

**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 12, 2024

**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:

<b>Common Stock 1/3 of \$.01 par value</b>	<b>PCYO</b>	<b>The NASDAQ Stock Market</b>
(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 January 12, 2024, the Registrant issued a press release announcing its financial results for the three months ended November 30, 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 January 16, 2024, 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](http://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

<b>Exhibit No.</b>	<b>Description</b>
99.1	<a href="#">Press Release dated January 12, 2024, announcing earnings for the three months ended November 30, 2023</a>
99.2	<a href="#">Three months ended November 30, 2023 earnings presentation</a>
104	Cover Page Interactive Data File (the cover page XBRL tags are embedded in the inline XBRL document)

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**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 16, 2024

**PURE CYCLE CORPORATION**

By: /s/ Marc S. Spezialy  
Marc S. Spezialy  
Vice President and Chief Financial Officer

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## Pure Cycle Announces Financial Results For the Three Months Ended November 30, 2023

DENVER, CO / ACCESSWIRE / January 12, 2024 – Pure Cycle Corporation (NASDAQ Capital Market: PCYO) announced its financial results for the three months ended November 30, 2023. Pure Cycle posted \$2.1 million of net income for the three months ended November 30, 2023, which marks our eighteenth consecutive fiscal quarter with positive net income. Pure Cycle continues to develop its Sky Ranch Master Planned Community and for the three months ended November 30, 2023, recognized an increase in lot sale revenue of 270% compared to same period 2022 as a result of multiple on-going Phases of development. We also recognized over a 300% increase in water and wastewater revenue for the three months ended November 30, 2023, compared to 2022, due to an increase in oil and gas water sales.

### Q1 2024 Highlights

- Revenues of \$5.4 million, which drove pre-tax income of \$2.8 million;
- Net income of \$2.1 million;
- EBITDA of \$3.4 million (see table below for reconciliation of net income to EBITDA);
- Cash totaled \$21.8 million;
- For the three months ended November 30, 2023, we delivered 623 acre-feet of water.

### Net Income to EBITDA Reconciliation

We continue our profitability as shown in the table below:

	Three Months Ended	
	November 30, 2023	November 30, 2022
<i>(In thousands)</i>		
Net Income	\$ 2,065	\$ 159
Add back:		
Interest expense, net	108	50
Taxes	737	130
Depreciation / amortization	510	493
EBITDA	<u>\$ 3,420</u>	<u>\$ 832</u>
Fully diluted earnings per share	<u>\$ 0.09</u>	<u>\$ 0.01</u>

“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. “We together with our homebuilder partners continue to balance our lot deliveries to match market demand, and we continue to see strong demand for affordable homes in the Denver market. With lot inventories and existing home sales well below historic levels Sky Ranch continues to out-perform other master planned communities in Denver. Also contributing was a record quarter for O&G water demand with a continued strong outlook for 2024,” continued Mr. Harding.

### Q1 2024 Financial Summary

#### Revenue

For the three months ended November 30, 2023, and 2022, we reported total revenues of \$5.4 million and \$1.3 million with \$3.3 million and \$0.8 million being generated in our water and wastewater resource development segment, \$2.0 million and \$0.5 million generated by our land development segment, and \$0.1 million and less than \$0.1 million reported in our single-family rental business.



For the three months ended November 30, 2023, and 2022, we sold 15 and 4 water and wastewater taps for \$0.6 million and \$0.2 million. We have sold 723 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 exceed \$20.0 million in additional water and wastewater tap fee revenue and cash over the next 3-5 years.

For the three months ended November 30, 2023, we received certain milestone payments from our Lot Delivery Agreement from home builders, which accounted for \$2.9 million in milestone payments for Phase 2B. We expect to be substantially complete with the delivery of all 211 Phase 2B lots during calendar 2024. We are approximately 95% completed, with some landscape construction activities to complete in Phase 2A.

As of November 30, 2023, the single-family rental business had 14 homes built and rented in Sky Ranch and 17 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 have a total of 91 homes in Phase 2 with the ability to add more than 200 homes as Sky Ranch builds out.

