

Forrester Research, Inc.
Consolidated Statements of Income

(Unaudited, In thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2017	2016	2017	2016
Revenues:				
Research services	\$ 54,235	\$ 52,727	\$ 160,553	\$ 160,998
Advisory services and events	26,134	24,700	86,743	81,651
Total revenues	80,369	77,427	247,296	242,649
Operating expenses:				
Cost of services and fulfillment	32,508	29,889	100,814	95,429
Selling and marketing	29,225	27,751	90,355	87,490
General and administrative	10,083	10,086	30,672	30,359
Depreciation	1,607	1,941	4,775	5,982
Amortization of intangible assets	197	208	582	627
Reorganization costs	-	-	-	1,026
Total operating expenses	73,620	69,875	227,198	220,913
Income from operations	6,749	7,552	20,098	21,736
Other income, net	146	229	248	374
Losses on investments, net	(772)	(1,085)	(997)	(1,139)
Income before income taxes	6,123	6,696	19,349	20,971
Income tax provision	2,170	3,584	6,302	9,110
Net income	\$ 3,953	\$ 3,112	\$ 13,047	\$ 11,861
Diluted income per common share	\$ 0.22	\$ 0.17	\$ 0.72	\$ 0.65
Diluted weighted average shares outstanding	18,051	18,435	18,212	18,168
Basic income per common share	\$ 0.22	\$ 0.17	\$ 0.73	\$ 0.66
Basic weighted average shares outstanding	17,747	18,062	17,897	17,896
Pro forma data (1):				
Income from operations	\$ 6,749	\$ 7,552	\$ 20,098	\$ 21,736
Amortization of intangible assets	197	208	582	627
Reorganization costs	-	-	-	1,026
Stock-based compensation included in the following expense categories:				
Cost of services and fulfillment	1,088	1,077	3,387	3,141
Selling and marketing	170	272	535	695
General and administrative	920	622	2,501	1,895
Pro forma income from operations	9,124	9,731	27,103	29,120
Other income, net	146	229	248	374
Pro forma income before income taxes	9,270	9,960	27,351	29,494
Pro forma income tax provision	3,708	3,984	10,940	11,798
Pro forma net income	\$ 5,562	\$ 5,976	\$ 16,411	\$ 17,696
Pro forma diluted income per share	\$ 0.31	\$ 0.32	\$ 0.90	\$ 0.97
Pro forma diluted weighted average shares outstanding	18,051	18,435	18,212	18,168

(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

Forrester Research, Inc.
Key Financial Data

(Unaudited, dollars in thousands)

	September 30, 2017	December 31, 2016
Balance sheet data:		
Cash, cash equivalents and marketable investments	\$ 133,979	\$ 138,105
Accounts receivable, net	\$ 39,481	\$ 58,812
Deferred revenue	\$ 132,929	\$ 134,265

	Nine Months Ended September 30,	
	2017	2016
Cash flow data:		
Net cash provided by operating activities	\$ 36,863	\$ 38,305
Purchases of property and equipment	\$ (5,806)	\$ (3,334)
Repurchases of common stock	\$ (39,967)	\$ -
Dividends paid	\$ (10,205)	\$ (9,696)

	As of September 30,	
	2017	2016
Metrics:		
Agreement value	\$ 237,800	\$ 241,100
Client retention	76%	76%
Dollar retention	88%	88%
Enrichment	94%	95%
Number of clients	2,393	2,482

	As of September 30,	
	2017	2016
Headcount:		
Total headcount	1,374	1,332
Research and consulting staff	510	488
Sales force	530	514