

**NEWMARK**

# Newmark Group, Inc.

(Nasdaq: NMRK)

Fourth Quarter 2023 Financial Results Presentation

February 22, 2024



Property Type: Industrial

# Disclaimers

## Discussion of Forward-Looking Statements

References in this document to “we,” “us,” “our,” the “Company” and “Newmark” mean Newmark Group, Inc., and its consolidated subsidiaries. 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 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. Our expectations are subject to change based on various macroeconomic, social, political, and other factors. None of our long-term targets or goals beyond 2024 should be considered formal guidance.

## 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 and other non-GAAP terms are in the section of this document titled “Non-GAAP Financial Measures”.

## Other Items

Investors may find the following information useful: (i) Throughout this document, certain other 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. Unless otherwise stated, any such changes would have had no impact on consolidated total revenues or earnings under GAAP or for Adjusted Earnings, all else being equal. Certain numbers in the tables or elsewhere throughout this document may not sum due to rounding. (ii) Rounding may have also impacted the presentation of certain year-on-year percentage changes. (iii) Decreases in losses may be shown as positive percentage changes in the financial tables. (iv) Changes from negative figures to positive figures may be calculated using absolute values, resulting in positive percentage changes in the tables.

# Recent Consolidated Results

(USD millions, except per share data)	4Q23	4Q22	Change	2023	2022	Change
Total Revenues	\$747.4	\$607.3	23.1%	\$2,470.4	\$2,705.5	(8.7)%
GAAP income before income taxes and noncontrolling interests ("GAAP pre-tax income")	82.4	18.5	346.6%	103.5	154.6	(33.1)%
GAAP net income for fully diluted shares	52.9	8.9	493.4%	42.6	110.4	(61.4)%
GAAP net income per fully diluted share	\$0.21	\$0.04	425.0%	\$0.24	\$0.45	(46.7)%
Adjusted Earnings before noncontrolling interests and taxes ("Pre-tax Adjusted Earnings")	133.9	84.6	58.3%	302.8	441.4	(31.4)%
Post-tax Adjusted Earnings to fully diluted shareholders ("Post-tax Adjusted Earnings")	114.4	76.5	49.5%	258.7	365.0	(29.1)%
Post-tax Adjusted Earnings per share ("Adjusted Earnings EPS")	\$0.46	\$0.32	43.8%	\$1.05	\$1.49	(29.5)%
Adjusted EBITDA ("AEBITDA")	166.2	102.2	62.6%	398.3	510.7	(22.0)%


- On February 21, 2024, Newmark's Board of Directors (the "Board") declared a qualified quarterly dividend of \$0.03 per share payable on March 22, 2024, to Class A and Class B common stockholders of record as of March 8, 2024. The ex-dividend date will be March 7, 2024.

Notes: (i) See the sections of this document including, but not limited to, "Non-GAAP Financial Measures", "Adjusted Earnings Defined", and "Reconciliation of GAAP Net Income (loss) to Common Stockholders to Adjusted Earnings Before Noncontrolling Interests and Taxes and GAAP Fully Diluted EPS to Post-Tax Adjusted EPS", including any footnotes to these sections, for the complete and/or updated definitions of these and other non-GAAP terms and how, when and why management uses them, and the differences between results under GAAP and non-GAAP for the periods discussed herein. (ii) The tax rate for Adjusted Earnings was 14.8% in the fourth quarter of 2023 compared with 9.3% a year earlier and 15.1% for full year 2023 versus 17.1% in 2022. (iii) Newmark's fourth quarter and full year AEBITDA includes the receipt of \$12.8 million of cash with respect to the favorable settlement of a litigation matter that was recorded as part of "other income". This gain was excluded for Adjusted Earnings calculations, which is consistent with the Company's non-GAAP methodology.

# Leading Commercial Real Estate Advisor and Service Provider

2023 Revenues  
 **~\$2.5B**

2022 + 2023 Transaction Volume  
 **~\$1.7T**

Professionals  
 **~7,400**

Global Client Service Locations  
 **~170**

## Top Global Public CRE Services Companies

**NEWMARK**

**CBRE**

**Colliers**

**CUSHMAN & WAKEFIELD**

**JLL**

**savills**

## Acclaimed Industry Leader

**REAL CAPITAL ANALYTICS**  
 Top 3 U.S. Broker by Investment Volume (2023)  
 #2 Multifamily Broker (2023)  
 #2 Office Broker (2023)  
 #4 Cross-Border Broker (2023)

**Fannie Mae**  
**FreddieMac**  
 #4 Freddie Mac Lender (2023)  
 Top 5 Fannie Mae multifamily loan servicer (2023)

**Commercial Property Executive**  
 Ranked #3 Top Mortgage Banking & Brokerage Firms (2024)

**IAOP**  
 Global Outsourcing 100® for 15<sup>th</sup> consecutive year in 2024

## Strong Earnings, Cash Generation & Low Leverage



**\$398MM of Adjusted EBITDA & 1.0x net leverage as of December 31, 2023**

Notes: (i) Headcount and client service locations include independently-owned business partners. Excluding these business partners, we had nearly 7,000 employees in more than 140 offices as of December 31, 2023. Our revenues and volumes are for Newmark company-owned offices only. (ii) Volume figure is the notional value of leasing, investments sales, mortgage brokerage, and GSE/FHA origination transacted by the Company as well as the estimated value of all properties appraised by our V&A businesses for the past two calendar years. (iii) GSE lending rankings are based on disclosures by Fannie Mae regarding Multifamily Delegated Underwriting & Servicing Lenders and/or by Freddie Mac about conventional Multifamily Optigo® Lenders. Servicing ranking is per the MBA. (iv) Adjusted EBITDA and net leverage are non-GAAP financial measures. See "Non-GAAP Financial Measures" and "Financial Tables and Reconciliations."

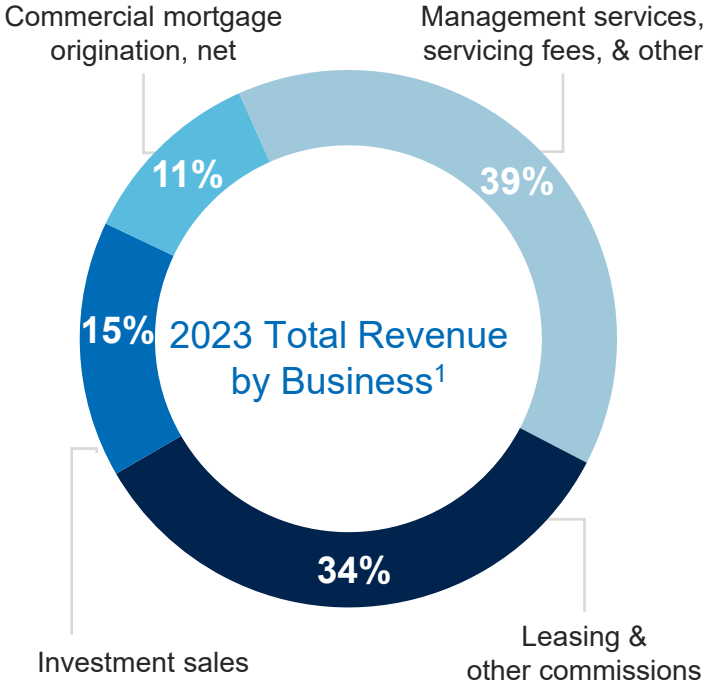


# Low Risk Real Estate Services Business with Diversified Revenue Base



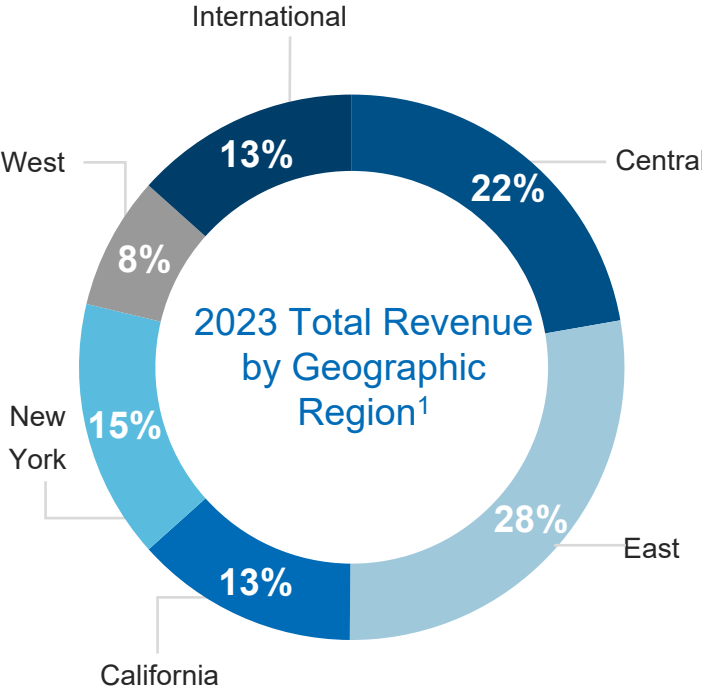
## Leading CRE Services Platform

Revenues from “Management services, servicing fees, & other” increased 56% in 2023 compared with 2019



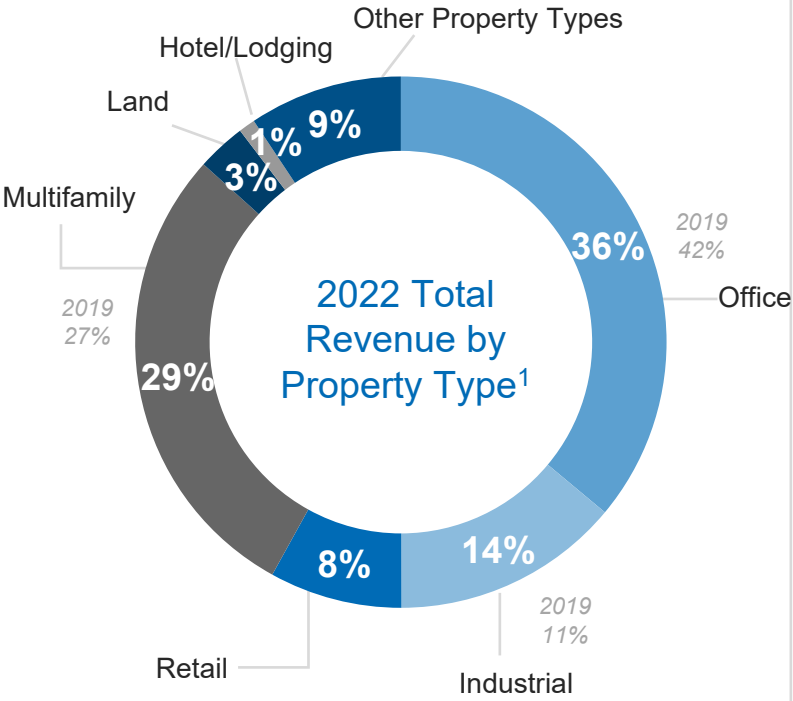
## Covering a Broad Geography

Increasingly diversified by region The addition of Gerald Eve puts us at 13% international in 2023



## Diversified Revenue Streams

Focused investments driving continued revenue growth across property types



1. Percentage shown reflect 2023 total revenue of \$2.5B and 2022 total revenue of \$2.7B as generated by all the Company's businesses. The Company historically updates revenue by property type and geography only once a year. Please check the IR Fact Sheet or other materials on the investor relations portion of our website sometime after Newmark's 10-K is filed for updated revenues by property type. For more information, see "Certain Revenue Terms Defined" in the appendix.

# Fourth Quarter 2023 Highlights<sup>1</sup>

**\$747.4MM**  
REVENUES

**\$166.2MM**  
ADJUSTED EBITDA

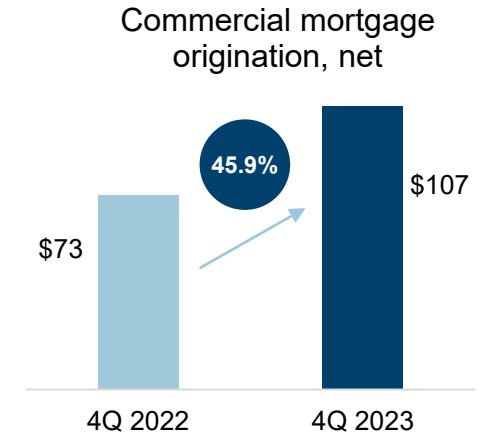
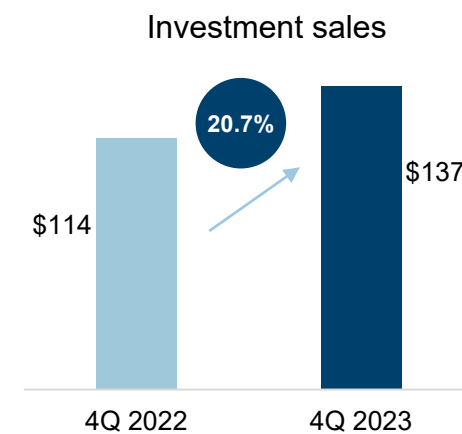
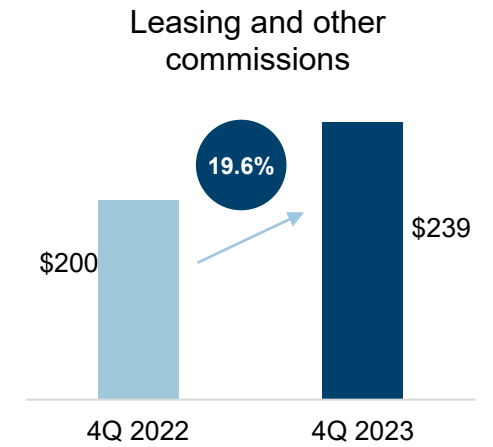
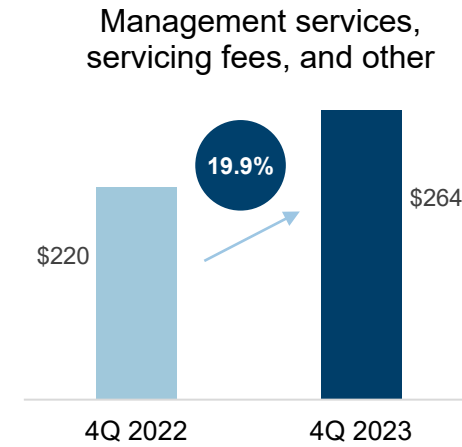
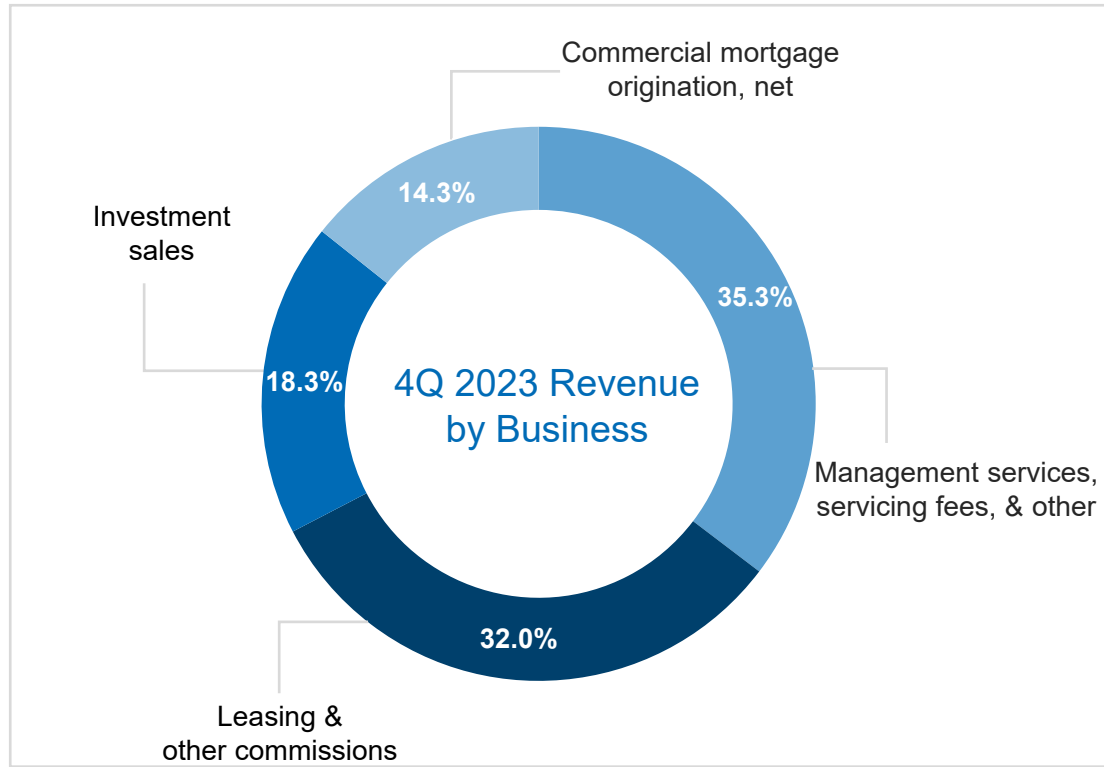
**\$0.46**  
POST-TAX  
ADJUSTED  
EPS

**22.2%**  
ADJUSTED  
EBITDA  
MARGIN

- Our fourth quarter results demonstrate our strong incremental margins.
- Newmark grew revenues from Leasing and other commissions by 19.6% year-on-year in the fourth quarter, which exceeded a more than 10% decline in industry-wide leasing activity. This was the fourth conservative quarter in which the Company's leasing business gained meaningful market share.
- Newmark gained significant market share in capital markets and grew revenues from Investment sales and Commercial mortgage origination, net, by 20.7% and 45.9%, respectively. This robust performance was led by fees from the Signature transactions, for which Newmark served as the FDIC's advisor. Even without the Signature transactions, the Company's capital markets platform meaningfully outpaced the industry in the quarter.
- Newmark was the number 2 broker in U.S. investment sales for the fourth quarter of 2023 and number 3 for the full year, according to preliminary data from MSCI, which excludes the \$21.7 billion equity portion of the Signature transactions. Both were improvements compared with the Company's rank for the first 9 months of 2023 and full year 2022.
- The Company increased revenues from Management services, servicing fees, and other by 19.9% year-on-year.
- On January 12, 2024, the Company closed its offering of \$600.0 million aggregate principal amount of 7.500% senior notes due January 2029 (the "Senior Notes").

