

# Forrester Investor Summary

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Q4 2023

BOLD  
AT  
WORK

# Forward-Looking Statements & Non-GAAP Measures

This presentation may contain projections or other forward-looking statements regarding future events or the future financial performance of the Company. These projections or statements are only predictions. Actual events or results may differ materially from those in the projections or other forward-looking statements. Please see the Company's Annual Report to shareholders and its filings with the SEC, including its recent filings on Forms 10-K and 10-Q, for a discussion of important risk factors that could cause actual events or results to differ materially from those in the projections or forward-looking statements.

Forrester believes that adjusted financial results provide investors with consistent and comparable information to aid in the understanding of Forrester's ongoing business and are also used by Forrester in making compensation decisions. Our adjusted presentation excludes amortization of intangible assets, stock-based compensation, restructuring costs, a legal settlement, and net gains or losses from investments, as well as their related tax effects. We also utilized an assumed tax rate of 29% in 2023 and 30% in 2022, which excludes items such as the settlement of prior year tax audits and the effect of any adjustments related to the filing of prior year tax returns. The adjusted data does not purport to be prepared in accordance with Generally Accepted Accounting Principles in the United States.

# Forrester At A Glance

Forrester is one of the most influential research and advisory firms in the world.

Business and technology leaders rely on Forrester to accelerate growth through customer obsession.

Global reach with offices & operations across

**Asia Pacific, Europe,  
and North America**

Number of employees \*

**1,700+**

Fortune 100 Clients \*

**71%**

## 2023 Financial Overview

- ~70% of Total Revenue in Research
- ~30% of Total Revenue in Consulting and Events
- 2/3 of Contract Value in Forrester Decisions
- Adjusted EBITDA of \$60.7 million

Note: \*Figures as of 12/31/23.

# Why Invest in Forrester?



1. Massive market opportunity
2. Attractive recurring revenue business model
3. Focus on contract value growth
4. Business transformation with ongoing migration to Forrester Decisions
5. Leadership team well-positioned to scale business

