



## Reis, Inc. Announces Second Quarter 2018 Financial Results

August 9, 2018

NEW YORK, Aug. 09, 2018 (GLOBE NEWSWIRE) -- Reis, Inc. (NASDAQ: REIS) ("Reis" or the "Company"), a leading provider of commercial real estate market information and analytical tools, today announced its financial results for the three and six months ended June 30, 2018.

As previously announced in March 2018, the Company's Board of Directors unanimously determined to explore strategic alternatives for Reis. The Reis Board of Directors and management, assisted by our bankers at Canaccord Genuity and counsel at Fried Frank, continue to focus on this process to enhance shareholder value.

The Company does not otherwise intend to comment on the process unless a specific transaction or other alternative is approved by the Board of Directors, the process is concluded or it is otherwise determined that further disclosure is appropriate or required by law. There can be no assurance that the exploration of strategic alternatives will result in any transaction or other alternative.

### Second Quarter Financial Summary

#### *Revenue*

Total revenue was \$12.0 million for the three months ended June 30, 2018, which included subscription revenue of \$11.5 million and other revenue of \$0.5 million. Total revenue in the six months ended June 30, 2018 was \$23.8 million, which included subscription revenue of \$23.1 million and other revenue of \$0.7 million. For the three months ended June 30, 2018, total revenue grew 2.3% and subscription revenue grew 0.8% over the corresponding 2017 periods.

Lloyd Lynford, the Chief Executive Officer of Reis, noted, "We are proud of our accomplishments in the first half of 2018 as we vastly expanded the size and scope of our database with our 'Every Property, Everywhere' initiative, more than doubled our coverage of self storage markets, and, most recently, began publishing detailed lease terms and effective rents for office properties. During the first half of 2018, we signed the single largest first year contract from a commercial bank in the Company's history, signed new contracts with investment sales brokers associated with the 2017 launch of our expanded sales transaction database, and generated contract wins directly associated with the launch of our API delivery platform."

#### *(Loss) Income Before Income Taxes and Net (Loss) Income*

The Company's loss before income taxes was \$(580,000) and its net loss was \$(459,000), or \$(0.04) per diluted share, for the three months ended June 30, 2018 as compared to income before income taxes of \$538,000 and net income of \$397,000, or \$0.03 per diluted share for the corresponding 2017 period. During the six months ended June 30, 2018, the Company's loss before income taxes was \$(976,000) and its net loss was \$(811,000), or \$(0.07) per diluted share, as compared to income before income taxes of \$651,000 and net income of \$932,000, or \$0.08 per diluted share for the corresponding 2017 period.

Reis's net loss for the three and six months ended June 30, 2018 was impacted by two factors having an aggregate pre-tax impact of \$915,000 and \$1,420,000, respectively:

- professional fees of \$603,000 in the three months ended June 30, 2018 and \$775,000 in the six months ended June 30, 2018 incurred in connection with our ongoing strategic alternatives review; and
- additional amortization expense of \$312,000 in the three months ended June 30, 2018 and \$645,000 in the six months ended June 30, 2018 associated with products launched in 2017 and the six months ended June 30, 2018.

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

Consolidated Adjusted EBITDA was \$2.9 million for the three months ended June 30, 2018, a decrease of 4.8% from the second quarter 2017 amount of \$3.1 million. The Consolidated Adjusted EBITDA margins were 24.6% and 26.4% for the three months ended June 30, 2018 and 2017, respectively. Consolidated Adjusted EBITDA was \$5.6 million for the six months ended June 30, 2018, a decrease of 1.1% from the 2017 comparable period amount of \$5.7 million. The Consolidated Adjusted EBITDA margins were 23.6% and 23.8% for the six months ended June 30, 2018 and 2017, 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 (loss) income to EBITDA and Adjusted EBITDA for the Reis Services segment and on a consolidated basis). The professional fees associated with the strategic alternatives review are excluded from the calculation of Consolidated Adjusted EBITDA.

