

**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): January 9, 2023

PURE CYCLE CORPORATION

(Exact name of registrant as specified in its charter)

Colorado

(State or other jurisdiction of incorporation)

0-8814

(Commission File Number)

84-0705083

(IRS Employer Identification No.)

34501 East Quincy Avenue, Building 65, Suite A, Watkins, CO 80137

(Address of principal executive offices) (Zip Code)

Registrant's telephone, including area code

(303) 292-3456

N/A

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

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

Common Stock 1/3 of \$.01 par value

(Title of each class)

PCYO

(Trading Symbol(s))

The NASDAQ Stock Market

(Name of each exchange on which registered)

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 (*see* General Instruction A.2. below):

- 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))

Indicate by check mark whether the registrant is an emerging growth Registrant 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 Registrant

If an emerging growth Registrant, 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.

This current report on Form 8-K is filed by Pure Cycle Corporation (**Registrant**), a Colorado corporation, in connection with the matters described herein

Item 2.02 Results of Operations and Financial Condition.

On January 9, 2023, the Registrant issued a press release announcing its financial results for the three months ended November 30, 2022. A copy of the press release is furnished as Exhibit 99.1 hereto, and is incorporated herein by reference.

In accordance with General Instruction B.2 of Form 8-K, the press release furnished as Exhibit 99.1 to this current report on Form 8-K shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall such information or exhibit be deemed incorporated by reference into any filing under the Securities Act of 1933 or Securities Exchange Act of 1934, except as shall be expressly set forth by specific reference in any such filing.

Item 7.01 Regulation FD Disclosure

On January 10, 2023, the Registrant presented and posted on its website a presentation summarizing Pure Cycle’s operations and financial results (**Earnings Presentation**). The Earnings Presentation is furnished as Exhibit 99.2 to this Form 8-K and is incorporated herein by reference.

The information contained in the Earnings Presentation is summary information and should be read in conjunction with Pure Cycle’s filings with the Securities and Exchange Commission and other public announcements that Pure Cycle may make by press release or otherwise from time to time. The Earnings Presentation will be posted in the Investor Relations section of Pure Cycle’s website, www.purecyclewater.com.

The information contained in this Item 7.01 of Form 8-K, including the accompanying Exhibit 99.2 is being furnished, and shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (**Exchange Act**), or otherwise subject to the liabilities of that section. The information contained in the presentation shall not be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
99.1	Press Release dated January 9, 2023, announcing earnings for the three months ended November 30, 2022
99.2	Three months ended November 30, 2022 earnings presentation
104	Cover Page Interactive Data File (the cover page XBRL tags are embedded in the inline XBRL document)

SIGNATURE

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

Date: January 10, 2023

PURE CYCLE CORPORATION

By: /s/ Kevin B. McNeill
Kevin B. McNeill
Vice President and Chief Financial Officer


PURE CYCLE
Pure Cycle Announces Financial Results
for the Three Months Ended November 30, 2022

DENVER, CO / ACCESSWIRE / January 9, 2023 – Pure Cycle Corporation (NASDAQ Capital Market: **PCYO**) announced for the three months ended November 30, 2022, it posted positive net income for the fifteenth consecutive fiscal quarter. The housing market downturn and quick turn in weather proved to be a challenge for our first quarter of fiscal 2023, but we received several surface use payments and other cash payments from oil and gas operators which are a positive sign to what we believe will be a strong year for oil and gas water sales. Highlights for the first quarter of fiscal 2023 are presented below.

Highlights

- Revenues of \$1.3 million which drove pre-tax income of \$0.3 million
- EBITDA of \$0.8 million
 - Reconciliation of net income to EBITDA is as follows: net income of \$0.2M plus interest expense of \$0.05M plus tax expense of \$0.1M plus depreciation and depletion of \$0.5M equals EBITDA of \$0.8 million
- Cash and investments totaled \$32.0 million at November 30, 2022
- 67.5 million gallons of water delivered

“While the downward pressures on the housing industry created by rising interest rates and increasing prices took a toll on new home sales which in turn slowed our development activities, we were able to collect a number of surface use payments from oil and gas operators which we believe indicates a strong drilling forecast for the coming year,” commented Mr. Harding, CEO of Pure Cycle. “The winter months are always a cyclically slow season for home sales, but each of our builders continue to construct homes at Sky Ranch with over 60 starts in our second phase under construction and over 124 of the 219 tap sales, which correlate to building permits from our homebuilders. We believe our entry level priced homes will remain attractive in this market and believe the future growth at Sky Ranch will remain strong,” concluded Mr. Harding.

Financial Summary

Revenue

For the three months ended November 30, 2022 and 2021, we reported total revenues of \$1.3 million and \$4.3 million. This was generated by our water and wastewater resource development segment (\$0.8 million and \$1.1 million), our land development segment (\$0.5 million and \$3.2 million), and our single-family rental business (less than \$0.01 million in both periods). The decline in revenue was predominately due to the slowing of the housing industry, which resulted in our construction activities being scaled back to align our timing of lot deliveries with the projected construction needs of our homebuilding partners.

For the three months ended November 30, 2022 and 2021, we sold four and nine water and wastewater taps for \$0.2 million and \$0.3 million. These taps were sold predominately at our Sky Ranch community where we have sold a total of 766 water and wastewater taps since we began developing Sky Ranch in 2017.

As of November 30, 2022, the single-family rental business has three homes built and rented, a fourth house was completed and rented in mid-December 2022, with ten additional units under construction with expected delivery dates throughout fiscal 2023.

Profitability

We continue to be profitable with net income of \$0.2 million and \$1.5 million for the three months ended November 30, 2022 and 2021. This produced \$0.01 and \$0.06 of earnings per fully diluted share for the periods presented.

Working Capital

We reported working capital (current assets less current liabilities) of \$23.8 million as of November 30, 2022, with \$32.0 million of cash, cash equivalents and short-term investments.

