

# **Hi-Crush Inc.**

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

As of and for the quarter ended June 30, 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 Hi-Crush's financial condition and results of operations should be read together with the unaudited consolidated financial statements for the period ending June 30, 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:

	<b>Three Months Ended</b>	
	<b>June 30, 2021</b>	<b>March 31, 2021</b>
Frac sand sales revenues	\$ 50,741	\$ 38,018
Other revenues	\$ 25,324	\$ 21,848
Tons sold	1,950,524	1,313,402
Average price per ton sold	\$ 26	\$ 29

**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 June 30, 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.

	<b>As Of</b>	
	<b>June 30, 2021</b>	<b>March 31, 2021</b>
<b>Current assets:</b>		
Accounts receivable, net	\$ 40,027	\$ 34,216
Inventories	16,445	13,333
Prepaid expenses and other current assets	4,562	16,957
Total current assets	61,034	64,506
<b>Current liabilities:</b>		
Accounts payable	17,248	18,648
Accrued and other current liabilities	17,864	16,305
Current portion of deferred revenues	3,759	3,792
Total current liabilities	38,871	38,745
Working capital	\$ 22,163	\$ 25,761

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

	<b>Three Months Ended</b>	
	<b>June 30, 2021</b>	<b>March 31, 2021</b>
<b>Net cash provided by (used in):</b>		
Operating activities	\$ 16,901	\$ 4,380
Investing activities	(2,122)	(1,494)
Financing activities	973	(691)

***Subsequent Events***

On July 8, 2021, Hi-Crush redeemed convertibles notes with a face value of \$12,483 and repurchased 2,190,389 common shares for \$17,000.