

**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 15, 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	PCYO	The NASDAQ Stock Market
(Title of each class)	(Trading Symbol(s))	(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 November 15, 2023, the Registrant issued a press release announcing its financial results for the year ended August 31, 2023. 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 November 15, 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	<u>Press Release dated November 15, 2023, announcing earnings for the year ended August 31, 2023</u>
99.2	<u>Year ended August 31, 2023, earnings presentation</u>
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: November 16, 2023

PURE CYCLE CORPORATION

By: /s/ Marc S. Spezialy

Marc S. Spezialy

Vice President and Chief Financial Officer



Pure Cycle Announces Financial Results For the Year Ended August 31, 2023

DENVER, CO / ACCESSWIRE / November 15, 2023 – Pure Cycle Corporation (NASDAQ Capital Market: PCYO) announced its financial results for the year ended August 31, 2023. Pure Cycle posted \$4.7 million of net income for the year ended August 31, 2023, which marks our sixth consecutive year and seventeenth consecutive fiscal quarter with positive net income. Pure Cycle continues to develop its Sky Ranch Master Planned Community and as of August 31, 2023, we have delivered to homebuilders 738 finished lots, retaining 14 lots for our single-family rental segment. The Community has nearly 600 new homes built and sold and 90 homes under construction. In addition to our lots for sale, we continue to build homes for our own portfolio of single-family rentals. During Fiscal Year 2023 we completed and leased 11 additional single-family homes bringing our total to 14 homes.

Full Year 2023 Highlights

- Revenues of \$14.6 million, which drove pre-tax income of \$6.2 million;
- Net income of \$4.7 million;
- EBITDA of \$8.6 million (see table below for reconciliation of net income to EBITDA);
- Cash totaled \$26.0 million;
- For the year ended August 31, 2023, we delivered 313.8 million gallons of water.

Net Income to EBITDA Reconciliation

We continue our profitability as shown in the table below:

(In thousands)	Year Ended	
	August 31, 2023	August 31, 2022
Net Income	\$ 4,699	\$ 9,619
Add back:		
Interest expense	206	90
Taxes	1,521	3,086
Depreciation / amortization	2,156	2,125
EBITDA	<u>\$ 8,582</u>	<u>\$ 14,920</u>
Fully diluted earnings per share	<u>\$ 0.19</u>	<u>\$ 0.40</u>

“Despite interest rates pressuring the housing market, our Sky Ranch community continues to demonstrate solid growth with entry level homes and our great location directly off Interstate 70,” commented Mr. Harding, CEO of Pure Cycle. “While interest rates have risen significantly over the past year, rates are closer to historic averages and we are seeing housing prices stabilize, as our homebuilding partners at Sky Ranch continue to offer affordable products, thanks in large part to our affordable lots. As we continue to enhance the community with the opening of the Sky Ranch Academy School, coupled with our ability to deliver affordable rental units that we have been able to rent quickly, and Sky Ranch continues to deliver strong shareholder returns,” concluded Mr. Harding.

Fourth Quarter 2023 Highlights

- Revenues of \$3.4 million, which drove pre-tax income of \$1.2 million;
 - Net income of \$1.1 million;
 - EBITDA of \$1.9 million and fully diluted earnings per share of \$0.05
 - For the fourth quarter, we delivered 51.2 million gallons of water.
-



Full Year 2023 Financial Summary

Revenue

For the years ended August 31, 2023, and 2022, we reported total revenues of \$14.6 million and \$23.0 million with \$7.3 million and \$10.1 million being generated in our water and wastewater resource development segment, \$6.8 million and \$12.9 million generated by our land development segment, and less than \$0.2 million and \$0.1 reported in our single-family rental business.

For the years ended August 31, 2023, and 2022, we sold 90 and 154 water and wastewater taps for \$2.7 million and \$4.9 million. We have sold 703 water and wastewater taps at Sky Ranch in Phases 1 and 2A. Based on current prices and engineering estimates, we believe Phase 2 of Sky Ranch will produce \$20.6 million in additional water and wastewater tap fee revenue and cash over the next 3-5 years.

The number of lots delivered (which refers to when title passed on a lot to the homebuilder) decreased in 2023 compared to 2022 due to all lots in Phase 2A being delivered to builders by the end of fiscal 2022. No finished lots were delivered to homebuilders during fiscal 2023; however, we did receive certain milestone payments from our Lot Delivery Agreement from home builders in 2023, which accounted for \$3.8 million in lot sales revenue for Phase 2B and \$3.0 million in lot sales revenue for Phase 2A. We expect to be substantially complete with the delivery of all 211 Phase 2B lots during fiscal 2024. Despite lots being transferred to the homebuilders, we still have various construction activities to complete Phase 2A and to turn over the completed infrastructure to the applicable governmental agency for maintenance.

As of August 31, 2023, the single-family rental business has 11 homes built and rented in Sky Ranch and 18 additional homes forecasted for construction in Phase 2B. As noted in the prior quarters, due to the overwhelming demand for rental homes at Sky Ranch, we expect to add 65 homes in Phase 2 with the ability to add more than 200 homes as Sky Ranch builds out.

“With our strong balance sheet, we are well positioned to mobilize our assets for continued growth,” commented Marc Spezialy, CFO of Pure Cycle. “Despite the housing market headwinds which delayed some of our construction activities and timing of our lot deliveries, we continue to see strong demand at Sky Ranch. The primary drivers fueling our growth include our well-priced lots and water availability for development in the Denver metropolitan region,” concluded Mr. Spezialy.