“With our diversified revenue streams, we were well positioned to take advantage of current market conditions to maximize revenue in the first quarter,” commented Marc Spezialy, CFO of Pure Cycle. “We are currently developing on multiple Phases within our Sky Ranch Master Planned Community, due to continued strong demand. We also experienced a significant increase in oil and gas drilling operations in our service area resulting in a substantial increase in commercial water sales,” concluded Mr. Spezialy.

#### *Working Capital*

We reported working capital (current assets less current liabilities) of \$20.4 million as of November 30, 2023, with \$22.0 million of cash and cash equivalents.

### **Q1 2024 Operational Summary**

#### *Water and Wastewater Resource Development*

Water deliveries increased for the three months ended November 30, 2023, to a record 623 acre-feet delivered as compared to 207 acre-feet delivered in Q1 2023, primarily due to increased sales to oil and gas operators and new Sky Ranch customers. Oil and gas operations are highly variable and dependent on oil prices, demand for gas, and timing of development of other leases in our service areas; however our current expectation is for continued strong demand for oil and gas water sales through 2024. As Sky Ranch continues to develop, we anticipate continued growth in our residential water and wastewater service revenues. Water and wastewater tap sales increased in Q1 2024 compared to Q1 2023 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 increased in Q1 2024 compared to Q1 2023 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*

Q1 2024 represented our first quarter of rental income for our 14 completed homes. An additional 17 homes are forecasted for construction in Phase 2B in calendar 2024.

### **Earnings Call Information**

Pure Cycle will host a conference call on Tuesday January 16, 2024, 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 on our website, which will provide an overview of Pure Cycle and present summary financial results and can be accessed at [www.purecyclewater.com](http://www.purecyclewater.com).

When: 8:30AM Eastern (6:30AM Mountain) on Tuesday January 16, 2024

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Call in number: 888-506-0062 (access code: 711415)  
International call-in number: 973-528-0011 (access code: 711415)  
Replay numbers: 877-481-4010 | 919-882-2331 (passcode: 49672)  
Replay available until: January 30, 2024 at 8:30AM ET  
Event link: <https://www.webcaster4.com/Webcast/Page/2247/49672>

#### **Other Important Information**

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The table below presents our consolidated results of operations for the three months ended November 30, 2023 and 2022 (unaudited):

	Three Months Ended	
	November 30, 2023	November 30, 2022
<i>(In thousands, except share information)</i>		
Revenues:		
Metered water usage from:		
Municipal customers	\$ 202	\$ 121
Commercial customers	2,132	392
Wastewater treatment fees	86	63
Water and wastewater tap fees	581	150
Lot sales	1,896	513
Project management fees	100	8
Single-family rentals	109	25
Special facility projects and other	280	68
Total revenues	<u>5,386</u>	<u>1,340</u>
Expenses:		
Water service operations	553	479
Wastewater service operations	159	138
Land development construction costs	688	143
Project management costs	79	72
Single-family rental costs	57	10
Depletion and depreciation	362	378
Other	146	106
Total cost of revenues	<u>2,044</u>	<u>1,326</u>
General and administrative expenses	1,438	1,388
Depreciation	148	115
Operating (loss) income	<u>1,756</u>	<u>(1,489)</u>
Other income (expense):		
Interest income - related party	724	247
Interest income - Investments	308	228
Oil and gas royalty income, net	34	116
Oil and gas lease income, net	18	19
Other, net	70	1,218
Interest expense, net	<u>(108)</u>	<u>(50)</u>
Income from operations before income taxes	2,802	289
Income tax expense	737	130
Net income	<u>\$ 2,065</u>	<u>\$ 159</u>
Earnings per common share - basic and diluted		
Basic	<u>\$ 0.09</u>	<u>\$ 0.01</u>
Diluted	<u>\$ 0.09</u>	<u>\$ 0.01</u>
Weighted average common shares outstanding:		
Basic	<u>24,078,544</u>	<u>23,985,788</u>
Diluted	<u>24,153,662</u>	<u>24,087,893</u>

The following table presents our consolidated financial position as of November 30, 2023 (unaudited) and August 31, 2023 (audited):

(In thousands, except shares)