“Although the housing market softened near the end of our fiscal 2022, which continued into Q1-2023, our strong balance sheet remains our differentiator. We have positioned ourselves with three very strong and long-term producing assets that have in the past proven to weather the inevitable up and down-market cycles. We continue to invest in our core asset, water, which we

believe is the most valuable long-term, appreciable asset we can own,” commented Kevin McNeill, CFO of Pure Cycle. “Fiscal 2023 didn’t start as strong as fiscal 2022, but with the projected oil and gas operations and continued focus on providing a reasonably priced lot in a market that is desperate for reasonably priced homes, we believe fiscal 2023 will pick up quickly,” concluded Mr. McNeill.

Operational Summary

Water and Wastewater Resource Development

For the three months ended November 30, 2022 and 2021, we delivered 67.5 million gallons and 77.3 million gallons to customers, a 13% decrease. This decrease in water sales was primarily due to the reduced construction water needs at Sky Ranch from slowed construction activities because of the downturn in the housing market overall, and declines in water sales as less new landscaping was installed in Q1-2023, which requires significantly more water to help it establish. Water and wastewater tap sales declined as well for the three months ended November 30, 2022 compared to 2021 due to the timing of closings at Sky Ranch. Tap sales are driven by building permit applications and are not contractually established with the builders. As evidenced by the \$1.2 million of surface use payments we received, we believe we will see strong water sales to oil and gas operators the remainder of fiscal 2023.

We also continued our acquisition of water rights with the acquisition of three deep water wells in the Lost Creek Basin for \$0.3 million, which will be added to our other Lost Creek Water and eventually transferred to the Denver market for use in our Denver service area.

Land Development

Lot sales revenue decreased for the three months ended November 30, 2022 compared to 2021 due to the reduction of construction activities to align our deliverables with the timing of home construction by the homebuilders. Because lot sale revenue is recognized predominately as construction progresses, revenue will fluctuate due to timing of construction activities.

Single Family Rentals

During fiscal 2022, we contracted for the construction of eleven more rental homes, which all began construction in fiscal 2022, and one home was delivered in December 2022. We expect the next ten units to be delivered at various dates throughout fiscal 2023.

Share Repurchase Authorization

On November 2, 2022, our Board of Directors approved a stock repurchase program. The program is open-ended and authorizes repurchases of up to an aggregate of 200,000 shares of common stock in the open market. As of the date of this release, no shares have been repurchased under the repurchase program.

The following table presents our unaudited results of operations for the three months ended November 30, 2022 and 2021:

<i>(In thousands, except share information)</i>	Three Months Ended	
	November 30, 2022	November 30, 2021
Revenues:		
Metered water usage from:		
Municipal customers	\$ 121	\$ 147
Commercial customers	392	560
Wastewater treatment fees	63	55
Water and wastewater tap fees	150	261
Lot sales	513	2,945
Project management fees	8	248
Single-family rentals	25	8
Special facility projects and other	68	49
Total revenues	<u>1,340</u>	<u>4,273</u>
Expenses:		
Water service operations	479	289
Wastewater service operations	138	129
Land development construction costs	143	531
Project management costs	72	—
Single-family rental costs	10	3
Depletion and depreciation	378	354
Other	106	77
Total cost of revenues	<u>1,326</u>	<u>1,383</u>
General and administrative expenses	1,388	1,325
Depreciation	115	85
Operating (loss) income	<u>(1,489)</u>	<u>1,480</u>
Other income (expense):		
Interest income - related party	247	361
Interest income - Investments	228	1
Oil and gas royalty income, net	116	97
Oil and gas lease income, net	19	48
Other, net	1,218	11
Interest expense, net	(50)	(7)
Income from operations before income taxes	<u>289</u>	<u>1,991</u>
Income tax expense	130	477
Net income	<u>\$ 159</u>	<u>\$ 1,514</u>
Earnings per common share - basic and diluted		
Basic	<u>\$ 0.01</u>	<u>\$ 0.06</u>
Diluted	<u>\$ 0.01</u>	<u>\$ 0.06</u>
Weighted average common shares outstanding:		
Basic	<u>23,985,788</u>	<u>23,917,908</u>
Diluted	<u>24,087,893</u>	<u>24,219,236</u>

The following table presents our consolidated financial position as of November 30, 2022 (unaudited) and August 31, 2022 (audited):

(In thousands, except shares)

ASSETS:

Current assets:

	<u>November 30, 2022</u>	<u>August 31, 2022</u>
Cash and cash equivalents	\$ 16,843	\$ 34,894
Investments	15,000	—
Trade accounts receivable, net	1,240	2,425
Prepaid expenses and other assets	427	467
Total current assets	<u>33,510</u>	<u>37,786</u>

Restricted cash

2,328

2,328

Investments in water and water systems, net

58,711

58,763

Construction in progress

2,484

1,224

Single-family rental units

963

975

Land and mineral rights:

Held for development

7,287

6,773

Held for investment purposes

451

451

Other assets

2,454

2,463

Notes receivable – related parties, including accrued interest:

Reimbursable public improvements

18,487

17,208

Other

1,242

1,120

Operating leases - right of use assets, less current portion

120

138

Total assets

\$ 128,037

\$ 129,229

LIABILITIES:

Current liabilities:

Accounts payable

\$ 1,039

\$ 849

Accrued liabilities

920

2,029

Accrued liabilities – related parties

653

560

Income taxes payable

2,645

2,530

Deferred lot sale revenues

3,889

4,275

Deferred water sales revenues

552

570

Debt, current portion

10

10

Total current liabilities

9,708

10,823

Participating interests in export water supply

—

323

Debt, less current portion

3,947

3,950

Deferred tax liability, net

1,090

1,075

Lease obligations - operating leases, less current portion

44

62

Total liabilities

14,789

16,233

Commitments and contingencies

SHAREHOLDERS' EQUITY:

Series B preferred shares: par value \$0.001 per share, 25 million authorized;

432,513 issued and outstanding (liquidation preference of \$432,513)

—

—

Common shares: par value 1/3 of \$.01 per share, 40.0 million authorized;

23,986,645 and 23,980,645 outstanding, respectively

80

80

Additional paid-in capital

174,243

174,150

Accumulated deficit

(61,075)

(61,234)

Total shareholders' equity

113,248

112,996

Total liabilities and shareholders' equity

\$ 128,037

\$ 129,229

Q1-2023 EARNINGS CALL

Pure Cycle will host a conference call on Tuesday, January 10, 2023, at 8:30AM Eastern (6:30AM Mountain) to discuss the financial results and answer questions. Call details are presented below. We will post a detailed slide presentation, which provides an overview of Pure Cycle and presents summary financial results on our website which can be accessed at www.purecyclewater.com.

