

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 10, 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 February 10, 2022, Forrester Research, Inc. issued a press release announcing its financial results for the quarter and year ended December 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.

Lease incentive costs and credits—we recognized a credit on our statement of operations of \$3.4 million during the three months ending December 31, 2020, and incurred \$0.2 million of duplicate rent costs during the three months ended September 30, 2020, related to an incentive from one of our landlords to terminate a lease early. We exclude these costs and credits 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 February 10, 2022 with respect to financial results for the quarter and year ended December 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/ L. Christian Finn

Name: L. Christian Finn

Title: Chief Financial Officer

Date: February 10, 2022

Forrester Research Reports 2021 Fourth-Quarter And Full-Year Financial Results
Year-over-year total contract value up by 15% to \$345.8 million

Cambridge, Mass., February 10, 2022 . . . Forrester Research, Inc. (Nasdaq: FORR) today announced its 2021 fourth-quarter and full-year financial results.

“We delivered historic results in 2021, headlined by record contract value growth of 15%, six straight quarters of sequential contract value growth, and double-digit revenue growth for the year,” said George F. Colony, Forrester’s chairman and chief executive officer. “Our wallet retention, client count, and client retention also increased significantly during the year.”

“Our new flagship research portfolio, Forrester Decisions, is exceeding expectations, and its value is resonating with our clients. We are well positioned to build on this strong momentum in 2022 and remain laser-focused on increasing contract value at double-digit rates. I thank our employees and clients for helping us achieve these results.”

Fourth-Quarter Financial Performance

Total revenues were \$133.7 million for the fourth quarter of 2021, compared with \$120.5 million for the fourth quarter of 2020.

On a GAAP basis, net income was \$8.0 million, or \$0.41 per diluted share, for the fourth quarter of 2021, compared with a net income of \$2.4 million, or \$0.13 per diluted share, for the same period in 2020.

On an adjusted basis, net income was \$11.3 million, or \$0.59 per diluted share, for the fourth quarter of 2021, which reflects an adjusted effective tax rate of 31%. Adjusted net income excludes stock-based compensation of \$2.7 million and amortization of acquisition-related intangible assets of \$3.6 million. This compares with an adjusted net income of \$6.6 million, or \$0.35 per diluted share, for the same period in 2020, which reflects an adjusted tax rate of 31%. Adjusted net income for the fourth quarter of 2020 excludes stock-based compensation of \$2.9 million, amortization of acquisition-related intangible assets of \$5.5 million, integration costs of \$2.0 million, lease incentive income of \$3.4 million, and investment gains of \$0.1 million.

Year Ended December 31, 2021, Financial Performance

Total revenues were \$494.3 million, compared with \$449.0 million for the same period in 2020.

On a GAAP basis, net income was \$24.8 million, or \$1.28 per diluted share, for 2021, compared with a net income of \$10.0 million, or \$0.53 per diluted share, for 2020.

On an adjusted basis, net income was \$40.5 million, or \$2.09 per diluted share, for 2021, which reflects an adjusted effective tax rate of 31%. Adjusted net income excludes stock-based compensation of \$10.1 million, amortization of acquisition-related intangible assets of \$15.1 million, and integration costs of \$0.3 million. This compares with an adjusted net income of \$30.4 million, or \$1.60 per diluted share, for 2020, which reflects an adjusted tax rate of 31%. Adjusted net income for 2020 excludes stock-based compensation of \$10.9 million, amortization of acquisition-related intangible assets of \$19.7 million, acquisition-related deferred revenue fair value adjustment of \$0.4 million, integration costs of \$5.8 million, lease incentive income of \$3.2 million, and investment gains of \$2.5 million.

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

2022 Guidance

Forrester is providing first-quarter 2022 financial guidance as follows:

First-Quarter 2022 (GAAP):

- Total revenues of approximately \$119.0 million to \$123.0 million.
- Operating margin of approximately 1.5% to 3.5%.
- Interest expense of approximately \$0.6 million.
- An effective tax rate of 30%.
- Diluted earnings per share of approximately \$0.04 to \$0.10.

