

**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): July 10, 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:

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 July 10, 2024, the Registrant issued a press release announcing its financial results for the three and nine months ended May 31, 2024. 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 July 11, 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.

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 July 10, 2024, announcing earnings for the three and nine months ended May 31, 2024
99.2	Three and nine months ended May 31, 2024 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: July 11, 2024

PURE CYCLE CORPORATION

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



Pure Cycle Announces Financial Results For the Three and Nine Months Ended May 31, 2024

DENVER, CO / ACCESSWIRE / July 10, 2024 – Pure Cycle Corporation (NASDAQ Capital Market: PCYO) announced its financial results for the three and nine months ended May 31, 2024. Pure Cycle posted its twentieth consecutive fiscal quarter with positive net income. Pure Cycle continues to develop its Sky Ranch Master Planned Community, and as of May 31, 2024, we are actively working on Phase 2A, 2B and 2C. Phase 2B will be ready for builders to start construction in the coming months and builders will be able to continue into Phase 2C once Phase 2B is built out. We recognized a 52% increase in lot sales revenue for the three months ended May 31, 2024, and a 56% increase in lot sales revenue for the nine months ended compared to 2023, due to an increase in our development activity.

Q3 and YTD 2024 Highlights

- Revenues for the three and nine months ended May 31, 2024 of \$7.6 million and \$16.2 million, which drove pre-tax income of \$3.9 million and \$6.8 million;
- Net income for the three and nine months ended May 31, 2024 of \$2.8 million and \$5.0 million;
- EBITDA for the three and nine months ended May 31, 2024 of \$4.5 million and \$8.7 million (see table below for reconciliation of net income to EBITDA);
- Cash & cash equivalents totaled \$20.4 million at May 31, 2024;
- For the three and nine months ended May 31, 2024, we delivered 394 and 1,422 acre-feet of water.

Net Income to EBITDA Reconciliation

We continue our profitability as shown in the table below:

	Three Months Ended		Nine Months Ended	
	May 31, 2024	May 31, 2023	May 31, 2024	May 31, 2023
(In thousands)				
Net Income	\$ 2,825	\$ 3,295	\$ 5,008	\$ 3,643
Add back:				
Interest expense, net	109	52	328	149
Taxes	1,027	1,124	1,805	1,344
Depreciation / amortization	561	518	1,579	1,594
EBITDA	<u>\$ 4,522</u>	<u>\$ 4,989</u>	<u>\$ 8,720</u>	<u>\$ 6,730</u>
Earnings per common share - basic and diluted				
Basic	<u>\$ 0.12</u>	<u>\$ 0.14</u>	<u>\$ 0.21</u>	<u>\$ 0.15</u>
Diluted	<u>\$ 0.12</u>	<u>\$ 0.14</u>	<u>\$ 0.21</u>	<u>\$ 0.15</u>
Weighted average common shares outstanding:				
Basic	<u>24,087,170</u>	<u>24,054,843</u>	<u>24,085,578</u>	<u>24,021,582</u>
Diluted	<u>24,143,039</u>	<u>24,166,344</u>	<u>24,146,361</u>	<u>24,131,621</u>

“Due to the continued success of our Sky Ranch Master Planned community, we now have three phases of lot development under construction accelerating the timing of delivering our lots to home builder customers as well as lots for our single-family rental segment. As we complete final landscaping in Phase 2A, lot production has accelerated deliveries in the remaining half of our fiscal year with completion of approximately 211 lots in Phase 2B and substantial progress on our overlapping production of 228 lots in Phase 2C” commented Mark Harding, CEO of Pure Cycle. “Also contributing were record 2024 YTD water sales to oil and gas customers with a continued strong outlook for the rest of 2024 and into 2025,” continued Mr. Harding.

Q3 and YTD 2024 Financial Summary

Revenue

For the three months ended May 31, 2024, and 2023, we reported total revenues of \$7.6 million and \$6.9 million with \$2.5 million and \$3.6 million being generated in our water and wastewater resource development segment, \$5.0 million and \$3.2 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 nine months ended May 31, 2024, and 2023, we reported total revenues of \$16.2 million and \$11.2 million with \$7.6 million and \$5.9 million being generated in our water and wastewater resource development segment, \$8.3 million and \$5.2 million generated by our land development segment, and \$0.4 million and less than \$0.1 million reported in our single-family rental business.

