

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, 2022

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, 2022, Forrester Research, Inc. issued a press release announcing its financial results for the quarter ended June 30, 2022.

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.

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, 2022 with respect to financial results for the quarter ended June 30, 2022.](#)

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/ L. Christian Finn

Name: L. Christian Finn

Title: Chief Financial Officer

Date: July 28, 2022

Forrester Research Reports 2022 Second-Quarter Financial Results
Year-over-year total contract value increased by 10% to \$349.4 million

Cambridge, Mass., July 28, 2022 — Forrester Research, Inc. (Nasdaq: FORR) today announced strong results for the second quarter ended June 30, 2022, headlined by contract value growth of 10% with revenue growth of 15%. On a GAAP basis, earnings per share (EPS) was \$0.72, and on an adjusted basis, EPS was \$1.00. The Company also reaffirmed its full-year guidance for adjusted operating margin and adjusted EPS.

“This was another strong quarter for us,” said George F. Colony, Forrester’s chairman and chief executive officer. “We continued to experience double-digit contract value growth and delivered revenue growth of 15% for the period. Additionally, we had strong adjusted EPS performance. We also continued to generate positive cash flow, which allowed us to make investments in our sales, marketing, people, and technology. Given these strong results and our confidence in our ability to manage costs, we are reiterating our guidance for margins and adjusted EPS for the full year.

“Given the uncertain macroeconomic conditions we are reducing our top-line guidance. Our Forrester Decisions product portfolio is continuing to perform well, and I remain confident that Forrester can deliver shareholder value in the quarters and years ahead. I am thankful to all our employees for their continued hard work.”

Second-Quarter Consolidated Results

Total revenues for the second quarter of 2022 were \$148.2 million, compared with \$128.7 million for the comparable quarter in 2021.

On a GAAP basis, net income was \$13.9 million, or \$0.72 per diluted share, for the second quarter of 2022, compared with \$8.3 million, or \$0.43 per diluted share, for the same period in 2021.

On an adjusted basis, net income was \$19.2 million, or \$1.00 per diluted share, for the second quarter of 2022, reflecting an adjusted effective tax rate of 30%. Adjusted net income excludes stock-based compensation of \$3.8 million and amortization of acquisition-related intangible assets of \$3.4 million. This compares with an adjusted net income of \$12.7 million, or \$0.66 per diluted share, for the same period in 2021, which reflects an adjusted tax rate of 31%. Adjusted net income for the second quarter of 2021 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.

Forrester is providing third-quarter and full-year 2022 financial guidance as follows:

Third Quarter 2022 (GAAP):

- Total revenues of approximately \$125 million to \$129 million
- Operating margin of approximately 2.5% to 3.5%
- Interest expense of approximately \$0.6 million
- An effective tax rate of 31%
- Earnings per share of approximately \$0.10 to \$0.16

Third Quarter 2022 (Adjusted):

Adjusted financial guidance for the third quarter of 2022 excludes stock-based compensation expense of \$3.4 million to \$3.6 million, amortization of acquisition-related intangible assets of approximately \$3.4 million, and any investment gains or losses.

- Adjusted operating margin of approximately 8.0% to 10.0%
- Adjusted effective tax rate of approximately 30%
- Adjusted diluted earnings per share of approximately \$0.35 to \$0.41

Full Year 2022 (GAAP):

- Total revenues of approximately \$535 million to \$545 million
- Operating margin of approximately 6.5% to 7.5%
- Interest expense of approximately \$2.5 million
- An effective tax rate of 31%
- Earnings per share of approximately \$1.25 to \$1.35

Full Year 2022 (Adjusted):

Adjusted financial guidance for full-year 2022 excludes stock-based compensation expense of \$14.0 million to \$14.5 million, amortization of acquisition-related intangible assets of approximately \$13.2 million, and any investment gains or losses.

- Adjusted operating margin of approximately 11.5% to 12.5%
- Adjusted effective tax rate of approximately 30%
- Adjusted diluted earnings per share of approximately \$2.25 to \$2.35

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 700,000 consumers, business leaders, and technology leaders worldwide; rigorous and objective research methodologies, including Forrester Wave™ evaluations; over 70 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 third quarter of and full-year 2022 and statements about the performance of Forrester Decisions, Forrester's ability to manage costs, 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 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 Income

