



# GENERAL EARNINGS PRESENTATION

FIRST QUARTER 2020





# MORE INFORMATION ABOUT COVID-19 IS AVAILABLE ONLINE

In addition to this presentation, the Company has published a separate, special investor presentation (the “COVID-19 Supplement”) related to Newmark’s response to the COVID-19 pandemic as well as its actual and potential impact on the Company’s results. It is available for download at <http://ir.ngkf.com> in sections including “Newmark First Quarter 2020 Earnings Conference Call” and “Events & Presentations”.



# DISCLAIMER

## Discussion of Forward-Looking Statements about Newmark

Statements in this document regarding Newmark that are not historical facts are “forward-looking statements” that involve risks and uncertainties, which could cause actual results to differ from those contained in the forward-looking statements. These include statements about the effects of the COVID-19 pandemic on the Company's business, results, financial position, liquidity and outlook, which may constitute forward-looking statements and are subject to the risk that the actual impact may differ, possibly materially, from what is currently expected. Except as required by law, Newmark undertakes no obligation to update any forward-looking statements. For a discussion of additional risks and uncertainties, which could cause actual results to differ from those contained in the forward-looking statements, see Newmark's Securities and Exchange Commission filings, including, but not limited to, the risk factors and Special Note on Forward-Looking Information set forth in these filings and any updates to such risk factors and Special Note on Forward-Looking Information contained in subsequent reports on Form 10-K, Form 10-Q or Form 8-K.

## Notes Regarding Financial Tables and Metrics

Excel files with the Company's most recent quarterly financial results and metrics from the current period are accessible in the financial results press release at the “Investor Relations” section of <http://www.ngkf.com>. They are also available directly at <http://ir.ngkf.com/investors/news-releases/financial-and-corporate-releases/default.aspx>.

## Other Items

Newmark Group, Inc. (NASDAQ: NMRK) (“Newmark” or “the Company”) generally operates as “Newmark Knight Frank”, “Newmark”, “NKF”, or derivations of these names. The discussion of financial results reflects only those businesses owned by the Company and does not include the results for Knight Frank or for the independently-owned offices that use some variation of the Newmark name in their branding or marketing. For the purposes of this document, the terms “producer” and “front office employee” are synonymous. Any average revenue per producer figures are based only on “leasing and other commissions”, “capital markets”, and “Gains from mortgage banking activities/origination, net” revenues and corresponding producers. Any such productivity figures exclude both revenues and staff in “management services, servicing fees and other.” Headcount numbers used in this calculation are based on a period average. Throughout this document, certain percentage changes are described as “NMF” or “not meaningful figure”.

The Company calculates volumes based on when loans are rate locked, which is consistent with how revenues are recorded for “Gains from mortgage banking activities/origination, net”. Certain GSE multifamily volume statistics for the industry are based on when loans are sold and/or securitized, and typically lag those reported by Newmark by 30 to 45 days.

Unless otherwise stated, all results discussed in this document compare first quarter 2020 with the relevant year-earlier period. Certain reclassifications may have been made to previously reported amounts to conform to the current presentation and to show results on a consistent basis across periods. Any such changes would have had no impact on consolidated revenues or earnings under GAAP or for Adjusted Earnings, all else being equal. Certain numbers in the tables throughout this document may not sum due to rounding. Rounding may have also impacted the presentation of certain year-on-year percentage changes. On November 30, 2018, BGC Partners, Inc. (NASDAQ: BGCP) (“BGC Partners” or “BGC”) completed the distribution of all of the shares of Newmark held by BGC to stockholders of BGC. BGC distributed these Newmark shares through a special pro rata stock dividend (the “Spin-Off” or the “Distribution”). For all periods prior to the Spin-Off, BGC was the largest and controlling shareholder of Newmark. As a result, BGC consolidated the results of Newmark and reported them as its Real Estate Services segment. These segment results may differ from those of Newmark as a stand-alone company.

On September 8, 2017, BGC acquired Berkeley Point Financial LLC, including its wholly owned subsidiary Berkeley Point Capital LLC. These LLCs are now a direct and indirect subsidiary, respectively, of Newmark. Newmark's financial results have been recast to include the results of Berkeley Point for all periods from April 10, 2014 onward, because this transaction involved a combination of entities under common control. Unless otherwise noted, all year-on-year comparisons in this document reflect the recast results. As of October 15, 2018, the businesses formerly operating as ARA, Berkeley Point, NKF Capital Markets, and Newmark Cornish & Carey all operate under the name “Newmark Knight Frank” or “NKF”.

# DISCLAIMER (CONTINUED)

Newmark, Grubb & Ellis, ARA, Computerized Facility Integration, Excess Space Retail Services, Inc., and Berkeley Point are trademarks/service marks, and/or registered trademarks/service marks and/or service marks of Newmark Group, Inc. and/or its affiliates. Knight Frank is a service mark of Knight Frank (Nominees) Limited.

## Adjusted Earnings and Adjusted EBITDA

This presentation should be read in conjunction with Newmark's most recent financial results press releases. Unless otherwise stated, throughout this document Newmark refers to its income statement results only on an Adjusted Earnings basis. Newmark may also refer to "Adjusted EBITDA". U.S. Generally Accepted Accounting Principles is referred to as "GAAP". "GAAP income before income taxes and noncontrolling interests" and "Adjusted Earnings before noncontrolling interests and taxes" may be used interchangeably with "GAAP pre-tax earnings" and "pre-tax Adjusted Earnings", respectively. See the sections of this document including "Non-GAAP Financial Measures", "Adjusted Earnings Defined", "Reconciliation of GAAP Net Income (Loss) Available to Common Stockholders to Adjusted Earnings Before Noncontrolling Interests and Taxes and GAAP Fully Diluted EPS to Post-Tax Adjusted EPS", "Fully Diluted Weighted-Average Share Count for GAAP and Adjusted Earnings", "Adjusted EBITDA Defined", and "Reconciliation of GAAP Net Income (Loss) to Adjusted EBITDA", including any footnotes to these sections, for the complete and updated definitions of these non-GAAP terms and how, when and why management uses them, as well as for the differences between results under GAAP and non-GAAP for the periods discussed herein. Below is a summary of certain GAAP and non-GAAP results for Newmark:

Highlights of Consolidated Results (USD millions)	1Q20	1Q19	Change
Revenues	\$483.9	\$447.7	8.1%
GAAP income (loss) before income taxes and noncontrolling interests	19.0	30.1	(36.7)%
GAAP net income (loss) for fully diluted shares	8.9	22.0	(59.3)%
Adjusted Earnings before noncontrolling interests and taxes	28.1	64.8	(56.7)%
Post-tax Adjusted Earnings to fully diluted shareholders	23.5	55.6	(57.8)%
Adjusted EBITDA	43.6	79.3	(45.0)%

Per Share Results	1Q20	1Q19	Change
GAAP net income (loss) per fully diluted share	\$0.03	\$0.08	(62.5)%
Post-tax Adjusted Earnings per share	0.09	0.21	(57.1)%

Newmark's pre-tax GAAP earnings, pre-tax Adjusted Earnings, and Adjusted EBITDA would have been \$17.2 million higher in the first quarter of 2020 but for the non-cash credit reserves recorded under the new Current Expected Credit Losses ("CECL") methodology. These non-cash CECL charges were primarily due to the macroeconomic effects of the COVID-19 pandemic. As reporting under the methodology began in 2020, there were no corresponding amounts in prior periods. Newmark's results under GAAP also reflect the non-cash mark-to-market change of the Nasdaq Forwards, which hedge against potential downside risk from a decline in the share price of Nasdaq's common stock, while allowing Newmark to retain all the potential upside from any related share price appreciation. The value of the Nasdaq Forwards moves inversely with the price of Nasdaq common stock. For additional information about Newmark's expected receipt of Nasdaq shares and related monetization transactions, see the sections of the Company's most recent Financial Results Press Release, SEC filings on Form 10-Q or Form 10-K titled "Nasdaq Monetization Transactions" and "Exchangeable Preferred Partnership Units and Forward Contract", as well as any updates regarding these topics in subsequent SEC filings.

