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Zacks Small-Cap Research

Sponsored – Impartial - Comprehensive

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Harbor Custom Development (NASDAQ:HCDI)

HCDI: We are discontinuing research coverage of HCDI.

OUTLOOK

Zacks SCR has discontinued research coverage of Harbor Custom Development.

Our prior price target and estimates should be considered no longer reliable.

Current Price (12/12/23)	$0.56
Valuation	**$.056**

SUMMARY DATA

52-Week High	**$15.85**
52-Week Low	**$0.39**
One-Year Return (%)	**-95.6**
Beta	**0.51**
Average Daily Volume (sh)	**1,512,768**
Shares Outstanding (000's)	**2,329**
Market Capitalization ($mil)	**$1.3**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**13**
Insider Ownership (%)	**21**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2022 Estimate	**N/A**
P/E using 2023 Estimate	**N/A**

Risk Level	**Above Avg.**
Type of Stock	**Small-Growth**
Industry	**Real Estate**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2021	$13.8 A	$14.1 A	$18.0 A	$26.3 A	$72.4 A
2022	$28.6 A	$10.3 A	$11.7 A	$4.8 A	$55.4 A
2023	$9.3 A	$19.8 A	N/A E	N/A E	N/A E
2024					N/A E

EPS / Loss Per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2021	*-$0.12 A*	*$0.06 A*	*$0.17 A*	*$0.16 A*	*$0.41 A*
2022	*-$0.03 A*	*-$0.46 A*	*-$0.37 A*	*-$0.87 A*	*-$1.77 A*
2023	-$9.39 A	-$3.79 A	N/A E	N/A E	N/A E
2024					N/A E

Quarterly revenues may not equal annual revenues due to rounding. Quarterly EPS may not equal annual EPS due to rounding, dilution or intangibles. 2020-2022 results not adjusted for reverse stock split.

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RISK FACTORS

- The housing market may not continue to grow at the same rate as it has in the past, or may decline, and any decline in the company's markets or for the homebuilding industry in general may materially and adversely affect the business and financial condition. Other areas of unpredictability include regional difficulties, higher mortgage rates, land costs, construction costs, consumer lending, reduced consumer income, tighter bank requirements, and the effect of pandemics.

- Substantially all of the company's home buying customers finance their home purchases through lenders that provide mortgage financing. Mortgage interest rates have generally trended downward for the last several decades and reached historic lows in 2020 and 2021, which made the homes the company sold more affordable. Starting in the 1st quarter of 2022, mortgage lending rates began to rise as the U.S. Federal Reserve began raising short-term rates to fight inflation. Higher mortgage rates may negatively affect the company's financial results.

- Real estate is an illiquid asset and typically cannot be sold quickly. The capitalization rates at which properties may be sold could be higher than historic rates, thereby reducing the potential proceeds from sale. Consequently, the company may not be able to change real estate or land inventory promptly in response to changes in economic or other conditions. These factors could adversely affect the company's core business, financial condition, and operating results.

