

# **Third Quarter 2023 Results**

**November 3, 2023**

# Forward Looking Statement and Explanatory Note

Statements contained in this presentation regarding the growth and prospects of the business, the Company's projected 2023 financial results, long-term objectives and all other statements in this presentation other than recitation of historical facts are 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. Such forward-looking statements involve known and unknown risks, estimates, uncertainties and other factors that may cause actual results to be materially different. 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 global economic and geopolitical conditions, including inflation, and recession; 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 labor competition; 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; our ability to meet ESG commitments; the impact of changes in tax policy (including the 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.**

The Company's SEC filings can be found on Gartner's website at [investor.gartner.com](https://investor.gartner.com) and on the SEC's website at [www.sec.gov](https://www.sec.gov). Forward looking statements included herein speak only as of November 3, 2023 and the Company disclaims any obligation to revise or update such statements to reflect events or circumstances after this date or to reflect the occurrence of unanticipated events or circumstances, except as required by applicable law or regulation.

Some totals may not add due to rounding.

# Contents

## Consolidated Financials

3Q 2023 Financial Results	<a href="#">Page 4</a>
Consolidated Financial Summary	<a href="#">Page 5</a>
Normalized P&L (Non-GAAP)	<a href="#">Page 6</a>

## Segment Results

Research	<a href="#">Page 7 - 8</a>
Conferences	<a href="#">Page 9</a>
Consulting	<a href="#">Page 10</a>

## Capital Allocation and Guidance

Capital Structure and Allocation	<a href="#">Page 11</a>
Updated 2023 Guidance	<a href="#">Page 12</a>

## Appendix

Research Sales Appendix	<a href="#">Pages 14</a>
Definitions	<a href="#">Pages 15 - 16</a>
3Q 2023 GAAP Financial Statements	<a href="#">Pages 17 - 20</a>
Non-GAAP Reconciliations	<a href="#">Pages 21 - 25</a>

# 3Q 2023 Growth and Financial Results

## Contract Value (CV)

**8.1%**      \$4.7B

## Global Technology Sales (GTS) CV

**6.5%**      \$3.6B

## Global Business Sales (GBS) CV

**14.0%**      \$1.0B

% increases above are FX Neutral at 2023 rates; excludes 1Q23 divestiture as applicable.

## Consolidated Revenue

**5.8%**      \$1,409M

FX Neutral: 4.9%

68.0% Contribution Margin

## Adj. EBITDA

**0.6%**      \$333M

FX Neutral: 0.1%

23.7% Adj. EBITDA Margin

## Adj. EPS

**\$2.56**

Growth: 6.2%

## Research Revenue

**6.2%**      \$1,219M

FX Neutral: 5.3%

73.4% Contribution Margin

## Conference Revenue

**-26%**      \$57M

FX Neutral: -26%

35.8% Contribution Margin

## Consulting Revenue

**24.1%**      \$133M

FX Neutral: 23.2%

36.5% Contribution Margin

## Free Cash Flow

**\$302M**

## Share Repurchases

**\$209M**

## Medium Term Guidance (unchanged)

### Research

12 - 16 %

### Conferences

5 - 10 %

### Consulting

3 - 8 %

### Revenue

≥ 10 %

### EBITDA

≥ Revenue Growth

### EPS

≥ EBITDA Growth

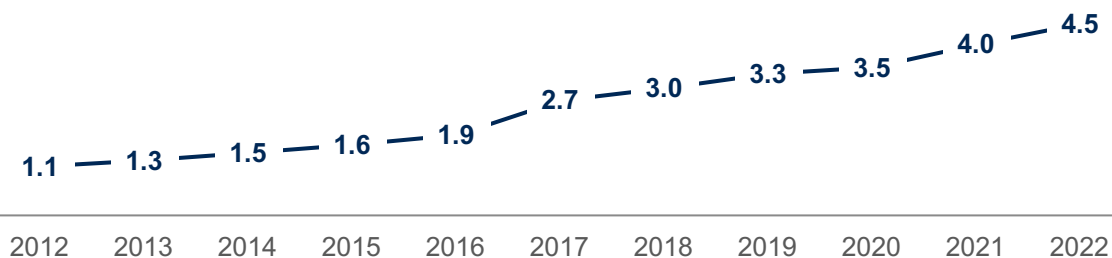
### Free Cash Flow

≥ EBITDA Growth

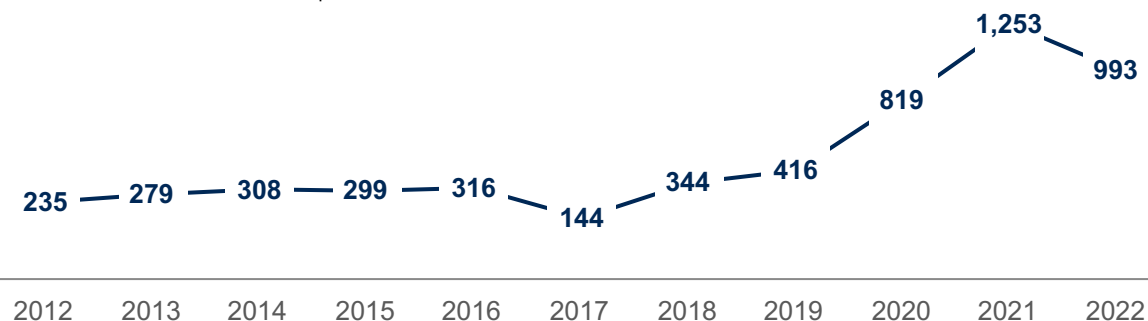
Note: Several conferences that were held in the third quarter of 2022 were held earlier in 2023.