A discussion of GAAP, Adjusted Earnings and Adjusted EBITDA and reconciliations of these items, as well as liquidity, to GAAP results are found later in this document, incorporated by reference, and also in our most recent financial results press release and/or are available at <http://ir.ngkf.com/>

# SELECTED CONSOLIDATED ADJUSTED EARNINGS FINANCIAL RESULTS

Highlights of Consolidated Adjusted Earnings Results (US\$ millions, except per share data)	1Q 2020	1Q 2019	Change
Revenues	\$483.9	\$447.0	8.1%
Adjusted Earnings before noncontrolling interests and taxes	28.1	64.8	(56.7%)
Post-tax Adjusted Earnings	23.5	55.6	(57.8%)
Post-tax Adjusted Earnings per share	0.09	0.21	(57.1%)
Adjusted EBITDA	43.6	79.3	(45.0%)
Pre-tax Adjusted Earnings margin	5.8%	14.5%	
Post-tax Adjusted Earnings margin	4.9%	12.4%	

- › Newmark's pre-tax GAAP earnings, pre-tax Adjusted Earnings, and Adjusted EBITDA results would have each been \$17.2 million higher in the first quarter of 2020 but for the non-cash credit reserves recorded under the new CECL methodology. Excluding this amount, pre-tax Adjusted Earnings would have been \$45.3 million and Adjusted EBITDA would have been \$60.8 million in the first quarter of 2020. These non-cash CECL charges were primarily due to the macroeconomic effects of the COVID-19 pandemic. As reporting under the methodology began in 2020, there were no corresponding amounts in prior periods



# 1Q 2020 REVENUE PERFORMANCE<sup>1</sup>

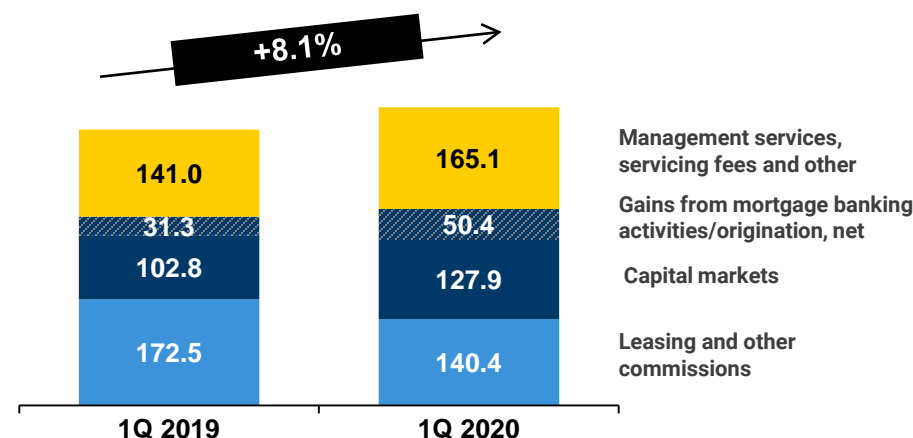
## Highlights

- › Revenue grew 8.1% in the First Quarter
- › Capital markets grew 24.4%; Gains from mortgage banking activities/origination, net, were up 60.9%; management services, servicing fees, and other increased 17.1%

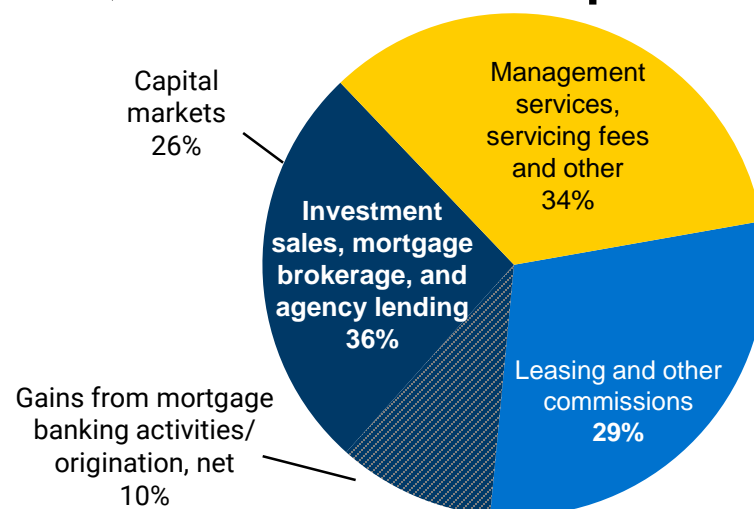
## Drivers

- › COVID-19 significantly impacted industry volumes beginning in mid-March
- › NMRK's total debt and capital markets volumes grew 25%
- › Continued to hire industry-leading professionals through mid-March

## 1Q 2020 Revenue Growth (US\$ millions)



## 1Q 2020 Revenue Composition<sup>2</sup>



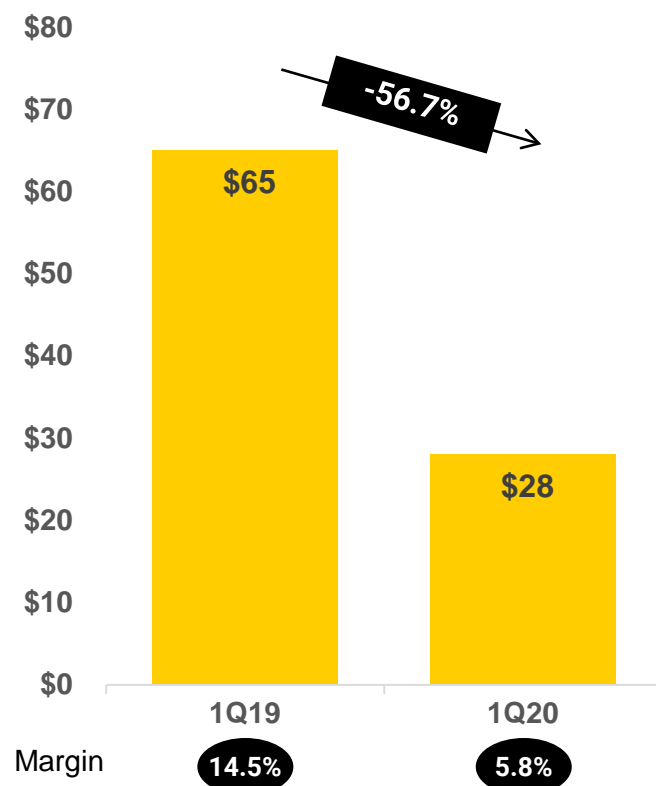
1. Revenue includes \$95.9 million and \$68.1 million in OMSR and pass-through revenues in 1Q 2020 and 1Q 2019, respectively. Together, Newmark refers to these items as "non-fee revenue." In 2018 and 2019, non-fee revenue was \$329.3 million and \$339.8 million, respectively.

2. Investment sales, mortgage brokerage, and agency lending revenues represents two separate line items: 1) Capital markets (which consists of investment sales and non-originated mortgage brokerage), and 2) Gains from mortgage banking activities/origination, net (referred to here as "agency lending")