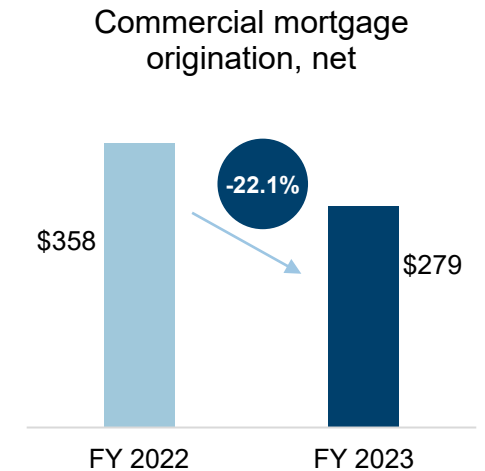
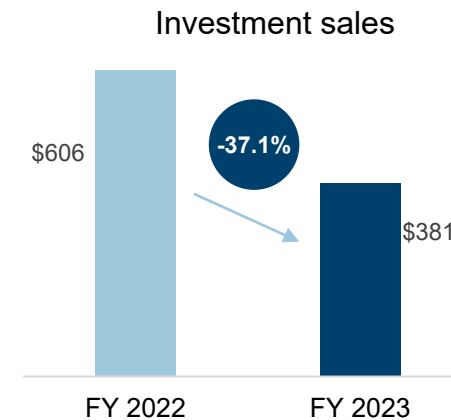
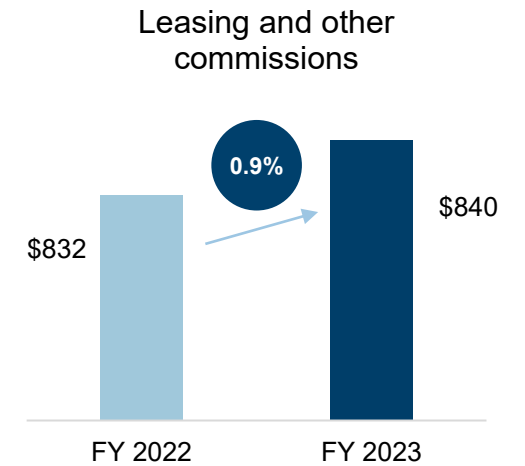
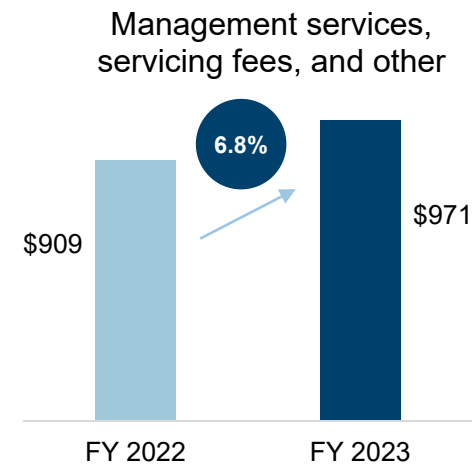
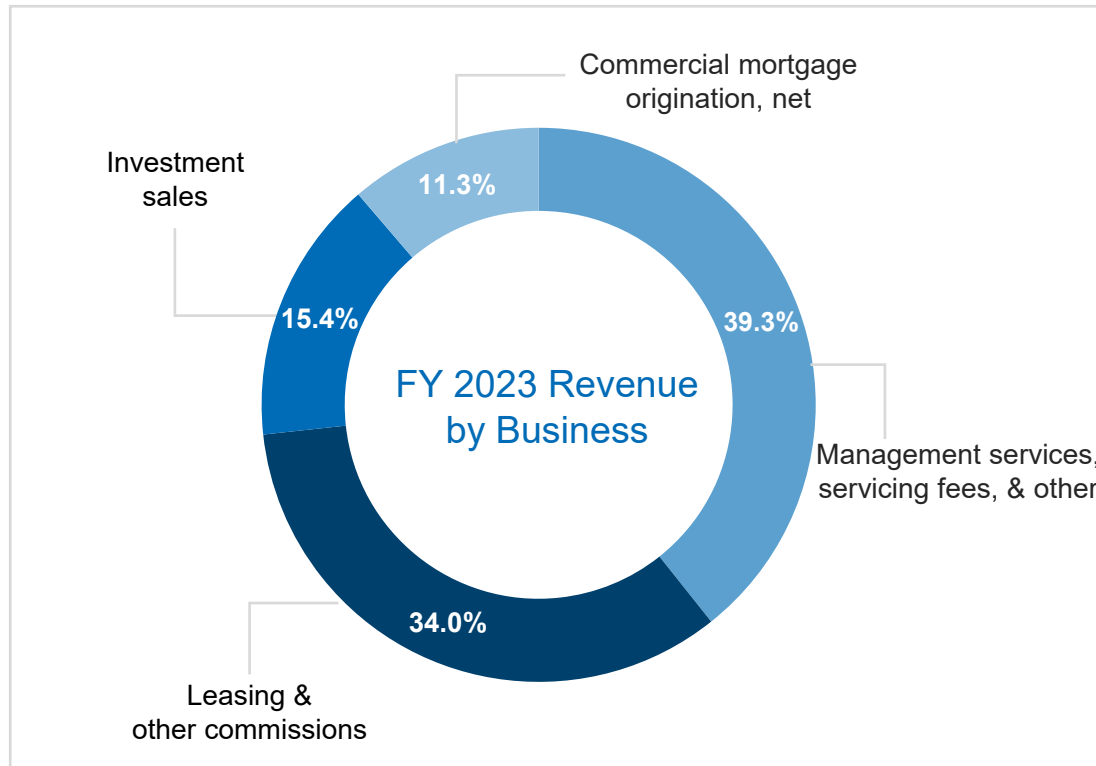
1. For more on items including recent acquisitions and hires as well as any economic or industry data referenced herein, including Newmark's MSCI ranking, see "Other Useful Information".

# 4Q 2023 Revenue Detail



- Fees from management services, servicing, and other (which exclude pass through revenues) rose 19.4%. This improvement reflected the addition of Gerald Eve, as well as Property Management and GCS increasing their combined square footage under management by approximately 26% year-on-year.
- Revenues from Leasing and other commissions improved 19.6%. This outperformance was driven by strong double-digit organic growth in office and industrial. The Company also gained meaningful market share in Investment sales and Commercial mortgage origination compared with industry-wide declines of over 40% for U.S. and European investment sales and a 25% reduction in U.S. commercial/multifamily originations.
- The Company's GSE/FHA origination platform also gained significant share, as its volumes declined by approximately 11% for the fourth quarter versus a 42% reductions in industry GSE multifamily activity.

# FY 2023 Revenue Detail

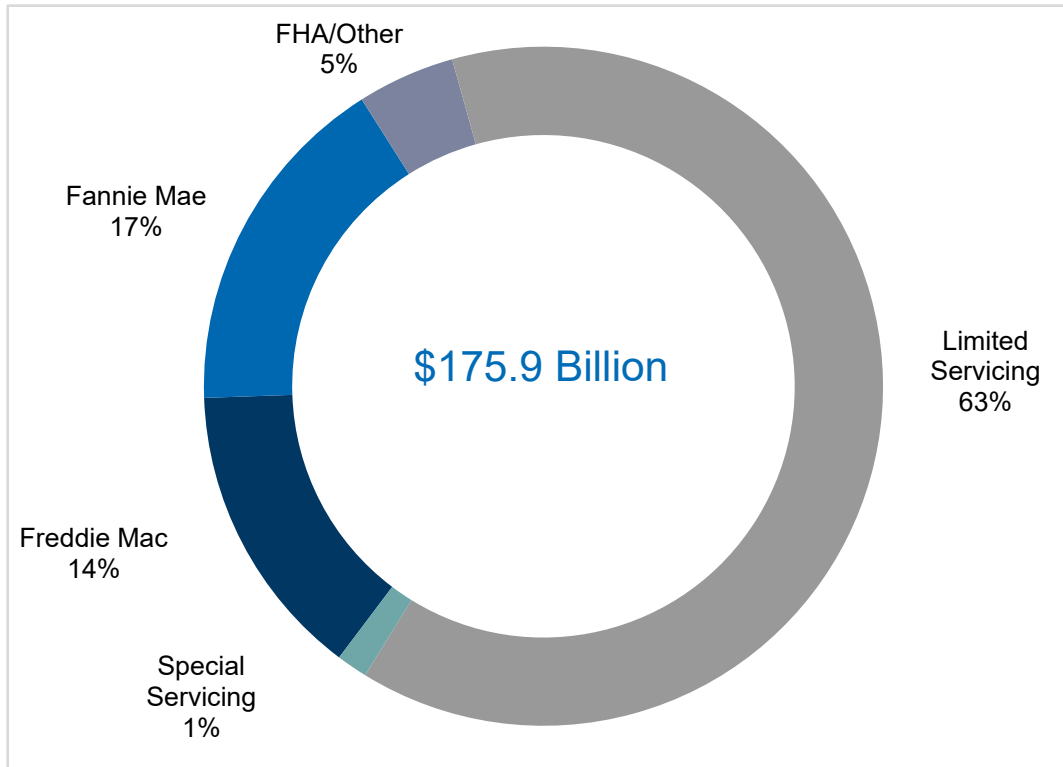


- We increased fees from management services, servicing and other (which exclude pass through revenues) by 8.9%, led by acquisition of Gerald Eve, organic growth in Servicing and other revenue as well as GCS.
- Newmark more than doubled the size of its overall servicing and asset management portfolio to \$175.9 billion.
- Newmark meaningfully outpaced declines in industry-wide capital markets and leasing activity.
- The Company's GSE/FHA origination platform also gained significant share, as its volumes declined by approximately 9% in full year 2023 versus a 29% reduction in industry GSE multifamily activity.

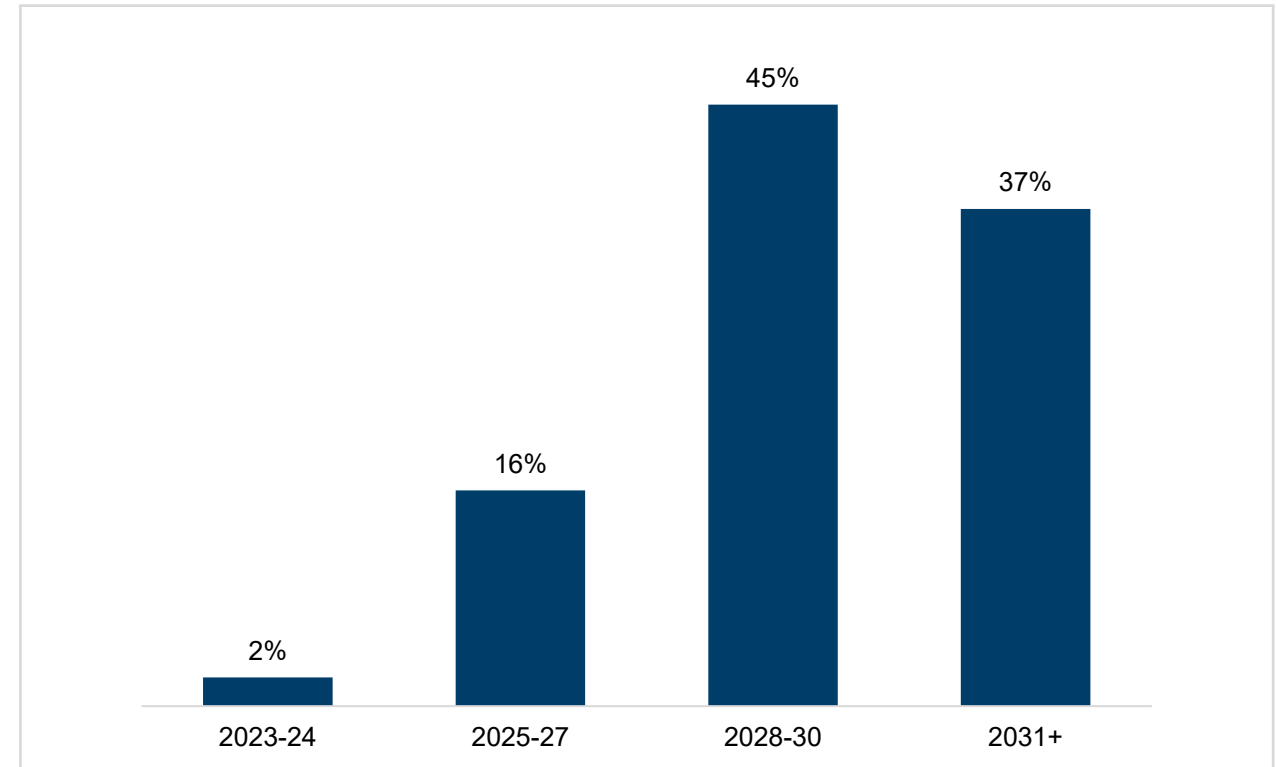


# Servicing & Asset Management Provides Long-term and Recurring, High-Margin Revenues

Portfolio Composition as of 12/31/2023



Newmark Fannie Mae/Freddie Mac Portfolio Maturities by Year



- Newmark's servicing portfolio generated \$63.7 MM<sup>1</sup> (+19.0% Y/Y) and \$237.1MM (+8.9% Y/Y), respectively, of high-margin, recurring, and predictable revenue during the three and twelve months ended 12/31/2023.
- As of 12/31/2023, Newmark's higher margin primary servicing portfolio<sup>2</sup> was up 10.8% Y/Y to \$62.2 billion, while its weighted-average maturity was 6.3 years.
- Of the Fannie Mae<sup>3</sup> and Freddie Mac loans in Newmark's servicing portfolio, only 2.1% will mature before 2025 and ~ 89% will mature in 2027 or later.

1. Newmark produced \$152.2 mm in servicing fees during the twelve months ended 12/31/2023. In addition to servicing fees, the Company generated \$85.0 mm of other revenues, for a total of \$237.1 mm of non-origination revenues primarily related to its GSE/FHA originations business. These include escrow interest, servicing fees, interest on loans held for sale, and yield maintenance fees. Multifamily mortgage servicing revenue is stable and recurring in part because of greater call protection versus single family mortgages, and because interest income moves in tandem with interest rates. Approximately 99% of the Company's GSE loans include prepayment penalties. The figures exclude the additional fees earned with respect to the Spring11 asset management & servicing portfolio, which are recorded separately as part of Management Services. Please see "Recurring Revenues" under "Certain Revenue Terms Defined" in the appendix for important information regarding Spring11's servicing and asset management revenues.

2. We believe that for the industry, commercial and multifamily servicing and asset management companies earn 40-50 basis points on their Fannie Mae servicing book, 8-10 basis points on Freddie Mac loans, approximately 15 basis points for FHA loans, and 1 to 3 basis points for limited servicing. The fees for special servicing and asset management can vary depending on a variety of factors. Spring11's limited servicing portfolio currently earns closer to the low end of the latter range but is targeting higher fees over time as it expands its offerings across special servicing and asset management. Limited servicing, special servicing, and asset management together generally produce higher profit margins than Newmark as a whole, but lower profit margins versus GSE/FHA primary servicing. We expect our overall portfolio to continue providing a steady stream of income and cash flow over the life of the serviced loans.

3. Newmark's agency risk sharing portfolio was \$29.1 B at 12/31/2023. As of that same date, the OLV of the portfolio was 62%. 98.5% of Newmark agency business is subject to some form of prepayment protection.

