |
| Restructuring / severance                                 | 4,253                             | 41         |        |
| Real estate charges                                       | 606                               | 3,399      |        |
| Income tax items <sup>(3)</sup>                           | (4,466)                           | (7,085)    |        |
| Adjusted net income <sup>(2)</sup>                        | \$ 432,049                        | \$ 420,122 | 2.8 %  |
| Diluted earnings per common share                         | \$ 10.36                          | \$ 9.65    | 7.4 %  |
| Deferred revenue fair value adjustment                    | 0.01                              | 0.10       |        |
| Intangible asset amortization                             | 0.51                              | 0.46       |        |
| Impairment of Investment                                  | —                                 | 0.42       |        |
| Transformation costs <sup>(1)</sup>                       | 0.31                              | 0.34       |        |
| Restructuring / severance                                 | 0.11                              | —          |        |
| Real estate charges                                       | 0.02                              | 0.08       |        |
| Income tax items <sup>(3)</sup>                           | (0.12)                            | (0.18)     |        |
| Adjusted diluted earnings per common share <sup>(4)</sup> | \$ 11.20                          | \$ 10.87   | 3.0 %  |
| Weighted average common shares (Diluted)                  | 38,570                            | 38,646     |        |

(1) Costs primarily related to professional fees associated with the ongoing multi-year investment plan.

(2) Adjusted operating margin is calculated as adjusted operating income divided by adjusted revenue as shown in the organic revenue table above.

(3) Income tax items for the year ended August 31, 2021 reflects tax expenses primarily related to a reduction in the estimated foreign pre-tax book income as well as an increase in estimated U.S. pre-tax book income. This was partially offset by a benefit from the finalization of the prior year tax return. Income tax items for the year ended August 31, 2020 includes income tax expenses primarily due to finalization of the prior year tax return.

(4) For purposes of calculating adjusted net income and adjusted diluted earnings per share, deferred revenue fair value adjustments and intangible asset amortization were taxed at the annual effective tax rates of 17.8% for fiscal 2021 and 17.7% for fiscal 2020.



## Liquidity and Capital Resources

Our primary sources of liquidity have been our cash flows generated from our operations, existing cash and cash equivalents and, when needed, our credit capacity under our existing credit facility. We use these sources of liquidity to, among other things, service our existing and future debt obligations, fund our working capital requirements, capital expenditures, investments, acquisitions, dividend payments and repurchases of our common stock. Based on past performance and current expectations, we believe our liquidity, along with other financing alternatives, will provide us the necessary capital to fund these transactions and achieve our planned growth for the next 12 months and the foreseeable future.

### Sources of Liquidity

#### Long-Term Debt

On March 29, 2019, we entered into a credit agreement with PNC Bank, National Association ("PNC") (the "2019 Credit Agreement"), which provides for a \$750.0 million revolving credit facility (the "2019 Revolving Credit Facility"). We may request borrowings under the 2019 Revolving Credit Facility until its maturity date of March 29, 2024. The 2019 Credit Agreement also allows us, subject to certain requirements, to arrange for additional borrowings with PNC for an aggregate amount up to \$500.0 million, provided that any such request for additional borrowings must be in a minimum amount of \$25.0 million.

As of August 31, 2021, we have borrowed \$575.0 million of the available \$750.0 million provided by the 2019 Revolving Credit Facility, resulting in \$175.0 million available to be withdrawn. We are required to pay a commitment fee using a pricing grid which was 0.10% as of August 31, 2021. This fee is based on the daily amount by which the available balance in the 2019 Revolving Credit Facility exceeds the borrowed amount. All outstanding loan amounts are reported as Long-term debt within the Consolidated Balance Sheets at August 31, 2021 and August 31, 2020. The principal balance is payable in full on the maturity date.

Borrowings under the loan bear interest on the outstanding principal amount at a rate equal to LIBOR plus a spread using a debt leverage pricing grid, which was 0.875% as of August 31, 2021. The variable rate of interest on the 2019 Revolving Credit Facility can expose us to interest rate volatility due to changes in LIBOR. To mitigate this exposure, on March 5, 2020, we entered into an interest rate swap agreement with a notional amount of \$287.5 million to hedge the variable interest rate obligation on a portion of our outstanding balance under the 2019 Revolving Credit Facility. Under the terms of the interest rate swap agreement, we will pay interest at a fixed rate of 0.7995% and receive variable interest payments based on the same one-month LIBOR utilized to calculate the interest expense from the 2019 Revolving Credit Facility. The interest rate swap agreement matures on March 29, 2024. There is currently a global transition, known as reference rate reform, away from referencing the LIBOR, and other interbank offered rates, and toward new reference rates. As a result of the reference rate reform initiative, these interbank offered rates, including LIBOR are expected to be discontinued. Refer to Note 3, *Summary of Significant Accounting Policies* of the Notes to the Consolidated Financial Statements included in Item 8. of this Annual Report on Form 10-K for more information on our evaluation of reference rate reform on our Consolidated Financial Statements.

Including the effects of the interest rate swap agreement, the weighted average interest rate on amounts outstanding under our 2019 Revolving Credit Facility was 1.38% and 2.20% for the twelve months ended August 31, 2021 and August 31, 2020, respectively. Interest on the outstanding balance under the 2019 Revolving Credit Facility is payable quarterly, in arrears, and on the maturity date.

The 2019 Credit Agreement contains covenants and requirements restricting certain of our activities, which are usual and customary for this type of loan. In addition, the 2019 Credit Agreement requires that we maintain a consolidated net leverage ratio, as measured by total net funded debt/EBITDA (as defined in the 2019 Credit Agreement) below a specified level as of the end of each fiscal quarter. We were in compliance with all the covenants and requirements within the 2019 Credit Agreement as of August 31, 2021.

#### Letters of Credit

From time to time, we are required to obtain letters of credit in the ordinary course of business. Approximately \$2.8 million of standby letters of credit have been issued in connection with our leased office spaces as of August 31, 2021. These standby letters of credit utilize the same covenants included in the 2019 Credit Agreement. Refer to Note 13, *Debt* of the Notes to the Consolidated Financial Statements included in Item 8. of this Annual Report on Form 10-K for more information on these covenants.

## Uses of Liquidity

### Returning Value to Shareholders

For the year ended August 31, 2021, we returned \$382.6 million to stockholders in the form of share repurchases and dividends.

### Share Repurchase Program

Under our share repurchase program, we may repurchase shares of our common stock from time to time in the open market and privately negotiated transactions, subject to market conditions. In fiscal 2021, we repurchased 0.8 million shares for \$264.7 million under our existing share repurchase program compared with 0.7 million shares for \$199.6 million in fiscal 2020. A total of \$199.9 million remains authorized for future share repurchases as of August 31, 2021. There is no defined number of shares to be repurchased over a specified timeframe through the life of the share repurchase program. It is expected that share repurchases will be paid using existing and future cash generated by operations.

### Capital Expenditures

For the year ended August 31, 2021, capital expenditures were \$61.3 million, compared with \$77.6 million during the same period a year ago, a decrease of \$16.3 million. Capital expenditures decreased as the cost related to the build-out of our office space in the Philippines during the year ended August 31, 2021 was less than the cost related to the build-out of our new corporate headquarters in Norwalk, Connecticut and office space in India during the prior year period. This decrease was partially offset by higher expenditures related to the development of capitalized internal-use software during the year ended August 31, 2021 compared with the prior year.

### Dividends

On August 9, 2021, our Board of Directors approved a regular quarterly dividend of \$0.82 which was paid on September 16, 2021. During fiscal 2021, the quarterly dividend increased \$0.05 per share or 6.5%, which marked the 22nd consecutive year we have increased dividends, highlighting our continued commitment to returning value to stockholders. Over the last 12 months, we have paid 117.9 million in cash dividends. Future cash dividends will depend on our earnings, capital requirements, financial condition and other factors considered relevant by us and is subject to final determination by our Board of Directors.

### Acquisitions

During fiscal 2021, we completed acquisitions of businesses, with the most significant cash flows related to the acquisition of Truvalue Labs, Inc. ("TVL") on November 2, 2020. We acquired all of the outstanding shares of TVL for a purchase price of \$41.9 million, subject to working capital and other adjustments. TVL is a leading provider of ESG information. TVL applies artificial intelligence driven technology to over 100,000 unstructured text sources in multiple languages, including news, trade journals, and non-governmental organizations and industry reports, to provide daily signals that identify positive and negative ESG behavior. The acquisition of TVL further enhances our commitment to providing industry leading access to ESG data across our platforms. Refer to Note 7, *Acquisition*, in the Notes to the Consolidated Financial Statements included in Item 8. of this Annual Report on Form 10-K for further discussion of the TVL acquisition.

### Contractual Obligations

Purchase obligations represent committed payments due in future periods to our various data vendors and for other goods and services. These purchase commitments are agreements that are enforceable and legally binding on us, and they specify all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. As of August 31, 2021 and 2020, we had total purchase commitments with suppliers of \$191.9 million and \$226.0 million, respectively. We also have contractual obligations related to our lease liabilities and outstanding debt. Refer to Note 12, *Leases* and Note 13, *Debt* for information regarding lease commitments and outstanding debt obligations, respectively.

Our purchase obligations consist of two primary arrangements, data content and hosting services. Data content is an integral component of the value we provide to our clients. Hosting services support our technology investments related to our migration to cloud-based hosting services, the majority of which rely on third-party hosting providers. Of the \$191.9 million in purchase commitments, \$84.0 million relates to hosting services and \$78.7 million relates to data content. Additional commitments relate primarily to third-party software providers.

## Summary of Cash Flows

The table below, for the periods indicated, provides selected cash flow information:

| <i>(in thousands)</i>  | Years ended August 31, |            | \$ Change    | % Change |
|--|------------------------|------------|--------------|----------|
|  | 2021                   | 2020       |              |          |
| Net cash provided by operating activities                    | \$ 555,226             | \$ 505,840 | \$ 49,386    | 9.8 %    |
| Net cash used in investing activities                        | (135,992)              | (73,632)   | (62,360)     | 84.7 %   |
| Net cash used in financing activities                        | (322,711)              | (218,075)  | (104,636)    | 48.0 %   |
| Effect of exchange rate changes on cash and cash equivalents | (263)                  | 11,673     | (11,936)     | (102.3)% |
| Net increase in cash and cash equivalents                    | \$ 96,260              | \$ 225,806 | \$ (129,546) | (57.4)%  |

Cash and cash equivalents aggregated to \$681.9 million as of August 31, 2021, compared with \$585.6 million as of August 31, 2020. Our cash and cash equivalents increased \$96.3 million during the twelve months ended August 31, 2021, primarily due to inflows of \$555.2 million from net cash provided by operating activities and \$64.2 million in proceeds from the exercise of employee stock options, partially offset by cash outflows of \$264.7 million in share repurchases, \$117.9 million in dividend payments, \$58.1 million for the acquisition of businesses and \$61.3 million of capital expenditures.

Our cash and cash equivalents are held in numerous locations throughout the world, with \$266.9 million within the Americas, \$369.3 million within EMEA (predominantly within the UK, Germany, and France) and the remaining \$45.8 million within Asia Pacific (predominantly within the Philippines and India) as of August 31, 2021. We intend to reinvest substantially all of our accumulated undistributed foreign earnings, except in instances where repatriation would result in minimal additional tax. As a result of the U.S. Tax Cuts and Jobs Act ("TCJA"), we believe that the income tax impact if such earnings were repatriated would be minimal.

### Operating

For fiscal 2021, net cash provided by operating activities was \$555.2 million compared with \$505.8 million for fiscal 2020, an increase of \$49.4 million. This increase was primarily driven by higher net income and the timing of tax payments in certain jurisdictions, partially offset by certain working capital changes, inclusive of increases in variable compensation accruals.

### Investing

For fiscal 2021, net cash used in investing activities was \$136.0 million, representing a \$62.4 million increase from the prior year. This increase was mainly due to the acquisition of businesses, primarily related to the acquisition of TVL for approximately \$41.9 million in cash, net of cash acquired, and a \$16.3 million decrease in capital expenditures.

### Financing

For fiscal 2021, net cash used by financing activities was \$322.7 million, representing a \$104.6 million increase in cash outflows compared with the prior year. Financing activities were impacted by a \$65.1 million increase in share repurchases, a \$31.3 million decrease in proceeds from employee stock plans, and an increase of \$7.5 million in dividend payments.

### Free Cash Flow

We define free cash flow, a non-GAAP financial measure, as cash provided by operating activities less purchases of property, equipment, leasehold improvements and capitalized internal use software. We present free cash flow solely as a supplemental disclosure to provide useful information to investors about the amount of cash generated by the business after necessary capital expenditures. We consider free cash flow to be a liquidity measure that provides useful information to management and investors about the amount of cash generated by the business after necessary capital expenditures. The following table reconciles our net cash provided by operating activities to free cash flow:

| <i>(in thousands)</i>                     | Years ended August 31, |            |
|---|------------------------|------------|
|   | 2021                   | 2020       |
| Net cash provided by operating activities | \$ 555,226             | \$ 505,840 |
| Capital expenditures <sup>(1)</sup>       | (61,325)               | (77,642)   |
| Free cash flow                            | \$ 493,901             | \$ 428,198 |

(1) Capital expenditures are included in net cash used in investing activities during each fiscal period reported and include property, equipment, leasehold improvements and internal-use software.

For fiscal 2021, we generated free cash flow of \$493.9 million compared with \$428.2 million in fiscal 2020, an increase of \$65.7 million. This increase reflects an increase of \$49.4 million in cash provided by operating activities and decreases in capital expenditures of \$16.3 million.

## Off-Balance Sheet Arrangements

At August 31, 2021 and 2020, we had no off-balance sheet financing or other arrangements with unconsolidated entities or financial partnerships (such as entities often referred to as structured finance or special purpose entities) established for purposes of facilitating off-balance sheet financing other debt arrangements, or other contractually limited purposes.

## Foreign Currency

### Foreign Currency Exposure

Certain wholly-owned subsidiaries, primarily within the EMEA and Asia Pacific segments, where approximately 78% of our employees are located, are exposed to volatility in currency exchange rates through translation of the foreign subsidiaries' net assets or liabilities from their respective functional currencies into U.S. dollars, using an end of period exchange rate. The net translation gains and losses are recorded in accumulated other comprehensive loss as a component of stockholders' equity.

During fiscal 2021, foreign currency movements decreased operating income by \$5.4 million, compared with a \$5.0 million increase to operating income in the prior year. To mitigate the foreign currency exposure, we entered into a series of forward contracts to hedge a portion of our British Pound Sterling, Euro, Indian Rupee, and Philippine Peso exposures ranging from 25% to 75% over their respective hedged periods as of August 31, 2021. The current foreign currency forward contracts are set to mature at various points between the first quarter of fiscal 2022 through the fourth quarter of fiscal 2022.

As of August 31, 2021, the gross notional value of foreign currency forward contracts to purchase Philippine Pesos and Indian Rupees with U.S. dollars was ₱1.4 billion and Rs2.6 billion, respectively. The gross notional value of foreign currency forward contracts to purchase U.S. dollars with Euros and British Pound Sterling was €33.8 million and £37.7 million, respectively.

A loss on foreign currency forward contracts of \$5.0 million was recorded into operating income during fiscal 2021, compared with a loss of \$1.6 million in fiscal 2020.

## Critical Accounting Estimates

We prepare the Consolidated Financial Statements in conformity with GAAP, which requires us to make certain estimates and apply judgements that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosures. We base our estimates on historical experience and other assumptions that we believe to be reasonable at the time the Consolidated Financial Statements are prepared and, as such, they may ultimately differ materially from actual results.

We describe our significant accounting policies in Note 3, *Summary of Significant Accounting Policies* in the Notes to the Consolidated Financial Statements included in Item 8. of this Annual Report on Form 10-K. Management has discussed the development and selection of these critical accounting estimates with the Audit Committee of our Board of Directors. The critical accounting estimates and judgments that we believe to have the most significant impacts to our Consolidated Financial Statements are described below.

### Income Taxes

We are subject to income taxes in the U.S. and numerous foreign jurisdictions. Our tax provision is an estimate based on our understanding of laws in Federal, state and foreign tax jurisdictions. These laws can be complicated and are difficult to apply to

any business. The tax laws also require us to allocate our taxable income to many jurisdictions based on subjective allocation methodologies and information collection processes. Our effective tax rates differ from the statutory rate primarily due to the impact of state taxes, foreign operations, research and development ("R&D") and other tax credits, tax audit settlements, incentive-stock options and the foreign derived intangible income ("FDII") deduction. Our annual effective tax rate was 14.5%, 12.7% and 16.4% in fiscal 2021, 2020 and 2019, respectively.

Our provision for income taxes is subject to volatility and could be adversely impacted by numerous factors such as changes in tax laws, regulations, or accounting principles, including accounting for uncertain tax positions or interpretations of them. Significant judgment is required to determine recognition and measurement. Further, as a result of certain ongoing employment and capital investment actions and commitments, our income in certain countries is subject to reduced tax rates and in some cases is wholly exempt from tax. Our failure to meet these commitments could adversely affect our provision for income taxes. In addition, we are subject to the continuous examination of our income tax returns by the Internal Revenue Service and other tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes. There can be no assurance that the outcomes from these continuous examinations will not have an adverse impact on our operating results and financial condition.

To account for unrecognized tax benefits, we first determine whether it is more-likely-than-not (defined as a likelihood of more than fifty percent) that a tax position will be sustained based on its technical merits as of the reporting date. A tax position that meets this more-likely-than-not threshold is then measured and recognized at the largest amount of benefit that is greater than fifty percent likely to be realized upon effective settlement with a taxing authority. The determination of liabilities related to unrecognized tax benefits, including associated interest and penalties, requires significant estimates. There can be no assurance that we will accurately predict the outcomes of these audits, however, we have no reason to believe that such audits will result in the payment of additional taxes and/or penalties that would have a material adverse effect on our results of operations or financial position, beyond current estimates. For this reason and due to ongoing audits by multiple tax authorities, we regularly engage in discussions and negotiations with tax authorities regarding tax matters in various jurisdictions. We adjust these reserves in light of changing facts and circumstances, such as the closing of a tax audit or the refinement of an estimate. To the extent that the final outcome of these matters is different than the amounts recorded, such differences will affect the provision for income taxes in the period in which such determination is made. We do not currently anticipate that the total amounts of unrecognized tax benefits will significantly change within the next 12 months.

We classify the liability for unrecognized tax benefits as Taxes Payable (non-current) and to the extent that we anticipate payment of cash within one year, the benefit will be classified as Taxes Payable (current). Additionally, we accrue interest on all tax exposures for which reserves have been established consistent with jurisdictional tax laws. This interest is classified as income tax expense in the financial statements. As of August 31, 2021, we had gross unrecognized tax benefits totaling \$14.9 million, including \$1.3 million of accrued interest, recorded as Taxes Payable (non-current) within the Consolidated Balance Sheets. Refer to Note 11, *Income Taxes* in the Notes to the Consolidated Financial Statements included in Item 8. of this Annual Report on Form 10-K for further information.

#### **Performance-based Equity Awards**

Performance-based equity awards require management to make assumptions regarding the likelihood of achieving performance targets. The number of performance-based awards that vest will be predicated on achieving performance levels during the measurement period subsequent to the date of grant. Dependent on the financial performance levels attained, a percentage of the performance-based awards will vest to the grantees. However, there is no current guarantee that such awards will vest in whole or in part. Refer to Note 17, *Stock-Based Compensation* in the Notes to the Consolidated Financial Statements included in Item 8. of this Annual Report on Form 10-K for further information.

#### **Goodwill and Intangible Assets**

Goodwill is assigned to one or more reporting units on the date of acquisition. Our reporting units are the same as our reportable segments. Goodwill is not amortized as it is estimated to have an indefinite life. We review our goodwill for impairment annually during the fourth quarter of each fiscal year and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of any one of our reporting units below its respective carrying amount.

We may elect to perform a qualitative analysis for the reporting units to determine whether it is more likely than not the fair value of the reporting unit is greater than its carrying value. In performing a qualitative assessment, we consider such factors as macro-economic conditions, industry and market conditions in which we operate, including the competitive environment and significant changes in demand for our services. We also consider the share price both in absolute terms and in relation to peer companies. If the qualitative analysis indicates that it is more likely than not the fair value of a reporting unit is less than its

carrying amount or if we elect not to perform a qualitative analysis, a quantitative analysis is performed to determine whether a goodwill impairment exists.