# ADJUSTED EARNINGS & ADJUSTED EBITDA PERFORMANCE

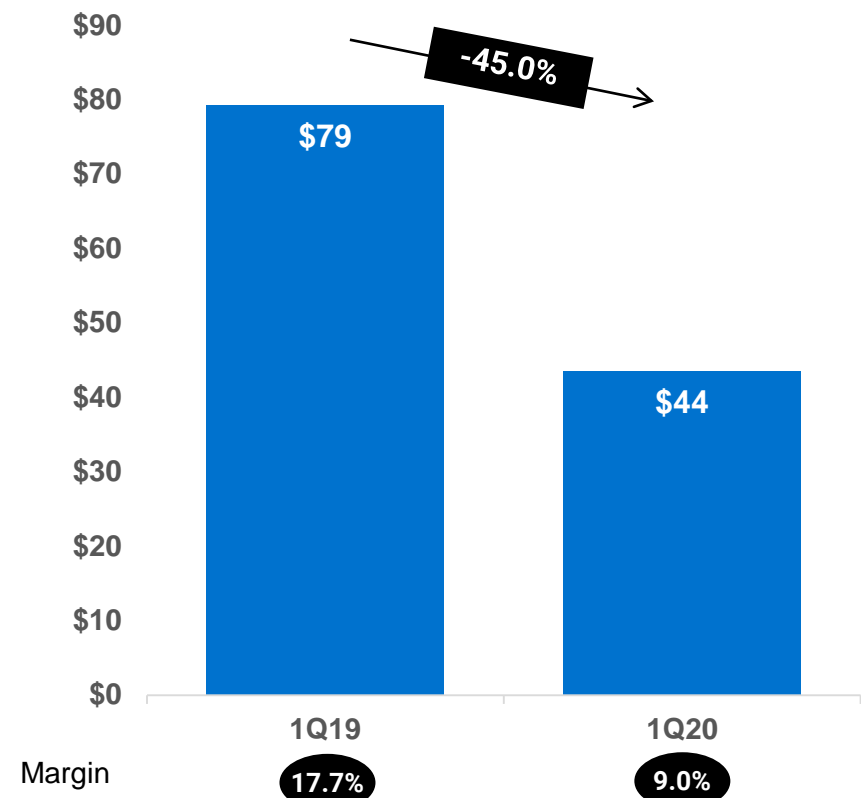
## Adjusted Earnings before noncontrolling interests and taxes

(US\$ millions)



## Adjusted EBITDA

(US\$ millions)



1Q 2020 Adjusted Earnings and Adjusted EBITDA include \$17.2 million in non-cash credit reserves recorded under the new CECL methodology. Excluding this amount, 1Q 2020 margins under Adjusted Earnings and Adjusted EBITDA would have been 9.2% and 12.4%, respectively.

Note: Newmark's Pre-tax Adjusted Earnings and Adjusted EBITDA also include Nasdaq-related income of (\$2.2) million and \$3.9 million in 1Q 2020 and 1Q 2019, respectively. The above results reflect as-reported TTM Adjusted EBITDA. Newmark is subject to certain financial covenants under its revolving credit agreement, for purposes of which EBITDA calculation includes additional addbacks for certain non-cash expenses not included in as-reported Adjusted EBITDA.

# NEWMARK QUARTERLY VOLUMES

	1Q 20	1Q19	Change %
Investment Sales <sup>1</sup>	13,108	9,710	35%
Mortgage Brokerage <sup>2</sup>	4,315	3,617	19%
<b>Total Capital Markets</b>	<b>17,423</b>	<b>13,327</b>	<b>31%</b>
Fannie Mae	954	496	92%
Freddie Mac	690	1,426	-52%
<b>Total Origination Volume</b>	<b>1,643</b>	<b>1,922</b>	<b>-15%</b>
<b>Total Debt and Capital Markets Volume</b>	<b>19,066</b>	<b>15,249</b>	<b>25%</b>

(1) Includes all equity advisory transactions

(2) Includes all non-origination debt placement transactions

- › The Company's total debt and capital markets volume increased 25% in 1Q 2020.
- › Newmark's combined volumes from investment sales increased ~ 35% to \$13.1 billion in 1Q 2020. Real Capital Analytics (RCA) estimates that overall U.S. investment sales volumes grew 11% during the quarter.
- › GSE combined origination volumes declined 15% while origination revenues increased 61%, mainly due to a more balanced mix of GSE originations. Newmark's origination volumes outperformed the industry by ~ 500 basis points.
- › Declines in volumes for both Newmark and the industry beginning in the latter half of March are largely attributable to COVID-19.

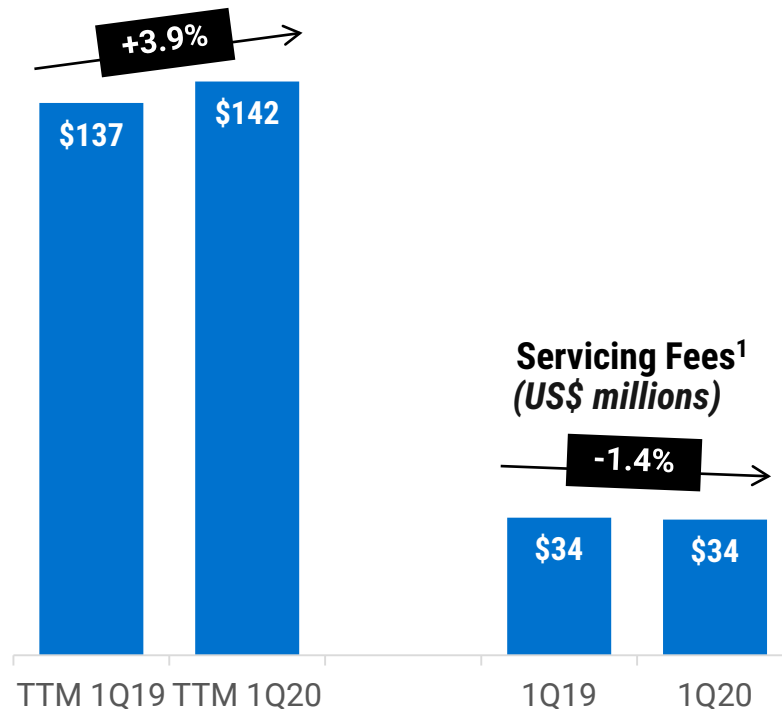
Overall industry GSE multifamily loan purchase volumes declined by 20% in the first quarter of 2020 compared with a year earlier. GSE loan purchases exclude FHA. The Company calculates GSE and FHA origination volumes based on when loans are rate locked, which is consistent with how revenues are recorded for "Gains from mortgage banking activities/origination, net". The volumes reported by the GSEs are based on when loans are sold and/or securitized, and typically lag those reported by Newmark or MBA estimates by 30 to 45 days.

Note: Certain non-originated mortgage brokerage volumes shown above that were previously included in FHA/Other were reclassified as mortgage brokerage in the second quarter of 2019. These reclassifications conform to the current presentation to show results on a consistent basis across periods and had no impact on consolidated results under GAAP or non-GAAP for any period discussed herein.

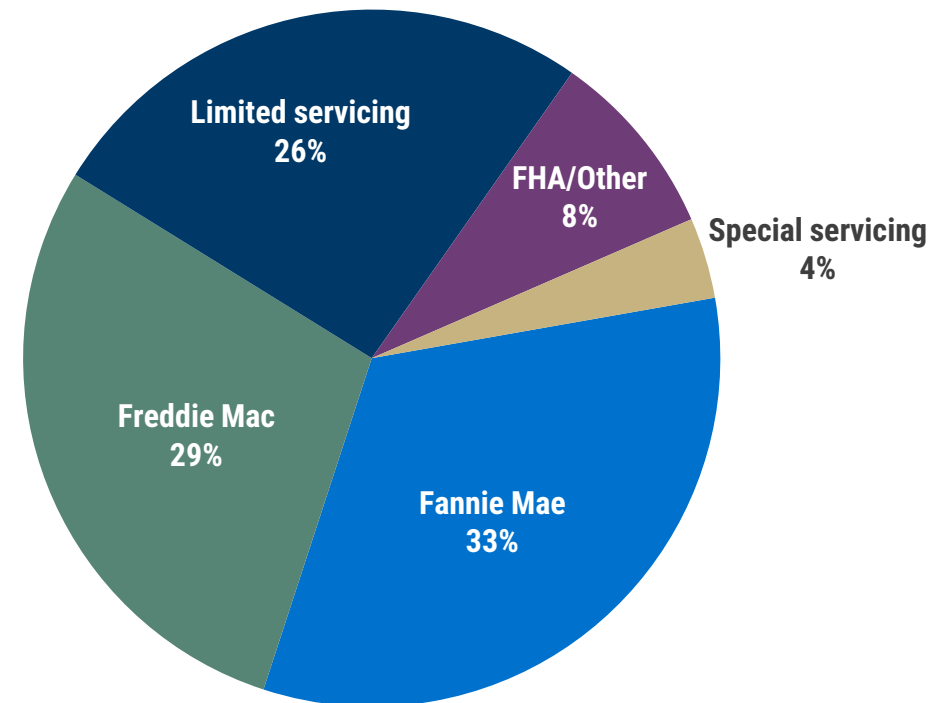


# MORTGAGE SERVICING: PREDICTABLE AND RECURRING

**Servicing Fees<sup>1</sup>**  
(US\$ millions)



**Servicing Portfolio Composition as of 3/31/20**



- › Newmark's servicing portfolio was \$63.5 billion as of March 31, 2020, an increase of 6% YoY
- › The weighted average life of the loans in Newmark's primary servicing portfolio was 8 years as of March 31, 2020