# Consolidated Financial Summary

Contract Value \$ billions @ '23 rates



Free Cash Flow \$ millions



\$ and shares in millions except per share amounts	2022				2023			2022
	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	
Revenue	1,263	1,377	1,332	1,505	1,409	1,503	1,409	5,476
Y/Y Growth	14.4%	17.9%	15.2%	15.2%	11.6%	9.2%	5.8%	15.7%
Contribution	886	952	915	1,029	974	1,016	958	3,782
Contribution Margin	70.1%	69.2%	68.7%	68.4%	69.1%	67.6%	68.0%	69.1%
Adj. EBITDA	329	389	332	421	379	384	333	1,471
Y/Y Growth	2.6%	9.5%	8.5%	37.4%	15.3%	-1.2%	0.6%	14.2%
Adj. EBITDA Margin	26.0%	28.3%	24.9%	28.0%	26.9%	25.6%	23.7%	26.9%
Adj. EPS	2.33	2.85	2.41	3.70	2.88	2.85	2.56	11.27
Y/Y Growth	16.5%	27.2%	18.7%	23.7%	23.6%	0.0%	6.2%	22.2%
Free Cash Flow	150	395	283	166	144	410	302	993
LTM Free Cash Flow	1,258	1,089	1,041	993	986	1,002	1,022	993
Y/Y Growth	34.9%	-7.2%	-18.4%	-20.7%	-21.6%	-8.0%	-1.9%	-20.7%
Avg. Diluted Shares	83.0	81.0	80.1	80.1	80.3	79.8	79.5	81.1

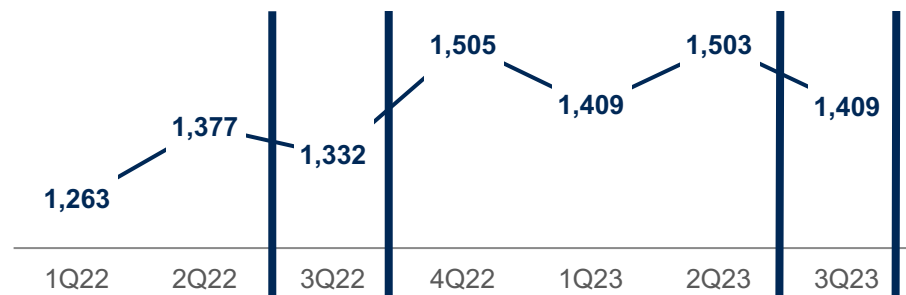
Note: CV at 2023 FX rates; excludes 1Q23 divestiture and Russia as applicable.

Note: Consolidated contribution includes segment contribution and \$5 million of cost of services and product development – unallocated in 3Q23. 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.

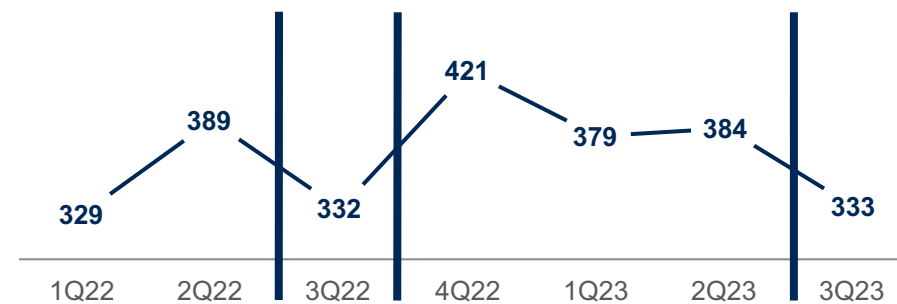
LTM Free Cash Flow includes \$150 million, \$17 million and \$3 million of proceeds related to 2020 event cancellation insurance claims in 2Q21, 4Q21 and 1Q23, respectively.

# Non-GAAP P&L

Revenues \$ millions



Adj. EBITDA \$ millions

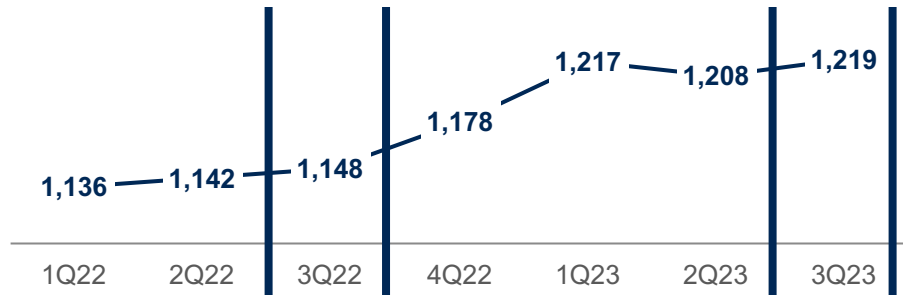


\$ millions except per share amounts	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	2022
Revenue	1,263	1,377	1,332	1,505	1,409	1,503	1,409	5,476
Less Cost of Services	377	425	417	475	435	487	451	1,694
Contribution	886	952	915	1,029	974	1,016	958	3,782
Less SG&A	618	605	613	645	657	680	661	2,481
Plus Equity Comp	32	24	21	13	45	32	27	91
Plus Other Adjustments *	29	18	9	24	17	17	9	79
Adj. EBITDA	329	389	332	421	379	384	333	1,471
Less Equity Comp	32	24	21	13	45	32	27	91
Less Depreciation	23	23	23	24	24	24	25	93
Less Non-GAAP Interest, net	30	29	29	29	26	23	21	117
Less Other Expense (Income)	1	2	2	-1	1	1	1	5
Adjusted Pre-tax Income	242	311	256	356	283	304	260	1,165
Less Adjusted Tax	49	80	63	59	51	77	57	252
Adjusted Net Income	193	231	193	297	231	227	203	914
Adj. EPS	2.33	2.85	2.41	3.70	2.88	2.85	2.56	11.27

