# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## FORM 10-Q

**(MARK ONE)**

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934.**

**FOR THE QUARTERLY PERIOD ENDED March 31, 2022**

**OR**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934.**

**COMMISSION FILE NUMBER: 000-21433**

# FORRESTER RESEARCH, INC.

**(Exact name of registrant as specified in its charter)**

| | |
|---|---|
| **DELAWARE**<br>**(State or other jurisdiction of incorporation or organization)** | **04-2797789**<br>**(I.R.S. Employer Identification Number)** |
| **60 Acorn Park Drive**<br>**CAMBRIDGE, MASSACHUSETTS**<br>**(Address of principal executive offices)** | **02140**<br>**(Zip Code)** |

**(617) 613-6000**
**(Registrant’s telephone number, including area code)**

**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: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large accelerated filer | ☐ | Accelerated filer | ☒ |
| Non-accelerated filer | ☐ | Smaller reporting company | ☐ |
| Emerging growth company | ☐ | | |

If an emerging growth company, indicate by checkmark 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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of May 2, 2022, 18,876,000 shares of the registrant’s common stock were outstanding.

**FORRESTER RESEARCH, INC.**

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**PART I.**

**ITEM 1. FINANCIAL STATEMENTS**

**FORRESTER RESEARCH, INC.**

**CONSOLIDATED BALANCE SHEETS**

**(In thousands, except per share data, unaudited)**

| | March 31, 2022 | December 31, 2021 |
|---|---|---|
| **ASSETS** | | |
| Current Assets: | | |
| Cash and cash equivalents | $ 112,496 | $ 115,769 |
| Marketable investments (Note 2) | 19,116 | 18,509 |
| Accounts receivable, net of allowance for expected credit losses of $807 and $610 as of March 31, 2022 and December 31, 2021, respectively | 70,260 | 86,965 |
| Deferred commissions | 27,229 | 29,631 |
| Prepaid expenses and other current assets | 20,265 | 18,614 |
| Total current assets | 249,366 | 269,488 |
| Property and equipment, net | 27,064 | 28,245 |
| Operating lease right-of-use assets | 62,086 | 65,009 |
| Goodwill | 244,069 | 244,994 |
| Intangible assets, net | 59,340 | 62,733 |
| Other assets | 9,977 | 9,660 |
| Total assets | $ 651,902 | $ 680,129 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Current Liabilities: | | |
| Accounts payable | $ 887 | $ 840 |
| Accrued expenses and other current liabilities | 56,507 | 97,800 |
| Deferred revenue | 248,084 | 213,696 |
| Total current liabilities | 305,478 | 312,336 |
| Long-term debt | 60,000 | 75,000 |
| Non-current operating lease liabilities | 61,476 | 65,038 |
| Other non-current liabilities | 22,518 | 23,848 |
| Total liabilities | 449,472 | 476,222 |
| Commitments and contingencies (Note 5, 14) | | |
| Stockholders' Equity (Note 12): | | |
| Preferred stock, $0.01 par value | | |
| Authorized - 500 shares; issued and outstanding - none | — | — |
| Common stock, $0.01 par value | | |
| Authorized - 125,000 shares | | |
| Issued - 24,143 and 24,085 shares as of March 31, 2022 and December 31, 2021, respectively | | |
| Outstanding - 18,941 and 19,058 shares as of March 31, 2022 and December 31, 2021, respectively | 241 | 241 |
| Additional paid-in capital | 251,001 | 245,985 |
| Retained earnings | 156,973 | 152,825 |
| Treasury stock - 5,202 and 5,027 shares as of March 31, 2022 and December 31, 2021, respectively | (201,414) | (191,955) |
| Accumulated other comprehensive loss | (4,371) | (3,189) |
| Total stockholders' equity | 202,430 | 203,907 |
| Total liabilities and stockholders' equity | $ 651,902 | $ 680,129 |

The accompanying notes are an integral part of these consolidated financial statements.

**FORRESTER RESEARCH, INC.**

**CONSOLIDATED STATEMENTS OF INCOME**

**(In thousands, except per share data, unaudited)**

| | Three Months Ended March 31, 2022 | Three Months Ended March 31, 2021 |
|---|---|---|
| Revenues: | | |
| Research | $ 85,780 | $ 74,968 |
| Consulting | 38,431 | 38,550 |
| Events | 760 | 263 |
| Total revenues | 124,971 | 113,781 |
| Operating expenses: | | |
| Cost of services and fulfillment | 53,251 | 47,477 |
| Selling and marketing | 44,044 | 39,279 |
| General and administrative | 15,524 | 13,178 |
| Depreciation | 2,319 | 2,290 |
| Amortization of intangible assets | 3,362 | 3,903 |
| Integration costs | — | 118 |
| Total operating expenses | 118,500 | 106,245 |
| Income from operations | 6,471 | 7,536 |
| Interest expense | (613) | (1,129) |
| Other expense, net | (257) | (470) |
| Gain on investments, net | 426 | — |
| Income before income taxes | 6,027 | 5,937 |
| Income tax expense | 1,879 | 1,981 |
| Net income | $ 4,148 | $ 3,956 |
| Basic income per common share | $ 0.22 | $ 0.21 |
| Diluted income per common share | $ 0.22 | $ 0.21 |
| Basic weighted average common shares outstanding | 18,988 | 19,061 |
| Diluted weighted average common shares outstanding | 19,264 | 19,288 |

The accompanying notes are an integral part of these consolidated financial statements.

**FORRESTER RESEARCH, INC.**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

**(In thousands, unaudited)**

| | Three Months Ended March 31, | |
|---|---|---|
| | **2022** | **2021** |
| Net income | $ 4,148 | $ 3,956 |
| Other comprehensive income (loss), net of tax: | | |
| Foreign currency translation | (1,314) | (2,301) |
| Net change in market value of investments | (64) | — |
| Net change in market value of interest rate swap | 196 | 190 |
| Other comprehensive loss | (1,182) | (2,111) |
| Comprehensive income | $ 2,966 | $ 1,845 |

The accompanying notes are an integral part of these consolidated financial statements.

**FORRESTER RESEARCH, INC.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**(In thousands, unaudited)**

| | Three Months Ended March 31, 2022 | Three Months Ended March 31, 2021 |
|---|---|---|
| Cash flows from operating activities: | | |
| Net income | $ 4,148 | $ 3,956 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation | 2,319 | 2,290 |
| Amortization of intangible assets | 3,362 | 3,903 |
| Net gains from investments | (426) | — |
| Deferred income taxes | (1,012) | (2,395) |
| Stock-based compensation | 3,294 | 2,492 |
| Operating lease right-of-use assets amortization | 2,690 | 2,666 |
| Amortization of deferred financing fees | 109 | 232 |
| Amortization of premium on investments | 43 | — |
| Foreign currency losses | 216 | 521 |
| Changes in assets and liabilities: | | |
| Accounts receivable | 16,239 | 15,181 |
| Deferred commissions | 2,402 | 1,683 |
| Prepaid expenses and other current assets | (1,696) | (1,255) |
| Accounts payable | 50 | (275) |
| Accrued expenses and other liabilities | (41,120) | (22,235) |
| Deferred revenue | 34,909 | 36,505 |
| Operating lease liabilities | (2,861) | (2,718) |
| Net cash provided by operating activities | 22,666 | 40,551 |
| Cash flows from investing activities: | | |
| Purchases of property and equipment | (1,262) | (1,468) |
| Purchases of marketable investments | (3,190) | — |
| Proceeds from maturities of marketable investments | 2,455 | — |
| Other investing activity | 85 | — |
| Net cash used in investing activities | (1,912) | (1,468) |
| Cash flows from financing activities: | | |
| Payments on borrowings | (15,000) | (3,125) |
| Repurchases of common stock | (9,459) | — |
| Proceeds from issuance of common stock under employee equity incentive plans | 1,861 | 2,614 |
| Taxes paid related to net share settlements of stock-based compensation awards | (139) | (480) |
| Net cash used in financing activities | (22,737) | (991) |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash | (1,353) | (478) |
| Net change in cash, cash equivalents and restricted cash | (3,336) | 37,614 |
| Cash, cash equivalents and restricted cash, beginning of period | 118,031 | 90,652 |
| Cash, cash equivalents and restricted cash, end of period | $ 114,695 | $ 128,266 |
| Supplemental disclosure of cash flow information: | | |
| Cash paid for interest | $ 516 | $ 902 |
| Cash paid for income taxes | $ 1,155 | $ 1,719 |

The accompanying notes are an integral part of these consolidated financial statements.

**Note 1 — Interim Consolidated Financial Statements**

*Basis of Presentation*

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for reporting on Form 10-Q. Accordingly, certain information and footnote disclosures required for complete financial statements are not included herein. The year-end balance sheet data was derived from audited financial statements, but does not include all disclosures required by GAAP. It is recommended that these financial statements be read in conjunction with the consolidated financial statements and related notes that appear in the Forrester Research, Inc. ("Forrester") Annual Report on Form 10-K for the year ended December 31, 2021. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair statement of the financial position, results of operations, comprehensive income, and cash flows as of the dates and for the periods presented have been included. The results of operations for the three months ended March 31, 2022 may not be indicative of the results for the year ending December 31, 2022, or any other period.

