

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

FORM 8-K

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

Date of Report (Date of earliest event reported): **August 11, 2023**

Comstock Holding Companies, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or other jurisdiction
of incorporation)

1-32375
(Commission File Number)

20-1164345
(IRS Employer
Identification No.)

1900 Reston Metro Plaza, 10TH Floor
Reston, Virginia 20190
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(703) 230-1985**

(Former name or former address, if changed since last report)

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 symbol(s)	Name of each exchange on which registered
Class A Common Stock, par value \$0.01	CHCI	NASDAQ Capital Market

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.

Item 2.02 Results of Operations and Financial Condition

On August 11, 2023, Comstock Companies, Inc. (the “Company”) issued a press release providing information regarding earnings for the quarter ended June 30, 2023. A copy of the press release is attached hereto as Exhibit 99.1.

The information included in this Form 8-K is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that Section. The information in this Form 8-K shall not be incorporated by reference into any filing under the Securities Act of 1933, except as shall otherwise be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	Description
99.1	Comstock Holding Companies, Inc. press release, dated August 11, 2023
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

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

COMSTOCK HOLDING COMPANIES, INC.

Date: August 11, 2023

By: /s/ CHRISTOPHER CLEMENTE
Christopher Clemente
Chairman and Chief Executive Officer

COMSTOCK

Comstock Reports Second Quarter 2023 Results

- Revenue increased 6% to \$9.0 million, representing 12th consecutive quarter of YoY growth
- YTD revenue increased 12% to \$19.2 million, including 25% growth in recurring fee-based revenue streams
- Net income of \$0.5 million; \$1.2 million YTD
- Generated over \$1.0 million of Adjusted EBITDA; \$2.7 million YTD
- Commercial portfolio remains over 90% leased; in-place rent growth of 6% vs. prior year
- Residential portfolio now over 95% leased; in-place rent growth of 7% vs. prior year

RESTON, Va. — August 11, 2023 — 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 second quarter ended June 30, 2023.

“We continue to benefit from the flight-to-quality trend, which in recent years has significantly increased demand for mixed-use and transit-oriented developments in premier suburban locations and contributed to our top-line revenue growth,” said Christopher Clemente, Comstock’s Chairman and Chief Executive Officer. “As evidenced by our ability to attract and retain tenants in a challenging environment faced with widespread capital market headwinds, we are well positioned for ongoing success. I am confident our growth will persist well into the future, primarily based on three key factors: our virtually debt-free, asset-light, fee-based business model, the proven demand for the high-quality assets we manage, develop, and operate, and the tireless dedication of our team members, who *show up* every day and are committed to delivering extraordinary services and experiences for our customers.”

Key Performance Metrics¹

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

	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Revenue	\$ 8,967	\$ 8,467	\$ 19,242	\$ 17,198
Income from operations	\$ 643	\$ 1,117	\$ 1,964	\$ 2,482
Net income	475	714	1,229	2,728 ³
Adjusted EBITDA	\$ 1,027	\$ 1,388	\$ 2,653	\$ 2,994
Net income per share — diluted	\$ 0.05	\$ 0.30 ²	\$ 0.12	\$ 0.53 ^{2,3}
Managed Portfolio - # of assets	45	36	45	36

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 Amounts reflect \$2.0 million positive impact of Q2 2022 Series C Preferred Stock redemption

³ Amounts reflect impact of \$0.5 million non-cash tax benefit stemming from partial release of deferred tax valuation allowance

Q2 2023 Highlights

- Welcomed Seerist, Inc. to Reston Station's Commerce District, the fifth new lease signed to Reston Station in 2023.
- Increased leased percentage of managed commercial portfolio to 91%, up from 85% in Q2 2022.
- Increased leased percentage of managed residential portfolio to 97%, up from 89% in Q2 2022.
- Significant construction progress on Reston Row development (Phase II of Reston Station), while advancing plans for multiple properties in the development pipeline to prepare them for commencement in 2024.