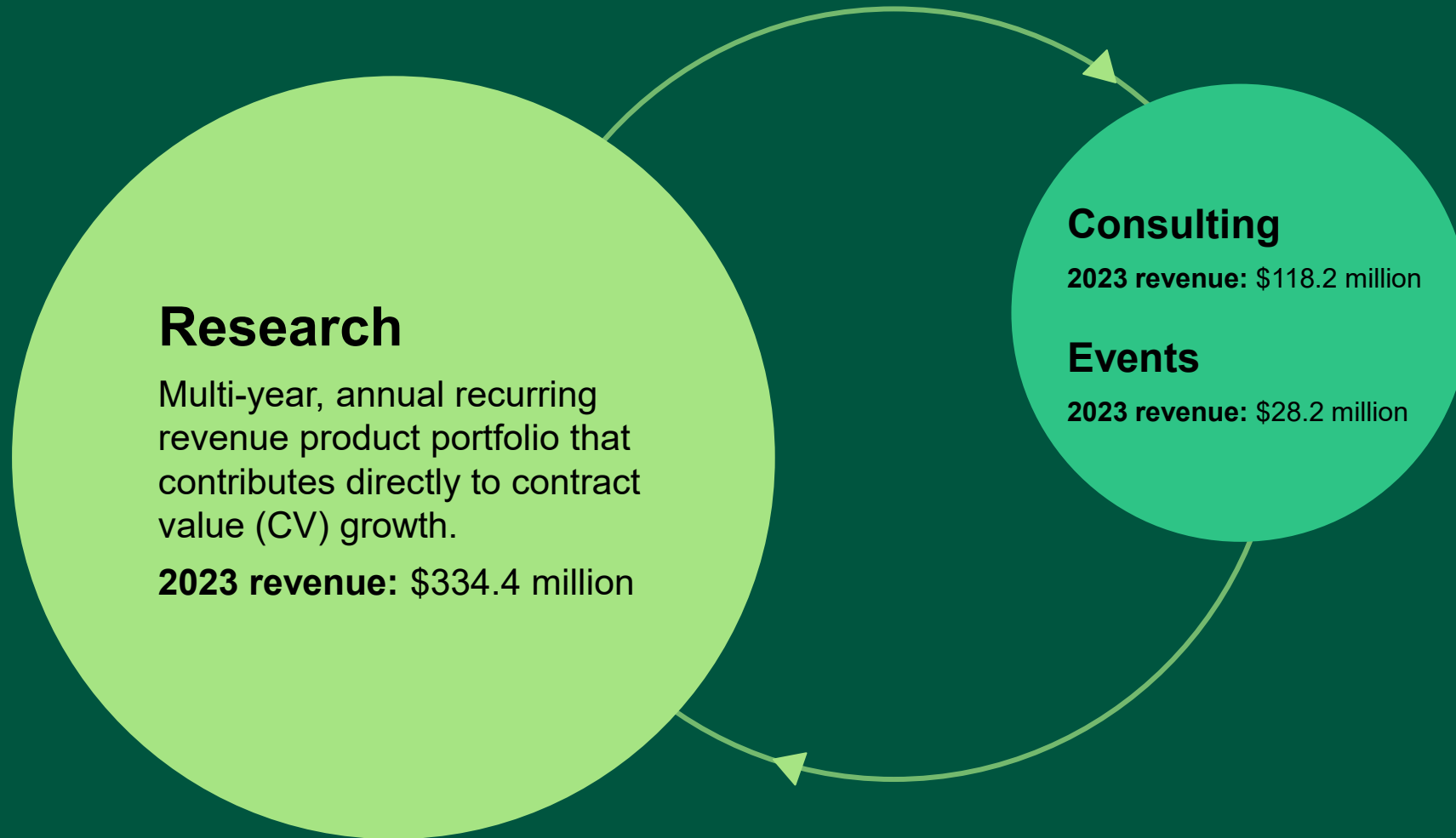
# Total Available Research Market

Massive untapped research  
market opportunity

MARKET OPPORTUNITY

**\$115**  
**BILLION**

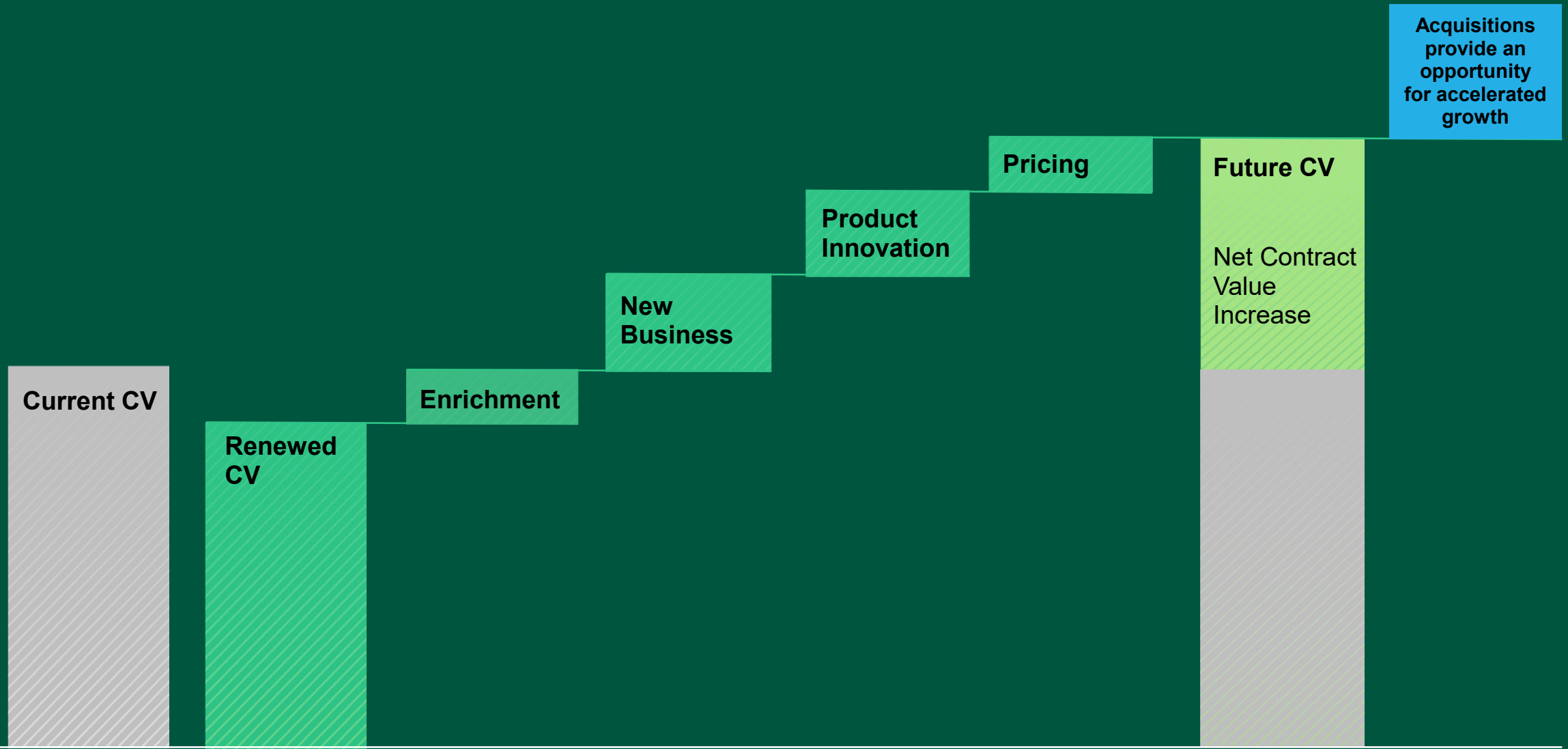
# Research, Consulting & Events: A System To Drive Contract Value