The quantitative goodwill impairment analysis is used to identify potential impairment by comparing the fair value of a reporting unit with its carrying amount using an income approach, along with other relevant market information, derived from a discounted cash flow model to estimate the fair value of our reporting units. An impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value, if any, would be recognized. The loss recognized would not exceed total amount of goodwill allocated to that reporting unit.

We completed our annual goodwill impairment test during the fourth quarter of fiscal 2021. We determined, after performing a qualitative review of each reporting unit, that it is more likely than not that the fair value of each reporting unit substantially exceeds their respective carrying amounts. Accordingly, there was no indication of impairment and a quantitative goodwill impairment test was not performed.

Our identifiable intangible assets consist of acquired content databases, client relationships, software technology, and trade names resulting from acquisitions, which have been fully integrated into our operations, as well as internal-use software. We amortize intangible assets over their estimated useful lives, which are evaluated quarterly to determine whether events and circumstances warrant a revision to the remaining period of amortization. The weighted average useful life of our identifiable intangible assets at August 31, 2021 was 9.1 years. If the estimate of the remaining useful life is changed, the remaining carrying amount of the intangible asset is amortized prospectively over that revised remaining useful life. There were no material adjustments to the useful lives of intangible assets subject to amortization during any of the periods presented. These intangible assets had no assigned residual values as of August 31, 2021 and 2020.

Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Determination of recoverability is based on an estimate of undiscounted future cash flows resulting from the use of the asset and its eventual disposition. Measurement of any impairment loss for intangible assets that management expects to hold, and use is based on the amount the carrying value exceeds the fair value of the asset, which may be based on estimated future cash flows (discounted). No indicators of impairment of intangible assets have been identified during any of the periods presented. Our ongoing consideration of recoverability could result in impairment charges in the future, which could adversely affect our results of operations. The carrying value of intangible assets as of August 31, 2021 and 2020 was \$135.0 million and \$121.1 million, respectively. Refer to Note 9, *Goodwill* and Note 10, *Intangible Assets* in the Notes to the Consolidated Financial Statements included in Item 8. of this Annual Report on Form 10-K for further details.

### **Long-lived Assets**

Long-lived assets, comprised of property, equipment and leasehold improvements and lease right-of-use ("ROU") assets are evaluated for impairment whenever events or changes in circumstances indicate the carrying value of the assets may not be recoverable. In evaluating long-lived assets for recoverability, we use our best estimate of future cash flows (undiscounted and excluding interest charges). If the estimated future cash flows are less than the carrying value of the asset, an impairment loss is recognized to the extent that such asset's carrying value exceeds its fair value, based on the most appropriate valuation technique, including discounted cash flows.

In determining indicators for impairment, we take various factors into account, including, but not limited to, a significant decline in our expected future cash flows; changes in expected useful life; unanticipated competition; slower growth rates, ongoing maintenance and improvements of the assets, or changes in the usage or operating performance. A significant amount of judgment is involved in determining if an indicator of impairment has occurred and in calculating the inputs to the impairment calculation such as estimates related to future cash flows and asset fair values, forecasting asset useful lives and selecting the discount rate that reflects the risk inherent in future cash flows. If actual results are not consistent with our estimates and assumptions included in our impairment assessment, we may be exposed to losses that could be material.

There have been no long-lived asset impairment charges and no change to our impairment assessment methodology for each of the last three years. The carrying value of long-lived assets was \$131.4 million as of August 31, 2021 and \$133.1 million as of August 31, 2020. Refer to Note 8, *Property, Equipment and Leasehold Improvements* in the Notes to the Consolidated Financial Statements included in Item 8. of this Annual Report on Form 10-K for further information.

### **Contingencies**

We are subject to various legal proceedings, claims and litigation that have arisen in the ordinary course of business, which involve inherent uncertainties including, but not limited to, employment matters, and commercial and intellectual property litigation. Assessing the probability of loss for such contingencies and determining how to accrue the appropriate liabilities

requires judgment. If actual results differ from our assessments, our financial position, results of operations, or cash flows would be affected.

### **Business Combinations**

We account for business combinations using the purchase method of accounting. The acquisition purchase price is allocated to the underlying identified, tangible and intangible assets and liabilities assumed, based on their respective estimated fair values on the acquisition date. The excess of the purchase consideration over the fair values of the identified assets and liabilities is recorded as goodwill and assigned to one or more reporting units. The amounts and useful lives assigned to acquisition-related tangible and intangible assets impact the amount and timing of future amortization expense. Determining the fair value of assets acquired and liabilities assumed and the expected useful life, requires management's judgment and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates, asset lives and market multiples, among other items. Acquisition-related expenses and restructuring costs, if any, are recognized separately from the business combination and are expensed as incurred.

### **New Accounting Pronouncements**

Refer to Note 3, *Summary of Significant Accounting Policies* in the Notes to the Consolidated Financial Statements included in Item 8. of this Annual Report on Form 10-K for a full description of recent accounting pronouncements, including the expected dates of adoption, which we include here by reference.

## **ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

### **Foreign Currency Exchange Risk**

In the normal course of business, we are exposed to foreign currency exchange risk as we conduct business outside the U.S. in several currencies including the British Pound Sterling, Euro, Indian Rupee, and Philippine Peso. Changes in the exchange rates for such currencies into U.S. dollars can affect our revenues, earnings, and the carrying values of our assets and liabilities in our consolidated balance sheet, either positively or negatively.

To manage the exposures related to the effects of foreign exchange rate fluctuations, we utilize derivative instruments (foreign currency forward contracts). The changes in fair value for these foreign currency forward contracts are initially reported as a component of Accumulated other comprehensive loss ("AOCL") and subsequently reclassified into operating expenses when the hedged exposure affects earnings.

A sensitivity analysis was performed based on the estimated fair value of all foreign currency forward contracts outstanding at August 31, 2021. If the U.S. dollar had been 10% weaker, the fair value of outstanding foreign currency forward contracts would have increased by \$15.3 million, which would have had an immaterial impact on our Consolidated Balance Sheet. Such a change in fair value of our financial instruments would be substantially offset by changes in our expense base. If we had no hedges in place as of August 31, 2021, a hypothetical 10% weaker U.S. dollar against all foreign currencies from the quoted foreign currency exchange rates at August 31, 2021, with operating results held constant in local currencies, would result in a decrease in operating income of \$38.2 million over the next 12 months. A hypothetical 10% weaker U.S. dollar against all foreign currencies at August 31, 2021 would have increased the fair value of total assets by \$71.4 million and equity by \$46.7 million.

Refer to Note 6, *Derivative Instruments* in the Notes to the Consolidated Financial Statements included in Item 8. of this Annual Report on Form 10-K for more information on our foreign currency exposures and our foreign currency forward contracts.

### **Interest Rate Risk**

#### *Cash and Cash Equivalents and Investments*

The fair market value of our cash and cash equivalents and investments at August 31, 2021 was \$717.8 million. Our cash and cash equivalents consist of demand deposits and money market funds with original maturities of three months or less and are reported at fair value. We are exposed to interest rate risk through fluctuations of interest rates on our investments. As we have a restrictive investment policy, our financial exposure to fluctuations in interest rates is expected to remain low. Refer to Note 3, *Summary of Significant Accounting Policies* in the Notes to the Consolidated Financial Statements included in Item 8. of this Annual Report on Form 10-K for more information on our cash and cash equivalents.



*Debt*

As of August 31, 2021, we had long term debt outstanding under the 2019 Revolving Credit Facility with a principal balance of \$575.0 million. The debt bears interest on the outstanding principle at a rate equal to LIBOR plus a spread, using a debt leverage pricing grid. The variable rate of interest on our long-term debt can expose us to interest rate volatility due to changes in LIBOR. To mitigate this exposure, on March 5, 2020, we entered into an interest rate swap agreement with a notional amount of \$287.5 million to hedge the variable interest rate obligation, effectively converting the floating interest rate to fixed for the hedged portion. Thus, we are only exposed to base interest rate risk on floating rate borrowings in excess of any amounts that are not hedged, or \$287.5 million of our outstanding principal balance. Assuming all terms of our outstanding long-term debt remained the same, a hypothetical 25 basis point change (up or down) in the one-month LIBOR would result in a \$0.7 million change to our annual interest expense for the portion of the long-term debt not hedged by the interest rate swap agreement. Refer to Note 13, *Debt* in the Notes to the Consolidated Financial Statements included in Item 8. of this Annual Report on Form 10-K for additional information regarding our outstanding debt obligations.



## ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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## Management's Statement of Responsibility for Financial Statements

FactSet's Consolidated Financial Statements are prepared by management, which is responsible for their fairness, integrity and objectivity. The accompanying Consolidated Financial Statements have been prepared in conformity with accounting principles generally accepted in the United States of America and include amounts based on management's estimates and judgments. All financial information in this Report on Form 10-K has been presented on a basis consistent with the information included in the accompanying financial statements.

FactSet's policies and practices reflect corporate governance initiatives that are compliant with the listing requirements of the New York Stock Exchange, the NASDAQ Stock Market and the corporate governance requirements of the Sarbanes-Oxley Act of 2002. Management, with oversight by our Board of Directors, has established and maintains a strong ethical climate so that our affairs are conducted to the highest standards of personal and corporate conduct.

FactSet maintains accounting systems, including internal accounting controls, designed to provide reasonable assurance of the reliability of financial records and the protection of assets. The concept of reasonable assurance is based on recognition that the cost of a system should not exceed the related benefits. The effectiveness of those systems depends primarily upon the careful selection of financial and other managers, clear delegation of authority and assignment of accountability, inculcation of high business ethics and conflict-of-interest standards, policies and procedures for coordinating the management of corporate resources, and the leadership and commitment of top management. In compliance with the Sarbanes-Oxley Act of 2002, FactSet assessed its internal control over financial reporting as of August 31, 2021 and issued a report (see below).

## Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting for FactSet. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of FactSet; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of FactSet are being made only in accordance with authorizations of management and directors of FactSet; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Management (with the participation of the Chief Executive Officer and Chief Financial Officer) conducted an evaluation of the effectiveness of FactSet's internal control over financial reporting based on the framework in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that FactSet's internal control over financial reporting was effective as of August 31, 2021. Ernst & Young LLP, an independent registered public accounting firm, has audited the effectiveness of FactSet's internal control over financial reporting and has issued a report on FactSet's internal control over financial reporting, which is included in their report on the subsequent page.

/s/ F. PHILIP SNOW

F. Philip Snow  
Chief Executive Officer  
October 22, 2021

/s/ LINDA S. HUBER

Linda S. Huber  
Executive Vice President, Chief Financial Officer  
October 22, 2021

## **Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Stockholders of FactSet Research Systems Inc.

### **Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of FactSet Research Systems Inc. (the Company) as of August 31, 2021 and 2020, and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended August 31, 2021, and the related notes and financial statement schedule listed in the Index at Item 8 (collectively referred to as the "Consolidated Financial Statements"). In our opinion, the Consolidated Financial Statements present fairly, in all material respects, the financial position of the Company at August 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended August 31, 2021, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of August 31, 2021, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated October 22, 2021 expressed an unqualified opinion thereon.

### **Adoption of Accounting Standards Update (ASU) No. 2016-02**

As discussed in Note 3, *Summary of Significant Accounting Policies*, to the Consolidated Financial Statements, the Company changed its method of accounting for leases in 2020 due to the adoption of ASU No. 2016-02, Leases (Topic 842).

### **Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### **Critical Audit Matter**

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the Consolidated Financial Statements, taken as a whole, and we are not, by communicating the critical audit matter below providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

**Measurement of income tax provision**

Description of the Matter As discussed in Note 3, *Summary of Significant Accounting Policies*, and 11, *Income Taxes*, of the Consolidated Financial Statements, the Company serves international markets and is subject to income taxes in the U.S. and numerous foreign jurisdictions, which affect the Company's provision for income taxes. The tax provision is an estimate based on management's understanding of current enacted tax laws and tax rates of each tax jurisdiction and the use of subjective allocation methodologies to allocate taxable income to tax jurisdictions based upon the structure of the Company's operations and customer arrangements. For the year-ended August 31, 2021, the Company recognized a consolidated provision for income taxes of \$68 million with \$41 million related to its U.S. operations and \$27 million related to its non-U.S. operations.

Management's calculation of the provision for income taxes was significant to our audit because the provision for income taxes involved subjective estimation and complex audit judgement related to the evaluation of tax laws, including the methods used to allocate taxable income, and the amounts and disclosures are material to the financial statements.

How We Addressed the Matter in Our Audit We obtained an understanding, evaluated the design and tested the operating effectiveness of internal controls over management's calculation of its provision for income taxes. For example, we tested controls over management's evaluation of the allocation methodologies and management's review of the assumptions and data utilized in determining the allocation of income to applicable tax jurisdictions.

Among other audit procedures performed, we evaluated the reasonableness of management's allocation methodologies by analyzing the methodology based on the Company's structure, operations and current tax law. We recalculated income tax expense using management's methodology and agreed the data used in the calculations to the Company's underlying books and records. We involved our tax professionals to evaluate the application of tax law to management's allocation methodologies and tax positions. This included assessing the Company's correspondence with the relevant tax authorities and evaluating third-party reports and advice obtained by the Company. We also performed a sensitivity analysis to evaluate the effect from changes in management's allocation methodologies and assumptions. We have evaluated the Company's income tax disclosures included in Note 11, *Income Taxes*, of the Consolidated Financial Statements in relation to these matters.

/s/ Ernst & Young LLP  
We have served as the Company's auditor since 2013.  
Stamford, CT  
October 22, 2021

**Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Stockholders of FactSet Research Systems Inc.

**Opinion on Internal Control over Financial Reporting**

We have audited FactSet Research System Inc.'s (the Company) internal control over financial reporting as of August 31, 2021, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of August 31, 2021, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the 2021 Consolidated Financial Statements of the Company and our report dated October 22, 2021, expressed an unqualified opinion thereon.

**Basis for Opinion**

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

**Definition and Limitations of Internal Control over Financial Reporting**

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Stamford, CT  
October 22, 2021

**FactSet Research Systems Inc.**  
**Consolidated Statements of Income**

|  | For the years ended August 31, |              |              |
|--|--------------------------------|--------------|--------------|
| <i>(in thousands, except per share data)</i> | 2021                           | 2020         | 2019         |
| Revenues                                     | \$ 1,591,445                   | \$ 1,494,111 | \$ 1,435,351 |
| Operating expenses                           |                                |              |              |
| Cost of services                             | 786,400                        | 695,446      | 663,446      |
| Selling, general and administrative          | 331,004                        | 359,005      | 333,870      |
| Total operating expenses                     | 1,117,404                      | 1,054,451    | 997,316      |
| Operating income                             | 474,041                        | 439,660      | 438,035      |
| Other income (expense)                       |                                |              |              |
| Interest expense, net                        | (6,394)                        | (9,829)      | (16,624)     |
| Other income (expense), net                  | (30)                           | (2,697)      | 554          |
| Total other expense, net                     | (6,424)                        | (12,526)     | (16,070)     |
| Income before income taxes                   | 467,617                        | 427,134      | 421,965      |
| Provision for income taxes                   | 68,027                         | 54,196       | 69,175       |
| Net income                                   | \$ 399,590                     | \$ 372,938   | \$ 352,790   |
| Basic earnings per common share              | \$ 10.56                       | \$ 9.83      | \$ 9.25      |
| Diluted earnings per common share            | \$ 10.36                       | \$ 9.65      | \$ 9.08      |
| Basic weighted average common shares         | 37,856                         | 37,936       | 38,144       |
| Diluted weighted average common shares       | 38,570                         | 38,646       | 38,873       |

*The accompanying notes are an integral part of these Consolidated Financial Statements.*

**FactSet Research Systems Inc.**  
**Consolidated Statements of Comprehensive Income**

| <i>(in thousands)</i>                           | For the years ended August 31, |                   |                   |
|---|--------------------------------|-------------------|-------------------|
|   | 2021                           | 2020              | 2019              |
| Net income                                      | \$ 399,590                     | \$ 372,938        | \$ 352,790        |
| Other comprehensive income, net of tax:         |                                |                   |                   |
| Net unrealized (loss) gain on cash flow hedges* | (504)                          | 674               | 504               |
| Foreign currency translation adjustments        | 835                            | 34,577            | (24,325)          |
| Other comprehensive income (loss)               | 331                            | 35,251            | (23,821)          |
| Comprehensive income                            | <u>\$ 399,921</u>              | <u>\$ 408,189</u> | <u>\$ 328,969</u> |

\*For the fiscal years ended August 31, 2021, 2020 and 2019, the net unrealized (loss) gain on cash flow hedges disclosed above were net of a tax benefit of \$162 thousand, tax expense of \$251 thousand, and a tax expense of \$387 thousand, respectively.

*The accompanying notes are an integral part of these Consolidated Financial Statements.*

**FactSet Research Systems Inc.  
Consolidated Balance Sheets**

| <i>(in thousands, except share data)</i>   | August 31,          |                     |
|--|---------------------|---------------------|
|  | 2021                | 2020                |
| <b>ASSETS</b>  |                     |                     |
| Cash and cash equivalents  | \$ 681,865          | \$ 585,605          |
| Investments  | 35,984              | 19,572              |
| Accounts receivable, net of reserves of \$6,431 at August 31, 2021 and \$7,987 at August 31, 2020  | 151,187             | 155,011             |
| Prepaid taxes  | 13,917              | 38,067              |
| Prepaid expenses and other current assets  | 50,625              | 43,675              |
| Total current assets   | 933,578             | 841,930             |
| Property, equipment and leasehold improvements, net  | 131,377             | 133,102             |
| Goodwill   | 754,205             | 709,703             |
| Intangible assets, net   | 134,986             | 121,095             |
| Deferred taxes   | 2,250               | —                   |
| Lease right-of-use assets, net   | 239,064             | 248,929             |
| Other assets   | 29,480              | 28,629              |
| <b>TOTAL ASSETS</b>  | <b>\$ 2,224,940</b> | <b>\$ 2,083,388</b> |
| <b>LIABILITIES</b>   |                     |                     |
| Accounts payable and accrued expenses  | \$ 85,777           | \$ 82,094           |
| Current lease liabilities  | 31,576              | 29,056              |
| Accrued compensation   | 104,403             | 81,873              |
| Deferred revenue   | 63,104              | 53,987              |
| Dividends payable  | 30,845              | 29,283              |
| Total current liabilities  | 315,705             | 276,293             |
| Long-term debt   | 574,535             | 574,354             |
| Deferred taxes   | 14,752              | 19,713              |
| Deferred revenue, non-current  | 8,394               | 9,319               |
| Taxes payable  | 30,279              | 27,739              |
| Long-term lease liabilities  | 259,980             | 272,269             |
| Other liabilities  | 4,942               | 7,326               |
| <b>TOTAL LIABILITIES</b>   | <b>\$ 1,208,587</b> | <b>\$ 1,187,013</b> |
| Commitments and contingencies (see Note 14)  |                     |                     |
| <b>STOCKHOLDERS' EQUITY</b>  |                     |                     |
| Preferred stock, \$0.01 par value, 10,000,000 shares authorized, none issued   | \$ —                | \$ —                |
| Common stock, \$0.01 par value, 150,000,000 shares authorized, 41,163,192 and 40,767,708 shares issued, 37,615,419 and 38,030,252 shares outstanding at August 31, 2021 and 2020, respectively | 412                 | 408                 |
| Additional paid-in capital   | 1,048,305           | 939,067             |
| Treasury stock, at cost: 3,547,773 and 2,737,456 shares at August 31, 2021 and 2020, respectively  | (905,917)           | (636,956)           |
| Retained earnings  | 912,515             | 633,149             |
| Accumulated other comprehensive loss   | (38,962)            | (39,293)            |
| <b>TOTAL STOCKHOLDERS' EQUITY</b>  | <b>\$ 1,016,353</b> | <b>\$ 896,375</b>   |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>  | <b>\$ 2,224,940</b> | <b>\$ 2,083,388</b> |

*The accompanying notes are an integral part of these Consolidated Financial Statements.*



