



Newmark Group, Inc. Reports First Quarter 2021 Financial Results

Increases 2021 Financial Outlook to Reflect Improving Operating Performance

NEW YORK - May 6, 2021 - Newmark Group, Inc. (NASDAQ: NMRK) ("Newmark" or "the Company"), a leading full-service commercial real estate business, today reported its financial results for the quarter ended March 31, 2021.

Barry M. Gosin, CEO of Newmark, commented on the financial results:

"We generated record first quarter revenues and Adjusted EBITDA despite lower industry volumes, reflecting the value of our preeminent, full service platform and the strategic investments we made before the onset of the global pandemic. As the recovery gains momentum, Newmark remains committed to executing our strategy of providing superior client service from the best advisors in the industry."

"In March, Newmark acquired the business of Knotel, a leading global provider of flexible office solutions. We are excited about this addition to the platform and the benefits to our clients."

SELECT RESULTS COMPARED TO THE YEAR-EARLIER PERIOD¹

Highlights of Consolidated Results (USD millions)	1Q21	1Q20	Change
Revenues	\$504.0	\$483.9	4.1%
GAAP income before income taxes and noncontrolling interests	55.2	19.0	189.8%
GAAP net income for fully diluted shares	43.9	8.9	391.7%
Adjusted Earnings before noncontrolling interests and taxes	65.1	28.3	130.1%
Post-tax Adjusted Earnings to fully diluted shareholders	53.7	23.7	127.0%
Adjusted EBITDA	79.3	43.8	81.0%

Per Share Results	1Q21	1Q20	Change
GAAP net income per fully diluted share	\$0.16	\$0.03	439.9%
Post-tax Adjusted Earnings per share	0.20	0.09	120.7%

FIRST QUARTER 2021 HIGHLIGHTS

- Record first quarter revenues and Adjusted EBITDA
- More than doubled GAAP net income per fully diluted share and Post-tax Adjusted Earnings per share
- Expanded Adjusted EBITDA margin by 668 bps
- Increased recurring revenues by 13.7% through growth in management services and servicing fees
- Acquired the business of Knotel, a leading global flex office provider
- Expects to receive approximately \$850 million net from Newmark's Nasdaq Earn-out in the second quarter

¹ 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 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 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. Year-over-year decreases in losses are shown as positive changes in the financial tables herein.

DISCUSSION OF FINANCIAL RESULTS

Despite the headwinds associated with the COVID-19 pandemic, Newmark's revenues increased 4.1% in the quarter, led by solid growth in management services, servicing fees, and better leasing performance. Improvements in GAAP and Adjusted Earnings were driven by revenue growth and expense management, as well as a reduction in CECL charges of \$16.7 million. First quarter GAAP results included \$24.4 million of lower non-cash MSR amortization expense due to higher interest rates, offset by a \$26.8 million change in non-cash mark-to-market valuation adjustments to the Nasdaq Forwards, which are discussed in the Other Income section of this document.

DIVIDEND INFORMATION

On May 5, 2021, Newmark declared a qualified quarterly dividend of \$0.01 per share payable on June 14, 2021 to Class A and Class B common stockholders of record as of May 26, 2021. The ex-dividend date will be May 25, 2021.

ONLINE AVAILABILITY OF INVESTOR PRESENTATION AND ADDITIONAL FINANCIAL TABLES

Newmark's quarterly financial results presentation and supplemental Excel tables are available for download at ir.nmrk.com. These materials contain GAAP and non-GAAP results for the periods from 2018 through the first quarter of 2021, as well as other useful information that may not be contained herein.

REVENUE DETAIL

Consolidated Revenues (USD millions)	1Q21	1Q20	Change
Leasing and other commissions	\$147.4	\$140.4	5.0%
Capital markets	121.4	127.9	(5.1)%
Gains from mortgage banking activities/origination, net	47.4	50.4	(6.0)%
Management services, servicing fees, and other	187.8	165.1	13.7%
Total revenues ²	504.0	483.9	4.1%

Newmark's management services, servicing fees, and other increased 13.7%. Industry-wide leasing volumes continue to be suppressed by the pandemic. Despite this backdrop, the Company's leasing and other commissions grew 5.0% driven by increased demand for industrial, retail and life science properties. Newmark's GSE volumes increased by 29%. However, gains from mortgage banking activities/origination, net declined 6.0% due to product mix. Newmark outperformed the industry in U.S. investment sales with an 11% volume decline, as compared to a 28%³ decline for the industry, year-over-year.

