UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended June 30, 2020

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ______________________ to ______________________

Commission file number 001-14757

EVI Industries, Inc.
(Exact name of registrant as specified in its charter)

Delaware	11-2014231
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
4500 Biscayne Blvd., Suite 340, Miami, Florida	33137
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code 305-402-9300

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.025 par value	EVI	NYSE American

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.

Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☒
Non-accelerated filer ☐	Smaller reporting company ☒
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes ☐ No ☒

The aggregate market value as of December 31, 2019 of the registrant's common stock, the only class of voting or non-voting common equity of the registrant, held by non-affiliates of the registrant was approximately $101,685,705, based on the closing price of the registrant's common stock on the NYSE American on that date.

The number of outstanding shares of the registrant's common stock as of September 1, 2020 was11,934,514.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement relating to its 2020 Annual Meeting of Stockholders are incorporated by reference into Part III of this Form 10-K.

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TERMS USED IN THIS REPORT

Unless the context otherwise requires, references to the "Company" or "EVI" in this Annual Report on Form 10-K (this "Report") refer to EVI Industries, Inc., collectively with its subsidiaries. References in this Report to "fiscal 2020" or period thereof refer to the Company's fiscal year ended June 30, 2020 or applicable period thereof, as the case may be. References in this Report to "fiscal 2019" or period thereof refer to the Company's fiscal year ended June 30, 2019 or applicable period thereof, as the case may be.

FORWARD LOOKING STATEMENTS

Certain statements in this Report are "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. When used in this Report, words such as "may," "should," "seek," "believe," "expect," "anticipate," "estimate," "project," "intend," "strategy" and similar expressions are intended to identify forward looking statements. Forward looking statements may relate to, among other things, events, conditions and trends that may affect the future plans, operations, business, strategies, operating results, financial position and prospects of the Company. Forward looking statements are subject to a number of known and unknown risks and uncertainties that may cause actual results, trends, performance or achievements of the Company, or industry trends and results, to differ materially from the future results, trends, performance or achievements expressed or implied by such forward looking statements. These risks and uncertainties include, among others, the risks related to EVI's business, results, financial condition, prospects, and growth strategy and plans; general economic and business conditions in the United States and other countries where EVI operates or where its customers and suppliers are located; industry conditions and trends; risks relating to the COVID-19 pandemic and the rapidly changing effects thereof and developments with respect thereto, including the impact of the COVID-19 pandemic on EVI and its business, liquidity and results and the business, liquidity, financial condition of EVI's suppliers and customers, the length and severity of the COVID-19 pandemic and the pace of recovery following the COVID-19 pandemic, the success of actions taken or which may be taken by EVI in response to the COVID-19 pandemic, volatility in the economy, including in the credit markets, supply chain disruptions, reduced demand for products and services, business restrictions, worker absenteeism, quarantines and other health-related restrictions, governmental and agency orders, mandates and guidance in response to the COVID-19 pandemic, including stay-at home orders, risks related to the loans received by the Company and certain of its subsidiaries under the Paycheck Protection Program established under the Coronavirus Aid, Relief, and Economic Security Act, as described in further detail in this Report, including that there is no assurance that any or all of the loans will be forgiven and that, while the Company believes that the certifications made by it in connection with the loan applications are accurate, the applications will be reviewed and may subject the Company to potential liability if determined to be inaccurate; risks associated with EVI's buy-and-build growth strategy, including that EVI may not be successful in identifying or consummating acquisitions or other strategic opportunities, that acquisition and other strategic opportunities may not be available to EVI to the extent anticipated or at all, that the potential benefits of transactions may not be realized to the extent anticipated or at all, integration risks, risks related to indebtedness incurred in connection with transactions, dilution experienced by EVI's stockholders as a result of shares issued in connection with transactions, risks related to the business, operations and prospects of acquired businesses, their ability to achieve growth and EVI's ability to support growth efforts, risks related to EVI's and its acquired businesses' relationships with principal suppliers and customers, including EVI's ability to expand or maintain such relationships, and the impact that the loss of any principal supplier or customer could have on EVI's results and financial condition; risks that EVI's decentralized operating model, and that product, end-user and geographic diversity, may not result in the benefits anticipated and may change over time; risks related to organic growth initiatives and market share and other growth strategies, including that they may not result in the benefits anticipated; risks that investments, initiatives and expenses, including, without limitation, investments in acquired businesses and modernization initiatives, may not result in the benefits anticipated, including long-term growth; competition, including the Company's ability to compete effectively and the impact that competition may have on the Company and its results, including the prices which the Company may charge for its products and services and on the Company's profit margins, and competition for qualified employees; risks relating to the Company's ability to enter into and compete effectively in new industries, as well as risks and trends related to those industries and the costs and timing of the Company's efforts with respect thereto; risks relating to the Company's relationships with its principal suppliers and customers, including the impact of the loss of any such relationship; risks that equipment sales may not result in the benefits anticipated, including that they may not lead to increases in higher gross margin sales of parts, accessories, supplies, and technical services related to the equipment, and the risk that the benefit of lower gross margin equipment sales under longer-term contracts will not outweigh the possible short-term impact to gross margin; risks related to the Company's indebtedness; the availability, terms and deployment of debt and equity capital if needed for expansion or otherwise; changes in, or the failure to comply with, government regulation, including environmental regulations; litigation risks, including the costs of defending litigation and the impact of any adverse ruling; the availability and cost of inventory purchased by the Company; the relative value of the United States dollar to currencies in the countries in which the Company's customers, suppliers and competitors are located; risks related to revenue recognition and the timing thereof, including that delays in installation or other factors may result in revenue expected to be recognized in future periods to not be recognized when or to the extent anticipated; risks related to the adoption of new accounting standards and the impact it may have on the Company's financial statements and results; and other economic, competitive, governmental, technological and other risks and factors discussed elsewhere in this Report, including, without limitation, in the "Risk Factors" section hereof, and in the Company's other periodic filings with the Securities and Exchange Commission. Many of these risks and factors are beyond the Company's control. Further, past performance and perceived trends may not be indicative of future results, including, without limitation, in light of the impact of, and uncertainties associated with, the COVID-19 pandemic. The Company cautions that the foregoing factors are not exclusive. The reader should not place undue reliance on any forward-looking statement, which speaks only as of the date made. The Company does not undertake to, and specifically disclaims any obligation to, update, revise or supplement any forward-looking statement, whether as a result of changes in circumstances, new information, subsequent events or otherwise, except as may be required by law.

PART I

Item 1. Business.

General

The Company was incorporated under the laws of the State of Delaware on June 13, 1963. On December 21, 2018, the Company changed its name from EnviroStar, Inc. to EVI Industries, Inc.

The Company, through its wholly-owned subsidiaries, is a value-added distributor, and provides advisory and technical services. Through its vast sales organization, the Company provides its customers with planning, designing, and consulting services related to their commercial laundry operations. The Company sells and/or leases its customers commercial laundry equipment, specializing in washing, drying, finishing, material handling, water heating, power generation, and water reuse applications. In support of the suite of products it offers, the Company sells related parts and accessories. Additionally, through the Company's robust network of commercial laundry technicians, the Company provides its customers with installation, maintenance, and repair services.

The Company's customers include government, institutional, industrial, commercial and retail customers. Product purchases made by customers range from parts and accessories, to single or multiple units of equipment, to large complex systems. The Company also provides its customers with the services described above.

Prior to the completion of the Company's first acquisition pursuant to its "buy-and-build" growth strategy in October 2016, the Company's operations related to the activities described above consisted solely of the business and operations of Steiner-Atlantic Corp. ("Steiner-Atlantic"), a wholly-owned subsidiary of the Company. Beginning in 2015, the Company implemented a "buy-and-build" growth strategy which includes (i) the consideration and pursuit of acquisitions and other strategic transactions which management believes may complement the Company's existing business or otherwise offer growth opportunities for, or benefit, the Company and (ii) the implementation of a growth culture at acquired businesses based on the exchange of ideas and business concepts among the management teams of the Company and the acquired businesses as well as through certain additional initiatives, which may include investments in new locations, additional product lines, expanded service capabilities and advanced technologies. See "Buy-and-Build Growth Strategy" below for additional information regarding the Company's "buy-and-build" growth strategy, including information regarding acquisitions consummated by the Company since its implementation of the "buy-and-build" growth strategy in 2015.

The Company seeks to maintain a culture designed to reward performance through a variety of performance-based pay, commission programs, cash incentives, and stock-based equity programs. Stock-based plans include a voluntary employee stock purchase plan and equity compensation plans under which restricted stock and other equity awards may be granted. The Company's equity compensation plans are designed to promote long-term performance, as well as to create long-term employee retention, continuity of leadership, and align the interests of management and employees with the long-term success of the Company. The Company believes that its restricted stock program promotes this culture and long-term performance because restricted stock grants generally provide for long-term vesting, including in certain cases entirely at the end of the recipient's career (age 62 or later).

See "Management's Discussion and Analysis of Financial Condition and Results of Operations" included as Part II, Item 7 of this Report for a discussion of the impact of the COVID-19 pandemic on the Company's business, results, financial condition and liquidity.

The Company reports its results of operations through a single reportable segment.

Available Information

The Company files Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q, files or furnishes Current Reports on Form 8-K, files or furnishes amendments to those reports, and files proxy and information statements with the SEC. These reports and statements, as well as beneficial ownership reports filed by the Company's officers and directors and beneficial owners of 10% or more of the Company's common stock, may be accessed free of charge on the SEC's website at http://www.sec.gov and, as soon as reasonably practicable after such materials are electronically filed with, or furnished to, the SEC, on the Company's website at http://www.evi-ind.com. The information contained on or connected to the Company's website is not incorporated by reference into, or otherwise a part of, this Report. Further, references to the website URL of the Company in this Report are intended to be inactive textual references only.

Products and Services

The Company sells, rents and leases an extensive line of commercial and industrial laundry and dry cleaning equipment and steam and hot water boilers manufactured by others, as well as related replacement parts and accessories, and provides installation, maintenance and repair services.

The commercial and industrial laundry equipment distributed by the Company includes washroom, finishing, material handling, and mechanical equipment such as washers and dryers, tunnel systems and vended machines, many of which are designed to reduce utility and water consumption. Finishing equipment distributed by the Company includes sheet feeders, flatwork ironers, automatic sheet folders, and stackers. Material handling equipment distributed by the Company includes conveyor and rail systems. Mechanical equipment distributed by the Company includes boilers, hot water/steam systems, power generation products, water purification, reuse and recycling systems and air compressors. Boiler products distributed by the Company include high efficiency, low emission steam boilers, steam systems and hot water systems that are used in the laundry and dry cleaning industry for temperature control, heating, pressing and de-wrinkling, and in the healthcare industry, food and beverage industry, and other industrial markets for sterilization, product sealing and other purposes. The Company also sells replacement parts and accessories for the products it distributes.

The Company seeks to position and price its products to appeal to customers in each of the high-end, mid-range and value-priced markets, as the products are generally offered in a wide range of price points to address the needs of a diverse customer base. The Company believes that its portfolio of products affords the Company's customers a "one-stop shop" for commercial, industrial and vended laundry and dry cleaning machines, boilers and accessories and that, as a result, the Company is able to attract and support potential customers who can choose from the Company's broad product line.

In addition to its distribution of products, the Company also provides installation, maintenance and repair services to its customers. The Company believes its services are competitively priced.

Buy-and-Build Growth Strategy

As described above, in addition to its pursuit of organic growth initiatives, the Company implemented a "buy-and-build" growth strategy in 2015. The "buy" component of the strategy includes the consideration and pursuit of acquisitions and other strategic transactions which management believes would complement the Company's existing business or otherwise offer growth opportunities for, or benefit, the Company. The Company is disciplined and conservative in its consideration of acquisitions and generally seeks to identify opportunities that fit certain financial and strategic criteria. The "build" component of the strategy involves implementing a growth culture at acquired businesses based on the exchange of ideas and business concepts among the management teams of the Company and the acquired businesses as well as through certain additional initiatives, which may include investments in new locations, additional product lines, expanded service capabilities and advanced technologies. The Company generally seeks to structure acquisitions to include both cash and stock consideration. The Company believes the issuance of stock consideration aligns the interests of the sellers of the acquired businesses, who the Company generally seeks to maintain to continue to operate the acquired businesses, with the interests of the Company's other stockholders. The sellers as well as other key individuals at the acquired businesses may also be provided with the opportunity to own shares of the Company's common stock through equity-based plans of the Company.

Since the implementation of its "buy-and-build" growth strategy in 2015, the Company has consummated 14 business acquisitions, including, without limitation, the following:

- On October 10, 2016, the Company purchased substantially all the assets of Western State Design, LLC ("WSD"), a California-based distributor of commercial, industrial, and vended laundry products and provider of installation and maintenance services to the new and replacement segments of the commercial, industrial and vended laundry industry, for a purchase price consisting of $18.5 million in cash and 2,044,990 shares of the Company's common stock.

- On October 31, 2017, the Company purchased substantially all of the assets of Tri-State Technical Services, Inc. ("TRS"), a Georgia-based distributor of commercial, industrial, and vended laundry products and provider of installation and maintenance services to the new and replacement segments of the commercial, industrial and vended laundry industry. The consideration paid by the Company in connection with the acquisition consisted of approximately $7.95 million in cash and 338,115 shares of the Company's common stock.

- On February 9, 2018, the Company purchased substantially all of the assets of Zuf Acquisitions I LLC (d/b/a/ AAdvantage Laundry Systems) for approximately $11.0 million and Sky-Rent LP for approximately $6.0 million. The acquired businesses are based in Dallas and distribute commercial, industrial, and vended laundry products and provide installation and maintenance services to the new and replacement segments of the commercial, industrial and vended laundry industry. The approximately $20.4 million of total consideration paid by the Company consisted of approximately $8.1 million in cash and 348,360 shares of the Company's common stock.

- On September 12, 2018, the Company purchased substantially all of the assets of Scott Equipment, Inc. ("SEI"), a Texas-based distributor of commercial, industrial, and vended laundry products and provider of installation and maintenance services to the new and replacement segments of the commercial, industrial and vended laundry industry. The consideration paid by the Company in connection with this acquisition consisted of approximately $6.5 million in cash and 209,678 shares of the Company's common stock.

- On February 5, 2019, the Company acquired PAC Industries Inc. ("PAC"), a Pennsylvania-based distributor of commercial, industrial, and vended laundry products and provider of installation and maintenance services to the new and replacement segments of the commercial, industrial and vended laundry industry, pursuant to a merger whereby PAC merged with and into a newly-formed wholly-owned subsidiary of the Company. The consideration paid by the Company in connection with this acquisition consisted of $6.4 million in cash and 179,847 shares of the Company's common stock.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations" included as Part II, Item 7 of this Report and Note 3 to the Consolidated Financial Statements included in Item 8 of this Report for additional information about the acquisitions of SEI and PAC during fiscal 2019 and other acquisitions consummated by the Company during fiscal 2019 and fiscal 2020.

Each acquisition was effected by the Company through a separate wholly-owned subsidiary formed by the Company for the purpose of effecting the transaction, whether by an asset purchase or merger, and operating the acquired business following the transaction. In connection with each transaction, the Company, indirectly through its applicable wholly-owned subsidiary, also assumed certain of the liabilities of the acquired business. The financial position, including assets and liabilities, and results of operations of the acquired businesses following the respective closing dates of the acquisitions are included in the Company's consolidated financial statements.

Customers and Markets

The Company's customer base consists of approximately 65,000 customers in the United States, Canada, the Caribbean, Latin America and Asia. During fiscal 2020 and fiscal 2019, no single customer accounted for more than 10% of the Company's revenues for such fiscal year.

The Company's commercial and industrial laundry equipment and boilers are sold, rented or leased to a wide range of customers, including but not limited to, vended laundry facilities, industrial laundry facilities, government institutions, correctional facilities, hospitals, hospital combines, nursing homes, veterinary clinics, professional sports franchises, educational institutions, hotels, motels, food and beverage establishments, cruise lines, and specialized users.

Historically, the Company has not noted any significant seasonality.

Sales, Marketing and Customer Support

The Company employs sales personnel to market its products in the United States, Canada, the Caribbean, Latin America and Asia. The Company has exclusive and nonexclusive distribution rights to market its products. Orders for equipment and replacement parts and accessories are generally obtained by telephone, e-mail and fax inquiries originated by the customer or by the Company, from existing customer relationships and from newly formed customer relationships. The Company supports its sales, rental and leasing activities through its websites and by advertising in trade publications, participating in trade shows and engaging in regional promotions and incentive programs.

The Company seeks to establish customer satisfaction by offering:

- an experienced sales and service organization;
- comprehensive product offerings;
- competitive pricing;
- maintenance of comprehensive and well-stocked inventories of equipment, replacement parts and accessories, often with same day or overnight availability;
- design and layout services;
- installation, maintenance and repair services;
- on-site training performed by factory trained technicians; and
- toll-free support lines and technical websites to resolve customer service problems.

The Company trains its employees to provide service and customer support. The Company uses in-person classroom training, instructional videos and vendor sponsored seminars to educate employees about product information. In addition, the Company's technical staff has prepared training manuals, written in English and Spanish, relating to specific training procedures. The Company's technical personnel are retrained as the Company believes to be necessary, including in connection with the development of new technology.

Foreign Sales

Substantially all of the Company's revenues from foreign activities relate to the sale of commercial and industrial laundry and dry cleaning equipment and boilers to customers in Canada, the Caribbean, Latin America and Asia.

All of the Company's foreign sales require the customer to make payment in United States dollars. Foreign sales may be affected by the strength of the United States dollar relative to the currencies of the countries in which the Company's customers are located, as well as the strength of the economies of the countries in which the Company's customers are located.

Sources of Supply

The Company purchases commercial and industrial laundry products, dry cleaning machines, boilers and other products for distribution from a number of manufacturers and suppliers. The major manufacturers of the products sold by the Company are Alliance Laundry Systems, LLC, American Dryer Corporation, Chicago Dryer Company, Cleaver Brooks Inc., Continental Girbau, Inc., Dexter Laundry, Inc., FMB Group, Fulton Thermal Corp., Kannegiesser ETECH, Maytag Corporation, Pellerin Milnor Corporation, Unipress Corporation and Whirlpool Corporation. Purchases from three manufacturers accounted for a total of approximately 63% and 62% of the Company's product purchases for fiscal 2020 and fiscal 2019, respectively. No other manufacturers accounted for more than 10% of product purchases during fiscal 2020 or fiscal 2019. The Company has generally not experienced difficulty in purchasing products it distributes and believes that it has good working relationships with its current manufacturers and suppliers. The Company has contracts with several of the manufacturers and suppliers of the products which the Company sells and has established, long-standing relationships with most of its manufacturers and suppliers. The Company believes that such relationships provide the Company with certain competitive advantages, including exclusivity for certain products in certain areas and, in certain cases, favorable prices and terms.

In connection with certain business acquisitions, the business relationship between the acquired business and its principal supplier ceased. As a result, the businesses distributed other brands from one or more of the Company's other suppliers. The Company does not believe that the brand switch had a material adverse impact on the Company as a whole. However, there is no assurance that the Company or any of its acquired businesses will maintain its relationships with any of its suppliers, and the loss of certain of these relationships, including the loss of a relationship with a principal supplier and any inability to successfully mitigate the effect of the loss of such supplier, could adversely affect the Company's business and results. See also "The Company's business and results may be adversely affected if the Company does not maintain its relationships with its significant suppliers or customers" under "Item 1A. Risk Factors" below.

Due to special options and features on most of the larger and more expensive equipment ordered by customers, in most instances, the Company purchases the equipment distributed by it after its receipt of orders from its customers. However, from time to time, including in fiscal 2020 and 2019, the Company purchases inventory in advance to take advantage of favorable pricing at the time or for other purposes, including to support the Company's sales growth initiatives in new distribution territories and in support of growth initiatives related to the establishment of new manufacturer and supplier distribution relationships. The Company also maintains an inventory of more standardized and smaller-sized equipment that often requires more rapid delivery to meet customer needs.

Competition

The commercial and industrial laundry and boiler distribution business is highly competitive and fragmented, with over 500 full-line or partial-line equipment distributors in the United States. The Company's management believes that no one competitor has a major share of the market, substantially all competitors are independently owned, and, with the exception of several regional distributors, distributors operate primarily in local markets. In the United States, the Company's primary competition is from a number of independently owned distributors and certain foreign manufacturers which own distribution businesses operating in North America. In foreign markets, the Company also competes with several independently owned distributors and manufacturer-owned distribution businesses. Competition is based primarily on a distributor's ability to effectively plan and design optimal commercial and industrial laundry facilities, competitive pricing, representation of reliable and high-quality products, in-house installation, maintenance, and repair services, available and on-time delivery of equipment, parts, and accessories, and the ability to provide continuous support services to the customer. The Company seeks to compete in these areas by employing experienced and successful professionals, by offering a comprehensive product line, by employing a robust network of qualified installation and service technicians, by maintaining optimized inventories of equipment, parts, and accessories at well-located facilities and on service vehicles, by investing in advanced technologies designed to improve the customer experience, and by expansion of its suite of value-added services.

Research and Development

The Company's research and development efforts and expenses are generally immaterial as most of the Company's products are distributed for manufacturers that perform their own research and development.

Service Marks and Tradenames

The Company is the owner of the United States service mark registration for the name DRYCLEAN USA®, which is licensed by it to retail dry cleaning establishments. The Company intends to use and protect its service marks, tradenames and other intellectual property, as necessary.

Compliance with Environmental and Other Government Laws and Regulations

Over the past several decades, federal, state and local governments in the United States and various other countries have enacted environmental protection laws in response to public concerns about the environment. A number of industries, including the commercial and industrial dry cleaning and laundry equipment industries, are subject to these evolving laws and implementing regulations. As a supplier to the industry, the Company serves customers who are primarily responsible for compliance with environmental regulations. Among the United States federal laws that the Company believes are applicable to the industry are the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), which provides for the investigation and remediation of hazardous waste sites, the Resource Conservation and Recovery Act of 1976, as amended ("RCRA"), which regulates the generation and transportation of hazardous waste as well as its treatment, storage and disposal, and the Occupational Safety and Health Act of 1970 ("OSHA"), which regulates exposure to toxic substances and other health and safety hazards in the workplace. In addition, most states and a number of local jurisdictions have laws that regulate the environment, which are at least as stringent as the federal laws. The Company is also subject to rules and regulations with respect to its contracts and dealings with government facilities.

While there is no assurance that this will be the case, including due to the fact that regulatory requirements or the interpretation or enforcement thereof are subject to change, the Company does not believe that compliance with federal, state and local environmental and other laws and regulations which have been adopted have had, or will have, a material effect on its capital expenditures, earnings or competitive position.

Employees

As of August 14, 2020, the Company had 493 full and part-time employees. None of the Company's employees are subject to a collective bargaining agreement. The Company believes that its relations with its employees are satisfactory.

Item 1A. Risk Factors.

The Company is subject to various risks and uncertainties, including those described below, which could adversely affect the Company's business, financial condition, results of operations and cash flows, and the value of the Company's common stock. The risks described below are not the only risks faced by the Company. Additional risks not presently known to the Company or other factors that the Company does not presently perceive to present significant risks to the Company at this time may also impair the Company's business, financial condition, results of operations or cash flows, or the value of the Company's common stock.

The COVID-19 pandemic has had, and is expected to continue to have, negative impacts on the Company's business, results andfinancial condition.

The COVID-19 pandemic has been, and continues to be, an unprecedented disruption in the economy and has negatively impacted, and may continue to negatively impact, the Company's business and results. Specifically, beginning at the end of the quarter ended March 31, 2020, the COVID-19 pandemic and accompanying economic disruption have caused delays and declines in the placement of customer orders, the completion of equipment and parts installations, and the fulfillment of parts orders. Accordingly, the Company experienced declines in revenue for the most recently completed third and fourth fiscal quarters compared to the same periods of the prior fiscal year. This trend may continue in the near-term and possibly longer, including, without limitation, if the pandemic increases in size and scope, its duration is prolonged or among other matters related thereto, governmental actions, including, without limitation, business restrictions are imposed. In response to the economic and business disruption, the Company has taken actions to reduce costs and spending across the organization, including changes to inventory stock levels, renegotiating payment terms with suppliers, and reducing hiring activities. The Company continues to actively monitor the COVID-19 pandemic and may take further actions, including those that may alter business operations, if required by federal, state or local authorities or otherwise determined to be advisable by management.

As of the date of this Annual Report on Form 10-K, significant uncertainty exists concerning the magnitude of the impact and duration of the COVID-19 pandemic. Factors arising from the COVID-19 pandemic that have impacted, or may negatively impact, the Company's business and results, including sales and gross margin, in the future include, but are not limited to: limitations on the ability of suppliers to manufacture, or the Company's ability to procure from manufacturers, the products the Company sells, or to meet delivery requirements and commitments; limitations on the ability of the Company's employees to perform their work due to impacts caused by the pandemic or local, state, or federal orders that restrict the Company's operations or the operations of its customers; limitations on the ability of carriers to deliver products to the Company's facilities and customers; limitations on the ability or desire of the Company's customers to conduct their business, purchase products and services and pay for purchases on a timely basis or at all; and decreased demand for products and services. In addition, the impact of the COVID-19 pandemic may require the Company to record impairments with respect to its goodwill or other intangible assets in the future. The Company's business, results and operations could also be negatively affected further if its employees are quarantined or become ill as a result of exposure to COVID-19, or if they are subject to governmental COVID-19 curfews or "shelter in place" health orders.

As a precautionary measure in order to increase its cash position and preserve financial flexibility in light of uncertainty in the global markets resulting from the COVID-19 pandemic, on May 21, 2020, the Company and certain of its subsidiaries received loans (the "PPP Loans") totaling approximately $6.9 million in principal amount (the "PPP Loans") from Fifth Third Bank, N.A., under the Paycheck Protection Program ("PPP") which was established under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The PPP Loans have a term of two years and provide for an interest rate of 1.00%, which is deferred for the first six months of the loan term, and can be prepaid in whole or in part at any time without penalty. The proceeds of the PPP Loans have been and are expected to be used for payroll costs but may also be used for other permitted purposes under the CARES Act, including rent or utility costs. In accordance with the

CARES Act, each borrower can apply for forgiveness for all or a portion of the loan. Any such forgiveness will be determined, subject to limitations, based on the use of loan proceeds in accordance with the terms of the CARES Act, as described above, during the 24-week period after loan origination and the maintenance or achievement of certain employee levels, as well as approval by the lender and the U.S. Small Business Administration, which is administering the PPP under the CARES Act. Accordingly, while the Company believes that it has used and will continue to use the proceeds from the PPP Loans only as permitted by the PPP, no assurance can be provided that any or all of the PPP Loans will be forgiven. If the PPP Loans are not forgiven, in whole or in part, the increase in the Company's debt position would, among other things, increase the Company's vulnerability to adverse economic conditions and require the Company to meet increased debt service obligations. Further, while the Company believes that the certifications made by it in connection with the PPP Loan applications were accurate, guidance on the matter is uncertain and the applications will be reviewed and may subject the Company to potential liability if determined to be inaccurate. In addition, the Company received the consent its lenders under the Company's 2018 Credit Agreement (as defined below) in connection with its and its subsidiaries' receipt of the PPP Loans. The consent, among other things, contains certain representations, warranties and agreements of the Company, including, without limitation, to use the proceeds of the PPP Loan only for permitted expenses under the CARES Act, to timely apply for forgiveness of the PPP Loans, and to maintain all records required to be submitted in connection with the forgiveness of the PPP Loans. The breach of any such representations, warranties or agreements will constitute a default under the Company's 2018 Credit Agreement, subject to any applicable cure periods or provisions thereof.