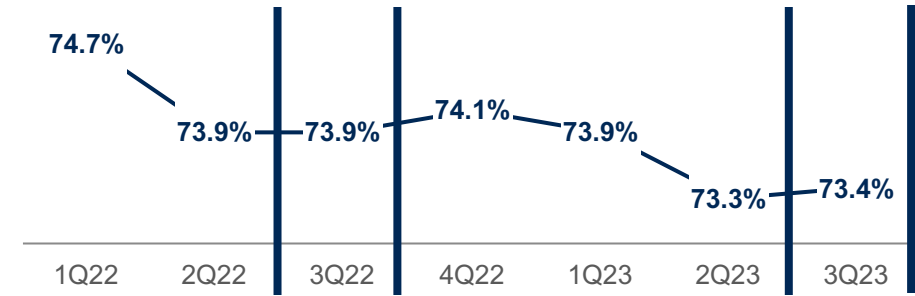
\* Consists of direct and incremental expenses related to acquisitions and divestitures, impairment loss for lease related assets, facility-related exit costs and other non-recurring items.

# Research Segment

Revenues \$ millions



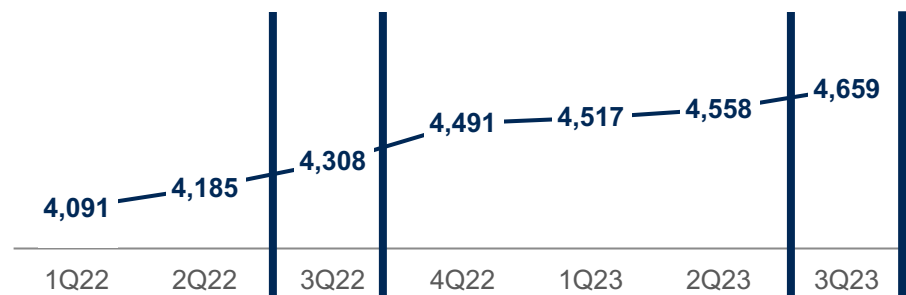
Contribution Margin



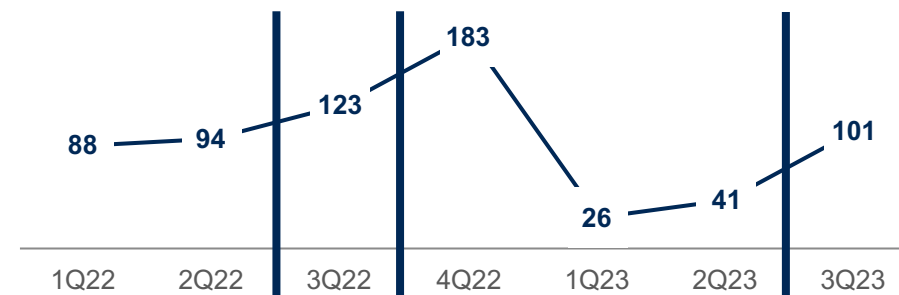
\$ millions	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	2022
Revenue	1,136	1,142	1,148	1,178	1,217	1,208	1,219	4,605
Y/Y Growth	16.0%	13.9%	10.7%	9.0%	7.1%	5.7%	6.2%	12.3%
Contribution	849	844	848	873	900	885	894	3,415
Contribution Margin	74.7%	73.9%	73.9%	74.1%	73.9%	73.3%	73.4%	74.2%
Subscription Revenue	1,026	1,038	1,045	1,074	1,110	1,113	1,126	4,183
Y/Y Growth	14.7%	13.2%	10.7%	8.9%	8.2%	7.3%	7.7%	11.8%
Non-subscription Revenue	111	104	102	105	107	95	93	422
Y/Y Growth	29.1%	20.8%	10.2%	9.4%	-2.9%	-9.5%	-8.7%	17.0%

# Research Metrics

Contract Value \$ millions @ '23 rates



Quarterly Net Contract Value Increase (NCVI) \$ millions



See p.14 for GTS and GBS metrics

\$ millions	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	2022
Contract Value	4,091	4,185	4,308	4,491	4,517	4,558	4,659	4,491
Contract Value FX Neutral Growth	16.5%	15.7%	14.7%	12.2%	10.4%	8.9%	8.1%	12.2%
Net Contract Value Increase (NCVI)	580	567	552	488	426	373	351	488
Quota Bearing Head Count	3,972	4,236	4,514	4,733	4,807	4,814	4,779	4,733
Y/Y Growth	3.6%	10.5%	16.6%	19.1%	21.0%	13.6%	5.9%	19.1%
Productivity (\$ thousands)	151	148	143	123	107	88	78	123
Quarterly Productivity (\$ thousands)	22	24	29	41	5	9	21	123
Client Enterprises	15,060	15,084	15,168	15,280	15,092	14,965	14,827	15,280
Contract Value / Enterprise (\$ thousands)	272	277	284	294	299	305	314	294

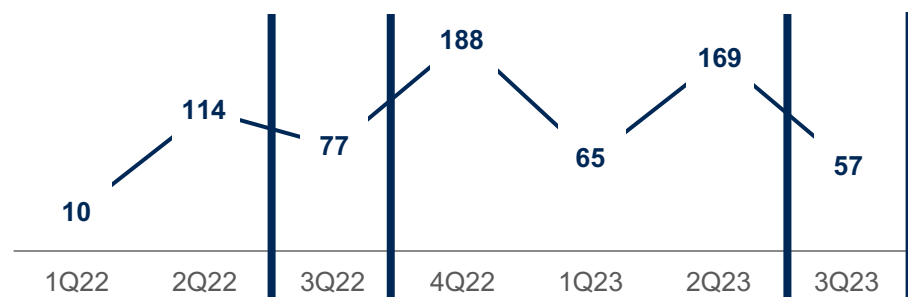
Note: All numbers are shown at 2023 FX rates where applicable; excludes 1Q23 divestiture and Russia as applicable. Historical Client Enterprises and associated metrics were updated to reflect the current structure.