When:	8:30AM Eastern (6:30AM Mountain) on January 10, 2023
Call in number:	888-506-0062 (access code: 832069)
International call-in number:	973-528-0011 (access code: 832069)
Replay number:	877-481-4010 919-882-2331 (passcode: 47370)
Replay available until:	January 24, 2023 at 8:30AM ET
Event link:	https://www.webcaster4.com/Webcast/Page/2247/47370

Company Information

Pure Cycle continues to diversify its operations, grow its balance sheet, and drive recurring revenues. We operate in three distinct business segments, each of which complement the other. At our core, we are an innovative and vertically integrated wholesale water and wastewater service provider. In 2017, we launched our land development segment which develops master planned communities on land we own and to which we provide water and wastewater services. In 2021, we launched our newest line of business, the rental of single-family homes located at Sky Ranch, which provides long-term recurring revenues, furthers our land development operations, and adds more customers to our water resource segment.

Additional information, including our recent press releases and SEC filings, is available at www.purecyclewater.com, or you may contact our President, Mark W. Harding, or our CFO, Kevin B. McNeill, at 303-292-3456 or info@purecyclewater.com. Be sure to follow Pure Cycle on Twitter @purecyclecorp.

SOURCE: Pure Cycle Corporation

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are all statements, other than statements of historical facts, included in this press release that address activities, events or developments that we expect or anticipate will or may occur in the future, such as statements about the following: our positioning to continue to grow through this market cycle, the completion and delivery of our rental units, timing of development at Sky Ranch, tap sales, and home sales by our home builder customers. The words “anticipate,” “likely,” “may,” “should,” “could,” “will,” “believe,” “estimate,” “expect,” “plan,” “intend” and similar expressions are intended to identify forward-looking statements. Investors are cautioned that forward-looking statements are inherently uncertain and involve risks and uncertainties that could cause actual results to differ materially. Factors that could cause actual results to differ from projected results include, without limitation: home mortgage interest rates, inflation, and other factors impacting the housing market and home sales; the risk factors discussed in Part I, Item 1A of our most recent Annual Report on Form 10-K for the fiscal year ended August 31, 2022; and those factors discussed from time to time in our press releases, public statement and documents filed or furnished with the U.S. Securities and Exchange Commission. Except as required by law, we disclaim any obligation to update publicly any forward-looking statements, whether because of new information, future events or otherwise.



EARNINGS PRESENTATION FOR THE QUARTER
ENDED NOVEMBER 30, 2022

NASDAQ: PCYO
www.purecyclewater.com
@PureCycleCorp

PURE CYCLE CORPORATION



COMPANY
OVERVIEW

WATER &
WASTEWATER

LAND
DEVELOPMENT

SINGLE FAMILY
RENTALS

FINANCIAL
RESULTS

Presented by Mark Harding, CEO | Kevin McNeill, CFO | Dirk Lashnits, VP Land Development

Safe Harbor Statement

Statements that are not historical facts contained or incorporated by reference in this presentation are "forward-looking statements" ("FLS") within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21C of the Securities Exchange Act of 1934 as amended. FLS involve risks and uncertainties that could cause actual results to differ from projected results. The words "anticipate," "believe," "estimate," "expect," "plan," "intend" and similar expressions, as they relate to us, are intended to identify FLS. Such statements reflect our current views with respect to future events and are subject to certain risks, uncertainties and assumptions. We are not able to predict all factors that may affect future results. We cannot assure you that any of our expectations will be realized. Our actual results could differ materially from those discussed in or implied by these forward-looking statements. Factors that may cause actual results to differ materially from those contemplated by such FLS include, without limitation: the risk factors discussed in our most recent Annual Report on Form 10-K; the timing of new home construction and other development in the areas where we may sell our water, which in turn may be impacted by credit availability; population growth; employment rates; general economic conditions; the market price of water; changes in customer consumption patterns; changes in applicable statutory and regulatory requirements; changes in governmental policies and procedures; uncertainties in the estimation of water available under decrees; uncertainties in the estimation of costs of delivery of water and treatment of wastewater; uncertainties in the estimation of the service life of our systems; uncertainties in the estimation of costs of construction projects; uncertainties in the amount and timing of reimbursable public improvement payments; uncertainty in the single family home rental market and our ability to rent homes in a timely manner or at the amount we project; the strength and financial resources of our competitors; our ability to find and retain skilled personnel; climatic and weather conditions, including flood, droughts and freezing conditions; labor relations; availability and cost of labor, material and equipment; delays in anticipated permit and construction dates; environmental risks and regulations; our ability to raise capital; our ability to negotiate contracts with new customers; and uncertainties in water court rulings; and other factors discussed from time to time in our press releases, public statements and documents filed or furnished with the SEC.

WE OPERATE MULTIPLE COMPLEMENTARY SEGMENTS...