For the three months ended May 31, 2024, and 2023, we sold 20 and 44 water or water and wastewater taps for \$0.6 million and \$1.3 million. For the nine months ended May 31, 2024, and 2023, we sold 35 and 85 water or water and wastewater taps for \$1.1 million and \$2.4 million. We have sold 741 water and wastewater taps at Sky Ranch in Phases 1, 2A and 2B. 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 three to five years.

As of May 31, 2024, the first development phase (509 lots) is complete and the second development phase (874 lots) is being developed in four subphases, referred to as Phase 2A (229 lots), Phase 2B (211 lots), Phase 2C (228 lots) and Phase 2D (206 lots). As of May 31, 2024, Phase 2A is approximately 98% complete, Phase 2B is approximately 70% complete and Phase 2C is approximately 21% complete. Phase 2A is substantially completed with some landscaping items remaining. Phase 2B is expected to be complete by the end of Pure Cycle’s fiscal 2024 and Phase 2C is expected to be complete during Pure Cycle’s fiscal 2025.

As of May 31, 2024, 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 93 homes in Phase 2 with the ability to add more than 200 homes as Sky Ranch builds out.

“As expected, our land development activity has ramped up in the third quarter which we expect will continue into fiscal 2025 with multiple phases under development,” commented Marc Spezialy, CFO of Pure Cycle. “New home sales remain high, and we are excited to be able to offer an affordable housing product to builders in our Sky Ranch Master Planned Community. We are also preparing to begin construction in the fourth quarter on our next phase of single-family rentals, which will more than double the number of units we have to rent once Phase 2B is completed,” concluded Mr. Spezialy.

Working Capital

We reported working capital (current assets less current liabilities) of \$19.6 million as of May 31, 2024, with \$20.4 million of cash and cash equivalents.

Q3 and YTD 2024 Operational Summary

Water and Wastewater Resource Development

Water deliveries decreased for the three months ended May 31, 2024, from 394 acre-feet delivered as compared to 564 acre-feet delivered in Q3 2023, primarily due to an unusually large volume of oil and gas water sales in Q3 2023. Water deliveries increased for the nine months ended May 31, 2024, to a record 1,422 acre-feet delivered as compared to 806 acre-feet delivered in the same period of 2023. 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 and 2025. As Sky Ranch continues to develop, we anticipate continued growth in our residential water and wastewater service revenues. Water and wastewater tap sales decreased in Q3 2024 and YTD 2024 compared to the same period in 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 to \$4.8 million for the three months ended May 31, 2024 compared to \$3.2 million in 2023. Lot sales revenue increased to \$7.9 million for the nine months ended May 31, 2024 compared to \$5.1 million in 2023. Increases in the quarter and year to date lot sales revenue are due to the timing of construction in Sky Ranch on Phase 2A, 2B and 2C. Because lot sales 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 Thursday July 11, 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.purecyclegwater.com.

When:	8:30AM Eastern (6:30AM Mountain) on July 11, 2024
Call in number:	888-506-0062 (access code: 435023)
International call-in number:	973-528-0011 (access code: 435023)
Replay numbers:	877-481-4010 919-882-2331 (passcode: 50832)
Replay available until:	July 25, 2024 at 8:30AM ET
Event link:	https://www.webcaster4.com/Webcast/Page/2247/50832

Other Important Information

The table below presents our consolidated results of operations for the three and nine months ended May 31, 2024 and 2023 (unaudited):