# GAAP FINANCIAL RESULTS

# NEWMARK GROUP, INC. CONDENSED CONSOLIDATED BALANCE SHEETS

(IN THOUSANDS) (UNAUDITED) (UNDER GAAP)

	March 31, 2020	December 31, 2019
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 291,544	\$ 163,564
Restricted cash	60,045	58,308
Marketable securities	-	36,795
Loans held for sale, at fair value	739,383	215,290
Receivables, net	439,080	508,379
Other current assets	131,651	91,194
Total current assets	1,661,703	1,073,530
Goodwill	559,214	557,914
Mortgage servicing rights, net	412,813	413,644
Loans, forgivable loans and other receivables from employees and partners, net	490,754	403,710
Right-of-use assets	195,510	201,661
Fixed assets, net	103,061	98,016
Other intangible assets, net	50,080	45,226
Other assets	413,102	407,898
Total assets	<u>\$ 3,886,237</u>	<u>\$ 3,201,599</u>
<b>Liabilities, Redeemable Partnership Interest, and Equity:</b>		
<b>Current Liabilities:</b>		
Warehouse facilities collateralized by U.S. Government Sponsored Enterprises	\$ 703,321	\$ 209,648
Accrued compensation	257,892	343,845
Accounts payable, accrued expenses and other liabilities	399,847	417,069
Securities loaned	-	36,735.00
Payables to related parties	14,643	38,090
Total current liabilities	1,375,703	1,045,387
Long-term debt	952,756	589,294
Right-of-use liabilities	221,265	227,942
Other long-term liabilities	394,201	376,834
Total liabilities	2,943,925	2,239,457
<b>Equity:</b>		
Total equity (1)	942,312	962,142
Total liabilities, redeemable partnership interest, and equity	<u>\$ 3,886,237</u>	<u>\$ 3,201,599</u>



# NEWMARK GROUP, INC. CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(IN THOUSANDS, EXCEPT PER SHARE DATA) (UNAUDITED) (UNDER GAAP)

	Three Months Ended March 31,	
	2020	2019
<b>Revenues:</b>		
Leasing and other commissions	\$ 140,439	\$ 172,471
Capital Markets	127,923	102,797
Commissions	268,362	275,268
Gains from mortgage banking activities/origination, net	50,422	31,346
Management services, servicing fees and other	165,146	141,042
Total revenues	483,930	447,656
<b>Expenses:</b>		
Compensation and employee benefits	300,257	263,353
Equity-based compensation and allocations of net income to limited partnership units and FPU's	12,914	13,871
Total compensation and employee benefits	313,171	277,224
Operating, administrative and other	92,281	87,893
Fees to related parties	5,812	6,725
Depreciation and amortization	46,039	28,304
Total non-compensation expenses	144,132	122,922
Total operating expenses	457,303	400,146
<b>Other income, net:</b>		
Other income (loss), net	1,438	(9,718)
Total other income (loss), net	1,438	(9,718)
Income (loss) from operations	28,065	37,792
Interest expense, net	(9,030)	(7,699)
Income (loss) before income taxes and noncontrolling interests	19,035	30,093
Provision (benefit) for income taxes	4,797	6,687
Consolidated net income (loss)	14,238	23,406
Less: Net income (loss) attributable to noncontrolling interests	6,056	6,502
Net income (loss) available to common stockholders	\$ 8,182	\$ 16,904
<b>Per share data:</b>		
<i>Basic earnings per share</i>		
Net income (loss) available to common stockholders (1)	\$ 5,737	\$ 13,680
Basic earnings per share	\$ 0.03	\$ 0.08
Basic weighted-average shares of common stock outstanding	177,545	178,611
<i>Fully diluted earnings per share</i>		
Net income (loss) for fully diluted shares (1)	\$ 8,933	\$ 21,968
Fully diluted earnings per share	\$ 0.03	\$ 0.08
Fully diluted weighted-average shares of common stock outstanding	263,646	269,057
Dividends declared per share of common stock	\$ 0.10	\$ 0.10
Dividends paid per share of common stock	\$ 0.10	\$ 0.09

(1) Includes a reduction for dividends on preferred stock or units of \$2.4 million and \$3.2 million for the three months ended March 31, 2020 and 2019, respectively.

# NEWMARK GROUP, INC. SUMMARIZED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (IN THOUSANDS) (UNAUDITED) (UNDER GAAP)

	Three Months Ended March 31,	
	2020	2019
Net cash provided by (used in) operating activities	\$ (652,401)	\$ 39,433
Net cash (used in) provided by investing activities	18,800	2,872
Net cash (used in) provided by financing activities	763,318	(91,878)
Net increase in cash and cash equivalents and restricted cash	129,717	(49,573)
Cash and cash equivalents and restricted cash at beginning of period	221,872	187,406
Cash and cash equivalents and restricted cash at end of period	<u>\$ 351,589</u>	<u>\$ 137,833</u>
Net cash used in operating activity activities excluding activity from loan originations and sales	<u>\$ (128,309)</u>	<u>\$ (78,409)</u>

(1) Includes payments for new hires and producers in the amount of \$60.0 million and \$32.0 million for the three months ended March 31, 2020 and 2019, respectively.

The Unaudited Condensed Consolidated Statements of Cash Flows are presented in summarized form. For complete Unaudited Condensed Consolidated Statements of Cash Flows, please refer to Newmark's Quarterly Report on Form 10-Q for the three months ended March 31, 2020, to be filed with the Securities and Exchange Commission in the near future.





# APPENDIX



# NEWMARK'S FULLY DILUTED SHARE COUNT SUMMARY AS OF MARCH 31, 2020

	Fully-diluted Shares (millions)	Ownership (%)
Class A owned by Public	146.8	56%
Limited partnership units owned by employees <sup>1</sup>	61.3	23%
Class A owned by employees	9.9	4%
Other owned by employees <sup>2</sup>	0.8	0%
Partnership units owned by Cantor	22.9	9%
Class B owned by Cantor	21.3	8%
<b>Total</b>	<b>263.1</b>	<b>100%</b>

Newmark Group, Inc. Fully Diluted Share Count Summary As of March 31, 2020	Fully-diluted Shares (millions)	Ownership (%)
Public	146.8	56%
Employees	72.1	27%
Cantor	44.2	17%
<b>Total</b>	<b>263.1</b>	<b>100%</b>

1. In conjunction with the spin-off of Newmark, the limited partnership units are owned by employees of both Newmark and BGC. Over time, virtually all of the partners of Newmark are expected to only own units and/or shares of Newmark and virtually all of the partners of BGC are expected to only own units and/or shares of BGC. From 1Q 2018 onwards, partners of Newmark are compensated with Newmark partnership units and partners of BGC are compensated with BGC partnership units
2. These primarily represent contingent shares and/or units for which all necessary conditions have been satisfied except for the passage of time

# RECONCILIATION OF OPERATING CASH FLOW (EXCLUDING ACTIVITY FROM LOAN ORIGINATIONS AND SALES) TO ADJUSTED EBITDA

	Three Months Ended March 31,	
	2020	2019
<b>ADJUSTED EBITDA</b>	<b>\$ 43.6</b>	<b>\$ 79.3</b>
Interest Expense	(10.9)	(9.6)
Employee loans for new hires and producers	(60.0)	(32.0)
Working Capital	(44.5)	(56.8)
Corporate Tax payments	(56.5)	(59.3)
<b>Net cash provided by (used in) operations excluding activity from loan originations and sales</b>	<b>\$ (128.3)</b>	<b>\$ (78.4)</b>

A low-angle, upward-looking shot of a modern skyscraper with a glass facade. The building's structure is composed of dark metal frames and large glass panels that reflect the sky and clouds. The perspective creates a sense of height and architectural scale. The sky is filled with soft, white clouds against a pale blue background.