CONSOLIDATED EXPENSES

Consolidated Expenses (USD millions)	1Q21	1Q20	Change
Compensation and employee benefits under GAAP	\$289.1	\$300.3	(3.7)%
Equity-based compensation and allocations of net income to limited partnership units and FPU's	14.2	12.9	10.3%
Non-compensation expenses under GAAP	134.5	144.1	(6.7)%
Total expenses under GAAP	437.8	457.3	(4.3)%
Compensation and employee benefits for Adjusted Earnings	288.2	299.7	(3.8)%
Non-compensation expenses for Adjusted Earnings	116.6	115.5	1.0%
Total expenses for Adjusted Earnings ⁴	404.8	415.2	(2.5)%

Total expenses for GAAP and Adjusted Earnings decreased 4.3% and 2.5% in the quarter, respectively, reflecting our cost savings initiatives and lower CECL related provisions due to a more favorable credit environment.

² The Company's total revenues include OMSR revenue and pass-through management services revenues. Newmark may refer to these two items together as "non-fee revenue". In the first quarter of 2021 and 2020, non-fee revenues were \$116.4 million and \$95.9 million, respectively. Historical amounts are available in the Company's supplemental Excel tables. Additionally, investment sales, mortgage brokerage, and GSE multifamily lending revenues are contained in 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 (which the Company may also refer to as "agency lending").

³ Industry U.S. investment sales volumes are preliminary estimates from RCA. Multifamily mortgage originations exclude FHA activity. 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. GSE market share gains are calculated based on delivery for enhanced comparability.

⁴ Please see "Adjusted Earnings Defined" and "Reconciliation of GAAP Net Income Available to Common Stockholders to Adjusted Earnings Before Noncontrolling Interests and Taxes and GAAP Fully Diluted EPS to Post-Tax Adjusted EPS" for more information on charges with respect to equity-based compensation and allocations of net income to limited partnership units and FPU's, as well as more information how non-cash GAAP gains attributable to originated mortgage servicing rights ("OMSRs") and GAAP amortization of mortgage servicing rights ("MSRs") impact non-GAAP results.

As previously announced, the Company reduced its expense base by \$60 million and expects to eliminate an additional \$15 million of annualized expenses by the end of 2021.

OTHER INCOME

Other Income (USD millions)	1Q21	1Q20	Change
Nasdaq-related items	\$(3.2)	\$19.0	NMF
Mark-to-market gains on non-marketable investments, net	—	(16.8)	NMF
Other items, net	1.0	(0.8)	NMF
Other income (loss), net under GAAP	(2.2)	1.4	NMF
Exclude:			
Nasdaq-related items, non-cash	5.6	(21.2)	NMF
Mark-to-market gains on non-marketable investments, net	—	16.8	NMF
Other items, net	—	0.8	NMF
Other income (loss), net for Adjusted Earnings	3.4	(2.2)	NMF

Newmark's other income, net under GAAP includes a non-cash \$5.6 million mark-to-market valuation decline of the Nasdaq Forwards⁵, which hedge against potential downside risk from a decline in the share price of Nasdaq. The Company has retained all the potential upside from any share price appreciation related to the Earn-out. The value of the Nasdaq Forwards moves inversely with the price of Nasdaq common stock, which increased 11% in the first quarter. The value of the Nasdaq Earn-out increased \$102 million in the first quarter and has a total net value to Newmark of approximately \$850 million as of May 5, 2021. The Company expects to receive the Earn-out in the second quarter.

