



PURE CYCLE

a water, wastewater, land development company

**Financial Results for the Quarter Ended
May 31, 2020**

PRESENTED BY MARK
HARDING

**"SAFE HARBOR" STATEMENT
UNDER THE UNITED STATES
PRIVATE SECURITIES LITIGATION
REFORM ACT OF 1995**

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; 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.

All FLS are expressly qualified by these cautionary statements.

KEY ASSETS



27,000 Acre
Feet of water



930 Acre Zoned
Master Plan
Community



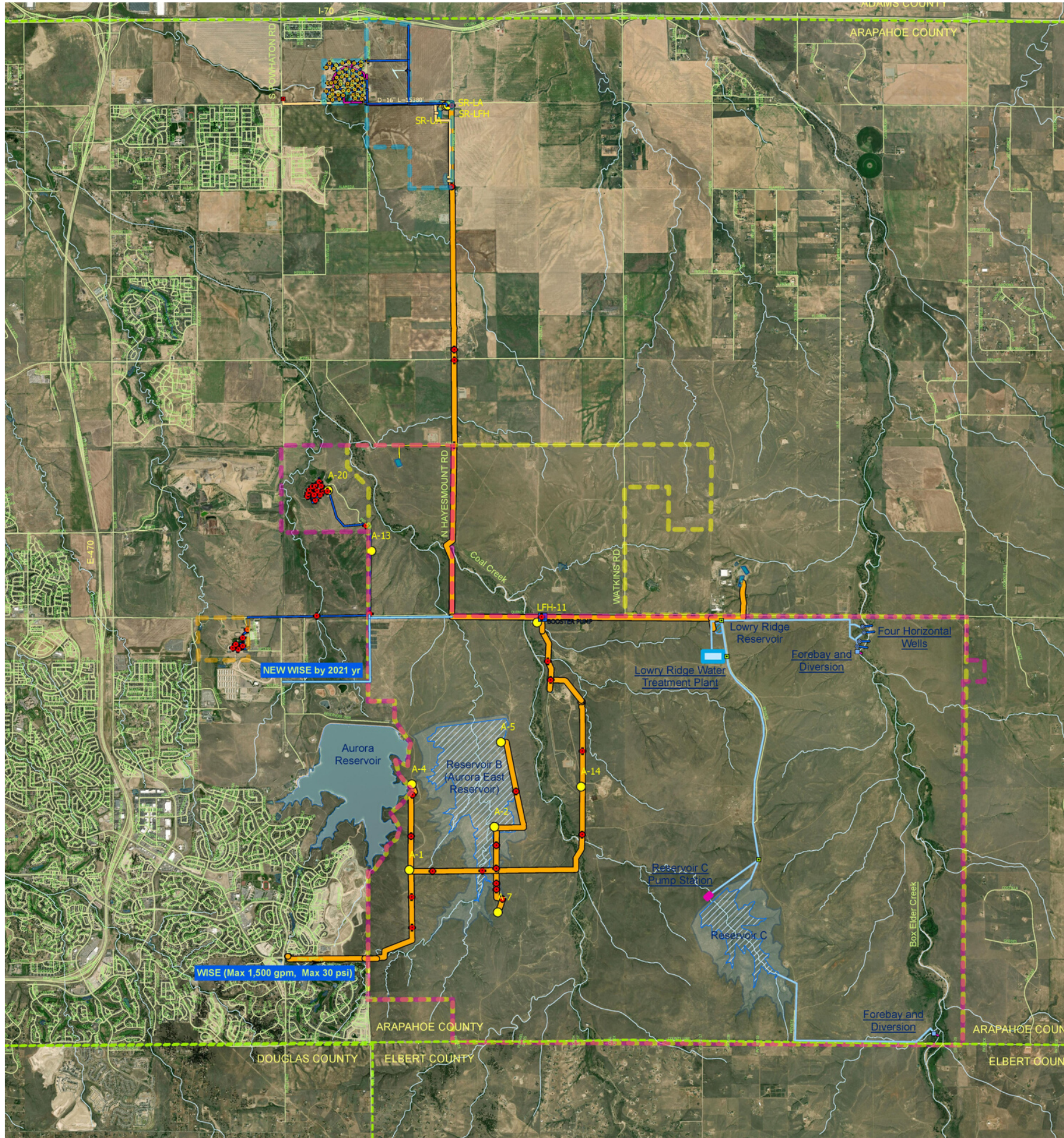
Industrial
Water Sales



O&G
Royalties

ALL OF THESE KEY ASSETS CONTRIBUTE TO YOUR SHAREHOLDER VALUE

WATER UTILITY ASSETS



- 27,000 acre feet of water
- 11 groundwater wells
- 3 alluvial wells
- 150 acre feet surface storage
- 2 million gallons finished water storage
- 2 wastewater Reclamation Facilities
- 20 miles of transmission lines
- 15 miles of distribution lines
- 10 miles of collection lines
- 3 pump stations

KEY FACTORS

MASTER PLANNED COMMUNITY - SKY RANCH



LAND

931 Acres Located on the I-70
Corridor

LOCATION

16 miles East of Downtown Denver
4 miles South of DIA

HOME

Zoned for 3,400 homes and 2.3
million sq. feet of commercial and
retail property (total of 5,000 SFE's
combined)