Reis Services EBITDA was \$3.5 million during the three months ended June 30, 2018, an increase of 1.0% from the second quarter 2017 amount. Reis Services EBITDA margins were 29.5% and 29.9% for the three months ended June 30, 2018 and 2017, respectively. Reis Services EBITDA was \$6.9 million for the six months ended June 30, 2018, an increase of 1.2% from the 2017 comparable period amount of \$6.8 million. The Reis Services EBITDA margins were 28.9% and 28.5% for the six months ended June 30, 2018 and 2017, respectively. The increase in Reis Services EBITDA for the second quarter of 2018 is a result of the quarterly revenue increase of \$275,000, offset by cost increases from the 2017 second quarter of \$239,000. The increase in Reis Services EBITDA for the six months ended June 30, 2018 over the 2017 period is a result of expense reductions of \$154,000, offset by the reduction of revenue in the period of \$71,000.

#### *Cost of Sales and Total Operating Expenses*

Total cost of sales and operating expenses were approximately \$3.3 million and \$9.2 million, respectively, for the three months ended June 30, 2018,

compared to \$3.2 million and \$7.9 million, respectively, for the corresponding 2017 period. The cost of sales increase for the three months ended June 30, 2018 over 2017 was driven primarily by a \$168,000 increase in amortization expense for database costs resulting from investments in new products and product enhancements, partially offset by lower employment related costs. The increase in operating expenses for the three months ended June 30, 2018 over 2017 was driven by an increase in general and administrative expenses of \$603,000 due to professional fees incurred in connection with our previously announced review of strategic alternatives, in addition to an increase in compensation related costs and accruals, as well as higher depreciation and amortization costs related to investments in our database and non-cash compensation expense comprised of equity awards for employees and directors. Total cost of sales and operating expenses were approximately \$6.7 million and \$18.0 million, respectively, for the six months ended June 30, 2018, compared to \$6.6 million and \$16.5 million, respectively, for the corresponding 2017 period. The increase in year to date operating expenses was driven primarily by general and administrative expense of \$775,000 as a result of increased professional fees related to our review of strategic alternatives, in addition to consulting fees in connection with the adoption of the new revenue recognition standard, additional legal fees related to IP compliance litigation, and an increase in compensation related costs and accruals in the 2018 period. Product development expense increased \$311,000 primarily due to higher website amortization expense for the website intangible asset of \$309,000.

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

The Company had cash and cash equivalents of \$15.0 million as of June 30, 2018.

Investments in the Company's website and database intangible assets totaled \$3.8 million for the six months ended June 30, 2018 compared to \$4.5 million for the comparable 2017 period. Reis completed two initiatives in the first half of 2018, including the expansion of its self storage coverage and the launch of "Every Property, Everywhere," consistent with the Company's continuing strategy to provide more granular property level data. In July 2018, Reis launched detailed lease terms and effective rents for office properties.

The Company's Board of Directors declared and the Company paid quarterly dividends to shareholders of \$4.4 million during the six months ended June 30, 2018, or a quarterly rate of \$0.19 per share.

Deferred revenue was \$25.9 million as of June 30, 2018, representing a 7.1% increase from the same period in the prior year. Aggregate Revenue Under Contract was \$47.5 million as of June 30, 2018 (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 \$33.9 million as of June 30, 2018. Each of these metrics demonstrates strong visibility into future revenue. Forward twelve month Aggregate Revenue Under Contract reached its highest June 30<sup>th</sup> balance in our history and our deferred revenue balance reached its highest June 30<sup>th</sup> level in our history and the second highest quarterly balance ever.

The Company's base renewal rate, including price increases, was 80.1% for the trailing twelve months ("TTM") ended June 30, 2018 (for institutional subscribers, the TTM base renewal rate, including price increases, was 80.9%). The TTM renewal rate is subject to the timing of contract renewals. During the first six months of 2018, there were two notable contracts that expired, both of which have demonstrated a continuing need for Reis data and with whom we continue to discuss renewal of service.

### **Additional Information**

This press release should be read in conjunction with the quarterly report on Form 10-Q for the quarter ended June 30, 2018, which was filed with the Securities and Exchange Commission ("SEC") on August 9, 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 (loss) income to EBITDA and Adjusted EBITDA for the Reis Services segment and on a consolidated basis, as well as for other information.

### **Strategic Review Process**

As previously announced in March 2018, the Company's Board of Directors unanimously determined to explore strategic alternatives for Reis. The Company's process, assisted by our bankers at Canaccord Genuity and counsel at Fried Frank, is ongoing. The Company does not otherwise intend to comment on the process unless a specific transaction or other alternative is approved by the Board of Directors, the process is concluded or it is otherwise determined that further disclosure is appropriate or required by law. There can be no assurance that the exploration of strategic alternatives will result in any transaction or other alternative.