...driving value for stakeholders with land and water investments



Water and Wastewater Resource Development Segment

- Own 29,900+ acre-feet of water rights
- Sustainable ground and surface water rights we estimate can serve up to 60,000 SFEs
- Denver metro land development requires developers to have water service as a condition of zoning, offering us a competitive edge
- Provide industrial and oil and gas customers with water



Land Development Segment

- Own property in highly attractive and easily accessible I-70 Corridor of Denver, Colorado
- Developing nearly 930 acres of a full Master Planned community known as Sky Ranch
- Sky Ranch can have around 3,200 residential units and over 2 million square feet of retail, commercial and industrial uses
- Developing residential and commercial land for which we are the sole water and wastewater service provider



Single-Family Home Rentals

- Build single family homes in the Denver metro area in neighborhoods we are developing
- Receive rental income in growing housing market
- Benefit from immediate asset appreciation and positive cash flows
- Provide water and wastewater service to rental properties



EARNINGS PRESENTATION FOR THE QUARTER
ENDED NOVEMBER 30, 2022

NASDAQ: PCYO
www.purecyclewater.com
@PureCycleCorp

PURE CYCLE CORPORATION



COMPANY
OVERVIEW

WATER &
WASTEWATER

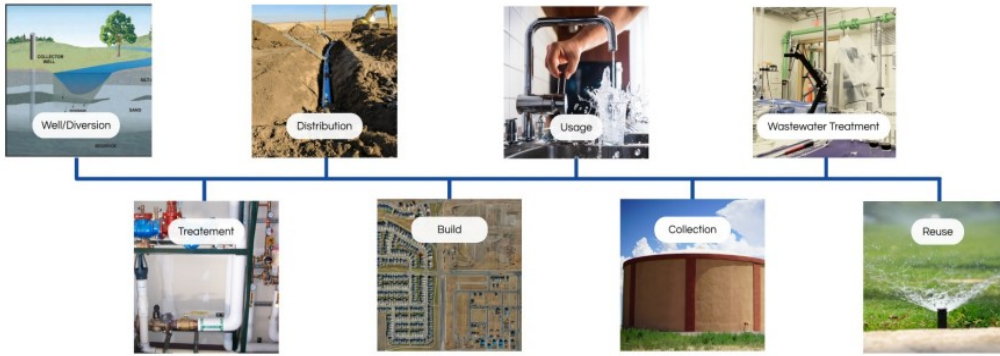
LAND
DEVELOPMENT

SINGLE FAMILY
RENTALS

FINANCIAL
RESULTS

Presented by Mark Harding, CEO | Kevin McNeill, CFO | Dirk Lashnits, VP Land Development

Wholesale Water & Wastewater



Well/Diversion

- Vertically integrated in that we own, treat and sell water then collect, treat, and reuse wastewater
- Own and control 29,900+ acre feet of water
- Own rights to surface reservoir storage assets

Build

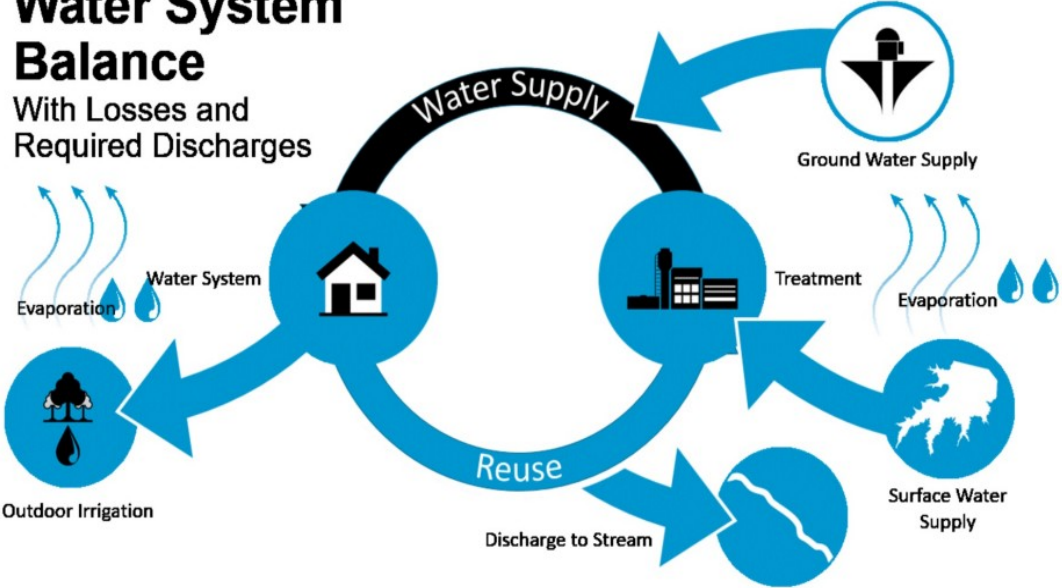
- Capacity to serve 60,000 taps
- Capital Capacity = \$2.0 billion
- One-Time Connection Fees:
 - Water tap = \$28,308
 - Sewer tap = \$4,944

Usage

- Base fee = \$32.74
- Consumption fee = Tiered
 - 0-15k gal - \$4.63 per 1,000 gal
 - 15k-30k gal - \$8.10 per 1,000 gal
 - >30k gal - \$9.95 per 1,000 gal

Water System Balance

With Losses and Required Discharges



WATER INFRASTRUCTURE

All major infrastructure is in service to support phase 2 of the Sky Ranch development



Water Assets/Infrastructure Inventory

- 2 Wastewater reclamation facilities
- 20 miles of transmission pipeline
- 4 Alluvial wells
- 150 Acre-feet surface storage
- 2 million gallons of water storage
- 29,900+ Acre-feet of water rights
- 11 Groundwater wells
- 30+ miles of distribution pipeline

WATER AND WASTEWATER

Customers - 1,248

New Residential

Residential water and wastewater customers added with every new phase at Sky Ranch

- Avg. residential customer generates \$1,500 per year in revenue

New Commercial

- Future Sky Ranch commercial phases to include the equivalent of 1,800 taps
- More parks, irrigated space, and amenities will be added to the Sky Ranch CAB

