



Comstock Reports Fourth Quarter and Fiscal Year 2023 Results

March 21, 2024 at 4:00 PM EDT

Q4 2023

- Q4 revenue increased 18% to \$11.0 million, including 12% increase in recurring fee-based revenue
- Q4 operating income increased 22% to \$1.9 million; Q4 net income increased 43% to \$1.9 million
- Q4 Adjusted EBITDA increased 17% to \$2.2 million

Fiscal Year 2023

- YTD revenue increased 14% to \$44.7 million, including 13% increase in recurring fee-based revenue
- YTD operating income increased 15% to \$9.2 million; YTD net income of \$7.8 million flat vs. prior year
- YTD Adjusted EBITDA of \$10.4 million, up 16% vs. prior year
- Generated \$9.0 million of cash flow from operations
- Maintained well above-average leased percentages in both Commercial and Residential portfolios (90+%)

RESTON, Va.--(BUSINESS WIRE)--Mar. 21, 2024-- Comstock Holding Companies, Inc. (Nasdaq: CHCI) ("Comstock" or the "Company"), a leading asset manager, developer, and operator of mixed-use and transit-oriented properties in the Washington, D.C. region, announced its financial results for the fourth quarter and fiscal year ended December 31, 2023.

"Our fiscal 2023 results underscore the strength and resiliency of the growth engine we've built at Comstock," said Christopher Clemente, Comstock's Chairman and Chief Executive Officer. "It is our goal to provide best-in-class service to our clients and deliver value to our stakeholders. Our success in achieving that goal is evidenced by our ability to deliver higher comparative quarterly revenue for the 14th consecutive period, showcase 16% growth in Adjusted EBITDA, and generate over \$9 million in cash from operations during 2023. With a streamlined, debt-free balance sheet and additional world-class properties slated for delivery in the next 12 to 24 months, we have clear visibility to near-term growth. Our robust pipeline of development assets continues to expand as well, positioning us for sustainable, long-term success."

Key Performance Metrics¹

(\$ in thousands, except per share and portfolio data)

	Q4 2023	Q4 2022	FY 2023	FY 2022	
Revenue	\$ 11,016	\$ 9,302	\$ 44,721	\$ 39,313	
Income from operations	\$ 1,943	\$ 1,595	\$ 9,164	\$ 7,952	
Net income	1,870	1,311	7,784	7,728	
Adjusted EBITDA	\$ 2,165	\$ 1,857	\$ 10,423	\$ 8,994	
Net income per share — diluted	\$ 0.18	\$ 0.13	\$ 0.77	\$ 1.02	2
Managed Portfolio - # of assets	49	41	49	41	

¹ All amounts represent continuing operations. Please see the included financial tables for a reconciliation of Adjusted EBITDA to the most directly comparable GAAP financial measure.

² Amount reflects \$2.0 million positive impact of Q2 2022 Series C Preferred Stock redemption.

Additional Highlights

- Managed commercial portfolio leased percentage of 92%, up from 87% in FY22; produced in-place rent growth of 2% vs. prior year and leased a total of approximately 273,000 sqft. of commercial space in FY23.
- Managed residential portfolio leased percentage of 97%, up from 88% in 2022; produced in-place rent growth of 8% vs. prior year and leased over 700 units in FY23.
- Recognized \$4.8 million incentive fee revenue, a 23% increase from FY22.
- Completed strategic acquisition of Comstock 41 investment property in Q423.
- Continued exponential growth of parking management portfolio, including a 50% increase in top-line revenue and 20% growth in average contract value vs. prior year.
- Welcomed Thomas Holly and David Paul to Board of Directors.

About Comstock

Founded in 1985, Comstock is a leading asset manager, developer, and operator of mixed-use and transit-oriented properties in the Washington, D.C. region. With a managed portfolio that includes approximately 10 million square feet of stabilized, under construction, and planned assets that are strategically located at key Metro stations, Comstock is at the forefront of the urban transformation taking place in one of the nation's best real estate markets. Comstock's developments include some of the largest and most prominent mixed-use and transit-oriented projects in the mid- Atlantic region, as well as multiple large-scale public-private partnership developments. For more information, please visit Comstock.com.

Cautionary Statement Regarding Forward-Looking Statements

This release may include "forward-looking" statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by use of words such as "anticipate," "believe," "estimate," "may," "intend," "expect," "will," "should," "seeks" or other similar expressions. Forward-looking statements are based largely on our expectations and involve inherent risks and uncertainties, many of which are beyond our control. You should not place any undue reliance on any forward-looking statement, which speaks only as of the date made. Any number of important factors could cause actual results to differ materially from those projected or suggested by the forward-looking statements. Comstock specifically disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future developments, or otherwise.

COMSTOCK HOLDING COMPANIES, INC.