**FactSet Research Systems Inc.**  
**Consolidated Statements of Cash Flows**

| <i>(in thousands)</i>  | Years ended August 31, |                   |                   |
|--|------------------------|-------------------|-------------------|
|  | 2021                   | 2020              | 2019              |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                        |                   |                   |
| Net income   | \$ 399,590             | \$ 372,938        | \$ 352,790        |
| Adjustments to reconcile net income to net cash provided by operating activities   |                        |                   |                   |
| Depreciation and amortization  | 64,476                 | 57,614            | 60,463            |
| Amortization of lease right-of-use assets  | 42,846                 | 43,185            | —                 |
| Stock-based compensation expense   | 45,065                 | 36,579            | 32,400            |
| Deferred income taxes  | (4,602)                | 10,626            | (2,278)           |
| Impairment Charge  | —                      | 16,500            | —                 |
| Changes in assets and liabilities, net of effects of acquisitions                  |                        |                   |                   |
| Accounts receivable, net of reserves   | 3,646                  | (8,608)           | 10,205            |
| Accounts payable and accrued expenses  | 2,068                  | 12,427            | (2,290)           |
| Accrued compensation   | 21,815                 | 16,446            | (1,743)           |
| Deferred fees  | 5,078                  | 5,571             | 458               |
| Taxes payable, net of prepaid taxes  | 26,298                 | (24,224)          | (19,238)          |
| Lease liabilities, net   | (42,750)               | (33,340)          | —                 |
| Other, net   | (8,304)                | 126               | (3,631)           |
| <b>Net cash provided by operating activities</b>                                   | <b>555,226</b>         | <b>505,840</b>    | <b>427,136</b>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                        |                   |                   |
| Purchases of property, equipment, leasehold improvements and internal-use software | (61,325)               | (77,642)          | (59,370)          |
| Acquisition of businesses, net of cash and cash equivalents acquired               | (58,056)               | —                 | —                 |
| Purchases of investments   | (18,787)               | (2,736)           | (11,135)          |
| Proceeds from maturity or sale of investments                                      | 2,176                  | 6,746             | 14,405            |
| <b>Net cash used in investing activities</b>                                       | <b>(135,992)</b>       | <b>(73,632)</b>   | <b>(56,100)</b>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                        |                   |                   |
| Repurchases of common stock  | (264,702)              | (199,625)         | (220,372)         |
| Dividend payments  | (117,927)              | (110,439)         | (100,052)         |
| Repayment of debt  | —                      | —                 | (575,000)         |
| Proceeds from debt   | —                      | —                 | 575,000           |
| Proceeds from employee stock plans   | 64,177                 | 95,520            | 107,051           |
| Other financing activities   | (4,259)                | (3,531)           | (901)             |
| <b>Net cash used by financing activities</b>                                       | <b>(322,711)</b>       | <b>(218,075)</b>  | <b>(214,274)</b>  |
| Effect of exchange rate changes on cash and cash equivalents                       | (263)                  | 11,673            | (5,586)           |
| Net increase in cash and cash equivalents  | 96,260                 | 225,806           | 151,176           |
| Cash and cash equivalents at beginning of period                                   | 585,605                | 359,799           | 208,623           |
| Cash and cash equivalents at end of period   | <u>\$ 681,865</u>      | <u>\$ 585,605</u> | <u>\$ 359,799</u> |
| <i>Supplemental Disclosure of Cash Flow Information</i>                            |                        |                   |                   |
| Cash paid during the year for interest   | \$ 8,021               | \$ 12,876         | \$ 19,509         |
| Cash paid during the year for income taxes, net of refunds                         | <u>\$ 46,588</u>       | <u>\$ 69,092</u>  | <u>\$ 89,997</u>  |
| <i>Supplemental Disclosure of Non-Cash Transactions</i>                            |                        |                   |                   |
| Dividends declared, not paid   | \$ 30,845              | \$ 29,283         | \$ 27,445         |

The accompanying notes are an integral part of these Consolidated Financial Statements.

**FactSet Research Systems Inc.**
**Consolidated Statements of Changes in Stockholders' Equity**

| <i>(in thousands, except share data)</i>               | Common Stock |           |                            | Treasury Stock |              | Retained Earnings | Accumulated Other Comprehensive Loss | Total Stockholders' Equity |
|--|--------------|-----------|----------------------------|----------------|--------------|-------------------|--------------------------------------|----------------------------|
|  | Shares       | Par Value | Additional Paid-in Capital | Shares         | Amount       |                   |                                      |                            |
| <b>Balance as of September 1, 2018</b>                 | 39,264,849   | \$ 393    | \$ 667,531                 | 1,072,263      | \$ (213,428) | \$ 122,843        | \$ (51,439)                          | \$ 525,900                 |
| Net income   |              |           |                            |                |              | 352,790           |                                      | 352,790                    |
| Other comprehensive loss                               |              |           |                            |                |              |                   | (23,821)                             | (23,821)                   |
| Common stock issued for employee stock plans           | 753,942      | 7         | 107,043                    |                |              |                   |                                      | 107,050                    |
| Vesting of restricted stock                            | 85,401       | 1         | (1)                        | 31,644         | (7,241)      |                   |                                      | (7,241)                    |
| Repurchases of common stock                            |              |           |                            | 882,445        | (213,130)    |                   |                                      | (213,130)                  |
| Stock-based compensation                               |              |           | 32,400                     |                |              |                   |                                      | 32,400                     |
| Dividends declared                                     |              |           |                            |                |              | (103,710)         |                                      | (103,710)                  |
| Cumulative effect of adoption of accounting standards* |              |           |                            |                |              | 1,302             | 716                                  | 2,018                      |
| <b>Balance as of August 31, 2019</b>                   | 40,104,192   | \$ 401    | \$ 806,973                 | 1,986,352      | \$ (433,799) | \$ 373,225        | \$ (74,544)                          | \$ 672,256                 |
| Net income   |              |           |                            |                |              | 372,938           |                                      | 372,938                    |
| Other comprehensive loss                               |              |           |                            |                |              |                   | 35,251                               | 35,251                     |
| Common stock issued for employee stock plans           | 630,520      | 7         | 95,515                     | 75             | (21)         |                   |                                      | 95,501                     |
| Vesting of restricted stock                            | 32,996       |           |                            | 11,945         | (3,511)      |                   |                                      | (3,511)                    |
| Repurchases of common stock                            |              |           |                            | 739,084        | (199,625)    |                   |                                      | (199,625)                  |
| Stock-based compensation                               |              |           | 36,579                     |                |              |                   |                                      | 36,579                     |
| Dividends declared                                     |              |           |                            |                |              | (113,014)         |                                      | (113,014)                  |
| <b>Balance as of August 31, 2020</b>                   | 40,767,708   | \$ 408    | \$ 939,067                 | 2,737,456      | \$ (636,956) | \$ 633,149        | \$ (39,293)                          | \$ 896,375                 |
| Net income   |              |           |                            |                |              | 399,590           |                                      | 399,590                    |
| Other comprehensive income                             |              |           |                            |                |              |                   | 331                                  | 331                        |
| Common stock issued for employee stock plans           | 360,877      | 4         | 64,173                     | 318            | (104)        |                   |                                      | 64,073                     |
| Vesting of restricted stock                            | 34,607       | —         |                            | 12,614         | (4,155)      |                   |                                      | (4,155)                    |
| Repurchases of common stock                            |              |           |                            | 797,385        | (264,702)    |                   |                                      | (264,702)                  |
| Stock-based compensation                               |              |           | 45,065                     |                |              |                   |                                      | 45,065                     |
| Dividends declared                                     |              |           |                            |                |              | (120,224)         |                                      | (120,224)                  |
| <b>Balance as of August 31, 2021</b>                   | 41,163,192   | \$ 412    | \$ 1,048,305               | 3,547,773      | \$ (905,917) | \$ 912,515        | \$ (38,962)                          | \$ 1,016,353               |

\* Includes the cumulative effect of adoption of accounting standards primarily due to both the adoption of the new revenue recognition standard (ASC 606) resulting in a cumulative increase to retained earnings related to certain fulfillment costs and the accounting standard update related to the U.S. Tax Cuts and Jobs Act ("TCJA") providing for the reclassification from accumulated other comprehensive loss to retained earnings for stranded tax effects.

The accompanying notes are an integral part of these Consolidated Financial Statements.

## Notes to the Consolidated Financial Statements

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## 1. DESCRIPTION OF BUSINESS

FactSet Research Systems Inc. and its wholly-owned subsidiaries (collectively, "we," "our," "us," the "Company" or "FactSet") is a global financial data and analytics company with open and flexible technology and a purpose to drive the investment community to see more, think bigger, and do their best work. Our strategy is to become the leading open content and financial analytics platform in the industry that delivers differentiated advantage for our clients' success.

For over 40 years, the FactSet platform has delivered expansive data, sophisticated analytics, and flexible technology that global financial professionals need to power their critical investment workflows. Over 160,000 asset managers and owners, bankers, wealth managers, corporate firms, including private equity and venture capital firms, and others, use our personalized solutions to identify opportunities, explore ideas, and gain a competitive advantage, in areas spanning investment research, portfolio construction and analysis, trade execution, performance measurement, risk management, and reporting across the investment lifecycle.

We provide financial data and market intelligence on securities, companies and industries to enable our clients to research investment ideas, as well as offering them the capabilities to analyze, monitor and manage their portfolios. We combine dedicated client service with open and flexible technology offerings, such as a configurable desktop and mobile platform, comprehensive data feeds, cloud-based digital solutions, and application programming interfaces ("APIs"). Our revenue is primarily derived from subscriptions to our products and services such as workstations, portfolio analytics, and market data.

We advance our industry by comprehensively understanding our clients' workflows, solving their most complex challenges, and helping them achieve their goals. By providing them with the leading open content and analytics platform, an expansive universe of conformed data they can trust, next-generation workflow support designed to help them grow and see their next best action, and the industry's most committed service specialists, FactSet puts our clients in a position to outperform.

We are focused on growing our business through three reportable segments ("segments"): the Americas, EMEA and Asia Pacific. Refer to Note 19, Segment Information, in the Notes to the Consolidated Financial Statements included in Part II, Item 8. of this Annual Report on Form 10-K for further discussion. Within each of our segments, we primarily deliver insight and

information through our three workflow solutions: Research & Advisory; Analytics & Trading; and Content & Technology ("CTS").

## **2. BASIS OF PRESENTATION**

We conduct business globally and manage our business on a geographic basis. The accompanying Consolidated Financial Statements and Notes to the Consolidated Financial Statements included in this Annual Report on Form 10-K are prepared in accordance with generally accepted accounting principles in the United States ("GAAP") for annual financial information and the instructions to Form 10-K and Article 10 of Regulation S-X. The accompanying Consolidated Financial Statements include our accounts and those of our wholly-owned subsidiaries; all intercompany activity and balances have been eliminated.

### **Use of Estimates**

The preparation of our Consolidated Financial Statements and related disclosures in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates may have been made in areas that include income taxes, stock-based compensation, the valuation of goodwill and allocation of purchase price to acquired assets and liabilities, useful lives and impairments of long-lived tangible and intangible assets and reserves for litigation and other contingencies. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results could differ from those estimates.

## **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Our significant accounting policies are summarized below.

### **Revenue Recognition**

The majority of our revenue is derived from client access to our hosted proprietary data and analytics platform, which can include various combinations of products and services available over the contractual term. The hosted platform is a subscription-based service that consists primarily of providing access to products and services including workstations, analytics, enterprise data, research management, and trade execution. We determined that the subscription-based service represents a single performance obligation covering a series of distinct products and services that are substantially the same and that have the same pattern of transfer to the client. Based on the nature of the services and products offered by us, we apply an output time-based measure of progress as the client is simultaneously receiving and consuming the benefits of the platform. We record revenue for our contracts using the over-time revenue recognition model as a client is invoiced or performance is satisfied. A provision for billing adjustments and current expected credit losses is estimated and accounted for as a reduction to revenue, with a corresponding reduction to accounts receivable.

### **Cost of Services**

Cost of services is comprised of compensation for our employees within the content collection, consulting, product development, software and systems engineering groups in addition to data costs, computer maintenance and depreciation expenses, amortization of identifiable intangible assets, and client-related communication costs.

### **Selling, General and Administrative**

Selling, general and administrative expenses include compensation for the sales and various other support and administrative departments in addition to travel and entertainment expenses, rent, professional fees, depreciation of furniture and fixtures, amortization of lease right-of-use ("ROU") assets and leasehold improvements, as well as marketing costs, office expenses, travel and entertainment expenses, and other miscellaneous expenses.

### **Stock-Based Compensation**

Accounting guidance requires the measurement and recognition of compensation expense for all share-based payment awards made to employees and directors including stock options, restricted stock units, performance share units, and common shares acquired under employee stock purchases based on estimated fair values of the share awards that are scheduled to vest during the period. We use the straight-line attribution method for all awards with graded vesting features and service conditions only. Under this method, the amount of compensation expense that is recognized on any date is at least equal to the vested portion of the award on that date. For all stock-based awards with performance conditions, the graded vesting attribution method is used by us to determine the monthly stock-based compensation expense over the applicable vesting periods.

As stock-based compensation expense recognized is based on awards ultimately expected to vest, it has been reduced for estimated forfeitures. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Forfeitures are estimated based primarily on historical experience. Windfall tax benefits, defined as tax deductions that exceed recorded stock-based compensation, are classified as cash inflows from operations.

Performance-based equity awards require management to make assumptions regarding the likelihood of achieving company performance targets on a quarterly basis. The number of performance share units that vest will be predicated on us achieving certain performance levels. A change in the financial performance levels we achieve could result in changes to our current estimate of the vesting percentage and related stock-based compensation.

### **Research and Product Development Costs**

Research and product development ("R&D") costs are expensed as incurred, unless they qualify as internal-use software development costs and are then capitalized and amortized over the estimated useful life. These costs primarily consist of personnel-related expenses, such as salaries and related benefits for our product development, software engineering and technical support departments and, if not capitalized, are included in employee compensation (found within of Cost of services expense and SG&A in the Consolidated Statements of Income). We also utilize certain third parties to develop internal-use software. These costs are capitalized and amortized over the estimated useful life. If not capitalized, these costs are included in SG&A in the Consolidated Statements of Income. We do not have a separate research and product development department, but rather rely on these departments to work closely with our strategists, product managers, sales and other client-facing specialists to develop new products and process innovations and enhance existing products. We incurred research and product development costs of \$250.1 million and \$224.0 million during fiscal years 2021 and 2020, respectively.

### **Income Taxes**

Income tax expense is based on taxable income determined in accordance with current enacted laws and tax rates. Deferred income taxes are recorded for the temporary differences between the financial statement and tax bases of assets and liabilities using current enacted tax rates. We recognize the financial effect of an income tax position only if it is more likely than not (greater than 50%) that the tax position will prevail upon tax examination, based solely on the technical merits of the tax position as of the reporting date. Otherwise, no benefit or expense can be recognized in the Consolidated Financial Statements. The tax benefits recognized are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Additionally, we accrue interest on all tax exposures for which reserves have been established consistent with jurisdictional tax laws. Interest is classified as income tax expense in the financial statements. As of August 31, 2021, we had gross unrecognized tax benefits totaling \$14.9 million, including \$1.3 million of accrued interest, recorded as Taxes payable (non-current) on the Consolidated Balance Sheets.

### **Earnings per Share**

Basic earnings per share ("EPS") is computed by dividing net income by the number of weighted average common shares outstanding during the period. Diluted EPS is computed, using the treasury stock method, by dividing net income by the number of weighted average common shares outstanding and issuable upon the exercise of outstanding share-based compensation awards (including stock options and awards of restricted stock units) during the period. Performance-based awards are omitted from the calculation of diluted EPS until it is determined that the performance criteria has been met at the end of the reporting period.

### **Comprehensive Income**

We disclose comprehensive income in accordance with applicable standards for the reporting and display of comprehensive income in a set of financial statements. Comprehensive income is defined as the change in net assets of a business enterprise during a period from transactions generated from non-owner sources. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners.

### **Cash and Cash Equivalents**

Cash and cash equivalents consist of cash and highly liquid investments with original maturities of three months or less. Our cash equivalents consist of money market funds that are available for withdrawal without restriction and are carried at cost, which approximates fair value.

## **Accounts Receivable and Deferred Fees**

Amounts that have been earned but not yet paid are reflected on the Consolidated Balance Sheets as Accounts receivable, net of reserves. Amounts invoiced in advance of client payments that are in excess of earned subscription revenue are reflected on the Consolidated Balance Sheets as Deferred fees. As of August 31, 2021, the amount of accounts receivable that was unbilled totaled \$18.3 million, which will be billed in fiscal 2022. As of August 31, 2020, the amount of accounts receivable that was unbilled totaled \$17.1 million, which were billed in fiscal 2021.

Accounts receivable are recorded net of an allowance for credit losses based on a variety of factors, including our historical write-off activity, current economic environment, customer-specific information and expectations of future economic conditions. We write-off account balances against our reserve when we have exhausted our collection efforts. In accordance with this policy, our receivable reserves were \$6.4 million and \$8.0 million as of August 31, 2021 and 2020, respectively, recorded as a reduction to Accounts receivable, within the Consolidated Balance Sheets.

## **Property, Equipment and Leasehold Improvements**

Property, equipment and leasehold improvements are stated at cost, less accumulated depreciation and amortization. Property and equipment is depreciated based on the straight-line method over the estimated useful lives of the assets, ranging from three to five years for computers and related equipment and seven years for furniture and fixtures. Leasehold improvements are amortized on a straight-line basis over the shorter of their respective useful lives or the related lease term. Repairs and maintenance expenditures, which are not considered leasehold improvements and do not extend the useful life of the property and equipment, are expensed as incurred.

We perform a test for impairment whenever events or changes in circumstances indicate that the carrying amount of an individual asset or asset group may not be recoverable. Should projected undiscounted future cash flows be less than the carrying amount of the asset or asset group, an impairment charge reducing the carrying amount to fair value is required. Fair value is determined based on the most appropriate valuation technique, including discounted cash flows. If we recognize an impairment loss, the adjusted carrying amount of the asset becomes its new cost basis. The new cost basis will be depreciated (amortized) over the remaining useful life of that asset.

## **Goodwill**

Goodwill at the reporting unit level is reviewed for impairment annually, and more frequently if impairment indicators exist. Goodwill is deemed to be impaired and written-down in the period in which the carrying value of the reporting unit exceeds its fair value. We have three reporting units, Americas, EMEA and Asia Pacific, which are consistent with the operating segments reported, as discrete financial information is not available for subsidiaries within the operating segments.

We may elect to perform a qualitative analysis for the reporting units to determine whether it is more likely than not the fair value of the reporting unit is greater than its carrying value. In performing a qualitative assessment, we consider such factors as macro-economic conditions, industry and market conditions in which we operate, including the competitive environment and significant changes in demand for our services. We also consider the share price both in absolute terms and in relation to peer companies. If the qualitative analysis indicates that it is more likely than not the fair value of a reporting unit is less than its carrying amount or if we elect not to perform a qualitative analysis, a quantitative analysis is performed to determine whether a goodwill impairment exists.

The quantitative goodwill impairment analysis is used to identify potential impairment by comparing the fair value of a reporting unit with its carrying amount using an income approach, along with other relevant market information, derived from a discounted cash flow model to estimate the fair value of our reporting units. The annual review of carrying value of goodwill requires us to develop estimates of future business performance. These estimates are used to derive expected cash flows and include assumptions regarding future sales levels and the level of working capital needed to support a given business. The discounted cash flow model also includes a determination of our weighted average cost of capital by reporting unit. Cost of capital is based on assumptions about interest rates, as well as a risk-adjusted rate of return required by our equity investors. Changes in these estimates can impact present value of expected cash flows used in determining fair value of a reporting unit. An impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value, if any, would be recognized. The loss recognized would not exceed total amount of goodwill allocated to that reporting unit.

We performed our annual goodwill impairment test during the fourth quarter of fiscal 2021 utilizing a qualitative analysis and concluded it was more likely than not the fair value of each reporting unit was greater than its respective carrying value and no impairment charge was required.

## **Intangible Assets**

### *Acquired Intangible Assets*

Our identifiable intangible assets consist of acquired content databases, client relationships, software technology, non-compete agreements and trade names resulting from previous acquisitions, which have been fully integrated into our operations. We amortize intangible assets over their estimated useful lives, which are evaluated quarterly to determine whether events and circumstances warrant a revision to the remaining period of amortization. If the estimate of the remaining useful life is changed, the remaining carrying amount of the intangible asset is amortized prospectively over that revised remaining useful life. Amortizable Intangible assets are tested for impairment, if indicators of impairment are present, based on undiscounted cash flows, and, if impaired, written down to fair value based on discounted cash flows. No impairment of intangible assets has been identified during any of the fiscal years presented. The intangible assets have no assigned residual values.

### *Internally Developed Software*

We capitalize internal and external costs related to developing, modifying or obtaining software for internal use, incurred during the application development stage in accordance with ASC 350-40, *Internal-Use Software*. Costs related to software upgrades and enhancements are capitalized if it is determined that these upgrades or enhancements provide additional functionality to the software. The capitalized software is amortized using the straight-line method over the estimated useful life of the software, generally three to five years. These assets are subject to the impairment test guidance specified in the acquired intangible assets above.

