

# Fourth Quarter 2022 Results

February 7, 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, recession and the COVID-19 pandemic; 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 increasing 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 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.**

The Company's SEC filings can be found on Gartner's website at [investor.gartner.com](http://investor.gartner.com) and on the SEC's website at [www.sec.gov](http://www.sec.gov). Forward looking statements included herein speak only as of February 7, 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.

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# 4Q 2022 Growth and Financial Results

Contract Value (CV)  
**11.9%**      \$4.7B

Global Technology Sales (GTS) CV  
**10.0%**      \$3.6B

Global Business Sales (GBS) CV  
**18.9%**      \$1.0B

% increases above are  
 FX Neutral at 2022 rates

Consolidated Revenue  
**15.2%**      \$1,505M  
 FX Neutral: 20.1%  
 68.4% Contribution margin

Adj. EBITDA  
**37.4%**      \$421M  
 FX Neutral: 44.6%  
 28.0% Adj. EBITDA margin

Adj. EPS  
**\$3.70**  
 Growth: 23.7%

Research Revenue  
**9.0%**      \$1,178M  
 FX Neutral: 13.3%  
 74.1% Contribution margin

Conferences Revenue  
**76.0%**      \$188M  
 FX Neutral: 84.4%  
 53.0% Contribution margin

Consulting Revenue  
**17.1%**      \$138M  
 FX Neutral: 24.5%  
 37.2% Contribution margin