Consolidated Balance Sheets

(Unaudited; In thousands)

December 31, December 31,

2023 2022

Assets

Current assets:

Cash and cash equivalents	\$ 18,788	\$ 11,722
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Accounts receivable, net	496	504
Accounts receivable - related parties	4,749	3,291
Prepaid expenses and other current assets	353	264
Total current assets	24,386	15,781
Fixed assets, net	478	421
Intangible assets	144	144
Leasehold improvements, net	89	119
Investments in real estate ventures	7,077	7,013
Operating lease assets	6,790	7,625
Deferred income taxes, net	10,885	11,355
Deferred compensation plan assets	53	—
Other assets	37	15
Total assets	\$ 49,939	\$ 42,473

Liabilities and Stockholders' Equity

Current liabilities:

Accrued personnel costs	\$ 4,681	\$ 4,959
Accounts payable and accrued liabilities	838	742
Current operating lease liabilities	854	791
Total current liabilities	6,373	6,492
Deferred compensation plan liabilities	77	—
Operating lease liabilities	6,273	7,127
Total liabilities	12,723	13,619

Stockholders' equity:

Class A common stock	94	93
Class B common stock	2	2

Additional paid-in capital	202,112	201,535
Treasury stock	(2,662)	(2,662)
Accumulated deficit	(162,330)	(170,114)
Total stockholders' equity	37,216	28,854
Total liabilities and stockholders' equity	\$ 49,939	\$ 42,473

COMSTOCK HOLDING COMPANIES, INC.

Consolidated Statements of Operations

(Unaudited; In thousands, except per share data)

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
Revenue	\$ 11,016	\$ 9,302	\$ 44,721	\$ 39,313
Operating costs and expenses:				
Cost of revenue	8,479	7,259	33,040	29,371
Selling, general, and administrative	594	391	2,305	1,784
Depreciation and amortization	—	57	212	206
Total operating costs and expenses	9,073	7,707	35,557	31,361
Income (loss) from operations	1,943	1,595	9,164	7,952
Other income (expense):				
Interest income (expense), net	96	—	96	(222)
Gain (loss) on real estate ventures	(467)	(117)	(1,187)	121
Other income (expense), net	31	—	79	2
Income (loss) from continuing operations before income tax	1,603	1,478	8,152	7,853
Provision for (benefit from) income tax	(267)	167	368	125
Net income (loss) from continuing operations	1,870	1,311	7,784	7,728
Net income (loss) from discontinued operations, net of tax	—	(5)	—	(381)
Net income (loss)	\$ 1,870	\$ 1,306	\$ 7,784	\$ 7,347

Impact of Series C preferred stock redemption	—	—	—	2,046
Net income (loss) attributable to common stockholders	\$ 1,870	\$ 1,306	\$ 7,784	\$ 9,393

Weighted-average common stock outstanding:

Basic	9,653	9,470	9,629	8,974
Diluted	10,169	10,055	10,108	9,575

Net income (loss) per share:

Basic - Continuing operations	\$ 0.19	\$ 0.14	\$ 0.81	\$ 1.09
Basic - Discontinued operations	—	—	—	(0.04)
Basic net income (loss) per share	\$ 0.19	\$ 0.14	\$ 0.81	\$ 1.05
Diluted - Continuing operations	\$ 0.18	\$ 0.13	\$ 0.77	\$ 1.02
Diluted - Discontinued operations	—	—	—	(0.04)
Diluted net income (loss) per share	\$ 0.18	\$ 0.13	\$ 0.77	\$ 0.98

COMSTOCK HOLDING COMPANIES, INC.

Non-GAAP Financial Measures

(Unaudited; In thousands)

Adjusted EBITDA

The following table presents a reconciliation of net income (loss) from continuing operations, the most directly comparable financial measure as measured in accordance with GAAP, to Adjusted EBITDA:

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
Net income (loss) from continuing operations	\$ 1,870	\$ 1,311	\$ 7,784	\$ 7,728
Interest (income) expense, net	(96)	—	(96)	222
Income taxes	(267)	167	368	125

Depreciation and amortization	—	57	212	206
Stock-based compensation	191	205	968	834
(Gain) loss on real estate ventures	467	117	1,187	(121)
Adjusted EBITDA	\$ 2,165	\$ 1,857	\$ 10,423	\$ 8,994

We define Adjusted EBITDA as net income (loss) from continuing operations, excluding the impact of interest expense (net of interest income), income taxes, depreciation and amortization, stock-based compensation, and gain or loss on equity method investments in real estate ventures.

We use Adjusted EBITDA to evaluate financial performance, analyze the underlying trends in our business and establish operational goals and forecasts that are used when allocating resources. We expect to compute Adjusted EBITDA consistently using the same methods each period.

We believe Adjusted EBITDA is a useful measure because it permits investors to better understand changes over comparative periods by providing financial results that are unaffected by certain non-cash items that are not considered by management to be indicative of our operational performance.

While we believe that Adjusted EBITDA is useful to investors when evaluating our business, it is not prepared and presented in accordance with GAAP, and therefore should be considered supplemental in nature. Adjusted EBITDA should not be considered in isolation, or as a substitute, for other financial performance measures presented in accordance with GAAP. Adjusted EBITDA may differ from similarly titled measures presented by other companies.

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