Working Capital

We reported working capital (current assets less current liabilities) of \$23.2 million as of August 31, 2023, with \$26.0 million of cash.

Full Year 2023 Operational Summary

Water and Wastewater Resource Development

Water deliveries decreased in 2023 to 313.8 million gallons delivered as compared to 404.9 million gallons delivered in 2022, primarily due to decreased sales to oil and gas operators, offset by new Sky Ranch customers. Oil and gas operations are highly variable and dependent on oil prices, demand for gas, and timing of other leases in our service areas; therefore, we cannot provide any assurances that we will realize this level of sales to oil and gas customers in the future. As Sky Ranch continues to develop, we anticipate continued growth in our residential water and wastewater service revenues. Water and wastewater tap sales declined in fiscal 2023 compared to fiscal 2022 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.



Land Development

Lot sales revenue decreased for fiscal 2023 compared to fiscal 2022 due to timing of construction in Phase 2B at Sky Ranch. Because lot sale revenue is recognized as construction progresses, revenue will fluctuate due to timing of construction activities.

Single Family Rentals

In fiscal 2023, we had three completed homes that were rented for the full year. Our remaining 11 homes were added at various times throughout fiscal 2023 with the majority being in the last quarter. Fiscal 2024 will represent our first year of rental income for our 14 completed homes. An additional 18 homes are forecasted for construction in Phase 2B in fiscal 2024.

Earnings Call Information

Pure Cycle will host a conference call on Thursday November 16, 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 Thursday November 16, 2023
Call in number: 888-506-0062 (access code: 615127)
International call-in number: 973-528-0011 (access code: 615127)
Replay numbers: 877-481-4010 | 919-882-2331 (passcode: 49465)
Replay available until: November 30, 2023 at 8:30AM ET
Event link: <https://www.webcaster4.com/Webcast/Page/2247/49465>

Other Important Information



The table below presents our results of operations for the years ended August 31, 2023 and 2022:

	Year Ended	
	August 31, 2023	August 31, 2022
<i>(In thousands, except share information)</i>		
Revenues:		
Metered water usage from:		
Municipal customers	\$ 504	\$ 440
Commercial customers	3,059	4,107
Wastewater treatment fees	302	248
Water and wastewater tap fees	2,991	4,922
Lot sales	6,815	12,187
Project management fees	283	683
Single-family rentals	165	82
Special facility projects and other	467	334
Total revenues	<u>14,586</u>	<u>23,003</u>
Expenses:		
Water service operations	1,757	1,910
Wastewater service operations	675	501
Land development construction costs	1,606	1,990
Project management costs	286	176
Single-family rental costs	73	23
Depletion and depreciation	1,658	1,740
Other	491	289
Total cost of revenues	<u>6,546</u>	<u>6,629</u>
General and administrative expenses	5,470	5,893
Depreciation	498	385
Operating (loss) income	<u>2,072</u>	<u>10,096</u>
Other income (expense):		
Interest income - related party	1,481	1,937
Interest income - Investments	1,023	32
Oil and gas royalty income, net	267	498
Oil and gas lease income, net	75	171
Other, net	1,508	61
Interest expense, net	(206)	(90)
Income from operations before income taxes	<u>6,220</u>	<u>12,705</u>
Income tax expense	1,521	3,086
Net income	<u>\$ 4,699</u>	<u>\$ 9,619</u>
Earnings per common share - basic and diluted		
Basic	<u>\$ 0.20</u>	<u>\$ 0.40</u>
Diluted	<u>\$ 0.19</u>	<u>\$ 0.40</u>
Weighted average common shares outstanding:		
Basic	<u>24,031,068</u>	<u>23,953,740</u>
Diluted	<u>24,106,067</u>	<u>24,155,990</u>



The following table presents our consolidated financial position as of August 31, 2023 and 2022:

(In thousands, except shares)

	August 31, 2023	August 31, 2022
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 26,012	\$ 34,894
Trade accounts receivable, net	1,092	2,425
Land under development	1,726	—
Income taxes receivable	551	—
Prepaid expenses and other assets	346	467
Total current assets	29,727	37,786
Restricted cash	2,475	2,328
Investments in water and water systems, net	57,798	58,763
Construction in progress	5,457	1,224
Single-family rental units	4,490	975
Land and mineral rights:		
Held for development	4,652	6,773
Held for investment purposes	451	451
Other assets	1,359	2,463
Notes receivable – related parties, including accrued interest		
Reimbursable public improvements and project management fees	24,999	17,208
Other	1,451	1,120
Operating leases - right of use assets	357	138
Total assets	<u>\$ 133,216</u>	<u>\$ 129,229</u>
LIABILITIES:		
Current liabilities:		
Accounts payable	\$ 1,960	\$ 849
Accrued liabilities	1,761	2,029
Accrued liabilities – related parties	1,021	560
Income taxes payable	—	2,530
Deferred lot sale revenues	1,661	4,275
Deferred water sales revenues	69	570
Debt, current portion	31	10
Total current liabilities	6,503	10,823
Participating interests in export water supply	—	323
Debt, less current portion	6,885	3,950
Deferred tax liability, net	1,352	1,075
Lease obligations - operating leases, less current portion	242	62
Total liabilities	<u>14,982</u>	<u>16,233</u>
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; 24,054,843 and 23,980,645 outstanding, respectively	80	80
Additional paid-in capital	174,689	174,150
Accumulated deficit	(56,535)	(61,234)
Total shareholders' equity	<u>118,234</u>	<u>112,996</u>
Total liabilities and shareholders' equity	<u>\$ 133,216</u>	<u>\$ 129,229</u>



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 complements 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.purecyclegwater.com, or you may contact our President, Mark W. Harding, or our CFO, Marc Spezialy, at 303-292-3456 or info@purecyclegwater.com.

