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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 8-K**

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**CURRENT REPORT**  
Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934

**Date of Report (Date of earliest event reported): May 4, 2021**

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**MARCUS & MILLICHAP, INC.**

(Exact name of Registrant as Specified in its Charter)

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**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**001-36155**  
(Commission  
File Number)

**35-2478370**  
(I.R.S. Employer  
Identification Number)

**23975 Park Sorrento, Suite 400**  
**Calabasas, California 91302**  
(Address of Principal Executive Offices including Zip  
Code)

**(818) 212-2250**  
(Registrant's Telephone Number, including Area Code)

**Not Applicable**  
(Former Name or Former Address, if changed since last report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class                        | Trading<br>Symbol(s) | Name of each exchange<br>on which registered |
|--|----------------------|--|
| Common Stock, par value \$0.0001 per share | MMI                  | New York Stock Exchange (NYSE)               |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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**Item 2.02. Results of Operations and Financial Condition.**

On May 7, 2021, Marcus & Millichap, Inc. (the “**Company**”) issued a press release announcing its financial results for the first quarter ended March 31, 2021. A copy of the press release is furnished as Exhibit 99.1 to this Form 8-K and is incorporated herein by reference.

The information furnished on this Form 8-K, including the attached exhibit, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”) or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any other filing under the Securities Act of 1933, as amended or the Exchange Act, except as expressly set forth by specific reference in such a filing.

**Item 5.07. Submission of Matters to a Vote of Security Holders.**

On May 4, 2021, the Company held its 2021 Annual Meeting of Stockholders (the “**Annual Meeting**”) and its stockholders cast their votes as follows:

Proposal 1: Election of Directors

The following individuals were elected to serve as directors for a three-year term ending with the 2024 Annual Meeting by the votes shown below:

|                        | <u>For</u> | <u>Withheld</u> | <u>Broker Non-Votes</u> |
|------------------------|------------|-----------------|-------------------------|
| Lauralee E. Martin     | 36,059,348 | 340,359         | 791,052                 |
| Nicholas F. McClanahan | 35,827,649 | 572,058         | 791,052                 |

In addition, the incumbent members of our Board, George M. Marcus, George T. Shaheen, Don C. Watters, Hessem Nadji and Norma J. Lawrence will continue to serve as our directors following the Annual Meeting.

Proposal 2: Ratification of Appointment of Independent Registered Public Accounting Firm for 2021

The appointment of Ernst & Young LLP as the Company’s independent registered public accounting firm for 2021 was ratified by the votes shown below:

| <u>For</u> | <u>Against</u> | <u>Abstain</u> | <u>Broker Non-Votes(1)</u> |
|------------|----------------|----------------|----------------------------|
| 37,060,582 | 77,892         | 52,285         | 0                          |

(1) Pursuant to the rules of the New York Stock Exchange, Proposal 2 constituted a routine matter. Therefore, brokers were permitted to vote without receipt of instructions from beneficial owners.

Proposal 3: Advisory Vote on Executive Compensation

The non-binding resolution regarding the compensation paid to the Company’s named executive officers (the “**say-on-pay vote**”) was approved by the votes shown below:

| <u>For</u> | <u>Against</u> | <u>Abstain</u> | <u>Broker Non-Votes</u> |
|------------|----------------|----------------|-------------------------|
| 35,548,633 | 798,107        | 52,967         | 791,052                 |

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**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

| <u>Exhibit Number</u> | <u>Exhibit Title or Description</u>  |
|-----------------------|--|
| 99.1                  | <a href="#"><u>Press release issued by the Company entitled "Marcus &amp; Millichap, Inc. Reports Results for First Quarter 2021" dated May 7, 2021.</u></a> |
| 104                   | Cover Page Interactive Data File - the cover page iXBRL tags are embedded within the Inline XBRL document  |

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**MARCUS & MILLICHAP, INC.**