# Strong Balance Sheet & Credit Metrics

AS OF 12/31/2023, UNLESS OTHERWISE STATED (\$ IN MILLIONS)

Cash and Cash Equivalents \$164.9

	Interest Rate	Maturity	
Delayed Draw Term Loan Credit Agreement	SOFR plus 2.625%	11/15/2026	\$417.3
Cantor Credit Facility	6.71%		\$130.0
Total Debt			\$547.3
Net Debt			\$382.4
<b>Total Equity</b>			<b>\$1,594.9</b>

- On August 10, 2023, Newmark entered into a \$420 million Delayed Draw Term Loan Credit Agreement (the “Credit Agreement”) to repay the principal and interest related to a portion of the Company’s \$550 million 6.125% Senior Notes due November 15, 2023.
- On January 12, 2024, the Company closed its offering of \$600.0 million aggregate principal amount of 7.500% senior notes<sup>1</sup> due January 2029 and used the proceeds to repay the Delayed Draw Term Loan and Cantor Credit Facility.
- The Company’s target is to maintain net leverage of under 1.5X.

1. For more information on recent bond offering, please see the related form 8-K.

2. Net Debt / TTM Adjusted EBITDA.

3. TTM Adjusted EBITDA / TTM Interest Expense.

## Credit Metrics

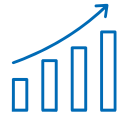
as of 12/31/2023

**\$398.3 million**  
2023 Adjusted EBITDA

**1.0x**  
Net Leverage Ratio as of 12/31/2023<sup>2</sup>

**8.2x**  
Interest Coverage Ratio<sup>3</sup>

# Strong Financial Position & Cash Generation



## Low Risk Intermediary

- Capital-light model; we do not own real estate
- Virtually no balance sheet risk<sup>1</sup>
- ~\$176 billion loan servicing portfolio



## Strong Financial Profile & Credit Metrics

- Operates with investment grade credit metrics (1.0x net leverage<sup>2</sup> ratio as of 12/31/2023; long-term target of <1.5x)
- ~70% expenses are variable<sup>3</sup>



## Strong Cash Flow

- Newmark has a history of strong Cash Flow Generation and Conversion<sup>4</sup>

Cash & Cash Equivalents

**\$165 MM**



Undrawn Portion of Credit Facility<sup>5</sup>

**\$600 MM**



Strong Expected Cash Generation<sup>6</sup>

**~\$300MM**



Significant Expected Available Capital

**\$1+ Billion**

1. Newmark shares credit losses on a pari passu basis with Fannie Mae. On average, Newmark and the industry have experienced very low net charge offs.

2. Net Debt / TTM Adjusted EBITDA. Adjusted EBITDA and net leverage are non-GAAP financial measures. See "Financial Tables and Reconciliations."

3. Approximately 70% of GAAP and AE expenses over the last 3 fiscal years were variable, on average.

4. Defined as "Net cash provided by (used in) operating activities" under GAAP ("CFFO") divided by Adjusted EBITDA or Post-tax Adjusted Earnings. See "Other useful information."

5. This adjusts for the repayment of all the company's revolving credit facilities following the issuance of the Senior Notes.

6. This refers to the \$341.2 million and \$393.1 million of Cash Generated by the Business for the year ended December 31, 2023 and 2022, respectively. Please see the "Other useful information" section in the appendix for the definition of this term.

# 2024 Outlook<sup>1</sup>

Metric	FY 2023 Actual	Expected YoY Change
Total Revenues (millions)	\$2,470.4	3% to 7%
Adjusted EBITDA (millions)	\$398.3	5% to 9%
Adjusted Earnings Per Share	\$1.05	5% to 9%
Adjusted Earnings Tax Rate	15.1%	16% to 18%

- Due to the scale of its hiring and Newmark’s significant outperformance in the fourth quarter of 2023, the Company expects the majority of its year-over-year improvement in earnings to occur in the second and third quarters of 2024.
- With respect to the Company’s \$75 million cost savings plan, Newmark recognized approximately \$35 million in 2023 and expects to realize an incremental \$25 million in 2024. The balance will be realized in 2025.
- The Company expects Fully diluted weighted-average share count for Adjusted Earnings to grow by 2% in 2024 and continues to target average annual net growth 2% or less over time.
- Newmark’s Fully diluted weighted-average share count for Adjusted Earnings has grown by an average of 1.2% annually since 2017. The Company’s 2024 guidance excludes the potential impact of any future acquisitions.

1. The Company’s outlook excludes the potential impact of any material future acquisitions. The average growth in share count is the compound annual growth rate of the Company’s Fully diluted weighted-average share count for Adjusted Earnings from full year 2017 through full year 2023.

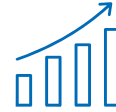
# Expect to Generate Record Revenue and Earnings When Industry Volumes Normalize

We anticipate strong incremental margins



## Newmark invested ~\$326MM of cash for growth during 2023

- Acquired Gerald Eve for net cash consideration of ~\$83 MM.<sup>1</sup>
- Used ~\$243 MM for employee loans, primarily to hire number of revenue-generating professionals.<sup>2</sup>



## \$425 MM+ of Incremental Revenues

- Expect investments over the last ~14 months to produce \$425 MM + of additional revenues, once recent hires ramp up productivity.
- Anticipate these additional revenues and cost savings initiates to produce strong incremental margins, similar to 4Q2023 results.



## Expect to Exceed Record 2021 Results

- Newmark expects industry volumes to pick up in the back half of 2024 and into 2025.
- Once volumes fully normalize, which we expect around the middle of 2025, and given our substantial investments, we expect our business to generate over \$3 B in revenue and over \$630 MM in Adjusted EBITDA (on an annual basis).

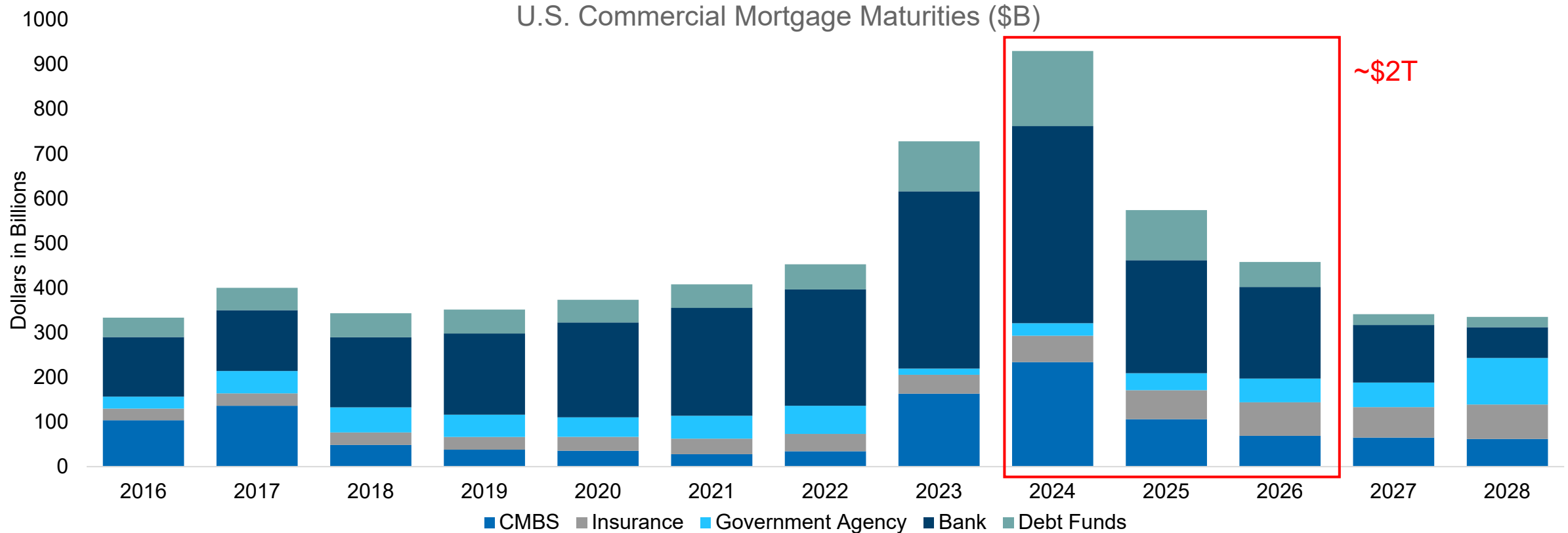
Note: We only provided guidance for full year 2024. These future targets are for some hypothetical 12-month period that begins after the second quarter of 2024. These targets are for illustrative purposes only and are not meant to be part of our formal outlook. See below for additional notes:

1. The total consideration for acquisition recorded during 2023 included other items, which together with the net cash used to acquire Gerald Eve, totaled ~\$113 MM.
2. In 2023, Newmark used ~\$243 MM of cash for "loans, forgivable loans and other receivables from employees and partners" (or "employee loans"), which was significantly more than it had in any year in its history. Employee loans are recorded as part of Newmark's operating cash flow and on its balance sheet, and primarily relate to the hiring of new revenue-generating professionals under long-term contracts. The forgivable portions of employee loans are recognized as compensation expense for GAAP and non-GAAP results over the life of the loans. These and certain other expenses are recorded beginning in the first relevant quarter, while new hires may not generate meaningful revenues for 6 to 18 months after their start dates. Cash used for employee loans from January 1, 2024 through February 21, 2024 is in addition to the ~\$243 MM discussed above.
3. Our targets assume over \$425 MM of revenues above what the Company would otherwise generate absent these investments. Our assumptions include: (i) New producers hired between January 2023 and February 21, 2024, ramp up their productivity and generate more than \$300 MM of revenues annually. (ii) Gerald Eve produces total revenues consistent with the ~£95 million it recorded for its fiscal year ended March 31, 2023 (iii) There are no major change in the relevant exchange rates. For example, the GPB/USD spot rate averaged \$1.25 over the twelve months ended February 20, 2024, according to Bloomberg. (iv) There is moderate growth in industry-wide industrial and retail leasing activity and lower office leasing activity, all compared with 2021 levels. (v) Industry-wide capital markets volumes are 15% to 20% below 2021 levels.



# Record Quantities of Debt Maturing in 2024-2028

\$1.3T of Outstanding CRE Debt is Potentially Troubled, \$670B of this is Maturing in 2024-2026<sup>1</sup>



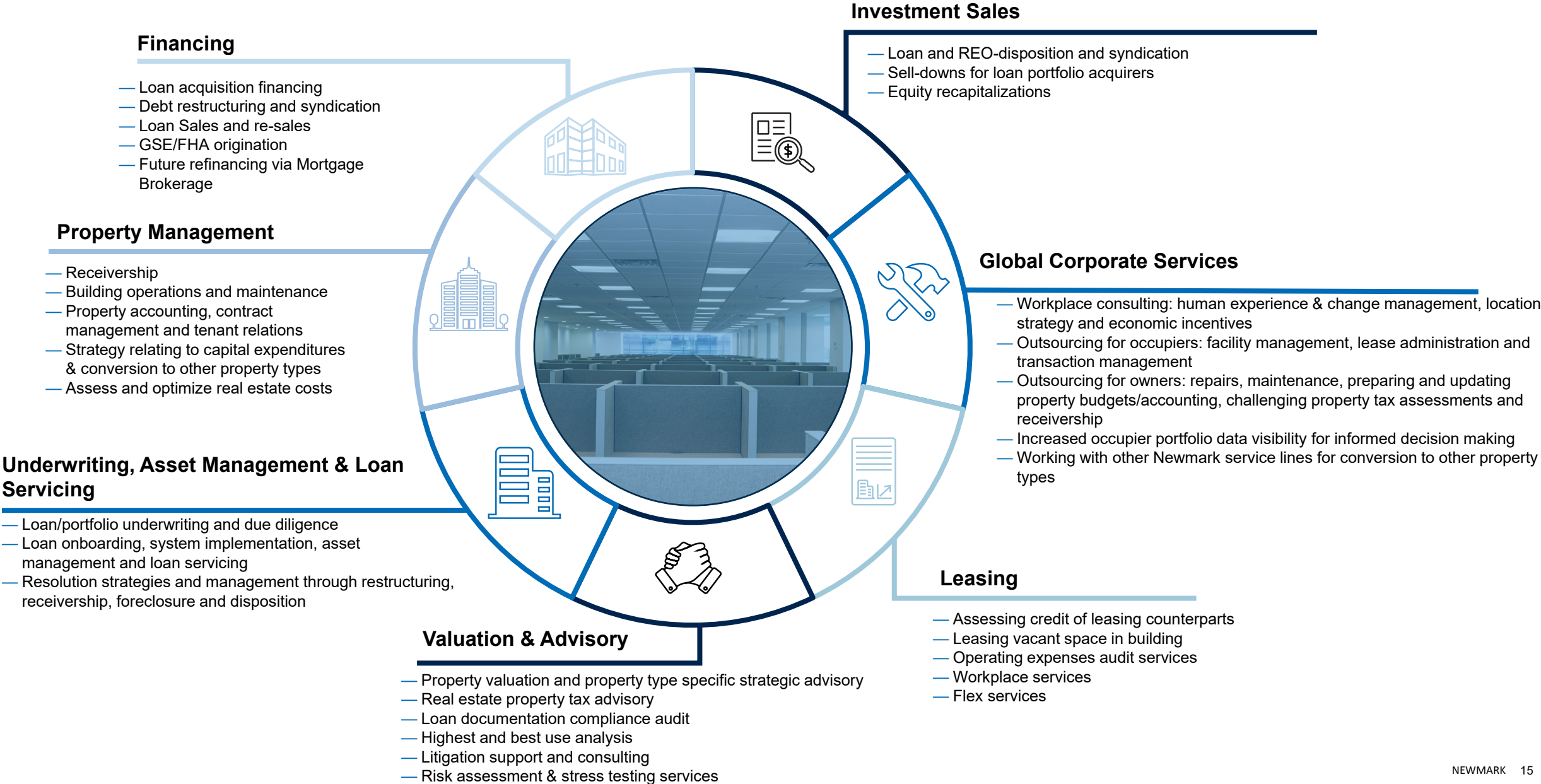
- The MBA expects \$4.7T of CRE/MF maturities in the U.S. from 2024 through 2033. A record \$929B of these are expected just this year, which is a 20% increase compared with last year.
- Additionally, Newmark Research estimates that \$1.3 trillion of these maturing mortgages have loan to value ratios of 80 percent or more and are therefore potentially troubled. This estimate only includes office, multifamily, industrial and retail loans, so the true level of distress is likely even higher. Said differently, 43% of maturing loans in the 2024 to 2033 period, and 50% of loans maturing in 2024, are potentially troubled.
- As a service provider that does not own real estate, these maturities represent an opportunity for us. The MBA expects this refinancing wave, along a pivot in interest rates, to drive double-digit increases in commercial and multifamily originations this year and next. This should help our mortgage brokerage and origination businesses starting in the second half of 2024, Newmark's other innovative financing solutions, as well as other services as shown on the next page.

Sources: Newmark Research, Trepp, and the MBA. Data for 2016-2022 is based on Trepp. Data from 2023 onward is based on the MBA's 2023 loan maturities volumes published in February 2024. Some maturities that are shown in 2023 may have been rolled over to 2024.

1. Newmark Research used the following methodology: The loans are marked-to-market using an average of cumulative changes in the Dow Jones REIT sector price indices, REIT sector enterprise value indices and Green Street sector CPPI. The \$1.3T covers the 2024 to 2033 maturity period, of which Newmark Research estimates \$670B mature between 2024-2026. This analysis excludes other property types included in the Trepp and MBA figures, such as hotel and healthcare. The Trepp and MBA data exclude loans for acquisitions, development, and construction, as well as loans collateralized by owner-occupied commercial properties.

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# Distress Creates Demand for Newmark Services



# GAAP Financial Results



Property Type: Multifamily

# Newmark Group, Inc. Condensed Consolidated Statements of Operations

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

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
<b>Revenues:</b>				
Management services, servicing fees and other	\$ 264,176	\$ 220,302	\$ 970,877	\$ 909,485
Leasing and other commissions	239,410	200,193	839,595	831,874
Investment sales	136,972	113,518	381,276	606,416
Commercial mortgage origination, net	106,884	73,269	278,620	357,752
Total revenues	747,442	607,282	2,470,368	2,705,527
<b>Expenses:</b>				
Compensation and employee benefits	442,607	356,680	1,489,138	1,554,784
Equity-based compensation and allocations of net income to limited partnership units and FPU's	54,941	35,338	139,747	138,312
Total compensation and employee benefits	497,548	392,018	1,628,885	1,693,096
Operating, administrative and other	129,958	138,961	536,697	534,843
Fees to related parties	6,341	7,624	27,204	28,502
Depreciation and amortization	43,895	47,057	166,221	165,816
Total non-compensation expenses	180,194	193,642	730,122	729,161
Total operating expenses	677,742	585,660	2,359,007	2,422,257
<b>Other income, net:</b>				
Other income (loss), net	9,735	3,730	13,854	(97,701)
Total other income (loss), net	9,735	3,730	13,854	(97,701)
Income from operations	79,435	25,352	125,215	185,569
Interest expense, net	2,990	(6,896)	(21,737)	(30,970)
Income before income taxes and noncontrolling interests	82,425	18,456	103,478	154,599
Provision for income taxes	29,084	6,330	41,103	42,054
Consolidated net income	53,341	12,126	62,375	112,545
Less: Net income attributable to noncontrolling interests	16,793	5,699	19,800	29,270
Net income available to common stockholders	\$ 36,548	\$ 6,427	\$ 42,575	\$ 83,275

See the following page for per share data.

