SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of Earliest Event Reported): January 3, 2019

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

Delaware	**000-21433**	**04-2797789**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(I.R.S. Employer Identification Number)**

60 Acorn Park Drive
Cambridge, Massachusetts 02140
(Address of principal executive offices, including zip code)

(617) 613-6000
(Registrant's telephone number including area code)

N/A
(Former Name or Former Address, if Changes since Last Report)

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 13-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Explanatory Note

As previously disclosed in the Current Report on Form 8-K filed by Forrester Research, Inc. (the "Company") on January 3, 2019 (the "Initial Form 8-K"), the Company completed the acquisition of SiriusDecisions, Inc., a Delaware corporation, and its subsidiaries ("SiriusDecisions"), on January 3, 2019.

This Current Report on Form 8-K/A amends the Initial Form 8-K to include financial statements of SiriusDecisions required by Item 9.01(a) of Form 8-K and pro forma information related to the acquisition of SiriusDecisions by Item 9.01(b) of Form 8-K.

Item 9.01. Financial Statements and Exhibits

(a) *Financial Statements of Business Acquired*

The financial statements of SiriusDecisions required under Item 9.01(a) of Form 8-K are attached as Exhibit 99.1 and Exhibit 99.2 and incorporated in this Item 9.01(a) by reference.

(b) *Pro forma Financial Information*

The pro forma financial information required under Item 9.01(b) of Form 8-K in connection with the Company's acquisition of SiriusDecisions is attached as Exhibit 99.3 and incorporated in this Item 9.01(b) by reference.

(d) Exhibits

23.1	Consent of PricewaterhouseCoopers LLP
99.1	Audited consolidated financial statements of SiriusDecisions as of and for the years ended March 31, 2018 and 2017, the notes related thereto and the related independent auditor's report of PricewaterhouseCoopers LLP.
99.2	Unaudited condensed consolidated financial statements of SiriusDecisions as of December 31, 2018 and March 31, 2018, and for the nine months ended December 31, 2018 and 2017, and the notes related thereto.
99.3	Unaudited pro forma combined balance sheet as of December 31, 2018 and unaudited pro forma combined statement of operations for the year ended December 31, 2018.

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 hereunto duly authorized.

FORRESTER RESEARCH, INC.

By /s/ Michael A. Doyle

Name: Michael A. Doyle
Title: Chief Financial Officer

Date: March 21, 2019

EXHIBIT 23.1

Consent of Independent Auditor

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-225817, 333-189089, 333-159563, 333-136109, 333-16905, 333-99749, and 333-214359) of Forrester Research, Inc. of our report dated July 25, 2018 relating to the financial statements of SiriusDecisions, Inc., which appears in this Current Report on Form 8-K.

/s/ PricewaterhouseCoopers LLP

Stamford, Connecticut
March 21, 2019

SiriusDecisions, Inc. and Subsidiaries
Consolidated Financial Statements
March 31, 2018 and 2017

Report of Independent Auditors

To Management and the Board of Directors of SiriusDecisions, Inc.

We have audited the accompanying consolidated financial statements of SiriusDecisions, Inc. and its subsidiaries, which comprise the consolidated balance sheet as of March 31, 2018 and 2017, and the related consolidated statements of operations and comprehensive loss, of changes in convertible preferred stock and stockholders' deficiency, and cash flows for the years then ended.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of SiriusDecisons, Inc. and its subsidiaries as of March 31, 2018, and 2017, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ PricewaterhouseCoopers LLP
Stamford, Connecticut
July 25, 2018

SiriusDecisions, Inc. and Subsidiaries
Consolidated Balance Sheets
March 31, 2018 and 2017

	2018	2017
Assets		
Current assets		
Cash and cash equivalents	$ 13,084,181	$ 9,265,240
Accounts receivable, net of allowance for doubtful accounts of $150,114 and $227,000 at March 31, 2018 and 2017, respectively	12,157,601	9,158,943
Prepaid expenses and other	2,109,057	2,357,813
Total current assets	27,350,839	20,781,996
Property and equipment, net	3,230,986	3,891,275
Restricted certificates of deposit - lease	—	79,930
Other assets	583,466	299,188
Total assets	$ 31,165,291	$ 25,052,389
Liabilities Convertible Preferred Stock and Stockholders' Deficiency		
Current liabilities		
Accounts payable and accrued expenses	$ 10,061,901	$ 9,176,616
Deferred revenue	37,046,504	32,866,577
Total current liabilities	47,108,405	42,043,193
Deferred revenue - noncurrent	757,048	434,070
Deferred rent and other noncurrent liabilities	572,176	625,716
Total liabilities	48,437,629	43,102,979
Commitments and contingencies (Note 7)		
Convertible Preferred Stock		
Series A convertible redeemable preferred stock; $0.001 par value, 16,912,500 shares authorized, issued and outstanding at March 31, 2018 and 2017, respectively	55,998,368	46,903,534
Stockholders' deficiency		
Common stock; $0.001 par value, 51,250,000 shares authorized, 30,352,784 and 29,647,826 shares issued and outstanding at March 31, 2018 and 2017, respectively	30,352	29,647
Additional paid-in capital	—	—
Accumulated deficit	(73,180,502)	(64,789,529)
Accumulated other comprehensive loss	(120,556)	(194,242)
Total stockholders' deficiency	(73,270,706)	(64,954,124)
Total liabilities convertible preferred stock and stockholders' deficiency	$ 31,165,291	$ 25,052,389

The accompanying notes are an integral part of these consolidated financial statements.

SiriusDecisions, Inc. and Subsidiaries
Consolidated Statements of Operations and Comprehensive Loss
Years Ended March 31, 2018 and 2017

	2018	2017
Revenue	$80,040,284	$66,953,509
Costs and expenses		
Cost of services and product development	31,887,017	29,307,958
Selling, general and administrative	46,388,479	40,850,682
Depreciation and amortization	1,861,491	1,455,111
Total costs and expenses	80,136,987	71,613,751
Loss from operations	(96,703)	(4,660,242)
Other expense, net	(23,144)	(74,727)
Net loss	(119,847)	(4,734,969)
Effect of translation adjustments	73,686	4,731
Total comprehensive loss	$ (46,161)	$ (4,730,238)

The accompanying notes are an integral part of these consolidated financial statements.

SiriusDecisions, Inc. and Subsidiaries
Consolidated Statements of Changes in Convertible Preferred Stock and Stockholders' Deficiency
Years Ended March 31, 2018 and 2017

	Series A Convertible Redeemable Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Deficiency
	Number of Shares	Par Value	Number of Shares	Par Value				
Balances as of March 31, 2016	16,912,500	$43,787,986	29,139,564	$29,139	$ —	$(57,638,806)	$ (198,973)	$(57,808,640)
Exercise of stock options			508,262	508	255,137			255,645
Accretion of preferred stock dividends		2,983,365			(699,794)	(2,283,571)		(2,983,365)
Accretion of preferred stock offering costs		132,183				(132,183)		(132,183)
Stock-based compensation expense					444,657			444,657
Effect of translation adjustments							4,731	4,731
Net loss						(4,734,969)		(4,734,969)
Balances as of March 31, 2017	16,912,500	46,903,534	29,647,826	29,647	—	(64,789,529)	(194,242)	(64,954,124)
Exercise of stock options			704,958	705	412,089			412,794
Accretion of preferred stock dividends		8,962,651			(823,708)	(8,138,943)		(8,962,651)
Accretion of preferred stock offering costs		132,183				(132,183)		(132,183)
Stock-based compensation expense					411,619			411,619
Effect of translation adjustments							73,686	73,686
Net loss						(119,847)		(119,847)
Balances as of March 31, 2018	16,912,500	$55,998,368	30,352,784	$30,352	$ —	$(73,180,502)	$ (120,556)	$(73,270,706)

The accompanying notes are an integral part of these consolidated financial statements.

SiriusDecisions, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended March 31, 2018 and 2017

	2018	2017
Cash flows from operating activities		
Net loss	$ (119,847)	$ (4,734,969)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities		
Depreciation and amortization expense	1,861,491	1,455,111
Stock-based compensation	411,619	444,657
Allowance for doubtful accounts and bad debt expense	398,094	350,784
Deferred rent	(53,540)	(142,184)
Change in operating assets and liabilities		
Accounts receivable	(2,998,658)	(1,750,198)
Prepaid expenses and other current assets	(248,756)	(186,403)
Other assets	(284,276)	(111,959)
Accounts payable and accrued expenses	885,285	31,130
Deferred revenue	4,502,905	3,186,158
Net cash provided by (used in) operating activities	4,354,317	(1,457,873)
Cash flows from investing activities		
Additions of property and equipment and capitalized software	(1,102,083)	(1,992,573)
Investment in certificates of deposit—restricted	79,930	449,308
Net cash used in investing activities	(1,022,153)	(1,543,265)
Cash flows from financing activities		
Proceeds from exercise of stock options	412,794	255,645
Net cash provided by financing activities	412,794	255,645
Effects of foreign currency translation on cash	73,983	(96,404)
Net change in cash and cash equivalents	3,818,941	(2,841,897)
Cash and cash equivalents		
Beginning of period	9,265,240	12,107,137
End of period	$13,084,181	$ 9,265,240
Supplemental disclosure of cash flow information		
Cash paid for		
Income taxes	$ —	$ —
Supplemental disclosures of noncash information		
Accretion of preferred stock	8,962,651	2,983,365
Accretion of preferred stock offering costs	132,183	132,183
Property and equipment additions in accounts payable	94,547	294,004
Property and equipment additions - landlord incentive	—	417,871

The accompanying notes are an integral part of these consolidated financial statements.

1. Organization and Nature of Business

SiriusDecisions, Inc. is a global business to business research and advisory firm. Through its platform the Company seeks to deliver actionable, data driven intelligence to its clients to empower sales, product and marketing leader to make better decisions and accelerate growth. SiriusDecisions, Inc. was founded in 2001 and is headquartered in Wilton, Connecticut.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of SiriusDecisions, Inc.and its wholly owned subsidiaries SiriusDecisions Europe Ltd and SiriusDecisions Asia Pte. Ltd. (collectively, the "Company"). All significant intercompany accounts and transactions are eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the establishment of allowances for doubtful accounts, recoverability of long-lived assets and the assumptions used for stock option valuations.

Risk and Uncertainties

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of trade accounts receivable. The Company has not experienced any significant losses in such accounts and believes it is not exposed to any significant credit risk with respect to its trade accounts receivable.

The Company maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash.

Revenue Recognition and Deferred Revenue

The Company's revenue recognition policies by significant revenue source are as follows:

Research Services

This is a membership-driven service. The service is built to provide senior-level business-to-business executives with the sales and marketing operational insight required to improve topline performance. Members access this information via email, telephone, events and a self-service research portal. Members sign a membership agreement which runs for a specific period of time (typically one to two years). Revenue is recognized over the term of the agreement.

Events

The Company holds conferences during the year. Events revenues, which are primarily comprised of sponsorship revenue and registration revenue, are deferred and recognized upon the completion of the related conference. In addition, the Company defers certain costs directly related to events and expenses these costs in the period during which the related event occurs.

Consulting Services

Consulting revenues, primarily derived from consulting, training classes, and general marketing projects, are principally generated from fixed fee or time and materials engagements. Consulting revenues are recognized as work is delivered and/or services are provided.

Learning Services

Learning revenues are generated from a membership-driven service. The Company provides online courses for business-to-business professionals. Members access information via a self-service portal, and members sign a membership agreement that runs for a specific period of time. Revenue is deferred and recognized over the term of the agreement.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with initial maturity dates of three months or less.

