

Hi-Crush Inc.

Management's Discussion and Analysis of Financial Condition and Results of Operations

As of and for the quarter ended March 31, 2021

(Unaudited)

HI-CRUSH INC.

Management's Discussion and Analysis of Financial Condition and Results of Operations (Dollars in thousands, except tonnage or where otherwise noted)

The following discussion and analysis of the Company's financial condition and results of operations should be read together with the unaudited consolidated financial statements issued for the period ending March 31, 2021, as well as with the consolidated financial statements and related notes in the 2020 "Audited Financial Statements" provided separately.

Results of Operations

The following table presents revenues, volumes and pricing for the period indicated:

	Three Months Ended	
	March 31, 2021	December 31, 2020
Frac sand sales revenues	\$ 38,018	\$ 33,102
Other revenues	\$ 21,848	\$ 15,087
Tons sold	1,313,402	1,035,517
Average price per ton sold	\$ 29	\$ 32

Liquidity and Capital Resources

We expect our principal sources of liquidity will be available cash and cash generated by our operations. We believe these sources will be sufficient to meet our short-term working capital requirements, long-term capital expenditure requirements and debt service obligations, including interest payments. We expect that our future principal uses of cash will be for capital expenditures, funding debt service obligations and working capital.

Long-term Debt

For information, see Note 11 - Long-Term Debt of the Notes to Consolidated Financial Statements in the 2020 Audited Financial Statements.

Off-Balance Sheet Arrangements

As of March 31, 2021, there were \$5,914 in surety bonds outstanding related to various performance obligations. These were issued in the ordinary course of our business and are in place to support various performance obligations as required by (i) statutes within the regulatory jurisdictions where we operate and (ii) counterparty support. Obligations under these surety bonds are not normally called, as we typically comply with the underlying performance requirement, and our management believes these surety bonds will expire without being funded.

Working Capital

Working capital is the amount by which current assets, excluding cash, exceed current liabilities, excluding current portion of long-term debt and current portion of operating lease liabilities, and is a measure of our ability to pay our liabilities as they become due.

The following table summarizes our working capital as of the date indicated.

	Three Months Ended	
	March 31, 2021	December 31, 2020
Current assets:		
Accounts receivable, net	\$ 34,216	\$ 24,807
Inventories	13,333	18,596
Prepaid expenses and other current assets	16,957	18,702
Total current assets	64,506	62,105
Current liabilities:		
Accounts payable	18,648	13,040
Accrued and other current liabilities	16,305	22,030
Current portion of deferred revenues	3,792	3,255
Total current liabilities	38,745	38,325
Working capital	\$ 25,761	\$ 23,780

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The following table provides a summary of our cash flows for the periods indicated.

	Three Months Ended	
	March 31, 2021	December 31, 2020
Net cash provided by (used in):		
Operating activities	\$ 4,380	\$ (7,969)
Investing activities	(1,494)	(1,417)
Financing activities	(691)	(1,092)