Newmark Group, Inc. Condensed Consolidated Statements of Operations *(continued)*

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

**Per share data:**

*Basic earnings per share*

Net income available to common stockholders	\$ 36,548	\$ 6,427	\$ 42,575	\$ 83,275
Basic earnings per share	<u>\$ 0.21</u>	<u>\$ 0.04</u>	<u>\$ 0.25</u>	<u>\$ 0.46</u>
Basic weighted-average shares of common stock outstanding	<u>173,258</u>	<u>171,515</u>	<u>173,475</u>	<u>180,337</u>

*Fully diluted earnings per share*

Net income for fully diluted shares	\$ 52,868	\$ 8,910	\$ 42,575	\$ 110,403
Fully diluted earnings per share	<u>\$ 0.21</u>	<u>\$ 0.04</u>	<u>\$ 0.24</u>	<u>\$ 0.45</u>
Fully diluted weighted-average shares of common stock outstanding	<u>249,795</u>	<u>236,304</u>	<u>176,382</u>	<u>245,177</u>
Dividends declared per share of common stock	<u>\$ 0.03</u>	<u>\$ 0.03</u>	<u>\$ 0.12</u>	<u>\$ 0.12</u>
Dividends paid per share of common stock	<u>\$ 0.03</u>	<u>\$ 0.03</u>	<u>\$ 0.12</u>	<u>\$ 0.10</u>



# Newmark Group, Inc. Condensed Consolidated Balance Sheets

(IN THOUSANDS) (UNAUDITED) (UNDER GAAP)

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 164,894	\$ 233,016
Restricted cash	93,812	79,936
Loans held for sale, at fair value	528,944	138,345
Receivables, net	622,508	523,742
Other current assets	95,946	100,976
Total current assets	<u>1,506,104</u>	<u>1,076,015</u>
Goodwill	776,547	705,894
Mortgage servicing rights, net	531,203	568,552
Loans, forgivable loans and other receivables from employees and partners, net	651,197	500,833
Right-of-use assets	596,362	638,592
Fixed assets, net	178,035	155,639
Other intangible assets, net	83,626	80,968
Other assets	148,501	214,266
Total assets	<u>\$ 4,471,575</u>	<u>\$ 3,940,759</u>
<b>Liabilities, Redeemable Partnership Interest, and Equity:</b>		
<b>Current Liabilities:</b>		
Warehouse facilities collateralized by U.S. Government Sponsored Enterprises	\$ 498,631	\$ 137,406
Accrued compensation	400,765	369,540
Accounts payable, accrued expenses and other liabilities	583,564	511,584
Short-term debt	-	547,784
Payables to related parties	6,644	9,745
Total current liabilities	<u>1,489,604</u>	<u>1,576,059</u>
Long-term debt	547,260	-
Right-of-use liabilities	598,044	627,088
Other long-term liabilities	241,741	196,197
Total liabilities	<u>2,876,649</u>	<u>2,399,344</u>
<b>Equity:</b>		
Total equity <sup>(1)</sup>	<u>1,594,926</u>	<u>1,541,415</u>
Total liabilities, redeemable partnership interest, and equity	<u>\$ 4,471,575</u>	<u>\$ 3,940,759</u>

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

# Newmark Group, Inc. Summarized Condensed Consolidated Statements of Cash Flows

(IN THOUSANDS) (UNAUDITED) (UNDER GAAP)

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
Net cash provided by (used in) operating activities	\$ 219,977	\$ 931,608	\$ (265,961)	\$ 1,196,343
Net cash provided by (used in) investing activities	(11,540)	(22,174)	(49,745)	308,629
Net cash provided by (used in) financing activities	(183,006)	(904,020)	261,460	(1,458,520)
Net increase (decrease) in cash and cash equivalents and restricted cash	25,431	5,414	(54,246)	46,452
Cash and cash equivalents and restricted cash at beginning of period	233,275	307,538	312,952	266,500
Cash and cash equivalents and restricted cash at end of period	<u>\$ 258,706</u>	<u>\$ 312,952</u>	<u>\$ 258,706</u>	<u>\$ 312,952</u>
Net cash provided by operating activity excluding loan originations and sales (1)	<u>\$ 105,289</u>	<u>\$ 52,112</u>	<u>\$ 97,976</u>	<u>\$ 261,498</u>

(1) Includes loans, forgivable loans and other receivables from employees and partners in the amount of \$33.7 million and \$31.0 million for the three months ended December 31, 2023 and 2022, respectively, and \$243.3 million and \$131.6 million for the year ended December 31, 2023 and 2022, respectively. Excluding these loans, net cash provided by (used in) operating activities excluding loan originations and sales would be \$139.0 million and \$83.1 million for the three months ended December 31, 2023 and 2022, respectively, and \$341.2 million and \$393.1 million for the year ended December 31, 2023 and 2022, respectively.

The Condensed Consolidated Statements of Cash Flows are presented in summarized form. For complete Condensed Consolidated Statements of Cash Flows, please refer to Newmark's Annual Report on Form 10-K for the year ended December 31, 2023, to be filed with the Securities and Exchange Commission in the near future.

Appendix 1:

# Additional Information on Newmark



Property Type: Office

# Newmark Volumes<sup>1</sup>

(\$ IN MILLIONS)

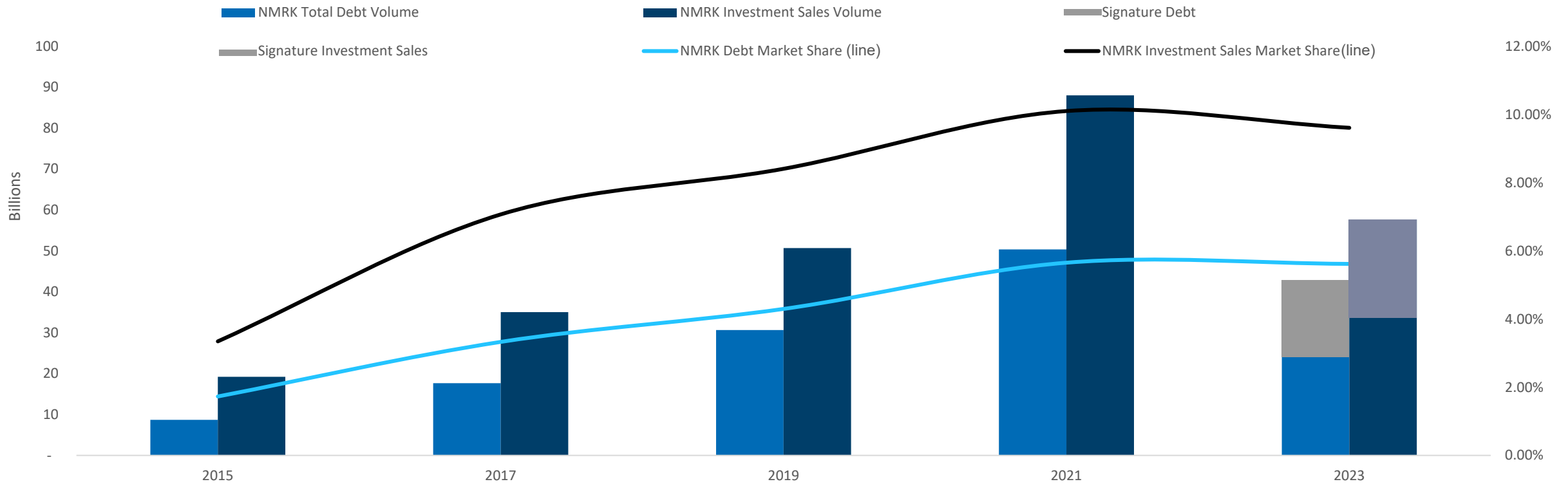
	4Q23	4Q22	% Change	2023	2022	% Change
Investment Sales	31,642	11,815	167.8%	57,686	71,584	(19.4)%
Mortgage Brokerage	22,640	6,648	240.6%	35,679	38,014	(6.1)%
<b>Total Capital Markets</b>	<b>54,282</b>	<b>18,463</b>	<b>194.0%</b>	<b>93,365</b>	<b>109,598</b>	<b>(14.8)%</b>
Fannie Mae	1,054	429	145.4%	3,045	4,076	(25.3)%
Freddie Mac	633	1,440	(56.1)%	4,004	3,590	11.5%
FHA / Other	-	23	NMF	16	123	(87.1)%
<b>Total Origination Volume</b>	<b>1,687</b>	<b>1,892</b>	<b>(10.8)%</b>	<b>7,064</b>	<b>7,789</b>	<b>(9.3)%</b>
Multifamily Debt	3,772	3,378	11.7%	14,797	25,650	(42.3)%
Other Debt	20,555	5,162	298.2%	27,948	20,154	38.7%
<b>Total Debt<sup>1</sup></b>	<b>24,327</b>	<b>8,540</b>	<b>184.9%</b>	<b>42,745</b>	<b>45,804</b>	<b>(6.7)%</b>
<b>Total Debt &amp; Investment Sales Volume<sup>2</sup></b>	<b>55,969</b>	<b>20,355</b>	<b>175.0%</b>	<b>100,430</b>	<b>117,388</b>	<b>(14.4)%</b>
Multifamily Debt (Without Signature) <sup>1</sup>	3,772	3,378	11.7%	14,796	25,649	(42.3)%
Other Debt (Without Signature) <sup>1</sup>	2,756	5,162	(46.6)%	10,148	20,154	(49.6)%
<b>Total Debt (Without Signature)<sup>1</sup></b>	<b>6,528</b>	<b>8,540</b>	<b>(23.6)%</b>	<b>24,945</b>	<b>45,804</b>	<b>(45.5)%</b>
Investment Sales (Without Signature)	9,900	11,815	(16.2)%	35,943	71,584	(49.8)%
Mortgage Brokerage (Without Signature)	4,842	6,648	(27.2)%	17,880	38,014	(53.0)%
<b>Total Capital Markets (Without Signature)</b>	<b>14,741</b>	<b>18,463</b>	<b>(20.2)%</b>	<b>53,824</b>	<b>109,598</b>	<b>(50.9)%</b>

- Even without the Signature transactions, the Company meaningfully outpaced the industry for both 4Q and FY 2023.
- MSCI's preliminary U.S. and Europe investment sales figures indicate that industry volumes declined by 41% and 43%, respectively, for the fourth quarter. Additionally, the same figures were down by 51% and 50% for full year 2023, respectively.
- According to the MBA U.S. commercial and multifamily originations declined by 25% and 47%, respectively year-on-year in the fourth quarter and for full year 2023.
- The Company's GSE/FHA origination platform also gained significant share, as its volumes declined by approximately 11% and 9%, respectively, for the fourth quarter and full year 2023 versus 42% and 29% reductions in industry GSE multifamily activity.

1. These items include all relevant GSE/FHA and/or mortgage brokerage volumes.

2. Over 98% and 99% of Newmark's 2023 and 2022 respective investment sales volumes, and essentially all of its total debt volumes were generated in the U.S. Given its recent hires and acquisitions, the Company expects non-U.S. transactions to make up a greater percentage of Newmark's capital markets revenues and volumes over time. See "Other Useful Information" in the appendix for more about industry volumes. Volume figures on this page exclude the notional value of all leasing transacted by the Company as well as the estimated value of any properties appraised by our V&A business. For more information on the Signature Loan Sale, please see "Signature Transactions" in Other Useful Information later in this presentation.

# Newmark Has a Long-Term Track Record of Gaining Share in Capital Markets



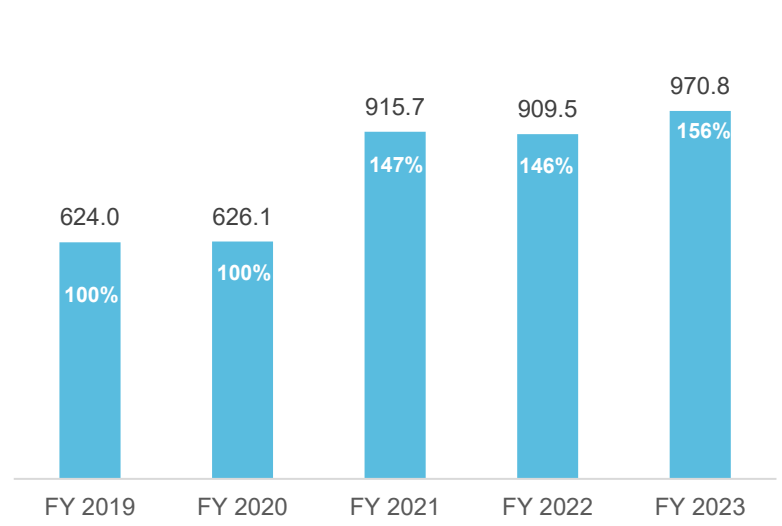
- Proven record of gaining market share
- Comparing 2015 to 2023:
  - MBA Industry U.S. debt originations have decreased 12%, while Newmark has expanded its total debt volumes by over 377% (151% without Signature)
  - MSCI U.S. investment sales volumes have decreased 35%, while Newmark grew its investment sales volumes by over 200% (87% excluding Signature)

Notes: Investment sales market share is calculated by dividing NMRK's volumes by MSCI U.S. investment sales volumes for all dates shown. "NMRK Total Debt Volume" includes Newmark's non-originated mortgage brokerage volume plus GSE/FHA origination volumes. NMRK's debt market share are those volumes divided by either MSCI U.S. financing volumes (for 2015-2018) and/or the MBA commercial/multifamily volumes (2019-2023). The MBA and MSCI have different methodologies for estimating total industry debt originations, and the MBA only began including data for the entire industry from 2019 onward. MSCI data may be modeled by Newmark Research, and/or revised upwards at a later date. Sources: MSCI, MBA, as of 02/12/2024. Over 98% and 99% of Newmark's 2023 and 2022 respective investment sales volumes, and essentially all its total debt volumes were generated in the U.S. Newmark's volumes above only go back to 2015 because (i) it is as far back as the Company reported stand-alone financials results, (ii) We began acquiring the companies that made up ARA in 2016, and (iii) our volumes include a full year of Berkeley Point only from 2015 onwards.