Accounts Receivable

The Company extends credit to its customers, based upon credit evaluations, in the normal course of business. Bad debts are provided on the allowance method based on historical experience and management's evaluation of outstanding accounts receivable. The Company provides an allowance for doubtful accounts equal to the estimated losses expected to be incurred in the collection of accounts receivable.

Property and Equipment

Property and equipment is stated at cost. Depreciation and amortization of property and equipment is provided by the straight-line method over the estimated useful lives of the respective assets. Leasehold improvements are amortized over the shorter of the respective lease term or the estimated useful life of the leased property. Additions and major improvements are capitalized, whereas the cost of maintenance and repairs are charged to operations as incurred.

Depreciation and amortization is provided over the estimated useful lives of the assets as follows

	Method	Estimated Useful Life
Computer equipment	Straight-line	3–5 years
Furniture and fixtures	Straight-line	5–7 years
Office equipment	Straight-line	5–7 years
Leasehold improvements	Straight-line	(*)

(*) – Shorter of the estimated useful life or lease term.

Internal use Software

The Company recognizes internal use software development costs in accordance with ASC 350-40, *Intangibles- Goodwill and Other-Internal Use Software*. As a result, the Company capitalizes costs incurred to develop software for internal use.

Amortization begins once the software is placed in service and is calculated using the straight-line method over the useful life, which is estimated to be three years. Capitalized internally developed software costs are included in property and equipment and the amortization is recognized in depreciation and amortization in the accompanying consolidated statements of operations.

Impairment of Long-Lived Assets

The Company assesses the impairment of its long-lived assets whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. Long-lived assets are considered to be impaired when the sum of the expected future operating cash flows, undiscounted, is less than the carrying value of the related assets. If impairment is identified, the Company will reduce the carrying value of the assets to fair value based on the expected discounted cash flows. There were no such impairments as of March 31, 2018 and 2017.

Income Taxes

The Company provides for deferred income taxes in accordance with ASC Topic 740, *Income Taxes*, which requires deferred tax assets and liabilities to be recognized for the future tax consequences attributable to net operating loss carryforwards and for differences between the financial statement carrying amounts and the respective tax bases of assets and liabilities. Deferred tax assets are reduced if necessary by a valuation allowance if it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company also follows the FASB issued ASC Topic 740-10, *Uncertainty in Income Taxes*. This Topic prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This Topic also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The Company recognizes tax benefits or expenses of uncertain tax positions in the year such determination is made when the position is “more likely than not” to be sustained assuming examination by tax authorities. The Company accrues interest and penalties associated with uncertain tax positions, if any, as part of the income tax provision. Management has reviewed the Company’s tax positions for all open tax years and concluded that no provision for unrecognized tax benefits or expense is required in these consolidated financial statements.

Management evaluates the tax positions taken or expected to be taken in the course of preparing the Company’s tax returns to determine whether the tax positions are more likely than not to be sustained upon examination by the applicable tax authorities. Management further believes that it has not taken tax positions that are not likely to be sustained by such tax authorities.

Stock-Based Compensation

ASC 718, *Compensation—Stock Compensation*, requires the cost of all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on the grant date fair value of those awards. In accordance with ASC 718, this cost is recognized over the period for which an employee is required to provide service in exchange for the award.

The Company estimates the fair value of options granted using the Black-Scholes option pricing model. The estimation of stock awards that will ultimately vest requires judgment, and to the extent actual results differ from the Company’s estimates, such amounts will be recorded as an adjustment in the period estimates are revised. In valuing share-based awards, significant judgment is required in determining the expected volatility of common stock and the expected term individuals will hold their share-based awards prior to exercising.

Foreign Currency Translation and Transactions

Assets and liabilities of the Company’s United Kingdom subsidiary, whose functional currency is the Great Britain Pound, are translated at year-end rates of exchange, and the statements of operations are translated at the average rates of exchange for the year. Gains or losses resulting from translating foreign currency financial statements are accumulated in a separate component of stockholders' deficiency. Gains or losses from foreign currency transactions (transactions denominated in a currency other than the entity's local currency) are included in net loss and were not significant.

Advertising Costs

Advertising costs are expensed as incurred. Advertising and marketing costs were $637,908 and $787,481 for the years ended March 31, 2018 and 2017, respectively.

Financial Instruments

The Company's financial instruments, including cash, accounts receivable, prepaid expenses, accounts payable and accrued expenses are reflected in the accompanying consolidated financial statements at carrying value, which approximates fair value because of the short-term maturity of these instruments.

Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*, which requires that an entity recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to its customers. In order to achieve this core principle, an entity should apply the following steps (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) the entity satisfies a performance obligation. This update will replace existing revenue recognition guidance under GAAP when it becomes effective for the Company beginning April 1, 2019, with certain early adoption permitted. The updated standard will permit the use of either the retrospective or cumulative effect transition method. The Company is currently evaluating the impact of this update on its consolidated financial statements.

In April 2016, the FASB issued ASU 2016-10, *Revenue from Contracts with Customers: Identifying Performance Obligations and Licensing.* This ASU was made in response to an issue communicated by the Transition Resource Group for Revenue Recognition (the TRG), a group which was formed by the FASB and the International Accounting Standards Board (IASB), (collectively, the Boards), whose objective is to inform the Boards of any issues that could arise with the implementation of a converged standard on recognition of revenue from contracts with customers. ASU 2016-10 does not change the core principal of the guidance in Topic 606, but adds clarification around identifying performance obligations and licensing. The amendments in this update affect the guidance in ASU 2014-09, *Contracts with Customers* (Topic 606), which is not yet effective, and therefore follow the same effective date and transition requirements. Management is assessing the impact of adoption on the consolidated financial statements.

In May 2016, the FASB issued ASU 2016-12, *Revenue from Contracts with Customers: Narrow-Scope Improvements and Practical Expedients.* This ASU amends certain aspects of the Board's new revenue standard, ASU 2014-09. The amendments include the collectability of revenue, presentation of sales tax and other similar taxes collected from customers, contracts containing noncash considerations, and contract modifications and completed contracts at transition. Management is assessing the impact of adoption on the consolidated financial statements.

In November 2015, the FASB issued ASU No. 2015-17, *Income Taxes* (Topic 740) Balance Sheet Classification of Deferred Taxes. ASU 2015-17 simplifies the presentation of deferred income taxes by eliminating the separate classification of deferred income tax liabilities and assets into current and noncurrent amounts in the consolidated balance sheet statement of financial position. The amendments in the update require that all deferred tax liabilities and assets be classified as noncurrent in the consolidated balance sheet. The amendments in this update are effective for annual periods beginning after December 15, 2016, and interim periods therein and may be applied either prospectively or retrospectively to all periods presented. The adoption of this guidance does not have a significant impact on the company's consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. The FASB issued this update to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The updated guidance is effective for annual periods beginning after December 15, 2019. Early adoption of the update is permitted. The Company is currently evaluating the new guidance to determine the impact it will have on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, *Improvements to Employee Share-Based Payment Accounting.* This ASU simplifies certain aspects of the accounting for share-based payment transactions, including the consequences for income taxes, equity and liability classifications as well as classifications on the statement of cash flows. The ASU is effective for reporting periods after December 15, 2016 and interim periods therein. The company has adopted this guidance within the current year and there is not a significant impact on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments.* This ASU addresses the diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. This update addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. The guidance is effective for annual periods beginning after December 15, 2017 and interim periods therein. Management is assessing the impact of adoption on the consolidated financial statements.

Subsequent Events

The Company has evaluated events through July 24, 2018, which is the date the consolidated financial statements were available to be issued.

3. Property and Equipment

Property and equipment consist of:

	2018	2017
Computer equipment and software	$ 4,742,066	$ 4,307,644
Leasehold improvements	1,214,426	1,293,153
Furniture and fixtures	1,773,524	1,599,786
Office equipment	1,139,778	817,814
CIP—Capital in Progress	263,625	—
	9,133,419	8,018,397
Less: Accumulated depreciation and amortization	(5,902,433)	(4,127,122)
	$ 3,230,986	$ 3,891,275

Depreciation and amortization expense for the years ended March 31, 2018 and 2017 was approximately $1,861,000 and $1,455,000, respectively.

As of March 31, 2018, internal use software costs totaled $3,339,000 with accumulated amortization of the software totaling $1,066,000. As of March 31, 2017, internal use software costs totaled $2,905,000 with accumulated amortization of the software totaling $927,000.

4. Line of Credit

The Company renewed its revolving line of credit with a bank on March 31, 2018, and the total facility was increased from $10 million to $15 million, which gives the Company the ability to borrow up to $15 million limited by a borrowing base, as defined in the agreement for working capital and other general corporate needs in the ordinary course of business. Within the line of credit there is a sub-facility for letters of credit not to exceed $2,000,000. The loan agreement matures on March 31, 2020 and is subject to renewal. The loan is secured by substantially all of the assets of the Company. Amounts outstanding on the loan are assessed interest charges of the Prime Rate in effect on such day plus one half percent per annum and any undrawn portion will be charged an unused fee of 0.125%. There were no amounts outstanding on the line of credit as of March 31, 2018.

5. Income Taxes

On December 22, 2017, the United States enacted the 2017 Tax Cuts and Job Act (“Tax Reform”) which made significant changes to United States federal income tax law which affects the Company. Effective January 1, 2018, the US federal income tax rate is reduced to 21 percent from 35 percent. As a result, a tax benefit of the Company is included in the provision for income taxes to reflect the revaluation of the ending deferred tax asset balance as of March 31, 2018. In addition, the Company is in a full valuation position.

Tax Reform Legislation also provides for 100 percent bonus depreciation on personal tangible property expenditures through 2022. The bonus depreciation percentage is phased down from 100 percent beginning in 2023 through 2026.

Tax Reform is a comprehensive bill containing several other provisions, either modifying current provisions or creating new provisions. Based on the Company’s preliminary assessment, the impact of these provisions are not expected to be material on the Company’s results of operations, cash flows and consolidated financial statements. That being said, the ultimate impact of Tax Reform may differ from the Company’s estimates due to changes in the interpretations and assumptions made by the Company as well as additional regulatory guidance that may be issued.

There were no current or deferred income tax provisions for the years ended March 31, 2018 or 2017.

At March 31, 2018, the Company has Federal Net Operating Loss (“NOL”) carryforwards of approximately $13,341,000 which expire starting in 2031 through 2037. In addition, at March 31, 2018, the Company also has various State NOLs of approximately $10,785,000, which expire at various times through 2037. Utilization of the NOL carryforwards and credits may be subject to a substantial annual limitation due to the ownership change limitations provided by the Internal Revenue Code (“IRC”) of 1986, as amended, or the IRC, and similar state provisions. The Company has not performed a detailed analysis to determine whether an ownership change under

Section 382 of the IRC has occurred. The effect of an ownership change could be the imposition of an annual limitation on the use of NOL carryforwards attributable to periods before the change.

At March 31, 2018, the Company has UK Net operating losses of $1,549,000 which do not expire.

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets (liabilities) at March 31, 2018 and 2017 are approximately as follows:

	2018	2017
Deferred Tax Assets:		
Accrued Expenses	$ 75,000	$ 340,000
Stock Compensation	64,000	108,000
Net Operating Loss Carryforward	3,919,000	5,259,000
Other	5,000	9,000
	4,063,000	5,716,000
Valuation allowance	(3,849,000)	(5,058,000)
Total deferred tax assets	214,000	658,000
Deferred Tax liabilities		
Depreciation & amortization	(131,000)	(658,000)
Deferred Revenue	(83,000)	
Total deferred tax liabilities	(214,000)	(658,000)
Net deferred tax assets	$ —	$ —

The Company has concluded it is more likely than not that all future tax benefits will not be fully realized and has provided a full 100% valuation allowance against its net deferred tax assets. As of March 31, 2018 the valuation allowance decreased by $1,209,000 which is predominantly driven by the change in U.S. tax rate from 35% to 21% and the revaluation of the Company's deferred taxes. In contrast, the valuation allowance increased by $253,000 in the year ended March 31, 2017.