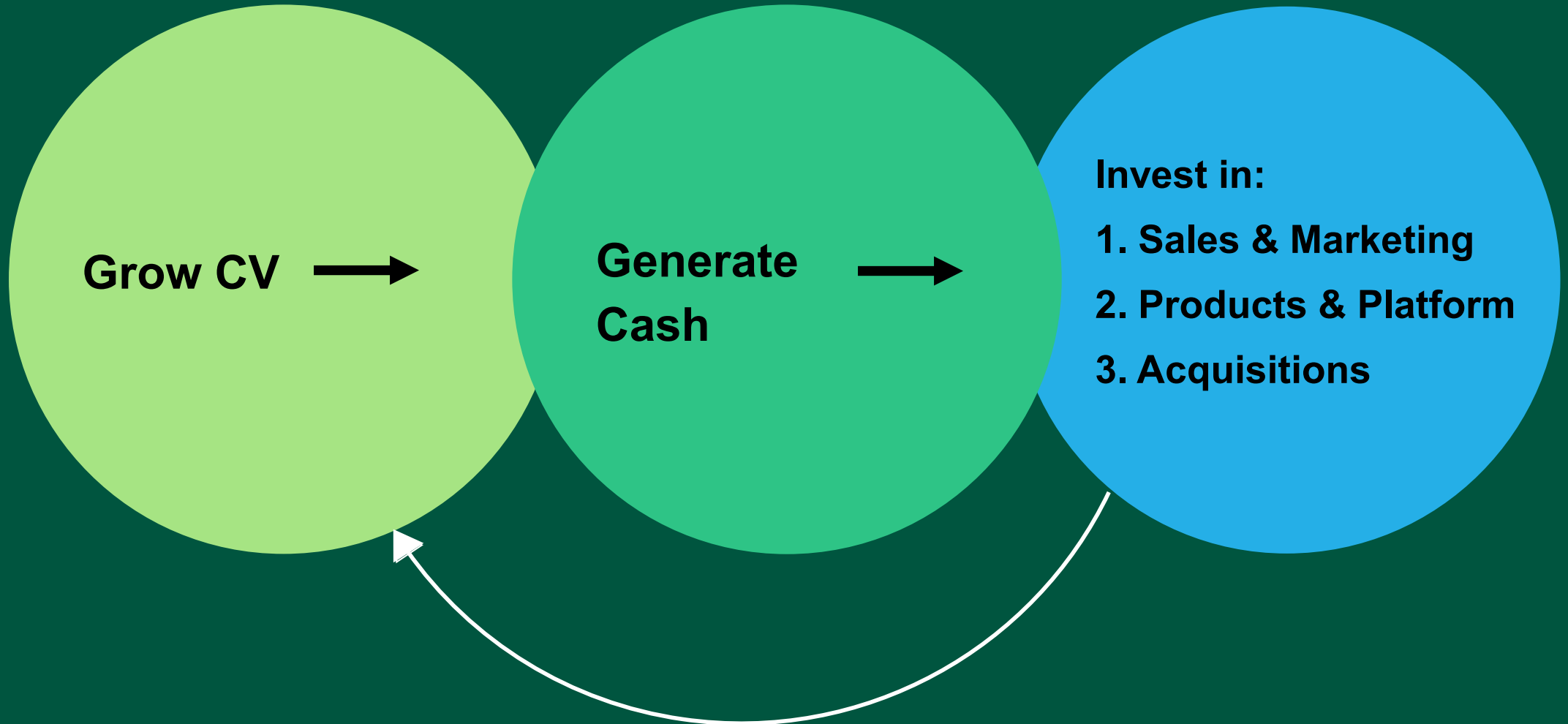
**Consulting:** Forrester Consulting helps clients implement modern strategies that align and empower teams to deliver on a shared vision for growth.

**Events:** Aligned with Forrester's research product portfolio and go-to-market offerings, Forrester Events brings its research to life.

