

# Third Quarter 2022 Results

November 1, 2022

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Such factors include, but are not limited to, the following: the impact of general economic conditions, including inflation (and related monetary policy by governments in response to inflation), on economic activity and our operations; changes in macroeconomic and market conditions and market volatility, including interest rates and the effect on the credit markets and access to capital; the impact of the COVID-19 pandemic and related disruptions on our business and on the global economy; our ability to carry out our strategic initiatives and manage associated costs; 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; 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, especially in light of recent labor shortages; 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 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 impact on our business resulting from changes in international conditions, including those resulting from the war in Ukraine and current and future sanctions imposed by governments or other authorities; the impact of restructuring and other charges on our businesses and operations; cybersecurity incidents; risks associated with the creditworthiness, budget cuts, and shutdown of governments and agencies; the impact of changes in tax policy (including the recently enacted Inflation Reduction Act of 2022) and heightened scrutiny from various taxing authorities globally; changes to laws and regulations; and other risks and uncertainties described under "Risk Factors" in our most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. Non-GAAP financial measures such as Adj. EBITDA, Adj. EBITDA Margin, Adj. Net Income, Adj. EPS and Free Cash Flow, as included in this presentation, are supplemental measures that are not calculated in accordance with U.S. GAAP. Definitions of these measures and reconciliations to the most-directly comparable GAAP measures are included in the appendix.

**Unless otherwise indicated, or the content otherwise requires, all percentages indicated in this presentation are year-over-year growth rates.**

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Some totals may not add due to rounding.

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# 3Q 2022 Growth and Financial Results

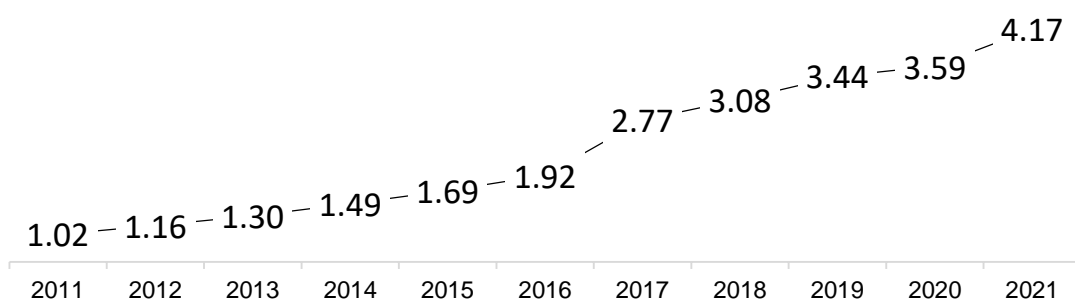
<b>Contract Value (CV)</b> <b>14.5%</b> <b>\$4.5B</b>	<b>Consolidated Revenue</b> <b>15.2%</b> <b>\$1,332M</b> FX Neutral: 20.4% 68.7% Contribution margin	<b>Research Revenue</b> <b>10.7%</b> <b>\$1,148M</b> FX Neutral: 15.2% 73.9% Contribution margin	<b>Free Cash Flow</b> <b>\$283M</b>
<b>Global Technology Sales (GTS) CV</b> <b>12.7%</b> <b>\$3.5B</b>	<b>Adj. EBITDA</b> <b>8.5%</b> <b>\$332M</b> FX Neutral: 14.9% 24.9% Adj. EBITDA margin	<b>Conferences Revenue</b> <b>215.5%</b> <b>\$77M</b> FX Neutral: 237.0% 52.3% Contribution margin	<b>Share Repurchases</b> <b>\$97M</b>
<b>Global Business Sales (GBS) CV</b> <b>21.4%</b> <b>\$1.0B</b>  % increases above are FX Neutral at 2022 rates	<b>Adj. EPS</b> <b>\$2.41</b> Growth: 18.7%	<b>Consulting Revenue</b> <b>13.0%</b> <b>\$107M</b> FX Neutral: 21.1% 34.8% Contribution margin	

## Medium Term Guidance (unchanged)

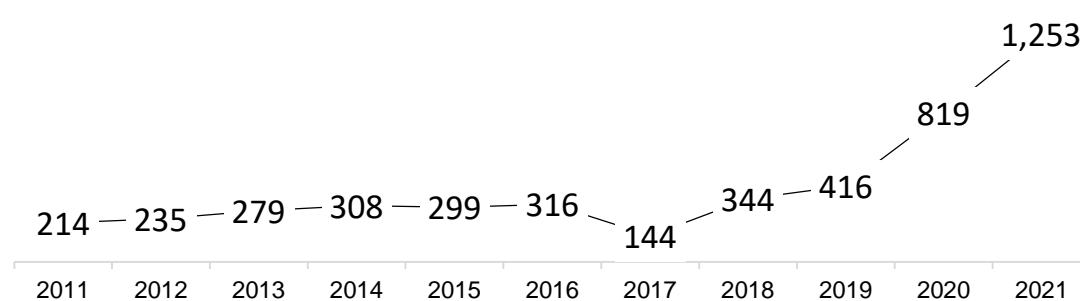
Research	Conferences	Consulting	Revenue	EBITDA	EPS	Free Cash Flow
12 - 16%	5 - 10%	3 - 8%	≥ 10%	≥ Revenue Growth	≥ EBITDA Growth	≥ EBITDA Growth