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; higher interest rates and stabilizing home prices; the completion and delivery of our rental units; timing of development at Sky Ranch; future tap sales and revenues; future home sales by our home builder customers; the affordability and low-cost of our products; the strength of the Sky Ranch market; forecasts about our fiscal 2023 sales of water to oil and gas operators; our sales of lots; and our expected financial results. 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, 2023; 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.

SOURCE: Pure Cycle Corporation



PURE CYCLE CORPORATION

YEAR END 2023 PRESENTATION

Presented by: Mark Harding



FORWARD-LOOKING STATEMENTS

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.

ANNUAL REVIEW: CHARTING THE COURSE FORWARD

1 REFLECTING ON OUR STRATEGIES

2 MEASURING OUR PERFORMANCE

3 ASSETS TRAJECTORY

4 CLEAR OBJECTIVES & CAPITAL PLAN

REFLECTING ON OUR STRATEGIES

Visionary Leadership of a Strong and Dedicated Team



LEADERSHIP & DEDICATED TEAM



STRONG DIVERSIFIED BOARD WITH
DECADES OF INDUSTRY EXPERIENCE



COMPLIMENTARY SEGMENTS



STRATEGIC INVESTMENT AND STRONG
ASSET PORTFOLIO



EFFECTIVE LEADERSHIP



MARK W. HARDING
President, CEO, and Director

Mark is an exceptional leader who has significantly shaped Pure Cycle's success. Under his 33 year tenure, the company has successfully acquired over \$130 million in water and land interests. His vision and strategic acumen have been instrumental in the company's growth and impact.



MARC SPEZIALY
VP, CFO, Principal Accounting Officer, Principal Financial Officer

Marc brings over 20 years of financial expertise. He manages our financial operations and single-family rentals. Marc obtained his bachelor's degree in Accounting and Finance from the University of San Francisco and is a licensed Certified Public Accountant.



SCOTT LEHMAN
Vice President, Engineering

Scott brings four decades of experience as a Professional Engineer (PE) to the role. His expertise encompasses planning, design, construction, and operation of water and wastewater systems. With educational foundations from the University of Colorado and Stanford University, he plays a pivotal role in shaping our strategies and operations in this vital sector.



DIRK LASHNITS
Vice President, Land Development

Dirk is a seasoned leader with a Civil Engineering background and over two decades of local land development experience. He skillfully guides land development, entitlements, and construction, playing a vital role in advancing corporate objectives, risk management, and project success.

Dedicated Team

90%

Employee Retention in 2023¹

¹ Retention rate is calculated for employees with 1+ year tenure

WE OPERATE MULTIPLE COMPLIMENTARY SEGMENTS



Water and Wastewater Resource Development Segment

- Own nearly 30K acre-feet of water rights (surface and ground water)
- Sustainable 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
- Own and reuse our reclaimed water



Land Development Segment

- Own highly-appreciated property in 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 (Equivalent of 1,800 residential units)
- 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

STRONG ASSET PORTFOLIO

WATER/WASTEWATER

- \$40m in Water Systems
 - \$9.5m in Waste Water Systems
 - \$14.6m Water Rights Portfolio
-
- \$64m Total Water Assets

Our water rights portfolio can provide water to as many as 60,000 connections. This would allow ample room for growth within our current water system, which presently supports roughly 2,500 connections.

LAND DEVELOPMENT

- \$4.43m of Land for Development

Land used for developing the 930 acre Sky Ranch Community which can accommodate up to 3,200 residential lots and up to 2M sq. ft. of commercial development 15 miles east of downtown Denver and 4 miles south of DIA

SINGLE FAMILY RENTALS

- \$5.4m in Constructed Rental Assets
- \$7.2m Fair Market Value of Homes

Pure Cycle contracts to build single family homes in it's Sky Ranch Master Planned Community to hold for rentals. Lot development costs fully recovered (horizontal costs and tap fees) Each unit covers financing costs and provides positive cash flows Segment provides excellent asset appreciation positive cash flows.