Free Cash Flow  
**\$166M**

Share Repurchases  
**\$17M**

## Medium Term Guidance (unchanged)

Research  
 12 - 16%

Conferences  
 5 - 10%

Consulting  
 3 - 8%

Revenue  
 ≥ 10%

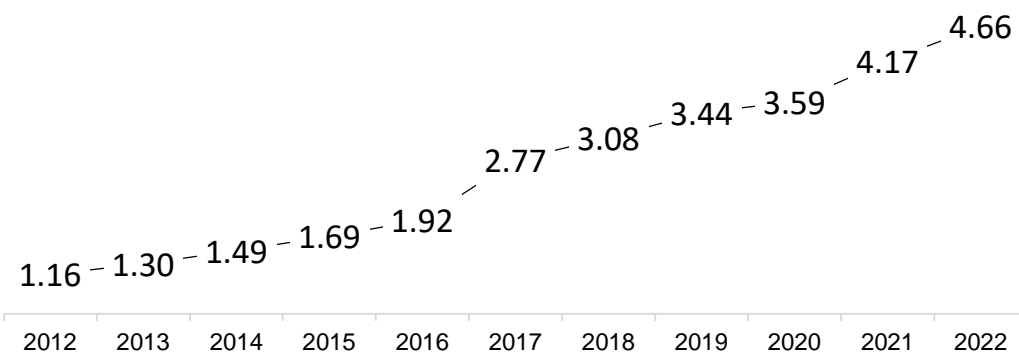
EBITDA  
 ≥ Revenue Growth

EPS  
 ≥ EBITDA Growth

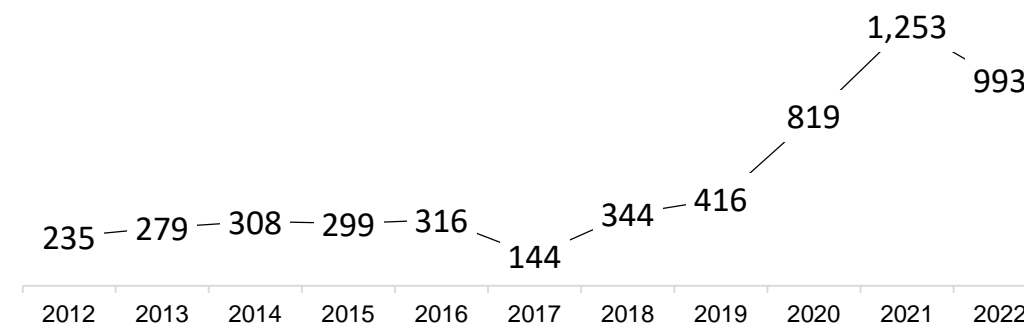
Free Cash Flow  
 ≥ EBITDA Growth

# Consolidated Financial Summary

Contract Value \$ billions @ '22 rates



Free Cash Flow \$ millions



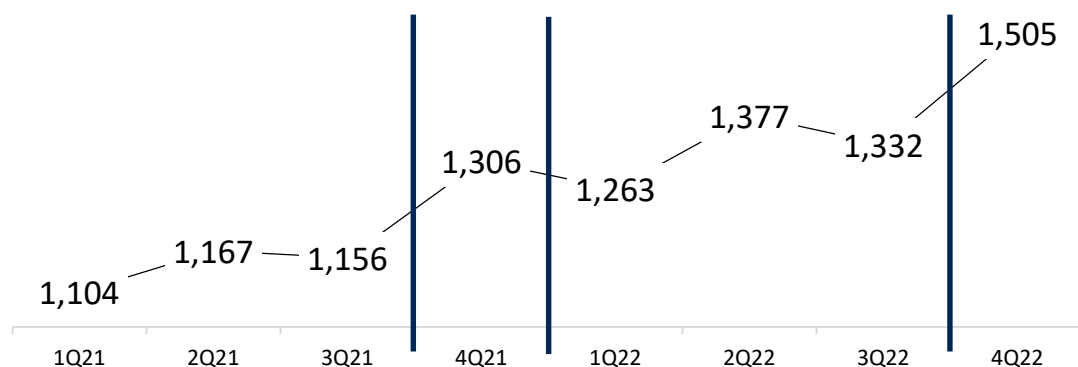
\$ millions and shares in millions

except per share amounts	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	2021	2022
Revenue	1,104	1,167	1,156	1,306	1,263	1,377	1,332	1,505	4,734	5,476
Y/Y Growth	8.4%	20.0%	16.3%	17.4%	14.4%	17.9%	15.2%	15.2%	15.5%	15.7%
Contribution	770	817	797	907	886	952	915	1,029	3,290	3,782
Contribution Margin	69.7%	69.9%	68.9%	69.4%	70.1%	69.2%	68.7%	68.4%	69.5%	69.1%
Adj. EBITDA	320	355	305	307	329	389	332	421	1,288	1,471
Y/Y Growth	50.0%	84.9%	82.3%	25.3%	2.6%	9.5%	8.5%	37.4%	57.4%	14.2%
Adj. EBITDA Margin	29.0%	30.4%	26.4%	23.5%	26.0%	28.3%	24.9%	28.0%	27.2%	26.9%
Adj. EPS	2.00	2.24	2.03	2.99	2.33	2.85	2.41	3.70	9.22	11.27
Y/Y Growth	66.7%	86.7%	123%	88.1%	16.5%	27.2%	18.7%	23.7%	88.5%	22.2%
Free Cash Flow	145	563	331	214	150	395	283	166	1,253	993
LTM Free Cash Flow	933	1,174	1,276	1,253	1,258	1,089	1,041	993	1,253	993
Y/Y Growth	116%	108%	109%	52.9%	34.9%	-7.2%	-18.4%	-20.7%	52.9%	-20.7%
Avg. Diluted Shares	89.1	86.6	84.8	83.8	83.0	81.0	80.1	80.1	86.2	81.1

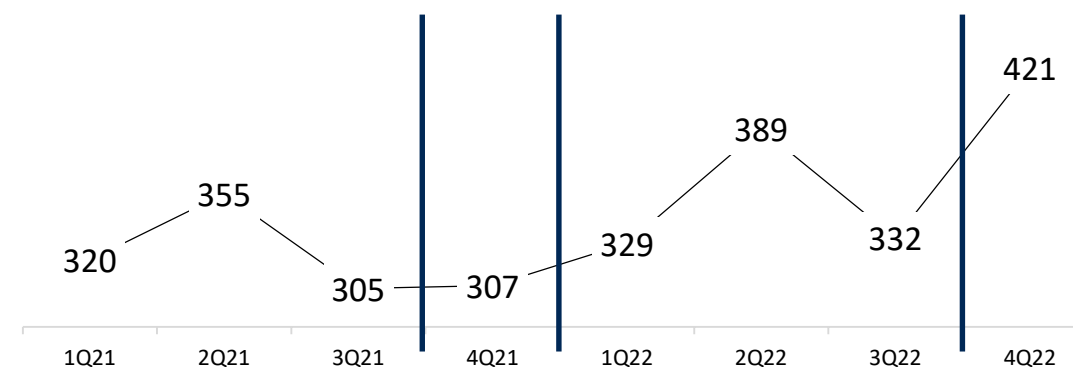
Note: Consolidated contribution for 4Q22 includes segment contribution and -\$5m of unallocated cost of services and product development expenses. The unallocated amounts consist of certain bonus and fringe costs recorded in consolidated Cost of services and product development that are not allocated 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



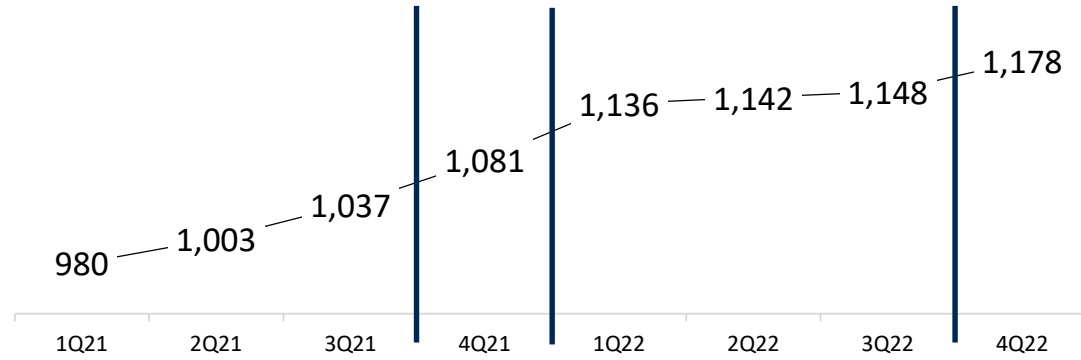
\$ millions

except per share amounts	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	2021	2022
Revenue	1,104	1,167	1,156	1,306	1,263	1,377	1,332	1,505	4,734	5,476
Less Cost of Services	334	351	359	400	377	425	417	475	1,444	1,694
Contribution	770	817	797	907	886	952	915	1,029	3,290	3,782
Less SG&A	487	488	513	667	618	605	613	645	2,156	2,481
Plus Equity Comp	36	26	19	17	32	24	21	13	99	91
Plus Other Adjustments*	2	1	1	50	29	18	9	24	54	79
Adj. EBITDA	320	355	305	307	329	389	332	421	1,288	1,471
Less Equity Comp	36	26	19	17	32	24	21	13	99	91
Less Depreciation	26	26	25	26	23	23	23	24	103	93
Less Non-GAAP Interest, net	25	26	30	30	30	29	29	29	112	117
Less Other Expense (Income)	0	0	-1	0	1	2	2	-1	-2	5
Adjusted Pre-tax Income	233	277	230	232	242	311	256	356	971	1,165
Less Adjusted Tax	55	83	58	-19	49	80	63	59	176	252
Adjusted Net Income	178	194	172	251	193	231	193	297	795	914
Adj. EPS	2.00	2.24	2.03	2.99	2.33	2.85	2.41	3.70	9.22	11.27

