



## Reis, Inc. Announces Fourth Quarter and Full-Year 2017 Financial Results

March 8, 2018

### **Q4 2017 Revenue Grows 6.1%**

#### **- Revenue Growth Rate and Margin Expansion Through the Year -**

NEW YORK, March 08, 2018 (GLOBE NEWSWIRE) -- Reis, Inc. (NASDAQ:REIS) ("Reis" or the "Company"), a leading provider of commercial real estate market information and analytical tools, announced its financial results for the fourth quarter and year ended December 31, 2017.

#### **Fourth Quarter 2017 Financial Highlights**

- Total revenue of \$12.2 million, up 6.1% fourth quarter 2017 over 2016; subscription revenue of \$11.8 million, up 4.4% quarter-over-quarter
- Income before income taxes of \$1.0 million for fourth quarter 2017, or 8.5% of total revenue, compared to a (loss) before income taxes of \$(141,000) in the corresponding 2016 period
- Net loss of \$(4.5) million, or \$(0.40) per diluted share for fourth quarter 2017, inclusive of a one-time deferred tax asset reduction of \$5.1 million as a result of the Tax Cuts and Jobs Act enacted by the U.S. Federal government on December 22, 2017
- Reis Services EBITDA of \$4.3 million, up 62.4% fourth quarter 2017 over 2016; consolidated Adjusted EBITDA of \$3.8 million, up 63.8% quarter-over-quarter
- Quarter ended with nearly \$20 million in cash and no debt
- Deferred revenue ended 2017 at \$26.5 million, Reis's highest reported balance and a year-over-year increase of \$1.5 million

Reis's CEO, Lloyd Lynford, noted, "Total revenue grew and our margins again increased sequentially in the fourth quarter, as has been the case throughout 2017. Our improving financial performance is a direct result of the deliberate and measured investments we have made in our operations, database, and website over the past few years. These investments have positioned us to expand our offerings and attract new firms and user groups to our services. Over the course of 2017 and thus far in 2018, we have unveiled a series of new products and product enhancements that significantly expand our target market and lay the groundwork for future growth. In particular, we believe our "Every Property, Everywhere" initiative and our API delivery system have opened up substantial new revenue opportunities with existing clients and prospects, as well as with emerging Fintech companies."

#### **Fourth Quarter and 2017 Financial Summary**

##### *Revenue*

Total revenue was \$12.2 million for the three months ended December 31, 2017, growth of 6.1% over the fourth quarter 2016 reported amount of \$11.5 million. Total revenue in the 2017 fourth quarter was comprised of subscription revenue of \$11.8 million and other revenue of \$0.4 million. Total revenue in the year ended December 31, 2017 was \$48.2 million, a moderate increase of 1.4% from the 2016 reported amount. Total revenue for the year ended December 31, 2017 was comprised of \$46.8 million of subscription revenue and \$1.4 million of other revenue. Subscription revenue for the three months and year ended December 31, 2017 grew 4.4% and 3.1%, respectively, over the corresponding 2016 periods. The fourth quarter 2017 marks the sixth consecutive quarter over quarter growth in subscription revenue and the third consecutive quarter over quarter growth in total revenue.

##### *Total operating expenses*

Total operating expenses for the quarter ended December 31, 2017 were \$8.2 million compared to \$8.5 million for the corresponding period last year. The decrease was driven primarily by a decline in sales and marketing expenses of \$292,000, and a \$187,000 decline in general and administrative expense as a result of reduced legal fees and lower occupancy costs. Total operating expenses for the year ended December 31, 2017 were \$33.1 million compared to \$31.7 million for the prior year. The increase was driven primarily by an increase in sales and marketing expenses of \$747,000 as a result of higher employment costs associated with new hires in sales management, sales enablement and marketing and a \$529,000 increase in product development expense as a result of the Company's investment in its websites and databases.