INFRASTRUCTURE

LOT DELIVERY

First Phase for Development (151 Acres)

- Sold all 506 lots before breaking ground
 - Delivered 391 Finished lots
 - All Wet Utilities, drainage, electric, and 95% roadway for remaining 115 lots
 - 120 Residents in Community
 - Issued 255 Building permits
 - Sold 255 Water and Wastewater Taps
 - 135 homes under construction
 - Expect to deliver remaining 115 Lots Calendar 2020
-
- Water Reclamation Facility complete



**PHASE 1 –
“NEIGHBORHOOD B” 506
LOTS**

SKY RANCH UPDATE



Q1

Approximately 40 Residents
Approximately 60 Homes under construction
Averaging 6 homes/builder/mo.



Q2

Approximately 70 Residents
Approximately 110 Homes under construction
Averaging 6 homes/builder/mo.



Q3

Approximately 120 Residents
Approximately 110 Homes under construction
Averaging 6 homes/builder/mo.

PHASE 2- NEIGHBORHOOD A

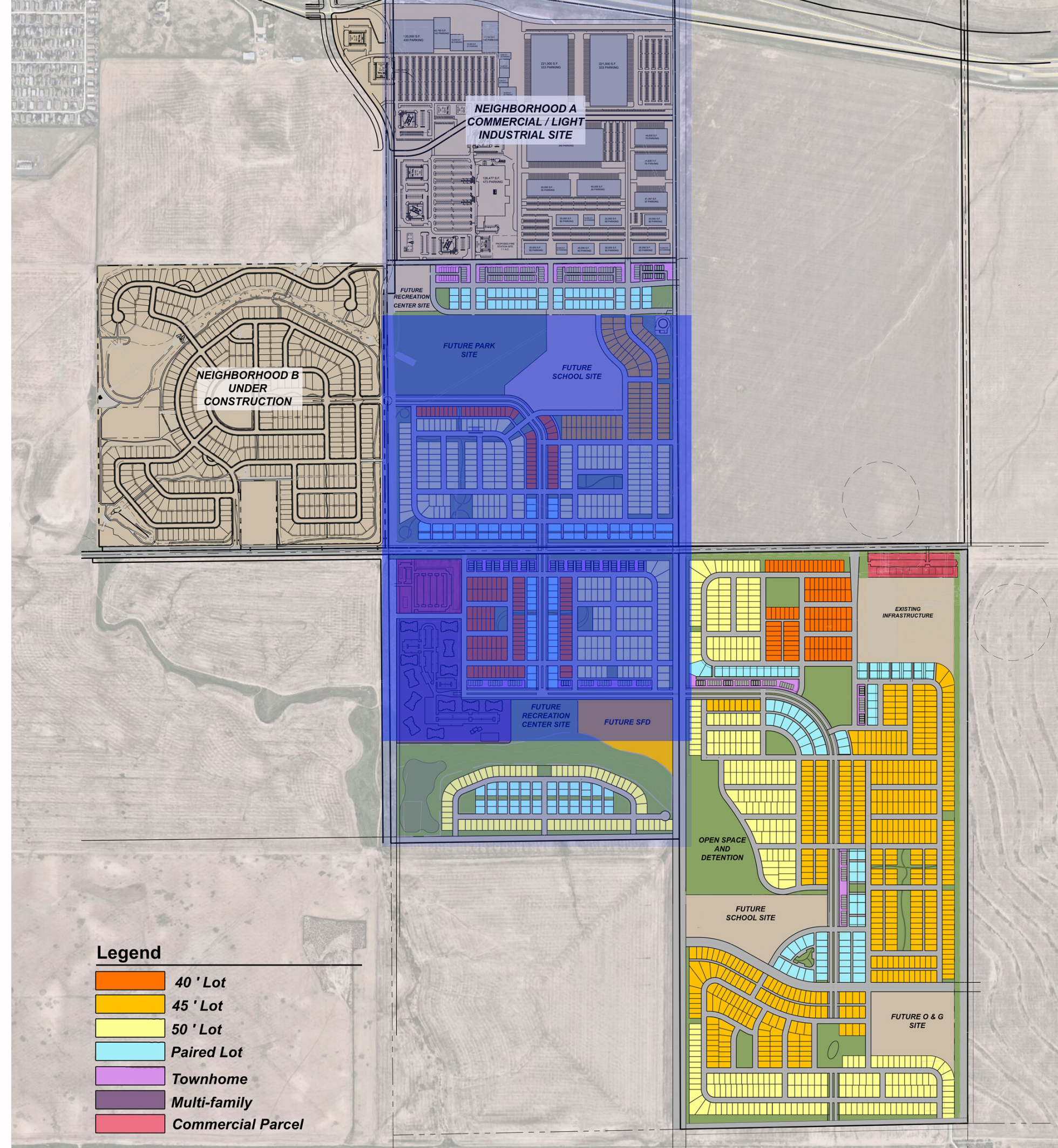
480 Acres

Development to accommodate:

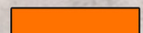
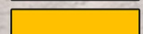
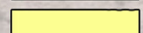
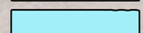
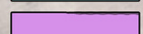
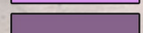
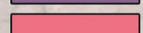
- 160 acres of commercial, retail and light industrial
- Multifamily residential
- Attached single family
- Detached single family

May include between 2,500 – 3,000 SFE's

Grading Fall 2020, lot delivery
Winter '21



Legend

	40' Lot
	45' Lot
	50' Lot
	Paired Lot
	Townhome
	Multi-family
	Commercial Parcel

PHASE 2- NEIGHBORHOOD A & D

Residential Product Mix

Diversified Product Mix

- 32' Single Family Lots
- 45' Single Family Lots
- 50' Single Family Lots
- Paired Duplex Lots
- Town Home Lots

Total Residential 960 Lots

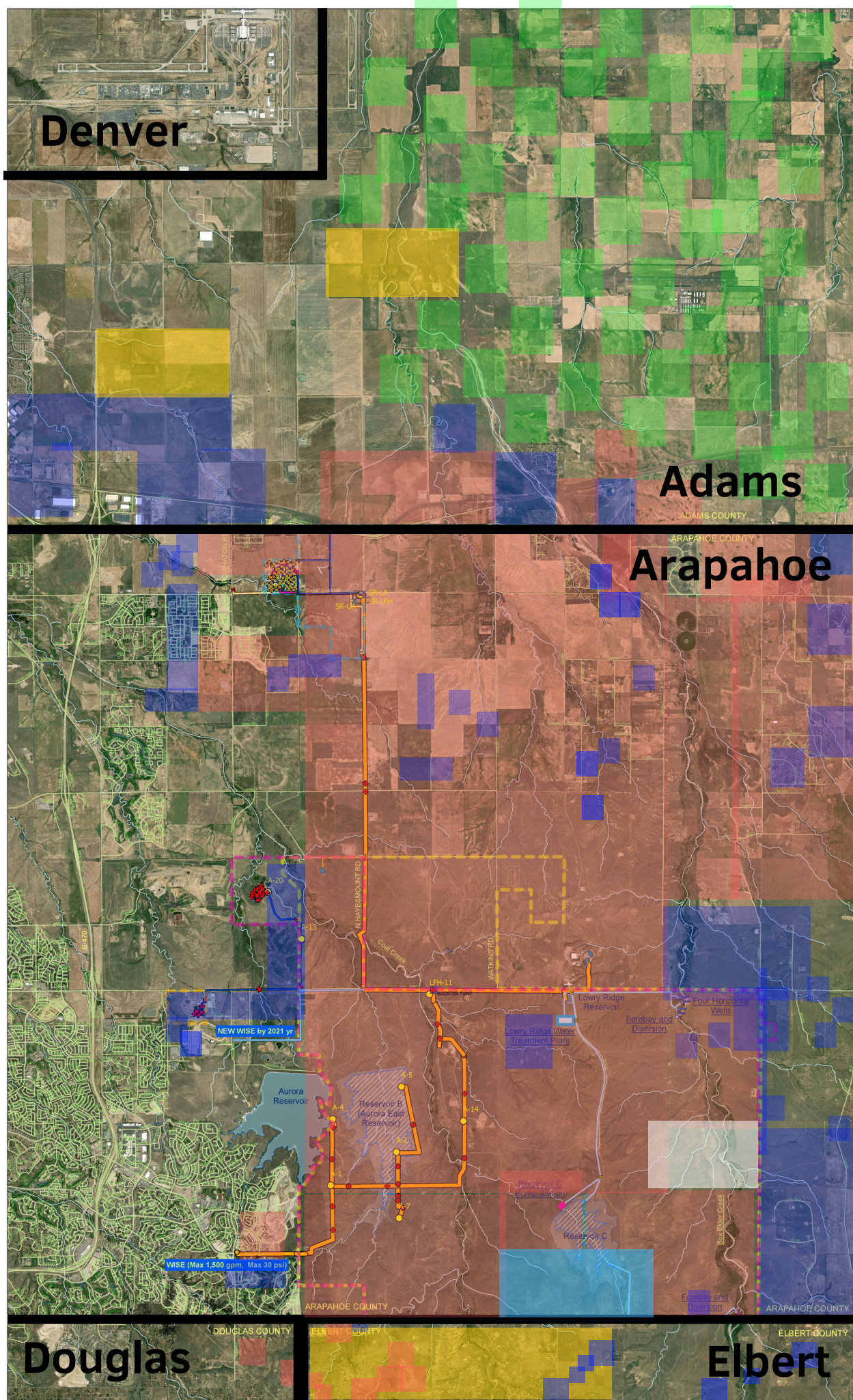
Grading Fall 2020, lot delivery
Winter '21



