

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of Earliest Event Reported): July 28, 2021

FORRESTER RESEARCH, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

000-21433
(Commission
File Number)

04-2797789
(I.R.S. Employer
Identification Number)

60 Acorn Park Drive
Cambridge, Massachusetts 02140
(Address of principal executive offices, including zip code)

(617) 613-6000
(Registrant's telephone number including area code)

N/A
(Former Name or Former Address, if Changes since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, \$.01 Par Value	FORR	Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

The information contained in this current report on Form 8-K is furnished pursuant to Item 2.02 of Form 8-K “Results of Operations and Financial Condition”. This information and the exhibits hereto are being furnished and shall not be deemed to be “filed” for the purposes of Section 18 of, or otherwise regarded as filed under, the Securities Exchange Act of 1934, as amended. The information contained in this report shall not be incorporated by reference into any filing of Forrester Research, Inc. with the SEC, whether made before or after the date hereof, regardless of any general incorporation language in such filings.

On July 28, 2021, Forrester Research, Inc. issued a press release announcing its financial results for the quarter ended June 30, 2021.

Forrester believes that adjusted financial results provide investors with consistent and comparable information to aid in the understanding of Forrester’s ongoing business. Forrester uses adjusted financial information to manage its business, including use of adjusted financial results as the basis for setting targets for various compensation programs. Our adjusted presentation excludes the following, as well as their related tax effects:

Amortization of intangibles—we exclude the effect of the amortization of intangibles from our adjusted results in order to more consistently present our ongoing results of operations.

Fair value adjustment of deferred revenue – we exclude the reduction in revenue resulting from the fair value adjustment of pre-acquisition deferred revenue in order to more consistently present our ongoing results of operations.

Gains and losses from investments—we have consistently excluded both gains and losses related to our investment in non-marketable securities from our adjusted results in order to keep quarter-over-quarter and year-over-year comparisons consistent.

Stock-based compensation expense—we exclude stock-based compensation from our adjusted results in order to keep quarter-over-quarter and year-over-year comparisons consistent.

Integration costs—we exclude the direct costs of integrating acquired companies from our adjusted results in order to keep quarter-over-quarter and year-over-year comparisons consistent.

However, these measures should be considered in addition to, not as a substitute for, or superior to, operating income or other measures of financial performance prepared in accordance with generally accepted accounting principles as more fully discussed in our financial statements and filings with the Securities and Exchange Commission.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

99.1 [Press Release dated July 28, 2021 with respect to financial results for the quarter ended June 30, 2021.](#)

104 Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURES

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

FORRESTER RESEARCH, INC.

By /s/ Scott R. Chouinard

Name: Scott R. Chouinard

Title: Chief Accounting Officer, Interim Chief Financial Officer and Treasurer

Date: July 28, 2021

**Forrester Research Reports 2021 Second-Quarter Financial Results
Year-over-year total contract value increases by 9% to \$320 million**

Cambridge, Mass., July 28, 2021 . . . Forrester Research, Inc. (Nasdaq: FORR) today announced its 2021 second-quarter financial results.

Second-Quarter Financial Performance

Total revenues were \$128.7 million for the second quarter of 2021, compared with \$113.5 million for the second quarter of 2020.

On a GAAP basis, net income was \$8.3 million, or \$0.43 per diluted share, for the second quarter of 2021, compared with net income of \$11.8 million, or \$0.63 per diluted share, for the same period in 2020.

On an adjusted basis, net income was \$12.7 million, or \$0.66 per diluted share, for the second quarter of 2021, which reflects an adjusted effective tax rate of 31%. Adjusted net income excludes stock-based compensation of \$2.4 million, amortization of acquisition-related intangible assets of \$4.0 million, and integration costs of \$0.2 million. This compares with adjusted net income of \$12.2 million, or \$0.65 per diluted share, for the same period in 2020, which reflects an adjusted tax rate of 31%. Adjusted net income for the second quarter of 2020 excludes stock-based compensation of \$2.5 million, amortization of acquisition-related intangible assets of \$4.7 million, acquisition-related deferred revenue fair value adjustment of \$0.1 million, integration costs of \$0.6 million, and gains on investments of \$2.4 million.

“Our laser focus on increasing contract value resulted in another strong quarter,” said George F. Colony, Forrester’s chairman and chief executive officer. “Year over year, contract value grew 9%, and revenue increased across all business units: research, consulting, and events. We generated \$70 million of cash in the first half of 2021 — more than the company has produced in any previous full year. Operating margin and earnings per share also exceeded the upper end of guidance. As a result of our continued strong performance in Q2 and the first half of the year, we are raising guidance for the second time this year.”

“Our products and engagement model are resonating with clients, and we are confident that our new product portfolio, Forrester Decisions, will further accelerate our ability to deliver sustained double-digit contract value growth. Forrester Decisions brings together the vision and strategy of Forrester with the operational research of SiriusDecisions into one unique offering. Despite pandemic-related headwinds, we believe that the company can achieve its 2021 goals and continue to expand its annually recurring relationships with clients.”