*Presentation of Restricted Cash*

The following table summarizes the end-of-period cash and cash equivalents from the Company's Consolidated Balance Sheets and the total cash, cash equivalents and restricted cash as presented on the accompanying Consolidated Statements of Cash Flows (in thousands).

| | Three Months Ended March 31, | |
|---|---|---|
| | 2022 | 2021 |
| Cash and cash equivalents | $ 112,496 | $ 125,600 |
| Restricted cash classified in (1): | | |
| Prepaid expenses and other current assets | — | 360 |
| Other assets | 2,199 | 2,306 |
| Cash, cash equivalents and restricted cash shown in statement of cash flows | $ 114,695 | $ 128,266 |

(1) Restricted cash consists of collateral required for leased office space, and for the three months ended March 31, 2021, also included an amount for credit card processing outside of the U.S. The short-term or long-term classification regarding the collateral for the leased office space is determined in accordance with the expiration of the underlying leases.

*Adoption of New Accounting Pronouncements*

The Company adopted the guidance in the Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") No. 2019-12, *Income Taxes – Simplifying the Accounting for Income Taxes* on January 1, 2021. The standard provides guidance to simplify the accounting for income taxes in certain areas, changes the accounting for select income tax transactions, and makes other minor improvements. The adoption of this standard did not have a material impact on the Company's financial position or results of operations.

*Recent Accounting Pronouncements*

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848) – Facilitation of the Effects of Reference Rate Reform on Finance Reporting*. The new standard provides optional guidance for a limited period of time to ease the potential burden in accounting for, or recognizing the effects of, reference rate reform on financial reporting due to the risk of cessation of the London Interbank Offered Rate ("LIBOR"). The updates apply to contracts, hedging relationships, and other transactions that reference LIBOR, or another reference rate expected to be discontinued because of reference rate reform, and as a result require a modification. An entity may elect to apply the amendments immediately or at any point through December 31, 2022. The adoption of this standard will not have a material impact on the Company's financial position or results of operations as the Company's only interest rate swap, which is based on LIBOR, will terminate prior to the cessation of LIBOR.

**Note 2 — Marketable Investments**

The following table summarizes the Company's marketable investments (in thousands):

| | As of March 31, 2022 | | | |
|---|---|---|---|---|
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Market Value |
| Corporate obligations | $ 19,234 | $ — | $ (118) | $ 19,116 |
| Total | $ 19,234 | $ — | $ (118) | $ 19,116 |

| | As of December 31, 2021 | | | |
|---|---|---|---|---|
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Market Value |
| Corporate obligations | $ 18,542 | $ — | $ (33) | $ 18,509 |
| Total | $ 18,542 | $ — | $ (33) | $ 18,509 |

Realized gains and losses on investments are included in earnings and are determined using the specific identification method. There were no realized gains or losses on the sale of the Company's marketable investments during the three months ended March 31, 2022.

The following table summarizes the maturity periods of the marketable investments in the Company's portfolio as of March 31, 2022 (in thousands).

| | FY 2022 | FY 2023 | FY 2024 | Total |
|---|---|---|---|---|
| Corporate obligations | $ 11,617 | $ 7,003 | $ 496 | $ 19,116 |
| Total | $ 11,617 | $ 7,003 | $ 496 | $ 19,116 |

The following table shows the gross unrealized losses and market value of the Company's available-for-sale securities with unrealized losses that are not deemed to be other-than-temporary, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position (in thousands):

| | As of March 31, 2022 | | | |
|---|---|---|---|---|
| | Less Than 12 Months | | 12 Months or Greater | |
| | Market Value | Unrealized Losses | Market Value | Unrealized Losses |
| Corporate obligations | $ 19,116 | $ 118 | $ — | $ — |
| Total | $ 19,116 | $ 118 | $ — | $ — |

| | As of December 31, 2021 | | | |
|---|---|---|---|---|
| | Less Than 12 Months | | 12 Months or Greater | |
| | Market Value | Unrealized Losses | Market Value | Unrealized Losses |
| Corporate obligations | $ 18,509 | $ 33 | $ — | $ — |
| Total | $ 18,509 | $ 33 | $ — | $ — |

**Note 3 — Goodwill and Other Intangible Assets**

*Goodwill*

Goodwill represents the excess of the purchase price of acquired businesses over the estimated fair values of the tangible and identifiable intangible net assets acquired. Goodwill is not amortized; however, it is required to be tested for impairment annually, which requires assessment of the potential impairment at the reporting unit level. Reporting units are determined based on the components of the Company's operating segments that constitute a business for which discrete financial information is available and for which operating results are regularly reviewed by segment management. Testing for impairment is also required on an interim basis if an event or circumstance indicates it is more likely than not an impairment loss has been incurred.

The Company performed its annual impairment testing as of November 30, 2021 utilizing a qualitative assessment to determine if it was more likely than not that the fair values of each of its reporting units was less than their respective carrying values and concluded that no impairments existed. Subsequent to completing the annual test and through March 31, 2022, there were no events or circumstances that required an interim impairment test. Accordingly, as of March 31, 2022, the Company had no accumulated goodwill impairment losses. Approximately $8.2 million of goodwill is allocated to the Company's Consulting reporting unit, which had a negative carrying value as of the date of the last test.

The change in the carrying amount of goodwill for the three months ended March 31, 2022 is summarized as follows (in thousands):

| | | Total |
|---|---|---|
| Balance at December 31, 2021 | $ | 244,994 |
| Translation adjustments | | (925) |
| Balance at March 31, 2022 | $ | 244,069 |

*Finite-Lived Intangible Assets*

The carrying values of finite-lived intangible assets are as follows (in thousands):

| | March 31, 2022 | | | | | |
|---|---|---|---|---|---|---|
| | | Gross Carrying Amount | | Accumulated Amortization | | Net Carrying Amount |
| Amortizable intangible assets: | | | | | | |
| Customer relationships | $ | 78,342 | $ | 27,931 | $ | 50,411 |
| Technology | | 16,807 | | 13,464 | | 3,343 |
| Trademarks | | 12,472 | | 6,886 | | 5,586 |
| Total | $ | 107,621 | $ | 48,281 | $ | 59,340 |

| | December 31, 2021 | | | | | |
|---|---|---|---|---|---|---|
| | | Gross Carrying Amount | | Accumulated Amortization | | Net Carrying Amount |
| Amortizable intangible assets: | | | | | | |
| Customer relationships | $ | 78,364 | $ | 25,805 | $ | 52,559 |
| Technology | | 16,845 | | 13,073 | | 3,772 |
| Trademarks | | 12,478 | | 6,076 | | 6,402 |
| Total | $ | 107,687 | $ | 44,954 | $ | 62,733 |

Estimated intangible asset amortization expense for each of the five succeeding years is as follows (in thousands):

| | | |
|---|---|---|
| 2022 (remainder) | $ | 9,824 |
| 2023 | | 11,943 |
| 2024 | | 9,902 |
| 2025 | | 8,876 |
| 2026 | | 8,391 |
| Thereafter | | 10,404 |
| Total | $ | 59,340 |

**Note 4 — Debt**

On December 21, 2021, the Company and certain of its subsidiaries entered into an amendment of its existing credit facility, dated as of January 3, 2019, with JPMorgan Chase Bank, N.A., as administrative agent (the "Administrative Agent"), and the lenders party thereto (the "Existing Credit Agreement" and the Existing Credit Agreement as amended by the Amendment, the "Amended Credit Agreement").

The Existing Credit Agreement was amended to, among other things, (a) increase the aggregate principal amount of revolving credit commitments (the "Revolving Credit Facility") from $75.0 million to $150.0 million and eliminate the existing term loan facility, (b) extend the scheduled maturity date of the revolving credit commitments to December of 2026, (c) reduce the applicable margin with respect to revolving loans to, at Forrester's option, (i) between 1.25% and 1.75% per annum for loans based on LIBOR and (ii) between 0.25% and 0.75% per annum for loans based on the applicable base rate, in each case, based on Forrester's consolidated total leverage ratio, (d) reduce the commitment fee applicable to undrawn revolving credit commitments to between 0.30% and 0.20% per annum based on the Company's consolidated total leverage ratio, (e) replace the minimum fixed charge coverage ratio financial covenant under the Existing Credit Agreement with a minimum consolidated interest coverage ratio of 3.50:1.00 and (f) include a covenant limiting the amount of capital expenditures made by the Company in each fiscal year, subject to exceptions for (i) up to $25.0 million with respect to its headquarters property and (ii) an additional general basket of $20.0 million annually.

On December 21, 2021, the Company converted the $100.0 million outstanding term loan amounts under the Existing Credit Agreement to $100.0 million outstanding on the Revolving Credit Facility as the lenders remained the same under both facilities. The Amended Credit Agreement permits the Company to increase commitments under the Revolving Credit Facility in an aggregate principal amount up to $50.0 million, subject to approval by the Administrative Agent and certain customary terms and conditions.

The Company may voluntarily prepay revolving loans under the Amended Credit Agreement at any time and from time to time, without premium or penalty, other than customary breakage reimbursement requirements for LIBOR-based loans. No interim amortization payments are required to be made under the Amended Credit Agreement.

The Amended Credit Agreement provides that once LIBOR ceases to exist in 2023, the benchmark rate for the Revolving Credit Facility will automatically transfer from LIBOR to the Secured Overnight Financing Rate.