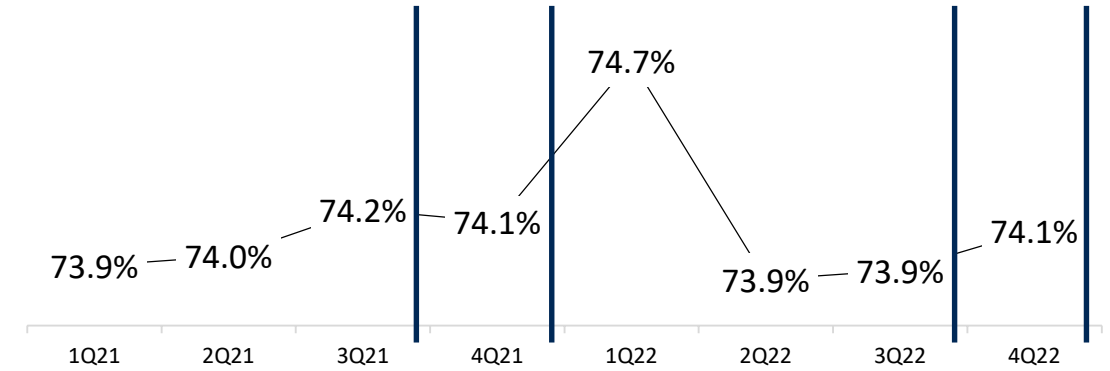
\* Consists of direct and incremental expenses related to acquisitions and divestitures, impairment loss for lease related assets, facility-related exit costs and other non-recurring items.

# Research Segment

Revenue \$ millions



Contribution Margin

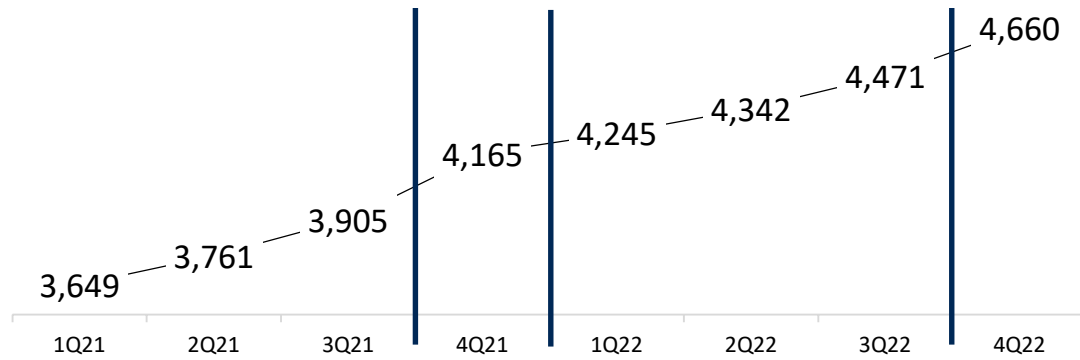


\$ millions	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	2021	2022
Revenue	980	1,003	1,037	1,081	1,136	1,142	1,148	1,178	4,101	4,605
Y/Y Growth	7.7%	14.6%	16.2%	16.8%	16.0%	13.9%	10.7%	9.0%	13.8%	12.3%
Contribution	724	742	769	801	849	844	848	873	3,037	3,415
Contribution Margin	73.9%	74.0%	74.2%	74.1%	74.7%	73.9%	73.9%	74.1%	74.0%	74.2%
Subscription Revenue	894	917	944	986	1,026	1,038	1,045	1,074	3,741	4,183
Y/Y Growth	7.8%	13.1%	14.6%	16.0%	14.7%	13.2%	10.7%	8.9%	12.9%	11.8%
Non-subscription Revenue	86	86	93	96	111	104	102	105	361	422
Y/Y Growth	7.0%	33.5%	34.5%	26.1%	29.1%	20.8%	10.2%	9.4%	24.5%	17.0%

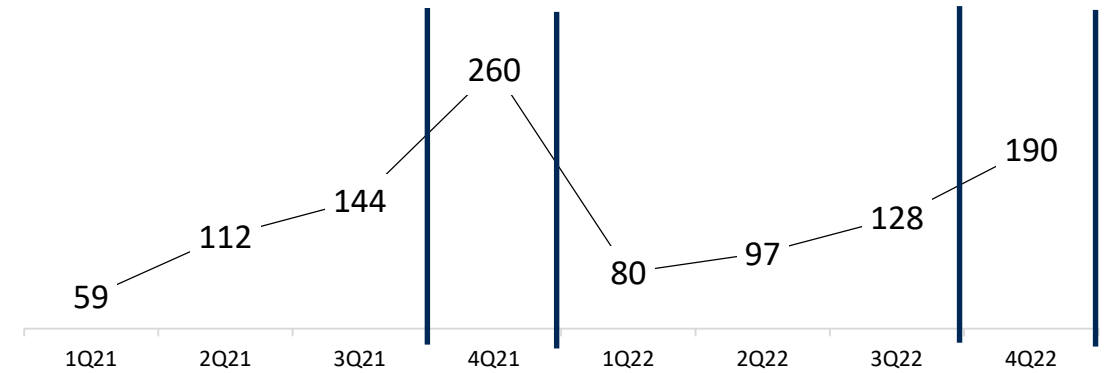
# Research Metrics

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	4Q22	2021	2022
Contract Value	3,649	3,761	3,905	4,165	4,245	4,342	4,471	4,660	4,165	4,660
Contract Value FX Neutral Growth	5.9%	10.7%	13.9%	16.0%	16.3%	15.4%	14.5%	11.9%	16.0%	11.9%
Net Contract Value Increase (NCVI)	202	365	476	575	596	581	566	495	575	495
Quota Bearing Head Count	3,859	3,864	3,897	4,006	4,007	4,273	4,554	4,774	4,006	4,774
Y/Y Growth	-4.9%	-1.5%	-1.0%	1.8%	3.8%	10.6%	16.9%	19.2%	1.8%	19.2%
Productivity (\$ thousands)	50	93	121	146	154	150	145	124	146	124
Y/Y Growth	-39.6%	74.8%	206%	294%	210%	61.8%	19.9%	-15.4%	294%	-15.4%
Quarterly Productivity (\$ thousands)	15	29	37	67	20	24	30	42	146	124
Client Enterprises	14,457	14,621	14,890	15,385	15,454	15,471	15,565	15,665	15,385	15,665
Contract Value / Enterprise (\$ thousands)	252	257	262	271	275	281	287	298	271	298

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% | 4Q 12.3%.

