

**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): February 8, 2024

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 February 8, 2024, Forrester Research, Inc. issued a press release announcing its financial results for the quarter and year ended December 31, 2023.

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.

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.

Restructuring costs—we exclude costs associated with the Company’s reductions in force and asset impairment charges associated with the Company’s reductions in office space from our adjusted results in order to keep quarter-over-quarter and year-over-year comparisons consistent.

Legal settlement—we have excluded a one-time legal settlement accrual for a wage-related matter from our adjusted results in 2023 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 2.05 Costs Associated with Exit or Disposal Activities

On February 8, 2024, the Company announced a reduction in its workforce of approximately 3% of its employees across various geographies and functions. Notification to affected persons commenced December 20, 2023 and is expected to be completed by February 29, 2024. The Company expects to incur pre-tax expenses of approximately \$3.5 million to \$3.9 million in the fourth quarter of 2023 and the first quarter of 2024 related principally to cash severance and related benefit costs for terminated employees.

Item 2.06. Material Impairments.

On February 6, 2024, the Company announced that it would close its office located at 150 Spear Street, San Francisco, California and replace it with shorter term, flexible space. The Company anticipates incurring a non-cash asset impairment charge of approximately \$3.8 million in the first quarter of 2024 in connection with this reduction in space.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(e)

George F. Colony, the Chairman and Chief Executive Officer of the Company, has agreed to a continuation through December 31, 2024 of the previously disclosed reduction in his base salary to \$1.00 on an annualized basis.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

99.1 [Press Release dated February 8, 2024 with respect to financial results for the quarter and year ended December 31, 2023.](#)

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

Forward Looking Statements

This Current Report on Form 8-K contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, statements regarding anticipated charges in connection with the reduction in force, the closing of the Company's San Francisco office, and the timing and process for completion of these actions. 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, the possibility that: there are impediments to the Company's ability to execute the reduction in force or office closing as currently contemplated; the actual charges in implementing these actions are higher than anticipated; and there are changes to the assumptions on which the estimated charges associated with these actions are based. 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.

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/ L. Christian Finn

Name: L. Christian Finn

Title: Chief Financial Officer

Date: February 8, 2024

Forrester Research Reports 2023 Fourth-Quarter And Full-Year Financial Results

CAMBRIDGE, Mass., February 8, 2024 — Forrester Research, Inc. (Nasdaq: FORR) today announced fourth-quarter and full-year financial results for 2023, with contract value (CV) down by 4%, at \$332.1 million, compared with the prior year.

Commenting on the results, George F. Colony, Forrester's CEO and chairman, stated, "2023 was a challenging year, with revenue down 11% and CV down by 4%. However, we made steady progress in 2023 on multiple fronts, including improving the Forrester Decisions platform, upskilling the sales organization, and readying our genAI tool, Izola, for general release. Furthermore, we achieved our goal of migrating two-thirds of our contract value into our new research platform, Forrester Decisions.

"We see 2024 as the final transition year in the Forrester Decisions migration, and this is reflected in our 2024 guidance. We expect pressures throughout the year on CV, key retention metrics, and revenue. However, we have built the product, go-to-market, and organizational foundations to enable the company to return to CV growth in 2025."

Fourth-Quarter Consolidated Results

Total revenues for the fourth quarter of 2023 were \$118.1 million, compared with \$136.9 million for the comparable quarter in 2022.

On a GAAP basis, net loss was \$0.7 million, or \$0.03 per diluted share, for the fourth quarter of 2023, compared with a net loss of \$1.6 million, or \$0.09 per diluted share, for the same period in 2022.

On an adjusted basis, net income was \$4.8 million, or \$0.25 per diluted share, for the fourth quarter of 2023, reflecting an adjusted effective tax rate of 29%. Adjusted net income excludes stock-based compensation of \$4.3 million, amortization of acquisition-related intangible assets of \$2.8 million, restructuring costs of \$1.1 million, and investment gains of \$0.2 million. This compares with adjusted net income of \$8.5 million, or \$0.45 per diluted share, for the same period in 2022, which reflects an adjusted tax rate of 30%. Adjusted net income for the fourth quarter of 2022 excludes stock-based compensation of \$3.5 million, amortization of acquisition-related intangible assets of \$3.1 million, restructuring costs of \$9.3 million, and investment losses of \$0.1 million.

Year Ended December 31, 2023, Financial Performance

Total revenues were \$480.8 million, compared with \$537.8 million for the same period in 2022.

On a GAAP basis, net income was \$3.1 million, or \$0.16 per diluted share, for 2023, compared with net income of \$21.8 million, or \$1.14 per diluted share, for 2022.