**This plan is illustrative and subject to change at any time.







OIL & GAS ACTIVITIES

SOUTHERN WATTENBERG NIOBRARA



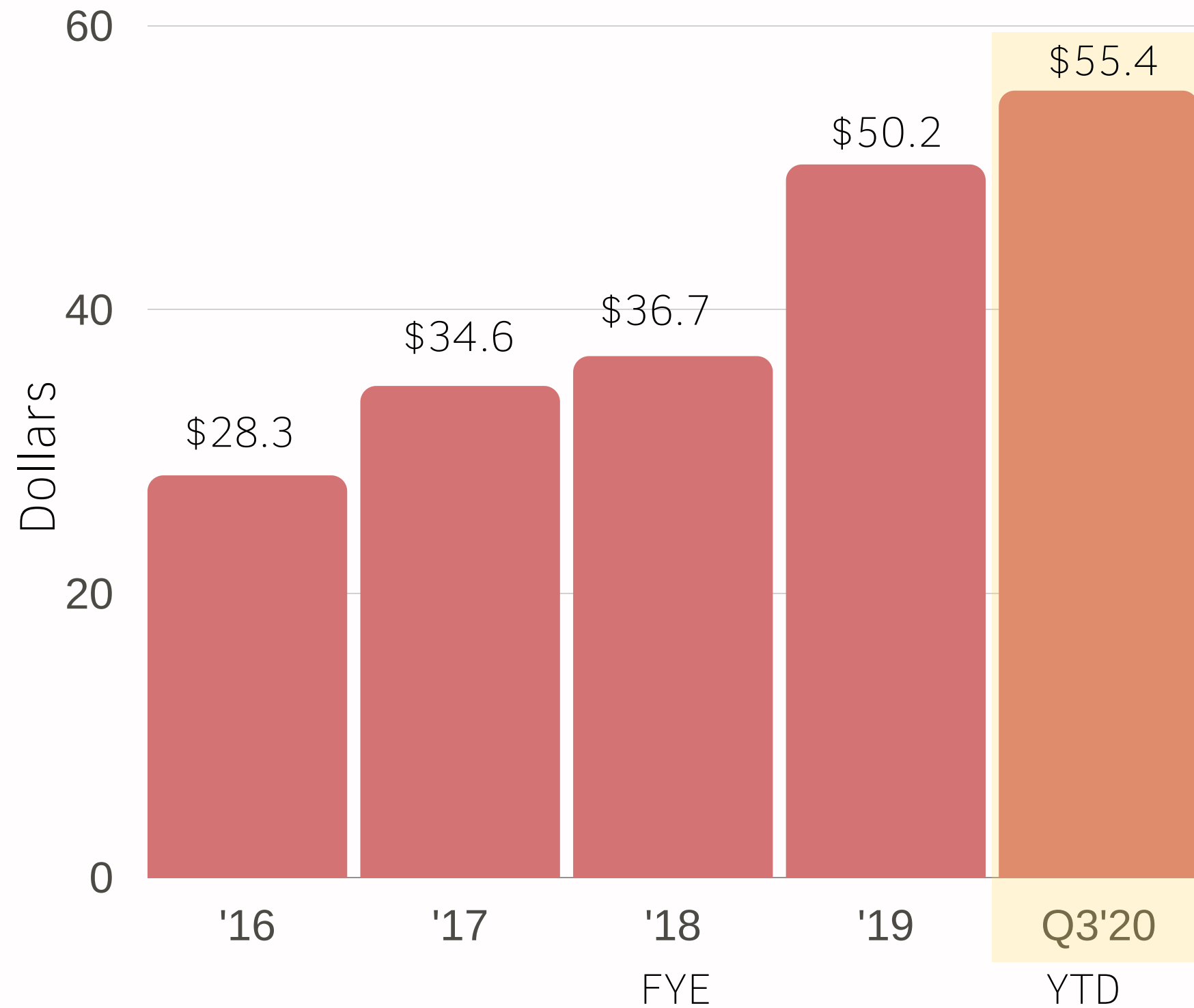
Repositioning of Assets in the Southern Wattenberg Field

- ConocoPhillips has closed sale of field with Crestone Peak Resources

Occidental/Anadarko		(approx. 20,000 Acres)
Extraction		(approx. 69,000 Acres)
Crestone		(approx. 100,000 Acres)
GMT		
True		
Other		