##### *Income (loss) before income taxes*

Income before income taxes was \$1.0 million for the three months ended December 31, 2017 as compared to a loss of \$(0.1) million for the corresponding 2016 period. Income before income taxes was \$2.4 million for the year ended December 31, 2017 as compared to income before income taxes of \$4.7 million for the corresponding 2016 period.

##### *Income tax expense*

Income tax expense for the quarter ended December 31, 2017 was \$5.6 million compared to \$89,000 for the corresponding period last year. The fourth quarter of 2017 tax expense was primarily driven by corporate Federal tax reform that was signed into law in December 2017. The Company remeasured its deferred tax assets as a result of the Federal corporate tax rate reduction from 35% to 21% and recorded a provisional estimate of \$5.1 million at December 31, 2017 to reduce the deferred tax asset balance.

##### *Net income (loss)*

The Company's net loss was \$(4.5) million, or \$(0.40) per diluted share, for the three months ended December 31, 2017 as compared to a loss of \$(0.2) million, or \$(0.02) per diluted share, for the corresponding 2016 period. The Company's net loss was \$(3.2) million, or \$(0.28) per diluted share, for the year ended December 31, 2017 as compared to net income of \$2.8 million, or \$0.24 per diluted share, for the corresponding 2016 annual period.

##### *Reis Services EBITDA and Consolidated Adjusted EBITDA*

Reis Services EBITDA was \$4.3 million during the fourth quarter of 2017, growth of 62.4% over the fourth quarter 2016 reported amount of \$2.7 million. The Reis

Services EBITDA margins were 35.3% and 23.1% for the three months ended December 31, 2017 and 2016, respectively (see the "Supplemental Financial Information and Reconciliations from GAAP to Non-GAAP Metrics" section at the end of this earnings release for a definition and reconciliations of net income to EBITDA and Adjusted EBITDA for the Reis Services segment and on a consolidated basis). Reis Services EBITDA was \$15.1 million for the year ended December 31, 2017, a slight decline of (2.6)% from the 2016 reported amount of \$15.5 million. The Reis Services EBITDA margins were 31.4% and 32.7% for the years ended December 31, 2017 and 2016, respectively.

Consolidated Adjusted EBITDA was \$3.8 million for the three months ended December 31, 2017, growth of 63.8%, from the fourth quarter 2016 amount. The consolidated Adjusted EBITDA margins were 30.9% and 20.0% for the three months ended December 31, 2017 and 2016, respectively. Consolidated Adjusted EBITDA for the year ended December 31, 2017 was \$12.8 million, a decline of (5.3)% from the comparable 2016 reported amount of \$13.5 million. The consolidated Adjusted EBITDA margins were 26.6% and 28.5% for the years ended December 31, 2017 and 2016, respectively.

#### **Subsequent to the End of the Quarter**

- Expanded coverage to all commercial properties nationwide in "Every Property, Everywhere" initiative
- Announced early success in sales of Application Programming Interface ("API") delivery system
- Increased coverage of the self storage sector to 125 markets
- Increased regular quarterly cash dividend by 11.8% to \$0.19 per share

#### **Balance Sheet, Liquidity and Other Metrics**

The Company had cash and cash equivalents of \$19.7 million as of December 31, 2017 compared to \$21.5 million as of December 31, 2016.

Investments in the Company's website and database intangible assets totaled \$8.6 million for the year ended December 31, 2017 compared to \$8.5 million for the year ended December 31, 2016. These investments are in support of the Company's continuing strategy to provide more granular data at the property level, which has resulted in "Every Sale, Everywhere" and "Every Property, Everywhere."

The Company's Board of Directors, declared and the Company paid, quarterly dividends to shareholders of \$1.96 million during the three months ended December 31, 2017 and \$7.88 million during the year ended December 31, 2017, or a rate of \$0.17 per share for each of the four quarters of 2017.