	Three Months Ended		Nine Months Ended	
	May 31, 2024	May 31, 2023	May 31, 2024	May 31, 2023
<i>(In thousands, except share information)</i>				
Revenues:				
Metered water usage from:				
Municipal customers	\$ 145	\$ 145	\$ 458	\$ 349
Commercial customers	1,432	2,145	5,045	2,596
Wastewater treatment fees	85	75	258	216
Water and wastewater tap fees	581	1,256	1,162	2,400
Lot sales	4,795	3,160	7,906	5,064
Project management fees	221	42	362	173
Single-family rentals	123	34	357	90
Special facility projects and other	222	22	639	330
Total revenues	<u>7,604</u>	<u>6,879</u>	<u>16,187</u>	<u>11,218</u>
Cost of revenues:				
Water service operations	564	576	1,628	1,457
Wastewater service operations	173	96	513	350
Land development construction costs	1,192	951	1,961	1,291
Project management costs	154	81	401	227
Single-family rental costs	71	24	161	53
Depletion and depreciation	410	407	1,132	1,246
Other	174	71	406	318
Total cost of revenues	<u>2,738</u>	<u>2,206</u>	<u>6,202</u>	<u>4,942</u>
General and administrative expenses	1,647	805	5,082	3,900
Depreciation	151	111	447	348
Operating income	<u>3,068</u>	<u>3,757</u>	<u>4,456</u>	<u>2,028</u>
Other income (expense):				
Interest income - related party	217	331	1,156	841
Interest income - Investments	279	281	873	727
Oil and gas royalty income, net	392	44	479	227
Oil and gas lease income, net	18	18	56	56
Other, net	(13)	40	121	1,257
Interest expense, net	(109)	(52)	(328)	(149)
Income from operations before income taxes	<u>3,852</u>	<u>4,419</u>	<u>6,813</u>	<u>4,987</u>
Income tax expense	<u>(1,027)</u>	<u>(1,124)</u>	<u>(1,805)</u>	<u>(1,344)</u>
Net income	<u>\$ 2,825</u>	<u>\$ 3,295</u>	<u>\$ 5,008</u>	<u>\$ 3,643</u>
Earnings per common share - basic and diluted				
Basic	<u>\$ 0.12</u>	<u>\$ 0.14</u>	<u>\$ 0.21</u>	<u>\$ 0.15</u>
Diluted	<u>\$ 0.12</u>	<u>\$ 0.14</u>	<u>\$ 0.21</u>	<u>\$ 0.15</u>
Weighted average common shares outstanding:				
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Diluted	<u>24,143,039</u>	<u>24,166,344</u>	<u>24,146,361</u>	<u>24,131,621</u>

The following table presents our consolidated financial position as of May 31, 2024 (unaudited) and August 31, 2023 (audited):

(In thousands, except shares)

	May 31, 2024	August 31, 2023
	(unaudited)	
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 20,360	\$ 26,012
Short term investments	171	—
Trade accounts receivable, net	2,303	1,092
Land under development	5,183	1,726
Income taxes receivable	—	551
Prepaid expenses and other assets	580	346
Total current assets	28,597	29,727
Restricted cash	2,881	2,475
Investments in water and water systems, net	59,078	57,798
Construction in progress	4,243	5,457
Single-family rental units	5,115	4,490
Land and mineral rights:		
Held for development	3,714	4,652
Held for investment purposes	451	451
Other assets	1,167	1,359
Notes receivable – related parties, including accrued interest		
Reimbursable public improvements and project management fees	33,541	24,999
Other	1,441	1,451
Operating leases - right of use assets	176	357
Total assets	<u>\$ 140,404</u>	<u>\$ 133,216</u>
LIABILITIES:		
Current liabilities:		
Accounts payable	\$ 3,311	\$ 1,960
Accrued liabilities	1,380	1,761
Accrued liabilities – related parties	1,357	1,021
Income taxes payable	1,383	—
Deferred lot sales revenues	1,548	1,661
Deferred water sales revenues	13	69
Debt, current portion	34	31
Total current liabilities	9,026	6,503
Debt, less current portion	6,859	6,885
Deferred tax liability, net	1,230	1,352
Lease obligations - operating leases, less current portion	106	242
Total liabilities	17,221	14,982
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; 24,075,342 and 24,078,720 outstanding, respectively	80	80
Additional paid-in capital	175,069	174,689
Accumulated deficit	(51,966)	(56,535)
Total shareholders' equity	123,183	118,234
Total liabilities and shareholders' equity	<u>\$ 140,404</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, or you may contact our President, Mark W. Harding, or our CFO, Marc Spezialy, at 303-292-3456 or 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 water and wastewater 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



PURE CYCLE CORPORATION

Exhibit 99.2

Exhibit 99.2

PRESENTATION

NINE MONTHS ENDED

5/31/2024

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: Q3-2024 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 34 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.

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
- \$9.2m 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

- \$5.2m of Land for Development
- \$3.7m developed land for sale
- \$1.4m other assets

• \$10.3m Total Assets

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 Construction Cost
- \$7.2m in Fair Market Value

Pure Cycle contracts to build single family homes in its 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.

LIQUIDITY

- \$20.5m in Cash and ST Invest
- \$2.9m in Restricted Cash
- \$33.5m in Receivable from CAB

• \$56.9m Total Liquidity
• \$6.9m in Total Debt

Pure Cycle has a strong balance sheet with liquidity to support our business segments. Pure Cycle maintains a significant cash position as well as a receivable from the Sky Ranch CAB for approved reimbursements for public improvement that were paid for by Pure Cycle. The receivable bears interest at a rate of 6% per annum.

