

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**Form 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

For the quarterly period ended September 30, 2021

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

Commission File Number 1-14443

**Gartner, Inc.**

(Exact name of Registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

04-3099750  
(I.R.S. Employer  
Identification Number)

P.O. Box 10212  
56 Top Gallant Road  
Stamford,  
Connecticut  
(Address of principal executive offices)

06902-7700  
(Zip Code)

Registrant's telephone number, including area code: (203) 316-1111

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

| Title of each class                       | Trading Symbol | Name of each exchange on which registered |
|---|----------------|---|
| Common Stock, \$.0005 par value per share | IT             | New York Stock Exchange                   |

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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405) 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 whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an 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  Accelerated filer  Non-accelerated filer   
Smaller reporting company  Emerging growth company

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of October 29, 2021, 82,239,010 shares of the registrant's common shares were outstanding.

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**PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****GARTNER, INC. AND SUBSIDIARIES****Condensed Consolidated Balance Sheets**

(Unaudited; in thousands, except share data)

|   | <b>September 30,<br/>2021</b> | <b>December 31,<br/>2020</b> |
|---|-------------------------------|------------------------------|
| <b>Assets</b>   |                               |                              |
| Current assets:   |                               |                              |
| Cash and cash equivalents   | \$ 765,530                    | \$ 712,583                   |
| Fees receivable, net of allowances of \$6,000 and \$10,000, respectively                                    | 969,966                       | 1,241,508                    |
| Deferred commissions  | 250,409                       | 259,755                      |
| Prepaid expenses and other current assets   | 122,943                       | 109,212                      |
| <b>Total current assets</b>   | <b>2,108,848</b>              | <b>2,323,058</b>             |
| Property, equipment and leasehold improvements, net   | 297,020                       | 336,765                      |
| Operating lease right-of-use assets   | 616,317                       | 647,283                      |
| Goodwill  | 2,952,927                     | 2,945,547                    |
| Intangible assets, net  | 743,950                       | 806,998                      |
| Other assets  | 275,577                       | 256,316                      |
| <b>Total Assets</b>   | <b>\$ 6,994,639</b>           | <b>\$ 7,315,967</b>          |
| <b>Liabilities and Stockholders' Equity</b>   |                               |                              |
| Current liabilities:  |                               |                              |
| Accounts payable and accrued liabilities  | \$ 870,310                    | \$ 952,431                   |
| Deferred revenues   | 2,028,908                     | 1,974,548                    |
| Current portion of long-term debt   | 5,326                         | 20,515                       |
| <b>Total current liabilities</b>  | <b>2,904,544</b>              | <b>2,947,494</b>             |
| Long-term debt, net of deferred financing fees  | 2,457,643                     | 1,958,286                    |
| Operating lease liabilities   | 740,088                       | 780,166                      |
| Other liabilities   | 557,857                       | 539,593                      |
| <b>Total Liabilities</b>  | <b>6,660,132</b>              | <b>6,225,539</b>             |
| <b>Stockholders' Equity</b>   |                               |                              |
| Preferred stock, \$0.01 par value, 5,000,000 shares authorized; none issued or outstanding                  | —                             | —                            |
| Common stock, \$0.0005 par value, 250,000,000 shares authorized; 163,602,067 shares issued for both periods | 82                            | 82                           |
| Additional paid-in capital  | 2,054,563                     | 1,968,930                    |
| Accumulated other comprehensive loss, net   | (83,837)                      | (99,228)                     |
| Accumulated earnings  | 2,839,668                     | 2,255,467                    |
| Treasury stock, at cost, 80,666,111 and 74,759,985 common shares, respectively                              | (4,475,969)                   | (3,034,823)                  |
| <b>Total Stockholders' Equity</b>   | <b>334,507</b>                | <b>1,090,428</b>             |
| <b>Total Liabilities and Stockholders' Equity</b>   | <b>\$ 6,994,639</b>           | <b>\$ 7,315,967</b>          |

See the accompanying notes to Condensed Consolidated Financial Statements.

**GARTNER, INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Operations**  
(Unaudited; in thousands, except per share data)

|   | Three Months Ended<br>September 30, |                  | Nine Months Ended<br>September 30, |                   |
|---|-------------------------------------|------------------|------------------------------------|-------------------|
|   | 2021                                | 2020             | 2021                               | 2020              |
| <b>Revenues:</b>                            |                                     |                  |                                    |                   |
| Research                                    | \$ 1,037,124                        | \$ 892,719       | \$ 3,020,094                       | \$ 2,677,339      |
| Conferences                                 | 24,415                              | 12,738           | 107,396                            | 26,925            |
| Consulting                                  | 94,743                              | 89,161           | 300,149                            | 282,380           |
| <b>Total revenues</b>                       | <b>1,156,282</b>                    | <b>994,618</b>   | <b>3,427,639</b>                   | <b>2,986,644</b>  |
| <b>Costs and expenses:</b>                  |                                     |                  |                                    |                   |
| Cost of services and product development    | 359,237                             | 329,767          | 1,044,506                          | 993,596           |
| Selling, general and administrative         | 512,573                             | 521,508          | 1,488,324                          | 1,512,987         |
| Depreciation                                | 25,371                              | 22,743           | 76,972                             | 67,988            |
| Amortization of intangibles                 | 27,109                              | 31,228           | 83,777                             | 94,615            |
| Acquisition and integration charges         | 1,771                               | 1,722            | 3,713                              | 5,438             |
| <b>Total costs and expenses</b>             | <b>926,061</b>                      | <b>906,968</b>   | <b>2,697,292</b>                   | <b>2,674,624</b>  |
| Operating income                            | 230,221                             | 87,650           | 730,347                            | 312,020           |
| Interest expense, net                       | (31,599)                            | (30,538)         | (85,138)                           | (87,182)          |
| Gain on event cancellation insurance claims | —                                   | —                | 135,545                            | —                 |
| Loss on extinguishment of debt              | —                                   | (44,814)         | —                                  | (44,814)          |
| Other income (expense), net                 | 211                                 | 1,869            | 12,019                             | (10,046)          |
| Income before income taxes                  | 198,833                             | 14,167           | 792,773                            | 169,978           |
| Provision (benefit) for income taxes        | 49,968                              | (2,797)          | 208,572                            | 22,840            |
| <b>Net income</b>                           | <b>\$ 148,865</b>                   | <b>\$ 16,964</b> | <b>\$ 584,201</b>                  | <b>\$ 147,138</b> |
| <b>Net income per share:</b>                |                                     |                  |                                    |                   |
| Basic                                       | \$ 1.78                             | \$ 0.19          | \$ 6.80                            | \$ 1.65           |
| Diluted                                     | \$ 1.76                             | \$ 0.19          | \$ 6.72                            | \$ 1.63           |
| <b>Weighted average shares outstanding:</b> |                                     |                  |                                    |                   |
| Basic                                       | 83,566                              | 89,378           | 85,877                             | 89,307            |
| Diluted                                     | 84,766                              | 89,955           | 86,925                             | 90,002            |

See the accompanying notes to Condensed Consolidated Financial Statements.

**GARTNER, INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Comprehensive Income**  
(Unaudited; in thousands)

|   | <b>Three Months Ended</b> |                  | <b>Nine Months Ended</b> |                  |
|---|---------------------------|------------------|--------------------------|------------------|
|   | <b>September 30,</b>      |                  | <b>September 30,</b>     |                  |
|   | <b>2021</b>               | <b>2020</b>      | <b>2021</b>              | <b>2020</b>      |
| Net income  | \$ 148,865                | \$ 16,964        | \$ 584,201               | \$ 147,138       |
| Other comprehensive (loss) income, net of tax:            |                           |                  |                          |                  |
| Foreign currency translation adjustments                  | (6,488)                   | 7,498            | (1,172)                  | (15,066)         |
| Interest rate swaps – net change in deferred gain or loss | 5,529                     | 4,379            | 16,256                   | (37,453)         |
| Pension plans – net change in deferred actuarial loss     | 100                       | 85               | 307                      | 244              |
| Other comprehensive (loss) income, net of tax             | (859)                     | 11,962           | 15,391                   | (52,275)         |
| Comprehensive income                                      | <u>\$ 148,006</u>         | <u>\$ 28,926</u> | <u>\$ 599,592</u>        | <u>\$ 94,863</u> |

See the accompanying notes to Condensed Consolidated Financial Statements.

**GARTNER, INC. AND SUBSIDIARIES****Condensed Consolidated Statements of Changes in Stockholders' Equity**

(Unaudited; in thousands)

**Three and Nine Months Ended September 30, 2021**

|                                  | <b>Common<br/>Stock</b> | <b>Additional<br/>Paid-In Capital</b> | <b>Accumulated Other<br/>Comprehensive<br/>Loss, Net</b> | <b>Accumulated<br/>Earnings</b> | <b>Treasury<br/>Stock</b> | <b>Total</b> |
|----------------------------------|-------------------------|---------------------------------------|--|---------------------------------|---------------------------|--------------|
| Balance at December 31, 2020     | \$ 82                   | \$ 1,968,930                          | \$ (99,228)  | \$ 2,255,467                    | \$ (3,034,823)            | \$ 1,090,428 |
| Net income                       | —                       | —                                     | —  | 164,100                         | —                         | 164,100      |
| Other comprehensive income       | —                       | —                                     | 6,050  | —                               | —                         | 6,050        |
| Issuances under stock plans      | —                       | (1,543)                               | —  | —                               | 6,923                     | 5,380        |
| Common share repurchases         | —                       | —                                     | —  | —                               | (410,450)                 | (410,450)    |
| Stock-based compensation expense | —                       | 36,086                                | —  | —                               | —                         | 36,086       |
| Balance at March 31, 2021        | \$ 82                   | \$ 2,003,473                          | \$ (93,178)  | \$ 2,419,567                    | \$ (3,438,350)            | \$ 891,594   |
| Net income                       | —                       | —                                     | —  | 271,236                         | —                         | 271,236      |
| Other comprehensive income       | —                       | —                                     | 10,200   | —                               | —                         | 10,200       |
| Issuances under stock plans      | —                       | 2,063                                 | —  | —                               | 2,017                     | 4,080        |
| Common share repurchases         | —                       | —                                     | —  | —                               | (675,662)                 | (675,662)    |
| Stock-based compensation expense | —                       | 26,190                                | —  | —                               | —                         | 26,190       |
| Balance at June 30, 2021         | \$ 82                   | \$ 2,031,726                          | \$ (82,978)  | \$ 2,690,803                    | \$ (4,111,995)            | \$ 527,638   |
| Net income                       | —                       | —                                     | —  | 148,865                         | —                         | 148,865      |
| Other comprehensive loss         | —                       | —                                     | (859)  | —                               | —                         | (859)        |
| Issuances under stock plans      | —                       | 3,411                                 | —  | —                               | 720                       | 4,131        |
| Common share repurchases         | —                       | —                                     | —  | —                               | (364,694)                 | (364,694)    |
| Stock-based compensation expense | —                       | 19,426                                | —  | —                               | —                         | 19,426       |
| Balance at September 30, 2021    | \$ 82                   | \$ 2,054,563                          | \$ (83,837)  | \$ 2,839,668                    | \$ (4,475,969)            | \$ 334,507   |

**GARTNER, INC. AND SUBSIDIARIES****Condensed Consolidated Statements of Changes in Stockholders' Equity**

(Unaudited; in thousands)

**Three and Nine Months Ended September 30, 2020**

|                                  | <b>Common<br/>Stock</b> | <b>Additional<br/>Paid-In Capital</b> | <b>Accumulated Other<br/>Comprehensive<br/>Loss, Net</b> | <b>Accumulated<br/>Earnings</b> | <b>Treasury<br/>Stock</b> | <b>Total</b> |
|----------------------------------|-------------------------|---------------------------------------|--|---------------------------------|---------------------------|--------------|
| Balance at December 31, 2019     | \$ 82                   | \$ 1,899,273                          | \$ (77,938)  | \$ 1,988,722                    | \$ (2,871,546)            | \$ 938,593   |
| Net income                       | —                       | —                                     | —  | 75,097                          | —                         | 75,097       |
| Other comprehensive loss         | —                       | —                                     | (91,034)   | —                               | —                         | (91,034)     |
| Issuances under stock plans      | —                       | (1,794)                               | —  | —                               | 7,448                     | 5,654        |
| Common share repurchases         | —                       | —                                     | —  | —                               | (63,164)                  | (63,164)     |
| Stock-based compensation expense | —                       | 25,129                                | —  | —                               | —                         | 25,129       |
| Balance at March 31, 2020        | \$ 82                   | \$ 1,922,608                          | \$ (168,972)   | \$ 2,063,819                    | \$ (2,927,262)            | \$ 890,275   |
| Net income                       | —                       | —                                     | —  | 55,077                          | —                         | 55,077       |
| Other comprehensive income       | —                       | —                                     | 26,797   | —                               | —                         | 26,797       |
| Issuances under stock plans      | —                       | 3,223                                 | —  | —                               | 867                       | 4,090        |
| Common share repurchases         | —                       | —                                     | —  | —                               | (698)                     | (698)        |
| Stock-based compensation expense | —                       | 15,678                                | —  | —                               | —                         | 15,678       |
| Balance at June 30, 2020         | \$ 82                   | \$ 1,941,509                          | \$ (142,175)   | \$ 2,118,896                    | \$ (2,927,093)            | \$ 991,219   |
| Net income                       | —                       | —                                     | —  | 16,964                          | —                         | 16,964       |
| Other comprehensive income       | —                       | —                                     | 11,962   | —                               | —                         | 11,962       |
| Issuances under stock plans      | —                       | 3,133                                 | —  | —                               | 979                       | 4,112        |
| Common share repurchases         | —                       | —                                     | —  | —                               | (2,255)                   | (2,255)      |
| Stock-based compensation expense | —                       | 15,501                                | —  | —                               | —                         | 15,501       |
| Balance at September 30, 2020    | \$ 82                   | \$ 1,960,143                          | \$ (130,213)   | \$ 2,135,860                    | \$ (2,928,369)            | \$ 1,037,503 |

**GARTNER, INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Cash Flows**  
(Unaudited; in thousands)

|  | <b>Nine Months Ended</b> |             |
|--|--------------------------|-------------|
|  | <b>September 30,</b>     |             |
|  | <b>2021</b>              | <b>2020</b> |
| <b>Operating activities:</b>   |                          |             |
| Net income   | \$ 584,201               | \$ 147,138  |
| <b>Adjustments to reconcile net income to cash provided by operating activities:</b> |                          |             |
| Depreciation and amortization  | 160,749                  | 162,603     |
| Stock-based compensation expense   | 81,702                   | 56,308      |
| Deferred taxes   | 449                      | (6,548)     |
| Loss on extinguishment of debt   | —                        | 44,814      |
| Reduction in the carrying amount of operating lease right-of-use assets              | 56,162                   | 62,876      |
| Amortization and write-off of deferred financing fees                                | 3,036                    | 7,487       |
| Amortization of deferred swap losses from de-designation                             | —                        | 10,320      |
| (Gain) loss on de-designated swaps   | (12,149)                 | 476         |
| <b>Changes in assets and liabilities:</b>  |                          |             |
| Fees receivable, net   | 257,541                  | 369,119     |
| Deferred commissions   | 6,783                    | 56,094      |
| Prepaid expenses and other current assets  | (18,418)                 | (9,104)     |
| Other assets   | (23,979)                 | (3,509)     |
| Deferred revenues  | 103,565                  | (210,170)   |
| Accounts payable and accrued and other liabilities                                   | (121,958)                | (45,074)    |
| Cash provided by operating activities  | 1,077,684                | 642,830     |
| <b>Investing activities:</b>   |                          |             |
| Additions to property, equipment and leasehold improvements                          | (38,670)                 | (60,845)    |
| Acquisitions - cash paid (net of cash acquired)                                      | (23,030)                 | —           |
| Cash used in investing activities  | (61,700)                 | (60,845)    |
| <b>Financing activities:</b>   |                          |             |
| Proceeds from employee stock purchase plan   | 13,527                   | 13,813      |
| Proceeds from borrowings   | 600,000                  | 2,000,000   |
| Early redemption premium payment   | —                        | (30,752)    |
| Payments of deferred financing fees  | (7,320)                  | (23,627)    |
| Proceeds from revolving credit facility  | —                        | 327,000     |
| Payments on revolving credit facility  | (5,000)                  | (475,000)   |
| Payments on borrowings   | (106,585)                | (2,053,342) |
| Purchases of treasury stock  | (1,438,808)              | (76,117)    |
| Cash used in financing activities  | (944,186)                | (318,025)   |
| Net increase in cash and cash equivalents and restricted cash                        | 71,798                   | 263,960     |
| Effects of exchange rates on cash and cash equivalents                               | (14,651)                 | 8,919       |
| Cash and cash equivalents, beginning of period                                       | 712,583                  | 280,836     |
| Cash and cash equivalents and restricted cash, end of period                         | \$ 769,730               | \$ 553,715  |

See the accompanying notes to Condensed Consolidated Financial Statements.