The situation surrounding COVID-19 remains fluid. The Company is unable to determine or predict the nature, duration, or scope of the overall impact that the COVID-19 pandemic will have on the Company's business, results of operations, liquidity, or financial condition, as such impact will depend on future developments, including the severity and duration of the pandemic and government and other actions taken in response thereto, all of which are highly uncertain. Further, even after the COVID-19 pandemic has subsided, the Company may continue to experience adverse impacts to its business as a result of, among other things, any economic impact that has occurred or may occur in the future or changes in supplier or customer behavior. In addition, any future public health issue may have impacts similar to or worse than those caused by the COVID-19 pandemic.

Acquisitions and the Company's pursuit of acquisitions and other strategic transactions subject the Company to a number of risks.

Acquisitions are an important element of the Company's growth strategy. Acquisitions and the Company's efforts with respect thereto involve a number of risks, including, but not limited to:

- the ability to identify and consummate transactions with acquisition targets;
- the successful operation and integration of acquired companies;
- diversion of management's attention from other business functions and operations;
- strain on managerial and operational resources as management tries to oversee larger operations;
- difficulty implementing and maintaining effective internal control over financial reporting at the acquired businesses;
- possible loss of key employees and/or customer or supplier relationships of the acquired business (See "The Company's business and results may be adversely impacted if the Company does not maintain its relationships with its significant suppliers or customers" below); and
- exposure to liabilities of the acquired businesses.

As a result of these or other problems and risks, acquired businesses may not produce the revenues, earnings, cash flows or business synergies anticipated, and the acquired businesses may not perform as expected. As a result, the Company may incur higher costs and realize lower revenues and earnings than anticipated. The Company may not be able to successfully address these problems, integrate any acquired businesses or generate sufficient revenue to offset the associated costs or other negative effects on its business.

In addition, acquisitions may result in dilutive issuances of the Company's equity securities and the incurrence of debt. See "The Company's indebtedness may impact its financial condition and results of operations, and the terms of the Company's indebtedness may place restrictions on the Company" below. Acquisitions may also result in contingent liabilities, or amortization expenses, or impairment of goodwill and/or purchased long-lived assets, and restructuring charges, any of which could adversely impact the Company's financial condition or results.

Rapid growth may place significant demands on management, as well as on the Company's accounting, financial, information and other systems and on the Company's business. Further, management may not be able to manage the Company's growth effectively or successfully, and the Company's financial, accounting, information and other systems may not be able to successfully accommodate the Company's growth. In addition, the Company's accounting and other professional expenses associated with being a public company have increased as a result of the Company's growth, including the increase in the Company's market capitalization, and such expenses may continue to increase in the future.

Further, the Company may not be successful in consummating acquisitions or other strategic transactions. Expenses related to the Company's pursuit of acquisitions and other strategic transactions may be significant and will be incurred by the Company regardless of whether the underlying acquisition or other strategic transaction is ultimately consummated.

The Company's indebtedness may impact its financial condition and results of operations, and the terms of the Company'sindebtedness may place restrictions on the Company.

The Company's level of indebtedness may have several important effects on the Company's operations, including, without limitation, that the Company may be required to use a portion of its cash for the payment of principal and interest due on outstanding indebtedness, that outstanding indebtedness and the Company's leverage position will increase the impact on the Company of negative changes in general economic and industry conditions, as well as competitive pressures, and that the Company's ability to obtain additional financing for acquisitions, working capital or other corporate purposes may be impacted.

On November 2, 2018, the Company entered into a syndicated credit agreement (the "2018 Credit Agreement") for a five-year revolving credit facility in the maximum aggregate principal amount of up to $100 million, with an accordion feature to increase the revolving credit facility by up to $40 million for a total of $140 million. A portion of the revolving credit facility is available for swingline loans of up to a sublimit of $5 million and for the issuance of standby letters of credit of up to a sublimit of $10 million. The Company had $21.0 million outstanding under the 2018 Credit Agreement as of June 30, 2020.

Borrowings (other than swingline loans) under the 2018 Credit Agreement bear interest at a rate, at the Company's election at the time of borrowing, equal to (a) LIBOR plus a margin that ranges from 1.25% to 1.75% depending on the Company's consolidated leverage ratio, which is a ratio of consolidated funded indebtedness to consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) (the "Consolidated Leverage Ratio") or (b) the highest of (i) prime, (ii) the federal funds rate plus 50 basis points, and (iii) the one month LIBOR rate plus 100 basis points (such highest rate, the "Base Rate"), plus a margin that ranges from 0.25% to 0.75% depending on the Consolidated Leverage Ratio. Swingline loans bear interest calculated at the Base Rate plus a margin that ranges from 0.25% to 0.75% depending on the Consolidated Leverage Ratio. A significant increase in interest rates could materially impact the cost of the Company's indebtedness under the 2018 Credit Agreement and any other floating rate debt that the Company may incur in the future. Furthermore, regulatory changes, such as the announcement of the United Kingdom's Financial Conduct Authority to phase out LIBOR by the end of 2021, may adversely affect the Company's floating-rate debt. If LIBOR ceases to exist, the Company may need to renegotiate the 2018 Credit Agreement and any other credit agreements it may enter into that utilize LIBOR as a factor in determining the interest rate, which could adversely impact the cost of the Company's debt.

The 2018 Credit Agreement contains covenants applicable to the Company, including financial covenants requiring the Company to comply with maximum leverage ratios and minimum interest coverage ratios, as well as other covenants which may place restrictions on, among other things, liens, investments, indebtedness, fundamental changes, acquisitions, dispositions of property, making specified restricted payments (including cash dividends and stock repurchases that would result in the Company exceeding an agreed to Consolidated Leverage Ratio), and transactions with affiliates.

The Company may incur additional debt financing as determined to be appropriate by management, including in connection with the financing of acquisitions or otherwise, which would increase the Company's vulnerability to the risk factors described above related to its level of indebtedness and may place restrictions on the Company similar or in addition to those contained in the 2018 Credit Agreement. There is no assurance that the Company will receive any financing which the Company may seek to obtain in the future on acceptable terms or at all, including in the event additional funds are necessary to consummate an acquisition or support the Company's business operations.

As described above, the Company and certain of its subsidiaries also received PPP Loans totaling approximately $6.9 million in principal amount during May 2020.

The products the Company distributes could fail to perform according to specifications or prove to be unreliable, which coulddamage the Company's customer relationships and industry reputation and result in lawsuits and loss of sales.

The Company's customers require demanding specifications for product performance and reliability. Product defects or other failures to perform to specifications or as expected could result in higher service costs and may damage the Company's customer relationships and industry reputation and/or otherwise negatively impact the Company's business, operations and results. Further, the Company may be subject to lawsuits if, among other things, any of the products it distributes fails to operate properly or causes property or other physical damage.

The Company's business and results may be adversely affected if the Company does not maintain its relationships with itssignificant suppliers or customers.

While the Company purchases the products it distributes from a number of manufacturers and suppliers, purchases from three manufacturers accounted for a total of approximately 63% and 62% of the Company's product purchases for fiscal 2020 and fiscal 2019, respectively. The Company has not historically experienced difficulty in purchasing products it distributes, and believes it has good working relationships with the manufacturers or suppliers from which the Company purchases its products. However, if such relationships deteriorate or the Company is unable to maintain such relationships, including with any of its or its acquired businesses' principal manufacturers or suppliers, the Company's business and results could be materially and adversely impacted. In addition, efforts of the Company and its acquired businesses to mitigate any loss, including brand shifts, may not be successful. Further, the Company does not have contracts with all of its manufacturers, and the contracts the Company does have are generally short term agreements and can be terminated on short notice. In addition, suppliers may not comply with the terms of any agreements or may choose to terminate such agreements, allow such agreements to expire without renewal, or seek to revise the agreements on terms which are less favorable to the Company than the prevailing terms, any of which could materially and adversely impact the Company's business and results.

In addition, while the Company distributes its products to various users, including but not limited to, vended laundry facilities, industrial laundry facilities, government institutions, correctional facilities, hospitals, hospital combines, nursing homes, veterinary clinics, professional sports franchises, educational institutions, hotels, motels, food and beverage establishments, cruise lines, and specialized users, the

Company's operating results and financial condition could be materially adversely impacted if the Company loses a significant customer or fails to meet its customers' expectations.

The Company faces substantial competition.

The commercial and industrial laundry, dry cleaning equipment and boiler distribution business is highly competitive and fragmented, with over 500 full-line or partial-line equipment distributors in the United States. The Company's management believes that no single competitor of the Company has a major share of the market, substantially all competitors are independently owned, and, with the exception of several regional distributors, distributors operate primarily in local markets. In the United States, the Company's primary competition is from a number of independently owned distributors and certain manufacturers which own distribution businesses operating in North America. In foreign markets, the Company also competes with independently owned distributors and manufacturer-owned distribution businesses. Certain of the Company's competitors may have greater financial and other resources than the Company. In addition, some of the Company's competitors may have less indebtedness than the Company, and therefore may have more cash and working capital available for business purposes other than debt service. The Company's results and financial condition would be materially and adversely impacted if the Company is unable to compete effectively. Further, the Company may not be able to operate profitably if the competitive environment changes.

Damages to or disruptions at the Company's facilities could adversely impact the Company's business, operating results andfinancial condition.

Although the Company has certain limited protection afforded by insurance, the Company's business, earnings and financial condition could be materially adversely affected if it suffers damages to, or disruptions at, its facilities. Without limiting the generality of the foregoing, the Company's facilities in Florida, Georgia and Texas are subject to hurricane casualty and flood risk and its facilities in California are subject to earthquake casualty risk.

The Company faces risks associated with environmental and other regulation.

The Company's business and operations are subject to federal, state, local and foreign environmental and other laws and regulations, including environmental laws governing the discharge of pollutants, the handling, generation, storage and disposal of hazardous materials, substances, and wastes and the cleanup of contaminated sites. The Company is also subject to rules and regulations with respect to its contracts and dealings with government facilities. The Company may not remain in compliance with all applicable laws and regulations and could be required to incur significant costs as a result of violations of, liabilities under, or efforts to comply with, applicable laws and regulations. In addition, violations may have other adverse implications for the Company, including negative public relations and potential litigation. Further, the Company may incur significant compliance costs in the event of changes to applicable laws and regulations.

The Company's assets may suffer uninsured losses.

The Company attempts to ensure that its assets, including the equipment and parts that it sells, are adequately insured to cover property and casualty losses as well as any other liabilities to which the Company is reasonably expected to be subject. However, insurance may be expensive or difficult to obtain, and there are certain types of losses, generally catastrophic in nature, such as losses due to wars, acts of terrorism, floods, hurricanes, earthquakes, pollution, fire or environmental disasters or other matters, which are uninsurable or not economically insurable, or may be insured subject to limitations, such as large deductibles or co-payments. In addition, there may in certain cases be questions as to when the risk of loss related to products sold is transferred to the customer. If the equipment suffers a loss and risk of loss is deemed not to have transferred to the customer, the Company may be liable for the loss, which may not be insured. If the Company's insurance coverage is not adequate, or the Company otherwise incurs uninsured losses, the Company's operating results and financial condition would be adversely impacted.

The Company faces risks related to its foreign sales.

The Company's revenues from foreign sales relate principally to the Company's sales of commercial and industrial laundry and dry cleaning equipment and boilers to Canada, the Caribbean, Latin America and Asia. All of the Company's foreign sales require the customer to make payment in United States dollars. Foreign sales may be affected by the strength of the United States dollar relative to the currencies of the countries in which customers and competitors are located, as well as the strength of the economies of the countries in which the Company's customers are located.

Further, conducting an international business inherently involves a number of difficulties, risks and uncertainties, such as:

- export and trade restrictions,
- inconsistent and changing regulatory requirements,
- tariffs and other trade barriers,
- cultural issues,
- problems in collecting accounts receivable,
- political instability,
- local economic downturns, and
- potentially adverse tax consequences.

Any of the above factors may materially and adversely affect the Company's business, prospects, operating results or financial condition.

Henry M. Nahmad may be deemed to control the Company.

Henry M. Nahmad, the Company's Chairman, Chief Executive Officer and President, may be deemed to control the Company as a result of his voting power over shares representing approximately 54.7% of the issued and outstanding shares of the Company's common stock as of June 30, 2020. The shares over which Mr. Nahmad has voting power include shares subject to restricted stock awards granted to Mr. Nahmad, shares held by Symmetric Capital LLC and Symmetric Capital II LLC, each of which may be deemed to be controlled by Mr. Nahmad as a result of his serving as Manager of such entity, and shares which Symmetric Capital has the right to vote pursuant to a Stockholders Agreement entered into with WSD, Dennis Mack, a director and Executive Vice President, Corporate Strategy of the Company, and Tom Marks, Executive Vice President, Business Development of the Company. A copy of such Stockholders Agreements is filed as an exhibit to this Report. Under the Company's Bylaws, the election of directors requires a plurality vote and all other matters put to a vote of the Company's stockholders require the affirmative vote of a majority of the shares of the Company's common stock represented at a meeting, in person or by proxy, and entitled to vote on the matter unless a greater percentage is required by applicable law. Consequently, other than in very limited circumstances where a greater vote is required by applicable law, Mr. Nahmad, without the consent or vote of any other stockholders of the Company, has the voting power to elect directors and approve other actions that require stockholder approval. Mr. Nahmad's interests may conflict with the interests of the Company's other stockholders. In addition, Mr. Nahmad's control could have the effect of delaying or preventing a change in control or changes in management and/or adversely impact the market price of the Company's common stock or the ability of the Company's other stockholders to receive a premium for their shares in connection with any sale of the Company.

Further, as a result of Mr. Nahmad's controlling voting position with respect to the Company's common stock, the Company is a "controlled company" within the meaning of the listing standards of the NYSE American, on which the Company's common stock is listed. As a "controlled company," the

Company is not required under the listing standards of the NYSE American to comply with certain corporate governance requirements set forth therein, including:

- the requirement that a majority of the Company's Board of Directors consists of independent directors;
- the requirement that nominating and corporate governance matters be decided solely by a nominating/corporate governance committee consisting of independent directors; and
- the requirement that executive compensation matters be decided by a compensation committee consisting of independent directors.

While executive compensation matters are determined by a compensation committee comprised solely of independent directors and the Company's Board of Directors is currently comprised of a majority of independent directors, the Company does not have a standing nominating/corporate governance committee and the Company has in the past from time to time maintained a Board of Directors not comprised of a majority of independent directors. In addition, in the discretion of the Company's Board of Directors, the Company may choose to utilize or continue to utilize any or all of the exceptions in the future. As a result, the Company's stockholders may not have certain of the same protections as a stockholder of other publicly-traded companies and the market price of the Company's common stock may be adversely affected.

The concentration of ownership with respect to the Company's common stock also results in there being a limited trading volume, which may make it more difficult for stockholders to sell their shares and increase the price volatility of the Company's common stock.

As a "smaller reporting company," the Company may avail itself of reduced disclosure requirements, which may make theCompany's common stock less attractive to investors.

Under applicable SEC rules and regulations, the Company is a "smaller reporting company" and will continue to be a "smaller reporting company" for so long as the market value of the Company's common stock held by non-affiliates as of the end of its most recently completed second fiscal quarter is less than $250 million. As a "smaller reporting company," the Company has relied on exemptions from certain disclosure requirements that are applicable to other public companies. The Company may continue to rely on such exemptions for so long as the Company remains a "smaller reporting company." These exemptions include reduced financial disclosure and reduced disclosure obligations regarding executive compensation. The Company's reliance on these exemptions may result in the public finding the Company's common stock to be less attractive and adversely impact the market price of, or trading market for, the Company's common stock.

The Company is subject to risks relating to evaluations of internal control over financial reporting required by Section 404 ofthe Sarbanes-Oxley Act of 2002.

The Company has incurred, and expects to continue to incur, a substantial amount of management time and resources to comply with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002. In this Report, the Company's management has provided an assessment as to the effectiveness of the Company's internal control over financial reporting. In addition, pursuant to Section 404(b) of the Sarbanes-Oxley Act of 2002, management's assessment of the effectiveness of the Company's internal control over financial reporting is subject to attestation by the Company's independent registered public accounting firm. This Report includes such attestation. However, there is no assurance that the Company will continue to timely comply with such requirements nor can there be assurance that significant deficiencies and/or material weaknesses will not be identified by management or the Company's independent registered public accounting firm (or, if identified, remedied in a timely fashion or at all), any of which may adversely affect the market price of the Company's common stock. In addition, the Company's compliance efforts will continue to require significant expenditures and devotion of management time, and may divert management's attention from the Company's operations. In addition, while businesses acquired during the fiscal year covered by the applicable Annual Report on Form 10-K are permitted to be excluded from the scope of management's report on internal control over financial reporting and the related auditor attestation for such Annual Report on Form 10-K (as is the case with the exclusion of the businesses acquired by the Company in fiscal 2020 from the scope of management's report on internal control over financial reporting and the related auditor attestation for this Report), the Company will face challenges and be required to incur expenses in connection with, and devote significant management time to, the internal control over financial reporting of acquired businesses. There is no assurance that any issues, deficiencies or weaknesses identified at acquired businesses will be remedied in a timely or cost-efficient manner or at all.

The Company's success depends on key personnel, the loss of whom could harm the Company's business, operating results and financial condition.

The Company's business is dependent on the active participation of its executive officers, including Henry M. Nahmad, Dennis Mack and Tom Marks. The loss of the services of any of these individuals could adversely affect the Company's business and prospects. In addition, the Company's success is dependent on its ability to retain and attract additional qualified management and other personnel. Competition for such talent is intense, and the Company may not be successful in attracting and retaining such personnel.

Failure to maintain the integrity of internal or customer data could result in faulty business decisions or operational inefficiencies, damage the Company's reputation and/or subject the Company to costs, fines or lawsuits.

The Company collects and retains internal and customer data, including social security numbers, credit card numbers and other personally identifiable information of customers in various internal information systems. The Company also maintains personally identifiable information about its employees. The integrity and protection of that customer, employee and company data is critical to the Company. The Company could make faulty decisions if that data is inaccurate or incomplete. The Company's customers and employees also have a high expectation that their personal information will be adequately protected. The regulatory environment as well as the requirements imposed on the Company by the payment card industry surrounding information, security and privacy is also increasingly demanding. The Company's systems may be unable to satisfy changing regulatory and payment card industry requirements and employee and customer expectations, or may require significant additional investments or time in order to do so.

The Company's information systems and records may be subject to security breaches, cyber attacks, system failures, viruses, operator error or inadvertent releases of data. A significant theft, loss, or fraudulent use of customer, employee or company data maintained could adversely impact the Company's reputation and could result in remedial and other expenses, fines or litigation. A breach in the security of the Company's information systems could lead to an interruption in the operation of the Company's systems, resulting in operational inefficiencies and losses. In addition, conversions to new information technology systems require effective change management processes and may result in cost overruns, delays or business interruptions. If the Company's information technology systems are disrupted, become obsolete or do not adequately support the Company's strategic, operational or compliance needs, the Company's business, financial position, results of operations or cash flows may be adversely affected.

The issuance of preferred stock and common stock, and the authority of the Company's Board of Directors to approve issuances of preferred stock and common stock, could adversely affect the rights of the Company's stockholders and have an anti-takeover effect.

As permitted by Delaware law, the Company's Board of Directors is authorized under the Company's Certificate of Incorporation, as amended (the "Certificate of Incorporation"), to approve the issuance by the Company of up to 200,000 shares of preferred stock, and to designate the relative rights, preferences and limitations of any preferred stock so issued, in each case, without any further action on the part of the Company's stockholders. Currently, no shares of preferred stock are outstanding. In the event that the Company issues preferred stock in the future that has preference over the Company's common stock with respect to payment of dividends or upon liquidation, dissolution or winding up of the Company, the rights of holders of shares of the Company's common stock may be adversely affected. In addition, the Company is authorized under its Certificate of Incorporation to issue up to 20,000,000 shares of common stock. There are currently approximately 11.9 million shares of common stock outstanding. Subject to applicable law and the rules and regulations of the NYSE American, the Company's Board of Directors (or a committee thereof, in the case of shares issued under the Company's equity-based compensation plan) has the power to approve the issuance of any authorized but unissued shares of the Company's common stock, and any such issuances, including, without limitation, those under the Company's equity-based compensation plan or pursuant to any acquisitions consummated by the Company or in connection with the financing thereof, would result in dilution to the Company's stockholders. These provisions of the Certificate of Incorporation could also delay, defer or prevent a change of control of the Company or its management, and could limit the price that investors are willing to pay in the future for shares of the Company's common stock.

Litigation and legal proceedings, the costs of defending the same and the impact of any finding of liability or damages could adversely impact the Company and its financial condition and operating results.

The Company may from time to time become subject to litigation and other legal proceedings. Litigation and other legal proceedings may require the Company to incur significant expenses, including those relating to legal and other professional fees. In addition, litigation and other legal proceedings are inherently uncertain, and adverse outcomes in litigation or other legal proceedings could adversely affect the Company's financial condition, cash flows, and operating results.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

The Company's principal executive offices are located in Miami, Florida. The Company's principal properties include warehousing and distribution facilities and administrative office space, all of which are leased (generally for terms of three to five years).

At June 30, 2020, the Company had 23 warehousing and distribution facilities located across 14 U.S. states. Senior management and support staff are located at the Company's principal executive offices or other administrative offices adjacent to the Company's warehousing and distribution facilities. The facilities have an aggregate of approximately 337,000 square feet of space. The Company believes that its facilities are sufficient to meet the Company's present operating needs.

Item 3. Legal Proceedings.

In the ordinary course of business, the Company is from time to time involved in, or subject to, legal and regulatory claims, proceedings, demands or actions. Litigation is inherently uncertain and the outcome of litigation cannot be predicted or determined in advance. In addition, the Company's costs of defending against litigation and other proceedings, demands and actions could be material and would generally be payable by the Company regardless of the merits of the claim. As of the date of filing of this Report, the Company is not aware of any pending legal proceedings to which the Company, including any of its subsidiaries, is a party which is expected to be material to the Company.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

The Company's common stock is traded on the NYSE American under the symbol "EVI."

As of September 1, 2020, there were approximately 240 holders of record of the Company's common stock.

The Company paid a special cash dividend on its common stock of $0.13 per share during the fiscal year ended June 30, 2019. The Company did not pay any dividends on its common stock during the fiscal year ended June 30, 2020. The declaration and payment of cash dividends with respect to the Company's common stock is determined by the Company's Board of Directors based on the Company's financial condition and liquidity needs and other factors deemed relevant by the Company's Board of Directors, and may be subject to restrictions contained in the Company's debt instruments. As described elsewhere in this Report, including under "Liquidity and Capital Resources" in Item 7 of this Report, the Company's 2018 Credit Agreement contains certain covenants which may, among other things, restrict the Company's ability to pay dividends, and any future facilities may contain similar or more stringent requirements. The Company's management does not believe that the covenants contained in the 2018 Credit Agreement currently materially limits the Company's ability to pay dividends or are reasonably likely to materially limit the Company's ability to pay dividends in the future. There is no assurance that the Company will pay dividends on its common stock in the future.

See Part III, Item 12 of this Report for information regarding securities authorized for issuance under the Company's equity-based compensation plans.

The Company does not have in place any formal share repurchase plans or programs. Upon request by a recipient of awards granted under the Company's equity incentive plan, the Company may issue shares upon vesting of restricted stock awards or upon issuance of stock awards, net of the statutory withholding requirements that the Company pays on behalf of its employees. For financial statement purposes, the shares withheld are treated as being repurchased by the Company and are reflected as repurchases in the Company's condensed consolidated statements of cash flows and shareholders' equity as they reduce the number of shares that would have been issued upon vesting. The following table provides information concerning shares of the Company's common stock treated as repurchased during the quarter ended June 30, 2020 in connection with the issuance of shares upon vesting of restricted stock awards net of statutory withholding requirements:

Period	Total Number of Shares Purchased	Average Price Per Share	Total Number of Shares Purchased as a Part of Publicly Announced Programs	Maximum Number of Shares That May Yet Be Purchased Under the Program
April 1 – April 30, 2020	-	-	-	-
May 1 – May 31, 2020	-	-	-	-
June 1 – June 30, 2020	7,090	$ 20.80	-	-
Total	7,090	$ 20.80	-	-

During the quarter ended June 30, 2020, the Company did not repurchase any shares other than shares treated as repurchased upon the vesting of restricted stock awards as described and set forth above.

Item 6. Selected Financial Data.

Not required.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

General

The following discussion should be read in conjunction with the Company's Consolidated Financial Statements and notes thereto contained in Item 8 of this Report. See also "Forward Looking Statements" preceding Part I, Item 1 of this Report.

Overview

The Company, through its wholly-owned subsidiaries, is a value-added distributor, and provides advisory and technical services. Through its vast sales organization, the Company provides its customers with planning, designing, and consulting services related to their commercial laundry operations. The Company sells and/or leases its customers commercial laundry equipment, specializing in washing, drying, finishing, material handling, water heating, power generation, and water reuse applications. In support of the suite of products it offers, the Company sells related parts and accessories. Additionally, through the Company's robust network of commercial laundry technicians, the Company provides its customers with installation, maintenance, and repair services.

The Company's customers include government, institutional, industrial, commercial and retail customers. Product purchases made by customers range from parts and accessories, to single or multiple units of equipment, to large complex systems. The Company also provides its customers with the services described above.

Prior to the completion of the Company's first acquisition pursuant to its "buy-and-build" growth strategy in October 2016, the Company's operations related to the activities described above consisted solely of the business and operations of Steiner-Atlantic Corp. ("Steiner-Atlantic"), a wholly-owned subsidiary of the Company. Beginning in 2015, the Company implemented a "buy-and-build" growth strategy which includes (i) the consideration and pursuit of acquisitions and other strategic transactions which management believes may complement the Company's existing business or otherwise offer growth opportunities for, or benefit, the Company and (ii) the implementation of a growth culture at acquired businesses based on the exchange of ideas and business concepts among the management teams of the Company and the acquired businesses as well as through certain additional initiatives, which may include investments in new locations, additional product lines, expanded service capabilities and advanced technologies. See "Buy-and-Build Growth Strategy" below and in Part I, Item 1 of this Report for additional information regarding the Company's "buy-and-build" growth strategy, including information regarding acquisitions consummated by the Company since its implementation of the "buy-and-build" growth strategy in 2015.