## **Leases**

We adopted the standard, ASC 842-10, *Leases* ("ASC 842") as of September 1, 2019, using a modified retrospective approach. Refer to Note 12, *Leases*, for further details.

We review new arrangements at inception to evaluate whether we obtain substantially all the economic benefits of and have the right to control the use of an asset. If we determine that an arrangement qualifies as a lease, with a lease term of greater than one year, we assess whether the leased asset is an operating or financing lease. Our lease portfolio is primarily related to our office space, under various operating lease agreements.

We record a lease ROU asset and lease liability as the present value of the future minimum lease payments (including fixed lease payments and certain qualifying index-based variable payments) over the reasonably certain lease term, beginning at the lease commencement date. As there is no rate implicit in our operating lease arrangements, these balances are initially recorded using our incremental borrowing rate ("IBR") within the geography where the leased asset is located. As we do not have any outstanding public debt, we estimate the IBR based on our estimated credit rating and available market information. The IBR is determined at lease commencement and subsequently reassessed upon a modification to the lease arrangement. Certain adjustments to our lease ROU assets may be required for items such as initial direct costs paid or incentives received.

We elected to not record operating lease right-of-use assets or operating lease liabilities for leases with an initial term of 12 months or less. We elected the practical expedient not to separate lease components from non-lease components but, rather, to combine them into one single lease component, which we recognize over the expected term on a straight-line expense basis in occupancy costs (a component of SG&A expense).

As of August 31, 2021, our leases have remaining terms of less than one year to just over 14 years. The lease ROU assets and lease liabilities recognized did not include any renewal or termination options that were not yet reasonably certain to be exercised.

## **Accrued Liabilities**

Accrued liabilities include estimates relating to employee compensation, operating expenses and tax liabilities. At the end of each fiscal year, we conduct a review of both the performance of the Company and individual performance within each department to determine the amount of discretionary employee compensation. We also review compensation throughout the year to determine how overall performance tracks against management's expectations. Management takes these and other factors, including historical performance, into account in reviewing accrued compensation estimates quarterly and adjusting accrual rates as appropriate. The majority of variable employee compensation recorded within accrued compensation related to the annual performance bonus, which was \$75.1 million and \$54.4 million as of August 31, 2021 and 2020, respectively.

## **Derivative Instruments**

### *Foreign Currency Forward Contracts*

We conduct business outside the U.S. in several currencies including the British Pound Sterling, Euro, Indian Rupee, and Philippine Peso. As such, we are exposed to movements in foreign currency exchange rates relative to the U.S. dollar. We utilize derivative instruments (foreign currency forward contracts) to manage the exposures related to the effects of foreign exchange rate fluctuations and reduce the volatility of earnings and cash flows associated with changes in foreign currency. We do not enter into foreign exchange forward contracts for trading or speculative purposes. In designing a specific hedging approach, we consider several factors, including offsetting exposures, significance of exposures, forecasting risk and potential effectiveness of the hedge. These transactions are designated and accounted for as cash flow hedges in accordance with applicable accounting guidance. The gains and losses on foreign currency forward contracts mitigate the variability in operating expenses associated with currency movements.

### *Interest Rate Swap Agreement*

On March 29, 2019, we entered into a credit agreement with PNC Bank, National Association ("PNC") (the "2019 Credit Agreement"), which provides for a \$750.0 million revolving credit facility (the "2019 Revolving Credit Facility"). The outstanding principal balance of \$575.0 million bears interest at a rate equal to LIBOR plus a spread, using a debt leverage pricing grid. The variable rate of interest on our long-term debt can expose us to interest rate volatility due to changes in LIBOR. To mitigate this exposure, on March 5, 2020, we entered into an interest rate swap agreement with a notional amount of \$287.5 million to hedge the variable interest rate obligation, effectively converting the floating interest rate to fixed for the hedged portion. Thus, we are only exposed to base interest rate risk on floating rate borrowings in excess of any amounts that are not hedged, or \$287.5 million of the outstanding principal balance.

### *Derivative Instrument Classification*

The changes in fair value for these cash flow hedges are initially reported as a component of accumulated other comprehensive loss ("AOCL") and subsequently reclassified into operating expenses when the hedged exposure affects earnings. All derivatives are assessed for effectiveness at each reporting period.

## **Treasury Stock**

We account for repurchased common stock under the cost method and includes such treasury stock as a component of our Stockholders' equity. We account for the formal retirement of treasury stock by deducting its par value from common stock, reducing additional paid-in capital ("APIC") by the average amount recorded in APIC when the stock was originally issued and any remaining excess of cost deducted from retained earnings.

## **Fair Value Measurements**

Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. In determining fair value, the use of various valuation methodologies, including market, income and cost approaches is permissible. We consider the principal or most advantageous market in which we would transact and consider assumptions that market participants would use when pricing the asset or liability. The accounting guidance for fair value measurements establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value based on the reliability of inputs. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Our cash equivalents are classified as Level 1 while our derivative instruments (foreign exchange forward contracts and interest rate swap) and certificates of deposit are classified as Level 2. There were no Level 3 assets or liabilities held by us as of August 31, 2021 or 2020. Refer to Note 5, *Fair Value Measures* for the definition of the fair value hierarchy.

## **Foreign Currency Translation**

Certain wholly-owned subsidiaries operate under a functional currency different from the U.S. dollar, such as the British Pound Sterling, Euro, Indian Rupee, and Philippine Peso. The financial statements of these foreign subsidiaries are translated into U.S. dollars using period-end rates of exchange for assets and liabilities, and average rates for the period for revenues and expenses. Translation gains and losses that arise from translating assets, liabilities, revenue and expenses of foreign operations are recorded in AOCL as a component of stockholders' equity. The accumulated foreign currency translation loss totaled \$36.9 million and \$37.7 million at August 31, 2021 and 2020, respectively.



## Concentrations of Risk

Refer to Note 20, *Risks and Concentrations of Credit Risk* for areas that potentially subject us to a significant concentration of risk and credit risk.

## New Accounting Standards or Updates Recently Adopted

As of the beginning of fiscal 2021, we implemented all applicable new accounting standards and updates issued by the Financial Accounting Standards Board ("FASB") that were in effect. There were no new standards or updates adopted during the last three fiscal years that had a material impact on our Consolidated Financial Statements other than the adoption of ASC 842.

### *Goodwill Impairment Test*

In January 2017, the FASB issued ASU 2017-04, *Intangibles—Goodwill and Other (Topic 350); Simplifying the Test for Goodwill Impairment*, which removes the requirement for companies to compare the implied fair value of goodwill with its carrying amount as part of step 2 of the goodwill impairment test. A goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. We have adopted this standard effective September 1, 2020. The adoption of this accounting standard update had no impact on our Consolidated Financial Statements.

### *Credit Losses on Financial Instruments*

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326); Measurement of Credit Losses on Financial Instruments*, which significantly changes how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The standard replaces the "incurred loss" approach with an "expected loss" model for instruments measured at amortized cost. Subsequent to the adoption, the allowance for doubtful accounts is made when the financial asset is first recorded to the balance sheet (and periodically thereafter) and is based on information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. We have adopted this standard effective September 1, 2020. The adoption of this accounting standard update did not have a material impact on our Consolidated Financial Statements.

### *Leases*

In February 2016, the FASB issued an accounting standard update related to accounting for leases, ASC 842. The update requires the recognition of lease ROU assets and lease liabilities on the balance sheet and the disclosure of qualitative and quantitative information about leasing arrangements. The guidance also eliminates the requirement for an entity to use bright-line tests in determining lease classification. We adopted the new accounting standard effective September 1, 2019, using a modified retrospective approach to record the required cumulative effect adjustments to the opening balance sheet in the period of adoption. As such, our historical Consolidated Financial Statements were not restated and follow our previous policy under ASC 840, Leases. Refer to our Annual Report on Form 10-K for the fiscal year ended August 31, 2019 for further details of the Company's policy prior to adoption of ASC 842.

We have elected the package of practical expedients permitted under the transition guidance, which permits us to not reassess the prior conclusions about lease identification, lease classification, and initial direct costs. We did not elect the use-of-hindsight practical expedient in determining the lease term and in assessing impairment. We elected the practical expedient not to separate lease components from non-lease components but, rather, to combine them into one single lease component. We have also elected to apply the short-term lease exception not to recognize lease ROU assets and lease liabilities for leases with a term of 12 months or less. We will recognize lease payments on a straight-line basis over the lease term.

As of November 30, 2019, the Company recognized Lease ROU assets, net of amortization of \$217.0 million and corresponding Current and Long-term lease liabilities of \$266.4 million, related primarily to the Company's real estate leases. There was no material impact to the Company's Consolidated Statements of Income, Consolidated Statements of Comprehensive Income, Consolidated Statements of Cash Flows and Consolidated Statement of Changes in Stockholders' Equity. Refer to Note 12, *Leases* for more information regarding the Company's lease accounting.

### *Hedge Accounting Simplification*

During the first quarter of fiscal 2020, we adopted the accounting standard updated issued by the FASB in August 2017, which focused on reducing the complexity of and simplifying the application of hedge accounting. The guidance refines and expands hedge accounting for both financial and non-financial risk components, eliminates the need to separately measure and report

hedge ineffectiveness, and aligns the recognition and presentation of the effects of the hedging instrument and the hedged item in the financial statements. The adoption of this standard had no impact on our Consolidated Financial Statements.

#### **Recent Accounting Standards or Updates Not Yet Effective**

##### *Facilitation of the Effects of Reference Rate Reform on Financial Reporting*

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848); Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, to provide optional expedients and exceptions for applying GAAP to contract modifications, hedging relationships, and other transactions affected by the anticipated transition from LIBOR. As a result of the reference rate reform initiative, certain widely used reference rates such as LIBOR are expected to be discontinued. The guidance is designed to simplify how entities account for contracts, such as receivables, debt, leases, derivative instruments and hedging, that are modified to replace LIBOR or other benchmark interest rates with new rates. The guidance is effective upon issuance and may be applied through December 31, 2022. We are currently evaluating the impact of this accounting standard, but it is not expected to have a material impact on our Consolidated Financial Statements.

##### *Income Tax Simplification*

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740); Simplifying the Accounting for Income Taxes*, to simplify various aspects related to accounting for income taxes, eliminating certain exceptions to the general principles in accounting for income taxes related to intraperiod tax allocation, simplifying when companies recognize deferred taxes in an interim period, and clarifying certain aspects of the current guidance to promote consistent application. The guidance will be effective for us in the first quarter of fiscal 2022, with early adoption permitted. Most amendments are required to be applied on a prospective basis, while certain amendments must be applied on a retrospective or modified retrospective basis. We have evaluated the impact of adopting this accounting standard and have determined that adoption will not have a material impact on our Consolidated Financial Statements.

No other new accounting pronouncements issued or effective as of August 31, 2021 have had or are expected to have a material impact on our Consolidated Financial Statements.

## **4. REVENUE RECOGNITION**

We derive most of our revenue by providing client access to our hosted proprietary data and analytics platform which can include various combinations of products and services available over the contractual term. The hosted platform is a subscription-based service that consists primarily of providing access to products and services including workstations, portfolio analytics, enterprise data and research management. We determined that the subscription-based service represents a single performance obligation covering a series of distinct products and services that are substantially the same and that have the same pattern of transfer to the client. We also determined the nature of the promise to the client is to provide daily access to one overall data and analytics platform. This platform provides integrated financial information, analytical applications and industry-leading service for the investment community. Based on the nature of the services and products offered by us, we apply an output time-based measure of progress as the client is simultaneously receiving and consuming the benefits of the platform. We record revenue for our contracts using the over-time revenue recognition model as a client is invoiced or performance is satisfied. We do not consider payment terms as a performance obligation for clients with contractual terms that are one year or less and we have elected the practical expedient.

Contracts with clients can include certain fulfillment costs, comprised of up-front costs to allow for the delivery of services and products, which are recoverable. In connection with the adoption of the revenue recognition standard, fulfillment costs are recognized as an asset, recorded in the Prepaid expenses and other current assets account for the current portion and Other assets for the non-current portion, based on the term of the license period, and amortized consistent with the associated revenue for providing the services. There are no significant judgments that would impact the timing of revenue recognition. The majority of client contracts have a duration of one year or less, or the amount we are entitled to receive corresponds directly with the value of performance obligations completed to date, and therefore, we do not disclose the value of the remaining unsatisfied performance obligations.

##### *Disaggregated Revenue*

We disaggregate revenue from contracts with clients by our reportable segments ("segments"), which consist of the Americas, EMEA and Asia Pacific. We believe these segments are reflective of how we manage our business and the markets in which we serve and best depict the nature, amount, timing and uncertainty of revenue and cash flows related to contracts with clients. Refer to Note 19, *Segment Information* for further information.

The following table presents this disaggregation by segment:

| <i>(in thousands)</i> | 2021         | August 31,<br>2020 | 2019         |
|-----------------------|--------------|--------------------|--------------|
| Americas              | \$ 1,008,046 | \$ 943,649         | \$ 885,854   |
| EMEA                  | \$ 427,700   | \$ 406,498         | \$ 420,884   |
| Asia Pacific          | \$ 155,699   | \$ 143,964         | \$ 128,613   |
| Total Revenue         | \$ 1,591,445 | \$ 1,494,111       | \$ 1,435,351 |

## 5. FAIR VALUE MEASURES

Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. In determining fair value, the use of various valuation methodologies, including market, income and cost approaches is permissible. We consider the principal or most advantageous market in which we would transact and considers assumptions that market participants would use when pricing the asset or liability.

### Fair Value Hierarchy

The accounting guidance for fair value measurements establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value based on the reliability of inputs. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement requires judgment and may affect its placement within the fair value hierarchy levels. We have categorized our cash equivalents, investments and derivatives within the fair value hierarchy as follows:

Level 1 - applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities. These Level 1 assets and liabilities include our corporate money market funds that are classified as cash equivalents.

Level 2 - applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data. Our certificates of deposit, mutual funds and derivative instruments are classified as Level 2.

Level 3 - applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities. We held no Level 3 assets or liabilities as of August 31, 2021 or 2020.

**(a) Assets and Liabilities Measured at Fair Value on a Recurring Basis**

The following tables show, by level within the fair value hierarchy, our assets and liabilities that are measured at fair value on a recurring basis at August 31, 2021 and 2020. We did not have any transfers between levels of fair value measurement during the periods presented.

| <i>(in thousands)</i>                           | Fair Value Measurements at August 31, 2021 |                  |                   |
|---|--|------------------|-------------------|
|   | Level 1                                    | Level 2          | Total             |
| <b>Assets</b>                                   |  |                  |                   |
| Corporate money market funds <sup>(1)</sup>     | \$ 232,519                                 | \$ —             | \$ 232,519        |
| Mutual Funds <sup>(2)</sup>                     | —  | 35,984           | 35,984            |
| Derivative instruments <sup>(4)</sup>           | —  | 1,384            | 1,384             |
| <i>Total assets measured at fair value</i>      | <u>\$ 232,519</u>                          | <u>\$ 37,368</u> | <u>\$ 269,887</u> |
| <b>Liabilities</b>                              |  |                  |                   |
| Derivative instruments <sup>(4)</sup>           | \$ —                                       | \$ 4,181         | \$ 4,181          |
| <i>Total liabilities measured at fair value</i> | <u>\$ —</u>                                | <u>\$ 4,181</u>  | <u>\$ 4,181</u>   |

| <i>(in thousands)</i>                           | Fair Value Measurements at August 31, 2020 |                  |                   |
|---|--|------------------|-------------------|
|   | Level 1                                    | Level 2          | Total             |
| <b>Assets</b>                                   |  |                  |                   |
| Corporate money market funds <sup>(1)</sup>     | \$ 276,852                                 | \$ —             | \$ 276,852        |
| Mutual funds <sup>(2)</sup>                     | —  | 17,257           | 17,257            |
| Certificates of deposit <sup>(3)</sup>          | —  | 2,315            | 2,315             |
| Derivative instruments <sup>(4)</sup>           | —  | 3,644            | 3,644             |
| <i>Total assets measured at fair value</i>      | <u>\$ 276,852</u>                          | <u>\$ 23,216</u> | <u>\$ 300,068</u> |
| <b>Liabilities</b>                              |  |                  |                   |
| Derivative instruments <sup>(4)</sup>           | \$ —                                       | \$ 5,773         | \$ 5,773          |
| <i>Total liabilities measured at fair value</i> | <u>\$ —</u>                                | <u>\$ 5,773</u>  | <u>\$ 5,773</u>   |

(1) Our corporate money market funds are readily convertible into cash and the net asset value of each fund on the last day of the quarter is used to determine its fair value. Our corporate money market funds are classified as Level 1 assets and are included in Cash and cash equivalents within the Consolidated Balance Sheets.

(2) Our mutual funds have a fair value based on the fair value of the underlying investments held by the mutual funds, allocated to each share of the mutual fund using a net asset value approach. The fair value of the underlying investments is based on observable inputs. Our mutual funds are classified as Level 2 and are included in Investments (short-term) within the Consolidated Balance Sheets.

(3) Our certificates of deposit held for investment are classified as Level 2 assets. These certificates of deposit have original maturities greater than three months but less than one year and are included in Investments (short-term) within the Consolidated Balance Sheets.

(4) We utilize the income approach to measure fair value for our foreign exchange forward contracts. The income approach uses pricing models that rely on market observable inputs such as spot, forward and interest rates, as well as credit default swap spreads, and are classified as Level 2 assets. To estimate fair value for the interest rate swap agreement, we utilize a present value of future cash flows, leveraging a model-derived valuation that uses Level 2 observable inputs such as interest rate yield curves. Refer to Note 6, Derivative Instruments for more information on our derivative instruments designed as cash flow hedges and their classification within the Consolidated Balance Sheets.

**(b) Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis**

Assets and liabilities that are measured at fair value on a nonrecurring basis relate primarily to our tangible fixed assets, operating lease right-of-use ("ROU") assets, goodwill and intangible assets. The fair values of these non-financial assets and

liabilities are determined based on valuation techniques using the best information available, and may include quoted market prices, market comparable information, and discounted cash flow projections. We review goodwill and intangible assets for impairment annually, during the fourth quarter of each fiscal year, or as circumstances indicate the possibility for impairment. We monitor the carrying value of long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. During fiscal 2021 and 2020, no fair value adjustments or material fair value measurements were required for our non-financial assets or liabilities.

***(c) Assets and Liabilities Measured at Fair Value for Disclosure Purposes Only***

As of August 31, 2021 and 2020, the fair value of our 2019 Revolving Credit Facility (as defined below in Note 13, Debt), included in Long-term debt within the Consolidated Balance Sheets, was \$575.0 million, which approximated its carrying amount given the application of a floating interest rate equal to LIBOR plus a spread using a debt leverage pricing grid. As the interest rate is a variable rate, adjusted based on market conditions, it approximates the current market-rate for similar instruments available to companies with comparable credit quality and maturity, and therefore, the long-term debt is categorized as Level 2 in the fair value hierarchy.

## **6. DERIVATIVE INSTRUMENTS**

### **Cash Flow Hedges**

#### *Foreign Currency Forward Contracts*

We conduct business outside the U.S. in several currencies including the British Pound Sterling, Euro, Indian Rupee, and Philippine Peso. As such, we are exposed to movements in foreign currency exchange rates compared with the U.S. dollar. We utilize derivative instruments (foreign currency forward contracts) to manage the exposures related to the effects of foreign exchange rate fluctuations and reduce the volatility of earnings and cash flows associated with changes in foreign currency. We do not enter into foreign currency forward contracts for trading or speculative purposes and limit counterparties to credit-worthy financial institutions. Refer to Note 20, *Risks and Concentrations of Credit Risk*, for further discussion on counterparty credit risk.

In designing a specific hedging approach, we considered several factors, including offsetting exposures, the significance of exposures, the forecasting of risk and the potential effectiveness of the hedge. The gains and losses on foreign currency forward contracts offset the variability in operating expenses associated with currency movements. The changes in fair value for these foreign currency forward contracts are initially reported as a component of Accumulated other comprehensive loss ("AOCL") and subsequently reclassified into Operating expenses when the hedge is settled. There was no discontinuance of cash flow hedges during fiscal 2021 or fiscal 2020, and as such, no corresponding gains or losses related to changes in the value of our contracts were reclassified into earnings prior to settlement.