### **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 have 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 (loss), 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 (loss), income (loss) before income taxes and EBITDA and Adjusted EBITDA for the Reis Services segment and on a consolidated basis;
- 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 the Company's 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, which 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**

	<b>June 30, 2018</b>	<b>December 31, 2017</b>
	<b>(Unaudited)</b>	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 15,049,059	\$ 19,670,613
Accounts receivable, net	9,958,432	9,744,513
Prepaid and other assets	839,755	681,039
Total current assets	25,847,246	30,096,165
Furniture, fixtures and equipment, net of accumulated depreciation of \$2,262,421 and \$1,891,684, respectively	4,477,912	4,919,230
Intangible assets, net of accumulated amortization of \$52,906,758 and \$48,892,725, respectively	19,285,197	19,474,411
Deferred tax asset, net	11,683,895	12,072,118
Goodwill	54,824,648	54,824,648
Other assets	3,238,422	217,161
Total assets	\$ 119,357,320	\$ 121,603,733
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Current portion of debt	\$ —	\$ —
Accrued expenses and other liabilities	4,825,408	4,149,363
Deferred revenue	25,890,104	26,533,983
Total current liabilities	30,715,512	30,683,346
Other long-term liabilities	2,531,017	2,447,037
Total liabilities	33,246,529	33,130,383
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$0.02 par value per share, 101,000,000 shares authorized, 11,569,692 and 11,470,565 shares issued and outstanding, respectively	231,394	229,411
Additional paid in capital	110,560,709	109,361,540
Retained earnings (deficit)	(24,681,312 )	(21,117,601 )
Total stockholders' equity	86,110,791	88,473,350
Total liabilities and stockholders' equity	\$ 119,357,320	\$ 121,603,733

**REIS, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited)**

	<b>For the Three Months Ended June 30,</b>		<b>For the Six Months Ended June 30,</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Revenue:				
Subscription revenue	\$ 11,520,201	\$ 11,429,089	\$ 23,077,356	\$ 23,008,451
Other revenue	463,693	280,131	686,193	826,723
Total revenue	11,983,894	11,709,220	23,763,549	23,835,174
Cost of sales	3,313,992	3,216,079	6,691,355	6,582,430
Gross profit	8,669,902	8,493,141	17,072,194	17,252,744
Operating expenses:				
Sales and marketing	3,234,762	3,105,068	6,233,321	6,433,116
Product development	1,295,001	1,105,627	2,584,043	2,272,298

General and administrative expenses	4,692,179	3,712,557	9,171,703	7,833,041
Total operating expenses	9,221,942	7,923,252	17,989,067	16,538,455
Other income (expenses):				
Interest and other income (expense)	(279 )	1,126	687	1,702
Interest expense	(27,684 )	(32,372 )	(59,918 )	(64,606 )
Total other income (expenses)	(27,963 )	(31,246 )	(59,231 )	(62,904 )
(Loss) income before income taxes	(580,003 )	538,643	(976,104 )	651,385
Income tax (benefit) expense	(121,000 )	141,000	(165,000 )	(281,000 )
Net (loss) income	\$ (459,003 )	\$ 397,643	\$ (811,104 )	\$ 932,385
Net (loss) income per common share:				
Basic	\$ (0.04 )	\$ 0.03	\$ (0.07 )	\$ 0.08
Diluted	\$ (0.04 )	\$ 0.03	\$ (0.07 )	\$ 0.08
Weighted average number of common shares outstanding:				
Basic	11,569,692	11,514,123	11,548,723	11,480,900
Diluted	11,569,692	11,777,017	11,548,723	11,762,805
Dividends declared per common share	\$ 0.19	\$ 0.17	\$ 0.38	\$ 0.34

### 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 (loss) income) before interest, taxes, depreciation and amortization), EBITDA growth, EBITDA margin, Adjusted EBITDA (which is net (loss) income before interest, taxes, depreciation, amortization, stock based compensation and professional fees incurred in connection with the Company's review of strategic alternatives), Adjusted EBITDA growth and Adjusted EBITDA margin. Other important metrics that management considers include the cash flow generation as well as the visibility into future performance as supported by our deferred revenue and other related metrics discussed herein.

