

Forrester Investor Summary

May 5, 2022

BOLD
AT
WORK

Safe Harbor

This presentation may contain projections or other forward-looking statements regarding future events or the future financial performance of the Company. These projections or statements are only predictions. Actual events or results may differ materially from those in the projections or other forward-looking statements. Please see the Company's Annual Report to shareholders and its filings with the SEC, including its recent filings on Forms 10-K and 10-Q, for a discussion of important risk factors that could cause actual events or results to differ materially from those in the projections or forward-looking statements.

Forrester At A Glance

Forrester is one of the most influential research & advisory firms in the world.

Business and technology leaders rely on Forrester to accelerate growth through customer obsession.

Global reach with offices & operations in

41 cities across 27 countries

Number of employees

1800+

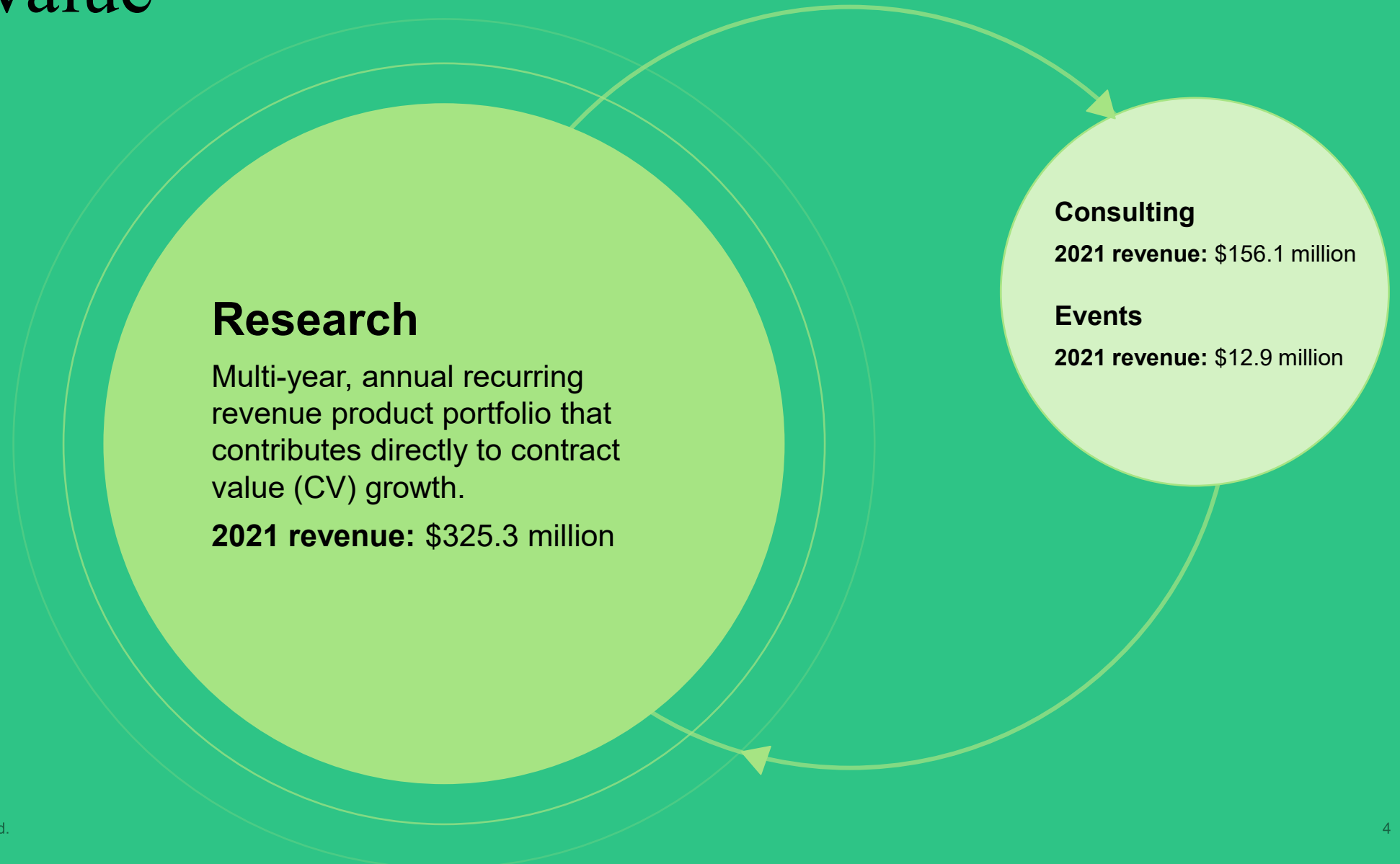
Fortune 1000 Clients

31%

Financial highlights

- Contract Value growth of 14% in 2021, 15% in Q1 2022
- Double-digit revenue growth in 2021 and Q1 2022
- Adjusted EPS growth of 31% in 2021, flat in Q1 2022 due to growth investments
- Free cash flow of \$96.3 million in 2021, \$21.4 million in Q1 2022