On an adjusted basis, net income was \$36.6 million, or \$1.90 per diluted share, for 2023, which reflects an adjusted effective tax rate of 29%. Adjusted net income excludes stock-based compensation of \$15.5 million, amortization of acquisition-related intangible assets of \$12.0 million, restructuring costs of \$13.3 million, a legal settlement of \$4.8 million, and gains on investments of \$0.2 million. This compares with adjusted net income of \$47.2 million, or \$2.46 per diluted share, for 2022, which reflects an adjusted tax rate of 30%. Adjusted net income for 2022 excludes stock-based compensation of \$14.5 million, amortization of acquisition-related intangible assets of \$13.2 million, restructuring costs of \$9.3 million, and investment gains of \$0.3 million.

Additional details regarding key metrics can be found in the investor presentation on the investor relations section of the Company's website.

A reconciliation of GAAP results to adjusted results may be found in the attached financial tables.

2024 Guidance

Forrester is providing full-year 2024 financial guidance as follows:

Full-Year 2024 (GAAP):

- Total revenues of approximately \$430.0 million to \$450.0 million, or a decline of 6% to 11% versus the prior year
- Operating margin of approximately 2.4% to 3.4%
- Interest expense of approximately \$3.0 million
- An effective tax rate of 35%
- Diluted earnings per share of approximately \$0.33 to \$0.53

Full-Year 2024 (Adjusted):

Adjusted financial guidance for full-year 2024 excludes stock-based compensation expense of \$13.8 million to \$14.8 million, amortization of acquisition-related intangible assets of approximately \$10.0 million, restructuring costs of \$6.6 million to \$7.0 million, and any investment gains or losses.

- Adjusted operating margin of approximately 9.5% to 10.5%
- Adjusted effective tax rate of 29%
- Adjusted diluted earnings per share of approximately \$1.50 to \$1.70

About Forrester

Forrester (Nasdaq: FORR) is one of the most influential research and advisory firms in the world. We help leaders across technology, customer experience, digital, marketing, sales, and product 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 700,000 consumers, business leaders, and technology leaders worldwide; rigorous and objective research methodologies, including Forrester Wave™ evaluations; more than 100 million real-time feedback votes; and the shared wisdom of our clients. To learn more, visit [Forrester.com](https://www.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 full-year 2024 and statements about the performance of Forrester Decisions, Forrester's sales force, 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, including the migration of its existing clients into its Forrester Decisions portfolio of services; Forrester's ability to fulfill existing or generate new consulting engagements and advisory services; technology spending; the risks and challenges inherent in international business activities; the impact of health epidemics, including COVID-19, on Forrester's business; Forrester's ability to offer new products and services; Forrester's dependence on key personnel; Forrester's ability to attract and retain professional staff; Forrester's ability to respond to business and economic conditions and market trends; 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; any weakness in Forrester's system of internal controls; and the amount and timing of the repurchase of Forrester stock. 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 Operations

(Unaudited, In thousands, except per share data)

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
Revenues:				
Research	\$ 85,185	\$ 92,188	\$334,396	\$354,453
Consulting	28,271	37,512	118,228	152,587
Events	4,633	7,191	28,155	30,747
Total revenues	118,089	136,891	480,779	537,787
Operating expenses:				
Cost of services and fulfillment	52,600	56,814	204,484	223,773
Selling and marketing	44,272	48,691	167,352	181,940
General and administrative	16,847	19,758	68,497	67,655
Depreciation	1,895	2,277	8,452	9,269
Amortization of intangible assets	2,781	3,093	11,956	13,161
Restructuring costs	1,132	9,335	13,272	9,335
Total operating expenses	119,527	139,968	474,013	505,133
Income (loss) from operations	(1,438)	(3,077)	6,766	32,654
Interest expense	(774)	(729)	(3,060)	(2,461)
Other income, net	739	30	2,371	222
Gains (losses) on investments, net	208	(117)	208	309
Income (loss) before income taxes	(1,265)	(3,893)	6,285	30,724
Income tax expense (benefit)	(602)	(2,263)	3,235	8,918
Net income (loss)	\$ (663)	\$ (1,630)	\$ 3,050	\$ 21,806
Basic income (loss) per common share	<u>\$ (0.03)</u>	<u>\$ (0.09)</u>	<u>\$ 0.16</u>	<u>\$ 1.15</u>
Diluted income (loss) per common share	<u>\$ (0.03)</u>	<u>\$ (0.09)</u>	<u>\$ 0.16</u>	<u>\$ 1.14</u>
Basic weighted average common shares outstanding	<u>19,238</u>	<u>19,051</u>	<u>19,183</u>	<u>18,967</u>
Diluted weighted average common shares outstanding	<u>19,238</u>	<u>19,051</u>	<u>19,258</u>	<u>19,172</u>
Adjusted data (1):				
Income (loss) from operations - GAAP	\$ (1,438)	\$ (3,077)	\$ 6,766	\$ 32,654
Amortization of intangible assets	2,781	3,093	11,956	13,161
Restructuring costs	1,132	9,335	13,272	9,335
Legal settlement	—	—	4,800	—
Stock-based compensation included in the following expense categories:				
Cost of services and fulfillment	2,563	2,038	9,068	8,435
Selling and marketing	849	646	2,943	2,774
General and administrative	905	823	3,475	3,334
Adjusted income from operations	\$ 6,792	\$ 12,858	\$ 52,280	\$ 69,693