Up to $5.0 million of the Revolving Credit Facility is available for the issuance of letters of credit, and any drawings under the letters of credit must be reimbursed within one business day. As of March 31, 2022, $0.8 million in letters of credit were issued under the Revolving Credit Facility.

The Company incurred $0.5 million in costs related to the issuance of the Revolving Credit Facility under the Amended Credit Agreement, which were recorded to other assets on the Consolidated Balance Sheets. These costs are being amortized on a straight-line basis over the five-year term of the Revolving Credit Facility and are included in interest expense in the Consolidated Statements of Income. The Amended Credit Agreement was accounted for as a debt modification and thus no existing debt issuance costs were written off to interest expense as a result of the modification.

*Outstanding Borrowings*

The following table summarizes the Company's total outstanding borrowings as of the dates indicated (in thousands):

| **Description:** | **March 31, 2022** | **December 31, 2021** |
|---|---|---|
| Revolving credit facility | $ 60,000 | $ 75,000 |

The contractual annualized interest rate as of March 31, 2022 was 2.0%, which consisted of LIBOR of 0.5% plus a margin of 1.5%. However, the Company has an interest rate swap contract that effectively converts the floating LIBOR base rates on a portion of the amounts outstanding to a fixed base rate. Refer to Note 7 – *Derivatives and Hedging* for further information on the swap.

The Company had $89.2 million of available borrowing capacity on the Revolving Credit Facility (not including the expansion feature) as of March 31, 2022. The weighted average annual effective rate for the three months ended March 31, 2022, was 1.66%.

The Amended Credit Agreement contains certain customary restrictive loan covenants, including among others, financial covenants that apply a maximum leverage ratio, minimum interest coverage ratio, and maximum annual capital expenditures. The negative covenants limit, subject to various exceptions, the Company's ability to incur additional indebtedness, create liens on assets, merge, consolidate, liquidate or dissolve any part of the Company, sell assets, change fiscal year, or enter into certain transactions with affiliates and subsidiaries. The Company was in full compliance with the covenants as of March 31, 2022. The agreement also contains customary events of default, representations, and warranties.

All obligations under the Amended Credit Agreement are unconditionally guaranteed by each of the Company's existing and future, direct and indirect, material wholly-owned domestic subsidiaries, other than certain excluded subsidiaries, and are collateralized by a first priority lien on substantially all tangible and intangible assets, including intellectual property, and all of the capital stock of the Company and its subsidiaries (limited to 65% of the voting equity of certain subsidiaries).

**Note 5 — Leases**

All of the Company's leases are operating leases, the majority of which are for office space. Operating lease right-of-use ("ROU") assets and non-current operating lease liabilities are included as individual line items on the Consolidated Balance Sheets, while short-term operating lease liabilities are recorded within accrued expenses and other current liabilities. Leases with an initial term of twelve months or less are not recorded on the Consolidated Balance Sheets and are not material.

The components of lease expense were as follows (in thousands):

| | For the Three Months Ended March 31, 2022 | 2021 |
|---|---|---|
| Operating lease cost | $ 3,652 | $ 3,819 |
| Short-term lease cost | 137 | 88 |
| Variable lease cost | 1,550 | 1,436 |
| Sublease income | (192) | (61) |
| Total lease cost | $ 5,147 | $ 5,282 |

Additional lease information is summarized in the following table (in thousands, except lease term and discount rate):

| | For the Three Months Ended March 31, 2022 | 2021 |
|---|---|---|
| Cash paid for amounts included in the measurement of operating lease liabilities | $ 2,861 | $ 2,718 |
| Operating lease ROU assets obtained in exchange for lease obligations | — | $ 7,433 |
| Weighted-average remaining lease term - operating leases (years) | 5.7 | 6.5 |
| Weighted-average discount rate - operating leases | 4.3 % | 4.4 % |

Future minimum lease payments under non-cancelable leases and estimated future sublease cash receipts from non-cancelable arrangements as of March 31, 2022 are as follows (in thousands):

| | Operating Lease Payments | Sublease Cash Receipts |
|---|---|---|
| 2022 (remainder) | $ 12,743 | $ 626 |
| 2023 | 16,507 | 606 |
| 2024 | 16,137 | 625 |
| 2025 | 14,184 | — |
| 2026 | 12,108 | — |
| Thereafter | 14,706 | — |
| Total lease payments and estimated sublease cash receipts | 86,385 | $ 1,857 |
| Less imputed interest | (11,482) | |
| Present value of lease liabilities | $ 74,903 | |

Lease balances as of March 31, 2022 are as follows (in thousands):

| | | |
|---|---|---|
| Operating lease ROU assets | $ | 62,086 |
| | | |
| Short-term operating lease liabilities (1) | $ | 13,427 |
| Non-current operating lease liabilities | | 61,476 |
| Total operating lease liabilities | $ | 74,903 |

(1) Included in accrued expenses and other current liabilities on the Consolidated Balance Sheets.

The Company's leases do not contain residual value guarantees, material restrictions or covenants.

**Note 6 – Revenue and Related Matters**

*Disaggregated Revenue*

The Company disaggregates revenue as set forth in the following tables (in thousands):

Revenue by Geography

| | For the Three Months Ended March 31, | | | |
|---|---|---|---|---|
| **Revenues: (1)** | **2022** | | **2021** | |
| North America | $ | 102,310 | $ | 90,896 |
| Europe | | 14,472 | | 15,081 |
| Asia Pacific | | 6,673 | | 6,393 |
| Other | | 1,516 | | 1,411 |
| Total | $ | 124,971 | $ | 113,781 |

(1) Revenue location is determined based on where the products and services are consumed.

*Contract Assets and Contract Liabilities*

Accounts Receivable

Accounts receivable includes amounts billed and currently due from customers. Since the only condition for payment of the Company's invoices is the passage of time, a receivable is recorded on the date an invoice is issued. Also included in accounts receivable are unbilled amounts resulting from revenue exceeding the amount billed to the customer, where the right to payment is unconditional. If the right to payment for services performed was conditional on something other than the passage of time, the unbilled amount would be recorded as a separate contract asset. There were no contract assets as of March 31, 2022 or 2021.

The majority of the Company's contracts are non-cancelable. However, for contracts that are cancelable by the customer, the Company does not record a receivable when it issues an invoice. The Company records accounts receivable on these contracts only up to the amount of revenue earned but not yet collected.

In addition, since the majority of the Company's contracts are for a duration of one year and payment is expected within one year from the transfer of products and services, the Company does not adjust its receivables or transaction prices for the effects of a significant financing component.

Deferred Revenue

The Company refers to contract liabilities as deferred revenue on the Consolidated Balance Sheets. Payment terms in the Company's customer contracts vary, but generally require payment in advance of fully satisfying the performance obligation(s). Deferred revenue consists of billings in excess of revenue recognized. Similar to accounts receivable, the Company does not record deferred revenue for unpaid invoices issued on a cancelable contract.

During the three months ended March 31, 2022 and 2021, the Company recognized $80.8 million and $72.3 million of revenue, respectively, related to its deferred revenue balance at January 1 of each such period.

Approximately $446.3 million of revenue is expected to be recognized during the next 24 months from remaining performance obligations as of March 31, 2022.

*Reserves for Credit Losses*

The allowance for expected credit losses on accounts receivable for the three months ended March 31, 2022 is summarized as follows (in thousands):

| | | Total Allowance |
|---|---|---|
| Balance at December 31, 2021 | $ | 610 |
| Provision for expected credit losses | | 237 |
| Write-offs | | (40) |
| Balance at March 31, 2022 | $ | 807 |

When evaluating the adequacy of the allowance for expected credit losses, the Company makes judgments regarding the collectability of accounts receivable based, in part, on the Company's historical loss rate experience, customer concentrations, management's expectations of future losses as informed by current economic conditions, and changes in customer payment terms. If the expected financial condition of the Company's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. If the expected financial condition of the Company's customers were to improve, the allowances may be reduced accordingly.

*Cost to Obtain Contracts*

The Company capitalizes commissions paid to sales representatives and related fringe benefits costs that are incremental to obtaining customer contracts. These costs are included in deferred commissions on the Consolidated Balance Sheets. The Company accounts for these costs at a portfolio level as the Company's contracts are similar in nature and the amortization model used closely matches the amortization expense that would be recognized on a contract-by-contract basis. Costs to obtain a contract are amortized to earnings over the initial contract term, which is the same period the related revenue is recognized. Amortization expense related to deferred commissions for the three months ended March 31, 2022 and 2021 was $10.0 million and $8.8 million, respectively. The Company evaluates the recoverability of deferred commissions at each balance sheet date and there were no impairments recorded during the three months ended March 31, 2022 and 2021.

**Note 7 — Derivatives and Hedging**

The Company has a derivative contract (an interest rate swap) to mitigate the cash flow risk associated with changes in interest rates on its variable rate debt (refer to Note 4 – *Debt*). The Company accounts for its derivative contract in accordance with FASB ASC Topic 815 – *Derivatives and Hedging* ("Topic 815"), which requires all derivatives, including derivatives designated as accounting hedges, to be recorded on the balance sheet at fair value.

*Interest Rate Swap*

At March 31, 2022, the Company had a single interest rate swap contract, with an initial notional amount of $95.0 million. The notional amount at March 31, 2022 was $22.9 million and the swap terminates on December 31, 2022. The Company pays a base fixed rate of 1.65275% and in return receives the greater of (1) 1-month LIBOR, rounded up to the nearest 1/16 of a percent, or (2) 0.00%. The fair value of the swap on March 31, 2022 was insignificant (refer to Note 8 – *Fair Value Measurements* for information on determining the fair value).