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.

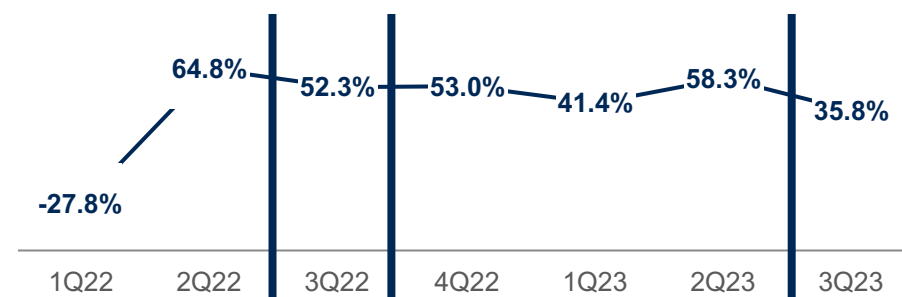


# Conferences Segment

Revenues \$ millions



Contribution Margin

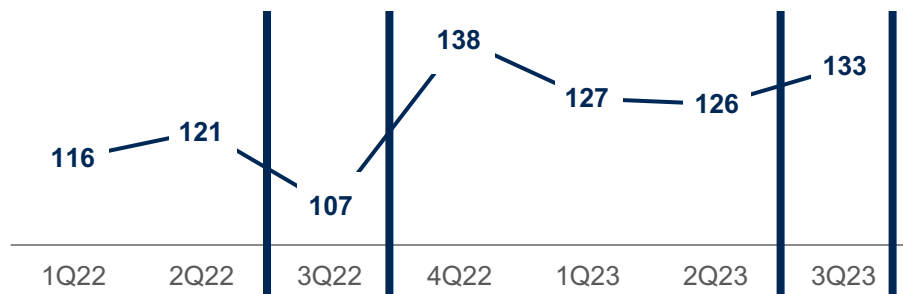


\$ millions	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	2022
Revenue	10	114	77	188	65	169	57	389
Y/Y Growth	-58.3%	95.1%	216%	76.0%	524%	49%	-26%	81.5%
Contribution	-3	74	40	100	27	98	20	211
Contribution Margin	-27.8%	64.8%	52.3%	53.0%	41.4%	58.3%	35.8%	54.1%
Destination Conferences (#)	5	14	13	9	10	17	9	41
Destination Conference Attendees (#)	3,904	14,467	14,619	27,114	11,125	24,520	9,808	60,104

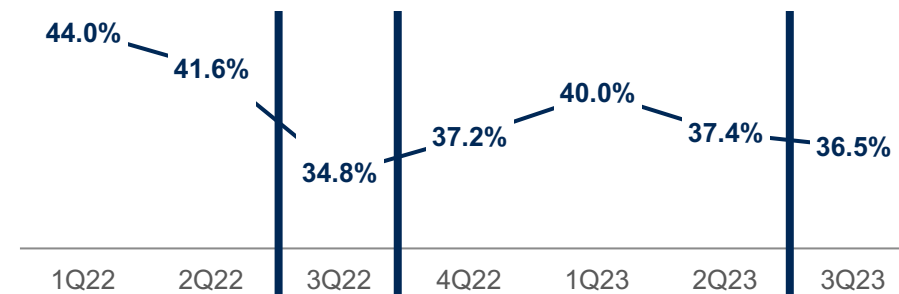
Note: Conferences in 2022 included both virtual and in-person. Conferences in 2023 were all in-person. Several conferences that were held in the third quarter of 2022 were held earlier in 2023.

# Consulting Segment

Revenues \$ millions



Contribution Margin



\$ millions	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	2022
Revenue	116	121	107	138	127	126	133	482
Y/Y Growth	16.6%	13.9%	13.0%	17.1%	9.5%	4.8%	24.1%	15.2%
Contribution	51	50	37	51	51	47	49	190
Contribution Margin	44.0%	41.6%	34.8%	37.2%	40.0%	37.4%	36.5%	39.4%
Labor Revenue	96	95	90	96	97	104	100	378
Y/Y Growth	14.3%	10.7%	16.5%	10.9%	0.6%	9.2%	10.4%	13.0%
Contract Optimization Revenue	20	25	17	42	30	22	33	104
Y/Y Growth	29.1%	27.9%	-2.9%	35.9%	53.4%	-11.7%	98.4%	24.7%
Backlog	141	147	156	134	161	172	180	134
Y/Y Growth	30.3%	45.7%	33.5%	23.8%	14.0%	16.8%	15.4%	23.8%
Billable Head Count	780	799	852	877	904	935	946	827
Y/Y Growth	4.9%	8.0%	13.7%	15.2%	15.9%	17.0%	11.0%	15.2%
Utilization Rate	72.0%	71.0%	66.1%	70.0%	66.6%	65.6%	63.9%	69.8%
Y/Y Change (bps)	433	49	433	-327	-541	-539	-225	147

Note: Backlog is at 2023 FX rates.