	Three Months Ended December 31,				Year Ended December 31,			
	2023		2022		2023		2022	
	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share
Net income (loss) - GAAP	\$ (663)	\$ (0.03)	\$ (1,630)	\$ (0.09)	\$ 3,050	\$ 0.16	\$21,806	\$ 1.14
Amortization of intangible assets	2,781	0.14	3,093	0.16	11,956	0.62	13,161	0.68
Restructuring costs	1,132	0.06	9,335	0.49	13,272	0.69	9,335	0.49
Legal settlement	—	—	—	—	4,800	0.25	—	—
Stock-based compensation	4,317	0.22	3,507	0.18	15,486	0.80	14,543	0.76
(Gains) losses on investments	(208)	(0.01)	117	0.01	(208)	(0.01)	(309)	(0.02)
Tax effects of items above (2)	(1,994)	(0.10)	(4,261)	(0.22)	(11,111)	(0.58)	(9,748)	(0.51)
Adjustment to tax expense for adjusted tax rate (3)	(568)	(0.03)	(1,649)	(0.08)	(616)	(0.03)	(1,570)	(0.08)
Adjusted net income	<u>\$ 4,797</u>	<u>0.25</u>	<u>\$ 8,512</u>	<u>\$ 0.45</u>	<u>\$ 36,629</u>	<u>1.90</u>	<u>\$47,218</u>	<u>\$ 2.46</u>
Diluted weighted average shares outstanding	<u>19,314</u>		<u>19,110</u>		<u>19,258</u>		<u>19,172</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, stock-based compensation, restructuring costs, a legal settlement, and net gains or losses from investments, as well as their related tax effects. We also utilized an assumed tax rate of 29% in 2023 and 30% in 2022, which excludes items such as 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 Generally Accepted Accounting Principles 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 29% in 2023 and 30% in 2022.

Forrester Research, Inc.
Key Financial Data

(Unaudited, dollars in thousands)

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Balance sheet data:		
Cash, cash equivalents, and marketable investments	\$ 124,489	\$ 123,317
Accounts receivable, net	\$ 58,999	\$ 73,345
Deferred revenue	\$ 156,798	\$ 178,021
Debt outstanding	\$ 35,000	\$ 50,000

	<u>Year Ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Cash flow data:		
Net cash provided by operating activities	\$ 21,673	\$ 39,425
Purchases of property and equipment	\$ (5,495)	\$ (5,663)
Repayments of debt	\$ (15,000)	\$ (25,000)
Repurchases of common stock	\$ (4,082)	\$ (15,112)

	<u>As of December 31,</u>	
	<u>2023</u>	<u>2022</u>
Metrics:		
Contract value	\$ 332,100	\$ 345,400 (a)
Client retention	73%	74%
Wallet retention	87%	94%(a)
Number of clients	2,449	2,778

	<u>As of December 31,</u>	
	<u>2023</u>	<u>2022</u>
Headcount:		
Total headcount	1,744	2,033
Sales force	601	709

- (a) Effective for the fourth quarter of 2023, we made a slight modification to the calculation of contract value (“CV”) based on the increasing percentage of multi-year contracts we are signing with our clients, and to more closely align CV with the trends in the related bookings and revenue performance. Historically, we have annualized the ratable revenue portion of our CV subscription products, while the entitlements included in the subscriptions (representing approximately 10% of the subscription) have been included in CV at their total value, as all entitlements in the contract are available for use during an annual period. The revised calculation annualizes the entitlements for contracts greater than one year. In addition, we update CV each year for the foreign currency rates used for internal planning purposes. We have updated the CV metric for our 2024 plan rates. For comparative purposes, we have recast historical CV and Wallet Retention for both the currency rate update and the annualization of entitlements. We have included the recast CV and Wallet Retention metrics for the period ended December 31, 2022 in this table, and we have also provided recast CV and Wallet Retention amounts dating back to the fourth quarter of 2021 on the investor relations section of our website.