# Growing CV

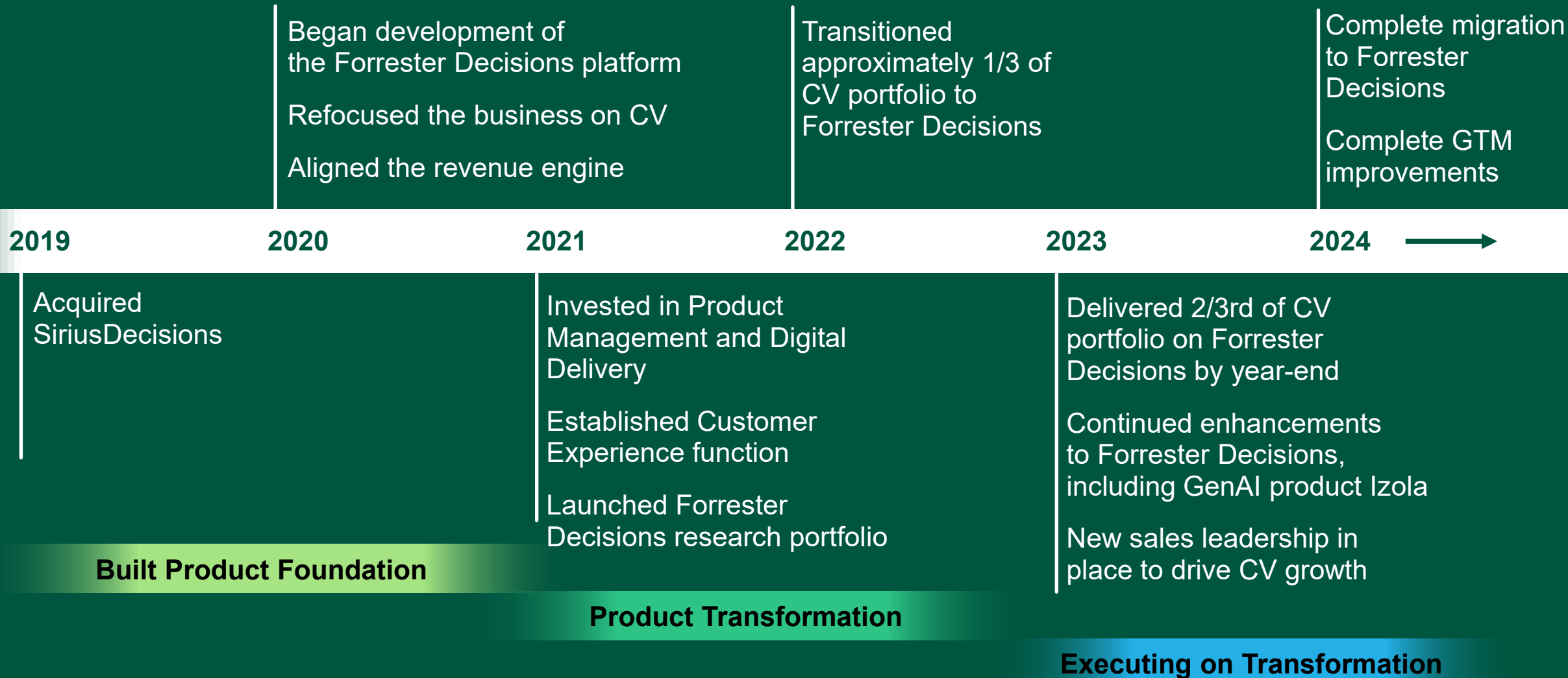


# The Forrester Contract Value Growth Engine





# Forrester's Transformation Aimed At Driving Sustained Contract Value Growth



# Forrester: A Different Kind of Research Partner



# Forrester Decisions

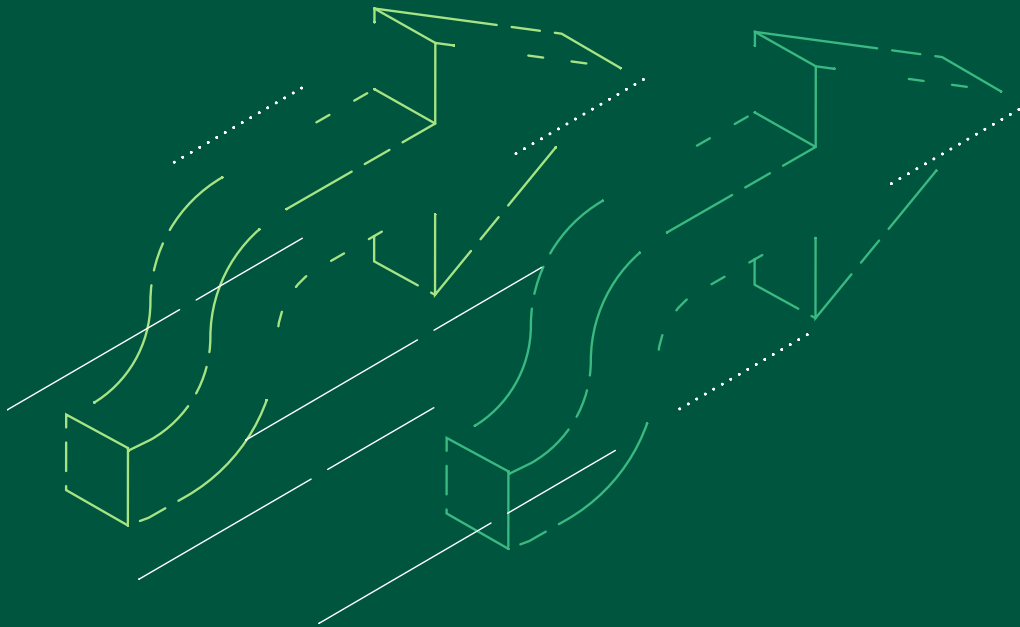
Business and technology leaders rely on Forrester Decisions to accelerate growth through customer obsession.

A unified and differentiated offering: from vision and strategy to execution

Combines the best of Forrester and SiriusDecisions

Driving alignment within and across key business functions

A comprehensive platform that creates the opportunity to both “land and expand” within current clients and drive new business



# Forrester Decisions: More Value For Clients

## What's Included

	Forrester Legacy Research	SiriusDecisions Research	Forrester Decisions
<b>Vision Research</b> <i>(e.g. Customer Obsession Research, Trends, Predictions, Market Forecasts; Forrester Technology Landscapes, Forrester Waves™)</i>	Light green block	Dark green block	Light green block
<b>Strategy Research</b> <i>(e.g. Guidance Sessions, Forrester's Unique Perspective For All Functions)</i>	Dark green block	Dark green block	
<b>Execution Research</b> <i>(e.g. Priority Tools And Frameworks, Functional And Strategic Leadership Skills Certification Courses)</i>		Blue block	

# Forrester Decisions: What's Inside?

## **Bold Vision**

Stay ahead of changing customer and market dynamics, plan for the future, and set your strategy with leading research and insights.

- **Big Research Themes**
- **Customer Insights**
- **Predictions**
- **Market Forecasts**
- **Technology And Service Provider Landscapes**

## **Curated Tools And Frameworks**

Empower your team to conquer your priorities with proven strategic models and plug-and-play templates.

- **Key Performance Indicators**
- **Peer Benchmarks**
- **Assessments**
- **Strategic Models**
- **Tools and Templates**
- **Forrester Wave™ Evaluations**
- **Certification Courses**

## **Hands-On Guidance**

Accelerate progress and de-risk decisions with best practices tailored to you and your team.

- **Guidance Sessions**
- **Peer Discussions**
- **Event Attendance**
- **Dedicated Relationship Management**

# Forrester Helps These Executives & Their Teams Accelerate Growth Through Customer Obsession

## ORGANIZATION

**TECHNOLOGY**

**CX**

**DIGITAL**

**MARKETING**

**SALES**

**PRODUCT**

## PERSONAS SERVED

Chief Information Officers  
Chief Technology Officers  
Chief Digital Officers  
Enterprise Architecture Leaders  
Infrastructure & Operations Leaders  
Application Development & Delivery Leaders

Security & Risk Leaders  
B2B Marketing Executives  
B2C Marketing Executives  
Demand Leaders

Portfolio Marketing Leaders  
Channel Marketing Leaders  
Analyst Relations Leaders  
CX Leaders  
B2B Sales Executives

Sales Enablement Leaders  
Revenue Operations Leaders  
Channel Sales Leaders  
Product Management Leaders

# Forrester Delivers Results For Our Clients

## 12% increase in digitally active banking clients over two years

— A consumer bank undergoing digital transformation to differentiate the business and accelerate growth

## Revenue was 140% over target projections.

— An insurance company that relied on Forrester to drive its customer-focused digital transformation effort

## 45% increase in community membership

— A software company aligned at key points in the customer journey to activate advocacy and long-term retention

## Saved \$100,000 and eliminated 1M+ outdated records

— An expense management company, looking to improve data quality and data policies

## \$1.5 billion in total opportunity value

— A printing and imaging company looking to increase product launch effectiveness and enhance corporate communications

## Top customer industries

- Business services
- High-tech
- Financial services
- Consumer
- Government
- Manufacturing
- Healthcare
- Communication
- Utilities

# The Value and ROI of Investing in Forrester Decisions

Forrester conducted a Total Economic Impact™ (TEI) study to examine the potential return on investment (ROI) organizations may realize by investing in Forrester Decisions.

