

**GMS Inc.**

**Consolidated Balance Sheets**

**April 30, 2016 and 2015**

**(in thousands of dollars, except share data)**

	April 30, 2016	April 30, 2015
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 19,072	\$ 12,284
Trade accounts and notes receivable, net of allowances of \$8,607 and \$8,633, respectively	270,257	214,321
Inventories, net	165,766	147,603
Deferred income tax assets, net	11,047	9,836
Prepaid expenses and other current assets	16,548	42,936
Total current assets	482,690	426,980
Property and equipment, net	153,260	158,824
Goodwill	386,306	348,811
Intangible assets, net	221,790	215,762
Other assets	7,815	10,599
Total assets	<u>\$ 1,251,861</u>	<u>\$ 1,160,976</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 91,500	\$ 77,834
Accrued compensation and employee benefits	51,680	48,069
Other accrued expenses and current liabilities	41,814	57,172
Current portion of long-term debt	8,667	6,759
Revolving credit facility	26,914	16,950
Total current liabilities	220,575	206,784
Non-current liabilities:		
Long-term debt, less current portion	609,029	533,275
Deferred income taxes, net	52,250	69,671
Other liabilities	33,600	23,222
Liabilities to noncontrolling interest holders, less current portion	25,247	28,452
Total liabilities	940,701	861,404
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$0.01 par value, authorized 500,000,000 shares; 32,892,905 and 32,757,905 shares issued and outstanding at April 30, 2016 and 2015, respectively	329	328
Preferred stock, \$0.01 par value, authorized 50,000,000 shares; 0 shares issued and outstanding at April 30, 2016 and 2015	—	—
Additional paid-in capital	334,244	329,884
Accumulated deficit	(22,265)	(30,650)
Accumulated other comprehensive (loss) income	(1,148)	10
Total stockholders' equity	311,160	299,572
Total liabilities and stockholders' equity	<u>\$ 1,251,861</u>	<u>\$ 1,160,976</u>

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

**GMS Inc.**

**Consolidated Statements of Operations and Comprehensive Income (Loss)**

**Year Ended April 30, 2016 and 2015, Period From April 1, 2014 to April 30, 2014 (Successor) and  
Period From May 1, 2013 to March 31, 2014 (Predecessor)**

(in thousands of dollars, except for share and per share data)

	Successor			Predecessor
	Year Ended April 30, 2016	Year Ended April 30, 2015	April 1 - April 30, 2014	May 1, 2013 - March 31, 2014
Net sales	\$ 1,858,182	\$ 1,570,085	\$ 127,332	\$ 1,226,008
Cost of sales (exclusive of depreciation and amortization shown separately below)	1,265,018	1,091,114	97,955	853,020
Gross profit	593,164	478,971	29,377	372,988
Operating expenses:				
Selling, general and administrative	470,035	396,155	46,052	352,930
Depreciation and amortization	64,215	64,165	6,336	12,253
Total operating expenses	534,250	460,320	52,388	365,183
Operating income (loss)	58,914	18,651	(23,011)	7,805
Other (expense) income:				
Interest expense	(37,418)	(36,396)	(2,954)	(4,226)
Change in fair value of financial instruments	(19)	(2,494)	—	—
Change in fair value of mandatorily redeemable common shares	—	—	—	(200,004)
Other income, net	3,671	1,916	149	2,187
Total other (expense), net	(33,766)	(36,974)	(2,805)	(202,043)
Income (loss) before taxes	25,148	(18,323)	(25,816)	(194,238)
Provision for (benefit from) income taxes	12,584	(6,626)	(6,863)	6,623
Net income (loss)	<u>\$ 12,564</u>	<u>\$ (11,697)</u>	<u>\$ (18,953)</u>	<u>\$ (200,861)</u>
Weighted average shares outstanding:				
Basic	32,799,098	32,450,401	32,341,751	
Diluted	33,125,242	32,450,401	32,341,751	
Net income (loss) per share:				
Basic	\$ 0.38	\$ (0.36)	\$ (0.59)	
Diluted	<u>\$ 0.38</u>	<u>\$ (0.36)</u>	<u>\$ (0.59)</u>	
Comprehensive income (loss):				
Net income (loss)	\$ 12,564	\$ (11,697)	\$ (18,953)	\$ (200,861)
(Decrease) increase in fair value of financial instrument, net of tax	(1,158)	10	—	—
Comprehensive income (loss)	<u>\$ 11,406</u>	<u>\$ (11,687)</u>	<u>\$ (18,953)</u>	<u>\$ (200,861)</u>