First-Quarter 2022 (Adjusted):

Adjusted financial guidance for the first quarter of 2022 excludes stock-based compensation expense of \$3.2 million to \$3.4 million, amortization of acquisition-related intangible assets of approximately \$3.4 million, and any investment gains or losses.

- Adjusted operating margin of approximately 7.0% to 9.0%.
- Adjusted effective tax rate of 30%.
- Adjusted diluted earnings per share of approximately \$0.28 to \$0.34.

Our full-year 2022 guidance is as follows:

Full-Year 2022 (GAAP):

- Total revenues of approximately \$550.0 million to \$560.0 million.
- Operating margin of approximately 6.5% to 7.5%.
- Interest expense of approximately \$2.5 million.
- An effective tax rate of 30%.
- Diluted 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 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; 70 million real-time feedback votes; and the shared wisdom of our clients. To learn more, visit [Forrester.com](https://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 first quarter of and full-year 2022 and statements about the performance 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; 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 December 31, | | Year Ended December 31, | |
|--|--|-------------------|------------------------------------|-------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Revenues: | | | | |
| Research | \$ 89,494 | \$ 77,798 | \$325,340 | \$301,544 |
| Consulting | 39,211 | 38,839 | 156,114 | 137,303 |
| Events | 5,023 | 3,884 | 12,861 | 10,137 |
| Total revenues | 133,728 | 120,521 | 494,315 | 448,984 |
| Operating expenses: | | | | |
| Cost of services and fulfillment | 52,244 | 47,457 | 201,815 | 180,899 |
| Selling and marketing | 47,774 | 44,601 | 170,949 | 166,200 |
| General and administrative | 16,161 | 14,433 | 58,056 | 50,369 |
| Depreciation | 2,503 | 2,481 | 9,390 | 9,879 |
| Amortization of intangible assets | 3,562 | 5,536 | 15,129 | 19,683 |
| Integration costs | — | 1,964 | 334 | 5,779 |
| Total operating expenses | 122,244 | 116,472 | 455,673 | 432,809 |
| Income from operations | 11,484 | 4,049 | 38,642 | 16,175 |
| Interest expense | (971) | (1,236) | (4,222) | (5,340) |
| Other expense, net | (363) | (209) | (1,229) | (374) |
| Gains on investments, net | — | 107 | — | 2,472 |
| Income before income taxes | 10,150 | 2,711 | 33,191 | 12,933 |
| Income tax expense | 2,127 | 285 | 8,347 | 2,943 |
| Net income | \$ 8,023 | \$ 2,426 | \$ 24,844 | \$ 9,990 |
| Basic income per common share | <u>\$ 0.42</u> | <u>\$ 0.13</u> | <u>\$ 1.30</u> | <u>\$ 0.53</u> |
| Diluted income per common share | <u>\$ 0.41</u> | <u>\$ 0.13</u> | <u>\$ 1.28</u> | <u>\$ 0.53</u> |
| Basic weighted average common shares outstanding | <u>19,118</u> | <u>18,971</u> | <u>19,110</u> | <u>18,827</u> |
| Diluted weighted average common shares outstanding | <u>19,376</u> | <u>19,119</u> | <u>19,357</u> | <u>18,935</u> |
| Adjusted data (1): | | | | |
| Total revenues—GAAP | \$ 133,728 | \$ 120,521 | \$ 494,315 | \$ 448,984 |
| Deferred revenue fair value adjustment | — | 42 | — | 444 |
| Adjusted revenues | \$ 133,728 | \$ 120,563 | \$ 494,315 | \$ 449,428 |
| Income from operations—GAAP | \$ 11,484 | \$ 4,049 | \$ 38,642 | \$ 16,175 |
| Deferred revenue fair value adjustment | — | 42 | — | 444 |
| Amortization of intangible assets | 3,562 | 5,536 | 15,129 | 19,683 |
| Integration costs | — | 1,964 | 334 | 5,779 |
| Lease incentive | — | (3,445) | — | (3,226) |
| Stock-based compensation included in the following expense categories: | | | | |
| Cost of services and fulfillment | 1,668 | 1,693 | 6,057 | 6,156 |
| Selling and marketing | 478 | 520 | 1,698 | 1,751 |
| General and administrative | 573 | 700 | 2,315 | 2,970 |
| Adjusted income from operations | \$ 17,765 | \$ 11,059 | \$ 64,175 | \$ 49,732 |