The effective tax rate of the Company's provision for income taxes differs from the federal statutory rate due to the effect of a full valuation allowance.

The Company's 2011 through 2016 federal income tax returns remain open to examination by the IRS. The Company's state income tax returns from 2011 through 2016 remain open to examination. The United States and many states have statutes of limitation ranging from 3 to 5 years, however, those statutes could be extended due to the Company's net operating loss carryforward positions in a number of the Company's tax jurisdictions. In general, tax authorities have the ability to review income tax returns for loss periods in which the statute of limitation has previously expired to adjust the net operating loss carryforward in those years. The Company's 2015 – 2017 United Kingdom returns remain open to examination by the local tax authorities. The Company's 2017 Singapore return remains open to examination by the local tax authorities.

The Company does not believe that it is reasonably possible that the unrecognized tax benefits as of March 31, 2018 will decrease within the next twelve months as a result of the resolution of tax exposures. No amounts of interest and penalties are were recognized in the Company's consolidated financial statements for the years March 31, 2018 and 2017, respectively.

The amount of unrecognized tax benefits, if settled, would impact the effective tax rate by $0 and $0 as of March 31, 2018 and 2017 respectively. The Company does not believe it is reasonably possible that the unrecognized benefits will decrease within the next twelve months as a result of the resolution of tax exposures. No amounts of interest and penalties were recognized in the consolidated financial statements for the year ended March 31, 2018 and 2017, respectively.

6. Retirement Plan

The Company has a defined contribution 401(k) plan which covers all eligible employees. Participants may make elective salary deferral contributions to participant directed investment funds. The Company may make matching and discretionary contributions in accordance with the plan documents. For the years ended March 31, 2018 and 2017, the Company made approximately $1,464,000 and $1,425,000, respectively, in contributions to the plan.

7. Commitments and Contingencies

Operating Leases

The Company leases office space under operating leases that expire through April 31, 2027. The Company's leases have escalation clauses and rent expense is recognized on a straight-line basis. The difference between rent paid and the rent expense reported in the financial statements is recorded as deferred rent payable. Deferred rent payable amounts to approximately $538,509 and $178,000 as of March 31, 2018 and 2017, respectively.

Minimum rental commitments at March 31, 2018 under the noncancellable operating lease are approximately as follows:

Years Ending March 31,	
2019	$2,189,000
2020	1,957,000
2021	973,000
2022	489,000
2023	365,000
2024	186,000
	$6,159,000

Rent expense for the years ended March 31, 2018 and 2017 was approximately $2,510,000 and $2,351,000, respectively.

Employment Agreements

The Company has employment agreements for four executives which provide for severance in the case of termination without cause, as defined in the agreements.

Litigation

The Company is party to various legal actions that arise from the ordinary course of business from time to time. Management believes the ultimate liability that might result from these actions would not have a material adverse effect on the Company's liquidity, results of operations and financial position.

8. Stockholders' Deficiency

Corporate Structure

The Company's Certificate of Incorporation, originally filed on July 26, 2001, most recently amended on December 17, 2013, which authorized the issuance of two classes of stock to be designated, "Common Stock" and "Preferred Stock". The total number of shares which the Company is authorized to issue is 68,162,500. Of these shares, 51,250,000 shall be Common Stock and 16,912,500 shall be Preferred Stock.

Common Stock

The holders of Common Stock of the Company are entitled to liquidation proceeds ratably after all Series A Convertible Redeemable Preferred Stock ("Preferred Shares") liquidation preferences are satisfied. Dividends as declared by the Board are subordinate to preferential rights of the Preferred Series. Voting rights for Common Stock entitles holders to one vote for each share held.

Series A Redeemable Convertible Preferred Stock

On December 17, 2013, the Company entered into a minority investment arrangement funded by an outside investment ("PE firm") firm. As part of the transaction, the PE firm purchased 16,912,500 shares of Series A Convertible Preferred Stock for approximately $37,292,000, net of offering costs of approximately $661,000.

The PE firm received 100% of the issued preferred shares of the Company, which contains the following summarized terms.

Dividends

An 8% per share dividend will accrue annually, although it will only be payable in the event of a redemption or deemed liquidation, as defined. Accrued dividends amounted to approximately $12,783,515 at March 31, 2018. Preferred stock dividends amounting to $2,983,365, were accreted for the years ended March 31, 2018 and 2017 respectively. As total fair value of Preferred Stock at March 31, 2018 exceeded the original investment plus accrued and unpaid dividends, total accretion as of March 31, 2018 amounted to $8,962,651.

Liquidation

The preferred shares will be senior to common shares in the event of a sale, merger, liquidation, bankruptcy or other deemed liquidation event. In the event of such an occurrence, the preferred shareholders shall be entitled to receive the greater of (i) the aggregate amount of the original equity investment plus accrued dividends; or (ii) the amounts payable on an "as is converted to common shares basis". The liquidation preference at March 31, 2018 amounted to approximately $55,998,000.

Redemption

At the election of the holders of a majority of the preferred shares the Company shall redeem the outstanding shares in two equal annual installments beginning on the fifth anniversary of such investment, December 17, 2018. In the current year, the company received a waiver from the holders of the preferred shares extending the redemption date to July 31, 2019. Such redemptions shall be made at the greater share value of (i) fair market value; or (ii) the original equity investment plus accrued dividends.

Conversion

The holders of shares of the preferred shares have the right at any time to convert all or a portion of the preferred shares into shares of Common Stock. The number of shares of common stock which would be issued upon conversion will be determined by dividing the original equity investment by the conversion price. The conversion price will be initially equal to the Original Equity Investment divided by the number of shares of preferred stock. In the event that the Company issues additional shares of stock or convertible securities at a purchase price or exercise price less than the then-applicable conversion price, such conversion price shall be adjusted. The shares will automatically convert in the event of an initial public offering, if such offering is greater than defined proceed levels.

Voting

The Preferred shareholders will be entitled to 2 out of 5 board seats and certain protective rights and shall be entitled to cast the number of votes equal to the number of whole shares of common stock into which the shares of Series A Preferred Stock are convertible.

The Company evaluated the Series A Preferred Stock and its embedded conversion feature on the date of issuance and determined the host instrument is more akin to equity and is therefore clearly and closely related with the embedded conversion option as defined by ASC 815. Further, there were no beneficial conversion features noted. As such bifurcation of the embedded conversion feature was not required.

The Company accretes the issuance costs on its preferred stock using the straight-line method from the date of issuance to the earliest date of redemption.

9. Stock Options

The Company adopted the 2005 Stock Option Plan (the “Plan”) under which 5,000,000 shares of the Company’s common stock was reserved for issuance to employees, directors and consultants. As part of the preferred stock transaction (Note 8), the Company increased the number of shares issuable under its stock option plan to 5,700,000. Options granted under the Plan may be incentive stock options or nonqualified stock options. Incentive stock options may only be granted to employees. Options vest and become exercisable pursuant to individual’s stock agreement, and the Company’s Board of Directors may issue fully and immediately vested shares of common stock or impose such vesting requirements, as it deems appropriate. Options are usually exercisable over 10 years after the grant date and five years from the date of the grant in the case of incentive stock options where the employee owns more than 10% of the combined voting power of all classes of stock.

The exercise price of incentive stock options shall not be less than the fair value of common stock as determined by the Board of Directors. If an individual owns stock representing more than 10% of the total combined voting power of all classes of stock, the price of each share shall be at least 110% of the fair market value, as determined by the Board of Directors.

The Company accounts for the expected life of options in accordance with the “simplified” method provision of ASC 718-10-S55, which enables the use of the simplified method for “plain vanilla” share options. Expected volatility is calculated using the historical volatility of comparable public companies. The risk free interest rate is based on U.S. Treasury yields for securities in effect at the time of grants with terms approximating the term of the grants. The Company does not expect to issue dividends in the foreseeable future. The following assumptions were used:

	2018	2017
Risk free interest rate	1.93% - 2.74%	1.23% - 2.1%
Calculated dividend rate	0%	0%
Expected life of the option in years	6.10	6.25
Expected volatility	24.7% - 26.9%	26.4% - 27.0%
Fair value of option	$ 0.69 - $1.1	$ 0.64 - $1.04

The fair value of each option award was estimated on the grant date using the Black-Scholes option-pricing model and will be expensed under the straight-line method. Stock-based compensation expense was approximately $412,000 and $445,000 for the years ended March 31, 2018 and 2017, respectively, and is included in the caption selling, general and administrative in the accompanying consolidated statements of operations.

As of March 31, 2018, there was approximately $845,667 of unrecognized stock-based compensation expense under compensation plans, which is expected to be recognized on a straight-line basis over a weighted average period of approximately 1.4 years.

The following table summarizes stock option activity for the years ended March 31, 2018 and 2017:

	Number of Shares	Weighted Average Exercise Price Per Share	Weighted-average Remaining Contract Term *(years)*	Aggregate Intrinsic Value
Outstanding March 31, 2016	3,703,813	0.82		
Granted	1,097,104	1.58		
Exercised	(508,262)	0.52		
Forfeited	(122,565)	1.20		
Outstanding March 31, 2017	4,170,090	1.03	6.55	
Granted	487,760	2.36		
Exercised	(704,958)	0.59		
Forfeited	(186,004)	1.57		
Outstanding March 31, 2018	3,766,888	$ 1.27	6.55	$5,905,425
Exercisable March 31, 2018	2,556,785	$ 0.97	5.55	$4,765,908
Vested and Expected to vest March 31, 2018	3,721,795	1.26	6.42	5,864,808

The total intrinsic value of options exercised during the year ended March 31, 2018 was $1,584,353. The fair value of shares vested during the year ended March 31, 2018 was $421,792.