Existing Residential

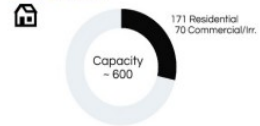
- Sky Ranch Phase 1**
 - all taps sold for 509 homes (4 are our SFRs)
- Sky Ranch Phase 2A**
 - 124 taps sold as of 11/30/2022 (10 are our SFRs)
- Elbert and Hwy 86 - more than 200 residents

Existing Commercial

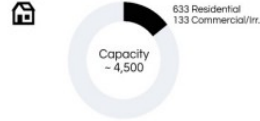
- Elbert and Hwy 86 commercial customers include a Walmart, carwash, and fitness center
- 3 parks and additional irrigated space for Sky Ranch CAB
- more irrigated space to come in Phase 2A in 2023
- Largest commercial customers are oil and operators - record sales to these customers in 2022

System Capacity

Wild Pointe



Sky Ranch



Lowry



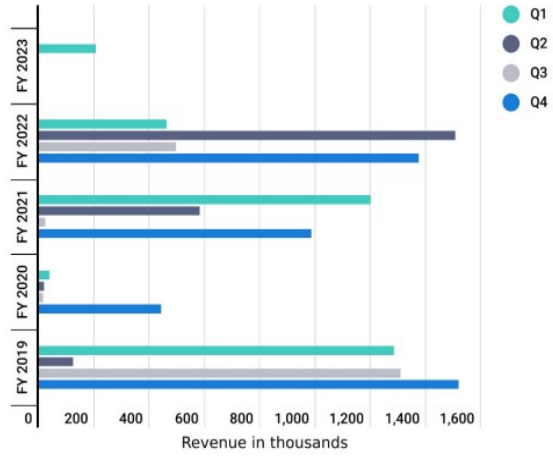
OIL & GAS

We provide raw water to oil and gas operators for drilling with 120 wells drilled to date

Southern Wattenberg Niobrara

- Multiple Formations
- Pad Development: 40 Acre spacing
- 16 wells/mile formation
- Oil rig can drill 20 wells per year
- Average \$250,000 of water sales per well

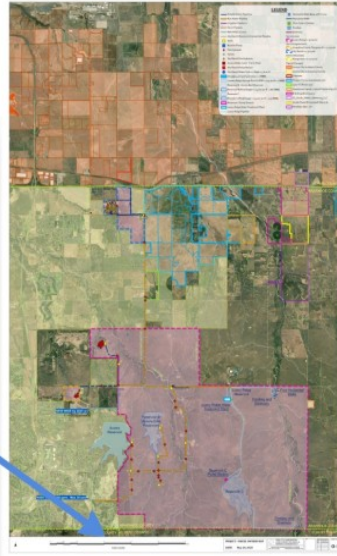
More than 200 square miles in Adams & Arapahoe Counties



DEVELOPMENT ENCROACHMENT TO LOWRY RANGE



View looking north of development encroachment on Lowry Range exclusive Service Area





EARNINGS PRESENTATION FOR THE QUARTER
ENDED NOVEMBER 30, 2022

NASDAQ: PCYO
www.purecyclewater.com
@PureCycleCorp

PURE CYCLE CORPORATION



COMPANY
OVERVIEW

WATER &
WASTEWATER

LAND
DEVELOPMENT

SINGLE FAMILY
RENTALS

FINANCIAL
RESULTS

Presented by Mark Harding, CEO | Kevin McNeill, CFO | Dirk Lashnits, VP Land Development

LAND DEVELOPMENT

- Developing the **930 acre** Sky Ranch
- Can accommodate up to **3,200** residential lots
- Can accommodate up to **2M sq. ft.** of commercial development (**1,800 SFE's**)
- **15 miles** east of downtown Denver and **4 miles** south of DIA



LAND DEVELOPMENT PHASE 1 & 2

Phase 1

Phase 1 - 509 lots
100% Complete - Completed 2022
Rental lots - 4 lots

Sky Ranch Academy

K-7 opening in 2023
High School opening in 2025

Phase 2

Phase 2A - 229 lots
78% complete - est. completion 2024
Phase 2B - 211 lots
15 % complete - est. completion 2025
Phase 2C - 204 lots
0% complete - est. completion 2026
Phase 2D - 206 lots
0% complete - est. completion 2027
Rental lots - 46 lots

Total Lots - 1,359



PARTNERING HOMEBUILDERS



SKY RANCH PHASE 2

Financial and Quantitative Data

Phase 2A (229 LOTS)

Lot Revenue**	\$ 18.4m
Tap Revenue	5.6m
Total Lot Costs	(20.1m)
Reimbursable*	16.7m
GROSS PROCEEDS	\$ 20.6m

Phase 2B (211 LOTS)

Lot Revenue**	\$ 17.0m
Tap Revenue	5.2m
Total Lot Costs	(18.3m)
Reimbursable*	15.2m
GROSS PROCEEDS	\$ 19.1m

Phase 2C (204 LOTS)

Lot Revenue**	\$ 16.7m
Tap Revenue	5.0m
Total Lot Costs	(17.4m)
Reimbursable*	14.5m
GROSS PROCEEDS	\$ 18.8m

Phase 2D (206 LOTS)

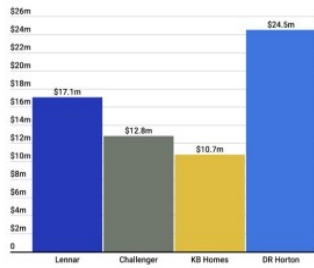
Lot Revenue**	\$ 17.9m
Tap Revenue	5.1m
Total Lot Costs	(17.6m)
Reimbursable*	\$ 14.6m
GROSS PROCEEDS	\$ 20.0m

Phase 2 (850 LOTS)

