

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

| | April 30, 2019 | April 30, 2018 |
|--|-------------------|-------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 47,338 | \$ 36,437 |
| Trade accounts and notes receivable, net of allowances of \$6,432 and \$9,633, respectively | 445,771 | 346,450 |
| Inventories, net | 290,829 | 239,223 |
| Prepaid expenses and other current assets | 18,368 | 11,726 |
| Total current assets | 802,306 | 633,836 |
| Property and equipment, net of accumulated depreciation of \$123,583 and \$85,761, respectively | 282,349 | 163,582 |
| Goodwill | 617,327 | 427,645 |
| Intangible assets, net | 429,313 | 222,682 |
| Deferred income taxes | 4,676 | — |
| Other assets | 13,583 | 6,766 |
| Total assets | \$ 2,149,554 | \$ 1,454,511 |
| Liabilities and Stockholders' Equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 173,751 | \$ 116,168 |
| Accrued compensation and employee benefits | 62,858 | 56,323 |
| Other accrued expenses and current liabilities | 79,848 | 45,146 |
| Current portion of long-term debt | 42,118 | 16,284 |
| Total current liabilities | 358,575 | 233,921 |
| Non-current liabilities: | | |
| Long-term debt, less current portion | 1,099,077 | 579,602 |
| Deferred income taxes, net | 10,226 | 10,742 |
| Other liabilities | 41,571 | 35,088 |
| Liabilities to noncontrolling interest holders, less current portion | 10,929 | 15,707 |
| Total liabilities | 1,520,378 | 875,060 |
| Commitments and contingencies | | |
| Stockholders' equity: | | |
| Common stock, par value \$0.01 per share, 500,000 shares authorized; 40,375 and 41,069 shares issued and outstanding as of April 30, 2019 and 2018, respectively | 404 | 411 |
| Preferred stock, par value \$0.01 per share, 50,000 shares authorized; 0 shares issued and outstanding as of April 30, 2019 and 2018 | — | — |
| Exchangeable shares | 29,639 | — |
| Additional paid-in capital | 480,113 | 489,007 |
| Retained earnings | 145,594 | 89,592 |
| Accumulated other comprehensive income (loss) | (26,574) | 441 |
| Total stockholders' equity | 629,176 | 579,451 |
| Total liabilities and stockholders' equity | \$ 2,149,554 | \$ 1,454,511 |

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, | | |
|---|----------------------|--------------|--------------|
| | 2019 | 2018 | 2017 |
| Net sales | \$ 3,116,032 | \$ 2,511,469 | \$ 2,319,146 |
| Cost of sales (exclusive of depreciation and amortization shown separately below) | 2,111,913 | 1,692,893 | 1,560,575 |
| Gross profit | 1,004,119 | 818,576 | 758,571 |
| Operating expenses: | | | |
| Selling, general and administrative | 739,460 | 633,877 | 585,078 |
| Depreciation and amortization | 117,459 | 65,530 | 69,240 |
| Total operating expenses | 856,919 | 699,407 | 654,318 |
| Operating income | 147,200 | 119,169 | 104,253 |
| Other (expense) income: | | | |
| Interest expense | (73,677) | (31,395) | (29,360) |
| Change in fair value of financial instruments | (6,395) | (6,125) | (382) |
| Write-off of debt discount and deferred financing fees | — | (74) | (7,103) |
| Other income, net | 2,913 | 2,279 | 4,132 |
| Total other expense, net | (77,159) | (35,315) | (32,713) |
| Income before taxes | 70,041 | 83,854 | 71,540 |
| Provision for income taxes | 14,039 | 20,883 | 22,654 |
| Net income | \$ 56,002 | \$ 62,971 | \$ 48,886 |
| Weighted average common shares outstanding: | | | |
| Basic | 40,914 | 41,015 | 40,260 |
| Diluted | 41,589 | 42,163 | 41,070 |
| Net income per common share(1): | | | |
| Basic | \$ 1.33 | \$ 1.54 | \$ 1.21 |
| Diluted | \$ 1.31 | \$ 1.49 | \$ 1.19 |
| Comprehensive income | | | |
| Net income | \$ 56,002 | \$ 62,971 | \$ 48,886 |
| Foreign currency translation loss | (22,320) | — | — |
| Changes in other comprehensive income, net of tax | (4,695) | 1,325 | 264 |
| Comprehensive income | \$ 28,987 | \$ 64,296 | \$ 49,150 |

(1) See Note 18 for detailed calculations.