MEASURING OUR PERFORMANCE

Financial Results and Key Performance Indicators



FINANCIAL RESULTS



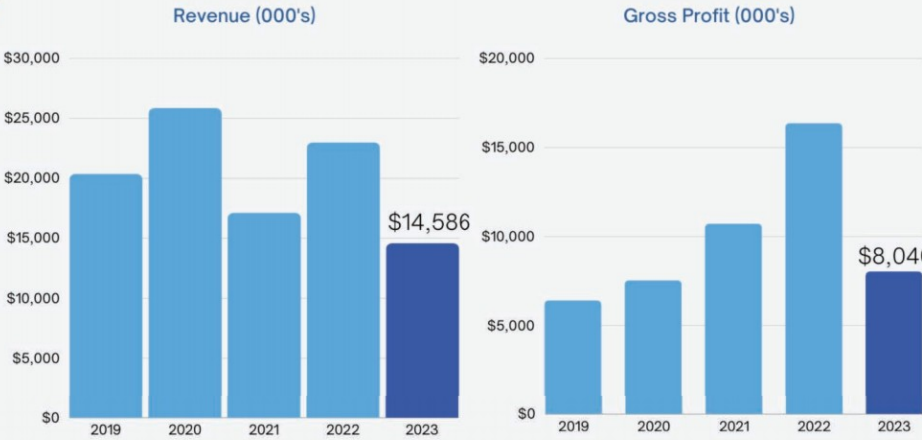
PERFORMANCE METRICS



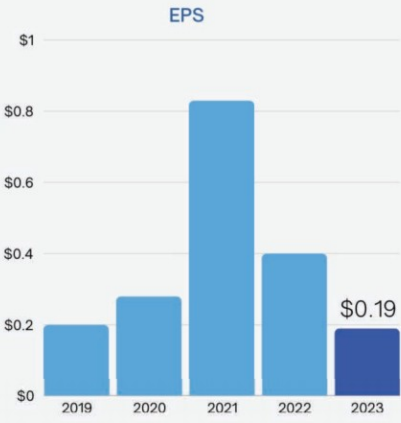
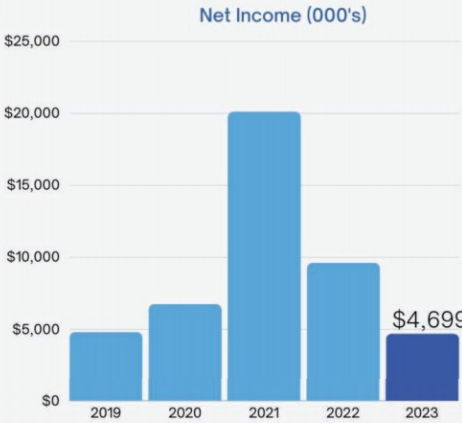
MAJOR LEARNINGS



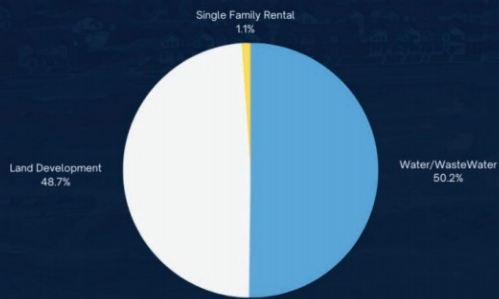
Financial Results



Financial Results



MEASURING OUR PERFORMANCE



REVENUE BY SEGMENT

WATER
60%¹
Gross Margin

LAND DEV
73%
Gross Margin

SFR
56%
Gross Margin

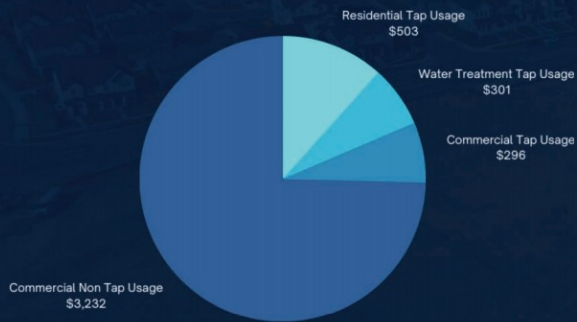
GROSS PROFIT BY YEAR BY SEGMENT (000'S)



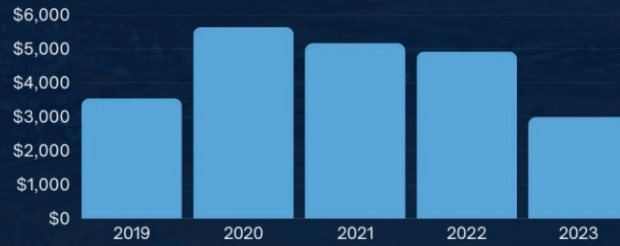
¹ Gross Margin for Water and Wastewater excludes depreciation

WATER/WASTEWATER

WATER USAGE REVENUE (000'S)



ANNUAL TAP FEES (000'S)

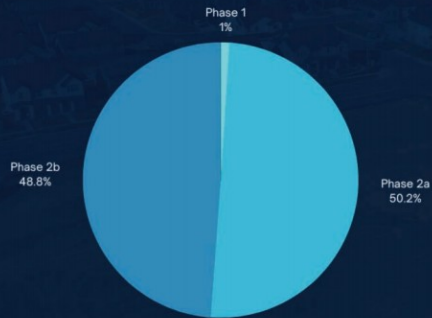


RECURRING CUSTOMER GROWTH

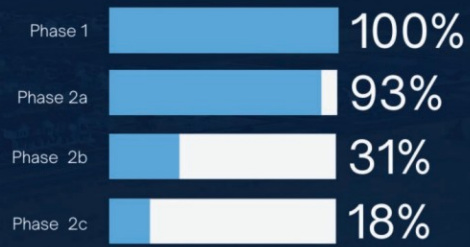


LAND DEVELOPMENT

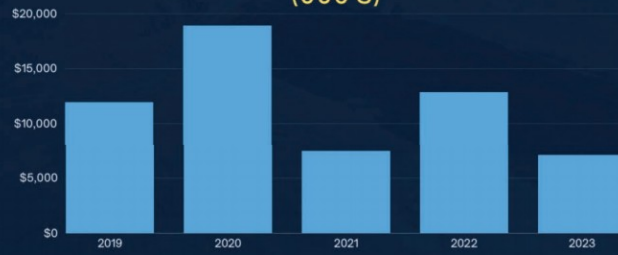
2023 LAND DEVELOPMENT REVENUE



SKY RANCH DEVELOPMENT PROGRESS



LAND DEVELOPMENT REVENUE BY YEAR (000'S)



