

HI-CRUSH INC.

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

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

	August 31, 2021	December 31, 2020
Assets		
Current assets:		
Cash	\$ 25,053	\$ 27,575
Restricted cash	21,817	13,806
Accounts receivable, net	53,108	24,807
Inventories	18,298	18,596
Prepaid expenses and other current assets	6,839	18,702
Total current assets	125,115	103,486
Property, plant and equipment, net	126,612	142,484
Operating lease right-of-use assets	10,973	5,097
Intangible assets, net	9,464	11,887
Equity method investment	17,235	15,648
Other assets	438	451
Total assets	<u>\$ 289,837</u>	<u>\$ 279,053</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 29,493	\$ 13,040
Accrued and other current liabilities	18,635	22,030
Current portion of deferred revenues	3,509	3,255
Current portion of long-term debt	693	719
Current portion of operating lease liabilities	3,940	1,810
Total current liabilities	56,270	40,854
Deferred revenues	2,844	3,255
Long-term debt, net debt discounts	6,028	1,992
Operating lease liabilities	6,981	3,273
Asset retirement obligations	20,703	19,418
Deferred tax liabilities	77	77
Other liabilities	813	813
Total liabilities	93,716	69,682
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$0.001 par value	47	—
Additional paid-in capital	213,781	225,117
Retained deficit	(17,700)	(15,736)
Accumulated other comprehensive loss	(7)	(10)
Total stockholders' equity	196,121	209,371
Total liabilities and stockholders' equity	<u>\$ 289,837</u>	<u>\$ 279,053</u>

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

	<u>Month Ended</u>	<u>Quarter to Date</u>	<u>Year to Date</u>
	<u>August 31, 2021</u>	<u>August 31, 2021</u>	<u>August 31, 2021</u>
Revenues	\$ 35,579	\$ 69,481	\$ 205,412
Cost of goods sold	29,016	56,055	172,950
Gross profit	6,563	13,426	32,462
Operating costs and expenses:			
General and administrative	2,492	4,926	19,720
Depreciation, depletion and amortization	1,843	4,009	17,414
Accretion	239	478	1,898
Restructuring	29	172	1,284
Other operating (income) expense, net	(101)	(425)	(12,864)
Income (loss) from operations	2,061	4,266	5,010
Other income (expense):			
Earnings from equity method investment	420	804	2,626
Loss on extinguishment of debt	—	—	(383)
Interest expense	(902)	(1,936)	(9,235)
Income (loss) before income tax	1,579	3,134	(1,982)
Income tax expense (benefit)	—	—	(18)
Net income (loss)	<u>\$ 1,579</u>	<u>\$ 3,134</u>	<u>\$ (1,964)</u>

Reconciliation of Net Income (Loss) to Adjusted EBITDA

Net income (loss)	\$ 1,579	\$ 3,134	\$ (1,964)
Interest expense	902	1,936	9,235
Income tax expense (benefit)	—	—	(18)
Depreciation, depletion and amortization	1,843	4,009	17,414
Accretion	239	478	1,898
Restructuring	29	172	1,284
(Gain)/loss on sale of assets	(93)	(428)	(900)
Severance costs	—	—	273
Contract terminations/modifications and other	—	—	(11,901)
Earnings from equity method investments	(420)	(804)	(2,626)
Stock-based compensation expense	43	86	297
Loss on extinguishment of debt	—	—	383
Fresh start step-up in working capital balances	—	—	2,728
One-time legal costs	38	133	288
Adjusted EBITDA	<u>\$ 4,160</u>	<u>\$ 8,716</u>	<u>\$ 16,391</u>

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

	August 31, 2021	
	Month Ended	Year To Date
Operating activities:		
Net income (loss)	\$ 1,579	\$ (1,964)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation, depletion and amortization	1,843	17,414
Provision for credit losses	—	(75)
Stock-based compensation to directors and employees	43	297
Amortization of debt issuance costs and discount	580	5,734
Accretion expense	239	1,898
Gain on disposal of property, plant and equipment	(93)	(900)
Non-cash lease expense	596	1,671
Earnings from equity method investment	(420)	(2,626)
Loss on extinguishment of debt	—	383
Inventory step-up amortization	—	776
Changes in operating assets and liabilities:		
Accounts receivable	(12,665)	(27,476)
Inventories	(235)	498
Prepaid expenses and other current assets	(2,499)	11,813
Accounts payable and accrued liabilities	4,075	12,923
Other non-current assets and liabilities	(43)	(427)
Net cash provided by operating activities	<u>(7,000)</u>	<u>19,939</u>
Investing activities:		
Capital expenditures for property, plant and equipment	(2,040)	(9,757)
Proceeds from sale of property, plant and equipment	2,307	10,290
Equity method (investments) distributions	—	1,039
Net cash used in investing activities	<u>267</u>	<u>1,572</u>
Financing activities:		
Proceeds from insurance premium notes	—	1,395
Repayment of insurance premium notes	(108)	(1,421)
Proceeds from options exercised	—	1,001
Repurchase of common stock and convertible notes	—	(17,000)
Net cash used in financing activities	<u>(108)</u>	<u>(16,025)</u>
Effects of exchange rate on cash	1	3
Net increase (decrease) in cash and restricted cash	<u>(6,840)</u>	<u>5,489</u>
Cash and restricted cash at beginning of period	53,710	41,381
Cash and restricted cash at end of period	<u>\$ 46,870</u>	<u>\$ 46,870</u>

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

	Year To Date August 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	—	—	297	—	—	297
Other comprehensive income	—	—	—	—	3	3
Net income (loss)	—	—	—	(1,964)	—	(1,964)
Balance at August 31, 2021	<u>46,816,587</u>	<u>\$ 47</u>	<u>\$ 213,781</u>	<u>\$ (17,700)</u>	<u>\$ (7)</u>	<u>\$ 196,121</u>