# Consolidated Financial Summary

Contract Value \$ billions @ '22 rates



Free Cash Flow \$ millions



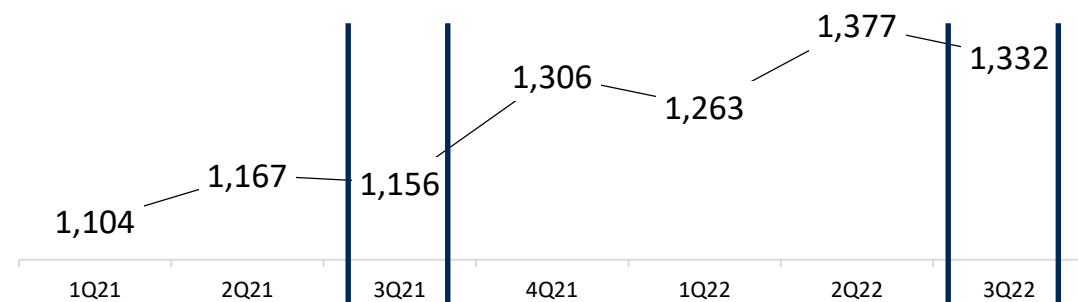
\$ and shares in millions except per share amounts	2021				2022			2020		2021
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	2020	2021	
Revenue	1,104	1,167	1,156	1,306	1,263	1,377	1,332	4,099	4,734	
Y/Y Growth	8.4%	20.0%	16.3%	17.4%	14.4%	17.9%	15.2%	-3.4%	15.5%	
Contribution	770	817	797	907	886	952	915	2,754	3,290	
Contribution Margin	69.7%	69.9%	68.9%	69.4%	70.1%	69.2%	68.7%	67.2%	69.5%	
Adj. EBITDA	320	355	305	307	329	389	332	818	1,288	
Y/Y Growth	50.0%	84.9%	82.3%	25.3%	2.6%	9.5%	8.5%	19.7%	57.4%	
Adj. EBITDA Margin	29.0%	30.4%	26.4%	23.5%	26.0%	28.3%	24.9%	20.0%	27.2%	
Adj. EPS	2.00	2.24	2.03	2.99	2.33	2.85	2.41	4.89	9.22	
Y/Y Growth	66.7%	86.7%	123.1%	88.1%	16.5%	27.2%	18.7%	25.2%	88.5%	
Free Cash Flow	145	563	331	214	150	395	283	819	1,253	
LTM Free Cash Flow	933	1,174	1,276	1,253	1,258	1,089	1,041	819	1,253	
Y/Y Growth	115.9%	107.5%	108.7%	52.9%	34.9%	-7.2%	-18.4%	96.8%	52.9%	
Avg. Diluted Shares	89.1	86.6	84.8	83.8	83.0	81.0	80.1	90.0	86.2	

Note: Consolidated contribution for 3Q22 includes segment contribution and \$11m of unallocated cost of services and product development expenses. 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.

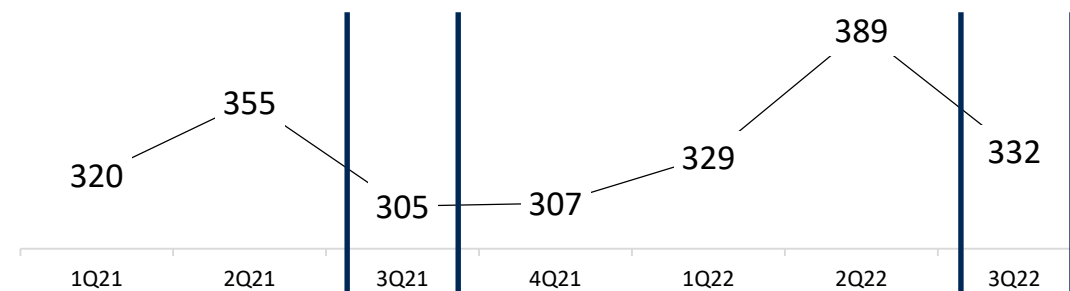
Free Cash Flow includes \$150 million in 2Q21 and \$17 million in 4Q21 of proceeds related to 2020 event cancellation insurance claims.

# Non-GAAP P&L

Revenue \$ millions



Adj. EBITDA \$ millions

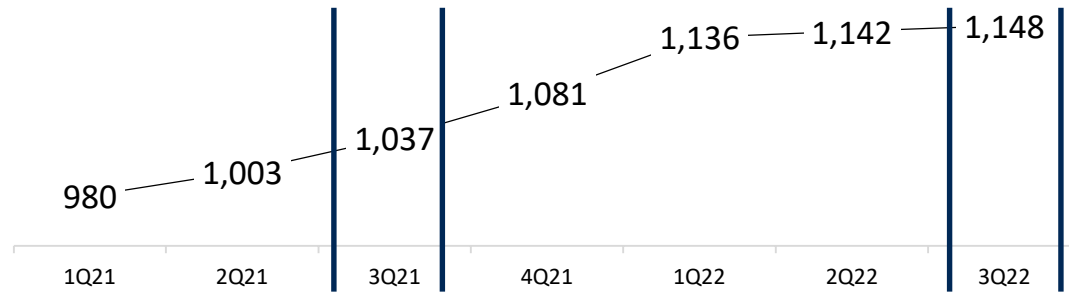


\$ in millions except per share amounts	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	2020	2021
Revenue	1,104	1,167	1,156	1,306	1,263	1,377	1,332	4,099	4,734
Less Cost of Services	334	351	359	400	377	425	417	1,345	1,444
Contribution	770	817	797	907	886	952	915	2,754	3,290
Less SG&A	487	488	513	667	618	605	613	2,039	2,156
Plus Equity Comp	36	26	19	17	32	24	21	63	99
Plus Other Adjustments*	2	1	1	50	29	18	9	39	54
Adj. EBITDA	320	355	305	307	329	389	332	818	1,288
Less Equity Comp	36	26	19	17	32	24	21	63	99
Less Depreciation	26	26	25	26	23	23	23	94	103
Less Non-GAAP Interest, net	25	26	30	30	30	29	29	105	112
Less Other Expense (Income)	0	0	-1	0	0	0	2	-6	-2
Adjusted Pre-tax Income	233	277	230	232	242	311	256	559	971
Less Adjusted Tax	55	83	58	-19	49	80	63	120	176
Adjusted Net Income	178	194	172	251	193	231	193	440	795
Adj. EPS	2.00	2.24	2.03	2.99	2.33	2.85	2.41	4.89	9.22

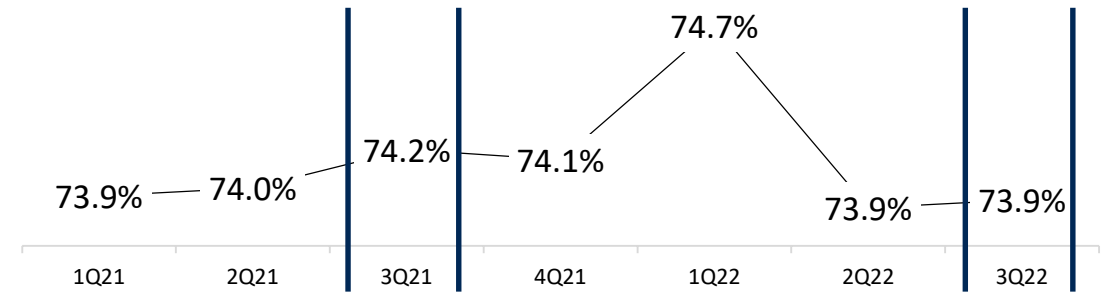
\* Consists of direct and incremental expenses related to acquisitions, impairment loss for lease related assets, facility-related exit costs, workforce reductions and other non-recurring items.