Following is a presentation of revenue, net (loss) income, (loss) income before income taxes, EBITDA, Adjusted EBITDA and the related margins on a consolidated basis and revenue, EBITDA and EBITDA margin for the Reis Services segment and the related margins on a consolidated basis (see below for a reconciliation of net (loss) income 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)	
	June 30, 2018	2017			
Consolidated:					
Total revenue	\$ 11,984	\$ 11,709	\$ 275	2.3	%
Net (loss) income (A)	\$ (459 )	\$ 397	\$ (856 )	(215.6)	)%
(Loss) income before income taxes (A)	\$ (580 )	\$ 538	\$ (1,118 )	(207.8)	)%
EBITDA (A)	\$ 1,709	\$ 2,516	\$ (807 )	(32.1)	)%
EBITDA margin	14.3 %	21.5 %			
Adjusted EBITDA (A)	\$ 2,944	\$ 3,091	\$ (147 )	(4.8)	)%
Adjusted EBITDA margin	24.6 %	26.4 %			
Reis Services segment:					
Total revenue	\$ 11,984	\$ 11,709	\$ 275	2.3	%
EBITDA	\$ 3,537	\$ 3,501	\$ 36	1.0	%
EBITDA margin	29.5 %	29.9 %			

	For the Six Months Ended		Increase (Decrease)	Percentage Increase (Decrease)	
	June 30, 2018	2017			
Consolidated:					
Total revenue	\$ 23,764	\$ 23,835	\$ (71 )	(0.3)	)%
Net (loss) income (A)	\$ (811 )	\$ 932	\$ (1,743 )	(187.0)	)%
(Loss) income before income taxes (A)	\$ (976 )	\$ 651	\$ (1,627 )	(249.9)	)%
EBITDA (A)	\$ 3,607	\$ 4,569	\$ (962 )	(21.1)	)%
EBITDA margin	15.2 %	19.2 %			

Adjusted EBITDA (A)	\$ 5,619		\$ 5,679		\$ (60	)	(1.1	)%
Adjusted EBITDA margin	23.6	%	23.8	%				
Reis Services segment:								
Total revenue	\$ 23,764		\$ 23,835		\$ (71	)	(0.3	)%
EBITDA	\$ 6,873		\$ 6,790		\$ 83		1.2	%
EBITDA margin	28.9	%	28.5	%				

During the three and six months ended June 30, 2018, the Company's reported net (loss), (loss) before income taxes and Consolidated EBITDA (A) were negatively impacted by professional fees incurred related to the Company's review of strategic alternatives which aggregated \$603,000 and \$775,000, respectively. Consolidated Adjusted EBITDA and Reis Services EBITDA were not impacted by these expenses.

### Revenue Performance - Metrics

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 and six months ended June 30, 2018 and 2017:

(amounts in thousands, excluding percentages)

	For the Three Months Ended June 30,						Variance	
	2018		2017				\$	%
	\$	% of Total	\$	% of Total	\$			
Subscription revenue	\$ 11,521	96.1 %	\$ 11,429	97.6 %	\$ 92		0.8	%
Other revenue (A)	463	3.9 %	280	2.4 %	183		65.4	%
Total revenue	\$ 11,984	100 %	\$ 11,709	100.0 %	\$ 275		2.3	%

	For the Six Months Ended June 30,						Variance	
	2018		2017				\$	%
	\$	% of Total	\$	% of Total	\$			
Subscription revenue	\$ 23,078	97.1 %	\$ 23,008	96.5 %	\$ 70		0.3	%
Other revenue (A)	686	2.9 %	827	3.5 %	(141	)	(17.0	)%
Total revenue	\$ 23,764	100.0 %	\$ 23,835	100.0 %	\$ (71	)	(0.3	)%

(A) In the periods presented, other revenue includes non-subscription revenue comprised of one-time settlements.