The Company repurchased 13,111 shares of its common stock at an average price of \$18.57 per share in the fourth quarter and 182,028 shares at an average price of \$18.80 per share for the year, leaving approximately \$0.4 million available under its existing program to purchase additional shares.

Deferred revenue was \$26.5 million as of December 31, 2017 compared to \$25.0 million as of December 31, 2016. Aggregate Revenue Under Contract was \$52.0 million as of December 31, 2017 compared to \$51.0 million as of December 31, 2016. (see the "Supplemental Financial Information and Reconciliations from GAAP to Non-GAAP Metrics" section at the end of this earnings release for a definition and reconciliations of Deferred revenue to Aggregate Revenue Under Contract). The forward twelve-month component of Aggregate Revenue Under Contract was \$35.9 million as of December 31, 2017 compared to \$34.8 million as of December 31, 2016. Each of these metrics demonstrates strong visibility into future revenue.

The Company's base renewal rate, including price increases, was 88.3% for the year ended December 31, 2017. These rates are improved from the renewal rate, including price increases, reported for the year ended December 31, 2016 of 85.7%.

#### **Additional Information**

This press release should be read in conjunction with the annual report on Form 10-K for the year ended December 31, 2017, which was filed with the Securities and Exchange Commission ("SEC") on March 8, 2018. In addition, see the "Supplemental Financial Information and Reconciliations from GAAP to Non-GAAP Metrics" section at the end of this earnings release for a definition and reconciliations of net income to EBITDA and Adjusted EBITDA for the Reis Services segment and on a consolidated basis, as well as for other information.

#### **Investor Conference Call**

The Company will host a conference call on March 8, 2018, at 11:00 AM (EST). This call is for the benefit of existing and prospective stockholders, stock analysts, and other interested parties to discuss the full year and fourth quarter 2017 results and other matters.

The dial-in number from inside the U.S. and Canada for this teleconference is (877) 390-5537. The dial-in number for outside the U.S. and Canada is (760) 666-3763. The conference ID is 7695839, or "Reis." A replay of the conference call will be available from shortly after the conference call through 2:00 PM (EDT) on March 15, 2018 by dialing (855) 859-2056 from inside the U.S. and Canada or (404) 537-3406 from outside the U.S. and Canada, and referring to the conference ID: 7695839 or "Reis." An audio webcast of the conference call will also be available on Reis's website at [www.reis.com/events](http://www.reis.com/events) and will remain on the website for a period of time following the call.

#### **About Reis**

Reis provides commercial real estate ("CRE") market information and analytical tools to real estate professionals. Reis maintains a proprietary database of information on all commercial properties in metropolitan markets and neighborhoods throughout the U.S. This information is used by CRE investors, lenders and other professionals to make informed buying, selling and financing decisions. In addition, Reis data is used by debt and equity investors to assess, quantify and manage the risks of default and loss associated with individual mortgages, properties, portfolios and real estate backed securities. Reis currently provides its information services to many of the nation's leading lending institutions, equity investors, brokers and appraisers.

Reis's database and analytical tools has historically covered the nine key property types most important to real estate professionals focused on the U.S. CRE market (apartment, office, retail, warehouse/distribution, flex/research & development, self storage, seniors housing, student housing and affordable housing), providing up to 38 years of trend analysis and market forecasts for up to 275 metropolitan markets and thousands of submarkets. With the completion of a multi-year initiative to expand upon this cornerstone asset, Reis now offers market information, transaction data and building insights for all commercial properties throughout the nation, regardless of location, size, or use type. The achievement of "Every Property, Everywhere" positions Reis to serve all CRE professionals and use-cases both within and beyond the Company's traditional property types and coverage boundaries. In parallel with the development of "Every Property, Everywhere," the Company has also built a new Application Programming Interface ("API"), a delivery system that embeds Reis's data (legacy and newly launched) into any client's and prospect's internal system, regardless of platform.