As part of the company’s pivot to contract value (CV) in 2021, Forrester is classifying all components of its CV subscription research products as research revenues. In prior periods,

advisory sessions included in Forrester's research subscription products were classified as consulting revenues. This has resulted in approximately \$1.4 million and \$2.9 million of revenue being reclassified from consulting revenues to research revenues in the three and six months ended June 30, 2020, respectively.

Forrester is providing third-quarter and full-year 2021 financial guidance as follows:

Third-Quarter 2021 (GAAP):

- Total revenues of approximately \$114.0 million to \$118.0 million.
- Operating margin of approximately 1.0% to 3.0%.
- Interest expense of approximately \$1.0 million.
- An effective tax rate of 31%.
- Earnings per share of approximately \$0.01 to \$0.07.

Third-Quarter 2021 (Adjusted):

Adjusted financial guidance for the third quarter of 2021 excludes stock-based compensation expense of \$2.3 million to \$2.5 million, amortization of acquisition-related intangible assets of approximately \$3.6 million, and any investment gains or losses.

- Adjusted operating margin of approximately 6.0% to 8.0%.
- Adjusted effective tax rate of 31%.
- Adjusted diluted earnings per share of approximately \$0.22 to \$0.28.

Full-Year 2021 (GAAP):

- Total revenues of approximately \$485.0 million to \$495.0 million.
- Operating margin of approximately 6.0% to 7.0%.
- Interest expense of approximately \$4.3 million.
- An effective tax rate of 31%.
- Earnings per share of approximately \$0.85 to \$0.95.

Full-Year 2021 (Adjusted):

Adjusted financial guidance for full-year 2021 excludes stock-based compensation expense of \$9.5 million to \$10.0 million, amortization of acquisition-related intangible assets of approximately \$15.2 million, integration costs of \$0.3 million, and any investment gains or losses.

- Adjusted operating margin of approximately 11.0% to 12.0%.
- Adjusted effective tax rate of 31%.
- Adjusted diluted earnings per share of approximately \$1.75 to \$1.85.

About Forrester

Forrester (Nasdaq: FORR) is one of the most influential research and advisory firms in the world. We help leaders across technology, marketing, customer experience, product, and sales

functions use customer obsession to accelerate growth. Through Forrester's proprietary research, consulting, and events, leaders from around the globe are empowered to be bold at work — to navigate change and put their customers at the center of their leadership, strategy, and operations. Our unique insights are grounded in annual surveys of more than 675,000 consumers, business leaders, and technology leaders worldwide; rigorous and objective research methodologies, including Forrester Wave™ evaluations; over 52 million real-time feedback votes; and the shared wisdom of our clients. To learn more, visit [Forrester.com](https://forrester.com).

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, Forrester's financial guidance for the third quarter of and full-year 2021 and statements about the launch of Forrester Decisions and Forrester's future financial performance and financial condition. These statements are based on Forrester's current plans and expectations and involve risks and uncertainties that could cause actual future activities and results of operations to be materially different from those set forth in the forward-looking statements. Important factors that could cause actual future activities and results to differ include, among others, Forrester's ability to retain and enrich memberships for its research products and services; Forrester's ability to fulfill existing or generate new consulting engagements and advisory services; technology spending; the impact of health epidemics, including COVID-19, on Forrester's business; Forrester's ability to respond to business and economic conditions and market trends; the risks and challenges inherent in international business activities, including the exit of the United Kingdom from the European Union; Forrester's ability to offer new products and services; Forrester's dependence on key personnel; Forrester's ability to attract and retain professional staff; the impact of Forrester's outstanding debt obligations; competition and industry consolidation; possible variations in Forrester's quarterly operating results; concentration of ownership of Forrester; the possibility of network disruptions and security breaches; any failure to enforce and protect Forrester's intellectual property rights; compliance with privacy laws; taxation risks; and any weakness in Forrester's system of internal controls. Forrester undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events, or otherwise. For further information, please refer to Forrester's reports and filings with the Securities and Exchange Commission.

The consolidated statements of operations and the table of key financial data are attached.