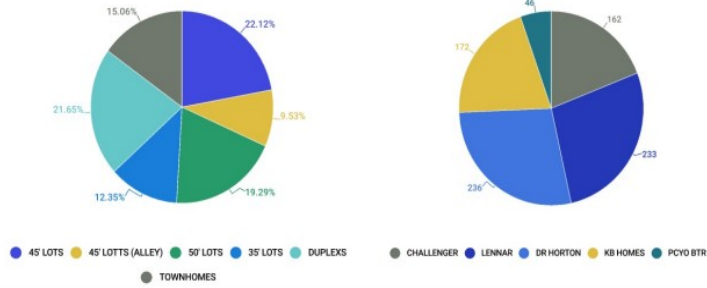
Lot Revenue **	\$ 70.0m
Tap Revenue	20.9m
Total Lot Costs	(73.4m)
Reimbursable*	61.0m
GROSS PROCEEDS	\$ 78.5m

*Reimbursable costs are public improvements reimbursable from the Sky Ranch Community Authority Board
** Lot revenue does not include potential price escalators

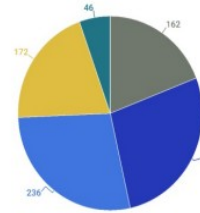
TOTAL LOT SALES BY BUILDER



TOTAL LOTS BY TYPE



TOTAL LOTS BY BUILDER



Market Conditions

Pent-up demand for new home sales
2005/2006 - 1.4M
2021/2022 - 600K

Mortgage rates stabilizing - still at historical averages

Lot deliveries still trailing home starts

All homebuilders in Sky Ranch are top 15 nationally

Low unemployment

House price appreciation

Lower average days on market (June/Jan.)
Typical - 60/90
Current - 30/60

+
The GOOD

Interest Rates
Abrupt uptick in 2022 - 3% to 7%
(70s - 9%, 80s - 13%, 90s - 8%, 2000s - 6%, 2010s - 4%)

Builder confidence down

Mortgage applications down

Labor and material cost up

Cancellations up

Traffic down

Home sales down

-
The BAD

Recalibrate: **CORRECTION, NOT COLLAPSE**
Recalibration for Sky Ranch - timing on lot deliveries

Land Development

Denver Housing Market

- Job growth has slowed but remains strong, resulting in need for housing as people move into the state for work
- Although rising - rates are not out of the norm
- Sales slowing - still in line with average for past years

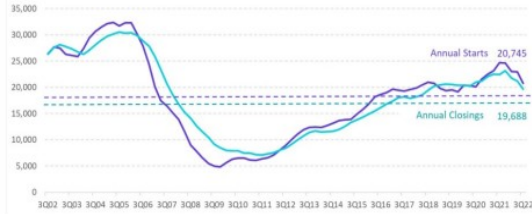
z Zonda.

Denver Metro (incl Boulder) Ann Job Growth +63,300 YOY for 3.7% Ann Growth Rate



z Zonda.

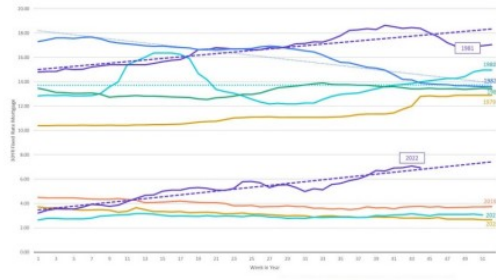
11-County Front Range Starts Down YOY 16% Closings Down 12% but Both Remain Above Ten-Year Averages



Source: Zonda

z Zonda.

30-year Fixed Rate Mortgage Trends 79-83 & 19-22





EARNINGS PRESENTATION FOR THE QUARTER
ENDED NOVEMBER 30, 2022

NASDAQ: PCYO
www.purecyclewater.com
@PureCycleCorp

PURE CYCLE CORPORATION



COMPANY
OVERVIEW

WATER &
WASTEWATER

LAND
DEVELOPMENT

SINGLE FAMILY
RENTALS

FINANCIAL
RESULTS

Presented by Mark Harding, CEO | Kevin McNeill, CFO | Dirk Lashnits, VP Land Development

Single-Family Rentals

We have contracted for the construction of single family homes with the intent to retain them for long-term rental purposes within our Sky Ranch development.

Pure Cycle is working with an experienced home builder to construct these houses, which Pure Cycle will own and maintain, taking on a new role as property manager.



Single Family Rentals

Phase 1 & 2

Initial Three Homes Financed with our Bank

Flexible debt usage up to 70% of appraised value

Low cost capital (3.75 - 4.25%)

House appraisal value estimated at \$547,000 based on homes sold in Sky Ranch per NMLS

Annual appreciation estimated at 4% per year

Price ranges in rental units from \$2,400 - \$3,000/month

Diverse product mix:

Duplex homes

35' alley load homes

45" detached homes!



14 Homes in Phase 1 & 2A

4 Homes Completed*

10 Under Construction

*4th home completed 12/15/2023

Market Watch

- Steady increase in lease price while other rental types fell
- Detached and Townhomes are more affordable per square foot and per bedroom
- Detached homes spend less days on market on average than other types of rental units
- Flexible work trends increasing demand for home rentals

Our Single Family Rentals

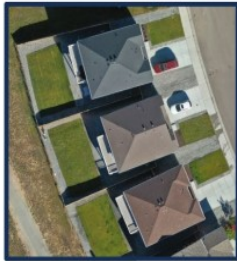
- Rented first 4 homes above the average market price (4th rented after 11/30/2022)
- All 4 homes rented within 14 days of listing
- 10 homes in Phase 2A under construction



Our Single Family Rentals - Operations and Cash Flows

Item	Actual Results 3 units*	Annualized	Avg per home/yr	Projected to 14 homes/yr	Projected to 50 homes/yr
Rental Income	\$ 82	\$ 98	\$ 33	\$ 459	\$ 1,640
Operating Costs	30	36	12	168	600
G&A, Interest and Depreciation Expense	31	37	12	174	620
Net operating income	\$ 21	\$ 25	\$ 8	\$ 118	\$ 420
Add back non-cash items	23	28	9	129	460
Cash flows from operations	\$ 44	\$ 53	\$ 18	\$ 246	\$ 880