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

**GMS Inc.**

**Consolidated Statements of Cash Flows**

**Year Ended April 30, 2016 and 2015, Period From April 1, 2014 to April 30, 2014 (Successor) and  
Period From May 1, 2013 to March 31, 2014 (Predecessor)**

(in thousands of dollars)

	Successor			Predecessor
	Year Ended April 30, 2016	Year Ended April 30, 2015	April 1 - April 30, 2014	May 1, 2013 - March 31, 2014
<b>Cash flows from operating activities:</b>				
Net income (loss)	\$ 12,564	\$ (11,697)	\$ (18,953)	\$ (200,861)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization of property and equipment	26,667	32,208	3,818	12,215
Accretion and amortization of debt discount and deferred financing fees	3,438	3,374	275	516
Amortization of intangible assets	37,548	31,957	2,518	38
Change in fair value of mandatorily redeemable common shares	—	—	—	200,004
Provision for losses on accounts and notes receivable	(1,032)	(233)	856	1,262
Provision for obsolescence of inventory	80	1,077	—	—
Equity-based compensation	4,733	9,012	113	1,940
(Gain) loss on sale or impairment of assets	(645)	1,089	170	(1,034)
Loss (gain) on fair value of financial instruments	—	2,494	—	(208)
Deferred income tax expense	(20,499)	(21,664)	(6,893)	(7,097)
Prepaid expenses and other assets	(4,682)	1,989	(7,138)	(342)
Accrued compensation and employee benefits	3,454	8,204	3,434	9,721
Other accrued expenses and liabilities	5,551	9,170	7,561	47,612
Liabilities to noncontrolling interest holders	446	1,862	40	737
Income taxes	7,106	(905)	(757)	(850)
	74,729	67,937	(14,956)	63,653
Changes in primary working capital components, net of acquisitions:				
Trade accounts and notes receivable	(27,338)	(11,649)	(18,120)	(9,640)
Inventories	(699)	(4,610)	9,861	(19,286)
Accounts payable	1,055	(3,655)	8,290	1,332
Cash provided by (used in) operating activities	47,747	48,023	(14,925)	36,059
<b>Cash flows from investing activities:</b>				
Purchases of property and equipment	(7,692)	(13,940)	(434)	(7,736)
Proceeds from sale of assets	9,847	3,807	161	4,411
Purchase of financial instruments	—	(4,638)	—	—
Acquisition of Gypsum Management and Supply, Inc., net of cash acquired	—	—	(703,027)	—
Acquisitions of businesses, net of cash acquired	(113,597)	(66,695)	—	(5,046)
Cash used in investing activities	(111,442)	(81,466)	(703,300)	(8,371)
<b>Cash flows from financing activities:</b>				
Repayments on the revolving credit facility	(697,144)	(303,099)	—	(531,918)
Borrowings from the revolving credit facility	782,104	320,049	—	518,113
Proceeds from term loans	—	—	546,450	—
Debt issuance costs	(391)	—	(19,359)	—
Payments of principal on long-term debt	(3,931)	(3,927)	(11)	(292)
Principal repayments of capital lease obligations	(4,249)	(4,327)	(301)	(3,312)
Proceeds from payments of stockholder notes	—	—	—	463
Proceeds from sales of common stock	—	5,370	224,108	—
Payment of contingent consideration	(6,598)	(1,001)	—	—
Stock repurchases	(5,827)	—	—	—
Exercise of stock options	6,519	—	—	—
Cash provided by (used in) financing activities	70,483	13,065	750,887	(16,946)
Increase (decrease) in cash and cash equivalents	6,788	(20,378)	32,662	10,742
Balance, beginning of period	12,284	32,662	—	13,383
Balance, end of period	\$ 19,072	\$ 12,284	\$ 32,662	\$ 24,125
<b>Supplemental cash flow disclosures:</b>				
Cash paid for income taxes	\$ 26,067	\$ 16,111	\$ 410	\$ 15,018
Cash paid for interest	34,557	31,720	2,595	3,710
<b>Supplemental schedule of noncash activities:</b>				
Assets acquired under capital lease	\$ 7,542	\$ 5,211	\$ 353	\$ 3,880
Change in fair value of derivative instrument	1,889	—	—	—
Issuance of installment notes	1,557	1,644	—	795
Increase in other liabilities due to transition guidance	3,208	—	—	—
Conversion of Predecessor interests	—	—	94,247	—
Increase to other assets and decrease to property and equipment	833	1,837	—	—
Non-cash property and equipment adjustments	110	115	—	(112)
(Decrease) increase in insurance claims payable and insurance recoverable	(25,715)	6,350	—	—

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