	November 30, 2023 (unaudited)	August 31, 2023
<b>ASSETS:</b>		
Current assets:		
Cash and cash equivalents	\$ 21,784	\$ 26,012
Short term investments	167	—
Trade accounts receivable, net	4,778	1,092
Land under development	2,164	1,726
Income taxes receivable	—	551
Prepaid expenses and other assets	249	346
Total current assets	29,142	29,727
Restricted cash	2,880	2,475
Investments in water and water systems, net	57,698	57,798
Construction in progress	5,865	5,457
Single-family rental units	5,227	4,490
Land and mineral rights:		
Held for development	4,871	4,652
Held for investment purposes	451	451
Other assets	1,234	1,359
Notes receivable – related parties, including accrued interest		
Reimbursable public improvements and project management fees	28,270	24,999
Other	1,481	1,451
Operating leases - right of use assets	210	357
Total assets	<u>\$ 137,329</u>	<u>\$ 133,216</u>
<b>LIABILITIES:</b>		
Current liabilities:		
Accounts payable	\$ 2,783	\$ 1,960
Accrued liabilities	1,015	1,761
Accrued liabilities – related parties	906	1,021
Income taxes payable	200	—
Deferred lot sale revenues	3,791	1,661
Deferred water sales revenues	50	69
Debt, current portion	34	31
Total current liabilities	8,779	6,503
Debt, less current portion	6,874	6,885
Deferred tax liability, net	1,352	1,352
Lease obligations - operating leases, less current portion	142	242
Total liabilities	17,147	14,982
Commitments and contingencies		
<b>SHAREHOLDERS' EQUITY:</b>		
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; 24,066,720 and 24,078,720 outstanding, respectively	80	80
Additional paid-in capital	174,770	174,689
Accumulated deficit	(54,668)	(56,535)
Total shareholders' equity	120,182	118,234
Total liabilities and shareholders' equity	<u>\$ 137,329</u>	<u>\$ 133,216</u>

## **Company Information**

Pure Cycle continues to grow and strengthen 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.purecyclewater.com](http://www.purecyclewater.com), or you may contact our President, Mark W. Harding, or our CFO, Marc Spezialy, at 303-292-3456 or [info@purecyclewater.com](mailto:info@purecyclewater.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; 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 of our products; the strength of the Sky Ranch market; forecasts about our fiscal 2024 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

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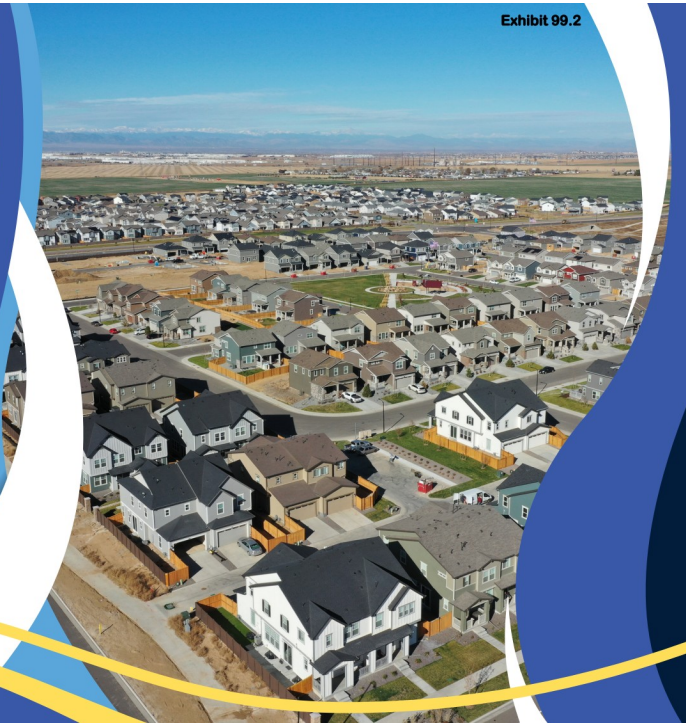