Research, Consulting & Events: A System To Drive Contract Value



Why Invest In Forrester

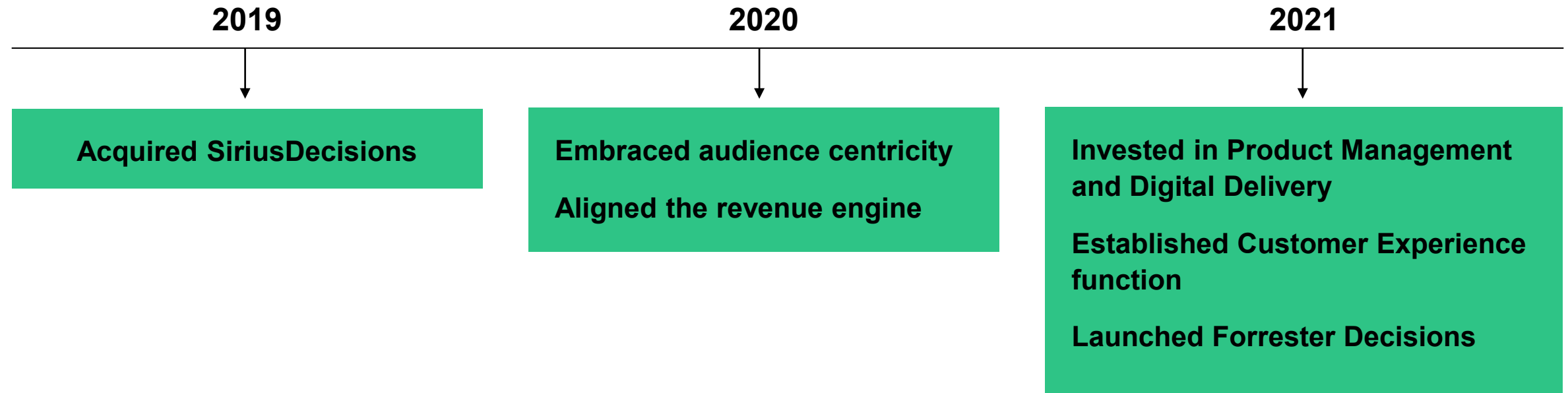
1. Massive market opportunity
2. Attractive recurring revenue business model
3. Double-digit contract value growth
4. Business transformation with launch of Forrester Decisions
5. Leadership team well-positioned to scale business

Total Available
Research Market

\$78 Billion

Forrester's Bold Transformation

Driving sustained double digit contract value growth



Forrester Decisions

Premium research portfolio
of 15 services for executives
and their teams

Combines the best of Forrester and
SiriusDecisions

Unified and differentiated offering:
from vision and strategy to execution

Focused on key buying centers and driving
alignment across those functions

We Help These Executives & Their Teams Accelerate Growth Through Customer Obsession

ORGANIZATION

TECHNOLOGY

MARKETING

CX

SALES

PRODUCT

PERSONAS SERVED

Chief Information Officers

Chief Technology Officers

Chief Digital Officers

Enterprise Architecture Leaders

Infrastructure & Operations Leaders

Application Development & Delivery Leaders

Security & Risk Leaders

B2B Marketing Executives

B2C Marketing Executives

Marketing Operations Leaders

Demand Leaders

Portfolio Marketing Leaders

Channel Marketing Leaders

Analyst Relations Leaders

CX Leaders

B2B Sales Executives

Sales Enablement Leaders

Sales Operations Leaders

Revenue Operations Leaders

Channel Sales Leaders

Product Management Leaders

We Deliver Results For Clients

“Saved 2 Years
of Work”

– A technology function
at a utilities company

“50% Cost
Savings”

– A marketing function
at a software
company

“Secured \$10
Million in
Funding”

– A technology function
at a bank

“23% Increase in
Team Confidence”

– A CX team at a federal
government agency

“2X Increased
Efficiency”

– A marketing function
at a software
company

“\$10 Million
Savings”