SINGLE FAMILY RENTALS

REVENUE 2023
\$165,000
HOMES COMPLETED
14



Portfolio Utilization and Projections



WATER CUSTOMERS & CAPACITY



OIL & GAS INFRASTRUCTURE



WATER PRODUCTION CAPACITY



TAP FEES - WATER PORTFOLIO



LAND DEVELOPMENT PROJECTIONS



SINGLE FAMILY RENTAL PROJECTIONS

WELL POSITIONED AGAINST GROWING OPPORTUNITIES

Water & Wastewater

WATER PORTFOLIO - 60,000 CONNECTIONS
WATER SYSTEMS CAN SERVICE 3,600 TAPS
STATE OF THE ART WASTEWATER FACILITY



Land Development

930 ACRE MASTER DEVELOPMENT
UP TO 3,200 RESIDENTIAL LOTS
UP TO 2M SQFT OF COMMERCIAL
DEVELOPMENT



Single Family Rentals

14 COMPLETED/RENTED HOMES
200 PLANNED HOMES IN SKY RANCH
EXPANDING OUR PRODUCT MIX TO INCLUDE:
FRONT LOAD DETACHED HOMES
PAIRED HOMES
ALLEY LOAD HOMES



WATER AND WASTEWATER CUSTOMERS AND CAPACITY

CUSTOMERS

EXISTING RESIDENTIAL

SKY RANCH PHASE 1
All taps sold for 509 homes (4 are our SFRs)

SKY RANCH PHASE 2A
192 taps sold as of year end (10 are our SFRs)

ELBERT AND HWY 86
More than 200 residents

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

EXISTING COMMERCIAL

Elbert and Hwy 86 commercial customers include a Walmart, carwash, and fitness center

3 parks and additional irrigated space for Sky Ranch, paid by the Sky Ranch CAB

More irrigated space to come in Phase 2A in 2023

Largest commercial customers are oil and gas operators

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 Community

TOTAL CUSTOMERS 1326

CAPACITY

WILD POINTE



173 Residential
71 Commercial/Irr.

SKY RANCH



705 Residential
135 Commercial/Irr.

LOWRY



0 Residential
242 Commercial/Irr.

WE PROVIDE RAW WATER TO O&G OPERATORS FOR DRILLING

With existing systems, we are able to provide water to O&G operators.

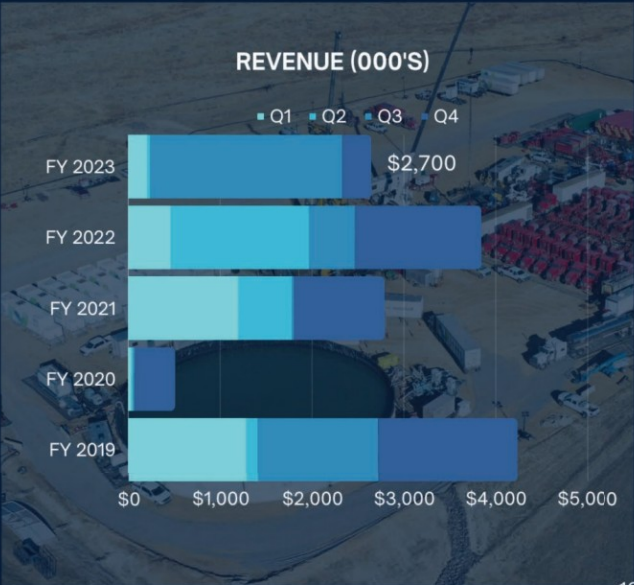
We have also made strategic investments in our system to further our ability to provide water when it is needed, where it is needed in the future.

