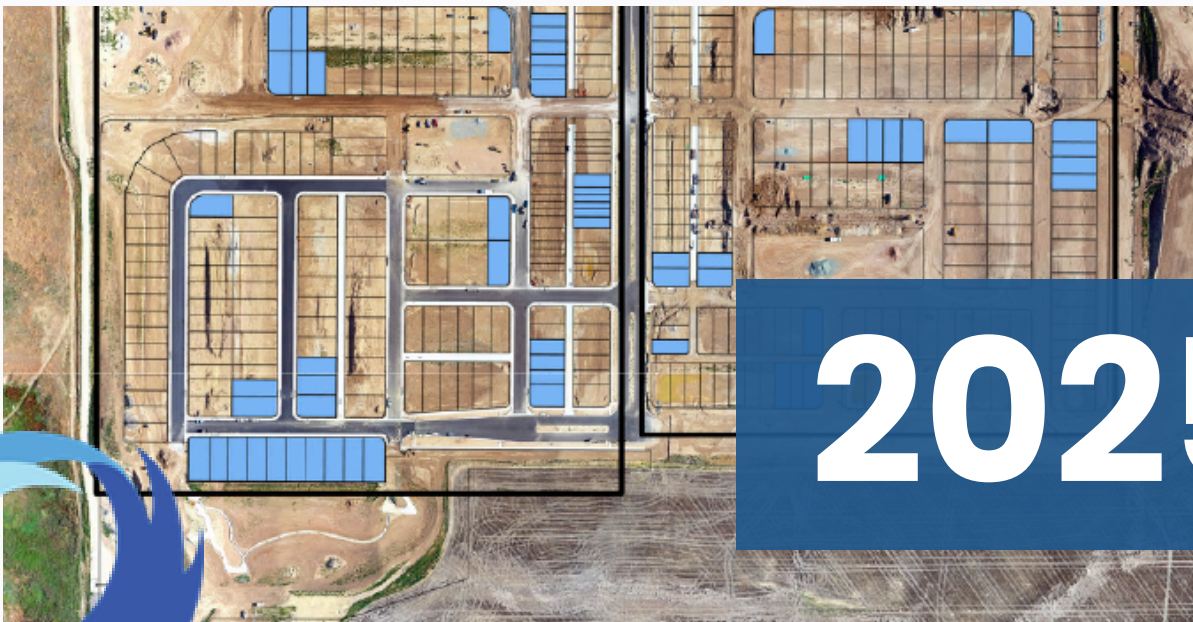


PURE CYCLE CORPORATION ANNUAL REPORT



2025



To Our Valued Shareholders,

As we enter 2026, I'm proud to reflect on another year of progress and resilience at Pure Cycle—and grateful for the continued trust you place in us.

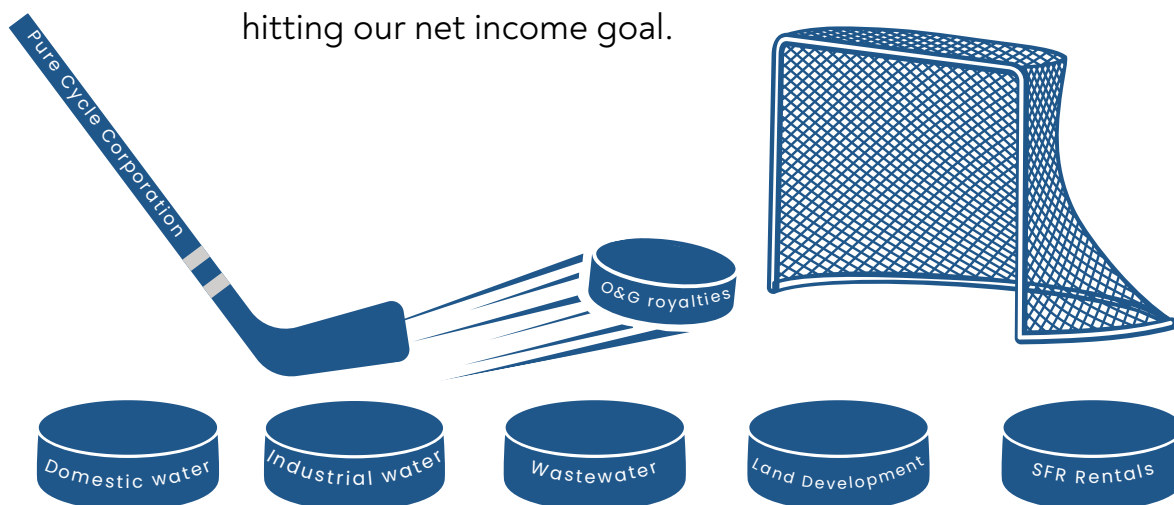
2025 Highlights

Continued Profitability

For the fiscal year ended August 31, 2025, we grew net income nearly 13% to **\$13.1 million**, marking our **8th consecutive year and 25th consecutive fiscal quarter of positive net income**.