The Company's product portfolio features *Reis SE*, its flagship delivery platform aimed at larger and mid-sized enterprises. Other products include: *Reis Portfolio CRE* and other portfolio support products and services, aimed primarily at risk managers and credit administrators at banks and non-bank lending institutions; and *ReisReports*, aimed at prosumers and smaller enterprises. It is through these products that Reis provides online access to a proprietary database of commercial real estate information and analytical tools designed to facilitate debt and equity transactions as well as ongoing asset and portfolio evaluations.

Depending on the product or level of entitlement, users have access to market trends and forecasts at metropolitan and neighborhood levels throughout the U.S. and/or detailed building-specific information such as rents, vacancy rates, lease terms, property sales, new construction listings, property valuation estimates and property level tax information. Reis's products are designed to meet the demand for timely and accurate information to support the decision making of property owners, developers, builders, banks and non-bank lenders, equity investors and service providers. These real estate professionals require access to timely information on both the performance and pricing of assets, including detailed data on market transactions, supply, absorption, rents and sale prices. This information is critical to all aspects of valuing assets and financing their acquisition, development and construction.

For more information regarding Reis's products and services, visit [www.reis.com](http://www.reis.com) and [www.reisreports.com](http://www.reisreports.com).

#### Cautionary Statement Regarding Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements may relate to the Company's or management's outlook or expectations for earnings, revenues, expenses, margins, asset quality, or other future financial or business performance, strategies, prospects or expectations, or the impact of legal, regulatory or supervisory matters on our business, operations or performance. Specifically, forward-looking statements may include:

- statements relating to future services and product development of our business;
- statements relating to business prospects, potential acquisitions, sources and uses of cash, revenue, expenses, margins, net income, cash flows, renewal rates, valuation of assets and liabilities and other business metrics of the Company and its businesses, including EBITDA (as defined herein), Adjusted EBITDA (as defined herein) and Aggregate Revenue Under Contract (as defined herein); and
- statements preceded by, followed by or that include the words "estimate," "plan," "project," "intend," "expect," "anticipate," "believe," "seek," "target" or similar expressions relating to future periods.

Forward-looking statements reflect management's judgment based on currently available information and involve a number of risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. With respect to these forward-looking statements, management has made certain assumptions. Future performance cannot be assured. Actual results may differ materially from those contemplated by the forward-looking statements. Some factors that could cause actual results to differ include:

- lower than expected revenues and other performance measures such as net income, income from continuing operations, income before income taxes, EBITDA and Adjusted EBITDA;
- inability to retain and increase the Company's subscriber base;
- inability to execute properly on new products and services, or failure of subscribers to accept these products and services;
- competition;
- inability to attract and retain sales and senior management personnel;
- inability to access adequate capital to fund operations and investments in our business;
- difficulties in protecting the security, confidentiality, integrity and reliability of the Company's data;
- changes in accounting policies or practices;
- legal and regulatory issues;
- the results of pending, threatening or future litigation; and
- the risk factors listed under "Item 1A. Risk Factors" in our annual report on Form 10-K for the year ended December 31, 2017, which was filed with the Securities and Exchange Commission ("SEC") on March 8, 2018, including the "Risk Factors" section of these filings and the Company's other filings with the SEC, and are available at the SEC's website ([www.sec.gov](http://www.sec.gov)).

You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date of this release. Except as required by law, the Company undertakes no obligation to publicly update or release any revisions to these forward-looking statements to reflect any events or circumstances after the date of this release or to reflect the occurrence of unanticipated events.