As of August 31, 2021, we maintained foreign currency forward contracts to hedge a portion of our British Pound Sterling, Euro, Indian Rupee, and Philippine Peso exposures. We entered into a series of forward contracts to mitigate our currency exposure ranging from 25% to 75% over their respective hedged periods. The current foreign currency forward contracts are set to mature at various points between the first quarter of fiscal 2022 through the fourth quarter of fiscal 2022.

As of August 31, 2021, the gross notional value of foreign currency forward contracts to purchase Philippine Pesos and Indian Rupees with U.S. dollars was ₱1.4 billion and Rs2.6 billion, respectively. The gross notional value of foreign currency forward contracts to purchase U.S. dollars with Euros and British Pound Sterling was €33.8 million and £37.7 million, respectively.

#### *Interest Rate Swap Agreement*

On March 5, 2020, we entered into an interest rate swap agreement with a notional amount of \$287.5 million to hedge the variable interest rate obligation on a portion of our outstanding debt under our 2019 Revolving Credit Facility (as defined below in Note 13, *Debt*). As of August 31, 2021, we have borrowed \$575.0 million of the available \$750.0 million under the 2019 Revolving Credit Facility, which bears interest on the outstanding principal amount at a rate equal to a contractual one month LIBOR plus a spread using a debt leverage pricing grid, which was 0.875% as of August 31, 2021. Refer to Note 13, *Debt*, for further discussion on the 2019 Revolving Credit Facility. The variable interest rate on our long-term debt can expose us to interest rate volatility arising from changes in LIBOR. Under the terms of the interest rate swap agreement, we will pay interest at a fixed rate of 0.7995% and receive variable interest payments based on the same one-month LIBOR utilized to calculate the interest expense from the 2019 Revolving Credit Facility. The interest rate swap agreement matures on March 29, 2024.

As the terms for the interest rate swap agreement align with the 2019 Revolving Credit Facility, we do not expect any hedge ineffectiveness. We have designated and accounted for this instrument as a cash flow hedge with the unrealized gains or losses on the interest rate swap agreement recorded in AOCL in the Consolidated Balance Sheets. Realized gains or losses are subsequently reclassified into Interest expense, net in the Consolidated Statement of Income when settled.

The following is a summary of the gross notional values of the derivative instruments:

| <i>(in thousands, in U.S. dollars)</i> | Gross Notional Value |                   |
|--|----------------------|-------------------|
|  | August 31, 2021      | August 31, 2020   |
| Foreign currency forward contracts     | \$ 154,728           | \$ 129,649        |
| Interest rate swap agreement           | 287,500              | 287,500           |
| <b>Total cash flow hedges</b>          | <b>\$ 442,228</b>    | <b>\$ 417,149</b> |

### Fair Value of Derivative Instruments

The following is a summary of the fair values of the derivative instruments:

|   | Fair Value of Derivative Instruments      |                 |                 |                                       |                 |                 |
|---|---|-----------------|-----------------|---------------------------------------|-----------------|-----------------|
|   | Derivative Assets                         |                 |                 | Derivative Liabilities                |                 |                 |
|   | Balance Sheet Classification              | August 31, 2021 | August 31, 2020 | Balance Sheet Classification          | August 31, 2021 | August 31, 2020 |
| Derivatives designated as hedging instruments |   |                 |                 |                                       |                 |                 |
| Foreign currency forward contracts            | Prepaid expenses and other current assets | \$ 1,384        | \$ 3,644        | Accounts payable and accrued expenses | \$ 1,201        | \$ 93           |
|   | Prepaid expenses and other current assets | —               | —               | Accounts payable and accrued expenses | 1,934           | 1,861           |
| Interest rate swap agreement                  | Other assets                              | —               | —               | Other liabilities                     | 1,045           | 3,819           |
| <b>Total cash flow hedges</b>                 |   | <b>\$ 1,384</b> | <b>\$ 3,644</b> |                                       | <b>\$ 4,181</b> | <b>\$ 5,773</b> |

All derivatives were designated as hedging instruments as of August 31, 2021 and 2020, respectively.

### Derivatives in Cash Flow Hedging Relationships

The following table provides the pre-tax effect of derivative instruments in cash flow hedging relationships for each of the three fiscal years ended August 31, 2021, 2020 and 2019:

| <i>(in thousands)</i>                          | Gain (Loss) Recognized in AOCL on Derivatives |                   |                 | Location of Gain (Loss) Reclassified from AOCL into Income | Gain (Loss) Reclassified from AOCL into Income |                   |                   |
|--|---|-------------------|-----------------|--|--|-------------------|-------------------|
|  | 2021  | 2020              | 2019            |  | 2021   | 2020              | 2019              |
| Derivatives in Cash Flow Hedging Relationships |   |                   |                 |  |  |                   |                   |
| Foreign currency forward contracts             | \$ 1,660                                      | \$ 5,049          | \$ (187)        | SG&A   | \$ 5,027                                       | \$ (1,556)        | \$ (1,794)        |
| Interest rate swap agreement                   | 745   | (6,138)           | —               | Interest expense, net                                      | (1,956)  | (458)             | —                 |
| <b>Total cash flow hedges</b>                  | <b>\$ 2,405</b>                               | <b>\$ (1,089)</b> | <b>\$ (187)</b> |  | <b>\$ 3,071</b>                                | <b>\$ (2,014)</b> | <b>\$ (1,794)</b> |

As of August 31, 2021, we estimate that net pre-tax derivative losses of \$1.8 million included in AOCL will be reclassified into earnings within the next 12 months. No amount of ineffectiveness was recorded in the Consolidated Statements of Income for these designated cash flow hedges and all components of each derivative's gain or loss were included in the assessment of hedge effectiveness.

## Offsetting of Derivative Instruments

We enter into master netting arrangements designed to permit net settlement of derivative transactions among the respective counterparties, settled on the same date and in the same currency. As of August 31, 2021 and 2020, there were no material amounts recorded net on the Consolidated Balance Sheets.

## 7. ACQUISITION

### Truvalue Labs, Inc.

On November 2, 2020, we acquired all of the outstanding shares of Truvalue Labs, Inc. ("TVL") for a purchase price of \$41.9 million, subject to working capital and other adjustments. TVL is a leading provider of environmental, social, and governance ("ESG") information. TVL applies artificial intelligence driven technology to over 100,000 unstructured text sources in multiple languages, including news, trade journals, and non-governmental organizations and industry reports, to provide daily signals that identify positive and negative ESG behavior. The acquisition of TVL further enhances our commitment to providing industry leading access to ESG data across our platforms. The TVL purchase price was in excess of the fair value of net assets acquired, resulting in the recognition of goodwill. We finalized the purchase accounting for the TVL acquisition during the third quarter of fiscal 2021 and did not record any material changes to the preliminary purchase price allocation.

The acquisition date fair values of major classes of assets acquired and liabilities assumed are as follows:

|                               | Acquisition Date Fair Value<br>(in thousands) | Acquisition Date Useful Life<br>(in years) | Amortization Method |
|-------------------------------|---|--|---------------------|
| Current assets                | \$ 812  |  |                     |
| Amortizable intangible assets |   |  |                     |
| Software technology           | 8,100   | 7 years                                    | Straight-line       |
| Client relationships          | 900   | 12 years                                   | Straight-line       |
| Trade names                   | 2,800   | 15 years                                   | Straight-line       |
| Goodwill                      | 30,058  |  |                     |
| Other assets                  | 5,299   |  |                     |
| Current liabilities           | (3,069)                                       |  |                     |
| Other liabilities             | (2,984)                                       |  |                     |
| Total purchase price          | <u>\$ 41,916</u>                              |  |                     |

Goodwill totaling \$30.1 million represents the excess of the TVL purchase price over the fair value of net assets acquired and is included in the Americas segment. Goodwill generated from the TVL acquisition is not deductible for income tax purposes. The results of TVL's operations have been included in our Consolidated Financial Statements, within the Americas segment, beginning with its acquisition on November 2, 2020. Pro forma information has not been presented because the effect of the TVL acquisition is not material to our Consolidated Financial Statements.

## 8. PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Property, equipment and leasehold improvements consist of the following:

| (in thousands)                                      | August 31, |            |
|---|------------|------------|
|   | 2021       | 2020       |
| Leasehold improvements                              | \$ 197,719 | \$ 182,899 |
| Computers and related equipment                     | 136,213    | 127,794    |
| Furniture and fixtures                              | 58,212     | 56,269     |
| Subtotal  | \$ 392,144 | \$ 366,962 |
| Less accumulated depreciation and amortization      | (260,767)  | (233,860)  |
| Property, equipment and leasehold improvements, net | \$ 131,377 | \$ 133,102 |

Depreciation expense was \$30.4 million, \$32.2 million and \$35.4 million for fiscal years 2021, 2020 and 2019, respectively.

## 9. GOODWILL

Changes in the carrying amount of goodwill by segment for fiscal years ended August 31, 2021 and 2020 are as follows:

| <i>(in thousands)</i>         | Americas |         | EMEA |         | Asia Pacific |       | Total |         |
|-------------------------------|----------|---------|------|---------|--------------|-------|-------|---------|
| Balance at August 31, 2019    | \$       | 386,195 | \$   | 296,459 | \$           | 3,075 | \$    | 685,729 |
| Foreign currency translations |          | —       |      | 23,968  |              | 6     |       | 23,974  |
| Balance at August 31, 2020    | \$       | 386,195 | \$   | 320,427 | \$           | 3,081 | \$    | 709,703 |
| Acquisitions                  |          | 43,893  |      | —       |              | —     |       | 43,893  |
| Foreign currency translations |          | —       |      | 723     |              | (114) |       | 609     |
| Balance at August 31, 2021    | \$       | 430,088 | \$   | 321,150 | \$           | 2,967 | \$    | 754,205 |

Goodwill is not amortized as it is estimated to have an indefinite life. At least annually, we are required to test goodwill at the reporting unit level, which is consistent with our segments, for potential impairment, and, if impaired, write down to fair value based on the present value of discounted cash flows. We performed our annual goodwill impairment test during the fourth quarter of fiscal 2021 utilizing a qualitative analysis, consistent with the timing of previous years. We concluded it was more likely than not that the fair value of each of our segments was greater than its respective carrying value and no impairment charge was required.

## 10. INTANGIBLE ASSETS

Our identifiable intangible assets consist of acquired content databases, client relationships, acquired software technology, internally developed software, non-compete agreements and trade names resulting from previous acquisitions, which have been fully integrated into our operations. We amortize intangible assets on a straight line basis over their estimated useful lives. The estimated useful life, gross carrying amounts and accumulated amortization totals related to our identifiable intangible assets are as follows:

| (in thousands, except useful lives) | Estimated Useful Life (years) | August 31, 2021       |                          |                     | August 31, 2020       |                          |                     |
|-------------------------------------|-------------------------------|-----------------------|--------------------------|---------------------|-----------------------|--------------------------|---------------------|
|                                     |                               | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |
| Data content                        | 4 to 20                       | \$ 36,681             | \$ 26,835                | \$ 9,846            | \$ 35,872             | \$ 24,847                | \$ 11,025           |
| Client relationships                | 8 to 18                       | 101,077               | 49,139                   | 51,938              | 100,316               | 43,026                   | 57,290              |
| Software technology                 | 3 to 9                        | 121,556               | 87,207                   | 34,349              | 108,384               | 72,396                   | 35,988              |
| Developed technology                | 3 to 5                        | 57,666                | 21,278                   | 36,388              | 30,276                | 13,689                   | 16,587              |
| Non-compete agreements              | 2 to 4                        | —                     | —                        | —                   | 1,388                 | 1,355                    | 33                  |
| Trade names                         | 15 to 15                      | 6,900                 | 4,435                    | 2,465               | 4,106                 | 3,934                    | 172                 |
| <i>Total</i>                        |                               | \$ 323,880            | \$ 188,894               | \$ 134,986          | \$ 280,342            | \$ 159,247               | \$ 121,095          |

The weighted average useful life of our intangible assets at August 31, 2021 was 9.1 years. We assess intangible assets for indicators of impairment on a quarterly basis, including an evaluation of our useful lives to determine if events and circumstances warrant a revision to the remaining period of amortization. If indicators of impairment are present, amortizable intangible assets are tested for impairment by comparing the carrying value to undiscounted cash flows and, if impaired, written down to fair value based on discounted cash flows. We have not identified a material impairment, nor a material change to the estimated remaining useful lives of our intangible assets during fiscal years 2021 and 2020. The intangible assets have no assigned residual values.

Amortization expense recorded for intangible assets was \$31.5 million, \$25.4 million, and \$25.1 million during fiscal years 2021, 2020, and 2019, respectively.



As of August 31, 2021, estimated intangible asset amortization expense for each of the next five years and thereafter are as follows:

| Fiscal Year ( <i>in thousands</i> ) | Estimated Amortization Expense |         |
|-------------------------------------|--------------------------------|---------|
| 2022                                | \$                             | 34,433  |
| 2023                                |                                | 28,910  |
| 2024                                |                                | 19,375  |
| 2025                                |                                | 10,586  |
| 2026                                |                                | 9,179   |
| Thereafter                          |                                | 32,503  |
| <i>Total</i>                        | \$                             | 134,986 |

## 11. INCOME TAXES

Income tax expense is based on taxable income determined in accordance with current enacted laws and tax rates. Deferred income taxes are recorded for the temporary differences between the financial statement and the tax bases of assets and liabilities using currently enacted tax rates.

### Provision for Income Taxes

The provision for income taxes is as follows:

| <i>(in thousands)</i>                   | Years ended August 31, |            |            |
|---|------------------------|------------|------------|
|   | 2021                   | 2020       | 2019       |
| U.S. operations                         | \$ 311,767             | \$ 280,283 | \$ 288,860 |
| Non-U.S. operations                     | 155,850                | 146,851    | 133,105    |
| <i>Income before income taxes</i>       | \$ 467,617             | \$ 427,134 | \$ 421,965 |
| U.S. operations                         | \$ 40,595              | \$ 31,926  | \$ 55,824  |
| Non-U.S. operations                     | 27,432                 | 22,270     | 13,351     |
| <i>Total provision for income taxes</i> | \$ 68,027              | \$ 54,196  | \$ 69,175  |
| Effective tax rate                      | 14.5 %                 | 12.7 %     | 16.4 %     |

The components of the provision for income taxes consist of the following:

| <i>(in thousands)</i>                   | Years ended August 31, |           |            |
|---|------------------------|-----------|------------|
|   | 2021                   | 2020      | 2019       |
| <b>Current</b>                          |                        |           |            |
| U.S. federal                            | \$ 26,734              | \$ 9,332  | \$ 35,688  |
| U.S. state and local                    | 13,894                 | 8,034     | 18,389     |
| Non-U.S.                                | 32,001                 | 27,640    | 17,376     |
| Total current taxes                     | \$ 72,629              | \$ 45,006 | \$ 71,453  |
| <b>Deferred</b>                         |                        |           |            |
| U.S. federal                            | \$ 1,031               | \$ 11,896 | \$ 1,813   |
| U.S. state and local                    | (1,064)                | 2,665     | (217)      |
| Non-U.S.                                | (4,569)                | (5,371)   | (3,874)    |
| Total deferred taxes                    | \$ (4,602)             | \$ 9,190  | \$ (2,278) |
| <i>Total provision for income taxes</i> | \$ 68,027              | \$ 54,196 | \$ 69,175  |

Our effective tax rate will vary based on, among other things, changes in levels of foreign income, as well as discrete and other non-recurring events that may not be predictable. The provision for income taxes differs from the amount of income tax determined by applying the U.S. statutory federal income tax rate to income before income taxes as a result of the following recurring factors and non-recurring events, including the taxation of foreign income:

| <i>(expressed as a percentage of income before income taxes)</i> | Years ended August 31, |        |                      |
|--|------------------------|--------|----------------------|
|  | 2021                   | 2020   | 2019                 |
| Tax at U.S. Federal statutory tax rate                           | 21.0 %                 | 21.0 % | 21.0 %               |
| Increase (decrease) in taxes resulting from:                     |                        |        |                      |
| State and local taxes, net of U.S. federal income tax benefit    | 2.1                    | 3.1    | 4.0                  |
| Foreign income at other than U.S. rates                          | (1.0)                  | (1.4)  | (1.4)                |
| Foreign derived intangible income ("FDII") deduction             | (1.9)                  | (1.8)  | (1.7)                |
| Income tax benefits from R&D tax credits                         | (3.9)                  | (3.8)  | (3.5)                |
| Share-based payments   | (2.2)                  | (3.7)  | (3.2)                |
| One-time transition tax from TCJA                                | —                      | —      | (0.4) <sup>(1)</sup> |
| Other, net   | 0.4                    | (0.7)  | 1.6                  |
| <i>Effective tax rate</i>  | 14.5 %                 | 12.7 % | 16.4 %               |

1. The enactment of the TCJA resulted in a \$3.4 million net benefit revision recorded during fiscal 2019 associated with finalizing the accounting for the tax effects of the TCJA during fiscal 2019.

The fiscal 2021 provision for income taxes was \$68.0 million, compared with \$54.2 million in fiscal 2020, an increase of 25.5%. The increase was primarily due to net changes in jurisdictional pre-tax book income in fiscal 2021, compared with the same period in the prior year. Additionally, the increase was driven by a \$4.4 million lower windfall tax benefit from stock-based compensation for fiscal 2021, compared with fiscal 2020, changes in tax rates in certain jurisdictions, and a lower benefit from finalizing prior year tax returns of \$1.2 million. The increase was partially offset by the impact of the true-up of certain foreign deferred tax balances, and higher research and development tax credits.

Due to the changes in taxation of undistributed foreign earnings under the TCJA, we will continue to analyze foreign subsidiary earnings, as well as global working capital requirements, and may repatriate earnings when the amounts are remitted substantially free of additional tax.

### Deferred Tax Assets and Liabilities

The significant components of deferred tax assets recorded within the Consolidated Balance Sheets were as follows:

| <i>(in thousands)</i>             | At August 31, |           |
|-----------------------------------|---------------|-----------|
|                                   | 2021          | 2020      |
| Deferred tax assets:              |               |           |
| Lease Liabilities                 | \$ 55,416     | \$ 56,280 |
| Stock-based compensation          | 22,847        | 16,341    |
| Unrealized tax loss on investment | 4,135         | 4,172     |
| Other                             | 11,199        | 8,840     |
| <i>Total deferred tax assets</i>  | \$ 93,597     | \$ 85,633 |

The significant components of deferred tax liabilities recorded within the Consolidated Balance Sheets were as follows:

| <i>(in thousands)</i>  | At August 31,     |                   |
|--|-------------------|-------------------|
|  | 2021              | 2020              |
| <b>Deferred tax liabilities:</b>                               |                   |                   |
| Depreciation on property, equipment and leasehold improvements | \$ 17,133         | \$ 15,291         |
| Purchased intangible assets, including acquired technology     | 44,773            | 43,088            |
| Lease right-of-use assets                                      | 43,904            | 45,344            |
| Other  | 289               | 1,623             |
| <i>Total deferred tax liabilities</i>                          | <i>\$ 106,099</i> | <i>\$ 105,346</i> |

### **Unrecognized Tax Positions**

Applicable accounting guidance prescribes a comprehensive model for the financial statement recognition, measurement, classification and disclosure of uncertain tax positions that a company has taken or expects to take on a tax return. We recognize the financial effect of an income tax position only if it is more likely than not (greater than 50%) that the tax position will be sustained based on its technical merits of the tax position. Otherwise, no benefit or expense can be recognized in the Consolidated Financial Statements. The tax benefits recognized are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon effective settlement with a taxing authority. Additionally, we accrue interest on all tax exposures for which reserves have been established consistent with jurisdictional tax laws.

The determination of liabilities related to unrecognized tax benefits, including associated interest and penalties, requires significant estimates. There can be no assurance that we will accurately predict the audit outcomes, however, we have no reason to believe that such audits will result in the payment of additional taxes and/or penalties that would have a material adverse effect on our results of operations or financial position, beyond current estimates. For this reason and due to ongoing audits by multiple tax authorities, we will regularly engage in discussions and negotiations with tax authorities regarding tax matters in various jurisdictions. We adjust these reserves in light of changing facts and circumstances, such as the closing of a tax audit or the refinement of an estimate. To the extent that the final outcome of these matters is different than the amounts recorded, such differences will affect the provision for income taxes in the period in which such determination is made. We do not currently anticipate that the total amounts of unrecognized tax benefits will significantly change within the next 12 months.