The composite organization invests \$710,000 in costs and experiences \$2.54 million in benefits over three years, adding up to a net present value (NPV) of \$1.83 million and an ROI of 259%



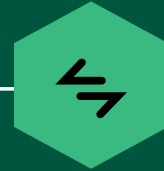
ROI  
**259%**



BENEFITS PV  
**\$2.54M**



NPV  
**\$1.83M**



INITIATIVE SUCCESS  
**26% more likely**

## Three-Year Benefits For The Composite Organization

Improved success rate of transformational initiatives

**\$1.1M**

Optimized market expansion

**\$884K**

Faster time to value for transformational initiatives

**\$406K**

Gained operational efficiency

**\$170K**

Note: Benefits Present Value (Benefits PV), Net Present Value (NVP)



# Leadership Team Well-Positioned To Scale The Business

Deep experience accelerating growth at global SaaS and CV-oriented companies



**George F. Colony**  
Chairman of the Board, Chief Executive Officer



**Ryan Darrah**  
Chief Legal Officer



**Chris Finn**  
Chief Financial Officer



**Carrie Johnson**  
Chief Product Officer



**Mike Kasparian**  
Chief Information Officer



**Sharyn Leaver**  
Chief Research Officer



**Shirley Macbeth**  
Chief Marketing Officer



**Erin Messier**  
SVP, Employee Experience



**Steven Peltzman**  
Chief Business Technology Officer



**Lisa Riley**  
SVP, Global Events



**Nate Swan**  
Chief Sales Officer

# Financial Overview

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Q4 2023

# Q4 2023 Financial Summary

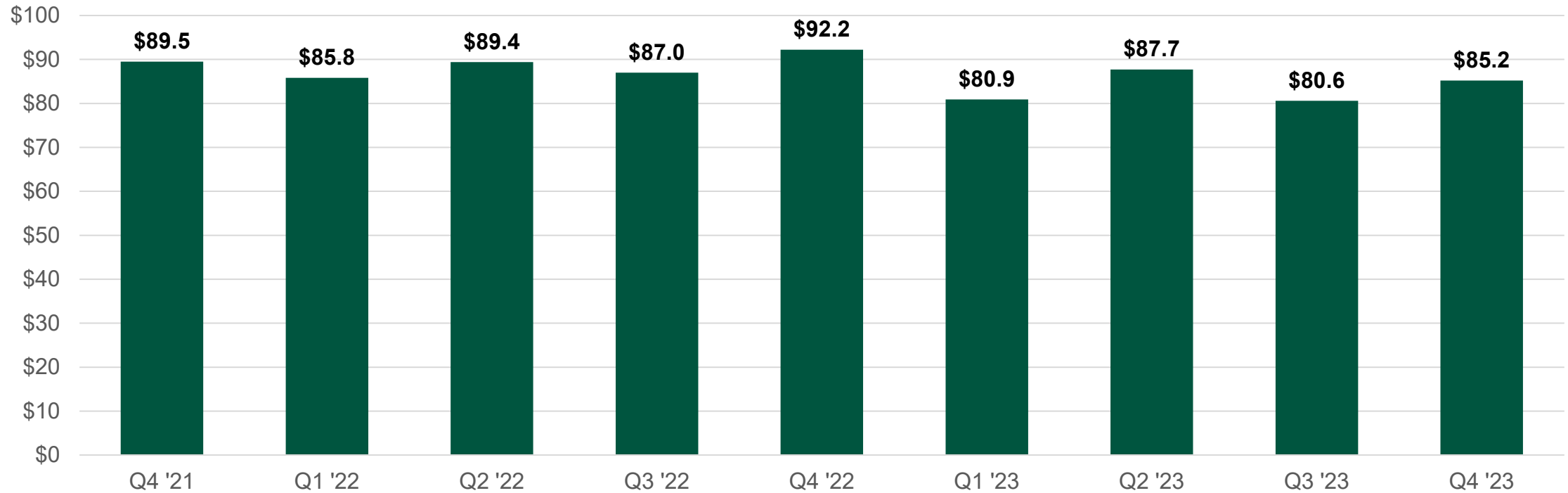
<b>Consolidated Revenue</b>	<b>Research Revenue</b>	<b>Consulting Revenue</b>	<b>Event Revenue</b>
<b>\$118.1M</b> <b>-14%</b> vs. PY	<b>\$85.2M</b> <b>-8%</b> vs. PY	<b>\$28.3M</b> <b>-25%</b> vs. PY	<b>\$4.6M</b> <b>-36%</b> vs. PY
<b>Adj. Operating Margin</b>	<b>Adj. EPS</b>	<b>Adj. EBITDA Margin</b>	<b>Free Cash Flow</b>
<b>5.8%</b> <b>-364 bps</b> vs. PY	<b>\$0.25</b> <b>-44%</b> vs. PY	<b>7.4%</b> <b>-370 bps</b> vs. PY	<b>\$10.3M</b>