The Company reports its results of operations through a single reportable segment.

Total revenues for the fiscal year ended June 30, 2020 ("fiscal 2020") increased by 3% compared to the fiscal year ended June 30, 2019 ("fiscal 2019"). The increase in revenues during fiscal 2020 are attributable to a combination of increases in revenues at certain of the Company's legacy businesses and the revenues generated by the businesses acquired by the Company during fiscal 2020, including Professional Laundry Systems, LLC, which was acquired during August 2019, and Large Equipment, Inc. (d/b/a Laundry Systems of Tennessee) and TN Ozone, Inc. (d/b/a Premier Laundry Solutions and Premier Equipment Rental) (collectively "Laundry Systems of Tennessee"), which were acquired during January 2020. The increase in revenues was also attributable to the revenues of businesses acquired by the Company during fiscal 2019 whose results were consolidated in the Company's financial statements for all of fiscal 2020 as compared to just the period of fiscal 2019 from the respective closing date of the acquisition through the end of fiscal 2019, including Scott Equipment, Inc., which was acquired in September 2018, and PAC Industries, Inc., which was acquired in February 2019. These increases in revenues were largely offset by a decline in revenues from certain legacy businesses related to the COVID-19 pandemic (as further described below).

Net income for fiscal 2020 decreased by 79% from fiscal 2019. The decrease in net income is primarily attributable the decline in revenues from legacy businesses resulting from the COVID-19 pandemic and to an increase in operating expenses in connection with investments in the Company's growth strategy, partially offset by an increase in the Company's gross margins.

The Company's operating expenses consist primarily of (a) selling, general and administrative expenses, primarily salaries, and commissions and marketing expenses that are variable and correlate to changes in sales, (b) expenses related to the operation of warehouse facilities, including a fleet of installation and service vehicles, and facility rent, which are payable mostly under non-cancelable operating leases, and (c) operating expenses at the parent company, including compensation expenses, fees for professional services, expenses associated with being a public company, including increased expenses attributable to the Company's growth, and expenses in furtherance of the Company's "buy-and-build" growth strategy.

Impact of COVID-19 on the Company's Business

The COVID-19 pandemic has been, and continues to be, an unprecedented disruption in the economy and has negatively impacted, and may continue to negatively impact, the Company's business and results. Specifically, beginning at the end of the quarter ended March 31, 2020, the COVID-19 pandemic and accompanying economic disruption have caused delays and declines in the placement of customer orders, the completion of equipment and parts installations, and the fulfillment of parts orders. Accordingly, the Company experienced declines in revenue for the most recently completed third and fourth fiscal quarters compared to the same periods of the prior fiscal year. This trend may continue in the near-term and possibly longer, including, without limitation, if the pandemic increases in size and scope, its duration is prolonged or among other matters related thereto, governmental actions, including, without limitation, business restrictions are imposed. In response to the economic and business disruption, the Company has taken actions to reduce costs and spending across the organization, including changes to inventory stock levels, renegotiating payment terms with suppliers, and reducing hiring activities. The Company continues to actively monitor the COVID-19 pandemic and may take further actions, including those that may alter business operations, if required by federal, state or local authorities or otherwise determined to be advisable by management.

The Company is focused on ensuring ample liquidity to meet its business needs. To that end, during May 2020, the Company and certain of its subsidiaries received loans (the "PPP Loans") under the Paycheck Protection Program (the "PPP") established under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") in the aggregate principal amount of approximately $6.9 million. See "Liquidity and Capital Resources" below for additional information regarding the Company's credit facility and the PPP Loans.

As of the date of this Annual Report on Form 10-K, significant uncertainty exists concerning the magnitude of the impact and duration of the COVID-19 pandemic. Factors arising from the COVID-19 pandemic that have impacted, or may negatively impact, the Company's business and results, including sales and gross margin, in the future include, but are not limited to: limitations on the ability of suppliers to manufacture, or the Company's ability to procure from manufacturers, the products the Company sells, or to meet delivery requirements and commitments; limitations on the ability of the Company's employees to perform their work due to impacts caused by the pandemic or local, state, or federal orders that restrict the Company's operations or the operations of its customers, or require that the employees be quarantined; limitations on the ability of carriers to deliver products to the Company's facilities and customers; limitations on the ability or desire of the Company's customers to conduct their business, purchase products and services and pay for purchases on a timely basis or at all; and decreased demand for products and services.

The situation surrounding COVID-19 remains fluid. The Company is unable to determine or predict the nature, duration, or scope of the overall impact that the COVID-19 pandemic will have on the Company's business, results of operations, liquidity, or financial condition, as such impact will depend on future developments, including the severity and duration of the pandemic and government and other actions taken in response thereto, all of which are highly uncertain. Further, even after the COVID-19 pandemic subsides, the Company may continue to experience adverse impacts to its business as a result of, among other things, any economic impact that has occurred or may occur in the future and changes in customer or supplier behavior.

Buy-and Build Growth Strategy

Since the implementation of its "buy-and-build" growth strategy in 2015, the Company has consummated 14 business acquisitions, including, without limitation, the following:

- On October 10, 2016, the Company purchased substantially all the assets of Western State Design, LLC ("WSD"), a California-based distributor of commercial, industrial, and vended laundry products and provider of installation and maintenance services to the new and replacement segments of the commercial, industrial and vended laundry industry, for a purchase price consisting of $18.5 million in cash and 2,044,990 shares of the Company's common stock.

- On October 31, 2017, the Company purchased substantially all of the assets of Tri-State Technical Services, Inc. ("TRS"), a Georgia-based distributor of commercial, industrial, and vended laundry products and provider of installation and maintenance services to the new and replacement segments of the commercial, industrial and vended laundry industry. The consideration paid by the Company in connection with the acquisition consisted of approximately $7.95 million in cash and 338,115 shares of the Company's common stock.

- On February 9, 2018, the Company purchased substantially all of the assets of Zuf Acquisitions I LLC (d/b/a/ AAdvantage Laundry Systems) for approximately $11.0 million and Sky-Rent LP for approximately $6.0 million. The acquired businesses are based in Dallas and distribute commercial, industrial, and vended laundry products and provide installation and maintenance services to the new and replacement segments of the commercial, industrial and vended laundry industry. The approximately $20.4 million of total consideration paid by the Company consisted of approximately $8.1 million in cash and 348,360 shares of the Company's common stock.

- On September 12, 2018, the Company purchased substantially all of the assets of Scott Equipment, Inc. ("SEI"), a Texas-based distributor of commercial, industrial, and vended laundry products and provider of installation and maintenance services to the new and replacement segments of the commercial, industrial and vended laundry industry. The consideration paid by the Company in connection with this acquisition (the "SEI Acquisition") consisted of approximately $6.5 million in cash and 209,678 shares of the Company's common stock.

- On February 5, 2019, the Company acquired PAC Industries Inc. ("PAC"), a Pennsylvania-based distributor of commercial, industrial, and vended laundry products and provider of installation and maintenance services to the new and replacement segments of the commercial, industrial and vended laundry industry, pursuant to a merger whereby PAC merged with and into a newly-formed wholly-owned subsidiary of the Company (the "PAC Acquisition"). The consideration paid by the Company in connection with the PAC Acquisition consisted of $6.4 million in cash and 179,847 shares of the Company's common stock.

In addition to the SEI Acquisition and the PAC Acquisition, during fiscal 2019, the Company completed the acquisition of four other companies: Industrial Laundry Services, Inc. ("ILS") on September 4, 2018; Washington Automated, Inc. ("WAI") on November 6, 2018; Skyline Equipment, Inc. ("Skyline") on November 14, 2018; and Worldwide Laundry, Inc. ("WWL") on November 16, 2018, each of which is a distributor of commercial, industrial, and vended laundry products and a provider of installation and maintenance services to the new and replacement segments of the commercial, industrial and vended laundry industry. The total consideration for these four transactions consisted of $3.5 million in cash, net of $738,000 of cash acquired, and 141,000 shares of the Company's common stock.

During fiscal 2020, the Company acquired four businesses: Professional Laundry Systems, LLC ("PLS"), which was acquired on August 1, 2019; Large Equipment, Inc. (d/b/a Laundry Systems of Tennessee) and TN Ozone, Inc. (d/b/a Premier Laundry Solutions and Premier Equipment Rental) (collectively "LST"), which were acquired on January 31, 2020; and Commercial Laundry Equipment Company, Inc. ("CLE"), which was acquired on February 28, 2020. The total consideration for the acquisitions completed during fiscal 2020 consisted of $1.6 million in cash (subject to certain working capital and other adjustments), net of $192,000 of cash acquired, the assumption of $129,000 of long-term debt, and the issuance of 132,726 shares of the Company's common stock.

See Note 3 to the Consolidated Financial Statements included in Item 8 of this Report for additional information about the acquisitions completed during fiscal 2020 and fiscal 2019.

Each acquisition was effected by the Company through a separate wholly-owned subsidiary formed by the Company for the purpose of effecting the transaction, whether by an asset purchase or merger, and operating the acquired business following the transaction. In connection with each transaction, the Company, indirectly through its applicable wholly-owned subsidiary, also assumed certain of the liabilities of the acquired business. The financial position, including assets and liabilities, and results of operations of the acquired businesses following the respective closing dates of the acquisitions are included in the Company's consolidated financial statements.

Consolidated Financial Condition

The Company's total assets increased from $154.5 million at June 30, 2019 to $160.7 million at June 30, 2020. The increase in total assets was primarily attributable to the establishment of an operating lease asset in connection with the adoption of Accounting Standards Codification ("ASC") 842, Leases (Topic 842) ("ASC 842"), effective July 1, 2019, as described in Note 2 to the Consolidated Financial Statements included in Item 8 of this Report, an increase in cash, and the assets of the businesses acquired by the Company during fiscal 2020 as described above, partially offset by decreases in working capital, primarily accounts receivable and inventory. The decreases in accounts receivable and inventory were primarily the result of strategic initiatives undertaken in response to the COVID-19 pandemic, including, but not limited to, tightening of extension of credit to customers, increased collection activities and changes to inventory stock levels. The Company's total liabilities decreased slightly from $73.0 million at June 30, 2019 to $72.9 million at June 30, 2020, primarily due to a decrease in long-term debt, partially offset by increases in accounts payable and accrued expenses, increases in customer deposits, and the adoption of the aforementioned new lease accounting standard effective July 1, 2019, resulting in the establishment of an operating lease liability.

Liquidity and Capital Resources

The Company had cash of approximately $9.8 million at June 30, 2020 compared to $5.0 million at June 30, 2019. The increase in cash was primarily due to proceeds from changes in operating assets and liabilities, proceeds from the PPP Loans received by the Company and certain of its subsidiaries during May 2020, and earnings from operations, partially offset by cash used for optional debt repayments under the Company's 2018 Credit Agreement (as defined below), capital expenditures, and cash used to fund the cash consideration paid in connection with the Company's business acquisitions during fiscal 2020.

The following table summarizes the Company's Consolidated Statements of Cash Flows (in thousands):

	Fiscal Years Ended June 30,	
Net cash provided (used) by:	2020	2019
Operating activities	$ 23,066	$ (8,725)
Investing activities	$ (4,754)	$ (15,521)
Financing activities	$ (13,561)	$ 27,954

For fiscal 2020, operating activities provided cash of approximately $23.1 million compared to approximately $8.7 million of cash used by operating activities in fiscal 2019. The $31.8 million increase in cash provided by operating activities was primarily attributable to changes in accounts receivable, inventory and customer deposits, as discussed above, partially offset by a decrease in earnings from operations.

Investing activities used cash of approximately $4.8 million during fiscal 2020 compared to approximately $15.5 million in fiscal 2019. The $10.8 million decrease in cash used by investing activities is due primarily to a decrease in cash consideration paid in connection with acquisitions, partially offset by capital expenditures in furtherance of certain growth initiatives, including capital expenditures in connection with growth initiatives related to the equipment used in the laundry route and rental business in which certain of the Company's subsidiaries are engaged.

Financing activities used cash of approximately $13.6 million in fiscal 2020 compared to approximately $28.0 million in cash provided by financing activities in fiscal 2019. The cash used by financing activities during fiscal 2020 related to total repayments of debt under the Company's 2018 Credit Agreement and $573,000 in share repurchases to settle employee tax withholding obligations upon the vesting of restricted shares or in connection with the grant of unrestricted shares.

On November 2, 2018, the Company entered into a syndicated credit agreement (the "2018 Credit Agreement") for a five-year revolving credit facility in the maximum aggregate principal amount of up to $100 million, with an accordion feature to increase the revolving credit facility by up to $40 million for a total of $140 million. A portion of the revolving credit facility is available for swingline loans of up to a sublimit of $5 million and for the issuance of standby letters of credit of up to a sublimit of $10 million.

Borrowings (other than swingline loans) under the 2018 Credit Agreement bear interest at a rate, at the Company's election at the time of borrowing, equal to (a) LIBOR plus a margin that ranges from 1.25% to 1.75% depending on the Company's consolidated leverage ratio, which is a ratio of consolidated funded indebtedness to consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) (the "Consolidated Leverage Ratio") or (b) the highest of (i) prime, (ii) the federal funds rate plus 50 basis points, and (iii) the one month LIBOR rate plus 100 basis points (such highest rate, the "Base Rate"), plus a margin that ranges from 0.25% to 0.75% depending on the Consolidated Leverage Ratio. Swingline loans bear interest calculated at the Base Rate plus a margin that ranges from 0.25% to 0.75% depending on the Consolidated Leverage Ratio. The 2018 Credit Agreement has a term of five years and matures on November 2, 2023.

The 2018 Credit Agreement contains certain covenants, including financial covenants requiring the Company to comply with maximum leverage ratios and minimum interest coverage ratios. The 2018 Credit Agreement also contains other provisions which may restrict the Company's ability to, among other things, dispose of or acquire assets or businesses, incur additional indebtedness, make certain investments and capital expenditures, pay dividends, repurchase shares and enter into transactions with affiliates. At June 30, 2020, the Company was in compliance with its covenants under the 2018 Credit Agreement and $12.8 million was available to borrow under the revolving credit facility.

The obligations of the Company under the 2018 Credit Agreement are secured by substantially all of the assets of the Company and certain of its subsidiaries, and are guaranteed, jointly and severally, by certain of the Company's subsidiaries.

On May 21, 2020, the Company and certain of its subsidiaries received PPP Loans totaling approximately $6.9 million in principal amount from Fifth Third Bank, N.A. (the "Lender") under the PPP established under the CARES Act. Each PPP Loan is evidenced by a promissory note dated May 21, 2020 (each, a "Promissory Note") issued by the applicable borrower to the Lender. The term of each PPP Loan is two years. The interest rate on each PPP Loan is 1.00%, which is deferred for the first six months of the term of the PPP Loan. The Promissory Note evidencing each PPP Loan is in the Lender's standard form for loans made by it under the PPP and contains customary events of default relating to, among other things, payment defaults and breaches of representations and warranties or other provisions of the Promissory Note. The occurrence of an event of default may result in a claim for the immediate repayment of all amounts outstanding under the applicable PPP Loan, collection of all other amounts owing from the respective Borrower and filing suit and obtaining judgment against the respective Borrower. Each PPP Loan may be prepaid in whole or in part at any time without penalty.

The proceeds of the PPP Loans have been and are expected to be used for payroll costs but may also be used for other permitted purposes under the CARES Act, including rent or utility costs. Under the terms of the CARES Act, each borrower can apply for forgiveness for all or a portion of the PPP Loan and, as described below, the Company has agreed to apply and for each of its subsidiaries that received PPP Loans to apply for forgiveness. Such forgiveness will be determined, subject to limitations, based on the use of loan proceeds in accordance with the terms of the CARES Act, as described above, during the 24-week period after loan origination and the maintenance or achievement of certain employee levels. While the Company believes that the proceeds of the PPP Loans have been or will be used only for qualifying expenses in accordance with the terms of the CARES Act, any forgiveness of a PPP Loan will be subject to approval by the Lender and the U.S. Small Business Administration, which is administering the PPP under the CARES Act, and there can be no assurance that any or all of the PPP Loans will be forgiven in whole or in part.

The Company received the consent (the "Consent") of Bank of America, N.A., U.S. Bank National Association, and Fifth Third Bank under the Company's 2018 Credit Agreement in connection with its and its subsidiaries' receipt of the PPP Loans. The Consent, among other things, contains certain representations, warranties and agreements of the Company, including, without limitation, to use the proceeds of the PPP Loan only for permitted expenses under the CARES Act, to timely apply for forgiveness of the PPP Loans, and to maintain all records required to be submitted in connection with the forgiveness of the PPP Loans. The breach of any such representations, warranties or agreements will constitute a default under the 2018 Credit Agreement, subject to any applicable cure periods or provisions thereof.

The Company believes that its existing cash, anticipated cash from operations and funds available under the Company's 2018 Credit Agreement will be sufficient to fund its operations and anticipated capital expenditures for at least the next twelve months. The Company may also seek to raise funds through the issuance of equity and/or debt securities or the incurrence of additional secured or unsecured indebtedness, including in connection with acquisitions or other transactions consummated by the Company as part of its "buy-and-build" growth strategy.

Off-Balance Sheet Financing

As of June 30, 2020, the Company had no off-balance sheet financing arrangements within the meaning of Item 303(a)(4) of Regulation S-K.

Results of Operations

Revenues

Revenues for fiscal 2020 increased by approximately $7.5 million (3%) from fiscal 2019. The increase in revenues was primarily due to a combination of increases in revenues at certain of its legacy businesses and the revenues of the businesses acquired by the Company during fiscal 2020 as described above. In addition, the Company's revenues for fiscal 2020 include a full year of revenues of Scott Equipment and PAC Industries, which were acquired on September 12, 2018 and February 5, 2019, respectively, as compared to approximately nine months and four months of results of Scott Equipment and PAC Industries, respectively, for fiscal 2019. These increases in revenues were largely offset by a decline in revenues at certain of the Company's legacy businesses resulting from the COVID-19 pandemic.

From time to time the Company enters into longer-term contracts to fulfill large complex laundry projects for divisions of the federal government where the nature of, and competition for, such contracts may result in a lower gross margin as compared to other equipment sales. During fiscal 2020, the Company entered into a number of such lower-margin equipment sales. The Company believes that the increase in equipment sales provides a strong foundation for the Company to further strengthen its customer relationships, including that they may in the future result in higher gross margin opportunities from the sale of parts, accessories, supplies, and technical services related to the equipment. Despite the lower gross margin from such longer-term contracts, the Company believes that the long-term benefit from the increase in its installed equipment base will outweigh the possible short-term impact to gross margin.

Operating Expenses

	Fiscal Year Ended June 30,	
	2020	2019
As a percentage of revenues:		
Cost of sales, net	76.6%	76.9%
As a percentage of revenues:		
Selling, general and administrative expenses	22.2%	20.0%

Cost of sales, expressed as a percentage of revenues, decreased to 76.6% in fiscal 2020 from 76.9% in fiscal 2019, representing gross margins of 23.4% in fiscal 2020 and 23.1% in fiscal 2019. The increases were primarily attributable to product and customer mix.

Further, as described above, from time to time the Company enters into longer-term contracts, including to fulfill large complex laundry projects for divisions of the federal government. These contracts generally have a lower gross margin compared to other equipment sales and, as a result, adversely impact the Company's gross margin for periods in which a significant number of these contracts are entered into. However, the Company believes that these contracts will result in higher margin opportunities over the long-term. During fiscal 2020 and fiscal 2019, the Company entered into a number of longer-term federal government contracts, which adversely impacted the Company's gross margin for each such period. In the absence of such longer-term federal government contracts, gross margins for fiscal 2020 as compared to fiscal 2019 decreased 1.0% to 24.2%.

Selling, general and administrative expenses increased by approximately $6.7 million (15%) in fiscal 2020 compared to fiscal 2019. As a percentage of revenues, selling, general and administrative expenses increased to 22.2% in fiscal 2020 from 20.0% in fiscal 2019. The increase in operating expenses is primarily attributable to (a) operating expenses of acquired businesses, (b) additional operating expenses at the acquired businesses in pursuit of future growth and in support of the Company's growing operations, (c) increases in operating expenses at the parent company level in connection with the Company's growth, including greater accounting fees and expenses, legal fees, and insurance costs, (d) the addition of sales, service, and operations support professionals and related costs, as total personnel at June 30, 2020 increased by 5% compared to total personnel at June 30, 2019, with most of such growth attributable to sales and service related personnel, (e) increased investments in sales, service, and operations related technologies in support of the Company's "buy-and-build" growth strategy, and (f) an increase in non-cash amortization expense related to the intangible assets acquired in connection with acquisitions, an increase in depreciation expense and an increase in non-cash share-based compensation.

Interest expense, net was approximately $1.4 million in fiscal 2020 and fiscal 2019, and represents interest on borrowings. Interest expense was flat as the increase in average outstanding debt was offset by a decrease in interest rates under the 2018 Credit Agreement.

The Company's effective income tax rate was 42.5% for fiscal 2020 compared to 33.4% in fiscal 2019. The increase in the effective income tax rate in fiscal 2020 reflects the net impact of permanent book-tax differences resulting primarily from nondeductible compensation.

Inflation

Inflation did not have a significant effect on the Company's operations during either of fiscal 2020 or 2019.

Transactions with Related Parties

Certain of the Company's subsidiaries lease warehouse and office space from one or more of the principals of the Company or its subsidiaries. These leases include the following:

The Company's wholly-owned subsidiary, Steiner-Atlantic, leases 28,000 square feet of warehouse and office space from an affiliate of Michael S. Steiner, President of Steiner-Atlantic and a former director and officer of the Company, pursuant to a lease agreement dated November 1, 2014, as amended. The lease term was extended during January 2020 to run through October 31, 2020. Monthly base rental payments under the lease are $12,000. In addition to base rent, Steiner-Atlantic is responsible under the lease for costs related to real estate taxes, utilities, maintenance, repairs and insurance. Payments under this lease totaled approximately $148,000 and $146,000 during fiscal 2020 and 2019, respectively.

On October 10, 2016, the Company's wholly-owned subsidiary, Western State Design, entered into a lease agreement pursuant to which it leases 17,600 square feet of warehouse and office space from an affiliate of Dennis Mack, a director and Executive Vice President, Corporate Strategy of the Company, and Tom Marks, Executive Vice President, Business Development of the Company. Monthly base rental payments are $12,000 during the initial term of the lease. In addition to base rent, Western State Design is responsible under the lease for costs related to real estate taxes, utilities, maintenance, repairs and insurance. The lease has an initial term of five years and provides for two successive three-year renewal terms at the option of the Company. Payments under this lease totaled approximately $144,000 during each of fiscal 2020 and 2019.

On October 31, 2017, the Company's wholly-owned subsidiary, Tri-State Technical Services, entered into lease agreements pursuant to which it leases a total of 81,000 square feet of warehouse and office space from an affiliate of Matt Stephenson, President of Tri-State. Monthly base rental payments total $21,000 during the initial terms of the leases. In addition to base rent, Tri-State is responsible under the leases for costs related to real estate taxes, utilities, maintenance, repairs and insurance. Each lease has an initial term of five years and provides for two successive three-year renewal terms at the option of the Company. Payments under these leases totaled approximately $252,000 during each of fiscal 2020 and 2019.

On February 9, 2018, the Company's wholly-owned subsidiary, AAdvantage Laundry Systems, entered into a lease agreement pursuant to which it leases a total of 5,000 square feet of warehouse and office space from an affiliate of Mike Zuffinetti, former Chief Executive Officer of AAdvantage. Monthly base rental payments are $3,950 during the initial term of the lease. In addition to base rent, AAdvantage is responsible under the lease for costs related to real estate taxes, utilities, maintenance, repairs and insurance. The lease has an initial term of five years and provides for two successive three-year renewal terms at the option of the Company. During February 2018, AAdvantage entered into a month-to-month lease agreement with an affiliate of Mike Zuffinetti for a total of 17,000 square feet of warehouse and office space. Monthly base rental payments under this lease were $13,500. This month-to-month lease was terminated on October 31, 2018. In addition, on November 1, 2018, AAdvantage entered into a lease agreement pursuant to which it leases warehouse and office space from an affiliate of Mike Zuffinetti. Monthly base rental payments were $26,000 initially. Pursuant to the lease agreement, on January 1, 2019, the lease expanded to cover additional warehouse space and, in connection therewith, monthly base rental payments increased to $36,000. In addition to base rent, AAdvantage is responsible under the lease for costs related to real estate taxes, utilities, maintenance, repairs and insurance. The lease has an initial term of five years and provides for two successive three-year renewal terms at the option of the Company. Payments under the leases described in this paragraph totaled approximately $481,000 and $369,000 during fiscal 2020 and 2019, respectively.

On September 12, 2018, the Company's wholly-owned subsidiary, Scott Equipment, entered into lease agreements pursuant to which it leases a total of 18,000 square feet of warehouse and office space from an affiliate of Scott Martin, President of Scott Equipment. Monthly base rental payments total $11,000 during the initial terms of the leases. In addition to base rent, Scott Equipment is responsible under the leases for costs related to real estate taxes, utilities, maintenance, repairs and insurance. Each lease has an initial term of five years and provides for two successive three-year renewal terms at the option of the Company. Payments under these leases totaled approximately $137,000 and $114,000 during fiscal 2020 and 2019, respectively.

On February 5, 2019, the Company's wholly-owned subsidiary, PAC Industries, entered into two lease agreements pursuant to which it leases a total of 29,500 square feet of warehouse and office space from an affiliate of Frank Costabile, President of PAC Industries, and Rocco Costabile, Director of Finance of PAC Industries. Monthly base rental payments total $14,600 during the initial terms of the leases. In addition to base rent, PAC Industries is responsible under the leases for costs related to real estate taxes, utilities, maintenance, repairs and insurance. Each lease has an initial term of four years and provides for two successive three-year renewal terms at the option of the Company. Payments under these leases totaled approximately $176,000 and $73,000 during fiscal 2020 and 2019, respectively.

Critical Accounting Policies

Use of Estimates

In connection with the preparation of its financial statements in accordance with generally accepted accounting principles in the United States ("GAAP"), the Company makes estimates and assumptions, including those that affect the reported amounts of assets and liabilities, contingent assets and liabilities, and the reported amounts of revenues and expenses during the reported periods. Estimates and assumptions made may not prove to be correct, and actual results may differ from the estimates. The accounting policies that the Company has identified as critical to its business operations and to an understanding of the Company's financial statements are set forth below. The critical accounting policies discussed below are not intended to be a comprehensive list of all of the Company's accounting policies. In many cases, the accounting treatment of a particular transaction is specifically dictated by GAAP, with no need for management's judgment in their application. There are also areas in which management's judgment in selecting any available alternative would not produce a materially different result.