We classify the liability for unrecognized tax benefits as Taxes Payable (non-current) and to the extent that we anticipate payment of cash within one year, the benefit will be classified as Taxes Payable (current). Additionally, we accrue interest on all tax exposures for which reserves have been established consistent with jurisdictional tax laws. This interest is classified as income tax expense in the financial statements. As of August 31, 2021, we had gross unrecognized tax benefits totaling \$14.9 million, including \$1.3 million of accrued interest, recorded as Taxes Payable (non-current) within the Consolidated Balance Sheets.

The following table summarizes the changes in the balance of gross unrecognized tax benefits:

(in thousands)

|  |    |         |
|--|----|---------|
| Unrecognized income tax benefits at August 31, 2018          | \$ | 9,223   |
| Additions based on tax positions related to the current year |    | 3,133   |
| Additions for tax positions of prior years                   |    | 507     |
| Statute of limitations lapse                                 |    | (1,979) |
| Unrecognized income tax benefits at August 31, 2019          | \$ | 10,884  |
| Additions based on tax positions related to the current year |    | 3,533   |
| Release for tax positions of prior years                     |    | (2,086) |
| Unrecognized income tax benefits at August 31, 2020          | \$ | 12,331  |
| Additions based on tax positions related to the current year |    | 4,259   |
| Release for tax positions of prior years                     |    | (1,720) |
| Unrecognized income tax benefits at August 31, 2021          | \$ | 14,870  |

In the normal course of business, our tax filings are subject to audit by federal, state and foreign tax authorities. At August 31, 2021, we remained subject to examination in the following major tax jurisdictions for the tax years as indicated below:

| Major Tax Jurisdictions | Open Tax Years |         |      |
|-------------------------|----------------|---------|------|
| <b>U.S.</b>             |                |         |      |
| Federal                 | 2018           | through | 2020 |
| State (various)         | 2018           | through | 2020 |
| <b>Europe</b>           |                |         |      |
| United Kingdom          | 2018           | through | 2020 |
| France                  | 2018           | through | 2020 |
| Germany                 | 2017           | through | 2020 |

## 12. LEASES

On September 1, 2019, we adopted ASC 842, *Leases* ("ASC 842"). As part of this adoption, we elected to not record operating lease right-of-use assets or operating lease liabilities for leases with an initial term of 12 months or less. We elected the practical expedient not to separate lease components from non-lease components but, rather, to combine them into one single lease component, which we recognize over the expected term on a straight-line expense basis in occupancy costs (a component of SG&A expense). We review new arrangements at inception to evaluate whether we obtain substantially all the economic benefits of and have the right to control the use of an asset.

Our lease portfolio is primarily related to our office space, under various operating lease agreements. Our lease ROU assets and lease liabilities are recognized based on the present value of future minimum lease payments at lease commencement (which includes fixed lease payments and certain qualifying index-based variable payments) over the reasonably certain lease term, leveraging an estimated IBR. Certain adjustments to our lease ROU assets may be required for items such as initial direct costs paid or incentives received.

As of August 31, 2021, we recognized \$239.1 million of Lease right-of-use assets, net and \$291.6 million of combined Current and Long-term lease liabilities in the Consolidated Balance Sheets. Such leases have a remaining lease term ranging from less than one year to just over 14 years and did not include any renewal or termination options that were not yet reasonably certain to be exercised.

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The following table reconciles our future undiscounted cash flows related to our operating leases and the reconciliation to the Current and Long-term lease liabilities as of August 31, 2021:

| (in thousands)                |           | Minimum Lease<br>Payments |
|-------------------------------|-----------|---------------------------|
| Fiscal Years Ended August 31, |           |                           |
| 2022                          | \$        | 43,177                    |
| 2023                          |           | 39,892                    |
| 2024                          |           | 38,050                    |
| 2025                          |           | 36,203                    |
| 2026                          |           | 35,541                    |
| Thereafter                    |           | 161,849                   |
| <b>Total</b>                  |           | <b>354,712</b>            |
| Imputed Interest              |           | 63,156                    |
| <b>Present Value</b>          | <b>\$</b> | <b>291,556</b>            |

(in thousands)

The components of lease cost related to the operating leases were as follows:

| (in millions)                     |    | At August 31, |         |
|-----------------------------------|----|---------------|---------|
|                                   |    | 2021          | 2020    |
| Operating lease cost <sup>1</sup> | \$ | 42.8          | \$ 43.0 |
| Variable lease cost <sup>2</sup>  | \$ | 14.6          | \$ 17.9 |

1. Operating lease costs included costs associated with fixed lease payments and index-based variable payments that qualified for lease accounting under ASC 842, Leases and complied with the practical expedients and exceptions elected by us.
2. Variable lease costs were not included in the measurement of lease liabilities. These costs primarily included variable non-lease costs and leases that qualified for the short-term lease exception. Our variable non-lease costs included costs that were not fixed at the lease commencement date and are not dependent on an index or rate. These costs relate to utilities, real estate taxes, insurance and maintenance.

The following table summarizes our lease term and discount rate assumptions related to the operating leases recorded on the Consolidated Balance Sheets:

|  | At August 31, |       |  |
|--|---------------|-------|--|
|  | 2021          | 2020  |  |
| Weighted average remaining lease term (in years) | 9.4           | 10.1  |  |
| Weighted average discount rate (IBR)             | 4.3 %         | 4.2 % |  |

The following table summarizes supplemental cash flow information related to our operating leases:

| (in millions)  |    | At August 31, |         |
|--|----|---------------|---------|
|  |    | 2021          | 2020    |
| Cash paid for amounts included in the measurement of lease liabilities | \$ | 42.1          | \$ 39.7 |
| Lease ROU assets obtained in exchange for lease liabilities            | \$ | 5.7           | \$ 43.7 |

### 13. DEBT

Our debt obligations consisted of the following:

| <i>(in thousands)</i>                              | At August 31, |            |
|--|---------------|------------|
|  | 2021          | 2020       |
| 2019 Revolving Credit Facility                     | \$ 575,000    | \$ 575,000 |
| 2019 Revolving Credit Facility debt issuance costs | (465)         | (646)      |
| Long-term debt                                     | \$ 574,535    | \$ 574,354 |

#### 2019 Credit Agreement

On March 29, 2019, we entered into a credit agreement, as the borrower, with PNC Bank, National Association ("PNC"), as the administrative agent and lender (the "2019 Credit Agreement"). The 2019 Credit Agreement provides for a \$750.0 million revolving credit facility (the "2019 Revolving Credit Facility"). We may request borrowings under the 2019 Revolving Credit Facility until its maturity date of March 29, 2024. The 2019 Credit Agreement also allows us, subject to certain requirements, to arrange for additional borrowings with PNC for an aggregate amount up to \$500.0 million, provided that any such request for additional borrowings must be in a minimum amount of \$25.0 million.

We borrowed \$575.0 million of the available \$750.0 million provided by the 2019 Revolving Credit Facility, resulting in \$175.0 million available to be withdrawn. We are required to pay a commitment fee using a pricing grid currently at 0.10% based on the daily amount by which the available balance in the 2019 Revolving Credit Facility exceeds the borrowed amount. All outstanding loan amounts are reported as Long-term debt within the Consolidated Balance Sheets at August 31, 2021. The principal balance is payable in full on the maturity date.

Borrowings under the 2019 Revolving Credit Facility bear interest on the outstanding principal amount at a rate equal to the daily LIBOR plus a spread using a debt leverage pricing grid, currently at 0.875%. During fiscal 2021 and 2020, we recorded interest expense on our outstanding debt, including the amortization of debt issuance costs, net of the effects of the interest rate swap agreement of \$8.1 million and \$12.9 million, respectively. Including the effects of the interest rate swap agreement, the year-to-date weighted average interest rate on amounts outstanding under our 2019 Revolving Credit Facility was 1.38% and 2.20% as of August 31, 2021 and August 31, 2020, respectively. Refer to Note 6, Derivative Instruments for further discussion on the interest rate swap agreement. Interest on the loan outstanding under the 2019 Revolving Credit Facility is payable quarterly, in arrears, and on the maturity date.

During fiscal 2019, we incurred approximately \$0.9 million in debt issuance costs related to the 2019 Credit Agreement. These costs were capitalized as debt issuance costs and are amortized into interest expense ratably over the term of the 2019 Credit Agreement.

The 2019 Credit Agreement contains covenants and requirements restricting certain of our activities, which are usual and customary for this type of loan. In addition, the 2019 Credit Agreement requires that we maintain a consolidated net leverage ratio, as measured by total net funded debt/EBITDA (as defined in the 2019 Credit Agreement) below a specified level as of the end of each fiscal quarter. We were in compliance with all covenants and requirements within the 2019 Credit Agreement as of August 31, 2021.

### 14. COMMITMENTS AND CONTINGENCIES

Commitments represent obligations, such as those for future purchases of goods or services that are not yet recorded on the balance sheet as liabilities. We record liabilities for commitments when incurred (i.e., when the goods or services are received).

#### Purchase Commitments with Suppliers and Vendors

Purchase obligations represent payments due in future periods in respect of commitments to our various data vendors as well as commitments to purchase goods and services. These purchase commitments are agreements that are enforceable and legally binding on us, and they specify all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. As of August 31, 2021 and 2020, we had total purchase commitments with suppliers of \$191.9 million and \$226.0 million, respectively. We also have contractual obligations related to our lease liabilities and outstanding debt. Refer to Note 12, *Leases* and Note 13, *Debt* for information regarding lease commitments and outstanding debt obligations, respectively.

## Letters of Credit

From time to time, we are required to obtain letters of credit in the ordinary course of business. As of August 31, 2021 we had approximately \$2.8 million of standby letters of credit outstanding. These standby letters of credit utilize the same covenants included in the 2019 Credit Agreement. Refer to Note 13, *Debt* for more information on these covenants.

## Contingencies

### *Income Taxes*

Uncertain income tax positions are accounted for in accordance with applicable accounting guidance, refer to Note 11, *Income Taxes* for further details. We are currently under audit by tax authorities and have reserved for potential adjustments to our provision for income taxes that may result from examinations by, or any negotiated settlements with, these tax authorities. We believe that the final outcome of these examinations or settlements will not have a material effect on our results of operations nor our cash flows. If events occur which indicate payment of these amounts is unnecessary, the reversal of the liabilities would result in the recognition of tax benefits in the period we determine the liabilities are no longer necessary. If our estimates of the federal, state, and foreign income tax liabilities are less than the ultimate assessment, additional expense would result.

### *Legal Matters*

We accrue non-income-tax liabilities for contingencies when management believes that a loss is probable, and the amounts can be reasonably estimated. Contingent gains are recognized only when realized. We are engaged in various legal proceedings, claims and litigation that have arisen in the ordinary course of business, including employment matters, commercial and intellectual property litigation. The outcome of all the matters against us are subject to future resolution, including the uncertainties of litigation. Based on information available at August 31, 2021, our management believes that the ultimate outcome of these unresolved matters against us, individually or in the aggregate, will not have a material adverse effect on our consolidated financial position, our results of operations or our cash flows.

### *Sales Tax Matters*

On August 8, 2019, we received a Notice of Intent to Assess (the "First Notice") additional sales taxes, interest and underpayment penalties from the Commonwealth of Massachusetts Department of Revenue (the "Commonwealth") relating to the tax periods from January 1, 2006 through December 31, 2013. On July 20, 2021, we received a Notice of Intent to Assess (the "Second Notice", cumulatively with the First Notice, the "Notices") additional sales taxes, interest and underpayment penalties from the Commonwealth relating to the tax periods from January 1, 2014 through December 31, 2018. Based upon the Notices, it is the Commonwealth's intention to assess sales tax, interest and underpayment penalties on previously recorded sales transactions. We have filed an appeal to the Notices and intend to contest any such assessment, if assessed. We continue to cooperate with the Commonwealth's inquiry with respect to the Notices.

On August 10, 2021, we received a letter (the "Letter") from the Commonwealth relating to the tax periods from January 1, 2019 through June 30, 2021, requesting additional sales information to determine if a notice of intent to assess should be issued to FactSet with respect to these tax periods. Based upon a preliminary review of the Letter, we believe the Commonwealth might seek to assess sales tax, interest and underpayment penalties on previously recorded sales transactions. We are cooperating with the Commonwealth's inquiry with respect to the Letter.

Due to the uncertainty surrounding the assessment process for both the Notices and Letter, we are unable to reasonably estimate the ultimate outcome of these matters and, as such, have not recorded a liability for any of these matters as of August 31, 2021. We believe that we will ultimately prevail if we are presented with a formal assessment for any of these matters; however, if we do not prevail, the amount of any assessment could have a material impact on our consolidated financial position, results of operations and cash flows.

### *Indemnifications*

As permitted or required under Delaware law and to the maximum extent allowable under that law, we have certain obligations to indemnify our current and former officers and directors for certain events or occurrences while the officer or director is, or was serving, at our request in such capacity. These indemnification obligations are valid as long as the director or officer acted in good faith and in a manner the person reasonably believed to be in, or not opposed to, the best interests of FactSet, and with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The maximum potential amount of future payments we could be required to make under these indemnification obligations is unlimited; however, we have a director and officer insurance policy that we believe mitigates our exposure and may enable us

to recover a portion of any future amounts paid. We believe the estimated fair value of these indemnification obligations is immaterial.

## 15. STOCKHOLDERS' EQUITY

Shares of common stock outstanding were as follows:

| <i>(in thousands)</i>  | Years ended August 31, |        |        |
|--|------------------------|--------|--------|
|  | 2021                   | 2020   | 2019   |
| Balance, beginning of year at September 1, 2020, 2019 and 2018, respectively | 38,030                 | 38,118 | 38,193 |
| Common stock issued for employee stock plans                                 | 395                    | 663    | 839    |
| Repurchase of common stock from employees <sup>(1)</sup>                     | (13)                   | (12)   | (32)   |
| Repurchase of common stock under the share repurchase program                | (797)                  | (739)  | (882)  |
| Balance, end of year at August 31, 2021, 2020, and 2019 respectively         | 37,615                 | 38,030 | 38,118 |

<sup>(1)</sup> For fiscal years 2021, 2020 and 2019, we repurchased 12,932, 11,945 and 31,644 shares, or \$4.3 million, \$3.5 million and \$7.2 million, of common stock, respectively, primarily to satisfy tax withholding obligations due upon the vesting of stock-based awards.

### Share Repurchase Program

Under our share repurchase program, we may repurchase shares of our common stock from time-to-time in the open market and privately negotiated transactions, subject to market conditions. For the year ended August 31, 2021, we repurchased 0.8 million shares for \$264.7 million compared with 0.7 million shares for \$199.6 million for the year ended August 31, 2020.

On March 23, 2021, our Board of Directors approved a \$205.6 million increase to our existing share repurchase program. As of August 31, 2021, a total of \$199.9 million remained authorized for future share repurchases under this program. It is expected that share repurchases will be paid using existing and future cash generated by operations.

### Restricted Stock

Restricted stock awards entitle the holders to receive shares of common stock as the awards vest over time. For the year ended August 31, 2021, 34,607 shares of previously granted restricted stock vested and were included in common stock outstanding as of August 31, 2021 (recorded net of 12,932 shares repurchased from employees at a cost of \$4.3 million to cover their cost of taxes upon vesting of the restricted stock). For the year ended August 31, 2020, 32,996 shares of previously granted restricted stock vested and were included in common stock outstanding as of August 31, 2020 (recorded net of 11,945 shares repurchased from employees at a cost of \$3.5 million to cover their cost of taxes upon vesting of the restricted stock).



## Dividends

Our Board of Directors declared dividends on our common stock for the full years ended August 31, 2021 and August 31, 2020 as follows:

| Year Ended         | Dividends per Share of Common Stock | Record Date       | Total amount (in thousands) | Payment Date       |
|--------------------|-------------------------------------|-------------------|-----------------------------|--------------------|
| <b>Fiscal 2021</b> |                                     |                   |                             |                    |
| First Quarter      | \$ 0.77                             | November 30, 2020 | \$ 29,266                   | December 17, 2020  |
| Second Quarter     | \$ 0.77                             | February 26, 2021 | \$ 29,141                   | March 18, 2021     |
| Third Quarter      | \$ 0.82                             | May 31, 2021      | \$ 30,972                   | June 17, 2021      |
| Fourth Quarter     | \$ 0.82                             | August 31, 2021   | \$ 30,845                   | September 16, 2021 |
| <b>Fiscal 2020</b> |                                     |                   |                             |                    |
| First Quarter      | \$ 0.72                             | November 29, 2019 | \$ 27,291                   | December 19, 2019  |
| Second Quarter     | \$ 0.72                             | February 28, 2020 | \$ 27,251                   | March 19, 2020     |
| Third Quarter      | \$ 0.77                             | May 29, 2020      | \$ 29,188                   | June 18, 2020      |
| Fourth Quarter     | \$ 0.77                             | August 31, 2020   | \$ 29,283                   | September 17, 2020 |

Future cash dividend payments will depend on our earnings, capital requirements, financial condition and other factors considered relevant by us and are subject to final determination by our Board of Directors.

On May 5, 2021, our Board of Directors approved a 6.5% increase in the regular quarterly dividend from \$0.77 to \$0.82 per share.

## Accumulated Other Comprehensive Loss

The components of AOCL are as follows:

| (in thousands)  | August 31, 2021    | August 31, 2020    |
|---|--------------------|--------------------|
| Accumulated unrealized losses on cash flow hedges, net of tax | \$ (2,095)         | \$ (1,591)         |
| Accumulated foreign currency translation adjustments          | (36,867)           | (37,702)           |
| <b>Total AOCL</b>   | <b>\$ (38,962)</b> | <b>\$ (39,293)</b> |

## 16. EARNINGS PER SHARE

A reconciliation of the weighted average shares outstanding used in the basic and diluted earnings per share ("EPS") computations.

| (in thousands, except per share data))   | Twelve Months Ended |                 |            |
|--|---------------------|-----------------|------------|
|  | 2021                | August 31, 2020 | 2019       |
| <b>Numerator</b>   |                     |                 |            |
| Net income used for calculating basic and diluted income per share               | \$ 399,590          | \$ 372,938      | \$ 352,790 |
| <b>Denominator</b>   |                     |                 |            |
| Weighted average common shares used in the calculation of basic income per share | 37,856              | 37,936          | 38,144     |
| Common stock equivalents associated with stock-based compensation plan           | 714                 | 710             | 729        |
| Shares used in the calculation of diluted income per share                       | 38,570              | 38,646          | 38,873     |
| Basic income per share   | \$ 10.56            | \$ 9.83         | \$ 9.25    |
| Diluted income per share   | \$ 10.36            | \$ 9.65         | \$ 9.08    |

Dilutive potential common shares consist of stock options and unvested performance-based awards. There were 1,750 stock options excluded from the calculation of diluted EPS as of August 31, 2021 and 2020, because their inclusion would have been anti-dilutive.

Performance-based awards are omitted from the calculation of diluted EPS until it is determined that the performance criteria has been met at the end of the reporting period. As of August 31, 2021, there were 68,990 performance-based awards excluded from the calculation of diluted EPS. As of August 31, 2020 there were 35,666 performance-based awards excluded from the calculation of diluted EPS.

## 17. STOCK-BASED COMPENSATION

We recognized total stock-based compensation expense of \$45.1 million, \$36.6 million and \$32.4 million in fiscal 2021, 2020 and 2019, respectively. As of August 31, 2021, \$89.8 million of total unrecognized compensation expense related to non-vested awards is expected to be recognized over a weighted average period of 2.9 years. There was no stock-based compensation capitalized as of August 31, 2021 and 2020, respectively.

### Stock Option Awards

A summary of stock option activity is as follows:

|  | Number<br>Outstanding | Weighted Average<br>Exercise Price Per<br>Share | Aggregate Intrinsic<br>Value | Weighted Average<br>Remaining Contractual<br>Life (years) |
|--|-----------------------|---|------------------------------|---|
| Outstanding as of August 31, 2018                    | 3,143                 | \$ 153.05                                       |                              |   |
| Granted – non-performance-based                      | 482                   | \$ 224.35                                       |                              |   |
| Granted – non-employee Directors grant               | 20                    | \$ 207.88                                       |                              |   |
| Exercised  | (705)                 | \$ 137.61                                       |                              |   |
| Forfeited  | (416)                 | \$ 170.54                                       |                              |   |
| Outstanding as of August 31, 2019                    | 2,524                 | \$ 168.50                                       |                              |   |
| Granted – non-performance-based                      | 424                   | \$ 256.43                                       |                              |   |
| Granted – non-employee Directors grant               | 16                    | \$ 271.51                                       |                              |   |
| Exercised  | (588)                 | \$ 145.54                                       |                              |   |
| Forfeited  | (122)                 | \$ 218.36                                       |                              |   |
| Outstanding as of August 31, 2020                    | 2,254                 | \$ 189.32                                       |                              |   |
| Granted – non-performance-based                      | 418                   | \$ 317.17                                       |                              |   |
| Granted – non-employee Directors grant               | 12                    | \$ 318.20                                       |                              |   |
| Exercised  | (322)                 | \$ 166.36                                       |                              |   |
| Forfeited  | (85)                  | \$ 237.23                                       |                              |   |
| Outstanding as of August 31, 2021                    | 2,277                 | \$ 214.89                                       | \$ 161.9                     | 6.4   |
| Options vested and exercisable as of August 31, 2021 | 1,019                 | \$ 170.25                                       | \$ 214.0                     | 4.9   |
| Options expected to vest as of August 31, 2021       | 1,148                 | \$ 248.91                                       | \$ 150.8                     | 7.6   |

The aggregate intrinsic value represents the difference between our closing stock price as of August 31, 2021 of \$380.22 and the exercise price, multiplied by the number of options exercisable as of that date.