### Reconciliations of Net (Loss) Income to EBITDA and Adjusted EBITDA

We define EBITDA as earnings (net (loss) income) before interest, taxes, depreciation and amortization. We define Adjusted EBITDA as earnings (net (loss) income) before interest, taxes, depreciation, amortization, stock based compensation and professional fees incurred in connection with the Company's review of strategic alternatives. 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 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, isolating non-cash charges for stock based compensation and the non-recurring nature of professional fees related to the Company's review of strategic alternatives. 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), 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, net income, 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 June 30, 2018**

	<b>By Segment</b>		
	<b>Reis Services</b>	<b>Other (A)</b>	<b>Consolidated</b>
Net (loss)			\$ (459 )
Income tax (benefit)			(121 )
Income (loss) before income taxes	\$ 1,247	\$ (1,827 )	(580 )
Add back:			
Depreciation and amortization expense	2,261	—	2,261
Interest expense (income), net	29	(1 )	28
EBITDA	3,537	(1,828 )	1,709
Add back:			
Stock based compensation expense, net	—	632	632
Professional fees in connection with strategic alternative review (B)	—	603	603
Adjusted EBITDA	\$ 3,537	\$ (593 )	\$ 2,944

**Reconciliation of Net Income to EBITDA and Adjusted EBITDA for the Three Months Ended June 30, 2017**

	<b>By Segment</b>		
	<b>Reis Services</b>	<b>Other (A)</b>	<b>Consolidated</b>
Net income			\$ 397
Income tax expense			141
Income (loss) before income taxes	\$ 1,522	\$ (984 )	538
Add back:			
Depreciation and amortization expense	1,947	—	1,947
Interest expense (income), net	32	(1 )	31
EBITDA	3,501	(985 )	2,516
Add back:			
Stock based compensation expense, net	—	575	575
Adjusted EBITDA	\$ 3,501	\$ (410 )	\$ 3,091

**Reconciliation of Net (Loss) to EBITDA and Adjusted EBITDA for the Six Months Ended June 30, 2018**

	<b>By Segment</b>		
	<b>Reis Services</b>	<b>Other (A)</b>	<b>Consolidated</b>
Net (loss)			\$ (811 )
Income tax (benefit)			(165 )
Income (loss) before income taxes	\$ 2,288	\$ (3,264 )	(976 )
Add back:			
Depreciation and amortization expense	4,524	—	4,524
Interest expense (income), net	61	(2 )	59
EBITDA	6,873	(3,266 )	3,607
Add back:			
Stock based compensation expense, net	—	1,237	1,237
Professional fees in connection with strategic alternative review (B)	—	775	775
Adjusted EBITDA	\$ 6,873	\$ (1,254 )	\$ 5,619

**Reconciliation of Net Income to EBITDA and Adjusted EBITDA for the Six Months Ended June 30, 2017**

	<b>By Segment</b>		
	<b>Reis Services</b>	<b>Other (A)</b>	<b>Consolidated</b>
Net income			\$ 932
Income tax (benefit)			(281 )
Income (loss) before income taxes	\$ 2,871	\$ (2,220 )	651
Add back:			
Depreciation and amortization expense	3,855	—	3,855
Interest expense (income), net	64	(1 )	63
EBITDA	6,790	(2,221 )	4,569
Add back:			
Stock based compensation expense, net	—	1,110	1,110

Adjusted EBITDA

\$ 6,790 \$ (1,111 ) \$ 5,679

- (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.
- (B) For purposes of reporting Consolidated Adjusted EBITDA, the Company is adding back the professional fees incurred related to its review of strategic alternatives in the 2018 periods.

#### 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 June 30, 2018 and 2017, respectively. A comparison of these balances at June 30 of each year is more meaningful than a comparison to the December 31, 2017 balances, as a greater percentage of renewals occur in the fourth quarter of each year.

	June 30,	
	2018	2017
Deferred revenue (GAAP basis)	\$ 25,890,000	\$ 24,183,000
Amounts under non-cancellable contracts for which the Company does not yet have the contractual right to bill at the period end (A)	21,604,000	24,163,000
Aggregate Revenue Under Contract	\$ 47,494,000	\$ 48,346,000

- (A) Amounts are billable subsequent to June 30 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 June 30, 2018 was approximately \$33,910,000 related to amounts under contract for the forward twelve-month period through June 30, 2019. The remainder reflects amounts under contract beyond June 30, 2019. The forward twelve-month Aggregate Revenue Under Contract amount is approximately 70.5% of total revenue on a trailing twelve-month basis ending June 30, 2018 of approximately \$48,118,000. For comparison purposes, at June 30, 2017, the forward twelve-month Aggregate Revenue Under Contract was approximately \$33,136,000 and approximately 70.6% of total revenue on a trailing twelve-month basis ended June 30, 2017.

 [Primary Logo](#)

Source: Reis, Inc