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## Supplemental Financial Information and Reconciliations from GAAP to Non-GAAP Metrics

REIS, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS

	December 31, 2017		2016	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$	19,670,613	\$	21,490,586
Accounts receivable, net		9,744,513		10,743,505
Prepaid and other assets		681,039		792,991
Total current assets		30,096,165		33,027,082
Furniture, fixtures and equipment, net of accumulated depreciation of \$1,891,684 and \$1,082,793, respectively		4,919,230		5,260,443
Intangible assets, net of accumulated amortization of \$48,892,725 and \$41,861,561, respectively		19,474,411		17,922,282
Deferred tax asset, net		12,072,118		16,814,737
Goodwill		54,824,648		54,824,648
Other assets		217,161		295,349
Total assets	\$	121,603,733	\$	128,144,541
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
Current liabilities:				
Current portion of debt	\$	—	\$	—
Accrued expenses and other liabilities		4,149,363		4,031,444
Deferred revenue		26,533,983		25,031,100
Total current liabilities		30,683,346		29,062,544
Other long-term liabilities		2,447,037		1,902,081
Total liabilities		33,130,383		30,964,625
Commitments and contingencies				
Stockholders' equity:				
Common stock, \$0.02 par value per share, 101,000,000 shares authorized, 11,470,565 and 11,272,150 issued and outstanding, respectively		229,411		225,443
Additional paid in capital		109,361,540		107,668,599
Retained earnings (deficit)		(21,117,601 )		(10,714,126 )
Total stockholders' equity		88,473,350		97,179,916
Total liabilities and stockholders' equity	\$	121,603,733	\$	128,144,541

REIS, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Three Months Ended December 31, (Unaudited) 2017		For the Years Ended December 31, 2017		2016	
Revenue:						
Subscription revenue	\$	11,838,315	\$	11,339,471	\$	46,801,357
Other revenue		424,429		214,687		1,388,330
Total revenue		12,262,744		11,554,158		48,189,687
Cost of sales		3,038,262		3,117,610		12,565,299
Gross profit		9,224,482		8,436,548		35,624,388
Operating expenses:						
Sales and marketing		3,003,679		3,295,195		12,626,490
Product development		1,228,984		1,145,748		4,696,207
General and administrative expenses		3,922,246		4,109,051		15,742,567
Total operating expenses		8,154,909		8,549,994		33,065,264
Other income (expenses):						
Interest and other income		460		2,557		3,141
Interest expense		(32,511 )		(30,095 )		(129,628 )
						21,937 )
						(108,345 )

Total other income (expenses)	(32,051 )	(27,538 )	(126,487 )	(86,408 )
Income (loss) before income taxes	1,037,522	(140,984 )	2,432,637	4,733,642
Income tax expense	5,586,000	89,000	5,591,000	1,953,000
Net (loss) income	\$ (4,548,478 )	\$ (229,984 )	\$ (3,158,363 )	\$ 2,780,642
Net (loss) income per common share:				
Basic	\$ (0.40 )	\$ (0.02 )	\$ (0.28 )	\$ 0.25
Diluted	\$ (0.40 )	\$ (0.02 )	\$ (0.28 )	\$ 0.24
Weighted average number of common shares outstanding:				
Basic	11,467,693	11,294,023	11,482,343	11,305,110
Diluted	11,467,693	11,294,023	11,482,343	11,745,516
Dividends declared per common share	\$ 0.17	\$ 0.17	\$ 0.68	\$ 0.68

### Critical Business Metrics

Management considers certain metrics in evaluating its consolidated results and the performance of the Reis Services segment. These metrics are revenue, revenue growth, EBITDA (which is earnings (net income (loss)) before discontinued operations, interest, taxes, depreciation and amortization), EBITDA growth, EBITDA margin, Adjusted EBITDA (which is net income (loss) before discontinued operations, interest, taxes, depreciation, amortization and stock-based compensation), Adjusted EBITDA growth and Adjusted EBITDA margin. Other important metrics that management considers include cash flow generation as well as the visibility into future performance as supported by our deferred revenue and other related metrics discussed in Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our annual report on Form 10-K for the year ended December 31, 2017.