# Research Segment

Revenue \$ millions



Contribution Margin

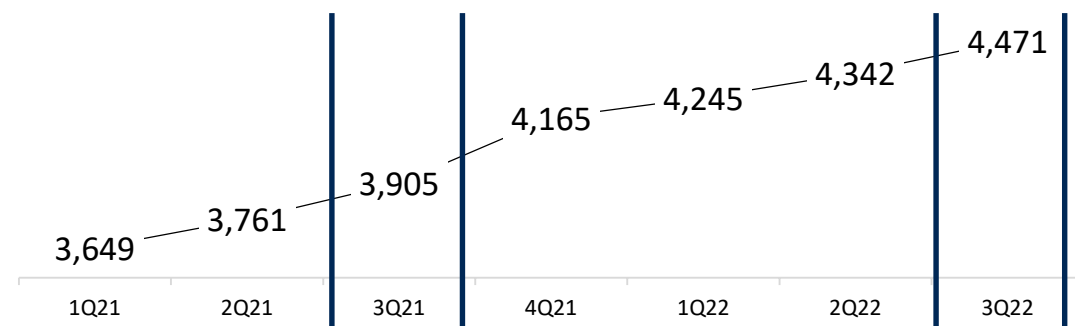


\$ millions	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	2020	2021
Revenue	980	1,003	1,037	1,081	1,136	1,142	1,148	3,603	4,101
Y/Y Growth	7.7%	14.6%	16.2%	16.8%	16.0%	13.9%	10.7%	6.8%	13.8%
Contribution	724	742	769	801	849	844	848	2,598	3,037
Contribution Margin	73.9%	74.0%	74.2%	74.1%	74.7%	73.9%	73.9%	72.1%	74.0%
Subscription Revenue	894	917	944	986	1,026	1,038	1,045	3,313	3,741
Y/Y Growth	7.8%	13.1%	14.6%	16.0%	14.7%	13.2%	10.7%	7.4%	12.9%
Non-subscription Revenue	86	86	93	96	111	104	102	290	361
Y/Y Growth	7.0%	33.5%	34.5%	26.1%	29.1%	20.8%	10.2%	-0.3%	24.5%

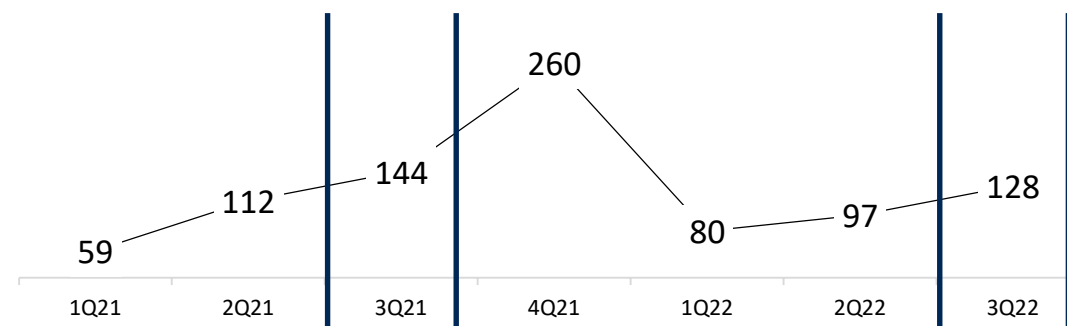
# Research Metrics

See p. 14 for GTS and GBS metrics

Contract Value \$ millions @ '22 rates



Quarterly Net Contract Value Increase (NCVI) \$ millions



\$ millions	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	2020	2021
Contract Value	3,649	3,761	3,905	4,165	4,245	4,342	4,471	3,591	4,165
Contract Value FX Neutral Growth	5.9%	10.7%	13.9%	16.0%	16.3%	15.4%	14.5%	4.5%	16.0%
Net Contract Value Increase (NCVI)	202	365	476	575	596	581	566	153	575
Quota Bearing Head Count	3,859	3,864	3,897	4,006	4,007	4,273	4,554	3,935	4,006
Y/Y Growth	-4.9%	-1.5%	-1.0%	1.8%	3.8%	10.6%	16.9%	-4.9%	1.8%
Productivity (\$ thousands)	50	93	121	146	154	150	145	37	146
Y/Y Growth	-39.6%	74.8%	205.6%	294.5%	209.7%	61.8%	19.9%	na	294.5%
Quarterly Productivity (\$ thousands)	15	29	37	67	20	24	30	na	148
Client Enterprises	15,091	15,242	15,506	15,982	15,935	15,850	15,743	14,888	15,982
Contract Value / Enterprise (\$ thousands)	242	247	252	261	266	274	284	241	261

2021 Contract Value adjusted for Russia: 1Q 3,637 | 2Q 3,748 | 3Q 3,892 | 4Q 4,151. 2022 CV growth adjusted for Russia: 1Q 16.7% | 2Q 15.8% | 3Q 14.9%.

Note: All numbers are shown at 2022 FX rates where applicable.

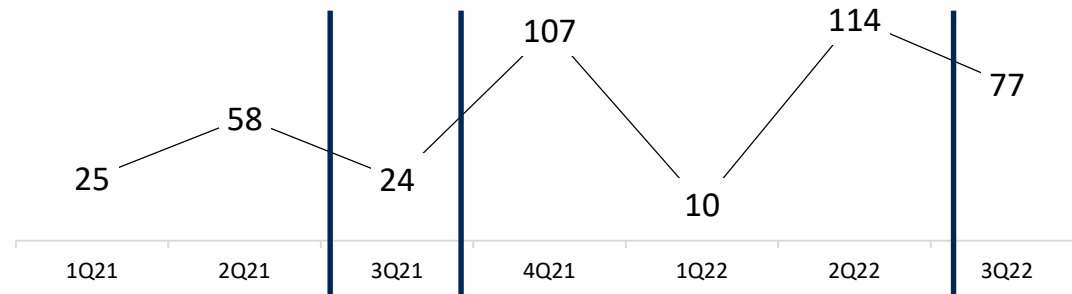
NCVI and Productivity are on a rolling twelve month basis. Productivity is NCVI divided by opening period quota-bearing headcount

Quarterly NCVI and Quarterly Productivity are on a sequential basis. Quarterly Productivity is Quarterly NCVI divided by prior quarter quota-bearing head count. Quarterly NCVI for the full year is the sum of the four quarters, Quarterly Productivity for the full year is calculated as full year NCVI divided by opening period quota-bearing headcount.