The swap has been designated and accounted for as a cash flow hedge of the forecasted interest payments on the Company's debt. As long as the swap continues to be a highly effective hedge of the designated interest rate risk, changes in the fair value of the swap are recorded in accumulated other comprehensive loss, a component of equity in the Consolidated Balance Sheets. Any ineffective portion of a change in the fair value of a hedge is recorded in earnings.

As required under Topic 815, the swap's effectiveness is assessed on a quarterly basis. Since its inception, and through March 31, 2022, the interest rate swap was considered highly effective. Accordingly, the entire fair value of the swap has been recorded in accumulated other comprehensive loss. Realized gains or losses related to the interest rate swap are included as operating activities in the Consolidated Statements of Cash Flows.

*Foreign Currency Forwards*

The Company enters into foreign currency forward exchange contracts to mitigate the effects of adverse fluctuations in foreign currency exchange rates on transactions entered into in the normal course of business that are denominated in foreign currencies that differ from the local functional currency. These contracts generally have short durations and are recorded at fair value with both realized and unrealized gains and losses recorded in other expense, net in the Consolidated Statements of Income because the Company does not designate these contracts as hedges for accounting purposes.

During the three months ended March 31, 2022, the Company entered into five foreign currency forward exchange contracts, all of which settled by March 31, 2022. Accordingly, as of March 31, 2022, there is no amount recorded in the Consolidated Balance Sheets for these contracts. During the three months ended March 31, 2021, the Company did not enter into any foreign currency forward exchange contracts.

The Company's derivative counterparties are investment grade financial institutions. The Company does not have any collateral arrangements with these counterparties and the derivative contracts do not contain credit risk related contingent features. The table below provides information regarding amounts recognized in the Consolidated Statements of Income for the derivative contracts for the periods indicated (in thousands):

| | Three Months Ended March 31, | |
|---|---|---|
| **Amount recorded in:** | **2022** | **2021** |
| Interest expense (1) | $ (145) | $ (259) |
| Other expense, net (2) | (85) | — |
| Total | $ (230) | $ (259) |

(1) Consists of interest expense from the interest rate swap contract.
(2) Consists of net realized gains and losses on foreign currency forward contracts.

**Note 8 — Fair Value Measurements**

The carrying amounts reflected on the Consolidated Balance Sheets for cash, accounts receivable, accounts payable, and accrued expenses approximate fair value due to their short-term maturities. The Company's financial instruments also include its outstanding variable-rate borrowings (refer to Note 4 – *Debt*). The Company believes that the carrying amount of its variable-rate borrowings reasonably approximate their fair values because the rates of interest on those borrowings reflect current market rates of interest.

Additionally, the Company measures certain financial assets and liabilities at fair value on a recurring basis including cash equivalents and its derivative contract. The fair values of these financial assets and liabilities have been classified as Level 1, 2, or 3 within the fair value hierarchy as described in the accounting standards for fair value measurements:

Level 1 — Fair value based on quoted prices in active markets for identical assets or liabilities.

Level 2 — Fair value based on inputs other than Level 1 inputs that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 — Fair value based on unobservable inputs that are supported by little or no market activity and such inputs are significant to the fair value of the assets or liabilities.

The following table represents the Company's fair value hierarchy for its financial assets and liabilities that are measured at fair value on a recurring basis (in thousands):

| | As of March 31, 2022 | | |
|---|---|---|---|
| | **Level 1** | **Level 2** | **Total** |
| Assets: | | | |
| Money market funds (1) | $ 6,410 | $ — | $ 6,410 |
| Marketable investments (2) | — | 19,116 | 19,116 |
| Total Assets | $ 6,410 | $ 19,116 | $ 25,526 |
| | | | |
| Liabilities: | | | |
| Interest rate swap (3) | $ — | $ (22) | $ (22) |
| Total Liabilities | $ — | $ (22) | $ (22) |

| | As of December 31, 2021 | | |
|---|---|---|---|
| | Level 1 | Level 2 | Total |
| Assets: | | | |
| Money market funds (1) | $ 6,885 | $ — | $ 6,885 |
| Marketable investments (2) | — | 18,509 | 18,509 |
| Total Assets | $ 6,885 | $ 18,509 | $ 25,394 |
| | | | |
| Liabilities: | | | |
| Interest rate swap (3) | $ — | $ (294) | $ (294) |
| Total Liabilities | $ — | $ (294) | $ (294) |

(1) Included in cash and cash equivalents on the Consolidated Balance Sheets.

(2) Marketable investments have been initially valued at the transaction price and subsequently valued, at the end of the reporting period, utilizing third party pricing services or other market observable data. The pricing services utilize industry standard valuation methods, including both income and market based approaches and observable market inputs to determine value. These observable market inputs include reportable trades, benchmark yields, credit spreads, broker/dealer quotes, bids, offers, current spot rates and other industry and economic events.

(3) The Company has an interest rate swap contract that hedges the risk of variability from interest payments on its borrowings (refer to Note 4 – *Debt* and Note 7 – *Derivatives and Hedging*). The fair value of the interest rate swap is based on valuations prepared by a third-party broker. Those valuations are based on observable interest rates and other observable market data, which the Company considers Level 2 inputs.

During the three months ended March 31, 2022, the Company did not transfer assets or liabilities between levels of the fair value hierarchy. Additionally, there have been no changes to the valuation techniques for Level 2 liabilities.

**Note 9 — Income Taxes**

Forrester provides for income taxes on an interim basis according to management's estimate of the effective tax rate expected to be applicable for the full fiscal year. Certain items such as changes in tax rates, tax benefits or expense related to settlements of share-based payment awards, and foreign currency gains or losses are treated as discrete items and are recorded in the period in which they arise.

Income tax expense for the three months ended March 31, 2022 was $1.9 million resulting in an effective tax rate of 31.2% for the period. Income tax expense for the three months ended March 31, 2021 was $2.0 million resulting in an effective tax rate of 33.4% for the period.

The Company anticipates that its effective tax rate for the full year 2022 will be approximately 30%.

**Note 10 — Accumulated Other Comprehensive Loss ("AOCL")**

The components of accumulated other comprehensive loss are as follows (net of tax, in thousands):

| | Marketable Investments | Interest Rate Swap | Translation Adjustment | Total AOCL |
|---|---|---|---|---|
| Balance at December 31, 2021 | $ (25) | $ (212) | $ (2,952) | $ (3,189) |
| Foreign currency translation (1) | — | — | (1,314) | (1,314) |
| Unrealized gain (loss) before reclassification, net of tax of $(15) | (64) | 91 | — | 27 |
| Reclassification to income, net of tax of $(40) (2) | — | 105 | — | 105 |
| Balance at March 31, 2022 | $ (89) | $ (16) | $ (4,266) | $ (4,371) |

| | Interest Rate Swap | Translation Adjustment | Total AOCL |
|---|---|---|---|
| Balance at December 31, 2020 | $ (821) | $ 131 | $ (690) |
| Foreign currency translation (1) | — | (2,301) | (2,301) |
| Unrealized gain before reclassification, net of tax of $(1) | 4 | — | 4 |
| Reclassification to income, net of tax of $(73) (2) | 186 | — | 186 |
| Balance at March 31, 2021 | $ (631) | $ (2,170) | $ (2,801) |

(1) The Company does not record tax provisions or benefits for the net changes in foreign currency translation adjustments as it intends to permanently reinvest undistributed earnings of its foreign subsidiaries.
(2) Reclassification is related to the Company's interest rate swap (cash flow hedge) and was recorded in interest expense on the Consolidated Statements of Income. Refer to Note 7 – *Derivatives and Hedging*.

## Note 11 — Net Income Per Common Share

Basic net income per common share is computed by dividing net income by the basic weighted average number of common shares outstanding during the period. Diluted net income per common share is computed by dividing net income by the diluted weighted average number of common shares and common equivalent shares outstanding during the period. The weighted average number of common equivalent shares outstanding has been determined in accordance with the treasury-stock method. Common equivalent shares consist of common stock issuable on the exercise of outstanding stock options and the vesting of restricted stock units.