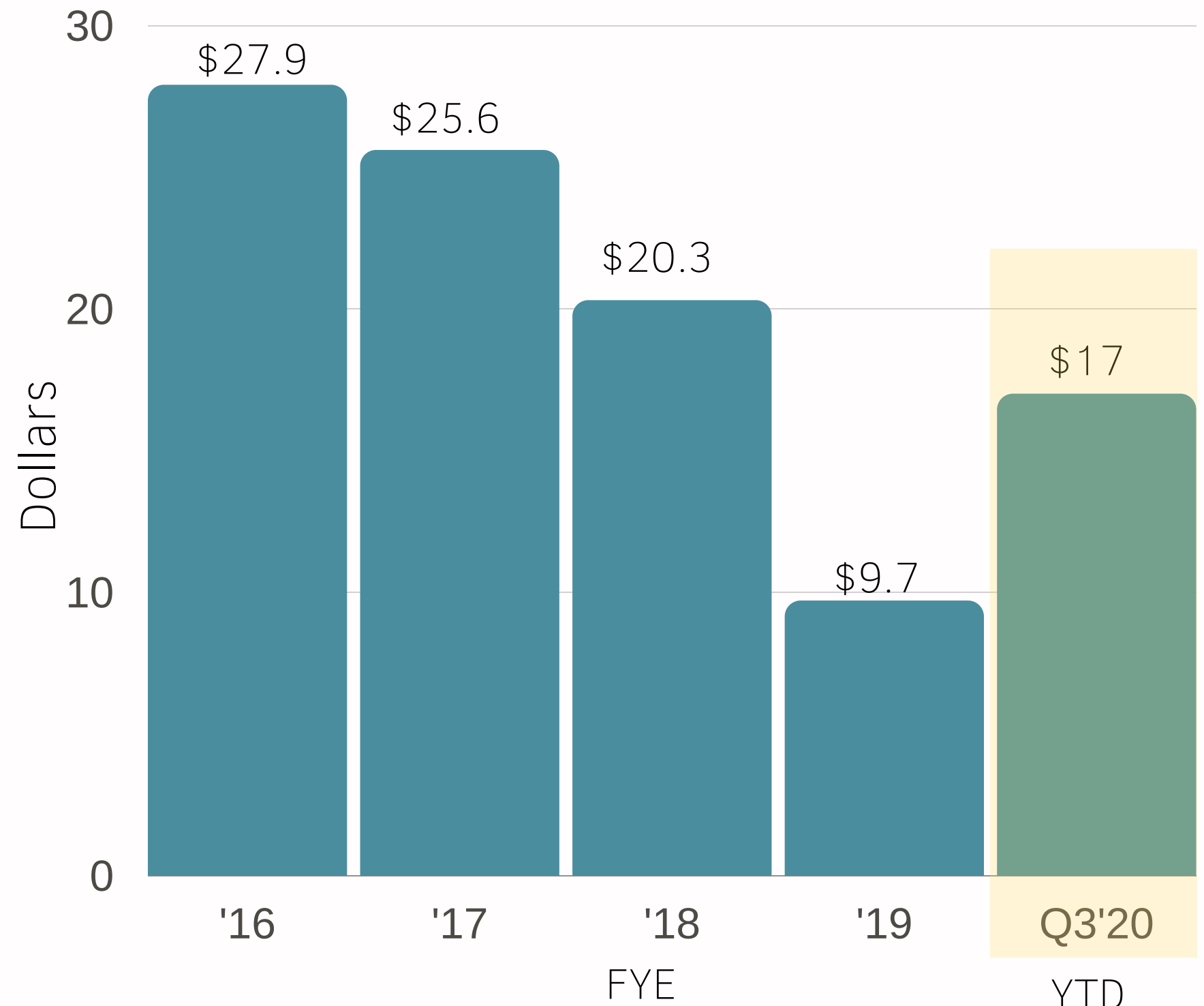
Water Investments

(millions)

