

HI-CRUSH INC.

Consolidated Financial Statements
As of and for the period ended July 31, 2021
(Unaudited)

HI-CRUSH INC.
Consolidated Balance Sheets
(In thousands)
(Unaudited)

	July 31, 2021	December 31, 2020
Assets		
Current assets:		
Cash	\$ 31,894	\$ 27,575
Restricted cash	21,816	13,806
Accounts receivable, net	40,443	24,807
Inventories	17,588	18,596
Prepaid expenses and other current assets	4,341	18,702
Total current assets	116,082	103,486
Property, plant and equipment, net	128,446	142,484
Operating lease right-of-use assets	4,691	5,097
Intangible assets, net	9,767	11,887
Equity method investment	16,815	15,648
Other assets	397	451
Total assets	<u>\$ 276,198</u>	<u>\$ 279,053</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 23,034	\$ 13,040
Accrued and other current liabilities	19,741	22,030
Current portion of deferred revenues	3,805	3,255
Current portion of long-term debt	801	719
Current portion of operating lease liabilities	2,038	1,810
Total current liabilities	49,419	40,854
Deferred revenues	2,844	3,255
Long-term debt, net debt discounts	5,448	1,992
Operating lease liabilities	2,589	3,273
Asset retirement obligations	20,510	19,418
Deferred tax liabilities	77	77
Other liabilities	813	813
Total liabilities	81,700	69,682
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$0.001 par value	47	—
Additional paid-in capital	213,737	225,117
Retained deficit	(19,279)	(15,736)
Accumulated other comprehensive loss	(7)	(10)
Total stockholders' equity	194,498	209,371
Total liabilities and stockholders' equity	<u>\$ 276,198</u>	<u>\$ 279,053</u>

HI-CRUSH INC.
Consolidated Statements of Operations
(In thousands)
(Unaudited)

	<u>Month Ended</u>	<u>Year to Date</u>
	<u>July 31, 2021</u>	<u>July 31, 2021</u>
Revenues	\$ 33,902	\$ 169,833
Cost of goods sold (excluding DD&A)	27,039	143,934
Gross profit	6,863	25,899
Operating costs and expenses:		
General and administrative	2,434	17,228
Depreciation, depletion and amortization	2,166	15,571
Accretion	239	1,659
Restructuring	143	1,255
Other operating (income) expense, net	(324)	(12,763)
Income (loss) from operations	2,205	2,949
Other income (expense):		
Earnings from equity method investment	384	2,206
Loss on extinguishment of debt	—	(383)
Interest expense	(1,034)	(8,333)
Income (loss) before income tax	1,555	(3,561)
Income tax expense (benefit)	—	(18)
Net income (loss)	<u>\$ 1,555</u>	<u>\$ (3,543)</u>

Reconciliation of Net Income (Loss) to Adjusted EBITDA

Net income (loss)	\$ 1,555	\$ (3,543)
Interest expense	1,034	8,333
Income tax expense (benefit)	—	(18)
Depreciation, depletion and amortization	2,166	15,571
Accretion	239	1,659
Restructuring	143	1,255
(Gain)/loss on sale of assets	(335)	(807)
Severance costs	—	273
Contract terminations/modifications and other	—	(11,901)
Earnings from equity method investments	(384)	(2,206)
Stock-based compensation expense	43	253
Loss on extinguishment of debt	—	383
Fresh start step-up in working capital balances	—	2,728
One-time legal costs	95	251
Adjusted EBITDA	<u>\$ 4,556</u>	<u>\$ 12,231</u>

HI-CRUSH INC.
Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	July 31, 2021	
	Month Ended	Year To Date
Operating activities:		
Net income (loss)	\$ 1,555	\$ (3,543)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation, depletion and amortization	2,166	15,571
Provision for credit losses	—	(75)
Stock-based compensation to directors and employees	43	253
Amortization of debt issuance costs and discount	649	5,154
Accretion expense	239	1,659
Gain on disposal of property, plant and equipment	(335)	(807)
Non-cash lease expense	163	1,076
Earnings from equity method investment	(384)	(2,206)
Loss on extinguishment of debt	—	383
Inventory step-up amortization	—	776
Changes in operating assets and liabilities:		
Accounts receivable	(5,186)	(14,811)
Inventories	(919)	733
Prepaid expenses and other current assets	221	14,312
Accounts payable and accrued liabilities	7,420	8,848
Other non-current assets and liabilities	26	(384)
Net cash provided by operating activities	<u>5,658</u>	<u>26,939</u>
Investing activities:		
Capital expenditures for property, plant and equipment	(188)	(7,717)
Proceeds from sale of property, plant and equipment	5,109	7,983
Equity method (investments) distributions	—	1,039
Net cash used in investing activities	<u>4,921</u>	<u>1,305</u>
Financing activities:		
Proceeds from insurance premium notes	1,395	1,395
Repayment of insurance premium notes	(594)	(1,313)
Proceeds from options exercised	—	1,001
Repurchase of common stock and convertible notes	(17,000)	(17,000)
Net cash used in financing activities	<u>(16,199)</u>	<u>(15,917)</u>
Effects of exchange rate on cash	—	2
Net increase (decrease) in cash and restricted cash	<u>(5,620)</u>	<u>12,329</u>
Cash and restricted cash at beginning of period	59,330	41,381
Cash and restricted cash at end of period	<u>\$ 53,710</u>	<u>\$ 53,710</u>

HI-CRUSH INC.
Consolidated Statement of Changes in Equity
(In thousands, except share amounts)
(Unaudited)

	Year To Date July 31, 2021					
	Common Stock		Additional Paid-In Capital	Retained Deficit	Accumulated Other Comprehensive Income (Loss)	Total Equity
	Shares	Par Value				
Balance at December 31, 2020	—	\$ —	\$ 225,117	\$ (15,736)	\$ (10)	\$ 209,371
Issuance of common stock	11,933,829	12	(12)	—	—	—
Conversion of paid-in-kind interest to note balance	—	—	2,484	—	—	2,484
Options exercised	37,073,147	37	964	—	—	1,001
Repurchase of common stock	(2,190,389)	(2)	(15,069)	—	—	(15,071)
Stock-based compensation expense	—	—	253	—	—	253
Other comprehensive income	—	—	—	—	3	3
Net income (loss)	—	—	—	(3,543)	—	(3,543)
Balance at July 31, 2021	46,816,587	\$ 47	\$ 213,737	\$ (19,279)	\$ (7)	\$ 194,498