– A product
management function
at a bank

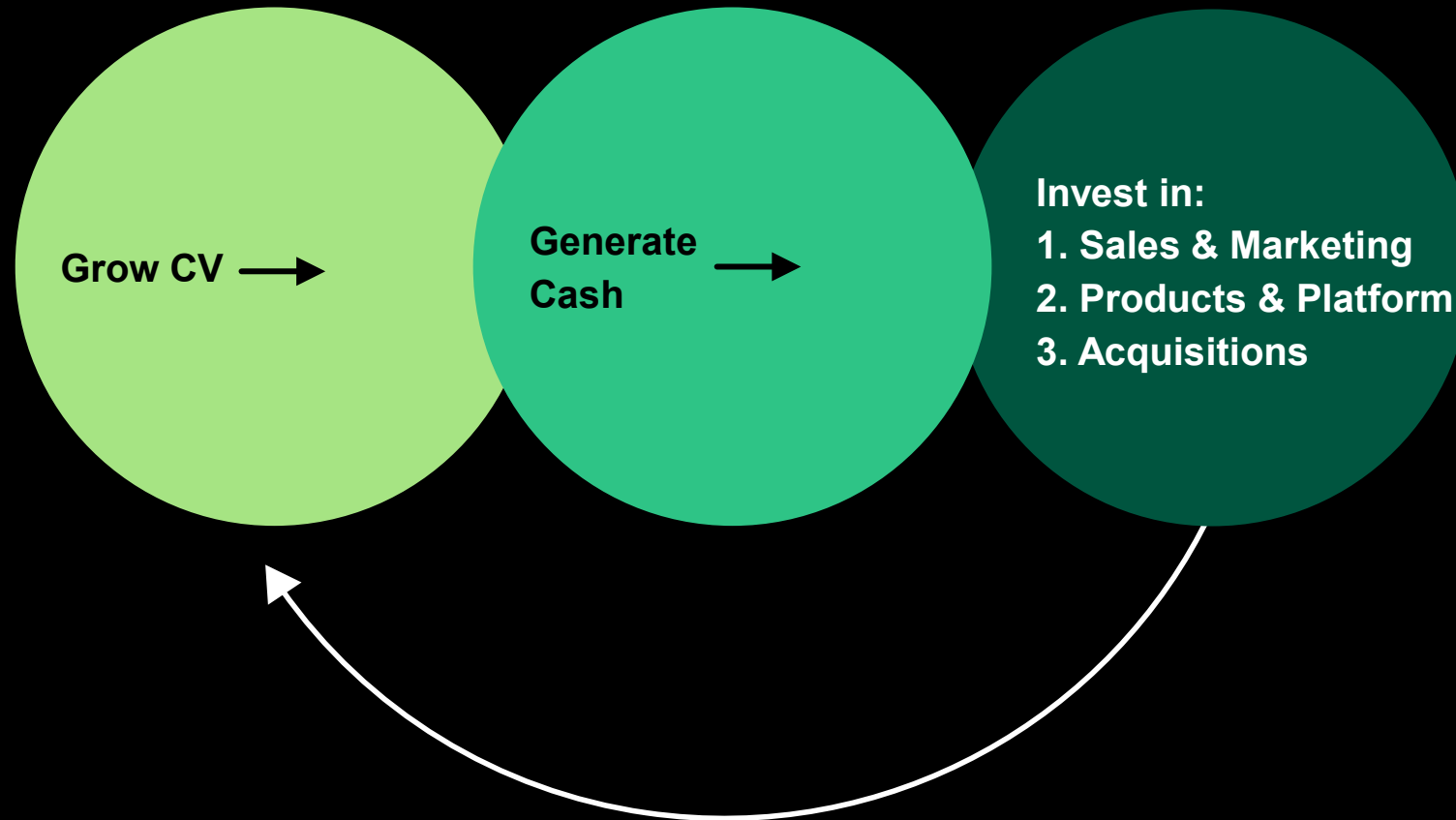
“60% Increase in
Deal Size”