Exhibit 99.2

SiriusDecisions, Inc. and Subsidiaries
Unaudited Condensed Consolidated Financial Statements
As of December 31, 2018 and March 31, 2018 and for the Nine Months Ended December 31, 2018 and 2017

SiriusDecisions, Inc. and Subsidiaries
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SiriusDecisions, Inc. and Subsidiaries
Unaudited Condensed Consolidated Balance Sheets as of
December 31, 2018 and March 31, 2018

	December 31, 2018	March 31 2018
Assets		
Current Assets:		
Cash and cash equivalents	$ 7,205,469	$ 13,084,181
Accounts receivable, net of allowance for doubtful accounts of $253,569 and $150,114 at December 31, 2018 and March 31, 2018, respectively	13,036,497	12,157,601
Prepaid expenses and other	2,693,074	2,109,057
Total current assets	22,935,040	27,350,839
Property and equipment, net	4,080,301	3,230,986
Other assets	584,177	583,466
Total assets	$ 27,599,518	$ 31,165,291
Liabilities, Convertible Preferrred Stock and Stockholders' Deficiency		
Current liabilities:		
Accounts payable and accrued expenses	$ 9,025,212	$ 10,061,901
Deferred revenue	29,488,664	37,046,504
Total current liabilities	38,513,876	47,108,405
Deferred revenue - noncurrent	1,037,046	757,048
Deferred rent and other noncurrent liabilities	1,598,114	572,176
Total liabilities	41,149,036	48,437,629
Convertible Preferred Stock		
Series A convertible redeemable preferred stock; $0.001 par value, 16,912,500 shares authorized, issued and outstanding at December 31, 2018 and March 31, 2018	81,631,569	55,998,368
Stockholders' Deficiency		
Common stock; $0.001 par value, 52,450,000 and 51,250,000 shares authorized and 30,537,908 and 30,352,784 shares issued and outstanding at December 31, 2018 and March 31, 2018, respectively	30,538	30,352
Additional paid-in capital	—	—
Accumulated deficit	(95,323,152)	(73,180,502)
Accumulated other comprehensive income (loss)	111,527	(120,556)
Total stockholders' deficiency	(95,181,087)	(73,270,706)
Total liabilities, convertible preferred stock and stockholders' deficiency	$ 27,599,518	$ 31,165,291

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

SiriusDecisions, Inc. and Subsidiaries
Unaudited Condensed Consolidated Statements of Operations and Comprehensive Income for the Nine Months Ended December 31, 2018 and 2017

	2018	2017
Revenue	$70,731,861	$61,250,714
Costs and expenses		
Cost of services and product development	27,285,677	26,016,485
Selling, general and administrative	38,904,176	33,457,837
Depreciation and amortization	1,347,921	1,304,754
Total cost and expenses	67,537,774	60,779,076
Income from operations	3,194,087	471,638
Other expense, net	(350,111)	(7,832)
Net income	2,843,976	463,806
Effect of translation adjustments	232,083	12,985
Total comprehensive income	$ 3,076,059	$ 476,791

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

SiriusDecisions, Inc. and Subsidiaries
Unaudited Condensed Consolidated Statements of Changes in Convertible Preferred Stock and Stockholders' Deficiency for the Nine Months Ended December 31, 2018 and 2017

	Series A Convertible Redeemable Preferred Stock		Common Stock					
	Number of Shares	Par Value	Number of Shares	Par Value	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Deficiency
Balances as of March 31, 2017	16,912,500	$ 46,903,534	29,647,826	$ 29,647	$ —	$ (64,789,529)	$ (194,242)	$ (64,954,124)
Exercise of stock options	—	—	386,334	387	361,829	—	—	362,216
Accretion of preferred stock dividends	—	6,721,988	—	—	(670,543)	(6,051,445)	—	(6,721,988)
Accretion of preferred stock offering costs	—	99,138	—	—	—	(99,138)	—	(99,138)
Stock-based compensation expense	—	—	—	—	308,714	—	—	308,714
Effect of translation adjustments	—	—	—	—	—	—	12,985	12,985
Net loss	—	—	—	—	—	463,806	—	463,806
Balances as of December 31, 2017	16,912,500	$ 53,724,660	30,034,160	$ 30,034	$ —	$ (70,476,306)	$ (181,257)	$ (70,627,529)
Balances as of March 31, 2018	16,912,500	$ 55,998,368	30,352,784	$ 30,352	$ —	$ (73,180,502)	$ (120,556)	$ (73,270,706)
Exercise of stock options	—	—	185,124	186	129,158	—	—	129,344
Accretion of preferred stock dividends	—	25,576,834	—	—	(646,575)	(24,930,259)	—	(25,576,834)
Accretion of preferred stock offering costs	—	56,367	—	—	—	(56,367)	—	(56,367)
Stock-based compensation expense	—	—	—	—	517,417	—	—	517,417
Effect of translation adjustments	—	—	—	—	—	—	232,083	232,083
Net income	—	—	—	—	—	2,843,976	—	2,843,976
Balances as of December 31, 2018	16,912,500	$ 81,631,569	30,537,908	$ 30,538	$ —	$ (95,323,152)	$ 111,527	$ (95,181,087)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

SiriusDecisions, Inc. and Subsidiaries
Unaudited Condensed Consolidated Statements of Cash Flows for the Nine Months Ended December 31, 2018 and 2017

	2018	2017
Cash flows from operating activities		
Net income	$ 2,843,976	$ 463,806
Adjustments to reconcile net income to net cash used in operating activities		
Depreciation and amortization expense	1,347,921	1,304,754
Stock-based compensation	517,417	308,714
Allowance for doubtful accounts and bad debt expense	383,816	234,925
Deferred rent	816,560	52,729
Foreign currency losses	346,865	55,646
Change in operating assets and liabilities		
Accounts receivable	(1,314,248)	(1,683,994)
Prepaid expenses and other current assets	(387,148)	1,194,719
Other assets	(18,473)	(292,569)
Accounts payable and accrued expenses	(1,006,121)	(1,732,903)
Deferred revenue	(7,259,909)	(7,058,564)
Net cash used in operating activities	(3,729,344)	(7,152,737)
Cash flows from investing activities		
Additions of property and equipment and capitalized software	(2,212,209)	(891,546)
Investment in certificates of deposit - restricted	—	1,498
Net cash used in investing activities	(2,212,209)	(890,048)
Cash flows from financing activities		
Proceeds from exercise of stock options	129,344	362,216
Proceeds from line of credit, net	—	500,000
Net cash provided by financing activities	129,344	862,216
Effects of foreign currency translation on cash	(66,503)	50,963
Net change in cash and cash equivalents	(5,878,712)	(7,129,606)
Cash and cash equivalents		
Beginning of period	13,084,181	9,265,240
End of period	$ 7,205,469	$ 2,135,634
Supplemental disclosures of noncash information		
Accretion of preferred stock	$25,576,834	$ 6,721,988
Accretion of preferred stock offering costs	$ 56,367	$ 99,138
Property and equipment additions in accounts payable	$ 99,981	$ 35,258

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

1. Organization and Nature of Business

SiriusDecisions, Inc. (the “Company”) is a global business-to-business research and advisory firm. Through its platform the Company seeks to deliver actionable, data driven intelligence to its clients to empower sales, product and marketing leaders to make better decisions and accelerate growth. SiriusDecisions, Inc. was founded in 2001 and is headquartered in Wilton, Connecticut.

Acquisition by Forrester Research, Inc.

On November 26, 2018, the Company and Forrester Research, Inc. (“Forrester”) entered into an Agreement and Plan of Merger whereby Forrester would acquire 100% of the issued and outstanding shares of the Company in exchange for $245 million in cash, as adjusted with respect to cash, indebtedness, and working capital of the Company. The transaction closed on January 3, 2019 and the Company became a wholly-owned subsidiary of Forrester as of that date. The accompanying financial statements do not include any adjustments related to the acquisition by Forrester.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information. Accordingly, certain information and footnote disclosures required for complete financial statements are not included herein. The year-end balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America.

The condensed consolidated financial statements include the accounts of SiriusDecisions, Inc. and its wholly owned subsidiaries SiriusDecisions Europe Ltd and SiriusDecisions Asia Pte. Ltd. All significant intercompany accounts and transactions have been eliminated in consolidation. The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the establishment of allowances for doubtful accounts, recoverability of long-lived assets and the assumptions used for stock option valuations. In management’s opinion, the unaudited condensed consolidated financial statements contain all normal recurring adjustments necessary for a fair statement of the interim results reported. The results of operations reported for the interim periods are not necessarily indicative of the results of operations for the entire year or any subsequent period.

Risk and Uncertainties

The Company’s financial instruments that are exposed to concentrations of credit risk consist primarily of trade accounts receivable. The Company has not experienced any significant losses in such accounts and believes it is not exposed to any significant credit risk with respect to its trade accounts receivable.

The Company maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash.

Revenue Recognition and Deferred Revenue

The Company’s revenue recognition policies by significant revenue source are as follows:

Research Services

This is a membership-driven service. The service is built to provide senior-level business-to-business executives with the sales and marketing operational insight required to improve topline performance. Members access this information via email, telephone, events and a self-service research portal. Members sign a membership agreement which runs for a specific period of time (typically one to two years). Revenue is recognized over the term of the agreement.

Events

The Company holds conferences during the year. Events revenues, which are primarily comprised of sponsorship revenue and registration revenue, are deferred and recognized upon the completion of the related conference. In addition, the Company defers certain costs directly related to events and expenses these costs in the period during which the related event occurs.

Consulting Services

Consulting revenues, primarily derived from consulting, training classes, and general marketing projects, are principally generated from fixed fee or time and materials engagements. Consulting revenues are recognized as work is delivered and/or services are provided.

Learning Services

Learning revenues are generated from a membership-driven service. The Company provides online courses for business-to-business professionals. Members access information via a self-service portal, and members sign a membership agreement that runs for a specific period of time. Revenue is deferred and recognized as the services are provided over the term of the agreement.

Income Taxes

The Company provides for deferred income taxes in accordance with ASC Topic 740, *Income Taxes*, which requires deferred tax assets and liabilities to be recognized for the future tax consequences attributable to net operating loss carryforwards and for differences between the financial statement carrying amounts and the respective tax bases of assets and liabilities. Deferred tax assets are reduced if necessary by a valuation allowance if it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company also follows the FASB issued ASC Topic 740-10, *Uncertainty in Income Taxes*. This Topic prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This Topic also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The Company recognizes tax benefits or expenses of uncertain tax positions in the year such determination is made when the position is “more likely than not” to be sustained assuming examination by tax authorities. The Company accrues interest and penalties associated with uncertain tax positions, if any, as part of the income tax provision. Management has reviewed the Company’s tax positions for all open tax years and concluded that no provision for unrecognized tax benefits or expense is required in these unaudited condensed consolidated financial statements.

Management evaluates the tax positions taken or expected to be taken in the course of preparing the Company’s tax returns to determine whether the tax positions are more likely than not to be sustained upon examination by the applicable tax authorities. Management further believes that it has not taken tax positions that are not likely to be sustained by such tax authorities.

Stock-Based Compensation

ASC 718, *Compensation—Stock Compensation*, requires the cost of all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on the grant date fair value of those awards. In accordance with ASC 718, this cost is recognized over the period for which an employee is required to provide service in exchange for the award.

The Company estimates the fair value of options granted using the Black-Scholes option pricing model. The estimation of stock awards that will ultimately vest requires judgment, and to the extent actual results differ from the Company’s estimates, such amounts will be recorded as an adjustment in the period estimates are revised. In valuing share-based awards, significant judgment is required in determining the expected volatility of common stock and the expected term individuals will hold their share-based awards prior to exercising.

Foreign Currency Translation and Transactions

Assets and liabilities of the Company's foreign subsidiaries, whose functional currency is the local currency, are translated at year-end rates of exchange, and the statements of operations are translated at the average rates of exchange for the year. Gains or losses resulting from translating foreign currency financial statements are accumulated in a separate component of stockholders' deficiency. Gains or losses from foreign currency transactions (transactions denominated in a currency other than the entity's local currency) are included in other expense, net in the unaudited condensed consolidated statements of operations and totaled $346,865 and $55,646 during the nine months ended December 31, 2018 and 2017, respectively.

Financial Instruments

The Company's financial instruments, including cash, accounts receivable, prepaid expenses, accounts payable and accrued expenses are reflected in the accompanying unaudited condensed consolidated financial statements at carrying value, which approximates fair value because of the short-term maturity of these instruments.

Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*, which requires that an entity recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to its customers. In order to achieve this core principle, an entity should apply the following steps (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) the entity satisfies a performance obligation. This update will replace existing revenue recognition guidance under GAAP when it becomes effective for the Company beginning April 1, 2019, with certain early adoption permitted. The updated standard will permit the use of either the retrospective or cumulative effect transition method. The Company is currently evaluating the impact of this update on its unaudited condensed consolidated financial statements.