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Forrester Research, Inc.
Consolidated Statements of Income

(Unaudited, in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Revenues:				
Research	\$ 81,002	\$ 75,034	\$ 155,970	\$ 149,301
Consulting	40,960	33,475	79,510	65,463
Events	6,708	5,032	6,971	5,122
Total revenues	<u>128,670</u>	<u>113,541</u>	<u>242,451</u>	<u>219,886</u>
Operating expenses:				
Cost of services and fulfillment	52,258	43,964	99,735	87,317
Selling and marketing	42,556	39,117	81,835	79,390
General and administrative	14,334	11,456	27,512	23,461
Depreciation	2,255	2,448	4,545	4,854
Amortization of intangible assets	3,968	4,713	7,871	9,425
Integration costs	216	612	334	3,487
Total operating expenses	<u>115,587</u>	<u>102,310</u>	<u>221,832</u>	<u>207,934</u>
Income from operations	13,083	11,231	20,619	11,952
Interest expense	(1,066)	(1,307)	(2,195)	(2,845)
Other income (expense), net	(201)	(201)	(671)	109
Gains on investments	—	2,352	—	2,365
Income before income taxes	<u>11,816</u>	<u>12,075</u>	<u>17,753</u>	<u>11,581</u>
Income tax expense	3,473	238	5,454	257
Net income	<u>\$ 8,343</u>	<u>\$ 11,837</u>	<u>\$ 12,299</u>	<u>\$ 11,324</u>
Basic income per common share	<u>\$ 0.44</u>	<u>\$ 0.63</u>	<u>\$ 0.64</u>	<u>\$ 0.60</u>
Diluted income per common share	<u>\$ 0.43</u>	<u>\$ 0.63</u>	<u>\$ 0.64</u>	<u>\$ 0.60</u>
Basic weighted average shares outstanding	<u>19,126</u>	<u>18,759</u>	<u>19,094</u>	<u>18,732</u>
Diluted weighted average shares outstanding	<u>19,377</u>	<u>18,831</u>	<u>19,332</u>	<u>18,828</u>
Adjusted data (1):				
Total revenues - GAAP	\$ 128,670	\$ 113,541	\$ 242,451	\$ 219,886
Deferred revenue fair value adjustment	—	137	—	322
Adjusted revenues	<u>\$ 128,670</u>	<u>\$ 113,678</u>	<u>\$ 242,451</u>	<u>\$ 220,208</u>
Income from operations - GAAP	\$ 13,083	\$ 11,231	\$ 20,619	\$ 11,952
Deferred revenue fair value adjustment	—	137	—	322
Amortization of intangible assets	3,968	4,713	7,871	9,425
Integration costs	216	612	334	3,487
Stock-based compensation included in the following expense categories:				
Cost of services and fulfillment	1,401	1,232	2,835	2,825
Selling and marketing	399	423	848	785
General and administrative	597	809	1,206	1,656
Adjusted income from operations	<u>\$ 19,664</u>	<u>\$ 19,157</u>	<u>\$ 33,713</u>	<u>\$ 30,452</u>

	Three Months Ended June 30,				Six Months Ended June 30,			
	2021		2020		2021		2020	
	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share
Net income - GAAP	\$ 8,343	\$ 0.43	\$11,837	\$ 0.63	\$12,299	\$ 0.64	\$11,324	\$ 0.60
Deferred revenue fair value adjustment	—	—	137	0.01	—	—	322	0.02
Amortization of intangible assets	3,968	0.21	4,713	0.25	7,871	0.41	9,425	0.50
Integration costs	216	0.01	612	0.03	334	0.02	3,487	0.19
Stock-based compensation	2,397	0.12	2,464	0.13	4,889	0.25	5,266	0.28
Gains on investments	—	—	(2,352)	(0.12)	—	—	(2,365)	(0.13)
Tax effects of items above (2)	(1,768)	(0.09)	(2,441)	(0.13)	(3,415)	(0.18)	(5,153)	(0.27)
Adjustment to tax expense for adjusted tax rate (3)	(462)	(0.02)	(2,792)	(0.15)	(694)	(0.04)	(3,182)	(0.17)
Adjusted net income	<u>\$12,694</u>	<u>0.66</u>	<u>\$12,178</u>	<u>\$ 0.65</u>	<u>\$21,284</u>	<u>1.10</u>	<u>\$19,124</u>	<u>\$ 1.02</u>
Diluted weighted average shares outstanding	<u>19,377</u>		<u>18,831</u>		<u>19,332</u>		<u>18,828</u>	

- (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, integration costs, and net gains or losses from investments, 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%.

Forrester Research, Inc.
Key Financial Data

(Unaudited, dollars in thousands)

	June 30, 2021	December 31, 2020
Balance sheet data:		
Cash and cash equivalents	\$146,387	\$ 90,257
Accounts receivable, net	\$ 63,397	\$ 84,695
Deferred revenue	\$210,288	\$ 179,968
Debt outstanding	\$103,125	\$ 109,375

	Six Months Ended June 30,	
	2021	2020
Cash flow data:		
Net cash provided by operating activities	\$ 70,093	\$ 25,002
Purchases of property and equipment	\$ (5,243)	\$ (5,110)
Repayments of debt	\$ (6,250)	\$ (18,688)
Repurchases of common stock	\$ (2,673)	\$ —

	As of June 30,	
	2021	2020
Metrics:		
Contract value	\$319,800	\$ 294,000
Client retention	77%	72%
Wallet retention	96%	87%
Number of clients	2,940	2,760

	As of June 30,	
	2021	2020
Headcount:		
Total headcount	1,719	1,843
Sales force	638	719