# Capital Structure and Allocation

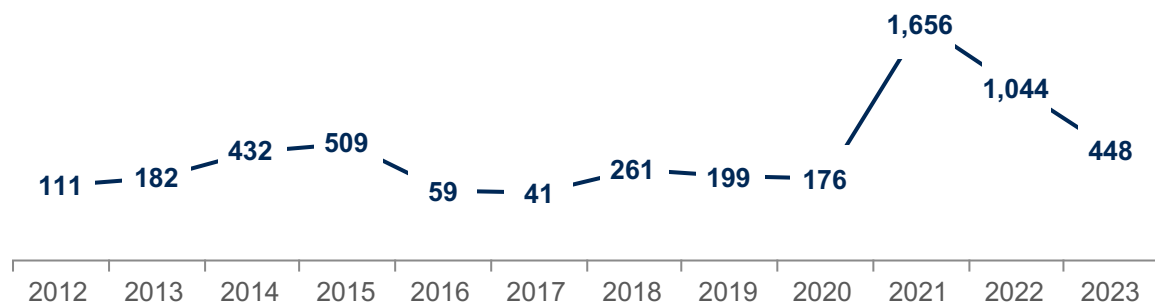
## Capital Structure

- 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



~ \$1 billion repurchase authorization remaining as of 10/31/2023

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

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

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

\$ billions	9/30/2023	Rate <sup>(2)</sup>	Maturity
Cash	1.2	nm	nm
Revolver	0.0	S + 135	2025
Term Loan	0.3	S + 135	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>4.98%</b>	
Revolver Unused Capacity	1.0	20 bps	
Interest Rate Swaps	0.4	2.98%	
% Debt With Fixed Rates	100%		

Leverage Ratios	3Q 2023	Bank Covenant
Gross Debt/Adjusted EBITDA	1.6x	na
Net Debt/Adjusted EBITDA	0.8x	na
Consolidated Leverage Ratio <sup>3</sup>	1.3x	≤ 4.5x

Debt Ratings	Corporate Rating	Unsecured Notes
Fitch	BBB	BBB
S&P	BBB-	BBB-
Moody's	Ba1	Ba1

# 2023 Guidance

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

\$ at reported rates	Guidance as of August 1, 2023 At Least:	Incremental FX Impact <sup>1</sup>	Updated Business Outlook	Guidance as of November 3, 2023 At Least:
Research Revenue	4,855	-22	42	4,875
Conferences Revenue	490	-4	14	500
Consulting Revenue	505	-4	14	515
Total Revenue	5,850	-30	70	5,890
Adj. EBITDA	1,360	-12	92	1,440
Adj. EPS <sup>2</sup>	10.00	-0.12	1.02	10.90
Free Cash Flow	975	-8	58	1,025
Shares	~80	na	0	~80

- Increased Research Revenue guidance to reflect better NCVI in the third quarter and continued stability in the non-subscription part of the segment.
- Increased Conferences Revenue to reflect strong demand. Continue to expect Q4 to be the largest quarter this year.
- Updated Consulting Revenue to reflect the strong Q3 performance.
- Expenses reflect typical seasonality for the balance of the year.

## Depreciation & Amortization

~ 98  
~ 93

## Interest, net

~ 95 GAAP &  
~ 91 Non-GAAP

## Stock-Based Compensation

~ 132

## Effective Tax Rate

~ 23% GAAP &  
~ 22% Adj.

## Capital Expenditures

~ 110

<sup>1</sup> FX impact from July rates to October rates, some of which was realized in Q3.

<sup>2</sup> Improved business outlook includes increased Adj. EBITDA, reduced interest expense and share count.

# Appendix

# Research: Additional Metrics

## Global Technology Sales

\$ millions	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	2022
Contract Value	3,246	3,305	3,391	3,524	3,534	3,548	3,613	3,524
Contract Value FX Neutral Growth	14.7 %	13.9 %	13.1 %	10.5 %	8.9 %	7.4 %	6.5 %	10.5 %
Net Contract Value Increase (NCVI)	416	404	393	334	288	243	222	334
Quarterly NCVI	56	59	86	133	10	14	65	334
Quota Bearing Head Count	3,009	3,237	3,473	3,630	3,666	3,664	3,630	3,630
Y/Y Growth	0.6 %	8.7 %	16.2 %	18.2 %	21.8 %	13.2 %	4.5 %	18.2 %
Productivity (\$ thousands)	139	135	132	109	96	75	64	109
Client Enterprises	13,463	13,469	13,519	13,600	13,412	13,306	13,183	13,600
Contract Value/ Enterprise (\$ thousands)	241	245	251	259	263	267	274	259
Wallet Retention	106.9 %	106.6 %	106.7 %	105.1 %	103.8 %	102.4 %	101.6 %	105.1 %
Client Retention	85.9 %	86.0 %	86.2 %	85.8 %	85.1 %	84.3 %	83.3 %	85.8 %

## Global Business Sales

\$ millions	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	2022
Contract Value	845	880	917	967	983	1,009	1,046	967
Contract Value FX Neutral Growth	24.2 %	22.8 %	21.0 %	18.9 %	16.3 %	14.8 %	14.0 %	18.9 %
Net Contract Value Increase (NCVI)	165	163	159	154	138	130	129	154
Quarterly NCVI	32	35	37	50	16	27	36	154
Quota Bearing Head Count	963	999	1,041	1,103	1,141	1,150	1,149	1,103
Y/Y Growth	14.5 %	16.7 %	17.9 %	22.1 %	18.5 %	15.1 %	10.4 %	22.1 %
Productivity (\$ thousands)	196	191	180	170	143	130	124	170
Client Enterprises	4,594	4,655	4,716	4,774	4,784	4,767	4,774	4,774
Contract Value/ Enterprise (\$ thousands)	184	189	194	202	205	212	219	202
Wallet Retention	115.4 %	114.6 %	114.1 %	112.3 %	110.1 %	108.6 %	108.1 %	112.3 %
Client Retention	86.8 %	87.9 %	88.7 %	89.3 %	89.3 %	88.2 %	87.5 %	89.3 %