TAXES AND NONCONTROLLING INTEREST

Taxes (USD millions)	1Q21	1Q20	Change
GAAP provision for income taxes	\$10.6	\$4.8	120.5%
Provision for income taxes for Adjusted Earnings	10.7	4.2	156.6%
Net income attributable to noncontrolling interests for GAAP	11.5	6.1	89.4%
Net income attributable to noncontrolling interests for Adjusted Earnings	0.7	0.5	44.8%

CONSOLIDATED SHARE COUNT

Consolidated Share Count (shares in millions)	1Q21	1Q20	Change
Fully diluted weighted-average share count under GAAP	271.2	263.6	2.9%
Fully diluted weighted-average share count for Adjusted Earnings ⁶	271.2	263.6	2.9%
Fully diluted period-end share count under GAAP and Adjusted Earnings	268.9	263.1	2.2%

Newmark's fully diluted weighted-average share count for Adjusted Earnings was up 2.9% in the first quarter of 2021. In the quarter, Newmark repurchased 0.9 million shares of Class A common stock for \$9.3 million at an average price of \$10.57 per share. Excluding material acquisitions, the Company expects to use share buybacks to keep its full year fully diluted share count flat for 2021.

⁵ 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. Please also see the page titled "Significant Off-Balance Sheet Assets" in Newmark's most recent quarterly financial results presentation.

⁶ The fully diluted weighted-average share count under GAAP may differ from the fully diluted weighted-average share count for Adjusted Earnings in order to avoid anti-dilution in certain periods. This also impacts GAAP net income for fully diluted shares.

SELECT BALANCE SHEET DATA⁷

Select Balance Sheet Data (USD millions)	March 31, 2021	December 31, 2020
Cash and cash equivalents	\$142.9	\$191.4
Liquidity	146.9	191.5
Net debt	534.4	488.9
Long-term debt	681.3	680.4
Total equity	990.9	941.2

Newmark's cash and cash equivalents declined in the first quarter due to acquisitions. The Company's net leverage ratio⁸ was 1.4 times as of March 31, 2021.

NASDAQ EARN-OUT UPDATE

On February 2, 2021, Nasdaq announced that it entered into a definitive agreement to sell its U.S. fixed income business. The closing will accelerate Newmark's receipt of Nasdaq shares. Upon the closing of the Nasdaq transaction, the Company's 2021 and 2022 monetization transactions are expected to accelerate and settle. Net of this monetization settlement, Newmark estimates it will receive approximately 5.2 million shares of Nasdaq stock worth approximately \$850 million dollars as of yesterday's closing price. Actual amounts will depend on the timing of the closing and Nasdaq's stock price at the time. Nasdaq has stated that the closing is subject to the satisfaction of customary closing conditions. On April 29, 2021, Tradeweb, the proposed buyer, stated that it expects the acquisition to close during the second quarter of 2021.

2021 CAPITAL DEPLOYMENT PRIORITIES

Newmark's near-term capital allocation priorities are to return capital to stockholders through share and unit repurchases and to invest in growth and margin expansion at attractive returns. The Company also intends to pay down its revolving credit facility. Newmark plans to continue its dividend and distributions at or near current levels through the balance of 2021.

KNOTEL ACQUISITION

On March 24, 2021, Newmark acquired the business of Knotel, Inc. through a bankruptcy auction process and hired a new leadership team with extensive experience in flex office and hospitality. Through a management service model, Newmark expects to enhance building amenities, resulting in increased profitability for owners and recurring revenues for Newmark. The Company anticipates the acquisition will be \$0.03 to \$0.05 dilutive to 2021 post-tax Adjusted EPS and expects it will be breakeven in 2022.

OUTLOOK FOR 2021

Newmark expects second quarter revenue growth of 37% to 42% year-on-year based on its strong pipeline of sales and leasing activity. Including Knotel, the Company expects stable Adjusted EBITDA margins in the second quarter relative to the first quarter of 2021. In addition, Newmark expects approximately \$850 million of Nasdaq shares net from the Nasdaq Earn-out in the second quarter based on yesterday's closing price.

Newmark is updating its full year 2021 outlook and now expects to generate 20% to 25% revenue growth, as compared with the Company's prior expectations for "double-digit revenue growth." Newmark expects Adjusted EBITDA growth of 40% to 50%. These expectations include the acquisition of Knotel beginning on April 1, 2021. Newmark anticipates these results will be supplemented by approximately \$850 million of additional net shares from the Nasdaq Earn-out.