# NON-GAAP DEFINITIONS AND RECONCILIATION TABLES





# NON-GAAP FINANCIAL MEASURES

## **Non-GAAP Financial Measures**

This document contains non-GAAP financial measures that differ from the most directly comparable measures calculated and presented in accordance with Generally Accepted Accounting Principles in the United States ("GAAP"). Non-GAAP financial measures used by the Company include "Adjusted Earnings before noncontrolling interests and taxes", which is used interchangeably with "pre-tax Adjusted Earnings"; "Post-tax Adjusted Earnings to fully diluted shareholders", which is used interchangeably with "post-tax Adjusted Earnings"; "Adjusted EBITDA"; and "Liquidity". The definitions of these terms are below.

## **Adjusted Earnings Defined**

Newmark uses non-GAAP financial measures, including "Adjusted Earnings before noncontrolling interests and taxes" and "Post-tax Adjusted Earnings to fully diluted shareholders", which are supplemental measures of operating results used by management to evaluate the financial performance of the Company and its consolidated subsidiaries. Newmark believes that Adjusted Earnings best reflect the operating earnings generated by the Company on a consolidated basis and are the earnings which management considers when managing its business.

As compared with "Income (loss) before income taxes and noncontrolling interests" and "Net income (loss) for fully diluted shares", both prepared in accordance with GAAP, Adjusted Earnings calculations primarily exclude certain non-cash items and other expenses that generally do not involve the receipt or outlay of cash by the Company and/or which do not dilute existing stockholders. In addition, Adjusted Earnings calculations exclude certain gains and charges that management believes do not best reflect the ordinary results of Newmark. Adjusted Earnings is calculated by taking the most comparable GAAP measures and making adjustments for certain items with respect to compensation expenses, non-compensation expenses, and other income, as discussed below.

## **Calculations of Compensation Adjustments for Adjusted Earnings and Adjusted EBITDA**

### ***Treatment of Equity-Based Compensation under Adjusted Earnings and Adjusted EBITDA***

The Company's Adjusted Earnings and Adjusted EBITDA measures exclude all GAAP charges included in the line item "Equity-based compensation and allocations of net income to limited partnership units and FPU's" (or "equity-based compensation" for purposes of defining the Company's non-GAAP results) as recorded on the Company's GAAP Consolidated Statements of Operations and GAAP Consolidated Statements of Cash Flows. These GAAP equity-based compensation charges reflect the following items:

- Charges with respect to grants of exchangeability, which reflect the right of holders of limited partnership units with no capital accounts, such as LPUs and PSUs, to exchange these units into shares of common stock, or into partnership units with capital accounts, such as HDUs, as well as cash paid with respect to taxes withheld or expected to be owed by the unit holder upon such exchange. The withholding taxes related to the exchange of certain non-exchangeable units without a capital account into either common shares or units with a capital account may be funded by the redemption of preferred units such as PPSUs.



# NON-GAAP FINANCIAL MEASURES (CONTINUED)

- Charges with respect to preferred units. Any preferred units would not be included in the Company's fully diluted share count because they cannot be made exchangeable into shares of common stock and are entitled only to a fixed distribution. Preferred units are granted in connection with the grant of certain limited partnership units that may be granted exchangeability at ratios designed to cover any withholding taxes expected to be paid by the unit holder upon exchange. This is an alternative to the common practice among public companies of issuing the gross amount of shares to employees, subject to cashless withholding of shares, to pay applicable withholding taxes.
- GAAP equity-based compensation charges with respect to the grant of an offsetting amount of common stock or partnership units with capital accounts in connection with the redemption of non-exchangeable units, including PSUs and LPUs.
- Charges related to amortization of RSUs and limited partnership units.
- Charges related to grants of equity awards, including common stock or partnership units with capital accounts
- Allocations of net income to limited partnership units and FPU's. Such allocations represent the pro-rata portion of post-tax GAAP earnings available to such unit holders.

The amounts of certain quarterly equity-based compensation charges are based upon the Company's estimate of such expected charges during the annual period, as described further below under "Methodology for Calculating Adjusted Earnings Taxes".

Virtually all of Newmark's key executives and producers have equity or partnership stakes in the Company and its subsidiaries and generally receive deferred equity or limited partnership units as part of their compensation. A significant percentage of Newmark's fully diluted shares are owned by its executives, partners and employees. The Company issues limited partnership units as well as other forms of equity-based compensation, including grants of exchangeability into shares of common stock, to provide liquidity to its employees, to align the interests of its employees and management with those of common stockholders, to help motivate and retain key employees, and to encourage a collaborative culture that drives cross-selling and revenue growth.

All share equivalents that are part of the Company's equity-based compensation program, including REUs, PSUs, LPUs, certain HDUs, and other units that may be made exchangeable into common stock, as well as RSUs (which are recorded using the treasury stock method), are included in the fully diluted share count when issued or at the beginning of the subsequent quarter after the date of grant. Generally, limited partnership units other than preferred units are expected to be paid a pro-rata distribution based on Newmark's calculation of Adjusted Earnings per fully diluted share.

## ***Certain Other Compensation-Related Items under Adjusted Earnings and Adjusted EBITDA***

Newmark also excludes various other GAAP items that management views as not reflective of the Company's underlying performance for the given period from its calculation of Adjusted Earnings and Adjusted EBITDA. These may include compensation-related items with respect to cost-saving initiatives, such as severance charges incurred in connection with headcount reductions as part of broad restructuring plans.



# NON-GAAP FINANCIAL MEASURES (CONTINUED)

## ***Calculation of Non-Compensation Adjustments for Adjusted Earnings and Adjusted EBITDA***

Newmark's calculation of pre-tax Adjusted Earnings excludes non-cash GAAP charges related to the following:

- Amortization of intangibles with respect to acquisitions.
- Gains attributable to originated mortgage servicing rights (which Newmark refers to as "OMSRs").
- Amortization of mortgage servicing rights (which Newmark refers to as "MSRs"). Under GAAP, the Company recognizes OMSRs gains equal to the fair value of servicing rights retained on mortgage loans originated and sold. Subsequent to the initial recognition at fair value, MSRs are carried at the lower of amortized cost or fair value and amortized in proportion to the net servicing revenue expected to be earned. However, it is expected that any cash received with respect to these servicing rights, net of associated expenses, will increase Adjusted Earnings and Adjusted EBITDA in future periods.
- Various other GAAP items that management views as not reflective of the Company's underlying performance for the given period, including non-compensation-related charges incurred as part of broad restructuring plans. Such GAAP items may include charges for exiting leases and/or other long-term contracts as part of cost-saving initiatives, as well as non-cash impairment charges related to assets, goodwill and/or intangibles created from acquisitions.

## ***Calculation of Other (income) losses for Adjusted Earnings***

Adjusted Earnings calculations also exclude certain other non-cash, non-dilutive, and/or non-economic items, which may, in some periods, include:

- Unusual, one-time, non-ordinary or non-recurring gains or losses;
- Non-cash GAAP asset impairment charges;
- The impact of any unrealized non-cash mark-to-market gains or losses on "Other income (loss)" related to the variable share forward agreements with respect to Newmark's expected receipt of the Nasdaq payments in 2020, 2021, and 2022 and the recently settled 2019 Nasdaq payment (the "Nasdaq Forwards"); and/or
- Mark-to-market adjustments for non-marketable investments;
- Certain other non-cash, non-dilutive, and/or non-economic items.





# NON-GAAP FINANCIAL MEASURES (CONTINUED)

## **Methodology for Calculating Adjusted Earnings Taxes**

Although Adjusted Earnings are calculated on a pre-tax basis, Newmark also reports post-tax Adjusted Earnings to fully diluted shareholders. The Company defines post-tax Adjusted Earnings to fully diluted shareholders as pre-tax Adjusted Earnings reduced by the non-GAAP tax provision described below and net income (loss) attributable to noncontrolling interest for Adjusted Earnings.