In April 2016, the FASB issued ASU 2016-10, *Revenue from Contracts with Customers: Identifying Performance Obligations and Licensing.* This ASU was made in response to an issue communicated by the Transition Resource Group for Revenue Recognition (the TRG), a group which was formed by the FASB and the International Accounting Standards Board (IASB), (collectively, the Boards), whose objective is to inform the Boards of any issues that could arise with the implementation of a converged standard on recognition of revenue from contracts with customers. ASU 2016-10 does not change the core principal of the guidance in Topic 606, but adds clarification around identifying performance obligations and licensing. The amendments in this update affect the guidance in ASU 2014-09, *Contracts with Customers* (Topic 606), which is not yet effective, and therefore follow the same effective date and transition requirements. Management is assessing the impact of adoption on the unaudited condensed consolidated financial statements.

In May 2016, the FASB issued ASU 2016-12, *Revenue from Contracts with Customers: Narrow-Scope Improvements and Practical Expedients.* This ASU amends certain aspects of the Board's new revenue standard, ASU 2014-09. The amendments include the collectability of revenue, presentation of sales tax and other similar taxes collected from customers, contracts containing noncash considerations, and contract modifications and completed contracts at transition. Management is assessing the impact of adoption on the unaudited condensed consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. The FASB issued this update to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements.

The updated guidance is effective for annual periods beginning after December 15, 2019. Early adoption of the update is permitted. The Company is currently evaluating the new guidance to determine the impact it will have on its unaudited condensed consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments.* This ASU addresses the diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. This update addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. The guidance is effective for annual periods beginning after December 15, 2017 and interim periods therein. The adoption of this guidance on April 1, 2018 did not have a significant impact on the Company's unaudited condensed consolidated financial statements.

Subsequent Events

The Company has evaluated events through March 21, 2019, which is the date the unaudited condensed consolidated financial statements were available to be issued.

3. Line of Credit

The Company renewed its revolving line of credit on March 31, 2018, and the total facility was increased from $10 million to $15 million, which gives the Company the ability to borrow up to $15 million limited by a borrowing base, as defined in the agreement for working capital and other general corporate needs in the ordinary course of business. Within the line of credit there is a sub-facility for letters of credit not to exceed $2,000,000. The loan agreement matures on March 31, 2020 and is subject to renewal. The loan is secured by substantially all of the assets of the Company. Amounts outstanding on the loan are assessed interest charges of the Prime Rate in effect on such day plus one half percent per annum and any undrawn portion will be charged an unused fee of 0.125%. There were no amounts outstanding on the line of credit as of December 31, 2018.

4. Income Taxes

On December 22, 2017, the United States enacted the 2017 Tax Cuts and Job Act ("Tax Reform") which made significant changes to United States federal income tax law which affects the Company. Effective January 1, 2018, the U.S. federal income tax rate is reduced to 21 percent from 35 percent. As a result of the Tax Reform, the Company reduced its deferred tax assets and liabilities as of December 31, 2017. This reduction was offset entirely by a change in the Company's valuation allowance as the Company maintains a full valuation allowance on its net deferred tax assets.

There were no current or deferred income tax provisions for the nine months ended December 31, 2018 or 2017. The Company has concluded it is more likely than not that all future tax benefits will not be fully realized and has provided a full 100% valuation allowance against its net deferred tax assets. The effective tax rate of the Company's provision for income taxes differs from the federal statutory rate due to the effect of a full valuation allowance.

5. Convertible Preferred Stock and Stockholders' Deficiency

Corporate Structure

The Company's Certificate of Incorporation, originally filed on July 26, 2001, most recently amended on December 17, 2013, authorized the issuance of two classes of stock to be designated, "Common Stock" and "Preferred Stock". In April 2018, shareholders of the Company voted to increase the total number of shares which the Company is authorized to issue to 69,362,500. Of these shares, 52,450,000 shall be Common Stock and 16,912,500 shall be Preferred Stock.

Common Stock

The holders of Common Stock of the Company are entitled to liquidation proceeds ratably after all Series A Convertible Redeemable Preferred Stock ("Preferred Shares") liquidation preferences are satisfied. Dividends as declared by the Board are subordinate to preferential rights of the Preferred Series. Voting rights for Common Stock entitles holders to one vote for each share held.

Series A Redeemable Convertible Preferred Stock

On December 17, 2013, the Company entered into a minority investment arrangement funded by an outside investment ("PE firm") firm. As part of the transaction, the PE firm purchased 16,912,500 shares of Series A Convertible Preferred Stock for approximately $37,292,000, net of offering costs of approximately $661,000.

The PE firm received 100% of the issued preferred shares of the Company, which contains the following summarized terms.

Dividends

An 8% per share dividend will accrue annually, although it will only be payable in the event of a redemption or deemed liquidation, as defined. Accrued dividends amounted to approximately $15,021,038 and $12,783,515 at December 31, 2018 and March 31, 2018, respectively. Preferred stock dividends amounting to $2,237,523, were accreted for both the nine months ended December 31, 2018 and 2017. As total fair value of Preferred Stock at December 31, 2018 and 2017 exceeded the original investment plus accrued and unpaid dividends, total accretion for the nine months ended December 31, 2018 and 2017 was $25,576,834 and $6,721,988, respectively.

Liquidation

The preferred shares will be senior to common shares in the event of a sale, merger, liquidation, bankruptcy or other deemed liquidation event. In the event of such an occurrence, the preferred shareholders shall be entitled to receive the greater of (i) the aggregate amount of the original equity investment plus accrued dividends; or (ii) the amounts payable on an "as is converted to common shares basis". The liquidation preference at December 31, 2018 amounted to approximately $81,632,000.

Redemption

At the election of the holders of a majority of the Preferred Shares, the Company shall redeem the outstanding Preferred Shares in two equal annual installments beginning on the fifth anniversary of such investment, December 17, 2018. During the year ended March 31, 2018, the Company received a waiver from the holders of the Preferred Shares extending the redemption date to July 31, 2019. Such redemptions shall be made at the greater share value of (i) fair market value; or (ii) the original equity investment plus accrued dividends.

Conversion

The holders of the Preferred Shares have the right at any time to convert all or a portion of the Preferred Shares into shares of Common Stock. The number of shares of common stock which would be issued upon conversion will be determined by dividing the original equity investment by the conversion price. The conversion price will be initially equal to the Original Equity Investment divided by the number of shares of preferred stock. In the event that the Company issues additional shares of stock or convertible securities at a purchase price or exercise price less than the then-applicable conversion price, such conversion price shall be adjusted. The shares will automatically convert in the event of an initial public offering, if such offering is greater than defined proceed levels.

Voting

The Preferred shareholders will be entitled to 2 out of 5 board seats and certain protective rights and shall be entitled to cast the number of votes equal to the number of whole shares of common stock into which the shares of Series A Preferred Stock are convertible.

The Company evaluated the Series A Preferred Stock and its embedded conversion feature on the date of issuance and determined the host instrument is more akin to equity and is therefore clearly and closely related with the embedded conversion option as defined by ASC 815. Further, there were no beneficial conversion features noted. As such bifurcation of the embedded conversion feature was not required.

The Company accretes the issuance costs on its preferred stock using the straight-line method from the date of issuance to the earliest date of redemption.

6. Stock Options

The Company accounts for the expected life of options in accordance with the “simplified” method provision of ASC 718-10-S55, which enables the use of the simplified method for “plain vanilla” share options. Expected volatility is calculated using the historical volatility of comparable public companies. The risk free interest rate is based on U.S. Treasury yields for securities in effect at the time of grant with terms approximating the term of the grants. The Company does not expect to issue dividends in the foreseeable future. The following assumptions were used for the nine months ended December 31, 2018 and 2017:

	2018	2017
Risk free interest rate	2.9% - 3.0%	1.2% - 2.1%
Calculated dividend rate	0%	0%
Expected life of the option in years	6.18	6.25
Expected volatility	24.4% - 25.6%	26.4% - 27.0%
Fair value of option	$ 0.80 - $ 1.25	$ 0.64 - $ 1.04

The fair value of each option award was estimated on the grant date using the Black-Scholes option-pricing model and will be expensed under the straight-line method. Stock-based compensation expense was approximately $517,000 and $309,000 for the nine months ended December 31, 2018 and 2017, respectively, and is included in the caption selling, general and administrative in the accompanying unaudited condensed consolidated statements of operations.

The following table summarizes stock option activity for the nine months ended December 31, 2018:

	Number of Shares	Weighted Average Exercise Price Per Share	Weighted- average Remaining Contract Term (years)	Aggregate Intrinsic Value
Outstanding March 31, 2018	3,766,888	$ 1.27		
Granted	1,310,625	2.84		
Exercised	(185,124)	0.70		
Forfeited	(88,937)	1.92		
Outstanding December 31, 2018	4,803,452	$ 1.70	6.75	$14,993,400
Exercisable December 31, 2018	2,588,925	$ 1.07	5.10	$ 9,797,770
Vested and Expected to vest December 31, 2018	4,742,781	$ 1.69	6.72	$14,858,750

UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION OF FORRESTER RESEARCH, INC.

On January 3, 2019, Forrester Research, Inc., a Delaware corporation (the “Company” or “Forrester”), and Supernova Acquisition Corp., a Delaware corporation and wholly-owned subsidiary of Forrester, completed the previously announced acquisition (the “Acquisition”) of SiriusDecisions, Inc., a Delaware corporation and its subsidiaries (“Sirius”), pursuant to an Agreement and Plan of Merger, dated as of November 26, 2018 (the “Merger Agreement”), by and among Forrester, Supernova, Sirius, Founder Stockholders of Sirius and Fortis Advisors LLC, solely in its capacity as the Stockholder Representative.

The Company acquired Sirius for approximately $247.3 million in cash, subject to certain adjustments set forth in the Merger Agreement. In connection with the Acquisition, on January 3, 2019 (the “Closing Date”), Forrester entered into a credit agreement (the “Credit Agreement”) with JPMorgan Chase Bank, N.A., as administrative agent, and the lenders referred to therein (collectively, the “Lenders”). Pursuant to the Credit Agreement, the Lenders have provided Forrester with $125 million in senior secured term loans (the “Term Loan”) and a $75 million senior secured revolving credit facility (the “Revolving Credit Facility” and, together with the Term Loan, the “Credit Facilities”). On the Closing Date, all of the proceeds of the Term Loan and $50 million of proceeds of the loans borrowed under the Revolving Credit Facility were used to pay a portion of the cash consideration for the Acquisition and to pay certain fees, costs and expenses incurred in connection with the Acquisition.

The Unaudited Pro Forma Combined Financial Information is presented to illustrate the estimated effects of the transaction and the other activities contemplated by the Merger Agreement based on the historical financial position and results of operations of Forrester and Sirius. The Unaudited Pro Forma Combined Financial Information is presented as follows:

- the unaudited pro forma combined balance sheet as of December 31, 2018, prepared based on (i) the historical audited consolidated balance sheet of Forrester as of December 31, 2018 and (ii) the historical unaudited condensed consolidated balance sheet of Sirius as of December 31, 2018.
- the unaudited pro forma combined statement of operations for the year ended December 31, 2018 prepared based on (i) the historical audited consolidated statement of income of Forrester for the year ended December 31, 2018 and (ii) the historical unaudited consolidated statement of operations of Sirius for the twelve months ended December 31, 2018. Forrester’s fiscal year ends on December 31 and Sirius’ fiscal year ends on March 31. The historical unaudited consolidated statement of operations of Sirius for the twelve months ended December 31, 2018 was derived by adding Sirius’ audited consolidated statement of operations for the year ended March 31, 2018 to Sirius’ unaudited condensed consolidated statement of operations for the nine months ended December 31, 2018, and subtracting Sirius’ unaudited condensed consolidated statement of operations for the nine months ended December 31, 2017.