PURE CYCLE CORPORATION

Exhibit 99.2

# Q1-2024 EARNINGS 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.

# QUARTERLY REVIEW: Q1-2024 RESULTS

1 OUR STRATEGIES

2 OUR PERFORMANCE

3 ASSETS TRAJECTORY

4 IMPORTANT UPDATES



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 2023<sup>1</sup>

<sup>1</sup> 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



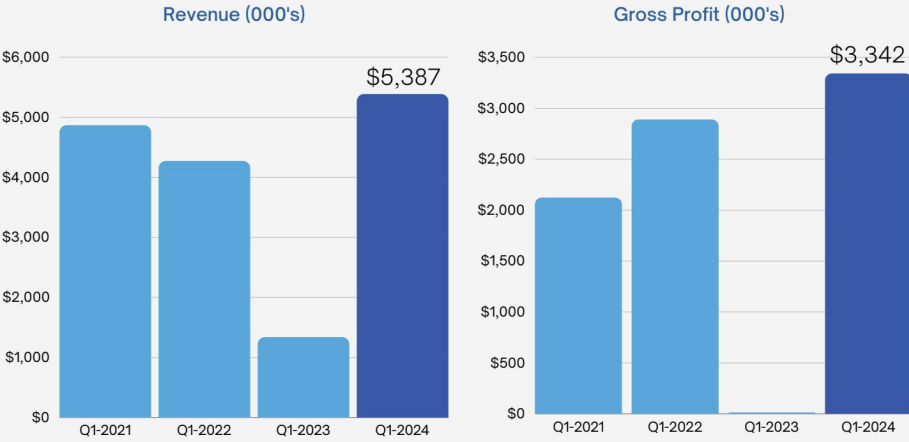
PERFORMANCE METRICS



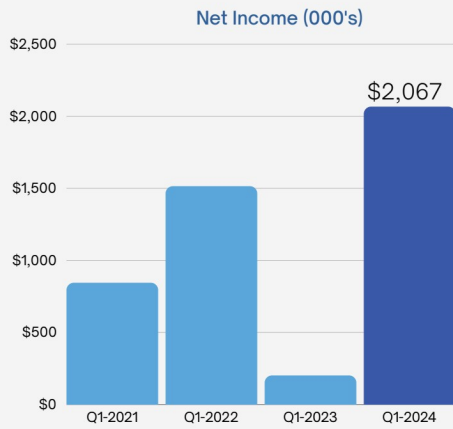
MAJOR LEARNINGS



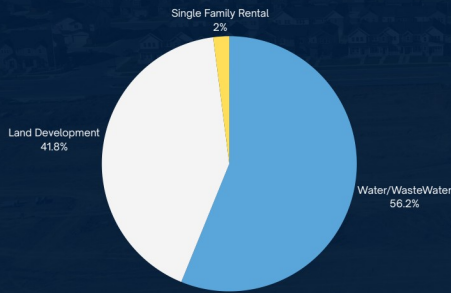
# Financial Results



# Financial Results



# MEASURING OUR PERFORMANCE



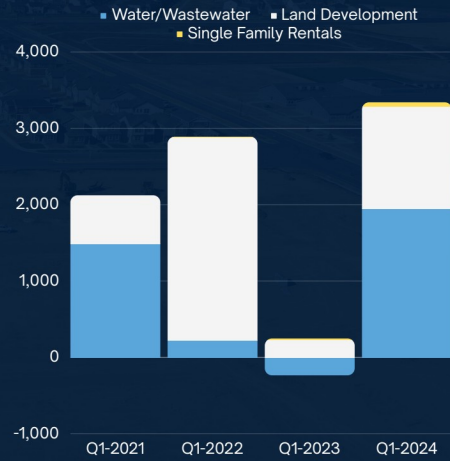
REVENUE BY SEGMENT

**WATER**  
**64%**<sup>1</sup>  
Gross Margin

**LAND DEV**  
**60%**  
Gross Margin

**SFR**  
**47%**  
Gross Margin

## GROSS PROFIT QOQ BY SEGMENT (000'S)



<sup>1</sup> Gross Margin for Water and Wastewater excludes depreciation



# WATER/WASTEWATER SEGMENT

WATER/WASTEWATER SEGMENT  
REVENUES (000'S)