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 comprising approximately 10 million square feet at full build-out that includes stabilized and development assets strategically located at key Metro stations, Comstock is at the forefront of the urban transformation taking place in the fastest growing segments of 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](https://www.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. Any number of important factors could cause actual results to differ materially from those in the forward-looking statements. Additional information concerning important risk factors and uncertainties can be found under the heading "Risk Factors" in our latest Annual Report on Form 10-K, as filed with the Securities and Exchange Commission. Comstock specifically disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

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COMSTOCK HOLDING COMPANIES, INC.
Consolidated Balance Sheets
(Unaudited; In thousands)

	June 30, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 9,031	\$ 11,722
Accounts receivable, net	499	504
Accounts receivable - related parties	4,984	3,291
Prepaid expenses and other current assets	532	264
Total current assets	15,046	15,781
Fixed assets, net	471	421
Intangible assets	144	144
Leasehold improvements, net	104	119
Investments in real estate ventures	6,234	7,013
Operating lease assets	7,212	7,625
Deferred income taxes, net	11,052	11,355
Other assets	43	15
Total assets	\$ 40,306	\$ 42,473
Liabilities and Stockholders' Equity		
Current liabilities:		
Accrued personnel costs	1,739	4,959
Accounts payable and accrued liabilities	840	742
Current operating lease liabilities	822	791
Total current liabilities	3,401	6,492
Operating lease liabilities	6,707	7,127
Total liabilities	10,108	13,619
Stockholders' equity:		
Class A common stock	94	93
Class B common stock	2	2
Additional paid-in capital	201,649	201,535
Treasury stock	(2,662)	(2,662)
Accumulated deficit	(168,885)	(170,114)
Total stockholders' equity	30,198	28,854
Total liabilities and stockholders' equity	\$ 40,306	\$ 42,473

COMSTOCK HOLDING COMPANIES, INC.
Consolidated Statements of Operations
(Unaudited; In thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenue	\$ 8,967	\$ 8,467	\$ 19,242	\$ 17,198
Operating costs and expenses:				
Cost of revenue	7,681	6,831	16,004	13,766
Selling, general, and administrative	572	469	1,136	856
Depreciation and amortization	71	50	138	94
Total operating costs and expenses	8,324	7,350	17,278	14,716
Income (loss) from operations	643	1,117	1,964	2,482
Other income (expense):				
Interest expense	—	(69)	—	(128)
Gain (loss) on real estate ventures	(68)	17	(479)	269
Income (loss) from continuing operations before income tax	622	1,066	1,532	2,624
Provision for (benefit from) income tax	147	352	303	(104)
Net income (loss) from continuing operations	475	714	1,229	2,728
Net income (loss) from discontinued operations, net of tax	—	(10)	—	(277)
Net income (loss)	475	704	\$ 1,229	\$ 2,451
Impact of Series C preferred stock redemption	—	2,046	—	2,046
Net income (loss) attributable to common stockholders	<u>\$ 475</u>	<u>\$ 2,750</u>	<u>\$ 1,229</u>	<u>\$ 4,497</u>
Weighted-average common stock outstanding:				
Basic	9,632	8,599	9,608	8,470
Diluted	10,052	9,157	10,060	9,033
Net income (loss) per share:				
Basic - Continuing operations	\$ 0.05	\$ 0.32	\$ 0.13	\$ 0.56
Basic - Discontinued operations	—	—	—	(0.03)
Basic net income (loss) per share	<u>\$ 0.05</u>	<u>\$ 0.32</u>	<u>\$ 0.13</u>	<u>\$ 0.53</u>
Diluted - Continuing operations	\$ 0.05	\$ 0.30	\$ 0.12	\$ 0.53
Diluted - Discontinued operations	—	—	—	(0.03)
Diluted net income (loss) per share	<u>\$ 0.05</u>	<u>\$ 0.30</u>	<u>\$ 0.12</u>	<u>\$ 0.50</u>

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 June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net income (loss) from continuing operations	\$ 475	\$ 714	\$ 1,229	\$ 2,728
Interest expense	—	69	—	128
Income taxes	147	352	303	(104)
Depreciation and amortization	71	50	138	94
Stock-based compensation	266	220	504	417
(Gain) loss on equity method investments	68	(17)	479	(269)
Adjusted EBITDA	\$ 1,027	\$ 1,388	\$ 2,653	\$ 2,994

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.

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.