Date: May 7, 2021

By: /s/ Steven F. DeGennaro  
Steven F. DeGennaro  
*Chief Financial Officer*

# Marcus & Millichap

## MARCUS & MILLICHAP, INC. REPORTS RESULTS FOR FIRST QUARTER 2021

### *Net Income Increase of 14.9%*

CALABASAS, Calif., May 7, 2021 — (BUSINESS WIRE) — Marcus & Millichap, Inc. (the “Company”, “Marcus & Millichap”, “MMI”) (NYSE: MMI), a leading national brokerage firm specializing in commercial real estate investment sales, financing, research and advisory services, today reported financial results for the first quarter ended March 31, 2021.

#### ***First Quarter 2021 Results and Highlights***

- Compared to a record first quarter of 2020, total revenues decreased by 3.5% to \$184.0 million
- Net income increased by 14.9% to \$15.0 million, or \$0.37 per common share, diluted
- Adjusted EBITDA increased by 14.8% to \$25.7 million
- Revenue from financing fees increased by 16.2% to \$17.8 million
- Private Client brokerage revenue decreased by 7.7% against a difficult comparison of 19.0% growth in the first quarter of 2020
- Larger Transaction brokerage revenue increased by 5.1% compared to 45.7% growth in the first quarter of 2020

Hessam Nadji, President and CEO commented, “Our first quarter results set a positive tone for 2021 with net income and Adjusted EBITDA well ahead of last year. The strong quarter is noteworthy coming on the heels of a record revenue milestone in the first quarter of 2020 and a record fourth quarter, which reduced our pipeline and inventory. The results are a testament of our team’s ability to complete transactions in a challenging market as well as our expanded investor outreach from the outset of the pandemic. We have seen investor demand steadily rise in anticipation of a vaccine rollout, growing confidence in the economic recovery, still-low interest rates and ample liquidity. The market recovery, coupled with our cost containment efforts, led to a nearly 15% improvement in earnings and over a two hundred basis point expansion in our Adjusted EBITDA margin.”

Nadji continued, “Looking forward, all business segments are expected to show further strength at varying degrees with the most pandemic-impacted sectors still needing time for price discovery. Apartments and single-tenant net-lease, among the most stable sectors, are seeing pre-COVID pricing and investor demand in many markets. We believe we are well positioned for future growth and shareholder value creation given our expanded investor outreach capacity, leading brand, strategic acquisitions and continued investment in technology.”

#### ***First Quarter 2021 Results Compared to First Quarter 2020***

Total revenues for the first quarter of 2021 were \$184.0 million, compared to \$190.7 million for the same period in the prior year, decreasing 3.5%. The reduction in total revenues was primarily driven by a decrease in real estate brokerage commissions, partially offset by an increase in financing fees. Other revenues were relatively comparable to prior year. Real estate brokerage commissions decreased 5.3% to \$162.8 million from the same period in the prior year primarily due to a decrease in average commission rates, partially offset by an increase in sales volume. Financing fees increased 16.2% to \$17.8 million primarily due to our recent acquisitions and other ancillary fees.

Total operating expenses for the first quarter of 2021 decreased 4.3% to \$163.8 million, compared to \$171.1 million for the same period in the prior year. The change was primarily driven by a 4.1% decrease in cost of services and a 5.8% decrease in selling, general and administrative expense. Cost of services as a percent of total revenues decreased 30 basis points to 59.3% compared to the same period in the prior year, primarily due to a higher proportion of transactions closed by our more senior investment sales and financing professionals at the start of the pandemic during the three months ended March 31, 2020. Traditionally, cost of services as a percent of total revenues is lower during the three-month period ended March 31 as certain investment professionals may earn a higher commission rate later in the year after meeting annual revenue thresholds.