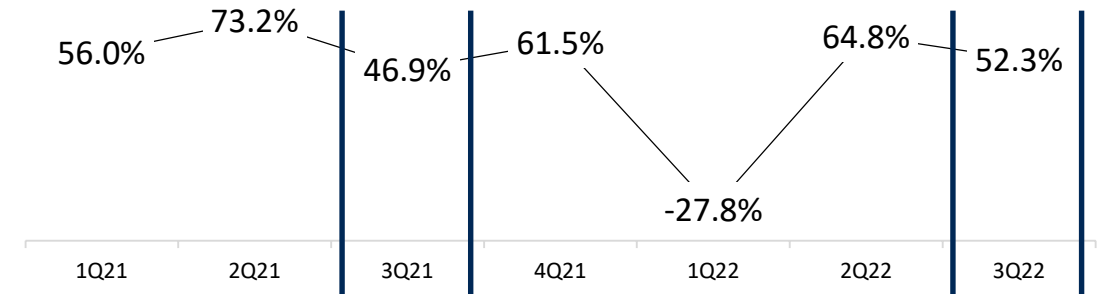


# Conferences Segment

Revenue \$ millions



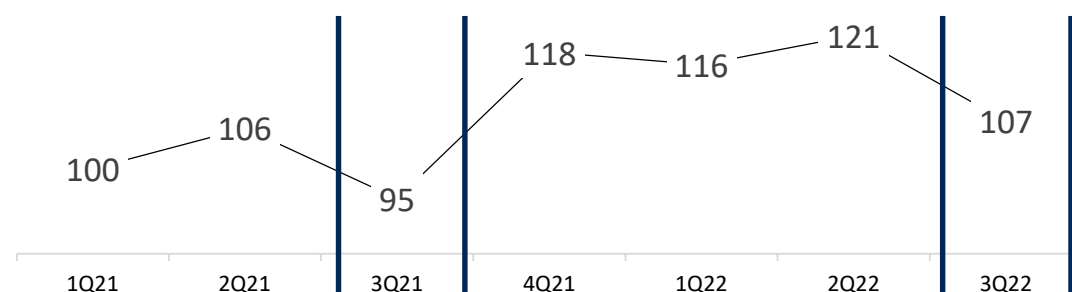
Contribution Margin



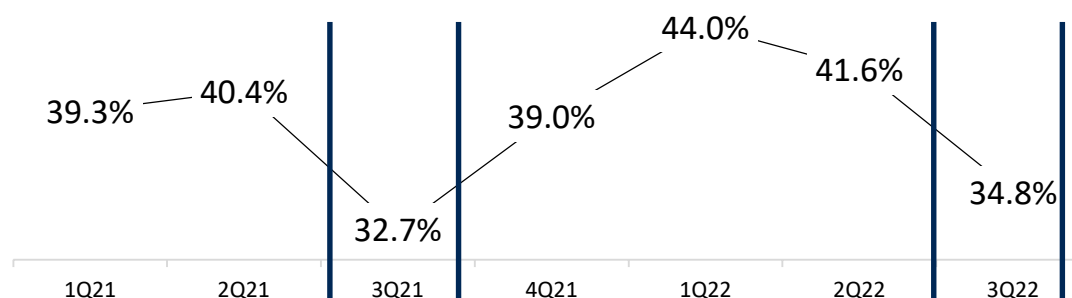
\$ millions	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	2020	2021
Revenue	25	58	24	107	10	114	77	120	214
Y/Y Growth	78.8%	nm	91.7%	14.8%	-58.3%	95.1%	215.5%	-74.8%	78.5%
Contribution	14	43	11	66	-3	74	40	57	134
Contribution Margin	56.0%	73.2%	46.9%	61.5%	-27.8%	64.8%	52.3%	47.8%	62.4%
Destination Conferences (#)	5	13	8	13	5	14	13	20	39
Destination Conference Attendees (#)	5,382	15,269	6,472	30,022	3,904	14,467	14,619	42,273	57,145

# Consulting Segment

Revenue \$ millions



Contribution Margin



\$millions	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	2020	2021
Revenue	100	106	95	118	116	121	107	376	418
Y/Y Growth	3.9%	8.6%	6.3%	25.5%	16.6%	13.9%	13.0%	-4.5%	11.1%
Contribution	39	43	31	46	51	50	37	116	159
Contribution Margin	39.3%	40.4%	32.7%	39.0%	44.0%	41.6%	34.8%	30.8%	38.0%
Labor Revenue	84	86	78	87	96	95	90	297	334
Y/Y Growth	3.6%	25.3%	4.8%	19.3%	14.3%	10.7%	16.5%	-6.1%	12.7%
Contract Optimization Revenue	15	20	17	31	20	25	17	80	83
Y/Y Growth	5.9%	-31.0%	13.4%	43.9%	29.1%	27.9%	-2.9%	2.5%	4.2%
Backlog	113	105	122	113	147	152	162	100	113
Y/Y Growth	2.8%	6.0%	24.6%	13.0%	30.3%	45.2%	33.1%	-13.5%	13.0%
Billable Head Count	744	740	749	762	780	799	852	768	749
Y/Y Growth	-7.9%	-7.0%	1.7%	4.3%	4.9%	8.0%	13.7%	-2.1%	-2.5%
Utilization Rate	67.7%	70.5%	61.8%	73.3%	72.0%	71.0%	66.1%	61.3%	68.3%
Y/Y Change (bps)	553	1,115	133	998	433	49	433	-96	702

Note: Backlog is at 2022 FX rates where applicable. The method of calculating backlog was changed beginning in 2022 to include multi-year contracts

The change in method contributed approximately seven, twelve and eleven percentage points to the backlog growth rate in 1Q22, 2Q22 and 3Q22, respectively.

