

HI-CRUSH INC.

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

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

	<u>October 31, 2021</u>	<u>December 31, 2020</u>
Assets		
Current assets:		
Cash	\$ 42,282	\$ 27,575
Restricted cash	21,818	13,806
Marketable Securities	37,239	-
Accounts receivable, net	55,470	24,807
Inventories	17,696	18,596
Prepaid expenses and other current assets	7,441	18,702
Total current assets	<u>181,946</u>	<u>103,486</u>
Property, plant and equipment, net	125,218	142,484
Operating lease right-of-use assets	10,462	5,097
Intangible assets, net	8,858	11,887
Equity method investment	-	15,648
Other assets	423	451
Total assets	<u>\$ 326,907</u>	<u>\$ 279,053</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 28,534	\$ 13,040
Accrued and other current liabilities	19,148	22,030
Current portion of deferred revenues	5,494	3,255
Current portion of long-term debt	496	719
Current portion of operating lease liabilities	4,028	1,810
Total current liabilities	<u>57,700</u>	<u>40,854</u>
Deferred revenues	2,844	3,255
Long-term debt, net debt discounts	9,967	1,992
Operating lease liabilities	6,418	3,273
Asset retirement obligations	21,000	19,418
Deferred tax liabilities	77	77
Other liabilities	813	813
Total liabilities	<u>98,819</u>	<u>69,682</u>
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$0.001 par value	50	-
Additional paid-in-capital	215,857	225,117
Retained earnings (deficit)	12,188	(15,736)
Accumulated other comprehensive loss	(7)	(10)
Total stockholders' equity	<u>228,088</u>	<u>209,371</u>
Total liabilities and stockholders' equity	<u>\$ 326,907</u>	<u>\$ 279,053</u>

HI-CRUSH INC.
Consolidated Income Statement
(In thousands)
(Unaudited)

	Month Ended	Year to Date
	October 31, 2021	October 31, 2021
Revenues	\$ 38,249	\$ 275,133
Cost of goods sold	33,477	233,627
Gross Profit	4,772	41,506
Operating costs and expenses:		
General and administrative	1,668	23,715
Depreciation, depletion and amortization	1,913	21,233
Accretion	239	2,375
Restructuring	4	1,320
Other operating (income) expenses, net	(1,032)	(14,398)
Income (loss) from operations	1,980	7,261
Other income (expense):		
Earnings from equity method investment	29,014	32,156
Loss on extinguishment of debt	-	(383)
Interest expense	(1,006)	(11,128)
Income (loss) before income tax	29,988	27,906
Income tax expense (benefit)	-	(18)
Net Income (loss)	\$ 29,988	\$ 27,924

Reconciliation of Net Income (Loss) to Adjusted EBITDA

Net Income (loss)	\$ 29,988	\$ 27,924
Interest expense	1,006	11,128
Income tax expense (benefit)	-	(18)
Depreciation, depletion and amortization	1,913	21,233
Accretion	239	2,375
Restructuring	4	1,320
(Gain)/loss on sale of assets	(106)	(1,185)
Severance costs	-	273
Contract terminations/modifications and other	(925)	(13,151)
Earnings from equity method investment	(29,014)	(32,156)
Stock-based compensation expense	43	384
Loss on extinguishment of debt	-	383
Fresh start step-up in working capital balances	795	4,047
One-time legal costs	-	289
Adjusted EBITDA	\$ 3,943	\$ 22,846

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

	October 31, 2021	
	Month Ended	Year to Date
Operating activities:		
Net income (loss)	\$ 29,988	\$ 27,924
Adjustments to reconcile net income (loss) to net cash provided by operating		
Depreciation, depletion and amortization	1,913	21,233
Provision for credit losses	-	(75)
Stock-based compensation to directors and employees	43	384
Amortization of debt issuance costs and discount	618	6,931
Accretion expense	239	2,375
Gain on disposal of property, plant and equipment	(106)	(1,185)
Non-cash lease expense	317	2,303
Earnings from equity method investment	(29,014)	(32,156)
Loss on extinguishment of debt	-	383
Inventory step-up amortization	795	2,097
Changes in operating assets and liabilities:		
Accounts receivable	(2,038)	(29,838)
Inventories	(686)	417
Prepaid expenses and other current assets	(3,614)	9,712
Accounts payable and accrued liabilities	8,154	17,873
Other non-current assets and liabilities	14	(412)
Net cash provided by operating activities	<u>6,623</u>	<u>27,966</u>
Investing activities:		
Capital expenditures for property, plant and equipment	(448)	(10,641)
Proceeds from sale of property, plant and equipment	2,068	13,974
Equity method distributions	4,914	5,953
Proceeds from sale of equity method investment	4,613	4,613
Net cash used in investing activities	<u>11,147</u>	<u>13,899</u>
Financing activities:		
Proceeds from notes payable	-	1,395
Repayment of notes payable	(3,115)	(4,634)
Repurchase of common stock and convertible notes	-	(17,000)
Proceeds from options exercised	-	1,090
Net cash used in financing activities	<u>(3,115)</u>	<u>(19,149)</u>
Effects of exchange rate on cash	-	3
Net increase (decrease) in cash and restricted cash	<u>14,655</u>	<u>22,719</u>
Cash and restricted cash at beginning of period	49,445	41,381
Cash and restricted cash at end of period	<u>\$ 64,100</u>	<u>\$ 64,100</u>

HI-CRUSH INC.

Consolidated Statement of Changes in Equity

(In thousands, except share amounts)

(Unaudited)

Year to Date as of October 31, 2021

	Common Stock					
	Shares	Par Value	Additional Paid-In-Capital	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Equity
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	-	-	4,387	-	-	4,387
Options exercised	40,374,181	40	1,050	-	-	1,090
Repurchase of common stock	(2,190,389)	(2)	(15,069)	-	-	(15,071)
Stock-based compensation expense	-	-	384	-	-	384
Other comprehensive income	-	-	-	-	3	3
Net income (loss)	-	-	-	27,924	-	27,924
Balance at October 31, 2021	<u>50,117,621</u>	<u>\$ 50</u>	<u>\$ 215,857</u>	<u>\$ 12,188</u>	<u>\$ (7)</u>	<u>\$ 228,088</u>