Revenue Recognition

Performance Obligations and Revenue Over Time

Revenue primarily consists of revenues from the sale or leasing of commercial and industrial laundry and dry cleaning equipment and steam and hot water boilers manufactured by others; the sale of related replacement parts and accessories; and the provision of installation and maintenance services. The Company generates revenue primarily from the sale of equipment and parts to customers. Therefore, the majority of the Company's contracts are short-term in nature and have a single performance obligation (to deliver products), and the Company's performance obligation is satisfied when control of the product is transferred to the customer. Other contracts contain a combination of equipment sales and services expected to be performed in the near-term, which services are distinct and accounted for as separate performance obligations. Significant judgment may be required by management to identify the distinct performance obligations within each contract. Revenue is recognized on these contracts when control transfers to the Company's customers via shipment of products or provision of services and the Company has the right to receive consideration for these products and services. Additionally, from time to time, the Company enters into longer-termed contracts which provide for the sale of the equipment by the Company and the provision by the Company of related installation and construction services. The installation on these types of contracts is usually completed within six to twelve months. The Company recognizes a portion of its revenue over time using the cost-to-cost measure of progress, which measures a contract's progress toward completion based on the ratio of actual contract costs incurred to date to the Company's estimated costs at completion. Significant judgment may be required by management in the cost estimation process for these contracts, which is based on the knowledge and experience of the Company's project managers, subcontractors and financial professionals. Changes in job performance and job conditions are factors that influence estimates of the total contract transaction price, total costs to complete those contracts and the

Company's revenue recognition. The determination of the total estimated cost and progress toward completion requires management to make significant estimates and assumptions. Total estimated costs to complete projects include various costs such as direct labor, material and subcontract costs. Changes in these estimates can have a significant impact on the revenue recognized each period. From time to time, the Company also enters into maintenance and service contracts. These longer-term contracts, maintenance and service contracts have a single performance obligation where revenue is recognized over time using the cost-to-cost measure of progress, which best depicts the continuous transfer of control of goods or services to the customer.

The Company measures revenue, including shipping and handling fees charged to customers, as the amount of consideration it expects to be entitled to receive in exchange for its goods or services, net of any taxes collected from customers and subsequently remitted to governmental authorities. Costs associated with shipping and handling activities performed after the customer obtains control are accounted for as fulfillment costs.

Revenue from products transferred to customers at a point in time is recognized when obligations under the terms of the contract with the Company's customer are satisfied, which generally occurs with the transfer of control upon shipment.

Revenues that are recognized over time include (i) longer-termed contracts that include equipment purchase with installation and construction services, (ii) maintenance contracts, and (iii) service contracts.

Contract Assets and Liabilities

Contract assets and liabilities are presented in the Company's condensed consolidated balance sheets. Contract assets consist of unbilled amounts resulting from sales under longer-term contracts when the cost-to-cost method of revenue recognition is utilized and revenue recognized exceeds the amount billed to the customer. As noted above, the cost estimation process for these contracts may require significant judgment by management. The Company typically receives progress payments on sales under longer-term contracts as work progresses, although for some contracts, the Company may be entitled to receive an advance payment. Contract assets also include retainage. Retainage represents a portion of the contract amount that has been billed, but for which the contract allows the customer to retain a portion of the billed amount (generally, from 5% to 20% of contract billings) until final contract settlement. Retainage amounts are generally classified as current assets within the Company's consolidated balance sheets. Retainage that has been billed, but is not due until completion of performance and acceptance by customers, is generally expected to be collected within one year. Contract liabilities consist of advanced payments, billings in excess of costs incurred and deferred revenue.

Goodwill

The Company evaluates goodwill for impairment annually or more frequently when an event occurs or circumstances change that indicate that the carrying value may not be recoverable. Goodwill is tested for impairment at the reporting unit level by first performing a qualitative assessment to determine whether it is more likely than not that the fair value of the reporting unit is less than its carrying value. If the reporting unit does not pass the qualitative assessment, then the reporting unit's carrying value is compared to its fair value. If the fair value is determined to be less than the carrying value, a second step is performed to measure the amount of impairment loss. This step compares the current implied goodwill in the reporting unit to its carrying amount. If the carrying amount of the goodwill exceeds the implied goodwill, an impairment is recorded for the excess. The identification and measurement of goodwill impairment involves the estimation of the fair value of the reporting unit and involves uncertainty because management must use judgment in determining appropriate assumptions to be used in the measurement of fair value. The Company performed its annual impairment test on April 1 and determined there was no impairment.

Customer Relationships, Tradenames and Other Intangible Assets

Customer relationships, tradenames, and other intangible assets are stated at cost less accumulated amortization. These assets, except for tradenames, are amortized on a straight-line basis over the estimated future periods to be benefited (5-10 years). The estimates of fair value of the Company's indefinite-lived intangibles and long-lived assets are based on information available as of the date of the assessment and take into account management's assumptions about expected future cash flows and other valuation techniques. The Company reviews the recoverability of intangible assets that are amortized based primarily upon an analysis of undiscounted cash flows from the intangible assets. In the event the expected future net cash flows become less than the carrying amount of the assets, an impairment loss would be recorded in the period the determination is made based on the fair value of the related assets.

Income Taxes

The Company follows Financial Accounting Standards Board ("FASB") ASC Topic 740, "Income Taxes" ("ASC 740"). Under the asset and liability method of ASC 740, deferred tax assets and liabilities are recognized for the future tax consequences attributed to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under ASC 740, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. If it is determined that it is more likely than not that some portion of a deferred tax asset will not be realized, a valuation allowance is recognized.

Significant judgment is required in developing the Company's provision for income taxes, deferred tax assets and liabilities, and any valuation allowances that might be required against the deferred tax assets. Management evaluates the Company's ability to realize its deferred tax assets on a quarterly basis and adjusts its valuation allowance when it believes that it is more likely than not that the asset will not be realized.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act of 2017 (the "Tax Act"). The Tax Act represents significant U.S. federal tax reform legislation that includes a permanent reduction to the U.S. federal corporate income tax rate. Pursuant to Staff Accounting Bulletin ("SAB") No. 118 ("SAB 118"), the Company's measurement period for implementing the accounting changes required by the Tax Act closed on December 22, 2018. The Company completed the accounting for the effects of the Tax Act in the second quarter of fiscal 2019. See Note 12 to the Consolidated Financial Statements included in Item 8 of this Report for additional information regarding income taxes.

Recently Issued Accounting Guidance

See Note 2 to the Consolidated Financial Statements included in Item 8 of this Report for a description of*Recently Issued Accounting Guidance*.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Market risk is defined as the risk of loss arising from adverse changes in market valuations resulting from interest rate risk, foreign currency exchange rate risk, commodity price risk and equity price risk. The Company's primary market risk is interest rate risk.

The Company's indebtedness subjects the Company to interest rate risk. Interest rates are subject to the influence of economic conditions generally, both domestic and foreign, and also to the monetary and fiscal policies of the United States and its agencies, particularly the Federal Reserve. The nature and timing of any changes in such policies or general economic conditions and the effect they may have on the Company are unpredictable. The Company's indebtedness may also have other important impacts on the

Company, including that the Company will be required to utilize cash flow to service the debt, indebtedness may make the Company more vulnerable to economic downturns, and the Company's indebtedness subjects the Company to covenants, which may place restrictions on its operations and activities, including its ability to pay dividends and take certain other actions. Interest on borrowings under the Company's 2018 Credit Agreement accrue at a rate, at the Company's election at the time of borrowing, equal to (a) LIBOR plus a margin that ranges from 1.25% to 1.75% depending on the Company's consolidated leverage ratio, which is a ratio of consolidated funded indebtedness to consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) (the "Consolidated Leverage Ratio") or (b) the highest of (i) prime, (ii) the federal funds rate plus 50 basis points, and (iii) the one-month LIBOR rate plus 100 basis points (such highest rate, the "Base Rate"), plus a margin that ranges from 0.25% to 0.75% depending on the Consolidated Leverage Ratio. As of June 30, 2020, the Company had approximately $21.0 million of outstanding borrowings under the 2018 Credit Agreement. Interest on such borrowings accrued at a weighted average rate of 1.68%. Based on the amounts outstanding at June 30, 2020, a hypothetical 1% increase in daily interest rates would increase the Company's annual interest expense by approximately $210,000.

All of the Company's export sales require the customer to make payment in United States dollars. Accordingly, foreign sales may be affected by the strength of the United States dollar relative to the currencies of the countries in which the Company's customers are located, as well as the strength of the economies of the countries in which the Company's customers are located. The Company has, at times in the past, paid certain suppliers in Euros. The Company had no foreign exchange contracts outstanding at June 30, 2020 or 2019.

The Company's cash are maintained in bank accounts which bear interest at prevailing interest rates. At June 30, 2020, bank deposits exceeded Federal Deposit Insurance Corporation insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to significant credit risk due to the financial position of the depository institutions in which those deposits are held.

Item 8. Financial Statements and Supplementary Data.

EVI Industries, Inc. and Subsidiaries

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Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors
EVI Industries, Inc.
Miami, Florida

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of EVI Industries, Inc. and Subsidiaries, formerly EnviroStar, Inc. (the “Company”) as of June 30, 2020 and 2019, the related consolidated statements of operations, shareholders’ equity, and cash flows for each of the two years in the period ended June 30, 2020, and the related notes (collectively referred to as the “consolidated financial statements”).

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at June 30, 2020 and 2019, and the results of its operations and its cash flows for each of the two years in the period ended June 30, 2020, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Company's internal control over financial reporting as of June 30, 2020, based on criteria established in *Internal Control – Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) and our report dated September 14, 2020 expressed an unqualified opinion thereon.

Change in Accounting Principle

As discussed in Notes 2 and 8 to the consolidated financial statements, the Company has changed its method of accounting for leases as of July 1, 2019 due to the adoption of Accounting Standards Codification Topic 842, Leases.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinions.

/s/ BDO USA, LLP

We have served as the Company's auditor since 2018.

Miami, Florida

September 14, 2020

EVI Industries, Inc. and Subsidiaries

Consolidated Balance Sheets

(In thousands, except share and per share data)

ASSETS

	June 30, 2020	June 30, 2019
Current assets		
Cash	$ 9,789	$ 5,038
Accounts receivable, net of allowance for doubtful accounts	23,042	30,557
Inventories, net	24,063	26,445
Vendor deposits	1,276	403
Contract assets	3,443	2,487
Other current assets	3,041	2,938
Total current assets	64,654	67,868
Equipment and improvements, net	7,992	5,865
Operating lease assets	5,311	-
Intangible assets, net	21,754	22,351
Goodwill	56,678	54,501
Other assets	4,329	3,900
Total assets	$ 160,718	$ 154,485

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

EVI Industries, Inc. and Subsidiaries

Consolidated Balance Sheets

(In thousands, except share and per share data)

LIABILITIES AND SHAREHOLDERS' EQUITY

	June 30, 2020	June 30, 2019
Current liabilities		
Accounts payable and accrued expenses	$ 24,292	$ 17,508
Accrued employee expenses	4,764	5,187
Customer deposits	8,511	7,163
Contract liabilities	558	854
Current portion of long-term debt	2,680	-
Current portion of operating lease liabilities	1,672	-
Total current liabilities	42,477	30,712
Deferred income taxes, net	1,728	1,708
Long-term operating lease liabilities	3,657	-
Long-term debt, net	25,030	40,563
Total liabilities	72,892	72,983
Commitments and contingencies (Note 16)		
Common stock related to acquiree's Employee Stock Ownership Plan ("ESOP")	-	4,240
Shareholders' equity		
Preferred stock, $1.00 par value; authorized shares – 200,000; none issued and outstanding	-	-
Common stock, $.025 par value; authorized shares – 20,000,000; 12,029,910 shares issued at June 30, 2020 and11,825,615 shares issued at June 30, 2019, including shares held in treasury	301	296
Additional paid-in capital	79,127	73,010
Retained earnings	10,410	9,635
Treasury stock, 95,396 shares, at cost, at June 30, 2020 and72,934 shares, at cost, at June 30, 2019	(2,012)	(1,439)
Common stock related to acquiree's ESOP	-	(4,240)
Total shareholders' equity	87,826	77,262
Total liabilities and shareholders' equity	$ 160,718	$ 154,485

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

EVI Industries, Inc. and Subsidiaries

Consolidated Statements of Operations

(in thousands, except per share data)

	For the year ended June 30, 2020	2019
Revenues	$ 235,802	$ 228,318
Cost of sales	180,595	175,620
Gross profit	55,207	52,698
Selling, general and administrative expenses	52,427	45,693
Operating income	2,780	7,005
Interest expense, net	1,432	1,389
Income before provision for income taxes	1,348	5,616
Provision for income taxes	573	1,873
Net income	$ 775	$ 3,743
Net earnings per share – basic	$ 0.06	$ 0.30
Net earnings per share – diluted	$ 0.06	$ 0.29

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

EVI Industries, Inc. and Subsidiaries

Consolidated Statements of Shareholders' Equity

(In thousands, except share data)

	Common Stock		*Additional Paid-in Capital*	*Treasury Stock*		*Retained Earnings*	*Common Stock Related to Acquiree's ESOP*	*Total*
	Shares	*Amount*		*Shares*	*Cost*			
Balance at June 30, 2018	11,239,656	$ 281	$ 49,950	52,686	$ (711)	$ 7,511	$ -	$ 57,031
Dividends paid ($.13 per share)	-	-	-	-	-	(1,619)	-	(1,619)
Share repurchases	-	-	-	20,248	(728)	-	-	(728)
Vesting of restricted shares	54,093	2	(2)	-	-	-	-	-
Issuances of shares under employee stock purchase plan	1,341	-	45	-	-	-	-	45
Issuance of shares in connection with acquisitions	530,525	13	21,277	-	-	-	(4,240)	17,050
Stock compensation	-	-	1,740	-	-	-	-	1,740
Net income	-	-	-	-	-	3,743	-	3,743
Balance at June 30, 2019	11,825,615	296	73,010	72,934	(1,439)	9,635	(4,240)	77,262
Share repurchases	-	-	-	22,462	(573)	-	-	(573)
Vesting of restricted shares	55,803	1	(1)	-	-	-	-	-
Issuances of shares under employee stock purchase plan	2,216	-	50	-	-	-	-	50
Issuance of shares in connection with acquisitions	132,726	4	3,766	-	-	-	4,240	8,010
Stock compensation	13,550	-	2,302	-	-	-	-	2,302
Net income	-	-	-	-	-	775	-	775
Balance at June 30, 2020	12,029,910	$ 301	$ 79,127	95,396	$ (2,012)	$ 10,410	$ -	$ 87,826

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

EVI Industries, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

(In Thousands)

Years ended June 30,	2020	2019
Operating activities:		
Net income	$ 775	$ 3,743
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation and amortization	3,696	2,743
Amortization of debt discount	55	95
Provision for bad debt expense	497	283
Non-cash lease expense	18	-
Share-based compensation	2,302	1,740
Inventory reserve	49	86
(Benefit) provision for deferred income taxes	(178)	861
Other	(109)	-
(Increase) decrease in operating assets:		
Accounts receivable	8,121	(8,934)
Inventories	3,969	(4,335)
Vendor deposits	(873)	203
Contract assets	(956)	(1,475)
Other assets	(356)	(988)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	5,568	2,381
Accrued employee expenses	(474)	241
Customer deposits	1,258	(5,964)
Contract liabilities	(296)	595
Net cash provided (used) by operating activities	23,066	(8,725)
Investing activities:		
Capital expenditures	(3,375)	(2,979)
Cash paid for acquisitions, net of cash acquired	(1,379)	(12,542)
Net cash used by investing activities	(4,754)	(15,521)
Financing activities:		
Dividends paid	-	(1,619)
Proceeds from borrowings	24,892	112,963
Debt repayments	(37,930)	(82,435)
Payment of debt issuance costs	-	(272)
Repurchases of common stock in satisfaction of employee tax withholding obligations	(573)	(728)
Issuances of common stock under employee stock purchase plan	50	45
Net cash (used) provided by financing activities	(13,561)	27,954
Net increase in cash	4,751	3,708
Cash at beginning of year	5,038	1,330
Cash at end of year	$ 9,789	$ 5,038
Supplemental information:		
Cash paid for interest	$ 1,475	$ 1,231
Cash paid for income taxes	$ 345	$ 1,737
Supplemental disclosure of non-cash financing activities		
Common stock issued for acquisitions	$ 3,770	$ 21,290

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

EVI Industries, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

1. General

Nature of Business

EVI Industries, Inc., formerly EnviroStar, Inc., indirectly through its subsidiaries (EVI Industries, Inc. and its subsidiaries, collectively, the "Company"), is a value-added distributor, and provides advisory and technical services. Through its vast sales organization, the Company provides its customers with planning, designing, and consulting services related to their commercial laundry operations. The Company sells and/or leases its customers commercial laundry equipment, specializing in washing, drying, finishing, material handling, water heating, power generation, and water reuse applications. In support of the suite of products it offers, the Company sells related parts and accessories. Additionally, through the Company's robust network of commercial laundry technicians, the Company provides its customers with installation, maintenance, and repair services.

The Company's customers include government, institutional, industrial, commercial and retail customers. Product purchases made by customers range from parts and accessories, to single or multiple units of equipment, to large complex systems. The Company also provides its customers with the services described above.

The Company reports its results of operations through a single operating and reportable segment.

"Buy-and-Build" Growth Strategy

Prior to the completion of the Company's first acquisition, the WSD Acquisition (as defined below), pursuant to its "buy-and-build" growth strategy, the Company's operations related to the activities described above consisted solely of the business and operations of Steiner-Atlantic Corp. ("Steiner-Atlantic"), a wholly-owned subsidiary of the Company. Beginning in 2015, the Company implemented a "buy-and-build" growth strategy. Since the implementation of its "buy-and-build" growth strategy, the Company has consummated 14 business acquisitions, including, without limitation, the following:

- On October 10, 2016, the Company purchased substantially all the assets of Western State Design, LLC ("WSD"), a California-based distributor of commercial, industrial, and vended laundry products and provider of installation and maintenance services to the new and replacement segments of the commercial, industrial and vended laundry industry, for a purchase price consisting of $18.5 million in cash and 2,044,990 shares of the Company's common stock.

- On October 31, 2017, the Company purchased substantially all of the assets of Tri-State Technical Services, Inc. ("TRS"), a Georgia-based distributor of commercial, industrial, and vended laundry products and provider of installation and maintenance services to the new and replacement segments of the commercial, industrial and vended laundry industry. The consideration paid by the Company in connection with the acquisition consisted of approximately $7.95 million in cash and 338,115 shares of the Company's common stock.

- On February 9, 2018, the Company purchased substantially all of the assets of Zuf Acquisitions I LLC (d/b/a/ AAdvantage Laundry Systems) for approximately $11.0 million and Sky-Rent LP for approximately $6.0 million. The acquired businesses are based in Dallas and distribute commercial, industrial, and vended laundry products and provide installation and maintenance services to the new and replacement segments of the commercial, industrial and vended laundry industry. The approximately $20.4 million of total consideration paid by the Company consisted of approximately $8.1 million in cash and 348,360 shares of the Company's common stock.

- On September 12, 2018, the Company purchased substantially all of the assets of Scott Equipment, Inc. ("SEI"), a Texas-based distributor of commercial, industrial, and vended laundry products and provider of installation and maintenance services to the new and replacement segments of the commercial, industrial and vended laundry industry. The consideration paid by the Company in connection with this acquisition (the "SEI Acquisition") consisted of approximately $6.5 million in cash and 209,678 shares of the Company's common stock.

- On February 5, 2019, the Company acquired PAC Industries Inc. ("PAC"), a Pennsylvania-based distributor of commercial, industrial, and vended laundry products and provider of installation and maintenance services to the new and replacement segments of the commercial, industrial and vended laundry industry, pursuant to a merger whereby PAC merged with and into a newly-formed wholly-owned subsidiary of the Company (the "PAC Acquisition"). The consideration paid by the Company in connection with this acquisition consisted of $6.4 million in cash and 179,847 shares of the Company's common stock.

See Note 3 for additional information about the SEI Acquisition and the PAC Acquisition and the other acquisitions consummated by the Company during fiscal 2019 and fiscal 2020.

Each acquisition was effected by the Company through a separate wholly-owned subsidiary formed by the Company for the purpose of effecting the transaction, whether by an asset purchase or merger, and operating the acquired business following the transaction. In connection with each transaction, the Company, indirectly through its applicable wholly-owned subsidiary, also assumed certain of the liabilities of the acquired business.

The financial position, including assets and liabilities, and results of operations of the acquired businesses following the respective closing dates of the acquisitions are included in the Company's consolidated financial statements.

Impact of COVID-19 Pandemic

The COVID-19 pandemic has been, and continues to be, an unprecedented disruption in the economy and has negatively impacted, and may continue to negatively impact, the Company's business and results. Specifically, beginning at the end of the quarter ended March 31, 2020, the COVID-19 pandemic and accompanying economic disruption have caused delays and declines in the placement of customer orders, the completion of equipment and parts installations, and the fulfillment of parts orders. Accordingly, the Company experienced declines in revenue for the most recently completed third and fourth fiscal quarters compared to the same periods of the prior fiscal year. This trend may continue in the near-term and possibly longer, including, without limitation, if the pandemic increases in size and scope, its duration is prolonged or among other matters related thereto, governmental actions, including, without limitation, business restrictions are imposed. In response to the economic and business disruption, the Company has taken actions to reduce costs and spending across the organization, including changes to inventory stock levels, renegotiating payment terms with suppliers, and reducing hiring activities. The Company continues to actively monitor the COVID-19 pandemic and may take further actions, including those that may alter business operations, if required by federal, state or local authorities or otherwise determined to be advisable by management.

The Company is focused on ensuring ample liquidity to meet its business needs. To that end, during May 2020, the Company and certain of its subsidiaries received loans (the "PPP Loans") under the Paycheck Protection Program (the "PPP") established under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") in the aggregate principal amount of approximately $6.9 million. See Note 13 below for additional information regarding the Company's credit facility and the PPP Loans.

As of the date of this Annual Report on Form 10-K, significant uncertainty exists concerning the magnitude of the impact and duration of the COVID-19 pandemic. Factors arising from the COVID-19 pandemic that have impacted, or may negatively impact, the Company's business and results, including sales and gross margin, in the future include, but are not limited to: limitations on the ability of suppliers to manufacture, or the Company's ability to procure from manufacturers, the products the Company sells, or to meet delivery requirements and commitments; limitations on the ability of the Company's employees to perform their work due to impacts caused by the pandemic or local, state, or federal orders that restrict the Company's operations or the operations of its customers, or require that the employees be quarantined; limitations on the ability of carriers to deliver products to the Company's facilities and customers; limitations on the ability or desire of the Company's customers to conduct their business, purchase products and services and pay for purchases on a timely basis or at all; and decreased demand for products and services.

The situation surrounding COVID-19 remains fluid. The Company is unable to determine or predict the nature, duration, or scope of the overall impact that the COVID-19 pandemic will have on the Company's business, results of operations, liquidity, or financial condition, as such impact will depend on future developments, including the severity and duration of the pandemic and government and other actions taken in response thereto, all of which are highly uncertain. Further, even after the COVID-19 pandemic subsides, the Company may continue to experience adverse impacts to its business as a result of, among other things, any economic impact that has occurred or may occur in the future and changes in customer or supplier behavior.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of EVI Industries, Inc. and its subsidiaries, all of which are wholly-owned. Intercompany transactions and balances have been eliminated in consolidation.

Revenue Recognition

The Company recognizes revenue when a sales arrangement with a customer exists (sales contract, purchase or sales order, or other indication of an arrangement), the transaction price is fixed and determinable, and the Company has satisfied the performance obligation(s) per the sales arrangement.

Performance Obligations and Revenue Over Time

Revenue primarily consists of revenues from the sale or leasing of commercial and industrial laundry and dry cleaning equipment and steam and hot water boilers manufactured by others; the sale of related replacement parts and accessories; and the provision of installation and maintenance services. The Company generates revenue primarily from the sale of equipment and parts to customers. Therefore, the majority of the Company's contracts are short-term in nature and have a single performance obligation (to deliver products), and the Company's performance obligation is satisfied when control of the product is transferred to the customer. Other contracts contain a combination of equipment sales and services expected to be performed in the near-term, which services are distinct and accounted for as separate performance obligations. Significant judgment may be required by management to identify the distinct performance obligations within each contract. Revenue is recognized on these contracts when control transfers to the Company's customers via shipment of products or provision of services and the Company has the right to receive consideration for these products and services. Additionally, from time to time, the Company enters into longer-termed contracts which provide for the sale of the equipment by the Company and the provision by the Company of related installation and construction services. The installation on these types of contracts is usually completed within six to twelve months. The Company recognizes a portion of its revenue over time using the cost-to-cost measure of progress, which measures a contract's progress toward completion based on the ratio of actual contract costs incurred to date to the Company's estimated costs at completion. Significant judgment may be required by management in the cost estimation process for these contracts, which is based on the knowledge and experience of the Company's project managers, subcontractors and financial professionals. Changes in job performance and job conditions are factors that influence estimates of the total contract transaction price, total costs to complete those contracts and the Company's revenue recognition. The determination of the total estimated cost and progress toward completion requires management to make significant estimates and assumptions. Total estimated costs to complete projects include various costs such as direct labor, material and subcontract costs. Changes in these estimates can have a significant impact on the revenue recognized each period. From time to time, the Company also enters into maintenance contracts and ad hoc maintenance and installation service contracts. These longer-term contracts, and maintenance and service contracts have a single performance obligation where revenue is recognized over time using the cost-to-cost measure of progress, which best depicts the continuous transfer of control of goods or services to the customer.

The Company measures revenue, including shipping and handling fees charged to customers, as the amount of consideration it expects to be entitled to receive in exchange for its goods or services, net of any taxes collected from customers and subsequently remitted to governmental authorities. Costs associated with shipping and handling activities performed after the customer obtains control are accounted for as fulfillment costs and are not promised services that have to be further evaluated under revenue recognition standards.

Revenue from products transferred to customers at a point in time include commercial and vended laundry parts and equipment sales and accounted for approximately 87% of the Company's revenue for the fiscal year ended June 30, 2020 and 83% of the Company's revenue for the fiscal year ended June 30, 2019. Revenue from products transferred to customers at a point in time is recognized when obligations under the terms of the contract with the Company's customer are satisfied, which generally occurs with the transfer of control upon shipment.