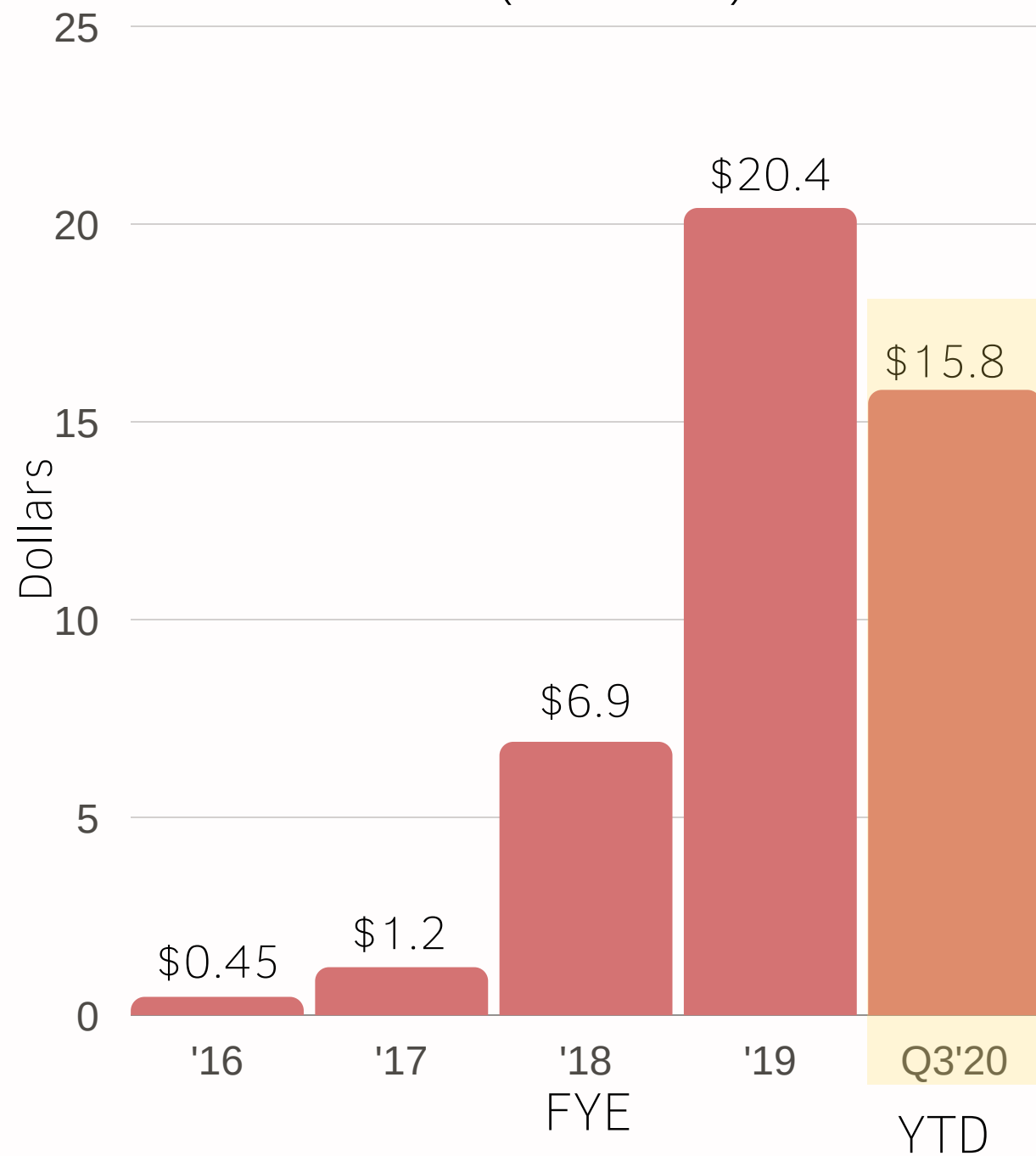


Cash & Investments

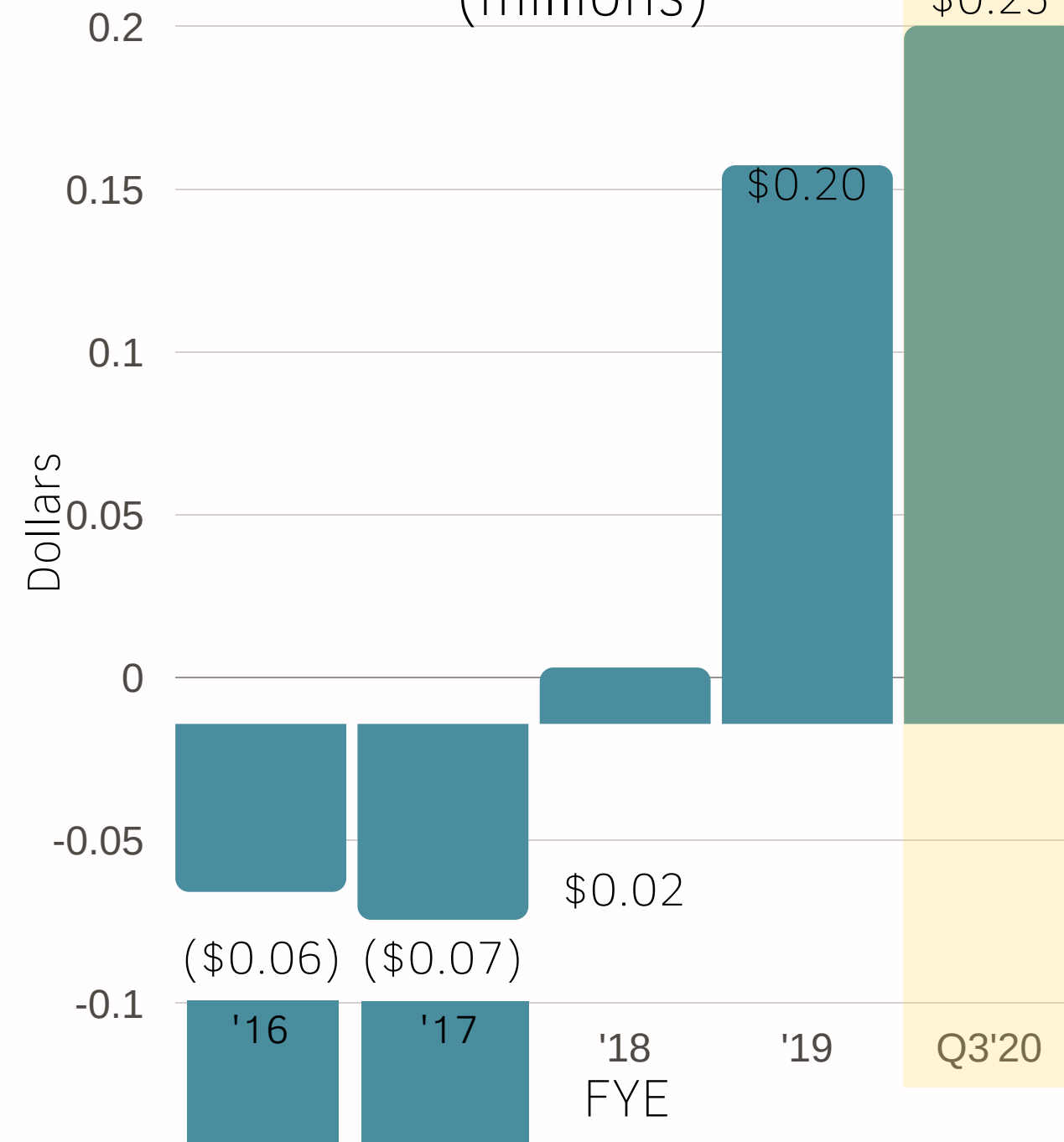
(millions)