Note: Historical numbers for Client Enterprises and associated metrics are updated to reflect the current structure.

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

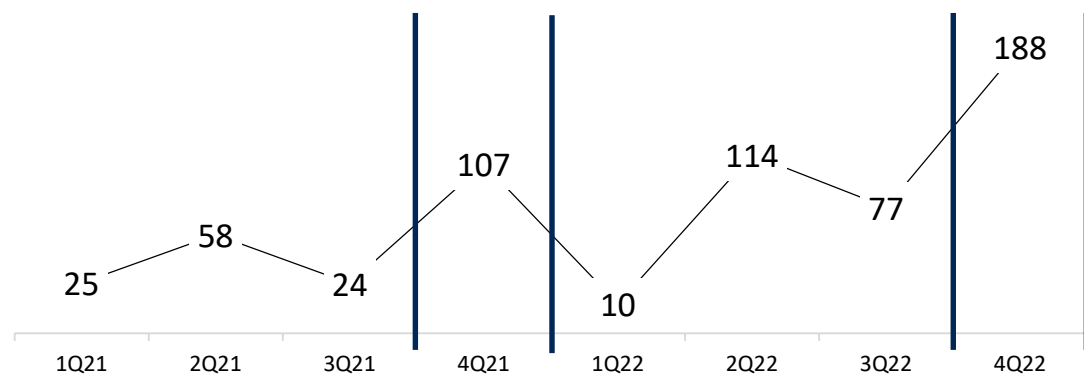
NCVI and Productivity are on a rolling twelve month basis. Productivity is NCVI divided by opening period quota-bearing headcount.

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.

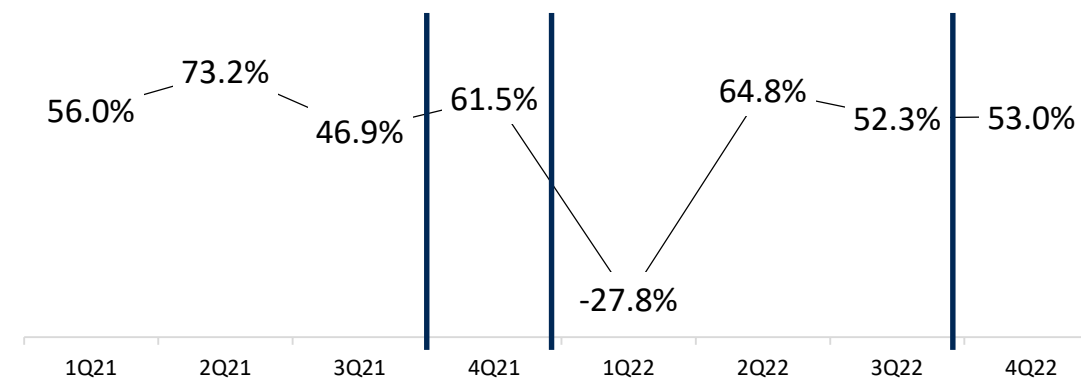


# Conferences Segment

Revenue \$ millions



Contribution Margin

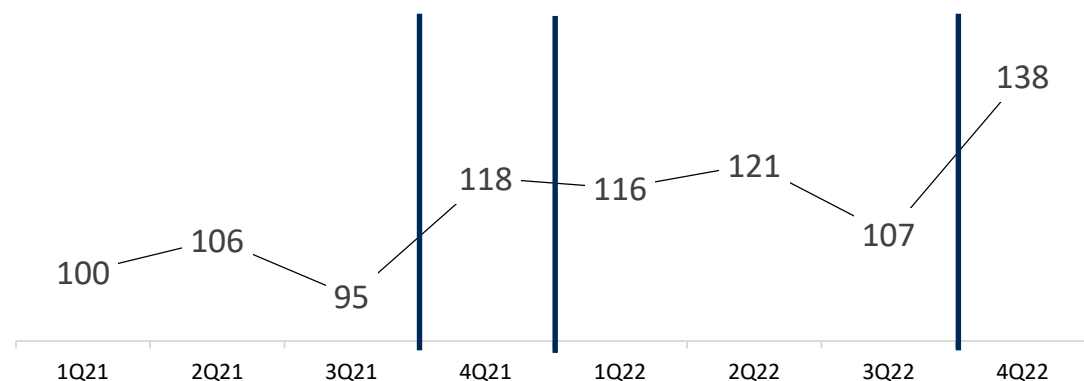


\$ millions	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	2021	2022
Revenue	25	58	24	107	10	114	77	188	214	389
Y/Y Growth	78.8%	nm	91.7%	14.8%	-58.3%	95.1%	216%	76.0%	78.5%	81.5%
Contribution	14	43	11	66	-3	74	40	100	134	211
Contribution Margin	56.0%	73.2%	46.9%	61.5%	-27.8%	64.8%	52.3%	53.0%	62.4%	54.1%
Destination Conferences (#)	5	13	8	13	5	14	13	9	39	41
Destination Conference Attendees (#)	5,382	15,269	6,472	30,022	3,904	14,467	14,619	27,114	57,145	60,104