Note: All numbers are shown at 2023 FX rates where applicable; excludes divestiture and Russia as applicable. Historical Client Enterprises and associated metrics were updated to reflect the current structure. 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) gain on event cancellation insurance claims, as applicable; (iv) gain/loss on divestitures, as applicable; (v) other (income) expense, net; (vi) stock-based compensation expense; (vii) depreciation, amortization, and accretion; (viii) loss on impairment of lease related assets, as 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) gain on event cancellation insurance claims, as applicable; (iv) gain/loss on divestitures, as applicable; (v) loss on impairment of lease related assets, as applicable; (vi) the non-cash (gain) loss on de-designated interest rate swaps, as 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 diluted EPS 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) gain on event cancellation insurance claims, as applicable; (iv) gain/loss on divestitures, as applicable; (v) loss on impairment of lease related assets, as applicable; (vi) the non-cash (gain) loss on de-designated interest rate swaps, as 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:** 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 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.

#### Conference

**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.



**3Q 2023  
GAAP  
Financial  
Statements**

# Condensed Consolidated Balance Sheets

Unaudited; in millions

<b>Assets</b>	September 30, 2023	December 31, 2022
<b>Current assets:</b>		
Cash and cash equivalents	\$ 1,249.4	\$ 698.0
Fees receivable	1,140.6	1,556.8
Deferred commissions	285.2	363.1
Prepaid expenses and other current assets	162.4	119.2
Assets held-for-sale	—	49.0
<b>Total current assets</b>	<b>2,837.6</b>	<b>2,786.1</b>
Property, equipment and leaseholds	259.9	264.6
Operating leases - right of use assets	379.1	436.6
Goodwill	2,933.3	2,930.2
Intangible assets, net	519.1	584.7
Other assets	315.4	297.5
<b>Total Assets</b>	<b>\$ 7,244.4</b>	<b>\$ 7,299.7</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$ 908.6	\$ 1,115.2
Deferred revenues	2,394.6	2,443.8
Current portion of long-term debt	9.6	7.8
Liabilities held-for-sale	—	30.8
<b>Total current liabilities</b>	<b>3,312.8</b>	<b>3,597.6</b>
Long-term debt	2,449.9	2,453.6
Operating leases - liabilities	531.0	597.3
Other liabilities	384.1	423.4
<b>Total Liabilities</b>	<b>6,677.8</b>	<b>7,071.9</b>
<b>Total Stockholders' Equity</b>	<b>566.6</b>	<b>227.8</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 7,244.4</b>	<b>\$ 7,299.7</b>

# Condensed Consolidated Statements of Operations

Unaudited; in millions, except per share amounts

	Three Months Ended September 30,	
	2023	2022
Revenues:		
Research	\$ 1,218.8	\$ 1,147.8
Conferences	57.2	77.0
Consulting	132.8	107.0
Total revenues	1,408.8	1,331.8
Costs and expenses:		
Cost of services and product development	450.8	416.8
Selling, general and administrative	660.6	613.0
Depreciation	24.5	22.9
Amortization of intangibles	24.0	24.4
Acquisition and integration charges	4.5	1.3
Total costs and expenses	1,164.4	1,078.4
Operating income	244.4	253.4
Interest expense, net	(21.8)	(30.3)
Other income, net	1.9	8.9
Income before income taxes	224.5	232.0
Provision for income taxes	44.5	58.5
Net income	\$ 180.0	\$ 173.5
Net income per share:		
Basic	\$ 2.28	\$ 2.19
Diluted	\$ 2.26	\$ 2.17
Weighted average shares outstanding:		
Basic	78.9	79.3
Diluted	79.5	80.1

# Condensed Consolidated Statement of Cash Flows

Unaudited; in millions

	Three Months Ended September 30,	
	2023	2022
<b>Operating activities:</b>		
Net income	\$ 180.0	\$ 173.5
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	48.5	47.3
Stock-based compensation expense	27.0	21.0
Deferred taxes	(33.4)	(0.8)
Loss on impairment of lease related assets	0.3	2.0
Reduction in the carrying amount of operating lease right-of-use assets	17.4	17.3
Amortization and write-off of deferred financing fees	1.2	1.1
Gain on de-designated swaps	(2.5)	(11.2)
Changes in assets and liabilities, net of acquisitions and divestitures:		
Fees receivable, net	123.5	99.4
Deferred commissions	23.5	36.7
Prepaid expenses and other current assets	(20.5)	0.3
Other assets	2.0	(4.9)
Deferred revenues	(88.2)	(119.6)
Accounts payable and accrued and other liabilities	52.1	52.7
<b>Cash provided by operating activities</b>	<b>330.9</b>	<b>314.8</b>
<b>Investing activities:</b>		
Additions to property, equipment and leasehold improvements	(28.5)	(32.1)
Acquisitions cash paid (net of cash acquired)	(3.8)	(4.1)
<b>Cash used in investing activities</b>	<b>(32.3)</b>	<b>(36.2)</b>
<b>Financing activities:</b>		
Proceeds from employee stock purchase plan	5.9	5.0
Payments on borrowings	(1.8)	(1.3)
Purchases of treasury stock	(209.4)	(96.5)
<b>Cash used in financing activities</b>	<b>(205.3)</b>	<b>(92.8)</b>
<b>Net increase in cash and cash equivalents and restricted cash</b>	<b>93.3</b>	<b>185.8</b>
<b>Effects of exchange rates on cash and cash equivalents</b>	<b>(16.7)</b>	<b>(21.7)</b>
<b>Cash and cash equivalents and restricted cash, beginning of period</b>	<b>1,173.4</b>	<b>364.6</b>
<b>Cash and cash equivalents and restricted cash, end of period</b>	<b>\$ 1,250.0</b>	<b>\$ 528.7</b>