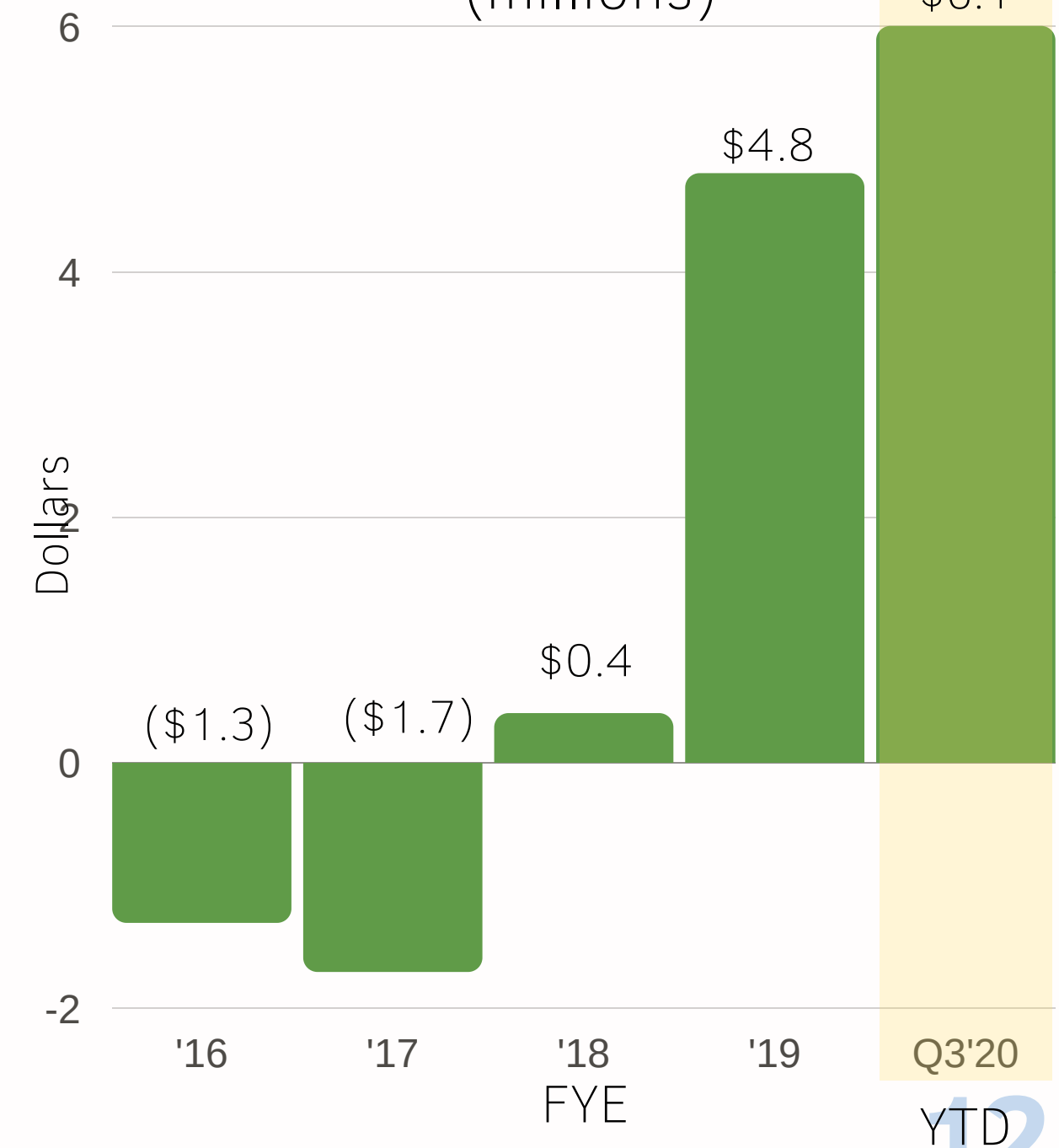
Operating Revenues (millions)



Growth in Income from Continuing Operations per share (diluted) (millions)



Net Income (after tax) (millions)



