

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): May 5, 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 May 5, 2021, Forrester Research, Inc. issued a press release announcing its financial results for the quarter ended March 31, 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 May 5, 2021 with respect to financial results for the quarter ended March 31, 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: May 5, 2021

Forrester Research Reports 2021 First-Quarter Financial Results

Cambridge, Mass., May 5, 2021 . . . Forrester Research, Inc. (Nasdaq: FORR) today announced its 2021 first-quarter financial results.

First-Quarter Financial Performance

Total revenues were \$113.8 million for the first quarter of 2021, compared with \$106.3 million for the first quarter of 2020.

On a GAAP basis, net income was \$4.0 million, or \$0.21 per diluted share, for the first quarter of 2021, compared with a net loss of \$0.5 million, or \$0.03 per diluted share, for the same period in 2020.

On an adjusted basis, net income was \$8.6 million, or \$0.45 per diluted share, for the first quarter of 2021, which reflects an adjusted effective tax rate of 31%. Adjusted net income excludes stock-based compensation of \$2.5 million, amortization of acquisition-related intangible assets of \$3.9 million, and integration costs of \$0.1 million. This compares with adjusted net income of \$6.9 million, or \$0.37 per diluted share, for the same period in 2020, which reflects an adjusted tax rate of 31%. Adjusted net income for the first quarter of 2020 excludes stock-based compensation of \$2.8 million, amortization of acquisition-related intangible assets of \$4.7 million, acquisition-related deferred revenue fair value adjustment of \$0.2 million, and integration costs of \$2.9 million.

“We significantly beat our Q1 expectations for revenue, operating margin, and earnings per share and generated record quarterly cash flow,” said George F. Colony, Forrester’s chairman and chief executive officer. “We grew contract value bookings by 4% year over year. We have seen three quarters of sequential CV growth since the second quarter of 2020. As a result of this strong performance, we will be raising guidance for 2021.”

“We played offense in 2020, investing and preparing the company for recovery and positioning it to grow contract value bookings by double-digit rates. To that end, I am excited to announce the launch of Forrester Decisions, a premium portfolio of 15 new research services designed to help our clients shorten the distance between a bold vision of the future and superior business impact. The pandemic has driven customer behavior changes, and companies must now be all-in on digital. The Forrester Decisions product portfolio will help businesses navigate these changes. I expect the new product to drive Forrester’s contract value growth.”

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 of revenue being reclassified from consulting revenues to research revenues in the three months ended March 31, 2020.

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

Second-Quarter 2021 (GAAP):

- Total revenues of approximately \$120.0 million to \$124.0 million.
- Operating margin of approximately 8.0% to 10.0%.
- Interest expense of approximately \$1.1 million.
- An effective tax rate of 32%.
- Earnings per share of approximately \$0.28 to \$0.34.

Second-Quarter 2021 (Adjusted):

Adjusted financial guidance for the second quarter of 2021 excludes stock-based compensation expense of \$2.3 million to \$2.5 million, amortization of acquisition-related intangible assets of approximately \$4.0 million, integration costs of approximately \$0.1 million, and any investment gains or losses.

- Adjusted operating margin of approximately 13.0% to 15.0%.
- Adjusted effective tax rate of 31%.
- Adjusted diluted earnings per share of approximately \$0.52 to \$0.58.

Full-Year 2021 (GAAP):

- Total revenues of approximately \$473.0 million to \$483.0 million.
- Operating margin of approximately 4.5% to 5.5%.
- Interest expense of approximately \$4.3 million.
- An effective tax rate of 32%.
- Earnings per share of approximately \$0.66 to \$0.76.

Full-Year 2021 (Adjusted):

Adjusted financial guidance for full-year 2021 excludes stock-based compensation expense of \$9.8 million to \$10.3 million, amortization of acquisition-related intangible assets of approximately \$15.2 million, integration costs of \$0.3 million to \$0.5 million, and any investment gains or losses.