– A sales leadership
team at a software
company

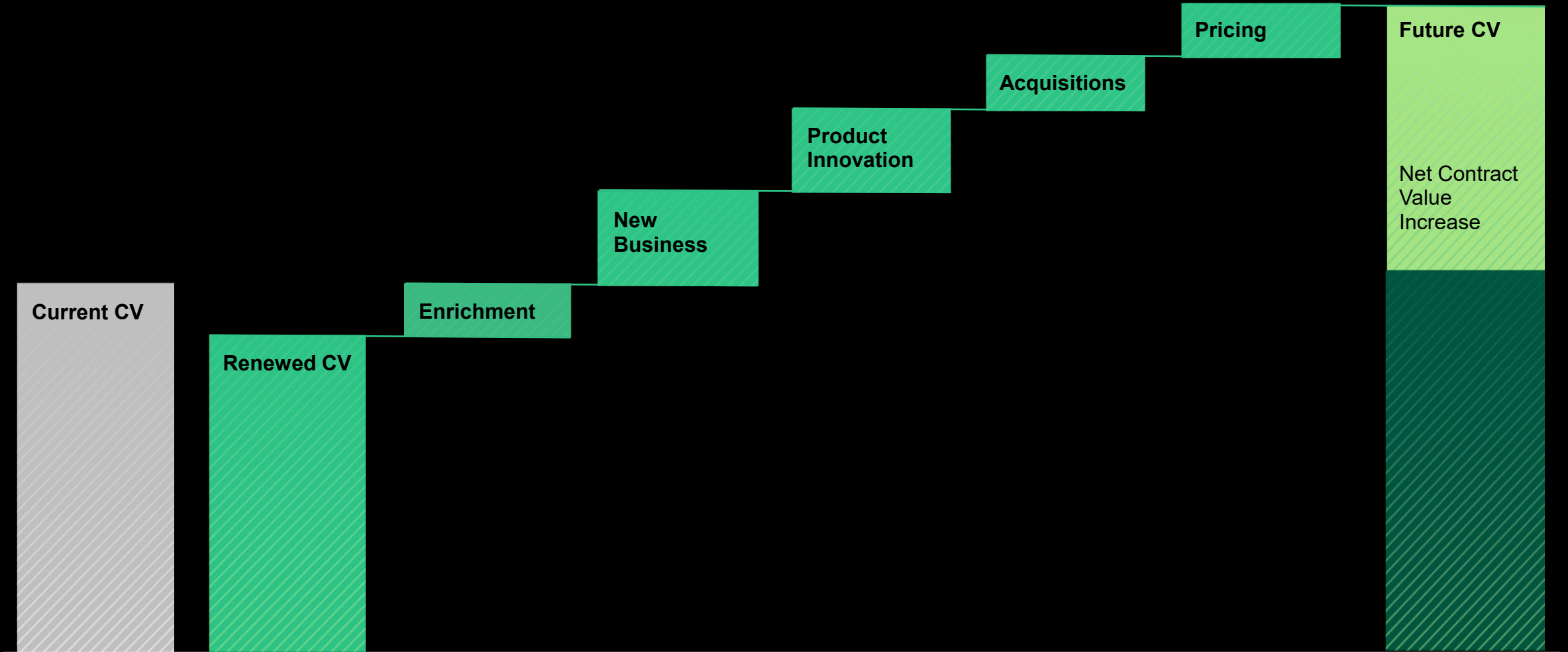
“14 Point Increase
in NPS Score”

– A CX function at a
financial institution

The Forrester Contract Value Growth Engine



Growing CV



Leadership Team Well-Positioned To Scale The Business

Deep experience accelerating growth at global SaaS and CV-oriented companies



George F. Colony
Chairman of the Board, Chief Executive Officer



Ryan Darragh
Chief Legal Officer



Chris Finn
Chief Financial Officer



Kelley Hippler
Chief Sales Officer



Carrie Johnson
Chief Product Officer



Sarah Le Roy
Chief People Officer



Mike Kasparian
Chief Information Officer



Sharyn Leaver
Chief Research Officer



Alicia Lee
Chief Consulting Officer



Shirley Macbeth
Chief Marketing Officer



Steven Peltzman
Chief Business Technology Officer



Lisa Riley
SVP, Global Events

Financial Overview

Summary

Three consecutive quarters of double-digit CV growth through Q1 2022.

Double-digit revenue growth for full year 2021 and Q1 2022. Research services growth in mid-teens in Q4 2021 and Q1 2022.

Wallet retention at 103%, up 14 points from Q1 2021, and client retention at 77%, up 2 points from Q1 2021.

Launch of Forrester Decisions in August 2021 continues to exceed expectations and accelerated NCVI growth.

Expanded adjusted EPS by 31% for full year 2021, flat in Q1 2022 due to growth investments.

Record free cash flow of \$96.3 million during 2021, continued strong free cash flow of \$21.4 million in Q1 2022.

Adjusted Income Statement – Q1 2022

(dollars in millions, except per share)	<u>Q1-21</u>	<u>Q1-22</u>	<u>Y/Y \$</u>	<u>Y/Y %</u>
Research	\$75.0	\$85.8	\$10.8	14%
Consulting	38.6	38.4	(0.1)	0%
Events	0.3	0.8	0.5	189%
Total Revenue	113.8	125.0	11.2	10%
Expenses	99.7	111.8	12.1	12%
Operating Income	14.0	13.1	(0.9)	-7%
<i>Operating Margin</i>	<i>12.3%</i>	<i>10.5%</i>	--	<i>-1.8%</i>
Interest & Other Expense	1.6	0.9	(0.7)	-46%
Net Income	\$8.6	\$8.6	(\$0.0)	0%
EPS	\$0.45	\$0.45	\$0.00	0%

Note: amounts might not total due to rounding.