| | Three Months Ended December 31, | | | | Year Ended December 31, | | | |
|---|------------------------------------|-------------|-----------------|----------------|----------------------------|-------------|-----------------|----------------|
| | 2021 | | 2020 | | 2021 | | 2020 | |
| | Amount | Per Share | Amount | Per Share | Amount | Per Share | Amount | Per Share |
| Net income—GAAP | \$ 8,023 | \$ 0.41 | \$ 2,426 | \$ 0.13 | \$24,844 | \$ 1.28 | \$ 9,990 | \$ 0.53 |
| Deferred revenue fair value adjustment | — | — | 42 | — | — | — | 444 | 0.02 |
| Amortization of intangible assets | 3,562 | 0.19 | 5,536 | 0.29 | 15,129 | 0.78 | 19,683 | 1.04 |
| Integration costs | — | — | 1,964 | 0.10 | 334 | 0.02 | 5,779 | 0.30 |
| Lease incentive | — | — | (3,445) | (0.18) | — | — | (3,226) | (0.17) |
| Stock-based compensation | 2,719 | 0.14 | 2,913 | 0.15 | 10,070 | 0.52 | 10,877 | 0.57 |
| Gains on investments | — | — | (107) | — | — | — | (2,472) | (0.13) |
| Tax effects of items above (2) | (1,831) | (0.09) | (1,632) | (0.08) | (7,107) | (0.37) | (8,612) | (0.45) |
| Adjustment to tax expense for adjusted tax rate (3) | (1,135) | (0.06) | (1,063) | (0.06) | (2,750) | (0.14) | (2,091) | (0.11) |
| Adjusted net income | <u>\$11,338</u> | <u>0.59</u> | <u>\$ 6,634</u> | <u>\$ 0.35</u> | <u>\$40,520</u> | <u>2.09</u> | <u>\$30,372</u> | <u>\$ 1.60</u> |
| Diluted weighted average shares outstanding | <u>19,376</u> | | <u>19,119</u> | | <u>19,357</u> | | <u>18,935</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, net gains or losses from investments, lease incentive cost and credits, 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)

| | December 31, 2021 | December 31, 2020 |
|--|------------------------------------|----------------------|
| Balance sheet data: | | |
| Cash, cash equivalents, and marketable investments | \$ 134,278 | \$ 90,257 |
| Accounts receivable, net | \$ 86,965 | \$ 84,695 |
| Deferred revenue | \$ 213,696 | \$ 179,968 |
| Debt outstanding | \$ 75,000 | \$ 109,375 |
| | Year Ended December 31, | |
| | 2021 | 2020 |
| Cash flow data: | | |
| Net cash provided by operating activities | \$ 107,067 | \$ 47,754 |
| Purchases of property and equipment | \$ (10,745) | \$ (8,905) |
| Repayments of debt | \$ (34,375) | \$ (23,375) |
| Repurchases of common stock | \$ (20,066) | \$ — |
| | As of December 31, | |
| | 2021 | 2020 |
| Metrics: | | |
| Contract value | \$ 345,800 | \$ 301,300 |
| Client retention | 78% | 72% |
| Wallet retention | 102% | 86% |
| Number of clients | 3,005 | 2,808 |
| | As of December 31, | |
| | 2021 | 2020 |
| Headcount: | | |
| Total headcount | 1,781 | 1,798 |
| Sales force | 637 | 701 |