The Company calculates its tax provision for post-tax Adjusted Earnings using an annual estimate similar to how it accounts for its income tax provision under GAAP. To calculate the quarterly tax provision under GAAP, Newmark estimates its full fiscal year GAAP income (loss) before noncontrolling interests and taxes and the expected inclusions and deductions for income tax purposes, including expected equity-based compensation during the annual period. The resulting annualized tax rate is applied to Newmark's quarterly GAAP income (loss) before income taxes and noncontrolling interests. At the end of the annual period, the Company updates its estimate to reflect the actual tax amounts owed for the period.

To determine the non-GAAP tax provision, Newmark first adjusts pre-tax Adjusted Earnings by recognizing any, and only, amounts for which a tax deduction applies under applicable law. The amounts include charges with respect to equity-based compensation; certain charges related to employee loan forgiveness; certain net operating loss carryforwards when taken for statutory purposes; and certain charges related to tax goodwill amortization. These adjustments may also reflect timing and measurement differences, including treatment of employee loans; changes in the value of units between the dates of grants of exchangeability and the date of actual unit exchange; variations in the value of certain deferred tax assets; and liabilities and the different timing of permitted deductions for tax under GAAP and statutory tax requirements.

After application of these adjustments, the result is the Company's taxable income for its pre-tax Adjusted Earnings, to which Newmark then applies the statutory tax rates to determine its non-GAAP tax provision. Newmark views the effective tax rate on pre-tax Adjusted Earnings as equal to the amount of its non-GAAP tax provision divided by the amount of pre-tax Adjusted Earnings.

Generally, the most significant factor affecting this non-GAAP tax provision is the amount of charges relating to equity-based compensation. Because the charges relating to equity-based compensation are deductible in accordance with applicable tax laws, increases in such charges have the effect of lowering the Company's non-GAAP effective tax rate and thereby increasing its post-tax Adjusted Earnings.

Newmark incurs income tax expenses based on the location, legal structure and jurisdictional taxing authorities of each of its subsidiaries. Certain of the Company's entities are taxed as U.S. partnerships and are subject to the Unincorporated Business Tax ("UBT") in New York City. Any U.S. federal and state income tax liability or benefit related to the partnership income or loss, with the exception of UBT, rests with the unit holders rather than with the partnership entity. The Company's consolidated financial statements include U.S. federal, state and local income taxes on the Company's allocable share of the U.S. results of operations. Outside of the U.S., Newmark is expected to operate principally through subsidiary corporations subject to local income taxes. For these reasons, taxes for Adjusted Earnings are expected to be presented to show the tax provision the consolidated Company would expect to pay if 100% of earnings were taxed at global corporate rates.



# NON-GAAP FINANCIAL MEASURES (CONTINUED)

## **Calculations of Pre- and Post-Tax Adjusted Earnings per Share**

Newmark's pre- and post-tax Adjusted Earnings per share calculations assume either that:

- The fully diluted share count includes the shares related to any dilutive instruments, but excludes the associated expense, net of tax, when the impact would be dilutive; or
- The fully diluted share count excludes the shares related to these instruments, but includes the associated expense, net of tax.

The share count for Adjusted Earnings excludes certain shares and share equivalents expected to be issued in future periods but not yet eligible to receive dividends and/or distributions. Each quarter, the dividend payable to Newmark's stockholders, if any, is expected to be determined by the Company's Board of Directors with reference to a number of factors, including post-tax Adjusted Earnings per share. Newmark may also pay a pro-rata distribution of net income to limited partnership units, as well as to Cantor for its noncontrolling interest. The amount of this net income, and therefore of these payments per unit, would be determined using the above definition of Adjusted Earnings per share on a pre-tax basis.

The declaration, payment, timing and amount of any future dividends payable by the Company will be at the discretion of its Board of Directors using the fully diluted share count. In addition, the non-cash preferred dividends are excluded from Adjusted Earnings per share as Newmark expects to redeem the related exchangeable preferred limited partnership units ("EPU's") with Nasdaq shares. For more information on any share count adjustments, see the table in this document and/or the Company's most recent financial results release titled "Fully Diluted Weighted-Average Share Count for GAAP and Adjusted Earnings".

## **Management Rationale for Using Adjusted Earnings**

Newmark's calculation of Adjusted Earnings excludes the items discussed above because they are either non-cash in nature, because the anticipated benefits from the expenditures are not expected to be fully realized until future periods, or because the Company views results excluding these items as a better reflection of the underlying performance of Newmark's ongoing operations. Management uses Adjusted Earnings in part to help it evaluate, among other things, the overall performance of the Company's business, to make decisions with respect to the Company's operations, and to determine the amount of dividends payable to common stockholders and distributions payable to holders of limited partnership units. Dividends payable to common stockholders and distributions payable to holders of limited partnership units are included within "Distributions to stockholders" and "Earnings distributions to limited partnership interests and noncontrolling interests," respectively, in our unaudited, condensed, consolidated statements of cash flows.

The term "Adjusted Earnings" should not be considered in isolation or as an alternative to GAAP net income (loss). The Company views Adjusted Earnings as a metric that is not indicative of liquidity, or the cash available to fund its operations, but rather as a performance measure. Pre- and post-tax Adjusted Earnings, as well as related measures, are not intended to replace the Company's presentation of its GAAP financial results. However, management believes that these measures help provide investors with a clearer understanding of Newmark's financial performance and offer useful information to both management and investors regarding certain financial and business trends related to the Company's financial condition and results of operations. Management believes that the GAAP and Adjusted Earnings measures of financial performance should be considered together.

For more information regarding Adjusted Earnings, see the sections of this document and/or the Company's most recent financial results press release titled "Reconciliation of GAAP Income to Adjusted Earnings and GAAP Fully Diluted EPS to Post-tax Adjusted EPS", including the related footnotes, for details about how Newmark's non-GAAP results are reconciled to those under GAAP.

# NON-GAAP FINANCIAL MEASURES (CONTINUED)

## Adjusted EBITDA Defined

Newmark also provides an additional non-GAAP financial performance measure, "Adjusted EBITDA", which it defines as GAAP "Net income (loss) available to common stockholders", adjusted to add back the following items:

- Net income (loss) attributable to noncontrolling interest;
- Provision (benefit) for income taxes;
- OMSR revenue;
- MSR amortization;
- Other depreciation and amortization;
- Equity-based compensation and allocations of net income to limited partnership units and FPU's;
- Various other GAAP items that management views as not reflective of the Company's underlying performance for the given period, including non-compensation-related charges incurred as part of broad restructuring plans. Such GAAP items may include charges for exiting leases and/or other long-term contracts as part of cost-saving initiatives, as well as non-cash impairment charges related to assets, goodwill and/or intangibles created from acquisitions.
- Other non-cash, non-dilutive, and/or non-economic items, which may, in certain periods, include the impact of any unrealized non-cash mark-to-market gains or losses on "other income (loss)" related to the variable share forward agreements with respect to Newmark's expected receipt of the Nasdaq payments in 2020, 2021, and 2022 and the recently settled 2019 Nasdaq payment (the "Nasdaq Forwards"), as well as mark-to-market adjustments for non-marketable investments; and
- Interest expense.

Newmark's calculation of Adjusted EBITDA excludes certain items discussed above because they are either non-cash in nature, because the anticipated benefits from the expenditures are not expected to be fully realized until future periods, or because the Company views excluding these items as a better reflection of the underlying performance Newmark's ongoing operations. The Company's management believes that its Adjusted EBITDA measure is useful in evaluating Newmark's operating performance, because the calculation of this measure generally eliminates the effects of financing and income taxes and the accounting effects of capital spending and acquisitions, which would include impairment charges of goodwill and intangibles created from acquisitions. Such items may vary for different companies for reasons unrelated to overall operating performance. As a result, the Company's management uses this measure to evaluate operating performance and for other discretionary purposes. Newmark believes that Adjusted EBITDA is useful to investors to assist them in getting a more complete picture of the Company's financial results and operations.

