

BLUCORA, INC.  
Form 8-K/A  
March 17, 2016

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K/A  
(Amendment No. 1 to Form 8-K)

CURRENT REPORT  
Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934  
March 17, 2016  
Date of Report  
(Date of earliest event reported)

BLUCORA, INC.  
(Exact name of registrant as specified in its charter)

|   |  |   |
|---|--|---|
| DELAWARE<br>(State or other jurisdiction<br>of incorporation)<br>10900 NE 8th Street, Suite 800<br>Bellevue, Washington 98004<br>(Address of principal executive offices)<br>(425) 201-6100<br>Registrant's telephone number, including area code | 000-25131<br>(Commission<br>File Number) | 91-1718107<br>(I.R.S. Employer<br>Identification No.) |
|---|--|---|

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.01 COMPLETION OF ACQUISITION OR DISPOSITION OF ASSETS

On December 31, 2015, Blucora, Inc. (“Blucora” or the “Company”) filed a Current Report on Form 8-K under item 2.01 that it had completed the acquisition of HDV Holdings, Inc., pursuant to the terms of the Stock Purchase Agreement dated as of October 14, 2015 described in, and filed with, the Form 8-K filed by Blucora on October 14, 2015. In that Form 8-K, Blucora stated that it would file the required historical and pro forma financial information by amendment, and this Form 8-K/A is being filed to provide that financial information.

HDV Holdings, Inc. is the holding company for the group of companies that comprise the HD Vest Financial Services® business (“HD Vest”), a provider of wealth management solutions for financial advisors. HD Vest generates revenue primarily through commissions, quarterly investment advisory fees based on assets under management, and other fees.

Blucora acquired HD Vest for \$611.9 million, which is subject to a final working capital adjustment in the first quarter of 2016. In connection with the acquisition, certain members of HD Vest management rolled over a portion of the proceeds they would have otherwise received at the closing into shares of the acquisition subsidiary through which Blucora consummated the purchase of HD Vest. A portion of those shares were sold to Blucora in exchange for a promissory note. After giving effect to the rollover shares and related purchase of the rollover shares for the promissory note, Blucora indirectly owns 95.52% of HDV Holdings, Inc., with the remaining 4.48% non-controlling interest held collectively by the rollover management members and subject to put and call arrangements exercisable beginning in 2019.

Item 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial statements of businesses acquired

The unaudited financial statements for HDV Holdings, Inc. as of and for the nine months ended September 30, 2015 and 2014 and the audited financial statements as of and for the years ended December 31, 2014, 2013, and 2012 are attached hereto as Exhibits 99.2, 99.3, and 99.4 and are incorporated by reference herein.

(b) Pro forma financial information

The following unaudited pro forma condensed combined consolidated financial statements of Blucora consist of (i) pro forma condensed combined consolidated statements of operations for the year ended December 31, 2014 and for the nine months ended September 30, 2015, (ii) a pro forma condensed combined consolidated balance sheet as of September 30, 2015, and (iii) accompanying notes, giving effect to Blucora's acquisition of HD Vest on December 31, 2015 (collectively, the “Unaudited Pro Forma Condensed Combined Consolidated Financial Statements”). The unaudited pro forma condensed combined consolidated statements of operations are presented as if Blucora's acquisition of HD Vest occurred on January 1, 2014, and the unaudited pro forma condensed combined consolidated balance sheet is presented as if Blucora's acquisition of HD Vest occurred on September 30, 2015. As part of Blucora's October 14, 2015 announcement of the acquisition of HD Vest, Blucora stated its plans to divest the Search and Content and E-Commerce businesses in order to focus on the technology-enabled financial solutions market. As a result, Blucora classified the Search and Content and E-Commerce businesses as discontinued operations effective with the fourth quarter of 2015. Pro forma consolidated financial results for Blucora excluding the Search and Content and E-Commerce businesses can be found in the Supplemental Information filed as Exhibit 99.2 to the Form 8-K filed by Blucora on February 11, 2016.