- Adjusted operating margin of approximately 10.0% to 11.0%.
- Adjusted effective tax rate of 31%.
- Adjusted diluted earnings per share of approximately \$1.58 to \$1.68.

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://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 second 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	
	March 31,	
	2021	2020
Revenues:		
Research	\$ 74,968	\$ 74,267
Consulting	38,550	31,988
Events	263	90
Total revenues	113,781	106,345
Operating expenses:		
Cost of services and fulfillment	47,477	43,353
Selling and marketing	39,279	40,273
General and administrative	13,178	12,005
Depreciation	2,290	2,406
Amortization of intangible assets	3,903	4,712
Integration costs	118	2,875
Total operating expenses	106,245	105,624
Income from operations	7,536	721
Interest expense	(1,129)	(1,538)
Other income (expense), net	(470)	310
Gains on investments	—	13
Income (loss) before income taxes	5,937	(494)
Income tax expense	1,981	19
Net income (loss)	\$ 3,956	\$ (513)
Basic income (loss) per common share	\$ 0.21	\$ (0.03)
Diluted income (loss) per common share	\$ 0.21	\$ (0.03)
Basic weighted average shares outstanding	19,061	18,705
Diluted weighted average shares outstanding	19,288	18,705
Adjusted data (1):		
Total revenues - GAAP	\$ 113,781	\$ 106,345
Deferred revenue fair value adjustment	—	185
Adjusted revenues	\$ 113,781	\$ 106,530
Income from operations - GAAP	\$ 7,536	\$ 721
Deferred revenue fair value adjustment	—	185
Amortization of intangible assets	3,903	4,712
Integration costs	118	2,875
Stock-based compensation included in the following expense categories:		
Cost of services and fulfillment	1,435	1,593
Selling and marketing	449	362
General and administrative	608	847
Adjusted income from operations	\$ 14,049	\$ 11,295

	Three Months Ended March 31,			
	2021		2020	
	Amount	Per Share	Amount	Per Share
Net income (loss) - GAAP	\$ 3,956	\$ 0.21	\$ (513)	\$ (0.03)
Effect on GAAP net loss of diluted shares		—		—
Deferred revenue fair value adjustment	—	—	185	0.01
Amortization of intangible assets	3,903	0.20	4,712	0.25
Integration costs	118	0.01	2,875	0.15
Stock-based compensation	2,492	0.13	2,802	0.15
Gains on investments	—	—	(13)	—
Tax effects of items above (2)	(1,647)	(0.09)	(2,712)	(0.14)
Adjustment to tax expense for adjusted tax rate (3)	(231)	(0.01)	(390)	(0.02)
Adjusted net income	<u>\$ 8,591</u>	<u>\$ 0.45</u>	<u>\$ 6,946</u>	<u>\$ 0.37</u>
Diluted weighted average shares outstanding	<u>19,288</u>		<u>18,826</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)

	<u>March 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Balance sheet data:		
Cash and cash equivalents	\$125,600	\$ 90,257
Accounts receivable, net	\$ 68,822	\$ 84,695
Deferred revenue	\$216,522	\$ 179,968
Debt outstanding	\$106,250	\$ 109,375
	<u>March 31,</u>	
	<u>2021</u>	<u>2020</u>
Cash flow data:		
Net cash provided by operating activities	\$ 40,551	\$ 21,823
Purchases of property and equipment	\$ (1,468)	\$ (2,401)
Repayments of debt	\$ (3,125)	\$ (16,344)
	<u>As of</u>	
	<u>March 31,</u>	
	<u>2021</u>	<u>2020</u>
Metrics:		
Contract value	\$307,300	\$ 308,000
Client retention	75%	74%
Wallet retention	89%	90%
Number of clients	2,907	2,835
	<u>As of</u>	
	<u>March 31,</u>	
	<u>2021</u>	<u>2020</u>
Headcount:		
Total headcount	1,749	1,794
Sales force	662	684