The transaction will be accounted for using the acquisition method of accounting in accordance with Accounting Standards Codification (“ASC”) 805, *Business Combinations* (“ASC 805”), with Forrester designated as the accounting acquirer of Sirius. The Unaudited Pro Forma Combined Financial Information set forth below primarily gives effect to the following:

- the alignment of accounting policies and financial statement classifications of Sirius to those of Forrester;
- the application of the acquisition method of accounting in connection with the transaction;
- the drawdown of borrowings under the Credit Facilities in connection with the transaction, the proceeds of which were used to finance approximately $175 million of the cash consideration comprising the purchase price; and
- the incurrence of transaction costs in connection with the transaction.

The Unaudited Pro Forma Combined Financial Information has been presented for informational purposes only and is not necessarily indicative of what the combined company’s financial position or results of operations actually would have been had the transaction been completed as of the dates indicated. In addition, the Unaudited Pro Forma Combined Financial Information does not purport to project the future financial position or operating results of the combined company. The accompanying unaudited pro forma combined statement of operations does not include any pro forma adjustments to reflect expected cost savings which may be achievable or the impact of any non-recurring activity and one-time transaction related costs.

The Unaudited Pro Forma Combined Financial Information has been prepared using the acquisition method of accounting under existing United States generally accepted accounting principles (“GAAP”), which is subject to change. The acquisition accounting is dependent upon certain valuations and other studies. Forrester has completed a preliminary valuation and other relevant studies. Forrester will finalize the purchase price allocation as soon as practicable within the measurement period, but in no event later than one year following the closing date of the transaction. The assets and liabilities of Sirius have been measured based on various initial estimates using assumptions that Forrester believes are reasonable, based on information that is currently available. Accordingly, the pro forma adjustments are preliminary and have been made solely for the purpose of providing pro forma combined financial information prepared in accordance with the rules and regulations of the U.S. Securities and Exchange Commission (“SEC”). Differences between these preliminary estimates and the final acquisition accounting will exist, and these differences could have a material impact on the accompanying Unaudited Pro Forma Combined Financial Information and the combined company’s future results of operations and financial position.

The Unaudited Pro Forma Combined Financial Information has been compiled in a manner consistent with the accounting policies adopted by Forrester in all material aspects. Forrester has performed a detailed review of Sirius’ accounting policies. Subsequent to the Acquisition, Forrester may identify additional differences between the accounting policies of the two companies that, when conformed, could have a material impact on the financial statements of the combined company.

Additionally, certain financial information of Sirius as presented in its historical financial statements has been reclassified to conform to the historical presentation in Forrester’s financial statements for purposes of preparation of the Unaudited Pro Forma Combined Financial Information (see Note 8).

The unaudited pro forma combined balance sheet gives effect to the transaction as if it had been completed on December 31, 2018. The unaudited pro forma combined statement of operations gives effect to the transaction as if it had been completed on January 1, 2018. This Unaudited Pro Forma Combined Financial Information was derived from and should be read in conjunction with the separate historical (i) audited financial statements of Forrester as of and for the year ended December 31, 2018 and the related notes included in Forrester’s Annual Report on Form 10-K for the year ended December 31, 2018 that Forrester filed with the SEC on March 8, 2019, (ii) Sirius’ audited consolidated financial statements as of and for the year ended March 31, 2018, which are included in this Current Report on Form 8-K/A, and (iii) Sirius’ unaudited condensed consolidated financial statements as of and for the nine months ended December 31, 2018, which are included in this Current Report on Form 8-K/A.

Forrester Research, Inc.
Unaudited Pro Forma Combined Balance Sheet
As of December 31, 2018
(amounts in thousands)

	Historical Forrester As Reported	Historical Sirius As Adjusted (Note 8)	Pro Forma Adjustments	Note	Financing Adjustments	Note	Pro Forma Combined
Assets							
Current Assets:							
Cash and cash equivalents	$ 140,296	$ 7,205	$ (248,922)	6A	$ 170,744	6A, 6E	$ 69,323
Accounts receivable, net	67,318	13,037	—		—		80,355
Deferred commissions	15,677	662	(662)	6G	—		15,677
Prepaid expenses and other current assets	12,802	2,346	—		—		15,148
Total current assets	236,093	23,250	(249,584)		170,744		180,503
Property and equipment, net	22,005	3,141	310	6B	—		25,456
Goodwill	85,165	—	164,642	6C	—		249,807
Intangible assets, net	4,951	939	111,061	6D	—		116,951
Other assets	5,310	269	—		1,429	6E	7,008
Total assets	**$ 353,524**	**$ 27,599**	**$ 26,429**		**$ 172,173**		**$ 579,725**
Liabilities, Convertible Preferred Stock and Stockholders' Equity							
Current Liabilities:							
Accounts payable	$ 588	$ 648	$ —		$ —		$ 1,236
Accrued expenses, other current liabilities	54,065	8,377	—		—		62,442
Current portion of long term-debt	—	—	—		6,250	6E	6,250
Deferred revenue	135,332	29,489	(8,878)	6F	—		155,943
Total current liabilities	189,985	38,514	(8,878)		6,250		225,871
Long-term debt	—	—	—		165,923	6E	165,923
Non-current liabilities	11,939	2,635	23,382	6D, 6H, 6F, 6J	—		37,956
Total liabilities	201,924	41,149	14,504		172,173		429,750
Convertible preferred stock	—	81,631	(81,631)	6I	—		—
Stockholders' Equity							
Common stock	230	31	(31)	6I	—		230
Additional paid-in capital	200,696	—	—		—		200,696
Retained earnings	127,717	(95,324)	93,699	6I	—		126,092
Treasury stock	(171,889)	—	—		—		(171,889)
Accumulated other comprehensive income (loss)	(5,154)	112	(112)	6I	—		(5,154)
Total stockholders' equity (deficit)	151,600	(95,181)	93,556		—		149,975
Total liabilities, convertible preferred stock and stockholders' equity	**$ 353,524**	**$ 27,599**	**$ 26,429**		**$ 172,173**		**$ 579,725**

Forrester Research, Inc.
Unaudited Pro Forma Combined Statement of Operations
For the Year Ended December 31, 2018
(amounts in thousands, except per share data)

	Historical Forrester As Reported	Historical Sirius As Adjusted (Note 8)	Pro Forma Adjustments	Note	Financing Adjustments	Note	Pro Forma Combined
Revenues:							
Research services	$228,399	$64,597	$ (6,528)	7C	$ —		$286,468
Advisory services and events	129,176	24,924	(2,519)	7C	—		151,581
Total revenues	357,575	89,521	(9,047)		—		438,049
Operating expenses:							
Cost of services and fulfillment	146,502	34,002	742	7A, 7D, 7E	—		181,246
Selling and marketing	131,824	33,392	(2,204)	7A, 7D, 7E, 7F	—		163,012
General and administrative	43,920	16,129	(30)	7A, 7E	—		60,019
Depreciation	7,955	736	60	7A	—		8,751
Amortization of intangible assets	1,162	1,169	17,700	7A	—		20,031
Acquisition and integration costs	3,787	1,468	(3,302)	7G	—		1,953
Total operating expenses	335,150	86,896	12,966		—		435,012
Income from operations	22,425	2,625	(22,013)		—		3,037
Other income (expense), net	674	(365)	—		(10,131)	7B	(9,822)
Gains on investments, net	426	—	—		—		426
Income (loss) before income taxes	23,525	2,260	(22,013)		(10,131)		(6,359)
Income tax expense (benefit)	8,145	—	(5,617)	7H	(2,837)	7H	(309)
Net income (loss)	**$ 15,380**	**$ 2,260**	**$ (16,396)**		**$ (7,294)**		**$ (6,050)**
Basic income (loss) per common share	$ 0.85						$ (0.33)
Diluted income (loss) per common share	$ 0.84						$ (0.33)
Basic weighted average common shares outstanding	18,091						18,091
Diluted weighted average common shares outstanding	18,380						18,091

Note 1: Description of the Transaction

Purchase Agreement

On November 26, 2018, Forrester entered into the Merger Agreement by and among Supernova, Sirius, Founder Stockholders of Sirius and Fortis Advisors LLC, solely in its capacity as the Stockholder Representative, pursuant to which Forrester acquired Sirius. The transaction was completed on January 3, 2019.

Subject to the terms and conditions of the Merger Agreement, as consideration for the acquisition of Sirius, Forrester paid to Stockholders of Sirius approximately $247.3 million in cash (the "Cash Consideration"), subject to certain adjustments set forth in the Merger Agreement.

Credit Agreement Borrowing

On January 3, 2019, the Company entered into a $125 million five-year senior secured Term Loan and a $75 million senior secured Revolving Credit Facility. On the Closing Date, all of the proceeds of the Term Loan and $50 million of proceeds of the loans borrowed under the Revolving Credit Facility were used to pay a portion of the Cash Consideration. The loans under each of the Credit Facilities bear interest, at Forrester's option, at a rate per annum equal to either (i) the London Interbank Offering Rate ("LIBOR") for the applicable interest period plus a margin that is between 1.75% and 2.50%, based on Forrester's consolidated total leverage ratio, or (ii) the applicable base rate plus a margin that is between 0.75% and 1.50%, based on Forrester's consolidated total leverage ratio. A commitment fee, at a rate of between 0.25% to 0.35% per annum, based on Forrester's consolidated total leverage ratio, is payable on the unused portion of the Revolving Credit Facility quarterly, in arrears, and on the date of termination or expiration of the Revolving Credit Facility.

Note 2: Basis of Pro Forma Presentation

The accompanying Unaudited Pro Forma Combined Financial Information has been prepared in accordance with Article 11 of Regulation S-X and has been derived from the audited and unaudited financial information of Forrester and Sirius. The financial information has been adjusted in the accompanying Unaudited Pro Forma Combined Financial Information to give effect to pro forma events that are (1) directly attributable to the transaction, (2) factually supportable and (3) with respect to the unaudited pro forma combined statement of operations, expected to have a continuing impact on the combined results of operations of Forrester.

The Unaudited Pro Forma Combined Financial Information was prepared using the acquisition method of accounting in accordance with ASC 805, which requires, among other things, that assets acquired and liabilities assumed in a business combination be recognized at their fair values as of the acquisition date. The acquisition method of accounting, in accordance with ASC 805, uses the fair value concepts defined in ASC 820, *Fair Value Measurement* ("ASC 820").

ASC 820 defines fair value, establishes the framework for measuring fair value for any asset acquired or liability assumed under GAAP, expands disclosures about fair value measurements, and specifies a hierarchy of valuation techniques based on the nature of the inputs used to develop the fair value measurements. Fair value is defined in ASC 820 as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." This is an exit price concept for the valuation of an asset or liability. Market participants are assumed to be buyers or sellers in the most advantageous market for the asset or liability. Fair value measurement for an asset assumes the highest and best use by these market participants, and as a result, assets may be required to be recorded which are not intended to be used or sold. Additionally, the fair value may not reflect management's intended use for those assets.

Fair value measurements can be highly subjective and it is possible the application of reasonable judgment could develop different assumptions resulting in a range of alternative estimates using the same facts and circumstances.

Fair value estimates were determined based on discussions between Forrester and Sirius management, due diligence efforts, and information available in public filings. The allocation of the aggregate transaction consideration used in the preliminary Unaudited Pro Forma Combined Financial Information is based on initial estimates. The final determination of the allocation of the aggregate transaction consideration will be based on the actual tangible and intangible assets and the liabilities of Sirius at the effective time of the transaction (see Note 5).

Sirius' assets acquired and liabilities assumed were recorded at their fair value at the transaction date. Forrester acquired Sirius for approximately $247.3 million of contractual cash consideration, which is subject to certain adjustments as set forth in the Merger Agreement.