The Unaudited Pro Forma Condensed Combined Consolidated Financial Statements are provided for informational purposes only and do not purport to reflect the results of operations that would have existed or occurred had such transaction taken place on the dates indicated, nor do they purport to reflect the financial condition or results of operations that will exist or occur in the future. The Unaudited Pro Forma Condensed Combined Consolidated Financial Statements should be read in conjunction with (i) Blucora's unaudited historical consolidated financial statements and the notes thereto, included in its Quarterly Report on Form 10-Q for the period ended September 30, 2015 and its audited Annual Report on Form 10-K for the year ended December 31, 2014, as well as (ii) HD Vest's historical unaudited consolidated financial statements for the nine months ended September 30, 2015 and 2014 and its audited consolidated financial statements for the years ended December 31, 2014, 2013, and 2012 and the notes thereto, included in Exhibits 99.2, 99.3, and 99.4 of this Form 8-K/A.

Blucora acquired HD Vest for \$611.9 million, which is subject to a final working capital adjustment in the first quarter of 2016. As described under Item 2.01 above, Blucora indirectly owns 95.52% of HDV Holdings, Inc., with the

remaining 4.48% non-controlling interest held collectively by the rollover management members and subject to put and call arrangements exercisable beginning in 2019. The acquisition was funded by a combination of cash on hand and a new credit facility, under which Blucora borrowed \$400.0 million. The Unaudited Pro Forma Condensed Combined Consolidated Financial Statements

present the acquisition of HD Vest under the acquisition method of accounting, which reflects the allocation of the purchase price to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. The Unaudited Pro Forma Condensed Combined Consolidated Financial Statements reflect the purchase price allocation based on Blucora's best estimate of the fair value of the assets acquired and liabilities assumed.

3

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## BLUCORA, INC.

## UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED BALANCE SHEET

AS OF SEPTEMBER 30, 2015

(In thousands)

|  | Blucora   | HD Vest   | Presentation<br>Adjustments<br>(Note 3) | Pro Forma<br>Adjustments<br>(Note 4) | Pro Forma   |
|--|-----------|-----------|---|--------------------------------------|-------------|
| <b>ASSETS</b>                                      |           |           |   |                                      |             |
| Current assets:                                    |           |           |   |                                      |             |
| Cash and cash equivalents                          | \$59,638  | \$33,363  | \$ —                                    | \$ —                                 | \$93,001    |
| Cash segregated under federal or other regulations | —         | 845       | —                                       | —                                    | 845         |
| Available-for-sale investments                     | 232,705   | —         | —                                       | (232,230 ) <sup>(1)</sup>            | 475         |
| Accounts receivable, net                           | 23,157    | 4,650     | —                                       | —                                    | 27,807      |
| Taxes receivable                                   | —         | 1,120     | (1,120 ) <sup>(A)</sup>                 | —                                    | —           |
| Commissions and advisory fees receivable           | —         | 15,586    | —                                       | —                                    | 15,586      |
| Other receivables                                  | 1,230     | —         | 1,120 <sup>(A)</sup>                    | 20,062 <sup>(2)(3)</sup>             | 22,412      |
| Inventories  | 33,673    | —         | —                                       | —                                    | 33,673      |
| Prepaid expenses and other current assets, net     | 10,768    | 1,926     | —                                       | (217 ) <sup>(3)(6)</sup>             | 12,477      |
| Total current assets                               | 361,171   | 57,490    | —                                       | (212,385 )                           | 206,276     |