Revenues that are recognized over time include (i) longer-termed contracts that include equipment purchase with installation and construction services, (ii) maintenance contracts, and (iii) service contracts. Revenue from products and services that are recognized over time accounted for approximately 13% of the Company's revenue for the fiscal year ended June 30, 2020 and 17% of the Company's revenue for the fiscal year ended June 30, 2019.

Contract Assets and Liabilities

Contract assets and liabilities are presented in the Company's consolidated balance sheets. Contract assets consist of unbilled amounts resulting from sales under longer-term contracts when the cost-to-cost method of revenue recognition is utilized and revenue recognized exceeds the amount billed to the customer. As noted above, the cost estimation process for these contracts may require significant judgment by management. The Company typically receives progress payments on sales under longer-term contracts as work progresses, although for certain contracts, the Company may be entitled to receive an advance payment. Contract assets also include retainage. Retainage represents a portion of the contract amount that has been billed, but for which the contract allows the customer to retain a portion of the billed amount (generally, from 5% to 20% of contract billings) until final contract settlement. Retainage amounts are generally classified as current assets within the Company's consolidated balance sheets. Retainage that has been billed, but is not due until completion of performance and acceptance by customers, is generally expected to be collected within one year. Contract liabilities consist of advanced payments, billings in excess of costs incurred and deferred revenue.

Costs, estimated earnings and billings on longer-term contracts when the cost-to-cost method of revenue recognition is utilized as of June 30, 2020 and 2019 consisted of the following (in thousands):

June 30,	2020	2019
Costs incurred on uncompleted contracts	$ 17,019	$ 19,285
Estimated earnings	1,580	1,224
Less: billings to date	(16,637)	(19,673)
Retainage	923	797
Ending balance	$ 2,885	$ 1,633

These amounts are included in the Company's consolidated balance sheets under the following captions (in thousands):

June 30,	2020	2019
Contract assets	$ 3,443	$ 2,487
Contract liabilities	(558)	(854)
Ending balance	$ 2,885	$ 1,633

Goodwill

Goodwill is recorded when the purchase price paid for an acquisition exceeds the fair value of net assets acquired in a business combination. The Company evaluates goodwill for impairment annually or more frequently when an event occurs or circumstances change that indicate that the carrying value may not be recoverable. Goodwill is tested for impairment at the reporting unit level by first performing a qualitative assessment to determine whether it is more likely than not that the fair value of the reporting unit is less than its carrying value. If the reporting unit does not pass the qualitative assessment, then the reporting unit's carrying value is compared to its fair value. If the fair value is determined to be less than the carrying value, a second step is performed to measure the amount of impairment loss. This step compares the current implied goodwill in the reporting unit to its carrying amount. If the carrying amount of the goodwill exceeds the implied goodwill, an impairment is recorded for the excess. The identification and measurement of goodwill impairment involves the estimation of the fair value of the reporting unit and involves uncertainty because management must use judgment in determining appropriate assumptions to be used in the measurement of fair value. The Company performed its annual impairment test on April 1, 2020 and determined there was no impairment.

Accounts Receivable

Accounts receivable are customer obligations due under what management believes to be customary trade terms. The Company sells its products primarily to hospitals, nursing homes, government institutions, laundry plants, hotels, motels, vended laundry facilities and distributors and dry cleaning stores and chains. The Company performs continuing credit evaluations of its customers' financial condition and depending on the terms of credit, the amount of the credit granted and management's history with a customer, the Company may require the customer to grant a security interest in the purchased equipment as collateral for the receivable. Management reviews accounts receivable on a regular basis to determine whether it is probable that any amounts are impaired. The Company includes any balances that are deemed probable to be impaired in its overall allowance for doubtful accounts. The provision for doubtful accounts is recorded in selling, general and administrative expenses in the consolidated statements of operations. If customary attempts to collect a receivable are not successful, the receivable is then written off against the allowance for doubtful accounts. The Company's allowance for doubtful accounts was $820,000 at June 30, 2020 and $323,000 at June 30, 2019. Actual write-offs may vary from the recorded allowance.

Cash

The Company has not experienced any losses in its cash accounts and believes it is not exposed to significant credit risk due to the financial position of the depository institutions in which those deposits are held.

Inventories

Inventories consist principally of equipment inventories and spare part inventories. Equipment inventories are valued at the lower of cost, determined on the specific identification method, or net realizable value. Spare part inventories are valued at the lower of average cost or net realizable value. Lower of cost or net realizable value adjustments are recorded in cost of goods sold in the consolidated statement of operations.

Equipment, Improvements and Depreciation

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are calculated on straight-line methods over useful lives of five to seven years for furniture and equipment and theshorter of ten years or the remaining lease term (including renewal periods that are deemed reasonably assured) for leasehold improvements. Depreciation and amortization of property and equipment is included in selling, general and administrative expenses in the consolidated statements of operations. Repairs and maintenance costs are expensed as incurred.

Customer-Related Intangibles, Tradenames and Other Intangible Assets

Finite-lived intangibles are amortized over their estimated useful life while indefinite-lived intangibles and goodwill are not amortized. Customer-related intangibles, non-compete, and other finite-lived intangible assets are stated at cost less accumulated amortization, and are amortized on a straight-line basis over the estimated future periods to be benefited (5-10 years). The estimates of fair value of the Company's indefinite-lived intangibles and long-lived assets are based on information available as of the date of the assessment and takes into account management's assumptions about expected future cash flows and other valuation techniques. Amortization of finite-lived intangibles is included in selling, general and administrative expenses in the consolidated statements of operations. The Company also evaluates indefinite-lived intangible assets each reporting period to determine whether events and circumstances continue to support an indefinite useful life. The Company performed its annual impairment test on April 1, 2020 and determined there was no impairment.

Asset Impairments

The Company periodically reviews the carrying amounts of its long-lived assets, including property, plant and equipment and finite-lived intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If an asset is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of are reported at the lower of their carrying amount or fair value less estimated costs to sell. The Company has concluded that there was no impairment of long-lived assets in the fiscal year ended June 30, 2020 or the fiscal year ended June 30, 2019.

Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Management evaluates these estimates on an ongoing basis. Estimates which may be particularly significant to the Company's consolidated financial statements include those relating to the determination of impairment of assets (including goodwill and intangible assets), the useful life of property and equipment, net realizable value of inventory, the residual value of leased equipment, the recoverability of deferred income tax assets, allowances for doubtful accounts, intangible assets, estimates to complete on contracts where revenue is recognized over time, the carrying value of inventories and long-lived assets, the timing of revenue recognition, and sales returns and allowances. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the recognition of revenues and expenses and the carrying value of assets and liabilities that are not readily apparent from other sources. Assumptions and estimates may, however, prove to have been incorrect, and actual results may differ from these estimates.

Earnings Per Share

The Company computes earnings per share using the two-class method. The two-class method of computing earnings per share is an earnings allocation formula that determines earnings per share for common stock and any participating securities according to dividends declared (whether paid or unpaid) and participation rights in undistributed earnings. Shares of the Company's common stock subject to unvested restricted stock awards are considered participating securities because these awards contain a non-forfeitable right to dividends paid prior to forfeiture of the restricted stock, if any, irrespective of whether the awards ultimately vest. During fiscal 2020 and fiscal 2019, the Company granted restricted stock awards of 187,169 and 6,845 shares, respectively, and 28,110 and 27,500 restricted stock units, respectively, under the EVI Industries, Inc. 2015 Equity Incentive Plan (see Note 19). During fiscal 2020, the Company also granted stock awards (not subject to forfeiture) of 13,550 shares of the Company's common stock (5,262 of which shares were withheld to satisfy tax withholding obligations). Shares of restricted stock are deemed to constitute a second class of stock for accounting purposes. Basic and diluted earnings per share for fiscal 2020 and fiscal 2019 are computed as follows (in thousands, except per share data):

EVI Industries, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

	For the years ended June 30, 2020	2019
Net income	$ 775	$ 3,743
Less: distributed and undistributed income allocated to non-vested restricted common stock	62	260
Net income allocated to EVI Industries, Inc. shareholders	$ 713	$ 3,483
Weighted average shares outstanding used in basic earnings per share	11,841	11,533
Dilutive common share equivalents	330	489
Weighted average shares outstanding used in dilutive earnings per share	12,171	12,022
Basic earnings per share	$ 0.06	$ 0.30
Diluted earnings per share	$ 0.06	$ 0.29

At June 30, 2020, other than 735,040 unvested shares subject to restricted stock awards, there were no potentially dilutive securities outstanding. The remaining 307,790 shares of restricted common stock were not included in the calculation of diluted earnings per share because their impact was anti-dilutive. At June 30, 2019, other than 813,610 shares subject to restricted stock awards, there were no potentially dilutive securities outstanding. The remaining 69,744 shares of restricted common stock were not included in the calculation of diluted earnings per share because their impact was anti-dilutive.

Supplier Concentration

The Company purchases laundry, dry cleaning equipment, boilers and other products from a number of manufacturers and suppliers. Purchases from three manufacturers accounted for a total of approximately 63% of the Company's purchases for fiscal 2020 and 62% of the Company's purchases for fiscal 2019.

Advertising Costs

The Company expenses the cost of advertising as of the first date an advertisement is run. The Company incurred approximately $377,000 and $355,000 of advertising costs for fiscal 2020 and 2019, respectively, which are included in selling, general and administrative expenses in the consolidated statements of operations.

Shipping and Handling

Shipping and handling costs associated with inbound freight are capitalized to inventories and relieved through cost of sales as inventories are sold. Shipping and handling costs associated with the delivery of products are included in selling, general and administrative expenses.

Fair Value of Certain Current Assets and Current Liabilities

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The inputs used to measure fair value are prioritized based on a three-level hierarchy. The three levels of inputs used to measure fair value are as follows:

- Level 1 - Quoted prices in active markets for identical assets and liabilities.
- Level 2 - Observable inputs other than quoted prices included in Level 1. This includes dealer and broker quotations, bid prices, quoted prices for similar assets and liabilities in active markets, or other inputs that are observable or can be corroborated by observable market data.
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The Company has no assets or liabilities that are adjusted to fair value on a recurring basis. The Company did not have any assets or liabilities measured at fair value on a nonrecurring basis during fiscal 2020 or 2019, except for certain assets acquired and liabilities assumed in a business combination (as described in Note 3).

The Company’s cash, accounts receivable and accounts payable are reflected in the accompanying consolidated financial statements at cost, which approximated estimated fair value, using Level 1 inputs, as they are maintained with various high-quality financial institutions and have original maturities of three months or less. The fair value of the Company’s indebtedness was estimated using Level 2 inputs based on quoted prices for those or similar debt instruments using applicable interest rates as of June 30, 2020 and approximated the carrying value of such debt because it accrues interest at variable rates that are repriced frequently. This approximates fair value based on the variable interest rate.

Customer Deposits

Customer deposits represent advances paid by customers when placing orders for equipment with the Company.

Net Investment in Sales Type Leases

The Company derives a portion of its revenue from leasing arrangements. Such arrangements provide for monthly payments covering the equipment sales, maintenance, and interest. These arrangements meet the criteria to be accounted for as sales type leases. Accordingly, the equipment sale is recognized upon delivery of the system and acceptance by the customer. Upon the recognition of revenue, an asset is established for the investment in sales type leases. Maintenance revenue and interest are recognized monthly over the lease term.

Income Taxes

The Company recognizes income taxes using the asset and liability method. Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributed to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. If it is determined that it is more likely than not that some portion of a deferred tax asset will not be realized, a valuation allowance is recognized.

Judgment is required in developing the Company's provision for income taxes, deferred tax assets and liabilities, and any valuation allowances that might be required against the deferred tax assets. Management evaluates the Company's ability to realize its deferred tax assets on a quarterly basis and adjusts the valuation allowance when it believes that it is more likely than not that the asset will not be realized. There were no valuation allowance adjustments during fiscal 2020 or fiscal 2019.

The Company accounts for uncertainty in income taxes using a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more than 50% likely of being realized upon ultimate settlement. The Company considers many factors when evaluating and estimating its tax positions and tax benefits, which may require periodic adjustments and which may not accurately reflect actual outcomes. The Company does not believe that there are any unrecognized tax benefits as of June 30, 2020 or 2019 related to tax positions taken on its income tax returns. The Company's policy is to classify interest and penalties related to unrecognized tax benefits, if and when required, as part of interest expense and general and administrative expense, respectively, in the consolidated statements of operations.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act of 2017 (the "Tax Act"). The Tax Act represents significant U.S. federal tax reform legislation that includes a permanent reduction to the U.S. federal corporate income tax rate.

The CARES Act, among its other provisions, includes tax provisions relating to refundable payroll tax credits, deferment of employer's social security payments, net operating loss utilization and carryback periods, modifications to the net interest deduction limitations and technical corrections to tax depreciation methods for qualified improvement property (QIP), and financing options. Aside from the PPP Loans obtained by the Company and its subsidiaries (as discussed above), the CARES Act did not have a material impact on the Company's income tax provision for 2020.

Leases

Adoption of New Lease Standard

On July 1, 2019, the Company adopted Accounting Standards Codification ("ASC") 842, Leases (Topic 842) ("ASC 842"), which, among other things, requires lessees to recognize substantially all leases on their balance sheets and disclose certain additional key information about leasing arrangements. The new standard establishes a right of use ("ROU") model that requires a lessee to recognize a ROU asset and liability on the balance sheet for all leases with a term longer than 12 months. Leases are required to be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statement of operations. The Company adopted this standard using the modified retrospective transition approach, which requires a cumulative-effect adjustment, if any, to the opening balance of retained earnings to be recognized on the date of adoption without restatement of prior periods. Therefore, the accompanying condensed consolidated financial statements for fiscal 2020 are presented under the new standard, while the comparative period financial statements presented herein were not adjusted for this standard and continue to be reported in accordance with the Company's previous lease accounting policy. There was no cumulative-effect adjustment recorded on July 1, 2019.

The Company elected the package of transition practical expedients for expired or existing contracts, which does not require reassessment of: (1) whether any of the Company's contracts are or contain leases, (2) lease classification and (3) initial direct costs.

The primary impact for the Company was the balance sheet recognition of ROU assets (operating lease assets) and lease liabilities for operating leases as a lessee. The adoption of ASC 842 did not have a material impact on the results of operations or cash flows of the Company. See Note 8, "Leases," for further discussion regarding the Company's adoption of the new lease accounting standard.

Recently Issued Accounting Guidance

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" ("ASU 2016-13"), which changes the way companies evaluate credit losses for most financial assets and certain other instruments. For trade and other receivables, held-to-maturity debt securities, loans and other specified instruments, entities will be required to use a new forward-looking "expected loss" model to evaluate impairment, potentially resulting in earlier recognition of allowances for losses. The new standard also requires enhanced disclosures, including the requirement to disclose the information used to track credit quality by year of origination for most financing receivables. The guidance must be applied using a cumulative-effect transition method. ASU 2016-13 is effective for fiscal years beginning after December 15, 2020, and for interim periods within those fiscal years (the fiscal year ending June 30, 2022 for the Company), with early adoption permitted. The Company is currently evaluating the impact that adopting this guidance may have on its consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-04, "Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment", which is designed to simplify the subsequent measurement of goodwill. The new guidance will eliminate the second step from the goodwill impairment test required in computing the implied fair value of goodwill. Instead, under the amendment, an entity will be required to perform its annual or interim goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and, if applicable, the entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the charge recognized should not exceed the total amount of goodwill allocated to that reporting unit. If applicable, an entity should consider income tax effects from any tax deductible goodwill on the carrying amount of the reporting unit when performing the goodwill impairment test. The amendments in this guidance are effective for public business entities for annual and interim goodwill impairment tests performed in fiscal years beginning after December 15, 2019 (the fiscal year ending June 30, 2021 for the Company), with early adoption permitted. The Company is currently evaluating the impact, if any, that adopting this guidance may have on its consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15, "Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40) Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract" ("ASU 2018-15"), to reduce diversity in practice in accounting for the costs of implementing cloud computing arrangements that are service contracts. ASU 2018-15 aligns the requirements for capitalizing implementation costs incurred in a cloud computing arrangement that is a service contract with the requirements for internal-use software. Accounting for the service element of the cloud computing arrangement is not affected by the new guidance. Under ASU 2018-15, amortization expense and payments for, and asset balances related to, such capitalized implementation costs are to be presented within the same line items of the entity's balance sheets and statements of operations and cash flows, as the related balances and service fee activity would be presented. ASU 2018-15 is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2019, with early adoption permitted. The Company is currently evaluating the potential effect of the adoption of ASU 2018-15 on its consolidated financial statements.

In March 2020, the FASB issued ASU No. 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting." The new guidance provides temporary optional guidance to ease the potential burden in accounting for reference rate reform. The new guidance provides optional expedients and exceptions for applying generally accepted accounting principles to transactions affected by reference rate reform if certain criteria are met. These transactions include: contract modifications, hedging relationships, and the sale or transfer of debt securities classified as held-to-maturity. Entities may apply the

provisions of the new standard as of the beginning of the reporting period when the election is made. The provisions of this update are only available until December 31, 2022, when the reference rate replacement activity is expected to be completed. The Company is currently evaluating the impact that adopting this guidance may have on its consolidated financial statements.

Management does not believe that other issued accounting standards and updates which are not yet effective will have a material impact on the Company's consolidated financial position, results of operations or cash flows upon adoption.

3. Acquisitions

SEI Acquisition

On September 12, 2018, the Company completed the acquisition (the "SEI Acquisition") of Scott Equipment Inc. ("SEI"), a Texas-based distributor of commercial, industrial, and vended laundry products and provider of installation and maintenance services to the new and replacement segments of the commercial, industrial and vended laundry industry. In the SEI Acquisition, the Company, indirectly through its newly-formed wholly-owned subsidiary, Scott Equipment Inc. ("Scott Equipment"), purchased substantially all of the assets of SEI for a purchase price consisting of approximately $6,500,000 in cash and 209,678 shares of the Company's common stock. The Company funded the cash consideration with borrowings under its credit facility at the time. Fees and expenses related to the SEI Acquisition, consisting primarily of legal and other professional fees, totaled approximately $65,000 and are classified as selling, general and administrative expenses in the Company's consolidated statement of operations for the fiscal year ended June 30, 2019. The Company, indirectly through Scott Equipment, also assumed certain of the liabilities of SEI. The total purchase price for accounting purposes was $15.9 million, which included cash acquired of $2.8 million.

The SEI Acquisition was treated for accounting purposes as a purchase of SEI using the acquisition method of accounting. Under the acquisition method of accounting, the aggregate consideration in the SEI Acquisition was allocated to the acquired assets and assumed liabilities, in each case, based on their respective fair values as of the closing date, with the excess of the consideration transferred over the fair value of the net assets acquired being allocated to intangible assets and goodwill. The computation of the purchase price consideration and the preliminary allocation of the consideration to the net assets acquired are presented in the following tables (in thousands):

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Purchase price consideration:		
Cash consideration, net of cash acquired[(a)]	$	3,709
Stock consideration[(b)]		9,436
Total purchase price consideration, net of cash acquired	$	13,145

(a)Includes $6,500,000 paid net of $2.8 million of cash acquired.

(b)Calculated as 209,678 shares of the Company's common stock, multiplied by $45.00, the closing price of the Company's common stock on the closing date.

Allocation of purchase price consideration:		
Accounts receivable	$	2,658
Inventory		1,595
Other assets		156
Equipment and improvements		424
Intangible assets		3,100
Accounts payable and accrued expenses		(740)
Customer deposits		(398)
Total identifiable net assets		6,795
Goodwill		6,350
Total	$	13,145

Intangible assets consist of $1.3 million allocated to the Scott Equipment trade name and $1.8 million allocated to customer-related intangible assets. The Scott Equipment trade name is indefinite-lived and therefore not subject to amortization. The Scott Equipment trade name is evaluated for impairment annually or more frequently if an event occurs or circumstances change that indicate it may be impaired, by comparing its fair value to its carrying amount to determine if a write-down to fair value is required. Customer-related intangible assets will be amortized over 10 years.

Goodwill is expected to be amortized and deductible for tax purposes over15 years. Goodwill is attributable primarily to the assembled workforce acquired, as well as benefits from the increased scale of the Company as a result of the SEI Acquisition.

PAC Acquisition

On February 5, 2019, the Company completed the acquisition (the "PAC Acquisition") of PAC Industries Inc. ("PAC"), a Pennsylvania-based distributor of commercial, industrial, and vended laundry products and provider of installation and maintenance services to the new and replacement segments of the commercial, industrial and vended laundry industry, pursuant to a merger whereby PAC merged with and into PAC Industries Inc., a newly-formed wholly-owned subsidiary of the Company ("PAC Industries"). The purchase price in the PAC Acquisition consisted of approximately $6,400,000 in cash and 179,847 shares of the Company's common stock. The Company funded the cash consideration with borrowings under its current credit facility. Fees and expenses related to the PAC Acquisition, consisting primarily of legal and other professional fees, totaled approximately $182,000 and are classified as selling, general and administrative expenses in the Company's consolidated statement of operations for the fiscal year ended June 30, 2019. The total purchase price for accounting purposes was $13.1 million, which included cash acquired of $1.1 million.

The PAC Acquisition was treated for accounting purposes as a purchase of PAC using the acquisition method of accounting. Under the acquisition method of accounting, the aggregate consideration in the PAC Acquisition was allocated to the assets and liabilities of PAC, in each case, based on their respective fair values as of the closing date, with the excess of the consideration transferred over the fair value of the net assets acquired being allocated to intangible assets and goodwill. The computation of the purchase price consideration and the preliminary allocation of the consideration to the net assets acquired are presented in the following tables (in thousands):

Purchase price consideration:		
Cash consideration, net of cash acquired[(a)]	$	5,312
Stock consideration[(b)]		6,653
Total purchase price consideration, net of cash acquired	$	11,965

(a)Includes $6,400,000 paid net of $1.1 million of cash acquired.

(b)Calculated as 179,847 shares of the Company's common stock, multiplied by $36.99, the closing price of the Company's common stock on the closing date.

Allocation of purchase price consideration:		
Accounts receivable	$	2,231
Inventory		2,136
Other assets		158
Equipment and improvements		357
Intangible assets		3,000
Accounts payable and accrued expenses		(1,912)
Customer deposits		(465)
Assumption of debt		(200)
Total identifiable net assets		5,305
Goodwill		6,660
Total	$	11,965

Intangible assets consist of $1.1 million allocated to the PAC Industries trade name and $1.9 million allocated to customer-related intangible assets. The PAC Industries trade name is indefinite-lived and therefore not subject to amortization. The PAC Industries trade name is evaluated for impairment annually or more frequently if an event occurs or circumstances change that indicate it may be impaired, by comparing its fair value to its carrying amount to determine if a write-down to fair value is required. Customer-related intangible assets will be amortized over 10 years.

Goodwill is expected to be amortized and deductible for tax purposes over15 years. Goodwill is attributable primarily to the assembled workforce of PAC, as well as benefits from the increased scale of the Company as a result of the PAC Acquisition.

In connection with the PAC Acquisition, the Company transferred 114,634 shares to PAC's ESOP. These shares were not permitted to be traded during the six-month period commencing on the closing date. Further, if a distribution event had occurred during such six-month period, then each participant would have had the option to require the Company to purchase such participant's shares at fair market value. Due to the Company's obligation under this put option, the distributed shares subject to the put option and the shares held by the ESOP were classified as temporary equity in the mezzanine section of the consolidated balance sheet as of June 30, 2019. There were no distribution events during the six-month restriction period, and the restriction period expired in August 2019. As a result, such shares are classified as permanent equity in the consolidated balance sheet as of June 30, 2020.

Other Acquisitions

As previously described, in addition to the SEI Acquisition and the PAC Acquisition, during the fiscal ended June 30, 2019, the Company completed the acquisition of four other companies (Industrial Laundry Services, Inc. on September 4, 2018, Washington Automated, Inc. on November 6, 2018, Skyline Equipment, Inc. on November 14, 2018 and Worldwide Laundry, Inc. on November 16, 2018). The total consideration for these four transactions consisted of $3.5 million in cash, net of $738,000 of cash acquired, and 141,000 shares of the Company's common stock. The Company funded the cash consideration for each acquisition with credit facility borrowings. Each acquisition was treated for accounting purposes as a purchase of the acquired business using the acquisition method of accounting in accordance with ASC 805, *Business Combinations*, pursuant to which the consideration paid by the Company was allocated to the acquired assets and assumed liabilities, in each case, based on their respective fair values as of the closing date, with the excess of the consideration transferred over the fair value of the net assets acquired being allocated to intangible assets and goodwill. The Company allocated a total of $4.5 million to goodwill, $1.3 million to customer-related intangibles, and $690,000 to the respective trade names. Goodwill totaling $2.5 million from certain of these acquisitions is expected to be amortized and deductible for tax purposes over 15 years. Goodwill is attributable primarily to the assembled workforces, as well as benefits from the increased scale of the Company as a result of these acquisitions.

During the fiscal year ended June 30, 2020, the Company completed the acquisitions of Professional Laundry Systems, LLC, which was acquired on August 1, 2019; Large Equipment, Inc. (d/b/a Laundry Systems of Tennessee) and TN Ozone, Inc. (d/b/a Premier Laundry Solutions and Premier Equipment Rental), which were acquired on January 31, 2020; and Commercial Laundry Equipment Company, Inc., which was acquired on February 28, 2020. The total consideration for these four transactions consisted of $1.6 million in cash, net of $192,000 of cash acquired, the assumption of $129,000 of long-term debt and the issuance of 132,726 shares of the Company's common stock, with an aggregate grant date fair value of $3.8 million. The Company funded the cash consideration for each acquisition with credit facility borrowings. Each acquisition was treated for accounting purposes as a purchase of the acquired business using the acquisition method of accounting in accordance with ASC 805, *Business Combinations*, pursuant to which the consideration paid by the Company was allocated to the acquired assets and assumed liabilities, in each case, based on their respective fair values as of the closing date, with the excess of the consideration transferred over the fair value of the net assets acquired being allocated to intangible assets and goodwill. The Company has preliminarily allocated a total of $2.1 million to goodwill, $680,000 to customer-related intangibles, and $410,000 to the respective trade names. The purchase price allocations are considered preliminary as the Company is still assessing certain working capital items. Goodwill totaling $988,000 from certain of these acquisitions is expected to be amortized and deductible for tax purposes over 15 years. Goodwill is attributable primarily to the assembled workforces, as well as benefits from the increased scale of the Company as a result of these acquisitions.

Supplemental Pro Forma Results of Operations

The following unaudited supplemental pro forma information presents the results of operations of the Company, after giving effect to the SEI Acquisition, the PAC Acquisition and the other acquisitions completed during fiscal 2019 or fiscal 2020 as described above, as if the Company had completed each such transaction on July 1, 2018, using the estimated fair values of the assets acquired and liabilities assumed. These unaudited pro forma results are presented for informational purposes only and are not necessarily indicative of what the actual results of operations of the Company would have been if the transactions had occurred on the date assumed, nor are they indicative of future results of operations.