**GARTNER, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**

Note 1 — Business and Basis of Presentation

*Business.* Gartner (NYSE: IT) delivers actionable, objective insight to executives and their teams. Our expert guidance and tools enable faster, smarter decisions and stronger performance on an organization’s most critical priorities.

*Segments.* Gartner delivers its products and services globally through three business segments: Research, Conferences and Consulting. Revenues and other financial information for our segments are discussed in Note 7 — Segment Information.

*Basis of presentation.* The accompanying interim Condensed Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”), as defined in Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 270 for interim financial information and with the applicable instructions of U.S. Securities and Exchange Commission (“SEC”) Rule 10-01 of Regulation S-X on Form 10-Q, and should be read in conjunction with the consolidated financial statements and related notes of the Company in its Annual Report on Form 10-K for the year ended December 31, 2020.

The fiscal year of Gartner is the twelve-month period from January 1 through December 31. In the opinion of management, all normal recurring accruals and adjustments considered necessary for a fair presentation of financial position, results of operations and cash flows at the dates and for the periods presented herein have been included. The results of operations for the three and nine months ended September 30, 2021 may not be indicative of the results of operations for the remainder of 2021 or beyond. When used in these notes, the terms “Gartner,” the “Company,” “we,” “us,” or “our” refer to Gartner, Inc. and its consolidated subsidiaries.

*Principles of consolidation.* The accompanying interim Condensed Consolidated Financial Statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany transactions and balances have been eliminated.

*Use of estimates.* The preparation of the accompanying interim Condensed Consolidated Financial Statements requires management to make estimates and assumptions about future events. These estimates and the underlying assumptions affect the amounts of assets and liabilities reported, disclosures about contingent assets and liabilities, and reported amounts of revenues and expenses. Such estimates include the valuation of fees receivable, goodwill, intangible assets and other long-lived assets, as well as tax accruals and other liabilities. In addition, estimates are used in revenue recognition, income tax expense or benefit, performance-based compensation charges, depreciation and amortization. Management believes its use of estimates in these interim Condensed Consolidated Financial Statements to be reasonable.

Management continually evaluates and revises its estimates using historical experience and other factors, including the general economic environment and actions it may take in the future. Management adjusts these estimates when facts and circumstances dictate. However, these estimates may involve significant uncertainties and judgments and cannot be determined with precision. In addition, these estimates are based on management’s best judgment at a point in time. As a result, differences between estimates and actual results could be material and would be reflected in the Company’s consolidated financial statements in future periods.

*Cash and cash equivalents and restricted cash.* For the nine months ended September 30, 2021, the end of period cash and cash equivalents and restricted cash balance of \$769.7 million in the accompanying Condensed Consolidated Statements of Cash Flows consisted of \$765.5 million of cash and cash equivalents and \$4.2 million of restricted cash. The restricted cash was classified in Prepaid expenses and other current assets in the accompanying Condensed Consolidated Balance Sheets as of September 30, 2021.

*Revenue recognition.* Revenue is recognized in accordance with the requirements of FASB ASC Topic 606, *Revenue from Contracts with Customers* (“ASC Topic 606”). Revenue is only recognized when all of the required criteria for revenue recognition have been met. The accompanying Condensed Consolidated Statements of Operations present revenue net of any sales or value-added taxes that we collect from customers and remit to government authorities. ASC Topic 270 requires certain disclosures in interim financial statements around the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. Note 4 — Revenue and Related Matters provides additional information regarding the Company’s revenues.

*Gain on event cancellation insurance claims.* In May 2021, the Company received \$150.0 million of proceeds related to 2020 event cancellation insurance claims, and recorded a pre-tax gain of \$135.5 million. The Company does not record any gain on insurance claims in excess of expenses incurred until the receipt of the insurance proceeds is deemed to be realizable.

*Adoption of new accounting standards.* The Company adopted the accounting standard described below during the nine months ended September 30, 2021.

*Simplifying the Accounting for Income Taxes* — In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes—Simplifying the Accounting for Income Taxes* (“ASU No. 2019-12”). ASU No. 2019-12 provides new guidance to simplify the accounting for income taxes in certain areas, changes the accounting for select income tax transactions and makes minor ASC improvements. Gartner adopted ASU No. 2019-12 on January 1, 2021. The adoption of ASU No. 2019-12 did not have a material impact on the Company’s Condensed Consolidated Financial Statements.

*Accounting standards issued but not yet adopted.* The FASB has issued accounting standards that have not yet become effective and may impact the Company’s consolidated financial statements or related disclosures in future periods. Those standards and their potential impact are discussed below.

*Accounting standard effective immediately upon voluntary election by Gartner*

*Reference Rate Reform* — In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform—Facilitation of the Effects of Reference Rate Reform on Financial Reporting* (“ASU No. 2020-04”). ASU No. 2020-04 provides that an entity can elect not to apply certain required modification accounting in U.S. GAAP to contracts where all changes to the critical terms relate to reference rate reform (e.g., the expected discontinuance of LIBOR and the transition to an alternative reference interest rate, etc.). In addition, the rule provides optional expedients and exceptions that enable entities to continue to apply hedge accounting for hedging relationships where one or more of the critical terms change due to reference rate reform. The rule became effective for all entities as of March 12, 2020 and will generally no longer be available to apply after December 31, 2022. The Company is currently evaluating the potential impact of ASU No. 2020-04 on its consolidated financial statements, including the rule’s potential impact on any debt modifications or other contractual changes in the future that may result from reference rate reform.

#### Note 2 — Acquisition

On June 17, 2021, the Company acquired 100% of the outstanding capital stock of Pulse Q&A Inc. (“Pulse”), a privately-held company based in San Francisco, California, for an aggregate purchase price of \$29.1 million. Pulse is a technology-enabled community platform.

For cash flow reporting purposes, the Company paid \$23.0 million in cash for Pulse after considering the cash acquired with the business, amounts held in escrow and certain other purchase price adjustments at closing. In addition to the purchase price, the Company may also be required to pay up to \$4.5 million in cash in the future based on the continuing employment of certain key employees. Such amount will be recognized as compensation expense over three years and reported in Acquisition and integration charges in the Condensed Consolidated Statements of Operations.

The Company recorded \$30.5 million of goodwill and finite-lived intangible assets for Pulse and \$1.4 million of liabilities on a net basis. The Company believes that the recorded goodwill is supported by the anticipated synergies resulting from the acquisition. None of the recorded goodwill will be deductible for tax purposes. The fair value measurement of the finite-lived intangible assets was based primarily on an incremental profits valuation methodology, which included significant unobservable inputs and thus represented a Level 3 measurement as defined in FASB ASC Topic 820. The allocation of the purchase price is preliminary with respect to certain tax matters and the finalization of the valuation of finite-lived intangible assets.

The operating results of the acquired Pulse business and the related goodwill are being reported as part of the Company’s Research segment. The operating results of Pulse have been included in the Company’s consolidated financial statements since the date of acquisition; however, such operating results were not material to the Company’s consolidated operating results and segment results. Had the Company acquired Pulse in prior periods, the impact on the Company’s operating results would not have been material and, as a result, pro forma financial information for prior periods has not been presented herein.

#### Note 3 — Goodwill and Intangible Assets

## Goodwill

Goodwill represents the excess of the purchase price of acquired businesses over the estimated fair values of the tangible and identifiable intangible net assets acquired. Evaluations of the recoverability of goodwill are performed in accordance with FASB ASC Topic 350, which requires an annual assessment of potential goodwill impairment at the reporting unit level and whenever events or changes in circumstances indicate that the carrying value of goodwill may not be recoverable.

When performing the annual assessment of the recoverability of goodwill, the Company initially performs a qualitative analysis evaluating whether any events or circumstances occurred or exist that provide evidence that it is more likely than not that the fair value of any of the Company's reporting units is less than the related carrying amount. If the Company does not believe that it is more likely than not that the fair value of any of the Company's reporting units is less than the related carrying amount, then no quantitative impairment test is performed. However, if the results of the qualitative assessment indicate that it is more likely than not that the fair value of a reporting unit is less than its respective carrying amount, then a quantitative impairment test is performed. Evaluating the recoverability of goodwill requires judgments and assumptions regarding future trends and events. As a result, both the precision and reliability of the estimates are subject to uncertainty.

The Company's most recent annual impairment test of goodwill was a qualitative analysis conducted during the quarter ended September 30, 2021 that indicated no impairment. Subsequent to completing the 2021 annual impairment test, there were no events or changes in circumstances noted that required an interim impairment test.

The table below presents changes to the carrying amount of goodwill by segment during the nine months ended September 30, 2021 (in thousands).

|                                     | Research            | Conferences       | Consulting       | Total               |
|-------------------------------------|---------------------|-------------------|------------------|---------------------|
| Balance at December 31, 2020 (1)    | \$ 2,664,732        | \$ 184,091        | \$ 96,724        | \$ 2,945,547        |
| Additions due to an acquisition (2) | 11,045              | —                 | —                | 11,045              |
| Foreign currency translation impact | (3,510)             | (44)              | (111)            | (3,665)             |
| Balance at September 30, 2021 (1)   | <u>\$ 2,672,267</u> | <u>\$ 184,047</u> | <u>\$ 96,613</u> | <u>\$ 2,952,927</u> |

(1) The Company does not have any accumulated goodwill impairment losses.

(2) The additions were due to the acquisition of Pulse on June 17, 2021. See Note 2 — Acquisition for additional information.

## Finite-Lived Intangible Assets

The tables below present reconciliations of the carrying amounts of the Company's finite-lived intangible assets as of the dates indicated (in thousands).

| September 30, 2021                  | Customer Relationships | Software         | Content     | Other           | Total             |
|-------------------------------------|------------------------|------------------|-------------|-----------------|-------------------|
| Gross cost at December 31, 2020     | \$ 1,154,210           | \$ 110,597       | \$ 3,965    | \$ 10,614       | \$ 1,279,386      |
| Additions due to an acquisition (1) | 7,980                  | 11,200           | —           | 320             | 19,500            |
| Intangible assets fully amortized   | (24,603)               | (60,631)         | (3,965)     | (320)           | (89,519)          |
| Foreign currency translation impact | 1,271                  | 130              | —           | —               | 1,401             |
| Gross cost                          | <u>1,138,858</u>       | <u>61,296</u>    | <u>—</u>    | <u>10,614</u>   | <u>1,210,768</u>  |
| Accumulated amortization (2)        | <u>(429,234)</u>       | <u>(33,058)</u>  | <u>—</u>    | <u>(4,526)</u>  | <u>(466,818)</u>  |
| Balance at September 30, 2021       | <u>\$ 709,624</u>      | <u>\$ 28,238</u> | <u>\$ —</u> | <u>\$ 6,088</u> | <u>\$ 743,950</u> |

| December 31, 2020            | Customer Relationships | Software         | Content       | Other           | Total             |
|------------------------------|------------------------|------------------|---------------|-----------------|-------------------|
| Gross cost                   | \$ 1,154,210           | \$ 110,597       | \$ 3,965      | \$ 10,614       | \$ 1,279,386      |
| Accumulated amortization (2) | (381,776)              | (83,320)         | (3,595)       | (3,697)         | (472,388)         |
| Balance at December 31, 2020 | <u>\$ 772,434</u>      | <u>\$ 27,277</u> | <u>\$ 370</u> | <u>\$ 6,917</u> | <u>\$ 806,998</u> |

(1) The additions were due to the acquisition of Pulse on June 17, 2021. See Note 2 — Acquisition for additional information.

(2) Finite-lived intangible assets are amortized using the straight-line method over the following periods: Customer relationships—6 to 13 years; Software—3 to 7 years; Content—2 to 3 years; and Other—2 to 11 years.

Amortization expense related to finite-lived intangible assets was \$27.1 million and \$31.2 million during the three months ended September 30, 2021 and 2020, respectively, and \$83.8 million and \$94.6 million during the nine months ended September 30, 2021 and 2020. The estimated future amortization expense by year for finite-lived intangible assets is presented in the table below (in thousands).

|                               |           |                |
|-------------------------------|-----------|----------------|
| 2021 (remaining three months) | \$        | 25,311         |
| 2022                          |           | 101,244        |
| 2023                          |           | 101,229        |
| 2024                          |           | 94,027         |
| 2025                          |           | 83,491         |
| Thereafter                    |           | 338,648        |
|                               | <u>\$</u> | <u>743,950</u> |

Note 4 — Revenue and Related Matters

*Disaggregated Revenue* — The Company's disaggregated revenue by reportable segment is presented in the tables below for the periods indicated (in thousands).

By Primary Geographic Market (1)

**Three Months Ended September 30, 2021**

| <b>Primary Geographic Market</b> | <b>Research</b>     | <b>Conferences</b> | <b>Consulting</b> | <b>Total</b>        |
|----------------------------------|---------------------|--------------------|-------------------|---------------------|
| United States and Canada         | \$ 671,517          | \$ 14,171          | \$ 56,715         | \$ 742,403          |
| Europe, Middle East and Africa   | 242,273             | 7,975              | 26,707            | 276,955             |
| Other International              | 123,334             | 2,269              | 11,321            | 136,924             |
| Total revenues                   | <u>\$ 1,037,124</u> | <u>\$ 24,415</u>   | <u>\$ 94,743</u>  | <u>\$ 1,156,282</u> |

**Three Months Ended September 30, 2020**

| <b>Primary Geographic Market</b> | <b>Research</b>   | <b>Conferences</b> | <b>Consulting</b> | <b>Total</b>      |
|----------------------------------|-------------------|--------------------|-------------------|-------------------|
| United States and Canada         | \$ 574,203        | \$ 10,669          | \$ 55,389         | \$ 640,261        |
| Europe, Middle East and Africa   | 210,152           | 2,064              | 23,495            | 235,711           |
| Other International              | 108,364           | 5                  | 10,277            | 118,646           |
| Total revenues                   | <u>\$ 892,719</u> | <u>\$ 12,738</u>   | <u>\$ 89,161</u>  | <u>\$ 994,618</u> |

**Nine Months Ended September 30, 2021**

| <b>Primary Geographic Market</b> | <b>Research</b>     | <b>Conferences</b> | <b>Consulting</b> | <b>Total</b>        |
|----------------------------------|---------------------|--------------------|-------------------|---------------------|
| United States and Canada         | \$ 1,949,282        | \$ 74,098          | \$ 173,806        | \$ 2,197,186        |
| Europe, Middle East and Africa   | 709,230             | 25,156             | 92,528            | 826,914             |
| Other International              | 361,582             | 8,142              | 33,815            | 403,539             |
| Total revenues                   | <u>\$ 3,020,094</u> | <u>\$ 107,396</u>  | <u>\$ 300,149</u> | <u>\$ 3,427,639</u> |

**Nine Months Ended September 30, 2020**

| <b>Primary Geographic Market</b> | <b>Research</b>     | <b>Conferences</b> | <b>Consulting</b> | <b>Total</b>        |
|----------------------------------|---------------------|--------------------|-------------------|---------------------|
| United States and Canada         | \$ 1,737,603        | \$ 16,966          | \$ 167,570        | \$ 1,922,139        |
| Europe, Middle East and Africa   | 612,946             | 4,211              | 83,691            | 700,848             |
| Other International              | 326,790             | 5,748              | 31,119            | 363,657             |
| Total revenues                   | <u>\$ 2,677,339</u> | <u>\$ 26,925</u>   | <u>\$ 282,380</u> | <u>\$ 2,986,644</u> |

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(1) Revenue is reported based on where the sale is fulfilled.

The Company's revenue is generated primarily through direct sales to clients by domestic and international sales forces and a network of independent international sales agents. Most of the Company's products and services are provided on an integrated worldwide basis and, because of this integrated delivery approach, it is not practical to precisely separate the Company's revenue by geographic location. Accordingly, revenue information presented in the above tables is based on internal allocations, which involve certain management estimates and judgments.