| Long-term assets:                                  |           |           |   |                                      |             |
| Property and equipment at cost, net                | 15,089    | 5,998     | —                                       | —                                    | 21,087      |
| Goodwill and intangible assets, net                | —         | 173,826   | (173,826 ) <sup>(B)</sup>               | —                                    | —           |
| Goodwill, net                                      | 308,827   | —         | 93,220 <sup>(B)</sup>                   | 295,906 <sup>(4)</sup>               | 697,953     |
| Other intangible assets, net                       | 147,253   | —         | 80,606 <sup>(B)</sup>                   | 243,094 <sup>(5)</sup>               | 470,953     |
| Deferred financing costs                           | —         | 2,392     | (2,392 ) <sup>(C)</sup>                 | —                                    | —           |
| Other long-term assets, net                        | 4,134     | 508       | 2,392 <sup>(C)</sup>                    | (1,870 ) <sup>(6)</sup>              | 5,164       |
| Total long-term assets                             | 475,303   | 182,724   | —                                       | 537,130                              | 1,195,157   |
| Total assets                                       | \$836,474 | \$240,214 | \$ —                                    | \$324,745                            | \$1,401,433 |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>        |           |           |   |                                      |             |
| Current liabilities:                               |           |           |   |                                      |             |
| Accounts payable                                   | \$33,570  | \$ —      | \$1,429 <sup>(D)(E)</sup>               | \$ —                                 | \$34,999    |
| Accounts payable and other current liabilities     | —         | 3,536     | (3,536 ) <sup>(D)</sup>                 | —                                    | —           |
| Commissions and advisory fees payable              | —         | 15,576    | —                                       | —                                    | 15,576      |
| Amounts due on clearing transactions               | —         | 845       | (845 ) <sup>(E)</sup>                   | —                                    | —           |
| Accrued expenses and other current liabilities     | 18,918    | —         | 2,952 <sup>(D)</sup>                    | 8,893 <sup>(7)</sup>                 | 30,763      |
| Deferred revenue                                   | 6,563     | 5,183     | —                                       | —                                    | 11,746      |
| Current portion of long-term debt, net             | —         | —         | —                                       | 31,631 <sup>(8)</sup>                | 31,631      |
| Total current liabilities                          | 59,051    | 25,140    | —                                       | 40,524                               | 124,715     |
| Long-term liabilities:                             |           |           |   |                                      |             |
| Long-term debt, net                                | 30,000    | 231,200   | —                                       | 122,650 <sup>(8)</sup>               | 383,850     |
| Convertible senior notes, net                      | 188,050   | —         | —                                       | —                                    | 188,050     |
| Deferred tax liability, net                        | 15,024    | 19,170    | —                                       | 121,234 <sup>(9)</sup>               | 155,428     |
| Deferred revenue                                   | 2,382     | —         | —                                       | —                                    | 2,382       |
| Other long-term liabilities                        | 6,225     | 3,572     | —                                       | (3,570 ) <sup>(10)</sup>             | 6,227       |
| Total long-term liabilities                        | 241,681   | 253,942   | —                                       | 240,314                              | 735,937     |