Selling, general and administrative expense for the first quarter of 2021 decreased 5.8% to \$51.7 million, compared to the same period in the prior year. The decrease was primarily due to reductions in (i) the Company's annual sales recognition event being cancelled due to ongoing concerns about the pandemic; and (ii) legal costs. These decreases were partially offset by increases in (i) operating costs related to acquired businesses in the last 12 months; (ii) compensation related costs, including variable employee incentive compensation as a result of our performance and deferred compensation obligations; and (iii) facilities expenses.

Net income for the first quarter of 2021 was \$15.0 million, or \$0.38 per common share, basic and \$0.37 per common share, diluted, compared to \$13.1 million, or \$0.33 per common share, basic and diluted, for the same period in the prior year. Adjusted EBITDA for the first quarter of 2021 was \$25.7 million, compared to \$22.4 million for the same period in the prior year. As of March 31, 2021, the Company had 2,038 investment sales and financing professionals.

### ***Business Outlook***

Notwithstanding the continuing impact of the COVID-19 pandemic on the current business environment, we believe that the Company is positioned to achieve long-term growth by leveraging a number of factors. These include our leading national brand and market position within the Private Client Market segment, growth opportunities in the Middle Market and Larger Transaction Market segments, significant growth potential in our financing division, Marcus & Millichap Capital Corporation, and supplementing our organic growth through incremental strategic acquisitions. The Company's growth plan also includes further expansion of investment brokerage services in office, industrial and various specialty property types such as hospitality, self-storage and seniors housing.

The Company benefits from its experienced management team, infrastructure investments, industry-leading market research and proprietary technology. The size and fragmentation of the Private Client Market segment continues to offer long-term growth opportunities through consolidation. This market segment consistently accounts for over 80% of all commercial property sales transactions and over 60% of the commission pool and is highly fragmented. The top 10 brokerage firms led by MMI have an estimated 23% share of this segment by transaction count.

Key factors that may influence the Company's business during the remainder of 2021 include:

- Uneven recovery among markets we operate in and certain real estate asset types
- Volatility in market sales and investor sentiment driven by:
  - Slowdown in market sales of asset types impacted by COVID-19, interest rate fluctuations, increasing bid-ask spread between buyers and sellers and economic trends
  - Boost to investor sentiment and sales activity based on favorable interest rates, easing cycle, increased COVID-19 vaccine supply and distribution and economic initiatives which may increase real estate investor demand, particularly in the second half of 2021
  - Possible impediment to investor sentiment related to regulatory and tax law changes at the local, state and national level
- Experienced sales and financing professionals' larger share of revenue production in a more challenging market environment, resulting in a higher cost of services
- Volatility in each of the Company's market segments
- Global geopolitical uncertainty, which may cause investors to refrain from transacting
- The potential for accretive acquisition activity and subsequent integration

### ***Conference Call Details***

Marcus & Millichap will host a conference call today to discuss the results at 7:30 a.m. Pacific Time/10:30 a.m. Eastern Time. To participate in the conference call, callers from the United States and Canada should dial (855) 327-6837 ten minutes prior to the scheduled call time. International callers should dial (631) 891-4304. For those unable to participate during the live broadcast, a telephonic replay of the call will also be available from 10:30 a.m. Pacific Time/1:30 p.m. Eastern Time on Friday, May 7, 2021, through 8:59 p.m. Pacific Time/11:59 p.m. Eastern Time on Friday, May 21, 2021, by dialing (844) 512-2921 in the United States and Canada or (412)317-6671 internationally and entering passcode 10013991.

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***About Marcus & Millichap, Inc.***

Marcus & Millichap, Inc. is a leading national brokerage firm specializing in commercial real estate investment sales, financing, research and advisory services. As of March 31, 2021, the Company had 2,038 investment sales and financing professionals in 84 offices who provide investment brokerage and financing services to sellers and buyers of commercial real estate. The Company also offers market research, consulting and advisory services to our clients. Marcus & Millichap closed 2,332 transactions during the three months ended March 31, 2021, with a sales volume of approximately \$12.0 billion. For additional information, please visit [www.MarcusMillichap.com](http://www.MarcusMillichap.com).