RECURRING CUSTOMER GROWTH



# WE PROVIDE RAW WATER TO O&G OPERATORS FOR DRILLING

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

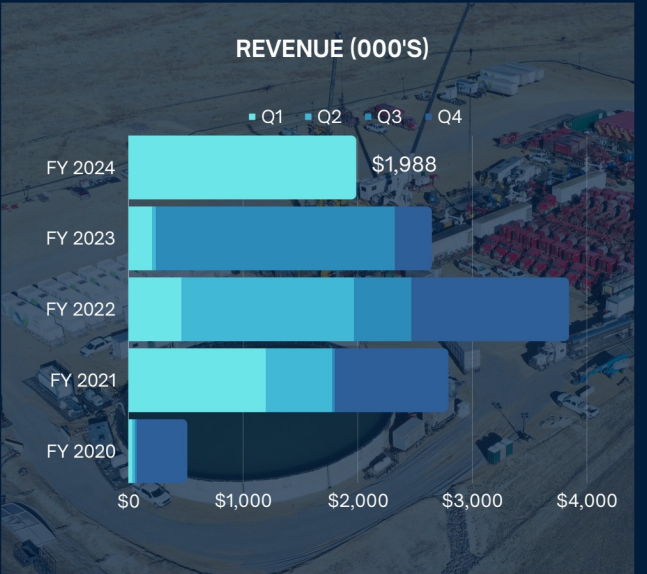
We have also made strategic investments in our system to further our ability to provide water when it is needed, where it is needed in the future.

140 WELLS  
DRILLED TO  
DATE

OIL RIG CAN DRILL  
20 WELLS PER  
YEAR

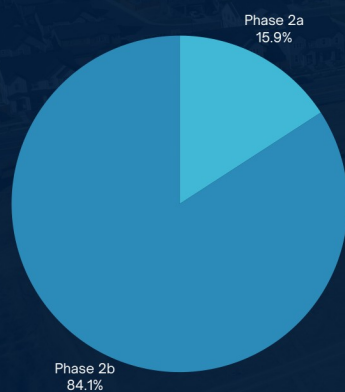
AVERAGE  
\$250,000 OF  
WATER SALES  
PER WELL

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

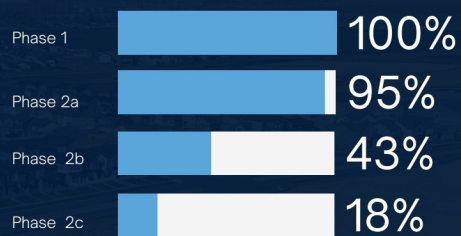


# LAND DEVELOPMENT

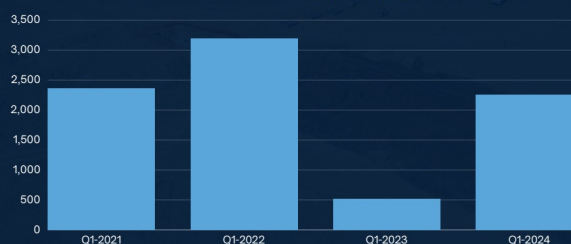
## LAND DEVELOPMENT REVENUE



## SKY RANCH DEVELOPMENT PROGRESS



## LAND DEVELOPMENT REVENUE QOQ ('000'S)



# SINGLE FAMILY RENTALS

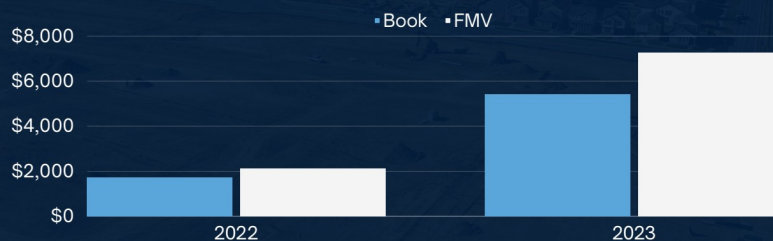
Rent Revenue  
\$109,000

HOMES RENTED  
14

RENT REVENUE Q/Q (000S)



BOOK ASSETS & FMV (000'S)



