

**GMS Inc.**  
**Consolidated Balance Sheets**  
(in thousands, except per share data)

	April 30, 2018	April 30, 2017
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 36,437	\$ 14,561
Trade accounts and notes receivable, net of allowances of \$9,633 and \$9,851, respectively	346,450	328,988
Inventories, net	239,223	200,234
Prepaid expenses and other current assets	11,726	11,403
Total current assets	633,836	555,186
Property and equipment, net of accumulated depreciation of \$85,761 and \$71,409, respectively	163,582	154,465
Goodwill	427,645	423,644
Intangible assets, net	222,682	252,293
Other assets	6,766	7,677
Total assets	<u>\$ 1,454,511</u>	<u>\$ 1,393,265</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 116,168	\$ 102,688
Accrued compensation and employee benefits	56,323	58,393
Other accrued expenses and current liabilities	45,146	37,891
Current portion of long-term debt	16,284	11,530
Total current liabilities	233,921	210,502
Non-current liabilities:		
Long-term debt, less current portion	579,602	583,390
Deferred income taxes, net	10,742	26,820
Other liabilities	35,088	35,371
Liabilities to noncontrolling interest holders, less current portion	15,707	22,576
Total liabilities	875,060	878,659
Commitments and contingencies (See Note 14)		
Stockholders' equity:		
Common stock, par value \$0.01 per share, 500,000 shares authorized; 41,069 and 40,971 shares issued and outstanding as of April 30, 2018 and 2017, respectively	411	410
Preferred stock, par value \$0.01 per share, 50,000 shares authorized; 0 shares issued and outstanding as of April 30, 2018 and 2017	—	—
Additional paid-in capital	489,007	488,459
Retained earnings	89,592	26,621
Accumulated other comprehensive income (loss)	441	(884)
Total stockholders' equity	579,451	514,606
Total liabilities and stockholders' equity	<u>\$ 1,454,511</u>	<u>\$ 1,393,265</u>

The accompanying notes are an integral part of these consolidated financial statements.

**GMS Inc.**  
**Consolidated Statements of Operations and Comprehensive Income**  
(in thousands, except for per share data)

	Year Ended April 30,		
	2018	2017	2016
Net sales	\$ 2,511,469	\$ 2,319,146	\$ 1,858,182
Cost of sales (exclusive of depreciation and amortization shown separately below)	1,692,893	1,560,575	1,265,018
Gross profit	818,576	758,571	593,164
Operating expenses:			
Selling, general and administrative	633,877	585,078	470,035
Depreciation and amortization	65,530	69,240	64,215
Total operating expenses	699,407	654,318	534,250
Operating income	119,169	104,253	58,914
Other (expense) income:			
Interest expense	(31,395)	(29,360)	(37,418)
Change in fair value of financial instruments	(6,125)	(382)	(19)
Write-off of debt discount and deferred financing fees	(74)	(7,103)	—
Other income, net	2,279	4,132	3,671
Total other expense, net	(35,315)	(32,713)	(33,766)
Income before taxes	83,854	71,540	25,148
Provision for income taxes	20,883	22,654	12,584
Net income	\$ 62,971	\$ 48,886	\$ 12,564
Weighted average common shares outstanding:			
Basic	41,015	40,260	32,799
Diluted	42,163	41,070	33,125
Net income per share:			
Basic	\$ 1.54	\$ 1.21	\$ 0.38
Diluted	\$ 1.49	\$ 1.19	\$ 0.38
Comprehensive income			
Net income	\$ 62,971	\$ 48,886	\$ 12,564
Changes in other comprehensive income, net of tax	1,325	264	(1,158)
Comprehensive income	\$ 64,296	\$ 49,150	\$ 11,406

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**GMS Inc.**  
**Consolidated Statements of Cash Flows**  
(in thousands)

	Year Ended April 30,		
	2018	2017	2016
<b>Cash flows from operating activities:</b>			
Net income	\$ 62,971	\$ 48,886	\$ 12,564
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	65,530	69,240	64,215
Write-off and amortization of debt discount and debt issuance costs	2,851	9,793	3,438
Provision for losses on accounts and notes receivable	(622)	(122)	(1,032)
Provision for obsolescence of inventory	106	425	80
Increase (decrease) in fair value of contingent consideration	195	(1,484)	—
Equity-based compensation	5,745	3,142	4,733
Gain on sale and disposal of assets	(509)	(336)	(645)
Change in fair value of financial instruments	6,125	—	—
Changes in assets and liabilities net of effects of acquisitions:			
Trade accounts and notes receivable	(11,752)	(20,400)	(27,338)
Inventories	(34,774)	(18,390)	(699)
Prepaid expenses and other assets	(1,926)	(412)	(4,682)
Accounts payable	11,365	(3,763)	1,055
Accrued compensation and employee benefits	(236)	4,440	3,454
Other accrued expenses and current liabilities	4,874	626	5,551
Deferred income taxes	(16,224)	(20,114)	(20,499)
Liabilities to noncontrolling interest holders	(3,704)	1,133	446
Income tax receivable / payable	(1,399)	(5,956)	7,106
Cash provided by operating activities	88,616	66,708	47,747
<b>Cash flows from investing activities:</b>			
Purchases of property and equipment	(23,741)	(11,083)	(7,692)
Proceeds from sale of assets	2,865	3,995	9,847
Acquisition of businesses, net of cash acquired	(28,333)	(150,428)	(120,195)
Cash used in investing activities	(49,209)	(157,516)	(118,040)
<b>Cash flows from financing activities:</b>			
Repayments on the revolving credit facility	(617,230)	(1,011,925)	(697,144)
Borrowings from the revolving credit facility	513,878	1,013,365	782,104
Payments of principal on long-term debt	(5,776)	(4,584)	(3,931)
Payments of principal on capital lease obligations	(6,132)	(5,208)	(4,249)
Proceeds from issuance of common stock in initial public offering, net of underwriting discounts	—	156,941	—
Repayment of term loan	—	(160,000)	—
Borrowings from term loan amendments	577,616	481,225	—
Repayment of term loan amendments	(477,616)	(381,225)	—
Debt issuance costs	(636)	(2,637)	(391)
Stock repurchases	—	—	(5,827)
Payments for taxes related to net share settlement of equity awards	(1,441)	—	—
Proceeds from exercises of stock options	477	345	6,519
Other financing activities	(671)	—	—
Cash (used in) provided by financing activities	(17,531)	86,297	77,081
Increase (decrease) in cash and cash equivalents	21,876	(4,511)	6,788
Cash and cash equivalents, beginning of year	14,561	19,072	12,284
Cash and cash equivalents, end of year	\$ 36,437	\$ 14,561	\$ 19,072
<b>Supplemental cash flow disclosures:</b>			
Cash paid for income taxes	\$ 38,954	\$ 49,163	\$ 26,067
Cash paid for interest	28,613	26,443	34,557
<b>Supplemental schedule of noncash activities:</b>			
Assets acquired under capital lease	\$ 9,086	\$ 9,410	\$ 7,542
Issuance of installment notes associated with equity-based compensation liability awards	12,433	5,352	1,557
Increase in other liabilities due to transition guidance	—	—	3,208
(Decrease) increase in insurance claims payable and insurance recoverable	(2,362)	1,876	(25,715)

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