The Company's 2021 expectations exclude the impact of future acquisitions and are subject to change based on various macroeconomic, social, political, and other factors, including the COVID-19 pandemic.

⁷ "Total equity" in this table is the sum of "redeemable partnership interests," "noncontrolling interests" and "total stockholders' equity". "Long-term debt" in this table excludes "Warehouse facilities collateralized by U.S. Government Sponsored Enterprises". Newmark uses its warehouse lines and repurchase agreements for short-term funding of mortgage loans originated under its GSE and FHA lending programs, and such amounts are generally offset by "Loans held for sale, at fair value" on the balance sheet. Such loans are typically sold within 45 days. Loans made using Newmark's warehouse lines are recourse to Berkeley Point Capital LLC, but non-recourse to Newmark Group. "Liquidity", when shown, excludes marketable securities that have been financed. See the section titled "Liquidity Defined" and the related reconciliation tables later in this document. "Net debt" is defined as total debt, net of cash or, if applicable, total liquidity.

⁸ "Net leverage" is defined as net debt (total long-term debt after adjusting for liquidity) divided by TTM Adjusted EBITDA.

CONFERENCE CALL AND INVESTOR PRESENTATION

Newmark will host a conference call at 10:00 a.m. ET today to discuss these results. Participants are encouraged to pre-register for the conference call to gain immediate access to the call and bypass the live operator. Pre-registration may be completed at any time by accessing the Pre-registration link on Newmark's Investor Relations website, ir.nmrk.com, or by navigating to:

<https://dpre register.com/sreg/10154134/e5fa17f512>.

Participants who have not pre-registered may join the call using the following information. Please note that those who do not pre-register may experience greater than normal wait times before being able to join the live call. A webcast of the call, along with an investor presentation summarizing the Company's Non-GAAP results, is expected to be accessible via the following site:

ir.nmrk.com. A webcast replay of the conference call is expected to be accessible at the same website within 24 hours of the live call and will be available for 365 days following the call. Additionally, call participants may dial in with the following information:

LIVE CONFERENCE CALL DETAILS

Date - Start Time:	5/6/2021 at 10:00 a.m. ET
U.S. Dial In:	1-866-270-1533
International Dial In:	1-412-317-0797
Passcode:	1015-4134

REPLAY

Available From - To:	5/6/2021 1:00 p.m. ET –5/13/2021 11:59 p.m. ET
U.S. Dial In:	1-877-344-7529
International Dial In:	1-412-317-0088
Passcode:	1015-4134

(Note: If clicking on the above links does not open up a new web page, you may need to cut and paste the above URLs into your browser's address bar.)

NEWMARK GROUP, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands)
(unaudited)

	March 31, 2021	December 31, 2020
Assets		
Current Assets:		
Cash and cash equivalents	\$ 142,854	\$ 191,448
Restricted cash	68,295	66,951
Marketable securities	4,001	33,283
Loans held for sale, at fair value	821,194	1,086,805
Receivables, net	394,064	376,795
Other current assets	73,451	63,790
Total current assets	1,503,859	1,819,072
Goodwill	593,294	560,332
Mortgage servicing rights, net	527,244	494,729
Loans, forgivable loans and other receivables from employees and partners, net	444,674	454,270
Right-of-use assets	422,711	190,469
Fixed assets, net	115,452	96,367
Other intangible assets, net	61,508	44,289
Other assets	331,991	322,922
Total assets	<u>\$ 4,000,733</u>	<u>\$ 3,982,450</u>
Liabilities and Equity:		
Current Liabilities:		
Warehouse facilities collateralized by U.S. Government Sponsored Enterprises	\$ 817,033	\$ 1,061,202
Accrued compensation	272,015	279,872
Accounts payable, accrued expenses and other liabilities	373,441	326,548
Securities loaned	—	33,278
Payables to related parties	6,045	4,392
Total current liabilities	1,468,534	1,705,292
Long-term debt	681,270	680,385
Right-of-use liabilities	426,318	218,629
Other long-term liabilities	433,747	436,952
Total liabilities	<u>\$ 3,009,869</u>	<u>\$ 3,041,258</u>
Equity:		
Total equity (1)	990,864	941,192
Total liabilities and equity	<u>\$ 4,000,733</u>	<u>\$ 3,982,450</u>

(1) Includes "redeemable partnership interests", "noncontrolling interests" and "total stockholders' equity".