*ten months ended 8/31/2022





EARNINGS PRESENTATION FOR THE QUARTER
ENDED NOVEMBER 30, 2022

NASDAQ: PCYO
www.purecyclewater.com
@PureCycleCorp

PURE CYCLE CORPORATION



COMPANY
OVERVIEW

WATER &
WASTEWATER

LAND
DEVELOPMENT

SINGLE FAMILY
RENTALS

FINANCIAL
RESULTS

Presented by Mark Harding, CEO | Kevin McNeill, CFO | Dirk Lashnits, VP Land Development

Financial Results

Quarter 1 Summary



WATER & WASTEWATER

- \$67.4 m in water assets (cost)
- 1,248 total taps served
- 67.5M gallons delivered in Q1 2023



LAND DEVELOPMENT

- Phase 2A 78% complete
- Phase 2B 15% complete - but delayed until spring 2023, no payments from builders yet
- \$17.2M in reimbursable public improvement receivable
- 80%+ gross margin for Phase 2



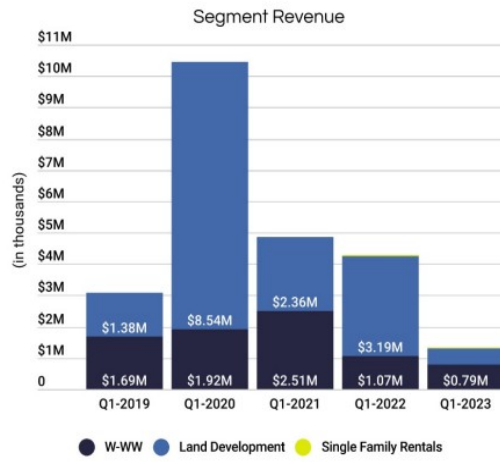
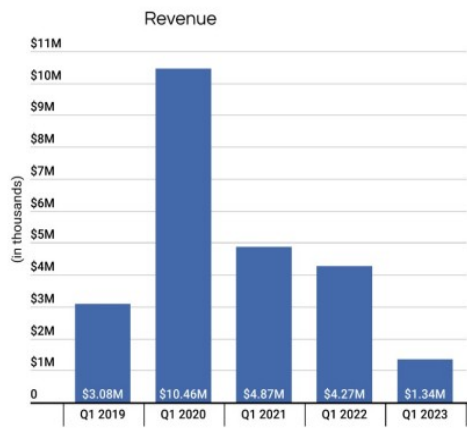
SINGLE FAMILY RENTALS

- \$1.0m in completed assets with an approximate market value of \$1.6m
- 11 homes under construction at 11/30/2022 with deliveries in FY 2023
- Average monthly rental rates in excess of \$2,800 per unit



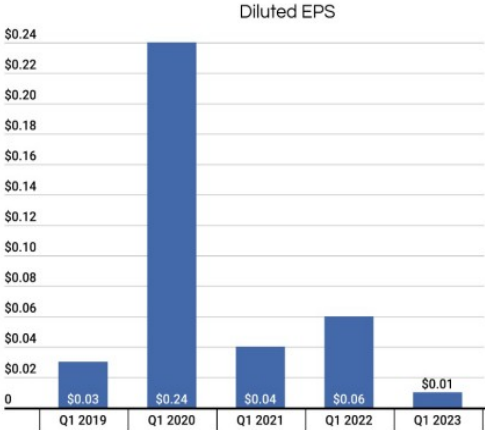
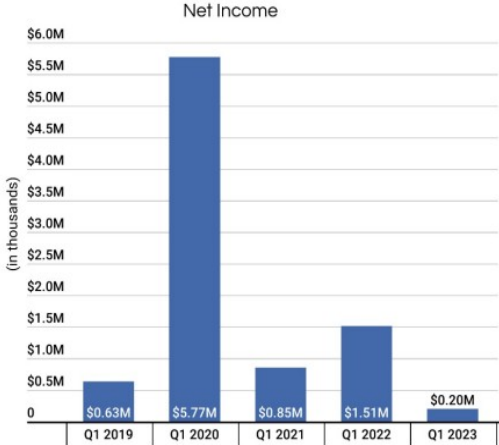
Financial Results

Fiscal Q1-2023



Financial Results

Fiscal Q1-2023





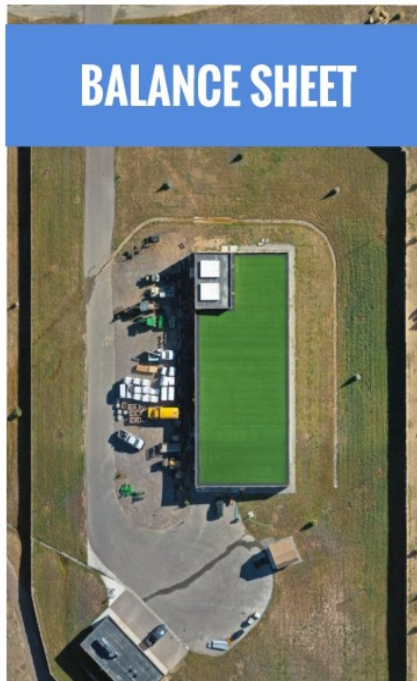
SHARE REPURCHASE AUTHORIZATION / UPCOMING DATES

Stock Repurchase Program - as announced in the press release on November 14, 2022, our board approved an open-ended stock repurchase program which authorizes our CEO and CFO to repurchase up to 200,000 shares in the open market.