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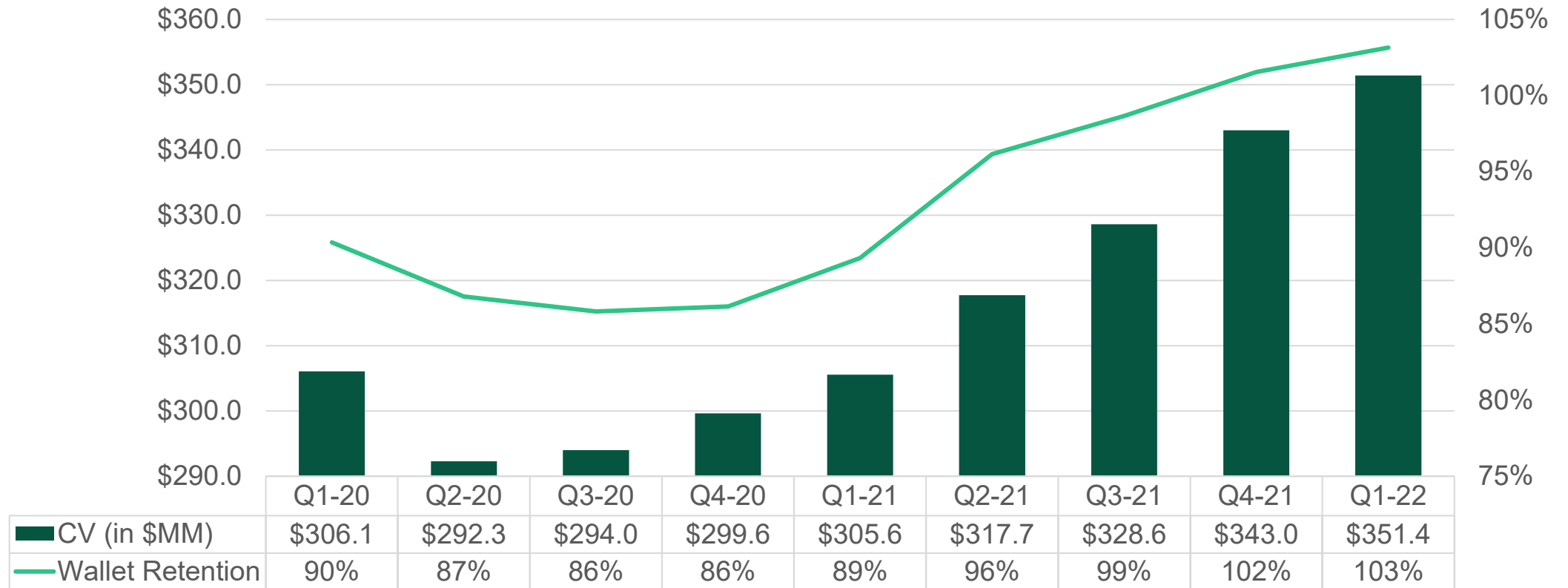
Adjusted Income Statement – FY 2021

(dollars in millions, except per share)	<u>FY 20</u>	<u>FY 21</u>	<u>Y/Y \$</u>	<u>Y/Y %</u>
Research	\$302.0	\$325.3	\$23.4	8%
Consulting	137.3	156.1	18.8	14%
Events	10.1	12.9	2.7	27%
Total Revenue	449.4	494.3	44.9	10%
Expenses	399.7	430.1	30.4	8%
Operating Income	49.7	64.2	14.4	29%
<i>Operating Margin</i>	<i>11.1%</i>	<i>13.0%</i>	--	<i>1.9%</i>
Interest & Other Expense	5.7	5.5	(0.3)	-5%
Net Income	\$30.4	\$40.5	\$10.1	33%
EPS	\$1.60	\$2.09	\$0.49	31%

Note: amounts might not total due to rounding.