# SFR - Cumulative Pro Forma P&L by Phase (000s)

Based on actual results 14 completed homes

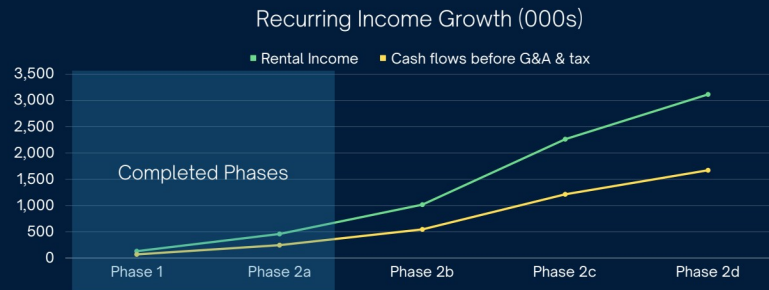
SFR Projections	Phase 1 (+4 Homes)	Phase 2a (+10 homes)	Phase 2b (+17 Homes)	Phase 2c (+38 Homes)	Phase 2d (+26 Homes)
Cumulative Homes	4	14	31	69	95
Rental income	131	459	1,017	2,263	3,116
Direct operating costs	48	168	372	828	1,140
Interest and depreciation expense	50	174	384	856	1,178
Net operating income	\$33.60	\$117.60	\$260	\$580	\$798
Add back non-cash items	37	129	285	635	874
Cash flows before G&A & tax	\$70.40	\$246.40	\$546	\$1,214	\$1,672



Sky Ranch Phase 2



# SFR Phase Projections





# 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 FOR GROWTH

Capacity Greater than Utilization

## 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

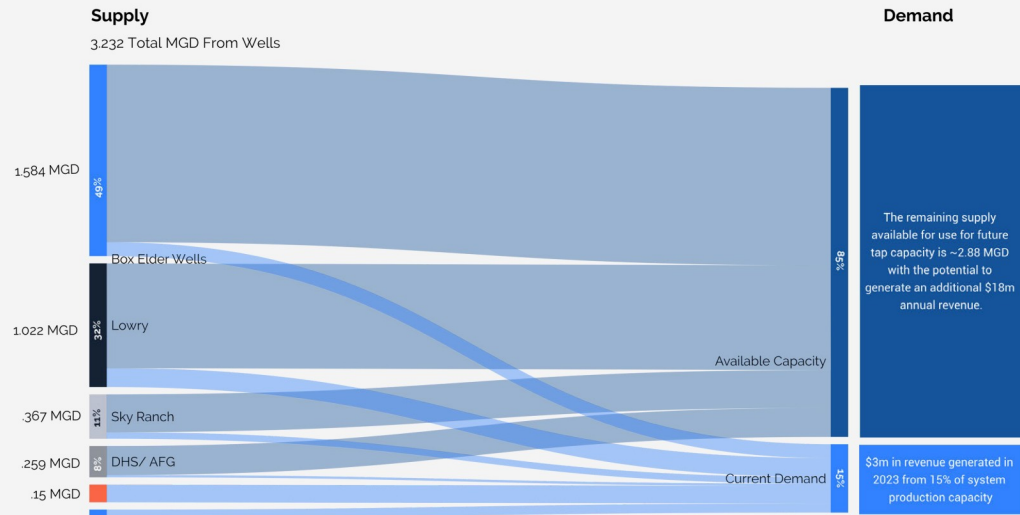
14 COMPLETED/RENTED HOMES  
200 PLANNED HOMES IN SKY RANCH  
EXPANDING OUR PRODUCT MIX TO INCLUDE:  
FRONT LOAD DETACHED HOMES  
PAIRED HOMES  
ALLEY LOAD HOMES