# Capital Structure and Allocation

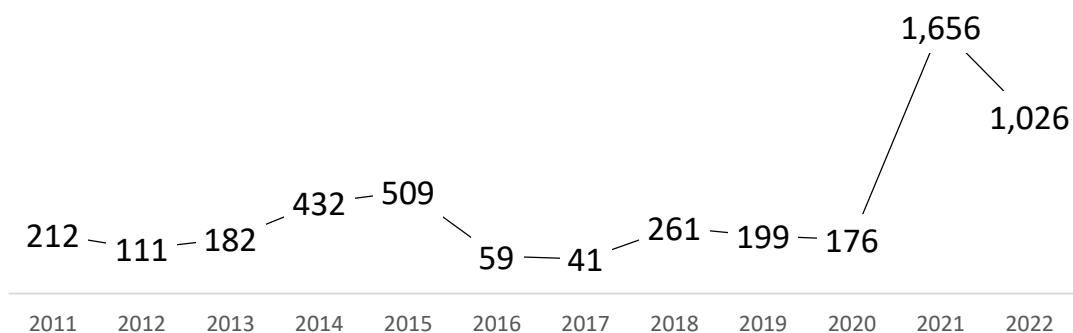
## Capital Structure

- Optimizes financial leverage benefits and financial flexibility
- Target 2-2.5x leverage<sup>1</sup>
- ~\$200M cash is needed to run the business

## Free Cash Flow deployment

- Expect to offset equity dilution
- Opportunistic, price sensitive stock repurchases
- Strategic value-enhancing tuck-in acquisitions
- No current plans for material debt repayments

Share Repurchases \$ millions



~\$600M repurchase authorization remaining as of September 30, 2022

<sup>1</sup> Gross debt/Trailing twelve month Adjusted EBITDA

<sup>2</sup> Floating and total rates reflect LIBOR and spread as of date shown.

<sup>3</sup> As defined in the Company's 2020 Credit Agreement.

\$ billions	9/30/2022	Rate <sup>(2)</sup>	Maturity
Cash	0.5	nm	nm
Revolver	0.0	L + 137.5	2025
Term Loan	0.3	L + 137.5	2025
2028 Bonds	0.8	4.50%	2028
2029 Bonds	0.6	3.63%	2029
2030 Bonds	0.8	3.75%	2030
<b>Total Debt</b>	<b>2.5</b>	<b>4.95%</b>	

Revolver Unused Capacity	1.0	23 bps
Interest Rate Swaps	0.4	3.04%
% Debt With Fixed Rates	100%	

Leverage Ratios	3Q 2022	Bank Covenant
Gross Debt/Adjusted EBITDA	1.8x	na
Net Debt/Adjusted EBITDA	1.4x	na
Consolidated Leverage Ratio <sup>3</sup>	1.8x	≤ 4.5x

Debt Ratings	Corporate Rating	Unsecured Notes
Moody's	Ba1	Ba1
S&P	BB+	BB+

# Updated 2022 Guidance

\$ millions, except per share amounts; shares in millions

\$ at Reported Rates	Guidance as of August 2, 2022 At Least:	Incremental FX Impact <sup>1</sup>	Improved Business Outlook	Guidance as of November 1, 2022 At Least:
Research Revenue	4,575	-22	27	4,580
Conferences Revenue	335	-4	44	375
Consulting Revenue	440	-4	14	450
Total Revenue	5,350	-30	85	5,405
Adj. EBITDA	1,235	-11	136	1,360
Adj. EPS	\$8.85	-\$0.11	\$1.32	\$10.06
Free Cash Flow	985	-11	51	1,025
Shares	~81	na	-	~81

- Increased FX Neutral Total Revenue growth by ~180 bps
- Return to in-person conferences added \$40 million to full year revenue
- Improved revenue outlook and lower operating expenses yield higher margins in 2022 vs. prior guidance
- Strong US Dollar impacts reported growth rates by ~420 bps (up from prior guidance of 370 bps)

Depreciation & Amortization

~ 93  
~ 98

Interest, net

~ 122 GAAP &  
~ 118 Non-GAAP

Stock-based Compensation

~ 96

Effective Tax Rate

~ 22% GAAP  
~ 22% Adj.

Capital Expenditures

~ 115

<sup>1</sup>FX Impact from July rates to October rates.

# Appendix

# Research: Additional Metrics

## Global Technology Sales

\$ millions	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	2020	2021
Contract Value	2,927	3,000	3,101	3,301	3,346	3,406	3,494	2,893	3,301
Contract Value FX Neutral Growth	4.5%	9.0%	11.9%	14.1%	14.3%	13.5%	12.7%	3.8%	14.1%
Net Contract Value Increase (NCVI)	126	248	329	408	420	405	393	106	408
Quarterly NCVI	34	74	100	200	46	60	88	106	408
Quota Bearing Head Count	2,992	2,979	2,988	3,072	3,009	3,237	3,473	3,089	3,072
Y/Y Growth	-6.4%	-3.6%	-3.4%	-0.6%	0.6%	8.7%	16.2%	-5.4%	-0.6%
Productivity (\$ thousands)	40	80	106	132	140	136	132	32	132
Client Enterprises	13,256	13,450	13,689	14,149	14,091	14,021	13,937	13,029	14,149
Contract Value / Enterprise (\$ thousands)	221	223	227	233	237	243	251	222	233
Wallet Retention	97.9%	101.3%	103.6%	105.8%	106.9%	106.6%	106.7%	98.0%	105.8%
Client Retention	83.0%	84.6%	85.3%	85.8%	85.9%	86.0%	86.2%	82.7%	85.8%

## Global Business Sales

\$ millions	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	2020	2021
Contract Value	723	761	804	865	899	936	977	698	865
Contract Value FX Neutral Growth	11.7%	18.1%	22.4%	24.0%	24.4%	23.0%	21.4%	7.3%	24.0%
Net Contract Value Increase (NCVI)	76	117	147	167	176	175	172	48	167
Quarterly NCVI	25	38	43	60	34	37	40	48	167
Quota Bearing Head Count	867	885	909	934	998	1,036	1,081	846	934
Y/Y Growth	0.6%	6.1%	7.8%	10.4%	15.1%	17.1%	18.9%	-2.6%	10.4%
Productivity (\$ thousands)	88	140	175	198	203	198	189	55	198
Client Enterprises	4,728	4,749	4,830	4,908	4,933	4,971	4,971	4,692	4,908
Contract Value / Enterprise (\$ thousands)	153	160	167	176	182	188	196	149	176
Wallet Retention	104.5%	109.6%	112.9%	114.5%	115.4%	114.6%	114.1%	100.9%	114.5%
Client Retention	83.8%	85.1%	86.0%	86.8%	86.8%	87.9%	88.7%	82.9%	86.8%

2021 GTS Contract Value adjusted for Russia: 1Q 2,914 | 2Q 2,987 | 3Q 3,087 | 4Q 3,286. 2022 CV growth adjusted for Russia 1Q 14.8% | 2Q 14.0% | 3Q 13.2%.