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***SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS***

This release includes forward-looking statements, including the Company's business outlook for 2021, the potential continuing impact of the COVID-19 pandemic, and expectations for changes (or fluctuations) in market share growth. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends affecting the financial condition of our business. Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of the times at, or by, which such performance or results may be achieved. Forward-looking statements are based on information available at the time those statements are made and/or management's good faith belief as of that time with respect to future events and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause such differences include, but are not limited to:

- uncertainties relating to the continuing impact of the COVID-19 pandemic, including the timing and ultimate success of the vaccine rollout, the potential impact of the federal government's recently approved stimulus response package, and the pace of recovery following such pandemic;
- general uncertainty in the capital markets and a worsening of economic conditions and the rate and pace of economic recovery following an economic downturn;
- changes in our business operations, including restrictions on business activities, resulting from the COVID-19 pandemic;
- market trends in the commercial real estate market or the general economy;
- our ability to attract and retain qualified senior executives, managers and investment sales and financing professionals;
- the effects of increased competition on our business;
- our ability to successfully enter new markets or increase our market share;
- our ability to successfully expand our services and businesses and to manage any such expansions;
- our ability to retain existing clients and develop new clients;
- our ability to keep pace with changes in technology;
- any business interruption or technology failure and any related impact on our reputation;
- changes in interest rates, tax laws, including potential increases in corporate taxes by the Biden Administration, employment laws or other government regulation affecting our business;
- our ability to successfully identify, negotiate, execute and integrate accretive acquisitions; and
- other risk factors included under "Risk Factors" in our most recent Annual Report on Form 10-K.

In addition, in this release, the words "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect," "predict," "potential," "should" and similar expressions, as they relate to our company, our business and our management, are intended to identify forward-looking statements. In light of these risks and uncertainties, the forward-looking events and circumstances discussed in this release may not occur and actual results could differ materially from those anticipated or implied in the forward-looking statements.

Forward-looking statements speak only as of the date of this release. You should not put undue reliance on any forward-looking statements. We assume no obligation to update forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information, except to the extent required by applicable laws. If we update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.



**MARCUS & MILLICHAP, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF NET AND COMPREHENSIVE INCOME**  
(in thousands, except per share amounts)  
(Unaudited)

|  | Three Months Ended<br>March 31, |                  |
|--|---------------------------------|------------------|
|  | 2021                            | 2020             |
| <i>Revenues:</i>   |                                 |                  |
| Real estate brokerage commissions  | \$162,796                       | \$171,829        |
| Financing fees   | 17,843                          | 15,351           |
| Other revenues   | 3,338                           | 3,537            |
| <b>Total revenues</b>  | <b>183,977</b>                  | <b>190,717</b>   |
| <i>Operating expenses:</i>   |                                 |                  |
| Cost of services   | 109,103                         | 113,757          |
| Selling, general and administrative  | 51,677                          | 54,860           |
| Depreciation and amortization  | 2,997                           | 2,464            |
| <b>Total operating expenses</b>  | <b>163,777</b>                  | <b>171,081</b>   |
| Operating income   | 20,200                          | 19,636           |
| Other income (expense), net  | 1,044                           | (366)            |
| Interest expense   | (146)                           | (283)            |
| Income before provision for income taxes   | 21,098                          | 18,987           |
| Provision for income taxes   | 6,086                           | 5,917            |
| <b>Net income</b>  | <b>15,012</b>                   | <b>13,070</b>    |
| <i>Other comprehensive (loss) income:</i>  |                                 |                  |
| Marketable debt securities, available-for-sale:  |                                 |                  |
| Change in net unrealized – (losses) gains  | (621)                           | (497)            |
| Less: reclassification adjustment for net losses included in other income (expense), net                       | —                               | 11               |
| Net change, net of tax of \$(215) and \$(168) for the three months ended March 31, 2021 and 2020, respectively | (621)                           | (486)            |
| Foreign currency translation (loss) gain, net of tax of \$0 for the three months ended March 31, 2021 and 2020 | (113)                           | 891              |
| <b>Total other comprehensive (loss) income</b>   | <b>(734)</b>                    | <b>405</b>       |
| <b>Comprehensive income</b>  | <b>\$ 14,278</b>                | <b>\$ 13,475</b> |
| <i>Earnings per share:</i>   |                                 |                  |
| Basic  | \$ 0.38                         | \$ 0.33          |
| Diluted  | \$ 0.37                         | \$ 0.33          |
| <i>Weighted average common shares outstanding:</i>   |                                 |                  |
| Basic  | 39,757                          | 39,541           |
| Diluted  | 40,124                          | 39,646           |