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|   |            |            |     |           |                 |
|---|------------|------------|-----|-----------|-----------------|
| Total liabilities                             | 300,732    | 279,082    | —   | 280,838   | 860,652         |
| Redeemable non-controlling interests          | —          | —          | —   | 15,038    | (11) 15,038     |
| Stockholders' equity:                         |            |            |     |           |                 |
| Common stock                                  | 4          | —          | —   | —         | 4               |
| Additional paid-in capital                    | 1,506,593  | 93,593     | —   | (93,593)  | (12) 1,506,593  |
| Accumulated deficit                           | (970,784 ) | (132,461 ) | —   | 132,461   | (12) (970,784 ) |
|   |            |            |     | (9,999 )  | (12) (9,999 )   |
| Accumulated other comprehensive income (loss) | (71 )      | —          | —   | —         | (71 )           |
| Total stockholders' equity                    | 535,742    | (38,868 )  | —   | 28,869    | 525,743         |
| Total liabilities and stockholders' equity    | \$836,474  | \$240,214  | \$— | \$324,745 | \$1,401,433     |

See accompanying notes to Unaudited Pro Forma Condensed Combined Consolidated Financial Statements.

## BLUCORA, INC.

UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED STATEMENTS OF OPERATIONS  
NINE MONTHS ENDED SEPTEMBER 30, 2015

(In thousands, except per share data)

|  | Blucora   | HD Vest   | Presentation<br>Adjustments<br>(Note 3) | Pro Forma<br>Adjustments<br>(Note 4) | Pro Forma      |
|--|-----------|-----------|---|--------------------------------------|----------------|
| <b>Revenues:</b>   |           |           |   |                                      |                |
| Services revenue   | \$268,819 | \$237,606 | \$—                                     | \$—                                  | \$506,425      |
| Product revenue, net                                       | 109,764   | —         | —                                       | —                                    | 109,764        |
| Total revenues   | 378,583   | 237,606   | —                                       | —                                    | 616,189        |
| <b>Operating expenses:</b>                                 |           |           |   |                                      |                |
| <b>Cost of revenues:</b>                                   |           |           |   |                                      |                |
| Services cost of revenue                                   | 94,204    | —         | 163,469 (F)                             | —                                    | 257,673        |
| Product cost of revenue                                    | 77,878    | —         | —                                       | —                                    | 77,878         |
| Total cost of revenues                                     | 172,082   | —         | 163,469                                 | —                                    | 335,551        |
| Operating expenses   |           | 212,905   | (212,905 )                              |                                      | —              |
| Engineering and technology                                 | 15,803    | —         | 7,026 (F)                               | 602 (13)                             | 23,431         |
| Sales and marketing  | 98,416    | —         | 26,958 (F)                              | 863 (13)                             | 126,237        |
| General and administrative                                 | 33,936    | —         | 12,477 (F)                              | (3,802 ) (14)                        | 42,611         |
| Depreciation and amortization                              | —         | 6,052     | (6,052 ) (G)                            | —                                    | —              |
| Depreciation   | 3,540     | —         | 4,269 (G)                               | —                                    | 7,809          |
| Amortization of intangible assets                          | 17,585    | —         | 1,783 (G)                               | 11,142 (15)                          | 30,510         |
| Total operating expenses                                   | 341,362   | 218,957   | (2,975 )                                | 8,805                                | 566,149        |
| Operating income (loss)                                    | 37,221    | 18,649    | 2,975                                   | (8,805 )                             | 50,040         |
| Other loss, net  | (11,578 ) | (11,574 ) | (2,975 ) (F)                            | (9,034 ) (16)                        | (35,161 ) (17) |
| Income (loss) before income taxes                          | 25,643    | 7,075     | —                                       | (17,839 )                            | 14,879         |
| Income tax benefit (expense)                               | (8,903 )  | (2,639 )  | —                                       | 5,814 (18)                           | (5,728 )       |
| Net income (loss)  | 16,740    | 4,436     | —                                       | (12,025 )                            | 9,151          |
| Net income attributable to non-controlling interests       | —         | —         | —                                       | (247 ) (19)                          | (247 )         |
| Net income (loss) attributable to Blucora, Inc.            | \$16,740  | \$4,436   | \$—                                     | \$(12,272 )                          | \$8,904        |
| <b>Net income per share attributable to Blucora, Inc.:</b> |           |           |   |                                      |                |
| Basic  | \$0.41    |           |   |                                      | \$0.22         |
| Diluted  | \$0.40    |           |   |                                      | \$0.21         |
| <b>Weighted average shares outstanding:</b>                |           |           |   |                                      |                |
| Basic  | 40,952    |           |   |                                      | 40,952         |
| Diluted  | 41,911    |           |   |                                      | 41,911         |

See accompanying notes to Unaudited Pro Forma Condensed Combined Consolidated Financial Statements.

## BLUCORA, INC.

UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED STATEMENTS OF OPERATIONS  
YEAR ENDED DECEMBER 31, 2014

(In thousands, except per share data)