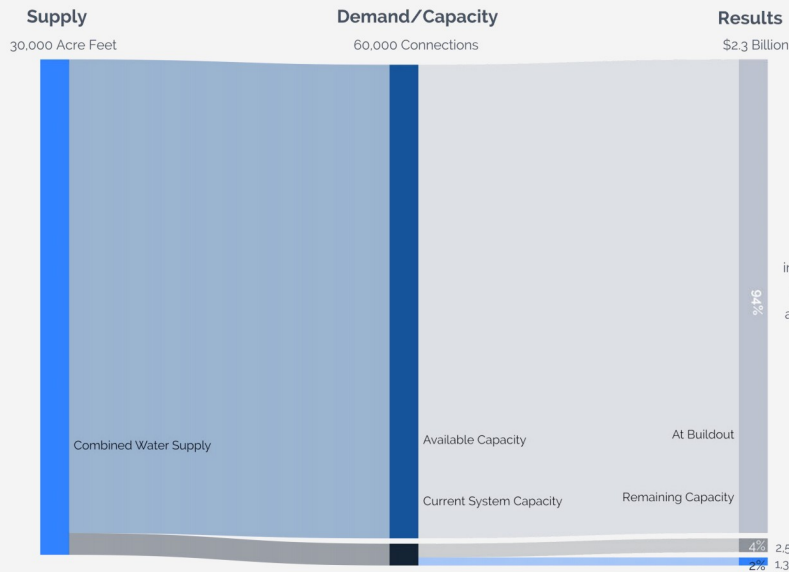


# CURRENT SYSTEM CAPACITY

Based on 2023 water deliveries and results



# TAP FEES - PORTFOLIO CAPACITY (60,000)



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

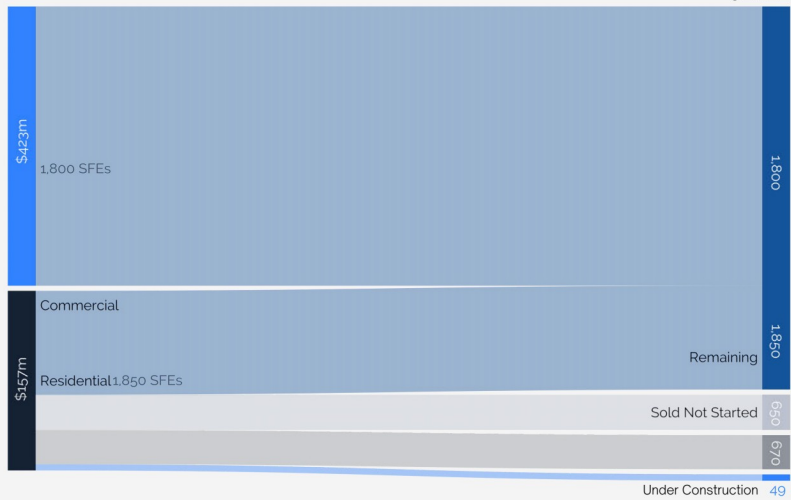
Development

\$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.

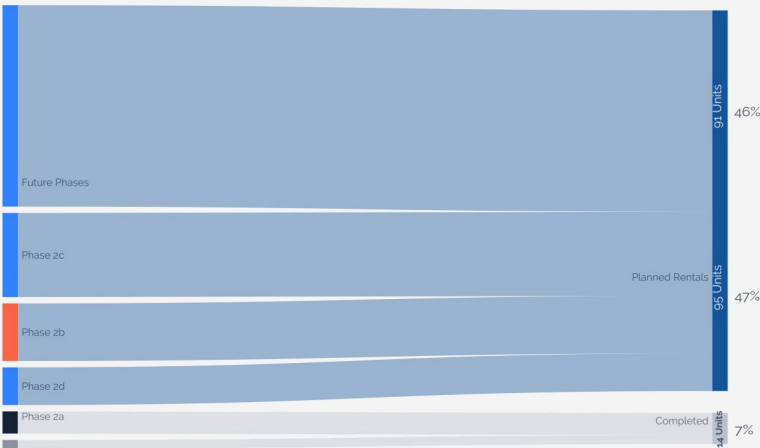
27%

# 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 \$150,000 fair market value equity roll forward

# 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** 62%

**ROA<sup>1</sup>** 10.04%

**ASSET CAGR** 8.88%  
5 Years

<sup>1</sup> ROA Calculated Pre-Tax W/ Depreciation added back on Active Segment Assets Annualized

*IMPORTANT UPDATES*

# Updates and Q&A



STOCK REPURCHASE PROGRAM



CORPORATE INFORMATION



Q&A

# 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
September 2023	15,000	\$10.06
October 2023	5,000	\$9.49
Q2 2024	2,000	\$9.93
Total	22,000	\$9.78

# 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