	For the year ended June 30, 2020 (Unaudited)	2019 (Unaudited)
(in thousands)		
Revenues	$ 242,537	$ 270,278
Net income	959	4,736

The Company's consolidated results of operations for fiscal 2020 include total revenue of approximately $57.3 million and total net loss of approximately $519,000 attributable to businesses acquired during fiscal 2020 and 2019, based on the consolidated effective tax rate. The Company's consolidated results of operations for fiscal 2019 include total revenue of approximately $39.4 million and total net income of approximately $73,000 attributable to businesses acquired during fiscal 2019, based on the consolidated effective tax rate. These results of acquired businesses do not include the effects of acquisition costs or interest expense associated with consideration paid for the related acquisitions.

4. Accounts Receivable

Accounts receivable as of June 30, 2020 and 2019 consisted of the following (in thousands):

June 30,	2020	2019
Accounts receivable - trade	$ 18,500	$ 26,158
Contract receivables	5,362	4,722
	23,862	30,880
Allowance for doubtful accounts	(820)	(323)
	$ 23,042	$ 30,557

5. Inventories

Inventories as of June 30, 2020 and 2019 were comprised of (in thousands):

June 30,	2020	2019
Equipment and parts	$ 24,402	$ 26,735
Reserve	(339)	(290)
	$ 24,063	$ 26,445

The Company established reserves of approximately $339,000 and $290,000 as of June 30, 2020 and 2019, respectively, against slow moving inventory.

6. Vendor Deposits

Vendor deposits represent advances made to the Company's vendors for specialized inventory on order.

7. Other Current Assets

Other current assets as of June 30, 2020 and 2019 were comprised of (in thousands):

June 30,	2020	2019
Other receivables	$ 209	$ 856
Prepaid insurance	277	251
Other current assets	2,555	1,831
	$ 3,041	$ 2,938

8. Leases

Company as Lessee

The Company leases warehouse and distribution facilities and administrative office space, generally for terms ofthree to five years.

As described in Note 2, "Summary of Significant Accounting Policies" above, the Company adopted ASC Topic 842, Leases ("ASC 842" or "Topic 842"), utilizing the modified retrospective adoption method with an effective date of July 1, 2019. The Company made the election to not apply the recognition requirements in Topic 842 to short-term leases (i.e., leases of 12 months or less). Instead, as permitted by Topic 842, the Company recognizes the lease payments under its short-term leases in profit or loss on a straight-line basis over the lease term. The Company elected this accounting policy for all classes of underlying assets. In addition, in accordance with Topic 842, variable lease payments in the period in which the obligation for those payments is incurred are not included in the recognition of a lease liability or right-of-use asset.

Right-of-use assets represent the Company's right to use an underlying asset for the lease term, and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Right-of-use assets and liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term. When available, the Company uses the rate implicit in the lease to discount lease payments to present value. However, certain of the Company's leases do not provide a readily determinable implicit rate. For such leases, the Company estimates the incremental borrowing rate to discount lease payments based on information available at lease commencement. The Company uses instruments with similar characteristics when calculating its incremental borrowing rates.

The Company has options to extend certain of its operating leases for additional periods of time and the right to terminate several of its operating leases prior to their contractual expirations, in each case, subject to the terms and conditions of the lease. The lease term consists of the non-cancellable period of the lease and the periods covered by Company options to extend the lease when management considers it reasonably certain that the Company will exercise such options. The Company's lease agreements do not contain residual value guarantees. The Company has elected to not separate non-lease components from the associated lease component for all underlying classes of assets with lease and non-lease components.

As of June 30, 2020, the Company had23 facilities, consisting of warehouse facilities and administrative offices, financed under operating leases with lease term expirations between 2020 and 2028. Rent expense consists of monthly rental payments under the terms of the Company's lease agreements recognized on a straight-line basis.

The following table sets forth the Company's future minimum lease payments under operating lease liabilities recorded on the Company's condensed consolidated balance sheet as of June 30, 2020. The table below does not include commitments that are contingent on events or other factors that are currently uncertain or unknown.

Fiscal years ending		Maturity of Operating Lease Liabilities *(in thousands)*
2021	$	1,832
2022		1,609
2023		1,199
2024		392
2025		192
Thereafter		500
Total lease payments	$	5,724
Less: amounts representing interest		395
Present value of lease liabilities	$	5,329
Less: current portion		1,672
Long-term portion	$	3,657

The table below presents additional information related to the Company's operating leases (in thousands):

Operating lease cost		Twelve months ended June 30, 2020
Operating lease cost (1)	$	1,935
Short-term lease cost (1)		190
Variable lease cost (1)		177
Total lease cost	$	2,302

(1) Expenses are classified within selling, general and administrative expenses in the Company's condensed consolidated statement of operations for the year ended June 30, 2020.

The table below presents lease-related terms and discount rates as of June 30, 2020:

	June 30, 2020
Weighted average remaining lease terms	
Operating leases	4.0 years
Weighted average discount rate	
Operating leases	3.5%

The table below presents supplemental cash flow information related to the Company's long-term operating lease liabilities as of June 30, 2020 (in thousands):

		Twelve months ended June 30, 2020
Cash paid for amounts included in the measurement of lease liabilities:	$	1,935
Operating lease right-of-use assets obtained in exchange for operating lease liabilities:	$	1,366

Minimum future rental commitments for all of the Company's real property leases, including those with related parties, as of June 30, 2019, which continues to be presented in accordance with ASC Topic 840, Leases ("ASC 840" or "Topic 840") approximate the following (in thousands):

Fiscal years ending June 30,		
2021	$	1,554
2022		1,332
2023		1,031
2024		179
Total minimum lease payments	$	4,096

Company as Lessor

The Company derives a portion of its revenue from equipment leasing arrangements. Such arrangements provide for monthly payments covering the equipment provided, maintenance, and interest. These arrangements meet the criteria to be accounted for as sales type leases. Accordingly, revenue related to the provision of the equipment is recognized upon delivery of the equipment and its acceptance by the customer. Upon the recognition of such revenue, an asset is established for the investment in sales type leases. Maintenance revenue and interest are recognized monthly over the lease term.

The future minimum lease payments receivable for sales type leases are as follows (in thousands):

Fiscal years ending June 30,		Total Minimum Lease Payments to be Received		Amortization of Unearned Income		Net Investment in Sales Type Leases
2021	$	1,615	$	941	$	674
2022		1,190		644		546
2023		873		434		439
2024		551		256		295
2025		193		98		95
Thereafter		235		105		130
					$	2,179*

* Excludes residual values of $1.8 million.

The total net investments in sales type leases, including stated residual values, as of June 30, 2020 and June 30, 2019 was $3.9 million and $3.0 million, respectively. The current portion of $3.2 million and $0.5 million is included in other current assets in the consolidated balance sheets as of June 30, 2020 and June 30, 2019, respectively, and the long term portion of $0.7 million and $2.5 million is included in other assets in the consolidated balance sheets as of June 30, 2020 and June 30, 2019, respectively.

9. Equipment and Improvements

Major classes of equipment and improvements as of June 30, 2020 and 2019 consisted of the following (in thousands):

June 30,		2020		2019
Furniture and equipment	$	5,099	$	3,365
Leasehold improvements		2,137		1,567
Vehicles		5,326		3,902
		12,562		8,834
Accumulated depreciation and amortization		(4,570)		(2,969)
	$	7,992	$	5,865

EVI Industries, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Depreciation and amortization of equipment and improvements amounted to approximately $2.0 million in fiscal 2020 and $1.2 million in fiscal 2019.

10. Goodwill and Intangible Assets

The changes in the carrying amount of goodwill are as follows (in thousands):

Balance at June 30, 2018	$	37,061
Goodwill from SEI Acquisition		6,350
Goodwill from PAC Acquisition		6,660
Goodwill from other fiscal 2019 acquisitions (as described in Note 3)		4,430
Balance at June 30, 2019		54,501
Goodwill from fiscal 2020 acquisitions (as described in Note 3)		2,094
Other		83
Balance at June 30, 2020	$	56,678

Customer-related intangibles, tradenames and other intangible assets as of June 30, 2020 and 2019 consisted of the following (dollars in thousands):

June 30,	*Estimated Useful Lives (in years)*		2020		2019
Customer-related intangibles	8-10	$	16,037	$	15,340
Tradenames	Indefinite		9,555		9,145
Covenants not to compete	5		566		566
License agreements	10		529		529
Trademarks and patents	10-15		176		176
			26,863		25,756
Accumulated amortization			(5,109)		(3,405)
		$	21,754	**$**	22,351

Amortization expense was approximately $1.7 million in fiscal 2020 and $1.5 million in fiscal 2019. Weighted average remaining estimated useful lives for customer-related intangibles, covenants not to compete, license agreements, and trademarks and patents were 7.5 years, 1.5 years, 0 years and 0.3 years, respectively.

Based on the carrying amount of intangible assets as of June 30, 2020, and assuming no future impairment of the underlying assets, the estimated future amortization at the end of each fiscal year in the five-year period ending June 30, 2025 and thereafter is as follows (in thousands):

Fiscal years ending June 30,		
2021	$	1,730
2022		1,664
2023		1,621
2024		1,621
2025		1,617
Thereafter		3,946
Total	$	12,199

11. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses as of June 30, 2020 and 2019 were comprised of (in thousands):

June 30,	2020	2019
Accounts payable	$ 18,888	$ 11,305
Accrued expenses	4,572	5,065
Sales tax accruals	832	1,138
	$ 24,292	$ 17,508

12. Income Taxes

The following are the components of income taxes (in thousands):

Fiscal years ended June 30,	2020	2019
Current		
Federal	$ 489	$ 673
State	262	339
	751	1,012
Deferred		
Federal	(37)	663
State	(141)	198
	(178)	861
	$ 573	$ 1,873

The reconciliation of income tax expense computed at the federal statutory tax rate of 21% for the fiscal years ended June 30, 2020 and 2019 to the provision for income taxes is as follows (in thousands):

Fiscal years ended June 30,	2020	2019
Tax at the statutory rate	$ 283	$ 1,180
State income taxes, net of federal benefit	67	323
Nondeductible compensation	340	485
Other	(117)	(115)
	$ 573	$ 1,873
Effective tax rate	42.5%	33.4%

EVI Industries, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Deferred income taxes reflect the net tax effect of temporary differences between the basis of assets and liabilities for financial reporting purposes and the basis used for income tax purposes. Significant components of the Company's current and noncurrent deferred tax assets and liabilities as of June 30, 2020 and 2019 were as follows (in thousands):

Fiscal years ended June 30,	2020	2019
Deferred tax assets:		
Allowance for doubtful accounts	$ 106	$ 116
Inventory capitalization	385	471
Stock compensation	705	499
Accrued liabilities	221	-
Other	554	46
	1,971	1,132
Deferred tax liabilities:		
Goodwill	(2,120)	(1,375)
Depreciation	(412)	(1,217)
Intangible assets	(1,167)	(248)
	(3,699)	(2,840)
Net deferred income tax (liabilities) assets	$ (1,728)	$ (1,708)

As of June 30, 2020, the Company was subject to potential federal and state tax examinations for the tax years including and subsequent to 2015.

As previously discussed, on December 22, 2017, the U.S. government enacted the Tax Act. The Tax Act represents significant U.S. federal tax reform legislation that includes a permanent reduction to the U.S. federal corporate income tax rate.

13. Debt

The Company's long-term debt as of June 30, 2020 and 2019 was as follows (in thousands):

	June 30, 2020	June 30, 2019
Revolving Line of Credit	$ 21,000	$ 40,800
PPP Loans	6,892	-
Less: unamortized discount and deferred financing costs	(182)	(237)
Total debt, net	27,710	40,563
Less: current maturities of long-term debt	(2,680)	-
Total long-term debt	$ 25,030	$ 40,563

On November 2, 2018, the Company entered into a syndicated credit agreement (the "2018 Credit Agreement") for a five-year revolving credit facility in the maximum aggregate principal amount of up to $100 million, with an accordion feature to increase the revolving credit facility by up to $40 million for a total of $140 million. A portion of the revolving credit facility is available for swingline loans of up to a sublimit of $5 million and for the issuance of standby letters of credit of up to a sublimit of $10 million.

Borrowings (other than swingline loans) under the 2018 Credit Agreement bear interest at a rate, at the Company's election at the time of borrowing, equal to (a) LIBOR plus a margin that ranges from 1.25% to 1.75% depending on the Company's consolidated leverage ratio, which is a ratio of consolidated funded indebtedness to consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) (the "Consolidated Leverage Ratio") or (b) the highest of (i) prime, (ii) the federal funds rate plus 50 basis points, and (iii) the one month LIBOR rate plus 100 basis points (such highest rate, the "Base Rate"), plus a margin that ranges from 0.25% to 0.75% depending on the Consolidated Leverage Ratio. Swingline loans bear interest calculated at the Base Rate plus a margin that ranges from 0.25% to 0.75% depending on the Consolidated Leverage Ratio. The 2018 Credit Agreement has a term of five years and matures on November 2, 2023.

The 2018 Credit Agreement contains certain covenants, including financial covenants requiring the Company to comply with maximum leverage ratios and minimum interest coverage ratios. The 2018 Credit Agreement also contains other provisions which may restrict the Company's ability to, among other things, dispose of or acquire assets or businesses, incur additional indebtedness, make certain investments and capital expenditures, pay dividends, repurchase shares and enter into transactions with affiliates. At June 30, 2020, the Company was in compliance with its covenants under the 2018 Credit Agreement and $12.8 million was available to borrow under the revolving credit facility.

The obligations of the Company under the 2018 Credit Agreement are secured by substantially all of the assets of the Company and certain of its subsidiaries, and are guaranteed, jointly and severally, by certain of the Company's subsidiaries.

On May 21, 2020, the Company and certain of its subsidiaries received PPP Loans totaling approximately $6.9 million in principal amount from Fifth Third Bank, N.A. (the "Lender") under the PPP established under the CARES Act. Each PPP Loan is evidenced by a promissory note dated May 21, 2020 (each, a "Promissory Note") issued by the applicable borrower to the Lender. The term of each PPP Loan is two years. The interest rate on each PPP Loan is 1.00%, which is deferred for the first six months of the term of the PPP Loan. The Promissory Note evidencing each PPP Loan is in the Lender's standard form for loans made by it under the PPP and contains customary events of default relating to, among other things, payment defaults and breaches of representations and warranties or other provisions of the Promissory Note. The occurrence of an event of default may result in a claim for the immediate repayment of all amounts outstanding under the applicable PPP Loan, collection of all other amounts owing from the respective Borrower and filing suit and obtaining judgment against the respective Borrower. Each PPP Loan may be prepaid in whole or in part at any time without penalty.

The proceeds of the PPP Loans have been and are expected to be used for payroll costs but may also be used for other permitted purposes under the CARES Act, including rent or utility costs. Under the terms of the CARES Act, each borrower can apply for forgiveness for all or a portion of the PPP Loan and, as described below, the Company has agreed to apply and for each of its subsidiaries that received PPP Loans to apply for forgiveness. Such forgiveness will be determined, subject to limitations, based on the use of loan proceeds in accordance with the terms of the CARES Act, as described above, during the 24-week period after loan origination and the maintenance or achievement of certain employee levels. While the Company believes that the proceeds of the PPP Loans have been or will be used only for qualifying expenses in accordance with the terms of the CARES Act, any forgiveness of a PPP Loan will be subject to approval by the Lender and the U.S. Small Business Administration, which is administering the PPP under the CARES Act, and there can be no assurance that any or all of the PPP Loans will be forgiven in whole or in part.

The Company received the consent (the "Consent") of Bank of America, N.A., U.S. Bank National Association, and Fifth Third Bank under the Company's 2018 Credit Agreement in connection with its and its subsidiaries' receipt of the PPP Loans. The Consent, among other things, contains certain representations, warranties and agreements of the Company, including, without limitation, to use the proceeds of the PPP Loan only for permitted expenses under the CARES Act, to timely apply for forgiveness of the PPP Loans, and to maintain all records required to be submitted in connection with the forgiveness of the PPP Loans. The breach of any such representations, warranties or agreements will constitute a default under the 2018 Credit Agreement, subject to any applicable cure periods or provisions thereof.

14. Related Party Transactions

Certain of the Company's subsidiaries lease warehouse and office space from one or more of the principals of the Company or its subsidiaries. These leases include the following:

The Company's wholly-owned subsidiary, Steiner-Atlantic, leases 28,000 square feet of warehouse and office space from an affiliate of Michael S. Steiner, President of Steiner-Atlantic and a former director and officer of the Company, pursuant to a lease agreement dated November 1, 2014, as amended. The lease term was extended during January 2020 to run through October 31, 2020. Monthly base rental payments under the lease are $12,000. In addition to base rent, Steiner-Atlantic is responsible under the lease for costs related to real estate taxes, utilities, maintenance, repairs and insurance. Payments under this lease totaled approximately $148,000 and $146,000 during fiscal 2020 and 2019, respectively.

On October 10, 2016, the Company's wholly-owned subsidiary, Western State Design, entered into a lease agreement pursuant to which it leases 17,600 square feet of warehouse and office space from an affiliate of Dennis Mack, a director and Executive Vice President, Corporate Strategy of the Company, and Tom Marks, Executive Vice President, Business Development of the Company. Monthly base rental payments are $12,000 during the initial term of the lease. In addition to base rent, Western State Design is responsible under the lease for costs related to real estate taxes, utilities, maintenance, repairs and insurance. The lease has an initial term of five years and provides for two successive three-year renewal terms at the option of the Company. Payments under this lease totaled approximately $144,000 during each of fiscal 2020 and 2019.

On October 31, 2017, the Company's wholly-owned subsidiary, Tri-State Technical Services, entered into lease agreements pursuant to which it leases a total of 81,000 square feet of warehouse and office space from an affiliate of Matt Stephenson, President of Tri-State. Monthly base rental payments total $21,000 during the initial terms of the leases. In addition to base rent, Tri-State is responsible under the leases for costs related to real estate taxes, utilities, maintenance, repairs and insurance. Each lease has an initial term of five years and provides for two successive three-year renewal terms at the option of the Company. Payments under these leases totaled approximately $252,000 during each of fiscal 2020 and 2019.

On February 9, 2018, the Company's wholly-owned subsidiary, AAdvantage Laundry Systems, entered into a lease agreement pursuant to which it leases a total of 5,000 square feet of warehouse and office space from an affiliate of Mike Zuffinetti, former Chief Executive Officer of AAdvantage. Monthly base rental payments are $3,950 during the initial term of the lease. In addition to base rent, AAdvantage is responsible under the lease for costs related to real estate taxes, utilities, maintenance, repairs and insurance. The lease has an initial term of five years and provides for two successive three-year renewal terms at the option of the Company. During February 2018, AAdvantage entered into a month-to-month lease agreement with an affiliate of Mike Zuffinetti for a total of 17,000 square feet of warehouse and office space. Monthly base rental payments under this lease were $13,500. This month-to-month lease was terminated on October 31, 2018. In addition, on November 1, 2018, AAdvantage entered into a lease agreement pursuant to which it leases warehouse and office space from an affiliate of Mike Zuffinetti. Monthly base rental payments were $26,000 initially. Pursuant to the lease agreement, on January 1, 2019, the lease expanded to cover additional warehouse space and, in connection therewith, monthly base rental payments increased to $36,000. In addition to base rent, AAdvantage is responsible under the lease for costs related to real estate taxes, utilities, maintenance, repairs and insurance. The lease has an initial term of five years and provides for two successive three-year renewal terms at the option of the Company. Payments under the leases described in this paragraph totaled approximately $481,000 and $369,000 during fiscal 2020 and 2019, respectively.

On September 12, 2018, the Company's wholly-owned subsidiary, Scott Equipment, entered into lease agreements pursuant to which it leases a total of 18,000 square feet of warehouse and office space from an affiliate of Scott Martin, President of Scott Equipment. Monthly base rental payments total $11,000 during the initial terms of the leases. In addition to base rent, Scott Equipment is responsible under the leases for costs related to real estate taxes, utilities, maintenance, repairs and insurance. Each lease has an initial term of five years and provides for two successive three-year renewal terms at the option of the Company. Payments under these leases totaled approximately $137,000 and $114,000 during fiscal 2020 and 2019, respectively.

On February 5, 2019, the Company's wholly-owned subsidiary, PAC Industries, entered into two lease agreements pursuant to which it leases a total of 29,500 square feet of warehouse and office space from an affiliate of Frank Costabile, President of PAC Industries, and Rocco Costabile, Director of Finance of PAC Industries. Monthly base rental payments total $14,600 during the initial terms of the leases. In addition to base rent, PAC Industries is responsible under the leases for costs related to real estate taxes, utilities, maintenance, repairs and insurance. Each lease has an initial term of four years and provides for two successive three-year renewal terms at the option of the Company. Payments under these leases totaled approximately $176,000 and $73,000 during fiscal 2020 and 2019, respectively.

15. Concentrations of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash and accounts and trade receivables. The Company maintains its cash at large financial institutions. At June 30, 2020, bank deposits exceeded Federal Deposit Insurance Corporation insured limits. The Company believes that concentrations of credit risk with respect to trade receivables are limited due to the Company's large customer base. Also, based on the Company's credit evaluation, trade receivables are often collateralized by the equipment sold. Sales to a federal government agency accounted for approximately 5% and 9% of the Company's revenues for fiscal 2020 and 2019, respectively. Additionally, no single contract for a federal government facility or other contract accounted for more than 10% of the Company's revenues for fiscal 2020 or 2019. As of June 30, 2020, the largest account receivable from a single third party entity relating to a single project was $4.8 million. There were no other accounts receivable due from any individual entity which accounted for greater than 10% of the Company's accounts receivable at June 30, 2020.

16. Commitments and Contingencies

From time to time in the ordinary course of business, certain of the Company's contracts require the Company to provide performance and payment bonds related to projects in process. These bonds are intended to provide assurance to the customer that the Company will perform under the terms of the contract and that the Company will pay subcontractors and vendors. If the Company fails to perform under the contract or pay subcontractors and vendors, the customer may demand that the surety make payments or provide services under the bond. The Company is required to reimburse the surety for expenses or outlays it incurs. At June 30, 2020 there were no outstanding performance and payment bonds. At June 30, 2019, outstanding performance and payment bonds totaled $8.0 million, and there were no estimated costs to complete projects secured by these bonds.

The Company may from time to time become subject to litigation and other legal proceedings. Litigation and other legal proceedings may require the Company to incur significant expenses, including those relating to legal and other professional fees. In addition, litigation and other legal proceedings are inherently uncertain, and adverse outcomes in litigation or other legal proceedings could adversely affect the Company's financial condition, cash flows, and operating results.

17. Retirement Plan

The Company has participatory deferred compensation plans under which it matches half of employee contributions up to6% of an eligible employee's yearly compensation on a discretionary basis. Employees are eligible to participate in the plans after one year of service. The Company contributed approximately $491,000 and $453,000 to the plans during fiscal 2020 and fiscal 2019, respectively. The plans are qualified plans under Section 401(k) of the Internal Revenue Code.

18. Shareholders' Equity

On December 11, 2018, the Company's Board of Directors declared a $.13 per share cash dividend on the Company's common stock (an aggregate of approximately $1.6 million), which was paid on January 8, 2019 to stockholders of record at the close of business onDecember 26, 2018. No dividends were declared or paid during the year ended June 30, 2020.

19. Equity Plan

Equity Incentive Plan

During 2015, the Company's board of directors and stockholders approved the Company's 2015 Equity Incentive Plan (the "Plan"). The Plan authorizes the issuance of up to 1,500,000 shares of the Company's common stock pursuant to awards granted under the Plan. The fair value of awards granted under the Plan is expensed on straight-line basis over the vesting period of the awards. Share-based compensation expense is included in selling, general and administrative expenses in the Company's condensed consolidated statements of operations. Non-cash share-based compensation expense under the Plan totaled $2.3 million and $1.7 million for fiscal 2020 and fiscal 2019, respectively.

During fiscal 2020, restricted stock awards, restricted stock units and stock awards of a total of 187,169 shares, 28,110 shares and 13,550 shares, respectively, were granted under the Plan. A portion of the restricted stock awards are scheduled to vest ratably over four years and the remainder is scheduled to vest in 10 to 21 years, subject, in the certain of certain restricted shares, to accelerated vesting upon the achievement of certain specified performance goals. The total grant date fair value, determined by using the stock price on the date of grant, of such restricted stock awards was $4.2 million. A portion of the restricted stock units are scheduled to vest ratably over four years and the remainder is scheduled to vest in 4 to 37 years. The total grant date fair value of such restricted stock units was $689,000. Stock awards relate to shares of the Company's common stock issued under the Plan which are held by the recipient upon grant without any future risk of forfeiture. The total grant date fair value of such stock awards was $300,000.

During fiscal 2019, restricted stock awards and restricted stock units of a total of 6,845 shares and 27,500 shares, respectively, were granted under the Plan. The restricted stock awards provide for ratable vesting in equal annual installments over four years from the date of grant. The total grant date fair value of such restricted stock awards was $250,000. The restricted stock units are scheduled to vest in 5 to 31 years from the date of grant. The total grant date fair value of such restricted stock units was $997,000. No stock awards were granted under the Plan during fiscal 2019.

During fiscal 2020, 55,803 shares of restricted stock vested and 17,200 shares of common stock with an aggregate fair market value of $457,000 were withheld as payment in lieu of cash to satisfy tax withholding obligations in connection with the vesting of such restricted stock. During fiscal 2020, the Company also granted stock awards (not subject to forfeiture) of 13,550 shares of the Company's common stock. 5,262 of such shares of common stock, which had an aggregate fair market value of $116,000 as of the grant date, were withheld in lieu of cash to satisfy tax withholding obligations in connection with the grant of the stock awards. During fiscal 2019, 54,093 shares of restricted stock vested and 20,248 shares of common stock with an aggregate fair market value of $728,000 were withheld as payment in lieu of cash to satisfy tax withholding obligations in connection with the vesting of such restricted stock. As of June 30, 2020, the Company had $16.5 million and $1.5 million of total unrecognized compensation expense, net of estimated forfeitures, related to non-vested restricted stock awards and restricted stock units, respectively, which is expected to be recognized over the weighted-average period of 17.2 years and 16.7 years, respectively.