|  | Blucora     | HD Vest   | Presentation<br>Adjustments<br>(Note 3) | Pro Forma<br>Adjustments<br>(Note 4) | Pro Forma           |
|--|-------------|-----------|---|--------------------------------------|---------------------|
| <b>Revenues:</b>   |             |           |   |                                      |                     |
| Services revenue   | \$429,989   | \$304,854 | \$—                                     | \$—                                  | \$734,843           |
| Product revenue, net                                     | 150,731     | —         | —                                       | —                                    | 150,731             |
| Total revenues   | 580,720     | 304,854   | —                                       | —                                    | 885,574             |
| <b>Operating expenses:</b>                               |             |           |   |                                      |                     |
| <b>Cost of revenues:</b>                                 |             |           |   |                                      |                     |
| Services cost of revenue                                 | 218,153     | —         | 208,120                                 | —                                    | 426,273             |
| Product cost of revenue                                  | 102,344     | —         | —                                       | —                                    | 102,344             |
| Total cost of revenues                                   | 320,497     | —         | 208,120                                 | —                                    | 528,617             |
| Operating expenses                                       |             | 266,581   | (266,581 )                              |                                      | —                   |
| Engineering and technology                               | 20,670      | —         | 8,282                                   | (F) 828                              | (13) 29,780         |
| Sales and marketing                                      | 118,124     | —         | 34,568                                  | (F) 1,185                            | (13) 153,877        |
| General and administrative                               | 39,120      | —         | 14,914                                  | (F) 2,793                            | (14) 56,827         |
| Depreciation and amortization                            |             | 7,970     | (7,970 )                                | (G) —                                | —                   |
| Depreciation   | 4,352       | —         | 5,970                                   | (G) —                                | 10,322              |
| Amortization of intangible assets                        | 23,581      | —         | 2,000                                   | (G) 14,578                           | (15) 40,159         |
| Impairment of goodwill and intangible assets             | 62,817      | —         | —                                       | —                                    | 62,817              |
| Total operating expenses                                 | 589,161     | 274,551   | (697 )                                  | 19,384                               | 882,399             |
| Operating income (loss)                                  | (8,441 )    | 30,303    | 697                                     | (19,384 )                            | 3,175               |
| Other loss, net  | (14,766 )   | (12,461 ) | (697 )                                  | (F) (16,771 )                        | (16) (17) (44,695 ) |
| Income (loss) before income taxes                        | (23,207 )   | 17,842    | —                                       | (36,155 )                            | (41,520 )           |
| Income tax benefit (expense)                             | (12,340 )   | (7,004 )  | —                                       | 35,329                               | (18) 15,985         |
| Net income (loss)  | (35,547 )   | 10,838    | —                                       | (826 )                               | (25,535 )           |
| Net income attributable to non-controlling interests     | —           | —         | —                                       | (317 )                               | (19) (317 )         |
| Net income (loss) attributable to Blucora, Inc.          | \$(35,547 ) | \$10,838  | \$—                                     | \$(1,143 )                           | \$(25,852 )         |
| <b>Net loss per share attributable to Blucora, Inc.:</b> |             |           |   |                                      |                     |
| Basic  | \$(0.86 )   |           |   |                                      | \$(0.62 )           |
| Diluted  | \$(0.86 )   |           |   |                                      | \$(0.62 )           |
| <b>Weighted average shares outstanding:</b>              |             |           |   |                                      |                     |
| Basic  | 41,396      |           |   |                                      | 41,396              |
| Diluted  | 41,396      |           |   |                                      | 41,396              |

See accompanying notes to Unaudited Pro Forma Condensed Combined Consolidated Financial Statements.



BLUCORA, INC.

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Basis of Pro Forma Presentation

On December 31, 2015 and pursuant to the Purchase Agreement dated October 14, 2015, Blucora, Inc. (the "Company" or "Blucora") acquired HD Vest for \$611.9 million, which is subject to a final working capital adjustment in the first quarter of 2016. HD Vest provides wealth management solutions for financial advisors and is expected to be synergistic with TaxAct, Inc. ("TaxAct") as a result of cross-selling opportunities and an expanded addressable market for both HD Vest and TaxAct. In connection with the acquisition, certain members of HD Vest management rolled over a portion of the proceeds they would have otherwise received at the closing into shares of the acquisition subsidiary through which Blucora consummated the purchase of HD Vest. A portion of those shares were sold to Blucora in exchange for a promissory note. After giving effect to the rollover shares and the related purchase of the rollover shares for the promissory note, Blucora indirectly owns 95.52% of HDV Holdings, Inc., with the remaining 4.48% non-controlling interest held collectively by the rollover management members and subject to put and call arrangements exercisable beginning in 2019.

The accompanying Unaudited Pro Forma Condensed Combined Consolidated Financial Statements consist of the historical statements of operations of Blucora and HD Vest for the year ended December 31, 2014 and the nine months ended September 30, 2015 and the historical balance sheets of Blucora and HD Vest as of September 30, 2015, with adjustments, as described in "Note 3: Presentation Adjustments" and "Note 4: Pro Forma Adjustments and Assumptions," to reflect Blucora's acquisition of HD Vest.