120 WELLS
DRILLED TO
DATE

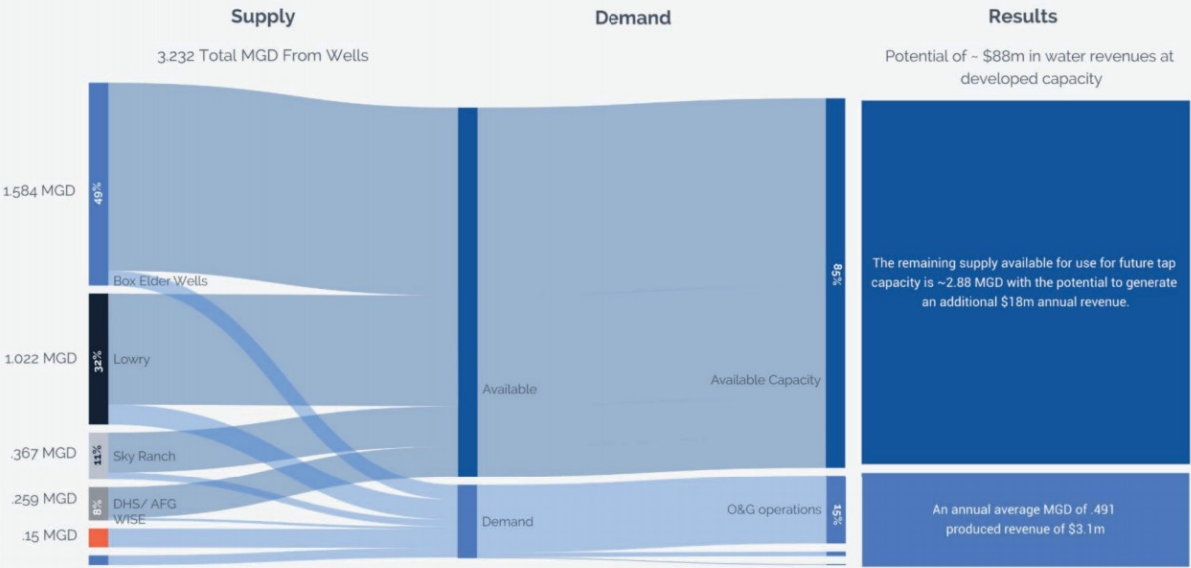
OIL RIG CAN DRILL
20 WELLS PER
YEAR

AVERAGE
\$250,000 OF
WATER SALES
PER WELL

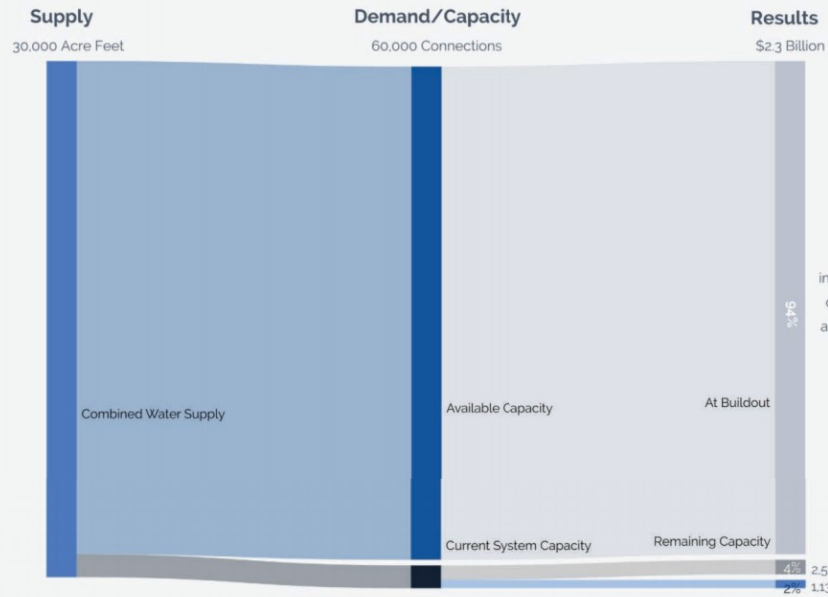
WE CAN PROVIDE
WATER TO MORE THAN
200 SQUARE MILES IN
ADAMS & ARAPAHOE
COUNTIES



CURRENT SYSTEM CAPACITY



TAP FEES - PORTFOLIO CAPACITY (60,000)



Type	Fee Per SFE
Water Tap	\$ 30,977
Sewer Tap	\$ 7,250
Total	\$ 38,227

We own or control the water rights and infrastructure required to withdraw, treat, store, deliver and collect water and wastewater for an estimated 60,000 single-family equivalents (SFEs) at buildout

The current system supports roughly
~ \$95.5m in tap revenues.

SKY RANCH CAPACITY PROJECTIONS

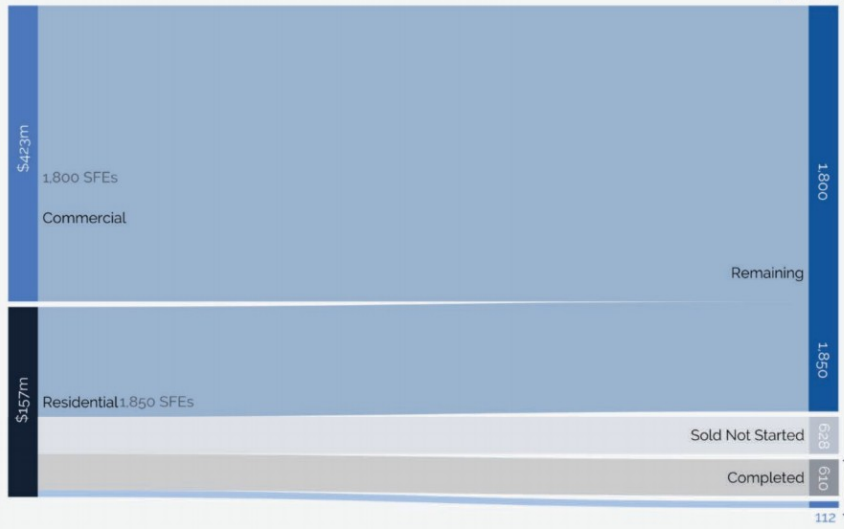
Development

\$580m

Progress

5,000 SFEs

Results



Sky Ranch is zoned to accommodate up to 3,200 single- and multi-family homes, and over 2 million square feet of retail, commercial, and light industrial space – which is the equivalent of 1,800 residential lots for a total of 5,000 SFEs

