

Hi-Crush Inc.

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

As of and for the years ended December 31, 2022 and 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 Company's financial condition and results of operations should be read together with the consolidated financial statements and the related notes in the "2022 Audited Financial Statements" separately provided.

Results of Operations

The following table presents revenues, volumes and pricing for the period indicated:

	Year ended December 31, 2022	Year ended December 31, 2021
Frac sand sales revenues	\$ 329,503	\$ 210,268
Other revenues	262,034	135,107
Tons sold	10,004,379	7,980,815
Average price per ton sold	\$ 33	\$ 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 future principal uses of cash: short-term working capital requirements and long-term capital expenditure requirements.

Long-term Debt

For information, see Note 9 - Long-Term Debt of the Notes to Consolidated Financial Statements in the 2022 Audited Financial Statements.

Off-Balance Sheet Arrangements

As of December 31, 2022, there were \$17,364 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	
	December 31, 2022	December 31, 2021
Assets		
Accounts receivable, net	\$ 92,209	\$ 50,167
Inventories	17,628	15,886
Prepaid expenses and other current assets	9,034	18,645
Total current assets	118,871	84,698
Current liabilities:		
Accounts payable	\$ 44,930	\$ 26,069
Accrued and other current liabilities	21,563	18,442
Current portion of deferred revenues	666	5,591
Total current liabilities	67,159	50,102
Working capital	\$ 51,712	\$ 34,596

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

	Year ended December 31, 2022	Year ended December 31, 2021
Net cash provided by (used in):		
Operating activities	\$ 87,390	\$ 28,745
Investing activities	(29,093)	42,402
Financing activities	(68,513)	(64,901)