By Timing of Revenue Recognition

**Three Months Ended September 30, 2021**

| <b>Timing of Revenue Recognition</b> | <b>Research</b>     | <b>Conferences</b> | <b>Consulting</b> | <b>Total</b>        |
|--------------------------------------|---------------------|--------------------|-------------------|---------------------|
| Transferred over time (1)            | \$ 944,206          | \$ —               | \$ 77,538         | \$ 1,021,744        |
| Transferred at a point in time (2)   | 92,918              | 24,415             | 17,205            | 134,538             |
| <b>Total revenues</b>                | <b>\$ 1,037,124</b> | <b>\$ 24,415</b>   | <b>\$ 94,743</b>  | <b>\$ 1,156,282</b> |

**Three Months Ended September 30, 2020**

| <b>Timing of Revenue Recognition</b> | <b>Research</b>   | <b>Conferences</b> | <b>Consulting</b> | <b>Total</b>      |
|--------------------------------------|-------------------|--------------------|-------------------|-------------------|
| Transferred over time (1)            | \$ 823,658        | \$ —               | \$ 73,989         | \$ 897,647        |
| Transferred at a point in time (2)   | 69,061            | 12,738             | 15,172            | 96,971            |
| <b>Total revenues</b>                | <b>\$ 892,719</b> | <b>\$ 12,738</b>   | <b>\$ 89,161</b>  | <b>\$ 994,618</b> |

**Nine Months Ended September 30, 2021**

| <b>Timing of Revenue Recognition</b> | <b>Research</b>     | <b>Conferences</b> | <b>Consulting</b> | <b>Total</b>        |
|--------------------------------------|---------------------|--------------------|-------------------|---------------------|
| Transferred over time (1)            | \$ 2,755,047        | \$ —               | \$ 247,869        | \$ 3,002,916        |
| Transferred at a point in time (2)   | 265,047             | 107,396            | 52,280            | 424,723             |
| <b>Total revenues</b>                | <b>\$ 3,020,094</b> | <b>\$ 107,396</b>  | <b>\$ 300,149</b> | <b>\$ 3,427,639</b> |

**Nine Months Ended September 30, 2020**

| <b>Timing of Revenue Recognition</b> | <b>Research</b>     | <b>Conferences</b> | <b>Consulting</b> | <b>Total</b>        |
|--------------------------------------|---------------------|--------------------|-------------------|---------------------|
| Transferred over time (1)            | \$ 2,463,434        | \$ —               | \$ 224,027        | \$ 2,687,461        |
| Transferred at a point in time (2)   | 213,905             | 26,925             | 58,353            | 299,183             |
| <b>Total revenues</b>                | <b>\$ 2,677,339</b> | <b>\$ 26,925</b>   | <b>\$ 282,380</b> | <b>\$ 2,986,644</b> |

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- (1) Research revenues are recognized in connection with performance obligations that are satisfied over time using a time-elapsed output method to measure progress. Consulting revenues are recognized over time using labor hours as an input measurement basis.
- (2) The revenues in this category are recognized in connection with performance obligations that are satisfied at the point in time that the contractual deliverables are provided to the customer.

*Performance Obligations* — For customer contracts that are greater than one year in duration, the aggregate amount of the transaction price allocated to performance obligations that were unsatisfied (or partially unsatisfied) as of September 30, 2021 was approximately \$3.8 billion. The Company expects to recognize \$668.1 million, \$2,080.5 million and \$1,054.5 million of this revenue (most of which pertains to Research) during the remainder of 2021, the year ending December 31, 2022 and thereafter, respectively. The Company applies a practical expedient that is permitted under ASC Topic 606 and, accordingly, it does not disclose such performance obligation information for customer contracts that have original durations of one year or less. The Company's performance obligations for contracts meeting this ASC Topic 606 disclosure exclusion primarily include: (i) stand-ready services under Research subscription contracts; (ii) holding conferences and meetings where attendees and exhibitors can participate; and (iii) providing customized Consulting solutions for clients under fixed fee and time and materials

engagements. The remaining duration of these performance obligations is generally less than one year, which aligns with the period that the parties have enforceable rights and obligations under the affected contracts.

*Customer Contract Assets and Liabilities* — The timing of the recognition of revenue and the amount and timing of the Company’s billings and cash collections, including upfront customer payments, result in the recognition of both assets and liabilities on the Company’s consolidated balance sheet. The table below provides information regarding certain of the Company’s balance sheet accounts that pertain to its contracts with customers (in thousands).

|   | September 30,<br>2021 | December 31,<br>2020 |
|---|-----------------------|----------------------|
| <b>Assets:</b>  |                       |                      |
| Fees receivable, gross (1)  | \$ 975,966            | \$ 1,251,508         |
| Contract assets recorded in Prepaid expenses and other current assets (2) | \$ 24,318             | \$ 14,440            |
| <b>Contract liabilities:</b>  |                       |                      |
| Deferred revenues (current liability) (3)                                 | \$ 2,028,908          | \$ 1,974,548         |
| Non-current deferred revenues recorded in Other liabilities (3)           | 52,043                | 26,754               |
| Total contract liabilities  | \$ 2,080,951          | \$ 2,001,302         |

- (1) Fees receivable represent an unconditional right to payment from the Company’s customers and include both billed and unbilled amounts.
- (2) Contract assets represent recognized revenue for which the Company does not have an unconditional right to payment as of the balance sheet date because the project may be subject to a progress billing milestone or some other billing restriction.
- (3) Deferred revenues represent amounts (i) for which the Company has received an upfront customer payment or (ii) that pertain to recognized fees receivable. Both situations occur before the completion of the Company’s performance obligation(s).

The Company recognized revenue of \$818.4 million and \$681.6 million during the three months ended September 30, 2021 and 2020, respectively, and \$1,505.4 million and \$1,354.2 million during the nine months ended September 30, 2021 and 2020, respectively, that was attributable to deferred revenues that were recorded at the beginning of each such period. Those amounts primarily consisted of (i) Research revenues that were recognized ratably as control of the goods or services passed to the customer and (ii) Conferences revenue pertaining to conferences and meetings that occurred during the reporting periods. During each of the three and nine months ended September 30, 2021 and 2020, the Company did not record any material impairments related to its contract assets.

#### Note 5 — Computation of Earnings Per Share

Basic earnings per share (“EPS”) is computed by dividing net income by the weighted average number of shares of Common Stock outstanding during the period. Diluted EPS reflects the potential dilution of securities that could share in earnings. Potential shares of common stock are excluded from the computation of diluted earnings per share when their effect would be anti-dilutive.

The table below sets forth the calculation of basic and diluted income per share for the periods indicated (in thousands, except per share data).

|  | Three Months Ended<br>September 30, |           | Nine Months Ended<br>September 30, |            |
|--|-------------------------------------|-----------|------------------------------------|------------|
|  | 2021                                | 2020      | 2021                               | 2020       |
| <b>Numerator:</b>  |                                     |           |                                    |            |
| Net income used for calculating basic and diluted income per share                       | \$ 148,865                          | \$ 16,964 | \$ 584,201                         | \$ 147,138 |
| <b>Denominator:</b>  |                                     |           |                                    |            |
| Weighted average common shares used in the calculation of basic income per share         | 83,566                              | 89,378    | 85,877                             | 89,307     |
| Dilutive effect of outstanding awards associated with stock-based compensation plans (1) | 1,200                               | 577       | 1,048                              | 695        |
| Shares used in the calculation of diluted income per share                               | 84,766                              | 89,955    | 86,925                             | 90,002     |
| Basic income per share   | \$ 1.78                             | \$ 0.19   | \$ 6.80                            | \$ 1.65    |
| Diluted income per share   | \$ 1.76                             | \$ 0.19   | \$ 6.72                            | \$ 1.63    |

(1) Certain potential shares of common stock were not included in the computation of diluted income per share because the effect would have been anti-dilutive. For the three and nine months ended September 30, 2020, approximately 0.5 million and 0.8 million shares of common stock equivalents, respectively, were excluded from the calculation of diluted income per share because they were anti-dilutive. For both of the three and nine months ended September 30, 2021, the number of anti-dilutive shares was de minimis.

#### Note 6 — Stock-Based Compensation

The Company grants stock-based compensation awards as an incentive for employees and directors to contribute to the Company's long-term success. The Company currently awards stock-settled stock appreciation rights, service-based and performance-based restricted stock units, and common stock equivalents. As of September 30, 2021, the Company had 4.2 million shares of its common stock, par value \$0.0005 per share, (the "Common Stock") available for stock-based compensation awards under its current Long-Term Incentive Plan as amended and restated in January 2019 (the "Plan").

The tables below summarize the Company's stock-based compensation expense by award type and expense category line item during the periods indicated (in millions).

| Award type                 | Three Months Ended<br>September 30, |         | Nine Months Ended<br>September 30, |         |
|----------------------------|-------------------------------------|---------|------------------------------------|---------|
|                            | 2021                                | 2020    | 2021                               | 2020    |
| Stock appreciation rights  | \$ 2.1                              | \$ 2.1  | \$ 6.1                             | \$ 5.7  |
| Restricted stock units (2) | 17.1                                | 13.2    | 75.0                               | 50.0    |
| Common stock equivalents   | 0.2                                 | 0.2     | 0.6                                | 0.6     |
| Total (1)                  | \$ 19.4                             | \$ 15.5 | \$ 81.7                            | \$ 56.3 |

| Expense category line item               | Three Months Ended<br>September 30, |         | Nine Months Ended<br>September 30, |         |
|--|-------------------------------------|---------|------------------------------------|---------|
|  | 2021                                | 2020    | 2021                               | 2020    |
| Cost of services and product development | \$ 6.9                              | \$ 6.1  | \$ 28.6                            | \$ 25.3 |
| Selling, general and administrative      | 12.5                                | 9.4     | 53.1                               | 31.0    |
| Total (1) (2)                            | \$ 19.4                             | \$ 15.5 | \$ 81.7                            | \$ 56.3 |

(1) Includes charges of \$5.5 million and \$3.4 million during the three months ended September 30, 2021 and 2020, respectively, and \$38.3 million and \$20.2 million during the nine months ended September 30, 2021 and 2020, respectively, for awards to retirement-eligible employees. Those awards vest on an accelerated basis.

(2) On February 5, 2020, prior to the COVID-19 related shutdown in the U.S., the Compensation Committee ("Committee") of the Board of Directors of the Company established performance measures for the performance-based restricted stock units (the "PSUs") awarded to the Company's executive officers in 2020 under the Plan. Based on preliminary corporate performance results for the 2020 performance measures, the 2020 PSUs would have been earned at 50% of target.

However, on February 3, 2021, the Committee determined to use its discretion under the Plan to approve a payout at 95% of target. In deciding to exercise this discretion to adjust the performance-based RSU payout, the Committee considered the Company's strong overall performance in 2020 despite the significant negative impact of the COVID-19 pandemic. As a result of the modification, the Company recognized \$6.5 million of incremental compensation cost during the nine months ended September 30, 2021.

#### Note 7 — Segment Information

The Company's products and services are delivered through three segments – Research, Conferences and Consulting, as described below.

- **Research** equips executives and their teams from every function and across all industries with actionable, objective insight, guidance and tools. Our experienced experts deliver all this value informed by an unmatched combination of practitioner-sourced and data-driven research to help our clients address their most critical priorities.
- **Conferences** provides executives and teams across an organization the opportunity to learn, share and network. From our Gartner Symposium/Xpo series, to industry-leading conferences focused on specific business roles and topics, to peer-driven sessions, our offerings enable attendees to experience the best of Gartner insight and guidance.
- **Consulting** serves senior executives leading technology-driven strategic initiatives leveraging the power of Gartner's actionable, objective insight. Through custom analysis and on-the-ground support we enable optimized technology investments and stronger performance on our clients' most critical priorities.

The Company evaluates segment performance and allocates resources based on gross contribution margin. Gross contribution, as presented in the tables below, is defined as operating income or loss excluding certain Cost of services and product development expenses, Selling, general and administrative expenses, Depreciation, Amortization of intangibles, and Acquisition and integration charges. Certain bonus and fringe benefit costs included in consolidated Cost of services and product development are not allocated to segment expense. The accounting policies used by the reportable segments are the same as those used by the Company. There are no intersegment revenues. The Company does not identify or allocate assets, including capital expenditures, by reportable segment. Accordingly, assets are not reported by segment because the information is not available by segment and is not reviewed in the evaluation of segment performance or in making decisions regarding the allocation of resources.

The tables below present information about the Company's reportable segments for the periods indicated (in thousands).

| <b>Three Months Ended September 30, 2021</b> | <b>Research</b> | <b>Conferences</b> | <b>Consulting</b> | <b>Consolidated</b> |
|--|-----------------|--------------------|-------------------|---------------------|
| Revenues                                     | \$ 1,037,124    | \$ 24,415          | \$ 94,743         | \$ 1,156,282        |
| Gross contribution                           | 769,091         | 11,456             | 30,972            | 811,519             |
| Corporate and other expenses                 |                 |                    |                   | (581,298)           |
| Operating income                             |                 |                    |                   | <u>\$ 230,221</u>   |

| <b>Three Months Ended September 30, 2020</b> | <b>Research</b> | <b>Conferences</b> | <b>Consulting</b> | <b>Consolidated</b> |
|--|-----------------|--------------------|-------------------|---------------------|
| Revenues                                     | \$ 892,719      | \$ 12,738          | \$ 89,161         | \$ 994,618          |
| Gross contribution                           | 642,328         | 2,044              | 28,161            | 672,533             |
| Corporate and other expenses                 |                 |                    |                   | (584,883)           |
| Operating income                             |                 |                    |                   | <u>\$ 87,650</u>    |

| <b>Nine Months Ended September 30, 2021</b> | <b>Research</b> | <b>Conferences</b> | <b>Consulting</b> | <b>Consolidated</b> |
|---|-----------------|--------------------|-------------------|---------------------|
| Revenues                                    | \$ 3,020,094    | \$ 107,396         | \$ 300,149        | \$ 3,427,639        |
| Gross contribution                          | 2,235,594       | 67,954             | 112,840           | 2,416,388           |
| Corporate and other expenses                |                 |                    |                   | (1,686,041)         |
| Operating income                            |                 |                    |                   | <u>\$ 730,347</u>   |



| <b>Nine Months Ended September 30, 2020</b> | <b>Research</b> | <b>Conferences</b> | <b>Consulting</b> | <b>Consolidated</b> |
|---|-----------------|--------------------|-------------------|---------------------|
| Revenues                                    | \$ 2,677,339    | \$ 26,925          | \$ 282,380        | \$ 2,986,644        |
| Gross contribution                          | 1,928,422       | (15,246)           | 91,086            | 2,004,262           |
| Corporate and other expenses                |                 |                    |                   | (1,692,242)         |
| Operating income                            |                 |                    |                   | <u>\$ 312,020</u>   |

The table below provides a reconciliation of total segment gross contribution to net income for the periods indicated (in thousands).

|  | <b>Three Months Ended</b> |                  | <b>Nine Months Ended</b> |                   |
|--|---------------------------|------------------|--------------------------|-------------------|
|  | <b>September 30,</b>      |                  | <b>September 30,</b>     |                   |
|  | <b>2021</b>               | <b>2020</b>      | <b>2021</b>              | <b>2020</b>       |
| Total segment gross contribution                           | \$ 811,519                | \$ 672,533       | \$ 2,416,388             | \$ 2,004,262      |
| Costs and expenses:  |                           |                  |                          |                   |
| Cost of services and product development - unallocated (1) | 14,474                    | 7,682            | 33,255                   | 11,214            |
| Selling, general and administrative                        | 512,573                   | 521,508          | 1,488,324                | 1,512,987         |
| Depreciation and amortization                              | 52,480                    | 53,971           | 160,749                  | 162,603           |
| Acquisition and integration charges                        | 1,771                     | 1,722            | 3,713                    | 5,438             |
| Operating income   | 230,221                   | 87,650           | 730,347                  | 312,020           |
| Interest expense and other, net                            | (31,388)                  | (28,669)         | (73,119)                 | (97,228)          |
| Gain on event cancellation insurance claims                | —                         | —                | 135,545                  | —                 |
| Loss on extinguishment of debt                             | —                         | (44,814)         | —                        | (44,814)          |
| Less: Provision (benefit) for income taxes                 | 49,968                    | (2,797)          | 208,572                  | 22,840            |
| Net income   | <u>\$ 148,865</u>         | <u>\$ 16,964</u> | <u>\$ 584,201</u>        | <u>\$ 147,138</u> |

- (1) The unallocated amounts consist of certain bonus and fringe costs recorded in consolidated Cost of services and product development that are not allocated to segment expense. The Company's policy is to allocate bonuses to segments at 100% of a segment employee's target bonus. Amounts above or below 100% are absorbed by corporate.