Following is a presentation of revenue, net income (loss), income before income taxes and discontinued operations, EBITDA, Adjusted EBITDA and the related margins on a consolidated basis and revenue, EBITDA and EBITDA margin for the Reis Services segment (see below for a reconciliation of net income (loss) to EBITDA and Adjusted EBITDA for both the Reis Services segment and on a consolidated basis for each of the periods presented here).

(amounts in thousands, excluding percentages)

	For the Three Months Ended		Increase (Decrease)	Percentage Increase (Decrease)	
	December 31, 2017	2016			
Consolidated:					
Total revenue	\$ 12,263	\$ 11,554	\$ 709	6.1	%
Net (loss)	\$ (4,548 )	\$ (230 )	\$ (4,318 )	(1,877.4)	)%
Income (loss) before income taxes and discontinued operations	\$ 1,038	\$ (141 )	\$ 1,179	836.2	%
EBITDA	\$ 3,229	\$ 1,791	\$ 1,438	80.3	%
EBITDA margin	26.3 %	15.5 %			
Adjusted EBITDA	\$ 3,784	\$ 2,310	\$ 1,474	63.8	%
Adjusted EBITDA margin	30.9 %	20.0 %			
Reis Services segment:					
Total revenue	\$ 12,263	\$ 11,554	\$ 709	6.1	%
EBITDA	\$ 4,328	\$ 2,665	\$ 1,663	62.4	%
EBITDA margin	35.3 %	23.1 %			

(amounts in thousands, excluding percentages)

	For the Years Ended		Increase (Decrease)	Percentage Increase (Decrease)	
	December 31, 2017	2016			
Consolidated:					
Total revenue	\$ 48,190	\$ 47,530	\$ 660	1.4	%
Net (loss) income	\$ (3,158 )	\$ 2,781	\$ (5,939 )	(213.6)	)%
Income before income taxes and discontinued operations	\$ 2,433	\$ 4,734	\$ (2,301 )	(48.6)	)%
EBITDA	\$ 10,616	\$ 11,450	\$ (834 )	(7.3)	)%
EBITDA margin	22.0 %	24.1 %			
Adjusted EBITDA	\$ 12,827	\$ 13,549	\$ (722 )	(5.3)	)%
Adjusted EBITDA margin	26.6 %	28.5 %			
Reis Services segment:					

Total revenue	\$ 48,190	\$ 47,530	\$ 660	1.4	%
EBITDA	\$ 15,134	\$ 15,537	\$ (403)	(2.6)	)%
EBITDA margin	31.4	32.7			%

## Revenue Performance

In order to provide additional insight into our revenue, we have disaggregated total revenue into two components: "Subscription" and "Other." Other revenue specifically includes revenue related to contracts for one-time custom data deliverables and one-time fees for settlements of previous unauthorized usage of Reis data. The following tables present subscription revenue, other revenue and total revenue for the three months and years ended December 31, 2017 and 2016:

(amounts in thousands, excluding percentages)

	For the Three Months Ended December 31, 2017			2016			Variance		
	\$	% of Total	%	\$	% of Total	%	\$	%	%
Subscription revenue	\$ 11,839	96.5	%	\$ 11,339	98.1	%	\$ 500	4.4	%
Other revenue (A)	424	3.5	%	215	1.9	%	209	97.2	%
Total revenue	\$ 12,263	100.0	%	\$ 11,554	100.0	%	\$ 709	6.1	%

	For the Year Ended December 31, 2017			2016			Variance		
	\$	% of Total	%	\$	% of Total	%	\$	%	%
Subscription revenue	\$ 46,802	97.1	%	\$ 45,399	95.5	%	\$ 1,403	3.1	%
Other revenue (A)	1,388	2.9	%	2,131	4.5	%	(743)	(34.9)	)%
Total revenue	\$ 48,190	100.0	%	\$ 47,530	100.0	%	\$ 660	1.4	%

(A) Other revenue includes: (1) non-subscription custom data deliverables; and (2) one-time settlements.