The following is a summary of non-vested restricted stock activity as of, and for the fiscal year ended, June 30, 2020:

	Restricted Stock Awards		Restricted Stock Units	
	Shares	Weighted-Average Grant Date Fair Value	Shares	Weighted-Average Grant Date Fair Value
Non-vested restricted stock outstanding at June 30, 2019	855,854	$ 18.62	27,500	$ 36.24
Granted	187,169	22.57	28,110	24.51
Vested	(55,803)	18.01	-	-
Forfeited	-	-	-	-
Non-vested restricted stock outstanding at June 30, 2020	987,220	$ 19.40	55,610	$ 30.31

Employee Stock Purchase Plan

During 2017, the Company's board of directors and stockholders approved the Company's 2017 Employee Stock Purchase Plan, which, subject to the terms of the plan, allows eligible employees with an opportunity to purchase shares of the Company's common stock at a 5% discount. The employee stock purchase plan provides for six-month offering periods ending on December 31 and June 30 of each year. During fiscal 2020, 2,216 shares of common stock were purchased under the Company's employee stock purchase plan for which the Company received net proceeds of $50,000. During fiscal 2019, 1,341 shares of common stock were purchased under the Company's employee stock purchase plan for which the Company received net proceeds of $45,000.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Report, management of the Company, with the participation of the Company's principal executive officer and principal financial officer, evaluated the effectiveness of the Company's "disclosure controls and procedures" (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Based on that evaluation, the Company's principal executive officer and principal financial officer concluded that, as of June 30, 2020, the Company's disclosure controls and procedures were effective to ensure that information required to be disclosed in the reports that the Company files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and is accumulated and communicated to the Company's management, including the Company's principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

The Company's management, including the Company's principal executive officer and principal financial officer, does not expect that the Company's disclosure controls and procedures and internal control over financial reporting will prevent all errors and improper conduct. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that it will detect or uncover failures within the Company to disclose material information otherwise required to be set forth in the Company's periodic reports or that the objectives of the control system will otherwise be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of improper conduct, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons or by the collusion of two or more people. Further, the design of any control system is based in part upon assumptions about the likelihood of future events, and there can be no assurance that any such design will succeed in achieving its stated goals under all potential future conditions.

Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate "internal control over financial reporting" (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act). "Internal control over financial reporting" means a process designed by, or under the supervision of, a company's principal executive and principal financial officers, and effected by the company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP and includes those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company, (ii) provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the company are being made only in accordance with authorizations of the company's management and directors, and (iii) provide reasonable assurance regarding the prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the company's financial statements.

Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, the projection of any evaluation of effectiveness to future periods is subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

The Company's management, with the participation of the Company's principal executive officer and principal financial officer, evaluated the effectiveness of the Company's internal control over financial reporting as of June 30, 2020. This evaluation was conducted using the criteria set forth by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission in the 2013 *Internal Control – Integrated Framework.* Based on its evaluation, the Company's management concluded that the Company's internal control over financial reporting was effective as of June 30, 2020.

Management has excluded Professional Laundry Systems, LLC, Large Equipment, Inc. (d/b/a Laundry Systems of Tennessee), TN Ozone, Inc. (d/b/a Premier Laundry Solutions and Premier Equipment Rental), and Commercial Laundry Equipment Company, Inc. from its assessment of internal control over financial reporting as of June 30, 2020. Each of these businesses was acquired by the Company during fiscal 2020, and management has not conducted an assessment of the internal control over financial reporting of any of such businesses. Total assets and revenues of each such business were not significant to the Company on a consolidated basis and, in the aggregate, represented 4% and 2%, respectively, of the related consolidated financial statement amounts of the Company as of, or for the fiscal year ended, June 30, 2020.

BDO USA, LLP ("BDO"), the Company's independent registered public accounting firm, has audited the Company's internal control over financial reporting as of June 30, 2020 and its report thereon is included herein.

Changes in Internal Control over Financial Reporting

During the quarter ended June 30, 2020, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors
EVI Industries, Inc.
Miami, Florida

Opinion on Internal Control over Financial Reporting

We have audited EVI Industries, Inc.'s, formerly EnviroStar, Inc. and Subsidiaries (the "Company's") internal control over financial reporting as of June 30, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO criteria"). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 30, 2020, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheets of the Company as of June 30, 2020, and 2019, the related consolidated statements of operations, shareholders' equity, and cash flows for each of the two years in the period ended June 30, 2020, and the related notes, and our report dated September 14, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Item 9A, Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of internal control over financial reporting in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

As indicated in the accompanying 9A, Management's Report on Internal Control over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Professional Laundry Systems, LLC ("PLS"); Large Equipment, Inc. (d/b/a Laundry Systems of Tennessee) and TN Ozone, Inc. (d/b/a Premier Laundry Solutions and Premier Equipment Rental) (collectively, ("LST"); and Commercial Laundry Equipment Company, Inc. ("CLE"), which were acquired on August 1, 2019, January 31, 2020, and February 28, 2020, respectively, and which are included in the consolidated balance sheets of the Company as of June 30, 2020, and the related consolidated statements of operations, shareholders' equity, and cash flows for the year then ended. PLS, LST and CLE which aggregately constituted 4% of total assets as of June 30, 2020, and 2% and 13% of revenues and net income, respectively, for the year then ended. Management did not assess the effectiveness of internal control over financial reporting of PLS, LST and CLE, because of the timing of their acquisitions. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of these subsidiaries.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ BDO USA, LLP

Miami Florida

September 14, 2020

Item 9B. Other Information.

On September 11, 2020, the Company's Board of Directors adopted and approved the Amended and Restated Bylaws of the Company, which includes amendments to the Company's Bylaws, as previously amended, to include advance notice provisions which stockholders of the Company will be required to comply with in order to nominate directors or bring other business before a meeting of the Company's stockholders. The advance notice provisions have been added as new Sections 12 and 13 of Article II of the Amended and Restated Bylaws and (i) include requirements as to the timing of providing notice to the Company of the proposed business or director nominee (generally, in the case of the Company's annual meeting of stockholders, not later than the close of business on the 90th day, nor earlier than the close of business on the 120th day, prior to the anniversary date of the immediately preceding annual meeting of stockholders of the Company) and (ii) set forth the information required to be included in the stockholder's notice, which includes, without limitation, information about the proposing stockholder and certain other Proponents (as defined in the Amended and Restated Bylaws) as well as the proposal or director nominee. As permitted by Delaware law, the Amended and Restated Bylaws also specifically allow the Company to hold stockholder meetings by means of remote communication (such as a virtual-only meeting or hybrid virtual meeting) if so determined by the Company's Board of Directors. In addition the Amended and Restated Bylaws reflect ministerial changes, including the deletion of items that were historical in nature and certain updates to conform the Amended and Restated Bylaws to the current provisions of Delaware corporate law. The foregoing description of the Company's Amended and Restated Bylaws is a summary only, does not purport to be complete, and is qualified in its entirety by reference to the full text of the Company's Amended and Restated Bylaws, a copy of which is filed as Exhibit 3(b) to this Report and is incorporated herein by reference.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by Item 10 of Form 10-K will be provided by incorporating the information required under such item by reference to the Company's Definitive Proxy Statement with respect to the Company's 2020 Annual Meeting of Stockholders, if filed with the SEC within 120 days after the end of the fiscal year covered by this Report, or, alternatively, by amendment to this Report filed with the SEC under cover of Form 10-K/A no later than the end of such 120-day period.

Item 11. Executive Compensation.

The information required by Item 11 of Form 10-K will be provided by incorporating the information required under such item by reference to the Company's Definitive Proxy Statement with respect to the Company's 2020 Annual Meeting of Stockholders, if filed with the SEC within 120 days after the end of the fiscal year covered by this Report, or, alternatively, by amendment to this Report filed with the SEC under cover of Form 10-K/A no later than the end of such 120-day period.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Equity Compensation Plan Information

The following table sets forth information, as of June 30, 2020, with respect to compensation plans under which shares of the Company's common stock are authorized for issuance.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights *(a)*	Weighted-average exercise price of outstanding options, warrants and rights *(b)*	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) *(c)*
Equity compensation plans approved by security holders	0	$-	276,467
Equity compensation plans not approved by security holders	0	$-	0
Total	0	$-	276,467

Other Information

The remaining information required by Item 12 of Form 10-K will be provided by incorporating such information by reference to the Company's Definitive Proxy Statement with respect to the Company's 2020 Annual Meeting of Stockholders, if filed with the SEC within 120 days after the end of the fiscal year covered by this Report, or, alternatively, by amendment to this Report filed with the SEC under cover of Form 10-K/A no later than the end of such 120-day period.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by Item 13 of Form 10-K will be provided by incorporating the information required under such item by reference to the Company's Definitive Proxy Statement with respect to the Company's 2020 Annual Meeting of Stockholders, if filed with the SEC within 120 days after the end of the fiscal year covered by this Report, or, alternatively, by amendment to this Report filed with the SEC under cover of Form 10-K/A no later than the end of such 120-day period.

Item 14. Principal Accounting Fees and Services.

The information required by Item 14 of Form 10-K will be provided by incorporating the information required under such item by reference to the Company's Definitive Proxy Statement with respect to the Company's 2020 Annual Meeting of Stockholders, if filed with the SEC within 120 days after the end of the fiscal year covered by this Report, or, alternatively, by amendment to this Report filed with the SEC under cover of Form 10-K/A no later than the end of such 120-day period.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a) Documents filed as part of this Report:

(1) Financial Statements. The following consolidated financial statements of the Company and its subsidiaries are included in Part II, Item 8 of this Report.

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets at June 30, 2020 and 2019

Consolidated Statements of Operations for the years ended June 30, 2020 and 2019

Consolidated Statements of Shareholders' Equity for the years ended June 30, 2020 and 2019

Consolidated Statements of Cash Flows for the years ended June 30, 2020 and 2019

Notes to Consolidated Financial Statements

(2) Financial Statement Schedules. All financial statement schedules have been omitted because the information is either not applicable or not required or because the information is included in the Company's consolidated financial statements or the related notes to consolidated financial statements.

(3) Exhibits. The following exhibits are either filed as a part of or furnished with this Report, or are incorporated into this Report by reference to documents previously filed by the Company with the SEC, as indicated below:

Exhibit No.	Description
3(a)(1)	Certificate of Incorporation of the Company, as filed with the Secretary of State of the State of Delaware onJune 13, 1963 (Incorporated by reference to Exhibit 3.1(a) to the Company's Current Report on Form 8-K filed with the SEC on November 13, 2009)
3(a)(2)	Certificate of Amendment to the Certificate of Incorporation of the Company, as filed with the Secretary ofState of the State of Delaware on March 27, 1968 (Incorporated by reference to Exhibit 3.1(b) to the Company's Current Report on Form 8-K filed with the SEC on November 13, 2009)

3(a)(3)	Certificate of Amendment to the Certificate of Incorporation of the Company, as filed with the Secretary ofState of the State of Delaware on November 4, 1983 (Incorporated by reference to Exhibit 3.1(c) to the Company's Current Report on Form 8-K filed with the SEC on November 13, 2009)
3(a)(4)	Certificate of Amendment to the Certificate of Incorporation of the Company, as filed with the Secretary ofState of the State of Delaware on November 5, 1986 (Incorporated by reference to Exhibit 3.1(d) to the Company's Current Report on Form 8-K filed with the SEC on November 13, 2009)
3(a)(5)	Certificate of Change of Location of Registered Office and of Agent, as filed with the Secretary of State ofthe State of Delaware on December 31, 1986 (Incorporated by reference to Exhibit 3.1(e) to the Company's Current Report on Form 8-K filed with the SEC on November 13, 2009)
3(a)(6)	Certificate of Amendment to the Company's Certificate of Incorporation, as filed with the Secretary of Stateof the State of Delaware on October 30, 1998 (Incorporated by reference to Exhibit 3.1(f) to the Company's Current Report on Form 8-K filed with the SEC on November 13, 2009)
3(a)(7)	Certificate of Amendment to the Company's Certificate of Incorporation, as filed with the Secretary of Stateof the State of Delaware on November 5, 1999 (Incorporated by reference to Exhibit 3.1(g) to the Company's Current Report on Form 8-K filed with the SEC on November 13, 2009)
3(a)(8)	Certificate of Amendment to the Company's Certificate of Incorporation, as filed with the Secretary of Stateof the State of Delaware on November 13, 2009 (Incorporated by reference to Exhibit 3.1(h) to the Company's Current Report on Form 8-K filed with the SEC on November 13, 2009)
3(a)(9)	Certificate of Amendment to the Company's Certificate of Incorporation, as filed with the Secretary of Stateof the State of Delaware on November 30, 2016 (Incorporated by reference to Appendix A of the Company's Definitive Proxy Statement on Schedule 14A filed with the SEC on October 28, 2016)
3(a)(10)	Certificate of Amendment to the Company's Certificate of Incorporation, as filed with the Secretary of Stateof the State of Delaware on December 21, 2018 (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on December 21, 2018)
3(b)	Amended and Restated By-Laws of the Company
4(a)	Specimen Common Stock Certificate (Incorporated by reference to Exhibit 4 to the Company's AnnualReport on Form 10-K for the fiscal year ended June 30, 2016 filed with the SEC on September 20, 2016)
4(b)	Stockholders Agreement, dated as of October 10, 2016, among the Company, Symmetric Capital LLC,Symmetric Capital II LLC, Henry M. Nahmad, Western State Design, LLC, Dennis Mack and Tom Marks (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on October 14, 2016)

4(c)	Stockholders Agreement, dated as of June 19, 2017, by and among the Company, Symmetric Capital LLC,Symmetric Capital II LLC, Henry M. Nahmad, William Mann, Jim Hohnstein and Timm Mullen (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on June 23, 2017)
4(d)	Stockholders Agreement, dated as of October 31, 2017, by and among the Company, Symmetric CapitalLLC, Symmetric Capital II LLC, Henry M. Nahmad and Vernon Matthew Stephenson (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on November 3, 2017)
4(e)	Stockholders Agreement, dated as of February 9, 2018, by and among the Company, Zuf Acquisitions ILLC, d/b/a/ AAdvantage Laundry Systems, Zuf Management LLC, Michael Zuffinetti, Ryan C. Smith, Sky-Rent LP, Sky-Rent Management LLC, and Teri Zuffinetti (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on February 12, 2018)
4(f)	Description of the Company's Securities (Incorporated by reference to Exhibit 4(g) to the Company'sAnnual Report on Form 10-K for the fiscal year ended June 30, 2019 filed with the SEC on September 13, 2019)
10(a)	Credit Agreement, dated as of November 2, 2018, by and among the Company, as Borrower, certainsubsidiaries of the Company party thereto, as Guarantors, Bank of America, N.A, as Administrative Agent, Swingline Lender and L/C Issuer, Merrill Lynch, Pierce, Fenner & Smith Incorporated and U.S. Bank National Association, as Joint Lead Arrangers, Merrill Lynch Pierce, Fenner & Smith Incorporated, as Sole Bookrunner, and other lender parties thereto (Incorporated by reference to Exhibit 10.1 to the Company'sCurrent Report on Form 8-K filed with the SEC on November 7, 2018)
10(b)(1)*	EVI Industries, Inc. 2015 Equity Incentive Plan (Incorporated by reference to Appendix A of theCompany's Definitive Proxy Statement on Schedule 14A filed with the SEC on October 14, 2015)
10(b)(2)*	Form of Notice of Grant and Restricted Stock Agreement under EVI Industries, Inc. 2015 Equity Incentive Plan (Incorporated by reference to Exhibit 10(e)(2) to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2017 filed with the SEC on September 28, 2017)
10(b)(3)*	Form of Notice of Grant and Stock Option Agreement under EVI Industries, Inc. 2015 Equity Incentive Plan (Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on November 17, 2015)
21	Subsidiaries of the Company (Filed herewith)
23	Consent of BDO USA, LLP (Filed herewith)

31(a)	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Filed herewith)
31(b)	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Filed herewith)
32(a)	Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Furnished herewith)
32(b)	Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Furnished herewith)
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Indicates management contract or compensatory plan or arrangement.

Item 16. Form 10-K Summary.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

EVI Industries, Inc.

Dated: September 14, 2020

By: /s/ Henry M. Nahmad
Henry M. Nahmad
Chairman, Chief Executive Officer and President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Capacity	Date
/s/ Henry M. Nahmad Henry M. Nahmad	Chairman, Chief Executive Officer (Principal Executive Officer) and President	September 14, 2020
/s/ Dennis Mack Dennis Mack	Executive Vice President and Director	September 14, 2020
/s/ Robert H. Lazar Robert H. Lazar	Chief Financial Officer (Principal Financial and Accounting Officer)	September 14, 2020
/s/ David Blyer David Blyer	Director	September 14, 2020
/s/ Alan M. Grunspan Alan M. Grunspan	Director	September 14, 2020
/s/ Timothy P. LaMacchia Timothy P. LaMacchia	Director	September 14, 2020
/s/ Hal M. Lucas Hal M. Lucas	Director	September 14, 2020
/s/ Glen Kruger Glen Kruger	Director	September 14, 2020

AMENDED AND RESTATED

BYLAWS
-of-
EVI INDUSTRIES, INC.
(A Delaware Corporation)

ARTICLE I
OFFICES

SECTION 1. Registered Office. The Corporation's registered office shall be at the address thereof set forth in the Corporation's Certificate of Incorporation, as amended and/or restated from time to time (the "Certificate of Incorporation").

SECTION 2. Other Offices. The Corporation may have an office or offices at such place or places, within or without the State of Delaware, as the Board of Directors may from time to time designate or the business of the Corporation may require.

ARTICLE II
STOCKHOLDERS' MEETINGS

SECTION 1. Annual Meetings. The annual meeting of stockholders of the Corporation shall be held each year at such time and date as shall be designated by the Board of Directors. Such meeting shall be held at such place within or without the State of Delaware, including by remote communication such as a "virtual only" meeting or "hybrid" meeting, as may be determined by the Board of Directors and as shall be designated in the notice of said meeting. Such annual meeting shall be for the purpose of electing directors and for the transaction of such other business as may properly be brought before the meeting in accordance with Sections 12 and 13 of this Article II.

SECTION 2. Special Meetings. Special meetings of the stockholders shall be held at the place within or without the State of Delaware, including by remote communication such as a "virtual only" meeting or "hybrid" meeting, and on the date and time as may be designated in the notice of said meeting, upon call of the Board of Directors, the Chairman of the Board or the President, or by the Chairman of the Board, the President, any Vice President or the Secretary at the request in writing, specifying the general nature of the business proposed to be transacted and delivered personally or by registered mail to the Secretary of the Corporation, of stockholders owning a majority of the issued and outstanding capital stock of the Corporation then entitled to vote thereat. Any special meeting called upon the request of stockholders, as described in the preceding sentence, shall be held on the date designated by the Board; provided such date must be within 90 days after the receipt of the request by the Secretary of the Corporation (or as promptly thereafter as practicable). No business may be transacted at a special meeting other than the business specified in the notice of such special meeting.

SECTION 3. Notice and Purpose of Meetings. Notice of the date, time and place of every meeting of stockholders (and, if applicable, means of remote communication) for each meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given by the Chairman of the Board, the President, or a Vice President, the Secretary or any Assistant Secretary either personally, by mail or by any other lawful means of communication not less than 10 nor more than 60 days before the meeting, to each stockholder entitled to vote at such meeting. If mailed, such notice shall be deemed to have been given when deposited in the United States mail, postage prepaid, directed to the stockholder at his address as it appears on the records of the Corporation. Whenever notice is required to be given, a written waiver thereof, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, need be specified in any written waiver of notice.

SECTION 4. Adjourned Meetings. No notice need be given of any adjourned meeting if the time and place thereof and the means of remote communication, if any, are announced at the meeting at which the adjournment is taken. At any adjourned meeting the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 30 days or if a new record date is fixed for the meeting, notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

SECTION 5. Quorum. A quorum at all meetings of stockholders shall consist of a majority of the shares of capital stock of the Corporation outstanding and entitled to vote at the meeting, present in person or represented by proxy, except as otherwise provided by statute or the Certificate of Incorporation in respect of the vote that shall be required for a specified action. In the absence of a quorum at any meeting or any adjournment thereof, a majority of the shares of capital stock of the Corporation present in person or represented by proxy and entitled to vote may adjourn such meeting to another time or times. At any such adjourned meeting at which a quorum is present any business may be transacted which might have been transacted at the meeting as originally called. For all purposes of this Article II, including this Section 5 and Section 7 below, a stockholder's participation in, or presence at, a meeting of stockholders by remote communication as may be designated for such meeting of stockholders as provided in this Article II shall constitute presence in person at such meeting of stockholders with respect to both such stockholder and the shares entitled to be voted thereat by such stockholder.

SECTION 6. Organization. Meetings of stockholders shall be presided over by the Chairman of the Board, or in his absence, by the President, or in both of their absences, by a chairman to be chosen by the Board. The Secretary of the Corporation or, in his absence, an Assistant Secretary shall act as secretary of every meeting of stockholders, but if neither the Secretary nor an Assistant Secretary is present, the Board shall choose a person to act as secretary of the meeting.

SECTION 7. Voting. Except as otherwise provided by statute or the Certificate of Incorporation, each holder of record of shares of capital stock of the Corporation having voting rights shall be entitled, with respect to each matter to be voted upon by the stockholders at a meeting of stockholders, to one vote for each share of capital stock of the Corporation standing in his name on the records of the Corporation on the date fixed as the record date for the determination of stockholders entitled to notice of and to vote at such meeting. Except as otherwise provided by statute or the Certificate of Incorporation, any corporate action, other than the election of directors, to be taken by vote of the stockholders shall be authorized at a meeting of stockholders by a vote of a majority of the shares of capital stock present in person or represented by proxy and then entitled to vote on such action. Except as otherwise provided by applicable law or the Certificate of Incorporation, directors shall be elected by a plurality of the votes cast at a meeting of stockholders by the holders of shares of capital stock of the Corporation present in person or represented by proxy and entitled to vote thereon.

SECTION 8. Proxy Representation. Every stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for him by proxy. Every proxy must be signed by the stockholder or by his attorney-in-fact. No proxy shall be voted or acted upon after three years from its date unless such proxy provides for a longer period. A duly executed proxy shall be irrevocable if it states that it is irrevocable and, if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A proxy may be made irrevocable regardless of whether the interest with which it is coupled is an interest in the stock itself or an interest in the Corporation generally.

SECTION 9. List of Stockholders. A complete list of the stockholders entitled to vote at any meeting of stockholders, arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in the name of each stockholder, shall be prepared by the Corporation. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least 10 days prior to the meeting, at the principal executive offices of the Corporation. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is held solely by means of remote communication, the list shall also be open for inspection by any stockholder during the whole time of the meeting as provided by applicable law.

SECTION 10. Inspectors of Election. At all elections of directors, and in all other matters in which a vote is to be taken, the chairman of the meeting shall, in advance of such meeting, appoint one or more inspectors of election. If so appointed, the inspectors of election shall take and subscribe an oath faithfully to execute the duties of inspectors at such meeting with strict impartiality and according to the best of their ability, shall take charge of the polls and, after the vote shall have been taken on all matters on which the inspectors are to so act, shall make a certificate of the results thereof.

SECTION 11. Written Consent of Stockholders without a Meeting. Whenever stockholders are required or permitted to take any action by vote, such action may be taken without a meeting, without prior notice and without a vote, by written consent, setting forth the action so taken, signed by stockholders having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

SECTION 12. Advance Notice of Stockholder Business.

(a) Only such business shall be conducted as shall have been properly brought before a meeting of the stockholders of the corporation. To be properly brought before an annual meeting, business must be (i) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board, (ii) otherwise properly brought before the meeting by or at the direction of the Board, or (iii) a proper matter for stockholder action under the Delaware General Corporation Law (the “DGCL”) that has been properly brought before the meeting by a stockholder (A) who is a stockholder of record on the date of the giving of the notice provided for in this Section 12 and on the record date for the determination of stockholders entitled to vote at such annual meeting and (B) who complies with the notice procedures set forth in this Section 12. For the avoidance of doubt, clause (iii) above shall be the exclusive means for a stockholder to submit business (other than director nominations, which are governed by the procedures set forth in Section 13 of this Article II, and matters properly included in the Corporation’s notice of meeting of stockholders and proxy statement under Rule 14a-8 under the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder (the “Exchange Act”)) before an annual meeting of stockholders.

(b) Other than proposals sought to be included in the Corporation’s proxy materials pursuant to Rule 14a-8 under the Exchange Act, for business to be considered properly brought before the meeting by a stockholder in accordance with clause (iii) of the preceding paragraph (a), such stockholder must, in addition to any other applicable requirements, have given timely notice in proper form of such stockholder’s intent to bring such business before such meeting. To be timely, such stockholder’s notice must be delivered to or mailed and received by the Secretary of the Corporation at the principal executive offices of the Corporation not later than the close of business on the 90th day, nor earlier than the close of business on the 120th day, prior to the anniversary date of the immediately preceding annual meeting of stockholders; provided, however, that in the event that no annual meeting was held in the previous year or the annual meeting is called for a date that is not within 30 days before or after such anniversary date, notice by the stockholder to be timely must be so received not later than the close of business on the 10th day following the day on which such notice of the date of the meeting was mailed or public disclosure of the date of the meeting was made, whichever occurs first. In no event shall an adjournment or a postponement of an annual meeting for which notice has been given, or the public announcement thereof has been made, commence a new time period for the giving of a stockholder’s notice as described above.

(c) To be in proper form, a stockholder’s notice to the Secretary shall be in writing and shall set forth a brief description of the business desired to be brought before the meeting and the reasons for conducting such business at the meeting, any interest of any Proponent (as defined below) in such business (including any anticipated benefit of such business) that is material to any Proponent, individually, or to all of the Proponents, in the aggregate, other than solely as a result of its or their ownership of the Corporation’s capital stock, the information and representations set forth in the following sentence, and any other information that is required to be provided by the stockholder pursuant to Regulation 14A under the Exchange Act, and shall be updated and supplemented in accordance with clause (d) below. The written notice must also include: (i) the name and address of the stockholder giving the notice and the beneficial owner(s), if any, on whose behalf the proposal (or nomination in the case of a director nomination pursuant to Section 13 of this Article II) is made (such stockholder and beneficial owner(s), each, a “Proponent” and collectively, the “Proponents”), in each case, as they appear on the Corporation’s books; (ii) the class, series and number of shares of capital stock of the Corporation that are owned beneficially and of record by each Proponent; (iii) a description of any agreement, arrangement or understanding (whether oral or in writing) with respect to such proposal (or nomination in the case of a director nomination pursuant to Section 13 of this Article II) between or among any Proponent and any of its affiliates or associates, and any others (including their names) acting in concert, or otherwise under the agreement, arrangement or understanding, with any of the foregoing; (iv) a representation that the Proponents are holders of record or beneficial owners, as the case may be, of shares of the Corporation entitled to vote at the meeting and intend to appear in person (including, if applicable, by remote communication) or by proxy at the meeting to propose the business (or nominate the director in the case of a director nomination pursuant to Section 13 of this Article II) that is specified in the notice; (v) a representation as to whether the Proponents intend to deliver a proxy statement and form of proxy to holders of a sufficient number of holders of the Corporation's voting shares to carry such proposal (or nominate the director in the case of a director nomination pursuant to Section 13 of this Article II); (vi) to the extent known by any Proponent, the name and address of any other stockholder supporting the proposal (or nomination in the case of a director nomination pursuant to Section 13 of this Article II) on the date of such stockholder's notice; and (vii) a description of all Derivative Transactions (as defined below) by each Proponent during the previous twelve (12) month period, including the date of the transactions and the class, series and number of securities involved in, and the material economic terms of, such Derivative Transactions.