NEWMARK GROUP, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)
(unaudited)

	Three Months Ended March 31,	
	2021	2020
Revenues:		
Commissions	\$ 268,836	\$ 268,362
Gains from mortgage banking activities/origination, net	47,393	50,422
Management services, servicing fees and other	187,751	165,146
Total revenues	503,980	483,930
Expenses:		
Compensation and employee benefits	289,074	300,257
Equity-based compensation and allocations of net income to limited partnership units and FPU's	14,248	12,914
Total compensation and employee benefits	303,322	313,171
Operating, administrative and other	107,175	92,281
Fees to related parties	6,250	5,812
Depreciation and amortization	21,053	46,039
Total non-compensation expenses	134,478	144,132
Total operating expenses	437,800	457,303
Other income, net:		
Other income (loss), net	(2,210)	1,438
Total other income (loss), net	(2,210)	1,438
Income from operations	63,970	28,065
Interest expense, net	(8,813)	(9,030)
Income before income taxes and noncontrolling interests	55,157	19,035
Provision for income taxes	10,579	4,797
Consolidated net income	44,578	14,238
Less: Net income attributable to noncontrolling interests	11,473	6,056
Net income available to common stockholders	\$ 33,105	\$ 8,182
Per share data:		
<i>Basic earnings per share</i>		
Net income available to common stockholders (1)	\$ 31,464	\$ 5,737
Basic earnings per share	\$ 0.17	\$ 0.03
Basic weighted-average shares of common stock outstanding	183,254	177,545
<i>Fully diluted earnings per share</i>		
Net income for fully diluted shares (1)	\$ 43,925	\$ 8,933
Fully diluted earnings per share	\$ 0.16	\$ 0.03
Fully diluted weighted-average shares of common stock outstanding	271,194	263,646
Dividends declared per share of common stock	\$ 0.01	\$ 0.10
Dividends paid per share of common stock	\$ 0.01	\$ 0.10

(1) Includes a reduction for dividends on preferred stock or exchangeable preferred partnership units of \$1.6 million and \$2.4 million for the three months ended March 31, 2021 and 2020, respectively. (see Note 1 - "Organization and Basis of Presentation" in the Company's most recently filed Form 10-Q or Form 10-K.)

NEWMARK GROUP INC.
SUMMARIZED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(In thousands)
(unaudited)

	Three Months Ended March 31,	
	2021	2020
Net cash provided by (used in) operating activities	\$ 290,960	\$ (652,401)
Net cash (used in) provided by investing activities	(9,783)	18,800
Net cash (used in) provided by financing activities	(328,427)	763,318
Net (decrease) increase in cash and cash equivalents and restricted cash	(47,250)	129,717
Cash and cash equivalents and restricted cash at beginning of period	258,399	221,872
Cash and cash equivalents and restricted cash at end of period	\$ 211,149	\$ 351,589
Net cash provided by (used in) operating activities excluding loan originations and sales (1)	<u>\$ 25,349</u>	<u>\$ (128,309)</u>

(1) Includes payments for new hires and producers in the amount of \$3.6 million and \$60.0 million for the three months ended March 31, 2021 and March 31, 2020, 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, 2021, to be filed with the Securities and Exchange Commission in the near future.

ADDITIONAL INFORMATION ABOUT COVID-19

The commercial real estate services industry and certain of Newmark's businesses were adversely impacted by the COVID-19 pandemic in 2020. For additional disclosures about the impact of the pandemic, please refer to the "Impact of COVID-19 on the Company's Results" section in the most recent and any future updates to Form 10-K or Form 10-Q. The Company's clients and investors can find more detailed and useful information on the impact of COVID-19 and insights into how to best operate in the current environment at the following website: "COVID-19 Perspectives" - www.nmrk.com/covid-19.