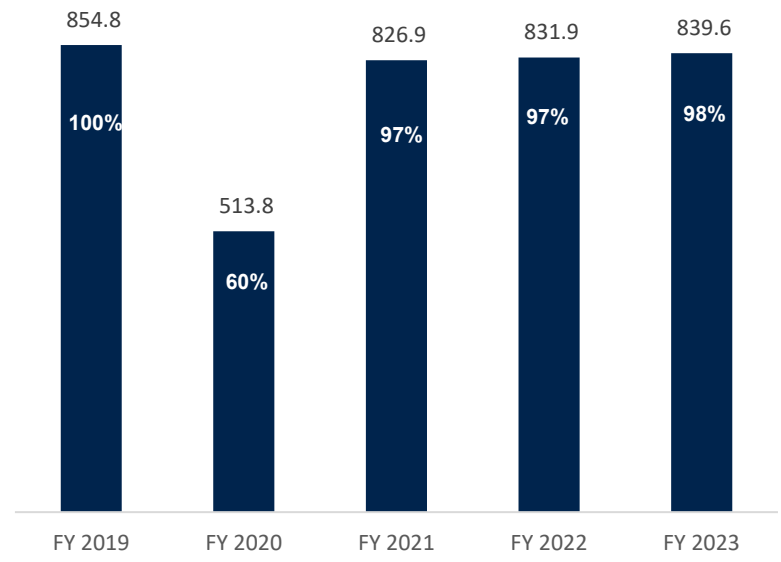


# Management Services and Leasing Equal or Surpass Pre-Pandemic Levels; Capital Markets Environment Remains Challenging

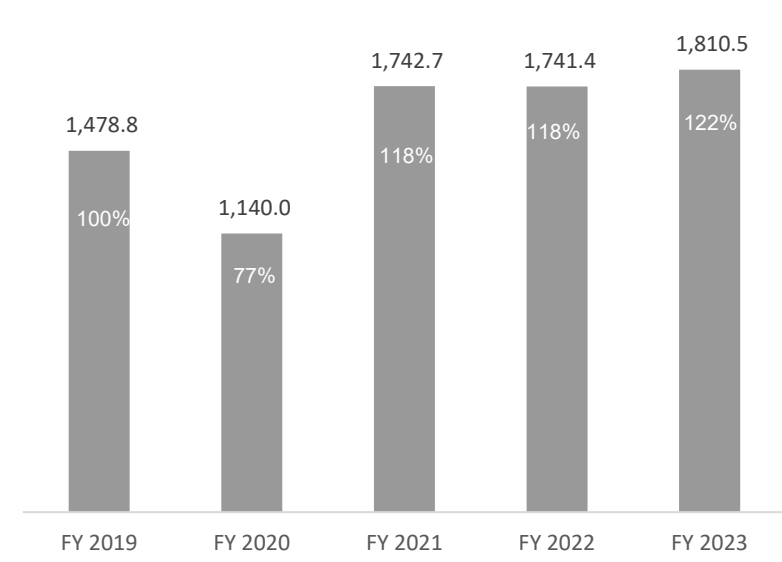
### Management services, servicing fees and other



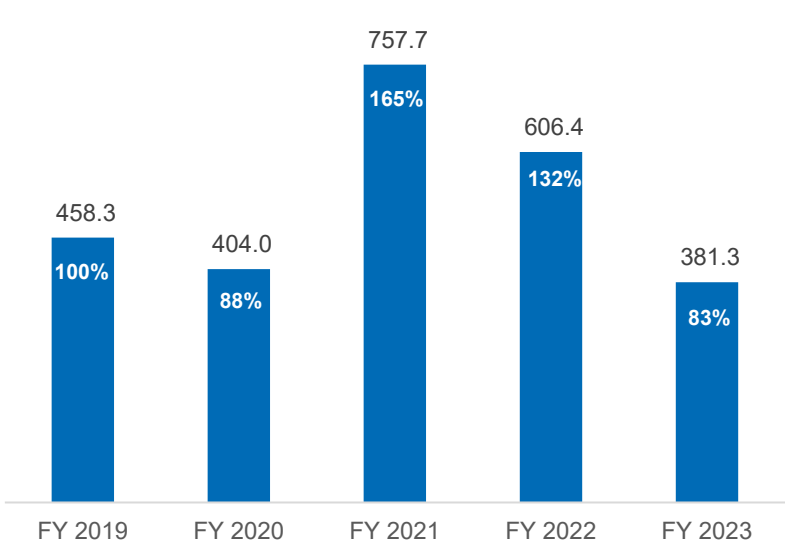
### Leasing and Other Commissions



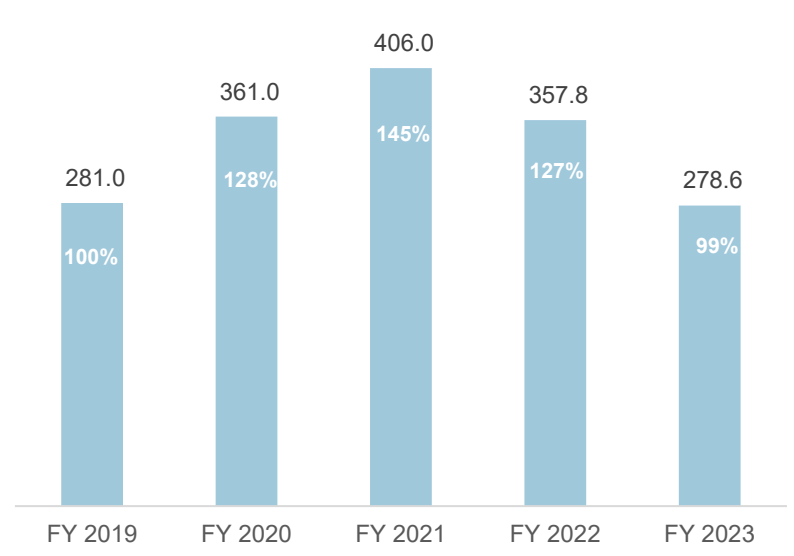
### Non-Capital Markets Total



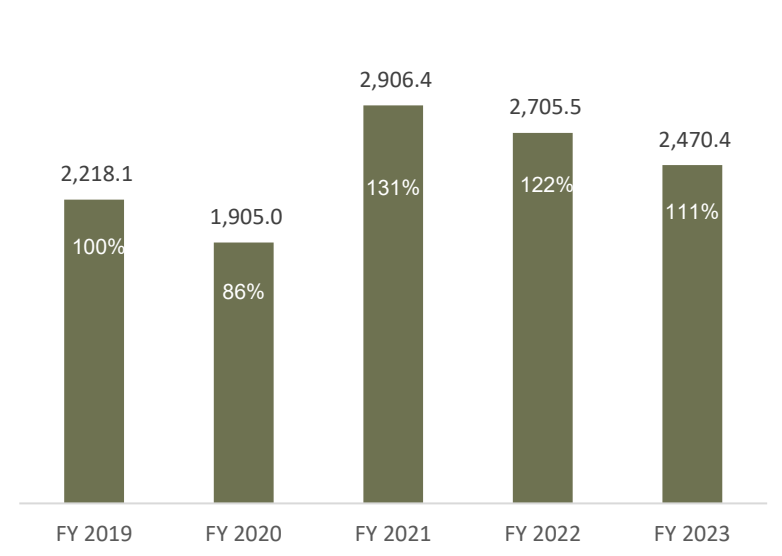
### Investment Sales



### Commercial mortgage origination, net



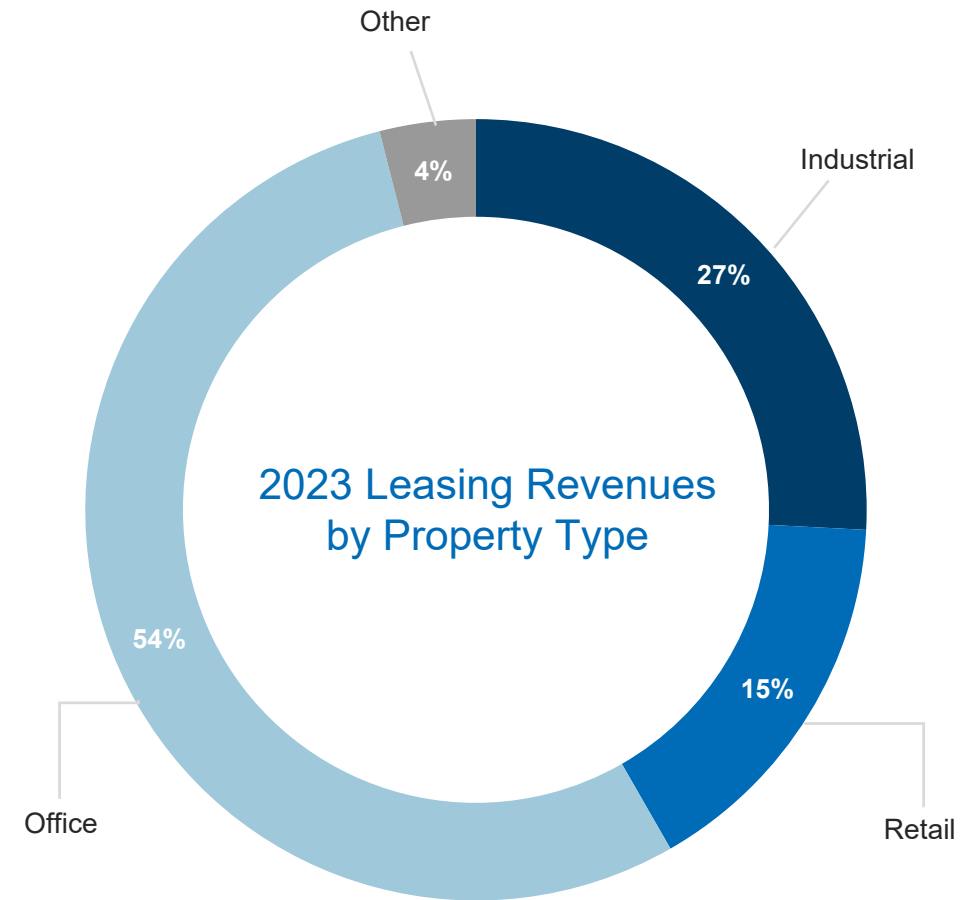
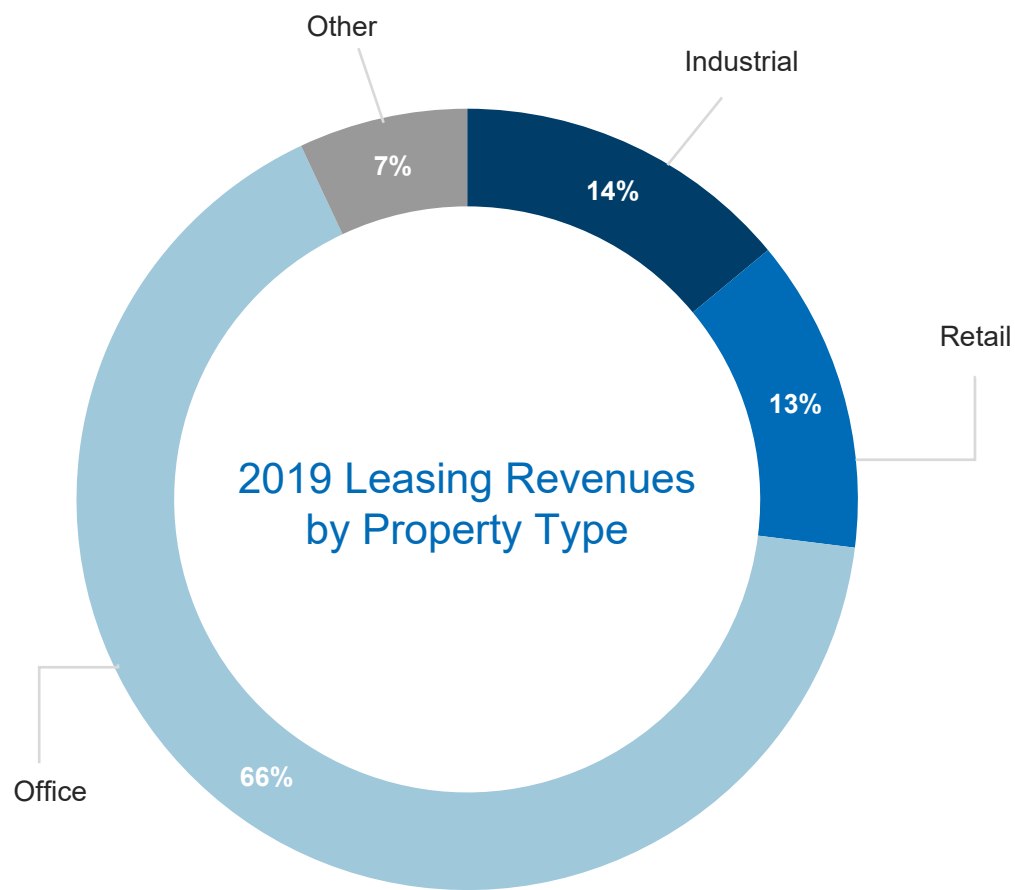
### Total Company



All business line revenues \$ In millions & as % of FY 2019

# Newmark Continues to Invest in Industrial and Retail Leasing

Newmark's overall leasing revenues have remained relatively stable, led by our strength in industrial and retail. Our leasing revenues for these two property types were up by 52% in 2023 compared with 2019.

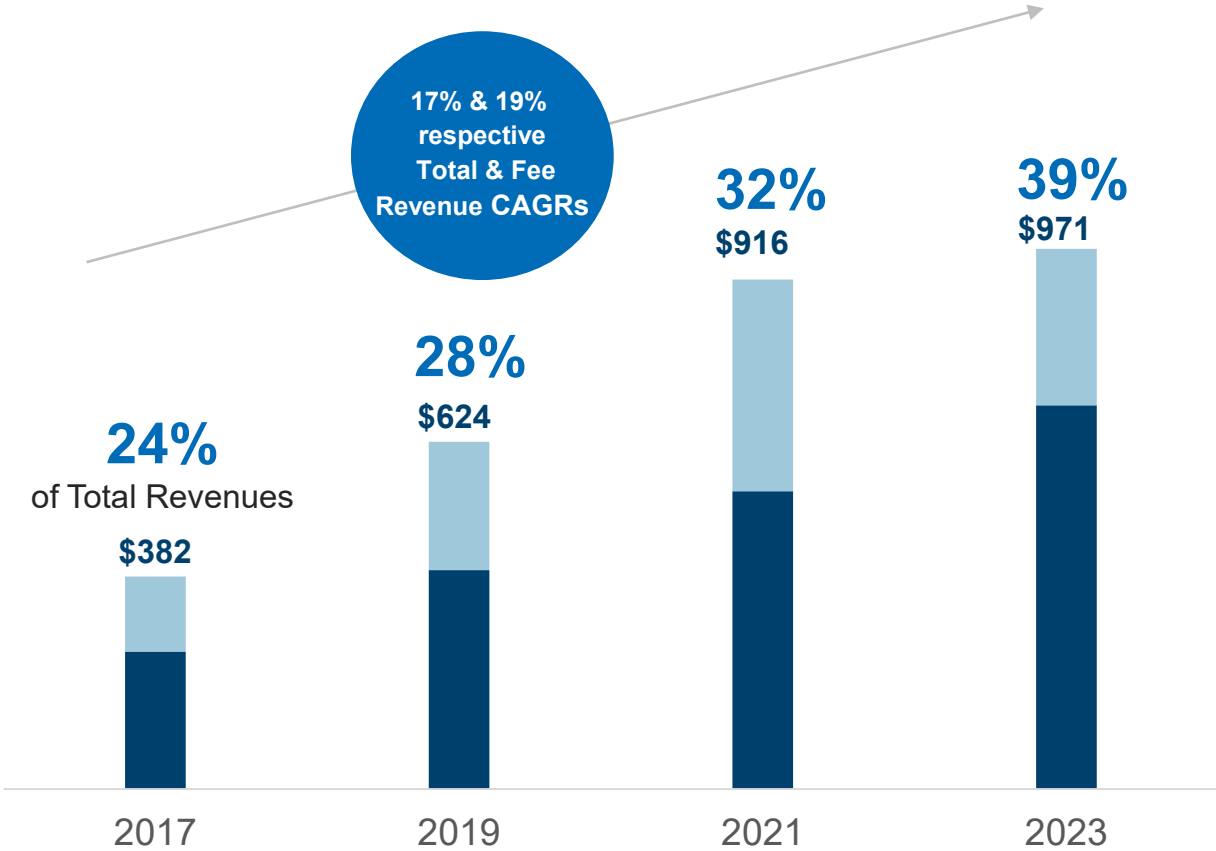


# Strong Growth in Recurring Revenues

Provides Stable Base of Revenues

(\$ in millions)

Pass through revenues      Fees from management services, servicing, and other



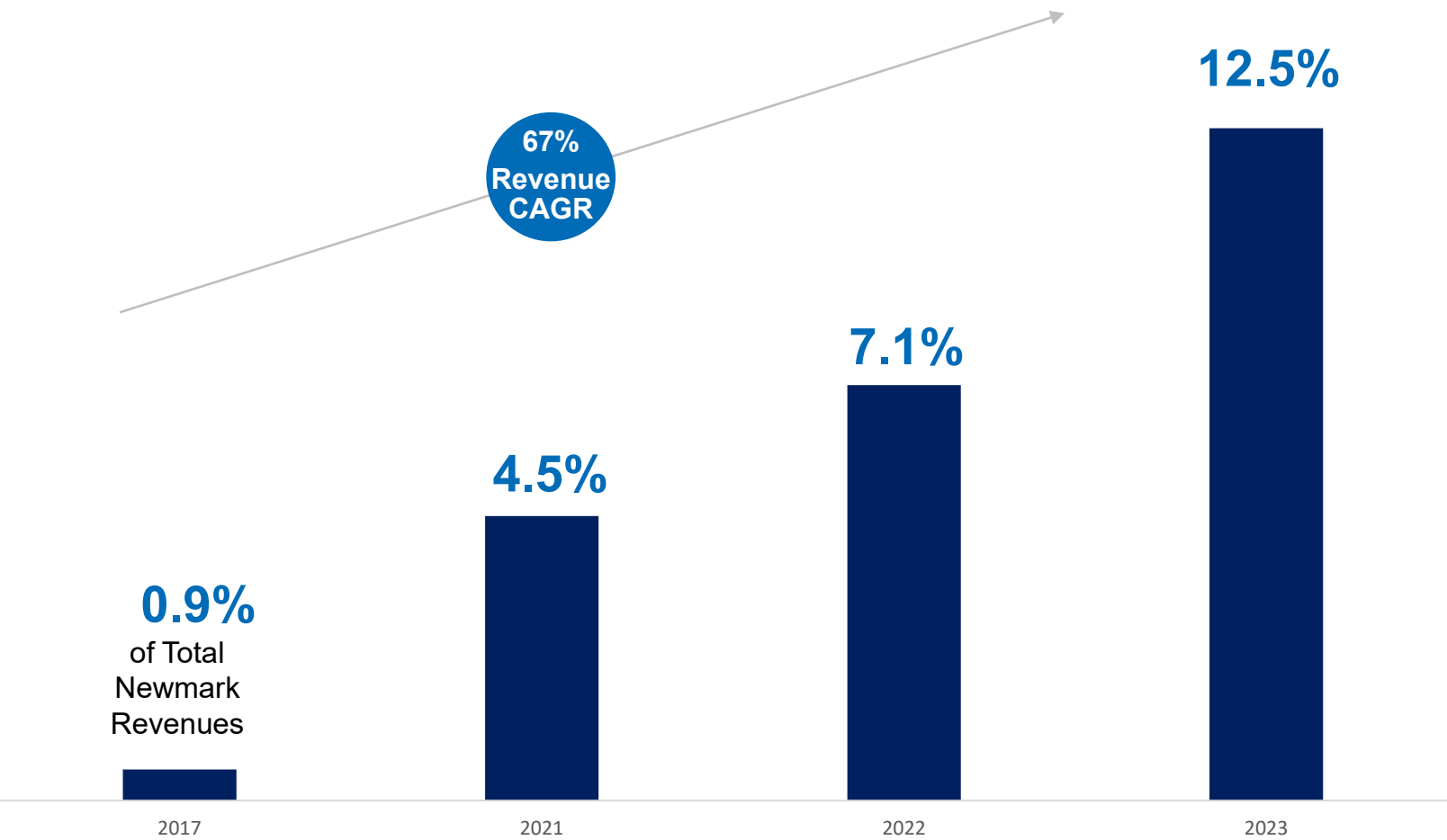
Our fees from these businesses have grown 179% between 2017 and 2023.