## Reconciliations of Net Income to EBITDA and Adjusted EBITDA

We define EBITDA as earnings (net income (loss)) before discontinued operations, interest, taxes, depreciation and amortization. We define Adjusted EBITDA as net income (loss) before discontinued operations, interest, taxes, depreciation, amortization and stock-based compensation. Although EBITDA and Adjusted EBITDA are not measures of performance calculated in accordance with GAAP, senior management uses EBITDA and Adjusted EBITDA to measure operational and management performance. Management believes that EBITDA and Adjusted EBITDA are appropriate supplemental financial measures to be considered in addition to the reported GAAP basis financial information, which may assist investors in evaluating and understanding: (1) the performance of the Reis Services segment, the primary business of the Company and (2) the Company's continuing consolidated results, from year to year or period to period, as applicable. Further, these measures provide the reader with the ability to understand our operational performance while isolating non-cash charges, such as depreciation and amortization expenses, as well as other non-operating items, such as interest income, interest expense and income taxes and, in the case of Adjusted EBITDA, isolates non-cash charges for stock-based compensation. Management also believes that disclosing EBITDA and Adjusted EBITDA will provide better comparability to other companies in the information services sector. However, because EBITDA and Adjusted EBITDA are not calculated in accordance with GAAP, they may not necessarily be comparable to similarly titled measures employed by other companies. EBITDA and Adjusted EBITDA are presented both for the Reis Services segment and on a consolidated basis. We believe that these metrics, for Reis Services, provide the reader with valuable information for evaluating the financial performance of the core Reis Services business, excluding public company costs, and for making assessments about the intrinsic value of that stand-alone business to a potential acquirer. Management primarily monitors and measures its performance, and is compensated, based on the results of the Reis Services segment. EBITDA and Adjusted EBITDA, on a consolidated basis, allow the reader to make assessments about the current trading value of the Company's common stock, including expenses related to operating as a public company. However, investors should not consider these measures in isolation or as substitutes for net income (loss), income from continuing operations, operating income, or any other measure for determining operating performance that is calculated in accordance with GAAP. Reconciliations of EBITDA and Adjusted EBITDA to the most comparable GAAP financial measure, income from continuing operations, follow for each identified period on a segment basis (including the Reis Services segment), as well as on a consolidated basis:

(amounts in thousands)

Reconciliation of Net (Loss) to EBITDA and Adjusted EBITDA for the Three Months Ended December 31, 2017	By Segment		
	Reis Services	Other (A)	Consolidated
Net (loss)			\$ (4,548)

Income tax expense				5,586
Income (loss) before income taxes and discontinued operations	\$	2,136	\$ (1,098 )	1,038
Add back:				
Depreciation and amortization expense		2,159	—	2,159
Interest expense (income), net		33	(1 )	32
EBITDA		4,328	(1,099 )	3,229
Add back:				
Stock based compensation expense, net		—	555	555
Adjusted EBITDA	\$	4,328	\$ (544 )	\$ 3,784

**By Segment**

**Reconciliation of Net (Loss) to EBITDA and Adjusted EBITDA for the Year Ended December 31, 2017**

	Reis Services	Other (A)	Consolidated	
Net (loss)			\$ (3,158 )	
Income tax expense			5,591	
Income (loss) before income taxes and discontinued operations	\$	\$ 6,949	\$ (4,516 )	2,433
Add back:				
Depreciation and amortization expense		8,056	—	8,056
Interest expense (income), net		129	(2 )	127
EBITDA		15,134	(4,518 )	10,616
Add back:				
Stock based compensation expense, net		—	2,211	2,211
Adjusted EBITDA	\$	15,134	\$ (2,307 )	\$ 12,827

