

HI-CRUSH INC.

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

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

	Three Months Ended	
	September 30, 2021	June 30, 2021
Frac sand sales revenues	\$ 62,020	\$ 50,741
Other revenues	\$ 38,933	\$ 25,324
Tons sold	2,319,988	1,950,524
Average price per ton sold	\$ 27	\$ 26

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 September 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:

	As of	
	September 30, 2021	June 30, 2021
Current assets:		
Accounts receivable, net	\$ 53,432	\$ 40,027
Inventory	17,440	16,445
Prepaid expenses and other current assets	5,328	4,562
Total current assets	76,200	61,034
Current liabilities:		
Accounts payable	\$ 21,048	\$ 17,248
Accrued and other current liabilities	21,520	17,864
Current portion of deferred revenues	6,532	3,759
Total current liabilities	49,100	38,871
Working Capital	\$ 27,100	\$ 22,163

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

	Three Months Ended	
	September 30, 2021	June 30, 2021
Net cash provided by (used in):		
Operating activities	62	\$ 16,901
Investing activities	6,368	(2,122)
Financing activities	(16,316)	973

Subsequent Events

There are no subsequent events to disclose through October 21, 2021.