Since Newmark's Adjusted EBITDA is not a recognized measurement under GAAP, investors should use this measure in addition to GAAP measures of net income when analyzing Newmark's operating performance. Because not all companies use identical EBITDA calculations, the Company's presentation of Adjusted EBITDA may not be comparable to similarly titled measures of other companies. Furthermore, Adjusted EBITDA is not intended to be a measure of free cash flow or GAAP cash flow from operations because the Company's Adjusted EBITDA does not consider certain cash requirements, such as tax and debt service payments.

For more information regarding Adjusted EBITDA, see the section of this document and/or the Company's most recent financial results press release titled "Reconciliation of GAAP Income to Adjusted EBITDA", including the related footnotes, for details about how Newmark's non-GAAP results are reconciled to those under GAAP EPS.





# NON-GAAP FINANCIAL MEASURES (CONTINUED)

## **Timing of Outlook for Certain GAAP and Non-GAAP Items**

Newmark anticipates providing forward-looking guidance for GAAP revenues and for certain non-GAAP measures from time to time. However, the Company does not anticipate providing an outlook for other GAAP results. This is because certain GAAP items, which are excluded from Adjusted Earnings and/or Adjusted EBITDA, are difficult to forecast with precision before the end of each period. The Company therefore believes that it is not possible for it to have the required information necessary to forecast GAAP results or to quantitatively reconcile GAAP forecasts to non-GAAP forecasts with sufficient precision without unreasonable efforts. For the same reasons, the Company is unable to address the probable significance of the unavailable information. The relevant items that are difficult to predict on a quarterly and/or annual basis with precision and may materially impact the Company's GAAP results include, but are not limited, to the following:

- Certain equity-based compensation charges that may be determined at the discretion of management throughout and up to the period-end;
- Unusual, one-time, non-ordinary, or non-recurring items;
- The impact of gains or losses on certain marketable securities, as well as any gains or losses related to associated mark-to-market movements and/or hedging including with respect to the Nasdaq Forwards. These items are calculated using period-end closing prices;
- Non-cash asset impairment charges, which are calculated and analyzed based on the period-end values of the underlying assets. These amounts may not be known until after period-end;
- Acquisitions, dispositions and/or resolutions of litigation, which are fluid and unpredictable in nature.

## **Liquidity Defined**

Newmark may also use a non-GAAP measure called "liquidity". The Company considers liquidity to be comprised of the sum of cash and cash equivalents, marketable securities, and reverse repurchase agreements (if any), less securities lent out in securities loaned transactions and repurchase agreements. The Company considers liquidity to be an important metric for determining the amount of cash that is available or that could be readily available to the Company on short notice.

For more information regarding liquidity, see the section of this document and/or the Company's most recent financial results press release titled "Liquidity Analysis", including any related footnotes, for details about how Newmark's non-GAAP results are reconciled to those under GAAP.

**RECONCILIATION OF GAAP NET INCOME (LOSS) AVAILABLE TO COMMON STOCKHOLDERS TO ADJUSTED EARNINGS BEFORE NONCONTROLLING INTERESTS AND TAXES AND GAAP FULLY DILUTED EPS TO POST-TAX ADJUSTED EPS<sup>(1)</sup>**  
(IN THOUSANDS, EXCEPT PER SHARE DATA) (UNAUDITED)

	Three Months Ended March 31,	
	2020	2019
<b>GAAP net income (loss) available to common stockholders</b>	<b>\$ 8,182</b>	<b>\$ 16,904</b>
Provision (benefit) for income taxes <sup>(1)</sup>	4,797	6,687
Net income (loss) attributable to noncontrolling interests <sup>(2)</sup>	6,056	6,502
<b>GAAP income (loss) before income taxes and noncontrolling interests</b>	<b>\$ 19,035</b>	<b>\$ 30,093</b>
<b>Pre-tax adjustments:</b>		
<b>Compensation adjustments:</b>		
Equity-based compensation and allocations of net income to limited partnership units and FPU's <sup>(3)</sup>	12,914	13,871
Other compensation adjustments <sup>(4)</sup>	372	-
<b>Total Compensation adjustments</b>	<b>13,286</b>	<b>13,871</b>
<b>Non-Compensation adjustments:</b>		
Amortization of intangibles <sup>(5)</sup>	1,643	1,276
MSR amortization <sup>(6)</sup>	39,471	22,126
OMSR revenue <sup>(6)</sup>	(29,347)	(16,378)
Other non-compensation adjustments <sup>(7)</sup>	(12,480)	-
<b>Total Non-Compensation adjustments</b>	<b>(713)</b>	<b>7,024</b>
<b>Other (income) loss:</b>		
Other non-cash, non-dilutive, and /or non-economic items <sup>(8)</sup>	(3,514)	13,861
<b>Total Other (income) loss</b>	<b>(3,514)</b>	<b>13,861</b>
<b>Total pre-tax adjustments</b>	<b>9,059</b>	<b>34,756</b>
<b>Adjusted Earnings before noncontrolling interests and taxes</b>	<b>\$ 28,094</b>	<b>\$ 64,849</b>
<b>GAAP net income (loss) available to common stockholders:</b>	<b>\$ 8,182</b>	<b>\$ 16,904</b>
Allocation of net income to noncontrolling interests <sup>(9)</sup>	5,601	6,639
Total pre-tax adjustments (from above)	9,059	34,756
Income tax adjustment to reflect adjusted earnings taxes <sup>(1)</sup>	667	(2,652)
<b>Post-tax Adjusted Earnings to fully diluted shareholders</b>	<b>\$ 23,509</b>	<b>\$ 55,647</b>
<b>Per Share Data:</b>		
<b>GAAP fully diluted earnings per share</b>	<b>\$ 0.03</b>	<b>\$ 0.08</b>
Allocation of net income (loss) to noncontrolling interests	0.00	0.00
Exchangeable preferred limited partnership units non-cash preferred dividends	0.01	0.01
Total pre-tax adjustments (from above)	0.03	0.13
Income tax adjustment to reflect adjusted earnings taxes	-	(0.01)
Other	0.02	0.03
<b>Post-tax adjusted earnings per share <sup>(10)</sup></b>	<b>\$ 0.09</b>	<b>\$ 0.21</b>
<b>Pre-tax adjusted earnings per share <sup>(10)</sup></b>	<b>\$ 0.11</b>	<b>\$ 0.24</b>
Fully diluted weighted-average shares of common stock outstanding	263,646	269,057

# RECONCILIATION OF GAAP NET INCOME (LOSS) AVAILABLE TO COMMON STOCKHOLDERS TO ADJUSTED EARNINGS BEFORE NONCONTROLLING INTERESTS AND TAXES AND GAAP FULLY DILUTED EPS TO POST-TAX ADJUSTED EPS<sup>(1)</sup> (IN THOUSANDS, EXCEPT PER SHARE DATA) (UNAUDITED) (CONTINUED)

- (1) Newmark's GAAP provision (benefit) for income taxes is calculated based on an annualized methodology. Newmark includes additional tax-deductible items when calculating the provision (benefit) for taxes with respect to Adjusted Earnings using an annualized methodology. These include tax-deductions related to equity-based compensation, and certain net-operating loss carryforwards. The adjustment in the tax provision to reflect Adjusted Earnings is shown below (in millions):

	Three Months Ended March 31,	
	2020	2019
GAAP provision for income taxes	\$ 4.8	\$ 6.7
Income tax adjustment to reflect Adjusted Earnings	(0.7)	2.7
Provision for income taxes for Adjusted Earnings	<u>\$ 4.1</u>	<u>\$ 9.4</u>

- (2) Primarily represents Cantor and/or BGC's pro-rata portion of Newmark's net income and the noncontrolling portion of Newmark's net income in subsidiaries which are not wholly owned.
- (3) The components of equity-based compensation and allocations of net income to limited partnership units and FPU's are as follows (in millions):