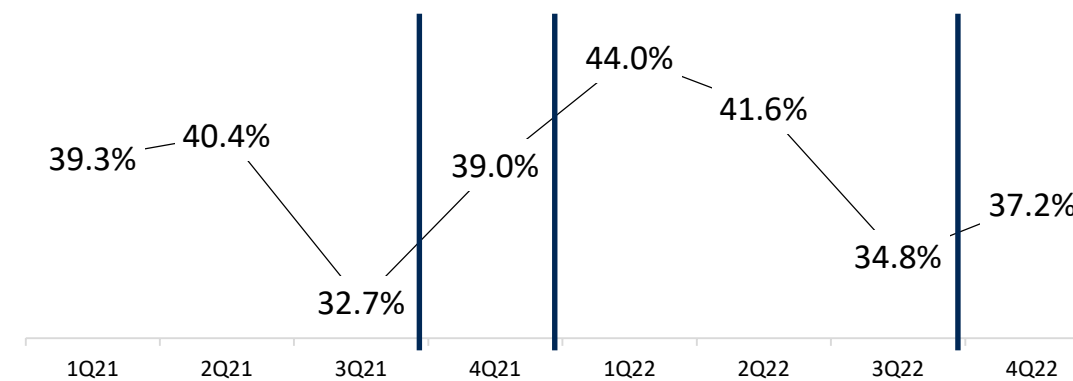
Note: All conferences in 2021 were virtual. In 2022, 16 were virtual and 25 were in-person.

# Consulting Segment

Revenue \$ millions



Contribution Margin



\$ millions	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	2021	2022
Revenue	100	106	95	118	116	121	107	138	418	482
Y/Y Growth	3.9%	8.6%	6.3%	25.5%	16.6%	13.9%	13.0%	17.1%	11.1%	15.2%
Contribution	39	43	31	46	51	50	37	51	159	190
Contribution Margin	39.3%	40.4%	32.7%	39.0%	44.0%	41.6%	34.8%	37.2%	38.0%	39.4%
Labor Revenue	84	86	78	87	96	95	90	96	334	378
Y/Y Growth	3.6%	25.3%	4.8%	19.3%	14.3%	10.7%	16.5%	10.9%	12.7%	13.0%
Contract Optimization Revenue	15	20	17	31	20	25	17	42	83	104
Y/Y Growth	5.9%	-31.0%	13.4%	43.9%	29.1%	27.9%	-2.9%	35.9%	4.2%	24.7%
Backlog	113	105	122	113	147	152	162	140	113	140
Y/Y Growth	2.8%	6.0%	24.6%	13.0%	30.3%	45.2%	33.1%	23.5%	13.0%	23.5%
Billable Head Count	744	740	749	762	780	799	852	877	749	827
Y/Y Growth	-7.9%	-7.0%	1.7%	4.3%	4.9%	8.0%	13.7%	15.2%	-2.5%	10.5%
Utilization Rate	67.7%	70.5%	61.8%	73.3%	72.0%	71.0%	66.1%	70.0%	68.3%	69.8%
Y/Y Change (bps)	553	1,115	133	998	433	49	433	-327	702	147

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

The change in method contributed approximately seven, twelve, eleven and thirteen percentage points to the backlog growth rate in 1Q22, 2Q22, 3Q22 and 4Q22, respectively.

# Capital Structure and Allocation

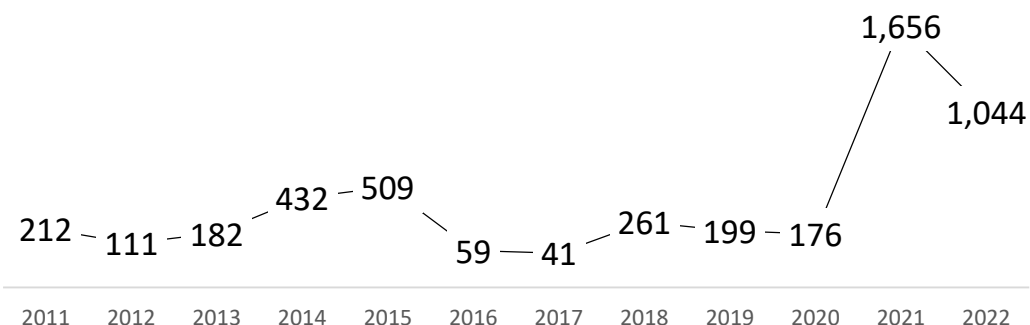
## Capital Structure

- 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



~\$1 Billion repurchase authorization remaining as of February 7, 2023

<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	12/31/2022	Rate <sup>(2)</sup>	Maturity
Cash	0.7	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>5.00%</b>	
Revolver Unused Capacity	1.0	23 bps	
Interest Rate Swaps	0.4	3.04%	
% Debt With Fixed Rates	100%		
Leverage Ratios	4Q 2022	Bank Covenant	
Gross Debt/Adjusted EBITDA	1.7x	na	
Net Debt/Adjusted EBITDA	1.2x	na	
Consolidated Leverage Ratio <sup>3</sup>	1.4x	≤ 4.5x	
Debt Ratings	Corporate Rating	Unsecured Notes	
Moody's	Ba1	Ba1	
S&P	BB+	BB+	

# 2023 Guidance

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

\$ at Reported Rates	Guidance as of February 7, 2023 At Least:
Research Revenue	4,920
Conferences Revenue	445
Consulting Revenue	500
Total Revenue	5,865
Adj. EBITDA	1,260
Adj. EPS	8.80
Free Cash Flow	920
Shares	~80

- Research and Total Revenue Growth would be about 100 bps and 80 bps higher, respectively, excluding the divestiture from 2022's results
- All conferences planned to run in-person
- Expenses reflect normal course growth hiring and the annualization of hiring done in 2022
- At current rates, FX will be a modest tailwind to growth for the full year, with the benefit in the second half

Depreciation &  
Amortization

~ 105  
~ 91

Interest, net

~ 121 GAAP &  
~ 116 Non-GAAP

Stock-based  
Compensation

~ 132

Effective Tax Rate

~ 22% GAAP  
~ 22% Adj.