(Unaudited, in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenues:				
Research	\$ 89,447	\$ 81,002	\$ 175,227	\$ 155,970
Consulting	39,262	40,960	77,693	79,510
Events	19,537	6,708	20,297	6,971
Total revenues	<u>148,246</u>	<u>128,670</u>	<u>273,217</u>	<u>242,451</u>
Operating expenses:				
Cost of services and fulfillment	60,991	52,258	114,242	99,735
Selling and marketing	44,974	42,556	89,018	81,835
General and administrative	15,925	14,334	31,449	27,512
Depreciation	2,299	2,255	4,618	4,545
Amortization of intangible assets	3,354	3,968	6,716	7,871
Integration costs	—	216	—	334
Total operating expenses	<u>127,543</u>	<u>115,587</u>	<u>246,043</u>	<u>221,832</u>
Income from operations	20,703	13,083	27,174	20,619
Interest expense	(535)	(1,066)	(1,148)	(2,195)
Other income (expense), net	103	(201)	(154)	(671)
Gains on investments	—	—	426	—
Income before income taxes	20,271	11,816	26,298	17,753
Income tax expense	6,397	3,473	8,276	5,454
Net income	<u>\$ 13,874</u>	<u>\$ 8,343</u>	<u>\$ 18,022</u>	<u>\$ 12,299</u>
Basic income per common share	<u>\$ 0.74</u>	<u>\$ 0.44</u>	<u>\$ 0.95</u>	<u>\$ 0.64</u>
Diluted income per common share	<u>\$ 0.72</u>	<u>\$ 0.43</u>	<u>\$ 0.94</u>	<u>\$ 0.64</u>
Basic weighted average shares outstanding	<u>18,871</u>	<u>19,126</u>	<u>18,929</u>	<u>19,094</u>
Diluted weighted average shares outstanding	<u>19,173</u>	<u>19,377</u>	<u>19,218</u>	<u>19,332</u>
Adjusted data (1):				
Income from operations - GAAP	\$ 20,703	\$ 13,083	\$ 27,174	\$ 20,619
Amortization of intangible assets	3,354	3,968	6,716	7,871
Integration costs	—	216	—	334
Stock-based compensation included in the following expense categories:				
Cost of services and fulfillment	2,203	1,401	4,129	2,835
Selling and marketing	752	399	1,385	848
General and administrative	882	597	1,617	1,206
Adjusted income from operations	<u>\$ 27,894</u>	<u>\$ 19,664</u>	<u>\$ 41,021</u>	<u>\$ 33,713</u>

	Three Months Ended June 30,				Six Months Ended June 30,			
	2022		2021		2022		2021	
	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share
Net income - GAAP	\$13,874	\$ 0.72	\$ 8,343	\$ 0.43	\$18,022	\$ 0.94	\$12,299	\$ 0.64
Amortization of intangible assets	3,354	0.17	3,968	0.21	6,716	0.35	7,871	0.41
Integration costs	—	—	216	0.01	—	—	334	0.02
Stock-based compensation	3,837	0.20	2,397	0.12	7,131	0.37	4,889	0.25
Gains on investments	—	—	—	—	(426)	(0.02)	—	—
Tax effects of items above (2)	(1,935)	(0.10)	(1,768)	(0.09)	(3,507)	(0.18)	(3,415)	(0.18)
Adjustment to tax expense for adjusted tax rate (3)	93	0.01	(462)	(0.02)	(133)	(0.01)	(694)	(0.04)
Adjusted net income	<u>\$19,223</u>	<u>1.00</u>	<u>\$12,694</u>	<u>\$ 0.66</u>	<u>\$27,803</u>	<u>1.45</u>	<u>\$21,284</u>	<u>\$ 1.10</u>
Diluted weighted average shares outstanding	<u>19,173</u>		<u>19,377</u>		<u>19,218</u>		<u>19,332</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, 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.

Forrester Research, Inc.
Key Financial Data

(Unaudited, dollars in thousands)

	<u>June 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Balance sheet data:		
Cash, cash equivalents and marketable investments	\$ 122,613	\$ 134,278
Accounts receivable, net	\$ 59,014	\$ 86,965
Deferred revenue	\$ 210,592	\$ 213,696
Debt outstanding	\$ 50,000	\$ 75,000

	<u>June 30,</u> <u>2022</u>	<u>2021</u>
Cash flow data:		
Net cash provided by operating activities	\$ 34,755	\$ 70,093
Purchases of property and equipment	\$ (2,698)	\$ (5,243)
Repayments of debt	\$ (25,000)	\$ (6,250)
Repurchases of common stock	\$ (15,112)	\$ (2,673)

	<u>2022</u>	<u>As of</u> <u>June 30,</u> <u>2021</u>
Metrics:		
Contract value	\$ 349,400	\$ 317,700(a)
Client retention	76%	77%
Wallet retention	99%	96%
Number of clients	2,928	2,940

	<u>2022</u>	<u>As of</u> <u>June 30,</u> <u>2021</u>
Headcount:		
Total headcount	1,945	1,719
Sales force	684	638

(a) June 30, 2021 contract value has been recast based on 2022 foreign currency rates.