**MARCUS & MILLICHAP, INC.**  
**KEY OPERATING METRICS SUMMARY**  
*(Unaudited)*

Total sales volume was \$12.0 billion for the three months ended March 31, 2021, encompassing 2,332 transactions consisting of \$8.9 billion for real estate brokerage (1,588 transactions), \$1.6 billion for financing (494 transactions) and \$1.5 billion in other transactions, including consulting and advisory services (250 transactions). As of March 31, 2021, the Company had 1,953 investment sales professionals and 85 financing professionals. Key metrics for real estate brokerage and financing activities (excluding other transactions) are as follows:

|  | Three Months Ended<br>March 31, |           |
|--|---------------------------------|-----------|
|  | 2021                            | 2020      |
| <i>Real Estate Brokerage</i>                                     |                                 |           |
| Average Number of Investment Sales Professionals                 | 1,959                           | 1,889     |
| Average Number of Transactions per Investment Sales Professional | 0.81                            | 0.85      |
| Average Commission per Transaction                               | \$102,517                       | \$106,396 |
| Average Commission Rate  | 1.84%                           | 2.04%     |
| Average Transaction Size (in thousands)                          | \$ 5,582                        | \$ 5,227  |
| Total Number of Transactions                                     | 1,588                           | 1,615     |
| Total Sales Volume (in millions)                                 | \$ 8,864                        | \$ 8,442  |

|   | Three Months Ended<br>March 31, |           |
|---|---------------------------------|-----------|
|   | 2021                            | 2020      |
| <i>Financing (1)</i>                                      |                                 |           |
| Average Number of Financing Professionals                 | 86                              | 89        |
| Average Number of Transactions per Financing Professional | 5.74                            | 5.37      |
| Average Fee per Transaction                               | \$ 30,464                       | \$ 30,900 |
| Average Fee Rate  | 0.93%                           | 0.84%     |
| Average Transaction Size (in thousands)                   | \$ 3,263                        | \$ 3,670  |
| Total Number of Transactions                              | 494                             | 478       |
| Total Financing Volume (in millions)                      | \$ 1,612                        | \$ 1,754  |

(1) Operating metrics exclude certain financing fees not directly associated to transactions.

The following table sets forth the number of transactions, sales volume and revenues by commercial real estate market segment for real estate brokerage:

| <i>Real Estate Brokerage</i>                | Three Months Ended March 31, |                         |                            |              |                         |                            | Change      |                         |                            |
|---|------------------------------|-------------------------|----------------------------|--------------|-------------------------|----------------------------|-------------|-------------------------|----------------------------|
|   | 2021                         |                         |                            | 2020         |                         |                            | Number      | Volume<br>(in millions) | Revenues<br>(in thousands) |
|   | Number                       | Volume<br>(in millions) | Revenues<br>(in thousands) | Number       | Volume<br>(in millions) | Revenues<br>(in thousands) |             |                         |                            |
| <\$1 million                                | 227                          | \$ 149                  | \$ 6,138                   | 216          | \$ 136                  | \$ 5,742                   | 11          | \$ 13                   | \$ 396                     |
| Private Client Market (\$1 - <\$10 million) | 1,200                        | 3,668                   | 105,423                    | 1,242        | 4,001                   | 114,264                    | (42)        | (333)                   | (8,841)                    |
| Middle Market (\$10 - <\$20 million)        | 78                           | 1,067                   | 20,601                     | 91           | 1,222                   | 22,668                     | (13)        | (155)                   | (2,067)                    |
| Larger Transaction Market (≥\$20 million)   | 83                           | 3,980                   | 30,634                     | 66           | 3,083                   | 29,155                     | 17          | 897                     | 1,479                      |
|   | <u>1,588</u>                 | <u>\$ 8,864</u>         | <u>\$ 162,796</u>          | <u>1,615</u> | <u>\$ 8,442</u>         | <u>\$ 171,829</u>          | <u>(27)</u> | <u>\$ 422</u>           | <u>\$ (9,033)</u>          |

**MARCUS & MILLICHAP, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(in thousands, except for shares and par value)

|  | March 31,<br>2021<br>(Unaudited) | December 31,<br>2020 |
|--|----------------------------------|----------------------|
| <b>Assets</b>  |                                  |                      |
| <b>Current assets:</b>   |                                  |                      |
| Cash and cash equivalents  | \$ 221,708                       | \$ 243,152           |
| Commissions receivable, net  | 8,205                            | 10,391               |
| Prepaid expenses   | 10,084                           | 10,153               |
| Marketable debt securities, available-for-sale (includes amortized cost of \$134,460 and \$158,148 at March 31, 2021 and December 31, 2020, respectively, and \$0 allowance for credit losses) | 134,494                          | 158,258              |
| Advances and loans, net  | 2,106                            | 2,413                |
| Other assets   | 5,642                            | 4,711                |
| <b>Total current assets</b>  | <b>382,239</b>                   | <b>429,078</b>       |
| Property and equipment, net  | 22,931                           | 23,436               |
| Operating lease right-of-use assets, net   | 81,105                           | 84,024               |
| Marketable debt securities, available-for-sale (includes amortized cost of \$65,114 and \$45,181 at March 31, 2021 and December 31, 2020, respectively, and \$0 allowance for credit losses)   | 66,931                           | 47,773               |
| Assets held in rabbi trust   | 10,574                           | 10,295               |
| Deferred tax assets, net   | 20,629                           | 21,374               |
| Goodwill and other intangible assets, net  | 50,817                           | 52,053               |
| Advances and loans, net  | 111,781                          | 106,913              |
| Other assets   | 4,075                            | 4,176                |
| <b>Total assets</b>  | <b>\$ 751,082</b>                | <b>\$ 779,122</b>    |
| <b>Liabilities and stockholders' equity</b>  |                                  |                      |
| <b>Current liabilities:</b>  |                                  |                      |
| Accounts payable and other liabilities   | \$ 18,919                        | \$ 18,288            |
| Deferred compensation and commissions  | 33,199                           | 58,106               |
| Income tax payable   | 8,512                            | 3,726                |
| Operating lease liabilities  | 19,209                           | 19,190               |
| Accrued bonuses and other employee related expenses  | 11,478                           | 21,007               |
| <b>Total current liabilities</b>   | <b>91,317</b>                    | <b>120,317</b>       |
| Deferred compensation and commissions  | 28,745                           | 38,745               |
| Operating lease liabilities  | 57,134                           | 59,408               |
| Other liabilities  | 12,217                           | 13,816               |
| <b>Total liabilities</b>   | <b>189,413</b>                   | <b>232,286</b>       |
| <b>Commitments and contingencies</b>   |                                  |                      |
| <b>Stockholders' equity:</b>   |                                  |                      |
| Preferred stock, \$0.0001 par value:   |                                  |                      |
| Authorized shares – 25,000,000; issued and outstanding shares – none at March 31, 2021 and December 31, 2020, respectively   | —                                | —                    |
| Common stock, \$0.0001 par value:  |                                  |                      |
| Authorized shares – 150,000,000; issued and outstanding shares – 39,500,966 and 39,401,976 at March 31, 2021 and December 31, 2020, respectively   | 4                                | 4                    |
| Additional paid-in capital   | 113,737                          | 113,182              |
| Retained earnings  | 446,088                          | 431,076              |
| Accumulated other comprehensive income   | 1,840                            | 2,574                |
| <b>Total stockholders' equity</b>  | <b>561,669</b>                   | <b>546,836</b>       |
| <b>Total liabilities and stockholders' equity</b>  | <b>\$ 751,082</b>                | <b>\$ 779,122</b>    |