We expanded total revenues from these businesses by approximately 158% over the same time period.

Note: The terms "Non-Transactional" and "Recurring" are used interchangeably throughout this presentation.

# Increasing Percentage of International Revenue

Newmark's Non-U.S. Revenue



We continued to make progress towards increasing international revenues.

With our recent international hires, we expect to further increase our non-U.S. revenues over time.

Our full service U.S.-listed public peers generated ~26% to 50% of their revenues outside the U.S.<sup>1</sup>, which leaves significant upside for Newmark.

Note: All peer percentage are based on reported 2022 total revenues. The full service peers are U.S. tickers CBRE, CIGI, CWK, and JLL. 2022 is the last year for which data was available as of the date of this document.

# Newmark Group, Inc. Fully Diluted Period-End Share Count Summary

As of December 31, 2023

	Fully Diluted Shares (millions)	Ownership (%)
Class A owned by Public	133.1	54%
Limited partnership units owned by employees <sup>1</sup>	47.3	19%
Class A owned by employees	19.5	8%
Other owned by employees	2.7	1%
Partnership Units owned by Cantor	24.9	10%
Class B owned by Cantor	21.3	9%
<b>Total</b>	<b>248.7</b>	<b>100%</b>

	Fully Diluted Shares (millions)	Ownership (%)
Public	133.1	54%
Employees	69.6	28%
Cantor	46.1	19%
<b>Total</b>	<b>248.7</b>	<b>100%</b>

1. In conjunction with the spin-off of Newmark, certain limited partnership units were distributed to 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 have been compensated with Newmark partnership units and partners of BGC have been compensated with BGC units and/or RSUs.

# Newmark’s Commitment to ESG

## For Our Company

Our ESG policies and practices generate sustainable long-term value for Newmark as a global citizen.



### Governance

- Established ESG Committee on Board, ESG Executive Committee and ESG Champions Council



### Staff

- Hired a Head of ESG and have sustainability staff in various departments



### Actions

- Calculated Scope 1 and Scope 2 GHG emissions
- Developed Green Lease Guidelines for Newmark office space
- Joined the National Minority Supplier Diversity Council



### Performance

- LinkedIn #1 “Top Companies in Real Estate” 2022
- Received Silver Sustainability Rating from Ecovadis, 2022



### Reporting:

- Inaugural 2022 Corporate Responsibility Report published Q4



## For Our Clients

Newmark’s property and facility management teams improve client’s workplace sustainability by reducing energy usage and GHS emission.



### Energy and Sustainability Services

- Energy Reduction Target Setting
- Portfolio level energy data capture
- Site level energy data collection
- Decarbonization/net zero roadmap development
- Prioritization and funding alignment
- Clean energy procurement



### Workplace Sustainability Strategies

- LEED, WELL, Fitwel Certification
- Sustainable business practices



# Certain Revenue Terms Defined

## Fee and non-fee revenues

The Company's total revenues include certain management services revenues that equal their related expenses. These revenues represent fully reimbursable compensation and non-compensation costs recorded as part of Newmark's Global Corporate Services ("GCS") and Property Management businesses. Such revenues therefore have no impact on the Company's GAAP or Non-GAAP earnings measures and may be referred to as "Pass through revenues". The amounts recorded as pass through revenues are also recorded as "pass through expenses". Newmark's total revenues also include non-cash gains with respect to originated mortgage servicing rights ("OMSRs"), which represent the fair value of expected net future cash flows from servicing recognized at commitment, net. Such non-cash gains may also be called "OMSR revenues." Newmark may also refer to Pass through revenues and OMSR revenues together as "non-fee revenues", and the remainder of its total revenues as "fee revenues".

## Commission-based revenues

"Commercial mortgage origination, net" includes origination fees related to Newmark's multifamily GSE/FHA business and fees from commercial mortgage brokerage and loan sale advisory (together, "Fees from commercial mortgage origination, net"), and includes all OMSR revenues. Revenues from Investment sales and mortgage brokerage transactions may together be referred to as "capital markets". Newmark's "commission-based" revenues include Leasing and other commissions, Investment sales, fees from commercial mortgage origination, net, and Valuation and Advisory. In these businesses, revenue-generating professionals earn a substantial portion or all their compensation based on their production (and who therefore may also be referred to as "producers"). Commission-based revenues exclude OMSR revenues because Newmark does not compensate its producers based on this non-cash item.

## Recurring revenues

"Servicing and other revenues" may be called Newmark's "servicing business" and includes servicing fees (other than those related to Spring11), interest income on loans held for sale, escrow interest, and yield maintenance fees, which all relate primarily to Newmark's multifamily GSE/FHA business. "Management services, servicing fees, and other" (which may also be referred to as "recurring revenues" or "recurring businesses") includes all pass through revenues, as well as fees from Newmark's servicing business, GCS, Property Management, its flexible workspace platform, and Valuation & Advisory, as well as all revenues generated by Spring11. Fees from management services, servicing, and other" are revenues from all recurring businesses excluding Pass through revenues.

Beginning in the first quarter of 2024, the portion of Spring11's revenues associated with its servicing and asset management portfolio will no longer be reported as "Management services" but will instead be recorded as part of "Servicing and other revenues". In 2023, this amount was \$8.5 million. This change will have no impact on the overall line items Fees from management services, servicing, and other" and "Management services, servicing fees, and other", or on the Company's consolidated results.

## Contractual Business

"Contractual business", which may be used interchangeably with "contractual services" or "contractual revenues", is defined as business for which the Company has a contract with a client that is generally for a year or longer. Contractual business, when quantified, includes all revenues related to landlord representation (or "agency") leasing, loan servicing (including escrow interest income), outsourcing (including property management, facilities management, and asset management), and lease administration. It also includes certain fees under contract produced by the Company's flexible workspace and tenant representation service lines.

## Revenues by Geography and Property Type

For revenues by geography: East U.S. includes Connecticut, Delaware, Florida, Georgia, Massachusetts, Maryland, Maine, North Carolina, New Hampshire, New Jersey, Pennsylvania, Rhode Island, South Carolina, Virginia, Vermont, and West Virginia. Central U.S. includes Alabama, Arkansas, Iowa, Idaho, Illinois, Indiana, Kansas, Kentucky, Louisiana, Michigan, Minnesota, Missouri, Mississippi, North Dakota, Nebraska, Ohio, Oklahoma, South Dakota, Vermont, Virginia, and West Virginia. West U.S. includes Alaska, Arizona, Colorado, Hawaii, Montana, New Mexico, Nevada, Oregon, Utah, Washington, and Wyoming. For revenues by property type: Revenues from leasing, capital markets, and Valuation & Advisory are broken out by the property types listed. "Industrial" also includes warehouse and R&D. "Specialty/Other" includes, land, municipal, and specialty/mixed-use. "Multifamily" also includes all origination revenues and servicing fees. Revenues from property and facilities management are broken out by property type based on year-end portfolio square footage and/or mix of management fees by property type.

Additional details on current and historical amounts for certain of Newmark's revenues are available in the Company's quarterly supplemental Excel tables.

# Other Useful Information

## Signature Transactions

The book value of the overall loan portfolio was approximately \$60 billion when Newmark was retained as an advisor by the FDIC and approximately \$53 billion when the Company began marketing the loans, while the completed transactions had a combined notional value of \$39.5 billion. The latter figure consisted of \$21.7 billion of equity placements recorded as part of the Company's investment sales volumes and \$17.8 billion of loan sales recorded as mortgage brokerage. A portion of the loans did not relate to real estate. For more information, please see various announcements, press releases, and other information on the FDIC website, including: "FDIC Announces Upcoming Sale of the Loan Portfolio from the Former Signature Bank, New York, New York", "SIGF-23 Sale Announcement \$18.5 Billion All Cash Loan Sale", "SIGCRE-23 Sale Announcement \$33.22 Billion Commercial Real Estate Loan Portfolio", "FDIC Signature Bank Receivership Sells 20 Percent Equity Interest in Entity Holding \$9 Billion Rent-Stabilized / Rent-Controlled Multifamily Loans", "FDIC Signature Bridge Bank Receivership Sells Five Percent Equity Interest in Entities Holding \$5.8 Billion of Rent-Stabilized / Rent-Controlled Multifamily Loans", and "FDIC Signature Bridge Bank Receivership Sells 20 Percent Equity Interest in Entity Holding \$16.8 Billion of Commercial Real Estate Loans".

## Other Recent Highlights

For more on the other recent highlights mentioned at the beginning of this document, please see: (i) the Newmark press releases titled "Newmark Represents DrinkPAK in Two New Industrial Leases in Fort Worth, Totaling 2.9 Million Square Feet", the article called "2023's Largest Office Lease: Paul Weiss Takes 765K SF at 1345 Avenue of the Americas", and the following press releases: "Fisher Brothers and J.P. Morgan Announce Largest Commercial Office Lease In The United States In 2023 At 1345 Avenue Of The Americas", and "Newmark Facilitates Sale of 2.2 Million-Square-Foot Mixed-Use Corporate Campus in Dallas-Fort Worth" (which, according to Real Estate alert, was the largest U.S. office transaction in 2023 in terms of square footage with respect to a majority or 100% of a building, the second largest including minority interest sales, and the fourth largest in terms of total sales price.)

## Recent Acquisitions and Hires

On March 10, 2023, the Company acquired London-based real estate advisory firm, Gerald Eve, which operates from nine U.K. offices across multiple business lines and property types. The firm generated a majority of its fiscal year 2022 total revenues from management services, and has particular strength in capital markets, corporate real estate advisory, planning and development, tenant representation, landlord (or agency) leasing, and valuation. For the trailing twelve months ended March 31, 2023, MSCI ranked Gerald Eve at number three for U.K. industrial investment sales. Newmark also announced the acquisitions of three other companies in the second quarter of 2022. Together, these companies contributed revenues to Newmark's management services, leasing, and investment sales businesses.

In the first quarter of 2023, Newmark purchased the approximately 49% of Spring11 that it did not already own, having held a controlling stake since 2017. The acquisition of the balance of Spring11 significantly increased the size of the Company's overall servicing and asset management portfolio. Spring11 provides commercial real estate due diligence, consulting, asset management and limited servicing, as well as advisory services to a variety of clients, including lenders, investment banks and investors.

For more information on these acquisitions, please see the Company's most recent Quarterly Report on Form 10-Q, its forthcoming Annual Report on Form 10-K, and/or the following the press releases on its website: "Newmark Acquires Top UK-Based Real Estate Advisory Firm Gerald Eve", "Newmark Acquires Esteemed Boston-Based Firm McCall & Almy", "Newmark Acquires Premier London Capital Markets and Leasing Real Estate Advisory Firm, BH2", and "Newmark Acquires Renowned North American Retail Advisory Business, Open Realty".

For additional information about key hires in 2023 and thus far in 2024, see the Company's investor relations website for press releases including: "Newmark Lands Leading National Affordable Housing Advisory Team", "Newmark Hires Matthew Featherstone as Head of Debt & Structured Finance for the UK and Europe", "Newmark Expands Debt Platform in Partnership with U.S. Capital Markets Team, Industry Powerhouse Jonathan Firestone to Join and Co-Head", "Newmark Launches Data Center and Digital Infrastructure Capital Markets Business, Attracts Top Talent", "Newmark Hires Norm Taylor as President for Canada", "Newmark Hires Accomplished Industrial Expert Jack Fraker, Fortifying Global Capital Markets Practice", "Newmark Lands Leading U.S. Capital Markets Team", and "Newmark Appoints Chris Carver as Head of Asia-Pacific for its Valuation & Advisory Practice", as well as more than 30 other releases and/or articles with respect to those whose hiring was announced between January 1, 2023, and February 21, 2024 in the "Media" section of Newmark's main website.

# Other Useful Information (continued)

## Cash Flow Conversion Ratios and Cash Generated by the Business

Net cash provided by operating activities under GAAP has totaled ~63% of Adjusted EBITDA and ~88% of Post-tax Adjusted Earnings from 2017 (our IPO Year) through 2023. Net cash provided by operating activities excluding activity from loan originations and sales ("CFFO before lending activity"), as well as before the impact of cash used with respect to the 2021 Equity Event, has totaled ~63% of Post-tax Adjusted Earnings over the same period.

Cash generated by the business means "Net cash provided by (used in) operating activities excluding loan originations and sales", before the impact of cash used for employee loans (which Newmark considers to be a form of investment, but which is recorded as part of operating cash flow) and the impact of cash used with respect to the 2021 Equity Event. For more information, see the section of the Company's most recent quarterly supplemental Excel tables titled "Details of Certain Components Of 'Net Cash Provided By (Used In) Operating Activities'".

## Newmark and Industry Volumes

Newmark's investment sales figures include investment sales and equity transactions, while mortgage brokerage figures include the Company's debt placement transactions, all measured in notional terms. Volumes from the Company's investment sales and mortgage brokerage transactions may together be referred to as "capital markets". Fannie Mae and Freddie Mac together are also called the "government sponsored enterprises" or "GSEs", while the Federal Housing Administration is also called the "FHA." Volumes for Newmark's mortgage brokerage and GSE/FHA multifamily originations businesses together may be referred to as "total debt". The Company calculates its notional GSE/FHA origination volumes based on when loans are rate locked, which is consistent with how certain revenues are recorded as part of "Commercial mortgage origination, net". The Company's mix of GSE/FHA originations, and therefore revenues, can vary depending on the size of loans, as well by the categories of loans with respect to the FHA, Freddie Mac, and different Fannie Mae structures. Any overall industry investment sales market share and volume data discussed herein are preliminary and from MSCI (previously known as RCA). Any other U.S. industry debt volumes are from the MBA, MSCI, and/or Trepp, while any GSE data is from Fannie Mae, Freddie Mac, and/or the MBA.

MSCI's preliminary U.S. and European investment sales figures (which exclude all activity related to loan sales) indicate that industry volumes declined by 41% and 43%, respectively year-on-year in the fourth quarter of 2023. In comparison, Newmark's quarterly investment sales volumes were up by 168%, which includes the equity portion of the Signature transactions. The Company's investment sales volumes would have been down by 16% without these transactions. Newmark's U.S. ranking for full year 2023 (number 3), the first nine months of 2023 (number 5), and full year 2022 (number 4) are based on MSCI's U.S. Capital Trends reports, which were published January 22, 2024, October 16, 2023, and January 17, 2023, respectively. The Company's fourth quarter 2023 rank is based on MSCI's proprietary databases as of the latter date.

The Company's quarterly total debt volumes quarterly increased by 185%, which includes the debt portion of the Signature transactions and would have declined by 24% excluding it. According to the MBA (which also excludes all activity related to loan sales), U.S. commercial and multifamily originations declined by 25% year-on-year in the fourth quarter.

Costar's recent analysis of new U.S. office leases suggests that full year 2023 activity was down 14% compared with 2019 on a square foot basis. Based on their analysis of CoStar data, Wolfe Research recently estimated that overall U.S. leasing volumes and U.S. office leasing volumes were down by approximately 12% and 16% year-on-year, respectively, in the fourth quarter of 2023. Wolfe also estimated that U.S. leasing volumes and U.S. office leasing volumes for full year 2023 were down by approximately 12% and 14%, respectively, versus 2022. Costar's recent analysis of new office leases in the U.K. suggests that full year 2023 activity was down by as much as 24% compared with 2019 on a square foot basis. Preliminary CoStar data also suggests that overall U.K. leasing volumes and U.K. office leasing volumes were down by as much as 19% and 9% year-on-year, respectively, versus 2022.