# **Non-GAAP Reconciliations**

# Non-GAAP Reconciliations

\$ millions

Reconciliation- Net Income to Adjusted EBITDA:	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23
<b>Net Income</b>	172.5	204.9	173.5	256.8	295.8	198.0	180.0
Interest expense, net	31.4	29.7	30.3	29.9	27.4	24.6	21.8
Gain on event cancellation insurance claims <sup>(a)</sup>	—	—	—	—	(3.1)	—	—
Other (income) expense, net	(29.2)	(8.5)	(8.9)	(1.7)	2.4	(5.6)	(1.9)
Tax provision	42.5	71.0	58.5	47.3	85.5	66.1	44.5
Operating income	217.2	297.1	253.4	332.3	408.0	283.1	244.4
<b>Adjustments:</b>							
Stock-based compensation expense <sup>(b)</sup>	32.1	24.5	21.0	13.0	45.0	32.2	27.0
Depreciation, accretion, and amortization <sup>(c)</sup>	48.6	47.9	47.5	48.9	46.9	46.8	48.8
Loss on impairment of lease related assets <sup>(d)</sup>	23.9	11.6	2.0	16.4	8.7	10.0	0.3
Acquisition and integration charges and other nonrecurring items <sup>(e)</sup>	7.0	8.0	7.4	10.6	9.7	8.3	12.8
Gain from sale of divested operation <sup>(f)</sup>	—	—	—	—	(139.3)	3.9	—
<b>Adjusted EBITDA</b>	<b>328.8</b>	<b>389.1</b>	<b>331.5</b>	<b>421.3</b>	<b>379.0</b>	<b>384.4</b>	<b>333.4</b>

- (a) Consists of the gain on event cancellation insurance claims for events cancelled in 2020.
- (b) Consists of charges for stock-based compensation.
- (c) Includes depreciation expense, amortization of intangibles, and accretion on asset retirement obligations.
- (d) Includes impairment loss for lease related assets.
- (e) Consists of incremental and directly-related charges related to acquisitions and divestitures, facility-related exit costs, and other non-recurring items, if applicable.
- (f) Consists of the gain from the sale of our February 2023 divestiture, as finalized in 2Q23
- (g) Cash provided by operating activities and Free Cash Flow in 2021 included ~\$167 million of proceeds related to 2020 event cancellation insurance claims.

\$ millions

Reconciliation - Cash Provided by Operating Activities to Free Cash Flow:	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Cash provided by operating activities <sup>(g)</sup></b>	279.8	315.7	346.8	345.6	365.6	254.5	471.2	565.4	903.2	1,312.5
Less: cash paid for capital expenditures	(44.3)	(36.5)	(38.5)	(46.1)	(49.9)	(110.8)	(126.9)	(149.0)	(83.8)	(59.8)
<b>Free Cash Flow <sup>(g)</sup></b>	<b>235.5</b>	<b>279.2</b>	<b>308.3</b>	<b>299.4</b>	<b>315.8</b>	<b>143.8</b>	<b>344.3</b>	<b>416.4</b>	<b>819.3</b>	<b>1,252.7</b>

\$ millions

Reconciliation - Cash Provided by Operating Activities to Free Cash Flow:	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23
<b>Cash provided by operating activities</b>	167.8	415.6	314.8	203.1	164.7	435.8	330.9
Less: cash paid for capital expenditures	(17.3)	(21.1)	(32.1)	(37.6)	(21.1)	(25.6)	(28.5)
<b>Free Cash Flow</b>	<b>150.5</b>	<b>394.5</b>	<b>282.7</b>	<b>165.5</b>	<b>143.6</b>	<b>410.2</b>	<b>302.5</b>

# Non-GAAP Reconciliations

In millions except per share amounts

<b>Reconciliations - GAAP Net Income to Adjusted Net Income:</b>	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23
<b>GAAP net income</b>	172.5	204.9	173.5	256.8	295.8	198.0	180.0
Acquisition and other adjustments:							
Amortization of acquired intangibles <sup>(a)</sup>	25.1	24.8	24.4	24.3	22.7	22.9	24.0
Acquisition and integration charges and other nonrecurring items <sup>(b)</sup>	8.2	9.1	8.7	11.8	10.9	9.5	14.0
Gain on event cancellation insurance claims <sup>(c)</sup>	—	—	—	—	(3.1)	—	—
Gain from sale of divested operation <sup>(d)</sup>	—	—	—	—	(139.3)	3.9	—
Loss on impairment of lease related assets <sup>(e)</sup>	23.9	11.6	2.0	16.4	8.7	10.0	0.3
(Gain) loss on de-designated interest rate swaps <sup>(f)</sup>	(29.9)	(10.7)	(11.2)	(0.6)	1.4	(6.5)	(2.5)
Tax impact of adjustments	(6.5)	(8.7)	(4.8)	(12.1)	34.3	(10.6)	(12.5)
<b>Adjusted net income</b>	<b>193.3</b>	<b>231.0</b>	<b>192.7</b>	<b>296.7</b>	<b>231.5</b>	<b>227.3</b>	<b>203.3</b>
Diluted shares	83.0	81.0	80.1	80.1	80.3	79.8	79.5
<b>Adjusted EPS</b>	<b>2.33</b>	<b>2.85</b>	<b>2.41</b>	<b>3.70</b>	<b>2.88</b>	<b>2.85</b>	<b>2.56</b>