MEASURING OUR PERFORMANCE

Financial Results and Key Performance Indicators



FINANCIAL RESULTS



PERFORMANCE METRICS



MAJOR LEARNINGS



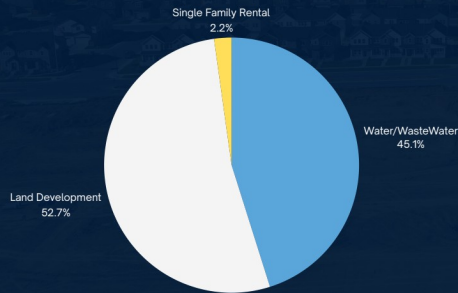
Financial Results



Financial Results



MEASURING OUR PERFORMANCE



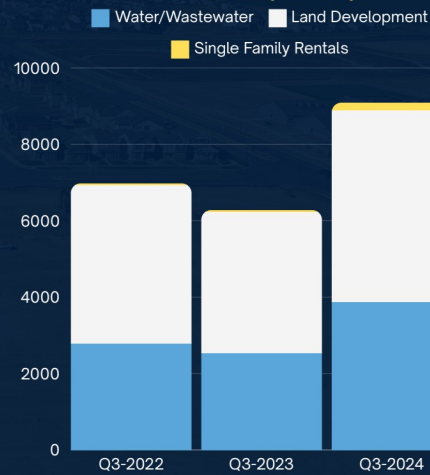
REVENUE BY SEGMENT

WATER
53%
Gross Margin

LAND DEV
69%
Gross Margin

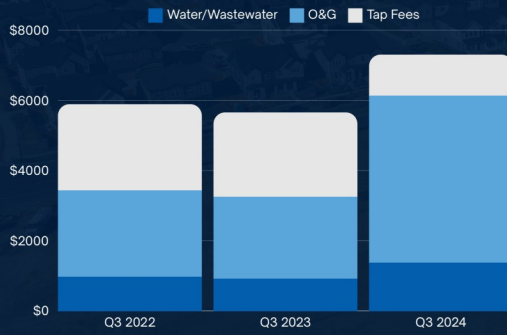
SFR
55%
Gross Margin

GROSS PROFIT QOQ BY SEGMENT (000'S)



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.

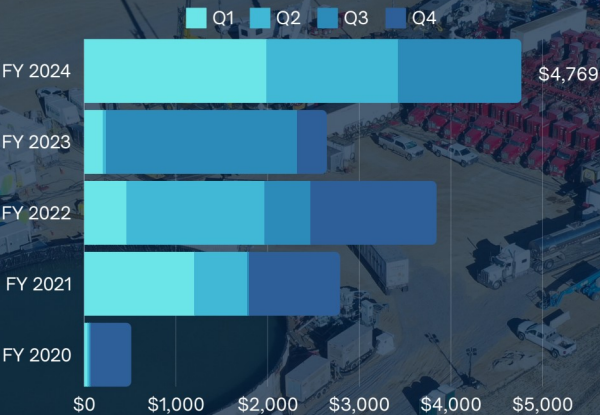
> 150 WELLS
DRILLED TO
DATE

OIL RIG CAN DRILL
60 WELLS PER
YEAR

AVERAGE
\$250,000 OF
WATER SALES
PER WELL

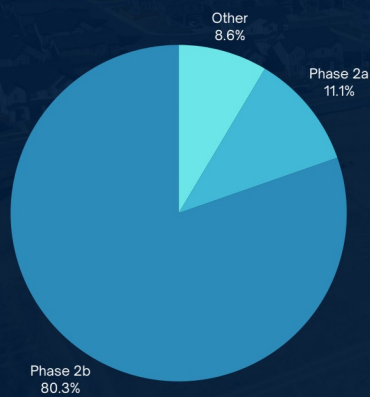
WE CAN PROVIDE
WATER TO MORE THAN
200 SQUARE MILES IN
ADAMS & ARAPAHOE
COUNTIES

REVENUE (000'S)



LAND DEVELOPMENT

CURRENT YEAR % REVENUE BY PHASE



PHASE	LOTS	SFR LOTS	PROGRESS
Phase 1	505	4	100%
Phase 2a	219	10	98%
Phase 2b	194	17	70%
Phase 2c	188	40	22%
Phase 2d	180	26	0%
Total	1,286	97	= 1,383

LAND DEVELOPMENT REVENUE QOQ (000'S)





Land development is substantially complete. Out of 229 homes, 228 are finished and occupied.