**By Segment**

**Reconciliation of Net (Loss) to EBITDA and Adjusted EBITDA for the Three Months Ended December 31, 2016**

	Reis Services	Other (A)	Consolidated	
Net (loss)			\$ (230 )	
Income tax expense			89	
Income (loss) before income taxes and discontinued operations	\$	\$ 733	\$ (874 )	(141 )
Add back:				
Depreciation and amortization expense		1,905	—	1,905
Interest expense (income), net		27	—	27
EBITDA		2,665	(874 )	1,791
Add back:				
Stock based compensation expense, net		—	519	519
Adjusted EBITDA	\$	2,665	\$ (355 )	\$ 2,310

**By Segment**

**Reconciliation of Net Income to EBITDA and Adjusted EBITDA for the Year Ended December 31, 2016**

	Reis Services	Other (A)	Consolidated	
Net income			\$ 2,781	
Income tax expense			1,953	
Income (loss) before income taxes and discontinued operations	\$	\$ 8,827	\$ (4,093 )	4,734
Add back:				
Depreciation and amortization expense		6,624	6	6,630
Interest expense (income), net		86	—	86
EBITDA		15,537	(4,087 )	11,450
Add back:				
Stock based compensation expense, net		—	2,099	2,099
Adjusted EBITDA	\$	15,537	\$ (1,988 )	\$ 13,549

(A) Includes interest and other income, depreciation expense and general and administrative expenses (including public company related costs) that are not associated with the Reis Services segment.

#### Deferred Revenue and Aggregate Revenue Under Contract

Two balance-sheet based metrics management utilizes are deferred revenue and Aggregate Revenue Under Contract. Analyzing these amounts can provide additional insight into Reis Services's future financial performance. Deferred revenue, which is a GAAP basis accounting concept and is reported by the Company on the consolidated balance sheet, represents revenue from annual or longer term contracts for which we have billed and/or received payments from our subscribers related to services we will be providing over the remaining contract period. Aggregate Revenue Under Contract is the sum of deferred revenue and future revenue under non-cancellable contracts for which we do not yet have the contractual right to bill and excludes any future revenues expected to be derived from subscribers currently being billed on a monthly basis.

Deferred revenue will be recognized as revenue ratably over the remaining life of a contract for subscriptions, or in the case of future custom reports or projects, will be recognized as revenue upon completion and delivery to the customer, provided no significant Company obligations remain. At any given date, both deferred revenue and Aggregate Revenue Under Contract can be either positively or negatively influenced by: (1) the timing and dollar value of contracts signed and billed; (2) the quantity and timing of contracts that are multi-year; and (3) the impact of recording revenue ratably over the life of a multi-year contract, which moderates the effect of price increases after the first year. The following table reconciles deferred revenue to Aggregate Revenue Under Contract at December 31, 2017 and 2016, respectively.

	<b>December 31, 2017</b>	<b>2016</b>
Deferred revenue (GAAP basis)	\$ 26,534,000	\$ 25,031,000
Amounts under non-cancellable contracts for which the Company does not yet have the contractual right to bill at the period end (A)	25,470,000	25,928,000
Aggregate Revenue Under Contract	\$ 52,004,000	\$ 50,959,000

(A) Amounts are billable subsequent to December 31 of each year and represent (i) non-cancellable contracts for subscribers with multi-year subscriptions where the future years are not yet billable, or (ii) subscribers with non-cancellable annual subscriptions with interim billing terms.

Included in Aggregate Revenue Under Contract at December 31, 2017 was approximately \$35,878,000 related to amounts under contract for the forward twelve-month period through December 31, 2018. The remainder reflects amounts under contract beyond December 31, 2018. The forward twelve-month Aggregate Revenue Under Contract amount is approximately 74.5% of total revenue on a trailing twelve month basis at December 31, 2017. For comparison purposes, at December 31, 2016 and 2015, the forward twelve-month Aggregate Revenue Under Contract was \$34,778,000 and \$33,822,000, respectively, and as a percentage of that year's total revenue was approximately 73.2% and 66.5%, respectively.

[Primary Logo](#)

Source: Reis, Inc