	Three Months Ended March 31,	
	2020	2019
Issuance of common stock and exchangeability expenses	\$ 8.1	\$ 0.7
Allocations of net income	0.5	6.3
Limited partnership units amortization	1.9	6.3
RSU Amortization Expense	2.4	0.6
Equity-based compensation and allocations of net income to limited partnership units and FPU's	<u>\$ 12.9</u>	<u>\$ 13.9</u>

- (4) Represents \$0.4 million in compensation expenses related to severance as a result of the cost-savings initiative plan for the three months ended March 31, 2020.
- (5) Includes Non-cash GAAP charges related to the amortization of intangibles with respect to acquisitions.
- (6) Adjusted Earnings calculations exclude non-cash GAAP gains attributable to originated mortgage servicing rights (which Newmark refers to as "OMSRs") and non-cash GAAP amortization of mortgage servicing rights (which Newmark refers to as "MSRs"). Under GAAP, Newmark recognizes OMSRs gains equal to the fair value of servicing rights retained on mortgage loans originated and sold. Subsequent to the initial recognition at fair value, MSRs are carried at the lower of amortized cost or fair value and amortized in proportion to the net servicing revenue expected to be earned. However, it is expected that any cash received with respect to these servicing rights, net of associated expenses, will increase Adjusted Earnings in future periods.
- (7) Includes \$12.8 million of acquisition earnout reversals and \$0.3 million of an impairment of fixed assets as a result of the previously announced cost-savings initiative for the three months ended March 31, 2020.
- (8) The components of non-cash, non-dilutive, non-economic items are as follows (in millions):

	Three Months Ended March 31,	
	2020	2019
Unrealized mark-to-market (gains)/losses for the Nasdaq forward and other Nasdaq adjustments, net	\$ (21.2)	\$ 13.3
Mark-to-market (gains)/losses on non-marketable investments, net	16.8	-
Contingent consideration and other expenses	0.8	0.5
	<u>\$ (3.6)</u>	<u>\$ 13.8</u>

- (9) Excludes the noncontrolling portion of Newmark's net income in subsidiaries which are not wholly owned.
- (10) For the three months ended March 31, 2020 and 2019, earnings per share calculations under GAAP included reductions for EPU's of \$2.4 million and \$3.2 million, respectively. For Adjusted Earnings these non-cash preferred dividends are excluded as Newmark expects to redeem these EPU's with Nasdaq shares.



# RECONCILIATION OF GAAP INCOME (LOSS) TO ADJUSTED EBITDA

(IN THOUSANDS) (UNAUDITED)

	Three Months Ended March 31,	
	2020	2019
<b>GAAP net income (loss) available to common stockholders</b>	<b>\$ 8,182</b>	<b>\$ 16,904</b>
<b>Add back:</b>		
Net income (loss) attributable to noncontrolling interests <sup>(1)</sup>	6,056	6,502
Provision (benefit) for income taxes	4,797	6,687
OMSR revenue <sup>(2)</sup>	(29,347)	(16,378)
MSR amortization <sup>(3)</sup>	39,471	22,126
Other depreciation and amortization <sup>(4)</sup>	6,568	6,178
Equity-based compensation and allocations of net income to limited partnership units and FPU's <sup>(5)</sup>	12,914	13,871
Other adjustments <sup>(6)</sup>	(12,421)	-
Other non-cash, non-dilutive, non-economic items <sup>(7)</sup>	(3,514)	13,861
Interest expense	10,904	9,567
<b>Adjusted EBITDA</b>	<b>\$ 43,610</b>	<b>\$ 79,318</b>

- 1) Primarily represents Cantor and/or BGC's pro-rata portion of Newmark's net income and the noncontrolling portion of Newmark's net income in subsidiaries which are not wholly owned.
- 2) Non-cash gains attributable to originated mortgage servicing rights.
- 3) Non-cash amortization of mortgage servicing rights in proportion to the net servicing revenue expected to be earned.
- 4) Includes fixed asset depreciation of \$4.6 million and \$4.9 million for the three months ended March 31, 2020 and 2019 respectively. Also includes intangible asset amortization and impairments related to acquisitions of \$1.6 million and \$1.3 million for the three months ended March 31, 2020 and 2019, respectively. Included in fixed asset depreciation is an asset impairment as result of the cost-savings initiative of \$0.3 million for the three months ended March 31, 2020.
- 5) Please refer to Footnote 3 under Reconciliation of GAAP Net Income (Loss) Available to Common Stockholders to Adjusted Earnings Before Noncontrolling Interests and GAAP Fully Diluted EPS to Post-tax Adjusted EPS for additional information about the components of "Equity-based compensation and allocations of net income to limited partnership units and FPU's".
- 6) Includes \$12.8 million of acquisition earnout reversals and \$0.4 million of severance as a result of the cost-savings initiative for the three months ended March 31, 2020.
- 7) Please refer to Footnote 8 under Reconciliation of GAAP Net Income (Loss) Available to Common Stockholders to Adjusted Earnings Before Noncontrolling Interests and Taxes and GAAP Fully Diluted EPS to Post-tax Adjusted EPS for additional information about the components of Other non-cash, non-dilutive, non-economic items".

# OTHER INCOME (MILLIONS)

Other Income (USD millions)	1Q20	1Q19	Change
Nasdaq-related items	\$19.0	(\$9.4)	302.1%
Mark-to-market (losses) gains on non-marketable investments,	(\$16.8)	—	N/A
Other items, net	(\$0.7)	(\$0.3)	133.3%
<b>Other (loss) income, net under GAAP</b>	<b>\$1.4</b>	<b>(\$9.7)</b>	<b>114.4%</b>
Exclude:			
Nasdaq-related items, non-cash	(\$21.2)	\$13.3	(259.4)%
Mark-to-market gains on non-marketable investments, net	\$16.8	—	N/A
Other items, net	\$0.8	\$0.5	60.0%
<b>Other income (loss), net for Adjusted Earnings</b>	<b>(\$2.1)</b>	<b>(\$4.0)</b>	<b>(47.5%)</b>

Newmark's other income under GAAP in the first quarter of 2020 and 2019 includes non-cash mark-to-market changes of the Nasdaq Forwards<sup>1</sup>, which hedge against potential downside risk from a decline in the share price of Nasdaq's common stock, while allowing the Company to retain all the potential upside from any related share price appreciation related to the annual Nasdaq Earn-out. The value of the Nasdaq Forwards moves inversely with the price of Nasdaq common stock. Newmark's other income under GAAP also includes mark-to-market gains/(losses) on non-marketable investments. These non-cash items are excluded for Newmark's calculations of Adjusted Earnings and Adjusted EBITDA.

(1) For additional information about Newmark's expected receipt of Nasdaq shares and related monetization transactions, which are a component of other income, see the sections of the Company's most recent SEC filings on Form 10-Q or Form 10-K titled "Nasdaq Monetization Transactions" and "Exchangeable Preferred Partnership Units and Forward Contract", as well as any updates regarding these topics in subsequent SEC filings.

# FULLY DILUTED WEIGHTED-AVERAGE SHARE COUNT FOR GAAP AND ADJUSTED EARNINGS (IN THOUSANDS) (UNAUDITED)

	Three Months Ended March 31,	
	2020	2019
Common stock outstanding	177,545	178,611
Limited partnership units	56,277	60,688
Cantor units	22,841	23,553
Founding partner units	5,373	5,750
RSUs	1,370	-
Newmark exchange shares	240	455
<b>Fully diluted weighted-average share count for GAAP</b>	<b>263,646</b>	<b>269,057</b>
Adjusted Earnings Adjustments:		
Common stock outstanding	-	-
Limited partnership units	-	-
Cantor units	-	-
Founding partner units	-	-
RSUs	-	-
Newmark exchange shares	-	-
<b>Fully diluted weighted-average share count for Adjusted Earnings</b>	<b>263,646</b>	<b>269,057</b>



**MEDIA CONTACT:**

Karen Laureano-Rikardsen  
+1 212.829.4975

**INVESTOR CONTACT:**

Jason Harbes, CFA or Jason McGruder  
+1 212.829.7124

**Find out more about Newmark at the following sites:**

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