Important Upcoming Dates

- Annual Shareholders Meeting - **January 11, 2023**
- 10-Q Filing - **by January 17, 2023**
- Issuance of ESG Report - **Posted to website at end of November 2022**

BALANCE SHEET



(In thousands, except shares)

ASSETS:

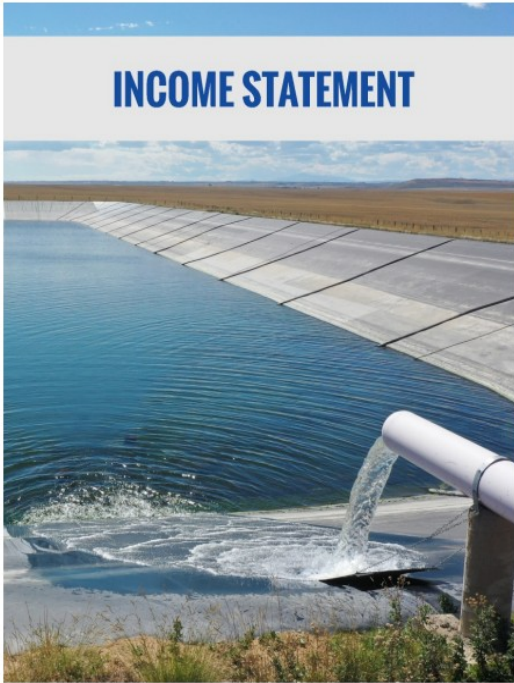
	November 30, 2022	August 31, 2022
Current assets:		
Cash and cash equivalents	\$ 16,843	\$ 34,894
Investments	15,000	—
Trade accounts receivable, net	1,240	2,425
Prepaid expenses and other assets	427	467
Total current assets	33,510	37,786
Restricted cash	2,328	2,328
Investments in water and water systems, net	58,711	58,763
Construction in progress	2,484	1,224
Single-family rental units	963	975
Land and mineral rights:		
Held for development	7,287	6,773
Held for investment purposes	451	451
Other assets	2,454	2,463
Notes receivable -- related parties, including accrued interest:		
Reimbursable public improvements	18,487	17,208
Other	1,242	1,120
Operating leases - right of use assets, less current portion	120	138
Total assets	\$ 128,037	\$ 129,229

LIABILITIES:

Current liabilities:		
Accounts payable	\$ 1,039	\$ 849
Accrued liabilities	920	2,029
Accrued liabilities -- related parties	653	960
Income taxes payable	2,645	2,530
Deferred lot sale revenues	3,889	4,275
Deferred water sales revenues	552	570
Debt, current portion	10	10
Total current liabilities	9,708	10,823
Participating interests in export water supply	—	323
Debt, less current portion	3,947	3,950
Deferred tax liability, net	1,090	1,075
Lease obligations - operating leases, less current portion	44	62
Total liabilities	14,789	16,233

SHAREHOLDERS' EQUITY:

Series B preferred shares par value \$0.001 per share, 25 million authorized; 432,513 issued and outstanding (liquidation preference of \$432,513)	—	—
Common shares par value 1/3 of \$0.01 per share, 40.0 million authorized; 23,980,645 and 23,916,633 outstanding, respectively	80	80
Additional paid-in capital	174,243	174,150
Accumulated deficit	(61,075)	(61,234)
Total shareholders' equity	113,248	112,996
Total liabilities and shareholders' equity	\$ 128,037	\$ 129,229



INCOME STATEMENT

(In thousands, except share information)

	Three Months Ended	
	November 30, 2022	November 30, 2021
Revenues:		
Metered water usage from:		
Municipal customers	\$ 121	\$ 147
Commercial customers	392	560
Wastewater treatment fees	63	55
Water and wastewater tap fees	150	261
Lot sales	513	2,945
Project management fees	8	248
Single-family rentals	25	8
Special facility projects and other	68	49
Total revenues	<u>1,340</u>	<u>4,273</u>
Expenses:		
Water service operations	479	289
Wastewater service operations	138	129
Land development construction costs	143	531
Project management costs	72	—
Single-family rental costs	10	3
Depletion and depreciation	378	354
Other	106	77
Total cost of revenues	<u>1,326</u>	<u>1,383</u>
General and administrative expenses	1,388	1,325
Depreciation	115	85
Operating income	<u>(1,489)</u>	<u>1,480</u>
Other income:		
Interest income - related party	247	361
Interest income on investments	228	1
Oil and gas royalty income, net	116	97
Oil and gas lease income, net	19	48
Other, net	1,218	11
Interest expense, net	(50)	(7)
Income from operations before income taxes	<u>289</u>	<u>1,991</u>
Income tax expense	130	477
Net income	<u>\$ 159</u>	<u>\$ 1,514</u>
Earnings per common share - basic and diluted		
Basic	\$ 0.01	\$ 0.06
Diluted	\$ 0.01	\$ 0.06
Weighted average common shares outstanding:		
Basic	23,985,788	23,917,908
Diluted	<u>24,087,893</u>	<u>24,219,236</u>



LEADERSHIP AND BOARD OF DIRECTORS

Mark W. Harding

President and CEO

Kevin B. McNeill

Vice President and CFO

Patrick J. Beirne

Chair of the Board

Peter C. Howell

Director and Chair of the
Audit Committee

Jeffrey G. Sheets

Director

Wanda J. Abel

Director and Chair of the
Nominating and Governance
Committee

Daniel R. Kozlowski

Director and Chair of the
Compensation Committee

Fredrick A. Fendel III.

Director

CONTACT AND COMPANY INFORMATION

CORPORATE HEADQUARTERS

34501 E. Quincy Ave, BLDG 65, Suite A, Watkins, CO 80137

CONTACT INFO

info@purecyclewater.com
303-292-3456
www.purecyclewater.com

Follow us on...

 Twitter: @PureCycleCorp
 LinkedIn: <https://www.linkedin.com/company/pure-cycle-corporation>

STOCK INFO

Ticker symbol (NASDAQ Capital
Market): PCYO

Shares outstanding: 24.0 million



Questions?



EARNINGS PRESENTATION FOR THE QUARTER
ENDED NOVEMBER 30, 2022

NASDAQ: PCYO
www.purecyclewater.com
@PureCycleCorp

PURE CYCLE CORPORATION



COMPANY
OVERVIEW

WATER &
WASTEWATER

LAND
DEVELOPMENT

SINGLE FAMILY
RENTALS

FINANCIAL
RESULTS

Presented by Mark Harding, CEO | Kevin McNeill, CFO | Dirk Lashnits, VP Land Development