# Full Year 2023 Financial Summary

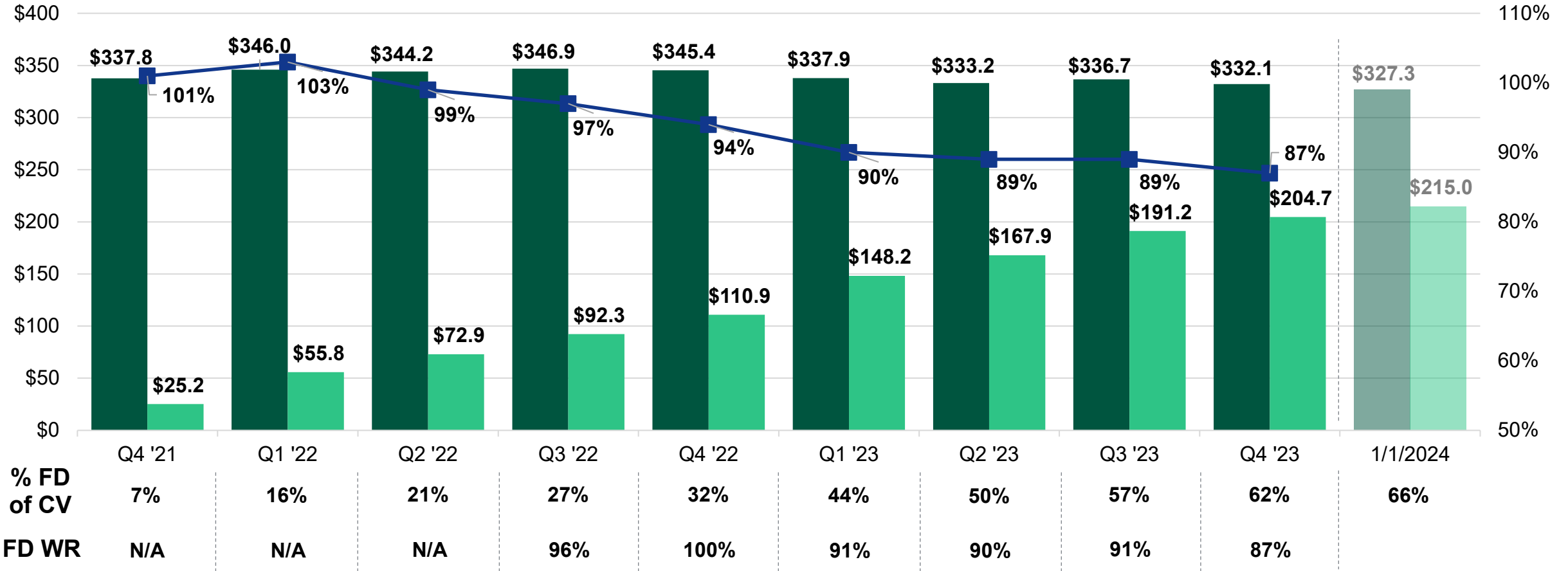
Consolidated Revenue		Research Revenue		Consulting Revenue		Event Revenue	
\$480.8M	-11% vs. PY	\$334.4M	-6% vs. PY	\$118.2M	-23% vs. PY	\$28.2M	-8% vs. PY
Adj. Operating Margin		Adj. EPS		Adj. EBITDA Margin		Free Cash Flow	
10.9%	-209 bps vs. PY	\$1.90	-23% vs. PY	12.6%	-205 bps vs. PY	\$16.2M	

# Research Revenue Trends

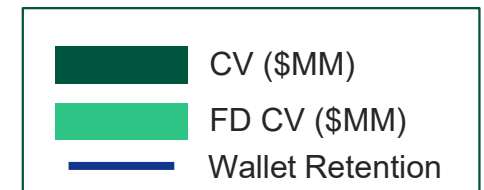
Revenue by Quarter  
(millions)



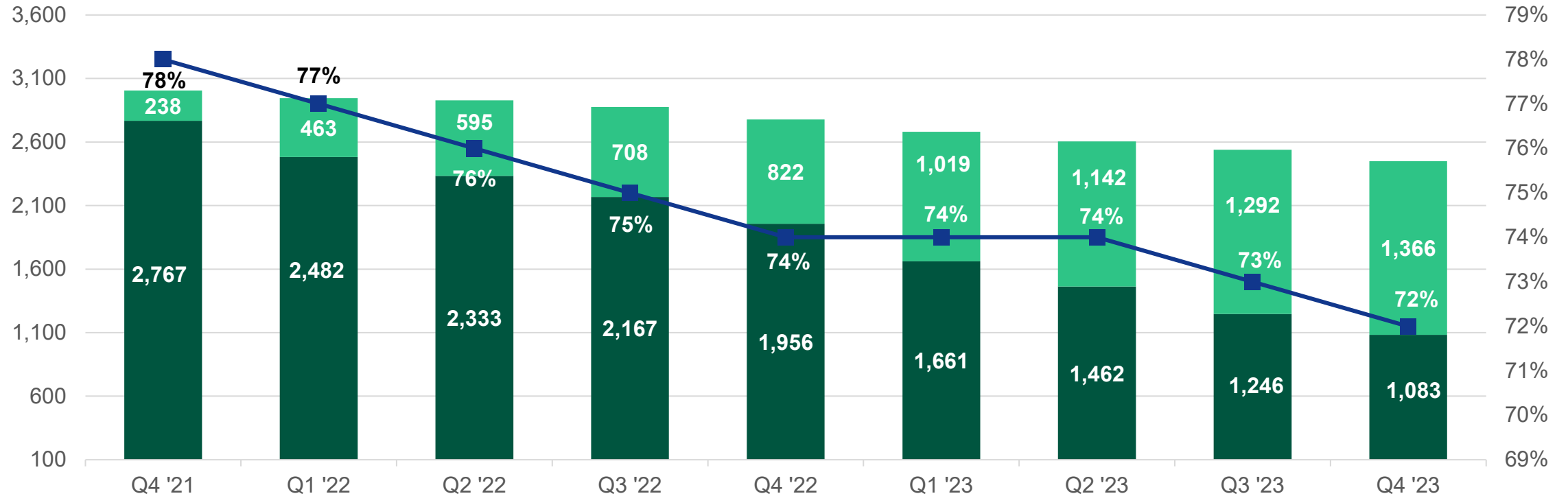
# CV & Wallet Retention Trends



Note: For comparative purposes, we have recast historical CV and Wallet Retention for the updated CV methodology. See Metrics Definition section for additional detail. Figures have also been restated for 2024 FX rates.



