

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): **November 9, 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 November 9, 2023, Comstock Companies, Inc. (the “Company”) issued a press release providing information regarding earnings for the quarter ended September 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 November 9, 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: November 9, 2023

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

COMSTOCK

Comstock Reports Third Quarter 2023 Results

- Revenue increased for the 13th consecutive quarter to \$14.5 million; YTD revenue of \$33.7 million, up 12% vs. prior year
- Net income increased 27% to \$4.7 million; YTD net income of \$5.9 million
- Adjusted EBITDA increased 35% to \$5.6 million; YTD Adjusted EBITDA of \$8.3 million, up 16% vs. prior year
- Commercial and Residential portfolios each remain well over 90% leased
- Parking management expansion continues, 37% revenue growth vs. prior year; YTD revenue up 54%
- Further strengthened balance sheet, including 81% current ratio growth vs. 12/31/22

RESTON, Va. — November 9, 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 third quarter ended September 30, 2023.

“The strategic growth platform we have built at Comstock continues to produce positive results, as evidenced by top-line revenue growth for the 13th consecutive quarter that included a 13% increase in recurring fee-based revenue streams,” said Christopher Clemente, Comstock’s Chairman and Chief Executive Officer. “In Q3 we achieved significant increases in both operating income and Adjusted EBITDA while further strengthening our balance sheet, a testament to the resiliency of our business model. We remain well-positioned to both sustain current operations and capitalize on new growth opportunities that may arise during this time of dislocation in the real estate industry. I am proud of the high-quality assets we manage and our best-in-class team members that show up every single day focused on providing remarkable services and experiences. I look forward to reporting on our continued success in future periods as we strive to maximize value for our shareholders.”

Key Performance Metrics¹

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

	Q3 2023	Q3 2022	YTD 2023	YTD 2022
Revenue	\$ 14,463	\$ 12,813	\$ 33,705	\$ 30,011
Income from operations	\$ 5,257	\$ 3,875	\$ 7,221	\$ 6,357
Net income	4,685	3,689	5,914	6,417 ³
Adjusted EBITDA	\$ 5,605	\$ 4,143	\$ 8,258	\$ 7,137
Net income per share — diluted	\$ 0.46	\$ 0.37	\$ 0.59	\$ 0.90 ^{2,3}
Managed Portfolio - # of assets	46	40	46	40

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

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

Q3 2023 Highlights

- Recognized \$4.8 million incentive fee revenue based on achievement of operating asset stabilization, pursuant to the terms of the 2022 Asset Management Agreement ("2022 AMA").
- Welcomed Securiport, Noku Sushi, and Tous les Jour to Reston Station, which has secured 8 new leases year-to-date covering nearly 200,000 sqft of office and retail spaces.
- Managed commercial portfolio leased percentage of 92%, up from 87% in Q3 2022; produced in-place rent growth of 5.5% vs. prior year.
- Managed residential portfolio leased percentage of 97%, up from 88% in Q3 2022; produced in-place rent growth of 5.1% vs. prior year.
- Continued growth of parking management portfolio, including 26% growth in average parking management contract value vs. prior year.
- Added former JBG Smith executive 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 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.

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.

Investor Contact

Christopher Guthrie
Executive Vice President & Chief Financial Officer
cguthrie@comstock.com
703-230-1292

Media Contact

Shanna Wilson
shanna.wilson@allisonpr.com
917-674-3096

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

	September 30, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 10,935	\$ 11,722
Accounts receivable, net	571	504
Accounts receivable - related parties	10,381	3,291
Prepaid expenses and other current assets	307	264
Total current assets	<u>22,194</u>	<u>15,781</u>
Fixed assets, net	512	421
Intangible assets	144	144
Leasehold improvements, net	97	119
Investments in real estate ventures	5,984	7,013
Operating lease assets	7,002	7,625
Deferred income taxes, net	10,720	11,355
Other assets	35	15
Total assets	<u>\$ 46,688</u>	<u>\$ 42,473</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accrued personnel costs	\$ 3,226	\$ 4,959
Accounts payable and accrued liabilities	975	742
Current operating lease liabilities	838	791
Total current liabilities	<u>5,039</u>	<u>6,492</u>
Operating lease liabilities	6,493	7,127
Total liabilities	<u>11,532</u>	<u>13,619</u>
Stockholders' equity:		
Class A common stock	94	93
Class B common stock	2	2
Additional paid-in capital	201,922	201,535
Treasury stock	(2,662)	(2,662)
Accumulated deficit	<u>(164,200)</u>	<u>(170,114)</u>
Total stockholders' equity	35,156	28,854
Total liabilities and stockholders' equity	<u>\$ 46,688</u>	<u>\$ 42,473</u>

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue	\$ 14,463	\$ 12,813	\$ 33,705	\$ 30,011
Operating costs and expenses:				
Cost of revenue	8,557	8,346	24,561	22,112
Selling, general, and administrative	575	537	1,711	1,393
Depreciation and amortization	74	55	212	149
Total operating costs and expenses	9,206	8,938	26,484	23,654
Income (loss) from operations	5,257	3,875	7,221	6,357
Other income (expense):				
Interest expense	—	(94)	—	(222)
Gain (loss) on real estate ventures	(241)	(31)	(720)	238
Income (loss) from continuing operations before income tax	5,017	3,751	6,549	6,375
Provision for (benefit from) income tax	332	62	635	(42)
Net income (loss) from continuing operations	4,685	3,689	5,914	6,417
Net income (loss) from discontinued operations, net of tax	—	(99)	—	(376)
Net income (loss)	\$ 4,685	\$ 3,590	\$ 5,914	\$ 6,041
Impact of Series C preferred stock redemption	—	—	—	2,046
Net income (loss) attributable to common stockholders	\$ 4,685	\$ 3,590	\$ 5,914	\$ 8,087
Weighted-average common stock outstanding:				
Basic	9,647	9,464	9,621	8,806
Diluted	10,130	10,007	10,082	9,363
Net income (loss) per share:				
Basic - Continuing operations	\$ 0.49	\$ 0.39	\$ 0.61	\$ 0.96
Basic - Discontinued operations	—	(0.01)	—	(0.04)
Basic net income (loss) per share	\$ 0.49	\$ 0.38	\$ 0.61	\$ 0.92
Diluted - Continuing operations	\$ 0.46	\$ 0.37	\$ 0.59	\$ 0.90
Diluted - Discontinued operations	—	(0.01)	—	(0.04)
Diluted net income (loss) per share	\$ 0.46	\$ 0.36	\$ 0.59	\$ 0.86

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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income (loss) from continuing operations	\$ 4,685	\$ 3,689	\$ 5,914	\$ 6,417
Interest expense	—	94	—	222
Income taxes	332	62	635	(42)
Depreciation and amortization	74	55	212	149
Stock-based compensation	273	212	777	629
(Gain) loss on equity method investments	241	31	720	(238)
Adjusted EBITDA	<u>\$ 5,605</u>	<u>\$ 4,143</u>	<u>\$ 8,258</u>	<u>\$ 7,137</u>

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.