The total pre-tax intrinsic value of stock options exercised during fiscal 2021, 2020 and 2019 was \$54.3 million, \$85.0 million and \$73.0 million, respectively.

**Employee Stock Option Awards**

During the twelve months ended August 31, 2021, we granted 417,546 stock options under the FactSet Research Systems Inc. Stock Option and Award Plan as Amended and Restated (the "LTIP") with a weighted average exercise price of \$317.17 to existing employees of FactSet, using the lattice-binomial option-pricing model. The majority of the stock options granted during the twelve months ended August 31, 2021 are related to the annual employee grant on November 9, 2020 under the LTIP. The stock option awards granted on November 9, 2020 vest 20% annually on the anniversary date of the grant and are fully vested after five years, expiring ten years from the date of grant.

*Employee Stock Option Fair Value Determinations*

We utilize the lattice-binomial option-pricing model ("binomial model") to estimate the fair value of new employee stock option grants. The binomial model is affected by our stock price, as well as, assumptions regarding several variables, which include, but are not limited to our expected stock price volatility over the term of the awards, interest rates, option forfeitures and employee stock option exercise behaviors, to determine the grant date stock option award fair value.

The weighted average estimated fair value of employee stock options granted during fiscal 2021, 2020 and 2019 was determined using the binomial model with the following weighted average assumptions:

*(Weighted average assumptions)*

|  | 2021           | 2020           | 2019           |
|--|----------------|----------------|----------------|
| Term structure of risk-free interest rate    | 0.04 % — 1.67% | 0.10 % — 1.79% | 1.28 % — 3.14% |
| Expected life (years)                        | 7.1 — 7.1      | 7.2 — 7.2      | 7.1 — 7.1      |
| Term structure of volatility                 | 26 % — 27%     | 25 % — 25%     | 18 % — 29%     |
| Dividend yield                               | 0.12%          | 1.09%          | 1.15%          |
| Weighted average estimated fair value        | \$78.31        | \$60.33        | \$57.12        |
| Weighted average exercise price              | \$317.17       | \$256.43       | \$224.35       |
| Fair value as a percentage of exercise price | 24.7%          | 23.5%          | 25.5%          |

The risk-free interest rate assumption for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant. Expected volatility is based on a combination of historical volatility of our stock and implied volatilities of publicly traded options to buy FactSet common stock with contractual terms closest to the expected life of options granted to employees. The approach to utilize a mix of historical and implied volatility was based upon the availability of actively traded options on our stock and our assessment that a combination of implied volatility and historical volatility is best representative of future stock price trends. We use historical data to estimate option exercises and employee termination within the valuation model. The dividend yield assumption is based on our history and expectation of dividend payouts. The expected life of employee stock options represents the weighted average period the stock options are expected to remain outstanding and is a derived output of the binomial model. The binomial model estimates employees exercise behavior based on the option's remaining vested life and the extent to which the option is in-the-money. The binomial model estimates the probability of exercise as a function of these two variables based on the entire history of exercises and cancellations of all past option grants made by us.

**Non-Employee Directors' Stock Option Awards**

The FactSet Research Systems Inc. Non-Employee Directors' Stock Option and Award Plan as Amended and Restated (the "Director Plan") provides for the grant of share-based awards, including stock options, to non-employee directors of FactSet. The expiration date of the Director Plan is December 19, 2027. The non-qualified stock options granted to directors vest 100% after three years on the anniversary date of the grant and expire seven years from the date the options were granted. As of August 31, 2021, shares available for future grant under the Director Plan was 237,749.

*Non-Employee Director Stock Option Fair Value Determinations*

We utilize the Black-Scholes model to estimate the fair value of new non-employee Director stock option grants. The Black-Scholes model is affected by our stock price, as well as, assumptions regarding several variables, which include, but are not limited to, our expected stock price volatility over the term of the awards, interest rates, option forfeitures and employee stock option exercise behaviors, to determine the grant date stock-based payment award fair value.

On January 15, 2021, January 15, 2020 and January 15, 2019, we granted 12,137, 16,080, and 20,576 stock options, respectively, to our non-employee Directors using the weighted average fair values, based on the following weighted average assumptions used in the Black-Scholes option-pricing model:

(Weighted average assumptions)

|                         | Years ended August 31, |          |          |
|-------------------------|------------------------|----------|----------|
|                         | 2021                   | 2020     | 2019     |
| Fair value              | \$ 82.01               | \$ 54.74 | \$ 42.77 |
| Risk-free interest rate | 0.77 %                 | 1.64 %   | 2.51 %   |
| Expected life (years)   | 6.9                    | 5.4      | 5.4      |
| Expected volatility     | 27.2 %                 | 22.0 %   | 20.5 %   |
| Dividend yield          | 0.93 %                 | 1.11 %   | 1.17 %   |

### Restricted Stock Units

Our LTIP provides for the grant of share-based awards, including awards of restricted stock units ("RSUs") and performance share units ("PSUs"; RSUs and PSUs, collectively, "Restricted Stock Awards"). The Restricted Stock Awards are subject to continued employment over a specified period. The Restricted Stock Awards granted to employees entitle the holders to shares of common stock as the Restricted Stock Awards vest over time, but not to dividends declared on the underlying shares, while the stock subject to the Restricted Stock Awards is unvested. Vesting of the shares underlying the PSUs are also subject to achieving certain specified performance levels during the measurement period subsequent to the date of grant.

The grant date fair value of Restricted Stock Awards is measured by reducing the grant date price of our common stock by the present value of the dividends expected to be paid on the underlying stock during the requisite service period, discounted at the appropriate risk-free interest rate. The expense associated with Restricted Stock Awards is amortized over the vesting period.

As of August 31, 2021, a total of 196,621 shares underlying Restricted Stock Awards were unvested and outstanding, which results in unamortized stock-based compensation of \$37.8 million to be recognized as stock-based compensation expense over the remaining vesting period of 2.6 years.

A summary of Stock Award activity is as follows:

| (in thousands, except per award data)               | Number Outstanding | Weighted Average Grant Date Fair Value Per Award |
|---|--------------------|--|
| Balance at August 31, 2018                          | 143 \$             | 139.34   |
| Granted - RSUs <sup>(1)</sup>                       | 73 \$              | 239.03   |
| Vested - RSUs                                       | (85) \$            | 125.04   |
| Forfeited   | (7) \$             | 181.32   |
| Balance at August 31, 2019                          | 124 \$             | 205.47   |
| Granted - Restricted Stock Awards <sup>(1)(2)</sup> | 74 \$              | 252.17   |
| Vested - RSUs                                       | (33) \$            | 197.37   |
| Forfeited   | (19) \$            | 198.53   |
| Balance at August 31, 2020                          | 146 \$             | 231.55   |
| Granted - Restricted Stock Awards <sup>(1)(2)</sup> | 99 \$              | 312.86   |
| Vested - Restricted Stock Awards                    | (35) \$            | 208.67   |
| Forfeited   | (13) \$            | 267.23   |
| Balance at August 31, 2021                          | 197 \$             | 274.1  |

(1) Each Restricted Stock Award granted is equivalent to 2.5 shares granted under the LTIP.

(2) During the fiscal year ended August 31, 2021 we granted 62,960 RSUs and 36,424 PSUs, During the fiscal year ended August 31, 2020 we granted 36,709 RSUs and 36,888 PSUs.

## Performance-based Equity Awards

Performance-based equity awards require management to make assumptions regarding the likelihood of achieving our performance targets. The number of performance-based awards that vest will be predicated on us achieving performance levels during the measurement period subsequent to the date of grant. Dependent on the financial performance levels attained, a percentage of the performance-based awards will vest to the grantees. However, there is no current guarantee that such awards will vest in whole or in part.

## Share-based Awards Available for Grant

A summary of share-based awards available for grant is as follows:

| <i>(in thousands)</i>                         | Share-based Awards<br>Available for Grant under the<br>Employee Stock Option Plan | Share-based Awards<br>Available for Grant under the<br>Non-Employee Stock Option Plan |
|---|---|---|
| Balance at August 31, 2018                    | 6,298   | 282   |
| Granted – non-performance-based options       | (481)   | —   |
| Granted – non-employee Directors options      | —   | (20)  |
| Granted – RSUs <sup>(1)</sup>                 | (183)   | —   |
| Forfeited - Share-based awards <sup>(2)</sup> | 433   | 2   |
| Balance at August 31, 2019                    | 6,067   | 264   |
| Granted – non-performance-based options       | (424)   | —   |
| Granted – non-employee Directors options      | —   | (16)  |
| Granted – RSUs <sup>(1)</sup>                 | (93)  | —   |
| Granted – PSUs <sup>(1)</sup>                 | (91)  | —   |
| Forfeited – Share-based awards <sup>(2)</sup> | 167   | 2   |
| Balance at August 31, 2020                    | 5,626   | 250   |
| Granted – non-performance-based options       | (418)   | —   |
| Granted – non-employee Directors options      | —   | (12)  |
| Granted – RSUs <sup>(1)</sup>                 | (157)   | —   |
| Granted – PSUs <sup>(1)</sup>                 | (91)  | —   |
| Forfeited – Share-based awards <sup>(2)</sup> | 120   | —   |
| Balance at August 31, 2021                    | 5,080   | 238   |

<sup>(1)</sup> Each Restricted Stock Award granted is equivalent to 2.5 shares granted under the LTIP.

<sup>(2)</sup> Under the LTIP, for each Restricted Stock Award canceled/forfeited, an equivalent of 2.5 shares is added back to the available share-based awards balance.

## Employee Stock Purchase Plan

Shares of FactSet common stock may be purchased by eligible employees under the FactSet Research Systems Inc. Employee Stock Purchase Plan, as Amended and Restated (the "ESPP") in three-month intervals. The purchase price is equal to 85% of the lesser of the fair market value of our common stock on the first day or the last day of each three-month offering period. Employee purchases may not exceed 10% of their gross compensation and there is a \$25,000 contribution limit per employee during an offering period. Dividends paid on shares held in the ESPP are used to purchase additional ESPP shares at the market price on the dividend payment date.

During fiscal 2021, employees purchased 38,848 shares at a weighted average price of \$273.59 compared with 42,606 shares at a weighted average price of \$234.41 in fiscal 2020 and 48,532 shares at a weighted average price of \$205.64 in fiscal 2019. Stock-based compensation expense recorded during fiscal 2021, 2020 and 2019 relating to the ESPP was \$2.0 million, \$2.1 million and \$2.0 million, respectively. At August 31, 2021, the ESPP had 138,956 shares reserved for future issuance.

We use the Black-Scholes model to calculate the estimated fair value for the ESPP shares. The weighted average estimated fair value of the ESPP shares during fiscal years 2021, 2020 and 2019, was \$54.00, \$50.69 and \$41.06 per share, respectively, with the following weighted average assumptions:

*(Weighted average assumptions)*

|                         | 2021    | 2020    | 2019    |
|-------------------------|---------|---------|---------|
| Risk-free interest rate | 0.26 %  | 0.95 %  | 2.33 %  |
| Expected life (months)  | 3       | 3       | 3       |
| Expected volatility     | 11.69 % | 20.04 % | 10.89 % |
| Dividend yield          | 1.00 %  | 1.08 %  | 1.12 %  |

## 18. EMPLOYEE BENEFIT PLANS

### Defined Contribution Plan

We established our 401(k) Plan in fiscal 1993. The 401(k) Plan is a defined contribution plan covering all full-time, U.S. employees of FactSet and is subject to the provisions of the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code of 1986 ("IRC"). Each year, participants may contribute up to 60% of their eligible annual compensation, subject to annual limitations established by the IRC. We matched up to 4% of employees' earnings, capped at the Internal Revenue Service annual maximum. Company matching contributions are subject to a five-year graduated vesting schedule. All full-time, U.S. employees are eligible for the matching contribution by FactSet. We contributed \$11.6 million, \$11.3 million, and \$10.9 million in matching contributions to employee 401(k) accounts during fiscal 2021, 2020 and 2019, respectively.

## 19. SEGMENT INFORMATION

Operating segments are defined as components of an enterprise that have the following characteristics: (i) they engage in business activities from which they may earn revenue and incur expense, (ii) their operating results are regularly reviewed by the chief operating decision maker ("CODM") for resource allocation decisions and performance assessment, and (iii) their discrete financial information is available. At FactSet, our Chief Executive Officer functions as our CODM.

Our operating segments are consistent with our reportable segments and are how we, including our CODM, manage our business and the geographic markets in which we serve. Our internal financial reporting structure is based on three segments: the Americas; EMEA; and Asia Pacific. Within each of the segments, we primarily deliver insight and information through four workflow solutions: Research; Analytics & Trading; Content & Technology Solutions ("CTS"); and Wealth. Commencing with the our 2022 fiscal year, we have reorganized our workflows into three solutions: Research & Advisory; Analytics & Trading; and CTS, to better align our products and go-to-market strategy. These workflow solutions provide global financial and economic information to asset managers, investment banks and other financial services professionals.

The Americas segment serves our clients throughout North, Central, and South America. The EMEA segment serves our clients in Europe, the Middle East, and Africa. The Asia Pacific segment serves our clients in Asia and Australia. Segment revenue reflects sales to clients based in these respective geographic locations.

Each segment records expenses related to its individual operations with the exception of expenditures associated with our data centers, third-party data costs and corporate headquarters charges, which are recorded by the Americas segment and are not allocated to the other segments. The content collection centers, located in India, the Philippines, and Latvia, benefit all our segments and the expenses incurred at these locations are allocated to each segment based on a percentage of revenue.

The following tables reflect the results of operations of our segments:

(in thousands)

| Year Ended August 31, 2021    | Americas     | EMEA       | Asia Pacific | Total        |
|-------------------------------|--------------|------------|--------------|--------------|
| Revenue                       | \$ 1,008,046 | \$ 427,700 | \$ 155,699   | \$ 1,591,445 |
| Operating income              | \$ 218,180   | \$ 159,704 | \$ 96,157    | \$ 474,041   |
| Depreciation and amortization | \$ 39,415    | \$ 14,847  | \$ 10,214    | \$ 64,476    |
| Stock-based compensation      | \$ 35,113    | \$ 8,401   | \$ 1,551     | \$ 45,065    |
| Capital expenditures          | \$ 38,146    | \$ 1,424   | \$ 21,755    | \$ 61,325    |
| Year Ended August 31, 2020    | Americas     | EMEA       | Asia Pacific | Total        |
| Revenue                       | \$ 943,649   | \$ 406,498 | \$ 143,964   | \$ 1,494,111 |
| Operating income              | \$ 182,037   | \$ 165,317 | \$ 92,306    | \$ 439,660   |
| Depreciation and amortization | \$ 36,128    | \$ 14,338  | \$ 7,148     | \$ 57,614    |
| Stock-based compensation      | \$ 28,780    | \$ 6,576   | \$ 1,223     | \$ 36,579    |
| Capital expenditures          | \$ 60,204    | \$ 2,079   | \$ 15,359    | \$ 77,642    |
| Year Ended August 31, 2019    | Americas     | EMEA       | Asia Pacific | Total        |
| Revenue                       | \$ 885,854   | \$ 420,884 | \$ 128,613   | \$ 1,435,351 |
| Operating income              | \$ 171,237   | \$ 191,230 | \$ 75,568    | \$ 438,035   |
| Depreciation and amortization | \$ 40,018    | \$ 14,703  | \$ 5,742     | \$ 60,463    |
| Stock-based compensation      | \$ 26,152    | \$ 5,320   | \$ 928       | \$ 32,400    |
| Capital expenditures          | \$ 43,647    | \$ 2,595   | \$ 13,128    | \$ 59,370    |

### Segment Total Assets

The following table reflects the total assets for our segments:

| (in thousands)        | As of August 31, |              |
|-----------------------|------------------|--------------|
|                       | 2021             | 2020         |
| <b>Segment Assets</b> |                  |              |
| Americas              | \$ 1,144,693     | \$ 1,111,600 |
| EMEA                  | 842,652          | 757,524      |
| Asia Pacific          | 237,595          | 214,264      |
| <i>Total assets</i>   | \$ 2,224,940     | \$ 2,083,388 |

### Geographic Information

The following tables reflect our revenues and long-lived assets, split geographically by our country of domicile (the United States) and other countries where major subsidiaries are domiciled.

### Geographic Revenue

The following table sets forth revenue by geography, attributed to countries based on the location of the client:

| (in thousands)           | Years ended August 31, |                     |                     |
|--------------------------|------------------------|---------------------|---------------------|
|                          | 2021                   | 2020                | 2019                |
| <b>Revenues</b>          |                        |                     |                     |
| United States            | \$ 952,423             | \$ 898,609          | \$ 846,362          |
| United Kingdom           | 190,044                | 179,966             | 166,944             |
| Other European Countries | 237,656                | 226,532             | 253,940             |
| All Other Countries      | 211,322                | 189,004             | 168,105             |
| <i>Total revenue</i>     | <i>\$ 1,591,445</i>    | <i>\$ 1,494,111</i> | <i>\$ 1,435,351</i> |

### Geographic Long-Lived Assets

The following table sets forth long-lived assets by geographic area. Long-lived assets consist of Property, equipment and leasehold improvements, net and Lease right-of-use assets, net and excludes goodwill, intangible assets, deferred taxes and other assets.

| (in thousands)                 | At August 31,     |                   |
|--------------------------------|-------------------|-------------------|
|                                | 2021              | 2020              |
| <b>Long-lived Assets</b>       |                   |                   |
| United States                  | \$ 179,864        | \$ 205,929        |
| Philippines                    | 80,320            | 53,124            |
| India                          | 36,902            | 42,923            |
| United Kingdom                 | 30,976            | 32,184            |
| All Other Countries            | 42,379            | 47,871            |
| <i>Total long-lived assets</i> | <i>\$ 370,441</i> | <i>\$ 382,031</i> |

## 20. RISKS AND CONCENTRATIONS OF CREDIT RISK

### Financial Risk Management

#### Foreign Currency Exchange Risk

In the normal course of business, we are exposed to foreign currency exchange risk as we conducts business outside the U.S. in several currencies including the British Pound Sterling, Euro, Indian Rupee, and Philippine Peso. Changes in the exchange rates for such currencies into U.S. dollars can affect our revenues, earnings, and the carrying values of our assets and liabilities in our consolidated balance sheet, either positively or negatively.

To manage the exposures related to the effects of foreign exchange rate fluctuations, we utilize derivative instruments (foreign currency forward contracts). The changes in fair value for these foreign currency forward contracts are initially reported as a component of AOCL and subsequently reclassified into operating expenses when the hedged exposure affects earnings.

By their nature, all derivative instruments involve, to varying degrees, elements of market and credit risk. The market risk associated with these instruments resulting from currency exchange movements is expected to offset the market risk of the underlying transactions, assets and liabilities being hedged. We do not believe there is significant risk of loss in the event of non-performance by the counterparties associated with these instruments because these transactions are executed with a major financial institutions. Further, our policy is to deal with counterparties having a minimum investment grade or better credit rating. Credit risk is managed through the continuous monitoring of exposures to such counterparties. Our primary objective in holding derivatives is to reduce the volatility of earnings associated with changes in foreign currency.

Refer to Note 6, *Derivative Instruments* for more information on our foreign currency exposures and our foreign currency forward contracts.



## **Interest Rate Risk**

### *Cash and Cash Equivalents and Investments*

The fair market value of our cash and cash equivalents and investments at August 31, 2021 was \$717.8 million. Our cash and cash equivalents consist of demand deposits and money market funds with original maturities of three months or less and are reported at fair value. We are exposed to interest rate risk through fluctuations of interest rates on our investments. As we have a restrictive investment policy, our financial exposure to fluctuations in interest rates is expected to remain low.