Basic and diluted weighted average common shares are as follows (in thousands):

| | Three Months Ended March 31, 2022 | Three Months Ended March 31, 2021 |
|---|---|---|
| Basic weighted average common shares outstanding | 18,988 | 19,061 |
| Weighted average common equivalent shares | 276 | 227 |
| Diluted weighted average common shares outstanding | 19,264 | 19,288 |
| Options and restricted stock units excluded from diluted weighted average share calculation as effect would have been anti-dilutive | — | 3 |

## Note 12 — Stockholders' Equity

The components of stockholders' equity are as follows (in thousands):

Three Months Ended March 31, 2022

| | Common Stock Number of Shares | Common Stock $0.01 Par Value | Additional Paid-in Capital | Retained Earnings | Treasury Stock Number of Shares | Treasury Stock Cost | Accumulated Other Comprehensive Income (Loss) | Total Stockholders' Equity |
|---|---|---|---|---|---|---|---|---|
| Balance at December 31, 2021 | 24,085 | $ 241 | $ 245,985 | $ 152,825 | 5,027 | $ (191,955) | $ (3,189) | $ 203,907 |
| Issuance of common stock under stock plans, including tax effects | 58 | — | 1,722 | — | — | — | — | 1,722 |
| Repurchases of common stock | — | — | — | — | 175 | (9,459) | — | (9,459) |
| Stock-based compensation expense | — | — | 3,294 | — | — | — | — | 3,294 |
| Net income | — | — | — | 4,148 | — | — | — | 4,148 |
| Net change in interest rate swap, net of tax | — | — | — | — | — | — | 196 | 196 |
| Net change in marketable investments, net of tax | — | — | — | — | — | — | (64) | (64) |
| Foreign currency translation | — | — | — | — | — | — | (1,314) | (1,314) |
| Balance at March 31, 2022 | 24,143 | $ 241 | $ 251,001 | $ 156,973 | 5,202 | $ (201,414) | $ (4,371) | $ 202,430 |

Three Months Ended March 31, 2021

| | Common Stock Number of Shares | Common Stock $0.01 Par Value | Additional Paid-in Capital | Retained Earnings | Treasury Stock Number of Shares | Treasury Stock Cost | Accumulated Other Comprehensive Income (Loss) | Total Stockholders' Equity |
|---|---|---|---|---|---|---|---|---|
| Balance at December 31, 2020 | 23,648 | $ 236 | $ 230,128 | $ 127,981 | 4,631 | $ (171,889) | $ (690) | $ 185,766 |
| Issuance of common stock under stock plans, including tax effects | 107 | 2 | 2,132 | — | — | — | — | 2,134 |
| Stock-based compensation expense | — | — | 2,492 | — | — | — | — | 2,492 |
| Net income | — | — | — | 3,956 | — | — | — | 3,956 |
| Net change in interest rate swap, net of tax | — | — | — | — | — | — | 190 | 190 |
| Foreign currency translation | — | — | — | — | — | — | (2,301) | (2,301) |
| Balance at March 31, 2021 | 23,755 | $ 238 | $ 234,752 | $ 131,937 | 4,631 | $ (171,889) | $ (2,801) | $ 192,237 |

*Equity Plans*

Restricted stock unit activity for the three months ended March 31, 2022 is presented below (in thousands, except per share data):

| | Number of Shares | Weighted-Average Grant Date Fair Value |
|---|---|---|
| Unvested at December 31, 2021 | 634 | $ 42.45 |
| Granted | 266 | 50.33 |
| Vested | (13) | 42.08 |
| Forfeited | (9) | 43.74 |
| Unvested at March 31, 2022 | 878 | $ 44.83 |

Stock option activity for the three months ended March 31, 2022 is presented below (in thousands, except per share data and contractual term):

| | Number of Shares | Weighted - Average Exercise Price Per Share | Weighted - Average Remaining Contractual Term (in years) | Aggregate Intrinsic Value |
|---|---|---|---|---|
| Outstanding at December 31, 2021 | 114 | $ 35.52 | | |
| Exercised | (8) | 34.06 | | |
| Forfeited | (2) | 36.65 | | |
| Outstanding at March 31, 2022 | 104 | $ 35.61 | 2.57 | $ 2,168 |
| Vested and Exercisable at March 31, 2022 | 104 | $ 35.61 | 2.57 | $ 2,168 |

No stock options were granted during the three months ended March 31, 2022.

*Stock-Based Compensation*

Forrester recognizes the fair value of stock-based compensation over the requisite service period of the individual grantee, which generally equals the vesting period. Stock-based compensation was recorded in the following expense categories on the Consolidated Statements of Income (in thousands):

| | Three Months Ended March 31, | |
|---|---|---|
| | 2022 | 2021 |
| Cost of services and fulfillment | $ 1,926 | $ 1,435 |
| Selling and marketing | 633 | 449 |
| General and administrative | 735 | 608 |
| Total | $ 3,294 | $ 2,492 |

Forrester utilizes the Black-Scholes valuation model for estimating the fair value of shares subject to purchase under the employee stock purchase plan, which were valued using the following assumptions:

| | Three Months Ended March 31, | |
|---|---|---|
| | 2022 | 2021 |
| Average risk-free interest rate | 0.86% | 0.05% |
| Expected dividend yield | 0.0% | 0.0% |
| Expected life | 0.5 Years | 0.5 Years |
| Expected volatility | 24% | 35% |
| Weighted average fair value | $ 11.02 | $ 11.50 |

*Treasury Stock*

As of March 31, 2022, Forrester's Board of Directors had authorized an aggregate $585.0 million to purchase common stock under its stock repurchase program. The shares repurchased may be used, among other things, in connection with Forrester's equity incentive and purchase plans. During the three months ended March 31, 2022, the Company repurchased approximately 0.2 million shares of common stock at an aggregate cost of approximately $9.5 million. During the three months ended March 31, 2021, the Company did not repurchase any shares of common stock. From the inception of the program through March 31, 2022, the Company repurchased 16.9 million shares of common stock at an aggregate cost of $504.4 million.

**Note 13 — Operating Segments**

The Company's chief executive officer and the chief financial officer are the chief operating decision-maker (used in determining the Company's segments). The Company operates in three segments: Research, Consulting, and Events. These segments, which are also the Company's reportable segments, are based on the management structure of the Company and how the chief operating decision maker uses financial information to evaluate performance and determine how to allocate resources. The Company's products and services are delivered through each segment as described below.

The Research segment includes the revenues from all of the Company's research products as well as consulting revenues from advisory services (such as speeches and advisory days) delivered by the Company's research organization. Research segment costs include the cost of the organizations responsible for developing and delivering these products in addition to the costs of the product management organization responsible for product pricing and packaging, and the launch of new products.

The Consulting segment includes the revenues and the related costs of the Company's project consulting organization. The project consulting organization delivers a majority of the Company's project consulting revenue and certain advisory services.

The Events segment includes the revenues and the costs of the organization responsible for developing and hosting in-person and virtual events. As of January 1, 2022, the Company realigned its events sales costs from selling and marketing expense to the Events segment as they now fall under the Events management structure. The 2021 amounts have been revised to conform to the current presentation.

The Company evaluates reportable segment performance and allocates resources based on segment revenues and expenses. Segment expenses include the direct expenses of each segment organization and exclude selling and marketing expenses, general and administrative expenses, stock-based compensation expense, depreciation expense, adjustments to incentive bonus compensation from target amounts, amortization of intangible assets, interest and other expense, and gains on investments. The accounting policies used by the segments are the same as those used in the consolidated financial statements.

The Company provides information by reportable segment in the tables below (in thousands):

| | Research Segment | Consulting Segment | Events Segment | Consolidated |
|---|---|---|---|---|
| **Three Months Ended March 31, 2022** | | | | |
| Research revenues | $ 85,780 | $ — | $ — | $ 85,780 |
| Consulting revenues | 11,190 | 27,241 | — | 38,431 |
| Events revenues | — | — | 760 | 760 |
| Total segment revenues | 96,970 | 27,241 | 760 | 124,971 |
| Segment expenses | (34,180) | (14,317) | (1,751) | (50,248) |
| Selling, marketing, administrative and other expenses | | | | (64,890) |
| Amortization of intangible assets | | | | (3,362) |
| Interest expense, other expense, and gains on investments | | | | (444) |
| Income before income taxes | | | | $ 6,027 |

| | Research Segment | Consulting Segment | Events Segment | Consolidated |
|---|---|---|---|---|
| **Three Months Ended March 31, 2021** | | | | |
| Research revenues | $ 74,968 | $ — | $ — | $ 74,968 |
| Consulting revenues | 12,731 | 25,819 | — | 38,550 |
| Events revenues | — | — | 263 | 263 |
| Total segment revenues | 87,699 | 25,819 | 263 | 113,781 |
| Segment expenses | (30,717) | (12,325) | (1,564) | (44,606) |
| Selling, marketing, administrative and other expenses | | | | (57,618) |
| Amortization of intangible assets | | | | (3,903) |
| Integration costs | | | | (118) |
| Interest expense, other expense, and gains on investments | | | | (1,599) |
| Income before income taxes | | | | $ 5,937 |

**Note 14 — Contingencies**

From time to time, the Company may be subject to legal proceedings and civil and regulatory claims that arise in the ordinary course of its business activities. Regardless of the outcome, litigation can have a material adverse effect on the Company because of defense and settlement costs, diversion of management resources, and other factors.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### *Overview*

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as "expects," "believes," "anticipates," "intends," "plans," "estimates," or similar expressions are intended to identify these forward-looking statements. Reference is made in particular to our statements about changing stakeholder expectations, product development, holding hybrid events, possible acquisitions, future dividends, future share repurchases, future growth rates, operating income and cash from operations, future deferred revenue, future compliance with financial covenants under our credit facility, future interest expense, anticipated increases in, and productivity of, our sales force and headcount, the adequacy of our cash, and cash flows to satisfy our working capital and capital expenditures, and the anticipated impact of accounting standards. These statements are based on our current plans and expectations and involve risks and uncertainties. Important factors that could cause actual future activities and results to differ include, among others, our ability to retain and enrich subscriptions to, and licenses of, our Research products and services, our ability to fulfill existing or generate new consulting engagements and advisory services, our ability to generate and increase demand for the Events we host, the adverse economic environment, technology spending, our ability to mitigate the adverse impact from the widespread outbreak of COVID-19 which could disrupt or restrict our ability to sell or fulfill, or reduce demand for, our products, services, and events, the risks and challenges inherent in international business activities, our ability to offer new products and services, our dependence on key personnel, our ability to attract and retain qualified professional staff, our ability to respond to business and economic conditions and market trends, the impact of our outstanding debt, competition and industry consolidation, possible variations in our quarterly operating results, concentration of our stock ownership, the possibility of network disruptions and security breaches, our ability to enforce and protect our intellectual property rights, compliance with privacy laws, taxation risks, and any weakness identified in our system of internal controls. These risks are described more completely in our Annual Report on Form 10-K for the year ended December 31, 2021. We undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events, or otherwise.