<b>Reconciliations - GAAP Net Income per diluted share to Adjusted EPS:</b>	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23
<b>GAAP net income per diluted share</b>	2.08	2.53	2.17	3.21	3.68	2.48	2.26
Acquisition and other adjustments:							
Amortization of acquired intangibles <sup>(a)</sup>	0.30	0.31	0.30	0.30	0.28	0.29	0.30
Acquisition and integration charges and other nonrecurring items <sup>(b)</sup>	0.10	0.11	0.11	0.15	0.14	0.12	0.18
Gain on event cancellation insurance claims <sup>(c)</sup>	—	—	—	—	(0.04)	—	—
Gain from sale of divested operation <sup>(d)</sup>	—	—	—	—	(1.74)	0.13	—
Loss on impairment of lease related assets <sup>(e)</sup>	0.29	0.14	0.03	0.21	0.11	0.05	—
(Gain) loss on de-designated interest rate swaps <sup>(f)</sup>	(0.36)	(0.13)	(0.14)	(0.01)	0.02	(0.08)	(0.03)
Tax impact of adjustments	(0.08)	(0.11)	(0.06)	(0.15)	0.43	(0.13)	(0.16)
<b>Adjusted EPS</b>	<b>2.33</b>	<b>2.85</b>	<b>2.41</b>	<b>3.70</b>	<b>2.88</b>	<b>2.85</b>	<b>2.56</b>

- (a) Consists of non-cash amortization charges from acquired intangibles.
- (b) Consists of incremental and directly-related charges related to acquisitions and divestitures, facility-related exit costs, and other nonrecurring items, if applicable. Includes the amortization and write-off of deferred financing fees, which are recorded in Interest expense, net in the (Condensed) Consolidated Statements of Operations.
- (c) Consists of the gain on event cancellation insurance claims for events cancelled in 2020.
- (d) Consists of the gain from the sale of our February 2023 divestiture, as finalized in 2Q23
- (e) Includes impairment loss for lease related assets.
- (f) Represents the fair value adjustment for interest rate swaps after de-designation.

# Non-GAAP Reconciliations

\$ millions

<b>Reconciliation - Interest, net to Non-GAAP Interest, net</b>	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23
Interest, net	31.4	29.7	30.3	29.9	27.4	24.6	21.8
Less amortization of deferred financing fees	(1.1)	(1.1)	(1.1)	(1.2)	(1.2)	(1.2)	(1.2)
Non-GAAP Interest, net	30.3	28.6	29.1	28.8	26.2	23.4	20.6
<b>Effective GAAP Tax Rate to Non-GAAP Tax Rate:</b>	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23
GAAP Rate	19.8 %	25.7 %	25.2 %	15.6 %	22.4 %	25.0 %	19.8 %
Acquisition and Other Adjustments	24.0 %	25.0 %	20.2 %	23.2 %	34.8 %	26.6 %	34.9 %
Non-GAAP Tax Rate	20.3 %	25.7 %	24.7 %	16.7 %	18.1 %	25.2 %	21.9 %



# Non-GAAP Reconciliations - 2023 Guidance

## Financial Outlook Reconciliation: GAAP Net Income to Adjusted EBITDA

(unaudited; \$ in millions)

2023 Guidance

GAAP net income	≥\$ 840
Interest expense, net <sup>(a)</sup>	~ 95
Gain on event cancellation insurance claims <sup>(b)</sup>	~ (3)
Other (income) expense, net	~ (3)
Tax provision	~ 246
Operating Income	≥ 1,175
Adjustments	
Stock-based compensation expense	~ 132
Depreciation, accretion, and amortization	~ 191
Acquisition and integration charges and other non-recurring items <sup>(c)</sup>	~ 77
Gain from sale of divested operation <sup>(d)</sup>	~ (135)
Adjusted EBITDA	≥\$1,440

<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 the gain on event cancellation insurance claims for events cancelled in 2020.

<sup>(c)</sup> Consists of incremental and directly-related charges related to acquisitions and divestitures, facility-related exit costs and other non-recurring items.

<sup>(d)</sup> Consists of the gain from the sale of our February 2023 divestiture.

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

2023 Guidance

GAAP cash provided by operating activities	≥\$1,135
Capital expenditures	~ (110)
Free Cash Flow	≥\$1,025

## Financial Outlook Reconciliation: GAAP Diluted EPS to Adjusted EPS

(unaudited; \$ in millions)

2023 Guidance

GAAP Diluted EPS <sup>(a)</sup>	≥\$ 10.54
Adjustments (after-tax):	
Amortization of acquired intangibles	~ 0.87
Acquisition and integration charges and other non-recurring items <sup>(b)</sup>	~ 0.69
Gain on event cancellation insurance claims <sup>(c)</sup>	~ (0.03)
Gain from sale of divested operation <sup>(d)</sup>	~ (1.17)
Adjusted EPS <sup>(a)</sup>	≥\$ 10.90

<sup>(a)</sup> GAAP Diluted EPS and Adjusted EPS are calculated based on approximately 80M of diluted shares for 2023.

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

<sup>(c)</sup> Consists of the gain on event cancellation insurance claims for events cancelled in 2020.

<sup>(d)</sup> Consists of the gain from the sale of our February 2023 divestiture.

Note: Reconciliation of Guidance as of August 1, 2023 included in our Q2 2023 Earnings Supplement is available on our website at [investor.gartner.com](http://investor.gartner.com).