Capital  
Expenditures

~ 110

# Appendix

# Research: Additional Metrics

## Global Technology Sales

\$ millions	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	2021	2022
Contract Value	2,927	3,000	3,101	3,301	3,346	3,406	3,494	3,632	3,301	3,632
Contract Value FX Neutral Growth	4.5%	9.0%	11.9%	14.1%	14.3%	13.5%	12.7%	10.0%	14.1%	10.0%
Net Contract Value Increase (NCVI)	126	248	329	408	420	405	393	332	408	332
Quarterly NCVI	34	74	100	200	46	60	88	138	408	332
Quota Bearing Head Count	2,992	2,979	2,988	3,072	3,009	3,237	3,473	3,630	3,072	3,630
Y/Y Growth	-6.4%	-3.6%	-3.4%	-0.6%	0.6%	8.7%	16.2%	18.2%	-0.6%	18.2%
Productivity (\$ thousands)	40	80	106	132	140	136	132	108	132	108
Client Enterprises	12,787	12,962	13,207	13,703	13,747	13,752	13,808	13,878	13,703	13,878
Contract Value / Enterprise (\$ thousands)	229	231	235	241	243	248	253	262	241	262
Wallet Retention	97.9%	101.3%	103.6%	105.8%	106.9%	106.6%	106.7%	105.1%	105.8%	105.1%
Client Retention	83.0%	84.6%	85.3%	85.8%	85.9%	86.0%	86.2%	85.8%	85.8%	85.8%

## Global Business Sales

\$ millions	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	2020	2021
Contract Value	723	761	804	865	899	936	977	1,028	865	1,028
Contract Value FX Neutral Growth	11.7%	18.1%	22.4%	24.0%	24.4%	23.0%	21.4%	18.9%	24.0%	18.9%
Net Contract Value Increase (NCVI)	76	117	147	167	176	175	172	164	167	164
Quarterly NCVI	25	38	43	60	34	37	40	52	167	164
Quota Bearing Head Count	867	885	909	934	998	1,036	1,081	1,144	934	1,144
Y/Y Growth	0.6%	6.1%	7.8%	10.4%	15.1%	17.1%	18.9%	22.5%	10.4%	22.5%
Productivity (\$ thousands)	88	140	175	198	203	198	189	175	198	175
Client Enterprises	4,561	4,612	4,677	4,763	4,794	4,853	4,918	4,980	4,763	4,980
Contract Value / Enterprise (\$ thousands)	158	165	172	182	187	193	199	206	182	206
Wallet Retention	104.5%	109.6%	112.9%	114.5%	115.4%	114.6%	114.1%	112.3%	114.5%	112.3%
Client Retention	83.8%	85.1%	86.0%	86.8%	86.8%	87.9%	88.7%	89.3%	86.8%	89.3%

2021 GTS CV adjusted for Russia: 1Q 2,914 | 2Q 2,987 | 3Q 3,087 | 4Q 3,286. 2022 GTS CV growth adjusted for Russia 1Q 14.8% | 2Q 14.0% | 3Q 13.2% | 4Q 10.5%.

Note: Historical numbers for Client Enterprises and associated metrics are updated to reflect the current structure.

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

# Contract Value at 2023 FX Rates

\$ millions	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
GTS Contract Value	2,830	2,901	2,998	3,190	3,246	3,305	3,391	3,524
GBS Contract Value	680	717	758	813	845	880	917	967
Contract Value	3,511	3,618	3,755	4,003	4,091	4,185	4,308	4,491

Note: Excludes contract value associated with recent divestiture; excludes contract value from Russia.

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# 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, if applicable; (iv) other (income) expense, net; (v) stock-based compensation expense; (vi) depreciation, amortization, and accretion; (vii) loss on impairment of lease related assets, net, if applicable; and (viii) 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, if applicable; (iv) loss on impairment of lease related assets, net, if applicable; (v) the non-cash (gain) loss on de-designated interest rate swaps, if applicable; and (vi) 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) gain on event cancellation insurance claims, if applicable; (iv) loss on impairment of lease related assets, net if applicable; (v) the non-cash (gain) loss on de-designated interest rate swaps, if applicable; and (vi) 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	<b>Contract value</b> 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.
	<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.
	<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.
Conferences	<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.
	<b>Number of destination attendees</b> represents the total number of people who attend virtual or in-person conferences. Single day, local meetings are excluded.
Consulting	<b>Consulting backlog</b> represents future revenue to be derived from in-process consulting and benchmark analytics engagements.
	<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.