#### Note 8 — Debt

The Company's total outstanding borrowings are summarized in the table below (in thousands).

| <b>Description</b>   | <b>September 30,<br/>2021</b> | <b>December 31,<br/>2020</b> |
|--|-------------------------------|------------------------------|
| 2020 Credit Agreement - Term loan facility (1)             | \$ 288,800                    | \$ 395,000                   |
| 2020 Credit Agreement - Revolving credit facility (1), (2) | —                             | 5,000                        |
| Senior Notes due 2028 ("2028 Notes") (3)                   | 800,000                       | 800,000                      |
| Senior Notes due 2029 ("2029 Notes") (4)                   | 600,000                       | —                            |
| Senior Notes due 2030 ("2030 Notes") (5)                   | 800,000                       | 800,000                      |
| Other (6)  | 5,661                         | 6,046                        |
| Principal amount outstanding (7)                           | 2,494,461                     | 2,006,046                    |
| Less: deferred financing fees (8)                          | (31,492)                      | (27,245)                     |
| Net balance sheet carrying amount                          | <u>\$ 2,462,969</u>           | <u>\$ 1,978,801</u>          |

- (1) The contractual annualized interest rate as of September 30, 2021 on the 2020 Credit Agreement Term loan facility and the revolving credit facility was 1.50%, which consisted of a floating Eurodollar base rate of 0.125% plus a margin of 1.375%. However, the Company has interest rate swap contracts that effectively convert the floating Eurodollar base rates on outstanding amounts to a fixed base rate.
- (2) The Company had approximately \$1.0 billion of available borrowing capacity on the 2020 Credit Agreement revolver (not including the expansion feature) as of September 30, 2021.
- (3) Consists of \$800.0 million principal amount of 2028 Notes outstanding. The 2028 Notes bear interest at a fixed rate of 4.50% and mature on July 1, 2028.

- (4) Consists of \$600.0 million principal amount of 2029 Notes outstanding. The 2029 Notes bear interest at a fixed rate of 3.625% and mature on June 15, 2029.
- (5) Consists of \$800.0 million principal amount of 2030 Notes outstanding. The 2030 Notes bear interest at a fixed rate of 3.75% and mature on October 1, 2030.
- (6) Consists of two State of Connecticut economic development loans. One of the loans originated in 2012, has a 10-year maturity and the outstanding balance of \$0.7 million as of September 30, 2021 bears interest at a fixed rate of 3.00%. The second loan, originated in 2019, has a 10-year maturity and bears interest at a fixed rate of 1.75%. Both of these loans may be repaid at any time by the Company without penalty.
- (7) The weighted average annual effective rate on the Company's outstanding debt for the three and nine months ended September 30, 2021, including the effects of its interest rate swaps discussed below, was 4.76% and 4.90%, respectively.
- (8) Deferred financing fees are being amortized to Interest expense, net over the term of the related debt obligation.

#### *2029 Notes*

On June 18, 2021, the Company issued \$600.0 million aggregate principal amount of 3.625% Senior Notes due 2029. The 2029 Notes were issued pursuant to an indenture, dated as of June 18, 2021 (the "2029 Note Indenture"), among the Company, the guarantors party thereto and U.S. Bank National Association, as trustee (the "Trustee").

The 2029 Notes were issued at an issue price of 100.0% and bear interest at a rate of 3.625% per annum. Interest on the 2029 Notes is payable on June 15 and December 15 of each year, beginning on December 15, 2021. The 2029 Notes will mature on June 15, 2029. The Company used a portion of the net proceeds of the 2029 Notes (i) to repay \$100.0 million of the outstanding borrowings under the Company's existing term loan facility and (ii) to pay related fees and expenses. The Company intends to use the remaining net proceeds of the 2029 Notes for general corporate purposes.

The Company may redeem some or all of the 2029 Notes at any time on or after June 15, 2024 for cash at the redemption prices set forth in the 2029 Notes Indenture, plus accrued and unpaid interest to, but excluding, the redemption date. Prior to June 15, 2024, the Company may redeem up to 40% of the aggregate principal amount of the 2029 Notes with the proceeds of certain equity offerings at a redemption price of 103.625% plus accrued and unpaid interest to, but excluding, the redemption date. In addition, the Company may redeem some or all of the 2029 Notes prior to June 15, 2024, at a redemption price of 100% of the principal amount of the 2029 Notes plus accrued and unpaid interest to, but excluding, the redemption date, plus a "make-whole" premium. If the Company experiences specific kinds of change of control and a ratings decline, it will be required to offer to repurchase the 2029 Notes at a price equal to 101% of the principal amount thereof plus accrued and unpaid interest to, but excluding, the repurchase date.

The 2029 Notes are the Company's general unsecured senior obligations, and are effectively subordinated to all of the Company's existing and future secured indebtedness to the extent of the value of the collateral securing such indebtedness, structurally subordinated to all existing and future indebtedness and other liabilities of the Company's non-guarantor subsidiaries, equal in right of payment to all of the Company's and Company's guarantor subsidiaries' existing and future senior indebtedness and senior in right of payment to all of the Company's future subordinated indebtedness, if any. The 2029 Notes are jointly and severally guaranteed on a senior unsecured basis by certain of the Company's domestic subsidiaries that have outstanding indebtedness or guarantee other specified indebtedness.

The 2029 Notes Indenture contains covenants that limit, among other things, the Company's ability and the ability of some of the Company's subsidiaries to:

- create liens; and
- merge or consolidate with other entities.

These covenants will be subject to a number of exceptions and qualifications.

The 2029 Notes Indenture also provides for events of default, which, if any of them occurs, would permit or require the principal, premium, if any, and interest on all the then outstanding 2029 Notes issued under the Indenture to be due and payable.

#### *2030 Notes*

On September 28, 2020, the Company issued \$800.0 million aggregate principal amount of 3.75% Senior Notes due 2030. The 2030 Notes were issued pursuant to an indenture, dated as of September 28, 2020 (the "2030 Note Indenture"), among the Company, the guarantors party thereto and U.S. Bank National Association, as trustee.

The 2030 Notes were issued at an issue price of 100.0% and bear interest at a rate of 3.75% per annum. Interest on the 2030 Notes is payable on April 1 and October 1 of each year, beginning on April 1, 2021. The 2030 Notes will mature on October 1, 2030.

The Company may redeem some or all of the 2030 Notes at any time on or after October 1, 2025 for cash at the redemption prices set forth in the 2030 Note Indenture, plus accrued and unpaid interest to, but excluding, the redemption date. Prior to October 1, 2025, the Company may redeem up to 40% of the aggregate principal amount of the 2030 Notes in connection with certain equity offerings, or some or all of the 2030 Notes with a “make-whole” premium, in each case subject to the terms set forth in the 2030 Note Indenture.

#### *2028 Notes*

On June 22, 2020, the Company issued \$800.0 million aggregate principal amount of 4.50% Senior Notes due 2028. The 2028 Notes were issued pursuant to an indenture, dated as of June 22, 2020 (the “2028 Note Indenture”), among the Company, the guarantors party thereto and U.S. Bank National Association, as trustee.

The 2028 Notes were issued at an issue price of 100.0% and bear interest at a rate of 4.50% per annum. Interest on the 2028 Notes is payable on January 1 and July 1 of each year, beginning on January 1, 2021. The 2028 Notes will mature on July 1, 2028.

The Company may redeem some or all of the 2028 Notes at any time on or after July 1, 2023 for cash at the redemption prices set forth in the 2028 Note Indenture, plus accrued and unpaid interest to, but excluding, the redemption date. Prior to July 1, 2023, the Company may redeem up to 40% of the aggregate principal amount of the 2028 Notes in connection with certain equity offerings, or some or all of the 2028 Notes with a “make-whole” premium, in each case subject to the terms set forth in the 2028 Note Indenture.

#### *2020 Credit Agreement*

On September 28, 2020, the Company entered into an agreement among the Company, as borrower, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent (the “Administrative Agent,” and such agreement, the “2020 Credit Agreement”), which amended and restated the Company’s existing credit facility, dated as of June 17, 2016 (as amended, supplemented or otherwise modified from time to time, the “2016 Credit Agreement”).

The 2020 Credit Agreement provides for a \$400.0 million senior secured five-year term loan facility and a \$1.0 billion senior secured five-year revolving facility. The term and revolving facilities may be increased, at the Company’s option and under certain conditions, by up to an additional \$1.0 billion in the aggregate plus additional amounts subject to the satisfaction of certain conditions, including a maximum secured leverage ratio. The term loan will be repaid in consecutive quarterly installments commencing December 31, 2020, plus a final payment due on September 28, 2025, and may be prepaid at any time without penalty or premium (other than applicable breakage costs) at the option of the Company. The revolving credit facility may be used for loans, and up to \$75.0 million may be used for letters of credit. The revolving loans may be borrowed, repaid and re-borrowed until September 28, 2025, at which time all amounts borrowed must be repaid.

On September 28, 2020, the Company drew down \$400.0 million in term loans. The initial drawdown was used to refinance the outstanding amounts under the 2016 Credit Agreement. Additional amounts drawn down under the 2020 Credit Agreement will be used for general corporate purposes, including the funding of acquisitions, payment of capital expenditures and the repurchase of shares. The Company used a portion of the net proceeds from the issuance of the 2029 Notes to repay \$100.0 million of the outstanding borrowings under the term loan facility in June 2021.

The Company’s obligations under the 2020 Credit Agreement are guaranteed, on a secured basis, by certain existing and future direct and indirect U.S. subsidiaries. The Company’s obligations under the 2020 Credit Agreement and the guarantees of the subsidiary guarantors are secured by first priority security interests in substantially all of the assets of the Company and the subsidiary guarantors. The security and pledges are subject to certain exceptions.

Loans under the 2020 Credit Agreement bear interest at a rate equal to, at the Company’s option, either (i) the greatest of: (x) the Wall Street Journal prime rate; (y) the average rate on Federal Reserve Board of New York rate plus 1/2 of 1%; and (z) and the adjusted LIBO rate (adjusted for statutory reserves) for a one-month interest period plus 1%, in each case plus a margin equal to between 0.125% and 1.25% depending on the Company’s consolidated leverage ratio as of the end of the four consecutive fiscal quarters most recently ended, or (ii) the adjusted LIBO rate (adjusted for statutory reserves) plus a margin equal to between 1.125% and 2.25%, depending on the Company’s leverage ratio as of the end of the four consecutive fiscal quarters most recently ended. The commitment fee payable on the unused portion of the revolving credit facility is equal to

between 0.175% and 0.40% based on utilization of the revolving credit facility. The Company has also agreed to pay customary letter of credit fees.

### Interest Rate Swaps

As of September 30, 2021, the Company had four fixed-for-floating interest rate swap contracts with a total notional value of \$1.4 billion that mature through 2025. The Company pays base fixed rates on these swaps ranging from 2.13% to 3.04% and in return receives a floating Eurodollar base rate on 30-day notional borrowings.

As a result of the payment under the then outstanding 2016 Credit Agreement term loan and revolving credit facility, the Company de-designated all of its interest rate swaps effective June 30, 2020. Accordingly, hedge accounting is not applicable, and subsequent changes to the fair value of the interest rate swaps are recorded in Other income (expense), net. The amounts previously recorded in Accumulated other comprehensive loss are amortized into Interest expense, net over the terms of the hedged forecasted interest payments. As of September 30, 2021, \$82.3 million is remaining in Accumulated other comprehensive loss, net. The interest rate swaps had negative unrealized fair values (liabilities) of \$70.7 million and \$109.2 million as of September 30, 2021 and December 31, 2020, respectively, of which \$61.8 million and \$78.1 million were recorded in Accumulated other comprehensive loss, net of tax effect, as of September 30, 2021 and December 31, 2020, respectively. See Note 12 — Fair Value Disclosures for the determination of the fair values of Company's interest rate swaps.

### Note 9 — Equity

#### Share Repurchase Authorization

In 2015, the Company's Board of Directors (the "Board") authorized a share repurchase program to repurchase up to \$1.2 billion of the Company's common stock. The Board authorized incremental share repurchases of up to an additional \$300.0 million, \$500.0 million and \$800.0 million of the Company's common stock in February 2021, April 2021 and July 2021, respectively. \$776.3 million remained available under the share repurchase program as of September 30, 2021. The Company may repurchase its common stock from time-to-time in amounts, at prices and in the manner that the Company deems appropriate, subject to the availability of stock, prevailing market conditions, the trading price of the stock, the Company's financial performance and other conditions. Repurchases may be made through open market purchases (which may include repurchase plans designed to comply with Rule 10b5-1 of the Securities Exchange Act of 1934, as amended), accelerated share repurchases, private transactions or other transactions and will be funded by cash on hand and borrowings. Repurchases may also be made from time-to-time in connection with the settlement of the Company's stock-based compensation awards.

The Company's share repurchase activity is presented in the table below for the periods indicated.

|   | Three Months Ended<br>September 30, |          | Nine Months Ended<br>September 30, |           |
|---|-------------------------------------|----------|------------------------------------|-----------|
|   | 2021                                | 2020     | 2021                               | 2020      |
| Number of shares repurchased (1)                    | 1,255,218                           | 17,167   | 6,624,634                          | 440,873   |
| Cash paid for repurchased shares (in thousands) (2) | \$ 355,458                          | \$ 2,255 | \$ 1,438,808                       | \$ 76,117 |

(1) The average purchase price for repurchased shares was \$290.54 and \$131.35 for the three months ended September 30, 2021 and 2020, respectively, and \$219.00 and \$149.97 for the nine months ended September 30, 2021 and 2020, respectively. The repurchased shares during the three months ended September 30, 2021 included purchases for both open market purchases and stock-based compensation award settlements. All of the shares repurchased during the three months ended September 30, 2020 related to the settlement of the Company's stock-based compensation awards. The repurchased shares during the nine months ended September 30, 2021 and 2020 included purchases for both open market purchases and stock-based compensation award settlements.

(2) The cash paid for repurchased shares during the nine months ended September 30, 2021 included \$8.0 million of open market purchases with trade dates in December 2020 that settled in January 2021 and excluded \$20.0 million of open market purchases with trade dates in September 2021 that settled in October 2021. The cash paid for repurchased shares during the nine months ended September 30, 2020 included \$10.0 million of open market purchases with trade dates in December 2019 that settled in January 2020.

#### Accumulated Other Comprehensive Loss, net ("AOCL")

The tables below provide information about the changes in AOCL by component and the related amounts reclassified out of AOCL to income during the periods indicated (net of tax, in thousands) (1).

### Three Months Ended September 30, 2021

|   | Interest Rate Swaps | Defined Benefit Pension Plans | Foreign Currency Translation Adjustments | Total       |
|---|---------------------|-------------------------------|--|-------------|
| Balance – June 30, 2021                                       | \$ (67,377)         | \$ (9,102)                    | \$ (6,499)                               | \$ (82,978) |
| Other comprehensive income (loss) activity during the period: |                     |                               |  |             |
| Change in AOCL before reclassifications to income             | —                   | —                             | (6,488)                                  | (6,488)     |
| Reclassifications from AOCL to income (2), (3)                | 5,529               | 100                           | —  | 5,629       |
| Other comprehensive income (loss), net                        | 5,529               | 100                           | (6,488)                                  | (859)       |
| Balance – September 30, 2021                                  | \$ (61,848)         | \$ (9,002)                    | \$ (12,987)                              | \$ (83,837) |

### Three Months Ended September 30, 2020

|   | Interest Rate Swaps | Defined Benefit Pension Plans | Foreign Currency Translation Adjustments | Total        |
|---|---------------------|-------------------------------|--|--------------|
| Balance – June 30, 2020                                       | \$ (88,996)         | \$ (8,425)                    | \$ (44,754)                              | \$ (142,175) |
| Other comprehensive income (loss) activity during the period: |                     |                               |  |              |
| Change in AOCL before reclassifications to income             | (1,033)             | —                             | 7,498                                    | 6,465        |
| Reclassifications from AOCL to income (2), (3)                | 5,412               | 85                            | —  | 5,497        |
| Other comprehensive income (loss), net                        | 4,379               | 85                            | 7,498                                    | 11,962       |
| Balance – September 30, 2020                                  | \$ (84,617)         | \$ (8,340)                    | \$ (37,256)                              | \$ (130,213) |

### Nine Months Ended September 30, 2021

|   | Interest Rate Swaps | Defined Benefit Pension Plans | Foreign Currency Translation Adjustments | Total       |
|---|---------------------|-------------------------------|--|-------------|
| Balance – December 31, 2020                                   | \$ (78,104)         | \$ (9,309)                    | \$ (11,815)                              | \$ (99,228) |
| Other comprehensive income (loss) activity during the period: |                     |                               |  |             |
| Change in AOCL before reclassifications to income             | —                   | —                             | (1,172)                                  | (1,172)     |
| Reclassifications from AOCL to income (2), (3)                | 16,256              | 307                           | —  | 16,563      |
| Other comprehensive income (loss), net                        | 16,256              | 307                           | (1,172)                                  | 15,391      |
| Balance at September 30, 2021                                 | \$ (61,848)         | \$ (9,002)                    | \$ (12,987)                              | \$ (83,837) |

### Nine Months Ended September 30, 2020

|   | Interest Rate Swaps | Defined Benefit Pension Plans | Foreign Currency Translation Adjustments | Total        |
|---|---------------------|-------------------------------|--|--------------|
| Balance – December 31, 2019                                   | \$ (47,164)         | \$ (8,584)                    | \$ (22,190)                              | \$ (77,938)  |
| Other comprehensive income (loss) activity during the period: |                     |                               |  |              |
| Change in AOCL before reclassifications to income             | (58,022)            | —                             | (15,066)                                 | (73,088)     |
| Reclassifications from AOCL to income (2), (3)                | 20,569              | 244                           | —  | 20,813       |
| Other comprehensive income (loss), net                        | (37,453)            | 244                           | (15,066)                                 | (52,275)     |
| Balance – September 30, 2020                                  | \$ (84,617)         | \$ (8,340)                    | \$ (37,256)                              | \$ (130,213) |

(1) Amounts in parentheses represent debits (deferred losses).