Refer to Note 3, *Summary of Significant Accounting Policies* for more information on our cash and cash equivalents.

### *Debt*

As of August 31, 2021, we had long term debt outstanding under the 2019 Revolving Credit Facility with a principal balance of \$575.0 million. The debt bears interest on the outstanding principle at a rate equal to LIBOR plus a spread, using a debt leverage pricing grid. The variable rate of interest on our long-term debt can expose us to interest rate volatility due to changes in LIBOR. To mitigate this exposure, on March 5, 2020, we entered into an interest rate swap agreement with a notional amount of \$287.5 million to hedge the variable interest rate obligation, effectively converting the floating interest rate to fixed for the hedged portion. Thus, we are only exposed to base interest rate risk on floating rate borrowings in excess of any amounts that are not hedged, or \$287.5 million of our outstanding principal balance. Assuming all terms of our outstanding long-term debt remained the same, a hypothetical 25 basis point change (up or down) in the one-month LIBOR would result in a \$0.7 million change in our annual interest expense.

Refer to Note 13, *Debt* for additional information regarding our outstanding debt obligations.

Current market events have not required us to modify materially or change our financial risk management strategies with respect to our exposures to foreign currency exchange risk and interest rate risk.

## **Concentrations of Credit Risk**

### *Cash equivalents*

Financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash and cash equivalents. We are exposed to credit risk for cash and cash equivalents held in financial institutions in the event of a default, to the extent that such amounts are in excess of applicable insurance limits. We have not experienced any losses from maintaining cash accounts in excess of such limits. We do not believe our concentration of cash and cash equivalents present a significant credit risk as the counterparties to the instruments consist of multiple high-quality, credit-worthy financial institutions.

### *Accounts Receivable*

Our accounts receivable are subject to collection risk as they are unsecured and derived from revenue earned from clients located around the globe. We do not require collateral from our clients. We maintain reserves for potential write-offs and evaluate the adequacy of the reserves periodically. These losses have historically been within expectations. No single client represented more than 3% of our total subscription revenue in any period presented. As of August 31, 2021 and 2020, the receivable reserve was \$6.4 million and \$8.0 million, respectively.

### *Derivative Instruments*

Our use of derivative instruments exposes us to credit risk to the extent counterparties may be unable to meet the terms of their agreements. To mitigate credit risk, we limit counterparties to credit-worthy financial institutions and distribute contracts among these institutions to reduce the concentration of credit risk. We do not expect any losses as a result of default by our counterparties.

## **Concentration of Other Risk**

### *Data Content Providers*

We integrate data from various third-party sources into our hosted propriety data and analytics platform, which our clients access to perform their analyses. As certain data sources have a limited number of suppliers, we make every effort to assure that, where reasonable, alternative sources are available. We are not dependent on any individual third-party data supplier in order to meet the needs of our clients, with only two data suppliers representing more than 10% of our total data costs for the year ended August 31, 2021.

## **21. SUBSEQUENT EVENTS**

As previously announced, on October 12, 2021, we completed our acquisition of Cobalt Software, Inc. (“Cobalt”), and its subsidiaries, for approximately \$51.0 million, subject to certain post-closing adjustments. Cobalt is a leading portfolio monitoring solutions provider for the private capital industry. The acquisition of Cobalt advances our strategy to scale our data and workflow solutions and expands our private market offering. Results of Operations from Cobalt will be recognized based on geographic business activities in accordance with how our operating segments are currently aligned. We expect the majority of the Cobalt purchase price to be allocated to goodwill and acquired intangible assets.

## **ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

### **ITEM 9A. CONTROLS AND PROCEDURES**

#### **Evaluation of Disclosure Controls and Procedures**

Our management, including our principal executive officer and principal financial officer, have evaluated the effectiveness of our disclosure controls and procedures pursuant to Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of the end of the annual period covered by this report. Based on that evaluation, the principal executive officer and principal financial officer have concluded that our disclosure controls and procedures are effective as of the end of the annual period covered by this report.

#### **Changes in Internal Control over Financial Reporting**

There have been no other changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during our fourth quarter of fiscal 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

#### **Management's Report on Internal Control over Financial Reporting**

See Item 8. *Management's Report on Internal Control over Financial Reporting* of this Annual Report on Form 10-K, which is incorporated herein by reference.

#### **Report of Independent Registered Public Accounting Firm**

See Item 8. *Report of Independent Registered Public Accounting Firm* of this Annual Report on Form 10-K, which is incorporated herein by reference.

### **ITEM 9B. OTHER INFORMATION**

None.

## Part III

### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required to be furnished by this Item 10. is incorporated herein by reference to our Notice of Annual Meeting of Stockholders and Proxy Statement to be filed within 120 days of August 31, 2021 (the "Proxy Statement").

Pursuant to General Instruction G(3) of Form 10-K, the information required by this item relating to our executive officers is included in Item 1. *Executive Officers of the Registrant* of this Annual Report on Form 10-K.

### ITEM 11. EXECUTIVE COMPENSATION

The information required to be furnished by this Item 11. is incorporated herein by reference to our Proxy Statement.

### ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required to be furnished by this Item 12. is incorporated herein by reference to our Proxy Statement.

#### Equity Compensation Plan Information

The following table summarizes as of August 31, 2021, the number of outstanding equity awards granted to employees and non-employee directors, as well as the number of equity awards remaining available for future issuance, under our equity compensation plans:

*(In thousands, except per share data)*

| Plan category  | Number of securities to be issued upon exercise of outstanding options, warrants and rights<br>(a) | Weighted-average exercise price of outstanding options, warrants and rights<br>(b) | Number of securities remaining available for future issuances under equity compensation plans (excluding securities reflected in column (a))<br>(c) |
|--|--|--|---|
| Equity compensation plans approved by security holders     | 2,474 <sup>(1)</sup>   | \$ 214.89 <sup>(2)</sup>   | 5,456 <sup>(3)</sup>  |
| Equity compensation plans not approved by security holders | —  | —  | —   |
| <b>Total</b>   | <b>2,474 <sup>(1)</sup></b>  | <b>\$ 214.89 <sup>(2)</sup></b>  | <b>5,456 <sup>(3)</sup></b>   |

(1) Includes 2,277 shares issuable upon exercise of outstanding options, 128 shares issuable upon vesting of awards of restricted stock units and 69 shares issuable upon the conversion of outstanding performance share units.

(2) Weighted average exercise price of outstanding options only.

(3) Includes 5,079,693 shares available for future issuance under the FactSet Research Systems Inc. Stock Option and Award Plan, as Amended and Restated, 237,749 shares available for future issuance under the FactSet Research Systems Inc. Non-Employee Directors' Stock Option and Award Plan, as Amended and Restated, and 138,956 shares available for purchase under the FactSet Research Systems Inc. 2008 Employee Stock Purchase Plan, as Amended and Restated.

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

The information required to be furnished by this Item 13. is incorporated herein by reference to our Proxy Statement.

**ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES**

The information required to be furnished by this Item 14. is incorporated herein by reference to our Proxy Statement.

**Part IV**

**ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES**

(a) Documents filed as part of this Annual Report on Form 10-K:

1. Financial Statements

The information required by this item is included in Item 8. *Financial Statements and Supplementary Data*, of this Annual Report on Form 10-K which is incorporated herein.

2. Financial Statements Schedule

Schedule II – Valuation and Qualifying Accounts

Years ended August 31, 2021, 2020 and 2019 (in thousands):

|      | Receivable reserve<br>and billing adjustments | Balance at Beginning of<br>Year | Charged to Expense/<br>Against Revenue <sup>(1)</sup> | Write-offs,<br>Net of Recoveries | Balance at<br>End of Year |
|------|---|---------------------------------|---|----------------------------------|---------------------------|
| 2021 |   | \$ 7,987                        | \$ 918  | \$ (2,474)                       | \$ 6,431                  |
| 2020 |   | \$ 10,511                       | \$ 754  | \$ (3,278)                       | \$ 7,987                  |
| 2019 |   | \$ 3,490                        | \$ 11,474   | \$ (4,453)                       | \$ 10,511                 |

<sup>(1)</sup> Additions to the receivable reserve for doubtful accounts are charged to bad debt expense. Additions to the receivable reserve for billing adjustments are charged against revenue.

Additional financial statement schedules are omitted since they are either not required, not applicable, or the information is otherwise included.

3. Exhibits

The information required by this Item is set forth below.

| Exhibit<br>Number    | Exhibit<br>Description  | Form     | Incorporated by Reference |             |             | Filed<br>Herewith |
|----------------------|---|----------|---------------------------|-------------|-------------|-------------------|
|                      |   |          | File No.                  | Exhibit No. | Filing Date |                   |
| <a href="#">3.1</a>  | <a href="#">Restated Certificate of Incorporation</a>   | S-1/A    | 333-04238                 | 3.1         | 6/26/1996   |                   |
| <a href="#">3.2</a>  | <a href="#">Certificate of Amendment of Certificate of Incorporation</a>  | 10-K     | 333-22319                 | 3.12        | 11/20/2001  |                   |
| <a href="#">3.3</a>  | <a href="#">Second Amendment to the Restated Certificate of Incorporation</a>   | 8-K      | 001-11869                 | 3.1         | 12/16/2011  |                   |
| <a href="#">3.4</a>  | <a href="#">Amended and Restated By-laws of FactSet Research Systems Inc. as amended September 1, 2018</a>              | 8-K      | 001-11869                 | 3.1         | 9/6/2018    |                   |
| <a href="#">3.5</a>  | <a href="#">Amendment to Amended and Restated By-laws of FactSet Research Systems Inc. effective September 27, 2021</a> | 8-K      | 001-11869                 | 3.1         | 10/1/2021   |                   |
| <a href="#">4.0</a>  | <a href="#">Form of Common Stock</a>  | S-1/A    | 333-04238                 | 4.1         | 6/26/1996   |                   |
| <a href="#">10.1</a> | <a href="#">FactSet Research Systems Inc. 2004 Employee Stock Option and Award Plan<sup>(1)</sup></a>                   | DEF-14A  | 001-11869                 | Exhibit A   | 11/10/2004  |                   |
| <a href="#">10.2</a> | <a href="#">FactSet Research Systems Inc. 2004 Stock Option and Award Plan, as Amended and Restated<sup>(1)</sup></a>   | DEFR-14A | 001-11869                 | Appendix A  | 12/6/2010   |                   |
| <a href="#">10.3</a> | <a href="#">FactSet Research Systems Inc. Stock Option and Award Plan as Amended and Restated<sup>(1)</sup></a>         | 8-K      | 001-11869                 | 10.1        | 12/21/2017  |                   |

|                       |  |         |           |            |            |   |
|-----------------------|--|---------|-----------|------------|------------|---|
| <a href="#">10.4</a>  | <a href="#">FactSet Research Systems Inc. 2008 Non-Employee Directors' Stock Option Plan<sup>(1)</sup></a>   | DEF-14A | 001-11869 | Appendix A | 10/30/2008 |   |
| <a href="#">10.5</a>  | <a href="#">FactSet Research Systems Inc. Non-Employee Directors' Stock Option and Award Plan, as Amended and Restated<sup>(1)</sup></a>   | 8-K     | 001-11869 | 10.2       | 12/21/2017 |   |
| <a href="#">10.6</a>  | <a href="#">Lease, dated February 14, 2018, between FactSet Research Systems Inc. and 45 Glover Partners, LLC<sup>(2)</sup></a>  | 10-Q    | 001-11869 | 10.1       | 4/9/2018   |   |
| <a href="#">10.7</a>  | <a href="#">Credit Agreement with PNC Bank, National Association, Bank of America, N.A. and HSBC Bank USA, National Association as of March 29, 2019</a>   | 8-K     | 001-11869 | 10.1       | 3/29/2019  |   |
| <a href="#">10.8</a>  | <a href="#">Amendment to Credit Agreement, dated September 21, 2020, by and among FactSet Research Systems Inc., PNC Bank, National Association, as the Administrative Agent, and the Lenders party thereto.</a> | 8-K     | 001-11869 | 10.1       | 9/25/2020  |   |
| <a href="#">10.9</a>  | <a href="#">FactSet Research Systems Inc. Executive Severance Plan<sup>(1)</sup></a>   | 8-K     | 001-11869 | 10.1       | 3/5/2020   |   |
| <a href="#">10.10</a> | <a href="#">Form of FactSet Research Inc. Equity Award Agreement<sup>(1)</sup></a>   | 8-K     | 001-11869 | 10.2       | 3/5/2020   |   |
| <a href="#">21</a>    | <a href="#">Subsidiaries of FactSet Research Systems Inc.</a>  |         |           |            |            | X |
| <a href="#">23</a>    | <a href="#">Consent of Ernst &amp; Young LLP</a>   |         |           |            |            | X |
| <a href="#">31.1</a>  | <a href="#">Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.</a>   |         |           |            |            | X |
| <a href="#">31.2</a>  | <a href="#">Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.</a>   |         |           |            |            | X |
| <a href="#">32.1</a>  | <a href="#">Certification of the Chief Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>   |         |           |            |            | X |
| <a href="#">32.2</a>  | <a href="#">Certification of the Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>  |         |           |            |            | X |
| 101.INS               | XBRL Instance Document   |         |           |            |            | X |
| 101.SCH               | XBRL Taxonomy Extension Schema   |         |           |            |            | X |
| 101.CAL               | XBRL Taxonomy Extension Calculation Linkbase   |         |           |            |            | X |
| 101.DEF               | XBRL Taxonomy Extension Definition Linkbase Document   |         |           |            |            | X |
| 101.LAB               | XBRL Taxonomy Extension Label Linkbase   |         |           |            |            | X |

|         |  |   |
|---------|--|---|
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase  | X |
| 104     | Cover page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) | X |

<sup>(1)</sup> Indicates a management contract or compensatory plan or arrangement

<sup>(2)</sup> Confidential treatment has been granted for portions of this exhibit.

**ITEM 16. FORM 10-K SUMMARY**

None.



### SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

FACTSET RESEARCH SYSTEMS INC.  
(Registrant)

Date: October 22, 2021

/s/ F. PHILIP SNOW

F. Philip Snow  
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report on Form 10-K has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

| <u>Name</u>   | <u>Title</u>   | <u>Date</u>      |
|---|--|------------------|
| <u>/s/ F. PHILIP SNOW</u><br>F. Philip Snow         | Chief Executive Officer and Director<br>(Principal Executive Officer)                            | October 22, 2021 |
| <u>/s/ LINDA S. HUBER</u><br>Linda S. Huber         | Executive Vice President, Chief Financial Officer<br>(Principal Financial Officer)               | October 22, 2021 |
| <u>/s/ GREGORY T. MOSKOFF</u><br>Gregory T. Moskoff | Senior Vice President, Controller and Chief Accounting Officer<br>(Principal Accounting Officer) | October 22, 2021 |
| <u>/s/ ROBIN A. ABRAMS</u><br>Robin A. Abrams       | Chair  | October 22, 2021 |
| <u>/s/ SIEW KAI CHOY</u><br>Siew Kai Choy           | Director   | October 22, 2021 |
| <u>/s/ MALCOLM FRANK</u><br>Malcolm Frank           | Director   | October 22, 2021 |
| <u>/s/ SHEILA B. JORDAN</u><br>Sheila B. Jordan     | Director   | October 22, 2021 |
| <u>/s/ JAMES J. MCGONIGLE</u><br>James J. McGonigle | Director   | October 22, 2021 |
| <u>/s/ LEE SHAVEL</u><br>Lee Shavel                 | Director   | October 22, 2021 |
| <u>/s/ LAURIE SIEGEL</u><br>Laurie Siegel           | Director   | October 22, 2021 |
| <u>/s/ JOSEPH R. ZIMMEL</u><br>Joseph R. Zimmel     | Director   | October 22, 2021 |

**List of FactSet Research Systems, Inc.'s Subsidiaries**

The following is a list of subsidiaries of FactSet Research Systems Inc., a Delaware corporation, as of August 31, 2021. This list includes companies owned (directly or indirectly) or controlled by FactSet Research Systems Inc.

| <u>Name of Subsidiary</u>                       | <u>State or Country of Incorporation or Organization</u> |
|---|--|
| BI-SAM Inc.                                     | Delaware   |
| BI-SAM Limited                                  | England / Wales  |
| BI-SAM Technologies, S.A.S.                     | France   |
| Bravo Consult EOOD                              | Bulgaria   |
| BTU Analytics, LLC                              | Colorado   |
| Cabot Investment Technology, Inc.               | Delaware   |
| Code Red, Inc.                                  | Massachusetts  |
| Cymba Technologies Limited                      | England / Wales  |
| FactSet Benelux B.V.                            | Netherlands  |
| FactSet Brasil Consultoria Ltda                 | Brazil   |
| FactSet Canada, Inc.                            | Canada   |
| FactSet China Co., Ltd.                         | China  |
| FactSet Data Systems, Inc.                      | Delaware   |
| FactSet Switzerland AG                          | Switzerland  |
| FactSet Digital Solutions Ltd.                  | England / Wales  |
| FactSet Digital Solutions Oy                    | Finland  |
| FactSet Digital Solutions, LLC                  | Delaware   |
| FactSet Europe Limited                          | England  |
| FactSet Europe S.à.r.l.                         | Luxembourg   |
| FactSet France Inc.                             | Delaware   |
| FactSet France S.a.r.l                          | France   |
| FactSet GmbH                                    | Germany  |
| FactSet Hong Kong Limited                       | Hong Kong  |
| FactSet Ireland Limited                         | Ireland  |
| FactSet Italia S.R.l.                           | Italy  |
| FactSet JCF                                     | France   |
| FactSet Limited                                 | Delaware   |
| FactSet Mergerstat, LLC                         | Delaware   |
| FactSet Pacific, Inc.                           | Delaware   |
| FactSet Philippines, Inc.                       | Philippines  |
| FactSet Research Limited                        | New York   |
| FactSet Research Systems South Africa Pty. Ltd. | South Africa   |
| FactSet Singapore Pte. Ltd.                     | Singapore  |
| FactSet Spain SL                                | Spain  |
| FactSet Sweden AB                               | Sweden   |
| FactSet Systems India Private Limited           | India  |
| FactSet (UAE) LTD                               | United Arab Emirates                                     |
| FactSet UK Limited                              | England / Wales  |
| FinAnalytica Inc.                               | Washington   |
| LionShares Europe S.A.S.                        | France   |
| P.A.N. Securities, L.P.                         | Delaware   |

Portware International, LLC  
Portware, LLC  
PTS NET, LLC  
SIA FactSet Latvia  
StreetAccount LLC  
TruValue Labs, Inc.  
Vermilion Holdings Limited  
Vermilion Software Inc.  
Vermilion Software Limited

Delaware  
Delaware  
Delaware  
Latvia  
Wyoming  
Delaware  
Scotland  
Delaware  
England / Wales

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the Registration Statements (Forms S-8 Nos. 333-222532, 333-201498, 333-171667, 333-156649 and 333-134298) of our reports dated October 22, 2021, with respect to the consolidated financial statements and schedule of FactSet Research Systems Inc., and the effectiveness of internal control over financial reporting of FactSet Research Systems Inc., included in this Annual Report (Form 10-K) for the year ended August 31, 2021.

/s/ Ernst & Young LLP

Stamford, Connecticut  
October 22, 2021

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO EXCHANGE ACT RULE 13a-14(a)/15d-14(a)  
AS ADOPTED PURSUANT TO SECTION 302  
OF THE SARBANES-OXLEY ACT OF 2002**

I, F. Philip Snow, certify that:

1. I have reviewed this annual report on Form 10-K of FactSet Research Systems Inc.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 22, 2021

/s/ F. PHILIP SNOW

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F. Philip Snow  
Chief Executive Officer  
(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO EXCHANGE ACT RULE 13a-14(a)/15d-14(a)  
AS ADOPTED PURSUANT TO SECTION 302  
OF THE SARBANES-OXLEY ACT OF 2002**

I, Linda S. Huber, certify that:

1. I have reviewed this annual report on Form 10-K of FactSet Research Systems Inc.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 22, 2021

/s/ LINDA S. HUBER

Linda S. Huber  
Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of FactSet Research Systems Inc. (the "Company") on Form 10-K for the fiscal year ended August 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, F. Philip Snow, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ F. PHILIP SNOW

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F. Philip Snow  
Chief Executive Officer  
(Principal Executive Officer)  
October 22, 2021

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of FactSet Research Systems Inc. (the "Company") on Form 10-K for the fiscal year ended August 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Linda S. Huber, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ LINDA S. HUBER

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Linda S. Huber  
Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)

October 22, 2021