The extent to which the COVID-19 pandemic ultimately impacts our business, financial condition, results of operations, cash flows, and liquidity may differ from our current estimates due to inherent uncertainties regarding the duration and further spread of the outbreak, its severity, actions taken to contain the virus or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume. Our events business continues to be negatively affected by the pandemic. All events during 2021 were held as virtual events, however, we intend to hold our events during 2022 as hybrid events, consisting of both in-person and virtual experiences. In May 2022, we completed our first event of the year as a hybrid event.

We derive revenues from subscriptions to our Research products and services, licensing electronic "reprints" of our Research, performing consulting projects and advisory services, and hosting events. We offer contracts for our Research products that are typically renewable annually and payable in advance. Subscription products are recognized as revenue over the term of the contract. Accordingly, a substantial portion of our billings are initially recorded as deferred revenue. Reprints include an obligation to deliver a customer-selected research document and certain usage data provided through an on-line platform, which represents two performance obligations. We recognize revenue for the performance obligation for the data portion of the reprint ratably over the license term. We recognize revenue for the performance obligation for the research document at the time of providing access to the document. Billings for licensing of reprints are initially recorded as deferred revenue. Clients purchase consulting projects and advisory services independently and/or to supplement their access to our subscription-based products. Consulting project revenues, which are based upon fixed-fee agreements, are recognized as the services are provided. Advisory service revenues, such as speeches and advisory days, are recognized when the service is complete or the customer receives the agreed upon deliverable. Billings attributable to consulting projects and advisory services are initially recorded as deferred revenue. Events revenues consist of ticket and sponsorship sales for a Forrester-hosted event. Billings for events are also initially recorded as deferred revenue and are recognized as revenue upon completion of each event.

Our primary operating expenses consist of cost of services and fulfillment, selling and marketing expenses, and general and administrative expenses. Cost of services and fulfillment represents the costs associated with the production and delivery of our products and services, including salaries, bonuses, employee benefits, and stock-based compensation expense for all personnel that produce and deliver our products and services, including all associated editorial, travel, and support services. Selling and marketing expenses include salaries, sales commissions, bonuses, employee benefits, stock-based compensation expense, travel expenses, promotional costs, and other costs incurred in marketing and selling our products and services. General and administrative expenses include the costs of the technology, operations, finance, and human resources groups and our other administrative functions, including salaries, bonuses, employee benefits, and stock-based compensation expense. Overhead costs such as facilities, net of sublease income, and annual fees for cloud-based information technology systems are allocated to these categories according to the number of employees in each group.

Our key metrics focus on our contract value ("CV") products. We are focusing on CV products as these products are our most profitable products and historically our contracts for CV products have renewed at high rates (as measured by our client retention and wallet retention metrics). Our CV products make up essentially all of our research revenues.

We calculate CV at the foreign currency rates used for internal planning purposes each year. For comparative purposes, we have recast historical CV at the current year foreign currency rates. We have included the recast CV metric below for the three months ended March 31, 2021, and we have also provided recast CV amounts dating back to the first quarter of 2020, on the investor relations section of our website.

Contract value, client retention, wallet retention, and number of clients are metrics that we believe are important to understanding our research business. We define these metrics as follows:

- *Contract value (CV)* — is defined as the value attributable to all of our recurring research-related contracts. Contract value is calculated as the annualized value of all contracts in effect at a specific point in time, without regard to how much revenue has already been recognized. Contract value primarily consists of subscription-based products for which revenue is recognized on a ratable basis, except for the entitlements embedded in our subscription products, such as event tickets and advisory sessions, for which the revenue is recognized when the item is utilized. Contract value also includes our reprint products, as these products are used throughout the year by our clients and are typically renewed.
- *Client retention* — represents the percentage of client companies (defined as all clients that buy a CV product) at the prior year measurement date that have active contracts at the current year measurement date.
- *Wallet retention* — represents a measure of the CV we have retained with clients over a twelve-month period. Wallet retention is calculated on a percentage basis by dividing the annualized contract value of our current clients, who were also clients a year ago, by the total annualized contract value from a year ago.
- *Clients* — is calculated at the enterprise level as all clients that have an active CV contract.

Client retention and wallet retention are not necessarily indicative of the rate of future retention of our revenue base. A summary of our key metrics is as follows (dollars in millions):

| | As of March 31, | | Absolute Increase | Percentage Increase |
|---|---|---|---|---|
| | 2022 | 2021 | (Decrease) | (Decrease) |
| Contract value | $ 351.4 | $ 305.6 | $ 45.8 | 15% |
| Client retention | 77% | 75% | 2 | 3% |
| Wallet retention | 103% | 89% | 14 | 16% |
| Number of clients | 2,945 | 2,907 | 38 | 1% |

Contract value increased 15% at March 31, 2022 compared to the prior year period. The increase in contract value was primarily due to an increase in contract bookings due to strong demand for our contract value products. Client retention and wallet retention increased 2 percentage points and 14 percentage points, respectively, at March 31, 2022 compared to the prior year period. The increase in wallet retention was primarily due to the enrichment of existing clients when they renewed their contracts.

Management's discussion and analysis of financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP"). The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including but not limited to, those related to our revenue recognition, goodwill, intangible and other long-lived assets, and income taxes. Management bases its estimates on historical experience, data available at the time the estimates are made, and various assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Our critical accounting estimates are described in our Annual Report on Form 10-K for the year ended December 31, 2021.

**Results of Operations**

The following table sets forth our statement of income as a percentage of total revenues for the periods indicated:

| | Three Months Ended March 31, | |
|---|---|---|
| | 2022 | 2021 |
| Revenues: | | |
| Research revenues | 68.6% | 65.9% |
| Consulting revenues | 30.8 | 33.9 |
| Events revenues | 0.6 | 0.2 |
| Total revenues | 100.0 | 100.0 |
| Operating expenses: | | |
| Cost of services and fulfillment | 42.6 | 41.7 |
| Selling and marketing | 35.2 | 34.5 |
| General and administrative | 12.4 | 11.6 |
| Depreciation | 1.8 | 2.1 |
| Amortization of intangible assets | 2.6 | 3.4 |
| Integration costs | — | 0.1 |
| Income from operations | 5.4 | 6.6 |
| Interest expense | (0.5) | (1.0) |
| Other expense, net | (0.2) | (0.4) |
| Gain on investments, net | 0.3 | — |
| Income before income taxes | 5.0 | 5.2 |
| Income tax expense | 1.5 | 1.7 |
| Net income | 3.5% | 3.5% |

***Three Months Ended March 31, 2022 and 2021***

***Revenues***

| | Three Months Ended March 31, | | Absolute Increase (Decrease) | Percentage Increase (Decrease) |
|---|---|---|---|---|
| | 2022 | 2021 | | |
| | (dollars in millions) | | | |
| Total revenues | $ 125.0 | $ 113.8 | $ 11.2 | 10% |
| Research revenues | $ 85.8 | $ 75.0 | $ 10.8 | 14% |
| Consulting revenues | $ 38.4 | $ 38.6 | $ (0.1) | (—%) |
| Events revenues | $ 0.8 | $ 0.3 | $ 0.5 | 189% |
| Revenues attributable to customers outside of the U.S. | $ 27.5 | $ 26.8 | $ 0.7 | 3% |
| Percentage of revenue attributable to customers outside of the U.S. | 22% | 24% | (2) | (8%) |

Total revenues increased 10% during the three months ended March 31, 2022 compared to the prior year period, and increased by 11% when excluding the effect of changes in foreign currencies. Revenues from customers outside the U.S. increased 3% during the three months ended March 31, 2022 primarily due to an increase in revenues in Canada. Revenues from customers outside the U.S. increased by approximately 6% when excluding the effect of changes in foreign currencies.

Research revenues are recognized as revenue primarily on a ratable basis over the term of the contracts, which are generally twelve-month periods. Research revenues increased 14% during the three months ended March 31, 2022 compared to the prior year period, and increased by 15% when excluding the effect of changes in foreign currencies. The increase in revenues was primarily due to increased contract value, which was driven by strong demand for our products and an increase in our wallet retention rate.

Consulting revenues remained essentially consistent during the three months ended March 31, 2022 compared to the prior year period.

Events revenues were insignificant during the three months ended March 31, 2022 and 2021 as no events were held during either period.

Refer to the "Segments Results" section below for a discussion of revenues and expenses by segment.