(2) \$7.4 million and \$7.2 million of the reclassifications related to interest rate swaps (cash flow hedges) were recorded in Interest expense, net, for the three months ended September 30, 2021 and 2020, respectively. \$21.7 million and \$17.7

million of the reclassifications related to interest rate swaps (cash flow hedges) were recorded in Interest expense, net, for the nine months ended September 30, 2021 and 2020, respectively. In addition, as a result of the interest rate swaps de-designation, the Company reclassified \$10.3 million to Other income (expense), net, during the three months ended June 30, 2020. See Note 8 — Debt and Note 11 — Derivatives and Hedging for information regarding the cash flow hedges.

(3) The reclassifications related to defined benefit pension plans were recorded in Other income (expense), net.

The estimated net amount of the existing losses on the Company's interest rate swaps that are reported in Accumulated other comprehensive loss, net at September 30, 2021 that is expected to be reclassified into earnings within the next 12 months is \$24.9 million.

#### Note 10 — Income Taxes

The provision for income taxes for the three months ended September 30, 2021 and 2020 was an expense of \$50.0 million and a benefit of \$2.8 million, respectively. The provision for income taxes for the nine months ended September 30, 2021 and 2020 was an expense of \$208.6 million and \$22.8 million, respectively.

The effective income tax rate was an expense of 25.1% and a benefit of 19.7% for the three months ended September 30, 2021 and 2020, respectively. The three month results for both years included movements in unrecognized tax benefits as well as changes in estimated geographical mix of earnings. The change in the effective tax rate was largely attributable to differences in the relative impacts of these items period over period.

The effective income tax rate was 26.3% and 13.4% for the nine months ended September 30, 2021 and 2020, respectively. In addition to the items noted above, the nine month results for 2020 included benefits from intercompany sales of certain intellectual property. Approximately \$28.3 million of tax benefits were recognized, representing the value of future tax deductions for amortization of the assets in the acquiring jurisdiction. No such benefits were included in the nine months ended September 30, 2021. This drove an additional increase in the 2021 year to date effective income tax rate.

The Company had gross unrecognized tax benefits of \$132.0 million on September 30, 2021 and \$127.1 million on December 31, 2020. It is reasonably possible that gross unrecognized tax benefits will decrease by approximately \$10.0 million within the next twelve months due to the anticipated closure of audits and the expiration of certain statutes of limitation.

#### Note 11 — Derivatives and Hedging

The Company enters into a limited number of derivative contracts to mitigate the cash flow risk associated with changes in interest rates on variable-rate debt and changes in foreign exchange rates on forecasted foreign currency transactions. The Company accounts for its outstanding derivative contracts in accordance with FASB ASC Topic 815, which requires all derivatives, including derivatives designated as accounting hedges, to be recorded on the balance sheet at fair value. The tables below provide information regarding the Company's outstanding derivative contracts as of the dates indicated (in thousands, except for number of contracts).

#### September 30, 2021

| Derivative Contract Type      | Number of Contracts | Notional Amounts | Fair Value Asset (Liability), Net (3) | Balance Sheet Line Item | Unrealized Loss Recorded in AOCL, net of tax |
|-------------------------------|---------------------|------------------|---------------------------------------|-------------------------|--|
| Interest rate swaps (1)       | 4                   | \$ 1,400,000     | \$ (42,906)                           | Other liabilities       | \$ (61,848)                                  |
|                               |                     |                  | (27,823)                              | Accrued liabilities     |  |
| Foreign currency forwards (2) | 27                  | 63,990           | (144)                                 | Accrued liabilities     | —  |
| Total                         | 31                  | \$ 1,463,990     | \$ (70,873)                           |                         | \$ (61,848)                                  |

December 31, 2020

| Derivative Contract Type      | Number of Contracts | Notional Amounts | Fair Value Asset (Liability), Net (3) | Balance Sheet Line Item                  | Unrealized Loss Recorded in AOCL, net of tax |
|-------------------------------|---------------------|------------------|---------------------------------------|--|--|
| Interest rate swaps (1)       | 4                   | \$ 1,400,000     | \$ (74,289)<br>(34,886)               | Other liabilities<br>Accrued liabilities | \$ (78,104)                                  |
| Foreign currency forwards (2) | 163                 | 430,063          | (1,514)                               | Accrued liabilities                      | —  |
| Total                         | 167                 | \$ 1,830,063     | \$ (110,689)                          |  | \$ (78,104)                                  |

- (1) As a result of the payment under the then outstanding 2016 Credit Agreement term loan and revolving credit facility, the Company de-designated all of its interest rate swaps effective June 30, 2020. Accordingly, hedge accounting is not applicable, and subsequent changes to fair value of the interest rate swaps are recorded in Other income (expense), net. The amounts previously recorded in Accumulated other comprehensive loss are amortized into Interest expense, net over the terms of the hedged forecasted interest payments. See Note 8 — Debt provides additional information regarding the Company's interest rate swap contracts.
- (2) The Company has foreign exchange transaction risk because it typically enters into transactions in the normal course of business that are denominated in foreign currencies that differ from the local functional currency. The Company enters into short-term foreign currency forward exchange contracts to mitigate the cash flow risk associated with changes in foreign currency rates on forecasted foreign currency transactions. These contracts are accounted for at fair value with realized and unrealized gains and losses recognized in Other income (expense), net because the Company does not designate these contracts as hedges for accounting purposes. All of the outstanding foreign currency forward exchange contracts at September 30, 2021 matured before October 31, 2021.
- (3) See Note 12 — Fair Value Disclosures for the determination of the fair values of these instruments.

At September 30, 2021, all of the Company's derivative counterparties were investment grade financial institutions. The Company did not have any collateral arrangements with its derivative counterparties and none of the derivative contracts contained credit-risk related contingent features. The table below provides information regarding amounts recognized in the accompanying Condensed Consolidated Statements of Operations for derivative contracts for the periods indicated (in thousands).

| Amount recorded in:             | Three Months Ended<br>September 30, |          | Nine Months Ended<br>September 30, |           |
|---------------------------------|-------------------------------------|----------|------------------------------------|-----------|
|                                 | 2021                                | 2020     | 2021                               | 2020      |
| Interest expense, net (1)       | \$ 7,380                            | \$ 7,165 | \$ 21,695                          | \$ 17,679 |
| Other expense (income), net (2) | 2,558                               | 179      | (11,771)                           | 22,494    |
| Total expense, net              | \$ 9,938                            | \$ 7,344 | \$ 9,924                           | \$ 40,173 |

- (1) Consists of interest expense from interest rate swap contracts.
- (2) Consists of net realized and unrealized gains and losses on foreign currency forward contracts and gains and losses on de-designated interest rate swaps. For the nine months ended September 30, 2020, Other expense (income), net included \$10.3 million expense on interest rate swap contracts due to forecasted interest payments no longer being probable as a result of the payment under the then outstanding 2016 Credit Agreement term loan and revolving credit facility on June 30, 2020.

#### Note 12 — Fair Value Disclosures

The Company's financial instruments include cash equivalents, fees receivable from customers, accounts payable and accrued liabilities, all of which are normally short-term in nature. The Company believes that the carrying amounts of these financial instruments reasonably approximate their fair values due to their short-term nature. The Company's financial instruments also include its outstanding variable-rate borrowings under the 2020 Credit Agreement. The Company believes that the carrying amounts of its variable-rate borrowings reasonably approximate their fair values because the rates of interest on those borrowings reflect current market rates of interest for similar instruments with comparable maturities.

The Company enters into a limited number of derivatives transactions but does not enter into repurchase agreements, securities lending transactions or master netting arrangements. Receivables or payables that result from derivatives transactions are recorded gross in the Company's consolidated balance sheets.

FASB ASC Topic 820 provides a framework for the measurement of fair value and a valuation hierarchy based on the transparency of inputs used in the valuation of assets and liabilities. Classification within the valuation hierarchy is based on the lowest level of input that is significant to the resulting fair value measurement. The valuation hierarchy contains three levels. Level 1 measurements consist of quoted prices in active markets for identical assets or liabilities. Level 2 measurements include significant other observable inputs such as quoted prices for similar assets or liabilities in active markets; identical assets or liabilities in inactive markets; observable inputs such as interest rates and yield curves; and other market-corroborated inputs. Level 3 measurements include significant unobservable inputs such as internally-created valuation models. The Company does not currently utilize Level 3 valuation inputs to remeasure any of its assets or liabilities. However, Level 3 inputs may be used by the Company in its required annual impairment review of goodwill. Information regarding the periodic assessment of the Company's goodwill is included in Note 3 — Goodwill and Intangible Assets. The Company does not typically transfer assets or liabilities between different levels of the valuation hierarchy.

The table below presents the fair values of certain financial assets and liabilities (in thousands).

| Description                                | September 30,<br>2021 | December 31,<br>2020 |
|--|-----------------------|----------------------|
| <b>Assets:</b>                             |                       |                      |
| Values based on Level 1 inputs:            |                       |                      |
| Deferred compensation plan assets (1)      | \$ 8,785              | \$ 2,589             |
| Total Level 1 inputs                       | 8,785                 | 2,589                |
| Values based on Level 2 inputs:            |                       |                      |
| Deferred compensation plan assets (1)      | 89,804                | 85,932               |
| Foreign currency forward contracts (2)     | 28                    | 885                  |
| Total Level 2 inputs                       | 89,832                | 86,817               |
| <b>Total Assets</b>                        | <b>\$ 98,617</b>      | <b>\$ 89,406</b>     |
| <b>Liabilities:</b>                        |                       |                      |
| Values based on Level 2 inputs:            |                       |                      |
| Deferred compensation plan liabilities (1) | \$ 105,831            | \$ 94,538            |
| Foreign currency forward contracts (2)     | 172                   | 2,399                |
| Interest rate swap contracts (3)           | 70,729                | 109,175              |
| Total Level 2 inputs                       | 176,732               | 206,112              |
| <b>Total Liabilities</b>                   | <b>\$ 176,732</b>     | <b>\$ 206,112</b>    |

- (1) The Company has a deferred compensation plan for the benefit of certain highly compensated officers, managers and other key employees. The assets consist of investments in money market funds, mutual funds and company-owned life insurance contracts, which are valued based on Level 1 or Level 2 inputs. The related deferred compensation plan liabilities are recorded at fair value, or the estimated amount needed to settle the liability, which the Company considers to be a Level 2 input.
- (2) The Company enters into foreign currency forward exchange contracts to hedge the effects of adverse fluctuations in foreign currency exchange rates (see Note 11 — Derivatives and Hedging). Valuation of these contracts is based on observable foreign currency exchange rates in active markets, which the Company considers to be a Level 2 input.
- (3) The Company has interest rate swap contracts that hedge the risk of variability from interest payments on its borrowings (see Note 8 — Debt). The fair values of interest rate swaps are based on mark-to-market valuations prepared by a third-party broker. Those valuations are based on observable interest rates from recently executed market transactions and other observable market data, which the Company considers to be Level 2 inputs. The Company independently corroborates the reasonableness of the valuations prepared by the third-party broker by using an electronic quotation service.

*Assets and liabilities measured at fair value on a non-recurring basis*

See Note 2 — Acquisition for fair value measurements of certain assets and liabilities recorded at fair value on a non-recurring basis.

The table below presents the carrying amounts (net of deferred financing costs) and fair values of financial instruments that are not recorded at fair value in the Company's Condensed Consolidated Balance Sheets (in thousands). The estimated fair value of



the financial instruments was derived from quoted market prices provided by an independent dealer, which the Company considers to be a Level 2 input.

| Description | Carrying Amount       |                      | Fair Value            |                      |
|-------------|-----------------------|----------------------|-----------------------|----------------------|
|             | September 30,<br>2021 | December 31,<br>2020 | September 30,<br>2021 | December 31,<br>2020 |
| 2028 Notes  | \$ 791,566            | \$ 790,783           | \$ 839,360            | \$ 846,296           |
| 2029 Notes  | 592,941               | —                    | 609,054               | —                    |
| 2030 Notes  | 791,288               | 790,690              | 826,720               | 843,800              |
| Total       | <u>\$ 2,175,795</u>   | <u>\$ 1,581,473</u>  | <u>\$ 2,275,134</u>   | <u>\$ 1,690,096</u>  |

#### Note 13 — Contingencies

*Legal Matters.* The Company is involved in legal proceedings and litigation arising in the ordinary course of business. A provision is recorded for pending litigation in the Company's consolidated financial statements when it is determined that an unfavorable outcome is probable and the amount of the loss can be reasonably estimated. The Company believes that the potential liability, if any, in excess of amounts already accrued from all proceedings, claims and litigation will not have a material effect on its financial position, cash flows or results of operations when resolved in a future period.

*Indemnifications.* The Company has various agreements that may obligate it to indemnify the other party with respect to certain matters. Generally, these indemnification clauses are included in contracts arising in the normal course of business under which the Company customarily agrees to hold the other party harmless against losses arising from a breach of representations related to matters such as title to assets sold and licensed or certain intellectual property rights. It is not possible to predict the maximum potential amount of future payments under these indemnification agreements due to the conditional nature of the Company's obligations and the unique facts of each particular agreement. Historically, payments made by the Company under these agreements have not been material. As of September 30, 2021, the Company did not have any material payment obligations under any such indemnification agreements.

#### Note 14 — Leases

The Company's leasing activities are primarily for facilities under cancelable and non-cancelable lease agreements expiring during 2021 and through 2038. These facilities support our executive and administrative activities, sales, systems support, operations, and other functions. The Company also has leases for office equipment and other assets, which are not significant. Certain of these lease agreements include (i) renewal options to extend the lease term for up to five years and/or (ii) options to terminate the agreement within one year. Additionally, certain of the Company's lease agreements provide standard recurring escalations of lease payments for, among other things, increases in a lessor's maintenance costs and taxes. Under some lease agreements, the Company may be entitled to allowances, free rent, lessor-financed tenant improvements and other incentives. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Company subleases certain office space that it does not intend to occupy. Such sublease arrangements expire during 2022 and through 2032 and primarily relate to facilities in Arlington, Virginia. Certain of the Company's sublease agreements: (i) include renewal and termination options; (ii) provide for customary escalations of lease payments in the normal course of business; and (iii) grant the subtenant certain allowances, free rent, Gartner-financed tenant improvements and other incentives.

All of the Company's leasing and subleasing activity is recognized in Selling, general and administrative expense in the accompanying Condensed Consolidated Statements of Operations. The table below presents the Company's net lease cost and certain other information related to the Company's leasing activities as of and for the periods indicated (dollars in thousands).

| Description:   | Three Months Ended<br>September 30, |           | Nine Months Ended<br>September 30, |            |
|--|-------------------------------------|-----------|------------------------------------|------------|
|  | 2021                                | 2020      | 2021                               | 2020       |
| Operating lease cost (1)   | \$ 32,583                           | \$ 34,290 | \$ 98,068                          | \$ 107,424 |
| Variable lease cost (2)  | 4,251                               | 4,006     | 12,674                             | 12,382     |
| Sublease income  | (10,721)                            | (6,777)   | (31,644)                           | (28,587)   |
| Total lease cost, net (3)  | \$ 26,113                           | \$ 31,519 | \$ 79,098                          | \$ 91,219  |
| Cash paid for amounts included in the measurement of operating lease liabilities | \$ 35,322                           | \$ 34,763 | \$ 105,573                         | \$ 103,725 |
| Cash receipts from sublease arrangements   | \$ 11,669                           | \$ 9,592  | \$ 32,128                          | \$ 28,512  |
| Right-of-use assets obtained in exchange for new operating lease liabilities     | \$ 18,787                           | \$ 527    | \$ 28,081                          | \$ 19,061  |

- (1) Included in operating lease cost was \$10.6 million and \$10.5 million for the three months ended September 30, 2021 and 2020, respectively, and \$31.8 million and \$31.7 million for the nine months ended September 30, 2021 and 2020, respectively, for costs related to subleasing activities.
- (2) These amounts are primarily variable lease and nonlease costs that are not fixed at the lease commencement date or are dependent on something other than an index or a rate.
- (3) The Company did not capitalize any operating lease costs during any of the periods presented.