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

**4Q 2022**  
**GAAP**  
**Financial**  
**Statements**

# Condensed Consolidated Balance Sheets

Unaudited; in millions

	December 31, 2022	December 31, 2021
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 698.0	\$ 756.5
Fees receivable, net	1,556.8	1,365.2
Deferred commissions	363.1	380.6
Prepaid expenses and other current assets	119.2	117.8
Assets held-for-sale	49.0	-
<b>Total current assets</b>	<u>2,786.1</u>	<u>2,620.1</u>
Property, equipment and leasehold improvements, net	264.6	273.6
Operating lease right-of-use assets	436.6	548.3
Goodwill	2,930.2	2,951.3
Intangible assets, net	584.7	714.4
Other assets	297.5	308.6
<b>Total Assets</b>	<u>\$ 7,299.7</u>	<u>\$ 7,416.3</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,115.2	\$ 1,134.8
Deferred revenues	2,443.8	2,238.1
Current portion of long-term debt	7.8	5.9
Liabilities held-for-sale	30.8	-
<b>Total current liabilities</b>	<u>3,597.6</u>	<u>3,378.8</u>
Long-term debt, net of deferred financing fees	2,453.6	2,456.8
Operating lease liabilities	597.3	697.8
Other liabilities	423.5	511.9
<b>Total Liabilities</b>	<u>7,071.9</u>	<u>7,045.3</u>
Stockholders' Equity		
Total Stockholders' Equity	227.8	371.0
<b>Total Liabilities and Stockholders' Equity</b>	<u>\$ 7,299.7</u>	<u>\$ 7,416.3</u>

# Condensed Consolidated Statements of Operations

Unaudited; in millions,  
except per share amounts

	Three Months Ended	
	2022	2021
Revenues:		
Research	\$ 1,178.3	\$ 1,081.3
Conferences	188.3	107.0
Consulting	138.1	118.0
Total revenues	1,504.7	1,306.3
Costs and expenses:		
Cost of services and product development	475.4	399.6
Selling, general and administrative	645.0	667.4
Depreciation	24.4	25.8
Amortization of intangibles	24.3	25.8
Acquisition and integration charges	3.3	2.3
Total costs and expenses	1,172.4	1,120.9
Operating income	332.3	185.4
Interest expense, net	(29.9)	(31.5)
Gain on event cancellation insurance claims	-	16.8
Other income, net	1.7	6.4
Income before income taxes	304.1	177.1
Provision (benefit) for income taxes	47.3	(32.3)
Net income	\$ 256.8	\$ 209.4
Net income per share:		
Basic	\$ 3.24	\$ 2.54
Diluted	\$ 3.21	\$ 2.50
Weighted average shares outstanding:		
Basic	79.2	82.5
Diluted	80.1	83.8

# Condensed Consolidated Statements of Cash Flows

Unaudited; in millions

	Three Months Ended December 31,	
	2022	2021
<b>Operating activities:</b>		
Net income	\$ 256.8	\$ 209.4
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	48.7	51.7
Stock-based compensation expense	13.0	16.9
Deferred taxes	(33.2)	(42.0)
Loss on impairment of lease related assets	16.4	49.5
Reduction in the carrying amount of operating lease right-of-use assets	17.4	19.0
Amortization and write-off of deferred financing fees	1.2	1.1
Gain on de-designated swaps	(0.6)	(8.1)
Changes in assets and liabilities:		
Fees receivable, net	(499.2)	(402.9)
Deferred commissions	(91.3)	(131.7)
Prepaid expenses and other current assets	16.9	2.5
Other assets	2.1	5.7
Deferred revenues	204.6	220.5
Accounts payable and accrued and other liabilities	250.3	243.2
<b>Cash provided by operating activities</b>	<b>203.1</b>	<b>234.8</b>
<b>Investing activities:</b>		
Additions to property, equipment and leasehold improvements	(37.6)	(21.2)
Acquisitions - cash paid (net of cash acquired)	(5.4)	-
Other	-	2.4
<b>Cash used in investing activities</b>	<b>(43.0)</b>	<b>(18.8)</b>
<b>Financing activities:</b>		
Proceeds from employee stock purchase plan	5.3	4.6
Payments on borrowings, net	(1.9)	(1.3)
Purchases of treasury stock	(17.3)	(216.7)
<b>Cash used in financing activities</b>	<b>(13.9)</b>	<b>(213.4)</b>
<b>Net increase in cash and cash equivalents and restricted cash</b>	<b>146.2</b>	<b>2.6</b>
<b>Effects of exchange rates on cash and cash equivalents</b>	<b>23.7</b>	<b>(11.7)</b>
<b>Cash and cash equivalents and restricted cash, beginning of period</b>	<b>528.7</b>	<b>769.7</b>
<b>Cash and cash equivalents and restricted cash, end of period</b>	<b>\$ 698.6</b>	<b>\$ 760.6</b>

# **Non-GAAP Reconciliations**

# Non-GAAP Reconciliations

\$ millions

Reconciliation - Net Income to Adjusted EBITDA:	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
<b>Net income</b>	164.1	271.2	148.8	209.4	172.5	204.9	173.5	256.8
Interest expense, net	26.1	27.4	31.6	31.5	31.4	29.7	30.3	29.9
Gain on event cancellation insurance claims <sup>(a)</sup>	-	(135.5)	-	(16.8)	-	-	-	-
Other (income) expense, net	(15.5)	3.6	(0.2)	(6.4)	(29.2)	(8.5)	(8.9)	(1.7)
Tax provision (benefit)	50.7	108.0	50.0	(32.3)	42.5	71.0	58.5	47.3
Operating income	225.4	274.7	230.2	185.4	217.2	297.1	253.4	332.3
Adjustments:								
Stock-based compensation expense <sup>(b)</sup>	36.1	26.2	19.4	16.9	32.1	24.5	21.0	13.0
Depreciation, accretion, and amortization <sup>(c)</sup>	56.5	52.2	52.7	51.9	48.6	47.9	47.5	48.9
Loss on impairment of lease related assets, net <sup>(d)</sup>	-	-	-	49.5	23.9	11.6	2.0	16.4
Acquisition and integration charges and other non-recurring items <sup>(e)</sup>	2.4	2.1	3.0	2.8	7.0	8.0	7.4	10.6
<b>Adjusted EBITDA</b>	<b>320.4</b>	<b>355.2</b>	<b>305.3</b>	<b>306.5</b>	<b>328.9</b>	<b>389.1</b>	<b>331.5</b>	<b>421.3</b>