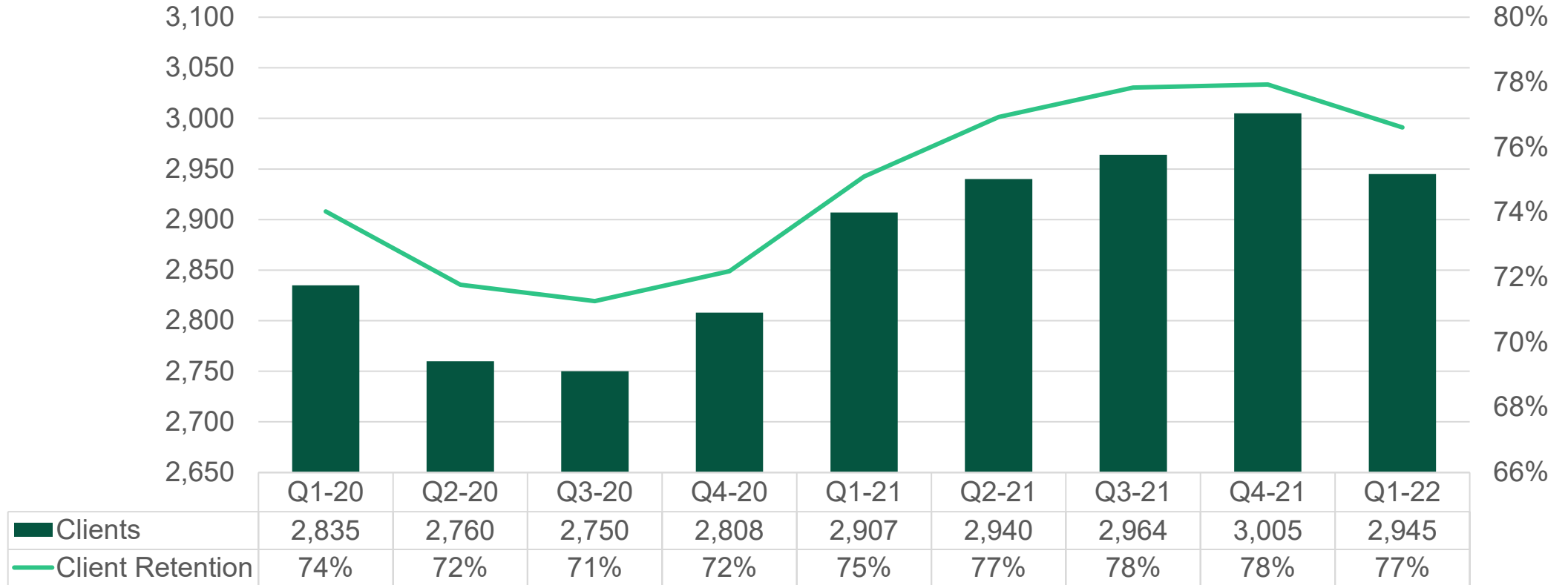
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CV & Wallet Retention Trend

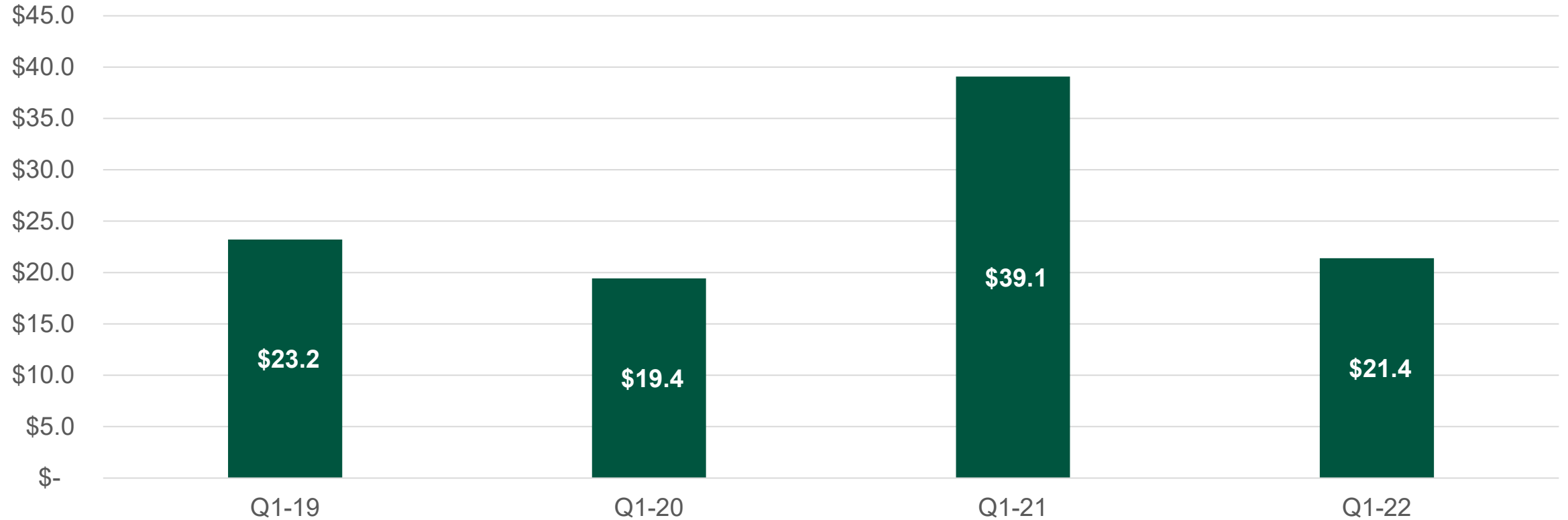


CV shown at 2022 foreign currency rates.