All paving is complete, and homebuilders are ready to begin construction on homes. Land development is estimated to be completed by the end of the calendar year 2024.



Grading is finished, and utility work has begun. Land development is scheduled to be completed by the end of fiscal year 2025.



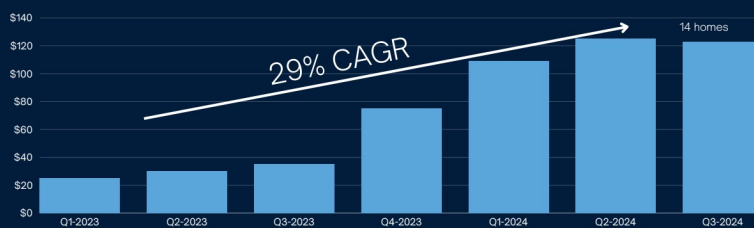
Land development is set to start in fiscal year 2025.

SINGLE FAMILY RENTALS

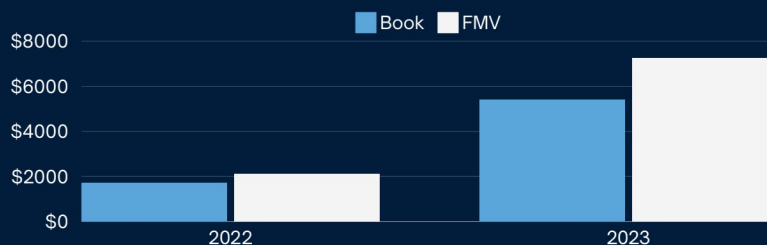
Quarterly Rent Revenue
\$125,000

Homes Rented
14

RENT REVENUE Q/Q (000S)



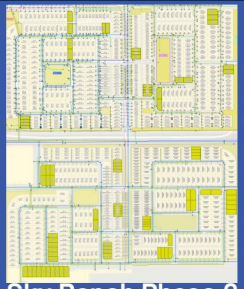
BOOK ASSETS & FMV (000'S)



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 (+40 Homes)	Phase 2d (+26 Homes)
Cumulative Homes	4	14	31	71	97
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



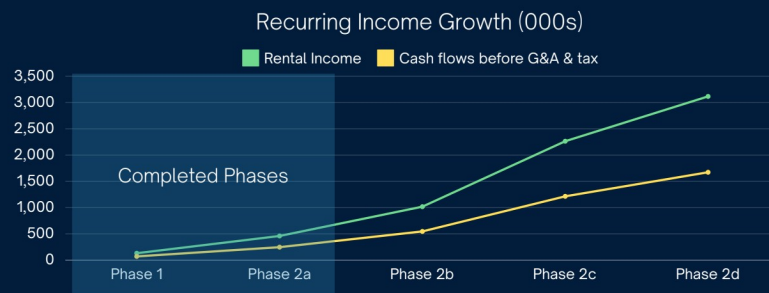
Sky Ranch Phase 2



PROJECTED



SFR Phase Projections



ASSETS TRAJECTORY

Portfolio Utilization and Projections



WATER CUSTOMERS & CAPACITY



OIL & GAS INFRASTRUCTURE



WATER PRODUCTION CAPACITY



TAP FEES - WATER PORTFOLIO



LAND DEVELOPMENT PROJECTIONS



SINGLE FAMILY RENTAL PROJECTIONS



Metro Denver Real Estate Shortage

[Denver Post]

- **Ongoing Housing Deficit:** Significant shortage remains despite recent construction efforts, indicating continued high demand.
- **Stable Demand:** Tens of thousands of new homes needed even without population growth, ensuring a strong market for developers.
- **Affordability Issues:** Only 5.1% of households in Denver can afford to buy, highlighting the need for more affordable housing options.
- **Legislative Support:** New Colorado law banning occupancy limits can increase demand for new homes as more individuals establish separate households.
- **Rising Construction Needs:** The housing deficit rose from 4.3 million units in 2021 to 4.5 million in 2022, underscoring the urgent need for new housing developments.