IMPLEMENTATION OF CECL

Newmark adopted the new Current Expected Credit Loss ("CECL") accounting standard on January 1, 2020. As of March 31, 2021 the Company had \$45.1 million in credit reserves, of which \$27.9 million relates to Newmark's Fannie Mae multifamily mortgage servicing portfolio.

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 EARNING 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.
- 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 or redeemed in connection with the grant of shares of common stock at ratios designed to cover any withholding taxes expected to be paid. This is an acceptable 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 amount of certain quarterly equity-based compensation charges is 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 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 and/or cost savings plans. Beginning this quarter, the Company also excludes compensation charges related to non-cash GAAP gains attributable to originated mortgage servicing rights (which Newmark refers to as "OMSRs") because these gains are also excluded from Adjusted Earnings and Adjusted EBITDA. Newmark has recast its historical results to be consistent with this new presentation on its investor relations website at ir.nmrk.com and in the comparative periods presented in this earnings release.

Calculation of Non-Compensation Expense Adjustments for Adjusted Earnings

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

- Amortization of intangibles with respect to acquisitions.
- Amortization of mortgage servicing rights (which Newmark refers to as "MSRs"). Under GAAP, the Company recognizes OMSRs 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 and/or cost savings 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.

Non-Cash Adjustment Related to Originated Mortgage Servicing Rights for Adjusted Earnings

Newmark's calculation of pre-tax Adjusted Earnings excludes non-cash GAAP gains attributable to originated mortgage servicing rights (which Newmark refers to as "OMSRs"). As previously disclosed, beginning in the fourth quarter of 2020, OMSRs are no longer included in non-compensation adjustments for Adjusted Earnings but instead shown as a

separate line item in the Company's "Reconciliation of GAAP Net Income Available to Common Stockholders to Adjusted Earnings Before Noncontrolling Interests and Taxes and GAAP Fully Diluted EPS to Post-Tax Adjusted EPS". This new presentation has no impact on previously reported Adjusted Earnings. Newmark has recast its historical presentation of OMSRs in the reconciliation of GAAP Net Income to Adjusted Earnings consistent with this new presentation on its investor relations website at ir.nmrk.com and in the comparative periods presented in this earnings release.

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 2021 and 2022 and the recently settled 2020 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.

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 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 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.

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 ("EPUs") 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.

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 for 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 charges incurred as part of broad restructuring and/or cost savings 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. The Company also excludes compensation charges related to OMSRs because these non-cash gains are also excluded from Adjusted EBITDA.
- 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 2021 and 2022 and the recently settled 2020 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.

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.

NEWMARK GROUP, INC.

**RECONCILIATION OF GAAP NET INCOME AVAILABLE TO COMMON STOCKHOLDERS TO ADJUSTED EARNINGS
BEFORE NONCONTROLLING INTERESTS AND TAXES AND GAAP FULLY DILUTED EPS TO POST-TAX ADJUSTED EPS**

(in thousands, except per share data)

(unaudited)