The table below indicates where the discounted operating lease payments from the above table are classified in the accompanying Condensed Consolidated Balance Sheets (in thousands).

| Description:  | September 30,<br>2021 | December 31,<br>2020 |
|---|-----------------------|----------------------|
| Accounts payable and accrued liabilities  | \$ 86,654             | \$ 83,995            |
| Operating lease liabilities   | 740,088               | 780,166              |
| Total operating lease liabilities included in the Condensed Consolidated Balance Sheets | \$ 826,742            | \$ 864,161           |

## ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The purpose of this Management’s Discussion and Analysis (“MD&A”) is to facilitate an understanding of significant factors influencing the quarterly operating results, financial condition and cash flows of Gartner, Inc. Additionally, the MD&A conveys our expectations of the potential impact of known trends, events or uncertainties that may impact future results. You should read this discussion in conjunction with our Condensed Consolidated Financial Statements and related notes included in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the year ended December 31, 2020 (the “2020 Form 10-K”). Historical results and percentage relationships are not necessarily indicative of operating results for future periods. References to “Gartner,” the “Company,” “we,” “our” and “us” in this MD&A are to Gartner, Inc. and its consolidated subsidiaries.

### FORWARD-LOOKING STATEMENTS

In addition to historical information, this Quarterly Report on Form 10-Q contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are any statements other than statements of historical fact, including statements regarding our expectations, beliefs, hopes, intentions, projections or strategies regarding the future. In some cases, forward-looking statements can be identified by the use of words such as “may,” “will,” “expect,” “should,” “could,” “believe,” “plan,” “anticipate,” “estimate,” “predict,” “potential,” “continue” or other words of similar meaning.

We operate in a very competitive and rapidly changing environment that involves numerous known and unknown risks and uncertainties, some of which are beyond our control. Although we believe that the expectations reflected in any of our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in any of our forward-looking statements. Our future quarterly and annual revenues, operating income, results of operations and cash flows, as well as any forward-looking statement, are subject to change and to inherent risks and uncertainties, such as those disclosed or incorporated by reference in our filings with the Securities and Exchange Commission. Important factors that could cause our actual results, performance and achievements, or industry results to differ materially from estimates or projections contained in our forward-looking statements include, among others, the following: uncertainty of the magnitude, duration, geographic reach and impact on the global economy of the COVID-19 pandemic; the current, and uncertain future, impact of the COVID-19 pandemic and governments’ responses to it on our business, growth, reputation, projections, prospects, financial condition, operations, cash flows, and liquidity; the adequacy or effectiveness of steps we take to respond to the crisis; our ability to recover potential claims under our event cancellation insurance; the timing of conferences and meetings, in particular our Gartner Symposium/Xpo series that normally occurs during the fourth quarter, as well as the timing of our return to in-person conferences and meetings and willingness of participants to attend; our ability to achieve and effectively manage growth, including our ability to integrate our acquisitions and consummate and integrate future acquisitions; our ability to pay our debt obligations; our ability to maintain and expand our products and services; our ability to expand or retain our customer base; our ability to grow or sustain revenue from individual customers; our ability to attract and retain a professional staff of research analysts and consultants as well as experienced sales personnel upon whom we are dependent; our ability to achieve continued customer renewals and achieve new contract value, backlog and deferred revenue growth in light of competitive pressures; our ability to carry out our strategic initiatives and manage associated costs; our ability to successfully compete with existing competitors and potential new competitors; our ability to enforce and protect our intellectual property rights; additional risks associated with international operations, including foreign currency fluctuations; the U.K.’s exit from the European Union and its impact on our results; the impact of restructuring and other charges on our businesses and operations; cybersecurity incidents; general economic conditions; changes in macroeconomic and market conditions and market volatility (including developments and volatility arising from the COVID-19 pandemic), including interest rates and the effect on the credit markets and access to capital; risks associated with the creditworthiness, budget cuts, and shutdown of governments and agencies; the impact of changes in tax policy and heightened scrutiny from various taxing authorities globally; uncertainty from the expected discontinuance of LIBOR and transition to any other interest rate benchmark; changes to laws and regulations; and other risks and uncertainties detailed in this Form 10-Q, our most recent Form 10-K and other filings we make with the SEC. The potential fluctuations in our operating income could cause period-to-period comparisons of operating results not to be meaningful and could provide an unreliable indication of future operating results. A description of the risk factors associated with our business is included under “Risk Factors” in Item 1A. of the 2020 Form 10-K, which is incorporated herein by reference.

Forward-looking statements are subject to risks, estimates and uncertainties that could cause actual results to differ materially from those discussed in, or implied by, the forward-looking statements, and are currently, or in the future could be, amplified by the COVID-19 pandemic. Factors that might cause such a difference include, but are not limited to, those listed above or described under “Risk Factors” in Item 1A of the 2020 Form 10-K. Readers should not place undue reliance on these forward-looking statements, which reflect management’s opinion only as of the date on which they were made. Forward-looking

statements in this Quarterly Report on Form 10-Q speak only as of the date hereof, and forward-looking statements in documents attached that are incorporated by reference speak only as of the date of those documents. Except as required by law, we disclaim any obligation to review or update these forward-looking statements to reflect events or circumstances as they occur.

## BUSINESS OVERVIEW

Gartner, Inc. (NYSE: IT) delivers actionable, objective insight to executives and their teams. Our expert guidance and tools enable faster, smarter decisions and stronger performance on an organization's most critical priorities.

We deliver our products and services globally through three segments – Research, Conferences and Consulting, as described below.

- **Research** equips executives and their teams from every function and across all industries with actionable, objective insight, guidance and tools. Our experienced experts deliver all this value informed by an unmatched combination of practitioner-sourced and data-driven research to help our clients address their most critical priorities.
- **Conferences** provides executives and teams across an organization the opportunity to learn, share and network. From our Gartner Symposium/Xpo series, to industry-leading conferences focused on specific business roles and topics, to peer-driven sessions, our offerings enable attendees to experience the best of Gartner insight and guidance.
- **Consulting** serves senior executives leading technology-driven strategic initiatives leveraging the power of Gartner's actionable, objective insight. Through custom analysis and on-the-ground support we enable optimized technology investments and stronger performance on our clients' most critical priorities.

## COVID-19 Impact

As a result of the COVID-19 pandemic, we temporarily closed Gartner offices around the world and implemented significant travel restrictions. We began a limited reopening of our offices in the United States in June 2021. Reopening of our remaining offices is subject to many factors outside of our control. As a result, we cannot predict for certain when or how we will begin to lift the actions put in place as part of our business continuity plans, including work from home protocols and travel restrictions. We expect to move to a more flexible mix of work from home and in the office going forward. As a result, we are in the process of evaluating our real estate footprint globally, and may determine that certain of our leased locations are no longer necessary for our operations. If we determine there is any excess property, there is no assurance that we will be able to sublease any such excess properties or that we will not incur costs in connection with such exit activities, which may be material. As of the date of this filing, we do not believe our work from home protocol has affected our internal controls over financial reporting.

Of the three business segments in which we operate, Research and Consulting have returned to growth levels that were in line with our growth prior to the pandemic. However, Conferences remains impacted. We cancelled in-person conferences beginning in late February/early March 2020 with the remainder being cancelled after the World Health Organization's declaration of the COVID-19 pandemic later in March 2020. We began holding virtual conferences during the second half of 2020. We held 26 virtual conferences during the nine months ended September 30, 2021 and will continue to deliver conferences virtually through the remainder of 2021. These virtual conferences have resulted in significantly less revenue and gross contribution than in-person conferences, but we believe they aid in client retention and engagement. The safety of our associates and clients remains our top priority so future in-person conferences will be held only when we determine the relevant impacts of COVID-19 have sufficiently receded in the jurisdictions where our conferences are to be held. Operationally, we plan to resume in-person conferences in 2022.

For cancelled conferences, our event cancellation insurance enables us to receive an amount up to the lost contribution margin per conference plus incurred expenses. Our event cancellation insurance provides up to \$170 million in coverage for 2020 with the right to reinstate that amount one time if those limits are utilized. The insurer has contested our right to reinstate limits. We are in litigation with the insurer on these issues. Gartner also has event cancellation insurance for 2021, covering events that were planned for 2021 but cancelled, of up to \$150 million with the right to reinstate up to that amount one time if the initial limits are inadequate. The insurer has contested all coverage for events cancelled in 2021 due to COVID-19. In May 2021, we received \$150 million of proceeds related to 2020 insurance claims, and recorded a gain of \$135.5 million. The timing of receiving the remaining proceeds from 2020 insurance claims is uncertain so we will not record any insurance claims in excess of expenses incurred related to the remaining claims until the receipt of the insurance proceeds is deemed to be realizable.

In response to the pandemic's impacts to our business, we implemented cost avoidance initiatives in the first half of 2020 including significant limitations on hiring and third-party spending, reductions to discretionary spending and elimination of

non-essential travel and re-prioritization of capital expenditures. We began to restore certain investments in the business during the second half of 2020 and the first nine months of 2021. We expect these investments to increase in future periods, which may have a negative impact on operating margins.

## BUSINESS MEASUREMENTS

We believe that the following business measurements are important performance indicators for our business segments:

| <b>BUSINESS SEGMENT</b> | <b>BUSINESS MEASUREMENT</b>   |
|-------------------------|---|
| Research                | <p><b>Total contract value</b> represents the value attributable to all of our subscription-related contracts. It is calculated as the annualized value of all contracts in effect at a specific point in time, without regard to the duration of the contract. Total contract value primarily includes Research deliverables for which revenue is recognized on a ratable basis, as well as other deliverables (primarily Conferences tickets) for which revenue is recognized when the deliverable is utilized. Comparing contract value year-over-year not only measures the short-term growth of our business, but also signals the long-term health of our Research subscription business since it measures revenue that is highly likely to recur over a multi-year period. Our total contract value consists of <b>Global Technology Sales</b> contract value, which includes sales to users and providers of technology, and <b>Global Business Sales</b> contract value, which includes sales to all other functional leaders.</p> <p><b>Client retention rate</b> represents a measure of client satisfaction and renewed business relationships at a specific point in time. Client retention is calculated on a percentage basis by dividing our current clients, who were also clients a year ago, by all clients from a year ago. Client retention is calculated at an enterprise level, which represents a single company or customer.</p> <p><b>Wallet retention rate</b> represents a measure of the amount of contract value we have retained with clients over a twelve-month period. Wallet retention is calculated on a percentage basis by dividing the contract value of our current clients, who were also clients a year ago, by the total contract value from a year ago, excluding the impact of foreign currency exchange. When wallet retention exceeds client retention, it is an indication of retention of higher-spending clients, or increased spending by retained clients, or both. Wallet retention is calculated at an enterprise level, which represents a single company or customer.</p> |
| Conferences             | <p><b>Number of destination conferences</b> represents the total number of hosted virtual or in-person conferences completed during the period. Single day, local meetings are excluded.</p> <p><b>Number of destination conferences attendees</b> represents the total number of people who attend virtual or in-person conferences. Single day, local meetings are excluded.</p>  |
| Consulting              | <p><b>Consulting backlog</b> represents future revenue to be derived from in-process consulting and measurement engagements.</p> <p><b>Utilization rate</b> represents a measure of productivity of our consultants. Utilization rates are calculated for billable headcount on a percentage basis by dividing total hours billed by total hours available to bill.</p> <p><b>Billing rate</b> represents earned billable revenue divided by total billable hours.</p> <p><b>Average annualized revenue per billable headcount</b> represents a measure of the revenue generating ability of an average billable consultant and is calculated periodically by multiplying the average billing rate per hour times the utilization percentage times the billable hours available for one year.</p>   |

## EXECUTIVE SUMMARY OF OPERATIONS AND FINANCIAL POSITION

The fundamentals of our strategy include a focus on creating actionable insights for executive leaders and their teams, delivering innovative and highly differentiated product offerings, building a strong sales capability, providing world class client service with a focus on client engagement and retention, and continuously improving our operational effectiveness.

We had total revenues of \$1.2 billion during the third quarter of 2021, an increase of 16% compared to the third quarter of 2020. During the third quarter of 2021 revenues for Research increased by 16% year-over-year, Conferences revenue increased by \$11.7 million, and Consulting revenues increased by 6%. For a more complete discussion of our results by segment, see Segment Results below.

For the third quarter of 2021 and 2020, we had net income of \$148.9 million and \$17.0 million, respectively, and diluted income per share of \$1.76 and \$0.19, respectively. Cash provided by operating activities was \$1,077.7 million and \$642.8 million during the nine months ended September 30, 2021 and 2020, respectively. As of September 30, 2021, we had \$765.5 million of cash and cash equivalents and approximately \$1.0 billion of available borrowing capacity on our revolving credit facility. For a more complete discussion of our cash flows and financial position, see the Liquidity and Capital Resources section below.

## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

For information regarding our critical accounting policies and estimates, please refer to Part II, Item 7, “Critical Accounting Policies and Estimates” contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020. There have been no material changes to the critical accounting policies previously disclosed in that report.

## RECENTLY ISSUED ACCOUNTING STANDARDS

The FASB has issued accounting standards that have not yet become effective and that may impact the Company’s consolidated financial statements or its disclosures in future periods. Note 1 — Business and Basis of Presentation in the Notes to Condensed Consolidated Financial Statements provides information regarding those accounting standards.

## RESULTS OF OPERATIONS

### Consolidated Results

In addition to GAAP results, we provide foreign currency neutral dollar amounts and percentages for our revenues, certain expenses, contract values and other metrics. These foreign currency neutral dollar amounts and percentages eliminate the effects of exchange rate fluctuations and thus provide a more accurate and meaningful trend in the underlying data being measured. We calculate foreign currency neutral dollar amounts by converting the underlying amounts in local currency for different periods into U.S. dollars by applying the same foreign exchange rates to all periods presented.

The table below presents an analysis of selected line items and period-over-period changes in our interim Condensed Consolidated Statements of Operations for the periods indicated (in thousands).

|  | Three Months<br>Ended September<br>30, 2021 | Three Months<br>Ended September<br>30, 2020 | Increase<br>(Decrease) | Increase<br>(Decrease)<br>% |
|--|---|---|------------------------|-----------------------------|
| Total revenues                             | \$ 1,156,282                                | \$ 994,618                                  | \$ 161,664             | 16 %                        |
| Costs and expenses:                        |   |   |                        |                             |
| Cost of services and product development   | 359,237                                     | 329,767                                     | 29,470                 | 9                           |
| Selling, general and administrative        | 512,573                                     | 521,508                                     | (8,935)                | (2)                         |
| Depreciation                               | 25,371                                      | 22,743                                      | 2,628                  | 12                          |
| Amortization of intangibles                | 27,109                                      | 31,228                                      | (4,119)                | (13)                        |
| Acquisition and integration charges        | 1,771                                       | 1,722                                       | 49                     | 3                           |
| Operating income                           | 230,221                                     | 87,650                                      | 142,571                | 163                         |
| Interest expense, net                      | (31,599)                                    | (30,538)                                    | 1,061                  | 3                           |
| Loss on extinguishment of debt             | —   | (44,814)                                    | (44,814)               | nm                          |
| Other income, net                          | 211   | 1,869                                       | (1,658)                | (89)                        |
| Less: Provision (benefit) for income taxes | 49,968                                      | (2,797)                                     | 52,765                 | nm                          |
| Net income                                 | <u>\$ 148,865</u>                           | <u>\$ 16,964</u>                            | <u>\$ 131,901</u>      | <u>778 %</u>                |

nm = not meaningful

|   | Nine Months<br>Ended September<br>30, 2021 | Nine Months<br>Ended September<br>30, 2020 | Increase<br>(Decrease) | Increase<br>(Decrease)<br>% |
|---|--|--|------------------------|-----------------------------|
| Total revenues                              | \$ 3,427,639                               | \$ 2,986,644                               | \$ 440,995             | 15 %                        |
| Costs and expenses:                         |  |  |                        |                             |
| Cost of services and product development    | 1,044,506                                  | 993,596                                    | 50,910                 | 5                           |
| Selling, general and administrative         | 1,488,324                                  | 1,512,987                                  | (24,663)               | (2)                         |
| Depreciation                                | 76,972                                     | 67,988                                     | 8,984                  | 13                          |
| Amortization of intangibles                 | 83,777                                     | 94,615                                     | (10,838)               | (11)                        |
| Acquisition and integration charges         | 3,713                                      | 5,438                                      | (1,725)                | (32)                        |
| Operating income                            | 730,347                                    | 312,020                                    | 418,327                | 134                         |
| Interest expense, net                       | (85,138)                                   | (87,182)                                   | (2,044)                | (2)                         |
| Gain on event cancellation insurance claims | 135,545                                    | —  | 135,545                | nm                          |
| Loss on extinguishment of debt              | —  | (44,814)                                   | (44,814)               | nm                          |
| Other income (expense), net                 | 12,019                                     | (10,046)                                   | (22,065)               | nm                          |
| Less: Provision for income taxes            | 208,572                                    | 22,840                                     | 185,732                | nm                          |
| Net income                                  | <u>\$ 584,201</u>                          | <u>\$ 147,138</u>                          | <u>\$ 437,063</u>      | <u>297 %</u>                |

nm = not meaningful

Total revenues for the three months ended September 30, 2021 were \$1.2 billion, an increase of \$161.7 million, or 16% compared to the same period in 2020 on a reported basis and 15% excluding the foreign currency impact. Total revenues for the nine months ended September 30, 2021 were \$3.4 billion, an increase of \$441.0 million, or 15% compared to the same period in 2020 on a reported basis and 12% excluding the foreign currency impact. Refer to the section of this MD&A below entitled “Segment Results” for a discussion of revenues and results by segment.