Note: All numbers are shown at 2022 FX rates where applicable. Enterprises that are clients of both GTS and GBS appear in both counts.

NCVI and Productivity are on a rolling twelve month basis. Productivity is NCVI divided by opening period quota-bearing headcount. Quarterly NCVI is on a sequential basis. Quarterly NCVI for the full year is the sum of the four quarters.

# Definitions

**Adjusted EBITDA and Adjusted EBITDA Margin:** Represents GAAP net income (loss) adjusted for: (i) interest expense, net; (ii) tax provision (benefit); (iii) loss on extinguishment of debt, if applicable; (iv) gain on event cancellation insurance claims, if applicable; (v) other (income) expense, net; (vi) stock-based compensation expense; (vii) depreciation, amortization, and accretion; (viii) loss on impairment of lease related assets, net, if applicable; and (ix) acquisition and integration charges and certain other non-recurring items. Adjusted EBITDA Margin represents Adjusted EBITDA divided by GAAP Revenue. We believe Adjusted EBITDA and Adjusted EBITDA Margin are important measures of our recurring operations as they exclude items not representative of our core operating results.

**Adjusted Net Income:** Represents GAAP net income (loss) adjusted for the impact of certain items directly related to acquisitions and other non-recurring items. These adjustments include: (i) the amortization of acquired intangibles; (ii) acquisition and integration charges and other non-recurring items; (iii) loss on extinguishment of debt, if applicable; (iv) gain on event cancellation insurance claims, if applicable; (v) loss on impairment of lease related assets, net, if applicable; (vi) the non-cash (gain) loss on de-designated interest rate swaps, if applicable; and (vii) the related tax effect. We believe Adjusted Net Income is an important measure of our recurring operations as it excludes items that may not be indicative of our core operating results.

**Adjusted EPS:** Represents GAAP net income (loss) per diluted share adjusted for the impact of certain items directly related to acquisitions and other non-recurring items. These adjustments include on a per share basis: (i) the amortization of acquired intangibles; (ii) acquisition and integration charges and other non-recurring items; (iii) loss on extinguishment of debt, if applicable; (iv) gain on event cancellation insurance claims, if applicable; (v) loss on impairment of lease related assets, net if applicable; (vi) the non-cash (gain) loss on de-designated interest rate swaps, if applicable; and (vii) the related tax effect. We believe Adjusted EPS is an important measure of our recurring operations as it excludes items that may not be indicative of our core operating results.

**Free Cash Flow:** Represents cash provided by operating activities determined in accordance with GAAP less payments for capital expenditures. We believe Free Cash Flow is an important measure of the recurring cash generated by the Company's core operations that may be available to be used to repay debt obligations, repurchase our stock, invest in future growth through new business development activities, or make acquisitions.

**Foreign Currency Neutral (FX Neutral):** We provide foreign currency neutral dollar amounts and percentages for our contract values, revenues, certain expenses, 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.

**Non-GAAP Interest, Net:** Interest expense, net excluding amortization of certain deferred financing fees.

# Definitions of Key Metrics/Calculations

## Segment

## Business Measurements

### Research

**Contract value** represents the dollar 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. 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 contract value consists of Global Technology Sales contract value, which includes sales to users and providers of technology, and Global Business Sales contract value, which includes sales to all other functional leaders.

**Client retention rate** 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.

**Wallet retention rate** 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.

### Conferences

**Number of destination conferences** represents the total number of hosted virtual or in-person conferences completed during the period. Single day, local meetings are excluded.

**Number of destination attendees** represents the total number of people who attend virtual or in-person conferences. Single day, local meetings are excluded.

### Consulting

**Consulting backlog** represents future revenue to be derived from in-process consulting and benchmark analytics engagements.

**Utilization rate** 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.

Note: Please see Gartner's 2021 SEC Form 10-K for additional definitions and explanations about the business.

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**3Q 2022**  
**GAAP**  
**Financial**  
**Statements**

# Condensed Consolidated Balance Sheets

Unaudited; in millions

	September 30, 2022	December 31, 2021
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 528.7	\$ 756.5
Fees receivable, net	1,047.1	1,365.2
Deferred commissions	269.3	380.6
Prepaid expenses and other current assets	135.2	117.8
Total current assets	1,980.3	2,620.1
Property, equipment and leasehold improvements, net	256.2	273.6
Operating lease right-of-use assets	460.9	548.3
Goodwill	2,936.1	2,951.3
Intangible assets, net	603.8	714.4
Other assets	288.7	308.6
<b>Total Assets</b>	<b>\$ 6,526.0</b>	<b>\$ 7,416.3</b>
<b>Liabilities and Stockholders' (Deficit) Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 848.9	\$ 1,134.8
Deferred revenues	2,229.6	2,238.1
Current portion of long-term debt	7.3	5.9
Total current liabilities	3,085.8	3,378.8
Long-term debt, net of deferred financing fees	2,454.9	2,456.8
Operating lease liabilities	614.4	697.8
Other liabilities	435.8	511.9
<b>Total Liabilities</b>	<b>6,590.9</b>	<b>7,045.3</b>
<b>Total Stockholders' (Deficit) Equity</b>	<b>(64.9)</b>	<b>371.0</b>
<b>Total Liabilities and Stockholders' (Deficit) Equity</b>	<b>\$ 6,526.0</b>	<b>\$ 7,416.3</b>

# Condensed Consolidated Statements of Operations

Unaudited; in millions,  
except per share amounts

	Three Months Ended September 30,	
	2022	2021
Revenues:		
Research	\$ 1,147.8	\$ 1,037.2
Conferences	77.0	24.4
Consulting	107.0	94.7
Total revenues	1,331.8	1,156.3
Costs and expenses:		
Cost of services and product development	416.8	359.2
Selling, general and administrative	613.0	512.6
Depreciation	22.9	25.4
Amortization of intangibles	24.4	27.1
Acquisition and integration charges	1.3	1.8
Total costs and expenses	1,078.4	926.1
Operating income	253.4	230.2
Interest expense, net	(30.3)	(31.6)
Other income, net	8.9	0.2
Income before income taxes	232.0	198.8
Provision for income taxes	58.5	50.0
Net income	\$ 173.5	\$ 148.8
Net income per share:		
Basic	\$ 2.19	\$ 1.78
Diluted	\$ 2.17	\$ 1.76
Weighted average shares outstanding:		
Basic	79.3	83.6
Diluted	80.1	84.8