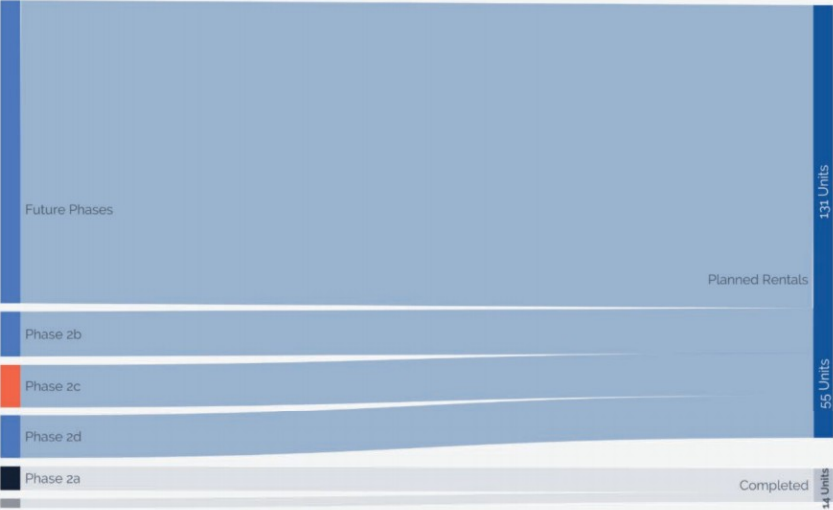
The first 2 development phases of Sky Ranch have generated - \$55m in lot Revenue with and - \$44m in reimbursable costs with - \$34m reimbursed to date

The remaining development phases are estimated to produce \$167m from residential lots and \$432m from commercial development.

SINGLE FAMILY RENTALS - SKY RANCH

Annual Revenues

\$6.6 million



Progress

200 Units

Results

Strategy is to retain the equity value in the land and water and deliver affordable rental units in our Sky Ranch Master Planned Community

Each unit delivers positive cash flows with a 65% LTV

On average each unit carries \$170,000 fair market value equity roll forward

Single Family Rentals - Operations and Cash Flows

SFR PROJECTIONS (000'S)	ACTUAL RESULTS 14 UNITS	AVG PER HOM/YR	PROJECTED TO PHASE 2 83 UNITS HOMES/YR	PROJECTED TO 200 HOMES /YR
RENTAL INCOME	\$459	33	2,722	6,560
DIRECT OPERATING COSTS	168	12	996	2,400
INTEREST AND DEPRECIATION EXPENSE	174	12	1,029	2,480
NET	\$118	\$8	\$697	\$1,680
ADD BACK NON-CASH ITEMS	129	9	764	1,840
CASH FLOWS BEFORE G&A & TAX	\$246	\$18	\$1,461	\$3,520

Key Takeaways

- 1** **Executing our strategic approach** to growing our integrated water utility, land development, and single-family rentals to maximize returns for years to come
- 2** **Strengthening our ability** to take advantage of investment opportunities and single-family rentals while systematically developing in land and water
- 3** **Clear path to maximize returns** with our large asset portfolio with low cost based assets in each segment allowing us to generate above market returns and substantial organic growth year after year

GROSS MARGIN 55%

ROA¹ 13.09%

ASSET CAGR 9.73%
5 Years

¹ ROA Calculated Pre-Tax W/ Depreciation added back on Active Segment Assets

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CLEAR OBJECTIVES AND CAPITAL PLAN

Clear Objectives to Measure Strategy's Success



MEASURABLE OBJECTIVES



IMPORTANT UPDATES



CORPORATE INFORMATION

STOCK REPURCHASE PROGRAM UPDATE

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. 20,000 shares have been purchased to date

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchase as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
September 2023	15,000	\$10.06	15,000	185,000
October 2023	5,000	\$9.49	5,000	180,000
Total	20,000	\$9.78	20,000	180,000

Board of Directors

Mark W. Harding

President and CEO

Patrick J. Beirne

Chair of the Board

Wanda J. Abel

Director and Chair of the
Nominating and Governance
Committee

Marc Spezialy

Vice President and CFO

Peter C. Howell

Director and Chair of the Audit
Committee

Daniel R. Kozlowski

Director and Chair of the
Compensation Committee

Jeffrey G. Sheets

Director

Fredrick A. Fendel III.

Director

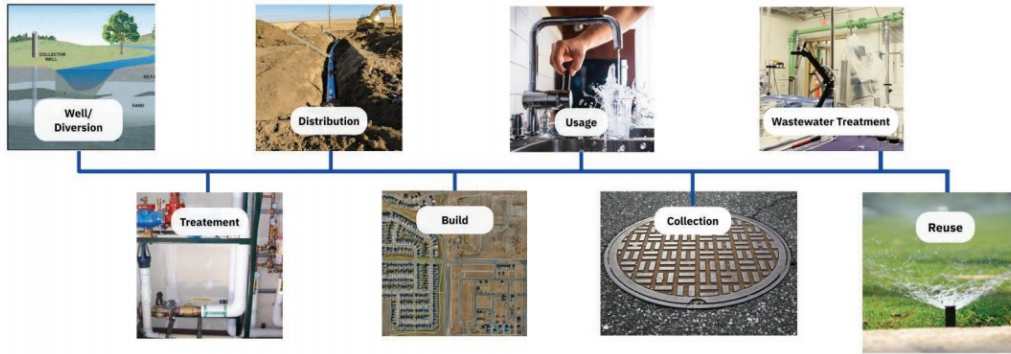
PURE CYCLE CORPORATION

Q&A





Wholesale Water & Wastewater



Well/Diversion

- Vertically integrated, meaning we own, treat and sell water then collect, treat, and reuse wastewater
- Own and control nearly 30K acre feet of water
- Own rights to surface reservoir storage assets