The Unaudited Pro Forma Combined Financial Information is presented solely for informational purposes and is not necessarily indicative of the combined results of operations or financial position that might have been achieved for the periods or dates indicated, nor is it necessarily indicative of the future results of the combined company. The Unaudited Pro Forma Combined Financial Information has not been adjusted to give effect to certain expected financial benefits of the transaction, such as cost synergies or revenue synergies, or the anticipated costs to achieve these benefits, including the cost of integration activities. Also, the Unaudited Pro Forma Combined Financial Information does not reflect possible adjustments related to integration activities that have yet to be determined or transaction or other costs following the combination that are not expected to have a continuing impact on the business of the combined company.

Further, one-time transaction-related costs, which total $4.9 million, incurred prior to or anticipated to be incurred prior to, or concurrent with, the closing of the transaction are not included in the unaudited pro forma combined statement of operations as these costs are not expected to have a continuing impact on the business of the combined company. Of these $4.9 million of transaction costs, $1.6 million relates to costs not incurred or recognized as of the unaudited pro forma combined balance sheet date of December 31, 2018, primarily related to deal advisory and legal fees. These costs have been included in the unaudited pro forma combined balance sheet.

Certain amounts from the historical financial statements of Sirius were reclassified to conform the presentation to that of Forrester (see Note 8).

Note 3: Accounting Policies

For purposes of presenting the unaudited pro forma combined financial statements and related information, Forrester has completed a preliminary review of Sirius' significant accounting policies for purposes of identifying adjustments to align with Forrester accounting policies. At this time, the Company has not identified any material differences in these policies other than accounting for contract costs with respect to Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASC 606"). Historically, Sirius expensed the majority of these contract costs as they were incurred. However, under ASC 606, these contract costs will be capitalized and amortized. For purposes of the unaudited pro forma combined balance sheet, no adjustment related to these capitalized contract costs has been reflected as these amounts will be eliminated in purchase accounting and included within the customer relationship intangible asset. Review of such accounting policies will continue and policy differences may be identified at a later date and may be deemed material at that time.

Note 4: Estimated Transaction Consideration

ASC 805 requires acquirers of a business to recognize the consideration transferred for the acquiree and the assets acquired and liabilities assumed in the exchange for the acquiree as part of applying the acquisition method.

The Company paid $247.3 million at closing, which included the purchase price of $245.0 million plus an adjustment for the estimate of certain working capital items, which is subject to adjustment as set forth in the Merger Agreement. In connection with the Acquisition, the Company borrowed approximately $175 million under its Credit Facilities. There were no liabilities incurred to former owners or equity interests issued by the acquirer to be considered as a component of the transaction consideration.

Note 5: Allocation of Purchase Price to Net Assets

The following is a preliminary estimate of the assets acquired and the liabilities assumed by Forrester in the transaction, reconciled to the estimated transaction consideration (amounts in thousands):

	Amounts as of Acquisition Date
Cash and cash equivalents	$ 7,205
Current assets	15,383
Property and equipment, net	3,451
Intangible assets	112,000
Other assets	269
Deferred revenue	(21,336)
Current liabilities	(9,025)
Unfavorable leasehold interests	(1,380)
Deferred tax liability, net	(23,912)
Fair value of assets acquired and liabilities assumed, excluding goodwill	82,655
Goodwill	164,642
Estimate of consideration transferred	**$ 247,297**

The following is a reconciliation of the fair value of assets acquired and liabilities assumed to the estimated transaction consideration (amounts in thousands):

	Amounts as of Acquisition Date
Total estimate of consideration transferred	**$ 247,297**
Book value of net assets acquired at December 31, 2018	(13,550)
Adjusted for:	
Elimination of deferred rent	1,598
Elimination of deferred commission	(662)
Adjusted book value of net assets acquired	(12,614)
Adjustments to:	
Property and equipment, net	310
Intangible assets	111,061
Unfavorable leases	(1,380)
Deferred revenue	9,190
Deferred tax liability, net	(23,912)
Fair value of assets acquired and liabilities assumed, excluding goodwill	82,655
Goodwill	164,642
Reconciliation to estimate of consideration transferred	**$ 247,297**

Note 6: Unaudited Pro Forma Combined Balance Sheet Adjustments

The following represents an explanation of the various adjustments to the unaudited pro forma combined balance sheet.

A – Cash and cash equivalents:

This represents the net adjustment to cash and cash equivalents after giving effect to the acquisition and borrowings (amounts in thousands):

Net proceeds from Credit Facilities (1)	$ 170,744
Cash paid:	
Cash paid for transaction-related costs (2)	(1,625)
Cash paid by Forrester to Sellers	(247,297)
Total cash paid	(248,922)
Total pro forma adjustment to cash and cash equivalents	**$ (78,178)**

(1) Amount represents net proceeds from Credit Facilities. Refer to Note 6E.
(2) Amount represents transaction-related costs not incurred or recognized by Forrester as of the unaudited pro forma combined balance sheet date of December 31, 2018. Unrecognized transaction-related costs are reflected as a reduction to cash for pro forma purposes, with a corresponding decrease in retained earnings. Refer to Note 2.

B—Property and equipment

Represents the adjustment in carrying value of Sirius' property and equipment from its recorded net book value to its preliminary estimated fair value. The estimated fair value is expected to be depreciated or amortized based on management's estimates of the period over which the assets will be utilized to benefit the operations of the company. The preliminary amounts assigned to property and equipment are as follows (dollar amounts in thousands):

	Estimated Useful Life (1)	Sirius Historical Carrying Amount	Fair Value Adjustment	Estimated Fair Value
Computer equipment	3 years	$ 1,172	$ (690)	$ 482
Leasehold improvements	6 years	2,054	(759)	1,295
Furniture and fixtures	3 years	1,954	(745)	1,209
Office equipment	2 years	75	(41)	34
CIP - Capital in progress	—	431	—	431
Total		5,686	(2,235)	3,451
Less: Accumulated depreciation		(2,545)	2,545	—
		$ 3,141	**$ 310**	**$ 3,451**

(1) Represents preliminary estimated useful life of assets to be acquired.

The final determination of fair value of property and equipment, as well as the estimated useful lives, remains subject to change. The finalization may have a material impact on the valuation of property and equipment and the purchase price allocation, which is expected to be finalized subsequent to the closing of the transaction but within the measurement period.

To estimate the fair value of Sirius' property and equipment, the Company considered valuation analyses of the assets using the sales comparison approach and the cost approach. The Company considered the highest and best use of the assets in selecting a valuation approach for each asset category. Depreciation for both physical deterioration and functional obsolescence was factored into the calculation. Physical deterioration is estimated based on an age-life analysis.

The useful lives are estimated based on Forrester's historical experience with similar assets, taking into account anticipated technological or other changes. Forrester periodically reviews these lives relative to physical factors, economic factors, and industry trends. If there are changes in the planned use of property and equipment or if technological changes were to occur more rapidly than anticipated, the useful lives assigned to these assets may need to be shortened, resulting in the recognition of increased depreciation and amortization expense in future periods.

C—Goodwill

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill is calculated as the excess of consideration transferred in the acquisition over the fair value of the tangible assets and identifiable intangible assets acquired and liabilities assumed in a business combination. Goodwill acquired in the transaction is estimated to be $164.6 million. The estimated goodwill to be recognized is attributable primarily to expected synergies, expanded opportunities in the market, and other benefits that Forrester believes will result from combining its operations with the operations of Sirius. The goodwill created in the transaction is not expected to be deductible for tax purposes. Refer to Note 5.

D—Intangible assets and liabilities

Represents adjustments to record the preliminary estimated fair value of (i) intangible assets of approximately $112.0 million, which is an increase of $111.1 million over Sirius's historical book value of intangible assets of $0.9 million prior to the transaction and (ii) an intangible liability of approximately $1.4 million.

Identified intangible assets expected to be acquired consist of the following (dollar amounts in thousands):

	Estimated Useful Life (1)	Estimated Fair Value
Backlog	2 years	$ 13,000
Customer relationships	10.5 years	73,000
Trade names	16 years	12,000
Technologies	3 years	14,000
Estimated fair value of identified intangible assets		$ 112,000

(1) Represents preliminary estimated useful life of assets to be acquired.

Identified intangible liabilities expected to be assumed consist of the following (dollar amount in thousands):

	Estimated Useful Life (1)	Estimated Fair Value
Unfavorable leasehold interests	4.3 years	$ 1,380

(1) Represents preliminary estimated useful life of assets to be acquired.

The fair value estimate for all identifiable intangible assets and liabilities is based on assumptions that market participants would use in pricing an asset, based on the most advantageous market for the asset (i.e., its highest and best use). The estimated fair value of backlog was determined by using the multi-period excess earnings method under the income approach. The estimated fair value of acquired customer relationships was determined with the excess earnings method, which is a variation of the income approach. This approach calculates the excess of the future cash inflows (i.e., revenue from customers generated from the relationships) over the related cash outflows (i.e., customer servicing expenses) generated over the useful life of the relationship. The estimated fair value of trade names was determined with the relief from royalty method, which is a commonly used variation of the income approach. The Company considered the return on assets and market comparable methods when estimating an appropriate royalty rate for the trade names. The estimated fair value of technologies was determined utilizing the replacement cost method under the cost approach. The estimated fair value of unfavorable leasehold interests was determined based on the present value (using a discount rate that reflects the risks associated with the property acquired and the respective tenants) of the difference between (i) the contractual amounts to be paid pursuant to the in-place leases and (ii) management's estimates of fair market lease rates for the comparable in-place leases, measured over a period equal to the remaining non-cancelable terms of the leases.

The final determination of fair value of intangible assets and liabilities, as well as estimated useful lives, remains subject to change. The finalization may have a material impact on the valuation of intangible assets and the purchase price allocation, which is expected to be finalized subsequent to the transaction but within the measurement period.

E—Long-term and short-term debt

In connection with the Acquisition, the Company borrowed $175 million on January 3, 2019, pursuant to the terms of the Credit Agreement, consisting of $125 million of borrowings under the Term Loan and $50 million of borrowings under the Revolving Credit Facility. The Company incurred debt issuance costs in the amount of $2.8 million with respect to the Term Loan, which are netted against the loan amount. The Company incurred debt issuance costs in the amount of $1.4 million with respect to the Revolving Credit Facility which are recorded in "other assets". Accordingly, the Company recorded $165.9 million and $6.3 million as long-term and short-term debt, respectively.

Amounts borrowed under the Credit Facilities bear interest, at Forrester's option, at a rate per annum equal to either (i) LIBOR for the applicable interest period plus a margin that is between 1.75% and 2.50% based on Forrester's consolidated total leverage ratio or (ii) the applicable base rate plus a margin that is between 0.75% and 1.50% based on Forrester's consolidated total leverage ratio.

F—Deferred revenue

This adjustment represents the estimate to decrease the assumed deferred revenue obligations to a fair value of approximately $21.3 million, a reduction of $9.2 million from the carrying value. The current portion amounts to $8.9 million and the non-current portion amounts to $312 thousand. The calculation of fair value is preliminary and subject to change. The fair value was determined based on the estimated costs to fulfill the remaining contractual obligations plus a normal profit margin. After the Acquisition, this adjustment will have a continuing impact and will reduce revenue related to the assumed performance obligations as the services are provided over the next two years.

G – Deferred commission

This adjustment represents the elimination of deferred commission account in the amount of $0.7 million since it will be included within the customer relationship intangible asset.

H – Deferred rent

This adjustment represents the elimination of deferred rent in the amount of $1.6 million recorded on Sirius financial statements.

