

HI-CRUSH INC.

Consolidated Financial Statements

As of and for the period ended September 30, 2023
(Unaudited)

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>
Assets		
Current assets:		
Cash	\$ 43,333	\$ 26,855
Restricted cash	8,000	10,559
Accounts receivable, net	91,330	92,209
Inventories	22,317	17,628
Prepaid expenses and other current assets	13,716	9,034
Total current assets	<u>178,696</u>	<u>156,285</u>
Property, plant and equipment, net	163,654	142,803
Operating lease right-of-use assets	27,036	24,948
Intangible assets, net	2,836	4,619
Other assets	172	146
Total assets	<u>\$ 372,394</u>	<u>\$ 328,801</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 33,181	\$ 44,930
Accrued and other current liabilities	29,250	21,563
Current portion of deferred revenues	4,962	666
Current portion of long-term debt	4,057	2,943
Current portion of operating lease liabilities	14,882	11,821
Total current liabilities	<u>86,332</u>	<u>81,923</u>
Deferred revenues	10,467	-
Long-term debt	891	849
Operating lease liabilities	12,177	13,151
Asset retirement obligations	16,667	15,759
Deferred tax liabilities	245	240
Total liabilities	<u>126,779</u>	<u>111,922</u>
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$0.001 par value	-	-
Additional paid-in-capital	282,889	282,668
Retained earnings (deficit)	(37,274)	(65,789)
Total stockholders' equity	<u>245,615</u>	<u>216,879</u>
Total liabilities and stockholders' equity	<u>\$ 372,394</u>	<u>\$ 328,801</u>

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

	Month Ended	Three Months Ended		Year to Date
	Sept. 30, 2023	Sept. 30, 2023	June 30, 2023	Sept. 30, 2023
Revenues	\$ 60,220	\$ 185,293	\$ 187,315	\$ 562,888
Cost of goods sold	39,504	122,804	128,276	387,727
Gross Profit	20,716	62,489	59,039	175,161
Operating costs and expenses:				
General and administrative	3,818	9,944	8,033	25,493
Depreciation, depletion and amortization	3,071	8,196	6,408	22,996
Accretion	83	278	362	1,083
Other operating (income) expenses, net	(11)	(5,905)	(409)	(6,332)
Income (loss) from operations	13,755	49,976	44,645	131,921
Other income (expense):				
Interest income (expense)	177	388	178	634
Income (loss) before income tax	13,932	50,364	44,823	132,555
Income tax expense (benefit)	985	985	1,754	2,740
Net Income (loss)	<u>\$ 12,947</u>	<u>\$ 49,379</u>	<u>\$ 43,069</u>	<u>\$ 129,815</u>

Reconciliation of Net Income (Loss) to Adjusted EBITDA

Net Income (loss)	\$ 12,947	\$ 49,379	\$ 43,069	\$ 129,815
Interest (income) expense	(177)	(388)	(178)	(634)
Income tax expense (benefit)	985	985	1,754	2,740
Depreciation, depletion and amortization	3,071	8,196	6,408	22,996
Accretion	83	278	362	1,083
Restructuring	-	3	12	23
(Gain) loss on sale of assets	(8)	(6,031)	(92)	(6,119)
Incentive Compensation	1,124	1,174	74	1,321
One-time termination benefits	-	29	-	29
One-time legal professional fees	87	391	297	920
Adjusted EBITDA	<u>\$ 18,112</u>	<u>\$ 54,016</u>	<u>\$ 51,706</u>	<u>\$ 152,174</u>

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

	<u>Month Ended</u>	<u>Three Months Ended</u>		<u>Year to Date</u>
	<u>Sept. 30, 2023</u>	<u>Sept. 30, 2023</u>	<u>June 30, 2023</u>	<u>Sept. 30, 2023</u>
Operating activities:				
Net income (loss)	\$ 12,947	\$ 49,379	\$ 43,069	\$ 129,815
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation, depletion and amortization	3,071	8,196	6,408	22,996
Stock-based compensation	24	74	74	221
Accretion expense	83	278	362	1,083
Gain on disposal of property, plant and equipment	(8)	(6,031)	(92)	(6,119)
Non-cash lease expense	1,594	4,152	4,701	10,898
Changes in operating assets and liabilities:				
Accounts receivable	(3,794)	7,019	17,007	879
Inventories	241	(665)	(5,545)	(3,926)
Prepaid expenses and other current assets	2,740	177	612	3,083
Accounts payable and other liabilities	9,749	5,591	(7,459)	(1,365)
Net cash provided by operating activities	<u>26,647</u>	<u>68,170</u>	<u>59,137</u>	<u>157,565</u>
Investing activities:				
Capital expenditures for property, plant and equipment	(2,335)	(16,380)	(13,507)	(42,661)
Proceeds from sale of property, plant and equipment	880	5,693	131	6,057
Net cash used in investing activities	<u>(1,455)</u>	<u>(10,687)</u>	<u>(13,376)</u>	<u>(36,604)</u>
Financing activities:				
Repayment of notes payable	(467)	(3,234)	(2,695)	(7,673)
Dividends paid	(45,484)	(47,658)	(51,711)	(99,369)
Net cash used in financing activities	<u>(45,951)</u>	<u>(50,892)</u>	<u>(54,406)</u>	<u>(107,042)</u>
Net change in cash and restricted cash	<u>(20,759)</u>	<u>6,591</u>	<u>(8,645)</u>	<u>13,919</u>
Cash and restricted cash at beginning of period	72,092	44,742	53,387	37,414
Cash and restricted cash at end of period	<u>\$ 51,333</u>	<u>\$ 51,333</u>	<u>\$ 44,742</u>	<u>\$ 51,333</u>

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

	Common Stock		Additional Paid-In- Capital	Retained Earnings (Deficit)	Total Equity
	Shares	Par Value			
Balance at December 31, 2022	7,185	\$ -	\$ 282,668	\$ (65,789)	\$ 216,879
Dividends	-	-	-	(101,300)	(101,300)
Stock-based compensation expense	-	-	221	-	221
Net income (loss)	-	-	-	129,815	129,815
Balance at September 30, 2023	7,185	\$ -	\$ 282,889	\$ (37,274)	\$ 245,615