The historical results of operations and financial position of Blucora have been derived from Blucora's consolidated financial statements as previously reported in its Annual Report on Form 10-K for the year ended December 31, 2014 and its Quarterly Report on Form 10-Q for the period ended September 30, 2015. The historical information of Blucora has been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The historical operating results and financial position of HD Vest have been derived from HD Vest's historical unaudited consolidated financial statements of earnings for the nine months ended September 30, 2015 and 2014, its unaudited consolidated balance sheet as of September 30, 2015, and its audited consolidated financial statements of earnings for the years ended December 31, 2014, 2013, and 2012 included in Exhibits 99.2, 99.3, and 99.4 of this Form 8-K/A.

The Unaudited Pro Forma Condensed Combined Consolidated Financial Statements are presented for illustrative purposes only and are not necessarily indicative of the financial position or operating results that would have been achieved had the acquisition been completed as of the dates indicated above or the results that may be attained in the future.

Note 2: Acquisition of HD Vest

Blucora acquired HD Vest for \$611.9 million, which is subject to a final working capital adjustment in the first quarter of 2016. As described in "Note 1: Basis of Pro Forma Presentation," Blucora indirectly owns 95.52% of HDV Holdings, Inc., with the remaining 4.48% non-controlling interest held collectively by the rollover management members and subject to put and call arrangements exercisable beginning in 2019.

Blucora paid \$610.5 million, which was funded by a combination of cash on hand and a new credit facility (the "TaxAct - HD Vest 2015 credit facility"). The TaxAct - HD Vest 2015 credit facility consists of a \$25.0 million revolving credit loan and a \$400.0 million term loan for an aggregate \$425.0 million credit facility. TaxAct and HD Vest borrowed \$400.0 million under the term loan. The interest rate on the term loan is variable at the London Interbank Offered Rate, subject to a floor of 1.00%, plus a margin of 6.00%, payable at the end of each interest period. The Unaudited Pro Forma Condensed Combined Consolidated Financial Statements present the acquisition of HD Vest under the acquisition method of accounting, which reflects the allocation of the purchase price to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. The Unaudited Pro Forma Condensed Combined Consolidated Financial Statements reflect the purchase price allocation based on Blucora's best estimate of the fair value of the assets acquired and liabilities assumed. After giving effect to the HD

Vest acquisition as if it had occurred as of September 30, 2015, the purchase price allocation and excess purchase price over net assets acquired are as follows (in thousands):

7

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## BLUCORA, INC.

## NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED FINANCIAL STATEMENTS

|  |           |   |
|--|-----------|---|
| Tangible assets acquired   | \$77,181  |   |
| Liabilities assumed  | (21,845)  | ) |
| Identifiable net assets acquired   | \$55,336  |   |
| Fair value adjustments for intangible assets:                            |           |   |
| Advisor relationships  | \$240,300 |   |
| Sponsor relationships  | 16,500    |   |
| Curriculum   | 800       |   |
| Proprietary technology   | 13,600    |   |
| Trade name   | 52,500    |   |
| Fair value of intangible assets acquired                                 | \$323,700 |   |
| Purchase price allocation:   |           |   |
| Cash paid  | \$610,500 |   |
| Plus: promissory note  | 6,400     |   |
| Plus: non-controlling interest   | 15,038    |   |
| Less: escrow receivable  | (20,000)  | ) |
| Purchase price   | 611,938   |   |
| Less: identifiable net assets acquired                                   | (55,336)  | ) |
| Less: fair value of intangible assets acquired                           | (323,700) | ) |
| Plus: deferred tax liability related to intangible assets                | 123,484   |   |
| Excess of purchase price over net assets acquired, allocated to goodwill | \$356,386 |   |

Blucora's estimates of the economic lives of the acquired intangible assets are 14 years for the advisor relationships, 18 years for the sponsor relationships, 4 years for the curriculum, 6 years for the proprietary technology, and the trade name is estimated to have an indefinite life. Blucora plans to amortize the definite-lived intangible assets over their respective estimated lives. The pro forma adjustments (see "Note 4: Pro Forma Adjustments and Assumptions") include the amortization of the definite-lived intangible assets over their respective useful lives.