	Three Months Ended March 31,	
	2021	2020
GAAP net income available to common stockholders	\$ 33,105	\$ 8,182
Provision for income taxes (1)	10,579	4,797
Net income attributable to noncontrolling interests (2)	11,473	6,056
GAAP income before income taxes and noncontrolling interests	\$ 55,157	\$ 19,035
Pre-tax adjustments:		
Compensation adjustments:		
Equity-based compensation and allocations of net income to limited partnership units and FPU's (3)	14,248	12,914
Other compensation adjustments (4)	917	564
Total Compensation adjustments	15,165	13,478
Non-Compensation adjustments:		
Amortization of intangibles (5)	1,666	1,643
MSR amortization (6)	15,067	39,471
Other non-compensation adjustments (7)	1,132	(12,480)
Total Non-Compensation expense adjustments	17,865	28,634
Non-cash adjustment for OMSR revenue (8)	(28,716)	(29,347)
Other (income) loss, net		
Other non-cash, non-dilutive, and/or non-economic items (9)	5,602	(3,514)
Total Other (income) loss, net	5,602	(3,514)
Total pre-tax adjustments	9,916	9,251
Adjusted Earnings before noncontrolling interests and taxes	\$ 65,073	\$ 28,286
GAAP net income available to common stockholders	\$ 33,105	\$ 8,182
Allocations of net income to noncontrolling interests (10)	10,814	5,601
Total pre-tax adjustments (from above)	9,916	9,251
Income tax adjustment to reflect adjusted earnings taxes (1)	(93)	638
Post-tax Adjusted Earnings to fully diluted shareholders	\$ 53,742	\$ 23,672
Per Share Data:		
GAAP fully diluted earnings per share (11)	\$ 0.16	\$ 0.03
Allocation of net income to noncontrolling interests	—	—
	0.01	0.01
Exchangeable preferred limited partnership units non-cash preferred dividends	0.04	0.04
Total pre-tax adjustments per share	—	—
Income tax adjustment to reflect adjusted earnings taxes	(0.01)	0.01
Other	0.20	0.09
Post-tax adjusted earnings per share	\$ 0.24	\$ 0.11
Pre-tax adjusted earnings per share	\$ 0.24	\$ 0.11
Fully diluted weighted-average shares of common stock outstanding	271,194	263,646

See the following page for notes to the above table.

(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,	
	2021	2020
GAAP provision for (benefit from) income taxes	\$ 10.6	\$ 4.8
Income tax adjustment to reflect Adjusted Earnings	0.1	(0.6)
Provision for income taxes for Adjusted Earnings	<u>\$ 10.7</u>	<u>\$ 4.2</u>

(2) Primarily represents Cantor'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,	
	2021	2020
Issuance of common stock and exchangeability expenses	\$ 1.2	\$ 8.1
Allocations of net income (loss)	10.6	0.5
Limited partnership units amortization	(0.6)	2.0
RSU Amortization Expense	2.9	2.3
Equity-based compensation and allocations of net income to limited partnership units and FPU's	<u>\$ 14.1</u>	<u>\$ 12.9</u>

(4) Includes compensation expenses related to severance charges as a result of the cost savings initiatives of \$0.7 million and \$0.4 million for the three months ended March 31, 2021 and 2020, respectively. Also includes commission charges related to non-cash GAAP gains attributable to OMSR revenues of \$0.2 million for the three months ended March 31, 2021 and 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 amortization of mortgage servicing rights (which Newmark refers to as "MSRs"). 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 \$(0.2) million and \$0.3 million of an impairment of fixed assets as a result of the cost-savings initiatives for the three months ended March 31, 2021 and 2020, respectively. For the three months ended March 31, 2021 includes \$1.3 million of charges the company does not consider a part of its on going operations. Includes \$12.8 million of earnout reversals for the three months ended March 31, 2020.

(8) Adjusted Earnings calculations exclude non-cash GAAP gains attributable to originated mortgage servicing rights (which Newmark refers to as "OMSRs"). Under GAAP, Newmark recognizes OMSRs equal to the fair value of servicing rights retained on mortgage loans originated and sold.

(9) The components of other non-cash, non-dilutive, and/or non-economic items are as follows (in millions):

	Three Months Ended March 31,	
	2021	2020
Unrealized mark-to-market (gains)/losses for the Nasdaq forward and other Nasdaq adjustments, net	\$ 5.6	\$ (21.1)
Mark-to-market (gains)/losses on non-marketable investments, net	—	16.8
Contingent consideration and other expenses	—	0.8
	<u>\$ 5.6</u>	<u>\$ (3.5)</u>

(10) Excludes the noncontrolling portion of Newmark's net income in subsidiaries which are not wholly-owned.

(11) Includes a reduction for dividends on preferred stock or exchangeable preferred partnership units of \$1.6 million and \$2.4 million for the three months March 31, 2021 and 2020, respectively. (see Note 1 - and Basis of Presentation" in the Company's most recently filed Form 10-Q or Form 10-K.)