Cost of services and product development was \$359.2 million during the three months ended September 30, 2021, an increase of \$29.5 million compared to the same period in 2020, or 9% on a reported basis and 8% excluding the foreign currency impact. The increase in Cost of services and product development was primarily due to increased compensation costs, research program expenses and conference related expenses. Cost of services and product development as a percent of revenues was 31% and 33% during the three months ended September 30, 2021 and 2020, respectively. Cost of services and product development was \$1,044.5 million during the nine months ended September 30, 2021, an increase of \$50.9 million compared to the same period in 2020, or 5% on a reported basis and 3% excluding the foreign currency impact. The increase was primarily due to increased compensation costs and program expenses, partially offset by reduced travel and entertainment costs. Cost of services and



product development as a percent of revenues was 30% and 33% during the nine months ended September 30, 2021 and 2020, respectively.

Selling, general and administrative (“SG&A”) expense was \$512.6 million during the three months ended September 30, 2021, a decrease of \$8.9 million compared to the same period in 2020, or 2% on a reported basis and 3% excluding the foreign currency impact. The decrease in SG&A expense was primarily due to the timing of certain compensation and benefits costs last year, partially offset by higher personnel costs in the current year. The number of quota-bearing sales associates in Global Technology Sales decreased by 3% to 2,988 and in Global Business Sales increased by 8% to 909 compared to September 30, 2020. On a combined basis, the total number of quota-bearing sales associates decreased by 1% when compared to September 30, 2020. Global Technology Sales turnover remains modestly elevated. SG&A expense as a percent of revenues was 44% and 52% during the three months ended September 30, 2021 and 2020, respectively. SG&A expense was \$1,488.3 million during the nine months ended September 30, 2021, a decrease of \$24.7 million compared to the same period in 2020, or 2% on a reported basis and 4% excluding the foreign currency impact. The decrease was primarily due to the same factors that caused the year-over-year quarterly decrease as well as reduced travel and entertainment costs. SG&A expense as a percent of revenues was 43% and 51% during the nine months ended September 30, 2021 and 2020, respectively.

Depreciation increased by 12% and 13% during the three and nine months ended September 30, 2021, respectively, compared to the same periods in 2020. The increases for the three and nine months ended September 30, 2021 were due to additional investments, including new leasehold improvements as additional office space went into service, and capitalized software.

Amortization of intangibles decreased by 13% and 11% during the three and nine months ended September 30, 2021 compared to the same periods in 2020 due to certain intangible assets that became fully amortized in 2020.

Acquisition and integration charges increased by less than \$0.1 million during the three months ended September 30, 2021 compared to the three months ended September 30, 2020, and decreased by \$1.7 million during the nine months ended September 30, 2021, compared to the nine months ended September 30, 2020.

Gain on event cancellation insurance claims of \$135.5 million during the nine months ended September 30, 2021 reflected proceeds, net of expense recoveries, related to the 2020 conference cancellation insurance claims.

Operating income was \$230.2 million and \$87.7 million during the three months ended September 30, 2021 and 2020, respectively. The increase in operating income was due to increased revenue. Operating income was \$730.3 million and \$312.0 million during the nine months ended September 30, 2021 and 2020, respectively. The increase in operating income was also primarily due to increased revenue.

Interest expense, net increased by \$1.1 million during the three months ended September 30, 2021, compared to the same period in 2020. The increase was primarily due to an increase in outstanding debt, as a result of the issuance of the 2029 Notes in June 2021, partially offset by a decrease in the amortization of debt issuance costs. Interest expense, net decreased by \$2.0 million during the nine months ended September 30, 2021, compared to the same period in 2020. The decrease during the nine months ended September 30, 2021 was primarily due to a reduction in the amortization of debt issuance costs.

Loss on extinguishment of debt during the three and nine months ended September 30, 2020 was related to the early redemption premium and write-off of deferred financing fees on our redemption of the 2025 Notes on September 28, 2020.

Other income (expense), net for the periods presented herein included the net impact of foreign currency gains and losses from our hedging activities. Other income (expense), net for the three and nine months ended September 30, 2021 also included a \$0.4 million gain and \$12.1 million gain, respectively, on de-designated interest rate swaps. Other income (expense), net for the nine months ended September 30, 2020 included the release of \$10.3 million on interest rate swaps from Accumulated other comprehensive loss, net related to forecasted interest payments no longer being probable as a result of the payment under the then outstanding 2016 Credit Agreement term loan and revolving credit facility on June 30, 2020.

The provision for income taxes for the three months ended September 30, 2021 and 2020 was an expense of \$50.0 million and a benefit of \$2.8 million, respectively. The provision for income taxes for the nine months ended September 30, 2021 and 2020 was an expense of \$208.6 million and \$22.8 million, respectively.

The effective income tax rate was an expense of 25.1% and a benefit of 19.7% for the three months ended September 30, 2021 and 2020, respectively. The three month results for both years included movements in unrecognized tax benefits as well as changes in estimated geographical mix of earnings. The change in the effective tax rate was largely attributable to differences in the relative impacts of these items period over period.

The effective income tax rate was 26.3% and 13.4% for the nine months ended September 30, 2021 and 2020, respectively. In addition to the items noted above, the nine month results for 2020 included benefits from intercompany sales of certain intellectual property. Approximately \$28.3 million of tax benefits were recognized, representing the value of future tax deductions for amortization of the assets in the acquiring jurisdiction. No such benefits were included in the nine months ended September 30, 2021. This drove an additional increase in the 2021 year to date effective income tax rate.

Net income for the three months ended September 30, 2021 and 2020 was \$148.9 million and \$17.0 million, respectively, while net income for the nine months ended September 30, 2021 and 2020 was \$584.2 million and \$147.1 million, respectively. Our diluted net income per share during the three months ended September 30, 2021 increased by \$1.57 compared to the same period in 2020. The increase in net income during the three months ended September 30, 2021 was primarily the result of increased revenues and the prior year loss on extinguishment of debt, partially offset by an increase in income tax expense. The increase in net income during the nine months ended September 30, 2021 was primarily the result of increased revenues, the gain on event cancellation insurance claims, the prior year loss on extinguishment of debt, the gain from de-designated interest rate swaps and the prior year loss on de-designation of interest rate swaps, partially offset by the increase in income tax expense.

## **SEGMENT RESULTS**

We evaluate reportable segment performance and allocate resources based on gross contribution margin. Gross contribution is defined as operating income or loss excluding certain Cost of services and product development expenses, SG&A expenses, Depreciation, Amortization of intangibles, and Acquisition and integration charges. Gross contribution margin is defined as gross contribution as a percent of revenues.

### *Reportable Segments*

The sections below present the results of the Company's three reportable business segments: Research, Conferences and Consulting.

Research

|                                | As Of And For<br>The Three<br>Months Ended<br>September 30,<br>2021 | As Of And For<br>The Three<br>Months Ended<br>September 30,<br>2020 | Increase<br>(Decrease) | Percentage<br>Increase<br>(Decrease) | As Of And For<br>The Nine<br>Months Ended<br>September 30,<br>2021 | As Of And For<br>The Nine<br>Months Ended<br>September 30,<br>2020 | Increase<br>(Decrease) | Percentage<br>Increase<br>(Decrease) |
|--------------------------------|---|---|------------------------|--------------------------------------|--|--|------------------------|--------------------------------------|
| <b>Financial Measurements:</b> |   |   |                        |                                      |  |  |                        |                                      |
| Revenues (1)                   | \$ 1,037,124  | \$ 892,719  | \$ 144,405             | 16 %                                 | \$ 3,020,094   | \$ 2,677,339   | \$ 342,755             | 13 %                                 |
| Gross contribution (1)         | \$ 769,091  | \$ 642,328  | \$ 126,763             | 20 %                                 | \$ 2,235,594   | \$ 1,928,422   | \$ 307,172             | 16 %                                 |
| Gross contribution margin      | 74 %  | 72 %  | 2 points               | —                                    | 74 %   | 72 %   | 2 points               | —                                    |
| <b>Business Measurements:</b>  |   |   |                        |                                      |  |  |                        |                                      |
| Global Technology Sales (2):   |   |   |                        |                                      |  |  |                        |                                      |
| Contract value (1), (3)        | \$ 3,168,000  | \$ 2,833,000  | \$ 335,000             | 12 %                                 |  |  |                        |                                      |
| Client retention               | 85 %  | 80 %  | 5 points               | —                                    |  |  |                        |                                      |
| Wallet retention               | 104 %   | 99 %  | 5 points               | —                                    |  |  |                        |                                      |
| Global Business Sales (2):     |   |   |                        |                                      |  |  |                        |                                      |
| Contract value (1), (3)        | \$ 814,000  | \$ 665,000  | \$ 149,000             | 22 %                                 |  |  |                        |                                      |
| Client retention               | 86 %  | 82 %  | 4 points               | —                                    |  |  |                        |                                      |
| Wallet retention               | 113 %   | 99 %  | 14 points              | —                                    |  |  |                        |                                      |

(1) Dollars in thousands.

(2) Global Technology Sales includes sales to users and providers of technology. Global Business Sales includes sales to all other functional leaders.

(3) Contract values are on a foreign exchange neutral basis. Contract values as of September 30, 2020 have been calculated using the same foreign currency rates as 2021.

Research revenues increased by \$144.4 million during the three months ended September 30, 2021 compared to the same period in 2020, or 16% on a reported basis and 15% excluding the foreign currency impact. The segment gross contribution margin was 74% and 72% during the three months ended September 30, 2021 and 2020, respectively. For the nine months ended September 30, 2021, research revenues increased by \$342.8 million compared to the same period in 2020, or 13% on a reported basis and 10% excluding the foreign currency impact. The increase in revenues during 2021 was primarily due to the same factors driving the trend in our Research contract value, which are discussed below. The improvement in margin of 2 points for the three months ended September 30, 2021 compared to the same prior year period was primarily due to the growth in revenue. The nine months ended September 30, 2021 also benefited from a decline in travel and entertainment expenses due to COVID-19 travel restrictions.

Total contract value increased to \$4.0 billion at September 30, 2021, or 14% compared to September 30, 2020 on a foreign currency neutral basis. Global Technology Sales (“GTS”) contract value increased by 12% at September 30, 2021 when compared to September 30, 2020. The increase in GTS contract value was primarily due to new business from new and existing clients, as well as improved client retention. Global Business Sales (“GBS”) contract value increased by 22% year-over-year, also primarily driven by new business from new and existing clients, and improved client retention.

GTS client retention was 85% and 80% as of September 30, 2021 and 2020, respectively, while wallet retention was 104% and 99%, respectively. GBS client retention was 86% and 82% as of September 30, 2021 and 2020, respectively, while wallet retention was 113% and 99%, respectively. The increase in GTS and GBS wallet retention was largely due to increased spending by existing clients. The number of GTS client enterprises increased by 11% when compared to prior year, while GBS client enterprises increased by 3% at September 30, 2021 when compared to September 30, 2020.

## Conferences

|   | As Of And For<br>The Three<br>Months Ended<br>September 30,<br>2021 | As Of And For<br>The Three<br>Months Ended<br>September 30,<br>2020 | Increase<br>(Decrease) | Percentage<br>Increase<br>(Decrease) | As Of And For<br>The Nine<br>Months Ended<br>September 30,<br>2021 | As Of And For<br>The Nine<br>Months Ended<br>September 30,<br>2020 | Increase<br>(Decrease) | Percentage<br>Increase<br>(Decrease) |
|---|---|---|------------------------|--------------------------------------|--|--|------------------------|--------------------------------------|
| <b>Financial Measurements:</b>                  |   |   |                        |                                      |  |  |                        |                                      |
| Revenues (1)                                    | \$ 24,415   | \$ 12,738   | \$ 11,677              | 92 %                                 | \$ 107,396   | \$ 26,925  | \$ 80,471              | 299 %                                |
| Gross contribution (1)                          | \$ 11,456   | \$ 2,044  | \$ 9,412               | 460 %                                | \$ 67,954  | \$ (15,246)  | \$ 83,200              | nm                                   |
| Gross contribution margin                       | 47 %  | 16 %  | 31 points              | —                                    | 63 %   | (57)%  | 120 points             | —                                    |
| <b>Business Measurements:</b>                   |   |   |                        |                                      |  |  |                        |                                      |
| Number of destination conferences (2)           | 8   | 2   | 6                      | 300 %                                | 26   | 7  | 19                     | 271 %                                |
| Number of destination conferences attendees (2) | 6,472   | 2,584   | 3,888                  | 150 %                                | 27,123   | 5,948  | 21,175                 | 356 %                                |

nm = not meaningful

(1) Dollars in thousands.

(2) Includes both virtual and in-person conferences. Single day, local meetings are excluded.

In response to the COVID-19 pandemic, we cancelled all in-person conferences from March 2020 through at least December 2021, and pivoted to producing virtual conferences with a focus on maximizing the value we deliver to our clients. We held 8 and 26 virtual conferences during the three and nine months ended September 30, 2021, respectively, and plan on holding additional virtual conferences through the remainder of 2021. Operationally, we are planning to resume in-person conferences in 2022. Conferences revenues increased by \$11.7 million during the three months ended September 30, 2021 compared to the same period in 2020. Conferences revenues increased by \$80.5 million during the nine months ended September 30, 2021, compared to the same period in 2020. The increase in revenues for the three months ended September 30, 2021 was the result of the increase in the number of virtual conferences held during the period, compared to the prior year. The increase in revenues for the nine months ended September 30, 2021 was due to the virtual conferences held during the period, as well as the use of ticket entitlements which we extended from 2020 due to the pandemic. Gross contribution increased to \$11.5 million during the three months ended September 30, 2021 compared to \$2.0 million in the same period last year. Gross contribution increased to \$68.0 million during the nine months ended September 30, 2021 compared to a loss of \$15.2 million in the same period last year.

Consulting

|  | As Of And For<br>The Three<br>Months Ended<br>September 30,<br>2021 | As Of And For<br>The Three<br>Months Ended<br>September 30,<br>2020 | Increase<br>(Decrease) | Percentage<br>Increase<br>(Decrease) | As Of And For<br>The Nine<br>Months Ended<br>September 30,<br>2021 | As Of And For<br>The Nine<br>Months Ended<br>September 30,<br>2020 | Increase<br>(Decrease) | Percentage<br>Increase<br>(Decrease) |
|--|---|---|------------------------|--------------------------------------|--|--|------------------------|--------------------------------------|
| <b>Financial Measurements:</b>                             |   |   |                        |                                      |  |  |                        |                                      |
| Revenues (1)   | \$ 94,743   | \$ 89,161   | \$ 5,582               | 6 %                                  | \$ 300,149   | \$ 282,380   | \$ 17,769              | 6 %                                  |
| Gross contribution (1)                                     | \$ 30,972   | \$ 28,161   | \$ 2,811               | 10 %                                 | \$ 112,840   | \$ 91,086  | \$ 21,754              | 24 %                                 |
| Gross contribution margin                                  | 33 %  | 32 %  | 1 point                | —                                    | 38 %   | 32 %   | 6 points               | —                                    |
| <b>Business Measurements:</b>                              |   |   |                        |                                      |  |  |                        |                                      |
| Backlog (1), (2)   | \$ 125,500  | \$ 99,200   | \$ 26,300              | 27 %                                 |  |  |                        |                                      |
| Billable headcount   | 749   | 737   | 12                     | 2 %                                  |  |  |                        |                                      |
| Consultant utilization                                     | 62 %  | 60 %  | 2 points               | —                                    | 67 %   | 61 %   | 6 points               | —                                    |
| Average annualized revenue per billable headcount (1), (3) | \$ 387  | \$ 364  | \$ 23                  | 6 %                                  | \$ 419   | \$ 361   | \$ 58                  | 16 %                                 |

(1) Dollars in thousands.