The promissory note is with the President of HD Vest and will be paid over a three-year period. The note bears interest at a rate of 5% per year.

The Purchase Agreement dictates that Blucora place into escrow \$20.0 million of additional consideration that is contingent upon HD Vest's 2015 earnings performance. The contingent consideration was not achieved; therefore, the amount has been excluded from the purchase price and recorded as a receivable for the amount that will be returned to Blucora from the escrow agent in the first half of 2016.

The purchase price in excess of the net assets acquired was allocated to goodwill. Goodwill consists largely of the increased cross-selling opportunities and expanded addressable markets for both HD Vest and TaxAct, neither of which apply for separate recognition, and is not expected to be deductible for income tax purposes. Goodwill and trade names are considered intangible assets with indefinite lives and will be tested for impairment at least annually, with Blucora's other indefinite-lived assets.

#### Note 3: Presentation Adjustments

Certain adjustments were made to conform the presentation of HD Vest's historical balance sheet and statements of earnings in a manner consistent with Blucora's presentation. These adjustments did not impact HD Vest's previously reported net earnings.

Presentation adjustments to the balance sheet:

(A) To reclassify "Taxes receivable" to "Other receivables" for presentation purposes.

(B) To reclassify the components of "Goodwill and intangible assets, net" to "Goodwill, net" and "Other intangible assets, net" for presentation purposes.

(C) To reclassify debt issuance costs from "Deferred financing costs" to "Other long-term assets, net" for presentation purposes.



## BLUCORA, INC.

## NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED FINANCIAL STATEMENTS

(D) To reclassify the components of "Accounts payable and other current liabilities" to "Accounts payable" and "Accrued expenses and other current liabilities" for presentation purposes.

(E) To reclassify "Amounts due on clearing transactions" to "Accounts payable" for presentation purposes.

Presentation adjustments to the statements of operations:

(F) To reclassify "Operating expenses" into the following Blucora categories (in thousands):

|                            | Nine months<br>ended<br>September 30,<br>2015 | Year ended<br>December 31,<br>2014 |
|----------------------------|---|------------------------------------|
| Services cost of revenue   | \$ 163,469                                    | \$ 208,120                         |
| Engineering and technology | 7,026   | 8,282                              |
| Sales and marketing        | 26,958  | 34,568                             |
| General and administrative | 12,477  | 14,914                             |
| Other loss, net            | 2,975   | 697                                |
| Total                      | \$ 212,905                                    | \$ 266,581                         |

(G) To reclassify the components of "Depreciation and amortization" to "Depreciation" and "Amortization of intangible assets" for presentation purposes.

Note 4: Pro forma adjustments and assumptions

The pro forma adjustments reflected in the Unaudited Pro Forma Condensed Combined Consolidated Financial Statements represent estimated values and amounts based on available information and do not reflect cost savings that management believes would have resulted had the acquisition been completed as of the dates indicated above. For purposes of this pro forma information, an estimated effective tax rate of 38.5%, which includes the U.S. federal statutory tax rate and a blended state tax rate, has been used for all periods presented. This rate is an estimate and does not take into account any possible future tax events that may result for the ongoing combined company. Had the results of HD Vest's operations been included in Blucora's U.S. federal consolidated return for the periods presented, Blucora would have been able to offset HD Vest's U.S. taxable income against Blucora's net operating loss carryforwards. The unaudited pro forma condensed combined consolidated balance sheet reflects the acquisition using the acquisition method as of September 30, 2015.

Pro forma adjustments to the balance sheet:

(1) To record the cash consideration transferred to former HD Vest shareholders, net of cash raised through the TaxAct - HD Vest 2015 credit facility, as follows (in thousands):

|   |             |   |
|---|-------------|---|
| Cash paid   | \$(610,500) | ) |
| Net cash raised through TaxAct - HD Vest 2015 credit facility | 378,270     |   |
| Total   | \$(232,230) | ) |

(2) To record the \$20.0 million escrow receivable.