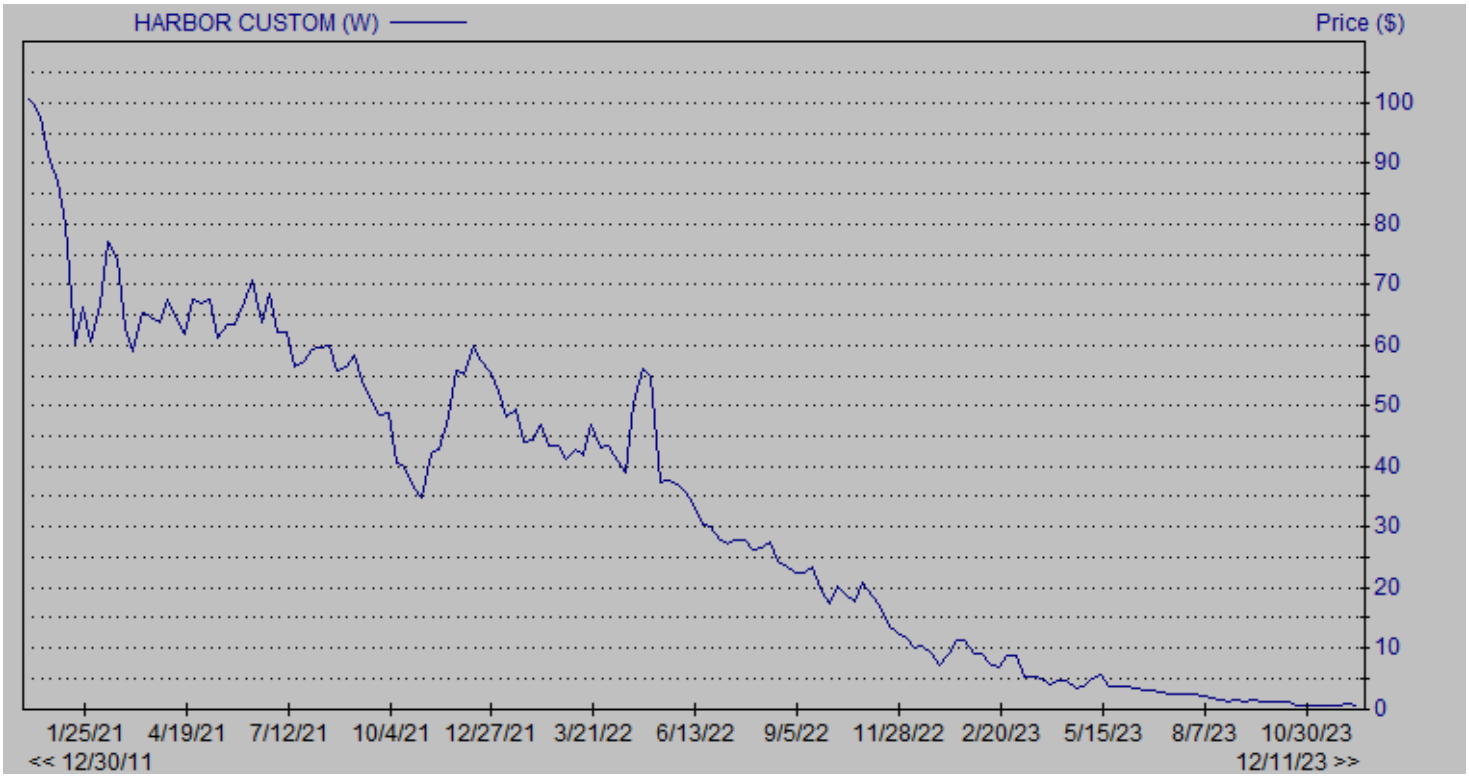
- Inflation could adversely affect the real estate business and the company's financial results by increasing the costs of land, raw materials and labor needed to operate the business. If the markets in which the company operates have an oversupply of homes relative to demand, the company may be unable to offset any such increases in costs with corresponding higher sales prices for home sales.

- The company operates in a very competitive environment that is characterized by competition from a large number of other homebuilders and land developers in each geographical market in which the company has operations. There are relatively low barriers to entry into the homebuilding business and the company competes with numerous large national and regional homebuilding companies as well as smaller local homebuilders and land developers.

- The company's operations are located in many areas that are subject to natural disasters, severe weather or adverse geological conditions such as hurricanes, tornadoes, droughts, floods, brushfires, wildfires, prolonged periods of precipitation, landslides, soil subsidence, and earthquakes. The occurrence of any of these events could damage land parcels and projects, cause delays in completion of certain projects, or reduce consumer demand for housing or land.

- The homebuilding and land development industry is capital-intensive and requires significant up-front expenditures to acquire land parcels and begin development. If internally generated funds are not sufficient, the company would need to seek additional capital in the form of equity or debt financing from a variety of potential sources, including additional bank financing and/or securities offerings. These sources of capital may not be available during times of economic distress.

HISTORICAL STOCK PRICE



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