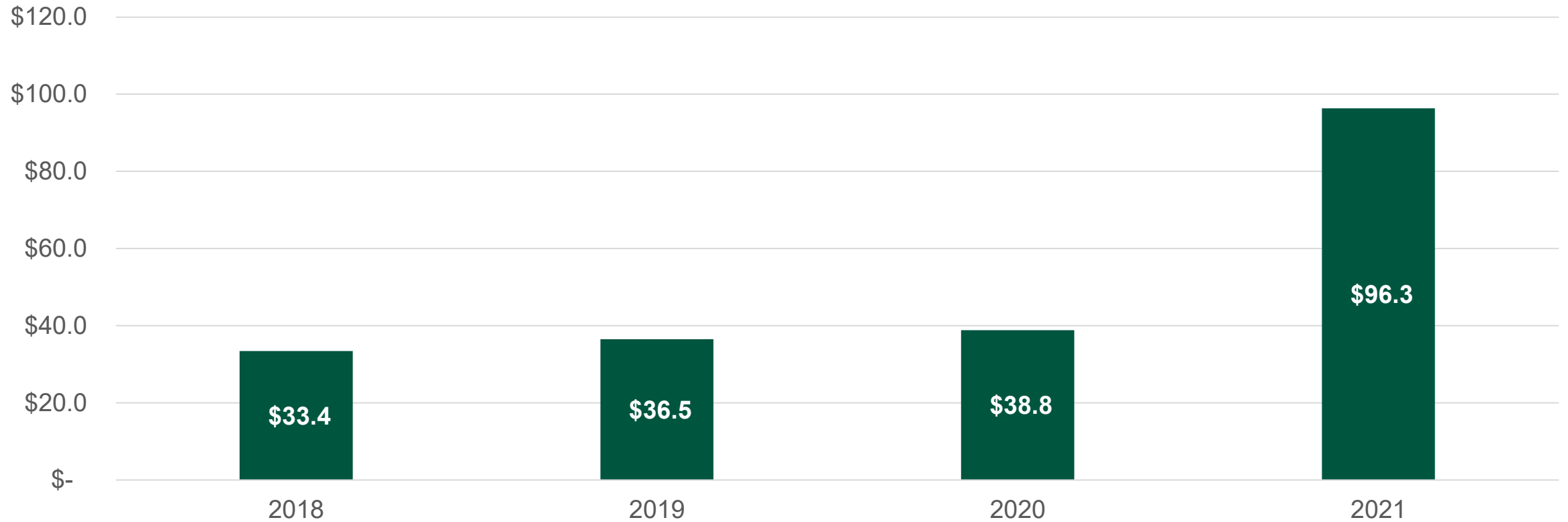
Client Count & Client Retention Trend



Free Cash Flow Trends – Q1



Free Cash Flow Trends – Annual



2022 Full Year Guidance – Adjusted

Revenue

\$550MM to \$560MM

- Up 11% to 13% compared to prior year

Operating Margin

11.5% to 12.5%

- Down -1.5 pts to -0.5 pts compared to the prior year due to growth investments

EPS

\$2.25 to \$2.35

- Up 8% to 12% compared to the prior year

Non-GAAP Reconciliations

Non-GAAP Reconciliation – Income From Operations

(dollars in millions)	<u>Q1-21</u>	<u>Q1-22</u>
Income from operations - GAAP	\$7.5	\$6.5
Amortization of intangible assets	3.9	3.4
Integration costs	0.1	--
Stock-based compensation included in the following expense categories:		
Cost of services and fulfillment	1.4	1.9
Selling and marketing	0.4	0.6
General and administrative	0.6	0.7
Adjusted income from operations	\$14.0	\$13.1

Note: amounts might not total due to rounding.

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Non-GAAP Reconciliation – Net Income and EPS

	<u>Q1-21</u>		<u>Q1-22</u>	
	<u>Amount</u>	<u>Per Share</u>	<u>Amount</u>	<u>Per Share</u>
(dollars in millions, except per share)				
Net income - GAAP	\$4.0	\$0.21	\$4.1	\$0.22
Amortization of intangible assets	3.9	0.20	3.4	0.17
Integration costs	0.1	0.01	--	--
Stock-based compensation	2.5	0.13	3.3	0.17
Gains on investments	--	--	(0.4)	(0.02)
Tax effects of items above (2)	(1.6)	(0.09)	(1.6)	(0.08)
Adjustment to tax expense for adjusted tax rate (3)	(0.2)	(0.01)	(0.2)	(0.01)
Adjusted net income	\$8.6	\$0.45	\$8.6	\$0.45
Diluted weighted average shares outstanding	19.3		19.3	

(1) Forrester believes that adjusted financial results provide investors with consistent and comparable information to aid in the understanding of Forrester's ongoing business, and are also used by Forrester in making compensation decisions. Our adjusted presentation excludes amortization of acquisition-related intangible assets, stock-based compensation, integration costs, and net gains from investments, as well as their related tax effects. We also utilized an assumed tax rate of 30% in 2022 and 31% in 2021, which excludes items such as any release of reserves for uncertain tax positions established in prior years, the settlement of prior year tax audits, and the effect of any adjustments related to the filing of prior year tax returns. The adjusted data does not purport to be prepared in accordance with Accounting Principles Generally Accepted in the United States.