Build

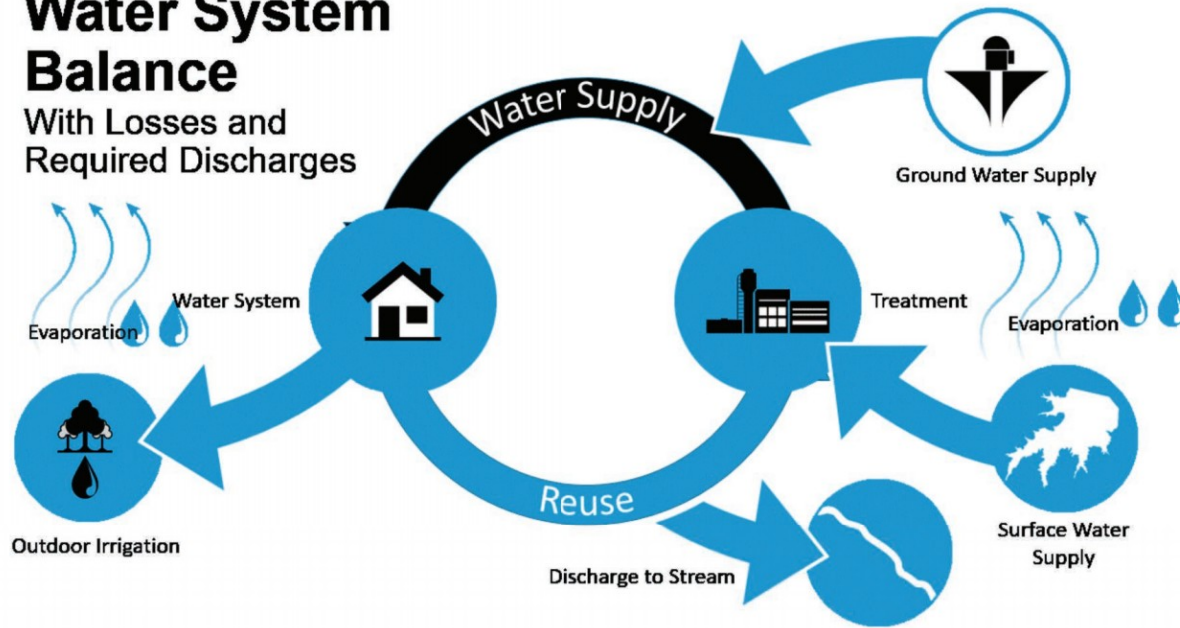
- Capacity to serve 60,000 taps
- Capital Capacity = \$2.3 billion
- One-Time Connection Fees:
 - Water tap = \$30,977
 - Sewer tap = \$7,250

Typical Usage

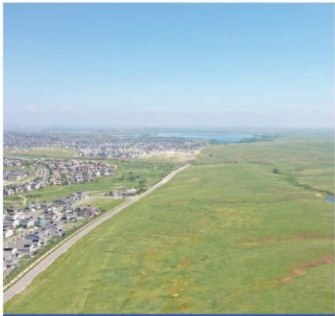
- Base fee = \$32.74
- Consumption fee = Tiered
 - 0-15k gal - \$4.63 per 1,000 gal
 - 15k-30k gal - \$8.10 per 1,000 gal
 - >30k gal - \$9.95 per 1,000 gal
 (Approx \$1,500/yr/unit)

Water System Balance

With Losses and
Required Discharges

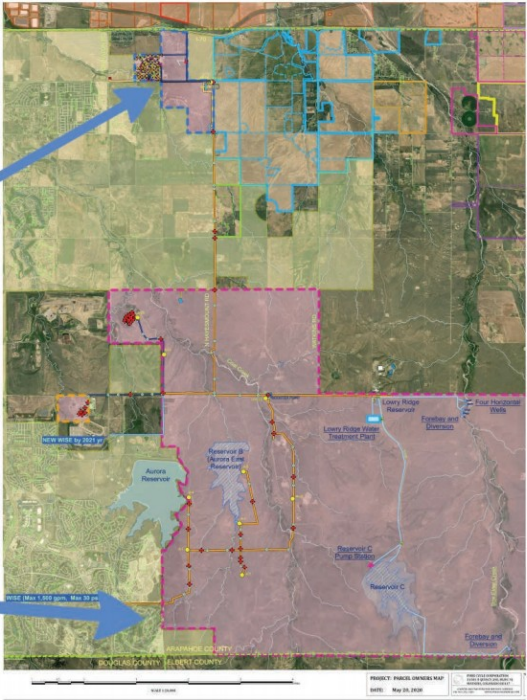


DEVELOPMENT ENCROACHMENT TO LOWRY RANGE



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

Sky Ranch



LAND DEVELOPMENT - PHASE 1 & 2 - Total Lots 1,359

Phase 1

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

Sky Ranch Academy

K-7 opening in 8/2023
High School opening in 2025



Phase 2

Phase 2A - 229 lots
90% complete - est. completion 2023

Phase 2B - 211 lots
21% complete - est. completion 2024

Phase 2C - 204 lots
0% complete - est. completion 2025

Phase 2D - 206 lots
0% complete - est. completion 2026

Rental lots - 65 lots

PARTNERING HOMEBUILDERS

taylor
morrison
Homes Inspired by You

LENNAR

kb
HOME

CHALLENGER
HOMES

D-R-HORTON
America's Builder

RICHMOND
AMERICAN HOMES



PURE CYCLE CORPORATION

YEAR END 2023 PRESENTATION

Presented by: Mark Harding

