

**UNITED STATES
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): October 26, 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 October 26, 2023, Forrester Research, Inc. issued a press release announcing its financial results for the quarter ended September 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 October 26, 2023 with respect to financial results for the quarter ended September 30, 2023.](#)
- 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: October 26, 2023

Forrester Research Reports 2023 Third-Quarter Financial Results

CAMBRIDGE, Mass., October 26, 2023 — Forrester Research, Inc. (Nasdaq: FORR) today announced financial results for the third quarter ended September 30, 2023, with flat contract value (CV) at \$349.4 million, compared with the prior year.

“While our contract value remained flat this quarter due to persistent headwinds, we now have approximately \$200 million of CV on the Forrester Decisions platform and remain on track to convert two-thirds of our CV to Forrester Decisions by the end of the year,” said CEO and Chairman George F. Colony. “We continue to improve the Forrester Decisions platform. These enhancements include the development of Izola, our generative AI system, and the expansion of client outcomes. Izola will enable clients to find answers faster, and outcomes will better align Forrester’s value with client challenges. We remain resolute in our pursuit of growing CV and accelerating the ongoing journey to create a high-performance sales culture.”

Third-Quarter Consolidated Results

Total revenues for the third quarter of 2023 were \$113.4 million, compared with \$127.7 million for the comparable quarter in 2022.

On a GAAP basis, net income was \$2.5 million, or \$0.13 per diluted share, for the third quarter of 2023, compared with a net income of \$5.4 million, or \$0.28 per diluted share, for the same period in 2022.

On an adjusted basis, net income was \$8.6 million, or \$0.44 per diluted share, for the third quarter of 2023, reflecting an adjusted effective tax rate of 29%. Adjusted net income excludes stock-based compensation of \$4.1 million and amortization of acquisition-related intangible assets of \$3.0 million. This compares with an adjusted net income of \$10.9 million, or \$0.57 per diluted share, for the same period in 2022, which reflects an adjusted tax rate of 30%. Adjusted net income for the third quarter of 2022 excludes stock-based compensation of \$3.9 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 \$3.1 million
- An effective tax rate of approximately 50%
- Earnings per share of approximately \$0.10 to \$0.30

Full-Year 2023 (Adjusted):

Adjusted financial guidance for the full-year 2023 excludes stock-based compensation expense of \$15.0 million to \$15.5 million, amortization of acquisition-related intangible assets of approximately \$12.0 million, restructuring costs of approximately \$12.2 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 Income

(Unaudited, in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenues:				
Research	\$ 80,606	\$ 87,038	\$ 249,211	\$ 262,265
Consulting	28,237	37,382	89,957	115,075
Events	4,588	3,259	23,522	23,556
Total revenues	113,431	127,679	362,690	400,896
Operating expenses:				
Cost of services and fulfillment	47,978	52,717	151,884	166,959
Selling and marketing	39,967	44,231	123,080	133,249
General and administrative	15,108	16,448	51,650	47,897
Depreciation	2,262	2,374	6,557	6,992
Amortization of intangible assets	3,041	3,352	9,175	10,068
Restructuring costs	19	—	12,140	—
Total operating expenses	108,375	119,122	354,486	365,165
Income from operations	5,056	8,557	8,204	35,731
Interest expense	(763)	(584)	(2,286)	(1,732)
Other income, net	568	346	1,632	192
Gains on investments	—	—	—	426
Income before income taxes	4,861	8,319	7,550	34,617
Income tax expense	2,377	2,905	3,837	11,181
Net income	\$ 2,484	\$ 5,414	\$ 3,713	\$ 23,436
Basic income per common share	<u>\$ 0.13</u>	<u>\$ 0.29</u>	<u>\$ 0.19</u>	<u>\$ 1.24</u>
Diluted income per common share	<u>\$ 0.13</u>	<u>\$ 0.28</u>	<u>\$ 0.19</u>	<u>\$ 1.22</u>
Basic weighted average shares outstanding	<u>19,191</u>	<u>18,958</u>	<u>19,164</u>	<u>18,939</u>
Diluted weighted average shares outstanding	<u>19,289</u>	<u>19,139</u>	<u>19,239</u>	<u>19,192</u>
Adjusted data (1):				
Income from operations—GAAP	\$ 5,056	\$ 8,557	\$ 8,204	\$ 35,731
Amortization of intangible assets	3,041	3,352	9,175	10,068
Restructuring costs	19	—	12,140	—
Legal settlement	—	—	4,800	—
Stock-based compensation included in the following expense categories:				
Cost of services and fulfillment	2,449	2,268	6,505	6,397
Selling and marketing	790	743	2,094	2,128
General and administrative	905	894	2,570	2,511
Adjusted income from operations	\$ 12,260	\$ 15,814	\$ 45,488	\$ 56,835

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023		2022		2023		2022	
	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share
Net income—GAAP	\$ 2,484	\$ 0.13	\$ 5,414	\$ 0.28	\$ 3,713	\$ 0.19	\$23,436	\$ 1.22
Amortization of intangible assets	3,041	0.16	3,352	0.18	9,175	0.47	10,068	0.53
Restructuring costs	19	—	—	—	12,140	0.63	—	—
Legal settlement	—	—	—	—	4,800	0.25	—	—
Stock-based compensation	4,144	0.21	3,905	0.20	11,169	0.58	11,036	0.58
Gains on investments	—	—	—	—	—	—	(426)	(0.02)
Tax effects of items above (2)	(1,542)	(0.08)	(1,980)	(0.10)	(9,117)	(0.47)	(5,487)	(0.29)
Adjustment to tax expense for adjusted tax rate (3)	420	0.02	212	0.01	(48)	—	79	—
Adjusted net income	<u>\$ 8,566</u>	<u>0.44</u>	<u>\$10,903</u>	<u>\$ 0.57</u>	<u>\$31,832</u>	<u>1.65</u>	<u>\$38,706</u>	<u>\$ 2.02</u>
Diluted weighted average shares outstanding	<u>19,289</u>		<u>19,139</u>		<u>19,239</u>		<u>19,192</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)

	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Balance sheet data:		
Cash, cash equivalents and marketable investments	\$ 111,456	\$ 123,317
Accounts receivable, net	\$ 41,016	\$ 73,345
Deferred revenue	\$ 158,349	\$ 178,021
Debt outstanding	\$ 35,000	\$ 50,000

	<u>September 30,</u> <u>2023</u>	<u>September 30,</u> <u>2022</u>
Cash flow data:		
Net cash provided by operating activities	\$ 9,791	\$ 37,803
Purchases of property and equipment	\$ (3,903)	\$ (4,227)
Repayments of debt	\$ (15,000)	\$ (25,000)
Repurchases of common stock	\$ (4,082)	\$ (15,112)

	<u>As of</u> <u>September 30,</u> <u>2023</u>	<u>As of</u> <u>September 30,</u> <u>2022</u>
Metrics:		
Contract value	\$ 349,400	\$ 348,900(a)
Client retention	73%	75%
Wallet retention	91%	98%
Number of clients	2,538	2,875

	<u>As of</u> <u>September 30,</u> <u>2023</u>	<u>As of</u> <u>September 30,</u> <u>2022</u>
Headcount:		
Total headcount	1,750	2,004
Sales force	599	701

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