Please see the accompanying supplemental Excel tables and quarterly results presentation on the Company's investor relations website for more information with respect to volumes for Newmark and/or the industry.

# Other Useful Information (continued)

## Other Industry Data

Preqin estimates that there was approximately \$405 billion of investible dry powder held by global closed-end funds at real estate focused institutions as of December 2023, of which \$259 billion was held by North American focused funds and \$71 billion by funds focused on Europe. This is in addition to the significant amount of real estate assets held by other types of investors and owners. According to the most recent data from MSCI, the overall size of the professionally managed global real estate investment market was \$13.3 trillion in 2022, while the size of the overall investible market was \$19.5 trillion. As of the most recently available data from the MBA, there were approximately \$4.7 trillion in U.S. commercial and multifamily mortgage debt outstanding as of December 31, 2023 (excluding loans for acquisition, development, and construction, as well as loans collateralized by owner-occupied commercial properties.) Of this amount, approximately \$2.6 trillion is expected to mature between 2024 and 2028, according to the MBA.

According to CoStar, quality office assets continue to command a disproportionate share of the US market's limited activity, with leasing activity in the Class A sector accounting for 53.1% of all U.S. office leasing in the fourth quarter of 2023. Newmark Research classifies CoStar's 4 and 5 star buildings to be considered as Class A. CoStar data for this figure is as of 1/16/2024.

## The Impact of Nasdaq

The receipt of shares from Nasdaq may also be referred to as the "Earn-out". In the second quarter of 2021, Newmark recorded a gain of \$1,093.9 million related to the final Earn-out, based on the June 30, 2021, closing price of \$175.80. Between that date and March 31, 2022, the Company sold 100% of these shares, which contributed to gains in the second through fourth quarters of 2021 and a loss in the first quarter of 2022, all recorded as part of GAAP other income or loss. In aggregate, Newmark sold its Nasdaq stock over this timeframe for the effective price of \$180.66 per share, resulting in cumulative proceeds of \$1,124.1 million and an additional net gain of \$30.2 million.

For additional information about the Earn-out and related monetization transactions (the "Nasdaq Forwards"), which were a component of GAAP other income for certain periods from the third quarter of 2017 through the first quarter of 2022, see the sections of the Company's most recent SEC filings on Form 10-Q and/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.

## The 2021 Equity Event

The "Impact of the 2021 Equity Event" is defined in the section of this document called "Excluded Compensation-Related Items with Respect to the 2021 Equity Event under Adjusted Earnings and Adjusted EBITDA" under "Non-GAAP Financial Measures". For additional details on how the 2021 Equity Event impacted share count, cash flow, and GAAP expenses, see the section of the Company's second quarter 2021 financial results press release titled "Additional Details About the Impact of Nasdaq and the 2021 Equity Event" and the related SEC filing on Form 8-K, as well as any subsequent disclosures in filings on Forms 10-Q and/or 10-K.

Appendix 2:

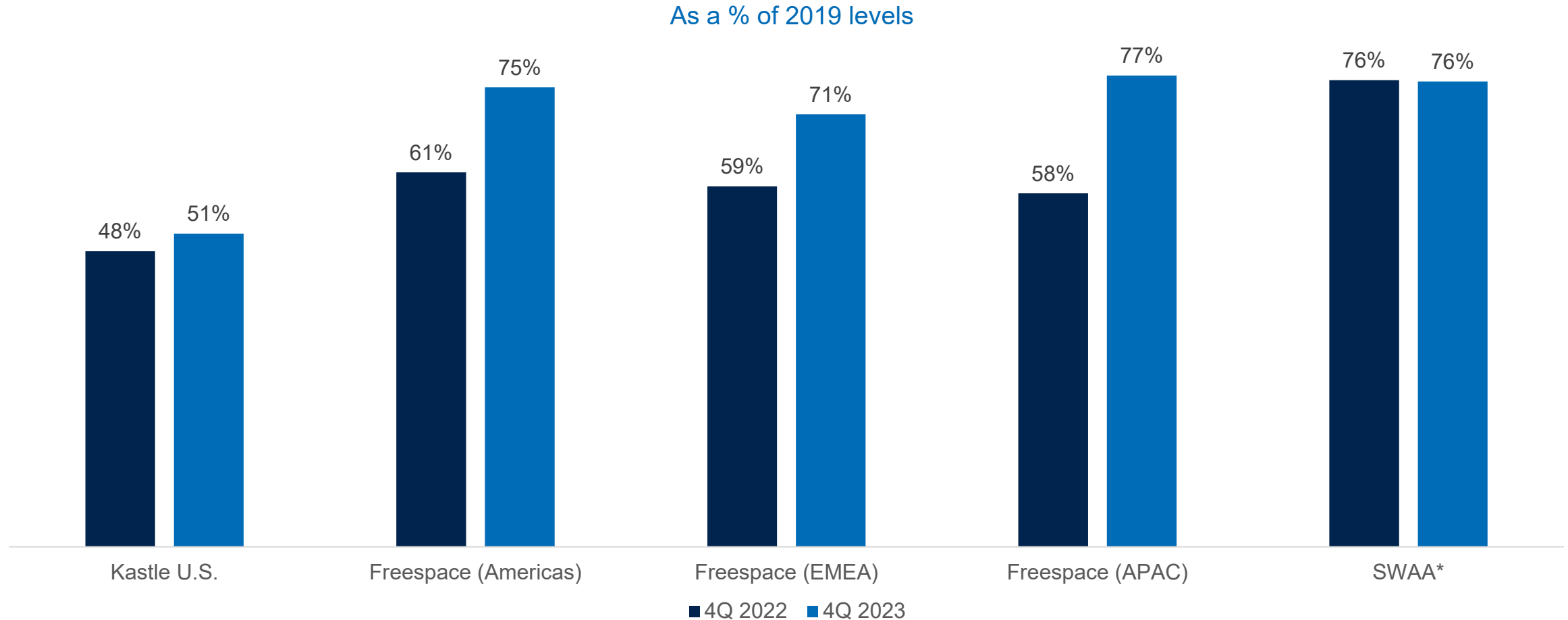
# Additional Industry Information



Property Type: Office

# Return to Workplace Continues to Improve Year-Over-Year

While workplace utilization has not reached pre-pandemic levels, year-over-year change suggests improvement



- Subsequent to the above, the latest end of January Kastle Back to Work Barometer climbed to a post-pandemic high of 53% while Freespace also saw the highest weekly global average occupancy post-pandemic in February.

Sources:

Kastle: Data is from Bloomberg, as of 12/13/2023.

Freespace: Freespace Americas data shown in chart above is as of mid-December 2023. All Freespace data are rebased using 2019 averages.

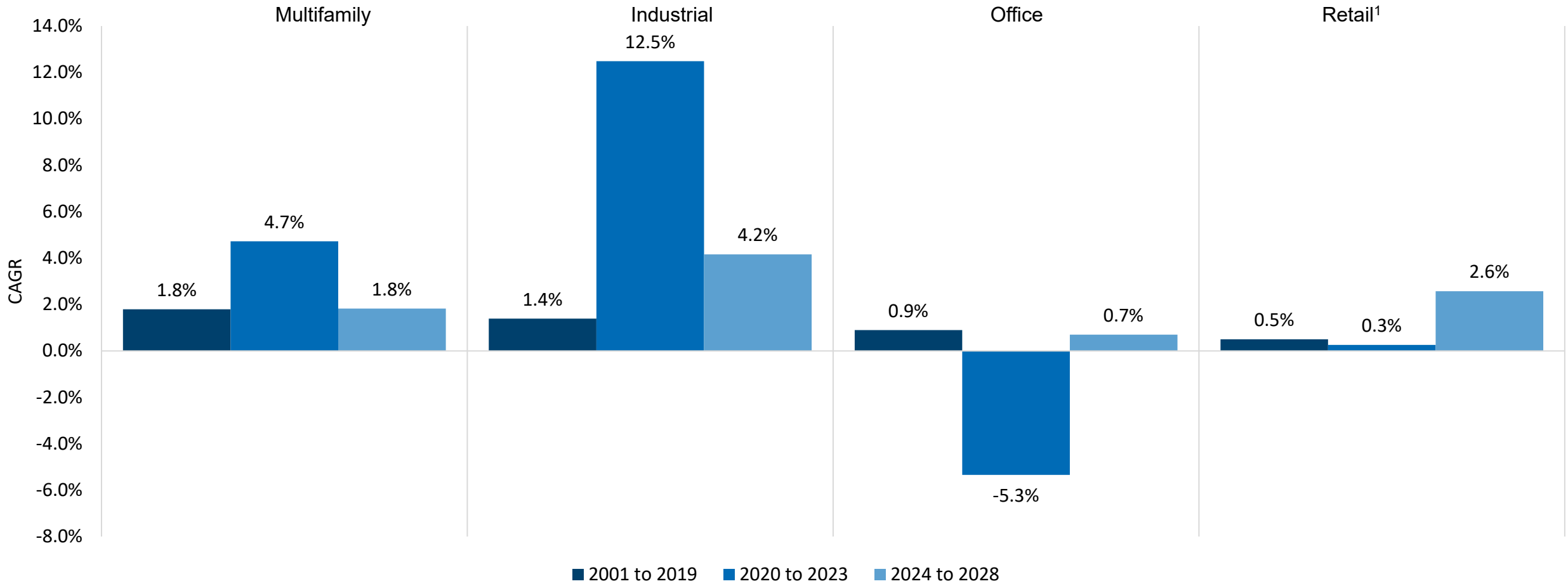
Survey of Working Arrangements and Attitudes (SWAA data): Data as of 12/1/2023 was used, rebased off year-end 2019 data point. As original data represents share of those working from home ("WFH") the inverse (1-WFH%) was used to make comparable to other indices. In addition to office, this data includes miscellaneous property types such as hospitality, retail, entertainment, wholesale, construction, manufacturing, and health care in the U.S. See also: Barrero, Jose Maria, Nicholas Bloom, and Steven J. Davis, 2021. "Why working from home will stick," National Bureau of Economic Research Working Paper 28731. All indices are as of mid-December because the year-end holidays may distort office occupancy.



# Retail and Industrial Fundamentals Are Expected To Remain Solid

Office expected to begin recovering next year.

## Green Street Market Rental Income Per Available Foot: Baseline Forecast



Sources: Figures are projected revenue per average square foot CAGR from 2024-2028. Based on estimates from Green Street's U.S. Commercial Property Outlook published on January 31, 2024.

1. Retail data is only based on strip center data.

Appendix 3:

# Financial Tables & Reconciliations



Property Type: Multifamily

# 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 and other non-GAAP terms are below. The Company has made certain clarifications of and/or changes to its non-GAAP measures, including "Calculation of Non-Compensation Expense Adjustments for Adjusted Earnings" that will be applicable for reporting periods beginning with the third quarter of 2023 and thereafter, as described below.

The Company has made certain clarifications of and/or changes to its non-GAAP measures, including "Calculation of Non-Compensation Expense Adjustments for Adjusted Earnings" that will be applicable for reporting periods beginning with the third quarter of 2023 and thereafter, as described below.

Historically, Adjusted Earnings excluded gains or charges related to resolutions of litigation, disputes, investigations, or enforcement matters that are generally non-recurring, exceptional, or unusual, or similar items that management believes do not best reflect Newmark's underlying operating performance. To help management and investors best assess Newmark's underlying operating performance and for the Company to best facilitate strategic planning, beginning with the third quarter of 2023 and thereafter, calculations of Adjusted Earnings will also exclude unaffiliated third-party professional fees and expense related to these items. Newmark has not modified any prior period non-GAAP measures, as it has determined such amounts were immaterial to previously reported results.

## 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, as well as certain gains and charges that management believes do not best reflect the underlying operating performance 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 stock or partnership 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 or redeemed in connection with the grant of shares of common stock at ratios designed to cover any withholding taxes expected to be paid. The Company believes that 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.
- 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 restricted stock units ("RSUs"), limited partnership units, restricted stock awards, other equity-based awards.
- Charges related to grants of equity awards, including common stock, RSUs, restricted stock awards, or partnership units with capital accounts.
- Allocations of net income to limited partnership units and FPU. 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, RSUs, restricted stock, 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.

The Company also excludes compensation charges related to non-cash GAAP gains attributable to originated mortgage servicing rights ("OMSRs") because these gains are also excluded from Adjusted Earnings and Adjusted EBITDA. OMSRs represent the fair value of expected net future cash flows from servicing recognized at commitment, net.

# Non-GAAP Financial Measures (continued)

## Excluded Compensation-Related Items with Respect to the 2021 Equity Event under Adjusted Earnings and Adjusted EBITDA

Newmark does not view the cash GAAP compensation charges related to 2021 Equity Event (the "Impact of the 2021 Equity Event") as being reflective of its ongoing operations. These consisted of charges relating to cash paid to independent contractors for their withholding taxes and the cash redemption of HDUs. These had been recorded as expenses based on Newmark's previous non-GAAP definitions, but were excluded in the recast non-GAAP results beginning in the third quarter of 2021 for the following reasons:

- But for the 2021 Equity Event, the items comprising such charges would have otherwise been settled in shares and been recorded as equity-based compensation in future periods, as is the Company's normal practice. Had this occurred, such amounts would have been excluded from Adjusted Earnings and Adjusted EBITDA and would also have resulted in higher fully diluted share counts, all else equal.
- Newmark views the fully diluted share count reduction related to the 2021 Equity Event to be economically similar to the common practice among public companies of issuing the net amount of common shares to employees for their vested stock-based compensation, selling a portion of the gross shares pay applicable withholding taxes, and separately making open market repurchases of common shares.
- There was nothing comparable to the 2021 Equity Event in 2020 and nothing similar is currently contemplated after 2021. Accordingly, the only prior period recast with respect to the 2021 Equity Event was the second quarter of 2021.

## Calculation of Non-Compensation Expense Adjustments for Adjusted Earnings

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

- Non-cash amortization of intangibles with respect to acquisitions.
- Other acquisition-related costs, including unaffiliated third-party professional fees and expenses.
- Resolutions of non-recurring, exceptional or unusual gains or charges related to resolutions of litigation, disputes, investigations, or enforcement matters that are generally non-recurring, exceptional, or unusual, or similar items that management believes do not best reflect Newmark's underlying operating performance, including related unaffiliated third-party professional fees and expenses.
- Non-cash gains attributable to OMSRs.
- Non-cash 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 intangible assets created from acquisitions.

# Non-GAAP Financial Measures (continued)

## Calculation of Other income (loss) for Adjusted Earnings and Adjusted EBITDA

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

- Unusual, non-ordinary or non-recurring gains or charges.
- Non-cash GAAP asset impairment charges.
- Gains or losses on divestitures.
- 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 receipt of the payments from Nasdaq, Inc. (“Nasdaq”), in 2021 and 2022 and the 2020 Nasdaq payment (the “Nasdaq Forwards”).
- Mark-to-market adjustments for non-marketable investments.
- Certain other non-cash, non-dilutive, and/or non-economic items.

Due to Nasdaq’s sale of its U.S. fixed income business in the second quarter of 2021, the Nasdaq Earn-out and related Forward settlements were accelerated, less certain previously disclosed adjustments. Because these shares were originally expected to be received over a 15 year period ending in 2027, the Earn-out had been included in calculations of Adjusted Earnings and Adjusted EBITDA under Newmark's previous non-GAAP methodology. Due to the acceleration of the Earn-out and the Nasdaq Forwards, the Company now views results excluding certain items related to the Earn-out to be a better reflection of the underlying performance of Newmark’s ongoing operations. Therefore, beginning with the third quarter of 2021, other income (loss) for Adjusted Earnings and Adjusted EBITDA also excludes the impact of the below items from relevant periods. These items may collectively be referred to as the "Impact of Nasdaq".

- Realized gains related to the accelerated receipt on June 25, 2021, of Nasdaq shares.
- Realized gains or losses and unrealized mark-to-market gains or losses with respect to Nasdaq shares received prior to the Earn-out acceleration.
- The impact of any unrealized non-cash mark-to-market gains or losses on “Other income (loss)” related to the Nasdaq Forwards. This item was historically excluded under the previous non-GAAP definitions.
- Other items related to the Earn-out.

Newmark's calculations of non-GAAP “Other income (loss)” for certain prior periods includes dividend income on its Nasdaq shares, as these dividends contributed to cash flow and were generally correlated to Newmark's interest expense on short term borrowing against such shares. As Newmark sold 100% of these shares between the third quarter of 2021 and the first quarter of 2022, both its interest expense and dividend income declined accordingly.



# 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 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-tax Adjusted Earnings 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, when the impact would be anti-dilutive.

