

Forrester Research, Inc.
Consolidated Statements of Income

(Unaudited, In thousands, except per share data)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Revenues:				
Research services	\$ 54,575	\$ 55,023	\$ 106,318	\$ 108,271
Advisory services and events	35,158	32,798	60,609	56,951
Total revenues	89,733	87,821	166,927	165,222
Operating expenses:				
Cost of services and fulfillment	36,910	34,417	68,306	65,540
Selling and marketing	30,508	29,335	61,130	59,739
General and administrative	10,419	10,300	20,589	20,273
Depreciation	1,489	2,076	3,168	4,041
Amortization of intangible assets	194	210	385	419
Reorganization costs	-	11	-	1,026
Total operating expenses	79,520	76,349	153,578	151,038
Income from operations	10,213	11,472	13,349	14,184
Other income, net	93	473	102	145
Losses on investments, net	(22)	(54)	(225)	(54)
Income before income taxes	10,284	11,891	13,226	14,275
Income tax provision	4,220	4,431	4,132	5,526
Net income	\$ 6,064	\$ 7,460	\$ 9,094	\$ 8,749
Diluted income per common share	\$ 0.34	\$ 0.41	\$ 0.50	\$ 0.49
Diluted weighted average shares outstanding	18,050	18,145	18,293	18,035
Basic income per common share	\$ 0.34	\$ 0.42	\$ 0.51	\$ 0.49
Basic weighted average shares outstanding	17,715	17,863	17,973	17,812
Pro forma data (1):				
Income from operations	\$ 10,213	\$ 11,472	\$ 13,349	\$ 14,184
Amortization of intangible assets	194	210	385	419
Reorganization costs	-	11	-	1,026
Stock-based compensation included in the following expense categories:				
Cost of services and fulfillment	1,103	870	2,299	2,064
Selling and marketing	202	109	364	423
General and administrative	891	647	1,582	1,274
Pro forma income from operations	12,603	13,319	17,979	19,390
Other income, net	93	473	102	145
Pro forma income before income taxes	12,696	13,792	18,081	19,535
Pro forma income tax provision	5,078	5,517	7,232	7,814
Pro forma net income	\$ 7,618	\$ 8,275	\$ 10,849	\$ 11,721
Pro forma diluted income per share	\$ 0.42	\$ 0.46	\$ 0.59	\$ 0.65
Pro forma diluted weighted average shares outstanding	18,050	18,145	18,293	18,035

(1) Forrester believes that pro forma 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 pro forma presentation excludes amortization of acquisition-related intangible assets, stock-based compensation, reorganization costs and net gains or losses from investments, as well as their related tax effects. The pro forma data does not purport to be prepared in accordance with Accounting Principles Generally Accepted in the United States.

Forrester Research, Inc.
Key Financial Data

(Unaudited, dollars in thousands)

	June 30, 2017	December 31, 2016
Balance sheet data:		
Cash, cash equivalents and marketable investments	\$ 125,235	\$ 138,105
Accounts receivable, net	\$ 50,954	\$ 58,812
Deferred revenue	\$ 145,350	\$ 134,265

	Six Months Ended June 30,	
	2017	2016
Cash flow data:		
Net cash provided by operating activities	\$ 26,893	\$ 31,455
Purchases of property and equipment	\$ (3,240)	\$ (2,318)
Repurchases of common stock	\$ (36,426)	\$ -
Dividends paid	\$ (6,815)	\$ (6,428)

	As of June 30,	
	2017	2016
Metrics:		
Agreement value	\$ 236,700	\$ 241,800
Client retention	75%	76%
Dollar retention	87%	88%
Enrichment	94%	96%
Number of clients	2,417	2,481

	As of June 30,	
	2017	2016
Headcount:		
Total headcount	1,381	1,336
Research and consulting staff	521	494
Sales force	538	526