

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 27, 2023

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 27, 2023, Forrester Research, Inc. issued a press release announcing its financial results for the quarter ended June 30, 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 9.01. Financial Statements and Exhibits

(d) Exhibits

99.1 [Press Release dated July 27, 2023 with respect to financial results for the quarter ended June 30, 2023.](#)

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

Forrester Research Reports 2023 Second-Quarter Financial Results

CAMBRIDGE, Mass., July 27, 2023 — Forrester Research, Inc. (Nasdaq: FORR) today announced financial results for the second quarter ended June 30, 2023, with flat contract value (CV), at \$344.0 million, compared with the prior year.

“While the tech recession and uncertain macroeconomic environment continued to have the most significant impact on our non-CV business, we crossed a meaningful milestone this quarter with 51% of CV now on our Forrester Decisions research platform,” said George F. Colony, Forrester’s chairman and chief executive officer. “Given our laser focus on driving CV growth, we remain on track to migrate two-thirds of total CV to Forrester Decisions by the end of the year. Our ongoing enhancements to Forrester Decisions, combined with continued upskilling of our sales force to drive new business growth and sell higher into organizations, positions us well for long-term success.”

Second-Quarter Consolidated Results

Total revenues for the second quarter of 2023 were \$135.6 million, compared with \$148.2 million for the comparable quarter in 2022.

On a GAAP basis, net income was \$5.3 million, or \$0.28 per diluted share, for the second quarter of 2023, compared with net income of \$13.9 million, or \$0.72 per diluted share, for the same period in 2022.

On an adjusted basis, net income was \$18.1 million, or \$0.94 per diluted share, for the second quarter of 2023, reflecting an adjusted effective tax rate of 29%. Adjusted net income excludes stock-based compensation of \$3.9 million, amortization of acquisition-related intangible assets of \$3.1 million, and restructuring costs of \$10.5 million. This compares with an adjusted net income of \$19.2 million, or \$1.00 per diluted share, for the same period in 2022, which reflects an adjusted tax rate of 30%. Adjusted net income for the second quarter of 2022 excludes stock-based compensation of \$3.8 million and amortization of acquisition-related intangible assets of \$3.4 million.

Forrester is providing updated guidance for 2023 as follows:

Full Year 2023 (GAAP):

- Total revenues of approximately \$475 million to \$485 million
- Operating margin of approximately 1.2% to 2.2%
- Interest expense of approximately \$3.0 million
- An effective tax rate of approximately 43%
- Earnings per share of approximately \$0.10 to \$0.30

Full Year 2023 (Adjusted):

Adjusted financial guidance for full-year 2023 excludes stock-based compensation expense of \$15.0 million to \$16.0 million, amortization of acquisition-related intangible assets of approximately \$12.0 million, restructuring costs of approximately \$12.5 million, a legal settlement of \$4.8 million, and any investment gains or losses.

- Adjusted operating margin of approximately 10.5% to 11.5%
- Adjusted effective tax rate of approximately 29%
- Adjusted diluted earnings per share of approximately \$1.80 to \$2.00

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; over 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 2023 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 June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenues:				
Research	\$ 87,699	\$ 89,447	\$168,605	\$175,227
Consulting	29,970	39,262	61,720	77,693
Events	17,920	19,537	18,934	20,297
Total revenues	135,589	148,246	249,259	273,217
Operating expenses:				
Cost of services and fulfillment	54,614	60,991	103,906	114,242
Selling and marketing	41,581	44,974	83,113	89,018
General and administrative	15,315	15,925	36,542	31,449
Depreciation	2,191	2,299	4,295	4,618
Amortization of intangible assets	3,068	3,354	6,134	6,716
Restructuring costs	10,532	—	12,121	—
Total operating expenses	127,301	127,543	246,111	246,043
Income from operations	8,288	20,703	3,148	27,174
Interest expense	(730)	(535)	(1,523)	(1,148)
Other income (expense), net	514	103	1,064	(154)
Gains on investments	—	—	—	426
Income before income taxes	8,072	20,271	2,689	26,298
Income tax expense	2,768	6,397	1,460	8,276
Net income	\$ 5,304	\$ 13,874	\$ 1,229	\$ 18,022
Basic income per common share	\$ 0.28	\$ 0.74	\$ 0.06	\$ 0.95
Diluted income per common share	\$ 0.28	\$ 0.72	\$ 0.06	\$ 0.94
Basic weighted average shares outstanding	19,193	18,871	19,151	18,929
Diluted weighted average shares outstanding	19,258	19,173	19,214	19,218
Adjusted data (1):				
Income from operations - GAAP	\$ 8,288	\$ 20,703	\$ 3,148	\$ 27,174
Amortization of intangible assets	3,068	3,354	6,134	6,716
Restructuring costs	10,532	—	12,121	—
Legal settlement	—	—	4,800	—
Stock-based compensation included in the following expense categories:				
Cost of services and fulfillment	2,209	2,203	4,056	4,129
Selling and marketing	807	752	1,304	1,385
General and administrative	844	882	1,665	1,617
Adjusted income from operations	\$ 25,748	\$ 27,894	\$ 33,228	\$ 41,021

	Three Months Ended June 30,				Six Months Ended June 30,			
	2023		2022		2023		2022	
	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share
Net income - GAAP	\$ 5,304	\$ 0.28	\$13,874	\$ 0.72	\$ 1,229	\$ 0.06	\$18,022	\$ 0.94
Amortization of intangible assets	3,068	0.16	3,354	0.17	6,134	0.32	6,716	0.35
Restructuring costs	10,532	0.54	—	—	12,121	0.63	—	—
Legal settlement	—	—	—	—	4,800	0.25	—	—
Stock-based compensation	3,860	0.20	3,837	0.20	7,025	0.37	7,131	0.37
Gains on investments	—	—	—	—	—	—	(426)	(0.02)
Tax effects of items above (2)	(4,597)	(0.24)	(1,935)	(0.10)	(7,575)	(0.40)	(3,507)	(0.18)
Adjustment to tax expense for adjusted tax rate (3)	(39)	—	93	0.01	(468)	(0.02)	(133)	(0.01)
Adjusted net income	<u>\$18,128</u>	<u>0.94</u>	<u>\$19,223</u>	<u>\$ 1.00</u>	<u>\$23,266</u>	<u>1.21</u>	<u>\$27,803</u>	<u>\$ 1.45</u>
Diluted weighted average shares outstanding	<u>19,258</u>		<u>19,173</u>		<u>19,214</u>		<u>19,218</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 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)

	June 30, 2023	December 31, 2022
Balance sheet data:		
Cash, cash equivalents and marketable investments	\$123,615	\$ 123,317
Accounts receivable, net	\$ 46,277	\$ 73,345
Deferred revenue	\$179,613	\$ 178,021
Debt outstanding	\$ 35,000	\$ 50,000
	June 30,	
	2023	2022
Cash flow data:		
Net cash provided by operating activities	\$ 15,393	\$ 34,755
Purchases of property and equipment	\$ (2,269)	\$ (2,698)
Repayments of debt	\$ (15,000)	\$ (25,000)
Repurchases of common stock	\$ (820)	\$ (15,112)
	As of	
	June 30,	
	2023	2022
Metrics:		
Contract value	\$344,000	\$ 345,300(a)
Client retention	74%	76%
Wallet retention	92%	99%
Number of clients	2,604	2,928
	As of	
	June 30,	
	2023	2022
Headcount:		
Total headcount	1,793	1,945
Sales force	616	684

(a) June 30, 2022 contract value has been recast based on 2023 foreign currency rates.