(3) To reclassify prepaid insurance to an insurance receivable for a refund due upon HD Vest insurance policy cancellation.

(4) To record goodwill recognized, less goodwill on the HD Vest balance sheet.

(5) To record the fair value of identifiable intangible assets recognized, less identifiable intangible assets on the HD Vest balance sheet, as follows (in thousands):

|  |            |
|--|------------|
| Advisor relationships                    | \$ 240,300 |
| Sponsor relationships                    | 16,500     |
| Curriculum                               | 800        |
| Proprietary technology                   | 13,600     |
| Trade name                               | 52,500     |
| Fair value of intangible assets acquired | 323,700    |

|   |           |   |
|---|-----------|---|
| Less: intangible assets on acquiree balance sheet | (80,606   | ) |
| Total   | \$243,094 |   |

9

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## BLUCORA, INC.

## NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED FINANCIAL STATEMENTS

- (6) To record debt issue-related costs, which include costs on the TaxAct - HD Vest 2015 credit facility less costs on TaxAct and HD Vest debt facilities that were written off when both facilities were closed upon acquisition.
- (7) To record (a) non-recurring transaction costs incurred by the Company in connection with the acquisition and (b) the write-off of accrued interest and rating agency fees related to HD Vest debt that was paid upon acquisition.
- (8) To record the net carrying value of the TaxAct - HD Vest 2015 credit facility and the promissory note, less HD Vest debt that was paid upon acquisition, as follows (in thousands):

|   | Current  | Long-term | Total     |
|---|----------|-----------|-----------|
| TaxAct - HD Vest 2015 credit facility, net carrying value | \$28,431 | \$350,650 | \$379,081 |
| Promissory note   | 3,200    | 3,200     | 6,400     |
| Less: debt paid upon acquisition                          | —        | (231,200) | (231,200) |
| Total   | \$31,631 | \$122,650 | \$154,281 |

(9) To record an adjustment to deferred tax liabilities upon acquisition.

(10) To write-off HD Vest's deferred rent upon acquisition.

(11) To record the redeemable non-controlling interests for the 4.48% interest held by the rollover management members.

(12) To record the elimination of HD Vest's historical stockholders' equity.

Pro forma adjustments to the statements of operations:

(13) To record estimated stock-based compensation expense as if the acquisition had occurred on January 1, 2014.

To eliminate acquisition-related transaction costs of \$4.6 million and \$1.3 million that were incurred by HD Vest (14) and Blucora, respectively, during the nine months ended September 30, 2015, and \$0.1 million that were incurred by HD Vest during the year ended December 31, 2014.

(15) To record the difference between amortization expense related to the intangible assets acquired and HD Vest's historical amortization expense.

(16) To record the elimination of management fees paid to the former HD Vest shareholders.

(17) To record interest expense, which includes interest expense on the TaxAct - HD Vest 2015 credit facility less interest expense on HD Vest debt that was paid upon acquisition.

(18) To apply the estimated effective tax rate to the combined consolidated results of operations.

(19) To record the net income attributable to non-controlling interests based on HD Vest's pro forma net income multiplied by the 4.48% interest held by the rollover management members.

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.

BLUCORA, INC.

By: /s/ Eric M. Emans  
Eric M. Emans  
Chief Financial Officer  
March 17, 2016



EXHIBIT INDEX

| Exhibit<br>No | Description   |
|---------------|---|
| 23.1          | Consent of Independent Auditors   |
| 99.1          | * Press release issued on October 14, 2015  |
| 99.2          | HDV Holdings, Inc.'s Unaudited Consolidated Financial Statements as of September 30, 2015 and for the nine months ended September 30, 2015 and 2014 |
| 99.3          | HDV Holdings, Inc.'s Audited Consolidated Financial Statements as of and for the years ended December 31, 2014 and 2013                             |
| 99.4          | HDV Holdings, Inc.'s Audited Consolidated Financial Statements as of and for the years ended December 31, 2013 and 2012                             |
|               | * Previously filed  |

12