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

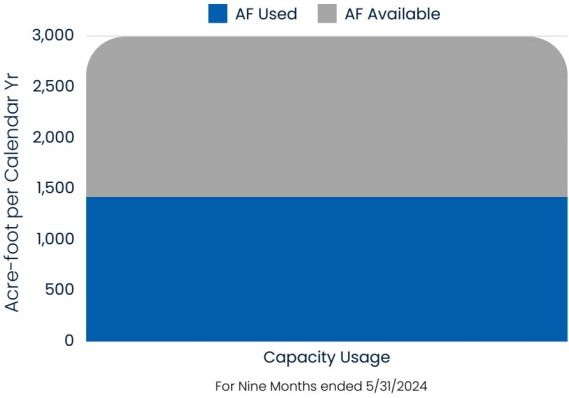


Single Family Rentals

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

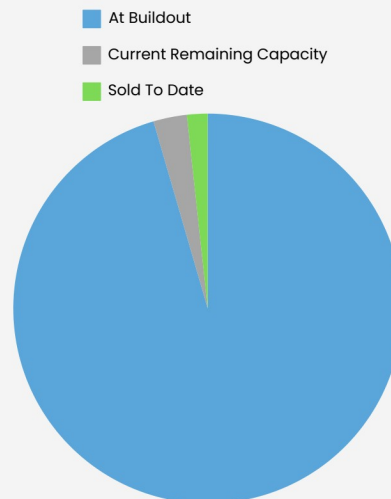


We continue to invest in our systems with a current book value of \$40.0 million which can produce over 3.4 million gallons of water per day



TAP FEES - PORTFOLIO CAPACITY (60,000)

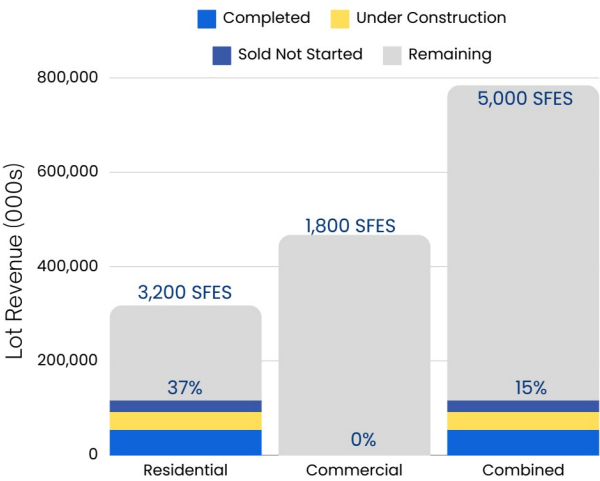
We estimate our portfolio can serve approximately 60,000 connections, generating approximately \$2.3 billion in revenues based on current rates. To date, we have added around 1,136 connections, representing less than 2% of our overall capacity



SKY RANCH CAPACITY PROJECTIONS

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

With a book value of land at \$4.43 million and over \$600 million in development revenue poised to monetize in the coming years, exemplifies the understated value on the Company’s balance sheet.



SINGLE FAMILY RENTALS

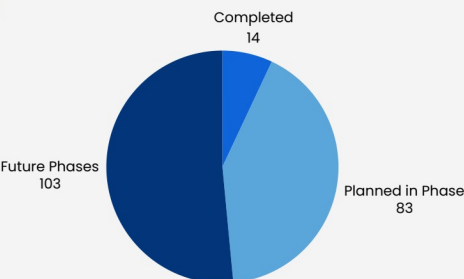
Strategy is to retain the equity value in the land and water and deliver affordable rental units in our Sky Ranch Master Planned Community

Each unit delivers positive cash flows with a 65% LTV

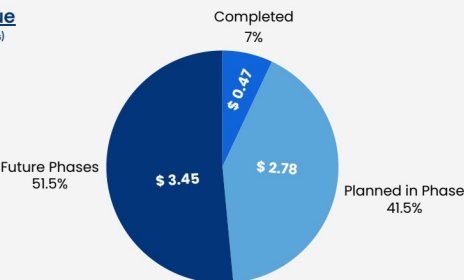
On average each unit carries \$150,000 fair market value equity roll forward

Planned SFR Units (200) To produce \$6.7m in Annual Revenue

Units



Revenue
(in Millions)



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%

ROA¹ 8.41%

ASSET CAGR 9.36%
5 Years

¹ 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.

Fiscal Period	Total Number of Shares Purchased	Average Price Paid per Share
Q1 2024	20,000	\$9.92
Q2 2024	10,000	\$9.94
Q3 2024	15,000	\$9.48
June 2024	11,880	\$9.16
Total	56,880	\$9.62

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

Susan Heitmann

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

Q&A