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

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

| | Year Ended April 30, | | |
|--|----------------------|-----------|-------------|
| | 2019 | 2018 | 2017 |
| Cash flows from operating activities: | | | |
| Net income | \$ 56,002 | \$ 62,971 | \$ 48,886 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization | 117,459 | 65,530 | 69,240 |
| Write-off and amortization of debt discount and debt issuance costs | 3,332 | 2,851 | 9,793 |
| Provision for losses on accounts and notes receivable | 617 | (622) | (122) |
| Provision for obsolescence of inventory | 432 | 106 | 425 |
| Effects of fair value adjustments to inventory | 4,176 | 324 | 946 |
| Increase in fair value of contingent consideration | 759 | 195 | (1,484) |
| Equity-based compensation | 7,643 | 5,745 | 3,142 |
| Gain on sale and disposal of assets | (525) | (509) | (336) |
| Change in fair value of financial instruments | 6,395 | 6,125 | 382 |
| Deferred income taxes | (17,487) | (16,224) | (20,114) |
| Changes in assets and liabilities net of effects of acquisitions: | | | |
| Trade accounts and notes receivable | (13,586) | (11,752) | (20,400) |
| Inventories | 5,137 | (35,098) | (19,336) |
| Prepaid expenses and other assets | (4,842) | (3,109) | (1,476) |
| Accounts payable | 26,816 | 11,365 | (3,763) |
| Accrued compensation and employee benefits | 6,631 | (236) | 4,440 |
| Derivative liability | (10,778) | — | — |
| Other accrued expenses and liabilities | 5,434 | 3,601 | (2,308) |
| Cash provided by operating activities | 193,615 | 91,263 | 67,915 |
| Cash flows from investing activities: | | | |
| Purchases of property and equipment | (18,770) | (23,741) | (11,083) |
| Proceeds from sale of assets | 1,170 | 2,865 | 3,995 |
| Acquisition of businesses, net of cash acquired | (583,092) | (28,333) | (150,428) |
| Cash used in investing activities | (600,692) | (49,209) | (157,516) |
| Cash flows from financing activities: | | | |
| Repayments on the revolving credit facility | (937,176) | (617,230) | (1,011,925) |
| Borrowings from the revolving credit facility | 981,148 | 513,878 | 1,013,365 |
| Payments of principal on long-term debt | (9,968) | (5,776) | (4,584) |
| Payments of principal on capital lease obligations | (19,474) | (6,132) | (5,208) |
| Proceeds from issuance of common stock in initial public offering, net of underwriting discounts | — | — | 156,941 |
| Repayments of term loan | — | — | (160,000) |
| Borrowings from term loan | 996,840 | 577,616 | 481,225 |
| Repayments from term loan | (571,840) | (477,616) | (381,225) |
| Repurchases of common stock | (16,520) | — | — |
| Debt issuance costs | (7,933) | (3,283) | (3,844) |
| Payments for taxes related to net share settlement of equity awards | (50) | (1,441) | — |
| Proceeds from exercises of stock options | 2,538 | 477 | 345 |
| Other financing activities | 1,405 | (671) | — |
| Cash provided by (used in) financing activities | 418,970 | (20,178) | 85,090 |
| Effect of exchange rates on cash and cash equivalents | (992) | — | — |
| Increase (decrease) in cash and cash equivalents | 10,901 | 21,876 | (4,511) |
| Cash and cash equivalents, beginning of year | 36,437 | 14,561 | 19,072 |
| Cash and cash equivalents, end of year | \$ 47,338 | \$ 36,437 | \$ 14,561 |
| Supplemental cash flow disclosures: | | | |
| Cash paid for income taxes | \$ 19,351 | \$ 38,954 | \$ 49,163 |
| Cash paid for interest | 66,435 | 28,613 | 26,443 |
| Supplemental schedule of noncash activities: | | | |
| Assets acquired under capital lease | \$ 111,826 | \$ 9,086 | \$ 9,410 |
| Issuance of installment notes associated with equity-based compensation liability awards | 5,356 | 12,433 | 5,352 |
| Increase (decrease) in insurance claims payable and insurance recoverable | 619 | (2,362) | 1,876 |

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