(d) A stockholder providing written notice required by this Section 12 (or Section 13 of this Article II) shall update and supplement such notice in writing, if necessary, so that the information provided or required to be provided in such notice is true and correct in all material respects as of (i) the record date for the meeting and (ii) the date that is five (5) business days prior to the meeting and, in the event of any adjournment or postponement thereof, five (5) business days prior to such adjourned or postponed meeting. In the case of an update and supplement pursuant to clause (i) of the preceding sentence, such update and supplement shall be received by the Secretary at the principal executive offices of the Corporation not later than five (5) business days after the record date for the meeting. In the case of an update and supplement pursuant to clause (ii) of the preceding sentence, such update and supplement shall be received by the Secretary at the principal executive offices of the Corporation not later than two (2) business days prior to the date of the meeting, and, in the event of any adjournment or postponement thereof, two (2) business days prior to such adjourned or postponed meeting.

(e) Notwithstanding the foregoing provisions of this Section 12, in order to include information with respect to a stockholder proposal in the proxy statement and form of proxy for a stockholder's meeting, stockholders must provide notice as required by, and otherwise comply with the requirements of, the Exchange Act and the rules and regulations promulgated thereunder. Nothing in these Bylaws shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act; provided, however, that any references in these Bylaws to the Exchange Act or the rules and regulations thereunder are not intended to, and shall not, limit the requirements applicable to stockholder proposals set forth in this Section 12.

(f) No business shall be conducted at an annual meeting of stockholders except business brought before the annual meeting in accordance with this Section 12 (including, if applicable, stockholder proposals made in compliance with Section 14a-8 under the Exchange Act and included in the Corporation's proxy statement for the annual meeting).

(g) The chairman of the annual meeting shall have the power to determine whether business was properly brought before the annual meeting, and if the chairman should determine that business was not properly brought before the annual meeting, the chairman shall so declare to the meeting and such business shall not be brought before the annual meeting.

(h) Except as otherwise required by law, nothing in this Section 12 shall obligate the Corporation or the Board to include in any proxy statement or other stockholder communication distributed on behalf of the Corporation or the Board information with respect to any proposal submitted by a stockholder.

(i) For purposes of this Section 12 and Section 13 of this Article II:

(1) "affiliates" and "associates" shall have the meanings set forth in Rule 405 under the Securities Act of 1933, as amended, and the rules and regulations thereunder (the "Securities Act");

(2) "Derivative Transaction" means any agreement, arrangement, interest or understanding entered into by, or on behalf or for the benefit of, any Proponent or any of its affiliates or associates, whether record or beneficial: (A) the value of which is derived in whole or in part from the value of any class or series of shares or other securities of the Corporation, (B) which otherwise provides any direct or indirect opportunity to gain or share in any gain derived from a change in the value of securities of the Corporation, (C) the effect or intent of which is to mitigate loss, manage risk or benefit of security value or price changes, or (D) which provides the right to vote or increase or decrease the voting power of, such Proponent, or any of its affiliates or associates, with respect to any securities of the Corporation, which agreement, arrangement, interest or understanding may include, without limitation, any option, warrant, debt position, note, bond, convertible security, swap, stock appreciation right, short position, profit interest, hedge, right to dividends, voting agreement, performance-related fee or arrangement to borrow or lend shares (whether or not subject to payment, settlement, exercise or conversion in any such class or series), and any proportionate interest of such Proponent in the securities of the Corporation held by any general or limited partnership, or any limited liability company, of which such Proponent is, directly or indirectly, a general partner or managing member; and

(3) "public announcement" shall mean disclosure in a press release reported by the Dow Jones Newswires, Associated Press or comparable national news service (including, without limitation, Business Wire) or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

SECTION 13. Advance Notice of Director Nominations.

(a) Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation, except, if applicable, as may be otherwise provided in the Certificate of Incorporation with respect to the right of holders of preferred stock of the Corporation to nominate and elect a specified number of directors. To be properly brought before an annual meeting of stockholders, or any special meeting of stockholders called for the purpose of electing directors, nominations for the election of director must be (i) specified in the notice of meeting (or any supplement thereto), (ii) made by or at the direction of the Board (or any duly authorized committee thereof) or (iii) made by any stockholder of the corporation (A) who is a stockholder of record on the date of the giving of the notice provided for in this Section 13 and on the record date for the determination of stockholders entitled to vote at such meeting and (B) who complies with the notice procedures set forth in this Section 13.

(b) In addition to any other applicable requirements, for a nomination to be made by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary of the Corporation. To be timely, a stockholder's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the Corporation, in the case of an annual meeting, in accordance with the provisions set forth in Section 12(b) of this Article II, and, in the case of a special meeting of stockholders called for the purpose of electing directors, not later than the close of business on the tenth (10th) day following the day on which notice of the date of the special meeting was mailed or public disclosure of the date of the special meeting was made, whichever first occurs. In no event shall an adjournment or a postponement of a special meeting for which notice has been given, or the public announcement thereof has been made, commence a new time period for the giving of a stockholder's notice as described above.

(c) To be in proper written form, a stockholder's notice to the Secretary must set forth: (i) as to each nominee such stockholder proposes to nominate at the meeting: (A) the name, age, business address and residence address of such nominee, (B) the principal occupation or employment of such nominee, (C) the class and number of shares of each class of capital stock of the Corporation which are owned of record and beneficially by such nominee, and the date or dates on which such shares were acquired and the investment intent of such acquisition, and (D) such other information concerning such nominee as would be required to be disclosed in a proxy statement soliciting proxies for the election of such nominee as a director in an election contest (even if an election contest is not involved), or that is otherwise required to be disclosed pursuant to Regulation 14A of the Exchange Act and the rules and regulations promulgated thereunder (including such person's written consent to being named as a nominee and to serving as a director if elected); and (ii) as to the stockholder giving the notice and each other Proponent, the information required by Section 12(c) of this Article II. The Corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such proposed nominee. For the written notice to be and remain proper, the information set forth therein shall also be updated and supplemented as required in accordance with Section 12(d) of this Article II.

(d) Notwithstanding the foregoing provisions of this Section 13, a stockholder must also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to matters set forth in this Section 13. Nothing in these Bylaws shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act; provided, however, that any references in these Bylaws to the Exchange Act or the rules and regulations thereunder are not intended to, and shall not, limit the requirements applicable for director nominations to be considered pursuant to this Section 13.

(e) Subject to the rights, if any, of holders of preferred stock of the Corporation to nominate and elect a specified number of directors as may be provided in the Certificate of Incorporation, no person shall be considered for election to the Board unless nominated in accordance with this Section 13.

(f) The chairman of the annual meeting shall have the power to determine whether a director nomination was properly made, and if the chairman should determine that a director nomination was not properly made, the chairman shall so declare to the meeting and such nomination shall be disregarded and not brought for consideration at the meeting.

(g) Except as otherwise required by law, nothing in this Section 13 shall obligate the Corporation or the Board to include in any proxy statement or other stockholder communication distributed on behalf of the Corporation or the Board information with respect to any nominee for director submitted by a stockholder.

ARTICLE III
DIRECTORS

SECTION 1. Powers, Number, Qualification and Term. The property, affairs and business of the Corporation shall be managed by its Board of Directors, which shall consist of not less than three (3) nor more than nine (9) members. The exact number of directors shall be fixed from time to time by resolution of the Board of Directors. Each director shall serve until the next annual meeting of stockholders and until his successor shall be elected and shall qualify or until his earlier resignation or removal. The directors shall have the power, from time to time and at any time, when the stockholders are not assembled at a meeting, to increase or decrease their own number by resolution adopted by the Board of Directors. If the number of directors is increased, all of the additional directors may be elected by a majority of the directors in office at the time of the increase, or, if not so elected prior to the next annual meeting of stockholders, they shall be elected by plurality vote by the stockholders at such annual meeting to serve until the next annual meeting of stockholders and until their respective successors shall be elected and shall qualify. Directors need not be stockholders.

SECTION 2. Committees. An Executive Committee of two (2) or more directors may be designated by resolution passed by a majority of the whole Board of Directors. Whenever the Board of Directors is not in session or whenever a quorum of the Board of Directors fails to attend any regular or special meeting of the Board, said Committee shall advise with, and aid, the officers of the Corporation in all matters concerning its interests and the management of its business and affairs, and generally perform such duties and exercise such powers as may be performed and exercised by the Board of Directors from time to time, and the Executive Committee shall have the power to authorize the seal of the Corporation to be affixed to all papers which may require it and, insofar as may be permitted by law, exercise the powers and perform the obligations of the Board of Directors. The Board of Directors may also designate one or more committees in addition to the Executive Committee by resolution or resolutions passed by a majority of the whole Board of Directors; such committee or committees to consist of two (2) or more directors of the Corporation and, to the extent provided in the resolution or resolutions designating them, shall have or may exercise the specific powers of the Board of Directors in the management of the business and affairs of the Corporation, subject to any limitations on such authority as provided by applicable law, rule or regulation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified members at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting whether or not they constituted a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors.

SECTION 3. Meetings. Meetings of the Board of Directors or any committee thereof, shall be held at such place within or outside the State of Delaware, including by means of remote communication, as may from time to time be fixed by resolution of the Board of Directors or committee, as the case may be, or as may be specified in the notice of the meeting. Regular meetings of the Board of Directors, or any committee thereof, shall be held at such times as may from time to time be determined by the Board of Directors or committee as the case may be (but in the case of the Board of Directors, at least quarterly), and special meetings may be held at any time upon the call of the Chairman of the Board, the President or a majority of the directors or committee as the case may be, notice duly provided to each director (or in the case of a committee, each member of such committee) not less than one (1) day before the meeting. Notice need not be given of regular meetings of the Board of Directors or any committee thereof. Any meeting of directors or any committee thereof may be held at any time without notice if all the directors (or in the case of a committee, all the members of such committee) are present, or if at any time before or after the meeting those not present waive notice of the meeting in writing. Whenever notice is required to be given, a written waiver thereof, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice.

Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the directors or a committee of directors, need be specified in any written waiver of notice.

SECTION 4. Organization. The Chairman of the Board shall preside at all meetings of the Board of Directors. In his absence, the President, if present and acting, or in his absence any director chosen by the Board, shall preside. Meetings of any committee of the Board of Directors shall be presided over by the Chairman of such committee, as designated by the Board, or in his absence or the absence of a designated chairman, such member of the committee as may be chosen by such committee.

SECTION 5. Quorum. Except as otherwise provided by statute or the Certificate of Incorporation, the number of directors which shall constitute a quorum of the Board of Directors or committee thereof shall be a majority of the total number of directors comprising the Board of Directors or such committee. The vote of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors or committee thereof, as the case may be. At any meeting at which there shall not be a quorum present, a majority of the directors present, although less than a quorum, may adjourn the meeting without further notice from time to time until a quorum shall be present.

SECTION 6. Resignation and Removal of Directors. Any director may resign at any time upon written notice to the Corporation. At any meeting of stockholders duly called as provided in these Bylaws, any director or directors may, by the affirmative vote of the holders of a majority of all the shares of capital stock outstanding and then entitled to vote for the election of directors, be removed from office, either with or without cause, and his successor or their successors may be elected at such meeting or the remaining directors may, to the extent vacancies are not filled by such election, fill any vacancy or vacancies created by such removal.

SECTION 7. Vacancies. In case one or more vacancies shall occur in the Board of Directors by reason of death, resignation, increase in number, or otherwise, except insofar as otherwise provided in these Bylaws, the remaining directors, although less than a quorum, may by majority vote elect a successor or successors to fill such vacancies for the unexpired term or terms.

SECTION 8. Action without a Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors or any committee thereof may be taken without a meeting if all members of the Board or of the committee, as the case may be, consent thereto in writing. Any such written consent shall be filed with the minutes of proceedings of the Board or the committee.

SECTION 9. Remote Communication. Any member or members of the Board of Directors or of any committee designated by the Board may participate in a meeting of the Board, or any such committee, as the case may be, by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section shall constitute presence in person at such meeting.

SECTION 10. Compensation of Directors. Directors may, by resolution of the Board of Directors, be paid their expenses, if any, for their service as directors, including expenses of attendance at each meeting of the Board of Directors, and receive such cash, equity and other compensation as may be determined by the Board. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation.

ARTICLE IV
OFFICERS

SECTION 1. Number. The Board of Directors shall, each year, elect a President, a Treasurer and a Secretary, and from time to time may elect a Chairman of the Board of Directors (who must be a director) and one or more Vice-Presidents, Assistant Secretaries, Assistant Treasurers and such other officers, agents and employees as it may deem proper. Any two or more offices may be held by the same person.

SECTION 2. Term, Resignation and Removal. The term of office of all officers shall be one year and until their respective successors are elected and qualified, but any officer may resign at any time upon written notice to the Corporation or may be removed from office, either with or without cause, at any time by the affirmative vote of a majority of the members of the Board of Directors then in office. A vacancy in any office arising from any cause may be filled for the unexpired portion of the term by the Board of Directors.

SECTION 3. Compensation of Officers. The compensation of the officers of the Corporation for their services as such officers shall be fixed from time to time by the Board of Directors or a committee thereof, provided that the Board may delegate to the Chairman of the Board or President the power to fix the compensation of officers and agents other than executive officers.

SECTION 4. Voting Corporation's Securities. Unless otherwise ordered by the Board of Directors, the Chairman of the Board, or, in the event of his inability to act, the President shall have full power and authority on behalf of the Corporation to execute powers of attorney, proxies, waivers of notice of meetings, consents and other instruments relating to securities owned by the Corporation and to attend and to act and to vote at any meeting of security holders of corporations in which the Corporation may hold securities, and at such meetings shall possess and may exercise any and all rights and powers incident to the ownership of such securities, and which as the owner thereof the Corporation might have possessed and exercised if present. The Board of Directors by resolution from time to time may confer like powers upon any other person or persons.

ARTICLE V
DUTIES OF OFFICERS

SECTION 1. Chairman of the Board. The Chairman of the Board, if one has been elected, shall preside at all meetings of the Board of Directors and stockholders. He shall have such other duties as may be assigned to him from time to time by the Board of Directors. During the absence or disability of the President, the Chairman of the Board shall exercise all the powers and discharge all the duties of the President.

SECTION 2. President. The President shall be the Chief Executive Officer of the Corporation, and he shall have general supervision over the business and affairs of the Corporation. He shall, in the absence of the Chairman of the Board, preside at all meetings of the Board of Directors and stockholders. He shall have the power to execute contracts and other instruments of the Corporation, and such other duties and powers as may be assigned to him from time to time by the Board of Directors.

SECTION 3. Vice Presidents. The Board of Directors may appoint one or more Vice Presidents, each of whom shall have such powers and discharge such duties as may be assigned to him from time to time by the Board of Directors. During the absence or disability of the Chairman of the Board and the President, the Vice Presidents, in the order designated by the Board of Directors, shall exercise all the functions of the President.

SECTION 4. Treasurer. The Treasurer shall cause to be entered regularly in books to be kept for the purpose, a full and accurate account of all moneys received and paid by him on account of the Corporation. Whenever required by the Board of Directors, he shall render an account of all his transactions as Treasurer and of the financial condition of the Corporation. He shall at all reasonable times exhibit his books and accounts to any director of the Corporation upon application at the office of the Corporation during business hours and he shall perform all duties incident to the position of Treasurer, subject to the control of the Board of Directors. He shall give bond for the faithful discharge of his duties if the Board of Directors so requires. He shall do and perform such other duties as may be assigned to him from time to time by the Board of Directors.

SECTION 5. Assistant Treasurers. The Board of Directors may appoint one or more Assistant Treasurers who, in the order of their seniority, shall, in the absence of or disability of the Treasurer, perform the duties and exercise the powers of the Treasurer and shall perform such other duties as the Board of Directors shall prescribe.

SECTION 6. Secretary. The Secretary shall attend all meetings of the stockholders and all meetings of the Board of Directors and record all proceedings in a book to be kept for that purpose and shall perform like duties for other committees when so required. He shall give or cause to be given notice of all meetings of stockholders and of the Board of Directors and of committees. He shall keep in safe custody the seal of the Corporation and, as required, shall affix the same to any instrument whose execution has been authorized, and when so affixed, it may be attested by the signature of the Secretary. The Board of Directors may give general authority to any officer to affix the seal of the Corporation or to attest the affixing by his signature. The Secretary shall do and perform such other duties as may be assigned to him from time to time by the Board of Directors.

SECTION 7. Assistant Secretaries. The Board of Directors may appoint one or more Assistant Secretaries who, in the order of their seniority, shall, in the absence of or disability of the Secretary, perform the duties and exercise the powers of the Secretary and shall perform such other duties as the Board of Directors shall prescribe.

SECTION 8. Inability to Act. In the case of absence or inability to act of any officer of the Corporation and of any person herein authorized to act in his place, the Board of Directors may from time to time delegate the powers and duties of such officer to any other officer or any director or any other person whom it may select.

ARTICLE VI
INDEMNIFICATION OF OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS

SECTION 1. General Right to Indemnification. Any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by the Corporation against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

SECTION 2. Indemnification in Derivative Actions. Any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise shall be indemnified by the Corporation against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Delaware Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Delaware Court of Chancery or such other court shall deem proper.

SECTION 3. Determination of Right to Indemnification. Any indemnification under Sections 1 and 2 of this Article VI (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the present or former director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in Sections 1 and 2. Such determination shall be made (1) by the Board of Directors by a majority vote of directors who were not parties to such action, suit or proceeding, even though less than a quorum, or (2) by a committee of such directors designated by majority vote of such directors, even though less than a quorum, or (3) If there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or (4) by the stockholders. Anything hereinabove set forth to the contrary notwithstanding, to the extent that a director, officer, employee or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Sections 1 and 2, or in defense of any claim, issue or matter therein, he shall in any event be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

SECTION 4. Authority to Advance Expenses. Expenses (including attorneys' fees) incurred in defending a civil, criminal, administrative or investigative action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the director, officer, employee, agent or other person to be indemnified to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Corporation as authorized in this Article VI.

SECTION 5. Provisions Non-Exclusive. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VI shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

SECTION 6. Authority to Insure. The Corporation is authorized to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of this Article VI.

SECTION 7. Continuation of Right. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VI shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

SECTION 8. Savings Clause. If this Article VI or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify, and advance expenses to, each director, officer, employee and agent of the Corporation or other person entitled to indemnity or expense advancement hereunder to the full extent permitted by any applicable portion of this Article VI that shall not have been invalidated and to the full extent permitted by applicable law.

ARTICLE VII
CERTIFICATES OF STOCK

SECTION 1. General. The interest of each stockholder of the Corporation shall be evidenced by certificates for shares of stock, certifying the number of shares represented thereby and in such form not inconsistent with applicable statutes and the Certificate of Incorporation as the Board of Directors may from time to time prescribe, provided that the Board of Directors may provide by resolution or resolutions that some or any or all classes or series of the Corporation's stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. Except as otherwise expressly provided by law, the rights and obligations of the holders of uncertificated stock and the rights and obligations of the holders of certificates representing stock of the same class and series shall be identical.

SECTION 2. Form and Transfers. Subject to applicable law and restrictions or limitations on the transfer, registration or ownership of any shares, transfers of shares of the capital stock of the Corporation shall be made only on the books of the Corporation by the registered holder thereof, or by the registered holder's attorney thereunto authorized by power of attorney duly executed and filed with the Secretary of the Corporation or with a transfer clerk or a transfer agent appointed as provided in Section 6 of this Article VII, and with such proof of authority and the authenticity of signature as the Corporation or its transfer agent may reasonably require and (i) in the case of shares represented by a certificate, upon the surrender of the certificate properly endorsed or accompanied by a written assignment or power of attorney properly executed and the payment of all applicable transfer taxes thereon, such certificate shall be cancelled and the Corporation shall issue a new certificate or evidence of the issuance of uncertificated shares to the stockholder entitled thereto, cancel the old certificate and the transaction shall be recorded upon the Corporation's books or (ii) in the case of uncertificated shares, upon the receipt of proper transfer instructions and the payment of all applicable transfer taxes thereon, such uncertificated shares shall be cancelled and the issuance of new equivalent uncertificated shares or certificated shares shall be made to the stockholder entitled thereto and the transaction shall be recorded upon the Corporation's books. The Board may, from time to time, make such additional rules and regulations as it may deem expedient, not inconsistent with these Bylaws, concerning the issue, transfer and registration of certificates for shares, or uncertificated shares of the capital stock of the Corporation.

Certificates of stock shall be signed by the Chairman of the Board, the President or any Vice President and by the Secretary, an Assistant Secretary, the Treasurer or an Assistant Treasurer, and may be sealed with the seal of the Corporation. Such seal may be a facsimile, engraved or printed. Where any such certificate is signed by a transfer agent or registered by a registrar, the signatures of the Chairman of the Board, the President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer or any Assistant Treasurer upon such certificate may be facsimiles, engraved or printed. In case any such officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the time of its issue.

Within a reasonable time after the issuance or transfer of uncertificated stock, the Corporation shall provide to the registered owner thereof a notice, in writing or by electronic transmission, containing the information required to be set forth or stated on a certificate representing such stock pursuant to applicable sections of the DGCL, including restrictions or limitations on the transfer, registration or voting of such stock.

If the Corporation shall be authorized to issue more than one class of stock or more than one series of any class, the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, provided that, except as otherwise provided in Section 202 of the DGCL, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, a statement that the Corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights. In the case of uncertificated shares, the notice contemplated in the preceding paragraph shall contain a statement that the Corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

SECTION 3. Beneficial Owners. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by law.

SECTION 4. Fixing Date for Determination of Stockholders of Record. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. If no record date is so fixed, such record date shall be determined in accordance with statute.

SECTION 5. Lost, Stolen, Destroyed or Mutilated Certificates. No certificate for shares or uncertificated shares of stock of the Corporation shall be issued in place of any mutilated certificate or of any certificate alleged to have been lost, destroyed or stolen, except on production of such mutilated certificate or on production of such evidence of such loss, destruction or theft as the Board of Directors may require, and on delivery to the Corporation, if the Board of Directors shall so require, of a bond of indemnity in such amount, upon such terms and secured by such surety as the Board of Directors may in its discretion deem sufficient to indemnify the Corporation against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares.

SECTION 6. Transfer Agent and Registrar. The Board of Directors may appoint one or more transfer agents and one or more registrars, and may require all certificates of stock to bear the signature or signatures of any of them.

ARTICLE VIII
CORPORATE RECORDS

SECTION 1. Form of Records. The records maintained by the Corporation in the regular course of its business shall be kept on or by means of any form permitted by law. The Corporation shall convert any records so kept into clearly legible paper upon the request of any person entitled to inspect the same.

SECTION 2. Examination of Books by Stockholders. The books, accounts and records of the Corporation, except as may otherwise be required by statute, may be kept outside of the State of Delaware at such place or places as the Board of Directors may from time to time determine.

Subject to applicable law, the Board of Directors shall determine whether and to what extent the books, accounts and records of the Corporation, or any of them, other than the stock ledger, shall be open to the inspection of stockholders, and no stockholder shall have any right to inspect any book, account or record of the Corporation except as conferred by statute or by resolution of the Board of Directors.

ARTICLE IX
CORPORATE SEAL

The Corporation may have a corporate seal. Any such corporate seal shall consist of a die bearing the name of the Corporation and the inscription “Corporate Seal-Delaware 1963,” or such other inscription as may be approved by the Board. Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE X
FISCAL YEAR

The fiscal year of the Corporation shall be July 1 to June 30 or such other fiscal year as the Board of Directors shall fix.

ARTICLE XI
AMENDMENTS

The Bylaws of the Corporation shall be subject to alteration, amendment or repeal, and new Bylaws not inconsistent with any provision of the Certificate of Incorporation or statute may be made by the affirmative vote or consent of a majority of the whole Board of Directors or the affirmative vote of the holders of a majority of the stock issued and outstanding and entitled to vote thereat, at any regular or special meeting of the stockholders or by the written consent of the holders of a majority of such stock.

EXHIBIT 21

Subsidiaries of EVI Industries, Inc.

Name of Subsidiary	State of Incorporation or Organization
Steiner Atlantic, LLC	Florida
Dryclean USA License, LLC	Florida
Dryclean USA Development, LLC	Florida
Biz Brokers International, LLC	Florida
Western State Design, Inc.	Delaware
Martin-Ray Laundry Systems, LLC	Delaware
Tri-State Technical Services, LLC	Delaware
AAdvantage Laundry Systems, LLC	Delaware
Industrial Laundry Services Equipment, LLC	Florida
Scott Equipment, LLC	Delaware
Washington Automated, LLC	Washington
WA Acquisition, LLC	Delaware
Skyline Equipment, LLC	Delaware
Worldwide Laundry, LLC	Delaware
PAC Industries, LLC	Pennsylvania
Professional Laundry Systems, LLC	Delaware
Large Equipment, LLC	Tennessee
TN Ozone, LLC	Tennessee
Commercial Laundry Equipment Company, LLC	Delaware

EXHIBIT 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

EVI Industries, Inc.
Miami, Florida

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-208082 and 333-222242) of EVI Industries, Inc. of our reports dated September 14, 2020, relating to the consolidated financial statements, and the effectiveness of EVI Industries, Inc.'s internal control over financial reporting, which appear in this Form 10-K.

/s/ BDO USA, LLP

BDO USA, LLP
Miami, FL

September 14, 2020

EXHIBIT 31(a)

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Henry M. Nahmad, certify that:

1. I have reviewed this annual report on Form 10-K of EVI Industries, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material factnecessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in allmaterial respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls andprocedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 14, 2020

/s/ Henry M. Nahmad
Henry M. Nahmad
Principal Executive Officer

EXHIBIT 31(b)

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert H. Lazar, certify that:

1. I have reviewed this annual report on Form 10-K of EVI Industries, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material factnecessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in allmaterial respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls andprocedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 14, 2020

/s/ Robert H. Lazar
Robert H. Lazar
Principal Financial Officer

EXHIBIT 32(a)

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of EVI Industries, Inc. (the "Company") for the fiscal year ended June 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Henry M. Nahmad, Principal Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

September 14, 2020

/s/ Henry M. Nahmad
Henry M. Nahmad
Principal Executive Officer

EXHIBIT 32(b)

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of EVI Industries, Inc. (the “Company”) for the fiscal year ended June 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Robert H. Lazar, Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

September 14, 2020

/s/ Robert H. Lazar
Robert H. Lazar
Principal Financial Officer