# Non-GAAP Financial Measures (continued)

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. 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 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. For more information on any share count adjustments, see the table of this document and/or the Company's most recent financial results press 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 and to make decisions with respect to the Company's operations. 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 Net Income to Common Stockholders to Adjusted Earnings Before Noncontrolling Interests and Taxes 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 for the following items:

- Net income (loss) attributable to noncontrolling interest.
- Provision (benefit) for income taxes.
- OMSR revenue.
- MSR amortization.
- Compensation charges related to OMSRs.
- Fixed asset depreciation and intangible asset amortization.
- Equity-based compensation and allocations of net income to limited partnership units and FPU.
- Various other GAAP items that management views as not reflective of the Company’s underlying performance for the given period. 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; charges for exiting leases and/or other long-term contracts as part of cost-saving initiatives; and 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 Nasdaq Forwards, as well as mark-to-market adjustments for non-marketable investments.
- Interest expense.
- The Impact of Nasdaq and the Impact of the 2021 Equity Event, (together, the "Impact of Nasdaq and the 2021 Equity Event"), which are defined above.

# Non-GAAP Financial Measures (continued)

## MANAGEMENT RATIONALE FOR USING ADJUSTED EBITDA

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 Net Income to Adjusted EBITDA", including the related footnotes, for details about how Newmark's non-GAAP results are reconciled to those under GAAP.

## 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.

## NET LEVERAGE DEFINED

Newmark may also use a non-GAAP measure called "net leverage." "Net debt", when used, is defined as total corporate debt (which excludes Warehouse facilities collateralized by U.S. Government Sponsored Enterprises), net of cash or, if applicable, total liquidity, while "net leverage", when used, equals net debt divided by trailing twelve month Adjusted EBITDA.

## 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:

# Non-GAAP Financial Measures (continued)

- Certain equity-based compensation charges that may be determined at the discretion of management.
- Unusual, 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. 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, disputes, investigations, enforcement matters, or similar items, which are fluid and unpredictable in nature.

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# 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 December 31,		Year Ended December 31,	
	2023	2022	2023	2022
<b>GAAP net income available to common stockholders</b>	\$ 36,548	\$ 6,427	\$ 42,575	\$ 83,275
Provision for income taxes (1)	29,084	6,330	41,103	42,054
Net income attributable to noncontrolling interests (2)	16,793	5,699	19,800	29,270
<b>GAAP income before income taxes and noncontrolling interests</b>	<b>\$ 82,425</b>	<b>\$ 18,456</b>	<b>\$ 103,478</b>	<b>\$ 154,599</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 (3)	54,886	35,338	139,691	138,312
Other compensation adjustments (4)	1,321	(406)	5,183	2,086
<b>Total Compensation adjustments</b>	<b>56,207</b>	<b>34,932</b>	<b>144,874</b>	<b>140,398</b>
<b>Non-Compensation expense adjustments:</b>				
Amortization of intangibles (5)	4,472	3,402	17,100	14,313
MSR amortization(6)	29,082	28,577	109,877	109,076
Other non-compensation adjustments (7)	(4,555)	21,621	9,178	32,046
<b>Total Non-Compensation expense adjustments</b>	<b>28,999</b>	<b>53,600</b>	<b>136,155</b>	<b>155,435</b>
<b>Non-cash adjustment for OMSR revenues (8)</b>	<b>(23,940)</b>	<b>(21,570)</b>	<b>(82,082)</b>	<b>(109,926)</b>
<b>Other (income) loss, net:</b>				
Other non-cash, non-dilutive, and /or non-economic items and Nasdaq (9)	(9,820)	(845)	355	100,935
<b>Total Other (income) loss, net</b>	<b>(9,820)</b>	<b>(845)</b>	<b>355</b>	<b>100,935</b>
<b>Total pre-tax adjustments</b>	<b>51,446</b>	<b>66,118</b>	<b>199,302</b>	<b>286,842</b>
<b>Adjusted Earnings before noncontrolling interests and taxes ("Pre-tax Adjusted Earnings")</b>	<b>\$ 133,871</b>	<b>\$ 84,574</b>	<b>\$ 302,780</b>	<b>\$ 441,441</b>



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 (continued)  
(in Thousands, Except per Share Data) (Unaudited) (Continued)

<b>GAAP Net income available to common stockholders:</b>	\$	36,548	\$	6,427	\$	42,575	\$	83,275
Allocation of net income to noncontrolling interests (10)		17,120		5,462		21,546		28,473
Total pre-tax adjustments (from above)		51,446		66,117		199,302		286,842
Income tax adjustment to reflect adjusted earnings taxes (1)		9,236		(1,513)		(4,690)		(33,610)
<b>Post-tax Adjusted Earnings to fully diluted shareholders ("Post-tax Adjusted Earnings")</b>	<b>\$</b>	<b>114,350</b>	<b>\$</b>	<b>76,493</b>	<b>\$</b>	<b>258,733</b>	<b>\$</b>	<b>364,980</b>
<b>Per Share Data:</b>								
<b>GAAP fully diluted earnings per share</b>	<b>\$</b>	<b>0.21</b>	<b>\$</b>	<b>0.04</b>	<b>\$</b>	<b>0.24</b>	<b>\$</b>	<b>0.45</b>
Allocation of net income to noncontrolling interests		0.00		0.00		0.01		0.00
Total pre-tax adjustments (from above)		0.21		0.28		0.81		1.17
Income tax adjustment to reflect adjusted earnings taxes		0.04		(0.01)		(0.02)		(0.14)
Other		(0.00)		0.01		0.01		0.01
<b>Post-tax Adjusted Earnings per share ("Adjusted Earnings EPS")</b>	<b>\$</b>	<b>0.46</b>	<b>\$</b>	<b>0.32</b>	<b>\$</b>	<b>1.05</b>	<b>\$</b>	<b>1.49</b>
<b>Pre-tax adjusted earnings per share</b>	<b>\$</b>	<b>0.54</b>	<b>\$</b>	<b>0.36</b>	<b>\$</b>	<b>1.23</b>	<b>\$</b>	<b>1.80</b>
<b>Fully diluted weighted-average shares of common stock outstanding</b>		249,795		236,304		246,343		245,177

(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):

# 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 (continued)

(in Thousands, Except per Share Data) (Unaudited) (Continued)

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
GAAP provision for income taxes	\$ 29.1	\$ 6.3	\$ 41.1	\$ 42.1
Income tax adjustment to reflect Adjusted Earnings	(9.2)	1.5	4.7	33.6
Provision for income taxes for Adjusted Earnings	\$ 19.9	\$ 7.8	\$ 45.8	\$ 75.7

(2) Primarily represents portion of Newmark's net income pro-rated for Cantor and BGC's employees ownership percentage and the noncontrolling portion of Newmark's net income in subsidiaries.

(3) The components of equity-based compensation and allocations of net income to limited partnership units and FPU are as follows (in millions):

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
Issuance of common stock and exchangeability expenses	\$ 32.3	\$ 23.1	\$ 85.9	\$ 92.3
Allocations of net income	11.5	3.1	14.9	15.9
Limited partnership units amortization	4.5	3.1	14.3	8.3
RSU Amortization Expense	6.6	6.0	24.6	21.8
Equity-based compensation and allocations of net income to limited partnership units and FPUs	\$ 54.9	\$ 35.3	\$ 139.7	\$ 138.3

(4) Includes compensation expenses related to severance charges as a result of the cost savings initiatives of \$0.5 million and \$0.0 million for the three months ended December 31, 2023 and 2022, respectively, and \$2.4 million and \$0.0 million for the year ended December 31, 2023 and 2022, respectively. Also includes commission charges related to non-cash GAAP gains attributable to OMSR revenues of \$0.9 million and \$(0.4) million for the three months ended December 31, 2023 and 2022, respectively, and \$2.8 million and \$2.1 million for the year ended December 31, 2023 and 2022, respectively.

(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 revenues 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) The components of other non-compensation adjustments are as follows (in millions):

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
Lease expense (credits) related to liquidating entities	\$ (14.0)	\$ 1.4	\$ (8.4)	\$ 5.8
Asset impairments	3.3	22.7	10.7	27.8
Unaffiliated third party professional fees and expenses related to legal matters	1.4	-	4.3	-
Proceeds from legal settlements	(0.1)	-	(4.6)	-
Acquisition costs	-	-	2.0	(0.3)
Fair value adjustments related to acquisition earnouts	4.8	(2.5)	5.2	(1.3)
	\$ (4.6)	\$ 21.6	\$ 9.2	\$ 32.0

(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 non-cash, non-dilutive, non-economic items are as follows (in millions):

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
Nasdaq Impact	\$ -	\$ -	\$ -	\$ 87.5
Loss from the disposition of assets	-	-	8.7	-
Unrealized loss on marketable securities	0.2	0.2	0.6	0.5
(Gains)/losses on non-marketable securities	2.8	(1.0)	3.8	12.9
Proceeds from litigation settlement	(12.8)	-	(12.8)	-
	\$ (9.8)	\$ (0.8)	\$ 0.3	\$ 100.9

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

# Reconciliation of GAAP Income to Adjusted EBITDA

(in Thousands) (Unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
<b>GAAP net income available to common stockholders</b>	\$ 36,548	\$ 6,427	\$ 42,575	\$ 83,275
<b>Adjustments:</b>				
Net income attributable to noncontrolling interests <sup>(1)</sup>	16,793	5,699	19,800	29,270
Provision for income taxes	29,084	6,330	41,103	42,054
OMSR revenue <sup>(2)</sup>	(23,940)	(21,570)	(82,082)	(109,926)
MSR amortization <sup>(3)</sup>	29,082	28,577	109,877	109,076
Other depreciation and amortization <sup>(4)</sup>	14,812	18,480	56,344	56,740
Equity-based compensation and allocations of net income to limited partnership units and FPU's	54,886	35,338	139,691	138,312
Other adjustments <sup>(6)</sup>	(5,385)	13,642	9,478	21,134
Other non-cash, non-dilutive, non-economic items and Nasdaq for Adjusted EBITDA <sup>(7)</sup>	2,930	(845)	13,105	100,623
Interest expense	11,389	10,126	48,418	40,120
<b>Adjusted EBITDA ("AEBITDA")</b>	<b>\$ 166,199</b>	<b>\$ 102,204</b>	<b>\$ 398,309</b>	<b>\$ 510,678</b>

(1) Primarily represents portion of Newmark's net income pro-rated for Cantor and BGC employees ownership percentage and the noncontrolling portion of Newmark's net income in subsidiaries.

(2) Non-cash gains attributable to originated mortgage servicing rights.

(3) Non-cash amortization of mortgage servicing rights in proportion to the net servicing revenues expected to be earned.

(4) Includes fixed asset depreciation and impairment of \$10.3 million and \$15.1 million for the three months ended December 31, 2023 and 2022, respectively, and \$39.2 million and \$42.4 million for the years ended December 31, 2023 and 2022, respectively. Also includes intangible asset amortization related to acquisitions of \$4.5 million and \$3.4 million for the three months ended December 31, 2023 and 2022, respectively, and \$17.1 million and \$14.3 million for the years ended December 31, 2023 and 2022, 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) The components of other adjustments are as follows (in millions):

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
Severance charges	\$ 0.5	\$ -	\$ 2.4	\$ -
Assets impairment not considered a part of ongoing operations	2.5	15.1	7.5	14.5
Commission charges related to non-GAAP gains attributable to OMSR revenues and others	0.9	(0.4)	2.8	2.1
Fair value adjustments related to acquisition earnouts	4.8	(2.5)	5.2	(1.3)
Lease expense (credit) related to liquidating entries	(14.0)	1.4	(8.4)	5.8
	<b>\$ (5.4)</b>	<b>\$ 13.6</b>	<b>\$ 9.5</b>	<b>\$ 21.1</b>

(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. For the three months and year ended December 31, 2023, adjustments to AEBITDA does not include \$12.8 million of proceeds from the settlement of a litigation matter, which was excluded from Adjusted Earnings calculations.

## Reconciliation of “GAAP pre-tax income” to “GAAP pre-tax income excluding other income”

(in Thousands) (Unaudited)

	Three months ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
GAAP income (loss) before income taxes and noncontrolling interests ("GAAP pre-tax income")	82,425	18,456	103,478	154,599
Less: Other (income) loss (including the Impact of Nasdaq)	(9,735)	(3,730)	(13,854)	97,701
<b>GAAP pre-tax income (loss) excluding other income</b>	<b>72,690</b>	<b>14,726</b>	<b>89,624</b>	<b>252,300</b>

## Fully Diluted Weighted-Average Share Count for GAAP And Adjusted Earnings

(in Thousands) (Unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
Common stock outstanding	173,258	171,515	173,475	180,337
Limited partnership units	45,873	34,738	-	31,903
Cantor units	24,869	24,679	-	24,656
Founding partner units	3,084	3,097	-	3,385
RSUs	2,182	1,845	2,413	3,255
Newmark exchange shares	528	431	494	1,641
Fully diluted weighted-average share count for GAAP	<u>249,795</u>	<u>236,304</u>	<u>176,382</u>	<u>245,177</u>
Adjusted Earnings Adjustments:				
Common stock outstanding	-	-	-	-
Limited partnership units	-	-	41,969	-
Cantor units	-	-	24,783	-
Founding partner units	-	-	3,209	-
RSUs	-	-	-	-
Newmark exchange shares	-	-	-	-
Fully diluted weighted-average share count for Adjusted Earnings	<u>249,795</u>	<u>236,304</u>	<u>246,342</u>	<u>245,177</u>

## Liquidity Analysis Table (in Thousands) (Unaudited)

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash and cash equivalents	\$ 164,894	\$ 233,016
Marketable securities <sup>(1)</sup>	99	788
<b>Total <sup>(2)</sup></b>	<b><u>\$ 164,993</u></b>	<b><u>\$ 233,804</u></b>

(1) Since the majority of the Company's marketable securities have been sold, liquidity is primarily comprised of cash and cash equivalents. Therefore, the Company does not expect to include this table going forward.

(2) In addition to the total Liquidity figures shown above, Newmark's undrawn amount on the Credit Facility was \$600.0 million as of December 31, 2023 and December 31, 2022.

## Analysis of Operating Cash Flow (Excluding Activity from Loan Originations and Sales) Compared with Adjusted EBITDA (in Thousands) (Unaudited)

	<u>For the Three Months Ended December 31,</u>		<u>For the Year Ended December 31,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<b>Adjusted EBITDA</b>	\$ 166.2	\$ 102.2	\$ 398.3	\$ 510.7
Cash paid for interest	(21.1)	(17.2)	(45.4)	(37.8)
Loans, forgivable loans and other receivables from employees and partners <sup>(1)</sup>	(33.7)	(31.0)	(243.3)	(131.6)
Other, working capital	6.5	11.2	47.0	19.8
Corporate Tax payments	(12.6)	(13.1)	(58.6)	(99.6)
<b>Net cash provided by (used in) operations excluding activities from loan originations and sales <sup>(2)</sup></b>	<b><u>\$ 105.3</u></b>	<b><u>\$ 52.1</u></b>	<b><u>\$ 98.0</u></b>	<b><u>\$ 261.5</u></b>

(1) Primarily includes employee loans and advances for new hires, therefore amounts may differ from "Loans, forgivable loans and other receivables from employees and partners" in the consolidated statements of cash flows.

(2) Includes loans, forgivable loans and other receivables from employees and partners in the amount of \$33.7 million and \$31.0 million for the three months ended December 31, 2023 and 2022, respectively, and \$243.3 million and \$131.6 million for the year ended December 31, 2023 and 2022, respectively. Excluding these loans, net cash provided by (used in) operating activities excluding loan originations and sales would be \$139.0 million and \$83.1 million for the three months ended December 31, 2023 and 2022, respectively, and \$341.2 million and \$393.1 million for the year ended December 31, 2023 and 2022, respectively.

## Other Income

(\$ in Millions)

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
Nasdaq Impact	\$-	\$-	\$-	(\$87.4)
Mark-to-market gains (losses) on non-marketable investments, net	(2.8)	1.0	1.7	(12.9)
Other items, net	12.5	2.7	12.1	2.6
<b>Other income (loss), net under GAAP</b>	9.7	3.7	13.9	(97.7)
To reconcile from GAAP other income (loss), exclude:				
Nasdaq Impact	-	-	-	87.6
Mark-to-market gains (losses) on non-marketable investments, net	2.8	(1.0)	12.5	12.9
Other items, net	(12.6)	0.2	(12.1)	0.4
<b>Other income (loss), net for Pre-tax Adjusted Earnings and Adjusted EBITDA</b>	(0.1)	2.9	14.2	3.2

Newmark's Other income (loss), net under GAAP includes equity method investments that represent Newmark's pro rata share of net gains or losses and mark-to-market gains or losses on non-marketable investments. For the year ended December 31, 2023, the difference between GAAP and non-GAAP other income was due to net realized and unrealized losses on investments and proceeds from the settlement of a litigation matter. For the year ended December 31, 2022, the difference included net realized and unrealized losses on investments and losses with respect to the Nasdaq shares the Company received in 2021, which it sold between July of 2021 and March of 2022.

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