*Cost of Services and Fulfillment*

| | Three Months Ended March 31, 2022 | Three Months Ended March 31, 2021 | Absolute Increase (Decrease) | Percentage Increase (Decrease) |
|---|---|---|---|---|
| Cost of services and fulfillment (dollars in millions) | $ 53.3 | $ 47.5 | $ 5.8 | 12% |
| Cost of services and fulfillment as a percentage of total revenues | 42.6% | 41.7% | 0.9 | 2% |
| Service and fulfillment employees (at end of period) | 847 | 760 | 87 | 11% |

Cost of services and fulfillment expenses increased 12% during the three months ended March 31, 2022 compared to the prior year period, and increased by 13% when excluding the effect of changes in foreign currencies. The increase was primarily due to (1) a $3.3 million increase in compensation and benefit costs due to an increase in headcount, benefit costs, and merit increases, (2) a $1.1 million increase in professional services costs primarily due to increases in survey and contractor costs, (3) a $0.6 million increase in computer software costs and equipment, and (4) a $0.5 million increase in stock compensation expense.

*Selling and Marketing*

| | Three Months Ended March 31, 2022 | Three Months Ended March 31, 2021 | Absolute Increase (Decrease) | Percentage Increase (Decrease) |
|---|---|---|---|---|
| Selling and marketing expenses (dollars in millions) | $ 44.0 | $ 39.3 | $ 4.8 | 12% |
| Selling and marketing expenses as a percentage of total revenues | 35.2% | 34.5% | 0.7 | 2% |
| Selling and marketing employees (at end of period) | 762 | 746 | 16 | 2% |

Selling and marketing expenses increased 12% during the three months ended March 31, 2022 compared to the prior year period, and increased by 13% when excluding the effect of changes in foreign currencies. The increase was primarily due to (1) a $3.7 million increase in compensation and benefit costs due to an increase in commissions expense, benefit costs, and merit increases and (2) a $0.6 million increase in professional services costs due to increases in consulting and advertising expenses.

*General and Administrative*

| | Three Months Ended March 31, 2022 | Three Months Ended March 31, 2021 | Absolute Increase (Decrease) | Percentage Increase (Decrease) |
|---|---|---|---|---|
| General and administrative expenses (dollars in millions) | $ 15.5 | $ 13.2 | $ 2.3 | 18% |
| General and administrative expenses as a percentage of total revenues | 12.4% | 11.6% | 0.8 | 7% |
| General and administrative employees (at end of period) | 261 | 243 | 18 | 7% |

General and administrative expenses increased 18% during the three months ended March 31, 2022 compared to the prior year period, and increased by 19% when excluding the effect of changes in foreign currencies. The increase was primarily due to a $1.5 million increase in compensation and benefit costs due to an increase in headcount, benefit costs, and merit increases.

*Depreciation*

Depreciation expense remained essentially consistent during the three months ended March 31, 2022 compared to the prior year period.

*Amortization of Intangible Assets*

Amortization expense decreased by $0.5 million during the three months ended March 31, 2022 compared to the prior year period primarily due to certain technology intangible assets becoming fully amortized in 2021.

***Interest Expense***

Interest expense consists of interest on our borrowings and realized gains (losses) on the related interest rate swap. Interest expense decreased by $0.5 million during the three months ended March 31, 2022 compared to the prior year period due to lower average outstanding borrowings and a lower effective interest rate.

***Other Expense, Net***

Other expense, net primarily consists of gains (losses) on foreign currency, gains (losses) on foreign currency forward contracts, and interest income. Other expense, net decreased $0.2 million during the three months ended March 31, 2022 compared to the prior year period. The decrease was primarily due to a decrease in foreign currency losses.

***Gain on Investments, Net***

Gain on investments, net primarily represents our share of equity method investment gains and losses from our technology-related investment funds. Gain on investments, net increased $0.4 million during the three months ended March 31, 2022 compared to the prior year period. The increase was primarily due to an increase in investment gains generated by the underlying funds.

***Income Tax Expense***

| | Three Months Ended March 31, | | Absolute Increase (Decrease) | Percentage Increase (Decrease) |
|---|---|---|---|---|
| | 2022 | 2021 | | |
| Provision for income taxes (dollars in millions) | $ 1.9 | $ 2.0 | $ (0.1) | (5%) |
| Effective tax rate | 31.2% | 33.4% | (2.2) | (7%) |

Income tax expense remained essentially consistent during the three months ended March 31, 2022 compared to the prior year period. For the full year 2022, we anticipate that our effective tax rate will be approximately 30%.

***Segment Results***

We operate in three segments: Research, Consulting, and Events. These segments, which are also our reportable segments, are based on our management structure and how management uses financial information to evaluate performance and determine how to allocate resources. Our products and services are delivered through each segment as described below.

The Research segment includes the revenues from all of our research products as well as consulting revenues from advisory services (such as speeches and advisory days) delivered by our research organization. Research segment costs include the cost of the organizations responsible for developing and delivering these products in addition to the cost of the product management organization that is responsible for product pricing and packaging and the launch of new products.

The Consulting segment includes the revenues and the related costs of our project consulting organization. The project consulting organization delivers a majority of our project consulting revenue and certain advisory services.

The Events segment includes the revenues and the costs of the organization responsible for developing and hosting in-person and virtual events. As of January 1, 2022, the Company realigned its events sales costs from selling and marketing expense to the Events segment as they now fall under the Events management structure. The 2021 amounts have been revised to conform to the current presentation.

We evaluate reportable segment performance and allocate resources based on segment revenues and expenses. Segment expenses include the direct expenses of each segment organization and exclude selling and marketing expenses, general and administrative expenses, stock-based compensation expense, depreciation expense, adjustments to incentive bonus compensation from target amounts, amortization of intangible assets, interest and other expense, and gains on investments. The accounting policies used by the segments are the same as those used in the consolidated financial statements.

| | Research Segment | Consulting Segment | Events Segment | Consolidated |
|---|---|---|---|---|
| | | (dollars in thousands) | | |
| **Three Months Ended March 31, 2022** | | | | |
| Research revenues | $ 85,780 | $ — | $ — | $ 85,780 |
| Consulting revenues | 11,190 | 27,241 | — | 38,431 |
| Events revenues | — | — | 760 | 760 |
| Total segment revenues | 96,970 | 27,241 | 760 | 124,971 |
| Segment expenses | (34,180) | (14,317) | (1,751) | (50,248) |
| Year over year revenue change | 11% | 6% | 189% | 10% |
| Year over year expense change | 11% | 16% | 12% | 13% |

| | Research Segment | Consulting Segment | Events Segment | Consolidated |
|---|---|---|---|---|
| | | (dollars in thousands) | | |
| **Three Months Ended March 31, 2021** | | | | |
| Research revenues | $ 74,968 | $ — | $ — | $ 74,968 |
| Consulting revenues | 12,731 | 25,819 | — | 38,550 |
| Events revenues | — | — | 263 | 263 |
| Total segment revenues | 87,699 | 25,819 | 263 | 113,781 |
| Segment expenses | (30,717) | (12,325) | (1,564) | (44,606) |

Research segment revenues increased 11% during the three months ended March 31, 2022, compared to the prior year period. Research product revenues within this segment increased 14% which primarily resulted from increased contract value during the period. Consulting product revenues within this segment decreased 12% primarily due to decreased delivery of consulting and advisory services by our research analysts as they shifted more of their efforts to developing and delivering our CV products.

Research segment expenses increased 11% during the three months ended March 31, 2022 compared to the prior year period. The increase in expenses during the three months ended March 31, 2022 was primarily due to (1) a $2.3 million increase in compensation and benefit costs primarily due to an increase headcount, benefit costs, and merit increases and (2) a $0.8 million increase in professional services costs due to an increase in survey costs and contractor costs.

Consulting segment revenues increased 6% during the three months ended March 31, 2022 compared to the prior year period. The increase in revenues during the three months ended March 31, 2022 was primarily due to demand for our strategy consulting offering.

Consulting segment expenses increased 16% during the three months ended March 31, 2022 compared to the prior year period. The increase in expenses during the three months ended March 31, 2022 was primarily due to (1) a $1.3 million increase in compensation and benefit costs primarily due to an increase headcount, benefit costs, and merit increases and (2) a $0.8 million increase in professional services primarily due to an increase in contractor costs.

Event segment revenues were insignificant during the three months ended March 31, 2022 and 2021 as no events were held during either period.

Event segment expenses increased 12% during the three months ended March 31, 2022 compared to the prior year period. The increase in expenses during the three months ended March 31, 2022 was primarily due to a $0.2 million increase in compensation and benefit costs primarily due to an increase in headcount, benefit costs, and merit increases.

**Liquidity and Capital Resources**

We have historically financed our operations primarily through funds generated from operations. Research revenues, which constituted approximately 69% of our revenues during the three months ended March 31, 2022, are generally renewable annually and are typically payable in advance. We generated cash from operating activities of $22.7 million and $40.6 million during the three months ended March 31, 2022 and 2021, respectively. The $17.9 million decrease in cash provided from operations for the three months ended March 31, 2022 compared to the prior year period was primarily due to an $18.9 million increase in cash used for accrued expenses resulting from the payout of year end incentive compensation.

During the three months ended March 31, 2022, we used cash in investing activities of $1.9 million primarily for $1.3 million of purchases of property and equipment, primarily consisting of computer software and equipment and $0.7 million in net purchases of marketable investments. During the three months ended March 31, 2021, we used cash in investing activities of $1.5 million for purchases of property and equipment, primarily consisting of computer software and equipment.