Diversified Revenue Growth

In addition to our land development, water and wastewater, and single-family rental segments, **royalty income from our oil & gas mineral interests** at Sky Ranch reached a record **\$6.6 million**. Each year we are able to leverage our robust balance sheet and diversified asset portfolio to have multiple shots at hitting our net income goal.



Land Development Momentum

Our Sky Ranch master-planned community continued to deliver strong results. Phases 2A and 2B are complete, Phase 2C delivered all **228 lots**, and Phase 2D is midway through delivering **211 additional lots**, with completion expected in summer 2026.

Disciplined Capital Management

We continue to invest in growth projects, maintain liquidity to support our share-repurchase program, and maintain reserve capacity for future strategic land acquisitions.

Why These Results Matter

Our business model continues to demonstrate strength, diversity, and resilience—performing well across varying market conditions.

Despite national housing headwinds driven by higher interest rates and weaker consumer confidence, our focus on **affordable lots for national homebuilders**—allowing them to efficiently manage inventory and deliver entry-level homes in the Denver market—enabled us to outperform broader trends.

The interplay among our three integrated segments—(1) wholesale water and wastewater services, (2) land development on Company-owned property such as Sky Ranch, and (3) rental-residential assets generating recurring revenues—continues to enhance shareholder value and earnings growth.

Owning both the land and the utility infrastructure we serve allows us to **reduce costs, phase development efficiently, and capture value others cannot**.

In the Denver-metro region, where housing supply remains constrained—especially for entry-level homes—**Sky Ranch provides a distinct competitive advantage**. Demand in this segment remains robust, positioning us to navigate market cycles more favorably than higher-priced communities.

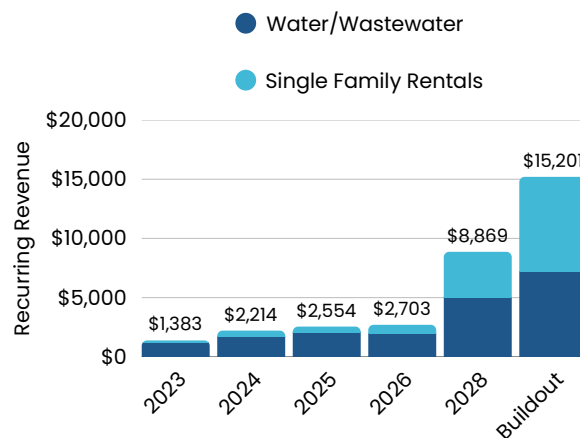
Strategic Priorities for 2026 and Beyond —

Lot Development and Homebuilder Properties

We plan to complete and deliver all Phase 2D lots and begin construction of Phase 2E. We will accelerate single-family rental home deliveries, adding nearly 30 units in fiscal 2026. We also expect to construct a new Interchange at I-70 and Monaghan, increasing capacity and enabling commercial growth at Sky Ranch, with construction estimated to begin in 2027.

Water & Wastewater Utility Growth

We will continue expanding our water and wastewater network at Sky Ranch and in surrounding service territories, benefiting from new lot and tap sales as well as recurring service revenues. We will also leverage our vertically integrated model to optimize infrastructure costs, phasing, and service delivery.



Resource Value Capture and Diversification

We plan to strengthen industrial water sales performance in 2026. We will also explore strategic land acquisitions adjacent to existing infrastructure to enhance build-out efficiencies and long-term value.

Capital Discipline and Shareholder Returns

Maintaining a strong balance sheet remains a priority to preserve flexibility for strategic land or infrastructure investments. Support for the share-repurchase program will continue where appropriate, and capital will be deployed with long-term value creation in mind.

Risk, Resiliency, and Market Control

We operate in a dynamic environment—housing cycles, mortgage rates, and macroeconomic conditions remain fluid. Our **diversified revenue streams** and **integrated operating model** give us flexibility to manage costs, control development pacing, and sustain profitability across market conditions.

We remain vigilant, monitoring builder absorption rates, input-cost inflation, regulatory developments, and market dynamics. We believe our vertical integration provides the resilience and adaptability needed to continue performing through changing economic cycles.

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Why your Trust Matters

As shareholders, you've entrusted us with stewarding the Company's resources and long-term strategy. Our goal remains clear: to **create sustainable, long-term value** through disciplined capital allocation, operational excellence, and efficient growth. Delivering over **25 consecutive fiscal quarters of profitability** underscores our consistency, stability, and commitment to growth.

Looking Forward

2025 was a strong year of progress despite a challenging housing market. Through the diversity of our revenues we increased our YoY net income 13% with lower gross revenues than 2024—and we believe the best still lies ahead. In 2026, we will continue to monetize our water resource assets while persistent low inventory in the entry-level market aids our progression through lot deliveries in Phases 2D and 2E. We also look forward to adding transportation improvements through a new Interchange which will springboard development of our highly profitable commercial lands adjacent to the Interstate.

We enter 2026 with a strong foundation, clear priorities, and a powerful model for growth. Together, we're building more than lots and utilities—we're building a **platform for long-term value creation**.

On behalf of the entire team, thank you for your continued confidence and partnership.

Sincerely,
Mark W. Harding