# Client Count & Client Retention Trends



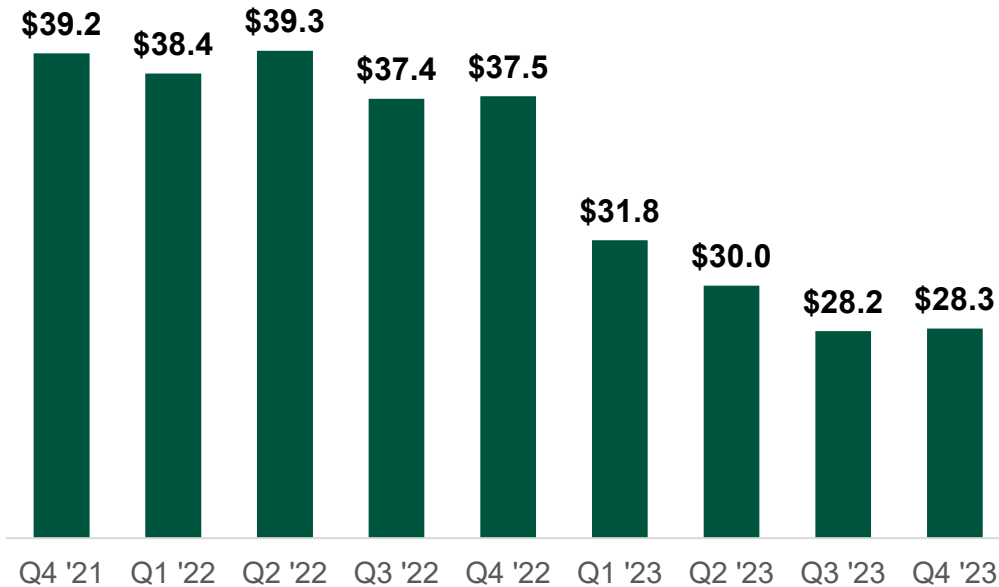
<b>% FD Clients</b>	<b>8%</b>	<b>16%</b>	<b>20%</b>	<b>25%</b>	<b>30%</b>	<b>38%</b>	<b>44%</b>	<b>51%</b>	<b>56%</b>
<b>% FD Client Retention</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>86%</b>	<b>89%</b>	<b>87%</b>	<b>86%</b>	<b>85%</b>	<b>82%</b>



# Consulting and Event Revenue Trends

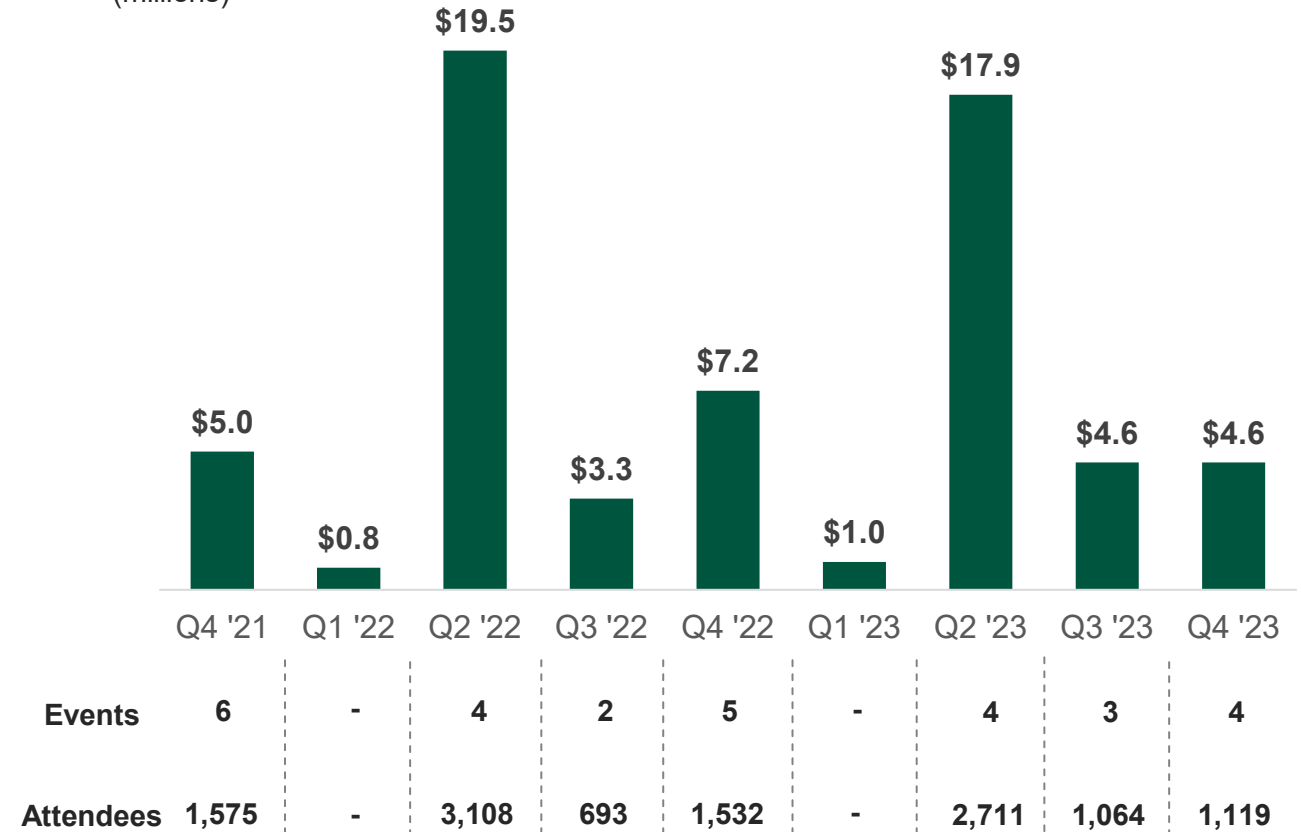
## Consulting

Revenue by Quarter  
(millions)