(2) Backlog is on a foreign exchange neutral basis. Backlog as of September 30, 2020 has been calculated using the same foreign currency rates as 2021.

(3) Previously reported average annualized revenue per billable headcount has been corrected from \$387 to \$421 for the three months ended March 31, 2021, and from \$379 and \$383 to \$448 and \$435 for the three and six months ended June 30, 2021, respectively.

Consulting revenues increased 6% during the three months ended September 30, 2021 compared to the same period in 2020 on both a reported basis and excluding the foreign currency impact, with a revenue increase in labor-based consulting of 5% and an increase in contract optimization of 13%, each on a reported basis. Contract optimization revenue may vary significantly and, as such, revenues for the third quarter of 2021 may not be indicative of results for the remainder of 2021 or beyond. The segment gross contribution margin was 33% and 32% for the three months ended September 30, 2021 and 2020, respectively. The increase in gross contribution margin during the third quarter of 2021 was primarily due to the increase in revenue.

For the nine months ended September 30, 2021, Consulting revenues increased 6% compared to the same period in 2020 on a reported basis and 3% excluding the foreign currency impact, while the segment gross contribution margin increased by 6 points. The increase in revenues was due to an increase in labor-based consulting of 11%, partially offset by a decrease in contract optimization of 10%.

Backlog increased by \$26.3 million, or 27%, from September 30, 2020 to September 30, 2021 on a foreign currency neutral basis.

## LIQUIDITY AND CAPITAL RESOURCES

We finance our operations through cash generated from our operating activities and borrowings. Note 8 — Debt in the Notes to Condensed Consolidated Financial Statements provides additional information regarding the Company's outstanding debt obligations. At September 30, 2021, we had \$765.5 million of cash and cash equivalents and approximately \$1.0 billion of available borrowing capacity on the revolving credit facility under our 2020 Credit Agreement. We believe that the Company has adequate liquidity to meet its currently anticipated needs for at least the next twelve months.

We have historically generated significant cash flows from our operating activities. Our operating cash flow has been continuously maintained by the leverage characteristics of our subscription-based business model in our Research segment, which is our largest business segment and historically has constituted a significant portion of our total revenues. The majority of our Research customer contracts are paid in advance and, combined with a strong customer retention rate and high incremental margins, has resulted in continuously strong operating cash flow. Cash flow generation has also benefited from our ongoing efforts to improve the operating efficiencies of our businesses as well as a focus on the optimal management of our working capital as we increase sales.

Our cash and cash equivalents are held in numerous locations throughout the world with 77% held overseas at September 30, 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 of 2017, we believe that the income tax impact if such earnings were repatriated would be minimal.

The table below summarizes the changes in the Company's cash balances for the periods indicated (in thousands).

|   | <b>Nine Months<br/>Ended September<br/>30, 2021</b> | <b>Nine Months<br/>Ended September<br/>30, 2020</b> | <b>Increase<br/>(Decrease)</b> |
|---|---|---|--------------------------------|
| Cash provided by operating activities                         | \$ 1,077,684  | \$ 642,830  | \$ 434,854                     |
| Cash used in investing activities                             | (61,700)  | (60,845)  | (855)                          |
| Cash used in financing activities                             | (944,186)   | (318,025)   | (626,161)                      |
| Net increase in cash and cash equivalents and restricted cash | 71,798  | 263,960   | (192,162)                      |
| Effects of exchange rates                                     | (14,651)  | 8,919   | (23,570)                       |
| Beginning cash and cash equivalents                           | 712,583   | 280,836   | 431,747                        |
| Ending cash and cash equivalents and restricted cash          | <u>\$ 769,730</u>                                   | <u>\$ 553,715</u>                                   | <u>\$ 216,015</u>              |

### *Operating*

Cash provided by operating activities was \$1,077.7 million and \$642.8 million during the nine months ended September 30, 2021 and 2020, respectively. The year-over-year increase was primarily due to higher pre-tax income in the 2021 period, in part due to a \$135.5 million gain on event cancellation insurance claims, and an increase in deferred revenues resulting from increased bookings in Research, partially offset by higher income tax payments.

### *Investing*

Cash used in investing activities was \$61.7 million and \$60.8 million during the nine months ended September 30, 2021 and 2020, respectively. The cash used in 2021 was for capital expenditures and the acquisition of Pulse Q&A Inc. The slight increase from 2020 to 2021 was the result of the 2021 acquisition of Pulse Q&A Inc., partially offset by reduced capital spending in response to the COVID-19 pandemic.

### *Financing*

Cash used in financing activities was \$944.2 million and \$318.0 million during the nine months ended September 30, 2021 and 2020, respectively. During the 2021 period, we issued \$600.0 million of 3.625% Senior Notes due 2029, and repaid \$100.0 million on our term loan facility under the 2020 Credit Agreement with a portion of the proceeds from the issuance of the 2029 Notes. We also repaid a net \$5.0 million on our revolving credit facility under the 2020 Credit Agreement, paid a net \$106.6 million in debt principal repayments and used \$1,438.8 million of cash for share repurchases. During the 2020 period, we repaid a net \$148.0 million on our revolving credit facility under the 2016 Credit Agreement, paid a net \$53.3 million in debt

principal repayments and used \$76.1 million of cash for share repurchases. Additionally, we paid \$23.6 million in deferred financing fees related to our 2020 financing activities and \$30.8 million in early redemption premium payments related to the redemption of our 2025 Notes.

### *Debt*

As of September 30, 2021, the Company had \$2.5 billion of principal amount of debt outstanding, of which \$1.3 billion is to be repaid in the remainder of fiscal year 2021. Note 8 — Debt in the Notes to Condensed Consolidated Financial Statements provides additional information regarding the Company's outstanding debt obligations. From time to time, the Company may seek to retire or repurchase its outstanding debt through various methods including open market repurchases, negotiated block transactions, or otherwise, all or some of which may be effected through Rule 10b5-1 plans. Such transactions, if any, depend on prevailing market conditions, our liquidity and capital requirements, contractual restrictions, and other factors, and may involve material amounts.

On June 18, 2021, the Company issued \$600.0 million aggregate principal amount of 3.625% Senior Notes due 2029. The 2029 Notes were issued pursuant to the 2029 Note Indenture, dated as of June 18, 2021, among the Company, the guarantors party thereto and U.S. Bank National Association, as trustee.

The 2029 Notes were issued at an issue price of 100.00% and bear interest at a rate of 3.625% per annum. Interest on the 2029 Notes is payable on June 15 and December 15 of each year, beginning on December 15, 2021. The Notes will mature on June 15, 2029.

The Company used a portion of the net proceeds of the 2029 Notes (i) to repay \$100.0 million of the outstanding borrowings under the Company's existing term loan facility and (ii) to pay related fees and expenses. The Company intends to use the remaining net proceeds from the issuance of the 2029 Notes for general corporate purposes.

### **OFF BALANCE SHEET ARRANGEMENTS**

From January 1, 2021 through September 30, 2021, the Company has not entered into any material off-balance sheet arrangements or transactions with unconsolidated entities or other persons.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

#### **INTEREST RATE RISK**

As of September 30, 2021, the Company had \$2.5 billion in total debt principal outstanding. Note 8 — Debt in the Notes to Condensed Consolidated Financial Statements provides additional information regarding the Company's outstanding debt obligations.

Approximately \$0.3 billion of the Company's total debt outstanding as of September 30, 2021 was based on a floating base rate of interest, which potentially exposes the Company to increases in interest rates. However, we reduce our overall exposure to interest rate increases through our interest rate swap contracts, which effectively convert the floating base interest rates on all of our variable rate borrowings to fixed rates.

#### **FOREIGN CURRENCY RISK**

A significant portion of our revenues are typically derived from sales outside of the United States. Among the major foreign currencies in which we conduct business are the Euro, the British Pound, the Japanese Yen, the Australian dollar and the Canadian dollar. The reporting currency of our Condensed Consolidated Financial Statements is the U.S. dollar. As the values of the foreign currencies in which we operate fluctuate over time relative to the U.S. dollar, the Company is exposed to both foreign currency translation and transaction risk.

Translation risk arises as our foreign currency assets and liabilities are translated into U.S. dollars because the functional currencies of our foreign operations are generally denominated in the local currency. Adjustments resulting from the translation of these assets and liabilities are deferred and recorded as a component of stockholders' equity. A measure of the potential impact of foreign currency translation can be determined through a sensitivity analysis of our cash and cash equivalents. At September 30, 2021, we had \$765.5 million of cash and cash equivalents, with a substantial portion denominated in foreign currencies. If the exchange rates of the foreign currencies we hold all changed in comparison to the U.S. dollar by 10%, the amount of cash and cash equivalents we would have reported on September 30, 2021 could have increased or decreased by approximately \$61.7 million. The translation of our foreign currency revenues and expenses historically has not had a material impact on our consolidated earnings because movements in and among the major currencies in which we operate tend to impact our revenues and expenses fairly equally. However, our earnings could be impacted during periods of significant exchange rate volatility, or when some or all of the major currencies in which we operate move in the same direction against the U.S. dollar.

Transaction risk arises when we enter into a transaction that is denominated in a currency that may differ from the local functional currency. As these transactions are translated into the local functional currency, a gain or loss may result, which is recorded in current period earnings. We typically enter into foreign currency forward exchange contracts to mitigate the effects of some of this foreign currency transaction risk. Our outstanding foreign currency forward exchange contracts as of September 30, 2021 had an immaterial net unrealized loss.

#### **CREDIT RISK**

Financial instruments that potentially subject the Company to concentration of credit risk consist primarily of short-term, highly liquid investments classified as cash equivalents, fees receivable, interest rate swap contracts and foreign currency forward exchange contracts. The majority of the Company's cash and cash equivalents, interest rate swap contracts and foreign currency forward exchange contracts are with large investment grade commercial banks. Fees receivable balances deemed to be collectible from customers have limited concentration of credit risk due to our diverse customer base and geographic dispersion.



#### **ITEM 4. CONTROLS AND PROCEDURES**

We have established disclosure controls and procedures that are designed to ensure that the information we are required to disclose in our reports filed under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized and reported in a timely manner. Specifically, these controls and procedures ensure that the information is accumulated and communicated to our executive management team, including our chief executive officer and our chief financial officer, to allow timely decisions regarding required disclosure.

Management conducted an evaluation, as of September 30, 2021, of the effectiveness of the design and operation of our disclosure controls and procedures, under the supervision and with the participation of our chief executive officer and chief financial officer. Based upon that evaluation, our chief executive officer and chief financial officer have concluded that the Company’s disclosure controls and procedures are effective in alerting them in a timely manner to material Company information required to be disclosed by us in reports filed under the Exchange Act.

There have been no changes in the Company’s internal control over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

## PART II. OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

We are involved in legal and administrative proceedings and litigation arising in the ordinary course of business. We believe that the potential liability, if any, in excess of amounts already accrued from all proceedings, claims and litigation will not have a material effect on our financial position, cash flows or results of operations when resolved in a future period.

### ITEM 1A. RISK FACTORS

There were no material changes to the risk factors disclosed in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2020.

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

There were no unregistered sales of equity securities during the period covered by this report.

#### Issuer Purchases of Equity Securities

In May 2015, the Company's Board of Directors (the "Board") authorized a share repurchase program to repurchase up to \$1.2 billion of the Company's common stock. The Board authorized incremental share repurchases of up to an additional \$300.0 million, \$500.0 million and \$800.0 million of the Company's common stock in February 2021, April 2021 and July 2021, respectively. The Company may repurchase its common stock from time-to-time in amounts, at prices and in the manner that the Company deems appropriate, subject to the availability of stock, prevailing market conditions, the trading price of the stock, the Company's financial performance and other conditions. Repurchases may be made through open market purchases (which may include repurchase plans designed to comply with Rule 10b5-1 of the Securities Exchange Act of 1934, as amended), accelerated share repurchases, private transactions or other transactions and will be funded by cash on hand and borrowings. Repurchases may also be made from time-to-time in connection with the settlement of the Company's stock-based compensation awards. The table below summarizes the repurchases of our common stock during the three months ended September 30, 2021 pursuant to the \$2.8 billion share repurchase authorization and the settlement of stock-based compensation awards.

| <b>Period</b>                           | <b>Total<br/>Number of<br/>Shares<br/>Purchased (#)</b> | <b>Average<br/>Price Paid<br/>Per Share (\$)</b> | <b>Total Number of<br/>Shares Purchased<br/>Under<br/>Announced<br/>Programs (#)</b> | <b>Maximum Approximate<br/>Dollar Value of Shares<br/>That May Yet Be Purchased<br/>Under the Plans or Programs<br/>(in thousands)</b> |
|---|---|--|--|--|
| July 1, 2021 to July 31, 2021           | 410,542   | \$ 256.61  | 409,176  | \$ 1,031,057   |
| August 1, 2021 to August 31, 2021       | 347,692   | 299.40   | 333,679  | 931,166  |
| September 1, 2021 to September 30, 2021 | 496,984   | 312.37   | 495,900  | \$ 776,263   |
| Total for the quarter (1)               | <u>1,255,218</u>  | <u>\$ 290.54</u>                                 | <u>1,238,755</u>   |  |

(1) The repurchased shares during the three months ended September 30, 2021 included purchases for both the settlement of stock-based compensation awards and open market purchases.

**ITEM 6. EXHIBITS**

| <b>EXHIBIT NUMBER</b> | <b>DESCRIPTION OF DOCUMENT</b>   |
|-----------------------|--|
| <a href="#">31.1*</a> | <a href="#">Certification of chief executive officer under Rule 13a — 14(a)/15d — 14(a).</a> |
| <a href="#">31.2*</a> | <a href="#">Certification of chief financial officer under Rule 13a — 14(a)/15d — 14(a).</a> |
| <a href="#">32*</a>   | <a href="#">Certification under 18 U.S.C. 1350.</a>  |
| 101.INS*              | Inline XBRL Instance Document  |
| 101.SCH*              | Inline XBRL Taxonomy Extension Schema Document.  |
| 101.CAL*              | Inline XBRL Taxonomy Extension Calculation Linkbase Document.                                |
| 101.DEF*              | Inline XBRL Taxonomy Extension Definition Linkbase Document.                                 |
| 101.LAB*              | Inline XBRL Taxonomy Extension Label Linkbase Document.                                      |
| 101.PRE*              | Inline XBRL Taxonomy Extension Presentation Linkbase Document.                               |
| 104*                  | Cover Page Interactive Data File, formatted in Inline XBRL (included as Exhibit 101).        |

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\* Filed with this report.

Items 3 and 4 of Part II are not applicable and have been omitted.

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Gartner, Inc.

Date: November 2, 2021

/s/ Craig W. Safian

Craig W. Safian

Executive Vice President and Chief Financial Officer  
(Principal Financial and Accounting Officer)

**CERTIFICATION**

I, Eugene A. Hall, certify that:

- (1) I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2021, of Gartner, Inc.;
- (2) Based on my knowledge, this 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 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 disclosure 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 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.

/s/ Eugene A. Hall

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Eugene A. Hall  
Chief Executive Officer  
Date: November 2, 2021

**CERTIFICATION**

I, Craig W. Safian, certify that:

- (1) I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2021, of Gartner, Inc.;
- (2) Based on my knowledge, this 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 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 disclosure 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 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.

/s/ Craig W. Safian

Craig W. Safian  
Chief Financial

Officer

Date: November 2,

2021

**CERTIFICATION 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 Quarterly Report of Gartner, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Eugene A. Hall, Chief Executive Officer of the Company, and Craig W. Safian, Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (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/ Eugene A. Hall

Name: Eugene A. Hall

Title: Chief Executive Officer

Date: November 2, 2021

/s/ Craig W. Safian

Name: Craig W. Safian

Title: Chief Financial Officer

Date: November 2, 2021

A signed original of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.