- (a) Consists of the gain on event cancellation insurance claims for events cancelled in 2020.
- (b) Consists of costs for stock-based compensation awards.
- (c) Includes depreciation expense, amortization of intangibles, and accretion on asset retirement obligations.
- (d) Includes impairment loss for lease related assets, net of a reduction in lease liabilities, if applicable.
- (e) Consists of direct and incremental expenses related to acquisitions and divestitures, facility-related exit costs, 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>	<b>213.6</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>

\$ millions

Reconciliation - Cash Provided by Operating Activities to Free Cash Flow:	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
<b>Cash provided by operating activities</b>	157.3	575.3	345.0	234.8	167.8	415.6	314.8	203.1
Less: cash paid for capital expenditures	(12.5)	(11.9)	(14.2)	(21.2)	(17.3)	(21.1)	(32.1)	(37.6)
<b>Free Cash Flow</b>	<b>144.8</b>	<b>563.4</b>	<b>330.8</b>	<b>213.6</b>	<b>150.5</b>	<b>394.5</b>	<b>282.7</b>	<b>165.5</b>

# Non-GAAP Reconciliations

\$ millions and shares in millions except per share amounts

<b>Reconciliation - GAAP Net Income to Adjusted Net Income:</b>	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
<b>GAAP net income</b>	164.1	271.2	148.8	209.4	172.5	204.9	173.5	256.8
Adjustments:								
Amortization of acquired intangibles <sup>(a)</sup>	30.5	26.2	27.1	25.8	25.1	24.8	24.4	24.3
Acquisition and integration charges and other non-recurring items <sup>(b)</sup>	3.4	3.1	4.2	4.0	8.2	9.1	8.7	11.8
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	16.4
Loss (gain) on de-designated interest rate swaps <sup>(e)</sup>	(15.8)	4.0	(0.4)	(8.1)	(29.9)	(10.7)	(11.2)	(0.6)
Tax impact of adjustments	(4.0)	25.1	(7.8)	(13.2)	(6.5)	(8.7)	(4.8)	(12.1)
Adjusted net income	178.2	194.0	171.8	250.7	193.3	231.0	192.7	296.7
Diluted shares	89.1	86.6	84.8	83.8	83.0	81.0	80.1	80.1
<b>Adjusted EPS</b>	2.00	2.24	2.03	2.99	2.33	2.85	2.41	3.70

## Reconciliation - GAAP Net Income per diluted share to

<b>Adjusted EPS:</b>	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
<b>GAAP net income per diluted share</b>	1.84	3.13	1.76	2.50	2.08	2.53	2.17	3.21
Adjustments:								
Amortization of acquired intangibles <sup>(a)</sup>	0.34	0.30	0.32	0.31	0.30	0.31	0.30	0.30
Acquisition and integration charges and other non-recurring items <sup>(b)</sup>	0.04	0.04	0.05	0.05	0.10	0.11	0.11	0.15
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	0.21
Loss (gain) on de-designated interest rate swaps <sup>(e)</sup>	(0.18)	0.05	-	(0.10)	(0.36)	(0.13)	(0.14)	(0.01)
Tax impact of adjustments	(0.05)	0.29	(0.09)	(0.16)	(0.08)	(0.11)	(0.06)	(0.15)
<b>Adjusted EPS</b>	2.00	2.24	2.03	2.99	2.33	2.85	2.41	3.70

- (a) Consists of non-cash amortization from acquired intangibles.
- (b) Consists of direct and incremental expenses related to acquisitions and divestitures, facility-related exit costs, 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) 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>	2020	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
Interest, net	113.6	26.1	27.4	31.6	31.5	31.4	29.7	30.3	29.9
Less amortization of deferred financing fees	(8.1)	(0.9)	(1.0)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.2)
<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>	<b>28.8</b>

<b>Effective GAAP Tax Rate to Adjusted Tax Rate:</b>	2020	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
GAAP Rate	18.2%	23.6%	28.5%	25.1%	-18.2%	19.8%	25.7%	25.2%	15.6%
Acquisition and Other Adjustments	24.9%	22.4%	24.6%	25.4%	24.1%	24.0%	25.0%	20.2%	23.2%
<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>	<b>16.7%</b>

# Non-GAAP Reconciliations – 2023 Guidance

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

(Unaudited; \$ millions)	2023 Guidance
GAAP net income	≥ \$606
Interest expense, net <sup>(a)</sup>	~ 121
Other (income) expense, net	~ 5
Tax provision	~ 168
Operating income	<u>≥ 900</u>
<i>Adjustments</i>	
Stock-based compensation expense	~ 132
Depreciation, accretion, and amortization	~ 196
Acquisition and integration charges and other non-recurring items <sup>(b)</sup>	~ 32
<b>Adjusted EBITDA</b>	<b><u>≥ \$1,260</u></b>

<sup>(a)</sup> Assumes approximately \$5M 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 and divestitures, facility-related exit costs and other non-recurring items.

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

(Unaudited)	2023 Guidance
GAAP Diluted EPS <sup>(a)</sup>	≥ \$7.66
<i>Adjustments (after-tax):</i>	
Amortization of acquired intangibles	~ 0.81
Acquisition and integration charges and other non-recurring items <sup>(b)</sup>	~ 0.33
<b>Adjusted EPS <sup>(a)</sup></b>	<b><u>≥ \$8.80</u></b>

<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 direct and incremental expenses related to acquisitions and divestitures, facility-related exit costs, gain or loss on de-designated swaps and other non-recurring items.

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

(Unaudited; \$ in millions)	2023 Guidance
GAAP cash provided by operating activities	≥ \$1,030
Capital expenditures	~ (110)
<b>Free Cash Flow</b>	<b><u>≥ \$920</u></b>