# Condensed Consolidated Statements of Cash Flows

Unaudited; in millions

	Three Months Ended September 30,	
	2022	2021
<b>Operating activities:</b>		
Net income	\$ 173.5	\$ 148.9
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	47.3	52.5
Stock-based compensation expense	21.0	19.4
Deferred taxes	(0.8)	(1.8)
Loss on impairment of lease related assets	2.0	-
Reduction in the carrying amount of operating lease right-of-use assets	17.3	18.9
Amortization and write-off of deferred financing fees	1.1	1.1
Gain on de-designated swaps	(11.2)	(0.4)
Changes in assets and liabilities:		
Fees receivable, net	99.4	124.8
Deferred commissions	36.7	(3.7)
Prepaid expenses and other current assets	0.3	(17.6)
Other assets	(4.9)	(0.2)
Deferred revenues	(119.6)	(87.3)
Accounts payable and accrued and other liabilities	52.7	90.4
<b>Cash provided by operating activities</b>	<b>314.8</b>	<b>345.0</b>
<b>Investing activities:</b>		
Additions to property, equipment and leasehold improvements	(32.1)	(14.2)
Acquisitions - cash paid (net of cash acquired)	(4.1)	(0.2)
<b>Cash used in investing activities</b>	<b>(36.2)</b>	<b>(14.4)</b>
<b>Financing activities:</b>		
Proceeds from employee stock purchase plan	5.0	4.1
Payments for deferred financing fees	-	(1.3)
Payments on borrowings, net	(1.3)	(1.3)
Purchases of treasury stock	(96.5)	(355.5)
<b>Cash used in financing activities</b>	<b>(92.8)</b>	<b>(354.0)</b>
<b>Net increase (decrease) in cash and cash equivalents and restricted cash</b>	<b>185.8</b>	<b>(23.4)</b>
<b>Effects of exchange rates on cash and cash equivalents</b>	<b>(21.7)</b>	<b>(7.4)</b>
<b>Cash and cash equivalents and restricted cash, beginning of period</b>	<b>364.6</b>	<b>800.5</b>
<b>Cash and cash equivalents and restricted cash, end of period</b>	<b>\$ 528.7</b>	<b>\$ 769.7</b>

# **Non-GAAP Reconciliations**

# Non-GAAP Reconciliations

\$ millions

Reconciliation - Net Income to Adjusted EBITDA:	2020	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22
<b>Net income</b>	266.7	164.1	271.2	148.8	209.4	172.5	204.9	173.5
Interest expense, net	113.6	26.1	27.4	31.6	31.5	31.4	29.7	30.3
Gain on event cancellation insurance claims <sup>(a)</sup>	-	-	(135.5)	-	(16.8)	-	-	-
Loss on extinguishment of debt <sup>(b)</sup>	44.8	-	-	-	-	-	-	-
Other (income) expense, net	5.6	(15.5)	3.6	(0.2)	(6.4)	(29.2)	(8.5)	(8.9)
Tax provision (benefit)	59.4	50.7	108.0	50.0	(32.3)	42.5	71.0	58.5
Operating income	490.2	225.4	274.7	230.2	185.4	217.2	297.1	253.4
Adjustments:								
Stock-based compensation expense <sup>(c)</sup>	62.5	36.1	26.2	19.4	16.9	32.1	24.5	21.0
Depreciation, accretion, and amortization <sup>(d)</sup>	219.9	56.5	52.2	52.7	51.9	48.6	47.9	47.5
Loss on impairment of lease related assets, net <sup>(e)</sup>	-	-	-	-	49.5	23.9	11.6	2.0
Acquisition and integration charges and other non-recurring items <sup>(f)</sup>	45.4	2.4	2.1	3.0	2.8	7.0	8.0	7.6
<b>Adjusted EBITDA</b>	818.0	320.4	355.2	305.3	306.5	328.9	389.1	331.5

- (a) Consists of the gain on event cancellation insurance claims for events cancelled in 2020.
- (b) Includes \$30.8 million early redemption premium payment and \$14.0 million write-off of unamortized deferred financing fees related to the early repayment of the 2025 senior notes and the 2016 Credit Agreement.
- (c) Consists of costs for stock-based compensation awards.
- (d) Includes depreciation expense, amortization of intangibles, and accretion on asset retirement obligations.
- (e) Includes impairment loss for lease related assets, net of a reduction in lease liabilities, if applicable.
- (f) Consists of direct and incremental expenses related to acquisitions, facility-related exit costs, workforce reductions and other non-recurring items, if applicable.

\$ millions

Reconciliation - Cash Provided by Operating Activities to Free Cash Flow:	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Cash provided by operating activities</b>	255.6	279.8	315.7	346.8	345.6	365.6	254.5	471.2	565.4	903.2
Less: cash paid for capital expenditures	(42.0)	(44.3)	(36.5)	(38.5)	(46.1)	(49.9)	(110.8)	(126.9)	(149.0)	(83.8)
<b>Free Cash Flow</b>	213.6	235.5	279.2	308.3	299.4	315.8	143.8	344.3	416.4	819.3

	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22
<b>Cash provided by operating activities</b>	157.3	575.3	345.0	234.8	167.8	415.6	314.8
Less: cash paid for capital expenditures	(12.5)	(11.9)	(14.2)	(21.2)	(17.3)	(21.1)	(32.1)
<b>Free Cash Flow</b>	144.8	563.4	330.8	213.6	150.5	394.5	282.7

# Non-GAAP Reconciliations

In millions except per share amounts

<b>Reconciliation - GAAP Net Income to Adjusted Net Income:</b>	2020	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22
<b>GAAP net income</b>	266.7	164.1	271.2	148.8	209.4	172.5	204.9	173.5
Adjustments:								
Amortization of acquired intangibles <sup>(a)</sup>	125.1	30.5	26.2	27.1	25.8	25.1	24.8	24.4
Acquisition and integration charges and other non-recurring items <sup>(b)</sup>	53.5	3.4	3.1	4.2	4.0	8.2	9.1	8.7
Gain on event cancellation insurance claims <sup>(c)</sup>	-	-	(135.5)	-	(16.8)	-	-	-
Loss on impairment of lease related assets, net <sup>(d)</sup>	-	-	-	-	49.5	23.9	11.6	2.0
Loss on extinguishment of debt <sup>(e)</sup>	44.8	-	-	-	-	-	-	-
Amortization of deferred swap losses from de-designation <sup>(f)</sup>	10.3	-	-	-	-	-	-	-
Loss (gain) on de-designated interest rate swaps <sup>(g)</sup>	(2.2)	(15.8)	4.0	(0.4)	(8.1)	(29.9)	(10.7)	(11.2)
Tax impact of adjustments	(57.7)	(4.0)	25.1	(7.8)	(13.2)	(6.5)	(8.7)	(4.8)
Adjusted net income	440.5	178.2	194.0	171.8	250.7	193.3	231.0	192.7
Diluted shares	90.0	89.1	86.6	84.8	83.8	83.0	81.0	80.1
<b>Adjusted EPS</b>	4.89	2.00	2.24	2.03	2.99	2.33	2.85	2.41