**MARCUS & MILLICHAP, INC.**  
**OTHER INFORMATION**  
*(Unaudited)*

**Adjusted EBITDA Reconciliation**

Adjusted EBITDA, which the Company defines as net income before (i) interest income and other, including net realized gains (losses) on marketable debt securities, available-for-sale and cash and cash equivalents, (ii) interest expense, (iii) provision for income taxes, (iv) depreciation and amortization, (v) stock-based compensation, and (vi) non-cash mortgage servicing rights ("MSRs") activity. The Company uses Adjusted EBITDA in its business operations to evaluate the performance of its business, develop budgets and measure its performance against those budgets, among other things. The Company also believes that analysts and investors use Adjusted EBITDA as a supplemental measure to evaluate its overall operating performance. However, Adjusted EBITDA has material limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of the Company's results as reported under U.S. generally accepted accounting principles ("U.S. GAAP"). The Company finds Adjusted EBITDA to be a useful tool to assist in evaluating performance, because Adjusted EBITDA eliminates items related to capital structure, taxes and non-cash items. In light of the foregoing limitations, the Company does not rely solely on Adjusted EBITDA as a performance measure and also considers its U.S. GAAP results. Adjusted EBITDA is not a measurement of the Company's financial performance under U.S. GAAP and should not be considered as an alternative to net income, operating income or any other measures calculated in accordance with U.S. GAAP. Because Adjusted EBITDA is not calculated in the same manner by all companies, it may not be comparable to other similarly titled measures used by other companies.

A reconciliation of the most directly comparable U.S. GAAP financial measure, net income, to Adjusted EBITDA is as follows (in thousands):

|  | Three Months Ended |                 |
|--|--------------------|-----------------|
|  | March 31,          |                 |
|  | 2021               | 2020            |
| Net income                               | \$15,012           | \$13,070        |
| Adjustments:                             |                    |                 |
| Interest income and other <sup>(1)</sup> | (531)              | (2,003)         |
| Interest expense                         | 146                | 283             |
| Provision for income taxes               | 6,086              | 5,917           |
| Depreciation and amortization            | 2,997              | 2,464           |
| Stock-based compensation                 | 2,288              | 2,632           |
| Non-cash MSR activity <sup>(2)</sup>     | (303)              | 15              |
| Adjusted EBITDA <sup>(3)</sup>           | <u>\$25,695</u>    | <u>\$22,378</u> |

(1) Other includes net realized gains (losses) on marketable debt securities available-for-sale.

(2) Non-cash MSR activity includes the assumption of servicing obligations.

(3) The increase in Adjusted EBITDA for the three months ended March 31, 2021 compared to the same period in 2020 is primarily due to a lower proportion of operating expenses compared to total revenues.

**Glossary of Terms**

- Private Client Market segment: transactions with values from \$1 million to up to but less than \$10 million
- Middle Market segment: transactions with values from \$10 million to up to but less than \$20 million
- Larger Transaction Market segment (previously Institutional Market segment): transactions with values of \$20 million and above
- Acquisitions: acquisitions of teams and/or acquisitions as business combinations under accounting standards