We used $22.7 million of cash from financing activities during the three months ended March 31, 2022 primarily due to $15.0 million of discretionary repayments of our revolving credit facility and $9.5 million for purchases of our common stock, partially offset by $1.9 million of net proceeds from the issuance of common stock under our stock-based incentive plans. We used $1.0 million of cash in financing activities during the three months ended March 31, 2021 primarily due to $3.1 million of repayments of our term loan, partially offset by $2.1 million of net proceeds from the issuance of common stock under our stock-based incentive plans. As of March 31, 2022, our remaining stock repurchase authorization was approximately $80.6 million.

On December 21, 2021, we and certain of our subsidiaries entered into an amendment of our existing credit facility, dated as of January 3, 2019, with JPMorgan Chase Bank, N.A., as administrative agent (the "Administrative Agent"), and the lenders party thereto (the "Existing Credit Agreement" and the Existing Credit Agreement as amended by the Amendment, the "Amended Credit Agreement"). The Existing Credit Agreement was amended to, among other things, (a) increase the aggregate principal amount of revolving credit commitments (the "Revolving Credit Facility") from $75.0 million to $150.0 million and eliminate the existing term loan facility, (b) extend the scheduled maturity date of the revolving credit commitments to December of 2026, (c) reduce the applicable margin with respect to revolving loans to, at Forrester's option, (i) between 1.25% and 1.75% per annum for loans based on LIBOR and (ii) between 0.25% and 0.75% per annum for loans based on the applicable base rate, in each case, based on Forrester's consolidated total leverage ratio, (d) reduce the commitment fee applicable to undrawn revolving credit commitments to between 0.30% and 0.20% per annum based on our consolidated total leverage ratio, (e) replace the minimum fixed charge coverage ratio financial covenant under the Existing Credit Agreement with a minimum consolidated interest coverage ratio of 3.50:1.00 and (f) include a covenant limiting the amount of capital expenditures in each fiscal year, subject to exceptions for (i) up to $25.0 million annually with respect to our headquarters property and (ii) an additional general basket of $20.0 million annually.

The Amended Credit Agreement permits an increase in commitments under the Revolving Credit Facility in an aggregate principal amount up to $50.0 million, subject to approval by the Administrative Agent and certain customary terms and conditions. Additional information is provided in Note 4 – *Debt* in the Notes to Consolidated Financial Statements. The Revolving Credit Facility matures on December 21, 2026. There was a balance of $60.0 million outstanding on the facility at March 31, 2022.

The Amended Credit Agreement contains certain customary restrictive loan covenants, including among others, financial covenants that apply a maximum leverage ratio, minimum interest coverage ratio, and maximum annual capital expenditures. The negative covenants limit, subject to various exceptions, the Company's ability to incur additional indebtedness, create liens on assets, merge, consolidate, liquidate or dissolve any part of the Company, sell assets, change fiscal year, or enter into certain transactions with affiliates and subsidiaries. We were in full compliance with the covenants as of March 31, 2022 and expect to continue to be in compliance through the next 12 months.

Additional future contractual cash obligations extending over the next 12 months and beyond primarily consist of operating lease payments. We lease office space under non-cancelable operating lease agreements (refer to Note 5 – *Leases* in the Notes to Consolidated Financial Statements for additional information). The remaining duration of non-cancelable office space leases ranges from less than 1 year to 9 years. As of March 31, 2022, remaining non-cancelable lease payments are due as follows: $12.7 million in 2022, $32.6 million within 2023 and 2024, $26.3 million within 2025 and 2026, and $14.7 million beyond 2026.

In addition to the contractual cash commitments included above, we have other payables and liabilities that may be legally enforceable but are not considered contractual commitments.

As of March 31, 2022, we had cash and cash equivalents of $112.5 million. This balance includes $83.1 million held outside of the U.S. If the cash outside of the U.S. is needed for operations in the U.S., we would be required to accrue and pay U.S. state taxes and may be required to pay withholding taxes to foreign jurisdictions to repatriate these funds. However, our intent is to permanently reinvest these funds outside of the U.S. and our current plans do not demonstrate a need to repatriate these funds for our U.S. operations. We believe that our current cash balance and cash flows from operations will satisfy working capital, financing activities, and capital expenditure requirements for the next twelve months and to meet our known long-term cash requirements.

**Recent Accounting Pronouncements**

Refer to Note 1 – *Interim Consolidated Financial Statements* in the Notes to Consolidated Financial Statements for a full description of recent accounting pronouncements including the expected dates of adoption and effects on results of operations and financial condition.

**Critical Accounting Policies and Estimates**

For information regarding our critical accounting policies and estimates, please refer to Note 1, "Summary of Significant Accounting Policies" and Item 7, "Critical Accounting Estimates" contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021. There have been no material changes to the critical accounting policies and estimates previously disclosed in that report.

## ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in our assessment of our sensitivity to market risk since our presentation set forth in Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," in our Annual Report on Form 10-K for the year ended December 31, 2021.

## ITEM 4. CONTROLS AND PROCEDURES

### Evaluation of Disclosure Controls and Procedures

We maintain "disclosure controls and procedures," as such term is defined under Securities Exchange Act Rule 13a-15(e), that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosures. In designing and evaluating the disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2022. Based upon their evaluation and subject to the foregoing, the principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective to provide reasonable assurance as of that date.

### Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) of the Exchange Act) that occurred during the quarter ended March 31, 2022, which has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II. OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

From time to time, we may be subject to legal proceedings and civil and regulatory claims that arise in the ordinary course of our business activities. Regardless of the outcome, litigation can have a material adverse effect on us because of defense and settlement costs, diversion of management resources, and other factors.

### ITEM 1A. RISK FACTORS

In addition to the other information set forth in this Form 10-Q, you should carefully consider the factors discussed in Part I, “Item 1A: Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2021, which could materially affect our business, financial condition or future results. The risk factors described in our Annual Report on Form 10-K remain applicable to our business. The risks described in our Annual Report on Form 10-K are not the only risks that we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Through March 31, 2022, our Board of Directors authorized an aggregate $585.0 million to purchase common stock under our stock repurchase program. During the quarter ended March 31, 2022, we purchased the following shares of our common stock under the stock repurchase program:

| Period | Total Number of Shares Purchased (#) | Average Price Paid per Share ($) | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (#) | Maximum Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs (In thousands) |
|---|---|---|---|---|
| January 1 - January 31 | 54,000 | $ 56.74 | 54,000 | $ 87,015 |
| February 1 - February 28 | 54,000 | $ 53.14 | 54,000 | $ 84,145 |
| March 1 - March 31 | 67,000 | $ 52.63 | 67,000 | $ 80,619 |
| Total for the quarter | 175,000 | | 175,000 | |

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

### ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

### ITEM 5. OTHER INFORMATION

Not applicable.

## ITEM 6. EXHIBITS

| | |
|---|---|
| 3.1 | Restated Certificate of Incorporation of Forrester Research, Inc. (see Exhibit 3.1 to Registration Statement on Form S-1A filed on November 5, 1996) |
| 3.2 | Certificate of Amendment of the Certificate of Incorporation of Forrester Research, Inc. (see Exhibit 3.1 to Annual Report on Form 10-K for the year ended December 31, 1999) |
| 3.3 | Certificate of Amendment to Restated Certificate of Incorporation of Forrester Research, Inc. |
| 3.4 | Amended and Restated By-Laws of Forrester Research, Inc. |
| 4.1 | Specimen Certificate for shares of Common Stock, $.01 par value, of Forrester Research, Inc. (see Exhibit 4 to Registration Statement on Form S-1A filed on November 5, 1996) |
| 31.1 | Certification of the Principal Executive Officer. (filed herewith) |
| 31.2 | Certification of the Principal Financial Officer. (filed herewith) |
| 32.1 | Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (furnished herewith) |
| 32.2 | Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (furnished herewith) |
| 101.INS | Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document. (filed herewith) |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document. (filed herewith) |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document. (filed herewith) |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document. (filed herewith) |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document. (filed herewith) |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document. (filed herewith) |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL Document). (filed herewith) |

## 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 thereunto duly authorized.

FORRESTER RESEARCH, INC.

By: /s/ L. CHRISTIAN FINN

L. Christian Finn
Chief Financial Officer
(Principal financial officer)

Date: May 6, 2022

**Exhibit 31.1**

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER

I, George F. Colony, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Forrester Research, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ GEORGE F. COLONY

George F. Colony
Chairman of the Board and Chief Executive Officer
(Principal executive officer)

Date: May 6, 2022

**Exhibit 31.2**

CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER

I, L. Christian Finn, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Forrester Research, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ L. CHRISTIAN FINN

L. Christian Finn
Chief Financial Officer
(Principal financial officer)

Date: May 6, 2022

**Exhibit 32.1**

CERTIFICATION PURSUANT TO
SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, as Chief Executive Officer of Forrester Research, Inc. (the “Company”), does hereby certify that to the undersigned’s knowledge:

1) the Company’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2022, as filed with the Securities and Exchange Commission (the “10-Q Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) the information contained in the 10-Q Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ George F. Colony

George F. Colony
Chairman of the Board and Chief Executive Officer

Dated: May 6, 2022

**Exhibit 32.2**

CERTIFICATION PURSUANT TO
SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, as Chief Financial Officer of Forrester Research, Inc. (the "Company"), does hereby certify that to the undersigned's knowledge:

1) the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2022, as filed with the Securities and Exchange Commission (the "10-Q Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) the information contained in the 10-Q Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ L. CHRISTIAN FINN

L. Christian Finn
Chief Financial Officer

Dated: May 6, 2022