## Events

Revenue by Quarter  
(millions)





# 2024 Full Year Guidance – Non-GAAP

Revenue: \$430M to \$450M

- Declining 6% to 11% compared to prior year

Operating Margin: 9.5% to 10.5%

- Declining ~40 bps to ~140 bps compared to the prior year

EPS: \$1.50 to \$1.70

- Declining 11% to 21% compared to the prior year

# Non-GAAP Reconciliations

# Non-GAAP Reconciliation – Income From Operations and EBITDA

(dollars in millions)	<u>Q4-22</u>	<u>Q4-23</u>	<u>FY 22</u>	<u>FY 23</u>
<b>Income (loss) from operations - GAAP</b>	<b>(\$3.1)</b>	<b>(\$1.4)</b>	<b>\$32.7</b>	<b>\$6.8</b>
Amortization of intangible assets	3.1	2.8	13.2	12.0
Restructuring costs	9.3	1.1	9.3	13.3
Legal settlement	--	--	--	4.8
Stock-based compensation included in the following expense categories:				
Cost of services and fulfillment	2.0	2.6	8.4	9.1
Selling and marketing	0.6	0.8	2.8	2.9
General and administrative	0.8	0.9	3.3	3.5
<b>Adjusted income from operations</b>	<b>\$12.9</b>	<b>\$6.8</b>	<b>\$69.7</b>	<b>\$52.3</b>
Depreciation	2.3	1.9	9.3	8.5
<b>Adjusted EBITDA</b>	<b>\$15.1</b>	<b>\$8.7</b>	<b>\$79.0</b>	<b>\$60.7</b>

Note: Amounts might not total due to rounding.

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# Non-GAAP Reconciliation – Net Income and EPS

(dollars in millions, except per share)

	<u>Q4-22</u>		<u>Q4-23</u>		<u>FY 22</u>		<u>FY 23</u>	
	<u>Amount</u>	<u>Per Share</u>	<u>Amount</u>	<u>Per Share</u>	<u>Amount</u>	<u>Per Share</u>	<u>Amount</u>	<u>Per Share</u>
<b>Net income (loss) - GAAP</b>	<b>(\$1.6)</b>	<b>(\$0.09)</b>	<b>(\$0.7)</b>	<b>(\$0.03)</b>	<b>\$21.8</b>	<b>\$1.14</b>	<b>\$3.1</b>	<b>\$0.16</b>
Amortization of intangible assets	3.1	0.16	2.8	0.14	13.2	0.68	12.0	0.62
Restructuring costs	9.3	0.49	1.1	0.06	9.3	0.49	13.3	0.69
Legal settlement	--	--	--	--	--	--	4.8	0.25
Stock-based compensation	3.5	0.18	4.3	0.22	14.5	0.76	15.5	0.80
(Gains) losses on investments	0.1	0.01	(0.2)	(0.01)	(0.3)	(0.02)	(0.2)	(0.01)
Tax effects of items above	(4.3)	(0.22)	(2.0)	(0.10)	(9.7)	(0.51)	(11.1)	(0.58)
Adjustment to tax expense for adjusted tax rate	(1.6)	(0.08)	(0.6)	(0.03)	(1.6)	(0.08)	(0.6)	(0.03)
<b>Adjusted net income</b>	<b>\$8.5</b>	<b>\$0.45</b>	<b>\$4.8</b>	<b>\$0.25</b>	<b>\$47.2</b>	<b>\$2.46</b>	<b>\$36.6</b>	<b>\$1.90</b>
Diluted weighted average shares outstanding	19.1		19.3		19.2		19.3	

# Non-GAAP Cash Flow Reconciliation

(dollars in millions)	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>
<b>Net cash provided by operating activities</b>	<b>\$47.8</b>	<b>\$107.1</b>	<b>\$39.4</b>	<b>\$21.7</b>
Less: purchases of property and equipment	(8.9)	(10.7)	(5.7)	(5.5)
<b>Free cash flow</b>	<b>\$38.8</b>	<b>\$96.3</b>	<b>\$33.8</b>	<b>\$16.2</b>

Note: Amounts might not total due to rounding.

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# Metric Definitions

# Metric Definitions

**Updated CV Methodology:** Effective for the fourth quarter of 2023, we made a slight modification to the calculation of contract value (“CV”) based on the increasing percentage of multi-year contracts we are signing with our clients, and to more closely align CV with the trends in the related bookings and revenue performance. Historically, we have annualized the ratable revenue portion of our CV subscription products, while the entitlements included in the subscriptions (representing approximately 10% of the subscription) have been included in CV at their total value, as all entitlements in the contract are available for use during an annual period. The revised calculation annualizes the entitlements for contracts greater than one year. In addition, we update CV each year for the foreign currency rates used for internal planning purposes. We have updated the CV metric for our 2024 plan rates. For comparative purposes, we have recast historical CV and Wallet Retention for both the currency rate update and the annualization of entitlements. We have provided recast CV and Wallet Retention amounts dating back to the fourth quarter of 2021 in this presentation.

# Metric Definitions

**Contract Value (CV)** represents the value attributable to all of our recurring research-related contracts. It 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.

**Wallet Retention** represents a measure of the CV that 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.



# Metric Definitions

**Forrester Decisions Wallet Retention** is calculated on a percentage basis by dividing the annualized contract value of our current FD clients, who were also FD clients a year ago, by the total annualized contract value from all FD clients a year ago. Annualized contract value of a FD client includes all of their CV products, including both FD and heritage non-FD products.

**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. **Forrester Decisions Client Retention** modifies this definition to include only Forrester Decision clients.

**Client Count** is the total of enterprise clients with an active CV contract. **Forrester Decisions Client Count** represents only clients that have an active Forrester Decisions contract.

**Free Cash Flow** is calculated as cash flow generated from operating activities less cash paid for property and equipment.

# Thank You.

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