NEWMARK GROUP, INC.
RECONCILIATION OF GAAP NET INCOME TO ADJUSTED EBITDA
(in thousands)
(unaudited)

	Three Months Ended March 31,	
	2021	2020
GAAP net income available to common stockholders	\$ 33,105	\$ 8,182
Adjustments:		
Net income attributable to noncontrolling interests (1)	11,473	6,056
Provision for income taxes	10,579	4,797
OMSR revenue (2)	(28,716)	(29,347)
MSR amortization (3)	15,067	39,471
Other depreciation and amortization (4)	5,986	6,568
Equity-based compensation and allocations of net income to limited partnership units and FPU's (5)	14,248	12,914
Other adjustments (6)	1,591	(12,229)
Other non-cash, non-dilutive, non-economic items (7)	5,602	(3,514)
Interest expense	10,344	10,904
Adjusted EBITDA	\$ 79,279	\$ 43,802

(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 \$4.3 million and \$4.6 million for the three months ended March 31, 2021 and 2020, respectively. Also includes intangible asset amortization and impairments related to acquisitions of \$1.7 million and \$1.6 million for the three months ended March 31, 2021 and 2020, respectively. Included in fixed asset depreciation is an asset impairment as result of the cost-savings initiative of \$(0.2) million and \$0.3 million for the three months ended March 31, 2021 and 2020, respectively.

(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 \$0.7 million and \$0.4 million of severance as a result of the cost-savings initiative for the three months ended March 31, 2021 and 2020. Also includes commission charges related to non-cash GAAP gains attributable to OMSR revenues of \$0.2 million for the three months ended March 31, 2021 and 2020, respectively. For the three months ended March 31, 2021, includes \$0.7 million of charges the Company does not consider a part of its on going operations. For the three months ended March 31, 2020, includes \$12.8 million of acquisition earnout reversals.

(7) Please refer to Footnote 9 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".

NEWMARK GROUP, INC.
FULLY DILUTED WEIGHTED-AVERAGE SHARE COUNT
FOR GAAP AND ADJUSTED EARNINGS
(in thousands)
(unaudited)

	Three Months Ended March 31,	
	2021	2020
Common stock outstanding	183,254	177,545
Limited partnership units	55,819	56,277
Cantor units	23,730	22,841
Founding partner units	4,007	5,373
RSUs	3,165	1,370
Other	1,219	240
Fully diluted weighted-average share count for GAAP	271,194	263,646
Adjusted Earnings Adjustments:		
Common stock outstanding	—	—
Limited partnership units	—	—
Cantor units	—	—
Founding partner units	—	—
RSUs	—	—
Other	—	—
Fully diluted weighted-average share count for Adjusted Earnings	271,194	263,646

NEWMARK GROUP, INC.
LIQUIDITY ANALYSIS
(in thousands)
(unaudited)

	March 31,	December 31,
	2021	2020
Cash and cash equivalents	\$ 142,854	\$ 191,448
Marketable securities (1)	4,001	5
Total	<u>\$ 146,855</u>	<u>\$ 191,453</u>

(1) As of December 31, 2020, \$33.3 million of Marketable securities on our balance sheet were lent out in Securities Loaned transactions and therefore are not included as part of our Liquidity Analysis. As of March 31, 2021, there were no securities on loan.

Note: undrawn availability on the Credit Facility was \$325.0 million as of March 31, 2021 and December 31, 2020.

OTHER USEFUL INFORMATION

Unless otherwise stated, all results discussed in this document compare fourth quarter or full year 2020 with the relevant year-earlier periods. 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.

ABOUT NEWMARK

Newmark Group, Inc. (Nasdaq: NMRK), together with its subsidiaries ("Newmark"), is a world leader in commercial real estate services, with a comprehensive suite of investor/owner and occupier services and products. Our integrated platform seamlessly powers every phase of owning or occupying a property. Our services are tailored to every type of client, from owners to occupiers, investors to founders, growing startups to leading companies. Harnessing the power of data, technology, and industry expertise, we bring ingenuity to every exchange, and imagination to every space. Together with London-based partner Knight Frank and independently owned offices, our 18,800 professionals operate from approximately 500 offices around the world, delivering a global perspective and a nimble approach. In 2020, Newmark generated revenues in excess of \$1.9 billion. To learn more, visit nmrk.com or follow [@newmark](https://twitter.com/newmark).

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.

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