

**Forrester Research, Inc.**  
**Consolidated Statements of Income**

(Unaudited, In thousands, except per share data)

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2017	2016	2017	2016
<b>Revenues:</b>				
Research services	\$ 55,918	\$ 54,218	\$ 216,471	\$ 215,216
Advisory services and events	34,459	29,228	121,202	110,879
<b>Total revenues</b>	<b>90,377</b>	<b>83,446</b>	<b>337,673</b>	<b>326,095</b>
<b>Operating expenses:</b>				
Cost of services and fulfillment	36,058	32,746	136,872	128,175
Selling and marketing	33,562	29,408	123,917	116,898
General and administrative	11,234	10,220	41,906	40,579
Depreciation	1,873	1,830	6,648	7,812
Amortization of intangible assets	199	204	781	831
Reorganization costs	-	-	-	1,026
<b>Total operating expenses</b>	<b>82,926</b>	<b>74,408</b>	<b>310,124</b>	<b>295,321</b>
<b>Income from operations</b>	<b>7,451</b>	<b>9,038</b>	<b>27,549</b>	<b>30,774</b>
Other income, net	53	366	301	740
Gains (losses) on investments	518	334	(479)	(805)
<b>Income before income taxes</b>	<b>8,022</b>	<b>9,738</b>	<b>27,371</b>	<b>30,709</b>
Income tax provision	5,929	3,948	12,231	13,058
<b>Net income</b>	<b>\$ 2,093</b>	<b>\$ 5,790</b>	<b>\$ 15,140</b>	<b>\$ 17,651</b>
Diluted income per common share	\$ 0.11	\$ 0.31	\$ 0.83	\$ 0.97
Diluted weighted average shares outstanding	18,322	18,572	18,240	18,269
Basic income per common share	\$ 0.12	\$ 0.32	\$ 0.84	\$ 0.98
Basic weighted average shares outstanding	17,983	18,248	17,919	17,984
<b>Pro forma data (1):</b>				
Income from operations	\$ 7,451	\$ 9,038	\$ 27,549	\$ 30,774
Amortization of intangible assets	199	204	781	831
Reorganization costs	-	-	-	1,026
Stock-based compensation included in the following expense categories:				
Cost of services and fulfillment	1,151	1,290	4,538	4,431
Selling and marketing	182	359	717	1,054
General and administrative	734	596	3,235	2,491
<b>Pro forma income from operations</b>	<b>9,717</b>	<b>11,487</b>	<b>36,820</b>	<b>40,607</b>
Other income, net	53	366	301	740
<b>Pro forma income before income taxes</b>	<b>9,770</b>	<b>11,853</b>	<b>37,121</b>	<b>41,347</b>
Income taxes under GAAP	5,929	3,948	12,231	13,058
Tax effects of pro forma items (2)	(654)	101	2,568	2,649
Adjustment to tax expense to reflect pro forma tax rate (3)	(1,367)	692	49	832
<b>Pro forma net income</b>	<b>\$ 5,862</b>	<b>\$ 7,112</b>	<b>\$ 22,273</b>	<b>\$ 24,808</b>
Pro forma diluted income per share	\$ 0.32	\$ 0.38	\$ 1.22	\$ 1.36
Pro forma diluted weighted average shares outstanding	18,322	18,572	18,240	18,269

(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. We also utilized an assumed tax rate of 40% in both 2017 and 2016, which excludes items such as the tax effect of the Tax Cuts and Jobs Act of 2017, any release of reserves for uncertain tax positions established in prior years and the effect of any adjustments related to the filing of prior year tax returns. The pro forma data does not purport to be prepared in accordance with Accounting Principles Generally Accepted in the United States.

(2) The tax effect of adjusting items is based on the accounting treatment and rate for the jurisdiction of each item.

(3) To compute pro forma net income, we apply a pro forma effective tax rate of 40% to each quarter and period presented.

## Forrester Research, Inc.

### Key Financial Data

(Unaudited, dollars in thousands)

	December 31, 2017	December 31, 2016
<b>Balance sheet data:</b>		
Cash, cash equivalents and marketable investments	\$ 134,123	\$ 138,105
Accounts receivable, net	\$ 70,023	\$ 58,812
Deferred revenue	\$ 145,207	\$ 134,265

	Year Ended December 31,	
	2017	2016
<b>Cash flow data:</b>		
Net cash provided by operating activities	\$ 37,493	\$ 44,477
Purchases of property and equipment	\$ (7,861)	\$ (4,140)
Repurchases of common stock	\$ (39,967)	\$ (1,791)
Dividends paid	\$ (13,631)	\$ (12,987)

	As of December 31,	
	2017	2016
<b>Metrics:</b>		
Agreement value	\$ 242,900	\$ 238,400
Client retention	76%	75%
Dollar retention	88%	87%
Enrichment	96%	93%
Number of clients	2,409	2,432

	As of December 31,	
	2017	2016
<b>Headcount:</b>		
Total headcount	1,392	1,378
Research and consulting staff	515	520
Sales force	539	523