I –Convertible preferred stock and stockholders' equity

Represents the elimination of Sirius capital, accumulated deficit, and accumulated other comprehensive income, as well as the recognition of transaction costs incurred on January 3, 2019 by Forrester (amounts in thousands):

	Amounts as of Acquisition Date
Elimination of historical Sirius convertible preferred stock	$ (81,631)
Elimination of historical Sirius common stock	$ (31)
Elimination of historical Sirius accumulated deficit	95,324
Elimination of historical Sirius accumulated other comprehensive income	(112)
Transaction-related costs (1)	(1,625)
Total adjustments to stockholders' equity	**$ 93,556**

(1) Represents $1.6 million of transaction-related costs not yet incurred or recognized as of the pro forma balance sheet date of December 31, 2018. Refer to Note 2.

J—Income taxes

For U.S. federal tax purposes, the transaction is structured as stock acquisition of the operations of Sirius.

The estimate of deferred taxes was determined based on the changes in the book basis reflected in Sirius' historical financial statements. A weighted average combined statutory rate of 28% was applied to the step-up in fair value of Sirius' assets and liabilities, resulting in an increase to the deferred tax liability of $33.6 million. A preliminary realization assessment of the acquired deferred tax assets resulted in a release of valuation allowances on certain U.S. deferred tax assets. As a result an increase in deferred tax assets in the amount of $9.7 million was also recorded and netted against the deferred tax liability. The estimate of deferred income tax is preliminary and is subject to change based on the Company's final determination of the assets acquired and liabilities assumed.

Note 7: Unaudited Pro Forma Combined Statement of Operations Adjustments

The following represents an explanation of the various adjustments to the unaudited pro forma combined statement of operations.

A—Depreciation of fixed assets and amortization of other intangibles

In conjunction with the acquisition accounting, the Company performed a fair value assessment of the property and equipment and definite-lived intangible assets. These valuations generated estimated depreciation and amortization expense related to the pro forma valuation adjustments to property and equipment (see Note 6B) and intangible assets (see Note 6D). Pro forma depreciation and amortization have been estimated on a preliminary basis as follows (amounts in thousands):

	Year Ended December 31, 2018
Estimated depreciation expense for acquired property and equipment	$ 796
Less: Historical Sirius depreciation expense	(736)
Total pro forma adjustment to depreciation expense	**$ 60**
Estimated amortization expense for acquired definite-lived intangibles assets	$ 18,869
Less: Historical Sirius amortization expense	(1,169)
Total pro forma adjustment to amortization expense	**$ 17,700**
Estimated amortization for unfavorable leasehold interests (a)	**$ (400)**

(a) Recorded as a decrease in expense in the line items "Cost of services and fulfillment", "Selling and marketing" and "General and administrative" in the amounts of $120 thousand, $220 thousand and $60 thousand, respectively.

All property and equipment and definite-lived intangibles assets and liabilities are depreciated and amortized, respectively, using the weighted average useful lives.

B—Interest expense

Represents the net increase to interest expense in the amount of $10.1 million resulting from interest on the new debt to finance the acquisition of Sirius, the amortization of related debt issuance costs and the commitment fee on the unused portion of the Revolving Credit Facility.

The adjustment to recognize interest expense of $7.2 million related to the Term Loan and $2.9 million related to the Revolving Credit Facility, of which $85 thousand related to a commitment fee on the unused portion of the Revolving Credit Facility, assumes the amounts were borrowed on January 1, 2018 and were outstanding for the entire twelve months ended December 31, 2018. The interest rates assumed for purposes of preparing this pro forma financial information are 5.3% for the Term Loan and 5.1% for the Revolving Credit Facility based on the rates applicable on January 3, 2019. In addition, the unused portion of the Revolving Credit Facility is subject to a commitment fee at a rate of between 0.25% to 0.35% per annum, based on Forrester's consolidated total leverage ratio. For the purposes of these pro forma financial statements, 0.35% was used.

The following tables show the estimated interest expense, interest rates and terms of the Credit Facilities (amounts in thousands):

Facility	Borrowing Amount	Annual Interest	Commitment Fee on Unused Portion	Deferred Cost Amortization	Total Increase to Interest Expense
Term Loan	$125,000	$6,550	—	$ 615	$7,165
Revolving Credit Facility	$ 50,000	$2,545	$ 85	$ 336	$2,966

Facility	Interest Rate Index and Margin	Assumed Rate	Term
Term Loan	(a)	5.3%	5
Revolving Credit Facility	(a)	5.1%	5

(a) Amounts borrowed under the Credit Facilities bear interest, at Forrester's option, at a rate per annum equal to either (i) the LIBOR for the applicable interest period plus a margin that is between 1.75% and 2.50% based on Forrester's consolidated total leverage ratio or (ii) the applicable base rate plus a margin that is between 0.75% and 1.50% based on Forrester's consolidated total leverage ratio. In addition, Forrester will pay a commitment fee equal to 0.35% per annum on the average daily unused portion of the Revolving Credit Facility, payable quarterly, in arrears, and on the date of termination of expiration of the Revolving Credit Facility. The commitment fee may decrease to 0.30% or 0.25% based on Forrester's consolidated total leverage ratio.

If the interest rates on the Term Loan and Revolving Credit Facility increase or decrease by 0.125%, interest expense would increase or decrease by $0.2 million for the year ended December 31, 2018.

C- Deferred revenue

The adjustment to reduce revenue by $9.0 million for the year ended December 31, 2018 reflects the difference between prepayments related to contractual services and the fair value of the assumed performance obligations as they are satisfied, assuming the transaction was consummated on January 1, 2018.

D—New compensation arrangements

This adjustment reflects new compensation arrangements executed with two key executives from Sirius in connection with the business combination, resulting in increases of $0.8 million and $0.2 million in "Cost of services and fulfillment" and "Selling and marketing" expenses, respectively, from the previous compensation expense reflected in Sirius' historical consolidated statement of operations.

E- Lease expense

This adjustment reflects the impact of recalculating the lease expense for Sirius acquired leases on a straight line basis excluding the historical deferred rent balances. This adjustment is recorded as an increase in expense in the line items "Cost of services and fulfillment", "Selling and marketing" and "General and administrative" in the amounts of approximately $59,000, $108,000 and $30,000, respectively.

F – Deferred commission

This adjustment represents the decrease in commission expense in "Selling and marketing" expenses in the amount of $2.3 million as a result of adopting ASC 606, *Revenue from Contracts with Customers*.

G- Transaction costs

Represents the elimination of nonrecurring transaction costs incurred by Forrester and Sirius during the year ended December 31, 2018 of $3.3 million that are directly related to the acquisition of Sirius.

H—Income taxes

Represents the income tax effect for unaudited pro forma combined statement of operations adjustments related to the transaction using statutory tax rates, less any applicable valuation allowances for the year ended December 31, 2018. In addition, includes the estimated income tax effect for the historical Sirius financial results for 2018 due to the anticipated elimination of the valuation allowance on Sirius' deferred tax assets as of January 1, 2018. Because the adjustments contained in this Unaudited Pro forma Combined Financial Information are based on estimates, the effective tax rate could vary from the effective rate in periods subsequent to the transaction. These unaudited pro forma financial statements depict an estimate of the tax impacts of the Acquisition.

Note 8: Reclassifications

Forrester has completed a preliminary review of the financial statement presentation of Sirius for purposes of the Unaudited Pro Forma Combined Financial Information. During this review, the following financial statement reclassifications were performed in order to align the presentation of Sirius' financial information with that of Forrester (amounts in thousands):

	As Reported Historical Sirius (Unaudited)	Reclassification and Conforming Policy Adjustments	Note	As Adjusted Sirius	
Assets					
Current Assets:					
Cash and cash equivalents	$ 7,205	$ —		$ 7,205	Cash and cash equivalents
Accounts receivable, net	13,037	—		13,037	Accounts receivable, net
Deferred commissions	—	662	a	662	Deferred commissions
Prepaid expenses and other current assets	2,693	(347)	a	2,346	Prepaid expenses and other current assets
Total current assets	**22,935**	**315**		**23,250**	
Property and equipment, net	4,080	(939)	b	3,141	Property and equipment, net
Intangible assets, net	—	939	b	939	Intangible assets, net
Other assets	584	(315)	a	269	Other assets
Total assets	**$ 27,599**	**$ —**		**$ 27,599**	
Liabilities. Convertible Preferred Stock and Stockholders' Deficiency					
Current Liabilities:					
Accounts payable	$ —	$ 648	c	$ 648	Accounts payable
Accrued expenses and other current liabilities	—	8,377	c	8,377	Accrued expenses and other current liabilities
Accounts payable and accrued expense	9,025	(9,025)	c	—	
Deferred revenue	29,489	—		29,489	Deferred revenue
Total current liabilities	38,514	—		38,514	
Deferred revenue—noncurrent	1,037	(1,037)	d	—	Deferred revenue—noncurrent
Deferred rent and other non-current liabilities	1,598	(1,598)	d	—	
Non-current liabilities	—	2,635	d	2,635	Non-current liabilities
Total liabilities	41,149	—		41,149	
Convertible preferred stock	81,631	—		81,631	Convertible preferred stock
Stockholders' Deficiency:					
Common stock	31	—		31	Common stock
Additional paid-in capital	—	—		—	Additional paid-in capital
Accumulated deficit	(95,324)	—		(95,324)	Retained earnings
Accumulated other comprehensive income	112	—		112	Accumulated other comprehensive loss
Total stockholders' deficiency	(95,181)	—		(95,181)	
Total liabilities, convertible preferred stock and stockholders' deficiency	**$ 27,599**	**$ —**		**$ 27,599**	

(a) Reclassification of amount related to deferred commissions included in "Prepaid expense and other current assets" and "Other assets".
(b) Reclassification of amount related to intangible assets" included in "Property and equipment, net".
(c) Reclassification of amounts related to accounts payable and accrued expense to separate "Account payable" and "Accrued expenses and other current liabilities" accounts.
(d) Reclassification of amounts related to deferred rent and deferred revenue to "Non-current liabilities".

	As Reported Historical Sirius (Unaudited)	Reclassification Adjustments	Note	As Adjusted Sirius	
Revenues:					**Revenues:**
Research services	$ —	$ 64,597	a	$64,597	Research services
Advisory services and events	—	24,924	a	24,924	Advisory services and events
Revenue	89,521	(89,521)	a	—	Revenue
Total revenues	89,521	—		89,521	Total revenues
Costs and expenses:					**Operating expenses:**
Cost of services and product development	33,156	846	b	34,002	Cost of services and fulfillment
Selling and marketing	—	33,392	b	33,392	Selling and marketing
General and administrative	—	16,129	b	16,129	General and administrative
Selling, general and administrative	51,835	(51,835)	b	—	Selling, general and administrative
Depreciation	—	736	c	736	Depreciation
Amortization of intangible assets	—	1,169	c	1,169	Amortization of intangible assets
Depreciation and amortization	1,905	(1,905)	c	—	
Acquisition and integration costs	—	1,468	b	1,468	Acquisition and integration costs
Total costs and expenses	86,896	—		86,896	**Total operating expenses**
Income from operations	2,625	—		2,625	Income from operations
Other expense, net	(365)	—		(365)	Other income (expense), net
Income before income taxes	2,260	—		2,260	**Income before income taxes**
Income tax expense	—	—		—	Income tax expense
Net income	$ 2,260	$ —		$ 2,260	**Net income**

(a) Reclassification of the revenue amount into separate revenue categories.

(b) Reclassification of “Selling, general and administrative” account into separate “Cost of services and fulfillment”, “Selling and marketing”, “General and administrative” and “Acquisition and integration costs” accounts and allocation of rent expense from “Selling and general administrative” account into “Cost of services and fulfillment”, “Selling and marketing” and “General and administrative” accounts.

(c) Reclassification of the depreciation and amortization expense into separate categories.