## Reconciliation - GAAP Net Income per diluted share to

<b>Adjusted EPS:</b>	2020	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22
<b>GAAP net income per diluted share</b>	2.96	1.84	3.13	1.76	2.50	2.08	2.53	2.17
Adjustments:								
Amortization of acquired intangibles <sup>(a)</sup>	1.39	0.34	0.30	0.32	0.31	0.30	0.31	0.30
Acquisition and integration charges and other non-recurring items <sup>(b)</sup>	0.59	0.04	0.04	0.05	0.05	0.10	0.11	0.11
Gain on event cancellation insurance claims <sup>(c)</sup>	-	-	(1.57)	-	(0.20)	-	-	-
Loss on impairment of lease related assets, net <sup>(d)</sup>	-	-	-	-	0.59	0.29	0.14	0.03
Loss on extinguishment of debt <sup>(e)</sup>	0.50	-	-	-	-	-	-	-
Amortization of deferred swap losses from de-designation <sup>(f)</sup>	0.11	-	-	-	-	-	-	-
Loss (gain) on de-designated interest rate swaps <sup>(g)</sup>	(0.02)	(0.18)	0.05	-	(0.10)	(0.36)	(0.13)	(0.14)
Tax impact of adjustments	(0.64)	(0.05)	0.29	(0.09)	(0.16)	(0.08)	(0.11)	(0.06)
<b>Adjusted EPS</b>	4.89	2.00	2.24	2.03	2.99	2.33	2.85	2.41

- (a) Consists of non-cash amortization from acquired intangibles.
- (b) Consists of direct and incremental expenses related to acquisitions, facility-related exit costs, workforce reductions and other non-recurring items, if applicable. Includes the amortization and write-off of deferred financing fees, which are recorded in Interest expense, net in the Consolidated Statements of Operations and in the Adj. EBITDA on the prior page.
- (c) Consists of the gain on event cancellation insurance claims for events cancelled in 2020.
- (d) Includes impairment loss for lease related assets, net of a reduction in lease liabilities, if applicable.
- (e) Includes \$30.8 million early redemption premium payment and \$14.0 million write-off of unamortized deferred financing fees related to the early repayment of the 2025 senior notes and the 2016 Credit Agreement.
- (f) Consists of the non-cash loss on de-designated interest rate swaps in June 2020.
- (g) Represents the fair value adjustment for interest rate swaps after de-designation.

# Non-GAAP Reconciliations

\$ millions

## Reconciliation - Interest, net to Non-GAAP

Interest, net:	2020	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22
Interest, net	113.6	26.1	27.4	31.6	31.5	31.4	29.7	30.3
Less amortization of deferred financing fees	(8.1)	(0.9)	(1.0)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)
<b>Non-GAAP Interest, net</b>	<b>105.5</b>	<b>25.2</b>	<b>26.4</b>	<b>30.5</b>	<b>30.4</b>	<b>30.3</b>	<b>28.6</b>	<b>29.1</b>

## Effective GAAP Tax Rate to

Adjusted Tax Rate:	2020	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22
GAAP Rate	18.2%	23.6%	28.5%	25.1%	-18.2%	19.8%	25.7%	25.2%
Acquisition and Other Adjustments	24.9%	22.4%	24.6%	25.4%	24.1%	24.0%	25.0%	20.2%
<b>Adjusted Tax Rate</b>	<b>21.0%</b>	<b>23.5%</b>	<b>29.9%</b>	<b>25.2%</b>	<b>-8.3%</b>	<b>20.3%</b>	<b>25.7%</b>	<b>24.7%</b>



# Non-GAAP Reconciliations – Updated 2022 Guidance

## Financial Outlook Reconciliation: GAAP Net Income to Adjusted EBITDA (Unaudited; \$ in millions) 2022 Guidance

GAAP net income	≥ \$721
Interest expense, net <sup>(a)</sup>	~ 122
Other (income) expense, net	~ (45)
Tax provision	~ 200
Operating income	<u>≥ 998</u>

### Adjustments

Stock-based compensation expense	~ 96
Depreciation, accretion, and amortization	~ 192
Acquisition and integration charges and other non-recurring items <sup>(b)</sup>	~ 74

**Adjusted EBITDA** ≥ \$1,360

<sup>(a)</sup> Assumes approximately \$4M of amortization of deferred financing fees, which is reported in interest expense, net in the Company's Consolidated Statement of Operations.

<sup>(b)</sup> Consists of direct and incremental expenses related to acquisitions, facility-related exit costs and other non-recurring items.

## Financial Outlook Reconciliation: GAAP Cash Provided by Operating Activities to Free Cash Flow

(Unaudited; \$ in millions) 2022 Guidance

GAAP cash provided by operating activities	≥ \$1,140
Capital expenditures	~ (115)
<b>Free Cash Flow</b>	<u><u>≥ \$1,025</u></u>

## Financial Outlook Reconciliation: GAAP Diluted EPS to Adjusted EPS (Unaudited) 2022 Guidance

GAAP Diluted EPS <sup>(a)</sup> ≥ \$8.89

### Adjustments (after-tax):

Amortization of acquired intangibles	~ 0.92
Acquisition and integration charges and other non-recurring items <sup>(b)</sup>	~ 0.25

**Adjusted EPS <sup>(a)</sup>** ≥ \$10.06

<sup>(a)</sup> GAAP Diluted EPS and Adjusted EPS are calculated based on approximately 81M of diluted shares for 2022.

<sup>(b)</sup> Consists of direct and incremental expenses related to acquisitions, facility-related exit costs, gain or loss on de-designated swaps and other non-recurring items.

Note: Reconciliation of Guidance as of August 2, 2022 included in our Q2 2022 Earnings Supplement available on our website at investor.gartner.com