Results
Year To
Date



LAND DEVELOPMENT DELIVERY OF LOTS

Q3 '20 Revenues = \$11,500,000
Q3 '19 Revenues = \$ 6,000,000

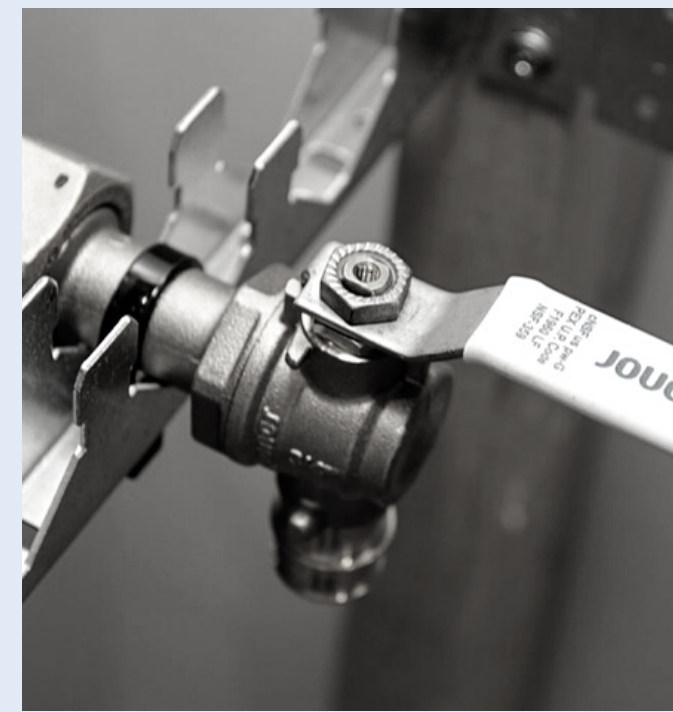
(remaining phase 1 lots 110
projected revenue \$7.0M)



MUNICIPAL TAP FEE REV.

Q3 '20 Revenues = \$3,850,000
Q3 '19 Revenues = \$ 1,805,000

(remaining phase 1 taps 251
@\$30,000 = \$7.53M)



OIL & GAS INDUSTRIAL WATER SALES

Q3 '20 Revenues = \$ 72,000
Q3 '19 Revenues = \$2,700,000



O&G ROYALTIES

Q3 '20 Revenues = \$798,000
Q3 '19 Revenues = \$155,000

(4 NEW WELLS WITHIN OUR 1/8
POOLING)

**SUMMARIZED BALANCE
SHEET**

	May 31, 2020	August 31, 2019	\$ Change
	000's	000's	000's
Assets			
Cash, cash equivalents and marketable securities	\$ 17,075	\$ 9,667	\$ 7,408
Other current assets	5,928	13,871	(7,943)
Total current assets	23,003	23,538	(535)
Long-term investments	-	-	-
Investments in water and water systems, net	55,393	50,270	5,123
Land and mineral interests	5,439	5,104	335
Other long-term assets	4,374	4,809	(435)
Total assets	<u>\$ 88,209</u>	<u>\$ 83,721</u>	<u>\$ 4,488</u>
Liabilities and Shareholders' Equity			
Accounts payable	\$ 207	\$ 171	\$ 36
Accrued liabilities	1,274	3,428	(2,154)
Deferred revenues	2,526	3,992	(1,466)
Deferred O&G	2,255	706	1,549
Other long-term liabilities	681	693	(12)
Total liabilities	6,943	8,990	(2,047)
Total shareholders' equity	81,266	74,731	6,535
Total liabilities and shareholders' equity	<u>\$ 88,209</u>	<u>\$ 83,721</u>	<u>\$ 4,488</u>

Please refer to our Report on Form 10Q filed on July 7, 2020 for additional information regarding our financial position.

SUMMARIZED STATEMENT OF OPERATIONS

	Period Ended			
	In 000's (except per share)			
	Three Months Ended May 31,		Nine Months Ended May 31,	
	2020	2019	2020	2019
Revenue				
Water sales	\$ 149	\$ 1,394	\$ 476	\$ 3,047
Tap fees (water and wastewater)	1,005	1,083	3,850	1,805
Lot sales	696	2,708	11,504	6,036
Total revenue	1,850	5,185	15,830	10,888
Cost of revenues				
Water cost of revenue	\$ (551)	\$ (674)	\$ (1,705)	\$ (1,629)
Lot fee development	(556)	(2,588)	(10,436)	(5,716)
Total costs of revenue	(1,107)	(3,262)	(12,141)	(7,345)
Gross profit	743	1,923	3,689	3,543
Operating expenses:				
General and administrative	(801)	(666)	(2,639)	(1,864)
Other	(85)	(98)	(266)	(277)
Income (loss) from operations	(143)	1,159	784	1,402
Other (expenses) income:				
Reimbursement of construction costs	-	-	6,276	-
Oil and gas royalties and lease income, net	136	51	798	155
Other income (loss)	19	(3)	19	(5)
Interest income	24	54	162	247
Net income before taxes	36	1,261	8,039	1,799
Tax expense	(9)	-	(1,975)	-
Net income after taxes	\$ 27	\$ 1,261	\$ 6,064	\$ 1,799
Income per share (diluted)	*	\$ 0.05	\$ 0.25	\$ 0.07
Non-GAAP Measure (EBITDA)	\$ 565	\$ 1,626	\$ 9,566	\$ 2,624

Please refer to our Report on Form 10Q filed on July 7, 2020 for additional information regarding our operating results.

CONTACT INFORMATION



MAILING ADDRESS

34501 E Quincy Ave., Bldg. 34,
Watkins, CO 80137

EMAIL ADDRESS

info@purecyclewater.com

PHONE NUMBER

(303) 292-3456

WEBSITE

www.purecyclewater.com

TICKER

“PCYO” traded on the NASDAQ Capital Market

SHARES OUTSTANDING

23.8 million

THANK YOU!



PURE CYCLE

a water, wastewater, land
development company

ANY QUESTIONS?