(2) The tax effect of adjusting items is based on the accounting treatment and rate for the jurisdiction of each item.

(3) To compute adjusted net income, we apply an adjusted effective tax rate of 30% in 2022 and 31% in 2021.

Non-GAAP Reconciliation – Cash Flow

(dollars in millions)	<u>Q1-19</u>	<u>Q1-20</u>	<u>Q1-21</u>	<u>Q1-22</u>
Net cash provided by operating activities	\$26.0	\$21.8	\$40.6	\$22.7
Less: purchases of property and equipment	(2.8)	(2.4)	(1.5)	(1.3)
Free cash flow	\$23.2	\$19.4	\$39.1	\$21.4

(dollars in millions)	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>
Net cash provided by operating activities	\$38.4	\$48.4	\$47.8	\$107.1
Less: purchases of property and equipment	(5.0)	(11.9)	(8.9)	(10.7)
Free cash flow	\$33.4	\$36.5	\$38.8	\$96.3

Note: amounts might not total due to rounding.

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Non-GAAP Reconciliation – Revenue and Income From Operations

(dollars in millions)	<u>FY 20</u>	<u>FY 21</u>
Total revenues - GAAP	\$449.0	\$494.3
Deferred revenue fair value adjustment	0.4	--
Adjusted revenues	\$449.4	\$494.3
Income from operations - GAAP	\$16.2	\$38.6
Deferred revenue fair value adjustment	0.4	--
Amortization of intangible assets	19.7	15.1
Integration costs	5.8	0.3
Lease incentive	(3.2)	--
Stock-based compensation included in the following expense categories:		
Cost of services and fulfillment	6.2	6.1
Selling and marketing	1.8	1.7
General and administrative	3.0	2.3
Adjusted income from operations	\$49.7	\$64.2

Note: amounts might not total due to rounding.

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Non-GAAP Reconciliation – Net Income and EPS

(dollars in millions, except per share)

	FY 20		FY 21	
	Amount	Per Share	Amount	Per Share
Net income - GAAP	\$10.0	\$0.53	\$24.8	\$1.28
Deferred revenue fair value adjustment	0.4	0.02	--	--
Amortization of intangible assets	19.7	1.04	15.1	0.78
Integration costs	5.8	0.30	0.3	0.02
Lease incentive	(3.2)	(0.17)	--	--
Stock-based compensation	10.9	0.57	10.1	0.52
Gains on investments	(2.5)	(0.13)	--	--
Tax effects of items above (2)	(8.6)	(0.45)	(7.1)	(0.37)
Adjustment to tax expense for adjusted tax rate (3)	(2.1)	(0.11)	(2.8)	(0.14)
Adjusted net income	\$30.4	\$1.60	\$40.5	\$2.09
Diluted weighted average shares outstanding	18.9		19.4	

(1) Forrester believes that adjusted financial results provide investors with consistent and comparable information to aid in the understanding of Forrester's ongoing business, and are also used by Forrester in making compensation decisions. Our adjusted presentation excludes amortization of acquisition-related intangible assets, acquisition-related deferred revenue fair value adjustments, stock-based compensation, acquisition and integration costs, net gains or losses from investments, lease incentive cost and credits, as well as their related tax effects. We also utilized an assumed tax rate of 31% in both 2021 and 2020, which excludes items such as any release of reserves for uncertain tax positions established in prior years, the settlement of prior year tax audits, and the effect of any adjustments related to the filing of prior year tax returns. The adjusted data does not purport to be prepared in accordance with Accounting Principles Generally Accepted in the United States.

(2) The tax effect of adjusting items is based on the accounting treatment and rate for the jurisdiction of each item.

(3) To compute adjusted net income, we apply an adjusted effective tax rate of 31%.

Metric Definitions

Metric Definitions

Contract Value (CV) represents the value attributable to all of our recurring research-related contracts. It is calculated as the annualized value of all contracts in effect at a specific point in time, without regard to how much revenue has already been recognized. Contract value primarily consists of subscription-based products for which revenue is recognized on a ratable basis, except for the entitlements embedded in our subscription products, such as event tickets and advisory sessions, for which the revenue is recognized when the item is utilized. Contract value also includes our reprint products, as these products are used throughout the year by our clients and are typically renewed.

Wallet Retention represents a measure of the CV that we have retained with clients over a twelve-month period. Wallet retention is calculated on a percentage basis by dividing the annualized contract value of our current clients, who were also clients a year ago, by the total annualized contract value from a year ago.

Metric Definitions

Client Retention represents the percentage of client companies (defined as all clients that buy a CV product) at the prior year measurement date that have active contracts at the current year measurement date.

Client Count is calculated at the enterprise level as all clients that have an active CV contract.

Free Cash Flow is calculated as cash flow generated from operating activities less cash paid for property and equipment.

Thank You.
